

# Investor Presentation

## 3<sup>rd</sup> Quarter 2013 Financial Results



MALAYSIA | SINGAPORE | HONG KONG | INDONESIA | THAILAND | CAMBODIA | BRUNEI | VIETNAM | CHINA

**Mr. Kellee Kam**  
Group Managing Director  
RHB Banking Group  
29 November 2013

**RHB**   
**RHB Capital Berhad**

# RHB GROUP DELIVERS MORE TO ASEAN+



## AGENDA

- ◆ Executive Summary
- ◆ 3<sup>rd</sup> Quarter 2013 Financial Results
- ◆ Integration Updates
- ◆ Summary



100  
YEARS  
1913-2013



# Executive Summary

## 3<sup>rd</sup> Quarter 2013 Results

- ◆ Q3 performance rebounded strongly against previous 2 quarters, with pre-tax profit recording 33.6% increase q-o-q, mainly due to lower loan loss provision and higher non-interest income
- ◆ Revenue up 25.0% y-o-y to RM4.3 billion
- ◆ Good momentum in non-interest income, ratio to total income at record high of 34.4%, excluding one-off gains, ratio stood at 33.0%
- ◆ Operating profit before allowances up 11.3% y-o-y to RM2.1 billion, attributed to full-period effect of OSKIB acquisition and higher net interest income
- ◆ Pre-tax profit at RM1.8 billion, down 2.0%, impacted by higher loan impairment losses
- ◆ Earnings per share at 53.0 sen on enlarged share-base
- ◆ Annualised ROE at 11.2%
- ◆ Gross loans up 8.9% for the first 9 months and 13.9% y-o-y to RM121.4 billion
- ◆ Total deposits down 1.1% to RM136.7 billion for the first 9 months. CASA balances increased by 4.0% to RM30.6 billion, CASA composition improved to 22.4% from 21.3% in December 2012
- ◆ Liquidity ratio remained healthy with LD ratio at 88.9% as at September 2013
- ◆ Gross impaired loans ratio improved to 2.92% from 2.99% in December 2012

## Capital Management Plan

- ◆ Completed 6<sup>th</sup> DRP in respect of 2013 interim dividend
  - A total of 15,536,071 new RHB Capital Shares issued and listed on 14 November 2013 at RM7.02 per share, representing 71.83% reinvestment rate
  - Total capital reinvested amounted to RM1.1 billion



# RHB Banking Group Scorecard 2013

Top Level Indicators	Target 2013	Sept 2013
ROE	12.0%	11.2% <sup>N1</sup>
Loans Growth	12%	8.9% <sup>N2</sup>
Deposits Growth	10%	-1.1% <sup>N2</sup>
Gross Impaired Loans Ratio	<2.9%	2.9%
Cost to Income Ratio	<50%	51.5%
International Contribution	10%	11%

*N1: Annualised*

*N2: Changes for 9M 2013, not annualised*

# RHB GROUP DELIVERS MORE TO ASEAN+



## AGENDA

- ◆ Executive Summary
- ◆ 3<sup>rd</sup> Quarter 2013 Financial Results
- ◆ Integration Updates
- ◆ Summary



YEARS  
1913-2013





# Financial Results

RM mil	Q3 2013	Q2 2013	Q-o-Q Change %	9M 2013	9M 2012	Y-o-Y Change %
Net Interest Income	<b>829</b>	802	3	<b>2,410</b>	2,186	10
Other Operating Income	<b>554</b>	486	14	<b>1,490</b>	927	61
Income from Islamic Banking Business	<b>151</b>	144	5	<b>429</b>	351	22
<b>Total Income</b>	<b>1,534</b>	<b>1,432</b>	<b>7</b>	<b>4,329</b>	<b>3,464</b>	<b>25</b>
Other Operating Expenses	<b>(762)</b>	(748)	2	<b>(2,228)</b>	(1,577)	41
<b>Operating Profit Before Allowances</b>	<b>772</b>	<b>684</b>	<b>13</b>	<b>2,101</b>	<b>1,887</b>	<b>11</b>
Allowances for Loan Impairment	<b>(30)</b>	(144)	-79	<b>(329)</b>	(51)	>100
Impairment Losses on Other Assets	<b>(2)</b>	13	>100	<b>15</b>	(12)	>-100
<b>Profit Before Taxation</b>	<b>740</b>	554	34	<b>1,788</b>	1,824	-2
<b>Net Profit</b>	<b>559</b>	411	36	<b>1,327</b>	1,377	-4
EPS (sen)	<b>22.2</b>	16.5	35	<b>53.0</b>	62.1	-15
Key Financial Indicators (%)						
Cost to Income Ratio	<b>49.7</b>	52.2	-2.5	<b>51.5</b>	45.5	6.0
ROEN <sup>1</sup>	<b>11.2</b>	9.9	1.3	<b>11.2</b>	15.0	-3.8
ROAN <sup>1</sup>	<b>0.9</b>	0.8	0.1	<b>0.9</b>	1.1	-0.2
Gross Impaired Loans Ratio	<b>2.92</b>	3.15	-0.23	<b>2.92</b>	3.12	-0.20
Credit Charge Ratio <sup>N1</sup>	<b>0.10</b>	0.49	-0.39	<b>0.36</b>	0.06	0.30

For the first 9 months of 2013:

- ◆ Net interest income increased by 10% on the back of 9% loans growth
- ◆ Non-interest income up 61% boosted by robust fee income, higher gain on AFS and higher forex gain
  - Fee income almost doubled to RM911 mil, mainly due to higher brokerage income, higher income from wealth management & capital market related fee income
- ◆ Other operating expenses increased by 41%, mainly due to full-period impact of OSKIB acquisition and higher sales commission linked to stronger business volume
- ◆ PBT lower by 2%, impacted principally by higher loan impairment

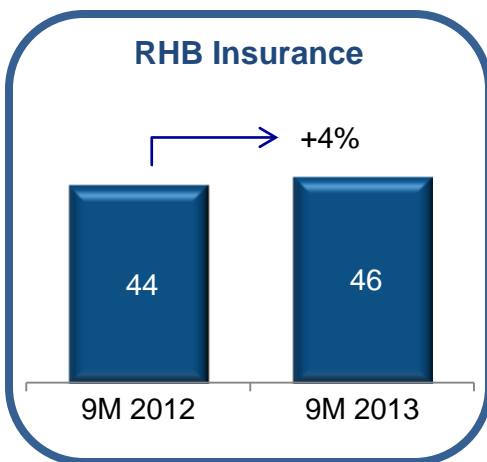
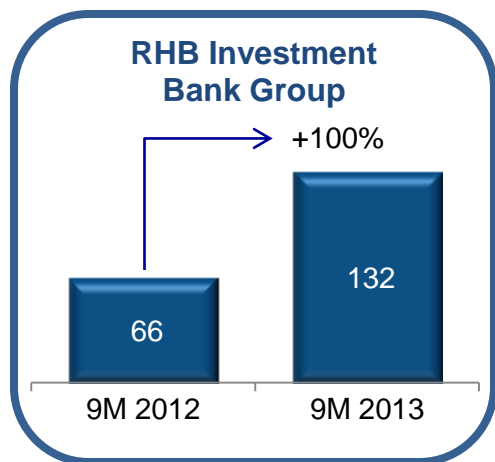
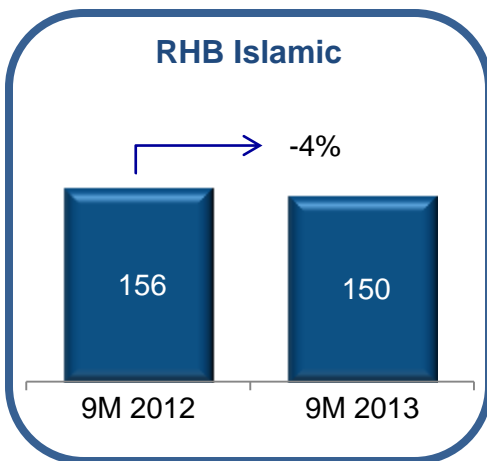
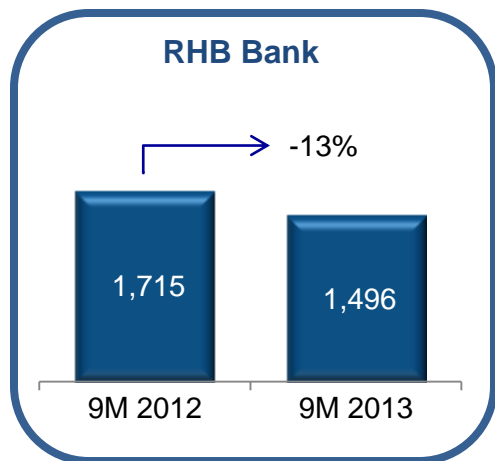
Quarter on Quarter:

- ◆ All line items and KPI showed positive improvements, with costs remained stable
- ◆ Other operating income up 14% due mainly to higher forex gain and higher gain on AFS

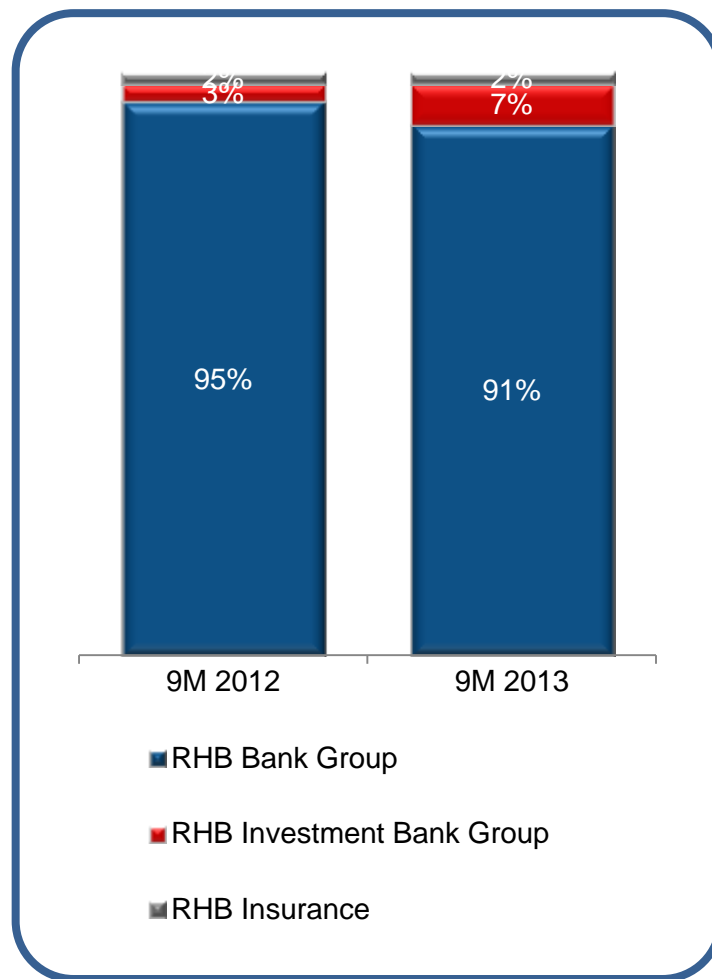
N1: Annualised

# Profit Contribution by Entity

**PBT by Entity (RM mil)**



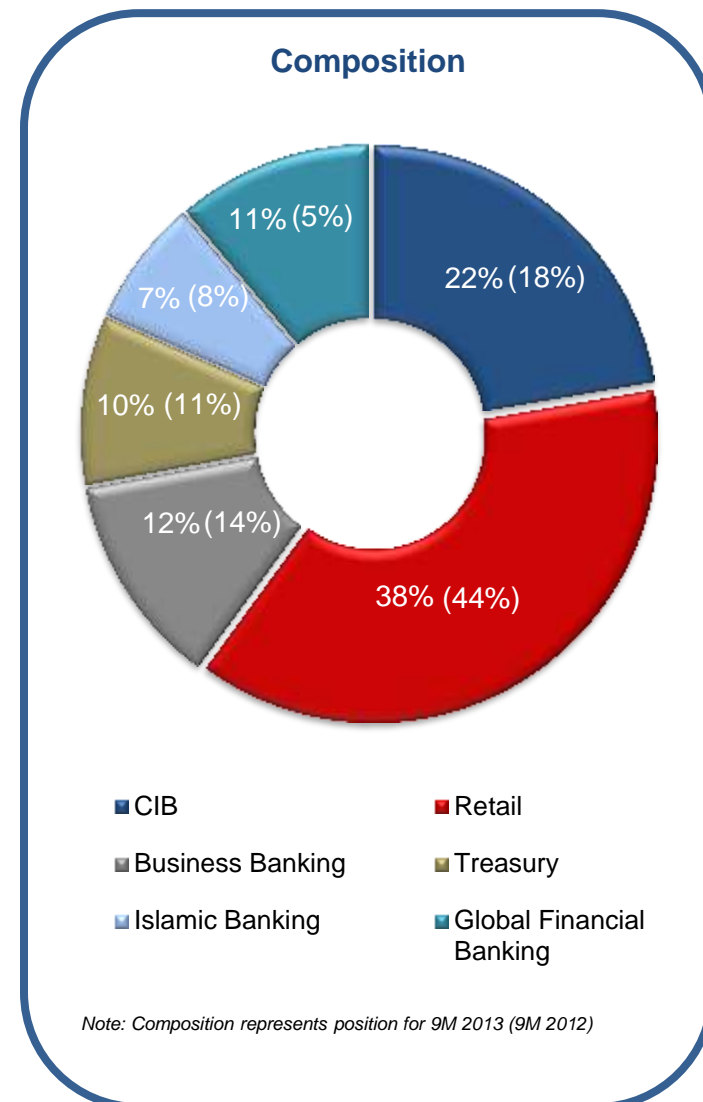
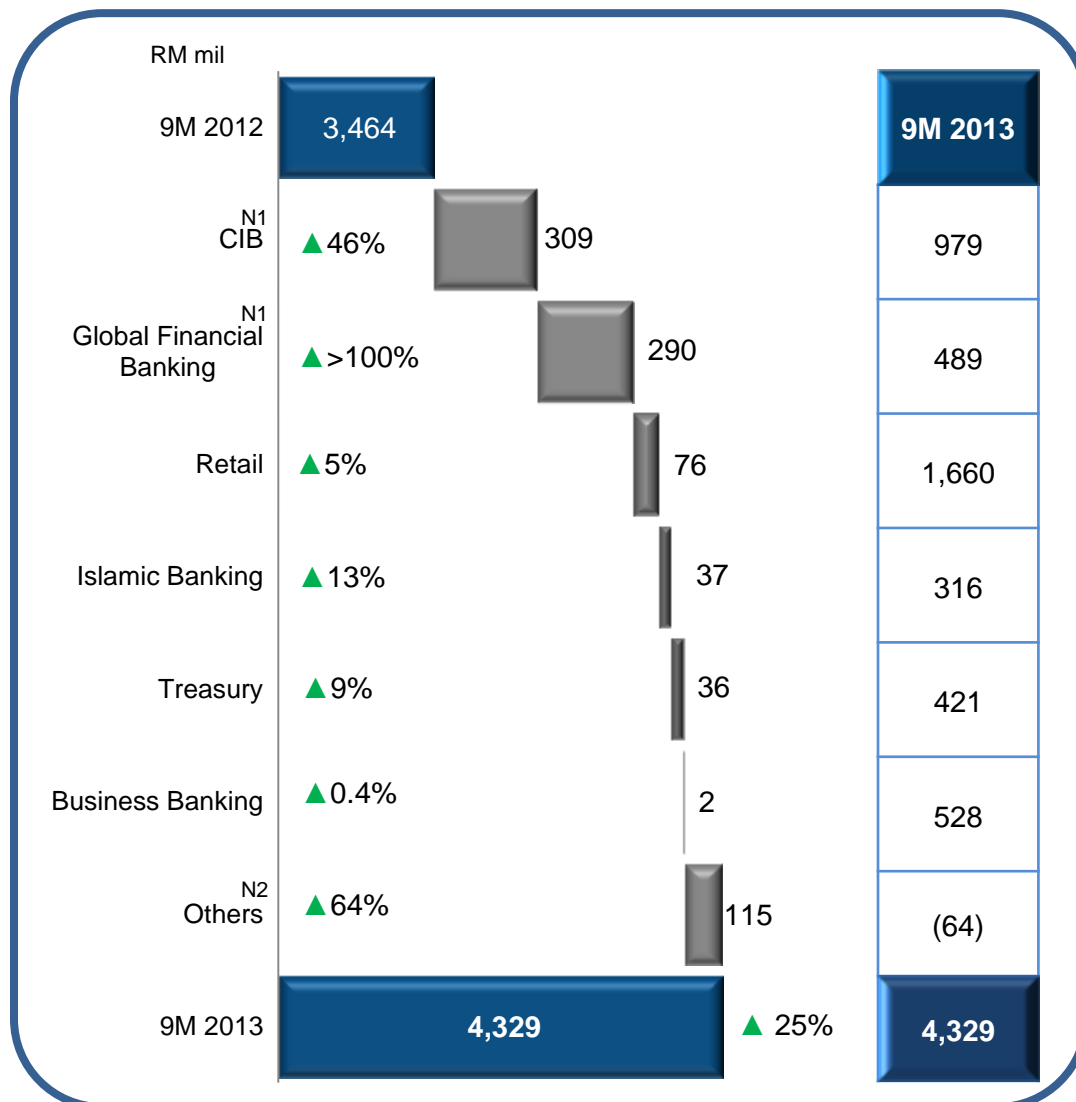
**% Contribution by Entity**





