



RHB Bank achieved net profit of RM1,935.6 million for the nine months ended 30 September 2022

- ◆ Pre-tax profit grew 13.1% Y-o-Y to RM2,948.6 million
- ◆ Total income grew 3.0% Y-o-Y to RM6,043.0 million from higher net fund based income of RM4,662.3 million, moderated by a drop in non-fund based income to RM1,380.7 million
- ◆ Cost-to-income ratio at 44.8% from 44.5% a year ago
- ◆ Expected credit losses (ECL) reduced 40.9% Y-o-Y to RM384.8 million
- ◆ Gross loans grew 5.7% YTD to RM209.7 billion primarily driven by mortgage, auto finance, SME, Commercial, Singapore and Cambodia
- ◆ Customer deposits increased 3.1% YTD to RM225.6 billion mainly from growth in fixed and money market time deposits and CASA. CASA made up 29.9% of total deposits
- ◆ Islamic financing grew 6.5% YTD, contributing 43.9% of total domestic loans and financing
- ◆ ROE at 9.3%

Kuala Lumpur, 29 November 2022

RHB Bank Berhad (“the Group”) announced today its financial results for the nine months ended 30 September 2022.

- The Group recorded a net profit of RM1,935.6 million for the third quarter ended 30 September 2022.
- Net fund based income improved to RM4,662.3 million driven by higher gross fund based income, which grew 11.6% year-on-year supported by loans growth of 7.8%. NIM for the quarter was 2.27% compared with 2.23% recorded in the corresponding period last year.
- Non-fund based income declined to RM1,380.7 million, primarily from overall lower fee income, insurance underwriting surplus and net trading and investment income.
- Operating expenses increased to RM2,709.6 million. Cost-to-income ratio increased marginally at 44.8% from 44.5% recorded a year ago, partly attributed to the lower non-fund based income.
- Expected credit losses (ECL) reduced to RM384.8 million from lower ECL on loans and higher bad debts recovered. Correspondingly, the annualised credit charge ratio improved to 0.24% compared with 0.45% for the same period last year.

Third Quarter 2022 Earnings Against Third Quarter 2021

- The Group’s net profit for the third quarter 2022 of RM700.5 million is higher than the RM635.6 million achieved in the corresponding period last year mainly due to higher net fund based income, absence of modification loss (ML) and lower ECL.



Balance Sheet & Capital Position Remained Robust

- Total assets for the Group increased 5.8% from December 2021 to RM306.4 billion as at 30 September 2022. Net assets per share was RM6.66, with shareholders' equity at RM28.0 billion as at end-September 2022.
- Our capital position remains strong; the Group's Common Equity Tier-1 (CET-1) and total capital ratio stood at 16.4% and 18.8% respectively.
- The Group's gross loans and financing grew 5.7% year-to-date to RM209.7 billion, mainly supported by growth in mortgage, auto finance, SME, Commercial, Singapore and Cambodia. Domestic loans and financing grew 4.3% year-to-date.
- Gross impaired loans was RM3.3 billion as of September 2022 with gross impaired loans ratio of 1.57%, compared with RM3.3 billion and 1.62% respectively as of June 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 118.1% as at end-September 2022, compared with 122.4% in December 2021.
- Customer deposits increased 3.1% year-to-date to RM225.6 billion with growth in fixed and money market time deposits, and CASA of 3.1% and 3.0% respectively. CASA composition stood at 29.9% whilst liquidity coverage ratio (LCR) remained healthy at 147.3% as at 30 September 2022.

