

Investor Presentation

1st Half 2014 Financial Results



Mr. Kellee Kam
Group Managing Director
RHB Banking Group
27 August 2014

RHB 
RHB Capital Berhad

AGENDA

Executive Summary

H1 2014 Financial Results

Summary



Executive Summary

1st Half 2014 Results

- 1 Net profit at RM1.0 billion, up 31.2% year-on-year
- 2 Healthy revenue growth, up 4.1% to RM2.9 billion mainly attributed to strong growth in Islamic Banking income by 20.5% and higher net interest income by 4.3%
- 3 Gross loans up 8.8% for the first half of 2014 and 13.0% y-o-y to RM132.5 billion
- 4 Customer deposits expanded 8.6% for the first half of 2014 and 9.7% y-o-y to RM149.6 billion
- 5 CASA growth at 8.6% year to date versus industry CASA growth of 0.9%
- 6 Earnings per share at 39.5 sen
- 7 Annualised ROE at 11.7%

Executive Summary

Capital Management Plan

1

Completed 7th DRP in respect to 2013 final dividend:

- ♦ A total of 25,546,821 new RHB Capital Shares was issued on 23 July 2014, representing 72.47% reinvestment rate
- ♦ Total capital reinvested by shareholders since 2010 amounting to RM1.25 billion

2

RHB Bank had issued RM1.0 billion nominal value of Subordinated Notes under the RM3.0 billion MTN Programme in July 2014

- ♦ Rated AA3 by RAM Rating Services Berhad
- ♦ 10 non-callable 5 years tenure with a fixed coupon rate of 4.99% per annum

3

RHB Islamic Bank had issued RM500.0 million nominal value of Subordinated Sukuk Murabahah in May 2014

- ♦ Rated AA3 by RAM Rating Services Berhad
- ♦ 10 non-callable 5 years tenure with a fixed profit rate of 4.95% per annum

Strategic Update

4

Key Senior Personnel Hires

- ♦ Mr Charles Sik - Head, Group Retail Banking
- ♦ Encik Mohd Rashid Bin Mohamad - Group Treasurer
- ♦ Encik Khairul Rifaie - Head, Investor Relations / Chief Financial Officer, RHB Bank Berhad

5

Footprint Network Expansion

- ♦ Establishment of RHB Bank (Lao) Limited which commenced operations on 6 June 2014
- ♦ Relocation of 2 RHB Bank Singapore branches

RHB Banking Group Scorecard 2014

Top Level Indicators	Target 2014	H1 2014
ROE	>12.0%	11.7% ^{N1}
Loans Growth	12%	8.8% ^{N2}
CASA Growth	>15%	8.6% ^{N2}
Gross Impaired Loans Ratio	<2.5%	2.45%
Cost to Income Ratio	<50%	54.4%
International Contribution	>12%	11.0%

N1 Annualised

N2 Changes for H1 2014, not annualised

AGENDA

Executive Summary

H1 2014 Financial Results

Summary



Financial Results

RM mil	Q2 2014	Q1 2014	Q-o-Q Change %	H1 2014	H1 2013	Y-o-Y Change %
Net Interest Income	828	822	1	1,650	1,581	4
Other Operating Income	434	492	-12	926	937	-1
Income from Islamic Banking Business	183	152	21	335	278	21
Total Income	1,445	1,466	-1	2,911	2,796	4
Other Operating Expenses	(797)	(786)	1	(1,583)	(1,467)	8
Operating Profit Before Allowances	648	680	-5	1,328	1,329	-
Allowances for Loan Impairment	(17)	(54)	-69	(71)	(299)	-76
Impairment Losses on Other Assets	108	12	>100	120	17	>100
Profit Before Taxation	739	637	16	1,377	1,048	31
Net Profit	557	451	24	1,007	768	31
EPS (sen)	21.9	17.7	24	39.5	30.8	28

Key Financial Indicators (%)

Cost to Income Ratio	55.2	53.7	1.5	54.4	52.5	1.9
ROE ^{N1}	12.7	10.6	2.1	11.7	9.9	1.8
ROA ^{N1}	1.1	0.9	0.2	1.0	0.8	0.2
Gross Impaired Loans Ratio	2.45	2.54	-0.09	2.45	3.15	-0.70
Credit Charge Ratio ^{N1}	0.05	0.17	-0.12	0.11	0.51	-0.40

For the First Half of 2014 :

- Net interest income increased by 4% on the back of a 11.8% increase in conventional gross loans y-o-y
- Non-interest income lower by 1%, due to lower net gain on securities HFT and AFS and net loss on revaluation of derivatives of RM4.4 million versus a gain of RM49.0 million a year ago
 - Fee income grew by 4% to RM620 mil, mainly attributable to higher services charges and fees, guarantee fees, and other fee income
- Other operating expenses increased by 8%, 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 primarily due to impairment made on certain corporate accounts and one-time bad debts written off pertaining to the refinement of application of MFRS 139 in last year

Quarter-on-Quarter:

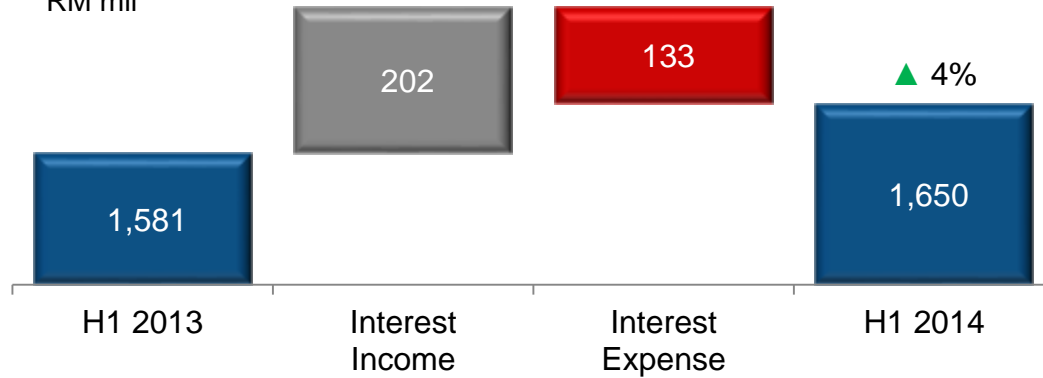
- PBT increased on account of higher impairment write back on other assets, lower impairment allowances for loans and financing, higher income from Islamic Banking Business.

N1: Annualised

Net Interest Income & Islamic Banking Income

Net Interest Income

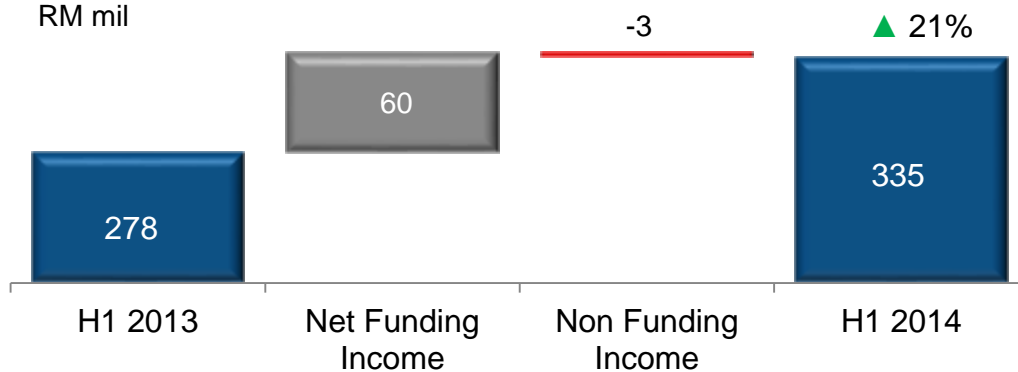
RM mil



- ◆ Higher net interest income due to 11.8% growth in conventional loans
- ◆ Higher Islamic Banking income on the back of 19.8% increase year-on-year in financing base to RM21.5 billion.

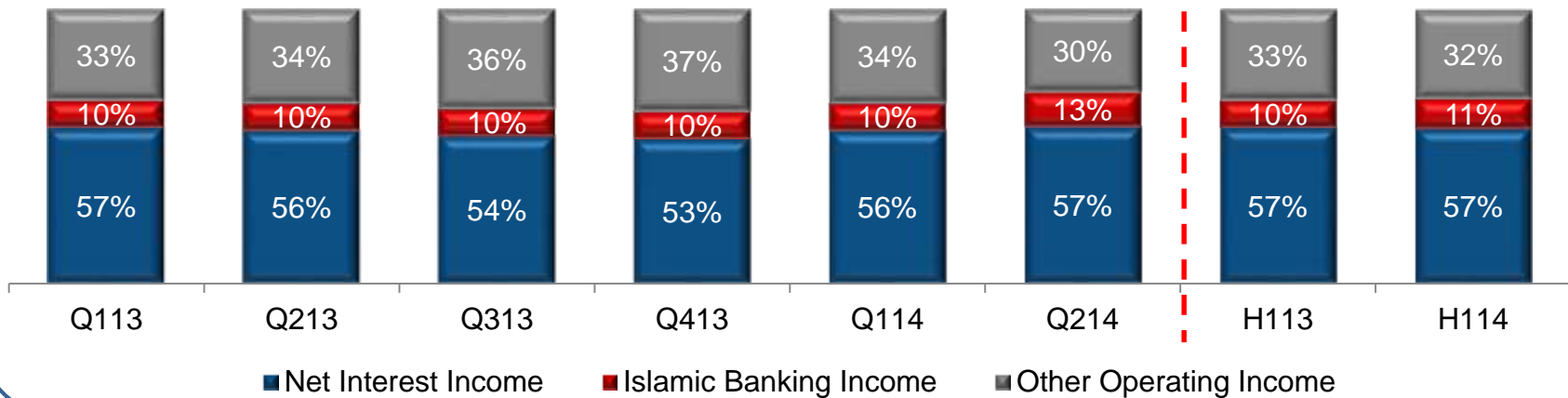
Islamic Banking Income

RM mil

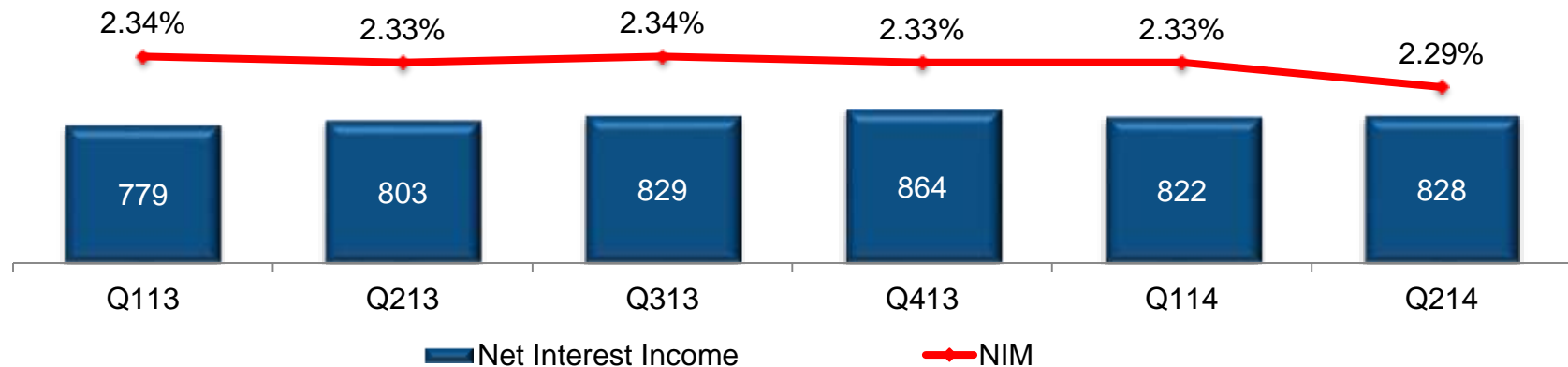


Income Mix & NIM

Income Mix



Net Interest Income & NIM

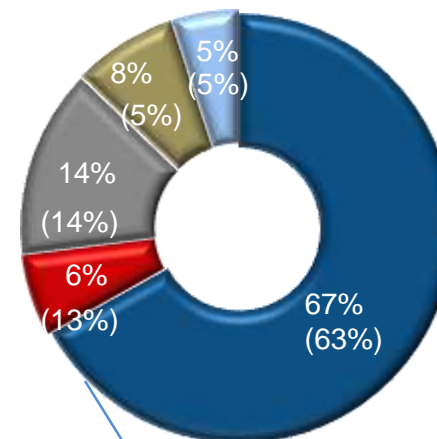


Other Operating Income

RM mil

	H1 2013		H1 2014
Service Charges, Commission, Guarantee & Commitment Fees	937	▲ 27%	268
Corporate Advisory, Underwriting & Arrangement Fees		▼ 14%	52
Net Brokerage		▼ 11%	173
Fund Management & UT Fee		▼ 29%	70
Other Fee Income		▲ 101%	57
Total Fee Income		▲ 4%	620
Insurance Underwriting Surplus		▲ 56%	72
Net Forex Gain		▼ 3%	131
Gain and MTM on Securities/Derivatives		▼ 53%	57
Others		▲ 10%	46
	H1 2014	▼ 1%	926

Composition



Brokerage income:
19% (21%)