# Total Income by Business Segment

Improvement seen across all business segment



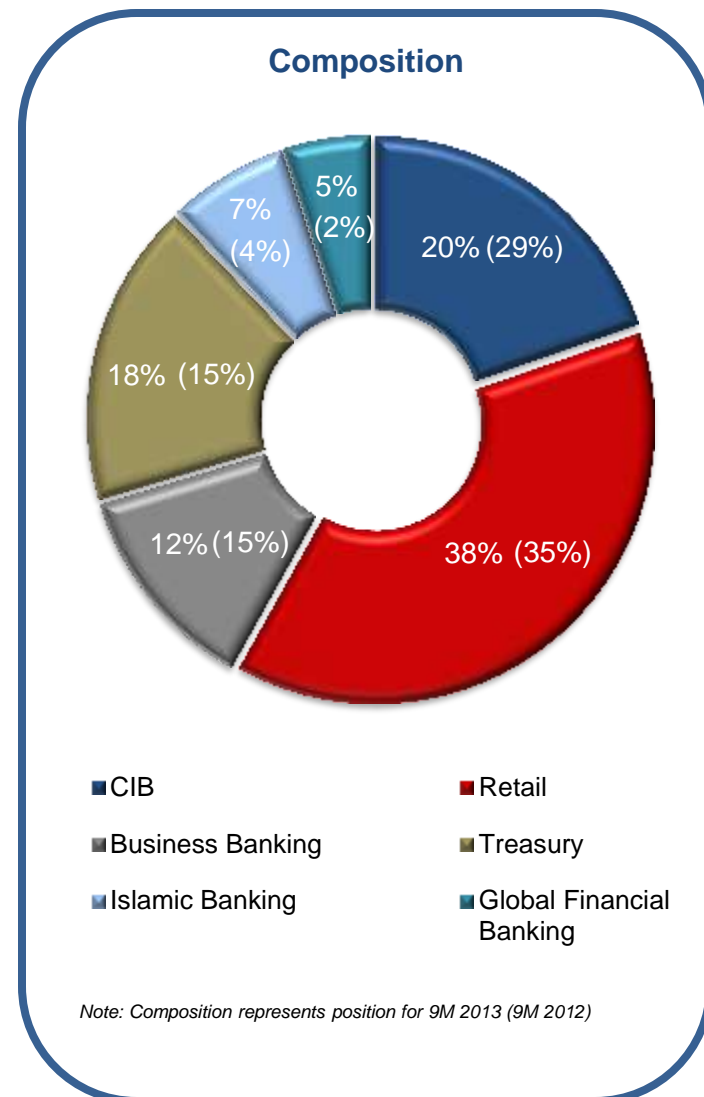
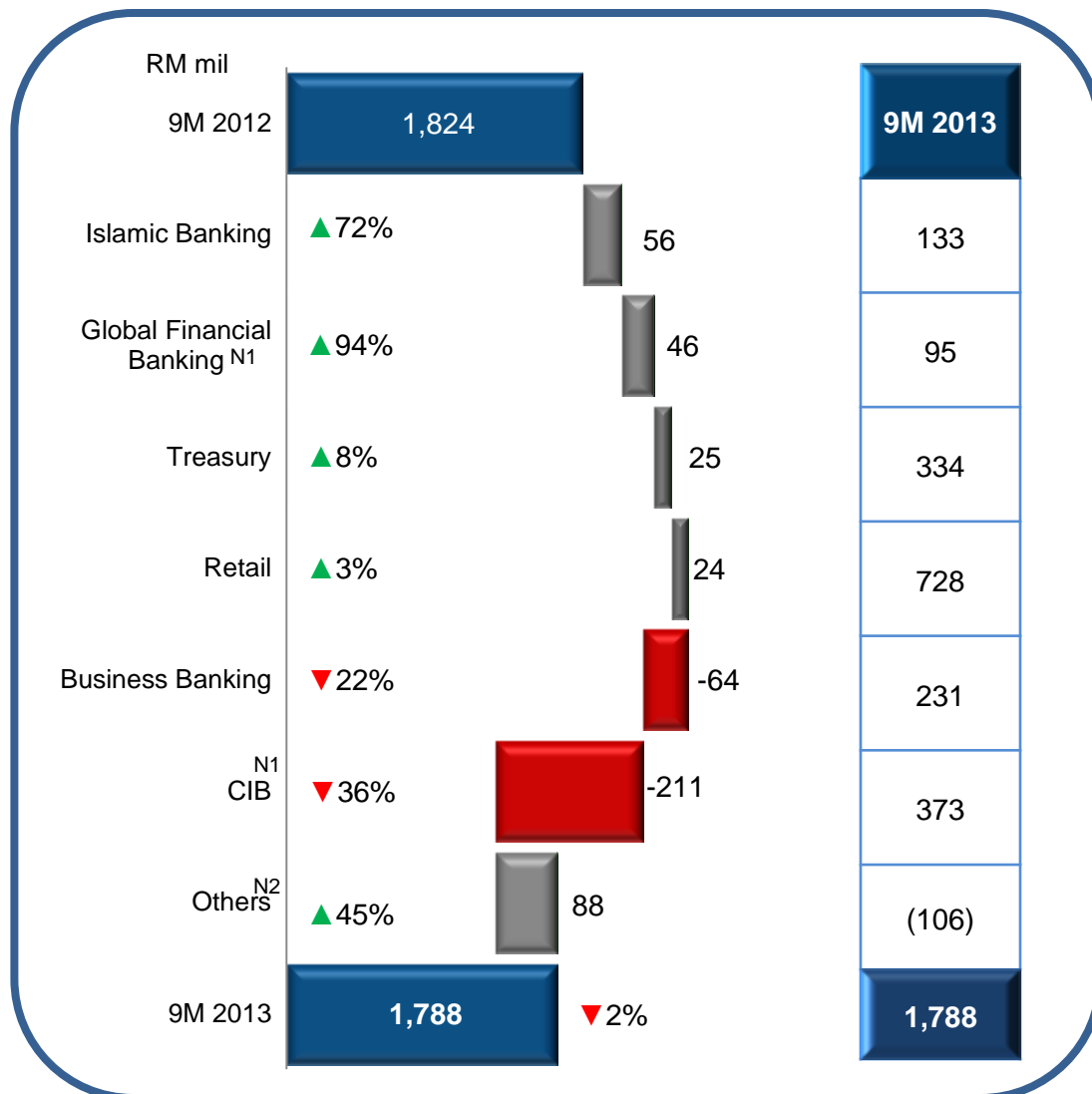
N1 Total income from overseas investment banking operations is grouped under CIB for segmental reporting purpose  
 N2 Others refer to funding center, other business segments and inter-segment elimination





# PBT by Business Segment

CIB & Business Banking impacted by higher loan loss impairment

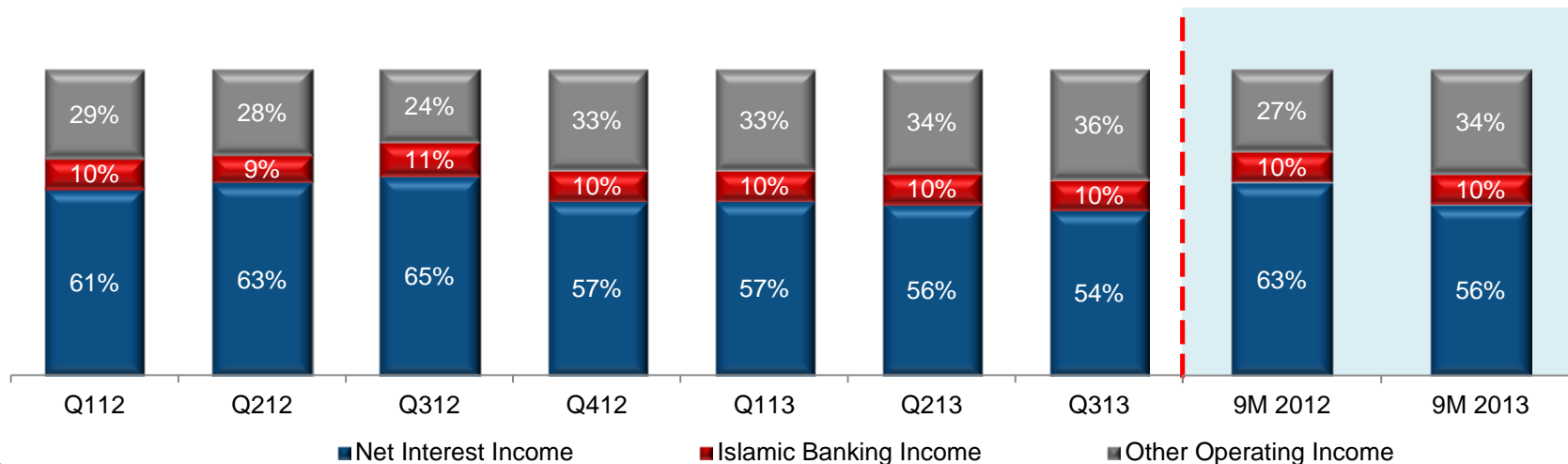


N1 PBT from overseas investment banking operations is grouped under CIB for segmental reporting purpose  
 N2 Others refer to funding center, other business segments and inter-segment elimination

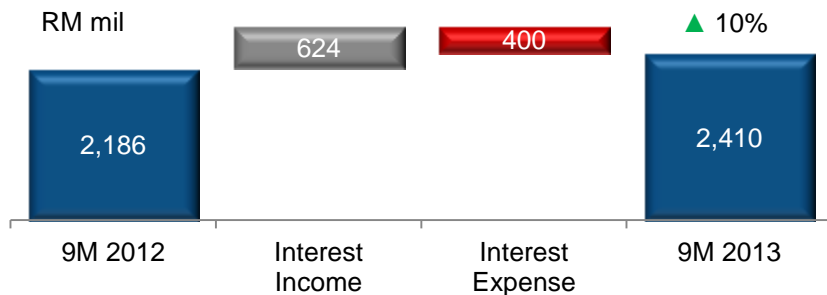


# Income Mix

Higher non-interest income ratio reflecting good results of OSKIB acquisition

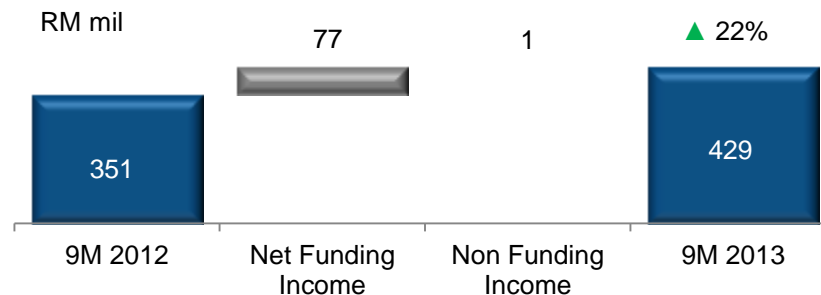


## Net Interest Income



- Higher net interest income driven by higher average loans base which was largely due to better trajectory in higher yield retail loans base and efficient asset and liability management
- y-o-y conventional loans grew by 11% and customer deposits grew by 8%
- NIM stabilised at 2.34% in Q3 (Q2: 2.33%)

## Islamic Banking Income



- Higher Islamic Banking income mainly due to higher net funding income on the back of 17% financing growth y-o-y to RM18.7 bil and 4% increase in customer deposits to RM19.4 bil



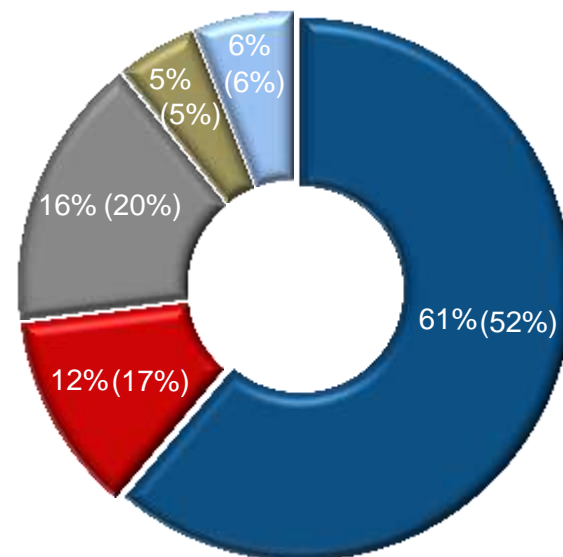
# Other Operating Income

Gaining strong traction

RM mil

	9M 2012		9M 2013
Net Brokerage	927	237	295
Fund Management & UT Fee		117	137
Corporate Advisory, Underwriting & Arrangement Fees		52	95
Service Charges, Commission, Guarantee & Commitment Fees		2	330
Other Fee Income		27	54
<b>Total Fee Income</b>	<b>91%</b>	<b>435</b>	<b>911</b>
Net Forex Gain		52	241
Insurance Underwriting Surplus		21	71
Gain and MTM on Securities/Derivatives		16	177
Others		39	90
<b>9M 2013</b>	<b>1,490</b>	<b>61%</b>	<b>1,490</b>

