

Investor Presentation

FY 2014 Financial Results



Mr. Kellee Kam
Group Managing Director
RHB Banking Group
27 February 2015

RHB 
RHB Capital Berhad

AGENDA



Executive Summary

FY 2014 Financial Results

Key Corporate and Business Updates

Summary

Executive Summary

1

Revenue for FY 2014 was up 4.8% year-on-year on the back of higher fee and fund base income. Other operating income to total income ratio rose to 35.5% from 35.0% in 2013.

2

Pretax profit increased by 10.7% year-on-year to RM2.7 billion.

3

Gross loans grew by 17.0% to RM142.5 billion as at 31 December 2014, close to twice the industry loan growth.

4

Customer deposits expanded by 14.1% to RM157.1 billion as at 31 December 2014, higher than industry of 7.6%.

5

CASA balances increased by 6.4%, outpacing industry CASA growth of 4.0%.

6

2014 ROE at 11.5%.

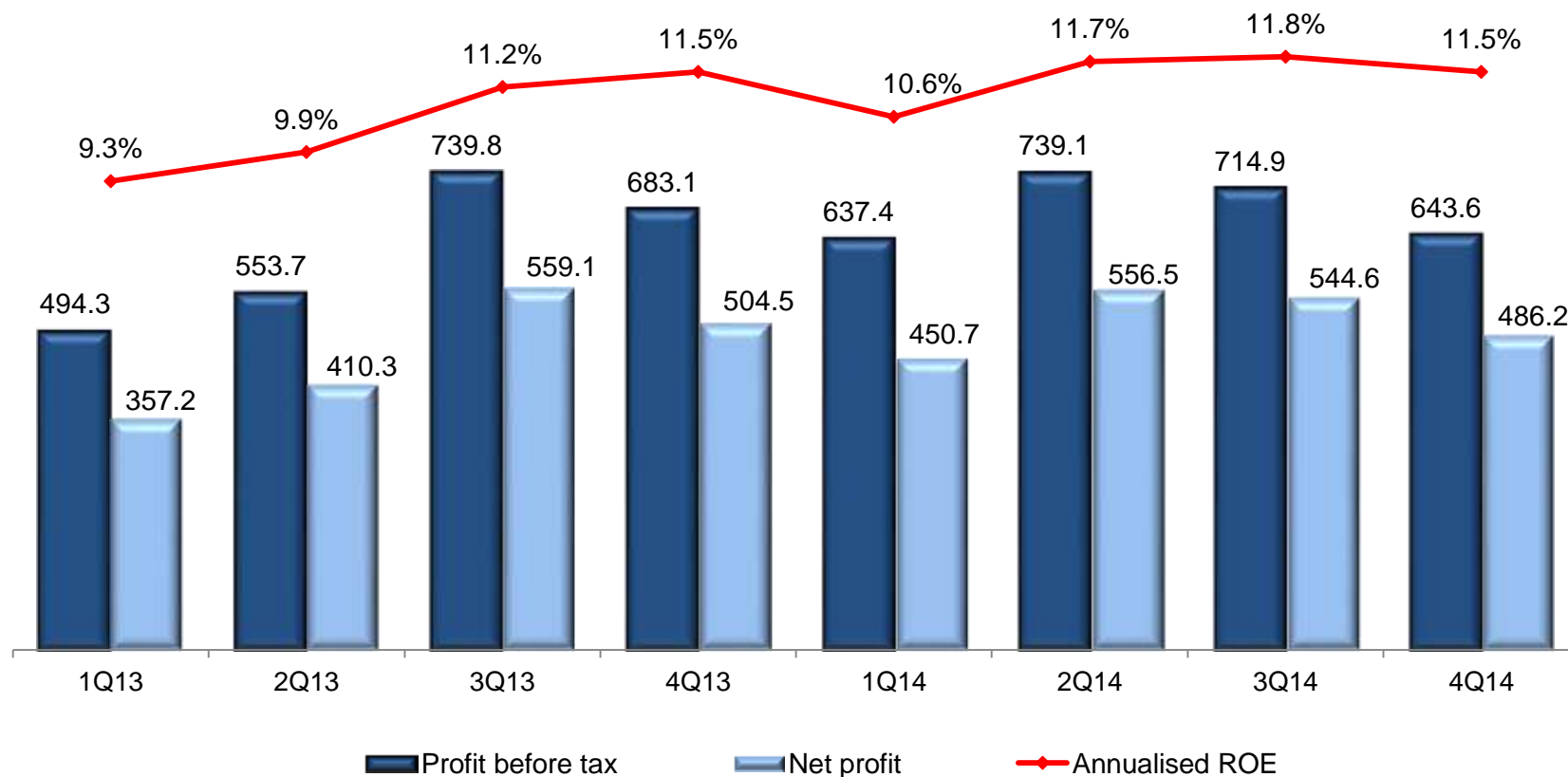
7

Declared an interim single tier dividend of 6 sen amounting to RM154.3 million.

RHB Banking Group Scorecard 2014

Top Level Indicators	Target 2014	Actual 2014
ROE	>12.0%	11.5%
Loans Growth	12%	17.0%
CASA Growth	>15%	6.4%
Gross Impaired Loans Ratio	<2.5%	2.0%
Cost to Income Ratio	<50%	54.7%
International Contribution	>12%	13.1%

Quarterly Profit and ROE



AGENDA



Executive Summary

FY 2014 Financial Results

Key Corporate and Business Updates

Summary

Financial Results

RM mil	Q4 2014	Q3 2014	Q-o-Q Change %	FY 2014	FY 2013	Y-o-Y Change %
Net Interest Income	805	836	-4	3,291	3,275	-
Other Operating Income	671	615	9	2,212	2,085	6
Income from Islamic Banking Business	201	196	3	732	591	24
Total Income	1,677	1,647	2	6,235	5,951	5
Other Operating Expenses	-987	-841	17	-3,411	-3,052	12
Operating Profit Before Allowances	690	806	-14	2,824	2,899	-3
Allowances for Loan Impairment	-40	-94	-57	-206	-448	-54
Impairment Losses on Other Assets	-6	3	-100	117	19	>100
Profit Before Taxation	644	715	-10	2,735	2,471	11
Net Profit	486	545	-11	2,038	1,831	11
EPS (sen)	18.9	21.2	-11	79.7	72.9	9

Cost to Income Ratio			54.7	51.3	3.4
ROE			11.5	11.5	-
ROA			1.0	1.0	-
Gross Impaired Loans Ratio			2.03	2.81	-0.78
Credit Charge Ratio			0.14	0.37	-0.23

Year-on-Year Performance:

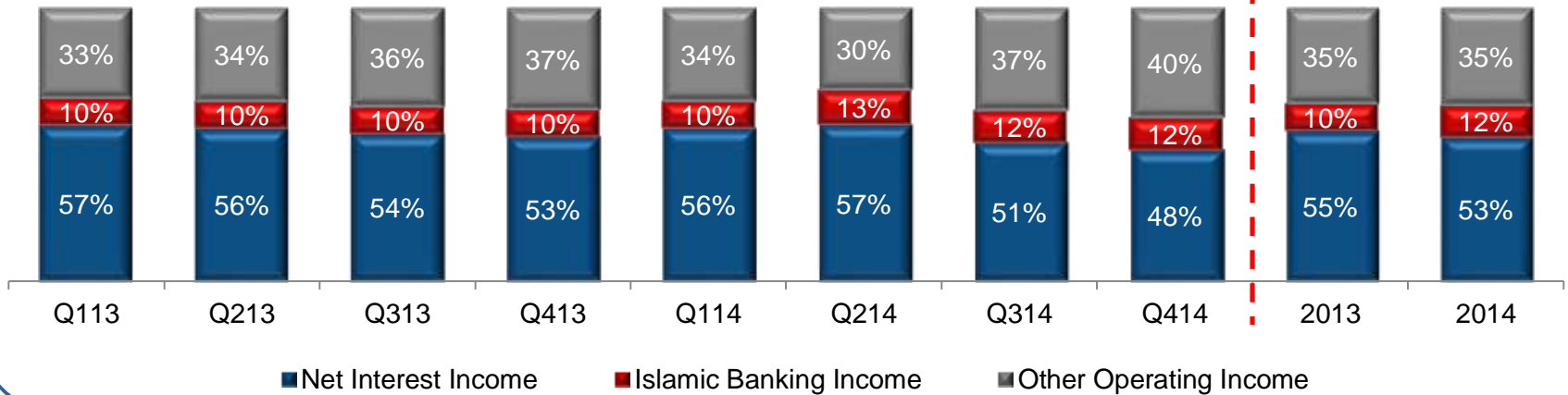
- ♦ Net fund base income increased by 4% mainly due to 17% increase in the Group's gross loans and financing.
- ♦ Non interest income recorded growth of 6%, underpinned by higher fee income, net foreign exchange gain and insurance underwriting surplus.
- ♦ Other operating expenses increased by 12%, mainly due to increase in personnel costs and information technology expenses in line with the Group's continuous investment into human capital, as well as technology and infrastructure to support the increase in business volume and the Group's growth agenda.
- ♦ Allowance for loan impairment decreased by 54% due to strong bad debt recoveries and non-recurrence of impairments made on certain corporate accounts and one time bad debts written-off pertaining to the refinement of application of MFRS139 in 2013. During the financial year, higher collective allowance was made in tandem with loans and financing growth and refinement of Retail collective assessment impairment methodology.

Quarter-on-Quarter Performance:

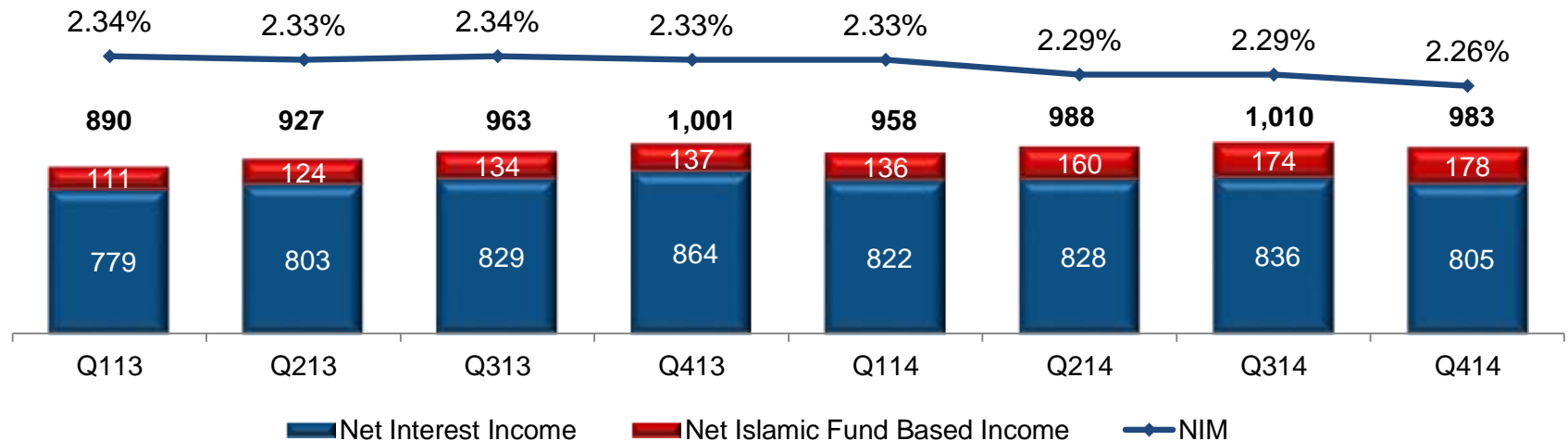
- ♦ Total income was higher by 2% mainly due to 9% increase in other operating income contributed by higher fee income.
- ♦ Pretax profit was lower by 10% compared to the preceding quarter, mainly attributable to higher other operating expenses due to higher personnel costs and marketing expenses.

