



RHB BANK BERHAD
53rd ANNUAL GENERAL MEETING

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Khairussaleh Ramli
24th April 2019



Agenda

1. Key Highlights
2. FY2018 Performance Review
3. Strategy Update
4. Sustainability Update
5. Concluding Remarks



Key Highlights

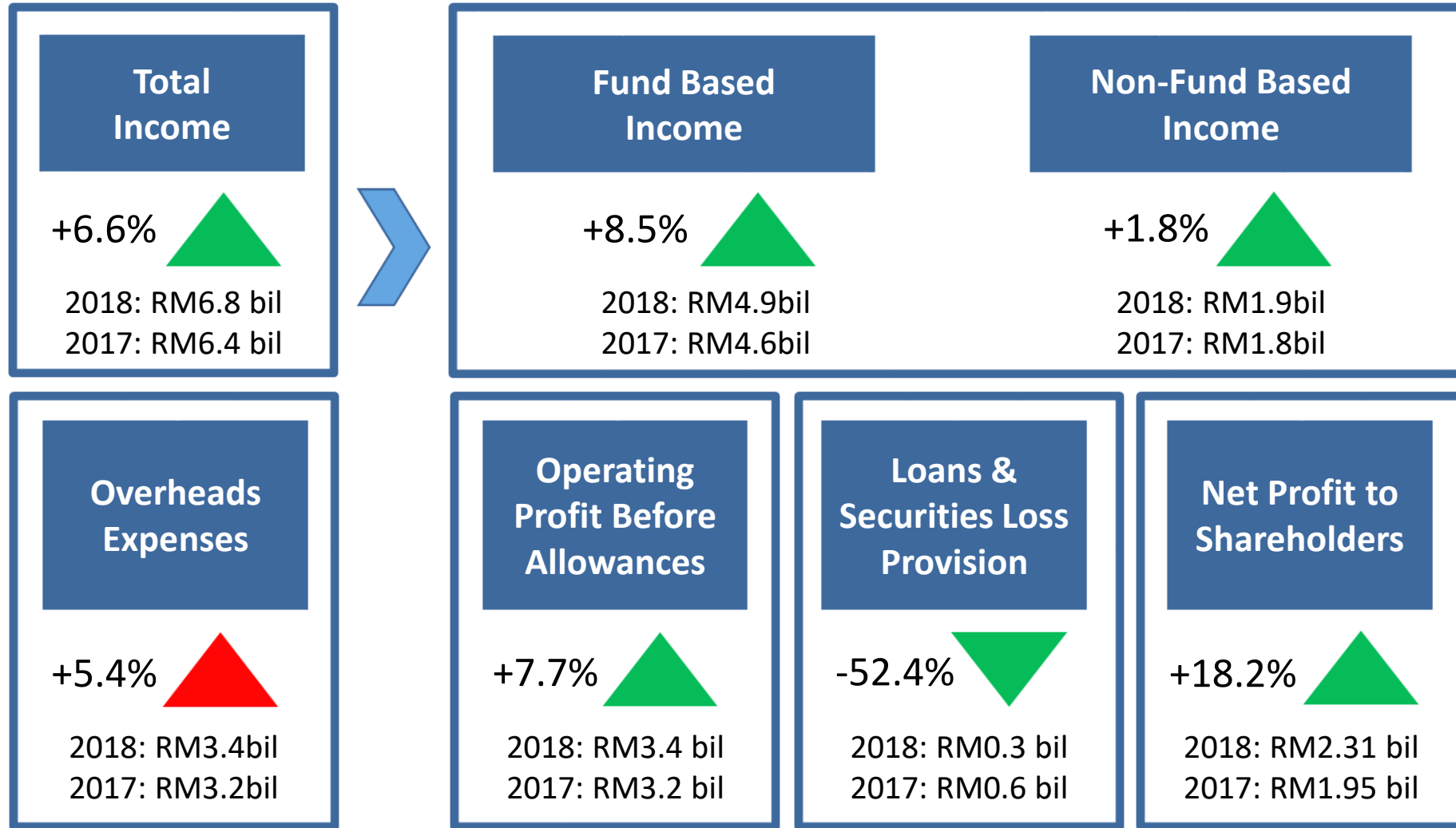
- **Fundamentals have strengthened; comfortable capital position, ample liquidity and improved asset quality**
- **Achieved record high net profit of RM2.31 billion, 18.2% Y-o-Y increase**
- **ROE improved to double digit, first since 2015, at 10.3%**
- **Enhanced dividend policy to a minimum of 30%**
- **Proposed final dividend of 13 sen per share and with interim dividend of 7.5 sen per share, payout ratio of 35.7%, highest since 2003**
- **Total shareholder return (TSR) from 1 January 2018 to 19 April 2019 at ~20%**

- **Execution of FIT22 strategy is gaining traction and remains anchored on three priorities:**
 - **Strengthening Malaysia as the core with target key segments to win in;**
 - **Focusing on niche overseas; and**
 - **Building a winning operating model through the AGILE way of working, digitalisation and customer journeys**
- **Developed Sustainability Framework and identified key commitments anchored on Economic, Environment, Social & Governance (EESG) considerations**
- **Continued to invest in developing our employees - Introduced FORWARD (Future-Oriented and Ready Workforce – Advancing, Reskilling and Developing) programme to upskill and reskill our employees to be ready for emerging competencies and skills**
- **Our brand promise efforts have been recognized with the Bronze medal of Putra Brand Awards People’s Brand Choice in the Banking, Investment & Insurance category**