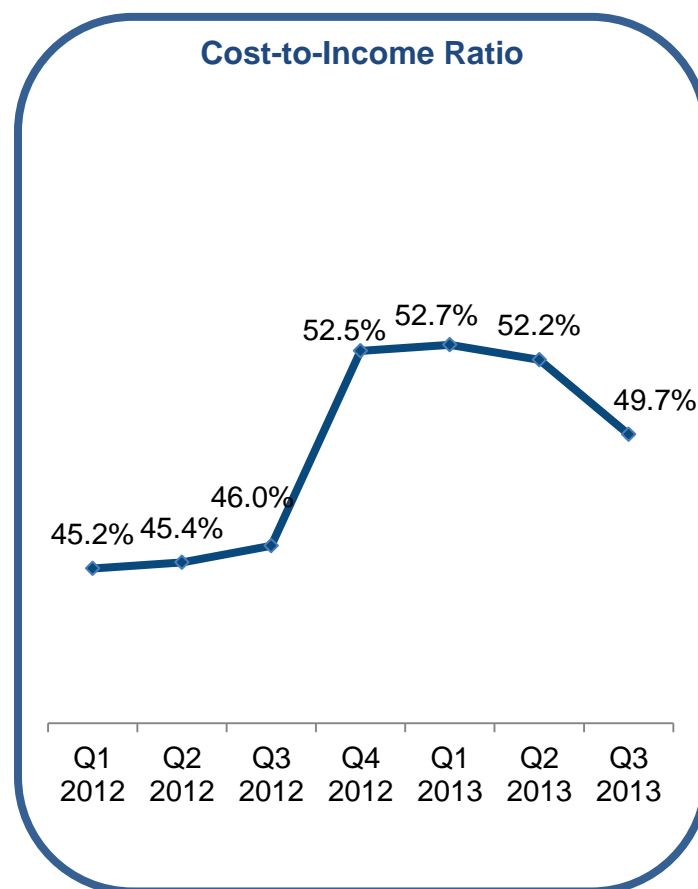
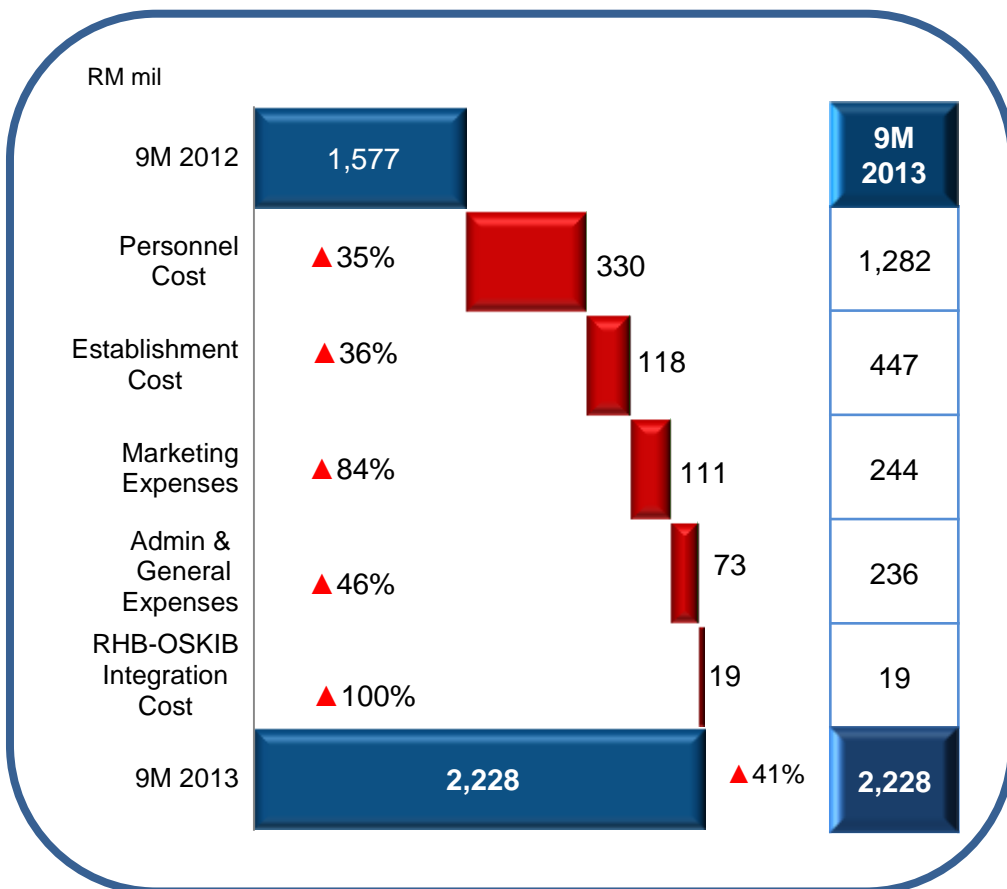
## Composition



- Fee Income
- Gain and MTM on Securities/Derivatives
- Net Forex Gain
- Insurance Underwriting Surplus
- Others

Note: Composition represents position for 9M 2013 (9M 2012)

# Other Operating Expenses



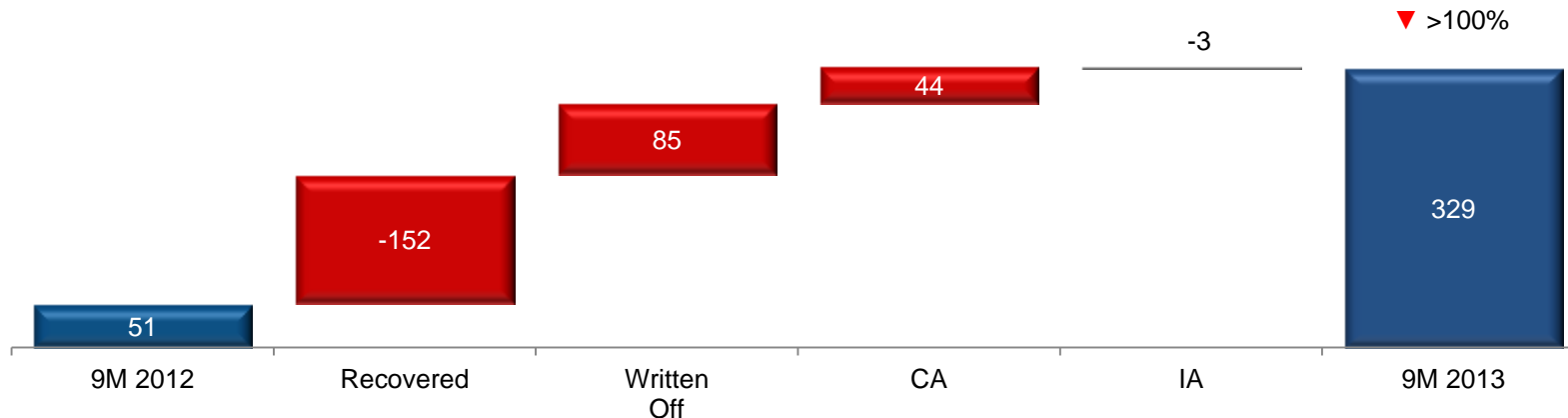
- ◆ Increase mainly due to full-period impact of enlarged investment bank cost base and sales related headcount increase, higher sales commission and incentive compensation linked to wealth management businesses



# Allowances for Loan Impairment

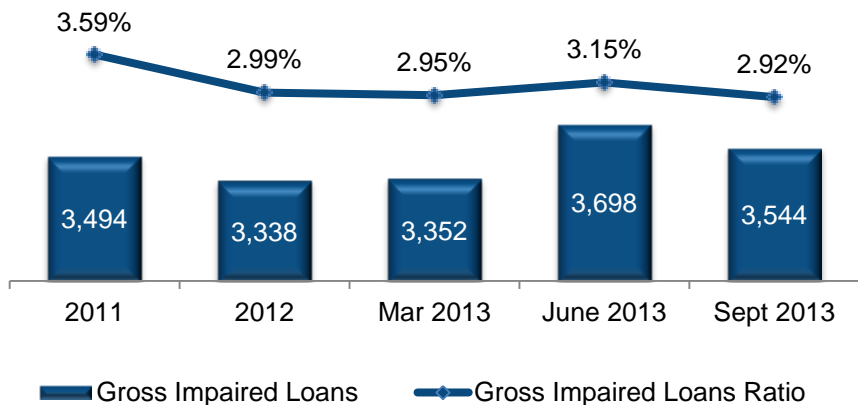
RM mil

## Increase/(Decrease) in Allowances for Loan Impairment



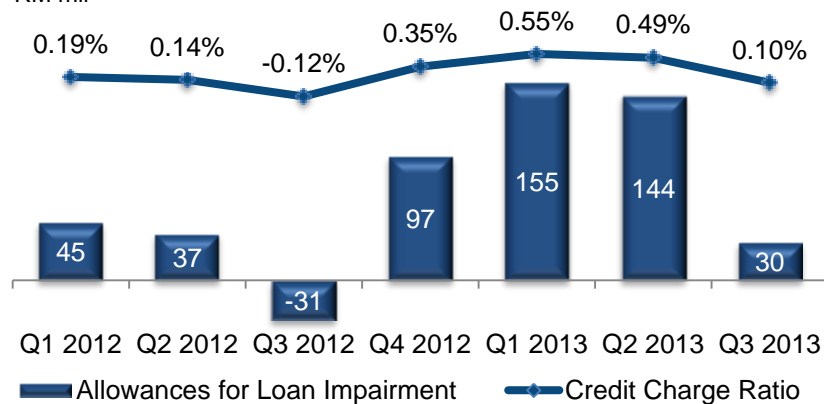
## Asset Quality

RM mil



## Quarterly Allowances for Loan Impairment & Credit Charge Ratio

RM mil





# Financial Position

RM mil	Sept 2013	Dec 2012	Sept 2012	Change for 9M 2013 %	Y-o-Y Change %
Total Assets	<b>187,668</b>	189,078	169,479	-1	11
Total Financial Assets/Investments	<b>39,636</b>	36,840	29,006	8	37
- Financial Assets HFT	<b>2,871</b>	2,740	2,088	5	38
- Financial Investments AFS	<b>17,619</b>	15,155	10,910	16	61
- Financial Investments HTM	<b>19,146</b>	18,945	16,008	1	20
Gross Loans	<b>121,435</b>	111,474	106,637	9	14
Customer Deposits	<b>136,667</b>	138,224	125,703	-1	9
Borrowings and Senior Debt Securities	<b>5,582</b>	5,152	4,824	8	16
Subordinated Notes	<b>4,626</b>	4,719	4,322	-2	7
Hybrid Tier-1 Capital Securities	<b>597</b>	601	597	-1	-
Shareholders' Funds	<b>16,369</b>	15,117	12,872	8	27
<b>Net Assets per Share</b>	<b>6.47</b>	6.06	5.76	7	12
<b>LD Ratio</b>	<b>89%</b>	81%	85%	8	4

## ♦ Total Assets:

- For the first 9 months of the year, total assets decreased by RM1.4 bil due mainly to lower cash and short term funds, partially offset by expansion in net loans and investment portfolio
- y-o-y total assets increased by 11% or RM18.2 bil mainly due to the acquisition of OSKIB and organic growth in loans and investments portfolio

## ♦ Gross loans:

- For the first 9 months, domestic gross loans grew by 8.2%, of which two-third was contributed by household sector loans growth
- Overseas gross loans increased by 21% mainly contributed by Singapore operations

♦ 9M 2013 current account balances up 3.2% and savings account balances increased by 6.6%

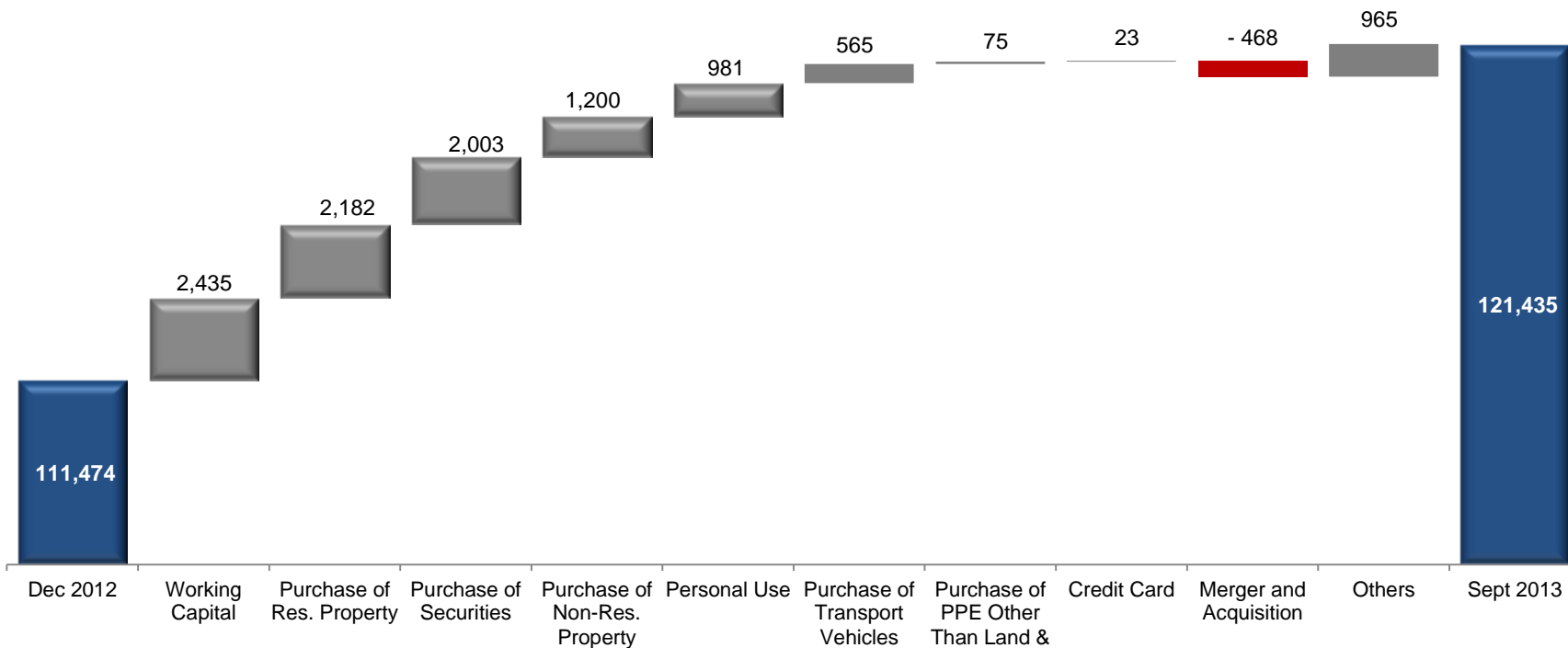
♦ LD ratio remained healthy at 88.9%, up from 80.6% as at Dec 2012





# Loans, Advances and Financing

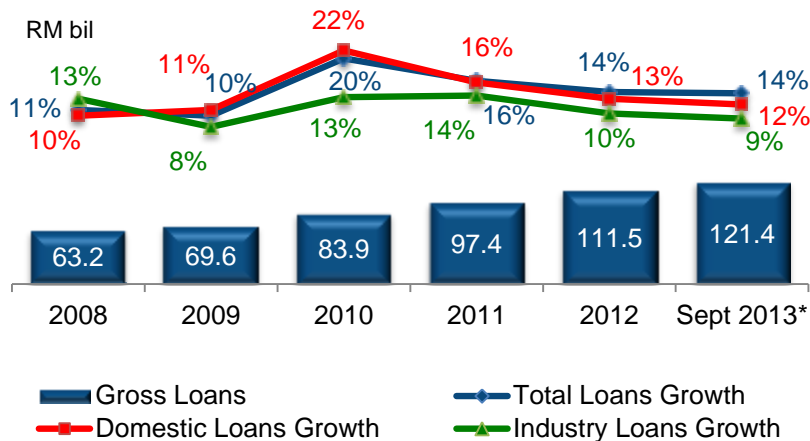
RM mil



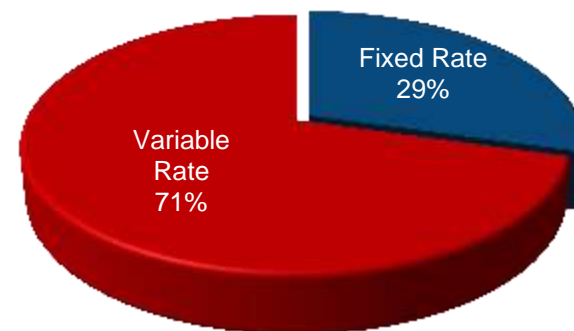
Sept 2013	28,955	24,337	12,253	6,930	6,739	12,013	3,325	1,950	3,234	21,699	121,435
9M YTD Growth	▲ 9%	▲ 10%	▲ 20%	▲ 21%	▲ 17%	▲ 5%	▲ 2%	▲ 1%	▼ 13%	▲ 5%	▲ 9%
Y-o-Y Growth	▲ 21%	▲ 12%	▲ 45%	▲ 29%	▲ 22%	▲ 7%	▲ 1%	▲ 4%	▼ 31%	▲ 6%	▲ 14%
9M 2013 Loans Growth Composition	24%	22%	20%	12%	10%	6%	1%	-	-5%	10%	100%