Income Mix & NIM

Income Mix

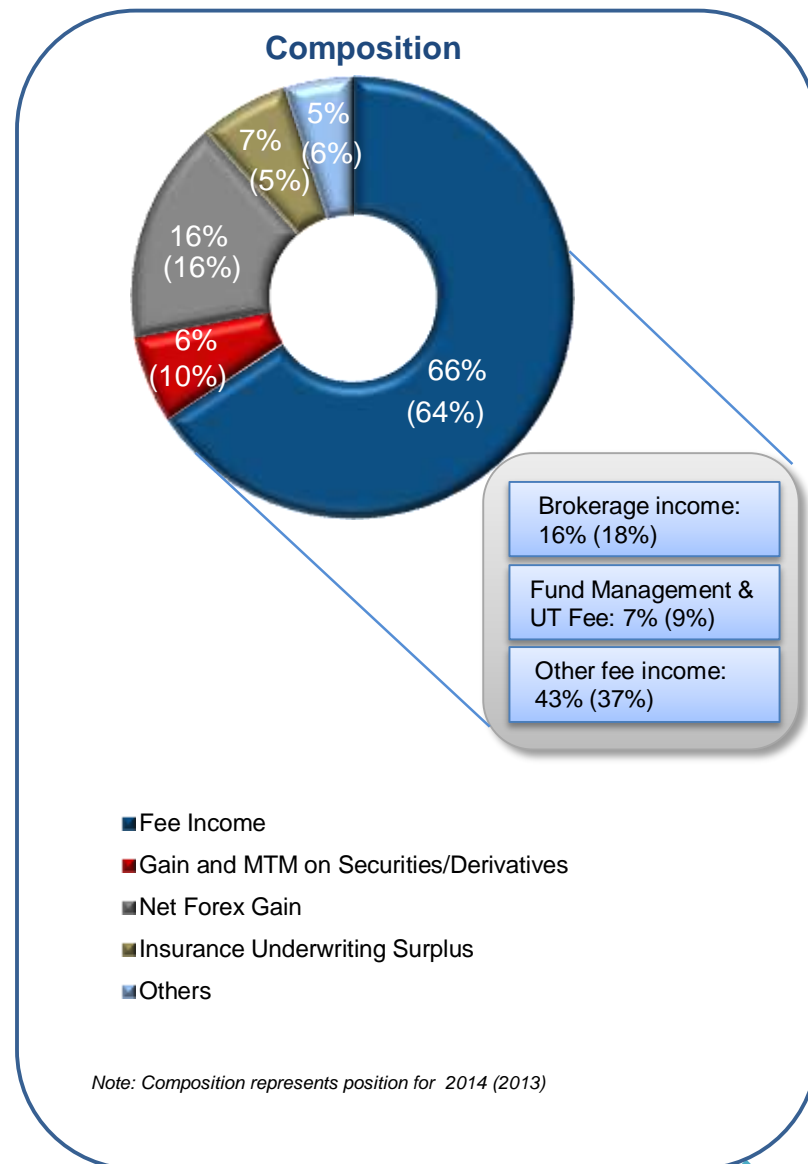


Net Interest Income & NIM

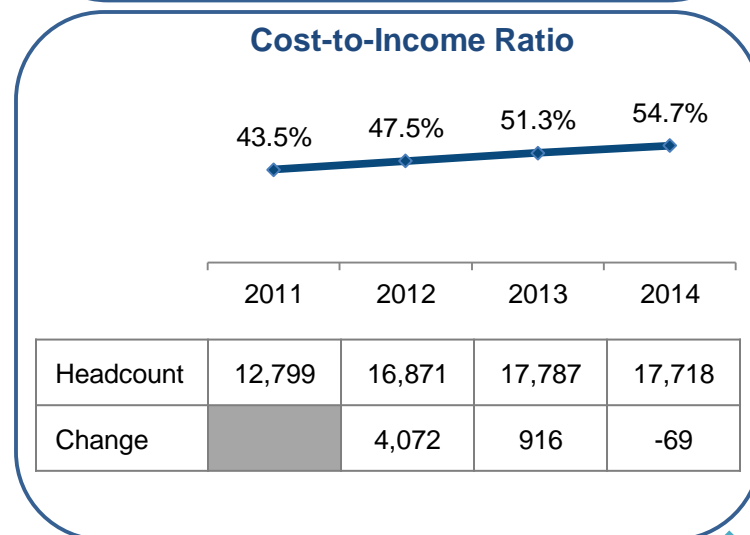
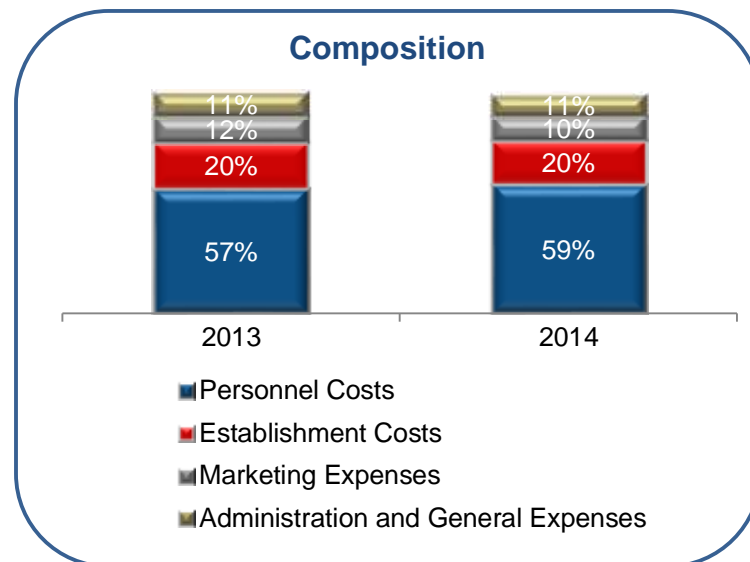
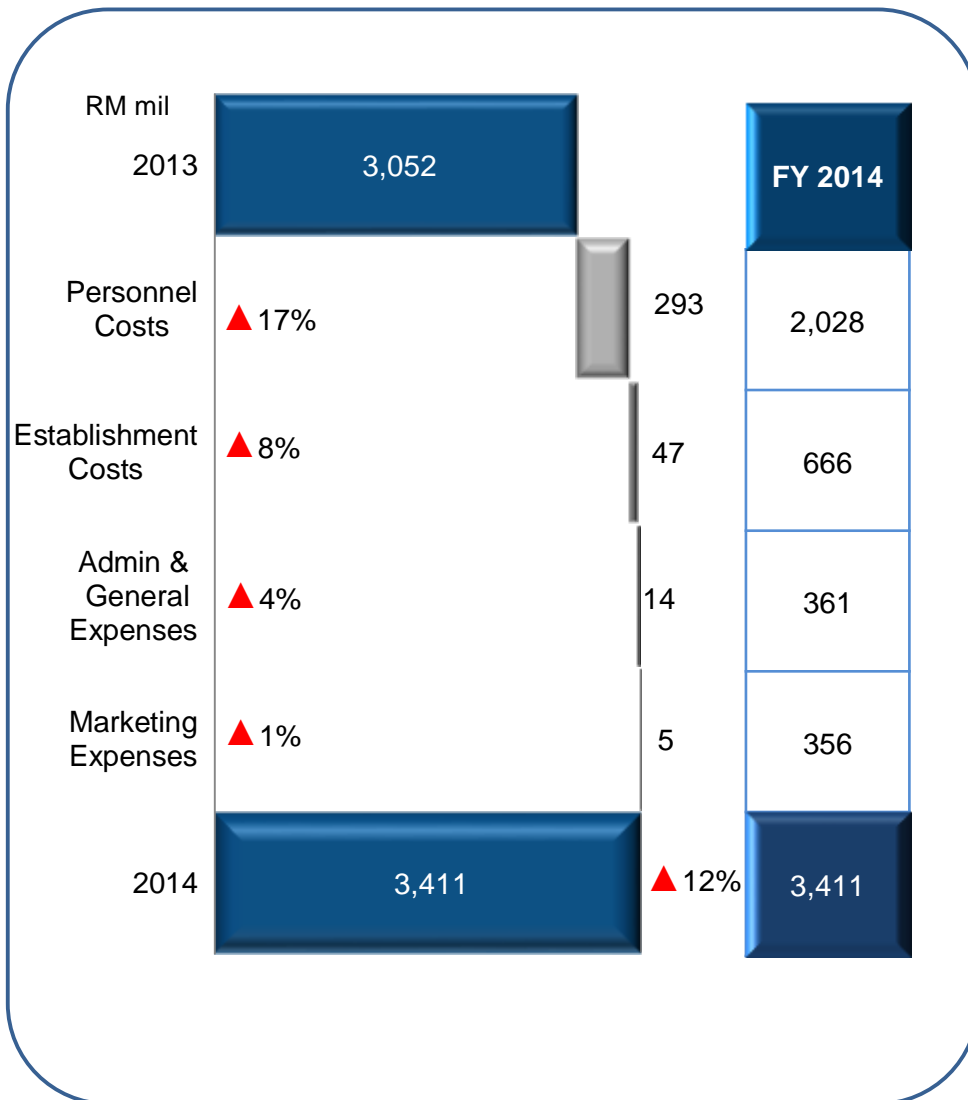


Other Operating Income

RM mil	2013		FY2014
Corporate Advisory, Underwriting & Arrangement Fees	2,085	▲ 60%	101
Fund Management & UT Fee		▼ 10%	-18
Net Brokerage		▼ 2%	-9
Service Charges, Commission, Guarantee & Commitment Fees		▼ 0.3%	-2
Other Fee Income		▲ 55%	48
Total Fee Income		▲ 9%	1,454
Insurance Underwriting Surplus		▲ 46%	45
Net Forex Gain		▲ 9%	29
Gain and MTM on Securities/Derivatives		▼ 30%	-60
Others		▼ 7%	-9
2014	2,212	▲ 6%	2,212

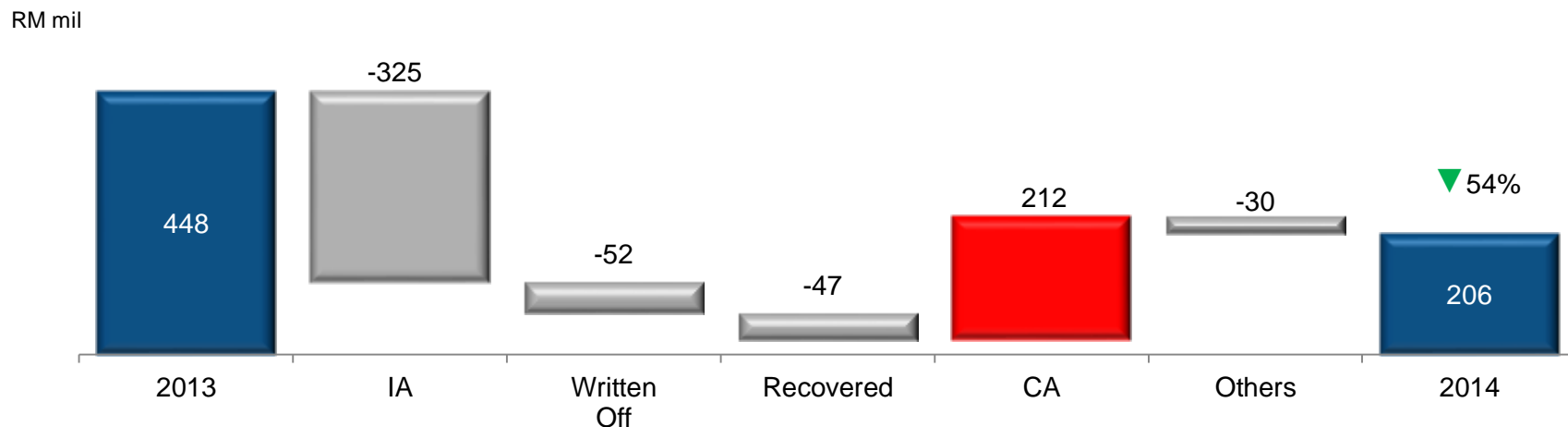


Other Operating Expenses

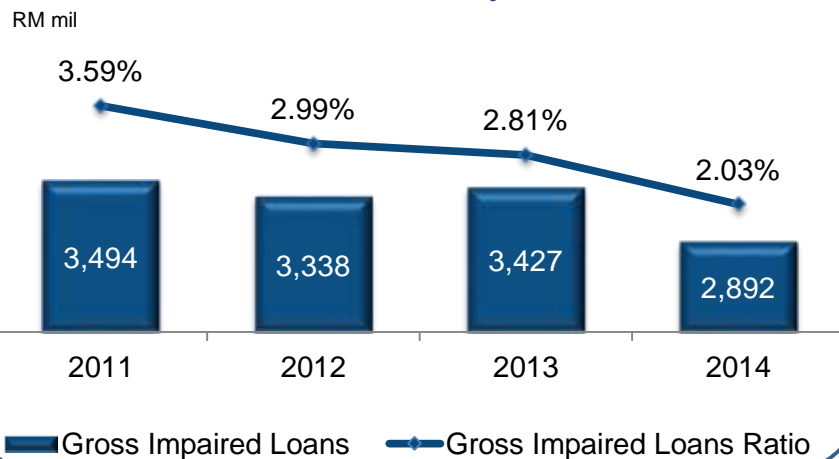


Allowances for Loan Impairment

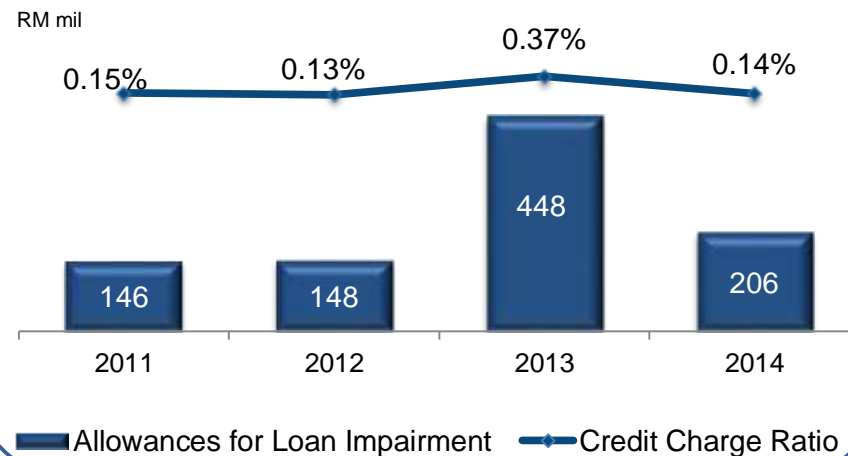
Increase/(Decrease) in Allowances for Loan Impairment



Asset Quality



Allowances for Loan Impairment & Credit Charge Ratio



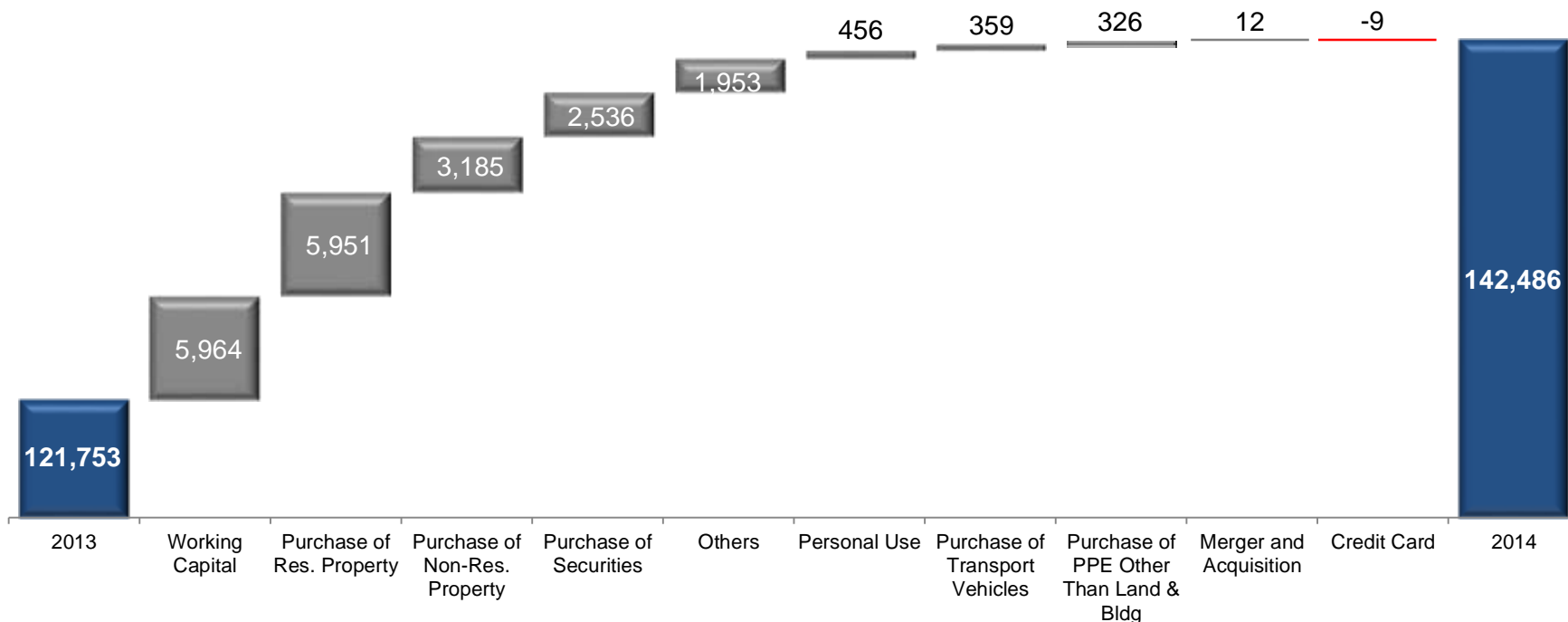
Financial Position as at 31 December 2014

RM mil	Dec 2014	Sep 2014	Dec 2013	Q-o-Q Change %	Y-o-Y Change %
Total Assets	219,354	209,454	191,090	5	15
Total Financial Assets/Investments	43,003	43,620	43,746	-1	-2
- Financial Assets HFT	2,931	2,826	4,038	4	-27
- Financial Investments AFS	19,602	19,466	16,930	1	16
- Financial Investments HTM	20,470	21,328	22,778	-4	-10
Gross Loans	142,486	136,009	121,753	5	17
Customer Deposits	157,134	148,108	137,741	6	14
Borrowings and Senior Debt Securities	5,685	4,470	4,547	27	25
Subordinated Notes	6,099	6,149	4,581	-1	33
Hybrid Tier-1 Capital Securities	602	598	601	1	-
Shareholders' Funds	18,794	18,319	16,739	3	12
Net Assets per Share	7.31	7.12	6.57	3	11
LD Ratio	91%	92%	88%	-1	3

- ◆ Total assets expanded by 15% to RM219.4 billion mainly due to growth in loans and financing assets.
- ◆ Domestic gross loans increased by 14%.
- ◆ Non-Malaysian gross loans grew by 57% mainly due to a 61% increase in Singapore loan assets.
- ◆ Main growth areas are from purchase of residential and non-residential properties, working capital and purchase of securities.
- ◆ Fixed deposits increased by 16% whilst demand deposits and savings deposits increased by 7% and 5% respectively.
- ◆ Retail deposits increased by 11% to RM40.7 billion resulting in market share improving to 7.7% from 7.2% in 2013.

