

Rising together



To the Beat





of the Nation

This year, like no other, has been a year that truly impacted every single person within the community, some more than others. As the pandemic reshaped the very fabric of life and society as we knew it and tested our very purpose, RHB Banking Group responded with empathy and conviction. Being close to the pulse of the nation, we knew that our communities needed help, quickly. And that is exactly what we did. We mobilised our people across Malaysia and regionally, wherever we have a presence, to help those most affected by this unprecedented health and economic crisis.

We also extended assistance to our frontliners who worked tirelessly every single night and day to protect the rest of us, and we helped the most vulnerable members of society - the orphans, the disadvantaged and the less fortunate. We reached out to our customers, both individuals and business owners, to soften the blow on their disrupted livelihoods and supported our employees whose family members were impacted by the pandemic. It is our hope that the help we have given has made a difference in their lives and lightened their burden, if even for the briefest moment.





WHAT'S INSIDE THIS REPORT

STANDING TOGETHER WITH YOU

Our initiatives during the COVID-19 pandemic included:

- Payment assistance of RM16.5 billion to 180,984 individuals and RM4.9 billion to 1,732 SME customers as of end-March 2021.
- Total loan and financing facilities through relief funds amounting to RM2.62 billion to 4,216 SME customers.
- RM5.10 billion in rescheduling and restructuring assistance for corporate customers.
- The #JomSapot* campaign that has helped more than 5,600 local SME outlets drive their sales at no extra cost.
- Contributions of about RM3 million to various COVID-19 relief efforts in Malaysia, Cambodia, Laos and Thailand targeted at vulnerable and disadvantaged communities.
- Provision of about 20,000 packed meals to an estimated 2,000 medical frontliners from eight hospitals across Malaysia during the movement control order in March and April 2020.

The pandemic affected our business in different ways and in differing magnitudes. Descriptions of the effects and how we responded in the context of our specific businesses are presented throughout this Report.

* JomSapot is a unique campaign that leverages the power of social media to appeal to customers to support local businesses.

WE CONTINUED TO ENHANCE OUR SME ECOSYSTEMS

- Launched the first AI-powered SME financing mobile app in Malaysia that automates the customer onboarding process and enables remote interaction with Relationship Managers.
- Total SME e-Solutions customers grew by 83.4% from 6,000 in 2019 to more than 10,000 in 2020.
- Onboarded more than 23,000 new-to-bank SMEs. We now have more than 113,000 SMEs within our connected ecosystem.

STAFF WORKING THE AGILE WAY

2018:	130
2019:	2,000
2020:	4,000

Employee Engagement Score

of **92%**
(2019: 90%)

Key Business Highlights

CONTINUED DRIVE FOR INNOVATION

- RHB Motion Code Credit Card/i Cards-in-Force increased by over 100% year-on-year, outpacing industry spend by 22%.

ACHIEVING CUSTOMER EXCELLENCE

Customer Satisfaction NPS achievement:

+11

The Group has become Malaysia's 14th most valuable brand over the last two years, according to Brand Finance Malaysia 100.

2018:	18 th
2019:	14 th
2020:	14 th

SUSTAINABILITY

- RM3.1 billion extended as at December 2020 in support of green activities.
- **The Asset Triple A Islamic Finance Awards**
Best ASEAN Green SRI Sukuk
Pasukhas Green Assets'
RM17.0 million Green Sukuk
(Sole Principal Adviser, Sole Lead Arranger & Sole Lead Manager)

1ST IN MALAYSIA

- First bank to provide a real-time digital queue system for branches via mobile app, allowing customers to book their banking appointments ahead of time.

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REPORTING FRAMEWORK

RHB BANKING GROUP continues its journey into Integrated Reporting, following our first integrated report in 2019, guided by both local and international frameworks, guidelines and best practices.

Covering the period between 1 January 2020 and 31 December 2020, this Integrated Report presents balanced and comprehensive information in relation to financial performance and the progress of our strategic initiatives to our stakeholders. As we strive for long-term sustainable value creation, this Report also details non-financial performance in 2020, which incorporates our progress in the areas of Environmental, Social and Governance ("ESG"), further elaborated in our Sustainability Report. The Report also provides the Group's outlook for the short, medium and long term, so far as to enable our stakeholders to make better-informed investment decisions.

SCOPE AND BOUNDARIES

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

The scope of this Report covers only strategies, initiatives and activities in RHB Banking Group across ASEAN. We are constantly striving to improve our data collection to ensure better coverage and disclosures in the future and thus location-specific data is stated where applicable, while some information may only be limited to geographical sectors.

GUIDELINES AND STANDARDS

Throughout the preparation of this Report, we have been guided by best practices as prescribed by international integrated reporting frameworks. Locally, we have adhered to:

- Malaysian Code on Corporate Governance ("MCCG")
- Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Main Market Listing Requirements ("MMLR")
- Bursa Malaysia Sustainability Reporting Guide (2nd edition)
- Bursa Malaysia's Corporate Governance Guide
- Companies Act 2016
- Bank Negara Malaysia ("BNM") Policy Documents and Guidelines
- Malaysian Financial Reporting Standards
- International Financial Reporting Standards and other regulatory requirements as applicable

In the area of sustainability, we have developed our Sustainability Report in line with key sustainability guidelines and standards such as:

- Global Reporting Initiative ("GRI") Standards: Core Option
- Bursa Malaysia Sustainability Reporting Guide (2nd Edition)
- United Nations Sustainable Development Goals
- Recommendations by the Task Force on Climate-related Financial Disclosures ("TCFD")
- Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard

All information presented is as at 31 December 2020, unless otherwise stated.

FORWARD-LOOKING STATEMENTS

This Report contains certain forward-looking statements with respect to the business, operational, financial and non-financial performance of the Group based on the beliefs of the Group as well as assumptions made by Management and information available at that point in time. These statements can also be used to describe the Group's future objectives, strategies, plans and initiatives in the context of our business and sustainability efforts.

Forward-looking statements are typically identified by words or phrases such as 'expects', 'targets', 'intends', 'anticipates', 'believes', 'estimates', 'may', 'plans', 'projects', 'should', 'would' and 'will'. Such statements should not be construed as a guarantee of future operating or financial results considering the potential risks and uncertainties that can arise from unforeseen events beyond the Group's control. Readers are cautioned not to put undue reliance on forward-looking statements.

Factors that could cause actual results to differ materially from those in the forward-looking statements include global, national and regional economic conditions; interest rates; exchange rates; and credit or matters that have not been reviewed or reported on by the Group's auditors. Future results may also differ from what has been planned due to changes in direction by the Management or the Board of Directors.

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

Our Capitals:

NAVIGATION ICONS

F	Financial Capital	I	Intellectual Capital	S	Social and Relationship Capital	H	Human Capital	M	Manufactured Capital	N	Natural Capital
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OUR SUITE OF REPORTS

Our Integrated Report is supplemented by our full suite of online publications, which caters for the diverse needs of our broad stakeholder base as part of our comprehensive integrated reporting.

These can be accessed at
www.rhbgroup.com



Integrated Report

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



Financial Report

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



Sustainability Report

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

WHO WE ARE



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

Ranked among the top banks in Malaysia and with a significant presence in ASEAN, RHB has strong market leadership in Malaysia across targeted products and segments. With more than 14,000 employees Group-wide, RHB's presence also spans eight other countries in the ASEAN region.



CUSTOMER CONTACT CENTRE

Malaysia

Tel : +603 9206 8118

Email : customer.service@rhbgp.com

CORPORATE INFORMATION

COMPANY SECRETARIES

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(LS 0006901)

Hasnita Sulaiman
(MAICSA No. 7060582)

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Tel : +603 9287 8888
Fax : +603 9281 9314
Corporate Website : www.rhbgp.com

COMPANY REGISTRATION NO.

196501000373 (6171-M)

SHARE REGISTRAR

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Email : BSR.Helpdesk@boardroomlimited.com

AUDITORS

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Chartered Accountants
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Jalan Rakyat, Kuala Lumpur Sentral
P.O.Box 10192
50706 Kuala Lumpur
Tel : +603 2173 1188
Fax : +603 2173 1288

Our Strategic Pillars:

F Fund Our Journey

I Invest To Win

T Transform the Organisation

Our Reports:

IR Integrated Report

FR Financial Report

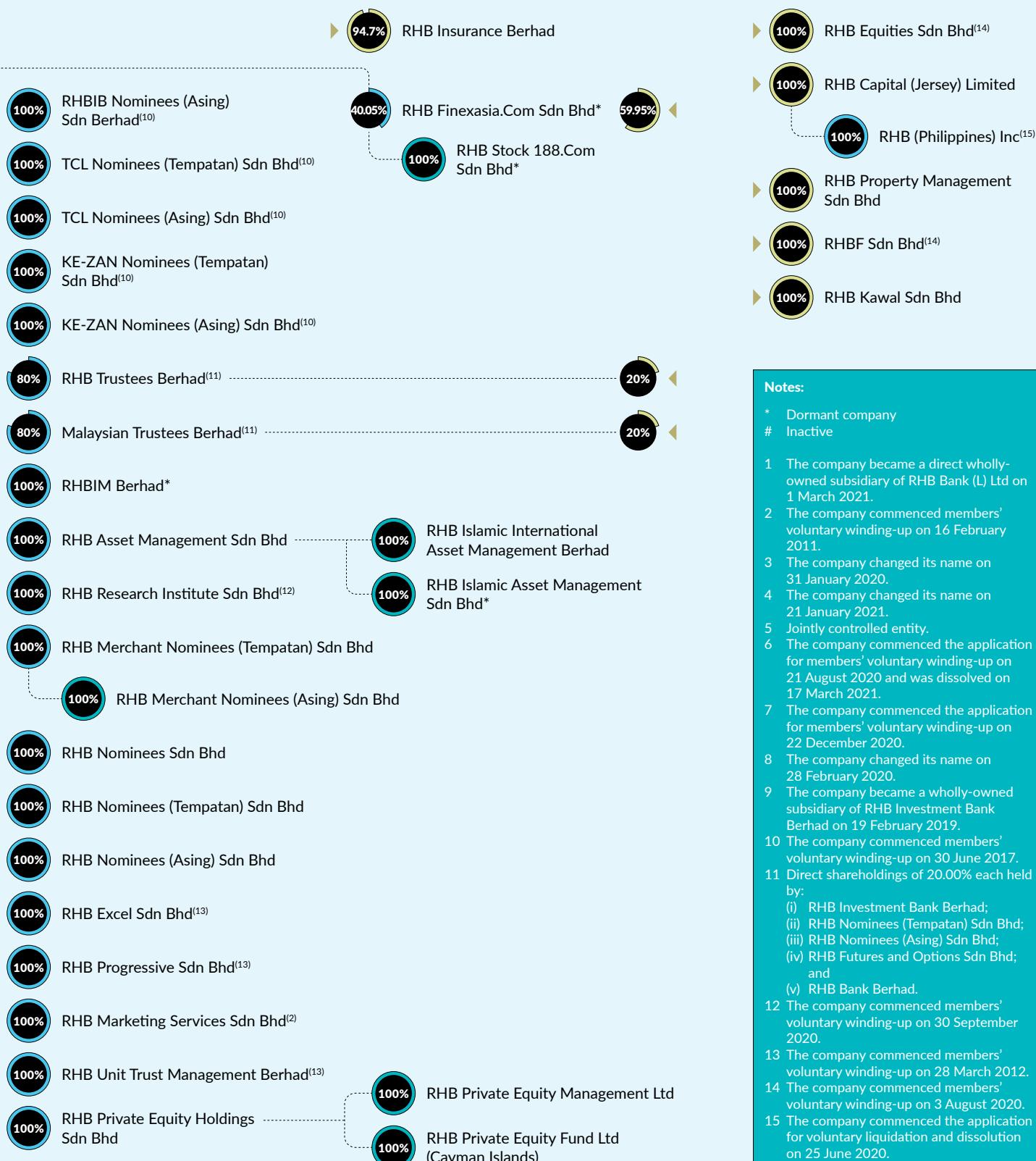
SR Sustainability Report

Others:

COVID-19

RHB Bank Berhad







*Together
We Progress*

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

Our strong heritage is the foundation of our commitment to continue serving the community. For more than 100 years, we have been helping people and businesses grow and succeed, and will continue to do so with pride.

