

RHB CAPITAL BERHAD (312952-H)

Minutes of the Twentieth (“20th”) Annual General Meeting (“AGM”) of RHB Capital Berhad (“RHB Capital” or “the Company”) held on Thursday, 30 April 2015 at 11.00 a.m. at Taming Sari Grand Ballroom, The Royale Chulan Kuala Lumpur, 5 Jalan Conlay, 50450 Kuala Lumpur.

- Present** : **Directors**
YBhg Dato’ Mohamed Khadar Merican
- Chairman
YBhg Tan Sri Azlan Zainol
YBhg Datuk Haji Faisal Siraj
YBhg Datuk Seri Saw Choo Boon
YBhg Dato’ Teo Chiang Liang
YBhg Dato’ Nik Mohamed Din Datuk Nik Yusoff
Mr Kellee Kam Chee Khiong
- Group Managing Director (“Group MD”)
- Absent With Apologies** : Mr Mohamed Ali Ismaeil Ali AIFahim
- In Attendance** : Encik Azman Shah Md Yaman
- Company Secretary
Ms Ivy Chin So Ching
- Assistant Company Secretary
- Shareholders, Proxies And Corporate Representatives** : A total of 3,128 Members (including shareholders, proxies and corporate representatives) registered for the Company’s 20th AGM per the Attendance Record.
(Collectively be referred to as “Members” hereinafter)
- Chairman** : YBhg Dato’ Mohamed Khadar Merican took his seat as the Chairman of the AGM.
- Quorum** : The requisite quorum was present pursuant to Article 52 of the Company’s Articles of Association. The 20th AGM was duly convened.
- Notice Of Meeting** : The Notice of the 20th AGM dated 8 April 2015 as included in the Annual Report having been served on all Members, was taken as read.

Preliminary

The Meeting was called to order and the Chairman welcomed the Members to the 20th AGM of the Company.

The Chairman then introduced the Directors, Company Secretary and Senior Management of the Group as well as the representative(s) from the external auditors and external solicitors of the Company who were present at the AGM. He also extended Mr Mohamed Ali Ismaeil Ali AIFahim’s apologies for not being able to attend the AGM due to an urgent engagement overseas.

As a matter of good corporate governance, the Chairman highlighted to the Meeting, the Members’ right to demand for a poll voting on a resolution pursuant to Article 56 of the Company’s Articles of Association. The Company had appointed Messrs PricewaterhouseCoopers as independent scrutineer for the 20th AGM in the event where a poll is demanded.

1. Financial Performance Highlights

1.1 The Chairman invited Mr Kellee Kam Chee Khiong (“Mr Kellee Kam”), Group MD of RHB Banking Group, to present the financial performance highlights of the Group, as summarised below:

(i) Key messages in 2014

- (a) Revenue for the financial year (“FY”) 2014 was up 4.8% year-on-year on the back of higher fee and fund base income. Other operating income to total income ratio rose to 35.5% from 35.0% in 2013.
- (b) Pre-tax profit increased by 10.7% year-on-year to RM2.7 billion.
- (c) Gross loans grew by 17.0% to RM142.5 billion as at 31 December 2014, close to twice the industry loan growth.
- (d) Customer deposits expanded by 14.1% to RM157.1 billion as at 31 December 2014, higher than industry of 7.6%.
- (e) Current accounts and saving accounts (“CASA”) balances increased by 6.4%, outpacing industry CASA growth of 4.0%.
- (f) 2014 return on equity (“ROE”) at 11.5%.
- (g) The Company has declared an interim single-tier dividend of 6 cents amounting to RM154.3 million, in view of the changing regulatory landscape (i.e. capital ratio standpoint).

(ii) Performance overview in 2014

- (a) Total assets increased by 15% to RM219.4 billion.
- (b) Shareholders’ equity strengthened to RM18.8 billion.
- (c) Gross impaired loans ratio decreased to 2.0%.
- (d) Net assets per share increased by 11% to RM7.31.
- (e) Total income reached a new high of RM6.24 billion.
- (f) Net profit to shareholders grew by 11% to RM2.04 billion.
- (g) Non-interest income to total income ratio is higher at 35.5%.
- (h) Higher cost to income ratio of 54.7% mainly arising from human resource cost in building and retaining a sustainable leadership talents pool, to ensure business continuity.