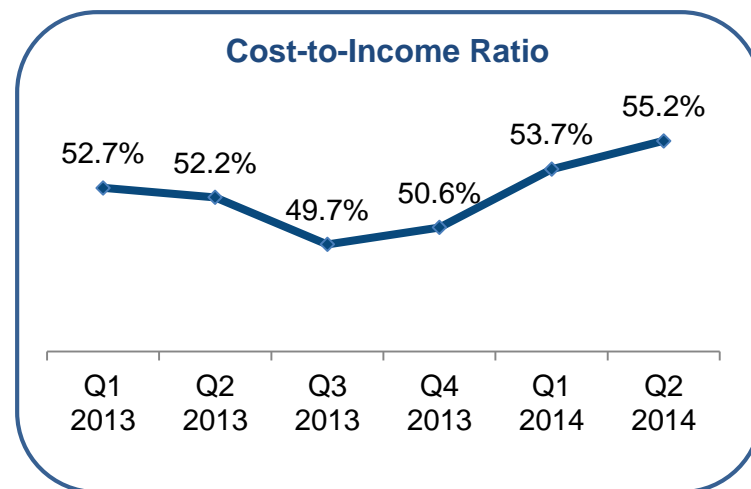
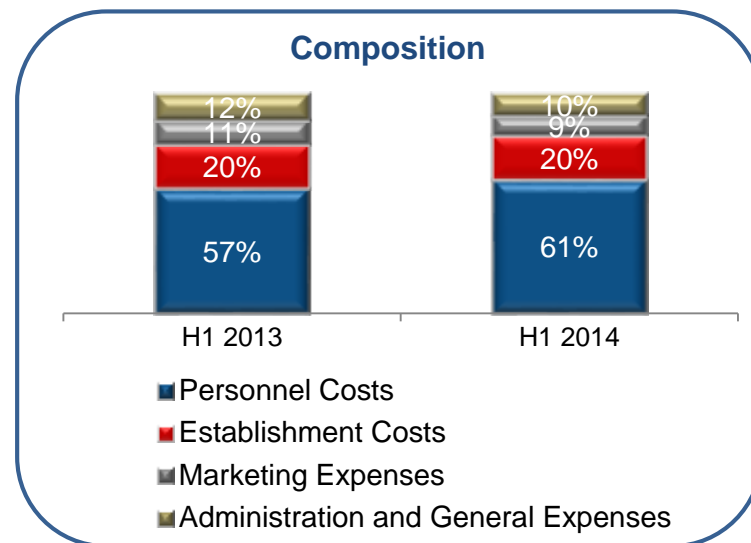
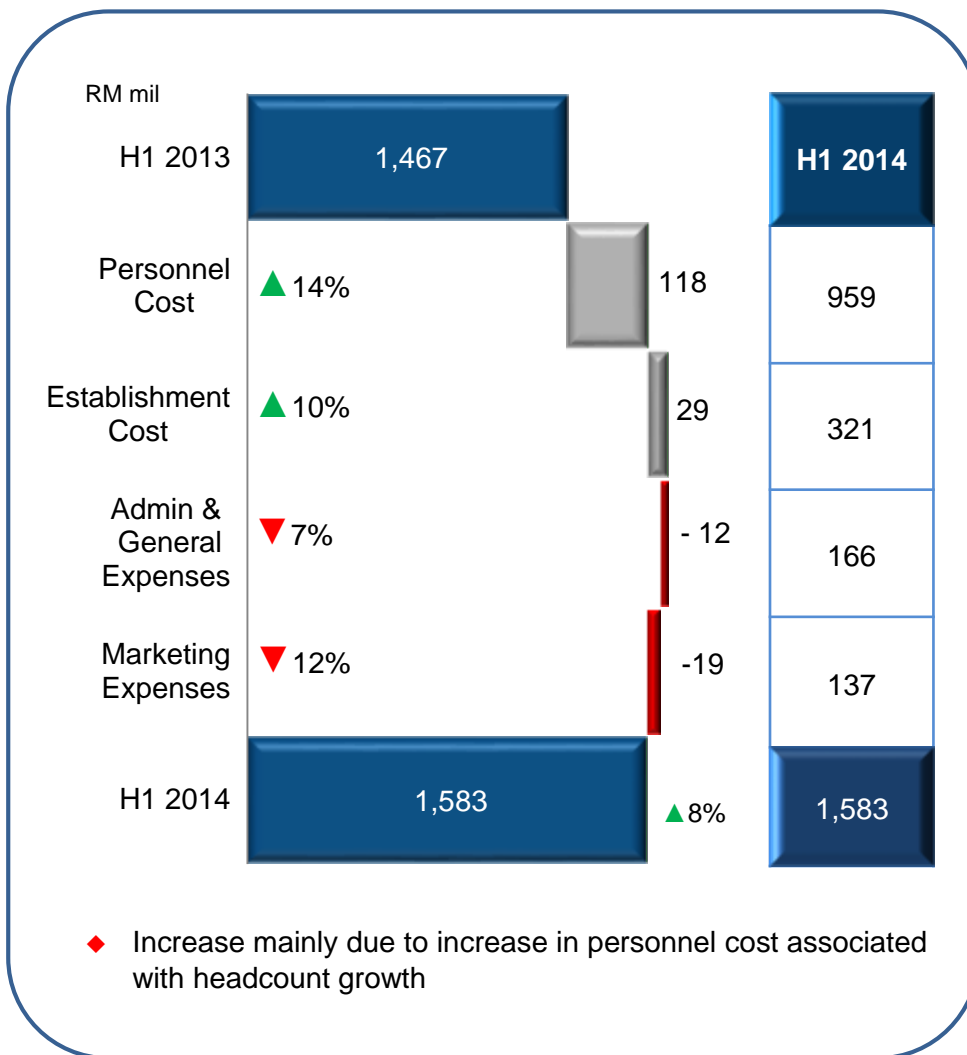
Fund Management &
UT Fee: 8% (11%)

Other fee income:
40% (31%)

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

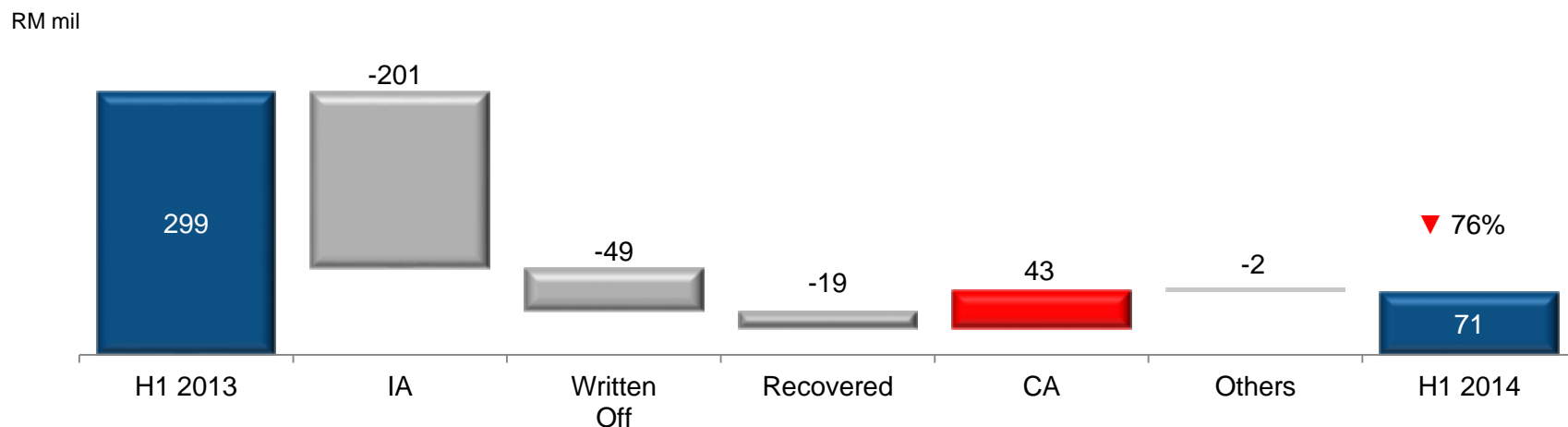
Note: Composition represents position for H1 2014 (H1 2013)

Other Operating Expenses

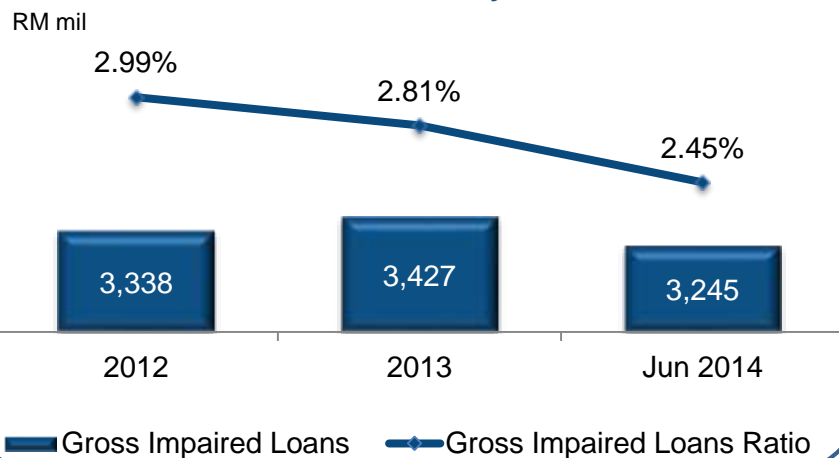


Allowances for Loan Impairment

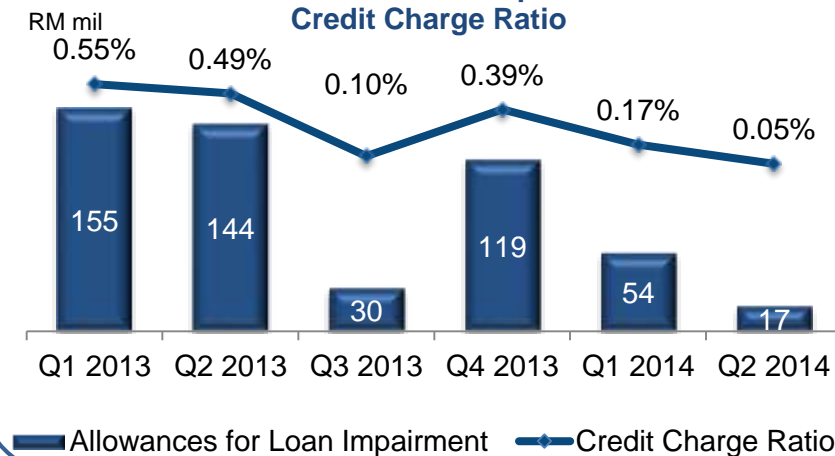
Increase/(Decrease) in Allowances for Loan Impairment



Asset Quality



Allowances for Loan Impairment & Credit Charge Ratio



Group Financial Position

RM mil	June 2014	Dec 2013	June 2013	Change for 6M 2014 %	Y-o-Y Change %
Total Assets	205,523	191,090	185,918	8	11
Total Financial Assets/Investments	44,077	43,746	40,889	1	8
- Financial Assets HFT	2,938	4,038	3,004	-27	-2
- Financial Investments AFS	18,858	16,930	16,851	11	12
- Financial Investments HTM	22,281	22,778	21,034	-2	6
Gross Loans	132,479	121,753	117,252	9	13
Customer Deposits	149,571	137,741	136,305	9	10
Borrowings and Senior Debt Securities	4,597	4,547	5,430	1	-15
Subordinated Notes	5,084	4,581	4,674	11	9
Hybrid Tier-1 Capital Securities	601	601	601	-	-
Shareholders' Funds	17,754	16,739	15,831	6	12
Net Assets per Share	6.97	6.57	6.35	6	10
LD Ratio	89%	88%	86%	1	3

♦ Total Assets:

- For the first 6 months of the year, total assets expanded by 8% to RM205.5 bil mainly due to growth in net loans, financial assets/investments, cash and short term funds
- Y-o-Y total assets increased by 11% or RM19.6 bil underpinned by strong loans growth of 13%

♦ Gross loans:

