

Analysts Presentation

3rd Quarter 2017 Financial Results

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RHB Banking Group
27 November 2017



AGENDA

Executive Summary

3rd Quarter 2017 Financial Results

Strategy Update

Summary and Outlook



Highlights of Financial Performance (1/2)

Profitability

Y-o-Y :

- ◆ Net profit grew 4.9% y-o-y to RM1.5 billion, pre-tax profit increased by 3.6% to RM2.0 billion
- ◆ Earnings improvement mainly due to lower impairment losses on other assets and higher net funding income, partially offset by lower non-fund based income, higher overheads and higher loan loss impairment
- ◆ Operating expenses tightly managed, up by 2.0%. Cost-to-income ratio at 49.6%
- ◆ Annualised ROE at 8.9%

Q3 2017 vs Q3 2016 :

- ◆ Net profit declined by 3.3% to RM488.8 million
- ◆ Higher net fund based income was offset by lower non-fund based income and higher operating expenses

Assets and Liabilities

- ◆ Gross loans and financing grew by 3.3% y-o-y and 2.3% for the first 9M to RM158.0 billion mainly driven by mortgages and SME
 - Domestic loans growth at 4.2% y-o-y and 3.4% for the first 9M 2017
- ◆ Customer deposits increased by 1.7% for both y-o-y and the first 9M to RM168.5 billion
 - Total CASA registered a strong growth of 11.9% y-o-y
 - CASA composition improved to 27.1% as at 30 September 2017 from 25.6% recorded in December 2016
 - Growth impacted by conscious decision to reduce MMTD
- ◆ Gross impaired loans ratio at 2.31% from 2.43% in December 2016

Highlights of Financial Performance (2/2)

Business Performance

- ◆ Higher profit in **Group Treasury & Global Market** mainly due to higher net funding income and higher impairment write-back on loans, partially offset by lower net FX gain and lower trading/investment income
- ◆ **Retail Banking** - Mortgage loans and financing grew by 12.3% on annualised basis, market share increased to 8.9% from 8.6% in December 2016
 - Margin compression from competition contributed to lower profitability
- ◆ **Business Banking** - SME lending increased by 8.7% annualised
 - Higher loan impairment affected profitability
- ◆ **Investment Bank Group**
 - Investment banking - Higher brokerage income was negated by softer capital market and higher provision on margin accounts from overseas business
 - Asset management registered a 28.1% increase in pre-tax profit to RM46.9 million
- ◆ **Singapore** affected by impairment on corporate bond in oil and gas industry, and additional impairment on certain corporate accounts
- ◆ **Islamic Banking business:**
 - Pre-tax profit increased by 20.2% y-o-y
 - Islamic Financing represented 28.6% of the Group's total domestic gross loans and financing, up from 24.8% as at December 2016

Capital and Liquidity

- ◆ Capital position of RHB Bank Group (after proposed FY2017 interim dividend) remained strong with CET I ratio at 13.6%, Tier I ratio at 13.8% and total capital ratio at 17.9%
- ◆ Strong liquidity and funding position

RHB Banking Group Scorecard For 2017

Top Level Indicators	Target 2017	Actual 9M 2017
ROE	9% - 10%	8.9% ^{N1}
Loans Growth	5%	3.3% ^{N2}
CASA Growth	8%	11.9% ^{N2}
Gross Impaired Loans Ratio	< 2.5%	2.31%
Cost to Income Ratio	< 50%	49.6%
Overseas Profit Contribution	10%	-7%

N1: Annualised

N2: Year-on-year growth

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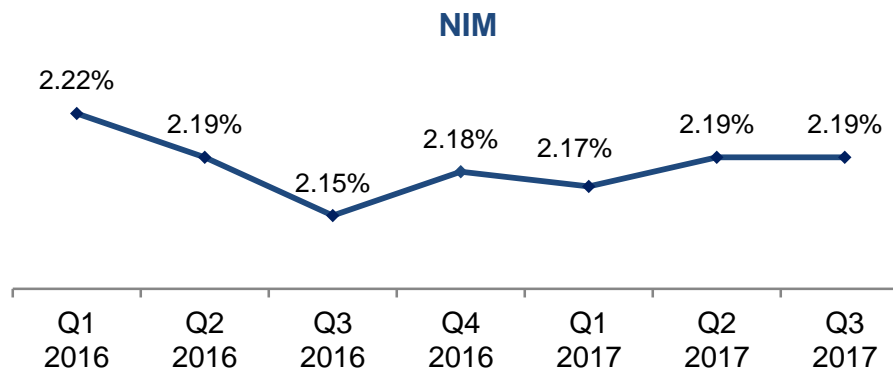
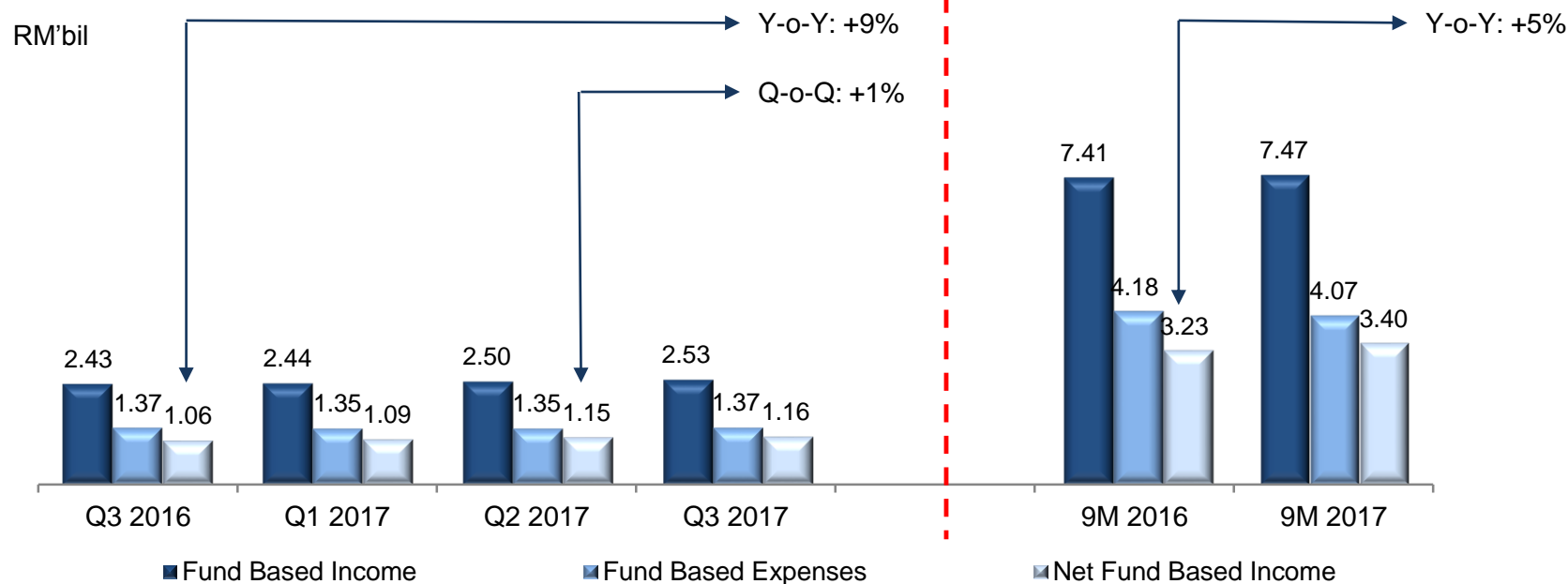
Sustained profitability amidst challenges in asset quality in oil and gas sector; Results affected by increased allowances for loan and asset impairment though magnitude has moderated; Healthy balance sheet