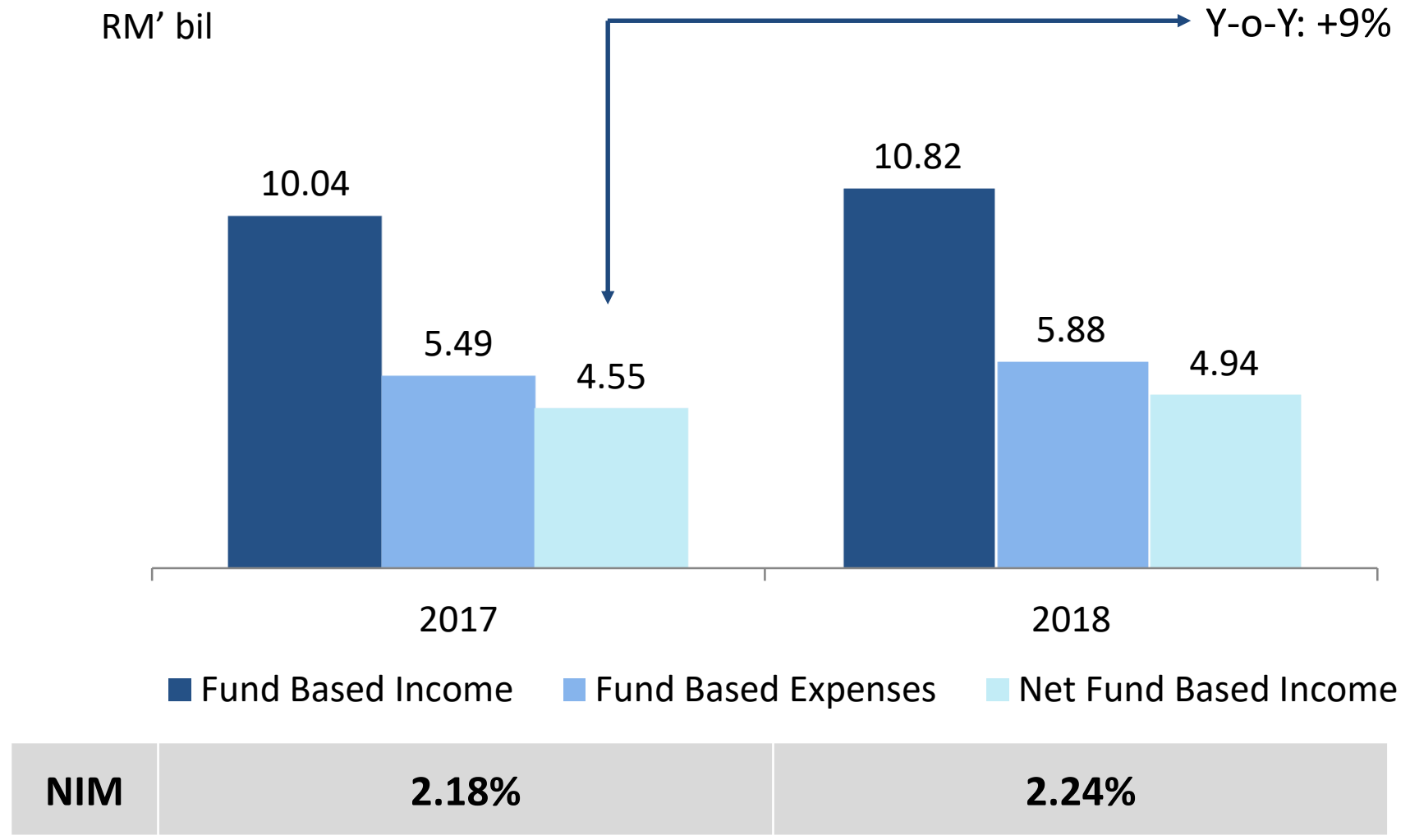


FY2018 Performance Review

We delivered 18.2% growth in net profit for FY2018 from higher net fund based income and non-fund based income and lower allowances for expected credit losses, while closely managing our overheads

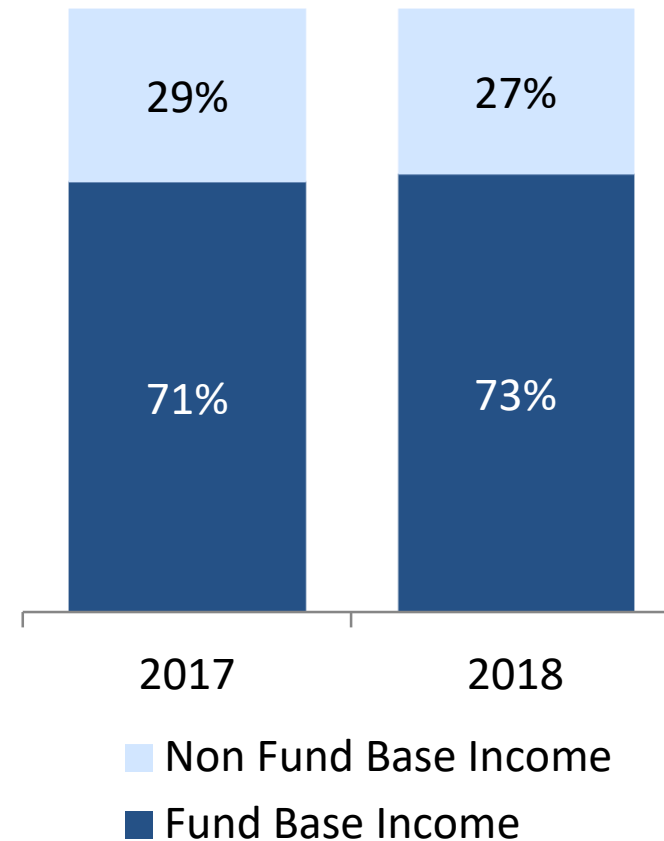


Loans growth coupled with active management of funding and liquidity resulted in strong Y-o-Y net fund based income growth; net interest margin (NIM) improved

