

Analysts Presentation

1st Quarter 2017 Financial Results

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RHB Banking Group
23 May 2017



AGENDA

Executive Summary

1st Quarter 2017 Financial Results

Strategy Update

Summary and Outlook



Highlights of Q1 2017 Performance (1/2)

Profitability

- ◆ Quarter-on-quarter:
 - Net profit almost double the amount recorded in the preceding quarter, primarily due to higher non-fund based income, lower operating expenses and lower loan impairment allowances
- ◆ Year-on-year:
 - Net profit at RM500.3 million, down 11.4% mainly due to lower total income and higher loan impairment allowances
- ◆ Operating expenses tightly managed, up 1.9% y-o-y and down 5.1% q-o-q
 - Cost-to-income ratio improved to 48.9%, from 50% in FY2016
- ◆ Annualised ROE at 9.1%

Assets and Liabilities

- ◆ Gross loans and financing grew by 3.2% y-o-y to RM154.5 billion driven by mortgage and SME, partially offset by corporate repayments
- ◆ Customer deposits increased by 5.3% to RM165.8 billion y-o-y, but remained stable from December 2016
 - Total CASA registered a strong growth of 14.5% over the year, improving CASA composition to 26.2% as at 31 March 2017 from 25.6% recorded in December 2016
- ◆ Gross impaired loans ratio improved to 2.39% from 2.43% in December 2016

Highlights of Q1 2017 Performance (2/2)

Business Performance

- ◆ Investment Banking business recorded better profitability on the back of higher brokerage and wealth management fee income
- ◆ Higher profitability in Group Treasury & Global Market mainly due to higher net fund based income and trading/investment gains
- ◆ Margin compression from competition and lower non-fund based income contributed to lower profitability in Retail and Corporate Banking
- ◆ Mortgage loans and financing grew by 13.1% on annualised basis
- ◆ SME lending increased by 6.3% annualised, with market share increasing to 8.9% as at Mar 2017
- ◆ Higher loan impairment arising from LGD refresh affected Business Banking and additional impairment on certain corporate accounts that have been classified as impaired in 2016 affected Singapore
- ◆ Islamic Banking business:
 - Pre-tax profit increased by 3.3% year-on-year
 - Islamic Financing represented 26.0% of the Group's total domestic gross loans and financing, up from 24.8% as at December 2016

Capital, Liquidity and Capital Management

- ◆ Capital position of RHB Bank Group (after proposed FY2016 final dividend) remained strong with CET I ratio at 13.2%, Tier I ratio at 13.5% and total capital ratio at 17.0%
- ◆ RHB Bank:
 - 5 May 2017 - fully redeemed subordinated notes of RM750 million issued on 7 May 2012
 - 11 May 2017 - fully redeemed existing USD500 million senior unsecured notes issued in 2012
- ◆ RHB Islamic Bank had on 27 April 2017 issued 10 non-callable 5 years Subordinated Sukuk Murabahah of RM250 million, with fixed profit rate of 4.88% per annum

RHB Banking Group Scorecard For Q1 2017

Top Level Indicators	Target 2017	Actual Q1 2017
ROE	9% - 10%	9.1% ^{N1}
Loans Growth	5%	3.2% ^{N2}
CASA Growth	8%	14.5% ^{N2}
Gross Impaired Loans Ratio	< 2.5%	2.39%
Cost to Income Ratio	< 50%	48.9%
Overseas Profit Contribution	10%	-2%

N1: Annualised

N2: Year-on-year growth

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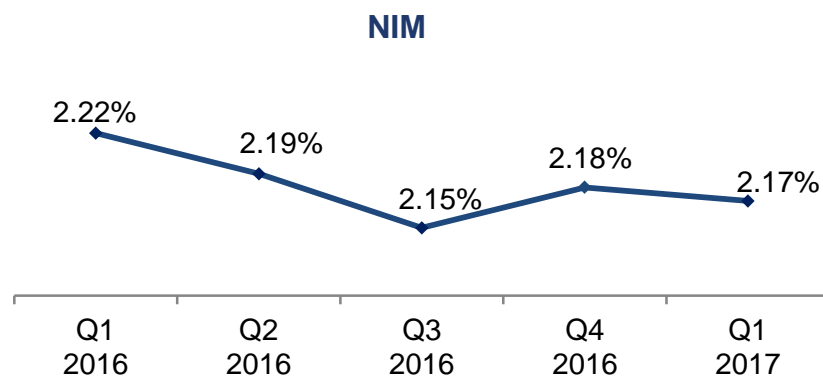
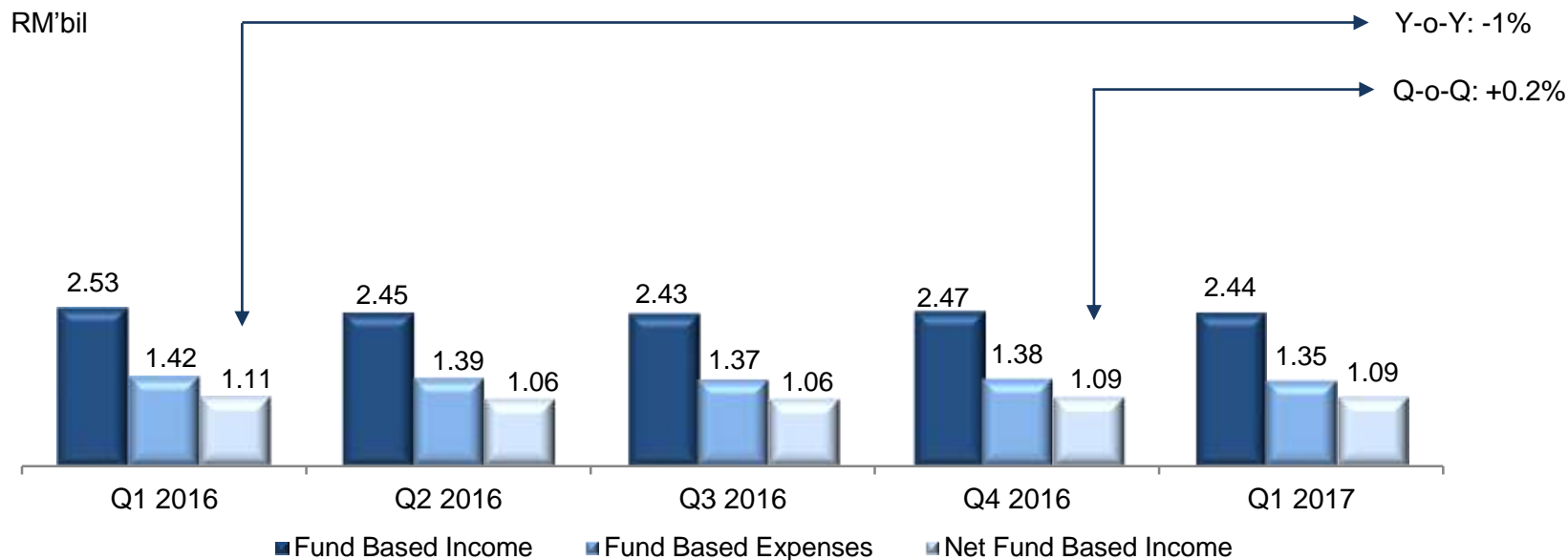
Group recorded Q-o-Q improvements, however Y-o-Y profitability was impacted by margin compression, lower fee income and higher loan impairment allowances on loans impaired in 2016