- (i) Return to shareholders
- Market capitalisation and share price trend of RHB Capital from FY2010 to FY2014
 - Dividend per share of RHB Capital from FY2010 to FY2014
 - Dividend payout ratio trend of RHB Capital from FY2010 to FY2014 and the acceptance rate of its dividend reinvestment plan from FY2010 to FY2014
 - Quarterly profit and ROE for FY2013 and 2014

(iii) 2015 Outlook

- (a) Targets for FY2015, as follows:

Top level indicators	Actual 2014 (%)	Target 2015 (%)
ROE	11.5	>11.5
Gross Impaired Loans Ratio	2.0	<1.8
Loans Growth	17.0	10.0
CASA Growth	6.4	>10.0
Cost to Income Ratio	54.7	<51.0
International Contribution	13.1	>13.0

- (b) In summation, it was highlighted that:

- The Malaysian economy is expected to moderate in 2015, on the back of a higher base effect, low oil prices and slowing domestic demand.
- Nevertheless, Gross Domestic Product is still expected to grow by about 5.0%, compared to 6.0% for 2014.
- The Malaysian banking sector is also expected to moderate in 2015, in line with the economy. Consumer loans growth will continue to be affected by the flow-through effect of the macro prudential measures to rein the growth in household debt.
- The Group is fully prepared to meet the challenges and will continue to navigate its IGNITE 2017 Transformation Strategy whilst focusing on quality assets and earnings growth.
- The positive momentum of the IGNITE 2017 initiatives since 2014 will continue into 2015 at an accelerated pace.
- Focus on cost (both operating expenditure and funding), risk adjusted returns and capital position. Refocus certain priorities relating to major capital expenditure and overseas expansion given expected more challenging operating environment.

- (c) Corporate Restructuring Plan and Rights Issue
 - The proposed Group Corporate Restructuring Plan (which involves a rights issue of up to RM2.5 billion and internal reorganisation exercise) will improve RHB's capital structure, tax efficiency and aimed at closing the gap to realisable net asset value and position the Group as a Bank Holding Company.
- (d) IGNITE 2017
 - 2014 - Strengthen value proposition and core capabilities
 - 2015 - Launch differentiated and regional capabilities
 - 2016 - Scale regional businesses and capabilities
 - 2017 – A regional powerhouse

1.2 The Chairman noted that most of the Company's key performance indicators for FY2014 were on a positive trajectory, save for the increased cost to income ratio. In relation thereto, the Management has put in extra efforts to manage and minimise the cost. He also highlighted that the Group has achieved a financial milestone with a net profit of RM2.04 billion for FY2014.

1.3 With the presentation of the financial performance highlights by the Group MD, the Chairman proceeded to table to the Members, the resolutions to be considered at the Meeting for notation/approvals.

2. Agenda 1: Audited Financial Statements Of The Company For The Financial Year Ended ("FYE") 31 December 2014 And The Directors' And Auditors' Reports Thereon

2.1 With the Members' consensus, the Audited Financial Statements together with the Directors' and Auditors' Reports thereon, which have been earlier circulated to the shareholders within the prescribed period, were taken as read.

2.2 In accordance with Section 169(1) of the Companies Act 1965, the Directors' Report and Audited Financial Statements were laid before the Meeting for discussion. As the formal approval of the members was not required for this agenda item, the matter was not put forward for voting.

2.3 The Chairman invited the Group MD to brief the Members on the issues raised by the Minority Shareholder Watchdog Group ("MSWG") which were received by the Company via their letter dated 24 April 2015 and the Company's responses thereto via a letter dated 29 April 2015, as highlighted below (*note: the queries by MSWG are in italics*):-

Strategy/Financials

- (i) *Please brief on the Group's current status and the preparation to meet the requirement of the new Liquidity Framework issued by Bank Negara Malaysia ("BNM"). Please enlighten shareholders how this requirement would in any way impact its cost, and the way of doing business?*

RHB meets the BNM's new Liquidity Framework requirements. The impact to the industry following this requirement is an increase in competition for core sticky deposits, particularly retail deposits which has relatively lower outflow behavioural character and lower cost versus corporate and treasury deposits.

The competition for retail deposits will result in a higher cost of funding and hence margin compression. Enhancing non-interest income, particularly in the form of fee from transactional banking, corporate and investment banking as well as asset management related fee income will help mitigate margin compression and drive overall customer profitability. To this end, the Group has increased its non-interest income to total income from 28.6% in 2012 to 35.5% in FYE 2014, and will continue to drive retail deposits and fee based income through the Group's enhanced branch sales and service model and global account management initiative for the Group's Corporate and Investment Banking customers.

- (ii) *In the light of reporting on the media on 1Malaysia Development Berhad, can the Board provide the extent of exposure to this company by the Bank?*
- (a) *In the event there is exposure to any large single customer or group in terms of loans in quantum, value or proportion, what is the risk management processes or due diligence measures taken to evaluate the loans?*
- (b) *If the loan goes doubtful or bad especially those that are huge ticket items, what actions are taken by the Board on those responsible?*

The Group is unable to comment on specific client information under the Financial Services Act 2013.

All loans and credits granted by RHB are subject to an evaluation process that applies strict credit assessment criteria coupled with prudential risk management policies and qualifying criteria which include the assessment for single counterparty exposure limits, industry risk limits and country risk limits. For large loans, this goes through the relevant and appropriate approving committees at the Management and Board level. Any loans that have turned impaired will undergo a full process of recovery and provisioning assessments in accordance with the Group's strict internal policies and guidelines.

