

Investor Presentation

3rd Quarter 2014 Financial Results



Mr. Kellee Kam
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RHB Banking Group
20 November 2014

RHB 
RHB Capital Berhad

AGENDA



Executive Summary

Q3 2014 Financial Results

Key Corporate and Business Updates

Summary

Executive Summary

Q3 2014 Financial Performance Highlights

1

Healthy revenue growth, nine months ended 30 September 2014 up 5.2% year-on-year driven by higher other operating income

2

- ◆ Pre-provisioning profit up 24.4% quarter-on-quarter and 1.6% year-on-year to RM806.2 million and RM2.13 billion respectively
- ◆ Pretax profit for the nine months ended 30 September 2014 rose 17.0% year-on-year to RM2.1 billion

3

Gross loans grew by 11.7% for the first nine months to RM136.0 billion as at 30 September 2014

4

Customer deposits expanded by 7.5% for the first nine months to RM148.1 billion as at 30 September 2014

5

CASA balances increased by 4.1% year to date, outpacing industry CASA growth of 0.7%

6

Annualised ROE and ROA at 11.8% and 1.0% respectively

RHB Banking Group Scorecard 2014

Top Level Indicators	Target 2014	Sept 2014
ROE	>12.0%	11.8% ^{N1}
Loans Growth	12%	11.7% ^{N2}
CASA Growth	>15%	4.1% ^{N2}
Gross Impaired Loans Ratio	<2.5%	2.29%
Cost to Income Ratio	<50%	53.2%
International Contribution	>12%	11.0%

N1 Annualised
N2 Changes for 9M Sept 2014, not annualised

AGENDA



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Financial Results

RM mil	Q3 2014	Q2 2014	Q-o-Q Change %	9M 2014	9M 2013	Y-o-Y Change %
Net Interest Income	836	828	1	2,486	2,409	3
Other Operating Income	615	434	42	1,541	1,494	3
Income from Islamic Banking Business	196	183	7	531	429	24
Total Income	1,647	1,445	14	4,558	4,332	5
Other Operating Expenses	-841	-797	6	-2,424	-2,231	9
Operating Profit Before Allowances	806	648	24	2,134	2,101	2
Allowances for Loan Impairment	-94	-17	>100	-166	-329	-50
Impairment Losses on Other Assets	3	108	-97	123	15	>100
Profit Before Taxation	715	739	-3	2,091	1,787	17
Net Profit	545	557	-2	1,552	1,327	17
EPS (sen)	21.2	21.9	-3	60.8	53.0	15
Cost to Income Ratio	51.1	55.2	-4.1	53.2	51.5	1.7
ROEN ^{N1}	12.4	12.7	-0.3	11.8	11.2	0.6
ROAN ^{N1}	1.1	1.1	-	1.0	0.9	0.1
Gross Impaired Loans Ratio	2.29	2.45	-0.16	2.29	2.92	-0.63
Credit Charge Ratio ^{N1}	0.28	0.05	0.23	0.16	0.36	-0.20

Year-on-Year Performance:

- Net interest income increased on the back of 10% increase in conventional gross loans.
- Non interest income increased by 3%, primarily attributable to higher fee income and insurance underwriting, partially offset by lower gain on derivatives and lower net gains from trading and investment securities. Higher fee income was driven mainly from capital market-related activities.
- Income from Islamic Banking was up 24% on the back of 26% growth in financing assets.
- Other operating expenses increased by 9%, mainly due to higher personnel cost in line with the increase in business volume and management bench strength to support the Group's business growth agenda.
- Allowance for loan impairment decreased by 50% due to non-recurrence of impairment made on certain corporate accounts and one time bad debts written-off.

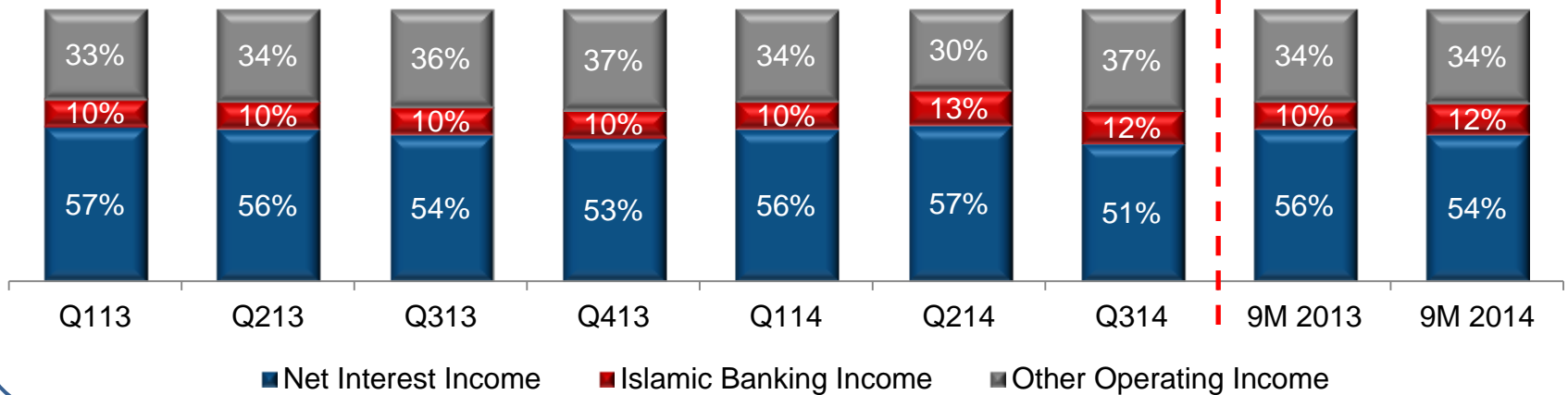
Quarter-on-Quarter Performance:

- Total income was higher by 14% mainly due to 42% increase in other operating income contributed by higher fee income, net gains on derivatives and net gains from trading and investment securities.
- Pre-tax profit marginally lower by 3% compared to the preceding quarter, mainly attributable to lower impairment write back on other assets, higher impairment allowances for loans and financing as well as higher other operating expenses.

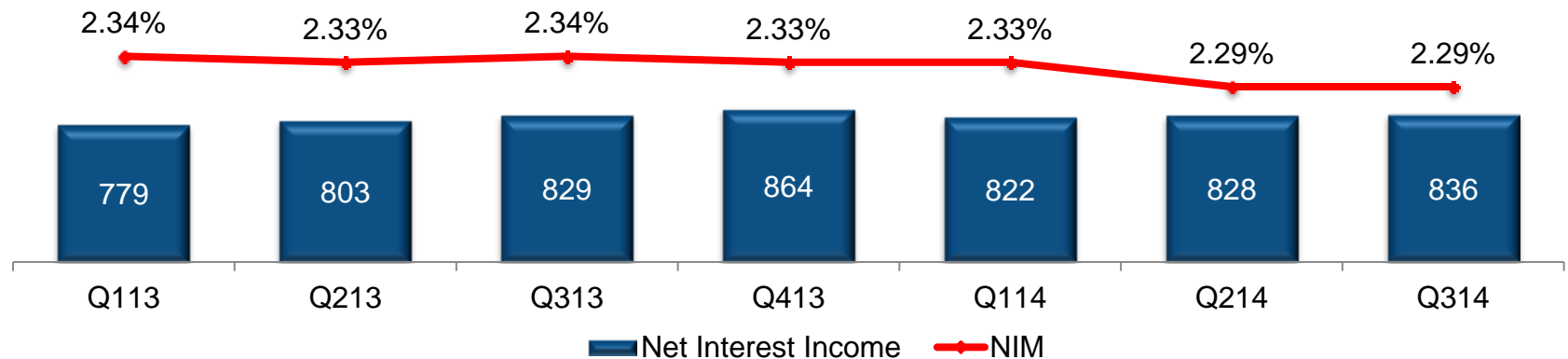
N1: Annualised

Income Mix & NIM

Income Mix

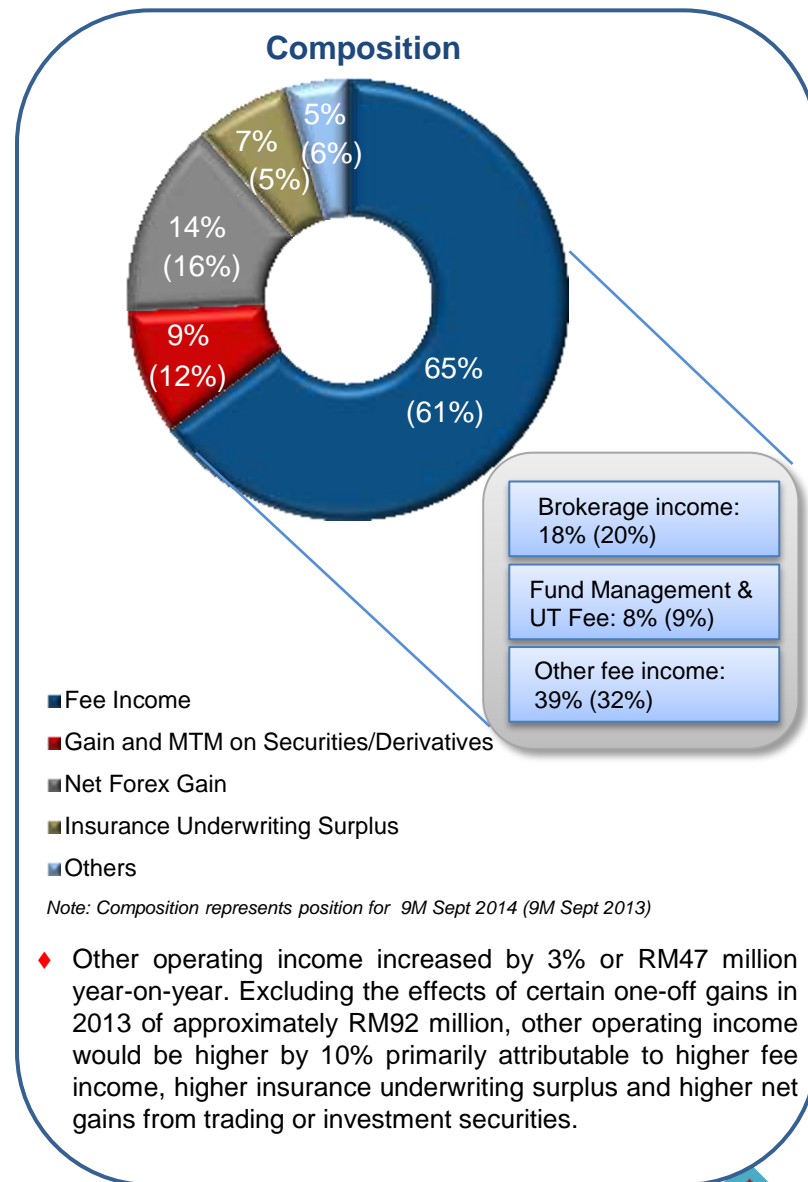


Net Interest Income & NIM

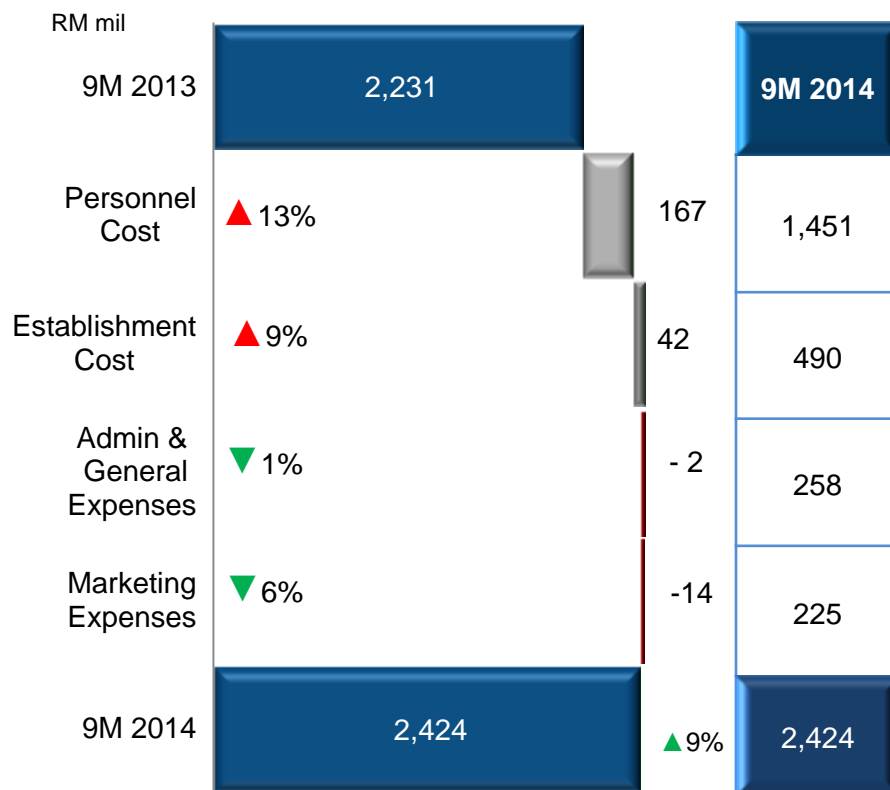


Other Operating Income

RM mil	9M 2013		9M 2014
Service Charges, Commission, Guarantee & Commitment Fees	1,494	▲ 23%	406
Corporate Advisory, Underwriting & Arrangement Fees		▲ 24%	127
Fund Management & UT Fee		▼ 15 %	117
Net Brokerage		▼ 8%	271
Other Fee Income		▲ 60%	80
Total Fee Income		▲ 10%	1,001
Insurance Underwriting Surplus		▲ 49%	106
Net Forex Gain		▼ 8%	220
Gain and MTM on Securities/Derivatives		▼ 20%	143
Others		▼ 22%	71
	9M 2014	▲ 3%	1,541

