

RHB BANK BERHAD

55th ANNUAL GENERAL MEETING

Khairussaleh Ramli
25th May 2021



Agenda

1. Key Highlights
2. FY2020 Performance Review
3. Strategy Update
4. Sustainability Update
5. Repayment Assistance Update
6. Dividend Reinvestment Plan (DRP)
7. Concluding Remarks



Key Highlights

Highlights of FY2020 (1/2)

- Achieved **net profit of RM2.03 billion**, 18.1% Y-o-Y decline mainly due to net modification loss (ML) arising from moratorium accorded to our customers and higher provisions including pre-emptive ones for COVID-19 impact
- **ROE at 7.7%**; 8.3% if normalised for net ML
- Fundamentals remained sound; **strong capital and liquidity levels** while maintaining prudence with **loan loss coverage (LLC) well above 100%**
- Proposed a final dividend of **7.65 sen per share, subject to Dividend Reinvestment Plan (DRP)**. Full year 2020 dividend amounts to 17.65 sen per share with **payout ratio of 34.8%**
- Continued to provide support to our borrowers through various **repayment assistance programmes: RM25.5 bil or 15%** of the Group's total domestic loans and financing portfolio

- Re-prioritized FIT22 strategy in response to the pandemic:
 - i. accelerate **digitalisation** of customer journeys and **IT modernisation** plan
 - ii. transform **credit risk management** : boost turnaround time, improve credit quality, utilise analytics to enhance growth
 - iii. **upskill** our employees to be future ready

- Continued to **integrate ESG practices** into our business and operations:
 - i. enhance our **risk management policies** and decision-making process
 - ii. explore business opportunities that support country's transition to a **low carbon economy**

Other Key Highlights in FY2020

Improved Employee Engagement

Employee Engagement Survey (EES) score increased to 92% from 90% in 2019, surpassing Malaysia Financial Institutions' score of 89% (2019: 89%)

Enhanced customer satisfaction

Higher Net Promoter Scores (NPS) at +11 in 2020 from +9 in 2019

Strengthened Brand Value



Putra Brand Awards 2020

- Banking, Investment & Insurance (Gold)
- Silver in 2019



MSWG-ASEAN Corporate Governance Awards 2019

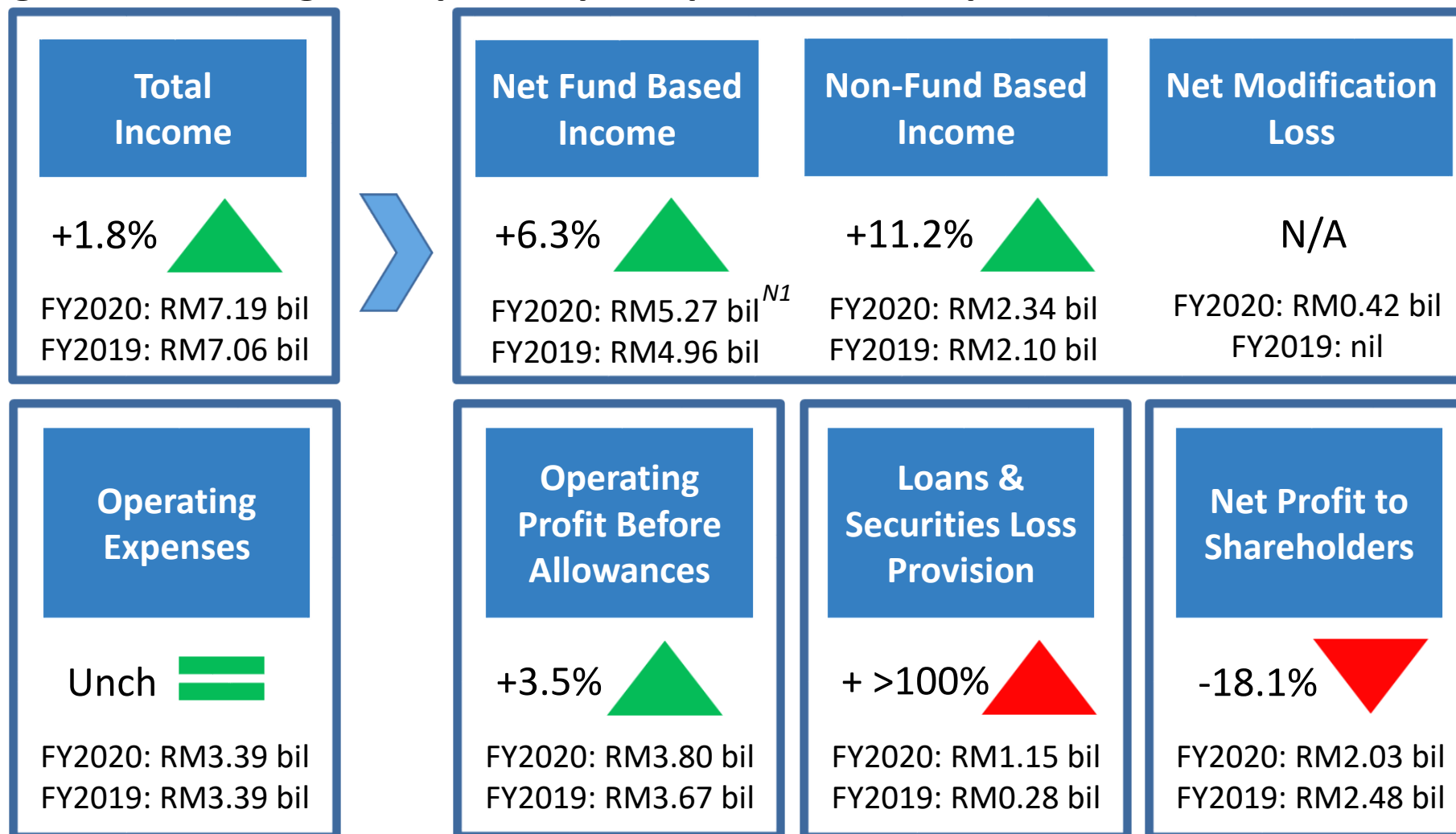
- Excellence Award for CG Disclosure - Top 5
- Industry Excellence Awards (Financial Services) – Top 3