- (iii) *Can the Board provide the Group's total credit exposures to construction, infrastructure and power sectors in particular loans made? Is there any concentration of risk to any one single borrower or Group to each of these sectors which is large and doubtful where provisions would be made within a year or two?*

The Group's exposure to these sectors amounts to RM6.4 billion, RM1.0 billion and RM3.2 billion respectively. This collectively forms 7.6% of the Group's loan book. There is no major concentration risk to any single customers or group, and there is no major cause of concern on the asset quality of these loans.

- (iv) *Reference is made to the proposed restructuring exercise of RHB Capital in particular the right issue. Given that MSWG has seen several fund raising exercises in the recent past, both to address regulatory concerns and business expansions or acquisitions, MSWG would like the Board to ensure that the fund raised this time should be utilised efficiently. Capital management is one important aspect in ensuring it meets the capital adequacy requirement of Basel III and equally important is the human capital and the right talent management to ensure that the bank is run efficiently and effectively.*
- (a) *Stating this, how would the Group ensure and assure shareholders that the funds raised for this capital raising exercise would be utilised efficiently?*
- (b) *If the public shareholding spread becomes less as a result, how would the Board ensure that the Company would still be able to meet the spread and remain listed?*

In the event that all approvals for the Proposed Internal Reorganisation is obtained and if the Proposed Internal Reorganisation is implemented, the entire proceeds of the Proposed Rights Issue of up to RM2.5 billion will be injected as equity into RHB Bank Berhad ("RHB Bank") to further capitalise and strengthen the balance sheet of RHB Bank. The capital injected into RHB Bank shall then be utilised to finance the working capital requirements of RHB Bank and its subsidiaries.

Subsequent to the Rights Issue, the Group will undertake the Proposed Internal Reorganisation which entails the transfer by RHB Capital of certain identified assets which comprise primarily its entire equity interests in its subsidiaries to RHB Bank. The cash consideration to be received by the Company under the Proposed Internal Reorganisation will be utilised to repay the bank borrowings of the Company totalling RM3.11 billion as well as to defray expenses relating to the Proposed Internal Reorganisation. Any excess cash after the repayment of all of the Company's bank borrowings and defrayment of expenses relating to the Proposed Internal Reorganisation will be re-injected into RHB Bank as additional capital.

In the event that the Proposed Internal Reorganisation is not implemented, then the proceeds of the Proposed Rights Issue shall be fully utilised to repay the Company's bank borrowings.

In any event, it is the intention of the Company to first repay the external borrowings of the Company, followed by borrowings from RHB Bank, in order to maximise its interest savings. The repayment of the Company's external borrowings is expected to result in an annual interest savings of approximately RM88.4 million per annum (based on the average cost of borrowings of approximately 4.32%) and the Board believed that this is in the best interest of the Company.

The Proposed Rights Issue will not be undertaken on a minimum subscription basis and the Company will be procuring underwriters to underwrite the open portion of the Rights Issue for which irrevocable undertakings have not been procured from the substantial shareholders to subscribe for their respective entitlements. The public shareholding spread will only be affected if the substantial shareholder(s) of the Company decide to subscribe for excess shares and if a significant portion of the remaining shareholders of the Company do not subscribe for their entitlements. Nonetheless, the Board believes that such an event is unlikely to occur given the underlying fundamentals of the Company and if the Proposed Rights Issue is fairly priced. Whilst the issue price will only be determined later, it is the intention of the Board to price the Rights Shares at a discount of between 20% to 30% of the theoretical ex-rights price of RHB Capital Shares.

Corporate Governance

(i) *Balance in Board between independent directors and non-independent directors*

On 13 April 2015, RHB Capital has announced that the Company proposed to undertake the following:-

- (i) Proposed Rights Issue
- (ii) Proposed Internal Reorganisation
- (iii) Proposed Distribution and Capital Repayment
- (iv) Proposed Transfer of Listing Status

Pursuant to the above proposals which are expected to complete by the 4th quarter 2015, the Board composition of the RHB Banking Group will be reviewed to support the impending changes and further facilitate the effectiveness and efficiency of Board oversight.

In particular, the Board composition of RHB Bank, being the new listed entity and bank holding company, will comprise Directors who are already serving the Group as well as new Directors who will be nominated to join the Group. Hence, there will be a good mix of familiarity/experience and fresh perspectives. With these changes, the Board balance between independent and non-independent directors will be enhanced and be in compliance with relevant statutory requirements as well as good governance practice.

(ii) *Status and progress in filling up the Group Chief Executive Officer ("Group CEO")*

On 27 April 2015, RHB Capital has announced the appointment of YBhg Dato' Khairussaleh Ramli as the Chief Executive Officer/Managing Director ("MD") of RHB Capital and Group CEO/Group MD of RHB Banking Group with effect from 5 May 2015.

