FOR IMMEDIATE RELEASE

RHB Capital Berhad Records RM1.0 billion Net Profit for first half 2015

- **Revenue at RM3.0 billion, up 2.9%**
- **Pre-tax profit at RM1.3 billion, lower by 2.9%. Normalized pre-tax profit higher by 5.8%**
- **Net profit of RM1,000.9 million, compared to RM1,007.2 million previously**
- **Gross loans grew by 1.5% for the first half of 2015 to RM144.7 billion**
- **Customer deposits stood at RM157.2 billion with current and savings account growing by 7.7% for the first half of 2015**
- **Annualised ROE at 10.3%**

Kuala Lumpur, 28 August 2015

RHB Capital Berhad ("the Group") is pleased to report a net profit of RM1,000.9 million for the first half of 2015, compared to RM1,007.2 million in the previous year corresponding period. Pre-tax profit was at RM1,337.2 million, 2.9% lower than the first half of 2014. Excluding a one-off impairment write-back on other assets of RM112.4 million in 2014, the Group's normalized pre-tax profit was higher by 5.8%. The higher normalized earnings was mainly contributed by higher total income and lower loan impairment charges, partially offset by higher other operating expenses.

On a year-on-year comparison, net fund based income grew by 0.4% to RM1,954.0 million. Gross fund based income increased by 13.2% on the back of 9.2% growth in gross loans and financing. Funding and interest expense was however, higher by 24.2% mainly due to higher customer deposits base as well as higher cost of deposits, coupled with higher funding expense arising from issuance of sukuk and sub-debts totaling RM1.5 billion and USD300 million senior unsecured notes in the second half of 2014. Net interest margin was at 2.13% for the current quarter.

Other operating income and non-fund based income recorded 8.0% growth to RM1,041.3 million, underpinned by higher investment income and higher fee income. The Group's other operating income and non-fund based income to total income ratio stood at 34.8%.

Other operating expenses was higher by 5.0% to RM1,662.4 million, mainly due to a 4.5% increase in personnel costs and increase in establishment costs and marketing expenses. Cost-to-income ratio stood at 55.5%.

Allowance for impairment on loans and financing for the period decreased to RM9.5 million from RM71.6 million recorded in the same period last year. This was primarily due to lower collective allowance and lower bad debts written off, partially offset by higher individual allowance and lower impaired loans and financing recovered.

On a sequential basis, pre-tax profit for the second quarter of 2015 was at RM692.4 million, 7.4% higher as compared to RM644.8 million recorded in the preceding quarter ended 31 March 2015. The higher profitability recorded in the current quarter was mainly due to higher impairment write back on loans, advances and financing, partially offset by higher operating expenses and lower other operating income.

Balance Sheet and Asset Quality

Total assets rose by 1.8% or RM3.9 billion to RM223.2 billion as at 30 June 2015, whilst shareholders' equity strengthened to RM20.0 billion. Net assets per share improved to RM7.74 compared to RM7.31 as at 31 December 2014.

The Group's gross loans grew by 1.5% for the first half of 2015, and 9.2% year-on-year to RM144.7 billion. Excluding one large corporate repayment during the period, gross loans growth was at 3.0% for the first six months. The growth was broad based, predominantly from purchase of residential and non-residential properties, construction and working capital. The group's domestic loan market share stood at 9.4% as at 30 June 2015.

Customer deposits remained relatively stable for the first six months and grew by 5.1% year-on-year to RM157.2 billion. Over the same period, current and savings account ('CASA') balances increased by 7.7% and 5.5% respectively. CASA composition improved to 23.4% as at 30 June 2015 from 21.7% in December 2014.

Gross impaired loans ratio increased to 2.05% from 2.03% in December 2014, arising from certain accounts that have been classified as impaired but without loss during the period, and classification of rescheduled and restructured accounts as impaired in accordance with the new BNM guidelines. However, there are no major signs of portfolio deterioration and the Group remains comfortable with its asset quality.

