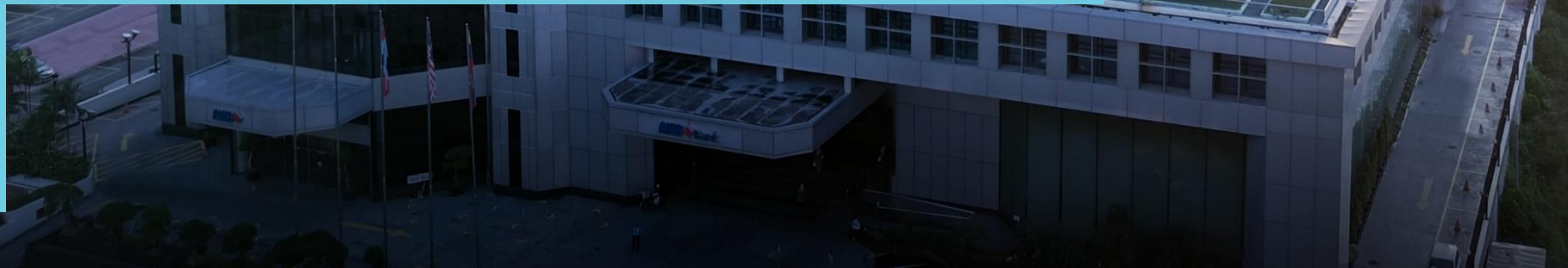


RHB BANK BERHAD

Virtual Extraordinary General Meeting

Pre-EGM Questions Raised By Shareholders

27 April 2022





Retail Shareholders

EGM Door Gift (1/2)

We received 4 queries on Door Gift. Our response is on Slide #4

Shareholder's Name	Question
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 EGM 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 DG distribution
KOW LIH SHI	Only gift for EGM 2022?
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

Shareholder's Name	Question
LEE CHOON MENG	Kindly provide e voucher to those who participate in this virtual EGM, 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

Response
<p>No, the Bank will not be providing any door gifts including e-vouchers to shareholders/proxies who participate remotely in the virtual EGM this year.</p> <p>This approach is also taken by other conglomerates which are moving towards rewarding the shareholders more substantively, for example via declaration of better dividends.</p>

EGM – Directors’ Meeting Allowances (1/1)

We received 1 query on Directors’ Meeting Allowance. Our response is on Slide #5

Shareholder’s Name	Question
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

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 **2** queries on Financial Results. Our response is on Slide **#6, #7**.

Shareholder's Name	Question
CHIAM KIM HOCK	Hopefully keep and same every year provide a higher dividend yield more than 7% to shareholder.

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
LEE CHEE CHIANG	Expectations for next quarter performance despite the Ukraine's crisis

Response

We are finalising our Q1 2022 results and the results will be announced by end-May 2022.

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.

Key target for FY2022 as follows:

- ROE of 8.5% (10.0% if normalised for Prosperity Tax impact)
- Loans growth between 4% and 5%
- CASA composition of 30%
- Gross impaired loans ratio of not more than 1.70%
- Cost-to-income ratio of not more than 45.0%

2

PNB

Specific to EGM Resolution(s) Matters

We received **2** queries on SGS Grant Date. Our response is on Slide **#9, #10**.

Shareholder's Name	Question
PNB	<p>[Please refer to Ordinary Resolution 1]</p> <p>Grant Date : It was noted that the new RHB Bank shares to be issued will be awarded in tranches.</p> <ul style="list-style-type: none">a. Can you share on the possible grant dates?b. Will there be separate grant dates for new employees that are eligible for the proposed SGs?

Response

The company expects to issue 5 annual grants, with the first grant expected to be issued by Q2 of 2022.

Eligible employees (including new employees) will be subjected to similar timeline.

Specific to EGM Resolution(s) Matters

Shareholder's Name	Question
PNB	<p>[Please refer to Ordinary Resolution 1]</p> <p>Grant Date : It was noted that the new RHB Bank shares to be issued will be awarded in tranches.</p> <ul style="list-style-type: none">a. Can you give examples of both Group and individual targets?b. Is there a possibility to split the total entitlement to manage the cost?

Response

An eligible employee may receive SGS up to 5 times, 1 time for each year.

Specific to EGM Resolution(s) Matters

We received **3** queries on Vesting Conditions. Our response is on Slides **#11, #12, #14**.