Financial Position		Financial Results		Key Financial Ratios	
Total Assets -0.7%  Sep 2017: RM235.1 bil Dec 2016: RM236.7 bil	Gross Loans +2.3%  Sep 2017: RM158.0 bil Dec 2016: RM154.5 bil	Total Income +0.2%  9M 2017: RM4.72 bil 9M 2016: RM4.71 bil	Operating Profit Before Allowances -1.6%  9M 2017: RM2.38 bil 9M 2016: RM2.42 bil	ROE ^{N1} -0.7%  9M 2017: 8.9% 9M 2016: 9.6%	Non Interest Income / Total Income -3.5%  9M 2017: 28.0% 9M 2016: 31.5%
Customer Deposits +1.7%  Sep 2017: RM168.5 bil Dec 2016: RM165.6 bil	CASA +7.4%  Sep 2017: RM45.6 bil Dec 2016: RM42.5 bil	Profit Before Tax +3.6%  9M 2017: RM1.96 bil 9M 2016: RM1.89 bil	Net Profit to Shareholders +4.9%  9M 2017: RM1.49 bil 9M 2016: RM1.42 bil	Cost to Income Ratio +0.9%  9M 2017: 49.6% 9M 2016: 48.7%	Gross Impaired Loans Ratio -0.1%  Sep 2017: 2.3% Dec 2016: 2.4%
Shareholders' Equity +5.9%  Sep 2017: RM23.0 bil Dec 2016: RM21.7 bil	Net Assets Per Share +5.9%  Sep 2017: RM5.74 Dec 2016: RM5.42	<i>N1 Annualised</i> <i>N2 Including Regulatory Reserve</i>		Credit Charge Ratio ^{N1} +0.01%  9M 2017: 0.26% 9M 2016: 0.25%	Loan Loss Coverage Ratio ^{N2} +18.9%  Sep 2017: 93.6% Dec 2016: 74.7%

Y-o-Y profits underpinned by higher fund based income and lower impairment; Profit for Q-o-Q flat, impacted by impairment losses

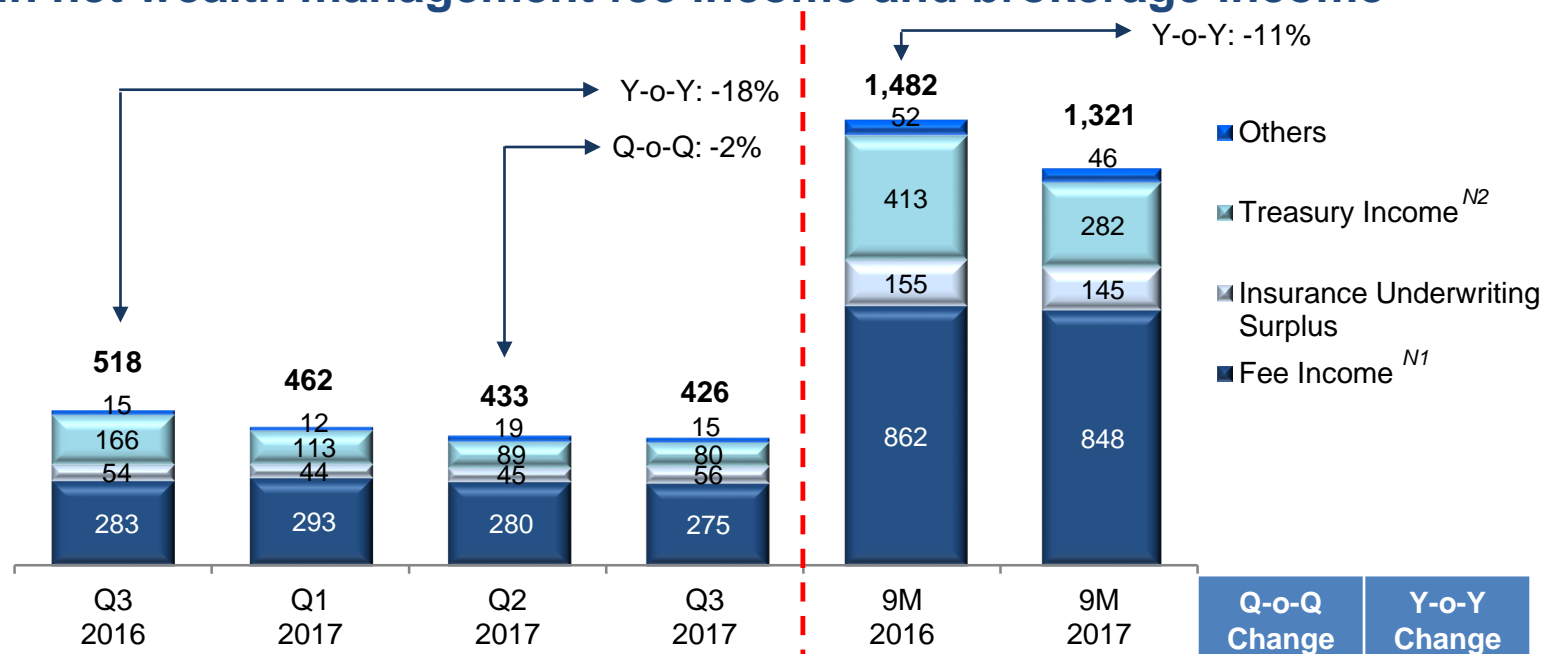
	Q3 2017	Q2 2017	Q3 2016	Q-o-Q Change %	Y-o-Y Change %	9M 2017	9M 2016	Y-o-Y Change %
RM'mil								
Net Interest Income	893	886	849	1	5	2,630	2,593	1
Net Islamic Fund Base Income	266	260	212	2	25	768	637	21
Total Net Fund Based Income (A)	1,159	1,146	1,061	1	9	3,398	3,230	5
Other Operating Income	415	397	496	5	-16	1,260	1,414	-11
Islamic Non-Fund Based Income	11	36	22	-70	-50	61	68	-11
Total Non Fund Based Income (B)	426	433	518	-2	-18	1,321	1,482	-11
Total Income (A+B)	1,585	1,579	1,579	-	-	4,719	4,712	-
Operating Expenses	-794	-784	-776	1	2	-2,339	-2,293	2
Operating Profit Before Allowances	791	795	803	-1	-1	2,380	2,419	-2
Allowances for Loan Impairment	-148	-33	-146	>100	1	-313	-286	9
Impairment Losses Made on Other Assets	1	-108	6	-100	-92	-111	-246	-55
Pre-tax Profit	644	654	663	-2	-3	1,956	1,887	4
Net Profit	489	501	505	-2	-3	1,490	1,420	5

Net fund based income rose, supported by loans growth and margin stabilisation from more prudent funding cost management



