



## Press Releases

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### **RHB Capital Posts 34% Increase in Pretax Profit Before Irredeemable Non-cumulative Convertible Preference Shares ('INCPS') dividends for 9 months ended 30 September 2006**

- Pretax profit before INCPS dividends up 34% to RM684.8 million
- Profit attributable to equity holders of the parent expanded by 29% to RM314.6 million
- Net interest income grew 23% to RM1.4 billion
- Lower net NPL ratio of 5.00%
- Net tangible assets per share of RM1.99
- Earnings per share of 17.3 sen

**Kuala Lumpur, 21 November, 2006:** RHB Capital Berhad ("RHB Capital") announced today its financial performance for the nine months ended 30 September 2006.

For the financial period under review, RHB Capital ("The Group") reported a consolidated profit before INCPS dividends, taxation and zakat of RM684.8 million, a 34% increase compared to the previous year's corresponding period. Consequently, profit attributable to equity holders of the parent recorded an increase of RM70.3 million or 29% to RM314.6 million, compared to the same period in 2005.

The stronger results were achieved on the back of a 23% year-on-year ("YoY") expansion in net interest income to RM1.4 billion, and a strong 44% YoY growth in income from the Islamic Banking business to RM150.8 million. The Islamic Banking business, under RHB Islamic Bank, accounted for 11% of the Group's profit before INCPS dividends, taxation and zakat, and continues to deliver a strong performance as it capitalises on robust demand for Islamic financial services, and opportunities provided by regulators allowing more varied products.

The Group's performance also benefited from a lower impairment loss, stable contribution from other operating income, and a larger loan portfolio. The Group's gross loans, advances and financing stood at RM55.5 billion at the end of September 2006, an increase of 8.8% from December 2005. Loans for the purposes of working capital, purchase of residential property, and purchase of transport vehicles accounted for 77% of the Group's loan portfolio.

Loan loss coverage increased to 65% during the period, whilst the Group's net non-performing loans ("NPL") ratio declined to 5.00% as at the end of September 2006 despite the more stringent NPL classification adopted from the third quarter of financial year 2005.

The Group's equity attributable to equity holders of the parent strengthened by 7% to RM4.8 billion as at 30 September 2006 as compared to 31 December 2005, while the total asset base expanded by 18% to RM105.9 billion over the same period. RHB Capital's net tangible assets per share also increased to RM1.99 as at September 2006, from RM1.82 in December 2005.

RHB Bank Berhad ("RHB Bank") continued its role as the Group's largest profit contributor and achieved a profit before INCPS dividends, taxation and zakat of RM550.8 million for the year to date, representing a 54% increase compared to the same period last year, and accounted for 80% of the Group's profit.

RHB Bank, which completed its merger with RHB Delta Sdn Bhd (formerly known as RHB Delta Finance Berhad) on 1 January 2006, is continuing its focus on expanding its consumer, programme lending and treasury businesses, which are expected to remain key earnings drivers for the Bank this year.

In the consumer banking area, RHB Bank continues to grow its wealth management capabilities and credit cards portfolio. RHB Bank currently has about 650,000 cards in circulation. To increase this further, the acquisition plan rides on its *Big Cash Payout* campaign and targeting key co-brand partners that bring added value to the issuing and acquiring franchise. During the first nine months of the year, credit card receivables expanded by 20% with card spending increasing by 21% YoY.

In the middle market and the small and medium-size enterprise ("SME") segments, RHB Bank expects continued strong growth in this business.

RHB Bank remains strongly capitalised with equity attributable to equity holders and INCPS of RM5.6 billion as at 30 September 2006, while its Risk-Weighted Capital Adequacy Ratio was at 11.4%. RHB Bank's core capital ratio stood at 8.4%.



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Going forward, RHB Capital expects its performance for the financial year ending 31 December 2006 to be positive and satisfactory.

Expansionary spending by the Federal Government under the 9th Malaysia Plan, coupled with new initiatives for growth, is expected to give the economy momentum for further business expansion. This will help to soften any impact from an expected slowdown in export and domestic demand.

RHB Capital will continue its efforts to increase non-interest income and improve operational efficiency. At the same time, continued cross-selling activities among the various subsidiaries should help RHB Capital expand its market share.

Meanwhile a consolidation of its investment banking businesses that is to be completed by year end should put the group in a better position to compete in 2007 and beyond.

*Unaudited Consolidated Results for nine months ended 30 September 2006 for RHB Capital Berhad will be accessible @ [www.rhb.com.my](http://www.rhb.com.my) after midnight 21 November, 2006.*

*For easy reference, a table of financial highlights for RHB Capital Berhad is as follows:*

<b>RHB CAPITAL (RM'000)</b>		
<b>Financial Performance</b>	<b>9 months ended 30 Sep 2006</b>	<b>9 months ended 30 Sep 2005</b>
Operating profit	1,187,456	941,617
Profit before INCPS dividends, taxation and zakat	684,787	510,467
Profit after INCPS dividends and before taxation and zakat	602,178	427,827
Profit attributable to equity holders of the parent	314,568	244,255
Earnings per share (sen)	17.3	13.4
<b>Balance Sheet</b>	<b>30 Sep 2006</b>	<b>31 Dec 2005</b>
Gross loans, advances and financing	55,516,832	51,010,419
Net non-performing loans ('NPL')	2,672,391	2,516,956
Net NPL ratio	5.00%	5.11%
Deposits from customers	59,100,465	49,921,110
Total assets	105,916,041	89,904,705
Equity attributable to equity holders of the parent	4,799,729	4,492,555
NTA per share (RM)	1.99	1.82

*This release contains forward-looking statements such as the outlook for the RHB Banking Group. 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 Banking Group (Bursa Malaysia: RHBCAP) offers innovation and experience in investment & commercial banking and insurance services & products. RHB has earned numerous awards by industry observers and editors. Today, RHB management and staff serve customers via a network of about 200 branches and outlets in Malaysia, Brunei, Thailand and Singapore.



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