

Investor Presentation

1st Quarter 2014 Financial Results



Mr. Kellee Kam
Group Managing Director
RHB Banking Group
26 May 2014

RHB 
RHB Capital Berhad

AGENDA



Executive Summary

Q1 2014 Financial Results

Summary

Executive Summary

1 Pre-tax profit up 29.0% to RM637.4 mil and net profit increased by 26.2% to RM450.7 mil

2 Healthy revenue growth, up 7.8% to RM1.5 bil

- ◆ Sustained loan expansion and stable margin resulted in higher net interest income
- ◆ Stronger contribution from customer-related transactions and activities boosted non-interest income

3 Non-interest income to total income ratio improved to 33.9% vs 33.0% in Q1 2013

4 Gross loans up 3.7% q-o-q and 11.2% y-o-y to RM126.3 bil

5 Customer deposits expanded 4.0% q-o-q and 6.0% y-o-y to RM143.3 bil

6 Initiatives to grow CASA gaining further traction, CASA base increased by 5.1% year to date. CASA composition improved to 23.5%

7 Earnings per share at 17.7 sen

8 Annualised ROE and ROA at 10.6% and 0.9% respectively

RHB Banking Group Scorecard 2014

Top Level Indicators	Target 2014	Q1 2014
ROE	>12.0%	10.6% ^{N1}
Loans Growth	12%	3.7% ^{N2}
CASA Growth	>15%	5.1% ^{N2}
Gross Impaired Loans Ratio	<2.5%	2.54%
Cost to Income Ratio	<50%	53.7%
International Contribution	>12%	10%

N1 Annualised
N2 Changes for Q1 2014, not annualised

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Executive Summary

Q1 2014 Financial Results

Summary

RHB ♦ China

RHB ♦ Hong Kong

Laos RHB ♦

Thailand RHB ♦

Cambodia RHB ♦

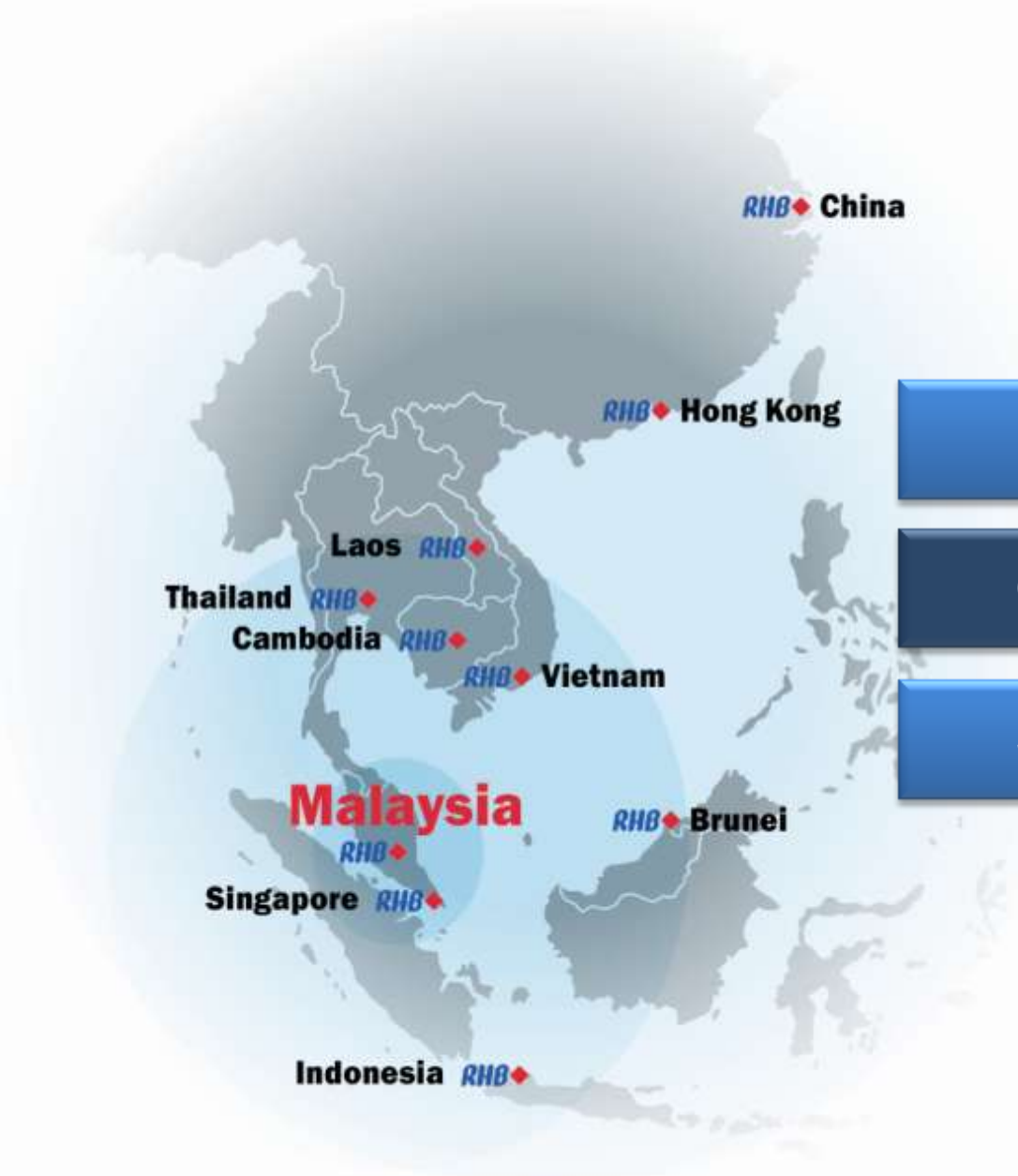
RHB ♦ Vietnam

Malaysia
RHB ♦

RHB ♦ Brunei

Singapore RHB ♦

Indonesia RHB ♦



Financial Results

RM mil	Q1 2014	Q1 2013	Y-o-Y Change %	Q4 2013	Q-o-Q Change %
Net Interest Income	819	779	5	864	-5
Other Operating Income	497	450	11	590	-16
Income from Islamic Banking Business	152	134	14	162	-6
Total Income	1,468	1,363	8	1,616	-9
Other Operating Expenses	(789)	(718)	10	(818)	-4
Operating Profit Before Allowances	679	645	5	798	-15
Allowances for Loan Impairment	(54)	(155)	-65	(119)	-55
Impairment Losses on Other Assets	12	4	>100	4	>100
Profit Before Taxation	637	494	29	683	-7
Net Profit	451	357	26	505	-11
EPS (sen)	17.7	14.3	24	19.9	-11
Key Financial Indicators (%)					
Cost to Income Ratio	53.7	52.7	1.0	50.6	3.1
ROEN ^{N1}	10.6	9.3	1.3	11.5	-0.9
ROAN ^{N1}	0.9	0.8	0.1	1.0	-0.1
Gross Impaired Loans Ratio	2.54	2.95	-0.41	2.81	-0.27
Credit Charge Ratio ^{N1}	0.17	0.55	-0.38	0.39	-0.22

Year-on-Year:

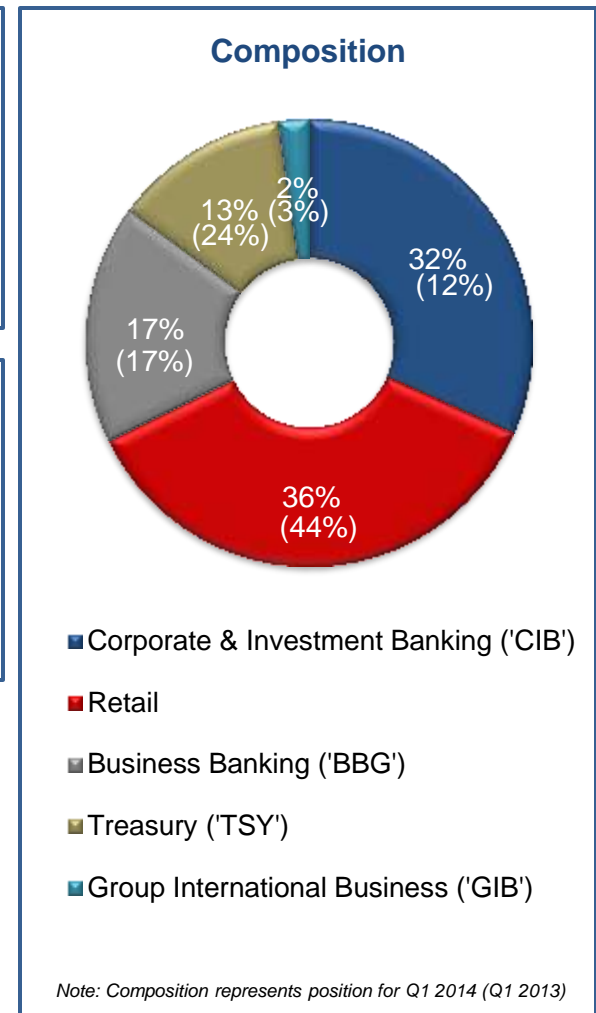
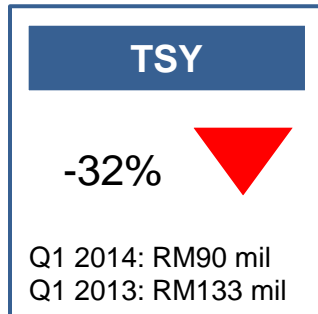
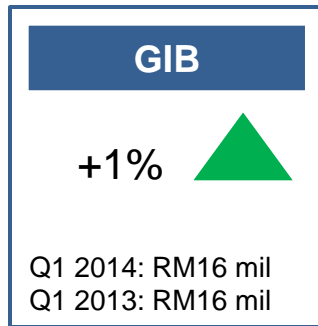
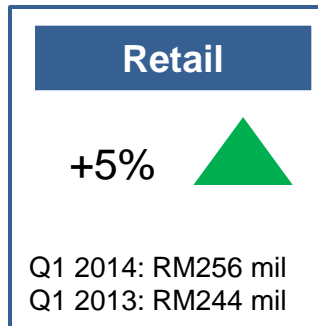
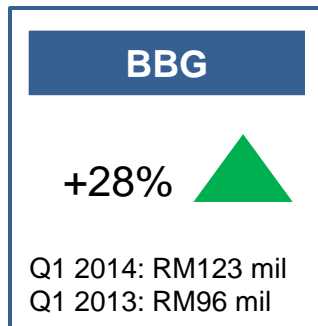
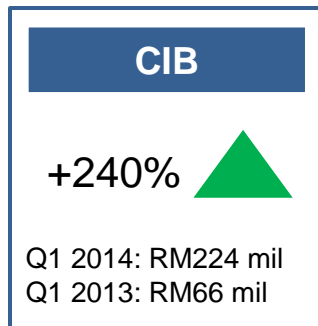
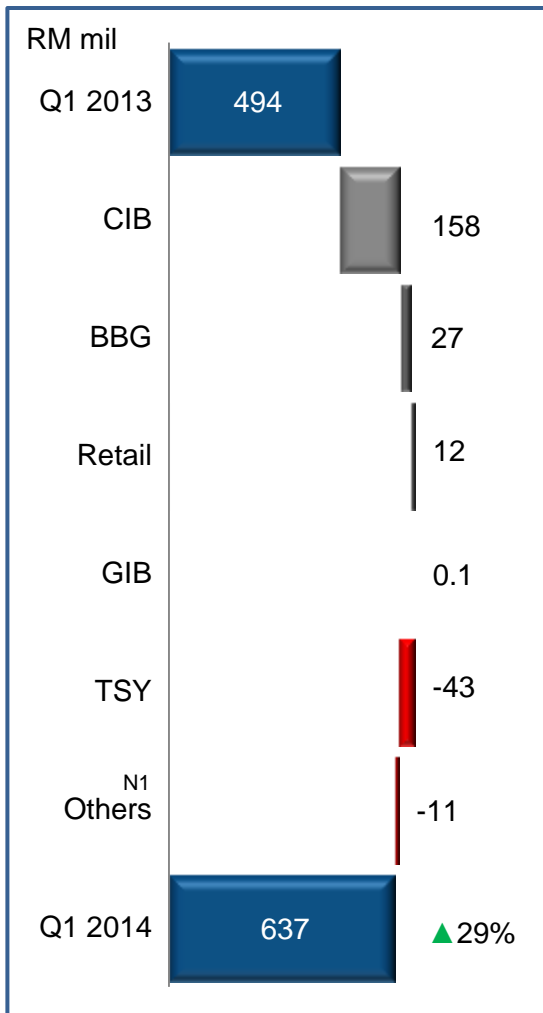
- ◆ Net interest income increased by 5% on the back of 11.0% conventional loans growth and stable NIM
- ◆ Non-interest income up 11%, predominately driven by higher fee income and increase in insurance underwriting surplus
 - Fee income grew by 17% to RM323 mil, attributable to higher services charges and fees, guarantee fees, and fund management fees
- ◆ Other operating expenses increased by 10%, mainly due to personnel cost associated with headcount growth and appointments of key senior hires to support the business expansion of the Group
- ◆ Significant reduction in loan impairment due to non-occurrence of an impairment allowance made on a corporate account in 2013, coupled with higher recoveries

Quarter-on-Quarter:

- ◆ PBT decreased due mainly to lower total income, partially offset by lower loan impairment allowances and other operating expenses

N1: Annualised

PBT by Business Segment



N1 Others refer to funding center, other business segments and inter-segment elimination

Net Interest Income & Islamic Banking Income

Net Interest Income

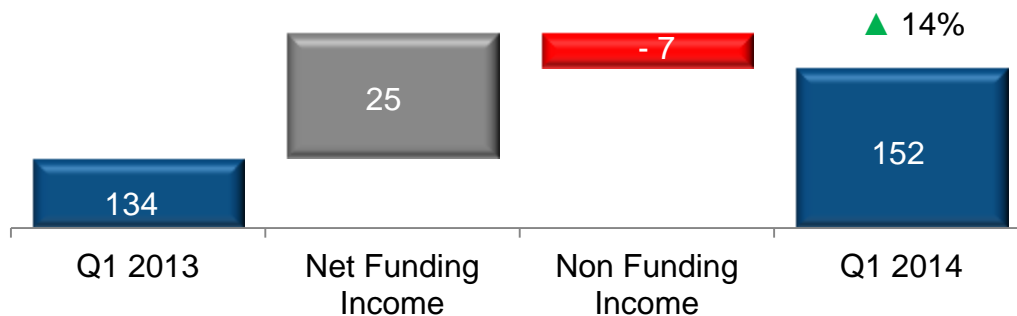
RM mil



- ◆ Higher net interest income due to 11% conventional loans growth
- ◆ Effective balance sheet management resulted in NIM stabilising at 2.33%

