



RHB Bank achieves Net Profit of RM2.71 billion for FY2022 and declares second interim dividend of 25 sen per share

- ◆ Pre-tax profit grew 18.2% Y-o-Y to RM4,170.8 million
- ◆ Net profit grew 3.4% Y-o-Y to RM2,707.7 million
- ◆ Total income grew 6.7% Y-o-Y to RM8,308.8 million mainly from higher net fund based income of RM6,379.3 million
- ◆ Cost-to-income ratio improved to 44.7% from 45.2% a year ago
- ◆ Expected credit losses (ECL) reduced 42.9% Y-o-Y to RM421.2 million
- ◆ Gross loans grew 6.9% Y-o-Y to RM212.2 billion primarily driven by mortgage, auto finance, SME, Commercial, Singapore and Cambodia
- ◆ Customer deposits increased 3.9% Y-o-Y to RM227.2 billion mainly from growth in fixed deposits and CASA. CASA made up 29.2% of total deposits
- ◆ Islamic financing grew 9.2% Y-o-Y, contributing 44.6% of total domestic loans and financing
- ◆ ROE at 9.7%
- ◆ Declared second interim dividend of 25 sen per share (20 sen cash and 5 sen subject to DRP) for FY2022, with total dividend amounting to 40 sen per share, or 62.5% payout

Kuala Lumpur, 27 February 2023

RHB Bank Berhad (“the Group”) announced today its financial results for the financial year ended 31 December 2022.

- The Group’s net profit for the financial year ended 31 December 2022 rose 3.4% to RM2,707.7 million attributed mainly to higher net fund based income, absence of modification loss (ML) and lower ECL.
- Net fund based income improved by 8.6% to RM6,379.3 million driven by higher gross fund based income, which grew 18.3% year-on-year supported by loans growth of 6.9%. NIM for the year was 2.24% compared with 2.20% recorded last year.
- Non-fund based income declined by 10.6% to RM1,929.4 million, primarily from lower fee income, insurance underwriting surplus and net trading and investment income.
- Operating expenses increased by 5.5% to RM3,716.8 million mainly from higher personnel and establishment costs. With positive JAWS, cost-to-income ratio improved to 44.7% compared with 45.2% in last year.
- ECL reduced by 42.9% to RM421.2 million from lower ECL on loans and securities, and higher bad debts recovered. Correspondingly, the credit charge ratio improved to 0.15% compared with 0.29% recorded last year.

Fourth Quarter 2022 Earnings Against Fourth Quarter 2021

- The Group’s net profit for the fourth quarter 2022 of RM772.1 million is 22.3% higher than the RM631.2 million achieved in the corresponding quarter last year mainly due to higher net fund based and non-fund based income, absence of ML and lower ECL.



Balance Sheet & Capital Position Remained Robust

- Total assets for the Group increased 7.3% from December 2021 to RM310.8 billion as at 31 December 2022. Net assets per share was RM6.76, with shareholders' equity at RM28.7 billion as at end-December 2022.
- Our capital position remained strong; the Group's Common Equity Tier-1 (CET-1) and total capital ratio stood at 16.9% and 19.3% respectively.
- The Group's gross loans and financing grew 6.9% year-on-year to RM212.2 billion, mainly supported by growth in mortgage, auto finance, SME, Commercial, Singapore and Cambodia. Domestic loans and financing grew 5.3% year-on-year.
- Gross impaired loans was RM3.3 billion as of December 2022 with gross impaired loans ratio of 1.55%, compared with RM3.0 billion and 1.49% respectively as of December 2021. Loan loss coverage ratio for the Group, excluding regulatory reserves, remained healthy at 112.8% as at end-December 2022, compared with 122.4% in December 2021.
- Customer deposits increased 3.9% year-on-year to RM227.2 billion, attributed to growth in fixed deposits and CASA of 6.7% and 1.3% respectively. CASA composition stood at 29.2% whilst liquidity coverage ratio (LCR) remained sound at 162.1% as at 31 December 2022.

Performance Review of Key Business Units

- **Group Community Banking**
 - Group Community Banking posted a 9.6% year-on-year increase in pre-tax profit to RM1,836.0 million mainly due to higher net fund based and non-fund based income.
 - Gross loans and financing grew 7.3% year-on-year to RM133.2 billion, primarily driven by growth in mortgages (+10.0%), auto finance (+6.8%) and SME (+7.9%).
 - Deposits increased by 2.1% year-on-year to RM102.3 billion, mainly contributed by growth in fixed deposits (+4.3%).
- **Group Wholesale Banking**
 - Group Wholesale Banking posted a pre-tax profit of RM1,786.3 million, 9.0% lower year-on-year mainly due to lower net fund based and non-fund based income.
 - Gross loans and financing grew marginally by 0.7% year-on-year to RM50.7 billion, driven by growth in Commercial (+3.5%).
 - Deposits increased 3.4% year-on-year to RM96.9 billion primarily from higher fixed deposits (+5.7%) and current account (+7.7%).
- **Group International Business** posted a 243.7% year-on-year increase in pre-tax profit to RM415.0 million.
 - **RHB Bank Singapore** reported a pre-tax profit of SGD94.2 million, 385.6% higher year-on-year attributed to higher net fund based and non-fund based income, and ECL writeback during the year. Gross loans and advances grew by 11.7% year-on-year to SGD7.0 billion, while deposits increased by 8.8% to SGD7.3 billion.