Financial Position		Financial Results		Key Financial Ratios	
Total Assets Q-o-Q: -1% Y-o-Y: +5% Mar 2017: RM233.5 B Dec 2016: RM236.7 B Mar 2016: RM222.7 B	Gross Loans Q-o-Q: n/a Y-o-Y: +3% Mar 2017: RM154.5 B Dec 2016: RM154.5 B Mar 2016: RM149.6 B	Total Income Q-o-Q: +5% Y-o-Y: -2% Q1 2017: RM1.56 B Q4 2016: RM1.48 B Q1 2016: RM1.58 B	Operating Profit Before Allowances Q-o-Q: +18% Y-o-Y: -5% Q1 2017: RM794.2 M Q4 2016: RM675.7 M Q1 2016: RM835.3 M	ROE Q-o-Q: +0.6% Y-o-Y: -3.5% Q1 2017: 9.1% Q4 2016: 8.5% Q1 2016: 12.6%	Non Interest Income / Total Income Q-o-Q: +3.5% Y-o-Y: -0.3% Q1 2017: 29.7% Q4 2016: 26.2% Q1 2016: 30.0%
Customer Deposits Q-o-Q: n/a Y-o-Y: +5% Mar 2017: RM165.8 B Dec 2016: RM165.8 B Mar 2016: RM157.5 B	CASA Q-o-Q: +2% Y-o-Y: +14% Mar 2017: RM43.5 B Dec 2016: RM42.5 B Mar 2016: RM38.0 B	Profit Before Tax Q-o-Q: +91% Y-o-Y: -13% Q1 2017: RM658.3 M Q4 2016: RM344.4 M Q1 2016: RM755.4 M	Net Profit to Shareholders Q-o-Q: +91% Y-o-Y: -11% Q1 2017: RM500.3 M Q4 2016: RM261.2 M Q1 2016: RM564.9 M	Cost to Income Ratio Q-o-Q: -5.4% Y-o-Y: +1.7% Q1 2017: 48.9% Q4 2016: 54.3% Q1 2016: 47.2%	Gross Impaired Loans Ratio Q-o-Q: -0.04% Y-o-Y: +0.57% Mar 2017: 2.39% Dec 2016: 2.43% Mar 2016: 1.82%
Shareholders' Equity Q-o-Q: +3% Y-o-Y: +23% Mar 2017: RM22.3 B Dec 2016: RM21.7 B Mar 2016: RM18.1 B	Net Assets Per Share Q-o-Q: +3% Y-o-Y: +6% Mar 2017: RM5.56 Dec 2016: RM5.42 Mar 2016: RM5.23	<i>N1 Including Regulatory Reserve</i>		Credit Charge Ratio Q-o-Q: -0.44% Y-o-Y: +0.13% Q1 2017: 0.35% Q4 2016: 0.79% Q1 2016: 0.22%	Loan Loss Coverage Ratio ^{N1} Q-o-Q: +3.06% Y-o-Y: -8.72% Mar 2017: 77.75% Dec 2016: 74.69% Mar 2016: 86.47%

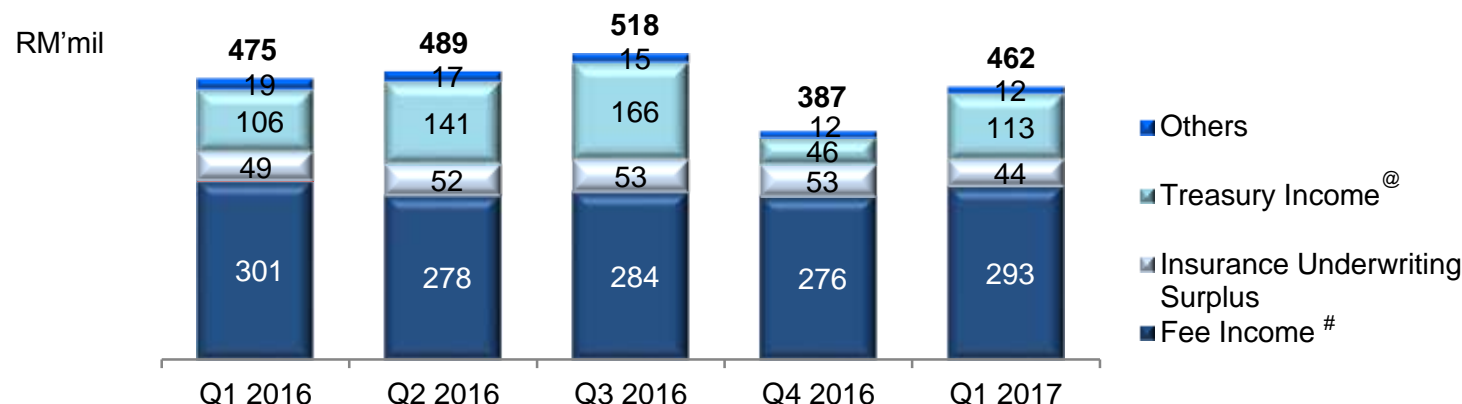
Strong Q-o-Q results from higher non-fund based income and lower loan impairment loss; Y-o-Y performance impacted by lower total income and higher impairment loss on certain accounts classified as impaired last year

	Q1 2017	Q4 2016	Q1 2016	Q-o-Q Change %	Y-o-Y Change %
RM'mil					
Net Interest Income	851	861	891	-1	-4
Net Islamic Fund Base Income	242	230	215	5	12
Total Net Fund Based Income (A)	1,093	1,091	1,107	-	-1
Other Operating Income	448	346	458	30	-2
Islamic Non-Fund Based Income	14	41	17	-66	-16
Total Non Fund Based Income (B)	462	387	475	19	-3
Total Income (A+B)	1,555	1,478	1,582	5	-2
Operating Expenses	-761	-802	-747	-5	2
Operating Profit Before Allowances	794	676	835	18	-5
Allowances for Loan Impairment	-132	-309	-80	-57	65
Impairment Losses (Made)/ Written Back on Other Assets	-4	-23	-	-84	->100
Pre-tax Profit	658	344	755	91	-13
Net Profit	500	261	565	91	-11

Net fund based income declined as loans growth and lower funding expenses were offset by margin compression

