



MEDIA RELEASE

Axiata and RHB Formalise Joint Bid for Digital Bank License and Group-wide Partnership

*Group-to-Group collaboration to drive innovation and
accelerate Malaysia's digital financial journey*

Kuala Lumpur, 2 June 2021 – Axiata Group Berhad (Axiata) and RHB Banking Group (RHB) (together “Parties”) today formalised an MoU (“Partnership”) to expand and deepen collaborations between both Parties. The most advanced of these is the signing of a comprehensive Heads of Agreement (“Agreement”) between an Axiata subsidiary, Boost Holdings Sdn Bhd (Boost Holdings) and RHB to form a consortium to apply for a digital banking license (Digital Bank) under the framework issued by Bank Negara Malaysia (BNM). Both Parties consider this Partnership as a robust platform to drive innovation, increase competitiveness and accelerate the country’s digital transformation and financial inclusion ambition.

Spearheading the group-wide partnership is the formation of the Digital Bank consortium. As equity partners in the consortium, Boost Holdings will own a majority stake of 60%, while RHB will own the remaining 40% in the Digital Bank, subject to approval from BNM. Celcom Axiata Berhad has signed up as a major commercial partner on joint Go-To-Market activities with the Digital Bank on products and services which will benefit the customers of both parties. Other commercial partners are being finalised and will be announced in due course.

The Parties will seek to expand on Boost Holdings’ extensive fintech experience developed through Aspirasi, a digital micro-financing and micro-insurance provider and the Boost e-Wallet, a top three e-wallet and lifestyle app. Boost Holdings’ intimate knowledge of customers via analytics and artificial intelligence will provide better customer solutions, product personalisation and risk-based pricing.

RHB sees the Digital Bank as an extension of its Digital Transformation Programme which is a core component of its FIT22 strategy. With the right digital model and partner, RHB seeks to increase financial inclusion and expedite the development of digital journeys and products to wider segments of the community (e.g. MSMEs, Gig Economy). RHB will bring to the consortium many years of established trust with customers and regulators, as well as extensive experience in running a bank with proven expertise across core banking services,

risk management and compliance, liquidity, capital, operational and credit management, product management, and responsible financing.

The Parties will also leverage RHB's Agile@Scale experience in building successful digital offerings such as the RHB MyHome app, SME integrated eSolutions, Digital SME Financing App (first AI enabled Digital SME lending app in Malaysia), and eKYC on-boarding solution to spur similar innovation for Digital Bank customers.

RHB and Axiata firmly believe that the Digital Bank will unlock synergistic opportunities to benefit underserved retail customers and micro-SMEs that fall outside the normal focus of traditional banks.

Complementary to the Digital Bank, RHB and Axiata are also exploring more opportunities to enhance their joint customer ecosystems. In recognition of the strength of their respective SME ecosystems, one potential initiative involves providing combined solutions to SMEs. Axiata currently serves more than 250,000 merchants and micro businesses via their Boost e-Wallet and Aspirasi microfinancing businesses, whereas RHB offers more than 200,000 of its SMEs access to a connected ecosystem of SME banking and business solutions (integrated suite for payments, human resource management, accounting, and financing).

Today's Partnership is the culmination of a strong relationship seeded since 2018 with RHB that has seen fruitful partnerships between RHB Islamic Bank and Boost e-Wallet. These included donations being facilitated via the SyuQR digital platform, a cashless payment facility for government clinics, and many others. Both parties will continue to support government agencies in driving cashless payments and digital financial services in Malaysia.

Commentaries

Commenting on the partnership, Axiata's President & Group CEO **Dato' Izzaddin Idris** said: "We are pleased to expand our partnership with RHB in cementing our mutual commitment to support the Government's ambition to narrow, if not close the national digital divide. Through innovative, efficient and secure banking services, we are confident our strategic collaboration will meet the fast-evolving demands of segments of retail customers and micro-SMEs overlooked by traditional institutions."

"For the past five years, Axiata has been doubling down on our efforts to strengthen the foundation of our financial inclusion objectives. Through Celcom and platforms such as Aspirasi and Boost e-Wallet, we have made great leaps in the provision of innovative and inclusive digital financial services. As we inject our deep fintech experience and data-driven insights to break new grounds in digital inclusion, complemented by RHB's proven risk and compliance experience, the establishment of a digital bank is a natural next step in expanding and deepening our ongoing momentum to deliver Malaysia's digital transformation objectives."

"Capitalising on synergies and opportunities further unlocked by this partnership, I am confident these two trusted brands will achieve successful outcomes to benefit customers who

are expecting greater conveniences, personalisation, improved experiences and better credit access, centered on the Internet to deliver banking services nationwide.”

Dato’ Khairussaleh Ramli, Group Managing Director / Group CEO of RHB Banking Group said: “The MoU sets the foundation for both RHB and Axiata to explore further group-wide partnership opportunities in all countries where we mutually operate. We believe that broadening our collaboration will result in greater accomplishments particularly in enhancing customer experience as well as providing greater accessibility to banking services for a wide range of customers.”

“The joint bid for a Digital Bank license demonstrates our commitment to building the best solutions for our customers in every segment and partner with parties that can bring value to the overall proposition. This includes the continued integration of the existing RHB and Axiata (Boost e-Wallet, Aspirasi, Celcom) customer ecosystems to provide a better range of joint solutions, better connectivity, and even more convenience to all our customers. It is an extension of RHB’s Brand promise of ‘Together We Progress’, where we commit to being a trusted partner to our customers, provide solutions that help achieve their goals, nurture future generations, and deliver simple, fast and seamless experiences. It is our hope that an innovative and responsible Digital Bank will do just that for the underserved and unbanked in Malaysia.”

Sheyantha Abeykoon, CEO of Boost Holdings Sdn Bhd said: “Today’s partnership will create a market leader in providing financial inclusion services to the underserved. With Boost Holdings’ fintech expertise and RHB’s track record of compliance, our combined customers can be assured of accessible, convenient and trusted solutions for all of their financial needs. We look forward to offering our over 9 million customers an unbeatable value proposition with a groundbreaking Digital Bank.”

Dr. Siew Chan Cheong, Group Chief Strategy Officer of RHB Banking Group said: “Ingrained within our strategies at RHB is the firm belief that success in the future is underpinned by the ability to expand ecosystem offerings with trusted partners to solve unmet needs and provide highly tailored solutions for customers in every segment. Ecosystem partnerships between RHB and Axiata will benefit our SME and retail customers across SEA. The Digital Bank partnership with Axiata is proof of our commitment to continuously innovate at RHB, with the goal of expediting the build of convenient and impactful solutions for the underserved.”

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