



RHB Bank achieves net profit of RM1,351.6 million in H1 2021, declares interim dividend of 15.0 sen per share

- ◆ Total income stood at RM3,928.4 million for the first six months of 2021
- ◆ Cost-to-income ratio improved to 44.5% from 50.0% a year ago
- ◆ Expected credit losses (ECL) increased Y-o-Y by 13.3% to RM401.2 million
- ◆ Gross loans rose 5.7% Y-o-Y to RM191.0 billion primarily driven by mortgage, auto finance, SME and Singapore
- ◆ Customer deposits increased 8.1% Y-o-Y to RM215.6 billion mainly from growth in CASA, and fixed and money market time deposits. CASA made up 29.3% of total deposits
- ◆ Islamic financing grew 10.7% from a year ago, contributing 42.2% of total domestic loans and financing
- ◆ ROE at 9.9%
- ◆ Declared interim dividend of 15.0 sen per share with 45.1% payout ratio (5.0 sen cash and 10.0 sen subject to Dividend Reinvestment Plan)

Kuala Lumpur, 27 August 2021

RHB Bank Berhad (“the Group”) announced today its financial results for the half year ended 30 June 2021.

- The Group recorded a net profit of RM1,351.6 million for the first six months of 2021 compared with RM971.7 million recorded in the same period last year. Excluding net modification loss impact, net profit grew by 5.5% mainly due to higher net fund based income.
- Net fund based income improved to RM2,848.9 million driven by proactive funding cost management, which dropped 33.2% year-on-year supported by CASA growth of 10.8%. NIM for the quarter was 2.15% compared with 2.05% recorded in the corresponding period last year.
- Non-fund based income declined to RM1,116.8 million, primarily from lower net trading and investment income which offset fee income growth from capital market, brokerage, wealth management and commercial banking.
- Operating expenses increased by 6.4% from a year ago to RM1,749.6 million. With positive JAWS, cost-to-income ratio improved to 44.5% compared with 50.0% a year ago.
- Given the ongoing uncertainties, the Group remained prudent and continued setting aside additional provisions to cater for potential adverse impact to asset quality. Consequently, ECL increased by 13.3% from the previous corresponding period to RM401.2 million with the annualised credit charge ratio standing at 0.42% compared with 0.40% for the same period last year.



Second Quarter 2021 Earnings Against Second Quarter 2020

- Excluding net modification loss impact incurred in the previous year, the Group's net profit for the second quarter 2021 declined marginally to RM701.3 million.

Balance Sheet & Capital Position Remained Robust

- Total assets for the Group increased by 4.1% from December 2020 to RM282.3 billion as at 30 June 2021. Net assets per share was RM6.86, with shareholders' equity at RM27.5 billion as at 30 June 2021.
- Our capital position remains strong; the Group's Common Equity Tier-1 (CET-1) and total capital ratio stood at 16.8% and 19.3% respectively.
- The Group's gross loans and financing grew by 5.7% year-on-year to RM191.0 billion, mainly supported by growth in mortgage, auto finance, SME and Singapore. Domestic loans and financing grew 4.1% year-on-year. The Group's domestic loan market share stood at 9.0% as at end-June 2021.
- Gross impaired loans was RM3.1 billion as at 30 June 2021, with a gross impaired loans ratio of 1.63% compared with RM3.4 billion and 1.87% respectively as at 30 June 2020. Loan loss coverage ratio for the Group, excluding regulatory reserves, remained strong at 124.1% as at end-June 2021.
- Customer deposits increased by 8.1% year-on-year to RM215.6 billion, predominantly attributed to CASA growth of 10.8%, and fixed and money market time deposits of 7.6%. CASA composition stood at 29.3% as at 30 June 2021. Liquidity coverage ratio (LCR) remained healthy at 141.8%.



Performance Review of Key Business Units

(The formation of the new Group Community Banking and Group Wholesale Banking were made effective from 1 July 2021 and will be reflected in the Q3 2021 Financial Results)

- **Group Retail Banking**
 - Group Retail Banking recorded a pre-tax profit of RM540.9 million for the first half year ended 30 June 2021 mainly due to higher net fund based and non-fund based income, and lower ECL.
 - Retail loans and financing rose 6.4% year-on-year to RM96.4 billion, primarily driven by growth in mortgages (8.0%), auto financing (13.0%) and personal financing (5.8%).
 - Retail deposits increased by 12.9% year-on-year to RM69.4 billion, mainly contributed by growth in fixed deposits (10.8%) and CASA (17.3%).

