

Investor Presentation

1st Half 2015 Financial Results

TOGETHER WE
PROGRESS



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Group Managing Director
RHB Banking Group
28 August 2015

RHB 
RHB Capital Berhad

AGENDA

Executive Summary

H1 2015 Financial Results

Update on Corporate Exercise

Reframed Group Strategy

Summary and Outlook





Executive Summary (1/2)

1

Net profit stood at RM1,000.9 million for the first six months of 2015. Pre-tax profit at RM1,337.2 million, 2.9% lower year-on-year. Excluding a one-off impairment write-back on other assets of RM112.4 million in 2014, normalized profit was higher by 5.8%

2

Revenue up 2.9% year-on-year mainly due to 8.0% increase in other operating income and non-fund based income

3

Gross loans grew by 1.5% from December 2014 and increased by 9.2% year-on-year to reach RM144.7 billion

4

Customer deposits remained stable as compared with 2014 and grew by 5.1% year-on-year to RM157.2 billion

5

CASA balances increased by 7.7% from December 2014 and 5.5% year-on-year. CASA composition improved to 23.4% as at 30 June 2015 from 21.7% in December 2014

6

Annualised ROE at 10.3%



Executive Summary (2/2)

7

Early adoption of requirement to maintain collective allowances and regulatory reserves at 1.2%, increased loan loss coverage ratio to 73.4%, from 60.7% in Q1 2015

8

Islamic financing portfolio grew by 8.6% for the first six months of 2015 and increased by 28.9% year-on-year to reach RM27.7 billion. Islamic financing represents 21.0% of group's total domestic gross loans and financing.



RHB Banking Group Scorecard 2015

Top Level Indicators	Target 2015	June 2015
ROE	>11.5%	10.3% ^{N1}
Loans Growth	10%	1.5% ^{N2}
CASA Growth	>10%	7.7% ^{N2}
Gross Impaired Loans Ratio	<1.8%	2.05%
Cost to Income Ratio	<51%	55.5%
International Contribution	>13%	14.3%

N1 Annualised
N2 Changes from Dec 2014 to June 2015, not annualised



Corporate Development

1

RHB Islamic Bank has on 26 August 2015, entered into an exclusive Bancatakaful Service Arrangement with Syarikat Takaful Malaysia Berhad ("STMB"). Pursuant to the Service Arrangement, 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

2

Shareholders at the EGM held on 27 August 2015 approved the proposed corporate exercise which involves a rights issue to raise up to RM2.5 billion, distribution and capital repayment by RHB Capital and the transfer of listing status to RHB Bank

3

Reframed strategy to focus on value creation for shareholders, anchored on three key themes:

- 1) boosting revenue from key growth areas, managing costs and enhancing productivity, and optimizing capital and balance sheet
- 2) differentiating its customer experience and digital ecosystem
- 3) a more robust talent development programme

AGENDA



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Financial Results

RM mil	Q2 2015	Q1 2015	Q-o-Q Change %	H1 2015	H1 2014	Y-o-Y Change %
Net Interest Income	784	800	-2	1,584	1,650	-4
Net Islamic Fund Base Income	191	179	7	370	296	25
Total Net Fund Based Income (A)	975	979	-	1,954	1,946	-
Other Operating Income	488	506	-4	994	926	7
Islamic Other Operating Income	23	24	-4	47	39	21
Total Non Fund Based Income (B)	511	530	-4	1,041	965	8
Total Income (A+B)	1,486	1,509	-2	2,995	2,911	3
Operating Expenses	(842)	(820)	3	(1,662)	(1,583)	5
Operating Profit Before Allowances	644	689	-7	1,333	1,328	-
Allowances for Loan Impairment	41	(50)	-182	(9)	(72)	-88
Impairment Losses written back on Other Assets	7	6	17	13	120	-89
Profit Before Taxation	692	645	7	1,337	1,376	-3
Net Profit	525	476	10	1,001	1,007	-
EPS (sen)	20.3	18.5	10	38.8	39.5	-2
Cost to Income Ratio	56.7	54.3	2.4	55.5	54.4	1.1
ROEN ¹	10.6	10.0	0.6	10.3	11.7	-1.4
ROAN ¹	0.9	0.9	-	0.9	1.0	-0.1
Gross Impaired Loans Ratio	2.05	2.03	0.02	2.05	2.45	-0.4
Credit Charge Ratio ^{N1,N2}	-0.11	0.14	-0.25	0.01	0.11	-0.1

Year-on-Year Performance:

- ◆ 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 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 new issuances of sukuk and sub-debts in H2 2014.
- ◆ Other operating income and non-fund based income grew 8.0% to RM1,041.3 million, underpinned by higher FX income, investment income and fee income. The Group's non fund based income to total income ratio stood at 34.8%.
- ◆ Operating expenses was higher by 5.0%, mainly due to increase in personnel costs, establishment costs and marketing expenses.
- ◆ Allowance for impairment on loans and financing decreased to RM9.5 million primarily due to lower collective allowance and lower bad debts written off, partially offset by higher individual allowances and lower impaired loans and financing recovered.
- ◆ Write back on impairment on other assets was lower by 88.6% mainly due to the absence of a one-off large recovery of RM112.4 million.

Quarter-on-Quarter Performance:

- ◆ PBT grew by 7.4% to RM692.4 million, due to higher impairment write back on loans and financing, partially offset by higher operating expenses and lower non fund based income.

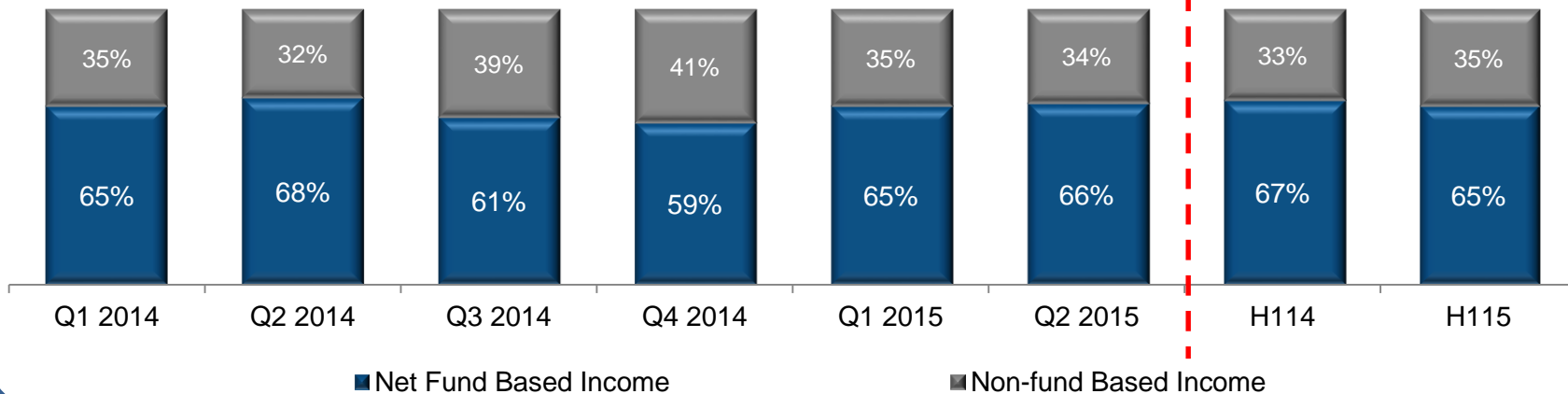
N1: Annualised

N2: Normalised credit charge ratio (annualised) in Q2 15 was 0.25 and H1 15 was 0.19.

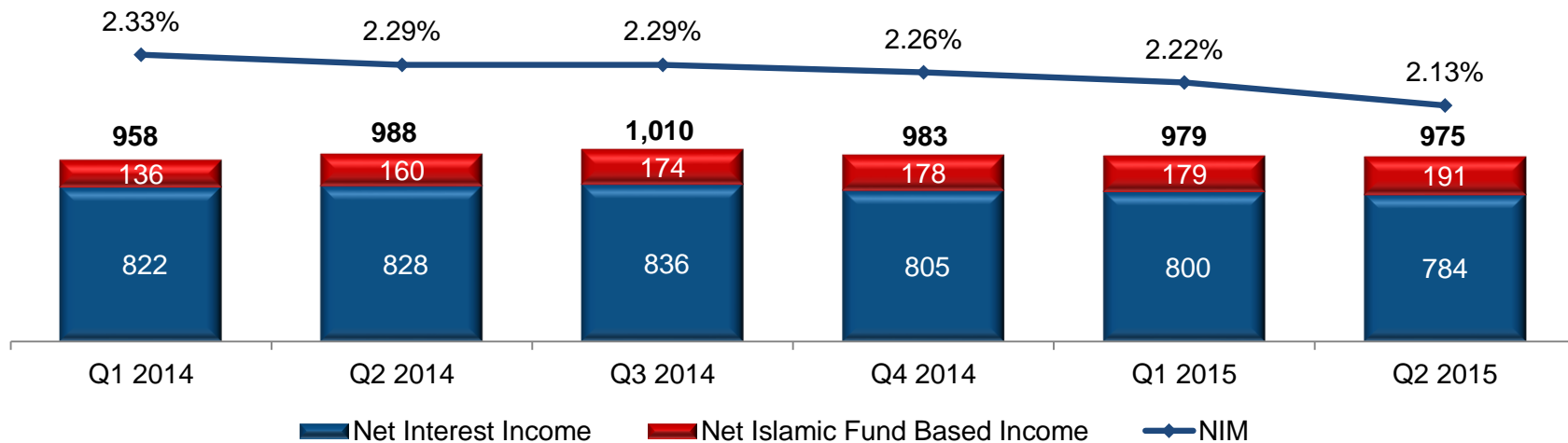


Income Mix & NIM

Income Mix



Net Interest Income & NIM



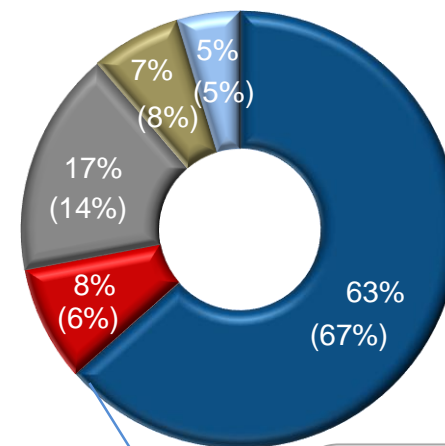


Other Operating Income

RM mil

	H1 2014		H1 2015
Fund Management & UT Fee	926	▲ 34%	94
Net Brokerage		▲ 1%	174
Service Charges, Commission, Guarantee & Commitment Fees		▼ 2%	263
Corporate Advisory, Underwriting & Arrangement Fees and Other Fee Income		▼ 7%	101
Total Fee Income		▲ 2%	632
Net Forex Gain		▲ 27%	166
Gain and MTM on Securities/Derivatives		▲ 50%	84
Insurance Underwriting Surplus		▼ 9%	66
Others		▼ 1%	46
H1 2015	994	▲ 7%	994

Composition



Brokerage income:
18% (19%)

Fund Management &
UT Fee: 9% (8%)