Our experience gives us an in-depth understanding of the needs of our customers and partners, inspiring us to constantly innovate and improve to serve them better. With your continuous support, we have established ourselves with a strong footprint throughout Malaysia, with a presence in eight other countries across the ASEAN region.

Our legacy and pursuit of excellence continues as we tirelessly cultivate and nurture the next generation through our words and actions, preparing a brighter future ahead.

We thank you for believing in us and welcome everyone to join us on our exciting journey of progress as we move forward in unison, to realise our greater potential together. Our brand promise of Together We Progress honours our past, celebrates the present and welcomes the future.

GROUP RETAIL BANKING

Group Retail Banking ("GRB") provides conventional and Shariah-compliant consumer banking solutions. Our retail products and services include Wealth Management, Bancassurance, Mortgages, Auto Financing, ASB Financing, Personal Financing, Credit Cards, Payments and Deposits, which are offered through our branches and our digital platforms.

GROUP BUSINESS & TRANSACTION BANKING

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

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

GROUP WHOLESALE BANKING

Group Wholesale Banking comprises four core business segments, namely Group Investment Banking, Group Corporate Banking, Group Treasury and Global Markets and Asset Management, and provides comprehensive and coordinated services to our customers.

Investment Banking solutions include advisory services, Mergers and Acquisitions ("M&A") and capital markets fund raising, and corporate finance.

Corporate Banking solutions centre on financial structuring and various types of conventional and Shariah-compliant financing to support business expansion.

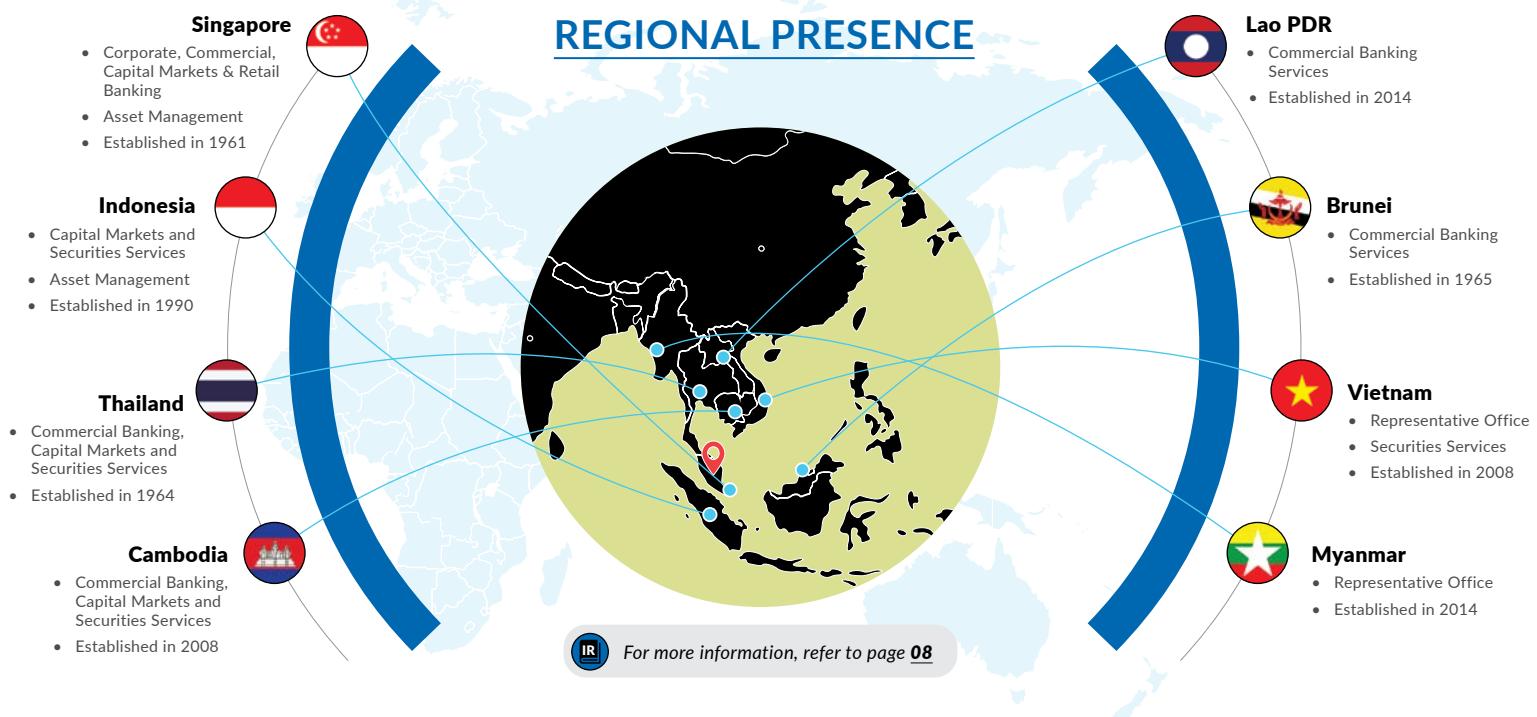
Asset Management offerings include the management of unit trust funds, investment management advisory, product development and trustee services.

Group Wholesale Banking also helps its customers boost performance with cash management services, treasury products and solutions, trust and security business solutions and cross-border transactions.

Finally, its forex trading platform and research capability enable our clients to make sound investment decisions.

* As at February 2021, Singapore operations has been integrated under Group International Business.

REGIONAL PRESENCE



Our Businesses

GROUP SHARIAH BUSINESS

RHB Islamic Bank is the Group's Islamic Banking arm, providing Shariah-compliant banking and financial services through four business units - Retail Banking, Corporate & Investment Banking, Business & Transaction Banking and Islamic Treasury. RHB Islamic also provides Shariah advisory for the Investment Banking Group on investment banking and asset management activities. We are ranked as the third-largest Islamic bank in Malaysia by financing assets with a market share of 10.0%.

GROUP INSURANCE

RHB Insurance provides general insurance for our retail and corporate customers. We are able to offer a comprehensive range of general insurance and other products for better protection and peace of mind. Customers have access to convenience of service and support from our network of 15 nationwide branches, over 700 Pos Malaysia branches and more than 2,230 authorised agent offices.

GROUP INTERNATIONAL BUSINESS

Group International Business comprises both our commercial banking and investment banking portfolios overseas. We have a strong presence through an established network of branches across Singapore, Cambodia, Thailand, Laos, Brunei, Indonesia and Vietnam. We also maintain representative office in Myanmar to offer liaison and advisory services for Malaysian companies seeking to conduct business in the country.

RHB SINGAPORE*

RHB Singapore was first established in 1961 and for more than half a century has been offering service excellence to its clients; helping individuals, SMEs and corporates fulfil their business objectives. Today, RHB Singapore provides financial services to customers through a network of seven branches around the island and is established as one of the Republic's most trusted financial institutions.

As a key regional contributor to the Group, we continue to build upon its strengths in Corporate, Commercial and Retail segments, at the same time aiming to be the catalyst bank for SMEs, advising both business and personal financial needs.

Our core businesses are streamlined into seven pillars, namely Retail Banking, Commercial Banking, Corporate and Investment Banking, Treasury, as well as Capital Markets, Brokerage and Asset Management businesses.

* As at February 2021, Singapore operations has been integrated under Group International Business.



OUR KEY REGIONAL PRESENCE

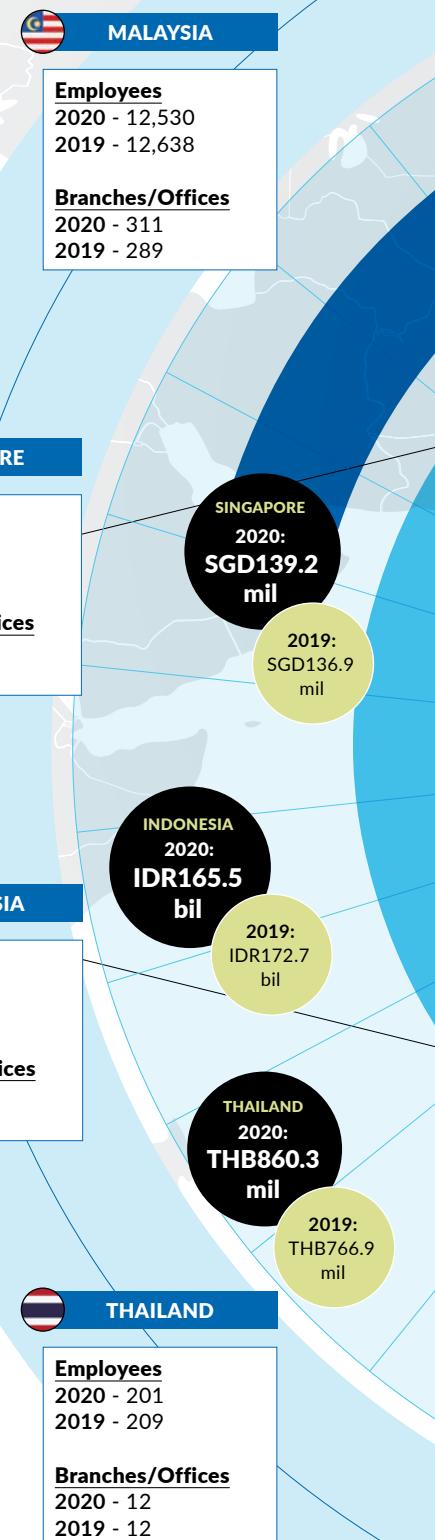
“ RHB’s regional footprint extends across nine countries in ASEAN, offering services including retail banking, commercial banking, corporate and investment banking and capital markets services. In all the countries where we have a presence, RHB prioritises customer service excellence above all as we provide financial services to businesses and communities.”

