

## **FOR IMMEDIATE RELEASE**

### **RHB Capital records 37% increase in pre-tax profit of RM1,136.9 million in 2007**

- **Net profit surges 63% to RM712.9 million**
- **Net interest income grows 8% to RM2,098.9 million**
- **Net NPL ratio improved to 3.43%**
- **Net assets per share at RM3.27**
- **Net earnings per share of 35.8 sen**

*Kuala Lumpur, 28 February 2008*

#### **Performance Review**

RHB Capital Berhad (“RHB Capital”) recorded a consolidated profit after Irredeemable Non-cumulative Convertible Preference Shares (“INCPS”) dividends and before taxation of RM1,136.9 million for the financial year ended 31 December 2007, a 37% improvement over the RM829.8 million recorded in the previous financial year.

Net profit of the Group rose by 63% or RM274.6 million to RM712.9 million.

The improved performance had been achieved on the back of higher net interest income, other operating income and income from the Islamic Banking business.

For the year ended 31 December 2007, net interest income increased by 8% or RM153.5 million to RM2.1 billion. Other operating income was higher at RM961.2 million, compared to RM860.0 million recorded in the previous year. The 12% increase in other operating income was contributed primarily by higher brokerage income, service charges and fees, gains from sale of securities and foreign exchange gain.

Income from the Islamic Banking business was up 39% to RM328.3 million, an increase of RM92.2 million from RM236.1 million recorded in 2006. As in previous years, RHB ISLAMIC Bank Berhad (“RHB ISLAMIC”) continue to take advantage of a rapidly increasing demand for sha’riah products and services in enhancing its financial performance.

The Group's gross loans, advances and financing increased by 1.2% to RM56.8 billion at the end of financial year 2007. Loans for working capital, purchase of residential property and transport vehicles amounted to RM41.6 billion or 73% of the Group's total loan portfolio.

Net NPL ratio improved further, from 4.63% to 3.43% as at 31 December 2007. The Group's loan loss coverage remained high at 71.4% as at 31 December 2007, an improvement from 63.9% as at 31 December 2006.

Group shareholders' funds strengthened by 43% to RM7.0 billion as at 31 December 2007, while total asset base expanded by 2% to RM105.2 billion. Net assets per share improved by 21% to RM3.27 compared with RM2.70 as at 31 December 2006.

### ***Subsidiaries' Performance***

RHB Bank Berhad ("RHB Bank") continued to contribute the lion's share of the Group's profit. For the financial year ended 31 December 2007, it recorded a profit after INCPS dividends and before taxation of RM885.3 million, an increase of 53% from the previous year.

RHB Bank remains strongly capitalised with shareholders' funds and INCPS of RM5.6 billion as at 31 December 2007, while its Risk-Weighted Capital Adequacy Ratio was at 12.8% and Core Capital Ratio at 8.3%.

RHB ISLAMIC Bank saw its pre-tax profit rise by 33% to RM162.1 million in 2007.

RHB Investment Bank Berhad recorded a profit before taxation of RM131.0 million, an increase of 60% over 2006.

### **Corporate Developments**

The year 2007 has also seen the completion of several significant milestones for the RHB Banking Group, amongst others:

- (i) the emergence of the EPF as a major shareholder and the re-purchase of the 30% minority interests in RHB Bank to make it a wholly-owned subsidiary of RHB Capital;
- (ii) the unveiling of the Group's Strategic Transformation Program in pursuit of its aspiration to become one of the Top Three financial services providers in the ASEAN Region by 2020; and
- (iii) the successful repurchase of INCPS not already held by RHB Capital. As at 9 January 2008, RHB capital had received valid acceptances of 99.69%.

### **Group Prospects**

Going forward, RHB Capital expects the Malaysian economic growth to moderate marginally, with real GDP to grow at 5.6% in 2008 from 6.3% in 2007.

In line with softer economic activities, the banking system's loan growth is expected to be lower in 2008 compared to 2007. Meanwhile, asset quality continues to improve due to better credit risk management and concerted efforts to recover non-performing loans (NPLs). The improving trend in NPL ratios will likely continue into 2008 with the implementation of the Basel II Capital Accord.

“The benefits of the Group-wide transformation exercise are expected to be realised as product quality and customer service improves. The Group is also expected to benefit financially from the corporate and debt restructuring exercise that had been implemented in the later part of 2007 and early 2008,” says Michael J. Barrett, the Group Managing Director.

“These developments are expected to place the Banking Group in a stronger position and to further improve on its financial performance in 2008,” Datuk Azlan Zainol, Chairman of RHB Bank concluded.

**Audited Consolidated Results for financial year ended 31 December 2007 for RHB Capital Berhad will be accessible @ [www.rhb.com.my](http://www.rhb.com.my) after midnight 28 February 2008. 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>12 months ended 31 Dec 2007</b> | <b>12 months ended 31 Dec 2006</b> |
| Operating profit before allowances                   | 1,882,700                          | 1,686,737                          |
| Profit before INCPS dividends and taxation           | 1,246,510                          | 940,296                            |
| Profit after INCPS dividends and before taxation     | 1,136,913                          | 829,849                            |
| Profit attributable to equity holders of the Company | 712,930                            | 438,310                            |
| Earnings per share (sen)                             | 35.8                               | 24.0                               |
| <b>Balance Sheet</b>                                 | <b>As at 31 Dec 2007</b>           | <b>As at 31 Dec 2006</b>           |
| Gross loans, advances and financing                  | 56,814,102                         | 56,124,508                         |
| Net non-performing loans ('NPL')                     | 1,905,028                          | 2,521,629                          |
| Net NPL ratio  | 3.43%                              | 4.63%                              |
| Deposits from customers                              | 75,793,231                         | 57,525,532                         |
| Total assets   | 105,154,294                        | 103,309,975                        |
| Equity attributable to equity holders of the Company | 7,048,360                          | 4,928,039                          |
| Net assets per share (RM)                            | 3.27                               | 2.70                               |

*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.

[www.rhb.com.my](http://www.rhb.com.my)

*Issued on behalf of RHB Capital Berhad by Group Corporate Communications, RHB Capital Berhad. For more information, please call Yeoh Guan Jin at 03-92802536 or 012-3835027 or Adeline Ong at 03-92802552 or 012-8833345.*