# Loans Profile and Market Share

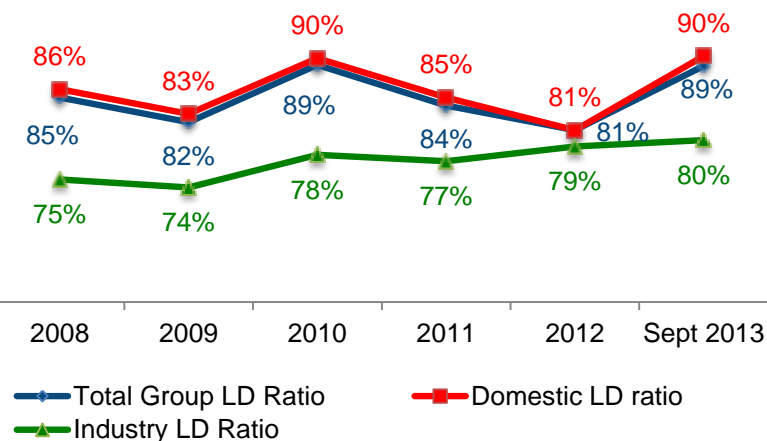
## Gross Loans & Growth (%)



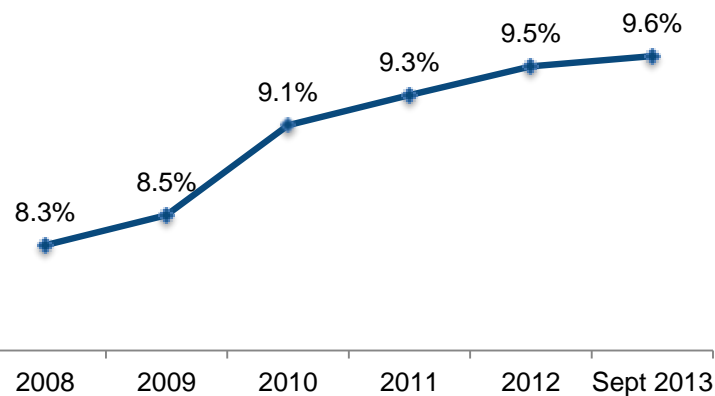
## Gross Loans by Interest/Profit Rate Sensitivity



## LD Ratio



## Domestic Market Share

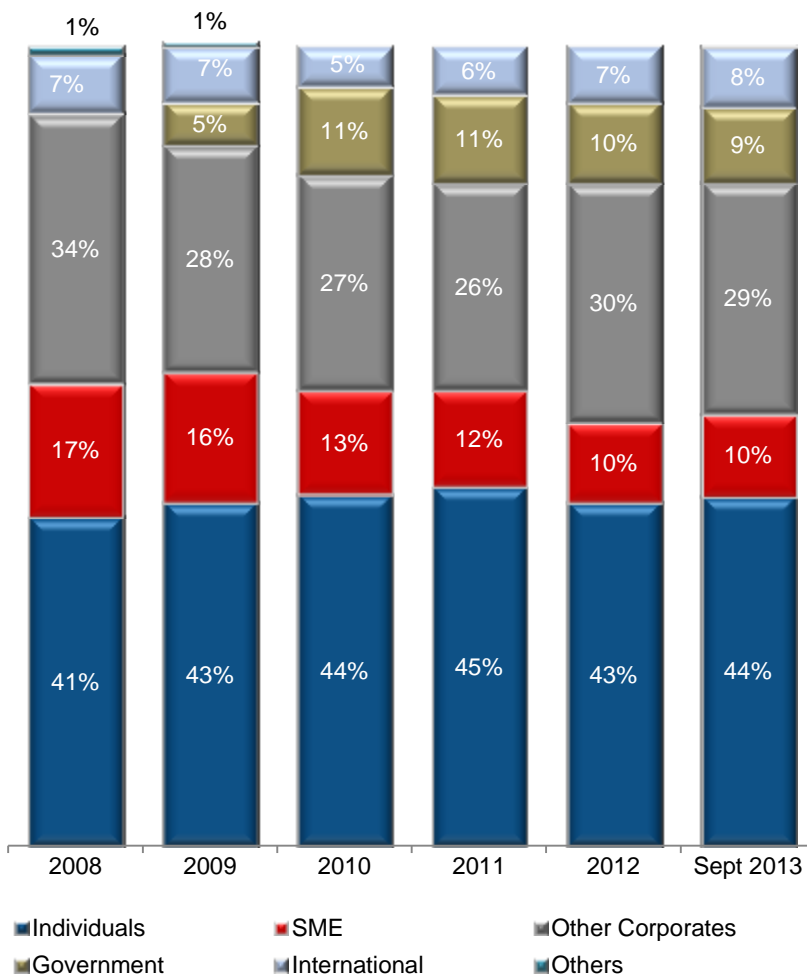


\* Y-o-Y growth rate

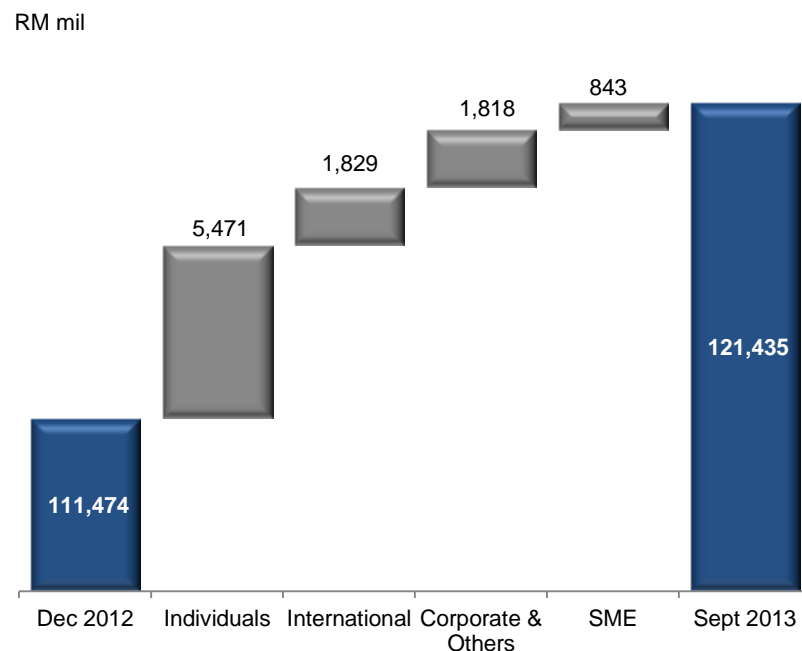


# Loans By Customers

## Composition by Type of Customers



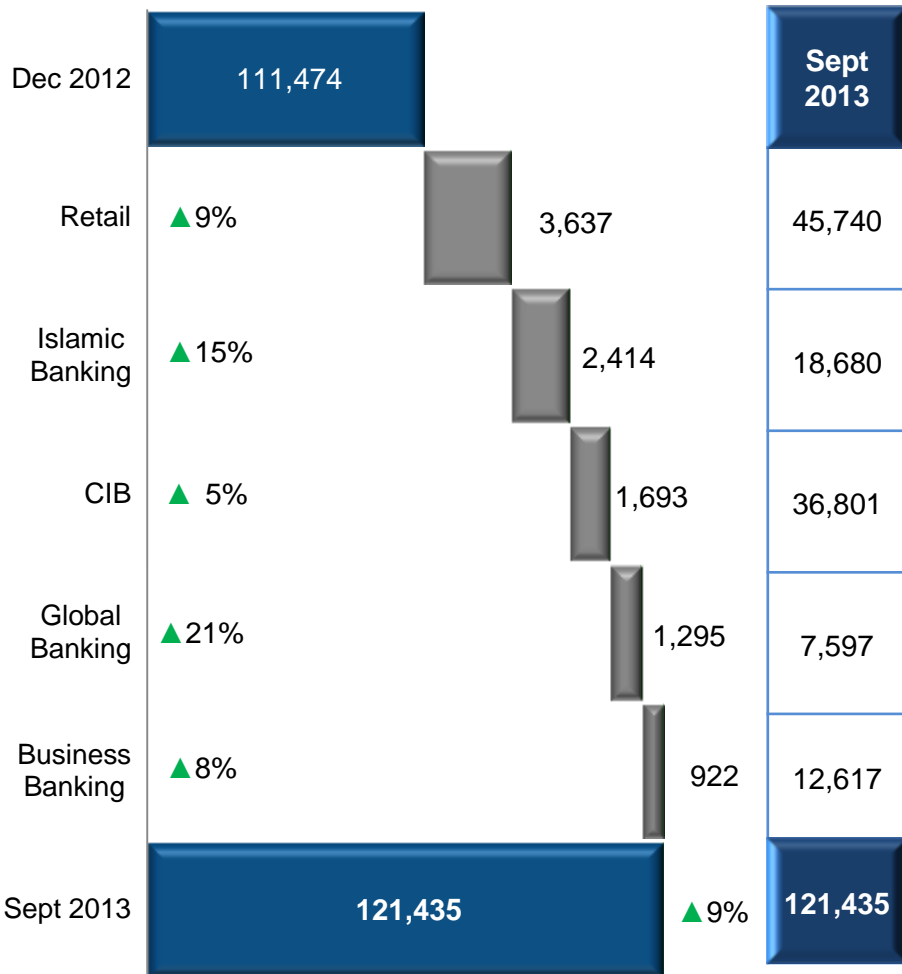
## Loans by Type of Customers



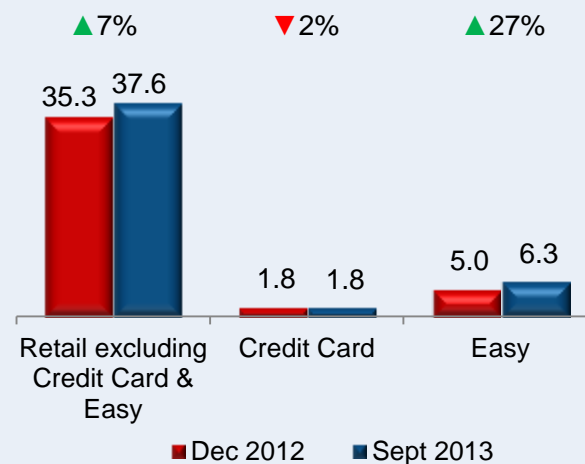
Sept 2013	53,381	9,835	45,857	12,362	121,435
9M YTD Growth	▲ 11%	▲ 23%	▲ 4%	▲ 7%	▲ 9%
Y-o-Y Growth	▲ 15%	▲ 44%	▲ 9%	▲ 10%	▲ 14%
9M 2013 Loans Growth Composition	55%	18%	18%	9%	100%