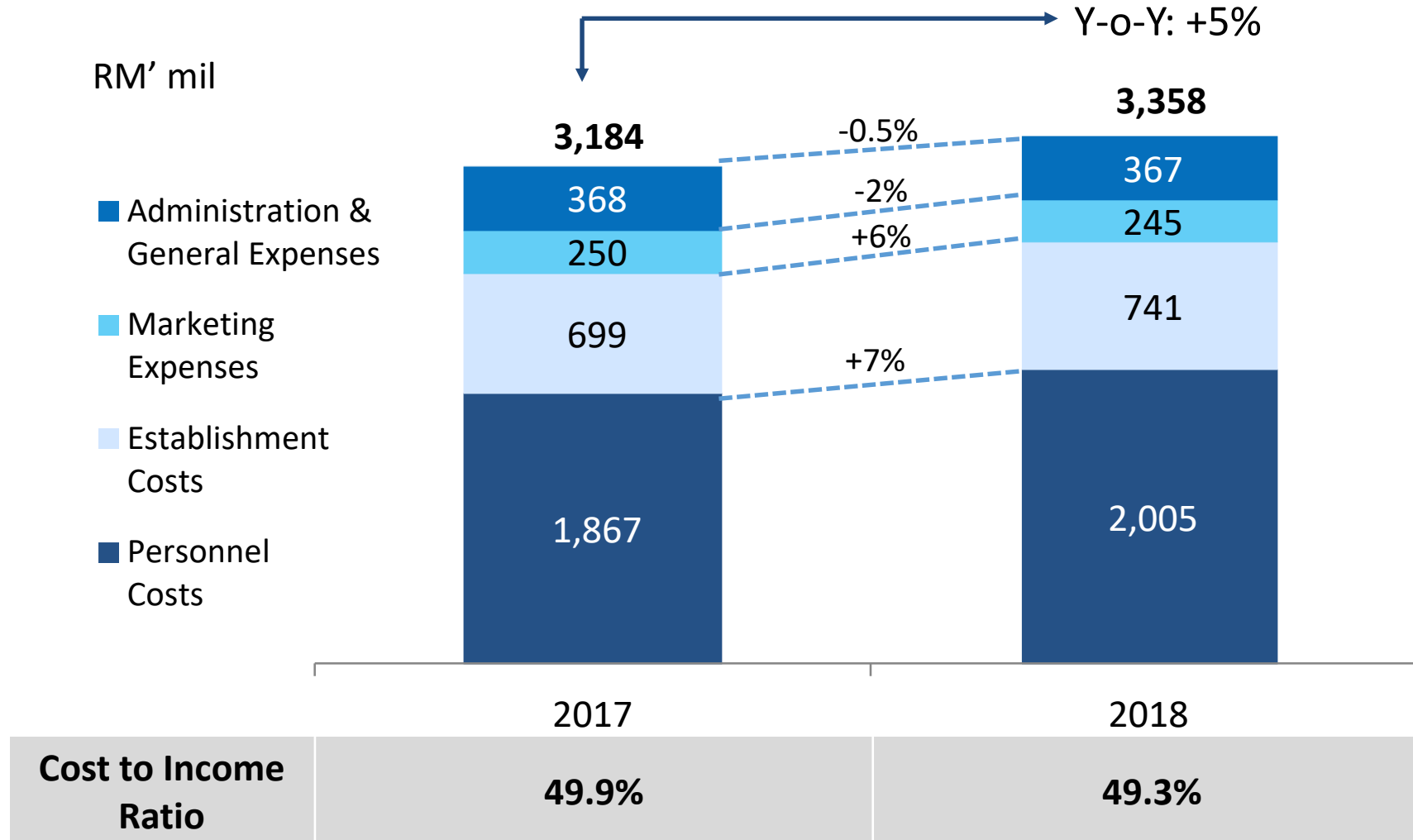


Marginal growth in non-fund based income supported mainly by higher treasury income from net forex gain and trading & investment income

Non Fund Based Income RM'mil	2017	2018	Y-o-Y Change
Total Fee Income (A)	1,131	1,070	-5%
Insurance Underwriting Surplus (B)	190	165	-13%
Treasury Related Income (C)	447	566	+27%
Net forex gain	275	337	+22%
Gain & MTM on Securities/Derivatives	172	229	+34%
Others (D)	62	61	-1%
Total (A) + (B) + (C) + (D)	1,830	1,863	+2%



Operating expenses tightly managed; grew 5.4% from higher personnel cost and IT-related expenses in line with the Group's investments in IT and Digital Capabilities; CIR improved to 49.3%



Group loans grew 5.5% year-on-year, though Malaysia grew higher at 5.6% mainly from mortgage and SME; Further progress achieved in portfolio rebalancing

Loans, Advances and Financing (RM' bil)	2017	2018	% Change	Composition	
				2017	2018
Retail Banking	76.3	84.6	+11.0%	47.6%	50.1%
<i>of which: Mortgage</i>	46.9	53.5	+14.0%	29.3%	31.7%
Business Banking	23.9	25.3	+5.7%	14.9%	15.0%
<i>of which: SME</i>	22.1	23.0	+3.9%	13.8%	13.6%
Wholesale Banking	44.6	43.0	-3.7%	27.9%	25.5%
Group International Business	15.3	16.0	+4.2%	9.6%	9.4%
Total Loans, Advances and Financing	160.1	168.9	+5.5%	100.0%	100.0%
<i>Of which : Domestic loan</i>	144.8	152.9	+5.6%	90.4%	90.6%