Islamic Banking Income

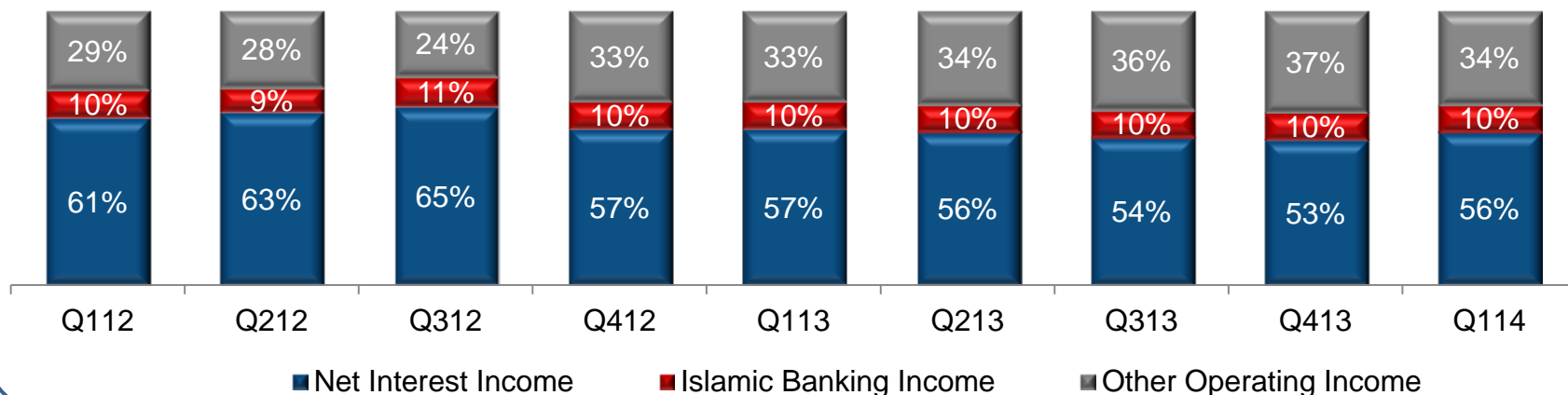
RM mil



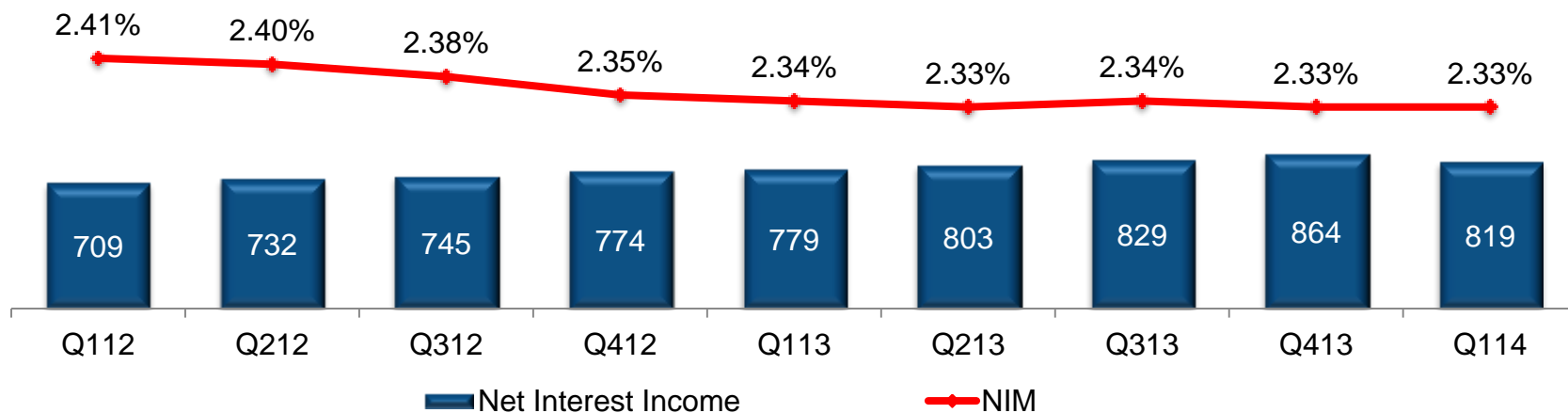
- ◆ Higher Islamic Banking income mainly due to higher net funding income on the back of 12% financing growth to RM19.2 bil and 11% increase in customer deposits to RM20.0 bil
- ◆ Lower non-funding income mainly due to lower net gain on disposal of financial assets/ investments

Income Mix & NIM

Income Mix



Net Interest Income & NIM

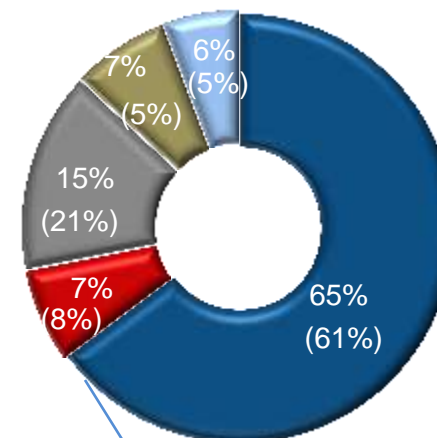


Other Operating Income

RM mil

	Q1 2013		Q1 2014
	450		497
Service Charges, Commission, Guarantee & Commitment Fees	▲ 44%	43	143
Corporate Advisory, Underwriting & Arrangement Fees	▲ 6%	1	28
Net Brokerage	▼ 7%	-6	85
Fund Management & UT Fee	▼ 27%	-14	36
Other Fee Income	▲ 224%	22	31
Total Fee Income	▲ 17%		323
Insurance Underwriting Surplus	▲ 54%	13	36
Gain and MTM on Securities/Derivatives	▼ 5%	-2	35
Net Forex Gain	▼ 19%	-18	75
Others	▲ 39%	8	28
Q1 2014	497	▲ 11%	497

Composition



Brokerage income: 17% (20%)

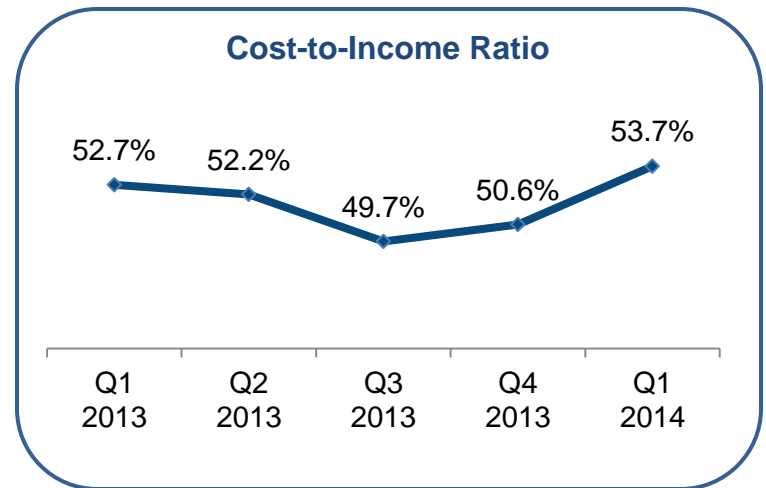
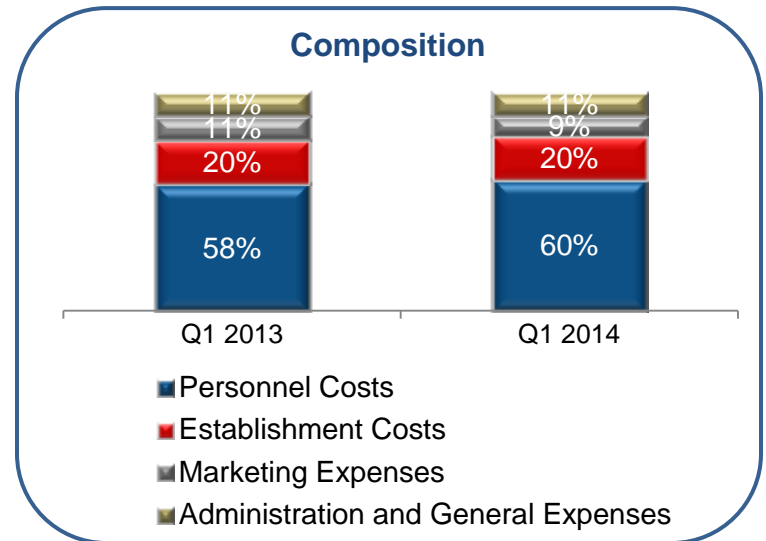
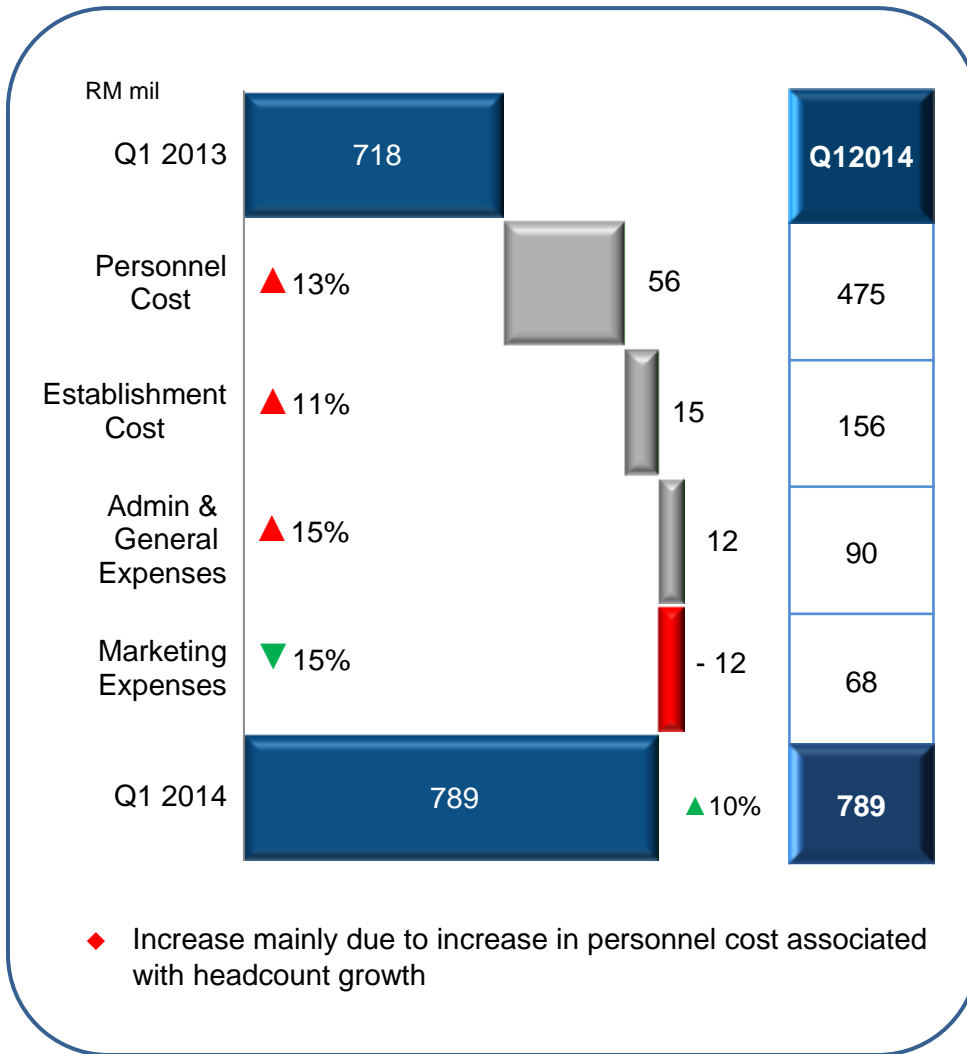
Fund Management & UT Fee: 7% (11%)

Other fee income: 41% (30%)

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

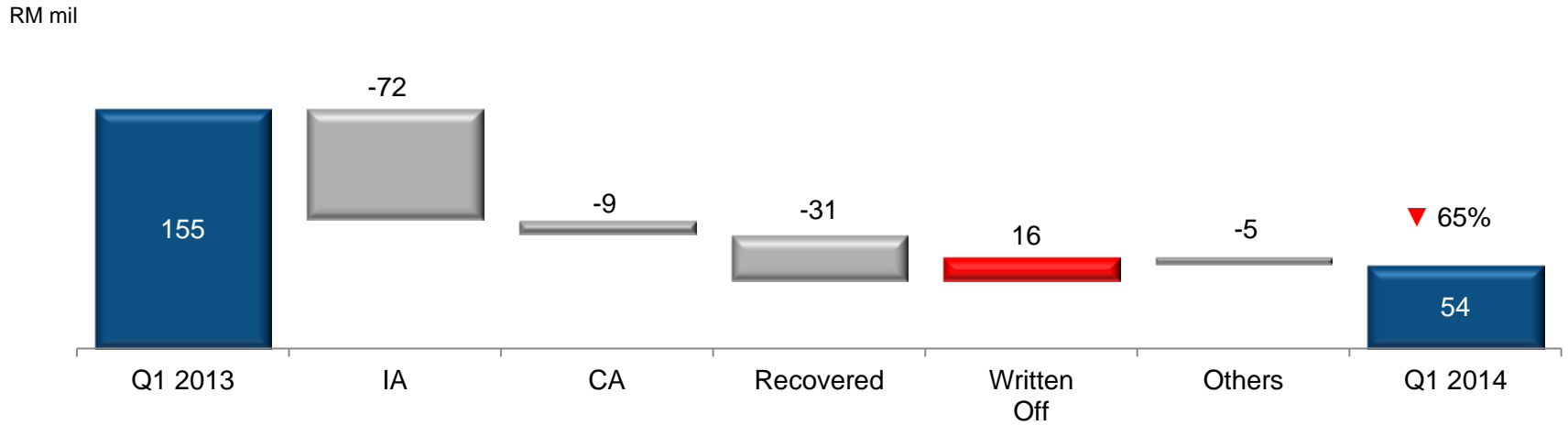
Note: Composition represents position for Q1 2014 (Q1 2013)

