

Growing with the nation



## RHB Capital Berhad

### 3<sup>rd</sup> Quarter 2010 Financial Results



Dato' Tajuddin Atan  
Group Managing Director  
RHB Banking Group  
29 November 2010



## FORWARD LOOKING STATEMENTS

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## Agenda

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1. Since We Last Spoke
2. 3<sup>rd</sup> Quarter 2010 Financial Results Review
3. To Sum Up



## Since We Last Spoke

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### Corporate Update

- Completed acquisition of 15.2% in RHB Insurance from Nissay Dowa for RM44.5 million. Equity stake in RHB Insurance increased to 94.7%.

### Business Expansion/ Tie-ups

- Easy by RHB
  - ◆ From 2 to 100 Easy Outlets in 10 months, on track to achieve target of 120 outlets by end 2010
  - ◆ 98% of our customers agree that RHB is living up to our brand's promise of providing Simple & Fast Banking
  - ◆ Winner of Effie 2010 Silver Award, the only bank to receive an award for "Unbanking" - banking unconventional way
  - ◆ To replicate EASY ASB in all branches by early 2011
- Signed exclusive agreement with PayPal, the leading global on-line payment platform
  - ◆ Providing Top Up Service & real-time money transfer via PayPal's open payment platform

### Awards

- Awarded CIMA Enterprise Governance Awards at the 2010 Malaysian Business - a Merit Award and 2nd Runner-Up in the Best Return To Shareholders category
- Retail Bank
  - ◆ Excellence Award 2010 for Best In-House Contact Centre (Above 100 seats) - Bronze Award
  - ◆ Excellence Award 2010 for Best Video for Contact Centre (Open Category) - Gold Award
- Awarded by Asiamoney magazine as amongst the top 3 Local Cash Management Banks in Malaysia by large-sized corporations



# RHB Capital Group Financial Report Card

Top level indicators		9M 2009	12M 2009	9M 2010	9M 2010 vs. 9M 2009 Commentary
Shareholders' Return	ROE (%)	14.2%	14.5%	15.1%	◆ Annualised ROE and ROA within targets
Asset Efficiency	ROA (%)	1.1%	1.1%	1.1%	
<b>Productivity</b>					
Asset Yield	Net Interest Margin (%)	2.75%	2.79%	2.74%	◆ Interest margin not reflective of 75bp OPR rise: - Loans to public sector with fixed rate yield - Concerted effort in lengthening the tenor of deposits and competition for deposits - Issuance of sub-debts in April 2010
Cost Efficiency	Cost to income Ratio (%)	40.6%	42.7%	41.1%	◆ Continued investment into people, customers touch points and network infrastructure
<b>Capitalization</b>					
- Bank - Investment Bank - Islamic Bank	RWCR (%)	13.0%	13.8%	11.7%	◆ RHB Bank - Implementation of Basel II on 1 July 2010 - Significant loans and treasury asset growth ◆ RHB Investment Bank - Returned surplus capital ◆ RHB Islamic Bank - Loans and treasury asset growth
		28.8%	32.0%	27.3%	
		14.0%	13.8%	13.2%	

Better Worse



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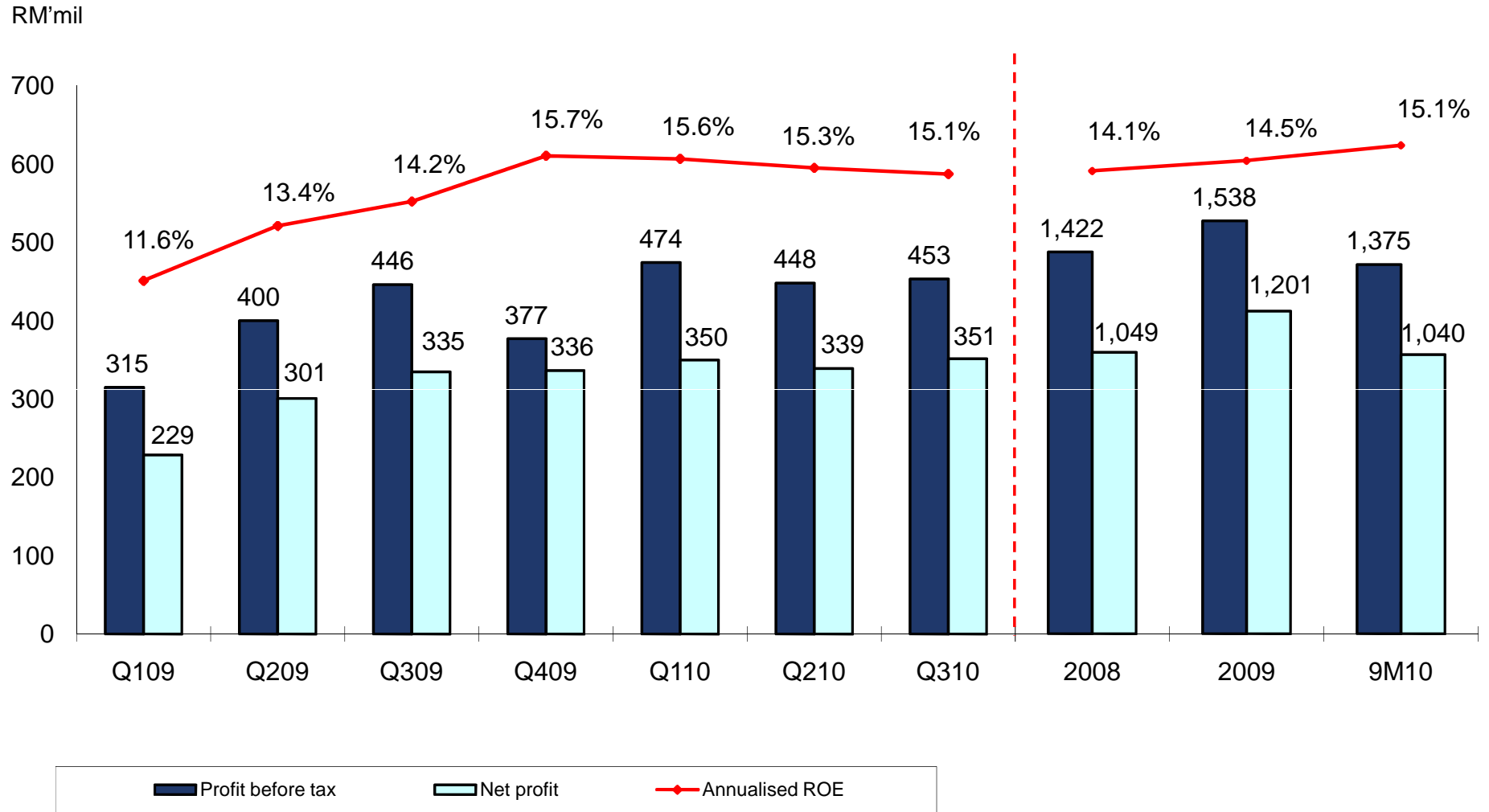
## Key Financial Highlights - 3<sup>rd</sup> Quarter 2010

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- ◆ 9M 2010 net profit of RM1,040.1 million, up 20% y-o-y
- ◆ 3<sup>rd</sup> Quarter net profit of RM351.4 million, up 4% q-o-q
- ◆ EPS at 48.3 sen, up 20% y-o-y
- ◆ Annualised ROE and ROA at 15.1% and 1.1% respectively
- ◆ Total assets expanded by 11% to RM127.1 billion
- ◆ Gross loans and advances grew by 15% to RM80.0 billion
- ◆ Gross impaired loans ratio improved to 5.64% from 6.66% as at 1 January 2010 (adjusted for effect of FRS 139)
- ◆ Deposits from customers grew by 8% to RM91.4 billion