- 2.4 The Chairman then invited Puan Rita Benoy Bushon (“Puan Rita”), the Chief Executive Officer of MSWG and also MSWG’s corporate representative for the AGM, to share her observations and enquiries, if any.
- 2.5 Puan Rita congratulated RHB Capital Berhad for being amongst the top 15 public listed companies in the Asean Corporate Governance Scorecard 2014, in terms of overall Corporate Governance - Disclosures with ROE performance. She expressed her hope for RHB Capital’s further achievement on being amongst the top 10 public listed companies pursuant to the scorecard moving forward. She also commended the Board for publishing the minutes of the AGMs as well as Memorandum and Articles of Association on RHB’s corporate website. Puan Rita further made the following comments and/or observations:-
- (i) The sustainability report of the Company could be improved, with more transparent disclosure of sustainability activities that were carried out for the year under review.
 - (ii) Proposed Rights Issue under the Group Corporate Restructuring Plan is the third fund raising exercises to be undertaken by the Company since 2010. The Board must ensure that the proceeds therefrom be utilised effectively and efficiently.
 - (iii) The Board to convey to Mr Mohamed Ali Ismaeil Ali AlFahim, the Director who is subject to re-election under Agenda 3 but absent at this AGM, on his responsibilities and required time commitment (including attendance at Board meetings and general meetings).
 - (iv) There was no impairment to goodwill on acquisition (approximately RM5.0 billion) for the financial years 2013 and 2014. What are the components of the said goodwill? What is the probability of impairment thereto for the next 2-3 years?
 - (v) The Board to consider disclosing the details of Directors’ training on its corporate website.
 - (vi) The gap analysis and performance assessment for C Suite level staff should be conducted and disclosed. It will help shareholders’ understand the rationale of the transition of Group CEO/Group MD.
 - (vii) The Board to consider tabling the total remuneration of the Directors of the Company (including remuneration received and/or receivable from the subsidiaries), to shareholders for approval.
- 2.6 The Chairman noted Puan Rita’s observations and provided his clarification and views as follows:-
- (i) The Board will consider the suggestion in relation to the Company’s sustainability report and disclosure of Directors’ training.

- (ii) The Company did not undertake any Rights Issue for the past few years. There was only a share allotment to OSK Holdings Berhad in 2012 pursuant to the Company's acquisition of the former OSK Investment Bank Berhad.
- (iii) Mr Mohamed Ali Ismaeil Ali AIFahim ("Mr AIFahim") was required to attend another AGM overseas on even date, as a representative for Aabar Investment PJS. Nevertheless, Aabar Investments PJS has appointed a proxy to attend the 20th AGM of the Company. Save for his absence at this AGM, Mr AIFahim has acted diligently and attended almost all the requisite Board Meetings held during the year.
- (iv) Goodwill has been built up over the years, mainly relating to the acquisition of the former OSK Investment Bank Berhad and acquisition of the remaining 30% shareholdings in RHB Bank from Khazanah Nasional Berhad.

Based on an annual independent verification, the external auditors have confirmed that no impairment of goodwill is required.

- (v) The Board has tried its best to persuade Mr Kellee Kam to remain as Group CEO/Group MD of the Group but was unsuccessful as Mr Kellee Kam wanted to pursue other interests. There was no pressure for his resignation. Mr Kellee Kam has informed the Board that he would not join any financial institutions in Malaysia, after leaving the Group.
- (vi) Directors' remuneration has been assessed and determined through a standard process, in compliance with the statutory requirements and the Group's Non-Executive Directors' remuneration framework. The Directors' fees of RHB Capital and RHB Bank are fixed at the same rate while the Directors' fees of other subsidiaries are fixed at a lower rate. The Directors' fees of the respective entities are subject to approval of shareholders of the respective entities. In terms of process, RHB Banking Group has adopted a holistic assessment process and benchmarking in coming up with the remuneration framework which was undertaken on an objective and transparent basis.

2.7 Thereafter, the Chairman welcomed the Members' questions in relation to the Audited Financial Statements.

2.8 In summary, the issues raised by the Members and the Boards' responses were as follows:-

- (i) Mr Muniandy Karishnan shared with the Meeting his observations and sought the Board's clarification on the following matters:-
 - (a) The decreasing trend of dividend yield for the past 5 years.
 - (b) Comparatively, the trend for the cost to income ratio ("CIR") is upwards for the past 5 years. It would be challenging for the Group to achieve the targeted CIR of 51% for year 2015.