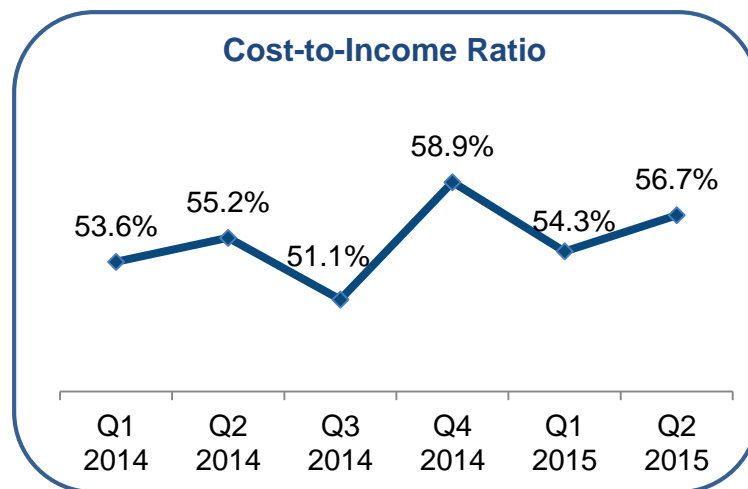
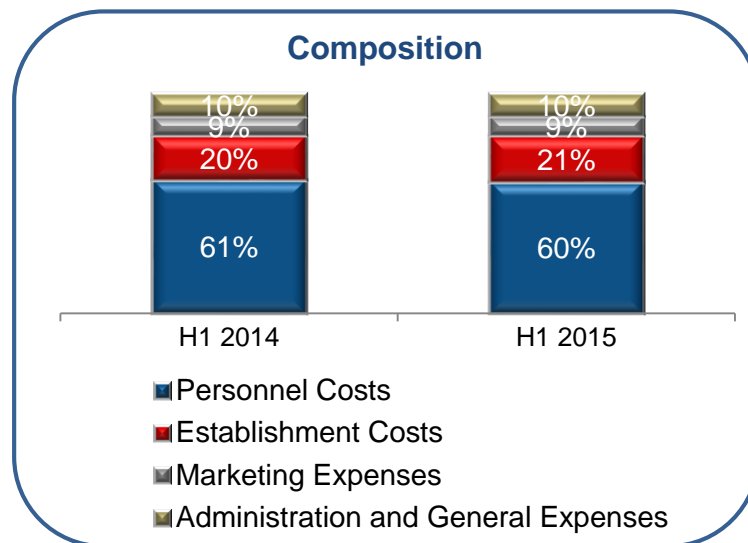
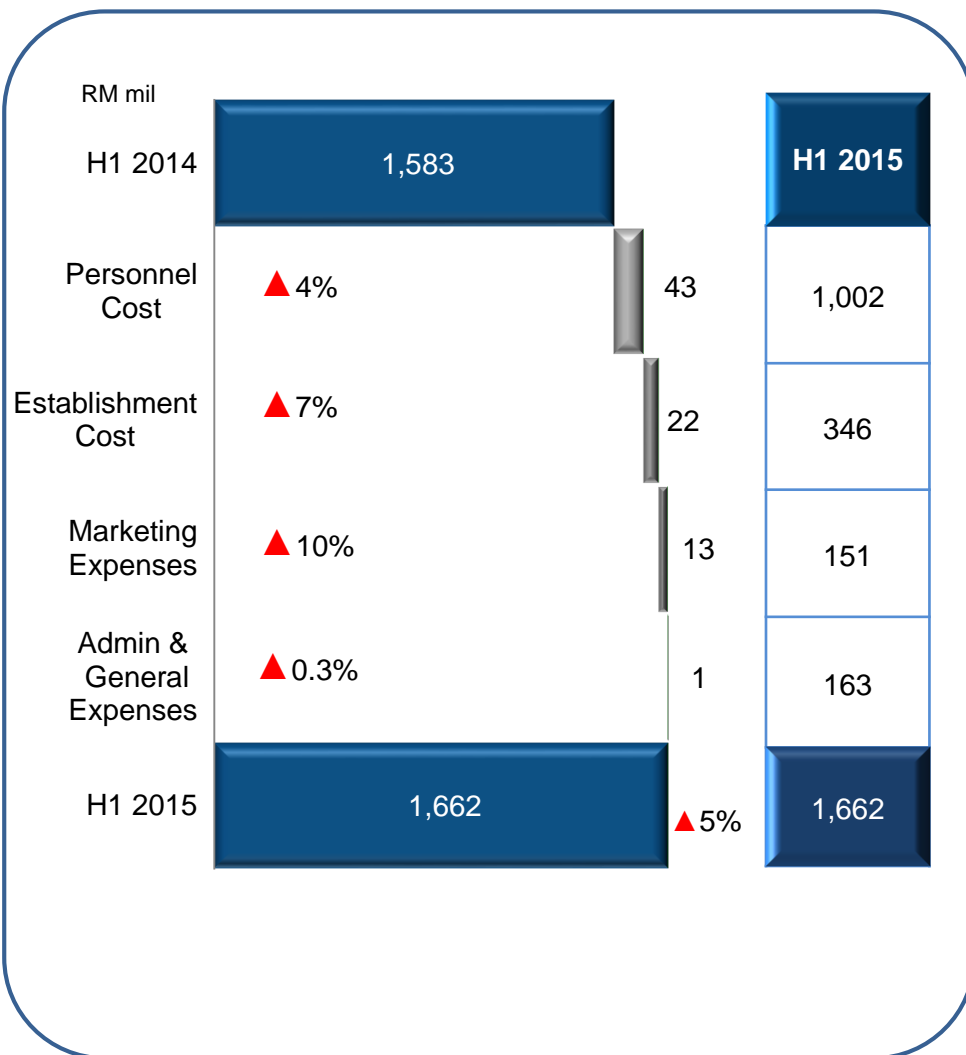
Other fee income:
36% (40%)

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

Note: Composition represents position for H1 2015 (H1 2014)



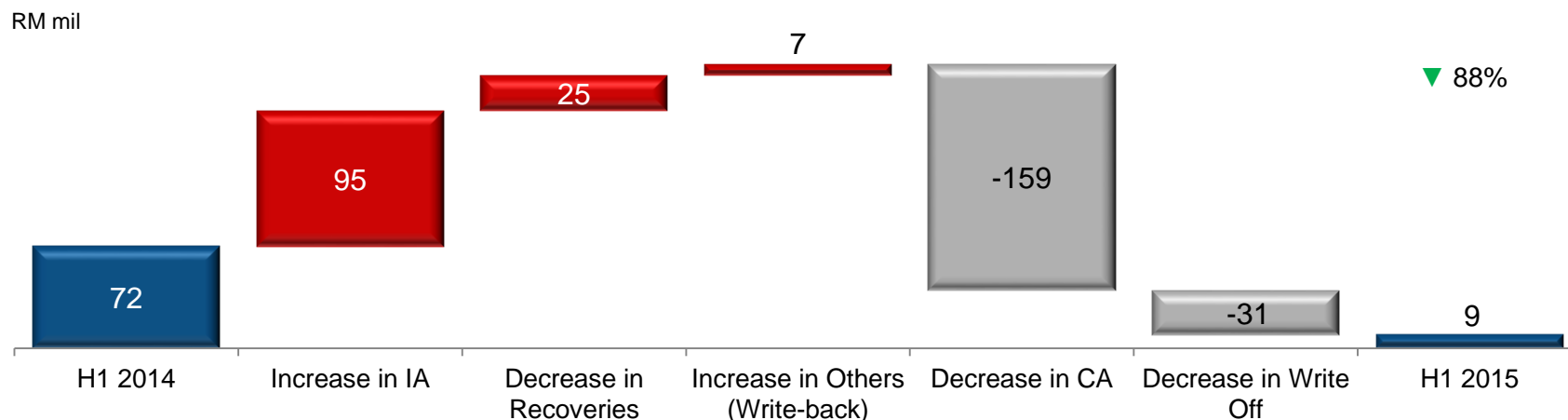
Operating Expenses



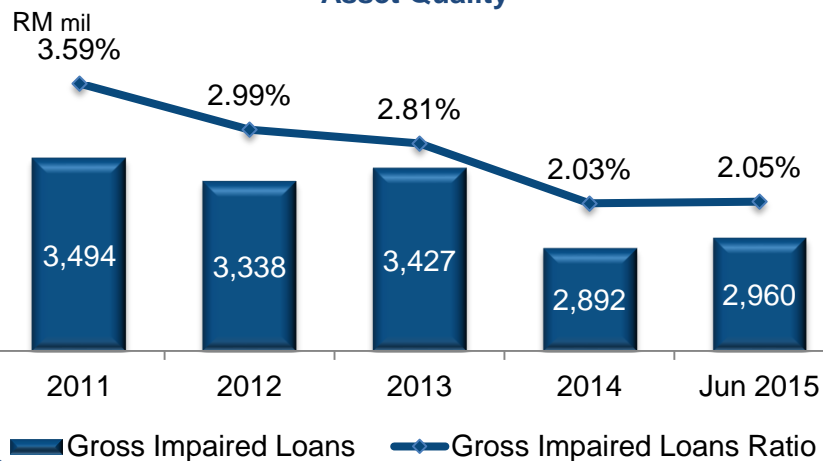


Allowances for Loan Impairment

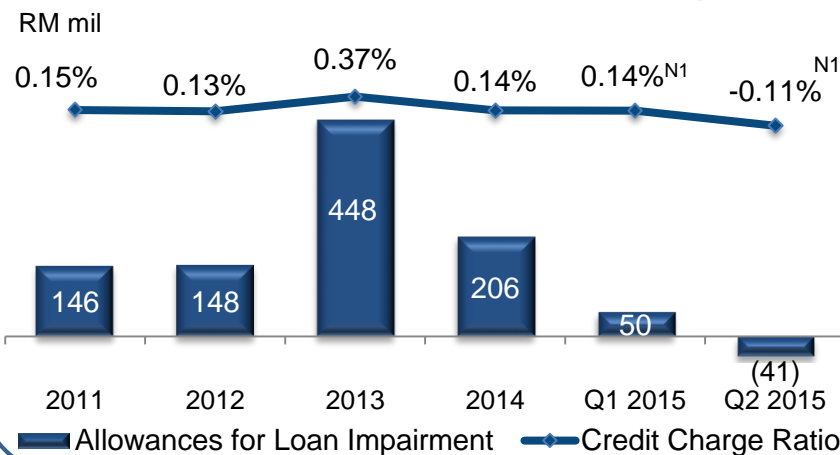
Increase/Decrease in Allowances for Loan Impairment



Asset Quality



Allowances for Loan Impairment & Credit Charge Ratio



N1: Annualised



Financial Position as at 30 June 2015

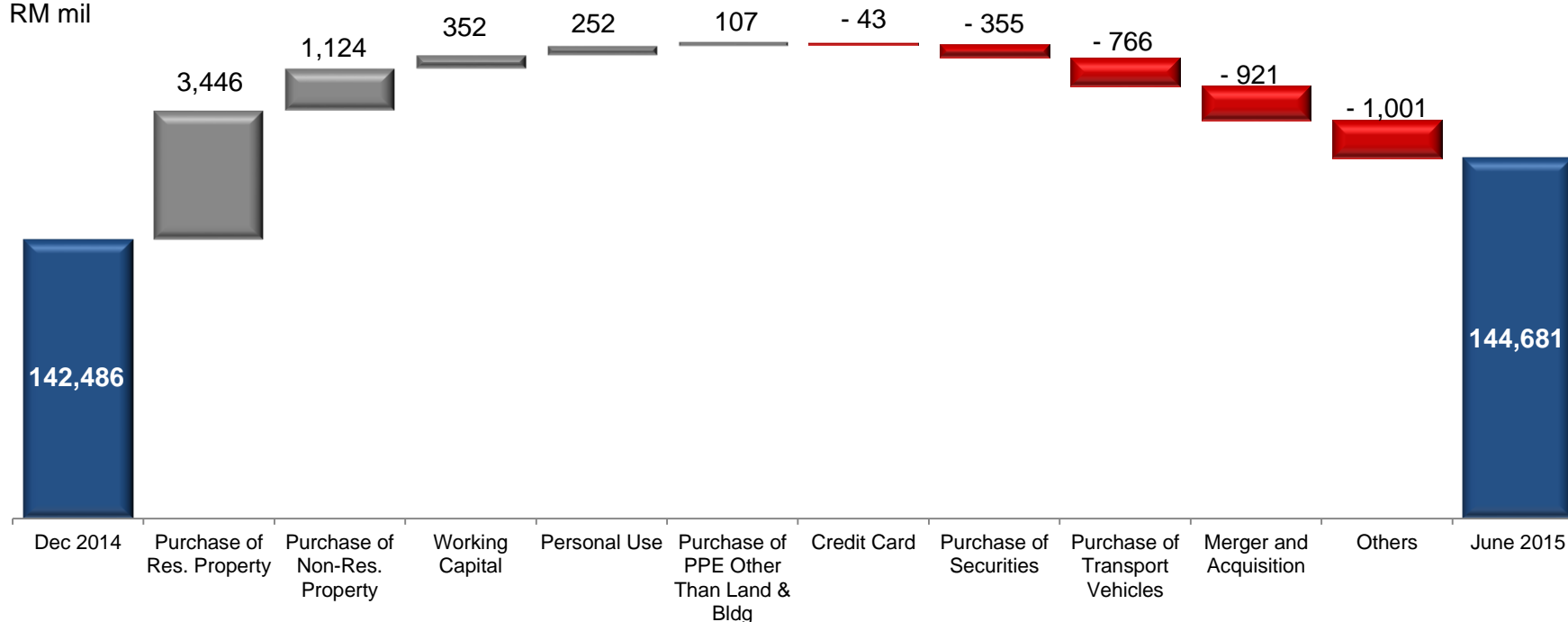
RM mil	June 2015	Dec 2014	June 2014	Change for 6M 2015 %	Y-o-Y Change %
Total Assets	223,239	219,354	205,523	2	9
Total Financial Assets/Investments	44,087	43,003	44,077	3	-
- Financial Assets FVTPL	3,421	2,931	2,938	17	16
- Financial Investments AFS	21,675	19,602	18,858	11	15
- Financial Investments HTM	18,991	20,470	22,281	-7	-15
Gross Loans	144,681	142,486	132,479	2	9
Customer Deposits	157,167	157,134	149,571	-	5
Borrowings and Senior Debt Securities	5,801	5,685	4,597	2	26
Subordinated Notes	5,895	6,099	5,084	-3	16
Hybrid Tier-1 Capital Securities	602	602	601	-	-
Shareholders' Funds	20,035	18,794	17,754	7	13
Net Assets per Share	7.74	7.31	6.97	6	11

- ◆ Total assets increased by 1.8% mainly driven by growth of Financial Assets/AFS and loans and financing assets.
- ◆ Excluding one large corporate repayment during the period, gross loans growth was at 3.0% for the first six months.
 - The Group's gross loans grew by 1.5% for the first half of 2015.
 - The growth was broad based, predominantly from purchase of residential and non-residential properties, construction and working capital.
- ◆ Customer deposit remained stable. Group current and savings account ('CASA') balances increased by 7.7% for the first six months while domestic CASA grew by 8.1%, more than twice the industry growth rate of 3.4%.
- ◆ CASA composition improved to 23.4% as at 30 June 2015 from 21.7% in December 2014.
- ◆ Net assets per share improved to RM7.74 compared to RM7.31 as at 31 December 2014.



