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RHB BANK BERHAD
(Registration No. 196501000373 (6171-M))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED ESTABLISHMENT OF A SHARE GRANT SCHEME OF RHB BANK BERHAD (“RHB BANK”) AND ITS SUBSIDIARIES OF UP TO 2% OF OUR TOTAL NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME (“PROPOSED SGS”)

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



RHB Investment Bank Berhad
(Registration No.: 197401002639 (19663-P))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Our forthcoming Extraordinary General Meeting (“EGM”) will be held on a virtual basis at the broadcast venue at Meeting Room 3, Level 16, Tower Three, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia. The purpose of our EGM is for you to consider and, if thought fit, to pass the resolutions, with or without any modifications, to give effect to the Proposed SGS. Further details of our forthcoming EGM are as follows:

Date and time of our forthcoming EGM : Wednesday, 27 April 2022 at 11.30 a.m. or immediately following the conclusion or adjournment (as the case may be) of our 56th Annual General Meeting (“AGM”) which is scheduled to be held on the same day at 10.00 a.m., whichever is later

Last date and time for lodging the Form of Proxy : Monday, 25 April 2022 at 11.30 a.m.

You are encouraged to participate and vote remotely at our forthcoming EGM using the remote participation and electronic voting facilities. Please refer to the administrative details for the procedures to register, participate, and vote remotely at our forthcoming EGM. If you are unable to participate in our forthcoming EGM, you may appoint a proxy or proxies to participate and vote on your behalf. In such event, you should complete and deposit, the Form of Proxy at the office of our share registrar, Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia, or lodge electronically via “Boardroom Smart Investor Portal” at <https://investor.boardroomlimited.com/> not later than 48 hours before the time fixed for holding our forthcoming EGM or any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from participating and voting in our forthcoming EGM should you subsequently wish to do so.

This Circular is dated 12 April 2022.

DEFINITIONS

The following abbreviations and definitions shall apply throughout this Circular unless the context otherwise requires:

Act	: Companies Act 2016
BNM	: Bank Negara Malaysia
BNRC	: Board Nominating and Remuneration Committee of our Company comprising such persons as may be appointed and duly authorised by our Board to implement and administer the Proposed SGS following the By-Laws
Board	: The board of directors of our Company as at the material date
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd
Bursa Securities	: Bursa Malaysia Securities Berhad
By-Laws	: By-laws governing the Proposed SGS
CDS	: Central Depository System governed under Securities Industry (Central Depositories) Act, 1991
CDS Account	: The Central Depository System account established by Bursa Depository for a depositor for the recording of deposit and withdrawal of securities and for dealings in such securities by a depositor
Circular	: This circular dated 12 April 2022 in relation to the Proposed SGS
Director	: Director of our Company as at the material date
EGM	: Extraordinary general meeting
Effective Date	: The date the Proposed SGS takes effect, being the date of full compliance with all relevant requirements of the Listing Requirements which will be determined by our BNRC
Eligible Employee	: An employee or Executive Director of RHB Banking Group who fulfil the eligibility criteria for participation in the Proposed SGS as set out in Section 2.3 of this Circular
EPS	: Earnings per share
Executive Director	: A Director of RHB Banking Group who is involved in the day-to-day management of RHB Banking Group
Grant	: An Offer which has been accepted by a Selected Employee
Grantee	: A Selected Employee who has duly accepted an Offer made under the By-Laws
Group	: For the purpose of this Circular, our Company, our subsidiaries and our associated companies
Listing Requirements	: Main Market Listing Requirements of Bursa Securities
LPD	: 15 March 2022, being the latest practicable date before the printing of this Circular
Maximum RHB Bank Shares Available	: As defined in Section 2.1 of this Circular

DEFINITIONS

MFRS 2	:	Malaysian Financial Reporting Standard 2 on Share-based Payment as issued by the Malaysian Accounting Standards Board
MFRS 2 Cost	:	The potential MFRS 2 cost of awarding the Grant under the Proposed SGS
NA	:	Net assets
Offer	:	An offer made in writing by our Company to a Selected Employee
Offer Date	:	The date on which an Offer is made or deemed made by our Company to a Selected Employee
Person Connected	:	Person connected as defined in paragraph 1.01 of the Listing Requirements
Proposed SGS	:	Proposed establishment of a SGS of up to 2% of our total number of issued shares (excluding treasury shares, if any) at any point in time during the duration of the Proposed SGS for the Eligible Employees
RHB Bank or Company	:	RHB Bank Berhad
RHB Banking Group	:	For the purpose of the Proposed SGS means, collectively, our Company and our Subsidiaries (excluding subsidiaries which are dormant)
RHB Banking Group Member	:	Any corporation comprised in RHB Banking Group
RHB Bank Shares	:	Ordinary shares of our Company
RHB Investment Bank or Principal Adviser	:	RHB Investment Bank Berhad
RM	:	Ringgit Malaysia
Selected Employee	:	Eligible Employee to whom Offer is or is to be made
SGS	:	The RHB Banking Group Share Grant Scheme established under, and governed by the By-Laws
SGS Period	:	A period of nine years commencing from the Effective Date
Subsidiaries	:	For the purpose of the Proposed SGS, any subsidiary of our Company as defined in Section 4 of the Act, and shall include such subsidiaries which are existing as of the Effective Date and those subsequently acquired or incorporated at any time during the SGS Period, unless determined by our Board and/or our BNRC to fall outside the expression "Subsidiaries" pursuant to the By-Laws
Trust	:	The trust established to facilitate the implementation of the Proposed SGS (if required)
Trust Deed	:	The trust deed constituting the Trust
Trustee	:	The trustee for the time being to be appointed by our Company for the Proposed SGS

PRESENTATION OF INFORMATION

All references to “**you**” and “**your**” in this Circular are to the shareholders of our Company. References to “**we**”, “**us**”, “**our**” and “**ourselves**” are to our Company, and if the context otherwise requires, our Group.

Unless specifically referred to, words denoting the singular shall, if applicable, include the plural and vice versa and words denoting the masculine gender shall, if applicable, include the feminine and/or neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to the provisions of any statute, rules, regulation or rules of stock exchange shall (when the context admits) be construed as a reference to the provisions of such statute, rules, regulation or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statute, rules, regulation or rules of stock exchange for the time being in force.

Any reference to a time of day in this Circular shall be a reference to Malaysian local time and date, respectively, unless otherwise specified.

Certain amounts and percentage figures included herein have been subject to rounding adjustments.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due inquiry, which are nevertheless subject to known or unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that our Company’s and/or our Group’s plans and objectives will be achieved.

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RHB BANK BERHAD
(Registration No. 196501000373 (6171-M))
(Incorporated in Malaysia)

Registered office
Level 10, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Malaysia

12 April 2022

Board of Directors:

Tan Sri Ahmad Badri Mohd Zahir (*Non-Independent Non-Executive Chairman*)
Tan Sri Dr Rebecca Fatima Sta Maria (*Senior Independent Non-Executive Director*)
Tan Sri Ong Leong Huat @ Wong Joo Hwa (*Non-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*)
Dato' Mohamad Nasir Ab Latif (*Non-Independent Non-Executive Director*)
Donald Joshua Jaganathan (*Independent Non-Executive Director*)
Datuk Iain John Lo (*Independent Non-Executive Director*)
Mohd Rashid Mohamad (*Group Managing Director*) (effective on 1 April 2022)

To: Our shareholders

Dear Sirs/Madam,

PROPOSED SGS

1. INTRODUCTION

On 15 December 2021, RHB Investment Bank had, on behalf of our Board, announced that our Company proposes to establish and implement a share grant scheme of up to 2% of our total number of issued shares (excluding treasury shares, if any) at any point in time during the SGS Period for the Eligible Employees.

On 27 January 2022, RHB Investment Bank had, on behalf of our Board, announced that the approval obtained on 4 October 2016 from BNM (for an increase of up to 5% of our total number of issued shares arising from the issuance of new RHB Bank Shares under the previous proposed share grant scheme which was not implemented as per the announcement made by us on 21 December 2017) shall remain valid for the increase of up to 2% of our total number of issued shares arising from the issuance of new RHB Bank Shares under the Proposed SGS.

On 18 February 2022, RHB Investment Bank had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 17 February 2022, approved the listing of such new RHB Bank Shares representing up to 2% of our total number of issued shares to be issued pursuant to the Proposed SGS, subject to the conditions as set out in Section 7(i) of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED SGS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSED SGS TO BE TABLED AT OUR FORTHCOMING EGM.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED SGS TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED SGS

We intend to establish and implement the Proposed SGS to motivate employees, attract talents and retain key employees through the grant of RHB Bank Shares to be vested in Selected Employees for the attainment of identified performance objectives. The Proposed SGS is to be administered by our BNRC and governed under a set of By-Laws.

Under the Proposed SGS, the new RHB Bank Shares are to be awarded to the Selected Employees in tranches during the SGS Period, of which the RHB Bank Shares comprised in each tranche are to be vested to the Grantees after three years from the date of the Grant upon fulfillment of the vesting conditions by the Grantee. However, our BNRC may determine at any time other vesting period for each tranche pursuant to the By-Laws.

As at LPD, the maximum number of RHB Bank Shares to be allocated for each financial year has not been determined. Further, our BNRC may determine the vesting conditions at any time and from time to time and recommend the same to be approved by our Board. The vesting conditions to be considered by our BNRC would include our Group meeting our performance targets, the Grantee meeting his individual work performance rating, and the Grantee being still an employee of RHB Banking Group.

In implementing the Proposed SGS, our BNRC may at its discretion decide that the vesting of any RHB Bank Shares comprised in a Grant under the Proposed SGS for the Grantees be satisfied by any of the following methods:

- (i) allotment and issuance of new RHB Bank Shares to the Grantees;
- (ii) acquisition of existing RHB Bank Shares from the Main Market of Bursa Securities followed by the transfer of such RHB Bank Shares to the Grantees;
- (iii) transfer of RHB Bank Shares held in treasury to the Grantees;
- (iv) cash payment in lieu of (i), (ii) or (iii) above;
- (v) any other methods as may be permitted by the Act; or
- (vi) any combination of any of the above.

It is our intention to settle the Grant via issuance of new RHB Bank Shares. However, in considering the settlement mode of the Grant as described in (i) to (vi) above, our BNRC will take into consideration, amongst others, factors such as the prevailing market price of the RHB Bank Shares, the dilutive effects on our Company's share capital base, funding consideration and cash requirements of our Group and any applicable laws including any foreign laws, regulatory requirements and/or administrative constraints, if relevant, for which opinions from the relevant foreign advisers would be sought.

The cash payment in lieu of RHB Bank Shares (“**Alternative Settlement**”) is intended to provide flexibility to our Company if and when circumstances such as regulatory, legal or market constraints arise which may have the effect of preventing, delaying or restricting the ability of our Company to expediently settle the Grant via the issuance of new RHB Bank Shares. The Grantee who receives the Alternative Settlement will have the option to invest the equivalent cash amount of the vested RHB Bank Shares in RHB Bank Shares or any other alternative investments to meet their investment objective.

2.1 Maximum number of RHB Bank Shares available under the Proposed SGS

The maximum number of RHB Bank Shares which may be made available under the Proposed SGS shall be 2% of our total number of issued shares (excluding treasury shares, if any) at any point in time during the SGS Period (“**Maximum RHB Bank Shares Available**”).

If the total number of RHB Bank Shares made available under the Proposed SGS exceeds the Maximum RHB Bank Shares Available as a result of us:

- (i) purchasing our own shares or reducing our total number of issued shares; and/or
- (ii) undertaking any other corporate proposal resulting in the reduction of our total number of issued shares,

all Grants awarded before the said variation of our total number of issued shares shall remain valid and may be vested as if that purchase and/or reduction had not occurred. However, no additional Offer shall be made unless the total number of RHB Bank Shares and/or treasury shares which may be issued or transferred, as the case may be, under the Proposed SGS falls below the Maximum RHB Bank Shares Available.

In the case of transfer of treasury shares and/or existing RHB Bank Shares to the Grantees under the Proposed SGS, our BNRC will use all reasonable efforts to ensure that sufficient treasury shares and/or RHB Bank Shares are available to satisfy the Grants made during the SGS Period.

2.2 Basis of allocation and maximum allowable allotment

The total number of RHB Bank Shares that may be offered to a Selected Employee under the Proposed SGS by our Company at any time shall be at the absolute discretion of our BNRC after taking into consideration:

- (i) our Group’s performance;
- (ii) Selected Employees’ individual work performance and personal grade;
- (iii) Selected Employees’ contribution to the continued success of our Group;
- (iv) such other criteria as our BNRC may deem relevant, subject always to the By-Laws and any applicable laws; or
- (v) any combination of any of the above.

Notwithstanding the foregoing and subject to any applicable laws, not more than 10% of the Maximum RHB Bank Shares Available shall be allocated to any individual Selected Employee who, either singly or collectively through persons connected with the said Selected Employee, holds 20% or more of our total number of issued shares (excluding treasury shares, if any) (“**Maximum Limit For Selected Employees**”).

The maximum aggregate allocation of RHB Bank Shares to be offered to the Directors and senior management of our Company and any RHB Banking Group Member under the Proposed SGS shall be 40% of the Maximum RHB Bank Shares Available and subject to the Maximum Limit for Selected Employees. In arriving at this allocation, our Company considered the number of eligible Directors and senior management as well as their grades, position, seniority, length of service, performance and contribution to the RHB Banking Group. The allocation to such individuals is intended to incentivise them for their attainment of higher performance, commitment, dedication and loyalty.

The Directors and senior management of our Company and any RHB Banking Group Member shall not participate in any deliberation or discussion on their own respective allocations and/or allocations to persons connected to them under the Proposed SGS.

Our Company may, during the SGS Period, make one or more Offers to any Selected Employee, whom our BNRC may at its absolute discretion, decide. Subject to the above limit, each Offer made to any Selected Employee by our Company shall be separate and independent from any previous or later Offer made by our Company to that Selected Employee.

