



News Room

RHB Gives Its Best and Exceeds Expectations

Wednesday, 06 April 2011 – RHB Capital Berhad (RHB Capital) has grown steadily over the past year and continues reaping the benefits of its Transformation Programme. Initiated in 2007, the Transformation Programme is designed to make the RHB Banking Group one of the leading financial services providers in ASEAN. The overall progress has delivered enhanced shareholder values as the RHB Banking Group continues to pave its way forward.

During RHB Capital's 16th Annual General Meeting today, Dato' Mohamed Khadar Merican, Chairman of RHB Capital, said, "The Group remains focused on building its core businesses and continues to look for opportunities to expand its market share. We will continue to leverage our transformation initiatives to build a competitive operating platform that is sustainable yet scalable for the future. The next phase of transformation will see us driving efforts to enhance our presence locally and regionally. We will also work to claim a leadership position in specific markets or product segments."

"The recovery in the domestic economy is expected to remain robust, with the potential for relatively strong growth to be sustained. The domestic economy has demonstrated resilience, showing a steady growth path to recovery. Amid the favourable growth prospects, the Banking sector is expected to face new business trends due to further normalisation in the monetary policy, shift to debt markets and rising consumer debt level. The retail and capital market activities will continue to be active in the coming year and with the infrastructure being put in place, we are well poised to reap the benefits of the continued economic growth in the country.

We will continue to optimise our business structure and gradually increase the market share in our core businesses with Islamic Banking and Global Financial Banking to grow in size and form an even larger part of the Group's financial performance" he added.

RHB Capital's pre-tax profit for the financial year ended 31 December 2010 increased by 23% to RM1.90 billion, as compared to the RM1.54 billion registered last year. Net profit for the Group increased by 18% from RM1.20 billion to RM1.42 billion and earnings per share rose to 66.0 sen against 55.8 sen in 2009. Loans and advances grew by RM14.1 billion or 20% to RM83.7 billion in 2010, whilst asset quality has remained sound, with the new impaired loans formation ratio improving to 1.30% from 1.96% in 2009.

The improved performance underscores the continuous improvement in the Group's core operating franchise, sustaining a diversified revenue stream, efficient cost management and sound asset quality. This is underpinned by higher net interest income and other operating income, coupled with lower allowance for impairment on loans, advances and financing, partially offset by higher other operating expenses and higher impairment losses on other assets.

"In Retail Banking, the introduction of "EASY by RHB" (RHB's simple, fast and paperless community banking initiative) has progressed well, and with over 130 outlets opened to date. This has enabled the Group to successfully further penetrate the retail market and gain traction in our domestic market position. "EASY by RHB" has proven to be an award-winning innovation. In 2010, it won the SGAM Best Process Innovation Award, the Effie Silver Award for "Unbanking" - banking the unconventional way, the Asian Banker Award for Best Business Model, the Financial Insights Innovation Award for Operational Efficiency and The Brand Laureate Awards 2010-2011 for Product Branding - Best Brands in Financial Services - Retail Banking.

In addition, we recently launched the RHB-Pos Malaysia Shared Banking Services which will provide banking services for our customers at selected Pos Malaysia outlets nationwide. This partnership is expected to increase our market share in the domestic market.

We are also expecting to expand the Corporate and Investment Banking arm as the Government has launched investments under the Economic Transformation Programme ("ETP") with the award of large-scale infrastructure projects. Bonds and equity issues are expected to increase to finance Entry Point Projects ("EPP") identified by the Government and more mergers and acquisition in certain selected sectors are expected.

The improved performance in 2010, the Group's best ever financial performance to date with a net return on equity and return on assets of 15.2% and 1.2% respectively, shows the results of the revitalized organization. We are also pleased to be able to share the improvements with our shareholders, with the declaration of a final dividend of 21.38% less tax, making a total dividend paid and declared for 2010 of 26.38%, less tax, which meets our stated dividend policy. We will continue to compete successfully in an increasingly competitive and liberalized environment and achieve a better performance in 2011," concluded Dato' Mohamed Khadar Merican.



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Issued on behalf of RHB Bank Berhad by the Corporate Communications Division, RHB Capital Berhad. For more information, please call Azman Shah Md Yaman at 03-92802419 or Shima Reza at 03-92802533.

About the RHB Banking Group

The RHB Banking Group is the fourth largest fully integrated financial services group in Malaysia. The Group's core businesses are streamlined into seven Strategic Business Groups (SBGs): Retail Banking, Business Banking, Group Transaction Banking, Corporate & Investment Banking, Islamic Banking, Global Financial Banking and Group Treasury. These businesses are offered through its main subsidiaries – RHB Bank Berhad, RHB Investment Bank Berhad, RHB Insurance Berhad and RHB Islamic Bank Berhad, while its asset management and unit trust businesses are held under RHB Investment Management Berhad. RHB's Global Financial Banking Division includes commercial banking operations in Singapore, Thailand and Brunei. The Group also has a non-ringgit based offshore funding operations in Labuan as well as a representative office in Vietnam. It is the RHB Banking Group's aspiration to deliver superior customer experience and shareholder value; and be recognised as one of the top financial services groups in ASEAN.

It's time we simplify banking.