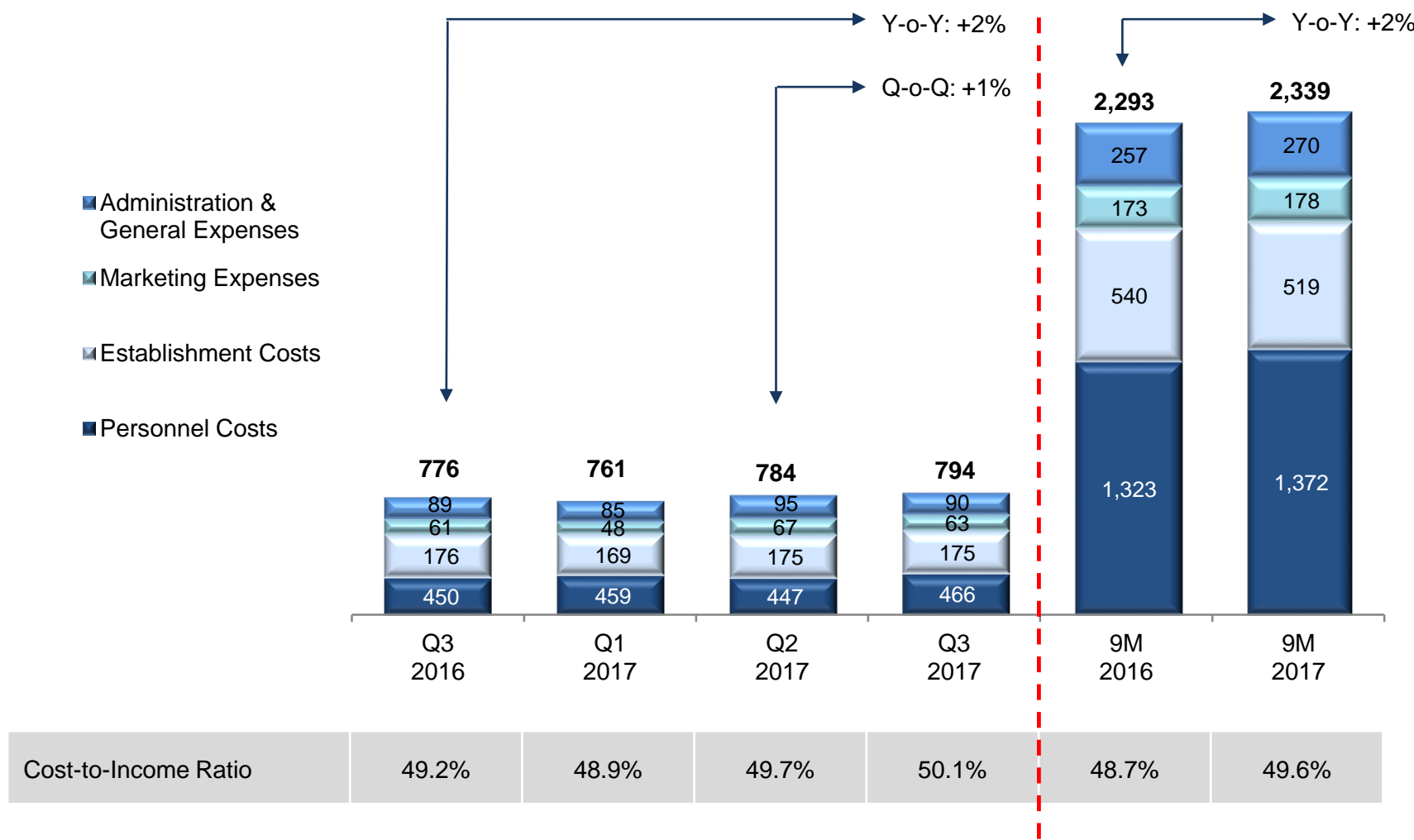
Lower non-fund based income contributed largely by lower net fx gain and fee income from loan and loan related exposure, partially offset by increases in net wealth management fee income and brokerage income

RM'mil



	Q3 2016	Q1 2017	Q2 2017	Q3 2017	9M 2016	9M 2017	Q-o-Q Change	Y-o-Y Change
^{N1} Fee Income	283	293	280	275	862	848	-2%	-2%
IB Related	48	35	34	24	137	93	-31%	-33%
Brokerage Income	75	92	81	76	222	249	-6%	12%
Wealth Management	34	38	37	37	89	112	-	27%
Commercial Banking	126	128	128	138	414	394	8%	-5%
^{N2} Treasury Income	166	113	89	80	413	282	-10%	-32%
Net Forex Gain	75	54	59	38	228	151	-36%	-34%
Gain & MTM on Securities/Derivatives	91	59	30	42	185	131	41%	-29%

Operating expenses well-contained, up 1% Q-o-Q and 2% Y-o-Y; increase is from higher personnel cost and IT-related expenses as the Group continued to invest into technology infrastructure and capabilities

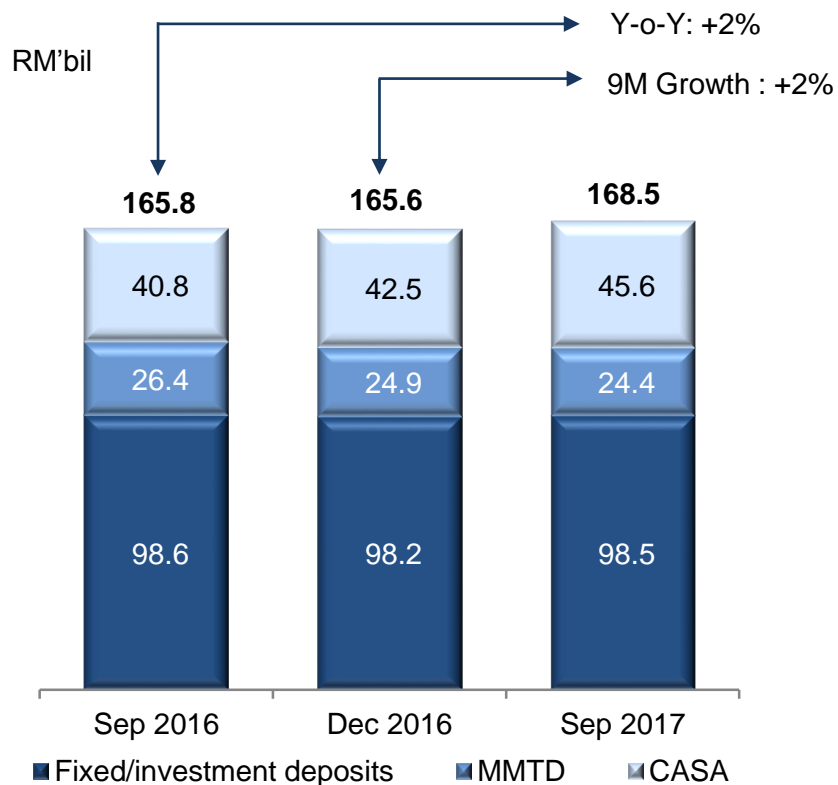


Loans growth driven by mortgage and SME, partly offset by corporate repayments and tightening of credit underwriting in Singapore

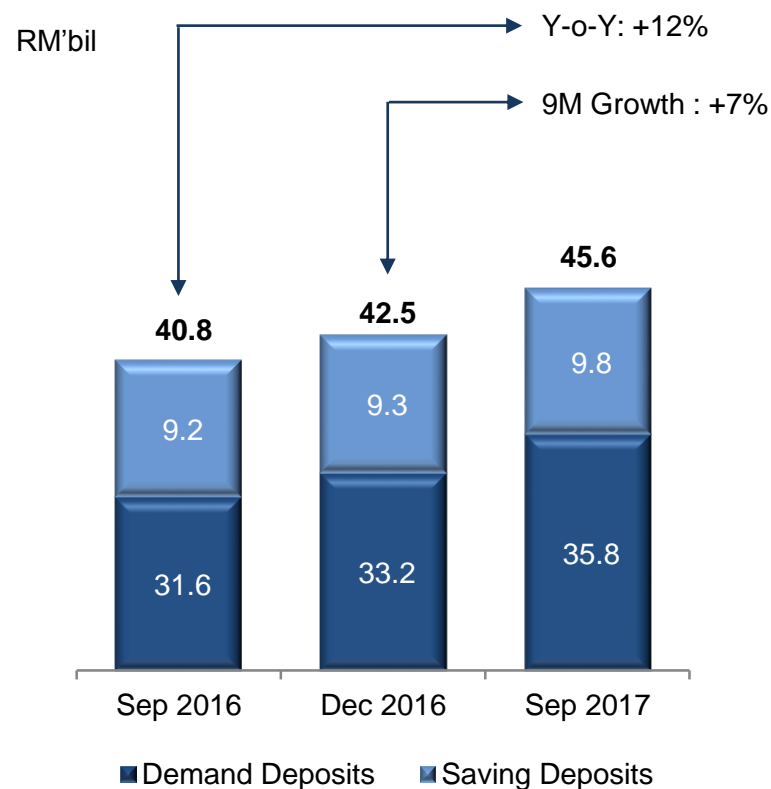
RM'mil	Sep 2017	Jun 2017	Q-o-Q Change %	Dec 2016	YTD Change %
GROUP RETAIL	73,608	71,725	3	70,138	5
<i>Mortgage</i>	44,987	43,372	4	40,509	11
<i>Commercial Property Financing</i>	4,626	4,605	-	4,550	2
<i>Securities</i>	7,752	7,774	-	8,952	-13
<i>Auto Finance</i>	8,028	8,070	-1	8,504	-6
<i>Unsecured Business</i>	7,446	7,103	5	6,793	10
<i>Others</i>	769	801	-4	830	-7
GROUP BUSINESS BANKING	23,448	22,933	2	22,013	7
<i>SME</i>	21,440	20,933	2	20,097	7
<i>Commercial</i>	2,008	2,000	-	1,916	5
GROUP WHOLESALE BANKING	45,189	45,412	-	45,471	-1
TOTAL RHB DOMESTIC	142,245	140,070	2	137,622	3
OVERSEAS OPERATIONS	15,779	16,503	-4	16,847	-6
<i>Singapore</i>	11,909	12,586	-5	13,026	-9
<i>Others</i>	3,870	3,917	-1	3,821	1
TOTAL RHB GROUP	158,024	156,573	1	154,469	2

