



RHB BANK BERHAD



ONWARDS

with AGILE@SCALE

2019 Key Highlights Business Highlights

RHB'S INNOVATIVE HOMEOWNER ECOSYSTEM CONTINUES TO GROW

RHB PARTNERS APP

1ST Mortgage Referral App in the industry
- Collaboration with property developers, real estate agents and online service providers/aggregators, for mortgage referrals

RHB MYHOME APP

1ST Innovation of its kind in ASEAN
- Delivers convenience when applying for a home loan
- Provides instant approval in principle

RHB MYHOME WEBSITE

1ST website of its kind in the industry
- an all-in-one platform designed to transform the post-purchase journey

RHB CONTINUES TO POSITIVELY IMPACT SME BUSINESSES

More than **100,000** businesses positively powered by our SME Ecosystem, generating loan demand of RM5 billion in 2019

RHB's SME Ecosystem

covers point-of-sale ("POS"), payroll, accounting and cash management

Recognised as **THE TOP LENDER**

under the Syarikat Jaminan Pembiayaan Perniagaan ("SJPP") guarantee scheme for SMEs

ALL POSSIBLE BECAUSE OF A BETTER WAY OF WORKING

More than **2,000 Employees Working the Agile Way** in 2019 compared to 130 in 2018

Producing a more engaged workforce and a **15% improvement** in productivity

Leading to:
- Net Promoter Score ("NPS") of 9 in Malaysia
- Employee Engagement Survey ("EES") score of 90% (higher than the Malaysian Financial Services Industry Average)

LEADING TO BRAND RECOGNITION

Putra Brand Awards: Silver in 2019
Bronze in 2018

As a result, increased our **BRAND VALUE** by **45%** in 2019 to **USD956 million** on the back of increased customer awareness and preference for RHB

FINANCIAL HIGHLIGHTS

Total Assets
RM257.6 billion

Pre-Tax Profit
RM3.4 billion

Total Income
RM7.1 billion

Cost-To-Income Ratio
48.9%

Shareholders' Equity
RM25.8 billion

Net Profit
RM2.5 billion

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Our Cover Story

RHB is committed to making banking simple, fast and seamless.

Customers are at the heart of everything we do - we continue to empower them and enhance their banking journey by leveraging on digital technology. To support this and to be in line with our FIT22 strategy, we continue integrating Agile@Scale into our DNA to build a winning operating model. Our people are now more effective and we will continue to improve our capability, efficiency and creativity to deliver sustainable value to our stakeholders.

This is our promise, as we move Onwards with Agile@Scale.

i This interactive PDF allows you to access information easily, search for a specific item or navigate between pages, sections and links.

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About This Report

REPORTING FRAMEWORK

For 2019, **RHB BANKING GROUP** has taken its first steps in transitioning its annual report into a full-fledged Integrated Report ("IR"). Covering the period between 1 January 2019 and 31 December 2019, the IR is both balanced and transparent as it serves to inform our stakeholders about our progress and performance against our strategic plans to create value over time. The Group intends to continually evolve in our journey, and we will be guided by both local as well as international guidelines and frameworks along this journey. This report also shares details on our financial and non-financial performance in 2019 as well as our outlook for the short, medium and long-term, to better guide the investment decisions of our stakeholders.

SCOPE AND BOUNDARIES

RHB Bank Berhad is a public company listed on the Main Market of Bursa Malaysia Securities Berhad. This report covers RHB Bank Berhad and its subsidiary companies across the Association of Southeast Asian Nations ("ASEAN"). References to 'RHB Banking Group', 'the Organisation', 'the Group', 'RHB' and 'we' refer to RHB Bank Berhad and/or its subsidiaries.

The scope of this report covers only strategies, initiatives and activities in RHB Banking Group across ASEAN. As we are in the process of data collection to ensure better coverage and disclosures in the future, certain information is currently limited to geographical sectors. Location-specific data is stated where applicable.

Throughout the preparation of this report, we have been guided by best practices as prescribed by international integrated reporting frameworks. Locally, we have adhered to the Malaysian Code on Corporate Governance ("MCCG"), Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Main Market Listing Requirements ("MMLR"), Bursa Malaysia Sustainability Reporting Guide (2nd edition), Bursa Malaysia's Corporate Governance Guide, the Companies Act 2016, Bank Negara Malaysia ("BNM") Policy Documents and Guidelines, the Malaysian Financial Reporting Standards, International Financial Reporting Standards and other regulatory requirements as applicable.

All information presented is as at 31 December 2019, unless otherwise stated.

NAVIGATION ICONS

The report will be referring to and discussing the Group's six capitals of value creation in detail. Each capital is represented by navigational icons, as seen here, for the reader's ease of reference.

THE SIX CAPITALS

FC	Financial Capital	HC	Human Capital
IC	Intellectual Capital	MC	Manufactured Capital
SRC	Social and Relationship Capital	NC	Natural Capital

OUR SUITE OF REPORTS

Integrated Report
Our primary report used to communicate our value creation strategies, performance and outlook to our stakeholders

Financial Report
Details the Group's financial statements and analysis of the financial results, further supported by an independent auditors' report

Sustainability Report
Communicates the Group's approach to sustainability and efforts in creating sustainable value

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements with respect to the business and financial performance of RHB Banking Group and that, by their nature, involves risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. Factors that could cause actual results to differ materially from those in the forward-looking statements include global, national and regional economic conditions; interest rates; exchange rates; and credit or matters that have not been reviewed or reported on by the Group's auditors.

Who We Are



RM
257.6
billion

Total Assets

RM
7.1
billion

Total Income

14,345

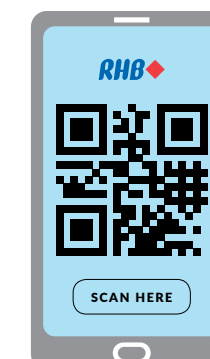
Employees across 10 countries

RHB BANKING GROUP is a multinational regional financial services provider that is committed to delivering complete solutions to customers through differentiated segment offerings and an ecosystem that supports simple, fast and seamless customer experiences, underpinned by a cohesive and inspired workforce, and relationships built with stakeholders.

Ranked among the top banks in Malaysia and with a significant presence in ASEAN, RHB has strong market leadership in Malaysia across targeted products and segments. With 14,345 employees Group-wide, RHB's presence spans 10* countries in the ASEAN region.

* We will exit our Hong Kong business, effective Q2 2020.

Scan the QR code to visit our corporate website
www.rhbgroup.com



Corporate Information

COMPANY SECRETARIES

Azman Shah Md Yaman
(LS 0006901)

Lai Su Ming
(MAICSA No. 7046164)

REGISTERED OFFICE

Level 10, Tower One
RHB Centre, Jalan Tun Razak
50400 Kuala Lumpur
Tel : 603 9287 8888
Fax : 603 9281 9314
Corporate Website : www.rhbgroup.com

COMPANY REGISTRATION NO.

196501000373 (6171-M)

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya, Selangor

Shamsul Kamal Abdul Manaf
Hastini Hassim

For shareholders' enquiries
Helpdesk No. : 603 7890 4700
Fax : 603 7890 4670
Email : BSR.Helpdesk@boardroomlimited.com

AUDITORS

PricewaterhouseCoopers PLT
Chartered Accountants
Level 10, 1 Sentral
Jalan Rakyat, Kuala Lumpur Sentral
P.O.Box 10192
50706 Kuala Lumpur
Tel : 603 2173 1188
Fax : 603 2173 1288

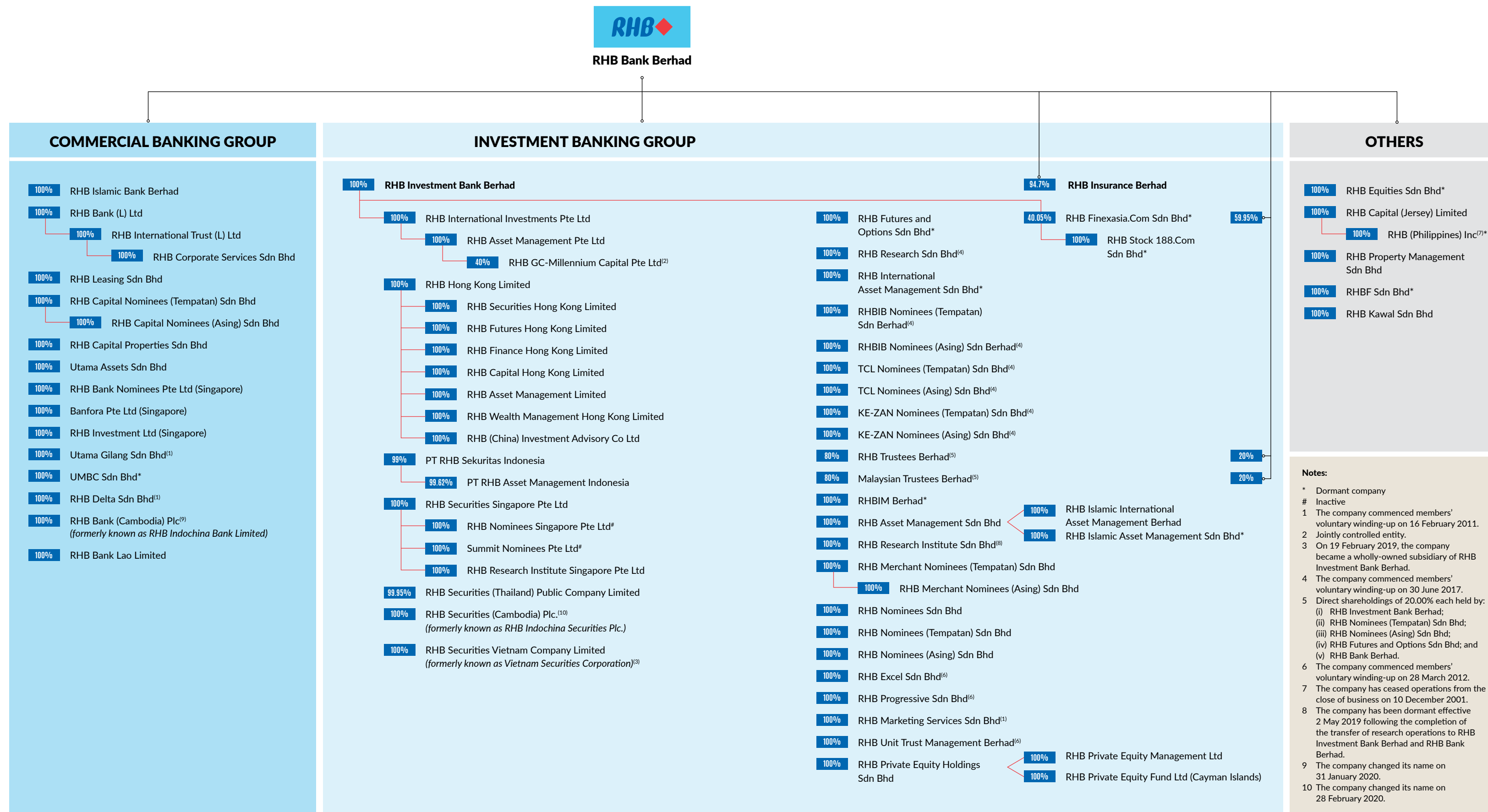
CUSTOMER CONTACT CENTRE

Malaysia
Tel : 603 9206 8118
Email : customer.service@rhbgrou.com



Group Corporate Structure

as at 28 February 2020



What We Do

Scan the QR code for more details on our core businesses



RHB Banking Group is one of the largest fully integrated financial services groups in Malaysia. The Group's core businesses are structured into business pillars, namely Group Retail Banking, Group Business & Transaction Banking, Group Wholesale Banking, RHB Singapore, Group Shariah Business, Group International Business and Group Insurance.

GROUP RETAIL BANKING

Group Retail Banking ("GRB") provides conventional and Shariah-compliant consumer banking solutions.

Our retail products and services include Wealth Management, Bancassurance, Mortgages, Auto Financing, ASB Financing, Personal Financing, Credit Cards, Payments and Deposits, which are offered through our branches and our digital platforms.

Our Asset Management pillar manages a full set of investment services and offerings including management of unit trust funds, investment management advisory, private mandates, product development and trustee services.

For more details, go to pages 61 to 66.

GROUP BUSINESS & TRANSACTION BANKING

Group Business & Transaction Banking ("GBTB") offers a wide range of business solutions ranging from loans and financing, deposits, cash management solutions, trade finance and services including supply chain financing solutions, FX, remittance and interbank business, among others.

Group Business Banking provides financing solutions to Small and Medium Enterprises ("SMEs") and family-owned enterprises, while Group Transaction Banking caters to trade and cash management solutions for SMEs and large corporates.

For more details, go to pages 67 to 69.

GROUP WHOLESALE BANKING

Group Wholesale Banking comprises three core business segments, namely Group Investment Banking, Group Corporate Banking and Group Treasury and Global Markets which was set up to provide comprehensive and coordinated services to our customers.

Its solutions for business growth include Mergers and Acquisitions ("M&A") advisory, capital markets fund raising, financial structuring and financing. Customer performance optimisation services include cash management, trust and security, business solutions and cross-border transactions. Finally, its trading platform and research products enable clients to make sound investment choices.

For more details, go to pages 70 to 79.

GROUP SHARIAH BUSINESS

RHB Islamic Bank is the Group's Islamic Banking arm, providing Shariah-compliant banking and financial services through four business units which are Retail Banking, Corporate & Investment Banking, Business & Transaction Banking and Islamic Treasury. It continues to be among the preferred financial institution for SMEs by meeting ever-changing demands and adding value throughout the SME supply chain with our innovative financial supply chain products.

For more details, go to pages 80 to 83.

GROUP INSURANCE

RHB Insurance, a subsidiary of RHB Bank Berhad, provides general insurance for retail, SME, commercial and corporate customers. It is the 12th-largest insurer in Malaysia with 3.9% market share and ranks among the Top 10 insurers for Fire.

For more details, go to pages 84 to 85.

RHB SINGAPORE

RHB Singapore has been in operation for over five decades and has demonstrated excellence in the financial sector. As a key regional contributor to the Group, it continues to build upon its strengths in the mid-cap segment, aiming to be the catalyst bank for SMEs, advising on both business and personal financial needs. RHB Singapore's core businesses are streamlined into seven pillars, namely Retail Banking, Commercial Banking, Corporate and Investment Banking, Treasury, Capital Markets, Brokerage and Asset Management.

For more details, go to pages 86 to 88.

INTERNATIONAL BUSINESS

RHB's International Business comprises our overseas commercial banking portfolio. We have a strong network of branches across Cambodia, Thailand, Lao PDR and Brunei offering products ranging from loans, deposits, trade finance and remittance for customers of all segments. We also maintain representative offices in Vietnam and Myanmar that offer liaison and advisory services for Malaysian companies seeking to conduct business in these countries.

For more details, go to pages 89 to 91.

REGIONAL PRESENCE

- ▶ **Singapore**
 - Commercial Banking, Capital Markets and Securities Services
 - Asset Management
 - Established in 1961
- ▶ **Indonesia**
 - Capital Markets and Securities Services
 - Asset Management
 - Established in 1990
- ▶ **Thailand**
 - Commercial Banking, Capital Markets and Securities Services
 - Established in 1964
- ▶ **Cambodia**
 - Commercial Banking, Capital Markets and Securities Services
 - Established in 2008
- ▶ **Lao PDR**
 - Commercial Banking Services
 - Established in 2014
- ▶ **Brunei**
 - Commercial Banking Services
 - Established in 1965
- ▶ **Vietnam**
 - Representative Office
 - Capital Markets and Securities Services
 - Established in 2008
- ▶ **Myanmar**
 - Representative Office
 - Established in 2014
- ▶ **Hong Kong***
 - Capital Markets and Securities Services
 - Established in 2004

* We will exit our Hong Kong business, effective Q2 2020.

Where We Operate

KEY REGIONAL PRESENCE

14,345 employees
348 branches/offices



Scan the QR code for the details on our BRANCH NETWORK

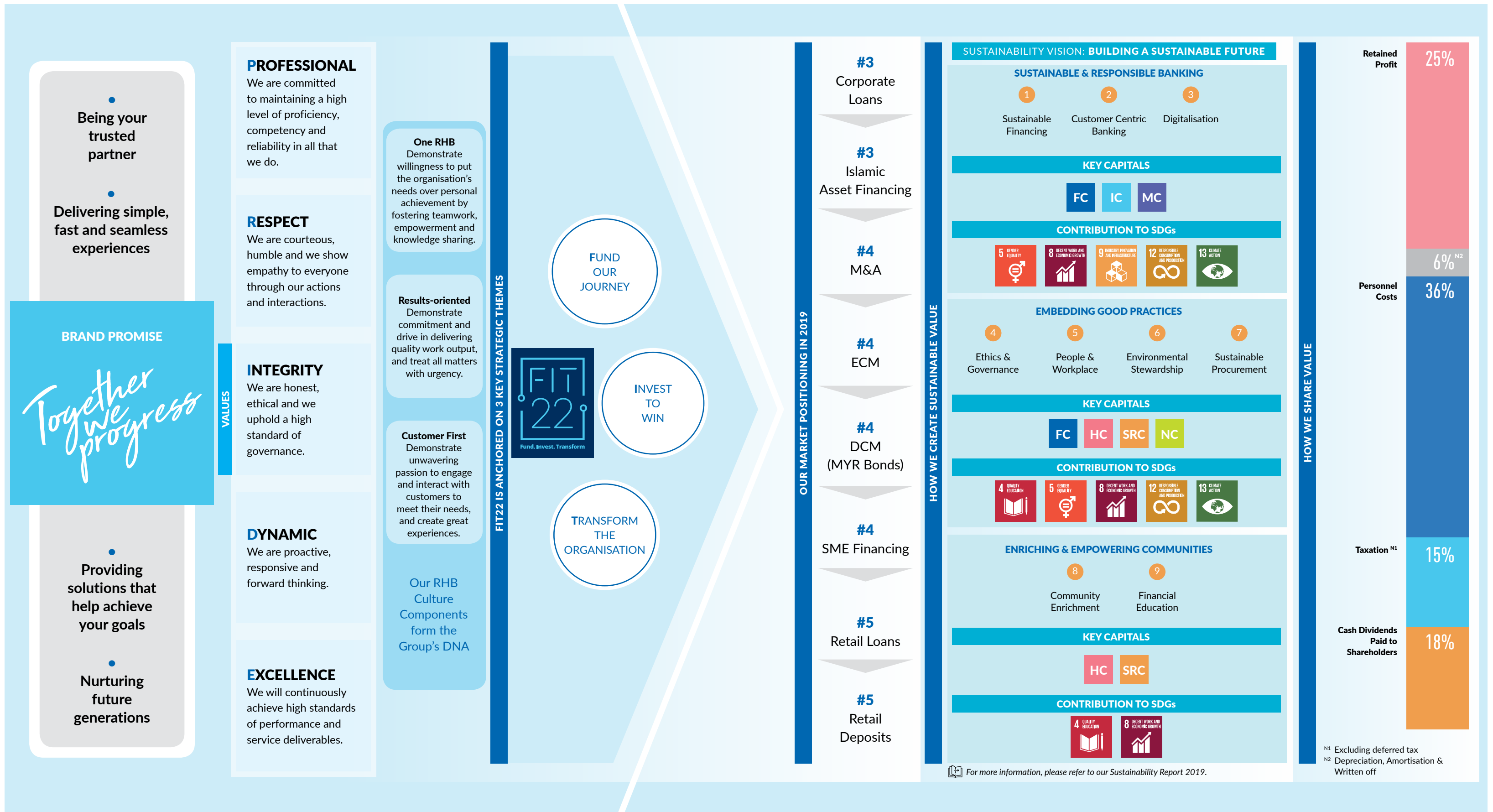
OUR REGIONAL PRESENCE AND PERFORMANCE

Region	Employees 2019	Employees 2018	Total Income 2019	Total Income 2018	Branches/ Offices 2019	Branches/ Offices 2018
MALAYSIA	12,638	12,719	RM6,302.6 mil	RM6,056.0 mil	289	303
SINGAPORE	718	703	SGD156.8 mil	SGD145.5 mil	9	9
INDONESIA	349	364	IDR172.7 bil	IDR234.2 bil	16	16
THAILAND	209	227	THB766.9 mil	THB821.0 mil	12	14
CAMBODIA	256	234	USD26.7 mil	USD24.0 mil	13	13
LAO PDR	65	64	LAK39.6 bil	LAK36.1 bil	3	3
BRUNEI	27	26	BND3.8 mil	BND3.7 mil	1	1
VIETNAM	22	1	VND11.6 bil	VND5.9 bil	2	1
MYANMAR	61	87	Representative Office	Representative Office	2	4
HONG KONG	61	87	HKD28.2 mil	HKD49.7 mil	2	4

* As of 31 December 2018, Vietnam Securities Corporation is an associate of Investment Banking Group (49%).

* We will exit our Hong Kong business, effective Q2 2020.

Our Investment Case



For more information, please refer to our Sustainability Report 2019.

N1 Excluding deferred tax
N2 Depreciation, Amortisation & Written off

A View From Our Chairman

FC SRC HC NC



TAN SRI AZLAN ZAINOL
Chairman

*Dear Valued Shareholders,
It has been a relatively good year for RHB as we continued to meet our strategic objectives, which helped us strengthen our position in the market while building capabilities for future growth. I am therefore pleased to present to you the Group's first-ever Integrated Report which gives an overview on our efforts to create sustainable value over time for all our stakeholders.*

NAVIGATING A CHALLENGING ENVIRONMENT

Malaysia's banking industry experienced a moderation in growth in 2019, largely due to lower demand for loans across most segments as a result of slowing global growth and trade uncertainties caused by the US-China trade tensions. While Malaysia's economy was backed by solid private consumption, this was impacted by a reduction in investments due to the uncertain global trade environment and lower spending by the federal government, leading to a slower GDP growth of 4.3% in 2019 against 4.7% in 2018.

Bank Negara Malaysia's ("BNM") cuts in the Overnight Policy Rate ("OPR") in May 2019 and January 2020 were intended to rejuvenate the local economy given external factors that had dampened consumer sentiment. The third and most recent cut in March 2020, which reduced the OPR to 2.50%, was to provide a more accommodative monetary environment in light of the global COVID-19 outbreak. Business activities have been affected by the subdued market sentiment, and this has weighed on loan demand. For banks, more effort has been put in to maintain asset quality strength.

However, BNM's approach in relaxing lending guidelines for SMEs through its rescheduling and restructuring programme should provide some respite. This will support the growth in the SME sector, which has outpaced overall Malaysian GDP growth consistently over the past few years. This is important considering that SMEs make up about 98% of all business establishments and contribute to 66% of employment.

For RHB specifically, some of the challenges faced included having to overcome a sluggish real estate market and dampened investor and consumer confidence coupled with lower activity in the capital markets. FIT22, our five-year strategic roadmap - Fund Our Journey, Invest To Win and Transform The Organisation - was launched in 2018 to navigate these challenges. FIT22 is now in its second year and has shown good progress with an uplift of 30.9% in pre-tax profit since its launch. The five-year strategic plan is designed to enable

the Group to break into the Top 3 of banks in Malaysia based on performance. We will do this by focusing on core segments, leveraging on digital technology and building a good operating model via the adoption of Agile@Scale.

The adoption of Agile@Scale in 2018 has transformed our work culture by bringing together key resources from multiple disciplines to achieve the common goal of putting our customer first. By empowering our people, we have seen greater collaboration and higher levels of productivity, resulting in faster speed-to-market of our products and services. This sustained effort to innovate led to solid and incremental gains across RHB, while at the same time driving our strategic initiatives to deliver sustained value creation. The Group has proven its resilience and delivered a commendable financial performance in 2019.

DIVIDEND MILESTONE

On the back of this strong performance, we have proposed a final dividend of 18.5 sen per share to our shareholders. Together with the interim dividend of 12.5 sen per share paid in October 2019, the total dividend payout ratio of 50.1% or 31.0 sen per share is the highest ever in the Group's history.

A NEW APPROACH TO REPORTING

While the Group invests enormous resources in creating long-term value, it is equally important to ensure that we report consistently and transparently. It was therefore a conscious and collective decision to produce our first Integrated Report for this financial year, which has been benchmarked against local guidelines and frameworks and further guided by international integrated reporting frameworks.

Through this report, we not only examine how the Group creates sustainable value over time, but also provide stakeholders with insights into the thinking that goes into some of Management's decisions that are material to the business. It has been an exciting journey for the Board of Directors, Senior Management and our employees as we look forward to building on this important initiative in the coming years.

BUILDING A SUSTAINABLE FUTURE

We began our sustainability journey in 2018 and in 2019, we started to institutionalise sustainable practices into our business and operations in line with our Sustainability Framework. Driving the Framework are three pillars - Sustainable and Responsible Banking, Embedding Good Practices and Enriching and Empowering Communities. The Framework outlines how the Group can better respond to

changing stakeholder expectations and also considers the wider Environmental, Social and Governance ("ESG") contexts of our business activities. Beyond this, the Framework enables us to be strategic and measure the value or impact created through our nine (9) key focus areas.

The Framework also complements RHB Islamic's journey towards being a value-based intermediation ("VBI") bank.

The Group has sought to ensure that sustainability is embedded throughout our business and operations. Through our Sustainable and Responsible Banking pillar, we strive to play our role as a responsible financial services provider that incorporates ESG considerations into our decision-making and risk management processes. RHB has also embedded ESG considerations when identifying opportunities in order to create measurable societal and positive impact. To this end, we will continue identifying opportunities that will contribute to sustainable development. For instance, we are committed to extending RM5.0 billion by 2025 in support of green activities through lending, advisory and/or investments.

We continue Embedding Good Practices within the Group by enhancing our policies and processes as well as by adopting the highest levels of corporate governance in conducting our business and operations. We recognise the importance of investing in our talent and leadership development. To this end, we have invested more than RM40 million in learning and development, which includes investing in a structured leadership development programme.

Our third pillar is on Enriching and Empowering Communities within which we operate. We reached out to more than 11,500 secondary school students through the RHB Money Ma\$ter Programme, a structured financial literacy programme and more than 800 students through the RHB X-Cel Academic Excellence Programme, a holistic educational programme to support underprivileged students in excelling in and furthering their studies.

As we continue to progress, we will enhance our sustainability practices and engage further with our stakeholders on our sustainability efforts.

Please refer to our Sustainability Report 2019 for more details on our sustainability initiatives.

STRENGTHENING GOVERNANCE

During the year, the Board continued to uphold its commitment to maintaining the highest standards of governance. We appointed two Independent Non-Executive Directors, one each in March 2019 and January 2020 respectively, which brings the total composition of Independent Non-Executive Directors on the Board to 55%. We continue to work cohesively to provide guidance and oversight across the business and functional areas, including on the implementation of the Group's FIT22 strategic plan. To further strengthen our commitment to uphold the highest standards of corporate governance within the Group, the Board approved the formation of the Integrity and Governance Division ("IGD") in January 2020. This new function has been empowered to strengthen internal controls with the primary aim of preventing corruption, bribery, fraud and other misconduct across all levels of employees, as well as among vendors and other third parties.

Please refer to the Corporate Governance Overview Statement in the Integrated Report 2019 on pages 106 to 122 for more details.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to record our deepest appreciation to our Shareholders, Customers and Business Partners for your unwavering support and trust as we continue building on RHB's value creation journey.

To all our employees, thank you for your dedication and hard work. Likewise, my sincere appreciation to the Group Senior Management team, for their commitment in driving a high performance culture at RHB. To my fellow Board members across the Group, your insight and wisdom have steered the Group to where we are today and helped ensure the Group's best interests are taken care of at all times.

Special acknowledgements also go to the Ministry of Finance, BNM, Securities Commission Malaysia, Bursa Malaysia and all other regulatory authorities in the countries we operate in for their continuous guidance and support over the years.

AZLAN ZAINOL
Chairman
3 March 2020

Please refer to our Sustainability Report 2019 for more details on our sustainability initiatives.

Group Managing Director's Statement

FC IC SRC HC MC NC

Dear Valued Shareholders, This 5th of May 2020 will mark the completion of my 5 years at the helm of RHB as Group Managing Director. Over this period, we went through many challenges and emerged stronger fundamentally, through the execution of our strategies and transformation initiatives. We identified and leveraged on our strengths, and mapped out what needed to be done to remain competitive and create sustainable value for our shareholders and all other stakeholders.

DATO' KHAIRUSSALEH RAMLI
Group Managing Director



Together we progress

Back in 2015, our net profit stood at RM1.7 billion, our cost-to-income ratio ("CIR") was at a high of 53.8% (excluding Career Transition Scheme ("CTS") cost), and our loan loss coverage ratio at 83.9%, which was a concern among investors. Our Common Equity Tier 1 ("CET 1") capital ratio was at 10.3%.

We went through a difficult period in 2016 and 2017 during the oil and gas industry meltdown. Nevertheless, we stayed focused on addressing the issues at hand and kept our head down in executing the strategies that we formulated. Fast forward to 2019, and the key indicators that I mentioned above had improved substantially. Our net profit stood at RM2.5 billion, CIR was at 48.9%, CET 1 stood at 16.3% and loan loss coverage ratio was comfortable at 107.9%. Our Return on Equity ("ROE") also improved to 10.3%.

Apart from financial performance, our efforts in other areas have not gone unnoticed. In 2019, we had improved our ranking in the Putra Brand Awards from Bronze to Silver, and increased our brand value by 45% to USD956 million. For this, I thank all RHBians for their commitment and support.

To say we went to the ground and rolled up our sleeves to get the work done to improve the business, would be an understatement. It in fact required a mindset shift. We went back to the fundamentals. What was it that we wanted to achieve? In simple terms - sustainable growth, a relentless focus on our customers and developing our talents.

This, as we realised even then, was just the first step in a long journey that constantly presented challenges to the Group such as increased regulatory compliance, persistent proposed merger distractions and speculation, and disruption from FinTech. However, we worked hard to strengthen and build upon our existing business. I remember constantly reminding colleagues to focus on the fundamentals and deliver the mandate that we have been given. I believe we have done well, culminating on one hand, our ability to increase the dividend payout to shareholders, and on the other hand, improving our CET 1 capital ratio to 16.3%, the highest in the country.

While a generally soft economy added to the difficulties of maintaining sustainable growth, it also gave us the opportunity to truly realise our core strengths. We examined our options and what we should do to make that next growth leap. We decided to go all in, resetting our then 3-year IGNITE strategic objectives, which had been in place since 2014.

In 2018, we introduced our five-year FIT22 strategy (Fund Our Journey, Invest To Win and Transform The Organisation). We decided to focus on strengthening our presence in Malaysia and winning in targeted segments, namely the Affluent, SME and the mid-cap and large-cap segments. Organisationally, we set out to build a winning operating model which entailed the introduction of the Agile way of working, enabling us to achieve faster speed-to-market, customer centricity, increased collaboration and productivity of our employees, coupled with our digitalisation programme that emphasised the customer journey and building a workplace of the future. We launched Agile@Scale in 2018, the first bank in Southeast Asia to do so. Agile@Scale empowers employees with accountability to introduce digitally enabled value propositions with a clear focus on customer centricity and brings about a greater sense of ownership and achievement amongst them.

To learn more about the progress we have made on Agile@Scale, please refer to pages 50 to 51.

We continued to undertake various initiatives under our Employee Value Proposition ("EVP") to offer a conducive workplace. I believe that a good EVP goes a long way in ensuring that we are able to retain our talents within the organisation. Our EES score has improved significantly since 2016 from a score of 76 to a score of 90 in 2019, which is amongst the highest in the industry.

To learn more about our EVP, please refer to the People & Workplace section in our Sustainability Report 2019.

Our strategy is clearly delivering results. We see positive trends in our key metrics especially as reflected in the value we have created for our shareholders. Thank you to all RHBians, without whose commitment and determination this feat would not have been possible.

The FIT22 strategy has helped lift Group pre-tax profit by **30.9%** since it was launched in 2018. RHB Bank saw an improvement in 1-year total shareholder return ("TSR") to 14.2% in 2019, where RHB emerged top among local banks. Our 5-year TSR stood at 18.6%.

Consecutive historical highs for dividend payout ratios

50.1% in 2019

Dividend payout: **31.0 sen in 2019 vs 16.3 sen in 2015**

16.3% 2019 vs **10.3%** 2015

Significantly higher Common Equity Tier 1 Capital Ratio ("CET 1") at the end of 2019 of 16.3% vs 10.3% as at end 2015

Improved Return on Equity

10.3% in 2019 vs 10.0% in 2015

Improved Cost-to-Income Ratio

48.9% in 2019 vs 53.8% in 2015 (excluding CTS)

Loan Loss Coverage Ratio

107.9% in 2019 vs 83.9% in 2015

Increased Net Profit

RM2.5 billion in 2019 vs RM1.7 billion in 2015

We have achieved a lot over the last 5 years, but I can assure you that our value creation journey continues. Our FIT22 initiatives continue in earnest, and customers are now benefiting from even more comprehensive products, services and holistic ecosystems. This has been driven by our continual investments into digitalisation, resulting in a much wider adoption of digital transactions by our customers.

To learn more about Our Strategic Roadmap - FIT22, please refer to pages 48 to 49.

Group Managing Director's Statement

DIGITALISATION

Our customers are at the core of everything we do. Driving customer centricity requires more than just a shift in mindset and work culture, we need to reimagine the customer's journey to deliver superior customer experience. This led to the development of our Digital Transformation Programme ("DTP"). DTP, which is part of our FIT22 strategic roadmap, kick started in 2017.

We continue to improve customers' access to finance through the digitalisation of our products and services and to do this, we invested significantly in enhancing and building our digital capabilities, including developing our talent. In 2019, more than 400 RHBians received training to be Digital Leaders in order to future-proof our employees.

We have thus far made very good progress in our digital journey and had introduced holistic ecosystems to provide end-to-end support to fulfil our customer needs. Our SME Ecosystem had benefited over 100,000 SMEs

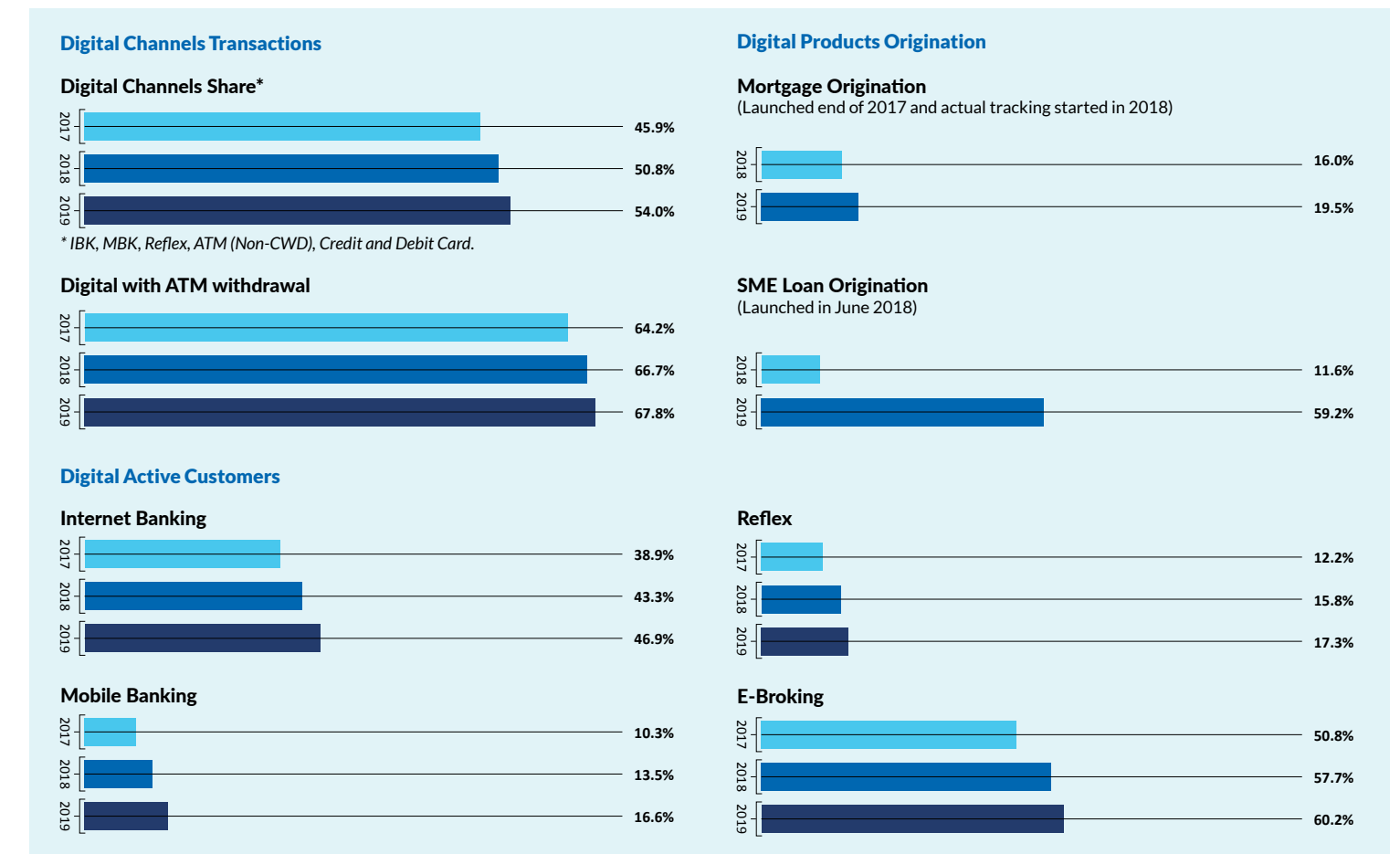
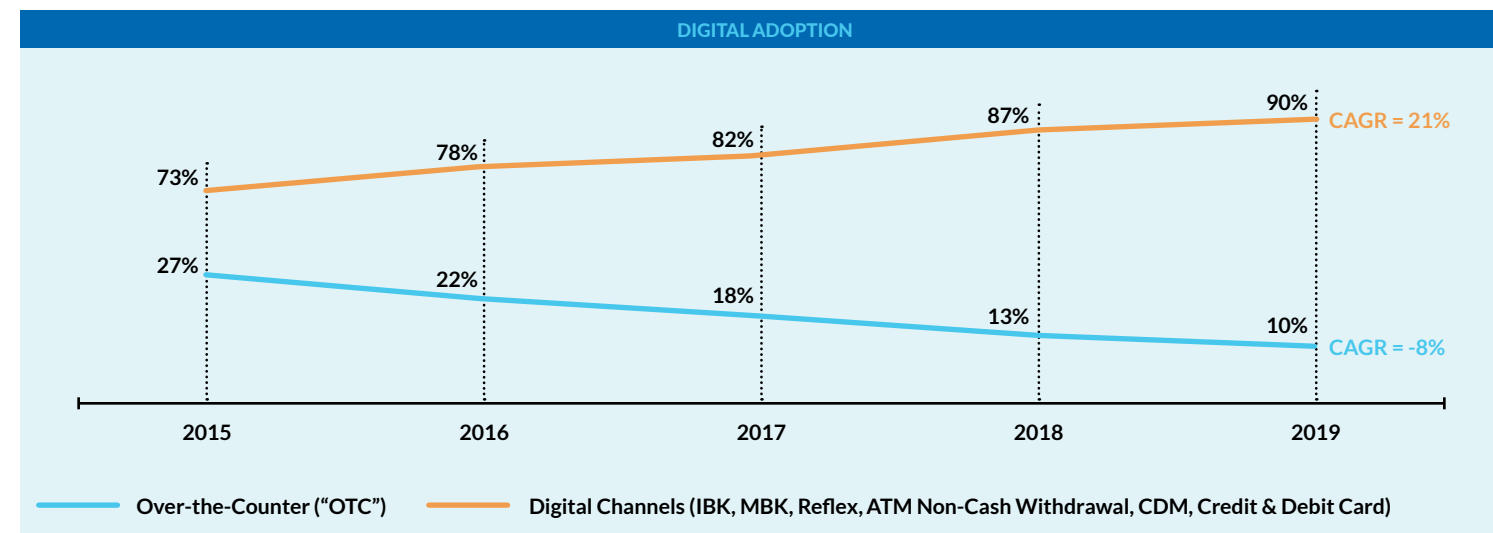
as of 2019 while our Homeowner Ecosystem, through the MyHome App, had contributed 19.5% of new mortgage originations while helping us achieve a 9.6% growth in housing loans for 2019.

DIGITAL ADOPTION

From a consumer perspective, we now see digital transactions being favoured over branch transactions, in line with our digital transformation agenda. As at end-2019, the number of Internet Banking and Mobile Banking active users increased to 46.9% and 16.6% respectively from 29.7% and 5.4% as at end-2015.

To learn more about our digital transformation journey, please refer to the Digitalisation section in our Sustainability Report 2019.

The Group has seen meaningful growth across all our digital channels over the past three years. The most significant growth has been the five-fold increase in SME loans originating through digital channels, largely due to our comprehensive SME Ecosystem and the services it provides. In 2019, almost a fifth of new mortgages originated digitally.



ON THE SIDELINES

Dato' Khairussaleh shares his insights on the challenges of getting the Group's FIT22 strategy off the ground, as well as his thoughts on talent management in the highly competitive banking industry.

Q1 Have adjustments been made to FIT22, RHB's strategic roadmap since it was launched in 2018?

We reviewed the progress of our FIT22 strategies together with the Board of Directors in November 2019. The Board was updated on what we had done well and what needed improvement. We were honest with ourselves. Yes, we received some constructive feedback but the Board also commended the improvements we made. Since then, we have refreshed five (5) out of the 22 initiatives. One of the key things that we want to focus more on is digital banking, because we know that we need to respond quickly to developments in the digital space and place that as a priority.

Q2 What were some of the challenges in its implementation?

Firstly, it was ensuring that the Board supported our objectives of putting in place a comprehensive 5-year roadmap - the FIT22 strategy. The next step was to communicate to our people clearly and make sure they understood why we were doing this. Now, it is more about ensuring our people appreciate that at the end of the day, these initiatives are about fundamentals and value creation. We do not want people to think it is the GMD's strategy and because of that, I must do it. We want our people to understand and own this.

It is also about making hard decisions. As the oft-quoted saying by Albert Einstein goes, "Insanity is doing the same thing over and over again, but expecting different results"; we have

had to get people to appreciate that we have to do things differently to expect different outcomes.

Q3 Are those the reasons why RHB decided to go into Agile? What was the thinking behind that? Do you think it has done well so far?

If you notice, our strategy has three thrusts. I think we will not be able to achieve the first two thrusts without fixing the third thrust, the operating model. We needed to get people energised; to do things differently, faster, better. To have people who are empowered; people who look at things based on what the customer wants at all times.

This third thrust is about addressing the operating model so that it becomes the culture of RHB, its DNA. That is why we are

implementing Agile, so that later on it becomes institutionalised and the improvement is sustainable. Even if it were not the Agile method, the underlying concept would be the same - it is to create a faster and better operating model.

Overall, I think there has been improvement and in fact, feedback given by employees is that they like Agile.

Q4 The Group already has a robust and comprehensive EVP programme; what else can be improved?

To our employees, money in the pocket is important but I believe it is not everything. Beyond remuneration, it is about making sure our people are happy and committed to work as well.

We want to listen to them more. As a 53-year old, I could come up with initiatives but they may not be relevant to an employee in the twenties. One of the things we did by listening to them led to a FITCycle event.

Why? Because that is what they wanted. If you had asked me, I would have been interested in other things. Our young employees came to Management; we supported them with a small budget and they organised it themselves. I am happy that it was a success.

Therefore, I think more and more, we have to listen to our people about what they want, and whatever we can do support them we will do; and if we cannot do it, we will explain why.

Group Managing Director's Statement

SUSTAINABLE & RESPONSIBLE BANKING

The Group has begun integrating Environmental, Social and Governance ("ESG") considerations into our decision-making process. While we address matters that are important to our business and to our stakeholders, we believe that the difference we want to make should be practical and achievable. Our commitment is outlined through three thematic pillars under the Group Sustainability Framework - Sustainable and Responsible Banking, Embedding Good Practices, and Enriching and Empowering Communities - with focus areas that will assist us in driving progress in our sustainability practices.

The Sustainable and Responsible Banking pillar has focus areas that have been designed to maximise our sustainability efforts in the context of our core businesses. It also ensures we carry out our role as a financial services provider by integrating ESG considerations into our business strategies and decision-making processes. We have identified opportunities with a positive impact and provide solutions that contribute to sustainable development.

We began ESG integration where it matters most and we are committed towards promoting sustainable finance. Among our more significant achievements, we have:


- Identified ESG - risk-related activities and have included those activities in our list of Prohibited Credits.
- Introduced General ESG Risk Assessment for our identified ESG-Sensitive Sectors and developed Industry-Specific ESG Risk Assessments for three of these sectors to-date.

We will be taking a progressive approach moving forward and will further integrate ESG considerations into our business and operations in line with the development of local and regional standards. The Group is committed to support green activities that will facilitate the transition to a low carbon economy either through lending, advisory and/or investment, with a total commitment of RM5.0 billion by 2025. As at December 2019, we provided RM246.2 million in loans for renewable energy projects. We will continue to support Malaysia's Green Technology Financing Scheme ("GTFS") as a participating financial institution to facilitate lending to green technology companies.

Delivering superior customer experience and ensuring the fair treatment of our customers is one of the core components of our FIT22 strategy. In 2019, we rolled out the RHB Way Service Culture nationwide, contributing to service and operational excellence and an improvement in our Net Promoter Score ("NPS") by 9 points for Malaysia and by 20 points for RHB Singapore.

The Group has also made considerable progress in our two other sustainability pillars: Embedding Good Practices and Enriching and Empowering Communities in our Sustainability Framework.

Testament to this, the Group was upgraded to AA rating during the year under review (from A rating in the previous year) by MSCI ESG Ratings.

 To learn more about Our Approach to Sustainability, please refer to pages 92 to 93.

OUTLOOK AND PROSPECTS

Even as we face the prospect of a very challenging economic environment moving forward, I believe that banking will always play a significant role in the business community because we support development and we mobilise funds from savers to investors and businesses. How it is being done, however, will depend on the needs of the customer and increasingly, the technological means needed in delivering our products and services.

Regulation will also continue to be tightened as regulatory authorities seek more protection for consumers and customers. We are already seeing the need to enhance "Know Your Customer" processes, anti-money laundering controls and confidentiality of information, to which we need to make sure we comply.

The other big challenge is expertise. As the industry evolves, and as we embark on our digital banking agenda, we are re-skilling our workforce and at the same time reinforcing it with skills that we had hardly heard of 10 years ago in banking. We are already getting engineers, data scientists and system architects, into our workforce.

As a whole, we have put in place a robust 5-year strategic roadmap - FIT22, which has been further refined to better reflect our strategic aspirations and the evolving market and competitive environment. Our resolution is to stay the course.

I am confident that our strategies will continue to create value for you. My team and I are committed to our role of steering the Group in the right direction.

ACKNOWLEDGEMENTS

I would like to take this opportunity to thank our shareholders for their continued trust and also to our customers and business partners, for their support and loyalty.

Our sincere appreciation to the Ministry of Finance, BNM, Securities Commission Malaysia, Bursa Malaysia and other regulatory authorities in the countries we operate, for their continued guidance. We look forward to greater cooperation moving forward.

Our utmost gratitude goes to our Group Chairman and the Board of Directors for their unwavering support, wisdom and trust. We appreciate your insight and leadership, and we look forward to your continued guidance.

Last but certainly not the least, my sincere appreciation also goes out to my fellow colleagues on the Group Management Committee, and to our employees - RHBians, your devotion and dedication is key to the Group's achievements today.

Together We Progress!



DATO' KHAIRUSSALEH RAMLI
Group Managing Director
3 March 2020

Group Chief Financial Officer's Review

FC

Malaysia registered a GDP growth of 4.3% in 2019 compared with 4.7% in 2018. Growth was primarily supported by private consumption while downside risks continued to weigh on Malaysia's economy as a result of the protracted global trade tensions.

Industry loans remain subdued but was supported by a resilient household sector. Despite these factors, the Group's performance improved, exhibiting resistance to pressure even under challenging economic conditions.

RHB achieved a net profit of RM2,482.4 million in 2019, up by 7.7% from 2018 driven by higher total income and lower allowances for expected credit losses. Most business segments registered both revenue and profit growth year-on-year.

The Group has also been successful in managing its operating costs while continuing to invest in the upgrading of IT infrastructure and digitalisation initiatives. Given the operating environment, the Group kept a strong focus on asset quality, and maintained robust capital and liquidity positions. Loan loss coverage was maintained at above 100% throughout the year. With these strong fundamentals, the Group is well-positioned to produce sustainable value for our shareholders for the long-term.

ANALYSIS OF THE FINANCIAL STATEMENTS

- The Group posted a net profit of RM2,482.4 million, up 7.7% year-on-year mainly from higher net income, lower allowances for expected credit losses ("ECL") on loans, and higher ECL writeback on financial assets.
- Total income increased by 4.3% to RM7,100.8 million as a result of higher net fund based income by 0.4% and non-fund based income by 14.7%.
- Prudent management of funding cost and operating expenses provided further support with operating profit before allowances improving to RM3,629.0 million or 5.3% increase.

NET INTEREST / FUND BASED INCOME

- Gross fund based income increased by 5.2% on the back of a 4.3% increase in gross loans and financing, whilst funding and interest expense rose 9.2% year-on-year due to the impact from the OPR hike in January 2018 and higher deposit base. As a result, net fund based income grew marginally by 0.4% to RM4,964.4 million from a year ago while NIM for the financial year stood at 2.12%.

OTHER OPERATING / NON-FUND BASED INCOME

- Non-fund based income rose significantly by 14.7% to RM2,136.4 million, contributed largely by higher net trading and investment income, higher insurance underwriting surplus and higher capital market related fee income.



SYED AHMAD TAUFIK ALBAR
Group Chief Financial Officer

OPERATING EXPENSES

- Operating expenses rose by 3.4% to RM3,471.8 million from a year ago driven by a rise in personnel costs, IT-related expenses, marketing costs and administrative costs. Nevertheless, with positive JAWS, CIR ratio continued to improve to 48.9% from 49.3% a year ago.

ALLOWANCES FOR EXPECTED CREDIT LOSSES

- Allowances for credit losses was RM278.5 million, 9.0% lower than the previous year, primarily due to lower ECL on loans and higher ECL writeback on financial assets.
- Full year credit charge ratio improved to 0.18% compared with 0.19% over the same period last year.

TOTAL ASSETS

- Total assets for the Group increased by 5.9% from December 2018 to RM257.6 billion as at 31 December 2019. This was primarily due to an increase in financial investment portfolio as well as loans, advances and financing.
- Loans and financing remained the largest component of the total assets at 67.3% (2018: 68.1%).
- The Group continued its focus on growing responsibly, strengthening risk management and managing our funding and liquidity position.

CASH & SHORT-TERM FUNDS AND DEPOSITS & PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

- The Group's total cash & short-term funds and deposits & placements with banks and other financial institutions contracted by 5.4% to RM12.7 billion as at 31 December 2019.

FINANCIAL INVESTMENT PORTFOLIO

- The Group's financial investment portfolio comprises financial assets at fair value through profit or loss ("FVTPL"), financial assets at fair value through other comprehensive income ("FVOCI") and financial investments at amortised cost.
- The Group's financial investment portfolio increased by 16.3% to RM58.7 billion.

Group Chief Financial Officer's Review

LOANS, ADVANCES AND FINANCING

- The Group's gross loans and financing grew by 4.3% year-on-year to RM176.2 billion supported by growth in all businesses, notably in mortgages and SME, while Singapore loans grew by 7.6% year-on-year.
- Domestic loans and financing grew 3.9% year-on-year. The Group's domestic loan market share stood at 9.0% as at end December 2019.
- Overseas gross loans increased by 8.1% mainly attributed to growth in Singapore, Thailand and Cambodia.

ASSET QUALITY

- Gross impaired loans ratio improved to 1.97% from 2.06% a year ago with gross impaired loans at RM3.48 billion as at 31 December 2019.
- We continue to be prudent in loan loss provision with loan loss coverage standing at 107.9% as at end December 2019.

TOTAL LIABILITIES AND EQUITY

- Total liabilities increased by 5.5% to RM231.8 billion as at 31 December 2019, mainly due to higher deposits from customers; and deposits and placements of banks and other financial institutions.
- Shareholders' equity rose by 10.3% to RM25.8 billion, with higher retained earnings, and unrealised gains on financial assets measured at FVOCI, partially offset by dividend payment during the year. Net assets per share grew to RM6.43 from RM5.82.

DEPOSITS FROM CUSTOMERS

- Customer deposits increased by 6.5% year-on-year to RM190.6 billion as at 31 December 2019 largely attributable to growth in fixed deposits. Total current and savings account ("CASA") increased by 5.5%, with CASA composition at 25.7%.
- Liquidity coverage ratio ("LCR") remained healthy at 152.7%.
- Deposits for domestic operations increased by 5.1%, while overseas operations registered an increase of 19.7% with Singapore growing at 21.2%.

DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

Deposits and placements of banks and other financial institutions rose by 17.8% to RM21.5 billion mainly due to an increase in deposits from licensed banks.

SENIOR DEBT SECURITIES

Senior debt securities dropped slightly by 0.8% to RM3.3 billion.

SUBORDINATED OBLIGATIONS

Subordinated obligations declined by 27.3% to RM2.7 billion as the Group continued to proactively manage its capital requirement and funding cost.

CAPITAL ADEQUACY

As at 31 December 2019, the Common Equity Tier 1 ("CET 1") capital ratio and total capital ratio of the Group after the proposed final dividend, remained strong at 16.3% and 18.6% respectively, the highest in the industry.

PERFORMANCE REVIEW OF KEY BUSINESS UNITS

- Group Retail Banking**
 - Group Retail Banking reported a pre-tax profit of RM1,056.6 million, 2.2% higher than the previous year mainly attributed to higher net fund based income.
 - Retail loans and financing rose 6.4% to RM90.1 billion, primarily driven by growth in mortgages.
 - Retail deposits increased by 10.0% to RM57.7 billion, mainly contributed by growth in fixed deposits and current account balances.
- Group Business Banking**
 - Group Business Banking recorded a 25.8% increase in pre-tax profit to RM477.7 million, mainly due to higher net fund based income and lower allowances for ECL on loans.
 - Gross loans and financing grew by 2.7% to RM25.9 billion, driven mainly by Retail SME portfolio at 4.2%.
 - Customer deposits recorded a robust 13.5% growth to reach RM28.7 billion as at 31 December 2019 due to strong growth in fixed deposits and current account.

- Group Wholesale Banking** recorded a pre-tax profit of RM1,830.3 million, an increase of 3.4% from the previous year.

- Group Corporate and Investment Banking** registered a 4.0% increase in pre-tax profit to RM574.9 million. This is on the back of lower allowances for ECL on loans, higher impairment losses writeback on other financial assets, lower operating expenses and the absence of a one-off impairment made on other non-financial assets in 2018. Gross loans and financing remained relatively stable at RM43.4 billion. Deposits increased by 1.7% over the same period to RM51.9 billion primarily due to growth in fixed deposits.
- Group Treasury and Global Markets** recorded a 3.2% increase in pre-tax profit to RM1,255.5 million, mainly due to higher net trading and investment income and higher ECL writeback on financial assets. Total deposits decreased by 3.8% to RM31.4 billion mainly due to a decline in money market time deposits.

- RHB Bank Singapore** recorded a pre-tax profit of SGD24.7 million, 40.9% lower compared to the previous year.
 - This was mainly attributed to lower ECL writeback on loans and higher operating expenses.
 - Singapore loans and advances increased by 7.6% to SGD4.1 billion, while deposits increased by 21.2% to SGD5.4 billion.

- International Business** excluding Singapore registered a pre-tax profit of RM96.1 million, 7.3% higher than the previous year's corresponding period. This was mainly due to improved profitability in Cambodia.

- RHB Group's Islamic business** recorded a 37.4% year-on-year growth in pre-tax profit to RM795.5 million due to higher net fund based and non-fund based income.
 - Gross financing recorded a robust double digit growth of 15.9% year-on-year to RM60.6 billion.
 - Islamic business contributes 38.1% to the Group's total domestic gross loans and financing, up from 34.2% as at 31 December 2018.

PROPOSED FINAL DIVIDEND

The Board believes in striking the right balance between preserving the Group's capital and distributing returns to the shareholders.

Following our commendable 2019 results, the Board proposed a final dividend of 18.5 sen per share amounting to RM741.9 million. Together with the interim dividend of 12.5 sen per share paid in October 2019, the total dividend for 2019 is 31.0 sen per share, representing a dividend payout ratio of 50.1% out of the Group's net profit attributable to shareholders of RM2,482.4 million for the financial year 2019.

CONCLUSION AND MOVING FORWARD

The Group performed well through tough times, securing commendable results even with the economic challenges and global uncertainties throughout 2019. As we continue to navigate the challenging operating environment, we are always taking steps to better position ourselves - to be on stronger footing to face the future.

In 2020, we will continue executing our FIT22 strategy while simultaneously investing and building capabilities for the future. The main priority will be to improve business performance through digital technology and adopting the Agile way of working across the organisation. This will not only make us more productive and efficient, but also enable the delivery of holistic customer journeys and value-added ecosystems to our customers.

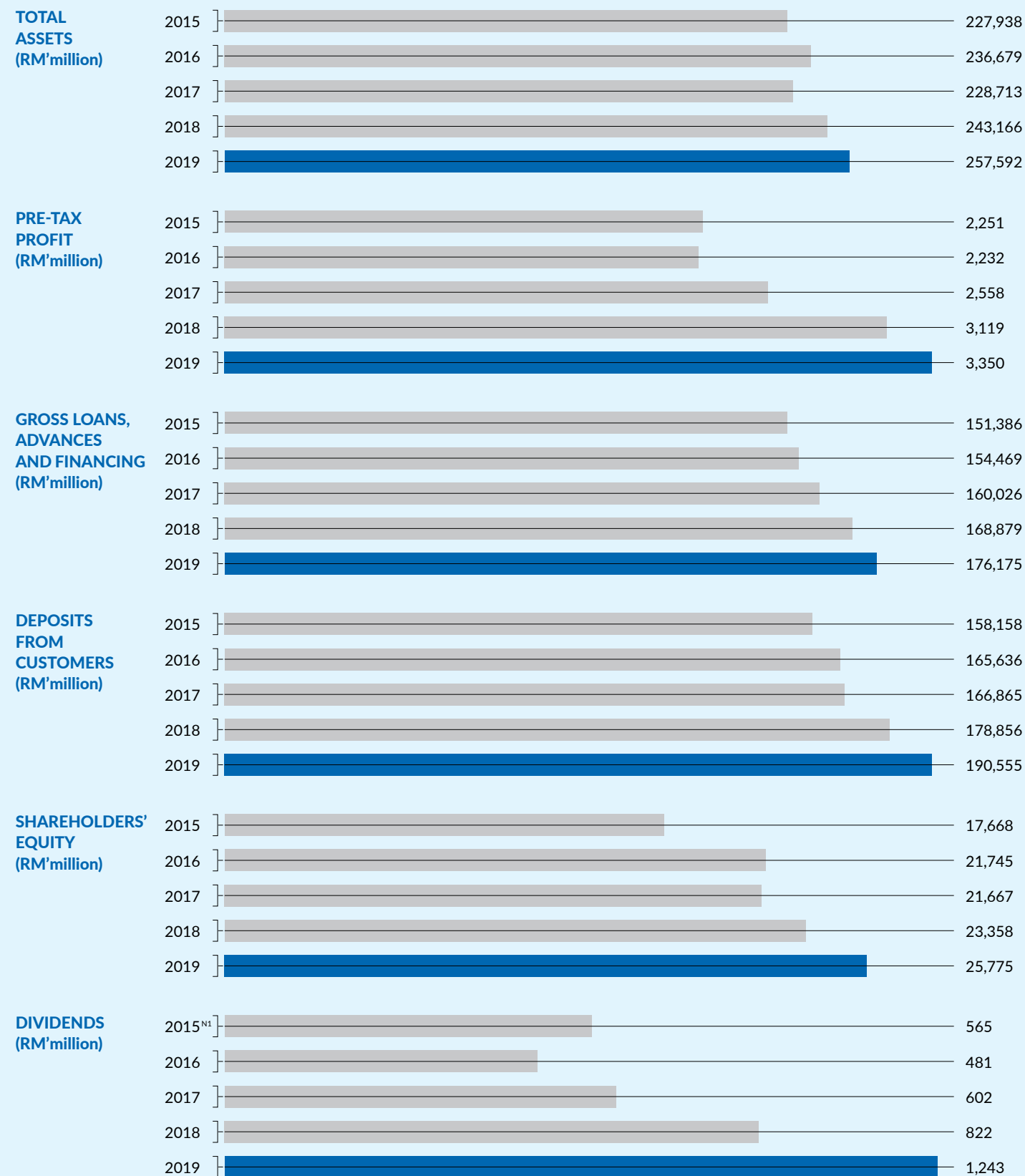
GROUP FINANCIAL HIGHLIGHTS

	2018	2019
PROFITABILITY (RM'million)		
Total income	6,806	7,101
Operating profit before allowances	3,448	3,629
Profit before taxation	3,119	3,350
Net profit attributable to equity holders of the Bank	2,305	2,482
FINANCIAL POSITION (RM'million)		
Total assets	243,166	257,592
Financial investment portfolio	50,469	58,678
Gross loans, advances and financing	168,879	176,175
Total liabilities	219,770	231,782
Deposits from customers	178,856	190,555
Shareholders' equity	23,358	25,775
FINANCIAL RATIOS (%)		
Net return on average equity	10.3%	10.3%
Net return on average total assets	0.97%	0.99%
Gross impaired loans ratio	2.06%	1.97%
Gross loans to deposits ratio	94.4%	92.5%
CAPITAL ADEQUACY RATIOS (%) ^{N1}		
Common equity tier 1 capital ratio	15.5%	16.3%
Tier 1 capital ratio	15.7%	16.3%
Total capital ratio	18.8%	18.6%

^{N1} Ratios are after proposed final dividend.