# Operating Performance Trend







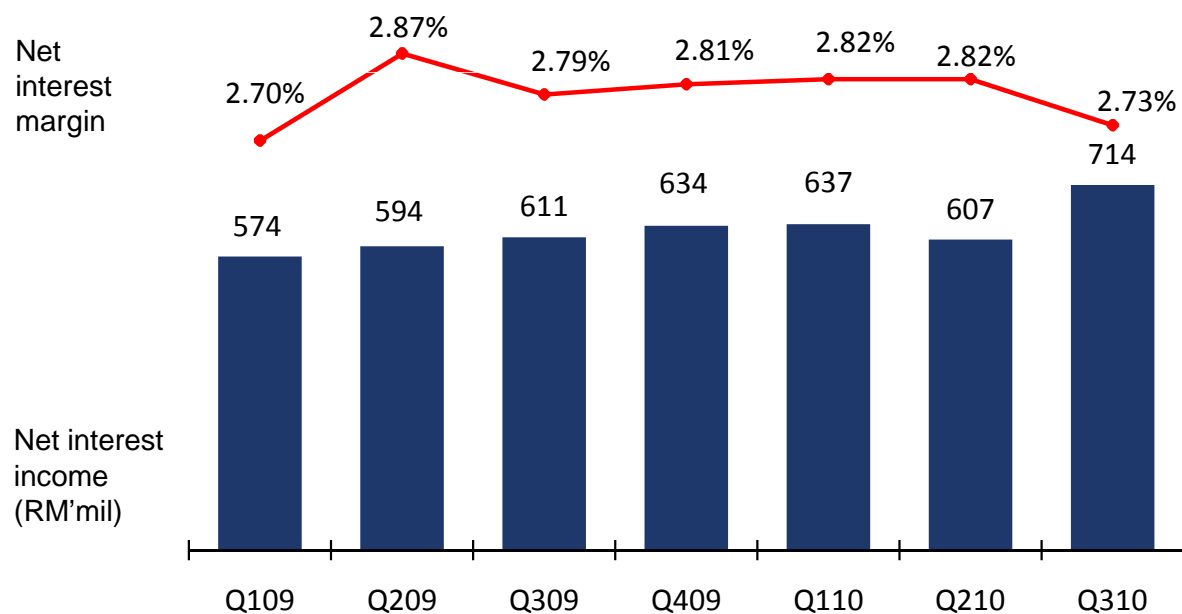
## Summary of Income Statement

RM mil	Q3 2010	Q2 2010	Q-o-Q Change %	9M 2010	9M 2009	Y-o-Y Change %
Net Interest Income	714	607	18	1,958	1,779	10
Other Operating Income	252	265	-5	764	678	13
Income From Islamic Banking Business	86	79	9	249	241	3
<b>Total Income</b>	<b>1,052</b>	951	11	<b>2,971</b>	2,698	10
Other Operating Expenses	(423)	(387)	9	(1,220)	(1,096)	11
<b>Operating Profit Before Allowances</b>	<b>629</b>	564	12	<b>1,751</b>	1,602	9
Allowance for Impairment on Loans, Advances and Financing	(174)	(92)	89	(350)	(468)	-25
Impairment Losses on Other Assets	(2)	(24)	-92	(26)	27	>-100
<b>Profit Before Taxation</b>	<b>453</b>	448	1	<b>1,375</b>	1,161	18
<b>Net Profit</b>	<b>351</b>	339	4	<b>1,040</b>	865	20
EPS (sen)	16.3	15.7	4	48.3	40.2	20

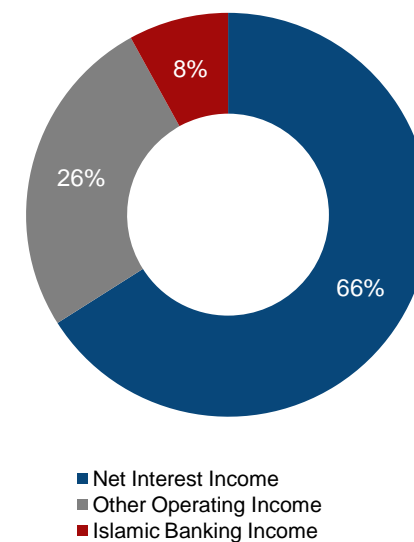


## Analysis of Total Income

RM mil	Q3 2010	Q2 2010	Q-o-Q Change %	9M 2010	9M 2009	Y-o-Y Change %
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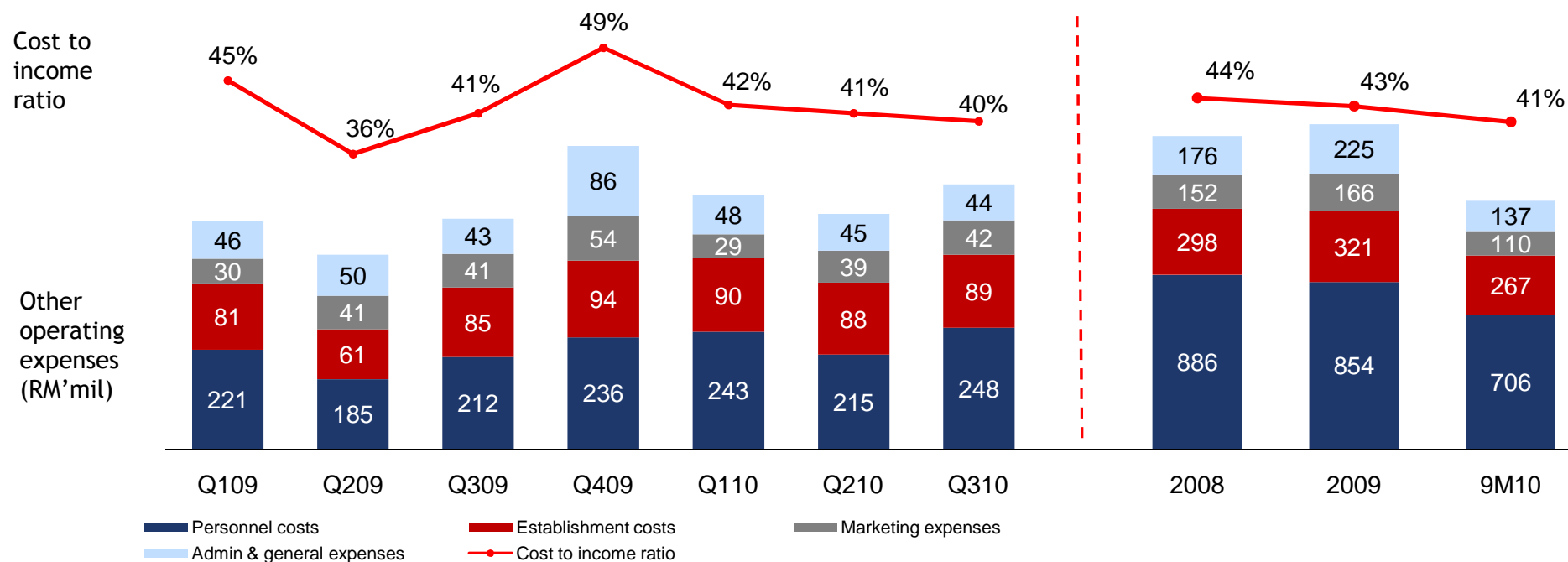
### Total Income Mix





## Other Operating Expenses

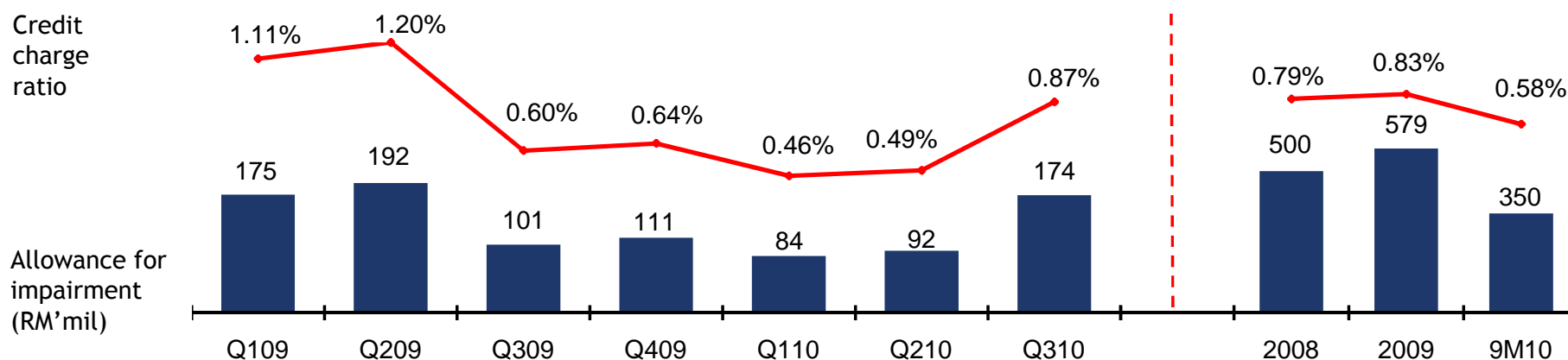
RM mil	Q3 2010	Q2 2010	Q-o-Q Change %	9M 2010	9M 2009	Y-o-Y Change %
Personnel costs	248	215	15	706	618	14
Establishment costs	89	88	1	267	227	18
Marketing expenses	42	39	8	110	112	-2
Admin & General expenses	44	45	-2	137	139	-1
<b>Other Operating Expenses</b>	<b>423</b>	<b>387</b>	<b>9</b>	<b>1,220</b>	<b>1,096</b>	<b>11</b>
Cost to Income Ratio (%)	40	41	-1	41	41	-