FY2020 Performance Review

FY2020 Performance Review

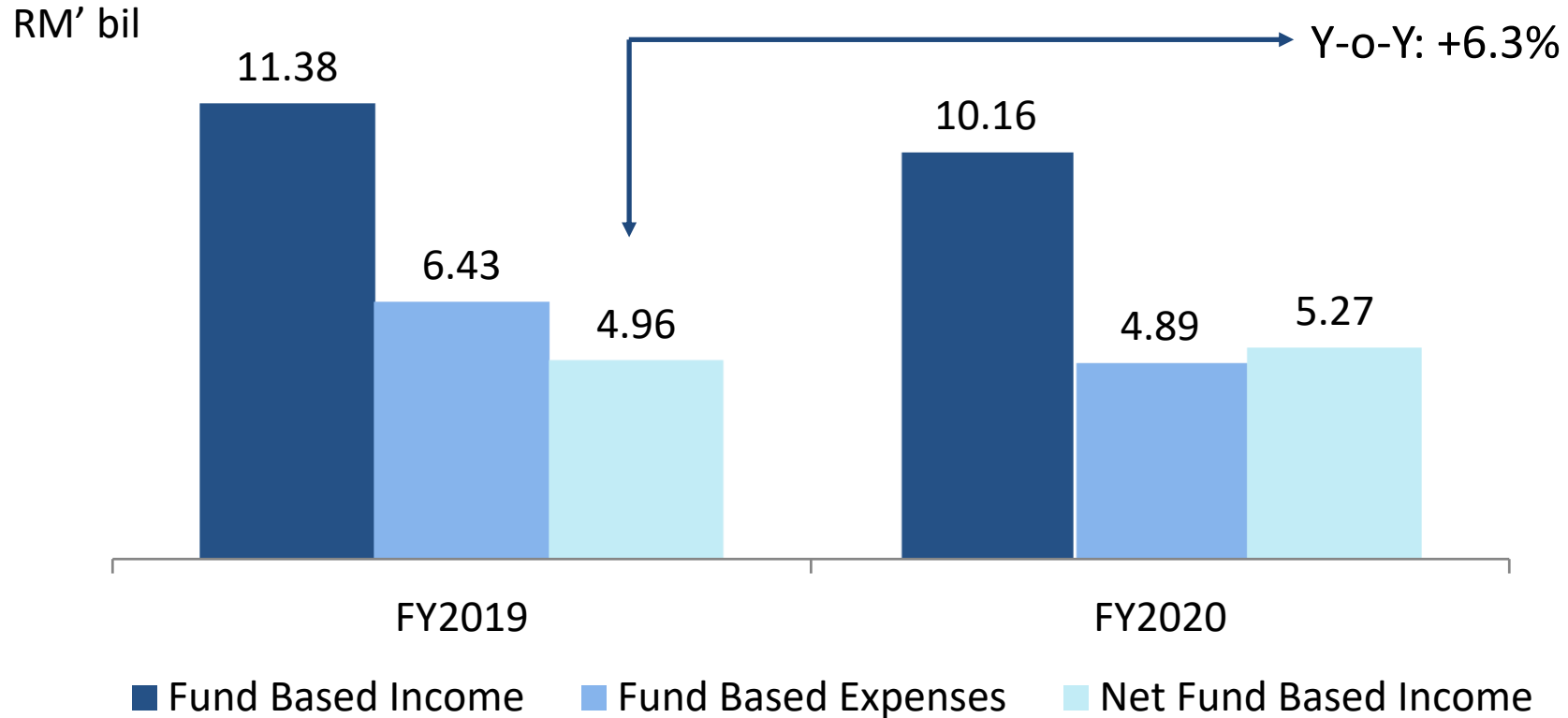
**Profit impacted mainly by higher ECL and net ML despite income growth;
Higher ECL arising from pre-emptive provisions for potential COVID-19 effects**



N1 Net Fund Based Income in FY2020 includes unwinding of modification loss of RM170.2 million

FY2020 Performance Review

Higher net fund based income was supported by proactive funding cost management; NIM dropped to 2.06% from the impact of 125bps OPR cuts