Group Chief Financial Officer's Review

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS



^{N1} 2015 represents net dividends declared by RHB Bank to RHB Capital. Net dividends declared by RHB Capital to its shareholders in 2015 was RM396 million.

FIVE-YEAR GROUP FINANCIAL SUMMARY

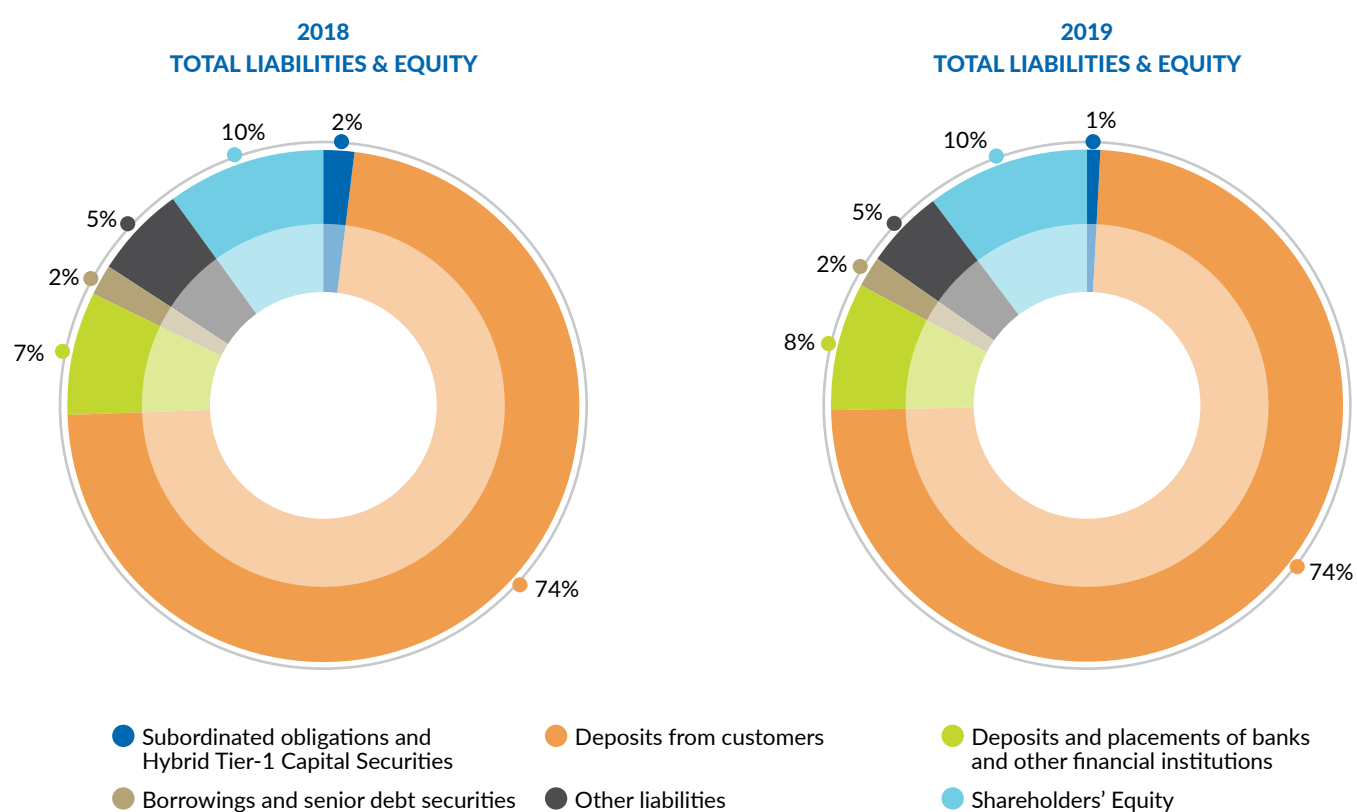
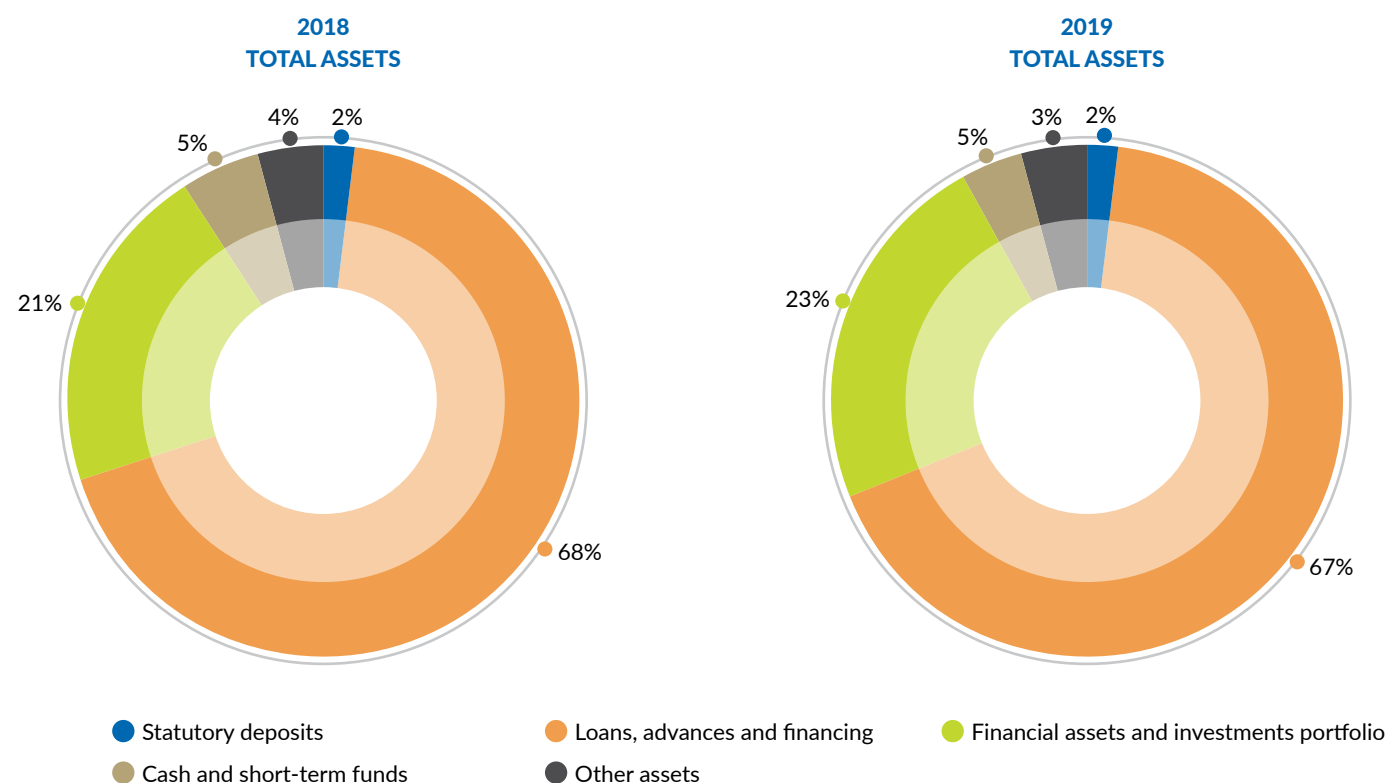
	2015	2016	2017	2018	2019
OPERATING RESULTS (RM'million)					
Operating profit before allowances	2,545	3,095	3,200	3,448	3,629
Profit before taxation	2,251	2,232	2,558	3,119	3,350
Net profit attributable to equity holders of the Bank	1,665	1,682	1,950	2,305	2,482
KEY BALANCE SHEET DATA (RM'million)					
Total assets	227,938	236,679	228,713	243,166	257,592
Gross loans, advances and financing	151,386	154,469	160,026	168,879	176,175
Total liabilities	210,246	214,905	207,012	219,770	231,782
Deposits from customers	158,158	165,636	166,865	178,856	190,555
Shareholders' equity	17,668	21,745	21,667	23,358	25,775
Commitments and contingencies	186,078	196,190	172,226	172,941	150,428
SHARE INFORMATION					
Gross dividend per share - (sen)	16.3	12.0	15.0	20.5	31.0
Net assets per share - (RM)	5.1	5.4	5.4	5.8	6.4
Net tangible assets per share - (RM)	4.2	4.7	4.6	5.0	5.6
Basic earnings per share - (sen)	48.4	43.6	48.6	57.5	61.9
Share price - (RM)	4.35 ^{N1}	4.71	5.00	5.29	5.78
Market capitalisation (RM'million)	17,444 ^{N2}	18,887	20,050	21,213	23,178
FINANCIAL RATIOS (%)					
Profitability Ratios					
Net return on average equity	10.0	8.6	9.1	10.3	10.3
Net return on average assets	0.7	0.7	0.8	1.0	1.0
Cost-to-income ratio	58.8	50.0	49.9	49.3	48.9
Asset Quality					
Gross loans to deposits ratio	95.7	93.3	96.0	94.4	92.5
Gross impaired loans ratio	1.88	2.43	2.23	2.06	1.97
Ordinary Shares					
Dividend yield	3.7 ^{N1}	2.5	3.0	3.9	5.4
Dividend payout ratio	33.9	28.6	30.8	35.7	50.1

^{N1} Share price for RHB Bank in 2015 is based on share swap ratio of 1: 1.3.

^{N2} Based on enlarged share base of RHB Bank after capital injection in April 2016.

Group Chief Financial Officer's Review

SIMPLIFIED GROUP STATEMENTS OF FINANCIAL POSITION



GROUP QUARTERLY PERFORMANCE

	2018				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Financial Performance (RM'million)					
Total income	1,769	1,618	1,686	1,733	6,806
Net fund based income	1,237	1,245	1,219	1,242	4,943
Non-fund based income	532	373	467	491	1,863
Operating profit before allowances	907	818	861	862	3,448
Profit before tax	792	773	779	775	3,119
Net profit attributable to equity holders of the Bank	591	570	579	565	2,305
Earnings per share (sen)	14.7	14.2	14.4	14.1	57.5
Dividend per share (sen)	-	7.5	-	13.0	20.5

	2019				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Financial Performance (RM'million)					
Total income	1,742	1,777	1,741	1,841	7,101
Net fund based income	1,208	1,207	1,262	1,287	4,964
Non-fund based income	534	570	479	554	2,136
Operating profit before allowances	896	915	898	920	3,629
Profit before tax	823	842	834	852	3,350
Net profit attributable to equity holders of the Bank	630	615	616	621	2,482
Earnings per share (sen)	15.7	15.3	15.4	15.5	61.9
Dividend per share (sen)	-	12.5	-	18.5*	31.0

* Proposed Final Dividend.

Group Chief Financial Officer's Review

KEY INTEREST BEARING ASSETS AND LIABILITIES

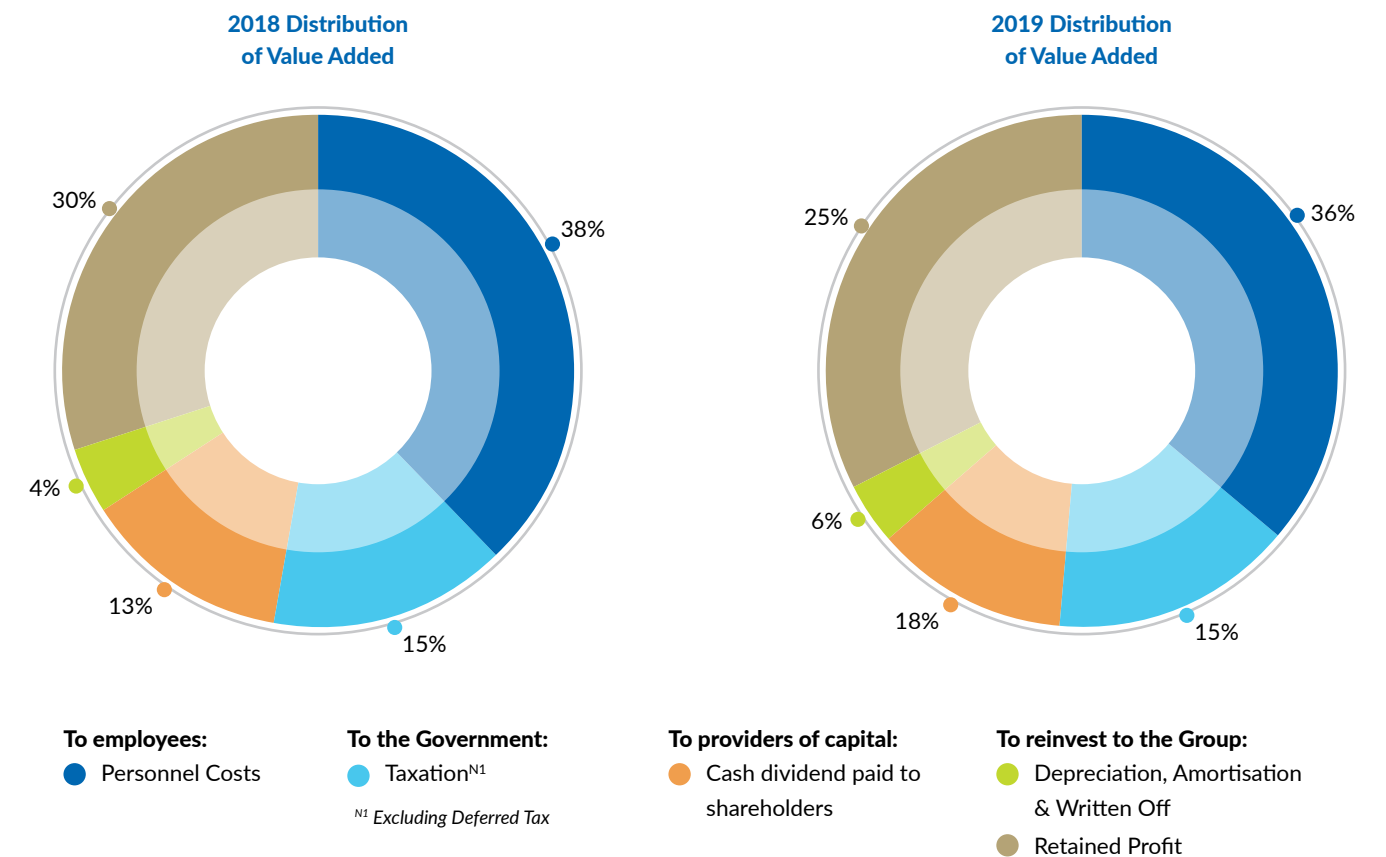
2018	Amount (RM'million)	Effective interest rate (%)	Interest income/ expense (RM'million)
Interest Earning Assets			
Cash and short-term funds & deposits and placements with banks and other financial institutions	13,451	2.69	302
Financial assets at fair value through profit or loss	3,801	4.32	82
Financial assets at fair value through other comprehensive income	32,578	3.73	1,071
Financial investments at amortised cost	14,090	3.91	638
Gross loans, advances and financing	168,879	5.39	8,717
Interest Bearing Liabilities			
Deposits from customers & deposits and placements of banks and other financial institutions	197,147	2.79	5,320
Borrowings/Subordinated obligations/ Hybrid Tier-1 Capital Securities/Senior debt securities	8,858	3.95	357

2019	Amount (RM'million)	Effective interest rate (%)	Interest income/ expense (RM'million)
Interest Earning Assets			
Cash and short-term funds & deposits and placements with banks and other financial institutions	12,724	2.71	277
Financial assets at fair value through profit or loss	4,623	4.04	90
Financial assets at fair value through other comprehensive income	39,805	3.83	1,347
Financial investments at amortised cost	14,249	3.87	636
Gross loans, advances and financing	176,175	5.31	9,022
Interest Bearing Liabilities			
Deposits from customers & deposits and placements of banks and other financial institutions	212,095	2.86	5,794
Borrowings/Subordinated obligations/ Hybrid Tier-1 Capital Securities/Senior debt securities	7,204	3.78	342

STATEMENT OF VALUE ADDED

	2018	2019
Value added (RM'million)		
Net Interest Income	3,655	3,610
Income from Islamic Business	1,428	1,614
Non-interest income	1,722	1,877
Less: Overheads excluding personnel costs, depreciation, amortisation & write off	(1,131)	(1,091)
Less: Allowance for credit losses & impairment	(329)	(279)
Value added available for distribution	5,346	5,731

DISTRIBUTION OF VALUE ADDED



Group Chief Financial Officer's Review

CAPITAL MANAGEMENT

Overview

The Group's capital management approach is focused on maintaining a healthy capital position to support its business growth while optimising returns to our shareholders at the same time. The capital structure and framework are designed to meet not only the regulatory requirements but also to satisfy the expectations of the various stakeholders, which include the shareholders, investors and rating agencies. To this end, the Group Capital Management Framework ("CMF") has been established to provide integrated oversight of our capital management activities. This oversight cuts across the risk, finance and treasury functions, bringing greater value to the business.

The key principles of the Group CMF are as follows:

- | | | |
|---|---|---|
| <p>1</p> <p>PRINCIPLE 1: Capital Management Governance
Governance to oversee capital management activities has been implemented and clearly defines the roles and responsibilities within the organisation.</p> | <p>2</p> <p>PRINCIPLE 2: Capital Management Activities - Capital Strategy
The capital strategy is aligned with the overall business strategy, risk profile and regulatory requirements.</p> | <p>3</p> <p>PRINCIPLE 3: Capital Management Activities - Capital Planning
The Group has formulated a comprehensive and forward-looking capital plan to support business growth and ensure sustainability.</p> |
| <p>4</p> <p>PRINCIPLE 4: Capital Management Activities - Capital Allocation/ Structuring/ Optimisation
Robust capital management activities allow the Group to structure capital allocation efficiently across its businesses and entities to maximise returns and ensure optimum utilisation of capital.</p> | <p>5</p> <p>PRINCIPLE 5: Capital Analytics
This provides insights to formulate the Group's capital management strategy and helps determine capital supply and demand requirements.</p> | <p>6</p> <p>PRINCIPLE 6: Capital Reporting and Monitoring
This is essential to ensure the complete, timely and accurate production of capital information for management decisions.</p> |

CAPITAL MONITORING AND PLANNING

Effective capital management is essential to maintaining business sustainability. The Group manages its capital position proactively in order to meet regulatory requirements and the expectations of its various stakeholders, as well as to support its strategic business objectives.

The Group achieves these objectives through the annual Internal Capital Adequacy Assessment Process ("ICAAP") through which we actively monitor and manage the capital position over a three-year horizon, involving the following key activities:

- Setting capital targets under both normal and stressed market conditions for all banking subsidiaries, both at Group and entity levels, taking into account anticipated future regulatory changes and stakeholder expectations;
- Forecasting capital demand for material risks based on the Group's risk appetite; and
- Determining the requirements for capital issuance and the maturity profiles of capital securities.

The Board Risk Committee ("BRC") and Group Capital and Risk Committee ("GCRC") are responsible for overseeing the capital planning and assessment process within the Group and ensuring that the Group and its subsidiaries maintain an appropriate level and quality of capital consistent with the Group's overall risk profile and business strategy.

CAPITAL INITIATIVES DURING THE YEAR

The key capital initiatives undertaken during 2019 were as follows:

- Basel III-compliant Tier 2 Subordinated Obligations for RHB Bank amounting to RM1.0 billion was redeemed in July 2019;
- Hybrid Tier 1 Capital Securities for RHB Bank amounting to RM370.0 million and RM230.0 million were redeemed in March 2019 and December 2019 respectively; and
- Basel III-compliant Tier 2 Subordinated *Sukuk Murabahah* for RHB Islamic Bank, amounting to RM500.0 million was redeemed in May 2019 and replenished with the Basel III-compliant Tier 2 Subordinated *Sukuk Murabahah* of RM500.0 million issued out of its RM5.0 billion Subordinated *Sukuk Murabahah* Programme.

CAPITAL ADEQUACY RATIOS

Minimum Capital Requirements

Under BNM Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components), all financial institutions are required to maintain regulatory minimum Common Equity Tier 1 Capital ("CET 1"), Tier 1 Capital ("Tier 1") and Total Capital Ratio of 4.5%, 6.0% and 8.0% respectively.

Capital Buffer Requirements

Financial institutions are required to maintain additional capital buffers, namely, the Capital Conservation Buffer ("CCB") and the Countercyclical Capital Buffer ("CCyB") over and above the regulatory minimum capital ratios. The CCB is intended to enable the banking system to withstand future periods of stress and was phased-in at 0.625% each year starting from 1 January 2016, to reach a total of 2.5% by 2019.

The CCyB is the weighted average of the prevailing CCyB rates applied in the jurisdictions in which a financial institution has credit exposure. This buffer is intended to protect the banking sector as a whole from the build-up of systemic risk during an economic upswing when aggregate

credit growth tends to be excessive. Application of the CCyB above the minimum capital ratios is in the range of 0% to 2.5%. The CCyB has not yet been put in place and BNM will communicate any decision on the CCyB rate up to 12 months before the date from which the rate applies.

On 5 February 2020, BNM issued a policy document on Domestic Systemically Important Bank ("D-SIB") Framework which sets out the assessment methodology to identify D-SIBs in Malaysia and relevant reporting requirements.

Financial institutions that are designated as D-SIB is required to maintain higher capital buffers to meet regulatory capital requirements that include a Higher Loss Absorbency ("HLA") requirement.

Pursuant to the D-SIB Framework, the applicable HLA requirement ranges between 0.5% to 1.0% of risk-weighted assets, at the consolidated level. The HLA requirement for designated D-SIBs will come into effect on 31 January 2021. The list of D-SIBs will be updated annually by BNM. RHB Bank is not designated as D-SIB in the inaugural list of D-SIBs published by BNM.

The table below provides the relevant capital ratios of the key regulated banking entities of the Group, which are well above the minimum regulatory requirements:

As at 31 December 2019	RHB Bank Group	RHB Bank	RHB Islamic Bank	RHB Investment Group	RHB Investment Bank	Minimum Regulatory Ratio ^{N1}
Before proposed dividends:						
CET 1 Ratio	16.883%	15.145%	13.922%	43.964%	33.144%	7.000%
Tier 1 Ratio	16.884%	15.145%	13.922%	44.021%	33.144%	8.500%
Total Capital Ratio	19.207%	17.331%	16.939%	55.449%	57.169%	10.500%
After proposed dividends:						
CET 1 Ratio	16.271%	14.319%	13.627%	40.117%	24.764%	7.000%
Tier 1 Ratio	16.271%	14.319%	13.627%	40.174%	24.764%	8.500%
Total Capital Ratio	18.594%	16.505%	16.644%	51.602%	48.788%	10.500%

^{N1} Including Capital Conservation Buffer of 2.50%.

Group Chief Financial Officer's Review

BALANCE SHEET MANAGEMENT

Overview

At a time of increasing regulatory controls on capital and liquidity requirements, banks are under pressure to optimise returns to shareholders through balance sheet management. However, challenges remain in striking a balance between growing a sizeable balance sheet and maximising returns to shareholders.

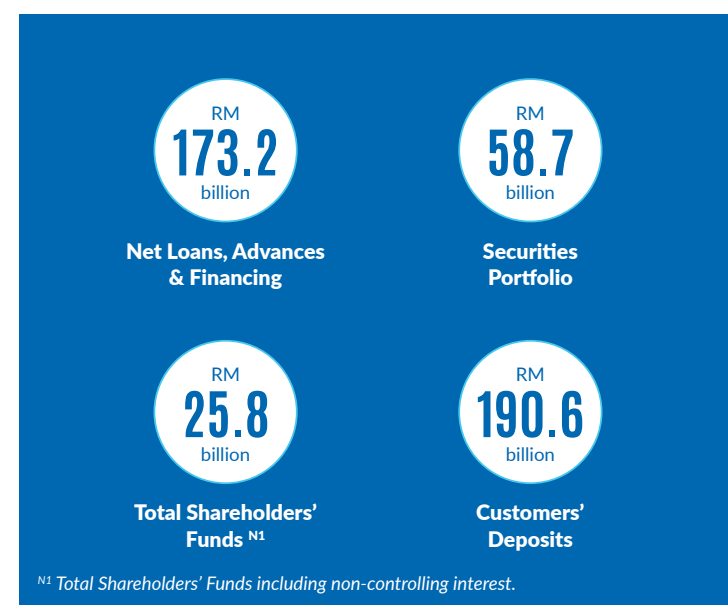
Balance sheet management in RHB is the collective responsibility of all business and functional units across the Group. It entails close collaboration, especially between Group Treasury & Global Markets, Group Finance and Group Risk Management. Regular monitoring and comprehensive analysis of the balance sheet position are performed for foreign exchange, liquidity and interest rate risk as well as for profitability management. RHB Group's Asset & Liability Committee ("GALCO") is responsible for reviewing overall balance sheet strategies and composition when considering the growth of assets and liabilities, especially in loans and deposits, funding sources, foreign exchange risk, market competitiveness and economic outlook.

The dynamic economic environment poses a significant challenge for banks to strike a balance between holistic balance sheet management in a stricter regulatory environment and returns improvement to shareholders. Hence, it is imperative for banks to put in place a robust and coherent business strategy that sets the tone for the entire business.

BALANCE SHEET STRUCTURE

RHB's balance sheet is primarily funded through its core customer deposits, shareholders' equity and long-term debt. Regular monitoring of the composition of our balance sheet and sources of funding is carried out, including of concentration limits, counterparty limits, currency exposures and tenor profiles. RHB's long-term funding strategy is aimed at establishing a diversified funding profile base that spreads across retail and wholesale channels, whereby priority is accorded to stable deposit funding, which provides long-term funding advantages to the Group.

With the increasing diversification of funding sources, optimising balance sheet structure while managing both the net interest margin ("NIM") and regulatory compliance costs remains challenging. The diagram below shows the asset funding structure as at 31 December 2019.



Loans are the largest component of the Group's assets and are primarily funded by customer deposits and long-term debt. The Group's total net loans, advances and financing have grown by RM7.6 billion to RM173.2 billion as at end 2019. Meanwhile, the Group's loan-to-deposits ratio remains healthy and within the Group's target.

In line with FIT22, the Group's five-year strategic plan, RHB will focus on key segments where we can excel domestically. This includes the Retail and SME segments, where we plan to grow our loans and financing portfolio share from these segments from 69% in 2017 to 77% by 2022. For the year ended 2019, our loan and financing portfolio from Retail and SME has grown to 73.4%. Additionally, we aim to increase our penetration rate and share of wallet from the mid and large-caps. We will also focus on increasing the efficiency of capital by applying disciplined capital allocation to businesses to improve risk-adjusted returns and by intensifying loan recovery efforts.

Regional Market Landscape

as at 3 March 2020

BANKING REVIEW

In tandem with the moderation in GDP growth, the entire banking industry slowed down in 2019.

Banks' loan growth in Malaysia, Singapore and Thailand decelerated. Growth in Thailand was a modest 2%, while growth in Malaysia moderated to 3.9% and in Singapore, to 4.2%. Apart from economic headwinds, business confidence and consumer sentiment were dampened by protracted US-China trade tensions.

Operating income growth was also affected by net interest margin ("NIM") pressures as central banks across the region cut policy rates to prop up growth in their domestic economies.

Notwithstanding the softer economic environment, asset quality in the region was resilient. Year-on-year rises in gross impaired loans ("GILs") were modest while provision buffers remained high.

BANKING OUTLOOK

Banks headed into 2020 with the following key risks: weaker loan demand; NIM pressures from possibly more rate cuts; falling non-interest income due to muted capital markets and digital disruptions; and elevated credit costs from pockets of asset-quality stress.

Although the signing of the Phase 1 accord between the US and China in January 2020 brought some relief, any improvements in trade and economic growth are now expected to take time as countries grapple with the effects of the outbreak of COVID-19.

Regional Market Landscape

as at 3 March 2020

MALAYSIA

ECONOMIC REVIEW

In 2019, the growth of the Malaysian economy moderated to 4.3% year-on-year from 4.7% in the previous year. Private consumption remained the anchor to growth while investments contracted. Private consumption drew strength from positive labour market conditions and continued social assistance to the low-income B40 group.

Private investment growth saw a decline, reflecting the uncertain global trade environment, while public sector investment contracted due to lower fixed asset spending by the federal government. Externally, exports were also affected amid the cyclical effect of the electrical & electronic down-cycle and the US-China trade war. With benign inflationary pressures (2019 CPI: 0.7% year-on-year) and slowing growth prospects, the central bank cut the overnight policy rate three times, i.e. in May 2019, January 2020 and again in March 2020 which reduced the OPR to 2.50%.

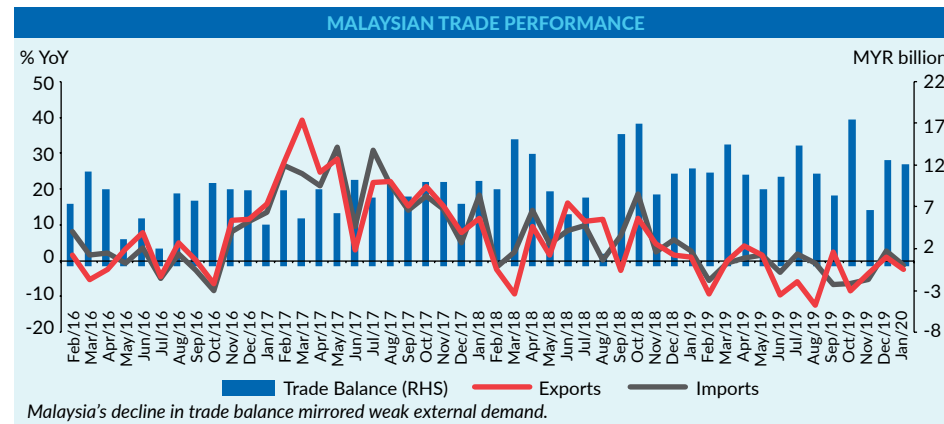
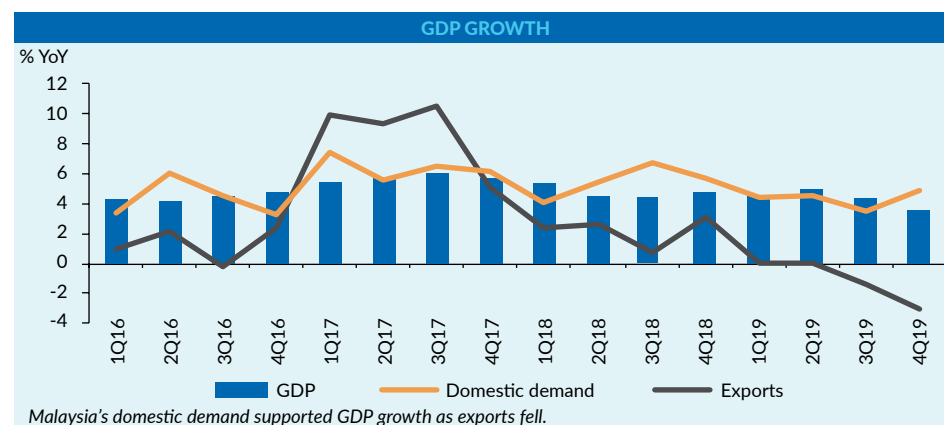
ECONOMIC OUTLOOK

The IMF January 2020 World Economic Outlook Report revised the forecast for global economic growth in 2020 downwards, to 3.3% year-on-year from 3.4% previously. At the same time, the projection for growth of world trade was lowered by 0.3% to 2.9% year-on-year. In fact, in response to weakening prospects globally, central banks have started to ease policy in a bid to stimulate domestic growth.

Locally, the Malaysian government delivered a RM20 billion (1.3% of GDP) stimulus package on the back of the COVID-19 outbreak. The measures are not only directed towards the tourism industry but the economy overall. However, while efforts to revive growth can clearly be seen, recovery still remains uncertain due to moderating growth of the US and China economies as well as the highly unpredictable outcome of the COVID-19 outbreak.

Overall, we expect Malaysia's economy to grow 4.0% year-on-year in 2020 from 4.3% estimated in 2019. Although private consumption is expected to remain resilient while investment rebounds, global demand will likely continue to weigh on Malaysia's exports.

By economic sector, growth in manufacturing, services and agriculture will likely be affected by weaker external demand. However, support for the economy is expected to come from stronger construction and mining with the resumption of infrastructure projects and the recommencement of oil & gas facilities after unplanned outages in 2018/19. While inflation is expected to rise, it should remain manageable with muted upside risks going into 2020.



BANKING REVIEW AND OUTLOOK

Malaysia's banking sector faces another challenging year in 2020 with external factors suggesting modest revenue growth. Better prospects will hinge on further progress in US-China trade talks, the resilience of the US economy and how quickly the COVID-19 pandemic can be brought under control. Domestically, the private sector is expected to lead growth, assisted by the resumption of various large infrastructure projects and government stimulus programmes to deal with the effects of COVID-19.

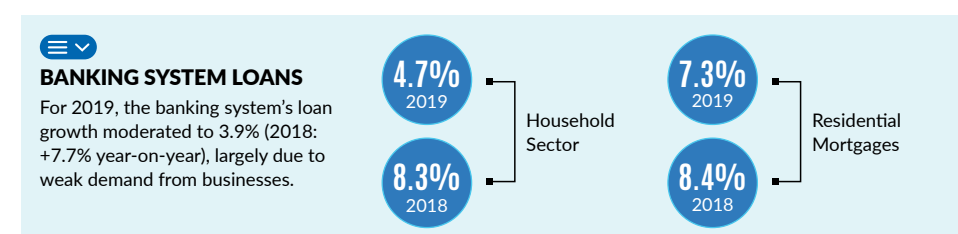
We expect system loan growth to dip slightly to 3.6% year-on-year in 2020, supported mainly by the household sector through residential-property loans while business loan demand is expected to be softer. System loan growth moderated to 3.9% in 2019 (2018: +7.7% year-on-year), largely due to weak demand from businesses. Lending to the household sector also grew at a slower 4.7% (2018: +8.3% year-on-year). While residential-mortgage growth was healthy at 7.3%, motor and personal loans declined.

NIM will be subject to further pressure should Bank Negara Malaysia ("BNM") lower interest rates again after cutting rates by 25 bps in January and March 2020. This year, banks are expected to focus more on improving productivity, efficiency, capital utilisation and asset quality.

2019 system GIL ratio was up slightly to 1.51% (2018: 1.48%). This mainly reflected higher impaired loans in the manufacturing, agriculture and household sectors. Loan loss coverage was comfortable at 89.6% (2018: 99.1%). In 2020, GIL is expected to trend upwards, although still staying manageable. With no systemic risks in sight and the domestic economy expected to be relatively stable, we believe asset quality will be resilient. BNM has also reintroduced guidelines on the rescheduling and restructuring of SME loans. On top of that, banks have been proactive in offering relief assistance to businesses and individuals to help them weather the economic slowdown.

OUR RESPONSE TO THE WEAKENING INTEREST RATE OUTLOOK

RHB will continue to focus on increasing sales and operational productivity to mitigate impact from NIM compression. Various measures are in place such as continued implementation of Agile across the Group, utilisation of data analytics & robotic process automation as well as branch network repurposing and process reengineering, which will lead to greater efficiency.



KEY TRENDS AFFECTING THE BANKING INDUSTRY

Social Drivers

In late-February 2020, the government announced a RM20 billion economic stimulus package to cushion the economy from risks associated with the COVID-19 outbreak. The stimulus package is focused on protecting businesses and sectors affected by the drop-off in tourist arrivals, and helping the man-on-the-street overcome this challenging period. Malaysian banks have announced offers for a six-month moratorium on monthly instalment payments of loans and financing for affected customers. Banks will also accommodate requests to restructure or reschedule their loans to assist in their cash flow situation during this difficult period. The stimulus package, which increases the fiscal deficit to 3.4% of GDP from 3.2% under Budget 2020, will help support Malaysia's economic growth in 2020.

In Budget 2020, measures to improve social welfare include a hike in the minimum wage to RM1,200 from RM1,100 in urban areas, further cash handouts by Bantuan Sara Hidup ("BSH") amounting to RM5 billion (the same as the previous year) and wage incentives for unemployed graduates and women. Coverage and payouts under the mySalam insurance scheme for the B40 segment have been expanded as well.

Over the longer term, Malaysia's Shared Prosperity Vision 2030 ("SPV 2030") policy paper outlines 10-year goals to move the country from a reliance on unskilled low-paid workers to one with a high-income, high-skilled labour force. The aim is to achieve sustainable growth along with fair and equitable distribution across income groups, ethnicities, regions and supply chains.

ESG principles have also been gaining prominence in recent years. Investors are paying more attention to the level of ESG compliance by the companies they invest in. Banks will be subject not just to better disclosure of their resource consumption but also increased scrutiny of their lending practices. More green bonds may be raised to fund impactful ESG activities such as renewable energy.

Competitive Drivers

With loan demand expected to be flat year-on-year in 2020, competition for loans should remain keen. That being said, we believe banks will stay vigilant on asset quality and disciplined in loan pricing.

Technological Drivers

While digitalisation continues to be a priority among incumbent banks, 2019 saw some groundbreaking digital initiatives launched by the Malaysian government and regulators.

In December 2019, BNM unveiled a highly-anticipated exposure draft on its licensing framework for digital banks, under which up to five licences will be awarded. Digital banks are expected to cater mainly to the unserved and underserved segments, primarily through the use of technology. This will likely accelerate incumbent banks' digital transformation plans in order to attract and retain tech-savvy and mobile centric customers.

To encourage wider adoption of cashless payments in Malaysia, the government introduced an e-Tunai initiative in Budget 2020, whereby eligible e-wallet users are entitled to a one-off RM30 e-wallet incentive. The RM30 must be spent within two months with any unspent portion to expire by 14 March 2020.

Regulatory Drivers

BNM issued its policy document on the Domestic Systemically Important Banks ("D-SIBs") Framework in February 2020. This framework aims to address risks posed by D-SIBs, whose distress or disorderly failure has the potential to cause material disruptions to the domestic financial system and wider economy. The applicable higher loss absorbency ("HLA") requirement for D-SIBs ranges from 0.5% to 1.0% of their consolidated risk-weighted assets. This requirement will come into effect on 31 January 2021.

Regional Market Landscape

as at 3 March 2020

SINGAPORE

ECONOMIC REVIEW

Singapore's economy slowed significantly to 0.7% year-on-year in 2019 compared to 3.5% in 2018. Growth decelerated as exports were impacted by muted business sentiment and moderating global trade.

Exports contributed to the slowdown with non-oil domestic exports swinging to an 8.8% year-on-year contraction in 2019 compared to growth of 4.4% in 2018. The moderation clearly illustrated the consequences of slowing global trade, influenced by the US-China trade war and the semiconductor down-cycle, as well as by China's ongoing deleveraging campaign.

Domestic demand came in at 1.5% year-on-year (2018: 1.9%), led by robust growth in private consumption following the government's ongoing focus on digital upgrading in the areas of artificial intelligence and digital communications in its Fiscal Year 2019 Budget. This focus led to job growth in the information & communications, business services and finance sectors. In addition, the SGD1.1 billion bicentennial bonus provided by the government helped to support retail spending.

In terms of investments, the government's higher budget allocation led to greater public infrastructure spending while the recovery in the residential property sector also aided investments on the private sector side. With regards to prices, inflation remained muted, averaging 0.6% year-on-year in 2019 compared to 0.4% in 2018. Meanwhile, in October 2019, the Monetary Authority of Singapore ("MAS") eased policy by slightly reducing the slope of the Singapore Dollar Nominal Effective Exchange Rate ("S\$NEER") policy band after pausing it in April 2019. The move was pre-emptive, in expectation of weaker prospects for inflation and growth.

ECONOMIC OUTLOOK

Singapore's economic growth environment in 2020 is expected to remain lacklustre and any upside potential will be closely linked to the global economic outlook, particularly in relation to the US-China trade war. A positive outcome could jumpstart global trade and spur business investment.

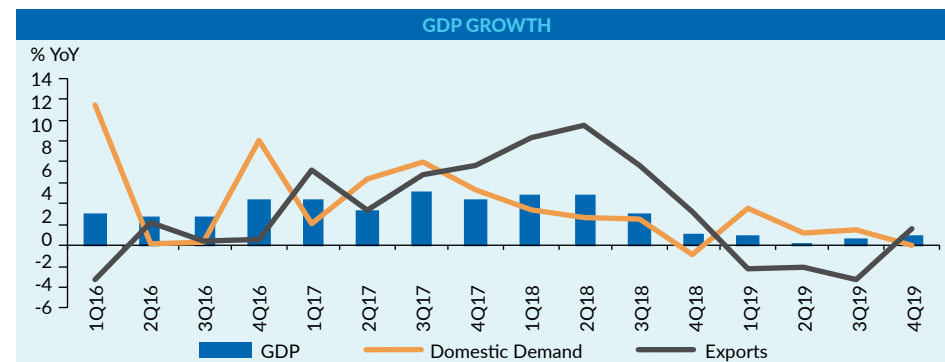
The downside risks include the impact of the COVID-19 outbreak on the country's transport and tourism sectors with a knock-on effect on related industries in the event of a widespread pandemic. Additionally, a further decoupling of China's economy from the US alongside its own domestic deleveraging problem may well subdue China's growth even more. This could negatively impact global demand for intermediate goods and commodities, further dampening trade prospects.

Domestically, we expect private consumption to moderate slightly as the effect of the bicentennial bonus received in 2019 fades. The labour market is expected to expand at an uneven pace, providing a modest outlook on consumption spending.

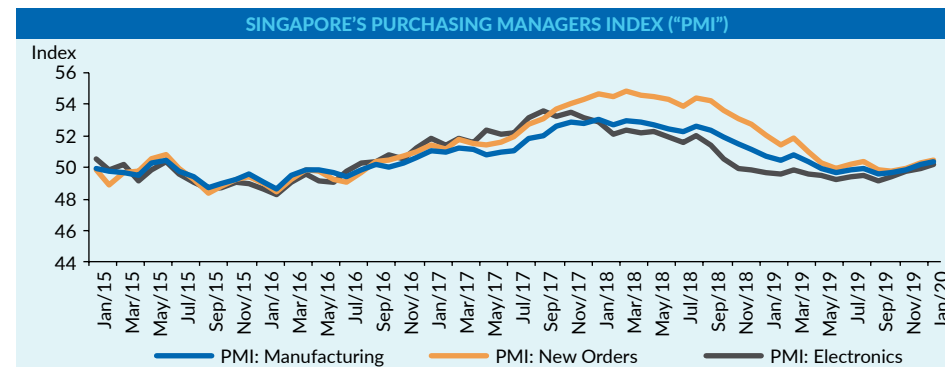
In a bid to address the immediate challenges from COVID-19, the government has announced, in the recent Budget 2020, special packages amounting to SGD5.6 billion (1.1% of GDP). The government has also allocated an additional SGD800 million to support economic recovery.

Singapore's sizeable stimulus package addresses the concerns arising from the virus outbreak, particularly for firms and workers that have been weathered down by market uncertainty. Worst-hit sectors have also been given additional support. For households, we believe that the cash handouts will spur an increase in consumption.

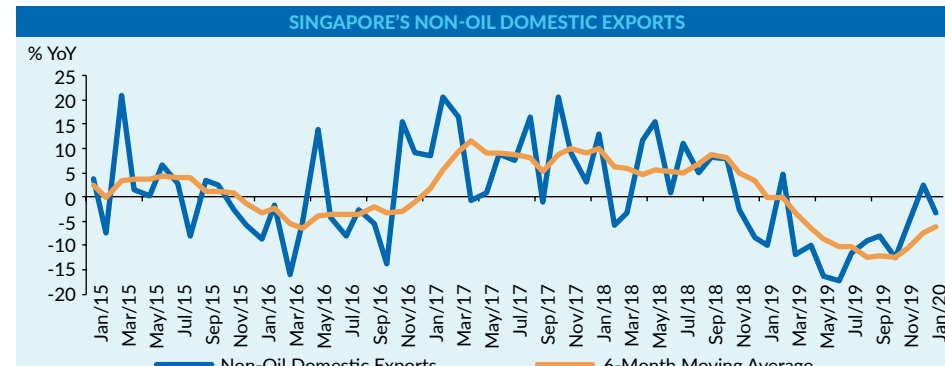
Against this backdrop, we expect real GDP growth for 2020 to register at 0.6% year-on-year. If the trade war ends amicably, we may see a pickup in economic activity and an upward revision of the growth projection. However, if it persists over the long-term, the growth projection could worsen as businesses readjust to new global supply chain dynamics.



Singapore's 2019 GDP expanded at its slowest pace in 10 years.



Singapore's manufacturing sector moderated throughout 2019.



Singapore's non-oil domestic exports in 2019 contracted 10% year-on-year.

BANKING REVIEW AND OUTLOOK

Singapore banks' loan growth for domestic and Asian currency units moderated to 4.2% year-on-year in 2019 (2018: 5.3%), largely due to a 1.6% year-on-year contraction in residential mortgages. Growth in business lending eased to 5.3% (2018: 6.1%). Sharp economic slowdowns in Hong Kong and China this year point to earnings risks for Singapore banks, given their high exposure to these two markets.

The greater concern is Singapore banks' exposure to Hong Kong where political unrest and the knock-on effects of the COVID-19 outbreak could hurt asset quality. Singapore's own 2019 system non-performing loan ("NPL") ratio increased to 2.0% from 1.86% in 2018. This was mainly caused by impaired loans to the manufacturing and transport, storage and communications sectors.

NIM prospects are also expected to be muted as we expect NIMs to narrow in 2020 in line with the expected easing of the Singapore Interbank Offered Rate ("SIBOR") and the Swap Offer Rate ("SOR"). The Monetary Authority of Singapore ("MAS") is guiding a dovish SGD, which points to downsides in SIBOR and SOR.

OUR RESPONSE TO RISK FROM POLICY EASING

Despite the subdued macro environment, RHB remains committed to grow the Singapore business as a regional hub for RHB Banking Group. We will continue to leverage on our core capabilities to serve local and regional corporates as well as refine our value propositions to better cater to the Small & Medium Enterprise ("SME") and Retail segments.

KEY TRENDS AFFECTING THE BANKING INDUSTRY

Political & Macroeconomic Drivers

Singapore has a stable political environment. This political stability encourages foreign investments and drives economic growth. Singapore's economy, which is fairly dependent on external trade, follows global economic growth trends closely. We forecast Singapore's 2020 GDP to be affected by subdued exports, amid weaker growth prospects for the US and China, as well as by the COVID-19 outbreak.

To address the near-term concerns of industries and Singaporeans impacted by the virus outbreak, the government will provide SGD800 million to support frontline agencies dealing with the COVID-19 outbreak. Aside from the Ministry of Health, additional help will be given to sectors, directly affected by the outbreak – tourism, aviation, food services and retail, and point-to-point transport services.

Overall, the larger fiscal deficit of 2.1% of GDP proposed in Budget 2020 (2019: deficit of 0.3%) should impart a considerable boost to the economy and help offset potential concerns related to slower growth in the near term.

Social Drivers

This trend sees the increasing use of new digital distribution models for banking products to cater to changing customer demands, with the focus being mainly on mobile banking, which is gaining traction. The growing use of mobile devices for banking has led to banks spending more capex on upgrading their mobile banking platforms. Banks are therefore emphasising digital value creation, and converting traditional processes and products to digital platforms. We also continue to see more banks automating their banking transactions via the use of internet platforms and robotics.

Competitive Drivers

Competition remains keen in the Singapore banking scene. The three big banks in Singapore enjoy significant market share in the lending business, and are working hard to maintain their market share in the respective loan segments.

Headwinds in this area will come from the imminent set-up of virtual banks. MAS is issuing up to five virtual banking licences by June 2020 – up to two full-bank licences that permit retail banking, and up to three for wholesale banking. The new virtual banks are expected to start their operations by the middle of 2021. Virtual banking prospects must show a path towards profitability and also show a clear value proposition to meet underserved needs using technology. A total of 21 virtual bank applications, of which 14 are for wholesale licences and seven for full bank licences, have been submitted to MAS.

Competition from virtual banks could dent the three big banks' market share. We believe the three big banks will continue with their technology investments to offer services that match those offered by the upcoming virtual banks.

Technological Drivers

MAS encourages innovation. In this respect, in June 2019, MAS introduced the Financial Sector Technology and Innovation scheme to provide support for the creation of a vibrant ecosystem for innovation.

The PayNow system (led by MAS), was launched on 10 July 2017 and is provided free to retail customers and is available 24/7, 365 days a year. PayNow has since been extended beyond retail customers to corporates, businesses, Singapore government agencies, associations and societies – collectively "Entities" – through PayNow Corporate. With PayNow Corporate, retail customers of nine participating banks can now transfer funds to entities and vice versa. The option of scanning a QR code to make payments is also available. Entities and consumers can now make PayNow transfers by scanning the PayNow QR code using the existing mobile banking applications of the participating banks.

Regulatory Drivers

With fintech becoming an important component of banking, MAS has set up regulations for this space. The FinTech Regulatory Sandbox enables financial institutions and fintech players to experiment with innovative financial products or services in a live environment but within a well-defined space and duration.

Depending on the experiment, MAS will provide the appropriate regulatory support by relaxing specific legal and regulatory requirements prescribed by MAS, which the sandbox entity will otherwise be subject to, for the duration of the sandbox. The sandbox includes appropriate safeguards to contain the consequences of failure and maintain the overall safety and soundness of the financial system.

Regional Market Landscape

as at 3 March 2020

CAMBODIA & THAILAND

ECONOMIC REVIEW

Cambodia saw a slowdown in 2019 to an expected growth of 6.6% from 7.3% recorded in the previous year, reflecting the weakness seen in the export market amid the US-China trade war. Higher investments into infrastructure projects and increased construction activities helped to shield the economy from the slowdown seen in the external sector. Investment into manufacturing was also another positive aspect seen last year as businesses diversified away from the textiles industry. Currently, the textile industry contributes about 80% of the country's total exports. The increase in foreign direct investments the impacts from the US-China trade war, drought and the delay in fiscal budget

approval into the country, especially from China, laid a foundation for more manufacturing in other sectors as manufacturers diversified their plants into other countries amid the US-China trade war. Other industries such as tourism and agriculture also benefitted from the rising regional demand and are expected to keep a robust growth momentum moving forward. On the fiscal side, it is likely to remain at a deficit of around 2%, which is justifiable given the strong economic growth expected.

Thailand's economic growth slowed to 2.4% year-on-year in 2019 from 4.1% in the preceding year as the impacts from the US-China trade war, drought and the delay in fiscal budget approval hurt the economy. Real exports were down by 2.6% in

2019, the first annual decline since 2009, while domestic demand slowed to 3.4%. On the supply side, agriculture saw a sharp slowdown to 0.1% in 2019 from 5.0% in the previous year while manufacturing slipped into a contraction of 0.7% during the year amid slower global demand.

Responding to the sharp slowdown, the surge in the THB and the depressed inflation level, the central bank lowered policy rates twice in 2019 by 25 bps each time, reversing the 2018 policy rate hike. On its part, the government introduced a number of stimulus packages to stimulate the economy, which helped to ease the slowdown and led to a restrained recovery in the second half of 2019.

ECONOMIC OUTLOOK

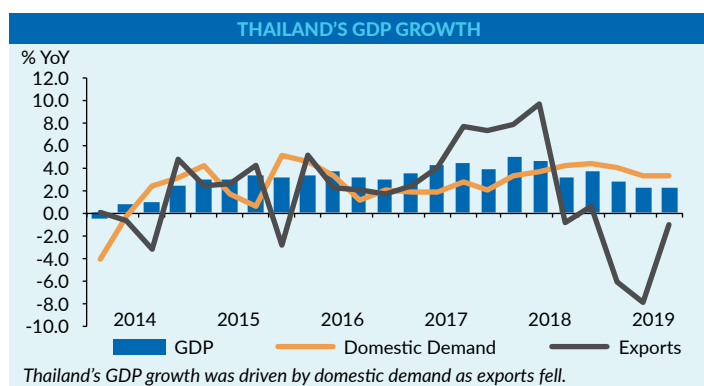
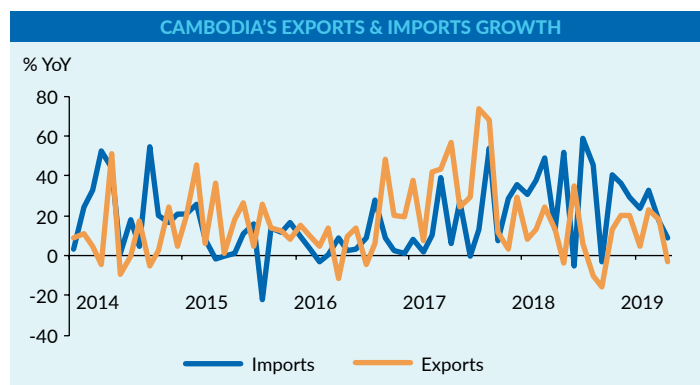
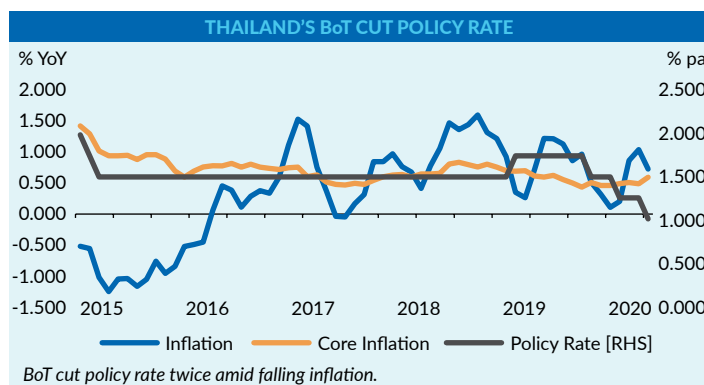
Moving into 2020, the consensus view is that the **economy for Cambodia** is likely to see a slight recovery to 6.7%, driven by infrastructure spending and investments by the private sector. However, the COVID-19 outbreak is likely to hurt its double-digit growth tourism industry. The risk is tilted towards the downside given the reliance of the country's economy on China. Aside from that, the European Union's decision to withdraw

trade privileges on some of the country's exports after a year-long review of the country's human rights record could also see further deceleration in its exports this year. Inflation, however, is expected to remain stable given the low crude oil prices.

Looking ahead, **we expect Thailand** to see a further slowdown to 2.2% in 2020, from 2.4% last year, as a triple whammy of headwinds – the COVID-19

outbreak, the prolonged drought and the stalled budget – are likely to hurt Thailand's economic growth.

As government spending is handicapped by delay in budget approval, the central bank has cut policy rate to a new record low of 1.0% at the beginning of this year to support growth. We expect the rate to be maintained throughout 2020.



BANKING REVIEW AND OUTLOOK - THAILAND

Delays in parliamentary approval of the government's FY2020 budget, fewer tourist arrivals due to the COVID-19 outbreak and protracted droughts in the south will affect agricultural production and by extension, the banking sector's prospects. Against this backdrop, we believe system loan growth will remain subdued, following a sharp slowdown to 2.0% year-on-year in 2019 (2018: +6.0%).

The Bank of Thailand ("BoT") lowered its policy rate by another 25 bps to a record low of 1.0% in February 2020 (2019: -50 bps). This will exert some downward pressure on NIMs.

Another area of weakness for banks could be their non-interest income, which is expected to drop following lower insurance policy renewal rates and declining transaction fees after the launch of PromptPay. PromptPay is a new service enabling the easy transfer of funds via electronic channels, using citizens' IDs or mobile phone numbers rather than bank account numbers.

Asset quality is expected to remain in check despite an uptick in NPLs in 2019 (2019: 2.98%; 2018: 2.94%). These NPLs could largely be traced to large corporate loans in real estate businesses and SME lending. Nonetheless, banks' loan loss coverage should remain high at 146.2%, partly due to additional provisions made ahead of the implementation of Thai Financial Reporting Standard 9 ("TFRS 9") in January 2020.

OUR RESPONSE TO PRESSURE ON NON-INTEREST INCOME

Thailand remains a key country for RHB Banking Group as part of our regional footprint. We will continue to focus on the core Commercial customers segment with the implementation of the RHB Reflex cash management system. The Investment Bank will also continue to grow its market share by leveraging on RHB's regional network for increased deal flow.

KEY TRENDS AFFECTING THE BANKING INDUSTRY

Political Drivers

Thailand went to the polls on 24 March 2019 for the first time since the 22 May 2014 coup d'etat that saw the installation of the National Council for Peace and Order ("NCPO"). The current coalition government, led by the military-aligned Palang Pracharath, will allow policy continuity, particularly in the area of infrastructure development. It will also support an upcycle in private investments and boost domestic demand.

On 11 January 2020, parliament passed a delayed draft budget bill for the 2020 fiscal year, and it is expected to come into effect in April 2020. The proposed budget sees a 7% rise in overall spending to THB3.2 trillion for the fiscal year that began on 1 October 2019. The government will spend THB1.0 trillion to stimulate the Thai economy with the entire THB3.2 trillion expected to be fully disbursed by September 2020.

Social Drivers

In January 2020, the BoT announced that it will regulate three types of fees and charges that financial institutions impose on their customers. The central bank now requires financial institutions to adjust early pay-off penalties applicable to SMEs and personal loans, and alter late-payment fees for SME, personal and mortgage loans based on actual costs. It also requires that replacement fees for ATM and debit cards and PIN numbers be waived, although financial institutions are still allowed to charge some fees if the costs incurred are significant. The measures are aimed at establishing a fairer fee structure that better reflects actual costs, reduces affordability risk and alleviates financial burdens on consumers and SMEs.

The latest measures, coupled with the establishment of PromptPay to promote e-payments, which led to the eventual waiver of fees for online or digital transactions, will continue to exert pressure on banks' operating income.

Competitive Drivers

The banking industry saw several sizeable M&A deals in 2019 – the proposed merger of TMB Bank and Thanachart Bank; Siam Commercial Bank's sale of Siam Commercial Bank Life Assurance to Hong Kong-based FWD Group; and Bangkok Bank's proposed acquisition of PT Bank Permata. In early 2020, it was reported that Kasikornbank was interested in expanding its footprint in Myanmar via the acquisition of a 35% stake in Ayeyarwaddy Farmers Development Bank.

