



## RHB Capital Berhad

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### Audited Financial Results for FY 2011



**Mr. Kellee Kam**  
**Group Managing Director**  
**RHB Banking Group**  
**28 February 2012**



## FORWARD LOOKING STATEMENTS

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# 1. Overview



Tough 2011 operating environment, both internally & externally

- Changes in key management personnel and other RHB specific events
- Continued profitability growth albeit slower pace with PBT exceeded RM2 bil mark for the first time

Good progress on execution of core growth strategies

- Distribution growth remained on track with Easy now up to 239 locations and 319 RHB-Pos shared banking outlets to complement our 199 bank locations
- Refinement of Islamic Banking business model yielding positive results
- Continued gains in market share in targeted segments

Fell short of a few KPIs, but core operating growth sound & dividend in line with policy

- Missed 3 of 7 KPIs, but core operating growth remained healthy with loans and deposits growing 16% and 23% respectively
- Pressure on margins, increased HR costs and derivative revaluation loss
- Proposing a final dividend of 17.41% for a total dividend for FY 2011 of 25.41%

2012, focused on completing transformational transactions and fine tuning cost and liability strategies

- Focus on completing Bank Mestika and OSK Investment Bank transactions. On completion will provide the RHB Group a presence in all key ASEAN markets + Hong Kong
- Fine tune strategy on liability management and managing costs whilst continuing to invest into key growth strategies

## RHB Banking Group Scorecard 2011

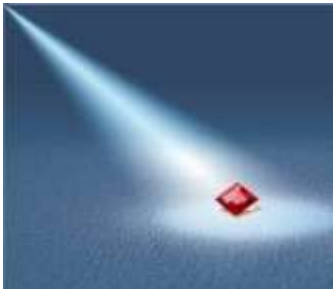
## Commentary

| Top level indicators           | FY 08              | FY 09 | FY 10 | Targets FY 11 | FY 11 |
|--------------------------------|--------------------|-------|-------|---------------|-------|
| ROE (%)                        | 14.1%              | 14.5% | 15.2% | >15.2%        | 14.0% |
| ROA (%)                        | 1.0%               | 1.1%  | 1.2%  | >1.2%         | 1.1%  |
| Gross Impaired Loans Ratio (%) | 4.5% <sup>N1</sup> | 6.7%  | 4.4%  | 4.0%          | 3.4%  |
| Loans Growth (%)               | 11.2%              | 10.3% | 20.2% | >15%          | 16.2% |
| Deposits Growth (%)            | -2.4%              | 14.7% | 11.3% | >15%          | 22.7% |
| Cost to Income Ratio (%)       | 44%                | 43%   | 40%   | <43%          | 44%   |
| International Contribution (%) | 4%                 | 6%    | 5%    | 5% - >10%     | 5%    |

- Lower ROE and ROA resulting from:
  - Pressure on margins
  - Cost increase in personnel retention and optimization
  - Revaluation loss on derivatives undertaken to hedge fixed rate exposures
- Gross impaired loans, loans growth and deposit growth exceeded targets
- Cost to income growth affected by (1) above
- International revenue contribution within expectations given delay in PT Bank Mestika acquisition

better 
 worse 
 within

N1: Pre-adoption of FRS 139



## 2. Financial Results

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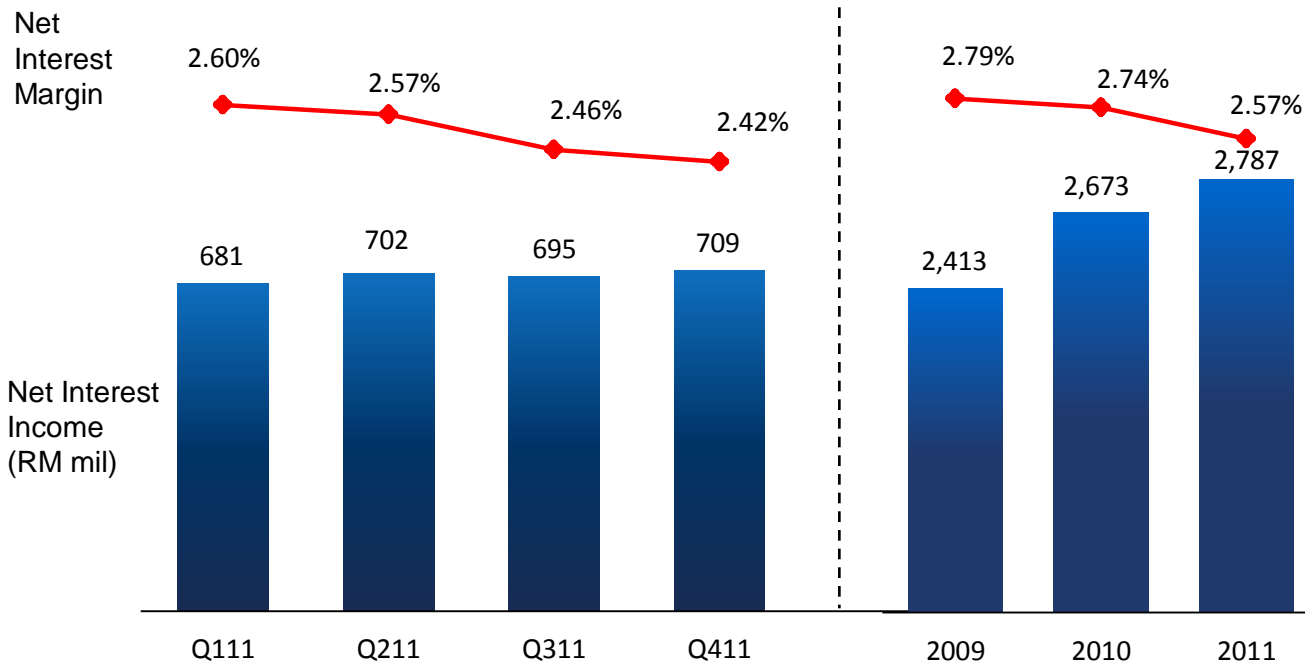
## Summary of Income Statement

| RM mil   | Q4<br>2011   | Q3<br>2011 | Q-o-Q<br>Change<br>% | FY<br>2011     | FY<br>2010 | Y-o-Y<br>Change<br>% |
|--|--------------|------------|----------------------|----------------|------------|----------------------|
| Net Interest Income  | <b>709</b>   | 695        | 2                    | <b>2,787</b>   | 2,673      | 4                    |
| Other Operating Income   | <b>283</b>   | 216        | 31                   | <b>1,082</b>   | 1,043      | 4                    |
| Income From Islamic Banking Business                             | <b>144</b>   | 120        | 20                   | <b>439</b>     | 334        | 31                   |
| <b>Total Income</b>  | <b>1,136</b> | 1,031      | 10                   | <b>4,308</b>   | 4,050      | 6                    |
| Other Operating Expenses   | <b>(507)</b> | (488)      | 4                    | <b>(1,903)</b> | (1,640)    | 16                   |
| <b>Operating Profit Before Allowances</b>                        | <b>629</b>   | 543        | 16                   | <b>2,405</b>   | 2,410      | -                    |
| Allowance for Impairment on Loans,<br>Financing and Other Losses | <b>(95)</b>  | (30)       | >100                 | <b>(328)</b>   | (415)      | -21                  |
| Impairment Losses on Other Assets                                | <b>(66)</b>  | (21)       | >100                 | <b>(77)</b>    | (96)       | -20                  |
| <b>Profit Before Taxation</b>                                    | <b>468</b>   | 492        | -5                   | <b>2,000</b>   | 1,899      | 5                    |
| <b>Net Profit</b>  | <b>348</b>   | 376        | -7                   | <b>1,502</b>   | 1,420      | 6                    |
| EPS (sen)  | <b>15.8</b>  | 17.2       | -8                   | <b>68.9</b>    | 66.0       | 4                    |

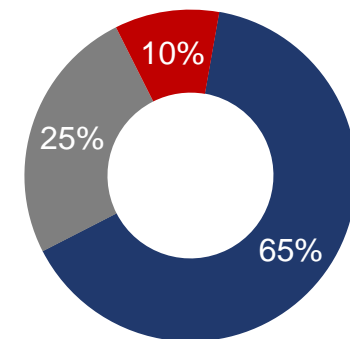


# Breakdown of Total Income

| RM mil                               | Q4 2011      | Q3 2011 | Q-o-Q Change % | FY 2011      | FY 2010 | Y-o-Y Change % |
|--------------------------------------|--------------|---------|----------------|--------------|---------|----------------|
| Net Interest Income                  | <b>709</b>   | 695     | 2              | <b>2,787</b> | 2,673   | 4              |
| Other Operating Income               | <b>283</b>   | 216     | 31             | <b>1,082</b> | 1,043   | 4              |
| Income From Islamic Banking Business | <b>144</b>   | 120     | 20             | <b>439</b>   | 334     | 31             |
| <b>Total Income</b>                  | <b>1,136</b> | 1,031   | 10             | <b>4,308</b> | 4,050   | 6              |