Healthy deposits growth to support liquidity and ensure ample funding for business growth

Customer Deposits



CASA



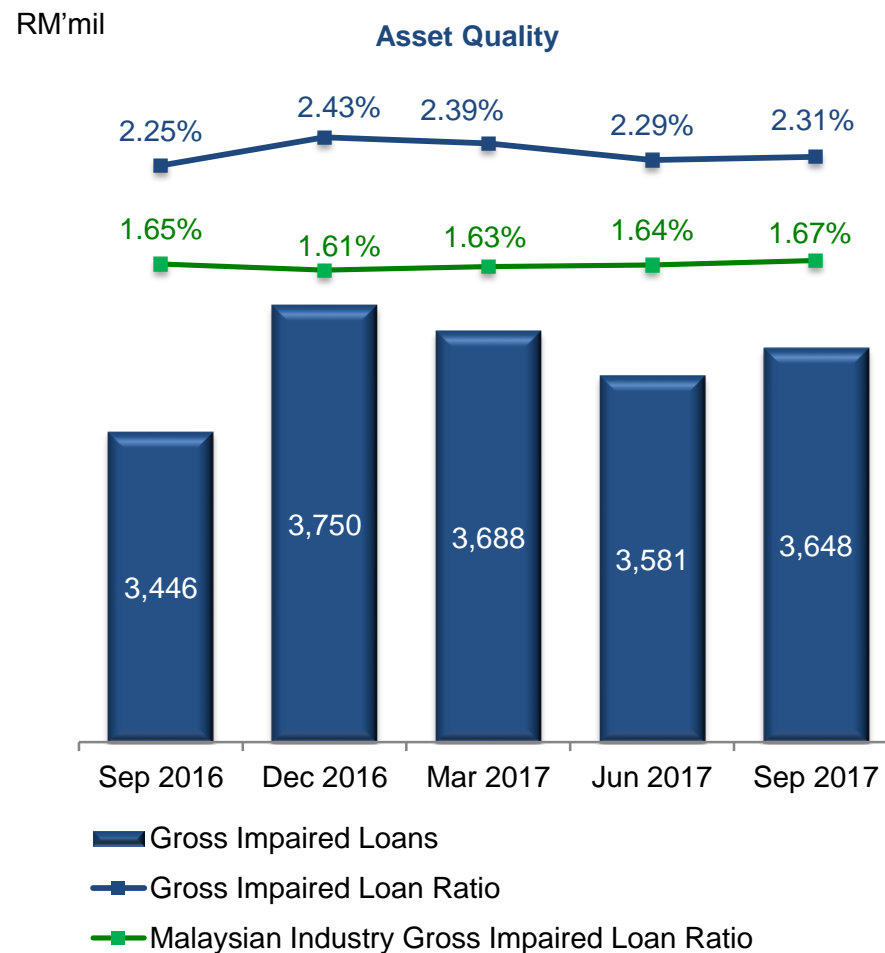
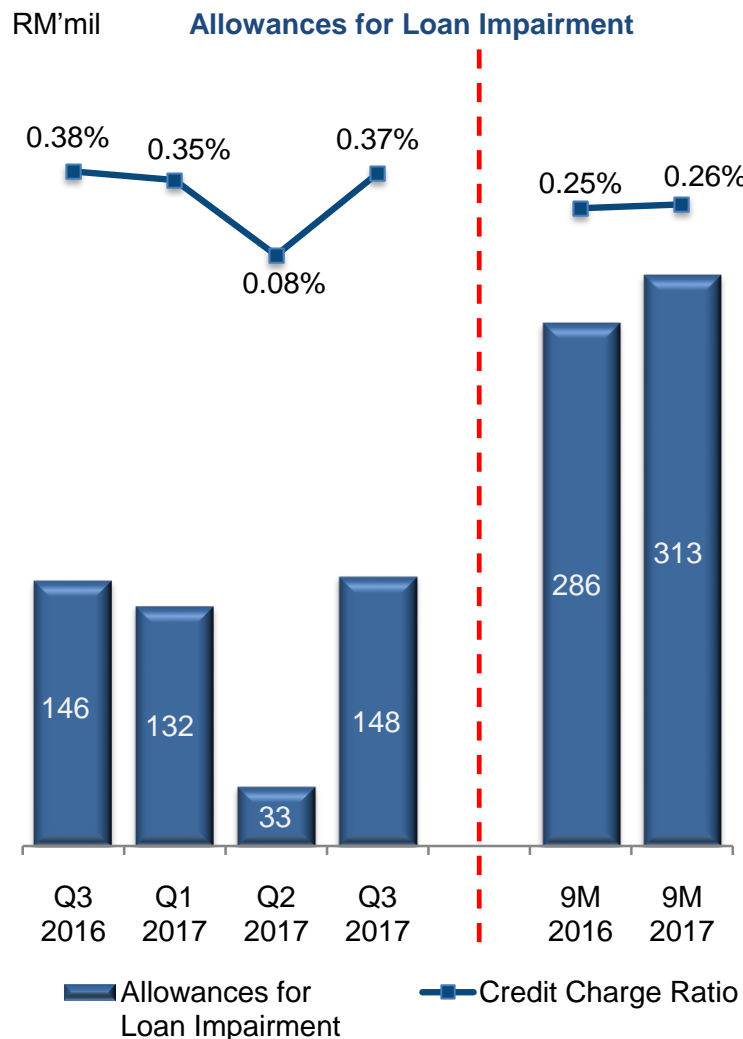
Composition

24.6%

25.6%

27.1%

Asset quality actively managed; improving loan loss coverage with additional top-up in regulatory reserve



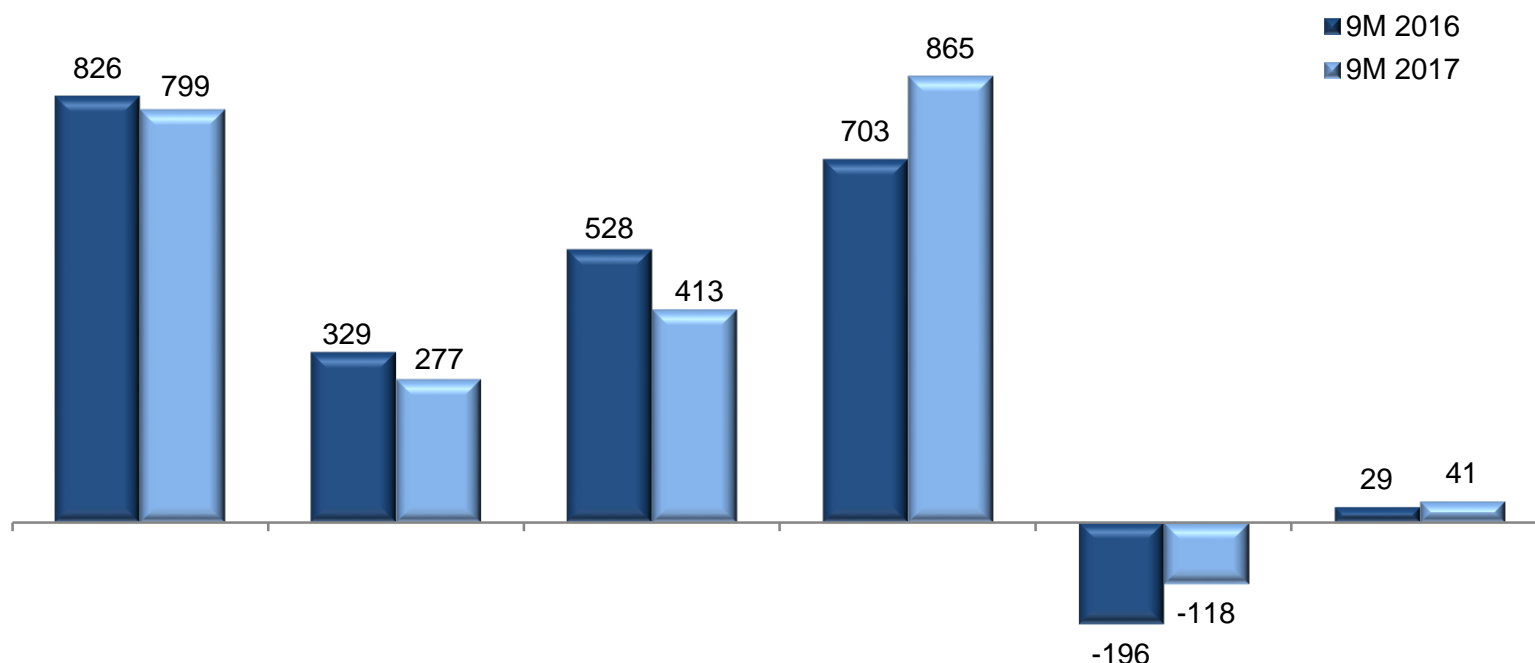
Loan Loss Coverage ^{N1}	74.7%	74.7%	77.8%	81.4%	93.6%
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N1: Inclusive of 1.2% regulatory reserve