2.3 Eligibility

Any Eligible Employee in RHB Banking Group who meets the following criteria as at the Offer Date shall be eligible for consideration and selection as a Selected Employee by our BNRC:

- (i) has attained the age of 18 years and is not an undischarged bankrupt;
- (ii) has entered into a full-time or fixed-term contract of employment with, and is on the payroll of any company within RHB Banking Group and has not served a notice of resignation or received a notice of termination;
- (iii) is working in any company incorporated in Malaysia within RHB Banking Group or holds a Malaysian citizenship if he/she is working in any company incorporated overseas within RHB Banking Group;
- (iv) is an Executive Director or holds a senior management position in any company within RHB Banking Group or whose contribution is critical to the continued success of RHB Banking Group (if applicable); and
- (v) has fulfilled any other eligibility criteria which has been determined by our BNRC at its discretion from time to time, as the case may be.

Subject to applicable laws, our BNRC may vary or revise any of the eligibility criteria set forth in this section at any time and from time to time at its absolute discretion. The selection of any Selected Employee for participation in the Proposed SGS shall be determined at the sole discretion of our BNRC whose decision shall be final and binding.

Eligibility for consideration under the Proposed SGS does not confer an Eligible Employee with any right whatsoever under or to participate in the Proposed SGS unless our Company has made an Offer under the By-Laws and the Selected Employee has accepted the Offer following the terms of the Offer and the By-Laws.

2.4 Duration of the Proposed SGS

The Proposed SGS shall be in force for a period of nine years commencing from the Effective Date.

All invested RHB Bank Shares comprised in any Grant shall forthwith cease to be capable of vesting upon expiration of the Proposed SGS.

2.5 Ranking of the RHB Bank Shares

The new RHB Bank Shares to be allotted and issued to the Grantees pursuant to the Proposed SGS will be subject to the provisions of our Constitution and shall, upon allotment and issuance, rank equally in all respects with the existing RHB Bank Shares except that the new RHB Bank Shares shall not be entitled to any voting rights, dividends, rights, allotments, entitlements and/or any other distributions, that may be declared, made or paid, for which the record date precedes the date of allotment and issuance of the new RHB Bank Shares.

The existing RHB Bank Shares and/or treasury shares to be transferred to the Grantees pursuant to the Proposed SGS shall be transferred together with all voting rights, dividends, rights, allotments, entitlements and/or any other distributions that may be declared, made or paid, for which the record date is on or after the transfer date.

For the avoidance of doubt, 'record date' refers to the date as at the close of business on which shareholders must be registered as members of our Company to participate in any voting, dividend, right, allotment, entitlement and/or distribution.

For the avoidance of doubt:

- (i) treasury shares that are not transferred to the Grantees shall not be conferred any right to attend meeting, voting, dividends, allotments, entitlements and/or any other distributions whether cash or otherwise and any purported exercise of such rights is void; and
- (ii) any voting rights, dividends, rights, allotments, entitlements and/or any other distributions which are attributable to the RHB Bank Shares held by the Trustee but which are not transferred, vested or given to any Grantees shall accrue to the Trustee and be dealt with under the Trust Deed.

2.6 Listing and quotation of new RHB Bank Shares

The new RHB Bank Shares to be allotted and issued pursuant to the Proposed SGS will be listed and quoted on the Main Market of Bursa Securities.

2.7 Trust arrangement

For purposes of facilitating the implementation and administration of the Proposed SGS, our Company may, if required, establish a Trust to be administered by the Trustee. The Trustee shall administer the Trust based on Trust Deed to be executed between us and the Trustee. The Trustee will be entitled to accept funding and/or assistance, financial or otherwise from our Company, our subsidiaries and/or third party, to enable the Trustee to subscribe for new RHB Bank Shares, acquire existing RHB Bank Shares and/or receive treasury shares for the purpose of the Proposed SGS and to pay expenses in relation to the administration of trust. Our BNRC shall have the discretion to instruct the Trustee to subscribe for new RHB Bank Shares, acquire existing RHB Bank Shares, and/or receive treasury shares for the purpose of the Proposed SGS at any time and from time to time and also to revoke or suspend any such instruction that has earlier been given to the Trustee.

3. UTILISATION OF PROCEEDS

Our Company will not receive any proceeds as the Grantee will not be required to pay for the RHB Bank Shares and/or treasury shares to be allotted and issued and/or transferred to them. However, the Selected Employees are required to pay a nominal sum of RM1.00 as non-refundable consideration to our Company to accept the Offer.

4. RATIONALE AND JUSTIFICATION FOR THE PROPOSED SGS

The Proposed SGS is intended to:

- (i) reward Eligible Employees who have control and influence over key business decisions. The Eligible Employees may also include individuals who are deemed to have high potential;
- (ii) drive individual key performance indicator and at the same time motivate and bring employees together collaboratively to achieve RHB Banking Group's common goal and aspiration;
- (iii) attract talents and retain key employees that will be pertinent in driving RHB Banking Group's objectives;
- (iv) align interests of the Eligible Employees with the interest of the shareholders of our Company; and
- (v) ensure our Company's compensation mix is aligned with the industry and to enhance the competitiveness of our Company's total remuneration package.

Our Company currently has in place a cash deferred scheme ("**Cash Deferred Scheme**") which was established in the year 2019 for selected employees of our Company ("**Cash Deferred Scheme Employees**"). Under the Cash Deferred Scheme, the Cash Deferred Scheme Employees are entitled for a cash amount which we pay to them in tranches over a period of five years. Such cash amount payable is subject to the Cash Deferred Scheme Employees meeting the relevant performance targets as determined by us. Accordingly, any tranches of cash entitlement that are still pending fulfillment of performance targets by the relevant Cash Deferred Scheme Employees ("**Pending Cash Tranches**") may be converted to an equivalent value in RHB Bank Shares to be awarded to them under the Proposed SGS. This conversion will apply to Pending Cash Tranches that subsist following the first vesting of the Grant under the Proposed SGS. Further, the Cash Deferred Scheme Employees may be compensated through other variable payments for any potential losses that they may suffer arising from this conversion.

5. EFFECTS OF THE PROPOSED SGS

5.1 Issued share capital

The Proposed SGS will not have any immediate effect on our issued share capital. However, our issued share capital may increase progressively depending on the number of new RHB Bank Shares to be allotted and issued pursuant to the vesting of RHB Bank Shares comprised in the Grant under the Proposed SGS.

For illustrative purposes only, assuming the Maximum RHB Bank Shares Available are fully satisfied by the issuance of new RHB Bank Shares, the proforma effects of the Proposed SGS on our issued share capital are set out in the table below:

	No. of RHB Bank Shares	RM
Issued share capital of our Company as at the LPD	4,142,918,508	7,612,611,635
To be issued pursuant to the Proposed SGS	82,858,370	497,315,937 ⁽¹⁾
Enlarged issued share capital	4,225,776,878	8,109,927,572

Note:

- (1) Computed based on the 5-day volume weighted average market price of up to and including the LPD of RM6.002 per RHB Bank Share.

The actual number of new RHB Bank Shares to be issued may be less due to the following:

- (i) the Grantees would need to meet the vesting conditions to be entitled to RHB Bank Shares comprised in their Grant under the Proposed SGS;
- (ii) the unvested RHB Bank Shares comprised in any Grant cease to be capable of vesting;
- (iii) the Grants may be satisfied through the transfer of treasury shares and/or existing RHB Bank Shares purchased from the Main Market of Bursa Securities instead of via the issuance and allotment of new RHB Bank Shares; and/or
- (iv) our Company may pay the equivalent cash value of the Grant in satisfaction of the vesting of RHB Bank Shares comprised in the Grant under the Proposed SGS.

5.2 Substantial shareholders' shareholdings

The Proposed SGS will not have any immediate effect on the shareholdings of our substantial shareholders until such time as and when the new RHB Bank Shares are allotted and issued, pursuant to the vesting of RHB Bank Shares comprised in the Grant under the Proposed SGS. Any potential effect on the shareholdings of our substantial shareholders in the future would also depend upon the mode of settlement of the Grant at the date of vesting.

For illustrative purposes only, assuming the Maximum RHB Bank Shares Available are fully satisfied by the issuance of new RHB Bank Shares, and the persons connected with our substantial shareholders are not awarded the Grant under the Proposed SGS, the proforma effects of the Proposed SGS on the shareholdings of our substantial shareholders are set out in the table below:

	As at the LPD			After the Proposed SGS				
	Direct		Indirect	Direct		Indirect		
	No. of RHB Bank Shares	%	No. of RHB Bank Shares	%	No. of RHB Bank Shares	%		
Employees Provident Fund Board (“EPF”) ⁽¹⁾	1,751,972,821	42.29	-	-	1,751,972,821	41.46	-	-
OSK Holdings Berhad (“OSKH”)	421,715,757	10.18	-	-	421,715,757	9.98	-	-
Kumpulan Wang Persaraan (Diperbadankan)	196,912,810	4.75	41,307,905	1.00	196,912,810	4.66	41,307,905	0.98
Tan Sri Ong Leong Huat @ Wong Joo Hwa ⁽²⁾	-	-	421,715,757	10.18	-	-	421,715,757	9.98
OSK Equity Holdings Sdn Bhd ⁽²⁾	-	-	421,715,757	10.18	-	-	421,715,757	9.98
Puan Sri Khor Chai Moi ⁽²⁾	31,144	*	421,715,757	10.18	31,144	*	421,715,757	9.98

Notes:

* Negligible percentage.

(1) The interest of EPF is held through various fund managers.

(2) Deemed interested pursuant to Section 8(4) of the Act, by virtue of shares held through OSKH.

The dilution effect to our substantial shareholders' shareholdings illustrated above will be reduced to the extent the vesting of RHB Bank Shares comprised in the Grants under the Proposed SGS are satisfied through transfer of treasury shares and/or existing RHB Bank Shares and/or cash settlement to the Grantees. Additionally, the dilution effect to our substantial shareholders' shareholdings may also be lesser if some or all the unvested RHB Bank Shares comprised in any Grant cease to be capable of vesting.

5.3 NA, NA per RHB Bank Share and gearing

Save for the estimated expenses (including the MFRS 2 Cost) for the Proposed SGS, the Proposed SGS will not have any effect on our consolidated NA and gearing ratio if the Grant is satisfied by way of issuance of new RHB Bank Shares. The Proposed SGS will not have any immediate effect on our consolidated NA per RHB Bank Share until such time as and when the new RHB Bank Shares are allotted and issued pursuant to the vesting of RHB Bank Shares comprised in the Grant under the Proposed SGS. Any potential dilution on our consolidated NA per RHB Bank Share will depend on the number of new RHB Bank Shares to be issued under the Proposed SGS (excluding the effects of the future earnings contribution to our Group).

In the case of settlement by transfer of treasury shares and/or existing RHB Bank Shares and/or cash, the Proposed SGS will reduce our consolidated NA, our consolidated NA per RHB Bank Share and increase the gearing of our Group accordingly.

5.4 Earnings and EPS

Under the MFRS 2, the potential MFRS 2 Cost, after taking into account, among others, the price of RHB Bank Shares, will need to be measured at fair value on the date of the Grant and recognised as an expense in the consolidated statement of comprehensive income over the vesting period in which the employees rendered their services.

The extent of the effect of the Proposed SGS on our Group's earnings and EPS cannot be determined at this juncture as it depends on various factors that affect the fair value of the RHB Bank Shares as at the respective dates of the Grant and the settlement mode of the Grant (as described in Section 2 above).

Excluding the effects on the future earnings contribution to our Group and the estimated expenses (including the MFRS 2 Cost) for the Proposed SGS, and if the Grant is being satisfied via issuance of new RHB Bank Shares to the Grantee, the Proposed SGS will have a dilutive effect on our Group's EPS due to the increase in the number of RHB Bank Shares.

The estimated expenses in relation to the Proposed SGS (excluding MFRS 2 Cost) are approximately RM0.66 million, which will be paid by our Company through internally generated funds. The breakdown of the estimated expenses for the Proposed SGS is illustrated below:

Estimated expenses	RM'000
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	662

Note:

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

Our Board will take into consideration the potential impact of the MFRS 2 on our Group's future earnings when considering award of the Grant to the Eligible Employees.

5.5 Existing convertible securities

Our Company does not have any existing convertible securities as at the LPD.

6. HISTORICAL SHARE PRICES

The monthly highest and lowest closing prices of RHB Bank Shares as traded on the Main Market of Bursa Securities for the last 12 months before the date of this Circular are set out in the table below:

<u>Month</u>	<u>High</u>	<u>Low</u>
	<u>RM</u>	<u>RM</u>
<u>2021</u>		
April	5.40	5.21
May	5.37	5.11
June	5.48	5.30
July	5.41	5.10
August	5.59	5.16
September	5.52	5.30
October	5.89	5.30
November	5.40	5.26
December	5.42	5.24
<u>2022</u>		
January	5.89	5.40
February	5.90	5.57
March	6.02	5.57

Last transacted price of RHB Bank Shares on 14 December 2021, being the last Market Day prior to the announcement of the Proposed SGS on 15 December 2021

5.36

Last transacted price of RHB Bank Shares as at the LPD

5.77

(Source: Bloomberg)

7. APPROVALS REQUIRED

The Proposed SGS is subject to approvals being obtained from the following:

- (i) Bursa Securities, for the listing of such new RHB Bank Shares representing up to 2% of our total number of issued shares to be issued pursuant to the Proposed SGS, which was obtained vide its letter dated 17 February 2022, subject to, amongst others, the following conditions:
 - (a) RHB Investment Bank is required to submit a confirmation to Bursa Securities of full compliance of the Proposed SGS pursuant to Paragraph 6.43(1) of the Listing Requirements and to state the effective date of implementation together with a certified true copy of the resolution passed by you in our forthcoming EGM approving the Proposed SGS; and
 - (b) our Company is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the Proposed SGS as at the end of each quarter together with a detailed computation of listing fees payable;

- (ii) Bursa Depository for the transfer of treasury shares and/or the existing RHB Bank Shares to the Grantees pursuant to the Proposed SGS at any point in time during the SGS Period, if required;
- (iii) BNM for the increase in our issued share capital, which was obtained on 4 October 2016;
- (iii) your approval at our forthcoming EGM; and
- (iv) any other relevant authorities/parties, if required.

The Proposed SGS is not conditional or inter-conditional upon any other corporate exercise/scheme of our Company.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND PERSON CONNECTED

Save as disclosed below, none of the Directors, major shareholders, and/or chief executive of our Company and/or persons connected with them has any interest, direct and/or indirect, in the Proposed SGS.

