



Press Releases

RHB Capital Reports 12% Increase in 1st Half Pretax Profit to RM355 million

- Net profit up 7% to RM165.1 mil
- Net interest income up 4% to RM704.6 mil
- Net NPL down from 5.95% to 5.77%
- Shareholders funds up 2% to RM4.3 bil
- Asset base up 6% to RM87 bil
- Net tangible assets per share up 2% to RM1.73 from RM1.69
- Net earnings per share up 7% to 9.1 sen

Kuala Lumpur, August 30, 2005: RHB Capital Bhd ("RHB Capital" or "The Group") announced today its financial performance for the first half period ended 30 June 2005. Consolidated profit before Irredeemable Non-cumulative Convertible Preference Shares ("INCPS") dividends, taxation and *zakat* improved by a healthy 12% year-on-year to RM355.4 million, while net profit increased by 7% year-on-year to RM165.1 million.

The better financial performance has been attributed to sustained marketing initiatives, in particular the Group's newly launched and growing portfolio of innovative financial products and services, as well as cohesive teamwork from all its staff in successfully executing these initiatives.

During the period under review, RHB Capital generated a total net interest income of RM704.6 million, which is an improvement of 4% year-on-year. This is despite intensified competition within the industry. For the six-month period ended 30 June 2005, income from Islamic Banking business amounted to RM64.7 million.

The Group's Islamic Banking business operations have been significantly strengthened with the incorporation and commencement of full business operations of RHB Islamic Bank Bhd, which is the first Islamic Banking window operations to become a stand-alone full-fledged Islamic Bank in Malaysia. The Bank has assets of more than RM6 billion, 700,000 customers and shareholders' funds of RM533 million, and is serviced by more than 200 branch offices as well as 580 automated teller machines nationwide.

Supported by the Group's strategic and marketing impetus, with continued focus on the Consumer Banking and Commercial Banking segments, RHB Capital's gross loans, advances and financing expanded by 2% in the six-month period to 30 June 2005, from RM47.2 billion to RM48.1 billion. The financing of landed residential property, purchase of transport vehicles and consumption credit now constitute 38% of the Group's loan portfolio.

Underpinned by the prevailing favourable domestic economic environment as well as the maximization of RHB Bank's effective credit framework and intensive recovery efforts, the Group's net non-performing loans ("NPL") ratio declined to 5.77% as compared to 5.95% as at 31 December 2004. RHB Capital has also continued to strengthen its Group-wide risk management framework to optimise the portfolio of the Group's businesses and exposures.

The Group's shareholders funds increased by 2% from 31 December 2004 to RM4.3 billion, while its total asset base expanded by 6% to RM87.0 billion as at 30 June 2005. RHB Capital's net tangible assets per share improved by 2% to RM1.73 from RM1.69 as at 31 December 2004, while net earnings per share improved by 7% to 9.1 sen for the first half ended 30 June 2005.

Among the Group's key subsidiaries, RHB Bank Bhd ("RHB Bank") achieved a profit before INCPS dividends, taxation and *zakat* of RM271.6 million for the six-month period to 30 June 2005, and continues to be the Group's largest profit contributor.

Reflecting RHB Bank's strategic focus and commitment to Consumer Banking, it has sustained its momentum with a string of new initiatives. The RHB AirAsia MasterCard has successfully signed up more than 100,000 card members and the card has won the gold award for being the Best Chip Card under the MasterCard Asia/Pacific Marketing Leadership Awards 2005. RHB Bank currently has six cards targeted at various segments of the market, with RHB EVO MasterCard being its most widely held card.

RHB Bank remained strongly capitalised with shareholders' equity and INCPS of RM5.4 billion as at 30 June 2005. The Bank's Risk-Weighted Capital Adequacy Ratio is comfortable at 13.6% while core capital ratio stands at 11.5%.



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On the Group's Investment Banking operations, RHB Sakura Merchant Bankers Bhd ("RHB Sakura") achieved a profit before taxation of RM64.7 million during the period under review. RHB Sakura's subsidiary, RHB Research Institute, has collaborated with Dow Jones Indexes to develop a new index and the co-branded Islamic Index called the Dow Jones-RHB Islamic Malaysia Index was officially launched during the period under review. The Dow Jones-RHB Islamic Malaysia Index would start with a listing of 45 Bursa Malaysia companies and would complement the Kuala Lumpur Syari'ah Index.

Reflecting the Group's commitment towards introducing innovative financial solutions to its clients, RHB Securities Sdn Bhd has emerged as the first stockbroker in the country to offer its clients a multi-exchange trading platform, where local investors can buy and sell securities in major stock markets overseas via the Internet.

Among the many initiatives implemented during the first half ended 30 June 2005 are the successful launch of RHB Islamic Bank Bhd, the *RHB Di Hati* roadshow in Malacca, and the introduction of the Dow Jones-RHB Islamic Malaysia Index.

RHB Capital further enhanced its already extensive array of financial solutions and services, while it continued to improve its delivery channels and deepen relationship with clients – initiatives that formed the foundation for sustained growth.

Unaudited Consolidated Results for financial period ended 30 June 2005 for RHB Capital Berhad will be accessible @ www.rhb.com.my after midnight August 30, 2005. For easy reference, a table of financial highlights for RHB Capital Berhad is as follows:

RHB CAPITAL (RM'000)		
Financial Performance		6 months period ended 30 June 2005
Operating profit		575,055
Profit before INCPS dividends, taxation and <i>zakat</i>		355,376
Net profit		165,124
Earnings per share (sen)		9.1
Balance Sheet As At	30 June 2005	31 Dec 2004
Net loans, advances and financing	44,839,624	43,911,737
Net non-performing loans ('NPL')	2,640,047	2,663,832
Net NPL to net loans, advances and financing	5.77%	5.95%
Deposits from customers	53,390,353	50,167,252
Total assets	86,988,453	82,219,248
Shareholders' equity	4,330,553	4,261,986
NTA per share (RM)	1.73	1.69

This release contains forward-looking statements such as the outlook for the RHB group of companies. Although RHB believes that the expectations reflected in such future statements are reasonable at this time, there can be no assurance that such expectations will prove correct. Actual performance may be materially different from that anticipated or described herein, and RHB's financial and business plans may be subject to change.

A leader in financial services, the RHB group of companies (Bursa Malaysia: RHBCAP) offers innovation and experience in investment & commercial banking and insurance services & products. RHB has earned numerous awards by industry



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observers and editors. Today, RHB managers and staff serve customers via a network of almost 300 branches and outlets in Malaysia, Brunei, Thailand and Singapore.