



RHB Bank achieved net profit of RM1,235.1 million for H1 2022, declared interim dividend of 15 sen per share

- ◆ Pre-tax profit grew 7.4% Y-o-Y to RM1,909.4 million
- ◆ Total income of RM3,849.4 million from higher net fund based income of RM3,033.2 million, moderated by a drop in non-fund based income to RM816.2 million
- ◆ Cost-to-income ratio at 45.4% from 44.5% a year ago
- ◆ Expected credit losses (ECL) reduced 52.0% Y-o-Y to RM192.4 million
- ◆ Gross loans grew 3.2% YTD to RM204.9 billion primarily driven by mortgage, auto finance, SME and Singapore
- ◆ Customer deposits increased 3.3% YTD to RM225.9 billion mainly from growth in fixed and money market time deposits. CASA made up 29.3% of total deposits
- ◆ Islamic financing grew 3.6% YTD, contributing 43.6% of total domestic loans and financing
- ◆ ROE at 9.1%
- ◆ Declared interim dividend of 15 sen per share with 51.2% payout ratio (10 sen cash and 5 sen subject to Dividend Reinvestment Plan)
- ◆ Rating upgrade from AA₂ to AA₁ with a Stable outlook by RAM Ratings

Kuala Lumpur, 29 August 2022

RHB Bank Berhad (“the Group”) announced today its financial results for the half year ended 30 June 2022.

- The Group recorded a net profit of RM1,235.1 million for the first six months ended 30 June 2022.
- Net fund based income improved to RM3,033.2 million driven by higher gross fund based income, which grew 6.7% year-on-year supported by loans growth of 7.3%. NIM for the quarter was 2.23% compared with 2.15% recorded in the corresponding period last year.
- Non-fund based income declined to RM816.2 million, primarily from lower fee income and net trading and investment income.
- Operating expenses declined marginally to RM1,747.6 million. Cost-to-income ratio was higher at 45.4% from 44.5% recorded a year ago, attributed largely to the lower non-fund based income.
- Expected credit losses (ECL) reduced to RM192.4 million from lower ECL on loans. Correspondingly, the annualised credit charge ratio improved to 0.16% compared with 0.42% for the same period last year.

Second Quarter 2022 Earnings Against Second Quarter 2021

- The Group’s net profit for the second quarter 2022 of RM634.8 million is lower than the RM701.3 million achieved in the corresponding period last year mainly due to lower non-fund based income and higher operating expenses.



Balance Sheet & Capital Position Remained Robust

- Total assets for the Group increased 3.5% from December 2021 to RM299.7 billion as at 30 June 2022. Net assets per share was RM6.51, with shareholders' equity at RM27.4 billion as at end-June 2022.
- Our capital position remains strong; the Group's Common Equity Tier-1 (CET-1) and total capital ratio stood at 16.6% and 19.2% respectively.
- The Group's gross loans and financing grew 3.2% year-to-date to RM204.9 billion, mainly supported by growth in mortgage, auto finance, SME and Singapore. Domestic loans and financing grew 2.3% year-to-date.
- Gross impaired loans was RM3.3 billion as of June 2022 with gross impaired loans ratio of 1.62%, compared with RM3.0 billion and 1.50% respectively as of March 2022, and RM3.0 billion and 1.49% respectively as of December 2021. Loan loss coverage ratio for the Group, excluding regulatory reserves, remained strong at 117.0% as at end-June 2022, compared with 122.4% in December 2021.
- Customer deposits increased 3.3% year-to-date to RM225.9 billion, predominantly attributed to fixed and money market time deposits growth of 4.2%. CASA composition stood at 29.3% as at 30 June 2022. Liquidity coverage ratio (LCR) remained healthy at 140.9%.

Performance Review of Key Business Units

- **Group Community Banking**
 - Group Community Banking posted a pre-tax profit of RM943.3 million mainly due to higher net fund based income and lower ECL.
 - Gross loans and financing grew 3.6% year-to-date to RM128.6 billion, primarily driven by growth in mortgages (+4.8%), auto finance (+2.2%) and SME (+5.5%).
 - Deposits increased by 3.7% year-to-date to RM103.9 billion, mainly contributed by growth in fixed deposits (+4.2%) and CASA (+3.1%).
- **Group Wholesale Banking**
 - Group Wholesale Banking posted a pre-tax profit of RM749.6 million.
 - Gross loans and financing dipped marginally by 1.1% year-to-date to RM49.8 billion.
 - Deposits increased 2.5% year-to-date to RM96.0 billion primarily from higher fixed and money market time deposits (+3.2%).
- **Group International Business** posted a pre-tax profit of RM178.3 million.
 - **RHB Bank Singapore** reported a pre-tax profit of SGD37.5 million attributed to higher net fund based income and ECL writeback. Gross loans and advances grew by 8.8% year-to-date to SGD6.8 billion, while deposits increased by 2.5% to SGD6.9 billion.
 - **RHB Bank Cambodia** reported a pre-tax profit of USD10.4 million attributed to higher net fund based and non-fund based income. Gross loans and advances grew marginally by 0.2% year-to-date to USD680.2 million while deposits contracted by 5.7% to USD538.9 million.