Loans, Advances and Financing

RM mil

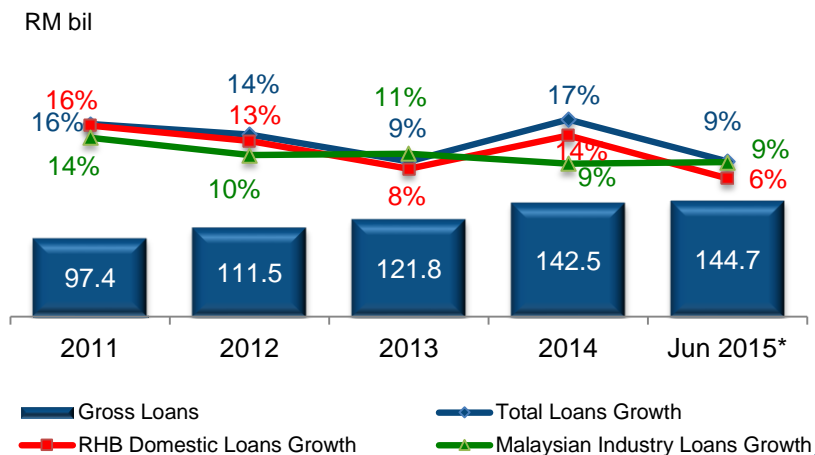


	Dec 2014	Purchase of Res. Property	Purchase of Non-Res. Property	Working Capital	Personal Use	Purchase of PPE Other Than Land & Bldg	Credit Card	Purchase of Securities	Purchase of Transport Vehicles	Merger and Acquisition	Others	June 2015
June 2015		34,915	11,758	35,413	7,902	3,783	1,952	15,252	11,457	2,307	19,942	144,681
6M 2015 Growth		▲ 11%	▲ 11%	▲ 1%	▲ 3%	▲ 3%	▼ 2%	▼ 2%	▼ 6%	▼ 29%	▼ 5%	▲ 2%
Y-o-Y Change		▲ 24%	▲ 35%	▲ 14%	▲ 8%	▲ 13%	▼ 2%	-	▼ 7%	▼ 40%	▼ 2%	▲ 9%
Y-o-Y Loans Growth Composition		55%	25%	35%	5%	4%	-	-	-7%	-13%	-4%	100%

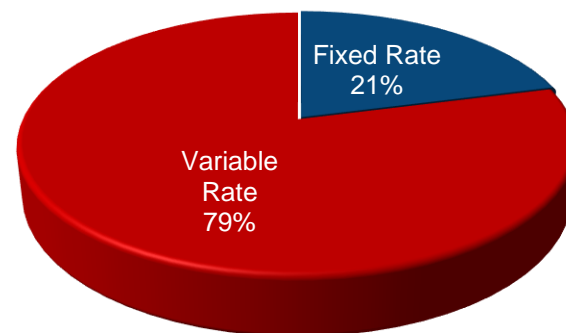


Loans Profile and Market Share

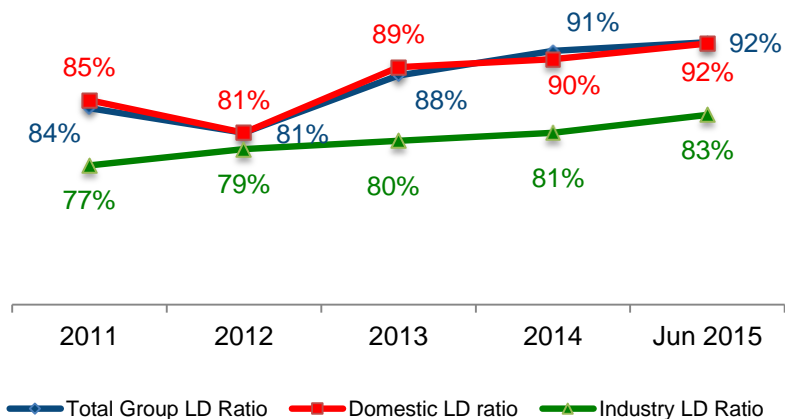
Gross Loans



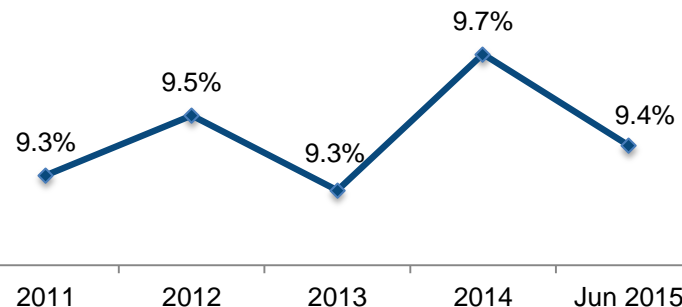
Gross Loans by Interest/ Profit Rate Sensitivity



LD Ratio



Domestic Loans Market Share

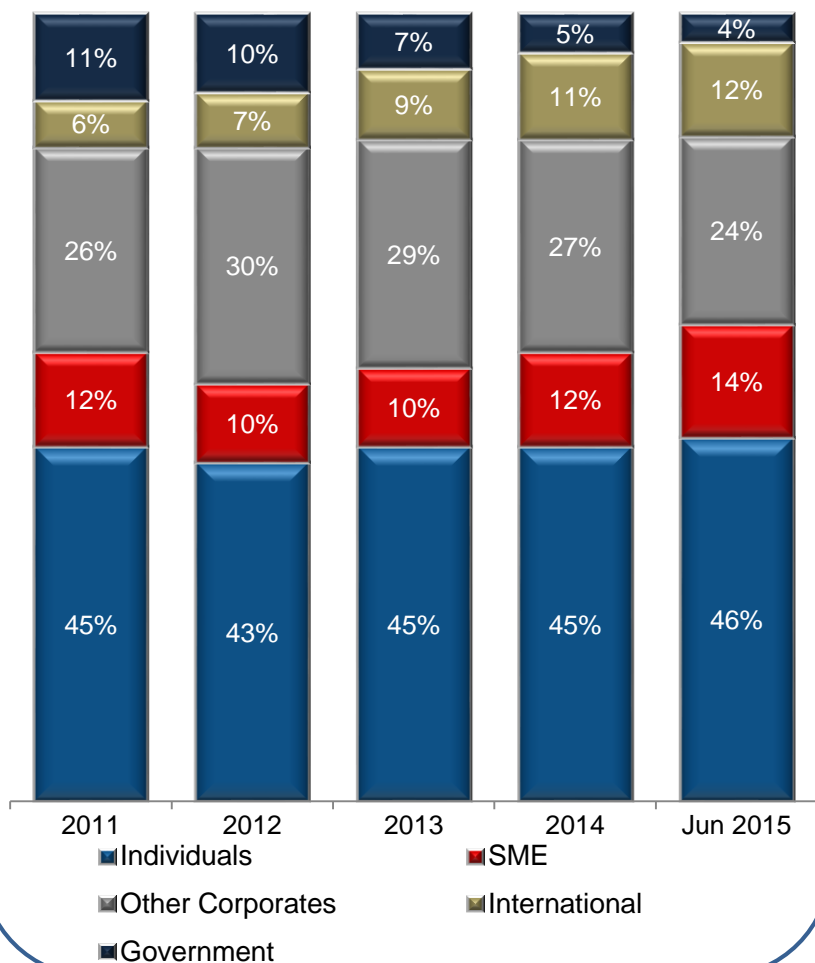


* Y-o-Y growth rate



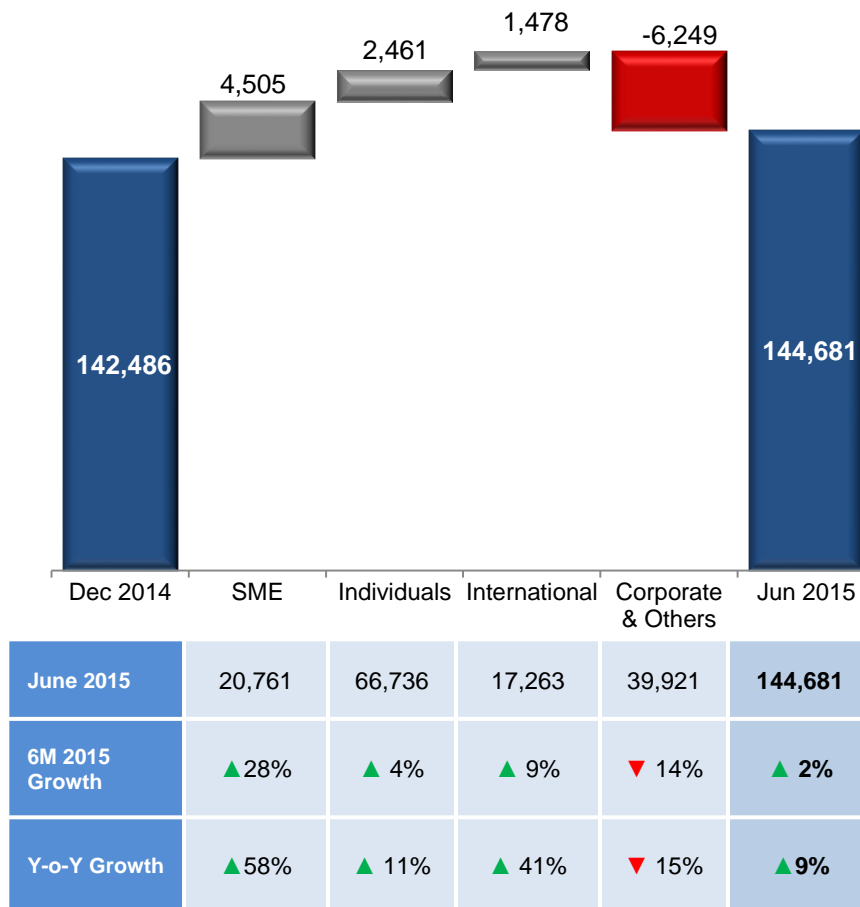
Loans By Type of Customers

Composition



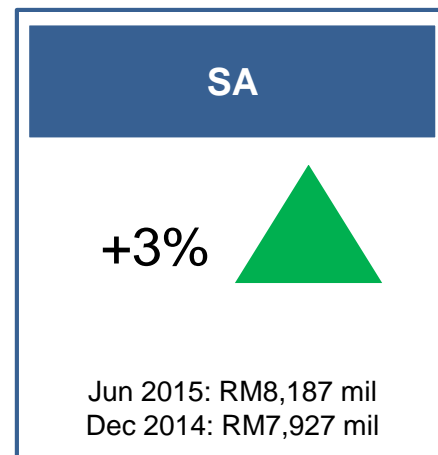
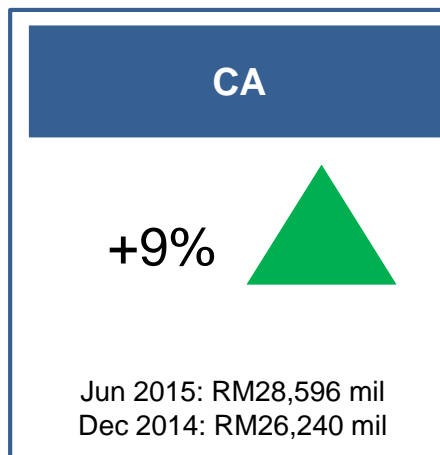
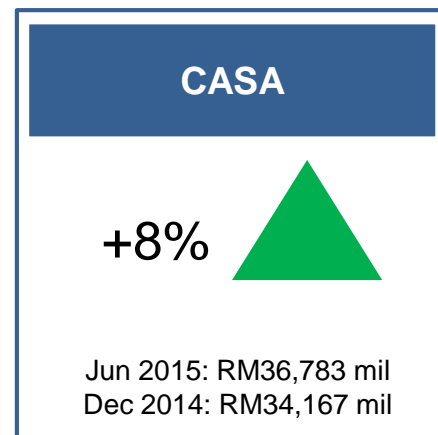
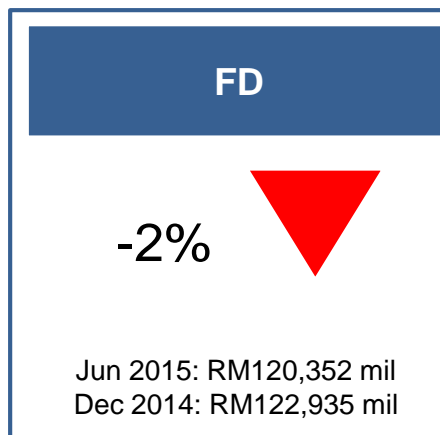
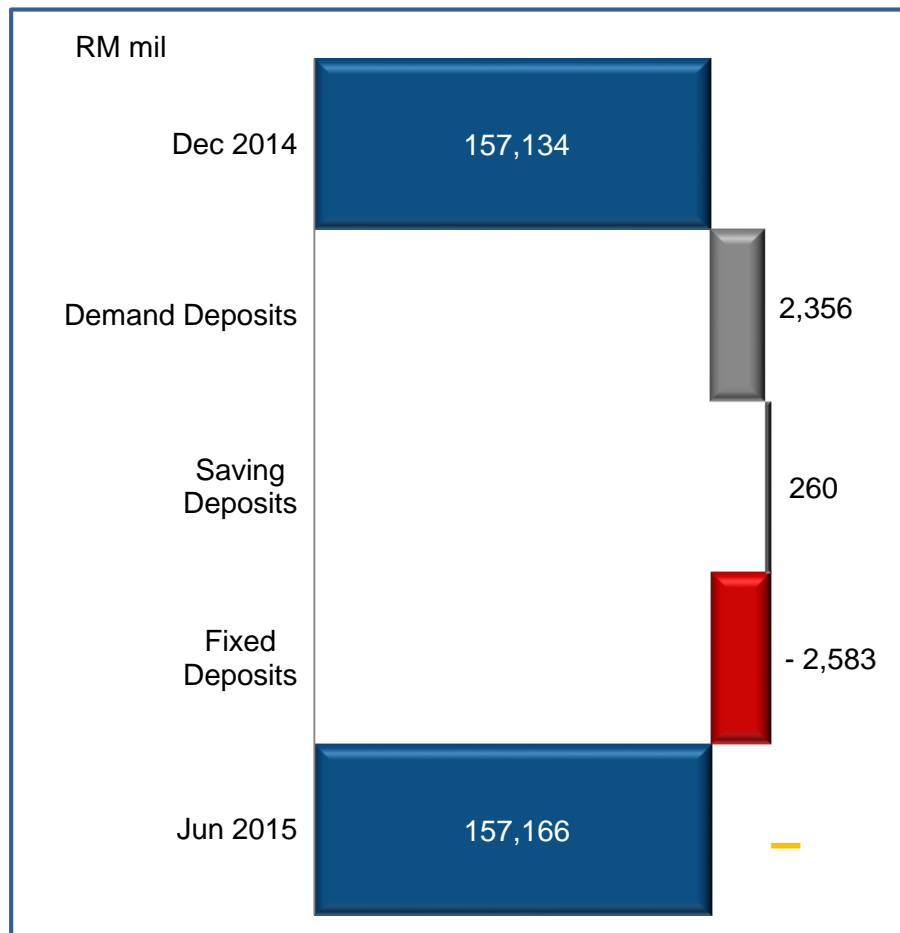
Loans by Type of Customers

