



RHB Bank remained resilient in FY2021

- ◆ Total income increased to RM7,788.7 million
- ◆ Cost-to-income ratio improved to 45.2% from 47.1% a year ago
- ◆ Expected credit losses (ECL) reduced to RM737.2 million
- ◆ Gross loans grew 6.7% Y-o-Y to RM198.5 billion primarily driven by mortgage, auto finance, SME, Commercial and Singapore
- ◆ Customer deposits increased 7.5% Y-o-Y to RM218.7 billion mainly from growth in fixed and money market time deposits and CASA. CASA made up 30.0% of total deposits
- ◆ Islamic financing grew 11.4% Y-o-Y, contributing 43.0% of total domestic loans and financing
- ◆ ROE at 9.6%
- ◆ Proposed a final dividend of 25 sen per share (15 sen cash and 10 sen subject to DRP). For FY2021, total dividend amounts to 40 sen per share, or 62.9% payout

Kuala Lumpur, 28 February 2022

RHB Bank Berhad (“the Group”) announced today its financial results for the financial year ended 31 December 2021.

- The Group recorded a net profit of RM2,618.4 million for the financial year ended 31 December 2021.
- Net fund based income improved to RM5,874.7 million driven by proactive funding cost management, which dropped 24.1% year-on-year supported by CASA growth of 4.5%. NIM for the year was 2.14% compared with 2.06% recorded last year.
- Non-fund based income declined to RM2,158.8 million, primarily from lower brokerage income and net trading and investment income, offset by higher insurance underwriting surplus and fee income growth from capital market, asset management and commercial banking.
- Operating expenses increased 4.0% year-on-year to RM3,522.4 million. With positive JAWS, cost-to-income ratio improved to 45.2% compared with 47.1% in last year.
- Expected credit losses (ECL) reduced to RM737.2 million arising from lower ECL on loans and higher bad debts recovered during the year. Consequently, the credit charge ratio improved to 0.29% compared with 0.58% last year.

Fourth Quarter 2021 Earnings Against Fourth Quarter 2020

- The Group’s net profit for the fourth quarter 2021 increased from RM438.6 million to RM631.2 million mainly due to lower ECL.

Balance Sheet & Capital Position Remained Robust

- Total assets for the Group increased 6.8% from December 2020 to RM289.5 billion as at 31 December 2021. Net assets per share was RM6.76, with shareholders’ equity at RM28.0 billion as at end-December 2021.



- Our capital position remains strong; the Group's Common Equity Tier-1 (CET-1) and total capital ratio stood at 17.2% and 19.8% respectively.
- The Group's gross loans and financing grew 6.7% year-on-year to RM198.5 billion, mainly supported by growth in mortgage, auto finance, SME, Commercial and Singapore. Domestic loans and financing grew 4.8% year-on-year.
- Gross impaired loans was RM3.0 billion as at 31 December 2021 with gross impaired loans ratio of 1.49%, compared with RM2.6 billion and 1.32% respectively as of September 2021, and RM3.2 billion and 1.71% respectively as of December 2020. Loan loss coverage ratio for the Group, excluding regulatory reserves, remained well above 100% at 122.4% as at end-December 2021, compared with 147.9% in September 2021.
- Customer deposits increased 7.5% year-on-year to RM218.7 billion, predominantly attributed to fixed and money market time deposits growth of 9.0% and CASA of 4.5%. CASA composition stood at 30.0% as at 31 December 2021. Liquidity coverage ratio (LCR) remained healthy at 155.7%.

Performance Review of Key Business Units

- **Group Community Banking**
 - Group Community Banking posted a pre-tax profit of RM1,630.4 million mainly due to higher net fund based and non-fund based income, and lower ECL.
 - Gross loans and financing rose 6.1% year-on-year to RM124.2 billion, primarily driven by growth in mortgages (8.1%), auto finance (4.3%) and SME (11.2%).
 - Deposits increased by 9.9% year-on-year to RM100.9 billion, mainly contributed by growth in CASA (14.2%) and fixed deposits (7.1%).
- **Group Wholesale Banking**
 - Group Wholesale Banking posted a pre-tax profit of RM1,999.2 million, from higher net fund based income and fee income growth from capital market and asset management.
 - Gross loans and financing grew marginally by 1.6% year-on-year to RM50.3 billion, driven by growth in Commercial Banking.
 - Deposits increased 3.4% year-on-year to RM93.0 billion primarily from higher MMTD.
- **Group International Business** posted a pre-tax profit of RM109.3 million.
 - **RHB Bank Singapore** reported a pre-tax profit of SGD14.9 million attributed to higher net fund based and non-fund based income, and lower ECL. Gross loans and advances grew by 23.0% year-on-year to SGD6.3 billion, while deposits increased by 15.0% to SGD6.7 billion.
 - **RHB Bank Cambodia** reported a pre-tax profit of USD19.1 million primarily due to higher net fund based income and ECL writeback during the year. Gross loans and advances grew by 16.1% year-on-year to USD679.2 million while deposits contracted by 3.9% to USD571.3 million.
- **RHB Insurance** registered a lower pre-tax profit of RM121.0 million attributed to a decline in net investment income.



- **RHB Islamic Bank** recorded a pre-tax profit of RM1,030.5 million due to the higher net fund based and non-fund based income, and lower modification loss and ECL during the year.
 - Gross financing recorded a double digit growth of 11.4% year-on-year to RM74.9 billion.
 - Islamic business contributed 43.0% of the Group's total domestic gross loans and financing, an improvement from 40.5% in December 2020.

