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RHB Capital Berhad recorded an 8.8% increase in net profit to RM1.4 billion for the first nine months of 2012

- **Pre-tax profit grew 8.5% to RM1.8 billion**
- **Earnings per share increased 6.7% to 62.1 sen**
- **Annualised ROE at 15.0% and annualised ROA at 1.1%**
- **Total assets expanded 11.0% to RM169.5 billion**
- **Gross loans grew at an annualised rate of 12.6% to RM106.6 billion**
- **Customer deposits increased at an annualised rate of 11.3% to RM125.7 billion**

Kuala Lumpur, 22 November 2012

Financial Performance

RHB Capital Berhad ("the Group") today reported a net profit of RM1.4 billion for the first nine months of 2012, representing an 8.8% increase from a year ago. Total revenue increased by 7.6% to RM3.5 billion, whilst pre-tax profit registered an 8.5% increase year-on-year to RM1.8 billion. Earnings per share rose to 62.1 sen as compared to 58.2 sen recorded in the corresponding period last year. Annualised return on equity and return on assets stood at 15.0% and 1.1% respectively.

With effect from 1 January 2012, the Group adopted the retrospective application of Malaysia Financial Reporting Standards ('MFRS') 139, Financial Instruments: Recognition and Measurement. Pre-tax profit and net profit for the corresponding first nine months 2011 have been restated to RM1.7 billion and RM1.3 billion respectively. Excluding the effects of the restatement, pre-tax profit and net profit for the Group would be higher at 19.1% and 19.4% respectively.

The higher pre-tax profit was driven by higher net interest income, other operating income and income from Islamic banking business as well as lower allowance for impairment on loans and financing, partially offset by higher other operating expenses..

Interest income grew by 9.0% to RM4.5 billion year-to-date, maintaining the trajectory seen in the first half of 2012. The increase was driven by a 12.6% increase in gross loans year-on-year. Whilst interest expense was higher by 15.7%, attributed mainly to higher deposit base and diversification of funding mix with the issuance of longer dated debt securities, net interest margin was lower at 2.38% from 2.40% in the previous quarter.

Other operating income increased by 16.1% to RM927.2 million from 2011, underpinned by higher net gains from trading and investment securities, higher fee income and improvement in fair value on derivatives, partially offset by lower foreign exchange gain.

Income from Islamic Banking business increased by 20.6% to reach RM350.5 million, driven by higher net profit income and higher net gains from trading and investment securities.

Other operating expenses rose 13.0% year-on-year, mainly due to higher personnel costs associated with headcount growth and investments made to support business and branch network expansion. Consequently, cost to income ratio increased to 45.5% from 43.4% a year ago..

Allowance for impairment on loans and financing for the first nine months of 2012 was lower by 60.4% against the previous year corresponding period. This was mainly due to higher bad debts recovered and lower collective allowances made, partially offset by higher individual allowances.

Third Quarter Earnings Up 6.2% from Previous Quarter

Compared to the previous quarter, pre-tax profit for the third quarter 2012 grew by 6.2% to RM640.3 million, mainly attributable to higher net interest income and lower allowance for impairment on loans and financing, partially offset by lower fee income. Other operating expenses remained stable quarter-on-quarter.

Continued Strengthening of Financial Position



Press Releases

The Group's balance sheet is well diversified, growth was seen on both sides of the balance sheet with inflows of deposits and continued disciplined loan growth highlighting the strength of our franchise.

Total assets of the Group expanded by 11.0% to RM169.5 billion as at 30 September 2012, mainly due to growth in net loans and investment portfolio.

Shareholders' equity strengthened by 10.8% to RM12.9 billion with net assets per share improved to RM5.76 against RM5.27 as at 31 December 2011.

Gross loans increased by an annualised rate of 12.6% for the first nine months of the year to reach RM106.6 billion, primarily for the purposes of working capital, purchase of securities and residential properties. Domestic loans market share stood at 9.3% as at 30 September 2012.

The Group's funding position remained strong. Customers deposits increased by an annualised rate of 11.3% to reach RM125.7 billion as at 30 September 2012. In a drive to diversify funding mix and reduce reliance on shorter tenure funding as well as in preparation for the impending implementation of Basel III, a total of RM750 million sub-notes and USD500 million senior debt securities were issued by RHB Bank Berhad during the period under review.

Liquidity position remained healthy with loans to deposits ratio at 84.8% as at September 2012.

Improvement in Asset Quality

Gross impaired loans ratio improved to 3.12% from 3.59% as at 31 December 2011. As a result of effective credit risk management practices and recovery effort, absolute gross impaired loans decreased by 4.7% to RM3.3 billion as at 30 September 2012, compared to RM3.5 billion in December 2011.

Performance Review of Key Subsidiaries

For the first nine months of 2012, RHB Bank Berhad ("RHB Bank") recorded a pre-tax profit of RM1.7 billion, up 12.5% from a year ago. The improved performance was mainly due to higher net interest income and other operating income, lower allowance for loan impairment and impairment on other assets, partially offset by higher other operating expenses.

RHB Bank remained well capitalised with core Tier-1 and Tier-1 capital ratio of 10.82% and 11.52% respectively, whilst risk-weighted capital adequacy ratio was at 14.89% as at 30 September 2012.