RM mil



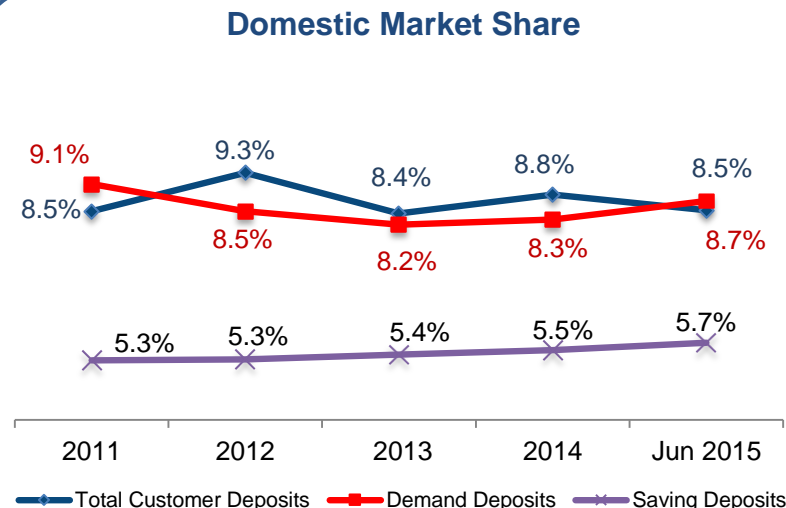
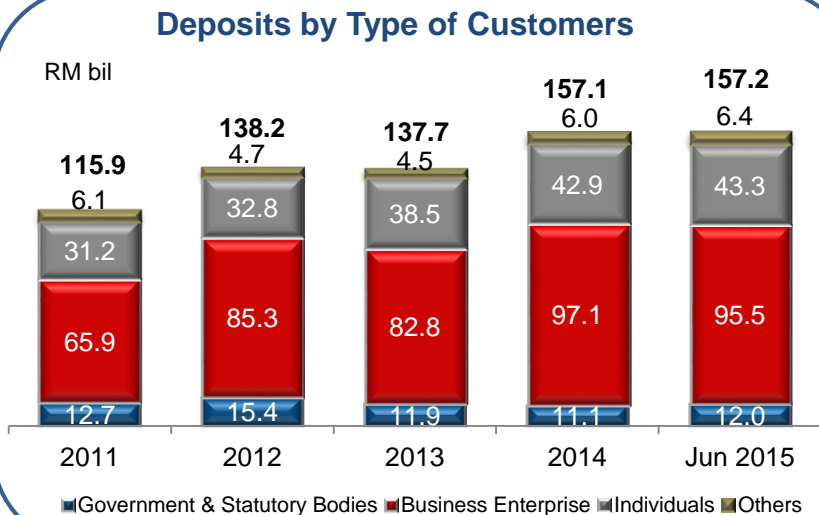
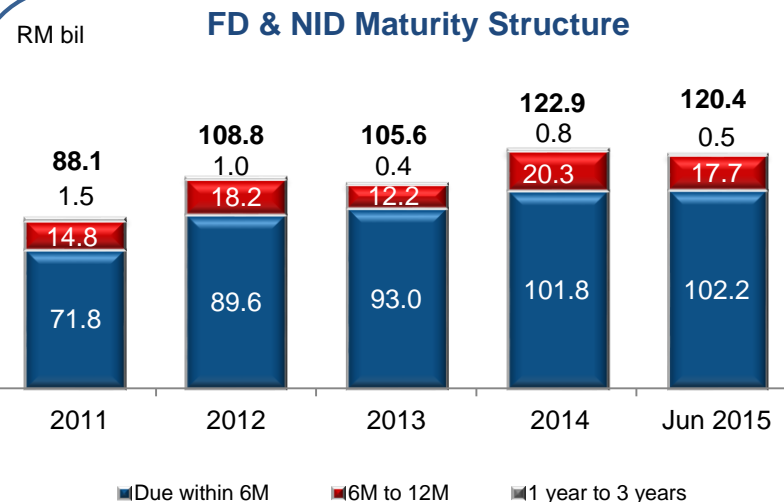
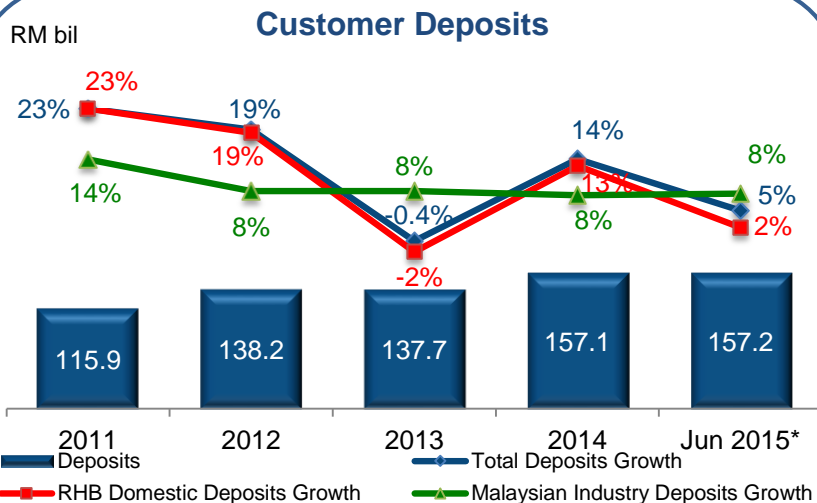


Customer Deposits



- ◆ Domestic CASA balances increased by 8.1%, more than twice the industry growth rate of 3.4%.

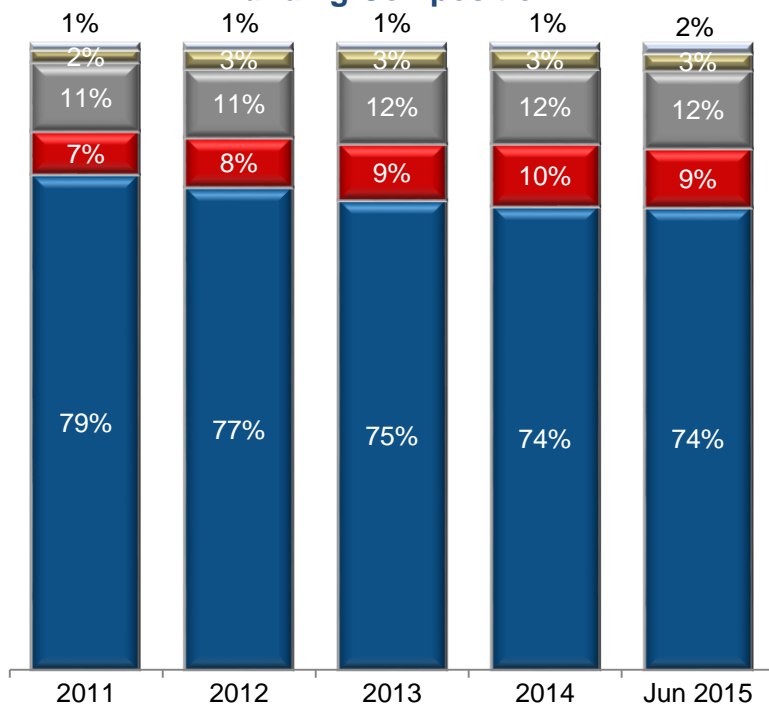
Customer Deposits Profile & Market Share



* Y-o-Y growth rate

Funding

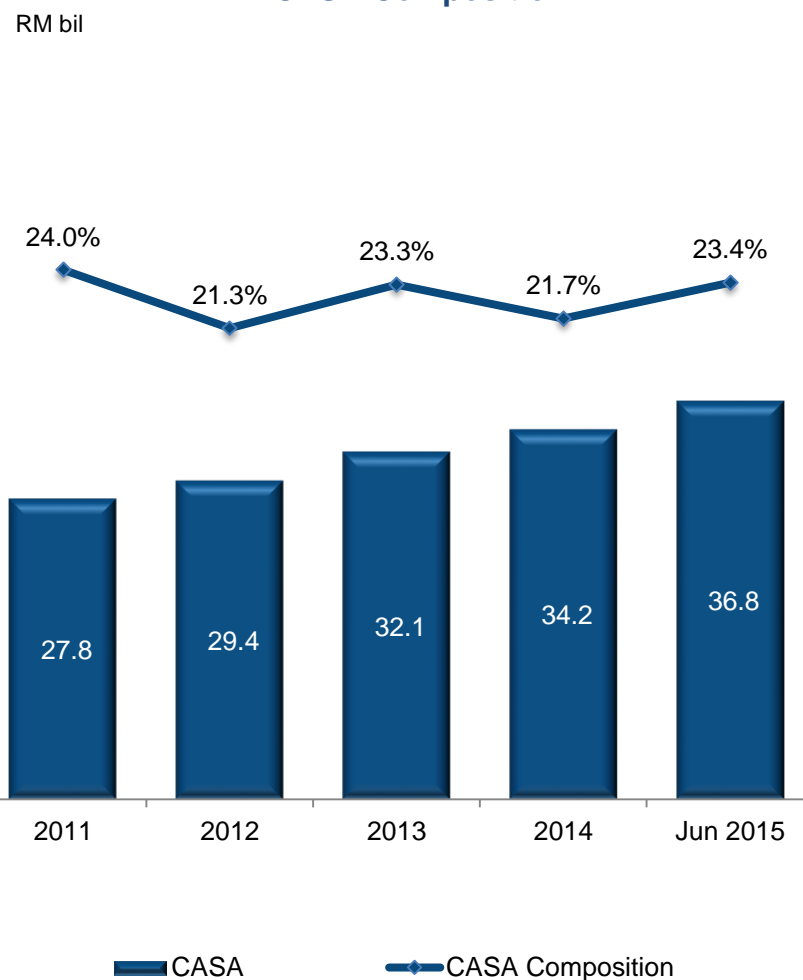
Funding Composition



- Customer Deposits
- Deposits from Banks and Other FI
- Equity & Debt Capital*
- Borrowings & Senior Debt Securities
- Loans Sold to Cagamas

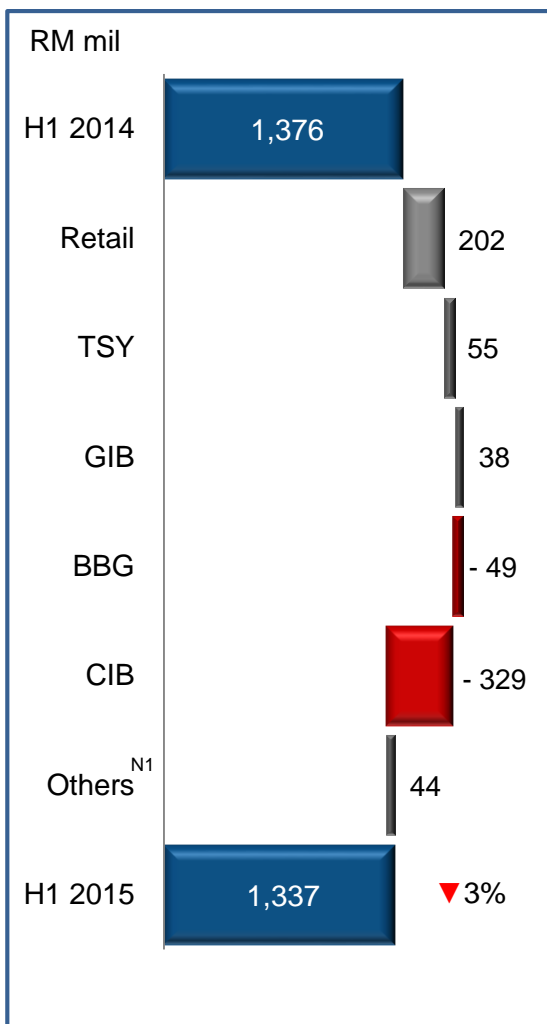
* Debt capital include subordinated obligations and hybrid tier 1 capital securities