Encik Mohd Rashid Mohamad, being the Group Managing Director and Group Chief Executive Officer of RHB Banking Group ("**Encik Mohd Rashid**") is eligible to be awarded the Grant under the Proposed SGS and he is therefore deemed interested in his proposed allocation under the Proposed SGS. As such, Encik Mohd Rashid:

- (i) has abstained and will continue to abstain from deliberating and voting for his entitlement under the Proposed SGS at the relevant Board meetings of our Company;
- (ii) will abstain from voting on his direct and/or indirect shareholdings in our Company (if any), on the resolution for his entitlement under the Proposed SGS to be tabled at our forthcoming EGM; and
- (iii) will ensure that persons connected with him (if any) will abstain from voting on their direct and indirect shareholdings in our Company (if any), on the resolution for his entitlement under the Proposed SGS to be tabled at our forthcoming EGM.

Further, Ms Eliza Ong Yin Suen, being the Regional Head, RHB Asset Management Group and Managing Director of RHB Asset Management Sdn Bhd (a wholly-owned subsidiary of RHB Investment Bank) ("**Ms Eliza**"), is the daughter of Tan Sri Ong Leong Huat @ Wong Joo Hwa ("**YBhg Tan Sri Ong**") and Puan Sri Khor Chai Moi ("**Puan Sri Khor**") and is eligible to be awarded the Grant under the Proposed SGS.

YBhg Tan Sri Ong is the Non-Independent Non-Executive Director of our Company and Puan Sri Khor is a shareholder of our Company and also spouse to YBhg Tan Sri Ong. Accordingly, YBhg Tan Sri Ong and Puan Sri Khor are deemed interested in the proposed allocations to Ms Eliza under the Proposed SGS. As such:

- (i) YBhg Tan Sri Ong has abstained and will continue to abstain from deliberating and voting for the entitlement of Ms Eliza under the Proposed SGS at the relevant Board meetings of our Company; and
- (ii) YBhg Tan Sri Ong and Puan Sri Khor will abstain from voting on their direct and/or indirect shareholdings in our Company, on the resolution for the entitlement of Ms Eliza under the Proposed SGS to be tabled at our forthcoming EGM.

OSKH, a major shareholder of our Company is connected to YBhg Tan Sri Ong, by virtue of YBhg Tan Sri Ong being the Executive Chairman as well as a major shareholder of OSKH, and Puan Sri Khor, by virtue of Puan Sri Khor being the major shareholder of OSKH. As such, OSKH is deemed interested in the Proposed SGS to the extent of the entitlement to Ms Eliza and will therefore abstain from voting on its direct and/or indirect shareholdings in our Company on the resolution for the entitlement of Ms Eliza under the Proposed SGS to be tabled at our forthcoming EGM. Further, YBhg Tan Sri Ong and Puan Sri Khor will ensure that persons connected with them (apart from OSKH, if any) will abstain from voting on their direct and indirect shareholdings in our Company (if any) on the resolution for the entitlement of Ms Eliza under the Proposed SGS to be tabled at our forthcoming EGM.

9. DIRECTORS' STATEMENT

After having considered the rationale and effect of the Proposed SGS, our Board (save for Encik Mohd Rashid who has abstained from expressing any opinion or recommendation relating to his entitlement under the Proposed SGS and YBhg Tan Sri Ong who has abstained from expressing any opinion or recommendation relating to the entitlement of Ms Eliza under the Proposed SGS):

- (i) is of the opinion that the Proposed SGS is in the best interest of our Company; and
- (ii) recommends that you vote in favour of the resolutions in relation to the Proposed SGS to be tabled at our forthcoming EGM.

10. CORPORATE EXERCISES/SCHEMES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed SGS and the corporate exercises/schemes disclosed below, there are no other corporate exercises/schemes which have been announced by our Company but pending completion as at the LPD:

10.1 Proposed cessation of business operations of subsidiaries in Hong Kong

RHB Hong Kong Limited and its subsidiaries had on 5 December 2019 decided that they will commence to cease their business operations ("**Proposed Cessation**"). RHB Hong Kong Limited is a wholly-owned subsidiary of RHB Investment Bank, which in turn is our wholly-owned subsidiary.

Pursuant to the Proposed Cessation, RHB Hong Kong Limited and its subsidiaries will gradually discontinue offering financial services to its existing and potential clients. RHB Investment Bank, being the shareholder of RHB Hong Kong Limited and its subsidiaries will provide the requisite support to ensure an orderly winding down of their business operations.

As at the LPD, the Proposed Cessation has not been completed.

10.2 Memorandum of understanding with Axiata Group Berhad

On 2 June 2021, we had announced that a memorandum of understanding ("**MoU**") has been entered by us with Axiata Group Berhad ("**Axiata**") to jointly explore the following potential strategic collaboration opportunities:

- (i) to enhance our joint customer ecosystems offering bundled digital solutions;
- (ii) to jointly apply to BNM for a digital banking license; and
- (iii) to jointly explore other potential opportunities deemed suitable.

The term of the MoU shall be for a period of two years from its commencement date on 2 June 2021 and may be extended on terms to be mutually agreed by parties.

Following the signing of the MoU, we had on the same day entered into a heads of agreement with Boost Holdings Sdn Bhd, a 75.36% subsidiary of Axiata for the purpose of regulating the terms for joint application to BNM for a digital banking license. The joint application for the digital bank license was submitted to BNM on 30 June 2021.

As at the LPD, there is no material development with regards to the MoU with Axiata since its signing on 2 June 2021.

10.3 Proposed application of Dividend Reinvestment Plan (“DRP”)

On 25 May 2021, our shareholders had at our 55th AGM approved amongst others, the establishment of a DRP which provides our shareholders with an option to elect to reinvest, in whole or in part, their cash dividend declared by our Company into new RHB Bank Shares to be issued pursuant to the DRP.

On 28 February 2022, our Board had announced the proposed single-tier final dividend of RM0.25 per RHB Bank Share for the financial year ended 31 December 2021 (“**Final Dividend**”). In that announcement, our Board had also announced that our shareholders shall be given an option to elect to reinvest a portion of the Final Dividend into new RHB Bank Shares with the remaining portion of the Final Dividend to be paid in cash.

As at the LPD, the proposed application of DRP for the Final Dividend has yet to be completed, and the following approvals are still pending:

- (i) your approvals for the Final Dividend and renewal of authority for us to allot and issue the new RHB Bank Shares to be issued pursuant to the DRP (“**DRP Shares**”) which is to be sought at our 56th AGM; and
- (ii) Bursa Securities’ approval for the listing of such number of DRP. The listing application to seek such approval from Bursa Securities is expected to be submitted in the second quarter of 2022.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, our Company expects to implement the Proposed SGS by the second quarter of 2022.

12. EGM

Our forthcoming EGM, will be held on a virtual basis at the broadcast venue at Meeting Room 3, Level 16, Tower Three, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia on Wednesday, 27 April 2022 at 11.30 a.m. or immediately following the conclusion or adjournment (as the case may be) of our 56th AGM, which is scheduled to be held on the same day at 10.00 a.m., whichever is later to consider and, if thought fit, to pass the resolutions, with or without any modifications, to give effect to the Proposed SGS. The notice of our forthcoming EGM is enclosed together in this Circular.

You are encouraged to participate and vote remotely at our forthcoming EGM using the remote participation and electronic voting facilities. Please refer to the administrative details for the procedures to register, participate, and vote remotely at our forthcoming EGM. If you are unable to participate in our forthcoming EGM, you may appoint a proxy or proxies to participate and vote on your behalf. In such event, you should complete and deposit the Form of Proxy at the office of our share registrar, Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia or lodge electronically via “Boardroom Smart Investor Portal” at <https://investor.boardroomlimited.com/> not later than 48 hours before the time fixed for holding our forthcoming EGM or any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from participating and voting in our forthcoming EGM should you subsequently wish to do so.

13. FURTHER INFORMATION

You are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of our Board
RHB BANK BERHAD

TAN SRI AHMAD BADRI MOHD ZAHIR
Non-Independent Non-Executive Chairman

DRAFT BY-LAWS FOR THE PROPOSED SGS

RHB BANK BERHAD

**BY-LAWS GOVERNING
THE RHB BANK BERHAD SHARE GRANT SCHEME**

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DRAFT BY-LAWS FOR THE PROPOSED SGS

1. DEFINITIONS AND INTERPRETATION

1.1 In these By-Laws, except where the context otherwise requires, the following expressions shall have the following meanings:

- (a) **“Acquirer”** is as defined in By-Law 37.
- (b) **“Adviser”** means a corporate finance adviser that may act as a principal adviser under the SC’s Guidelines on Principal Advisers for corporate proposals (as amended from time to time).
- (c) **“Affected Employee”** is as defined in By-Law 19.
- (d) **“BNRC”** means the Board Nominating and Remuneration Committee of the Company comprising such persons as may be appointed and duly authorised by the Board to implement and administer the SGS following these By-Laws.
- (e) **“Board”** means the Board of Directors of the Company.
- (f) **“Bursa Depository”** means Bursa Malaysia Depository Sdn. Bhd.
- (g) **“Bursa Securities”** means Bursa Malaysia Securities Berhad.
- (h) **“By-Laws”** means these By-Laws governing the SGS.
- (i) **“CDS”** means the Central Depository System governed under Securities Industry (Central Depositories) Act, 1991.
- (j) **“CDS Account”** means the account established by Bursa Depository for a depositor for the recording of deposit and withdrawal of securities and for dealings in such securities by a depositor.
- (k) **“Companies Act”** means the Companies Act 2016.
- (l) **“Company”** means RHB Bank Berhad.
- (m) **“Director”** means a natural person who is a director for the time being of the Company or RHB Banking Group Member.
- (n) **“Effective Date”** means the date the SGS takes effect, being the date of full compliance with all relevant requirements of the Listing Requirements which will be determined by the BNRC more particularly set forth in By-Law 7.
- (o) **“Eligible Employee”** means (subject to By-Law 20.2) a person:
 - (i) who is an employee or Executive Director of RHB Banking Group; and
 - (ii) who has been determined to be eligible for participation in the SGS pursuant to By-Law 5.1.
- (p) **“Executive Director”** means a Director of a RHB Banking Group who is involved in the day-to-day management of RHB Banking Group.
- (q) **“Grant”** means an Offer which has been accepted by a Selected Employee.
- (r) **“Grantee”** means a Selected Employee who has duly accepted an Offer made under these By-Laws.
- (s) **“Grant Date”** means the date of a Grant.

DRAFT BY-LAWS FOR THE PROPOSED SGS

- (t) **“Group”** means the Company, its subsidiaries and its associated companies.
- (u) **“Listing Requirements”** means the Main Market Listing Requirements of Bursa Securities.
- (v) **“Market Day”** means a day on which Bursa Securities is open for trading in securities.
- (w) **“Maximum Allowable Allocation”** means the aggregate maximum number of RHB Bank Shares that may be allocated to any one category/designation of Selected Employees pursuant to By-Law 4.
- (x) **“Maximum RHB Bank Shares Available”** is as defined in By-Law 3.1.
- (y) **“Offer”** means an offer made in writing by the Company to a Selected Employee.
- (z) **“Offer Date”** means the date on which an Offer is made or deemed made by the Company to a Selected Employee in accordance with By-Law 30.
- (aa) **“Offer Period”** means the period of 14 days from the Offer Date, or such other period as may be determined by the BNRC and specified in the Offer, during which an Offer may be accepted.
- (bb) **“Previous Company”** is as defined in By-Law 19.1.
- (cc) **“Proceedings”** is as defined in By-Law 12.1.
- (dd) **“Registrar”** is as defined in Section 2 of the Companies Act.
- (ee) **“RHB Banking Group”** for the purpose of the SGS means, collectively, the Company and its Subsidiaries (excluding subsidiaries which are dormant).
- (ff) **“RHB Banking Group Member”** means any corporation comprised in RHB Banking Group.
- (gg) **“RHB Bank Shares”** means ordinary shares of RM1.00 (Malaysian Ringgit one only) each in the Company.
- (hh) **“RM”** means Ringgit Malaysia.
- (ii) **“SC”** means Securities Commission Malaysia.
- (jj) **“Selected Employee”** means an Eligible Employee to whom Offer is or is to be made pursuant to By-Law 30.1.
- (kk) **“SGS”** means the RHB Banking Group Share Grant Scheme established under, and governed by these By-Laws.
- (ll) **“SGS Period”** means the duration of the SGS as set forth in By-Law 7.1.
- (mm) **“Subsidiaries”** means subsidiaries of the Company within the meaning of Section 4 of the Companies Act, and shall include such subsidiaries which are existing as of the Effective Date and those subsequently acquired or incorporated at any time during the SGS Period, unless determined by the Board and/or BNRC to fall outside the expression **“Subsidiaries”** pursuant to By-Law 17.1.
- (nn) **“Treasury Shares”** means RHB Bank Shares held in treasury by the Company.
- (oo) **“Trust”** means the trust established to facilitate the implementation of the SGS (as the case may be) pursuant to By-Law 9.

DRAFT BY-LAWS FOR THE PROPOSED SGS

- (pp) **“Trust Deed”** means the trust deed constituting the Trust.
 - (qq) **“Trustee”** means the trustee for the time being to be appointed by the Company for the SGS pursuant to By-Law 9 (as the case may be).
 - (rr) **“Unvested RHB Bank Shares”** means RHB Bank Shares comprised in a Grant which have not vested in a Grantee.
 - (ss) **“Vesting Conditions”** means the conditions recommended by the BNRC and approved by the Board, and stipulated in the Offer for a Grant, which must be fulfilled by a Grantee for the vesting of the RHB Bank Shares stipulated in such Offer as described in By-Law 33.1.
 - (tt) **“Vesting Period”** means the period for the vesting of the RHB Bank Shares under a Grant.
 - (uu) **“Vesting Date”** means the date on which the RHB Bank Shares pursuant to a Grant is vested in the Grantee.
- 1.2 In these By-Laws, unless the context requires otherwise, words importing the singular number include the plural and vice versa and words importing the masculine, feminine or neuter gender shall include all genders.
- 1.3 The headings and sub-headings herein are inserted for convenience only and shall not affect the interpretation of these By-Laws. Any reference to a By-Law is a reference to the relevant By-Law of these By-Laws.
- 1.4 Any reference to a statute, statutory provisions, guidelines, regulations or rules includes a reference to that statute, statutory provision (and all statutory instruments or orders made pursuant to it), guidelines, regulations and rules, as from time to time amended, extended, re-enacted or consolidated.
- 1.5 Any liberty, power or discretion which may be exercised, or any decision or determination which may be made, under these By-Laws by:
- (a) the Board, may be exercised in the Board’s sole and absolute discretion; or
 - (b) the BNRC, may be exercised in the BNRC’s sole and absolute discretion, but subject always to the Board’s power to overrule any decision of the BNRC,
- and neither the Board nor the BNRC shall be under any obligation to give any reason for the same, except as may be required by the relevant regulatory authorities.
- 1.6 If an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day.

