

RHB BANK BERHAD

58th ANNUAL GENERAL MEETING

Mohd Rashid Mohamad
10th May 2024



Agenda

1. **FY2023 Performance Review**
2. **Strategy Update**
3. **FY2024 Outlook**



FY2023 Performance Review

FY2023 Achievements



FY2023 results continued its trajectory of resilience

- ROE at 9.5%. Net profit up 4.8% Y-o-Y
- Strong non-fund based income growth of 30.3% Y-o-Y
- Continued discipline in managing operating expenses with growth contained at 2.3% Y-o-Y
- Balance sheet remains strong with sustained healthy growth in assets of choices



Maintained robust capital positions & consistent dividend payout to reward shareholders

- FY2023 dividend amounted to 40 sen per share
- Dividend payout ratio of 61.1%
- Dividend yield of 7.3%



Sustained ESG momentum

- Mobilised more than RM23.8 billion in Sustainable Financial Services (“SFS”)
- Revised SFS commitment from RM20 billion to RM50 billion by 2026



Improved customer experience

- Achieved **Net Promoter Score (NPS) score of +20 and 2nd ranking** in the Malaysia banking industry



Won Bronze Award at the Putra Brand Awards 2023

- In Banking, Investment, and Insurance category

**Net profit up 4.8% Y-o-Y
to RM2,806.2 million**

**Total Assets growth: 5.8%
Loans growth: 4.8%**

**Group: CET1 16.7%
TCR 19.4%**

P&L

- Non-fund based income up 30.3% to RM2.3 billion partially offsetting impact of lower net fund based income
- Opex up slightly 2.3% to RM3.7 billion. Managed CIR at 47.5%
- ECL lower by 28.4% to RM301.5 million. Credit cost at 16 bps vs 15 bps last year
- Net profit up 4.8% to RM2.8 billion vs RM2.7 billion in FY2022

Assets & Liabilities

- Loans up 4.8% attributed mainly to growth in Singapore and Group Community Banking (Domestic loans growth: 3.4%). Securities portfolio grew 15.7%
- Deposits up 7.9% mainly due to FD (14.3%) and CASA (3.0%). CASA ratio at 27.9%
- GIL manageable at 1.74%
- LLC at 71.7%. LLC with Regulatory Reserves remained healthy at 106.2%

Capital

- Group CET 1 ratio at 16.7% and TCR at 19.4%
- Declared a second interim dividend of 25 sen per share (cash of 15 sen and 10 sen electable portion under DRP)
- Full year dividend payout ratio of 61.1% and a dividend yield of 7.3% for FY2023



**Maintained robust capital positions
Consistent dividend payout to reward shareholders**

The Group displayed improving dividend payout ratio post-pandemic

- Healthy dividend payout consistently above 50%
- Attractive dividend yield of 6%-7%

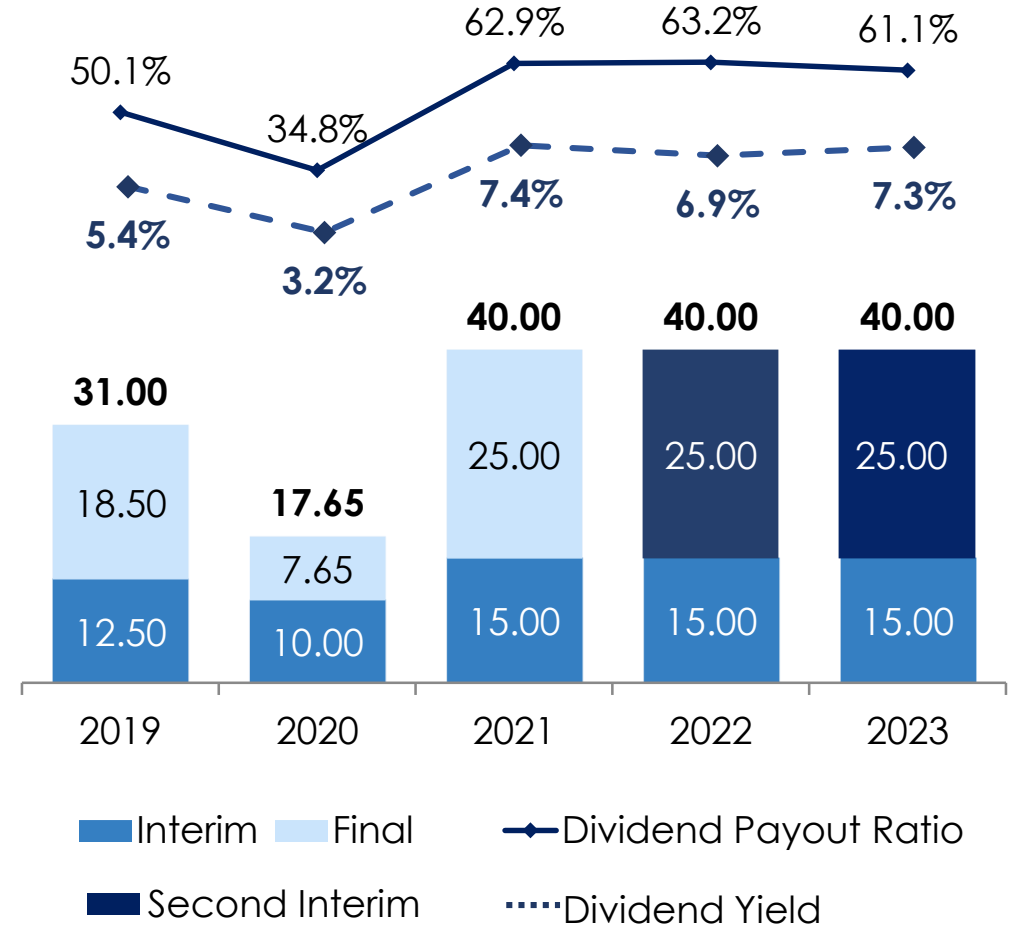
Declared a second interim dividend of 25 sen per share