CASA Composition





PBT by SBG



Retail

+43%



H1 2015: RM671 mil
H1 2014: RM469 mil

TSY

+53%



H1 2015: RM159 mil
H1 2014: RM104 mil

GIB

+80%



H1 2015: RM85 mil
H1 2014: RM47 mil

BBG

-21%



H1 2015: RM182 mil
H1 2014: RM231 mil

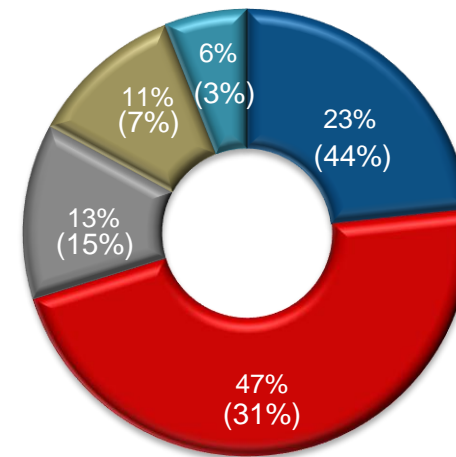
CIB

-50%



H1 2015: RM334 mil
H1 2014: RM663 mil

Composition



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

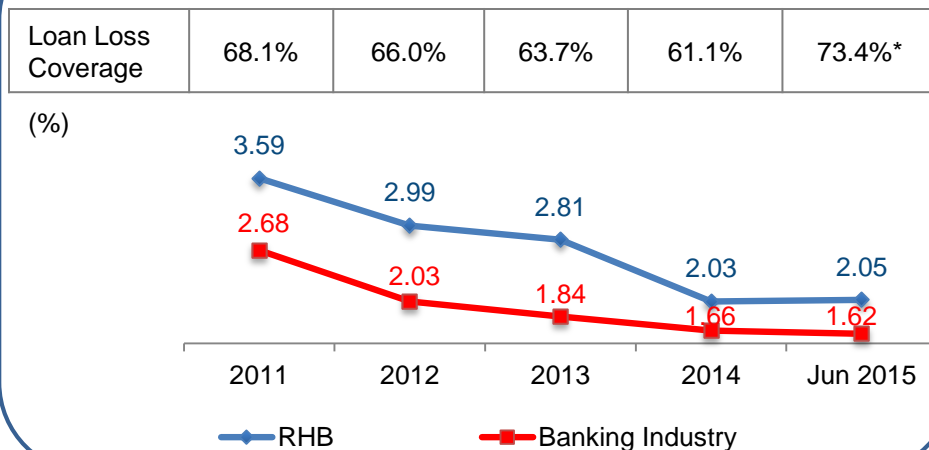
Note: Composition represents position for H1 2015 (H1 2014)

N1 Others refer to support centre, other business segments and inter-segment elimination

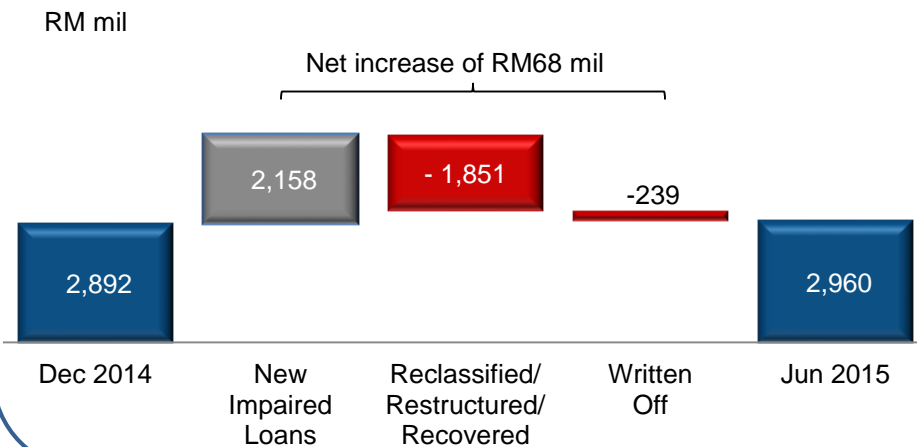


Asset Quality

Gross Impaired Loans Ratio

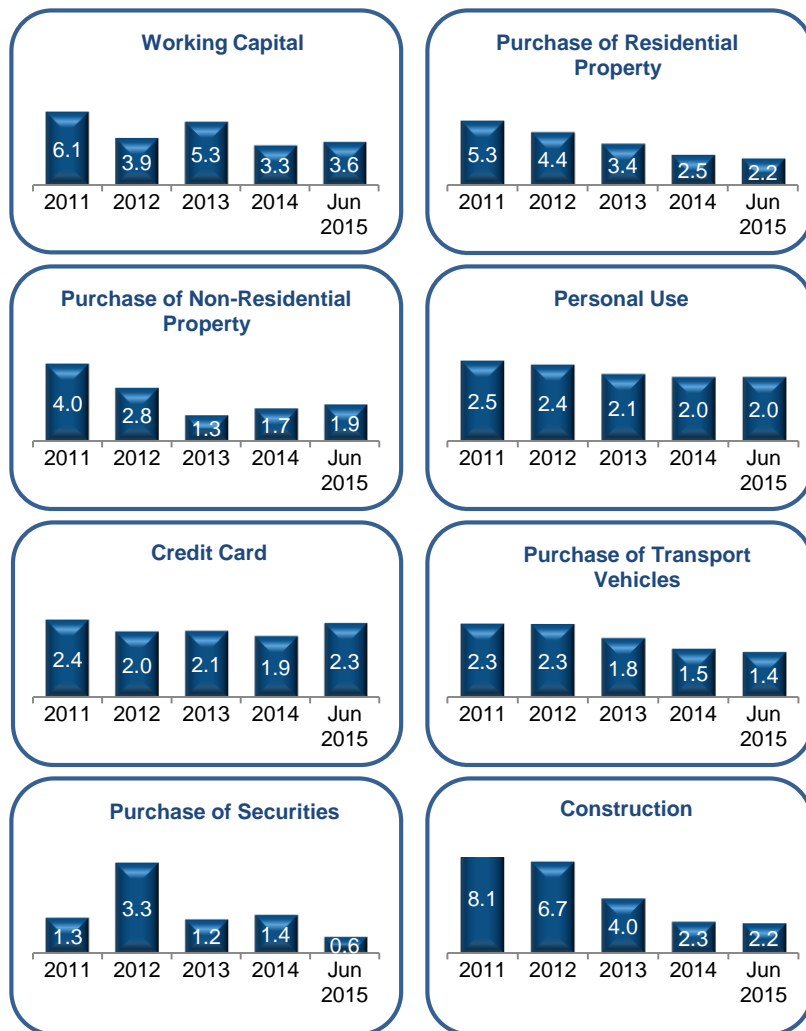


Gross Impaired Loans Movement



* Inclusive of 1.2% regulatory reserve amounting to RM502 million

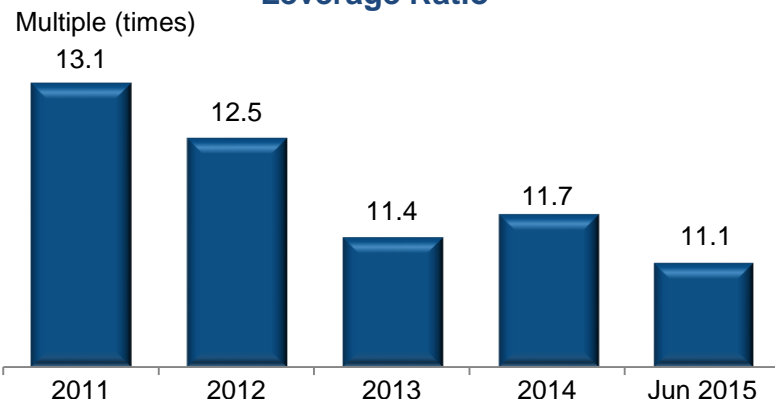
Gross Impaired Loans Ratio (%) by Purpose



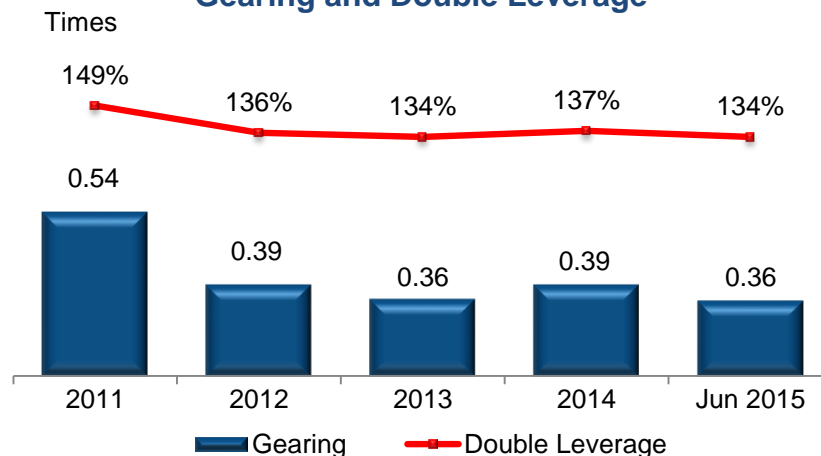


RHB Capital : Capital Position & Market Capitalisation

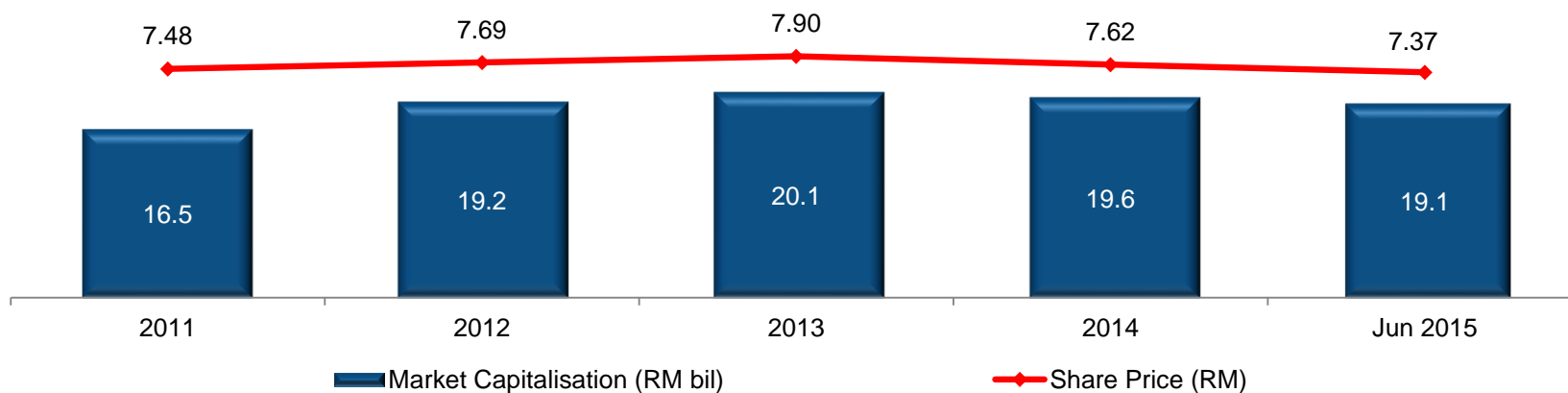
Leverage Ratio^{N1}



Gearing and Double Leverage^{N2}



Share Price & Market Capitalisation

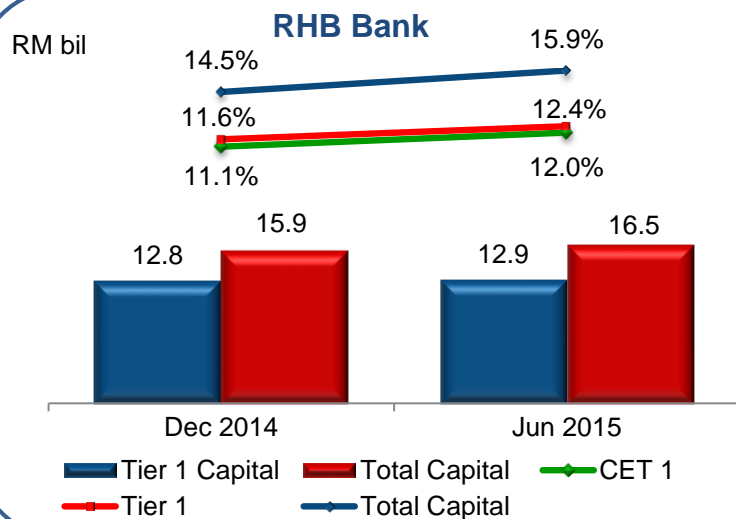
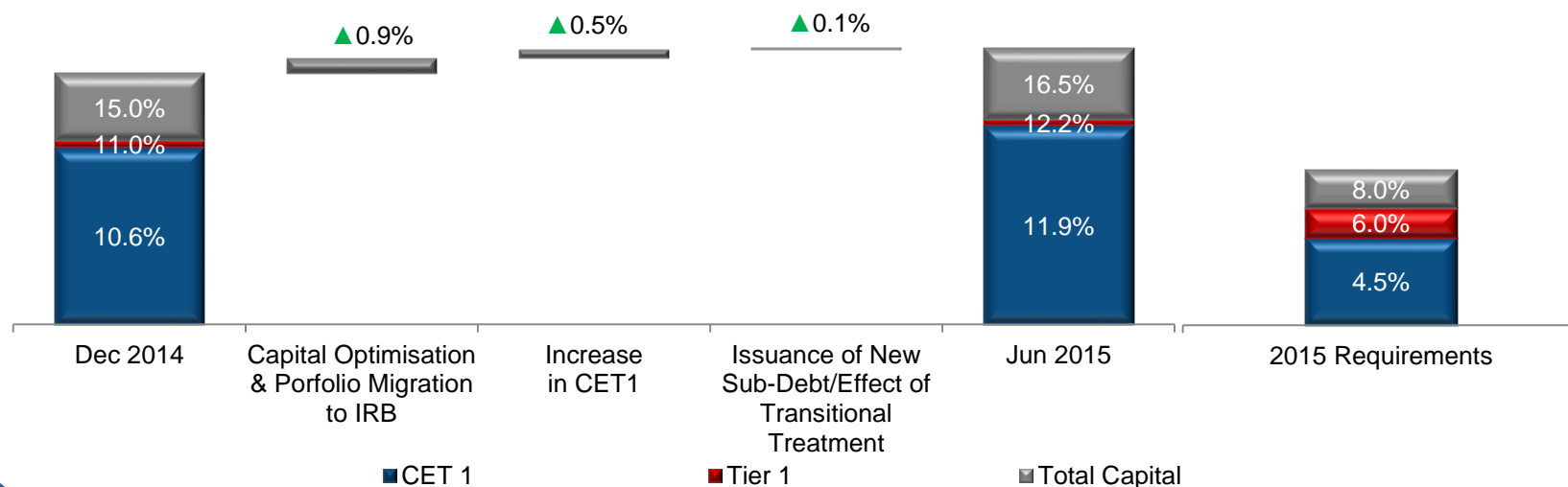


N1: Leverage ratio is defined as total assets over shareholders' funds

N2: Proforma Basel III CET 1 of RHB Capital Group stood at 10.6% as at 30 June 2015.