Treasury recorded better profitability while margin compression affected Retail; Higher loan impairment allowances resulted in lower profit at CBIB and BBG; Singapore impacted largely by impairments in oil and gas sector

RM' mil

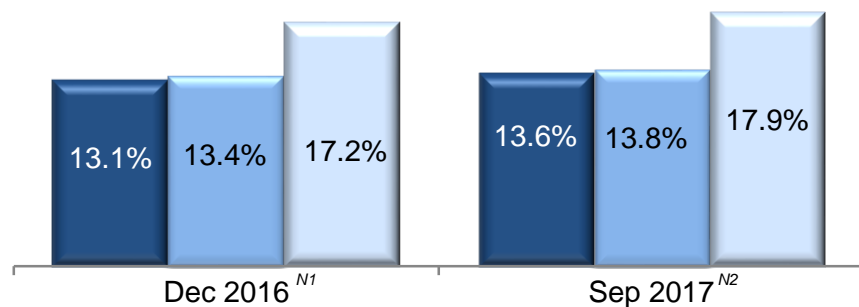
Pre-tax Profit



Business Unit	Retail	BBG	Wholesale Banking		GIB	
			CBIB	Treasury	Singapore	Others
Y-o-Y Growth	↓ 3%	↓ 16%	↓ 22%	↑ 23%	↑ 40%	↑ 40%

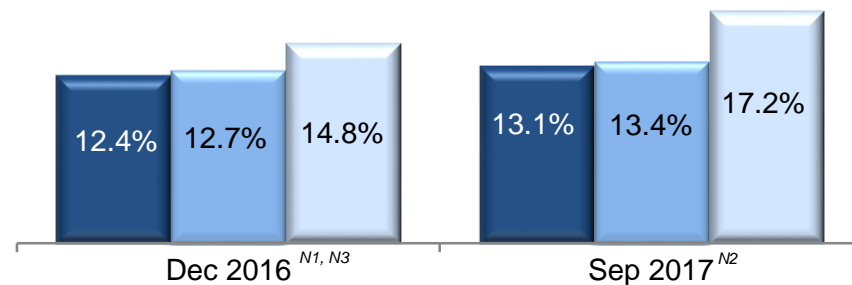
Capital adequacy of Group and key banking subsidiaries remain strong

RHB Bank Group

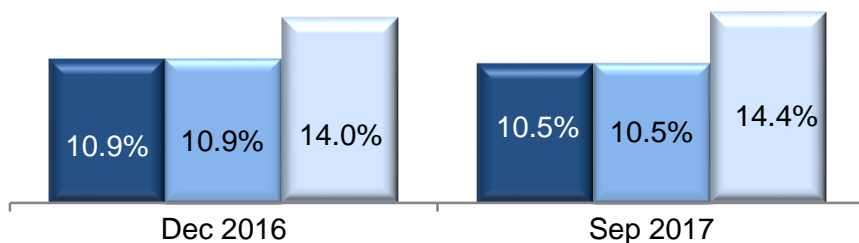


N1 Ratios are after FY2016 final dividend
 N2 Ratios are after FY2017 interim dividend
 N3 Restated

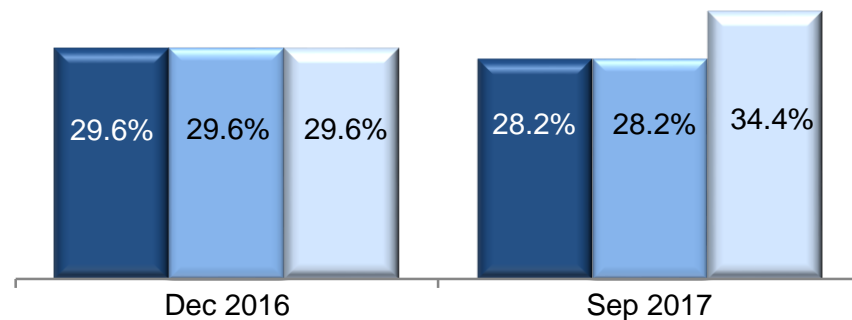
RHB Bank



RHB Islamic Bank



RHB Investment Bank



■ CET 1 Capital ■ Tier 1 Capital ■ Total Capital

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Key updates on the progress of IGNITE 2017 (1/3)

Initiative	Objective / Target	Achievement
Affluent segment strategy	<ul style="list-style-type: none"> • Relaunch Premier Banking with enhanced value proposition, services and offerings • Expand and capture affluent customer base, particularly SME owners & Corporate C-suites 	<ul style="list-style-type: none"> ◆ Since the launch of the new Premier Banking value proposition in July 2016: <ul style="list-style-type: none"> – Affluent AUM grew by 23.4% from RM 26.2 billion to RM 32.3 billion – Premier Banking customer base grew by 56% to 43k with SME owners making up 35% of the total Premier Banking base – Average productivity 39% above FY2017 target
Mass Affluent segment strategy	<ul style="list-style-type: none"> • Expand segment base and increase profitability • Become the customer's main transaction bank 	<ul style="list-style-type: none"> ◆ Increase the Mass Affluent customer base by 4.8% from Dec 2016 with a 4.0% CASA growth YTD Sep 2017 ◆ Smart Account was launched in Mar 2017 and successfully attracted digital savvy banking customers (14,782 active Smart Accounts as at 30 Sep 2017) <ul style="list-style-type: none"> – Average CASA balance is 2.5 times higher than the non-Smart Account CASA base
Asset Management strategy	Scale up AUM growth through expansion of agency sales team and Group-wide collaboration	<ul style="list-style-type: none"> ◆ AUM from funds distributed through the agency channel grew by 36% to RM 1.5 billion while AUM from funds distributed through RHB Banking Group grew by 28% to RM 1.7 billion YTD Sep 2017
SME growth strategy	Capture SME's end-to-end value chain by creating an integrated ecosystem	<ul style="list-style-type: none"> ◆ SME loan growth 3.3% vs. industry of 4.4% YTD Sep 2017 ◆ SME market share showed a slight drop to 8.7% as at Sep 2017 from 8.8% in 2016 ◆ RHB Cash Management (Reflex) registered a y-o-y subscriber growth of 16.2% with average current balance y-o-y growth of 12.8% as at Sep 2017 ◆ Approved facilities amounting to RM110.5 mil under Financial Supply Chain (FSC) financing YTD Sep 2017

Key updates on the progress of IGNITE 2017 (2/3)

Initiative	Objective / Target	Achievement
Digital and payments 	Build and develop a digital ecosystem to cater to our customers' lifestyle needs	<ul style="list-style-type: none"> ♦ Ecosystem partnership with RinggitPlus for personal loan origination via chatbot in Oct 2017  ♦ Launched various initiatives to improve customer experience : <ul style="list-style-type: none">  RHB MyHome (First in Market Digital Mortgage App) in Oct 2017  Launched RHB Banking at Your Doorstep (First in Industry) in Oct 2017  Launched RHB iSMART in Oct 2017 - a digital tool to empower and increase productivity among sales team