- 15 sen cash and 10 sen subject to DRP

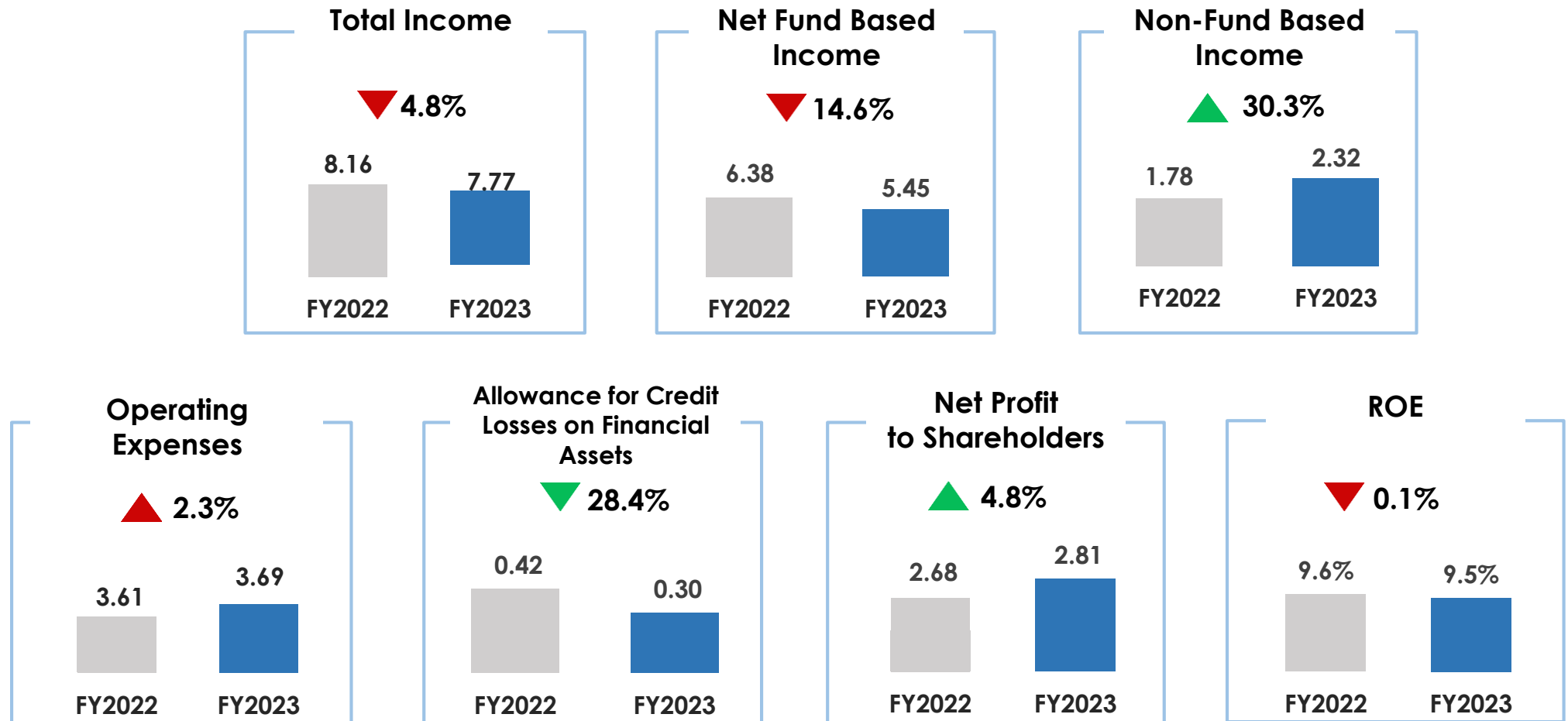
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Dividend Per Share (sen)



