



RHB BANK BERHAD

52nd ANNUAL GENERAL MEETING

25 April 2018



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Khairussaleh Ramli
Group Managing Director
Presentation to Shareholders
25th April 2018



AGENDA

Overview

FY2017 Performance Review

Strategy Update

2018 Outlook



Highlights

- Delivered 16.0% growth in net profit for FY2017 or RM 1.95 billion on the back of higher net fund based income and lower loan loss impairment and impairment losses on other assets, while successfully reining in operating expenses
- Pleased to reward shareholders with 15 sen dividend per share or 30.8% dividend payout for the financial year
- Concluded IGNITE 2017 with significant achievements; delivering good growth and momentum in key focus areas of Affluent, SME and Asset Management, whilst maintaining leadership position in Investment Banking
- Our strong capital position, enhanced loan loss coverage and ample liquidity put us in a good position to grow sustainably and profitably
- Embarked on a new 5-year Strategy, FIT22 which is underpinned by three key strategic thrusts, namely Funding the Group Journey, Invest to Win and Transform the Organisation

AGENDA

Overview

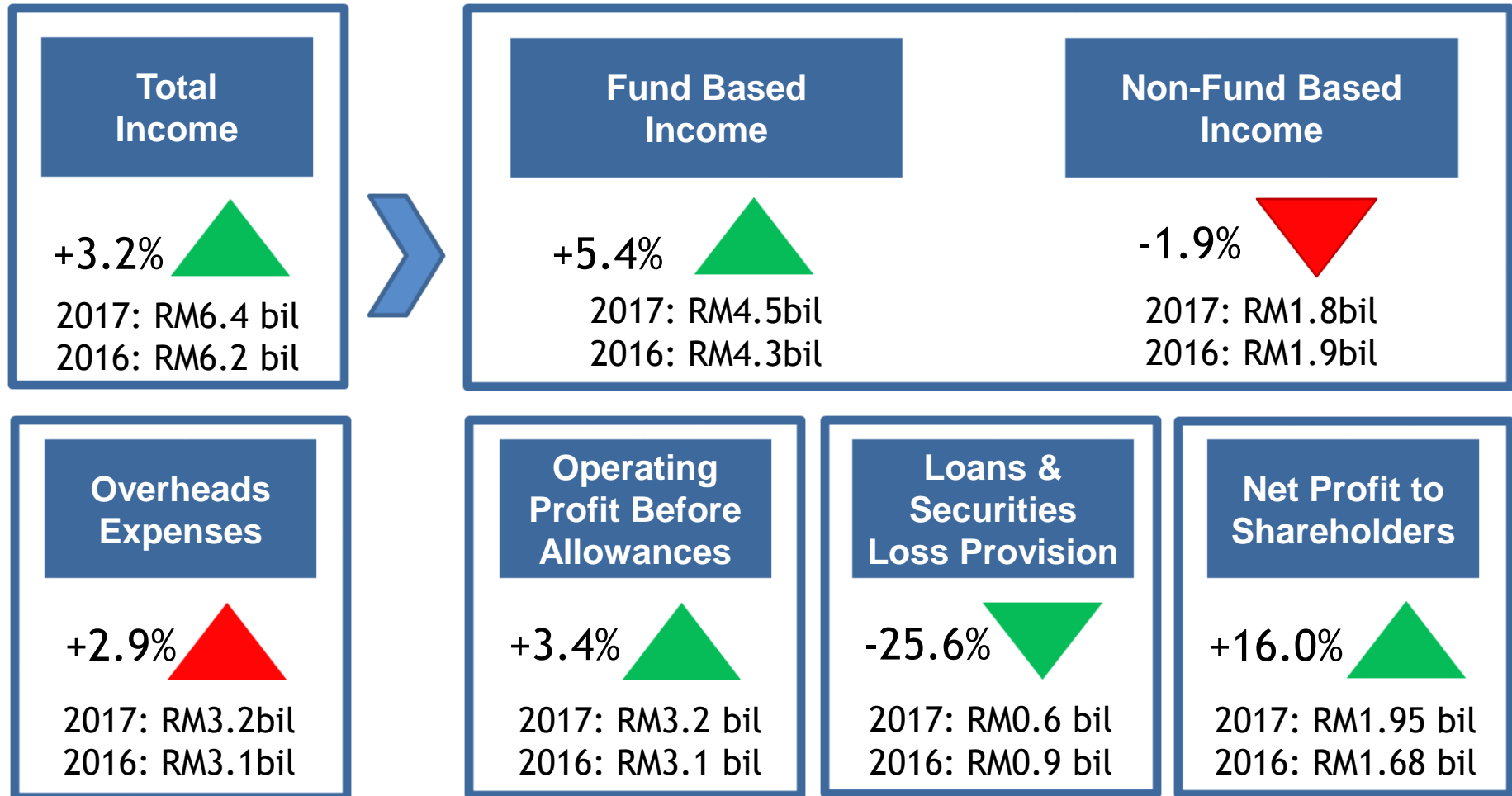
FY2017 Performance Review

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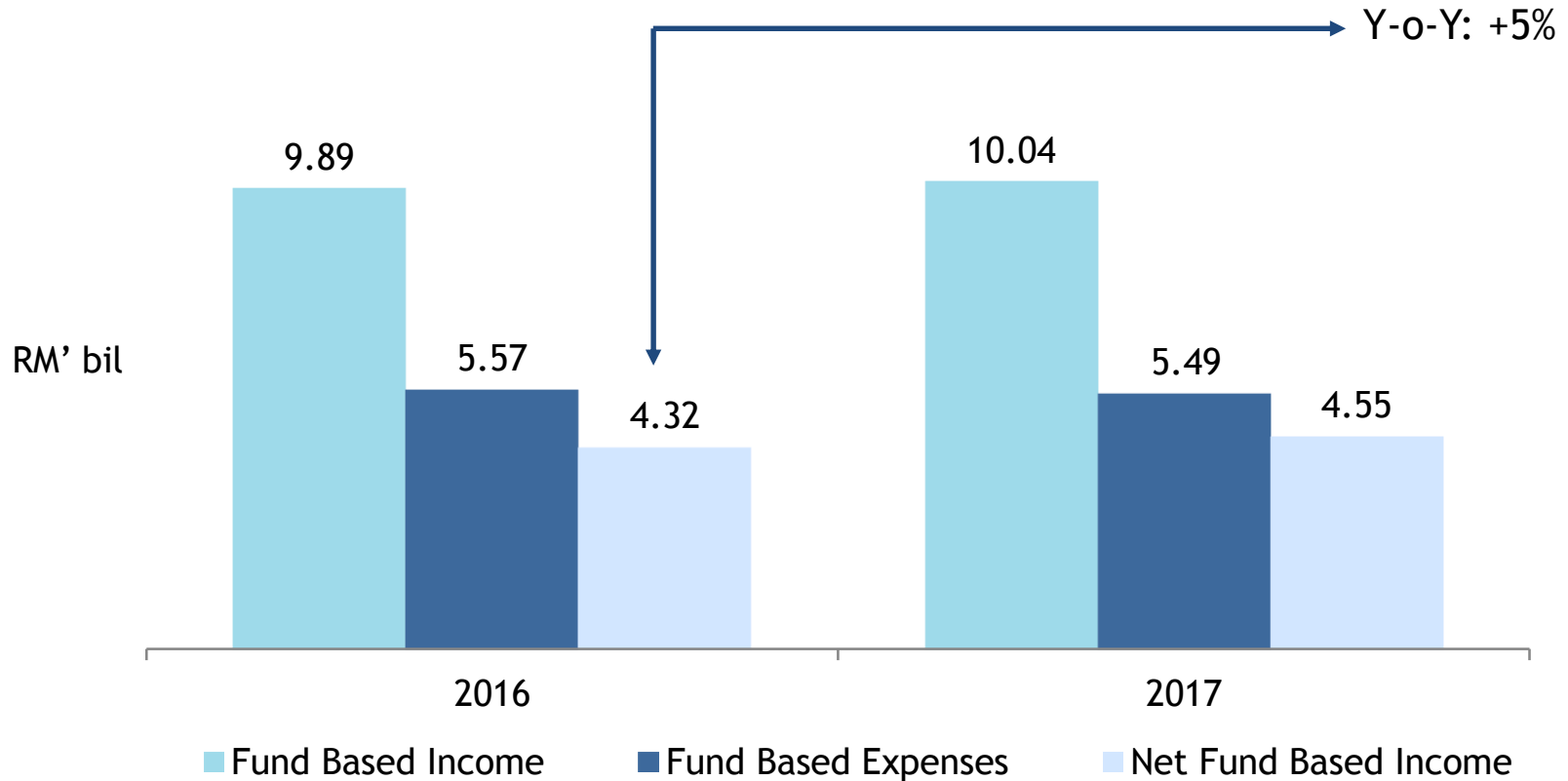
2018 Outlook