# Loans, Advances and Financing by SBG

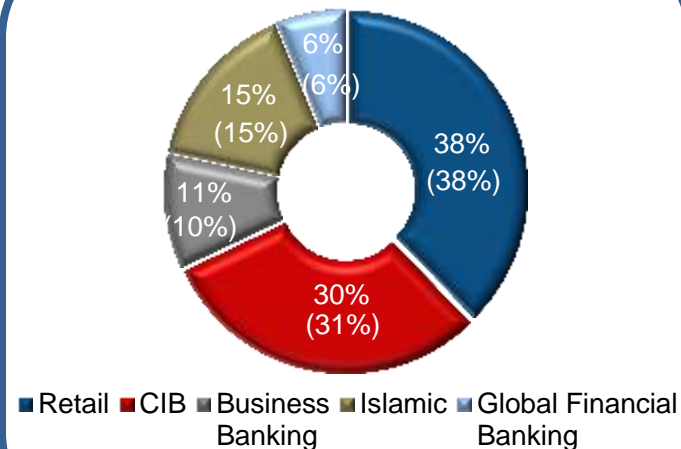
RM mil



Retail



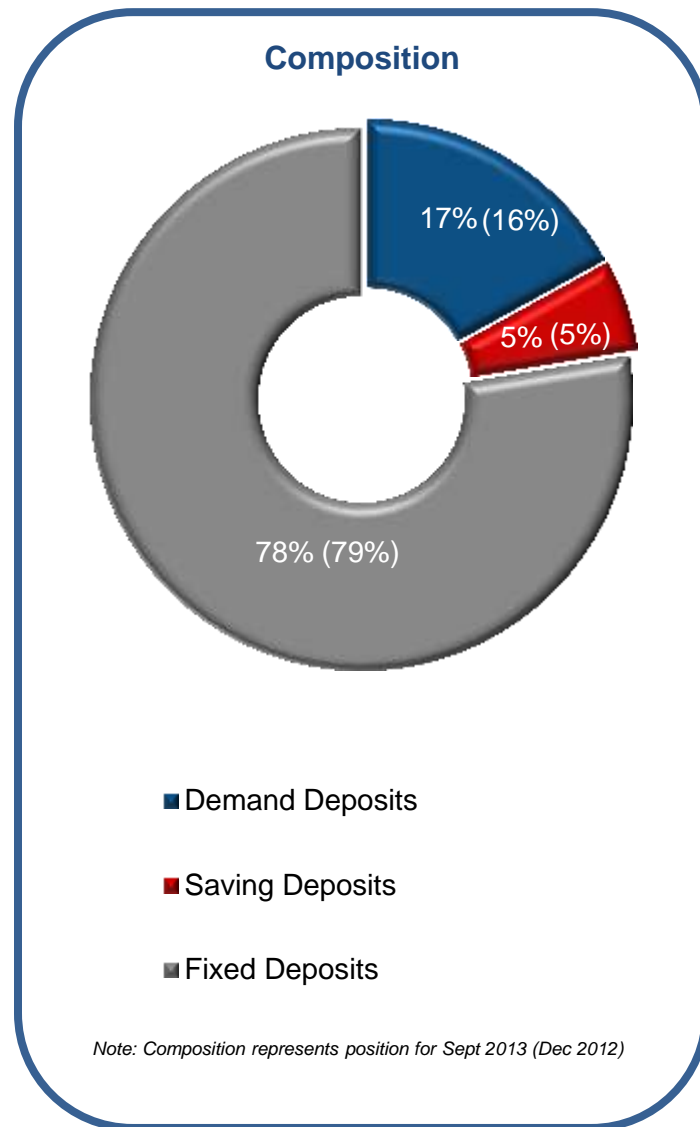
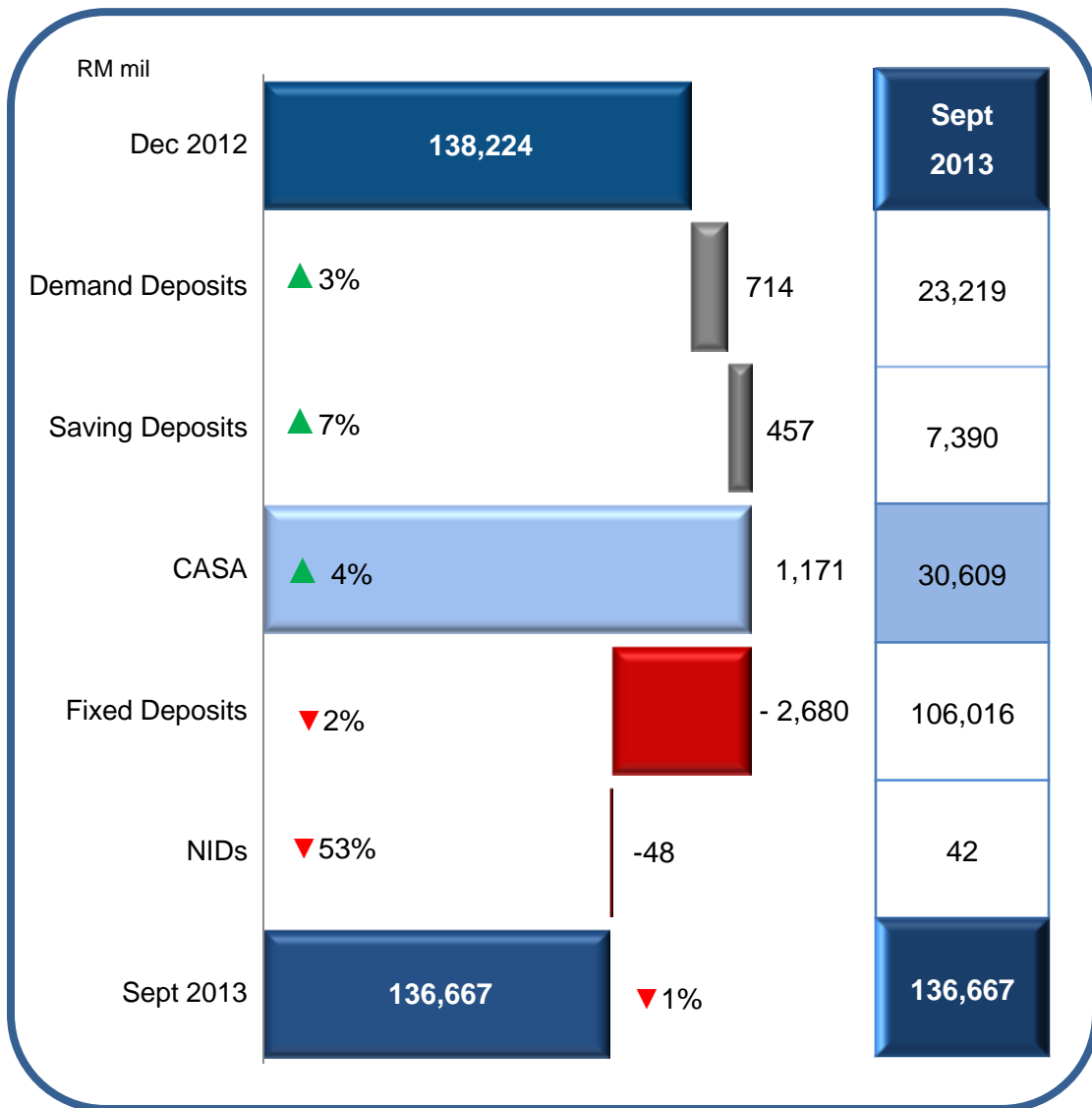
Composition



Note: Composition represents position as at Sept 2013 (Dec 2012)

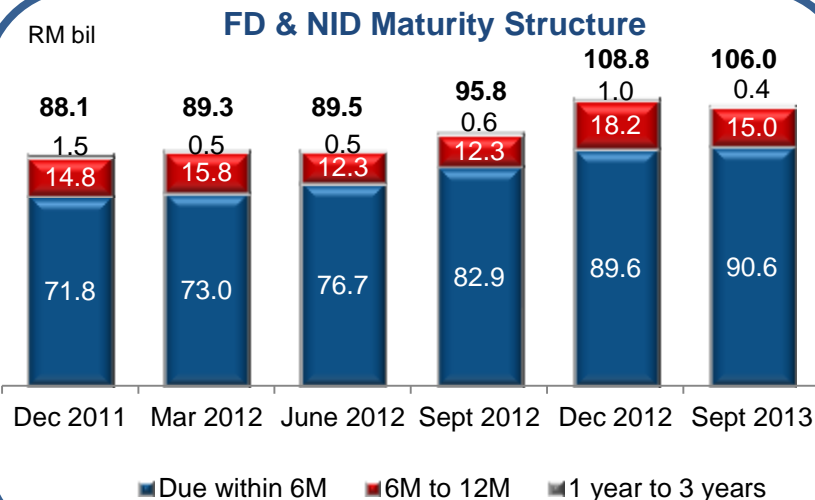
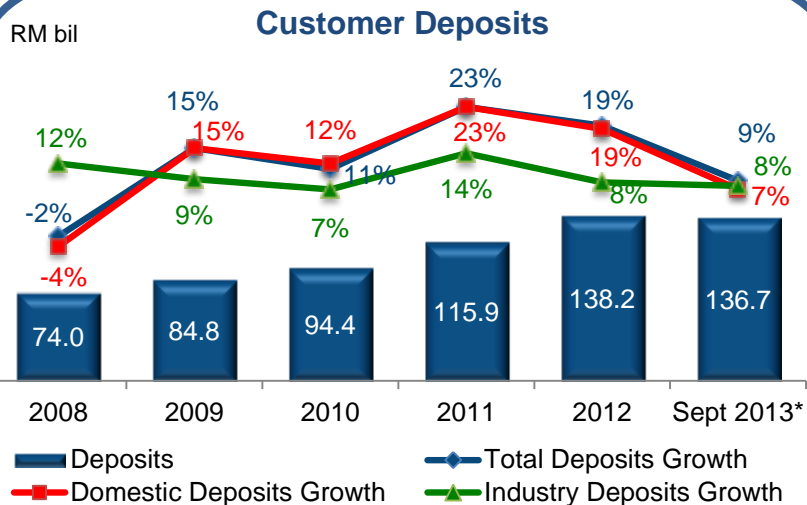


# Customer Deposits

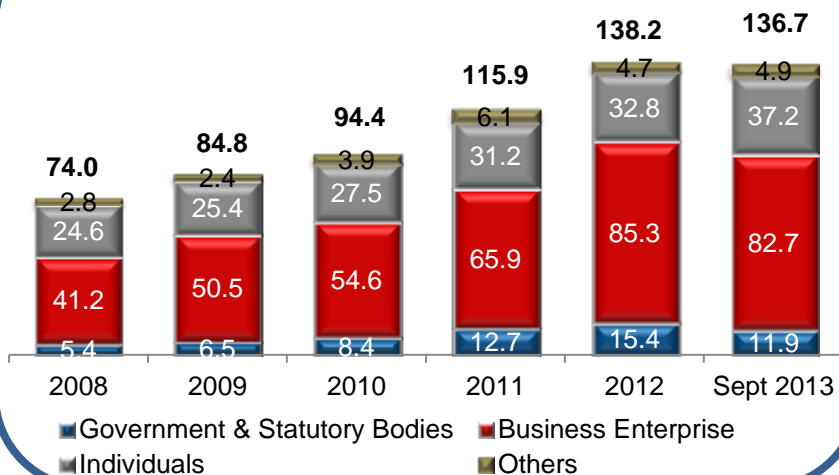




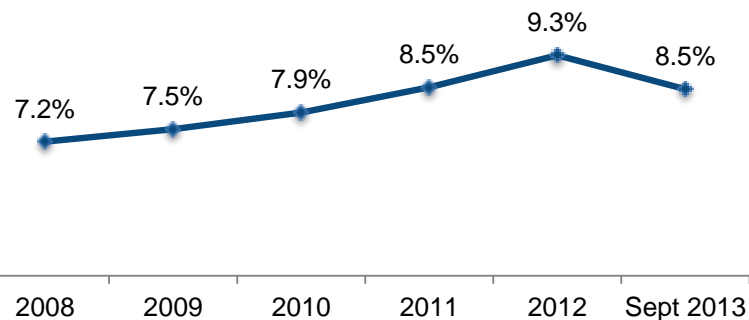
# Customer Deposits Profile & Market Share



## Deposits by Type of Customers



## Domestic Market Share

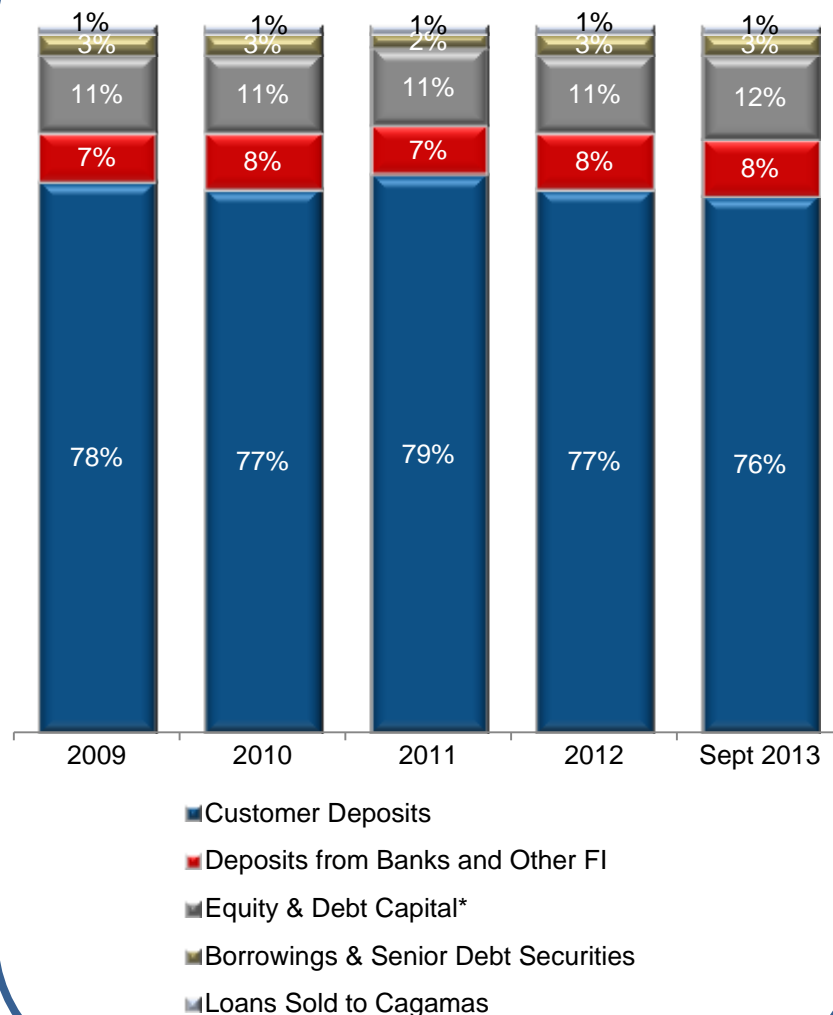


\* Y-o-Y growth rate



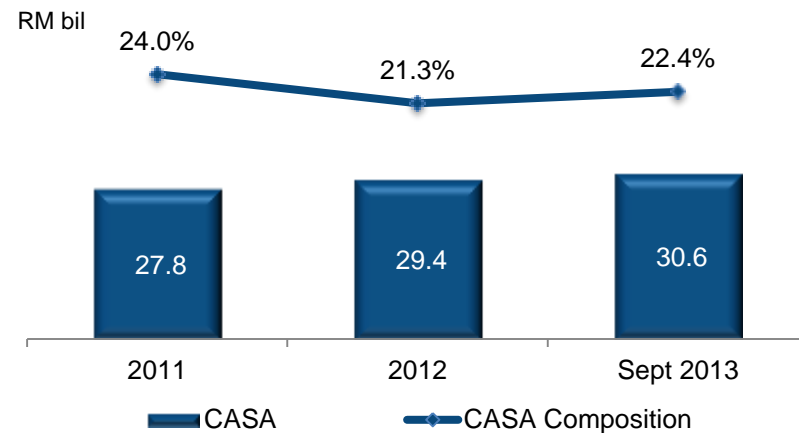
# Funding & Leverage

## Funding Composition

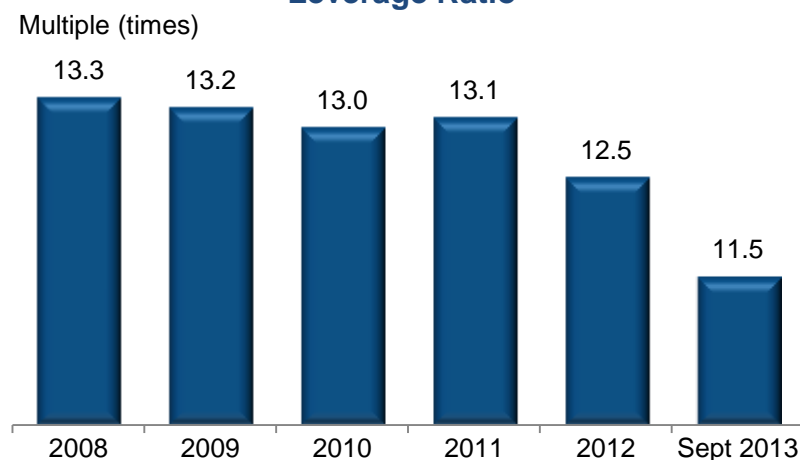


\* Debt capital include subordinated obligations and hybrid tier 1 capital securities