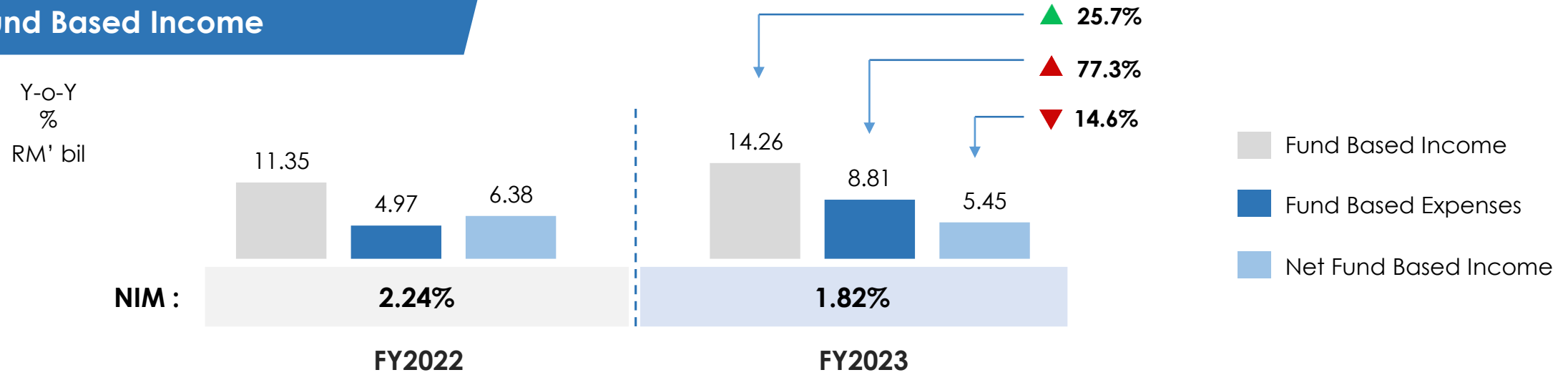
1 Overview of FY2023 Financial Results



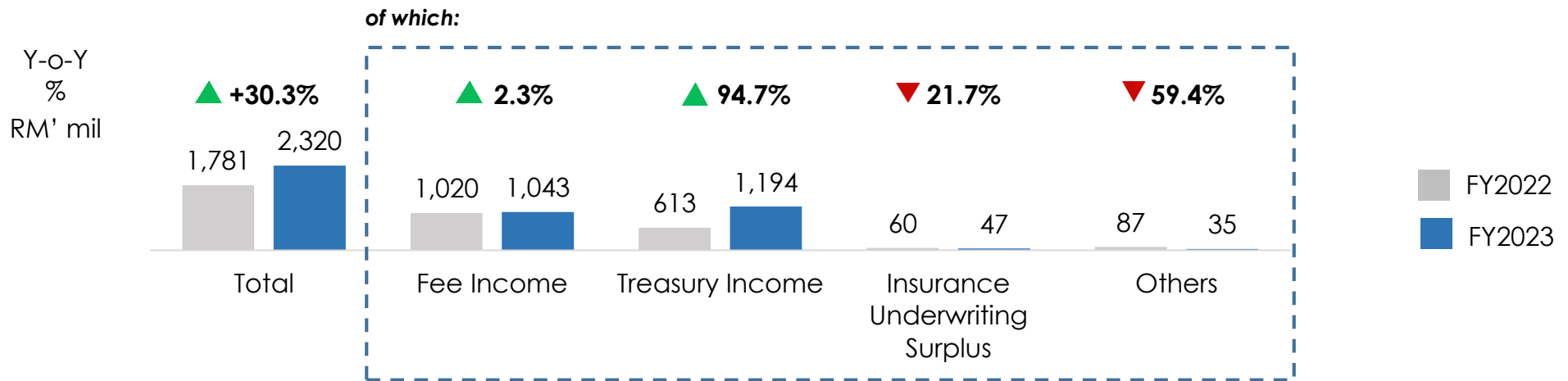
* Amounts in RM bil

Net fund based income growth moderated by higher funding costs; NIM at 1.82%; Non-fund based income growth driven by higher treasury income and fee income