Other Operating Expenses

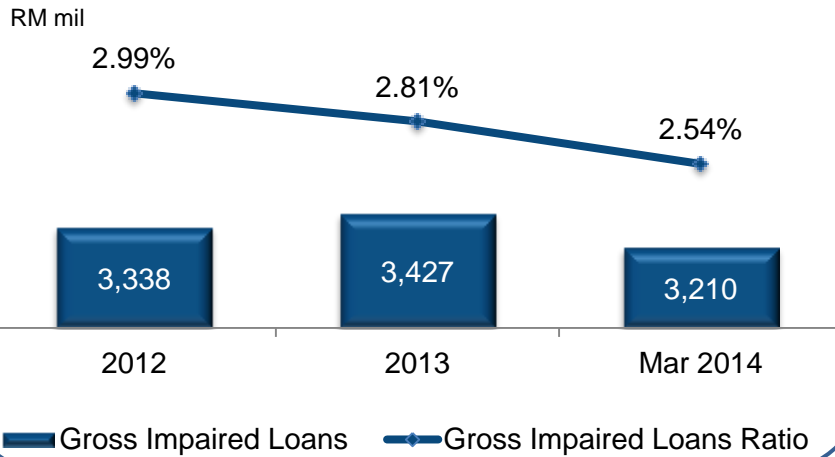


Allowances for Loan Impairment

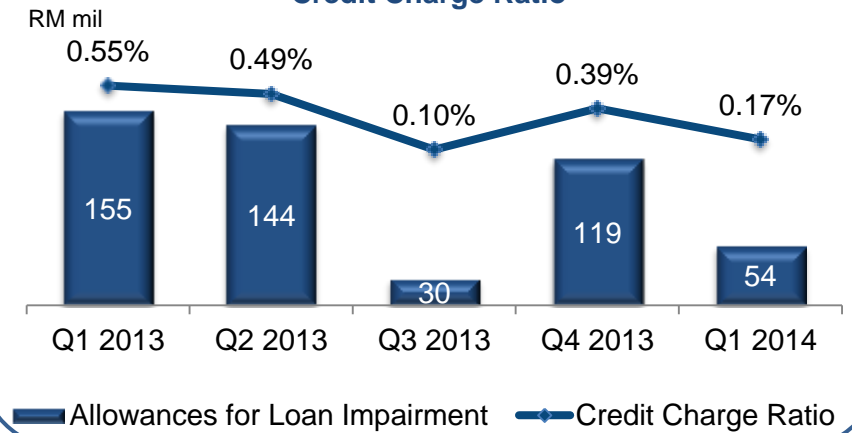
Increase/(Decrease) in Allowances for Loan Impairment



Asset Quality



Allowances for Loan Impairment & Credit Charge Ratio



Group Financial Position

RM mil	Mar 2014	Dec 2013	Mar 2013	Change for 3M 2014 %	Y-o-Y Change %
Total Assets	196,944	191,090	184,556	3	7
Total Financial Assets/Investments	43,082	43,746	37,241	-2	16
- Financial Assets HFT	3,374	4,038	3,482	-16	-3
- Financial Investments AFS	17,582	16,930	14,578	4	21
- Financial Investments HTM	22,126	22,778	19,181	-3	15
Gross Loans	126,289	121,753	113,545	4	11
Customer Deposits	143,272	137,741	135,199	4	6
Borrowings and Senior Debt Securities	4,614	4,547	5,286	1	-13
Subordinated Notes	4,633	4,581	4,773	1	-3
Hybrid Tier-1 Capital Securities	598	601	597	-	-
Shareholders' Funds	17,194	16,739	15,520	3	11
Net Assets per Share	6.75	6.57	6.22	3	9
LD Ratio	88%	88%	84%	-	4

◆ Expansion in total assets driven by loans growth and higher cash and short term funds

◆ Gross loans:

- Domestic loans growth boosted mainly by household sector and education, health and others

- Retail and Easy continued to perform with combined loans growth of 4%, higher than industry retail loans growth of 2%

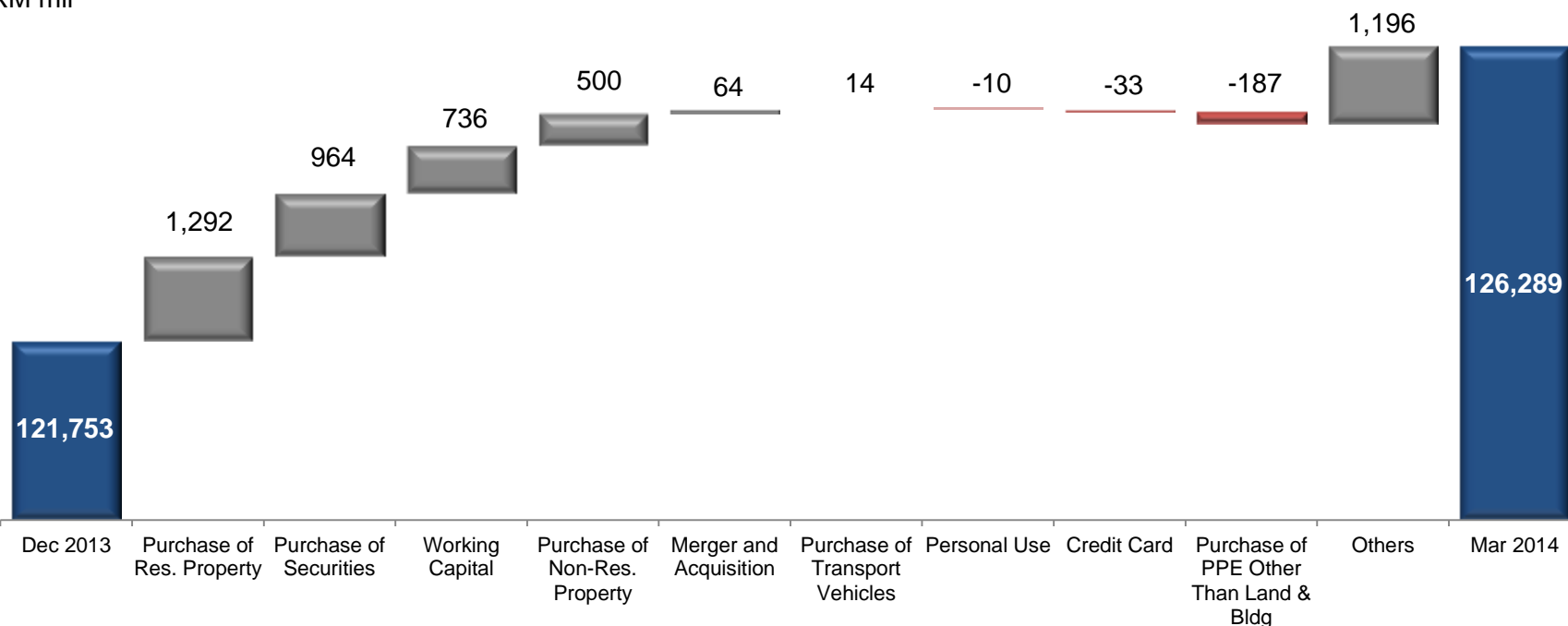
- Overseas gross loans increased by 5% mainly contributed by Singapore operations (5%), Hong Kong (32%) and Cambodia (11%)

◆ CASA recorded 5% growth, of which current account and savings account balances increased by 5% individually, higher than industry which recorded a contraction of 1% and 4% growth respectively

◆ Liquidity and funding position remained healthy with LD ratio at 88%

Loans, Advances and Financing

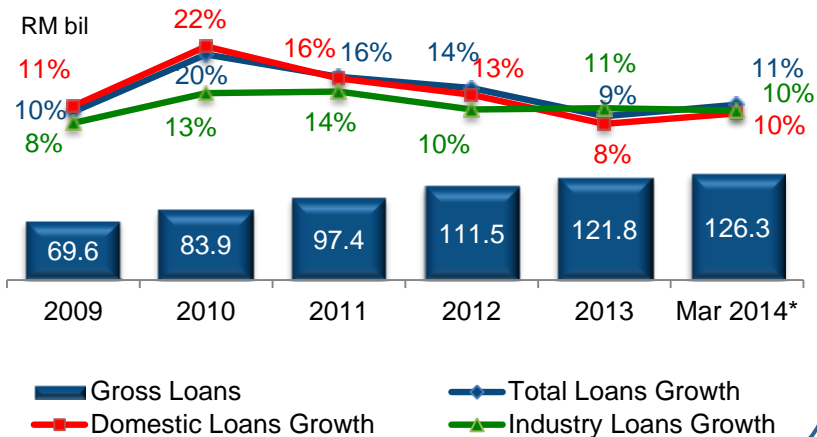
RM mil



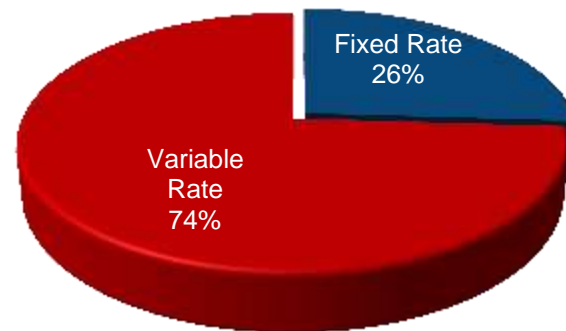
Mar 2014	26,811	14,034	29,833	7,949	3,280	11,877	7,184	1,971	3,163	20,187	126,289
3M 2014 Growth	▲ 5%	▲ 7%	▲ 3%	▲ 7%	▲ 2%	▲ 0.1%	▼ 0.1%	▼ 2%	▼ 6%	▲ 6%	▲ 4%
Y-o-Y Growth	▲ 19%	▲ 26%	▲ 10%	▲ 30%	▼ 7%	▲ 2%	▲ 23%	▲ 3%	▲ 0.3%	▼ 1%	▲ 11%
3M 2014 Loans Growth Composition	29%	21%	16%	11%	1%	0.3%	-0.2%	-1%	-4%	27%	100%
Y-o-Y Loans Growth Composition	33%	23%	22%	15%	-2%	1%	10%	0.5%	0.1%	-2%	100%

Loans Profile and Market Share

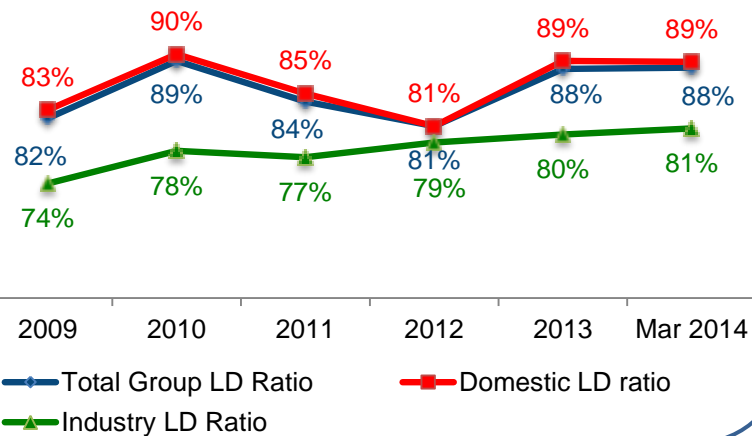
Gross Loans & Growth (%)



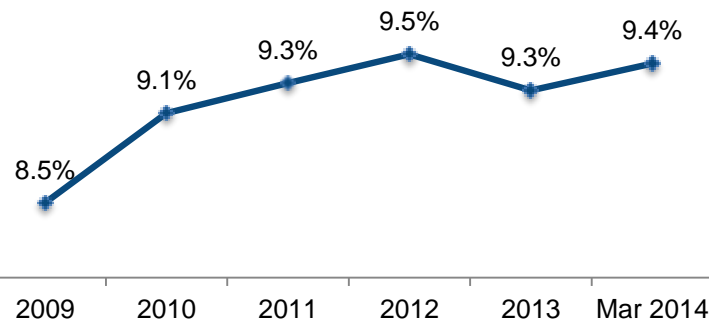
Gross Loans by Interest/Profit Rate Sensitivity