Performance Review of Key Business Units

Retail Banking recorded pre-tax profit of RM671.2 million for the six months ended 30 June 2015, 43.1% higher than previous year corresponding period. This was mainly due to higher write back on allowance for loans, advances and financing, higher fee income and lower overhead expenses. Gross loans, advances and financing grew by 3.9% for the first six months of 2015 to RM66.7 billion mainly driven by mortgage and commercial property financing, partially offset by lower auto loans. Deposits was stable given growth in current and savings account of 3.6%, offset by a decrease in fixed deposits by 1.3%.

Business Banking pre-tax profit was lower by 21.3% to RM181.5 million, mainly attributable to higher allowance for loans, advances and financing and higher overhead expenses, partially offset by higher net fund based income and other operating income. Gross loans, advances and financing grew by 6.3% for the first six months of 2015 to RM18.9 billion driven mainly by programme lending and wholesale business loans and financing. Deposits increased by 1.1% for the first six months of 2015 to RM21.2 billion driven mainly by current deposits which increased by 5.2%.

For the first half of 2015, Corporate and Investment Banking pre-tax profit was lower by 49.7% to RM333.7 million, mainly attributable to non-recurrence of one-off impairment write back on other assets amounting to RM112.4 million. Performance was also affected by higher impairment charge on allowance for loans, advances and financing, lower net fund based income, lower other fee income and higher operating expenses. The lower fee income was primarily attributable to lower investment banking revenues as a result of subdued capital market activities and volatile market environment. Gross loans, advances and financing was lower by 5.1% for the first six months of 2015 to RM45.5 billion mainly due to a large corporate customer loan repayment. Deposits grew by 29.5% to RM49.4 billion with fixed deposits and current deposits growing by 31.0% and 22.3%, respectively.

Treasury pre-tax profit increased by 53.2% to RM159.1 million, mainly due to higher investment income and higher net foreign exchange gain, partially offset by lower net fund based income.

Group International Business pre-tax profit increased by 79.9% to RM85.4 million. The largest Group International Business contributor, Singapore, recorded pre-tax profit growth of 76.1% to SGD31.8 million in the first six months of 2015 compared to SGD18.0 million in the first six months of 2014. Singapore gross loans and advances grew by 9.8% for the first six months of 2015 while deposits grew by 14.8%.

The Group’s strategy to grow Islamic Finance continues to show positive results. RHB Islamic Bank Berhad recorded pre-tax profit of RM168.8 million in the first half of 2015, compared to RM126.5 million in the first half of 2014. Income increased by 14.2% to RM295.8 million mainly due to higher net fund based income on the back of gross financing growth of 8.6% for the first six months of 2015 to RM27.7 billion. Islamic financing as a percentage of Group’s total domestic gross loans and financing increased to 21.0% from 19.5% as at 31 December 2014.

Corporate Development

On 27 August 2015, the Group shareholders at the Extraordinary General Meeting approved the corporate exercise which involves the proposed rights issue of new ordinary shares to raise gross proceeds of up to RM2.5 billion, proposed distribution of the entire shareholdings of the Company in RHB Bank Berhad ("RHB Bank") and proposed capital repayment, the proposed transfer of the Company's listing status on the Main Market of Bursa Securities to RHB Bank and the consequential proposed M&A amendments.

The proposed rights issue will enable the Group to strengthen the capital position of RHB Bank, which will upon completion of the corporate exercise assume the listing status of RHB Capital, to support the Group's business growth while meeting the capital requirements of Basel III.

The Group has also reframed its strategy to focus on value creation for shareholders. This strategy is anchored on three strategic themes, namely (i) through boosting revenue from key growth areas, managing costs and enhancing productivity, and optimizing capital and balance sheet, (ii) through differentiating its customer experience and digital ecosystem, and (iii) through a more robust talent development programme. The Group targets to achieve a Return on Equity of 13% in 2017 and 15% in 2020 through the execution of the reframed strategy.