Loans, Advances and Financing

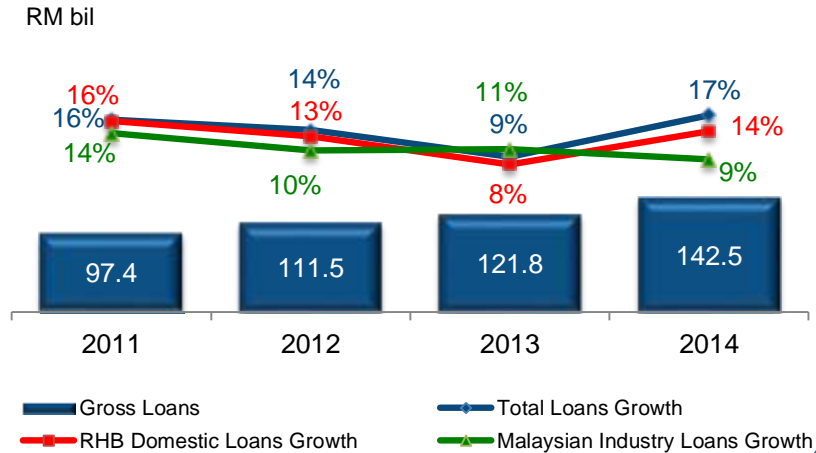
RM mil



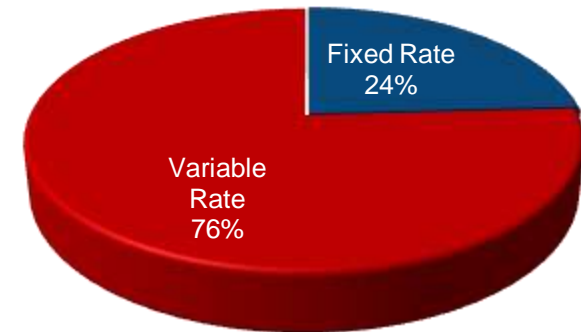
Dec 2014	35,061	31,469	10,634	15,607	20,943	7,650	12,223	3,676	3,228	1,995	142,486
Y-o-Y Growth	▲ 20%	▲ 23%	▲ 43%	▲ 19%	▲ 10%	▲ 6%	▲ 3%	▲ 10%	-	-	▲ 17%
Y-o-Y Loans Growth Composition	29%	29%	15%	12%	9%	2%	2%	2%	-	-	100%

Loans Profile and Market Share

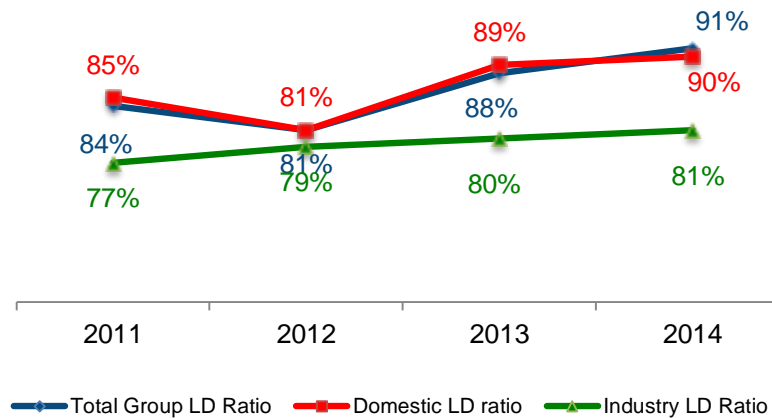
Gross Loans



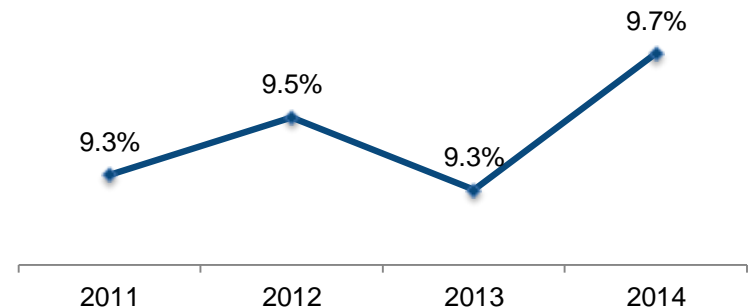
Gross Loans by Interest/ Profit Rate Sensitivity



LD Ratio

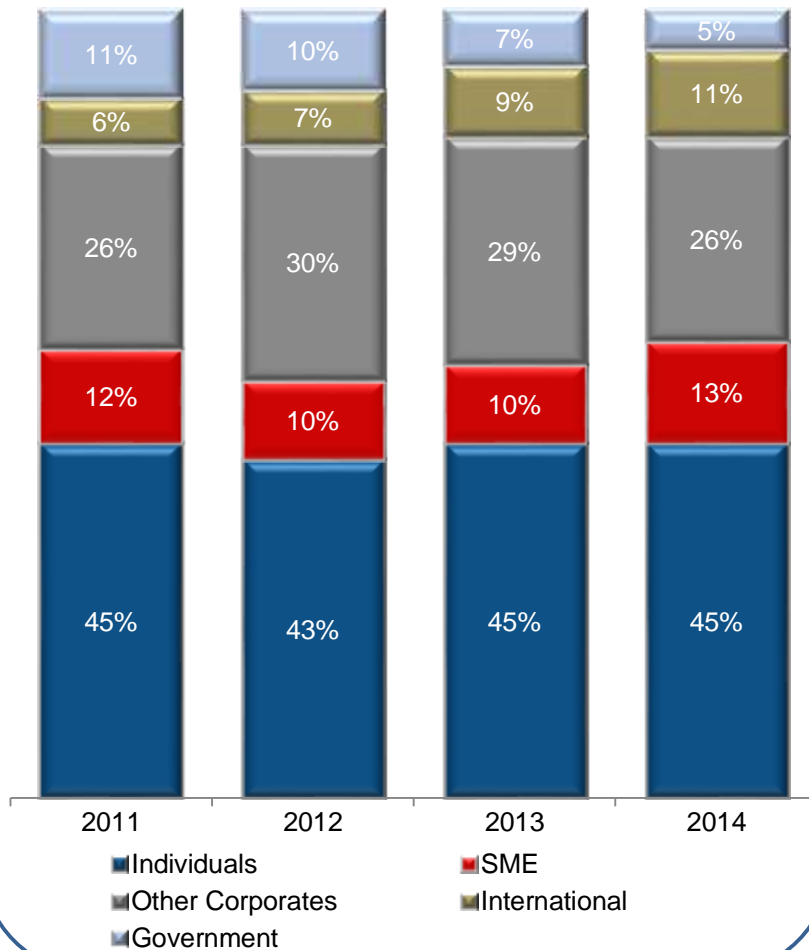


Domestic Loans Market Share

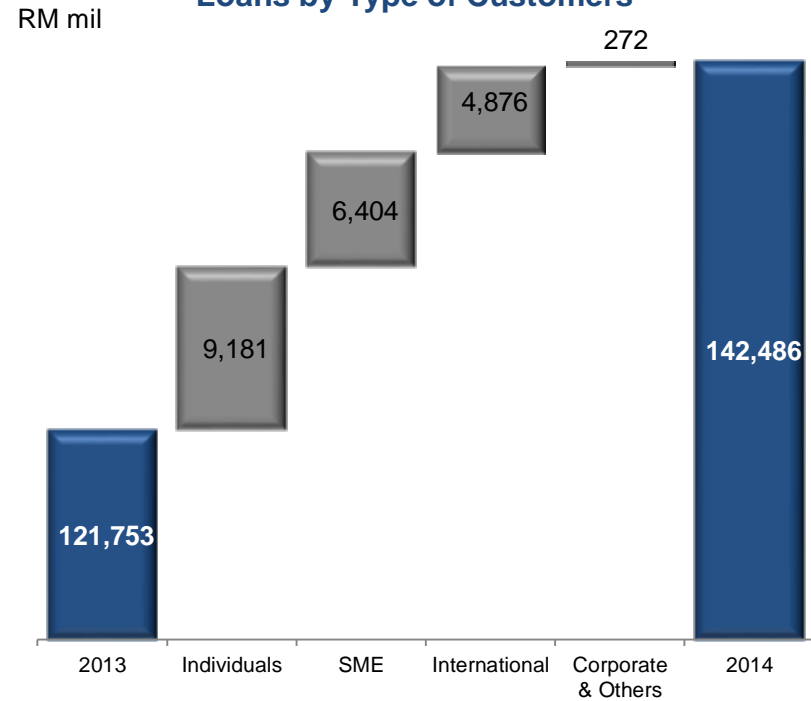


Loans By Type of Customers

Composition

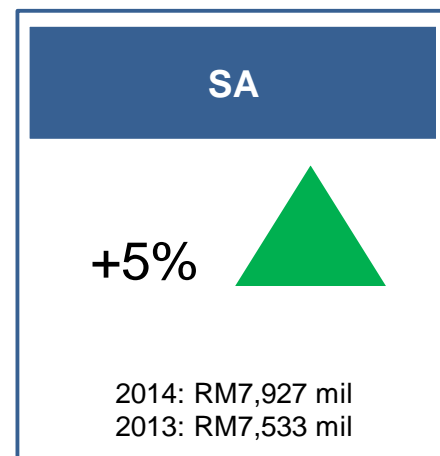
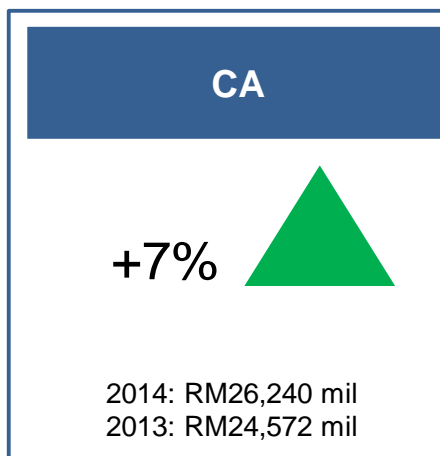
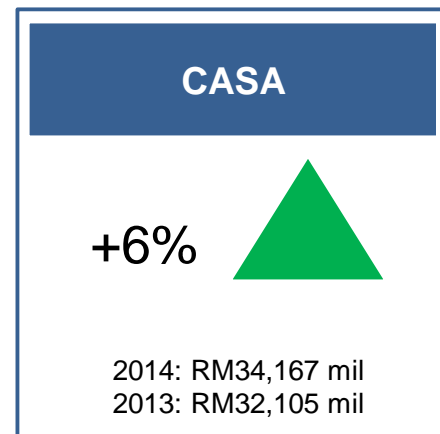
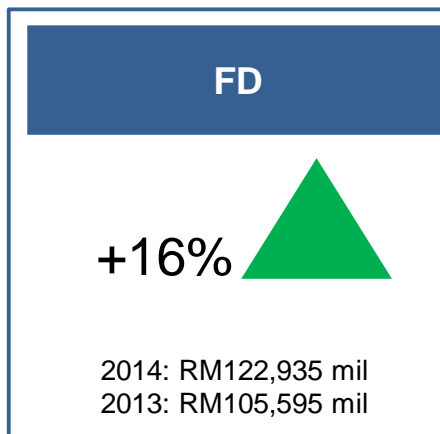
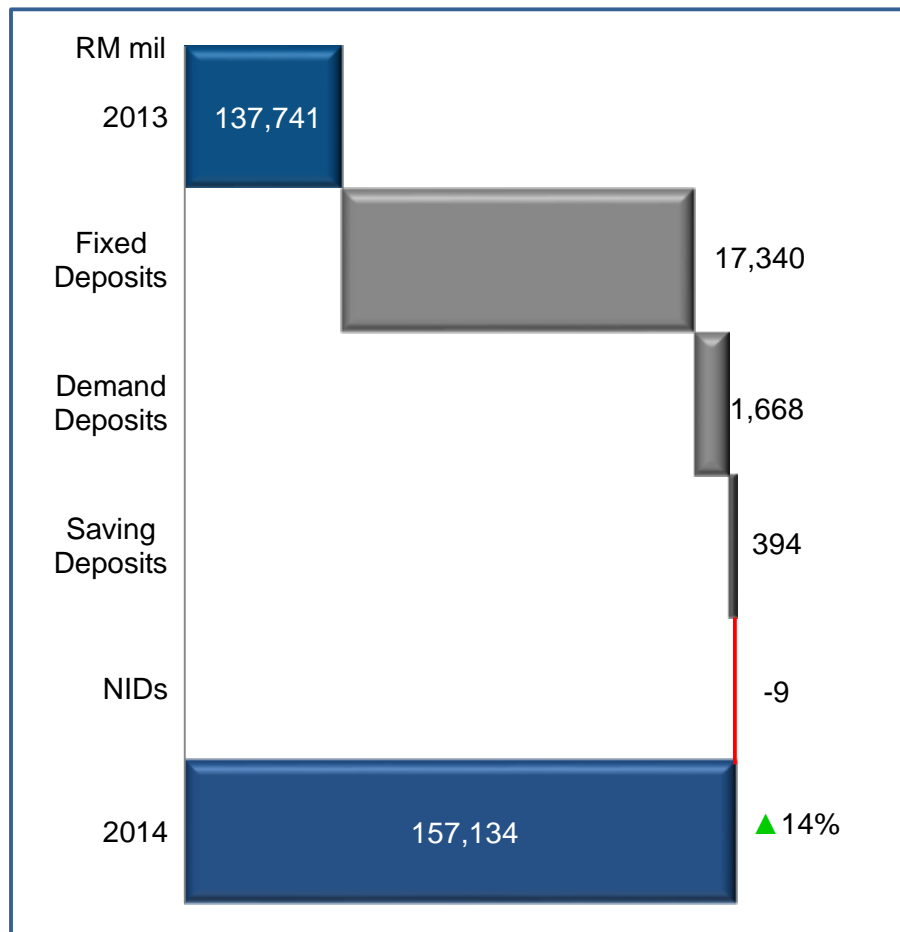