## Allowance for Impairment on Loans, Advances and Financing

RM mil	Q3 2010	Q2 2010	Q-o-Q Change %	9M 2010	9M 2009	Y-o-Y Change %
Individual assessment/Specific allowance	89	55	62	183	632	-71
Collective assessment/General allowance	120	103	17	314	(41)	>100
Impaired loans and financing recovered	(35)	(66)	-46	(143)	(126)	13
Impairment allowance for other debtors	-	-	-	(4)	3	>-100
<b>Allowance for impairment on loans, advances and financing</b>	<b>174</b>	<b>92</b>	<b>89</b>	<b>350</b>	<b>468</b>	<b>-25</b>
Gross Impaired Loans	4,510	4,467	1	4,510	3,333 <sup>N1</sup>	35
Credit Charge Ratio (%)	0.87	0.49	0.38	0.58	0.93	-0.35
Gross Impaired Loans Ratio (%)	5.64	5.90	-0.26	5.64	4.98 <sup>N1</sup>	0.66



N1: Old BNM GP3



## Key Balance Sheet Items

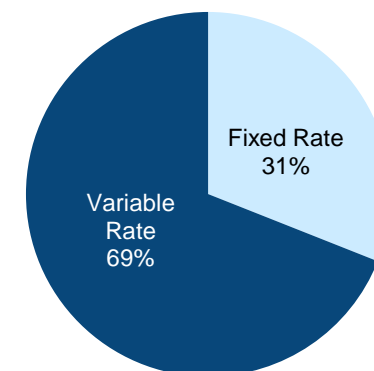
RM mil	Sept 2010	June 2010	Dec 2009	Q-o-Q Change %	Change for 9M 2010 %
Total Assets	<b>127,116</b>	120,192	114,951	6	11
Total Financial Assets/Investments	<b>26,322</b>	23,545	20,933	12	26
- Financial assets HFT	<b>1,604</b>	1,283	860	25	87
- Financial investments AFS	<b>13,587</b>	10,781	9,093	26	49
- Financial investments HTM	<b>11,131</b>	11,481	10,980	-3	1
Gross Loans	<b>80,040</b>	75,645	69,635	6	15
Customers Deposits	<b>91,441</b>	88,429	84,841	3	8
Borrowings	<b>3,673</b>	3,680	3,830	-	-4
Sub-debts	<b>3,245</b>	3,235	2,240	-	45
Hybrid Tier-1 Capital Securities	<b>592</b>	592	592	-	-
Shareholders' Funds	<b>9,654</b>	9,302	8,708	4	11
<b>LD Ratio (%)</b>	<b>87.5</b>	85.5	82.1	2.0	5.4
<b>Net Assets per share</b>	<b>4.48</b>	4.32	4.04	4	11



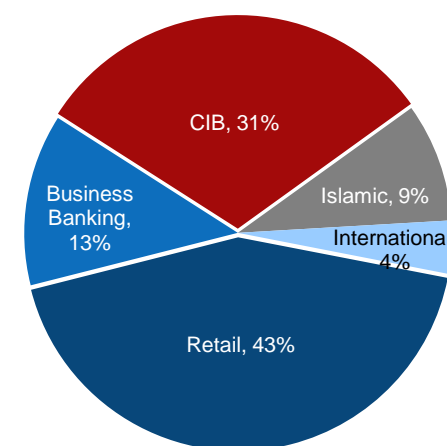
## Loans, Advances and Financing

RM mil	Sept 2010	June 2010	Dec 2009	Q-o-Q Change %	Change for 9M 2010 %
Working capital	<b>21,106</b>	21,532	22,218	-2	-5
Purchase of residential property	<b>17,962</b>	17,230	16,002	4	12
Purchase of non-residential property	<b>4,686</b>	4,298	3,943	9	19
Purchase of PPE other than land & building	<b>3,444</b>	3,571	3,757	-4	-8
Personal use	<b>2,281</b>	2,203	2,082	4	10
Credit card	<b>2,674</b>	2,450	2,248	9	19
Purchase of transport vehicles	<b>9,271</b>	8,724	8,226	6	13
Purchase of securities	<b>3,766</b>	3,429	2,409	10	56
Others	<b>14,850</b>	12,208	8,750	22	70
<b>Gross Loans and Advances</b>	<b>80,040</b>	<b>75,645</b>	<b>69,635</b>	<b>6</b>	<b>15</b>
Adjustment for FRS 139	-	-	317	-	-
<b>Gross Loans and Advances</b>	<b>80,040</b>	<b>75,645</b>	<b>69,952</b>	<b>6</b>	<b>14</b>
- SME	<b>11,284</b>	11,312	11,342	-	-1
- Individuals	<b>34,775</b>	32,859	29,547	6	18
- Corporate & others	<b>33,981</b>	31,474	28,746	8	18