2 Net Fund Based Income

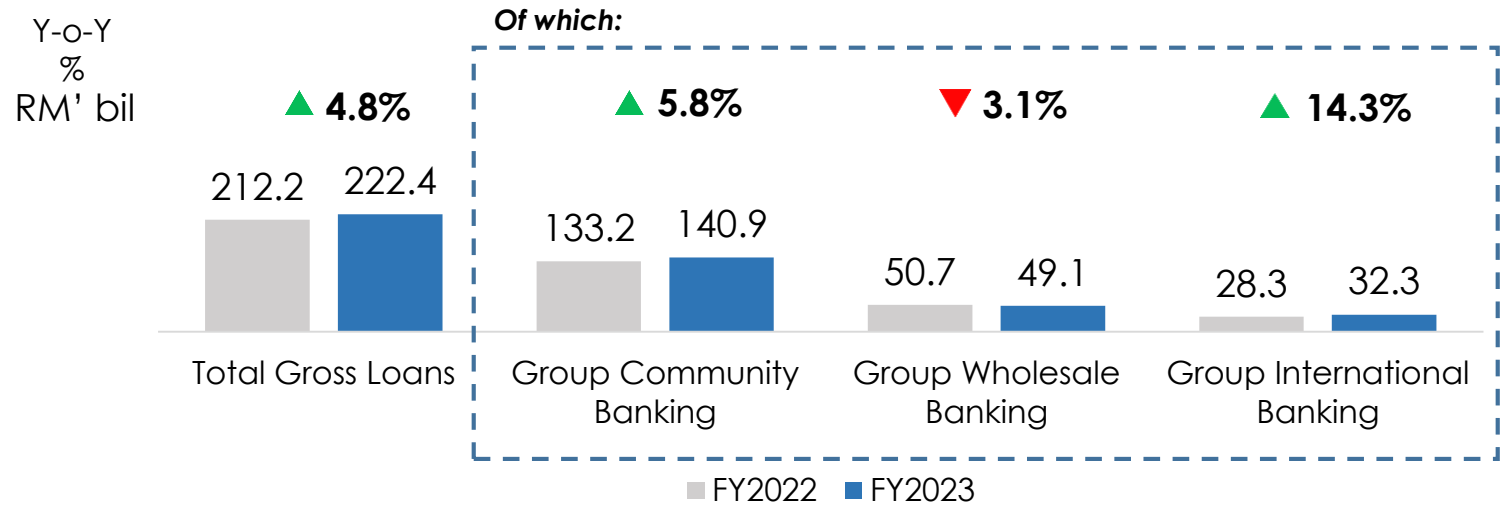


3 Non-Fund Based Income

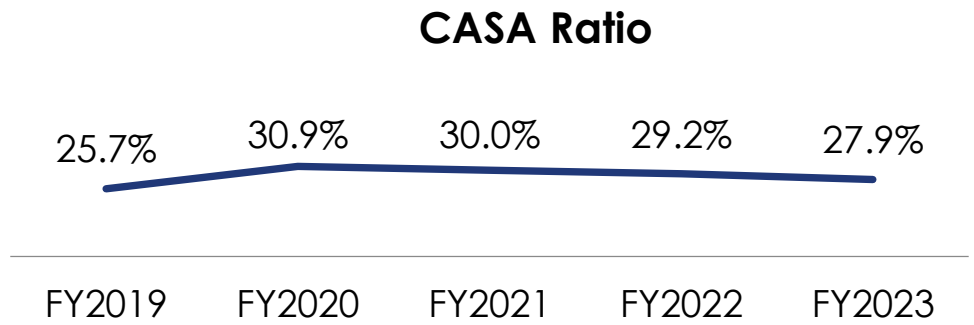
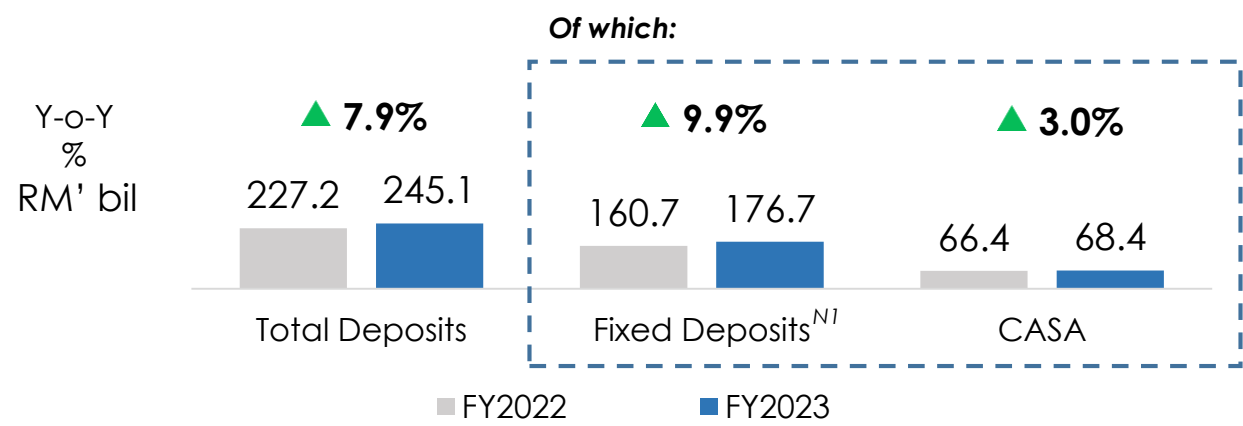