## Total Income Mix



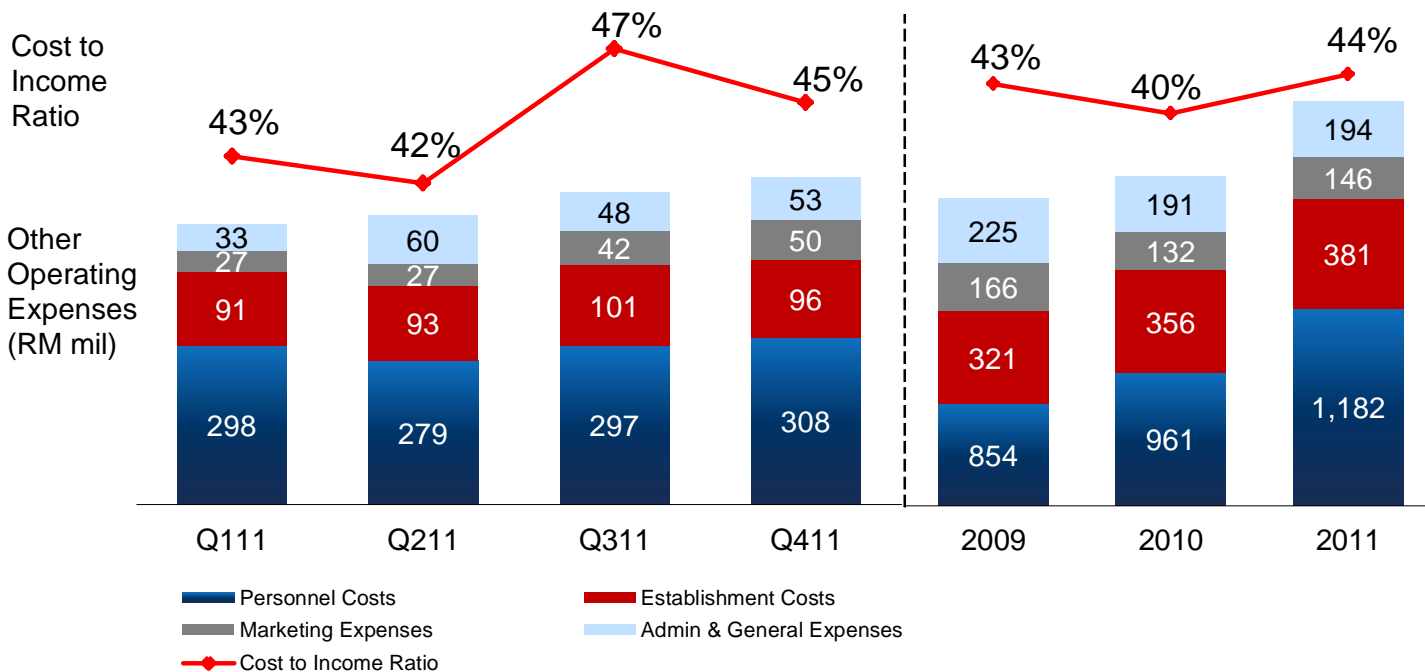
- Net Interest Income
- Other Operating Income
- Islamic Banking Income



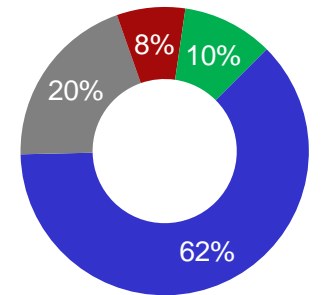


# Other Operating Expenses

| RM mil                          | Q4 2011    | Q3 2011    | Q-o-Q Change % | FY 2011      | FY 2010      | Y-o-Y Change % |
|---------------------------------|------------|------------|----------------|--------------|--------------|----------------|
| Personnel Costs                 | 308        | 297        | 4              | 1,182        | 961          | 23             |
| Establishment Costs             | 96         | 101        | -5             | 381          | 356          | 7              |
| Marketing Expenses              | 50         | 42         | 19             | 146          | 132          | 11             |
| Admin & General Expenses        | 53         | 48         | 10             | 194          | 191          | 2              |
| <b>Other Operating Expenses</b> | <b>507</b> | <b>488</b> | <b>4</b>       | <b>1,903</b> | <b>1,640</b> | <b>16</b>      |
| Cost to Income Ratio (%)        | 45         | 47         | -2             | 44           | 40           | 4              |



## Operating Cost Mix

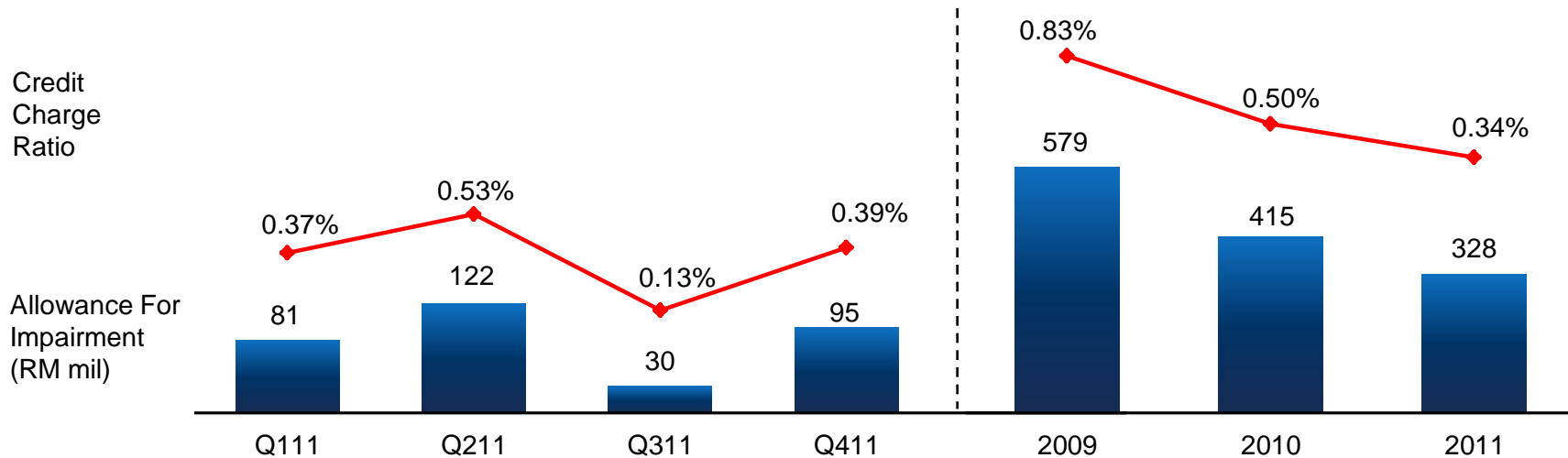


- Personnel Costs
- Establishment Costs
- Marketing Expenses
- Admin & General Expenses



# Allowance for Impairment on Loans, Financing and Other Losses

| RM mil   | Q4 2011   | Q3 2011   | Q-o-Q Change % | FY 2011    | FY 2010    | Y-o-Y Change % |
|--|-----------|-----------|----------------|------------|------------|----------------|
| Individual Impairment Allowance                                      | 70        | (1)       | >100           | 112        | 183        | -39            |
| Collective Impairment Allowance                                      | 112       | 147       | -24            | 544        | 419        | 30             |
| Impaired Loans and Financing Recovered                               | (88)      | (117)     | -25            | (332)      | (183)      | 81             |
| Impairment Allowance For Other Debtors                               | 1         | 1         | -              | 4          | (4)        | >-100          |
| <b>Allowance for Impairment on Loans, Financing and Other Losses</b> | <b>95</b> | <b>30</b> | <b>&gt;100</b> | <b>328</b> | <b>415</b> | <b>-21</b>     |
| Gross Impaired Loans   | 3,351     | 3,461     | -3             | 3,351      | 3,672      | -9             |
| Credit Charge Ratio (%)  | 0.39      | 0.13      | 0.26           | 0.34       | 0.50       | -0.16          |
| Gross Impaired Loans Ratio (%)                                       | 3.44      | 3.66      | -0.22          | 3.44       | 4.39       | -0.95          |





## Profit Contribution by Entity

| RM mil                              | FY 2011      | FY 2010      | Y-o-Y<br>Change<br>% | % Contribution<br>FY 2011 |
|-------------------------------------|--------------|--------------|----------------------|---------------------------|
| RHB Bank                            | 1,887        | 1,741        | 8                    | 89                        |
| RHB Investment Bank                 | 45           | 80           | -44                  | 2                         |
| RHB Islamic Bank                    | 138          | 91           | 52                   | 7                         |
| RHB Insurance                       | 50           | 65           | -23                  | 2                         |
| RHB Capital and other subsidiaries* | (120)        | (78)         | -54                  |                           |
| <b>PBT</b>                          | <b>2,000</b> | <b>1,899</b> | <b>5</b>             | <b>100</b>                |

\* Including consol adjustments



## Key Balance Sheet Items

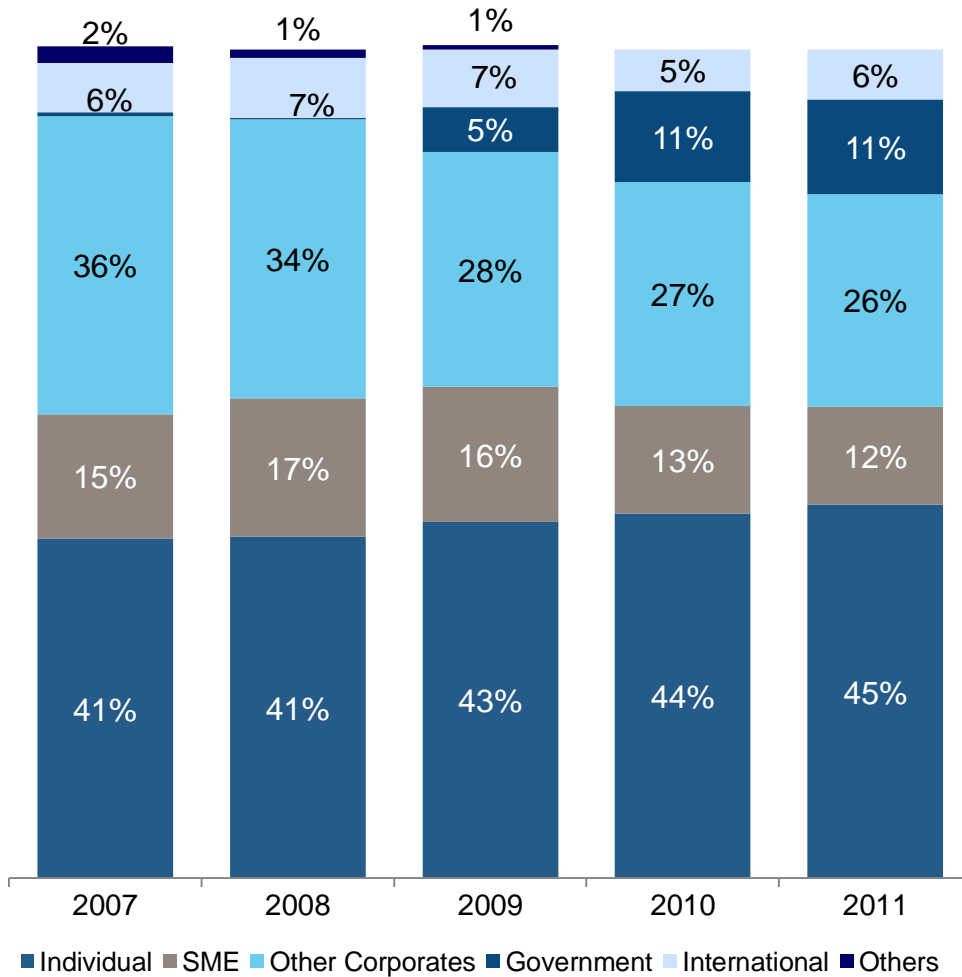
| RM mil                             | Dec 2011       | Sept 2011 | Dec 2010 | Q-o-Q Change % | Y-o-Y Change % |
|------------------------------------|----------------|-----------|----------|----------------|----------------|
| Total Assets                       | <b>152,394</b> | 149,580   | 129,325  | 2              | 18             |
| Total Financial Assets/Investments | <b>26,303</b>  | 27,050    | 25,017   | -3             | 5              |
| - Financial Assets HFT             | <b>1,502</b>   | 1,441     | 772      | 4              | 95             |
| - Financial Investments AFS        | <b>10,707</b>  | 12,535    | 13,375   | -15            | -20            |
| - Financial Investments HTM        | <b>14,094</b>  | 13,074    | 10,870   | 8              | 30             |
| Gross Loans                        | <b>97,295</b>  | 94,552    | 83,710   | 3              | 16             |
| Customers Deposits                 | <b>115,861</b> | 109,743   | 94,434   | 6              | 23             |
| Borrowings                         | <b>3,603</b>   | 3,551     | 4,064    | 1              | -11            |
| Sub-debts                          | <b>3,516</b>   | 3,307     | 3,264    | 6              | 8              |
| Hybrid Tier-1 Capital Securities   | <b>601</b>     | 597       | 600      | 1              | -              |
| Shareholders' Funds                | <b>11,438</b>  | 11,164    | 9,962    | 2              | 15             |
| <b>LD Ratio (%)</b>                | <b>84.0</b>    | 86.2      | 88.6     | -2.2           | -4.6           |
| <b>Net Assets per share</b>        | <b>5.19</b>    | 5.09      | 4.63     | 2              | 12             |