We delivered 16.0% growth in net profit for FY2017 from higher net fund based income and lower loan loss impairment and impairment losses on other assets, while closely managing overheads



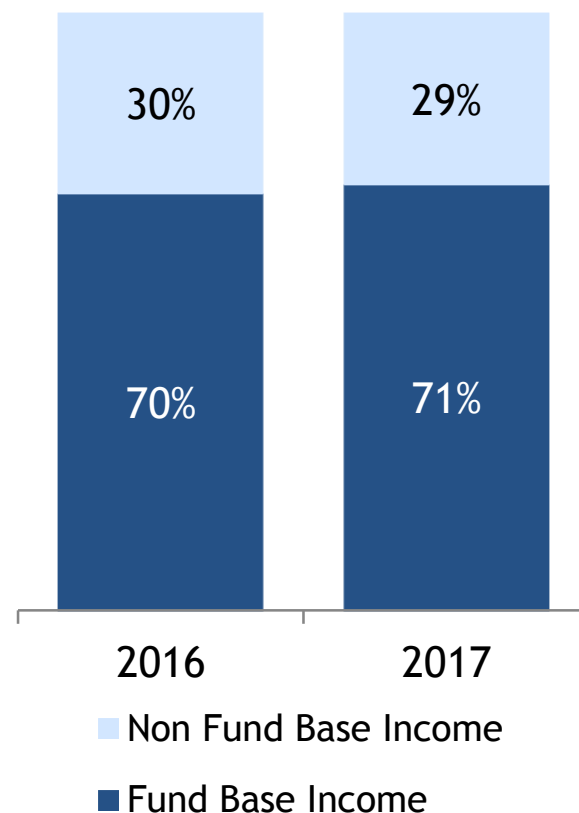
Active management of funding and liquidity resulted in solid Y-o-Y net fund based income growth and stable net interest margin (NIM)



NIM	2016	2017
	2.18%	2.18%

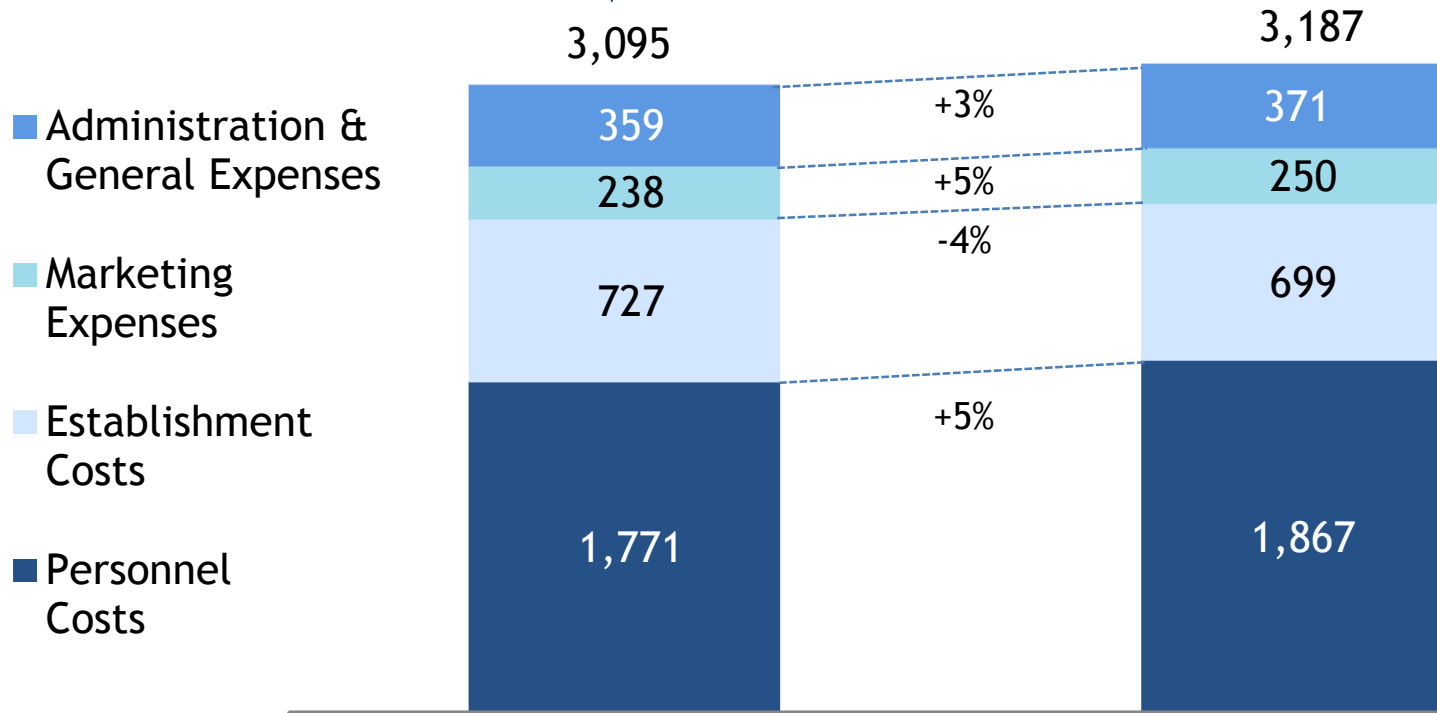
Wealth management fee income and brokerage income increased Y-o-Y, offset primarily by lower investment banking related fee income