- **Group Business Banking**
 - Group Business Banking recorded a decline in pre-tax profit to RM155.7 million for the first half year ended 30 June 2021 attributed to higher ECL and operating expenses.
 - Gross loans and financing expanded by 9.1% year-on-year to RM29.8 billion, driven by growth in SME and Commercial portfolios of 9.4% and 8.1% respectively.
 - Deposits grew 20.2% year-on-year to RM35.7 billion attributed to growth in fixed deposits (23.2%) and current account (17.3%).

- **Group Wholesale Banking** posted a pre-tax profit of RM1,146.6 million.
 - **Group Corporate and Investment Banking** registered a pre-tax profit of RM435.3 million from higher non-fund based income and lower operating expenses. Gross loans and financing contracted by 4.1% year-on-year to RM41.9 billion. Deposits contracted by 9.6% year-on-year to RM57.5 billion primarily due to lower fixed deposits (8.4%) and current account (14.8%).
 - **Corporate Banking** posted a lower pre-tax profit of RM218.5 million due to a drop in net fund based income.
 - **Investment Banking** recorded a pre-tax profit of RM216.8 million attributed to higher brokerage, capital market, wealth management fee and trading income, as well as ECL writeback during the year.
 - **Group Treasury and Global Markets** recorded a pre-tax profit of RM711.3 million primarily due to higher net fund based income. Deposits grew by 33.5% year-on-year to RM29.6 billion from higher MMTD.

- **Group International Business** posted a pre-tax profit of RM70.5 million.
 - **RHB Bank Singapore** reported a pre-tax profit of SGD6.1 million attributed to higher net fund based and non-fund based income. Gross loans and advances grew by 24.8% year-on-year to SGD6.0 billion, while deposits increased by 5.4% to SGD6.2 billion.
 - **RHB Bank Cambodia** reported a pre-tax profit of USD10.1 million primarily due to ECL writeback during the year. Gross loans and advances grew by 10.4% year-on-year to USD628.1 million while deposits rose by 2.5% to USD594.9 million.

- **RHB Insurance** registered a lower pre-tax profit of RM61.0 million attributed to a decline in net investment income.



- **RHB Islamic Bank** recorded a pre-tax profit of RM517.1 million due to the lower net modification loss during the year.
 - Gross financing recorded a growth of 10.7% year-on-year to RM70.7 billion.
 - Islamic business contributed 42.2% of the Group's total domestic gross loans and financing, an improvement from 40.5% in December 2020.

Conclusion

The daily increase in COVID-19 cases, emergence of new COVID-19 variants, as well as the recent re-introduction of nationwide lockdown are expected to have an impact on Malaysia's economy as reflected by BNM's revised GDP growth of between 3% and 4%. Nevertheless, the accelerated pace of the National Vaccination Programme is expected to pave the way towards a phased relaxation of the MCO measures and re-opening of more economic activities, in line with the National Recovery Plan.

"The Group's financial performance for the first half of the year demonstrates our resilience to record growth and the strength of our fundamentals, including our ability to sustain strong capital and liquidity positions despite the challenging operating environment. We are pleased to be able to reward our shareholders during this difficult time with an interim dividend of 15.0 sen per share, equivalent to a payout ratio of 45.1%. The interim dividend consists of cash payout of 5.0 sen per share, and an electable portion under Dividend Reinvestment Plan of 10.0 sen per share.

We continue to support and facilitate our customers, both individuals and businesses, who are impacted by the various challenges brought about by the prolonged COVID-19 pandemic. In July this year, we have rolled out the PEMULIH Repayment/Payment Assistance programme for all segments of customers covering all individual customers, as well as microenterprises and SMEs who are in need of payment assistance. As at early August 2021, total repayment assistance approved is RM47.0 billion, equivalent to 28% of our Group domestic loans and financing, benefiting more than 294,000 customers.

The Group will continue to exercise prudence in loan loss provisioning and closely monitor asset quality while being watchful of emerging risks and the ongoing headwinds in the markets. We will stay the course by focusing on delivering customer centric solutions, accelerating digital payment and digital enablement domestically and regionally. This is reflected through continued innovations within our digital ecosystems, as well as the marked increase in our digital transactions from 76% in 2020 to 84% as at 30 June 2021," said Dato' Khairussaleh Ramli, Group Managing Director of RHB Banking Group.



