

Investor Presentation

1st Quarter 2016 Financial Results

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RHB Banking Group
25 May 2016



AGENDA

Executive Summary

Q1 2016 Financial Results

Corporate and Strategy Update

Summary and Outlook



Executive Summary (1/3)

Earnings

- ◆ First quarter 2016 pre-tax profit at RM746.5 million, 15.8% higher y-o-y
- ◆ Net profit at RM552.0 mil, 15.9% higher y-o-y.
- ◆ Strong performance driven by net interest income growth and positive results of cost optimisation efforts
- ◆ Positive jaw recorded. Cost-to-income ratio at 48.5%, lowest in 3 years, compared to 56.3% for full year 2015 (excluding CTS expenses)
- ◆ Annualised ROE at 9.6%

Assets and Liabilities

- ◆ Gross loans grew by 4.2% y-o-y to RM149.6 billion, but decreased by 1.2% q-o-q mainly due to 1 large corporate repayment amounting to RM1.0 billion.
- ◆ Gross impaired loans ratio improved to 1.82%
- ◆ Customer deposits decreased marginally by 0.4% q-o-q to RM157.5 billion
 - However, CASA ratio stable at 24.1% as at 31 March 2016 vs 24.0% in Dec 2015

Business Performance

- ◆ Mortgage loans and financing increased by 12.4% on an annualised basis
- ◆ SME lending gaining further traction, growing by 14.5% annualised, with market share increasing to 8.9% as at Mar 2016
- ◆ Double digit profit growth recorded in Group Treasury and International Business
- ◆ Islamic Banking business continued:
 - Pre-tax profit increased by 34.6% y-o-y
 - Islamic Financing represented 24.1% of the Group's total domestic gross loans and financing, up from 23.0% as at Dec 2015

Executive Summary (2/3)

Capital and Liquidity

- ◆ RHB Bank Group maintained strong capitalisation, CET-1 at 12.2% and total CAR at 16.5%
- ◆ Enlarged RHB Bank Group on proforma basis as at 31 Dec 2015:
 - CET-1 at 12.5% and total CAR at 17.2%, positioning us as one of the best capitalised banking groups in Malaysia

Corporate Update

- ◆ RM2.343 billion Rights Issue completed in Dec 2015
- ◆ Internal reorganisation completed in Apr 2016
- ◆ Obtained High Court order on 13 May 2016 for the Proposed Distribution of RHB Bank shares to shareholders of RHB Capital
- ◆ EGM for winding up of RHB Capital to be held end June 2016
- ◆ Listing of RHB Bank expected by end June 2016

IGNITE 2017 Update

- ◆ Remained focused on executing our strategies anchoring on the 3 key themes
- ◆ Made good progresses in key IGNITE initiatives:
 - SME market share further strengthened to 8.9%
 - Digital initiatives:
 - Launched the new RHB Now Mobile banking App as well as the RHB Pay Anyone
 - Fintech collaboration with Startupbootcamp
 - Headcount at 14,970
 - Network optimisation:
 - EASY outlets reduced to 131 outlets, with 120 branches with Easy capability
 - ATM network rightsized to 1,226
 - Domestic investment banking branches reduced to 50







Executive Summary (3/3)

Awards

- ♦ **The Edge-Thomson Reuters Lipper Fund Awards 2016**
 - The most awarded fund house in Malaysia for consecutive 2 years, with 15 awards won across equity and fixed income category.
- ♦ **Malaysian E-Payments Excellence Awards (MEEA) -** organized by Malaysian Electronic Clearing Corp Sdn Bhd (MyClear)
 - Best FPX Bank
 - Runner-up for the National Biller Acquisition in Large Acquirer Category
- ♦ **7th Retail Banker International Asia Trailblazer 2016 Awards**
 - Excellence in SME Banking
- ♦ **13th Annual RAM League Awards**
 - Lead Manager Award 2015 by Programme Value
 - Lead Manager Award 2015 by Number of Issues
 - Market Pioneer Awards 2015 – Lead Managers' Recognition
- ♦ **The Asian Banker – Transaction Banking Awards 2016**
 - Best Trade Finance Bank in Malaysia
- ♦ **EPF's External Portfolios Managers Awards**
 - Best Domestic Fixed Income Portfolio Manager Year 2015



RHB Banking Group Scorecard For 2016

Top Level Indicators	Target 2016	Actual Q1 2016
ROE	10%	9.6% ^{N1} 
Loans Growth	8%	-1.2% ^{N2} 
CASA Growth	8%	0.1% ^{N2} 
Gross Impaired Loans Ratio	≤ 2.0%	1.82% 
Cost to Income Ratio	≤ 53%	48.5% 
Overseas Profit Contribution	10%	8.3% 

N1 Annualised
N2 Change from Dec 2015

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Our emphasis on profitability and quality growth is showing good progress, with positive JAW; asset quality improving







Financial Position

Total Assets -2.3%  Mar 2016: RM225.5 bil Dec 2015: RM230.7 bil	Gross Loans -1.2%  Mar 2016: RM149.6 bil Dec 2015: RM151.4 bil
Customer Deposits -0.4%  Mar 2016: RM157.5 bil Dec 2015: RM158.2 bil	CASA +0.1%  Mar 2016: RM38.0 bil Dec 2015: RM37.9 bil
Shareholders' Equity +2%  Mar 2016: RM23.5 bil Dec 2015: RM23.1 bil	Net Assets Per Share +2%  Mar 2016: RM7.63 Dec 2015: RM7.51

Financial Results

Total Income +6%  Q1 2016: RM1.6 bil Q1 2015: RM1.5 bil	Operating Profit Before Allowance +20%  Q1 2016: RM826.2 mil Q1 2015: RM688.8 mil
Profit Before Tax +16%  Q1 2016: RM746.5 mil Q1 2015: RM644.8 mil	Net Profit to Shareholders +16%  Q1 2016: RM552.0 mil Q1 2015: RM476.3 mil

Key Financial Ratios

ROE ^{N1} -0.4%  Q1 2016: 9.6% Q1 2015: 10.0%	Non Interest Income / Total Income -3.6%  Q1 2016: 31.5% Q1 2015: 35.1%
Cost to Income Ratio -5.8%  Q1 2016: 48.5% Q1 2015: 54.3%	Gross Impaired Loans Ratio -0.06%  Mar 2016: 1.82% Dec 2015: 1.88%
Credit Charge Ratio ^{N1} 0.07%  Q1 2016: 0.21% Q1 2015: 0.14%	Loan Loss Coverage Ratio ^{N2} +2.5%  Mar 2016: 85.8% Dec 2015: 83.3%

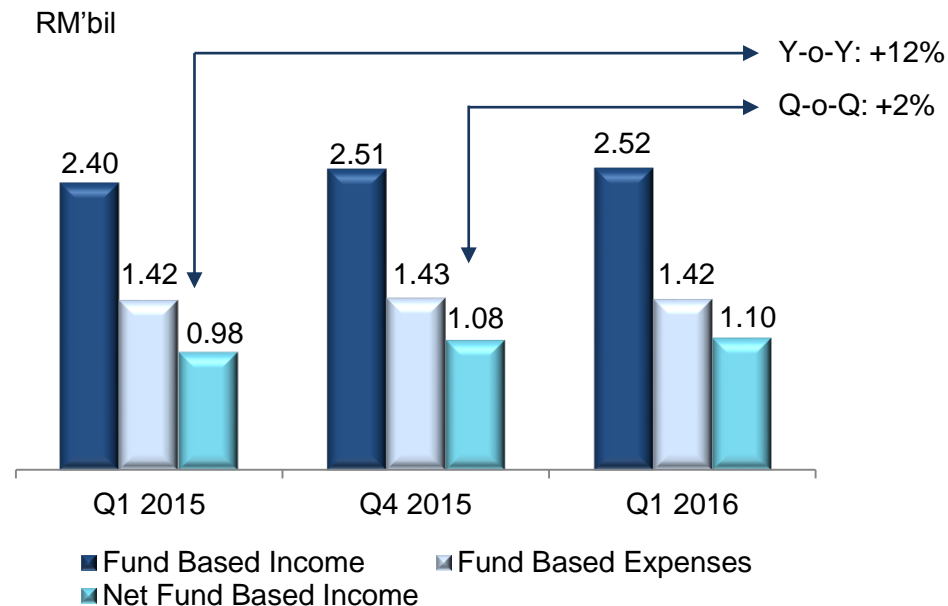
N1 : Annualised

N2 : Inclusive of 1.2% Regulatory Reserve

We achieved 16% increase in pre-tax profit, with lowest cost-to-income ratio in 3 years

RM'mil	Q1 2016	Q4 2015	Q-o-Q Change %	Q1 2015	Y-o-Y Change %
Net Interest Income	883	872	1	800	10
Net Islamic Fund Base Income	215	206	4	179	20
Total Net Fund Based Income (A)	1,098	1,078	2	979	12
Other Operating Income	476	573	-17	506	-6
Islamic Non-Fund Based Income	29	31	-6	24	21
Total Non Fund Based Income (B)	505	604	-16	530	-5
Total Income (A+B)	1,603	1,682	-5	1,509	6
Operating Expenses	-777	-962	-19	-820	-5
Operating Profit Before Allowances	826	720	15	689	20
Allowances for Loan Impairment	-80	-234	-66	-50	60
Impairment Losses (Made)/ Written Back on Other Assets	-	-10	-100	6	-100
Profit Before Taxation	746	476	57	645	16
Net Profit	552	316	75	476	16
EPS (sen)	18.0	11.9	51	18.5	-3

Solid net fund based income growth of 12.1%, contributed by rights issue proceeds, focus on low cost deposits and expanded loan base in chosen market segments, resulting in improved NIM