Loans by Type of Customers



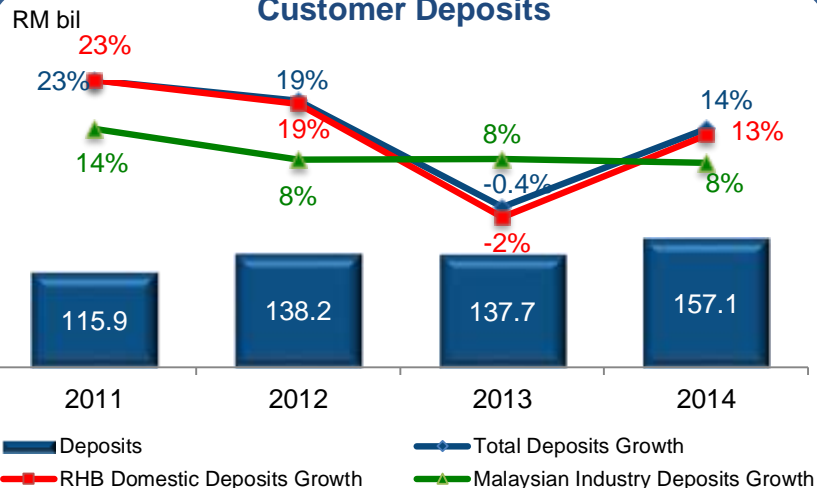
Dec 2014	64,275	18,836	15,786	43,589	142,486
Y-o-Y Growth	▲ 17%	▲ 52%	▲ 45%	▲ 1%	▲ 17%
Loans Growth Composition	44%	31%	24%	2%	100%

Customer Deposits

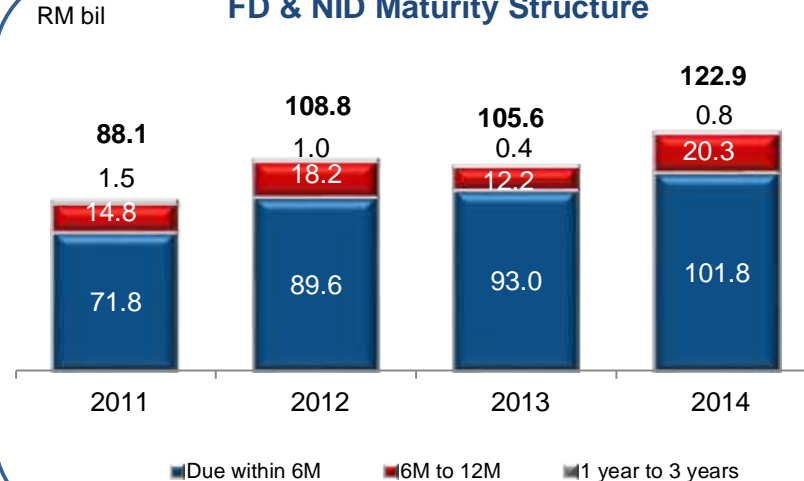


Customer Deposits Profile & Market Share

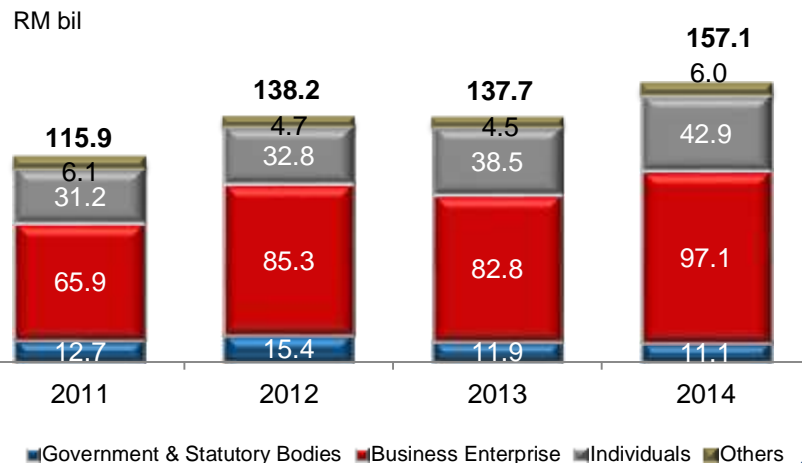
Customer Deposits



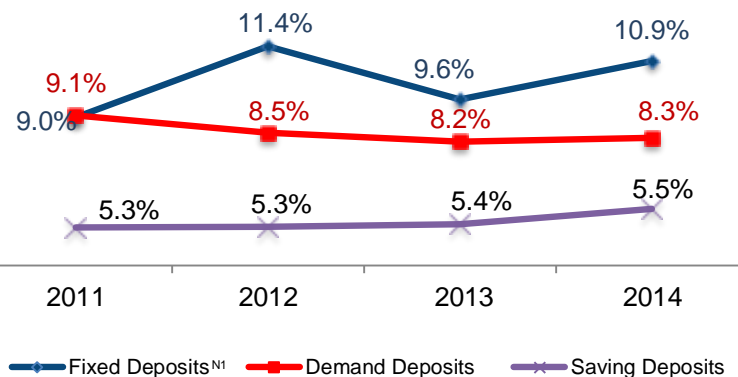
FD & NID Maturity Structure



Deposits by Type of Customers



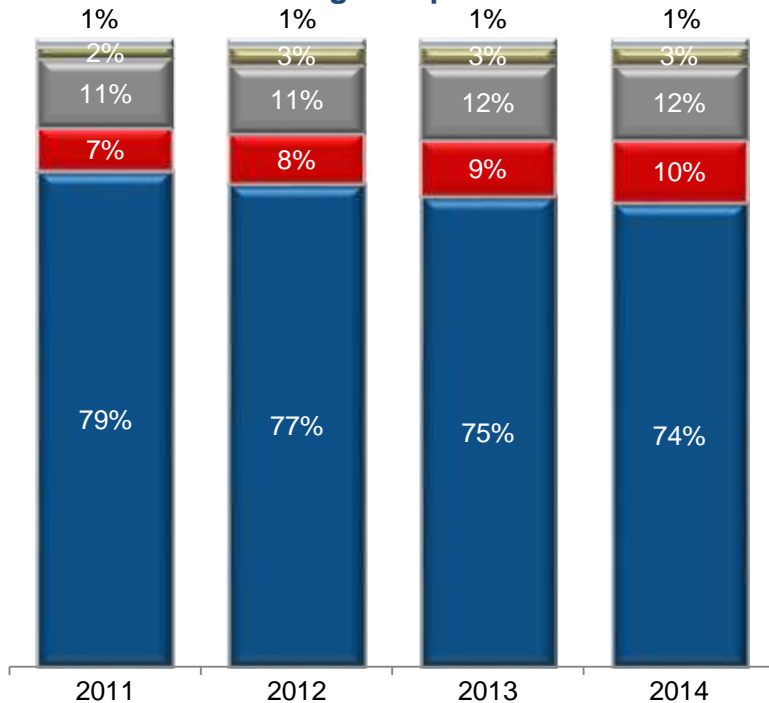
Domestic Market Share



N1 Excluded MMTD

Funding & Leverage

Funding Composition

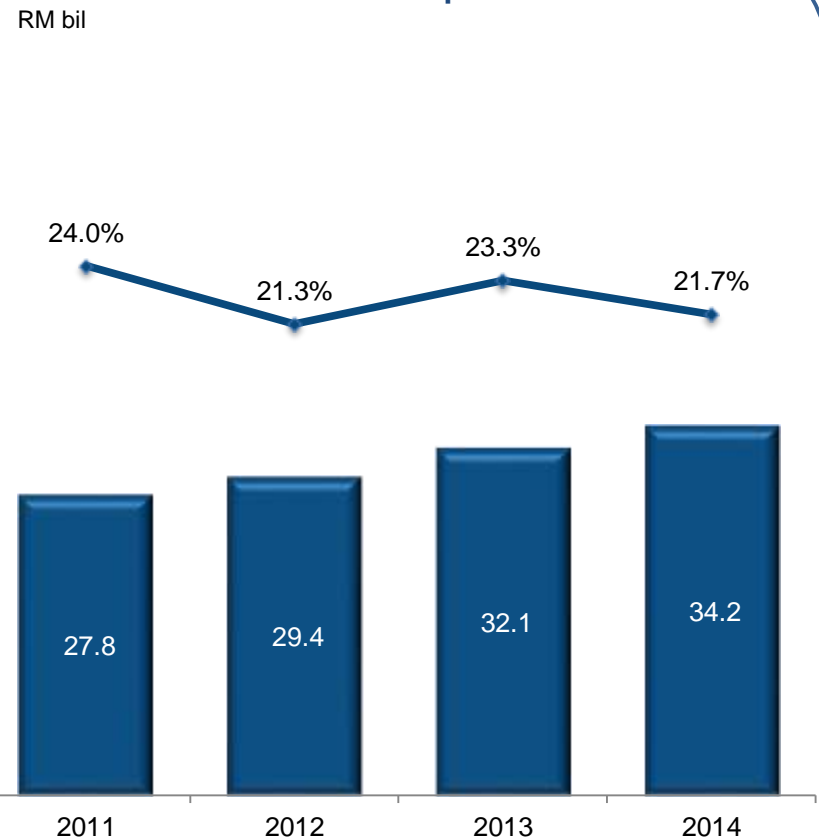


- Customer Deposits
- Deposits from Banks and Other FI
- Equity & Debt Capital*
- Borrowings & Senior Debt Securities
- Loans Sold to Cagamas

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

♦ RHB Bank issued USD300.0 million Senior Unsecured Notes at 3.088% p.a. in October 2014.

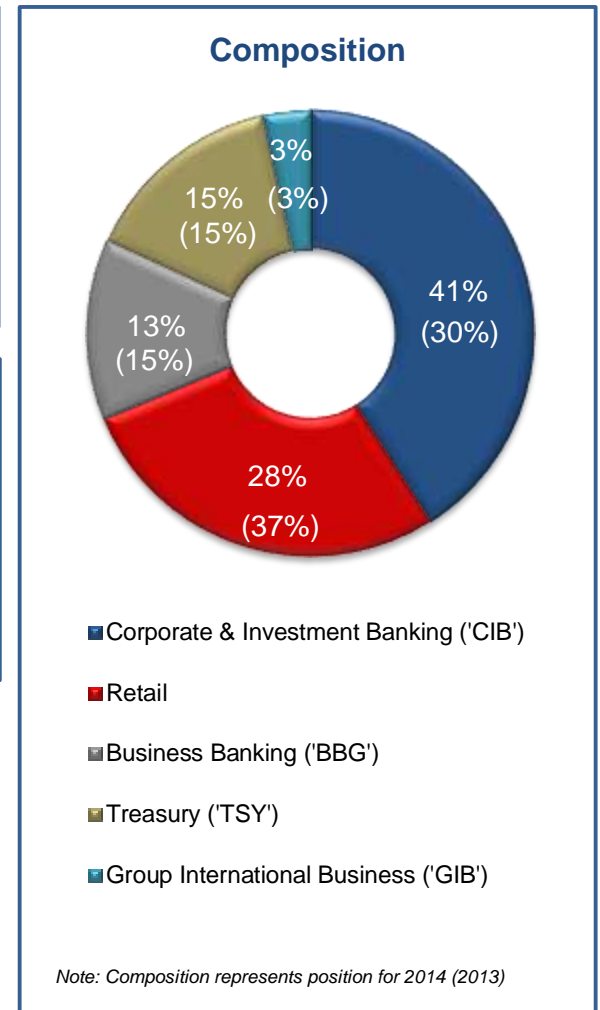
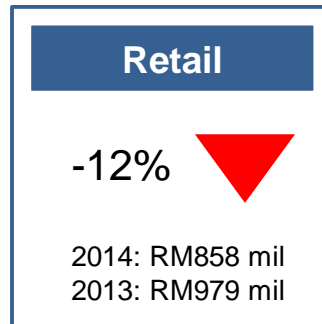
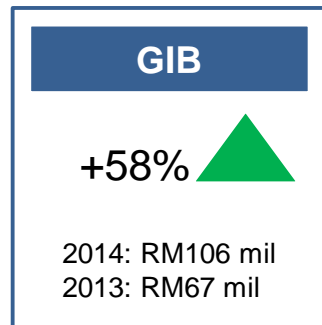
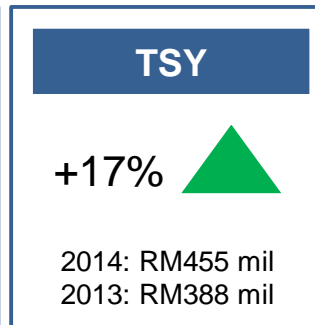
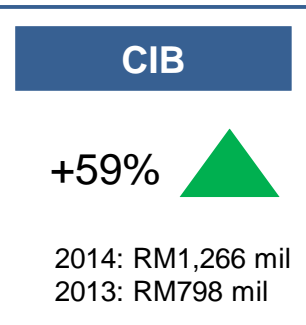
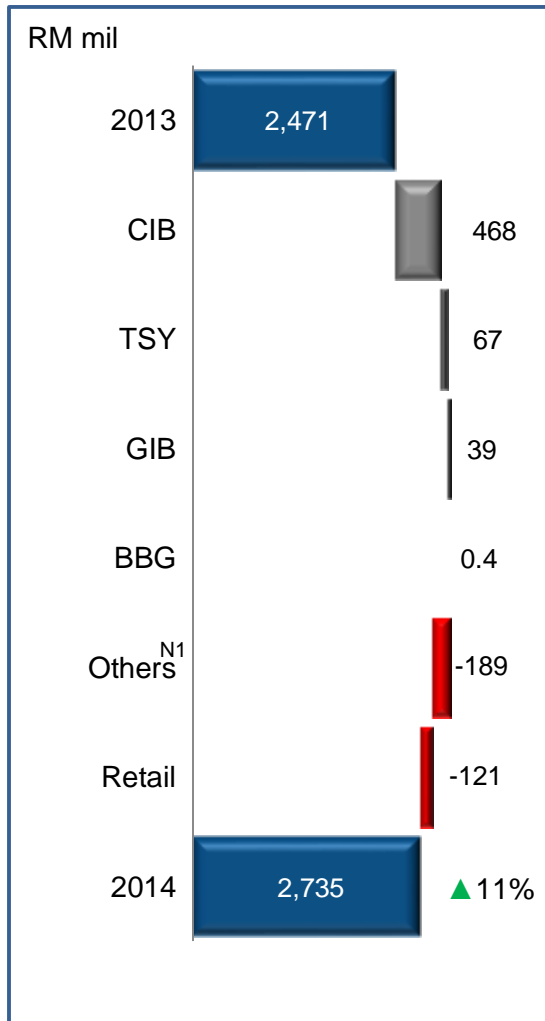
CASA Composition