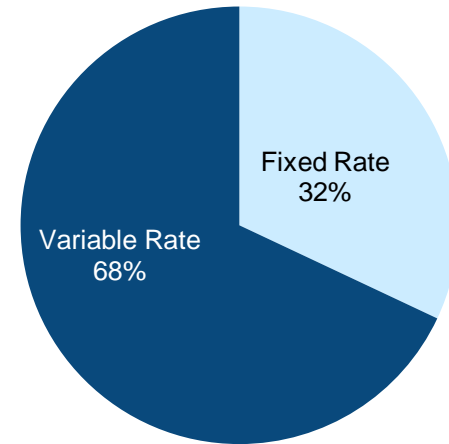
## Loans, Advances and Financing

| RM mil                                 | Dec 2011      | Sept 2011 | Dec 2010 | Q-o-Q Change % | Y-o-Y Change % |
|--|---------------|-----------|----------|----------------|----------------|
| Working Capital                        | <b>20,318</b> | 21,291    | 20,694   | -5             | -2             |
| Purchase of Residential Property       | <b>20,518</b> | 20,246    | 18,841   | 1              | 9              |
| Purchase of Non-Residential Property   | <b>5,277</b>  | 5,321     | 4,761    | -1             | 11             |
| Purchase of PPE Other Than Land & Bldg | <b>3,238</b>  | 3,195     | 3,336    | 1              | -3             |
| Personal Use                           | <b>4,952</b>  | 4,653     | 3,535    | 6              | 40             |
| Credit Card                            | <b>1,780</b>  | 1,673     | 1,645    | 6              | 8              |
| Purchase of Transport Vehicles         | <b>11,736</b> | 11,537    | 9,568    | 2              | 23             |
| Purchase of Securities                 | <b>6,982</b>  | 6,550     | 4,008    | 7              | 74             |
| Merger and Acquisition                 | <b>4,200</b>  | 2,151     | 2,433    | 95             | 73             |
| Others                                 | <b>18,294</b> | 17,935    | 14,889   | 2              | 23             |
| <b>Gross Loans and Advances</b>        | <b>97,295</b> | 94,552    | 83,710   | 3              | 16             |
| - SME                                  | <b>11,526</b> | 11,439    | 11,044   | 1              | 4              |
| - Individuals                          | <b>43,863</b> | 42,742    | 36,475   | 3              | 20             |
| - Corporate & others                   | <b>41,906</b> | 40,371    | 36,191   | 4              | 16             |

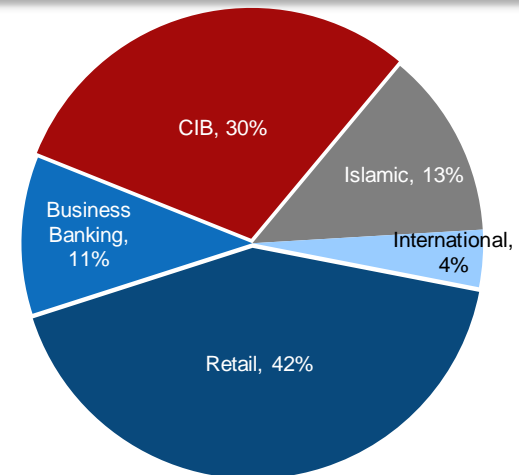
## Improved Diversity of Loan Book



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



## Composition of Loan Book - by Strategic Business Group





# Customers Deposits

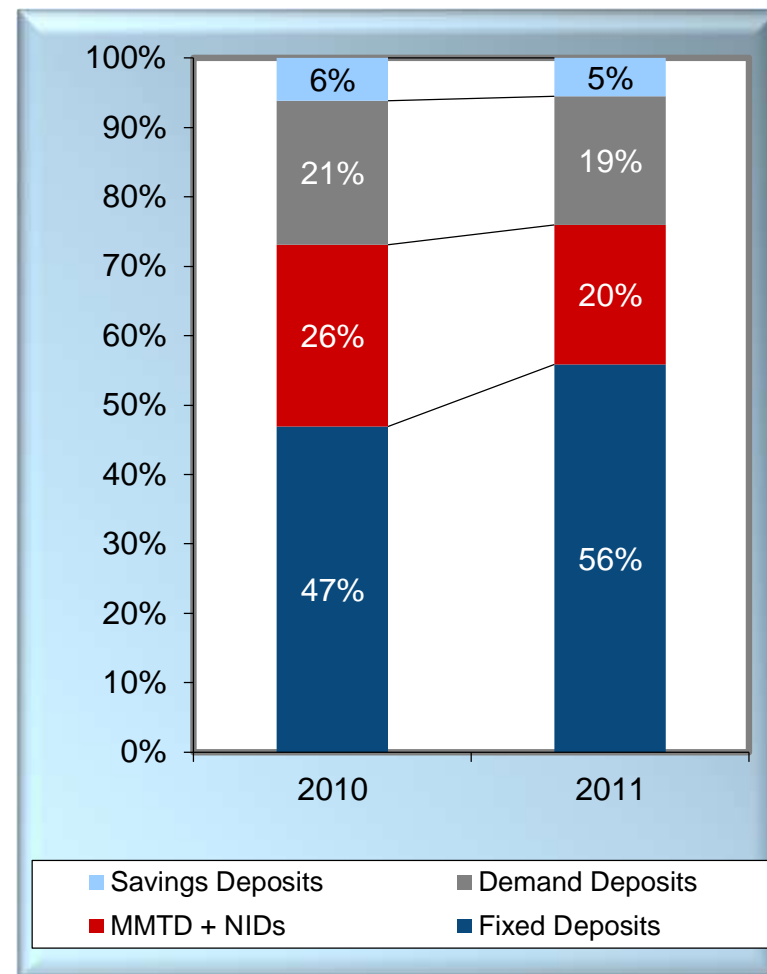
## Customers Deposits

| RM mil                | Dec 2011       | Sept 2011 | Dec 2010 | Q-o-Q Change % | Y-o-Y Change % |
|-----------------------|----------------|-----------|----------|----------------|----------------|
| Fixed Deposits        | <b>87,946</b>  | 82,951    | 68,830   | 6              | 28             |
| <i>of which: MMTD</i> | <b>23,259</b>  | 26,628    | 24,505   | -13            | -5             |
| Demand Deposits       | <b>21,436</b>  | 20,515    | 19,523   | 4              | 10             |
| Savings Deposits      | <b>6,360</b>   | 6,256     | 5,832    | 2              | 9              |
| NIDs                  | <b>119</b>     | 21        | 249      | >100           | -52            |
| <b>Total Deposits</b> | <b>115,861</b> | 109,743   | 94,434   | 6              | 23             |
| LD Ratio (%)          | <b>84</b>      | 86        | 89       | -2             | -5             |
| CASA (incl. MMTD) (%) | <b>24</b>      | 24        | 27       | -              | -3             |
| CASA (excl. MMTD) (%) | <b>30</b>      | 32        | 36       | -2             | -6             |

## Domestic Market Share

|                                | Dec 2011     | Dec 2010 |
|--------------------------------|--------------|----------|
| Demand Deposits                | <b>9.1%</b>  | 9.6%     |
| Savings Deposits               | <b>5.3%</b>  | 5.3%     |
| Fixed Deposits                 | <b>10.9%</b> | 8.2%     |
| <b>Total Domestic Deposits</b> | <b>8.5%</b>  | 7.9%     |