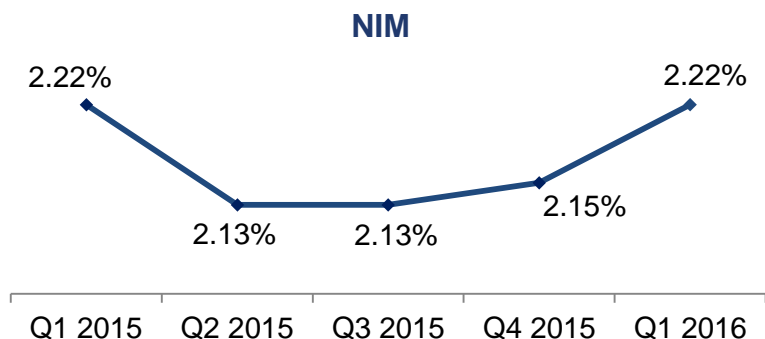


Y-o-Y:

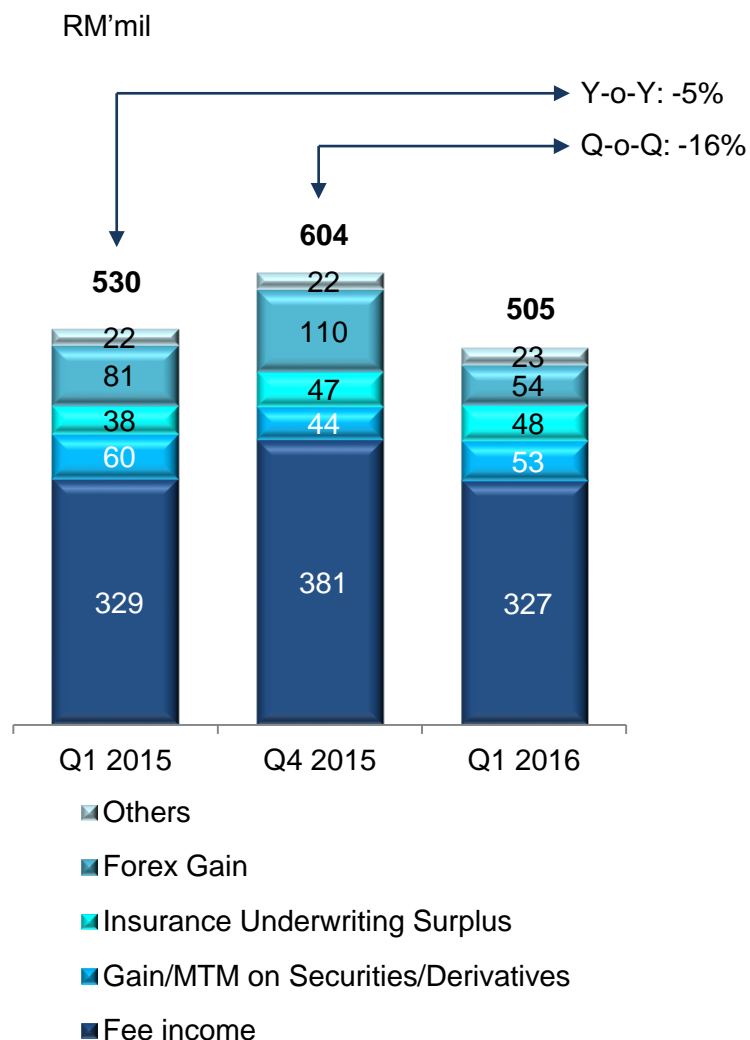
- ♦ Gross fund based income rose 5.1% on the back of a 4.2% growth in loans and financing.
- ♦ Funding and interest expenses was marginally higher by 0.4% mainly due to lower cost of deposits and rights issue proceeds.

Q-o-Q:

- ♦ Higher net fund based income with NIM improved by 7 bps to 2.22%

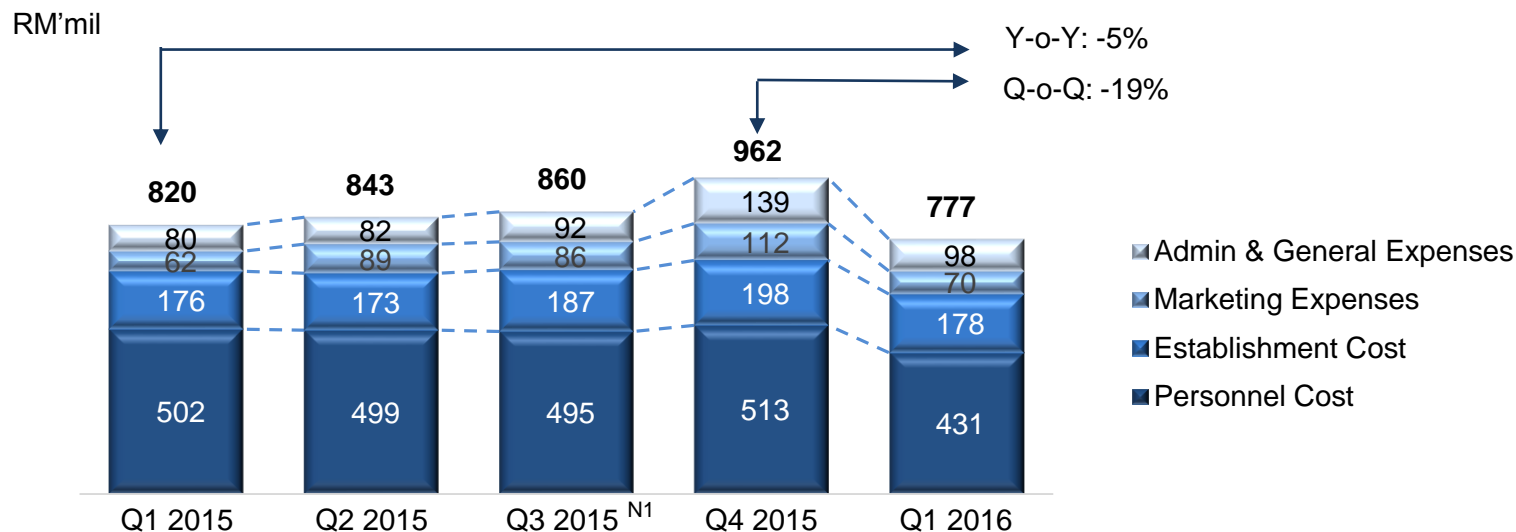


Non fund based income impacted by lower investment bank and securities related fees, as well as lower FX gain

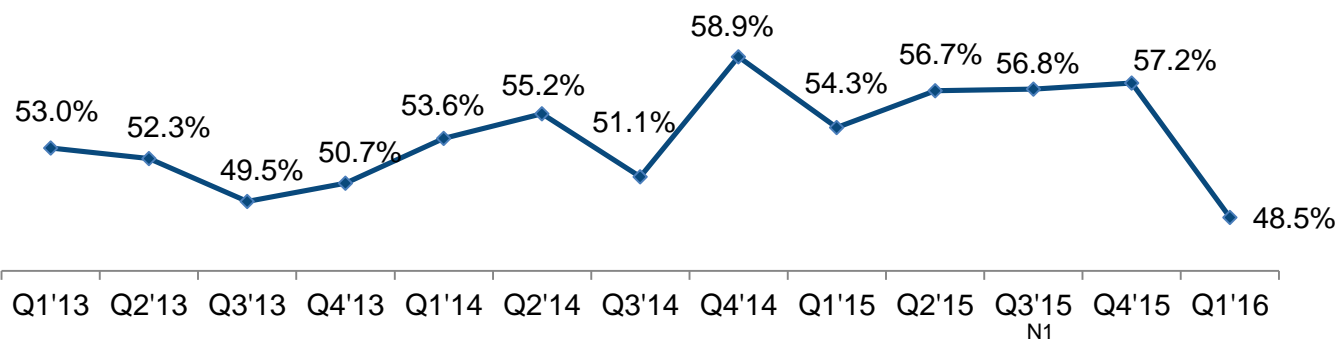


Non Fund Based Income RM'mil	Q1 2016	Q1 2015	Y-o-Y Change
Fee Income - IB Related (A)	120	130	-8%
Fee Income - Wealth Management (B)	51	38	+34%
Fee Income - Others (C)	156	161	-3%
Total Fee Income (A) + (B) + (C)	327	329	-1%
Insurance Underwriting Surplus	48	38	+26%
Net Forex Gain	54	81	-33%
Gain and MTM on Securities / Derivatives	53	60	-12%
Others	23	22	+4%
Total	505	530	-5%
Ratio of Non Fund Based to Total Income	31.5%	35.1%	-3.6%

Operating expenses down by 5%, testament to the Group's effective cost optimisation efforts, resulting in lowest CIR since 2013