2. RATIONALE AND JUSTIFICATION FOR THE SGS

- 2.1 The SGS is established and governed by these By-Laws. The SGS is intended to:
- (a) reward Eligible Employees who have control and influence over key business decisions. The Eligible Employees may also include individuals who are deemed to have high potential;
 - (b) drive individual key performance indicator and at the same time motivate and bring employees together collaboratively to achieve RHB Banking Group’s common goal and aspiration;
 - (c) attract talents and retain key employees that will be pertinent in driving RHB Banking Group’s objectives;

DRAFT BY-LAWS FOR THE PROPOSED SGS

- (d) align interests of the Eligible Employees with the interest of the shareholders of the Company; and
- (e) ensure RHB Bank's compensation mix is aligned with the industry and to enhance the competitiveness of its total remuneration package.

RHB Bank currently has in place a cash deferred scheme ("**Cash Deferred Scheme**") which was established in the year 2019 for selected employees of RHB Bank ("**Cash Deferred Scheme Employees**"). Under the Cash Deferred Scheme, the Cash Deferred Scheme Employees are entitled for a cash amount which we pay to them in tranches over a period of five years. Such cash amount payable is subject to the Cash Deferred Scheme Employees meeting the relevant performance targets as determined by RHB Bank. Accordingly, any tranches of cash entitlement that are still pending fulfillment of performance targets by the relevant Cash Deferred Scheme Employees ("**Pending Cash Tranches**") may be converted to an equivalent value in RHB Bank Shares to be awarded to them under the Proposed SGS. This conversion will apply to Pending Cash Tranches that subsist following the first vesting of the Grant under the Proposed SGS. Further, the Cash Deferred Scheme Employees may be compensated through other variable payments for any potential losses that they may suffer arising from this conversion.

3. MAXIMUM NUMBER OF RHB BANK SHARES AVAILABLE UNDER THE SGS

- 3.1 Subject to By-Law 3.2, the maximum number of RHB Bank Shares which may be made available under the SGS shall be 2% of the total number of issued shares of the Company (excluding Treasury Shares, if any) at any point in time during the SGS Period ("**Maximum RHB Bank Shares Available**").
- 3.2 If the total number of RHB Bank Shares made available under the SGS exceeds the Maximum RHB Bank Shares Available as a result of the Company purchasing its own shares or reducing its total number of issued shares and/or undertakes any other corporate proposal resulting in the reduction of the total number of issued shares of RHB Bank, subject to any adjustment as may be required to the relevant numbers of RHB Bank Shares pursuant to By-Law 36, all Grants awarded before the said variation of the total number of issued shares of the Company shall remain valid and may be vested as if that purchase and/or reduction had not occurred. However, no additional Offer shall be made unless the total number of RHB Bank Shares which may be issued, as the case may be, under the SGS falls below the Maximum RHB Bank Shares Available.
- 3.3 In the case of transfer of Treasury Shares and/or existing RHB Bank Shares to the Grantees under the SGS, the BNRC will use all reasonable efforts to ensure that the Company and/or the Trustee have sufficient Treasury Shares and/or RHB Bank Shares, as the case may be, to satisfy the Grants made during the SGS Period.

4. MAXIMUM ALLOWABLE ALLOCATION AND THE BASIS OF ALLOCATION

- 4.1 Subject to By-Law 4.2, By-Law 4.3 and any adjustment which may be made under By-Law 36, the total number of RHB Bank Shares that may be offered to Selected Employees under the SGS at any time shall be at the absolute discretion of the BNRC after taking into consideration the Group's performance, Selected Employees' individual work performance and personal grade, Selected Employees' contribution to the continued success of the Group, such other criteria as the BNRC may deem relevant (subject always to the By-Laws and any applicable laws) or any combination of any of the above.
- 4.2 Notwithstanding the foregoing and subject to any applicable laws, the allocation to any individual Selected Employee who, either individually/singly or collectively through persons connected with the said Selected Employee, holds 20% or more of the total number of issued shares of the Company (excluding Treasury Shares, if any) shall not be more than 10% of the Maximum RHB Bank Shares Available ("**Maximum Limit For Selected Employees**").

DRAFT BY-LAWS FOR THE PROPOSED SGS

- 4.3 The maximum aggregate allocation of RHB Bank Shares to be offered to the Directors and senior management of the Company and any RHB Banking Group Member under the Proposed SGS shall be 40% of the Maximum RHB Bank Shares Available and subject to the Maximum Limit for Selected Employees. In arriving at the allocation for Directors and senior management of the Company, the Company had considered the number of eligible Directors and senior management as well as their grades, position, seniority, length of service, performance and contribution to the RHB Banking Group. The allocation to such individuals is intended to incentivise them for their attainment of higher performance, commitment, dedication and loyalty.
- 4.4 The Directors and senior management of the Company and RHB Banking Group Member shall not participate in any deliberation or discussion on the Offer and/or their own respective allocations and/or allocations to persons connected with them under the SGS.
- 4.5 The Company may, during the SGS Period, make one or more Offers to any Selected Employee, whom the BNRC may at its absolute discretion decide. Subject to the limits set out in By-Law 4.2 and By-Law 4.3, each Offer made to any Selected Employee by the Company shall be separate and independent from any previous or later Offer made by the Company to that Selected Employee.
- 4.6 Unless it is no longer a requirement under the Listing Requirements, the BNRC shall ensure that the allocation of RHB Bank Shares to Selected Employees is verified at the end of each financial year of the Company by the Company's Audit Committee, as being in compliance with criteria referred to in By-Law 4.1.

5. ELIGIBILITY

- 5.1 Subject to By-Law 20.2, any employee in RHB Banking Group (including Executive Directors) who meets the following criteria as at the Offer Date shall be eligible for consideration and selection as a Selected Employee by the BNRC:
- (a) has attained the age of 18 years and is not an undischarged bankrupt;
 - (b) has entered into a full-time or fixed-term contract of employment with, and is on the payroll of any company within RHB Banking Group and has not served a notice of resignation or received a notice of termination;
 - (c) is working in any company incorporated in Malaysia within RHB Banking Group or holds a Malaysian citizenship if he/she is working in any company incorporated overseas within RHB Banking Group;
 - (d) is an Executive Director or holds a senior management position in any company within RHB Banking Group or whose contribution is critical to the continued success of RHB Banking Group (if applicable); and
 - (e) has fulfilled any other eligibility criteria which has been determined by the BNRC at its discretion from time to time, as the case may be.

Subject to applicable laws, the BNRC may vary or revise any of the eligibility criteria set forth in this By-Law 5.1 at any time and from time to time, at its absolute discretion.

- 5.2 Eligibility for consideration under the SGS does not confer an Eligible Employee with any right whatsoever under or to participate in the SGS unless the Company has made an Offer under the By-Laws and the Selected Employee has accepted the Offer in accordance with the terms of the Offer and the By-Laws.
- 5.3 The selection of any Eligible Employee for participation in the SGS shall be determined at the sole discretion of the BNRC whose decision shall be final and binding.

DRAFT BY-LAWS FOR THE PROPOSED SGS

6. RETENTION PERIOD AND RESTRICTION OF TRANSFER

- 6.1 The RHB Bank Shares to be allocated to the Grantees pursuant to these By-Laws will not be subjected to any retention period.
- 6.2 The expression "retention period" referred to in By-Law 6.1 shall mean the period in which the RHB Bank Shares allotted and issued, or transferred, pursuant to the SGS must not be sold, transferred, assigned or otherwise disposed of, or dealt with, by the Grantee.

7. SGS PERIOD

- 7.1 The SGS shall take effect on the Effective Date and shall continue to be in force for a period of nine years thereafter ("**SGS Period**"), provided that the following conditions have been fulfilled:
- (a) the receipt of the approval from Bursa Securities for the listing and quotation of the new RHB Bank Shares to be issued pursuant to the SGS on the Main Market of Bursa Securities;
 - (b) the receipt of the approval from Bursa Depository for the transfer of Treasury Shares and/or the existing RHB Bank Shares to the Grantees pursuant to the SGS at any point in time during the SGS Period, if required;
 - (c) the approval of Bank Negara Malaysia for the increase in the issued shares of the Company pursuant to the SGS;
 - (d) the approval of the shareholders of the Company for the establishment of the SGS pursuant to these By-Laws and the issuance of new RHB Bank Shares thereunder having been obtained in a general meeting of the Company;
 - (e) the submission to Bursa Securities of a copy of the final By-Laws in accordance with Paragraph 6.42 of the Listing Requirements;
 - (f) the receipt of approval of any other relevant authorities, where applicable; and
 - (g) the fulfillment of all conditions attached to the approval referred to in By-Law 7.1(a), (b), and (c) only, if any.
- 7.2 Within five Market Days after the Effective Date, the Company shall, through the Adviser, submit this By-Laws together with a letter of compliance in respect with the approvals and/or conditions set forth in By-Law 7.1, which state the Effective Date together with a certified true copy of the relevant resolution passed by the shareholders of the Company in the general meeting approving the establishment of the SGS.
- 7.3 Upon expiry of the SGS Period:
- (a) all unaccepted Offers shall forthwith cease to be capable of acceptance; and
 - (b) (unless otherwise determined by the BNRC pursuant to By-Law 7.4) all Unvested RHB Bank Shares comprised in any Grant shall forthwith cease to be capable of vesting.
- 7.4 Notwithstanding anything to the contrary, on such reasonable period before the expiry of the SGS Period, for any Unvested RHB Bank Shares, the BNRC may in its absolute discretion, permit the vesting of all or part of Unvested RHB Bank Shares in the Grantees, subject to such terms and conditions as may be prescribed by the Board notwithstanding that:
- (a) the Vesting Date is not due or has not occurred;
 - (b) the Vesting Period has not commenced; and/or
 - (c) other terms or conditions set forth in the Grant have not been fulfilled/satisfied.

DRAFT BY-LAWS FOR THE PROPOSED SGS

8. TERMINATION OF THE SGS

- 8.1 Notwithstanding anything to the contrary in these By-Laws, but subject to any applicable law or Listing Requirements, the SGS may be terminated by the Company at any time before the expiry of the SGS Period by written notice to affected Grantees, provided that:
- (a) in the case of any unaccepted Offers, such Offers shall forthwith lapse and become null and void and any Unvested RHB Bank Share shall forthwith cease to be capable of vesting on the date specified in the notice;
 - (b) in the case of Unvested RHB Bank Shares, the Unvested RHB Bank Shares will cease to be capable of vesting unless the BNRC may in its absolute discretion, permit the vesting of all or part of Unvested RHB Bank Shares in the Grantees at any time before the termination date as determined by the BNRC subject to such terms and conditions as may be prescribed by the BNRC notwithstanding that:
 - (i) the Vesting Date is not due or has not occurred;
 - (ii) the Vesting Period has not commenced; and/or
 - (iii) other terms or conditions set forth in the Grant have not been fulfilled/satisfied.
- 8.2 Upon termination of the SGS, no further Offers shall be made by the Company and the Company shall immediately announce to Bursa Securities:
- (a) the effective date of termination;
 - (b) the total number of RHB Bank Shares vested under the SGS; and
 - (c) the reasons for termination.

9. TRUST

- 9.1 For purposes of facilitating the implementation and administration of the SGS, the Company may, if required, establish a Trust to be administered by the Trustee consisting of such trustee or its authorised nominee appointed by the Company from time to time. The Trustee will, to the extent permitted by law, be entitled from time to time to accept funding and/or assistance, financial or otherwise from the Company, its subsidiaries and/or third party, to enable the Trustee to subscribe for new RHB Bank Shares, acquire existing RHB Bank Shares and/or receive Treasury Shares for the purpose of the SGS and to pay expenses in relation to the administration of trust. The BNRC shall have the discretion to instruct the Trustee to subscribe for new RHB Bank Shares, acquire existing RHB Bank Shares and/or receive Treasury Shares for the purpose of the SGS at any time and from time to time and also to revoke or suspend any such instruction that has earlier been given to the Trustee.
- 9.2 The Trustee shall administer the Trust in accordance with the Trust Deed to be executed between the Trustee and the Company. For the purpose of administering the Trust, the Trustee shall do all such acts and things and enter into any transaction, agreements, deeds, documents or arrangements and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Trust, as the BNRC may in its discretion direct for the implementation and administration of the Trust.
- 9.3 The Company shall have the power from time to time to appoint or rescind the appointment of any Trustee as it deems fit in accordance with the provisions of the Trust Deed.

DRAFT BY-LAWS FOR THE PROPOSED SGS

10. RIGHTS ATTACHED TO THE RHB BANK SHARES

- 10.1 The new RHB Bank Shares to be allotted and issued to the Grantees pursuant to the SGS will be subject to the provisions of the Constitution of the Company and shall, upon allotment and issuance, rank equally in all respects with the existing RHB Bank Shares except that the new RHB Bank Shares shall not be entitled to any voting rights, dividends, rights, allotments, entitlements and/or any other distributions that may be declared, made or paid, for which the record date precedes the date of allotment and issuance of the new RHB Bank Shares.
- 10.2 The existing RHB Bank Shares and/or Treasury Shares to be transferred to the Grantee pursuant to the SGS shall be transferred together with all voting rights, dividends, rights, allotments, entitlements and/or any other distributions that may be declared, made or paid, for which the record date is on or after the transfer date.
- 10.3 For the avoidance of doubt, 'record date' in this By-Law refers to the date as at the close of business on which shareholders must be registered as members of the Company to participate in any voting, dividend, right, allotment, entitlement and/or distribution.
- 10.4 For the avoidance of doubt:
- (a) Treasury Shares that are not transferred to the Grantee shall not be conferred any right to attend meeting, voting, dividends, allotments, entitlements and/or any other distributions whether cash or otherwise and any purported exercise of such rights is void; and
 - (b) any voting rights, dividends, rights, allotments, entitlements and/or any other distributions which are attributable to the RHB Bank Shares held by the Trustee but which are not transferred, vested or given to any Grantees shall accrue to the Trustee and be dealt with in accordance with the Trust Deed.