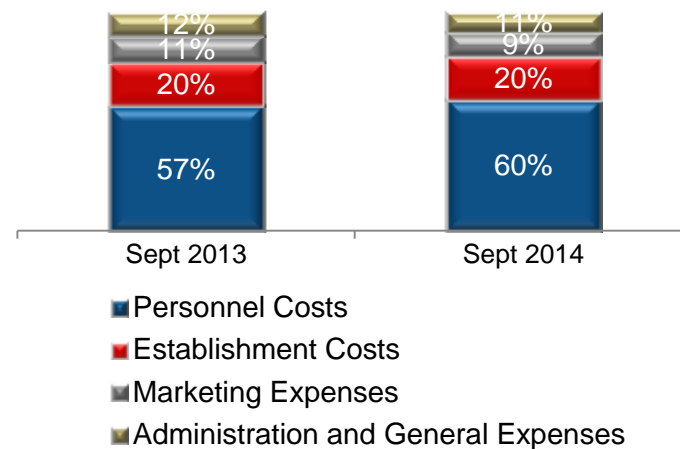


Other Operating Expenses

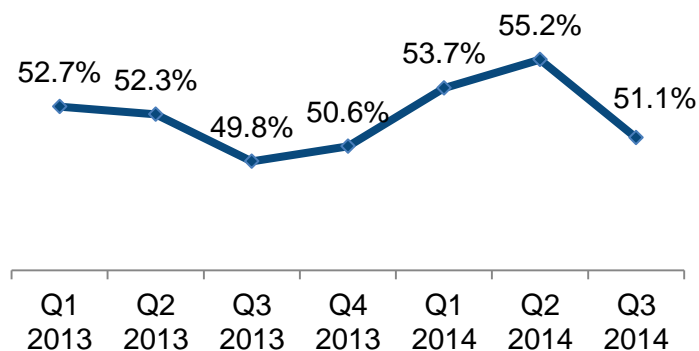


- ◆ Increase in personnel cost associated with business volume and enhanced management benchmark
- ◆ Higher establishment cost due mainly to PPA adjustment, higher IT related depreciation and expenses, as well as rental of new premises

Composition

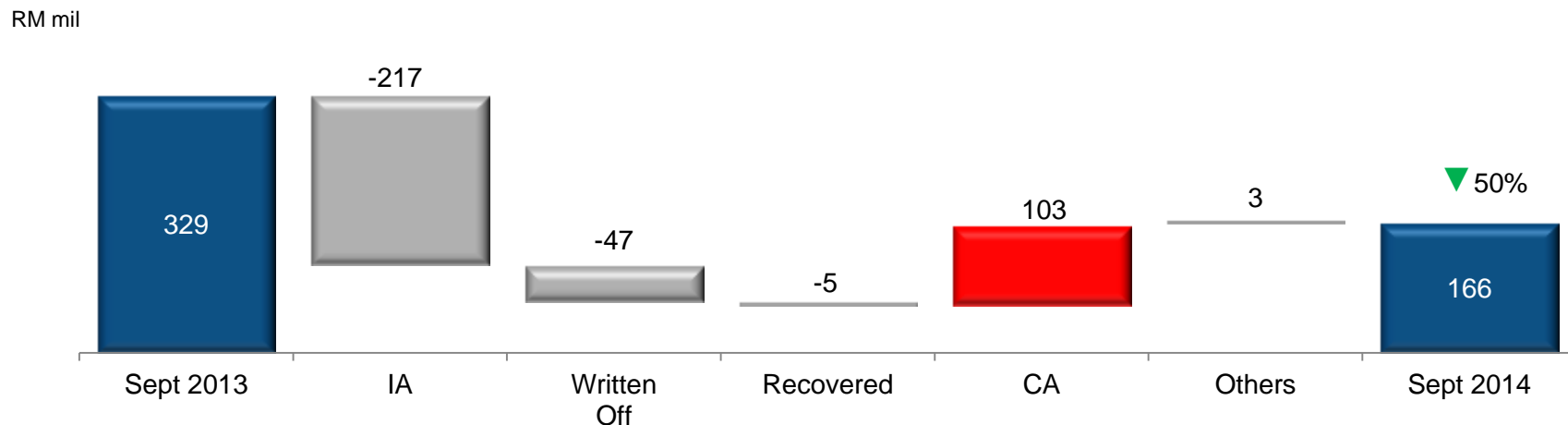


Cost-to-Income Ratio

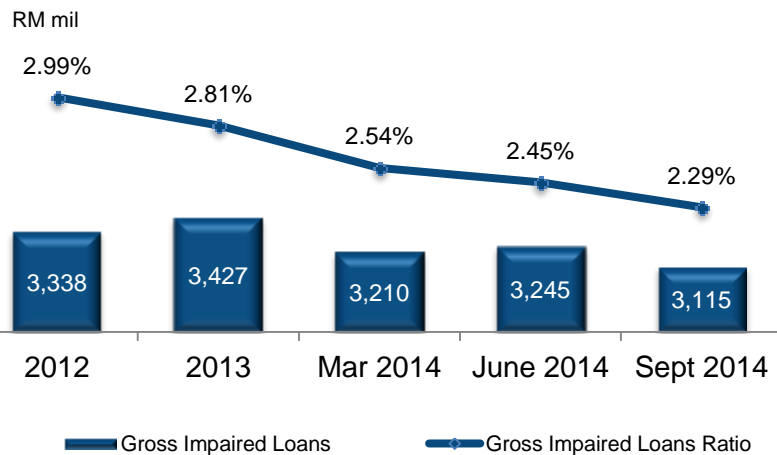


Allowances for Loan Impairment

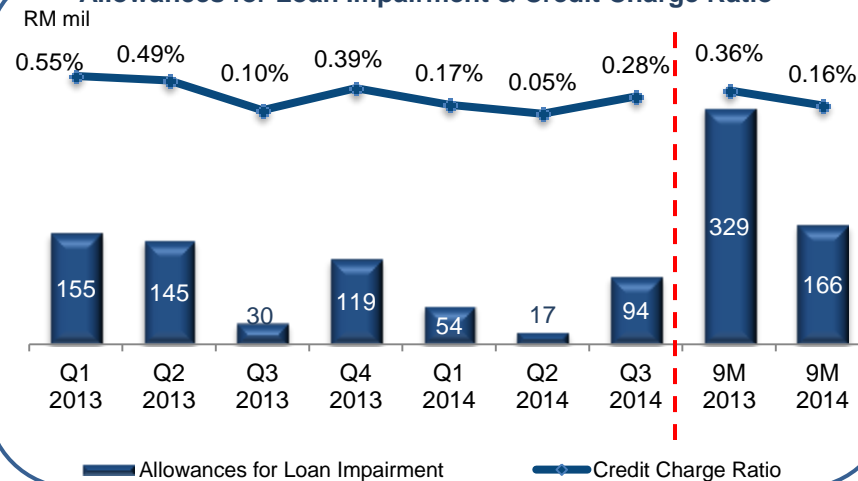
Increase/(Decrease) in Allowances for Loan Impairment



Asset Quality



Allowances for Loan Impairment & Credit Charge Ratio



Financial Position as at 30 September 2014

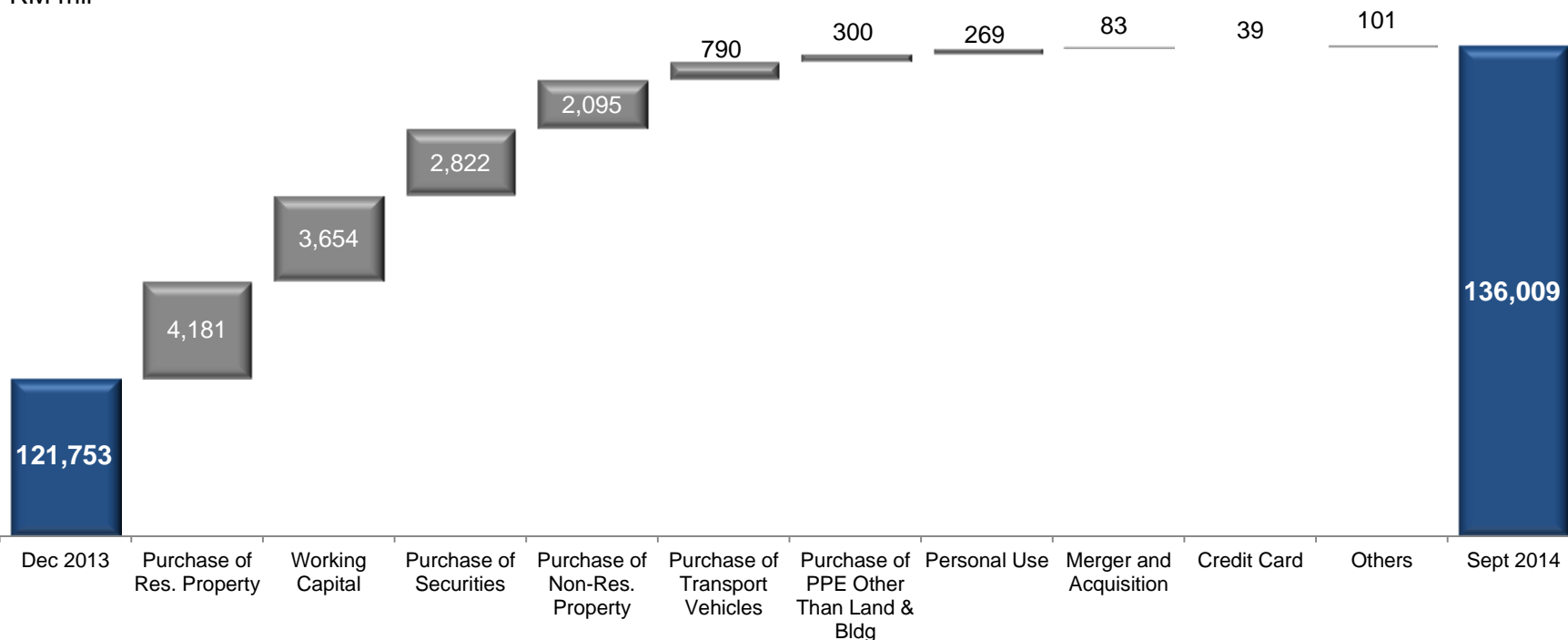
RM mil	Sept 2014	Dec 2013	Sept 2013	Change for 9M 2014 %	Y-o-Y Change %
Total Assets	209,454	191,090	187,668	10	12
Total Financial Assets/Investments	43,620	43,746	39,636	-	10
- Financial Assets HFT	2,826	4,038	2,871	-30	-2
- Financial Investments AFS	19,466	16,930	17,619	15	10
- Financial Investments HTM	21,328	22,778	19,146	-6	11
Gross Loans	136,009	121,753	121,435	12	12
Customer Deposits	148,108	137,741	136,667	8	8
Borrowings and Senior Debt Securities	4,470	4,547	5,582	-2	-20
Subordinated Notes	6,149	4,581	4,626	34	33
Hybrid Tier-1 Capital Securities	598	601	597	-1	-
Shareholders' Funds	18,319	16,739	16,369	9	12
Net Assets per Share	7.12	6.57	6.47	8	10
LD Ratio	92%	88%	89%	4	3

♦ For the first nine months of 2014:

- Total assets expanded by 10% to RM209.5 billion mainly driven by loans and funding growth.
- Domestic gross loan increased by 10%.
- Non-Malaysian gross loans grew by 33% mainly due to a 36% increase in Singapore loan assets.
- Main growth areas are from purchase of residential properties and non-residential properties, working capital and purchase of securities.
- Fixed deposits increased by 9% whilst demand deposits and savings deposits increased by 4% and 5% respectively.

Loans, Advances and Financing

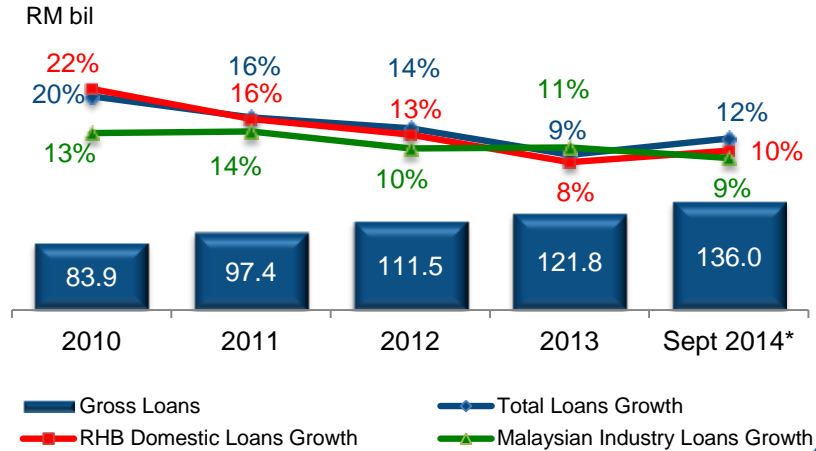
RM mil



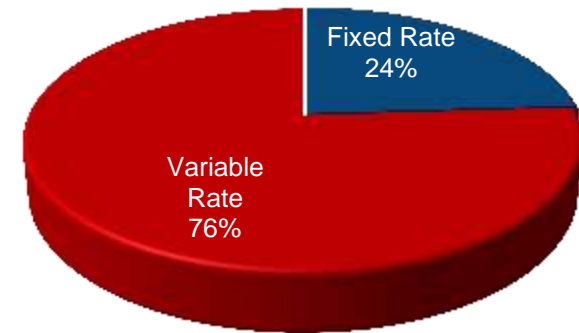
Sept 2014	29,700	32,751	15,893	9,544	12,653	3,650	7,462	3,299	1,965	19,092	136,009
9M 2014 Growth	▲ 16%	▲ 13%	▲ 22%	▲ 28%	▲ 7%	▲ 9%	▲ 4%	▲ 3%	▼ 2%	▲ 1%	▲ 12%
Y-o-Y Growth	▲ 22%	▲ 13%	▲ 30%	▲ 38%	▲ 5%	▲ 10%	▲ 11%	▲ 2%	▲ 1%	▼ 12%	▲ 12%
9M 2014 Loans Growth Composition	29%	26%	20%	15%	6%	2%	2%	-	-	-	100%
Y-o-Y Loans Growth Composition	37%	26%	25%	18%	4%	2%	5%	1%	-	-18%	100%