- **RHB Bank Cambodia** reported a pre-tax profit of USD17.2 million, a decline of 7.1% year-on-year attributed to higher operating expenses. Gross loans and advances grew by 11.4% year-on-year to USD756.9 million while deposits contracted by 17.6% to USD470.5 million.
- **RHB Insurance** registered a pre-tax profit of RM89.3 million, a decline of 26.2% year-on-year attributed to lower underwriting surplus.
- **RHB Islamic Bank** recorded a 10.6% increase in pre-tax profit to RM1,139.4 million mainly due to higher net fund based income and absence of ML.
 - Gross financing grew 9.2% year-on-year to RM81.7 billion.
 - Islamic business contributed 44.6% of the Group's total domestic gross loans and financing, an improvement from 43.0% in December 2021.

Conclusion

Global economic growth is expected to slow down in 2023, with the outlook generally remaining uncertain. The business environment is expected to remain challenging due to continued tightening of monetary policy in the US, inflationary pressures, geopolitical tensions and trade protectionism. Domestically, GDP is projected to grow at a moderate pace of 5.0%, supported mainly by resilient domestic demand with private consumption remaining the primary economic growth driver for the year.

“The Group had demonstrated resilience and delivered commendable performance for FY2022. Our growth momentum and fundamentals remain strong as reflected by our strong capital and liquidity positions.

The Group's immediate-term focus is to stay the course in executing our TWP24 strategy and work towards realising the benefits, focusing on achieving quality growth, driving service excellence and improving efficiency. Nevertheless, we remain vigilant in managing our asset quality and in ensuring that we adopt the highest level of governance in managing our day to day business and operations. We remain committed in providing the support needed to vulnerable segments of customers.

RHB has implemented various initiatives towards creating even greater customer experience and this has contributed towards the significant improvement in our Net Promoter Score (NPS), achieving third highest in overall ranking within the country with a score of +12. We will continue to solidify our brand positioning through the TWP24 initiative, focusing on re-energizing our service culture, elevating our service levels further towards delivering market leading service differentiation.

The Group has also intensified its efforts in promoting sustainable practices amongst our customers, employees and other key stakeholders. I am pleased to share that as at December 2022, we have achieved more than RM14 billion in Sustainable Financial Services, which exceeded our 2022 target by more than 60%. Our key focus for FY2023 will be to kick start our programme in nurturing and supporting our SME customers towards integrating sustainable practices into their business and operations, by playing an advisory role as well



as through the sustainable products and solutions that we offer” said Mohd Rashid Mohamad, Group Managing Director and Group Chief Executive Officer of RHB Banking Group.

“The RHB Banking Group has also declared a second interim dividend of 25 sen per share, consisting of cash payout of 20 sen per share and an electable portion under the Dividend Reinvestment Plan of 5 sen per share. Together with its first interim dividend of 15 sen per share, total dividend for FY2022 amounts to 40 sen per share or 62.5% payout ratio, translating into a dividend yield of 6.9%.

This dividend payout is reflective of our appreciation to our shareholders for their continued support, trust and loyalty,” added Mohd Rashid.

Key Financial Highlights

Financial Performance (RM'000)	12 Months Ended 31 December 2022	12 Months Ended 31 December 2021
Net income	8,308,753	7,788,666
Operating profit before allowances	4,591,946	4,266,281
Profit before taxation	4,170,784	3,528,753
Profit attributable to equity holders of the Company	2,707,688	2,618,388
Earnings per share (sen)	64.7	64.7
Balance Sheet (RM'000)	As at 31 December 2022	As at 31 December 2021
Gross loans, advances and financing	212,200,142	198,511,767
Gross impaired loans, advances and financing ratio (%)	1.55%	1.49%
Deposits from customers	227,159,762	218,732,585
Total assets	310,788,181	289,541,458
Equity attributable to equity holders of the Company	28,715,093	27,998,328
Net assets per share (RM)	6.76	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.

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. As at 31 December 2022, the balance of SGS shares outstanding stood at 4,557,000. The SGS related expenses is recognised in the financial statements from the effective offer date in accordance with MFRS 2 'Share-based Payment'.