11. ADMINISTRATION

- 11.1 The SGS shall be implemented and administered by the BNRC consisting of such persons appointed by the Board from time to time.
- 11.2 Subject to these By-Laws and express limitations imposed by the Board, the BNRC shall implement and administer the SGS in such manner as it shall in its discretion deem fit.
- 11.3 For the purpose of administering the SGS, the BNRC may do all such acts and things; enter into any transaction, agreement, deed, instrument, document or arrangement; make rules and regulations; and/or impose terms and conditions; relating to the administration of the SGS, as the BNRC may in its discretion deem fit, necessary and/or expedient for the implementation and administration of, and to give full effect to, the SGS.
- 11.4 The Board shall have power at any time and from time to time to:
- (a) approve, rescind and/or revoke the appointment of any member of the BNRC and appoint replacement members to the BNRC;
 - (b) make, issue and/or amend the terms of reference of the BNRC at any time and from time to time; and
 - (c) assume and/or exercise or execute any of the powers and authorities conferred upon the BNRC pursuant to these By-Laws.

DRAFT BY-LAWS FOR THE PROPOSED SGS

12. DISCIPLINARY PROCEEDINGS AND DEMOTION

- 12.1 If a Selected Employee is subjected to any internal investigations and/or disciplinary proceedings (collectively, “**Proceedings**”) (whether giving rise to a dismissal or termination of service, demotion to a lower category of employment, or any other action) after an Offer is made but before the acceptance thereof by such Selected Employee, the Offer is deemed withdrawn and shall no longer be capable of acceptance, unless otherwise decided by the BNRC who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the Proceedings brought against the Selected Employee.
- 12.2 If a Grantee is subjected to any Proceedings (whether giving rise to a dismissal or termination of service, demotion to a lower category of employment, or any other action) after the acceptance of an Offer, the right for the Grant shall be suspended pending the outcome of the Proceedings unless otherwise decided by the BNRC who may in doing so, impose such terms and conditions as it deems appropriate having regard to the nature of the Proceedings brought against the Grantee, provided that if:
- (a) the Grantee shall subsequently, within the duration of the SGS Period be found not guilty of the charges which gave rise to such Proceedings, the BNRC shall reinstate the rights of such Grantee for such Grant;
 - (b) the Grantee is found guilty resulting in the dismissal or termination of service, the Grant shall immediately lapse and become null and void and all Unvested RHB Bank Shares comprised in the Grant shall forthwith cease to be capable of vesting notwithstanding that such dismissal or termination of service may be subsequently challenged by the Grantee in any other forum;
 - (c) the Grantee is, within the duration of the SGS Period, found guilty of some or all of the charges but no dismissal or termination of service is recommended, the BNRC shall have the sole right to determine, at its absolute discretion, whether or not the RHB Bank Shares comprised in the Grant which are unvested at that time may continue to vest, and such determination may include (without limitation), reducing the number of Unvested RHB Bank Shares under such Grant, and/or imposing such additional terms and conditions as it deems appropriate for such Grant; and
 - (d) the Proceedings with regard to the Grantee are not able to be concluded within the duration of the SGS Period, the BNRC shall have the sole right to determine, at its absolute discretion, whether or not the RHB Bank Shares comprised in the Grant which are unvested at that time may continue to vest prior to the expiry of the SGS Period, and such determination may include (without limitation), reducing the number of Unvested RHB Bank Shares under such Grant, and/or imposing such additional terms and conditions as it deems appropriate for such Grant.
- 12.3 Nothing herein shall prevent the Company and/or the BNRC (but the Company and/or the BNRC is under no obligation) from making a fresh Offer and/or reinstating the right for the Grant if no further action is taken against the Grantee following the conclusion of the Proceedings, or if such Proceedings are withdrawn, provided that such Offer and/or reinstatement is made within the duration of the SGS Period. If the Company and/or the BNRC does not reinstate such right for the Grant before the expiry of the SGS Period, the Grant thereof shall automatically lapse and shall immediately become null and void and any Unvested RHB Bank Share shall forthwith cease to be capable of vesting in the Grantee, as the case may be.
- 12.4 For avoidance of doubt, if the Selected Employee is demoted to a lower personal grade for whatever reason,
- (a) after an Offer is made but before the acceptance by such Selected Employee, the Offer is deemed withdrawn and shall no longer be capable of being accepted. However, the Company shall not, in such situations, be prevented (but is under no obligation) from making a fresh Offer to such Selected Employee on new terms in its absolute discretion; or

DRAFT BY-LAWS FOR THE PROPOSED SGS

- (b) after the acceptance of an Offer, the numbers of RHB Bank Shares comprised in the Grant held by that Grantee which are unvested (as the case may be) at that time may be reduced by the BNRC in its discretion.

13. AMENDMENT, VARIATION AND/OR MODIFICATION TO THE SGS

- 13.1 Subject to By-Law 13.2 and compliance with the Listing Requirements, and the approval of any regulatory authority (if required), the BNRC may at any time and from time to time recommend to the Board, any addition, amendment, modification to and/or deletion of these By-Laws as it deems fit and the Board shall at any time and from time to time have the power by resolution to add to, amend, modify and/or delete all or any part of these By-Laws upon such recommendation provided that no such addition, amendment, modification and/or deletion shall be made which would adversely affect the rights attaching to any Grant.
- 13.2 The approval of the shareholders of the Company in a general meeting shall not be required for any addition, amendment and/or modification to and/or deletion of these By-Laws save and except for any addition, amendment, modification and/or deletion which will:
 - (a) prejudice any rights then accrued to any Grantee without the prior consent or sanction of that Grantee (as the case may be);
 - (b) increase the number of the RHB Bank Shares under the SGS beyond the Maximum RHB Bank Shares Available as set out in By-law 3 above;
 - (c) prejudice any rights of the shareholders of the Company without the prior approval of the Company's shareholders in a general meeting; or
 - (d) alter to the advantage of any Eligible Employee in respect of any matters which are required to be contained in the By-laws by virtue of Appendix 6E of the Listing Requirements, unless allowed otherwise by the provisions of the Listing Requirements.

14. LISTING AND QUOTATION OF THE RHB BANK SHARES

- 14.1 The new RHB Bank Shares to be allotted and issued pursuant to the SGS will be listed and quoted on the Main Market of Bursa Securities.

15. SGS NOT A TERM OF EMPLOYMENT

- 15.1 The SGS does not form part of, nor shall it in any way be construed as forming part of the terms and conditions of employment of any Eligible Employee, Selected Employee or Grantee. The SGS shall not confer or be construed to confer on any Eligible Employee, Selected Employee or Grantee any special right or privilege over his terms and conditions of employment, nor any right in addition to compensation or damages that he may be normally entitled to arising from the cessation of his employment.

16. NO COMPENSATION NOR LIABILITY

- 16.1 No Eligible Employee, Selected Employee or Grantee who ceases to hold office in or employment with any RHB Banking Group Member shall be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the SGS.
- 16.2 None of the Company, any RHB Banking Group Member, the Board, the BNRC and/or the Trustee shall be liable for any compensation, loss or damages of any claim, action or proceeding by any Eligible Employee, Selected Employee or Grantee or his legal or personal representatives whatsoever and howsoever arising from the suspension or termination of any right to the vesting of RHB Bank Shares pursuant to the Grant, or of such right ceasing to be valid pursuant to the provisions of these By-Laws.

DRAFT BY-LAWS FOR THE PROPOSED SGS

17. RHB BANKING GROUP MEMBERS

- 17.1 The Board and/or the BNRC may determine, in its absolute discretion that a subsidiary of the Company (including those incorporated or acquired subsequent to the Effective Date during the SGS Period) shall not fall within the expression "Subsidiaries" or "RHB Banking Group Members".

18. DIVESTMENT FROM RHB BANKING GROUP

- 18.1 If a Grantee who held office or was in the employment with a company which has ceased to be a RHB Banking Group Member as a result of a restructuring or divestment exercise or otherwise (other than a takeover or reconstruction as a result of a restructuring or divestment exercise or otherwise provided under these By-Laws), the BNRC may in its discretion permit the vesting of all or part of Unvested RHB Bank Shares to the Grantee at any time subject to such terms and conditions as may be prescribed by the BNRC notwithstanding that:

- (a) the Vesting Date is not due or has not occurred;
- (b) the Vesting Period has not commenced; and/or
- (c) other terms or conditions set forth in the Grant have not been fulfilled/satisfied.

19. ACQUISITION OF SUBSIDIARIES

- 19.1 Notwithstanding anything to the contrary, an employee who is in employment of a corporation which is not RHB Banking Group Member ("**Previous Company**") but subsequently becomes a RHB Banking Group Member as a result of an acquisition or other exercise involving the Company and/or any Subsidiary or being transferred to a corporation which is a RHB Banking Group Member subsequent to the acquisition, in the case of an employee of a Previous Company, such an employee ("**Affected Employee**"):

- (a) will be entitled to continue to exercise all such unexercised rights or options that were granted to him under the Previous Company's employee share scheme or employee share option scheme in accordance with the by-laws of that Previous Company's employee share scheme or employee share option scheme, but he shall not, upon that Previous Company becoming a RHB Banking Group Member, be eligible to participate for further rights or options under such Previous Company's employee share scheme or employee share option scheme unless permitted by the BNRC; and
- (b) may be eligible to participate in the SGS only for the remaining duration of the SGS Period (subject to the approval of the BNRC);

provided that, notwithstanding anything to the contrary, the number of RHB Bank Shares that may be offered to such Affected Employee under these By-Laws shall always be subject to the discretion of the BNRC.

20. TRANSFER TO ANOTHER CORPORATION THAT IS NOT A RHB BANKING GROUP MEMBER

- 20.1 Notwithstanding anything to the contrary, if a Grantee who was employed in a RHB Banking Group Member is subsequently transferred from such RHB Banking Group Member to another corporation which is not a RHB Banking Group Member, the BNRC shall have the discretion to decide whether the Grantee shall continue to be entitled to have a right in any Unvested RHB Bank Share upon the same terms and conditions as may be set forth in the Offer as if the Grantee is still in employment with RHB Banking Group Member.

- 20.2 Subject to these By-Laws and to any applicable laws, the BNRC shall have the discretion, at any time and from time to time, to extend the benefit of the SGS to any employee of any corporation which is not a RHB Banking Group Member, but which is a jointly-controlled entity of, or is associated with, RHB Banking Group, and deem such employee to be an Eligible Employee for the purpose of SGS, in the situation where such employee had at any time (whether before or after the Effective Date) been seconded from any RHB Banking Group Member to that company.

DRAFT BY-LAWS FOR THE PROPOSED SGS

21. INSPECTION OF THE AUDITED FINANCIAL STATEMENTS

- 21.1 All Grantees may inspect a copy of the latest audited financial statements of the Company at the Company's website.

22. COSTS, EXPENSES AND TAXES

- 22.1 All fees, costs, expenses and Trustee's fees (including but not limited to administrative and handling charges) incurred in relation to the allotment and issuance, or transfer of the RHB Bank Shares pursuant to a Grant upon the vesting of the RHB Bank Shares, shall be borne by the Company. All brokerage fees, commissions and such other incidental costs and stamp duties arising from the sale of RHB Bank Shares by a Grantee shall be borne solely by the Grantee.
- 22.2 Each Grantee shall be solely responsible for any and all taxes (including income tax) which may be levied on him arising out of or as a result of such allotment and issuance, or transfer of RHB Bank Shares to him under these By-Laws.

23. CONSTITUTION

- 23.1 Notwithstanding the terms and conditions contained in these By-Laws, if a situation of conflict should arise between these By-Laws and the constitution of the Company, the provisions of the constitution of the Company shall prevail at all times.

24. ERRORS AND OMISSIONS

- 24.1 If in consequence of an error or omission, the BNRC discovers or determines that:
- (a) an Eligible Employee who was selected by the BNRC as a Selected Employee has not been given the opportunity to participate in the SGS on any occasion;
 - (b) the number of Treasury Shares or existing RHB Bank Shares granted to any Grantee on any occasion is found to be incorrect; or
 - (c) the number of new RHB Bank Shares allotted and issued, or transferred to any Grantee on any occasion is found to be incorrect;

and such error or omission cannot be corrected within the relevant period specified in these By-Laws, the BNRC and/or the Trustee may do all such acts and things to rectify such error or omission and ensure that the Eligible Employee is given the opportunity to participate in the SGS, including (without limitation) arranging for the aggregate number of RHB Bank Shares to which such Grantee is correctly entitled to be credited into his CDS Account and/or the payment of cash to the Grantee in the case of settlement by way of cash (whichever is applicable as determined by the BNRC).

25. NOTICE

- 25.1 Any notice under the SGS required to be given to or served upon the BNRC and/or Trustee by an Eligible Employee, Selected Employee or a Grantee or any correspondence to be made between an Eligible Employee, Selected Employee or Grantee to the BNRC and/or Trustee shall be given or made in writing and sent to the registered office of the Company or such other office which the BNRC and/or Trustee may have stipulated for a particular purpose by hand (with acknowledgment of receipt) or registered letter.

DRAFT BY-LAWS FOR THE PROPOSED SGS

25.2 Unless otherwise provided in these By-Laws, any notice which under these By-Laws is required to be given to or served upon an Eligible Employee, Selected Employee or Grantee or any correspondence to be made with an Eligible Employee, Selected Employee or Grantee shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, facsimile transmission, registered post, courier, human resource electronic management system or e-mail addressed to the Eligible Employee, Selected Employee or Grantee at the place of employment or at the last facsimile number or address known to the Company as being his facsimile number or address. Any notice served by hand, facsimile, or courier as aforesaid shall be deemed to have been received at the time when such notice (if by hand or courier) is received and duly acknowledged, and if by facsimile is transmitted with a confirmed log print-out for the transmission indicating the date, time and transmission of all pages. Any notice served by registered post shall be deemed to have been received the third day after postage. Any notice served by any electronic management system or e-mail shall be deemed to have been received upon the said communication being sent.

