

RHB BANK BERHAD

57th ANNUAL GENERAL MEETING

Mohd Rashid Mohamad
10th May 2023



Agenda

1. **Key Highlights**
2. **FY2022 Performance Review**
3. **Strategy Update**
4. **Community Engagement Initiatives Update**
5. **Customer Experience (CX) Update**
6. **Summary & Outlook**



Key Highlights

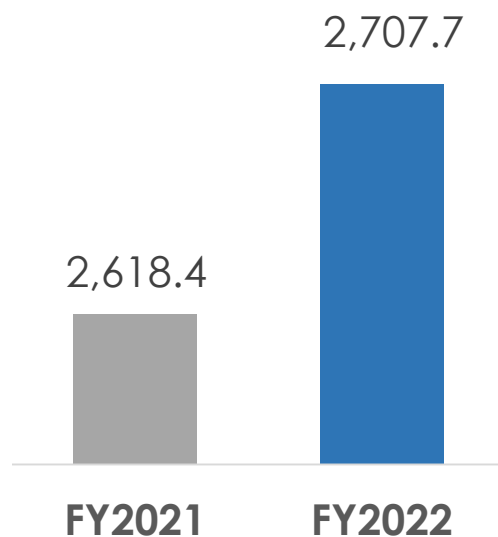
Highlights of FY2022

Achieved a record high net profit
of RM2.71 billion, up 3.4% YoY

Net Profit

▲ +3.4%

RM million



FY2022 Key Highlights



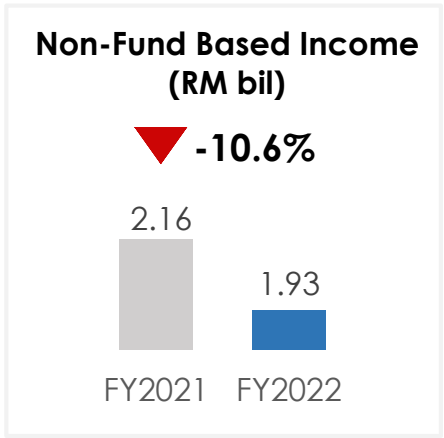
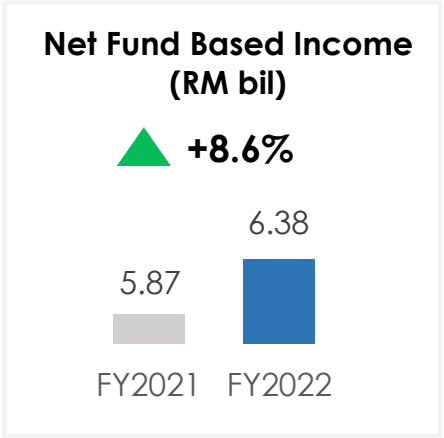
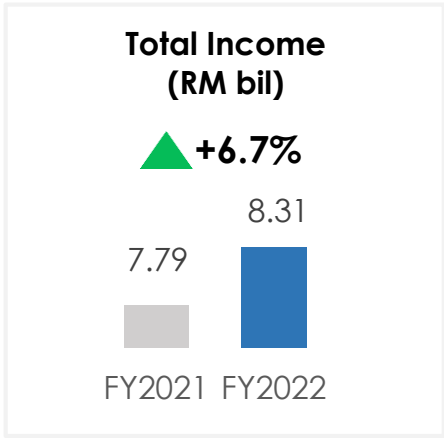
- ROE at 9.7%
- **Maintained sound fundamentals** with strong capital and liquidity levels
- FY2022 dividend amounts to **40 sen per share with payout ratio of 62.5%**
- Sustained ESG momentum – mobilised **more than RM12 billion in Sustainable Financial Services** as at end-December 2022
- Improved customer experience – achieved an **all-time high Net Promoter Score (NPS) of 12+ and 3rd ranking** in the Malaysian banking industry – a first for RHB
- Won **Silver Award** in Banking, Investment, and Insurance at the **Putra Brand Awards 2022**
- **Credit Rating Upgrades:**
 - **RAM Ratings** - Rating upgrade from AA2 to AA1
 - **Moody's Investors Service** - Baseline Credit Assessment upgrade from baa2 to baa1



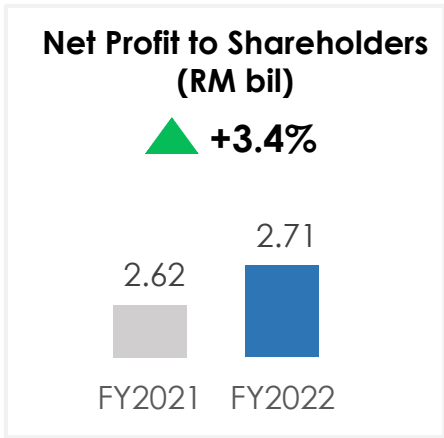
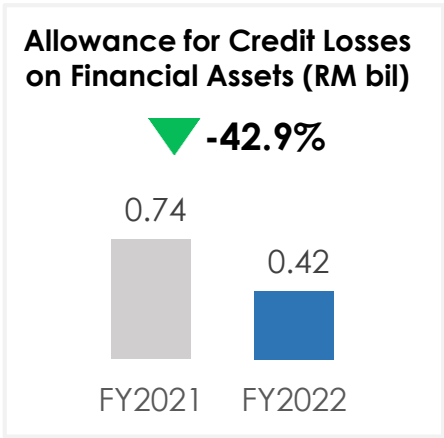
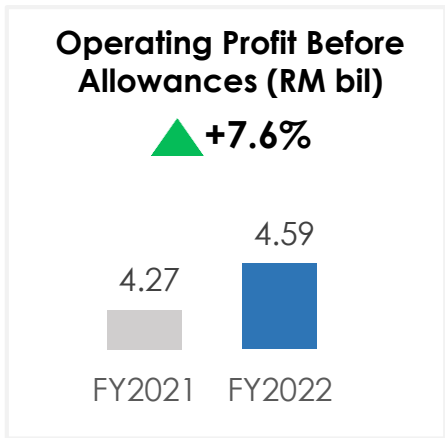
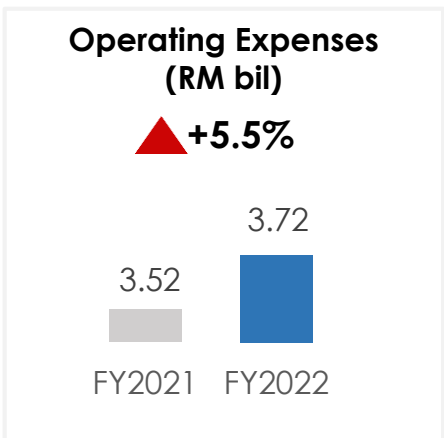
FY2022 Performance Review

