



RHB Bank records 13.9% increase in net profit to RM650.3 million in Q1 2021

- ◆ Total income increased 11.2% to RM1,923.3 million
- ◆ Cost-to-income ratio improved to 46.0% from 47.3% a year ago
- ◆ Expected credit losses (ECL) increased 15.4% to RM173.9 million
- ◆ Gross loans rose 6.8% Y-o-Y to RM188.2 billion primarily driven by mortgage, auto finance, SME and Singapore
- ◆ Customer deposits increased 12.4% Y-o-Y to RM218.0 billion mainly from growth in CASA and fixed deposits. CASA composition made up 30.6% of total deposits
- ◆ Islamic financing grew 13.7% from a year ago, contributing 41.3% of total domestic loans and financing
- ◆ ROE at 9.7%

Kuala Lumpur, 27 May 2021

RHB Bank Berhad (“the Group”) announced today its financial results for the first quarter ended 31 March 2021.

- The Group recorded a net profit of RM650.3 million for the first three months ended 31 March 2021, 13.9% higher than the RM570.9 million recorded in the same period last year mainly due to higher net fund based and non-fund based income.
- Net fund based income increased by 12.6% year-on-year to RM1,417.0 million driven by proactive funding cost management, which dropped 36.4% year-on-year supported by CASA growth of 25.6%. NIM for the quarter was 2.17% compared with 2.11% recorded in the corresponding period last year.
- Non-fund based income rose by 15.5% to RM543.6 million, contributed largely by higher capital market, brokerage, wealth management and commercial banking fee income. This was partly offset by lower net trading and investment income.
- Operating expenses increased by 8.3% from a year ago at RM885.4 million. With positive JAWS, cost-to-income ratio improved to 46.0% compared with 47.3% a year ago.
- The Group remained prudent and continued setting aside additional provisions to cater for potential adverse impact to asset quality. Consequently, ECL increased by 15.4% from the previous corresponding period to RM173.9 million with the annualised credit charge ratio standing at 0.39% compared with 0.34% for the same period last year.



Balance Sheet & Capital Position Remained Robust

- Total assets for the Group increased by 3.5% from December 2020 to RM280.5 billion as at 31 March 2021. Net assets per share was at RM6.65, with shareholders' equity at RM26.7 billion as at 31 March 2021.
- Our capital position remains strong; the Group's Common Equity Tier-1 (CET-1) and total capital ratio stood at 15.6% and 17.7% respectively.
- The Group's gross loans and financing grew by 6.8% year-on-year to RM188.2 billion, mainly supported by growth in mortgage, auto finance, SME and Singapore. Domestic loans and financing grew 6.0% year-on-year. The Group's domestic loan market share stood at 9.0% as at end-March 2021.
- Gross impaired loans was RM3.1 billion as at 31 March 2021, with a gross impaired loans ratio of 1.66% compared with RM3.5 billion and 2.00% respectively as at 31 March 2020. Loan loss coverage ratio for the Group, excluding regulatory reserves, remained strong at 119.5% as at end-March 2021.
- Customer deposits increased by 12.4% year-on-year to RM218.0 billion, predominantly attributed to CASA and fixed deposits growth of 25.6% and 9.0% respectively. CASA composition stood at 30.6% as at 31 March 2021. Liquidity coverage ratio (LCR) remained healthy at 153.9%.



Performance Review of Key Business Units

- **Group Retail Banking**
 - Group Retail Banking recorded a 13.9% year-on-year increase in pre-tax profit to RM320.2 million in the first quarter ended 31 March 2021 mainly due to higher net fund based and non-fund based income, and lower ECL.
 - Retail loans and financing rose 6.3% year-on-year to RM95.7 billion, primarily driven by growth in mortgages (8.0%), auto financing (10.3%) and personal financing (4.1%).
 - Retail deposits increased by 17.1% year-on-year to RM69.0 billion, mainly contributed by growth in fixed deposits (13.9%) and CASA (24.5%).

- **Group Business Banking**
 - Group Business Banking recorded a 49.1% year-on-year decline in pre-tax profit to RM59.7 million in the first quarter ended 31 March 2021 attributed to higher ECL and operating expenses.
 - Gross loans and financing expanded by 12.2% year-on-year to RM29.4 billion, driven by growth in SME and Commercial portfolios of 12.9% and 10.0% respectively.
 - Deposits grew 20.9% year-on-year to RM33.5 billion attributed to growth in current account (27.6%) and fixed deposits (13.7%).

