



RHB BANK BERHAD

51ST ANNUAL GENERAL MEETING 2017

26 April 2017



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Dato' Khairussaleh Ramli
Group Managing Director
Presentation To Shareholders
26th April 2017

TOGETHER WE PROGRESS



AGENDA

Overview

FY2016 Performance Review

IGNITE 2017

2017 Outlook

2016 Highlights

- ◆ Completed Group Internal Reorganisation with listing of RHB Bank in June 2016, creating a leaner and stronger capitalized group, and well positioned for future growth
- ◆ Launched our new brand promise “Together We Progress” to mark our commitment towards delivering simple, fast and seamless experiences to our customers
- ◆ Delivered a healthy 8.4% growth in pre-provisioning operating profit on the back of higher net fund based income and lower overheads, though higher provisions affected our bottom line
- ◆ Achieved good growth in key focus areas of Affluent, SME and Asset Management and maintained leadership position in Investment Banking
- ◆ We recorded total shareholders’ returns of 18.7% since the last AGM, exceeding FBMKLCI and KLFIN
- ◆ We are pleased to reward shareholders with 12 sen dividend per share or 28.6% dividend payout for the financial year

AGENDA

Overview

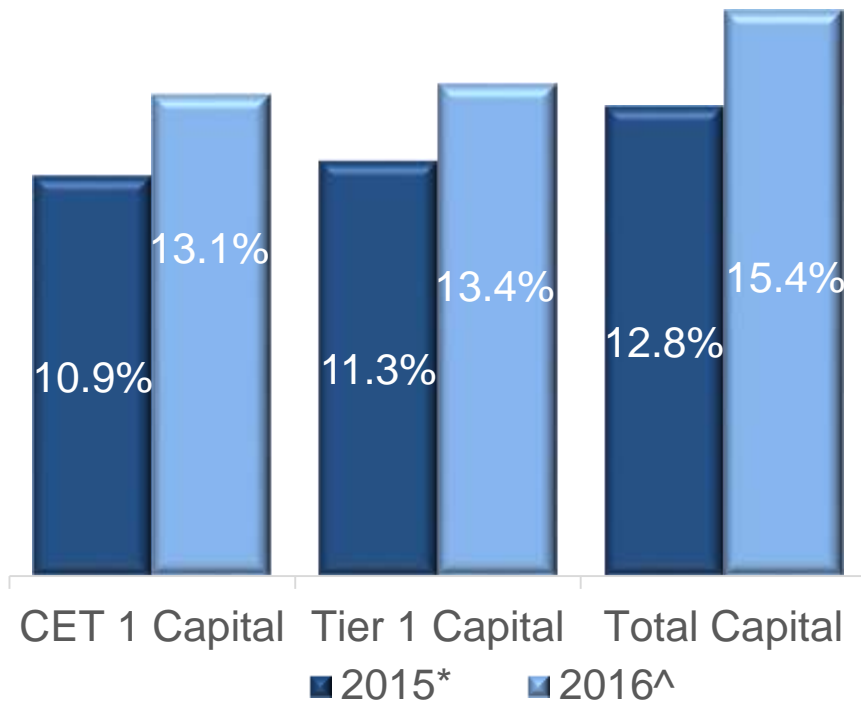
FY2016 Performance Review

IGNITE 2017

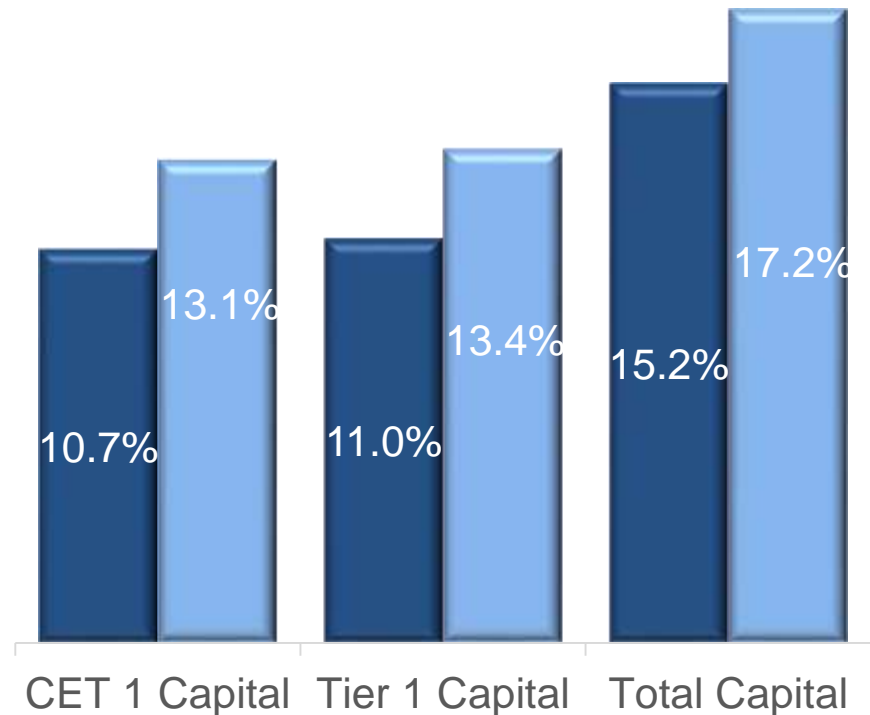
2017 Outlook

The restructuring resulted in a stronger capitalised Group which is well positioned for future growth