RHB delivered a resilient FY2022 performance supported by higher net fund based income and lower ECL

1 Improvement on Income

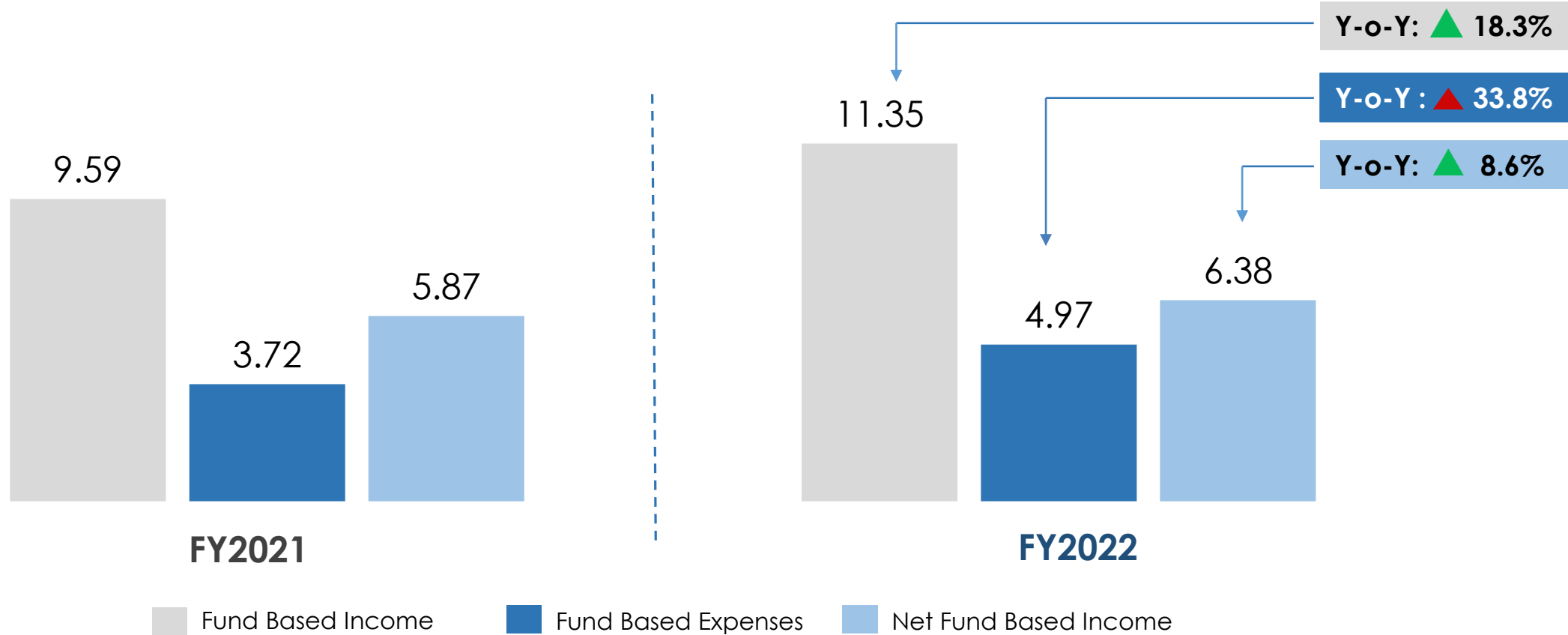


2 Better Return to Shareholders



3 Net Fund Based Income

RM' bil



NIM :

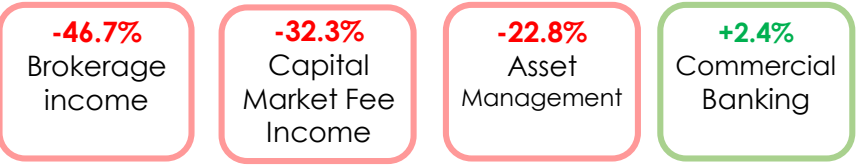


Non-fund based income impacted by lower fee income, insurance underwriting surplus and net trading and investment income; However, customers fee related income grew 7.7% Y-o-Y