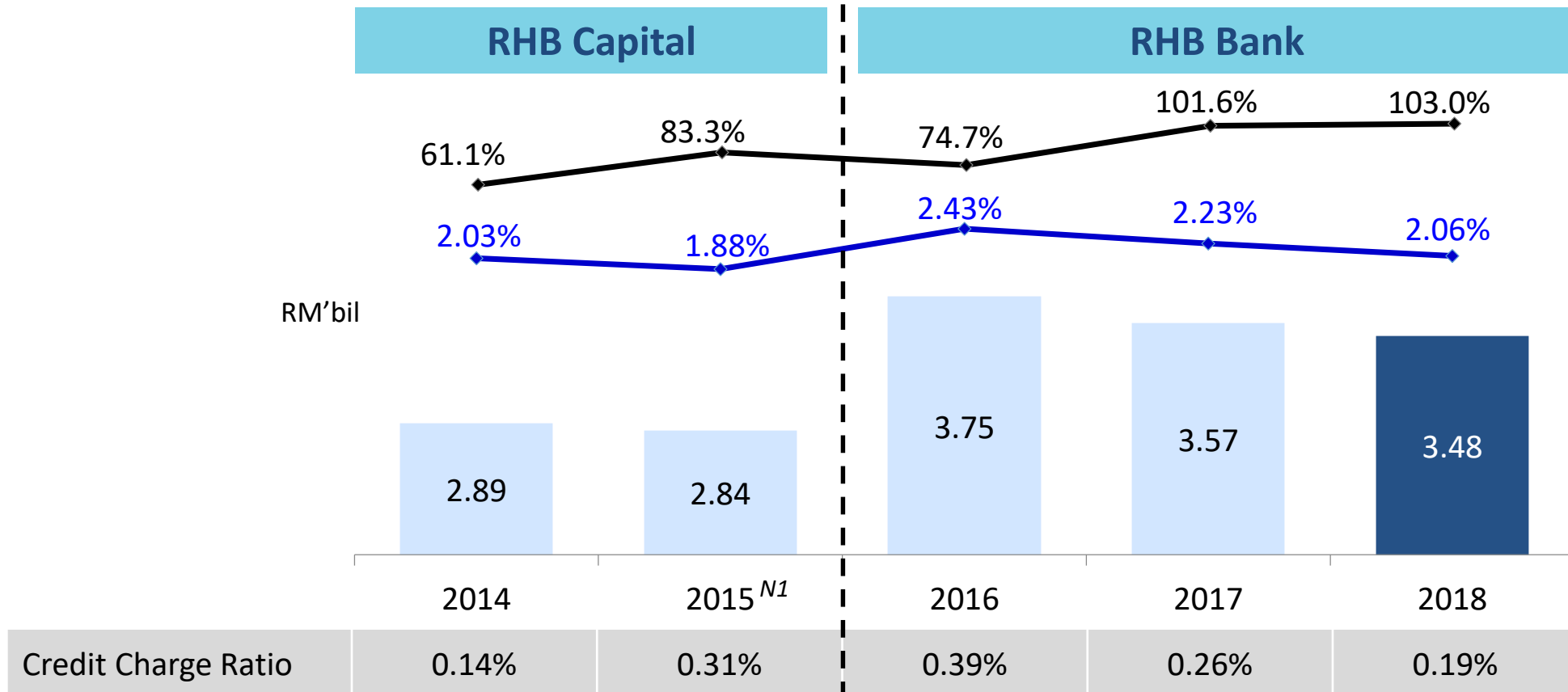
Total deposits grew 7.2% Y-o-Y supported by MMTD & FD growth; CASA ratio stood at 25.9% as competition remained intense

Deposits by Type (RM'bil)	2017	2018	% Change
Fixed Deposits ^{N1}	116.4	132.5	+14%
CASA	50.5	46.4	-8%
<i>Demand Deposits</i>	<i>40.6</i>	<i>36.3</i>	<i>-11%</i>
<i>Savings Deposits</i>	<i>9.9</i>	<i>10.1</i>	<i>+2%</i>
Total Deposits	166.9	178.9	+7%
CASA Ratio	30.2%	25.9%	-4.3%
Loan-to-Deposit Ratio	96.0%	94.4%	-1.6%
Liquidity Coverage Ratio ^{N2}	117.5%	143.0%	25.5%

N1 Including investment deposits and MMTD

N2 Bank Consolidated Level (All Currencies)

Asset quality improved from more active account management, credit charge ratio improved further and loan loss coverage maintained above 100%



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

■ Impaired Loans (Pre MFRS 9) ◆— Loan Loss Coverage Ratio
■ Impaired Loans (Post MFRS 9 Adoption) ◆— Impaired Loans Ratio

Investment Banking - Major Transactions

M&A



Air Asia Group Berhad (“AAGB”)
 RM4,647.0 mil
 Disposal of AAGB’s aircraft leasing operations
Principal Adviser and Joint Financial Adviser



CVC Asia Pacific (Singapore) Pte Ltd
 RM930.0 mil
 Acquisition of entire equity interest in Munchy Food Industries Sdn. Bhd.
Financial Adviser



Sunway REIT
 RM550.0 mil
 Acquisition of lands and buildings from Sunway Destiny Sdn Bhd, wholly-owned subsidiary of Sunway Bhd
Sole Principal Adviser

DCM



Edra Energy Sdn Bhd
 RM5.085 bil issuance out of RM5.28 bil
 Sukuk Wakalah Programme
Joint Lead Manager



Serba Dinamik Holdings Berhad
 RM800.0 mil issuance out of RM1.5 bil
 Sukuk Wakalah Programmes
Sole Principal Adviser, Sole Lead Arranger & Joint Lead Manager



PNB Merdeka Ventures Sdn. Berhad
 RM2.0 bil
 Sukuk Murabahah Programme
Joint Lead Arranger & Joint Lead Manager