RHB Bank



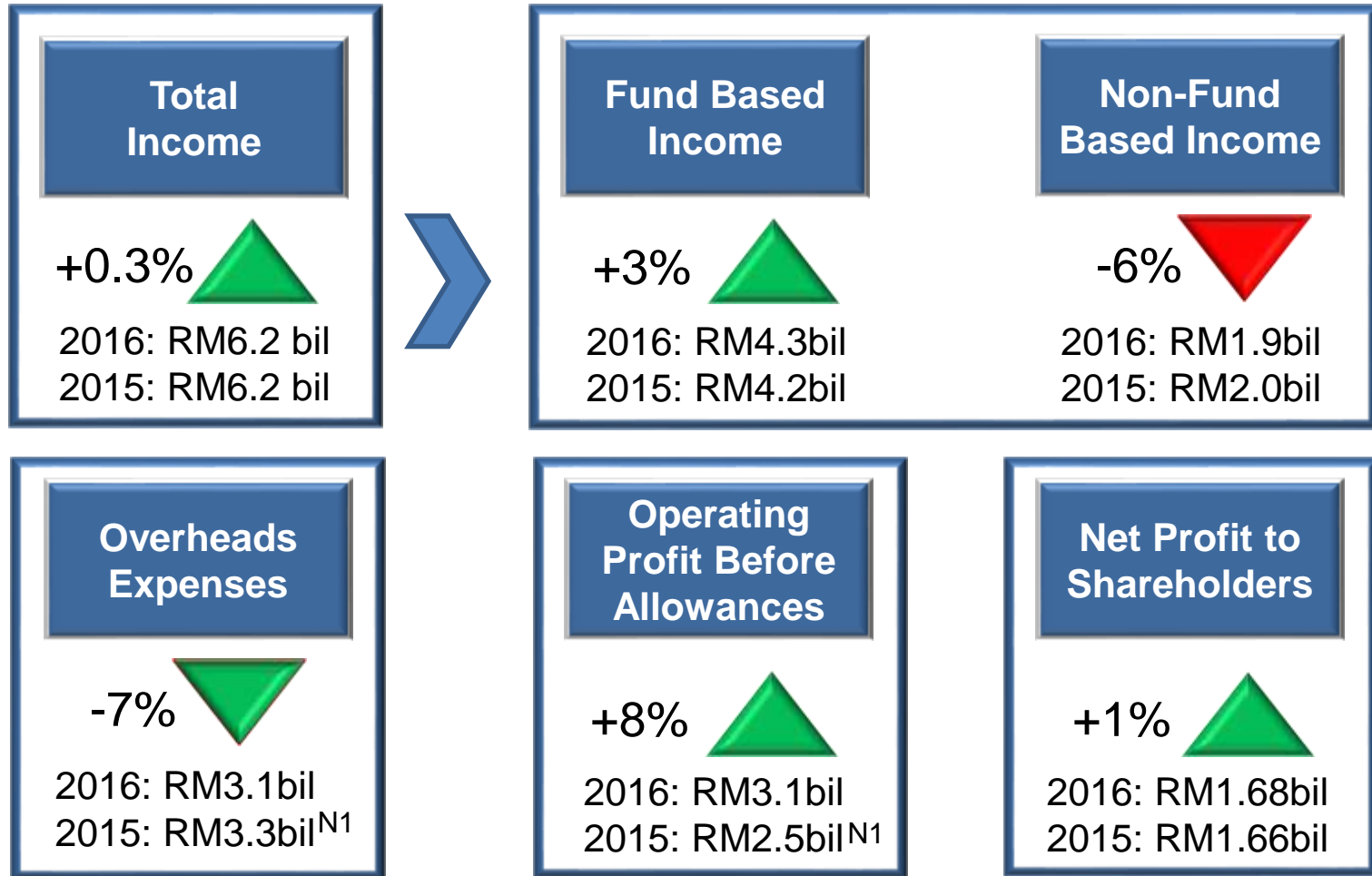
RHB Bank Group



* Ratios are after recapitalisation of