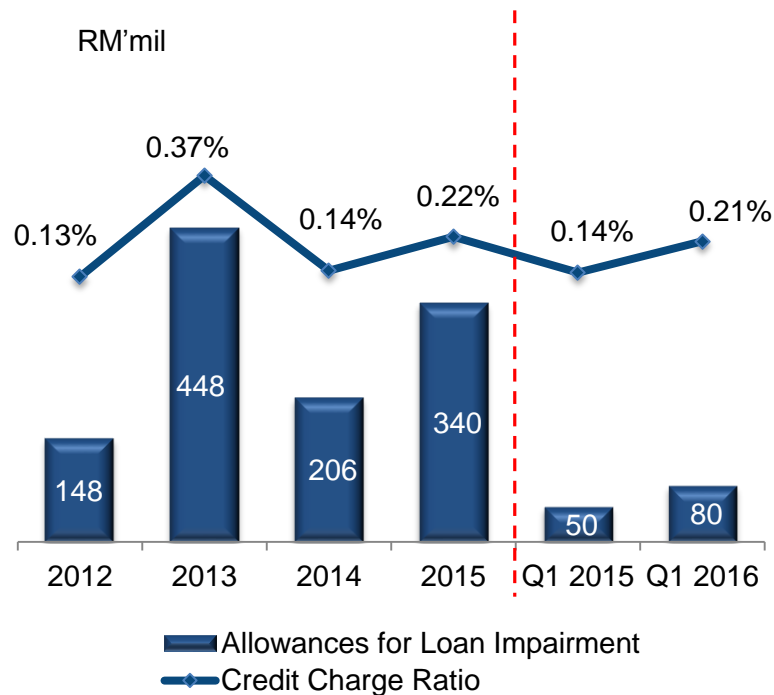


Cost-to-Income Ratio

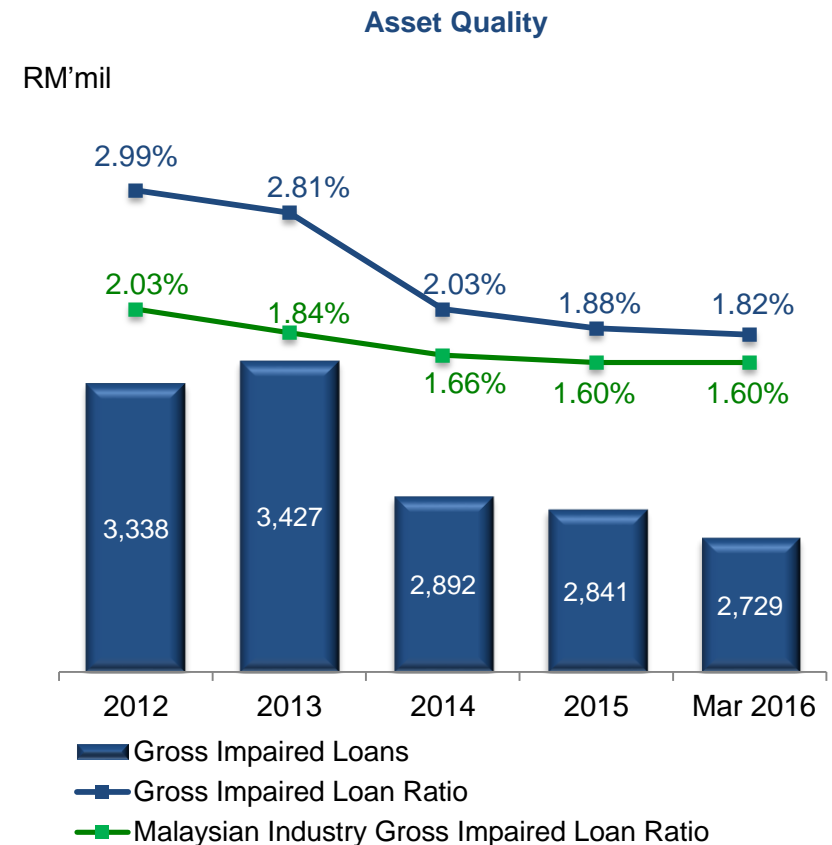


N1: Exclude Career Transition Scheme (CTS) Expenses

Asset quality continued to improve and loan loss coverage has increased



- ◆ Higher impairment allowance primarily due to higher collective allowances



Loan Loss Coverage	66.0%	63.7%	61.1%	83.3% ^{N1}	85.8% ^{N1}
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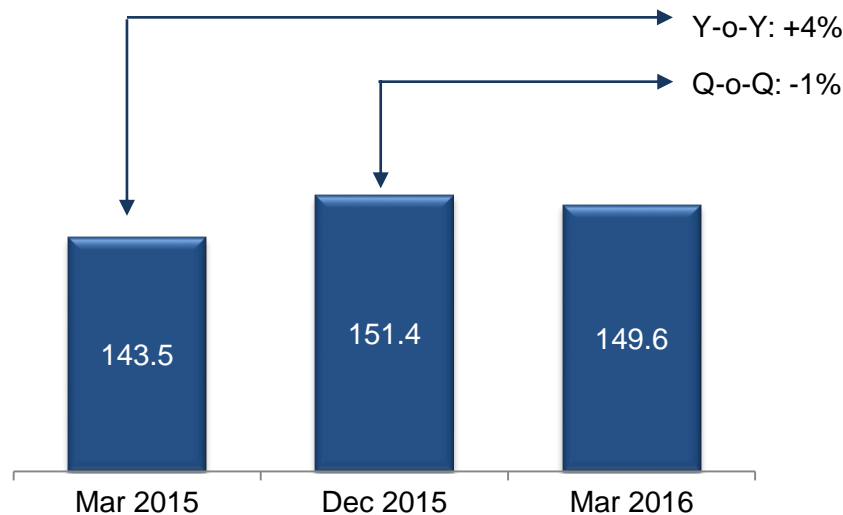
N1: Inclusive of 1.2% regulatory reserve. Without regulatory reserve, loan loss coverage stood at 62.8% and 65.7% for 4Q2105 and 1Q2016 respectively

Total assets was lower due mainly to lower net loans and financial investments AFS/HTM

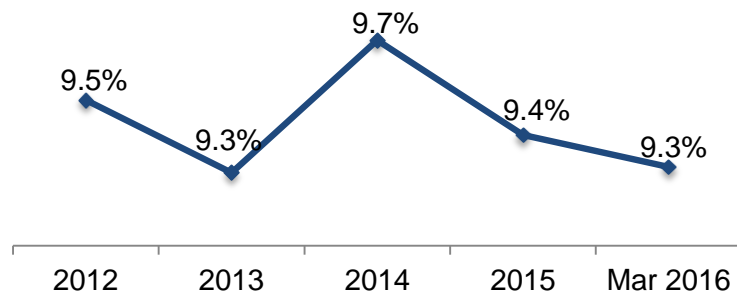
Balance Sheet RM'mil	Mar 2016	Dec 2015	Mar 2015	Change for 3M 2016 %	Y-o-Y Change %
Total Assets	225,472	230,718	225,064	-2	-
Total Financial Assets/ Investments	43,197	47,024	45,571	-8	-5
- Financial Assets FVTPL	2,080	1,753	2,987	19	-30
- Financial Investments AFS	22,276	24,739	20,834	-10	7
- Financial Investments HTM	18,841	20,532	21,750	-8	-13
Gross Loans	149,631	151,386	143,547	-1	4
Customer Deposits	157,475	158,151	158,684	-	-1
Borrowings and Senior Debt Securities	5,726	5,888	6,352	-3	-10
Subordinated Notes	5,966	5,896	6,147	1	-3
Shareholders' Funds	23,467	23,085	19,481	2	20
Net Assets per Share	7.63	7.51	7.57	2	1

Gross loans and financing decreased by 1.2% due to 1 large corporate repayment amounting to RM1.0 billion

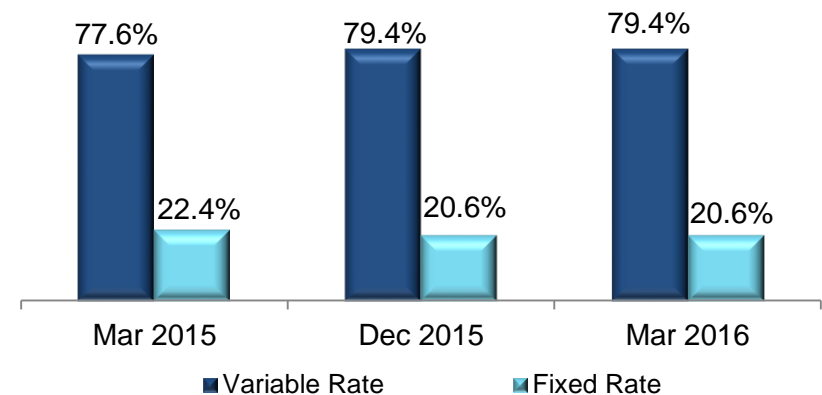
RM'bil



Domestic Loans Market Share

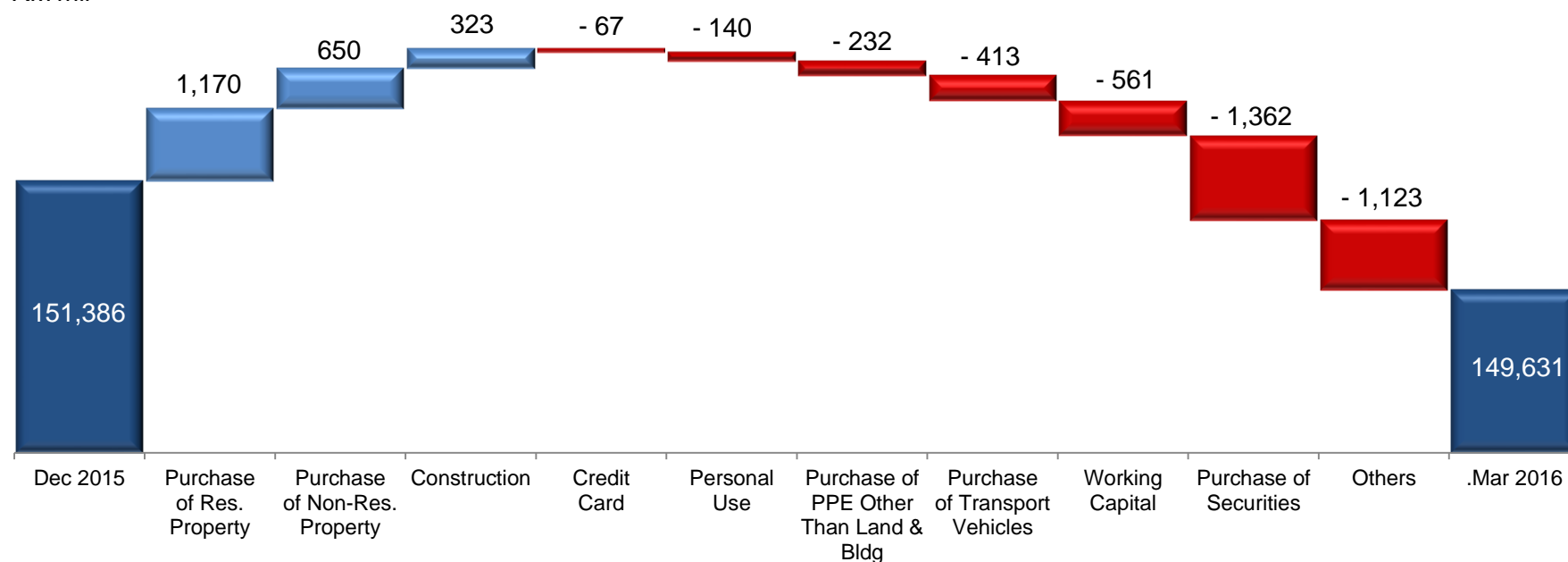


Loans by Interest/Profit Rate Sensitivity



Our strategy is to focus on risk-adjusted returns and grow in preferred customer segment assets, and SME segment grew the most, by 12% y-o-y

