



RHB Bank posts net profit of RM1.86 billion for 9M 2019, up 7.0% Y-o-Y

- ◆ Total income grew 3.7% Y-o-Y to RM5,260.1 million
- ◆ Pre-tax profit rose 6.6% Y-o-Y to RM2,498.7 million
- ◆ Operating expenses increased by 2.6%, cost-to-income ratio at 48.5% from 49.0% a year ago
- ◆ Allowances for credit losses lower by 12.9% Y-o-Y
- ◆ Gross loans up 5.2% Y-o-Y to RM172.8 billion while domestic loans grew 5.1% Y-o-Y supported by a resilient growth in mortgages and SME
- ◆ Customer deposits increased 6.9% Y-o-Y to RM183.1 billion; CASA stood at 25.4% of total deposits
- ◆ Islamic financing grew 19.3% from a year ago and contributes 37.0% of total domestic loans and financing
- ◆ ROE at 10.2%

Kuala Lumpur, 25 November 2019

RHB Bank Berhad (the Group) announced today its financial results for the first nine months ended 30 September 2019.

- The Group reported a net profit of RM1,861.4 million, up 7.0% year-on-year (Y-o-Y) mainly from higher non-fund based income and lower expected credit losses (ECL).
- Gross fund based income increased by 6.4% Y-o-Y on the back of a 5.2% increase in gross loans and financing notwithstanding the OPR cut in May 2019. Funding and interest expense rose 12.4% Y-o-Y collectively, due to the impact from the OPR hike in January 2018 and higher deposit base. As a result, net fund based income declined marginally by 0.6% Y-o-Y to RM3,677.4 million.
- Non-fund based income rose significantly by 15.3% Y-o-Y to RM1,582.7 million, contributed largely by higher net trading and investment income and insurance underwriting surplus.
- Operating expenses continue to be tightly managed, resulting in an improved cost-to-income (CIR) ratio of 48.5% from 49.0% a year ago.
- Allowances for credit losses was RM210.7 million, 12.9% lower than the previous year, primarily due to lower ECL on loans and higher ECL writeback on financial assets.
- Annualised credit charge ratio improved to 0.18% compared with 0.20% over the same period a year ago.



Third Quarter 2019 Earnings Against Third Quarter 2018

- On a quarter Y-o-Y basis, net profit for the current quarter was at RM615.8 million, an increase of 6.4% from RM578.7 million recorded in the same quarter last year. This was attributable mainly to higher net fund based and non-fund based income and higher ECL writeback on other financial assets.

Balance Sheet & Capital Position Remained Robust

- Total assets for the Group increased by 3.7% from December 2018 to RM252.1 billion as at 30 September 2019. Shareholders' equity stood at RM25.8 billion, with net assets per share at RM6.44.
- Our capital position remains strong; Common equity tier-1 (CET-1) and total capital ratio of the Group after taking into account the FY2019 interim dividend stood at 16.46% and 18.96% respectively.
- The Group's gross loans and financing grew by 5.2% Y-o-Y to RM172.8 billion, supported by growth notably in mortgages and SME, while Singapore loans grew by 7.4%. Domestic loans and financing grew 5.1% Y-o-Y. The Group's domestic loans market share stood at 8.9% as at end-September 2019.
- Customer deposits recorded a 6.9% growth Y-o-Y to RM183.1 billion as at 30 September 2019, largely attributable to growth in fixed deposits. Liquidity coverage ratio (LCR) remained healthy at 127.4%.
- Total current and savings account (CASA) increased by 0.6% over the same period, with CASA composition at 25.4% of total deposits.
- Gross impaired loans was at RM3.7 billion as at 30 September 2019, with gross impaired loans ratio of 2.16% from 2.37% a year ago.
- We continued to be prudent in loan loss provision with loan loss coverage standing at 105.8% as at 30 September 2019.



Performance Review of Key Business Units

- **Retail Banking**

- Group Retail Banking reported a pre-tax profit of RM722.5 million for the first nine months of the year ended 30 September 2019.
- Retail loans and financing rose 7.6% Y-o-Y to RM88.9 billion, primarily driven by growth in mortgages.
- Retail deposits increased by 12.0% Y-o-Y to RM57.2 billion, mainly contributed by growth in fixed deposits.

- **Group Business Banking**

- Group Business Banking recorded a pre-tax profit of RM357.7 million in the first nine months of the year, a 28.3% increase mainly due to lower allowances for credit losses on loans and higher net fund based income.
- Gross loans and financing expanded by 4.4% Y-o-Y to RM26.0 billion, driven mainly by Retail SME portfolio at 6.7%.
- Customer deposits recorded a 16.4% growth Y-o-Y to RM28.6 billion, mainly contributed by growth in fixed deposits.