Comment from Group Managing Director

Dato' Khairussaleh Ramli, Group Managing Director of RHB Banking Group, commented, "We have been able to maintain our net profit for the first six months at RM1.0 billion, which is credible in this current environment. The global economic outlook will remain challenging in the second half of 2015. Domestic loan growth should moderate, on the back of softer consumer spending and private investment, while capital market and wholesale banking activities are expected to remain modest.

In view of the challenging operating environment, the Group will intensify its efforts on optimizing cost and capital efficiency and managing asset quality. Meanwhile, we are pleased that our IGNITE 2017 Transformation Programme continues to gain traction and produce positive results. Over the medium term, our reframed strategy will make us more focused on creating shareholder value. Barring unforeseen circumstances, the Group's 2015 performance will be satisfactory."

Key Financial Highlights

Financial Performance (RM'000)	6 months ended 30 June 2015	6 months ended 30 June 2014
Operating profit before allowances	1,332,838	1,327,739
Profit before taxation	1,337,202	1,376,535
Profit attributable to equity holders of the Company	1,000,871	1,007,199
Earnings per share (sen)	38.8	39.5
Balance Sheet (RM'000)	**As at 30 June 2015**	**As at 31 December 2014**
Gross loans, advances and financing	144,681,458	142,486,190
Gross impaired loans, advances and financing ratio (%)	2.05	2.03
Deposits from customers	157,166,785	157,133,993
Total assets	223,239,049	219,354,436
Equity attributable to equity holders of the Company (RM'000)	20,035,184	18,794,297
Net assets per share (RM)	7.74	7.31

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.

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About the RHB Banking Group

The RHB Banking Group is the fourth largest fully integrated financial services group in Malaysia. The Group´s core businesses are streamlined into three main business pillars, namely Group Retail and Commercial Banking, Group International Business and Group Corporate and Investment Banking. 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 undertaken by RHB Asset Management Sdn. Bhd. and RHB Islamic International Asset Management Berhad. The Group´s regional presence now spans ten countries including Malaysia, Singapore, Indonesia, Thailand, Brunei, Cambodia, Hong Kong, Vietnam, Lao PDR and Myanmar. It is RHB Banking Group´s aspiration to continue to deliver superior customer experience and shareholder value; and to be recognised as a Leading Multinational Financial Services Group.

APPENDIX

Significant Corporate Development

(1) Group Internal Reorganisation

As announced by the Company on 2 October 2014, RHB Investment Bank Berhad (“RHB Investment Bank”), a wholly-owned subsidiary of the Company, has on 1 October 2014 entered into a share sale agreement with RHB Indochina Bank Limited (“RHB Indochina Bank”), a wholly-owned subsidiary of RHB Bank Berhad (“RHB Bank”), which in turn is a wholly-owned subsidiary of the Company, for the acquisition of the entire equity interest in RHB OSK Indochina Securities Limited (“RHBISL”) from RHB Indochina Bank for a consideration of USD12,500,000 ('Acquisition').

RHBISL, was incorporated in Cambodia and is registered with the Securities and Exchange Commission of Cambodia (“SECC”) as a licensed security firm undertaking securities underwriting business.

Approvals from Bank Negara Malaysia, Securities Commission of Malaysia, SECC (in principle) and National Bank of Cambodia were obtained on 25 June 2014, 1 July 2014, 2 March 2015 and 7 May 2015, respectively. The matter is currently pending the formal approval from SECC and registration of the amended Memorandum and Articles of Association of RHBISL at the Ministry of Commerce Cambodia.

Upon completion of the Acquisition, RHBISL will become a wholly-owned subsidiary of RHB Investment Bank, which in turn is a wholly-owned subsidiary of RHB Capital Berhad.