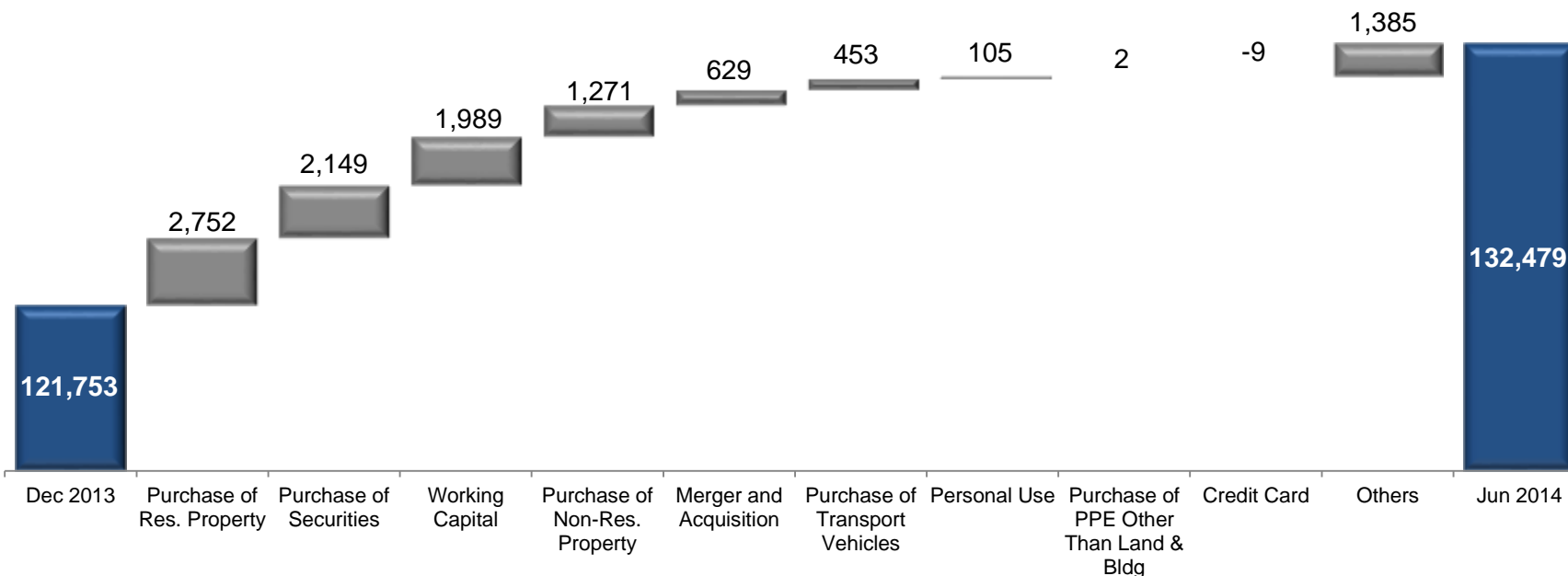
- For the first 6 months of 2014, domestic gross loan grew by 9%
- Non-Malaysian gross loans increased by 13% mainly due to 14% increase in Singapore lending operations

♦ H1 2014 CASA grew by 9% as current account grew by 10% and savings account was up by 4%

♦ LD ratio remained healthy at 88.6%

Loans, Advances and Financing

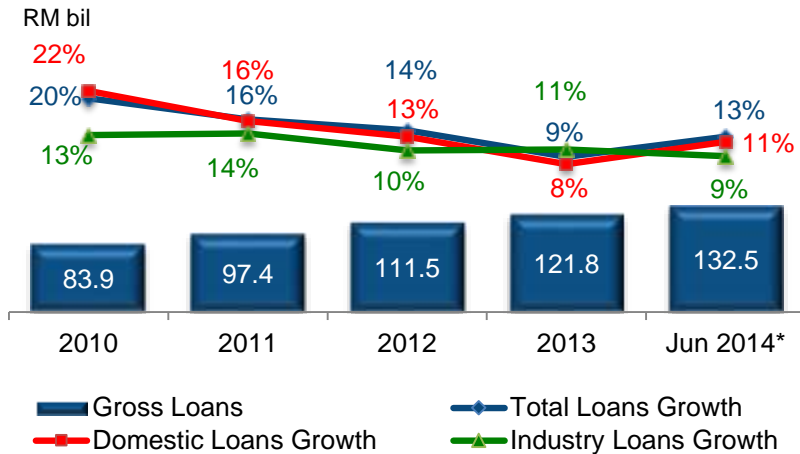
RM mil



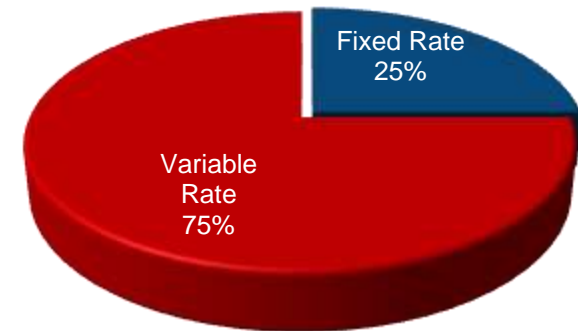
June 2014	28,271	15,220	31,086	8,720	3,845	12,316	7,298	3,352	1,995	20,376	132,479
6M 2014 Growth	▲ 11%	▲ 16%	▲ 7%	▲ 17%	▲ 20%	▲ 4%	▲ 1%	▲ 0.1%	▼ 0.4%	▲ 7%	▲ 9%
Y-o-Y Growth	▲ 21%	▲ 32%	▲ 13%	▲ 31%	▲ 13%	▲ 4%	▲ 15%	▼ 1%	▲ 4%	▼ 4%	▲ 13%
6M 2014 Loans Growth Composition	26%	20%	18%	12%	6%	4%	1%	-	-	13%	100%
Y-o-Y Loans Growth Composition	32%	24 %	24%	13%	3%	3%	6%	-	1%	-6%	100%

Loans Profile and Market Share

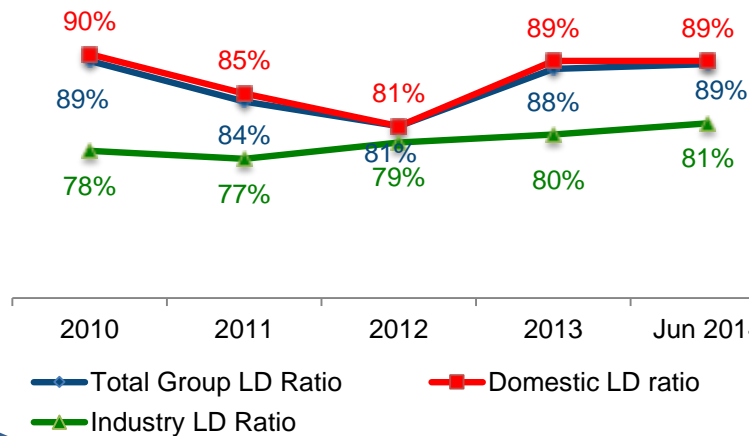
Gross Loans & Growth (%)



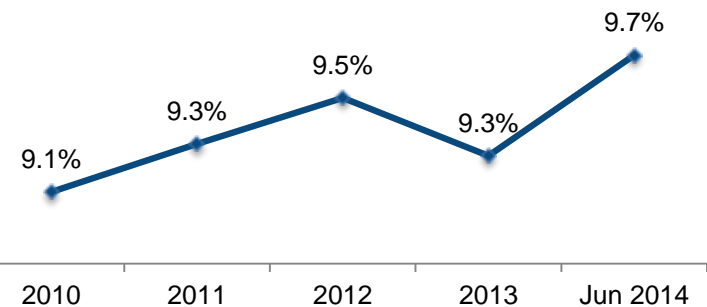
Gross Loans by Interest/Profit Rate Sensitivity



LD Ratio



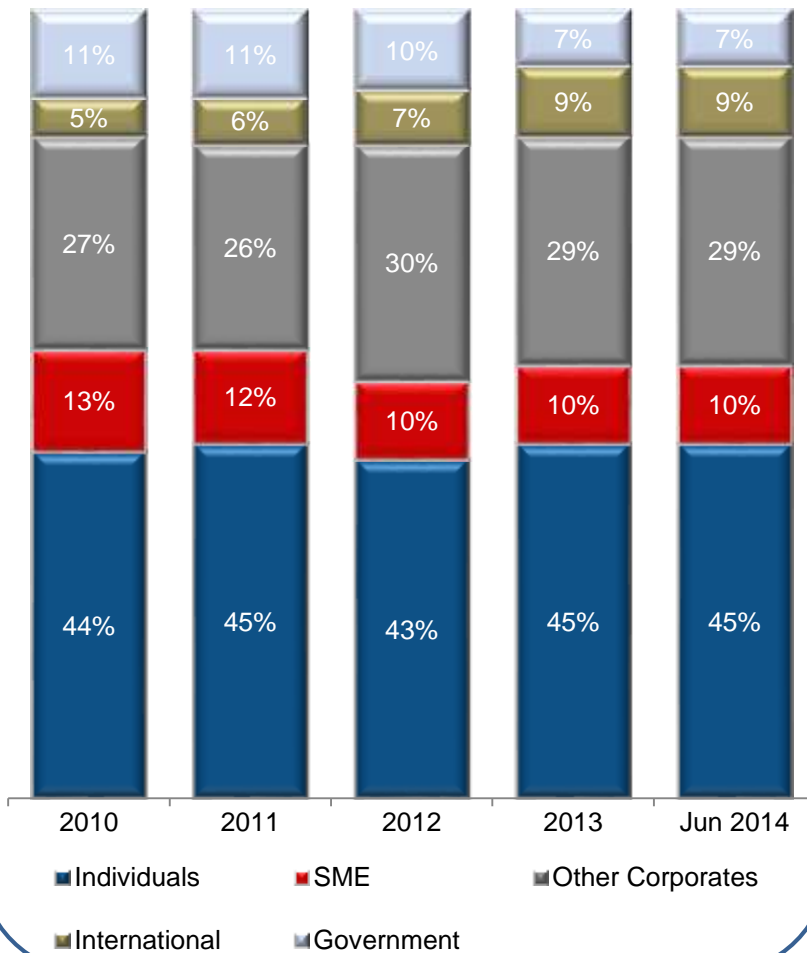
Domestic Market Share



* Y-o-Y growth rate

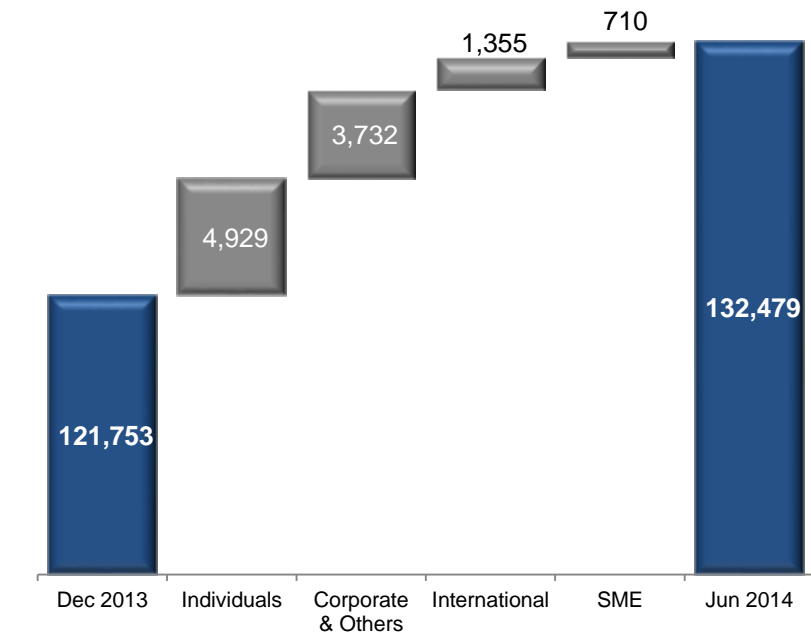
Loans By Type of Customers

Composition



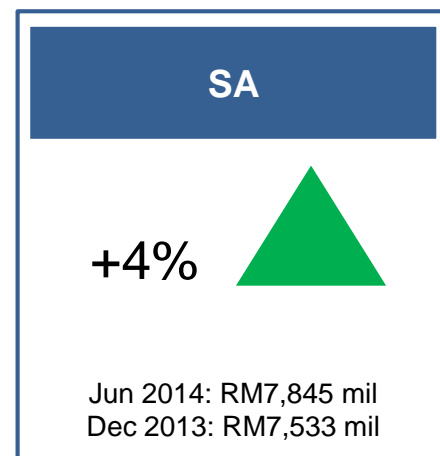
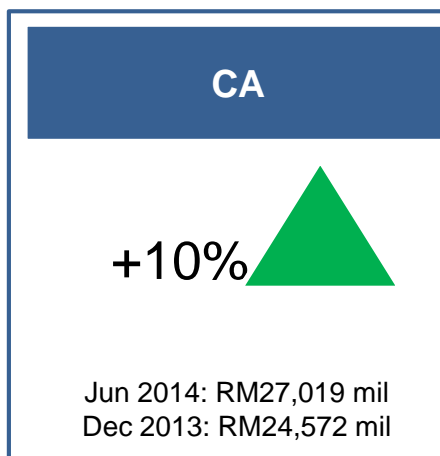
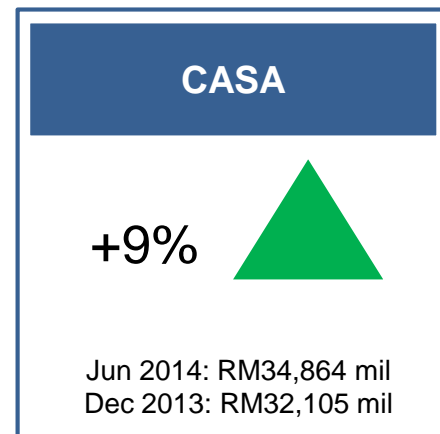
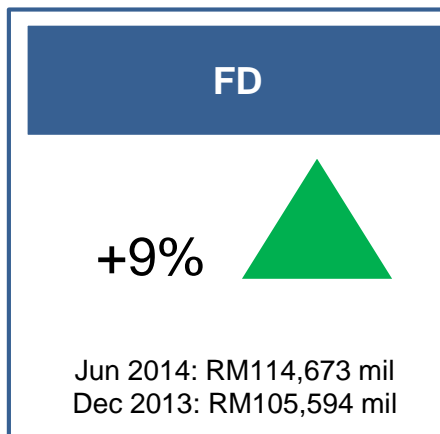
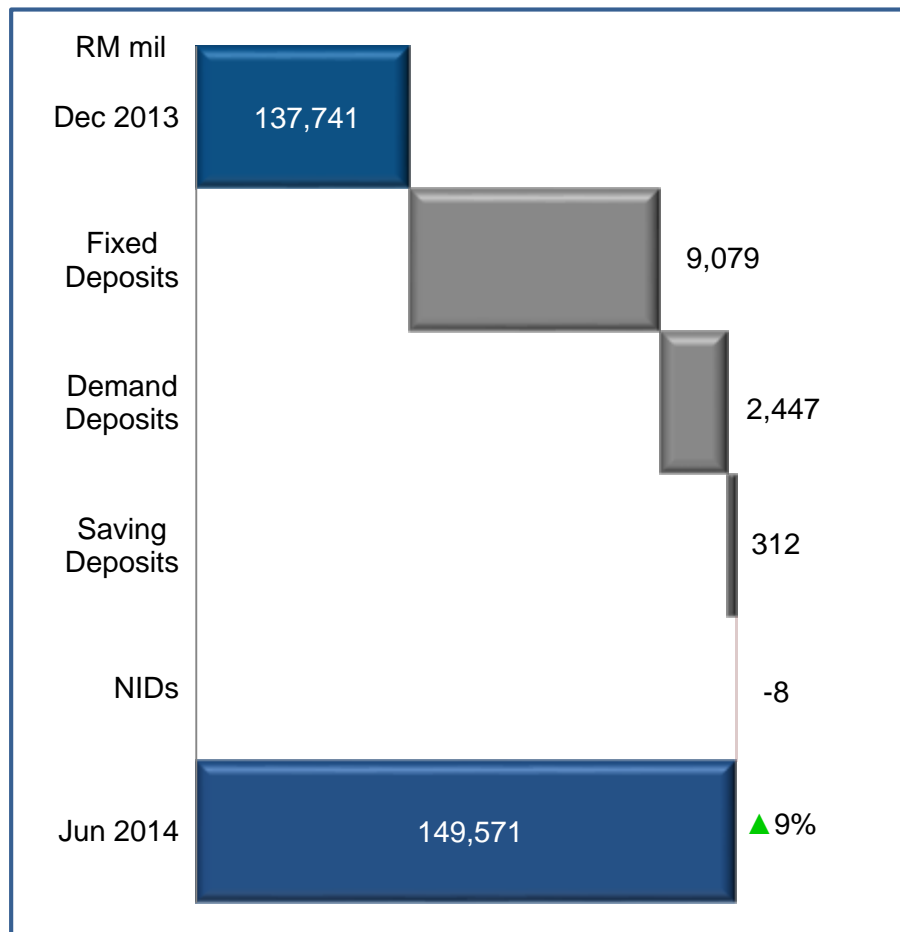
Loans by Type of Customers