- **Group Wholesale Banking** recorded a pre-tax profit of RM1,509.6 million, Group Corporate & Investment Banking registered a pre-tax profit of RM533.6 million and Group Treasury and Global Markets recorded a pre-tax profit of RM975.9 million.

- **RHB Bank Singapore** recorded a pre-tax profit of SGD9.9 million while loans and advances increased 7.1% Y-o-Y to SGD4.1 billion and deposits grew by 12.3% Y-o-Y to SGD5.0 billion.

- **Group International Business** excluding Singapore registered a pre-tax profit of RM66.0 million.

- **RHB Group's Islamic Business** recorded 32.5% Y-o-Y growth in pre-tax profit to RM551.8 million mainly due to lower ECL on financing and higher net fund based and non-fund based income.

- Gross financing continued to record robust growth at 19.3% Y-o-Y to RM57.6 billion.
- Islamic financing constitutes 37.0% of the Group's total domestic gross loans and financing, up from 32.6% as at 30 September 2018.



Conclusion

Malaysia's GDP grew 4.4% year-on-year in Q3 2019 from 4.9% in Q2 2019 as both exports and domestic demand moderated. GDP is expected to grow 4.5% for the full year of 2019 (2018: 4.7%) as global economic outlook continues to be affected by the protracted global trade tensions. For the banking sector, loans growth is expected to be slow, but supported by a resilient household sector and SMEs.

"The Group demonstrated resilience by delivering higher net profit for the first nine months of 2019, amidst challenging operating environment. We remain prudent in growing our business, while we continue to adopt measures to accelerate efforts to manage asset quality and exercise discipline in cost management, supported by our strong fundamentals.

We continue to make good progress in the execution of our FIT22 strategic roadmap, which includes investments in technology infrastructure and enhancing digital capabilities, as well as the adoption of the AGILE work culture across the Group, driven by our focus to serve our customers better," said Dato' Khairussaleh Ramli, Group Managing Director of RHB Banking Group.

"On the sustainability front, in recognition of our progress, the Group has been maintained as a constituent in the FTSE4Good Bursa Malaysia Index as at June 2019. At the same time, we were recently upgraded to AA rating from A rating in September 2019 by MSCI ESG Ratings," added Dato' Khairussaleh.



Key Financial Highlights

Financial Performance (RM'000)	9 Months Ended 30 September 2019	9 Months Ended 30 September 2018
Operating profit before allowances	2,709,334	2,585,743
Profit before taxation	2,498,650	2,343,959
Profit attributable to equity holders of the Company	1,861,424	1,739,771
Earnings per share (sen)	46.4	43.4

Balance Sheet (RM'000)	As at 30 September 2019	As at 31 December 2018
Gross loans, advances and financing	172,758,732	168,878,527
Gross impaired loans, advances and financing ratio	2.16%	2.06%
Deposits from customers	183,117,892	178,856,330
Total assets	252,145,191	243,165,679
Equity attributable to equity holders of the Company	25,820,186	23,357,987
Net assets per share (RM)	6.44	5.82

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 the 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 seven main business pillars, namely Group Retail Banking, Group Business & Transaction Banking, Group Wholesale Banking, RHB Singapore, Group Shariah Business, Group International Business and Group Insurance. Group Wholesale Banking comprises Corporate Banking, Investment Banking, Group Treasury and Global Markets, Asset Management and Private Equity. All the seven 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 ten countries including Malaysia, Singapore, Indonesia, Thailand, Brunei, Cambodia, Hong Kong/China, Vietnam, Lao PDR and Myanmar.

For more information, please visit www.rhbgroup.com



APPENDIX

Significant Events/Corporate Development

1. Proposed disposal of equity interest in RHB Insurance Berhad ('RHB Insurance')

The Bank has on 31 July 2019 announced that BNM has via its letter dated 29 July 2019 stated that it has no objection for the Bank to commence negotiations with Tokio Marine Asia Pte Ltd for the proposed disposal of up to 94.7% of its equity interest held in RHB Insurance ('Proposed Disposal'). The approval is valid for six months from the date of BNM's letter.

Pursuant to the Financial Services Act 2013, the relevant parties will be required to obtain prior approval of the Minister of Finance, with the recommendation of BNM, before entering into any definitive agreement to effect the Proposed Disposal. Accordingly, a detailed announcement on the Proposed Disposal will be made upon execution of the definitive agreement(s) for the Proposed Disposal.