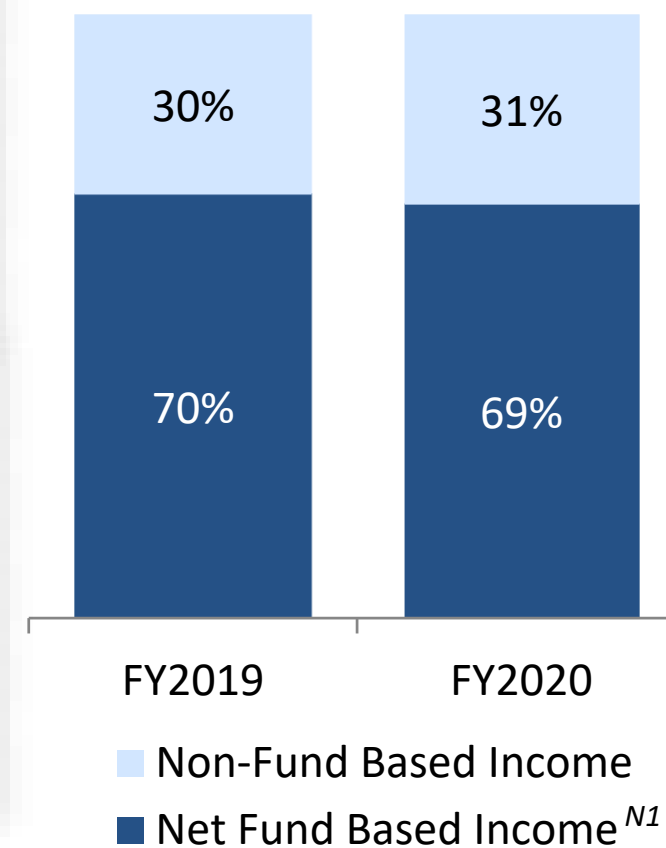


NIM	FY2019	FY2020
	2.12%	2.06%

FY2020 Performance Review

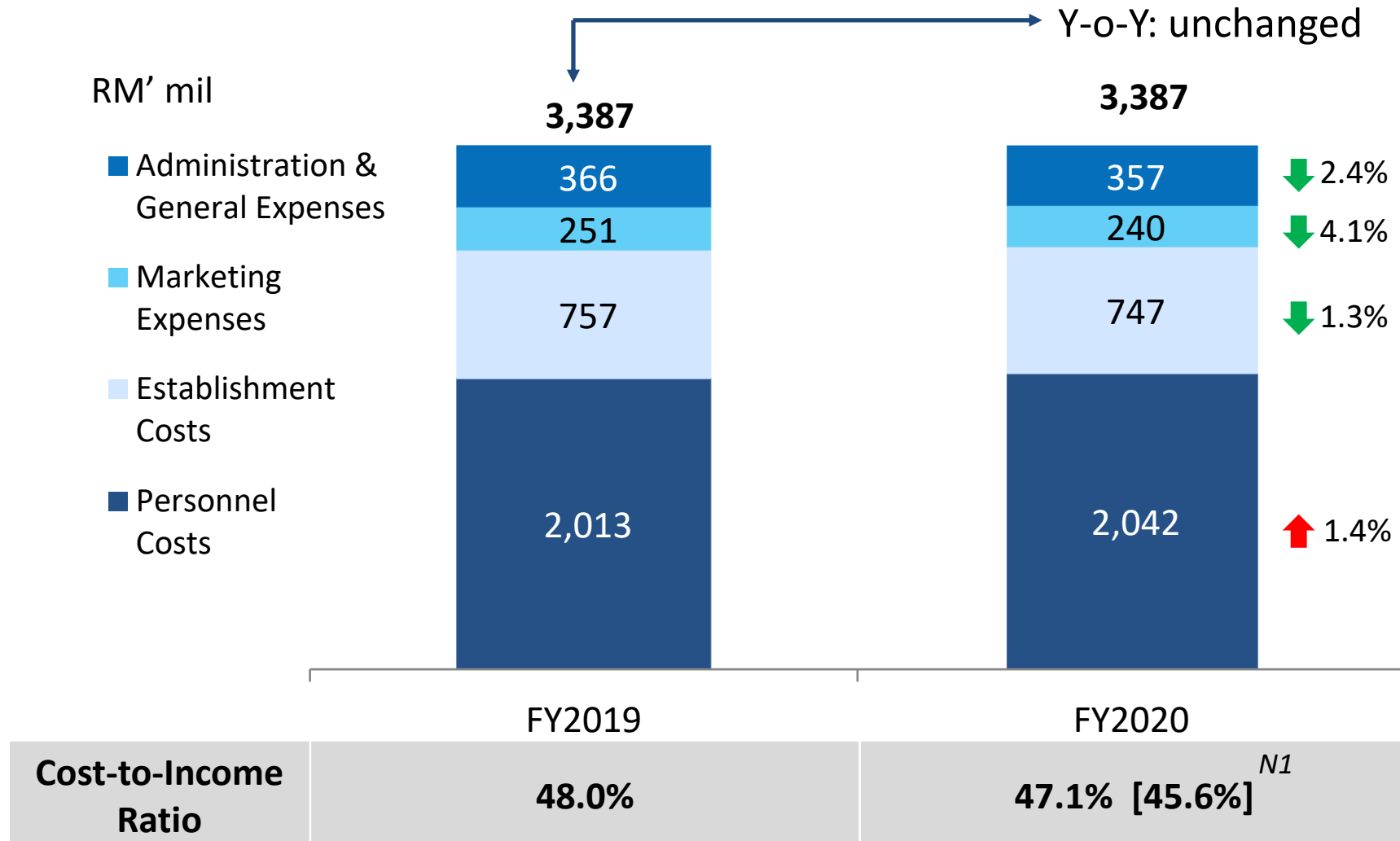
Non-fund based income grew 11.2% Y-o-Y mainly due to higher investment and trading income, insurance underwriting surplus, brokerage income and wealth management fees