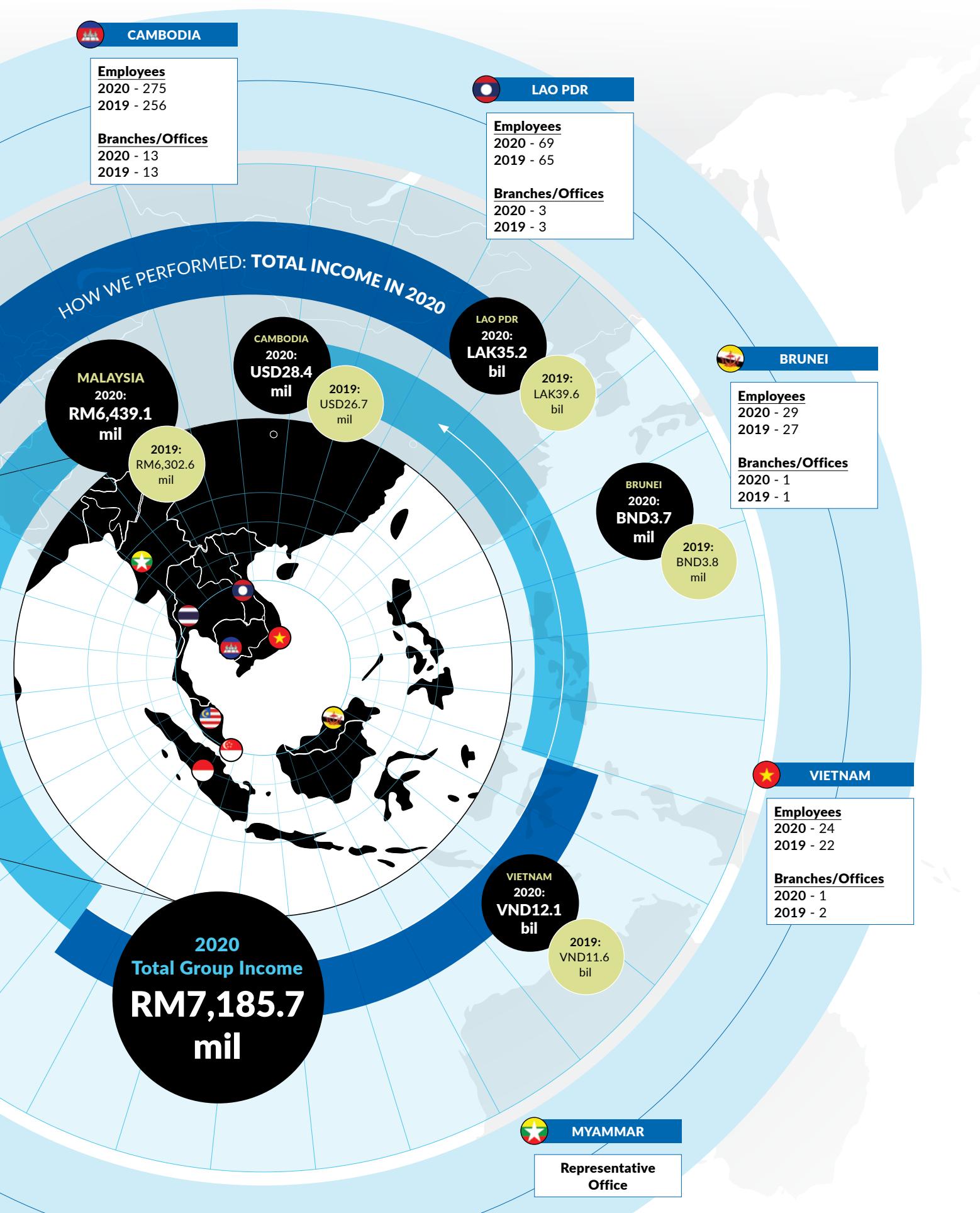
We employ more than
14,000 employees across
364 branches
 and offices in the region

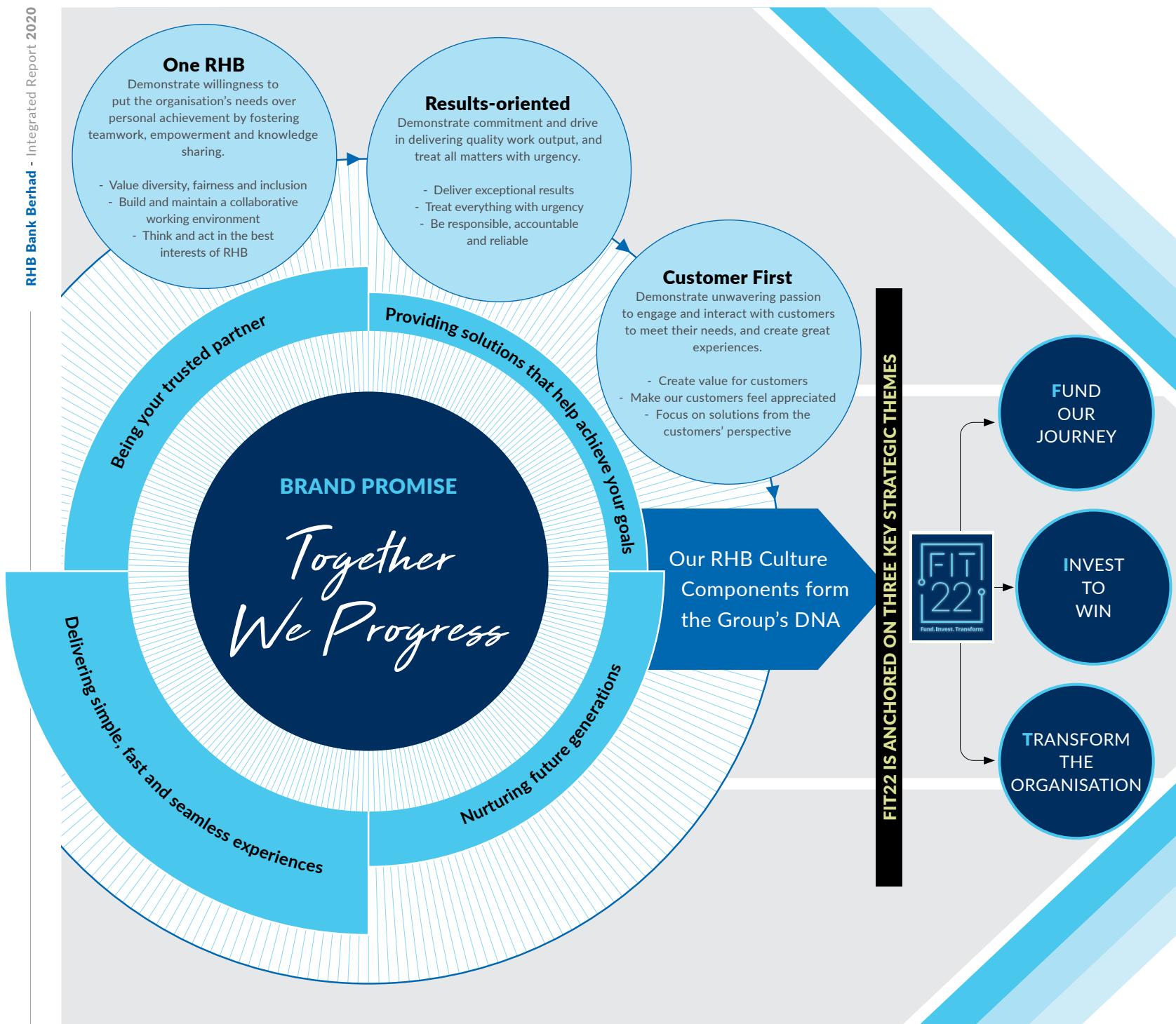


Scan the QR code for the details
on our [BRANCH NETWORK](#)

or log on to
<https://www.rhbgroup.com>





**OUR VALUES****PROFESSIONAL**

We are committed to maintaining a high level of proficiency, competency and reliability in all that we do.

RESPECT

We are courteous, humble and we show empathy to everyone through our actions and interactions.

INTTEGRITY

We are honest, ethical and we uphold a high standard of governance.

DYNAMIC

We are proactive, responsive and forward thinking.

EXCELLENCE

We will continuously achieve high standards of performance and service deliverables.

OUR MARKET POSITIONING IN 2020

CORPORATE LOANS

#3

ISLAMIC ASSET FINANCING

#3

MERGERS AND ACQUISITIONS

#3

EQUITY CAPITAL MARKETS

#5

DEBT CAPITAL MARKETS (MYR BONDS)

#3

SME FINANCING

#4

RETAIL LOANS

#5

RETAIL DEPOSITS

#5

HOW WE CREATE SUSTAINABLE VALUE

SUSTAINABILITY VISION: BUILDING A SUSTAINABLE FUTURE

Building a sustainable future for the Group and contributing to sustainable development through impactful actions centred around three thematic pillars. Each pillar and its respective focus area not only advances our sustainability journey, but also creates value across our six capitals and positively contributes to the United Nation Sustainable Development Goals ("UN SDGs").

SUSTAINABILITY FRAMEWORK

SUSTAINABLE & RESPONSIBLE BANKING

- ① Sustainable Financing
- ② Customer Centric Banking
- ③ Digitalisation

Key Capitals <IR>:



Primary SDGs:



EMBEDDING GOOD PRACTICES

- ④ Ethics & Governance
- ⑤ People & Workplace
- ⑥ Environmental Stewardship
- ⑦ Sustainable Procurement

Key Capitals <IR>:



Primary SDGs:



ENRICHING & EMPOWERING COMMUNITIES

- ⑧ Community Enrichment
- ⑨ Financial Education

Key Capitals <IR>:



Primary SDGs:



To reinvest in the Group
Retained Profit

26%

Depreciation,
Amortisation &
Written-off

5%

To employees:
Personnel Costs

41%

To the Government:
Taxation

13%

To providers of capital:
Cash dividend

15%

RISING TOGETHER IN OVERCOMING CHALLENGES

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the Group's Integrated Report 2020 ("IR"), and to share with our shareholders and all other stakeholders our journey and progress thus far.

The year 2020 was like no other. The upheaval brought about by the pandemic was unprecedented, affecting businesses and the livelihoods of communities across the globe on a scale that has never been encountered before. The Group's ability to stay resilient and remain responsive to the needs of our customers and the community in a turbulent year demonstrated our commitment to staying true to our brand promise of Together We Progress.

It is indeed an honour to be part of RHB Banking Group. With my appointment as Chairman of the Board on 24 March 2021, I am certainly looking forward to working with my fellow Board members to help take the Group to greater heights.

TAN SRI AHMAD BADRI MOHD ZAHIR

Chairman

A YEAR OF DISRUPTION

Malaysia's economic growth in 2020 contracted alongside global economies, largely due to the impact of movement control orders that were imposed to contain the spread of the pandemic. The disruptions to economic and business activities, together with subdued consumer sentiment and border closures, led to Malaysia's gross domestic product contracting by 5.6% compared to the 4.3% growth recorded in 2019.

The Malaysian government responded to the economic impact of the pandemic by pumping in a total of RM305 billion comprising, amongst others, the Prihatin Rakyat Economic Stimulus Package and the Penjana Short-term Economic Recovery Plan. This was a necessary effort to support businesses and livelihoods, thus helping to pave the way towards faster economic recovery. To further stimulate the economy, Bank Negara Malaysia ("BNM") reduced the Overnight Policy Rate ("OPR") by a total of 125 bps to 1.75%, the lowest it has ever been thus far.

During this critical time, RHB, alongside other financial institutions, stepped up to provide assistance to individuals and businesses, in particular to Small and Medium Enterprises ("SMEs"), through a blanket six-month moratorium on loan and financing facilities that began in March 2020. This was followed by the introduction of a Payment Assistance programme to further focus on the financial needs of B40 and microenterprise borrowers, which will continue until 30 June 2021.

**Malaysia's Gross
Domestic Product**

contracted by

5.6%

compared to the **4.3%**
growth recorded in 2019

Overnight Policy Rate

fell a total of

125 bps

to **1.75%**, the lowest it has
ever been thus far

NAVIGATING THE COVID-19 PANDEMIC

While we were successful in navigating most of the immediate challenges brought about by the pandemic, it also became apparent that our strategies needed to be revisited and realigned to meet the changing market landscape and to address changes in customer preferences.

In the first half of 2020, we reassessed and re-prioritised our FIT22 strategies, focusing our efforts on improving readiness in responding to the impact of the economic slowdown. We accelerated the digitalisation of customer journeys and IT modernisation plans, transformed our credit risk management process and upskilled our employees so as to future-proof them. Through these efforts, we were able to improve customer experience and deliver banking services in a safe and seamless manner.

