

NEWS RELEASE

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27 AUGUST 2024

RHB DELIVERS DOUBLE DIGIT TOTAL INCOME GROWTH FOR 1H FY2024

*10.9% Growth in Total Income to RM4.2 Billion;
Group Declares an Interim Dividend of 15 Sen, Representing a Payout Ratio of 45.0%*

Key Financial Highlights:

- ◆ Total income increased 10.9% year-on-year (Y-o-Y) to RM4.2 billion from higher net fund based and non-fund based income
- ◆ Cost-to-income ratio improved to 46.3% from 47.5% a year ago.
- ◆ Expected credit losses (“ECL”) was RM360.0 million.
- ◆ Gross loans grew 2.5% year-to-date (“YTD”) to RM227.9 billion driven by Group Community Banking, Singapore and Commercial.
- ◆ Steady deposits growth at RM240.3 billion. CASA made up 28.1% of total deposits.
- ◆ Islamic financing contributed 44.3% of total domestic loans and financing.
- ◆ Net profit of RM1.5 billion for 1H FY2024
- ◆ Return on Equity (“ROE”) was at 9.6%, an increase from the previous quarter.
- ◆ Interim dividend of 15 sen per share, with payout ratio of 45.0%.

Kuala Lumpur - RHB Bank Berhad (“RHB Bank” or the “Group”) today announced its financial results for the half year ended 30 June 2024 (“1H FY2024”), reporting total income growth of more than 10% to RM4.2 billion. This significant increase was driven by robust performance across most business segments, with strong contributions from both net interest income and non-interest income. The Group achieved a net profit of RM1.5 billion, and its return on equity (“ROE”) improved to 9.6%. Additionally, the cost-to-income ratio improved to 46.3%, reflecting effective cost management.

Mohd Rashid Mohamad, Group Managing Director and Chief Executive Officer of RHB Banking Group, stated, “Our robust financial performance in the first half of FY2024 underscores the strength and effectiveness of our *Together We Progress 2024* (‘TWP24’) corporate strategy. By leveraging our core strengths and emphasising quality business growth, including sustainable financial services, we have not only achieved significant total income growth but also successfully delivered value to our shareholders. Our continuous investments in digital transformation play a crucial role in elevating customer experience and enhancing operational efficiency. Through advanced technology and

innovative solutions, we are streamlining our processes for greater efficiency to deliver a better customer experience.”

“For the first half of FY2024, the Group continues to build on its strong foundation, with sustained growth in total income and operating profit. In recognition of our shareholders’ unwavering support, loyalty and trust, we are pleased to declare an interim dividend of 15 sen per share, representing a payout ratio of 45.0%,” Mohd Rashid added.

Detailed Financial Performance

- **Net fund-based income** increased 4.0% Y-o-Y to RM2.8 billion, driven by higher funding income from a 6.4% Y-o-Y growth in gross loans and financing. Net interest margin (“NIM”) improved by 6 bps quarter-on-quarter to 1.89%. The Group continued to proactively manage its funding costs through active liability management initiatives. Taking this into account, the effective NIM was 1.99%.
- **Non-fund-based income** increased 28.5% Y-o-Y to RM1.4 billion, primarily due to higher fee income, net gains on forex and derivatives, net trading and investment income, and a one-off gain from the disposal of RHB Securities Vietnam Company Limited (“RHBSVN”).

Operating Expenses and Expected Credit Losses

- Operating expenses amounted to RM1.9 billion, mainly due to personnel, establishment, and marketing costs. Cost-to-income ratio improved to 46.3% compared with 47.5% a year ago.
- Total ECL provided was RM360.0 million for 1H FY2024, showing a downward trend from 1Q2024.

Second Quarter FY2024 (2Q FY2024) Earnings against Second Quarter FY2023

- The Group’s net profit for 2Q FY2024 was RM722.3 million, influenced by higher operating expenses and ECL.

Balance Sheet and Capital Position

- Total assets for the Group increased 1.0% YTD to RM331.9 billion. Net assets per share were RM7.27, with shareholders’ equity at RM31.7 billion as of 30 June 2024.
- The Group’s capital position remained robust, with Common Equity Tier-1 (“CET-1”) and total capital ratio at 16.5% and 19.2%, respectively.
- The Group’s gross loans and financing grew 2.5% YTD to RM227.9 billion, supported by 2.8% growth in Group Community Banking, 10.2% in Singapore and 10.1% in Commercial segments.

- Gross impaired loans stood at RM4.0 billion, with a gross impaired loans ratio of 1.76%, up from 1.74% (RM3.9 billion) in December 2023. Loan loss coverage ratio for the Group, including regulatory reserves, improved to 106.8%, and 70.4% without regulatory reserves.
- Customer deposits was RM240.3 billion, with a CASA composition of 28.1%, and liquidity coverage ratio (“LCR”) remained sound at 139.6%.
- The RHB MySiswa Debit Card-i initiative with the Ministry of Higher Education (“MOHE”) contributed RM380.4 million in CASA and RM2.1 billion in fixed deposits as of 30 June 2024.