Non-Fund Based Income RM'mil	FY2019	FY2020	Y-o-Y Change
Total Fee Income (A)	1,032	1,153	+11.7%
<i>of which: Brokerage Income</i>	<i>200</i>	<i>384</i>	<i>+92.0%</i>
<i>Wealth Management</i>	<i>149</i>	<i>175</i>	<i>+17.4%</i>
Insurance Underwriting Surplus (B)	193	216	+11.9%
Treasury Related Income (C)	798	890	+11.5%
<i>of which: Gain & MTM on Securities</i>	<i>482</i>	<i>683</i>	<i>+41.7%</i>
Others (D)	77	77	-
Total (A) + (B) + (C) + (D)	2,100	2,336	+11.2%



FY2020 Performance Review

Operating expenses relatively flat on the back of disciplined cost management; CIR further improved to 47.1%



N1 CIR excluding net ML impact

FY2020 Performance Review

**Group loans grew 5.6% Y-o-Y led by mortgage, auto finance, SME and Singapore;
Further progress achieved in portfolio rebalancing with higher Retail & SME composition
(from 58% in FY2015 to 66% in FY2020)**

Gross Loans (RM' bil)	FY2019	FY2020	% Change	Composition		
				FY2015	FY2019	FY2020
Retail Banking	90.1	95.0	+5.4%	45%	51%	51%
<i>of which: Mortgage</i>	58.6	63.1	+7.7%		33%	34%
<i>Auto Finance</i>	8.3	9.0	+7.4%		5%	5%
Business Banking	25.9	28.8	+11.3%	13%	15%	15%
<i>of which: SME</i>	19.9	22.2	+11.9%		12%	12%
Wholesale Banking	43.0	42.3	-1.5%	31%	24%	23%
Group International Business	17.3	20.0	+16.0%	11%	10%	11%
<i>of which: Singapore</i>	12.8	15.6	+21.4%		7%	8%
Total Gross Loans	176.2	186.1	+5.6%	100%	100%	100%
<i>of which : Domestic Loans</i>	158.9	166.1	+4.5%	89%	90%	89%

FY2020 Performance Review

**Total deposits grew by 6.8% Y-o-Y led by CASA growth of 28.3%;
CASA ratio improved to 30.9%; LCR healthy at 146.9%**

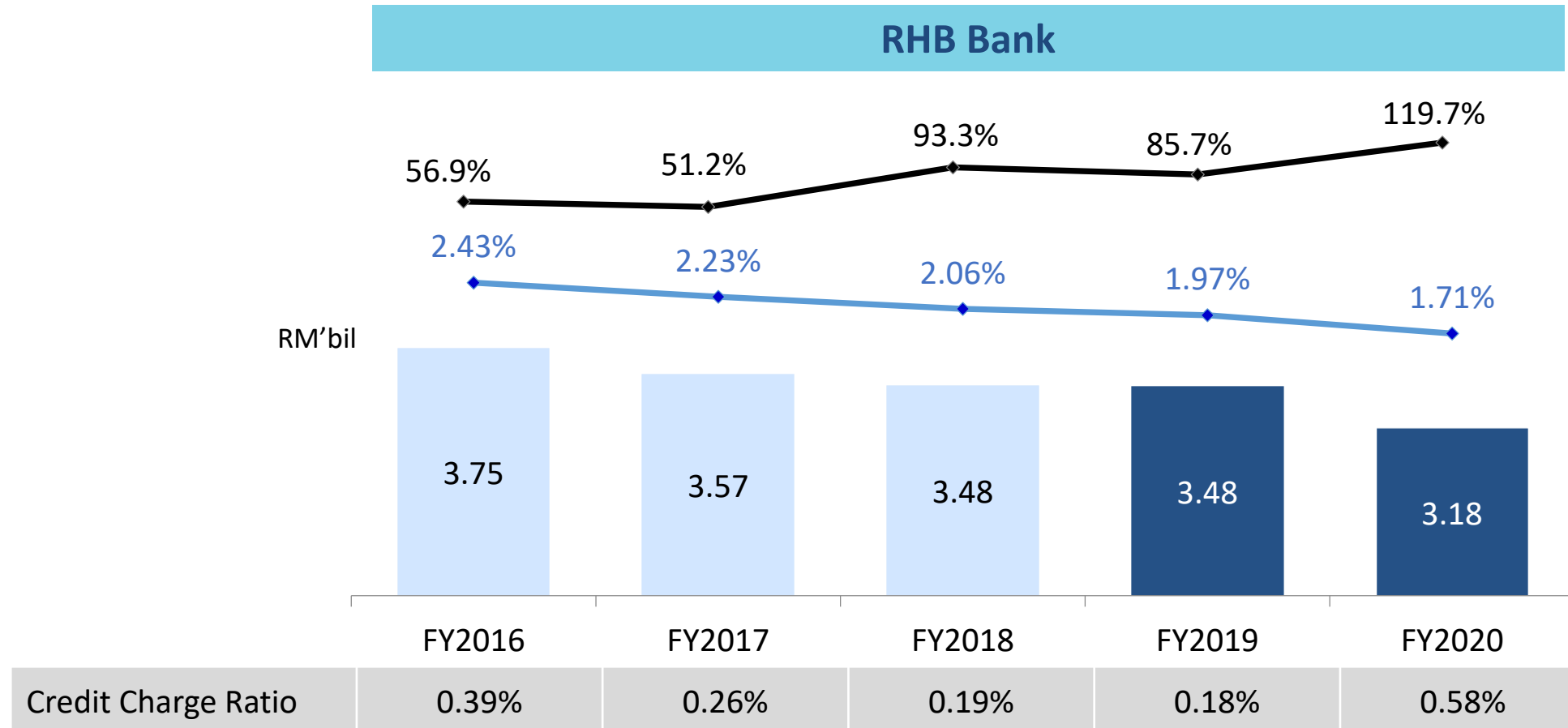
Deposits by Type (RM'bil)	FY2019	FY2020	% Change
Fixed Deposits ^{N1}	141.6	140.7	-0.7%
CASA	48.9	62.8	+28.3%
<i>Current Deposits</i>	38.4	49.5	+29.0%
<i>Savings Deposits</i>	10.6	13.3	+25.7%
Total Deposits	190.6	203.5	+6.8%
CASA Ratio	25.7%	30.9%	+5.2%
Loan-to-Deposit Ratio	92.5%	91.5%	-1.0%
Liquidity Coverage Ratio (LCR) ^{N2}	152.7%	146.9%	-5.8%

