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RHB Capital Group achieved another year of record performance with a 15% increase in net profit to RM1.2 billion

- Profit before taxation increased by 8% to RM1.5 billion
- Net earnings per share increased 15% to 55.8 sen
- Gross loans grew by 10% to RM69.6 billion
- Total assets expanded by RM10.4 billion or 10% to RM115.0 billion
- ROE at 14.5% improved from 14.1% in the previous year
- Proposed final dividend of 17.45 sen, less 25% tax

Kuala Lumpur, 25 February 2010

Performance Review of the Group

RHB Capital Group ("the Group") today reported a pre-tax profit of RM1.54 billion for the financial year ended 31 December 2009, up 8% from RM1.42 billion recorded in the previous financial year. Net profit closed at RM1.20 billion, up 15% as compared to a year ago. Earnings per share rose to 55.8 sen compared to 48.7 sen recorded in 2008.

The better performance of the Group was primarily contributed by higher net interest income and income from Islamic banking business, partially offset by higher loan loss allowances and other operating expenses.

Net interest income increased by RM196.9 million or 9% to RM2,413.2 million for the financial year on the back of a 10.3% loan growth or RM6.5 billion to RM69.6 billion. Income from the Islamic banking business increased to RM326.2 million, up 16% as compared to RM281.0 million recorded in 2008. This was attributable to higher net profit income of RM42.9 million on the back of loan growth by RM543.8 million to RM6.1 billion and higher income from Islamic treasury assets.

The Group further improved its cost-to-income ratio to 42.7% from 43.9% recorded in the previous financial year, as it continues to leverage on its scale and increase its overall efficiency.

On an overall basis, loan loss allowances increased by 16% to RM578.8 million in 2009 as compared to the previous year.

For the fourth quarter ended 31 December 2009, the Group recorded a pre-tax profit of RM377.1 million, 15% lower as compared to the RM446.2 million achieved in the third quarter of 2009. The lower pre-tax profit was mainly attributable to higher other operating expenses by RM88.6 million as the Group continued to invest into people and new initiatives for sustainable business growth.

The Group's gross loans, advances and financing increased by RM6.5 billion or 10.3% during the year to reach RM69.6 billion as at 31 December 2009 as compared to the industry loans growth of 8.1%. Domestic loans and advances expanded by 10.5%, driven mainly by residential property, passenger car and financing to government and statutory bodies.

The Group's loan approvals and disbursements were higher by 16.4% and 11.5% respectively in 2009 as compared to the previous financial year. The Group improved its domestic loans market share to 8.5% as at end December 2009 from 8.2% a year ago.

Despite a challenging operating environment in 2009, the Group's net NPL ratio remained stable at 2.21%, marginally lower as compared to 2.24% as at December 2008. Loan loss coverage stood at 83% as at 31 December 2009.

For the financial year ended December 2009, the Group's customers' deposit base grew by RM10.9 billion or 14.7% as compared with the industry deposits growth rate of 9.3%. This was largely contributed by the increase in fixed and demand deposits by 18.2% and 7.9% respectively. The Group's loans to deposits ratio remained healthy at 82% as at 31 December 2009. Domestic deposits market share stood at 7.5% as at end December 2009 as compared to 7.2% as at December 2008.

The Group's total assets expanded by RM10.4 billion or 10% to RM115.0 billion as compared to a year ago. Shareholders' equity strengthened to RM8.7 billion as at 31 December 2009, while net assets per share rose to RM4.04 from RM3.63 as at 31 December 2008.

"In view of the improved performance of the Group, a proposed final dividend of 17.45 sen, less tax amounting to RM281.8 million has been proposed. Together with the interim dividend of 5.0 sen, less tax, paid in September 2009, the total gross



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dividend for 2009 is 22.45 sen per share as compared to 19.6 sen per share in 2008. This meets our stated dividend policy and continues to reinforce our commitment to value creation for our shareholders" said Dato' Mohamed Khadar Merican, Chairman of RHB Capital.

Performance Review of Subsidiaries

RHB Bank Berhad ("RHB Bank") continued to be the largest contributor of the Group. For the financial year ended 31 December 2009, RHB Bank recorded a pre-tax profit of RM1,357.3 million and contributed 88% of the Group profit.