The merger of TMB Bank and Thanachart Bank, which is the first substantial consolidation in the banking industry in six years, will see the emergence of Thailand's sixth-largest bank. The enlarged entity, which expects to produce an extensive customer base and gain a competitive advantage, could result in increased competition among small- and medium-sized banks.

Technological Drivers

BoT is laying the foundations for standalone digital banks. BoT identifies three key pillars needed to build virtual banks: (i) data from non-

financial sources; (ii) an electronic identification system; and (iii) a suitable regulatory framework. The central bank wants virtual banks to form a new financial services provider that can serve the currently underserved.

BoT will look to launch electronic lending and other financial services in 2020 through collaboration with various parties.

In February 2019, United Overseas Bank ("UOB") launched ASEAN's first virtual bank in Thailand. TMRW is the first mobile-only bank and is designed for ASEAN millennials who prefer to bank using mobile phones. TMRW aims to build a customer base of three to five million in the next five years and will contribute to UOB's strategy to scale up its customer franchise across Southeast Asia.

Regulatory Drivers

BoT's new regulatory measures to curb speculation in the property market came into effect in April 2019. According to the central bank, the introduction of loan-to-value ("LTV") ratios for second mortgage loans (80-90%), third residential properties (70%) and residential properties priced more than THB10 million per unit (70-80%) has been effective in moderating property prices while improving banks' underwriting standards.

Adoption of International Financial Reporting Standard 9 ("IFRS 9") with effect from 1 January 2020 could result in some volatility in impairment allowances in 2020 as banks fine-tune assumptions used in their expected credit loss provisioning model. Given banks' high level of loan loss coverage, these volatilities will be well absorbed.

Thai banks are required to comply with BoT's Capital Adequacy Framework for the determination of capital and computation of capital adequacy ratios ("CAR"). Effective 1 January 2020, the minimum requirement for Common Equity Tier 1 ("CET 1") capital ratio for large banks was raised to 8.0% from 7.5% in 2019 as the D-SIBs (domestic systemically important banks) buffer was stepped up from 0.5% in 2019 to 1.0%. The minimum tier-1 ratio is 9.5% (from 9.0% in 2019) and minimum total capital ratio is 12.0% (from 11.5% in 2019). The countercyclical buffer of 0-2.5% is subject to BoT's consideration.

The Federation of Accounting Professions ("FAP") has adopted the TFRS 9, which is based on the IFRS 9, effective from 1 January 2020. Given banks' high level of loan loss reserves, Day 1 impacts on adoption of TFRS 9 will be comfortably absorbed.

Engaging with Stakeholders

SRC
RHB defines stakeholders as groups who affect and/or could be affected by the Group's activities, products or services and associated performance.

For the purpose of this report, the Group referred to Bursa Malaysia Sustainability Reporting Guidelines (2nd edition) and AA1000 Stakeholder Engagement Standard 2015 to identify as well as re-evaluate previously identified key stakeholders.

The re-evaluation led to a new stakeholder group, Financial Industry Peers, being added to the list of stakeholder groups. The Group takes an inclusive and systematic approach to engaging with our various stakeholders to better understand and respond to their needs and concerns.

STAKEHOLDER GROUP	ENGAGEMENT PLATFORM	STAKEHOLDER CONCERN/EXPECTATION	RHB'S RESPONSE TO CONCERN/EXPECTATION
<p>SHAREHOLDERS AND INVESTORS We provide our shareholders and investors with relevant information to make informed investment decisions about RHB as well as share with them our financial performance and the Group's strategic direction.</p>	<ul style="list-style-type: none"> - Annual and Extraordinary General Meetings - Analyst & fund managers meetings and briefings - Annual Reports/Integrated Reports - Sustainability Reports - Bursa Malaysia announcements - Quarterly and annual financial results announcements - Online communications (email, corporate website, social media) - Meetings/discussions (upon request) - Roadshows and conferences 	<ul style="list-style-type: none"> - Resilient revenue growth and cost management - Asset quality and management of credit risk - Integration of ESG matters into the Group's core business and operations - Ethical and responsible business practices - Corporate governance - Dividend payout 	<ul style="list-style-type: none"> - Ensuring timely and comprehensive disclosures - Emphasising liquidity and capital management to support growth - Putting in place strong corporate governance policies and ensuring adequate Board oversight - Appointment of five Independent Non-Executive Directors and one Senior Independent Non-Executive Director to the RHB Bank Berhad's Board - Putting in place a robust Sustainability Framework with clear action plans to integrate ESG matters into the Group's core business and business operations
<p>CUSTOMERS A key winning formula that differentiates us from our competitors is our capability in building trust, delivering convenience and creating value for our customers. We interact with customers to better understand their requirements so that we can propose the right financial solutions for them.</p>	<ul style="list-style-type: none"> - Online communications (email, corporate website, social media) - One-to-one meetings - Group meetings - Relationship Manager engagements - Customer networking events - Surveys and focus groups - Seminars and forums - Interaction programmes - Resolution Management discussions - Customer advocacy - Call centre 	<ul style="list-style-type: none"> - Fair treatment and fair conduct of business dealings - Personalised financial advice and solutions with quick and convenient banking options - Cybersecurity and having a safe environment in which to conduct banking activities 	<ul style="list-style-type: none"> - Ensuring products and services are delivered in line with BNM's Fair Treatment of Financial Consumers ("FTFC") Policy - Strengthening digital propositions to deliver enhanced customer experiences and enhancing financial accessibility - Driving service excellence through the RHB Way Service Culture initiative and increasing the NPS score from 0 in 2018 to +9 in 2019 - Reviewing customer contracts and legal documents to simplify the language used and to reduce banking & legal jargon - Putting in place frameworks and policies relating to cyber resilience and continuously strengthening IT security. We also subscribe to threat intelligence services and organise mandatory IT security awareness training for employees - Achieving ISO/IEC 27001 Information Security Management Systems re-certification of our core e-Banking systems
<p>BUSINESS PARTNERS In driving business performance and delivering superior products and services to our customers, we engage our business partners in strategic alliances to capitalise on mutually beneficial business opportunities in the market.</p>	<ul style="list-style-type: none"> - Company visits - Formal & informal engagements - Online communications (email, corporate website and social media) - Tender process and supplier feedback mechanism - Solution Co-Design Workshops - Certification and immersion programme with industry leaders and experts 	<ul style="list-style-type: none"> - User-friendliness of e-Procurement System - Fair evaluation of vendor proposals - New policies and guidelines that may affect vendors' performance 	<ul style="list-style-type: none"> - Conducting engagement sessions covering topics on guidelines and procedures, the sales and service tax, supplier performance, payment-related matters and contract renewal. These engagement sessions reiterate our commitment towards sourcing transparently and maintaining fair practices - Conducting training on an annual basis, as part of the support infrastructure provided for RHB's network of suppliers - Conducting visits to the office premises or sites of our Business Partners to provide a good understanding of our Business Partners' working environment and work culture, business continuity management and system infrastructure

Engaging with Stakeholders

STAKEHOLDER GROUP	ENGAGEMENT PLATFORM	STAKEHOLDER CONCERN/EXPECTATION	RHB'S RESPONSE TO CONCERN/EXPECTATION
<p>EMPLOYEES We are committed towards being a preferred employer with a highly productive, agile and engaged workforce that delivers exceptional service to customers. Employee engagement is a critical driver of business success in today's competitive marketplace.</p>	<ul style="list-style-type: none"> - Intranet (My1Portal and MyLink2HR) and email - RHB's internal social media channel, Workplace by Facebook, and recognition via ThanksBot - Social, sports and recreational activities - Engagement sessions during festive seasons - Annual Employee Engagement Survey and Internal Customer Effectiveness Survey - Formal and confidential grievance channel - Formal meetings - GMD Chat Sessions and Townhalls conducted across the region - Senior Leadership Forum 	<ul style="list-style-type: none"> - Employees' goals and objectives - Rewards and recognition - Sustainable engagement - Work organisation - Career development - Learning and development 	<ul style="list-style-type: none"> - Conducting regional roadshows to share the Group's five-year strategic roadmap and achievements - Conducting salary benchmarking exercise for comparison against the market - Conducting a quarterly Senior Leadership Forum to share with senior leaders the Group's strategic performance and achievements and to provide status updates on key initiatives - Conducting a robust Employee Value Proposition programme to attract and retain talents - Conducting an Employee Engagement Surveys ("EES") on an annual basis as a way to gauge employees' level of satisfaction and obtain feedback on areas for improvement. In 2019, the EES score improved from 84 to 90 - Rolling out Agile@Scale and robotics process automation ("RPA") to remove barriers at work and increase productivity
<p>REGULATORS & POLICYMAKERS We actively engage with regulators on matters that impact our business and operations.</p>	<ul style="list-style-type: none"> - Regular updates and reporting to regulators - Actively participating in and contributing to industry and regulatory working groups, briefings, forums, conferences and consultation papers - Engaging with regulators to consult and seek directives on implementation of new policies, decisions or regulatory frameworks 	<ul style="list-style-type: none"> - Effective management of the Group's overall compliance risk - Integration of ESG matters into the Group's core business and operations - Progress against value-based intermediation ("VBI") - Good corporate governance - Ethical and responsible business practices - Asset quality - Policies and regulations 	<ul style="list-style-type: none"> - Strengthening Board and Management oversight - Integrating ESG considerations into risk management practices - Developing ESG Risk Assessment for sectors that have ESG vulnerabilities - Continuously improving and strengthening compliance functions, including implementing new measures and putting in place new systems to enhance the Group's overall compliance risk governance
<p>COMMUNITIES We actively engage with communities, particularly children and youth from the underprivileged and underserved segments.</p>	<ul style="list-style-type: none"> - Collaboration and partnerships with non-profit organisations, associations or government organisations through RHB's community engagement initiatives - Focus group discussions with related government bodies and NGOs - Online communications (emails, corporate website and social media) - On-ground community engagement initiatives - Innovative digital platforms to promote financial accessibility 	<ul style="list-style-type: none"> - Promotion of financial literacy - Access to financing - Empowerment of the underserved and underprivileged 	<ul style="list-style-type: none"> - The Money Ma\$ter Programme is a structured financial literacy programme, reaching out to more than 10,000 students annually and to educate them on how to manage their finances - Promoting access to financing through digitalisation - Nurturing and empowering children and youth from underprivileged segments through our RHB X-Cel Academic Excellence and RHB X-Cel Star Scholarship programmes
<p>FINANCIAL INDUSTRY PEERS With our financial industry peers, we pursue industry-wide improvements through discussions and consensus on financial industry matters.</p>	<p>Industry organisation meetings/sessions with:</p> <ul style="list-style-type: none"> - Association of Banks in Malaysia - Association of Islamic Banking and Financial Institutions of Malaysia - Malaysian Investment Banking Association - Persatuan Insurans Am Malaysia 	<ul style="list-style-type: none"> - Impacts of regulatory changes and climate change reporting initiatives by Bank Negara Malaysia - Emergence of virtual banks - Integration of ESG matters into the Group's core business and operations - Customer experience - Fraud risk - Compliance matters 	<ul style="list-style-type: none"> - Integrating ESG matters into the Group's core business and operations - Continuously discussing with our peers the impacts of new policies and guidelines, as well as how to combat risks associated with fraud and money-laundering

Assessing Our Material Matters


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Material matters are economic, environmental, social and governance issues that are important to us and our stakeholders, and that impact our ability to create long-term value. Identifying our material matters is key to narrowing down and understanding ESG issues that are necessary for us to respond to, manage and report on.

In 2018, we conducted a robust materiality assessment that later led to the identification, prioritisation and validation of a list of material matters. For 2019, the material matters were reviewed taking into account internal and external factors such as the changing sustainability landscape in Malaysia and the countries we operate in, and higher expectations from

stakeholders. When reviewing these matters, we also considered whether the issues were aligned with RHB's Brand Promise, FIT22 strategic objectives, Sustainability Framework and geographical footprint, including the degree to which we have control over or can effect change them.

The Group's material matters are discussed below and the discussion describes why they are important to us, as well as what our responses are to mitigate or manage their effects.

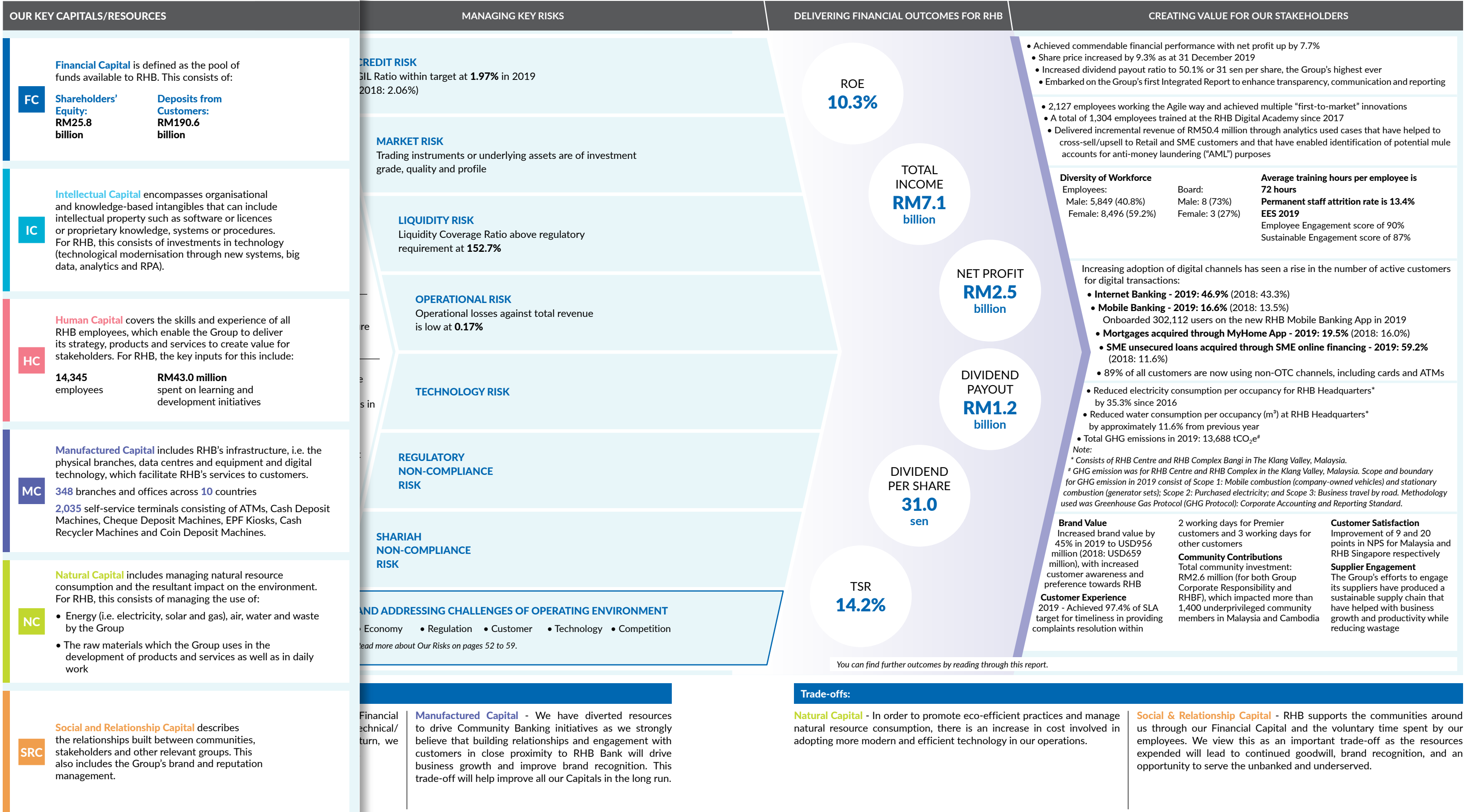
 For more details on our materiality assessment, please refer to our Sustainability Report 2019.

MATERIAL MATTER	WHAT IT MEANS TO RHB	RELEVANT STAKEHOLDER GROUPS	RHB'S RESPONSE TO THE MATTER
Sustainable Financing (previously Responsible Finance)	We are integrating ESG considerations into our lending, advisory and investment decision-making in order to manage and minimise negative impacts as well as promote sustainable development to create a positive impact through identified opportunities.	<ul style="list-style-type: none"> Shareholders & Investors Customers Business Partners 	<ul style="list-style-type: none"> Regulators & Policymakers Financial Industry Peers IR: Engaging with Stakeholders IR: Risks & Opportunities SR: Sustainable Financing
Financial Inclusion & Education (previously Financial Inclusion)	We provide customers access to suitable, affordable and quality financial products and services that satisfy their needs and requirements. This includes promoting financial literacy among members of communities in underserved areas as well as the younger generation.	<ul style="list-style-type: none"> Shareholders & Investors Customers Business Partners 	<ul style="list-style-type: none"> Regulators & Policymakers Financial Industry Peers Communities IR: Our Value Creating Business Model SR: Sustainable Financing SR: Financial Education
Customer Relationship Management	We are committed to delivering service excellence to our customers in line with our Customer Service Charter and strive to gain the trust and confidence of our customers, ultimately helping them to achieve their goals. We offer innovative financial solutions and unique customer experiences by focusing on digital innovations, allowing us to provide simple, fast and seamless experiences.	<ul style="list-style-type: none"> Customers Business Partners Employees 	<ul style="list-style-type: none"> Regulators & Policymakers IR: Engaging with Stakeholders SR: Customer Centric Banking
Data Protection & Cybersecurity	We have put in place a robust digital infrastructure, stringent controls and governance policies to protect customers' data privacy while continuously enhancing our cybersecurity capabilities to ensure a safe and secure environment for transactions and dealings.	<ul style="list-style-type: none"> Customers Business Partners Employees 	<ul style="list-style-type: none"> Regulators & Policymakers Financial Industry Peers IR: Engaging with Stakeholders SR: Ethics & Governance
Fair Treatment of Financial Consumers (previously Fair Dealing)	We are committed to the fair treatment of our customers in the conduct of our business, as well as access to accurate and adequate information on the products and services they receive.	<ul style="list-style-type: none"> Customers Business Partners 	<ul style="list-style-type: none"> Employees Regulators & Policymakers IR: Engaging with Stakeholders SR: Customer Centric Banking
Digitalisation and Investment in Technology	Our digital transformation journey aims to deliver convenience and create value for our customers. We identify opportunities and mitigate risks by investing in technology and channel improvements and delivering innovative products and services, while encouraging digital consumption among customers.	<ul style="list-style-type: none"> Shareholders & Investors Customers 	<ul style="list-style-type: none"> Business Partners Employees IR: Group Managing Director's Statement IR: Our Value Creating Business Model SR: Digitalisation
Good Business Governance	The Group is committed to ensuring responsible behaviour and practices, both in the workplace and marketplace. We adopt transparency through disclosures on our approach to sustainability, how we manage such sustainability risks that arise from our business and operations and the sustainability-related opportunities that we support.	<ul style="list-style-type: none"> Business Partners Employees Regulators & Policymakers 	<ul style="list-style-type: none"> SR: Ethics & Governance
Risk Management	Effective risk management is fundamental in driving sustainable growth and key to the proactive risk management of our operating environment. The Group Risk Management Framework sets out the strategic direction for the management of risks within the Group and sets out our aspirations of achieving our long-term objectives for the development of risk management capabilities and infrastructure.	<ul style="list-style-type: none"> Business Partners Employees Regulators & Policymakers 	<ul style="list-style-type: none"> IR: Risks & Opportunities IR: Statement on Risk Management and Internal Control SR: Sustainable Financing
Dynamic Regulatory Landscape	It is essential for us to be able to respond swiftly and effectively to new developments in the market and the changing regulatory landscape. As a financial services provider, we consistently look at ways to strengthen our resilience in the face of increasing competition and to better combat new threats.	<ul style="list-style-type: none"> Shareholders & Investors Customers Business Partners 	<ul style="list-style-type: none"> Employees Regulators & Policymakers IR: Group Managing Director's Statement IR: Regional Market Landscape

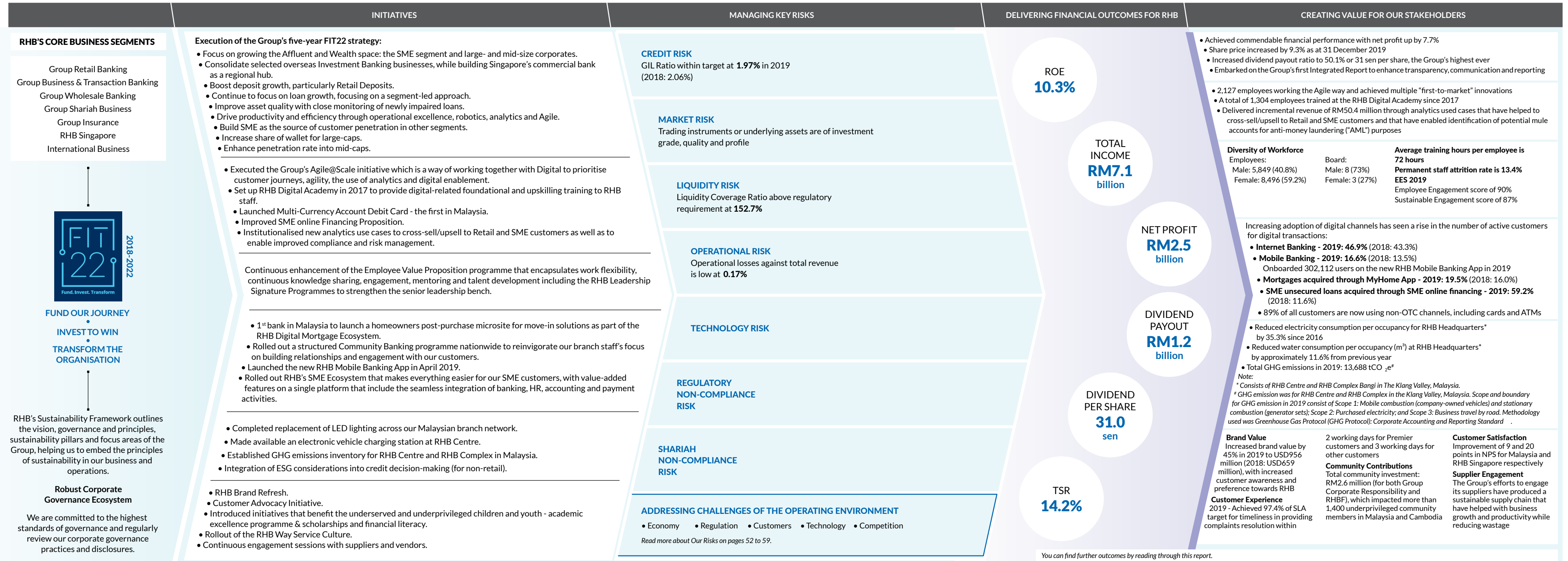
Assessing Our Material Matters

MATERIAL MATTER	WHAT IT MEANS TO RHB	RELEVANT STAKEHOLDER GROUPS	RHB'S RESPONSE TO THE MATTER
Sustainable Procurement	We strive to ensure that our procurement practices are responsible, ethical, fair and transparent, reflecting the Group's commitment in promoting sustainable practices across its supply chain. As a large purchaser of goods and services, we can have a significant impact through the selection of sustainable and local suppliers.	<ul style="list-style-type: none"> Business Partners 	<ul style="list-style-type: none"> IR: Engaging with Stakeholders SR: Sustainable Procurement
Talent Management	We continue to foster talent development while embedding sustainability practices in the management of our human capital. To ensure long-term growth for our business, we manage our diverse workforce by prioritising talent management, employee training and education, employee health and safety as well as diversity and equal opportunity.	<ul style="list-style-type: none"> Employees 	<ul style="list-style-type: none"> IR: Group Managing Director's Statement SR: People & Workplace
Employee Training & Education	Our goal is to build a workforce that is future-proof, giving them the ability to stay relevant and agile while delivering the Group's FIT22 strategic priorities. We do so by equipping our employees with the right sets of development skills and tools to expand their professional growth and maximise their potential.	<ul style="list-style-type: none"> Employees 	<ul style="list-style-type: none"> IR: Group Managing Director's Statement SR: People & Workplace
Employee Health & Safety	We are committed to providing and maintaining a safe and healthy work environment for all employees with employee wellness becoming an emerging priority. Employee wellness is important in order to keep employees motivated and agile and to ensure a healthy work-life balance for all.	<ul style="list-style-type: none"> Employees Regulators & Policymakers 	<ul style="list-style-type: none"> IR: Engaging with Stakeholders SR: People & Workplace
Diversity & Equal Opportunity	Our ability to connect with customers and deliver excellent performance is fuelled by a diverse and inclusive workplace and culture. We are committed to equal opportunity and inclusivity across gender, age, ethnicity, differently abled and nationality.	<ul style="list-style-type: none"> Employees 	<ul style="list-style-type: none"> IR: Our Value Creating Business Model SR: People & Workplace
Environmental Stewardship	We strongly advocate the responsible use of natural resources such as energy, water and paper and the minimisation of waste produced through sustainable practices. We have a role to play in encouraging eco-efficiency practices in our operations and business to minimise our own environmental impact.	<ul style="list-style-type: none"> Employees Regulators & Policymakers Communities 	<ul style="list-style-type: none"> IR: Our Value Creating Business Model SR: Environmental Stewardship
Climate Change (previously Emission Management)	The Group acknowledges the position and role it has in supporting the transition to a low-carbon economy in line with national and global commitments. We approach this through managing our own operational footprint, supporting customers and clients in the transition to a low-carbon economy and seizing opportunities created as a result of climate change.	<ul style="list-style-type: none"> Shareholders & Investors Customers Regulators & Policymakers Communities Financial Industry Peers 	<ul style="list-style-type: none"> IR: Engaging with Stakeholders SR: Environmental Stewardship
Nurturing Future Generations	The Group is committed towards nurturing and empowering children and youth towards achieving their full potential as well as nurturing the environment for future generations. Our approach is anchored on helping the underprivileged and we do so through three pillars – Education, Art & Culture and the Environment.	<ul style="list-style-type: none"> Business Partners Employees Communities 	<ul style="list-style-type: none"> IR: Our Value Creating Business Model SR: Community Enrichment
Financial Performance	As a financial services provider, we are committed towards promoting sustainable finance, by ensuring that our risk management processes integrate ESG considerations and are aligned to good practices. We are also guided by the distribution of value added through our business model to drive operational efficiency, innovation and value creation to stakeholders.	<ul style="list-style-type: none"> Shareholders & Investors Customers Business Partners Employees 	<ul style="list-style-type: none"> IR: Our Investment Case IR: Group Managing Director's Statement IR: Group Chief Financial Officer's Review SR: Financial & Non-Financial Highlights
Indirect Economic Impact	Indirect economic impacts are the additional consequences of the effects of financial transactions and the flow of money between an organisation and its stakeholders. Our impacts could be in the form of initiatives that facilitate business growth and infrastructure, contribute to the national agenda, provide employment opportunities or support local industry players.	<ul style="list-style-type: none"> Customers Business Partners Communities 	<ul style="list-style-type: none"> IR: Group Chief Financial Officer's Review SR: Financial & Non-Financial Highlights

Our Value Creating Business Model



Our Value Creating Business Model



Trade-offs:

Financial Capital - An evident trade-off of our Financial Capital is seen in our various long-term investments across the Group to ensure sustainable business growth. This is somewhat mitigated, however, by cost optimisation gains made in the short-to-medium term because of our investments in digitalisation and process improvement initiatives.

Intellectual Capital - Significant amount of Financial and Human Capital have been invested into improving Intellectual Capital by driving our digital transformation and the Agile way of working to improve the Group's efficiency and productivity. This is a trade-off we are willing to make as we expect it to add positively to all our Capitals in the long run.

Human Capital - Investment in the form of Financial Capital has been expended on leadership and technical/functional development programmes. In return, we have witnessed great benefits for our employees.

Manufactured Capital - We have diverted resources to drive Community Banking initiatives as we strongly believe that building relationships and engagement with customers in close proximity to RHB Bank will drive business growth and improve brand recognition. This trade-off will help improve all our Capitals in the long run.

Trade-offs:

Natural Capital - In order to promote eco-efficient practices and manage natural resource consumption, there is an increase in cost involved in adopting more modern and efficient technology in our operations.


Social & Relationship Capital - RHB supports the communities around us through our Financial Capital and the voluntary time spent by our employees. We view this as an important trade-off as the resources expended will lead to continued goodwill, brand recognition, and an opportunity to serve the unbanked and underserved.

Our Strategic Roadmap - FIT22

FC IC HC MC

The Group has completed the second year of the five-year FIT22 strategic initiative and it continues to create value for our stakeholders. Through the three thrusts that encapsulates the Group's aspirations; namely to Fund Our Journey (F), Invest To Win (I) and Transform The Organisation (T), we continue to grow strength to strength. This has been illustrated with clearly seen operational improvements, greater dividends to our shareholders, and more engaged employees. Below, we share the Group's achievements under FIT22 in 2019 and our priorities for 2020.

FIT22 STRATEGIC OBJECTIVES	2019 ACHIEVEMENTS	2020 PRIORITIES
<p>1. FUND OUR JOURNEY Boosting revenue from prioritised customer segments, as well as through optimising the use of capital by focusing on three key segments:</p> <ul style="list-style-type: none"> The Affluent and Wealth space where the revenue pool growth is the fastest The SME segment, where we intend to not only grow loans but also provide a complete financial services ecosystem The large and mid-cap companies, where we aim to increase penetration and share of wallet 	<p>Overall, we have seen steady growth across these three key segments. Our core SME and Retail segments continue to be a focus for us in terms of developing innovative products as well as providing better access and more convenience for our customers. Our sustained efforts have been rewarded with positive results in the following areas:</p> <ul style="list-style-type: none"> Affluent customer base is up 15.2%, assets under management ("AUM") for Premier customer base is up 14.0% and about one-third of these customers are SME business owners. Retail deposits continue to outpace the industry, growing by 10.0% compared to the industry's 5.5%. Retail and SME financing now make up almost three-quarters of our total domestic financing portfolio. We are ranked first in terms of fee market share of wallet among our large-cap clients with product holding ratio increasing from 6.2 in 2018 to 7.5 in 2019. <p>The Group has also earned recognition as the first bank in Malaysia to create a holistic SME ecosystem that allows customers to perform their daily banking and non-banking activities on a single digital platform. By listening to our customers, we have added other solutions that will help them with their businesses. These include accounting and payroll, human resource and point-of-sale solutions.</p>	<p>Our priorities in driving growth are straightforward. They boil down to approaching these three key segments in a way that draws our customers deeper into our various ecosystems. This will help us grow fee income, deposits and overall AUM. Our key strategies include:</p> <ul style="list-style-type: none"> Increasing loan growth by focusing on segments and driving end-to-end solutions as opposed to product centric propositions. Moving away from fixed deposits and growing investable AUM for the Affluent segment. SMEs will serve as the main source of customers, which will improve our penetration into other segments such as Commercial, Corporate and Advisory. Increasing retail deposit growth by becoming the main transaction account for customers, supported by more features in the new RHB Mobile Banking App. Intensifying growth for Singapore by leveraging on it as a regional hub and for Cambodia by growing its SME segment and digital retail solutions. <p>To complement these efforts, the Group will continue to improve operational efficiency and drive down costs, while leveraging on technology and analytics to show us the best ways to attract and retain customers, thus enhancing our productivity.</p>
<p>2. INVEST TO WIN Investing in technological and digital initiatives that will differentiate us from our peers, re-purposing our branch network while strategically expanding our overseas footprint</p>	<p>We continue to invest in technology and digital initiatives that will improve the customer journey, while paying close attention to optimising our own operations. In 2019, we achieved a number of significant milestones that have laid the foundation for long-term sustainable growth:</p> <ul style="list-style-type: none"> Building Ecosystems <ul style="list-style-type: none"> Homeowner Ecosystem: First bank in Malaysia to offer homeowners a post-purchase move-in solution, focusing on the customer's moving-in journey. SME Ecosystem: Enables customers to perform their daily transactions seamlessly on a single platform that integrates related solutions, e.g. payroll & accounting systems, through Reflex. Launch of the new RHB Mobile App has seen the onboarding of more than 300,000 new customers. We were the first bank in Malaysia to launch a multi-currency debit card and a dynamic CVV code credit card. We rolled out a Community Banking programme nationwide to build stronger relationships with our customers through our branch network. 	<p>We implemented a new marketing automation platform leveraging on big data to aid our cross-selling and upselling efforts to Retail and SME customers.</p> <ul style="list-style-type: none"> We invested in analytics to enable multiple parts of the business, including the identification of potential mule accounts, thus improving our anti-money-laundering efforts. We saw incremental benefits of RM50 million from our analytics efforts: <ul style="list-style-type: none"> RM42 million from revenue uplift RM8 million from compliance cost avoidance. <p>We remain committed to scaling up our digitalisation journey and investing in the modernisation of our IT systems. This will open up opportunities to drive more improvements. Advancements in artificial intelligence, big data and robotic process automation will accelerate our progress significantly.</p> <p>Our Community Banking programme will progress further, from behavioural changes to driving tangible customer sales and service improvements. Our aim is to become an effective business partner by understanding the needs of the various segments in the community. Going hand-in-hand with this will be process improvements and the repurposing of the branch network to drive sales productivity.</p> <p>We will focus on strengthening our overall compliance and risk management efforts by leveraging on technology as well as by ensuring clarity and accountability in risk control and compliance in the reporting structure.</p>
<p>3. TRANSFORM THE ORGANISATION Building a winning operating model that prioritises customer journeys, agility, analytics and digital enablement, as well as developing our talent pool. We will implement the Agile way of working across the organisation to drive productivity and improve time to market, thereby transforming RHB into a fast, nimble and customer centric organisation</p>	<p>The collective decision we made to adopt the Agile way of working has helped the Group create value and satisfaction, not only for our customers but for our employees too. We believe that being able to achieve this for two very different groups of people speaks volumes about the transformation taking place within RHB. In 2019, we were able to:</p> <ul style="list-style-type: none"> Scale up Agile across the Group, where more than 2,000 of our employees adopted the Agile way of working. Streamline services at our Customer Contact Centre and implement an Interactive Voice Response system for balance enquiries. This resulted in abandoned call rates below the industry rate of 5% and 85% of calls were responded within the service level agreement specification of 45 seconds. Improve our Employee Engagement Survey score to 90% in 2019 compared to 84% in 2018. 	<p>We will scale up the Agile way of working across the Group, with the aim of involving another 2,000 employees in 2020. We are positive that this will lead to better outcomes for both our customers and employees. We will also continue to develop our talent and drive a high-performance culture that focuses on attraction, retention, mobility, performance management and workplace flexibility. It is also imperative that we ensure our workforce is future-ready.</p>

 Please refer to Our Value Creating Business Model on pages 46 to 47 to see how the Group creates sustainable value.

AGILE@SCALE

IC HC MC

In 2018, we embarked on our journey to adopt a winning operating model by embracing the Agile way of working across the entire organisation. This made RHB the first bank in Southeast Asia to scale Agile across the organisation. Agile was the Group's answer to help empower its employees to work with maximum flexibility and minimum hindrance while keeping the customer's interest at the heart of everything that we do.

All stakeholders benefit from Agile

Customers



Cultivating a customer centric culture ensures that we enhance customer journeys, improve end-to-end customer experience and produce superior solutions via Design Thinking and a Minimum Viable Product ("MVP") approach that completely and quickly addresses customer needs. This helps to drive better customer experience (achieved a score of 9 points in the Net Promoter Score).

Employees



The workforce is more engaged in the new way of working and Employee Engagement Survey ("EES") score results improved across the board, as there is a deeper sense of purpose and empowerment, which is in line with improving engagement measures. We continue to invest in our employees, setting them up for the new digital age through upskilling and enhancement programmes such as essential soft skills and digital and Agile learning series (EES score improved from 84% to 90%).

Business



Agile has delivered meaningful benefits to the organisation, such as faster speed-to-market by approximately 30% for product launches and by 4x for marketing campaigns, as well as increasing productivity in a meaningful manner with a 15% improvement.

More than 2,000 employees have made the Agile leap as of December 2019. Building on Agile values, we are creating a winning operating model that is premised on customer centric innovations and continuous improvement, driving towards our FIT22 end-goal.

LET'S HEAR FROM SOME OF OUR SQUADS TO UNDERSTAND HOW AGILE WORKS.

Customer centricity in our daily tasks

Our focus has now changed from emphasising short-term P&L to delivering enhanced customer experience

With this new way of working, we are now part of a revolution in the banking world.

Anuar Amin, Tribe Lead - Homeowners

Moving into a highly competitive digital era, customer centricity will help us strengthen our footprint in the market and serve as a key differentiator. Through the Agile way of working, tribes are structured around customer journeys and with RHB's Design Thinking approach, all activities are centred on customer needs, helping us build trust and loyalty among our customers while ensuring delivery of high-quality products and services that truly serve their needs.

All voices are heard

With the introduction of Agile ceremonies, every contribution made by my teammates, small or big, is made visible. I find this extremely rewarding for them

The adoption of Agile ceremonies in our day-to-day work has allowed for better and more transparent communication. Rather than merely delegating projects and waiting for completion, every Squad member now gets a seat at the table through every phase of a project's development. Previous hierarchical structures required communication to flow in a top-down manner. In contrast, Agile helps to create a platform for all employees to speak up and contribute to generating ideas, which in turn gives our employees a greater sense of belonging.

Speed-to-market via MVP

With the introduction of MVPs and Agile sprint cycles, we were able to significantly speed up our product launch process, such as for the multi-currency debit card

In the fourth industrial revolution, technology has enabled companies to deliver value faster. In attempting to keep pace with these changes, we too need to deliver products that reach our target customers swiftly. One concept introduced via Agile, the MVP approach, aims to enable Agile Squads to release customer-demanded products faster through an iterative method. Using this approach, Squads have improved speed-to-market on product releases by approximately 30% and increased marketing campaign roll-outs by 4x.

Employee empowerment

I've had team members who couldn't sleep the night before they had a presentation; now with the daily stand-ups, they're a lot more outspoken and confident in presenting

In line with our strategy, we aim to transition into a less hierarchical structure that enables empowerment and openness across the organisation. Consequently, employees are more invested in delivering outcomes and gaining a sense of ownership over their work. As for personal development, the Agile way of working has also crafted a new career path based on skill mastery instead of the usual management pathway, incentivising rigorous skill development within the organisation. Providing a safe space to experiment and the mindset to accept new ideas are also highly advocated in this new way of working, and it is this change in mentality that empowers employees.

Catalyst for collaboration

The Marketing team is not only embedded into our working environment, but is also socially integrated into our Squads. I see this as part and parcel of teamwork and friendship

While many promises have been made to embrace teamwork as a core value, how far has it really progressed? In taking the Agile leap, units have been transformed into cross-functional teams that leverage on the skills and expertise across the organisation. By creating multi-disciplinary, cross-functional Squads, we have reduced the number of handovers needed between functions, enabling teams to operate more efficiently. In promoting intra-bank collaboration, we have changed the working culture by creating an environment that allows for every part of the organisation to contribute to the customer journey.

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Design Thinking as a differentiator

In this increasingly competitive and complex banking landscape, customer centricity is key to differentiating ourselves and winning in the market. In light of this, our focus for 2020 is to embed Design Thinking as an integral part of the way we work, especially in designing and developing products.

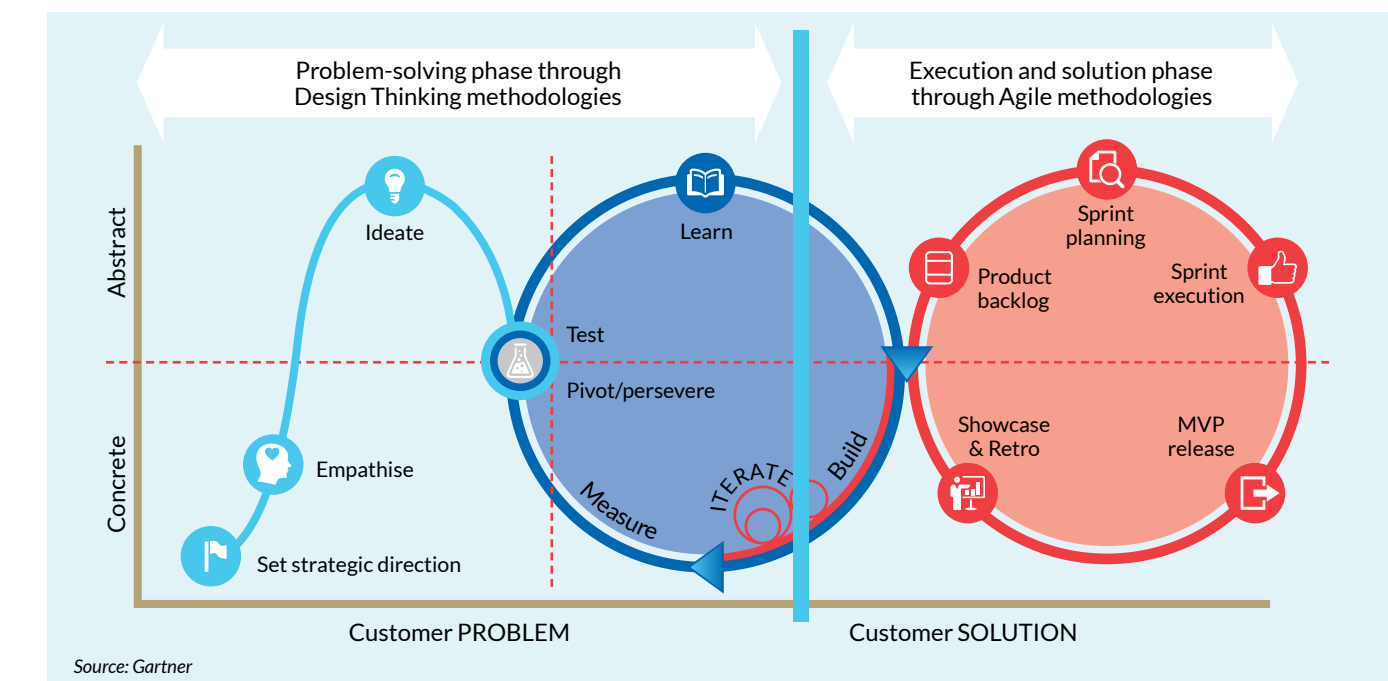
Design Thinking is a human-centred approach to understand our customers' pain points and to craft and confirm potential value propositions that truly meet those needs. Contrary to traditional product development that is largely assumption-based, Design Thinking is premised on empathising and putting ourselves in the shoes of our customers.

RHB'S PROPRIETARY DESIGN THINKING METHODOLOGY



AGILE way of working with Design Thinking

Introducing Design Thinking as part of the Agile way of working is a powerful combination to help Squads solve the right customer problems at a faster pace, while continuously iterating and refining the solutions based on real customer data.



2019 was a commendable year in terms of ramping up customer centric solutions, as demonstrated by multiple "first-to-market" releases throughout the year, such as RHB's MyHome website, which improved incremental website traffic by 60%, and RHB Bank being the only bank in Malaysia to offer a Multi Currency Account Debit Card, providing customers with access to 13 currencies.

While we are proud of our achievements thus far, we are determined to push the boundaries and do more in this space. Driven by the RHB leadership team, and supported by the Agile Centre of Expertise, 2020 will be fully focused on enabling all Squads within the organisation to design and deliver solutions that create real value for our customers, that are first on the market, and that generate meaningful business outcomes for the organisation.

Risks and Opportunities

Effective risk management is fundamental in driving sustainable growth and enhancing shareholder value while maintaining the Group's competitive advantage. It is thus a central part of the proactive risk management of the Group's operating environment.

The Group Risk Management Framework governs the management of risks in the Group.

It provides a holistic overview of the risk and control environment of the Group, aimed at loss minimisation and protection against losses that may occur through, principally, the failure of effective checks and controls in the organisation.

It sets out the strategic progression of risk management towards becoming a value creation enterprise. This is realised by building up capabilities and infrastructure through risk management sophistication and enhanced risk quantification to optimise risk-adjusted returns.

SIGNIFICANT RISKS

The Group's risk management activities for each of the significant risk areas are reinforced by a framework and supplemented by policies and guidelines. The significant risks and how the Group mitigates them are discussed below.

1 CREDIT RISK

MATERIAL MATTERS

Risk Management, Financial Performance, Sustainable Financing

Definition & Impact of the Risk on RHB

The risk of loss arising from customers' or counterparties' failure to fulfil their financial and contractual obligations in accordance with the agreed terms. It stems primarily from the Group's lending/financing, trade finance and its funding, underwriting, investment and trading activities from both on- and off-balance sheet transactions.

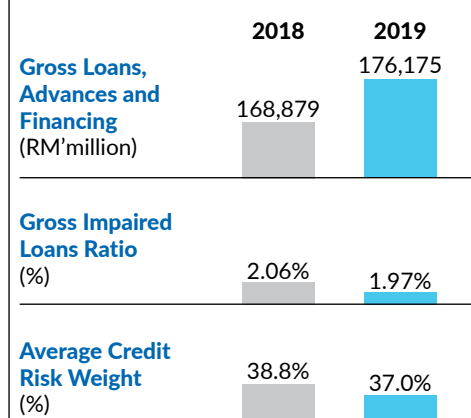
E.g.:

- Adverse impact on the Group's profitability arising from an increase in impairment losses and/or reduction in collateral/security values affected by macro forces such as an adverse market environment or individual-specific reasons such as inability or unwillingness of customers to repay

How We Manage or Mitigate the Risk

- The Group's credit risk management is supported by a robust set of documentation that clearly defines the principles by which the Group manages its credit risk and practices and processes that support and enforce the established policies, and that provides guidance in the implementation of the policies
- Internal credit rating models, which are an integral part of the Group's credit risk management, are used in the decision-making process and for regulatory capital calculations
- All credit limits are approved within a defined credit approval authority framework, ranging from individuals to credit committees
- Regular risk reports are presented to the risk committees and the Board, which allows for the identification of adverse credit trends and the taking of prompt corrective actions and ensures appropriate risk-adjusted decision-making

2019 Highlights



- Overall, the Group registered an improvement in asset quality, with gross impaired loans/financing ratio improving from 2.06% in 2018 to 1.97% in 2019
- Loans, advances and financing grew by 4.32% year-on-year, mainly driven by mortgages, SMEs and Singapore
- Average credit risk weight improved for 2019

Key Developments in 2019

- Closer monitoring of material industry sectors for emerging risk, which included thematic or portfolio reviews for material sectors. These sectors continued to be guided by the relevant risk acceptance criteria to ensure sustainable financing was undertaken
- Embracing sustainability risk considerations with the introduction of General Environmental, Social and Governance ("ESG") Risk Assessment for ESG-Sensitive Sectors and Industry-Specific ESG Risk Assessment for Malaysian Operations
- Enhancement of the definition of "Prohibited Credits" to cover ESG risk-related activities
- Enhancement of Early Warning Surveillance for Private Companies for early identification and management of emerging risks
- Adopting advanced analytics and machine learning to enhance credit risk measurement and expected credit loss
- Constantly enhancing stress testing methodology, including operational risk scenario analysis, and incorporating reverse stress tests in the overall stress testing programme

Moving Forward

- Implementing forward-looking portfolio surveillance as a pre-emptive measure via the establishment of relevant key portfolio risk indicators for material sectors for monitoring and updates on a periodic basis
- Continuous improvement through benchmarking of key credit dimensions against industry best practices to align the Group's credit risk management practices with the industry
- Overseas Operations are to embrace sustainability risk considerations with the development of Industry-Specific ESG Risk Assessment and the enhanced definition of Prohibited Credits to cover ESG risk-related activities

2 MARKET RISK

MATERIAL MATTERS

Risk Management, Financial Performance, Sustainable Financing

Definition & Impact of the Risk on RHB

The risk of losses arising from adverse movements in market drivers, such as interest/profit rates, credit spreads, equity prices, currency exchange rates and commodity prices. Under this definition, market risk constitutes:

- The interest/profit rates and equity risks pertaining to financial instruments in the trading book
- Foreign exchange risk and commodities risk in the trading and banking books

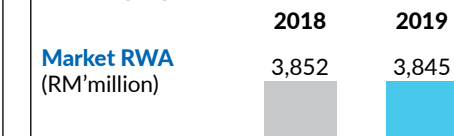
E.g.:

- Profit impact from adverse market movement and erosion of trading income
- Erratic market movements arising from uncertainty in global market economies resulting in hedging inefficiencies

How We Manage or Mitigate the Risk

- Availability of a framework, encompassing risk policies and measurement methodologies and limits, that controls the Group's financial market activities and identifies potential risks due to market volatilities
- Trading exposures are monitored daily to ensure that risks are within the internal thresholds set and that any extreme events taking place will be triggered through this mechanism

2019 Highlights



- There was a decrease in market RWA of RM7.7 million, mainly due to nil commitment to underwriting as compared to 2018

Key Developments in 2019

- Completion of Treasury system implementation in regional offices

Moving Forward

- Focusing on developments in the Fundamental Review of the Trading Book as set by the Basel Committee on Banking Supervision as part of Basel III, and the gradual incorporation of regulatory changes

Risks and Opportunities

3 LIQUIDITY RISK

MATERIAL MATTERS

Risk Management, Financial Performance, Sustainable Financing

Definition & Impact of the Risk on RHB

The risk of the Group being unable to maintain sufficient liquidity to meet its financial commitments and obligations when they fall due and to transact at a reasonable cost. Liquidity risk also arises from the inability to manage unplanned decreases or changes in funding sources.

E.g.:

- Insufficient liquid assets upon liquidation to meet the high outflow of liabilities/deposits that fall due
- The high outflow is the result of a higher concentration of deposits with high run-off rates

How We Manage or Mitigate the Risk

- Prudent liquidity management, including establishing policies and limits, regular monitoring, stress testing and establishing contingency funding plans
- Regular monitoring and management of liquidity risk positions to ensure the risk positions are within the risk appetite and meet regulatory requirements
- The Group maintains adequate liquidity surplus with diversified sources of liquefiable assets as buffers against periods of stress

Key Developments in 2019

- Bank Negara Malaysia ("BNM") issued the final Net Stable Funding Ratio ("NSFR") Policy Document on 31 July 2019, which will take effect from 1 July 2020. The policy requires banking institutions to comply with the regulatory NSFR ratio of $\geq 100\%$ at consolidated level if management of liquidity position is centralised on a group basis and this is to be reported quarterly. Notwithstanding this, the Group will continue to monitor the NSFR for each entity on a monthly basis
- The Group began its NSFR report automation project in June 2019 and is expected to complete the same by June 2020

Moving Forward

The Group will continue to ensure:

- That an adequate liquidity level is maintained well above BNM compliance requirements and the Board-approved liquidity risk appetite
- An optimal balance sheet structure for complying with LCR and NSFR
- Further diversification and enlargement of sources of funding to support asset growth

2019 Highlights

	2018	2019
Gross HQLA (RM'million)	44.43	48.43
Loan-to-Deposit Ratio (%)	94.4%	92.5%
Liquidity Coverage Ratio (%)	143.0%	152.7%

- The Group managed to grow its customer deposits, surpassing loans growth, which resulted in an improvement of the Group's Loan-to-Deposit Ratio to 92.5% (December 2018: 94.4%)
- The Group's liquidity position strengthened with the increase in high-quality liquid assets ("HQLA") and hence, the higher liquidity coverage ratio ("LCR")
- The Group's LCR was well above BNM's regulatory requirements of 100% and 90% for 2019 and 2018, respectively

4 OPERATIONAL RISK

MATERIAL MATTERS

Risk Management, Financial Performance, Good Business Governance, Data Protection & Cybersecurity

Definition & Impact of the Risk on RHB

The risk of loss resulting from inadequate or failed internal processes, people, systems and/or external events, and also includes IT, legal and Shariah non-compliance risks but excludes strategic and reputational risks.

E.g.:

- Employees do not follow the organisation's procedures, practices and/or rules, e.g. operational losses due to human error or employee fraud
- Faulty overall design and application of business processes, e.g. inadequate segregation of duties or absence of internal controls

How We Manage or Mitigate the Risk

- Implementation of operational risk policies, frameworks and methodologies that create awareness and provide guidance to business units on operational risk areas
- Continuous risk culture awareness training for employees within the Group to enhance their understanding in managing and mitigating risks proactively and effectively

Key Developments in 2019

- Improved ownership of the management of operational risk and business continuity at the first line of defence through the Business Risk and Compliance Officer ("BRCO") programme

Moving Forward

In line with RHB Bank's strategies and direction:

- Continuing risk culture awareness training for employees within the Group to enhance their understanding in managing and mitigating risks proactively and effectively
- Optimisation of the BRCO programme to inculcate effective operational risk awareness and management

2019 Highlights

	2018	2019
Operational RWA (RM'million)	11,763	12,058

- The increase in operational RWA of 2.5% in 2019 was due to the increase in gross income

5 TECHNOLOGY & CYBER RISK

MATERIAL MATTERS

Risk Management, Financial Performance, Good Business Governance, Data Protection & Cybersecurity, Digitalisation & Investment in Technology

Definition & Impact of the Risk on RHB

- Technology risk is the business risk associated with the use, ownership, operation, involvement, influence and adoption of IT within an enterprise
- Cyber risk refers to threats or vulnerabilities emanating from the connectivity of internal infrastructure to external networks such as the Internet

E.g.:

- Service disruption due to inadequate system capacity/resources
- Obsolete systems (hardware and/or software)
- Poor system architecture design/integration
- Distributed denial-of-service attacks
- Malware outbreaks
- Data leakages
- Fraud resulting from cyber attacks targeting payment systems and self-service terminals

Risks and Opportunities

How We Manage or Mitigate the Risk

- Establishing systems to monitor network activities for anomalies and security breaches and increased attention to infrastructure readiness, compatibility, capacity, security and resiliency to support digitalisation projects
- Ensuring sufficient resources with the right skill sets are allocated to manage this risk
- Subscribing to the various threat intelligence providers to obtain the latest cyber landscape information, to be used for risk mitigation
- Subjecting internet-facing application systems to regular vulnerability assessment/penetration testing where weaknesses detected will be duly resolved with attestation from external consultants

Key Developments in 2019

- Appointment of Chief Information Security Officer ("CISO")
- Demarcation of IT Security Operations (first line of defence) and IT Security Governance (second line of defence)
- Definition of roles and responsibilities of second line of defence
- Formalisation of Cyber Resilience Framework, System Criticality Classification and IT Obsolescence Guidelines

Moving Forward

- Establishing a CISO Dashboard to achieve more visibility of technology and cyber events
- Implementing initiatives to ensure compliance with BNM's policy on Risk Management in Technology including formation of a Red Team to conduct ongoing testing of security controls in terms of effectiveness
- Promoting relevant professional certification programmes to team members
- Working with the first line of defence to strengthen detection capability and enhance implemented controls to mitigate technology and cyber risks, as prescribed by the Group's Policies

6 REGULATORY NON-COMPLIANCE RISK

MATERIAL MATTERS

Risk Management, Data Protection & Cybersecurity, Good Business Governance, Dynamic Regulatory Landscape

Definition & Impact of the Risk on RHB

Losses arising from regulatory sanctions, financial loss or reputational damage, which a financial institution may suffer as a result of failure to comply with all laws, rules, standards and regulatory requirements (including any ruling of the Shariah Advisory Council) relevant to a financial institution's activities in all jurisdictions in which the financial institution or any of its branches or subsidiaries conduct their activities.

How We Manage or Mitigate the Risk

- Implementation of a comprehensive compliance monitoring framework including clear compliance policies, circulars and guidelines throughout the Group
- Periodic compliance reviews/risk assessments to identify high risk areas/business functions and allocate its resources effectively to mitigate such risks
- Continuous efforts to raise the level of compliance awareness of all employees of the Group to ensure that compliance is an integral component of their day-to-day activities

Moving Forward

- Group Compliance will continue with its effort to build a positive compliance culture across the Group. Apart from strengthening its oversight responsibilities, the focus will also be on promoting compliant behavior through various compliance awareness programmes and initiatives.

Please refer to the Group Compliance on pages 116 to 118 of this Integrated Report for more details.

7 SHARIAH NON-COMPLIANCE RISK

MATERIAL MATTERS

Risk Management, Financial Performance, Good Business Governance, Dynamic Regulatory Landscape

Definition & Impact of the Risk on RHB

The risk of loss arising from failure to comply with the Shariah rules and principles and operationalisation of principles as determined by the Shariah Committee of RHB Islamic Bank or any other relevant body, such as BNM's Shariah Advisory Council and the SC's Shariah Advisory Council.

E.g.:

- Application of wrong Shariah concepts for new products developed by the RHB
- Mis-selling of Shariah-based products and services to customers
- Inability to comply with the various policy documents issued by BNM in relation to the various Shariah concepts, e.g. Tawarruq, Ijarah, Qard, Hibah, Mudharabah and Musyarakah

How We Manage or Mitigate the Risk

- Continuous focus on activities involving Shariah reviews and controlled self-assessments and training and briefings aimed at creating awareness in mitigating Shariah non-compliance risks

Key Developments in 2019

- Group Shariah Risk Management successfully established the Shariah Function Working Group that serves as the Management's formal platform to effectively manage Shariah-related issues upon detection and to ensure compliance with BNM's Operational Risk Integrated Online Network ("ORION") Policy Document at all times
- A nationwide evaluation survey to gauge the level of awareness and understanding of Shariah risk management among employees in the branches was conducted in May 2019 and a Shariah risk awareness training programme was conducted in Quarter 4 2019

Moving Forward

- Working closely with the relevant stakeholders and heightening efforts to ensure that all recently issued BNM policies and guidelines are fully complied with
- Fully implementing a Shariah risk awareness training programme for the Group's Retail business in 2020, embarking into non-Retail business areas and related functional units, as well as continuing to explore other platforms of communication to ensure continuous awareness of Shariah risk management

Risks and Opportunities

OTHER RISKS

Interest Rate Risk in the Banking Book/Rate of Return Risk in the Banking Book

Interest rate risk/rate of return risk in the banking book refers to the risk to the Group's earnings and economic value of equity due to adverse movements in the interest rate/benchmark rate. The risk may arise from the mismatches in the timing of repricing of assets and liabilities from both on and off-balance sheet positions in the banking book, changes in slope and shape of the yield curve, basis risk and optionality risk.

Earnings-at-Risk ("EaR") and Economic Value of Equity ("EVE") are used to assess interest rate risk/rate of return risk in the banking book. They are computed based on the re-pricing gap profile of the banking book using BNM's standard template. Assets and liabilities are bucketed based on their remaining tenure to maturity or next re-price dates. The measurement of EaR and EVE is conducted on a monthly basis. The Group Asset and Liability Committee ("ALCO") supports the Board Committees in establishing policies, strategies and limits for the management of balance sheet risk exposure. The Group Asset and Liability Management ("ALM") within Group Risk Management supports the Group ALCO in the monthly monitoring and reporting of the interest rate risk/rate of return risk profile of the banking book.

The primary objective in managing balance sheet risk is to manage the net interest/profit income and economic value of equity, as well as to ensure that interest rate risk/rate of return risk exposures are maintained within defined risk tolerances. In order to achieve a balance between profitability from banking activities and minimising risk to earnings and capital from changes in interest rate/benchmark rate, Management Action Triggers and escalation procedures are set. Stress testing is also performed regularly to determine the adequacy of capital in meeting the impact of extreme interest/ benchmark rate movements on the balance sheet. Such tests are also performed to provide early warnings of potential extreme losses, facilitating proactive management of interest rate risk/rate of return risk in the banking book in an environment of rapid financial market changes.

Reputational Risk

Reputational risk is defined as the risk of negative publicity regarding the conduct of the Group, or of any of the entities within the Group or its business practices or associations, whether true or not, will adversely affect its revenues, operations or customer base, or require costly litigation or other defensive measures. It also undermines public confidence in the Group, affecting the share price.