FY2015 interim dividend

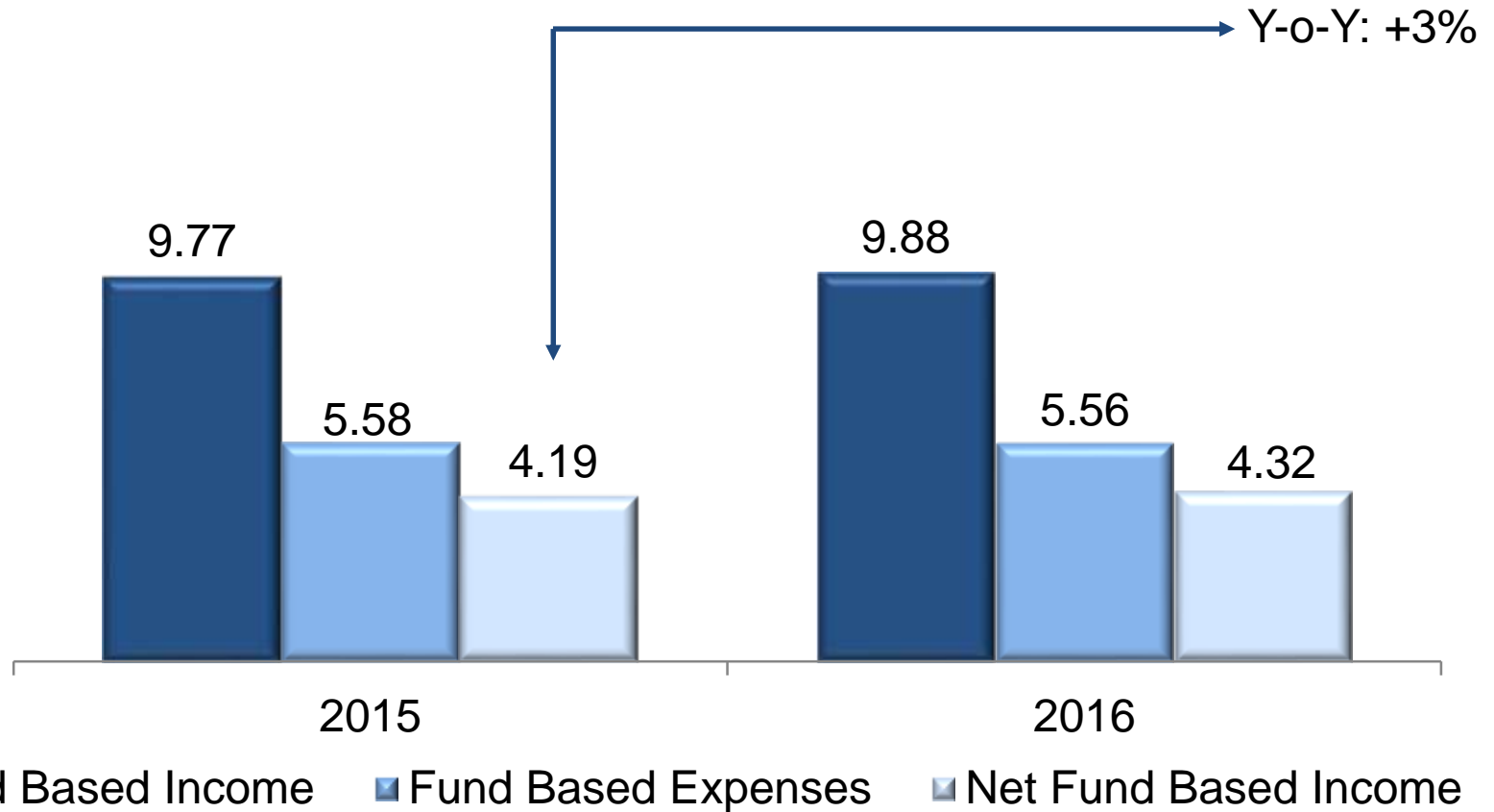
^ Ratios are after FY2016 proposed final dividend

