

RHB BANK BERHAD

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# Virtual 56<sup>th</sup> Annual General Meeting

Pre-AGM Questions Raised By Shareholders

27 April 2022





**Retail Shareholders**

We received **16** queries on Door Gift. Our response is on Slide **#8**.

<b>Shareholder's Name</b>	<b>Question</b>
LEE CHOON TUCK	Sincerely hope for e-cash voucher for those who participate in this AGM. We never demand to reduce on director remuneration & further endorse / concur all resolutions to show our utmost support to the boards on the past and future.
FOONG SIEW CHUI	Absolutely saddened by the board decision taken on no door gift distribution. We as minor shareholder just want a form of appreciation with nominal sum of gift. Those who does not attend this AGM also can enjoy dividend. We are not like major shareholder who able to enjoy huge stream of dividend. Do good get good return. Every charitable act is a stepping stone toward heaven. We will treasure your kindness. Long Life. Stay safe to all board members. Kindly reconsider the decision on door gift distribution
CHEW CHIN CHIN	Since it is virtual meeting, how to claim door gift ? Please advise. Thank you.

Shareholder's Name	Question
LYE BOON KIN	Door gift?
LAM CHIUH BIN	Any door gift?
LEE CHEW FOONG, NGOH YOKE CHIN, TEE WOAN FEN	Dear Directors, our company has saved hundreds of thousand ringgit from the 3 pandemic years on AGM costs & expenses as they were held virtually. We, as shareholders, have been working hard to attend the highly important AGMs online but were not given due acknowledgment and appreciation in the form of a door gift. We hope you could kindly consider showing some care & concern by giving us a good & generous door gift. Thank you.

Shareholder's Name	Question
TAN WEI SIANG	Why RHB does not provide any door gift?
CHEW CHIN CHIN	Since it is virtual meeting, how to claim door gift? Please advise. Thank you
YEW NYUK YOON	<p>We, the humble shareholders, would truly appreciate if our highly respectable Board could kindly consider giving shareholders a very generous door gift for attending this highly important AGM as it is not easy to attend this meeting online due to a lot of line interruptions, platform problems, inconveniences, wi-fi expenses, COVID-19 stress.</p> <p>We also have to set aside precious time, efforts &amp; commitment similar to that displayed by Board members &amp; company staff.</p> <p>Many thanks for your kind understanding &amp; support.</p>

Shareholder's Name	Question
TEH HWEI LING	Why there is no door gift? RHB share price has been stagnant for quite a long time and there is no door gift? What is the value to shareholders?
CHEE TENG HO, LIM BA TAI @ LIM ENG KIM, TEE BENG NGO, TEE BENG HEE, TEE BENG CHOO,	Why is the company not giving any door gifts/e vouchers to all its shareholders/proxies attending this virtual AGM as well EGM and yet deem fit to request for an increase in directors fees, allowances and remuneration. Why few years back when the company was not doing well and yet shareholders/proxies attending AGM/EGM were given food and door gifts. FYI attending this RPV is very expensive for us, therefore I hope the company will appreciate and compensate us for our attendance. Tq.
LEE MUN HOE	Totally dismayed to know that no door gift distribution. Life is short. Do kindly review the decision which highly anticipated / demand by minor shareholder.

Shareholder's Name	Question
LEE CHOON MENG	Kindly provide e voucher to those who participate in this virtual AGM, We as a shareholder will do our part to promote company products by word of mouth. The marketing campaign will be as success as our former premier PR slogan i.e. Malu Apa Bosku
STEPHEN LYE TUCK MENG	Dear BOD - Kindly give us some e-vouchers, food vouchers or e-wallet (no discount vouchers please) for being loyal shareholders and attending this meeting. Times are bad now. Please be considerate to us shareholders during these trying times. TQ
LAW WEI YANG	Any doorgift provided?
LOH MUN SEONG	Since AGM organizes in virtual form, why the cost-saving for AGM not to reward door gifts to shareholders as appreciation?

**Response**

No, the Bank will not be providing any door gifts including e-vouchers to shareholders/proxies who participate remotely in the virtual 56th AGM this year.

This approach is also taken by other conglomerates which are moving towards rewarding the shareholders more substantively, for example via declaration of better dividends.