- (c) He commended the Group for undertaking a lot of corporate responsibility (“CR”) programs in encouraging English proficiency amongst students. At the same time, the Group should also offer special junior saving plans in conjunction with the CR programs, being part of the Group’s sustainability initiatives in cultivating a saving culture from young.
- (d) He enquired on the take-up rate of the last Dividend Reinvestment Plan (“DRP”). He was of the view that the non-participation of minority shareholders in the DRP may be mainly due to the required payment of the stamp duty of RM10.00. The Board should consider absorbing such payment. For example, Sime Darby Berhad has adopted the practice of paying the RM10.00 revenue stamp duty on behalf its shareholders.
- (e) The bad debts written off amount (i.e. RM204 million) for the financial year 2014 is still high, although the gross impaired loan ratio has been reduced to 2.0%.
- (f) The Board should consider utilising the Group’s cash reserves to reward the loyal shareholders prior to the implementation of the Group Corporate Restructuring Plan.
- (g) Directors’ attendance at Board meetings and Board Committee meetings (especially Board Risk Committee) should be 100%. Based on the current disclosures, only 3 Directors of the Company have full attendance at Board meetings. Nevertheless, all the Group Board Audit Committee members have 100% attendance.
- (h) He also provided his feedback on the meal voucher policy and breakfast arrangement of the AGM which, in his view, could be improved further.

The Chairman noted Mr Muniandy Karishnan’s observations and provided his clarification and views as follows:-

- (a) Pursuant to the Company’s dividend policy, dividend payout rate is targeted at 30% of the available profit. However, there was a lower dividend payout for the past few years as the Company was undergoing capital preservation. Upon implementation of the proposed Rights Issue, the Board believes that the current capital ratio issue would be addressed and dividend payout rate could be increased to be in line with the Group’s policy moving forward.
- (b) The Group has capitalised on the CR programs for its sustainability objectives and in respect of junior savings, the process thereof has been simplified. The Group is also working on having more presence in universities and colleges.

- (c) The average take-up rate of DRP for the past few years was 73.0% and has been encouraging. The Board will consider and evaluate the suggestion of absorbing the stamp duty.
 - (d) Bad debts provisions are made based on strict guidelines. Bad debts would only be written-off in the event that there is no possibility of recovery. Recovery actions will still be undertaken until it is concluded that the cost incurred of such actions is higher than the recoverable amounts.
 - (e) The proposed Rights Issue aims to strengthen the Group's capital base and address the current capital ratio requirements. Therefore, it may not be appropriate to utilise the cash reserves while raising funds via Rights Issue.
 - (f) Most of the Board members are Non-Executive Directors who also have their other business commitments. It was assured that all Directors will make their best endeavours to attend the requisite Board meetings and Board Committee meetings. Sufficient quorum has also been set for such meetings to ensure an effective decision making process.
 - (g) In relation to the food arrangement and meal voucher policy, the Company Secretary will look into the matter for improvement.
- (ii) Mr Lee Cheng Hock highlighted that although RHB Banking Group is the 4th largest banking group in terms of assets in Malaysia, it has been vulnerable to several takeover/merger attempts for the past few years. Such attempts had caused negative impact and distraction to the Group's businesses and operations. He expressed hope that the Group will not continue to be a target for takeover/merger, post completion of the Group Corporate Restructuring Plan, with its strengthened financial and capital position. Instead, the Group may consider being the acquirer in a takeover/merger. Regardless of the past takeover/merger attempts, the Group has still achieved sterling financial performance for the financial year. However, the Group's interest margins are still below the industry norm. He further sought the Board's view thereon.

Mr Lee Cheng Hock noted that in line with its regional expansion plan, the Group has expanded its footprint in most of the ASEAN countries save for Philippines and Indonesia. He enquired on whether the Group will undertake a more aggressive stance in establishing its presence in Philippines and Indonesia.

The Chairman informed the Meeting that the Board noted the negative impact arising from the merger negotiation undertaken in the past 6 months, particularly the human resource aspects. The Board is duty-bound to consider and evaluate some of the takeover/merger offers. Moving forward, the Board will adopt a stricter stance and approach in reviewing such offers in order to ensure that it is in the best interest of the Company. In the meantime, the Group is still pursuing the synergies derived from the successful RHB-OSK merger. The Board may consider making another merger offer to a potential entity (if any) in future.

The Chairman further highlighted that in view of the recent changing regulatory environment in Indonesia, the Group will re-visit its entry strategy to the Indonesian banking industry. The Group is also exploring potential business opportunities in Philippines and future development for the representative offices in Vietnam and Myanmar.

The Chairman clarified that the Group's lower interest margins is mainly attributable to funding cost. Management is putting in every effort to manage and reduce funding costs. At the same time, the Group is strengthening its net interest margin by trying to attract cheaper deposits as well as pursuing higher fee income.

- (iii) Mr Tan Teong Huat thanked the Group MD for the clear and succinct financial performance highlights presentation. He noted that the Group has progressively improved its financial performance over the years. He commented that the increased cost to income ratio for the past 2 years may be mainly attributable to the higher cost post RHB-OSK merger. He further commented on the Group's low dividend yield for the past few years (i.e. below 1.0% for 2014) thus the low market price of RHB Capital Share which is below average. He emphasised that dividend yield is an important factor of the share price of the entity. He urged the Board to look into the matter. He also enquired on the Group's interest margin for the past 2 years.