We delivered a healthy 8.4% growth in pre-provisioning operating profit on the back of higher net fund based income and lower overheads, though higher provisions, mainly in the oil & gas sector affected our bottom line



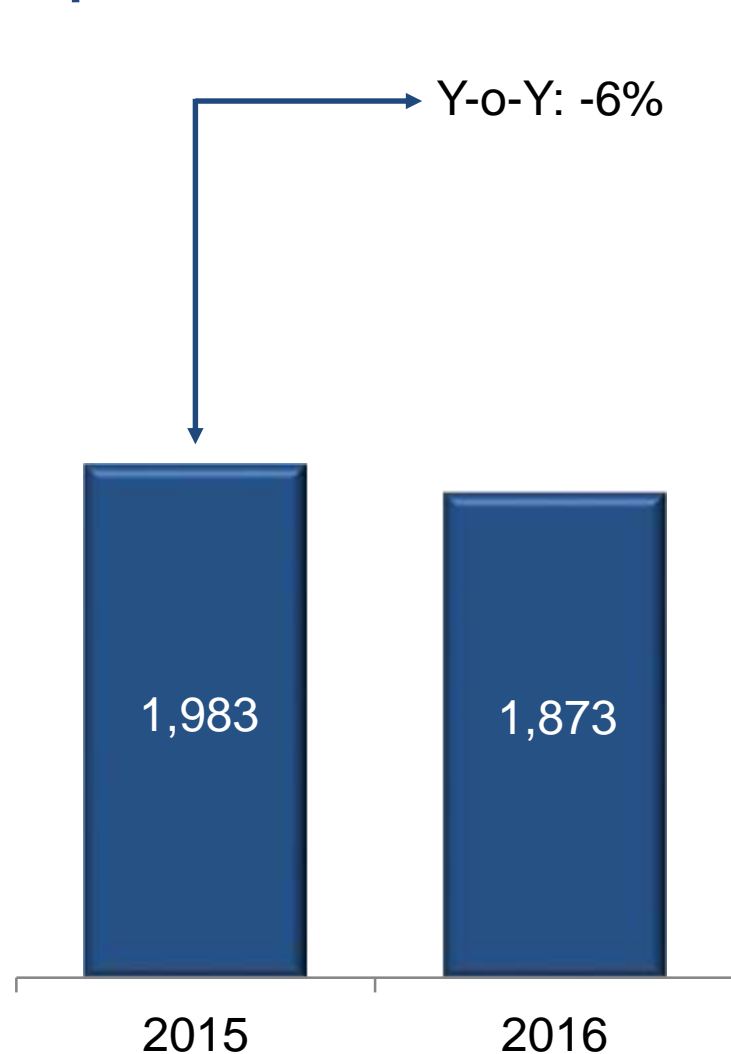
N1 : Excluding one-off Cost Transition Scheme expenses of RM309 million

Active management of funding and liquidity resulted in good net fund based income growth and NIM improvement, mitigated by OPR reductions in July 2016



NIM	2.14%	2.18%
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Asset management, trading/investment and insurance continued to deliver strong non fund based income growth, though slow down in capital and financial markets and fx fluctuations affected fee income



Non Fund Based Income RM'mil	2016	2015	Y-o-Y Change
Total Fee Income (A)	1,143	1,261	-9%
Fee Income - Asset Management & Unit Trust	127	112	13%
Fee Income - Commercial Banking	550	596	-8%
Fee Income - Investment Banking	466	553	-16%
Insurance Underwriting Surplus (B)	207	142	46%
Treasury Income (C)	458	513	-11%
Others (D)	65	67	-3%
Total (A) + (B) + (C) + (D)	1,873	1,983	-5.6%
Ratio of Non Fund Based to Total Income	30.2%	32.1%	-1.9%

Expenses well contained from a strong focus on cost management. Personnel costs reduction was mitigated by continued IT investment

Operating Expenses (RM'mil)	FY2016	Restated FY2015	% Change
Personnel Costs Excluding CTS	1,767	2,007	-12%
Establishment Costs	731	736	-1%
Marketing Expenses	238	241	-1%
Administrative and General Expenses	363	337	+8%
Total Before CTS Expenses	3,099	3,321	-7%
CTS Expenses	-	309	-100%
Total Operating Expenses	3,099	3,630	-15%