Conclusion

The global economy continues to recover, supported by the positive momentum in economic activities and the gradual reopening of international borders. Domestically, Malaysia's GDP is expected to grow by 5.5% in 2022. However, risks to the growth outlook remain following the emergence of new COVID-19 variants.

For the banking sector, the demand for credit is projected to improve in tandem with economic growth prospect and similarly, interest rates are also expected to normalise gradually this year. The industry is anticipated to remain resilient supported by strong capital and liquidity levels, and adequate impairment provisions made over the last two years.

"The Group had demonstrated resilience and the ability to sustain growth, as well as providing the much needed support to our customers amid continued uncertainty in the operating environment. Nevertheless, we remain prudent in managing our asset quality while continuing to enhance our governance and risk management practices. The Group's capital and liquidity positions for FY2021 remain strong.

We have also stepped up efforts in promoting economic recovery, including by taking a holistic approach in assisting customers impacted by the prolonged COVID-19 pandemic through various forms of financial assistance. As at 31st January 2022, our Repayment Assistance programme has already benefitted approximately 85,000 RHB customers, of which more than 6,300 are SME customers, with total outstanding repayment assistance of RM21.3 billion, equivalent to 12% of our Group domestic loans and financing. In addition to this, the Group had contributed a total of approximately RM9 million towards the betterment of communities in 2021, focusing on education for children and youth from the B40 segment as well as cash and in-kind contribution towards uplifting the lives of those affected by the prolonged COVID-19 pandemic and the recent severe floods.

In appreciation of the continued trust and support of our shareholders, I am pleased to share that the Board has proposed a final dividend of 25 sen per share, consisting of cash payout of 15 sen per share and an electable portion under the Dividend Reinvestment Plan of 10 sen per share. Together with our interim dividend of 15 sen, total dividend for FY2021 amounts to 40 sen per share or 62.9% payout ratio and dividend yield of 7.4%, being the highest ever for the Group.

At present, over 80% of our workforce has adopted the Agile way of working, an initiative kicked off in 2018 aimed towards driving customer centric innovation and productivity



improvement. Supported by our Digital Transformation Programme, we have started realising the benefits of the new work culture, evidenced by the launch of several first-in-market products and solutions in 2021.

Driving Sustainability which entails integrating Environmental, Social and Governance considerations holistically into our business strategies and decision making process remains one of our key priorities. We are on track with our commitment to extend RM5 billion in sustainable financing by 2025, with over RM4 billion extended as at 31 December 2021 and to-date, we have seen significant progress in our sustainability efforts across all three key pillars of our Sustainability Framework, namely Sustainable & Responsible Financial Services, Embedding Good Practices and Enriching & Empowering Communities. Moving forward, the Group will accelerate the journey towards becoming a sustainable and responsible financial institution through our 5-year Sustainability Strategy as well as our Group Climate Action Programme to implement among others, the requirements of the BNM Climate Change and Principle-based Taxonomy,” said Mohd Rashid Mohamad, Officer-In-Charge/Principal Officer of RHB Banking Group.

Repayment Assistance*

% of Outstanding Loan Balance	Initial Moratorium		Outstanding RA as at:				
	Sept 2020		10 th Nov 2021		31 st Jan 2022		
	RM bil	%	RM bil	%	No of accounts	RM bil	%
GROUP COMMUNITY BANKING	94.1	82%	44.6	37%	84,550	17.1	14%
Retail	73.2	78%	33.9	35%	78,247	12.5	12%
SME	21.0	96%	10.7	45%	6,303	4.6	19%
GROUP WHOLESALE BANKING	12.9	27%	7.4	15%	115	4.2	8%
TOTAL DOMESTIC	107.1	66%	52.0	31%	84,665	21.3	12%

Note: * Assistance provided to customers during the COVID-19 pandemic include the Initial Moratorium, Targeted Repayment Assistance, PEMERKASA, and PEMULIH.

- ◆ Repayment Assistance (“RA”) was at its peak in September 2020, with the initial moratorium outstanding balances amounting to RM107.1 billion or 66% of total domestic borrowings
- ◆ Outstanding RA has reduced significantly from 31% of domestic borrowing as at 10 November 2021 to 12% as at 31 January 2022. The reduction was from lower RA across all segments, as more borrowers exited the programme with the expiry of PEMULIH package and resumed their normal repayments



Key Financial Highlights

Financial Performance (RM'000)	12 Months Ended 31 December 2021	12 Months Ended 31 December 2020
Net income	7,788,666	7,185,712
Operating profit before allowances	4,266,281	3,798,989
Profit before taxation	3,528,753	2,644,403
Profit attributable to equity holders of the Company	2,618,388	2,032,530
Earnings per share (sen)	64.7	50.7

Balance Sheet (RM'000)	As at 31 December 2021	As at 31 December 2020
Gross loans, advances and financing	198,511,767	186,113,512
Gross impaired loans, advances and financing ratio (%)	1.49%	1.71%
Deposits from customers	218,732,585	203,470,783
Total assets	289,541,458	271,149,958
Equity attributable to equity holders of the Company	27,998,328	27,023,835
Net assets per share (RM)	6.76	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.

APPENDIX

Significant Events/Corporate Development

1. 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 ('RHB Bank Share(s)') to be vested in selected Eligible Employees ('Selected 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 ('By-Laws').

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(e) of the Interim Financial Statements.