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RHB Banking Group to focus on next phase of regional transformation

Kuala Lumpur, 8 May 2014 – RHB Banking Group delivered another profitable year in 2013 amidst a volatile operating environment. The Group is now focusing on its next phase of its transformation journey towards building a wholesome multinational financial services group in the region by 2020.

The Group's regional footprint continues to expand with the completion of the acquisition of OSK Investment Bank Berhad ("OSKIB"), providing it access into key strategic markets such as Cambodia, Indonesia and Hong Kong. To further enhance the Group's ASEAN platform, RHB Bank Berhad has also secured a licence to open a subsidiary in Lao PDR. RHB Bank Lao is expected to be in operation by May 2014.

"Next in the expansion pipeline are Myanmar and Vietnam. Beyond ASEAN, we have also expanded our reach globally through strategic partnerships with Espirito Santo Investment Bank of Portugal and SinoPac Securities of Taiwan, providing our clients with a broader range of financial products and services, global research and investment opportunities," commented Dato' Mohamed Khadar Merican, Chairman, RHB Capital Berhad, at the Company's 19th Annual General Meeting.

Transformation Programme – IGNITE 2017

The RHB Banking Group has embarked on its largest integrated transformation programme to date that is set to propel the Group towards realising its aspiration of becoming a regional powerhouse.

IGNITE 2017, the three-year transformation programme will focus on strengthening the Group's value propositions by segments, launching differentiated and regional capabilities and rapidly scaling its regional businesses.

“We want to achieve market leadership position both domestically and regionally (Top 3 in Malaysia and Top 8 in Asean) as well as be recognised as the next generation customer centric bank that continuously delivers innovative and personalised offerings to our customers.

We can only achieve this with the right talent in place. Attracting, retaining and building a high performing regional workforce will be one of our cores area of focus under the transformation programme,” said Dato’ Khadar.

Continuing Good Financial Performance

For the financial year in review, the Group successfully delivered a turnaround in profit trajectory to register a profit before tax of RM2.47 billion, 3.6% higher than the previous year despite an 11.5% decline in profitability for the first six months of 2013.

Total income reached a new high of RM6.0 billion due to growth in net interest income and customer-driven non-interest income. The Group’s satisfactory performance in 2013 bears testament to its agility and resilience in the face of challenges, steadfastness to executing against strategy, and commitment to delivering value to all stakeholders.

All the Group’s core operating businesses continued to deliver steady results amidst a challenging operating environment, with a 14.3% increase year-on-year in operating profit before allowances. This improvement was partially offset by an increase in impairment allowances for loans.

Stronger Domestic Standing

RHB Banking Group continues to make good progress domestically. Our position as the fourth largest financial services group in Malaysia continues to strengthen and following the business merger with OSKIB, RHB Investment Bank Berhad (“RHBIB”) is now the largest investment bank by asset size in the country. In December 2013, RHBIB’s subsidiary, RHB Investment Management Sdn Bhd, merged with OSK-UOB Investment Management Berhad to form RHB Asset Management Sdn Bhd. Under this newly merged entity, the Group is today one of the top three domestic fund houses and a key global fund manager in the region.

The Group's commercial branch network encompasses a total of 208 branches nationwide with 194 RHB conventional bank branches and 14 RHB Islamic branches. With over 2,300 self-service terminals ("SSTs"), RHB has maintained the No. 3 position in terms of market share for SSTs. The Group continues to strengthen its online presence through its internet and mobile banking platform - RHB Now, which has over a million users, and had registered strong growth in transaction volumes in 2013.

Easy by RHB continues to be at the forefront of fast and simple banking and have captured the interest of financial players across the region and beyond who are keen to learn more about its unique brand proposition. In 2013, Easy garnered a host of awards and accolades including "Best Banking Business Model Malaysia 2013", "Best Banking Operational Efficiency Malaysia 2013" and "Best Retail Banking Brand Malaysia 2013" at the Global Brands Magazine Awards 2013.

Moving forward

"Moving forward, the RHB Banking Group will continue to build on a business that will deliver sustainable value as it moves into the next chapter of its history. As we continue to espouse the same entrepreneurial values that our founding fathers had, we are confident of extending our banking platform within ASEAN and beyond," concluded Dato' Khadar.

Issued by the Group Corporate Communications Division, RHB Capital Berhad. For more information, please call Lois Kam at 03-9280 5089.

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 the following key focus areas namely, Group Retail and Commercial Banking, Treasury & Global Markets, Transaction Banking, Group Islamic Banking and Group Insurance, Corporate and Investment Banking Business and Group International Business. 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 undertaken by RHB Asset Management Sdn. Bhd. and RHB Islamic International Asset Management Berhad. The Group's regional presence now spans nine countries including Brunei, Cambodia, Indonesia, Hong Kong, Malaysia, Singapore, Thailand, Vietnam and Lao PDR. It is RHB Banking Group's aspiration to deliver superior customer experience and shareholder value; and to be recognised as a Leading Multinational Financial Services Group.