4 Non-Fund Based Income

+7.7% growth in customers fee related income*

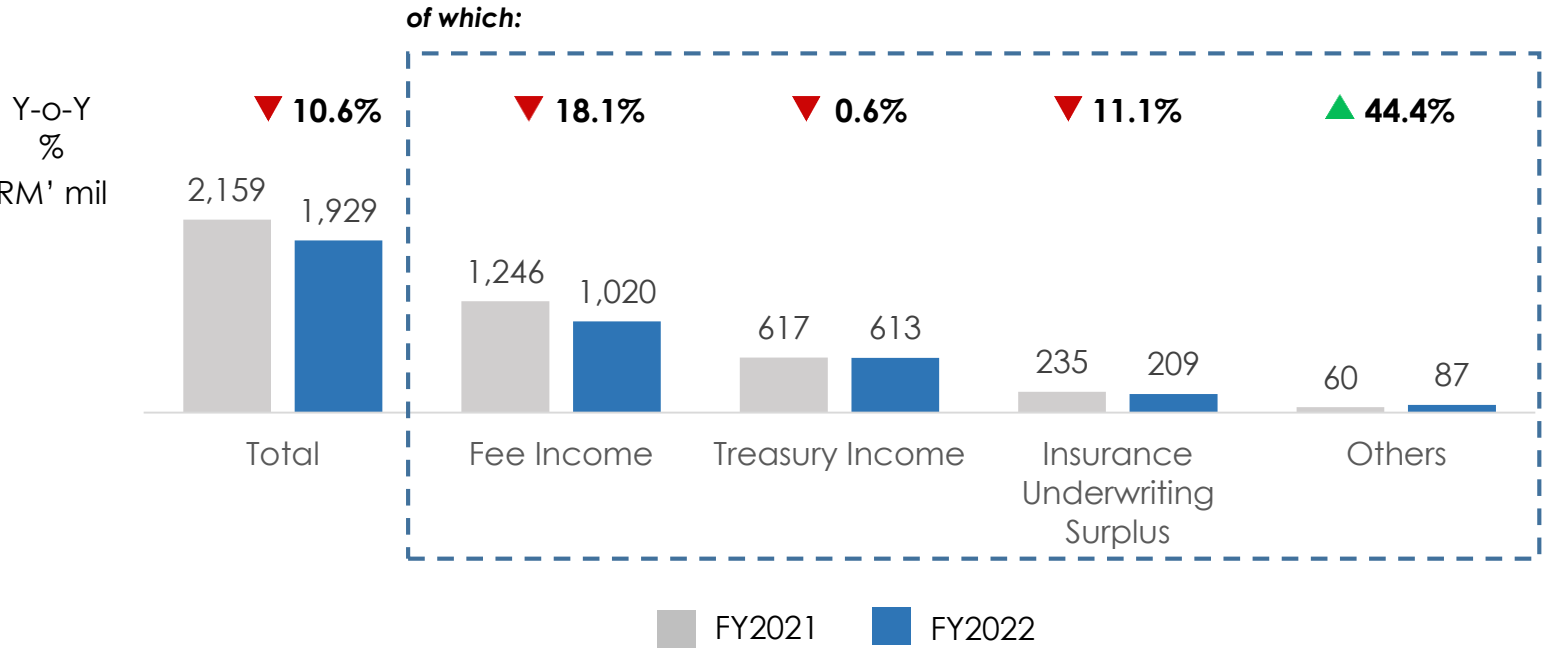
-18.1% decline in Total Fee Income Y-o-Y, of which:



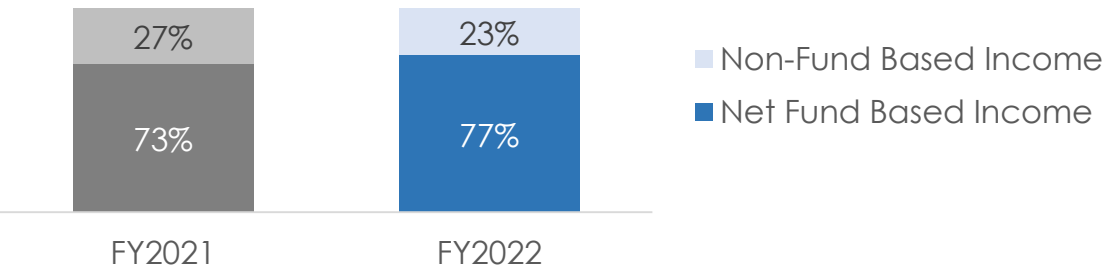
-0.6% decline in Treasury related income Y-o-Y, of which:



* Customers fee related income refers to total non-fund based income excluding gain & MTM on securities