Non Fund Based Income RM'mil	2016	2017	Y-o-Y Change
Total Fee Income (A)	1,139	1,133	-
Fee Income - Wealth Management	124	147	19%
Fee Income - Commercial Banking	547	532	-3%
Fee Income - Investment Banking Related	178	129	-27%
Fee Income - Brokerage	290	325	12%
Insurance Underwriting Surplus (B)	208	191	-8%
Treasury Income (C)	459	447	-3%
Others (D)	64	62	-3%
Total (A) + (B) + (C) + (D)	1,870	1,833	-2%



Operating expenses tightly managed; grew 2.9% from higher personnel cost and IT-related expenses in line with the Group's investments in IT and Digital Capabilities; CIR contained at <50%

RM' mil Y-o-Y: +3%



Cost to Income Ratio	50.0%	49.9%
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Loans grew 3.7% year-on-year, though Malaysia grew higher at 5.2% mainly from mortgage and SME. Portfolio re-composition strategy progressing well

Loans, Advances and Financing (RM'bil)	2016	2017	% Change	Composition	
				2014	2017
Retail Banking	70.1	76.3	+8.7%	45.1%	47.6%
<i>of Which: Mortgage</i>	40.5	46.9	+15.8%	21.0%	29.3%
Business Banking	22.0	23.9	+8.6%	12.5%	14.9%
<i>of Which: SME</i>	20.1	22.1	+10.1%	10.5%	13.8%
Wholesale Banking	45.5	44.6	-1.8%	34.1%	27.9%
Group International Business	16.8	15.3	-9.1%	8.3%	9.6%
Total Loans, Advances and Financing	154.4	160.1	+3.7%	100.0%	100.0%
<i>Of which : Domestic loan</i>	138.0	145.5	+5.2%	91.7%	90.4%