LD Ratio



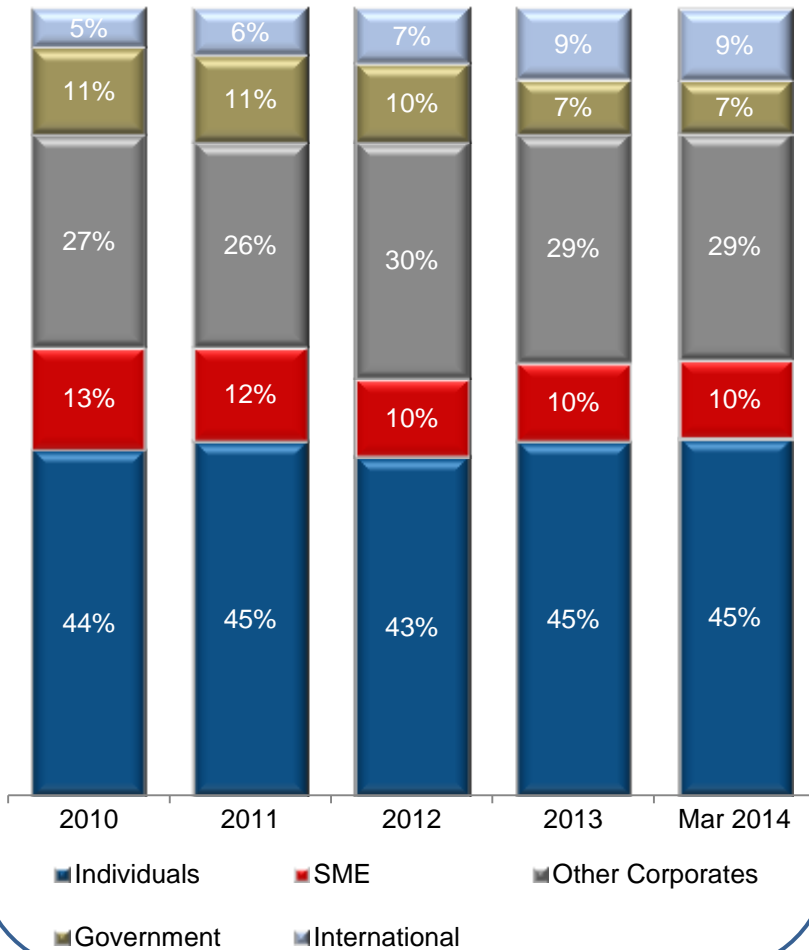
Domestic Market Share



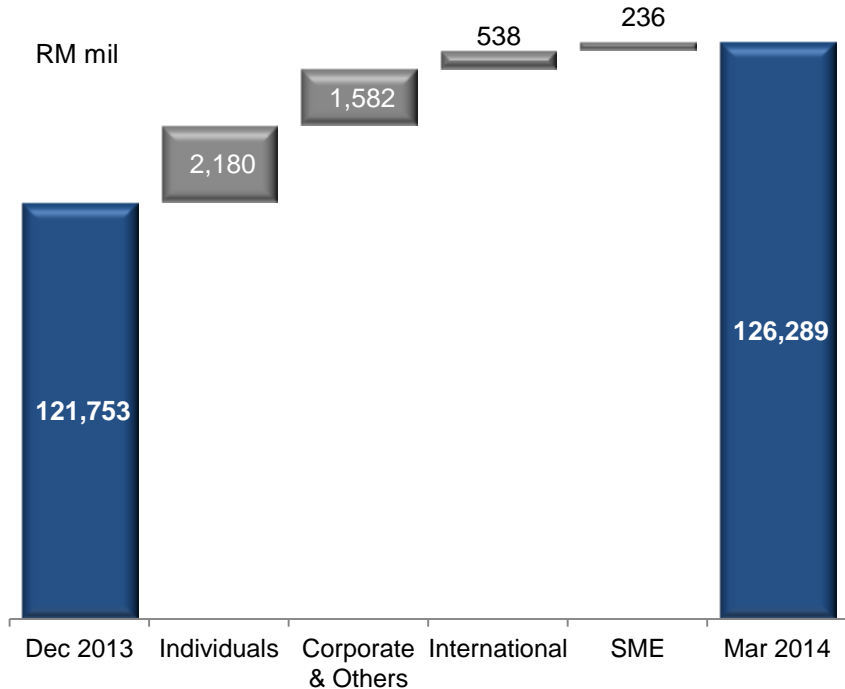
* Y-o-Y growth rate

Loans By Type of Customers

Composition

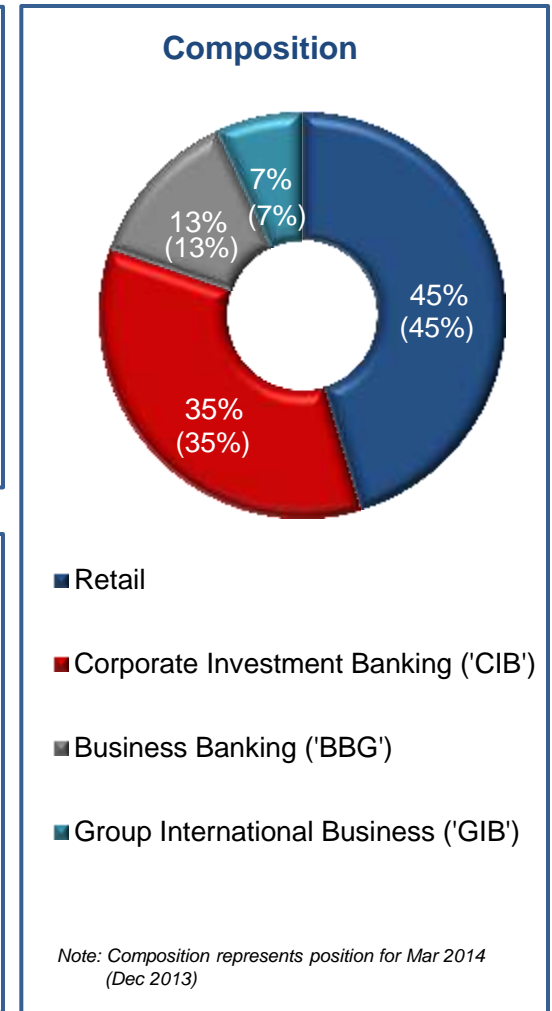
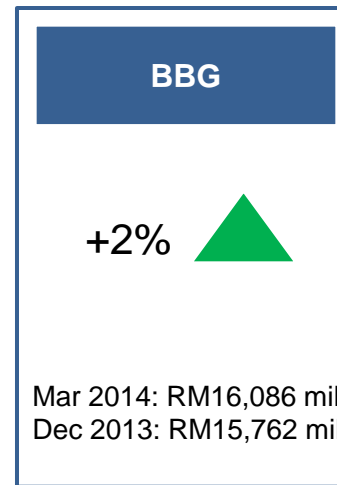
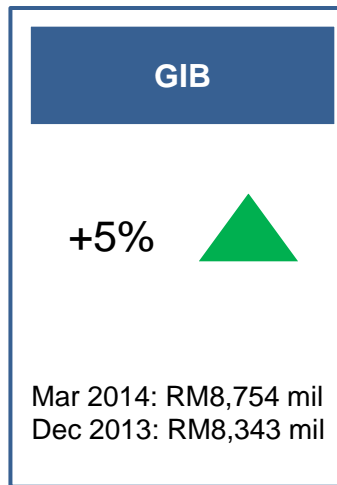
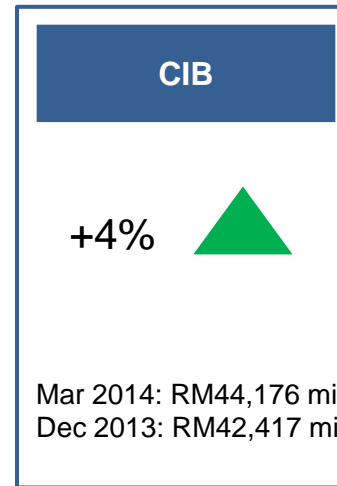
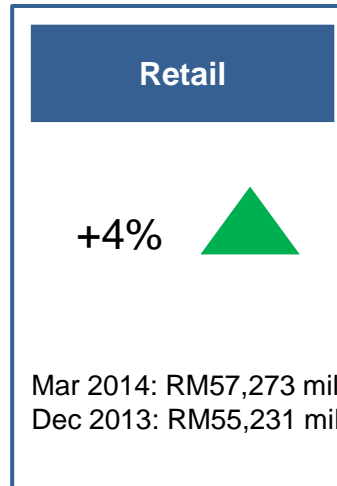


Loans by Type of Customers

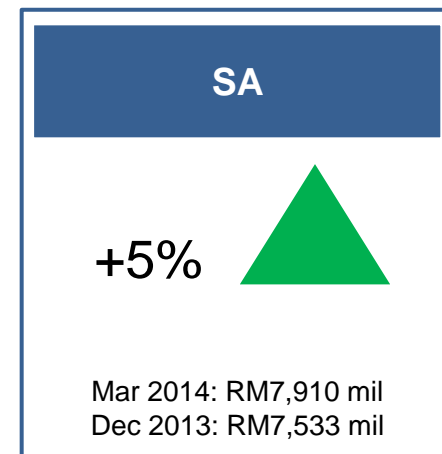
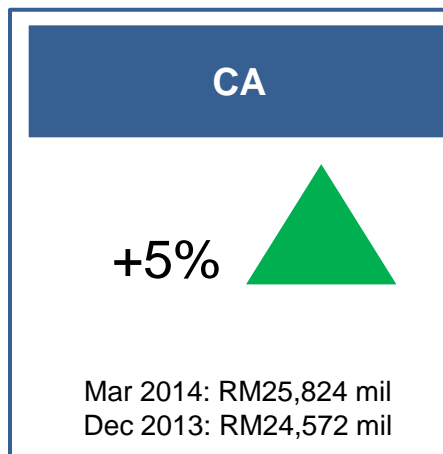
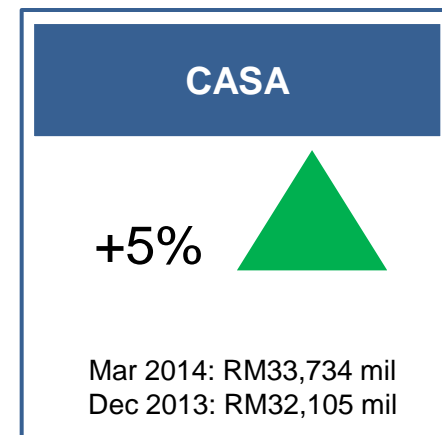
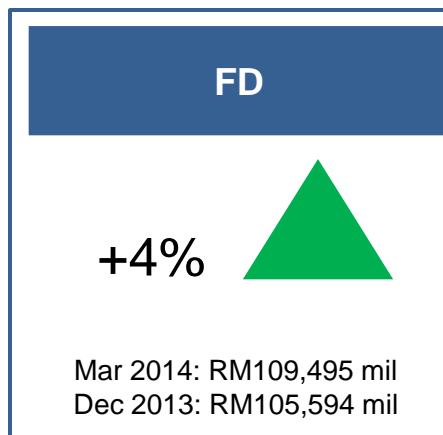
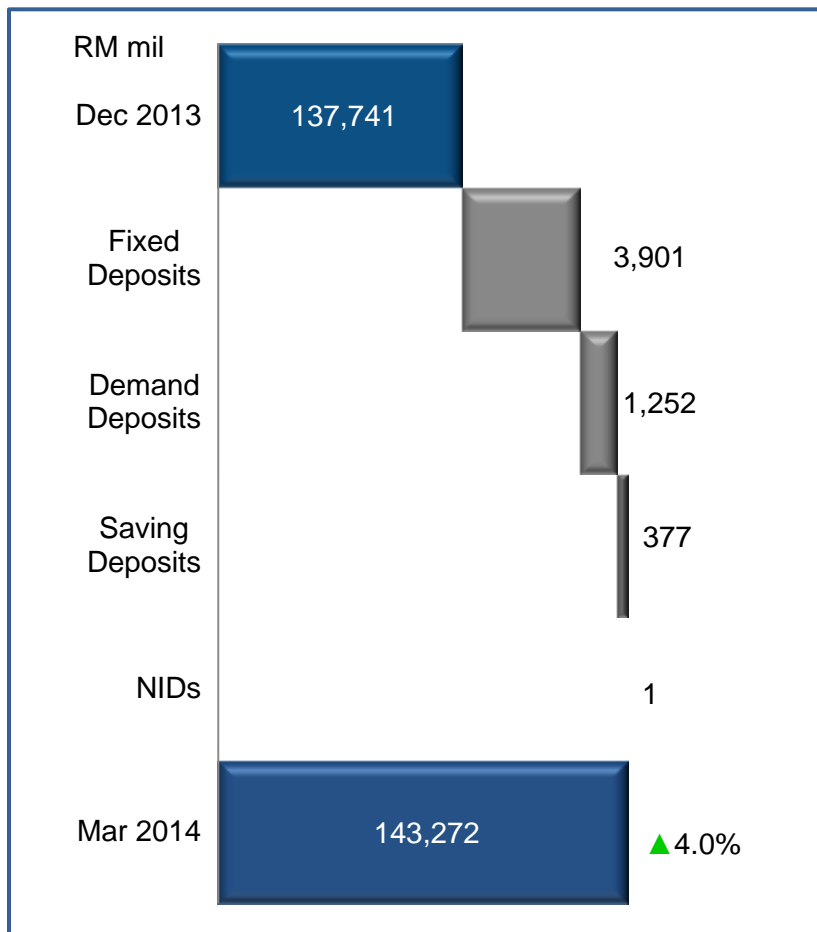


	Individuals	Corporate & Others	International	SME	Total
Mar 2014	57,274	44,899	11,448	12,668	126,289
3M 2014 Growth	▲ 4%	▲ 4%	▲ 5%	▲ 2%	▲ 4%
Y-o-Y Growth	▲ 16%	▲ 4%	▲ 39%	▲ 0.4%	▲ 11%
3M 2014 Loans Growth Composition	48%	35%	12%	5%	100%