In addition to the welfare of our customers, safeguarding the health and safety of our employees was also of paramount importance during this period. To minimise the potential spread and impact of the pandemic, the Group implemented various measures and put in place stringent Standard Operating Procedures ("SOPs") for its operations across the region. As part

of the Group's safety measures, Work-From-Home ("WFH") arrangements were adopted from the start of the Movement Control Order ("MCO") in March 2020, which saw up to 80% of our Malaysian employees working from home. While the need to WFH has gradually reduced in tandem with the downward trend of COVID-19 cases, RHBians of all levels continue to largely work together in a virtual setting, putting in place plans and executing initiatives to keep the business going while ensuring that we stay connected with our customers, and with all other stakeholders.

We were also cognisant of the challenges faced by communities around us due to the pandemic, particularly the B40 segment. In doing our part to help the community weather the financial hardships, the Group contributed more than RM3 million to the Ministry of Health and humanitarian organisation MERCY Malaysia for the purpose of buying medical equipment, while an estimated 2,000 medical frontliners from eight hospitals within Malaysia benefited from 20,000 packed meals during the movement control order in March and April 2020. The funds were also channelled towards providing financial assistance to deserving families in Malaysia, Laos and Cambodia.





DIVIDEND

Premised on our strong fundamentals and as a reward to our Shareholders for their support and loyalty, especially throughout these most challenging times, the Group proposed a final dividend of 7.65 sen per share. Together with the interim dividend of 10.0 sen per share paid in February 2021, the total dividend for FY2020 is 17.65 sen per share, representing a dividend payout ratio of 34.8%.

The Group has also proposed the establishment of a Dividend Reinvestment Plan ("DRP") to give options to our shareholders to reinvest, in whole or in part, their cash dividend. The DRP will be applied to the final dividend, subject to the shareholders' approval at the 55th Annual General Meeting.

Total Dividend

17.65 sen

per share

for FY2020, representing
a dividend payout ratio of
34.8%

ADVANCING SUSTAINABILITY

The Group continues to take a practical approach to integrating Environmental, Social and Governance ("ESG") practices into our business and operations by enhancing our risk management policies and decision-making process as well as exploring business opportunities that support the country's transition to a low-carbon economy. As at December 2020, the Group has extended RM3.1 billion in support of green activities through lending, investment as well as advisory and capital market activities.

Our sustainability journey has shown encouraging progress thus far as the Group remains a constituent of the FTSE4Good Bursa Malaysia Index. In terms of ESG ratings, we are in the top 25% of public listed companies in the FTSE Bursa EMAS Index and have been maintained an AA rating in the MSCI ESG Ratings. Our latest feather in the cap is where we obtained an S&P Global ESG Score of 43/100, recording a +20 point improvement from 2019.



For further details, please refer to our Sustainability Report 2020.

ENHANCING OUR GOVERNANCE PRACTICES

The Board remained committed to improving its governance practices. In the first quarter of 2020, the Group set up an Integrity and Governance division as a dedicated function to oversee the Group's overall anti-corruption efforts and augment integrity and good workplace conduct, in line with national aspirations in combating corruption. Looking ahead, the Board expects to produce an Organisational Anti-Corruption Plan for the Group over the next three to five years, following the completion of our first-ever Group-wide corruption risk assessment exercise.

As a precautionary measure to ensure the health and safety of our shareholders and to encourage shareholders' participation at our Annual General Meeting ("AGM"), the Group adopted voting in absentia and remote participation for shareholders at our first-ever virtual AGM in FY2019, which was conducted on 29 May 2020. Similarly, our AGM for FY2020 will also be held virtually.

The Bank has also made significant improvements in the area of corporate governance, advancing from the Top 50 to the Top 20 among ASEAN Public Listed Companies in terms of excellent corporate governance disclosures, as recognised by the ASEAN Capital Markets Forum over a period of five years since 2015.

These efforts also resulted in the Bank being a regular recipient of the Excellence Award for Corporate Governance Disclosures at the national level in yearly assessments conducted by the Minority Shareholders Watchdog Group ("MSWG"). The Bank's Board composition has also continued being a point of focus with the adoption of the Boardroom Diversity Policy in 2013 to increase the proportion of female Directors to 30%, culminating in a Merit Award for Board Diversity from the MSWG in 2017.

In 2020, we also welcomed Dato' Mohd Nasir Ab Latif, Datuk Iain John Lo and Donald Joshua Jaganathan, who have taken their places on the Board, further adding to the diversity and depth of experience within our Board.



For further details, please refer to the Corporate Governance Overview Statement on pages **110** to **126** in this Report.



OUR INTEGRATED REPORTING MILESTONE

The Group continues to progress in its journey towards integrated reporting as we seek to present our value creation journey more comprehensively and cohesively. I am pleased to share that the RHB Bank Integrated Report 2019 was recognised at the National Annual Corporate Reporting Awards 2020 ("NACRA") ceremony, receiving a Gold Award in the category of companies with more than RM10 billion in market capitalisation, reflecting our focus on delivering balanced and transparent corporate reports that are guided by local and international reporting frameworks and best practices.

This recognition affirms that the Group is on the right track in articulating how we create sustainable value over time, and we are fully committed to improving our corporate reporting further for the benefit of our shareholders and the rest of our stakeholders.

ACKNOWLEDGEMENTS

In February 2021, we witnessed the retirement of Tan Sri Azlan Zainol as Group Chairman following 16 years of service since he joined the Group in 2005. On behalf of the Board, I would like to record our deepest gratitude to Tan Sri Azlan for his invaluable contribution to the Group. He has steered the Group with discipline and commitment, and over the course of his tenure the Group has achieved many significant milestones while generating solid returns for our shareholders.

We wish Tan Sri Azlan all the best in his journey ahead.

On behalf of the Board of Directors, I would like to express my sincere appreciation to our esteemed shareholders for their continued trust in the Group, and to our customers as well as business partners for their loyalty and support during these most challenging times.

We would also like to bid farewell and convey our deepest thanks to our Board members, Tan Sri Saw Choo Boon and Abdul Aziz Peru Mohamed, who both stepped down in 2020 following the completion of their respective terms.

Our deepest gratitude goes to our Group Senior Management led by the Group Managing Director, Dato' Khairussaleh Ramli, for their strong leadership in ensuring business continuity and the continued health and safety of our employees as well as our customers throughout the pandemic. To all RHBians, particularly our frontliners at the Branches who continue to serve our customers throughout these critical times, my most heartfelt thanks for your extraordinary commitment, professionalism and unity.

Our sincere appreciation also goes to the Ministry of Finance, Bank Negara Malaysia, the Securities Commission Malaysia, Bursa Malaysia and other regulatory bodies in the countries that we operate in for their continuous support and guidance.

Last but not least, I would like to thank our Board of Directors for their continued dedication and guidance. I look forward to working with my fellow Board members and the Senior Management Team in taking the Group to a new level of success.

TAN SRI AHMAD BADRI MOHD ZAHIR

Chairman

24 March 2021



WE ARE IN A POSITION OF **STRENGTH AS WE STEER THROUGH THE PANDEMIC AND READY OURSELVES FOR GROWTH**

**DATO' KHAIRUSSALEH RAMLI***Group Managing Director*

DEAR VALUED SHAREHOLDERS,

The financial year 2020 has indeed been challenging, not only for RHB Banking Group but for the economy as a whole, as the world faced the far-reaching impacts of the COVID-19 pandemic.

The slowdown in economic activities as a result of the pandemic threatened the livelihoods of many and we had to respond, seemingly overnight, to a shifting business landscape which affected all areas of our operations.

As a financial services group, we needed to remain in a position of strength so as to enable us to play an effective and sustained role in supporting our customers and stakeholders during these difficult times. In addition to ensuring business continuity and that we remained resilient in the face of the turbulence that we were facing, our purpose was clear. Supporting our customers, employees and the communities around us became the key priority, while at the same time ensuring our operations and business continued with the least disruptions. We were truly holding on to our brand promise of Together We Progress.

And so, our journey began.

HELPING OUR CUSTOMERS

As the pandemic spread, the Group moved swiftly to put plans in motion to help our customers, especially those who were already feeling the strain from the slowing economic environment. We anticipated that the difficulties our customers would face in the longer term would far exceed anything we had experienced during previous economic crises.

In May 2020, a Credit War Room was established, which was further enhanced in August to comprise our key business leaders, spearheaded by myself, to evaluate and assess our customers' financial positions and identify upfront those customers who may be impacted by the pandemic and the Movement Control Order ("MCO").

"With focus and perseverance in driving our FIT22 strategy over the past three years, we have certainly returned meaningful value to our shareholders. Total shareholder returns have improved and since then, the Group has recorded historic highs in our dividend payout ratios, in addition to rising revenues and a lower cost base."

Dividend Payout Ratio

34.8%

in 2020
vs 50.1% in 2019

2020 HIGHLIGHTS:

In FY2020, the Group's total income grew by **1.8% year-on-year**, affected by the net modification loss arising from the loan moratorium provided to our customers. Excluding the impact of the net modification loss, total income growth was **5.3% year-on-year**. With sustained and disciplined cost management, our Cost-to-Income Ratio also improved further to **47.1%** compared to 48.0% in 2019. The Group also carried higher credit costs in 2020 compared to 2019, mainly due to our proactiveness in setting aside pre-emptive provisions to cater for potential deterioration of asset quality due to the pandemic.

As a result, the Group recorded a net profit of **RM2,032.5 million**, which was an 18.1% decline from 2019. Return on Equity ("ROE") was **7.7%** compared to 10.3% in 2019. However, our fundamentals remained sound as demonstrated by our strong capital and liquidity positions despite operating under an extremely tough and unprecedented economic and health environment. Our Common Equity Tier-1 Ratio remained stable at **16.2%** in FY2020 while the Group's loan loss coverage ratio, excluding regulatory reserves, was well above 100% and reached a high of **119.7%**.

In pre-empting the needs of our customers, particularly businesses that had been financially impacted due to prolonged business closure and the MCO, the Group started to proactively extend assistance to Small and Medium Enterprises ("SMEs").

From a broader perspective, the Group, alongside all other banks in the country, provided assistance to customers by offering a six-month moratorium on loans and financing facilities. The financial assistance granted to our customers did not end there. However, following the end of the six-month moratorium, we continued to offer payment assistance to our customers, especially the more vulnerable B40 segment and microenterprises. A range of special relief funds and grants were also made available to SMEs, leveraging our own funds as well as facilitating the delivery of government assistance to businesses.



HELPING OUR CUSTOMERS WHEN IT MATTERS MOST

(as of March 2021)

Total loan and financing facilities through Payment Assistance:

RM16.5 billion

to **180,984 individuals** and

RM4.9 billion

to **1,732 SME customers**



RM5.10 billion

rescheduling and restructuring assistance for corporate customers

Total loan and financing facilities through relief funds:

RM2.62 billion

to **4,216 SME customers**

As the effects of the pandemic reverberated throughout the year, SMEs continued to bear a greater brunt of the impact from the pull back in economic activity. In providing a boost to accelerate their businesses, we launched the unique #JomSapot campaign that leveraged the power of social media to appeal to customers to support local businesses.

More than 5,600 outlets operated by SMEs have signed up as of February 2021, significantly increasing their business activity, while also providing an uplift to the Group's growth in deposits, cards and digital adoption. The success of the campaign was also noted by Facebook, which showcased the campaign as a Global Case Study to demonstrate the positive and effective use of social media platforms.

Our efforts and the impact that we made in helping our customers to ease their financial hardships have instilled a sense of accomplishment in all RHBIans, guided by our underlying brand promise of Together We Progress. We remain committed towards supporting our customers throughout this challenging period.