- **Group Wholesale Banking** posted a 44.1% year-on-year increase in pre-tax profit to RM550.9 million.
 - Group Corporate and Investment Banking registered a pre-tax profit of RM218.5 million, an increase of 32.2% on the back of higher non-fund based income and lower operating expenses. This included Investment Banking which recorded a pre-tax profit of RM99.8 million compared with RM1.4 million for the same period last year mainly due to higher brokerage, capital market fee income and trading income as well as ECL writeback. Gross loans and financing increased marginally by 1.4% to RM41.8 billion. Deposits grew strongly by 11.4% year-on-year to RM64.1 billion primarily driven by growth in fixed deposits (11.0%) and current account (12.7%).
 - Group Treasury and Global Markets recorded a 53.1% year-on-year increase in pre-tax profit to RM332.4 million primarily due to higher net fund based income.

- **Group International Business** posted a 208.2% year-on-year increase in pre-tax profit to RM37.6 million.
 - **RHB Bank Singapore** reported a pre-tax profit of SGD0.2 million, 96.3% lower than corresponding period last year mainly attributed to higher ECL and operating expenses. Loans and advances grew by 14.9% year-on-year to SGD5.5 billion, while deposits increased by 6.4% to SGD5.9 billion.
 - **RHB Cambodia** reported a pre-tax profit of USD6.2 million, 264.7% higher than corresponding period last year primarily due to ECL writeback. Loans and advances grew by 10.0% year-on-year to USD597.6 million while deposits remained relatively unchanged at USD615.2 million.

- **RHB Insurance** registered a pre-tax profit of RM9.4 million, a decline of 64.4% year-on-year attributed to lower net investment income.

- **RHB Islamic Bank** recorded a 44.2% increase in pre-tax profit to RM255.4 million.



- Gross financing recorded a robust double digit growth of 13.7% year-on-year to RM68.9 billion.
- Islamic business contributed 41.3% of the Group's total domestic gross loans and financing, an improvement from 38.5% a year ago.

Conclusion

Malaysia's economy is expected to recover this year, the rate of which depends largely on the pandemic containment measures that are in place and the pace of the national vaccination programme. The banking sector is projected to remain resilient, with stable OPR for the rest of the year.

"The Group delivered commendable results for the first quarter of the year despite operating in a challenging business environment. And, we expect our performance in FY2021 to be better than FY2020 despite the ongoing headwinds. Given the continued economic uncertainties brought about by the recent surge in positive COVID-19 cases, the Group will continue to exercise vigilance and prudence, maintaining our focus on upholding our strong fundamentals by preserving capital and liquidity strength, and closely monitoring asset quality by intensifying our recovery and collection efforts.

At the same time, we have been engaging our customers and will continue to provide assistance where necessary to see them through this challenging period. As at 31 March 2021, total repayment assistance approved is RM25.5 billion, equivalent to 15.3% of our Group domestic loans and financing, benefiting 182,742 customers, both individuals and businesses. With several repayment assistance programmes made available, customers can come forward and get in touch with us through our various channels.

While we stay the course with our five-year strategy, FIT22, we have reviewed, reprioritised and accelerated our initiatives in response to the swift changes in customer behaviour and the rapid evolution in the way we serve the need of our customers brought about by the pandemic. This includes digitalisation of customer journeys, transforming credit risk management, modernising our IT infrastructure and ensuring that our workforce is future ready," said Dato' Khairussaleh Ramli, Group Managing Director of RHB Banking Group.



Key Financial Highlights

Financial Performance (RM'000)	3 Months Ended 31 March 2021	3 Months Ended 31 March 2020
Operating profit before allowances	1,037,855	912,036
Profit before taxation	863,955	761,290
Profit attributable to equity holders of the Company	650,288	570,880
Earnings per share (sen)	16.2	14.2
Balance Sheet (RM'000)	As at 31 March 2021	As at 31 December 2020
Gross loans, advances and financing	188,193,294	186,113,512
Gross impaired loans, advances and financing ratio (%)	1.66%	1.71%
Deposits from customers	217,999,078	203,470,783
Total assets	280,512,986	271,149,958
Equity attributable to equity holders of the Company	26,677,612	27,023,835
Net assets per share (RM)	6.65	6.74

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.