Loans growth led mainly by Singapore and Group Community Banking (especially mortgage and SME); Deposits growth attributed to higher FD and CASA; CASA composition at 27.9% for FY2023

4 Growth in Gross Loans

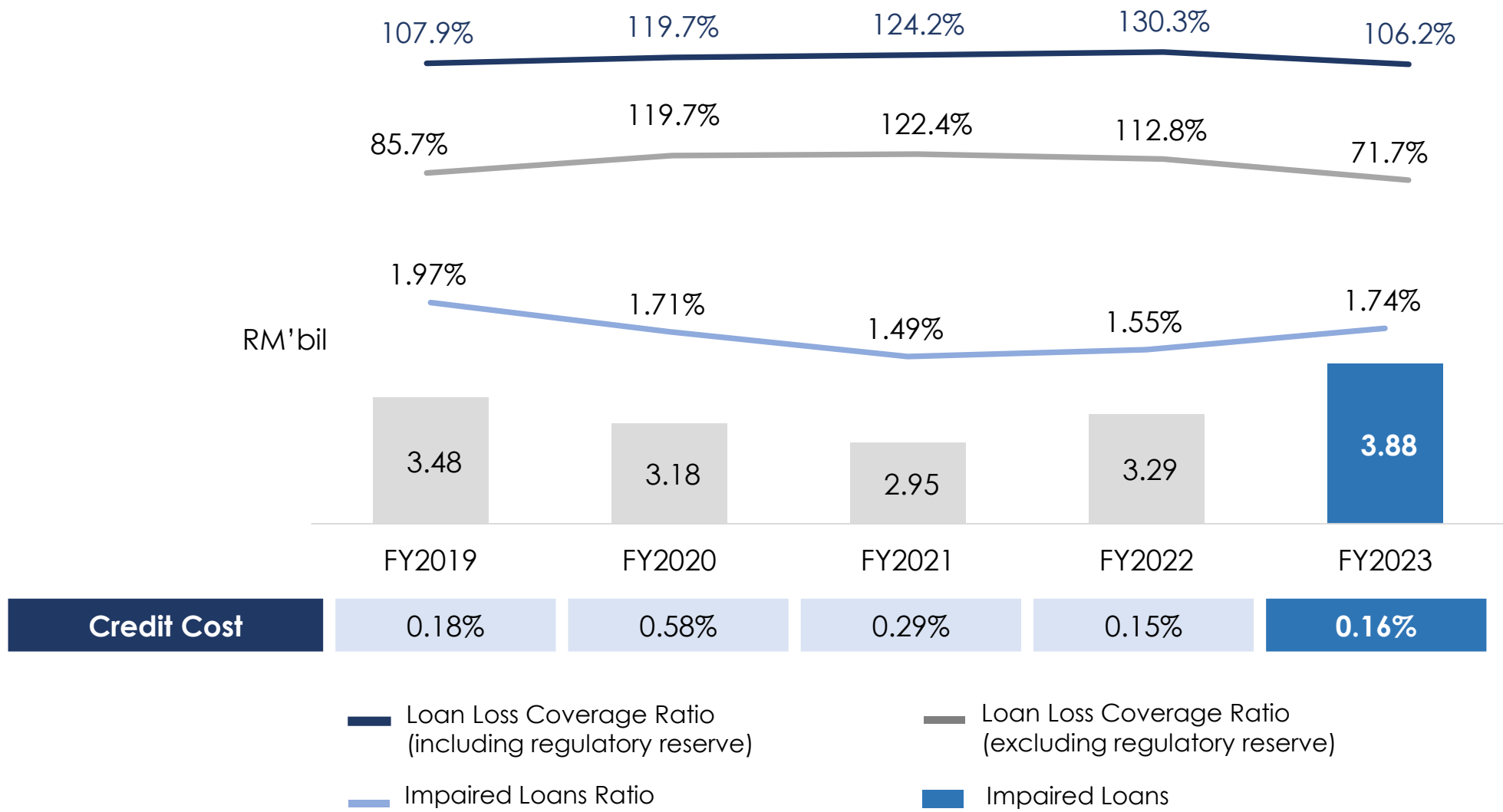


5 Growth in Deposits & Stable CASA Ratio