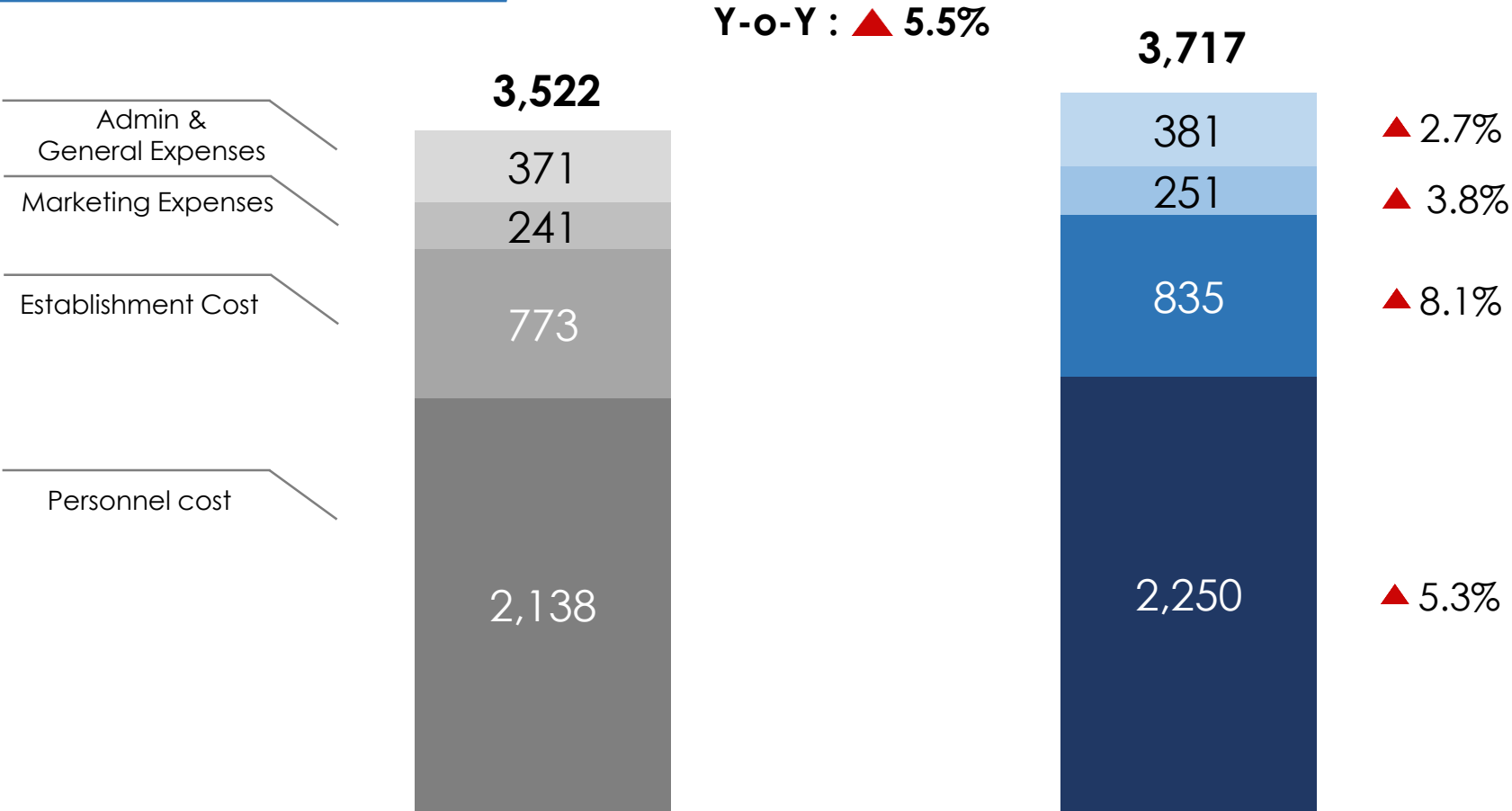


Percentage of Total Income (excluding ML)



5 Cost Management

RM' mil

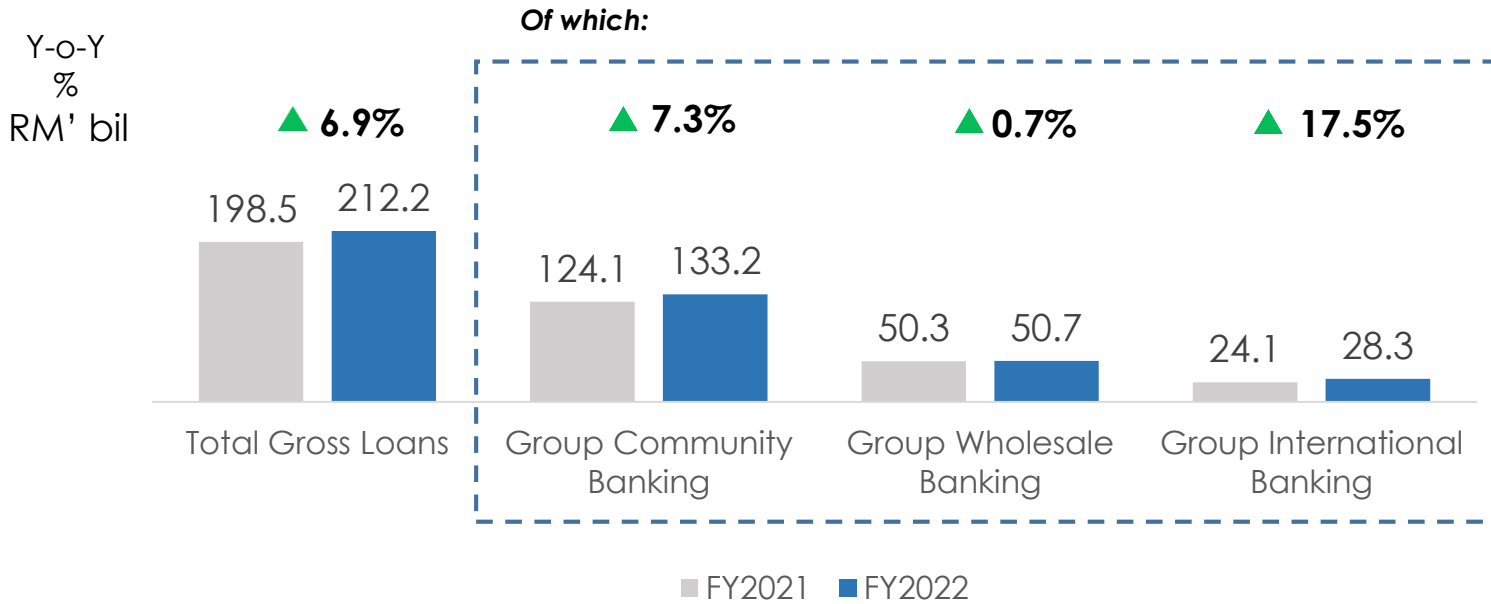


Cost-to-Income Ratio

45.2%

44.7%

6 Growth in Gross Loans



6.9% growth in Total Gross Loans Y-o-Y;

Of which:

5.3%
growth for
Domestic
Loans

7.3% growth in Group Community Banking Loans Y-o-Y;

Of which:

10.0%
growth for
mortgage

6.8%
growth for
auto finance

7.9%
growth for
SME

0.7% growth in Group Wholesale Banking Loans Y-o-Y;

Of which:

0.3%
growth for
Corporate

3.5%
growth for
Commercial

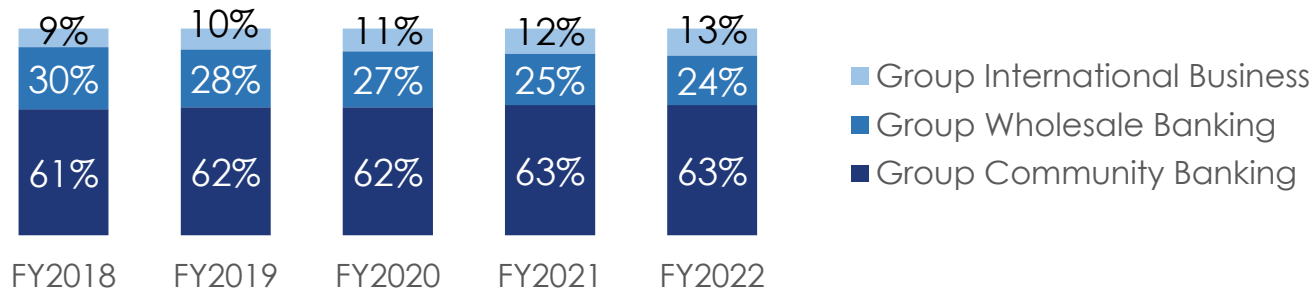
17.5% growth in Group International Business Loans Y-o-Y;