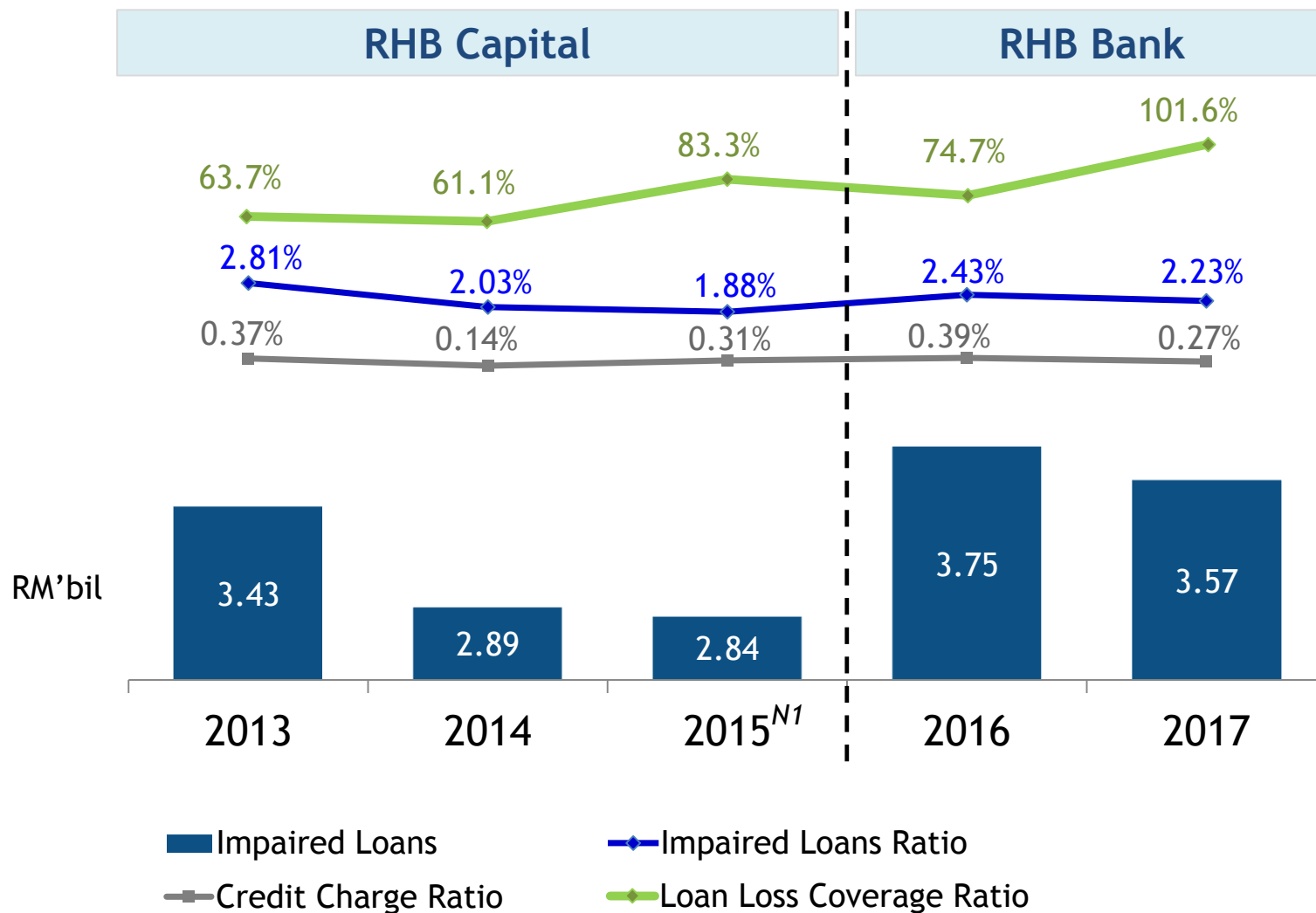
CASA grew 18.8%, boosting CASA composition from 25.6% to 30.4%. Overall deposits grew only 0.3% as we consciously released more expensive corporate deposits while ensuring strong overall liquidity

Deposits by Type (RM'bil)	2016	2017	% Change
Fixed Deposits ^{N1}	123.1	115.7	-6%
CASA	42.5	50.5	+19%
<i>Demand Deposits</i>	33.2	40.6	+22%
<i>Savings Deposits</i>	9.3	9.9	+6%
Total Deposits	165.6	166.1	+0.3%
CASA Ratio	25.6%	30.4%	+4.8%
Loan-to-deposit Ratio	93.3%	96.4%	+2.8%
Liquidity Coverage Ratio ^{N2}	107.5%	117.5%	+10.0%

N1 Including investment deposits and MMTD

N2 Bank Consolidated Level (All Currencies)