25.3 Notwithstanding By-Law 25.2, where any notice is required to be given by the Company or the BNRC under these By-Laws in relation to matters which may affect all the Eligible Employees, Selected Employees or Grantees, as the case may be, the Company or BNRC may give notice through an announcement to all employees of RHB Banking Group Members to be made in such manner as deemed appropriate by the BNRC. Upon the making of such an announcement, the notice to be made under By-Law 25.2 shall be deemed to be sufficiently given, served or made to all affected Eligible Employees, Selected Employees or Grantees, as the case may be.

26. SEVERABILITY

26.1 If at any time any provision of these By-Laws is or becomes illegal, void or unenforceable in any respect, the same shall be ineffective to the extent of such illegality, voidness or unenforceability without invalidating the remainder thereof, and any such illegality, voidness or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation or provision herein contained.

27. DISCLAIMER OF LIABILITY

27.1 Notwithstanding any provisions contained herein and subject to the Companies Act, the BNRC, the Company and the Trustee shall not under any circumstance be liable for any cost, loss, expense and/or damage whatsoever incurred, arising and/or suffered by any Grantee in connection with any delay in allotting and issuing new RHB Bank Shares, or transferring of Treasury Shares and/or existing RHB Bank Shares, and/or applying for or procuring the listing or transfer of RHB Bank Shares on Bursa Securities, in accordance with these By-Laws for any reason whatsoever.

28. DECISION OF THE BNRC

28.1 Any decision and/or determination made by the BNRC under these By-Laws shall, in the absence of any manifest of error, be final and binding.

29. GOVERNING LAW

29.1 The SGS, these By-Laws, all Offers, all Grants made and granted, and all decisions and actions taken under the SGS shall be governed by and construed in accordance with Malaysian law. The Grantee, by accepting the Offer in accordance with these By-Laws, the terms of the SGS and the constitution of the Company, irrevocably submits to the exclusive jurisdiction of the Malaysian courts.

DRAFT BY-LAWS FOR THE PROPOSED SGS

30. OFFER UNDER THE SGS

- 30.1 Pursuant to the SGS, the Company may, at any time and from time to time during the SGS Period, make one or more Offers to Selected Employees to participate in the SGS. Each Offer made to any Selected Employee by the Company shall be separate and independent from any previous or later Offer made by the Company to that Selected Employee.
- 30.2 The Offer may be made upon such terms and conditions as the BNRC deems appropriate and the terms and conditions of each Offer may differ.
- 30.3 Subject to any adjustment which may be made under By-Law 36, the BNRC may, from time to time, at its absolute discretion determine the number of RHB Bank Shares to be comprised in an Offer made to a Selected Employee under the SGS, provided that the number of RHB Bank Shares shall not be less than 100 RHB Bank Shares, and shall always be in multiples of 100 RHB Bank Shares. If a Selected Employee is entitled to a number of RHB Bank Shares which is not in a multiple of 100 RHB Bank Shares, such entitlement shall be rounded to the nearest multiple of 100 RHB Bank Shares.
- 30.4 Subject to these By-Laws, the BNRC may at its discretion determine:
- (a) the number of RHB Bank Shares vested upon acceptance of the Offer to be made to a Selected Employee;
 - (b) the terms and conditions of the Offer to be made to a Selected Employee;
 - (c) the date on which an Offer is made to a Selected Employee;
 - (d) the Vesting Conditions to be recommended to the Board for approval;
 - (e) the number of RHB Bank Shares to be vested on the Vesting Date or Vesting Dates, as the case may be; and
 - (f) any other term or condition as the BNRC may from time to time deem appropriate.

31. ACCEPTANCE OF THE OFFER

- 31.1 The Offer must be accepted by the Selected Employee during the Offer Period in such form and manner as may be prescribed by the Company and/or the BNRC and must be accompanied by the details of the CDS Account number of the Selected Employee or his authorised nominee (as the case may be) and a payment to the Company of a sum of RM1.00 as non-refundable consideration for the Offer. The date of receipt by the Company of such form, completed in the manner prescribed by the Company and/or the BNRC, and such payment shall be the date of acceptance of the Offer by the Selected Employee.
- 31.2 Unless the BNRC otherwise decides, if the Selected Employee fails to accept the Offer in the manner prescribed within the Offer Period, such Offer shall automatically lapse and shall then be null and void and any Unvested RHB Bank Share shall forthwith cease to be capable of vesting and the Offer may be offered to other Selected Employees in accordance with these By-Laws provided that the BNRC shall not be precluded from making a fresh Offer to the Selected Employee who has not accepted the Offer previously.

32. VESTING

- 32.1 The RHB Bank Shares or such part thereof as may be specified in an Offer will only be vested in the relevant Grantee in accordance with the terms of his Grant:
- (a) during his employment with a RHB Banking Group Member (unless otherwise expressly provided under the By-Laws);

DRAFT BY-LAWS FOR THE PROPOSED SGS

- (b) in any number of times within the Vesting Period for that Grant as the BNRC may decide in its discretion and/or any other Vesting Conditions as approved by the Board, from time to time; and

not otherwise, on the Vesting Date or Vesting Dates, as the case may be, during the normal business hours of the Company on such days and/or during such periods as the BNRC may decide for the purposes of vesting of the RHB Bank Shares, provided that no RHB Bank Shares under a Grant shall vest beyond the expiry of the duration of the SGS Period. The RHB Bank Shares comprised in a Grant shall vest in multiples of and no less than 100 RHB Bank Shares.

- 32.2 Every notice of vesting must be in the form prescribed by the BNRC from time to time and will stipulate the number of RHB Bank Shares vested/which will be vested to the Grantee pursuant to the Grant. The Company shall within eight Market Days from the Vesting Date stipulated in the notice of vesting:

- (a) allot and issue, or transfer such number of RHB Bank Shares to the Grantee (subject to and in accordance with the provisions of the constitution of the Company and all applicable laws);
- (b) despatch notices of allotment to the Grantee accordingly (where applicable); and
- (c) make an application to Bursa Securities for the listing and quotation of the relevant number of RHB Bank Shares (where applicable).

- 32.3 The RHB Bank Shares to be issued and/or transferred pursuant to the vesting of a Grant under the SGS shall be credited directly into the CDS Account of the Grantee or his authorised nominee (as the case may be), and no physical share certificates will be issued and delivered to the Grantee or his authorised nominee (as the case may be). It is the obligation and responsibility of the Grantee to notify the Company of any change in his CDS Account number and any other relevant details.

- 32.4 If RHB Bank Shares under a Grant have not vested upon expiry of the Vesting Period or have not vested at all under the SGS for any reason whatsoever (including, without limitation, by reason of the BNRC determining that a Grant shall not vest at all), the Grant shall lapse and become null and void and any Unvested RHB Bank Share shall forthwith cease to be capable of vesting (unless extended at any time and from time to time by the BNRC in its discretion).

33. VESTING CONDITIONS

- 33.1 The RHB Bank Shares comprised in a Grant under the SGS shall vest only if the BNRC determines that such RHB Bank Shares are able to vest (and if so, determines the extent to which such RHB Bank Shares will vest) in accordance with such criteria as the BNRC may determine at any time and from time to time, as approved by the Board, and subject to such limits in numbers of RHB Bank Shares and times of vesting as may be determined by the BNRC. In this regard, the BNRC may (without prejudice to the generality of the foregoing) impose conditions precedents (including a condition that the Grantee is still an employee of RHB Banking Group during the Vesting Period) and such other vesting conditions as the BNRC deems fit for the vesting of any RHB Bank Shares comprised in a Grant.

- 33.2 The determination as to whether the Vesting Conditions have been fulfilled shall be made by the BNRC. If the BNRC determines that the Vesting Conditions are not fully satisfied, the BNRC may, at its discretion, adjust the number of RHB Bank Shares (if any) which may be vested in to the Grantee and/or to impose such other conditions as the BNRC deems fit for the vesting of the RHB Bank Shares in such Grantees.

- 33.3 Where the BNRC determined that the Vesting Conditions have been fulfilled pursuant to By-Law 33.2 (if the Vesting Conditions are not fully satisfied), the BNRC shall notify the Grantee of the number of RHB Bank Shares vested or which will be vested in him on the Vesting Date, as the case may be.

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33.4 If the Vesting Conditions are not met over the Vesting Period, the RHB Bank Shares will not be vested to the Grantee at the end of the Vesting Period.

34. SETTLEMENT

34.1 The BNRC shall have the absolute discretion to settle the vesting of the RHB Bank Shares either by way of an allotment and issuance of new RHB Bank Shares to the Grantee, transfer of the existing RHB Bank Shares acquired from the Main Market of Bursa Securities to the Grantee, transfer of Treasury Shares to the Grantee or both by allotment and issue, and transfer.

34.2 In the case where the vesting of a Grant is satisfied via a transfer of existing RHB Bank Shares and/or Treasury Shares by the Trustee, the Trustee shall administer the transfer of existing RHB Bank Shares and/or Treasury Shares in accordance with the Trust Deed.

34.3 In considering the settlement mode of the Grant, the BNRC will take into consideration, amongst others, factors such as the prevailing market price of the RHB Bank Shares, the dilutive effects on the Company's share capital base, funding consideration and cash requirements of RHB Banking Group and any applicable laws including any foreign laws, regulatory requirements and/or administrative constraints, if relevant. The BNRC shall have the discretion to settle the Grant wholly or partly, by way of cash payment in lieu of an allotment and issuance or transfer of RHB Bank Shares and/or Treasury Shares to a Grantee based on the aggregate Market Value (as defined below) of such RHB Bank Shares on the Vesting Date.

For the purpose of this By-Law 34.3, "**Market Value**" means in relation to a Share:

- (a) the value of the RHB Bank Shares with no entitlement to any discount, taking into account, among others, the volume-weighted average price of RHB Bank Shares for the five market days immediately before the Vesting Date; or
- (b) if the BNRC is of the opinion that the Market Value determined in accordance with (a) above is not representative of the value of a Share, such price as the BNRC may determine, and such determination is to be confirmed in writing by auditor or other adviser appointed by the Company (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

34.4 The cash payment in lieu of RHB Bank Shares as provided in By-Law 34.3 ("**Alternative Settlement**") is intended to provide flexibility to the Company if and when circumstances such as regulatory, legal or market constraints arise which may have the effect of preventing, delaying or restricting the ability of the Company to expediently settle the Grant via the issuance of new RHB Bank Shares. The Grantee who receives the Alternative Settlement will have the option to invest the equivalent cash amount of the vested RHB Bank Shares in RHB Bank Shares or any other alternative investments to meet their investment objective.

34.5 For avoidance of doubt, the vesting of the RHB Bank Shares to the Grantee would not require any payment to be made by the Grantee to the Company.

34.6 No Grantee shall have the right to or interest in the RHB Bank Shares granted to him unless and until the RHB Bank Shares are vested in him on and with effect from the date such RHB Bank Shares are credited into his CDS Account.

DRAFT BY-LAWS FOR THE PROPOSED SGS

35. TERMINATION OF OFFERS AND UNVESTED RHB BANK SHARES

35.1 Subject to By-Laws 35.2 and 35.3, any Offer made but not yet accepted shall forthwith lapse and be null and void and/or any Unvested RHB Bank Share for a Grantee shall cease to be capable of being vested in him, as the case may be, without any liability to or right to claim against the Company, any RHB Banking Group Member, the BNRC, the Trustee and/or the Board upon the occurrence of any one or more of the following events:

- (a) service of a notice to resign by the Selected Employee or Grantee, as the case may be;
- (b) service of a notice of termination or termination of employment of the Selected Employee or Grantee, as the case may be, with any RHB Banking Group Member by reason of misconduct or any other act or omission entitling such RHB Banking Group Member to terminate for cause; or
- (c) bankruptcy of the Selected Employee or Grantee, as the case may be.

35.2 If the termination or cessation of employment of the Selected Employee or Grantee with RHB Banking Group in any of the following circumstances:

- (a) retirement on attaining the retirement age under the RHB Banking Group's retirement policy;
- (b) retirement before attaining the normal retirement age;
- (c) by reason of ill-health, injury, physical or mental disability or mental disorder (on a case to case basis, subject to provision of evidence to the satisfaction of the BNRC);
- (d) redundancy or retrenchment, or cessation of service pursuant to the acceptance by the Selected Employee of a voluntary separation scheme offered by the relevant RHB Banking Group Member;
- (e) non-renewal of a fixed-term contract; or
- (f) any other circumstance which is acceptable to the BNRC in its sole and absolute discretion;

any Offer made but not yet accepted shall forthwith lapse and be null and void and/or any Unvested RHB Bank Share for that Grantee shall forthwith cease to be capable of vesting to that Grantee without any liability to or right to claim against the Company, any RHB Banking Group Member, the BNRC, the Trustee and/or the Board. Notwithstanding this, the BNRC may in its absolute discretion permit the vesting of all or part of Unvested RHB Bank Shares to the Grantee at any time before the date of cessation of employment, subject to such terms and conditions as may be prescribed by the BNRC notwithstanding that:

- (a) the Vesting Date is not due or has not occurred;
- (b) the Vesting Period has not commenced; and/or
- (c) other terms and conditions set forth in the Grant have not been fulfilled/ satisfied.

35.3 Where a Grantee retires and is immediately re-employed by the Company or by any RHB Banking Group Member, upon his re-employment, the BNRC may at its absolute discretion allow the Grantee to be vested with all or part of the Unvested RHB Bank Shares under such Offer made pursuant to By-Law 30 within such period as the BNRC may determine.

35.4 In the event of death of the Grantee before vesting of the RHB Bank Shares, such Grant shall automatically lapse and become null and void and any Unvested RHB Bank Share shall forthwith cease to be capable of vesting at the date of his death, unless otherwise decided by the BNRC.

DRAFT BY-LAWS FOR THE PROPOSED SGS

35.5 Subject to By-Laws 4 and 41, any Unvested RHB Bank Share that ceases to be capable of vesting to a Grantee pursuant to this By-Law 35 will continue to be available under the SGS.

36. ALTERATION OF SHARE CAPITAL AND ADJUSTMENTS

36.1 If the BNRC so decides (but not otherwise), if there is any alteration in the capital structure of the Company at any time during the SGS Period, whether by way of capitalisation of profits or reserves, rights issues, bonus issues, capital reduction (save for set off against accumulated losses and selective capital reduction), capital repayment, sub-division or consolidation of capital, or any other variation of capital or otherwise howsoever taking place, such corresponding alterations (if any) may be made to the SGS.