HOW THE PANDEMIC CHANGED OUR OPERATING LANDSCAPE

"As a financial services institution, our key task was to sustain our operational effectiveness and efficiency throughout the pandemic and the prolonged MCO period."

As an essential service provider, our focus was to ensure that there would be no disruption in banking services and that our customers would be able to conduct their transactions seamlessly in a safe and secure environment.

To address health and safety issues, the Pandemic Working Group ("PWG") was established at the early stages of the outbreak. The PWG monitored, coordinated and made recommendations to the Group's Senior Management on the appropriate Standard Operating Procedures ("SOPs") to be put in place as well as processes that needed to be adopted and/or revised to cater to the continuous changes in the business and operating landscape as a result of the pandemic.

In March 2020, the Group began facilitating Work-From-Home ("WFH") arrangements involving up to 80% of our employees to safeguard their health and safety. To ensure that productivity would not be affected, we equipped our employees with laptops and Virtual Private Networks ("VPNs") to enable them to continue performing their roles and responsibilities in a virtual setting. Meetings shifted to virtual platforms, and enabled us to be more efficient as travelling or commuting to and from meetings was no longer required. Branch operations, too, had to quickly adapt to the new normal given their frontline nature. During the early stages of the MCO, our branches operated with limited capacity, offering only critical services in certain selected locations across the nation.

While these adaptations were taking place, the Group also ensured that our core functions continued to operate in a safe environment. We implemented split operations for certain critical functions within Head Office to minimise operational disruptions, while working with our critical third-party vendors to ensure that they could continue supporting us with their services.

SIGNIFICANT INCREASE IN DIGITAL ADOPTION AND TRANSACTIONS DURING THE PANDEMIC

The COVID-19 pandemic has, without a doubt, resulted in a fundamental shift in consumer behaviour. Since March 2020, we have observed spending patterns and shopping habits changing, with people spending less of their income on non-essential items, a rapid shift in consumer preference towards online shopping and contactless transactions, as well as the performance of banking transactions through digital platforms.

As at December 2020,
**total transactions via our digital channels increased to
 75.5%**

The penetration rate of Internet Banking and Mobile Banking amongst our customer base grew significantly this year, with Internet Banking registering an increase to 54% from 46.9% in 2019 and Mobile Banking increasing to 22% compared to 16.6% in 2019. Usage of the new RHB Mobile Banking App also increased rapidly, with more than 670,000 customers onboarded since its launch in April 2019.

In recognition of these changing trends, we further refined our Digital Transformation Journey to accelerate digital innovation and the modernisation of our IT infrastructure, centred on improving customer journeys and moving our digital channels from a transactional focus to an engagement and acquisition focus. The Group also fast-tracked the development of digital payment platform solutions and digital enablement in our regional offices, particularly in Singapore and Cambodia.

From a customer perspective, we continue to make sure that the transition to our digital services is as seamless as possible, providing them enhanced convenience, connectivity and speed.

Our customers responded positively to our new and enhanced digital offerings. During the year under review, we saw mortgage originations acquired via the MyHome App double to 39.5% of total mortgage acceptance, compared to 20.0% in 2019. For our SME customers, we saw an encouraging 55% of applications for financial assistance coming through the SME Online Financing Platform, which saw further enhancements with the introduction of the RHB Financing (SME) Mobile App in August 2020.

The Group continues to add greater functionality and enhanced features across its digital touchpoints, backed by the efforts of our Agile@Scale team, who stepped up their pace during the pandemic to further accelerate the introduction of various innovative and customer-centric solutions to the market. One of our key focus areas in the immediate future is to enhance compliance and security, and this includes the introduction of the Electronic Know-Your-Customer ("e-KYC") process, which will enable the Bank to onboard customers through digital means quickly, efficiently and safely.

MANAGING THE HEALTH AND SAFETY OF OUR EMPLOYEES

The health and safety of more than 14,000 of our employees across Malaysia and the ASEAN region remains our top priority during this pandemic. Stringent SOPs, in compliance with government guidelines, were put in place to ensure our colleagues who remained at the office and at branches adhere to the enhanced hygiene and physical distancing requirements. In addition, the workspace layout was reviewed to optimise seating capacity while at the same time complying with the SOPs.

The prolonged pandemic placed a new focus on the well-being of RHBians, physically and mentally. The lack of physical contact over a prolonged period with colleagues, for those working at home, coupled with other challenges brought about by the pandemic further heightened stress levels, leading to mental health concerns amongst our employees. To address these concerns, we introduced our internal RHB Wellness Programme aimed at promoting good health and mental well-being. In November 2020, we launched the RHB Wellness Hotline and Remote Therapy Programme to provide assistance to our employees who needed help in managing their stress levels and overall mental health.

We recognised that it was also important to put in place an effective communications channel to address the mental health impact, as well as to allay anxiety and fears, by keeping our employees informed of the actions that were being taken in relation to the pandemic through live and pre-recorded messages and notices. These were broadcast through our internal communications platforms, which included interactive sessions via Workplace@FB to increase employee engagement. We made it a point to consistently and clearly provide updates and explain why and how they would be impacted, making it clear that the Board and Senior Management were addressing their concerns and managing the challenges in the best way possible.

Our collective efforts in managing the crisis were well received by our employees, and this was reflected in our annual Employee Engagement Survey ("EES") where we achieved an improved score of 92, from 90 in 2019. This was driven largely by the positive response received on how the Group had responded to the pandemic through effective and consistent communication, which fostered a feeling of trust in how the situation surrounding the COVID-19 pandemic was being managed.

RHB HUMANITARIAN FUND

Collected more than
RM500,000
from RHBians, which was used
to help employees and families
affected by the pandemic

COVID-19 SUPPORT

- Provided financial assistance to employees who contracted COVID-19
- Free screening at private hospitals for employees identified as primary contacts

PRIORITISING STAFF HEALTH AND WELLNESS

Spent more than
RM11 million
on wellness activities, personal protective equipment, COVID-19 swab tests and financial assistance for COVID-19 positive employees

To learn more about how we helped our employees navigate the pandemic's challenges, please refer to the People & Workplace section in our Sustainability Report.

DEVELOPING A WORKFORCE OF THE FUTURE

Beyond managing the challenges posed by the pandemic, the Group also accelerated preparations to develop RHBians further to ensure better preparedness in facing a future requiring the mastery of new skills in the area of digitalisation, analytics, automation, customer preferences and risk management and compliance. In November 2020, we launched our Workforce of the Future Programme, aimed at providing a structured approach to the upskilling of capabilities, opening up new career progression opportunities within the Group, and ensuring we remain competitive amid a fast-evolving business landscape.

Alongside this, we remain focused on developing our talent and ensuring the effective execution of our succession management programme.



To learn more about how we are preparing the Workforce of the Future, please refer to our Sustainability Report 2020.

FIT22 STRATEGY REACHES ITS MIDPOINT

"I am pleased to report that the execution of our FIT22 strategy has now reached its midway mark, and the Group's performance continues to track strongly against its original targets. With focus and perseverance in driving this strategy over the past three years, we have been able to return meaningful and sustainable value to our shareholders. Total shareholder returns have since shown significant improvement and the Group has recorded historic highs in our dividend payout ratios, in tandem with rising revenues and better-managed costs."

MORE CUSTOMERS ARE RECOMMENDING US

Net Promoter Score

+11

in 2020

which increased from **+9** in 2019

The strategy has also resulted in us taking a far more customer-centric approach by reimagining customer journeys and by delivering a host of innovative and first-to-market products. Our efforts have reaped the desired results as evidenced by our steadily improving Net Promoter Scores ("NPS") in Malaysia, which improved from +9 in 2019 to +11 in 2020. This achievement was made possible through the dedication and hard work of all RHBians, consistent investments into digitalisation and the broad implementation of Agile@Scale, factors which have also set the Group up for further success as we draw customers deeper into our various ecosystems.

We have made specific adjustments to our strategies in the past year and will continue to do so in line with the shifting market and economic landscape. This includes looking at other key areas of focus such as improving compliance capabilities, especially in the areas of AML/CFT, driving operational excellence and enhancing customer experience and customer-centricity. The Group also continues to build the strength of our leadership bench through new appointments and rotations among Senior Management.

STRENGTHENING OUR SUSTAINABILITY PRACTICES

The year 2020 saw the Group intensifying its sustainability practices as we continued to take a practical approach towards integrating sustainable practices into our business and operations, and to embed a culture of sustainability across the Group.

I am proud to share that the Group is continuing to make incremental improvements in integrating Environmental, Social and Governance ("ESG") considerations into our business and operations. Our risk management practices were enhanced in 2020 with the expansion of our Industry-Specific ESG Risk Assessment ("ERA") tool to include two more sectors - power producers/energy and cement manufacturing, to the existing three sectors, namely palm oil, oil & gas, and manufacturing of iron, steel & other metals.



Operational GHG Emissions

To help us manage our own impact on the environment, we expanded our Greenhouse Gas ("GHG") emissions inventory and reporting coverage to all main buildings and branches in West Malaysia. Coupled with various energy-saving initiatives, the Group recorded a 38% reduction in GHG emissions intensity per employee in 2020 compared to 2016.



Green Financing Commitment

The Group remained committed to contributing positively towards sustainable development and supporting the transition to a low-carbon economy. Under our Green Financing Commitment, we have extended RM3.1 billion as of 31 December 2020 to support green activities through lending, investment, advisory and capital market activities. Beyond green financing, our Islamic arm was an important contributor in this area through its advocacy of Bank Negara Malaysia's principles of Value-Based Intermediation ("VBI"), which are aligned to core sustainability principles.



Support for Value-Based Intermediation ("VBI")

Demonstrating its support of VBI principles, RHB Islamic Bank developed Malaysia and the Asia-Pacific's first eco-friendly recycled plastic debit card to facilitate contributions that will aid the conservation of the marine ecosystem. This initiative was in line with UN SDG 14: Life Below Water and part of Ocean Harmoni, one of RHB's multiple projects to conserve marine wildlife and habitats under the umbrella theme of RHB Harmoni. As of December 2020, more than 20,500 cards have been issued.

Looking ahead, greater focus will be placed on managing climate-related risks as well as driving the Group's green financing commitment of RM5 billion by 2025, in line with regulatory requirements and the developments within the marketplace.

The Group also strongly believes in nurturing future generations, and continued to do so via our RHB X-Cel Academic Excellence Programme and RHB X-Cel Star scholarship programme targeted at underprivileged students from the B40 segment. Due to movement controls arising from the COVID-19 pandemic, the programmes were conducted online, whereby we managed to reach out to our targeted group and impacted the lives of more than 1,000 students. We also granted 11 scholarships to RHB X-Cel students, bringing our total number of RHB X-Cel Star scholars to 21.

2021 will, by any measure, continue to be a challenging year as we face economic uncertainty and an economic recovery that will be closely linked to the state of the pandemic. While a broader global recovery will likely begin in tandem with the steady roll-out of the COVID-19 Immunisation Programme, the Group remains cautious given the lingering effects of the pandemic.

"Amidst this backdrop, our sustained focus will be on assisting our customers through this difficult period. We will continue to extend payment assistance to our customers until June 2021 and lend a helping hand to the communities that are in need of support to ensure that they are able to cope and eventually stage meaningful recoveries."

Operationally, our fundamentals remain sound as reflected by our strong capital, liquidity and loan loss coverage positions. We will maintain prudence and continue to focus on maintaining credit discipline, intensifying our efforts in recovery and collection. In short, we are in a position of strength as we steer through the pandemic and ready ourselves for growth as economic conditions recover.

With all this in mind, I assure you that our value creation journey will be an exciting one that my team and I are committed to delivering.