^{N1} Fixed Deposits = including MMTD and NID

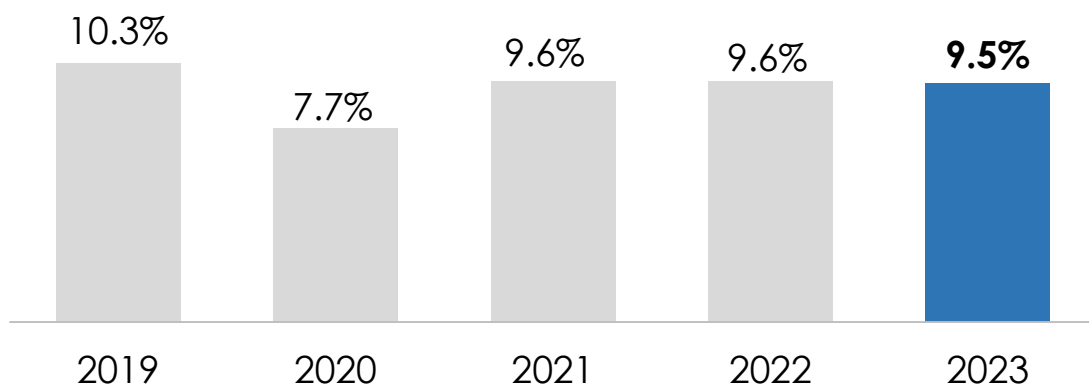
6 LLC (with Reg. Reserve) remained above 100%



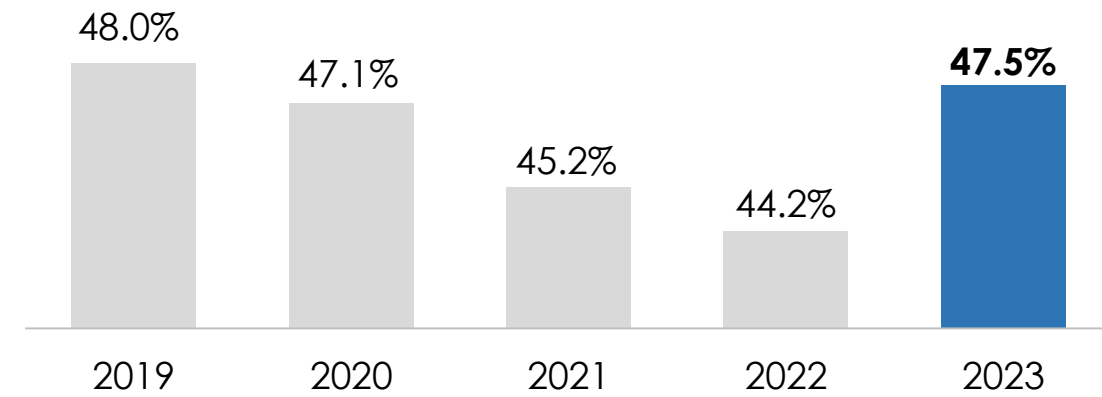
- Loan Loss Coverage Ratio (including regulatory reserve)
- Loan Loss Coverage Ratio (excluding regulatory reserve)
- Impaired Loans Ratio
- Impaired Loans