36.2 Alterations may be made in:

- (a) the number of unvested RHB Bank Shares comprised in a Grant; and/or
- (b) the method and/or manner in the vesting of the RHB Bank Shares comprised in a Grant.

36.3 The alterations set forth in By-Law 36.2 shall be in such a manner as to give the Selected Employee a fair and reasonable Grant entitlement, as certified in writing (other than for adjustments made pursuant to a bonus issue) by the external auditor or Adviser to the Company (acting as an expert and not as an arbitrator) as being in its opinion fair and reasonable and such certification shall be final and binding in all respects, provided that:

- (a) upon any adjustment being made pursuant to By-Law 36.2, the BNRC shall notify the Selected Employee (or his personal representatives, where applicable) in writing of the adjusted number of RHB Bank Shares comprised in the Grant; and
- (b) if there is a fraction of a share arising from the adjustments referred to in By-Law 36.2 would otherwise be required to be issued and/or transferred upon the vesting of RHB Bank Shares comprised in a Grant, the Selected Employee's entitlement shall be rounded down to the nearest whole number.

Unless otherwise determined by the BNRC, the adjustments pursuant to By-Law 36.2 shall be effective on the day immediately following the book closure date for the event giving rise to that adjustment.

36.4 Notwithstanding anything to the contrary, the provisions of this By-Law 36 shall not apply where the alteration in the capital structure of the Company arises from:

- (a) an issue of RHB Bank Shares pursuant to the Grant under the SGS;
- (b) an issue of securities as consideration or part consideration for an acquisition of any other securities, assets or business by the Company;
- (c) an issue of securities as a private placement and/or restricted issue;
- (d) a special issue of new RHB Bank Shares or other securities (including issuance of securities to Bumiputera inventors) by the Company required by any relevant authority which is effected to comply with the relevant policies of the Government of Malaysia or any applicable regulation or guidelines (whether having the force of law or not) made or approved by any relevant authority;
- (e) an issue of new RHB Bank Shares arising from the conversion of securities with a right of conversion into RHB Bank Shares including warrants and convertible loan stocks;

DRAFT BY-LAWS FOR THE PROPOSED SGS

- (f) an issue of new RHB Bank Shares (including those arising from a dividend reinvestment scheme which allows shareholders of the Company an option to elect to reinvest their cash dividend entitlements into new RHB Bank Shares) or securities convertible into shares or securities with rights to acquire or subscribe for new RHB Bank Shares in compliance with any regulations or guidelines (whether having the force of law or not) made by any relevant authority to comply with any government policy on equity participation in any industry;
- (g) an issue of new RHB Bank Shares (other than bonus or rights issues) where the aggregate issues of which in any one financial year do not exceed 10% (or such percentage imposed by the Government of Malaysia or any other relevant authorities as temporary reliefs and/or flexibilities granted to companies) of the Company's outstanding issued share capital pursuant to the provision of Section 75 and Section 76 of the Companies Act, as amended from time to time; and/or
- (h) a purchase by the Company of its own RHB Bank Shares of all or a portion of such RHB Bank Shares purchased pursuant to Section 127 of the Companies Act.

36.5 The provisions of this By-Law 36 shall also, where applicable, apply to a situation where the Offer has been made but has not been accepted by the Selected Employee or withdrawn by the Company.

37. TAKE-OVERS

37.1 If there is:

- (a) a take-over offer being made for the Company to acquire, by whatever mode, the whole of the issued share capital of the Company (or such part thereof not at the time owned by the person making the general offer ("**Acquirer**") or any persons acting in concert with the Acquirer); or
- (b) the Acquirer becoming entitled or bound to exercise the right of compulsory acquisition of RHB Bank Shares under the provisions of any statutes, rules and/or regulations applicable at that point of time and gives notice to the Company that it intends to exercise such right on a specific date; or
- (c) a selective capital reduction exercise for the Company to cancel all RHB Bank Shares which are not held by the Acquirer and persons acting in concert with the Acquirer,

the BNRC may to the extent permitted by law in its discretion permit the termination of the Grant whereby the Grant shall immediately lapse and become null and void and any Unvested RHB Bank Shares comprised in the Grant shall forthwith cease to be capable of vesting or permit the vesting of all or part of Unvested RHB Bank Shares to the Grantee or the Grantee's legal and personal representatives, as the case may be, at any time before the date on which such take over, compulsory acquisition or selective capital reduction exercise is completed, subject to such terms and conditions as may be prescribed by the BNRC notwithstanding that:

- (a) the Vesting Date is not due or has not occurred;
- (b) the Vesting Period has not commenced; and/or
- (c) other terms and conditions set forth in the Grant have not been fulfilled/satisfied

after which, all Grants shall lapse and become null and void and any Unvested RHB Bank Shares shall cease to be capable of vesting.

DRAFT BY-LAWS FOR THE PROPOSED SGS

38. SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, MERGER

38.1 If the approval from the court has been obtained for a compromise or arrangement between the Company and its members for the purposes of, or in connection with, a scheme of arrangement pursuant to Section 366 of the Companies Act or a reconstruction of the Company or its amalgamation with any other corporation pursuant to Section 370 of the Companies Act, the BNRC may permit the termination of the Grant whereby the Grant shall immediately lapse and become null and void and any Unvested RHB Bank Shares comprised in the Grant shall forthwith cease to be capable of vesting or permit the vesting of all or part of Unvested RHB Bank Shares to the Grantee or the Grantee's legal and personal representatives, as the case may be, at any time before the date of lodgment of the order from the court approving such scheme of arrangement or a reconstruction of the Company or its amalgamation with any other corporation with the Registrar, subject to such terms and conditions as may be prescribed by the BNRC notwithstanding that:

- (a) the Vesting Date is not due or has not occurred;
- (b) the Vesting Period has not commenced; and/or
- (c) other terms and conditions set forth in the Grant has not been fulfilled or satisfied

after which, all Grants shall lapse and become null and void and any Unvested RHB Bank Shares shall cease to be capable of vesting.

38.2 If the Company decides to merge with any other corporation, the BNRC may in its discretion, permit the termination of the Grant whereby the Grant shall immediately lapse and become null and void and any Unvested RHB Bank Shares comprised in the Grant shall forthwith cease to be capable of vesting or permit the vesting of all or part of Unvested RHB Bank Shares to the Grantee at any time before the date on which the merger is completed subject to such terms and conditions as may be prescribed by the BNRC notwithstanding that:

- (a) the Vesting Date is not due or has not occurred;
- (b) the Vesting Period has not commenced; and/or
- (c) other terms and conditions set forth in the Grant have been fulfilled/satisfied

after which, all Grants shall lapse and become null and void and any Unvested RHB Bank Shares shall cease to be capable of vesting.

39. NON-TRANSFERABILITY

39.1 The rights of a Grantee to the vesting of RHB Bank Shares shall not be assigned, transferred, encumbered or otherwise disposed of in any manner whatsoever unless otherwise expressly provided in these By-Laws.

40. MULTIPLE JURISDICTIONS

40.1 To facilitate the making of any Offer and/or Grant (and/or the benefit thereof) under the SGS, the BNRC may provide for specific terms to apply to Offers and/or Grants to Eligible Employees or Selected Employees who are employed by a RHB Banking Group Member in a particular jurisdiction, or who are nationals of any particular jurisdiction, that is outside Malaysia, as the BNRC may consider necessary or appropriate to accommodate differences in applicable law, tax policy or custom. The BNRC may approve such supplements or amendments, restatements or alternative versions of these By-Laws as it may consider necessary or appropriate for such purposes, without affecting the terms of these By-Laws that are in effect for any other purposes, and the secretary of the Company or any other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as these By-Laws. The terms of these By-Laws shall prevail if there is any inconsistency between such special terms, supplements, amendments, restatement or alternatives, with the terms of these By-Laws.

DRAFT BY-LAWS FOR THE PROPOSED SGS

41 LIQUIDATION OF THE COMPANY

41.1 If there is a liquidation or winding-up of the Company, all Unvested RHB Bank Shares under the respective Grants shall on the date of liquidation or winding-up immediately lapse and become null and void and any Unvested RHB Bank Shares shall cease to be capable of vesting without any claim whatsoever against the Company, that date being:

- (a) in the case of a voluntary winding-up, the earlier of:
 - (i) the date on which a provisional liquidator is appointed by the Company; or
 - (ii) the date on which the shareholders of the Company passed a resolution to voluntarily wind-up the Company; or
- (b) in the case of an involuntary winding-up, the date on which a petition for winding-up is served on the Company.

42 DELAY IN PERFORMANCE

42.1 The performance of any obligations provided herein may be delayed, prohibited or become impossible by reason of events beyond reasonable control of the Company or the BNRC.

43 SUBSEQUENT PLAN

43.1 Subject to the approvals of the relevant authorities, if any, and compliance with the requirements of the relevant authorities, the Company may establish more than one scheme provided always that the aggregate number of RHB Bank Shares available under all schemes including the SGS does not exceed 10% of the issued shares of the Company at any point of time during the SGS Period.

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been reviewed and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other material facts, the omission of which would make any statement in this Circular false or misleading.

2. CONSENT AND CONFLICT OF INTEREST

RHB Investment Bank, being our Principal Adviser for the Proposed SGS has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references in the form and context in which they appear.

RHB Investment Bank is our wholly-owned subsidiary and is deemed to be a related corporation. Our directors, namely Tan Sri Ong Leong Huat @ Wong Joo Hwa and Datuk Iain John Lo are also directors of RHB Investment Bank. Nevertheless, both directors are not involved in the day-to-day operations of our Company and RHB Investment Bank due to their roles as the non-executive directors in both of the companies.

Notwithstanding the above and as at the LPD, RHB Investment Bank is of the view that no conflict of interest exists or is likely to exist in its capacity as our Principal Adviser in relation to the Proposed SGS on the basis that:

- (i) RHB Investment Bank is a licensed investment bank and its appointment as the Principal Adviser for the Proposed SGS is in the ordinary course of its business. RHB Investment Bank does not have any interest in the Proposed SGS other than as the Principal Adviser based on the terms of engagement which are mutually agreed between both parties. Further, RHB Investment Bank does not receive or derive any financial interest or benefit save for the professional fees received in relation to its appointment as the Principal Adviser for the Proposed SGS;
- (ii) the conduct of our Group's business is regulated by the Financial Services Act, 2013, and the Capital Markets and Services Act, 2007 as well as our Group's own internal controls and checks which include, segregation of reporting structures, in that our activities are monitored and reviewed by independent parties and committees;
- (iii) the corporate finance division of RHB Investment Bank is required under its investment banking license to comply with strict policies and guidelines issued by the Securities Commission Malaysia, Bursa Securities and BNM governing its advisory operations. These guidelines require, amongst others, the establishment of Chinese wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations; and
- (iv) a legal due diligence process pursuant to the Proposed SGS has been undertaken by professional and independent advisers.

Save for the above, RHB Investment Bank confirms that it is not aware of any other circumstances that exists or is likely to exist which would give rise to a possible conflict of interest situation in its capacity as our Principal Adviser for the Proposed SGS.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

Save as disclosed below, as at 31 December 2021, being the latest practicable date of which such amounts are publicly available before the printing of this Circular, our Board is not aware of any other material commitments or contingent liabilities incurred or known to be incurred by our Group, which may have a material impact on the financial position or business of our Group.

FURTHER INFORMATION

3.1 Commitments and contingencies

In the normal course of business, our Group makes various commitments and incurs certain contingent liabilities with legal recourse to our customers. Apart from the allowance for commitments and contingencies already made in our interim financial statements, no material losses are anticipated as a result of these transactions.

Our Group's commitments and contingencies comprise the following:

	As at 31 December 2021
	RM'000
Contingent liabilities	
Direct credit substitutes	1,394,350
Transaction-related contingent items	3,077,649
Short term self-liquidating trade-related contingencies	977,071
	<u>5,449,070</u>
Commitments	
Lending of banks' securities or the posting of securities as collateral by banks, including instances where these arise out of repo-style transactions, and commitment to buy-back Islamic securities under sell and buy back agreement transactions	5,424,754
Forward asset purchases, forward deposits, partly paid shares and securities which represent commitments with certain drawdowns	35,530
Irrevocable commitments to extend credit	
- Maturity less than one year	10,416,569
- Maturity more than one year	24,147,171
Any commitments that are unconditionally cancellable at any time by our Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	15,415,727
	<u>55,439,751</u>
Derivative financial instruments	
Foreign exchange related contracts*	
- Less than one year	46,065,953
- One year to less than five years	3,904,977
- More than five years	354,724
Commodity related contracts*	
- Less than one year	58,332
- One year to less than five years	244,110
- More than five years	100,051
Equity related contracts*	
- Less than one year	1,140,762
- One year to less than five years	4,286
Interest rate related contracts*	
- Less than one year	6,872,522
- One year to less than five years	31,697,379
- More than five years	6,445,228
	<u>96,888,324</u>
	<u>157,777,145</u>

FURTHER INFORMATION

Note:

- * These derivatives are revalued on gross position basis and the unrealised gains or losses have been reflected in the income statements and statements of financial position as derivative assets or derivative liabilities.

3.2 Capital commitments

As at 31 December 2021
RM'000

Authorised and contracted for property, plant and equipment

319,850

3.3 Guarantees issued by our Group

Our Group has given a continuing guarantee to Labuan Financial Services Authority to meet the liabilities and financial obligations and requirements of our subsidiary, RHB Bank (L) Ltd, arising from our offshore banking business in the Federal Territory of Labuan.

Our Group has also given a guarantee to the Bank of Thailand to provide support to meet any legal liabilities which may be incurred in respect of our operations in Thailand.

3.4 Contingent liabilities

As at 31 December 2021, our Group has contingent liabilities amounting to approximately RM73 million in respect of litigation¹. As the cases are still preliminary and the reliable exposure cannot be estimated, no provision is recognised in the financial statements.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, our Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of our Group and, to the best of our Board's knowledge and belief, our Board confirmed that there are no proceedings pending or threatened against our Group or any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of our Group.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for your inspection at our registered office at Level 10, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of our forthcoming EGM:

- (i) our Constitution;
- (ii) the audited financial statements of our Company for the financial years ended 31 December 2020 and 31 December 2021;
- (iii) the letter of consent from RHB Investment Bank referred to in Section 2 of Appendix II of this Circular; and
- (iv) the draft By-Laws, as set out in Appendix I of this Circular.