(2) Proposed Rights Issue, Proposed Internal Reorganisation, Proposed Distribution and Capital Repayment, Proposed Transfer of Listing Status and Proposed M&A Amendments (collectively referred to as the “Proposals”)

RHB Capital had announced that it proposes to undertake the following proposals:

(i) Proposed Rights Issue

RHB Capital is proposing to undertake a renounceable rights issue of new RHB Capital Shares (“Rights Shares”) to entitled shareholders to raise gross proceeds of up to RM2.5 billion (“Intended Gross Proceeds”). The issue price and entitlement basis for the Proposed Rights Issue will be determined and announced by the Board at a later date. The Intended Gross Proceeds shall be utilised to further capitalise RHB Bank and to finance the working capital requirements of RHB Bank Group, only if the Proposed Internal Reorganisation is implemented ("Capital Injection"). In the event that the Proposed Internal Reorganisation is not implemented, the Intended Gross Proceeds shall be utilised to repay the bank borrowings of the Company and/or injected as equity into RHB Bank to further capitalise RHB Bank, if required.

The Proposed Rights Issue will enable the Company to raise funds to further strengthen the capital position of RHB Bank, via the Capital Injection, to support the continuous business growth of RHB Bank Group and meeting the requirements of Basel III.

(ii) Proposed Internal Reorganisation

The Proposed Internal Reorganisation will entail the transfer by RHB Capital of its entire equity interests in, or certain assets and liabilities of its subsidiaries to RHB Bank ("Identified Assets"), after the Proposed Rights Issue, for a total indicative consideration of approximately RM3.71 billion ("Disposal Consideration") which was arrived at based on a 'willing-buyer, willing-seller' basis after taking into consideration the audited net assets ("NA")/net liabilities and/or the audited net book value of the Identified Assets as extracted from the audited financial statements of the respective subsidiaries of RHB Capital as at 31 December 2014. The Disposal Consideration to be received by RHB Capital shall be utilised to repay the bank borrowings of RHB Capital as well as to defray expenses relating to the Proposed Internal Reorganisation.

The Identified Assets shall comprise, amongst others, the entire equity interest in RHB Investment Bank (which shall include its subsidiaries, associates and joint ventures), the entire equity interest in RHB Insurance Berhad and certain assets and liabilities of RHB Hartanah Sdn Bhd, including its subsidiary RHB Property Management Sdn Bhd.

The Proposed Internal Reorganisation will be undertaken to streamline the businesses of RHB Capital Group under RHB Bank with the aim to achieve greater tax efficiency in view of the change from the two-tier tax system to a single-tier tax system as well as to position RHB Bank to spearhead the Group's future growth.

(iii) Proposed Distribution and Capital Repayment

The Proposed Distribution and Capital Repayment will entail the distribution of the entire shareholdings of the Company in RHB Bank after the Proposed Rights Issue and Proposed Internal Reorganisation to entitled shareholders of the Company whose names appear in the Record of Depositors of RHB Capital on an entitlement date to be determined and announced later upon completion of the Proposed Rights Issue and Proposed Internal Reorganisation and the receipt of all relevant approvals for the Proposed Distribution and Capital Repayment ("Distribution Entitlement Date").

Upon completion of the Proposed Distribution and Capital Repayment, the existing shareholders of RHB Capital will continue to hold shares in the Company with par value of RM0.05 each, in the proportion of their shareholdings as at the Distribution Entitlement Date. Upon receiving the approval of the shareholders of the Company for the proposed winding up of RHB Capital ("Proposed Winding Up") at a separate extraordinary general meeting ("EGM") to be convened later, RHB Capital will appoint a liquidator to liquidate the Company and any surplus cash (after the settlement of all liabilities and defrayment of expenses) thereafter will be returned to the shareholders.

RHB Capital will cease to be a shareholder of RHB Bank upon completion of the Proposed Distribution and Capital Repayment. The effective percentage shareholdings of the shareholders of RHB Capital in RHB Bank shall remain unchanged before and after the Proposed Distribution and Capital Repayment.

(iv) Proposed Transfer of Listing Status

Upon completion of the Proposed Distribution and Capital Repayment, RHB Bank will assume the listing status of RHB Capital. RHB Bank will be admitted to the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") in place of RHB Capital with the listing of and quotation for the entire issued and paid-up share capital of RHB Bank on the Main Market of Bursa Securities.

