

## **RHB BANK NET PROFIT GREW 16.4% YOY TO RM2.22 BILLION**

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- ◆ Pre-tax profit grew 1.2% year-on-year (“YOY”) to RM2.95 billion
- ◆ Net profit grew 16.4% YOY to RM2.22 billion
- ◆ Total income was at RM5.75 billion
- ◆ Cost-to-income ratio at 47.1%
- ◆ Expected credit losses (“ECL”) declined 81.4% YOY to RM71.4 million
- ◆ Gross loans grew 3.4% year-to-date (“YTD”) to RM219.4 billion primarily driven by mortgage, personal finance, auto finance, SME and Singapore
- ◆ Customer deposits increased 4.0% YTD to RM236.1 billion mainly from growth in Retail and SME deposits. CASA made up 26.9% of total deposits
- ◆ Islamic financing grew 2.6% YTD, contributing 45.0% of total domestic loans and financing
- ◆ Return on Equity at 10.0%

RHB Bank Berhad (“the Group”) announced its financial results for the nine months ended 30 September 2023 today.

- The Group’s net profit for the nine months ended 30 September 2023 rose 16.4% YOY to RM2.22 billion mainly due to higher non-fund based income and lower ECL.
- Total income was RM5.75 billion from higher non-fund based income.
  - Net fund based income was RM4.11 billion on the back of higher funding costs, mainly due to fixed deposit growth of 14.9% YOY. Net interest margin for the quarter was 1.85%.
  - Non-fund based income was RM1.64 billion, primarily from the higher net gain on forex and derivatives and net trading and investment income.
- Operating expenses increased 3.3% to RM2.71 billion from higher personnel costs, attributed mainly to collective agreement adjustments, and higher establishment and marketing costs. Correspondingly, the cost-to-income ratio increased to 47.1% compared with 44.3% a year ago.
- ECL reduced 81.4% to RM71.4 million primarily due to writeback of management overlay. Excluding writebacks, normalised credit cost stood at 0.24% compared with 0.35% for the same period last year.

### **Third Quarter FY2023 (“3QFY2023”) Earnings against Third Quarter FY2022**

- The Group’s net profit for 3QFY2023 of RM649.9 million was 6.5% lower than the RM695.4 million achieved in the corresponding quarter last year mainly due to lower net fund based income.

### **Balance Sheet & Capital Position Remained Robust**

- Total assets for the Group increased 3.9% from December 2022 to RM322.7 billion as at 30 September 2023. Net assets per share was RM6.98, with shareholders’ equity at RM29.9 billion as of 30 September 2023.
- Our capital position remained strong. The Group’s Common Equity Tier-1 (“CET-1”) and total capital ratio stood at 16.2% and 19.0% respectively.
- The Group’s gross loans and financing grew 3.4% YTD to RM219.4 billion, mainly supported by mortgage, personal finance, auto finance, SME, and Singapore growth.
- Gross impaired loans was RM3.9 billion as of September 2023, with a gross impaired loans ratio of 1.79%, compared with RM3.3 billion and 1.55% respectively as of December 2022. Loan loss coverage ratio for the Group, including regulatory reserve, was 104.6% as at 30 September 2023, compared with 130.3% in December 2022.
- Customer deposits increased 4.0% YTD to RM236.1 billion, mainly due to growth in Retail and SME deposits of 9.8%. CASA composition stood at 26.9% while liquidity coverage ratio (“LCR”) remained sound at 144.8% as at 30 September 2023.

### **Performance Review of Key Business Units**

#### ***Group Community Banking***

- Group Community Banking posted a marginal increase in pre-tax profit to RM1.36 billion, mainly due to higher net fund based income.
- Gross loans and financing grew 4.0% YTD to RM138.5 billion, primarily driven by growth in mortgages (+6.3%), personal finance (+6.2%), auto finance (+5.4%) and SME (+3.9%).
- Deposits increased 9.8% YTD to RM112.2 billion, mainly contributed by growth in fixed deposits (+18.5%).

#### ***Group Wholesale Banking***

- Group Wholesale Banking posted a pre-tax profit of RM1.57 billion, a 20.7% increase YOY, mainly due to higher non-fund based income and lower ECL.
- Gross loans and financing, and deposits stood at RM48.4 billion and RM91.3 billion respectively.

### ***Group International Business***

- Group International Business posted a pre-tax profit of RM35.9 million, mainly contributed by RHB Bank Singapore, which recorded a pre-tax profit of SGD38.4 million.
- Gross loans and advances grew 14.9% YTD to RM32.5 billion, while deposits increased 16.7% to RM32.7 billion.

### ***RHB Insurance***

- RHB Insurance registered a pre-tax profit of RM58.4 million, a 60.4% YOY increase attributed to higher net investment income.

### ***RHB Islamic Bank***

- RHB Islamic Bank recorded a 1.7% YOY increase in pre-tax profit to RM812.4 million, mainly due to higher non-fund based income and lower ECL.
- Gross financing grew 2.6% YTD to RM83.9 billion.
- Islamic business contributed 45.0% of the Group's total domestic gross loans and financing, an improvement from 44.6% in December 2022.