Loans Profile and Market Share

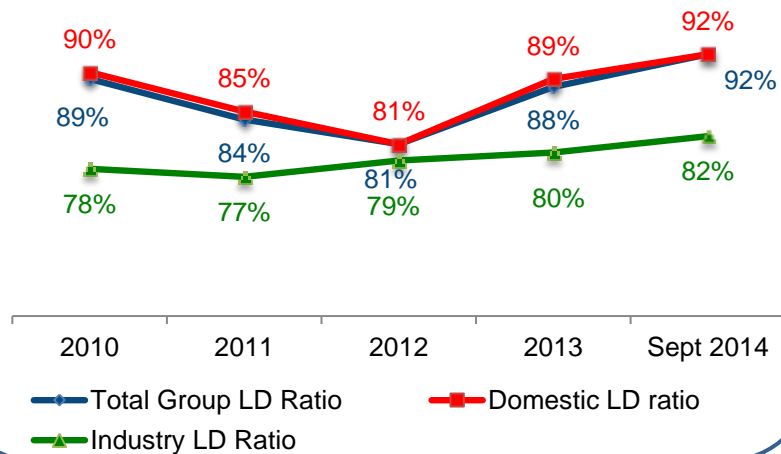
Gross Loans



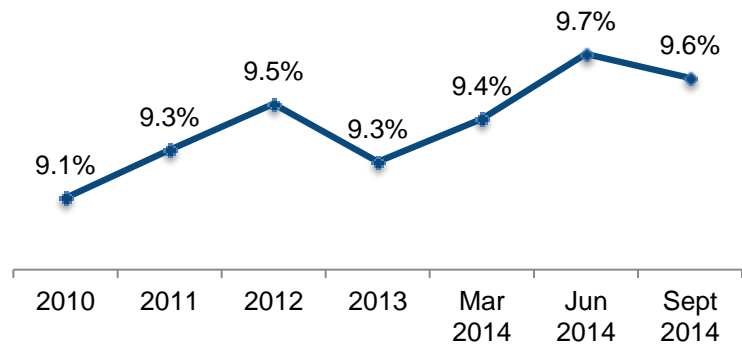
Gross Loans by Interest/Profit Rate Sensitivity



LD Ratio



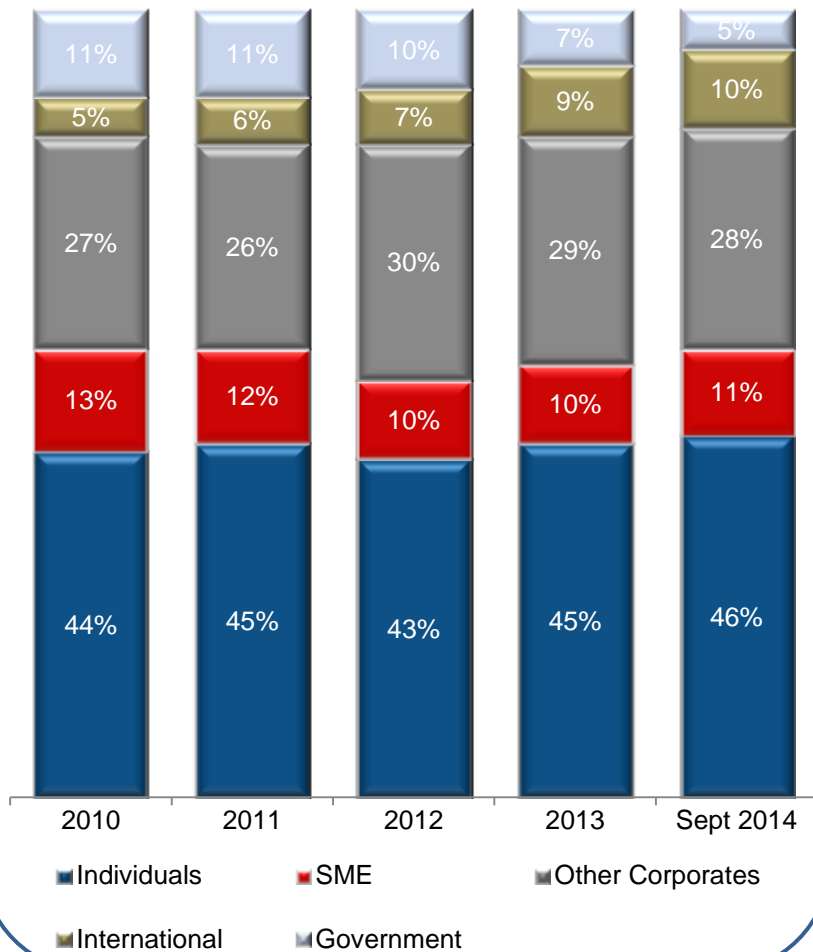
Domestic Market Share



* Y-o-Y growth rate

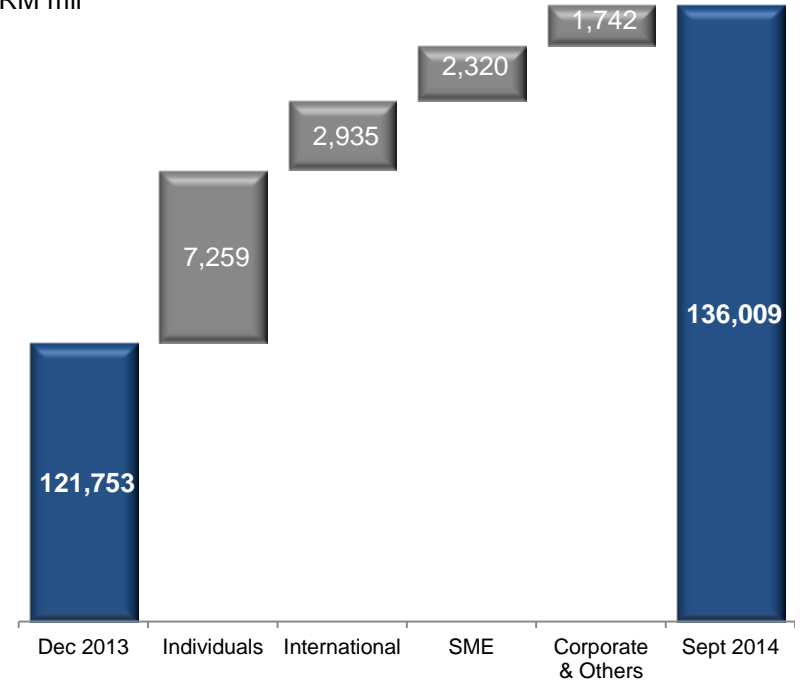
Loans By Type of Customers

Composition



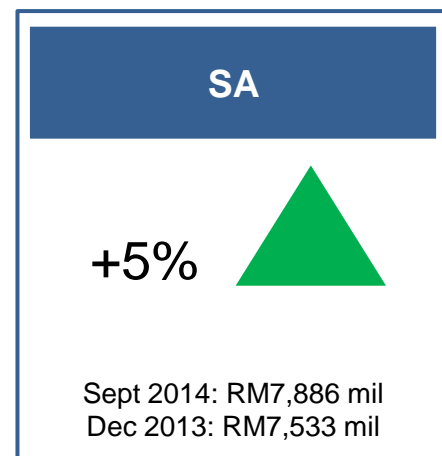
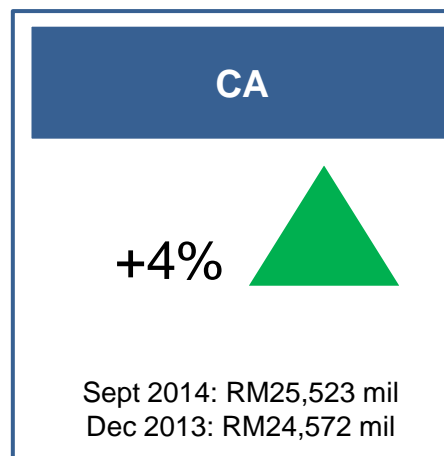
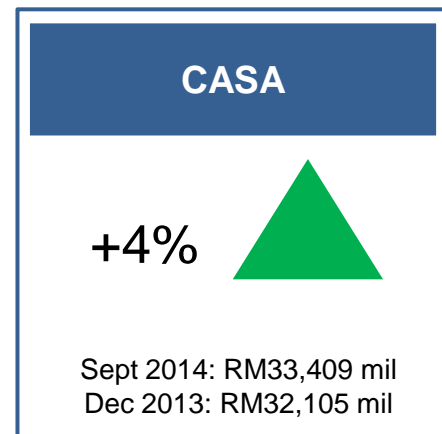
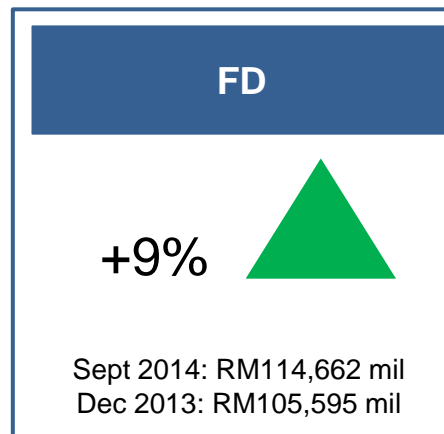
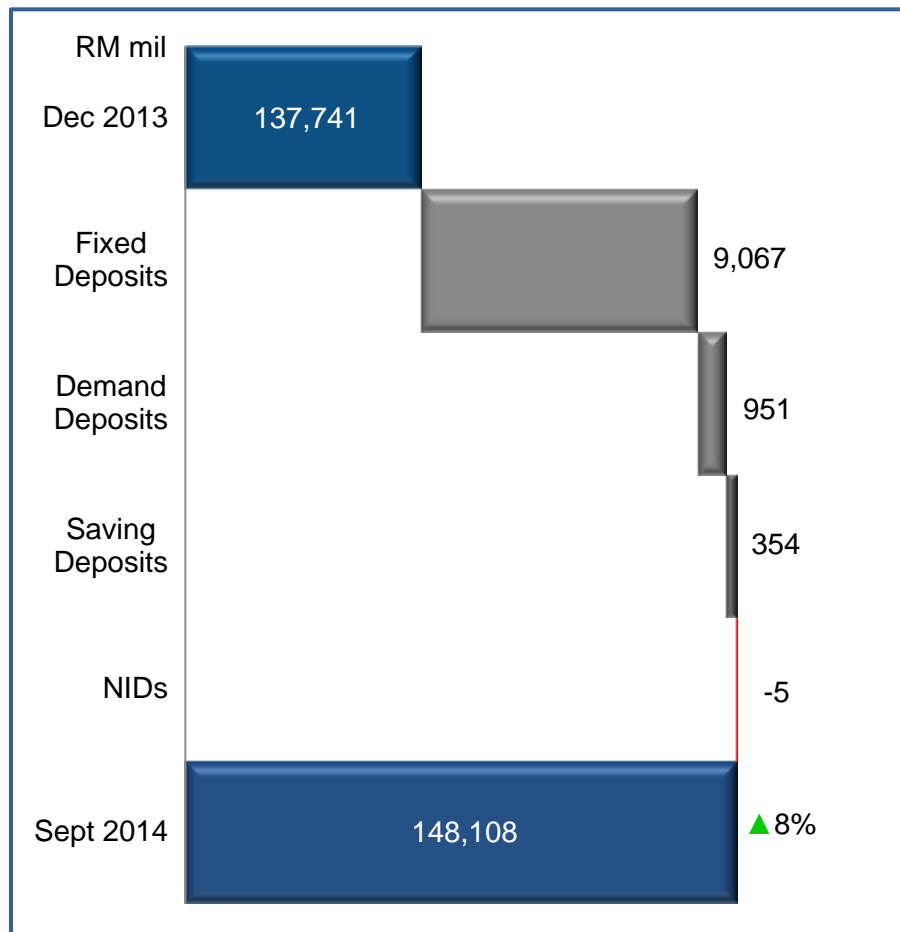
Loans by Type of Customers