N1 Including investment deposits and MMTD

N2 Bank Consolidated Level (All Currencies)

FY2020 Performance Review

Higher credit charge ratio due to provisions set aside for potential COVID-19 impact. GIL ratio under control, helped by R&R dispensation. LLC well above 100%, a first for the Group



Impaired Loans (Pre MFRS 9)

Impaired Loans (Post MFRS 9 Adoption)

Loan Loss Coverage Ratio ^{N1}

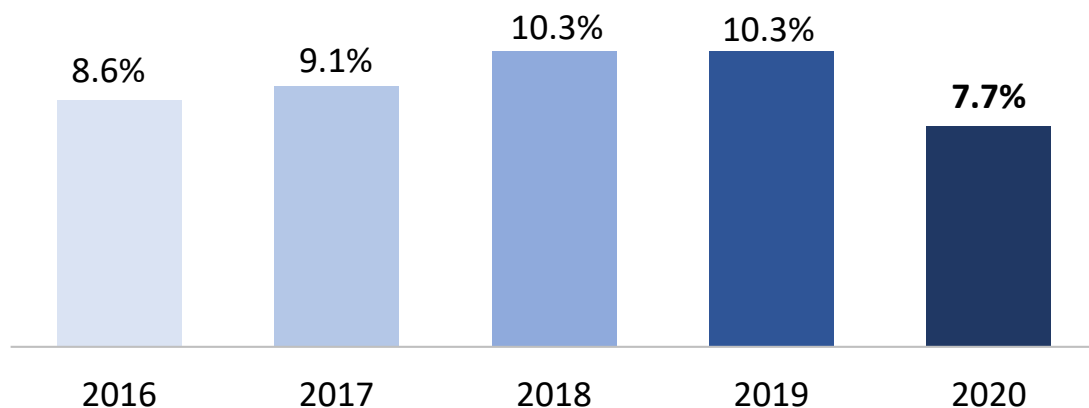
Impaired Loans Ratio

N1: Excluding regulatory reserve

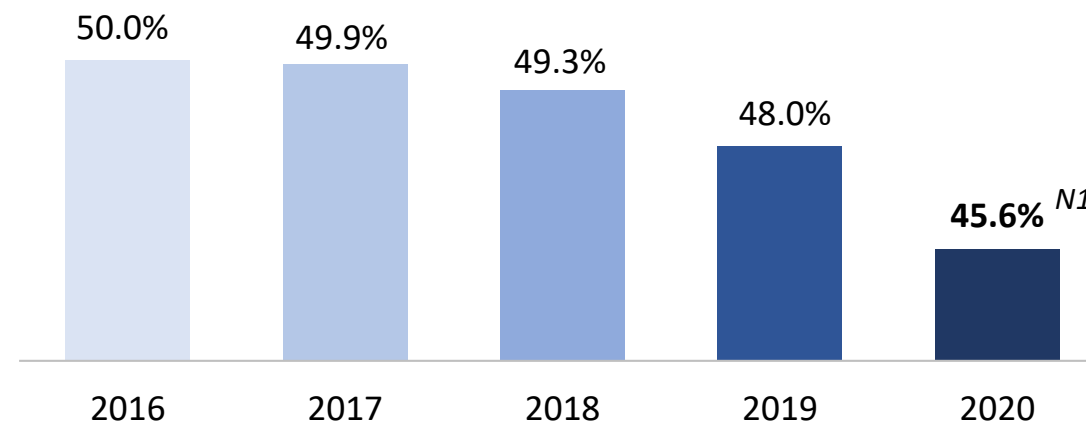
FY2020 Performance Review

Our fundamentals have improved steadily, albeit impact of COVID-19 on profitability