## CASA Composition

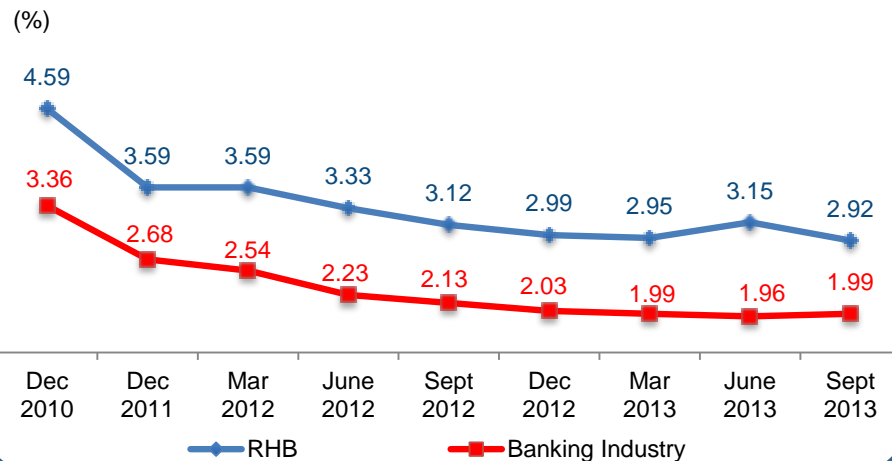


## Leverage Ratio

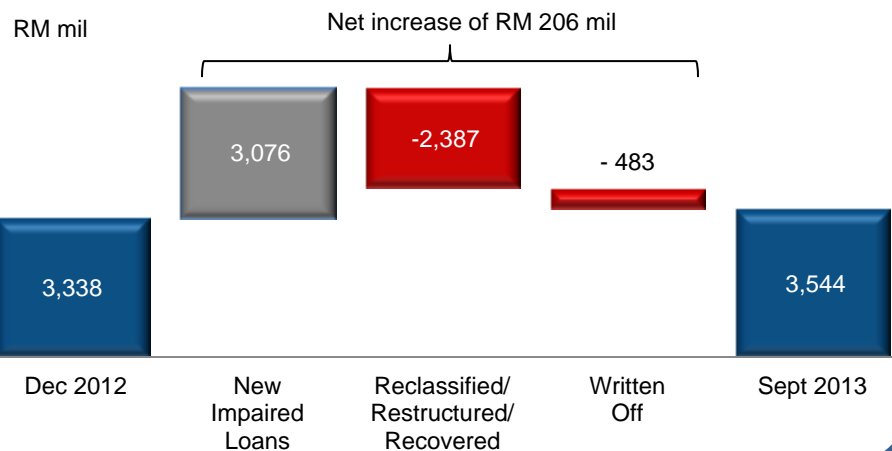


Note: Leverage ratio is defined as total assets over shareholders' funds

## Gross Impaired Loans Ratio



## Gross Impaired Loans Movement



## Gross Impaired Loans Ratio (%) by Purpose

### Working Capital



### Purchase of Residential Property



### Purchase of Non-Residential Property



### Personal Use



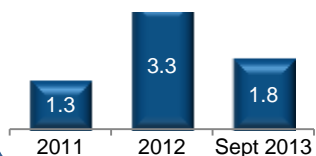
### Credit Card



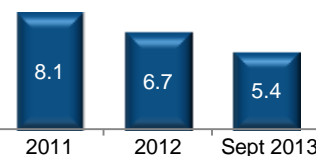
### Purchase of Transport Vehicles



### Purchase of Securities



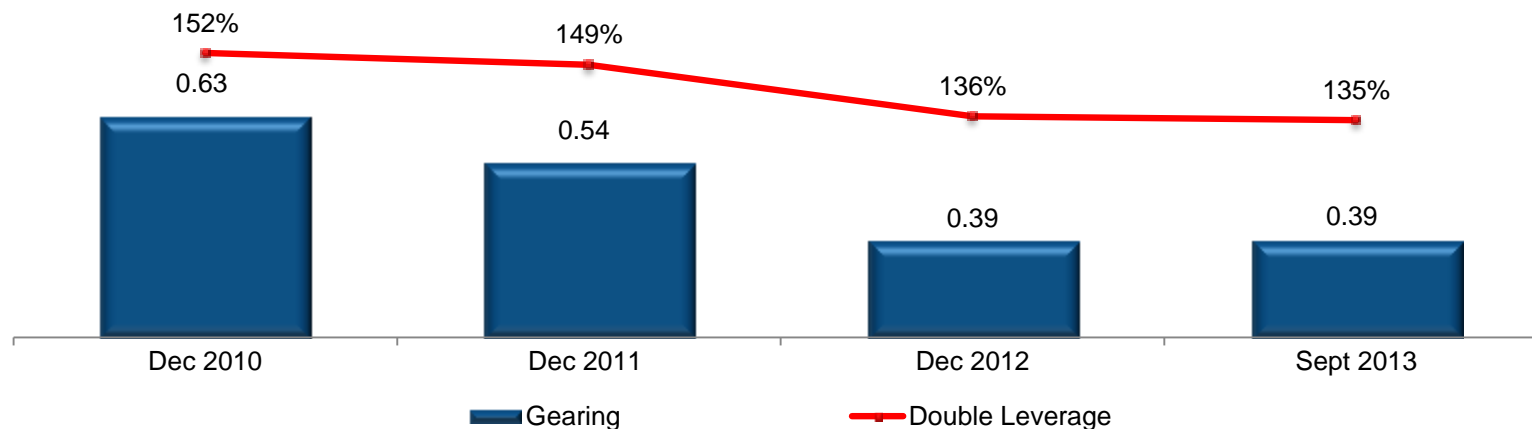
### Construction



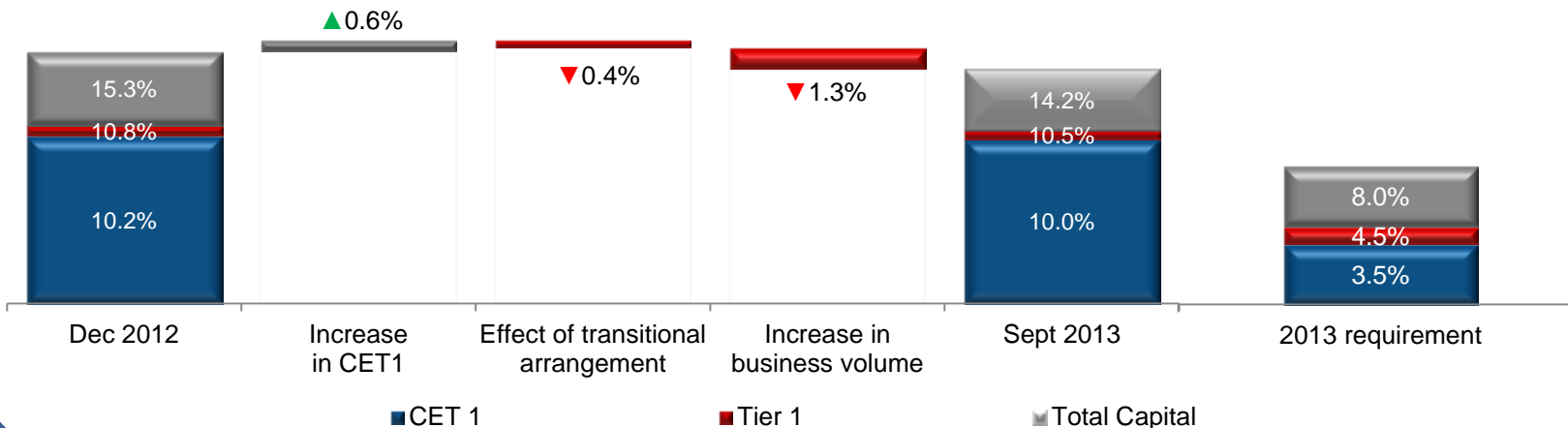
# Capital Position (1/2)

Times

RHB Capital<sup>N1</sup>



## RHB Bank Group: Capital Development in 9M 2013

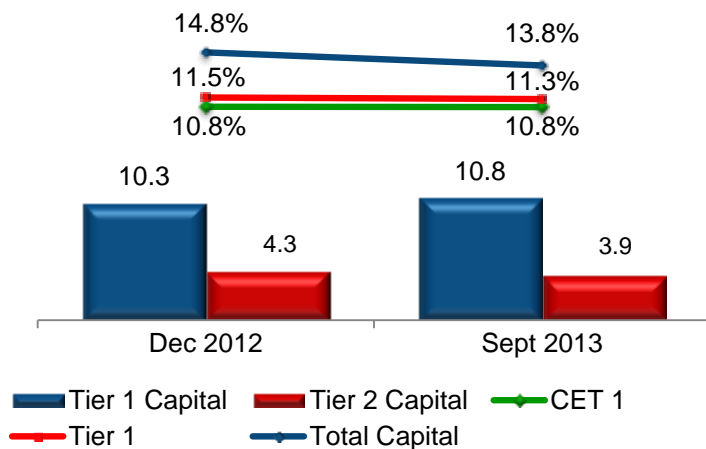


N1: Proforma Basel III CET 1 of RHB Capital Group is at 8.6%

## Capital Position (2/2)

RM bil

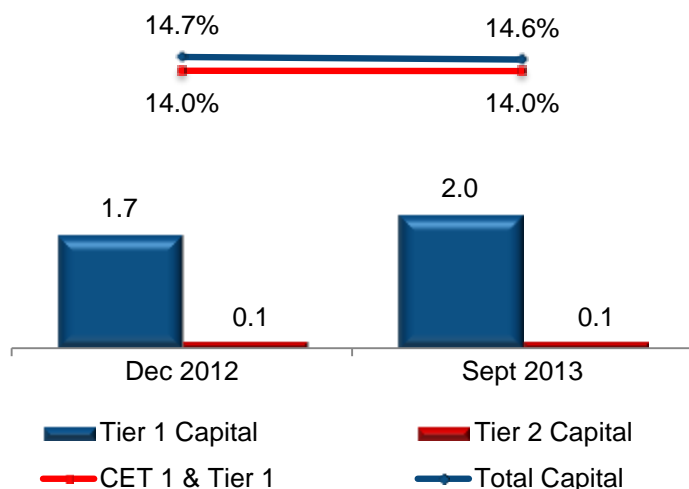
### RHB Bank



- ◆ Total capital ratio for RHB Bank decreased mainly due to application of transitional arrangement with the 10% phased-out of sub-debts and Hybrid Tier-1 and increase in business volume

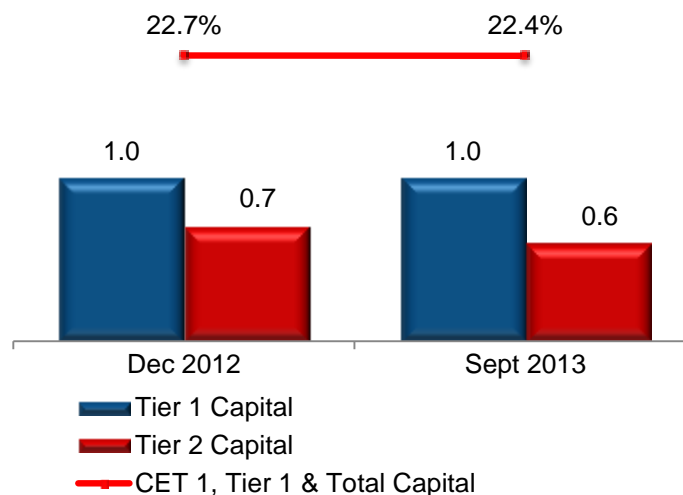
RM bil

### RHB Islamic Bank

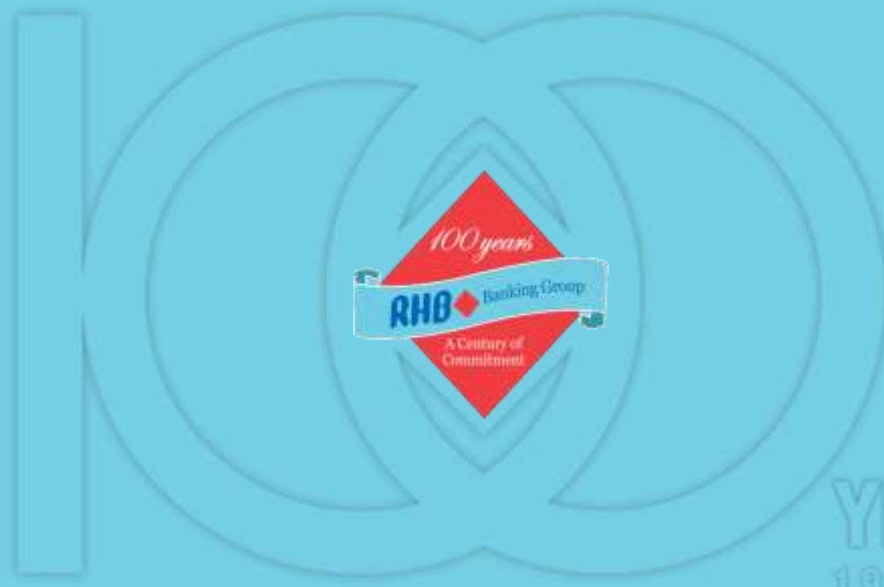


RM bil

### RHB Investment Bank



# RHB GROUP DELIVERS MORE TO ASEAN+



YEARS  
1913-2013

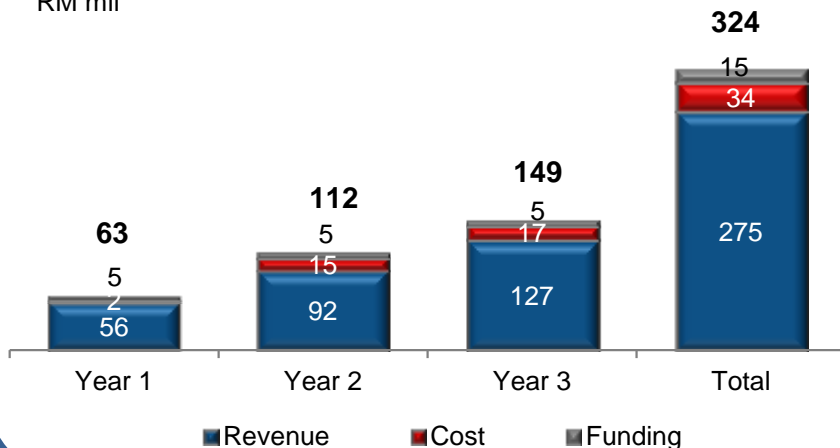
## AGENDA

- ◆ Executive Summary
- ◆ 3<sup>rd</sup> Quarter 2013 Financial Results
- ◆ Integration Updates
- ◆ Summary

# Integration Updates

## Recap: Estimated Synergies Over 3 Years

RM mil



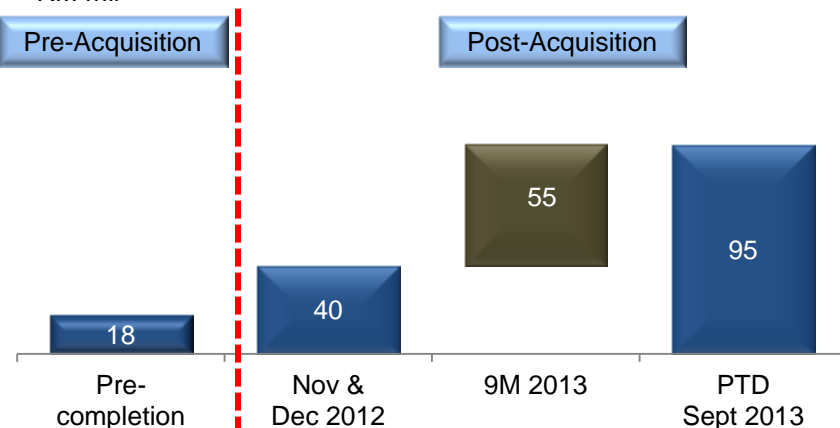
◆ Single Platform Day 1 effective 25 November 2013

◆ Synergies:

- RM95 mil realised post-completion, ahead of original Year 1 target
- Derived mainly from Investment Banking, Asset Management and IE
- Funding and cost synergies totalling RM3 mil

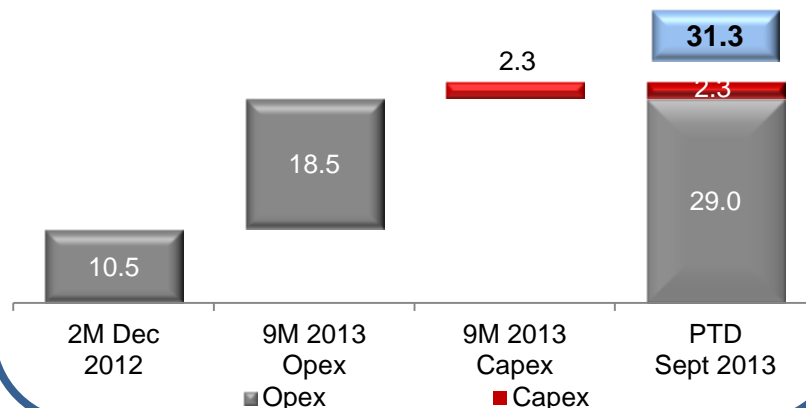
## Synergies

RM mil



## Integration Cost

RM mil





# RHB GROUP DELIVERS MORE TO ASEAN+



## AGENDA

- ◆ Executive Summary
- ◆ 3<sup>rd</sup> Quarter 2013 Financial Results
- ◆ Integration Updates
- ◆ Summary



100  
YEARS  
1913-2013

# Summary

---

**1**

Malaysian Banking sector outlook is expected to continue its growth in line with a stable domestic operating environment, with system wide sound asset quality, strong capitalisation and funding profiles

**2**

Business performance is expected to improve further given our enhanced geographical footprint

**3**

Continued effort in strengthening our human capital bench strength has begun to yield good results