CTS: Career Transition Scheme

Loans grew 2% year-on-year in line with selective pursuit of growth based on profitability; growth driven mainly by Mortgage and SME

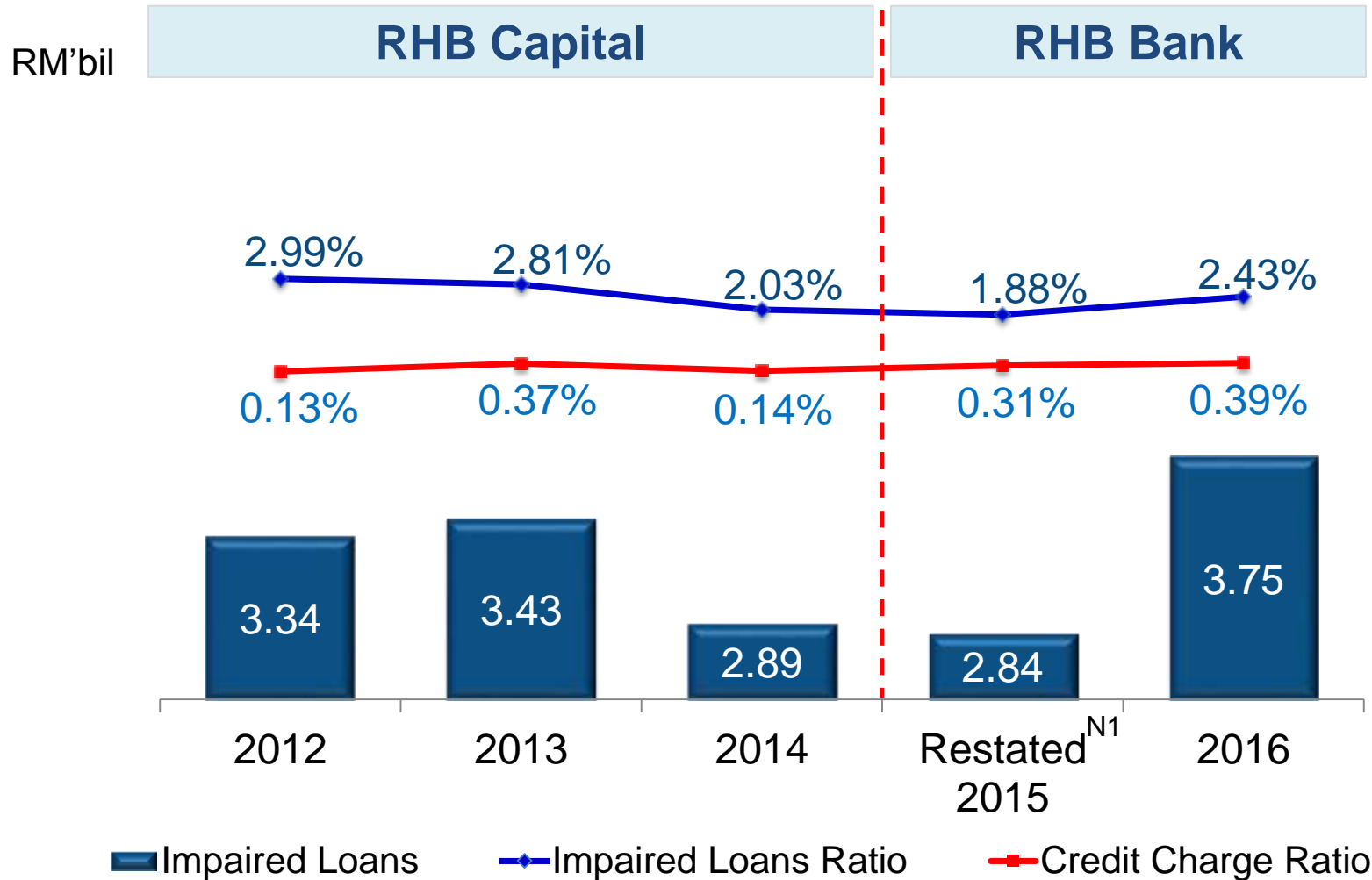
Loans, Advances and Financing (RM'bil)	FY 2016	Restated FY 2015	% Change
Retail Banking	70.1	68.2	+3%
<i>of Which: Mortgage</i>	40.9	35.5	+15%
Business Banking	22.1	19.8	+12%
<i>of Which: SME</i>	20.2	17.5	+16%
Wholesale Banking	45.4	47.5	-5%
Group International Business	16.8	15.9	+6%
Total Loans, Advances and Financing	154.4	151.4	+2%