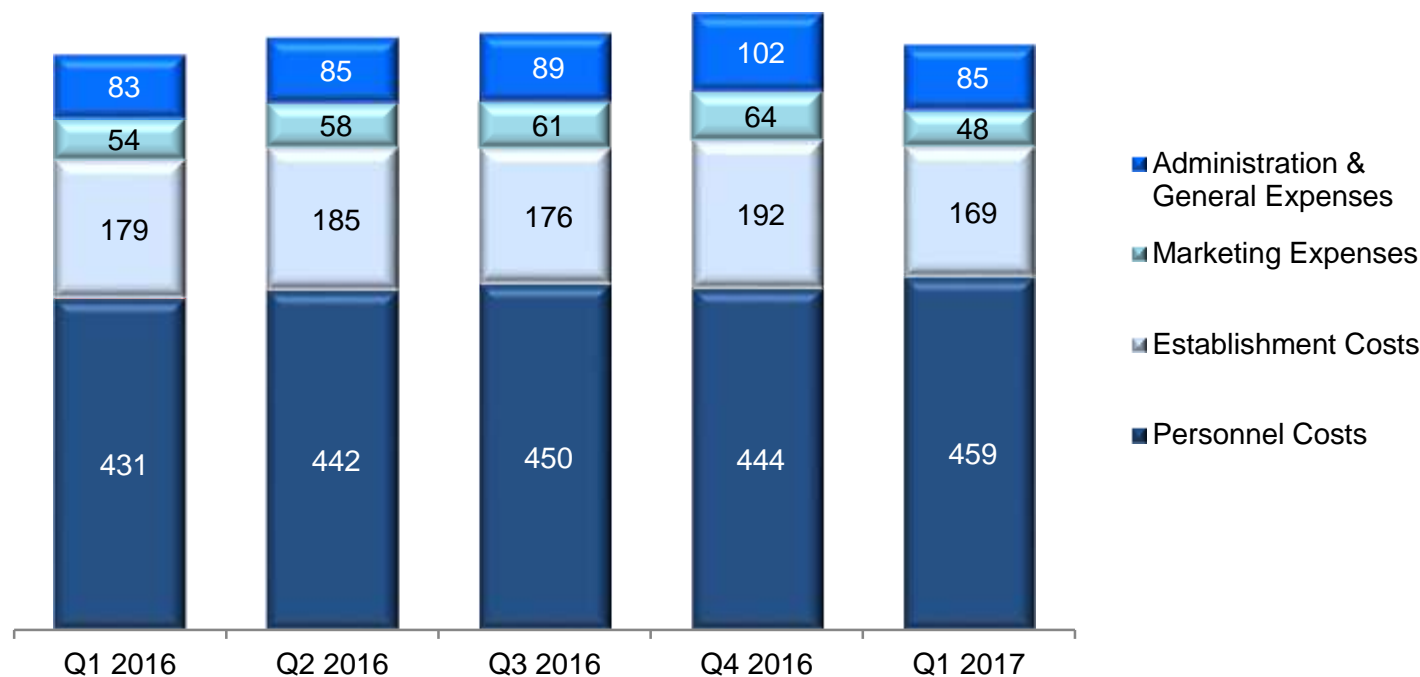


Lower non-fund based income contributed largely by lower fee income from loan and loan related exposure



						Q-o-Q Change	Y-o-Y Change
# Fee Income	301	278	284	276	293	+6%	-3%
IB Related	46	43	48	40	35	-15%	-25%
Brokerage Income	76	71	75	68	92	+35%	+21%
Wealth Management	24	31	34	35	38	+10%	+63%
Commercial Banking	155	133	127	133	128	-4%	-18%
@ Treasury Income	106	141	166	46	113	+>100%	+6%
Net Forex Gain	54	99	75	44	54	+23%	-
Gain & MTM on Securities/Derivatives	52	42	91	2	59	+>100%	+13%

**Operating expenses tightly managed, down 5% Q-o-Q and up 2% Y-o-Y;
Increase is from higher personnel costs and IT-related expenses as the
Group continued to invest into technology infrastructure and capabilities**



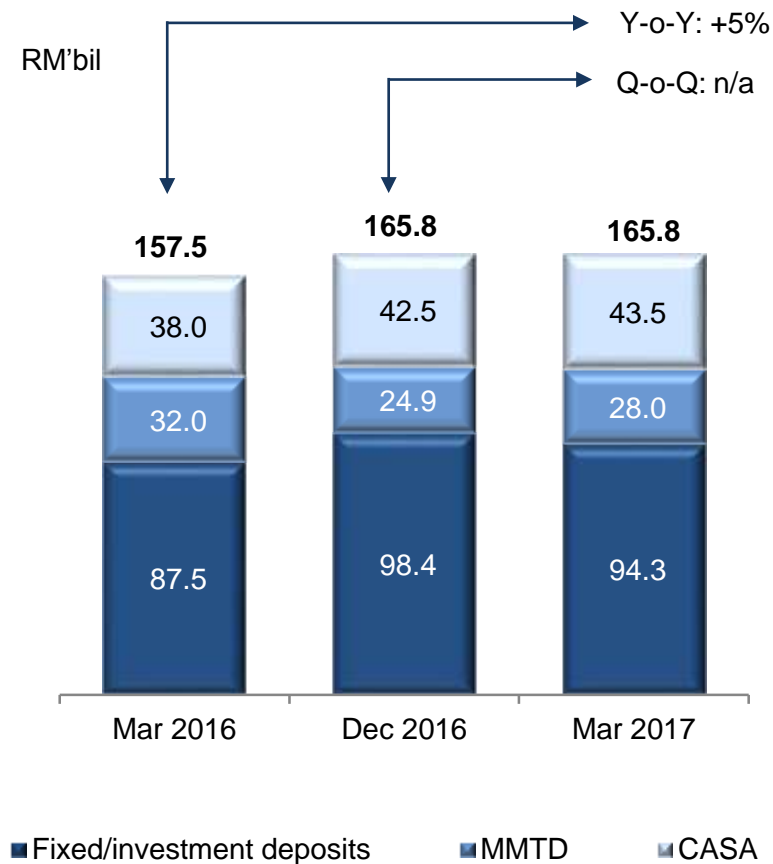
						Q-o-Q Change	Y-o-Y Change
Operating Expenses	747	770	776	802	761	-5%	+2%
Cost-to-Income Ratio	47.2%	49.6%	49.2%	54.3%	48.9%	-5.4%	+1.7%

Loans growth driven by mortgage and SME, partly offset by corporate repayments; Portfolio mix remain stable from end 2016

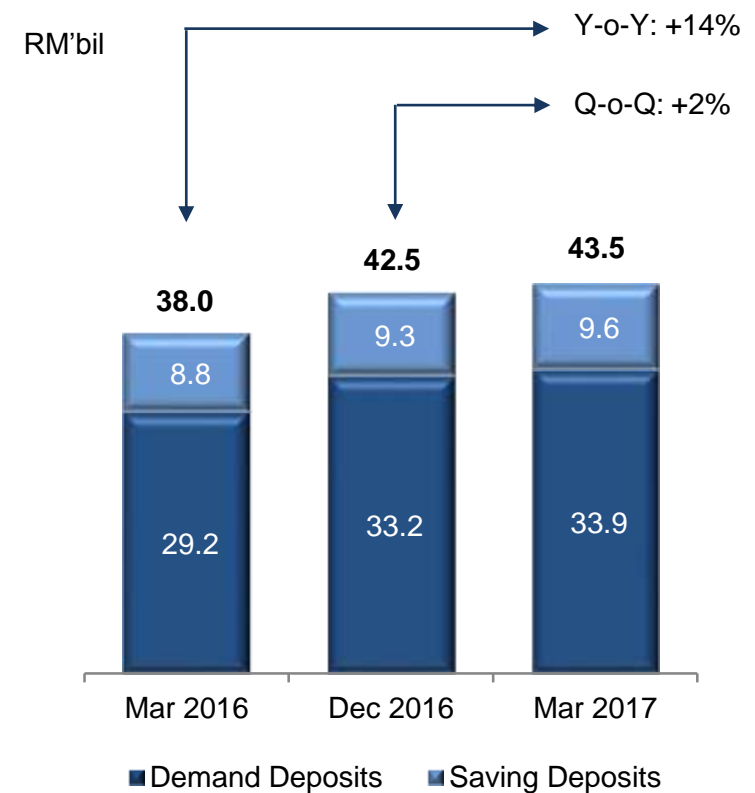
RM'mil	Mar 2017	Dec 2016	Q-o-Q Change %	Mar 2016	Y-o-Y Change %	Composition	
						Mar 2017	Dec 2016
GROUP RETAIL	70,483	70,138	-	67,989	4	46%	45%
<i>Mortgage</i>	41,989	40,509	4	36,502	15	27%	26%
<i>Commercial Property Financing</i>	4,585	4,550	1	4,443	3	3%	3%
<i>Securities</i>	8,016	8,952	-10	9,777	-18	5%	6%
<i>Auto Finance</i>	8,248	8,504	-3	9,665	-15	5%	5%
<i>Unsecured Business</i>	6,834	6,793	1	6,739	1	4%	4%
<i>Others</i>	811	830	-2	863	-6	1%	1%
GROUP BUSINESS BANKING	22,409	22,013	2	20,489	9	14%	14%
<i>SME</i>	20,440	20,097	2	18,265	12	13%	13%
<i>Commercial</i>	1,969	1,916	3	2,224	-11	1%	1%
GROUP WHOLESALE BANKING	44,372	45,471	-2	45,908	-3	29%	29%
TOTAL RHB DOMESTIC	137,264	137,622	-	134,386	2	89%	88%
OVERSEAS OPERATIONS	17,228	16,847	2	15,245	13	11%	12%
<i>Singapore</i>	13,165	13,026	1	12,168	8	8%	8%
<i>Others</i>	4,063	3,821	6	3,077	32	3%	3%
TOTAL RHB GROUP	154,492	154,469	-	149,631	3	100%	100%