Reputational risk in the Group is managed and controlled through codes of conduct, governance practices and risk management practices, policies, procedures and training. The Group has developed and implemented a reputational risk management policy. The key elements in the management of reputational risk include:

- Practising good corporate governance and a culture of integrity to promote the execution and achievement of corporate strategies and business objectives
- Managing reputational risk within a very low risk appetite with zero tolerance for incidences that affect the Group's reputation
- Adopting sound risk management practices that include the practice of building "reputation capital" and earning the goodwill of key stakeholders
- Maintaining proper mechanisms to monitor and escalate material lapses/breaches of internal and regulatory policies/guidelines that may place the Group's reputation at risk
- Maintaining proper channels of communication in dealing with internal and external stakeholders

Corruption Risk

Corruption risk is the risk faced by the Group in the event RHB's directors, officers, employees, agents or other business partners are implicated in an act of bribery or corruption, whether directly or indirectly, with or without their knowledge and consent/permission to secure, retain or influence an improper business decision or advantage. These abhorrent acts are prohibited by the Group as they are violations of the law and the code of ethics.

RHB's corruption risk is mitigated via the Group's existing policies and procedures, primarily the Group Code of Ethics & Conduct, Anti-Bribery & Corruption Policy, Group Whistleblowing Policy and Guidelines on Gifts & Hospitality. In supplementing the Group's efforts to ensure good business conduct by its directors, employees, vendors and other business partners, the Group has put in place several control mechanisms, not limited to the following:

- Core Shared Values ("P.R.I.D.E.")
- Procurement Integrity Commitment
- Code of Ethics and Business Conduct
- Group Fit & Proper Policy
- Group Corporate Sponsorship & Donation Policy
- Policy on Related Party Transactions
- Group Fraud Risk Management Policy
- Whistleblowing or "Speak Up" channels and avenues
- Ethics & Integrity Resource Portal
- Awareness & Knowledge Sharing Sessions
- Readiness assessment vis-a-vis the T.R.U.S.T. framework

The whistleblowing channel established by the Group ensures employees are accorded the opportunity to report any issues relating to employee wrongdoing through an appropriate channel without the threat of repercussions.

Environmental Risk

Environmental risk is the risk in the form of credit losses, revenue losses or losses to RHB's own operations arising from environmental issues including climate risk (i.e. physical or transition risk) and man-made environmental disasters (e.g. pollution). These risks may arise from our own operations as well as indirectly through our customers', clients' or investees' operations.

Relevant frameworks such as the Group's Sustainability Framework and other relevant policies and guidelines are in place or being developed to manage different issues under environmental risk, or moving forward, under sustainability risk. If left unmanaged, these risks can lead to a decline in the financial institution's reputational image, costly litigation or loss of revenue. Some of these potential risks may not seem significant or relevant at the time of approval of a financial transaction, but may become so during execution, for instance as a result of higher regulatory standards and increased levels of enforcement. In other cases, environmental risks, such as spills or explosions, may seem unlikely to occur, but when they do, the environmental and social impact is potentially high.

To this end, the Group adopts a precautionary approach and strives for continuous improvements. Enhancements to existing ESG frameworks and policies will continue to take place, taking into account publicly endorsed international or local standards or principles such as Malaysian Sustainable Palm Oil ("MSPO"), Roundtable on Sustainable Palm Oil ("RSPO") and Indonesian Sustainable Palm Oil ("ISPO").

Moving forward, the Group intends to:

- Expand environmental risk to sustainability risk (or interchangeably called ESG risk) in line with the Group's direction and sustainability agenda
- Increase awareness on sustainability and climate change across the Group to understand its impacts across operations and portfolios

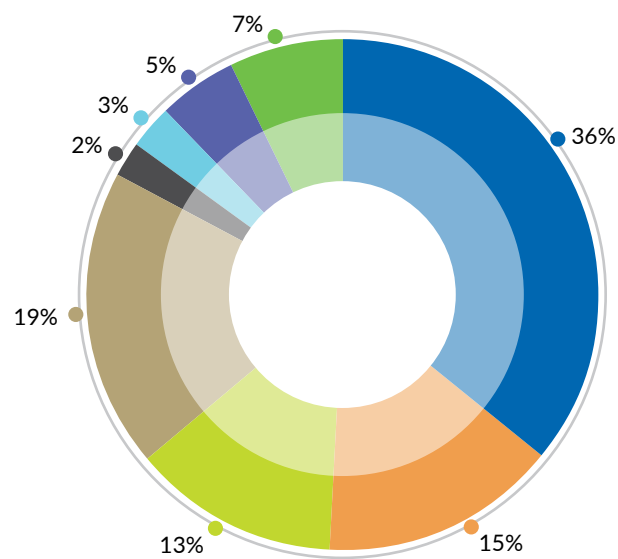
To learn more on the above, please refer to the Sustainable Financing section of our Sustainability Report 2019.

Operational Review

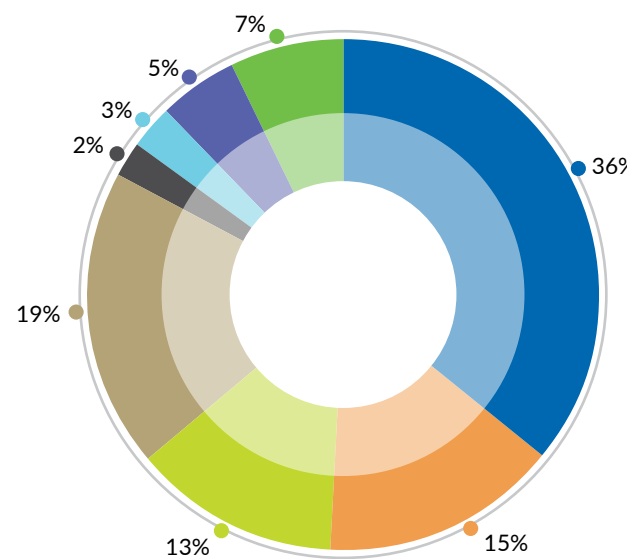
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SEGMENTAL ANALYSIS

2018 TOTAL INCOME BY BUSINESS SEGMENT

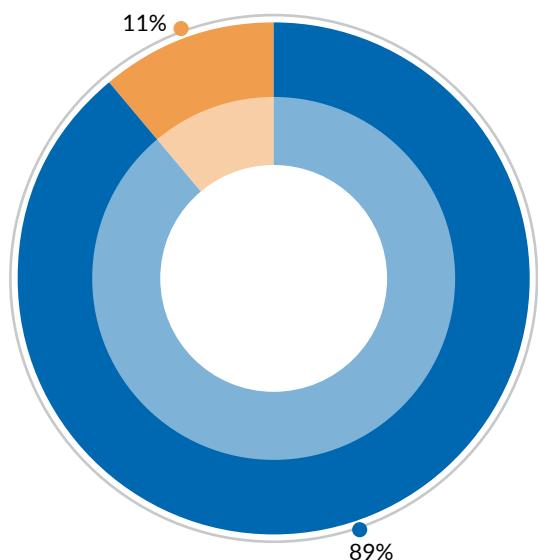


2019 TOTAL INCOME BY BUSINESS SEGMENT

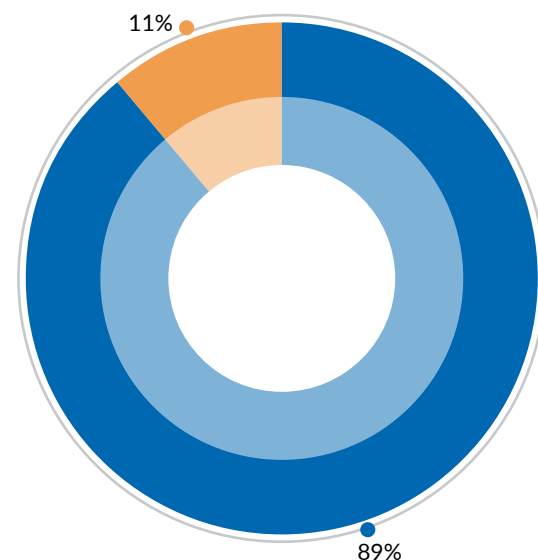


● Group Retail Banking
 ● Group Business Banking
 ● Group Corporate Banking
 ● Group Treasury & Global Markets
● Group International Business (excluding Singapore)
 ● Group Insurance
 ● Singapore
 ● Group Investment Banking

2018 TOTAL INCOME BY GEOGRAPHICAL LOCATION



2019 TOTAL INCOME BY GEOGRAPHICAL LOCATION



● Malaysia
 ● Overseas



OVERALL PERFORMANCE



GROUP RETAIL BANKING

Group Retail Banking provides conventional and Shariah-compliant consumer banking solutions, positioning ourselves as the preferred banking partner for our retail customers.

We provide a broad spectrum of products and services ranging from Wealth Management, Bancassurance, Mortgages, Auto Financing and ASB Financing to Personal Financing, Credit Cards, Payments and Deposits. Our Asset Management pillar manages a full set of investment services and offerings including management of unit trust funds, investment management advisory, private mandates, product development and trustee services. Group Retail Banking differentiates itself in the marketplace by leveraging on technology and the Agile way of working to deliver superior services to customers.

In 2019, we continued to introduce innovative financial solutions across all our consumer segments and as a result, we witnessed significant increases in our customer base, loan growth and assets under management ("AUM").

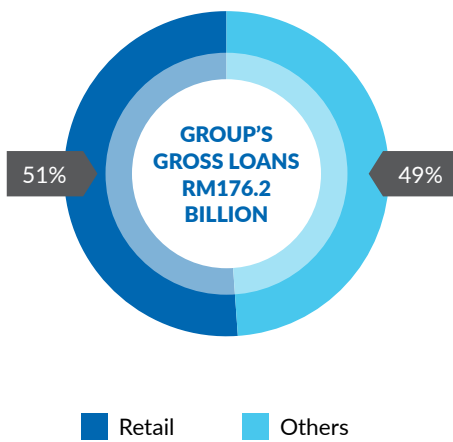
AWARDS & RECOGNITION

- Malaysian e-Payments Excellence Awards 2019**
 - Top Direct Debit Biller & FPX Acquirer Bank
 - JomPAY Most Innovative & Best Biller Bank
- ASNB Starz Awards Night 2019**
 - TOP 10 Excellent Financial Advisor: Highest Sales of Amanah Saham Nasional
- Global Retail Banking Innovation Awards 2019**
 - Debit Card of the Year (Multi Currency Debit Card)
 - Highly Acclaimed—Best New Product Launch & Best Social Media Marketing Initiative
- CX Asia Excellence Awards 2019**
 - Gold Award - Best Customer Experience Team
- 2019 Frost & Sullivan Malaysia Excellence Awards in Customer Experience - Banking Industry**
 - Winner - Contact Center
 - Winner - Online Banking
- Next-Gen Customer Experience in Financial Services Awards 2019**
 - Best Customer Experience - Contact Centre
 - Best Customer Insight and Feedback Initiative (RHB Way)
 - Won 5 Highly Commended
- Putra Brand Awards 2019**
 - Silver in Banking, Investment & Insurance
- Marketing Excellence Awards 2019**
 - Won 3 Golds, 3 Silvers and 3 Bronzes
- ABF Retail Banking Awards 2019**
 - Credit Card Initiative—RHB Dual Credit Card
 - Social Media Initiative of the Year
- 2019 Asia Asset Management Best of the Best Awards by Asia Asset Management**
 - Best Bond Manager
 - Best Equity Manager
- Lipper Fund Awards by Refinitiv 2019**
 - Bonds—Malaysian Pension Fund
 - Bond MYR—Malaysian Islamic Funds (5-year and 10-year categories)
 - Bond MYR—Malaysian Pension Funds (5-year category)
- Best Mutual Fund Awards 2019 by Investor Infovesta**
 - Best Money Market Fund (AUM between IDR10 billion–100 billion) –5-year period
 - Best Equity Fund (AUM IDR100 billion –500 billion) –5-year period
- Institutional Asset Management Awards 2019 by Insurance Asia News**
 - Insurance Fund House of the Year (Indonesia)
 - Best Emerging Markets Equity Manager
 - Best Islamic Equity Manager
 - Best Islamic Bond Manager
- Lipper Global Islamic Fund Awards 2019 by Lipper Fund Awards**
 - Bond MYR (5 years)
 - Bond MYR (10 years)
- International Finance Awards (Financial Awards 2019) by International Finance Awards**
 - Fund House of the Year (Fixed Income)
- The Asian Local Currency Bond Benchmark Review—Most Astute Investor 2019 by the Asset Benchmark Review**
 - Malaysia—Ranked 1st
 - Malaysia—Highly commended
- Top Investment Houses in Asian Local Currency Bonds for 2019 by the Asset Benchmark Review**
 - Malaysia—Ranked 3rd: RHB Asset Management

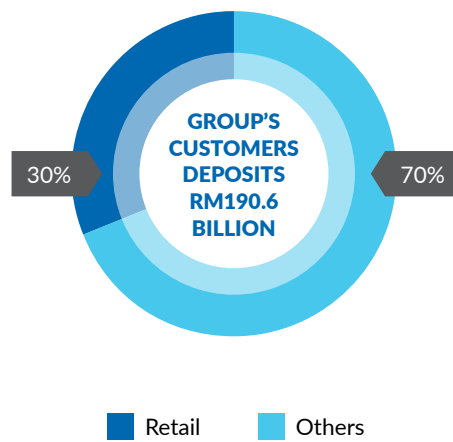
Group Retail Banking

HOW WE CREATE VALUE

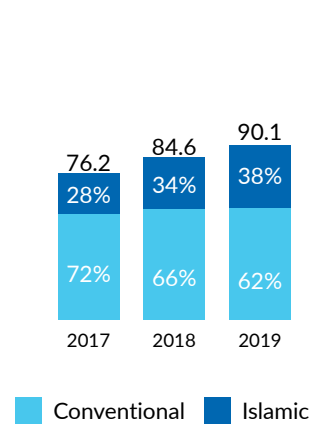
RETAIL GROSS LOANS CONTRIBUTION



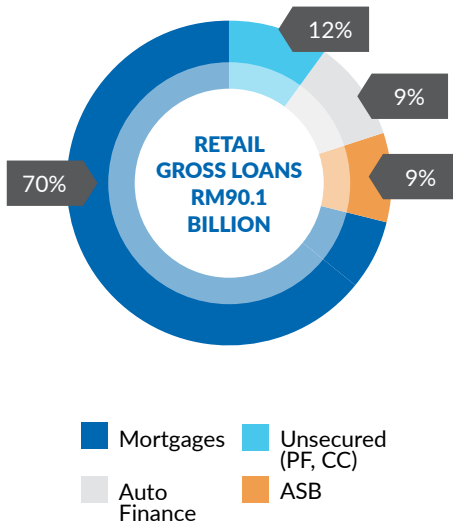
RETAIL CUSTOMERS' DEPOSITS CONTRIBUTION



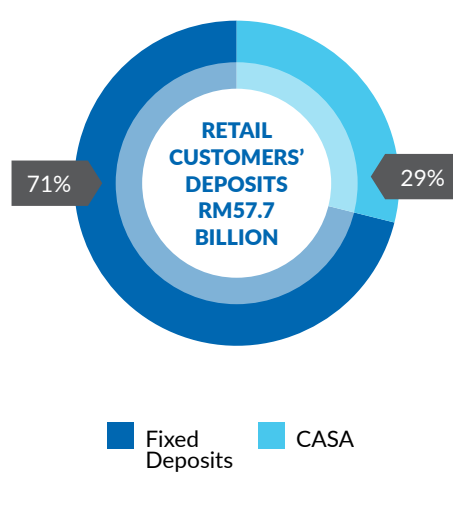
RETAIL LOANS & FINANCING GROWTH OVER TIME (RM'BILLION)



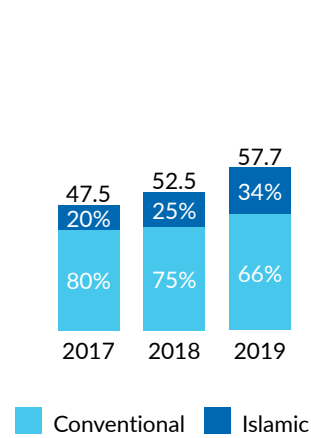
RETAIL GROSS LOANS BY COMPOSITION OF PRODUCT



RETAIL CUSTOMERS' DEPOSITS BY FD vs CASA



RETAIL DEPOSITS GROWTH OVER TIME (RM'BILLION)



SEGMENT	KEY BUSINESS INITIATIVES	OUTCOMES
LIFESTYLE CONSUMER	<p>CARDS</p> <p>Launched first-in-market innovative lifestyle solutions:</p> <p>RHB Motion Rewards Motion Code™ Credit Card/-i First in Southeast Asia to provide better credit card security features with the introduction of a dynamic CVV security code that replaces the traditional static 3-digit code. The 3-digit dynamic CVV appears on an e-paper mini screen on the back of the card and automatically refreshes every four hours, providing our customers extra security against credit card fraud.</p> <p>Multi Currency Visa Debit Card First in Malaysia which allows customers who travel to transact conveniently in 13 foreign currencies on top of Ringgit Malaysia without currency conversion fee.</p>	<p>The Rewards Motion Credit Card contributed 20% to Cards growth in the Rewards Card family within five months of launch while online spending grew by 15%.</p> <p>In addition, complemented the Premier Visa Infinite proposition by launching the Premier Visa Islamic card, which saw the overall Premier segment spending increase by 49%.</p>
	<p>PERSONAL FINANCE</p> <p>Improved overall asset quality by focusing on targeted customer segment acquisition and the deduction at source portfolio.</p>	<p>Successfully grew the deduction at source portfolio while optimising our credit underwriting and collection processes.</p>
HOMEOWNERS	<p>HOMEOWNER ECOSYSTEM</p> <p>Continued to support homeownership among Malaysians by providing innovative solutions, covering the entire homeownership journey from start to end.</p> <p>To achieve this, we utilised three platforms:</p> <ul style="list-style-type: none"> The RHB Partners App that enabled real estate agents and developers to digitally refer homebuyers to RHB Bank to secure loans. The introduction of the RHB MyHome App, which brought the home buying experience online, providing customers with the convenience of end-to-end mortgage application using a mobile device. Further supported by the RHB MyHome website, which served as a platform for our service partners to offer exclusive renovation and interior design services to our customers. <p>We are one of five banks appointed by Bank Negara Malaysia ("BNM") to distribute BNM's Fund for Affordable Homes that aims to help homebuyers from the lower-income group to finance the purchase of their first home.</p>	<p>The MyHome App provides instant approval in principle and contributed to 20% of new mortgage originations in 2019.</p> <p>Housing loans grew by 9.6%, outpacing industry growth of 7.3% in 2019.</p> <p>We have fully met the allocated fund in 2019 under BNM's Fund for Affordable Homes.</p> <p>RHB differentiates itself in a highly commoditised industry through the Homeowner Ecosystem.</p>

Group Retail Banking

SEGMENT	KEY BUSINESS INITIATIVES	OUTCOMES
WEALTH	<ul style="list-style-type: none"> i. Enhanced product innovation and launched new offerings with a holistic wealth management suite for our customers. ii. Embarked on digitalisation to improve the overall customer journey by enhancing our wealth advisory tool and by providing market research and analysis for investment opportunities. iii. Quadrupled the Investment Specialist team and implemented enhanced digital solutions that support portfolio advisory services to our customers. 	<ul style="list-style-type: none"> i. Introduced several innovative products in partnership with the Treasury team - Wealth Financing, Fund-Linked Structured Investments and Equity Linked Notes. ii. Sales of unit trust funds increased by 27% in 2019.
RHB PREMIER BANKING	Continued to attract business owners to the Premier banking segment by leveraging our strong SME Ecosystem.	Grew overall Premier base by 15% to close at 70,000 Premier banking customers, of which a significant portion was due to our SME partnerships.
BANCASSURANCE	<p>The Group strongly believes that Malaysians must protect and prepare themselves and their loved ones for difficult times.</p> <p>We continue to work closely with our bancassurance partners to offer a broad spectrum of conventional and Islamic insurance products. In 2019, we refreshed all our investment-linked product offerings to better suit individual financial needs and also to provide greater protection for our customers.</p>	Our fee income for non-credit life insurance products grew 24% in 2019.
DEPOSITS	Continued to prioritise convenient, customer centric solutions to help clients save more through various deposit offerings. We also refreshed our payroll solution, Joy@Work, aimed at providing exclusive benefits to employees of companies that maintain their salary accounts with RHB. The Joy@Work programme has since been extended to individuals who would like to maintain their salary accounts with RHB.	Deposits grew by 10%, increasing by RM5.2 billion in 2019, outpacing the industry growth of 5.5%. A significant amount of deposits was contributed by the payroll business, which grew by 13% in 2019.
ASSET MANAGEMENT	<p>Launched new products with unique and attractive features to be a market leader.</p> <p>Grew our distribution channel and gained market share through our agency channel.</p> <p>Utilised digitalisation as a key enabler to improve our processes.</p>	<p>We launched 19 new products in 2019 that helped to grow total AUM in 2019 by 8%.</p> <p>Our agency channel grew by over 40% in 2019 and together with the retail channel, contributed significantly to sales and growth in AUM.</p> <p>Implemented a new portfolio management system that enables end-to-end processing, including pre-trade compliance checks, auto-routing of orders, trade execution and trade settlement. It also has enhanced features that further strengthen the internal controls and procedures in the area of investment operations.</p>

FIT22 INITIATIVES

OUTCOMES

PROGRESS AGAINST FIT22 STRATEGIC INITIATIVES

Grow Affluent and Wealth business, leveraging on SME customer base	Boost retail deposits to narrow gap with retail assets	Improve services and sales via Community Banking and network repurposing	Build ecosystems through enhanced customer centricity to create differentiation	Execute RHB Way to deliver superior customer service
<p>Increased Affluent customer base from 134,000 to 149,000.</p> <p>Overall AUM from this segment grew approximately 12% in 2019.</p>	<p>Grew deposits by 10% from RM52.5 billion (2018) to RM57.7 billion (2019), outpacing industry growth of 5.5%.</p> <p>Continued to grow the payroll segment by refreshing our payroll proposition as RHB Joy@Work.</p> <p>Through the Agile way of working, we sped up turnaround times and achieved faster roll-outs for product launches and market campaigns.</p>	<p>Institutionalised Community Banking culture in our day-to-day business operations in branches through the structured Community Banking programme.</p> <p>The community banking culture promotes deep knowledge of the customers in a local community with the Branch Manager taking on the responsibility of building strong relationships and transforming the customer experience when dealing with RHB Bank.</p>	<p>RHB Bank has built a homeowner's ecosystem connecting developers, real estate agents, home improvement service providers and homeowners as part of its digital transformation initiatives. The various components include:</p> <ul style="list-style-type: none"> - RHB Partners, a digital channel enabling referral of mortgage applications to RHB on the go, with full visibility of the application throughout the journey. - RHB MyHome, a digital mortgage app that delivers an end-to-end digital mortgage application experience to homeowners. - RHB MyHome website, an all-in-one platform to connect homeowners with home solution partners to deliver convenient moving in or renovation services, which comes with financing packages. 	<p>With the RHB Way of working, RHB Banking Group (Malaysia) NPS improved by 9 points and RHB Singapore by 20 points.</p> <p>This has been supplemented by leveraging on numerous market-leading and innovative products, which include features such as a customisable dashboard on the RHB Mobile Banking App for a personalised customer experience.</p> <p>Recipient of multiple Customer Experience ("CX") Excellence Awards, validating our efforts to deliver superior customer service.</p>

For more details, please refer to the Sustainable Financing section of our Sustainability Report 2019.

For more details, please refer to the Customer Centric Banking section of our Sustainability Report 2019.

Group Retail Banking

CHALLENGES FACED AND HOW WE OVERCAME THEM

Over the course of the year, Group Retail Banking faced a variety of challenges against the backdrop of a moderating economy and weak retail market sentiment.

To overcome these challenges, we revisited our product offerings, revamped our distribution channels and enhanced our operational efficiency through digital initiatives. This allowed us to achieve positive growth in sales and create sustainable value for our stakeholders.

The mortgages market continues to be challenged by heightened risk and unsold property inventory that has reached record highs. However, we were able to overcome this and achieve a higher than industry growth rate by focusing on key segments and leaning on analytics to aid our underwriting process.

Through prudent lending practices and efficient collection processes, our gross impaired loan ratio has improved over the years and in 2019, it reduced by a further 3 basis points.

The continued reduction of domestic credit card interchange fees has reduced the fee income for banks in general. To mitigate this, RHB uses data analytics to provide us with insights into deciding which products and services to offer to targeted customers. This has led to positive growth in our card spending and balances.

OUTLOOK AND PROSPECTS

While the external environment remains challenging, the various business units in Group Retail Banking are geared up to navigate through these hurdles to grow our market share and to stay relevant and improve our ability to serve our customers.

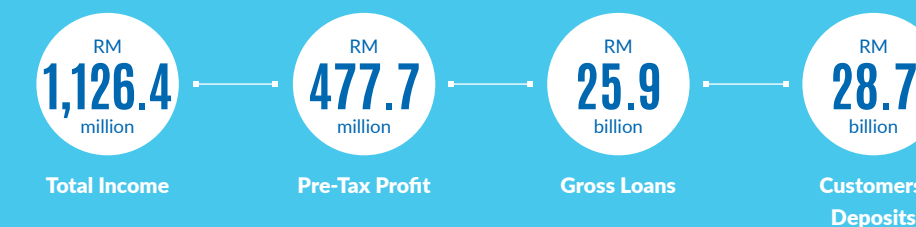
RHB Bank will continue to leverage on technology to remain competitive, with the ongoing digitalisation as well as the use of data analytics to chart the way forward. In the short-term, our strategies will enable us to grow market share significantly, with the long-term goal of becoming a market leader, especially in the personal financing, cards, mortgages and wealth management segments.

For mortgages and personal financing, which remain the two largest contributors to Group Retail Banking, we will consolidate our position by improving portfolio quality through prudent underwriting and minimising risk by focusing on key target segments.

On the policy front, we are expecting disruptions to the capital markets with the anticipated withdrawal of the tax exemption on interest income from retail money market funds. Although this may pose a challenge for the asset management industry, we will continue to expand our range of products and services to mitigate the impact on RHB Bank.



OVERALL PERFORMANCE



GROUP BUSINESS & TRANSACTION BANKING

Group Business & Transaction Banking ("GBTB") comprises the Group Business Banking and the Group Transaction Banking segments. Group Business Banking provides financing solutions to SMEs and family-owned enterprises, while Group Transaction Banking caters to trade and cash management solutions for local SMEs, large corporates and financial institutions.

GBTB offers a wide range of business solutions including financing, deposits, cash management solutions, trade finance and services including supply chain financing solutions, FX, remittance and interbank business.

We aspire to be the preferred SME & Transaction Bank in Malaysia.



AWARDS & RECOGNITION

Syarikat Jaminan Pembiayaan Perniagaan Bhd ("SJPP") 2019

- Top Performance Award

Next-Gen Customer Services in Financial Services Awards 2019

- Excellence in Omni-Channel Customer Experience
- Best Technology Implementation Back End

10th Annual Retail Banker International Asia Trailblazer Summit and Awards 2019

- Trailblazer in Customer Experience and Segmentation: Excellence in SME Banking (Winner)

The Asian Banker Transaction Awards 2019

- Best Cash Management Bank In Malaysia

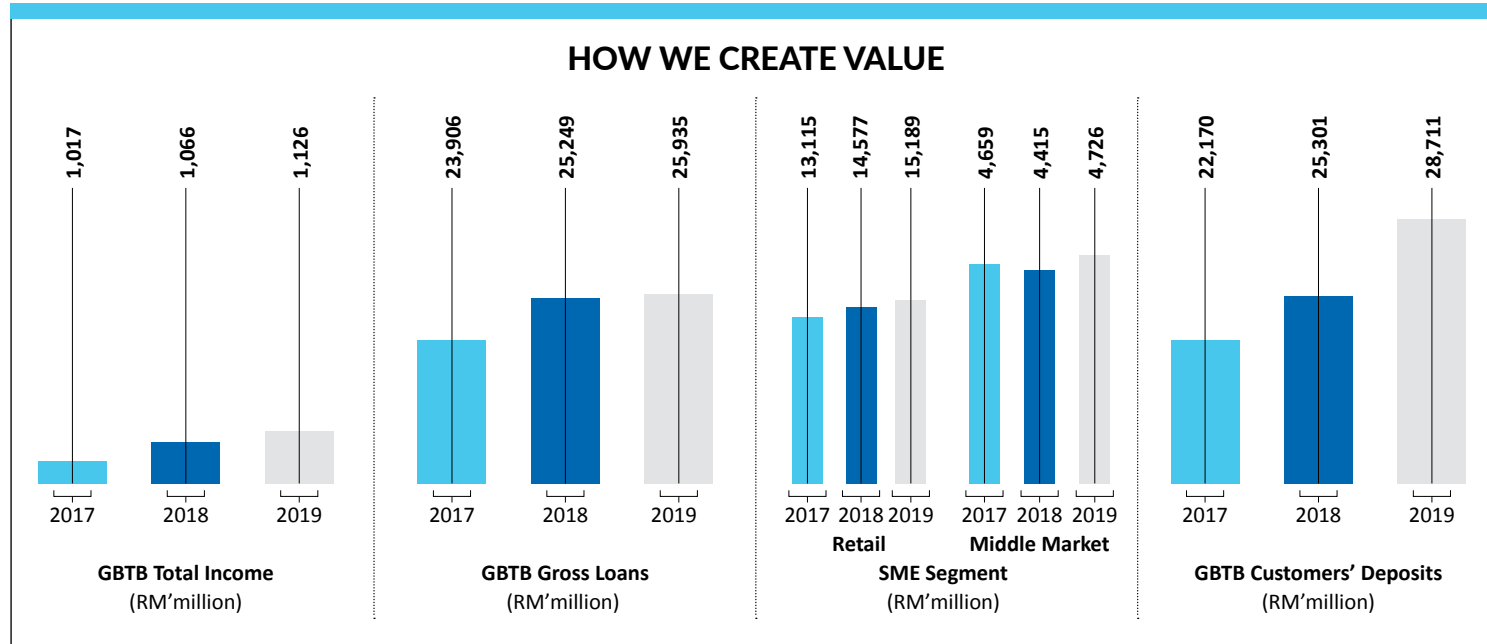
Asian Banking Finance ("ABF") Wholesale Banking Awards 2019

- Malaysia Domestic Trade Finance Bank of the Year
- Malaysia Domestic Cash Management Bank of the Year

Asian Banking Finance ("ABF") Retail Banking Awards 2019

- Service Innovation of the Year Award

Group Business & Transaction Banking



KEY BUSINESS INITIATIVES	OUTCOMES
EXPAND OUR FOCUS ON SMALL BUSINESSES TO DRIVE GROWTH	SME asset growth continues to outpace the industry, driven by the robust Retail SME segment, which contributed more than 80% of total Business Banking growth. Our SME market share expanded to 9.6% for 2019.
CONTINUE TO BUILD ON THE CONNECTED ECOSYSTEM AS A KEY DIFFERENTIATOR	The connected ecosystem has proven to be a key advantage in our ability to attract new customers. In 2019, we signed up more than 15,000 new-to-bank SMEs, bringing the total number of SMEs within the connected ecosystem to over 100,000. First bank to offer direct Application Programming Interface ("API") integration with third-party Business Solution Partners to allow seamless integration between customers' business solution tools and banking services.
LEVERAGE ON DIGITALISATION AND THE AGILE WAY OF WORKING TO DRIVE PROFITABILITY & COST EFFICIENCY	Our Digital journey continues to gain momentum: <ul style="list-style-type: none"> SME online financing - Generates >150 new submissions per month e-Solutions for SMEs - Doubled our customer base to approximately 6,000 and more than RM300 million of CASA under management More than three times increase in analytics revenue creation year-on-year iSmart RM-enabled tablet: <ul style="list-style-type: none"> Peer benchmarking advice for SMEs Convenience of remote CASA opening for SMEs
ENHANCE ASSET QUALITY MANAGEMENT WITH COMPREHENSIVE END-TO-END COVERAGE	Gross impaired loans ratio improved to 2.81% from 2.97% in the previous year and lower credit charge ratio year-on-year.

GOING BEYOND BANKING FOR OUR SMEs

SMEs - DRIVING THE MALAYSIAN ECONOMY

SMEs make up 98.5% of all business entities in Malaysia and contributed 38.3% to Malaysia's GDP in 2018. SMEs are on track to achieve 41% contribution by 2020

In 2019, RHB approved loans amounting to RM5 billion to over 3,000 SMEs; RHB's SME loans market share stands at 9.6%

RHB's SUPPORT FOR SMEs GOES BEYOND LENDING

RHB has created an all-encompassing SME Ecosystem that integrates every banking need for our SME customers

About half of our SME customers are now connected to this ecosystem, which leverages on digital technology

RHB's goal is to improve access to financing, but more importantly, to also improve financial literacy among SMEs

RECOGNITION OF OUR EFFORTS

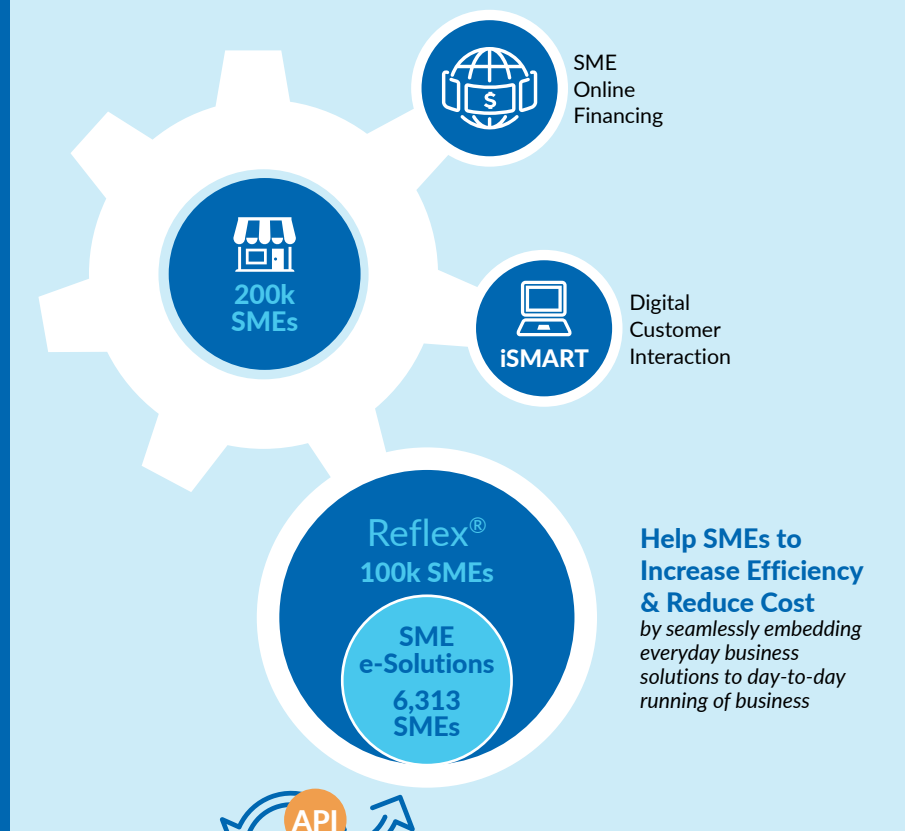
Won for "Excellence in SME Banking" at the Retail Banker International Asia Trailblazer Awards 2019

Top Performance Award from Syarikat Jaminan Pembiayaan Perniagaan Bhd ("SJPP")

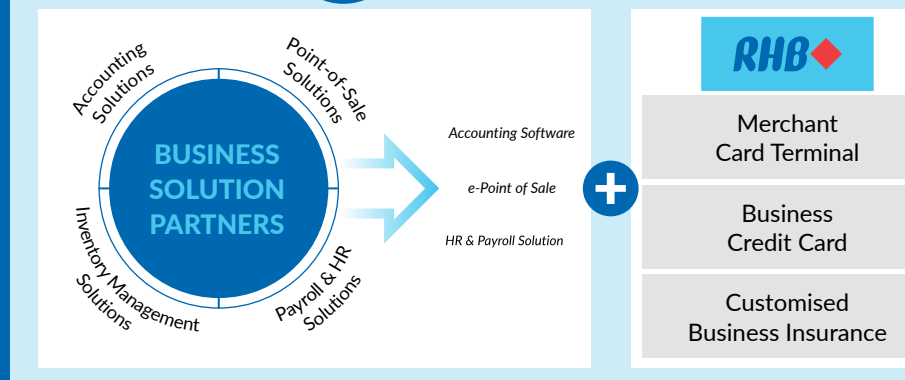
RHB's SME Ecosystem

Over the last four years, GBTB has been focused on improving the SME financing landscape, in terms of access, types of products and financial solutions offered, efficiency and convenience. This has resulted in the creation of RHB's SME Ecosystem.

We have innovated many first-in-market digital solutions and will continue to strive to add value to our SME customers' banking journeys.



Help SMEs to Increase Efficiency & Reduce Cost
by seamlessly embedding everyday business solutions to day-to-day running of business



RHB's SME ecosystem makes everything easier for our SME customers, with value-added features on a single platform that includes the seamless integration of banking activities.

Our SME connected ecosystem comprises four integrated solutions, which include:

- 1 RHB Reflex and Reflex Mobile Cash Management
- 2 Financial Supply Chain Financing
- 3 SME e-Solutions
- 4 SME Digital journey

In May 2019, we launched our enhanced SME e-Solutions, making RHB the first Malaysian bank to offer direct API connectivity with third-party business solutions providers for seamless user experiences. As a key component of our SME Ecosystem, SME e-Solutions provides our SME customers with value-added features – all on a single platform. By collaborating with cloud-based technology partners, we now offer solutions that include:

- 1 Point-of-Sale
- 2 Payroll and accounting
- 3 Cash management solutions

To date, more than **6,000 SME** customers are on our e-Solutions platform

In addition, we also rolled out RHB Direct, another first-of-its-kind service, offering SMEs connected banking services with an integrated payment and invoice management solution. Meanwhile, the RHB iSmart tool helps SMEs understand our products and leverage on our product offerings to grow their business.

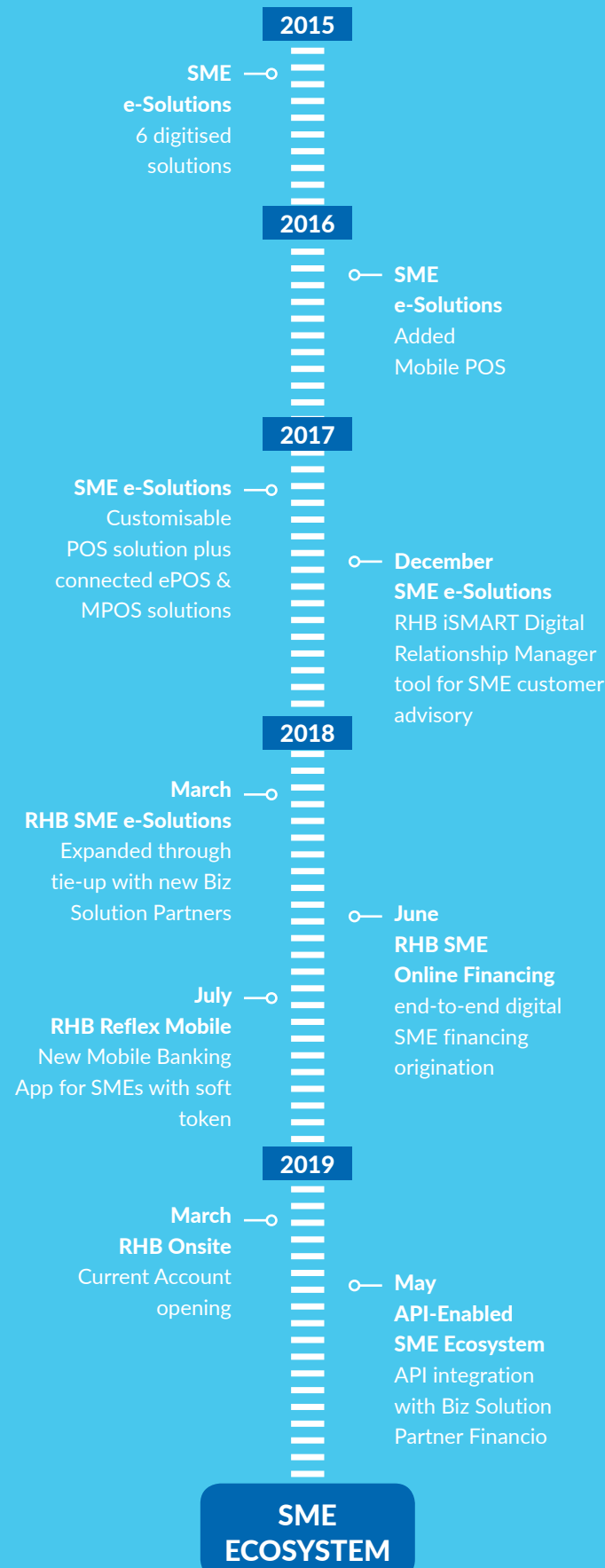
INCREASING ACCESS TO FINANCING, IMPROVING FINANCIAL LITERACY

RHB partners with SJPP, a company under the Ministry of Finance Malaysia that provides government guarantee schemes for SMEs

RHB disbursed RM1.1 billion in 2019 through SJPP

RHB organised a series of events entitled "Getting To Know SME Financing and the Connected Ecosystem" for SME customers at 36 branches nationwide between October and December 2019

SME ECOSYSTEM JOURNEY



PROGRESS AGAINST FIT22 STRATEGIC INITIATIVES

FIT22 INITIATIVES	OUTCOMES
Continue to win in SME Space	SME market share continued to increase, reaching 9.6% in 2019 from 8.9% in 2018 due to the more sustained focus on growing this segment. Through our various strategies and the SME Ecosystem, we have attracted a substantial number of new SME customers, and this continues to be an important contributor to the overall growth of GBTB.
Grow contribution to 20% of Group's total domestic loans by 2022	2019 contribution to Group domestic loans – 16.3%

CHALLENGES FACED AND HOW WE OVERCAME THEM

GBTB had to deal with two main challenges throughout 2019, namely lower demand for loans as economic growth moderated and an increasing industry default rate. We responded to this in a number of ways. To boost financing demand, we optimised our distribution network and expanded the usage of analytics to better target the SME segment. This led to higher sales productivity of 8.4% year-on-year. With the support of the solutions in our holistic SME Ecosystem, overall loan growth in our Retail SME segment, which contributes in excess of 80% of total growth, continues to outpace the industry.

We have increased our efforts to manage delinquent accounts and have institutionalised an early alert mechanism for potential high-risk accounts. This includes early detection of deterioration in asset quality and the monitoring and controlling of such assets. The increased asset quality monitoring and controlling mechanism and expanded active management of delinquent accounts have helped GBTB to improve our gross impaired loans ratio and lower our credit charge ratio year-on-year.

We are the only banking Group in Malaysia that provides an end-to-end ecosystem that supports the needs of SMEs, which then allows them to focus on growing their business.

OUTLOOK AND PROSPECTS

As we move ahead, we remain cautiously optimistic given the moderating national economy and uncertain global economy. We, however, expect SME GDP growth to sustain its outpacing of national GDP and we will continue to align our business to this ongoing trend by leveraging on our distinct competitive advantages.

These advantages have come from prioritising customer's journey and digital enablement, building the connected SME Ecosystem and delivering superior customer experience through the RHB Way.

Looking forward, the Group will continue to focus on SMEs to drive growth while enhancing operational efficiency and asset quality.

GBTB plans to introduce a new digital onboarding platform for the Small Business segment, which will simplify the onboarding process through automated processing and risk management capabilities, in the first half of 2020. Customers can expect to gain access to a differentiated and seamless onboarding experience with the new service.

This will go hand-in-hand with the deepening and expansion of the SME digital ecosystem, which will focus on increasing wallet share and widening participation through new partnerships. To better meet the needs of our customers, we will be accelerating the roll-out of customised financing programmes for targeted communities and industries.

GROUP WHOLESALE BANKING

Group Wholesale Banking comprises three core business segments, namely Group Investment Banking, Group Corporate Banking and Group Treasury and Global Markets which was set up to provide comprehensive and coordinated services to our customers.

Its solutions for business growth include Mergers and Acquisitions ("M&A") advisory, capital markets fund raising, financial structuring and financing. Customer performance optimisation services include cash management, trust and security, business solutions and cross-border transactions. Finally, its trading platform and research products enable clients to make sound investment choices.

OVERALL PERFORMANCE



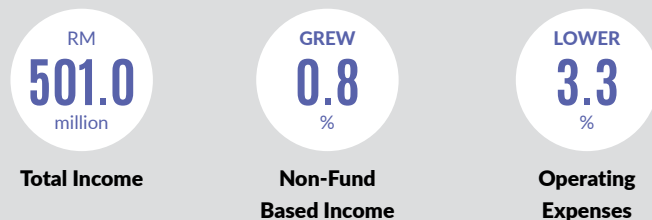
GROUP CORPORATE BANKING



GROUP TREASURY AND GLOBAL MARKETS



GROUP INVESTMENT BANKING



GROUP CORPORATE BANKING

Group Corporate Banking provides a comprehensive suite of conventional and Shariah-compliant financing solutions to corporate clients whose shares are listed on stock exchanges locally and/or abroad, multinational companies, the government and government agencies and government-linked companies. Financial solutions provided include working capital funding, trade financing, foreign currency hedging, project financing and syndication, as well as funding of corporate exercises. Our reach extends across Southeast Asia to support our clients' growth regionally. Optimising our regional presence, we selectively seize opportunities to grow in countries such as Singapore, Indonesia and Thailand or partner with our clients in countries where they have a presence.

We aspire to grow responsibly and to maintain our Top 3 corporate lending market share position in Malaysia, capitalising on our current clientele base as well as acquiring new-to-bank clients. We also aspire to continuously drive ancillary businesses across the Group to grow wallet share, protect asset quality and strengthen compliance and risk culture.

The business provides bespoke structured financing and win-win value propositions to meet our clients' needs and to progress together, made possible by a strong team of professionals building on trust and delivering excellent customer service based on long-term professional relationships.

We recorded Gross Loans & Assets growth of 4.9% driven by key strategic priorities. Revenue contraction of 3.1% was mainly attributed to the lower Overnight Policy Rate ("OPR") in 2019 on the domestic front. We will continue to drive key strategic initiatives to achieve our goals in support of the Group's overall objectives.

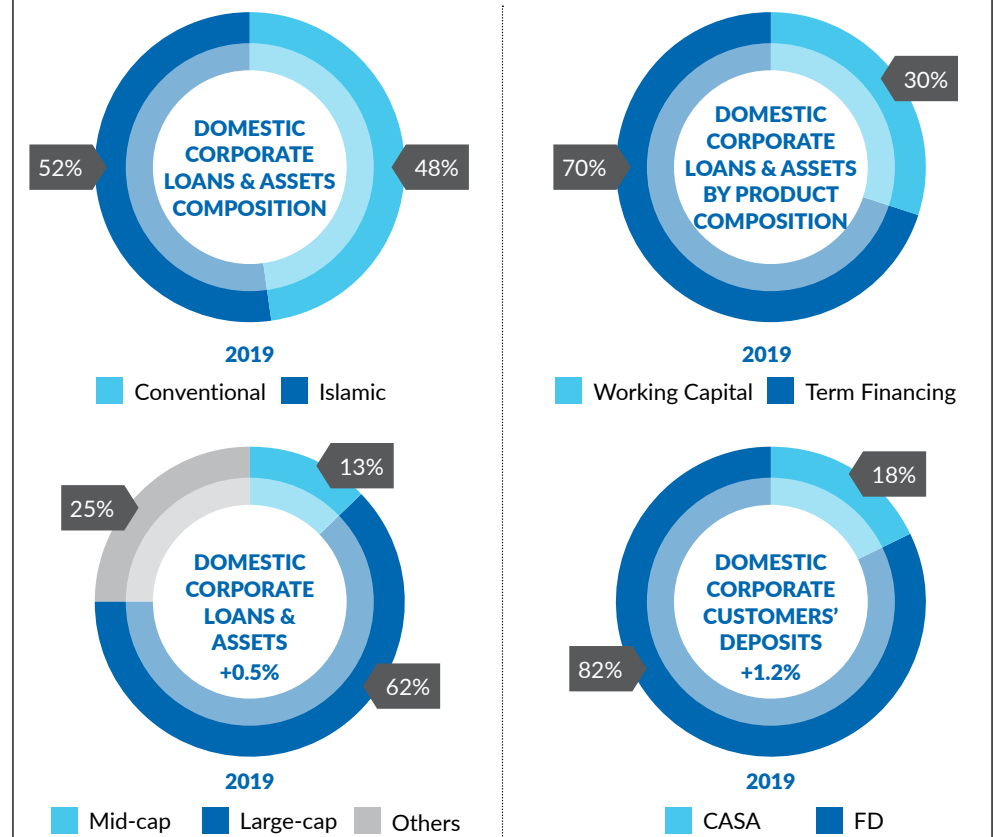


AWARDS & RECOGNITION

Most Outstanding Islamic Corporate Banking Award
at the 15th Kuala Lumpur Islamic Finance Forum ("KLIF") Awards 2019

Best Corporate Bank
Islamic Business and Finance Southeast Asia Awards 2018

HOW WE CREATE VALUE



Group Wholesale Banking

KEY BUSINESS INITIATIVES	OUTCOMES
DEPLOY SELECTIVE STRATEGIES FOR GROWTH AND NEW BUSINESS ACQUISITIONS	<ul style="list-style-type: none"> 38% asset growth & income uplift for mid-cap segment. Non-fund based income growth of 8.8% year-on-year.
INTENSIFY COLLABORATION WITH INTERNAL PRODUCT PARTNERS AND BUSINESSES TO DELIVER HOLISTIC FINANCIAL SOLUTIONS	<ul style="list-style-type: none"> Extension of reach to the public sector by deployment of cash management products & services to provide holistic financial solutions to clients. Increased capacity in deploying cash management products & services to reach out to a wider clientele base.
PROACTIVE MANAGEMENT OF WATCHLIST ACCOUNTS AND CONSTANT ENGAGEMENT WITH CLIENTS	<ul style="list-style-type: none"> Gross impaired loans ratio improved to 1.74% year-on-year with lower credit losses recorded.

PROGRESS AGAINST FIT22 STRATEGIC INITIATIVES

FIT22 INITIATIVES	To increase earnings contribution from the large-cap segment and enhance penetration into mid-cap companies. This was implemented via the intensification of collaborative action internally with product partners and the deployment of "go to market" approaches to bundle a comprehensive range of products and services.
OUTCOMES	We recorded gross revenue uplift growth of about twofold year-on-year for the large-cap and mid-cap segments.

CHALLENGES FACED AND HOW WE OVERCAME THEM

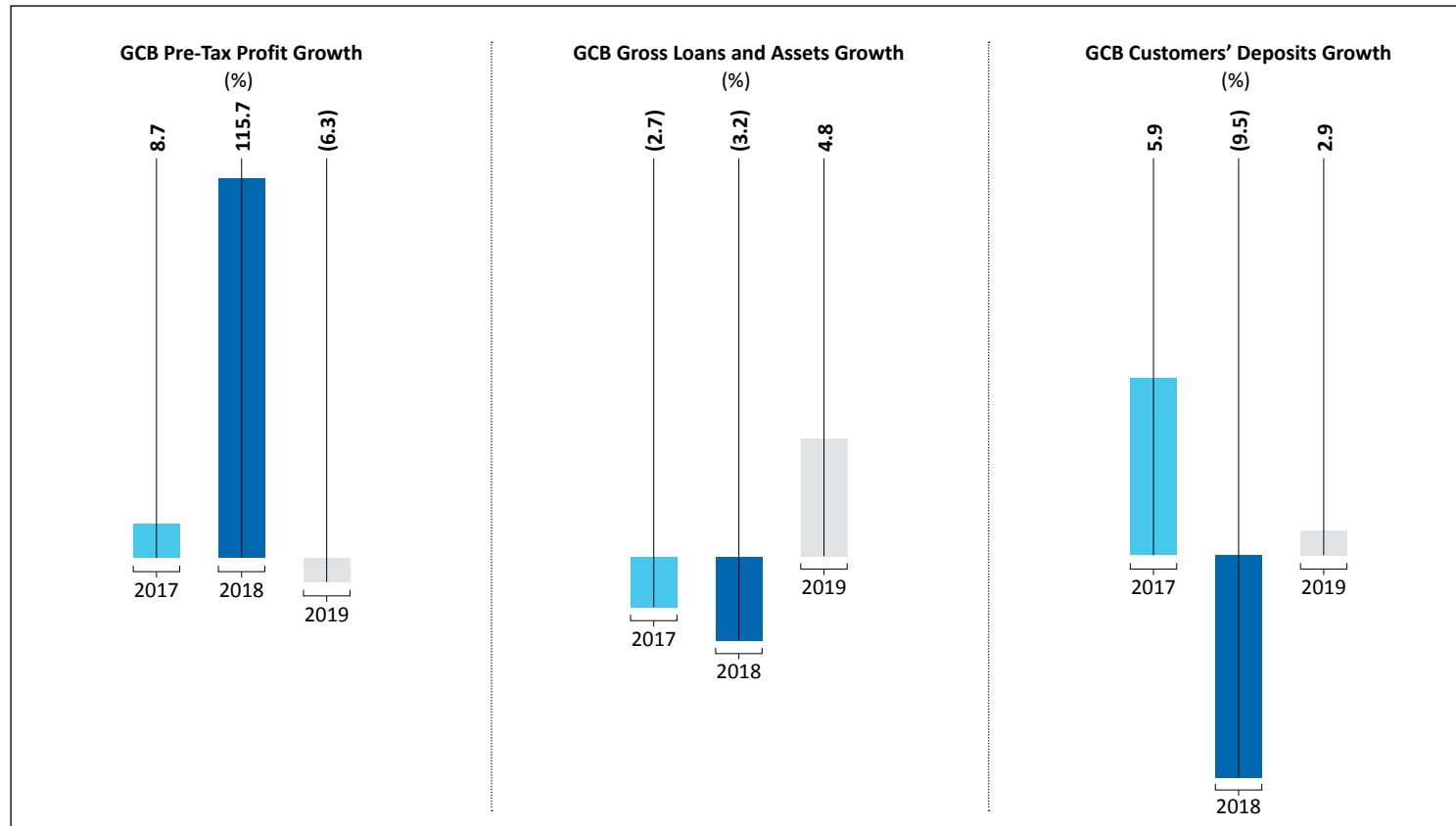
The uncertainty in the global and domestic economy, as well as intense competition, made it a challenging year for Group Corporate Banking. We were, however, able to overcome these challenges by employing a selective penetration strategy for new-to-bank mid-cap clients and by increasing collaboration with product partners to deepen wallet share. As a result, we saw growth of non-interest income while loans and asset growth were maintained despite the soft market sentiment. A lower GIL ratio was also recorded.

We also inculcate a zero-tolerance culture for non-compliance bank-wide. We have proactively taken steps to address regulatory compliance risk through knowledge-sharing and regularly conduct compliance awareness sessions, leveraging on the Risk and Compliance e-learning modules.

OUTLOOK AND PROSPECTS

In what is expected to be a challenging market going forward, we will continue to capitalise on our existing established relationships with our clients to purposefully extend our reach to a wider business ecosystem while targeting to penetrate and acquire new-to-bank mid-cap companies to enhance our lending base cum risk-adjusted return on capital.

Operationally, we will continue to improve efficiency and strengthen middle office capabilities by capitalising on the Group-wide digitalisation strategy. This will further streamline administrative functions and credit processes to improve productivity and enhance customer service delivery on the back of a strong risk and compliance culture.



Group Wholesale Banking

GROUP TREASURY AND GLOBAL MARKETS

Group Treasury and Global Markets ("GTGM") offers a comprehensive suite of treasury products and solutions including foreign exchange ("FX"), derivatives, capital markets, structured products, money market investments and Islamic Treasury products catering to the hedging and investment needs of our diverse customers in Malaysia, Singapore and Thailand.

We are also responsible for the overall management of the liquidity and funding needs of the Group as well as for investing excess capital and funds to enhance the returns for the Group. We strive to achieve efficient use of capital by optimising our funding costs and enhancing our investment and trading returns.



AWARDS & RECOGNITION

Asian Banking and Finance Wholesale Banking Awards 2019

- Malaysia Domestic Foreign Exchange Bank of the Year (7th consecutive win)

The Asset Benchmark Research Awards 2019—Asian Local Currency Bonds

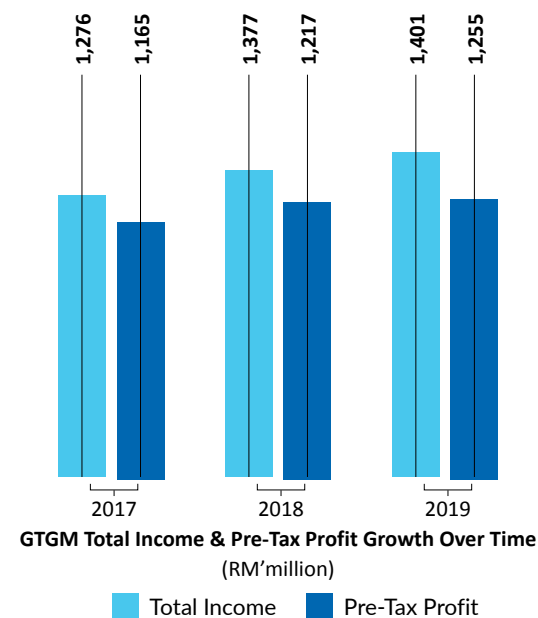
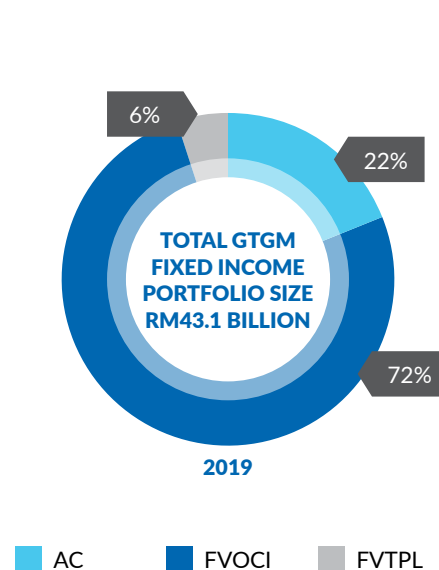
- 2nd in Top Sellside Firms in the Secondary Market in Corporate Bonds, Malaysia
- 2nd in Best Individuals in Research, Malaysia
- 3rd in Top Arrangers, Malaysia
- 3rd in Top Sellside Firms in Research, Malaysia
- 4th in Best Individuals in Sales, Malaysia

OVERALL PERFORMANCE

GTGM's total income increased by 1.7% year-on-year to RM1,400.5 million, driven by strong growth of 62.6% year-on-year in non-fund based income from investment and trading activities and offset by an 17.9% decrease in net fund based income.

Our pre-tax profit increased 3.2% year-on-year to RM1,255.5 million, driven by growth in total income and higher writeback of expected credit loss on financial investments by 311.4% year-on-year.

HOW WE CREATE VALUE



KEY BUSINESS INITIATIVES

OUTCOMES

ESTABLISHED A SINGLE INTEGRATED TREASURY PLATFORM ACROSS ALL REGIONAL OFFICES COVERING END-TO-END FUNCTIONS FROM FRONT OFFICE, RISK AND OPERATIONS TO ACCOUNTING AND REPORTING THAT WAS FULLY IMPLEMENTED DURING THE YEAR

Booking of trades and other processes, as well as data, were streamlined for consistency across the Group, which enhanced operational efficiency and reporting accuracy. System functionalities and capabilities were also expanded to increase our suite of product offerings, with six new products launched during the year for our customers. This has also helped us to better manage risk and continued to improve our revenue and pre-tax profit year-on-year.