Of which:

18.7%
growth for
Singapore

17.9%
growth for
Cambodia

7 Portfolio Rebalancing Improvement

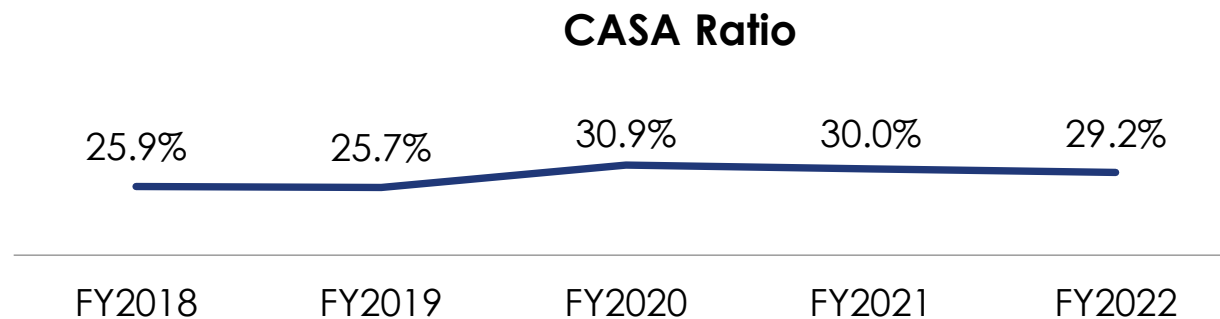


8 Growth in Deposits & Steady CASA Ratio

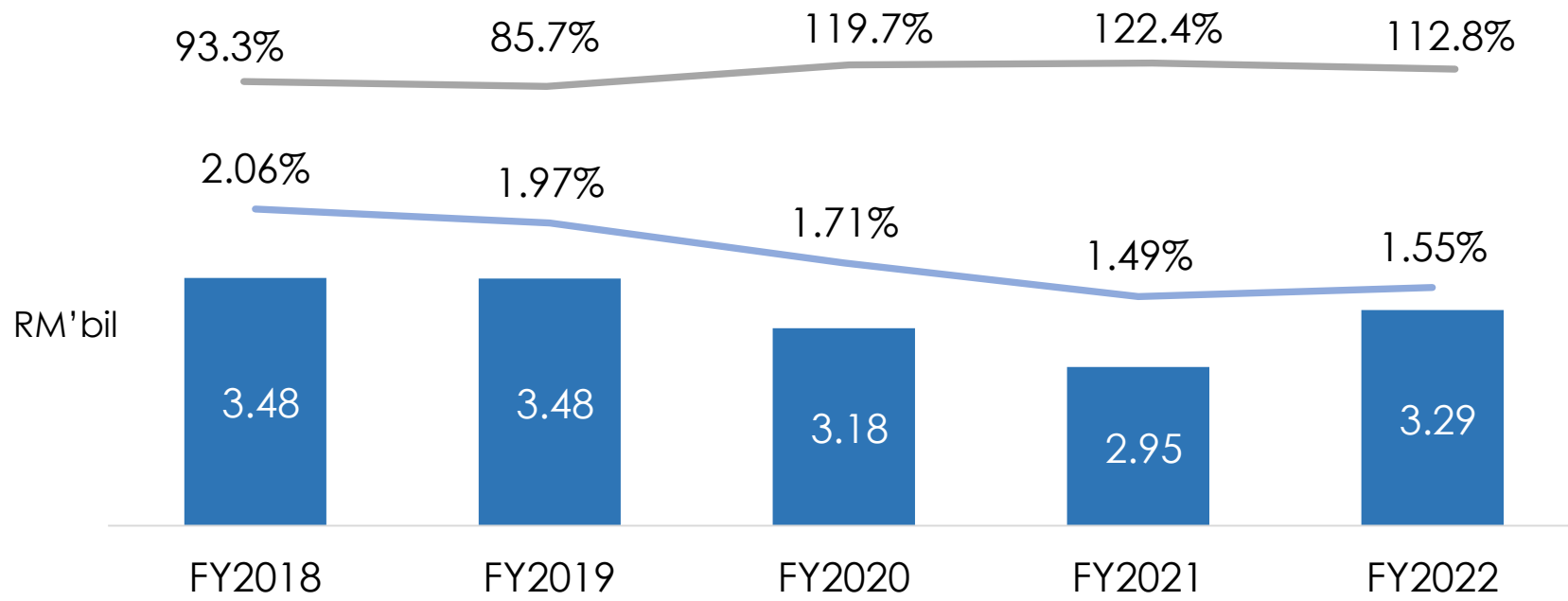
Deposits by Type (RM'bil)	FY2021	FY2022	Y-o-Y %
Fixed Deposits ^{N1}	153.1	160.7	▲ +5.0%
CASA	65.6	66.4	▲ +1.3%
Current Deposits	50.8	51.9	▲ +2.3%
Savings Deposits	14.8	14.5	▼ -2.1%
Total Deposits	218.7	227.2	▲ +3.9%
Loans to Deposits Ratio	90.8%	93.4%	+2.6%
Liquidity Coverage Ratio	155.7%	162.1%	+6.4%