ACKNOWLEDGEMENTS

I would like to express my sincere gratitude to our shareholders, customers and business partners for your loyalty and understanding during these most challenging times. Rest assured that the Group will continue to stand by you, our valued customers and the community.

To my fellow RHBians, *Terima Kasih, Khob Chai, Som Orkhoon, Kob Khun Krub, Kyay Zuu Tin Par Tal* and *Cam on Ban* for your monumental efforts in staying the course. Your hard work, dedication and sacrifice in a year that has been extremely unpredictable and uncertain have been exemplary.

My heartfelt appreciation goes to my fellow colleagues in the Group Management Committee who have been the backbone of the organisation and who have collectively stood by me and the Board of Directors in ensuring customers were attended to, our business continues to grow, and our operations are uninterrupted throughout these trying times.

I would also like to record my deepest appreciation to the Board of Directors for your support, wisdom and invaluable insights that have helped us navigate through a difficult and challenging year.

Lastly, thank you to Bank Negara Malaysia, Bursa Malaysia, Securities Commission Malaysia and the regulatory authorities in the countries we operate in for their continued guidance over the years.

In closing, I would like to thank our former Group Chairman, Tan Sri Azlan Zainol, for his leadership and guidance over the past 16 years in steering the Bank to where it is today. A warm welcome to our new Group Chairman, Tan Sri Ahmad Badri Mohd Zahir, whose leadership the Group looks forward to in further strengthening our foundations and striving for even greater achievements.

DATO' KHAIRUSSALEH RAMLI

Group Managing Director

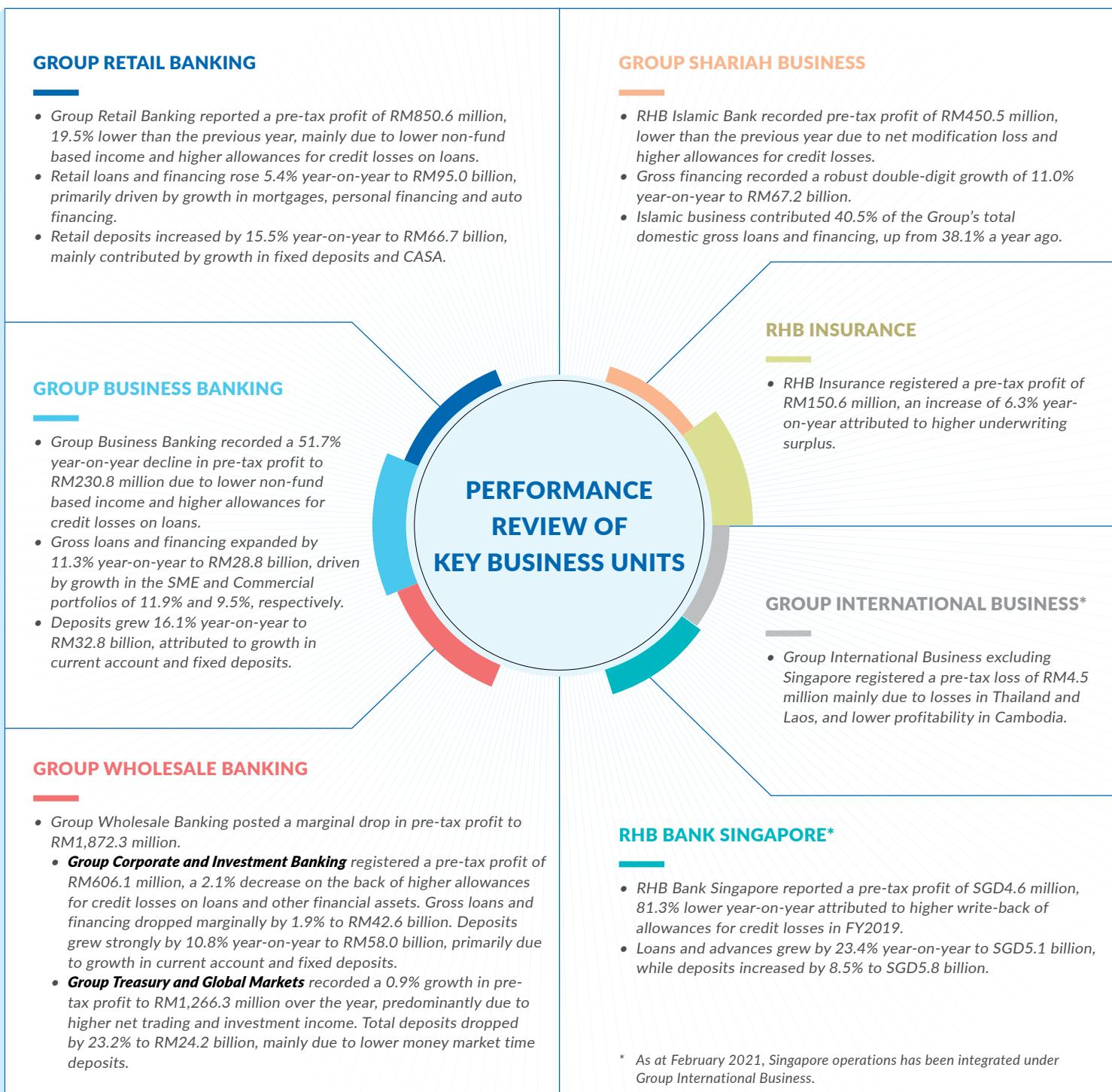
24 March 2021



CREATING VALUE FOR OUR STAKEHOLDERS

The Group continued to create value for our stakeholders despite the unprecedented disruption brought about by the pandemic. Although Malaysia's GDP contracted by 5.6% in the year under review, the Group's fundamentals remained strong.





For more information, refer to pages [60](#) to [89](#).

CONCLUSION AND MOVING FORWARD

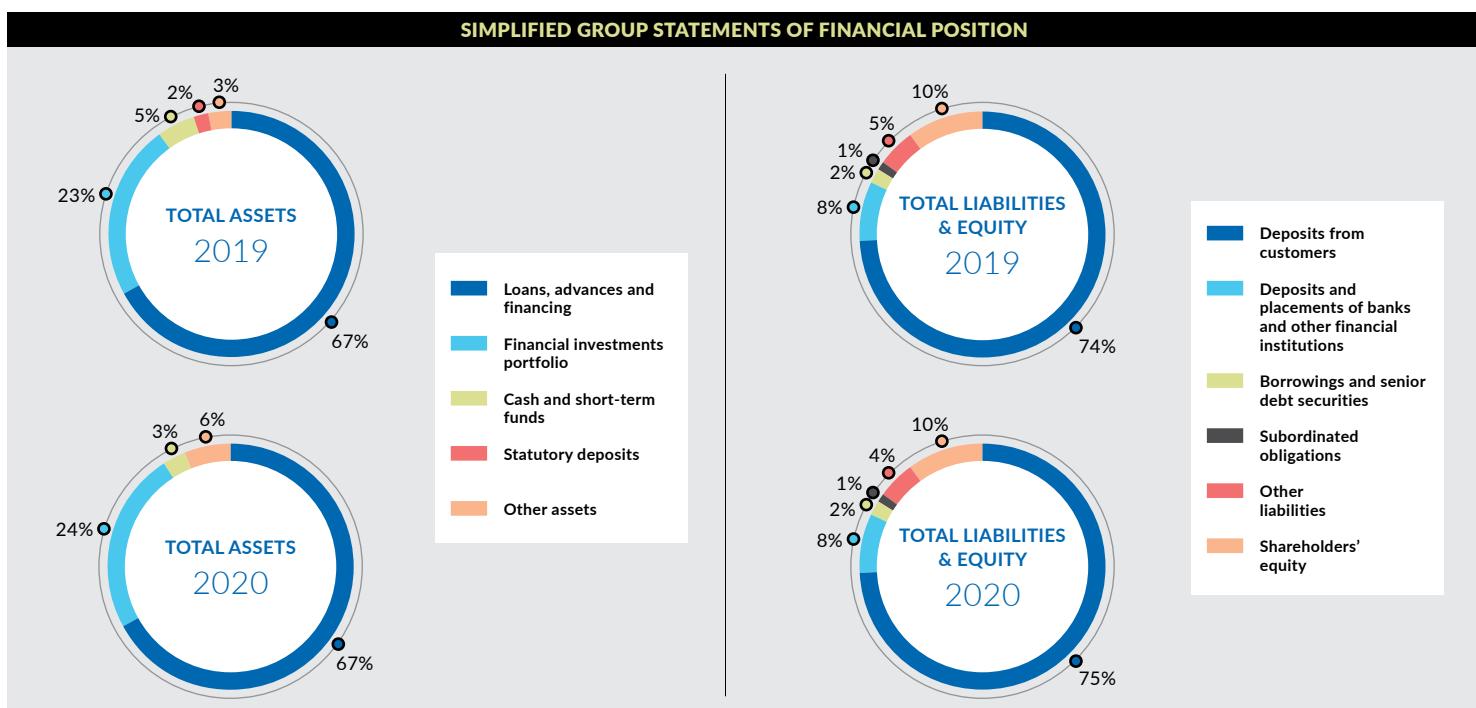
2020 was a challenging year, weighed down mainly by the rapid spread of COVID-19 and its impact on the economy. Despite the challenges, our performance remained strong, as seen in our underlying revenue growth, continuous management of costs, and prudent risk management.

We remain highly vigilant in our credit portfolio and continue to closely monitor our asset quality while proactively engaging with and supporting our customers. We are confident that we will be able to navigate through the impact of the pandemic by prioritising FIT22 initiatives, such as digitalisation of customer journeys, transformation of credit risk management, and readying our workforce for the future.

GROUP FINANCIAL HIGHLIGHTS

	2019	2020
PROFITABILITY (RM'million)		
Total income	7,058	7,186
Operating profit before allowances	3,670	3,799
Profit before taxation	3,394	2,644
Net profit attributable to equity holders of the Bank	2,482	2,033
FINANCIAL POSITION (RM'million)		
Total assets	257,592	271,150
Financial investments portfolio	58,678	63,371
Gross loans, advances and financing	176,175	186,114
Total liabilities	231,782	244,093
Deposits from customers	190,555	203,471
Shareholders' equity	25,775	27,024
FINANCIAL RATIOS (%)		
Net return on average equity	10.3%	7.7%
Net return on average assets	0.99%	0.77%
Gross impaired loans ratio	1.97%	1.71%
Gross loans to deposits ratio	92.5%	91.5%
CAPITAL ADEQUACY RATIOS (%)^{N1}		
Common equity tier 1 capital ratio	16.3%	16.2%
Tier 1 capital ratio	16.3%	16.2%
Total capital ratio	18.6%	18.4%

^{N1} Ratios are after proposed final dividend.



ANALYSIS OF THE FINANCIAL STATEMENTS

- The Group posted a net profit of RM2,032.5 million, a decrease of 18.1% from the previous financial year, mainly due to net modification loss arising from the moratorium extended to our customers and higher allowances for credit losses.
- Total income increased by 1.8% to RM7,185.7 million, mainly attributed to higher net fund based and non-fund based income with year-on-year growth of 6.3% and 11.2%, respectively, and partially offset by net modification loss of RM418.0 million.
- Operating profit before allowances improved by 3.5% to RM3,799.0 million, primarily due to prudent funding cost and operating expenses management.

NET INTEREST/FUND BASED INCOME

- Gross fund based income decreased by 10.7% while funding and interest expense dropped by 23.8% year-on-year, supported by 28.3% CASA growth and the redemption of certain capital instruments over the course of 2019 and 2020. As a result, net fund based income grew by 6.3% from a year ago to RM5,267.6 million, whereas NIM stood at 2.06%, lower than 2.12% a year ago due to the impact of OPR cuts.