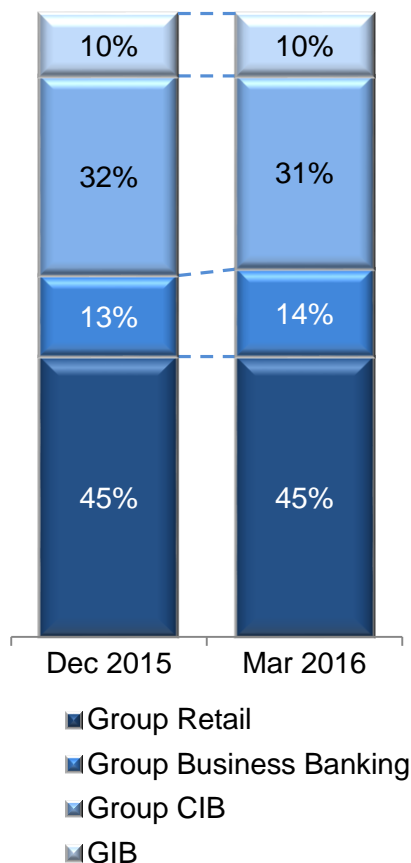
RM'mil



Mar 2016	39,036	13,500	6,127	1,912	8,191	3,720	10,441	37,215	13,078	16,411	149,631
3M 2016 Growth	▲ 3%	▲ 5%	▲ 6%	▼ 3%	▼ 2%	▼ 6%	▼ 4%	▼ 2%	▼ 9%	▼ 6%	▼ 1%
Y-o-Y Growth	▲ 18%	▲ 18%	▲ 14%	▼ 3%	▲ 6%	-	▼ 12%	▲ 3%	▼ 18%	-	▲ 4%

Loans growth driven mainly by Business Banking, Corporate Banking was impacted by one large corporate repayment amounting to RM1.0 billion

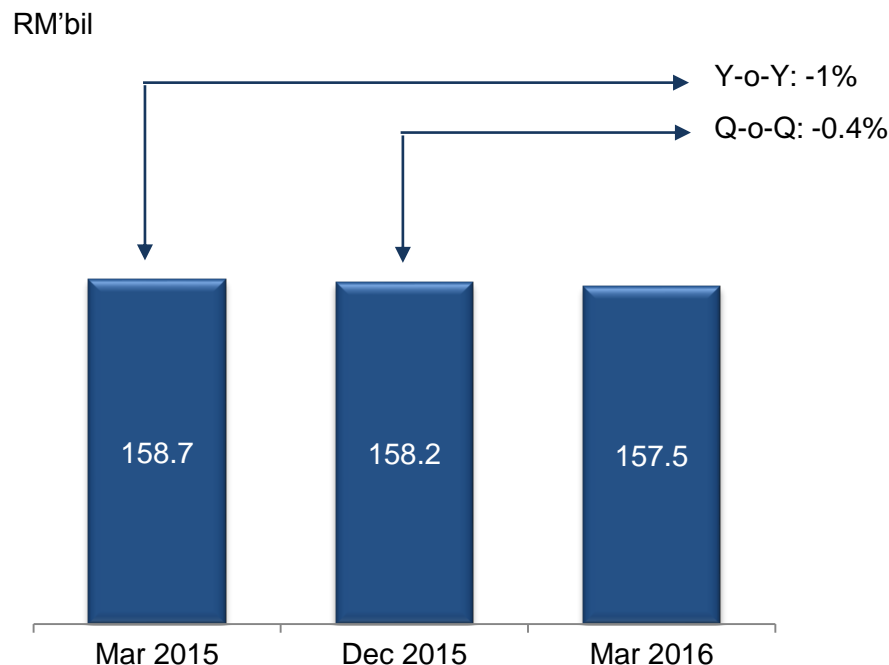
Composition



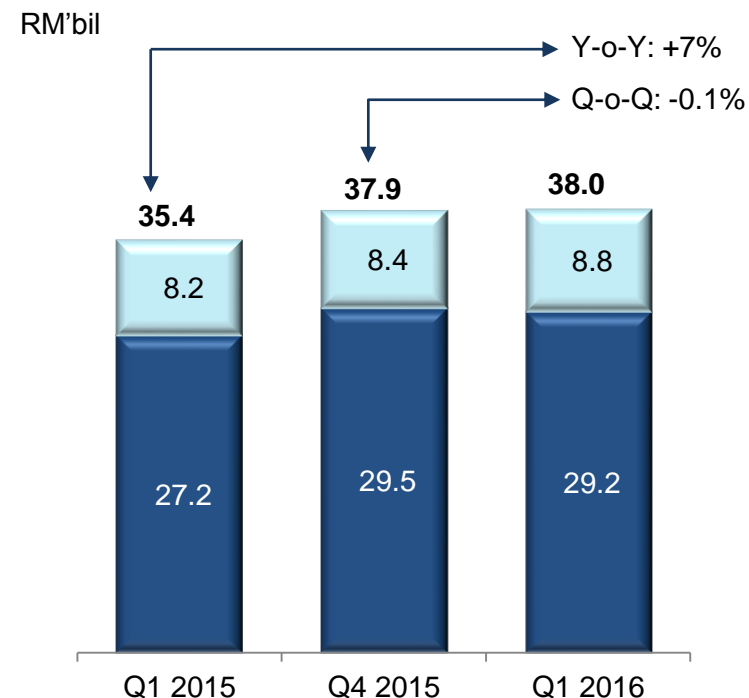
Loans and Financing by SBG	Mar 2016 RM'bil	Dec 2015 RM'bil	Mar 2015 RM'bil	Change for 3M %	Y-o-Y Change %
Group Retail	68.0	68.2	65.7	-0.3%	+3%
Group Business Banking	20.5	19.8	18.3	+4%	+12%
Group CIB	46.5	48.3	46.5	-4%	-
Group International Business ("GIB")	14.6	15.1	13.0	-3%	+12%
<i>Of which: Singapore</i>	<i>SGD4.1 bil</i>	<i>SGD4.1 bil</i>	<i>SGD4.1 bil</i>	-	-
Total	149.6	151.4	143.5	-1%	+4%

Customer deposits remained relatively stable, with focus on growing CASA and active & efficient liquidity management

Customer Deposits



CASA



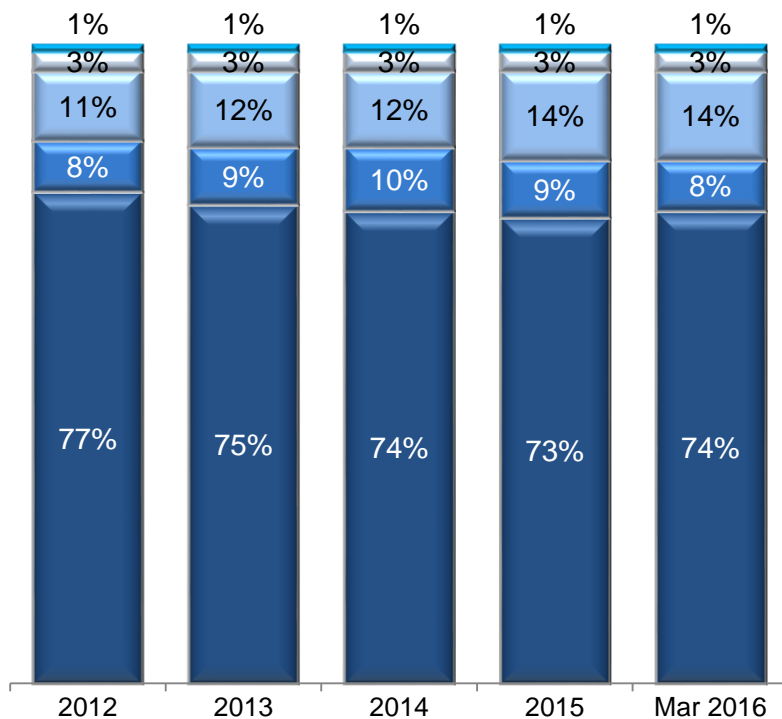
Composition	22.3%	24.0%	24.1%
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■ Demand Deposits ■ Saving Deposits

♦ CASA composition improved to 24.1%

Our funding profile has benefited from rights issue proceeds and we saw increase in market share across all types of deposits