## AGM – Directors’ Meeting Allowances (1/1)

We received **3** queries on Directors’ Remuneration. Our response is on Slide **#9**.

Shareholder’s Name	Question
LOH MUN SEONG	Why did board members' remuneration/ meeting fees revise and increase drastically?
LEE MUN HOE	Kindly find ways to manage prosperity tax such as provide door gift to shareholders and increase director fees in order to attract best talent.
	Kindly find ways to manage prosperity tax such as provide door gift to shareholders who attend this prestigious AGM and increase director fees in order to attract best talent.

### Response

The recent benchmarking exercise was conducted by an independent third-party HR consultant against comparator banks and it revealed that the fee levels for RHB are below market median. In line with the expected role of the Board, time commitment and complexity of role and responsibility, the fee structure has been updated to align with the market and sustain for the next few years.

We received **4** queries related to Governance and AGM admin matters. Our response is on each slide (Slide **#10-13**)

<b>Shareholder's Name</b>	<b>Question</b>
LEE MUN HOE	Kindly publish all shareholder queries for transparency and learning purpose

### Response

The questions raised by shareholders and stakeholders prior and during the AGM/EGM will be published on RHB's website after the meeting.

Shareholder's Name	Question
WONG SEE KAI	Dividend reinvestment form must be sent early to shareholder. It is no use if the shareholder receives the form on the closing date. The previous dividend reinvestment form I received after the closing date.

Response
Share Registrar had dispatched the DRP documents on 8 October 2021 which is at least 14 days before the expiry date on 25 October 2021. This is in accordance with Paragraph 6.45C(2) of the Main Market Listing Requirements.

Shareholder's Name	Question
LIM TAN YEOW KUAN	This question is to the registrar, Boardroom, give proper training to the newbies, when keying the information, make sure the paying company name is properly inserted and not Boardroom is paying. We sometimes could not know this dividend is from? We may receive TWO or more dividends from Boardroom on the same day. Thanks.

Response
The query is escalated to Boardroom Share Registrars for further action.

Shareholder's Name	Question
LOO YEO MING	Please send annual report to [Redacted].

Response
Dispatched out to the shareholder on 13 April 2022.

We received **8** queries related to Financial Results and Outlook. Our response is on each slide (Slide **#14-20**)

Shareholder's Name	Question
LOH MUN SEONG	No bonus issues and rights issues since 2015. Any plan to exercise such issues?

Response
<p>We don't have an immediate plan for bonus issue nor rights issue at this juncture and committed to provide returns to shareholders through dividends, via establishment of the Dividend Reinvestment Plan ("DRP").</p> <p>Based on our current capital management, we are also committed to optimize our existing capital to provide the best returns to shareholders. We do not foresee any immediate need for additional capital injection from rights issue or other capital raising mechanism.</p>

Shareholder's Name	Question
HO YOON CHIN @ HO YOKE CHIN	Revenue Stamp RM10 should be paid by the company for Dividend Reinvestment.

### Response

Under Section 4(1) of the Stamp Act 1949 (Stamp Act), the DRF or e-DRF is deemed to be an agreement and an instrument chargeable with stamp duty.

The DRF/e-DRF is subjected to a stamp duty of RM10, being an agreement/Notice of Election (instrument) for the shareholders to elect to participate in the Reinvestment Option.

The stamp duty shall be payable by the shareholders, being the person whom first sign (execute) the agreement/notice of election.

Shareholder's Name	Question
LIEW CHIN YIP	Will RHB maintain payout ratio in 2022?
CHIAM KIM HOCK	Hopefully keep and same give the dividend yield more than 7% every year.

### Response

The Board believes in balancing returns to shareholders with investment to support future growth. In FY2019, the Group revised the dividend payout guidance to a minimum of 30% (from between 20% and 30% previously).

For FY2021, the Group has proposed to reward our shareholders with a final dividend of 25 sen per share. Together with interim dividend of 15 sen per share, total dividend for FY2021 amounts to 40 sen per share or equivalent to a payout ratio of 62.9%. The final dividend will be made under the Dividend Reinvestment Plan, consisting of cash payout of 15 sen per share, and an electable portion of 10 sen per share.

In the future, the Group intends to continue paying dividend of at least 30%. Nevertheless, we strive to achieve payout of approximately 50% which was the highest pre-pandemic payout.