RHB's CASA growth exceeded industry's growth of 0.9%

N1 Including investment deposits and MMTD



9 Improved Credit Cost & Maintained Healthy LLC



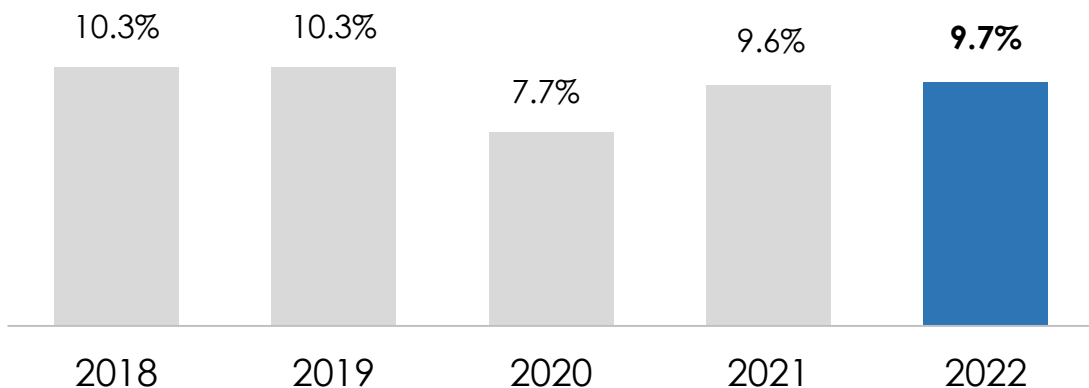
Credit Cost	FY2018	FY2019	FY2020	FY2021	FY2022
	0.19%	0.18%	0.58%	0.29%	0.15%