## Customers Deposits : Composition

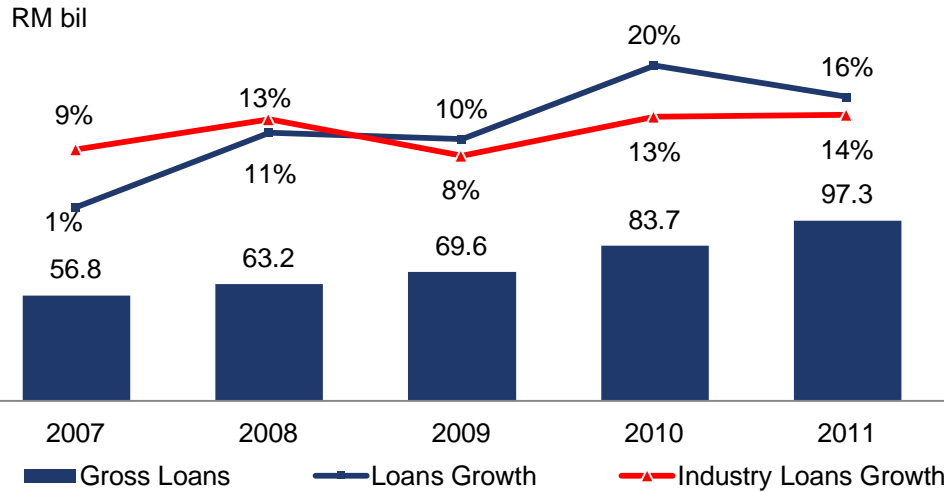


MMTD: Money Market Time Deposits  
NIDs: Negotiable Instruments of Deposits

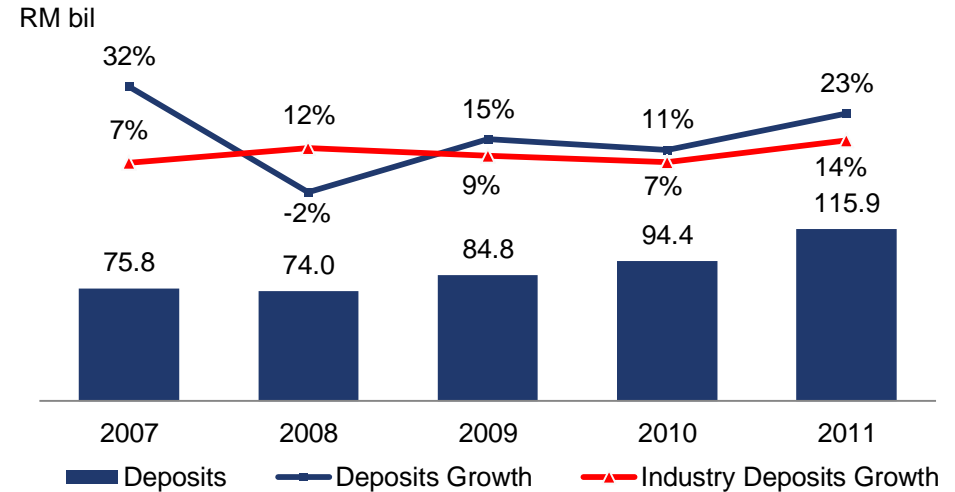


# Loans and Deposits

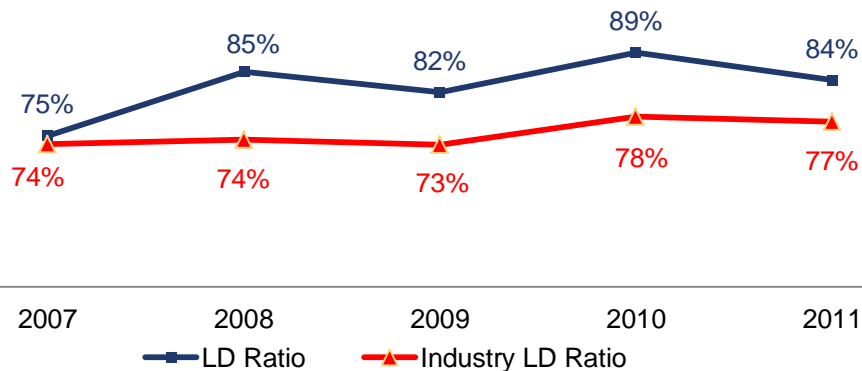
## Loans



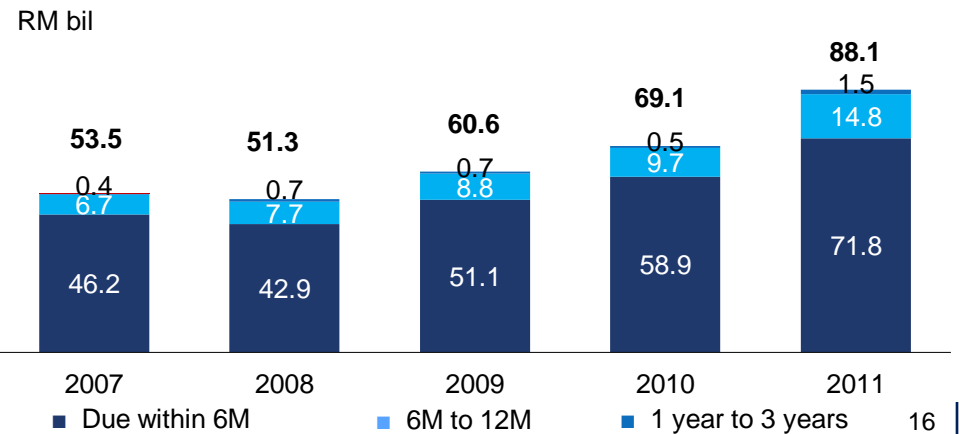
## Customers Deposits



## LD Ratio



## FD Maturity Structure

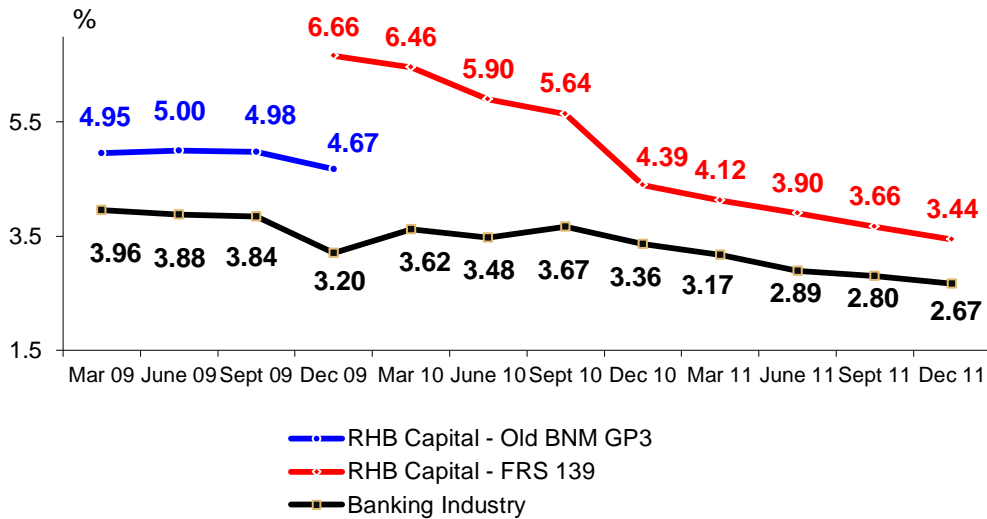




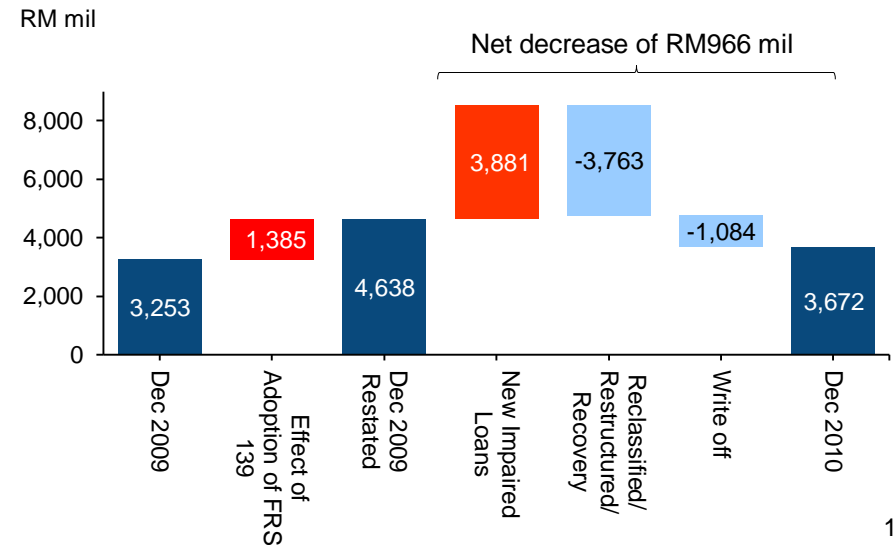
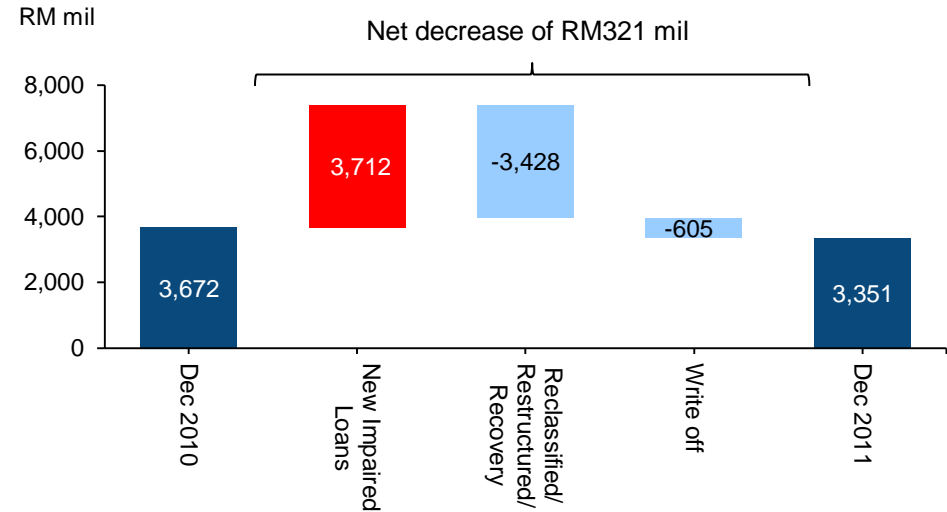