### Composition of Loan Book - by Interest/Profit Rate Sensitivity



### Composition of Loan Book - by Strategic Business Group



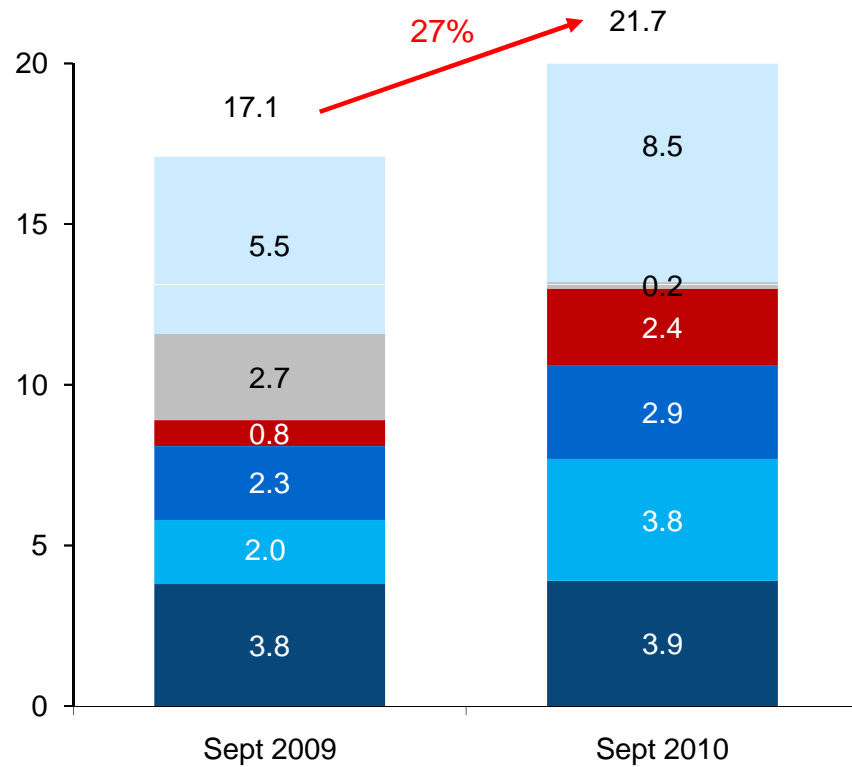


# Loans, Advances and Financing - Approvals & Disbursements

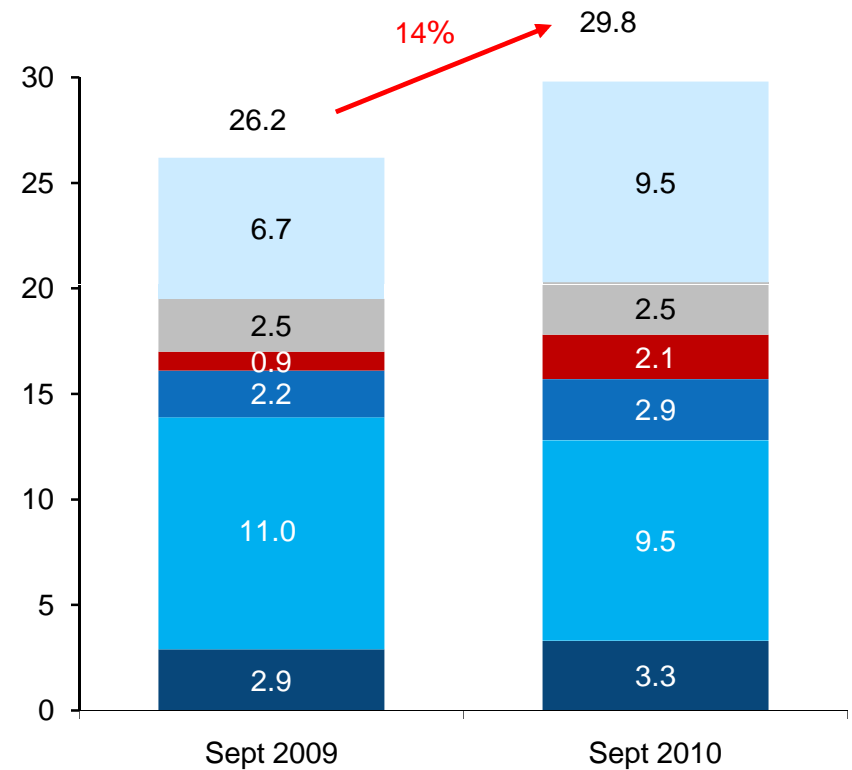
## Loans Approved

## Loans Disbursed

RM billion



RM billion

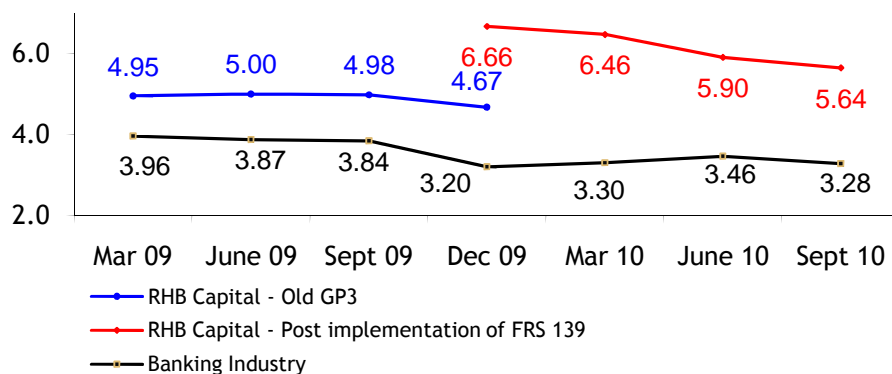


- Residential
- Working Capital
- Transport Vehicles
- Purchase of securities
- Credit Cards
- Others

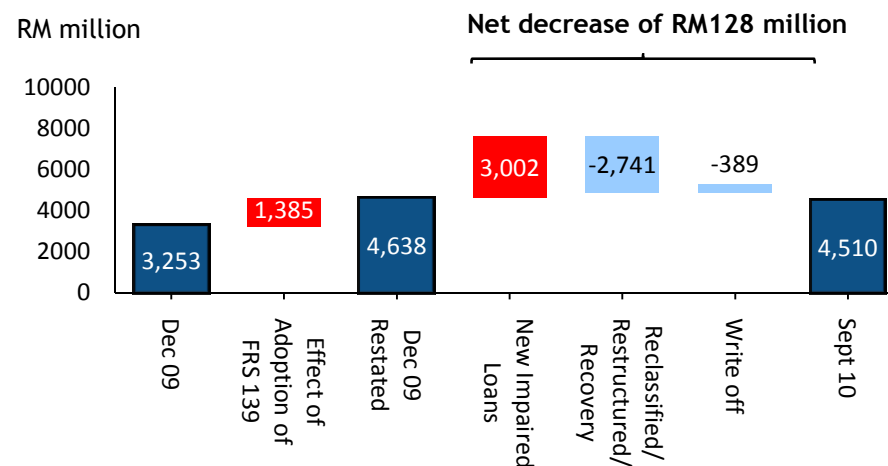


# Asset Quality

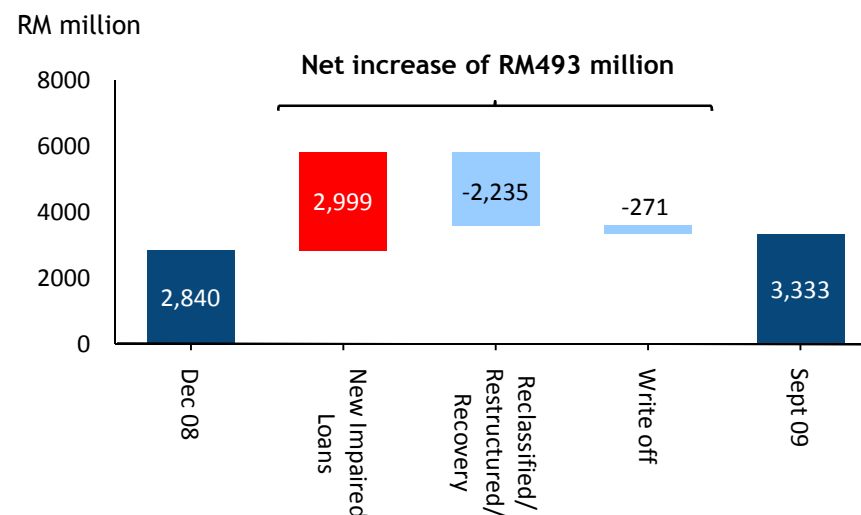
Gross impaired loans ratio improved by 0.26% to 5.64% from June 2010



New impaired loans formation improved to 1.71% from 2.01% a year ago



	Sept 2010	June 2010	Dec 2009	Q-o-Q Change	Change for 9M 2010
Gross Impaired Loans (RM million)	4,510	4,467	4,638 <sup>N1</sup>	43	-128
Gross Impaired Loans Ratio (%)	5.64	5.90	6.66 <sup>N1</sup>	-0.26	-1.02
Collective Impairment (%)	2.3	2.3	1.5	-	0.8