RM mil

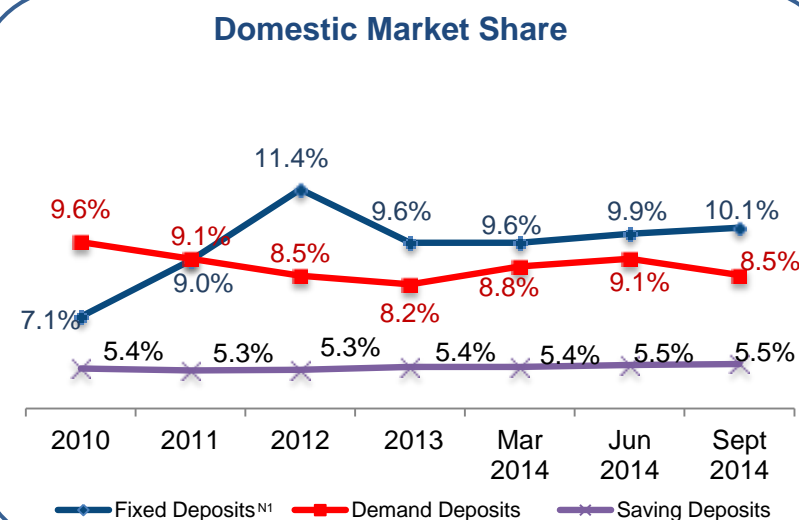
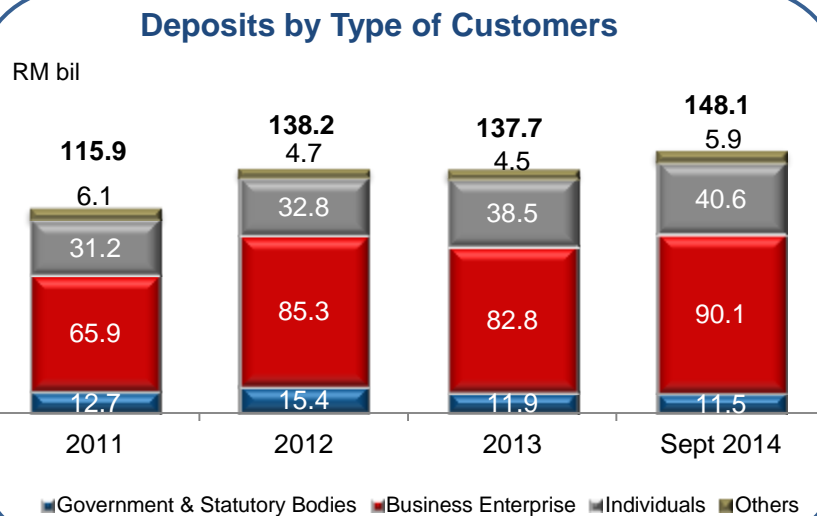
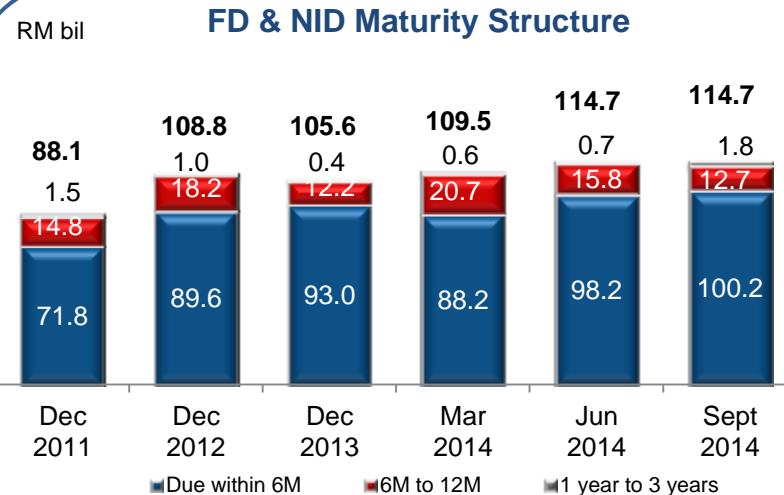
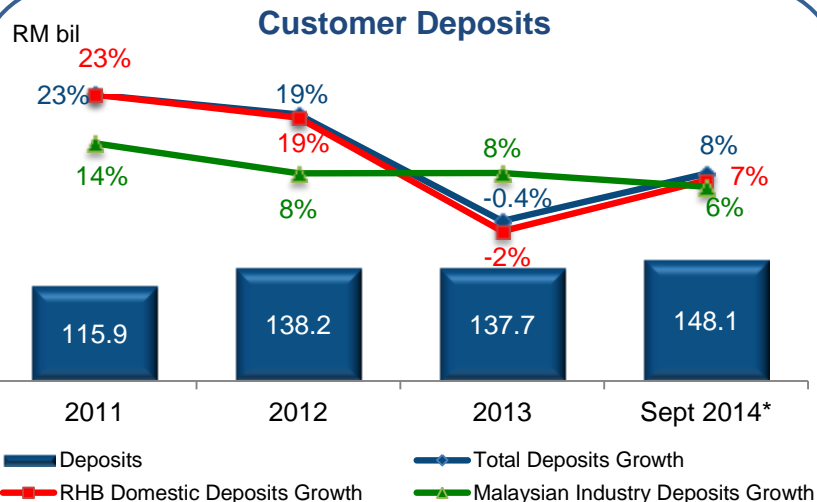


Sept 2014	62,352	13,845	14,752	45,060	136,009
9M 2014 Growth	▲ 13%	▲ 27%	▲ 19%	▲ 4%	▲ 12%
Y-o-Y Growth	▲ 17%	▲ 41%	▲ 19%	▼ 2%	▲ 12%
9M 2014 Loans Growth Composition	51%	21%	16%	12%	100%

Customer Deposits



Customer Deposits Profile & Market Share

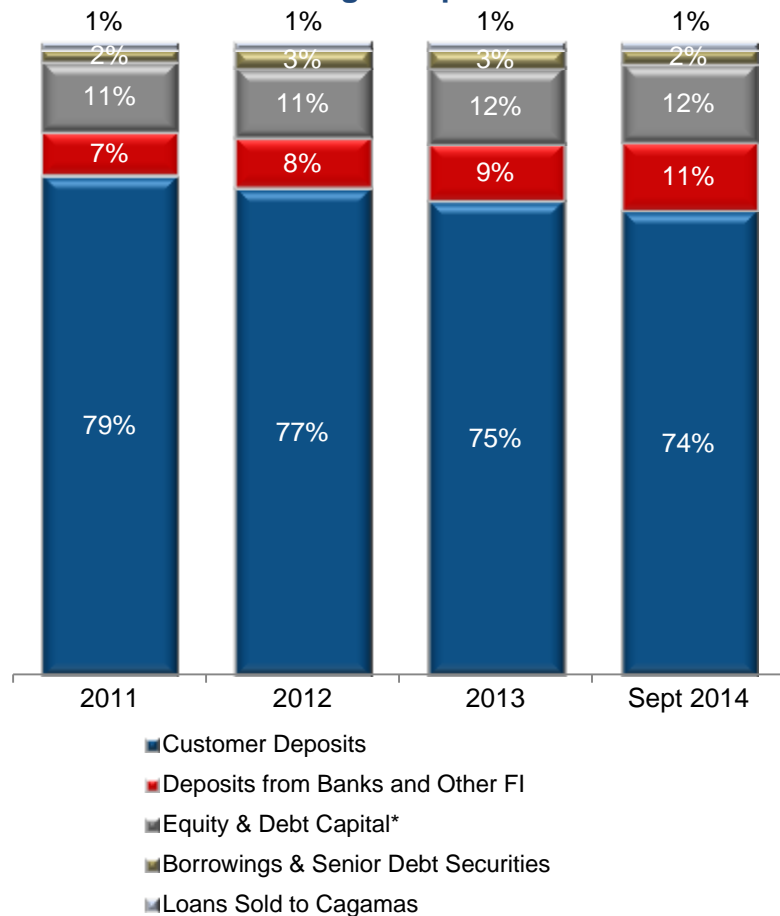


* Y-o-Y growth rate

N1 Excluded MMTD

Funding & Leverage

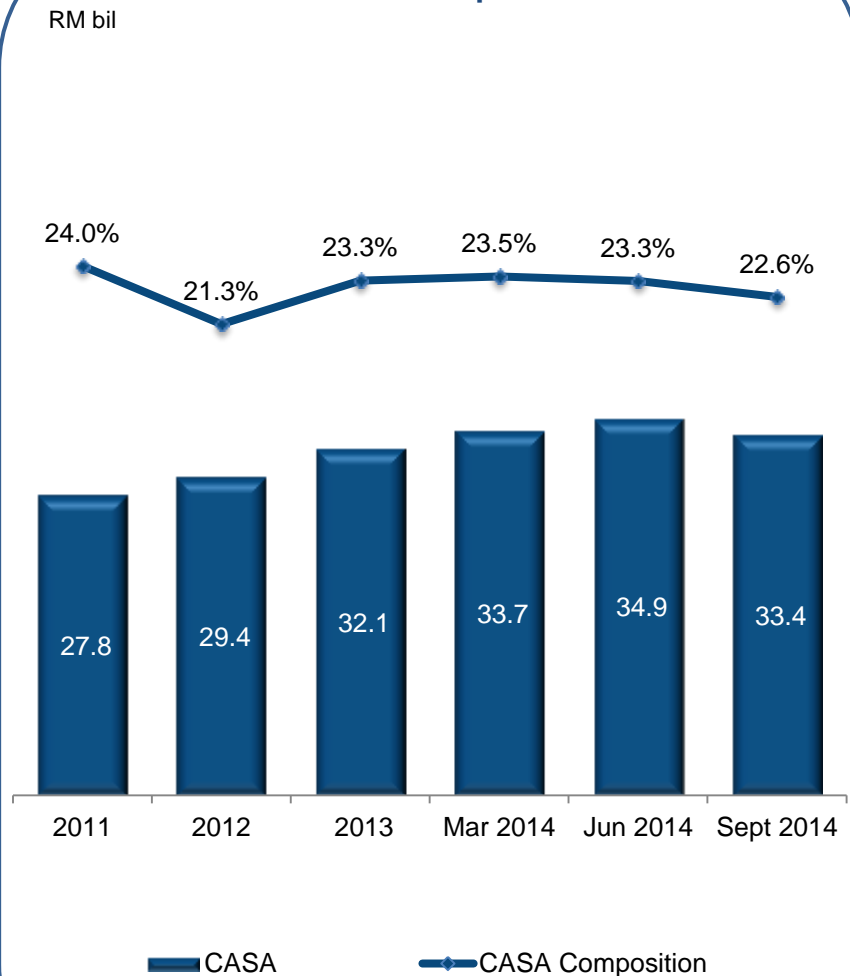
Funding Composition



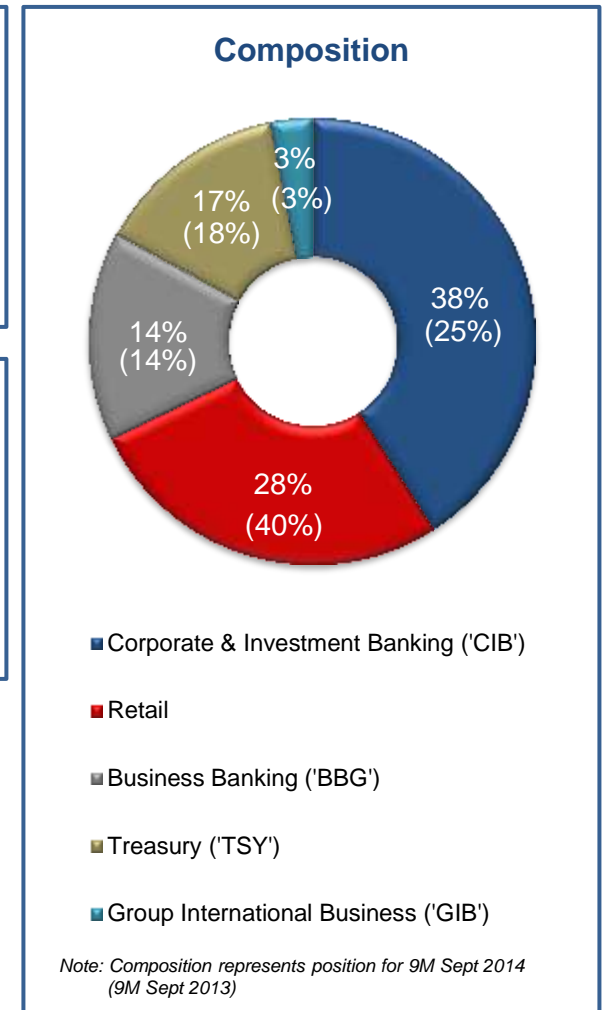
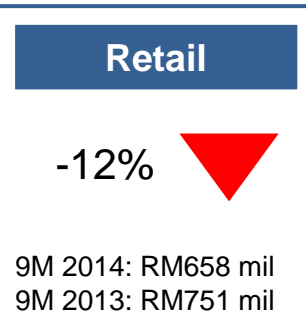
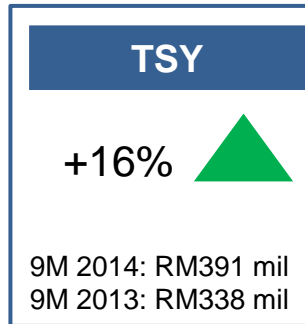
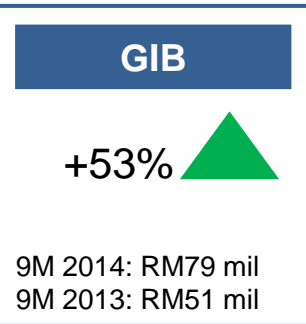
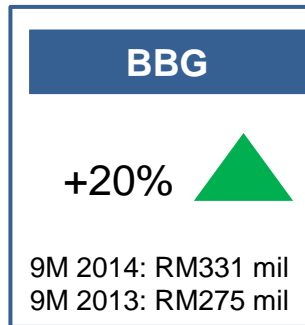
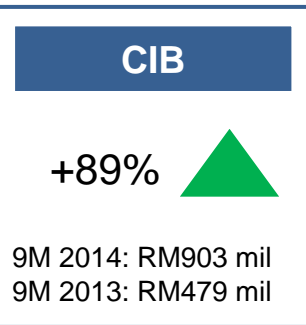
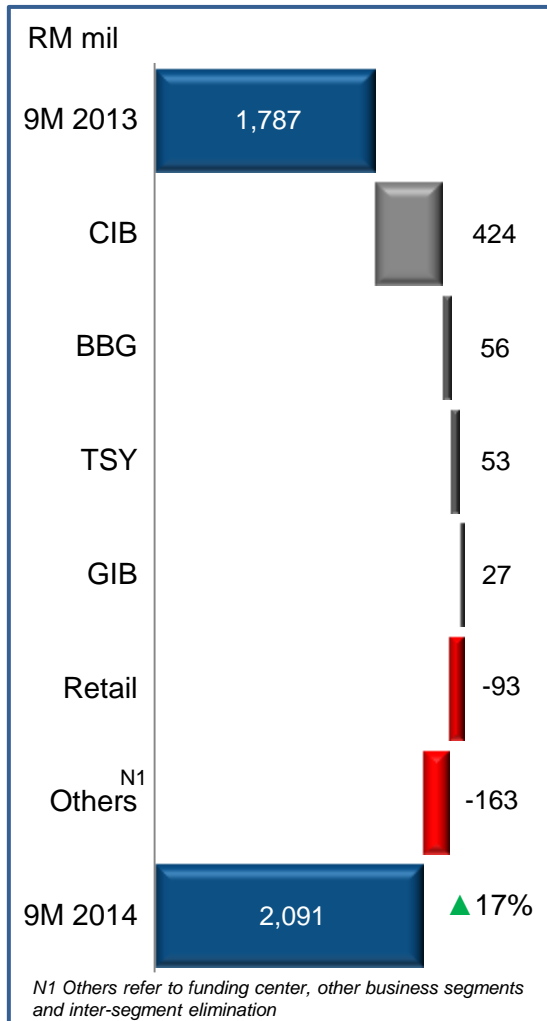
* Debt capital include subordinated obligations and hybrid tier 1 capital securities

♦ RHB Bank completed its first issuance of 5 years USD300.0 million Senior Unsecured Notes at 3.088% p.a. under the USD5.0 million Euro MTN Programme in October 2014.