ECM



SP Setia Berhad
 RM2,261.0 mil
 Rights Issue
Joint Underwriter

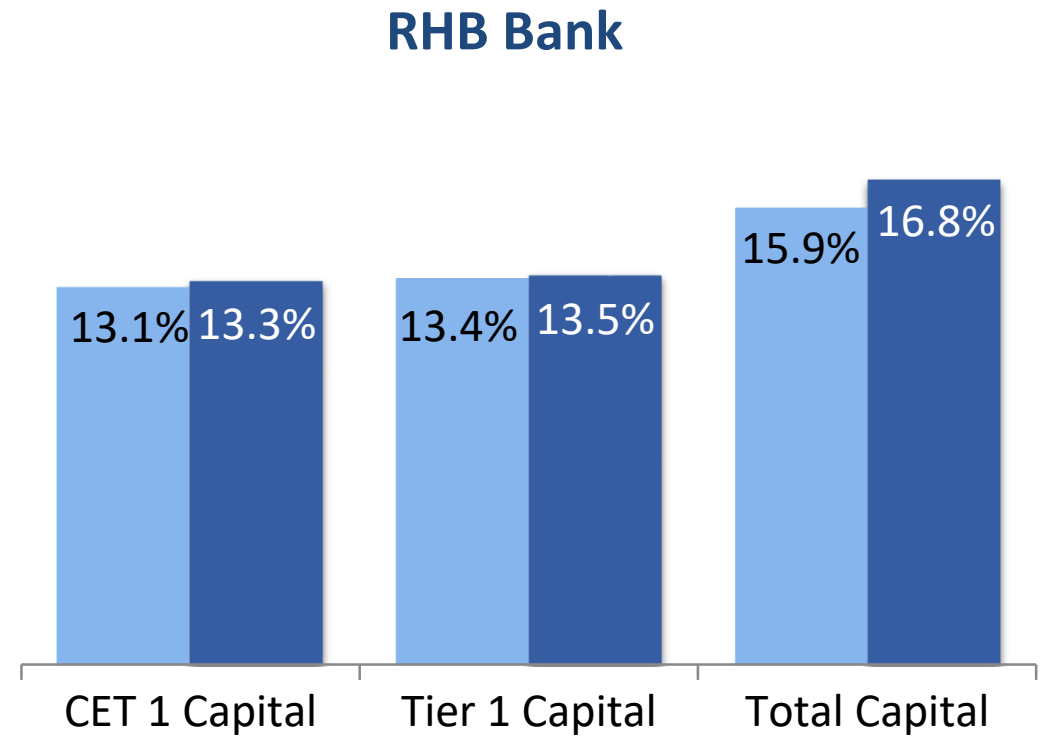
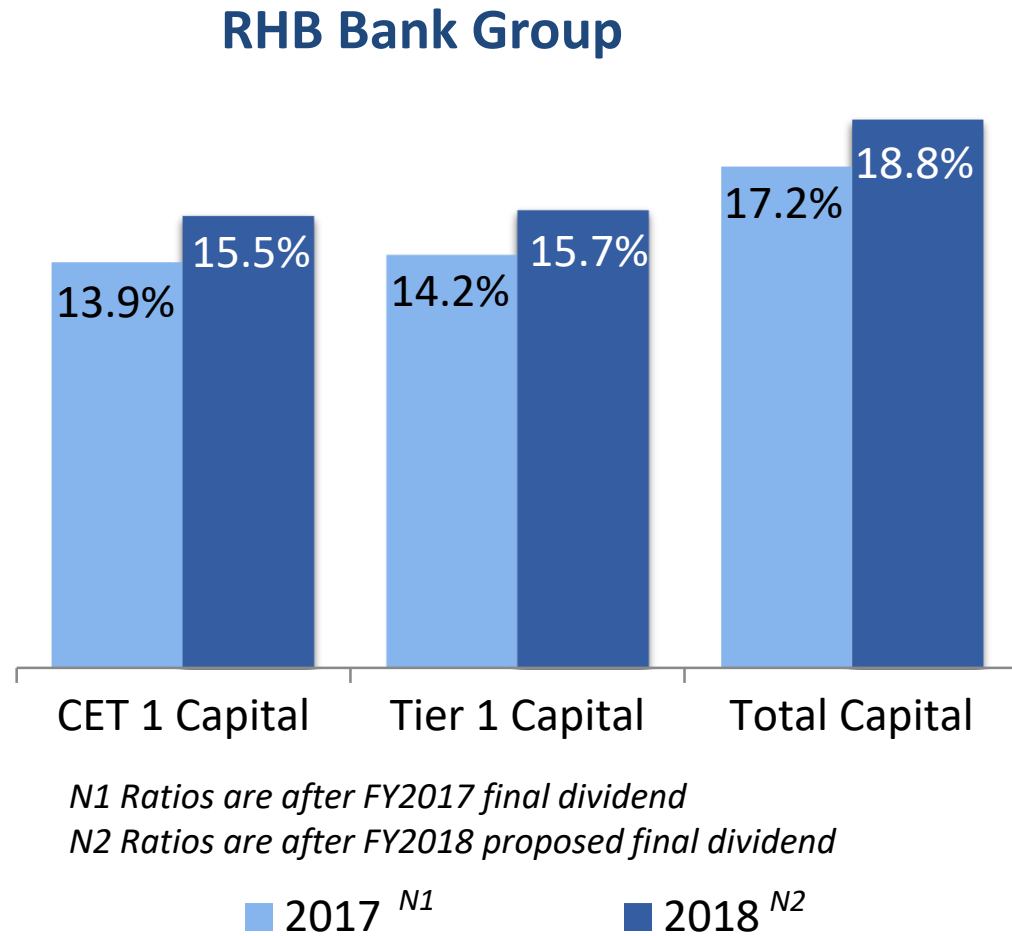


Serba Dinamik Holdings Berhad
 RM427.2 mil
 Primary Placement
Sole Principal Adviser & Sole Placement Agent