- **RHB Insurance** registered a pre-tax profit of RM28.3 million.
- **RHB Islamic Bank** recorded a pre-tax profit of RM517.1 million.
 - Gross financing grew 3.6% year-to-date to RM77.6 billion.
 - Islamic business contributed 43.6% of the Group's total domestic gross loans and financing, an improvement from 43.0% in December 2021.

Conclusion

Malaysia's economic outlook for 2022 is expected to be anchored by resilient domestic demand following the reopening of economy and international borders. However, certain macroeconomics headwinds such as rising inflationary pressures, geopolitical conflicts, supply chain disruption and a slow-down in global growth are factors which could potentially slow the upward momentum in domestic demand towards end-2022.

"The Group has delivered a resilient financial performance despite the challenging macroeconomic environment. This was underpinned by strong fundamentals given our robust capital, healthy liquidity position and adequate coverage for loan losses. We nevertheless remain watchful of the uncertainty surrounding the pace of economic recovery and will continue to maintain our prudent stance while closely monitoring our asset quality.

In line with our commendable performance, we are pleased to reward our shareholders with an interim dividend of 15 sen per share, consisting of cash payout of 10 sen per share and an electable portion under the Dividend Reinvestment Plan of 5 sen per share. This is equivalent to a payout ratio of 51.2%, which reflects our deep appreciation of the continued trust and support from our shareholders.

We are delighted to share that RAM Ratings has upgraded the long-term financial institution ratings of the Group from AA₂ to AA₁ with a stable outlook. This further demonstrates our ability to remain resilient and sustain improvement in credit metrics amid the challenging environment.

Moving ahead, we will double down on executing our new 3-year strategic plan, Together We Progress 24 ("TWP24"). This focuses on building deeper relationships with our customers, providing excellent service through prioritising customer experience and driving quality growth, with digitalisation and innovation continuing to be prominent features within the execution of the strategy. The Group will also continue to focus on integrating sustainability into our business and decision making process through our 5-Year Sustainability Strategy and Roadmap," said Mohd Rashid Mohamad, Group Managing Director and Group Chief Executive Officer of RHB Banking Group.



Key Financial Highlights

Financial Performance (RM'000)	6 Months Ended 30 June 2022	6 Months Ended 30 June 2021
Net income	3,849,390	3,928,441
Operating profit before allowances	2,101,763	2,178,869
Profit before taxation	1,909,352	1,777,396
Profit attributable to equity holders of the Company	1,235,095	1,351,631
Earnings per share (sen)	29.8	33.7

Balance Sheet (RM'000)	As at 30 June 2022	As at 31 December 2021
Gross loans, advances and financing	204,925,718	198,511,767
Gross impaired loans, advances and financing ratio (%)	1.62%	1.49%
Deposits from customers	225,942,028	218,732,585
Total assets	299,652,839	289,541,458
Equity attributable to equity holders of the Company	27,427,796	27,998,328
Net assets per share (RM)	6.51	6.76

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 eight countries including Malaysia, Singapore, Indonesia, Thailand, Brunei, Cambodia, Vietnam and Lao PDR.

For more information, please visit www.rhbgroup.com



APPENDIX

Significant Events/Corporate Development

1. 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 the potential strategic collaboration opportunities. Following the signing of the MOU, the Bank had on the same day entered into a heads of agreement with Boost Holdings Sdn Bhd ('Boost Holdings'), a 75.36% subsidiary of Axiata for the purpose of regulating the terms for joint application to BNM for a digital banking license. The joint application for the digital bank license was submitted to BNM on 30 June 2021.

On 29 April 2022, the Bank has received conditional approval from BNM for the joint application for a digital bank license by Boost Holdings and the Bank, subject to the condition that the proposed digital bank shall commence its banking operations within 24 months from 8 April 2022.

Subject to satisfying the operational readiness requirements by BNM and barring any unforeseen circumstances, the proposed digital bank is targeted to be operational in the second half of 2023, and shall focus on the underserved, unserved and/or unbanked segment primarily within Malaysia with the aim of building a more inclusive financial sector in Malaysia.

2. Establishment of share grant scheme ('SGS')

The Bank has on 2 June 2022 implemented the SGS, which was approved by the shareholders at an extraordinary general meeting ('EGM') held on 27 April 2022.

The SGS is intended to motivate employees, attract talents and retain key employees through the grant of the ordinary shares in the Bank ('RHB Bank Share(s)') of up to 2% of the total number of issued shares of the Bank (excluding treasury shares, if any) at any point in time during the duration of the SGS for employees and Executive Directors of the Bank and its subsidiaries (excluding subsidiaries which are dormant) who fulfil the eligibility criteria ('Eligible Employees'). The SGS is to be administered by the Board Nominating and Remuneration Committee ('BNRC') comprising such persons as may be appointed by the Board from time to time, and shall be in force for a period of nine years commencing from the effective date of implementation of the SGS.

As at 30 June 2022, the Bank has yet to award any SGS to the Eligible Employees. The Bank has on 4 July 2022, made an offer of 4,685,000 RHB Bank Shares at RM5.71 per share to the Eligible Employees, of which the vesting period of the shares offered will be 3 years from even date. The SGS related expenses will be recognised in the financial statements from the effective offer date in accordance with MFRS 2 'Share-based Payment'.