The Chairman informed the Meeting that the average interest margin of the Group is 2.3%.

The Group MD responded that the Board is also concerned on the dividend yield and agreed that it should be improved. Low dividend rates were approved by the regulators for the financial years 2013 and 2014, in view of the capital ratio requirements and the current inefficient capital structure of the Group's financial holding company structure. The Board will address these issues post completion of the Group Corporate Restructuring Plan, in which RHB Bank will become the bank holding company of the Group. The Group's earning will reflect the major operating entity's earning, thus the Group's actual affordability of dividend payment.

- (iv) Mr Nirmal Singh A/L Santa Singh shared with the Meeting his observation on the Group's financial position for the past 5 years. The dividend payout rate and earnings per share have declined while cost to income ratio escalated to 54%. The market capitalisation and share price of the Company were stagnant over the past 5 years. The Group seems to be not moving towards the right direction in creating shareholder value. He also commented that the Group's key performance indicators should be more aggressive, particularly the cost to income ratio.

The Chairman clarified that in addition to dividend payout rate, the total shareholder return is also an important factor for shareholder value creation. The Board noted that the Group's price-earnings ratio and price to book ratio is not appropriately reflected, mainly attributable to the Group's current financial holding company structure. Upon completion of the Group Corporate Restructuring Plan, it is expected that valuation of RHB Bank will be enhanced through re-rating of the stock, improved ROE and better dividend yield. The Group has put in place a long-term target of 45% for the cost to income ratio.

The Group MD added that the declining earnings per share is also due to the increased issued and paid-up share capital resultant from the Group DRPs. The market capitalisation has declined in 2014 due to the merger negotiation. It has now been increased to approximately RM21.0 billion. The Board is always proactively working on improving the valuation of the Bank to enhance shareholder value.

- (v) Mr William Woon enquired on the rationale of the proposed Rights Issue. He also provided his feedback on the food arrangement and meal voucher policy of the AGM.

The Chairman explained that the proposed Rights Issue will enable the Company to raise funds to further strengthen the Group's capital position and meeting the requirements of Basel III. The issue price shall be at a discount of between 20% to 30% to the theoretical ex-rights issue based on 5-day volume weighted average market price of RHB Capital shares immediately preceding the price-fixing date but shall not be lower than the par value of RHB Capital share of RM1.00 each.

- 2.9 With that, the Chairman concluded the question and answers session for Agenda 1 and proceeded to the next agenda.

3. Agenda 2: Re-Election Of YBhg Dato' Mohamed Khadar Merican ("YBhg Dato' Mohamed Khadar") As Director Under Article 80 Of The Company's Articles Of Association (Ordinary Resolution 1)

- 3.1 The Chairman declared his interest in the Ordinary Resolution 1 and thereafter passed the chair of the Meeting to YBhg Tan Sri Azlan Zainol ("YBhg Tan Sri Azlan") to carry through Agenda 2.

- 3.2 YBhg Tan Sri Azlan highlighted that in accordance with Article 80 of the Company's Articles of Association, one-third (1/3) of the Directors shall retire every year and are eligible for re-election. Accordingly, YBhg Dato' Mohamed Khadar and Mr Kellee Kam Chee Khiong ("Mr Kellee Kam") shall retire pursuant to Article 80. YBhg Dato' Mohamed Khadar has offered himself for re-election while Mr Kellee Kam will not seek re-election.
- 3.3 YBhg Tan Sri Azlan proceeded to invite a proposer and a seconder for the following Ordinary Resolution 1:-
- "THAT YBhg Dato' Mohamed Khadar Merican who is retiring under Article 80 of the Company's Articles of Association, be and is hereby re-elected as Director of the Company."
- 3.4 Ms M. Jeevamalar a/p R Munusamy proposed and Mr William Woon seconded the above resolution.
- 3.5 YBhg Tan Sri Azlan then put Ordinary Resolution 1 to the vote by a show of hands. Upon a majority of votes, YBhg Tan Sri Azlan declared the resolution as carried.
- 3.6 YBhg Tan Sri Azlan passed back the chair of the Meeting to the Chairman to carry through the rest of Agenda.
- 3.7 On a related matter, Puan Rita Benoy Busho enquired on the Company's policy on boardroom diversity, particularly in terms of gender, as well as the Company's efforts in pursuing the matter.

The Chairman highlighted that the Board is continuously putting its best efforts to secure suitable female candidates for appointment to the Board. The candidates must possess the require knowledge and experience required by the Board. The ability to work with other Board members and Management is also important to steer the Group towards achieving its goals. Last year, the Company had submitted an application to Bank Negara Malaysia on appointment of an identified female candidate who later withdrew herself from the appointment due to possible conflict of interest. Currently, the Company has identified 2 female candidates and will carry through the necessary process accordingly.