Shareholder's Name	Question
LOH MUN SEONG	The Federal government hiked the federal fund rate (FFR) in March 2022. Do you see any possibility OPR will increase as well?

**Response**

Bank Negara Malaysia (BNM) has always pursued an appropriate and accommodative interest rate policy directed at promoting economic growth. We expect Malaysia's economic conditions to strengthen in 2022 which may lead BNM to raise the OPR by 25 basis points in second half of 2022 to keep inflation in check

Shareholder's Name	Question
LEE CHEE CHIANG	How's the outcome for next quarter performance despite Ukraine's crisis?
<b>Response</b>	
<p>We are finalising our Q1 2022 results and the results will be announced by end-May 2022.</p> <p>At the moment, it is still too early to measure the impact of Ukraine's crisis on the Group's performance. However, on an overall basis, the Group will remain vigilant on the outlook for the rest of the year but committed to deliver growth in 2022.</p> <p>Key target for FY2022 as follows:</p> <ul style="list-style-type: none"> <li>• ROE of 8.5% (10.0% if normalised for Prosperity Tax impact)</li> <li>• Loans growth between 4% and 5%</li> <li>• CASA composition of 30%</li> <li>• Gross impaired loans ratio of not more than 1.70%</li> <li>• Cost-to-income ratio of not more than 45.0%</li> </ul>	

Shareholder's Name	Question
KOU CHAN KAI@KOW CHEE FOO	How was Bank sector in overall after recovery?

**Response**

Economic recovery continues its positive momentum as Malaysia progressively transitions into the endemic phase following the reopening of international borders. However, geopolitical crisis, supply chain disruption, global inflationary pressures and potential emergence of new variants continue to pose downside risks to the overall growth outlook.

Overall, the banking sector is projected to remain resilient with healthy capital and liquidity positions, supported by the adequate level of provisioning made since the beginning of the pandemic. Loans growth is expected to expand this year led by demand from businesses and consumers. On the monetary front, the OPR is expected to increase gradually beginning second half 2022.

Shareholder's Name	Question
KOU CHAN KAI@KOW CHEE FOO	How was block chain. And also NFT relating business?

Response
Blockchain (and products built on top of blockchain technology such as NFT) continue to be emerging technology areas that the industry and market participants continue to observe.

We received **1** query related to AGM costs. Our response is on Slide **#21**.

Shareholder's Name	Question
LOH MUN SEONG	How much is the cost for the 55th and 56th AGM? and EGM as well?

## Response

The cost incurred for 55th AGM was RM95,169.63 to cater for amongst others, fees paid to consultants and service providers (i.e. Boardroom Share Registrars Sdn Bhd, KPMG), events and catering.

The cost to conduct this year's virtual AGM and EGM is within the same range/ approximate as both meetings will be held on the same day, based on the quotations received from the various vendors. The actual cost incurred will only be confirmed once the finalised bills received from all vendors.

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PNB

## Specific to AGM Resolution(s) Matters

We received **1** query related to Ordinary Resolution 6. Our response is on Slide **#23**.

Shareholder's Name	Question
PNB	<b>Payment of Directors' Remuneration (excluding Directors' Fees and Board Committee's Allowance</b>  a) What are the benefits entitled under this payment of remuneration?

### Response

For clarity, the RM2.0 million allocation are intended for as follows:-

- Tech refresh;
- D&O increase;
- FIDE training programme for new female director;
- increase in meeting frequency; and
- establishment of new Board Committee (ESG).

## Specific to AGM Resolution(s) Matters

We received **2** queries related to Ordinary Resolution 7. Our response is on Slide **#24-25**.

Shareholder's Name	Question
PNB	<p><b>Appointment of Auditor.</b></p> <p>a) We note that auditor's remuneration in FY21 declined by 5% yoy for audit work and by 70% yoy for non-audit work. What would be the changes in audit and non-audit scope that led to such decline?</p>

### Response

The decline in auditor's remuneration is mainly from cessation of operations in Hong Kong, change of auditors in Hong Kong as well as change in scope for PIDM validation.

The decline in non-audit fee is attributed to cessation of audit for RHB Hong Kong Limited (fka RHB Holdings Hong Kong Limited) and one-off investigation related services in FY20.