N1 Adjusted for effect of adoption of FRS 139



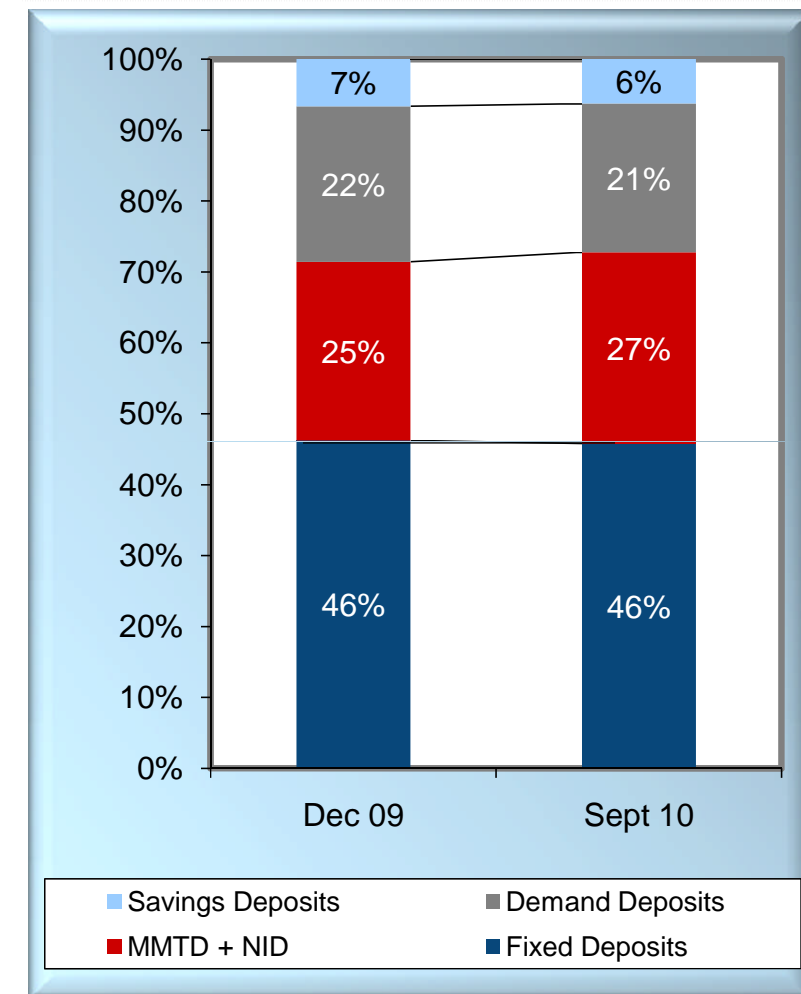


# Customers Deposits

Customers Deposits					
RM mil	Sept 2010	June 2010	Dec 2009	Q-o-Q Change %	Change for 9M 2010 %
Fixed Deposits	<b>66,275</b>	63,277	60,264	5	10
<i>of which MMTD</i>	<b>24,392</b>	22,927	21,043	6	16
Demand Deposits	<b>19,156</b>	19,016	18,597	1	3
Savings Deposits	<b>5,753</b>	5,823	5,663	-1	2
NIDs	<b>257</b>	313	317	-18	-19
<b>Total Deposits</b>	<b>91,441</b>	88,429	84,841	3	8
LD Ratio (%)	<b>88</b>	86	82	2	6
CASA (incl MMTD) (%)	<b>27</b>	28	29	-1	-2
CASA (excl. MMTD) (%)	<b>37</b>	38	38	-1	-1

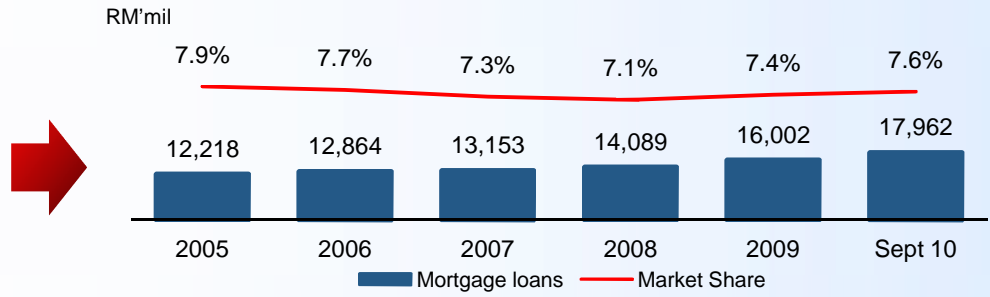
Domestic Market Share		
	Sept 2010	Dec 2009
Demand deposits	<b>9.9%</b>	10.3%
Savings	<b>5.4%</b>	5.3%
Fixed Deposits	<b>7.8%</b>	7.7%
<b>Total Domestic Deposits</b>	<b>7.8%</b>	7.5%

## Customers Deposits : Composition



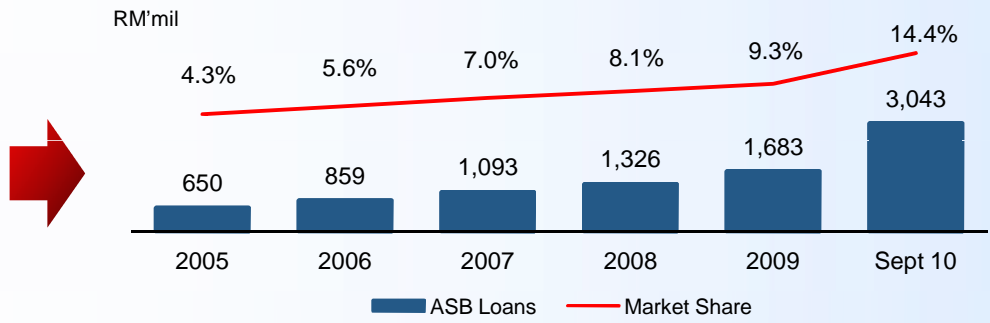
MMTD: Money Market Time Deposits  
 NID: Negotiable Instruments of Deposits

## Mortgage



- ◆ Improving market share
- ◆ Compete with product differentiation

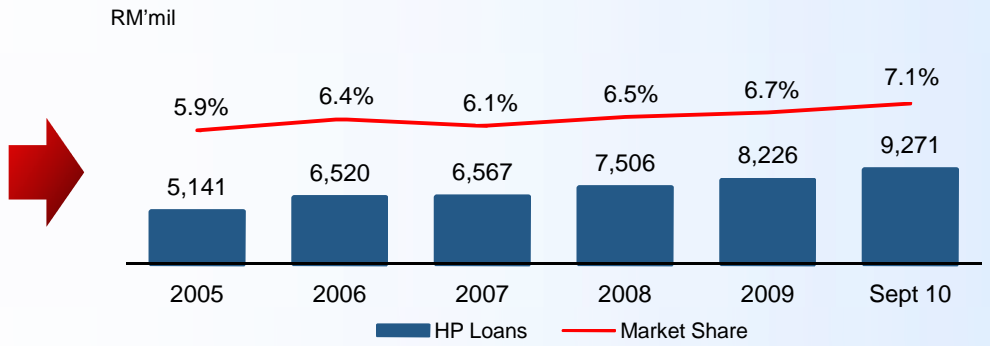
## ASB



- ◆ 40% CAGR since 2005
- ◆ Market share advanced to 15.0% in Oct 2010

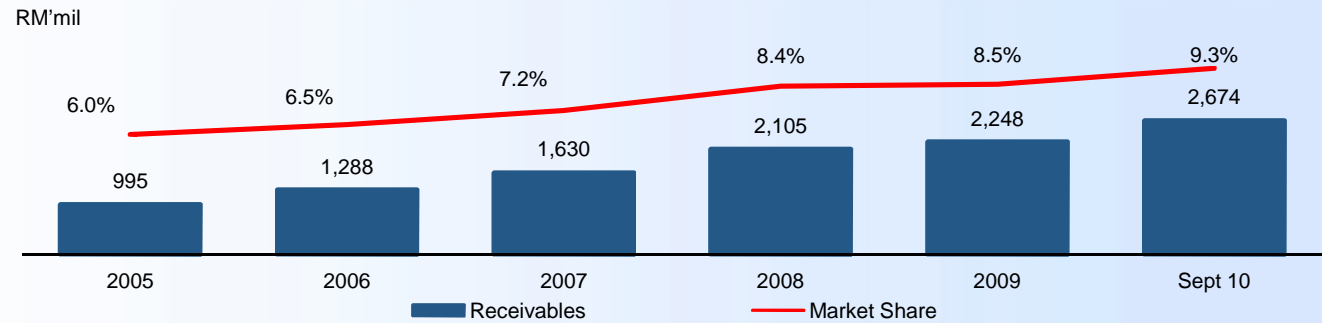
ASB : Amanah Saham Bumiputra

## Auto Finance

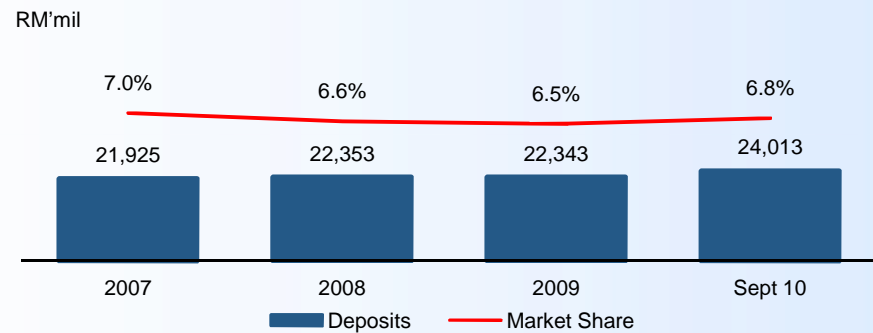


- ◆ Gaining market share through expanded dealer network and new business centre set-ups