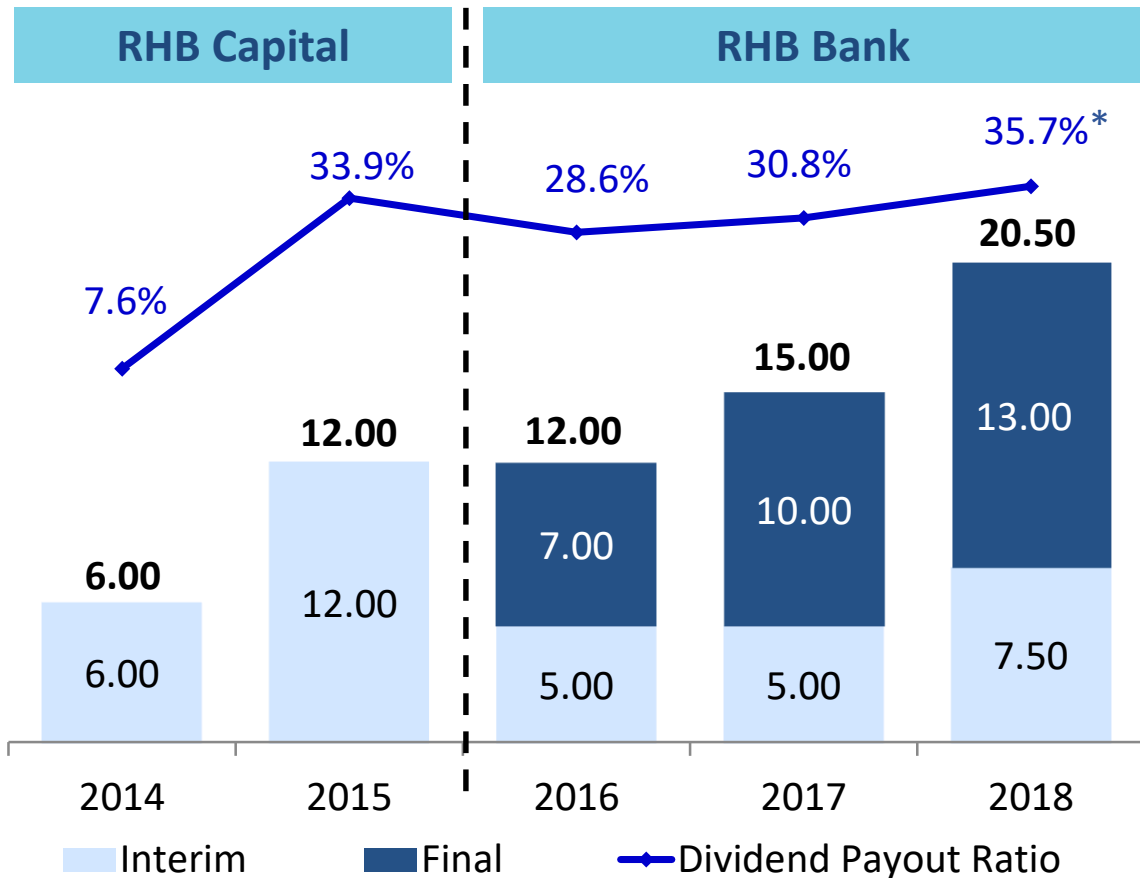
Wegmans Holdings Berhad
 RM43.50 mil
 Listing on ACE Market of Bursa Securities
Sole Principal Adviser, Sponsor, Sole Underwriter & Sole Placement Agent

Capital position at both Group and entity levels remained strong

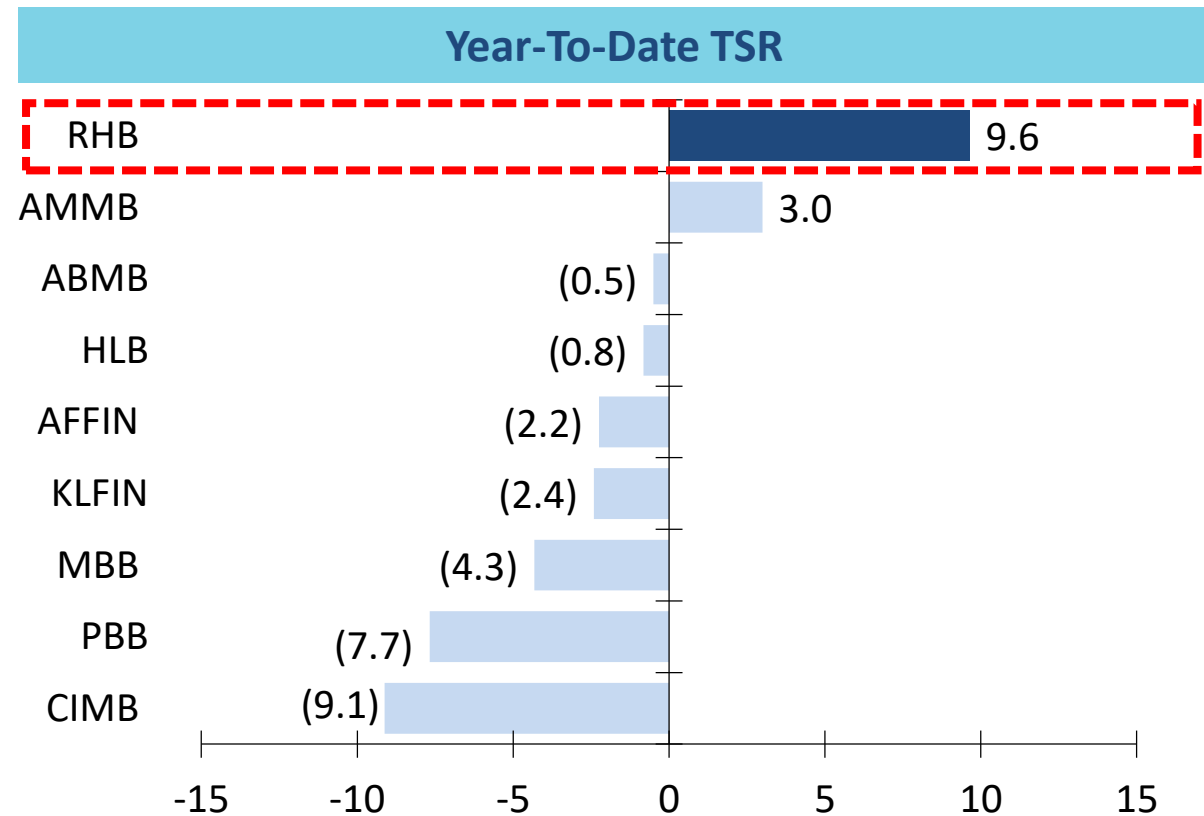


The Board has proposed a final cash dividend of 13 sen per share; Together with the interim dividend paid, total dividend of 20.5 sen per share for FY2018 represented 35.7% payout; Dividend payout will be at least 30% of net profit moving forward