Healthy deposits growth driven by CASA, further improving the Group's CASA composition

Customer Deposits

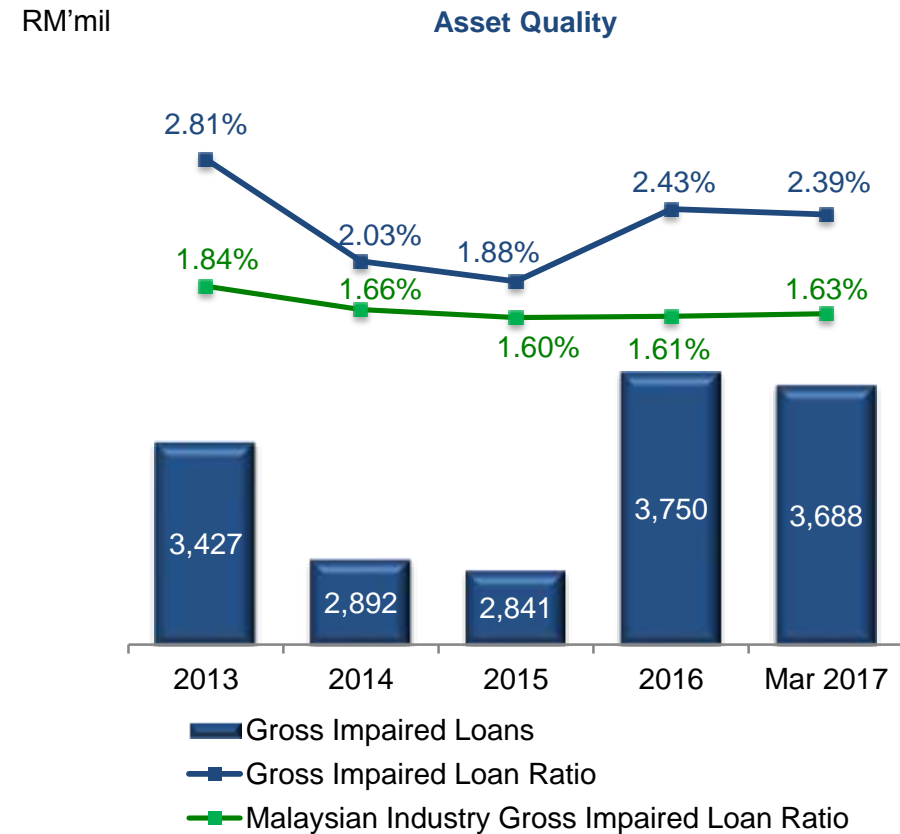
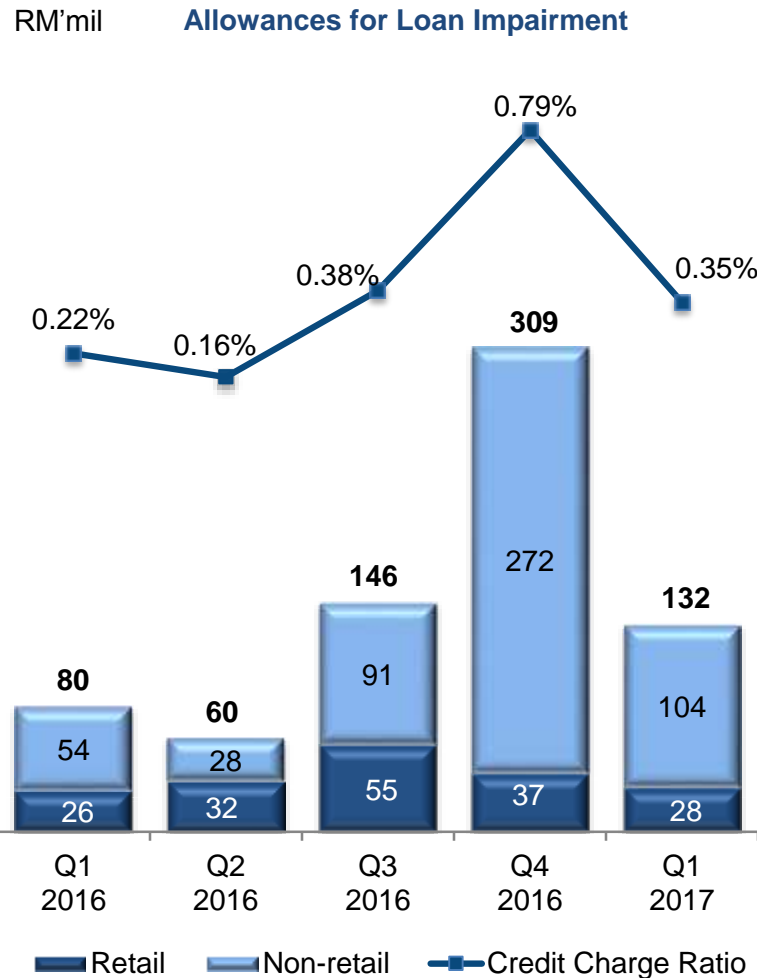


CASA



Composition	24.1%	25.6%	26.2%
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Impairment allowances moderated from the peak in Q4 2016; Impairment allowances in current quarter provided on certain accounts that have been classified as impaired last year, improving loan loss coverage



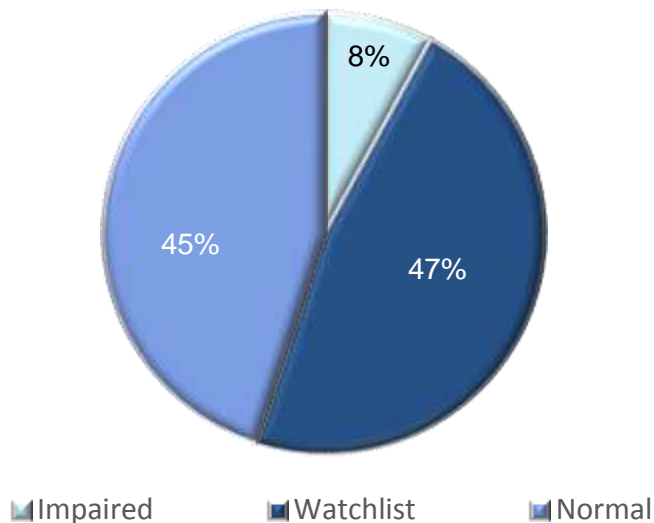
Loan Loss Coverage	63.7%	61.1%	83.9% ^{N1}	74.7% ^{N1}	77.8% ^{N1}
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N1: Inclusive of 1.2% regulatory reserve