7 Summary of 5-year Performance

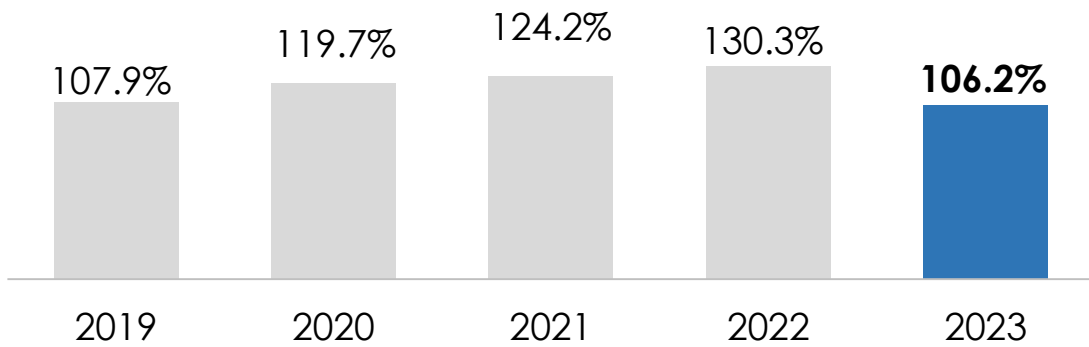
Return on Equity



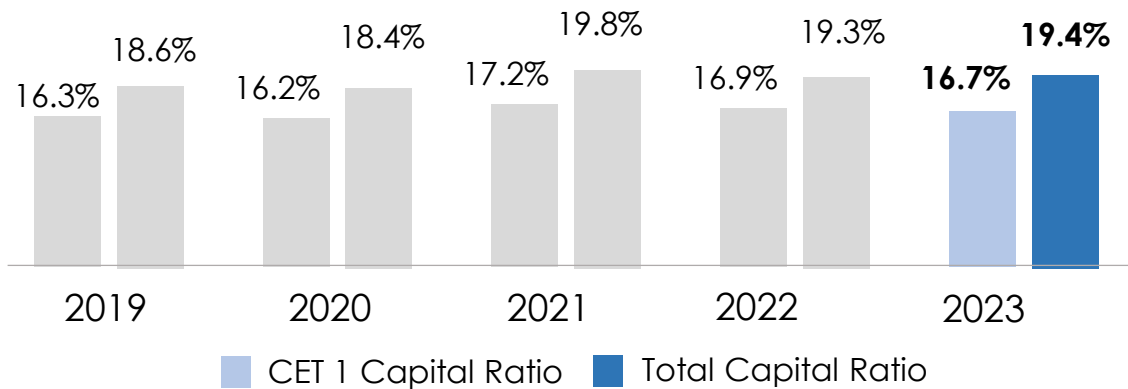
Cost-to-Income Ratio



Loan Loss Coverage ^{N1}



Group Capital Ratios



N1: Including regulatory reserve

■ CET 1 Capital Ratio ■ Total Capital Ratio



Strategy Update



+6.0% Retail Loans
FY2023 vs. FY2022

+4.9% SME Loans
FY2023 vs. FY2022

+8.6% Mortgage Loans
FY2023 vs. FY2022

+7.8% Auto Financing
FY2023 vs. FY2022

+11.0% Reflex Customers
FY2023 vs. FY2022

+49.0% Merchants
FY2023 vs. FY2022

Achieved strong digital channel penetration

- ~83% of transactions via digital channels
- Online mortgage origination of over 40%, via MyHome app

Enhanced customers' digital experience

- Online banking customers grew to 2.5 million (+44% vs. FY2022)
- Continuously upgraded online banking features; e.g. customers can temporarily lock their credit/ debit cards to better prevent fraud

Accelerated automation & system modernisation

- ~45% of key processes have been automated
- ~62% of our systems are modernised

Sustainable Financial Services progressing well

- SFS: Achieved more than RM23.8 billion vs RM20 billion target
- Building on this positive momentum, we revised our SFS target to RM50 billion by 2026

+2.8% Islamic Financing
FY2023 vs. FY2022

44.3% Islamic share
of domestic financing
(FY2022: 44.6%)

+17.5% SG Loans
FY2023 vs. FY2022

More than RM300 million
in loans for green vehicles

FY2023 Achievements

9.5%
Return on Equity (ROE)
FY2022: 9.6% | TWP24: 11.5%

47.5%
Cost-to-Income Ratio (CIR)
FY2022: 44.2% | TWP24: ≤ 44.5%

Top-2
Net Promoter Score (NPS)
FY2022: Top-3 | TWP24: Top-3

In parallel, there are several key initiatives that the Group is currently undertaking this year

RHB-BOOST DIGITAL BANK LAUNCH

- Boost Bank received **approval from BNM and MOF** in Jan 2024
- The Digital Bank is currently in **'alpha' testing phase**
- Initial products are **Savings Account and Jars** – with lending products to come online subsequently

BANCASSURANCE PARTNERSHIP RENEWAL

- RHB's current banca partnerships for conventional life insurance and family & general takaful is **ending Dec 2024 and Jul 2025**, respectively
- We have kicked-off the evaluation process for our next long-term partnership – with target to **finalise by end-2024**