Dividend Per Share (sen)



Total Shareholders' Return (%)



TSR Period: 1 Jan 2019 - 19 Apr 2019

Source: Bloomberg

* Highest since FY2003



Strategy Update

FIT22 Key Highlights in FY2018



Fund our Journey

Grow Affluent, leveraging on SME customer base

- Premier customers**
- ↑ **32%**
 - **34%** are SME owners
- Premier AUM**
- ↑ **18%** to RM29.3b

Continue to win in the SME space

- SME Loans** ↑ **5.7%**
- Of which:
- Retail SME** ↑ **11.2%**

Increase share of wallet: Large Caps & Mid Caps

Fee Income Market Share

- Large Cap **23.4%** (2017 13.2%), penetration rate at **82.5%**
- Mid Cap **27.8%** (2017 19.1%), penetration rate at **58.6%**

Boost retail deposits

- Retail Deposits** RM52.5 b ↑ **10.3%**

Rebalance financing portfolio

Retail + SME = **72%** of total domestic loans (Target 75% by 2022)



Invest to Win

Institutionalise analytics / big data to boost revenue

Revenue from analytics use cases of **RM34.1 mil**

Implement Key IT projects

Rolled out FLASH, CREST, New Transaction Banking System and the next phase of MUREX



Transform the Organisation

Digitalisation revenue

Revenue uplift from new digital experience & products **RM15.0 mil**

Implement AGILE@Scale

- Agile Leap implemented for SME and Retail (Deposit & Mortgage)
- To continue in 2019 within Retail Banking, Business & Transaction Banking and Group Technology Services

We are not going to be a digital bank, but we will use digital at the core of our banking business



Bringing Digital Banking to Malaysian Consumers and Businesses



Description

▪ **RHB Mobile Banking App** unique features, user friendly functionalities; easy to use



▪ **RHB MyHome App** 1st in ASEAN mobile app. Interfaced RHB MyHome App with new mortgage origination system (FLASH)



▪ **RHB online account opening & Banking at Your Doorstep** for online account opening. Customers in Klang Valley can also opt for RHB officers to visit for KYC and account activation



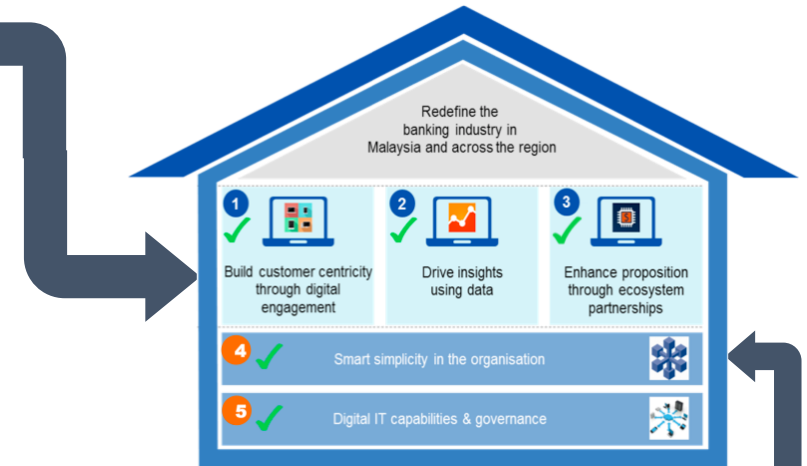
▪ **RHB iSMART (SME)** sales tool to enable our SME frontliners to provide customers with the right solutions for their businesses



▪ **SME Online Financing** apply for loans within 10 minutes with minimal data inputs; maximum tenure and loan amount of 24 months and RM300k respectively

Progress

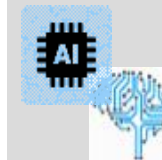
- Launched on 18 Apr 2019
- 17% of total YTD mortgage business
- Truly instant approval in principle
- Total accounts opened online: 3,821 with average balance of RM5,889 (2.5x higher than normal account balance)
- 8% increase in productivity with RM89.2mil in incremental loan acceptance value
- 364 online applications with total value >RM80mil