TO DRIVE EFFICIENCY AND PRODUCTIVITY, CERTAIN OPERATIONAL FUNCTIONS AT THE REGIONAL OFFICES WERE OUTSOURCED TO HEAD OFFICE, ENABLED BY THE SINGLE INTEGRATED TREASURY PLATFORM

The amalgamation of these functions, otherwise known as hubbing, allowed us to optimise our regional operating model by leveraging on the capabilities of the Head Office. This further enhanced operational efficiency and lowered operating expenses, in line with the Group's strategic direction.

REBALANCED AND BUILT INVESTMENT PORTFOLIO AMID A DECLINING YIELD ENVIRONMENT AND SLOWER INDUSTRY LOAN GROWTH

Investment in financial assets at fair value through other comprehensive income ("FVOCI") increased by 24% year-on-year. Underutilised lending capital was redirected to investments to enhance returns to the Group. This increased net fund based income and created opportunities to realise capital gains and thus non-fund based income from the increase in investments.

ACTIVE MANAGEMENT OF COST OF FUNDS

Improved net interest income by a reduction in funding costs through various initiatives and tools such as securitisation of assets for cheaper cost of funds, an optimised funding profile and building up a cheaper deposit base.

Group Wholesale Banking

CHALLENGES FACED AND HOW WE OVERCAME THEM

Heightened global economic risk in 2019 affected the industry and the overall business environment, resulting in a decline in FX volume of 22% year-on-year. In response, the Group enhanced its focus on customers and offered more customised hedging products and solutions such as structured FX as well as interest rate, equities and commodity derivatives.

Meanwhile, the ongoing US-China trade dispute created challenging conditions for trading emanating from inconsistent trade policies in what was already uncharted territory. GTGM responded by closely monitoring and adjusting trading and investment strategies through asset and geographical diversification. This strategy allowed us to capitalise on opportunities brought about by increased market volatility and increase trading and investment income, which was further supported by hedging activities when both prices and conditions were at the right level.

The FX market continued to be disrupted by fintech, especially in the area of payment and remittance. RHB Bank has invested in digitalising our FX product distribution channels to ensure seamless execution and excellent customer service to build customer scalability.

OUTLOOK AND PROSPECTS

The Malaysian economy should benefit from fiscal stimulus measures and the revival of large infrastructure projects in 2020. RHB will continue to pursue a customer centric differentiation strategy to cater to our diverse customer base. RHB's Corporate and SME customers can expect high-value hedging solutions to navigate against rising market risks while our Retail and Wealth customers will be provided with structured and innovative products to offset falling investment returns from declining interest rates.

Technological transformation is a key driver in GTGM's pursuit of strengthening customer centricity. Aligned to RHB Banking Group's FIT22 strategic initiatives, GTGM is taking a proactive position in the digital banking revolution. We are capitalising on technological efficiency for seamless FX distribution and trade execution through our Reflex platform and strengthening ethical sales practices through upskilling to build trust, deliver convenience and create value for our customers.

GTGM expects elevated financial market volatility to persist in 2020, stemming from the ongoing US-China trade war, the outcome of the US presidential elections and geopolitical tension in the Middle East. Uncertain global economic growth and benign inflation will provide ample financial system liquidity and increase investment and trading opportunities in debt capital markets.

We expect banks to continue sourcing for stable and lower-cost deposits leading up to the Net Stable Funding Ratio ("NSFR") compliance date on 1 July 2020, which will lead to banks offering higher rates for deposits, thus increasing the costs of acquiring customer deposits. GTGM will continue to assess market conditions and explore cheaper funding options including optimising our available assets, while ensuring sufficiency and stability of funding.

GROUP INVESTMENT BANKING

RHB Investment Bank is one of the leading capital market players in Malaysia with a Top 3 position in Call Warrants and Sukuk and a Top 5 position in equity capital markets and Mergers and Acquisitions ("M&A") league tables. Supported by an award-winning research team of experienced product specialists, Group Investment Banking ("GIB") offers a full range of investment banking products and services covering primary markets, such as advisory (corporate & debt restructuring, M&A, takeovers), fundraising via both equity and debt instruments, and secondary markets including securities trading for both institutional and retail clients. The team leverages on the Group's regional platforms to provide cross-border transactional services to clients across ASEAN.



AWARDS & RECOGNITION

13th Annual Best Deal & Solution Awards In Southeast Asia, 2019

- Best Equity Deal/IPO in Malaysia
 - Leong Hup International's RM1.19 billion (USD286 million) IPO
- Best Secondary Deal & Best Convertible Securities in Southeast Asia
 - Sapura Energy RM3,978.8 million (USD955 million) Rights Issue with Warrants
- Best Islamic Finance Deal in Southeast Asia
 - Digi Telecommunications' RM900 million Sukuk Murabahah

The Asset Triple A Country Awards 2019

- Best IPO in Malaysia
 - Leong Hup International RM1.19 billion IPO
- Best Rights Issue in Malaysia
 - Sapura Energy USD727.7 million Rights Issue with Warrants
- Best FIG Bond in Malaysia
 - RHB Bank USD300 million Senior Notes
- Best IPO in Indonesia
 - Kencana Energi Lestari IDR290.37 billion IPO (RHB Sekuritas Indonesia)

The Asset Benchmark Research Awards 2019

- Top Investment House Bank
 - Malaysia (Ranked 1st)

The Asset Triple A Islamic Finance Awards 2019

- Best Structured Finance Sukuk in Asia Pacific
 - MBSB Bank RM2.295 billion Structured Covered Sukuk Facility
- Best Islamic Project Finance Deal
 - DanaInfra Nasional RM2.5 billion Sukuk
- Best New Sukuk
 - Serba Dinamik Holdings RM800.0 million Dual Tranche Sukuk

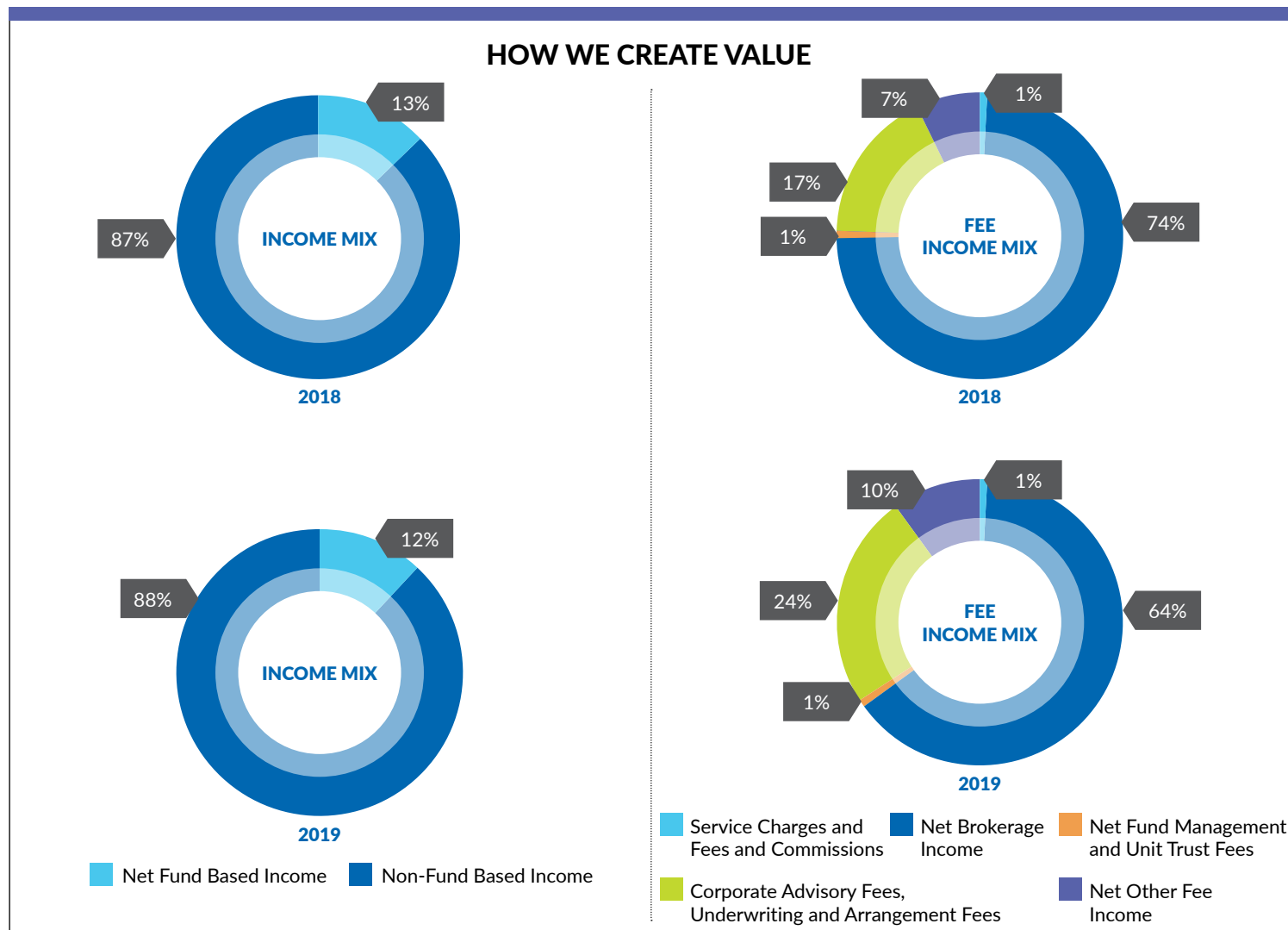
The Asset Triple A Asia Infrastructure Awards 2019

- Transport Deal of the Year
 - DanaInfra Nasional RM2.5 billion Government-guaranteed Sukuk

OVERALL PERFORMANCE

GIB registered RM501.0 million in revenue on the back of higher non-fund based income on account of several large corporate transactions. Apart from completing landmark transactions, GIB also expanded its product offerings, improved its retail equities market share and strengthened its operational efficiency.

Group Wholesale Banking



KEY BUSINESS INITIATIVES	OUTCOMES
EXPAND PRODUCT OFFERINGS	<ul style="list-style-type: none"> • Rolled out Islamic Share Margin Financing in Malaysia in September 2019 • Launched new Reverse Repo in Indonesia in November 2019 • The only warrant issuer in 2019 that listed 10 call warrants over Hong Kong listed stocks in Bursa Malaysia. Also listed five call warrants over the iShares FTSE A50 China Index ETF
DRIVE LANDMARK DEALS	<p>Completed / Announced landmark transactions:</p> <ul style="list-style-type: none"> • RM3.98 billion Sapura Energy Berhad rights issue – largest rights issue in Malaysia in 2019 • RM1.19 billion Leong Hup International Berhad IPO – largest IPO in Malaysia in 2019 • USD1.18 billion disposal of AirAsia Berhad's aircraft leasing arm, Asia Aviation Capital Ltd, to BBAM Limited Partnership • RM1.0 billion disposal of F&B Nutrition Sdn Bhd by Can-One Berhad to Asia Dairy Creations Sdn Bhd • RM542.11 million acquisition of 25.35% equity interest in Caring Pharmacy Group Berhad by 7-Eleven Malaysia Holdings Berhad • RM2.295 billion Structured Covered Sukuk Facility by MBSB Bank Berhad • RM3.5 billion IMTN programme under the Shariah principle of Wakalah Bi Al-Istithmar by DRB-HICOM Berhad <p>Strong Main & ACE Market IPO pipeline in 2020</p>

KEY BUSINESS INITIATIVES	OUTCOMES
IMPROVE LEAGUE TABLES / RANKINGS / RATINGS	Improvement in overall rankings in Malaysia: 2 nd for call warrants, 3 rd for Sukuk, 4 th for ECM and 5 th for M&A.
INCREASE RETAIL EQUITIES MARKET SHARE	Increased retail equities market share in Singapore and Malaysia in 2019 despite a decrease in securities average daily value ("SADV") traded. We also gained market share in Thailand which had a stable SADV and in Indonesia which saw a growth in its SADV.
IMPROVE OPERATIONAL EXCELLENCE	<ul style="list-style-type: none"> • No credit losses across all countries from 2019 credits • Strengthened governance of back office and monitoring of credit limits across regional operations • Established a dedicated Regional Operations Support Team • Established a Business Misconduct Committee in all overseas operations to address misconduct of sales personnel • Expanded capabilities through hiring of talents in various product teams

PROGRESS AGAINST FIT22 STRATEGIC INITIATIVES	
FIT22 INITIATIVES	<ul style="list-style-type: none"> • Continue to maintain share of wallet for large-cap from 93 listed corporates to achieve a minimum product holding of 4.3 • Enhance penetration into mid-caps by covering 11% of listed companies on Bursa Malaysia
OUTCOMES	<ul style="list-style-type: none"> • Defended #1 position for fee share of wallet, which increased from 23.4% in 2018 to 25.2% in 2019 and lifted revenue. • Onboarded 19 new mid-cap clients in 2018 and another 16 in 2019.

CHALLENGES FACED AND HOW WE OVERCAME THEM

GIB faced challenges from slowing equity markets, margin compression for both institutional and retail trading and intense competition in the various countries we have a presence in.

We mitigated the slowing market by focusing on specific niche businesses in the countries. Singapore leveraged on the overall presence of RHB Bank (Singapore) to further build its capital markets pipeline while Thailand onboarded a Capital Markets team in end-2018 to grow revenue from advisory and corporate finance transactions. Indonesia, meanwhile, focused on retail equities after investing in an online platform and several marketing campaigns to support the growth of the business.

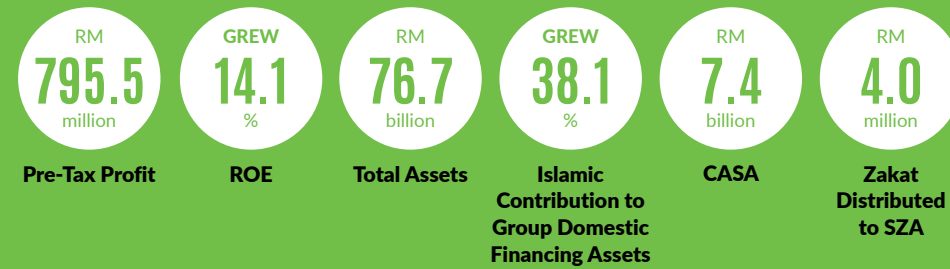
General elections were held in Indonesia and Thailand in the first half of 2019 and this impacted both these markets. Capital market transactions were postponed or cancelled but we saw some return to a state of normalcy during the second half of 2019 with our growing deal pipeline.

OUTLOOK AND PROSPECTS

Going forward, we expect the operating environment to be challenging and hence, GIB will continue to focus its resources on key growth areas. In Malaysia, the mid-cap segment remains an important growth strategy and we have reorganised our Coverage and Product teams to better serve our clients in this segment and to cross-sell within. We are planning to expand our product offerings in Indonesia and expect to see revenue growth in Thailand from the new Capital Markets team.



OVERALL PERFORMANCE



GROUP SHARIAH BUSINESS

RHB Islamic Bank ("RHB Islamic") is RHB Banking Group's Islamic banking arm, providing Shariah-compliant financial services under four business units, namely Retail Banking, Corporate Banking, Business & Transaction Banking and Treasury.

Our products and services are delivered in a fast, efficient and seamless manner nationwide to fulfill the needs of customers, cutting across the Commercial Banking (covering retail, corporate and commercial business segments) and Investment Banking business streams. Our customer touchpoint network is one of the largest in the country with services available at all RHB Islamic Bank branches and RHB Bank branches, totalling 210 branches nationwide with the added convenience of ATMs and mobile and internet banking.



AWARDS & RECOGNITION

IFN Awards KL 2018

- Social Impact of the Year

IFN Awards KL 2018

- Malaysian Deal of the Year

The Asset Triple A Islamic Finance Awards 2019

- Islamic Deal of the Year / Best Sukuk / Most Innovative Deal

The Asset Triple A Islamic Finance Awards 2019

- Best Islamic Deal

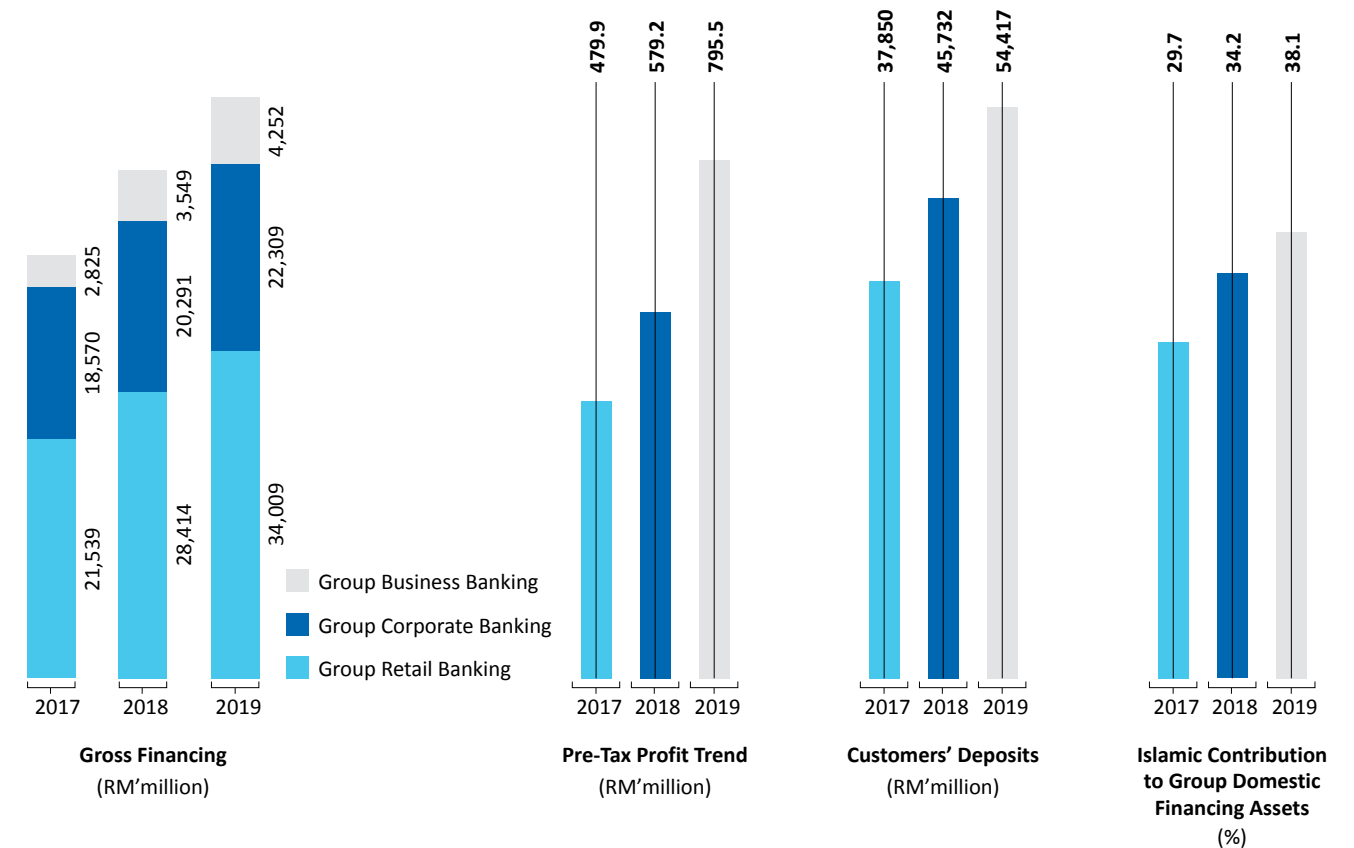
15th Kuala Lumpur Islamic Finance Forum ("KLIFF") 2019

- The Most Outstanding Islamic Corporate Banking

15th Kuala Lumpur Islamic Finance Forum ("KLIFF") 2019

- The Most Outstanding Shariah Advisor

HOW WE CREATE VALUE



KEY BUSINESS INITIATIVES

CLOSE PRODUCT GAPS AND INCREASE PRODUCT INNOVATION TO ENSURE RHB ISLAMIC'S OFFERINGS ARE ON PAR WITH COMPETITORS

OUTCOMES

9 products were launched in 2019:

Business Segment	Business Track	Product Name
Retail	Consumer Product Management	CM Premier Current Account-i Multi-Currency Account-i
	Cards & Unsecured Business	Personal Financing-i (Private Sector)
	Investment	Share Margin Financing-i
Non-retail	Corporate / SME Commercial	RHB Corporate Credit Card-i RHB Corporate Charge Card-i RHB Corporate Purchasing Card-i
	Business Banking	Restricted Investment Account-i (SME)
	Treasury	Islamic Structured Forward

Group Shariah Business

KEY BUSINESS INITIATIVES	OUTCOMES
INCREASE FRONTLINE STAFF'S PRODUCT KNOWLEDGE TO BOOST SALES WHILE INSTILLING A CULTURE OF COMPLIANCE TO MANAGE INCIDENTS OF SHARIAH NON-COMPLIANCE	<ul style="list-style-type: none"> Increasing staff knowledge on Islamic products, Shariah issues and operational concerns has helped address awareness on non-compliance and governance matters. FitchRatings' 2019 Malaysian Islamic Banking Overview indicated that RHB Islamic Bank was one of the fastest-growing Islamic banks in 2017 and 2018. Improved RHB Islamic brand positioning. Ranked 2nd for perception of having strong Shariah compliance (source: RFI Malaysia Priority & Retail Banking Council Report).
LEVERAGE ON RHB ISLAMIC'S EXISTING STRONG RELATIONSHIPS WITH THE GOVERNMENT AND CORPORATES	<p>Government business</p> <ul style="list-style-type: none"> Rolled out cashless payment channel for government clinics within Kuala Lumpur, Selangor and Negeri Sembilan. Four selected government clinics are undergoing pilot projects implemented by RHB Islamic. <p>Corporates</p> <ul style="list-style-type: none"> Pursued a working collaboration with a well-established local private healthcare group. RHB Islamic now administers the monthly payroll of medical professionals and administrative staff at three hospitals located in Kuala Lumpur, Selangor and Pahang.
VALUE-BASED INTERMEDIATION ("VBI") AND SUSTAINABILITY AS APPROACHES TO SECURE MORE NEW BUSINESS / PROJECTS	<p>Ocean Symphony initiative</p> <ul style="list-style-type: none"> RHB Islamic Bank and Universiti Malaysia Terengganu ("UMT") entered into a memorandum of understanding on 15 July 2019 that led to the birth of the Ocean Symphony initiative, designed to raise public awareness on the conservation and environmental sustainability of marine ecosystems. As part of the Ocean Symphony initiative, the bank will provide an e-platform to channel contributions from RHB customers and the public for UMT's research on oceanic conservation. <p>Zakat Refund Redistribution Programme</p> <ul style="list-style-type: none"> In 2018, RHB Islamic was one of the agents (Wakeel) for State Zakat Authorities ("SZAs") in distributing the allocation of zakat refunds approved by the SZAs. In 2019, RHB Islamic continued to distribute zakat refunds to eligible beneficiaries from low-income groups who were in need of financial assistance. <p>Digital Enabler for Social Finance via SyuQR</p> <ul style="list-style-type: none"> In tandem with the growth of electronic payments and e-wallets, SyuQR represents a cashless initiative that provides fast, efficient, safe and convenient means for customers to make contributions to suraus, mosques and organisations that support the less fortunate. It continues to be developed further to add more features. SyuQR has grown from covering just 10 suraus, mosques and organisations in 2018 to 141 as of December 2019. It now consists of three components, namely: <ul style="list-style-type: none"> Boost Wallet: Allows users to donate by scanning the institution's unique QR code using a smartphone. JomPAY: Allows users to contribute to the registered institutions by using a dedicated JomPAY code provided by PayNet. The contributions can be made through online banking and mobile applications. Tap & Derma: The latest component in SyuQR. For this service, the Tap & Derma terminal will be placed at selected institutions. Contributions can be made by just tapping a debit or credit card on the Tap & Derma terminal. <p>Waqf - Channelling of endowments for the betterment of the community</p> <ul style="list-style-type: none"> New Business Stream - The channelling of waqf contributions through Islamic banks has now given rise to RHB Islamic engaging actively with State Islamic Religious Councils ("SIRCs"), mosques and public universities. RHB Islamic signed an MOU with Sarawak SIRC in August 2018 and collaborated in a waqf project to empower the Ummah in Sarawak through education. Dana Wakaf Al-Bait was launched in February 2019 and is now live on the MyWakaf website. Currently, RHB Islamic maintains its waqf fund to cater for two recipients: <ul style="list-style-type: none"> Pertubuhan Kebajikan Baiturrahmah, Kuching. Akademi Tahfiz Hidayatul Quran Annur, Sibul.

	PROGRESS AGAINST FIT22 STRATEGIC INITIATIVES			
FIT22 INITIATIVES	Target 40% of financing asset contribution to the Group	Target to reach Top 3 position in financing assets	Target to achieve ROE of more than 12.5%	Target to achieve business mix of 60% Retail, 30% Corporate and 10% Business Banking
OUTCOMES	On track Recorded an encouraging 38.1% financing asset contribution in 2019. Well on track to achieve the 2022 target	Achieved Targeted Top 3 position in financing assets achieved in 2019	Achieved Recorded ROE of 14.1%, against 2018's ROE of 12.0%	On track Business mix stood at 56%, 37% and 7% for Retail, Corporate and Business Banking respectively. On track to achieve the 2022 targeted business mix

CHALLENGES FACED AND HOW WE OVERCAME THEM

As one of the leading Islamic banks in the country, RHB Islamic strives to provide its customers with a suite of financial products that meet their needs and requirements. 2019 saw the launch of nine new retail and non-retail products. At the same time, we continued to enhance our existing products. For example, deposit products now apply the Commodity Murabahah concept, which allows rate promotions and gifts. This addresses the limitation of the previous Qard concept that prohibited RHB Islamic from giving any contractual form of benefit to depositors.

The economic environment continues to be challenging amid fiscal pressures and the overall slow business growth. Both the government and corporates are more cost-conscious when undertaking new projects, which has a knock-on effect on banks including RHB Islamic. We have mitigated this through continuous engagement and discussions with a view to better understand the needs and requirements of our customers. To this end, RHB Islamic has continued to enhance and upgrade its current services to add value and better serve our clients.

OUTLOOK AND PROSPECTS

Malaysia's Islamic banking industry recorded a financing growth of 8.0% as at December 2019.

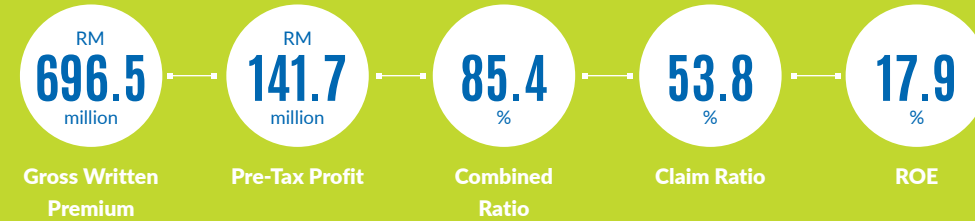
Moving forward, RHB Islamic plans to increase efficiency and improve Shariah knowledge among frontline staff. Enhancing the knowledge of our frontliners will facilitate greater sales while efforts to improve existing products will continue as we leverage on our strong relationships with both the government and corporates to drive business growth.

In our efforts to realign our business mix to our FIT22 targets, there will be added emphasis to grow our SME portfolio in line with the Group's key focus of driving growth through SMEs.

With regard to sustainability, RHB Islamic has aligned itself with Bank Negara Malaysia's call to adopt the principles of the value-based intermediation initiative. As of May 2019, RHB Islamic was admitted as the 10th member of the VBI Community of Practitioners. Ongoing engagement regarding the VBI Balanced Score Card, which measures quantitative and qualitative elements, continues with the regulatory authorities.



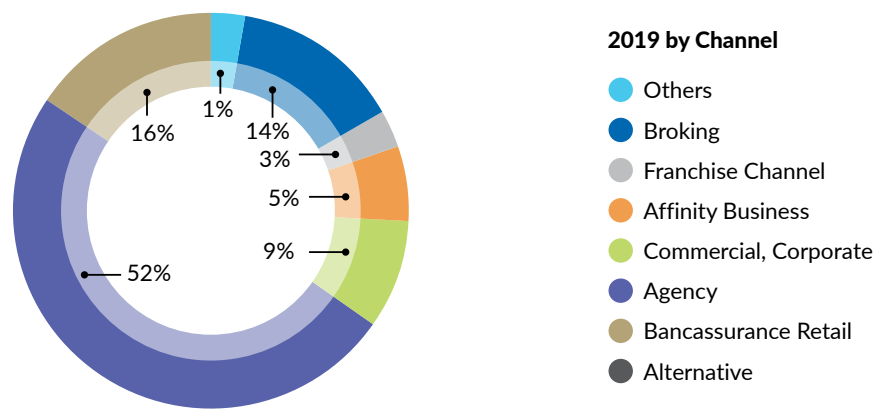
OVERALL PERFORMANCE



GROUP INSURANCE

RHB Insurance, a subsidiary of RHB Bank Berhad, provides general insurance services for our retail and corporate customers. It is the 12th-largest insurer in Malaysia with 3.9% market share and ranks among the Top 10 insurers for Fire.

HOW WE CREATE VALUE



KEY BUSINESS INITIATIVES

OUTCOMES

CONTINUOUS GROWTH OF THE RHB INSURANCE MOBILE APP THAT WAS LAUNCHED IN 2018

- The RHB Insurance Mobile App is an end-to-end application that offers a simple, fast and seamless way to purchase motor insurance policies and road tax within three minutes.
- Download and usage rate continues to grow as the application also provides customers road tax renewal notifications upon policy expiry and a dashboard on policy details and status.

ROLLED OUT AN ONLINE PLATFORM TO ENRICH CUSTOMER PURCHASING EXPERIENCE

- The online platform provides a seamless insurance purchase journey for our customers, catering to the market's need for convenience.

EMBARKED ON PROJECT TAPIS INITIATIVE

- An initiative focusing on growing the profitable fire insurance portfolio and increasing renewal rates by empowering and equipping the Business Channels to upgrade their underwriting skill sets to face the open market/detariffed environment.
- The portfolio was able to sustain its performance during the intense phased liberalisation and register a flat growth compared to the same period last year.

KEY BUSINESS INITIATIVES

OUTCOMES

RESTRUCTURED THE MEDICAL INSURANCE PORTFOLIO

- Improved loss ratio by restructuring our medical portfolio to focus on Individual Medical plans instead of Group Medical plans.
- The Individual MediSure Supreme product recorded 85% growth in gross written premium.

FIRE AND MOTOR BUSINESS GREW STEADILY IN THE DETARRIFFED ENVIRONMENT

- Motor premium increased by 7%.
- The claims incurred ratio of Fire and Motor remained favourable despite the intense market competition resulting from detariffication.

PROGRESS AGAINST FIT22 STRATEGIC INITIATIVES

FIT22 INITIATIVES

To be Top 5 in General Insurance

Scale up Banca Retail and SME business acquisition by deploying more general insurance specialists ("GIS")

OUTCOMES

Group Insurance registered a gross written premium ("GWP") of RM697 million, a decrease of 11% over the same period in 2018, following the restructuring of our medical and health portfolio. Our market share stood at 3.9% as at December 2019.

The restructuring has seen positive outcomes in terms of pre-tax profit and has helped place us in a stronger position for the coming financial year.

General Insurance is cross-sold through Retail Banking and distributed to its large customer base by Personal Banker Wealth. We expect that there will be a plateau in GWP as only 20% of the personal bankers actively cross-sell General Insurance. As such, we created the general insurance specialist role to assist Retail Banking in bringing in more revenue and driving higher GWP growth. Over the long-term, the specialists will be able to support 80% of bank branches and contribute significant premiums to RHB Insurance as well as revenue to RHB Bank.

CHALLENGES FACED AND HOW WE OVERCAME THEM

Amid a challenging operating environment, RHB Insurance continued to support the Group by providing products and services to the Group's various business channels. During 2019, RHB Insurance also undertook the restructuring of its medical and health portfolio, temporarily impacting market share. However, since then, we have aggressively marketed our revamped products, leading to a significant increase in RHB Insurance's financial performance.

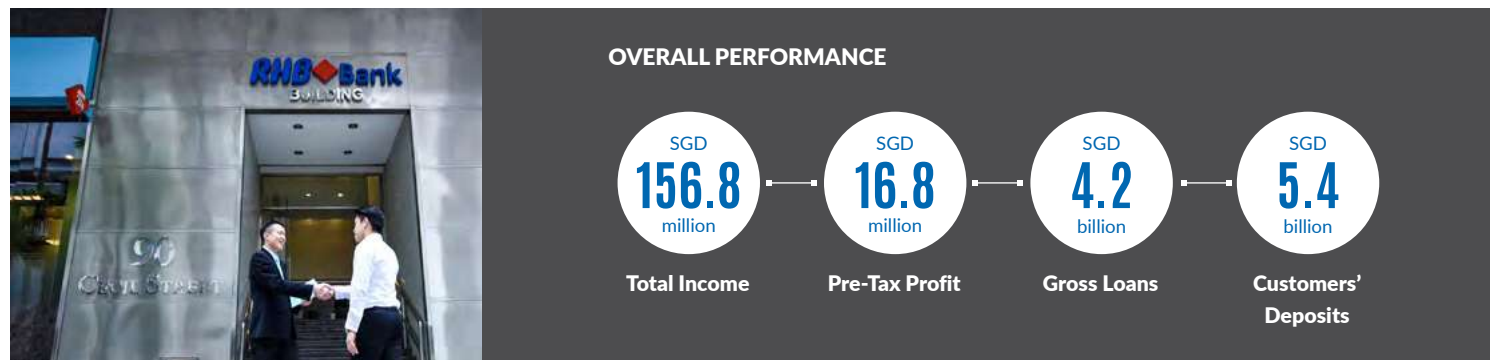
For the Motor business, the industry is faced with multiple challenges including the loss ratio that is trending upwards and phased liberalisation that has added more competition. Our bottom line may also be further pressured by inflation and regulatory matters. In response, RHB Insurance has proactively identified new measures to overcome these challenges, which include ensuring the accuracy and adequacy of our pricing and growing our profitable segments.

OUTLOOK AND PROSPECTS

The insurance sector in 2020 will see intense market competition as the market continues to be liberalised. RHB Insurance will focus on sustainable growth through a bigger agency force and improved productivity through enhanced digital capabilities.

Looking forward, the restructured medical portfolio has enabled the allocation of adequate resources for individual medical insurance promotion and sales, and this will continue to be our focus. Claims ratio improvement will mainly be due to changes in the Hospital & Surgical portfolio mix as a result of the reduction in the Group Medical business and an increase in the Individual Medical business.

Further to this, we will also remain focused on growing SME and medium-sized risks in the Fire insurance business, which will in turn drive the underwriting and claims management business in 2020.



RHB SINGAPORE

RHB Singapore has been in operation for over five decades and is a key regional contributor to the Group. We continue to build on our strengths in the mid-cap segment, aiming to be the catalyst bank for SMEs, advising on both business and personal financial needs. The bank's core businesses are streamlined into seven pillars, namely Retail Banking, Commercial Banking, Corporate and Investment Banking and Treasury, as well as Capital Markets, Brokerage and Asset Management.

We focus on niche market segmentation, offering products that meet our customers' needs. We offer a complete suite of services to Malaysian companies with development plans in Singapore and likewise, Singaporean enterprises seeking opportunities regionally. On the corporate and client coverage front, RHB is looking at driving deals involving Singapore assets among overseas conglomerates while providing end-to-end solutions.



AWARDS & RECOGNITION

PR Awards 2019 (Singapore)

- Best Employee Engagement/Internal Communications (Bronze)

The Asset Triple A Islamic Finance Awards 2019

- Best Islamic Deal (Singapore)

The Marketing Events Awards 2019 (Singapore)

- Best Event by an In-house Team (Bronze)

Global Retail Banking Innovation Awards 2019

- Best CSR Initiative (Highly Acclaimed)

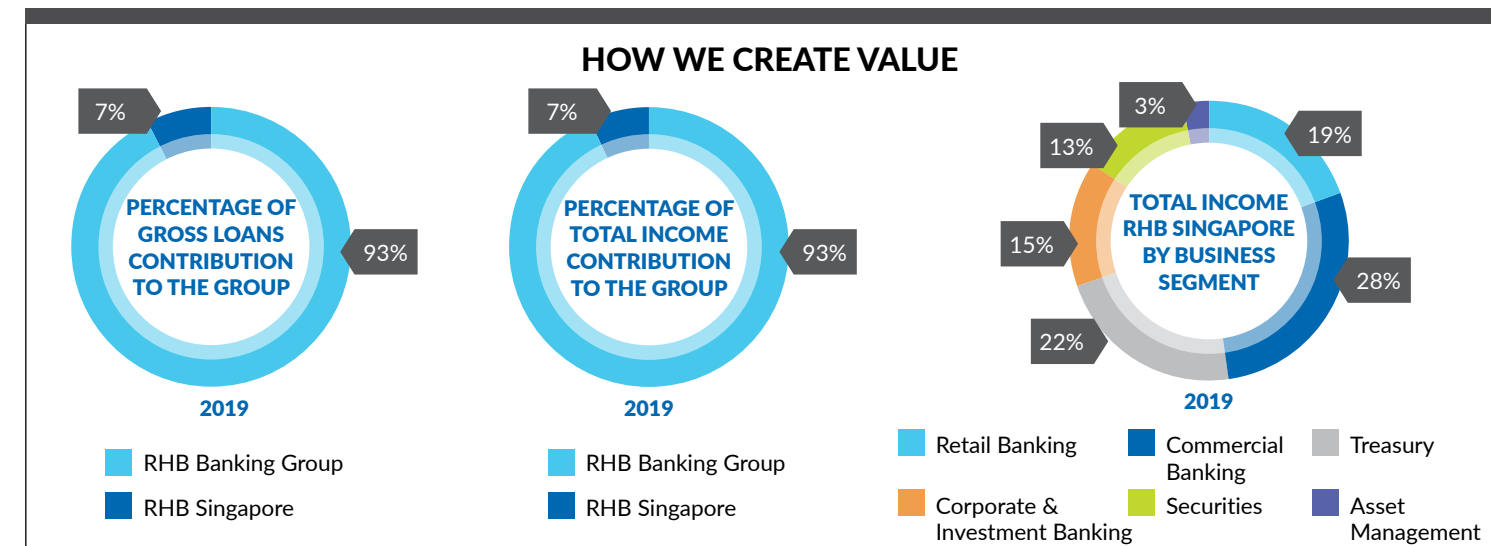
Excellent Service Awards 2019

28 Silvers; 21 Golds; 29 Stars

HR Excellence Awards 2019

- Excellence in Business Transformation (Gold)

Mandated as Joint Global Coordinator and Bookrunner for ESR-REITs up to SGD100 million Private Placement



KEY BUSINESS INITIATIVES	OUTCOMES
CLOSELY MONITORED MARKETING CAMPAIGN	RHB Singapore's deposits increased by 21.2% year-on-year to SGD5.4 billion while loans grew by 7.6% to SGD4.2 billion.
INCREASED COMMISSION AND FEE INCOME	RHB Singapore's non-fund based income increased to 19.0% year-on-year to SGD55.3 million, resulting from structured deals due to greater collaboration between the Securities and Bank businesses, increased trade commissions and higher trading income from strategic profit-taking from the treasury bond portfolio.
POSITIONED RHB AS THE KEY DEAL ORIGINATOR FOR STRUCTURED DEALS IN SINGAPORE	Created the capacity to undertake lucrative business opportunities and yet operate within various regulatory caps and ratios, thus sustaining RHB Singapore's position in the marketplace as an active player. For example, between 2018 and 2019, the Corporate Banking team sold close to SGD200 million of industry property loans in order to manage the bank's exposure to this sector.
INCREASED CAPITAL OPTIMISATION AND IMPROVED FUNDING POSITION	RHB Singapore remained healthy in terms of funding with a loan-to-deposit ratio of 78.7% as of December 2019. It also achieved capital efficiencies, returning Head Office borrowings to the Group amounting to SGD209 million and saving SGD2.75 million in interest expense.
POSITIONED RHB AS AN SGX CATALIST FULL SPONSOR AND CULTIVATED CLOSE RELATIONSHIPS WITH STAKEHOLDERS IN SINGAPORE'S CAPITAL MARKET	<p>RHB Singapore's Capital Markets team was able to reach out to a wider pool of existing and potential clients while taking on more diverse projects by being involved in IPO-related talks and promoting small cap stocks among investors. This built up RHB's profile in Singapore as a small to mid-cap brokerage house.</p> <p>As an SGX-authorized Catalyst full sponsor, the team also unlocked a host of advisory services, which resulted in the following deals:</p> <ul style="list-style-type: none"> • Played the role of joint placement agent for the IPO of Sim Leisure Group Ltd on the Catalist Board of the SGX-ST in 2019 • Sole financial advisor to 8S Capital Holdings Pte Ltd (backed by affiliates of Kohlberg Kravis Roberts & Co. L.P. and the founding members of 800 Super Holdings Limited) ("800 Super") in successfully privatising 800 Super • Mandated as Joint Global Coordinator and Bookrunner for ESR-REITs up to SGD100 million Private Placement

RHB Singapore

PROGRESS AGAINST FIT22 STRATEGIC INITIATIVES

FIT22 INITIATIVES

OUTCOMES

Accelerate loan recovery	Focus on SME and mid-cap segment	Position overseas IB businesses to focus on niche markets	Enhance customer journey
Contained the impact from RHB Singapore's exposure to the volatile oil and gas sector. With active portfolio management and a rebalancing strategy, RHB Singapore's business and operations had better control over asset quality during the year.	Introduced new SME Programme Lending Scorecard to enhance credit approval process for SME customers. Grew secured assets book and focused on fee revenue growth through trade and forex transactions. Acted as joint placement agent for the IPO of Sim Leisure Group Ltd on the Catalyst Board of the SGX-ST and secured two new Catalyst IPO mandates for mid-cap companies.	Leveraged on the key strengths of our Investment Banking unit, being a niche player in specific M&A segments through private capital, real estate, REIT & Catalyst clients. As a result, we completed two acquisition financing deals in 2019 that increased the bank's wallet share for large-cap corporates, thus enhancing RHB Singapore's credentials in the marketplace.	The Net Promoter Score improved by 20 points, contributed mainly by the Retail Banking business that improved by 24 points and the Commercial Banking business that improved by 8 points. These were driven by the implementation of a 360° customer journey process. Training frequency was increased to guide and coach the Relationship Managers on a weekly basis, focusing on products, processes and campaign-related matters. Improved and simplified our corporate account opening forms to include onboarding of our Business Banking Online Banking Platform, Reflex.

CHALLENGES FACED AND HOW WE OVERCAME THEM

The Singapore economic environment in 2019 remained subdued with external conditions, including the unresolved US-China trade war, affecting Singapore's business investments and the manufacturing sector, lowering trade in capital goods and thus reducing potential business for RHB Singapore.

As a result, RHB Singapore turned to acquiring more secure assets through our Commercial Property portfolio while deepening client relationships by increasing engagement and product holding.

RHB Singapore also contained the impact arising from its exposure to the oil and gas sector from previous years with active portfolio management and a rebalancing strategy. This resulted in better control of our asset quality during the year.

Singapore's capital markets also faced unprecedented challenges in 2019 with stock delistings outstripping new listings, putting pressure on an important source of revenue. To mitigate this and to continue creating value, RHB Singapore focused on other areas such as takeovers, delisting advisory work and other independent advisory projects to diversify our income. Some examples of this included acting as the sole financial advisor and coordinator in relation to ESR-REIT's SGD50.0 million Preferential Offering whereby ESR-REIT received valid acceptances and excess applications representing twice the number of units available, as well as acting as the sole financial advisor to 8S Capital Holdings Pte Ltd (backed by affiliates of Kohlberg Kravis Roberts & Co. L.P. and the founding members of 800 Super) in privatising 800 Super.

OUTLOOK AND PROSPECTS

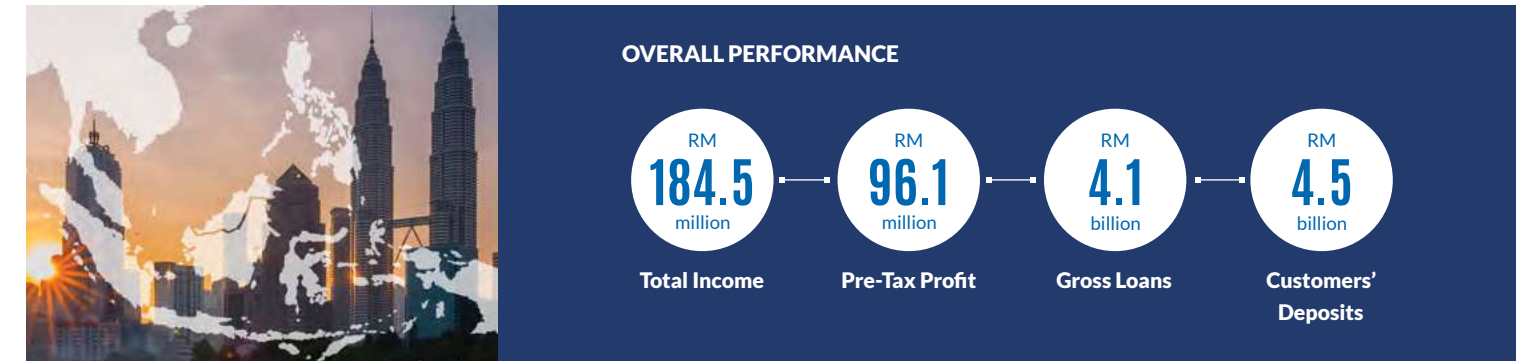
As we move forward into a largely uncertain and moderating global economy in 2020, RHB Singapore will continue to adopt measures to not only sustain but grow the business.

We will continue to serve and provide a seamless banking experience to our customers by broadening our product offerings, introducing digital capabilities, enhancing existing online platforms and improving cross-selling activities. We will also focus on improving the quality of assets for loans and structured unsecured deals with value-added sponsors.

Other initiatives include helping companies secure financing for their overseas investments and projects through the sharing of default risk with Enterprise Singapore, the Singaporean government agency that champions enterprise development.

RHB Singapore is also looking at providing insurance against insolvency risk facilities for companies with working capital, which will increase its appetite in extending short-term loans. In the longer term, we plan to build an ecosystem together with technology partners to develop fintech solutions to help our SME customers achieve better productivity.

As for the Securities business, we will continue to move in tandem with the industry to streamline and improve efficiency. RHB Singapore, however, has taken the view that while we continue right-sizing initiatives, we will also continue building efficiencies through investing in upgrading trading infrastructure. With technological developments continuing to push the boundaries of our industry, we have also started looking into alternative systems such as dark pools and offerings such as direct-market-access ("DMA") for our clients.

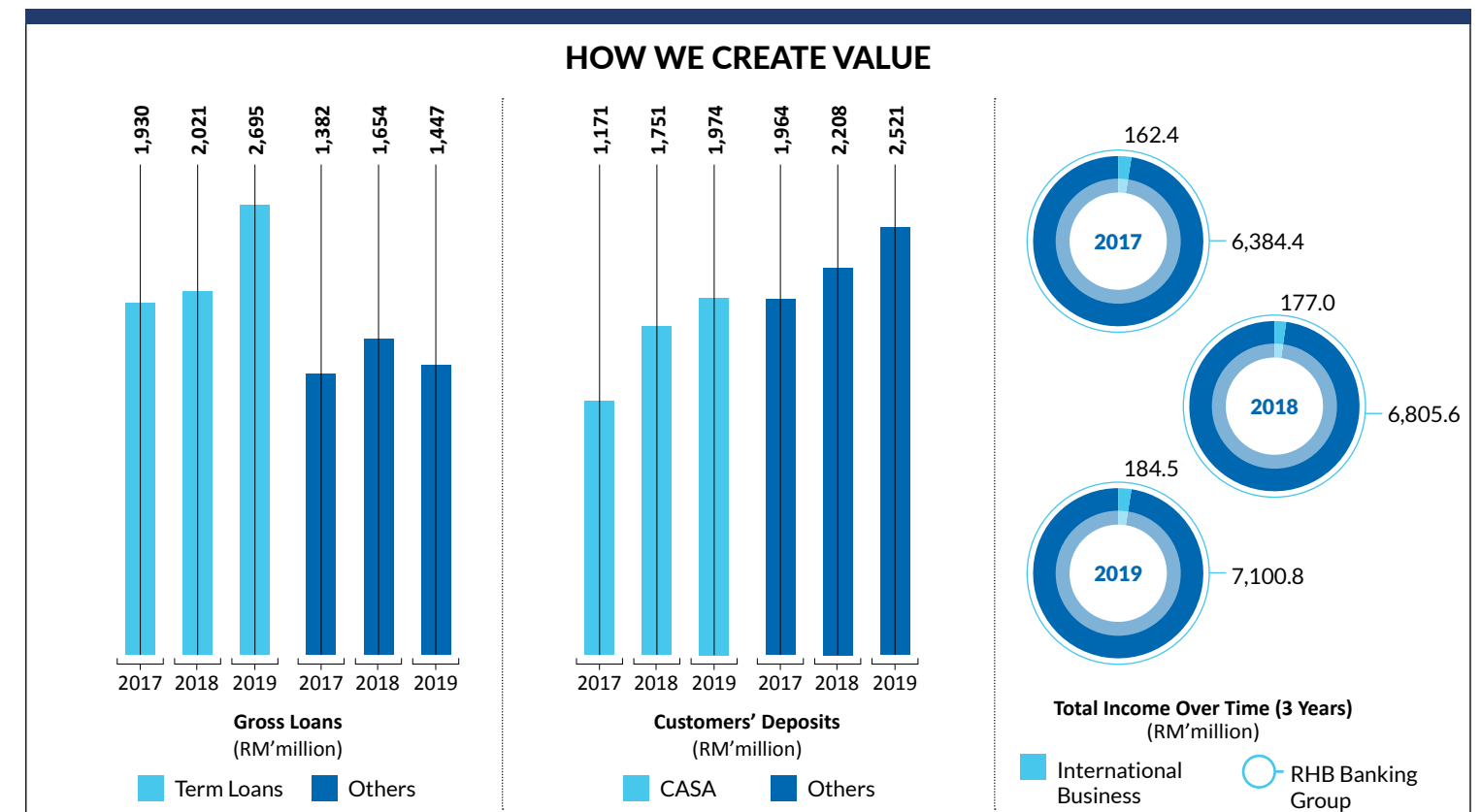


INTERNATIONAL BUSINESS

RHB's International Business comprises our overseas commercial and retail banking portfolios, excluding Singapore. We have a strong network of branches across Cambodia, Thailand, Lao PDR and Brunei offering products ranging from loans, deposits, trade finance and remittance for customers of all segments. We also maintain representative offices in Vietnam and Myanmar that offer liaison and advisory services for Malaysian companies seeking to conduct business in these countries.

AWARDS & RECOGNITION

- Thailand - ISO/IEC 27001 Bank of Thailand Payment System Surveillance (2019)
- Lao - Recognition Certificate for Best Contribution in Banking Sector awarded on the occasion of the 50th Anniversary of Bank of The Lao P.D.R. ("BOL") held on 28 March 2019



International Business

KEY BUSINESS INITIATIVES

OUTCOMES

STRATEGIC GROWTH IN FOCUS SEGMENTS

CAMBODIA

- Digital partnership with Cambodia's cashless platform, Pi Pay, to offer free cashless payment services in Cambodia. The partnership allows RHB Cambodia's account holders to transfer funds free-of-charge into their Pi Pay e-wallet via the RHB Mobile Banking Application to pay for goods and services. New Mobile and Internet Banking achieved substantial growth traction of over 63% in sign-ups, 306% in transaction volume, 262% in transaction amount and 136% in fee income.

THAILAND

- Strategic focus on commercial loan segments to improve margins and drive growth of fee income. Non-fund based income recorded 60% year-on-year growth.
- Enhanced treasury contributions through higher foreign exchange and fixed income revenue with overall achievement of 129% year-on-year growth.
- Active cross-border and cross-entity referrals to foster strong collaboration within the RHB Banking Group to further boost fee income.

BRUNEI

- Shift in strategy to focus on Top 30 customers led to improved market share with better asset quality performance in the local industry.
- Fee-based improvement initiatives resulted in total fee-based income improving by 42.7% over the past three years, largely contributed by our dealings with remittance companies.

LAO PDR

- Collaborated with property agents to obtain leads for customers who require housing loans.

IMPROVE ASSET QUALITY

THAILAND

- Improved credit risk grading with 72.2% of loans portfolio being above average (from 68.2% previously) through the onboarding of good-quality borrowers with collateral.
- Successful recovery of legacy default borrowers. Gross impaired loans further improved to 1.51% from 1.72% in the previous year.

BRUNEI

- Close monitoring and aggressive recovery efforts led to significant improvement of gross impaired loans ratio from 9.76% in December 2018 to 3.84% in December 2019.

LAO PDR

- Improved the non-performing loans ratio to 8.60% in 2019 from 10.58% in 2018.

IMPROVE OPERATIONAL EFFICIENCY

CAMBODIA

- Focus on high customer satisfaction with the achievement of zero formal customer complaints throughout 2019.
- 85% of over-the counter customers were served within five minutes in 2019 via the bank's initiatives in turnaround time improvement.

THAILAND

- Successful implementation of Murex Treasury System and automation of regulatory reporting to enhance efficiency.
- Upgraded AML system for real-time filtering and screening of existing customers and transaction monitoring, as well as for generating alerts to all new and existing customers.
- Achieved re-certification of ISO/IEC 27001 on IT security processes that support the Central Bank, Bank of Thailand's Bahtnet and ICAS payment and clearing systems.

BRUNEI

- One of the best turnaround times for mortgage financing in the local scene, with turnaround time within five working days.
- Emphasis on relationship management of customers leading to zero formal customer complaints since 2017.

LAO PDR

- Credit approval turnaround time reduced by 4 days.
- Improved cost-to-income ratio to 48.2% compared to 57.8% in 2018.

CHALLENGES FACED AND HOW WE OVERCAME THEM

International Business continues to work hard to overcome the challenges that are inherent in trying to grow a banking business in our chosen localities, and in our context, to build capabilities in niche segments in the countries we operate in.

In Cambodia, it is challenging to maintain the stability of the CASA component in our composition of funds given the fluid nature of such deposits. To address this, we continue to run special campaigns to promote attractive CASA offerings to the market.

In Thailand, we face constraints in terms of knowledge and resources in credit, legal and regulatory perspectives when working on cross-border deals. To mitigate this, we leverage on our counterparts, and the sharing of knowledge, within our wider organisation.

In Brunei, historically, we have been impacted by poor asset quality, evidenced by high impaired loan ratio. However, there is better understanding now of the market process and behaviour and we have established monthly Asset Monitoring Team meetings to monitor portfolio performance as well as to rigorously carry out recovery efforts to improve the position. This has been bearing fruits, as shown in our financial performance. We will continue our efforts and will actively participate in the industry's initiatives in addressing the high impairment loan level in the local industry.

OUTLOOK AND PROSPECTS

Moving into 2020, each country's operations will take steps to maximise business growth while ensuring a prudent approach to asset quality and the management of risk.

Our Cambodian operations will continue to build sustainable growth by introducing digital banking solutions such as RHB Reflex, which is a combination of cash management and trade and payment solutions which together, form an integrated online solution. In terms of segments, our focus will be to upsell to customers within the Corporate and SME space while targeting the high-net-worth individual customer base.

Thailand is expected to see a slight recovery in economic growth with the domestic sector driving the economy in 2020. We will focus on loans growth in the commercial and mid-tier segments and will continue to improve asset quality via a higher collateralised loan ratio.

In Brunei, loans growth is expected from the high-margin retail and SME segments and we will continue exploring the implementation of digital banking together with local industry players and regulators.

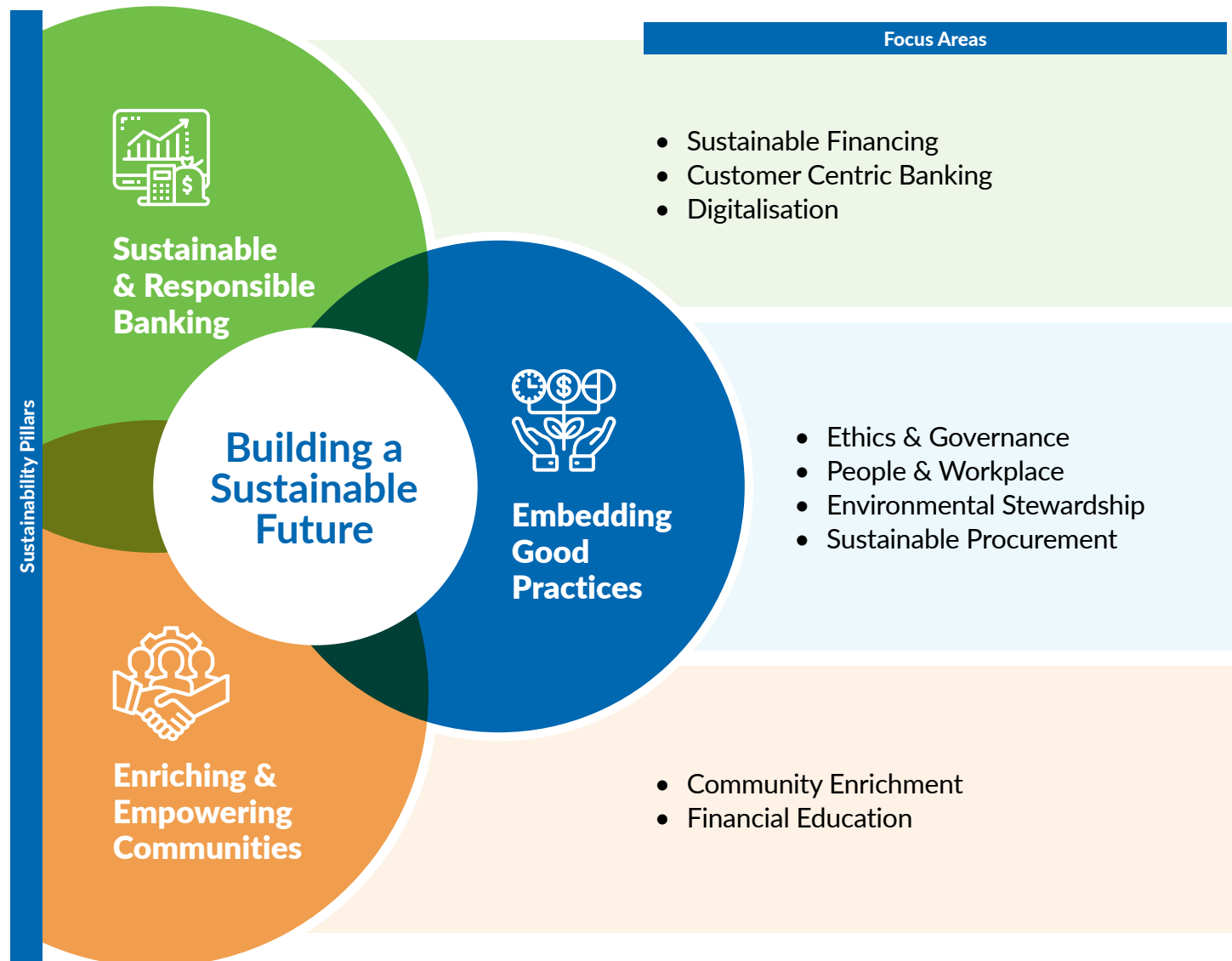
Overall, the banks we operate in these four countries will continue to play to their strengths, capitalise on new growth opportunities and pay close attention to improving asset quality.

Our Approach to Sustainability

FC IC SRC HC MC NC

RHB is on a progressive sustainability journey of continuous value creation for its stakeholders. Guided by the Group's Sustainability Framework, we respond to changing stakeholder concerns and consider the wider context of market conditions in carrying out our business activities. Our commitments are outlined by thematic pillars leveraging on material matters that are important to our business and stakeholders, and where we can make a difference.