Shareholder's Name	Question
PNB	<p>[Please refer to Ordinary Resolution 1]</p> <p>Vesting conditions : It was noted that the vesting conditions include RHB Group meeting its performance targets and the individual meeting his/her individual work performance rating.</p> <p>a. Can you give examples of both Group and individual targets</p>
Response	
<p>There are 2 vesting conditions, as follows:-</p> <ul style="list-style-type: none">• Individual performance – based on balance score card, and to align with RHB's ongoing strategy/ long term business plan.• Group performance – based on RHB performance, to be determined by Board (any profit indicator i.e. EBITDA or PBT).	

Specific to EGM Resolution(s) Matters

Shareholder's Name	Question
PNB	<p>[Please refer to Ordinary Resolution 1]</p> <p>Vesting conditions : It was noted that the vesting conditions include RHB Group meeting its performance targets and the individual meeting his/her individual work performance rating.</p> <p>b. Does the target includes ESG matrix</p>
Response	
Yes. ESG is part of the element in the balance score card.	

Shareholder's Name	Question
PNB	<p>[Please refer to Ordinary Resolution 1]</p> <p>Vesting conditions : It was noted that the vesting conditions include RHB Group meeting its performance targets and the individual meeting his/her individual work performance rating.</p> <p>c. Will there be a separate remuneration package if eligible employees exceed the targets set?</p> <p>d. If eligible employees achieve above targets, would there be higher multiple of performance shares be accorded?</p>

Response

The remuneration of an employee who exceeds target will still comprise of the compensation mix between fixed and variable pay. However, the quantum for the LTIP portion will reflect the staff's performance.

Yes. A multiplier will be applied to the remuneration package, subject to the Board's approval.

Specific to EGM Resolution(s) Matters

We received **2** queries on Proposed SGS Cost. Our response is on Slide **#16, #17**.

Shareholder's Name	Question
PNB	<p>[Please refer to Ordinary Resolution 1]</p> <p>Estimated cost for the proposed Share Grant Scheme (“SGS”)</p> <p>How much is the estimated MFRS2 Cost for the entire programme? (when meeting target and above target, if any).</p>

Response

The estimated expense related to SGS (excludes MFR2 cost) is shown below:

<u>Estimated expenses</u>	<u>RM'000</u>
Professional fees ⁽¹⁾	369
Fees to Bursa Securities	20
Printing, despatch, advertising and expenses in relation to convening the EGM	213
Miscellaneous expenses and contingencies	60
Total	<u>662</u>

Note:

- (1) Comprising fees payable to our Principal Adviser, Solicitors, and other professionals.

Shareholder's Name	Question
PNB	<p>[Please refer to Ordinary Resolution 1]</p> <p>Estimated cost for the proposed Share Grant Scheme (“SGS”)</p> <p>It was noted that the cost would be recognised as an expense over the vesting period.</p> <ol style="list-style-type: none"> a. What would be the estimated expense recognised annually? b. In the case where employees do not meet vesting conditions, would RHB be able to reverse the expense?

Response
<p>The extent of the effect of MFR2 cost on the group earnings cannot be determine at this juncture as it depends on various factors that affect the fair value of RHB Bank shares as at the respective dates of the grants.</p>

Specific to EGM Resolution(s) Matters

We received 4 queries on Compensation Model. Our response is on Slides #18, #19, #21, #22.

Shareholder's Name	Question
PNB	<p>[Please refer to Ordinary Resolution 1]</p> <p>Compensation model : It was noted that RHB Banking Group has a cash deferred scheme in place since 2019 and that any tranches of cash entitlement that are still pending fulfillment of performance targets may be converted to an equivalent value in RHB bank shares to be awarded to them under the Proposed SGS. For FY20 and FY21, the remuneration for Cash Deferred Scheme and the related employer's contribution totaled RM 6 million and RM7 million, respectively.</p> <p>a. Is the group of eligible employees under Cash Deferred Scheme same as the eligible employees under the Proposed SGS?</p>
Response	
No. The proposed SGS is more open with additional criteria compared to the Cash Deferred Scheme i.e. alignment to the Group strategy.	

Shareholder's Name	Question
PNB	<p>[Please refer to Ordinary Resolution 1]</p> <p>Compensation model : It was noted that RHB Banking Group has a cash deferred scheme in place since 2019 and that any tranches of cash entitlement that are still pending fulfillment of performance targets may be converted to an equivalent value in RHB bank shares to be awarded to them under the Proposed SGS. For FY20 and FY21, the remuneration for Cash Deferred Scheme and the related employer's contribution totaled RM 6 million and RM7 million, respectively.</p> <p>b. What motivates RHB to change the reward scheme</p>

Response

The change will provide better alignment to the Group strategy. Further, the eligible employees will be more motivated to perform/ contribute to improvement of RHB shares price.