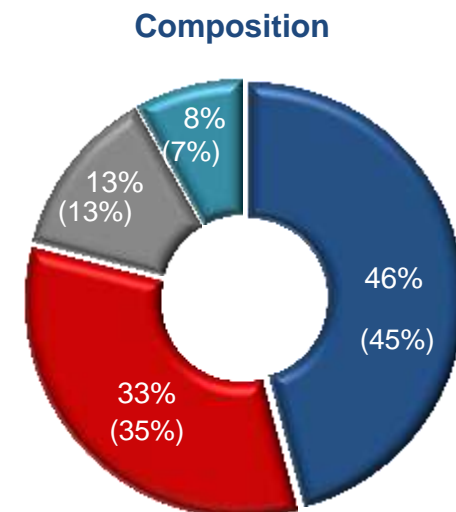
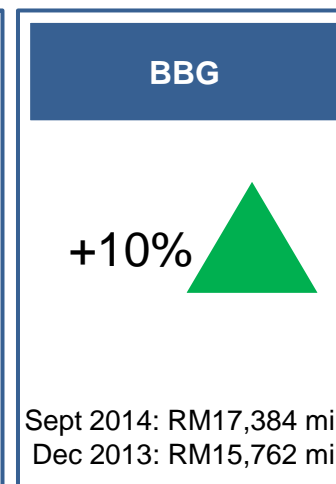
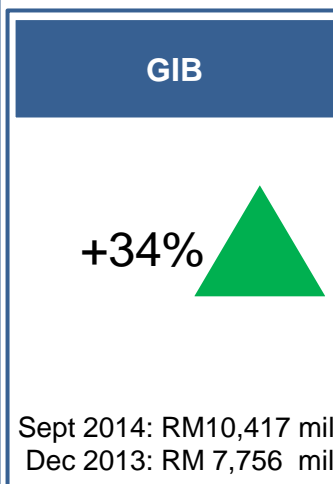
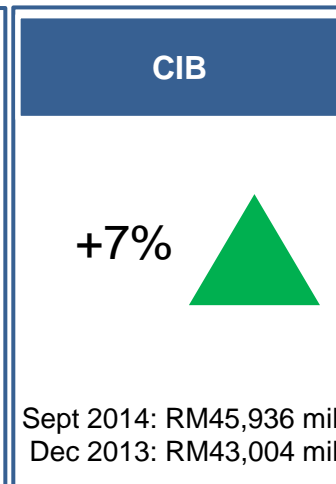
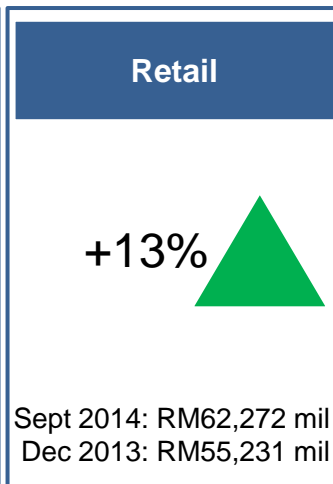
CASA Composition



PBT by SBG

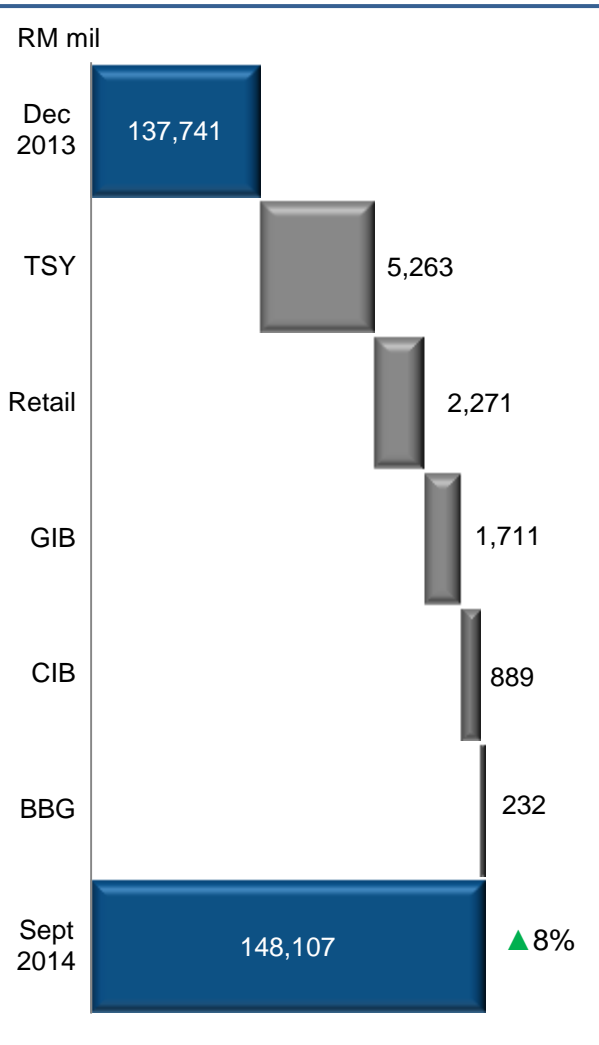


Loans, Advances and Financing by SBG



Note: Composition represents position for Sept 2014 (Dec 2013)

Deposits by SBG



TSY

+15% ▲

Sept 2014: RM41,278 mil
Dec 2013: RM36,015 mil

CIB

+3% ▲

Sept 2014: RM36,113 mil
Dec 2013: RM35,224 mil

Retail

+6% ▲

Sept 2014: RM38,835 mil
Dec 2013: RM36,564 mil

GIB

+17% ▲

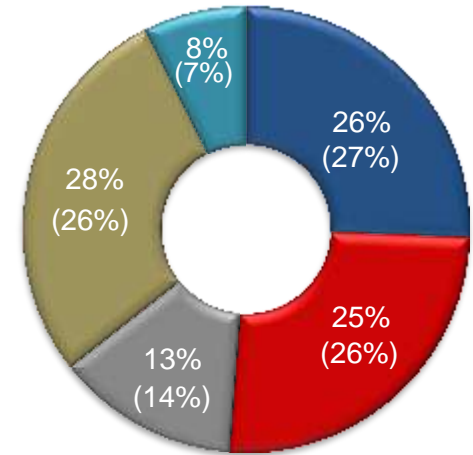
Sept 2014: RM11,960 mil
Dec 2013: RM10,249 mil

BBG

+1% ▲

Sept 2014: RM19,921 mil
Dec 2013: RM19,689 mil

Composition

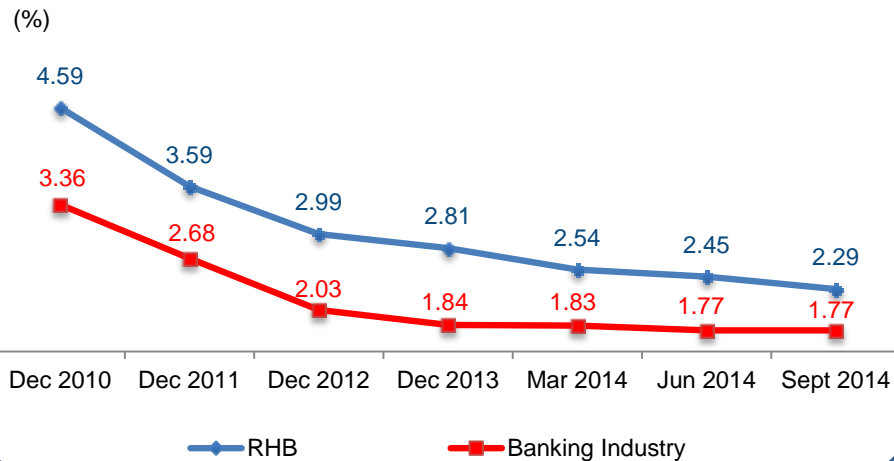


- Retail
- Corporate Investment Banking ('CIB')
- Business Banking ('BBG')
- Treasury ('TSY')
- Group International Business ('GIB')

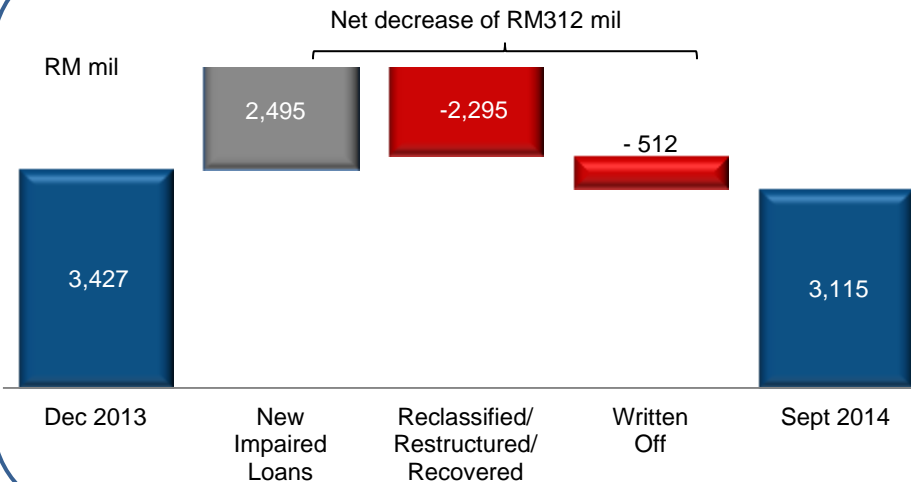
Note: Composition represents position for Sept 2014 (Dec 2013)