TOTAL ASSETS

- Total assets for the Group increased by 5.3% from December 2019 to RM271.1 billion as at 31 December 2020, primarily due to an increase in loans, advances and financing, and in the financial investments portfolio.
- Loans and financing remained the largest component of total assets at 67.3% (2019: 67.3%).
- The Group continued its focus on growing responsibly, strengthening risk management and cautiously managing our funding and liquidity position.

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

- The Group's total cash & short-term funds and deposits & placements with banks and other financial institutions grew by 17.7% to RM15.0 billion as at 31 December 2020.

FINANCIAL INVESTMENTS PORTFOLIO

- The Group's financial investments portfolio comprises financial assets at fair value through profit or loss ("FVTPL"), financial assets at fair value through other comprehensive income ("FVOCI") and financial investments at amortised cost.
- The Group's financial investments portfolio increased by 8.0% to RM63.4 billion.

LOANS, ADVANCES AND FINANCING

- The Group's gross loans and financing grew by 5.6% year-on-year to RM186.1 billion, mainly supported by growth in mortgages, auto finance, SME and Singapore. Domestic loans and financing grew 4.5% year-on-year. The Group's domestic loans market share stood at 9.1% as at end-December 2020.
- Overseas gross loans increased by 16.0%, mainly attributed to growth in Singapore and Cambodia.

ASSET QUALITY

- Gross impaired loans were RM3.2 billion as at 31 December 2020, with a gross impaired loans ratio of 1.71% compared with RM3.5 billion and 1.97% as at 31 December 2019.
- We continued to be prudent in loan loss provision with loan loss coverage, excluding regulatory reserves, standing at 119.7% as at end-December 2020.

CAPITAL ADEQUACY

As at 31 December 2020, the common equity tier-1 ("CET-1") ratio and total capital ratio of the Group remained strong at 16.2% and 18.4%, respectively, among the highest in the industry.

OTHER OPERATING/NON-FUND BASED INCOME

- Non-fund based income improved by 11.2% to RM2,336.1 million, contributed largely by higher net trading and investment income, brokerage income and insurance underwriting surplus.

OPERATING EXPENSES

- Operating expenses were relatively constant year-on-year at RM3,386.7 million. Cost-to-income ratio improved to 47.1% compared with 48.0% a year ago.

ALLOWANCES FOR CREDIT LOSSES

- Allowances for credit losses increased to RM1,145.1 million, predominantly due to pre-emptive provisions set aside to absorb potential worsening in asset quality as the extent of the pandemic's impact was still uncertain.
- Full-year credit charge ratio was at 0.58% compared with 0.18% in the previous year.

TOTAL LIABILITIES AND EQUITY

- Total liabilities increased by 5.3% to RM244.1 billion as at 31 December 2020, mainly due to higher deposits from customers.
- Shareholders' equity rose by 4.8% to RM27.0 billion, with higher retained earnings and marked-to-market gains on financial assets measured at FVOCI. Net assets per share grew from RM6.43 to RM6.74.

DEPOSITS FROM CUSTOMERS

- Customer deposits increased by 6.8% year-on-year to RM203.5 billion, largely attributed to growth in CASA and fixed deposits. CASA increased by 28.3% year-on-year, with CASA composition at 30.9% as at 31 December 2020.
- Liquidity coverage ratio ("LCR") remained healthy at 146.9%.
- Deposits for domestic operations increased by 7.0%, while overseas operations registered an increase of 4.9%, with Singapore growing at 8.5%.

DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

Deposits and placements of banks and other financial institutions dropped by 2.3% to RM21.0 billion, largely due to lower deposits from licensed banks.

SENIOR DEBT SECURITIES

Senior debt securities increased by 7.5% to RM3.5 billion.

SUBORDINATED OBLIGATIONS

Subordinated obligations remained constant year-on-year at RM2.7 billion.



FIVE-YEAR GROUP FINANCIAL SUMMARY

	2016	2017	2018	2019	2020
OPERATING RESULTS (RM'million)					
Operating profit before allowances	3,095	3,200	3,448	3,670	3,799
Profit before taxation	2,232	2,558	3,119	3,394	2,644
Net profit attributable to equity holders of the Bank	1,682	1,950	2,305	2,482	2,033
KEY BALANCE SHEET DATA (RM'million)					
Total assets	236,679	228,713	243,166	257,592	271,150
Gross loans, advances and financing	154,469	160,026	168,879	176,175	186,114
Total liabilities	214,905	207,012	219,770	231,782	244,093
Deposits from customers	165,636	166,865	178,856	190,555	203,471
Shareholders' equity	21,745	21,667	23,358	25,775	27,024
Commitments and contingencies	196,190	172,226	172,941	150,428	157,480
SHARE INFORMATION					
Gross dividend per share - (sen)	12.00	15.00	20.50	31.00	17.65
Net assets per share - (RM)	5.4	5.4	5.8	6.4	6.7
Net tangible assets per share - (RM)	4.7	4.6	5.0	5.6	5.9
Basic earnings per share - (sen)	43.6	48.6	57.5	61.9	50.7
Share price - (RM)	4.71	5.00	5.29	5.78	5.45
Market capitalisation (RM'million)	18,887	20,050	21,213	23,178	21,855
FINANCIAL RATIOS (%)					
Profitability Ratios					
Net return on average equity	8.6	9.1	10.3	10.3	7.7
Net return on average assets	0.7	0.8	1.0	1.0	0.8
Cost-to-income ratio	50.0	49.9	49.3	48.0	47.1
Asset Quality					
Gross loans to deposits ratio	93.3	96.0	94.4	92.5	91.5
Gross impaired loans ratio	2.43	2.23	2.06	1.97	1.71
Ordinary Shares					
Dividend yield	2.5	3.0	3.9	5.4	3.2
Dividend payout ratio	28.6	30.8	35.7	50.1	34.8

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS



GROUP QUARTERLY PERFORMANCE

	2019					2020				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Financial Performance (RM'million)										
Total income	1,724	1,769	1,730	1,833	7,058	1,729	1,558	1,830	2,068	7,186
Net fund based income	1,206	1,205	1,261	1,285	4,957	1,259	1,238	1,240	1,532	5,268
Non-fund based income	518	564	470	548	2,100	470	713	591	562	2,336
Operating profit before allowances	899	930	908	933	3,670	912	732	976	1,179	3,799
Profit before tax	829	856	844	866	3,394	761	519	790	574	2,644
Net profit attributable to equity holders of the Bank	630	615	616	621	2,482	571	401	622	439	2,033
Earnings per share (sen)	15.7	15.3	15.4	15.5	61.9	14.2	10.0	15.5	10.9	50.7
Dividend per share (sen)	-	12.5	-	18.5	31.0	-	-	-	10.0	7.65*
* Proposed Final Dividend										

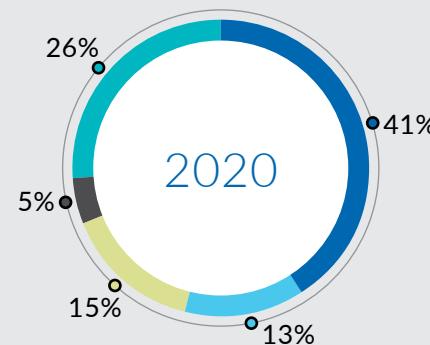
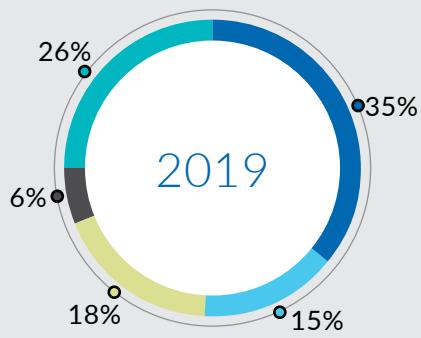
* Proposed Final Dividend

KEY INTEREST BEARING ASSETS AND LIABILITIES

	Amount (RM'million)	Effective interest rate (%)	Interest income/ expense (RM'million)
2019			
Interest Earning Assets			
Cash and short-term funds & deposits and placements with banks and other financial institutions	12,724	2.71	277
Financial assets at fair value through profit or loss	4,623	4.04	90
Financial assets at fair value through other comprehensive income	39,805	3.83	1,347
Financial investments at amortised cost	14,249	3.87	636
Gross loans, advances and financing	176,175	5.31	9,022
Interest Bearing Liabilities			
Deposits from customers & deposits and placements of banks and other financial institutions	212,095	2.86	5,794
Borrowings/Subordinated obligations/Hybrid Tier-1 Capital Securities/Senior debt securities	7,204	3.78	342
2020			
Interest Earning Assets			
Cash and short-term funds & deposits and placements with banks and other financial institutions	14,974	1.47	143
Financial assets at fair value through profit or loss	4,462	3.50	71
Financial assets at fair value through other comprehensive income	42,903	3.63	1,463
Financial investments at amortised cost	16,005	3.92	593
Gross loans, advances and financing	186,114	4.41	7,949
Interest Bearing Liabilities			
Deposits from customers & deposits and placements of banks and other financial institutions	224,506	2.07	4,497
Borrowings/Subordinated obligations/Senior debt securities	6,899	3.42	237

STATEMENT OF VALUE ADDED

	2019	2020
Value added (RM'million)		
Net Interest Income	3,603	3,761
Income from Islamic Business	1,614	1,666
Non-interest income	1,841	2,177
Net modification loss	-	(418)
Less: Overheads excluding personnel costs, depreciation, amortisation & write off	(1,059)	(1,048)
Less: Allowance for credit losses & impairment	(276)	(1,155)
Profit/(Loss) from discontinued operations	(44)	35
Value added available for distribution	5,679	5,018