Overall deposits grew 5% with CASA outpacing the market to grow 12%; CASA composition improved from 24.0% to 25.6%

Deposits by Type (RM'bil)	FY 2016	FY 2015 Restated	% Change
Fixed Deposits ^{N1}	123.3	120.2	+3%
CASA	42.5	38.0	+12%
<i>Demand Deposits</i>	33.2	29.5	+13%
<i>Savings Deposits</i>	9.3	8.5	+9%
Total Deposits	165.8	158.2	+5%
CASA Ratio	25.6%	24.0%	+1.6%

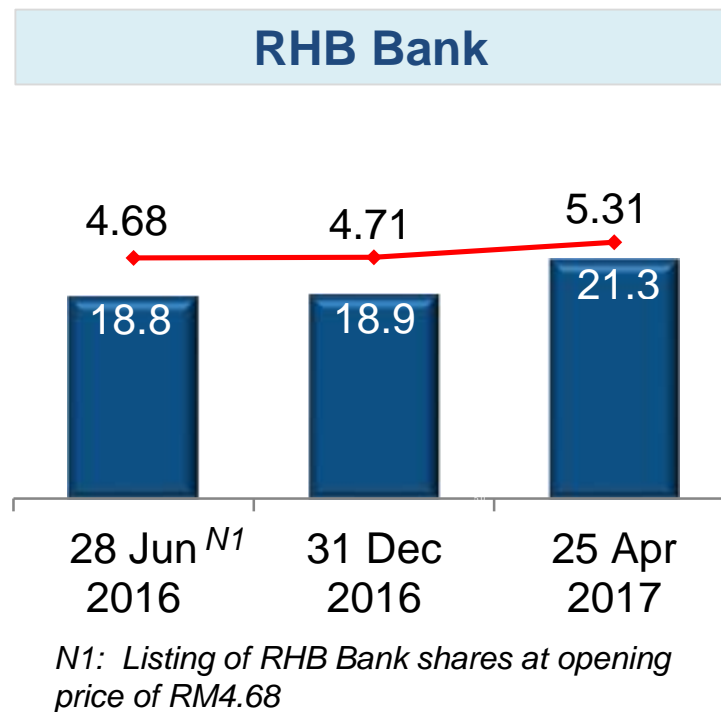
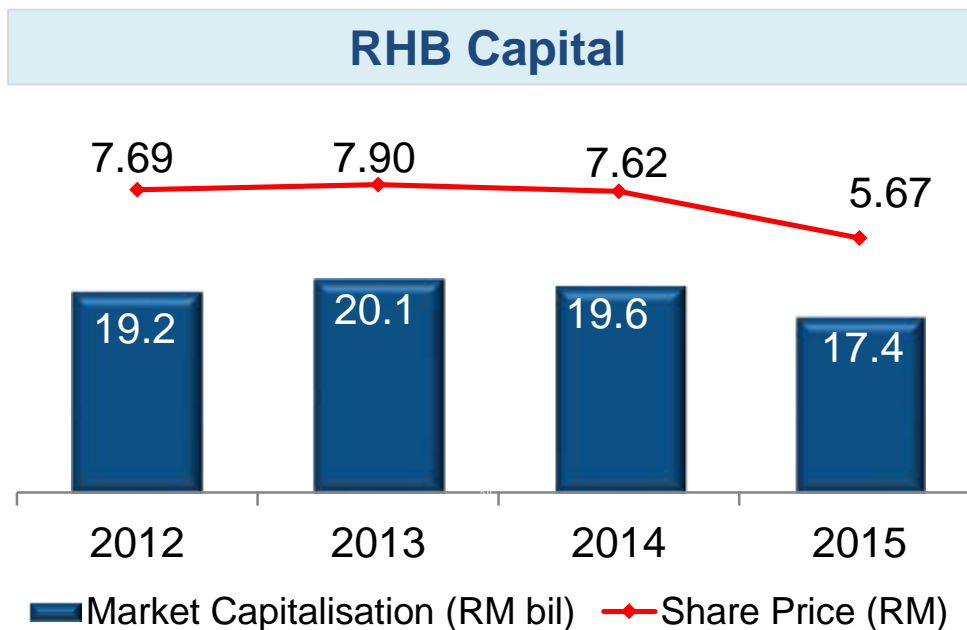
N1 Including investment deposits and MMTD

Asset quality impacted by certain corporate accounts in oil and gas and pre-emptive provision for legacy steel related exposure