— Loan Loss Coverage Ratio^{N1} — Impaired Loans Ratio ■ Impaired Loans

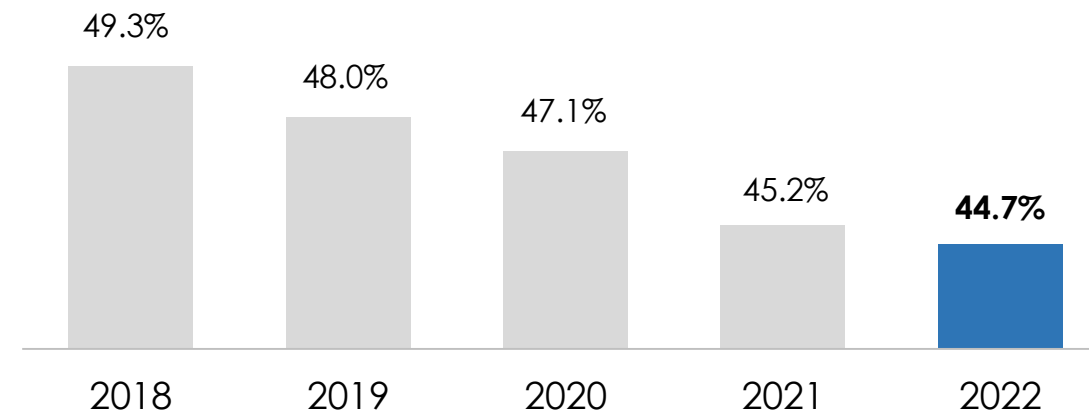
N1: Excluding regulatory reserve

10 Improved Fundamentals

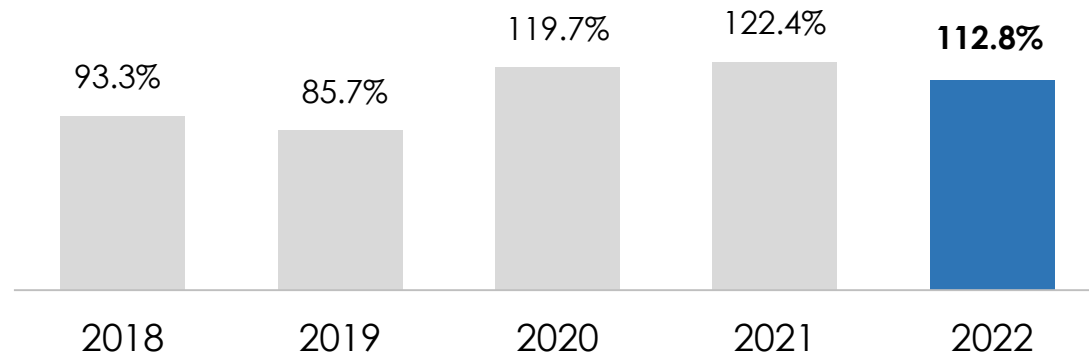
Return on Equity



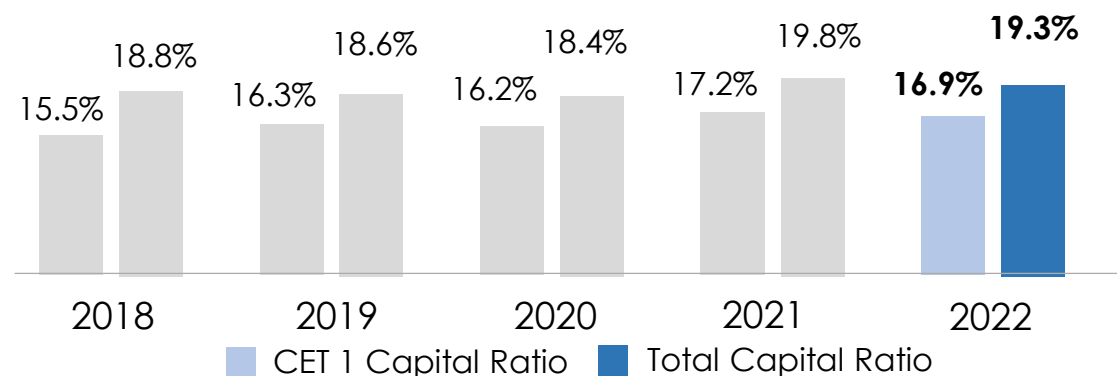
Cost-to-Income Ratio



Loan Loss Coverage^{N1}



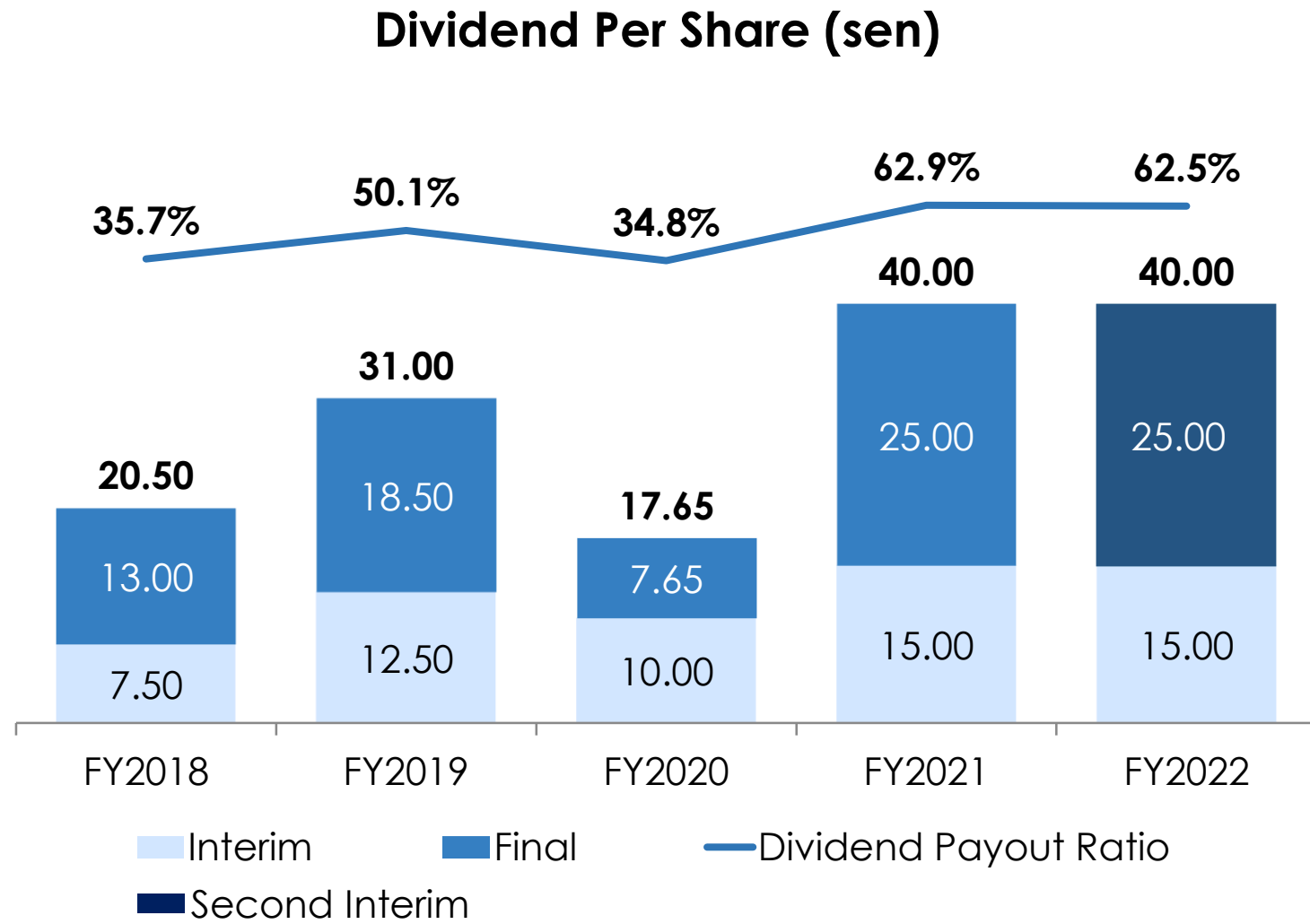
Group Capital Ratios



N1: Excluding regulatory reserve

FY2022 total dividend of 40 sen per share represents 62.5% payout ratio

The Board has declared a **second interim dividend of 25 sen per share with 20 sen cash and 5 sen subject to DRP**. Together with the first interim dividend paid, total dividend of 40 sen per share **represents 62.5% payout for FY2022**.





Strategy Update

TWP24 – Targets

Be
Everyone's
Primary Bank

- Build **deeper relationships** with our **target customers** (e.g. Affluent, Mass Affluent, SME, LC, MC)
- Embed our presence across **all financial needs** through **personalised value propositions**

Prioritise
Customer
Experience

- Deliver **market leading** and **differentiated customer experience** and service levels
- Bring together the **best digital experiences to help customers** manage their financial needs

Drive Quality
Growth

- Concentrate on **domestic** and **international growth** where we are equipped with the **'right-to-win'**
- Prioritise **sustainable growth** and continue to **enhance sustainable practices** in the near and long-term

11.5%

Return on Equity (ROE)

≤ 44.5%

Cost-to-Income Ratio (CIR)

Top-3

Net Promoter Score (NPS)
among banks in Malaysia

TWP24 – FY2022 Highlights

Be
Everyone's
Primary Bank

Prioritise
Customer
Experience

Drive Quality
Growth

+7.2% Retail Loans
vs. FY2021

+7.9% SME Loans
vs. FY2021

+10.0% Mortgage Loans
vs. FY2021

Driven by innovative solutions
e.g. buy-back scheme with IJM
and API connectivity with
EcoWorld

+12% Reflex Customers
vs. FY2021 (to 150k customers)

+10% Reflex CASA
vs. FY2021 (to RM27 bil)

**Top-3 Net Promoter
Score (NPS)**

Among banks in Malaysia,
improving from #4 in 2021

**Achieved strong digital
channel penetration**

- Online mortgage origination of ~50%, via MyHome app
- SME Online Financing balance surpassed RM1 bil

**Enhanced customers'
digital experience**

- Refreshed internet banking portal (launched in Apr)
- Launched new investment platform – MyInvest (in Nov)

**Achieved more than
RM12 bil in Sustainable
Financial Services**

Accelerating our ESG agenda
(exceeded 2022 target by 40%)