Capital Position (1/2)

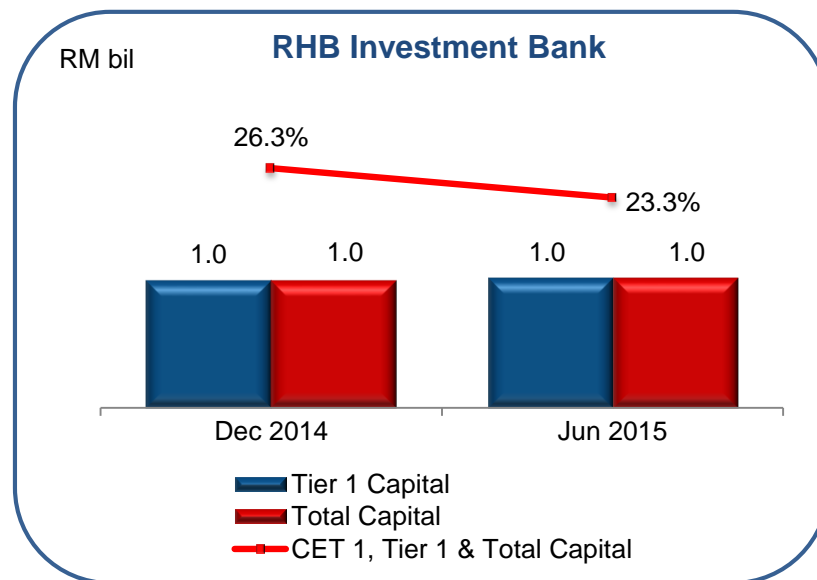
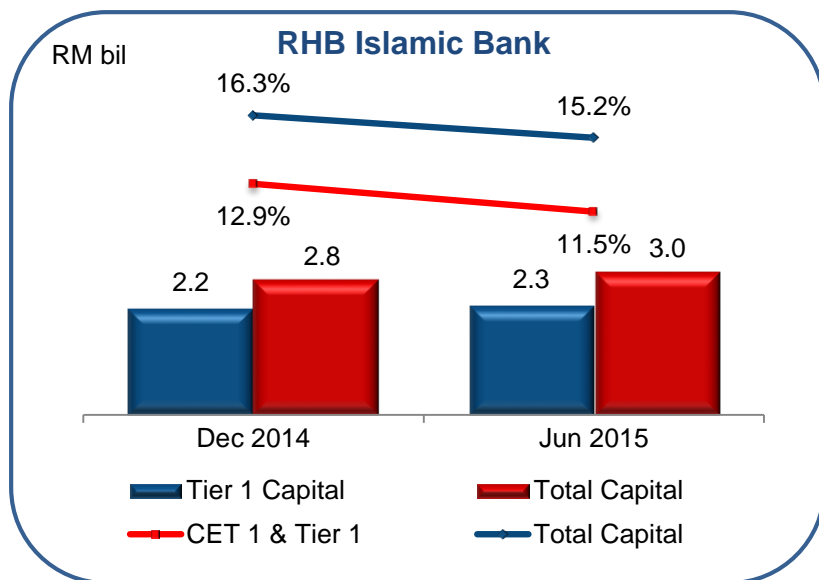
RHB Bank Group: Capital Development in H1 2015



- ◆ Total capital ratio for RHB Bank increased mainly due to capital optimization, portfolio migration to IRB, increase in CET1 and new sub-debt issuance.
- ◆ RHB Bank Berhad on 29 April 2015 fully redeemed RM700 million subordinated notes which was due for step-up.
- ◆ On 8 May 2015, RHB Bank Berhad issued RM500 million 4.75% subordinated notes with a tenure of 10 non-callable 5 years.



Capital Position (2/2)



- ◆ RHB Investment Bank had on 6 April 2015 and 25 May 2015 fully redeemed its subordinated notes of RM125 million and RM75 million respectively which were due for step-up.
- ◆ On 16 April 2015, RHB Investment Bank issued RM200 million 4.95% subordinated notes with a tenure of 10 non-callable 5 years.

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Shareholders, at EGM on 27 August approved all resolutions

1

Resolutions passed:

- i. Ordinary Resolution 1 : Proposed Rights Issue
- ii. Ordinary Resolution 2: Proposed Transfer of Listing Status to RHB Bank
- iii. Special Resolution 1: Proposed Distribution and Capital Repayment by RHB Capital
- iv. Special Resolution 2: Proposed RHB Capital M&A Amendments

2

Objectives/benefits:

- i. Strengthen the capital position of RHB Bank for continuous growth and to meet Basel III requirements
- ii. Interest saving / improve tax efficiency – better ability for dividend payments
- iii. RHB Bank as the stronger counterparty for businesses, cheaper funding and regional expansion to spearhead RHB Banking Group's growth
- iv. Direct equity participation by shareholders in RHB Bank, the main operating entity

3

The proforma financial impact are as follows:

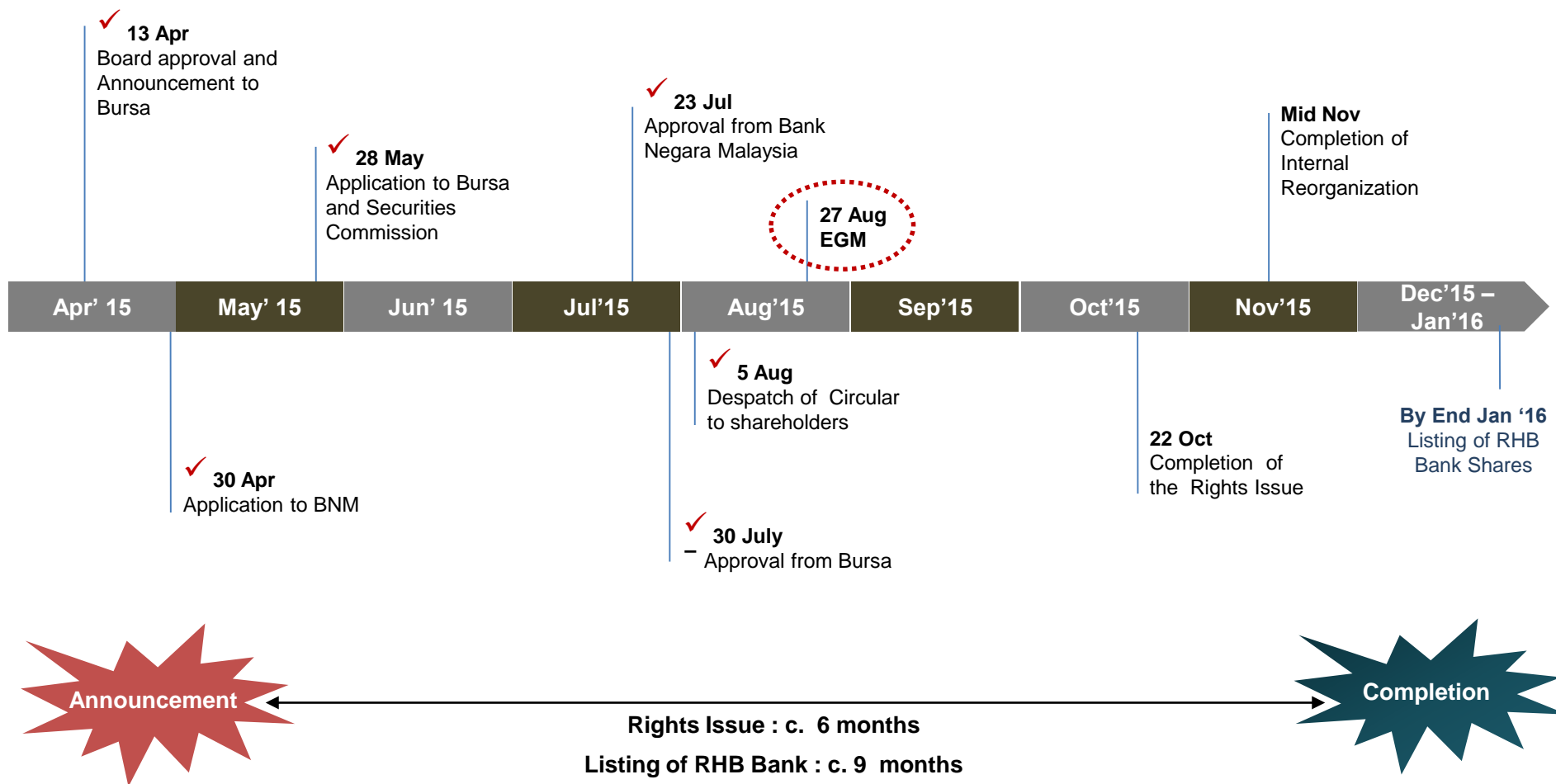
- i. Post completion, on a proforma basis, ROE of the Group is expected to improve from 10.9%^{N1} to 11.5%^{N1}

N1 Based on closing share base, not average.



Internal Reorganisation Plan

The key milestones as set out in the Circular to Shareholders are as follow:



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Reframed Strategy: Focus more on performance over size

By 2020

To be a leading multinational financial services group

Original Aspirations

Top 3 in Malaysia/Top 8 in ASEAN
by size and performance

Focus on
performance
over size

Strong market leadership in Malaysia
across targeted products and segments

Regional powerhouse in ASEAN+,
40% revenue contribution from
international operations

Focus on
profit
instead of revenue

Next generation customer centric bank
delivering innovative and personalised
customer offerings

Prominent employer of choice
within the region

Revised Aspirations

1 Top 3 in Malaysia/Top 8 in ASEAN
by performance

2 Strong market leadership in Malaysia
across targeted products and segments

3 Regional powerhouse in ASEAN+,
20% profit contribution from international
operations

4 Next generation customer centric bank
delivering innovative and personalised
customer offerings

5 Prominent employer of choice
within the region



Our focus on performance (i.e. ROE) is anchored on 3 key broad themes

Target ROE of 13% in 2017 and 15% in 2020





Reframed Strategy: Sharpening our focus on 17 initiatives to deliver IGNITE 2017

◆ Affluent Segment Strategy

Leverage strong relationship with SME owners and corporate C-suites to increase market share

◆ Mass Affluent Segment Strategy

Deepen share of wallet by offering killer products and a digital customer experience

◆ SME Growth Strategy

Build proposition around SME ecosystem to capture end-to-end value chain and strengthen credit capabilities

◆ Asset Management Strategy

Rapid expansion of agency and RHB Group distribution

◆ Regional Treasury Strategy

Establish Singapore as non-MYR hub with country specific strategies

◆ Singapore Growth Strategy

Focus growth through regional treasury, SME and C+IB collaboration

◆ CIB Growth Strategy

Rewire CIB across the region and increase share of wallet through GAM and regional collaboration

◆ Tactical Cost Savings

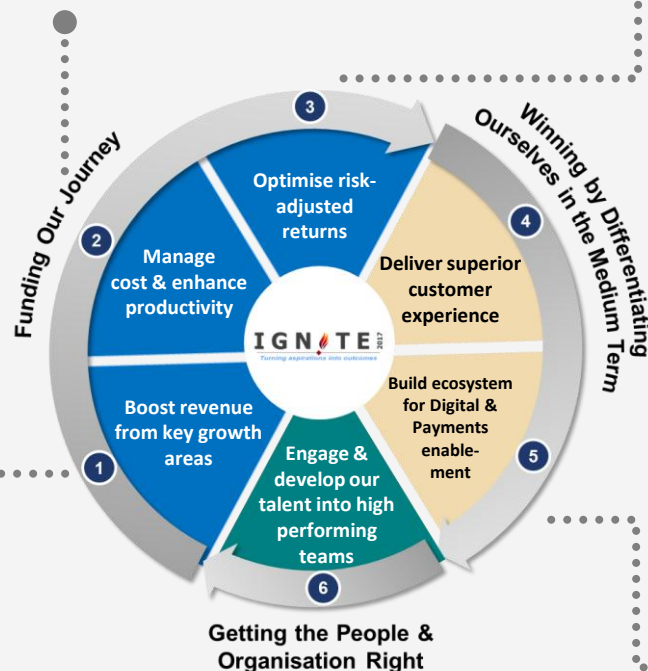
Reducing non-payroll cost by 10%

◆ Productivity Improvements

Drive productivity improvement

◆ Network Strategy & Optimisation

Optimise network across the Group and reducing cost to serve through "EASY-nisation"



◆ Talent Management

Engage, sustain and develop our talent into high performing teams

◆ Capital Optimisation

Reduce capital consumption through model refinements and IRB migration

◆ RAROC & Profitability Enhancements

RAROC analysis and portfolio improvement strategies

◆ CONNECT & RHB Way

Delighting customers through personalising our service, making it simple & fast and being their trusted partner