## Specific to AGM Resolution(s) Matters

Shareholder's Name	Question
PNB	<b>Appointment of Auditor.</b>  b) Who is RHB current audit partner

### Response

The current audit partner is Mr Ong Ching Chuan of PwC. The previous audit partner was Mr Kelvin of PwC and has completed his 5 year rotation of audit services.

## Specific to AGM Resolution(s) Matters

We received **1** query related to Ordinary Resolution 8. Our response is on Slide **#27**.

Shareholder's Name	Question
PNB	<p><b>Authority for Directors to Issue Shares.</b></p> <p>a) Our voting guidelines requires further disclosure on the rationale and utilisation of proceeds from the share issuance. Does the potential need for such issuance include to satisfy the capital requirement as imposed by BNM on financial institutions?</p>

**Response**

The general mandate will enable the Directors to take swift action, in case of, inter alia, there are business opportunities which involves the issue of new shares and to avoid the delay and cost in convening shareholders' general meetings to approve such issuance. The exercise of the above general mandate will only be undertaken if the Board considers it to be in the best interest of the Company.

For FYE2021, the capital position of RHB remains strong with the Group's Common Equity Tier-1 (CET-1) and total capital stood at 17.2% and 19.8 % respectively. RHB does not foresee any potential need to issue shares in order to satisfy the capital requirement by BNM unless there is a regulatory change of the same.

For clarity, there is no plan to issue new shares in the near future.

We received **3** queries related to FIT22 Strategy. Our response is on Slides **#29, 31, 33**.

Shareholder's Name	Question
PNB	<p><b>Market Positioning for 2021.</b></p> <p>During the early introduction of FIT22 in 2018, RHB had indicated its targets which includes to achieve the Top 4, Top 3 and Top5 in Retail banking, SME and Insurance, in terms of market share, respectively.</p> <p><b><u>Retail Banking</u></b></p> <p>[Page 15 of Annual Report]</p> <p>It was noted that RHB achieved the top 5 position in terms of retail loans and deposits. With only less than a year remaining, is RHB on track to achieve the target? If yes, what are the strategies to get to the number?</p>

### Response

Market conditions for retail banking has been particularly challenging in 2020 and 2021. Despite the challenges faced, our FIT22 strategy has led us to achieve strong growth of +7.0% CAGR in Retail Loans (2021: RM 99.7 Billion, 2017: RM 76.2 Billion) and +11.0% CAGR in Retail Deposits (2021: RM 72.1 Billion, 2017: RM 47.5 Billion).

We plan to continue working towards our FIT22 aspirations to be a top 4 retail bank in Malaysia by 2022. Key strategies for 2022 include:

- Continuously leverage technology and digitalization to improve internal processes and find more effective ways to serve our customers (e.g. introduction of e-KYC)
- Enhance our product propositions and service levels with a clear segment-focused view as we look to personalize our offerings to each customer segment

We will also be introducing new strategies for longer term growth as part of RHB Group's new corporate strategy which will be launched later in the year.

Shareholder's Name	Question
PNB	<p data-bbox="626 419 1192 462"><b>Market Positioning for 2021.</b></p> <p data-bbox="626 534 2415 691">During the early introduction of FIT22 in 2018, RHB had indicated its targets which includes to achieve the Top 4, Top 3 and Top5 in Retail banking, SME and Insurance, in terms of market share, respectively.</p> <p data-bbox="626 762 715 805"><b><u>SME</u></b></p> <p data-bbox="626 876 1149 919">[Page 15 of Annual Report]</p> <p data-bbox="626 991 2415 1148">Similarly, RHB had achieved the top 4 position for SME. With only less than a year remaining, is RHB on track to achieve the target to be the top 3 in the industry? If yes, what are the strategies to get to the number?</p>

## Response

Large strides have been made in SME banking since the launch of FIT22. Our FIT22 strategy has led us to achieve faster-than-industry growth of +8.3% CAGR in SME Loans (2021: RM 24.5 Billion, 2017: RM 17.8 Billion) and +10.1% CAGR in SME Deposits (2021: RM 28.7 Billion, 2017: RM 19.5 Billion). This puts us in a strong position for future growth as we leverage our SME ecosystem as a key differentiator.