Within each thematic pillar – Sustainable and Responsible Banking, Embedding Good Practices and Enriching and Empowering Communities – focus areas were identified to propel progress, as well as create value and measure impact. Each focus area is led by a Sustainability Sponsor and Champion to steer progress, drive innovation, promote cross-functional collaboration and strive for improvement.



Note: As guided by our Sustainability Principles, RHB Banking Group will align and integrate VBI components across the Group's Sustainability Framework.

Please refer to page 115 of this report and our Sustainability Report 2019 for more details on Sustainability Governance.

Please refer to pages 38 to 41 of this report and our Sustainability Report 2019 for more details on our stakeholders, their concerns and our responses.

Please refer to pages 42 to 45 of this report and our Sustainability Report 2019 for more details on Assessing Our Material Matters.



Scan the QR code to read more on our sustainability initiatives and progress

2019 Key Highlights

- ESG risk management:** A list of ESG risk-related activities that RHB Banking Group will not support and a list of sectors defined as ESG-Sensitive Sectors were put in place
- Financial access to SMEs:** Total loans of **RM5 billion** have been provided to SMEs
Recognised as **Top Contributor** by Syarikat Jaminan Pembiayaan Perniagaan ("SJPP") with **RM1.1 billion** disbursed to SMEs in 2019
- Sustainable financing:**
 - Approved a total of **RM246.21 million** in loans for renewable energy projects
 - Pasukhas Green Assets ASEAN Green SRI Sukuk Programme - Sole Principal Advisor, Sole Lead Arranger & Sole Lead Manager for establishment of Programme of up to **RM200 million** in nominal value
- Digital adoption:** **46.9%** or **1.86 million** customers are using our Internet Banking
Affordable homes: Financed **840** low-income first-time homebuyers through BNM's Fund for Affordable Homes
- Inclusive & accessible branches:**
 - 210** branches with better accessibilities including **67** with ramps to walkway and **16** with a dedicated parking lots for our special needs customers
 - 4,425** branch staff received **special soft skills training to engage with people** with disabilities or special needs

* To be first implemented for RHB Banking Group operations in our dominant market, Malaysia.

- Gaining investor recognition:**
 - FTSE4Good Bursa Malaysia** Constituent
 - MSCI ESG Rating** upgraded to AA
- Preparing our workforce for the future:** **RM43.0 million** invested in employee development
- Leading to an engaged workforce:** **Employment Engagement score of 90%**, better than industry average of 89%
- Built on diversity and inclusiveness:**
 - Total Workforce: **59.2%** female; **40.8%** male
 - Senior Management: **27.6%** female
 - Management: **50.2%** female
- Our environmental footprint:**
 - Reduced energy consumption by completing LED lighting installation for all RHB Bank and RHB Islamic Bank branches across Malaysia
 - Reduced water consumption per occupancy (m³) by **11.6%** from previous year at RHB Centre and RHB Complex in the Klang Valley
 - Total GHG emission was **13,688 tCO₂e** for RHB Centre and RHB Complex in the Klang Valley*
 - The emission intensity per employee at RHB Centre and RHB Complex in the Klang Valley has been reduced by **43%** from 2016 to 2019

Note: * GHG emission was for RHB Centre and RHB Complex in the Klang Valley, Malaysia. Scope and boundary for GHG emission in 2019 consisted of Scope 1: Mobile combustion (company-owned vehicles) and stationary combustion (generator sets); Scope 2: Purchased electricity; and Scope 3: Business travel by road. Methodology used was Greenhouse Gas Protocol (GHG Protocol): Corporate Accounting and Reporting Standard.

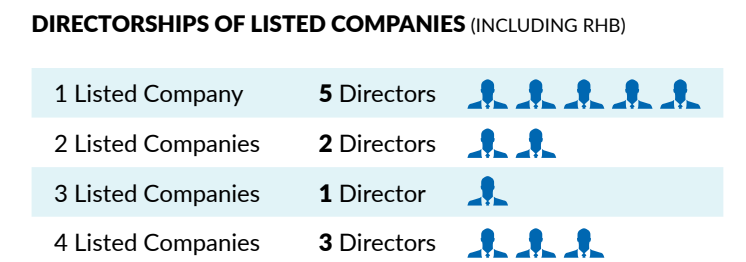
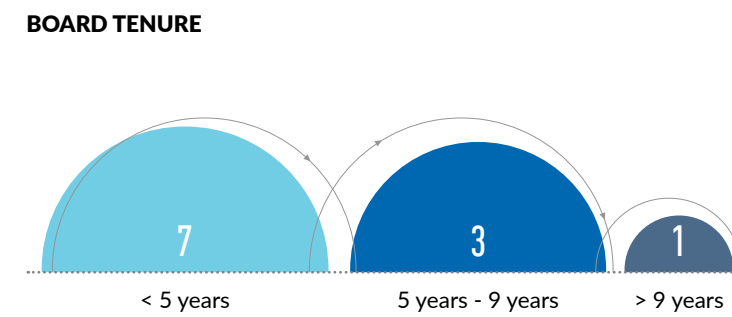
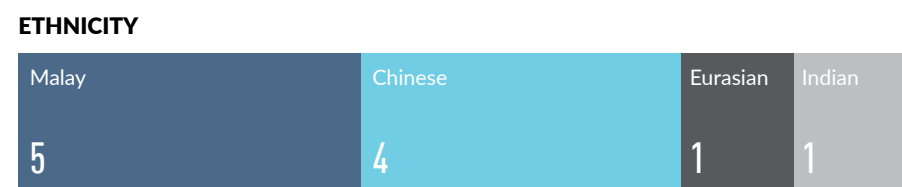
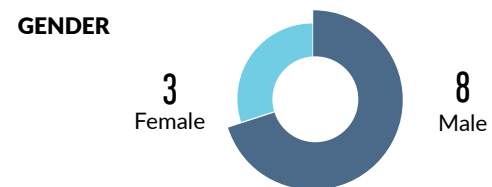
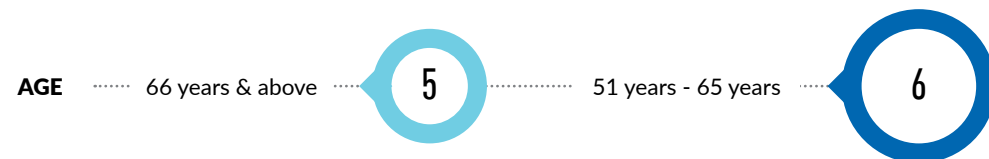
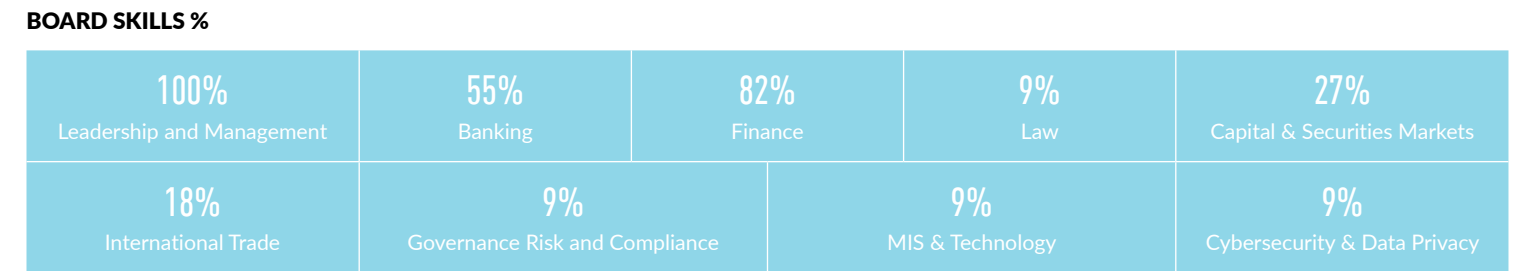
- Nurturing future generations:**
 - More than **1,200 students** from underprivileged backgrounds benefitted from RHB X-Cel Academic Excellence Programme since 2018
 - 10 students** received the RHB X-Cel Star Scholarship in 2019, with plans to increase to 15 per annum from 2020
- Art with Heart ("AWH") Exhibition:** AWH provides a platform for young and emerging local artists to showcase their artwork and creativity. **66 local artists** have benefitted thus far, with a total of **129 artworks** sold over the last 4 years
- RHB Touch Hearts:**
 - A Group-wide community engagement programme that involved **14,500 employees** carrying out **158** initiatives since 2016 across 4 focus areas – Environment, Education, Health & Wellness and Community Well-Being
 - Benefitted more than **100,000** underprivileged and underserved members of the community in areas where RHB has a presence
- Total community investment:** **RM9.5 million** (2017 - 2019)
Financial literacy: Since 2018, the RHB Money Ma\$ter Programme **engaged over 22,000 students from 120 schools**

Our Board at a Glance



Standing from left to right: TAN SRI SAW CHOO BOON | DATUK SERI DR GOVINDAN A/L KUNCHAMBOO | ABDUL AZIZ PERU MOHAMED
Sitting from left to right: SHARIFATU LAILA SYED ALI | TAN SRI DR REBECCA FATIMA STA MARIA

Standing from left to right: TAN SRI AZLAN ZAINOL | DATO' KHAIRUSSALEH RAMLI | TAN SRI ONG LEONG HUAT @ WONG JOO HWA | LIM CHENG TECK
Sitting: ONG AI LIN



Profile of the Board of Directors

TAN SRI AZLAN ZAINOL

Non-Independent Non-Executive Chairman



Date of Appointment:
27 July 2005

Qualifications

- Fellow of the Institute of Chartered Accountants in England and Wales
- Fellow Chartered Banker of the Asian Institute of Chartered Bankers
- Member of the Malaysian Institute of Accountants
- Member of the Malaysian Institute of Certified Public Accountants

Other Directorship(s)

Listed Entities:

- Malaysian Resources Corporation Berhad (Chairman)
- Eco World International Berhad (Chairman)
- Kuala Lumpur Kepong Berhad

Public Companies:

- RHB Investment Bank Berhad (Chairman)
- Yayasan Astro Kasih (Chairman/Trustee)
- OSK Foundation (Trustee)
- Financial Reporting Foundation (Chairman)
- RHB Capital Berhad (In Member's Voluntary Liquidation)
- Rashid Hussain Berhad (In Member's Voluntary Liquidation)

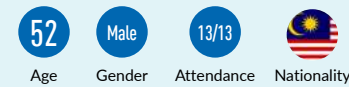
Skills and Experience

Tan Sri Azlan Zainol was previously the Chief Executive Officer of the Employees Provident Fund Board until his retirement in April 2013. He has more than 30 years of experience in the financial sector, having served as the Managing Director of AmBank Berhad and prior to that, as the Managing Director of AmFinance Berhad.



DATO' KHAIRUSSALEH RAMLI

Group Managing Director/
Group Chief Executive Officer



Date of Appointment:
13 December 2013*

Qualifications

- Bachelor of Science in Business Administration from Washington University, St. Louis, USA
- Advanced Management Programme, Harvard Business School
- Fellow Chartered Banker of the Asian Institute of Chartered Bankers

Other Directorship(s)

Listed Entities:

- Nil

Public Companies:

- RHB Capital Berhad (In Member's Voluntary Liquidation)
- RHB Foundation (Chairman/Trustee)

Skills and Experience

Dato' Khairussaleh Ramli has about 25 years of experience in the financial services and capital markets industry, where he has held senior positions in well-established regional financial institutions.

He is also a Council Member of the Association of Banks in Malaysia and the Asian Institute of Chartered Bankers. His knowledge and experience have earned him the "Best CFO in Malaysia Award" in 2010 and 2011 from Finance Asia and the "Best CFO in Malaysia Award" in 2012 from Alpha Southeast Asia.

* Subsequently appointed as Group Managing Director/Group Chief Executive Officer of RHB Banking Group on 5 May 2015.



Board Committees:

Chairman/Chairperson
Member

TAN SRI ONG LEONG HUAT @ WONG JOO HWA

Non-Independent Non-Executive Director



Date of Appointment:
20 November 2012

BCC

Qualifications

- Senior Cambridge, Federation of Malaysia Certificate awarded by Methodist English School
- Capital Markets and Services Representative's Licence issued by the Securities Commission of Malaysia under the Capital Markets and Services Act, 2007 for dealing in securities

Other Directorship(s)

Listed Entities:

- OSK Holdings Berhad (Executive Chairman)

Public Companies:

- RHB Investment Bank Berhad
- PJ Development Holdings Berhad (Chairman)
- OSK Property Holdings Berhad
- KE-ZAN Holdings Berhad
- OSK Foundation (Trustee)

Skills and Experience

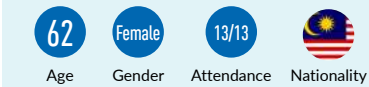
For over 17 years since 1969, Tan Sri Ong Leong Huat was attached to a leading financial institution where he last held the position of Senior General Manager. He was the Managing Director/Chief Executive Officer ("CEO") of OSK Investment Bank Berhad (now known as OSKIB Sdn Bhd) from July 1985 to January 2007 and thereafter was appointed as the Group Managing Director/CEO.

He was then re-designated as a Non-Independent Non-Executive Director and subsequently resigned on 30 April 2013. He was also a Director of MESDAQ from July 1999 to March 2002 and a member of the Capital Market Advisory Council appointed by the Securities Commission in 2004 to advise on issues relating to the implementation of the Capital Market Master Plan. He was a Director on the Board of Bursa Malaysia Berhad from 2008 to 2015 and was previously a Member of the Securities Market Consultative Panel of Bursa Malaysia.



TAN SRI DR REBECCA FATIMA STA MARIA

Senior Independent Non-Executive Director



Date of Appointment:
1 August 2016

BNRC

Qualifications

- Bachelor of Arts (Honours) in English Literature from the University of Malaya
- Diploma in Public Administration from the National Institute of Public Administration ("INTAN")
- M.S. in Counselling from Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia)
- Ph.D from the University of Georgia in Athens, USA

Other Directorship(s)

Listed Entities:

- Sunway Berhad
- Hartalega Holdings Berhad
- Eco World International Berhad

Public Companies:

- MyKasih Foundation (Trustee)

Skills and Experience

Tan Sri Dr Rebecca Fatima Sta Maria was previously the Secretary-General of the Ministry of International Trade and Industry ("MITI"). She began her career in the Administrative and Diplomatic Service in 1981 and served in various capacities in the then Ministry of Trade and Industry.

She was involved in handling trade-related matters of the Ministry, including administering Malaysia's interests under bilateral and regional Free Trade Agreements ("FTAs"), as well as Malaysia's engagements in various international organisations such as ASEAN, APEC and WTO. After 35 years in civil service, serving six trade ministers and overseeing 12 trade pacts, she retired as the Secretary-General of MITI in July 2016. She is now the Executive Director of the Asia-Pacific Economic Cooperation ("APEC") Secretariat based in Singapore.



Profile of the Board of Directors

TAN SRI SAW CHOO BOON

Non-Independent Non-Executive Director

73 Age Male 12/13 Attendance Nationality

Date of Appointment: 15 June 2016* BNRC BRC BAC

Qualifications

- Bachelor of Science (Chemistry) from the University of Malaya

Other Directorship(s)
Listed Entities:

- Digi.Com Berhad
- Wah Seong Corporation Berhad

Public Companies:

- RHB Capital Berhad (In Member's Voluntary Liquidation)
- RHB Insurance Berhad (Chairman)

Associations:

- Council Member of the Federation of Malaysian Manufacturers ("FMM")
- Socio-Economic Research Centre ("SERC") Board of the Associated Chinese Chambers of Commerce and Industry Malaysia

Skills and Experience
Tan Sri Saw Choo Boon ("Tan Sri Saw") joined Shell in 1970 as a Refinery Technologist in Shell Refining Company (Federation of Malaya) Berhad.

He then served in various capacities in manufacturing, supply, trading and planning in Malaysia, Singapore and the Netherlands. In 1996, Tan Sri Saw was appointed Managing Director of Shell MDS (Malaysia) Sendirian Berhad. From 1998 to 1999, he assumed the positions of Managing Director for Oil Products (Downstream), Shell Malaysia and Managing Director of Shell Refining Company (Federation of Malaya) Berhad. In 1999, with the globalisation of the Shell Oil Products business, he was appointed the Vice-President of the commercial business in the Asia-Pacific region and in 2004 he became the President of Shell Oil Product East.

In 2005, he assumed the role of Vice-President, Global Marine Products. Tan Sri Saw was appointed the Chairman of Shell Malaysia on 1 March 2006. He was also the Vice-President, Business Development Asia-Pacific, responsible for developing the commercial businesses in new market entries in Asia—China, India, Indonesia and Vietnam. From 1 January 2010, Tan Sri Saw was appointed the Senior Advisor of Shell Malaysia until his retirement on 30 June 2010.

* Served the Board of RHB Capital Berhad (the former holding company) for more than 6 years.



ABDUL AZIZ PERU MOHAMED

Independent Non-Executive Director

71 Age Male 13/13 Attendance Nationality

Date of Appointment: 7 February 2011

Qualifications

- Harvard Business School
- Pacific Bankers Rim programmes in the United States of America

Other Directorship(s)
Listed Entities:

- Nil

Public Companies:

- RHB Islamic Bank Berhad (Chairman)
- As-Salihin Trustee Berhad
- RHB Bank (Cambodia) Plc (formerly known as RHB Indochina Bank Limited)
- RHB Bank Lao Limited

Skills and Experience
Abdul Aziz Peru Mohamed is currently the Chief Executive Officer/Director of As-Salihin Trustee Berhad, a trust company specialising in Islamic estate planning. He has held various senior management positions in the banking industry with almost 30 years in an accomplished career track spanning management of branch networks and retail banking.

He spent most of his working years at Malayan Banking Berhad, where his last position was General Manager, Consumer Banking Division. He was also formerly the Senior General Manager of AmBank Berhad from 2002 to 2005. During his years in the banking industry, he was appointed as Chairman of the Rules Committee of the Association of Banks in Malaysia and has held several other key positions including as a Board Member of Mayban Property Trust and Mayban Trustees Berhad.



ONG AI LIN

Independent Non-Executive Director

64 Age Female 13/13 Attendance Nationality

Date of Appointment: 1 July 2017 BNRC BAC BRC

Qualifications

- Bachelor of Arts (Honours) in Economics from the University of Leeds, United Kingdom
- Associate of the Institute of Chartered Accountants in England and Wales
- Member of the Malaysian Institute of Accountants
- Certified Information System Auditor
- Certified Business Continuity Professional

Other Directorship(s)
Listed Entities:

- Tenaga Nasional Berhad

Public Companies:

- RHB Islamic Bank Berhad
- FIDE Forum (Trustee)

Skills and Experience
Ong Ai Lin began her career with Deloitte Haskins & Sells ("DH&S") in London in 1978, prior to joining PricewaterhouseCoopers ("PwC") in 1991 as Senior Manager. At PwC, she built the IT audit practice, an integral part of the firm's financial audit services. She was then appointed as Partner/Senior Executive Director of PwC in 1993 and was the Business Continuity Management and Information Security Practice Leader for PwC Malaysia. She has also served as the past President of the Information Systems Audit and Control Association ("ISACA")—Malaysia Chapter.

She has over 30 years of experience in providing business continuity management, governance risk and compliance, information security, cybersecurity, technology risk and governance and data privacy services in the United Kingdom, Singapore, Indonesia, Thailand, Vietnam, Philippines, Sri Lanka, Cambodia and Malaysia.

Her extensive experience includes collaboration with regulators, government ministries agencies and organisations in various sectors encompassing financial services, telecommunications and multimedia, energy, capital markets, transportation, aviation, manufacturing and trading, cybersecurity, provident funds and sovereign funds, as well as non-governmental organisations.

Her knowledge and experience earned her the "Best Certified Business Continuity Professional in Malaysia" award from Disaster Recovery Institute International at their inaugural awards in 2012. She was also awarded the "Cybersecurity Lifetime Achievement Award" in 2018 by CyberSecurity Malaysia.



LIM CHENG TECK

Independent Non-Executive Director

59 Age Male 12/13 Attendance Nationality

Date of Appointment: 28 November 2018 BCC

Qualifications

- Master of Business Administration from Brunel University, United Kingdom
- Bachelor of Arts from the National University of Singapore

Other Directorship(s)
Listed Entities:

- Nil

Skills and Experience
Lim Cheng Teck was the Regional Chief Executive Officer for ASEAN at Standard Chartered Bank. He first joined Standard Chartered Bank in 1988 and has held various roles within the bank's Corporate and Institutional Banking Division before being appointed as the Chief Operating Officer for Standard Chartered Bank (China) Ltd in 2005. In 2006, he was appointed as the Chief Executive Officer of Standard Chartered Bank (Singapore) Ltd. He returned to China in 2009 to take up the role of Chief Executive Officer and Executive Vice Chairman of Standard Chartered Bank (China) Ltd.

He has served on several Standard Chartered Bank subsidiary boards, notably as the Chairman of Standard Chartered Bank (Mauritius) Ltd, Standard Chartered Bank (Thailand) Ltd, Standard Chartered Bank (Singapore) Ltd, and as the Deputy Chairman of Standard Chartered Bank (Malaysia) Ltd and the President Commissioner of PT Bank Permata, Indonesia. He has also served as a Non-Executive Director of Standard Chartered Bank (Taiwan) Ltd. He has previously served as a Director on the boards of Clifford Capital Pte Ltd and the Singapore International Chamber of Commerce, a Governor of the Singapore International Foundation and a Council Member of the Institute of Banking and Finance Singapore and the Singapore National Employers Federation.

Additionally, he was the Chairman of the Overseas Financial Service Commission, the China Chamber of Commerce, the Vice Chairman of the Association of Banks in Singapore and a Member of the Monetary Authority of Singapore's Financial Centre Development Committee. Having served in the banking arena for over 28 years, Lim Cheng Teck retired from Standard Chartered Bank in April 2016 and continued as a Senior Advisor in a non-executive role until April 2017.

Further, he had a short stint of service as the Chief Executive Officer of Pontiac Land Group from March 2017 to May 2018. Currently, he sits on the Advisory Board of the Sim Kee Boon Institute of Financial Economics, Singapore Management University as well as the boards of Minterest Holdings Pte Ltd, the Special Needs Trust Company, Singapore and Bright Vision Community Hospital, Singapore.



Profile of the Board of Directors

SHARIFATU LAILA SYED ALI

Independent Non-Executive Director

57 Age Female 10/10 Attendance Nationality

Date of Appointment: 15 March 2019 **BNRC** **BAC**

- Qualifications**
- Master of Business Administration, University of Malaya, Malaysia
 - Bachelor of Science (Honours), Universiti Kebangsaan Malaysia, Malaysia
 - Advanced Management Programme, Harvard Business School, USA

- Other Directorship(s)**
- Listed Entities:
- Nil
- Public Companies:
- RHB Investment Bank Berhad
 - RHB Islamic International Asset Management Berhad

Skills and Experience

Sharifatu Laila Syed Ali ("Sharifa") has extensive experience in the field of investment management and portfolio investing, having served various premier institutions and government-linked investment funds over a period of more than 30 years. She played a key role in the setting up of Valuecap Sdn Bhd ("Valuecap"), a government-led initiative, whose founding shareholders were Khazanah Nasional Berhad, Kumpulan Wang Amanah Pencen and Permodalan Nasional Berhad ("PNB").

Sharifa began her career at PNB and subsequently moved on to hold various senior leadership positions at the Employees Provident Fund including Head of Treasury & Equity Markets, gaining broad exposure within the domestic and regional capital markets environment over a period of 15 years. Following a brief period as Head of Investments at the Pilgrims Fund, she was appointed the Chief Executive Officer of Valuecap in October 2002. She became Group Chief Executive Officer of Valuecap in 2015.

Under her stewardship, the Group spearheaded the country's move into new frontiers within the domestic markets, including launching Malaysia's first exchange traded fund (Ringgit & USD) and various Environmental, Social and Governance ("ESG")-type Funds. Pursuant to her departure from Valuecap, she served as an Advisor to the Board of Directors of Valuecap, after which she took on various roles in other Boards and Committees. She is also an Independent Non-Executive Director on the Board of the Minority Shareholders Watch Group and a Member of the Investment Committee of University of Malaya.



DATUK SERI DR GOVINDAN A/L KUNCHAMBOO

Independent Non-Executive Director

67 Age Male 0/0 Attendance Nationality

Date of Appointment: 1 January 2020 **BAC**

- Qualifications**
- Certificate in Advanced Management, INSEAD, Fontainebleau
 - PhD in Economics, University of Lancaster, United Kingdom
 - Certificate in Legal Procedure (Honours), Malaysia
 - Bachelor of Laws (Honours), University of London
 - Master of Arts (Policy Science), University of Saitama
 - Bachelor's Degree in Economics (Honours), University of Malaya

- Other Directorship(s)**
- Listed Entities:
- Nil
- Public Companies:
- Nil

Skills and Experience

Datuk Seri Dr Govindan a/l Kunchamboo ("Datuk Seri Govindan") had a full civil service career as an Administrative and Diplomatic Officer with the Economic Planning Unit ("EPU"), Prime Minister's Department, until his retirement from government service in 2011. His last position in the EPU was as Deputy Director-General and Head of the National Economic Action Council ("NEAC") Secretariat, undertaking work to overcome the 1997 Asian financial crisis.

After his retirement from the civil service in 2011, Datuk Seri Govindan served as the Group Chief Executive Officer of RAM Holdings Berhad. He was also the Chairman of the Bond Pricing Agency ("BPA") Board and the RAM Credit Information Services Board and a Director on the RAM Holdings and RAM Rating Services Boards.



DATO' MOHAMAD NASIR AB LATIF

Non-Independent Non-Executive Director

61 Age Male 0/0 Attendance Nationality

Date of Appointment: 16 March 2020

- Qualifications**
- Bachelor's Degree in Social Science (Economics) from Universiti Sains Malaysia
 - Certified Diploma in Accounting and Finance from the Association of Chartered Certified Accountants
 - Master of Science in Investment Analysis from the University of Stirling, United Kingdom

- Other Directorship(s)**
- Listed Entities:
- Malaysian Resources Corporation Berhad
 - Yinson Holdings Berhad
 - United Plantations Berhad
- Public Companies:
- PLUS Malaysia Berhad

Skills and Experience

Dato' Mohamad Nasir Ab Latif started his career with the Employees Provident Fund Board in 1982 and held several positions including State Enforcement Officer (1990 to 1995), Senior Research Officer, Manager and Senior Manager in the Investment and Economics Research Department (1995 to 2003) and General Manager of the International Equity Investment Department (July 2009 to 2013). He was last appointed as Deputy Chief Executive Officer (Investment) in 2013 and retained this position until his retirement in December 2019.



Declaration:

Save as disclosed, the Directors have:

- No conflict of interest with RHB Bank and/or family relationship with any Director and/or major shareholder except for:
 - Tan Sri Ong Leong Huat and his spouse, Puan Sri Khor Chai Moi, who are deemed major shareholders of RHB Bank pursuant to Section 8(4) of the Companies Act 2016, by virtue of shares held through OSK Holdings Berhad.
 - Dato' Mohamad Nasir Ab Latif who is a nominee of the Employees Provident Fund Board, a major shareholder of RHB Bank.
- Have never been convicted of any offence within the past five years nor have had any public sanction or penalty imposed on them by the relevant regulatory bodies during the financial year under review.

Profiles of the Chairmen of the Key Operating Companies

CHAIRMAN OF RHB INVESTMENT BANK BERHAD

TAN SRI AZLAN ZAINOL

Non-Independent Non-Executive Chairman



For more details, go to page 96.

CHAIRMAN OF RHB INSURANCE BERHAD

TAN SRI SAW CHOO BOON

Non-Independent Non-Executive Chairman



For more details, go to page 98.

CHAIRMAN OF RHB ISLAMIC BANK BERHAD

ABDUL AZIZ PERU MOHAMED

Independent Non-Executive Chairman



For more details, go to page 98.

CHAIRMAN OF RHB ASSET MANAGEMENT SDN BHD

YAP CHEE MENG

Independent Non-Executive Chairman

65 Age Male Nationality

Date of Appointment: 24 April 2018 (for RHB Asset Management Sdn Bhd)

- Board Committee Memberships**
- Investment Committee of RHB Asset Management Sdn Bhd (Chairman)
 - Investment Committee of RHB Islamic International Asset Management Berhad (Chairman)

- Qualifications**
- Fellow of the Institute of Chartered Accountants in England and Wales
 - Fellow of the Institute of Singapore Chartered Accountants

- Other Directorship(s)**
- Listed Companies:
- SATS Ltd (Singapore)
 - ARA Trust Management (Suntec) Limited - Suntec REIT (Singapore)

- Non-Listed Companies:
- RHB Investment Bank Berhad (Malaysia)
 - The Esplanade Co Ltd (Singapore)
 - Keppel Land Limited (Singapore)
 - Pavilion Energy Singapore Pte Ltd (Singapore)
 - Pavilion Energy Trading & Supply Pte Ltd (Singapore)
 - RHB Securities Singapore Pte Ltd (Singapore)
 - AXA Insurance Pte Ltd (Singapore)
 - Little Tunny Investment Limited (British Virgin Islands (UK))

- RHB Asset Management Group:
- RHB Asset Management Sdn Bhd (Malaysia)
 - RHB Islamic International Asset Management Berhad (Malaysia)
 - RHB Asset Management Limited (Hong Kong)
 - RHB Asset Management Pte Ltd (Singapore)
 - RHB International Investments Pte Ltd (Singapore)
 - PT RHB Asset Management Indonesia (Indonesia)

Skills and Experience

Yap Chee Meng was KPMG International's Chief Operating Officer for the Asia-Pacific Region and a Member of its Global Executive Team from 1 October 2010 to 30 September 2013.

Prior to 1 October 2010, he was a Senior Partner in KPMG Singapore and part of the firm's leadership team. Yap Chee Meng's key appointments then (within KPMG locally, regionally and globally) included as Asia-Pacific Head of Financial Services, Singapore Head of Financial Services and Singapore Head of Real Estates and Specialised REITs Group, as well as Member of KPMG International's Professional Indemnity Insurance Steering Committee and Member of KPMG International's Financial Services Leadership Committee.

In a career with over 38 years of experience in the financial and accounting sector, he has also served in various professional/regulatory committees of the Singapore Accounting & Corporate Regulatory Authority and the Institute of Certified Public Accountants of Singapore.



Profile of the Shariah Committee

Chairman
Member



DR. GHAZALI BIN JAAPAR



**ASSOC. PROF. DR. AMIR
BIN SHAHARUDDIN**



DR. AHMAD BASRI BIN IBRAHIM



**WAN ABDUL RAHIM KAMIL BIN
WAN MOHAMED ALI**



MOHD FADHLY BIN MD. YUSOFF



**SHABNAM BINTI
MOHAMAD MOKHTAR**

	DR. GHAZALI BIN JAAPAR	ASSOC. PROF. DR. AMIR BIN SHAHARUDDIN	DR. AHMAD BASRI BIN IBRAHIM	WAN ABDUL RAHIM KAMIL BIN WAN MOHAMED ALI	MOHD FADHLY BIN MD. YUSOFF	SHABNAM BINTI MOHAMAD MOKHTAR	
Nationality/Age/Gender	Malaysian 49 Male	Malaysian 42 Male	Malaysian 45 Male	Malaysian 71 Male	Malaysian 49 Male	Malaysian 42 Female	Nationality/Age/Gender
Date Appointed/ Date of Last Reappointment	1 April 2011 / 1 April 2017	1 April 2011 / 1 April 2017	2 February 2018/ NIL – new appointment	13 April 2013 / 1 April 2017	13 April 2013 / 1 April 2017	1 May 2015 / 1 April 2017	Date Appointed/ Date of Last Reappointment
Meetings Attended	12/12	10/12	12/12	9/12	11/12	12/12	Meetings Attended
Qualifications	<ul style="list-style-type: none"> B.A. Shariah (Hons), University of Malaya, Kuala Lumpur Master of Comparative Law, International Islamic University Malaysia, Kuala Lumpur PhD in Islamic Jurisprudence, University of Birmingham, United Kingdom 	<ul style="list-style-type: none"> B.A. Shariah (Hons), Al-Azhar University, Egypt Master of Business Administration in Islamic Banking & Finance, International Islamic University Malaysia, Kuala Lumpur PhD in Islamic Studies, University of Exeter, United Kingdom 	<ul style="list-style-type: none"> B.A (Hons) in Islamic Jurisprudence and Legislation, University of Jordan, Amman, Jordan Master's Degree in Islamic Revealed Knowledge and Heritage, International Islamic University Malaysia, Kuala Lumpur PhD in Islamic Law, University of Birmingham, United Kingdom 	<ul style="list-style-type: none"> Professional Member, Institute of Statisticians, United Kingdom Post Graduate Degree in Islamic Banking & Economics, International Institute of Islamic Banking & Economics, Turkish Cyprus (in association with Al-Azhar University, Cairo) 	<ul style="list-style-type: none"> Bachelor of Syariah (1st Class Honours), University of Malaya 	<ul style="list-style-type: none"> Bachelor of Accountancy, University Putra Malaysia Master of Accounting, University of Illinois, Urbana-Champaign, U.S.A Certified Shariah Adviser & Auditor ("CSAA"), Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"), Bahrain 	Qualifications
Areas of Expertise	<ul style="list-style-type: none"> Islamic Legal System Principles of Islamic Jurisprudence (<i>Usul al-Fiqh</i>) Islamic Law of Transactions (<i>Fiqh al-Mu'amalat</i>) Islamic Legal Maxims (<i>Qawaid Fiqhiyyah</i>) Shariah-oriented Policy (<i>Siyasah Shar'iyyah</i>) 	<ul style="list-style-type: none"> Islamic Banking & Finance Islamic Law Principles of Islamic Jurisprudence (<i>Usul al-Fiqh</i>) Islamic Legal Maxims <i>Siyasah Shar'iyyah</i> (Shariah-oriented Policy) Zakat 	<ul style="list-style-type: none"> Islamic Law of Transactions Islamic Law Principles of Islamic Jurisprudence (<i>Usul al-Fiqh</i>) Islamic Legal Maxims Islamic Criminal Law 	<ul style="list-style-type: none"> Islamic Banking & Finance Islamic Capital Market Debt Capital Market Corporate Advisory 	<ul style="list-style-type: none"> Islamic Banking & Finance Islamic Capital Market & Derivatives 	<ul style="list-style-type: none"> Finance & Islamic Finance Accounting & Islamic Accounting Islamic Capital Market & Derivatives 	Areas of Expertise
Present Membership of Shariah Committees in Other Institutions	<ul style="list-style-type: none"> FWD Takaful Berhad (formerly known as HSBC Amanah Takaful Berhad) 	<ul style="list-style-type: none"> Malaysian Airports Consultancy Services Sdn Bhd Malaysian Waqf Foundation 	<ul style="list-style-type: none"> Bank Pembangunan Malaysia Berhad ("BPMB") 	NIL	<ul style="list-style-type: none"> Sun Life Malaysia Takaful Berhad Opus Asset Management Sdn Bhd Apex Investment Services Berhad Universiti Tenaga Nasional National Farmers Organisation ("NAFAS") Bank Pembangunan Malaysia Berhad ("BPMB") 	NIL	Present Membership of Shariah Committees in Other Institutions
Experience & Achievements	<ul style="list-style-type: none"> Currently serves as Assistant Professor of Ahmad Ibrahim Kulliyah of Laws ("AIKOL"), International Islamic University Malaysia ("IIUM"). Prior to that, he was the Director of Harun M. Hashim Law Centre, IIUM. A Member of the Association of Shariah Advisors in Islamic Finance ("ASAS"). Started his career as a lecturer at AIKOL, IIUM in 2007 and is still attached with the university, teaching several subjects such as Islamic legal system and <i>Usul al-Fiqh</i> for the LLB course (Undergraduate), <i>Siyasah Shar'iyyah</i> for LLM (Administration of Islamic Law) students and Islamic legal maxims for the Certificate in Islamic Law (Bank Negara Malaysia and Standard Chartered). Has written numerous journal articles and participated in various workshops, seminars and conferences on Islamic finance locally and abroad. Actively involved in promoting training and academic programmes for executives and adult learners, ranging from the Certificate in Islamic to the Executives' Diploma, to the master's degree in various areas of law including correctional and criminology, Islamic banking and international law. Was invited by the Academy of Justice, Turkey to present a paper on "Impact of <i>Majallah al-Ahkam al-Adliyyah</i> (Commercial Code of the Ottoman Empire) on Islamic Law in Malaysia" at Bursa Turkey. 	<ul style="list-style-type: none"> Currently serves as the Dean of the Centre for Graduate Studies, Universiti Sains Islam Malaysia ("USIM"). Was formerly the Dean, Faculty of Economics and Muamalat, USIM from December 2013 until December 2018. Was the first recipient of the "Scholar of Residence in Islamic Finance Award", jointly initiated by the SC and the Oxford Centre for Islamic Studies ("OCIS"). A Member of the Association of Shariah Advisors in Islamic Finance ("ASAS"). Has published numerous articles in refereed journals including the Journal of Muamalat and Islamic Finance Research, Arab Law Quarterly and ISRA International Journal of Islamic Finance. Has written articles on Islamic banking & finance, zakat, principles of Islamic jurisprudence (<i>Usul al-Fiqh</i>), Islamic legal maxims and <i>Siyasah Shar'iyyah</i> (Shariah-oriented policy) for forums and seminars. Has presented academic papers at various international seminars such as in Indonesia, Bahrain, the United Kingdom and Italy. Appointed as Visiting Professor at the Faculty of Economics and Tourism, Urganch State University, Uzbekistan, in the areas of Islamic banking and halal industry. 	<ul style="list-style-type: none"> Currently the Vice President and Head of the Shariah Management Department, Permodalan Nasional Berhad ("PNB"). Was formerly the Deputy Dean (Academic Affairs) at the Kulliyah of Islamic Revealed Knowledge and Human Sciences, IIUM and a Board Member of the IIUM Institute of Islamic Banking and Finance ("IIIBF"). Previously served as Chairman of the Shariah Committee at OSK Investment Bank Berhad and Great Eastern Takaful Sdn. Bhd, as well as a Shariah Committee Member of Hong Leong Islamic Bank Berhad and SME Bank. Possesses vast experience in teaching and has produced numerous publications in his fields of specialisation. Has conducted lectures on <i>Usul al-Fiqh</i> and the Islamic law of transactions at various agencies such as the Central Bank of Malaysia ("BNM"), PNB, SIRIM, Great Eastern Takaful Berhad, CIMB and OCBC Al-Amin. Has received several grants and awards for his research work. 	<ul style="list-style-type: none"> Pioneered the development of the Islamic Capital Market in Malaysia and has innovated the development of several benchmark capital market securities through the securitisation of Islamic contracts. An Islamic Capital Market consultant, and regular trainer and speaker at various seminars and in-house training workshops organised by the World Bank, Bank Negara Malaysia ("BNM"), the Securities Industries Development Corporation ("SIDC"), the Islamic Banking and Finance Institute Malaysia ("IBFIM") and other event organisers, both locally and internationally. A Registered Shariah Advisor with the Securities Commission Malaysia ("SC") and a Member of the Association of Shariah Advisors in Islamic Finance ("ASAS"). A Member of the Investment Committee, <i>Lembaga Penduduk dan Pembangunan Keluarga Negara</i> ("LPPKN"), Malaysia. A Member of Investment Committee, Islamic International University Malaysia. Won the award for "Most Outstanding Individual Contribution to Islamic Finance" at the Kuala Lumpur Islamic Finance Forum 2017. Won the award for "Outstanding Leadership in Islamic Finance" at London Sukuk 2011, organised by ICG Events and the UK Trade and Industry Ministry, United Kingdom. 	<ul style="list-style-type: none"> For the Islamic Finance Qualification ("IFQ") of the Chartered Institute for Securities and Investment ("CISI"). A Registered Shariah Advisor with the Securities Commission Malaysia and a Member of the Association of Shariah Advisors in Islamic Finance ("ASAS"). Was a Manager at the Islamic Capital Market Department of the Securities Commission Malaysia where he was involved in Shariah compliance supervision in relation to submissions for the issuances of Sukuk, structured products, collective investment schemes and Islamic Real Estate Investment Trusts ("REITs"). Undertook in-depth research for the development of new Islamic Capital Market instruments and provided technical input for the preparation of various guidelines issued by the Securities Commission Malaysia. Actively participated in various industry development initiatives such as the International Organization of Securities Commissions ("IOSCO") Task Force on Islamic Capital Market and the Islamic Financial Services Board's ("IFSB") Governance of Islamic Investment Funds Working Group, as a technical member for the publication of Resolutions of the Securities Commission Shariah Advisory Council and in Islamic Capital Market educational and promotional programmes. 	<ul style="list-style-type: none"> Presently the Group Executive Vice President of SHAPE® Knowledge Services, an Islamic finance consulting firm based in Kuwait. Spearheads research and development activities including financial analysis, strategic & business plan formulation, design and implementation of customised surveys, research and training for different clients at SHAPE®. A Member of the Association of Shariah Advisors in Islamic Finance ("ASAS"). She was formerly heading capital markets research for the International Shariah Research Academy ("ISRA"), an institution established by the Bank Negara Malaysia. Has conducted various training programmes on Islamic banking, Sukuk and Islamic Capital Market products, as well as risk management and financial reporting for clients in the ASEAN region, the Gulf Cooperation Council ("GCC") and the European market. Has contributed chapters in <i>Housing the Nation</i> (Cagamas, 2013), <i>Managing Fund Flows, Risks and Derivatives: Applications in Islamic Institutions</i> (Sweet & Maxwell, 2012), <i>Islamic Financial System: Principles & Operations Market</i> (ISRA, 2011), <i>Sukuk</i> (Sweet & Maxwell, 2009) and <i>Partnership Accounting, Principles and Practice</i> (McGraw Hill). From 2010 to 2014, was a Member of the Shariah Advisory Panel of the Malaysian Rating Corporation Berhad ("MARC"). Prior positions include adjunct professor of finance at both Depaul University (Chicago) and IE Business School (Madrid) as well as lecturer of accounting, finance and bank management at University Putra Malaysia. 	Experience & Achievements

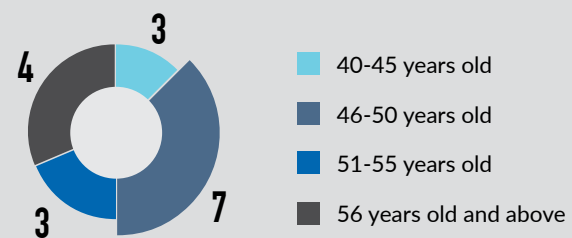
Group Senior Management



Standing from left to right: Danny Quah Boon Leng | Rohan Krishnalingam | Jeffrey Ng Eow Oo | Robert Huray | Rakesh Kaul | Patrick Ho Kwong Hoong | Dato' Adissadikin Ali
Sitting from left to right: Syed Ahmad Taufik Albar | Dato' Khairussaleh Ramli

Standing from left to right: Jamaluddin Bakri | Kong Shu Yin | David Chong Ming Liang | Abdul Sani Abdul Murad | Mohd Rashid Mohamad
Sitting from left to right: Dr Siew Chan Cheong | Wendy Ting Wei Ling | Norazzah Sulaiman

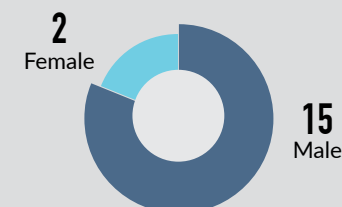
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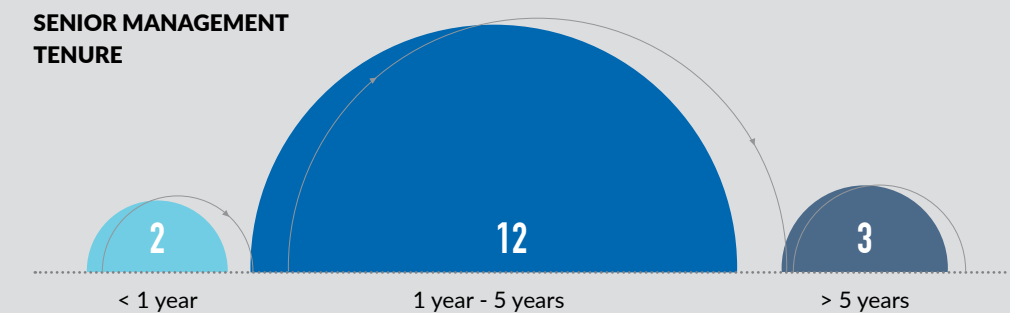
ETHNICITY



GENDER



SENIOR MANAGEMENT TENURE



Profile of Group Senior Management

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
DATO' KHAIRUSSALEH RAMLI	SYED AHMAD TAUFIK ALBAR	RAKESH KAUL	JEFFREY NG EOW OO	WENDY TING WEI LING	ROBERT HURAY	MOHD RASHID MOHAMAD	DATO' ADISSADIKIN ALI	KONG SHU YIN	DANNY QUAH BOON LENG	PATRICK HO KWONG HOONG	ROHAN KRISHNALINGAM	JAMALUDDIN BAKRI	DAVID CHONG MING LIANG	DR SIEW CHAN CHEONG	NORAZZAH SULAIMAN	ABDUL SANI ABDUL MURAD
52 / Male /	47 / Male /	46 / Male /	46 / Male /	49 / Female /	44 / Male /	52 / Male /	49 / Male /	59 / Male /	50 / Male /	61 / Male /	50 / Male /	59 / Male /	52 / Male /	43 / Male /	53 / Female /	45 / Male /
Group Managing Director Group Chief Executive Officer	Group Chief Financial Officer	Head, Group Retail Banking & Asset Management	Head, Group Business and Transaction Banking	Head, Group Corporate Banking	Chief Executive Officer, RHB Investment Bank/Head, Group Investment Banking	Group Treasurer	Managing Director/Chief Executive Officer, RHB Islamic Bank/Head, Group Shariah Business; Head, Group International Business (appointed on 15 November 2018)	Managing Director/Chief Executive Officer, RHB Insurance Berhad	Country Head/Chief Executive Officer, RHB Bank Singapore	Group Chief Risk Officer	Group Chief Digital & Technology Officer	Group Chief Human Resource Officer	Chief Operations Officer	Group Chief Strategy Officer	Group Chief Communications Officer/Chief Executive Officer, RHB Foundation	Group Chief Marketing Officer
Date of Appointment: • 5 May 2015	Date of Appointment: • 1 December 2016	Date of Appointment: • 1 August 2019	Date of Appointment: • 18 December 2017	Date of Appointment: • 1 October 2013	Date of Appointment: • 1 July 2016	Date of Appointment: • 3 March 2014	Date of Appointment: • 1 August 2016	Date of Appointment: • 13 March 2011	Date of Appointment: • 1 February 2019	Date of Appointment: • 24 February 2014	Date of Appointment: • 1 August 2019	Date of Appointment: • 1 July 2013	Date of Appointment: • 6 February 2020	Date of Appointment: • 2 May 2019	Date of Appointment: • 27 July 2017	Date of Appointment: • 24 July 2017
Responsibilities: • Set the Group's vision & strategic direction, working closely with the Board of Directors • Define and shape corporate culture & brand values • Lead the Group in managing its businesses and operations to achieve set targets and goals • Maximise the Group's return on capital invested	Responsibilities: • Lead Group Finance and ensure effectiveness of the various finance functions across the Group, including budgeting, reporting, capital and balance sheet management, taxation, procurement and recovery Experience: • More than 20 years of experience as an accountant and a finance professional with domestic and international exposures in oil & gas, mobile telecommunications and infrastructure, property development and construction • Started finance career with Shell and worked in various Shell offices in Malaysia, Australia and the Netherlands • Prior to joining RHB, was the Group Chief Financial Officer of UEM Group Berhad and Chief Financial Officer of Smart Axiata (Cambodia) before that	Responsibilities: • Lead the Consumer portfolio across conventional and Islamic Banking for the Group • Manage RHB's vast network of branches, self-service terminals, digital channels and Community Banking • Oversee retail portfolios in ASEAN markets, primarily in Singapore and Cambodia • Manage the growth of Group Asset Management business for Malaysia and the ASEAN region Experience: • More than 20 years of experience in various leadership roles across Asian markets and business groups • In his last role, served as the Asia-Pacific Head of Retail Commercial Banking at Citi. And prior to that, he was the Retail Banking Head for Citi in Malaysia • Has also held various senior roles across Citigroup's Consumer, Corporate and Markets (Equity and Currency Trading) divisions in India & Asia Qualifications: • Bachelor of Commerce, Delhi University • Post Graduate Diplomas in Business Management and International Trade from Birla Institute of Management Technology and Indian Institute of Foreign Trade, New Delhi	Responsibilities: • Lead and drive the growth of Business Banking and Transaction Banking to ensure alignment with the Group's strategic aspirations, across the Group's regional presence, primarily covering Malaysia, Singapore and Cambodia Experience: • More than 18 years of experience in the financial services industry, focusing particularly in the management of the SME segment • Previously led the SME business segment for Standard Chartered Malaysia prior to joining RHB • Qualified accountant with early part of career spent with PricewaterhouseCoopers covering the area of assurance Qualifications: • Chartered Accountant - Malaysian Institute of Accountants ("MIA") • Chartered Certified Accountant - The Association of Chartered Certified Accountants of the United Kingdom ("ACCA") • Chartered Banker - Asian Institute of Chartered Bankers ("AICB") • Advance Diploma in Finance - Tunku Abdul Rahman College External Memberships: • Member of the Malaysian Institute of Accountants • Member of the Association of Chartered Certified Accountants of the United Kingdom • Member of the Asian Institute of Chartered Bankers	Responsibilities: • Lead and drive the overall growth and profitability of Group Corporate Banking in Malaysia, Singapore and regions where RHB has footprints Experience: • More than 20 years of experience in financial services, capital markets and investment banking • Prior to joining RHB, spent 13 years with Maybank Group with last position as Director, Client Coverage Qualifications: • Bachelor of Business Administration, National University of Malaysia • Graduate, Executive Development Program, Chicago Booth, Executive Education • Senior Leadership Development Programme, INSEAD External Memberships: • Member of the Association of Banks, Malaysia • Member of the Asian Institute of Chartered Bankers • Member of the Asia Pacific Loan Market Association	Responsibilities: • Lead and drive the overall growth and profitability of Group Investment Banking in Malaysia, the ASEAN region Experience: • More than 19 years of experience in investment banking • Last position was as Chief Executive Officer of RHB Securities Singapore Pte Ltd (previously, DMG & Partners Securities Pte Ltd) before joining RHB Investment Bank as Chief Executive Officer in 2016 • Started his career with DBS Bank (Singapore) before joining Credit Suisse First Boston in the area of Corporate Finance (South East Asia) and then Citibank N.A. in Mergers & Acquisitions Qualifications: • Master of Philosophy in Management Studies, University of Cambridge, United Kingdom • Master of Engineering in Electrical and Electronics Engineering with Management, Imperial College, United Kingdom External Memberships: • Council Member, Malaysian Investment Banking Association ("MIBA")	Responsibilities: • Lead and drive Group-wide Treasury and Global Markets businesses in line with the strategic direction and aspirations of the Group Experience: • Started his career in the Examination/Supervision Department in Bank Negara Malaysia in 1988 after which he moved to the Investment Operations & Treasury Department in 1994 where he spent more than 5 years in the Monetary Policy Implementation section • Over 20 years of regional treasury experience in senior level positions within several financial institutions in Singapore & Malaysia such as ABN Amro, the Royal Bank of Scotland and AmBank Group Qualifications: • Master's in Business Administration with Distinction from the University of Wales, Cardiff, United Kingdom • Bachelor of Accounting (Hons) from University Technology Mara ("UTM"), Shah Alam, Selangor External Memberships: • Chairman, KWAP Investment Panel • Vice President, Financial Market Association ("FMA") • Member of Malaysian Institute of Accountants ("MIA") • Member of Industry Advisory Council, PayNet • Member of Financial Market Committee ("FMC"), BNM	Responsibilities: • Lead, manage and grow Islamic Banking and Shariah Business within RHB Group • Lead, manage and grow RHB Group's commercial banking business in Indochina and Brunei Experience: • More than 20 years of experience in financial services industry • Held senior positions in Bank Islam Malaysia and Aikhair International Islamic Bank Berhad • Prior to joining RHB, was the Managing Director and Chief Operating Officer at Export-Import Bank Malaysia Berhad Qualifications: • MBA (Finance), University of Malaya, Malaysia • Bachelor's Degree in Business (Banking and Finance), Monash University, Australia • Diploma in Investment Analysis, University Teknologi MARA ("UTM"), Malaysia • Advanced Management Program ("AMP"), Harvard Business School, Boston, USA • Chartered Banker, Asian Institute of Chartered Bankers, ("AICB") • Chartered Banker, Chartered Banker Institute, UK • Chartered Professional in Islamic Finance, Chartered Institute of Islamic Finance Professionals, Malaysia External Memberships: • Member of the Board of Industry Advisors, Faculty of Business and Accountancy, University of Malaya, Malaysia • President and Council Member, Association of Islamic Banking Institutions Malaysia ("AIBIM")	Responsibilities: • Manage and grow the Insurance business Experience: • More than 30 years of experience in the insurance business • Worked with one of the largest insurers in Malaysia in various capacities including CEO • Experienced in the Thailand and Indonesian insurance markets Qualifications: • Civil Engineering, University of Malaya, Malaysia • Fellow of the Chartered Insurance Institute • Fellow of the Malaysian Insurance Institute External Memberships: • Chairman of ISM Insurance Services Berhad • Member of Management Committee, Persatuan Insurans Am Malaysia ("PIAM")	Responsibilities: • Lead the formulation and execution of business strategy for the overall Singapore business which covers Commercial Banking, Investment Banking and Asset Management • Responsible for driving profitability and growth of the businesses in Singapore and for collaboration across the region, working closely with other businesses within the Group to maximise opportunities and synergies Experience: • 24 years of experience in the banking sector. Held various positions with multinational organisations such as Standard Chartered Bank, Fullerton Credit Services and Canada Bank across five countries in the Asia-Pacific region • More than 10 years of experience in CEO and Country Head positions • Prior to joining RHB, held the position of Regional CEO for Chong Sing Fintech Group, a listed company in Hong Kong Qualifications: • Bachelor of Information System Engineering, Imperial College of Science, Technology & Medicine (London)	Responsibilities: • Oversee the Group Risk and Credit Management functions • Responsible for the overall leadership and direction of the implementation of integrated risk management frameworks Experience: • More than 30 years' experience in the banking and securities industry • Experienced in risk management, treasury, strategic planning, process re-engineering and overall centralised back-office operations Qualifications: • Bachelor of Science (Honours) in Actuarial Science, the City University, London • Master in Business Administration (Finance) with Distinction, University of Hull, UK Appointments: • Non-Independent Non-Executive Director, RHB Bank (Labuan) Ltd External Memberships: • Chartered Banker, Asian Institute of Chartered Bankers ("AICB") • Independent Non-Executive Director, Financial Park (Labuan) Sdn Bhd	Responsibilities: • Responsible for the provision of accurate and timely Technology and back office operations and services support for the relevant business/functional units • Develop the IT and Digital Strategy towards driving the implementation of Digital and IT transformation • Lead RHB Banking Group's efforts on digitization of RHB Banking Group • Drive the adoption of Agile@Scale as part of the Group's digital technology and operations functions • Senior Partner with a technology and management consulting firm • More than 20 years of experience with financial services organisations in designing and implementing large-scale transformation programmes, predominantly in areas of technology and operations • Worked with various industries in Malaysia and the ASEAN region • Strong technology delivery and programme management skills, especially in the implementation of large-scale technology and IT strategic planning • Led major banking and financial services projects including the implementation of core banking systems, enterprise resource planning ("ERP") and customer relationship management ("CRM"), IT transformation programmes, IT merger integration programmes and industry-wide payment systems Qualifications: • Bachelor of Electrical and Electronics Engineering (Honours), University of New South Wales, Australia	Responsibilities: • Develop and execute long-term strategic goals • Manage various aspects of HR functions including strategic planning and organisational development, human capital development, succession planning, rewards and performance management Experience: • A solid track record with more than 20 years in HR functions, with 15 years being spent abroad. Has experience working with different nationalities and diverse cultures and working styles • Partnered with business leaders of multinationals and local organisations in driving various HR strategies globally and locally Qualifications: • Masters in Business Administration (Human Resources) from University of Hull, United Kingdom	Responsibilities: • Oversee all banking operations of the Bank in Malaysia and ASEAN which include credit operations, treasury operations, banking and payment operations, as well as branch operations support and property services • Oversee the customer contact centre operations and services of the Bank • Drive Group-wide customer experience and operational excellence strategy and programmes, which includes robotic process automation initiatives Experience: • More than 25 years of experience in various global consulting organisations and Malaysian financial services institutions • Has covered diversified roles in operational transformation, programme management, strategic planning, analytics and CRM, as well as business and marketing leadership roles • Prior to the current appointment, was the Group Chief Digital Officer of RHB Group Qualifications: • Chartered Certified Accountants, UK • Master of Business Administration, Strathclyde University, UK	Responsibilities: • Drive the Group's strategic priorities • Support strategy teams within each business unit in the development of business unit-specific strategies • Drive the Group's strategic and drive improvement in financial and strategic outcomes • Develop and refine value-based portfolio management of the Group • Drive top-down change initiatives across the Group • Spearhead the Group's annual business planning and steer the progress of FIT22 strategy execution Experience: • 18 years of experience in strategy, designing and implementing large-scale transformation programmes, especially for financial services providers across Europe and Asia • Developed and implemented strategies for large global / regional banks and insurance firms, covering business growth, operational improvement, talent and technology strategies • Prior to this appointment, he was the Senior Director for Financial Services with Strategy& (formerly Booz & Company), which is part of the PwC network, serving financial services clients in South East Asia Qualifications: • PhD in Engineering from University of Southampton, UK • MBA from London Business School, UK • BEng (1 st Class Hons) Engineering from University of Southampton, UK	Responsibilities: • Drive and build the Group's brand and reputation through strategic communications, media engagement and crisis management • Manage stakeholder engagement • Oversee the production of the Group's Integrated Report and Sustainability Disclosure • Drive the Group's Sustainability vision and materiality matters with the objective of creating long-term shareholder's value Experience: • More than 25 years of experience in various management positions which include, amongst others, Group Legal Counsel, Chief Operations Officer, Corporate Services Director and Chief Governance Officer Qualifications: • Bachelor of Law ("LLB") with Honours, University of Warwick, United Kingdom • Senior Leadership Development Programme, INSEAD External Memberships: • Associate Member of the Institute of Approved Company Secretaries Malaysia • Board of Trustees, RHB Foundation	Responsibilities: • Drive and build the Group's brand and media strategy, consumer research and all business, consumer and wealth management marketing strategies and programmes, while driving customer and business growth • Drive customer engagement, marketing and acquisition strategies for the Group's Digital Channel • Oversee the management of marketing operations Experience: • More than 20 years of experience as a marketing professional • Started his career at Unilever Malaysia and led the branding teams in various product lines. Helped grow key businesses into market leadership positions and was awarded with numerous business and marketing awards while serving in Unilever for 10 years • Held the Head of Marketing position with HSBC Bank Malaysia Berhad for 9 years. Supported the overall marketing efforts in implementing structural changes to ensure sustainable growth of the business. Helped launch the HSBC Islamic Bank franchise, grew the affluent customer base and commercialised the digital channel for the business • Awarded "Best Marketing Team in Asia Pacific" by HSBC Asia Pacific Office in 2010 • Awarded "CMO Award" in 2018 & 2019 by Marketing Magazine for being one of Malaysia's top marketer • Named as one of the "Influential Marketing Leaders to Watch" in 2019 by Insight Success Magazine Qualifications: • Bachelor of Economics, University of Malaya External Memberships: • Member of Malaysian Advertisers Association
<p>Declaration:</p> <p>Save as disclosed, the Senior Management Team have:</p> <ol style="list-style-type: none"> no family relationship with any Director and/or major shareholder except for Mr Robert Huray, who is the son-in-law of Tan Sri Ong Leong Huat @ Wong Joo Hwa, a Director of RHB Bank Berhad and a person deemed as a major shareholder of RHB Bank pursuant to Section 8(4) of the Companies Act 2016, by virtue of shares held through OSK Holdings Berhad. no conflict of interest with RHB Bank and have never been convicted of any offence within the past five years nor have had any public sanction or penalty imposed on them by the relevant regulatory bodies during the financial year under review. 																