## Credit Card

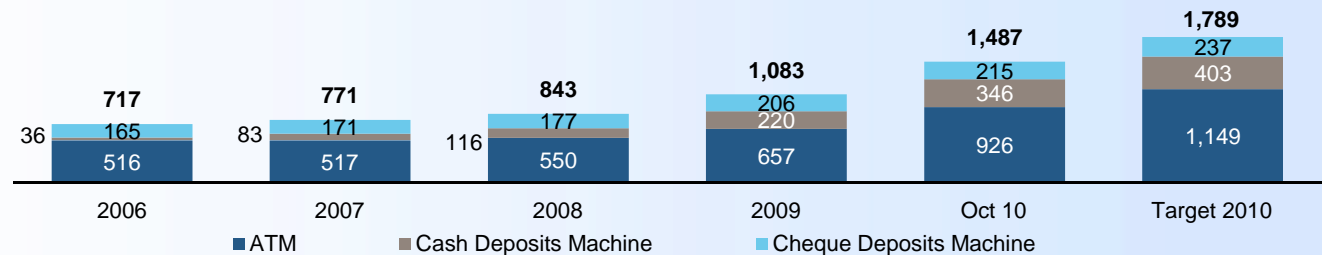


## Deposits



- ◆ Branches and expansion of SSTs support accumulation of CASA deposits (currently 38% of retail deposits)
- ◆ Continued increase of Retail deposit to replace accounts from corporates
- ◆ Infrastructure and systems in place to gain market share

## SST



- ◆ ATMs and other self-service terminals ('SST')
- 3<sup>rd</sup> largest, with over 1,400 SSTs throughout Malaysia

	YTD Sept 2010		YTD June 2010		FYE Dec 2009	
	Market Share	Rank	Market Share	Rank	Market Share	Rank
Mergers & Acquisitions	<b>55.3%</b>	<b>1<sup>st</sup> #</b>	54.4%	1 <sup>st</sup> #	9.0%	3 <sup>rd</sup>
Equities <sup>^</sup>	<b>17.5%</b>	<b>3<sup>rd</sup></b>	22.4%	2 <sup>nd</sup>	8.9%	3 <sup>rd</sup> *
Debt Capital Market**	<b>12.1%</b>	<b>3<sup>rd</sup></b>	12.8%	3 <sup>rd</sup>	13.2%	3 <sup>rd</sup>
Broking (by value)	<b>6.6%</b>	<b>4<sup>th</sup></b>	6.6%	5 <sup>th</sup>	5.9%	8 <sup>th</sup>

<sup>^</sup> IPOs, Rights Issues & Additional Offerings

\* Excluding foreign brokers

\*\* Primary Bond Offerings

# Includes only deals with target Malaysian companies

Source : Bloomberg & Bursa Malaysia

## Major Transactions Announced / Completed



### PLUS Expressways Berhad

RM23 billion - Acquisition of PLUS Expressways Berhad by UEM Group Berhad and EPF

Principal Adviser



### Sunway Real Estate Investment Trust (SunREIT)

RM1.5 billion - Listing on Main Market of Bursa Malaysia Securities Bhd

Sole Financial Adviser

Joint Global Coordinators & Joint Bookrunners (Institutional)

Joint Underwriters (Retail)