■ CASA

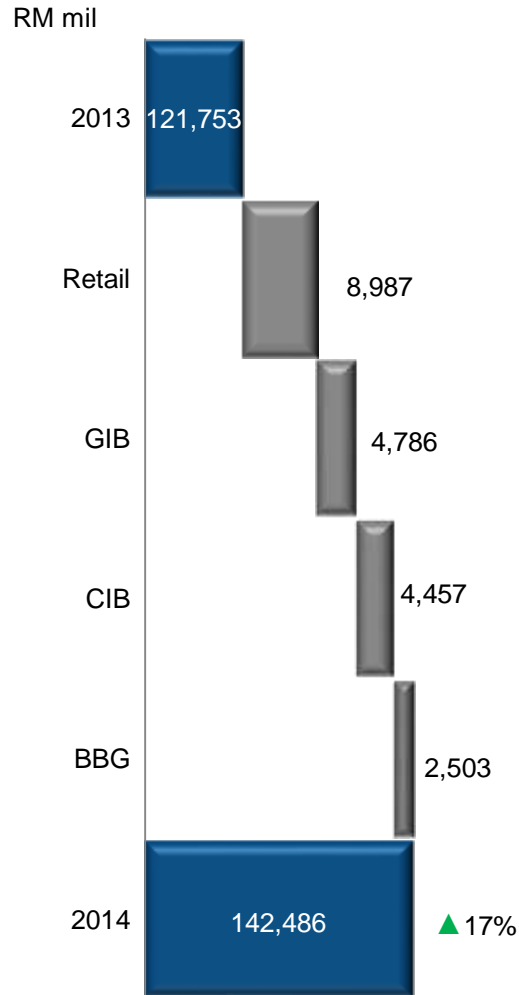
◆ CASA Composition

PBT by SBG



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

Loans, Advances and Financing by SBG



Retail

+16%

2014: RM64,156 mil
2013: RM55,169 mil

GIB

+62%

2014: RM12,542mil
2013: RM7,756 mil

CIB

+10%

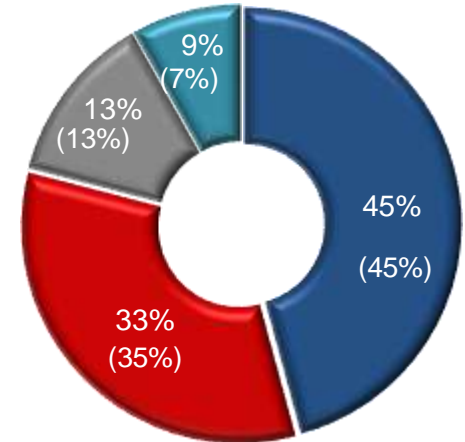
2014: RM47,461 mil
2013: RM43,004 mil

BBG

+16%

2014: RM18,327mil
2013: RM15,824 mil

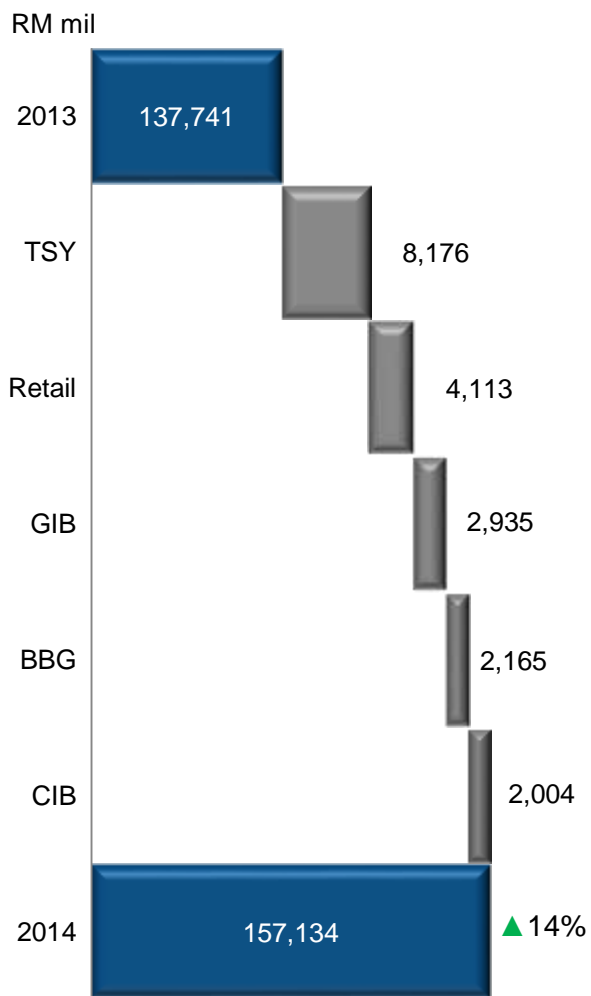
Composition



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

Note: Composition represents position for 2014 (2013)

Deposits by SBG



TSY

+23% ▲

2014: RM44,201 mil
2013: RM36,025 mil

Retail

+11% ▲

2014: RM40,677mil
2013: RM36,564 mil

GIB

+29% ▲

2014: RM13,184 mil
2013: RM10,249 mil

BBG

+11% ▲

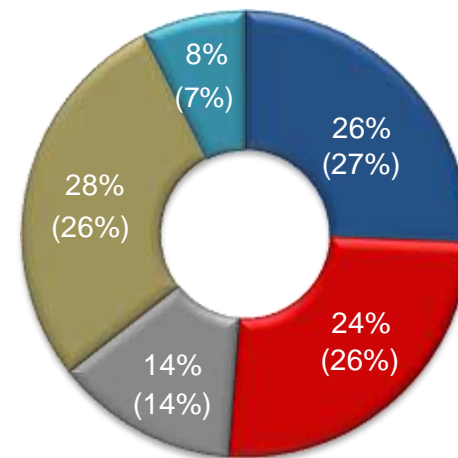
2014: RM21,409 mil
2013: RM19,244 mil

CIB

+6% ▲

2014: RM37,663 mil
2013: RM35,659 mil

Composition



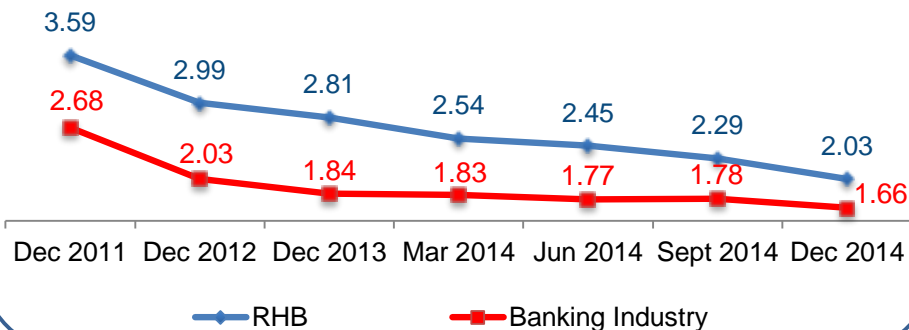
- Retail
- Corporate Investment Banking ('CIB')
- Business Banking ('BBG')
- Treasury ('TSY')
- Group International Business ('GIB')

Note: Composition represents position for 2014 (2013)

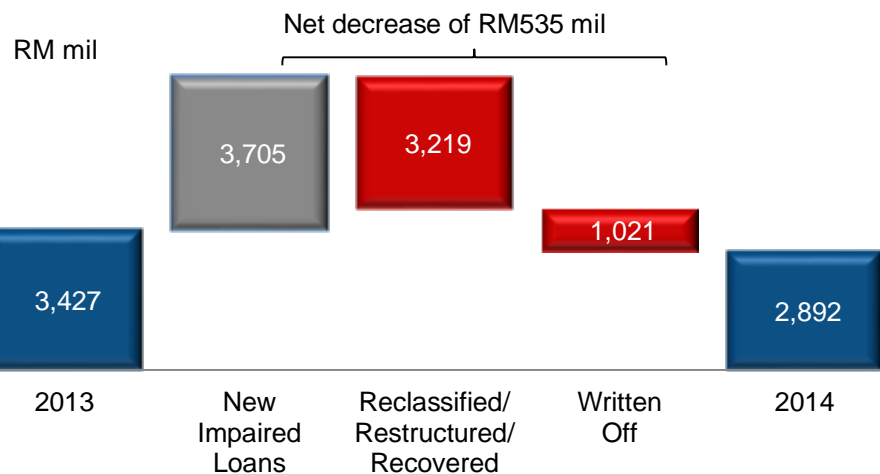
Asset Quality

Gross Impaired Loans Ratio

(%)