# Asset Quality

Gross Impaired Loans Ratio Improved by 0.95% to 3.44%



New Impaired Loans Formation Improved to 0.91% from 1.30% a year ago

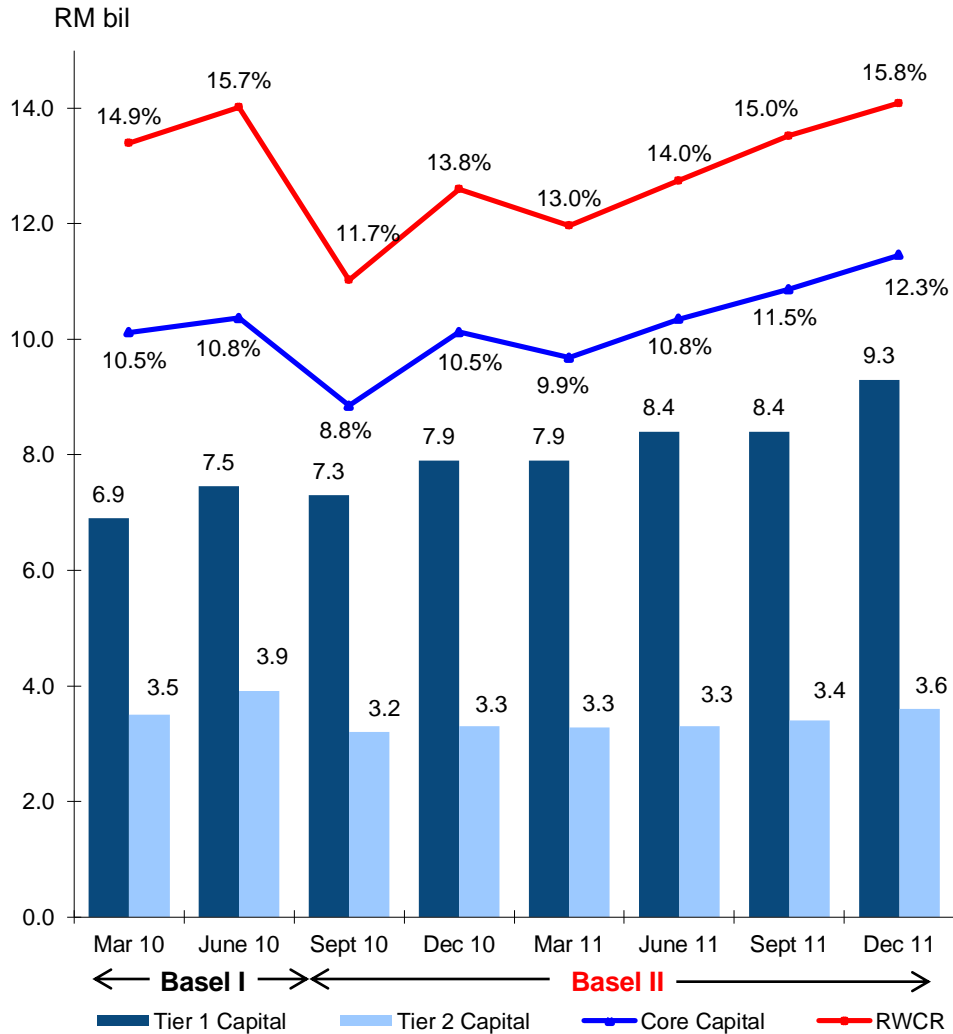


|                                | Dec 2011 | Sept 2011 | Dec 2010 | Q-o-Q Change | Y-o-Y Change |
|--------------------------------|----------|-----------|----------|--------------|--------------|
| Gross Impaired Loans (RM mil)  | 3,351    | 3,461     | 3,672    | -3           | -9           |
| Gross Impaired Loans Ratio (%) | 3.44     | 3.66      | 4.39     | -0.22        | -0.95        |



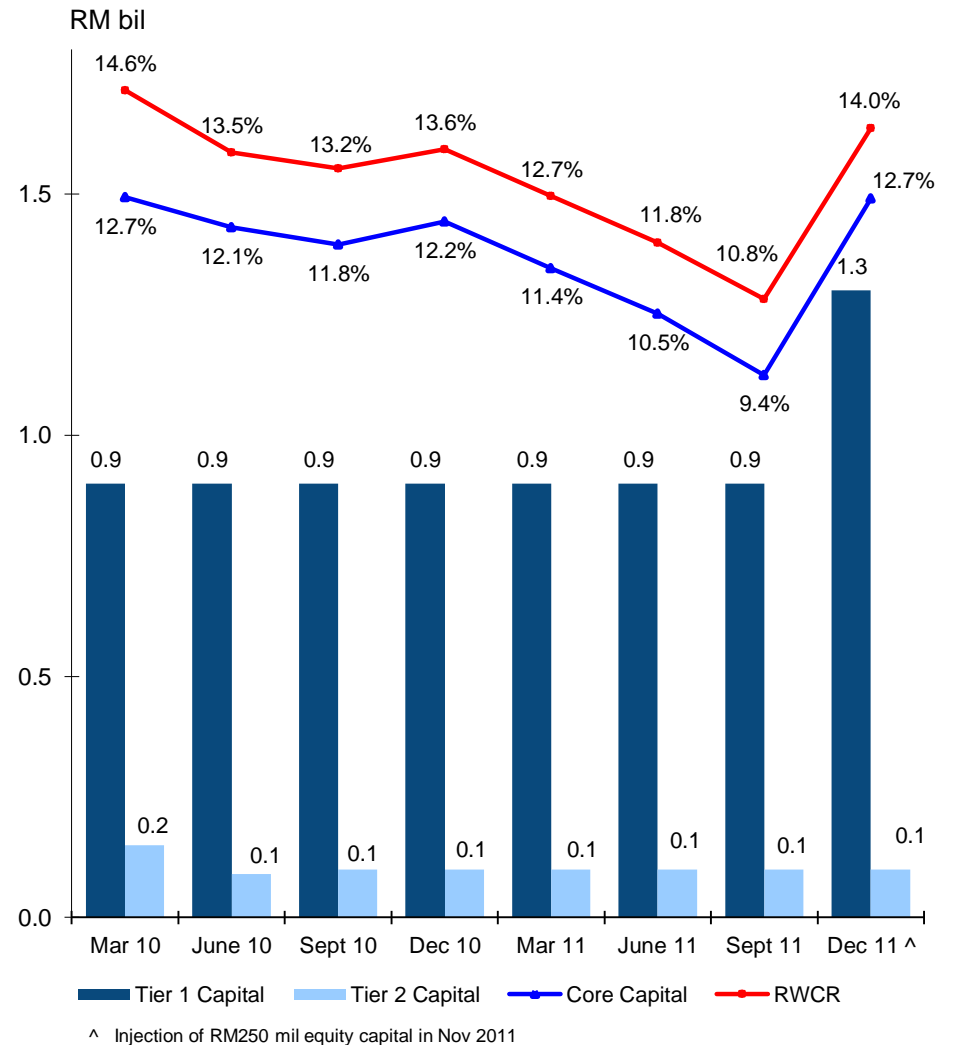
# Capital Position (1/2)