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

Our market value has improved and total shareholders' returns stands at 18.7%, exceeding market benchmarks

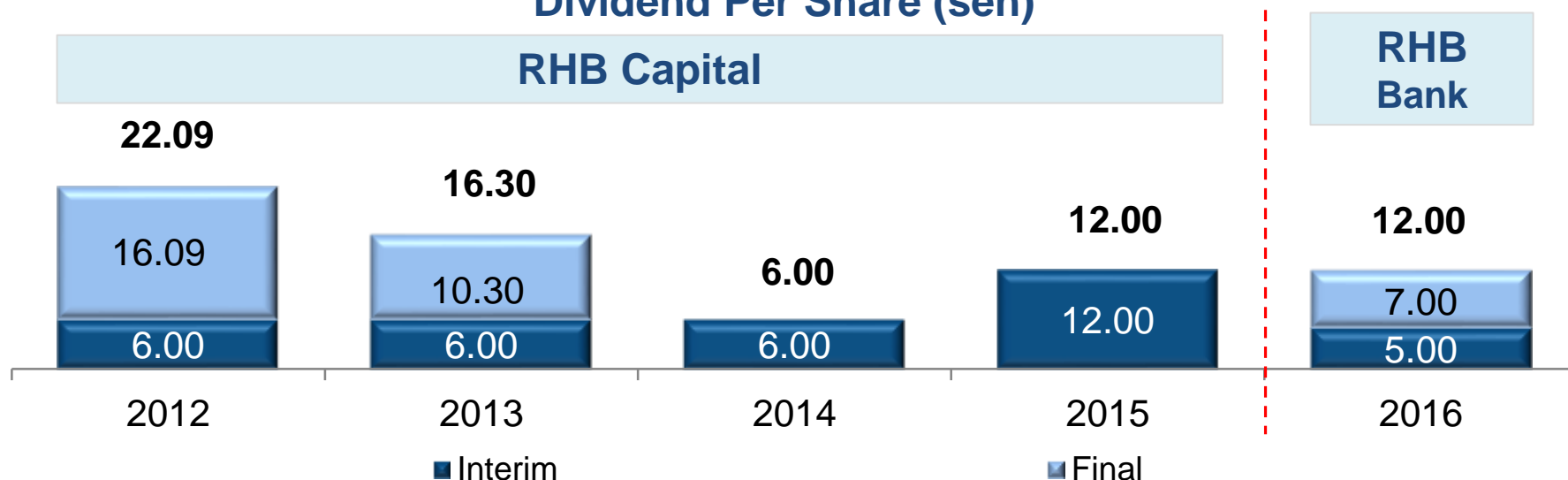


Total Shareholders' Returns since the last AGM to 25 April 2017

RHB Bank	FBMKLCI	KLFIN
18.7%	7.1%	10.6%

The Board has proposed a final cash dividend of 7 sen per share, total dividend of 12 sen per share with 29% payout

Dividend Per Share (sen)



Dividend Payout Ratio & DRP Rate

	RHB Capital				RHB Bank
	2012	2013	2014	2015	2016
Dividend Payout Ratio	30%	23%	8%	24%	29%
Average DRP Conversion Rate	68%	72%	73%	Cash Dividend	
Effective Cash Payout	9%	6%	2%	24%	29%

DRP: Dividend Reinvestment Plan

AGENDA

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IGNITE 2017 continues to deliver value (1/2)

Retail Banking



Mortgage Growth

13.3%
vs Industry 9.2%

12%
Affluent AUM
Growth



CASA Growth

7.5%
vs Industry 6.8%

Business & Transaction Banking

SME Loan Growth

15.5%
vs Industry 9.2%



SME Market share

8.8%
from 7.2% in 2014

**Reflex Cash
Management
Subscriber Growth**

19.6%



IGNITE 2017 continues to deliver value (2/2)

Wholesale Banking

Product Holding Ratio
for domestic top corporates



IB Network Rationalization



Asset Management
- Total AUM : RM52.3 billion

Profit Before Tax



Retail AUM



Digital & Payments



REFLEX Cash
Management



RHB Online Smart Account
& Smart Account-i



RHB Merchant Mobile
Point of Sale (MPOS)



RHB Now Mobile App

Shariah Business



24.8%



Maintained leadership position in Investment Banking

Major Investment Banking Deals

DCM (#136 issues)