We intend to build on our momentum and continue working towards being a top 3 SME bank in Malaysia by 2022. Key strategies for 2022 include:

- Build sectorial specialization to better serve middle market customers
- Enhance our digitized product solutions
- Intensify effort to improve asset quality while maintaining loan growth

Similar to retail banking, we will introduce new strategies for longer term growth as part of RHB Group's new corporate strategy which will be launched later in the year.

Shareholder's Name	Question
PNB	<p data-bbox="626 419 1192 462"><b>Market Positioning for 2021.</b></p> <p data-bbox="626 534 2415 691">During the early introduction of FIT22 in 2018, RHB had indicated its targets which includes to achieve the Top 4, Top 3 and Top5 in Retail banking, SME and Insurance, in terms of market share, respectively.</p> <p data-bbox="626 762 820 805"><b><u>Insurance</u></b></p> <p data-bbox="626 876 1149 919">[Page 15 of Annual Report]</p> <p data-bbox="626 991 2415 1148">It was mentioned that RHB Insurance was the 11<sup>th</sup> largest insurer in Malaysia. Is the target to be the top 5 still relevant? If yes, how do you plan to meet this target, if no, can you share the challenges?</p>



## Response

Group Insurance has faced several challenges since 2017 which includes:

- Growing a sustainable business with a healthier portfolio mix under the phased liberalisation of Motor and Fire tariffs which has led to the current market increasing in competitiveness
- The plan to leverage on digital technology and the digital ecosystem has not brought in significant premium. Nevertheless, this is a step in the right direction

Our target is to be a top 7 general insurer in Malaysia by 2026 in terms of gross written premiums. We have set out to achieve this by focusing our effort in 3 areas:

- Widening the agency distribution network and equipping agents with the right digital tools
- Deepening our effort to cross-sell through bancassurance, leveraging our retail and SME base
- Innovating to enhance our products with a focus on segment needs through agile leap.

We received **3** queries related to Sustainability. Our response is on Slide **#35, #37, #39, #41**.

Shareholder's Name	Question
PNB	<p><b>New Sustainability Strategy and Roadmap</b></p> <p>[Page 97 of Annual Report]</p> <p>It was noted that in the 3<sup>rd</sup> Quarter of 2021, RHB had reviewed and refreshed its Sustainability Framework and established a new Sustainability Strategy and Roadmap which spans over 5 years between 2022 –2026.</p> <p>What was the benchmarking used by RHB to arrive to the new initiatives and targets under the new strategy?</p>

### Response

The Group's 5 Year Sustainability Strategy was developed based on a review of Malaysia's commitment towards transitioning to a low carbon economy and in consultation with regulatory authorities as well as taking into considerations Investors increased focus on ESG investing.

Benchmarking that supported this new 2022-2026 Roadmap was the Group's sustainability journey and key achievements as at December 2021, local and regional peers as well as several international FIs.

Shareholder's Name	Question
<p>PNB</p>	<p><b>Aspirations under the new strategy</b></p> <p>[Page 97 of Annual Report]</p> <p><b><u>Empower more than two million people across ASEAN by 2026</u></b></p> <p>a. What are the key countries that would fall under this initiative?</p> <p>b. What are the indicative amount of investment towards this initiative throughout the period?</p>

### Response

- a. The Group will work with stakeholders across Asean where RHB has a presence. The key countries targeted for the time being will be Malaysia, Singapore, Laos and Cambodia.
- b. The targeted investment amount for this aspiration is RM4.6 million annually.

Shareholder's Name	Question
<p>PNB</p>	<p><b>Aspirations under the new strategy</b></p> <p>[Page 97 of Annual Report]</p> <p><b><u>Achieve Carbon Neutral operations by 2030</u></b></p> <p>a. It was noted that the current GHG emissions by RHB amounted to 25,580 tCO<sub>2</sub>eq. Can you share the strategy or measures that RHB plans to execute to achieve the carbon neutral operations by 2030.</p> <p>b. Does the strategy include purchasing carbon offsets? If yes, how much reduction is expected to be contributed by this approach, and what would be the estimated cost?</p>

### Response

The plans and measures that RHB have put in place to achieve carbon neutral operations consists of upgrades and installation of new technology such as higher efficiency chillers and the corresponding VSD Pumps, capacitor banks, LED Lightings and Renewable energy solution-Solar Panels.

RHB is currently exploring carbon off sets options. However, the Group will strive to deliver substantive reduction through optimisation and improvement of our internal operations and practices.