◆ Central Client Onboarding

Deliver quality and seamless customer interactions across the Group

◆ Enhance Customer Experience through Operational Efficiency

Enable RHB Way through operational improvements & innovations

◆ Digital & Payments Strategy

Delivering segment-driven ecosystem through digital and payments innovation with industry collaboration

AGENDA

Executive Summary

H1 2015 Financial Results

Update on Corporate Exercise

Reframed Group Strategy

Summary and Outlook





Economic outlook

- 1** Economic outlook to remain challenging on weaker domestic demand as consumers and businesses adjust to the implementation of the GST

- 2** Business and consumer sentiment may also be affected by the slowdown in the property market, commodity weakness and the current level of the ringgit

- 3** Exports are expected to improve but modestly given the global trade recovery outlook

- 4** Economic growth is supported by resilient consumer spending given the stable employment market outlook and implementation of ongoing and new projects by the private and public sectors

- 5** We expect 2015 economic growth to moderate to 4.5%-4.8%, inflation of 2.3% and policy rates to remain accommodative



Summary and concluding remarks

- 1** H1 2015 results credible in the midst of current global macroeconomic environment
- 2** Global economic outlook is expected to remain challenging, hence immediate focus on optimizing cost and capital efficiency and managing asset quality
- 3** Boosted loan loss coverage ratio towards industry benchmark, increased from 60.7% as at 31 March 2015 to 73.4% as at 30 June 2015
- 4** Completion of the corporate exercise will enable the Group to strengthen the capital position of RHB Bank and to support the Group's business growth while meeting the capital requirements of Basel III
- 5** Reframed strategy to focus on value creation for shareholders, anchored on three key themes:
 - boosting revenue from key growth areas, managing costs and enhancing productivity, and optimizing capital and balance sheet
 - differentiating its customer experience and digital ecosystem
 - a more robust talent development programmeTarget to achieve 13% ROE in 2017 and 15% ROE in 2020



END

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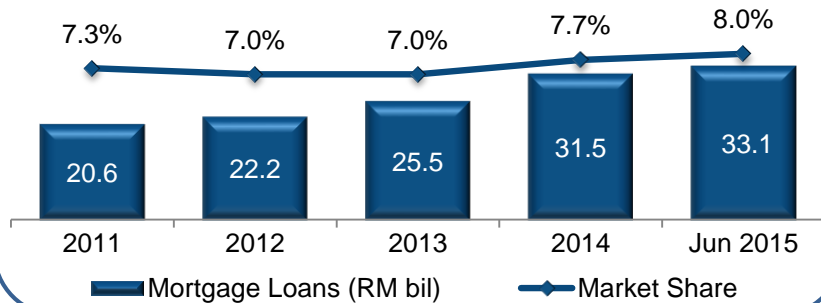
Appendix

Key Business Highlights

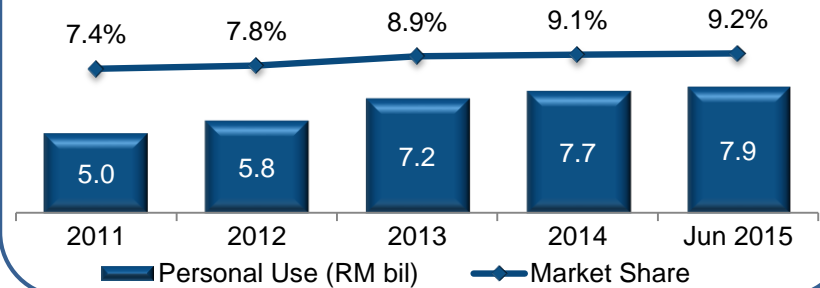


Retail Business Performance

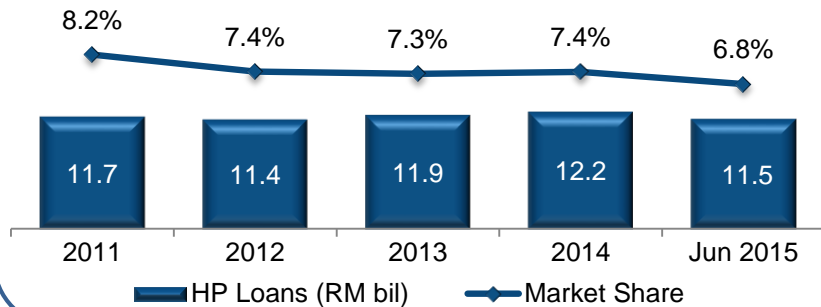
Mortgage



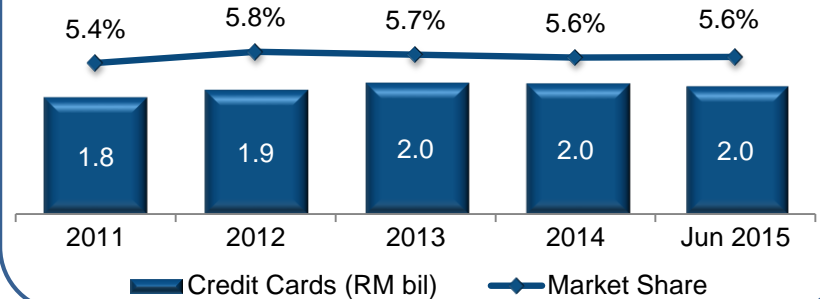
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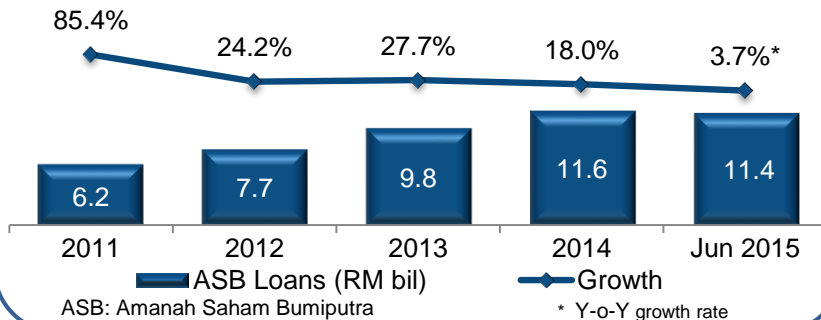
Auto Finance



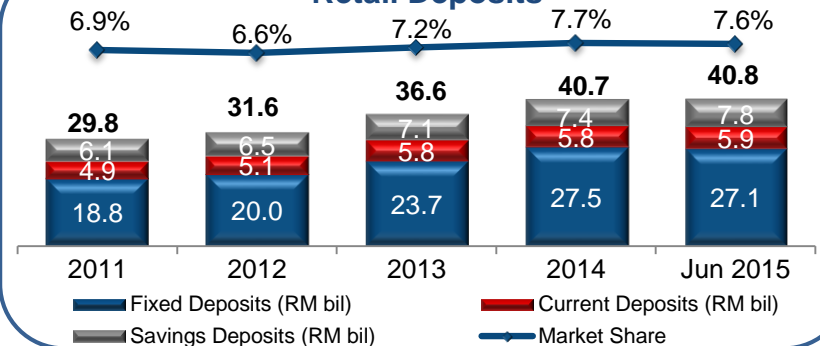
Credit Card



ASB



Retail Deposits





CIB Market Share

	YTD Jun 2015		FY 2014		FY 2013	
	Market Share	Ranking	Market Share	Ranking	Market Share	Ranking
Debt Capital Market - sukuk*	20.13%	1	12.4%	4	17.6%	4
- conventional & Islamic bonds	23.37%	1	11.5%	4	16.3%	4
Mergers & Acquisitions - by value	5.02%	10	22.4%	1	11.8%	3
- by deal count	11 deals	1	27 deals	1	26 deals	1
Equities Capital Market ^	10.52%	4	8.6%	4	7.9%	3

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

Source : Bloomberg & Bursa Malaysia & RHB

Major Mandates 1H 2015

DCM



Jambatan Kedua Sdn Bhd
(wholly-owned subsidiary of Ministry of Finance Incorporated)
RM2.0 bil issuance out of RM4.6 bil
Sukuk Murabahah Programme
Joint Lead Arranger / Joint Lead Manager



Benih Restu Berhad
(subsidiary of Genting Plantations Berhad)
RM1.0 bil issuance up to RM1.5 bil
Sukuk Murabahah Programme
Joint Lead Manager / Joint Bookrunner



Malaysia Building Society Berhad
RM900.0 mil issuance out of RM3.0 bil
World's First Structured Covered Sukuk Murabahah
Sole Principal Adviser / Sole Lead Arranger

ECM



Sunway Construction Group Berhad
RM478 mil
Main Market IPO (listed on 28 July 2015)
Sole Principal Adviser / Joint Global Coordinator / Joint Underwriter / Joint Bookrunner



Malakoff Berhad
RM2.74 bil
Main Market IPO
Joint Bookrunner / Joint Lead Manager



MCT Consortium Berhad
RM1.21 bil
Placement
Sole Principal Adviser / Sole Placement Agent



Sunsuria Berhad
RM380 mil
Rights Issue
Joint Adviser / Joint Underwriter

M&As and Syndicated Loans



Al-Salam REIT
RM350ml
Term Loan
Joint Mandated Arranger



Sunsuria Berhad
RM523.3 mil
Acquisitions of shares and property development companies from Sime Darby Berhad
Joint Adviser



Berjaya Corporation Berhad
RM376.16 mil
Conditional Take-Over to acquire all the remaining shares in REDtone International Bhd
Financial Adviser

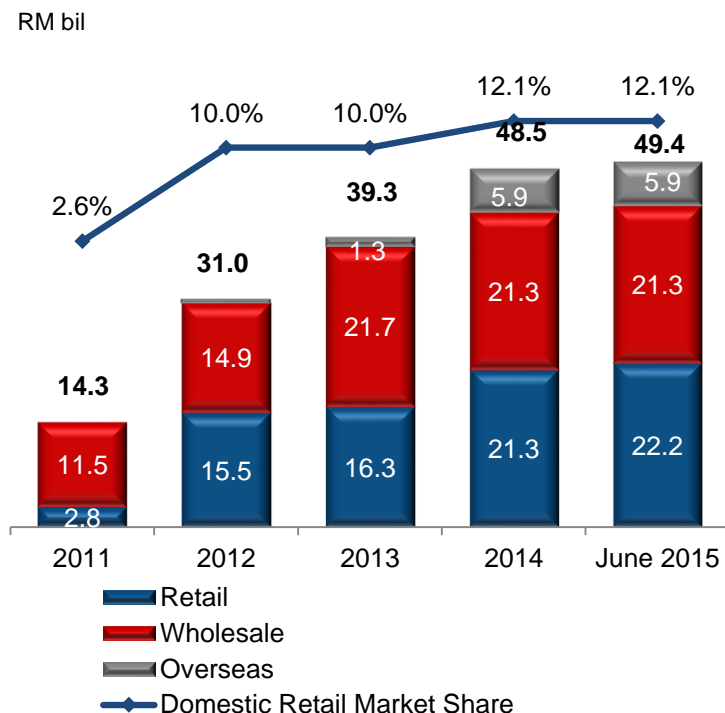


Equities, Futures & Asset Management

Equities (by value)	Jun 2015		FY 2014	
	Market Share	Ranking	Market Share	Ranking
Malaysia				
- By value	8.6%	4 th	9.5%	3 rd
- By volume	12.8%	2 nd	13.7%	2 nd
Singapore	4.7%	10 th	5.4%	10 th
Hong Kong	0.1%	97 th	0.1%	97 th
Indonesia	2.5%	15 th	2.3%	15 th
Thailand	1.3%	28 th	1.3%	27 th
Cambodia	2.2%	5 th	2.5%	7 th

Futures (by volume)	Jun 2015		FY 2014	
	Market Share	Ranking	Market Share	Ranking
Malaysia - FKLI	6.2%	5 th	7.5%	4 th
Malaysia - FCPO	7.4%	3 rd	9.6%	3 rd
Thailand	4.7%	7 th	4.0%	8 th
Hong Kong - HSIF	0.1%	64 th	0.1%	71 st