Exposure to oil and gas industry actively managed; Decline in exposure due to repayment

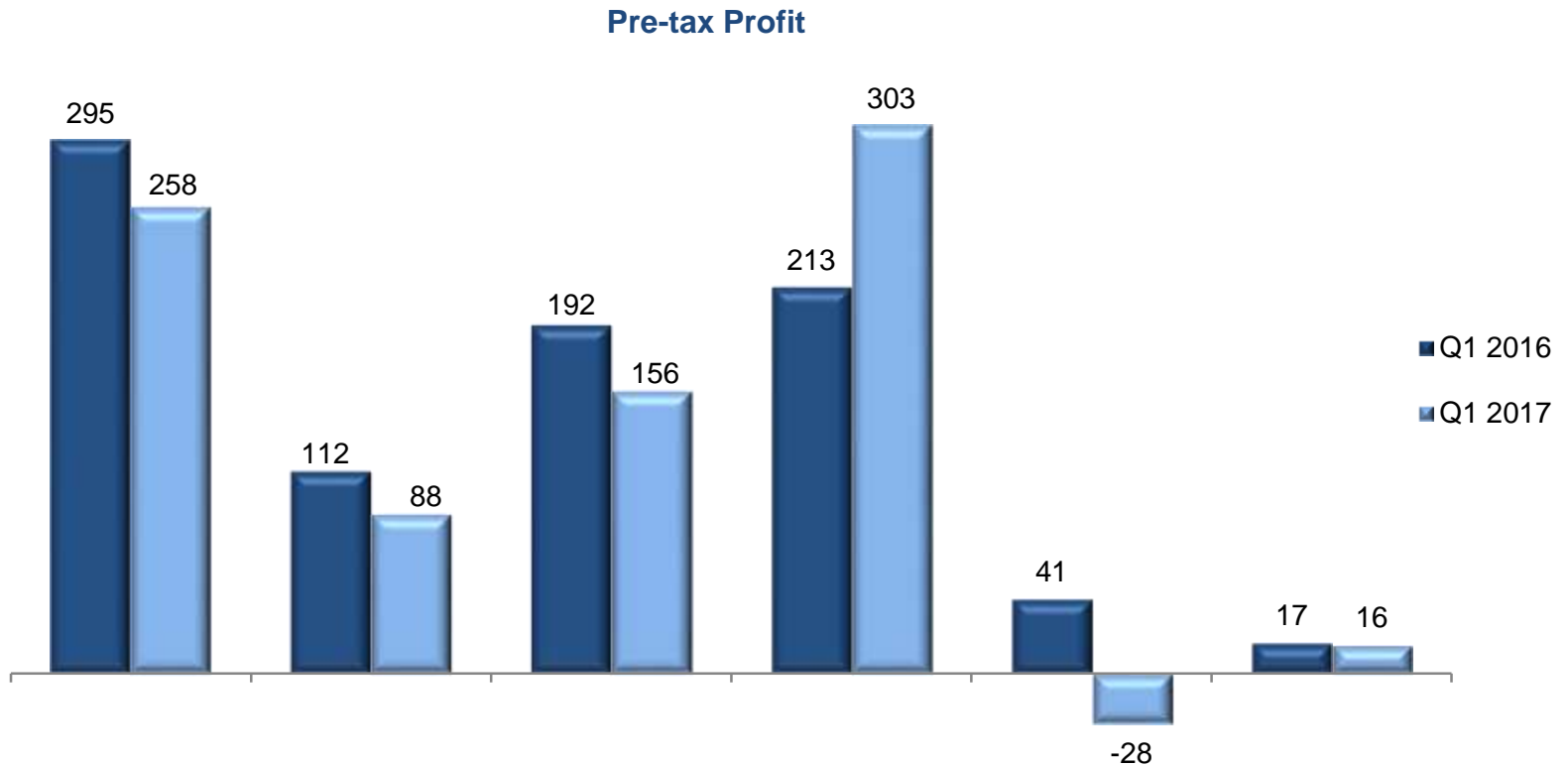
Loans Outstanding	Oil and Gas Related Industry		
	Upstream	Downstream	Total
Mar 2017	2.1%	1.3%	3.4%
Dec 2016	2.6%	1.0%	3.6%

Oil & Gas Exposure



Country	% of Loans Outstanding
Malaysia	83%
Singapore	16%
Thailand	1%

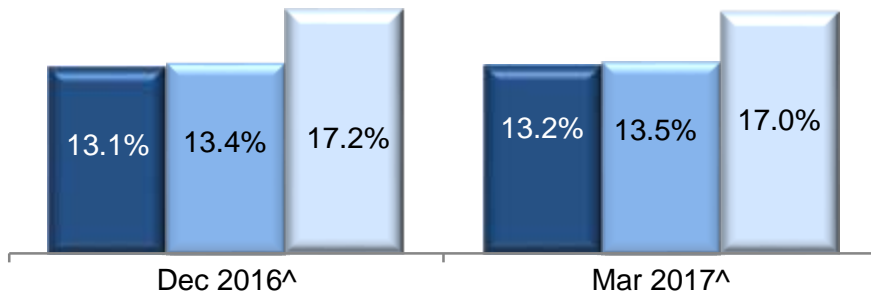
Investment Banking and Treasury recorded better profitability while margin compression and lower non-fund based income affected Retail and CIB; Higher loan impairment allowances resulted in lower profit at BBG and Singapore



Business Unit	Retail	BBG	Wholesale Banking		GIB	
			CBIB	Treasury	Singapore	Others
Y-o-Y Growth	↓ 13%	↓ 21%	↓ 19%	↑ 42%	↓ >100%	↓ 6%

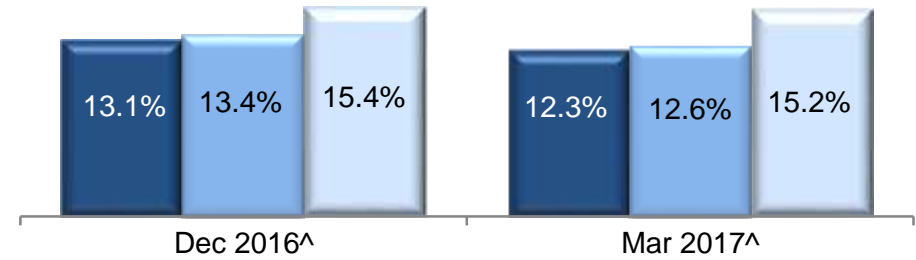
Capital adequacy of Group and key banking subsidiaries remain strong