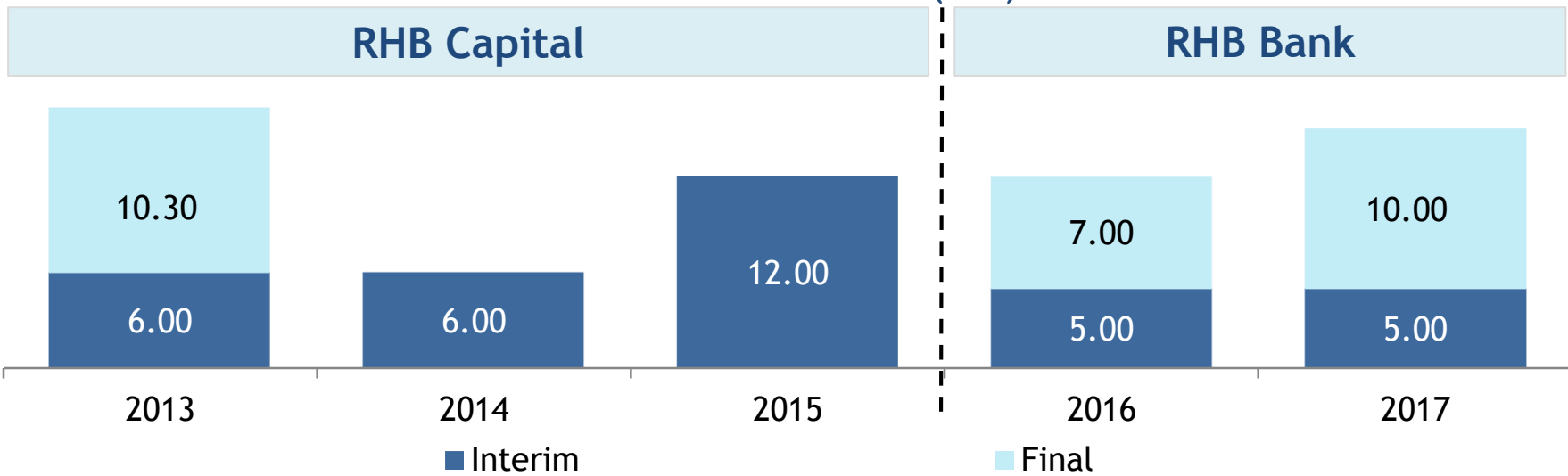
Asset quality improved from more active account management, credit charge ratio normalised and loan loss coverage boosted to >100%



N1 Excluded write-back from refinement performed on mortgage portfolio of RM131 million

The Board has proposed a final cash dividend of 10 sen per share, for a total dividend of 15 sen per share translating into 31% payout

Dividend Per Share (sen)



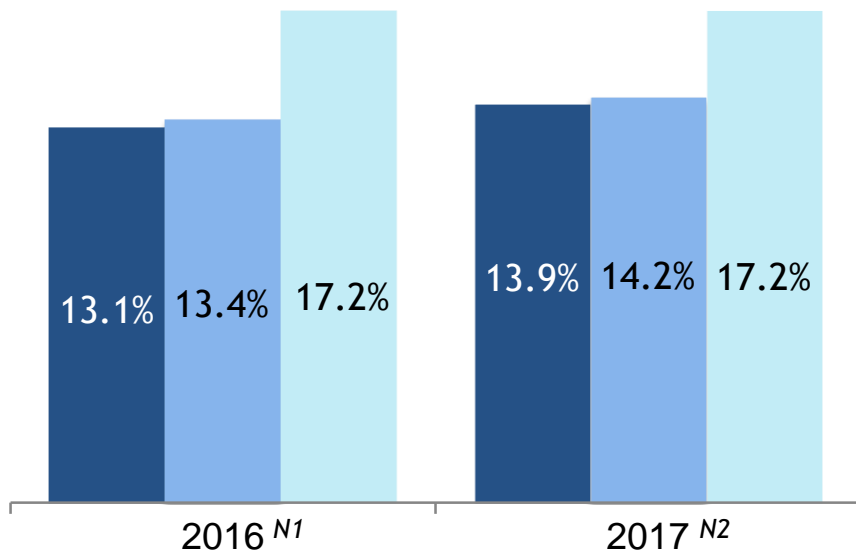
Dividend Payout Ratio & DRP Rate

	RHB Capital			RHB Bank	
	2013	2014	2015	2016	2017
Dividend Payout Ratio	23%	8%	24%	29%	31%
Average DRP Conversion Rate	72%	73%	Cash Dividend		
Effective Cash Payout	6%	2%	24%	29%	31%

