



RHB Bank records net profit of RM600.3 million for Q1 2022

- ◆ Total income declined to RM1,903.4 million
- ◆ Cost-to-income ratio improved to 45.1% from 46.0% a year ago
- ◆ Expected credit losses (ECL) reduced to RM153.8 million
- ◆ Gross loans grew 1.4% YTD to RM201.3 billion primarily driven by mortgage, SME and Singapore
- ◆ Customer deposits increased 3.6% YTD to RM226.5 billion mainly from growth in fixed and money market time deposits. CASA made up 29.0% of total deposits
- ◆ Islamic financing grew 2.2% YTD, contributing 43.5% of total domestic loans and financing
- ◆ ROE at 8.8%

Kuala Lumpur, 30 May 2022

RHB Bank Berhad (“the Group”) announced today its financial results for the first quarter ended 31 March 2022.

- The Group recorded a net profit of RM600.3 million for the first three months ended 31 March 2022.
- Net fund based income improved to RM1,470.7 million driven by higher gross fund based income, which grew 2.7% year-on-year supported by loans growth of 7.0%. NIM for the quarter was 2.11% compared with 2.17% recorded in the corresponding period last year.
- Non-fund based income declined to RM432.7 million, primarily from lower fee income and net trading and investment income, offset by higher insurance underwriting surplus.
- Operating expenses declined to RM859.1 million. With positive JAWS, cost-to-income ratio improved to 45.1% compared with 46.0% a year ago.
- Expected credit losses (ECL) reduced to RM153.8 million from lower ECL on loans. Correspondingly, the annualised credit charge ratio improved to 0.29% compared with 0.39% for the same period last year.

Balance Sheet & Capital Position Remained Robust

- Total assets for the Group increased 2.8% from December 2021 to RM297.6 billion as at 31 March 2022. Net assets per share was RM6.77, with shareholders’ equity at RM28.1 billion as at end-March 2022.
- Our capital position remains strong; the Group’s Common Equity Tier-1 (CET-1) and total capital ratio stood at 16.8% and 19.4% respectively.
- The Group’s gross loans and financing grew 1.4% year-to-date to RM201.3 billion, mainly supported by growth in mortgage, SME and Singapore. Domestic loans and financing grew 1.0% year-to-date.



- Gross impaired loans was RM3.0 billion as at 31 March 2022 with gross impaired loans ratio of 1.50%, compared with 1.49% as of December 2021. Loan loss coverage ratio for the Group, excluding regulatory reserves, strengthened to 125.7% as at end-March 2022, compared with 122.4% in December 2021.
- Customer deposits increased 3.6% year-to-date to RM226.5 billion, predominantly attributed to fixed and money market time deposits growth of 5.1%. CASA composition stood at 29.0% as at 31 March 2022. Liquidity coverage ratio (LCR) remained healthy at 144.8%.

Performance Review of Key Business Units

- **Group Community Banking**
 - Group Community Banking posted a pre-tax profit of RM401.5 million mainly due to higher net fund based income and lower operating expenses and ECL.
 - Gross loans and financing grew 1.8% year-to-date to RM126.4 billion, primarily driven by growth in mortgages (+2.3%) and SME (+3.3%).
 - Deposits increased by 1.7% year-to-date to RM102.6 billion, mainly contributed by growth in fixed deposits (+3.2%).
- **Group Wholesale Banking**
 - Group Wholesale Banking posted a pre-tax profit of RM473.6 million.
 - Gross loans and financing dipped marginally by 0.9% year-to-date to RM49.8 billion.
 - Deposits increased 6.9% year-to-date to RM99.4 billion primarily from higher fixed and money market time deposits (+7.2%).
- **Group International Business** posted a pre-tax profit of RM21.0 million.
 - **RHB Bank Singapore** reported a pre-tax profit of SGD1.3 million attributed to higher net fund based income and lower ECL. Gross loans and advances grew by 4.9% year-to-date to SGD6.6 billion, while deposits contracted marginally by 1.8% to SGD6.6 billion.
 - **RHB Bank Cambodia** reported a pre-tax profit of USD2.9 million. Gross loans and advances contracted by 2.6% year-to-date to USD661.2 million while deposits contracted by 5.8% to USD538.4 million.
- **RHB Insurance** registered a pre-tax profit of RM25.0 million attributed to higher net investment income.
- **RHB Islamic Bank** recorded a pre-tax profit of RM255.1 million.
 - Gross financing grew 2.2% year-to-date to RM76.5 billion.
 - Islamic business contributed 43.5% of the Group's total domestic gross loans and financing, an improvement from 43.0% in December 2021.



Conclusion

Economic recovery continues its positive momentum as Malaysia progressively transitions into the endemic phase following the reopening of international borders. However, risks to economic growth remains which include a weaker-than-expected global growth, further escalation of geopolitical conflicts, worsening supply chain disruptions, and adverse developments surrounding COVID-19. Domestically, the banking sector is projected to remain resilient with healthy capital and liquidity positions. On the monetary front, the OPR is expected to further increase in the second half 2022 towards a more normalised level.

“The Group’s first quarter performance was commendable despite the challenging business environment. Our fundamentals remain solid and this is reflected by our strong capital ratio and liquidity levels. Our asset quality remains strong with healthy loan loss coverage of 125.7%. Going forward, we will remain prudent in managing the business and will focus on driving responsible growth, as well as managing our asset quality. We will also continue to provide the appropriate assistance to our customers who remain impacted by the COVID-19 pandemic.

We anticipate stronger economic growth in FY2022, riding on the country’s high vaccination rate and the resumption of all economic activities. In light of this and to address the accelerated shifts in customer behaviour and preferences especially over the last couple of years, we have now launched our new 3-year strategy 2022 – 2024, ‘Together We Progress 24’ (“TWP24”), which will drive our ambition to be a leader in Service Excellence,” said Mohd Rashid Mohamad, Group Managing Director and Group Chief Executive Officer of RHB Banking Group.

Key Financial Highlights

Financial Performance (RM'000)	3 Months Ended 31 March 2022	3 Months Ended 31 March 2021
Net income	1,903,443	1,922,919
Operating profit before allowances	1,044,367	1,037,855
Profit before taxation	890,550	863,955
Profit attributable to equity holders of the Company	600,267	650,288
Earnings per share (sen)	14.5	16.2
Balance Sheet (RM'000)	As at 31 March 2022	As at 31 December 2021
Gross loans, advances and financing	201,347,724	198,511,767
Gross impaired loans, advances and financing ratio (%)	1.50%	1.49%
Deposits from customers	226,526,928	218,732,585
Total assets	297,598,618	289,541,458
Equity attributable to equity holders of the Company	28,068,059	27,998,328
Net assets per share (RM)	6.77	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.

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. Proposed establishment of share grant scheme ('Proposed SGS')

The Bank had on 15 December 2021 announced that it proposed to establish and implement a share grant scheme 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 the Proposed 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 Proposed SGS is intended to motivate employees, attract talents and retain key employees through the grant of the ordinary shares in the Bank to be vested in selected Eligible Employees for the attainment of identified performance objectives. The Proposed 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. The BNRC will have the discretion in administering the Proposed SGS following the by-laws governing the Proposed SGS.

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Bank expects to implement the Proposed SGS by the second quarter of



2022. Further details on the Proposed SGS are further disclosed in Note B6(d) of the Interim Financial Statements.