EDUCATION PARTNERSHIP EXPANSION

- Through RHB's partnership with Ministry of Higher Education (MoHE), we have **onboarded more than 600k public university students** ("MySiswa")
- This year, we plan to expand further by establishing more **partnerships with other higher learning institutions**

SUSTAINABILITY STRATEGY REFINEMENT

- RHB is increasing our **Sustainable Financial Services target to RM50 billion** by 2026 (from RM20 billion)
- RHB is on track to achieve **carbon neutral operations by 2030**, and we are developing a pathway to achieve **Net Zero by 2050**

Digital Enhancements: Key Highlights (1/2)

GROUP COMMUNITY BANKING



New RHB Mobile Banking and RHB Online Banking platforms

- Online banking customers up to 2.5 mil (+44%)
- 89% penetration rate
- 63% sales composition generated via digital channels




Implemented features to combat online fraud

- Kill switch feature
- Secure Plus
- Authorised/Single Device for secure transaction authentication, etc.




MYHOME APP & PARTNERS APP

- Developed an ecosystem that offers a comprehensive range of services to guide ecosystem players such as homebuyers & Car Purchasers




Expanded the offerings for Multi Currency Visa Debit Card/-I

- Added 16 new foreign currencies (33 total supported currencies now)
- RHB was the Exclusive Platinum Sponsor for the MATTA Fair 2024*

* KL MATTA Fair: Mar 2024
* Penang MATTA Fair: Apr 2024




SME Banking Segments – Build Sectorial Expertise & Expand Ecosystems

- Grew Retail SME segment through digitalisation & customised offerings and enhanced Ecosystem Play:
 - SME Online Financing
 - SME E-Solution
 - iSMART Solution



Digital Enhancements: Key Highlights (2/2)

GROUP WHOLESALE BANKING

RHB Reflex



Transform Digital Channels to Serve All Banking & Investment Needs

- Malaysia
 - Launched Share Margin Financing for the Singapore Exchange & the Hang Seng Composite Index securities
 - Automated the account opening process through Robotic Process Automation to reduce turnaround time and improve the process
- Cambodia - Launched eKYC feature in Nov 2023 for retail broking business
- RHB Reflex - Continuous features enhancement contributing to growth of more than 11% to 166k customers in FY2023



OTHER DIGITAL SOLUTIONS

Introduction of DuitNow QR Plug & Play sound box



Introduction of RHB e-QMS App

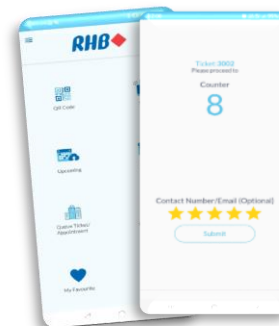


Digitise RHB beyond Malaysia – Expanding digital channels to SG and Cambodia

- Collaborated with Payments Network Malaysia (PayNet)
- The first bank in Malaysia to launch this innovation



- Book branch appointments via virtual queue ticket and monitor the queue status digitally



- Singapore
 - Expanded Mobile Banking (MBK) capabilities for account opening
 - 99% of new accounts origination), with 54% through MBK and 45% via straight-through processing ("STP") at branches
 - Launched PayNow Corporate in RHB Reflex, entrenching value proposition for digital banking to RHB Reflex users
- Cambodia
 - Launched the goWave mobile app – 12k account openings.
 - Among the first banks to launch the most secure Cambodia Shared Switch (CSS) EMV Chip card to combat counterfeiting



FY2024 Outlook

1 Economic Outlook

- Malaysia's GDP is expected to improve to 4.6% in 2024 (2023 GDP: 3.7%)
- Nevertheless, downside risks remain mainly from prolonged high interest rates in advanced economies and escalation of geopolitical conflicts

2 Income & Opex

- Net fund based income – OPR is expected to be conducive and supportive of economic growth
 - NIM expected to continue facing headwinds with emphasis on stabilisation via funding cost optimisation, active liability management and disciplined pricing strategy
- Non-fund based income
 - Focus on growing fee income, especially in IB related and asset management fees
- Maintain strong cost discipline but will continue to invest in IT and Digital to drive innovations and efficiencies

3 Assets & Liabilities

- Mortgage, auto finance, SME and Singapore remain as the primary drivers for loans growth
- CASA will continue to be a key priority

4 Asset Quality

- Sharp focus on asset quality management through disciplined monitoring of delinquencies, intensify recovery efforts
- Balancing the transparency and building up the LLC

5 Capital & Liquidity

- Preserve liquidity strength and remain among the best capitalised banks in Malaysia
- Consistent dividend payout to reward shareholders
- Maintain prudence in preparation of potential impact of new Basel 3, if any

THANK YOU

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