**4**

Managing operational efficiency by optimising cost, and strengthening credit and risk management remain top in agenda

**5**

Remain focused in executing our stated strategy to deliver our FY2013 targets and long term growth for our shareholders

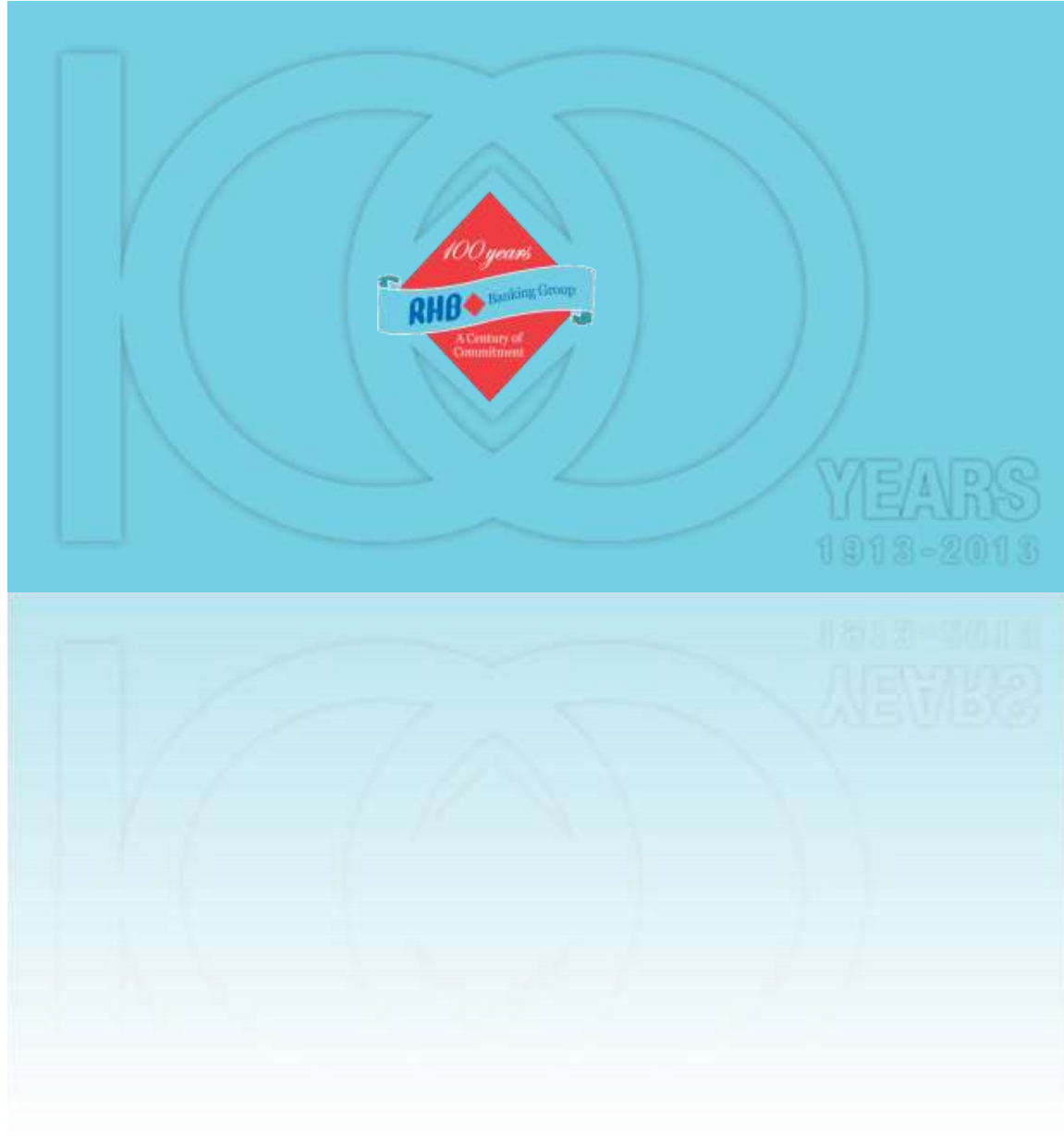
# END

[www.rhbgroup.com](http://www.rhbgroup.com)

**INVESTOR RELATIONS CONTACT:**

Ms Yap Choi Foong  
Group Chief Financial Officer  
+(603) 9280 2489  
[cfyap@rhbgroup.com](mailto:cfyap@rhbgroup.com)

Ms Teh Soh Geok  
Vice President  
+(603) 9280 2154  
[teh.soh.geok@rhbgroup.com](mailto:teh.soh.geok@rhbgroup.com)



This material is prepared for general circulation. Any recommendation or view contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific audience. The content furthermore is believed to be correct at the time of the issue of this document, and is not and should not be construed as an offer or a solicitation of any offer to buy or sell any securities. Nor does this document purport to contain all the information a prospective investor may require. Presentation and subsequent discussion may contain certain forward-looking statements with respect to the financial condition, results of operations and business of the Group. These forward-looking statements represent expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.



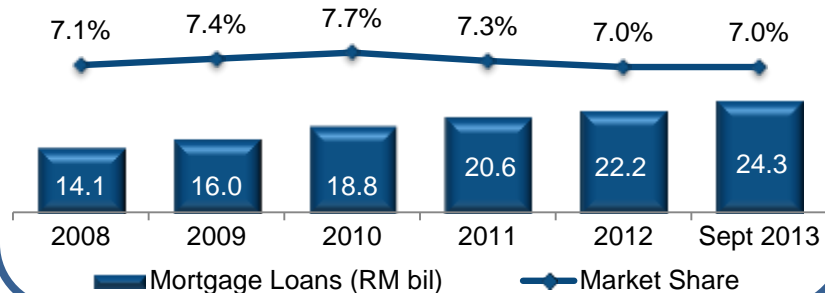
# RHB GROUP DELIVERS MORE TO ASEAN+

## Appendix

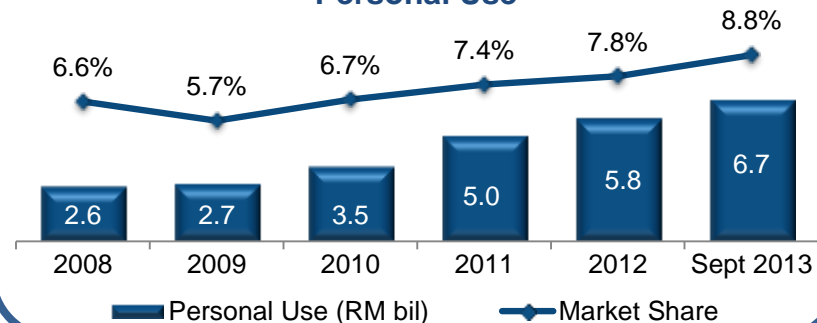
- ◆ Key Business Highlights

# Retail Business Performance

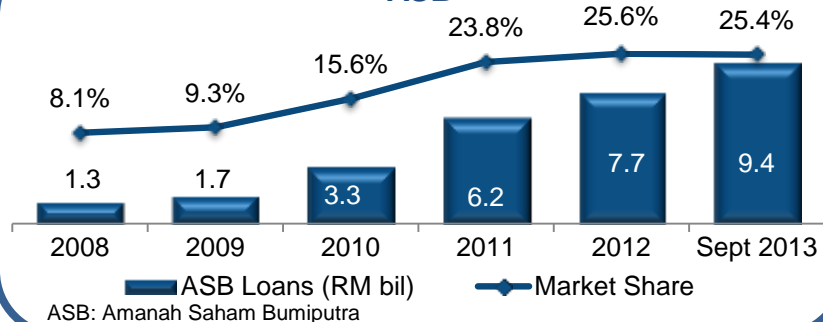
## Mortgage



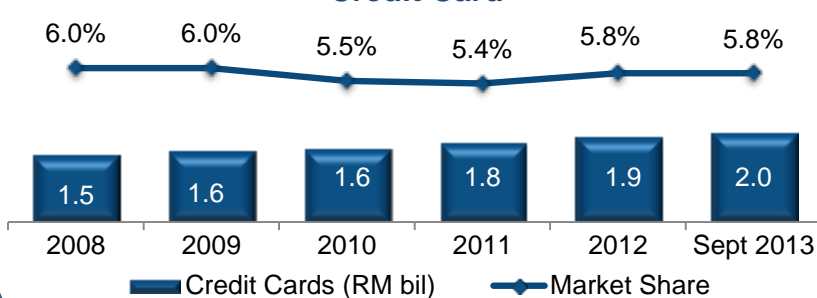
## Personal Use



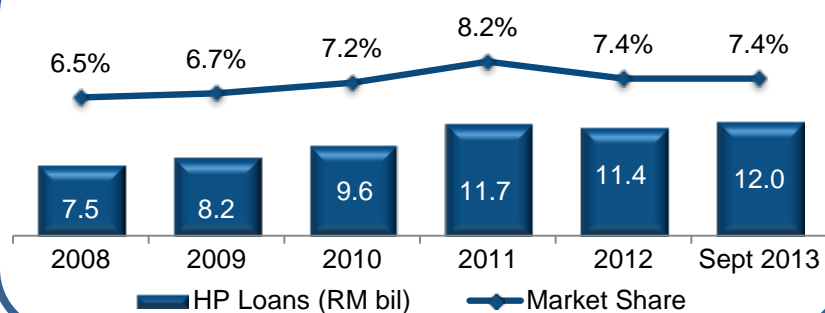
## ASB



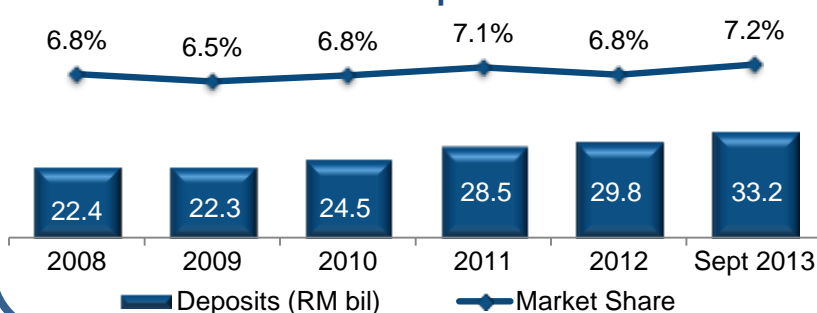
## Credit Card



## Auto Finance

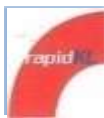


## Retail Deposits



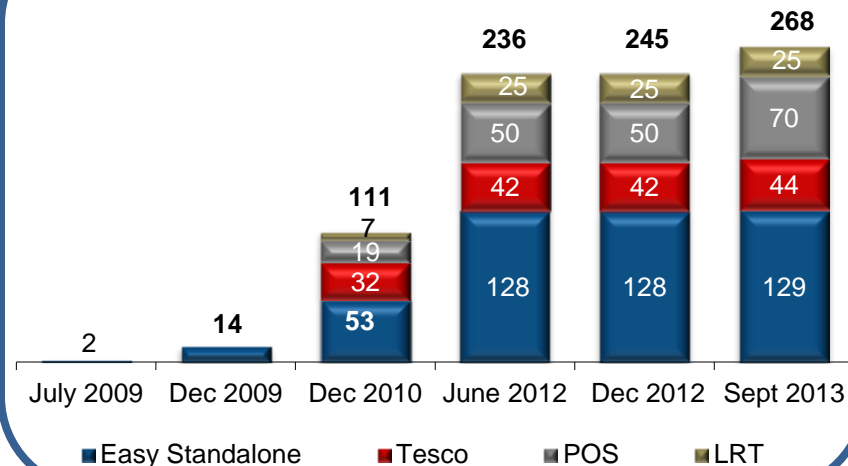


# Easy by RHB

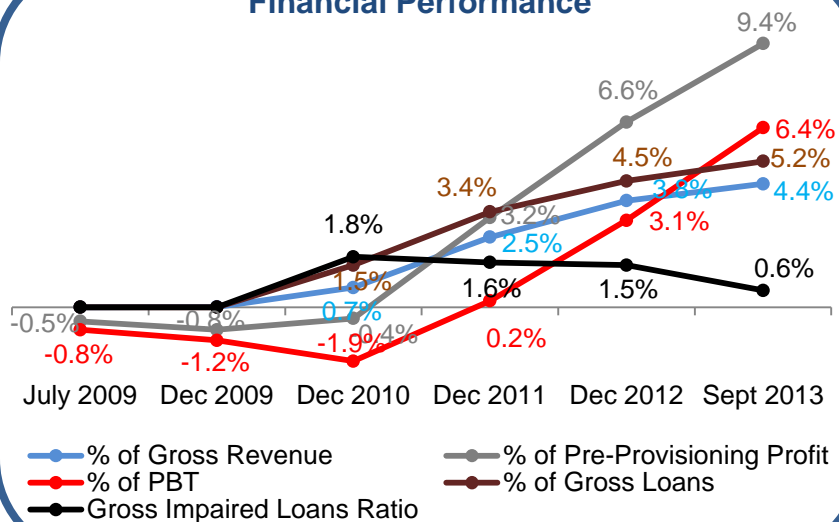


- ♦ Easy continue to register strong traction, PBT more than doubled y-o-y, mainly contributed by higher net interest income, with relatively lower cost-to-income ratio

## Number of Outlets

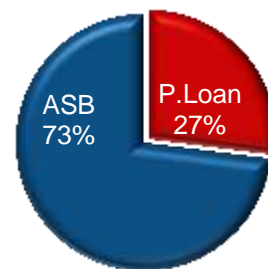
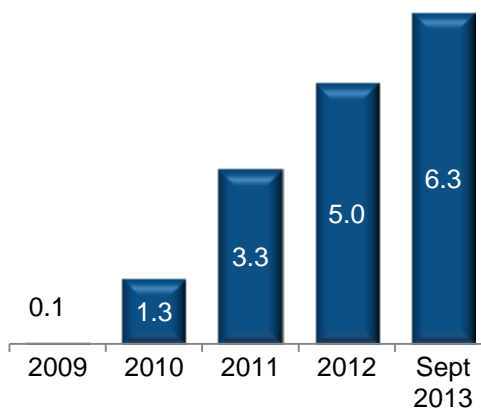


## Financial Performance



## Gross Loans

RM bil





	YTD Sept 2013		FY 2012**		FY 2011	
	Market Share	Ranking	Market Share	Ranking	Market Share	Ranking
Debt Capital Market *	19.1%	#3	14.9%	#4	9.7%	#4
Mergers & Acquisitions	6.6%	#12	7.1%	#11	16.3%	#3
Equities Capital Market ^	7.2%	#4	2.6%	#11	6.8%	#4

\*\* Combined RHBIB and OSKIB market data effective 9 Nov 2012

^ IPOs, Rights Issues & Additional Offerings  
\* Primary Bond Offerings

Source : Bloomberg, Bursa Malaysia & RHB

## Major Mandates FY 2013

### DCM & Syndicated Loans



**YTL Corporation Berhad**  
RM1.0 bil  
10-Year Medium Term Notes  
Issuance Sole Lead Manager &  
Primary Subscriber



**Sapurakencana Drilling Pte Ltd**  
USD1.85 bil  
Bridging Term Loan  
Joint Mandated Lead Arranger &  
Lender

### ECM



**Sona Petroleum Berhad**  
RM550 mil  
Main Market IPO  
Joint Principal Adviser, Joint Placement  
Agent, Joint Managing Underwriter &  
Joint Underwriter



**Tune Ins Holdings Berhad**  
RM284 mil  
Main Market IPO  
Joint Principal Adviser, Joint Bookrunner  
& Joint Managing Underwriter