Shareholder's Name	Question
PNB	<p><b>Pillar 1 : Sustainable &amp; Responsible Banking</b></p> <p>[Page 98 of Annual Report]</p> <p>RHB had developed ESG Risk Assessment Tool to guide lending decisions to non-retail clients in the high ESG risk sectors. For FY21, RHB had expanded the tool to 8 ESG-Sensitive Sectors from five in 2020. Apart from new loans, the tool will also be applicable to existing loans that require enhancements and review.</p> <p>For existing loans, can you share on the current amount of loans for respective ESG-Sensitive Sectors that have not complied with the criteria outlined in the tool, in terms of % and RM amount?</p>



### Response

The ESG-sensitive sectors that has not complied with the ESG criteria outline in our ERA risk assessment tool stood at RM75 million as at 31 March 2021 which is 0.5% of the Group's total ESG Sensitive sectors portfolio.

We received **2** queries related to Financial Performance. Our response is on Slide **#43-46**.

Shareholder's Name	Question
PNB	<p data-bbox="626 422 848 458"><b>Credit Cost</b></p> <p data-bbox="626 536 2410 636"><b>a. Guidance :</b>Given the current issue related to one of the domestic Oil and Gas players, would there be any change to your credit cost guidance in FY22?</p> <p data-bbox="626 708 2410 865"><b>b. Singapore operations :</b> It was noted that since the bad year in FY16, Singapore had gradually reduced its exposure to Oil &amp; Gas Sector to improve on asset quality. Currently, how does the risk profile for this portfolio differ from its position in FY16?</p>

### Response

#### Question a. Guidance

FY2021 credit cost stood at 0.29% compared with 0.58% in FY2020 mainly from lower ECL on loans and higher bad debts recovered during the year.

While we are unable to provide comments on any specific borrowers, the Group will remain vigilant and continue to exercise conservatism where provisions are concerned. We will continue to assess the situation and are willing to increase our management overlay should the need arise. Credit cost is expected to remain elevated, between 0.30% and 0.35% for FY2022.

## Response

### Question b. Singapore Operations

Singapore's exposure to O&G sector was around 10.2% of total outstanding loans in FY2016. In FY2021, the exposure to this sector has reduced to about 3.3% of total outstanding loans.

Currently, the focus for Singapore is mainly on secured lending. This is exhibited in our FY2021 Singapore loans portfolio:

- 64% of outstanding loans were secured (71% of newly disbursed loans in FY2021 were secured)
- 31% of outstanding loans were from real estate sector (44% of newly disbursed loans in FY2021 were from real estate sector)

Overall, the Group's exposure to O&G sector has reduced from 3.9% in FY2016 to 1.9% in FY2021. Moving forward, the Group will focus on growing assets responsibly and minimize the exposure to high-risk sectors, including O&G.

Shareholder's Name	Question
PNB	<p><b>Non-Fund Based Income</b></p> <p>It was noted that Non-Fund Based Income in FY21 was impacted by the drop in mark-to-market gain. Given the potential rate hike in the future (which may put downward pressure on mark-to-market gain), how does management foresee on the non-fund based income projection for the rest of the year?</p>

### Response

In FY2021, non-fund based income declined 7.6% Y-o-Y from lower net trading and investment income despite higher insurance underwriting surplus, fee income growth from capital market, asset management and commercial banking.

In general, we are still cautious about the outlook of non-fund based income in FY2022:

- For Treasury Income, we expect volatility in investment and trading income to persist. However, we are also taking the opportunity of the higher interest rates to rebuild the securities portfolio and support our future interest income.
- With the re-opening of the economy, IB related income is expected to remain healthy as there will be higher demand for corporate transactions, M&A, IPOs, etc.
- Continue to focus on wealth management fee income
- Brokerage income and other non-fund based income (commercial banking fee income, forex) are also demand driven and rely on the pace of economic recovery.

## Succession Planning

We received **1** query related to Succession Planning. Our response is on Slide **#47**.

Shareholder's Name	Question
PNB	Has RHB identified the candidate to replace Encik Mohd Rashid as the MD of Group Wholesale Banking and what is the progress to date?

### Response

The hiring of Head of Group Wholesale Banking is in progress. An announcement will be made soon.

The End