- 3.8 The Chairman informed the Meeting that Mr Kellee Kam will retain his office as Managing Director ("MD") until the conclusion of this AGM. His resignation as Group Chief Executive Officer will take effect from 4 May 2015. The Chairman, on behalf of the Board, recorded the Board's sincere appreciation and gratitude for the invaluable services and contributions that Mr Kellee Kam had rendered during his tenure of office as the Group MD of RHB Banking Group. His hard work, dedication and leadership had led RHB Banking Group to its current competitive position in the financial services industry. With the best efforts and close collaboration between the Board, Mr Kellee Kam and Management team, the Company's market capitalisation has increased from RM800.0 million to RM21.0 billion within the past 12 years.

Bank Negara Malaysia has approved the appointment of YBhg Dato' Khairussaleh Ramli ("YBhg Dato' Khairussaleh"), who is the current Deputy Group MD and Chief Executive Director ("CEO")/MD of RHB Bank Berhad, as the new CEO/MD of the Company and new Group CEO/Group MD. His appointment will take effect from 5 May 2015. YBhg Dato' Khairussaleh will also continue to hold his position as the CEO/MD of RHB Bank Berhad. The Board is confident that with his depth of understanding and exposure to the financial services industry together with his extensive management experience, he will be able to steer RHB Banking Group towards achieving its aspiration to be a Leading Multinational Financial Services Group not only in Malaysia but also in the region.

4. Agenda 3: Re-election of Mr Mohamed Ali Ismaeil Ali AlFahim ("Mr AlFahim") As Director under Article 84 of the Company's Articles of Association (Ordinary Resolution 2)

4.1 The Chairman informed the Meeting that in accordance to Article 84 of the Company's Articles of Association, any Director appointed either to fill a casual vacancy or as an addition to the existing Directors during the financial year shall hold office only until the next AGM and is eligible for re-election. Accordingly, Mr AlFahim (who was appointed on the Board on 9 May 2014) retired pursuant to Article 84 and being eligible, has offered himself for re-election. As mentioned earlier, he was unable to attend this AGM due to an urgent engagement overseas.

4.2 There being no questions from the Members, the Chairman proceeded to invite a proposer and a seconder for the following Ordinary Resolution 2:-

"THAT Mr Mohamed Ali Ismaeil Ali AlFahim who is retiring under Article 84 of the Company's Articles of Association, be and is hereby re-elected as a Director of the Company."

4.3 Cik Nur Nadiah Hani Zabidin proposed and Mr Muniandy Karishnan seconded the above motion.

4.4 The Chairman then put the Ordinary Resolution 2 to the vote by a show of hands and upon a majority of votes, the Chairman declared the resolution as carried.

5. Agenda 4: Re-appointment Of YBhg Dato' Nik Mohamed Din Datuk Nik Yusoff As Director Pursuant To Section 129(6) Of The Companies Act, 1965 (Ordinary Resolution 3)

5.1 The Chairman highlighted that pursuant to Section 129 of the Companies Act, 1965, no person of or over the age of seventy years shall be appointed or act as a director of a public company or of a subsidiary of a public company. However, the said director may by a resolution passed by a majority of three-fourths of the shareholders and/or proxies at a general meeting, be appointed or re-appointed as a director of that company to hold office until the next AGM.

Accordingly, YBhg Dato' Nik Mohamed Din Datuk Nik Yusoff who attained the age of 70 years shall retire at this AGM, and has offered himself for re-appointment in accordance with Section 129(6) of the Companies Act 1965.

- 5.2 The Chairman proceeded to invite a proposer and a seconder for the following Ordinary Resolution 3:-

“THAT YBhg Dato' Nik Mohamed Din Datuk Nik Yusof, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting.”

- 5.3 Mr William Woo proposed and Ms Wun Yoke Ling seconded the said resolution.
- 5.4 The Chairman then put Ordinary Resolution 3 to the vote by a show of hands.
- 5.5 It was noted that Employees Provident Fund Board, being a major shareholder of RHB Capital had indicated its abstention from voting on the above resolution as per its normal practice for such resolution.
- 5.6 Upon a majority vote of more than three-fourths, the Chairman declared the resolution as carried.

6. Agenda 5: Payment Of Directors' Fees (Ordinary Resolution 4)

- 6.1 The Chairman informed the Meeting that the Directors' fees for the financial year ended 31 December 2014 totalling RM1,039,315.07 have been provided for in the Audited Financial Statements of the Company. He further informed the Members that the said fees are payable on the basis of RM150,000.00 per annum for every Non-Executive Director and RM180,000.00 per annum for the Chairman of the Board. The fees were pro-rated in accordance to the respective Directors' tenure of service during the financial year.
- 6.2 The Board members (save for Mr Kellee Kam Chee Khiong, being the Group MD) declared their interests in respect of the above proposal when the matter was presented before them. The interested Directors abstained from voting in respect of their direct and/or indirect shareholdings (if any) on the resolution relating thereto.
- 6.3 The Chairman then proceeded to invite a Member to propose and to second the following Ordinary Resolution 4:-
- “THAT the payment of Directors' fees totalling RM1,039,315.07 for the financial year ended 31 December 2014 be and is hereby approved.”
- 6.4 Mr William Woon proposed and Mr Muniandy Karishnan seconded the said resolution.
- 6.5 The Chairman then put Ordinary Resolution 4 to the vote by a show of hands and upon a majority of votes, the Chairman declared the resolution as carried.