Interim Dividend

The Group declared an interim dividend of 15 sen per share, representing a 45.0% payout ratio.

Business Segment Performance

Group Community Banking

- Pre-tax profit: RM849.0 million.
- Gross loans and financing growth: 2.8% YTD to RM144.8 billion, driven by mortgage (+4.2%) and auto finance (+6.7%).
- Deposits growth: 4.9% YTD to RM120.3 billion, contributed by fixed deposits (+6.2%) and CASA (+2.5%).

Group Wholesale Banking

- Pre-tax profit: RM1.2 billion, up 12.4% Y-o-Y, mainly due to higher net-fund-based income and non-fund-based income, which includes one-off gain on disposal of RHBSVN.
- Total assets: RM125.9 billion.
- Gross loans and financing: RM48.2 billion, with YTD growth in Commercial loans (+10.1%)
- Securities portfolio: RM65.0 billion (+4.3%).
- Deposits: RM82.9 billion, with money market time deposits growing by 4.7% YTD.

Group International Business

- Continued challenges in selected ASEAN countries; however, Singapore recorded a pre-tax profit of SGD56.1 million.
- Gross loans and financing growth: 8.0% YTD to RM34.9 billion, driven by Singapore growth (+10.2%).
- Deposits: RM37.1 billion, with CASA growing by 1.0% YTD.

Group Shariah Business

- Pre-tax profit: RM470.5 million.
- Gross financing growth: 1.5% YTD to RM85.3 billion.

- Islamic business contributed 44.3% of the Group's total domestic gross loans and financing.

Group Insurance

- Pre-tax profit: RM30.3 million.

Strategic Initiatives and Outlook

Malaysia's economic growth is expected to remain resilient for the rest of the year, buoyed by domestic demand and robust investment spending driven by infrastructure projects and the New Industrial Master Plan 2030.

Mohd Rashid commented, "We have taken several measures to ensure we possess the necessary core and technical competencies, as well as leadership bench strength, to navigate the challenges ahead and drive sustainable growth. Notably, we have recently appointed key strategic leaders, including the appointment of Group Chief Financial Officer, Group Chief Internal Auditor as well as Chief Executive Officer of RHB Investment Bank. We have also created two new roles - Regional Chief Financial Officer and Head of Capital Strategy, as well as Head of Sustainable Finance."

He added, "We are making significant progress in growing our Sustainable Financial Services, having achieved over RM31.0 billion of the RM50 billion target outlined in our 5-Year Sustainability Strategy & Roadmap. We continue to support businesses, particularly SMEs, in their ESG transition journey through our Sustainable Financing programme, investing in capability building for SMEs and forging strategic partnerships and collaborations with business associations and industry players to enable SMEs to access resources and expertise for sustainable business practices.

"We are set to embark on our new corporate strategy, which will be launched in the first quarter of 2025. We remain steadfast in our strategic priorities and are well-positioned to navigate the evolving market landscape," said Mohd Rashid.

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Key Financial Highlights

Financial Performance (RM million)	6 Months Ended	6 Months Ended
	30 June 2024	30 June 2023
Net income	4,200	3,787
Operating profit before allowances	2,254	1,987
Profit before taxation	1,884	2,068
Profit attributable to equity holders of the Company	1,452	1,570
Basic earnings per share (sen)	33.74	36.88
Balance Sheet (RM million)	As at	As at
	30 June 2024	31 December 2023
Gross loans, advances and financing	227,912	222,416
Gross impaired loans, advances and financing ratio (%)	1.76%	1.74%
Deposits from customers	240,309	245,083
Total assets	331,907	328,692
Equity attributable to equity holders of the Company	31,672	30,875
Net assets per share (RM)	7.27	7.20

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. Disposal of RHB Securities Vietnam Company Limited ("RHBSVN")

On 19 February 2024, the Bank announced that its wholly-owned subsidiary, RHB Investment Bank, had entered into a Sale and Purchase Agreement ("SPA") with Public Bank Vietnam Limited ("PBNV"), a wholly-owned subsidiary of Public Bank Berhad, in respect of the disposal of its entire equity interest in RHBSVN ("Disposal").

The Disposal is conditional and subject to the approval from the State Securities Commission of Vietnam ("SSC"). The SSC had, vide its letter dated 4 June 2024, granted its approval for the Disposal.

On 28 June 2024, the Board of the Bank announced that the SPA has been completed. With the completion of the SPA, RHBSVN has ceased to be a wholly-owned indirect subsidiary of the Bank.



The Disposal has enabled RHB Investment Bank to monetise its investment in RHBSVN to be utilised for working capital requirements of RHB Investment Bank Group. Financial information relating to the Disposal are disclosed under Note B6 (a) of the Interim Financial Statements.

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