### Astro Holdings Sdn Bhd

RM9.52 billion - Privatisation of Astro All Asia Network PLC

Joint Financial Advisers



### Cagamas Berhad

RM5.0 billion Islamic Commercial Papers / Medium Term Notes Sukuk ALLM Programme

Joint Principal Advisers, Joint Lead Arrangers & Joint Lead Managers



### Tanjong Capital Sdn Bhd

RM7.89 billion - Privatisation of Tanjong PLC

Joint Financial Adviser



### MISC Berhad

RM5.25 billion - Rights Issue

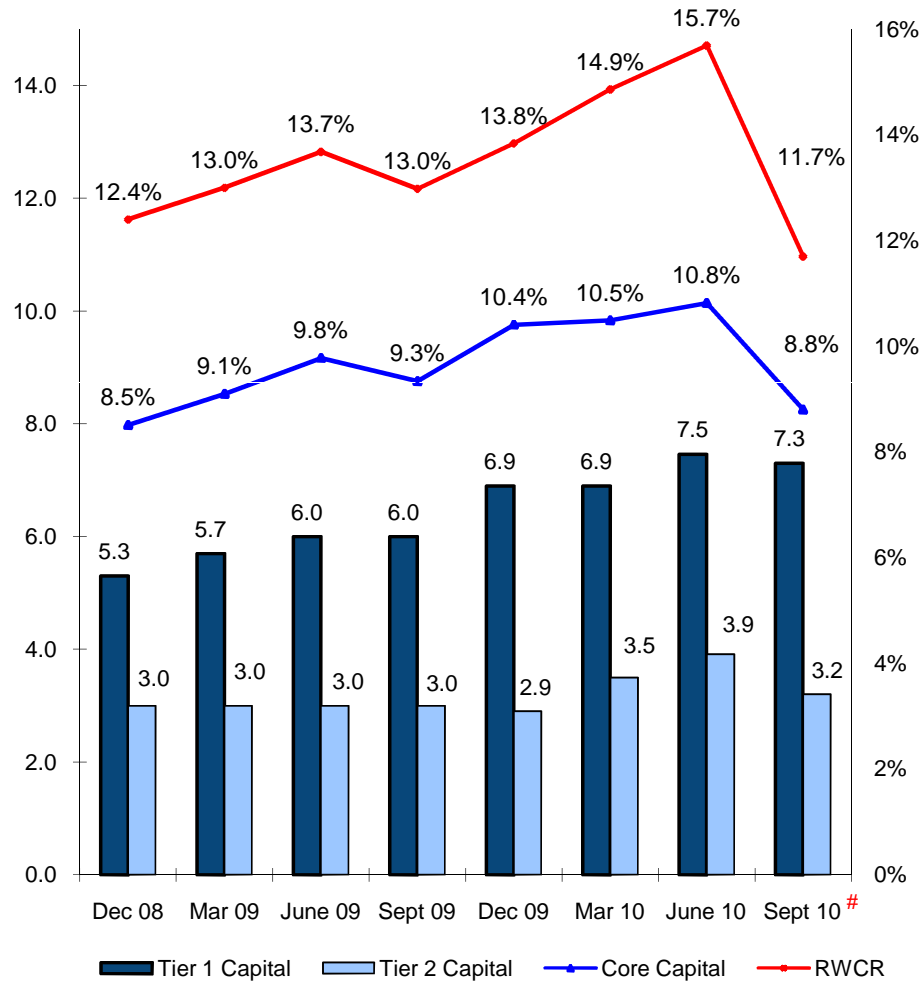
Sole Adviser & Sole Underwriter



# Capital Position (1/2)

## RHB Bank

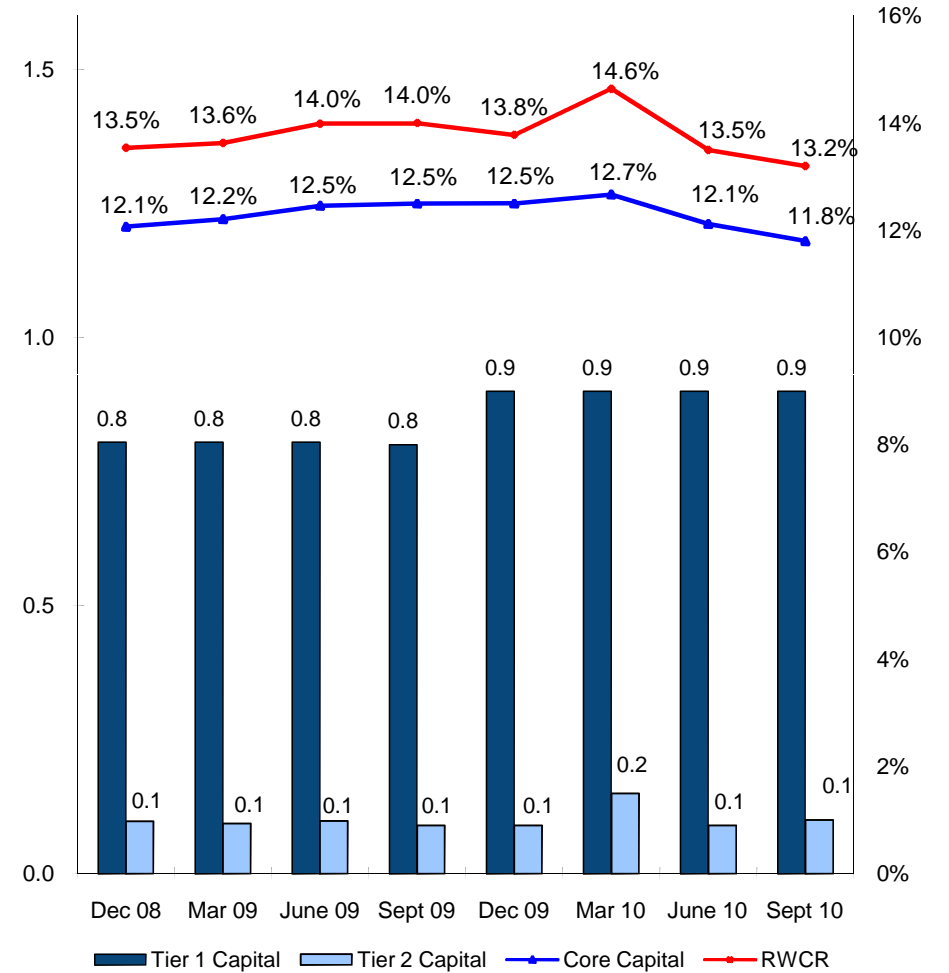
RM billion



# Post implementation of Basel II

## RHB Islamic Bank

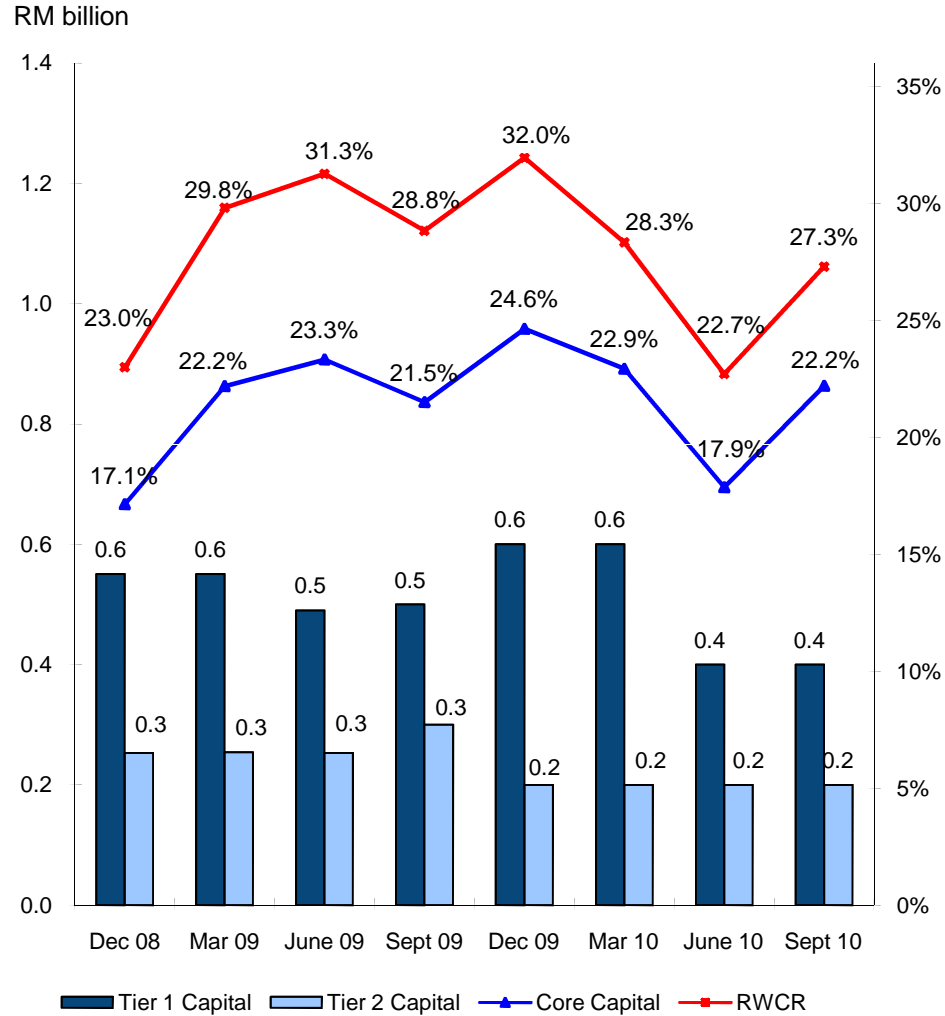
RM billion



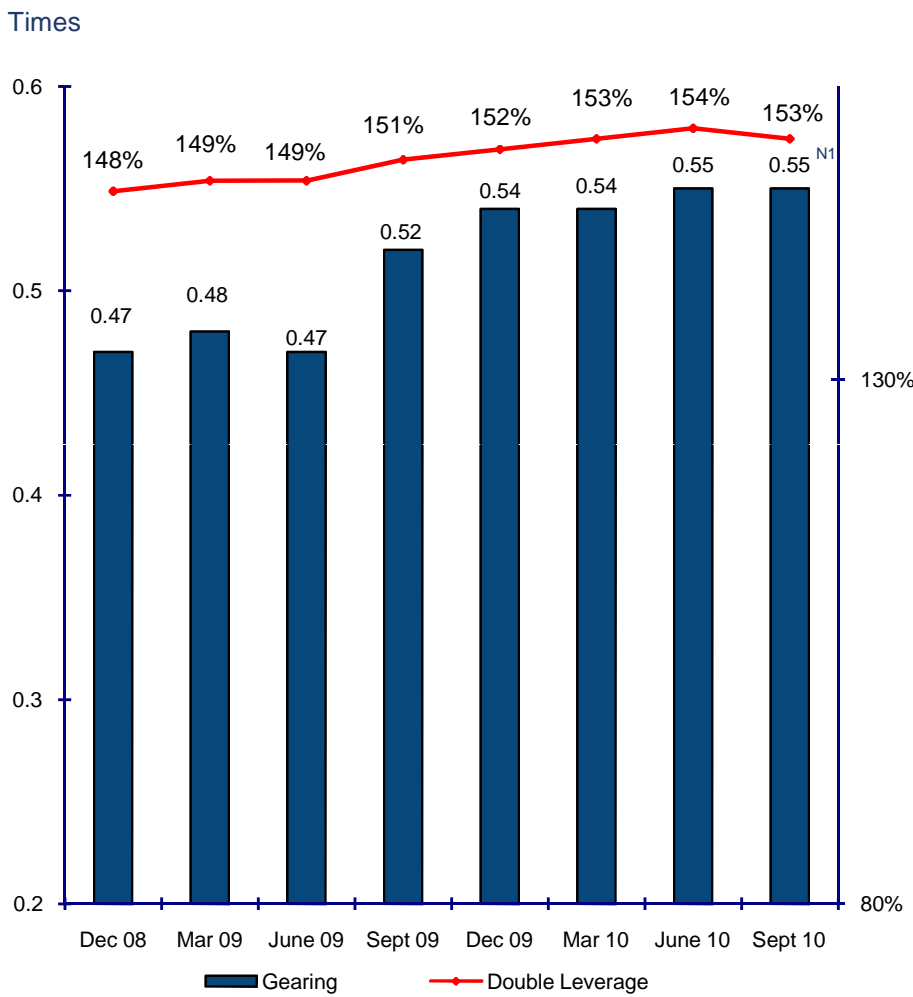


# Capital Position (2/2)

## RHB Investment Bank



## RHB Capital



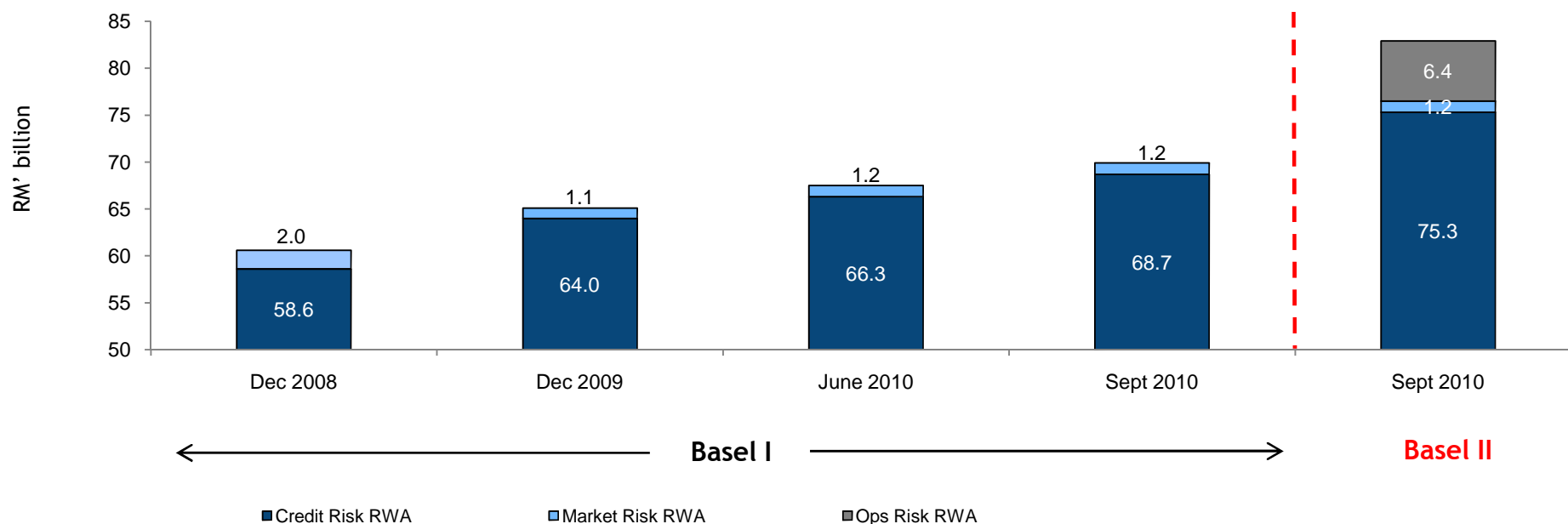
*N1 Adjusted for RM113 million deposits for the proposed acquisition of Bank Mestika, which will eventually be funded by Rights Issue, adjusted gearing ratio stood at 0.53 times as at 30 Sept 2010*



# Analysis of Capital Adequacy – RHB Bank

RM' million	Dec 2008 (B.I)	Dec 2009 (B.I)	June 2010 (B.I)	Sept 2010 (B. I)	Sept 2010 (B. II)
Tier I	5,318	6,879	7,459	7,309	7,309
Tier II (B.I)/Eligible Tier II (B. II)	2,996	2,863	3,911	3,941	2,413
Total Capital Base	7,685	9,115	10,745	10,625	9,722
% of Core Tier I/Tier I	100%	91%	92%	92%	92%
Tier I Ratio (%)	8.51	10.41	10.82	10.5	8.82
RWCR (%)	12.42	13.84	15.69	15.2	11.73
RWA	60,612	65,144	67,508	69,865	82,861

## Analysis of Risk Component

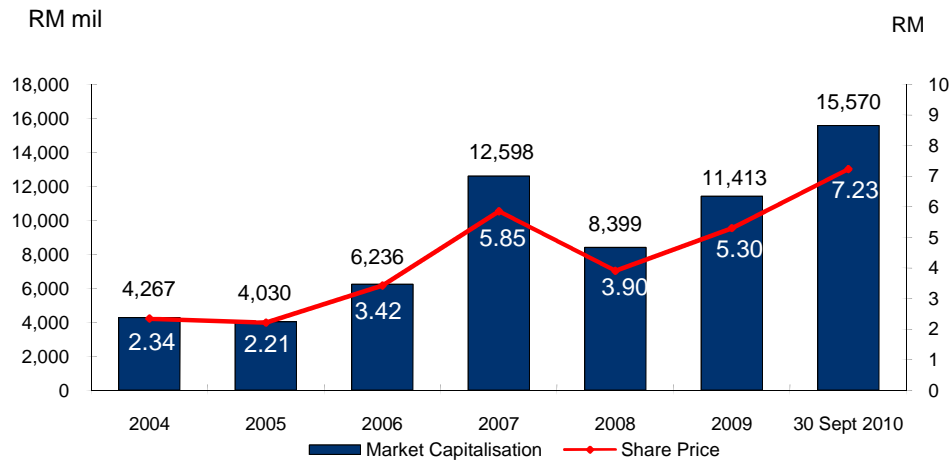