Performance Review of Key Business Units

- **Group Community Banking**
 - Group Community Banking posted a pre-tax profit of RM1,361.4 million mainly due to higher net fund based and non-fund based income, and lower ECL.
 - Gross loans and financing grew 5.7% year-to-date to RM131.1 billion, primarily driven by growth in mortgages (+7.6%), auto finance (+4.0%) and SME (+7.5%).
 - Deposits increased marginally by 1.5% year-to-date to RM101.7 billion, mainly contributed by growth in fixed deposits (+2.2%).
- **Group Wholesale Banking**
 - Group Wholesale Banking posted a pre-tax profit of RM1,300.2 million.
 - Gross loans and financing grew marginally by 1.2% year-to-date to RM50.9 billion, driven by growth in Commercial (+4.8%).
 - Deposits increased 3.7% year-to-date to RM97.2 billion primarily from higher CASA (+16.1%) and fixed and money market time deposits (+1.5%).
- **Group International Business** posted a pre-tax profit of RM242.3 million.
 - **RHB Bank Singapore** reported a pre-tax profit of SGD48.4 million attributed to higher net fund based and non-fund based income, and ECL writeback. Gross loans and advances grew by 10.5% year-to-date to SGD7.0 billion, while deposits increased by 4.3% to SGD7.0 billion.
 - **RHB Bank Cambodia** reported a pre-tax profit of USD13.8 million attributed to higher net fund based and non-fund based income. Gross loans and advances grew by 6.0%



year-to-date to USD719.7 million while deposits contracted by 13.5% to USD493.9 million.

- **RHB Insurance** registered a pre-tax profit of RM51.0 million.

- **RHB Islamic Bank** recorded a pre-tax profit of RM798.9 million mainly due to higher net fund based income, absence of ML and lower ECL.
 - Gross financing grew 6.5% year-to-date to RM79.7 billion.
 - Islamic business contributed 43.9% of the Group's total domestic gross loans and financing, an improvement from 43.0% in December 2021.

Conclusion

Malaysia's economic growth is expected to sustain for the rest of the year, attributable to heightened economic activities and increased private consumption. However, the country's economic outlook going into 2023 is expected to be challenging due to strong headwinds from both external and domestic fronts. Ongoing geopolitical conflicts, the United States Federal Reserve's aggressive monetary tightening and recessionary concerns amidst slower growth of major economies are likely to affect Malaysia's trade performance. On the domestic front, challenges of limited fiscal space, inflationary pressures and labour shortages are also likely to persist.

"The Group remained resilient and continued to deliver commendable performance for the nine months ended September 2022 despite the challenging business environment. Our fundamentals remain strong, and we will continue to closely monitor our asset quality. We are also mindful that some of our customers are still recovering from the impact of the COVID-19 pandemic and as such, will continue providing the necessary support and assistance especially to the most vulnerable groups within the community.

The Group has also placed a lot of focus on driving our 5-year (2022-2026) Sustainability Strategy and Roadmap since its launch in January this year. In August 2022, we had established the Board Sustainability Committee ("BSC") to enable even greater focus and in-depth discussions at the highest level on material sustainability and climate-related matters across the Group. We continue to nurture our customers towards sustainable practices and promote sustainable financial services across our lending and financing, debt capital market and advisory, investments, asset management and insurance business. As at end-September 2022, our YTD achievement is more than RM11 billion in sustainable financial services comprising of 40% green, 31% social and 29% ESG-linked activities, against a 2026 target of RM20 billion.

Going forward, the Group's Together We Progress (TWP24) strategy will continue to guide us towards achieving quality growth and in driving service excellence across all our delivery channels, supported by our robust digital propositions," said Mohd Rashid Mohamad, Group Managing Director and Group Chief Executive Officer of RHB Banking Group.



Key Financial Highlights

Financial Performance (RM'000)	9 Months Ended 30 September 2022	9 Months Ended 30 September 2021
Net income	6,043,008	5,869,374
Operating profit before allowances	3,333,414	3,257,428
Profit before taxation	2,948,642	2,606,196
Profit attributable to equity holders of the Company	1,935,573	1,987,223
Earnings per share (sen)	46.4	49.3

Balance Sheet (RM'000)	As at 30 September 2022	As at 31 December 2021
Gross loans, advances and financing	209,739,705	198,511,767
Gross impaired loans, advances and financing ratio (%)	1.57%	1.49%
Deposits from customers	225,587,577	218,732,585
Total assets	306,424,328	289,541,458
Equity attributable to equity holders of the Company	28,044,299	27,998,328
Net assets per share (RM)	6.66	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. 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. The SGS related expenses is recognised in the financial statements from the effective offer date in accordance with MFRS 2 'Share-based Payment'.