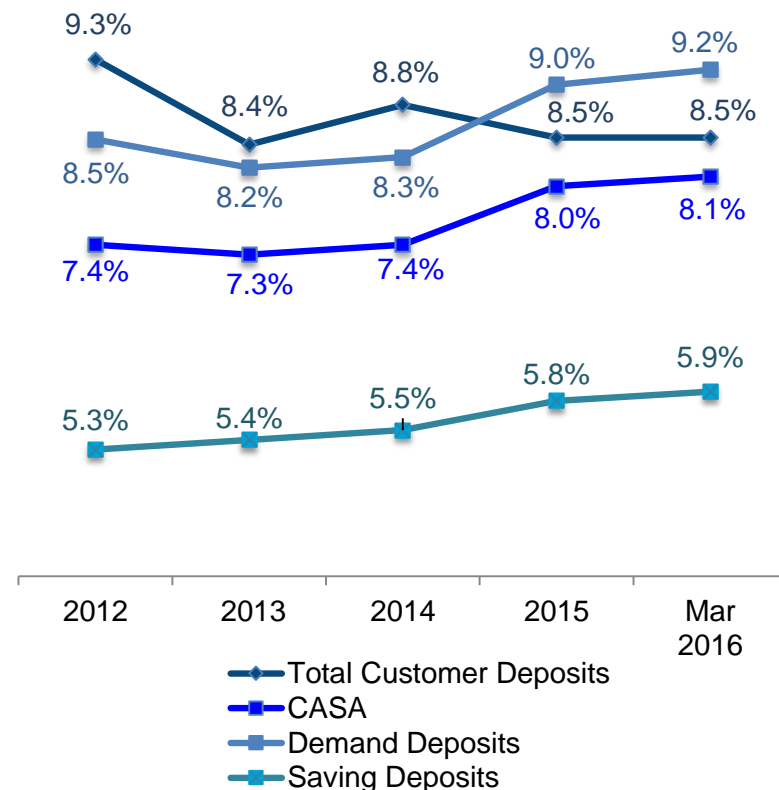
Funding Composition



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

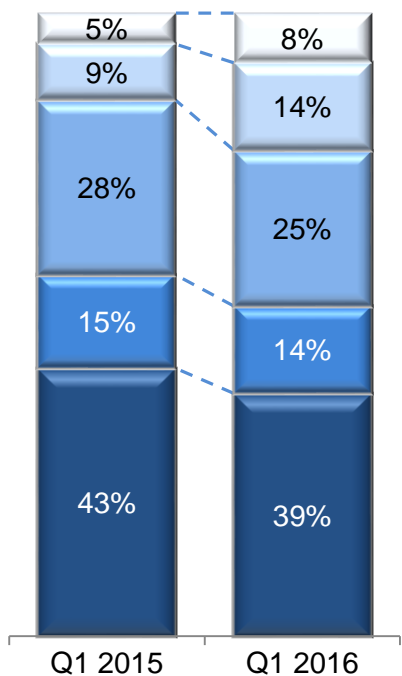
^ Debt capital include subordinated obligations and hybrid tier 1 capital securities

Domestic Market Share



Group International continue to gain traction for greater profit contribution

Profit Composition

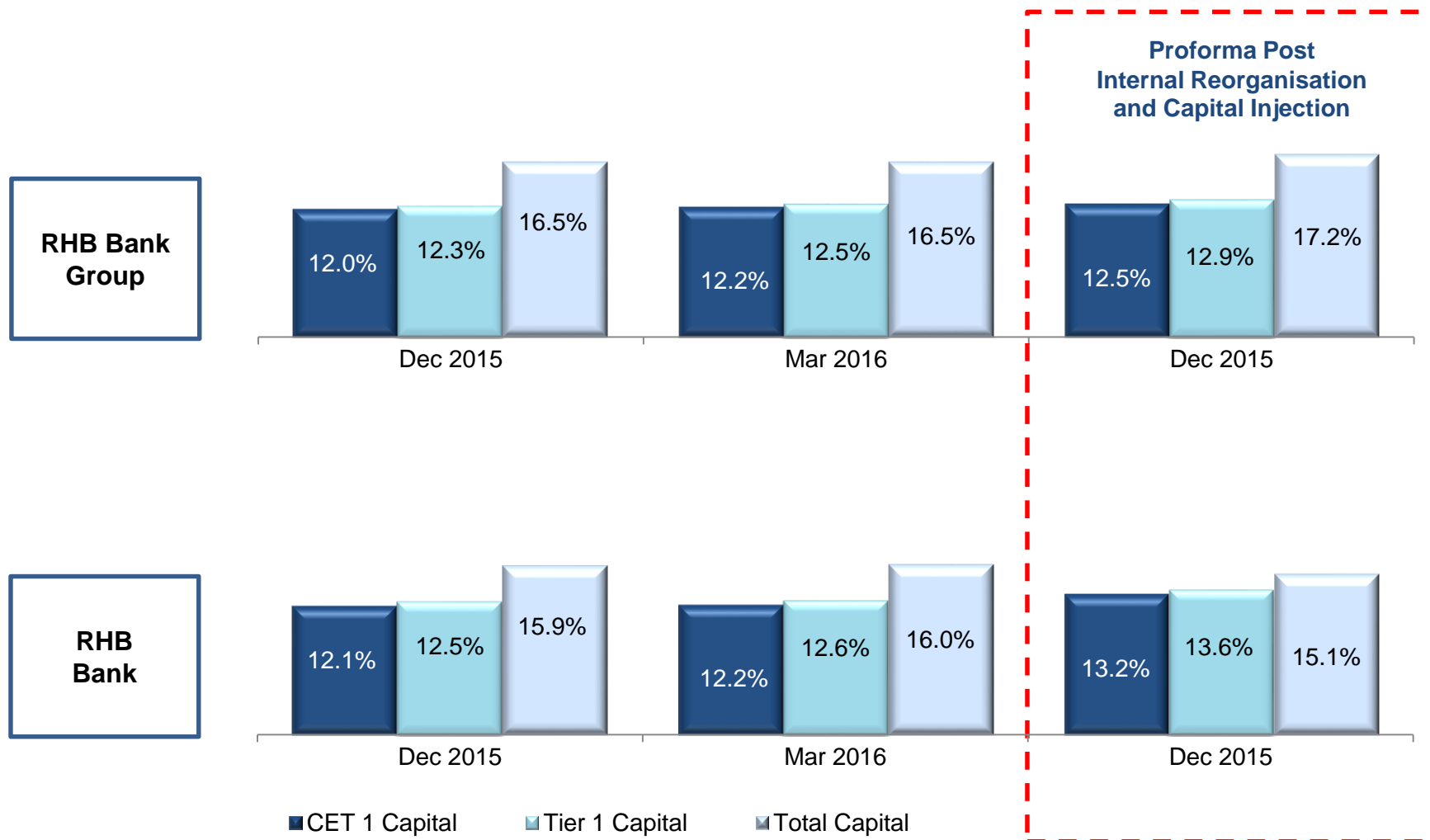


- Group Retail
- Group Business Banking
- Group CIB
- Group Treasury
- GIB

PBT by SBG	Q1 2016 RM'mil	Q1 2015 RM'mil	Y-o-Y Change %
Group Retail	294.6	308.9	-5%
Group Business Banking	105.5	112.7	-6%
Group CIB	192.4	201.1	-4%
Group Treasury	106.7	53.0	+>100%
Group International Business ("GIB")	57.5	38.4	+50%
<i>Of which: Singapore</i>	<i>SGD16.1</i>	<i>SGD14.5</i>	<i>+10%</i>
Others ^{N1}	-10.2	-69.3	-85%
Total PBT	746.5	644.8	+16%

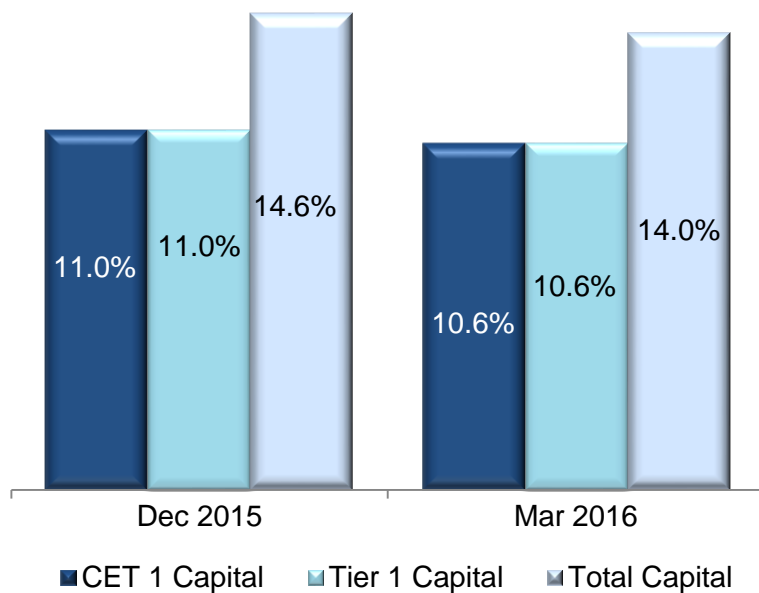
N1: Others refer to support center and other business segments

Capital adequacy of RHB Bank Group, the new holding company has strengthened further with rights issue proceeds ...