Return on Equity

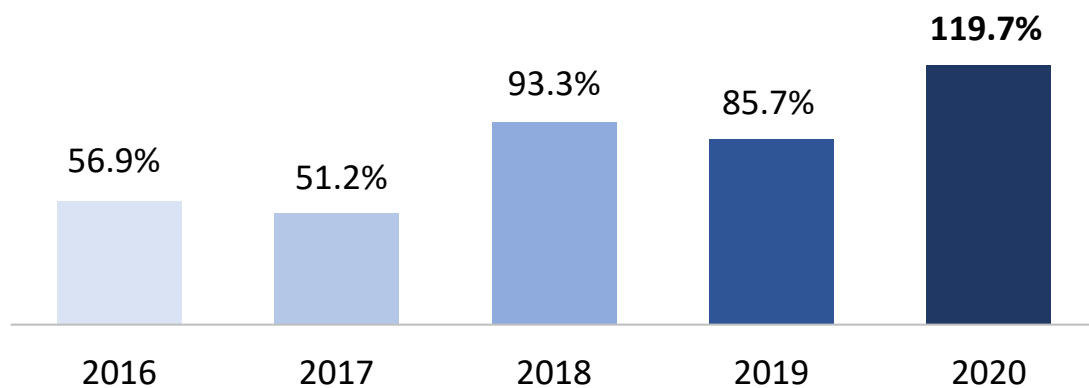


Cost-to-Income Ratio



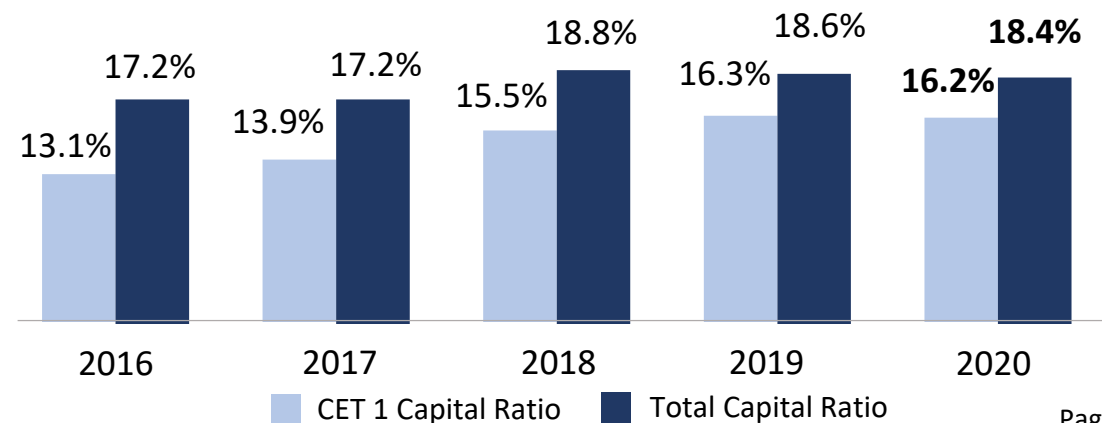
N1: Excluding net ML

Loan Loss Coverage^{N1}



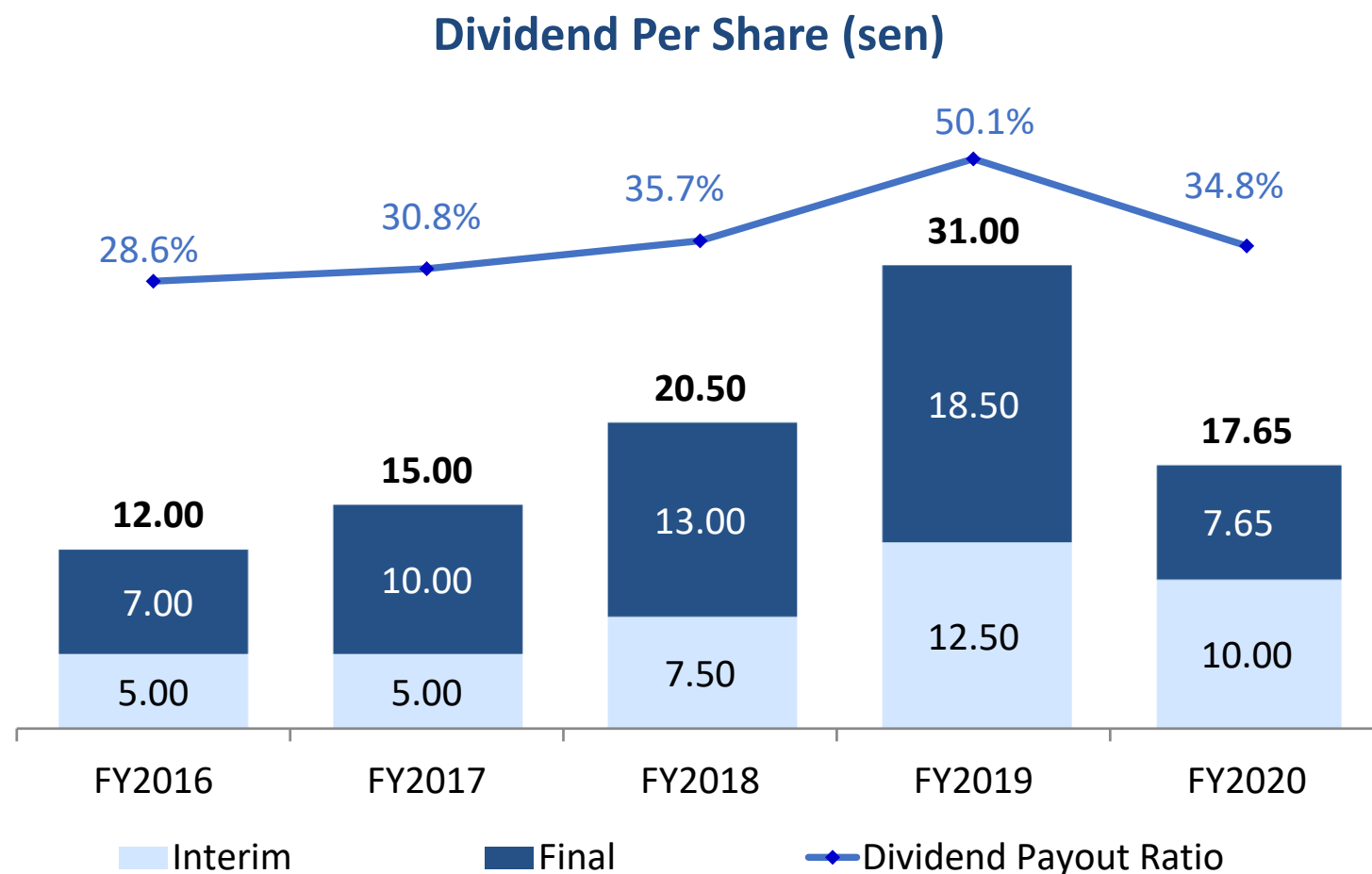
N1: Excluding regulatory reserve

Group Capital Ratios



FY2020 Performance Review

The Board has proposed a final cash dividend of 7.65 sen per share subject to DRP. Together with the interim dividend paid, total dividend of 17.65 sen per share represented 34.8% payout