Shareholder's Name	Question
PNB	<p>[Please refer to Ordinary Resolution 1]</p> <p>Compensation model : It was noted that RHB Banking Group has a cash deferred scheme in place since 2019 and that any tranches of cash entitlement that are still pending fulfillment of performance targets may be converted to an equivalent value in RHB bank shares to be awarded to them under the Proposed SGS. For FY20 and FY21, the remuneration for Cash Deferred Scheme and the related employer's contribution totaled RM 6 million and RM7 million, respectively.</p> <p>c. How does the Proposed SGS change the current compensation model to executive director and senior managers in terms of composition between base pay, variable pay (deferred or non-deferred) pay?</p>

Response

The remuneration/ reward packages encompassing the following:-

- Fixed pay; and
- Variable pay – comprising of both short and long term incentives

The Long term pay is determined based on selected employee's contribution to the continued success of the Group. Both CDS and SGS are deferred pay plans. The difference is CDS is cash based while SGS is shares based.

Allocation shall be based on categories set based on each role's line-of-sight against the Group's strategy and continued success of the Group

Shareholder's Name	Question
PNB	<p>[Please refer to Ordinary Resolution 1]</p> <p>Compensation model : It was noted that RHB Banking Group has a cash deferred scheme in place since 2019 and that any tranches of cash entitlement that are still pending fulfillment of performance targets may be converted to an equivalent value in RHB bank shares to be awarded to them under the Proposed SGS. For FY20 and FY21, the remuneration for Cash Deferred Scheme and the related employer's contribution totaled RM 6 million and RM7 million, respectively.</p> <p>d. Were there any vesting conditions under the previous Cash Deferred Scheme?</p>

Response

Similar to the proposed SGS. There were 3 year vesting period and vesting conditions would be based on targets set for individual and group performance.

Specific to EGM Resolution(s) Matters

We received **1** query on Pay Mix. Our response is on Slide **#23**.

Shareholder's Name	Question
PNB	[Please refer to Ordinary Resolution 1] Pay Mix : Pursuant to the proposed SGS, what would be the pay mix for the top management and senior management (fixed pay, variable short-term and long-term pay)?

Response

The pay mix for Top and Senior Management comprise of:-

- Fixed Pay (Base Salary and Allowance);
- Short Term Incentive; and
- Long Term Incentive.

Specific to EGM Resolution(s) Matters

We received **1** query on Eligibility. Our response is on Slide **#24**.

Shareholder's Name	Question
PNB	[Please refer to Ordinary Resolution 1] Number of Eligible Persons What are the estimated number of eligible persons involved in the programme?

Response
<p>The target is 1-2% of the total employees in Malaysian operation that are critical to RHB strategy.</p> <p>Employees for overseas operations will not be considered since the proposed SGS would be granted to employees residing in Malaysia. Group HR will plan a package, akin to Cash Deferred Scheme for this group of employees instead.</p>

Specific to EGM Resolution(s) Matters

We received **1** query on Mode of Settlement. Our response is on Slide **#25**.

Shareholder's Name	Question
PNB	[Please refer to Ordinary Resolution 1] Mode of Settlement At this juncture, what is RHB's preference on mode of settlement?

Response

Mode of settlement would be via issuance of new shares

Specific to EGM Resolution(s) Matters

We received **3** queries on Compensation value benchmark. Our response is on Slides **#26, #27, #28**.

Shareholder's Name	Question
PNB	<p>[Please refer to Ordinary Resolution 1]</p> <p>Compensation value benchmark</p> <p>a. What type of benchmarking does RHB use to arrive to the compensation value for senior management and specifically En Mohd Rashid and Ms Eliza Ong Yin Suen?</p>

Response

Based on market data (financial sectors and banking institutions) as provided by WTW, RHB will consider the total compensation, inclusive of basic salary, bonus and long term incentive, comparative to similar positions in the market.

WTW has around 40 organisations in its database for benchmarking.

Shareholder's Name	Question
PNB	<p>[Please refer to Ordinary Resolution 1]</p> <p>Compensation value benchmark</p> <p>b. For En Mohd Rashid and Ms Eliza Ong Yin Suen, what is the expected total compensation via the proposed SGS?</p>

Response
<p>The maximum potential allocation of shares is as per the Circular. For clarity, the proposed SGS would be additional compensation to En Mohd Rashid and Ms Eliza Ong Yin Suen.</p>

Specific to EGM Resolution(s) Matters

Shareholder's Name	Question
PNB	[Please refer to Ordinary Resolution 1] Compensation value benchmark c. Was Ms Eliza Ong Yin Suen granted Cash Deferred Scheme before?

Response

Ms Eliza Ong Yin Suen received the Cash Deferred Scheme before.

The End