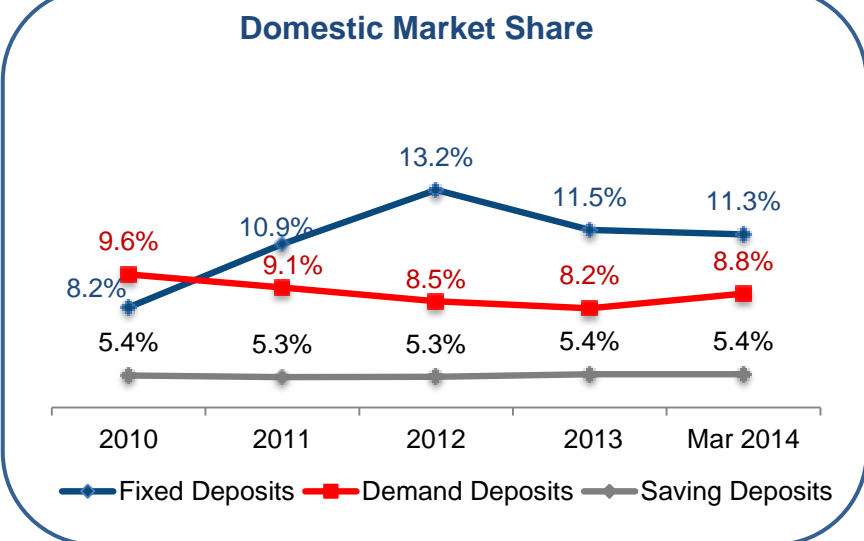
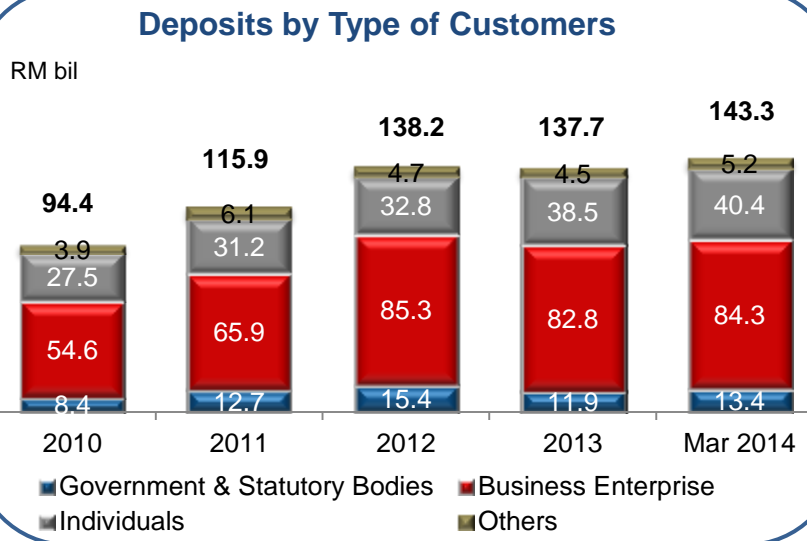
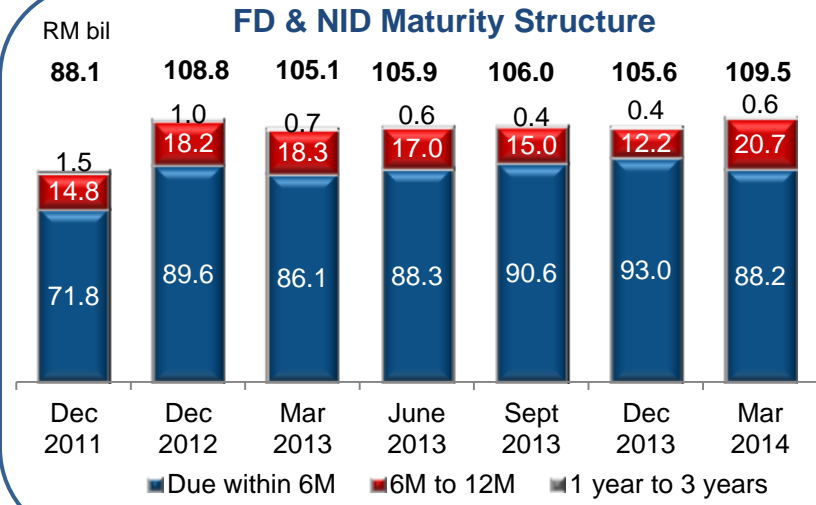
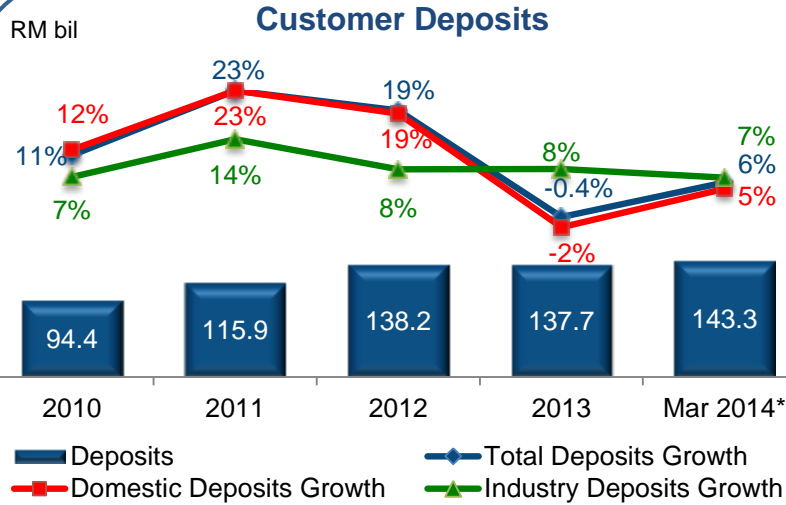
Loans, Advances and Financing by SBG



Customer Deposits



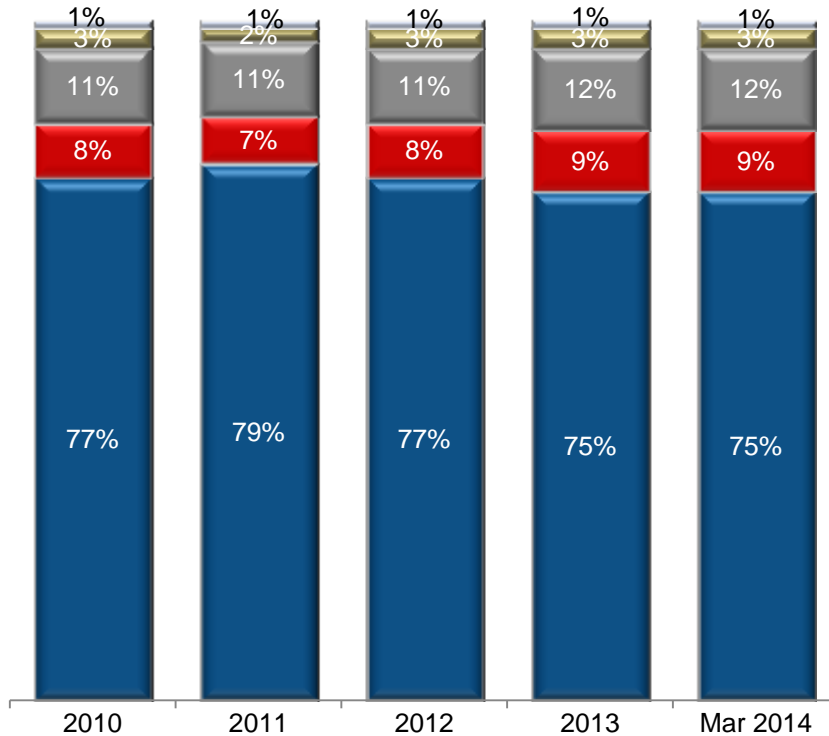
Customer Deposits Profile & Market Share



* Y-o-Y growth rate

Funding & Leverage

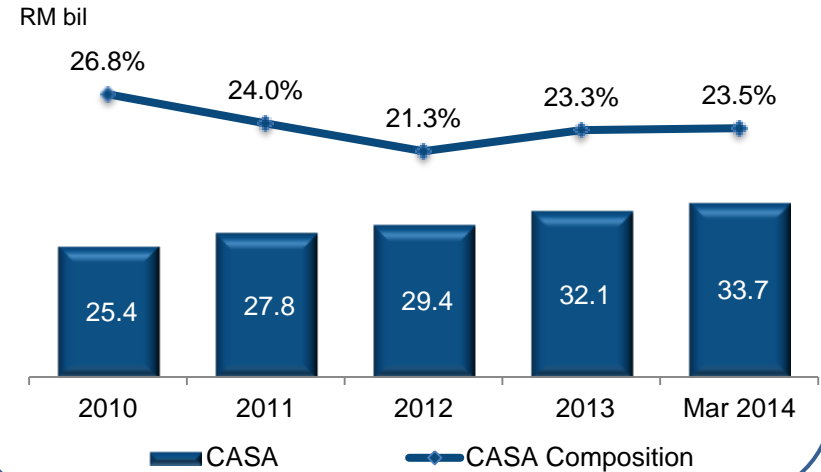
Funding Composition



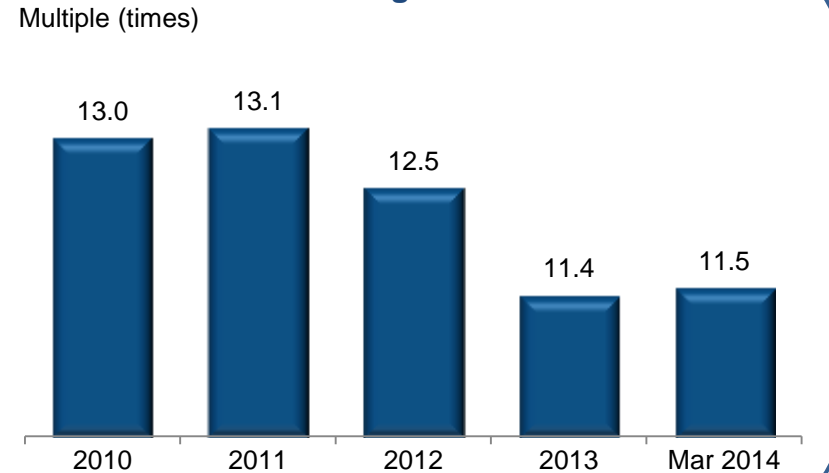
- Customer Deposits
- Deposits from Banks and Other FI
- Equity & Debt Capital*
- Borrowings & Senior Debt Securities
- Loans Sold to Cagamas

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

CASA Composition



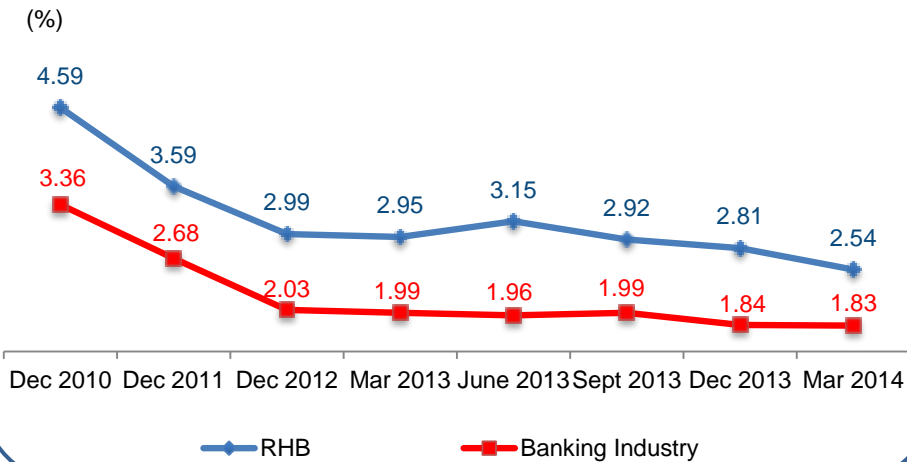
Leverage Ratio



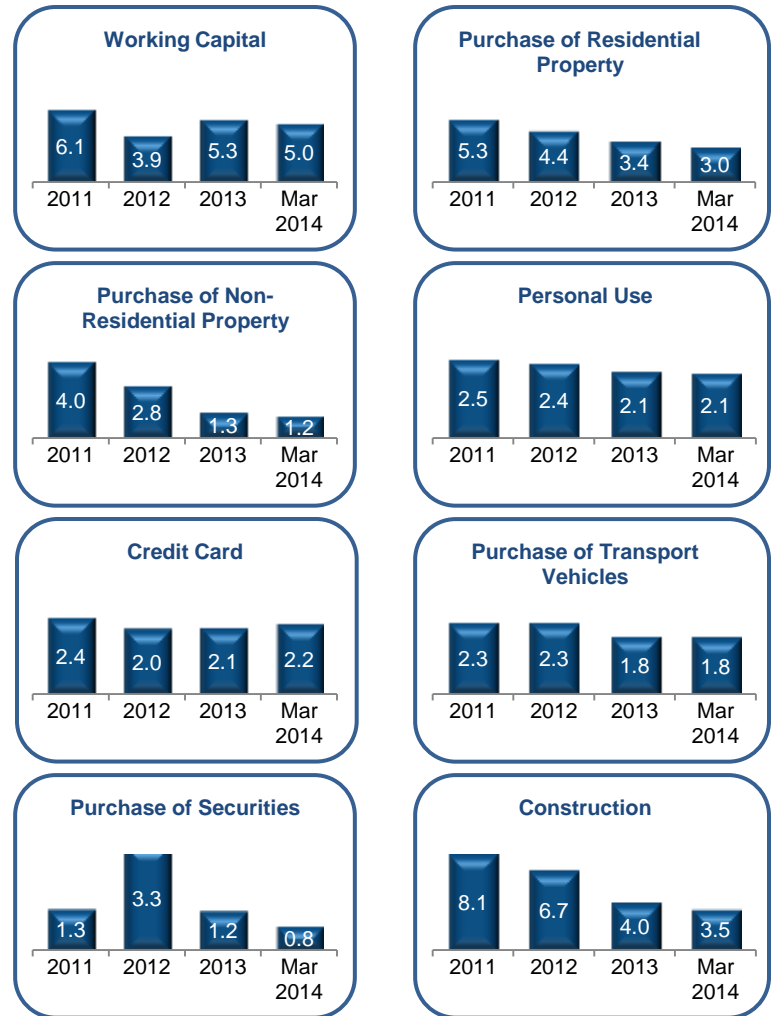
Note: Leverage ratio is defined as total assets over shareholders' funds