Key updates on the progress of IGNITE 2017 (3/3)

Initiative	Objective / Target	Achievement
CIB growth strategy	Boost returns via reinforcement of Client Coverage Model	♦ Increased product holding ratio for domestic top corporates to 5.29 as at Sep 2017 from 4.56 in Dec 2016 through refined client coverage model
DCM	<div>  <p>Sarawak Energy Berhad RM5.5 bil Debt Restructuring Exercise <i>Joint Transaction Advisers</i></p> </div> <div>  <p>Lembaga Pembiayaan Perumahan Sektor Awam (LPPSA) RM3.5 bil sukuk issuance out of RM25.0 bil Sukuk Murabahah Programme <i>Joint Lead Arranger & Joint Lead Manager</i></p> </div> <div>  <p>GovCo Holdings Berhad RM1.2 bil sukuk issuance out of RM8.8 bil Sukuk Murabahah Programme <i>Joint Lead Arranger & Joint Lead Manager</i></p> </div>	
ECM	<div>  <p>Malaysian Resources Corporation Berhad RM1.7 bil Rights Issue <i>Sole Principal Adviser, Sole Managing Underwriter & Joint Underwriter</i></p> </div> <div>  <p>Advancecon Holdings Berhad RM77.0 mil Main Market IPO <i>Sole Principal Adviser & Sole Placement Agent</i></p> </div> <div>  <p>Mudajaya Group Berhad RM61.0 mil Private Placement <i>Sole Principal Adviser & Sole Placement Agent</i></p> </div>	
M&A	<div>  <p>Sarawak Energy Berhad RM81.0 bil Acquisition of equity interest in Sarawak Hidro Sdn Bhd by the Sarawak State Government <i>Sole Principal Adviser</i></p> </div> <div>  <p>Sunway REIT RM340.0 mil Acquisition of Sunway Clio Property by Sunway Forum Hotel Sdn Bhd <i>Sole Principal Adviser</i></p> </div>	

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Economic Outlook

- ◆ Malaysia's real GDP recorded a strong growth of 6.2% Y-o-Y in 3Q17 and is forecast to grow 5.6% in 2017, up from 4.2% recorded in 2016:
 - Continued strength in exports
 - Increase in domestic demand underpinned by investment spending
- ◆ Interest rate expected to be stable, with OPR forecast to remain at 3.0% for the year
 - Expected interest hike next year
- ◆ Malaysian banking sector is expected to see modest growth, with lending momentum to improve in the last quarter
- ◆ Rising pressure on funding cost may weigh on banks' performance

Concluding Remarks

- ◆ The Group continues to achieve consecutive quarters of sustained profitability
- ◆ Loans growth picked up in Q3 2017
- ◆ Combined with our prudent management of funding cost, net interest margin has been holding up over the last three quarters
- ◆ Notwithstanding challenges in asset quality, our earnings and performance demonstrated our ability to capture opportunities across our businesses and effectively keeping a firm grip on costs
- ◆ Our mortgages, SME and Islamic banking portfolios have maintained their strong performance
- ◆ As we move towards the close of the year, we see stronger pipeline in our core businesses, and our balance sheet, liquidity and capital remain strong
- ◆ The Group will continue to focus on selective areas of growth while also effectively managing asset quality and enhancing productivity
- ◆ The Group expects to deliver a better performance this year compared to 2016

THANK YOU

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TOGETHER WE PROGRESS



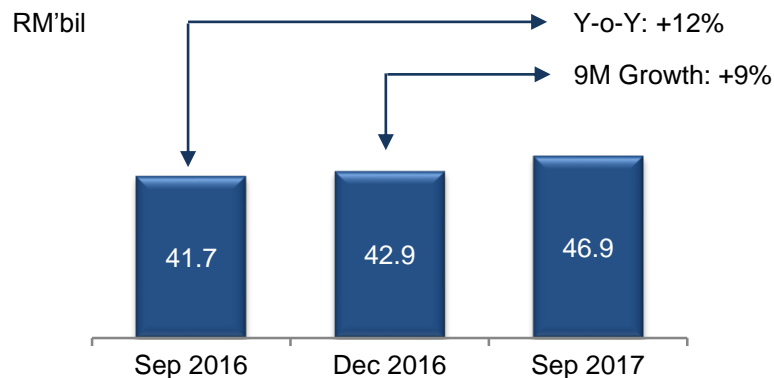
APPENDIX

Key Business Highlights



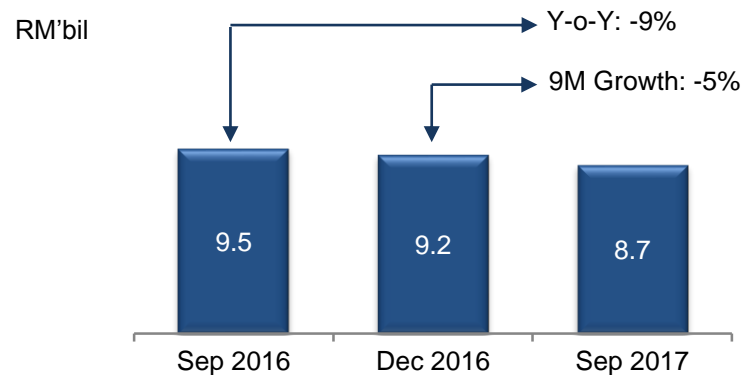
Retail Banking

Mortgage



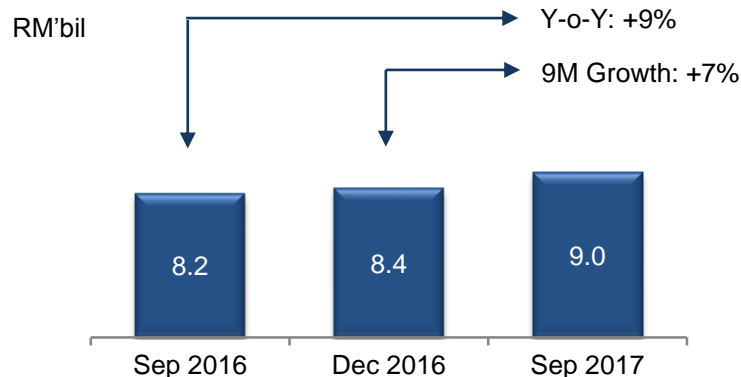
Market Share	8.5%	8.6%	8.9%
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Auto Finance



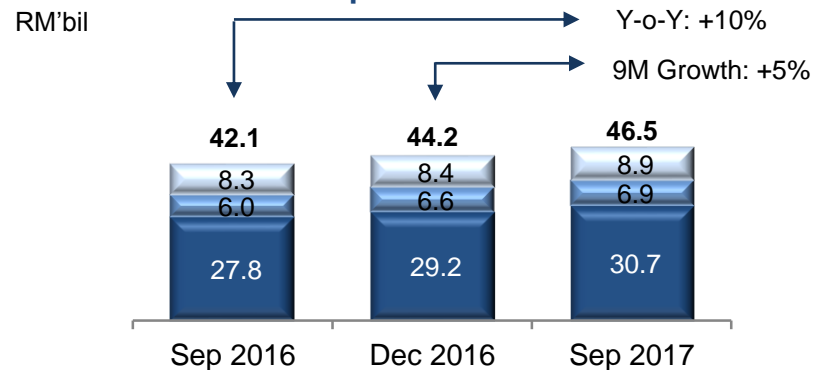
Market Share	5.7%	5.5%	5.1%
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Personal Use



Market Share	9.1%	9.2%	10.1%
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Deposits