¹ The contingent liabilities amounting to approximately RM73 million are in respect of litigation suits which are not deemed material to our Group.



RHB BANK BERHAD

(Registration No. 196501000373 (6171-M))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of RHB Bank Berhad (“**RHB Bank**” or “**Company**”) will be held on a virtual basis at the broadcast venue at Meeting Room 3, Level 16, Tower Three, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia (“**Broadcast Venue**”) on Wednesday, 27 April 2022 at 11.30 a.m. or immediately following the conclusion or adjournment (as the case may be) of the 56th Annual General Meeting of RHB Bank, which is scheduled to be held on the same day at 10.00 a.m., whichever is later for the purpose of considering and if thought fit, passing with or without any modifications the following ordinary resolutions:

ORDINARY RESOLUTION 1

PROPOSED ESTABLISHMENT OF A SHARE GRANT SCHEME OF RHB BANK AND ITS SUBSIDIARIES OF UP TO 2% OF THE TOTAL NUMBER OF ISSUED SHARES OF RHB BANK (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME (“PROPOSED SGS”)

“**THAT** subject to the approvals of the relevant authorities and/or parties (where applicable) being obtained and to the extent permitted by law and the Constitution of RHB Bank, approval be and is hereby given to the Board of Directors of RHB Bank (“**Board**”) to:

- (i) establish and implement the Proposed SGS which comprises a share grant scheme of up to 2% of the total number of issued shares of RHB Bank (excluding treasury shares, if any) at any point in time during the duration of the Proposed SGS (“**SGS Period**”) for employees and Executive Directors of RHB Bank and its subsidiaries (excluding subsidiaries which are dormant) (“**RHB Banking Group**”), who fulfill the eligibility criteria for participation in the Proposed SGS (“**Eligible Employees**”) and who are selected to be offered a grant (“**Selected Employees**”) in accordance with the provisions of the by-laws governing the Proposed SGS (“**By-Laws**”), a draft of which is set out in Appendix I of the circular to shareholders of RHB Bank in relation to the Proposed SGS dated 12 April 2022 (“**Circular**”) and that the Proposed SGS shall be administered by the Board Nominating and Remuneration Committee of RHB Bank (“**BNRC**”) comprising such persons as may be appointed from time to time and duly authorised by the Board;
- (ii) allot and issue such number of new ordinary shares of RHB Bank (“**RHB Bank Shares**”) and/or transfer existing RHB Bank Shares and/or transfer treasury shares of RHB Bank (if applicable) and/or making cash payment, from time to time and at any time during the SGS Period, to the Selected Employees who have accepted the grants (“**Grants**”) and fulfilled the relevant vesting conditions under the Proposed SGS, in accordance with the By-Laws:
 - (a) provided that the total number of RHB Bank Shares which may be made available under the Proposed SGS shall be 2% of the total number of issued shares of RHB Bank (excluding treasury shares, if any) at any point in time during the SGS Period; and
 - (b) that such new RHB Bank Shares shall, upon allotment and issuance, rank equally in all respects with the existing RHB Bank Shares except that the new RHB Bank Shares shall not be entitled to any voting rights, dividends, rights, allotments, entitlements, and/or any other distributions, that may be declared, made or paid, for which the record date precedes the date of allotment and issuance of the new RHB Bank Shares;

- (iii) establish a trust (“**Trust**”) to be administered by the trustee to be appointed by the Company from time to time for the administration of the Trust (“**Trustee**”), in accordance with the terms of a trust deed to be executed between the Trustee and the Company, to facilitate the implementation of the Proposed SGS and be entitled from time to time to the extent permitted by law and as set out under the By-Laws to accept funding and/or assistance, financial or otherwise from the Company, the subsidiaries of the Company and/or third parties to enable the Trustee to subscribe for new RHB Bank Shares, acquire existing RHB Bank Shares and/or receive treasury shares for the purpose of the Proposed SGS and to pay expenses in relation to the administration of trust, if required;
- (iv) add, delete, modify and/or amend all or any part of the terms and conditions as set out in the By-Laws governing the Proposed SGS from time to time as may be permitted or deemed necessary by the Board or BNRC, provided that such additions, deletions, modifications, and/or amendments are effected in accordance with the provisions of the By-Laws; and
- (v) do all such acts and things and to execute all such documents and enter into all such transactions, arrangements, agreements, instruments, deeds and/or undertakings, to make all such rules or regulations, or to impose all such terms and conditions and/or delegate part of its power and to generally exercise such powers and perform such acts as may be necessary or expedient to give full effect to the Proposed SGS and the terms of the By-Laws;

AND THAT the Board be and is hereby authorised to give effect to the Proposed SGS with full power to assent to any conditions, modifications, variations and/or amendments in any manner as required by the relevant authorities or as the Board may deem necessary and expedient in order to implement, finalise and give full effect to the Proposed SGS;

AND THAT pursuant to Section 85 of the Companies Act, 2016 (“**Act**”) read together with Article 14(e)(i) of the Constitution of RHB Bank, approval be given to waive the statutory pre-emptive rights of the shareholders of RHB Bank to be offered new RHB Bank Shares ranking equally to the existing issued RHB Bank Shares arising from any issuance of new RHB Bank Shares to the Select Employees pursuant to the Proposed SGS;

AND THAT the proposed By-Laws of the Proposed SGS, as set out in Appendix I of the Circular, which is in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), be and is hereby approved and adopted.”

ORDINARY RESOLUTION 2

PROPOSED ALLOCATION TO ENCIK MOHD RASHID MOHAMAD, THE GROUP MANAGING DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER OF RHB BANKING GROUP

“**THAT** subject to the passing of Ordinary Resolution 1, the Board (save for Encik Mohd Rashid Mohamad) be and is hereby authorised at any time and from time to time during the SGS Period, to cause or procure the offering and the allocation to Encik Mohd Rashid Mohamad, being the Group Managing Director and Group Chief Executive Officer of RHB Banking Group, of up to a maximum of 2,613,400 RHB Bank Shares under the Proposed SGS as they shall deem fit, which will be vested to him at a future date, subject always to such terms and conditions of the By-Laws and provided that not more than 10% of the total number of RHB Bank Shares to be issued under the Proposed SGS shall be allocated to any individual Selected Employee who, either singly or collectively through persons connected with the said Selected Employee, holds 20% or more of the total number of issued shares of RHB Bank (excluding treasury shares, if any);

AND THAT pursuant to Section 85 of the Act read together with Article 14(e)(i) of the Constitution of RHB Bank, approval be given to waive the statutory pre-emptive rights of the shareholders of RHB Bank to be offered new RHB Bank Shares ranking equally to the existing issued RHB Bank Shares arising from any issuance of new RHB Bank Shares to Encik Mohd Rashid Mohamad pursuant to the Proposed SGS;

AND THAT the Board be and is hereby authorised to allot and issue new RHB Bank Shares and/or transfer such number of treasury shares and/or existing RHB Bank Shares pursuant to the Proposed SGS to him from time to time pursuant to the vesting of his Grant.”

ORDINARY RESOLUTION 3

PROPOSED ALLOCATION TO MS ELIZA ONG YIN SUEN, THE REGIONAL HEAD, RHB ASSET MANAGEMENT GROUP, THE MANAGING DIRECTOR OF RHB ASSET MANAGEMENT SDN BHD AND THE DAUGHTER OF YBHG TAN SRI ONG LEONG HUAT @ WONG JOO HWA (NON-INDEPENDENT NON-EXECUTIVE DIRECTOR OF RHB BANK)

“**THAT** subject to the passing of Ordinary Resolution 1, the Board (save for YBhg Tan Sri Ong Leong Huat @ Wong Joo Hwa (“**YBhg Tan Sri Ong**”)) be and is hereby authorised at any time and from time to time during the SGS Period, to cause or procure the offering and the allocation to Ms Eliza Ong Yin Suen being the Regional Head, RHB Asset Management Group and Managing Director of RHB Asset Management Sdn Bhd (a wholly-owned subsidiary of RHB Investment Bank Berhad, which in turn is a wholly-owned subsidiary of RHB Bank) and who is the daughter of YBhg Tan Sri Ong, of up to 590,000 RHB Bank Shares under the Proposed SGS as they shall deem fit, which will be vested to her at a future date, subject always to such terms and conditions of the By-Laws and provided that not more than 10% of the total number of RHB Bank Shares to be issued under the Proposed SGS shall be allocated to any individual Selected Employee who, either singly or collectively through persons connected with the said Selected Employee, holds 20% or more of the total number of issued shares of RHB Bank (excluding treasury shares, if any);

AND THAT pursuant to Section 85 of the Act read together with Article 14(e)(i) of the Constitution of RHB Bank, approval be given to waive the statutory pre-emptive rights of the shareholders of RHB Bank to be offered new RHB Bank Shares ranking equally to the existing issued RHB Bank Shares arising from any issuance of new RHB Bank Shares to Ms Eliza Ong Yin Suen pursuant to the Proposed SGS;

AND THAT the Board be and is hereby authorised to allot and issue new RHB Bank Shares and/or transfer such number of treasury shares and/or existing RHB Bank Shares pursuant to the Proposed SGS to her from time to time pursuant to the vesting of her Grant.”

BY ORDER OF THE BOARD

Azman Shah Md Yaman (LS 0006901) (SSM PC No.: 201908001628)
Hasnita Sulaiman (MAICSA No. 7060582) (SSM PC No.: 201908001631)
Company Secretaries

Kuala Lumpur
12 April 2022

Notes:

Virtual EGM

1. *The EGM of the Company will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting facilities which are available on the website of the share registrar of the Company, Boardroom Share Registrars Sdn Bhd, at Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com/>. Please follow the procedures provided in the Administrative Details for the EGM in order to register, participate and vote remotely.*
2. *The Broadcast Venue of the EGM is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the meeting to be present at the main venue of the meeting. The venue of the EGM is to inform members where the virtual EGM production and streaming would be conducted from. Member(s)/proxy(ies) from the public will not be allowed to be physically present at the meeting venue.*

Appointment of Proxy

1. *In respect of the deposited securities, only members whose names appear in the Record of Depositors on 20 April 2022 (General Meeting Record of Depositors) shall be entitled to participate and vote remotely at the forthcoming EGM using the remote participation and electronic voting facilities.*
2. *A member of the Company entitled to participate and vote remotely at the forthcoming EGM is entitled to appoint one or more proxies to participate and vote remotely in his/her place. A proxy may but need not be a member of the Company.*
3. *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.*
4. *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.*
5. *Where a member appoints two 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 proxy in respect of each securities account which is credited with ordinary shares of the Company.*
6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one 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.*
7. *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 Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia or lodged electronically via “Boardroom Smart Investor Portal” at <https://investor.boardroomlimited.com/> not later than 48 hours before the time fixed for holding the forthcoming EGM or any adjournment thereof.*

Explanatory Notes

Ordinary Resolutions 1, 2 and 3 – Proposed SGS, Proposed Allocation to Encik Mohd Rashid Mohamad and Proposed Allocation to Ms Eliza Ong Yin Suen

Pursuant to Section 85 of the Act read together with Article 14(e)(i) of our Constitution, our shareholders have a statutory pre-emptive right to be offered any new shares which rank equally to existing shares issued by our Company.

By you voting in favour of the proposed Ordinary Resolutions 1, 2 and 3, you will be waiving your statutory pre-emptive right and the proposed Ordinary Resolutions 1, 2 and 3 if passed, will exclude your statutory pre-emptive right to be offered any new shares to be issued by our Company pursuant to the Proposed SGS.

The details of the Proposed SGS are set out in the Circular to shareholders dated 12 April 2022 which is available on our Company's website at www.rhbgroup.com.

PROXY FORM



No. of Ordinary Shares held	CDS Account No.

Registration No. 196501000373 (6171-M)
(Incorporated in Malaysia under the then
Companies Ordinances, 1940 - 1946)

I/We _____ NRIC/Passport/Company No. _____
(Name in block letters)

of _____
(Full address)

being a member of **RHB BANK BERHAD** (“**RHB Bank**” or “**Company**”) hereby appoint:

Name _____ NRIC No. (Mandatory) _____
(Name in block letters)

of _____
(Full address, Email & Tel No.)

and/or*

Name _____ NRIC No. (Mandatory) _____
(Name in block letters)

of _____
(Full address, Email & Tel No.)

or failing him/her, the CHAIRMAN OF THE MEETING, as my/our* proxy to vote for me/us* and on my/our* behalf at the Extraordinary General Meeting (“**EGM**”) of the Company to be held on a virtual basis at the broadcast venue at Meeting Room 3, Level 16, Tower Three, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia (“**Broadcast Venue**”), on Wednesday, 27 April 2022 at 11.30 a.m. or immediately following the conclusion or adjournment (as the case may be) of the 56th Annual General Meeting of RHB Bank Berhad, which is scheduled to be held on the same day at 10.00 a.m., whichever is later.

The proportion of my/our* holding to be represented by my/our* proxies are as follows:-

First Proxy (1)	Second Proxy (2)
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My/Our proxy* is to vote as indicated below:

Resolutions		For	Against
Ordinary Resolution 1	Proposed establishment of a share grant scheme of RHB Bank and its subsidiaries of up to 2% of the total number of issued shares of RHB Bank (excluding treasury shares, if any) at any point in time.		
Ordinary Resolution 2	Proposed allocation to Encik Mohd Rashid Mohamad, the Group Managing Director and Group Chief Executive Officer of RHB Banking Group.		
Ordinary Resolution 3	Proposed allocation to Ms Eliza Ong Yin Suen, the Regional Head, RHB Asset Management Group, the Managing Director of RHB Asset Management Sdn Bhd and the daughter of YBhg Tan Sri Ong Leong Huat @ Wong Joo Hwa (Non-Independent Non-Executive Director of RHB Bank Berhad).		

(Please indicate with an “X” in the spaces provided above as to how you wish to cast your vote. If no specific directions as to voting are given, the proxy shall vote or abstain from voting at his/her full discretion)

Dated _____, 2022

Signature
(If shareholder is a corporation, this part
should be executed under its seal)

* Delete if not applicable



Notes:

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AFFIX
STAMP

The Share Registrar of **RHB BANK BERHAD**
BOARDROOM SHARE REGISTRARS SDN BHD
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor
Malaysia

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