RM mil

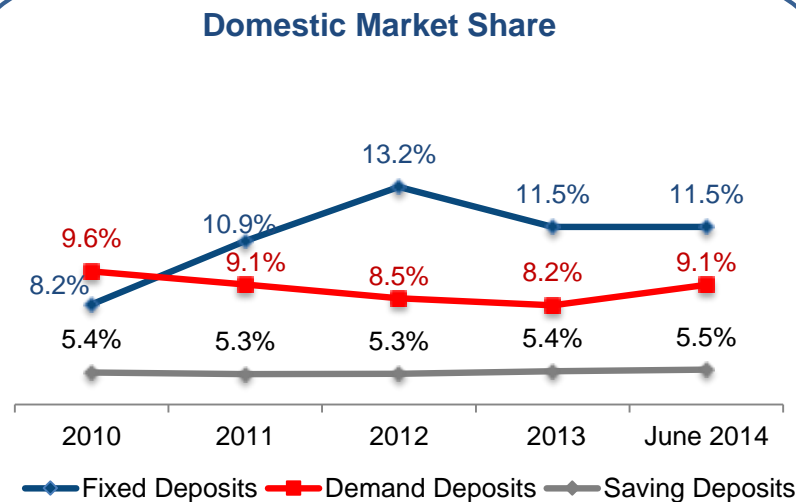
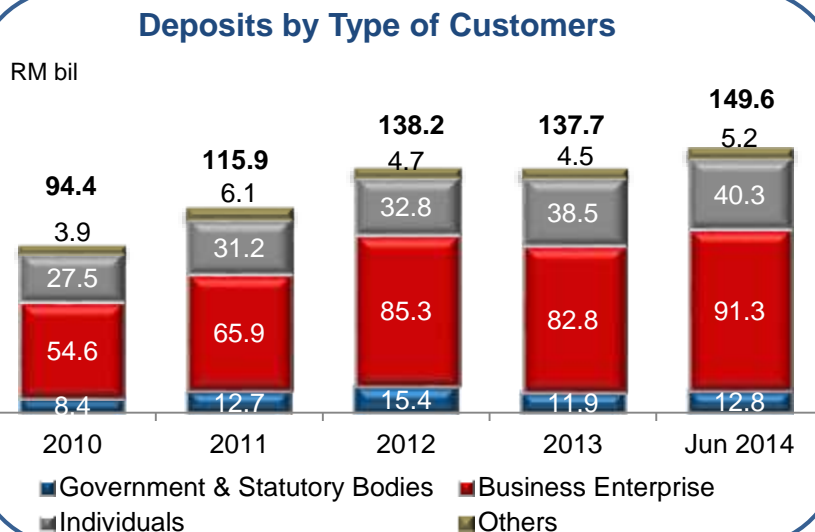
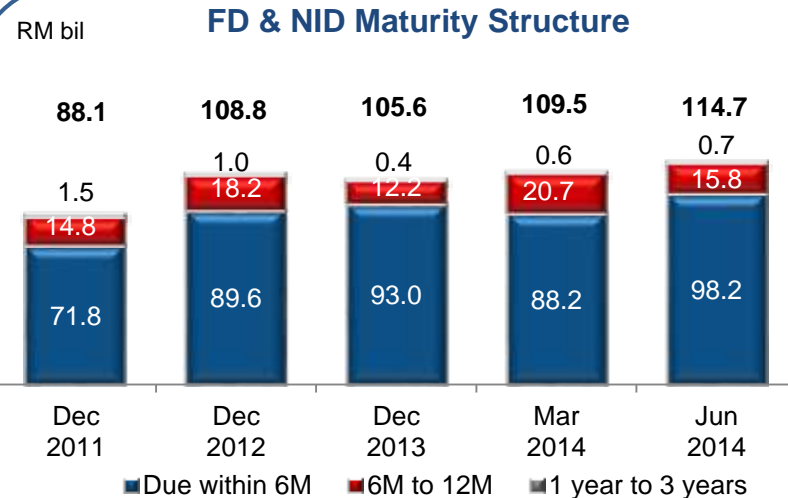
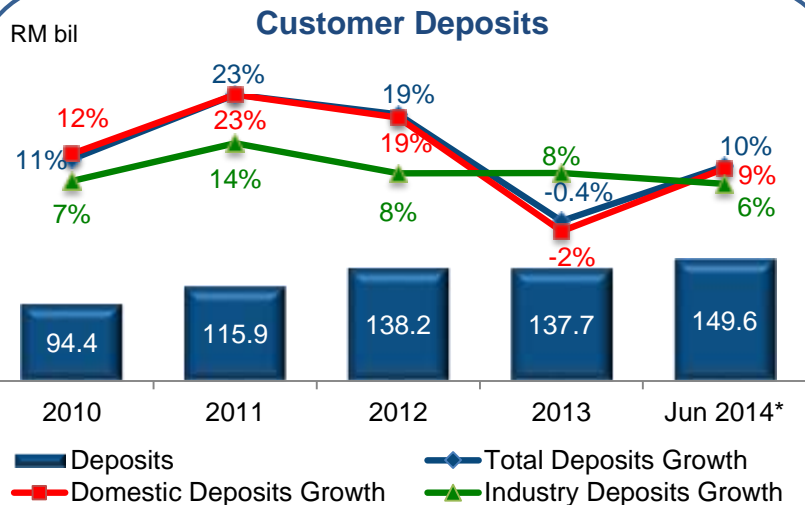


Jun 2014	60,022	47,049	12,265	13,143	132,479
6M 2014 Growth	▲ 9%	▲ 9%	▲ 12%	▲ 6%	▲ 9%
Y-o-Y Growth	▲ 17%	▲ 4%	▲ 39%	▲ 9%	▲ 13%
6M 2014 Loans Growth Composition	46%	35%	13%	6%	100%

Customer Deposits



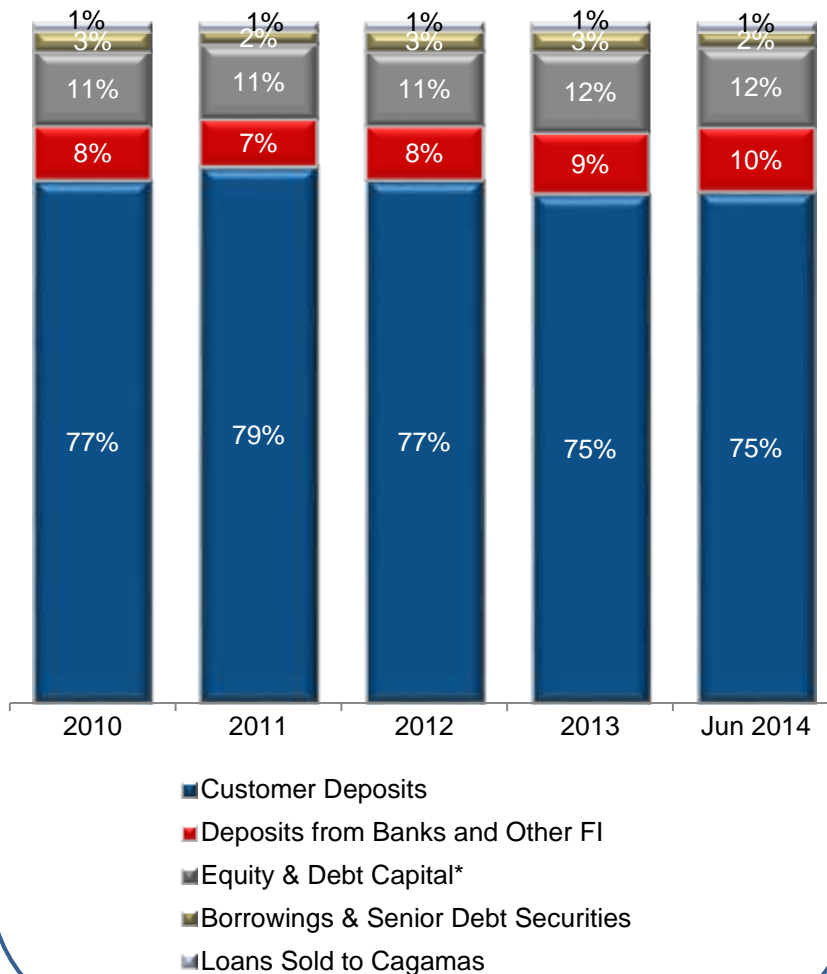
Customer Deposits Profile & Market Share