Market Share	6.6%	6.8%	7.0%
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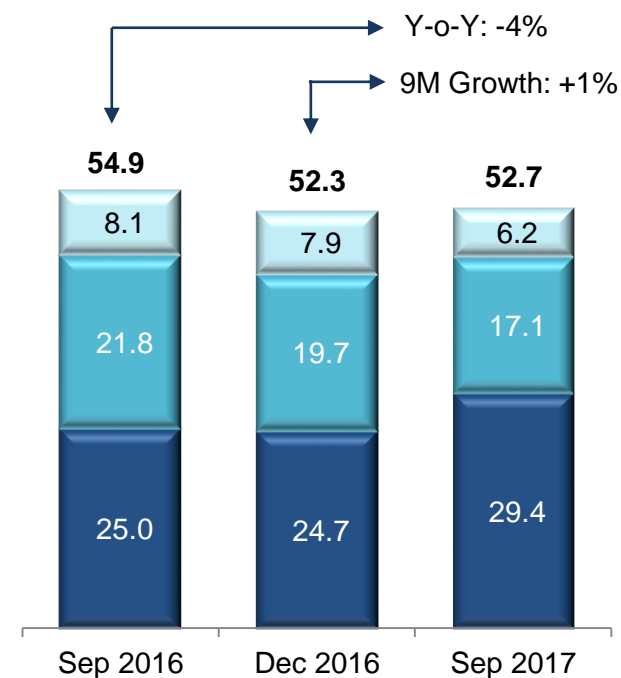
■ Fixed Deposits ■ Demand Deposits ■ Savings Deposits

Investment Banking – Market Positions & Asset Management

	YTD Sep 2017	
	Market Share	Ranking
Equity: - By value - By volume	8.5% 12.3%	5 th 3 rd
Debt Capital Markets: - MYR sukuk - Total MYR bonds (Conventional & Islamic bonds)	13.3% 12.4%	4 th 4 th
Mergers & Acquisitions: - by value - by deal count	13.7% 9 deals	3 rd 4 th
Equity Capital Markets	7.3%	4 th

RM'bil

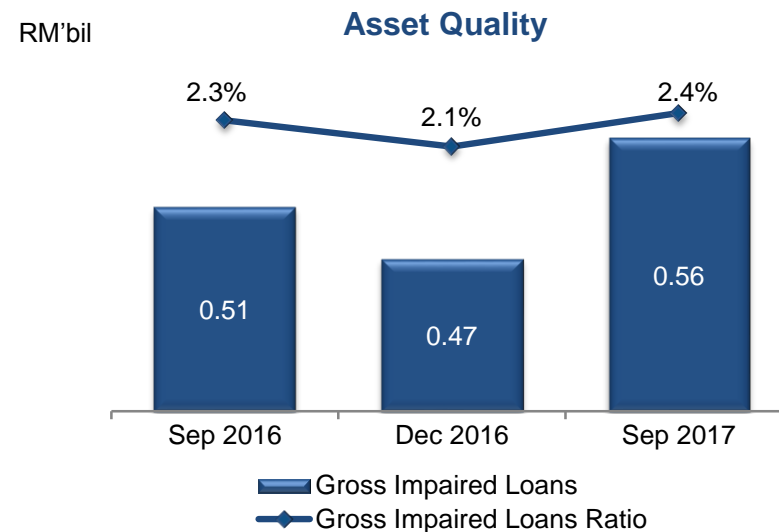
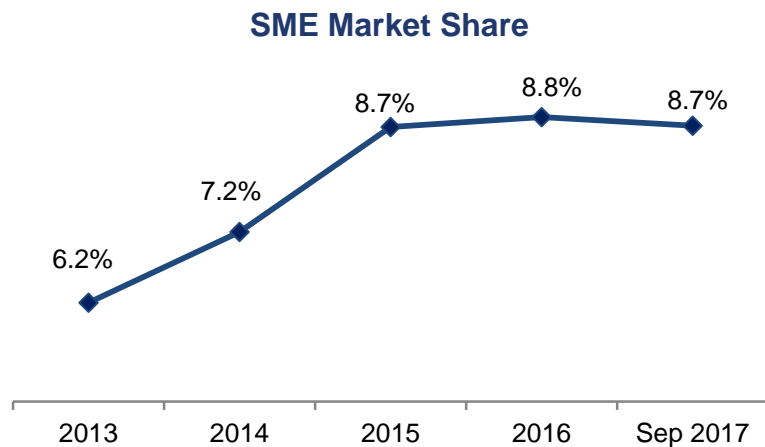
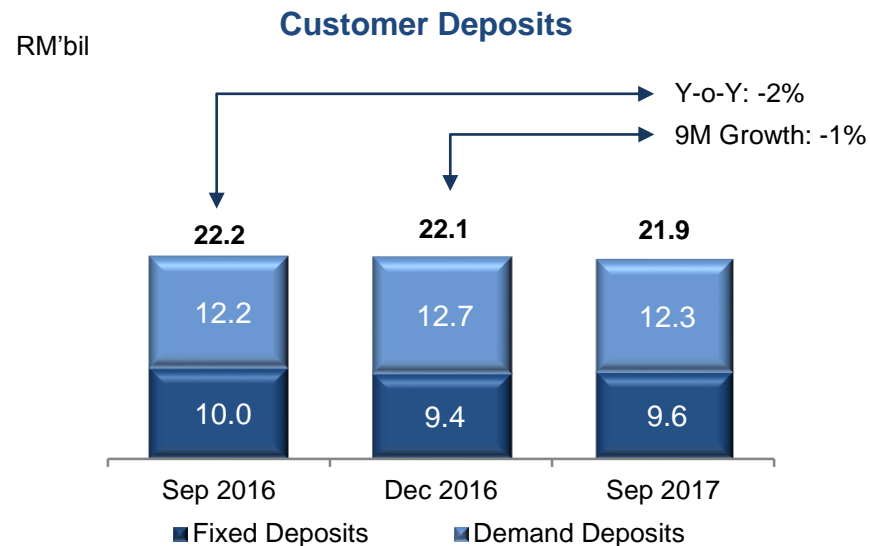
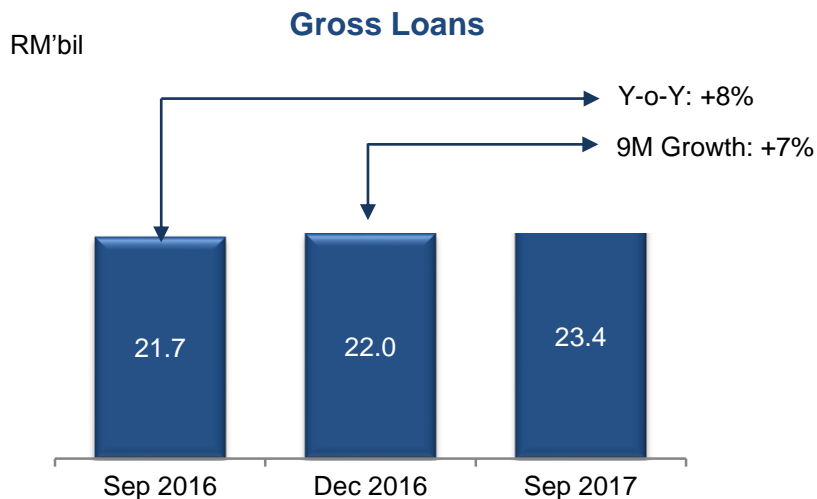
Asset Under Management