Asset Quality

Gross Impaired Loans Ratio



Gross Impaired Loans Movement



Gross Impaired Loans Ratio (%) by Purpose

Working Capital



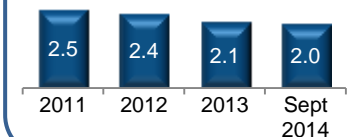
Purchase of Residential Property



Purchase of Non-Residential Property



Personal Use



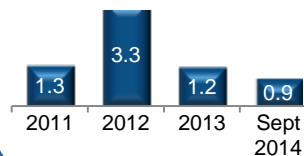
Credit Card



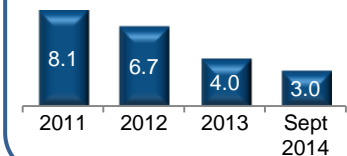
Purchase of Transport Vehicles



Purchase of Securities

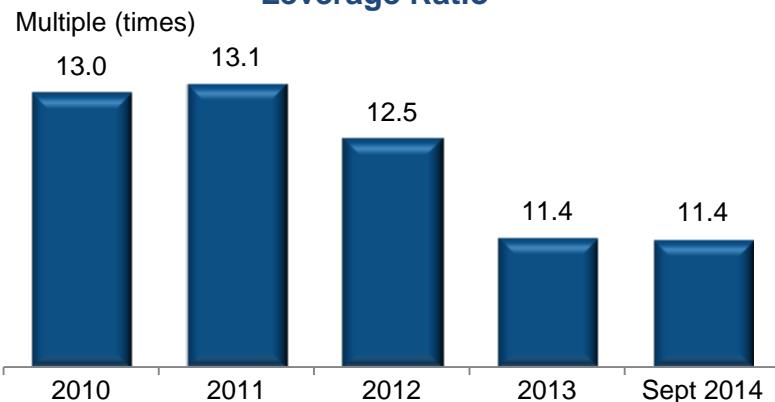


Construction

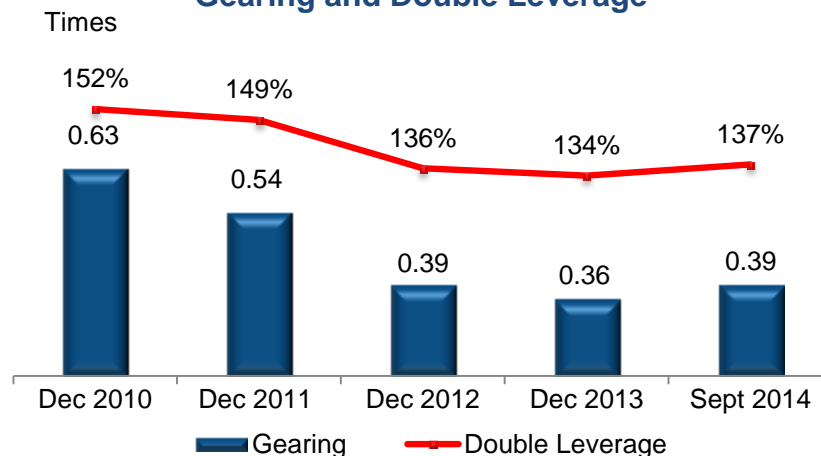


RHB Capital : Capital Position & Market Capitalisation

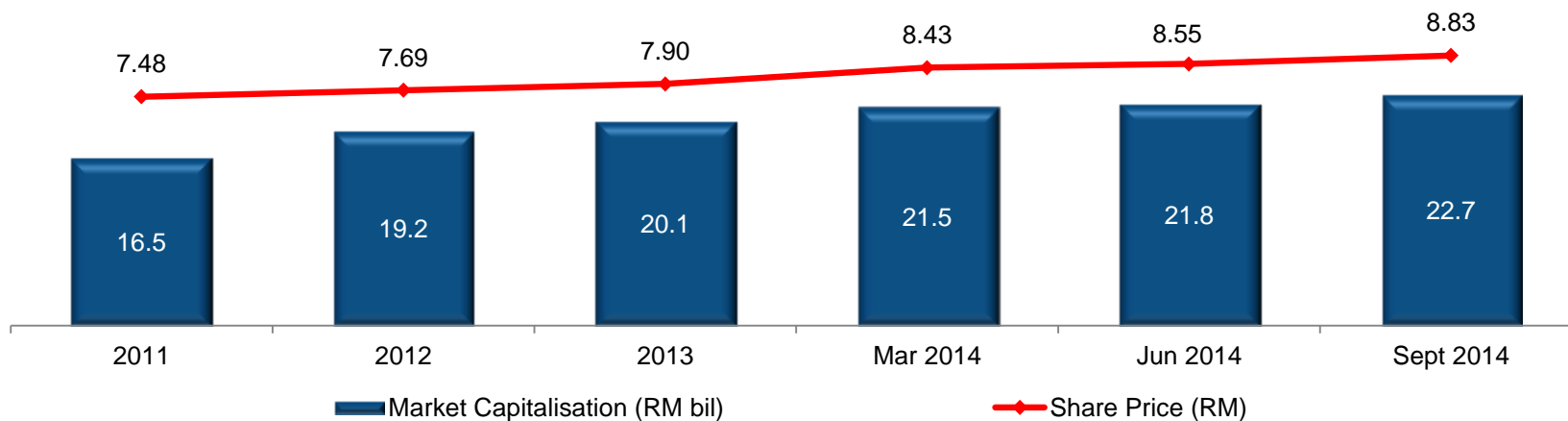
Leverage Ratio^{N1}



Gearing and Double Leverage^{N2}



Share Price & Market Capitalisation

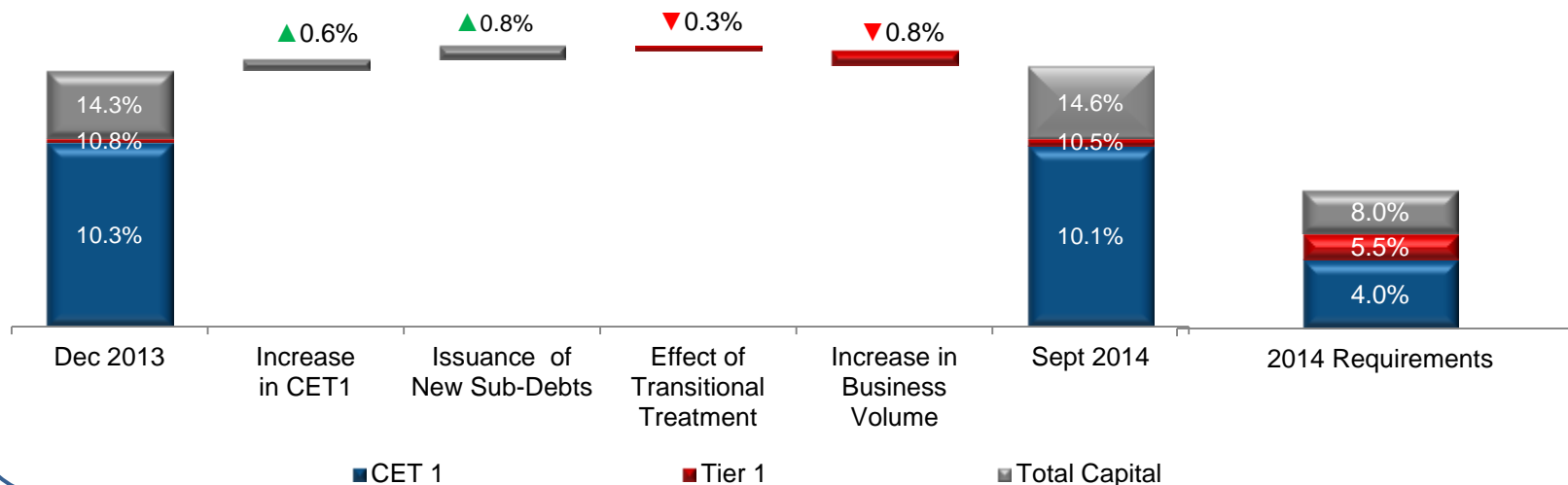


N1: Leverage ratio is defined as total assets over shareholders' funds

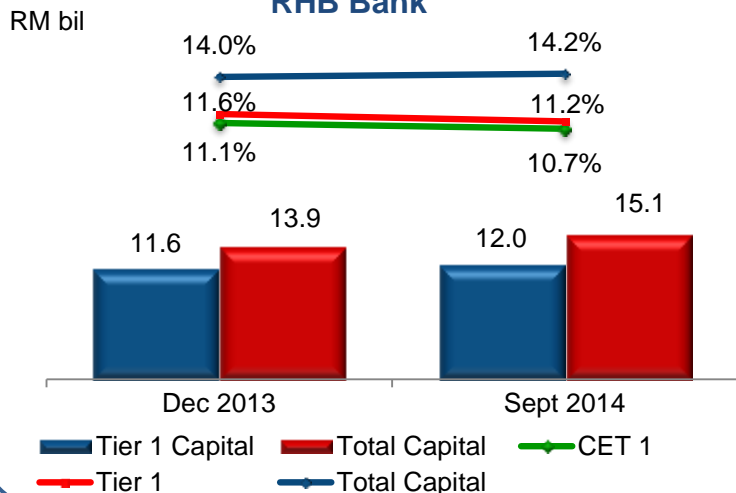
N2: Proforma Basel III CET 1 of RHB Capital Group is at 9.1% as at 30 September 2014.

Capital Position (1/2)

RHB Bank Group: Capital Development in 9M 2014

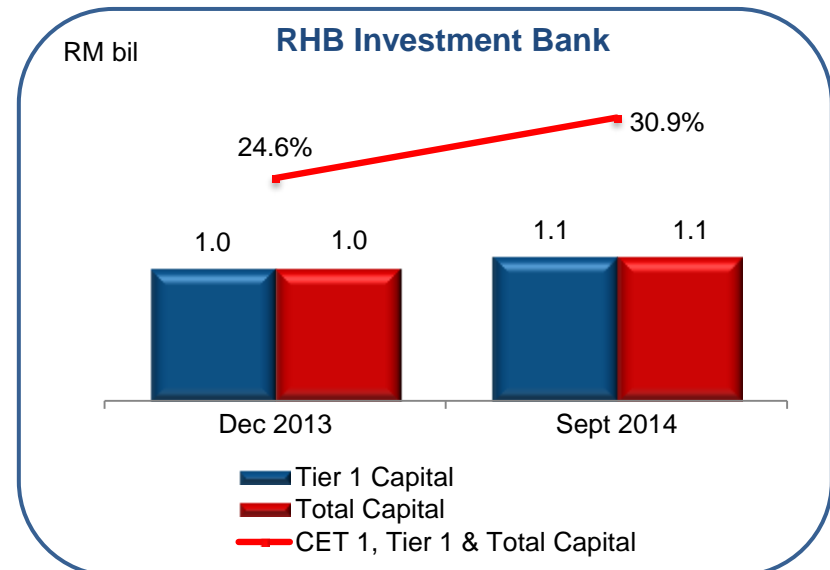
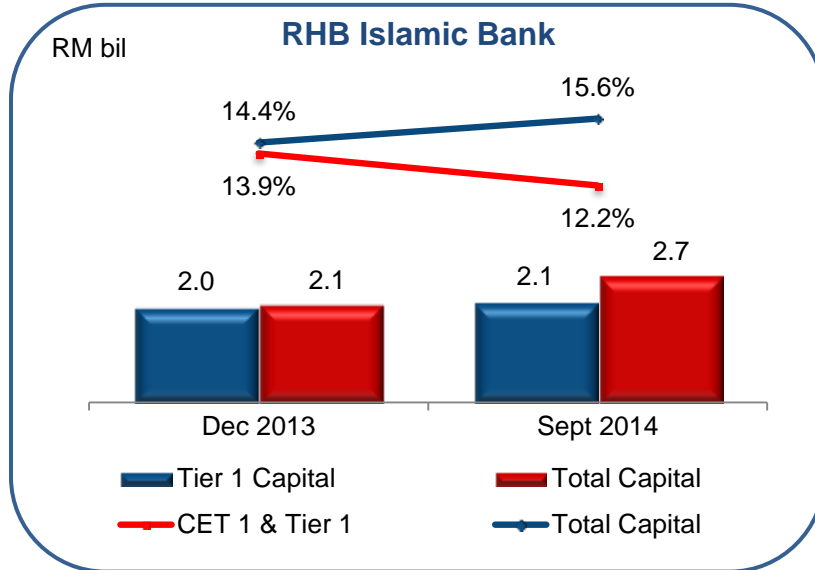


RHB Bank



- ◆ Total capital of RHB Bank increased by RM1.2 billion for 9M 2014 due to issuance of RM1.0 billion Subordinated Notes on 8 July 2014 which qualify as Tier 2 capital.

Capital Position (2/2)



- ◆ Total capital ratio at RHB Islamic Bank increased to 15.6% following the issuance of RM500 mil Subordinated Sukuk Murabahah on 15 May 2014 which qualify as Tier 2 Capital

AGENDA



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Key Business Initiatives Update



Contribution to Group and Growth

PBT

RM90.8 mil
9M 2014

-5.2%

9M 2013: RM95.8 mil

PBT Contribution

4.3%
9M 2014

-1.1%

9M 2013: 5.4%

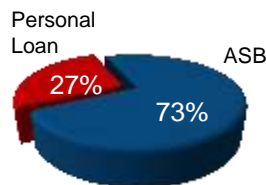
- MOP was higher by RM24.5 mil
- Lower PBT mainly due to higher LLP by RM29.5 mil collective allowance

Gross Loans

RM7.2 bil
Sept 2014

+10.8%

Dec 2013: RM6.5 bil



Gross loans contribution to the Group: 5.3% as at Sept 2014

Bank@ Work

Secured Companies

+60%



Sept 2014: 2,560
Dec 2013: 1,596

Workforce Base

+55%



Sept 2014: 175,142
Dec 2013: 113,277

No. of CASA A/c Acquired

+67%



Sept 2014: 137,690
Dec 2013: 82,368

CASA Balance

+56%



Sept 2014: RM 280 mil
Dec 2013: RM 180 mil

Corporate Exercise

A. Proposal to Commence Negotiation for a Merger of Business and Undertakings

RHB Capital and CIMB Group, made a joint application to BNM on 8 October 2014 to seek the approval of BNM and/or Minister of Finance for, amongst others:

- (i) The proposed acquisition by RHB Capital of all the assets, liabilities, business and undertakings of CIMB Group;
- (ii) The proposed disposal by RHB Islamic Bank of all assets and liabilities to CIMB Islamic Bank Berhad; and
- (iii) The proposed merger of the assets and liabilities of CIMB Islamic Bank Berhad, RHB Islamic Bank and MBSB to create a Mega Islamic Bank.

B. Rationale for the Merger

1. Market Leadership

- ♦ Leadership across almost all commercial and investment banking business segments in Malaysia

2. Regional / International Scope and Scale

- ♦ Presence in over 19 countries and importantly scale in key ASEAN economies

3. Potential New Growth Drivers

- ♦ Creation of a Mega Islamic Bank which will have sufficient scale to pursue new markets and avenues of growth

4. Potential Synergy Realization

- ♦ Across multiple areas encompassing cost, funding and revenue synergies

5. Potential Shareholder Value Realization

- ♦ Potentially one of the largest market capitalization company in Malaysia and SEA

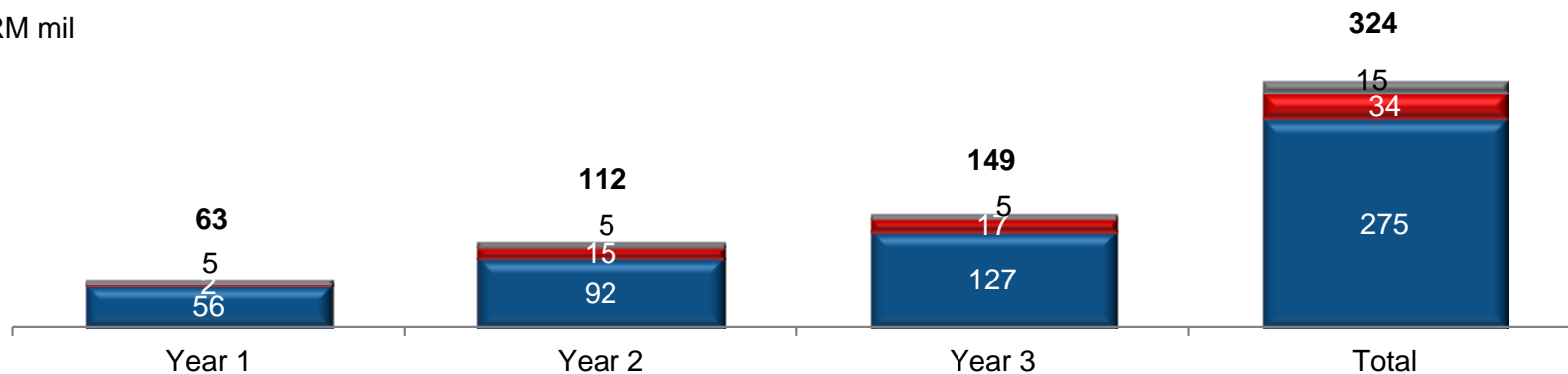
C. Timing and Progress

- 1. Submitted to Bank Negara Malaysia on the 8th of October
- 2. Currently in the process of due diligence and merger integration discussion
- 3. Expect to complete mid 2015