* Y-o-Y growth rate

Funding & Leverage

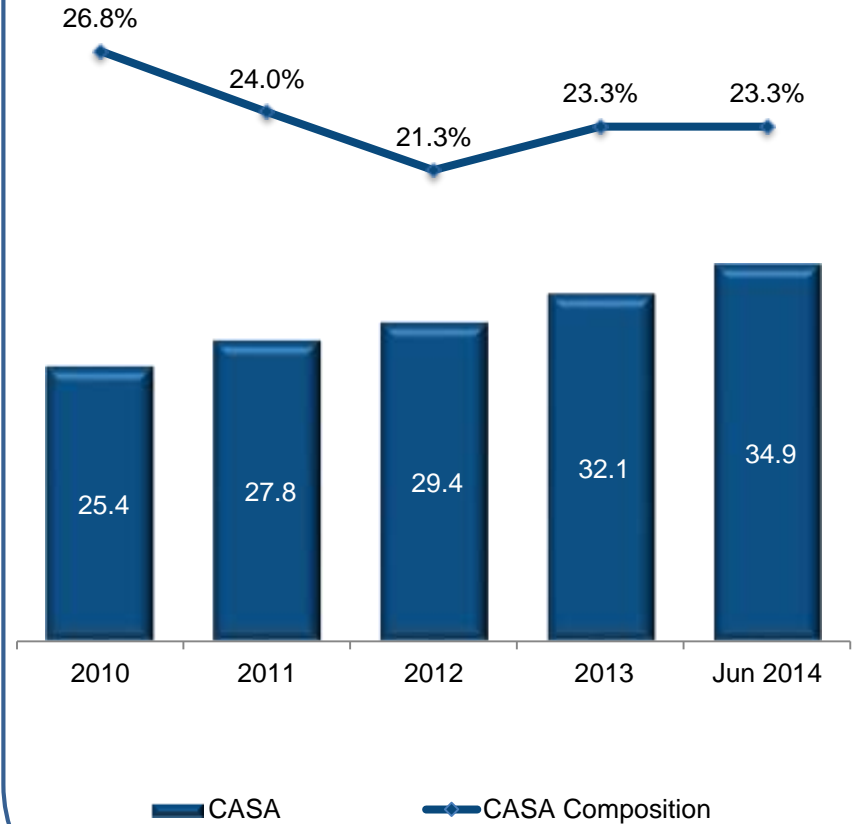
Funding Composition



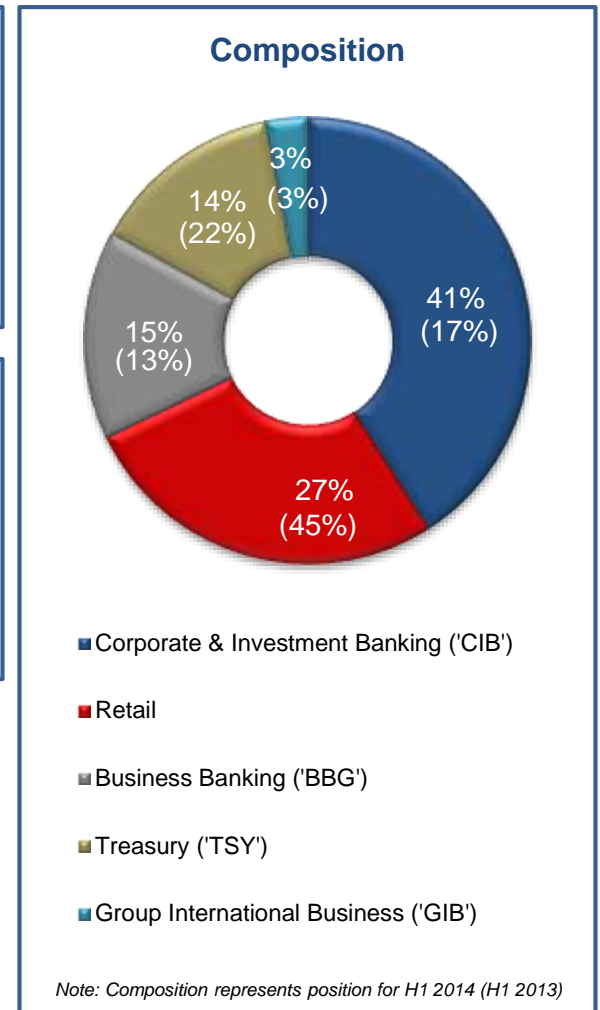
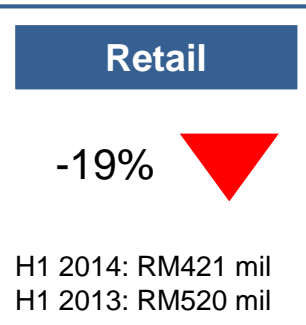
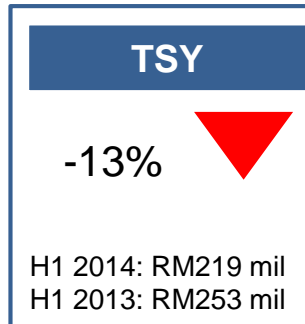
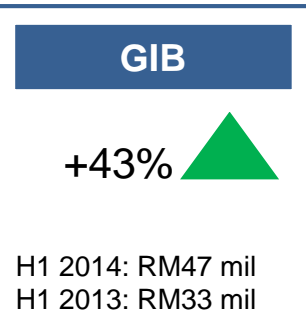
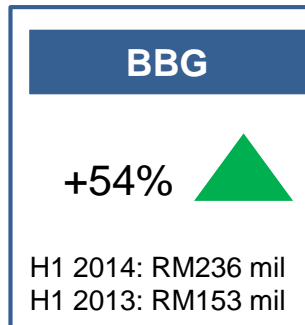
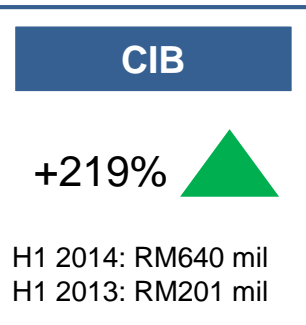
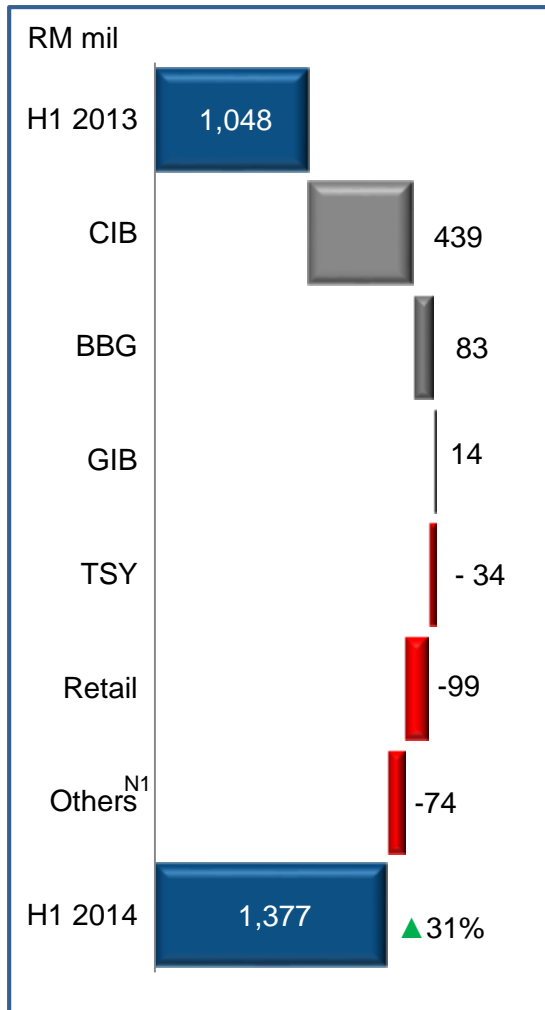
* Debt capital include subordinated obligations and hybrid tier 1 capital securities

CASA Composition

RM bil

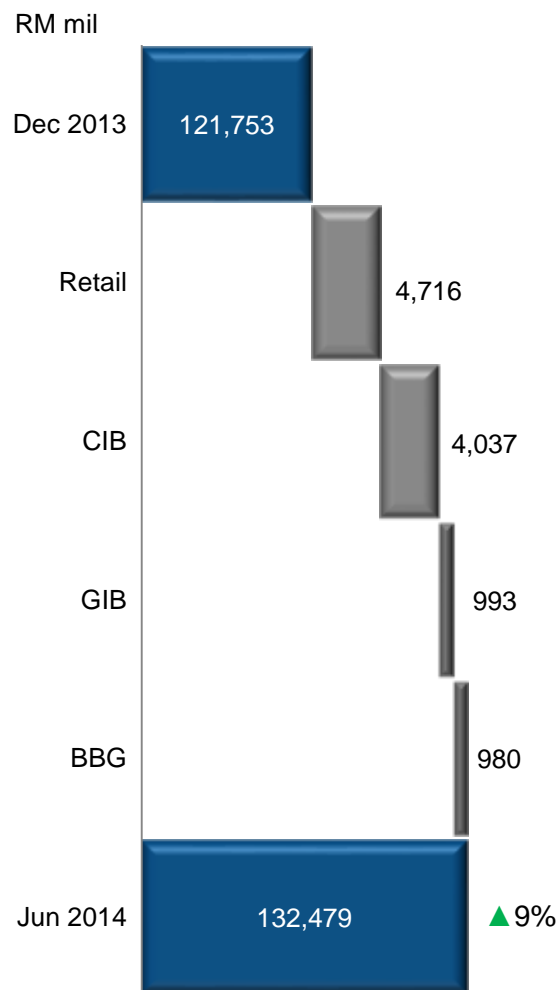


PBT by SBG



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

Loans, Advances and Financing by SBG



Retail

+9% ▲

Jun 2014: RM59,947 mil
Dec 2013: RM55,231 mil

CIB

+9% ▲

Jun 2014: RM47,041 mil
Dec 2013: RM43,004 mil

GIB

+13% ▲

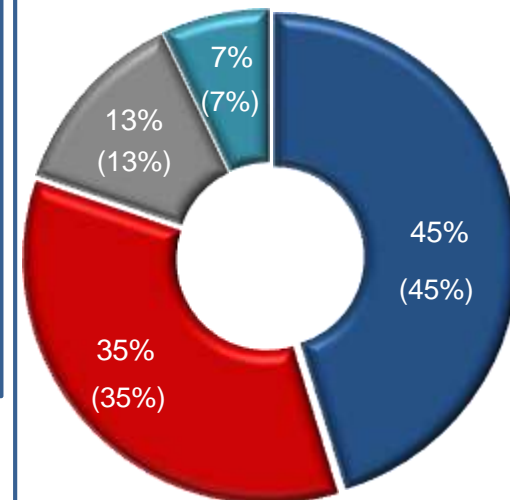
Jun 2014: RM8,749 mil
Dec 2013: RM7,756 mil

BBG

+6% ▲

Jun 2014: RM16,742 mil
Dec 2013: RM15,762 mil

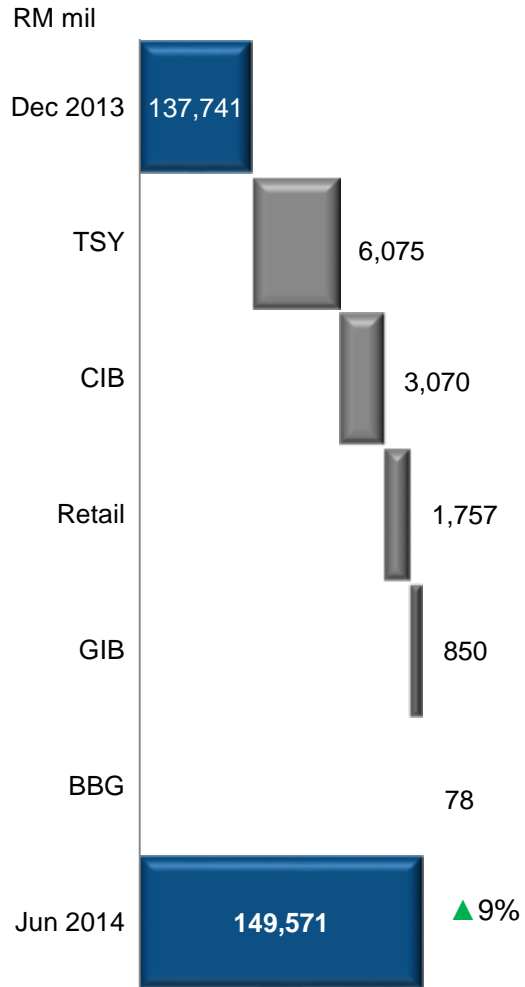
Composition



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

Note: Composition represents position for Jun 2014 (Dec 2013)

Deposits by SBG



TSY

+17% ▲

Jun 2014: RM42,100 mil
Dec 2013: RM36,025 mil

CIB

+9% ▲

Jun 2014: RM38,284 mil
Dec 2013: RM35,214 mil

Retail

+5% ▲

Jun 2014: RM38,321 mil
Dec 2013: RM36,564 mil

GIB

+8% ▲

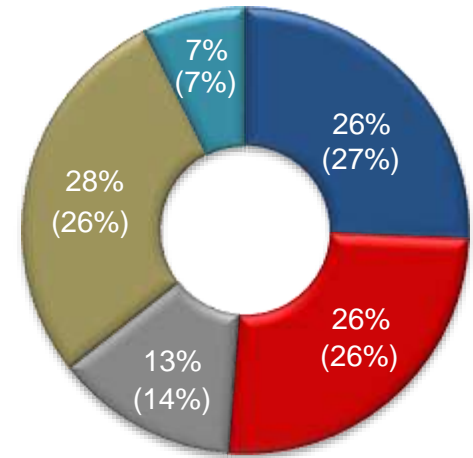
Jun 2014: RM11,099 mil
Dec 2013: RM10,249 mil

BBG

+0.4% ▲

Jun 2014: RM19,767 mil
Dec 2013: RM19,689 mil

Composition

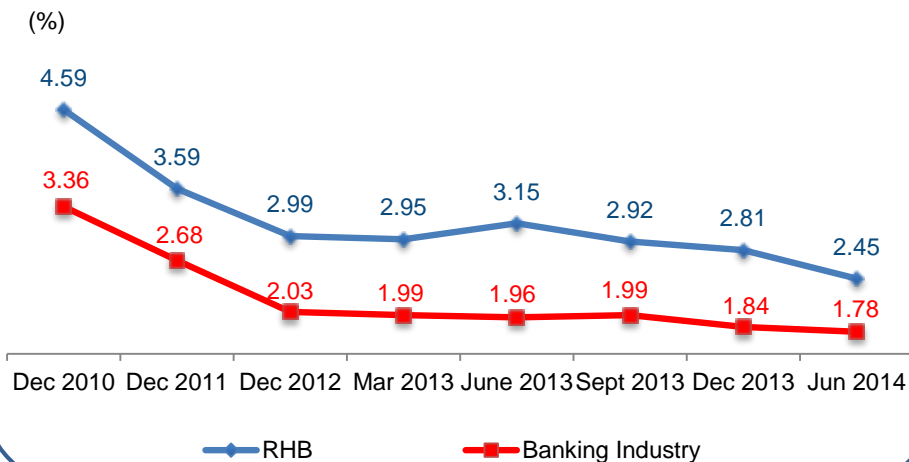


- Retail
- Corporate Investment Banking ('CIB')
- Business Banking ('BBG')
- Treasury ('TSY')
- Group International Business ('GIB')