+9.2% Islamic Financing
vs. FY2021

44.6% Islamic share
of domestic financing
(FY2021: 43.0%)

+18.7% SG Loans
vs. FY2021

+17.9% KH Loans
vs. FY2021

FY2022 Achievements

9.7%*

Return on Equity (ROE)
FY2021: 9.6% | TWP24: 11.5%

*Note: Normalised ROE of 11.2% in FY2022

44.7%

Cost-to-Income Ratio (CIR)
FY2021: 45.2% | TWP24: ≤ 44.5%

Top-3

Net Promoter Score (NPS)
FY2021: #4 | TWP24: Top-3

4

**Community Engagement
Initiatives Update**



- **RHB Money Ma\$ter Programme** delivering financial literacy programmes to more than 33,000 secondary students to-date.
- **RHB X-Cel Academic Excellence** programme has benefited more than 6,000 underprivileged students from the B40 income segment across 40 schools.
- **RHB X-Cel Star** awarded 38 scholarships to underprivileged students since 2019. RM4.2 million has been allocated to support this programme.
- **RHB Touch Hearts**, employees in seven countries plan and implement community projects with more than RM2 million donations impacting more than 120,000 beneficiaries through 200 initiatives.
- **RHB #Empower** pilot programme to provide 20 young adults with mild autism digital and office skills, equipping them with skills to intern and work within or outside the Group.

RHB Banking Group has invested approximately
RM21 million in community engagement initiatives since 2018



- Provides **emerging artists** with a platform to showcase their art pieces and engage with potential buyers and collectors.
- Have showcased an artist line-up comprising of creative talents from **various backgrounds**, including differently-abled artists from the autistic, down-syndrome and visually-impaired communities.
- More than **RM120,000 of the amount generated** from the sales of the artworks was channeled to initiatives that support the B40 communities through RHB Foundation.

Achievements of Art with Heart since 2016:

119 Artists Participated | **>400 Artworks** Exhibited | 181 Artworks **Sold** | **>RM800,000** Amount **Raised**



- Launched in the 4th quarter of 2022 as a **pilot programme**, RHB #JomBiz is aimed at **helping MSMEs** to upscale and help their businesses grow so they're able to sustain and keep resilient during the challenging economic situation.
- Programme **enhances entrepreneurship** skills and improves emotional wellbeing.
- **Allowance** is provided to participants and seed funding is awarded to top participants.

Achievements of RHB #JomBiz to-date:
141 Participants **trained** | 47 Participants received **funding** | 30 **#JomBiz Bazaar** participants

Frauds and scams **are on the rise** as the **tactics** employed by scammers are becoming more **sophisticated**. RHB has created awareness through various platforms to raise public awareness on frauds and scams.

- RHB Website
- Mobile Banking & Internet Banking
- Electronic Direct Mail (EDM)
- Financial Scams Talks at Universities
- Social Media
 - RHB Facebook
 - RHB Twitter
 - RHB Foundation Instagram





**Customer Experience (CX)
Update**



Net Promoter
Score

+12

NPS Industry
Ranking

3rd

Customer Request
Fulfillment

97%

Complaints
Resolved Within 3
Days

97%

Customer Happy
With Complaints
Resolution

83%

As we work towards the next phase of growth, we are placing greater emphasis on **enhancing customer experience** as a key differentiator to further deepen penetration into targeted customer segments.

This is largely driven by the **RHB Way Service Culture**, an initiative that will drive our ambitions to be a leader in **Service Excellence** through people, process, technology, and products.

Build Leading and Next Generation Customer Experience



Enable end-to-end delivery of **TWP24** promising **Leading Customer Journeys Experience** and Hyper-Personalised Journey

1

Re-energise RHB Way Service Culture & Be Proactive to Serve

- Increase empowerment and tools available to front-liners – closely link rewards to delivery of great service
- Drive continued service culture improvement and awareness campaigns

2

Elevate Service Levels especially for TWP24 Target Segments

- Build RHB customer service that is competitive and consistent
- Deliver leading customer experience in specific areas for TWP24 target segments

3

Deliver Market Leading Service Differentiation

- Identify hyper-personalisation moments to be delivered in 2023-2024
- Drive end-to-end digital/physical service model changes to deliver identified hyper-personalisation moments



Summary & Outlook

- Malaysia economy is projected to **grow by 5.0% year-on-year in 2023**
- This is supported by **domestic demand** which is expected to remain resilient, underpinned by strong consumer spending as the labour market and wages continue to show signs of improvement
- Nevertheless, **risks to the economic growth remain**, primarily stemming from inflationary pressures and external developments such as slower global growth and prolonged geopolitical tensions
- On the banking industry, **loans are projected to expand** this year albeit at a more moderate pace
- The monetary policy remains accommodative, displayed by the **normalisation of OPR to 3.00%**
- The sector is expected to remain resilient with **healthy capital and liquidity positions**



- The Group delivered a **commendable performance for FY2022** despite continued challenges in operating environment
- The Group remains **prudent in managing asset quality** and, at the same time, committed in supporting the vulnerable borrowers get back on the recovery path
- We will continue to **intensify our efforts** in integrating ESG considerations into our business and decision making process. Key priorities for the Group moving forward:
 - Establish our **financed emissions** baseline in line with the Group's aspiration to develop a pathway to net zero by 2050
 - Advance and facilitate our customers particularly the SMEs towards **sustainable business** practices, through knowledge sharing and awareness as well as the products and services that we offer
 - Broaden our reach in empowering targeted individuals and businesses through the provision of **basic banking products and services and financial literacy** to customers and the community, particularly to the youth and the underserved.
- We are committed in our efforts to **combat fraud and scams through continuous awareness programmes** in various platforms to improve effectiveness in fighting financial crime
- The Group will stay the course on **TWP24 strategy** execution by focusing on achieving **quality growth, driving service excellence and improving efficiency**
- **Thank you shareholders for your faith and trust in us!**



THANK YOU

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