Governance for a Sustainable Business

Dear Valued Shareholders,

As the Chairman of RHB Banking Group ("the Group"), it is my pleasure to present to you our Corporate Governance Overview Statement which details your Board's continuous commitment to lead the Group by maintaining high standards of governance in managing its affairs and conduct.

OUR CORPORATE GOVERNANCE PRACTICES

The Board of RHB Bank Berhad has adopted and applied all recommendations of the Malaysian Code on Corporate Governance ("MCCG"), except for the following Practices and Step-ups:



Disclosure of top 5 Senior Management's remuneration on a named basis



Disclosure of each Senior Management's remuneration on a named basis



Facilitating voting in absentia via electronic means



Audit Committee comprise of solely INEDs



The Board has continued to work as a cohesive unit, ensuring strong oversight over the management of RHB's business operations. In 2019, the Board's composition was slightly altered as Mr Mohamed Ali Ismaeil Ali AlFahim retired from the Board on 8 May 2019. Mr AlFahim's departure from the Board was in line with the Board's long-term succession planning process with a view to ensure a higher number of Independent Directors in the boardroom.

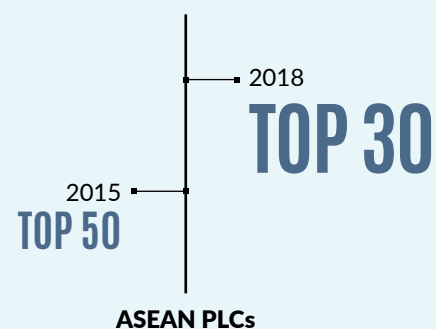
In line with this, on 1 January 2020, Datuk Seri Dr Govindan A/L Kunchambo was appointed to the Board as an Independent Non-Executive Director. In addition to Datuk Seri Dr Govindan, another new addition to the Board was Dato' Mohamad Nasir bin Ab Latif, a Non-Independent Non-Executive Director appointed on 16 March 2020. Dato' Nasir is appointed to the Board as a nominee director, representing the interest of our largest shareholder, the Employees Provident Fund ("EPF").

The past year witnessed the Board continuing its oversight involving several key Focus Areas. We continued to monitor and provide guidance to Management as we embarked on Year 2 of our FIT22 strategic plan whereby the Group invested prudently in resources such as manpower and technology to ensure we maintained our organic growth in this uncertain business environment. Key to the Board's effective oversight were the strong principles of governance ingrained among the Directors within the Group. As guardians of a financial institution, we continue to uphold the high standards set by the regulators and our collective body.

AZLAN ZAINOL
Non-Independent Non-Executive
Chairman
16 March 2020

External Recognition of RHB Banking Group's Good Corporate Governance Eco-System

ASEAN CORPORATE GOVERNANCE ("CG") AWARD



THE PINNACLE GROUP INTERNATIONAL'S GLOBAL GOOD GOVERNANCE AWARD

2017
GOLD AWARD
2018
PLATINUM AWARD
2019
PLATINUM AWARD
for Best Governed & Most Transparent Company



Continuing Constituent of the

FTSE4Good
BURSA MALAYSIA INDEX

MSCI ESG Rating upgraded to

'AA'
IN 2019
from 'A' in the previous year (2018)



This RHB Corporate Governance Overview Statement should be read together with its Corporate Governance Report which can be downloaded from the Group's corporate website at www.rhbgroup.com or the Bursa Malaysia announcement web page.

How We Strengthened

Our Governance Practices during the Year

BOARD FOCUS AREAS 2019

Keeping "FIT" - Oversight of Strategy & Financial Performance

The Board maintained its oversight of Management as they continued to navigate the Group through challenging business environment using the Group's strategic plan, FIT22, as blueprint. This five-year strategic plan was carefully developed by the Board and Management to ensure RHB's long-term business sustainability. The Board continued to keep close tabs on the performance of business units as well as their leadership as the Board aims to have trailblazing leaders, who are able to deliver strong and sustainable growth to the Group.

The following activities were undertaken by the Board during 2019:

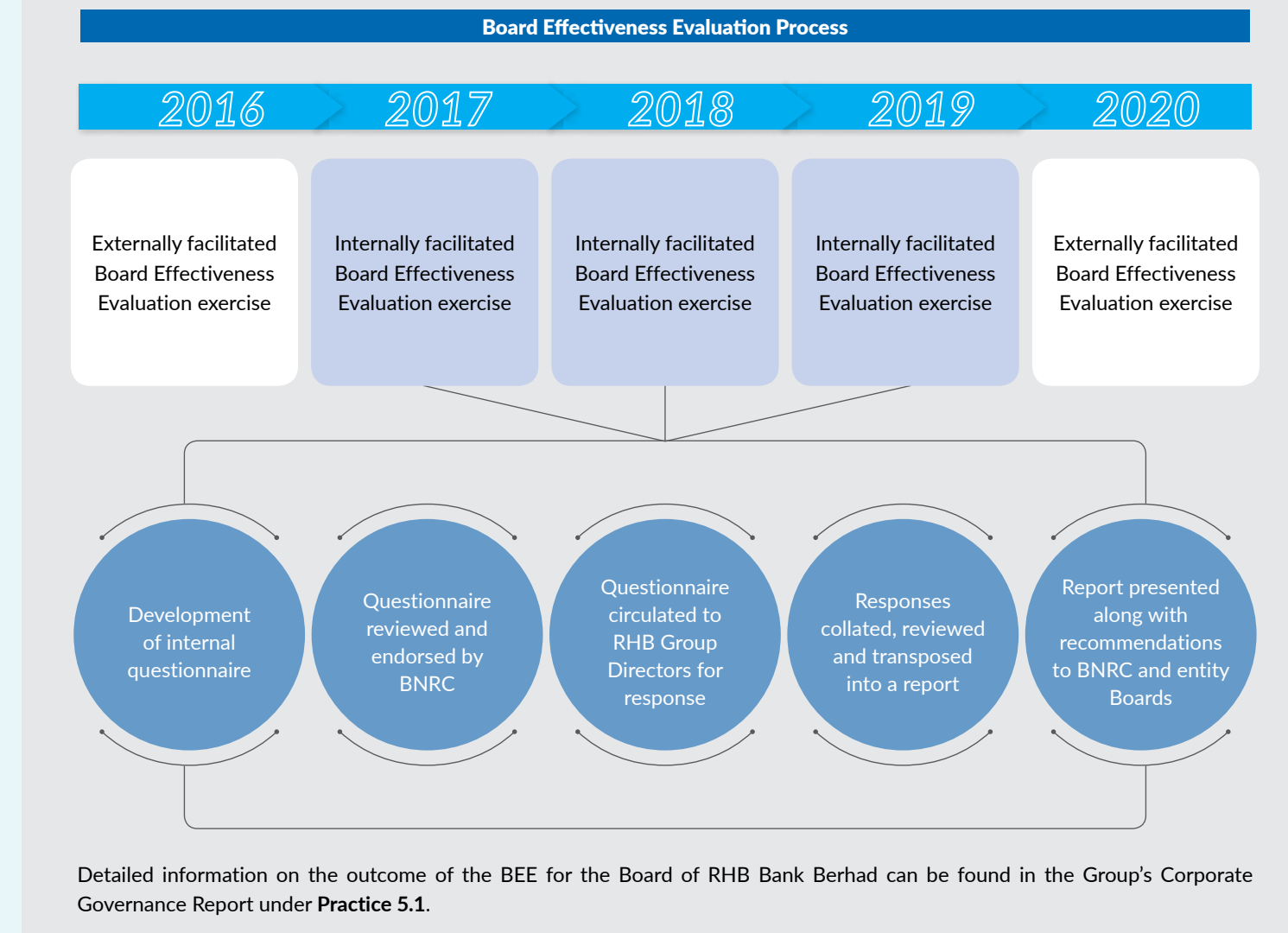
Performance and Strategy	Governance, Risk & Compliance
<ul style="list-style-type: none"> Reviewed and approved the Group's strategic business plan for the year Received updates on the progress of FIT22 Received updates from various business units, including regional branches, on market conditions and business performance A Board off-site session was organised to discuss the challenges and opportunities faced by the Group. The Board was presented with updates on the banking industry as well as presentations from Senior Management GMD conducted visits to regional branches Received updates on the progress of Agile@Scale 	<ul style="list-style-type: none"> Approved the updated Board Charter Reviewed the Group's risk, compliance and audit reports Approved the Group Sustainability Framework Received briefings/training on anti-corruption, cybersecurity and cryptocurrencies Reviewed the Group's corporate governance disclosures prior to publication for 2018 Discussed the findings and improvement considerations derived from the BEE Received regular updates from supporting Board Committees Received updates on whistleblowing matters
Financial	People & Culture
<ul style="list-style-type: none"> Approved the operational budget for 2019 Approved the contents of the Annual Report for 2018 Approved dividend payment for 2018/2019 	<ul style="list-style-type: none"> Discussed talent management and succession planning Approved appointment of Senior Management personnel Received update on employee satisfaction

Board Effectiveness Evaluation ("BEE")

The Board continued to conduct its annual in-house BEE in 2019. The performance of the Board, individual Directors and the Managing Directors for 2018 was assessed, with the support of the Board Nominating & Remuneration Committee. The BEE assessment was conducted using the following parameters:

Part A of the assessment evaluated the overall behaviour and culture of the Board based on six (6) dimensions, namely **decision-making, communication, board dynamics, mindset, leadership and conduct & culture**. These values were identified as key to identifying the functionality of the Board's, individual Directors' and Board Committees' conduct and performance as a cohesive and collective unit.

Part B evaluated individual Board members' contribution to the Board and aspects on personal qualities and attributes. Directors were assessed on specific traits such as **agility, energy, social leadership, contribution & interaction, quality of input, understanding of role and independence**. These criteria were used to ensure the Directors on the Board possessed the traits that were suited to oversee and support the Group's FIT22 strategic plan.



Anti-Bribery & Corruption ("ABC")

In 2018, a new Group Anti-Bribery & Corruption Policy was approved by the Board. Continuing its active oversight to curb acts of bribery & corruption, the Board extended its focus towards enhancing the existing internal control mechanisms and improving anti-corruption awareness throughout the Group to ensure the Group remains free from the contagion of corruption. During 2019, the Board was also privy to a talk from a Malaysian Anti-Corruption Commission ("MACC") subject matter expert, who provided a snapshot of the National-Anti Corruption Plan 2019-2023, the corporate liability landscape and the adequate procedures to be in place to protect the Group from abhorrent acts.

Integrity & Governance Division ("IGD")

The Board, on 29 January 2020, approved the establishment of an Integrity & Governance Division, which is empowered to strengthen the Group's internal controls with regards to prevention of corruption, abuse of power and other malpractices. The role of the IGD will be to foster the principle of abhorring corruption through 4 core functions namely:

- a) Complaints Management
- b) Detection and Verification
- c) Integrity Strengthening
- d) Governance

Continuous Professional Development

The Board undertook necessary training programmes to ensure members were well equipped with industry and regulatory developments. Detailed information on the training programmes attended by individual Directors is provided under Section B of our Corporate Governance Report.

How We Strengthened

Our Governance Practices during the Year

Board Audit Committee ("BAC")

The BAC is responsible for independent oversight over the management of financial reporting and internal control systems. The committee ensures checks and balances for entities within the Group and reviews the financial condition as well as the performance of the Group.

Board Risk Committee ("BRC")

The BRC provides oversight and governance of risks for the Group. It oversees Senior Management's activities in managing risk and ensures that the risk management process of each entity within the Group is put in place and functioning. The BRC also ensures that the management of the Group's risk is in accordance with a risk-return performance management framework.

Board Nominating & Remuneration Committee ("BNRC")

The BNRC supports the Board in reviewing and assessing the appointment, performance and remuneration of Directors, Board Committee members and key Senior Management officers who include the Group Managing Director ("GMD"), the MD/CEO who reports directly to the GMD, and any person(s) as may be decided by the committee and makes recommendations to the Boards.

Board Credit Committee ("BCC")

The BCC has the responsibility of affirming, vetoing or including additional conditions on all types of credit applications (including understock/futures broking) and all types of underwriting applications for amounts above the defined thresholds of the Group Credit Committee ("GCC") and the Group Investment & Underwriting Committee ("GIUC"), of which both reside at the Management level.

BOARD AND BOARD COMMITTEE MEETING ATTENDANCE 2019

Tan Sri Azlan Zainol

Non-Independent Non-Executive Director / Chairman

Dato' Khairussaleh Ramli

Group Managing Director

Tan Sri Ong Leong Huat @ Wong Joo Hwa

Non-Independent Non-Executive Director

Tan Sri Dr Rebecca Fatima Sta Maria

Senior Independent Non-Executive Director

Tan Sri Saw Choo Boon

Non-Independent Non-Executive Director

Abdul Aziz Peru Mohamed

Independent Non-Executive Director

Ong Ai Lin

Independent Non-Executive Director

Lim Cheng Teck

Independent Non-Executive Director

Sharifatu Laila Syed Ali

Independent Non-Executive Director

Mohamed Ali Ismaeil Ali AlFahim*

Non-Independent Non-Executive Director

	BOARD	AUDIT COMMITTEE	RISK COMMITTEE	CREDIT COMMITTEE	NOMINATING & REMUNERATION COMMITTEE
Tan Sri Azlan Zainol	13/13				2/2
Dato' Khairussaleh Ramli	13/13				
Tan Sri Ong Leong Huat @ Wong Joo Hwa	13/13			31/31	2/2
Tan Sri Dr Rebecca Fatima Sta Maria	13/13	3/3			11/11
Tan Sri Saw Choo Boon	12/13	13/13	12/12		10/11
Abdul Aziz Peru Mohamed	13/13				
Ong Ai Lin	13/13	13/13	12/12		11/11
Lim Cheng Teck	12/13			31/31	
Sharifatu Laila Syed Ali	10/10	10/10			9/9
Mohamed Ali Ismaeil Ali AlFahim*	5/5				

* Retired from the Board on 8 May 2019.

BOARD ROLES AND RESPONSIBILITIES

Chairman

The Chairman presides over Board and General Meetings of the Group. He is expected to ensure that the Board is well informed and effective as well as that Board members, individually and as a group, have the opportunity to air differences, explore ideas and generate collective views and wisdom necessary for the proper operation of the Board and the Group.

Group Managing Director ("GMD")/ Group Chief Executive Officer ("CEO")

The GMD/CEO assumes the overall responsibilities for the execution of the Group's strategies in line with the Board's direction. He oversees the listed entity's operations and drives the Group's business and performance towards achieving the Group's vision and goals.

Senior Independent Director

The Senior Independent Director is the conduit between the Independent Directors and the Board Chairman. She leads the Independent Non-Executive Directors in conducting executive sessions with Senior Management without the presence of the Executive Director and Non-Independent Non-Executive Directors and is the primary contact for both shareholders and internal parties on issues that normal channels have failed to resolve or those that relate to whistleblowing.

Independent Non-Executive Directors

The Independent Non-Executive Directors exercise independent judgement when making decisions and act strictly in the best interest of the Group and its shareholders and not in the interest of any one shareholder or group of shareholders. Directors are encouraged to be forthright in Board meetings, to question, request information or raise any issue of concern with the Board and Management and to keep abreast of industry-related knowledge and regulatory and governance requirements.

Company Secretary

En Azman Shah Md Yaman, leads the Group's Legal and Secretariat function. He supports the Board and oversees the entire Legal, Secretariat and Governance operations. He is also accountable directly to the Board, through the Chairman, on all matters to do with the formal functioning of the Board. He leads and maintains policies and principles of good governance. En Azman is a qualified Advocate & Solicitor of the High Court of Malaya with an LLB (Honors) from the International Islamic University Malaysia (IIUM), a Licensed Company Secretary (LS 0006901) and an affiliate of the Malaysian Institute of Chartered Secretaries & Administrators.

En Azman also shoulders the responsibility as the Group Chief Integrity and Governance Officer ("CIGO") within RHB Banking Group. He leads the Group Integrity and Governance, formed in-line with the Directive of The Prime Minister No.1 Series 1 2018-Establishment of Integrity and Governance Unit ("IGU") in GLCs, to ensure the practice of excellent work culture among employees, with strong morals and ethics to curb offences of corruption, abuse of power and malpractice from occurring within the Group.



Governance for a Sustainable Business

Governance Progress and Milestones

BOARD GOVERNANCE MANUAL

The Board has in place a Board Governance Manual that guides the Board on matters such as the following:

- ✓ Approval Framework on Directors' Expenses
- ✓ Boardroom Diversity Policy
- ✓ Nomination Framework
- ✓ Group Fit and Proper Policy
- ✓ Guidelines on Tenure of Non-Executive Directors' Appointment/Re-appointment
- ✓ Procedures for Independent Professional Advice
- ✓ Procedures on Directors' In-House Orientation & Continuing Education Programme

All these frameworks, policies, procedures and processes are construed as a guide for the Board members to discharge their duties effectively, efficiently and responsibly. The Board reviews these documents periodically to ensure each document reflects the latest legal and regulatory promulgations. A comprehensive review of these documents will be finalised early 2020.

BOARD CHARTER

The Board undertook a review of the Board Charter and approved recommended changes in line with the updates to the regulatory requirements governing the operations and responsibilities of the Board.

BEE (EXTERNALLY FACILITATED IN 2021)

The BEE for 2020 (to be conducted in 2021) will be facilitated by an external independent party. This exercise will also serve as a check and balance on the internally conducted exercise to ensure efficacy, transparency and validity of the process.

ENABLING VOTING IN ABSENTIA AND REMOTE PARTICIPATION

Last year marked the Group's first use of mobile voting technology during the Group's Annual General Meeting ("AGM"). With the support of our share registrar, mobile e-voting was introduced with great success during the AGM. The Board will continue this practice moving forward to ensure shareholders are accorded the best opportunities to exercise their voting rights. The Board is satisfied with the current practice of enabling shareholder participation in person or via proxy during the AGM as this allows the Board and Management to engage with the shareholders in person. Shareholders are also given fair opportunity by the Chairman to express their views and pose relevant questions on the Group's performance. The Board will endeavour to find a suitable service provider that will enable the application of **Practice 12.3** of the MCGG.

Formation of an Integrity and Governance Unit

The Board undertook a viability study on establishing a dedicated Integrity and Governance Unit ("IGU") as advocated by the Prime Minister's Directive No. 1 released on 1st October 2018. The directive calls for government investee companies to have in place a dedicated department that oversees integrity and corruption matters. With the establishment of a dedicated IGU within the Group as approved by the Board on 29 January 2020, integrity and anti-corruption will be the main agenda for 2020. Corruption risk has been included as part of the annual Group's risk assessment moving forward. This unit reports directly to the Board Audit Committee on its core functions and also reports to the Group Managing Director on administrative matters.

Continuous Review of the Group's Anti-Bribery & Corruption Policy and Group Whistleblowing Policy

The Board will undertake a review of the abovementioned policies in line with the amendments to the Bursa Malaysia Main Market Listing Requirements in relation to anti-corruption measures. The new amendments were introduced via **Paragraph 15.29**, specifically on **anti-corruption and whistleblowing**. We will ensure the Group's policies are aligned to the newly introduced amendments by the effective enforcement date, 1 June 2020.

2019

SHORT- TO MEDIUM-TERM

2020

LONG-TERM

2023

ONGOING ENGAGEMENT, ENHANCEMENT & REPORTING

INTEGRATED REPORTING

As reported in our 2018 Annual Report, the Group undertook a conscious effort to adopt an international integrated reporting framework for its future annual corporate reporting. The advocacy of the framework by regulators via **Practice 11.2** of the MCGG was to ensure concise reporting and clear communication on companies' strategy, performance, governance and prospects in creating value for their stakeholders. In line with this, Directors attended a special in-house programme on Integrated Reporting, with emphasis on "integrated thinking", "value creation for Stakeholders" and "long-term thinking". The programme also provided an in-depth "gap analysis" on RHB's 2018 Annual Report vis-à-vis the recommendation of the framework. Supported by the efforts of the Management, we are pleased to announce that we met our objective by publishing our very first Integrated Report this year (2019).

Governance for a Sustainable Business

Governance Framework

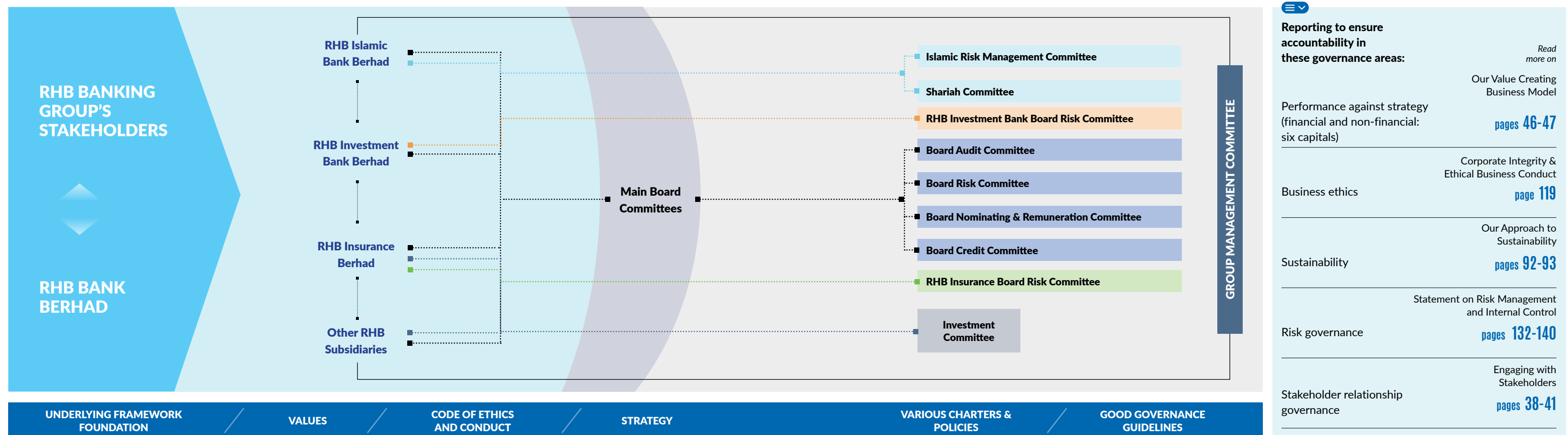
The Board is the focal point for, and custodian of, the Group's corporate governance systems. The Board conducts the Group's business with integrity and applies appropriate corporate governance policies and practices within the Group.

RHB Banking Group operates within a clearly defined governance model which is approved by the Board. This model provides the Group with a clear governance structure which guides the governance practices and authority of decision-making across the Group. This delegation of authority is clearly defined within the Terms of Reference ("ToR") of the respective Board Committees. The ToRs are reviewed periodically by the Board and respective committees to ensure their mandates are carried out in-line with the best practices and regulatory requirements. The composition of the Board Committees are periodically reviewed by the Board and where required, improved with the support of the Board Nominating & Remuneration Committee.

The Board governs the sustainability framework through Environmental, Social and Governance ("ESG") considerations embedded in the Group's business strategies. The Board also governs the progress of the Group's sustainability journey and execution, ensuring accountability and transparency of its ethical and social responsibility footprints. The Board receives updates on material issues, new developments and progress reports and discusses sustainability issues at least once every six months.

RHB Bank's Board has delegated authority to the Group Management Committee ("GMC") on decision-making and implementation of sustainability related matters. Chaired by the Group Managing Director ("GMD") and comprising Senior Management, the GMC's role supplements the Board's responsibilities. The GMC meets every quarter to discuss sustainability related matters and ensures specific initiatives are executed to promote sustainability and incorporates ESG considerations within RHB Bank's business and operations, in line with the bank's corporate strategy and Sustainability Framework.

The Group's Sustainability Management ("SM") team reports to the Group Chief Communications Officer ("GCCO") as the champion for RHB Banking Group's Sustainability Framework. The SM team provides strategic support and collaborates with Sustainability Sponsors, Sustainability Champions and others across the Group to implement the Group's sustainability initiatives. Part of SM's role and responsibilities include promoting awareness amongst the Group's employees on the Group's sustainability initiatives.



LEADERSHIP

The Board's Role and Operations

The Board's role is to promote long-term sustainable success of the Group, mainly generating value for all its stakeholders, including shareholders, employees, customers, suppliers and the communities in which the Group operates, while exercising good business judgement on developing strategy, delivering objectives and managing the risks that are faced by the organisation. It is also responsible for instilling the appropriate culture, values and behaviours throughout the organisation. The Board has a formal schedule of matters specifically reserved to it for decision as noted below and delegates other responsibilities to Management for day-to-day operations.

Matters Reserved for the Board

- i. Business and operating strategies
- ii. New business plans or changes to existing ones
- iii. New investments/divestments
- iv. Mergers and Acquisitions
- v. Expansion/entry into new markets geographical regions
- vi. Corporate restructuring/reorganisation
- vii. Set-up of new subsidiaries
- viii. Joint ventures
- ix. Partnerships or strategic alliances
- x. Acquisitions/disposal of significant assets
- xi. Progress of FIT22

Board Composition and Membership

The Board is responsible for ensuring the long-term sustainable success of the Group through experienced leadership and by establishing effective control and oversight of the Group's activities. There are eleven members of the Board, which comprises a Non-Executive Chairman, a Group Managing Director/Group Chief Executive Officer and nine Non-Executive Directors.

The Directors are of the opinion that the existing Board composition of the Board provides the extensive relevant business experience needed to oversee the effective operation of the Group's activities and that individual Directors bring a diverse range of skills, knowledge and experience (including financial, industry and international experience), which are necessary to provide effective governance and oversight of the Group.

Board & Senior Management Remuneration

Attractive and fair remuneration is critical to attract, retain and motivate Directors and Senior Management with the relevant experience and expertise to lead RHB. The Board ensures the remuneration package offered promotes the achievement of strategic objectives within the ambit of RHB's risk appetite. The Board Nominating & Remuneration Committee ("BNRC") has been entrusted with discharging the remuneration strategies, as outlined in its Terms of Reference, which can be referred to on our corporate website. Detailed information on RHB's remuneration practice can be found per disclosure under Practice 6.1, Practice 6.2, Practice 7.1 and Section B of the CG Report.

Governance for a Sustainable Business

Accountability

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the Group's risk management and internal control systems, which are designed to facilitate effective and efficient operations and to ensure the quality of internal and external reporting in compliance with applicable laws and regulations. The Directors and Senior Management are committed to maintaining a robust control framework as the foundation for the delivery of effective risk management. The Directors acknowledge their responsibilities in relation to the Group's risk management and internal control systems, including reviewing their effectiveness.


In establishing and reviewing the risk management and internal control systems, the Directors carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity, the likelihood of a risk event occurring and the costs of control. The process for identification, evaluation and management of the principal risks faced by the Group is integrated into the Group's overall framework for risk governance. The Group is forward-looking in its risk identification processes to ensure emerging risks are identified. The risk identification, evaluation and management process also identifies whether the controls in place result in an acceptable level of risk.

At Group level, consolidated risk report and risk appetite dashboard are reviewed and regularly debated by the executive Group Capital & Risk Committee, Board Risk Committee and the Board to ensure that they are satisfied with the overall risk profile, risk accountabilities and mitigating actions. The report and dashboard provide a monthly view of the Group's overall risk profile, key risks and management actions, together with performance against risk appetite and an assessment of

emerging risks which could affect the Group's performance over the life of the operating plan. Information regarding the main features of the internal control and risk management systems in relation to the financial reporting process is provided within the statement on risk management and internal control on pages 132 to 140. The Board concluded that the Group's risk management arrangements are adequate to provide assurance that the risk management systems put in place are suitable with regard to the Group's profile and strategy.

The effectiveness of the risk management and internal control systems is reviewed regularly by the Board and the Board Audit Committee, which also receives reports of reviews undertaken by Group Risk & Credit Management and Group Internal Audit. The Board Audit Committee receives reports from the Group's external auditor, PricewaterhouseCoopers PLT (which include details of significant audit and accounting matters that they have identified), and meet with the external auditor at least twice a year without the presence of Management and Executive Directors for private discussions and to ensure that there are no unresolved issues of concern.

The Group's risk management and internal control systems are regularly reviewed by the Board and are consistent with Bursa Malaysia's guidance on Risk Management & Internal Control, and Related Financial and Business Reporting issued by the Malaysian Financial Reporting Council and compliant with the requirements of Bank Negara Malaysia. They have been in place for the year under review and are periodically reviewed and updated.

 Please refer to pages 132 to 140 for more details on the Statement on Risk Management and Internal Control.

Group Compliance

The regulatory environment for financial institutions is increasingly complex and always changing. New laws and regulations continue to evolve which consequently increases the regulator's expectations. Any failure to ensure compliance may result in significant financial losses, heavy penalties and reputational consequences.

As a prudent financial services provider, RHB Banking Group ("the Group") is committed to upholding good governance principles and regulatory requirements. These principles are further outlined in the Group's Compliance Management Framework and Policy which serve as an important guide for the Group to enable incorporation of compliance best practices throughout the Group's business.

Group Chief Compliance Officer

Puan Fazlina Mohamed Ghazalli leads and executes Group-wide compliance strategic plans that enables RHB Banking Group to comply with regulatory requirements. She reports to the Board Risk Committee.

Puan Fazlina has over 18 years' banking experience and was in legal practice prior to starting her career in banking in 2001. Puan Fazlina holds a Bachelor of Laws degree from University of East Anglia, UK. She is a Chartered Banker and a Certified Professional in Anti-Money Laundering/Combating the Financing of Terrorism.



The Group's compliance function, which acts as a second line of defense, operates on a Group-wide basis with an appointed Group Chief Compliance Officer overseeing the compliance risk management of the Group which extends to all entities within Malaysia and its overseas branches and/or subsidiaries.

MATERIAL RISK

ACTION TAKEN

Cybersecurity

Cybercrime continues to increase and become more sophisticated, more frequent and widespread. As hackers use more innovative tools and techniques to launch attacks, the threat to information security becomes imminent as the Group is increasingly dependent on online channels.

Continuous monitoring and engagement with business units / IT team of the Group to ensure awareness on technology related regulatory requirements.

Protection of Information

The Group has an obligation to ensure that information pertaining to its business and its client and all activities related to them remain secure, confidential and private.

- Implementation of the Group Chinese Wall and Insider Trading Policy ("Chinese Wall Policy") to ensure that there is an information barrier between departments to prevent and/or control the flow of material non-public and price sensitive information.
- Implementation of the Group's Secrecy and Information Protection Framework which sets out, amongst others, the minimum standards and compliance requirements vis-à-vis the management of secrecy and information protection.
- Various engagement sessions with the employees of the Group where in-house trainings and e-learning programmes were developed in relation to the Chinese Wall Policy and/or secrecy provisions of the Financial Services Act 2013 ("FSA") and Islamic Financial Services Act 2013 ("IFSA").
- Strict observance to the Malaysian Personal Data Protection Act 2010 to regulate and/or safeguard client's personal data from being misused.

Regulatory Compliance

As regulatory requirements evolve and constantly change, achieving regulatory compliance has become a daily focus for the Group.

Instilling a strong compliance culture across all functions of the Group through the following compliance monitoring framework:

- Implementation of comprehensive and clear compliance policies, circulars and guidelines throughout the Group.
- Periodic compliance reviews on selected areas of concern or on specific compliance related activities.
- Regular engagement sessions with business units/functional units to "reach out" and understand their compliance issues or concerns in undertaking their functions and provide solutions to address the same.
- Annual compliance risk assessment which enables the Group to identify high risk areas/ business function and allocate its resources effectively to mitigate such risks.
- Implementation of the Business Risk Compliance Officer ("BRCO") programme to cultivate first line of ownership of compliance risk within the respective business units.

In the ever evolving financial services industry and its advancement in technology, criminals find new ways to continuously abuse reporting institutions. They adapt and develop more sophisticated methods to evade law enforcers and abuse the financial system.

While the regulators continue to update and enhance regulations as part of their effort to maintain the integrity and stability of the financial industry, reporting institutions on the other hand, are expected to continuously improve, assess potential risks and implement new measures to enhance its compliance risk governance.

Governance for a Sustainable Business

Group Compliance

The following are some of the key initiatives by Group Compliance for 2019 in its effort to remain vigilant:

INITIATIVES	OUTCOME
<ul style="list-style-type: none"> Investment in knowledge empowerment through focused and specialised compliance training and awareness programmes for employees in key areas such as Foreign Exchange Administration ("FEA") rules, disclosure requirements, conflict of interest, related party transactions, Anti-Money Laundering and Counter Financing of Terrorism ("AML/CFT"), Chinese Wall Policy and secrecy provisions of FSA 2013 and IFSA 2013. Educating staff on compliance issues through issuance of compliance bulletins and regulatory alerts throughout the year. 	<ul style="list-style-type: none"> Greater understanding by employees on regulatory requirements and what is expected of them resulting in improved compliant behavior.
<ul style="list-style-type: none"> Strengthening of AML/CFT monitoring process through implementation of robotic process automation and centralisation of AML transaction monitoring, system upgrading and enhancement of AML policies. Strengthening of compliance, AML, secrecy risk assessment to identify key risk area. 	<ul style="list-style-type: none"> Productive and efficient AML transaction monitoring and alerts management. Timely compliance risk identification/assessment and solutions to address the same.
<ul style="list-style-type: none"> Increased compliance reviews and assessments on high risk areas of concerns or on specific compliance-related activities by Group Compliance and the appointed BRCOs. 	<ul style="list-style-type: none"> Enhanced oversight responsibilities which consequently mitigate regulatory compliance risk.
<ul style="list-style-type: none"> Enhancement of Compliance Competency Matrix as well as the assessment modules for relevant business units to gauge staff level of competency vis-à-vis regulatory requirements. 	<ul style="list-style-type: none"> The results had assisted the Group to develop customised training programmes for each of the competency gaps identified.
<ul style="list-style-type: none"> Improved processes and systems. 	<ul style="list-style-type: none"> Automation of limit monitoring to facilitate the Group's compliance with FEA rules. Automation of employee personal securities trading process resulting in a leaner and more effective monitoring of the Group's employee trades.
<ul style="list-style-type: none"> Roll-out of the Compliance Culture Programme to promote compliant behavior through engaging activities. Some of the initiatives for 2019 include the "A Branch & Compliance Day Programme" ("ABCD Programme") which focused on inculcating compliance awareness on 42 selected branches of the Group. Further, compliance bootcamps were also organised for frontline staff and management associates. 	<ul style="list-style-type: none"> Improved understanding between compliance team and staff, particularly on the challenges faced by branch representatives in ensuring compliance in undertaking their day-to-day function. Increased awareness amongst staff on compliance activities and the need for an effective compliance culture within the Group.

KEY PRIORITIES FOR 2020

Cultivating a culture of compliance goes beyond just communicating the importance of obeying regulatory requirements to its employees. It requires continuous vigilance and efforts to influence a widespread change. The Group understands this and is always looking out for new strategies to ensure that compliance is embedded as part of everyone's responsibility in the organisation.

The Group takes compliance violations seriously and this is reflected in the Group's performance evaluation structure which takes into consideration behavioural risks by incorporating a penalty in the final rating of staff performance for non-compliance with legal and regulatory requirements. The penalty is to encourage greater commitment to compliance and promote responsible decision-making.

The following are our priorities for the year 2020:

- Continuous compliance testings and reviews (including random audits) across the different functions of the Group to evaluate the Group's overall adherence to regulatory requirements;
- Increased engagement sessions with regional subsidiaries/branches to identify the compliance risks in their respective regions and provide support in addressing any gaps or challenges in the current regional compliance's monitoring framework;
- Process enhancements including exploring further the use of robotics as well as other technology solutions to minimise error-prone manual processes and promote a more efficient compliance risk management; and
- Continuous effort to build a positive compliance culture within the Group including increased engagement coverage at branches through the ABCD programme and compliance bootcamps for branch managers. Further, a Compliance Culture and Behavioral Assessment Survey will also be launched to gauge and better understand staff's perception on the state of compliance of the Group and identify areas for improvement.

Governance for a Sustainable Business

Corporate Integrity & Ethical Business Conduct

RHB continues to uphold strong believe that positive financial delivery alone is not sufficient to ensure perseverance of reputation or the sustainability of our business. The manner in which we achieve our strategic objectives also matter. As such, we continue to commit ourselves to champion and permeate honest, ethical and high integrity behaviour in our conduct of business in any region where we operate.

In line with the abovementioned commitment, the Board continuously ensures that RHB's Anti-Bribery & Corruption ("ABC") policies and frameworks are appropriately maintained and updated. As a yardstick to measure the level of our compliance, we are guided by the legal & regulatory requirements that relate to ABC such as:

- The Malaysian Anti-Corruption Commission ("MACC") Act 2009;
- The Guidelines on Adequate Procedures issued by the Prime Minister's Department;
- The Guideline for the Management of Integrity & Governance Unit issued by the MACC; and
- Directive of The Prime Minister No.1 Series 1 issued in October 2018.

For 2019, the Group undertook the following to enhance RHB's ABC measures and efforts:

- Training sessions facilitated by MACC officers specifically for RHB Group's Directors and another session to cater for key business and functional officers from RHB's senior management and middle management;
- Gap Analysis on RHB's existing ABC practices vis-à-vis the T.R.U.S.T. principles framework;
- Began quarterly publication of a Governance, Openness & Transparency bulletin to communicate with employees on topics

such as anti-bribery & corruption, edify on the impact of abhorrent behavior and the duty owed by the Group employees to RHB;

- The Group's Corporate Integrity Statement was updated and published on RHB corporate website to elucidate on RHB's stance against corruption as well as internal policy on receiving and offering gifts and hospitalities; and
- Capability and capacity building embarked towards establishment of a dedicated Integrity & Governance Division.

Moving forward, RHB will undertake the following activities to ensure the Group continues to uphold high standard of integrity and best practices with regards to anti-bribery and corruption matters:

- embark on periodic bribery & corruption risk assessment with the results being elevated to the respective Board Committee(s) and if required, to the Board;
- communicate regularly with internal and external stakeholders on RHB's ABC stance and existing policies and procedures;
- continue building capacity for development of the Integrity & Governance Division including the unit's staff competency and credibility; and
- manage all ABC and integrity matters within RHB Group, with facilitation by the Integrity & Governance Division.

RHB has the following existing internal control measures to curb bribery & corruption:



Governance for a Sustainable Business

Stakeholder Communications

INVESTOR RELATIONS

The Group is committed to providing timely and transparent information on corporate strategies and financial data to the investing communities. We consider ongoing engagement and communication with stakeholders as key to building trust and understanding between the Company and its stakeholders.

The Group manages communications with its key financial audiences, including institutional shareholders and financial analysts, fund managers and credit rating agencies through a dedicated investor relations unit. Communication channels include one-on-one meetings, group meetings, conferences and roadshow, conference calls, email and our corporate website.

In addition, presentations and conference calls take place after publishing financial results on Bursa Malaysia. A broad range of public communication channels (including stock exchange news services, corporate website, news wires and news distribution service providers) are used to disseminate news releases.

The company's corporate website provides the latest and historical financial and other information, including financial reports.

IR continues to engage with the investment community through consistent communication

Challenges persisted in 2019 yet share price outperformed KLCI and KLFIN indices, ranked 1st in share price movement and 1-year TSR among our peers on Bursa Malaysia

IR conducted:

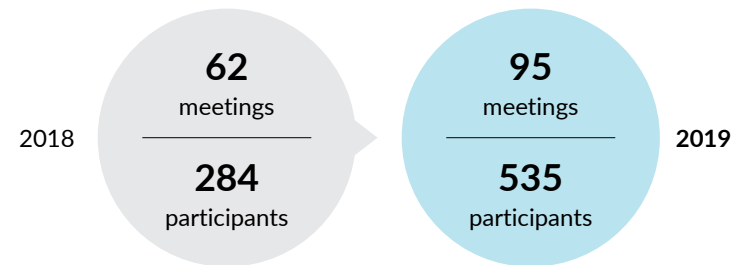
4 quarterly results announcements - 2 con-calls and 2 face-to-face briefings	Digital & Agile Day	Group Retail Banking Day
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Corporate website: www.rhbgroup.com

Constantly meets with investment community

ANNUAL GENERAL MEETING

The Board encourages shareholders to attend the annual general meeting, notice of which appears in this integrated report, where shareholders have the opportunity to put questions to the Board, management and chairs of the various committees.



Quarterly Results Announcement

Date	Event	Format
27 February	RHB Bank 4Q18 Results	Face-to-face Briefing
27 May	RHB Bank 1Q19 Results	Tele-conferencing
26 August	RHB Bank 2Q19 Results	Face-to-face Briefing
25 November	RHB Bank 3Q19 Results	Tele-conferencing

2019

Business Strategy Updates, Conferences & Roadshows

Event Date	Event Description	Event Location (Country)
19 March	Invest Malaysia	Malaysia
25 March	22 nd Credit Suisse Asian Investment Conference	Hong Kong
25 April	RHB Digital and Agile Day	Malaysia
2 & 3 May	Singapore roadshow	Singapore
18 June	Macquarie Asean Banks Tour	Malaysia
24 & 25 September	London roadshow	United Kingdom
8 November	RHB Retail Banking Day	Malaysia
2 December	Singapore roadshow	Singapore

ANALYST COVERAGE LIST

1 Affin Hwang Investment Bank	2 AmResearch	3 CIMB Investment Bank	4 Citi Investment Research
5 CLSA Securities	6 Credit Suisse Securities	7 DBS Vickers Securities	8 Hong Leong Investment Bank
9 HSBC Research	10 JP Morgan Securities	11 KAF-Seagroatt & Campbell Securities	12 Kenanga Investment Bank
13 Macquarie Research	14 Maybank Investment Bank	15 MIDF Amanah Investment Bank	16 Nomura Research
17 TA Securities	18 UBS Securities	19 UOB Kay Hian	

FOCUS AREAS

Overall Strategy	Innovation	Loan	Cost Management	Asset Quality	Capital Management Plan	Liquidity & Funding
FIT22 progress update	Digital transformation strategy and its progress	Loans growth	Managing Digitalisation spending	Credit cost	Dividend payout ratio	CASA growth
M&A and divestment opportunity for RHB and overall consolidation of banking industry	Agile way of working and progress of adoption	Mortgage	Improvement in CIR	Managing impaired loans	Target capital ratios	Deposits outlook
Strategy to achieve ROE	SME ecosystem	SME		Restructured and rescheduling accounts		Net interest margin outlook
Impact of OPR cut and possibility of further cuts		Singapore operations				
Macroeconomic and banking outlook						

Governance for a Sustainable Business

Stakeholder Communications

CREDIT RATINGS

RHB Bank Berhad			
Rating Agency	RAM Rating Services Berhad	Long-Term Financial Institution	AA2
		Short-Term Financial Institution	P1
		Outlook	Positive
	Standard & Poor's Rating Services	Long-Term Financial Institution	BBB+
		Short-Term Financial Institution	A-2
		Outlook	Stable
	Moody's Investors Service	Long-Term Bank Deposits	A3
		Short-Term Bank Deposits	P-2
		Baseline Credit Assessment	baa2
Outlook		Stable	

RHB Investment Bank Berhad			
Rating Agency	RAM Rating Services Berhad	Long-Term Financial Institution	AA2
		Short-Term Financial Institution	P1
		Outlook	Positive

RHB Islamic Bank Berhad			
Rating Agency	RAM Rating Services Berhad	Long-Term Financial Institution	AA2
		Short-Term Financial Institution	P1
		Outlook	Positive

Board Audit Committee Report

The Board Audit Committee ("BAC") of RHB Bank Berhad ("RHB Bank" or "the Bank") is pleased to present the BAC Report for the financial year ended 31 December 2019 ("year") pursuant to Paragraph 15.15(1) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

COMPOSITION AND ATTENDANCE OF MEETINGS

During the year, a total of thirteen (13) BAC meetings were held. The BAC comprises the following members and the details of attendance of each member at the BAC meetings held during the year are as follows:

COMPOSITION OF BAC	Number of Meetings Attended
Ms Ong Ai Lin Chairperson/Independent Non-Executive Director Resigned as Chairperson of the BAC on 31 March 2019	13/ 13
Tan Sri Saw Choo Boon Member/Non-Independent Non-Executive Director Resigned as Non-Independent Non-Executive Director on 31 March 2019	13/ 13
Puan Sharifatu Laila Syed Ali Member/Independent Non-Executive Director Appointed as Member of the BAC on 31 March 2019	10/ 10
Tan Sri Rebecca Fatima Sta Maria Chairperson/Senior Independent Non-Executive Director Resigned as Chairperson and Member of the BAC on 31 March 2019	3/ 3

Note: Datuk Seri Dr Govindan Kunchambo was appointed as a Member/Independent Non-Executive Director of the BAC with effect from 1 February 2020.

The BAC meetings were also attended by the Group Chief Financial Officer, being the Chairman of the Management Audit Committee ("MAC") of RHB Bank and the Group Chief Internal Auditor ("Group CIA") while the attendance of other Senior Management is by invitation, depending on the matters deliberated by the BAC.

The BAC undertakes the functions of the Audit Committee of the major operating entities within the Group encompassing RHB Bank, RHB Investment Bank Berhad, RHB Islamic Bank Berhad and RHB Insurance Berhad.

Key matters deliberated at the BAC meetings together with the BAC's recommendations and decisions are summarised and presented to the relevant Boards, in the same month, by the Chairperson or representative of the BAC. This allows the respective Boards to be

timely apprised of significant matters deliberated by the BAC and for the Boards to provide direction, if necessary. Extracts of the minutes of the BAC meetings held were provided to the respective Boards for their information.

AUTHORITY

The BAC is authorised by the Board to, among others, review and investigate any matters within its Terms of Reference; have direct communication channels with the external and internal auditors as well as regulators; obtain independent professional advice, if necessary, at the Company's expense; and access to Management and resources to enable effective discharge of its functions. The full Terms of Reference, including the authority, duties and responsibilities of the BAC are published in the Bank's corporate website.

Board Audit Committee Report

SUMMARY OF BAC ACTIVITIES IN 2019

The work carried out by the BAC in the discharge of its duties and responsibilities during the financial year are summarised as follows:

FINANCIAL REPORTING

- a) Reviewed the quarterly unaudited financial results and the annual audited financial statements of RHB Bank and the Group as well as the draft announcements before recommending them for the Board's approval. The review process encompassed the following:
 - Reviewed changes in accounting policy and adoption of new or updated accounting standards, and its impact to the financial statements.
 - Reviewed the financial statements and sought explanations from the Senior Management including the Group Chief Financial Officer on any significant changes between the current and corresponding quarter / period to assess their reasonableness.
- b) Discussed with the external auditors the following matters identified during the statutory audit for the financial year ended 31 December 2019 as highlighted in their Audit Committee Report:
 - Significant audit and accounting matters including credit and impairment assessment;
 - IT related matters;
 - Tax related matters;
 - Other required communications; and
 - Summary of uncorrected misstatements.

INTERNAL AUDIT

- a) Reviewed and approved the Group Internal Audit ("GIA")'s annual audit plan for the financial year 2020 on 9 December 2019 to ensure adequacy of scope, coverage and resources for the identified auditable areas.
- b) Reviewed the GIA's refined risk assessment methodology for Audit Plan 2020 which was implemented for assessing the risk levels of the Group's various business and functional units.
- c) Reviewed the staffing requirements of GIA including the skill sets and core competencies of the internal auditors to ensure effective discharge of GIA's duties and responsibilities.
- d) Reviewed the GIA's audit activities undertaken for the financial year covering the planned audit assignments, ad-hoc audit projects, review of policies, processes and procedures, and IT project participation.
- e) Appraised the performance of the Group CIA and reviewed the appraisals of senior staff members of GIA, and approved the performance rewards for the Group CIA in accordance with the distribution matrix approved by the Board.
- f) Reviewed and deliberated on the minutes of all MAC meetings, internal audit reports, audit recommendations and Management's responses to these recommendations as well as the timely mitigation actions taken by Management to improve the system of internal controls and its processes on the areas highlighted.
- g) Reviewed and deliberated on the investigation reports tabled to the BAC and provided directions, where necessary, to address and improve the internal control weaknesses highlighted.
- h) Reviewed the inspection and examination reports issued by the regulatory authorities and the Management's response as well as the remedial actions taken by Management in respect of the reported findings to ensure that all matters highlighted in these reports had been adequately and promptly addressed by Management.
- i) Reviewed the minutes of meetings of the Audit Committees of the overseas subsidiaries to the extent permitted by the relevant regulatory authorities to satisfy itself that all matters arising therefrom had been appropriately addressed by these Audit Committees.

EXTERNAL AUDIT

- a) Reviewed the 2019 audit plan of the external auditors for RHB Banking Group at the BAC meeting held on 20 September 2019 covering the audit strategy, risk assessment and areas of audit emphasis for the year.
- b) Reviewed with the external auditors, the results of their audit together with their recommendations and Management's response to their findings as detailed in the following reports, and provided BAC's views and directions on the areas of concern where necessary:

Reports issued by External Auditors in 2019	Date tabled to BAC
Audit Committee Report for the financial year 2018	22 January 2019
Internal Control Report for the financial year 2018	20 June 2019
Limited review of the unaudited financial statements of RHB Bank and RHB Islamic Bank for the financial period ended 30 June 2019	18 July 2019

The BAC further directed the respective MACs to track the audit findings highlighted by the external auditors in their Internal Control Report to ensure timely resolution of all matters by Management.

- c) Met with the external auditors on 22 January 2019, 20 June 2019 and 13 September 2019 without the presence of Management and Executive Directors to enable the external auditors to discuss matters with the BAC privately.
- d) Reviewed the appointment of the external auditors for the provision of non-audit services before recommending them for the Board's approval. Areas that are considered include the external auditors' expertise, adequacy of knowledge and experience required for the services rendered, competitiveness of fees quoted and whether its independence and objectivity would be impaired.

Reviewed on a quarterly basis, the non-audit services rendered by the external auditors and the related fees taking into consideration the fee threshold established under the Group policy to ensure that the external auditors' independence and objectivity were not compromised.

- e) Reviewed the external auditors' performance and independence before recommending them to the Board for reappointment as external auditors for the Group:
 - The external auditors have declared in their 2019 audit plan, which was tabled to the BAC in September 2019, that they have maintained their independence for the audit of the financial statements of the Group in accordance with the firm's requirements and with the provisions of the By-Laws on Professional Independence of the Malaysian Institute of Accountants. They have further declared that the non-audit services provided to the Group during the year have not compromised their independence as external auditors of the Group.
 - The annual assessment on the external auditors covering the key areas of performance, independence and objectivity in accordance with the BNM Guidelines on External Auditor.
 - The performance of the external auditors was also assessed through a survey completed by the Management personnel of the Group based on their dealings with the external auditors covering areas such as the quality of audit work, coordination during planning and execution of audit work, technical accounting and business knowledge, timeliness and staff continuity.
 - A comprehensive review was also conducted in December 2019 prior to the reappointment of the external auditors to assess its independence and the potential risk of familiarity threat at all the banking entities within the Group. The comprehensive review covered three main categories, i.e. governance and independence, communication and interaction, and quality of services and resources.

The comprehensive review was conducted by Group Finance and independently verified by GIA prior to tabling to the BAC for deliberation.

Board Audit Committee Report

RELATED PARTY TRANSACTIONS

- a) Reviewed the reports of related party transactions ("RPTs") on a quarterly basis covering the nature and amount of the transactions including any possible conflict of interest ("COI") situations in ensuring that the terms and conditions of the transactions are commercially based and at arm's length.
- b) The review covered the aggregate consideration of Recurrent RPTs ("RRPTs") which are individually tracked and monitored against the ceiling set to ensure proper reporting and disclosures in accordance with the regulatory requirements.
- c) The Group has in place an approved policy on RPTs which governs the process of identifying, evaluating, approving, reporting and monitoring of RPTs, RRPTs and potential COI situations as well as outlining the duties and responsibilities of the relevant parties involved in the RPT process.

TRAINING

During the year, the BAC members have attended various training programmes, conferences and seminars to keep abreast of latest developments within the banking industry as well as to enhance their knowledge for the discharge of their duties and responsibilities.

The detailed information of mandatory and professional development programmes attended by BAC members are disclosed in Section B of the Corporate Governance Report available at www.rhbgroup.com

INTERNAL AUDIT FUNCTION

RHB Banking Group has an in-house internal audit function, which is guided by its Internal Audit Charter approved by the Board, Bank Negara Malaysia ("BNM") Guidelines on Internal Audit Function of Licensed Institutions (BNM/RH/GL 013-4) and the Institute of Internal Auditors' latest International Professional Practices Framework. GIA's main responsibility is to provide an independent assessment on the adequacy and effectiveness of the Group's risk management, internal control and governance processes implemented by the Management.

The Group CIA reports functionally to the BAC and administratively to the Group Managing Director. To further preserve the independence of the GIA function, the Group CIA's appointment and performance appraisal, as well as the GIA's scope of work and resources, are approved by the BAC.



Group Chief Internal Auditor

Mr Alex Tan Aun Aun leads the Group Internal Audit Function which provides the Board with independent assurance that the risk management systems, internal controls and governance processes of the Group are effective and operating as intended. He reports to the Board Audit Committee.

Mr Tan has more than 25 years of multifaceted experience in the banking business with more than 10 years' experience in internal auditing. He holds a Bachelor of Commerce (Finance) degree from the University of Toronto and is a member of The Institute of Internal Auditors Malaysia.

Internal Audit Charter

The Internal Audit Charter ("Audit Charter") defines the purpose, authority and responsibility of the internal audit function and is approved by the Board. The approved Audit Charter is published in the Group's intranet portal, which can be viewed by all employees of the Group.

The Audit Charter is reviewed by the Group CIA every two years or as and when necessary to assess whether the GIA's purpose, authority and responsibility, as defined in the Audit Charter, continue to be adequate and relevant to enable the audit function to accomplish its objectives.

Summary of GIA's Activities

The main activities undertaken by GIA during the financial year are summarised as follows:

- a) Prepared the annual risk-based audit plan for RHB Banking Group which includes the audit objectives and scope, and manpower requirements for each planned auditable unit.
- b) Conducted audits as per the approved audit plan as well as ad hoc reviews and investigations requested by Management, the Board or regulators during the year.
- c) Audited key areas during the financial year which included the Branches, Credit Underwriting, Business Centres, Treasury Operations, IT Security, Head Office functions, Shariah Business, Investment Banking Business, Asset Management, Insurance Business and Overseas Operations.
- d) Conducted audits as per regulatory requirements such as compliance with BNM's Guidelines on Anti-Money Laundering and Counter Financing of Terrorism, Disclosure of Customer Documents or Information, Single Counterparty Exposure Limit, Outsourcing, Product Transparency & Disclosure and PayNet's applicable rules, procedures and manual for payment and debt securities systems.

- e) Carried out ad-hoc compliance and validation reviews as requested by regulators.
- f) Monitored and followed up through the respective MACs on the timely rectification of any reported audit findings and the underlying causes highlighted by the internal and external auditors, and regulators. The status of any outstanding audit findings is summarised and reported to the BAC on a monthly basis.
- g) Reviewed new or updated policies, procedures and processes as requested by Management to provide feedback on the adequacy of internal controls to address the relevant risks.
- h) Participated in system or product development activities to provide recommendations upfront on the relevant control features to be considered by Management.
- i) Assisted the BAC in the annual exercise on the reappointment of external auditors by assessing its independence and potential risk of familiarity threat at all the banking entities within the Group.
- j) Attended Management meetings as permanent invitee on a consultative and advisory capacity to provide independent feedback where necessary on internal control related matters.
- k) Organised MACs meetings, preparing meeting materials as well as preparing minutes of meetings for submission to BAC.
- l) Prepared the BAC Report and the Statement on Risk Management and Internal Control for the Bank's Annual Report for the year 2019.

Internal Audit Resources

The Group CIA, in consultation with the BAC and the Group Managing Director, decides on the appropriate resources required for the GIA taking into consideration the size and complexity of operations of the Group. The primary organisation chart/structure of GIA is reviewed and approved by the BAC annually.

As at 31 December 2019, GIA has 146 internal auditors with relevant academic/professional qualifications and experience to carry out the activities of the internal audit function. The costs incurred for maintaining the internal audit function for the financial year 2019 amounted to RM26.3 million.

Professional Proficiency

The Group CIA ensures that the internal auditors are suitably qualified and provided with the necessary trainings and continuous professional development for the purpose of enhancing their audit and relevant technical skills to perform their duties and responsibilities.

The internal auditors are further guided by the GIA Learning Development Framework to pursue the relevant certification programmes such as those offered by the Institute of Internal Auditors ("IIA") and Asian Institute of Chartered Banker in order for them to be proficient and competent in the relevant disciplines.

Based on each staff's Individual Development Plan for the year 2019, the internal auditors attended the relevant technical as well as leadership and management programmes offered by RHB Academy, the Group's Learning and Development Centre, and external programmes. For the year 2019, the internal auditors attended a total of 1,197 days of training, which translates to approximately 8 days per auditor.

Internal Audit Quality Assurance Review

To ensure effectiveness of the internal audit function, the Group CIA has developed and maintained a quality assurance and improvement programme that covers all aspects of the internal audit activities. The quality assurance programme assesses the effectiveness of processes within the internal audit function and identifies opportunities for improvement through both internal and external assessments.

The internal assessment is performed according to the approved annual Quality Assurance Review ("QAR") plan by a QAR team within GIA. The Head of QAR function reports directly to the Group CIA to maintain its independence of the internal audit activities within GIA.

In addition to the internal assessment, external quality assessment is conducted every three years by qualified professionals. The appointment of independent reviewer is subject to the Group's established procurement process and endorsed by the BAC.

The external quality assessment covered a broad scope that includes conformance with the Definition of Internal Auditing, the Standards and the Code of Ethics, and the internal audit charter, audit plan, policies and procedures in line with the requirements of the International Standards for the Professional Practice of Internal Auditing of the IIA, BNM guidelines and industry best practices. The results of review by the independent reviewer are documented in a report which is tabled to the BAC.

Shariah Committee Report

INTRODUCTION

The Shariah Committee was established under RHB Islamic Bank Berhad (“the Bank” or “RHB Islamic”) with the following main objectives:

1. To provide objective and sound advice to the Bank to ensure that its aims, operations, business, affairs, and activities are Shariah-Compliant.
2. To ensure effective working arrangements are established between the Shariah Committee, the Shariah Advisory Council (“SAC”) of Bank Negara Malaysia (“BNM”) as well as that of the Securities Commission (“SC”).
3. To ensure the establishment of appropriate procedures in leading to the prompt compliance with Shariah principles.