RHB Bank Group

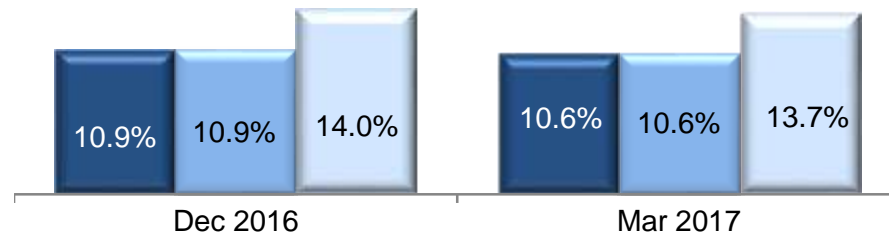


[^] Ratios are after FY2016 proposed final dividend

RHB Bank

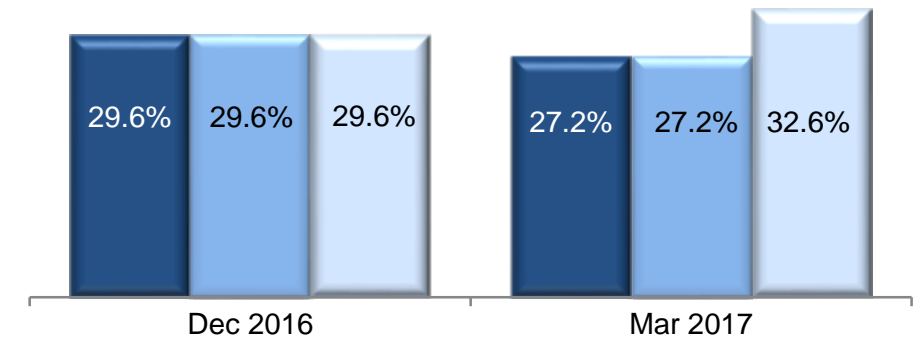


RHB Islamic Bank



■ CET 1 Capital ■ Tier 1 Capital ■ Total Capital

RHB Investment Bank



- ♦ 27 April 2017 - RHB Islamic Bank issued 10 NC 5 Subordinated Sukuk Murabahah of RM250 million with a fixed profit rate of 4.88% per annum
- ♦ 5 May 2017 - RHB Bank fully redeemed existing subordinated notes of RM750 million issued on 7 May 2012

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Key updates on the progress of IGNITE 2017

Retail Banking	<ul style="list-style-type: none"> ◆ Mortgages grew 3.5% vs. industry of 1.9% in Q1 2017 ◆ Affluent AUM grew by 15.4% since the launch of our Affluent value proposition in July 2016 ◆ Launched RHB Smart account and Smart account-i in Mar 2017, rewarding customers based on their total relationship with the bank
Business and Transaction Banking	<ul style="list-style-type: none"> ◆ SME market share continued to grow to 8.9% in Mar 2017 from 8.8% in December 2016 ◆ RHB Cash Management (Reflex) registered a y-o-y subscriber growth of 19.6% with average current balance y-o-y growth of 11.1% as at Q1 2017 ◆ Approved RM108.58 mil facilities under Financial Supply Chain (FSC) financing in Q1 2017 ◆ Partnership with P2P lending platform Funding Societies Malaysia to provide peer-to-peer (P2P) services to underserved SMEs. As part of the partnership, RHB will provide transaction banking services, trustee services for investors and KYC services
Wholesale Banking	<ul style="list-style-type: none"> ◆ Increased product holding ratio for domestic top corporates to 4.76 in Q1 2017 from 4.56 in 2016 through refined client coverage model ◆ Key transactions / deals in Q1 2017: <ul style="list-style-type: none"> • RM1.06 bil share placement by Air Asia Berhad • RM671.7 mil Serba Dinamik Holdings Berhad IPO • RM2.5 bil acquisition of equity interest in Sarawak Hidro Sdn Bhd by the Sarawak State Government (<i>on-going</i>) • RM2.6 bil Sukuk issuance out of RM5.0 bil MTN Programme for Genting Malaysia Berhad
Digital and payments	<ul style="list-style-type: none"> ◆ Launched various initiatives to improve customers' online and mobile banking experience: <ul style="list-style-type: none"> • Enhanced RHB Pay Anyone features on allowing users to transfer money using Siri voice command • Simplified One Time Password ("OTP") from alphanumeric to numeric characters positioned at the top of the SMS instead of the bottom • Launched Samsung Pay enabling customers to use their mobile phones to make purchase payments

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Economic Outlook

- ◆ Malaysia's GDP is forecast to grow 4.8% in 2017 though the Q1 2017 GDP was a strong 5.6%:
 - Improvement in overall economic activity driven by the recovery in both exports and domestic demand
 - Higher exports growth is expected to lead to better consumer spending and private investment
 - Public spending is expected to rise, supported by the implementation of major infrastructure projects under the various economic programmes
- ◆ Interest rate expected to be stable, with OPR forecast to remain at 3.0% for the year
- ◆ Malaysian banking sector loans growth is expected to range between 5.5% to 6.0%, with lending to businesses being the key growth driver. Household loans growth is expected to be moderate

Concluding Remarks

- ◆ The Group has moved on from a challenging fourth quarter in 2016 and delivered a much improved profitability in the current period
- ◆ We expect a better performance this year compared to 2016
- ◆ Our SME and Islamic banking portfolios have maintained their strong performance for the first quarter of 2017, whilst our CASA composition continues to strengthen
- ◆ The Group will continue to pursue selective growth while also effectively managing asset quality and enhancing productivity
- ◆ Our balance sheet remains strong, as capital and liquidity are at comfortable levels, which will put us in a good position to drive value creation from key business and segments and grow with our customers, as we continue to focus on operational efficiency

THANK YOU

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TOGETHER WE PROGRESS



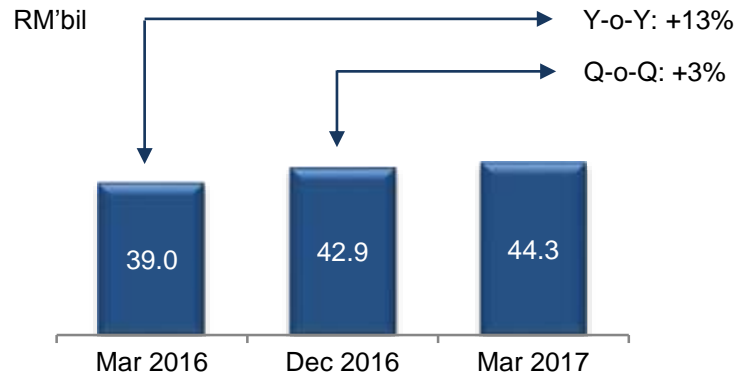
APPENDIX

Key Business Highlights



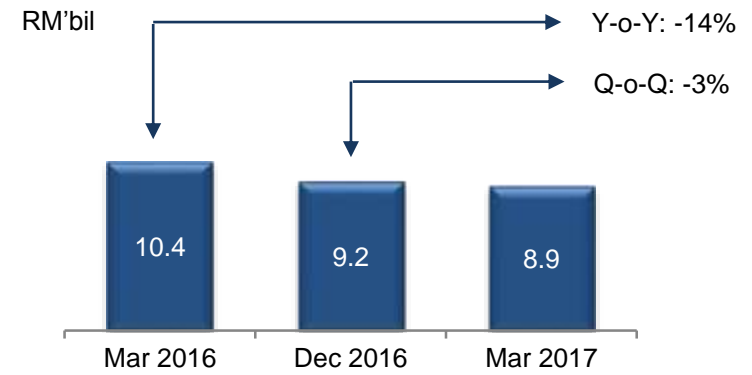
Retail Banking

Mortgage



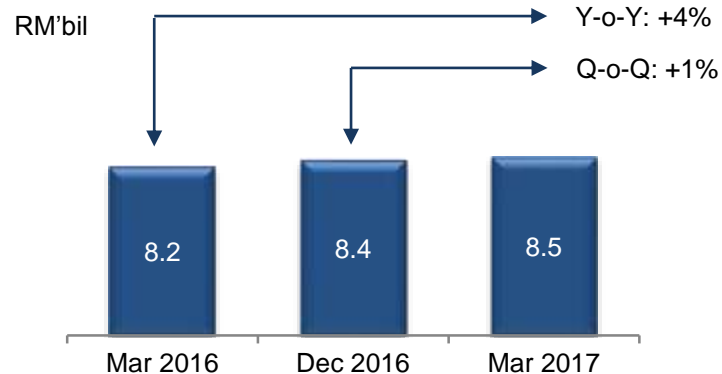
Market Share	8.3%	8.6%	8.7%
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Auto Finance



