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RCE Capital keeps focus on quality loans

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KUALA LUMPUR: RCE Capital Bhd, which saw its net profit jump 37.25% in its first quarter ended June 30, 2015 (Q1), will continue to focus on ensuring quality loans, said its CEO Loh Kam Chuin.

The non-bank financial institution, which provides personal financing to government servants, remains cautious despite achieving a 37.25% jump in net profit to RM9.44 million and 23.27% growth in revenue to RM37.49 million in Q1.

“With regard to the business as a whole, we have to be cautious in the present environment. Definitely the focus is not so much on growing the business but more on ensuring that we continue to have good quality loans,” Loh told reporters after its AGM and EGM yesterday.

He said consumer financing is still the largest contributor with almost 100% of its business coming from the segment. “In terms of our commercial (financing) side, we are not really pushing for it right now. It is a high-risk business. That’s why the focus is more on the consumer financing side,” he added.

The group’s total loan base stands at RM1.2 billion. Loh said the total loan base last year was hovering at RM1 billion.

While the group does not have any privatisation or merger plans, it is open to acquisitions.

“At the end of the day, we’ve got to look at whether these are value added companies. If they bring in value, we will not shy away from it. We will probably be looking into it but at this

particular point in time, we don't have any. We are always open. If there are any good deals that come along that can complement the business and bring value, I think it's not something that we will walk away from," said Loh.

Despite its cautious outlook, he said it is on track to achieving its targets for the financial year ending March 31, 2016 (FY16), based on its positive performance in Q1.

"Obviously there are targets set in every year. As you move closer to the end of the year, you would probably have a good idea. Definitely we are always looking at something better or an improvement in the numbers. That goes without saying," he said, without disclosing its FY16 targets.

Last month, the group announced a special dividend of 105% for FY16. Loh said it is a one-off special dividend.

"We don't have any dividend policy but if you track the company, we have been paying dividends since 2007. From 2010 onward, the dividend rate has been no less than 15%."

As part of its efforts in ensuring quality loans, RCE Capital will be tying up with Bank Negara Malaysia on the Central Credit Reference Information System (CCRIS), which would provide it with a more comprehensive look at the profile of borrowers and enable them to assess the total exposure of borrowers.

"We will probably get it (CCRIS) by year-end," he said.

RCE Capital is a subsidiary company of Amcorp Group Bhd. Amcorp Group executive chairman Tan Sri Azman Hashim increased his indirect interest in RCE Capital to 61.348% on Aug 21, 2015.