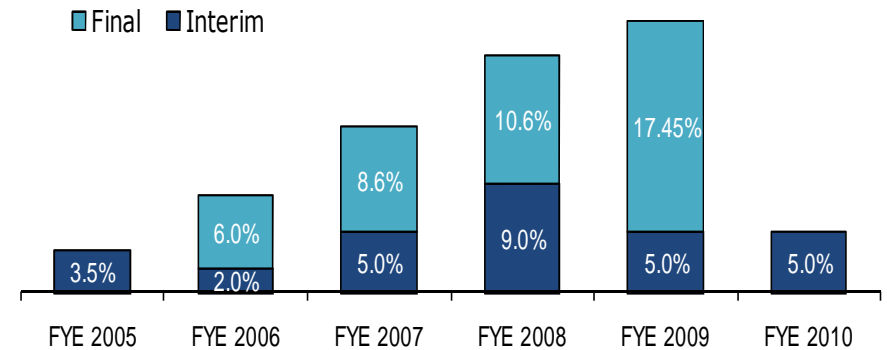
# Market Capitalisation and Share Price

*Building value for the shareholders*

## Market Capitalisation and Share Price Trend



## Dividend Trend – 2005 to 2010



## Total Shareholders' Return

	RHB Total Shareholders' Return			Bursa Malaysia KLCI Finance Index Return		
	Sept 08	Sept 09	Sept 10	Sept 08	Sept 09	Sept 10
<b>3 years</b>	71%	90%	<b>27%</b>	11%	28%	<b>27%</b>
<b>5 years</b>	136%	165%	<b>213%</b>	36%	42%	<b>79%</b>
<b>7 years</b>	134%	216%	<b>328%</b>	88%	97%	<b>119%</b>

## Commentary

- ◆ Expect RHB Bank RWCR and core capital ratio to improve as Basel 2 credit risk modeling experience improved
- ◆ Delay to review dividend payout ratio to year end





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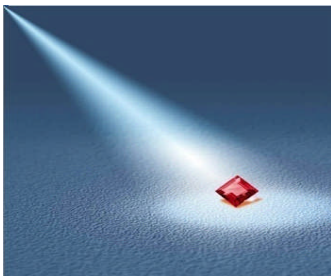
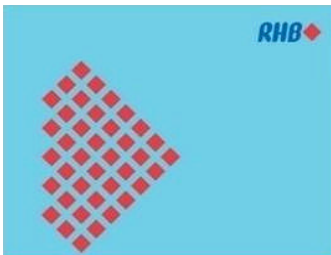
## To Sum Up

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- 1** 9M 2010 results - With continued momentum in core revenue drivers.
- 2** Market share gained across targeted segments - To continue focus on building market share and position for growth opportunities in key markets / core businesses.
- 3** Strong deal pipeline, CIB is well poised to ride on continued improved sentiment in economic growth and capital market.
- 4** Increased pace of Islamic Banking growth through renewed operating model, leveraging off the Group's distribution capabilities and expertise.
- 5** Continue to develop and grow "Easy by RHB" across Malaysia.



inspire



Growing with the nation



End

