

RHB Capital Group records 7% growth in net profit to RM530.2 million for first half of 2009

- Pre-tax profit grew 6% to RM715.1 million from RM671.8 million
- Pre-tax profit for the second quarter increased by 27% to RM400.1 million from RM315.0 million recorded in first quarter 2009
- Net earnings per share increased 7% to 24.6 sen from 22.9 sen
- Gross loans increased by 2% to RM64.3 billion
- Net NPL at 2.52% as at 30 June 2009
- Annualised ROE stood at 13.4%
- Proposed interim dividend of 5.0 sen less 25% tax

Kuala Lumpur, 24 August 2009

Performance Review of the Group

RHB Capital Group (“the Group”) today reported a net profit of RM530.2 million in the first half of 2009, representing an increase of 7.4% as compared to RM493.5 million recorded in the corresponding period of 2008. Pre-tax profit improved by 6% to RM715.1 million. Earnings per share rose to 24.6 sen compared to 22.9 sen recorded for the same corresponding period of 2008.

The improved performance of the Group was primarily contributed by strong growth in net interest income, higher income from the Islamic banking business and higher write-back of impairment losses, partially offset by an increase in loan loss allowances and lowering other operating expenses.

For the first half of 2009, net interest income increased by RM77.7 million or 7% to RM1.2 billion due to an expansion in loan base by 2% from December 2008 and improved net interest margin. Income from the Islamic banking business was higher at RM161.7 million or 27% as compared to RM126.7 million recorded in the same period in 2008. The improved performance was attributable to a higher net profit income of RM20.5 million and higher gain from sale of securities of RM10.9 million.

Cost-to-income ratio improved to 40% from 42% recorded in the previous year’s corresponding period.

Loan loss allowances increased by 20% to RM367.2 million during the first half of 2009, as compared to the previous year’s corresponding period, due to prudent provisioning.

For the second quarter of 2009, the Group recorded a pre-tax profit of RM400.1 million or 27% higher as compared with RM315.0 million achieved in the first quarter of 2009. The strong performance was mainly attributable to lower other operating expenses by RM40.1 million and higher income from Islamic banking business by RM40.8 million.

For the first six months of 2009, the Group’s gross loans, advances and financing increased by RM1.2 billion or 2% to reach RM64.3 billion as at 30 June 2009. The Group’s domestic loans market share stood at 8.2% as at the end of June 2009. Loans growth was mainly channeled to the consumer and SME sectors, which advanced by 6% and 2% respectively.

Benefiting from an improving economic outlook, coupled by the Group’s prudent lending policies and concerted efforts to improve collection and recovery, the Group’s net NPL ratio was marginally higher by 0.28% to 2.52%, while loan loss coverage stood at 86% as at 30 June 2009. Total customers’ deposits for the Group increased by RM3.9 billion or 5% to RM77.9 billion as at 30 June 2009 and this is largely contributed by the increase in fixed deposits by 6%. The Group’s loans-to-deposits ratio healthily stood at 83% as at 30 June 2009. The Group’s total assets stood at RM104.6 billion, while net assets per share rose to RM3.74 and shareholders’ equity strengthened to RM8.1 billion as at 30 June 2009.

In view of the improved performance of the Group, the Board of Directors has proposed an interim dividend of 5.0 sen less 25% tax, amounting to RM80.8 million.

Performance Review of Subsidiaries

RHB Bank Berhad (“RHB Bank”) continued to be the most significant contributor of the Group. For the first half of 2009, RHB Bank recorded a pre-tax profit of RM651.2 million, up 10% from a year ago. The improved performance of RHB Bank



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in the first half of 2009 was mainly contributed by higher net interest income and higher write-back of impairment losses, partially offset by a decrease in other operating income.

RHB Bank remains strongly capitalized, with a shareholders' equity of RM6.5 billion as at 30 June 2009. Risk-Weighted Capital Adequacy Ratio and Core Capital Ratio of RHB Bank rose to 13.7% and 9.8% respectively as compared to 12.4% and 8.5% respectively as at 31 December 2008.

RHB Investment Bank Berhad ("RHB Investment Bank") recorded a pre-tax profit of RM58.7 million, 4% higher as compared to the previous year corresponding period. Despite the more challenging operating environment, RHB Investment Bank outperformed its competitors by clinching the top position in equities market and number three (3) in debt capital market, with market share of 39% and 14% respectively.

Prospects for the Year

"The banking sector in Malaysia remains resilient despite the weak global economy in the first half of the year. With the continuing proactive action of Bank Negara Malaysia and the Government in the form of support for the SME sector, low interest rate environment and implementation of the economic stimulus packages, we are optimistic that there will be an improvement in the domestic economy towards the second half of the year," said Dato' Tajuddin Atan, Group Managing Director of the RHB Banking Group.

"In line with the anticipated improvement in the domestic economy, and driven by the Group's strengthening performance in its Retail and Corporate Investment Banking Strategic Business Units, the Group expects to achieve a satisfactory performance in 2009. We are also pleased to declare an interim dividend to our shareholders, in line with the improved financial performance," concluded Dato' Khadar Merican, Chairman of RHB Capital Berhad.

Financial Highlights

RHB CAPITAL (RM'000)

Financial Performance	6 months ended 30 June 2009	6 months ended 30 June 2008
Operating profit before allowances	1,059,998	965,368
Profit before taxation	715,058	671,763
Profit attributable to equity holders of the Company	530,170	493,491
Earnings per share (sen)	24.6	22.9
Balance Sheet	As at 30 June 2009	As at 31 December 2008
Gross loans advances and financing	64,333,809	63,160,774
Net non-performing loans ('NPL')	1,577,733	1,382,161
Net NPL ratio (%)	2.52	2.24
Deposits from customers	77,860,838	73,962,224
Total assets	104,595,495	104,532,769
Equity attributable to equity holders of the Company	8,062,209	7,814,427
Net assets per share (RM)	3.74	3.63



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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. Actual performance may be materially different from that anticipated or described herein, and RHB Capital'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. 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 200 branches and outlets in Malaysia, Brunei, Thailand and Singapore.