For analyst enquiries, contact:
 Nik Rizal Kamil
 Group Chief Financial Officer
 Tel: 603 9280 7272
 Email: nik.rizal.kamil@rhbgroup.com
 Website: www.rhbgroup.com

For media enquiries, contact:
 Norazzah Sulaiman
 Group Chief Communications Officer
 Tel: 603 9280 2125
 Email: norazzah@rhbgroup.com



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 six main business pillars, namely Group Retail Banking, Group Business & Transaction Banking, Group Wholesale Banking, Group Shariah Business, Group International Business and Group Insurance. Group Wholesale Banking comprises of Group Corporate Banking, Group Investment Banking, Group Treasury and Global Markets and Group Asset Management. All the six 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 nine countries including Malaysia, Singapore, Indonesia, Thailand, Brunei, Cambodia, Vietnam, Lao PDR and Myanmar.

For more information, please visit www.rhbgroup.com



APPENDIX

Significant Events/Corporate Development

1. Proposed cessation of business operations of subsidiaries in Hong Kong

RHB Hong Kong Limited ('RHB Hong Kong') and its subsidiaries (collectively, 'RHB Hong Kong Group'), had on 4 December 2019 decided that they will commence to cease their business operations ('Proposed Cessation'). RHB Hong Kong is a wholly-owned subsidiary of RHB Investment Bank, which in turn is wholly-owned by the Bank.

Pursuant to the Proposed Cessation, RHB Hong Kong Group will gradually discontinue offering financial services to its existing and potential clients. RHB Investment Bank, being the shareholder of RHB Hong Kong Group will provide the requisite support to ensure an orderly winding down of their business operations.

The increasingly challenging operating broking environment in Hong Kong has resulted in losses being recorded for RHB Hong Kong Group. As a result, it is no longer viable for RHB Hong Kong Group to continue its business operations. The Proposed Cessation would allow RHB Investment Bank to refocus efforts and resources in driving long-term growth in other ASEAN markets in line with the larger RHB Banking Group's FIT22 strategy.

As part of RHB Hong Kong Group, RHB Finance Hong Kong Limited has been dissolved upon its deregistration as a legal entity on 17 March 2021 pursuant to Section 751 of The Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong.

2. Disposal of RHB International Trust (L) Ltd ('RHBIT')

RHB Bank (L) Ltd has on 14 December 2020 entered into a conditional share sale and purchase agreement with Pacific Trustees Berhad in respect of the disposal of its entire equity interest in RHB International Trust (L) Ltd ('RHBIT') for a cash consideration of approximately USD173,490 ('Disposal').

The Disposal was completed on 11 March 2021 and RHBIT has ceased to be an indirect wholly-owned subsidiary of the Bank.

3. Proposed establishment of a Dividend Reinvestment Plan ('DRP')

On 17 December 2020, the Bank announced that it proposes to undertake the establishment of a DRP that provides the shareholders of the Bank ('Shareholders') with an option to elect to reinvest, in whole or in part, their cash dividend declared by the Bank in new RHB Bank Shares ('DRP Shares') ('Proposed DRP').



The rationale of the Proposed DRP is as follows:

- i. It provides the Bank with flexibility in managing and strengthening its capital position as part of the Bank's capital management strategy. The reinvestment of dividend by the Shareholders for DRP Shares will also enlarge the share capital base of RHB Bank.
- ii. It allows Shareholders to have the option of reinvesting further into RHB Bank and provides the Shareholders with the following:
 - a. an opportunity to enhance and maximise the value of their shareholdings in the Bank by investing in DRP Shares at a discount; and
 - b. flexibility to the Shareholders in meeting their investment objectives as the Shareholders would have the option of receiving dividend in cash and/or reinvesting in DRP Shares.
- iii. The implementation of the Proposed DRP will provide an avenue to the Shareholders to exercise the electable portion under the reinvestment option into DRP Shares in lieu of receiving cash.
- iv. The Proposed DRP may potentially improve the trading liquidity of RHB Bank shares as well as strengthen the financial position and capital base of the Bank through the issuance of DRP Shares.

The shareholders had, on 25 May 2021, approved the Final Dividend, the Proposed DRP and the authority to the Directors to allot and issue such number of DRP shares from time to time as may be required in respect of the Final Dividend and on dividend that may be declared and to be subject to DRP as may be decided by the Board. The authority to the Board to allot and issue DRP shares shall continue to be in force until the conclusion of the next AGM.