RHB Bank remains strongly capitalised with shareholders' equity of RM7.2 billion as at 31 December 2009. Risk-Weighted Capital Adequacy Ratio and Core Capital Ratio of RHB Bank stood at 13.84% and 10.41% respectively as at 31 December 2009.

Despite a more challenging equity and capital market environment, RHB Investment Bank Berhad ("RHB Investment Bank") recorded a pre-tax profit of RM150.7 million for the financial year ended 31 December 2009. RHB Investment Bank ended the year on a high note by clinching the first (1st) position in the Bloomberg rights issues league table (from 9th in 2008) and ranked third (3rd) on all other Bloomberg league tables - M&A (7th in 2008), Ringgit Bond market (4th in 2008) and equity capital market (also 3rd in 2008). RHB Investment Bank was also in a unique position of being the only investment bank involved in all the multi-billion equity deals announced in 2009 in Malaysia.

Significant Corporate Development

On 19 October 2009, RHB Capital Berhad ("RHB Capital") 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 ("Bank Mestika"), comprising 654,414 ordinary shares of Rp1,000,000 each for a total cash consideration of Rp3,118 billion (equivalent to RM1,163 million) ("Proposed Acquisition").

Concurrently, the Company had also entered into a put and call option agreement to acquire a further 9% interest in Bank Mestika after its proposed initial public offering for a total cash consideration of Rp350.8 billion (equivalent to RM131 million) plus additional performance related returns of up to 15% per annum compounded annually (adjusted for dividends paid) ("Proposed Options"). The put and call option is exercisable between the third and seventh anniversary of the closing of the CSPA.

The acquisition of the first 80% equity in Bank Mestika is proposed to be funded by renounceable rights issue ("Proposed Rights Issue") of new ordinary shares of RM1.00 each in RHB Capital to raise gross proceeds of approximately RM1.3 billion.

Bank Negara Malaysia ("BNM") had on 4 January 2010 granted its approval to the Company to acquire up to 89% of the issued and paid-up share capital of Bank Mestika subject to the following conditions:

- i. RHB Capital is to obtain written confirmation from its auditors on the compliance with Financial Reporting Standards in arriving at the impairment methodology adopted and in respect of any change in equity interest in Bank Mestika; and
- ii. The sources of funding and funding cost for the additional capital required by Bank Mestika post-acquisition should not exert pressure on RHB Capital and its subsidiaries' capital and financial soundness.

Barring any unforeseen circumstances, the Proposed Acquisition, Proposed Options and Proposed Rights Issue which are subject to relevant regulatory approvals, other than the approval from BNM as mentioned above, are expected to be completed by the second quarter of 2010.

Prospects for the Year

"The proposed acquisition of Bank Mestika will allow the Group to add Indonesia, one of South East Asia's key economies, into its international operations alongside Brunei, Thailand, Singapore and Vietnam. We are excited about the prospects of further developing our regional presence and making significant steps towards realizing the Group's Aspirations," said Dato' Tajuddin Atan, Group Managing Director.

"We expect an improved operating environment in the coming year for the Group and we will aim to drive market share expansion in both the Retail and Wholesale segments. The Group's Islamic Banking and International businesses will



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continue to grow in size and in 2010 we aim to have it form an even larger part of the Group's financial performance," Dato' Tajuddin added.

"We expect that notwithstanding the expected increase in competitive intensity and new market entrants brought about by the liberalization, the Group's Transformation Program and progress on building a strong franchise and competitive operating platform will allow it to compete successfully and maintain a satisfactory performance in 2010," concluded Dato' Mohamed Khadar Merican, Chairman of RHB Capital.

Financial Highlights

RHB CAPITAL (RM'000)		
Financial Performance	12 months ended 31 December 2009	12 months ended 31 December 2008
Operating profit before allowances	2,099,207	1,932,049
Profit before taxation	1,538,420	1,422,449
Profit attributable to equity holders of the Company	1,201,363	1,048,734
Earnings per share (sen)	55.8	48.7
Balance sheet	As at 31 December 2009	As at 31 December 2008
Gross loans advances and financing	69,635,005	63,160,774
Net non-performing loans ('NPL')	1,496,357	1,382,161
Net NPL ratio (%)	2.21	2.24
Deposits from customers	84,841,065	73,962,224
Total assets	114,951,382	104,532,769
Equity attributable to equity holders of the Company	8,707,741	7,814,427
Net assets per share (RM)	4.04	3.63

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, Singapore and Vietnam.

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