## RHB Bank



Note: Core capital and RWCR ratios are after proposed dividend

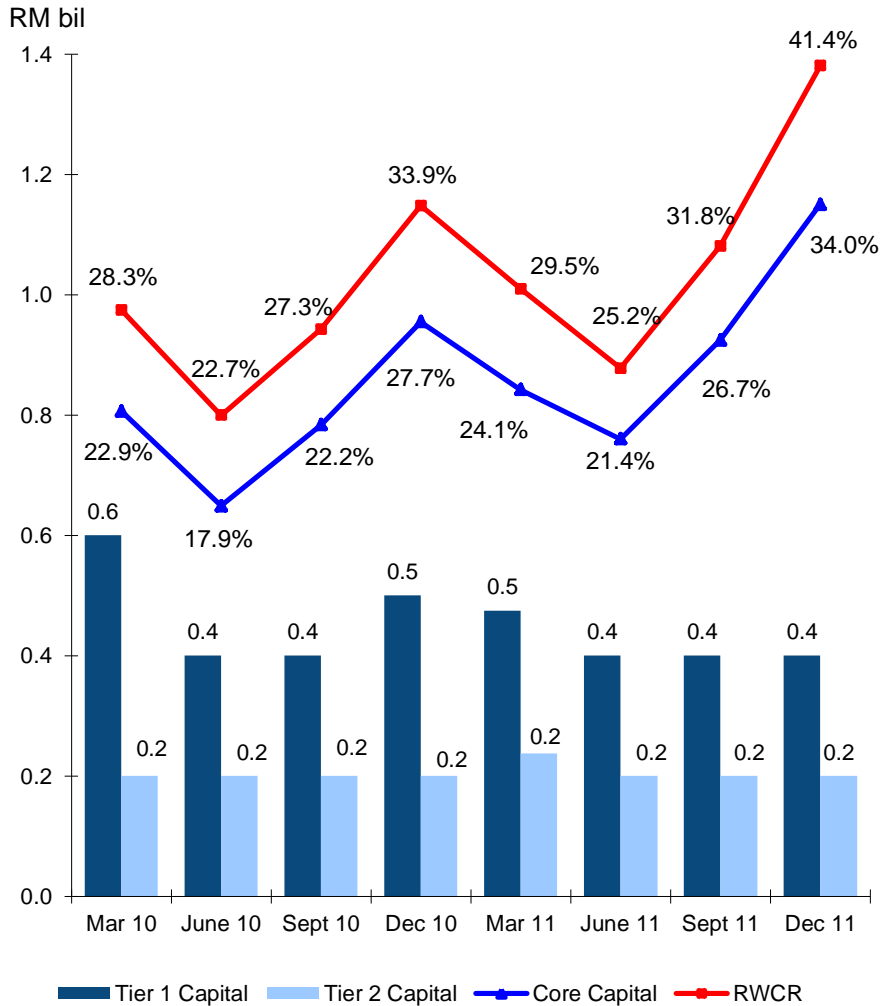
## RHB Islamic Bank



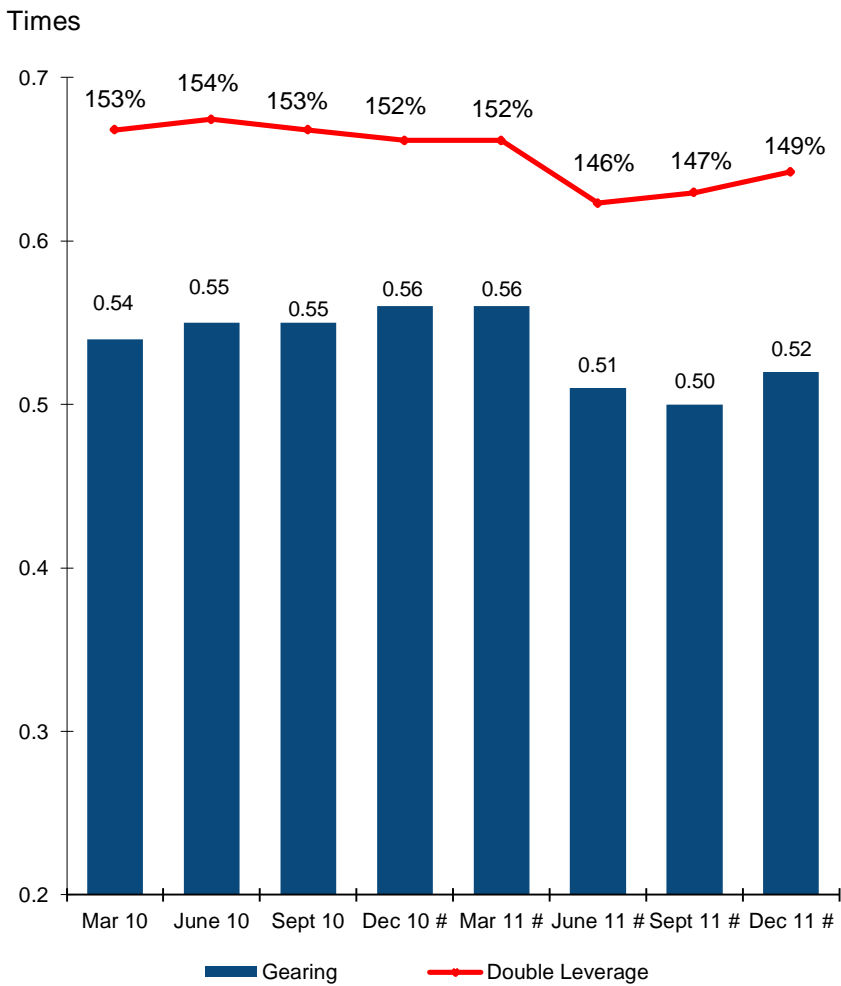


# Capital Position (2/2)

## RHB Investment Bank



## RHB Capital

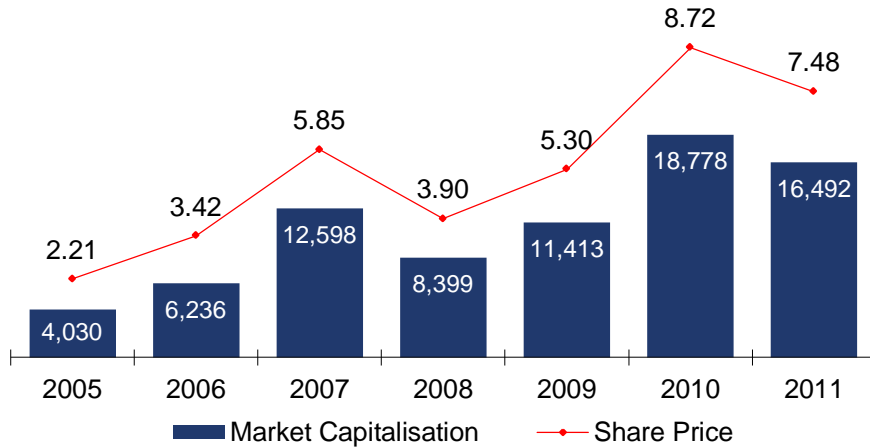


# After adjusting for RM113 mil deposits for the proposed acquisition of Bank Mestika, which will eventually be funded by Rights Issue

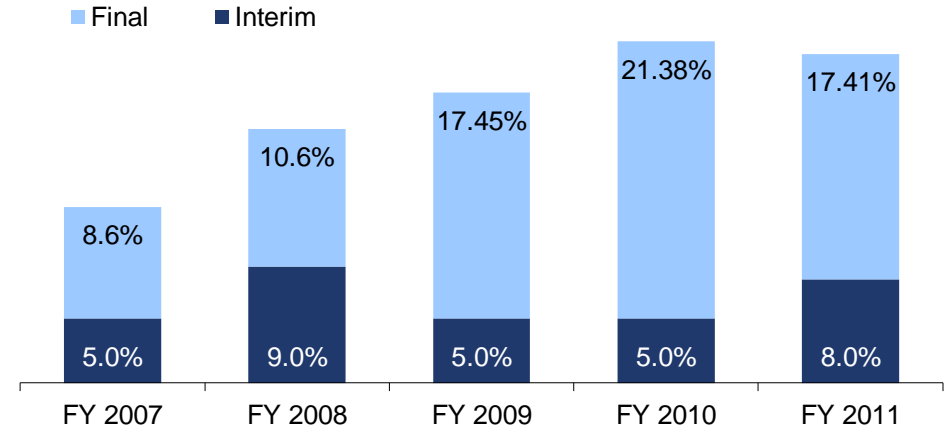


# Return to Shareholders

## Market Capitalisation and Share Price Trend



## Dividend Trend - 2007 to 2011



## Total Shareholders' Return

|                | RHB Total Shareholders' Return |        |             | Bursa Malaysia Finance Index Return |        |             |
|----------------|--------------------------------|--------|-------------|-------------------------------------|--------|-------------|
|                | Dec 09                         | Dec 10 | Dec 11      | Dec 09                              | Dec 10 | Dec 11      |
| <b>1 year</b>  | 40%                            | 69%    | <b>-12%</b> | 69%                                 | 30%    | <b>4%</b>   |
| <b>3 years</b> | 67%                            | 62%    | <b>102%</b> | 35%                                 | 38%    | <b>124%</b> |
| <b>5 years</b> | 147%                           | 338%   | <b>148%</b> | 73%                                 | 120%   | <b>82%</b>  |
| <b>7 years</b> | 333%                           | 386%   | <b>269%</b> | 187%                                | 169%   | <b>133%</b> |

Source: Bloomberg

## Dividend Payout Trend - 2007 to 2011

|   | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 |
|---|---------|---------|---------|---------|---------|
| <b>Total Dividends Paid</b>               | 13.6%   | 19.6%   | 22.45%  | 26.38%  | 25.41%  |
| <b>Total Payout Ratio (% of earnings)</b> | 30%     | 30%     | 30%     | 30%     | 30%     |

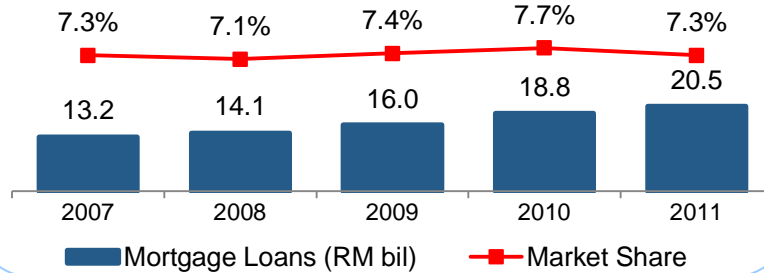


## 3. Key Business Highlights

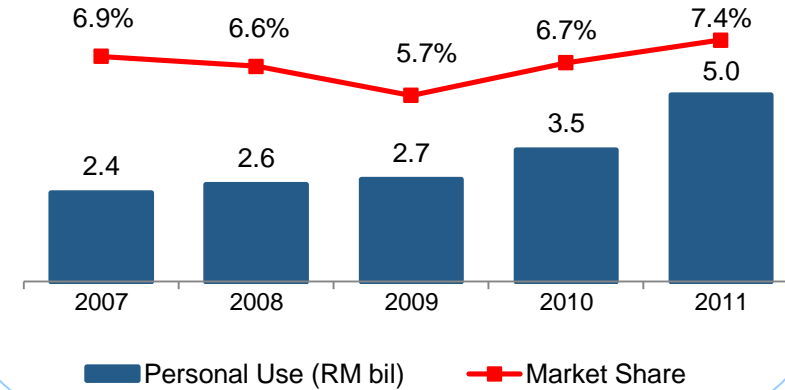
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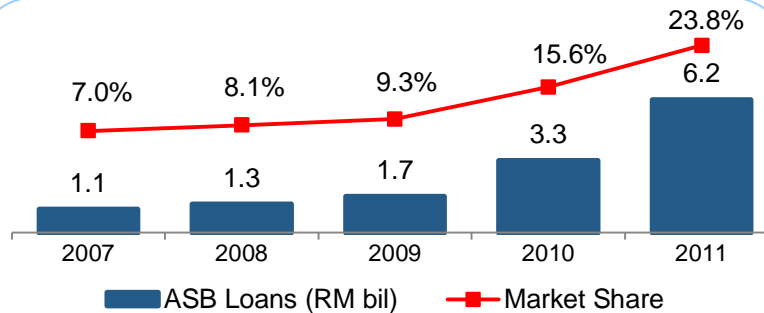
## Mortgage