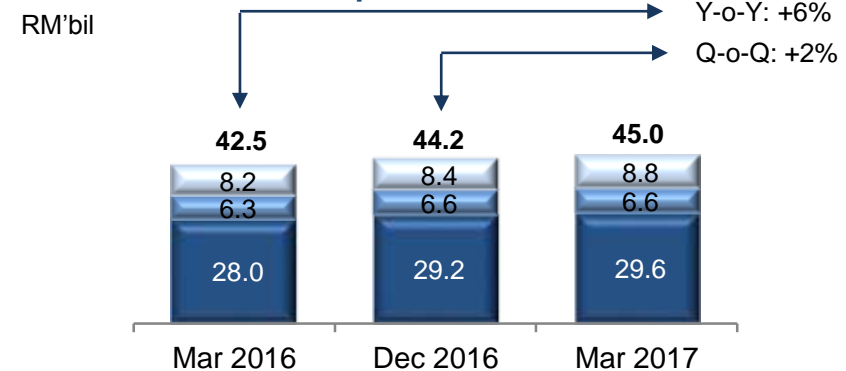
Market Share	6.2%	5.5%	5.3%
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Personal Use



Market Share	9.4%	9.2%	9.3%
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Deposits



Market Share	7.5%	6.8%	6.8%
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■ Fixed Deposits ■ Demand Deposits ■ Savings Deposits

Investment Banking – Market Position (1/2)

YTD Mac 2017	Ranking	Market Share	DCM	
Debt Capital Markets: - MYR sukuk	4	11.4%		DanaInfra Nasional Berhad RM2.68 bil IMTN issuance out of RM46.0 bil ICP/IMTN Programme <i>Joint Lead Arranger & Joint Lead Manager</i>
- Total MYR bonds (Conventional & Islamic bonds)	4	10.4%		Genting Malaysia Berhad RM2.6 bil sukuk issuance out of RM5.0 bil MTN Programme <i>Joint Lead Manager</i>
Mergers & Acquisitions: - by value	4	16.3%		SapuraKencana TMC Sdn Bhd RM425.77 mil issuance out of RM7.0 bil Multi Currency Sukuk Programme <i>Lead Manager</i>
- by deal count	5	3 deals		
Equity Capital Markets	5	12.1%		

ECM / M&A



Sarawak Hidro Sdn Bhd

RM2.5 bil

Acquisition of equity interest in Sarawak Hidro Sdn Bhd by the Sarawak State Government
Sole Principal Adviser



Air Asia Berhad

RM1.06 bil

Private Placement
Joint Principal Adviser & Sole Placement Agent



Eco World Berhad

RM562.2 mil

Private Placement
Sole Principal Adviser & Sole Placement Agent



Serba Dinamik Holdings Berhad

RM671.7 mil

Main Market IPO
Joint Principal Adviser, Joint Bookrunner, Managing Underwriter & Joint Underwriter

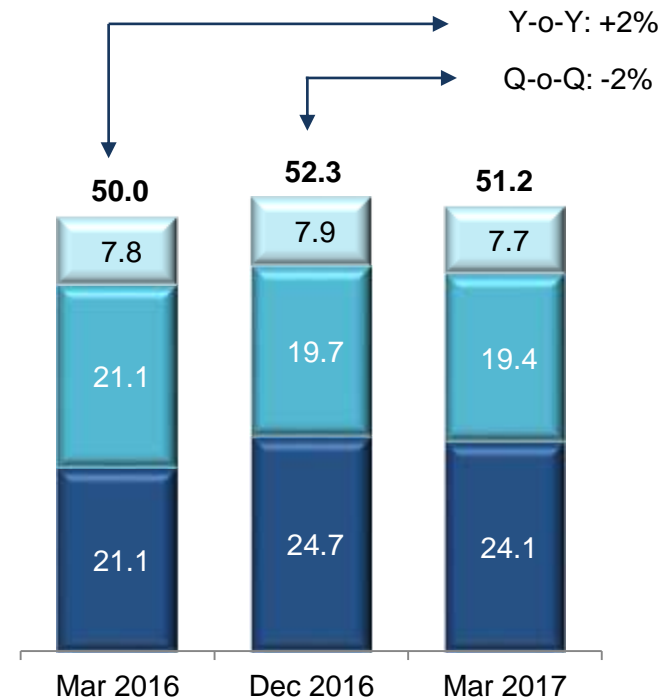
Investment Banking – Equities, Futures & Asset Management (2/2)

Equities (by value)	YTD Mar 2017	
	Market Share	Ranking
Malaysia		
- By value	8.1%	5 th
- By volume	12.3%	3 rd
Singapore	2.7%	15 th
Hong Kong	0.1%	91 st
Indonesia	2.2%	14 th
Thailand	2.2%	23 rd
Cambodia	2.1%	6 th

Futures (by volume)	YTD Mar 2017	
	Market Share	Ranking
Malaysia - FKLI	4.2%	6 th
Malaysia - FCPO	7.8%	2 nd
Thailand	6.0%	4 th
Hong Kong - HSIF	0.01%	111 th

RM'bil

Asset Under Management



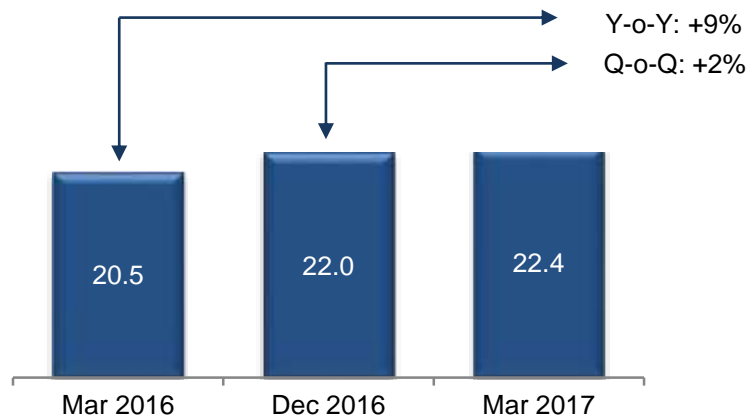
Domestic Retail Market Share	11.3%	12.1%	11.1%
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■ Retail ■ Wholesale ■ Overseas