Strategy Update

FIT22 Key Highlights in FY2020 – Making Steady Progress



Fund our Journey

Grow Affluent, leveraging on SME customer base

- Premier customers +13.8% to 79.4k; **33.9% are SME owners**
- **AUM of Premier customers +19.5%** to RM39.9 bil

Continue to win in the SME space

- **SME loans +11.3%** to RM28.8 bil, RSME +9.3%
- **SME e-Solutions** enhanced through API integration - customers +93.0% to 10.3k

Increase share of wallet for Large Cap, Increase penetration into Mid Caps

- **Large Cap** share of wallet at **23.6%** (2019: 25.2%)
- **Mid Cap** penetration rate at **72.4%** (2019: 60.0%)

Boost retail deposits

- **Deposits +15.5%** to RM66.7 bil (industry: +6.6%)

Consolidate overseas presence

- **Singapore:** Exited stockbroking business
- **Hong Kong:** Ceased operations



Invest to Win

Digital & Analytics

- **RHB MyHome App:** acceptance through app at 39.5% (2019: 20.0%)
- **SME Online Financing:** increased +156.9% to RM181.6 mil. Launched SME Financing Mobile App
- **Data analytics** brought in incremental benefits of RM119.5 mil
- **Modernising IT systems, digitising customer journeys**



Transform the Organisation

Implement AGILE@Scale

- **4,377 employees** working under Agile (2019: 2,127)
- **563 FTE** enhancements achieved (2019: 351)
- **115 Minimum Viable Products** released in 2020
- Improved **NPS score to +11** in 2020 (2019: +9)

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Sustainability Update

Group Sustainability Framework and ESG Accolades

KEY PILLARS



Sustainable & Responsible Banking

VISION:
BUILDING A
SUSTAINABLE
FUTURE



Embedding Good Practices



Enriching & Empowering Communities

- **RM5 bil Green Financing Commitment by 2025:**
 - RM3.1 bil extended as at Dec-20, of which 16.8% is for renewable energy projects
 - **ESG Risk Management**
 - ESG risk-related activities identified under Prohibited Credits - implemented in Malaysia and across regional operations
 - **ESG Sensitive Sectors** for non retail lending identified
 - **Industry-Specific ESG Risk Assessment (ERA)** tool adopted for five (5) key sectors, namely:
 - (i) Palm Oil (ii) Oil & Gas (iii) Manufacturing of Iron, Steel & Other Metals (iv) Power Producer (v) Manufacturing of Cement
 - **Integrate ESG considerations** as part of investment decision-making process
-
- Established operational GHG emissions inventory based on **GHG Protocol: Corporate Accounting and Reporting Standard**
 - Achieved a **38% decrease** in Group's operational GHG emissions in 2020 compared to 2016 baseline
-
- Invest in **Group Community initiatives up to RM4.4 mil** which benefitted more than 20k underprivileged community members
 - RM3 mil contributed to various communities including frontliners to mitigate the effects of COVID-19



ESG
ACCOLADES &
RECOGNITION

FTSE4Good Index Series constituent

- FTSE4Good Bursa Malaysia Index
- FTSE4Good ASEAN5 Index
- FTSE4Good Emerging Index

MSCI ESG Rating

AA
(Leader)
2020: AA(Leader)
2019: AA (Leader)
2018: A (Average)

S&P Global ESG Scores

43/100
2020: 43/100
2019: 23/100

Key Priorities for 2021

1. Roll out **Group Sustainability Framework** across regional operations
2. Strengthen our **ESG risk management** policies, processes and tools, which includes:
 - Identify and classify potential exposure to climate-related risks in line with our Risk Management Framework and as part of our preparation to **adopt BNM Climate Change and Principles Based Taxonomy (CCPT)**
 - Develop a Multiyear roadmap to adopt recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
3. Aim to achieve RM500 million in 2021 through lending, investment and capital market activities for eligible green activities
4. Be an active market player in sustainable/ESG funds
 - Launched 3 ESG-based funds to date (SRI-qualified funds) **with total AUM of RM 766.5 mil**
 - Target to launch an additional ESG fund in second half of the year
5. Continue **to help community rebound post-Covid-19** and **nurture underprivileged/B40 children and youth** through RHB's academic excellence and scholarship programme



**Repayment
Assistance Update**

Remains committed in supporting customers through Repayment Assistance

Repayment Assistance (RA) as at 31 March 2021

% of Outstanding Loan Balance	Approved RA		
	No. of accounts	RM bil	%
GROUP RETAIL	180,984	16.5	17%
SME	1,697	3.3	15%
COMMERCIAL & CORPORATE	61	5.7	12%
TOTAL DOMESTIC	182,742	25.5	15%

% of Approved RA	Retail	Non Retail ^{N1}
Reduction in monthly instalments	28%	94%
Deferment of monthly instalments	65%	6%
Others	7%	-

N1 Non Retail excluding Corporate, which is 100% R&R

Relief funds for SME

Approved RM2.6 billion for 4,216 SME customers as of March 2021:

- Special Relief Facility (SRF) – approved RM1.1 bil and disbursed RM1.0 bil (92%)
- BizPower Relief Fund (BRF) – alternative to SRF, same features but with variance in pricing and tenure. Approved RM1.1 bil and disbursed RM723 mil (68%)



**Dividend
Reinvestment Plan
(DRP)**

Introduction

- **RHB Bank** proposes to establish a dividend reinvestment plan (“**DRP**”) which provides shareholders with an option to elect to reinvest their cash dividend in new RHB Bank shares (“**DRP Shares**”) (“**Reinvestment Option**”) (“**Proposed DRP**”)
- Rationale for Proposed DRP



- Provides RHB Bank with **flexibility in managing and strengthening its capital position** as part of its capital management strategy
- The cash retained may be utilised to fund **working capital, repayment of borrowings and/or other requirements of RHB Bank Group** to be identified at the point when such funds are retained



- Provides **Shareholders with an opportunity to enhance the value of their shareholdings in RHB Bank** by investing in DRP Shares at a discount and gaining future capital appreciation
- **Provides Shareholders with the flexibility to meet their investment objectives** as they would have the option of receiving dividend in cash and/or reinvesting in DRP Shares without having to incur any brokerage fees and other related transaction costs



- Potentially improve the trading liquidity of shares through the issuance of DRP Shares

Reinvestment Options

- Shareholders will have the following Reinvestment Option:

	Shareholders' Reinvestment Options	Actions required from Shareholders
Option 1	Reinvest the entire electable portion at the issue price of the DRP Shares (" Issue Price ")	<p>Shareholders must either:</p> <ul style="list-style-type: none"> complete, sign and submit Dividend Reinvestment Form ("DRF") contained in the Notice of Election to the share registrar of RHB Bank ("Share Registrar"); or complete and submit the e-DRF to the Share Registrar via the Boardroom Smart Investor Portal at www.boardroomlimited.my <p>Once received by the Share Registrar, a DRF and/or an e-DRF shall not be withdrawn or cancelled</p>
Option 2	Reinvest part of the electable portion at the Issue Price and to receive the balance electable portion in cash	- Same as above -
Option 3	Elect not to participate in the Reinvestment Option and thereby receive the entire dividend entitlement wholly in cash	- No action required -

Details of Proposed DRP

Issue Price

- Issue Price shall be fixed at not more **than 10% discount to 5-day volume weighted average market price (“VWAP”) of RHB Bank shares immediately before price fixing date**. 5-day VWAP of RHB Bank Shares shall be adjusted ex-dividend before applying the aforementioned discount in fixing Issue Price

Eligibility to Participate

- **All Shareholders are eligible to participate in the Proposed DRP, subject to restrictions on overseas shareholders as set out in the Circular to Shareholders**
- **Overseas shareholders who wish to participate in the Proposed DRP are strongly advised to provide the Share Registrar with an address in Malaysia** no later than 5 market days before the entitlement date for any particular dividend to which the Proposed DRP applies

Fractional shares

- The amount of the electable portion relating to **fractional entitlement of DRP Shares will be paid in cash to Shareholders** in the usual manner

Modification, suspension and termination

- **Board of Directors of RHB Bank (“Board”) may as they deem fit or expedient and irrespective of whether the Shareholders have elected to exercise the Reinvestment Option, modify, suspend (in whole or in part) or terminate at any time and from time to time the Proposed DRP**, subject to any requirement or provision imposed by any statute, law or regulation in force in Malaysia. Such development shall be communicated through announcement to Bursa Malaysia Securities Berhad or in such other manner as the Board deems fit or expedient

Sequence of Events After Establishment of Proposed DRP

Timeline	
Date	Key events
17 Dec 2020	Announcement of Proposed DRP
26 Feb 2021	Announcement of a final dividend of RM0.0765 per RHB Bank share (" Final Dividend ") and the application of the Proposed DRP to the Final Dividend
25 May 2021	<ul style="list-style-type: none">▪ 55th Annual General Meeting▪ Announcement of fixing of Issue Price and entitlement date
9 June 2021	Ex-dividend date (Note: Price of RHB Bank shares will be adjusted for the Final Dividend)
10 Jun 2021	Entitlement date (for the Final Dividend & Proposed DRP)
14 Jun 2021	Despatch of Dividend Reinvestment Statement, Notice of Election & Dividend Reinvestment Form
28 Jun 2021	Expiry date (i.e. last day by which an election made by Shareholder in relation to the Proposed DRP must be received by Share Registrar)
8 Jul 2021	Issuance & allotment of DRP shares and payment of cash dividend to Shareholders
9 Jul 2021	Listing of DRP Shares



Concluding
Remarks

Concluding Remarks

- Despite the unprecedented challenges brought about by COVID-19 pandemic, we have continued to be **adaptive, resilient and supportive**
- Our key priorities are ensuring **business continuity, health and safety of our employees, and well-being and sustainability of our customers** as we pursue opportunities for business growth
- Our **prudent risk management practice, sound fundamentals and clear strategy** put us in good stead to steer through the uncertain and challenging outlook, and working under the new norm
- We will continue to **extend targeted assistance to our customers** and lend a helping hand to the communities that are in need of our support
- **Thank you shareholders for your faith and trust in us!**

RHB CSR Programme



PERSONAL BANKING
Moratorium

Life's curveballs may hold you back.
We're here to keep you
moving forward.

Stay updated with the latest support
and info on COVID-19 Assistance.

Find out more



THANK YOU

www.rhbgroup.com



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