Gross Impaired Loans Movement



Gross Impaired Loans Ratio (%) by Purpose

Working Capital



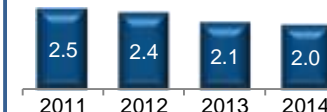
Purchase of Residential Property



Purchase of Non-Residential Property



Personal Use



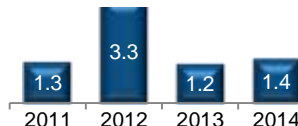
Credit Card



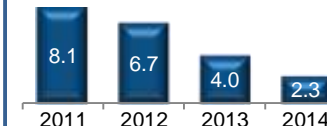
Purchase of Transport Vehicles



Purchase of Securities

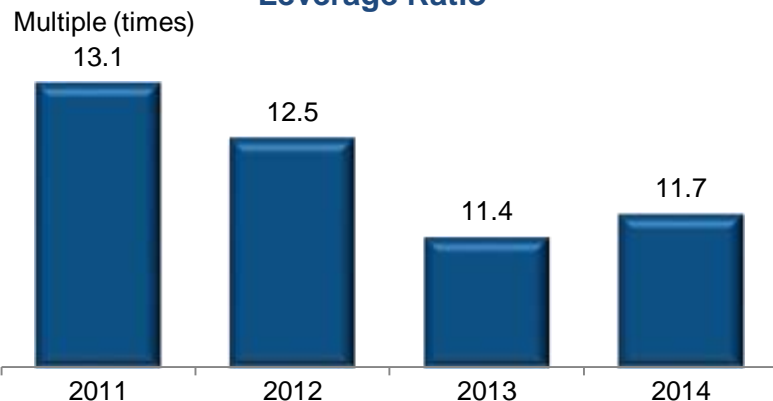


Construction

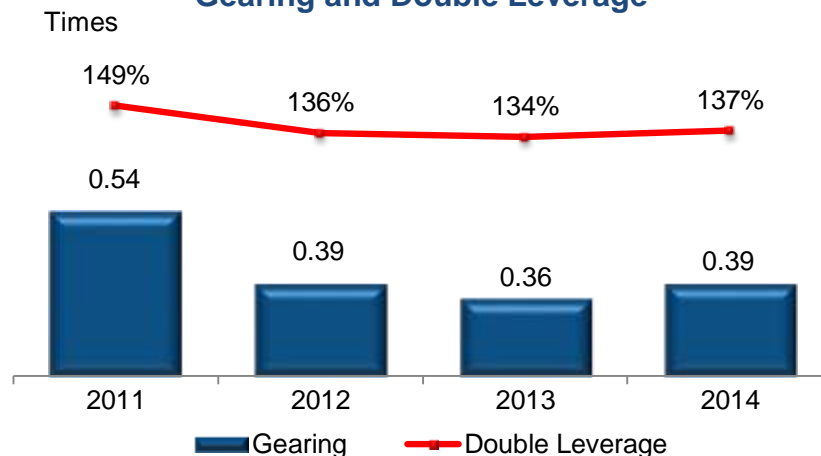


RHB Capital : Capital Position & Market Capitalisation

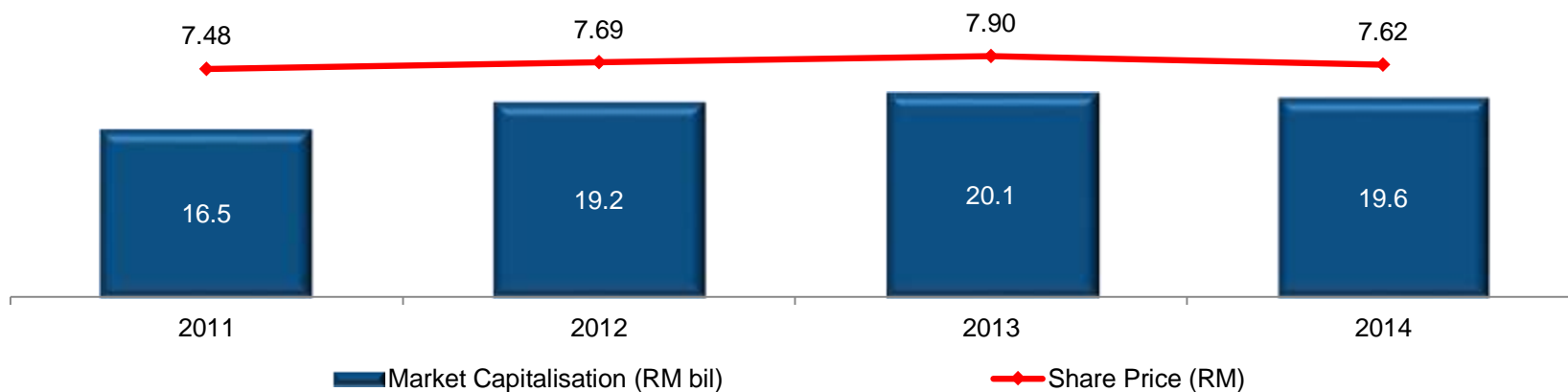
Leverage Ratio^{N1}



Gearing and Double Leverage^{N2}



Share Price & Market Capitalisation

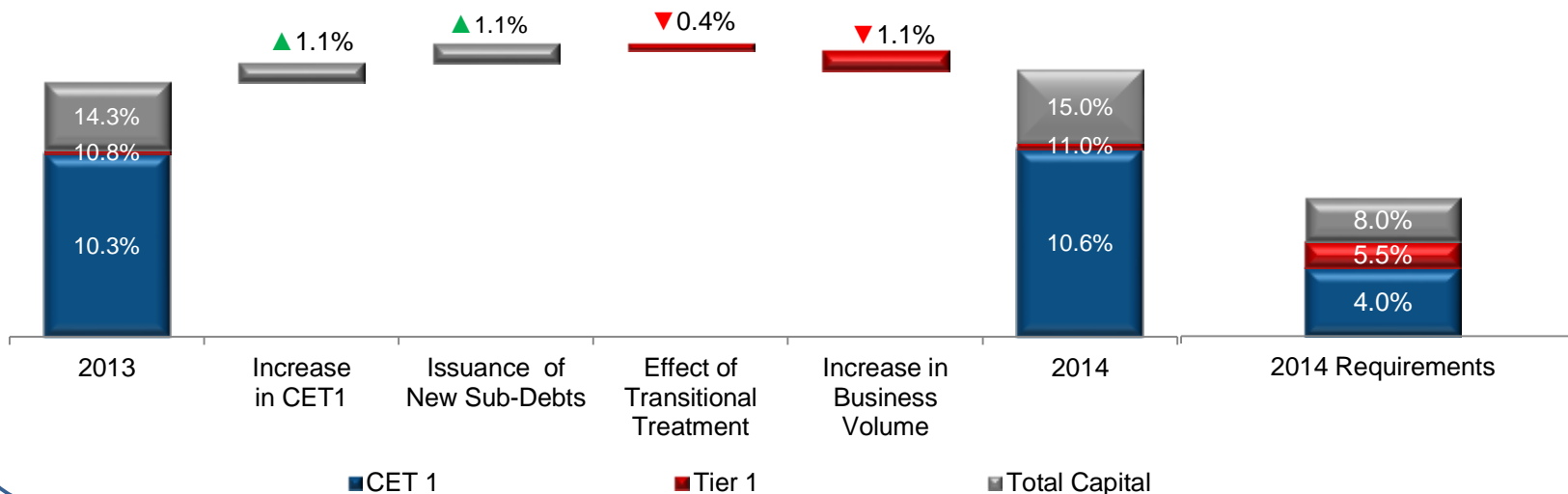


N1: Leverage ratio is defined as total assets over shareholders' funds

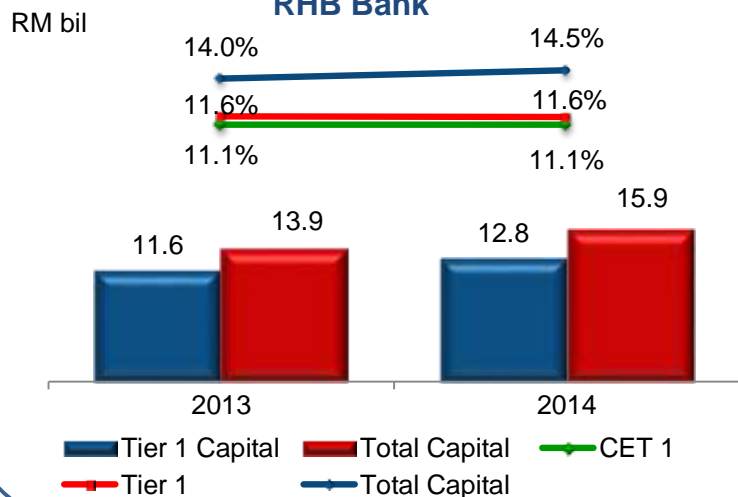
N2: Proforma Basel III CET 1 of RHB Capital Group is at 9.8% as at 31 December 2014.

Capital Position (1/2)

RHB Bank Group: Capital Development in 2014

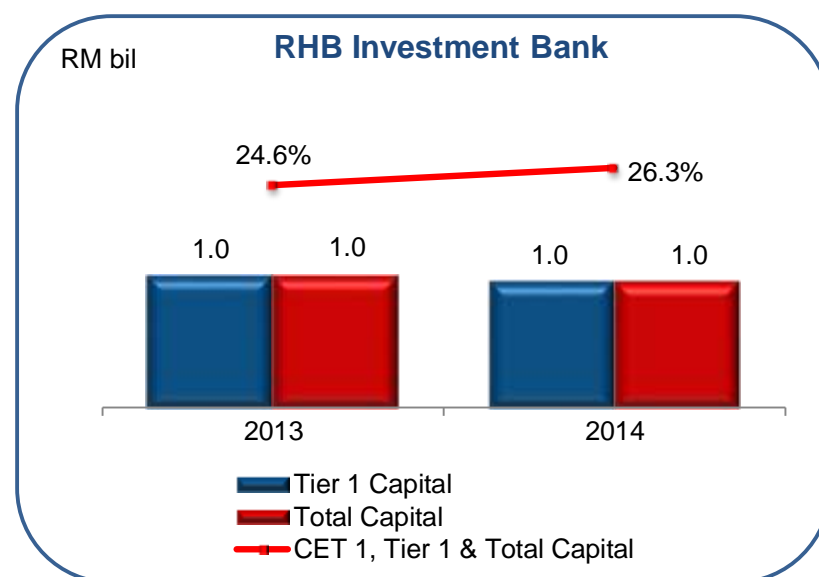
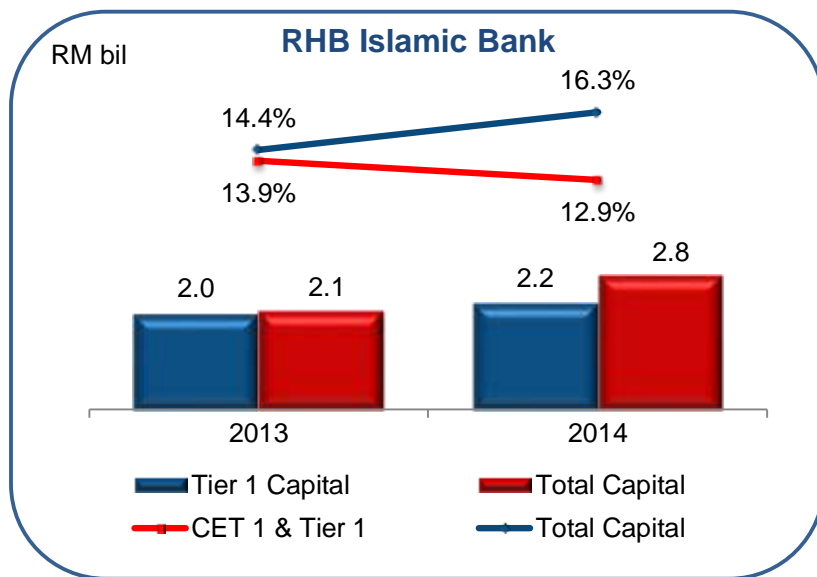


RHB Bank



- ◆ Total capital of RHB Bank increased by RM2.0 billion in 2014 mainly due to issuance of RM1.0 billion Subordinated Notes on 8 July 2014 which qualify as Tier 2 capital and increase in CET 1 due to higher retained profits and new issuance of shares.

Capital Position (2/2)



- ◆ Total capital of RHB Islamic Bank increased by RM751 million in 2014 mainly due to the issuance of RM500 mil Subordinated Sukuk Murabahah on 15 May 2014 which qualify as Tier 2 Capital and increase in CET 1 due to higher retained profits.