Sarawak Hidro Sdn Bhd
RM5.54 bil Sukuk Murabahah Facility
Joint Lead Manager



**Lebuh raya Duke Fasa 3 Sdn Bhd
(ultimate shareholder is Ekovest Bhd)**
RM3.64 bil Sukuk Wakalah Programme
Joint Lead Manager



**Housing and Development Board
Singapore**
SGD600 mil Notes Issue
Joint Lead Manager & Joint Bookrunner



MMC Corporation Bhd
RM1.5 bil Sukuk Murabahah Programme
*Sole Principal Adviser, Sole Lead
Arranger, Sole Lead Manager*

ECM (#28 deals)



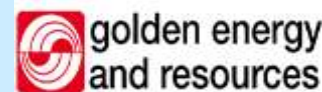
Malaysia Building Society Bhd
RM2.90 bil Rights Issue
*Joint Principal Adviser, Joint Managing
Underwriter, Joint Underwriter*



Eco World Development Group Bhd
RM562.2 mil Primary Placement
Sole Placement Agent



**Malaysian Resources Corporation
Berhad**
RM408.0 mil
Primary Placement
Sole Placement Agent



Golden Energy and Resources Ltd
SGD121.27 mil Compliance Equity
Placement
Sole Placement Agent

M&A (#16 deals)



RHB Capital Bhd
RM3.61 bil Internal Reorganisation of
the RHB Capital Group
Sole Principal Adviser



Kulim (Malaysia) Bhd
RM2.26 bil Privatisation of Kulim (M) Bhd
Sole Principal Adviser



Employees Provident Fund (EPF)
RM1.13 bil Acquisition of 40% Equity
Interest in Konsortium Lebuh raya Utara-
Timur (KL) Sdn Bhd from Ekovest Bhd
Joint Principal Adviser



Hwang Capital (Malaysia) Bhd
RM232.13 mil Privatisation of Hwang
Capital (Malaysia) Bhd
Independent Adviser

Accolades and recognition for Group's achievements

13th KLIFF Islamic Finance Forum 2016



- ◆ The Most Outstanding Islamic Corporate Bank
- ◆ The Most Outstanding Islamic Shariah Advisor Board

The Edge Malaysia's Best Deals of the Year 2016



- ◆ Best Mergers & Acquisitions
- ◆ Best Privatisation
- ◆ Best Initial Public Offering

The 8th Retail Banker International (RBI) Asia Trailblazer Summit & Awards 2017

- ◆ Highly commended : Excellence in SME Banking

RETAIL BANKER
INTERNATIONAL

Excellence in SME Banking
Highly Commended

ASIA TRAILBLAZER AWARDS 2017

Malaysia Domestic Foreign Exchange Bank of the Year



The Asset Benchmark Research 2016



- ◆ Top bank in the secondary market – Corporate Bonds Malaysia.
- ◆ Best Individuals in Research, Sales & Trading (Malaysian Ringgit Bonds – Sales)

The Edge-Thomson Reuters Lipper Fund Awards 2016



- ◆ The most awarded fund house in Malaysia for 2 consecutive years

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Economic Outlook 2017

1

- ◆ Malaysia's GDP is forecast to grow 4.5% in 2017:
 - Domestic demand to remain resilient
 - Exports to show moderate recovery, on the back of higher commodity price, better electrical & electronics export and improving global trade outlook
 - Public spending and private investment expected to rise, supported by the implementation of major infrastructure projects under the various economic programmes

2

- ◆ Interest rate expected to be stable, with OPR forecast to remain at 3.0% for the year

3

- ◆ Improvement in export is expected to widen current account surplus, providing underlying support to RM

4

- ◆ Loans growth in Malaysia is expected to be modest at 5%, with slower corporate loans growth and ongoing consolidation of household loans. Capital market activity is expected to increase on the back of earnings' recovery and improved investor sentiment

Concluding Remarks

1

- ◆ We recorded strong pre-provisioning profit in 2016, primarily from prudent funding cost management and lower overheads, though performance was affected by higher impairment

2

- ◆ We are making good progress on our IGNITE Transformation programme, with commendable results for SME, Affluent and Asset Management, and we have maintained our leadership position in Investment Banking

3

- ◆ Our capital and liquidity remain strong, which puts us in a good position to drive growth and create value for shareholders

4

- ◆ New regulatory requirements such as MFRS 9 and Basel III may weigh on bank's performance

5

- ◆ Selective growth, proactive management of operational efficiencies, productivity and asset quality are our priority, as we invest for the future (e.g. customer experience, digitalization journey)

THANK YOU

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