Key Financial Highlights

Financial Performance (RM'000)	6 Months Ended 30 June 2021	6 Months Ended 30 June 2020
Net income	3,928,441	3,287,552
Operating profit before allowances	2,178,869	1,643,959
Profit before taxation	1,777,396	1,280,312
Profit attributable to equity holders of the Company	1,351,631	971,650
Earnings per share (sen)	33.7	24.2

Balance Sheet (RM'000)	As at 30 June 2021	As at 31 December 2020
Gross loans, advances and financing	191,012,312	186,113,512
Gross impaired loans, advances and financing ratio (%)	1.63%	1.71%
Deposits from customers	215,593,900	203,470,783
Total assets	282,312,445	271,149,958
Equity attributable to equity holders of the Company	27,520,526	27,023,835
Net assets per share (RM)	6.86	6.74

This release contains forward-looking statements such as the outlook for the RHB Banking Group. Although RHB believes that the expectations reflected in such future statements are reasonable at this time, there can be no assurance that such expectations will prove correct subsequently. Actual performance may be materially different from that which had been anticipated or described herein, and RHB Banking Group's financial and business plans may be subject to change from time to time.

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About RHB Banking Group

The RHB Banking Group, with RHB Bank Berhad as the holding company, is the fourth largest fully integrated financial services group in Malaysia. The Group's core businesses are streamlined into five business pillars, namely Group Community Banking, Group Wholesale Banking, Group Shariah Business, Group International Business and Group Insurance. Group Community Banking comprises of Retail Banking businesses and SME Banking business. Group Wholesale Banking comprises of Group Investment Banking, Group Corporate Banking, Group Treasury & Global Markets, Group Asset Management, Commercial Banking, Transaction Banking, and Economics. All the five business pillars are offered through the Group's main subsidiaries – RHB Investment Bank Berhad, RHB Islamic Bank Berhad and RHB Insurance Berhad, while its asset management and unit trust businesses are undertaken by RHB Asset Management Sdn. Bhd. and RHB Islamic International Asset Management Berhad. The Group's regional presence now spans nine countries including Malaysia, Singapore, Indonesia, Thailand, Brunei, Cambodia, Vietnam, Lao PDR and Myanmar.

For more information, please visit www.rhbgroup.com



APPENDIX

Significant Events/Corporate Development

1. Proposed disposal of PT RHB Asset Management Indonesia

PT RHB Sekuritas Indonesia ('RHB Sekuritas'), a wholly-owned subsidiary of RHB Investment Bank Berhad ('RHB Investment Bank') which in turn is a wholly-owned subsidiary of the Bank, had on 23 July 2021, entered into a conditional share purchase agreement ('CSPA') with Allianz Global Investors Asia Pacific Limited ('AllianzGI') and PT Asuransi Allianz Life Indonesia ('Allianz Life Indonesia') to dispose its entire 99.62% equity interest in PT Asset Management Indonesia ('RHBAMI') ('Proposed Disposal') for a consideration of approximately EUR7.47 million (or approximately RM37.25 million).

The Proposed Disposal will entail the disposal by RHB Sekuritas of its entire 98.62% equity interest and 1.00% equity interest in RHBAMI to AllianzGI and Allianz Life Indonesia respectively.

The Proposed Disposal is subject to approvals from the relevant regulatory authority in Indonesia and is not subject to the approval of the shareholders of RHB Bank or any relevant regulatory authority in Malaysia.

Upon completion of the Proposed Disposal, RHBAMI will cease to be a subsidiary of RHB Sekuritas. Barring unforeseen circumstances and subject to the relevant approvals being obtained, the Proposed Disposal is expected to be completed in the fourth quarter of 2021.

2. Establishment of a Dividend Reinvestment Plan ('DRP')

On 2 July 2021, RHB Investment Bank, on behalf of the Bank, announced that the Bank would be issuing 58,314,499 new RHB Bank shares, representing 87.65% of the total number of 66,533,313 new RHB Bank shares that would have been issued pursuant to the DRP, had all the entitled shareholders elect to reinvest their respective electable portions of the Final Dividend into new RHB Bank shares.

The Bank had, on 8 July 2021, allotted and issued 58,314,499 new RHB Bank shares pursuant to the DRP. With the listing and quotation of the said new RHB Bank shares on the Main Market of Bursa Securities on 9 July 2021, the DRP was completed and the enlarged issued share capital of the Bank comprises 4,068,360,120 RHB Bank shares.



3. Memorandum of understanding ('MOU') with Axiata Group Berhad ('Axiata Group')

On 2 June 2021, the Bank entered into a MOU with Axiata Group to jointly explore potential collaboration opportunities including to jointly apply to BNM for a digital banking license. The proposed Axiata entity selected to collaborate with the Bank for the joint application for the digital bank license is Boost Holdings Sdn Bhd ('Boost Holdings').

The Board of Directors of the Bank and Boost Holdings have entered into a heads of agreement ('HOA') setting out the terms of the proposed application to BNM for a digital banking license. The rationale of the HOA is to set out the terms of the joint application to BNM for the digital banking license and the conduct, funding and formation of the digital bank. The key salient terms of the HOA are further disclosed in Note B6(c) of the Financial Statements.