Asset Quality

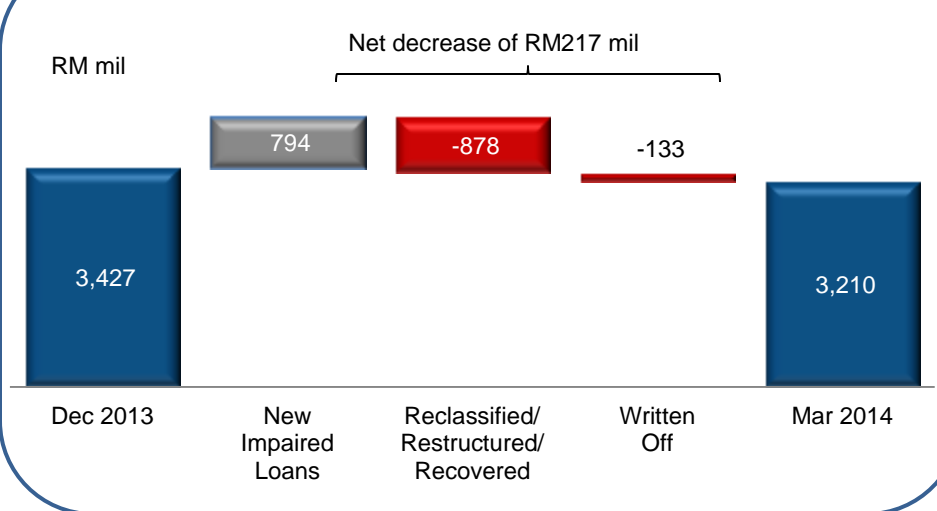
Gross Impaired Loans Ratio



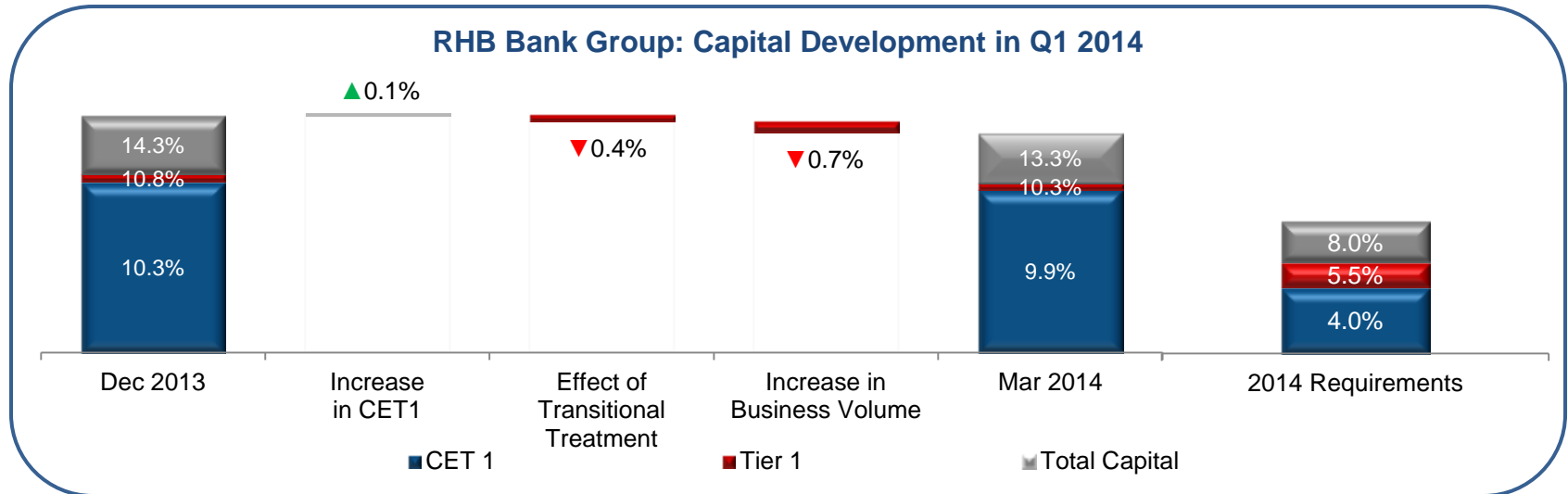
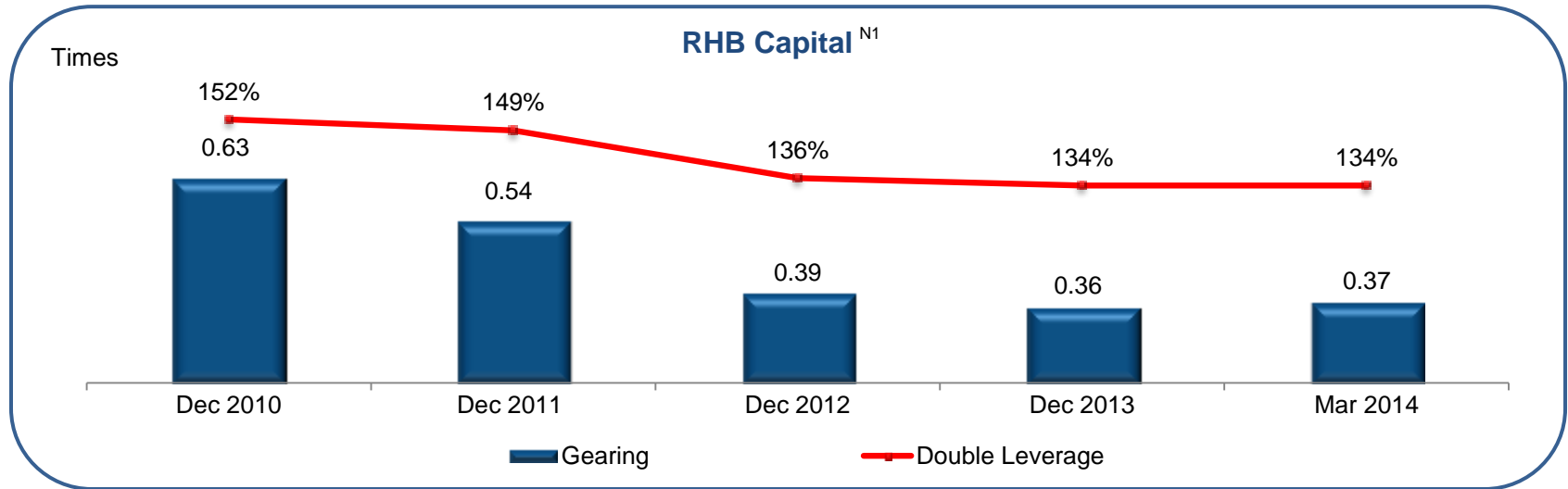
Gross Impaired Loans Ratio (%) by Purpose



Gross Impaired Loans Movement

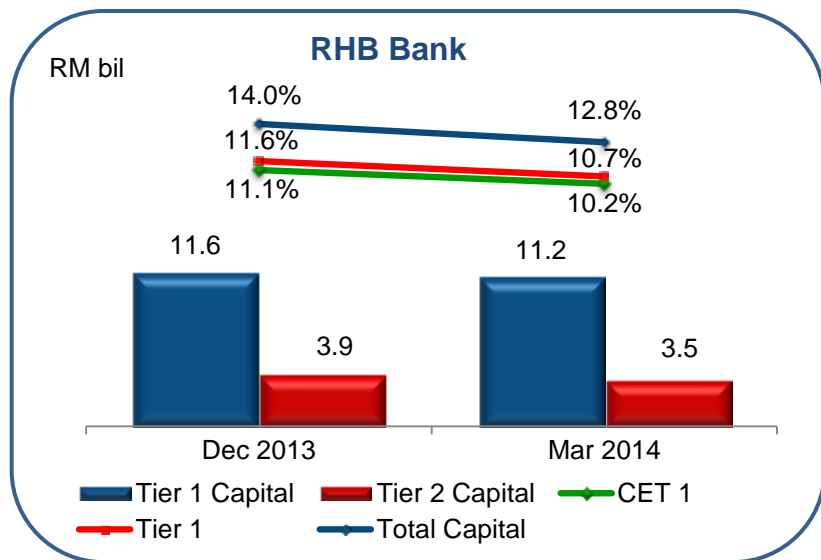


Capital Position (1/2)

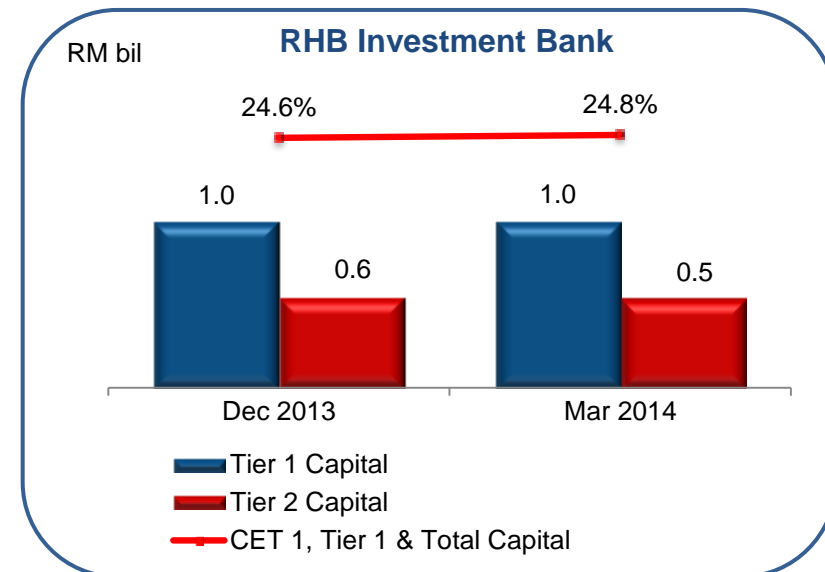
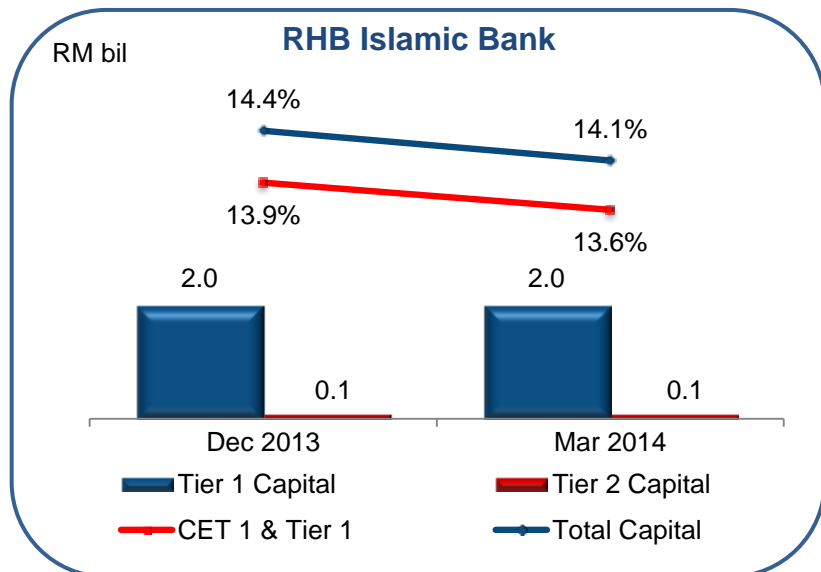


N1: Proforma Basel III CET 1 of RHB Capital Group is at 8.6%

Capital Position (2/2)

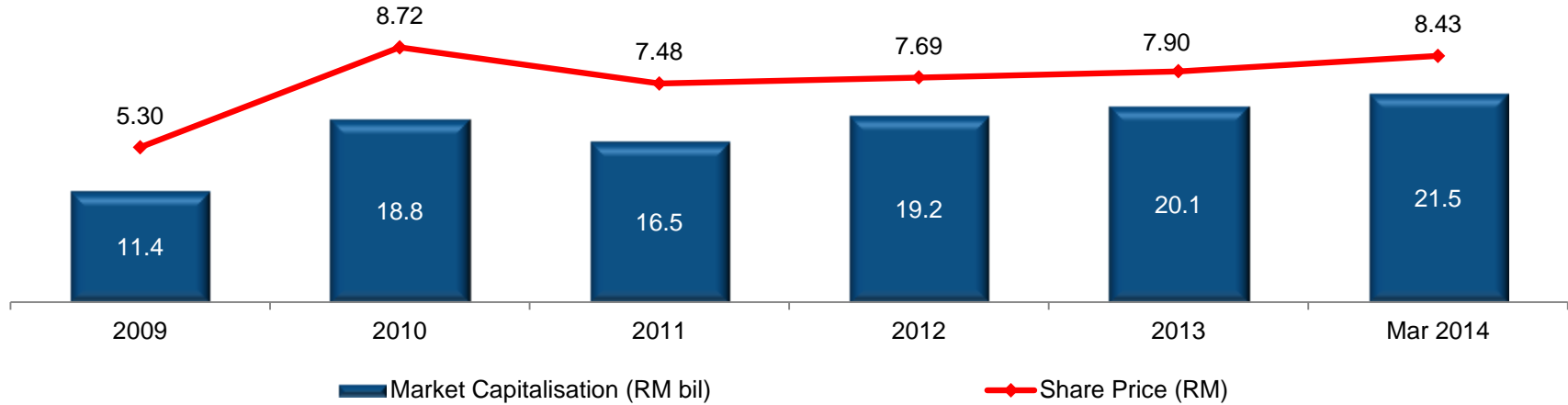


- ◆ Total capital ratio for RHB Bank decreased mainly due to application of transitional arrangement with the gradual deduction/phase-out of investment in subsidiaries, sub-debts and Hybrid Tier-1 and increase in business volume
- ◆ RHB Islamic Bank issued RM500 mil subordinated sukuk murabahah on 15 May 2014 - qualify as Tier 2 capital
- ◆ On-going active capital management to address capital needs from business growth vis-a-vis internal capital target

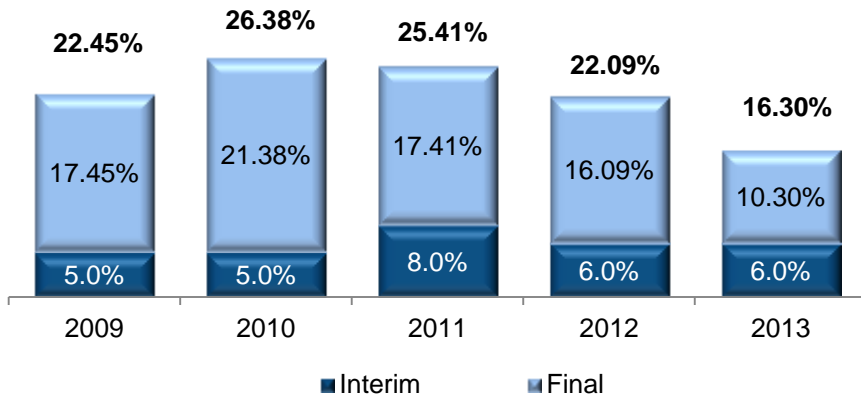


Return to Shareholders

Market Capitalisation



Dividend Per Share



Dividend Payout Ratio & DRP Rate

	2009	2010	2011	2012	2013
Dividend Payout Ratio	30%	30%	30%	30%	23%
Average DRP Conversion Rate		84%	63%	68%	72%