7. Agenda 6: Re-Appointment Of Auditors (Ordinary Resolution 5)

- 7.1 The Chairman highlighted that the retiring Auditors, Messrs PricewaterhouseCoopers (“PwC”) have offered to continue to serve as Auditors of the Company. The Board recommended to the shareholders for approval of the re-appointment of Messrs PwC as the Company’s Auditors based on the Group Board Audit Committee’s review of the performance and independence in performing their obligation as Auditors for the financial year 2014.
- 7.2 There being no question from the Members, the Chairman then invited a proposer and a seconder for the following Ordinary Resolution 5:-
- “THAT Messrs PricewaterhouseCoopers be and is hereby re-appointed as Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting of the Company, at a remuneration to be determined by the Directors.”
- 7.3 Ms Kwa Chin Wen proposed and Ms Pushpapiya a/p P Panir Selvam seconded the said resolution.
- 7.4 The Chairman then put Ordinary Resolution 5 to the vote by a show of hands and upon unanimous vote, the Chairman declared the resolution as carried.

8. Agenda 7: Authority For Directors To Issue Shares (Ordinary Resolution 6)

- 8.1 The Chairman mentioned that an ordinary resolution in relation to a general mandate for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965 is presented before the Members for approval.
- 8.2 There being no questions from the Members, the Chairman proceeded to invite a proposer and a seconder for the following Ordinary Resolution 6:-
- “THAT subject always to the Companies Act, 1965, the Company’s Articles of Association and approval of the relevant government/regulatory authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company at any time until the conclusion of the next Annual General Meeting 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 issued share capital of the Company for the time being.”
- 8.3 Encik Dion Almatin bin Ruhuton Aabid proposed and Puan Masnah Majidi seconded the above resolution.
- 8.4 The Chairman then put Ordinary Resolution 6 to the vote by a show of hands and upon a majority of votes, the Chairman declared the resolution as carried.

9. Agenda 8: Proposed Renewal Of Authority To Allot And Issue New Ordinary Shares Of RM1.00 Each In RHB Capital (“RHB Capital Shares”) For The Purpose Of The Company’s Dividend Reinvestment Plan (“DRP”) (Ordinary Resolution 7)

9.1 The Chairman informed the Meeting that a renewal of the authority to allot and issue new RHB Capital Shares, for the purpose of the Company’s DRP that provides the shareholders of RHB Capital (“Shareholders”) the option to elect to reinvest their cash dividend in new RHB Capital Shares, is presented before the Members for approval.

9.2 There being no further questions from the Members, the Chairman proceeded to invite a proposer and a seconder for the following Ordinary Resolution 7:-

“THAT pursuant to the DRP as approved by the Shareholders at the Extraordinary General Meeting held on 6 April 2011 and subject to the approval of the relevant regulatory authority (if any), approval be and is hereby given to the Company to allot and issue such number of new RHB Capital Shares from time to time as may be required to be allotted and issued pursuant to the DRP until the conclusion of the next Annual General Meeting upon such terms and conditions and to such persons as the Directors of the Company at their sole and absolute discretion, deem fit and in the interest of the Company PROVIDED THAT the issue price of the said new RHB Capital Shares shall be fixed by the Directors based on the adjusted five (5) market days volume weighted average market price (“VWAP”) of RHB Capital Shares immediately prior to the price-fixing date after applying a discount of not more than 10%, of which the VWAP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price and the issue price may not be less than the par value of RHB Capital Shares;

AND THAT the Directors and the Secretary of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements, deeds, undertakings and documents as may be necessary or expedient in order to give full effect to the DRP with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed or agreed to by any relevant authorities (if any) or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, by the Directors as they, in their absolute discretion, deem fit and in the best interest of the Company.”

9.3 Mr William Woon proposed and Mr Muniandy Karishnan seconded the said resolution.

9.4 The Chairman then put Ordinary Resolution 7 to the vote by a show of hands and upon unanimous vote, the Chairman declared the resolution as carried.

10. Close Of Meeting

There being no other business to be transacted, the Meeting ended 12.50 p.m. with a vote of thanks to the Chairman. The Chairman also thanked the Members for their support and attendance.

CONFIRMED

- Original Copy Signed -

DATO' MOHAMED KHADAR MERICAN