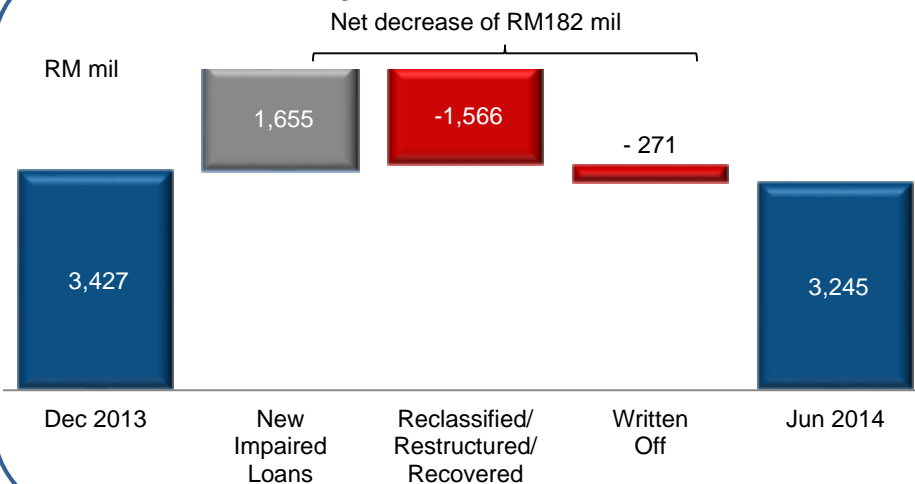
Note: Composition represents position for Jun 2014 (Dec 2013)

Asset Quality

Gross Impaired Loans Ratio

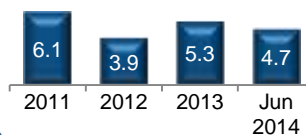


Gross Impaired Loans Movement

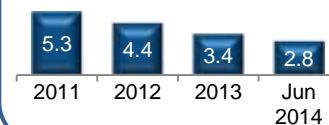


Gross Impaired Loans Ratio (%) by Purpose

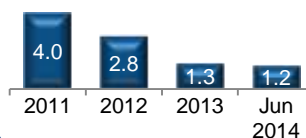
Working Capital



Purchase of Residential Property



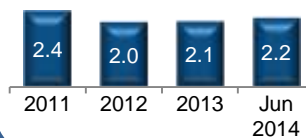
Purchase of Non-Residential Property



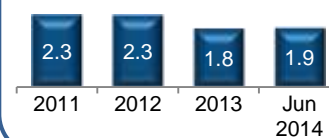
Personal Use



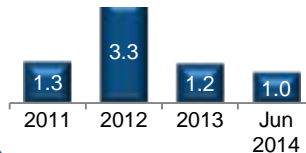
Credit Card



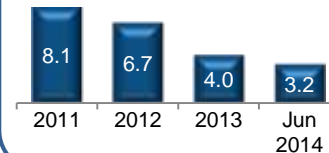
Purchase of Transport Vehicles



Purchase of Securities

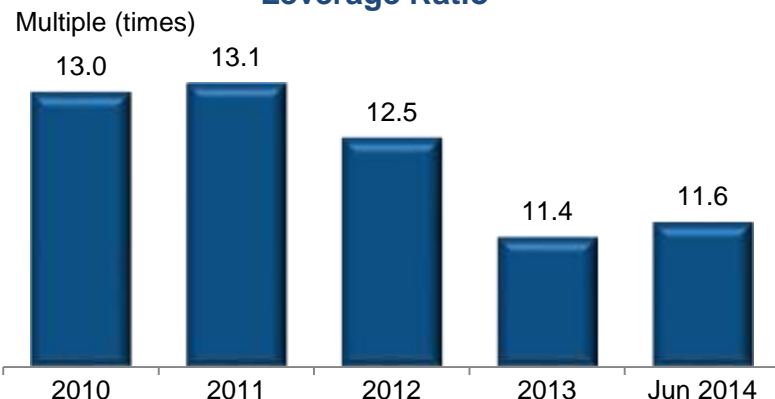


Construction

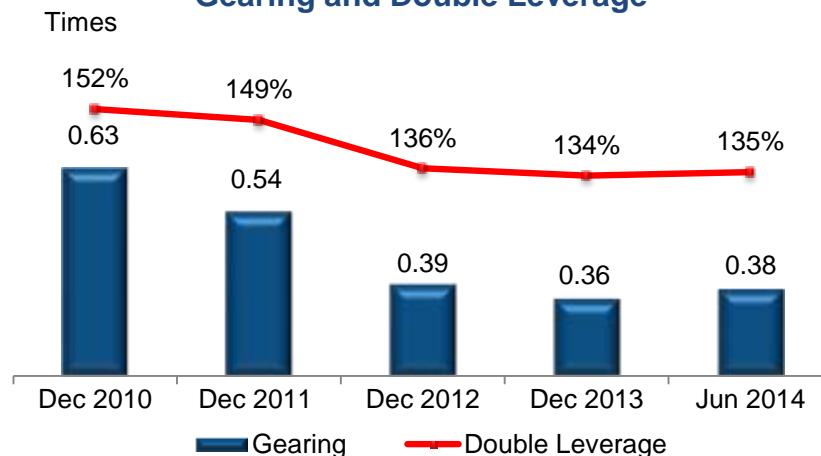


RHB Capital : Capital Position & Market Capitalisation

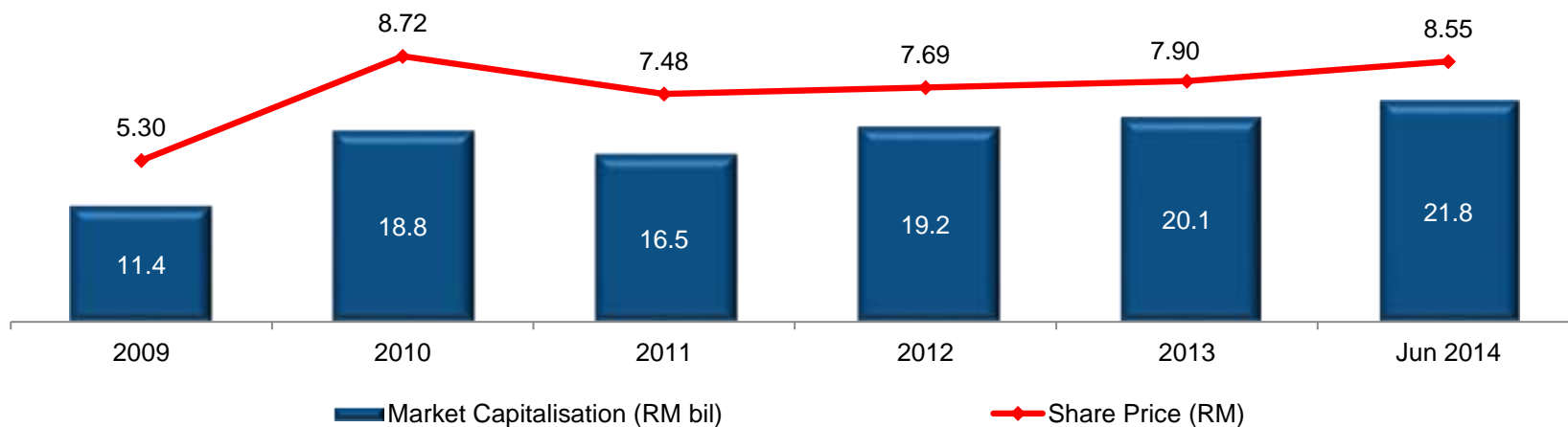
Leverage Ratio^{N1}



Gearing and Double Leverage^{N2}



Share Price & Market Capitalisation

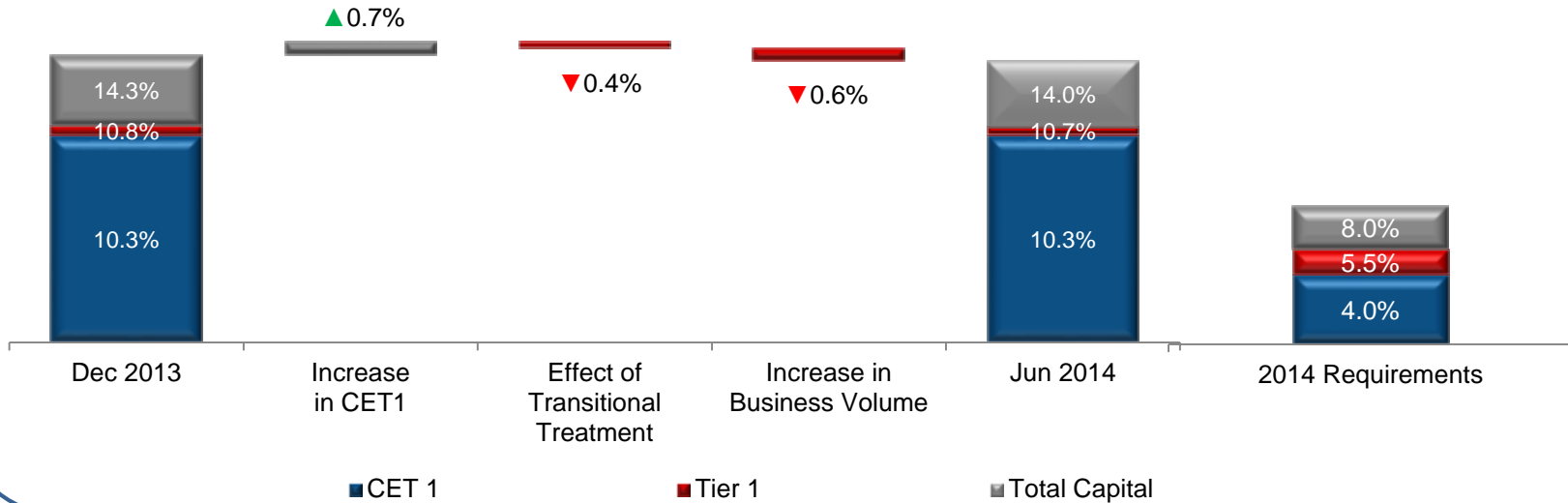


N1: Leverage ratio is defined as total assets over shareholders' funds

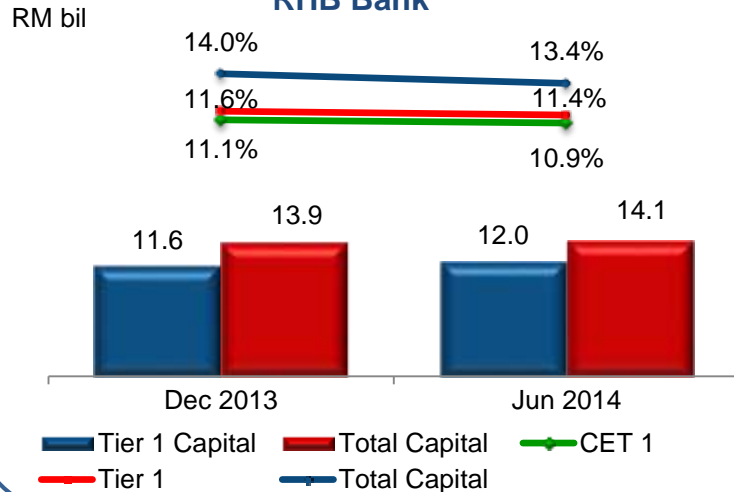
N2: Proforma Basel III CET 1 of RHB Capital Group is at 9.2%

Capital Position (1/2)

RHB Bank Group: Capital Development in H1 2014

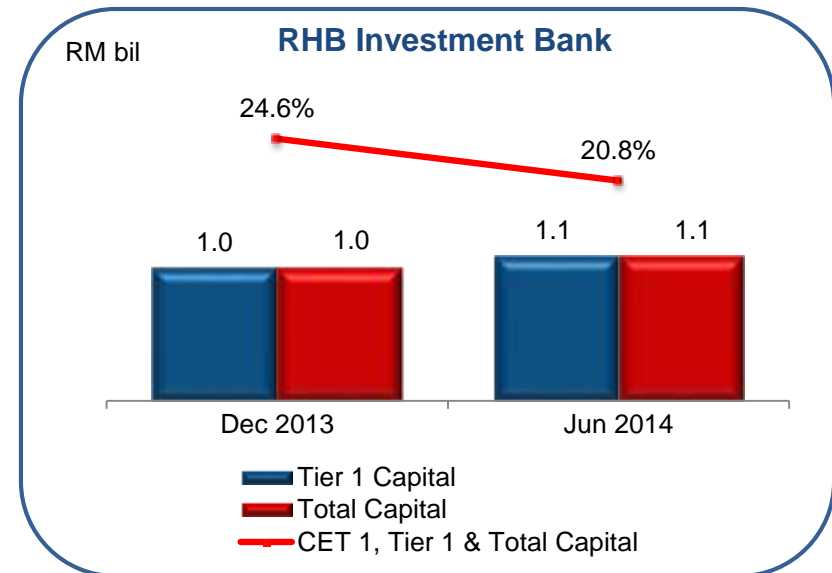
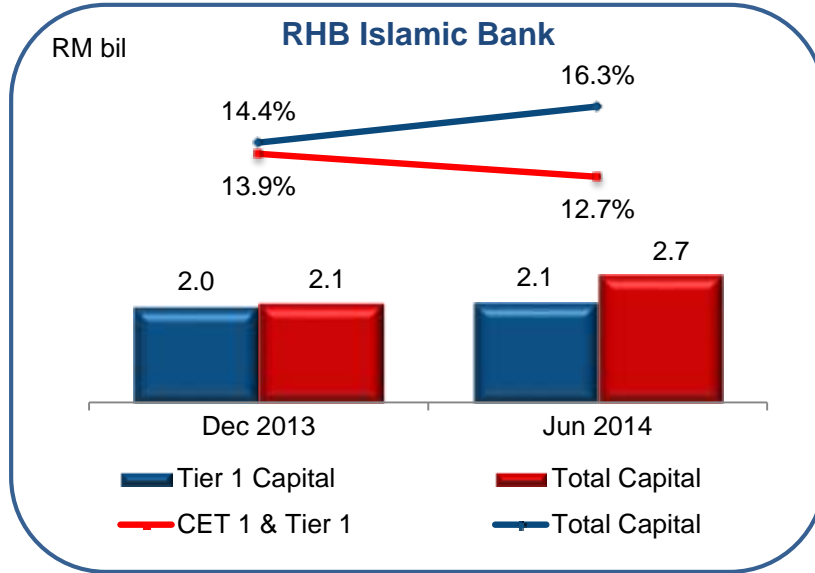