Key Business Initiatives Update



Contribution to Group and Growth

PBT

RM36.1 mil
Q1 2014 +0.4%

Q1 2013: RM36.0 mil

PBT Contribution

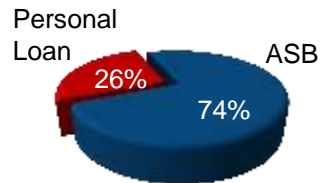
5.8% -1.5%
Q1 2014

Q1 2013: 7.3%

Gross Loans

RM6.8 bil
Mar 2014 +4.1%

Dec 2013: RM6.5 bil



Gross loans contribution to the Group: 5.4% as at Mar 2014

Bank@ Work

Secured Companies

+20%

Mar 2014: 2,001
Dec 2013: 1,670

Workforce Base

+22%

Mar 2014: 138,655
Dec 2013: 113,277

No. of CASA A/c Acquired

+17%

Mar 2014: 96,269
Dec 2013: 82,369

CASA Balance

+53%

Mar 2014: RM196 mil
Dec 2013: RM128 mil

AGENDA



Executive Summary

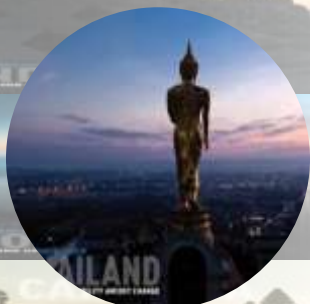
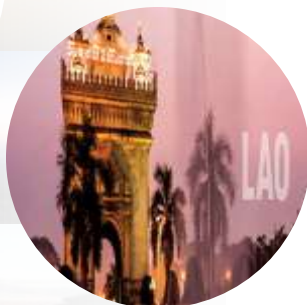
Q1 2014 Financial Results

Summary

Summary

Summary

- 1** Launched IGNITE 2017, the 3rd phase of our transformation program, which focuses on growing the domestic and regional business and developing the RHB Banking Group into a leading multinational financial services group by 2020
- 2** Realigned and integrated all SBGs into combined groups business platforms, optimising all existing distribution channels, thus enhancing our capabilities and to grow at a much faster pace
- 3** Remain focused in executing our stated strategy to deliver our FY2014 targets and long term growth for our shareholders



END

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INVESTOR RELATIONS CONTACT:

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

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

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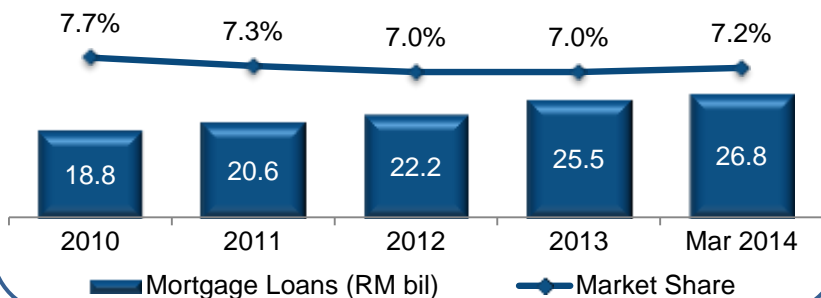
Appendix

Key Business Highlights

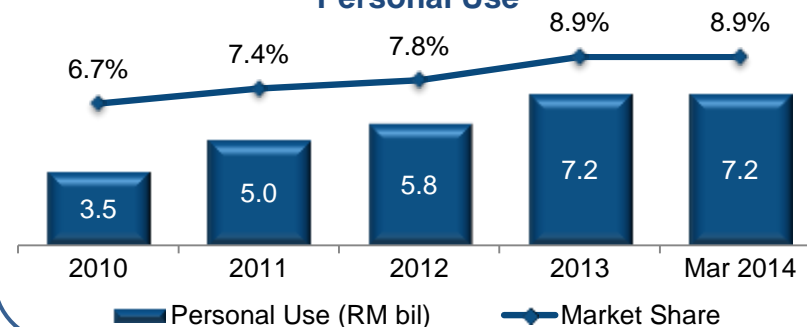


Retail Business Performance

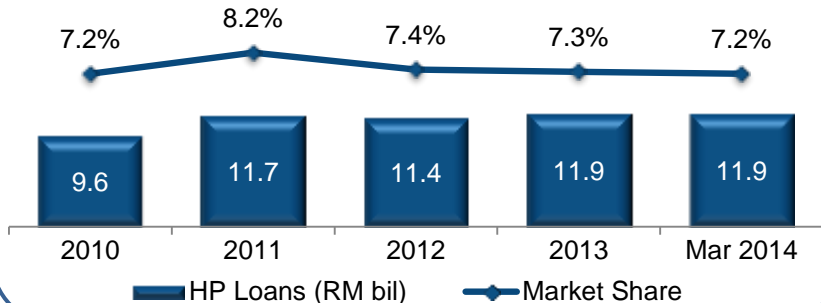
Mortgage



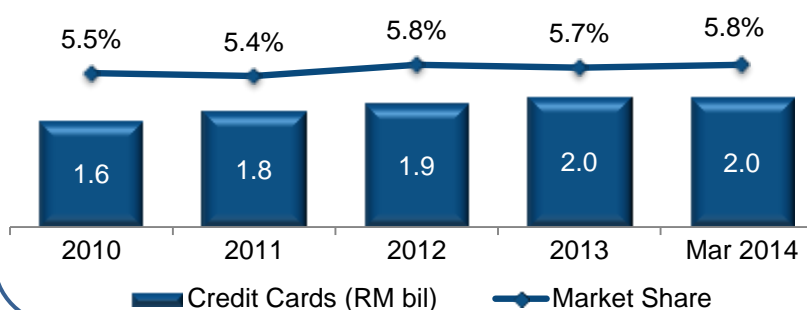
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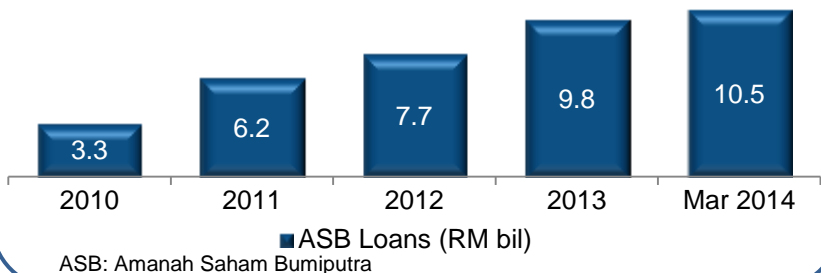
Auto Finance



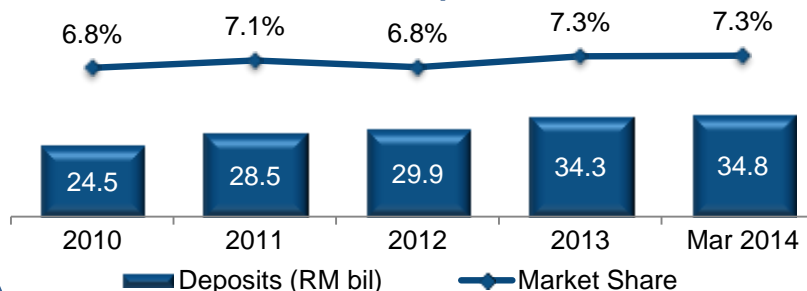
Credit Card



ASB



Retail Deposits



CIB Market Share

	YTD Mar 2014		FY 2013		FY 2012**	
	Market Share	Ranking	Market Share	Ranking	Market Share	Ranking
Debt Capital Market *	5.8%	4	16.3%	4	14.9%	4
Mergers & Acquisitions - by value	28.8%	2	11.8%	3	7.1%	11
- by deal count	NA	1	NA	1	NA	1
Equities Capital Market ^	5.5%	5	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 & RHB

Major Mandates Q1 2014

DCM



IDB Trust Services Ltd
USD1.5 bil issuance out of USD10.0 bil
Sukuk Programme
Joint Lead Manager & Underwriter



IJM Corporation Berhad
RM3.0 bil
Sukuk Murabahah Programme
Sole Principal Adviser, Joint Lead
Arranger & Joint Lead Manager

ECM



KPJ Healthcare Berhad
RM122.2 mil
Rights Issue
Sole Principal Adviser & Joint
Underwriter



Malaysia Building Society Berhad
RM1.47 bil
Rights Issue
Joint Underwriter



IOI Properties Group Berhad
RM1.87 bil
Main Market IPO
Joint Principal Adviser & Joint Global
Coordinator

M&A



MCT Consortium Berhad
RM1.21 bil
Reverse Take-over of GW Plastics
Holdings Berhad
Adviser
(announced / ongoing)

Syndicated Loan

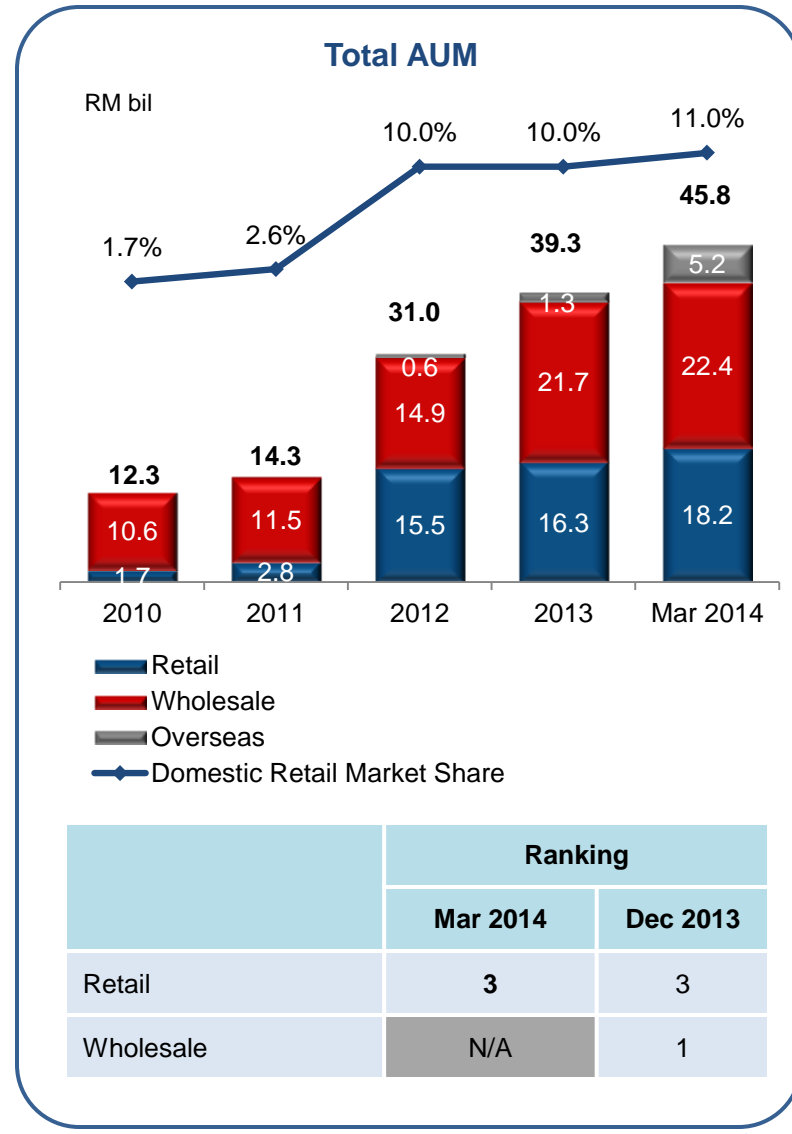


SapuraKencana TMC Sdn Bhd
RM16.5 bil
Senior Multi Currency Term &
Revolving Facilities
Joint Mandated Lead Arranger

Equities, Futures & Asset Management

Equities (by value)	Mar 2014		FY 2013	
	Market Share	Ranking	Market Share	Ranking
Malaysia				
- By value	9.6%	2	8.8%	3
- By volume	13.7%	2	14.3%	1
Singapore	7.4%	6	7.4%	6
Hong Kong	0.1%	89	0.2%	84
Indonesia	2.4%	14	2.2%	15
Thailand	1.2%	25	1.3%	24
Cambodia	10.5%	3	1.3%	9

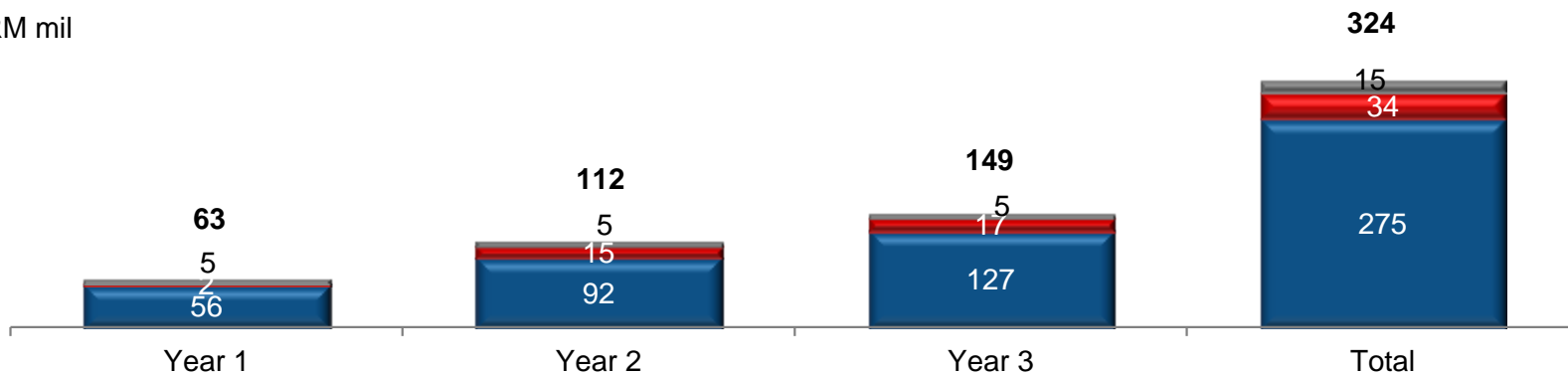
Futures (by volume)	Mar 2014		FY 2013	
	Market Share	Ranking	Market Share	Ranking
Malaysia - FKLI	7.7%	5	9.2%	4
Malaysia - FCPO	10.3%	3	9.7%	3
Thailand	3.9%	7	2.1%	17
Hong Kong - HSIF	0.2%	58	0.2%	50