Total AUM



	Ranking	
	June 2015	FY 2014
Retail	3	3
Wholesale ^{N1}	3	3

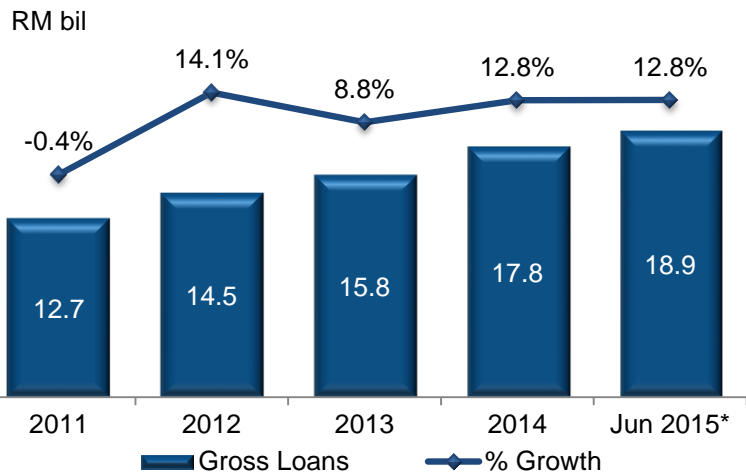
Source: Lipper as at June 2015

N1: Based on available information as at Dec 2014

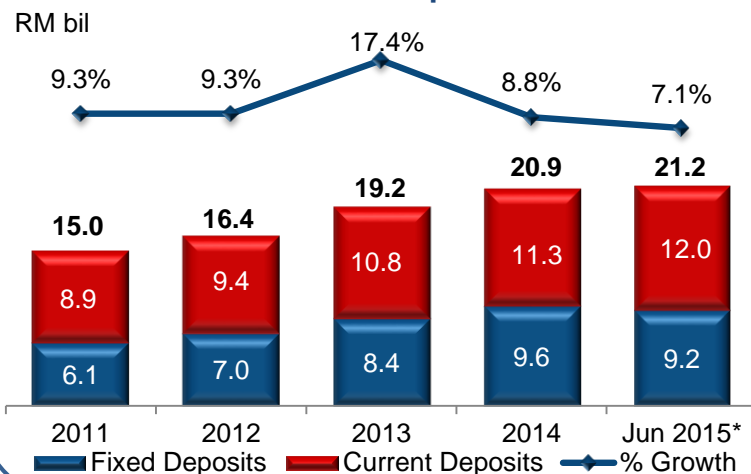


Business Banking and SME

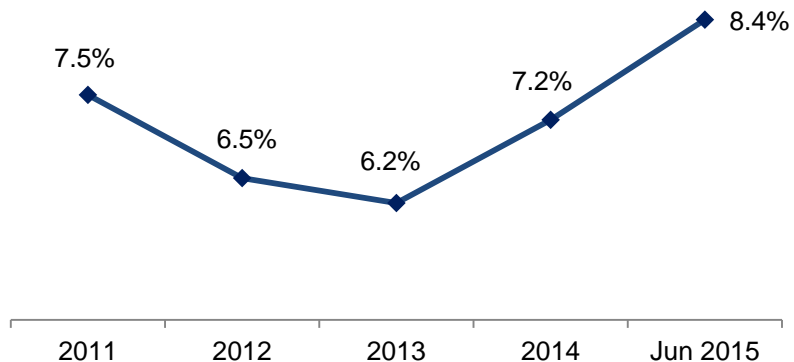
Gross Loans



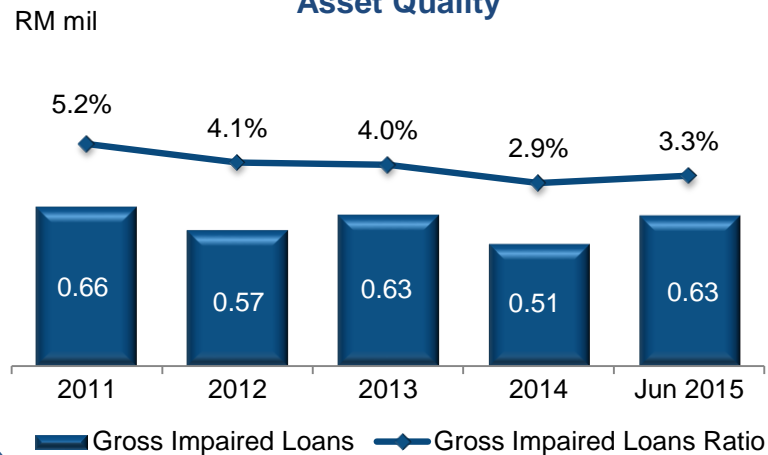
Customer Deposits



SME Market Share



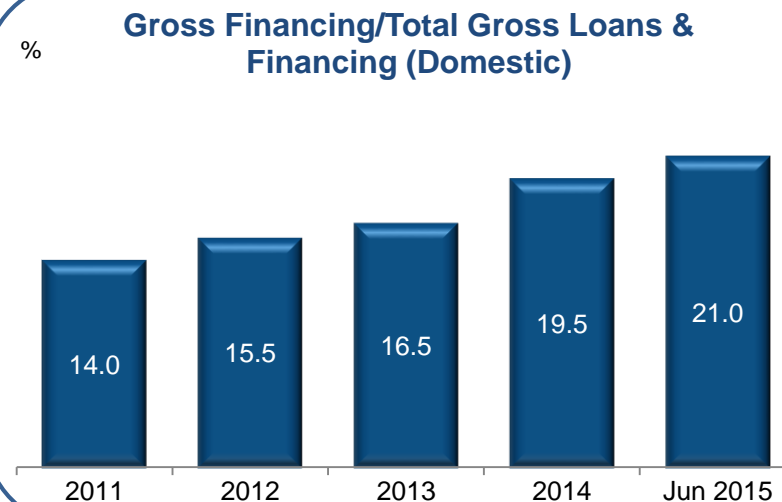
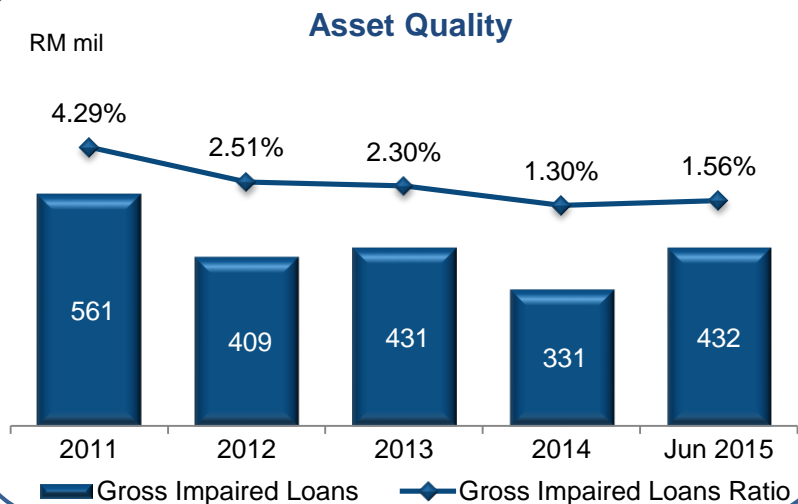
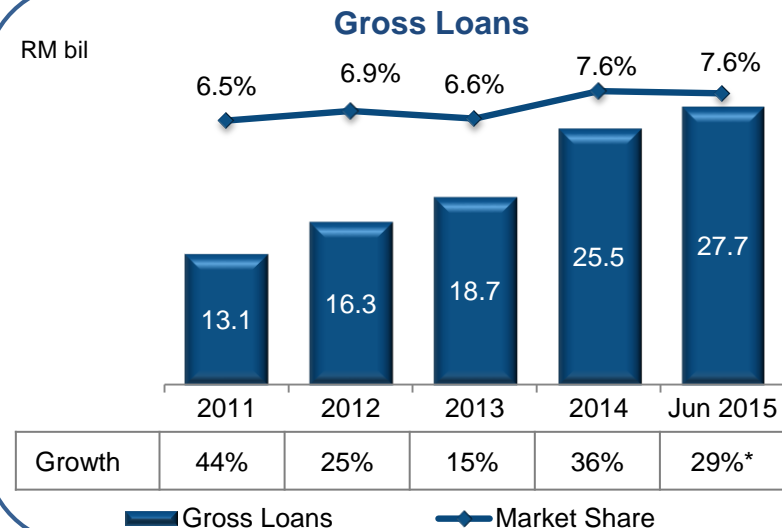
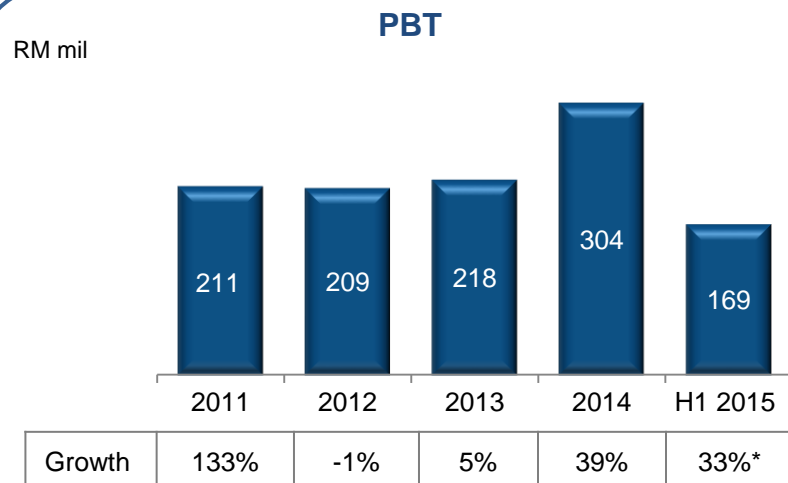
Asset Quality



* Y-o-Y growth rate



Islamic Financial Performance



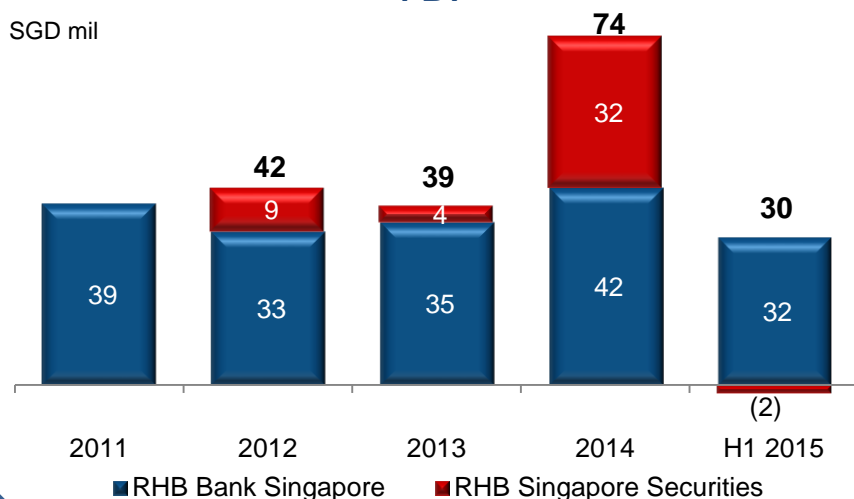
* Y-o-Y growth rate



RHB Singapore Business Performance

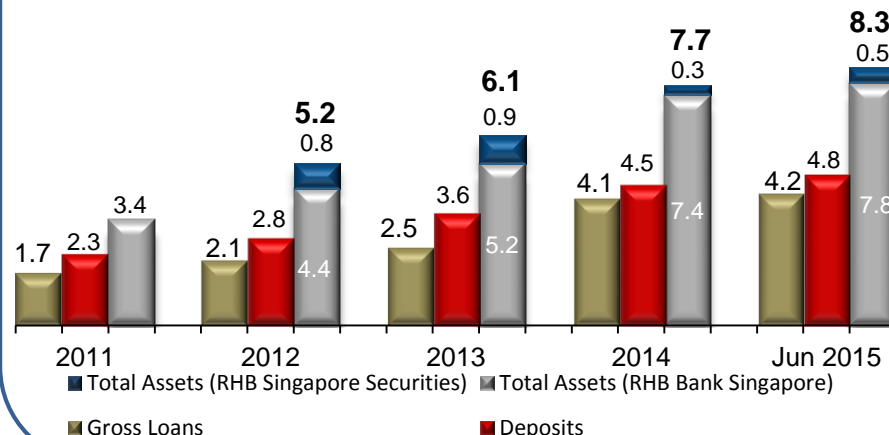
PBT

SGD mil

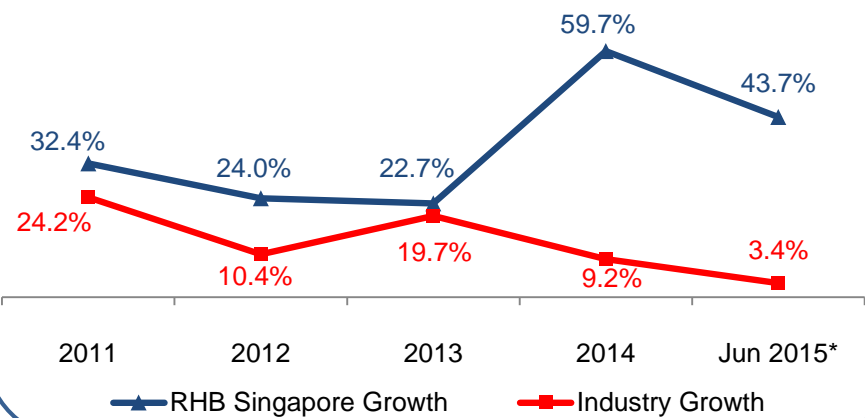


Loans, Deposits & Total Assets

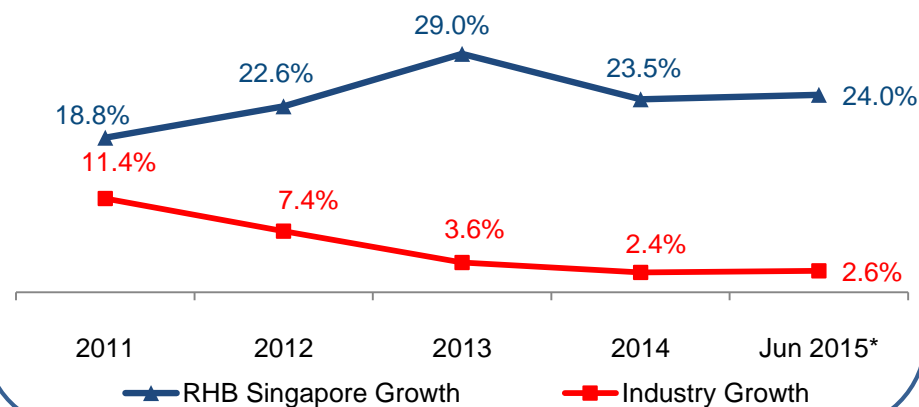
SGD bil



Loans Growth



Deposits Growth



* Y-o-Y growth rate