Future proofing the RHB workforce



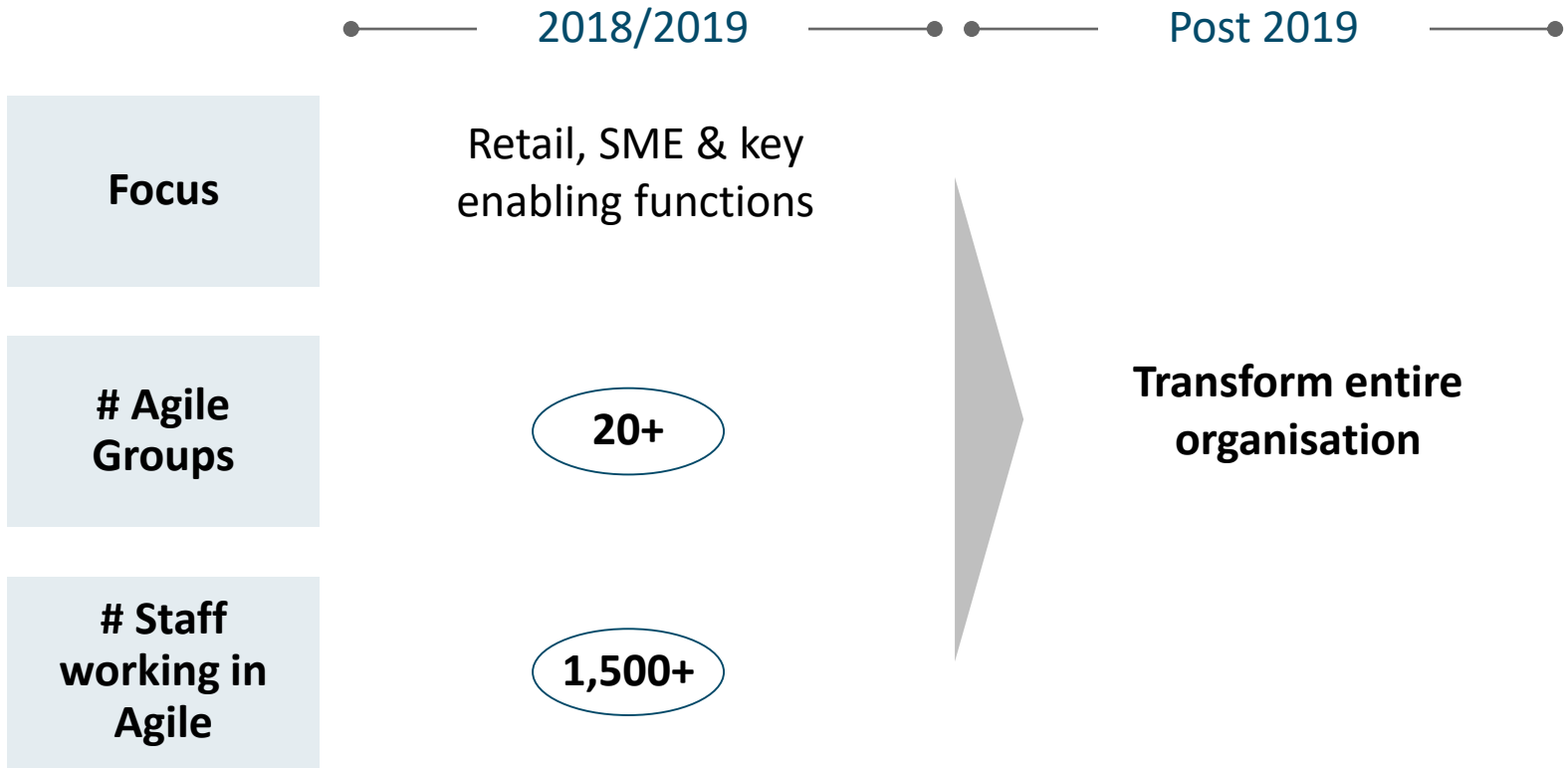
▪ Set up **RHB Digital Academy** to train RHB staff to be **next-generation digital leaders & workforce**. We have trained >400 staff with plan for another 800 more in 2019.



▪ Re-skilling program in place as **we adopt new Digital technologies like RPA, ML and AI**

AGILE leap has produced tangible results

- Transforming RHB’s operating model to foster innovation, productivity, customer centricity and employee engagement
- AGILE work culture: customer focus, output orientation, adaptability and empowerment
- Putting customer journeys at the heart of product development



Faster speed to market

~2-6x
Faster speed to market



Increased productivity

18%
Productivity enhancement

4

Sustainability Update

Sustainability has become a key focus area

- The Group developed a Sustainability Framework which outlines 5 sustainability commitments and supports 9 UN Sustainable Development Goals; as well as identified 17 sustainability material matters

GOVERNANCE	ECONOMIC	ENVIRONMENT	SOCIAL	
Drive Ethical & Responsible Business Practices	Promote Sustainable Business	Promote Environmental Practices	Foster Talent Development	Enrich & Empower Communities
<ul style="list-style-type: none"> ASEAN Top 30 Public Listed Companies for good corporate governance by ASEAN Capital Markets Forum Established policies to further enhance governance - e.g. Group Anti-Bribery & Corruption Policy; Group Corporate Sponsorship & Donation Policy Launched new products incorporating Value Based Intermediation (VBI) features - e.g. affordable financing for low-income or first time homebuyers; and enabling depositors to channel donations through accounts or SyuQR app 	<ul style="list-style-type: none"> Best GG Sukuk Award for our role as Shariah Adviser for PR1MA's RM2.5 billion Murabahah Sukuk Improving customer convenience through Digitalisation – e.g. RHB MyHome App, RHB Insurance App and SME Online Financing RM27.2 billion in loans granted to SMEs Group Procurement procured RM378 million from local suppliers for IT and non-IT procurement 	<ul style="list-style-type: none"> 12.9% reduction in electricity consumption and 11% reduction in water consumption Reduced paper consumption by 17,498 reams (9.26%) equivalent to 8.7 million pieces of paper Transforming current Data Centre to a Green Data Centre 	<ul style="list-style-type: none"> RM43.1 million invested in training and development RHB employees in 2018 Improved Employee Engagement Score to 84% Women make up 49.9% of Management Formed RHB Gen-Y Youth Council to promote youth empowerment 	<ul style="list-style-type: none"> Pledged RM10 million towards community engagement & development programmes Engaged 10,407 youths on financial literacy through RHB's Money Ma\$ter programme

- Improved FTSE4Good Bursa Malaysia rating from 2.9 (2017) to 3.4 (2018)



Concluding Remarks

Concluding Remarks

1

- ◆ The Group recorded highest profit ever in 2018

2

- ◆ Results demonstrate the Group's strengths and resilience operating under challenging environment and good progress in FIT22 implementation

3

- ◆ RHB fundamentals are strong - high capital levels, healthy liquidity position, adequate coverage for our loan losses and benign credit charge ratio. Asset quality improved

4

- ◆ For 2019, the Group remains cautious operating under continued challenging global economic environment, but committed to delivering better performance and operational efficiency

5

- ◆ Continue to focus on the execution of FIT22 strategy

6

- ◆ New dividend policy of at least 30% payout

7

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

RHB TOUCH HEARTS PROGRAM



THANK YOU

www.rhbgroup.com



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