AGENDA



Executive Summary

FY 2014 Financial Results

Key Corporate and Business Updates


Summary

Key Business Initiatives Update




Contribution to Group and Growth

PBT

2014:
RM127.4 mil  + 5.6%

2013: RM120.6 mil

PBT Contribution

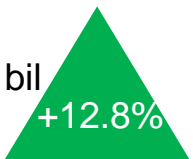
2014:  -0.2%

4.7%

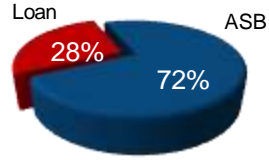
2013: 4.9%

- MOP was higher by RM26.2 mil

Gross Loans

2014: RM7.4 bil  +12.8%

2013: RM6.5 bil



Personal Loan 28% ASB 72%

Gross loans contribution to the Group: 5.2% as at Dec 2014

Bank@ Work

Secured Companies

+76% 

2014: 2,815
2013: 1,596

Workforce Base

+74% 


2014: 196,851
2013: 113,277

No. of CASA A/c Acquired

+103% 

2014: 167,031
2013: 82,368

CASA Balance

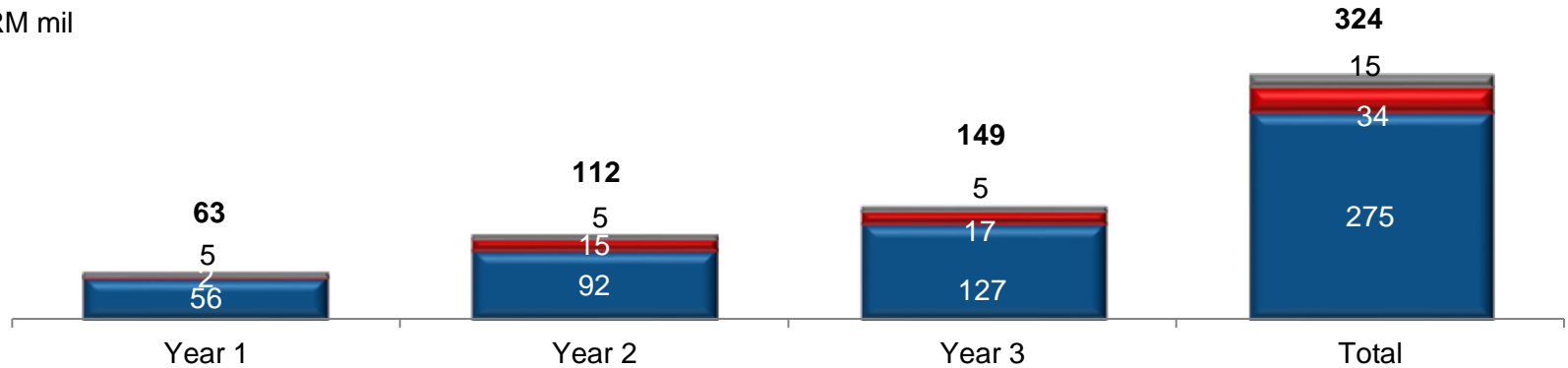
+133% 

2014: RM 419 mil
2013: RM 180 mil

RHB-OSK Integration Update

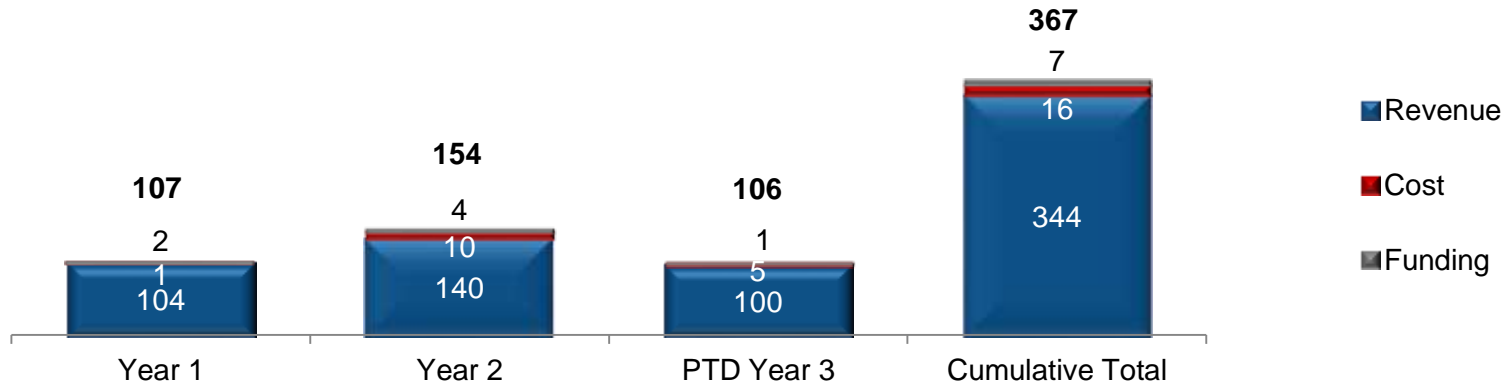
Recap: Estimated Synergies Over 3 Years

RM mil

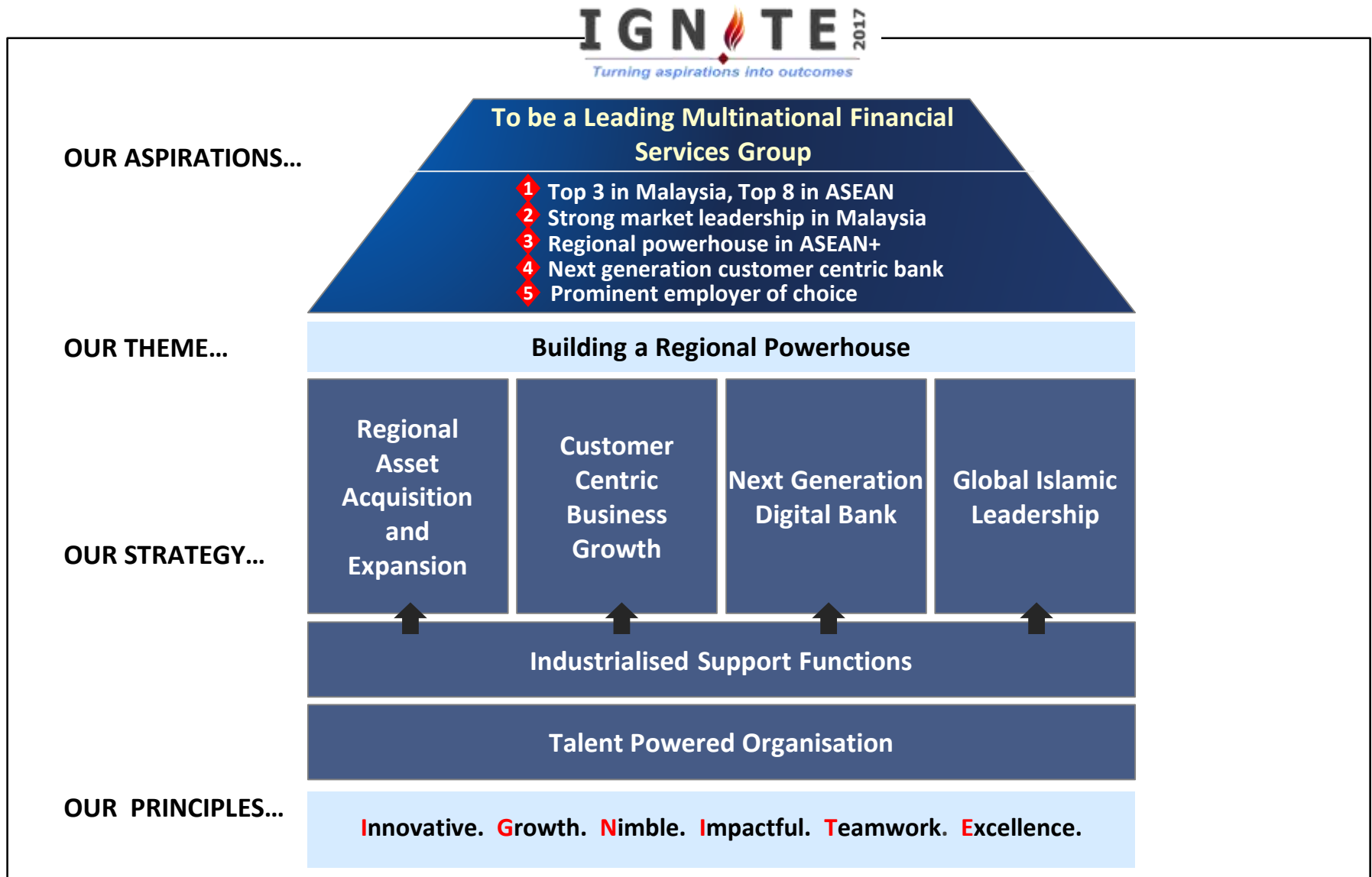


Synergies

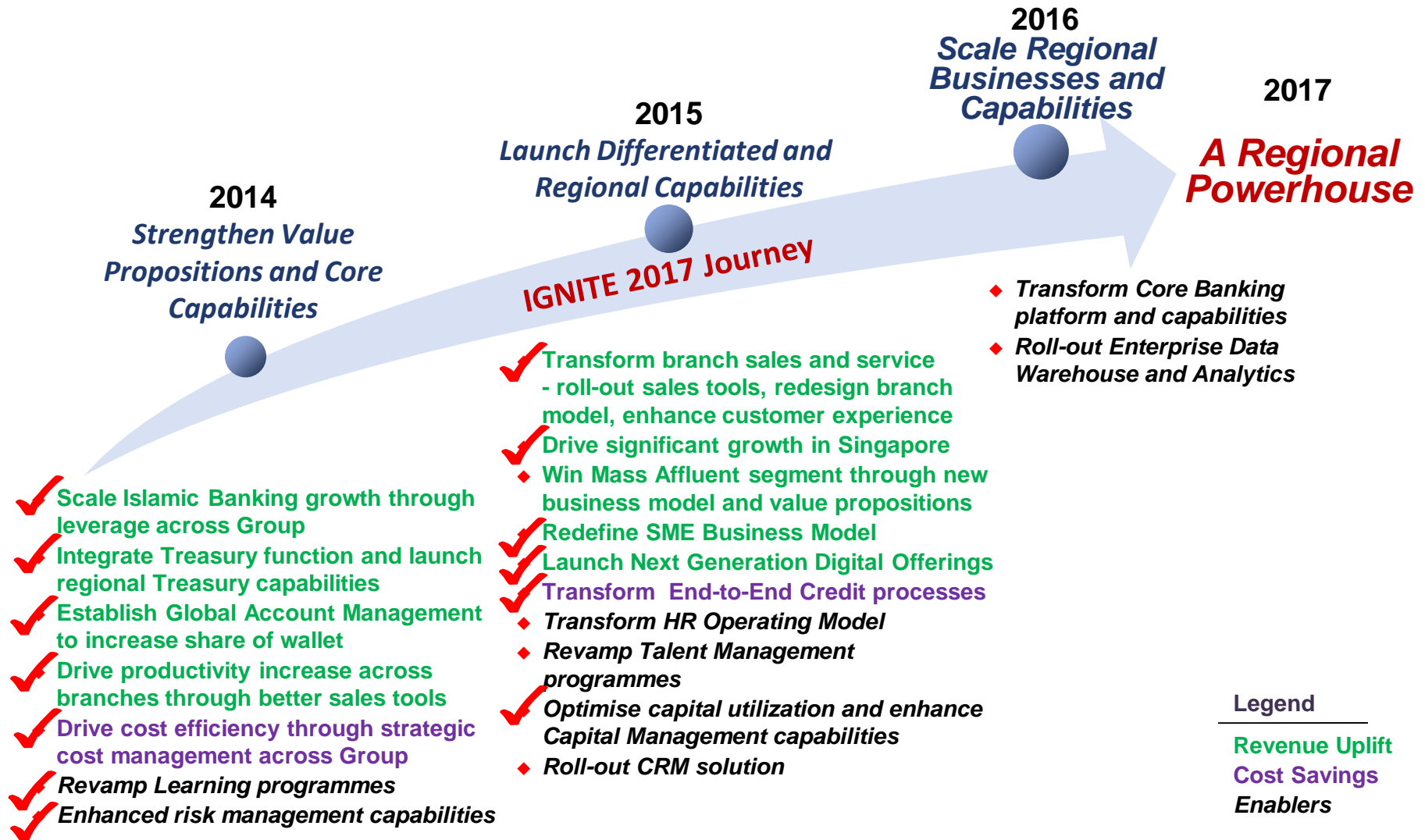
RM mil



IGNITE 2017 is driven by six strategic levers which serve as the building blocks for RHB's regional transformation



IGNITE 2017 aims to accelerate the achievement of RHB's aspirations



IGNITE has generated over RM425m of value since its inception in 2014

MANY INITIATIVES HAVE BEEN CATALYSTS FOR QUANTITATIVE & QUALITATIVE GROWTH TO THE GROUP

- ♦ Implementation of **fully leveraged Islamic Banking model** from May 2014 leading to value capture of over **RM68 million**
- ♦ More than **RM55 million** value garnered from collaborative **Global Account Management for Corporate clients** from July 2014
- ♦ **Integration of treasury function** across the Group and region resulted in **RM53 million** of value captured
- ♦ Over **RM42 million** value captured through **Revitalisation of Singapore** operations
- ♦ Launch of **CONNECT - Branch Sales & Service Transformation** from August 2014 resulted in incremental deposits of **~RM1 billion**, incremental CASA of **~RM610 million**, and SME asset growth of **~RM190 million**
- ♦ Focus on **Strategic Cost Management** resulted in **RM61 million** of cost savings and cost avoidance since July 2014
- ♦ Refinement of **Group Business Banking Operating Model** enhanced customer experience and reduced turnaround time by **11 days**
- ♦ Other initiatives including portfolio optimisation, tactical sales program and enhancement to trade sales model have generated over **RM146 million** in value and resulted in better capital efficiency

Further Growth Opportunities

- ♦ Enhanced **Customer Experience** through :
 - Nationwide implementation of CONNECT – Branch Sales & Service Transformation
 - Implement 'RHB Way'
 - Continued implementation of Global Account Management
 - Segmented value propositions and products and services offerings
- ♦ **Industrialisation** of operations and processes across the Group
- ♦ Focus on **Productivity Improvement** and **Strategic Cost Management**
- ♦ Drive better **risk-returns** and **profitability** through portfolio optimisation and risk adjusted insights
- ♦ Refreshed **Digital Strategy** to launch RHB's digital journey
- ♦ Strengthening **employee engagement** and value proposition for RHB employees



RM +178m
PROFIT
Before Tax

RM +425m
VALUE REALISED
In 2014

RM +2,984m
TOTAL VALUE
Captured

RM +9,752m
ASSET
Growth

REGIONAL ASSET GROWTH

 **LAOS 459%** above target

 **SINGAPORE 59%**

Islamic Transformation
yielded value **RM 68m**

Enhanced Policy & Document Management

Corporate Website
refreshed 
The Journey Begins

OSK188 Mobile App in 3 months
21,408 **32,610**
downloads trades
RM 306m volume 

50%
Reduced TAT
(Turnaround time)

Business Banking TRANSFORMATION

PROGRAM LENDING +265% **MID-MARKET +73%**
sales productivity per staff

Re-engineered Trade Sales Ops Model

+51% Sales Productivity per staff

Strategic Cost Management

RM 61m
Cost Savings & Avoidance

Integrated TREASURY
RM 53m

GAM Revenue
(Global Account Management)
RM 55m

ENHANCED EMPLOYEE DEVELOPMENT
RHB-INSEAD Senior Leadership Development Programme

7x
CASA Balances

Connect

Branch Sales & Service Transformation

Bukit Broga Trail Adoption

Portfolio Optimisation

RM 59m
savings
in cost of capital

Build brand recognition & future equity for Future Markets



AGENDA



Executive Summary

FY 2014 Financial Results

Key Corporate and Business Updates

Going Forward

2015 Target

Top Level Indicators	Target 2015	Actual 2014
ROE	>11.5%	11.5%
Gross Impaired Loans Ratio	<1.8%	2.0%
Loans Growth	10%	17.0%
CASA Growth	>10%	6.4%
Cost to Income Ratio	<51%	54.7%
International Contribution	>13%	13.1%

Summary

Things we are happy about in 2014:-

- a. Financial performance broadly in line with what we set out to do notwithstanding the merger discussions
 - b. IGNITE 2017 plan on-track with progress and value capture targets exceeding plan
 - c. RHB / OSK combination continues to outperform our expectations
-

Things that did not meet our expectations in 2014:-

- a. Missing ROE and CIR targets
 - b. CASA and overall cost of liabilities need to continue to improve
 - c. Missed dividend payout ratio
-

Things we will be working on in 2015:-

- a. Focus on cost (both opex and funding), return on risk and capital position
- b. Refocus certain priorities relating to major capex and overseas expansion given expected more challenging operating environment



END

www.rhbgroup.com

INVESTOR RELATIONS CONTACT:

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

Mr Khairul Rifaie
Head, Investor Relations /
Chief Financial Officer, RHB Bank Berhad
+(603) 9280 5711
khairul.rifaie@rhbgrou.com

This material is prepared for general circulation. Any recommendation or view contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific audience. The content furthermore is believed to be correct at the time of the issue of this document, and is not and should not be construed as an offer or a solicitation of any offer to buy or sell any securities. Nor does this document purport to contain all the information a prospective investor may require. Presentation and subsequent discussion may contain certain forward-looking statements with respect to the financial condition, results of operations and business of the Group. These forward-looking statements represent expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

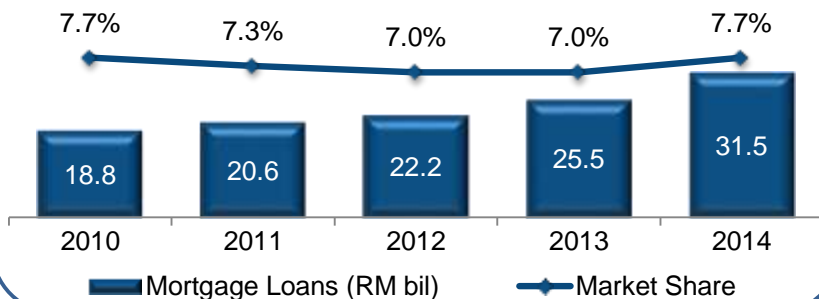
Appendix

Key Business Highlights

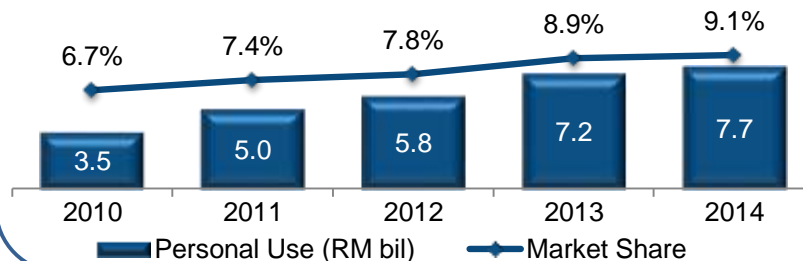


Retail Business Performance

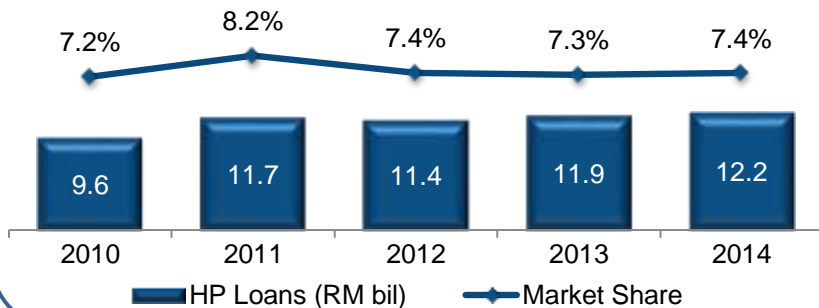
Mortgage



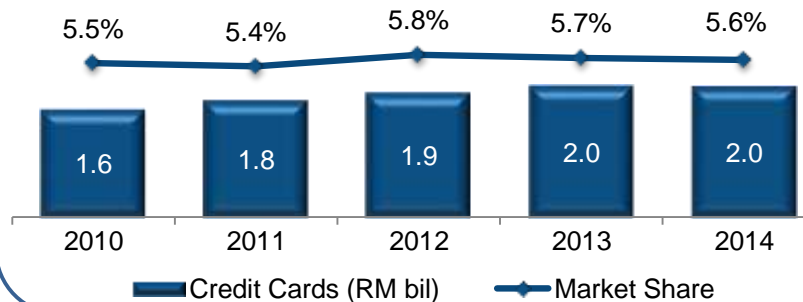
Personal Use



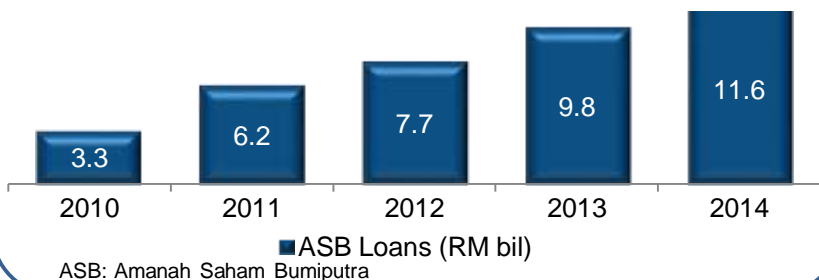
Auto Finance



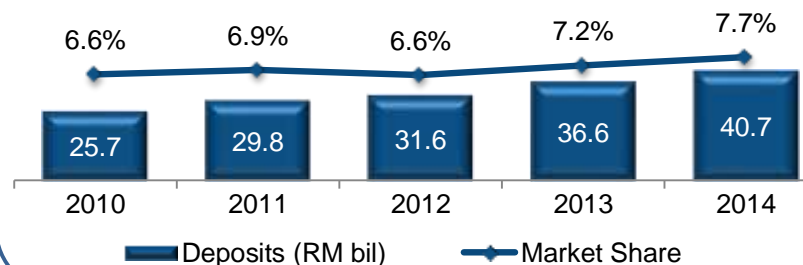
Credit Card



ASB



Retail Deposits



CIB Market Share

	FY 2014		FY 2013		FY 2012**	
	Market Share	Ranking	Market Share	Ranking	Market Share	Ranking
Debt Capital Market *	11.5%	4	16.3%	4	14.9%	4
Mergers & Acquisitions - by value	22.4%	1	11.8%	3	7.1%	11
- by deal count	27 deals	1	NA	1	NA	1
Equities Capital Market ^	8.6%	4	7.9%	3	2.6%	11

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

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

Source : Bloomberg & Bursa Malaysia as at 31 December 2014

Major Mandates FY 2014

DCM



Danga Capital Berhad
(subsidiary of Khazanah Nasional Berhad)
RM1.5 bil issuance out of RM10.0 bil
Islamic MTN Programme
Sole Lead Manager & Sole Bookrunner



Cagamas Global P.L.C
USD500 mil issuance out of
USD2.5 bil Multicurrency MTN
Programme
*Joint Lead Arranger / Manager &
Joint Bookrunner*