**AirAsia X Berhad**  
RM988 mil  
Main Market IPO  
Joint Managing Underwriter,  
Joint Underwriter and Co-Lead  
Manager

### M&A



**Weststar Aviation Services Sdn Bhd**  
RM638 mn (USD200 mn)  
Private Equity Investment by KKR & Co.  
LP (Kohlberg Kravis Robert) for a 30%  
equity stake  
Financial Adviser



**IOI Corporation Berhad**  
RM1.2 bil  
Demerger of Property Business  
Joint Adviser

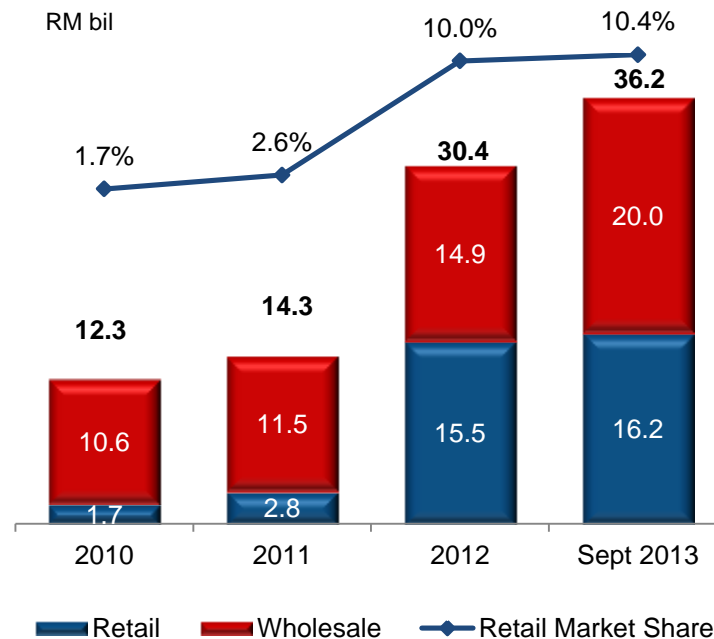


**Malaysian Resources Corporation Berhad**  
RM729 mil  
Merger with Nusa Gapurna  
Development Sdn Bhd  
Principal Adviser

Equities (by value)	YTD Sept 2013		FY 2012	
	Market Share	Ranking	Market Share	Ranking
Malaysia				
- By value	9.2%	#3	11.6%	#2
- By volume	14.4%	#1	16.2%	#1
Singapore	8.0%	#4	7.3%	#4
Hong Kong	0.2%	#84	0.1%	#108
Indonesia	2.2%	#15	2.1%	#17
Thailand	1.3%	#24	0.7%	#28
Cambodia	1.2%	#9	8.1%	#5

Futures (by volume)	YTD Sept 2013		FY 2012	
	Market Share	Ranking	Market Share	Ranking
Malaysia - FKLI	9.7%	#4	9.7%	#4
Malaysia - FCPO	9.6%	#3	8.6%	#3
Thailand	1.6%	#22	0.5%	#32
Hong Kong - HSIF	0.1%	#62	0.1%	#74

## AUM - Malaysia



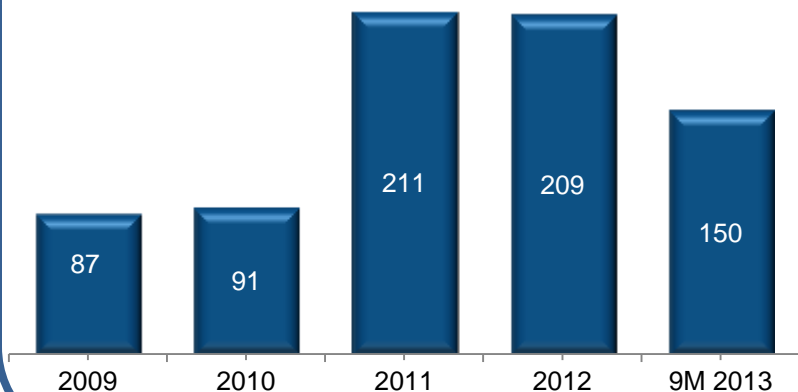
	Ranking	
	Sept 2013	Dec 2012
Retail	#3	#4
Wholesale	#3 <sup>N1</sup>	#3

N1 Based on MAAM as at June 2013

# Islamic Business Performance

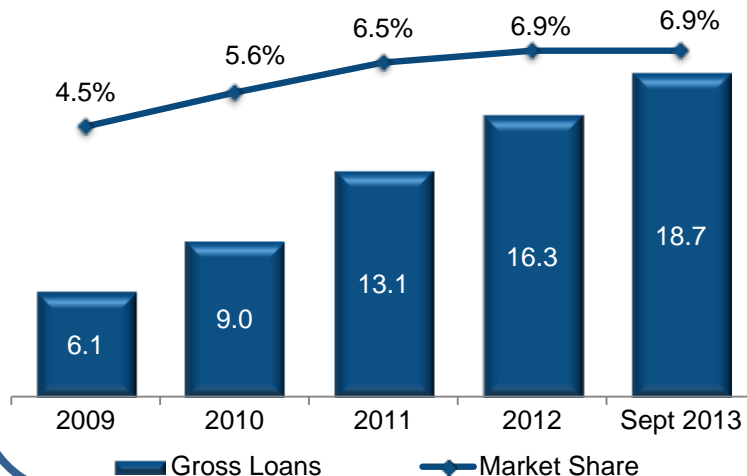
## PBT

RM mil



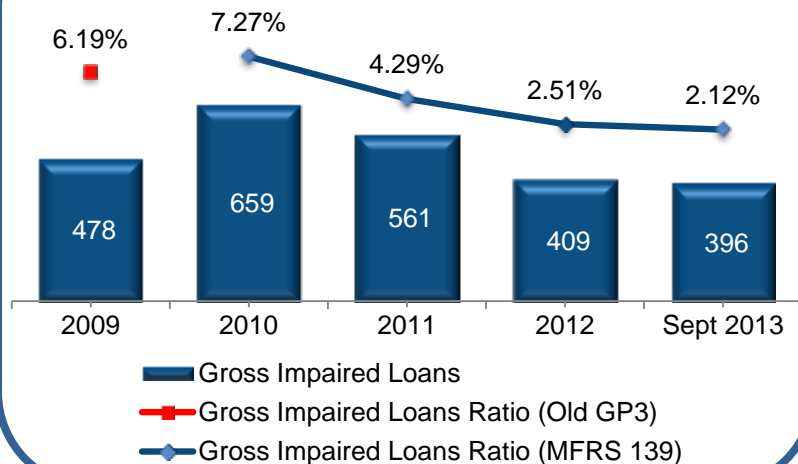
## Gross Loans

RM bil



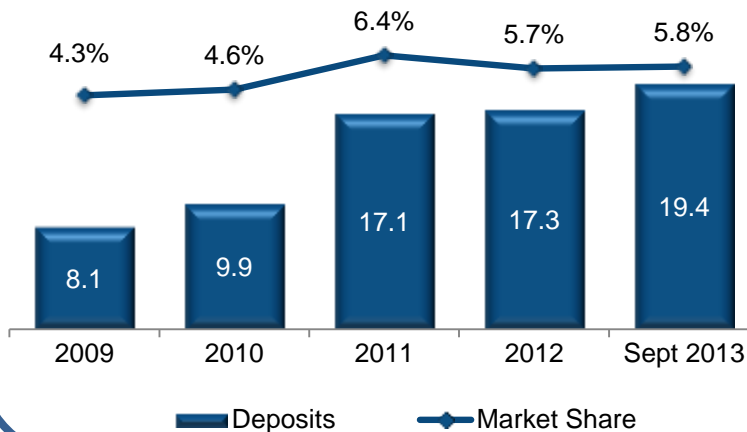
## Asset Quality

RM mil



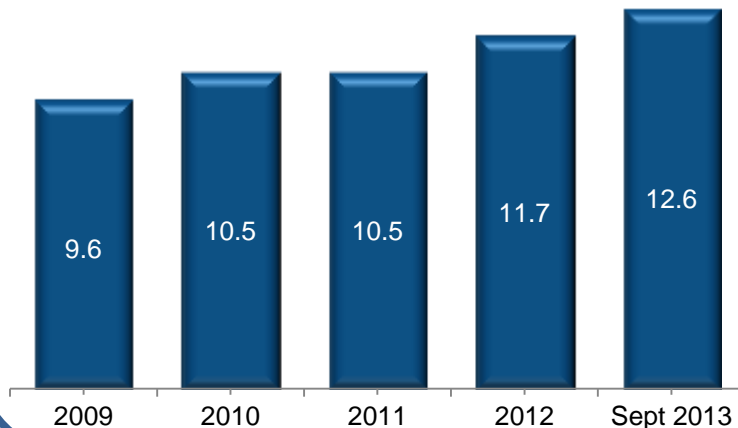
## Deposits

RM bil



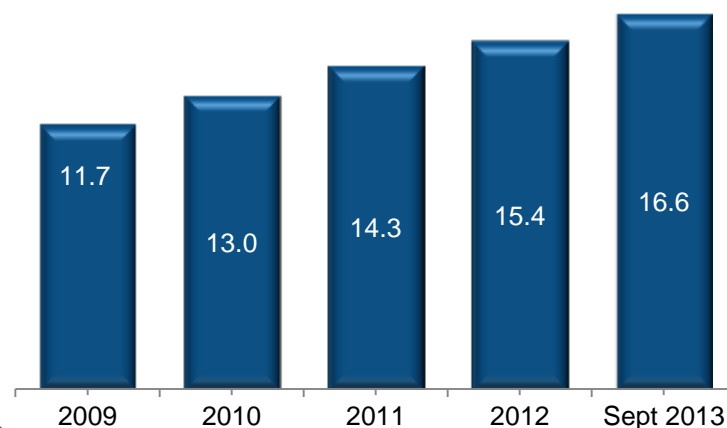
RM bil

**Gross Loans**

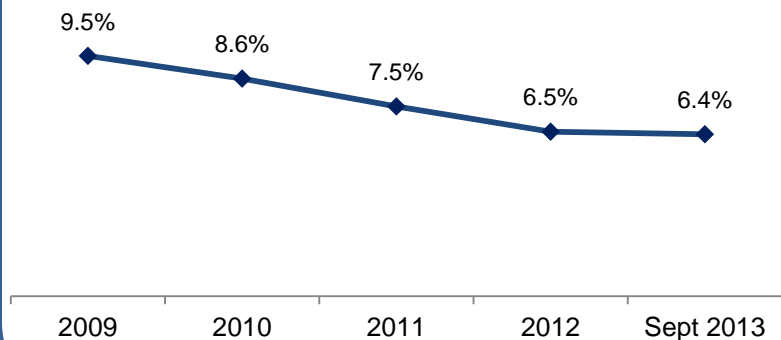


RM bil

**Customer Deposits**

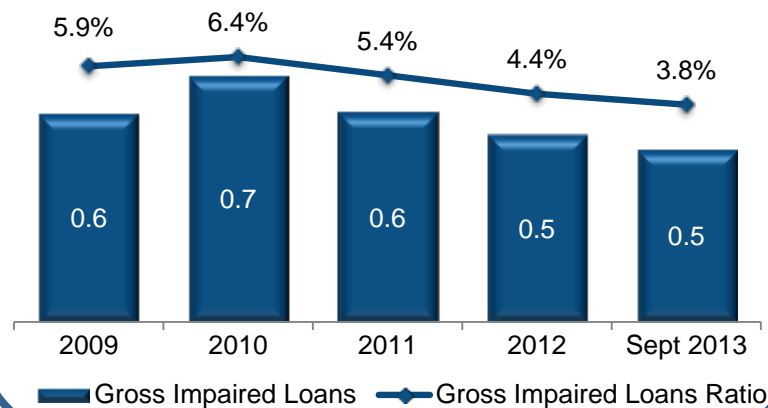


**SME Market Share**



RM bil

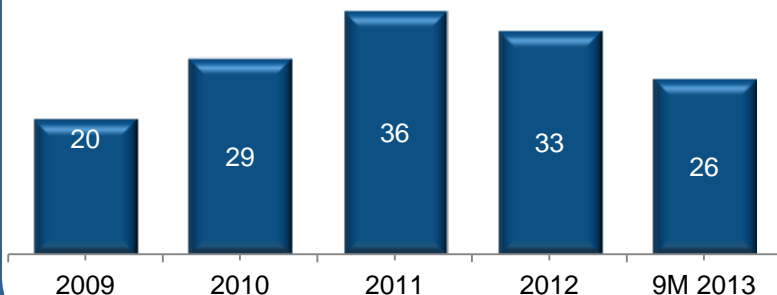
**Asset Quality**



# RHB Bank Singapore Business Performance

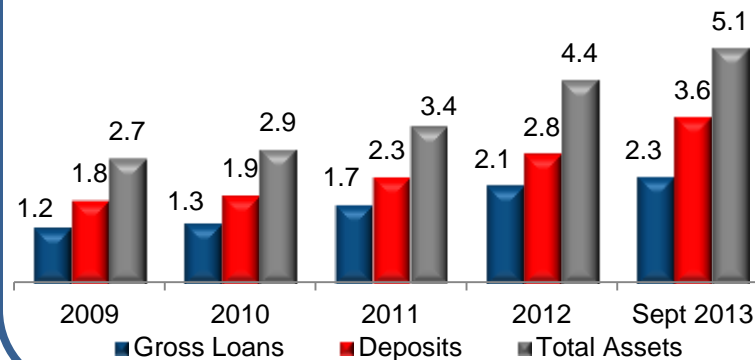
## PBT

SGD mil

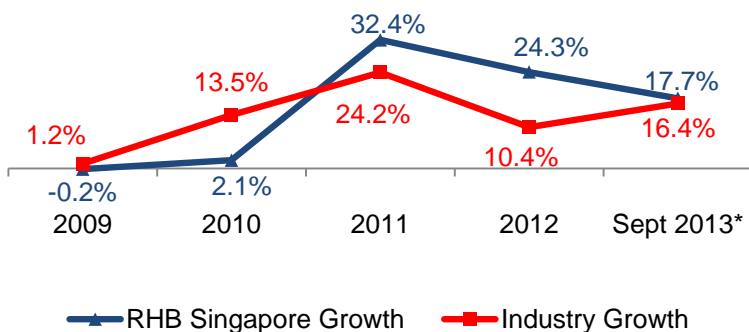


## Loans, Deposits & Total Assets

SGD bil

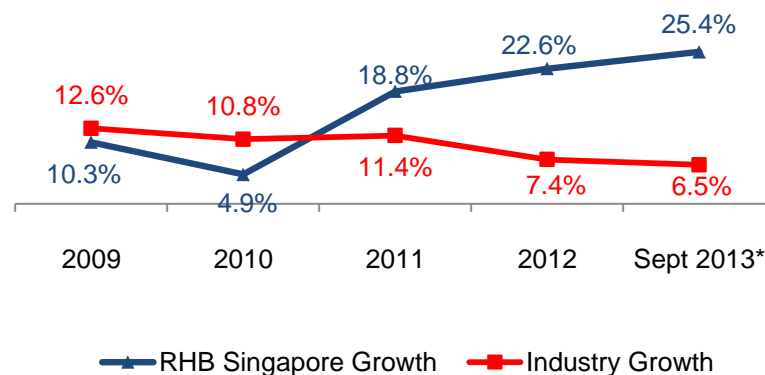


## Loans Growth



\* Y-o-Y growth rate

## Deposits Growth



♦ Awarded "Singapore Quality Class STAR" at the 5th Business Excellence Global Conference by SPRING Singapore

♦ Awarded "Customer Service Centre of the Year" under the Corporate Category – Banking Service – Bureau-de-Change (Bdc) by Asia Pacific Customer Service Consortium