Business Banking

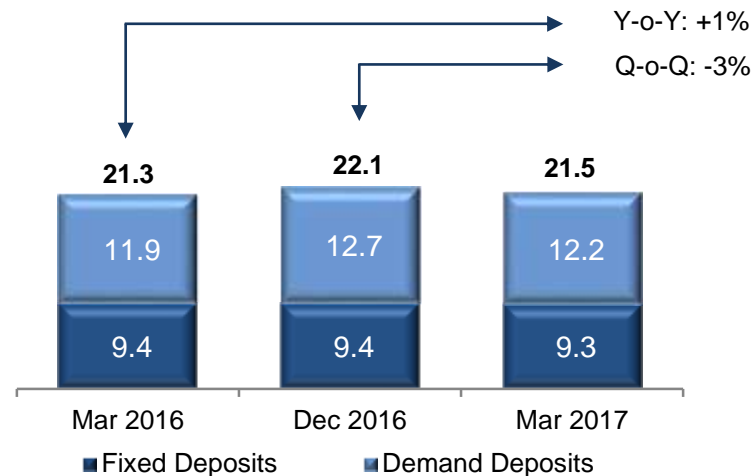
RM'bil

Gross Loans

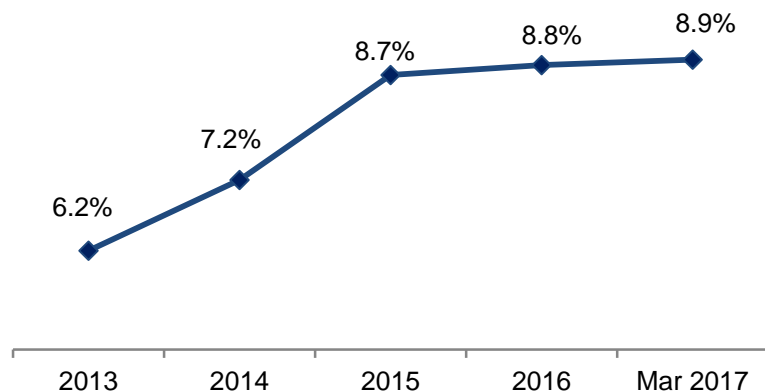


RM'bil

Customer Deposits

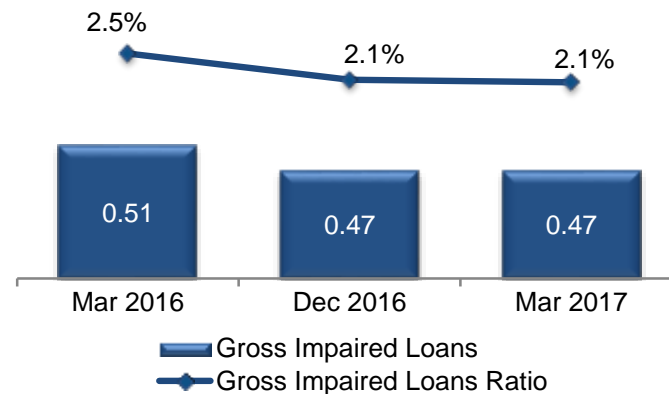


SME Market Share

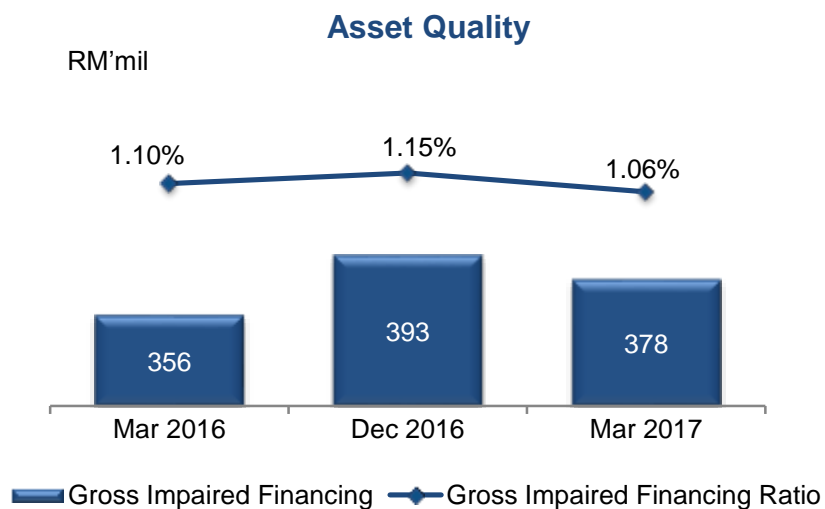
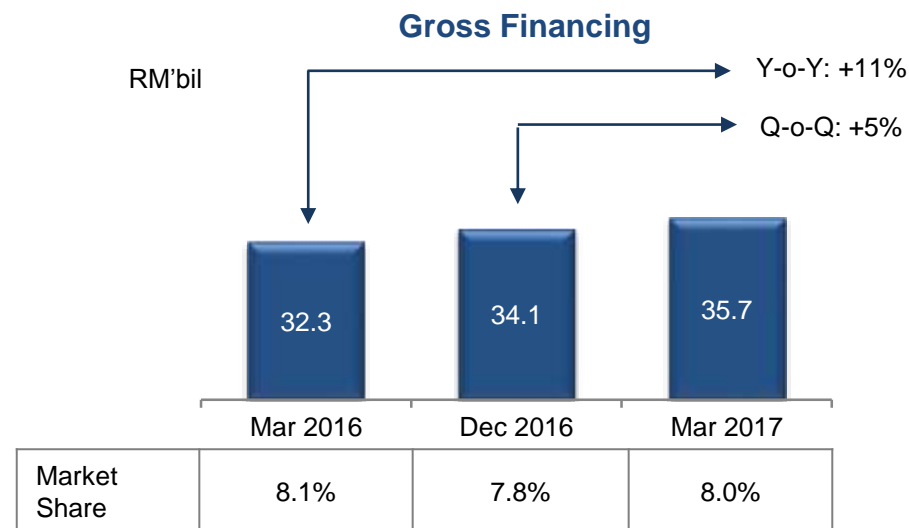
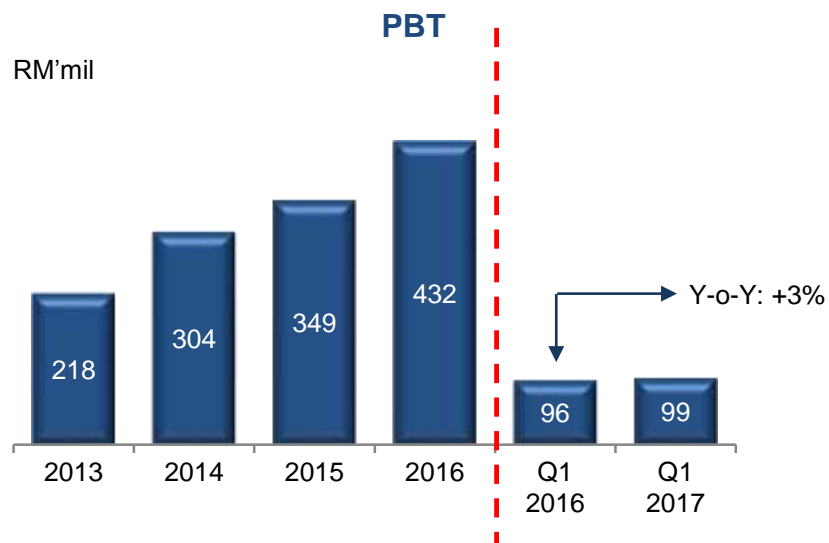


RM'bil

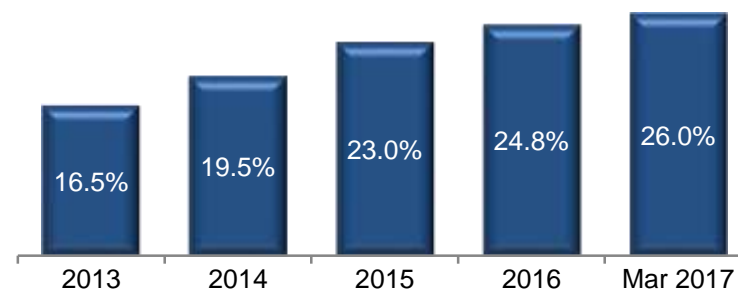
Asset Quality



Islamic Banking



Gross Financing/ Total Gross Financing (Domestic)



RHB Singapore