DRP: Dividend Reinvestment Plan

Capital position at both Group and entity levels is strong

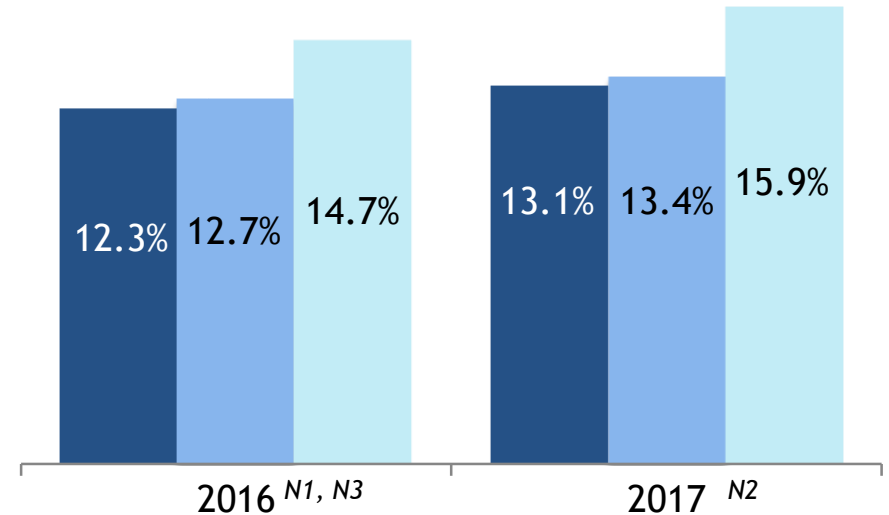
RHB Bank Group



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

■ CET 1 Capital ■ Tier 1 Capital ■ Total Capital

RHB Bank



2018 capital ratios remain robust post-MFRS 9 and fully loaded under Basel III

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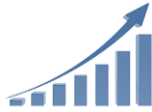
2018 Outlook



Through IGNITE 2017 we achieved healthy business performance, capital optimization, cost management, progress in Digital and improvement in employee engagement



SME loan market share grew from 7.2% in 2014 to 9.0% in 2017



Asset Mgmt AUM growth through the Agency Channel grew by 44% from RM1.1 bil in 2016 to RM1.6 bil in Dec 2017



Affluent AUM grew 27.8% to RM33.4 bil



Significant efforts in active cost management to keep CIR below 50%, achieved 49.9% in 2017



Market share of Retail Equities (based on trade value) at 26.2% placed us at #1 position



Capital Optimisation resulted in RM43.9 bil RWA reduction over 3 years



Improved customers' digital banking experience - RHB Smart Account, MPOS, 1st online financial application processing chatbot in South East Asia, iSmart, and MyHome App



Improvement in employer rankings from top 5 for Universum and Top 7 for Graduan in 2016 to Top 4 for both in 2017



Improved Employee Engagement results from 73% in 2013 to 80% in 2017

Our performance received accolades and recognition from external parties

INVESTMENT BANKING



THE ASSET TRIPLE A ISLAMIC FINANCE AWARDS - 2017

- ◆ **Most Innovative Deal of the Year**
 - Sarawak Hidro RM5.54 billion Sukuk Murabaha

◆ **Best Project Finance Deal**

- Lebuhraya Duke Fasa 3 RM3.64 billion Wakala Bi Al-Istithmar

◆ **Best Debut Sukuk**

- Lebuhraya Duke Fasa 3 RM3.64 billion Wakala Bi Al-Istithmar



THE EDGE MALAYSIA'S BEST DEALS OF THE YEAR 2017

- ◆ **Best Initial Public Offering**
Best Deal - Initial public offering of 389.4 million shares of Serba Dinamik Bhd at RM1.50 per share



THE ASSET TRIPLE A COUNTRY AWARD 2017

- ◆ **Best IPO**
Serba Dinamik Holdings' RM671.7 million IPO
 - Joint Principal Adviser, Joint Bookrunner, Joint Underwriter & Managing Underwriter

ASSET MANAGEMENT



LIPPER FUND AWARDS

- ◆ **Best Bond Award (Malaysia Pension)**
- ◆ Bond MYR - Malaysia Islamic (3 years)
- ◆ Bond MYR - Malaysia Islamic (5 years)
- ◆ Bond MYR - Malaysia Islamic (10 years)
- ◆ Mixed Asset MYR Conservative - Malaysia Pension (10 years)

RETAIL AND BUSINESS BANKING



9th Annual
Retail Banker International Asia
Trailblazer Summit and Awards 2018



THE 9TH RETAIL BANKER INTERNATIONAL (RBI) ASIA TRAILBLAZER SUMMIT & AWARDS 2018

- ◆ Highly commended : Excellence in SME Banking
- ◆ Highly recommended best digital innovation
- ◆ Best Mortgage Offering (won by RHB MyHome Apps)