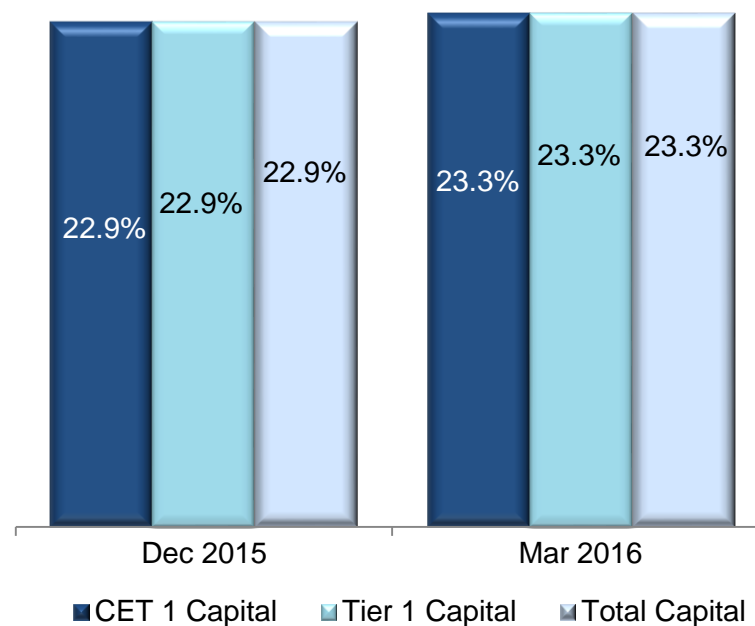


... and capital adequacy ratio of key subsidiaries remains strong

RHB Islamic Bank



RHB Investment Bank



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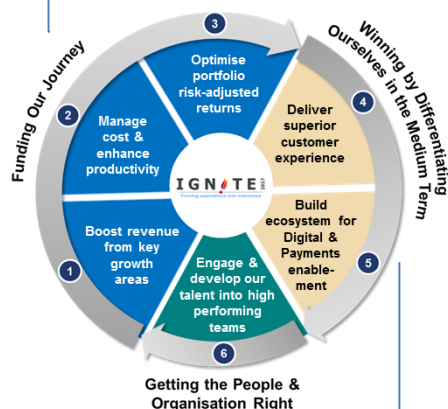


We have made good progress across the 17 initiatives under IGNITE 2017

Retail	<ul style="list-style-type: none"> ◆ Retail CASA grew 3.5% vs industry of 1.5% in Q1 2016 ◆ Residential property loans grew 3.7% vs. industry of 2.3% in Q1 2016
SME	<ul style="list-style-type: none"> ◆ SME loans grew by 12% y-o-y ◆ SME market share improved to 8.9% in Q1 2016 from 8.7% in 2015 ◆ Launched Financial Supply Chain Portfolio Guarantee and Supplier, Receivable and Distributor Financing Scheme in Q1 2016 ◆ Received the Highly Commended: Excellence in SME Banking award and Best Trade Finance Bank in Malaysia award
Corporate & Investment Banking	<ul style="list-style-type: none"> ◆ Launched refined client coverage model in March 2016 to enhance the experience of top corporate customers and increase total wallet share through group cross selling, both in Malaysia and regionally
Singapore	<ul style="list-style-type: none"> ◆ Bank revenue grew by 16.6% in local currency
Tactical cost savings	<ul style="list-style-type: none"> ◆ CIR reduction from 56.3%¹ in 2015 to 48.5% in Q1 2016
Digital & payments	<ul style="list-style-type: none"> ◆ Launched new RHB Now Mobile banking App as well as the RHB Pay Anyone™, which allows customers to send money seamlessly via mobile numbers, email and even Facebook ◆ Hosted RHB's first FinTechathon in collaboration with Startupbootcamp FinTech

1. Normalised excluding CTS

We will continue to execute our strategies anchoring on the 3 key themes



1

Affluent segment strategy

- Relaunch of Affluent proposition in Q3 2016

2

Tactical cost savings

- Reduce cost through strategic sourcing in 3 key areas – Administrative expenses, Property management expenses and IT-related procurement

3

Productivity improvements

- Launched a group-wide Productivity Improvement initiative – ‘As Simple As Possible’ to enhance productivity

4

Optimising network synergies

- Full optimisation of EASY outlets and ‘EASY-nisation’ exercise
- Group network planning to rationalise footprint

5

Client Coverage Model

- Launched refined client coverage model in March 2016 to enhance the experience and increase total wallet share through group cross selling, both in Malaysia and regionally

6

Enhance customer experience

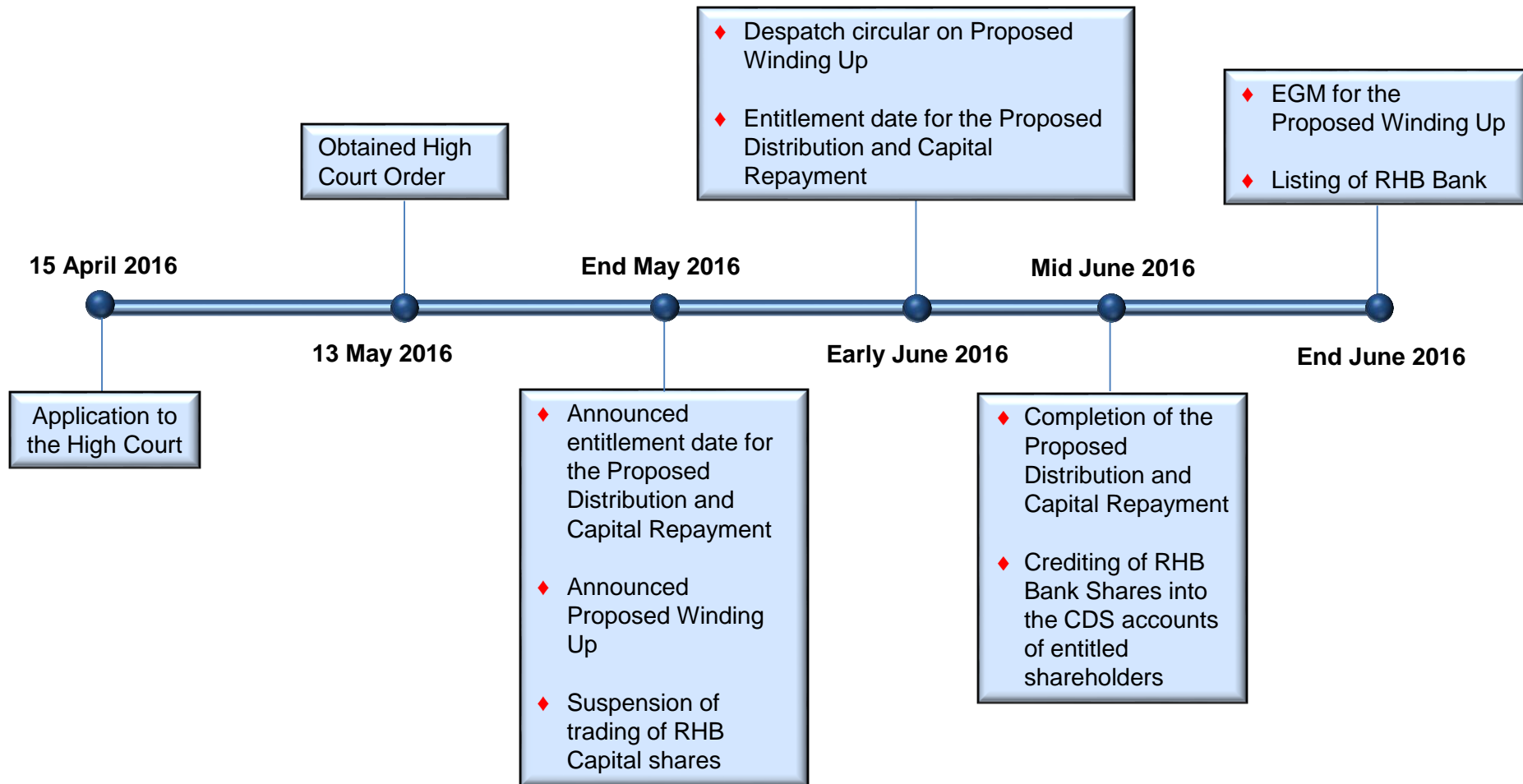
- Improve customer experience across all touch points – branches, call centres and internet banking

7

Digital and payments strategy

- Rollout MPOS
- Commence implementation of Digital Channel Transformation and e/m-Commerce payment solution

Corporate Exercise: Milestone and Tentative Timeline



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Economic Outlook

- ◆ The Malaysian economy started the year on a firmer footing following the rebound of commodity prices and the strengthening of Ringgit
- ◆ However, GDP growth is expected to moderate to 4% to 4.5% in 2016 from 5.0% in 2015 on the back of slower public spending, more cautious investment trends and sluggish global growth that will not likely to provide any boost for exports
- ◆ Growth in the banking sector is expected to be modest, with slower loan demand, pressure on margins, continued subdued fee income from investment banking and capital markets and expectation of deterioration in asset quality

Concluding Remarks

- ◆ Positive start to the year, with record set of Q1 2016 results amidst a challenging market volatility and risk aversion
- ◆ Performance also reflects depth and quality of the RHB franchise and positive outcome of our reframed strategy under IGNITE 2017 transformation
- ◆ Strong capital adequacy ratios and healthy loan loss coverage
- ◆ Completion of corporate exercise has strengthened capital position of RHB Bank and supports the Group's business growth and profitability. Listing of RHB Bank on Bursa Securities expected by end June 2016
- ◆ We remain vigilant on the continued volatility in global markets and challenges ahead
- ◆ Our efforts to improve efficiency and productivity will continue as we re-set our business fundamentals and identify opportunities for growth

END

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TOGETHER WE PROGRESS



APPENDIX

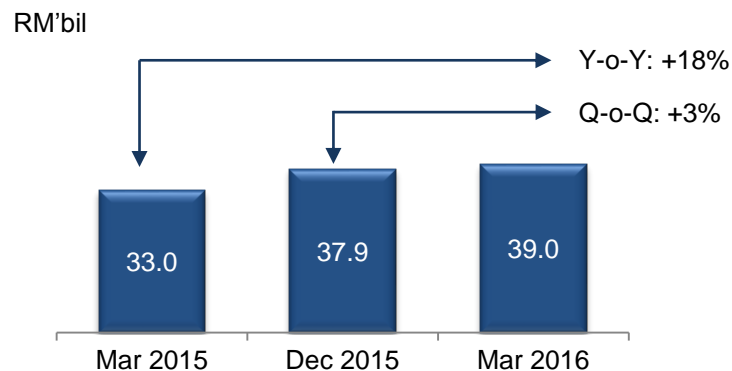
Key Business Highlights



Retail

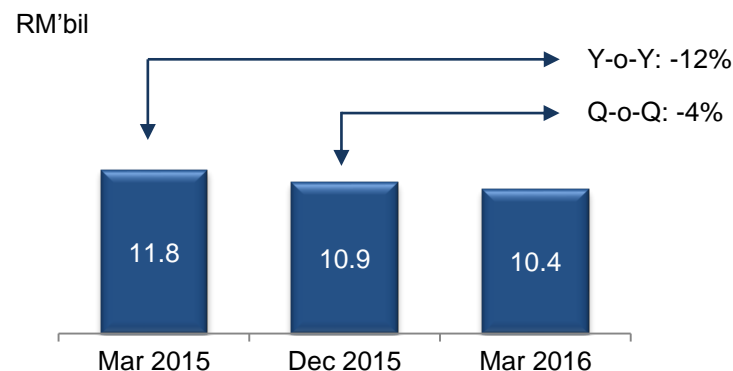
Continuous emphasising on return on risk adjusted capital and focused growth in targeted market segment