RHB-OSK Integration Update

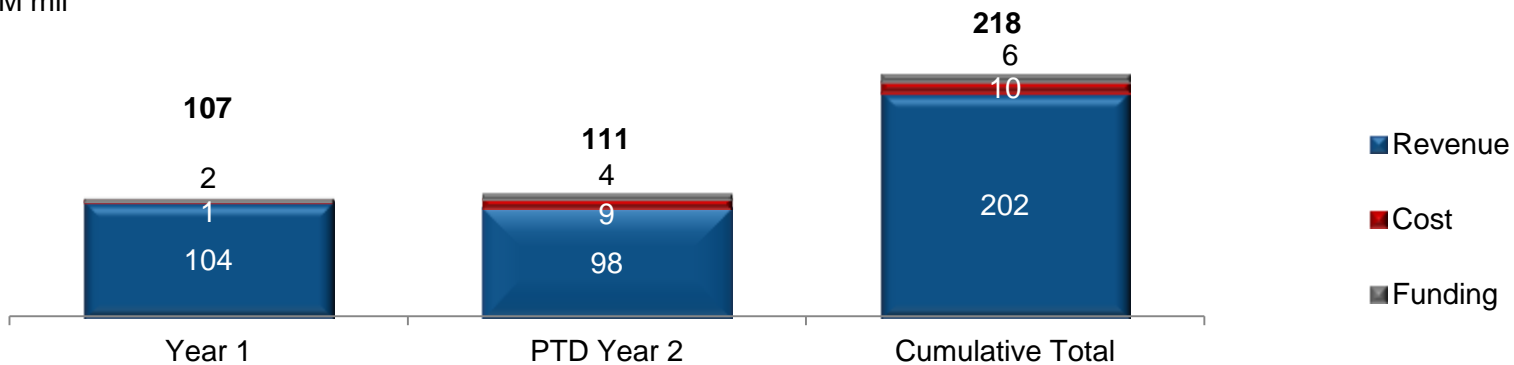
Recap: Estimated Synergies Over 3 Years

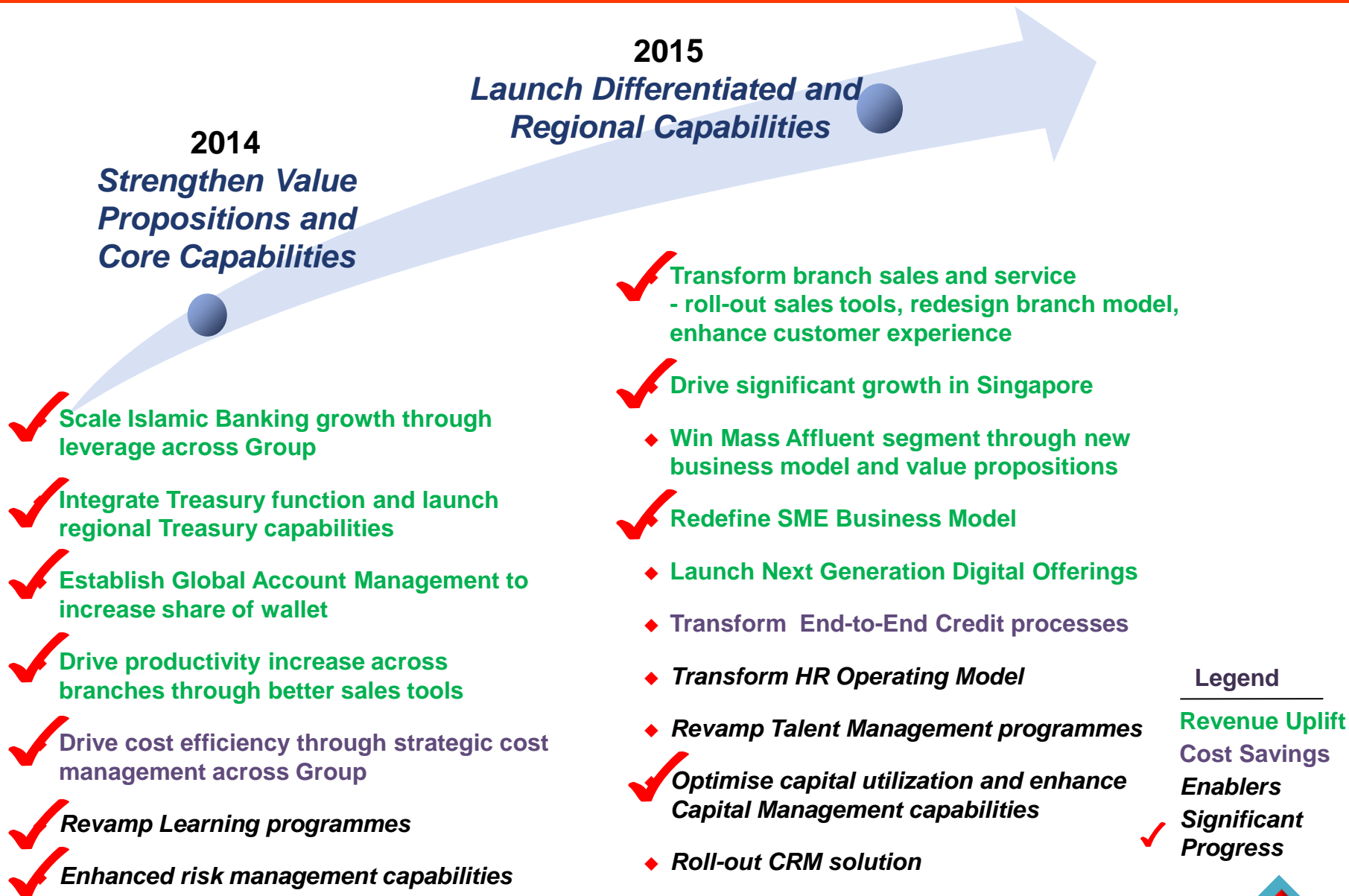
RM mil



Synergies

RM mil





AGENDA



Executive Summary

Q3 2014 Financial Results

Key Corporate and Business Updates

Summary

Summary

Summary

- 1** IGNITE 2017 transformation program progressing well and is showing strong momentum partly reflected in the 9M performance and will set the foundation for future growth. Progress on IGNITE initiatives have been encouraging.
- 2** 9M 2014 financial performance was broadly in line with the Group's 2014 targets. Continue being vigilant on growing quality loans and financing.
- 3** 2nd anniversary of welcoming OSK Investment Bank into the RHB Group. Met expectations on both qualitative and quantitative measures.
- 4** Dedicated internal team to support integration and transaction work-streams relating to the merger exercise to ensure continuing BAU momentum
- 5** We expect FYE 2014 performance to be satisfactory. Will be able to meet the majority of stated KPIs.



END

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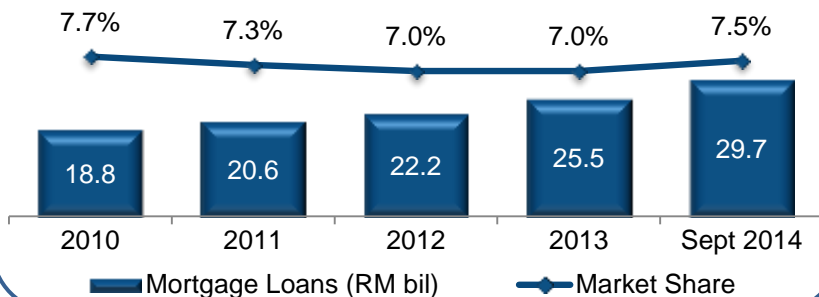
Appendix

Key Business Highlights

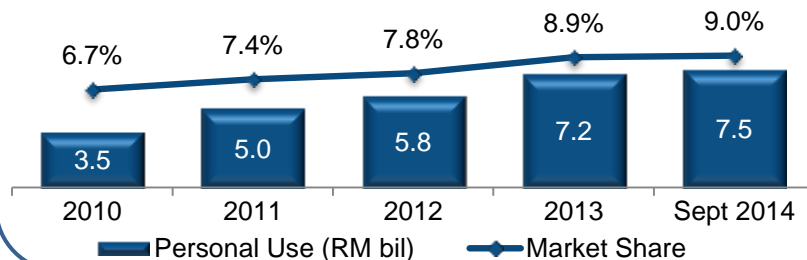


Retail Business Performance

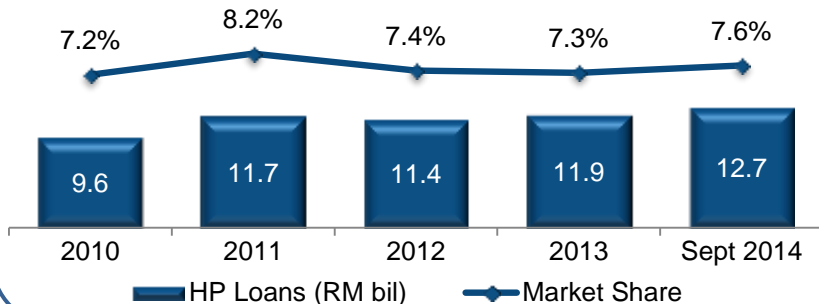
Mortgage



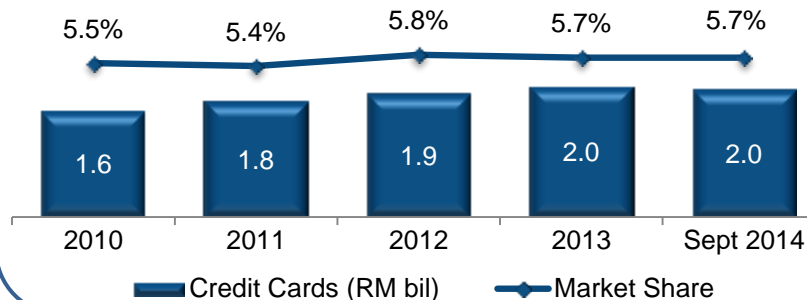
Personal Use



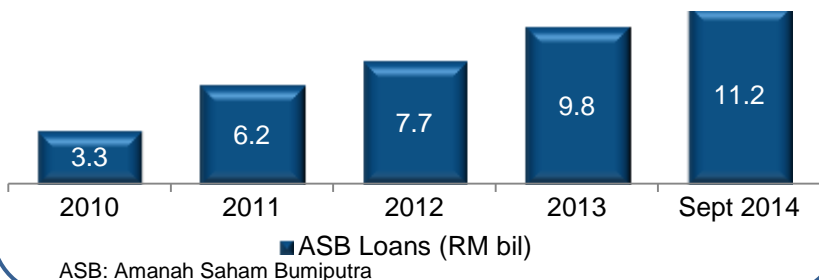
Auto Finance



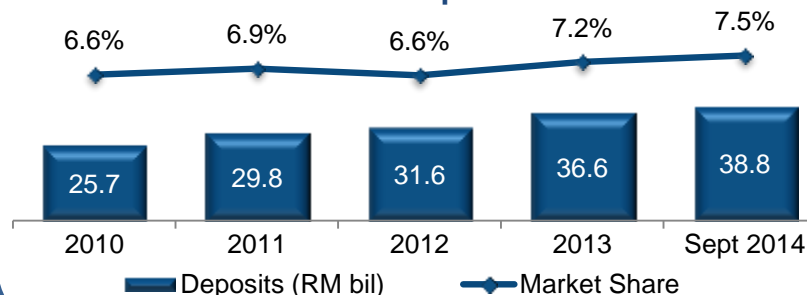
Credit Card



ASB



Retail Deposits



CIB Market Share

	9M 2014		FY 2013		FY 2012**	
	Market Share	Ranking	Market Share	Ranking	Market Share	Ranking
Debt Capital Market *	12.4%	4	16.3%	4	14.9%	4
Mergers & Acquisitions - by value	19.6%	3	11.8%	3	7.1%	11
- by deal count	NA	1	NA	1	NA	1
Equities Capital Market ^	7.8%	4	7.9%	3	2.6%	11

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

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

Source : Bloomberg & Bursa Malaysia as at 4 Nov 2014

Major Mandates 9M 2014

DCM



Rantau Abang Capital Berhad
(owned by Khazanah Nasional Berhad)
Distribution of RM1.5 bil Sukuk
Musyarakah Issuance out of RM7.0 bil
IMTN Programme
Joint Bookrunner & Underwriter



Aquasar Capital Sdn Bhd
(owned by Sarawak State Government)
RM1.5 bil Issuance from
Sukuk Murabahah Programme
*Sole Principal Adviser, Sole Lead
Arranger & Sole Lead Manager*



Bumi Armada Capital Malaysia Sdn Bhd
RM1.5 bil Issuance from Unrated Sukuk
Murabahah Programme
Joint Lead Manager & Joint Bookrunner

ECM



Public Bank Berhad
RM4.83 bil
Rights Issue
*Joint Lead Underwriter &
Joint Global Coordinator*



Affin Holdings Berhad
RM1.24 bil
Rights Issue
Joint Underwriter



Kumpulan Europlus Berhad
RM464.1 mil
Rights Issue
*Sole Principal Adviser &
Sole Managing Underwriter*

M&A and Syndicated Loans



IGB Corporation Berhad
RM4.02 bil
Take-Over Offer by Goldis Berhad
to acquire all the remaining shares
in IGB Corporation Berhad
Financial Adviser



Berjaya Food Berhad
USD88 mil (RM279.51 mil)
Acquisition of remaining 50% equity
interest in Berjaya Starbucks Coffee
Company Sdn Bhd
Financial Adviser

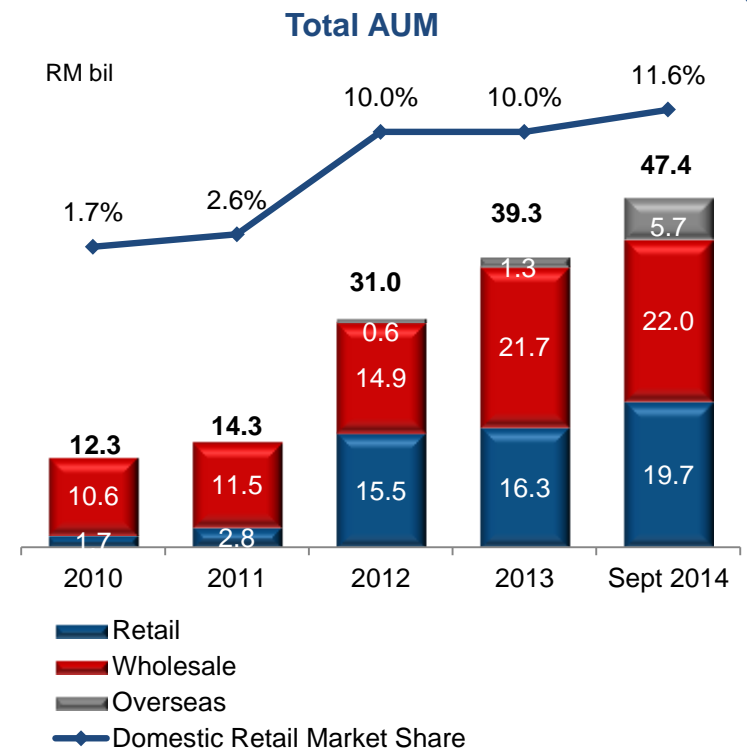


**Powertek Investment Holdings
Sdn Bhd**
RM5.50 bil
Syndicated Term Loan
*Joint Mandated Lead Arranger &
Joint Bookrunner*