PRINCIPAL INTERNATIONAL - ASIA SALES CONFERENCE AWARDS 2018

- ◆ Malaysia: Best Overall Performance for AUM Growth

GOVERNANCE & CSR



THE GLOBAL GOOD GOVERNANCE AWARDS 2018

- ◆ Best Governed & Most Transparent Company - Platinum
- ◆ Best Community Programme - Bronze



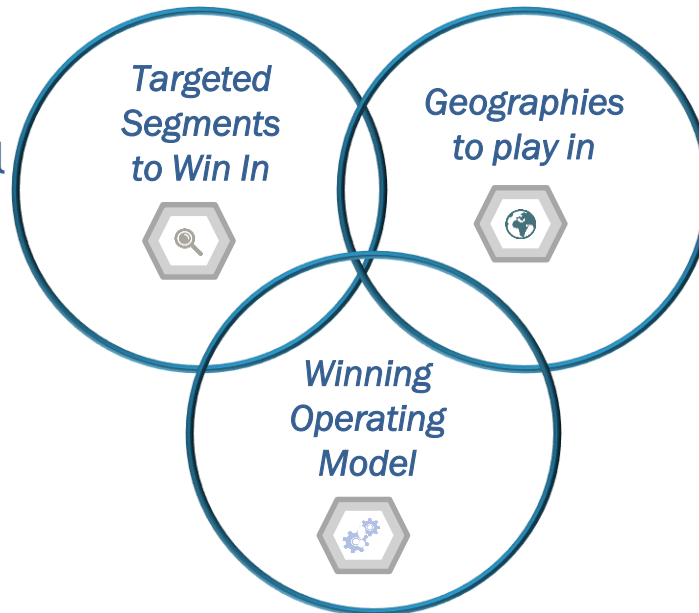
FIT22: OUR ROADMAP TO WIN

22 initiatives to deliver our 2022 aspirations, anchored on priorities to: Fund our Journey, Incubate to Win in the medium term and Transform the Organisation for sustainability



Our priorities will be to strengthen Malaysia and win in targeted segments; focus on our niche overseas while we explore partnerships; and build a winning operating model

- **Affluent** - leveraging on SME customer base
- **SME** - focusing on small business segment
- **Mid Caps** - enhancing penetration rate
- **Large Caps** - capturing greater share of wallet



- Strengthen Malaysia as our core
 - Retail and SME assets composition
 - Boost retail deposits
- Overseas:
 - Focus on our niche and explore partnerships
 - Build private wealth business in Singapore

- AGILE @ scale
- Customer journeys
- Digital enablement

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2018 Economic Outlook

1

- ◆ Malaysia's GDP to grow 5.2% in 2018 compared with 5.9% in 2017:
 - Slower export growth from higher base after a surge in 2017
 - Resilient domestic demand, backed by strong consumer spending and private investments
 - Slowdown in public spending, in line with the Government's fiscal consolidation drive

2

- ◆ January's OPR hike is expected to positively impact our margins albeit marginally

3

- ◆ Possibility of another interest rate increase by 25 bps to 3.50% this year

4

- ◆ RM has strengthened by 15.2% but could be affected by uncertainties on the global trade front and potential rebound in the USD following more rate hikes by the US Fed

5

- ◆ Loans growth in Malaysia is expected to see a recovery primarily from sustained household loans and pick up in business loans

Concluding Remarks

1

- ◆ We delivered sustained profit growth momentum, and rewarded shareholders with good dividends

2

- ◆ Our strong capital, ample liquidity and adequate loan loss coverage have strengthened our fundamentals to capture growth potential

3

- ◆ With positive momentum across core businesses and from IGNITE 2017 implementation, we have embarked on a new strategic plan under FIT22 to strengthen Malaysia as our base, focus on our strengths & niche overseas and build a winning operating model. Customer journeys, agility, analytics and digital enablement are key ingredients of our plan

4

- ◆ Another year of robust economic growth and improved capital market activities are expected to positively contribute to RHB's performance in 2018

5

- ◆ Thank you shareholders for your faith and trust in us!

THANK YOU

www.rhbgroup.com



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TOGETHER WE PROGRESS