The Proposed Transfer of Listing Status will enable RHB Capital's shareholders to have a direct participation in the equity and envisaged growth of RHB Bank Group as well as enable RHB Bank Group to gain direct access to the capital markets to raise funds for its continued growth, to gain recognition and corporate stature through its listing status and further enhance its corporate reputation and assist RHB Bank Group in expanding its customer base.

In addition to the above, RHB Capital also proposes to undertake the Proposed M&A Amendments which entails the consequential amendments to the memorandum and articles of association of the Company to facilitate the Proposed Distribution and Capital Repayment and Proposed Transfer of Listing Status.

The inter-conditionality of the Proposals are as follows:

(i) The Proposed Rights Issue is not conditional upon any of the other Proposals.
(ii) The Proposed Internal Reorganisation is conditional upon the Proposed Rights Issue but is not conditional upon the Proposed Distribution and Capital Repayment and the Proposed Transfer of Listing Status.

(iii) The Proposed Distribution and Capital Repayment, Proposed Transfer of Listing Status and Proposed M&A Amendments are inter-conditional upon each other and are also conditional upon the Proposed Internal Reorganisation and Proposed Rights Issue.

The Proposed Transfer of Listing Status can only be effected after the approval of the shareholders of the Company for the Proposed Winding Up have been obtained at a separate EGM to be convened.

To date, the following approvals have been obtained for the Proposals:-

(i) Ministry of Finance and/or Bank Negara Malaysia (as the case may be) on 23 July 2015 for the Proposed Rights Issue, Proposed Internal Reorganisation and the Proposed Distribution and Capital Repayment under the Financial Services Act, 2013.
(ii) Bursa Securities on 30 July 2015 for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities pursuant to the Proposed Rights Issue.
(iii) Shareholders of the Company on 27 August 2015 at the EGM of the Company for the Proposed Rights Issue, Proposed Distribution and Capital Repayment, Proposed Transfer of Listing Status and Proposed M&A Amendments.

RHB Capital is currently in the midst of procuring all the other approvals required for the Proposals from the relevant parties/regulatory authorities.

(3) Bancatakaful service arrangement between RHB Islamic Bank and Syarikat Takaful Malaysia Berhad ("STMB") ("Bancatakaful Service Arrangement")

RHB Islamic Bank, a wholly-owned subsidiary of RHB Bank, which in turn is a wholly-owned subsidiary of the Company, has on 26 August 2015 entered into an exclusive Bancatakaful Service Arrangement with STMB.

Pursuant to the terms of the Bancatakaful Service Agreement, STMB shall pay RHB Islamic Bank a total service fee of RM110 million and in consideration thereof, RHB Islamic Bank shall commit to a 10-year bancatakaful relationship with STMB to distribute Family and General takaful products developed by STMB.

(4) Proposed Subscription in Digital Financial Lab Limited ("DFLL"), by RHB Finexsia.com Sdn Bhd ("RHB Finex") and Silverlake International Capital Market Solution Limited ("Silverlake Capital")

RHB Finex, a company in which RHB Capital holds a 100% effective equity interest in through its 59.95% direct shareholding and 40.05% indirect shareholding through RHB Investment Bank, which in turn is a wholly-owned subsidiary of RHB Capital, had on 6 August 2015 extend into a subscription agreement ("Agreement") with Silverlake Capital, to subscribe for redeemable convertible preference shares of USD1.00 each ("RCPS") at par in DFLL.

Pursuant to the Agreement, RHB Finex and Silverlake Capital will each subscribe for 50% RCPS in DFLL for RM10 million each ("Proposed Subscription"). The Proposed Subscription by RHB Finex will be funded by its internally generated funds. The RCPS shall rank *pari passu* with the existing ordinary shares of USD1.00 each ("Ordinary Shares") in DFLL in respect with the rights attached to the Ordinary Shares and shall be convertible at any time into Ordinary Shares at no extra cost.

The completion of the Proposed Subscription is subject to regulatory approval.