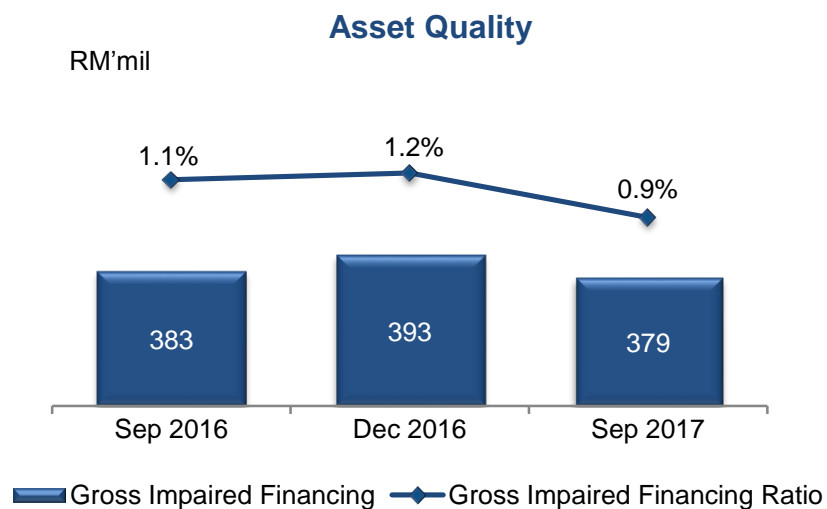
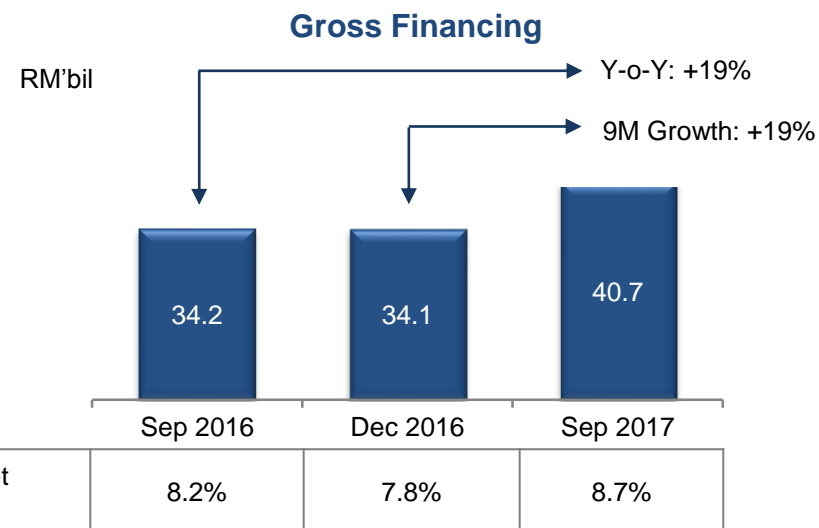
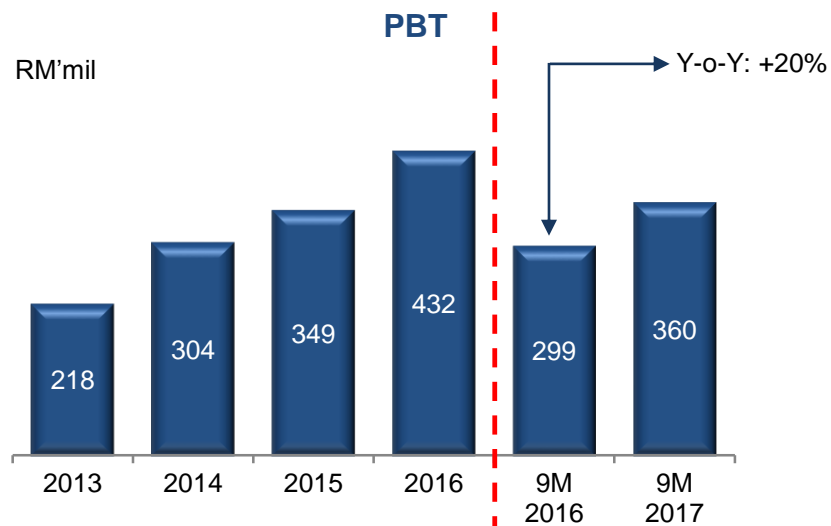
Domestic Retail Market Share	12.2%	12.1%	12.3%
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■ Overseas ■ Wholesale ■ Retail

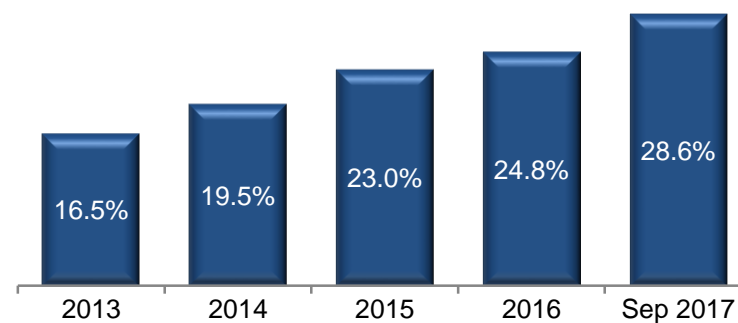
Business Banking



Islamic Banking



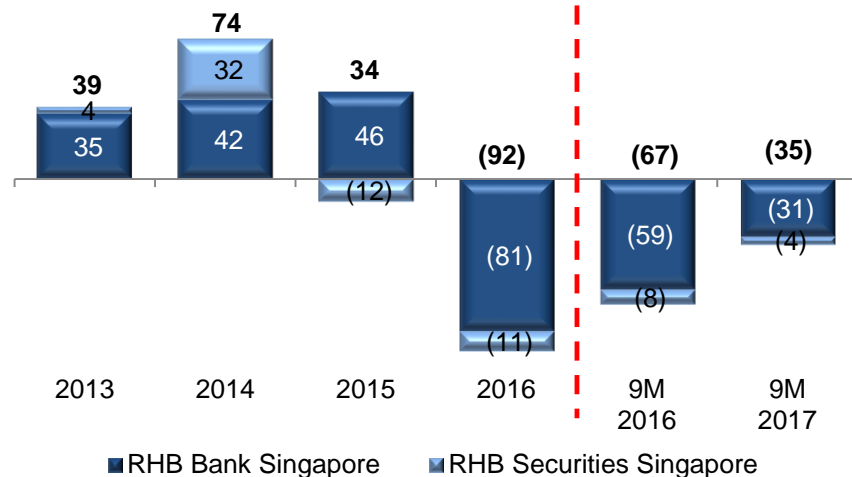
Gross Financing/ Total Gross Financing (Domestic)



RHB Singapore

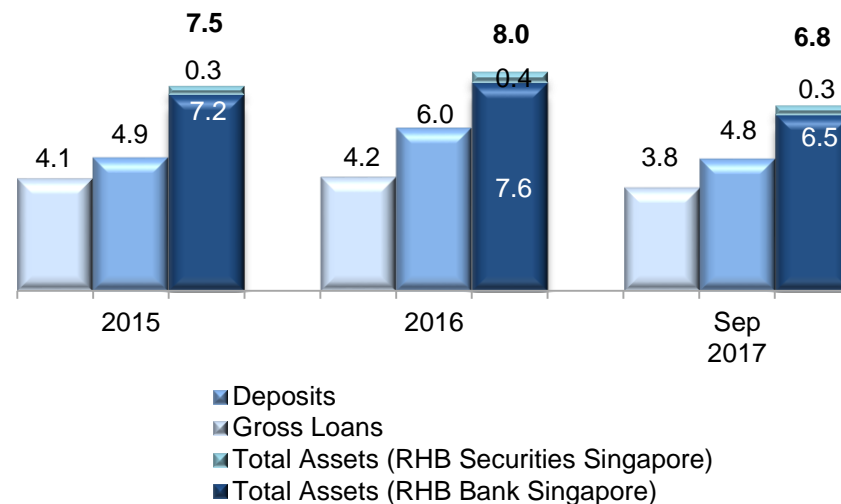
SGD'mil

PBT

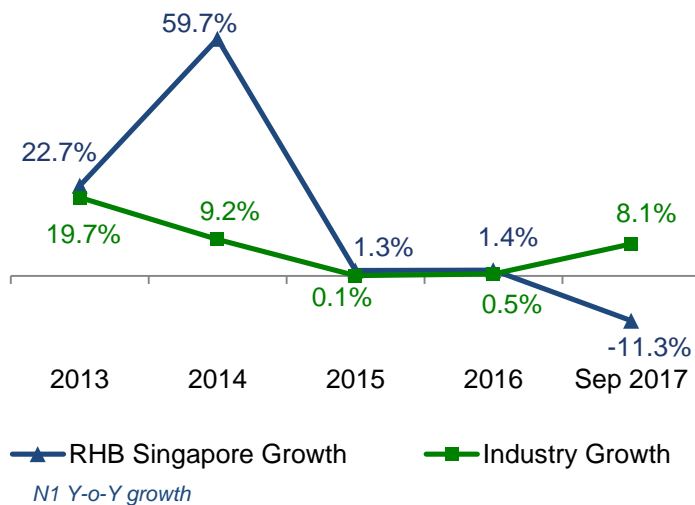


Loans, Deposits & Total Assets

SGD'bil



Loans Growth^{N1}



Deposits Growth^{N1}