### **Conclusion**

Malaysia's economy is expected to grow for the rest of the year, albeit at a moderate pace, supported by continued resilience in both private and public investments. The initiatives under the 2024 Budget and the Economy MADANI framework, which include key plans such as the National Energy Transition Roadmap, the New Industrial Master Plan 2030, and the Mid-Term Review of the 12th Malaysia Plan, are expected to drive economic growth. On the banking sector front, the industry is projected to remain sound, with monetary policy continuing to be supportive of economic growth.

"Despite the headwinds, the Group continued to uphold its strong financial performance in the third quarter and consequently for the nine months ending September 2023 as it navigated the challenging operating environment. The Group's fundamentals remained strong as reflected in the healthy capital and liquidity position. We will remain vigilant as risks from external factors including recent developments in geopolitical tensions as well as challenges in certain markets where we operate, may dampen growth.

We are on track to achieving our Sustainable Financial Services target under our five-year Sustainability Strategy and Roadmap. On a cumulative basis, we have attained over RM19 billion,

equivalent to 99% of our RM20 billion target. We will be revising our sustainable financial services commitment upwards to ensure we continue to expand and maximise our impact in supporting our customers in their sustainability journey. Our Group Climate Action Programme is progressing well and we are on track to developing our Pathway to Net Zero by 2050.

We will stay the course in executing the final phases of our ‘Together We Progress 2024’ (‘TWP24’) corporate strategy, focussing on quality growth, service excellence, and improved efficiency,” said Mohd Rashid Mohamad, Group Managing Director/Group Chief Executive Officer of RHB Banking Group.

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### Key Financial Highlights

Financial Performance (RM'000)	9 Months Ended 30 September 2023	Restated 9 Months Ended 30 September 2022
Net income	5,746,389	5,920,307
Operating profit before allowances	3,037,998	3,297,475
Profit before taxation	2,947,590	2,912,703
Profit attributable to equity holders of the Company	2,220,317	1,907,803
Earnings per share (sen)	52.03	45.75
Balance Sheet (RM'000)	As at 30 September 2023	Restated as at 31 December 2022
Gross loans, advances and financing	219,394,755	212,200,142
Gross impaired loans, advances and financing ratio (%)	1.79%	1.55%
Deposits from customers	236,135,151	227,159,762
Total assets	322,745,189	310,771,262
Equity attributable to equity holders of the Company	29,910,110	28,736,072
Net assets per share (RM)	6.98	6.77

*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

#### Memorandum of Understanding with Axiata Group Berhad

On 2 June 2021, the Bank entered into a Memorandum of Understanding (“MOU”) with Axiata Group Berhad (“Axiata Group”) to jointly explore 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 Group, to regulate the terms for joint application to Bank Negara Malaysia (“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 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.

The Bank and Boost Holdings had, on 1 March 2023, jointly incorporated a company called Boost Berhad with a share capital of RM100 consisting of 100 ordinary shares, of which 60 ordinary shares are held by Boost Holdings, with the balance 40 ordinary shares being held by the Bank. Subject to approval from BNM, Boost Berhad will be the legal entity to carry out the digital banking business (“Proposed Digital Bank”).

On 31 March 2023, the Bank, Boost Holdings and Boost Berhad entered into a share subscription agreement (“SSA”) for the Bank and Boost Holdings to subscribe for 100 million new ordinary shares in Boost Berhad for a cash consideration of RM100 million for Boost Berhad to meet the minimum capital funds requirements for a digital bank.

Concurrently, on 31 March 2023, the Bank, Boost Holdings and Boost Berhad entered into a shareholders’ agreement (“SHA”) to regulate the affairs of Boost Berhad as the Proposed Digital Bank, and the Bank and Boost Holdings’ relationship between themselves as shareholders of Boost Berhad. Further details on the SHA are disclosed in Note B6(a) of the Interim Financial Statements.

On 3 November 2023, the Bank subscribed 34 million new ordinary shares in Boost Berhad (“Boost Berhad Shares”) for a cash consideration of RM34 million (“Additional RHB Subscription”). The source of funds for the Additional RHB Subscription is from internally generated funds of the Bank. On even date, Boost Holdings had also subscribed for 51 million new Boost Berhad Shares for a cash consideration of RM51 million (“Additional Boost Holdings Subscription”). The Additional RHB Subscription and the Additional Boost Holdings Subscription are collectively referred to as “Additional Subscription”. The purpose of the Additional Subscription is for Boost Berhad to continue meeting the minimum capital funds requirements for a digital bank of RM100 million unimpaired by losses. Upon completion of the Additional Subscription, the paid-up capital of Boost Berhad is RM185 million comprising 185 million Boost Berhad Shares.

Subject to satisfying the operational readiness requirements by Bank Negara Malaysia 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.