RHB Bank



- ◆ Total capital ratio for RHB Bank is lower at 13.4% mainly due to application of transitional arrangement of Basel III and increase in business volume
- ◆ RHB Bank issued RM1.0 bil Subordinated Notes on 8 July 2014 which qualified as Tier 2 capital

Capital Position (2/2)



- ◆ Total capital ratio at RHB Islamic Bank increased to 16.3% following the issuance of RM500 mil Subordinated Sukuk Murabahah on 15 May 2014 which qualify as Tier 2 Capital

Key Business Initiatives Update



Contribution to Group and Growth

PBT

RM64.1 mil
H1 2014



H1 2013: RM75.8 mil

PBT Contribution

4.7%
H1 2014

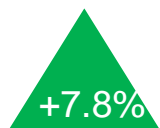


H1 2013: 7.2%

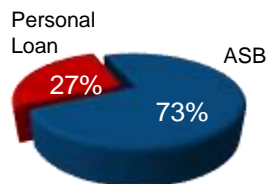
- Lower PBT mainly due to higher LLP by RM28 mil
- MOP was higher by RM16 mil (MOP contribution to the Group: 10.3% in H1 2014)

Gross Loans

RM7.1 bil
Jun 2014



Dec 2013: RM6.5 bil



Gross loans contribution to the Group: 5.3% as at Jun 2014

Bank@ Work

Secured Companies

+41%



Jun 2014: 2,355
Dec 2013: 1,670

Workforce Base

+101%



Jun 2014: 227,957
Dec 2013: 113,277

No. of CASA A/c Acquired

+43%



Jun 2014: 117,638
Dec 2013: 82,369

CASA Balance

+70%



Jun 2014: RM218 mil
Dec 2013: RM128 mil

AGENDA

Executive Summary

H1 2014 Financial Results

Summary



Summary

Summary

- 1** H1 2013 financial performance was broadly in line with the Group's 2014 targets.

- 2** The Group has successfully launched several initiatives under the IGNITE 2017 transformation programme during the year:
 - i) Leverage Islamic Banking Model
 - ii) Regional Treasury in Singapore
 - iii) Launched Branch Sales and Service Model

- 3** We are cautiously optimistic on top line growth in view of competitive market environment however management remain focused in executing our stated strategy to deliver our FY2014 targets with cost efficiency being our top agenda for the rest of the year.



END

www.rhbgroup.com

INVESTOR RELATIONS CONTACT:

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

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

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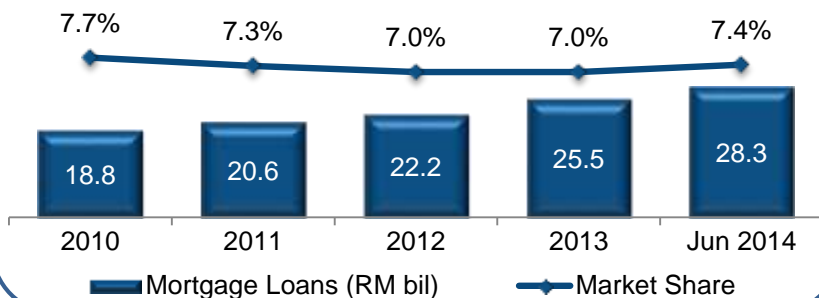
Appendix

Key Business Highlights

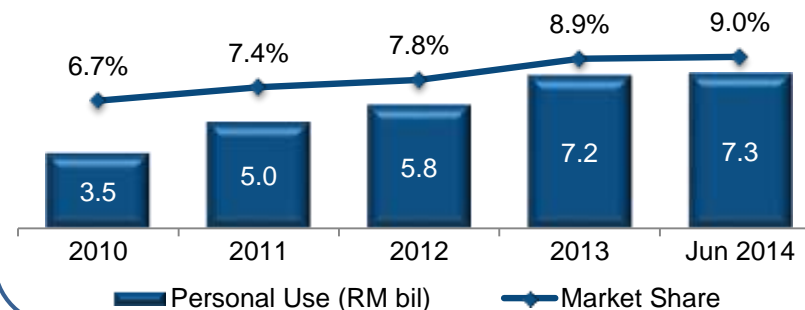


Retail Business Performance

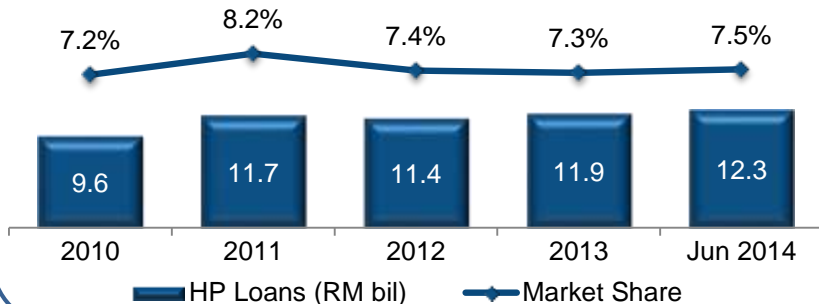
Mortgage



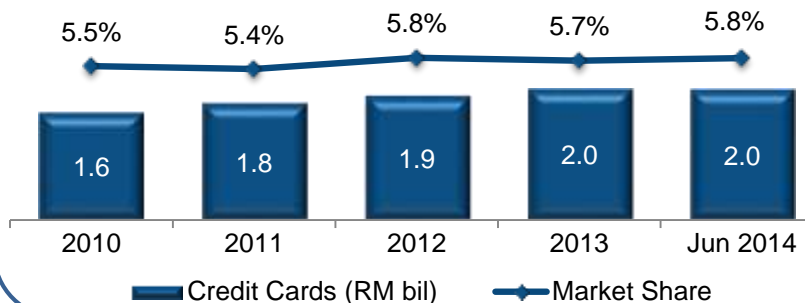
Personal Use



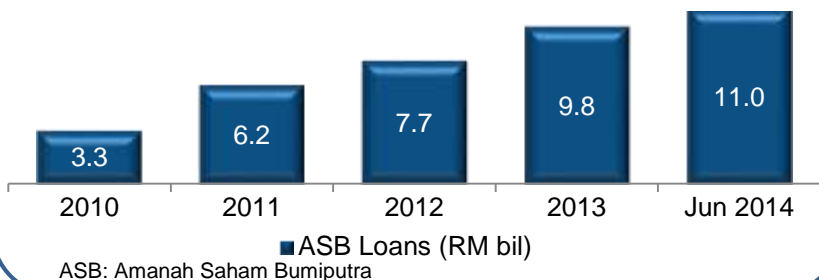
Auto Finance



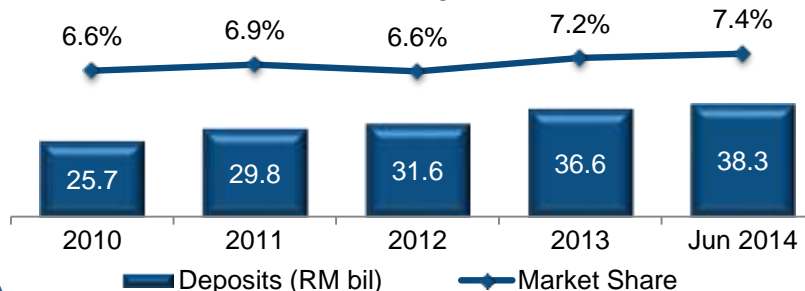
Credit Card



ASB



Retail Deposits



CIB Market Share

	H1 2014		FY 2013		FY 2012**	
	Market Share	Ranking	Market Share	Ranking	Market Share	Ranking
Debt Capital Market *	7.9%	4	16.3%	4	14.9%	4
Mergers & Acquisitions - by value	24.9%	2	11.8%	3	7.1%	11
- by deal count	NA	1	NA	1	NA	1
Equities Capital Market ^	5.7%	6	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 H1 2014

DCM



IDB Trust Services Ltd

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



Aquasar Capital Sdn Bhd

(owned by Sarawak State Government)
RM1.5 bil issuance
Sukuk Murabahah Programme
Sole Principal Adviser, Sole Lead
Arranger & Sole Lead Manager



IJM Corporation Berhad

RM500 mil issuance out of RM3.0 bil
Sukuk Murabahah Programme
Sole Principal Adviser, Joint Lead
Arranger & Joint Lead Manager

ECM



Econpile Berhad

RM78.3 mil
Listing on Main Market of Bursa
Malaysia Securities
Sole Principal Adviser, Sole Underwriter
& Sole Placement Agent



Malaysia Building Society Berhad

RM1.47 bil
Rights Issue
Joint Underwriter



Berjaya Auto Berhad

RM230 mil
Secondary Placement / Sell-down
Joint Bookrunner

M&A and Syndicated Loans



MCT Consortium Berhad

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



Sona Petroleum Berhad

RM895.2 mil
Acquisition of equity interest in
Salamander Energy (Bualang) Ltd
Adviser
(announced / ongoing)



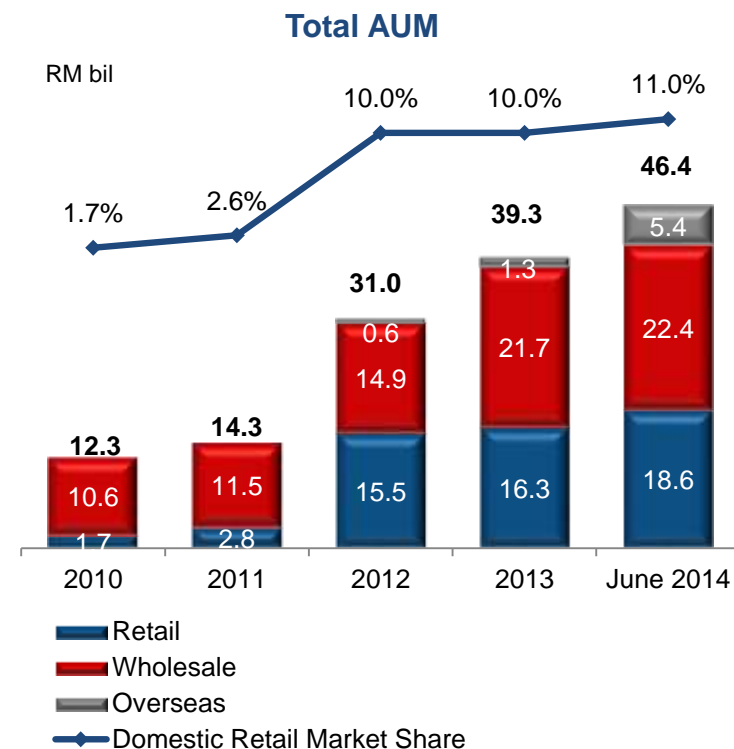
SapuraKencana TMC Sdn Bhd

RM16.5 bil
Senior Multi Currency Term &
Revolving Facilities
Joint Mandated Lead Arranger

Equities, Futures & Asset Management

Equities (by value)	H1 2014		FY 2013	
	Market Share	Ranking	Market Share	Ranking
Malaysia				
- By value	9.6%	2	8.8%	3
- By volume	13.8%	2	14.3%	1
Singapore	4.8%	11	7.4%	6
Hong Kong	0.1%	95	0.2%	84
Indonesia	2.2%	15	2.2%	15
Thailand	1.2%	27	1.3%	24
Cambodia	1.3%	6	1.3%	9

Futures (by volume)	H1 2014		FY 2013	
	Market Share	Ranking	Market Share	Ranking
Malaysia - FKLI	7.2%	5	9.2%	4
Malaysia - FCPO	10.7%	3	9.7%	3
Thailand	4.7%	7	2.1%	17
Hong Kong - HSIF	0.2%	53	0.2%	50