Malaysia Buiding Society Berhad
RM700 mil (second issuance)
out of RM3.0 bil Structured Covered
Sukuk Murabahah Programme
*Sole Principal Adviser, Sole Lead
Arranger & Joint Lead Manager*

ECM



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



Affin Holdings Berhad
RM1.24 bil
Rights Issue
Joint Underwriter



EA Technique (M) Berhad
RM83.85 mil
IPO & Private Placement
*Sole Principal Adviser, Sole
Underwriter & Placement
Agent*

M&A and Syndicated Loans



Kulim (Malaysia) Berhad
GBP525.4 mil (RM2.8 bil)
Disposal of equity interest in
New Britain Palm Oil Ltd to
Sime Darby Plantation Sdn Bhd
Sole Financial Adviser



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

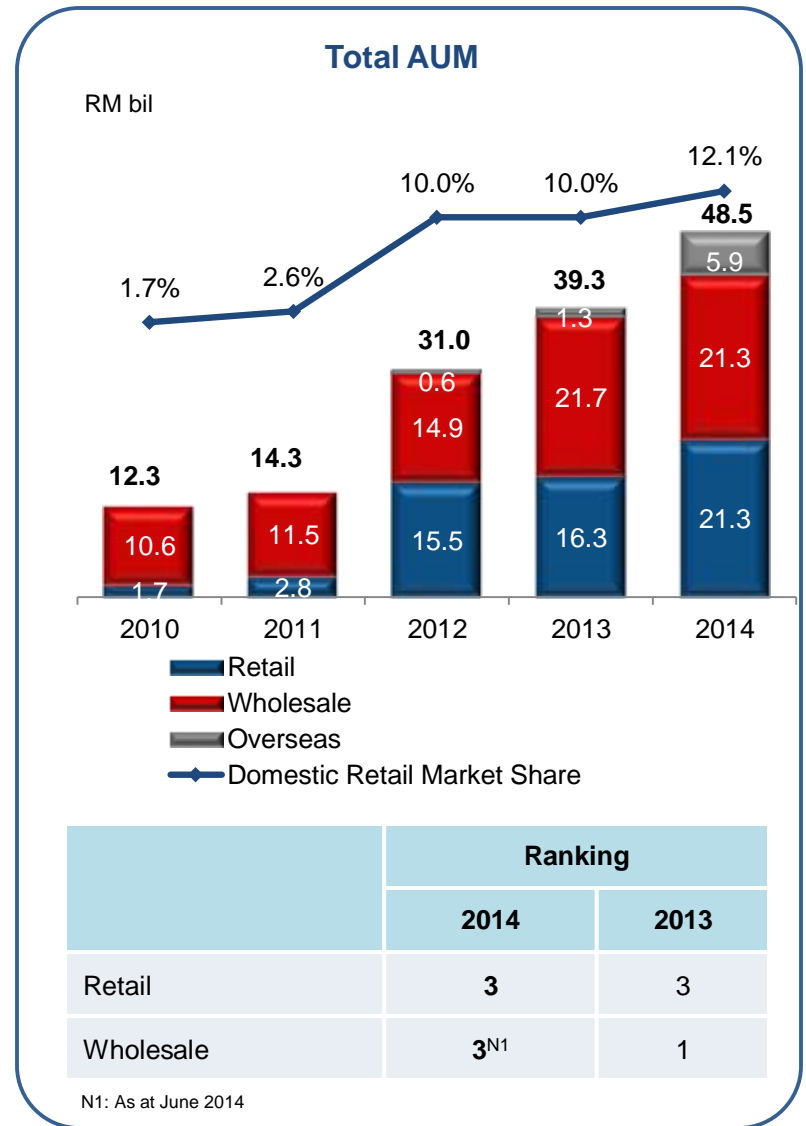


SapuraKenchana TMC Sdn Bhd
RM5.50 bil
Senior Multi Currency Term and
Revolving Facilities
Joint Mandated Lead Arranger

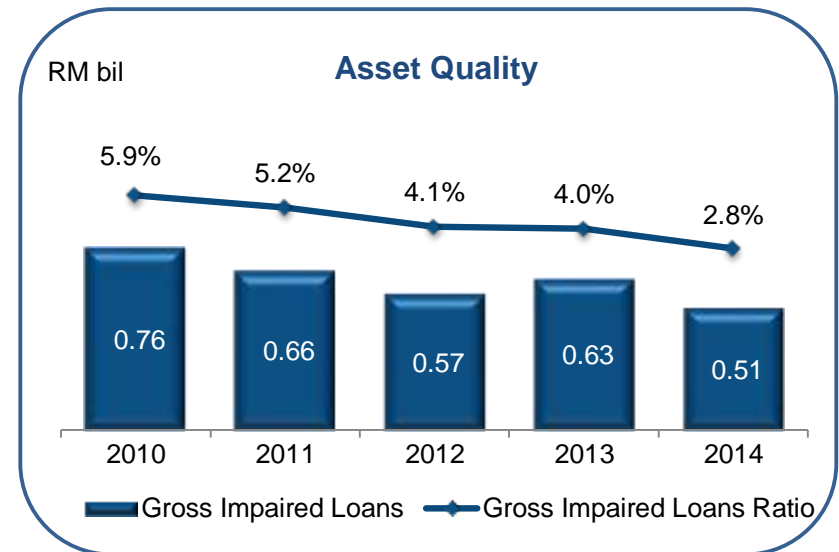
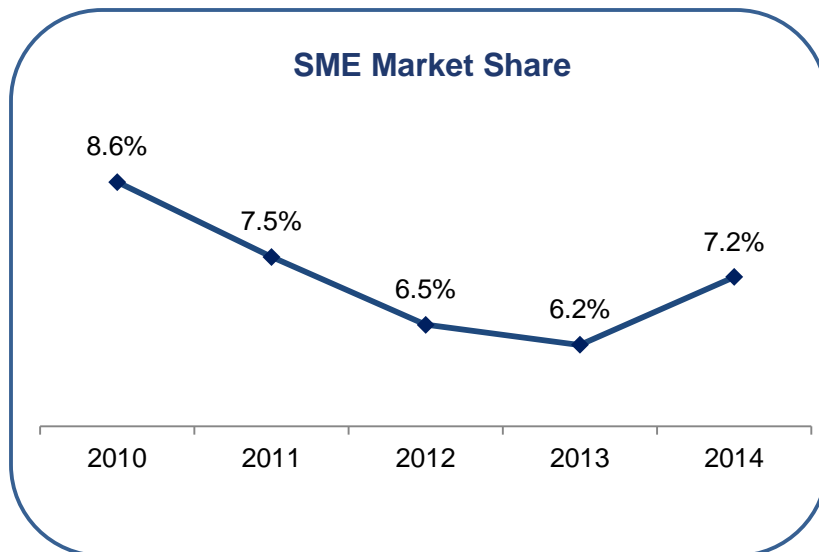
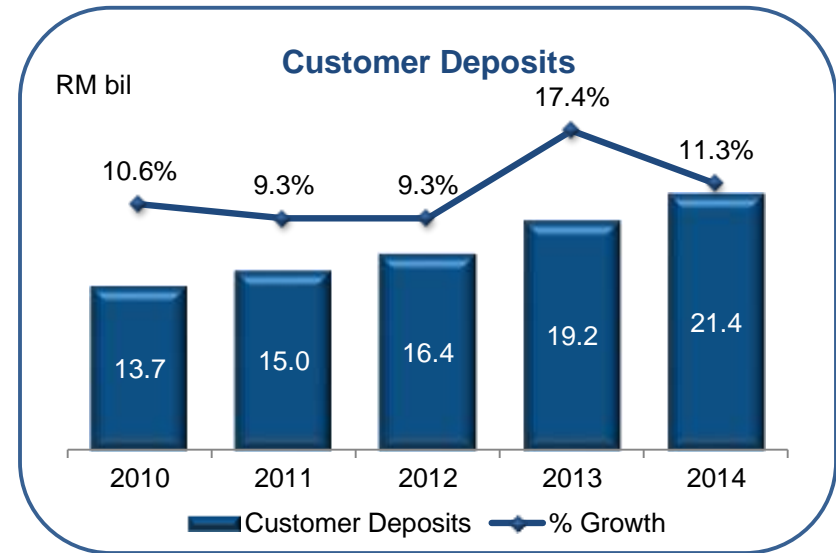
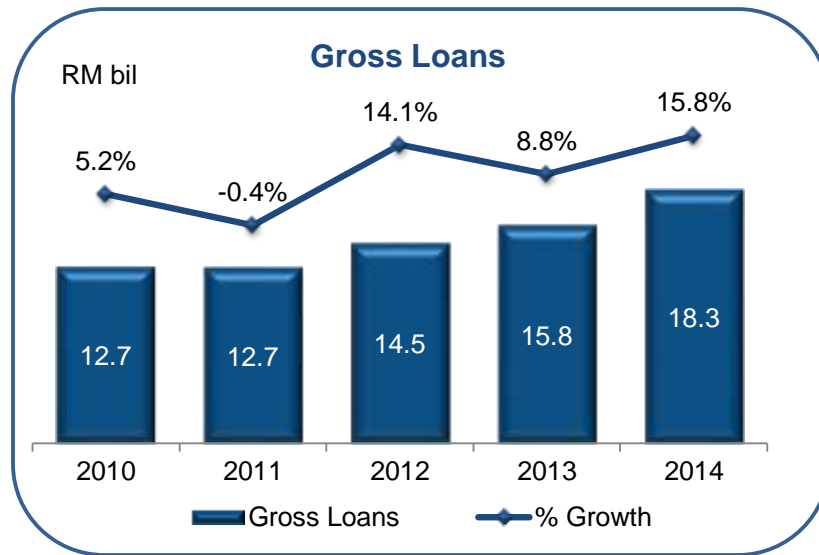
Equities, Futures & Asset Management

Equities (by value)	FY 2014		FY 2013	
	Market Share	Ranking	Market Share	Ranking
Malaysia				
- By value	9.5%	3	8.8%	3
- By volume	13.7%	2	14.3%	1
Singapore	5.4%	10	7.4%	6
Hong Kong	0.1%	97	0.2%	84
Indonesia	2.3%	15	2.2%	15
Thailand	1.3%	27	1.3%	24
Cambodia	2.5%	7	1.4%	9

Futures (by volume)	FY 2014		FY 2013	
	Market Share	Ranking	Market Share	Ranking
Malaysia - FKLI	7.5%	4	9.2%	4
Malaysia - FCPO	9.6%	3	9.7%	3
Thailand	4.0%	8	2.1%	17
Hong Kong - HSIF	0.1%	71	0.2%	50



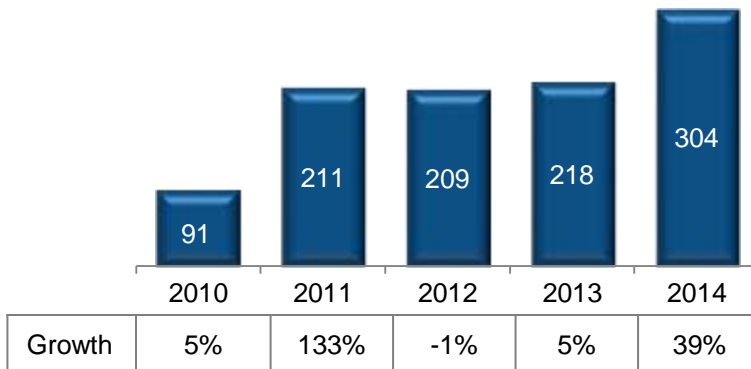
Business Banking and SME



Islamic Financial Performance

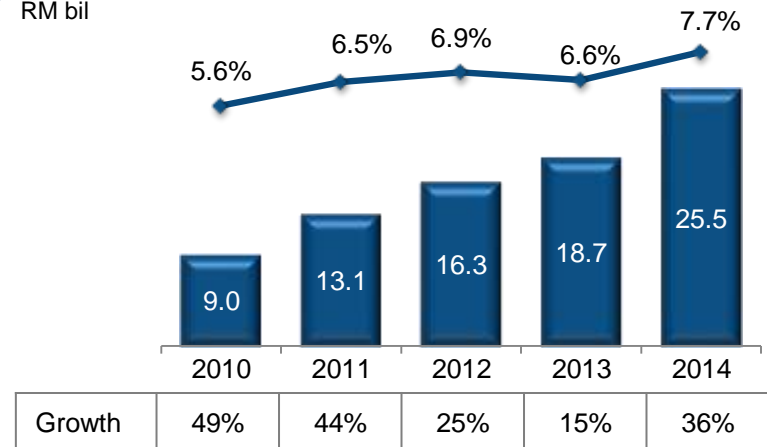
RM mil

PBT



RM bil

Gross Loans

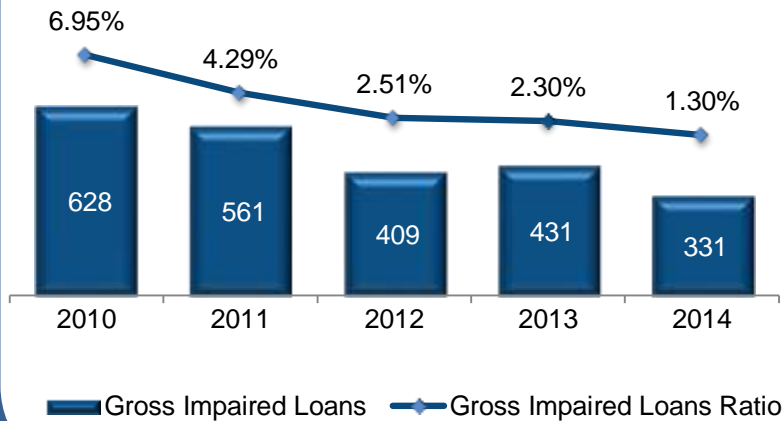


Gross Loans

Market Share

RM mil

Asset Quality

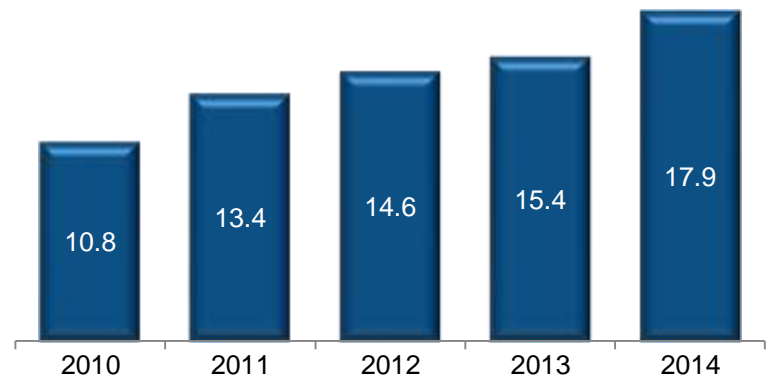


Gross Impaired Loans

Gross Impaired Loans Ratio

%

Gross Financing/Total Gross Loans & Financing



RHB Bank Singapore Business Performance