Mortgage



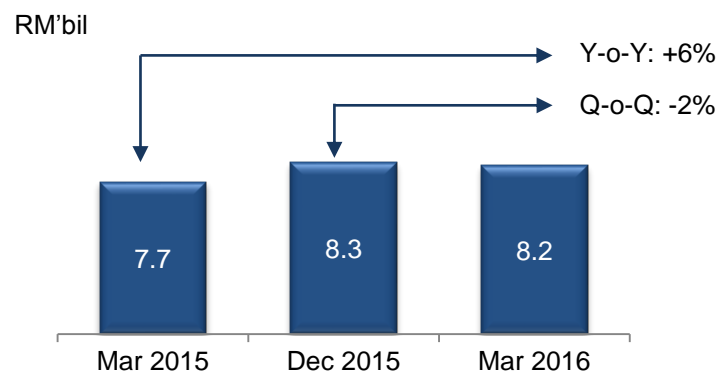
Market Share	7.8%	8.2%	8.3%
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Auto Finance



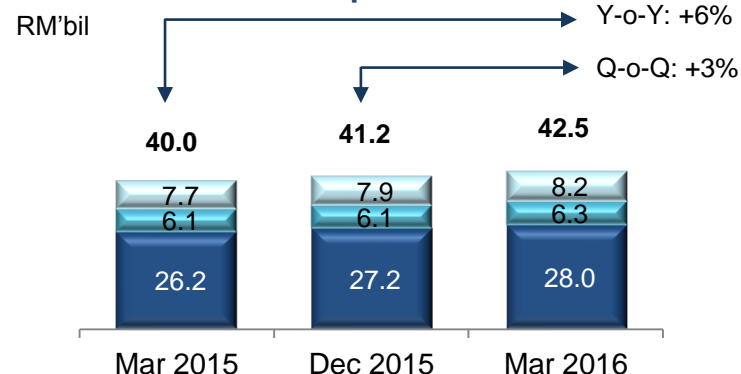
Market Share	7.0%	6.4%	6.2%
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Personal Use



Market Share	9.2%	9.5%	9.4%
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Deposits






Market Share	7.5%	7.6%	7.8%
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■ Fixed Deposits ■ Demand Deposits ■ Savings Deposits

YTD Mar 2016	Ranking	Market Share
Debt Capital Markets:		
- MYR sukuk	2	19.9%
- conventional & Islamic bonds	3	15.7%
Mergers & Acquisitions:		
- by value	7	9.7%
- by deal count	10	1 deal
Equity Capital Markets	4	8.1%

M&As	
	Gamuda Berhad RM100.25 mil Rights Issue <i>Sole Principal Adviser & Sole Underwriter</i>
	TSR Capital RM29.66 mil Rights Issue <i>Sole Principal Adviser & Sole Underwriter</i>
	OCK Group Berhad RM132.04 mil Rights Issue <i>Sole Principal Adviser & Joint Underwriter</i>

DCM	
	SapuraKencana TMC Sdn Bhd RM176 mil issuance out of RM7 bil Unrated Sukuk Programme <i>Joint Lead Manager & Joint Bookrunner</i>
	Scientex Quatari Sdn Bhd RM150 mil issuance out of RM500 mil Unrated Sukuk Programme <i>Sole Principal Adviser, Sole Lead Arranger & Sole Lead Manager</i>
	Tulip Maple Berhad USD50 mil issuance out of USD750 mil Multicurrency Sukuk Programme <i>Sole Lead Manager & Sole Dealer</i>

ECM	
	MMC Corporation Berhad RM2.07 bil General Offers for MMC Ports Sdn Bhd and NCB Holdings Berhad <i>Sole Principal Adviser</i>
	ECO World Development Group Berhad RM1.18 bil Acquisition of land in Mukim Ijok <i>Sole Principal Adviser</i>
	IFCA MSC Berhad RM32.0 mil Acquisition of PT IFCA Consulting Indonesia <i>Sole Principal Adviser</i>

Equities, Futures & Asset Management

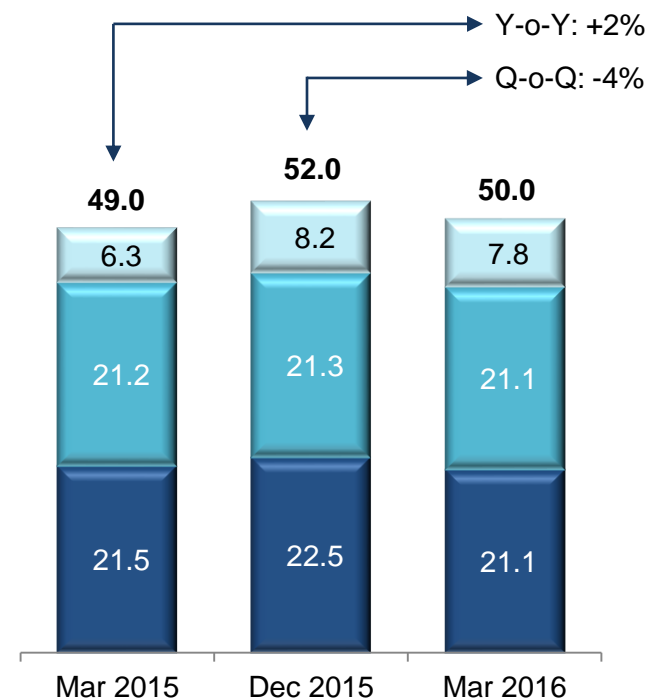
Prominent market position

Equities (by value)	YTD Mar 2016	
	Market Share	Ranking
Malaysia		
- By value	8.1%	5 th
- By volume	12.5%	3 rd
Singapore	3.6%	14 th
Hong Kong	0.1%	94 th
Indonesia	2.9%	13 th
Thailand	1.4%	28 th
Cambodia	10.8%	3 rd

Futures (by volume)	YTD Mar 2016	
	Market Share	Ranking
Malaysia - FKLI	7.4%	6 th
Malaysia - FCPO	7.8%	3 rd
Thailand	3.3%	10 th
Hong Kong - HSIF	0.1%	67 th

RM'bil

Asset Under Management



Domestic Retail Market Share	11.8%	12.3%	11.3%
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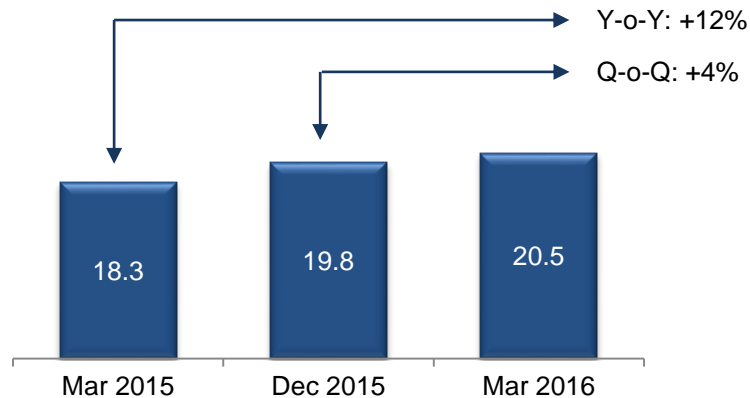
■ Retail ■ Wholesale ■ Overseas