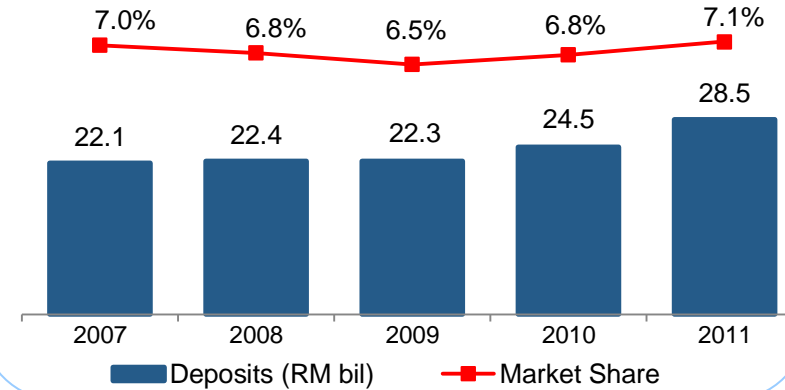
## Personal Use



## ASB

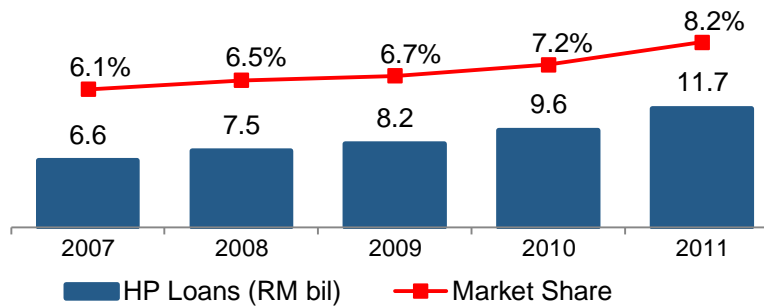


## Retail Deposits

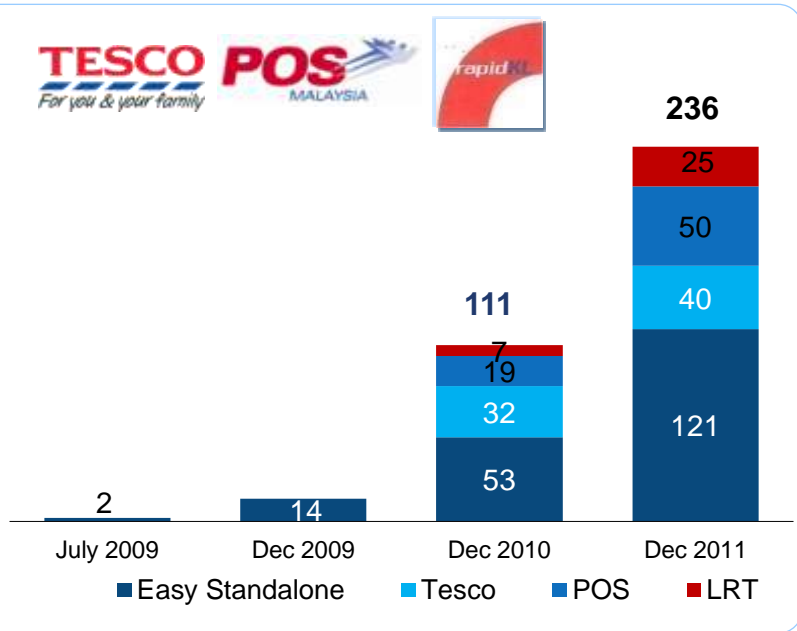


ASB: Amanah Saham Bumiputra

## Auto Finance



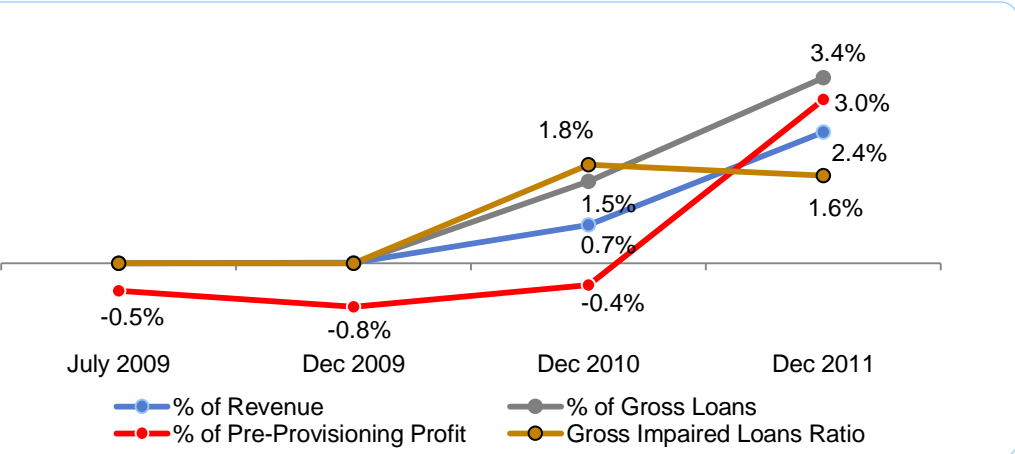
## Number of Outlets



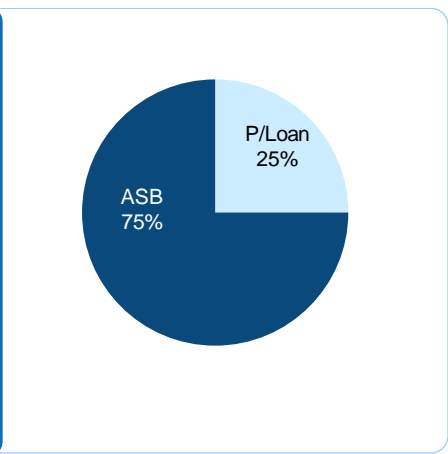
## Award Winning Innovation

- SHAR GUIDE ASSOCIATION (SINGAPORE & MALAYSIA)
- SGAM Best Process Innovation Award
- Effies 2010 Silver Award
- EXCELLENCE IN RETAIL FINANCIAL SERVICES AWARDS
- The Asian Banker International Excellence in Retail Financial Services Awards 2011
- Banking & Payment Trailblazer Awards 2011
- FIA Financial Insights Innovation Award
- Financial Insights Innovative Awards 2011
- Advertising + Marketing Magazine Awards 2011
- The BrandLaureate Awards 2010-2011 for Product Branding
- CIO Summit & Awards 2011