COMPOSITION AND ATTENDANCE OF MEETINGS

A total of nine (9) regular meetings and three (3) special meetings were held during the financial year ended 31 December 2019. All existing members have satisfied the minimum attendance requirement under BNM’s Shariah Governance Policy Document which provides that a Shariah Committee member is required to attend at least 75% of the Shariah Committee meetings held in each financial year. Details of attendance of each member are as follows:

SHARIAH COMMITTEE MEMBER	Number of Meetings Attended
Dr. Ghazali Jaapar	12/ 12
Assoc. Prof. Dr. Amir Shaharuddin	10/ 12
Dr. Ahmad Basri Ibrahim	12/ 12
En. Wan Abdul Rahim Kamil Wan Mohamed Ali	9/ 12
En. Mohd Fadhly Md. Yusoff	11/ 12
Pn. Shabnam Mohamad Mokhtar	12/ 12

ENGAGEMENT SESSIONS & TRAININGS ATTENDED

SESSIONS & TRAININGS	
As part of the initiatives towards maintaining effective communication between the Shariah Committee, the Management and the Board of Directors of RHB Islamic Bank, special in-house training programmes were held as follows:	<ol style="list-style-type: none"> 1. Risk Management in Islamic Banks: A Shariah Perspective by Prof. Dr Mohamad Akram Laldin held on 6 May 2019 2. Islamic Banking & Finance – Case Studies on Recent Court Decisions by En Megat Hizaini Hassan held on 3 October 2019
Another special in-house training was also held for the Shariah Committee and RHB’s Shariah Control Functions.	<ol style="list-style-type: none"> 1. The training session entitled Towards Islamic Financial Hub 2.0 – Second Wave/FinTech by En Othman Abdullah was held on 6 November 2019
In addition, the Shariah Committee also contributed to the efforts of spreading Shariah knowledge and awareness among RHB Banking Group staff by sharing insights, expertise and experience through “Shariah Committee Sharing Series” sessions as follows:	<ol style="list-style-type: none"> 1. Unlocking the Potential of Waqf by Assoc. Prof. Dr Amir bin Shaharuddin held on 22 February 2019 2. Investment Status of ASB/ASNB According to Maqasid Shariah by Dr Ahmad Basri Ibrahim held on 30 April 2019 3. Analysing Sukuk & Islamic Structured Products by Pn. Shabnam Mokhtar held on 10 December 2019
Furthermore, the Shariah Committee members actively participated in conferences and courses held locally and internationally as follows:	<ol style="list-style-type: none"> 1. 2nd Islamic Fintech Dialogue 2019, Kuala Lumpur, 19 & 20 February 2019 2. Liqa’ ASAS 2019: “Smart Contract: Disruptive or Constructive?”, Kuala Lumpur, 18 March 2019 3. 13th Muzakarah Cendekiawan Syariah Nusantara, Brunei Darussalam, 23 & 24 July 2019 4. Blockchain – Enabling Change For A Better Society, Kuala Lumpur, 6 & 7 August 2019 5. International Shariah Scholars Roundtable (“iSHAR”) 2019, Putrajaya, 29 & 30 October 2019 6. 14th International Shariah Scholars Forum (“ISSF”) 2019, Kuala Lumpur, 31 October 2019

The Shariah Committee members also enrolled in the Certified Shariah Advisor (“CSA”) and Certified Shariah Practitioner (“CSP”) programmes organised by the Association of Shariah Advisors in Islamic Finance (“ASAS”).

SHARIAH COMMITTEE’S EFFECTIVENESS ASSESSMENT

In compliance with BNM’s Shariah Governance Policy Document, the Shariah Committee undergoes a process of assessing the effectiveness of individual members and the Committee as a whole on a yearly basis. The Shariah Committee’s annual assessment exercise is primarily based on a detailed questionnaire which is distributed to the respective Committee members and the permanent invitees to the Shariah Committee meeting. The questionnaire encompasses considerations on the effectiveness of the Committee in discharging its duties and responsibilities as well as each individual member’s level of skill and competency in the areas of expertise expected of a Shariah Committee member.

The results of the assessment are tabled to RHB Islamic’s Board of Directors for endorsement.

Additional Compliance Information Disclosures

1. Utilisation of Proceeds Raised from Corporate Proposals

During the financial year 2019, the following issuances were made by the Group:

- (a) On 19 February 2019, RHB Bank had issued USD300 million senior notes under its USD5 billion (or its equivalent in other currencies) Euro Medium Term Note Programme.
- (b) On 21 May 2019, RHB Islamic Bank had issued RM500 million Subordinated Sukuk Murabahah under its RM5 billion Sukuk programme.

The proceeds raised from these senior notes and Sukuk Murabahah are used for working capital and general banking purposes, and/or Shariah-compliant purposes, where applicable.

2. Material Contracts

- (a) RHB Investment Bank, a wholly-owned subsidiary of RHB Bank has undertaken a reorganisation of its equity and economic research operations, housed under RHB Research Institute Sdn Bhd ("RHBRI"), into a division within RHB Investment Bank while their fixed income and currencies research function is to be absorbed by RHB Bank, subject to all applicable approvals ("Proposed Reorganisation"). RHBRI is currently a wholly-owned subsidiary of RHB Investment Bank.

The Proposed Reorganisation has been effected via an Asset Purchase Agreement ("APA") between RHB Investment Bank and RHBRI including a novation of contracts entered into by RHBRI and a transfer of employees. Similarly, RHB Bank and RHBRI has entered into an APA in relation to the transfer of assets.

Upon completion of the Proposed Reorganisation, the equity and economic research operations under RHBRI will become a division of RHB Investment Bank, whereas the fixed income and currencies research function will be absorbed by RHB Bank. RHBRI will thereafter surrender its CMSL and be wound up.

The Securities Commission ("SC") had, on 15 April 2019, approved the Proposed Reorganisation, including the variation of RHB Investment Bank's Capital Markets Services Licence to include the regulated activity of investment advice.

Following the SC's approval, the Asset Purchase Agreements entered between RHB Investment Bank and RHBRI, as well as between RHB Bank and RHBRI in relation to the transfer of research operations have been completed on 2 May 2019.

None of the directors or major shareholders of RHB Bank or persons connected with them has any interest, direct or indirect, in the Proposed Reorganisation.

- (b) RHB Bank and its subsidiaries did not have any material contracts involving Directors' and major shareholders' interests in the 12-month financial period from 1 January 2018 to 31 December 2018. The material contracts in this case do not include financing to parties connected to Directors which are conducted in accordance with the relevant legal and regulatory promulgation.

However, in relation to Vietnam Securities Corporation, RHB Investment Bank has entered into a conditional share purchase agreement with the Vendors (details below) and the excerpt of the initial announcement to Bursa and the update is attached below:

"RHB Investment Bank, a wholly-owned subsidiary of the Bank, has on 9 February 2018 entered into a conditional share purchase agreement ('CSPA') with Chu Thi Phuong Dung, Truong Lan Anh and Viet Quoc Insurance Broker Joint Stock Company for the acquisition of the remaining 51% equity interest in VSEC, comprising 6,885,000 existing common shares of VND10,000 each in VSEC for a purchase consideration of VND121,629,915,000 (equivalent to approximately USD5.365 million or RM21.285 million) to be satisfied wholly in cash.

The Proposed Acquisition is amongst others, subject to the approvals of BNM and State Securities Commission of Vietnam ('Vietnam SSC'). The Bank and RHB Investment Bank have submitted applications to BNM for the approval of the Proposed Acquisition and VSEC has also submitted an application to Vietnam SSC for the approval of the Proposed Acquisition and the conversion of the status of VSEC from a joint stock company into a single-member limited liability company ('Conversion').

Vietnam SSC and BNM had on 17 October 2018 and 12 December 2018 respectively granted their approval to VSEC for the Proposed Acquisition.

RHB Investment Bank, Chu Thi Phuong Dung, Truong Lan Anh and Viet Quoc Insurance Broker Joint Stock Company had on 27 December 2018, by way of an exchange of letter, mutually agreed to extend the period to satisfy or waive the conditions precedent of the CSPA to 28 February 2019.

On 29 January 2019, Vietnam SCC had granted its approval for the Conversion and the issuance of an amended license as a single member limited liability company. VSEC has since become a wholly-owned subsidiary of RHB Investment Bank effective 19 February 2019.

The Acquisition was completed on 19 February 2019".

3. Related Party Transactions

The Group has put in place a Policy on Related Party Transaction Review Process ("the Policy") since 2004 (revised and updated in 2015), which guides the review and reporting of all related party transactions. Under this Policy, related party transactions are reviewed by Group Legal prior to independent review by Group Internal Audit before any submission is made to the Board Audit Committee for deliberation.

The Board did not enter into nor seek mandate from its shareholders on any RPT during the past financial year.

Statement on Risk Management and Internal Control

The Board of Directors (“Board”) is pleased to provide the Statement on Risk Management and Internal Control (“Statement”) pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The Statement has been prepared in accordance with the guidelines as set out in the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers” endorsed by Bursa Malaysia.

The Statement outlines the key features of the risk management and internal control system of RHB Banking Group (“the Group”) during the year under review.

BOARD RESPONSIBILITY

The Board is committed to its overall responsibility in establishing a sound risk management and internal control system in the Group. The Board’s responsibility includes reviewing the adequacy and effectiveness of the risk management and internal control system in safeguarding shareholders’ interest and the Group’s assets. While total elimination of risks is not possible, the system has been designed to manage the Group’s risk appetite within the established risk tolerance set by the Board and Management to support the achievement of the Group’s business objectives. The system can therefore only provide reasonable and not absolute assurance against the occurrence of any material misstatement, loss or fraud.

In acknowledging that having a sound risk management and internal control system is imperative, the Board has established a governance structure that ensures effective oversight of risks and internal controls in the Group at all levels. To this end, the Board is assisted by the Board Risk Committee (“BRC”) and Board Audit Committee (“BAC”) which have been delegated with primary oversight responsibilities on the Group’s risk management and internal control system. The Board remains responsible for the governance of risk and for all the actions of the Board Committees with regard to the execution of the delegated oversight responsibilities.

The Board has also obtained assurance from the Group Managing Director and the Group Chief Financial Officer that the Group’s risk management and internal control system is operating adequately and effectively.

MANAGEMENT RESPONSIBILITY

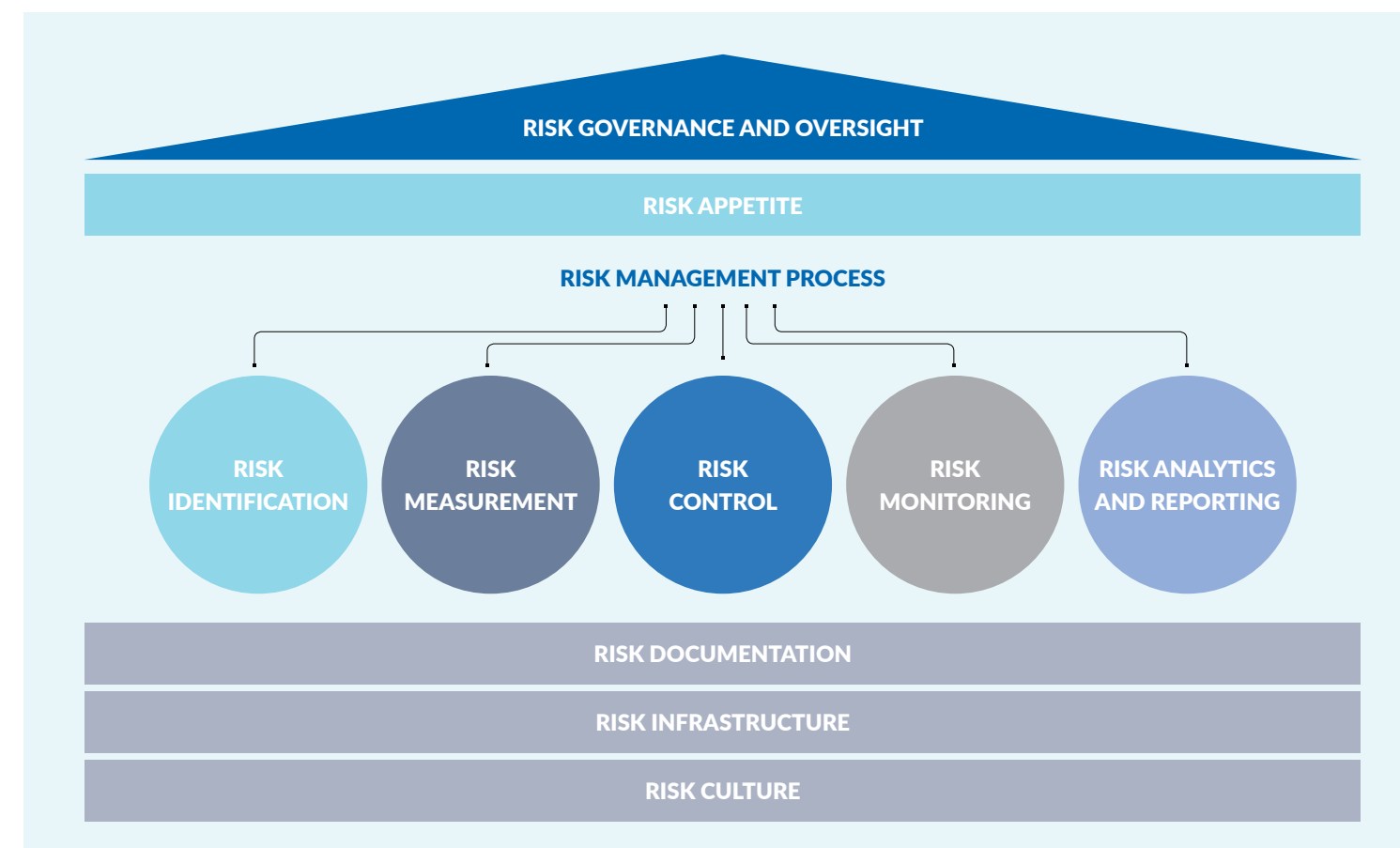
The Management is responsible for the overall implementation of the Group’s policies and processes to identify, evaluate, measure, monitor and report on risks as well as the effectiveness of the internal control systems, taking appropriate and timely remedial actions as required. Its roles include:

- Identifying and evaluating the risks relevant to the Group’s business and achievement of its business objectives and strategies;
- Formulating relevant policies and procedures to manage risks and the conduct of business;
- Designing and implementing the risk management framework and internal control system, and monitoring its effectiveness;
- Implementing policies approved by the Board;
- Implementing remedial actions to address compliance deficiencies as directed by the Board; and
- Reporting in a timely manner to the Board on any changes to the risks and the remedial actions taken.

Accordingly, the Management has provided assurance to the Board that the Group’s risk management and internal control system is operating adequately and effectively with the necessary processes having been implemented.

RISK MANAGEMENT FRAMEWORK

The Group has in place a risk management framework approved by the Board for identifying, measuring, monitoring and reporting of significant risks faced by the Group in the achievement of the Group’s business objectives and strategies. The Group’s risk management framework ensures that there is an effective on-going process to identify, evaluate and manage risk across the Group and is represented in the following diagram:



Risk Governance and Oversight

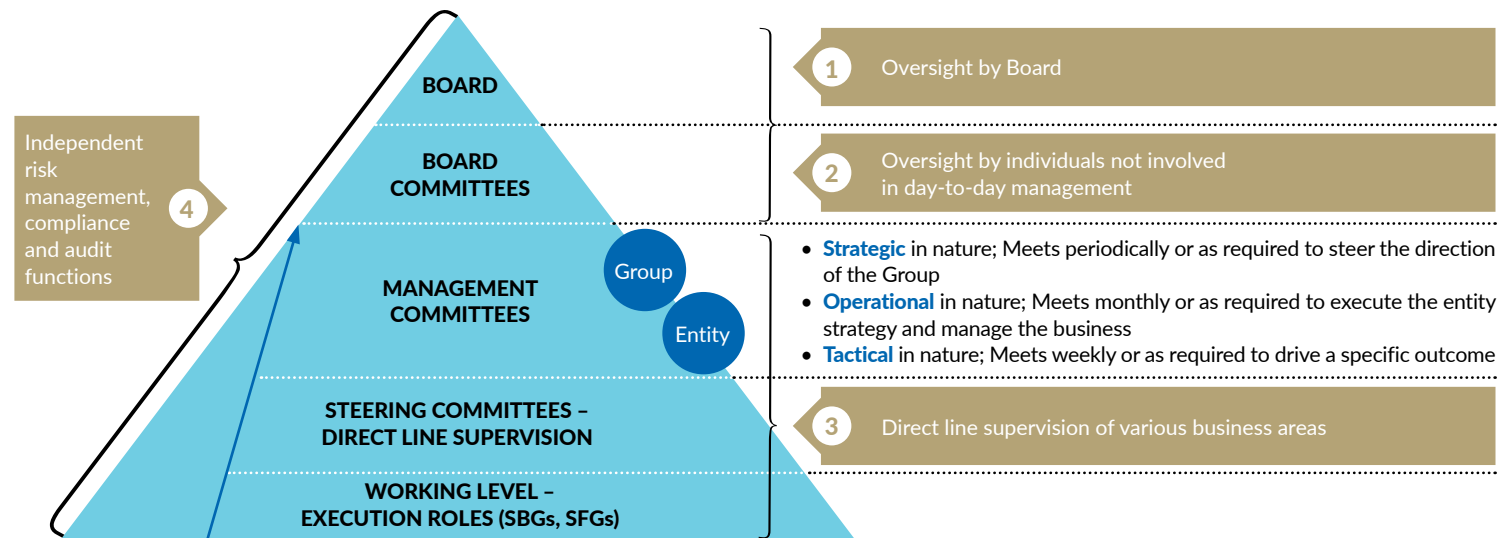
The Board, through the relevant entities’ Boards and Senior Management Committees as well as the Group Risk & Credit Management function, establishes the risk appetite and risk principles for the Group and relevant entities. The BRC is the principal Board Committee that provides oversight over risk management activities for the Group to ensure that the Group’s risk management process is in place and functional. The BRC assists the Board to review the Group’s overall risk management philosophy, frameworks, policies and models.

The Islamic Risk Management Committee (“IRMC”) and the Investment Bank Board Risk Committee (“IBBRC”) assist the respective Boards of RHB Islamic Bank and RHB Investment Bank on risk issues relevant and unique to its business.

The responsibility for the supervision of the day-to-day management of enterprise risk and capital matters is delegated to the Group Capital and Risk Committee (“GCRC”) comprising senior management of the Group and which reports to the relevant board committees and the Group Management Committee.

Statement on Risk Management and Internal Control

The Investment Bank Risk Management Committee ("IBRMC") is responsible for oversight of risk management matters relating to RHB Investment Bank Group's business whilst the Group Asset and Liability Committee ("Group ALCO") oversees market risk, liquidity risk and balance sheet management. An overview of this governance framework at Group level is as below:



Risk Appetite

Risk appetite for the Group is defined as the amount and the type of risks that the Group is willing to accept in pursuit of its strategic and business objectives. Risk tolerance on the other hand, is the acceptable level of variation relative to the achievement of the Group's strategic and business objectives. It is measured in the same units as the related objectives. It translates risk appetite into operational metrics, and it can be defined at any level of the Group.

The defined risk appetite and risk tolerance are periodically reviewed by the Management and the Board in line with the Group's business strategies and operating environment. Such review includes identifying and setting new risk appetite metrics for the business entity or removal of risk appetite metrics that are no longer applicable as well as updates on the risk appetite thresholds to be in line with the Group's business strategy and risk posture.

The main business and operations inherent risks that were considered in the risk appetite review include regulatory compliance risk, credit risk, market and liquidity risk, operational risk, technology and cyber risk, and Shariah non-compliance risk.

Risk Management Processes

The risk management processes within the Group seek to identify, evaluate, measure, monitor and control risk so that risk exposures are adequately managed and the expected returns adequately compensate the risks.

- **Identification:** The identification and analysis of the existing and potential risks is a continuing process, in order to facilitate and ensure that the risks can be managed and controlled within the risk appetite of the Group and specific entity, where necessary.
- **Measurement:** Risks are measured, assessed and aggregated using comprehensive qualitative and quantitative risk measurement methodologies, and the process also serves as an important tool as it provides an assessment of capital adequacy and solvency.
- **Controlling and Monitoring:** Controls, triggers and limits are used to manage risk exposures and to facilitate early identification of potential problem on a timely basis.
- **Analytics and Reporting:** Risk analysis and reports prepared at the respective entities and consolidated level as well as business level are regularly escalated to the Senior Management and relevant Boards of the Group's entities to ensure that the risks identified remain within the established appetite and to support an informed decision-making process.

Risk Documentation and Infrastructure

The Group recognises that effective implementation of the risk management system and process must be supported by a robust set of documentation and infrastructure. Towards this end, the Group has established frameworks, policies and other relevant control documents to ensure clearly defined practices and processes are implemented consistently across the Group.

In terms of risk infrastructure, the Group has organised its resources and talents into dedicated risk management functions, and invested into the technology, including data management, to support the Group's risk management activities.

Risk Culture

Risk management is integral to all aspects of the Group's business and operations and is the responsibility of all employees across the Group. In line with regulatory requirements and industry best practices,

the Group subscribes to the principle that "Risk and Compliance is Everyone's Responsibility" and hence, risk management is a core responsibility of the respective businesses and operating units. This has been articulated and documented in the risk management framework of the Group.

Guided by the said principle, the Group has launched a Risk Culture Awareness programme which comprises training, awareness campaigns and roadshows within the Group (including overseas branches and subsidiaries) to promote a healthy risk culture. A strong risk culture minimises the Group's exposure to financial and non-financial risks including reputational impact, over time.

In addition, the Group has implemented the Business Risk & Compliance Officer ("BRCO") programme that aims to cultivate proactive risk and compliance management and to establish a robust risk culture. The BRCO programme entails the appointment of BRCO at the respective business and functional units to provide real time advisory on risk and compliance matters.

The implementation of the BRCO programme is in line with the 'Three Lines of Defence' model practised globally. There is clear accountability of risk ownership across the Group. The model is depicted in the diagram below:



Statement on Risk Management and Internal Control

Risk Assessment

The Group has an established and comprehensive process for risk identification at every stage of the risk taking activities, namely transactional, product and even at the respective entities and Group level. Risks are also identified through Operational Risk Loss Event reporting and Portfolio thematic analysis. As part of the Group's periodic material risk assessment, the Group reviews the types and components of material risks, determines its quantum of materiality and refinement of processes taking into consideration the feedback received, including the independent reviews.

Material risk assessment is measured from the dimension of occurrence probability and severity impact. In addition, risk assessment also considers among others, the effectiveness of controls in place, and the impact to financial and non-financial indicators such as reputational risk. These are translated into a heat map matrix to derive the materiality of the risk as shown in the table on the right side.

Risk and Control Self-Assessment

To further support and promote accountability and ownership of risk management, a Risk and Control Self-Assessment ("RCSA") framework has been implemented in the business and functional units within the Group as part of the risk management process. These business and functional units are required to identify and document the controls and processes for managing the risks arising from their business activities and operations, as well as to assess the effectiveness thereof to ensure that the risks identified are adequately managed and mitigated. On completion of the RCSA exercise, all business and functional units within the Group are required to submit their respective results to Group Operational Risk Management for review prior to tabling the RCSA results to the GCRC for deliberation and further action where necessary.



KEY INTERNAL CONTROL PROCESSES

The Group's system of internal control is designed to manage and reduce risks that will hinder the Group from achieving its goals and objectives. It encompasses the policies, procedures, processes, organisational structures and other control aspects that are implemented for assuring the achievement of the Group's objectives in operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and internal policies.

The key processes established by the Board that provide effective governance and oversight of internal control systems include:

Control Environment and Control Activities

Organisation Structure

The Group has a formal organisational structure with clearly defined lines of accountability and responsibility, authority limits and reporting. The organisational structure provides the basic framework in ensuring that the Group's business and operations operate smoothly as well as depicting the span of control in ensuring effective supervision of day-to-day business conduct and accountability.

Sustainability Management

The Board is responsible to promote sustainability through appropriate Environmental, Social and Governance ("ESG") considerations into the Group's business strategies.

The Group has in place the Group's Sustainability Framework which was approved by the Board and sets out the approach in managing material matters, mitigating negative impacts and contributing towards sustainable development. The Framework consists of 3 thematic pillars, i.e. Sustainable and Responsible Banking, Embedding Good Practices and Enriching and Empowering Communities.

The Group aspires to build a sustainable future by embedding sustainability practices into our business and operations.

Please refer to our Sustainability Report 2019 for more details on our Group Sustainability Framework and initiatives.

Policies and Procedures

Policies, procedures and processes governing the Group's businesses and operations are documented and communicated Group-wide as well as made available to employees through the Group's intranet portal for ease of reference and compliance. These policies, procedures and processes are reviewed and updated by the business and functional units through a structured review and approval process to cater to changes in laws and regulations as well as changes to the business and operational environment.

Authority Limits

The Board has approved the Group Manual of Authority ("MOA") which defines the approving authority with its approving limits for the various levels of Management in the Group. Accordingly, the Management is empowered to discharge their responsibilities and be accountable for their decisions and actions. The Group MOA is reviewed periodically and updated in line with changes in the organisation structure, business environment or operational needs.

Information Technology ("IT") Security

The Group regards IT security as a very high priority to ensure the confidentiality, integrity and availability of the Group's information assets and IT infrastructure.

IT security in the Group is achieved through the implementation of a risk based control approach which includes documented policies, standards, procedures and guidelines as well as organisational structures and, software and hardware controls.

With the increasing number of cyber threats globally as well as locally, the Group has established a Cyber Coordination and Command Centre to ensure that there is a structured process of prompt monitoring and timely response to cyber threats and incidents.

In order to strengthen and enhance the level of information security management, the Group has obtained certifications of ISO/IEC27001:2013 - Information Security Management System and ISO/IEC 20000:2011 - Information Technology Service Management, in addition to complying with various regulatory requirements on managing information technology risk holistically.

Budgeting Process

A robust budgeting process is established requiring all key operating entities in the Group to prepare budgets and business plans annually for approval by the respective Boards. The Group's budget and business plans as well as strategic initiatives, taking into account the established risk appetite, goes through a challenged session with Management prior to deliberation at the Board where the Group budget is presented.

Human Capital Management

One of the key constituents of any internal control system is its people and that our system of risk management and internal control is dependent on the responsibility, integrity and sound judgement that employees apply to their work. Hence, the Group has in place policies and procedures that govern recruitment, appointment, performance management and rewards as well as matters relating to discipline, termination and dismissal.

For sustainable growth, the Group places emphasis on human capital development, talent management and succession planning. To enhance employee competencies, structured and technical trainings as well as management and leadership workshops are provided to them based on their identified needs during the annual performance assessment. For talent management, initiatives such as Leadership Development Programme, Individual Development Plan and mentoring are implemented to develop identified talents in the Group to facilitate the continuous supply of high potentials and suitable successors for future leadership roles.

Group Code of Ethics and Conduct

The Group Code of Ethics and Conduct ("the Code") sets out the standards of good and ethical banking practices, as well as aims to maintain confidence in the security and integrity of the Group's business practices. It is a requirement that all employees of the Group understand and observe the Code. New recruits are briefed on the Code and are required to sign the Employee Declaration of Compliance Form upon joining the Group.

Statement on Risk Management and Internal Control

The Group has also established the Gifts and Hospitality Guidelines to promote integrity and transparency for giving and receiving gifts. The Guidelines complement the Code and are designed to help the Group and its employees understand the respective parties' obligations in upholding corporate integrity about gifting.

Group Anti-Money Laundering and Counter Financing of Terrorism Policy

The Group Anti-Money Laundering and Counter Financing of Terrorism ("AML/CFT") Policy ("Group AML/CFT Policy") is drawn up in accordance with the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 and Bank Negara Malaysia's standards on AML/CFT. It sets out the high level standards towards building a stronger and robust AML/CFT compliance regime within the Group, facilitates consistency in managing the AML/CFT compliance risk across the local and regional entities within the Group, and sets out the Group's policy statements in respect of the general principles and key measures to which the Group adheres to.

Pursuant to the Group AML/CFT Policy, the entities and/or employees within the Group are required to adopt Risk Based Approach ("RBA") to customer acceptance and implement the AML/CFT Compliance Programme framework. This includes customer due diligence ("CDD") requirements, monitoring of customer activities/transactions, reporting of suspicious transactions, record keeping, AML/CFT training, protection of customer information, and enforcement actions for non-compliance to the requirements.

The Group AML/CFT Policy also outlines the roles and responsibilities as well as establishes clear accountability of the Board of Directors, Senior Management and all employees within the Group.

The Board has an oversight responsibility for establishing the AML/CFT policies/procedures and minimum standards while the Senior Management is accountable for the implementation and management of AML/CFT compliance programmes in accordance with the policies and procedures as approved by the Board.

Group Fraud Risk Management Policy

The Group Fraud Risk Management Policy is designed to promote consistent organisational behaviour through the development, implementation, and regular review of fraud prevention, detection and response strategies. The Policy defines the core governing principles for fraud management within the Group which include leadership and ethical culture, fraud awareness and prevention, fraud control and detection, fraud reporting and escalation as well as fraud response with appropriate corrective actions.

Business Continuity Management

The Group recognises and is fully committed to the need to provide uninterrupted critical services to its customers, ensure the safety of its employees, protect its assets including data, and safeguard the interest of its key stakeholders that collectively ensure the viability of the organisation. Hence, the Group is aware of the importance of a sound Business Continuity Management ("BCM") Framework and Programme to build organisational resilience and an effective response and recovery mechanism to safeguard the interest of key stakeholders, reputation and brand. The Group's BCM Programme is based on good business continuity practices, Bank Negara Malaysia and other regulatory guidelines and international standards.

The Board has an oversight function on the Group's BCM readiness through the BRC and GCRC. The Group Business Continuity Committee is the management committee established to oversee the Group's business continuity framework, policies, budget and plans, and reports to GCRC.

A sound BCM Programme has been implemented in the Group to ensure the critical business functions are recovered in a timely manner in the event of any disruption. Reviews, assessments, updates and testing of the BCM plans are conducted regularly to ensure adequacy, effectiveness and readiness of the business recoveries. Simulation exercises and drills are conducted to familiarise and equip staff with the skills and processes required to ensure that in the event of any disruption, critical business processes can continue or be recovered in a timely manner.

The Group has further enhanced its BCM Programme and activities and in 2019, RHB has conducted a comprehensive Crisis Simulation Exercise which incorporate exercise on all the key elements of Crisis Management and BCM to test on staff readiness in operationalising their Business Continuity Plans, and the readiness level of their infrastructures at the command centre and alternate sites. The Group also participated in capital market cyber drill simulation organised by the Securities Commission of Malaysia. The simulations allow assessment of the Group's capabilities and readiness in managing cyber-attack incident while receiving insights on best practices and across the financial services industry in managing cybersecurity risk.

Information and Communication

Performance Review

Regular and comprehensive information is provided by Management to monitor its performance against the strategic business plan and the annual budget approved by the Board. This information covers all key financial and operational indicators as well as key strategic initiatives undertaken by the Group during the year.

The Board and the Group Management Committee ("GMC") receive and review financial reports on the Group's monthly and quarterly financial performance against approved targets and the reasons for any significant variances as well as measures that are being put in place to meet such targets.

The heads of the core businesses and functions in the Group present their respective management reports to the GMC at its monthly meeting, covering areas such as financial performance, key activity results and new business proposal or process for information of and deliberation by the GMC.

Group Whistleblowing Policy

A Group Whistleblowing Policy ("GWBP") was established by the Group in 2007 and last updated in 2018. The GWBP provides proper mechanism and sets a minimum standard to be adhered by the Group in dealing with disclosure of questionable actions or wrong doings by personnel within the Group. Details of the GWBP can be found under Practice 3.2 of the RHB Bank Berhad's Corporate Governance ("CG") Report, available at www.rhbgroup.com.

Incident Management Reporting

To complement the Group's system of internal control, a comprehensive incident management reporting system has been implemented to ensure proper escalation and management of incidents according to the level of severity. The incident management reporting system also ensures that all incidences with material risk and losses are escalated promptly to Senior Management and the Board with necessary steps taken to mitigate any potential risks that may arise. This enables the decision makers to undertake informed decision-making and be kept up to date on situations as well as manage risks effectively.

Monitoring

Board Committees

The Board has in place, Board Committees that are set up to support the Board in its oversight function. The Board Committees include the BRC, BAC, Board Nominating & Remuneration Committee, Board Credit Committee, IBBRC and IRMC. These Board Committees have been delegated with specific duties to review and consider all matters within their scope of responsibility as defined in their respective Terms of Reference ("ToR"). Detailed responsibilities of these Board Committees can be found under RHB Bank Berhad's CG Report, Board Charter and their respective ToRs available at www.rhbgroup.com

Group Management Committee

The GMC comprises the Group Managing Director as the Chairman, the Chief Executive Officers/Managing Directors of the relevant key operating subsidiaries and the key Senior Management of the Group. The GMC provides the leadership and direction in the implementation of strategies and policies approved by the Board and meets monthly to discuss and deliberate strategic matters that impact the Group's operations.

Management Audit Committees

Management Audit Committees ("MACs") are established at the key operating entities in the Group to ensure timely rectification of any audit findings and the underlying causes highlighted by the internal and external auditors, and regulators. The status of rectification of all audit findings and the mitigation actions taken by Management to adequately address the underlying causes are closely monitored by the MACs at every meeting.

The MACs comprising senior level representatives from different business/functional groups are chaired by the Group Chief Financial Officer/Managing Director of the entity concerned. The MACs meet monthly/bi-monthly and the minutes of meetings together with the relevant audit reports are subsequently tabled to the BAC for information, deliberation and direction for further action where required.

Group Compliance

Compliance is the collective responsibility of the Board, Senior Management and every employee of the Group. The compliance function forms an integral part of the Group's risk management and internal control framework. In view that a strong compliance culture reflects a corporate culture of high integrity and ethics, everyone is expected to promote self-regulation and be accountable for their own activities while maintaining ethical principles and behaviour.

In addition to day-to-day monitoring, Group Compliance's commitment towards instilling a strong compliance culture across the Group is demonstrated through the establishment of a robust compliance monitoring framework which includes, among others, implementation of comprehensive compliance policies, periodic compliance risk assessment/reviews, regular engagement sessions with business, functional units as well as regional offices and conduct of continuous training/awareness programmes across the Group to ensure that all employees are well informed of the latest regulatory requirements and expectations.

Further, the Boards and Senior Management are also apprised of the Group's state of compliance through the submission of the Group Compliance report on a periodic basis.

Statement on Risk Management and Internal Control

Shariah Compliance

In line with the Shariah Governance Framework for Islamic Financial Institutions issued by Bank Negara Malaysia, a comprehensive Shariah Governance Framework has also been put in place by the Group which encompasses the Group's Shariah governance structure, the key principles and components underpinning the same, the reporting structure as well as its roles and responsibilities.

Various activities involving reviews, assessment, trainings and briefings aimed at creating Shariah awareness as well as continuous learning programmes were conducted throughout the year to educate employees on the importance of Shariah requirements and compliance surveillance.

INTERNAL AUDIT

Group Internal Audit ("GIA") reports functionally to the BAC and is independent of the operations and activities it audits. The main responsibility of GIA is to provide an independent appraisal on the adequacy and effectiveness of the Group's risk management, internal control and governance processes implemented by the Management.

The internal audit universe covers all key activities of the Group, including that of its branches, business centres, overseas operations, representative offices, subsidiaries as well as outsourced activities. GIA adopts a risk-based approach in determining the auditable units and frequency of audits in line with the Group's key risks, strategies and areas of focus, which are identified based on GIA's risk assessment methodology.

The areas to be audited are documented in the internal audit plan that is developed based on a risk-based approach and is approved by the BAC annually. Audit reports which include detailed audit findings, GIA's comments and recommendations, and Management's response are tabled to MACs and BAC on a monthly basis. In addition, Shariah Audit reports are also tabled to Shariah Committee for notification and deliberation.

The established MACs are tasked to ensure that issues raised by GIA, external auditor and regulators are addressed within an appropriate and agreed timeline. Confirmation to this effect must be provided by Management to GIA for verification before the issues concerned can be closed at the MACs.

The Group Chief Internal Auditor reports functionally to the BAC and administratively to the Group Managing Director to ensure GIA's independence from Management.

Further information on the GIA function is provided in the Board Audit Committee Report of this Integrated Report.

CONCLUSION

The Board, through the BAC, BRC, IRMC and IBBRC confirms that it has reviewed the adequacy and effectiveness of the Group's risk management and internal control system.

Based on the monthly updates from its Board Committees and the assurance received from the Management, the Board is of the view that the Group's risk management and internal control system is operating adequately and effectively for the financial year under review and up to the date of approval of this Statement.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Analysis of Shareholdings

as at 28 February 2020

Number of Issued Shares : 4,010,045,621 ordinary shares

Class of Shares : Ordinary shares

Voting Rights : Each shareholder present in person or by proxy at any Shareholders' Meeting shall have one vote for each ordinary share held

Number of Shareholders : 17,482

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100 shares	1,872	10.71	41,973	0.00
100 – 1,000 shares	2,721	15.56	1,424,381	0.04
1,001 – 10,000 shares	9,731	55.66	33,468,890	0.83
10,001 – 100,000 shares	2,211	12.65	65,259,987	1.63
100,001 to less than 5% of the issued shares	946	5.41	2,236,718,986	55.78
5% and above of the issued shares	1	0.01	1,673,131,404	41.72
Total	17,482	100.00	4,010,045,621	100.00

SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholders	No. of Shares			
		Direct	%	Indirect	%
1.	Employees Provident Fund Board ("EPF") ¹	1,673,131,404	41.72	-	-
2.	OSK Holdings Berhad	406,171,518	10.13	-	-
3.	Tan Sri Ong Leong Huat @ Wong Joo Hwa ²	-	-	406,171,518	10.13
4.	OSK Equity Holdings Sdn Bhd ²	-	-	406,171,518	10.13
5.	Puan Sri Khor Chai Moi	29,997	*	406,171,518 ²	10.13

Notes:

* Negligible percentage.

¹ The interest of EPF is held through various fund managers.

² Deemed interested pursuant to Section 8(4) of the Companies Act 2016, by virtue of shares held through OSK Holdings Berhad.

DIRECTORS' INTEREST IN SECURITIES OF THE COMPANY AND ITS RELATED CORPORATION

The Company	Shareholdings	
	No. of Shares Held	%
Tan Sri Ong Leong Huat @ Wong Joo Hwa - Indirect ¹	406,202,949	10.13
Tan Sri Saw Choo Boon - Direct	30,000	*
Ong Ai Lin - Direct	25,000	*

Notes:

* Negligible percentage.

¹ Deemed interested pursuant to Sections 8(4) and 59 of the Companies Act 2016, by virtue of shares held through OSK Holdings Berhad and his family members.

Classification of Shareholders

as at 28 February 2020

Category	No. of Shareholders		Shareholdings		% of Total Shareholdings	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Individual						
Bumiputera	557	0	2,787,439	0	0.07	0.00
Chinese	12,228	0	71,133,288	0	1.77	0.00
Indian	445	0	1,701,059	0	0.04	0.00
Others	56	428	240,127	5,182,727	0.01	0.13
Body Corporate						
Banks/Finance Companies	32	0	436,078,032	0	10.87	0.00
Investments Trusts/ Foundation/Charities	5	0	383,473	0	0.01	0.00
Other Types of Companies	293	20	228,155,023	25,068,715	5.69	0.63
Government Agencies/ Institutions	2	0	876,790	0	0.02	0.00
Nominees	2,165	1,251	2,244,772,360	993,666,588	55.98	24.78
Others	0	0	0	0	0.00	0.00
Total	15,783	1,699	2,986,127,591	1,023,918,030	74.46	25.54

Changes in Share Capital

as at 28 February 2020

The number of issued shares of the Company as at 28 February 2020 is 4,010,045,621 ordinary shares.

The changes on the number of issued shares since 1999 are as follows:-

Date	No. of Shares Allotted	Description	Cumulative No. of Issued Shares	
			Preference Shares	Ordinary Shares
03/06/1999	308,500,000 (preference shares)	Issued pursuant to Sale of Shares Agreement between RHB Bank Berhad ("RHB Bank"), Rashid Hussain Berhad (as promoter), Sime Darby Financial Services Holdings Sdn Bhd and KUB Malaysia Berhad for the acquisition of 90.36% equity interest in Sime Bank Berhad.	308,500,000	3,899,971,952
03/06/1999	1,000,000,000 (preference shares)	Issued pursuant to Subscription Agreement dated 30 November 1998 between Danamodal Nasional Berhad, RHB Capital Berhad ("RHB Capital") and RHB Bank.	1,308,500,000	3,899,971,952
01/09/1999	4,469,561 (preference shares)	Issued pursuant to the compulsory acquisition of the remaining 9.64% equity interest in Sime Bank Berhad.	1,312,969,561	3,899,971,952
23/09/1999	55,129,584 (preference shares)	Issued pursuant to the compulsory acquisition of the remaining 9.64% equity interest in Sime Bank Berhad.	1,368,099,145	3,899,971,952
27/03/2008	2,736,198,290 (ordinary shares of RM0.50 each)	Issued pursuant to the Conversion Notice received by RHB Bank in respect of the Irredeemable Non-Cumulative Convertible Preference Shares ("INCPS") holder, RHB Capital's intention to convert its entire 1,368,099,145 INCPS of RM1.00 each into new ordinary shares of RM0.50 each in RHB Bank.	-	6,636,170,242
31/10/2014	94,802,428 (ordinary shares of RM0.50 each)	Issued pursuant to Rights Issue on the basis of 1 new ordinary share for every 70 existing ordinary shares held.	-	6,730,972,670
03/04/2015	190,197,391 (ordinary shares of RM0.50 each)	Issued pursuant to Rights Issue on the basis of 28.26 new ordinary shares for every 1,000 existing ordinary shares held.	-	6,921,170,061
18/02/2016	Not applicable	Consolidation of every 2 existing ordinary shares of RM0.50 each into 1 new ordinary share of RM1.00 each.	-	3,460,585,030
07/04/2016	101,618,705 (ordinary shares of RM1.00 each)	Issued pursuant to Rights Issue on the basis of 29.3646 new ordinary shares for every 1,000 existing ordinary shares held.	-	3,562,203,735
14/04/2016	447,841,886 (ordinary shares of RM1.00 each)	Cash.	-	4,010,045,621

List of Thirty (30) Largest Shareholders

as at 28 February 2020

No.	Name	Shareholdings	
		No. of Shares	%
1	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	1,673,131,404	41.72
2	OSK HOLDINGS BERHAD	190,271,518	4.74
3	RHB NOMINEES (ASING) SDN BHD AABAR INVESTMENTS PJS	169,524,060	4.23
4	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	166,502,400	4.15
5	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	141,748,191	3.53
6	RHB NOMINEES (TEMPATAN) SDN BHD MALAYSIAN TRUSTEES BERHAD PLEDGED SECURITIES ACCOUNT FOR OSK HOLDINGS BHD (OSK I CM T1)	84,500,000	2.11
7	RHB NOMINEES (TEMPATAN) SDN BHD MALAYSIAN TRUSTEES BERHAD PLEDGED SECURITIES ACCOUNT FOR OSK HOLDINGS BHD (OSK I CM MTN T2)	72,900,000	1.82
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	66,731,404	1.66
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD	60,710,700	1.51
10	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD FOR OSK HOLDINGS BERHAD	58,500,000	1.46
11	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 3	36,876,760	0.92
12	PERMODALAN NASIONAL BERHAD	35,570,800	0.89
13	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	35,394,217	0.88
14	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	28,395,769	0.71
15	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	26,153,407	0.65
16	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	23,939,400	0.60

No.	Name	Shareholdings	
		No. of Shares	%
17	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR NORGE BANK (FI 17)	19,901,488	0.50
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	19,821,100	0.49
19	GUOLINE (SINGAPORE) PTE LTD	19,595,400	0.49
20	HSBC NOMINEES (ASING) SDN BHD JPMBL SA FOR STICHTING DEPOSITARY APG EMERGING MARKETS EQUITY POOL	15,044,995	0.38
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSF)	14,879,600	0.37
22	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (LIFE PAR)	14,444,500	0.36
23	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 2 - WAWASAN	14,197,900	0.35
24	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	13,995,327	0.35
25	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA MA YU	13,200,000	0.33
26	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	13,176,700	0.33
27	CARTABAN NOMINEES (ASING) SDN BHD GIC PRIVATE LIMITED FOR GOVERNMENT OF SINGAPORE (C)	12,855,149	0.32
28	CITIGROUP NOMINEES (ASING) SDN BHD MACQUARIE BANK LIMITED (LONDON BRANCH)	11,782,431	0.29
29	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGE BANK 14)	10,701,600	0.27
30	DB (MALAYSIA) NOMINEE (ASING) SDN BHD BNYM SA/NV FOR PEOPLE'S BANK OF CHINA (SICL ASIA EM)	10,546,300	0.26

List of Top Ten (10) Properties

Location	Owner	Description of Property	Land Area (sq m.)	Usage	Age of Building (Years)	Tenure	Year of Expiry on Lease	Net Book Value 31.12.2019 (RM' 000)	Year of Acquisition or Revaluation
MALAYSIA									
Kuala Lumpur									
1. Tower 1, Tower 2 & 3, RHB Centre 424 & 426 Jalan Tun Razak	RHB Bank Berhad	12 storey & 16 storey office building	10,270	Office Space	30 & 24	Freehold	-	193,931	2016
Penang									
2. 44 Lebuah Pantai Georgetown	RHB Bank Berhad	1 unit of 6½ storey commercial building	896	Bank Branch	60	Freehold	-	3,319	1968
3. Unit 11 & 12 Jalan Chain Ferry Tmn Inderawasih Seberang Prai	RHB Bank Berhad	2 units of 3 storey commercial building	603	Bank Branch	25	Freehold	-	3,415	1998
Selangor									
4. Lot No. 8 Jalan Institusi Bandar Baru Bangi	RHB Bank Berhad	6 storey office Block, 5 storey Training Block, 7 storey IT Block & 5 storey Car Park Block	55,713	Training Centre	19	Leasehold	2090	63,900	1992
Perak									
5. No. 2,4,6 & 8 Jalan Tun Sambanthan Ipoh	RHB Bank Berhad	4 storey office building	890	Bank Branch	22	Freehold	-	4,555	1991
SINGAPORE									
6. 90 Cecil Street	Banfora Pte Ltd	2 commercial buildings	796	Commercial Building	40	Leasehold	2980	145,342	1997
7. 10, Jalan Besar 01-03 Sim Lim Tower	RHB Bank Berhad	Ground Floor of office buildings	543	Bank Branch	41	Freehold	-	25,738	1999
8. 14A/B, 16A/B & 18A/B East Coast Road	RHB Bank Berhad	3 units of 3 storey shophouses Branch	442	Bank Branch	61	Freehold	-	13,587	1999
9. 1/1A/1B Yio Chu Kang Road	RHB Bank Berhad	First Floor of office buildings	101	Bank Branch	39	Freehold	-	9,888	1999
10. No. 537/539 Geylang Road	RHB Bank Berhad	3 storey shophouses	374	Bank Branch	96	Freehold	-	8,878	1999

Source of information for the NBV as at 31/12/2019 by: Group Finance.

Notice of Fifty-Fourth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifty-Fourth (54th) Annual General Meeting (AGM) of the Company will be held at Meeting Room 3, Level 16, Tower Three, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur on Friday, 29 May 2020 at 10.00 a.m. to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS:

- To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2019 and the Directors' and Auditors' Reports thereon. (Please refer to Explanatory Note 1)
- To approve a single-tier final dividend of 18.5 sen per share in respect of the financial year ended 31 December 2019. Ordinary Resolution 1
- To re-elect the following Directors who retire by rotation pursuant to Clause 94 of the Company's Constitution and who being eligible offer themselves for re-election:
 - Tan Sri Dr Rebecca Fatima Sta Maria Ordinary Resolution 2
 - Dato' Khairussaleh Bin Ramli Ordinary Resolution 3

Encik Abdul Aziz Bin Peru Mohamed who also retires by rotation pursuant to Clause 94 of the Company's Constitution and the Guidelines on Tenure of Appointment/Re-Appointment of Non-Executive Directors for RHB Banking Group (Internal Guidelines), has expressed his intention not to seek re-election. Hence, he will retain office until the conclusion of the 54th AGM of the Company.
- To re-elect the following Directors who retire pursuant to Clause 98 of the Company's Constitution and who being eligible offer themselves for re-election:
 - Datuk Seri Dr Govindan A/L Kunchambo Ordinary Resolution 4
 - Dato' Mohamad Nasir Bin Ab Latif Ordinary Resolution 5
- To approve the payment of Directors' fees and Board Committees' allowances amounting to RM1,690,547.97 to the Non-Executive Directors for the financial year ended 31 December 2019. Ordinary Resolution 6
- To approve the payment of Directors' fees and Board Committees' allowances to the Non-Executive Directors from 1 January 2020 until the 55th AGM of the Company. Ordinary Resolution 7
- To approve the payment of Directors' remuneration (excluding Directors' fees and Board Committees' allowances) amounting up to RM1.79 million to the Non-Executive Directors from 30 May 2020 until the 55th AGM of the Company. Ordinary Resolution 8
- To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company to hold office until the conclusion of the 55th AGM of the Company, at a remuneration to be determined by the Directors. Ordinary Resolution 9

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following resolutions:

- Authority for Directors to issue shares Ordinary Resolution 10

"**THAT** subject always to the Companies Act 2016, the Company's Constitution and approval of the relevant government/regulatory authorities, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company for the time being, AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next AGM of the Company."

- To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

Notice of Fifty-Fourth Annual General Meeting

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the shareholders' approval for the payment of a single-tier final dividend of 18.5 sen per share in respect of the financial year ended 31 December 2019 (Final Dividend) under Ordinary Resolution 1 at the 54th AGM of the Company to be held on Friday, 29 May 2020, the Final Dividend will be paid on 26 June 2020 to Depositors whose names appear in the Record of Depositors of the Company as at 11 June 2020.

A Depositor shall qualify for entitlement to the Final Dividend only in respect of:

- Securities transferred into the Depositor's securities account before 4.30 p.m. on 11 June 2020 in respect of transfers;
- Securities deposited into the Depositor's securities account before 12.30 p.m. on 9 June 2020 in respect of securities exempted from mandatory deposits; and
- Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board,

Azman Shah Md Yaman (LS 0006901)

Lai Su Ming (MAICSA No. 7046164)

Company Secretaries

Kuala Lumpur
30 April 2020

NOTES:

Appointment of Proxy

- In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 May 2020 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 54th AGM.
- A member of the Company entitled to attend and vote at the general meeting is entitled to appoint one (1) or more proxies to attend and vote in his/her place. A proxy may but need not be a member of the Company.
- The Form of Proxy must be signed by the appointer or his/her attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its attorney duly authorised in writing.
- If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he/she thinks fit.
- Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (SICDA), it may appoint at least one (1) proxy in respect of each Securities Account which is credited with ordinary shares of the Company.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- The Form of Proxy or other instruments of appointment must be deposited at the office of the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor or lodged electronically via "Boardroom Smart Investor Portal" at www.boardroomlimited.my not later than 48 hours before the time fixed for holding the meeting or any adjournment thereof.

Explanatory Notes

1. Item 1 of the Agenda – Audited Financial Statements for Financial Year Ended 31 December 2019

Item 1 of the Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Ordinary Resolutions 2, 3, 4 and 5 – Re-election of Retiring Directors

2.1 Clause 94 of the Company's Constitution provides that one-third (1/3) of the Directors for the time being, or if their number is not a multiple of three (3), then the number nearest to one-third (1/3), shall retire by rotation at an AGM of the Company and be eligible for re-election. With the current Board size of eleven (11), three (3) Directors are to retire in accordance with Clause 94 of the Company's Constitution.

- For the purpose of determining the eligibility of the Directors to stand for re-election at the 54th AGM, the Board Nominating and Remuneration Committee (BNRC) has assessed each of the retiring Directors, and considered the following:
 - The Directors' attributes, competencies, contributions in respect of decision making, roles played and contributions to the Board and Board Committees and adequacy of training, as well as the Board Effectiveness Evaluation (BEE);
 - The retiring Directors are subjected to the internal review for re-appointment once every two (2) years pursuant to the Internal Guidelines; and
 - The level of independence assessment is benchmarked against best practices and regulatory provisions.

(b) In line with Appendix 4 (Corporate Governance Disclosures) of the Policy Document on Corporate Governance issued on 3 August 2016 by Bank Negara Malaysia (BNM), the Board has conducted its annual assessment of the Directors of the Company based on the relevant performance criteria which include the following:

- Part A: Evaluation of the Board(s)

Part A evaluated the overall behaviours and culture of the Board based on six (6) identified dimensions, namely decision making, communication, board dynamics, mind-set, leadership and conduct & culture of the Board as a collective unit and also specifically on the attributes of individual Board Committee's conduct & performance.

Each question was accompanied by a comment box for explanation on the chosen rating. The respondent was encouraged to provide example(s) which can illustrate the relevant practice(s), situation(s) or actual incident(s) encountered in justifying the rating.

- Part B: Board of Directors' Self & Peer-Assessment

Part B evaluated individual Board member's contribution to the Board and aspects on personal qualities and attributes. The questionnaires were crafted to assess the Directors on specific traits such as Agility, Energy, Social Leadership, Contribution & Interaction, Quality of Input, Understanding of Role and Independence.

Based on the results of the BEE, the individual Directors met the performance criteria required of an effective and a high performance Board. In addition, the Board will also engage an independent external party on a periodic basis in line with the recommendations of the Malaysian Code on Corporate Governance.

- Based on the above, the Board approved the BNRC's recommendation that Tan Sri Dr Rebecca Fatima Sta Maria and Dato' Khairussaleh Bin Ramli who retire in accordance with Clause 94 of the Company's Constitution are eligible to stand for re-election. These two (2) retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board meetings.

Section 54(2)(a) of the Financial Services Act 2013 (FSA) provides that the appointment, election, re-appointment and re-election as a Chairman, Director or Chief Executive Officer of the Company is subject to the prior written approval of BNM. In this respect, the approval of BNM on the proposed re-election of Tan Sri Dr Rebecca Fatima Sta Maria and Dato' Khairussaleh Bin Ramli as Directors under Ordinary Resolutions 2 and 3 has been obtained.

Encik Abdul Aziz Bin Peru Mohamed who also retires by rotation pursuant to Clause 94 of the Company's Constitution and the Internal Guidelines, has expressed his intention not to seek re-election. Hence, he will retain office until the conclusion of the 54th AGM of the Company.

2.2 Clause 98 of the Company's Constitution provides that any Director so appointed shall hold office only until the next following AGM, and shall then be eligible for re-election but shall not be taken into account in determining the retirement of Directors by rotation at such meeting.

- Datuk Seri Dr Govindan A/L Kunchambo was appointed as an Independent Non-Executive Director of the Company on 1 January 2020. BNM had on 18 December 2019 provided its approval on his appointment as Director (under Ordinary Resolution 4) pursuant to Section 54(2)(a) of the FSA.
- Dato' Mohamad Nasir Bin Ab Latif was appointed as a Non-Independent Non-Executive Director of the Company on 16 March 2020. BNM had on 10 March 2020 provided its approval on his appointment as Director (under Ordinary Resolution 5) pursuant to Section 54(2)(a) of the FSA.

2.3 Tan Sri Saw Choo Boon, a Non-Independent Non-Executive Director of the Company who is due for retirement pursuant to the Internal Guidelines has expressed his intention to retire as a Director at the 54th AGM of the Company. Hence, he will remain in office until the conclusion of the 54th AGM of the Company.

Notice of Fifty-Fourth Annual General Meeting

3. Ordinary Resolutions 6 and 7 – Payment of Directors' Fees and Board Committees' Allowances to the Non-Executive Directors

The Non-Executive Chairman and Non-Executive Directors are entitled to annual Directors' fees and annual Board Committees' allowances. The current Directors' fees and Board Committees' allowances are as set out below:

No.	Description	Non-Executive Chairman (RM)	Non-Executive Directors / Members (RM)
1	Annual Directors' Fees	200,000.00	175,000.00
Annual Board Committees' Allowances			
2	Board Audit Committee	40,000.00	30,000.00
3	Board Nominating & Remuneration Committee	40,000.00	30,000.00
4	Board Risk Committee	40,000.00	30,000.00
5	Board Credit Committee	50,000.00	40,000.00

4. Ordinary Resolution 8 – Payment of Directors' Remuneration (excluding Directors' Fees and Board Committees' Allowances) to the Non-Executive Directors

The proposed Directors' Remuneration (excluding Directors' fees and Board Committees' allowances) comprises the allowances and other emoluments payable to the Non-Executive Directors. The current remuneration policy is as set out below:

No.	Description	Non-Executive Chairman (RM)	Non-Executive Directors (RM)
1	Monthly Fixed Allowance ^(a)	25,000.00	Not Applicable
2	Meeting Allowance (per meeting):		
	(a) Board of the Company	1,500.00	1,500.00
	(b) Board Committees ^(b)	1,500.00	1,500.00
3	Farewell Pot Scheme ^(c) (per annum) (Established with effect from 1 January 2017)	2,000.00	2,000.00
4	Other Benefits: Club membership, Directors & Officers liability insurance coverage, driver, car and petrol allowance, etc.		

Notes:

- (a) The monthly fixed allowance is given to the Chairman of the Company as a Special Allowance, in recognition of the significant roles in leadership and oversight, and the wide-ranging scope of responsibilities expected of him.
- (b) The abovementioned Board Committees are Centralised Committees which are shared by the Company and its relevant subsidiaries of RHB Banking Group (the Group).
- (c) Pursuant to "Farewell Pot Scheme", an amount of RM2,000.00 is to be potted annually for every Non-Executive Director for the whole duration of the calendar year that he/she serves within the Group. A farewell gift will be granted to a Non-Executive Director upon his/her exit from the Group, either upon retirement or resignation. The value of the said gift is determined based on his/her entitlement of monetary value accumulated in the pot.

The Group Managing Director/Chief Executive Officer does not receive any Director's remuneration.

In determining the estimated total amount of remuneration (excluding Directors' fees and Board Committees' allowances) for the Non-Executive Directors including the Non-Executive Chairman of the Board of the Company, the Board considered various factors including the number of scheduled meetings for the Board and Board Committees as well as the number of Non-Executive Directors involved in these meetings.

Payment of the Non-Executive Directors' remuneration will be made by the Company on a monthly basis and/or as and when deemed appropriate, if the proposed Ordinary Resolutions 7 and 8 have been passed at the 54th AGM of the Company. The Board is of the view that it is just and equitable for the Non-Executive Directors to be paid the Directors' remuneration on a monthly basis and/or as and when deemed appropriate, particularly after they have discharged their responsibilities and rendered their services to the Company throughout the relevant period.

5. Ordinary Resolution 9 – Appointment of Auditors

The Board Audit Committee (BAC), at its meeting held on 23 January 2020, conducted its annual assessment on the external auditors of the Company, Messrs PricewaterhouseCoopers PLT (PricewaterhouseCoopers) in accordance with BNM's Guidelines on External Auditors. The assessment covered a wide spectrum of matters such as performance, suitability, independence and objectivity of the external auditors, based on qualifying criteria for the appointment/re-appointment of auditors and terms of audit engagements.

Having satisfied itself with their performance and fulfilment of criteria as set out in BNM's Guidelines on External Auditors, the BAC recommended the re-appointment of PricewaterhouseCoopers as the external auditors of the Company for the financial year ending 31 December 2020. The Board, at its meeting held on 29 January 2020, approved the recommendation for shareholders' approval to be sought at the 54th AGM of the Company on the re-appointment of PricewaterhouseCoopers as the external auditors of the Company for the financial year ending 31 December 2020, under Ordinary Resolution 9.

6. Ordinary Resolution 10 – Authority for Directors to Issue Shares

The proposed Ordinary Resolution 10 is to renew the general mandate to the Directors of the Company to issue ordinary shares of the Company from time to time pursuant to Sections 75 and 76 of the Companies Act 2016. The resolution, if passed, will give powers to the Directors of the Company to issue ordinary shares in the capital of the Company provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being (General Mandate), without having to convene a general meeting. The General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The General Mandate will enable the Directors to take swift action in case of, inter alia, a need for corporate exercises or in the event business opportunities or other circumstances arise which involve the issue of new shares and to avoid delay and cost in convening general meetings to approve such issue of shares. In any event, the exercise of the mandate is only to be undertaken if the Board considers it to be in the best interest of the Company.

Statement Accompanying Notice of the 54th AGM of the Company

Additional information pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is set out in Annexure A to the Notice of the 54th AGM of the Company.

ANNEXURE A

Statement Accompanying Notice of the 54th AGM of the Company

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

- (i) Further details of individuals who are standing for election as Directors (excluding Directors standing for re-election)

No individual is seeking election as a Director at the 54th AGM of the Company.

- (ii) A statement relating to general mandate for issue of security in accordance with paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The proposed Ordinary Resolution 10 for the general mandate for issue of securities is a renewal mandate. As at the date of this Notice, no new shares were issued pursuant to the general mandate granted to the Directors at the last AGM held on 24 April 2019.



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