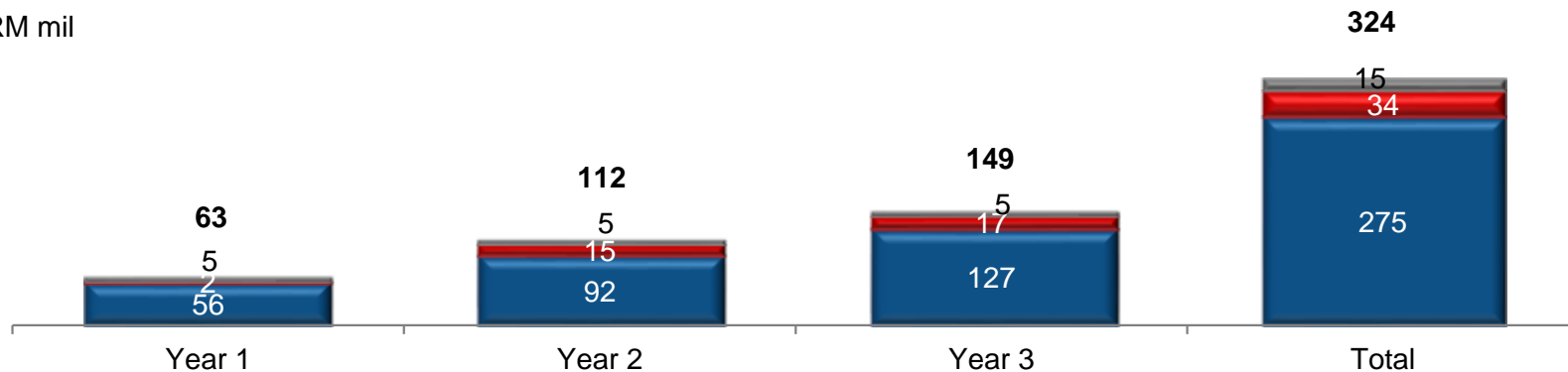
	Ranking	
	June 2014	Dec 2013
Retail	3	3
Wholesale	1 ^{N1}	1

N1: As at Mar 2014

RHB-OSK Integration Update

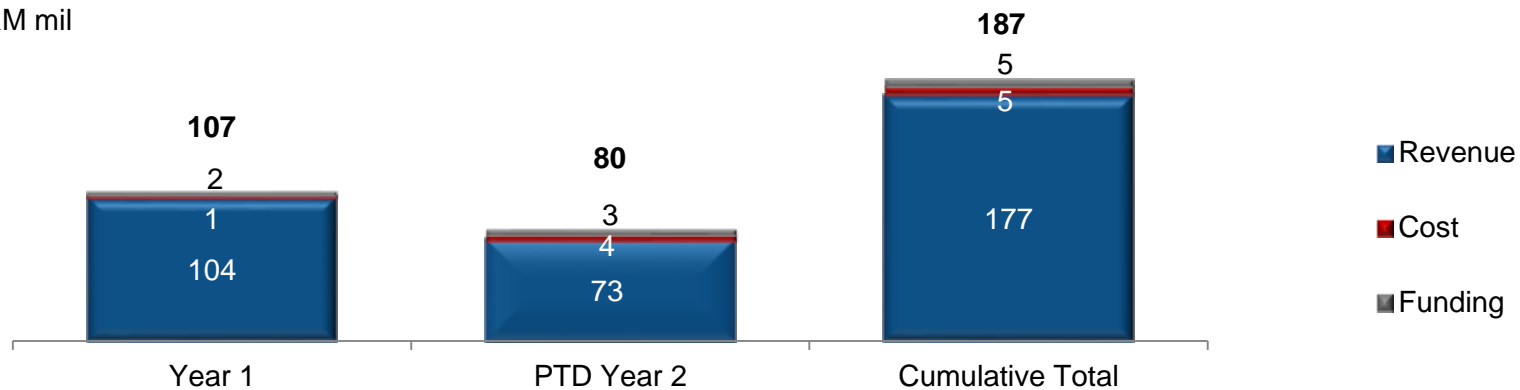
Recap: Estimated Synergies Over 3 Years

RM mil

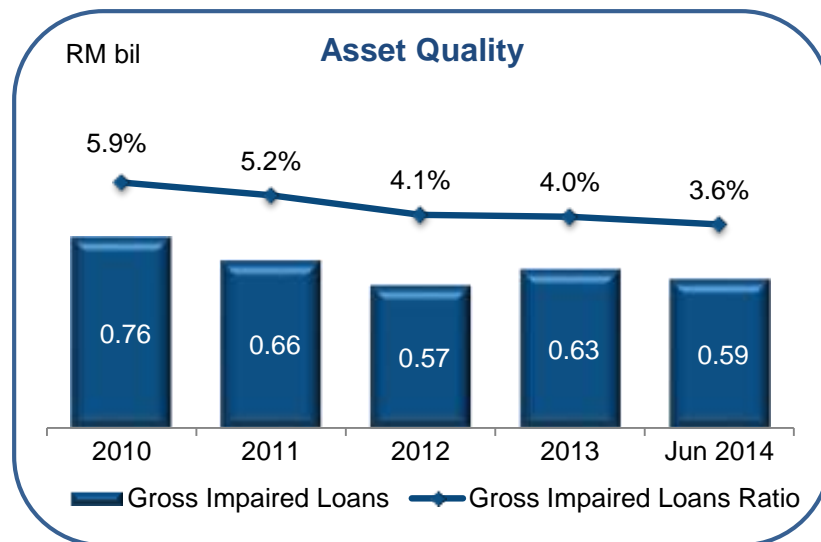
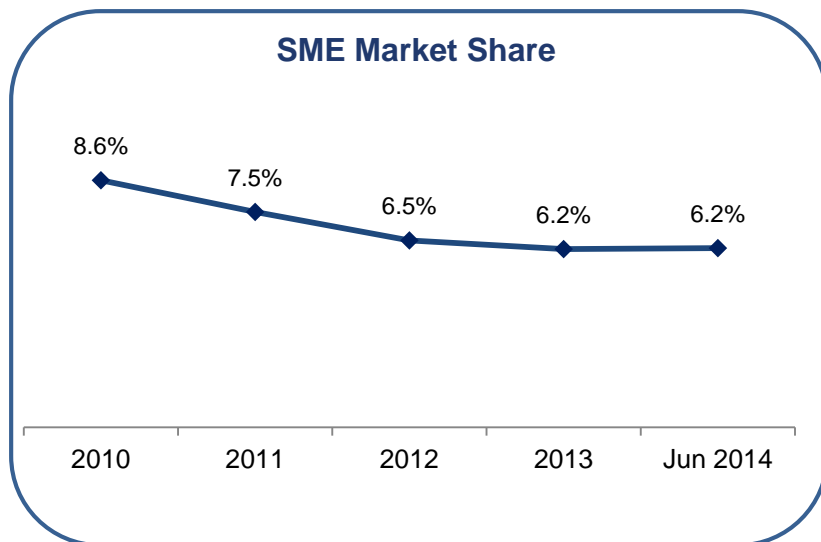
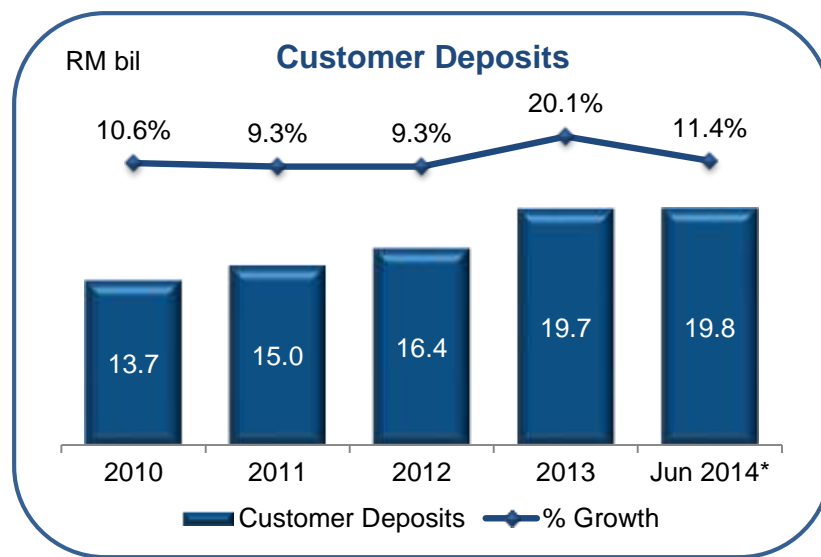
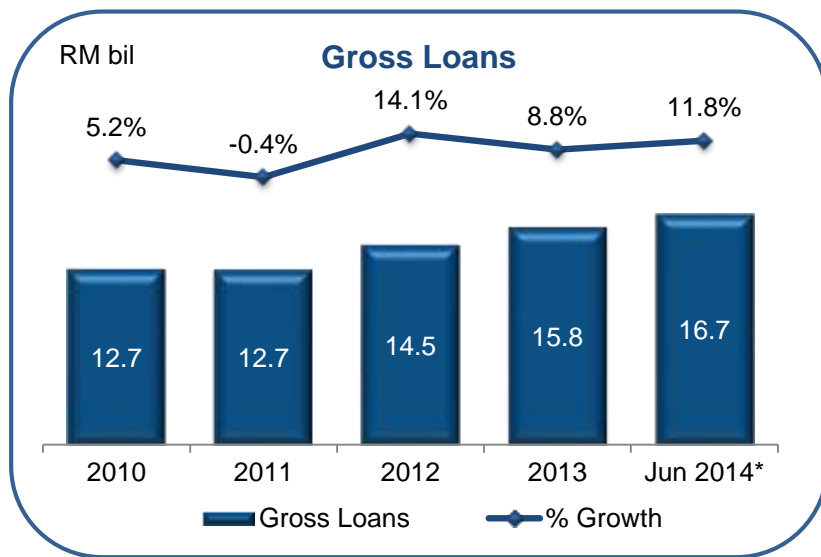


Synergies

RM mil



Business Banking and SME

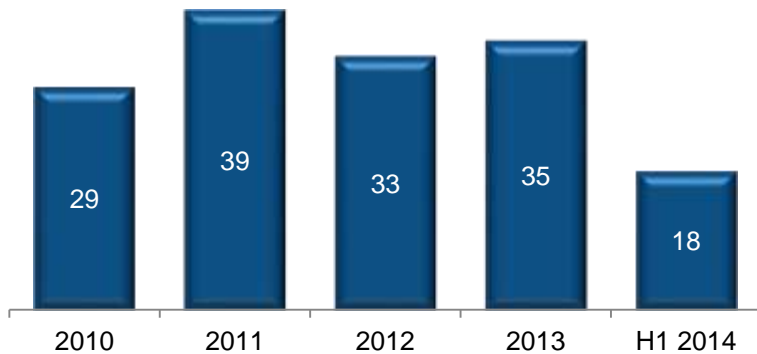


* Y-o-Y growth rate

RHB Bank Singapore Business Performance

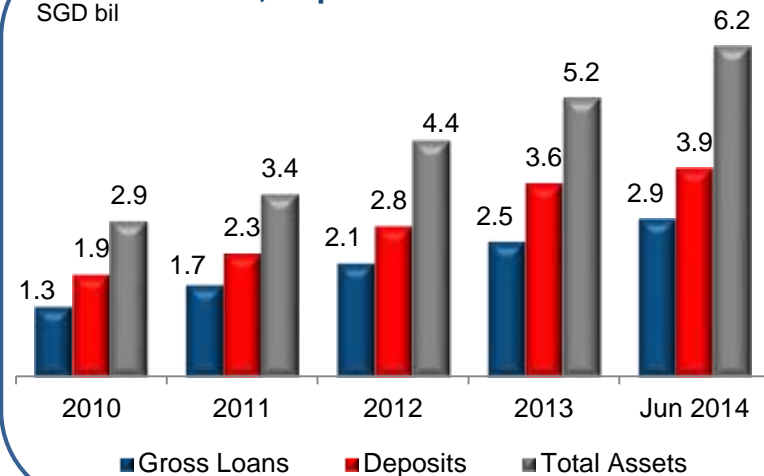
PBT

SGD mil

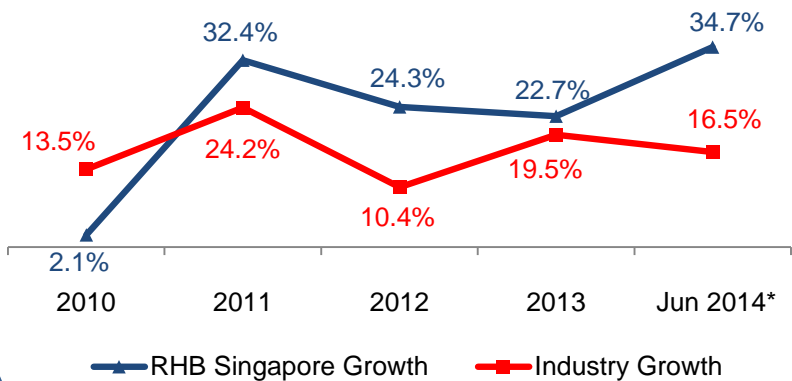


Loans, Deposits & Total Assets

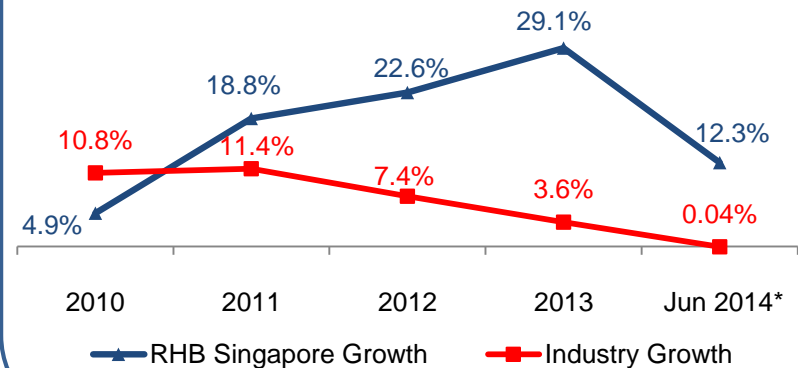
SGD bil



Loans Growth



Deposits Growth



* Y-o-Y growth rate