RHB Islamic Bank Berhad achieved a pre-tax profit of RM156.4 million for the first nine months of 2012, up 9.6% compared to the previous year's corresponding period. This was underpinned by higher profit income derived from a 22.2% growth in financing and advances, higher fee income and the absence of unrealised loss on derivatives for hedging recorded in the previous year, partly offset by higher allowance for impairment on financing and other operating expenses.

RHB Investment Bank Berhad recorded a pre-tax profit of RM63.5 million, 17.8% lower as compared to RM77.3 million recorded a year ago. This was mainly due to lower net interest income and higher impairment losses on other assets.

Significant Corporate Developments

1. RHB Capital Berhad ("the Company") had on 19 October 2009, entered into a conditional sale and purchase agreement ("CSPA") with PT Mestika Benua Mas ("Vendor") to acquire 80% of the issued and paid-up share capital in PT Bank Mestika Dharma for a total cash consideration of Rp3,118 billion ("Proposed Acquisition").

The Company had subsequently assigned all of its rights, titles, interests, benefits and entitlements and novated all of its obligations and liabilities contained in the CSPA, option agreement and escrow agreement pertaining thereto to RHB Venture Capital Sdn Bhd (a wholly-owned subsidiary of the Company), which in turn assigned and novated the same to RHB Bank on 17 December 2010, as the new acquirer for the Proposed Acquisition. On 29 June 2012, upon mutual agreement between RHB Bank and the Vendor, the conditional period for the completion of the CSPA was further extended from 30 June 2012 to 30 November 2012.

With the issuance of the new foreign ownership ruling by Bank Indonesia in July 2012 and finalisation of the revised structure and key terms for the Proposed Acquisition with the Vendor, an announcement will be made by end November 2012 and accordingly, resubmission will be made to the relevant authorities.

2. On 28 May 2012, the Company entered into a conditional share purchase agreement with OSK Holdings Berhad ("OSKH") for the acquisition of OSK Investment Bank Berhad ("OSKIB").



Press Releases

On 9 November 2012, the acquisition of OSKIB has been completed and OSKIB become a wholly-owned subsidiary of RHB Capital pursuant to the listing and quotation of 245 million shares of RM1.00 each in RHB Capital and the cash settlement to OSKH amounted to approximately RM196 m

Prospects for The Year

The Malaysian economy is expected to grow at 4% to 5% in 2012 although the outlook of the global economy remains challenging until the end of the year. In addition to the Economic Transformation Programme, which is envisaged to further strengthen and support the economy, consumer demand and confidence continues to be resilient.

"The completion of the acquisition of OSK Investment Bank Group on 9 November 2012 has enhanced the Group's product offerings and geographical footprint into eight countries across the Asean region and Hong Kong.

The Group continues to strengthen its leadership position in targeted markets and product segments, building strong customer relationships as well as leveraging on the Group's infrastructure and multiple distribution networks.

The Group foresees a continued competitive operating environment for the rest of the financial year. Barring any unforeseen circumstances, the Group expects satisfactory results for the remainder of the financial year," said Dato' Mohamed Khadar Merican, Chairman of RHB Capital Berhad.

Financial Performance	9 months ended 30 September 2012	Restated 9 months ended 30 September 2011
Operating profit before allowances	1,886,908	1,821,871
Profit before taxation	1,824,303	1,681,180
Profit attributable to equity holders of the Company	1,376,878	1,265,364
Earnings per share (sen)	62.1	58.2

Balance sheet	As at 30 September 2012	Restated As at 31 December 2011
Gross loans, advances and financing	106,636,778	97,437,908
Gross impaired loans, advances and financing	3,328,739	3,493,951
Deposits from customers	125,703,201	115,860,584
Total assets	169,478,772	152,628,040
Equity attributable to equity holders of the Company	12,872,132	11,615,398



Press Releases

Net assets per share (RM)	5.76	5.27
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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 subsequently. Actual performance may be materially different from that which had been anticipated or described herein, and RHB Capital's financial and business plans may be subject to change from time to time.

A leader in financial services, the RHB Banking Group (Bursa Malaysia: RHBCAP) offers innovation and experience in investment & commercial banking and insurance services & products. The RHB Banking Group has earned numerous awards by industry observers and editors. Today, its managers and staff serve customers via a network of over 400 branches and outlets in Malaysia, Brunei, Thailand, Singapore and Vietnam.

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About the RHB Banking Group

The RHB Banking Group is the fifth largest fully integrated financial services group in Malaysia. The Group's core businesses are streamlined into seven Strategic Business Groups ("SBGs"): Retail Banking, Business Banking, Group Transaction Banking, Corporate & Investment Banking, Islamic Banking, Global Financial Banking and Group Treasury. These businesses are offered through its main subsidiaries - RHB Bank Berhad, RHB Investment Bank Berhad, RHB Insurance Berhad and RHB Islamic Bank Berhad, while its asset management and unit trust businesses are held under RHB Investment Management Berhad. RHB's Global Financial Banking Division includes commercial banking operations in Singapore, Thailand and Brunei. The Group also has a non-ringgit based offshore funding operations in Labuan as well as a representative office in Vietnam. It is RHB Banking Group's aspiration to deliver superior customer experience and shareholder value; and be recognised as a leading multinational financial services group.

It's time we simplify banking