Equities, Futures & Asset Management

Equities (by value)	9M 2014		FY 2013	
	Market Share	Ranking	Market Share	Ranking
Malaysia				
- By value	9.7%	2	8.8%	3
- By volume	13.6%	2	14.3%	1
Singapore	5.0%	10	7.4%	6
Hong Kong	0.1%	97	0.2%	84
Indonesia	2.4%	15	2.2%	15
Thailand	1.3%	27	1.3%	24
Cambodia	2.3%	6	1.4%	9

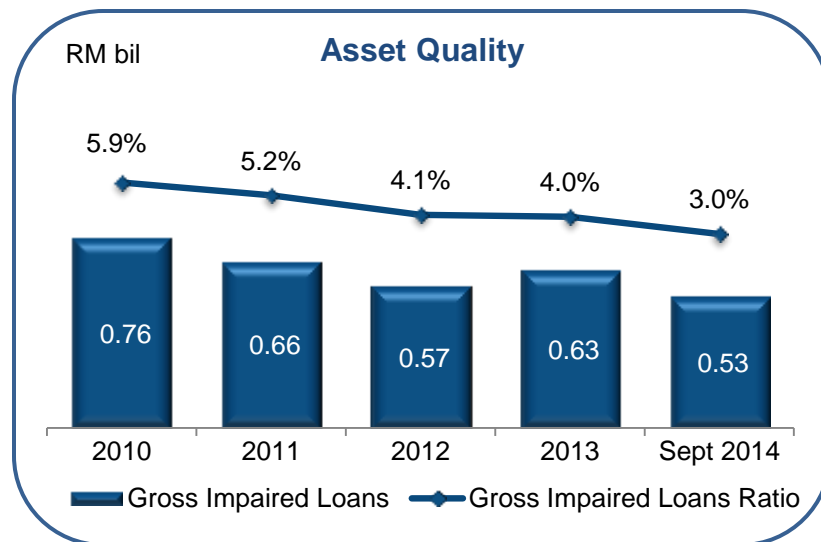
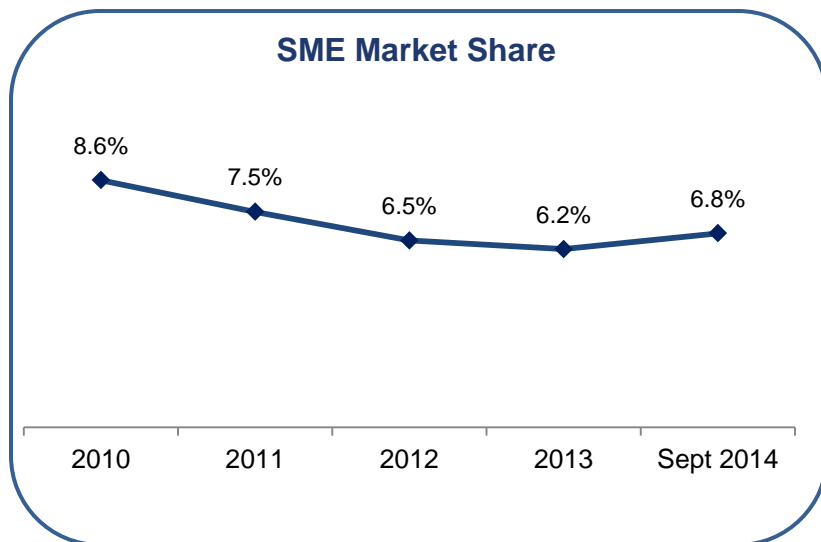
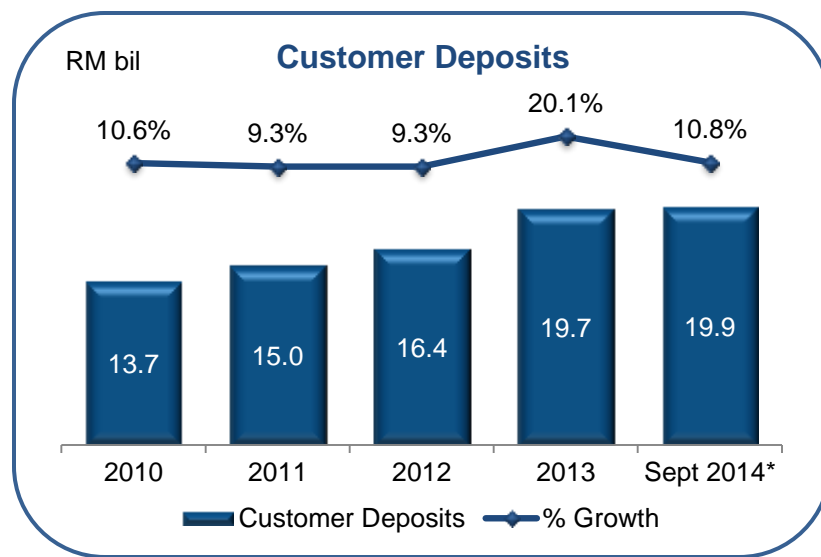
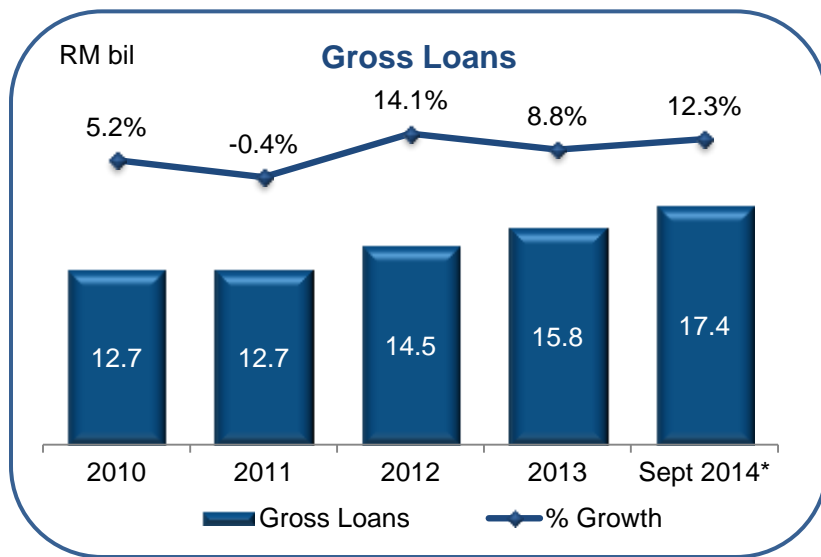
Futures (by volume)	9M 2014		FY 2013	
	Market Share	Ranking	Market Share	Ranking
Malaysia - FKLI	7.1%	5	9.2%	4
Malaysia - FCPO	10.2%	3	9.7%	3
Thailand	4.1%	8	2.1%	17
Hong Kong - HSIF	0.2%	62	0.2%	50



	Ranking	
	Sept 2014	Dec 2013
Retail	3	3
Wholesale	1 ^{N1}	1

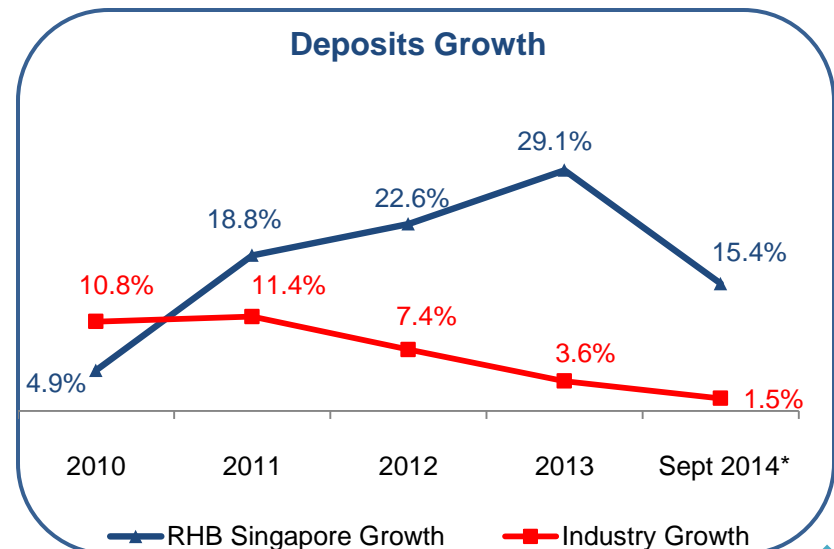
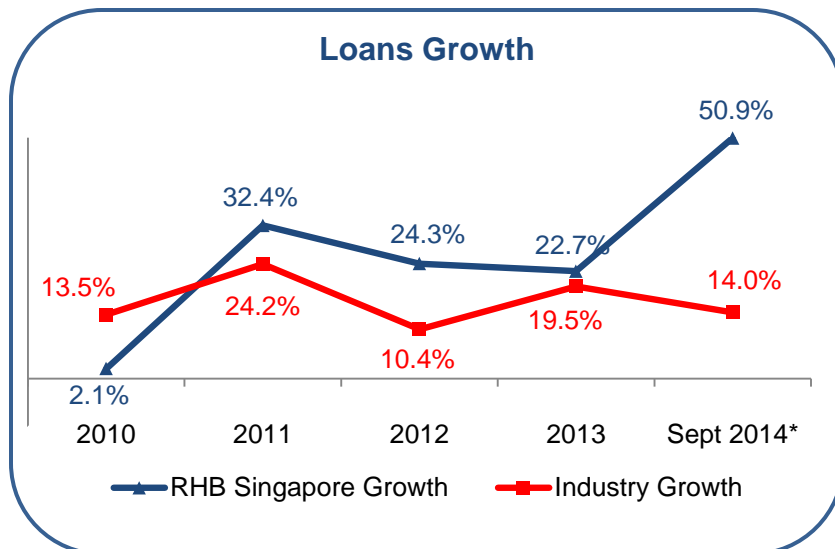
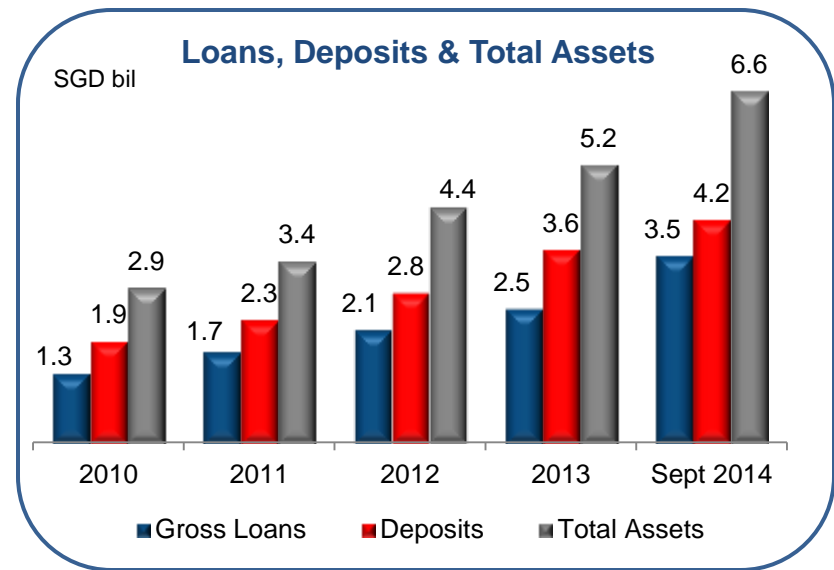
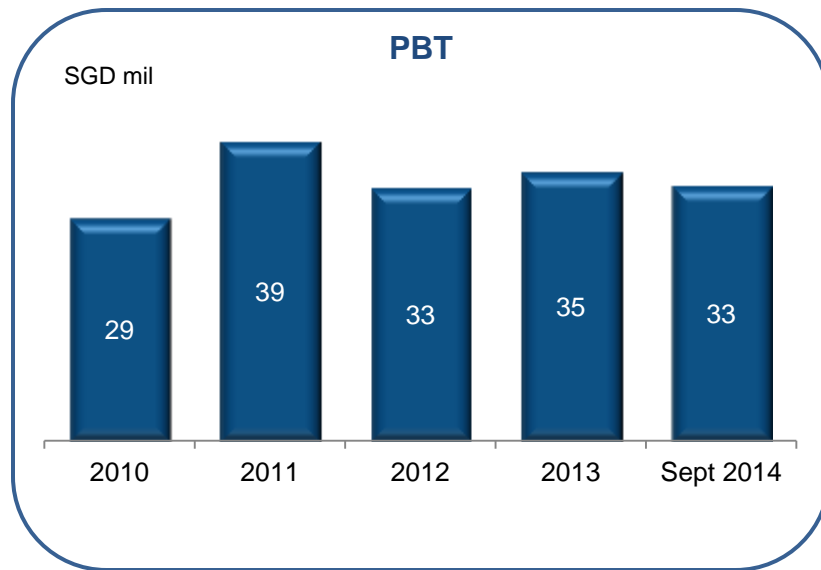
N1: As at June 2014

Business Banking and SME



* Y-o-Y growth rate

RHB Bank Singapore Business Performance



* Y-o-Y growth rate

We have made significant progress on IGNITE 2017 since its launch in February 2014