## Financial Performance



## Asset Composition - Dec 2011

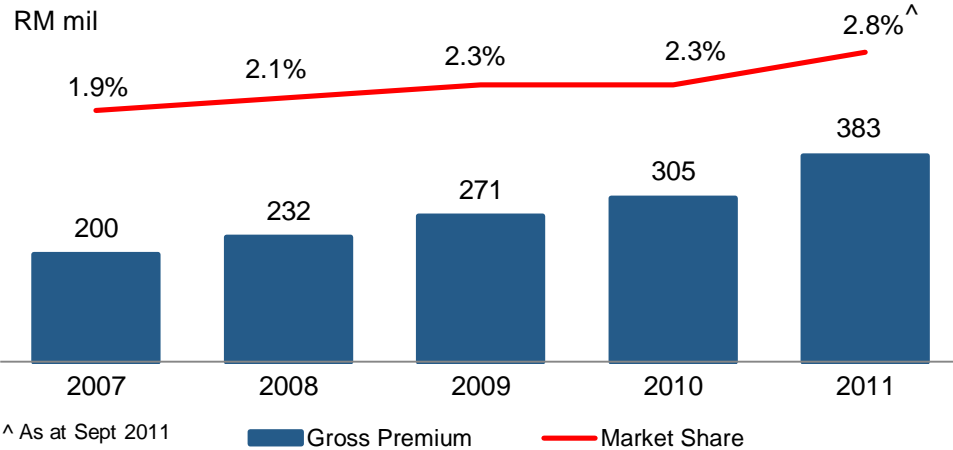


Total gross loans as at Dec 2011 amounted to RM3.3 bil

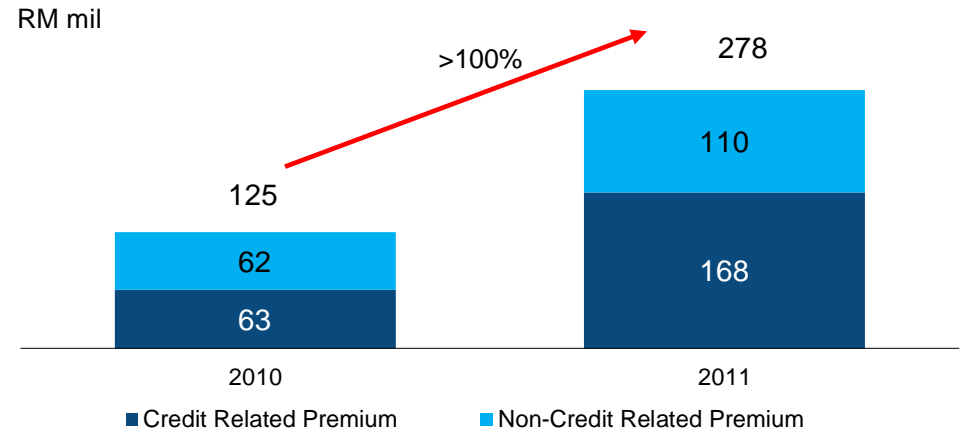


# Insurance Business Performance

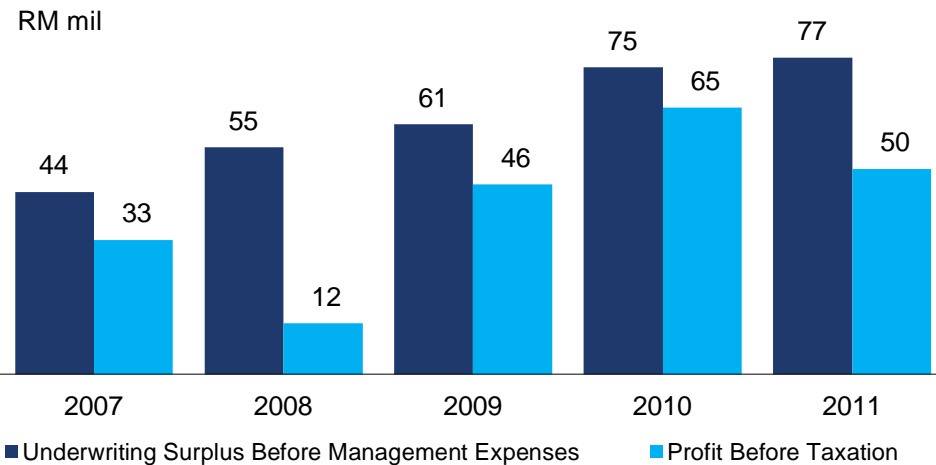
## General Insurance - Gross Premium



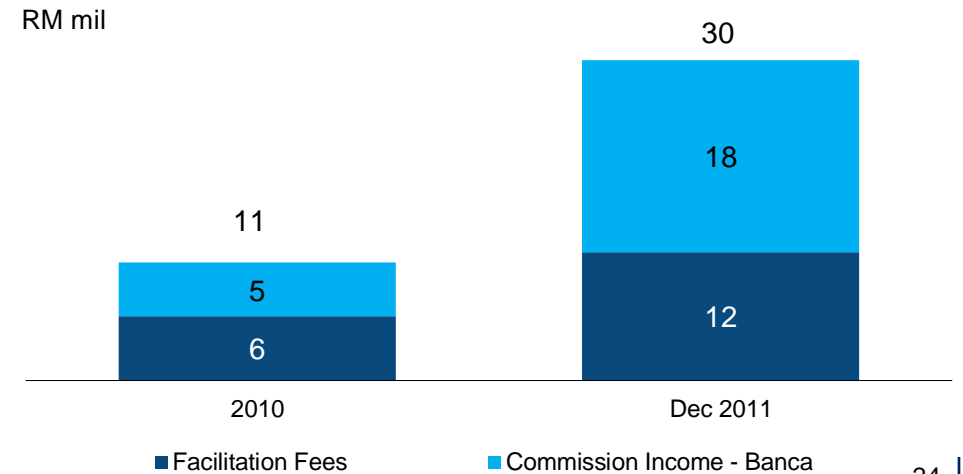
## Bancassurance - Gross Premium



## General Insurance - Financial Performance



## Bancassurance - Fee Income







## Domestic Market Share - CIB

|                        | FY 2011      |                       | FY 2010      |                 | FY 2009      |                 | FY 2008      |                 |
|------------------------|--------------|-----------------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|
|                        | Market Share | Rank                  | Market Share | Rank            | Market Share | Rank            | Market Share | Rank            |
| Mergers & Acquisitions | <b>16.3%</b> | <b>3<sup>rd</sup></b> | 58.8%        | 1 <sup>st</sup> | 9.0%         | 3 <sup>rd</sup> | 9.6%         | 4 <sup>th</sup> |
| Equities <sup>^</sup>  | <b>6.8%</b>  | <b>4<sup>th</sup></b> | 7.7%         | 3 <sup>rd</sup> | 8.9%         | 3 <sup>rd</sup> | 16.6%        | 3 <sup>rd</sup> |
| Debt Capital Market*   | <b>9.7%</b>  | <b>4<sup>th</sup></b> | 9.9%         | 3 <sup>rd</sup> | 13.2%        | 3 <sup>rd</sup> | 9.6%         | 4 <sup>th</sup> |
| Broking (By Value)     | <b>8.0%</b>  | <b>2<sup>nd</sup></b> | 6.6%         | 5 <sup>th</sup> | 5.9%         | 8 <sup>th</sup> | 6.3%         | 6 <sup>th</sup> |

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

<sup>#</sup> Source: Thomson Reuters

\* Primary Bond Offerings

Source : Bloomberg, Thomson Reuters & Bursa Malaysia

### Major Mandates FY 2011



SapuraCrest Petroleum Berhad & Kencana Petroleum Berhad  
RM11.9 bil - Acquisition by Integral Key Sdn Bhd  
Principal Adviser to SapuraCrest Petroleum Berhad



Bumi Armada Berhad  
RM2.7 bil - Listing on Main Market of Bursa Malaysia  
Securities Bhd  
Joint Principal Adviser, Joint Managing Underwriter & Joint Bookrunner



Sarawak Energy Berhad  
RM15.0 bil - Sukuk Musyarakah Programme  
Principal Adviser, Lead Arranger & Joint Lead Manager



UOA Development Berhad  
RM1.2 bil - Listing on Main Market of Bursa Malaysia  
Securities Bhd  
Joint Underwriter for Retail Offering



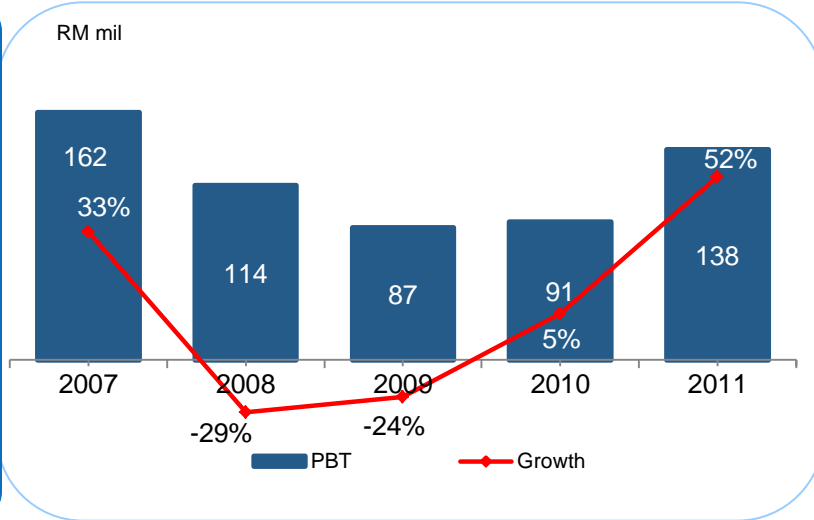
PLUS Expressways Berhad  
RM23.0 bil - Acquisition by UEM Group Bhd and EPF  
Principal Adviser to PLUS Expressways Berhad



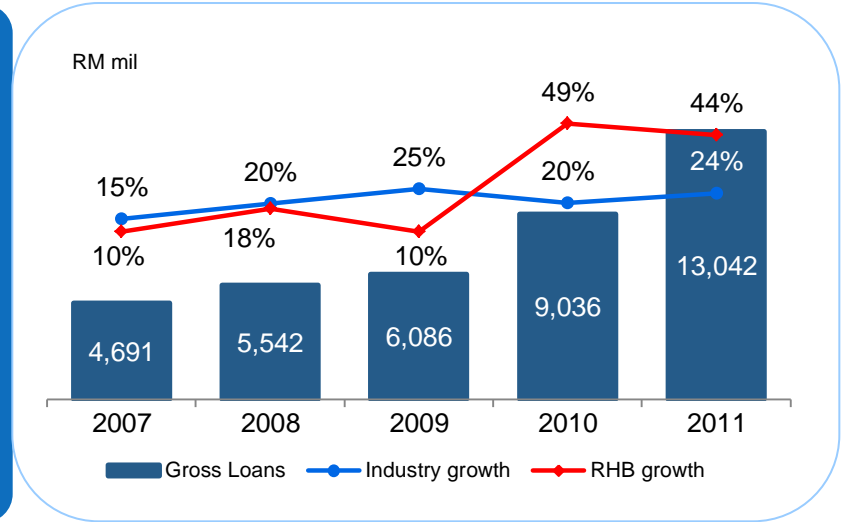
# Islamic Business Performance

Benefited from Refinement of Islamic Banking Model

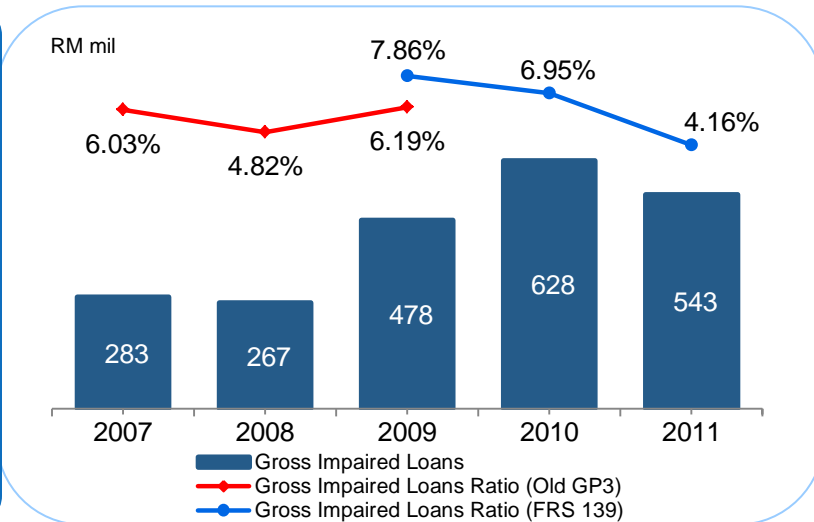
## PBT



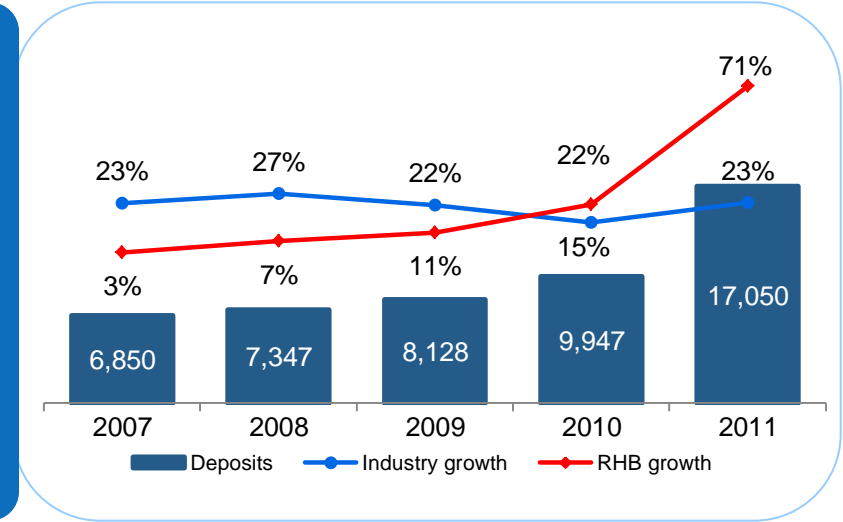
## Loans



## Gross Impaired Loans



## Deposits





## 4. In Summary

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- 1** Performance impacted by revaluation loss on derivatives undertaken to hedge fixed rate loans and financing portfolio;
- 2** Steady total income growth partly negated by increased personnel cost for retention and optimization;
- 3** Loans and deposits growth outpaced industry growth and met 2011 targets;
- 4** Continue to leverage the strong growth momentum in Islamic Banking Business with re-defined Islamic Banking Model;
- 5** Key priorities going into 2012:
  - ◆ Improve liability mix to bring down cost of funds and manage cost more aggressively whilst prioritizing key areas of spend
  - ◆ Close on-going transactions and focus on integrating the businesses and realising promised synergies
  - ◆ However approaching 2012 cautiously with potential headwinds from Eurozone crisis spillover into the region



# Forward Looking - 2012 Targets

## RHB Banking Group Scorecard 2012

| Top level indicators           | FY 11 | Target 2012 |
|--------------------------------|-------|-------------|
| ROE (%)                        | 14.0% | >14.0%      |
| ROA (%)                        | 1.1%  | 1.2%        |
| Gross Impaired Loans Ratio (%) | 3.4%  | 3.0%        |
| Loans Growth (%)               | 16.2% | >12%        |
| Deposits Growth (%)            | 22.7% | >12%        |
| Cost to Income Ratio (%)       | 44%   | < 44%       |
| International Contribution (%) | 5%    | 10%*        |

\* Include Mestika contribution



End