RHB-OSK Integration Update

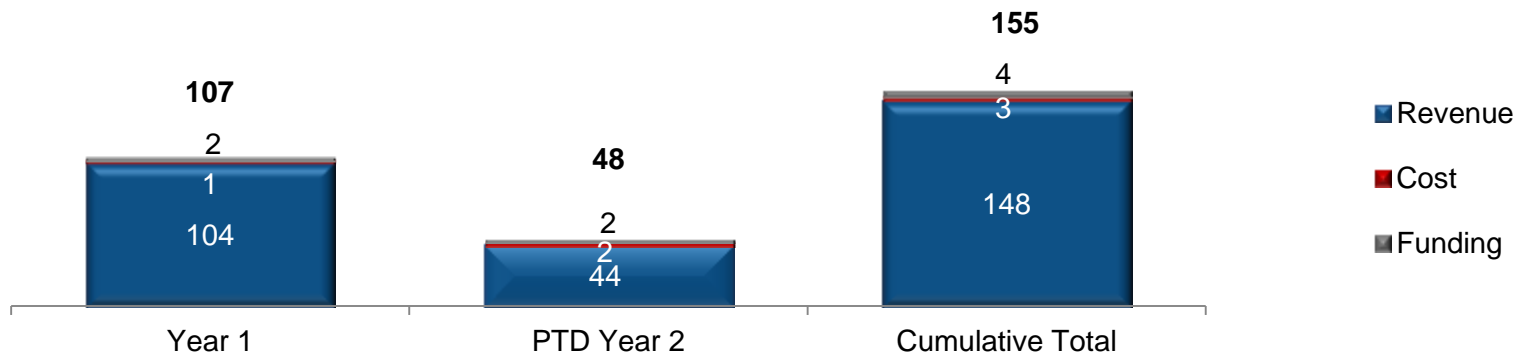
Recap: Estimated Synergies Over 3 Years

RM mil

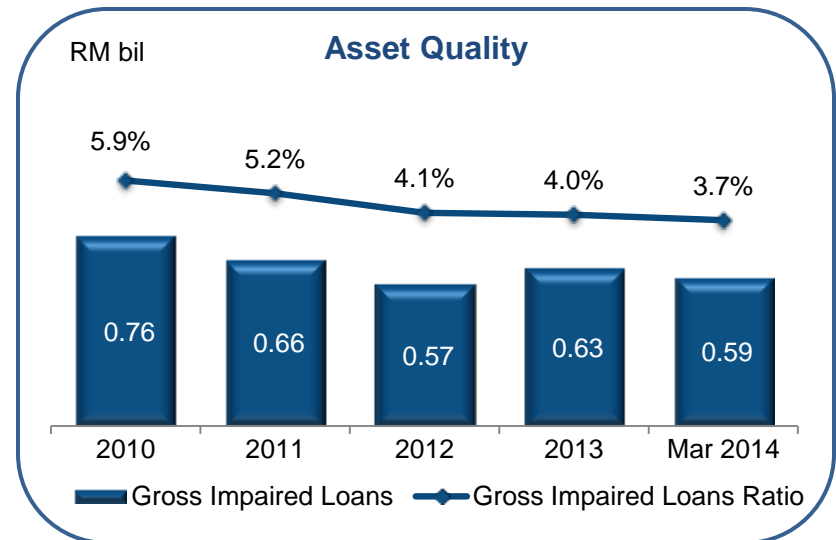
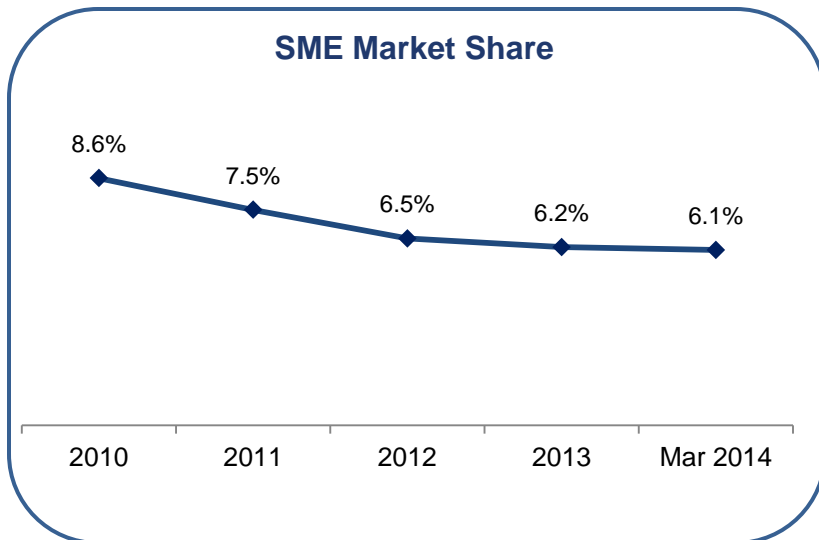
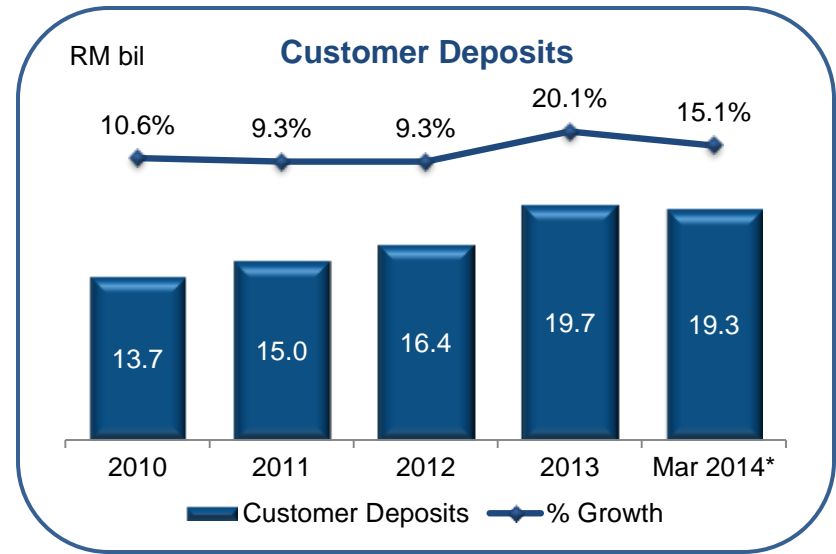
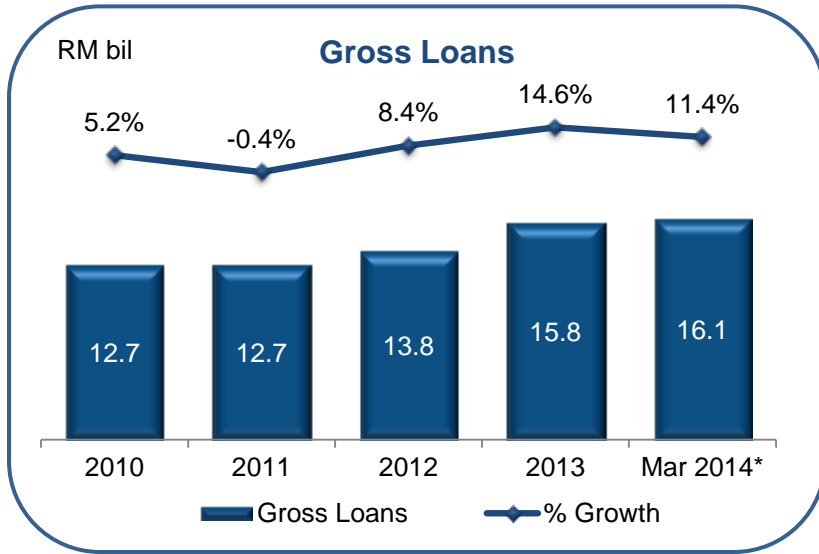


Synergies

RM mil

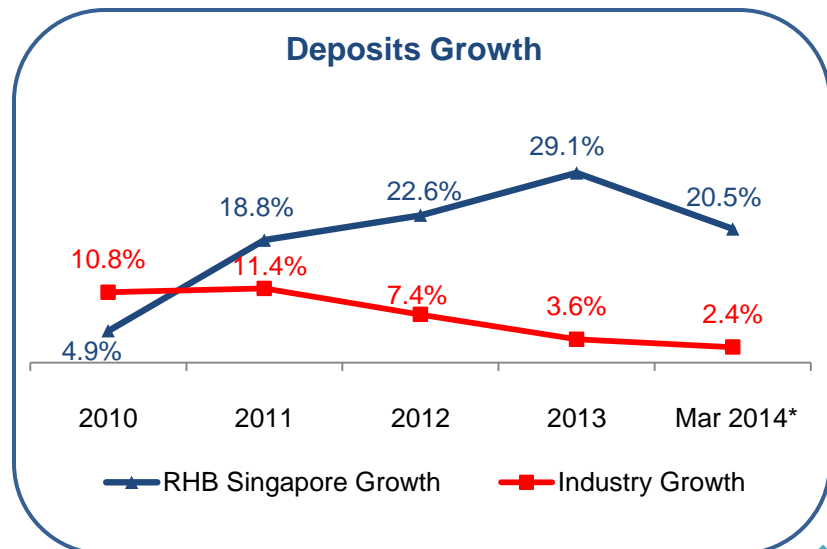
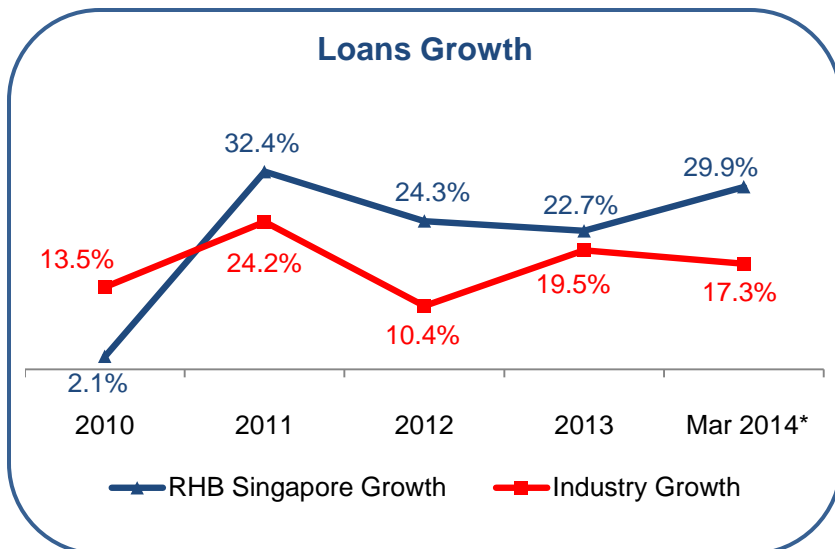
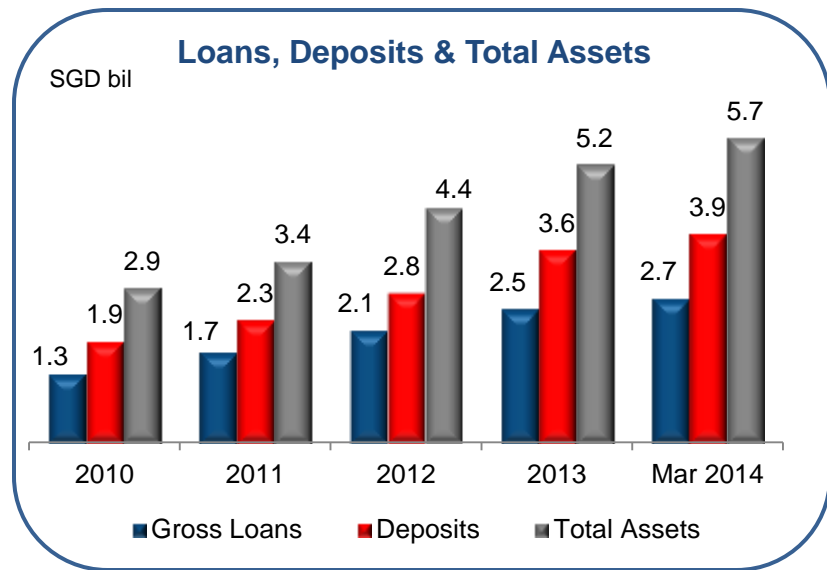
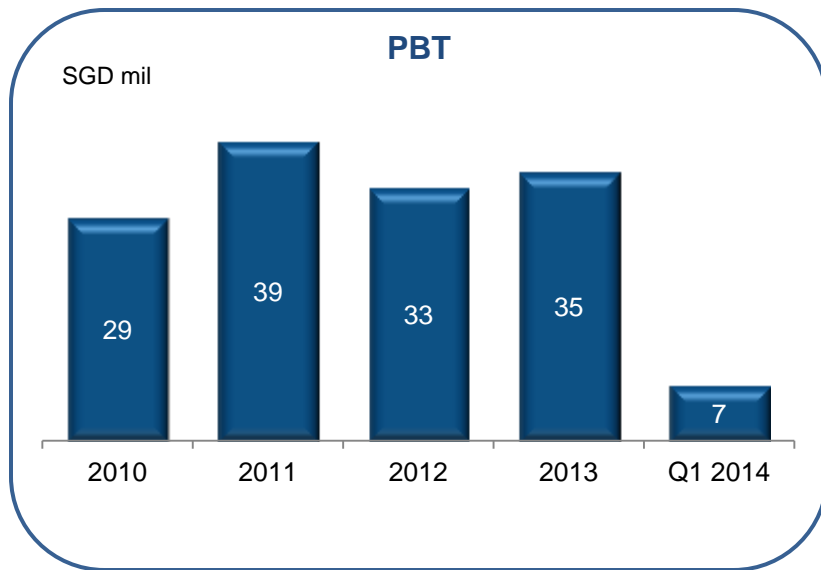


Business Banking and SME



* Y-o-Y growth rate

RHB Bank Singapore Business Performance



* Y-o-Y growth rate