Business Banking and SME

Continued improvement in market share and asset quality

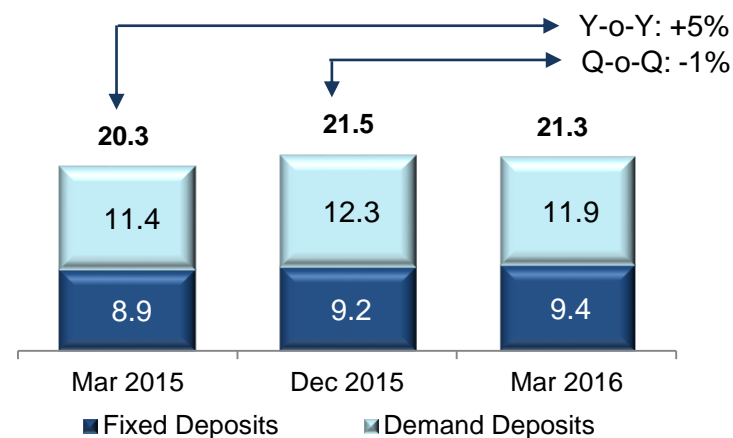
Gross Loans

RM'bil

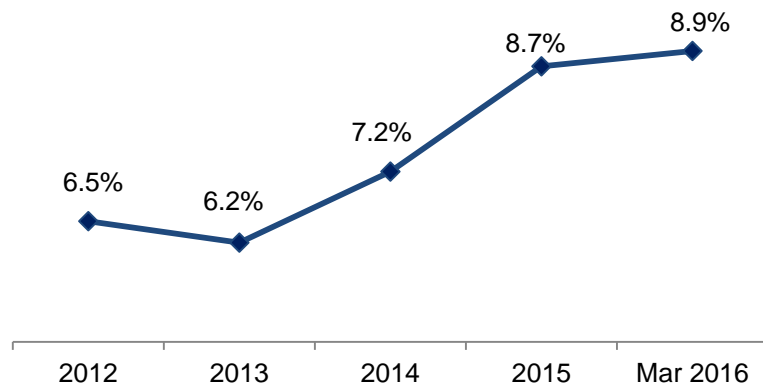


Customer Deposits

RM'bil



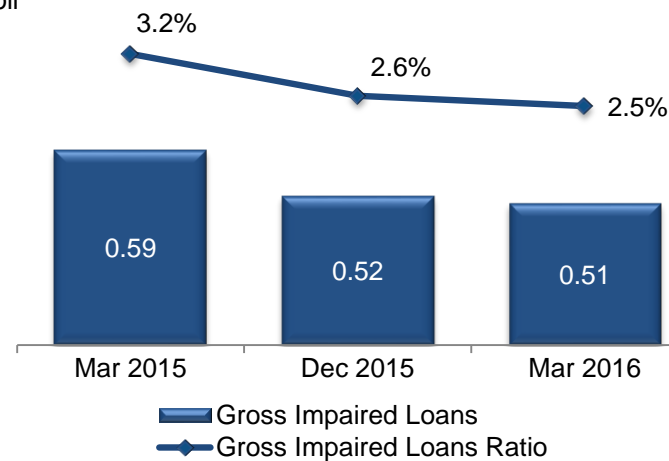
SME Market Share



N1 Year on year growth

Asset Quality

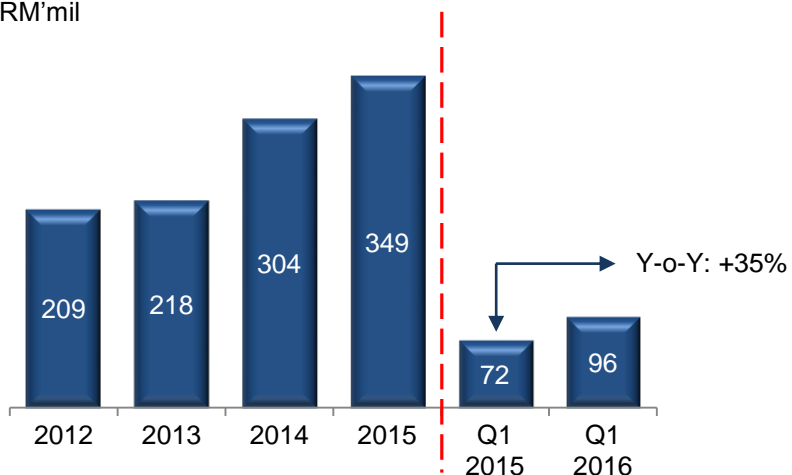
RM'bil



Islamic Financial Performance

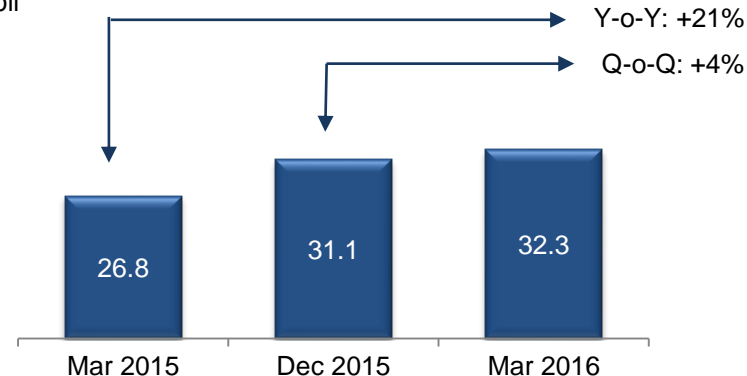
Strong performance with enhanced contribution to the Group

RM'mil



Gross Loans

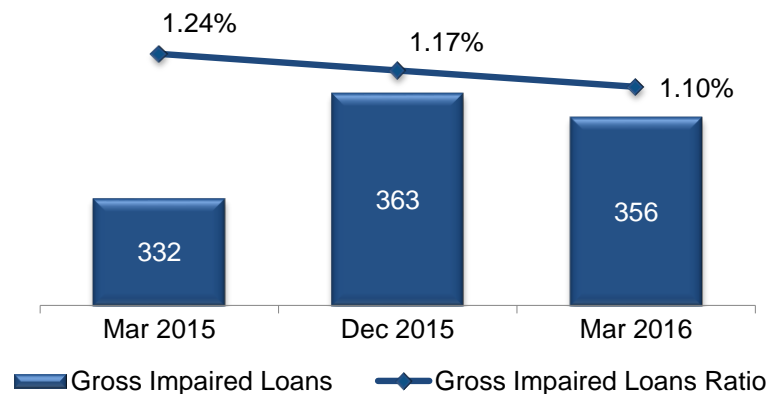
RM'bil



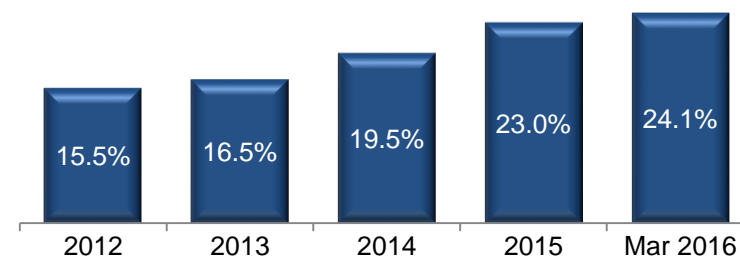
Market Share	7.6%	8.0%	8.1%
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Asset quality

RM'mil

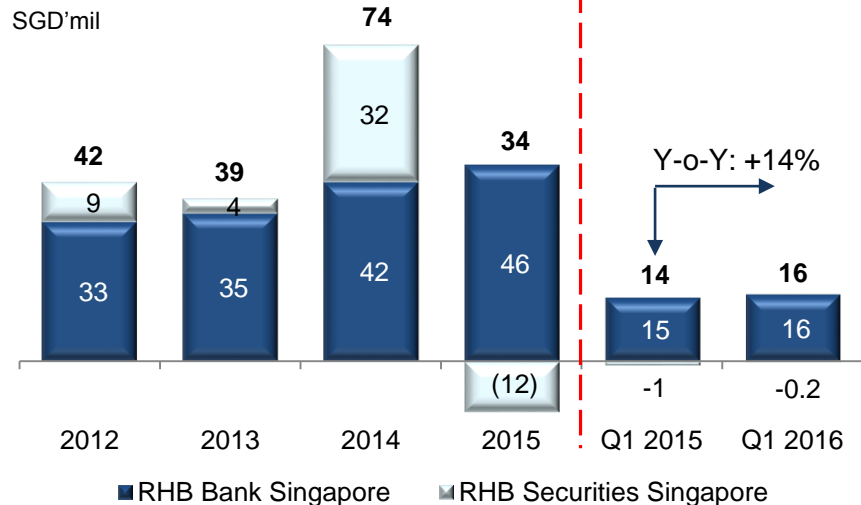


Gross Financing/ Total Gross Loans & Financing (Domestic)

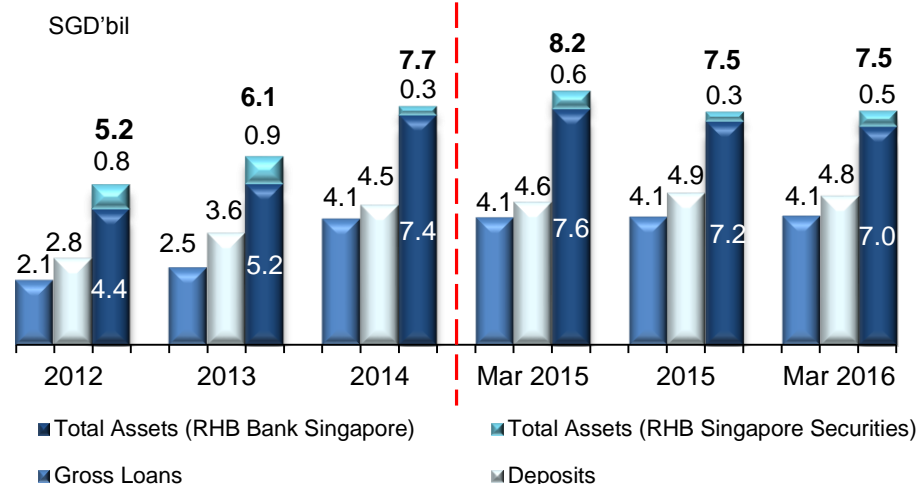


RHB Singapore

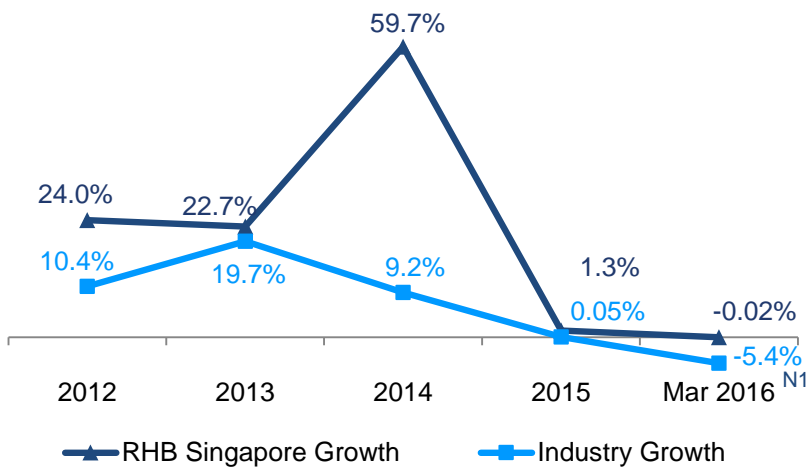
PBT



Loans, Deposits & Total Assets



Loans Growth



N1: y-o-y growth

Deposits Growth