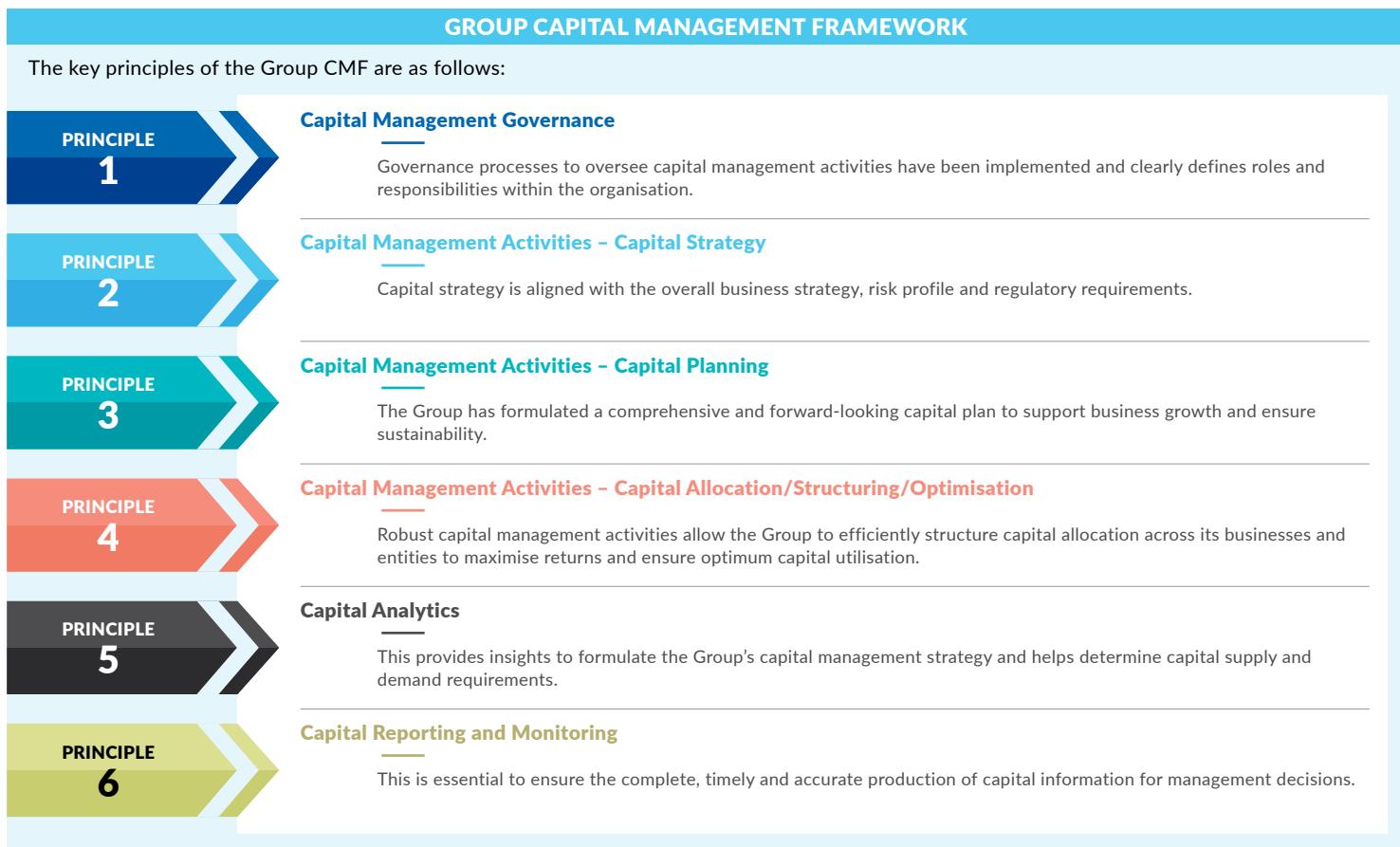
DISTRIBUTION OF VALUE ADDED

To employees:	To the Government:	To providers of capital:	To reinvest in the Group:
Personnel Costs	Taxation	Cash dividend	Depreciation, Amortisation & Written-off

CAPITAL MANAGEMENT**Overview**

The Group's capital management approach is focused on maintaining a healthy capital position to support its business growth while optimising returns to our shareholders at the same time. The capital structure and framework are designed to meet not only the regulatory requirements but also to satisfy the expectations of the various stakeholders, including shareholders, investors, and rating agencies.

To this end, the Group Capital Management Framework ("CMF") has been established to provide integrated oversight of our capital management activities. This oversight cuts across the risk, finance, and treasury functions, bringing greater value to the business.



CAPITAL MONITORING AND PLANNING

Effective capital management is crucial to maintain business sustainability. The Group manages its capital position proactively to meet regulatory requirements and the expectations of its various stakeholders and support its strategic business objectives.

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

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

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

CAPITAL INITIATIVES DURING THE YEAR

The key capital initiatives undertaken in 2020 were as follows:

- (i) Basel II Tier 2 Subordinated Obligations amounting to RM300 million and Basel III-compliant Tier 2 Subordinated Obligations amounting to RM500 million of RHB Bank Berhad ("RHB Bank") were redeemed in April 2020 and May 2020, respectively;
- (ii) Basel III-compliant Tier 2 Subordinated Obligations amounting to RM200 million of RHB Investment Bank Berhad were redeemed in April 2020;
- (iii) Two tranches of Basel III-compliant Tier 2 Subordinated Obligations amounting to RM500 million each were issued by RHB Bank in May 2020 and November 2020, respectively; and
- (iv) The establishment of a dividend reinvestment plan for RHB Bank was proposed ("Proposed DRP"). The Proposed DRP will provide the shareholders of RHB Bank with an opportunity to reinvest their dividends in RHB Bank's shares, in lieu of receiving cash. The Proposed DRP is subject to shareholders' approval in the upcoming Annual General Meeting.

CAPITAL ADEQUACY RATIOS

Minimum capital requirements

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

Capital buffer requirements

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

The CCyB is the weighted average of the prevailing CCyB rates applied in the jurisdictions in which a financial institution has credit exposure. This buffer is intended to protect the banking sector as a whole from the build-up of systemic risk during an economic upswing when aggregate credit growth tends to be excessive. Application of the CCyB above the minimum capital ratios is in the range of 0% to 2.5%. The CCyB has not yet been announced, and BNM will communicate any decision on the CCyB rate up to 12 months before the date from which the rate applies.

On 5 February 2020, BNM issued a policy document on the Domestic Systemically Important Banks ("D-SIBs") Framework that sets out the assessment methodology to identify D-SIBs in Malaysia and the relevant reporting requirements. Financial institutions designated as D-SIBs are required to maintain higher capital buffers to meet regulatory capital requirements that include a Higher Loss Absorbency ("HLA") requirement.

Pursuant to the D-SIBs Framework, the applicable HLA requirement ranges from 0.5% to 1.0% of risk-weighted assets, at the consolidated level. The HLA requirement for designated D-SIBs came into effect on 31 January 2021. RHB Bank is not identified as a D-SIB pursuant to the latest D-SIB listing published in BNM's Financial Stability Review for First Half 2020.

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

As at 31 December 2020	RHB Bank Group	RHB Bank	RHB Islamic Bank	RHB Investment Group	RHB Investment Bank	Minimum Regulatory Ratio ^{N1}
Before proposed dividends:						
CET 1 Ratio	16.416%	14.945%	14.877%	38.246%	36.116%	7.000%
Tier 1 Ratio	16.416%	14.945%	14.877%	38.296%	36.116%	8.500%
Total Capital Ratio	18.598%	17.231%	17.977%	43.790%	46.862%	10.500%
After proposed dividends:						
CET 1 Ratio	16.188%	14.632%	14.714%	38.246%	36.116%	7.000%
Tier 1 Ratio	16.188%	14.632%	14.714%	38.296%	36.116%	8.500%
Total Capital Ratio	18.370%	16.918%	17.815%	43.790%	46.862%	10.500%

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



BALANCE SHEET MANAGEMENT

Overview

Balance sheet management aims to optimise returns and minimise cost through effective asset and liability management while achieving the desired business growth and maximising shareholders' returns. It entails regular review, monitoring and in-depth analysis of balance sheet positions to support the formation of strategies.

All business and functional units across the Group, particularly Group Treasury & Global Markets, Group Finance, Group Risk Management and the strategic business units (both local and overseas offices), are collectively responsible for balance sheet management. The synergy among these units is essential in driving and shaping the optimal balance sheet position of the Group through the agreed strategies.

The overarching strategies are reviewed and updated promptly to adapt to regulatory requirements, macroeconomic outlook, changing business landscape and competitive market environment. These factors are deliberated on and reviewed by the Group Asset and Liability Committee ("GALCO"), where conscious considerations are made with respect to the risk appetite of the Group.

The Group's challenge is to strike a balance between optimising the balance sheet in the changing regulatory environment and maximising shareholders' returns against the backdrop of the competitive economic and business landscape. Therefore, it is vital to have a cohesive strategy driven by the business and functional units to achieve effective balance sheet management.

BALANCE SHEET STRUCTURE

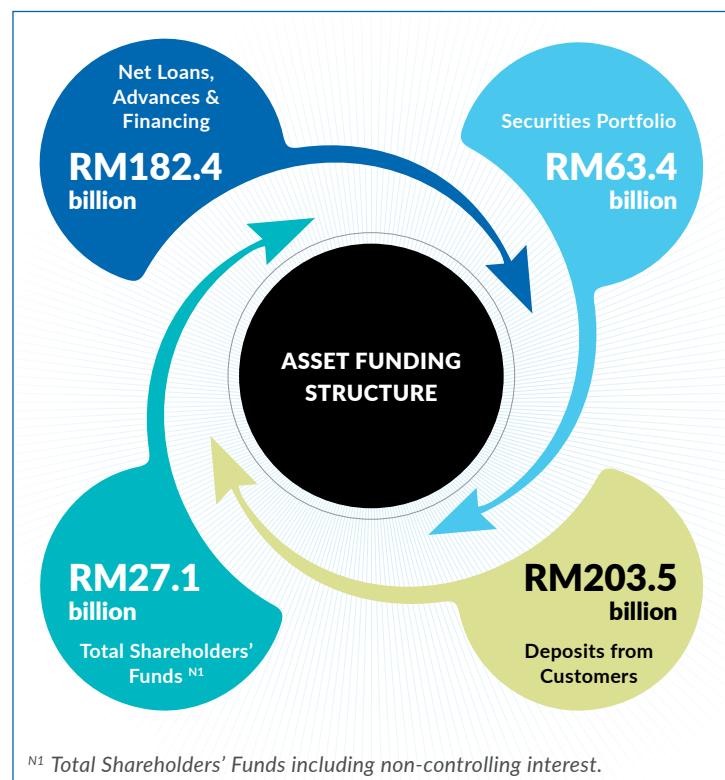
The foundation of RHB's balance sheet is built on shareholders' equity, long-term debt and core customer deposits. The composition mix, currency and maturity profile of deposit, and funding sources are reviewed regularly and monitored against various internal and regulated limits. This is to ensure effective cost management while maintaining the stability and sustainability of funds.

These continuous efforts resulted in strong growth in Group CASA of +28.3% year-on-year and improved the CASA ratio to 30.9% in December 2020 (December 2019: 25.7%).

Diversification of deposit and funding sources has been our ongoing long-term strategy. Deposit acquisition from retail and wholesale businesses is managed through our strong relationship with customers and our increasing focus on digital channels.

Our stable deposit base and long-term debt are the primary sources of funds to support asset growth. Through strategic balance sheet management, the Group's total net loans, advances and financing increased by RM9.2 billion to RM182.4 billion as at end-2020. The loan growth was achieved and managed with careful consideration of asset quality, as the Group placed greater emphasis on credit quality given the weak economy in 2020.

The table below shows the asset funding structure as at 31 December 2020.



The year 2020 was challenging for all banks, and RHB was not spared from the debilitating effects of the COVID-19 pandemic on the economy. However, our solid foundation, insightful analysis and vigilant monitoring of balance sheet management, together with our agility to embrace changes, enabled us to remain resilient.

In line with the Group's five-year FIT22 strategic plan, we will continue to focus on key segments, especially the domestic Retail and SME segments, to deepen our wallet share and enlarge the customer base in the mid- and large-cap segments, respectively. To support asset growth in these targeted segments, disciplined capital allocation will be adopted and monitored to improve risk-adjusted returns.

REGIONAL MARKET LANDSCAPE

as at 4 April 2021



ECONOMIC REVIEW

Malaysia's real Gross Domestic Product ("GDP") growth contracted by 5.6% year-on-year in 2020 from an expansion of 4.3% in the year prior, marking the first economic recession since the 2009 Global Financial Crisis. The contraction in economic growth reflected, among others, the impact from global lockdowns as well as the effect of the government's Movement Control Order ("MCO") to manage the spread of COVID-19 which disrupted business activities.

The impact of the pandemic on private consumption was severe as businesses either cut jobs or lowered wages in order to stay afloat, leading to a rise in unemployment and a downward spiral in household spending. However, support from the government through massive stimulus packages consisting of cash handouts, a moratorium and payment assistance with regard to loans and financing facilities and wage subsidies, as well as tax relief, managed to reduce the impact on the economy.

On the investment side, businesses held back on injecting capital amid excess capacity and a highly uncertain operating environment. In addition, the MCO temporarily disrupted activities, causing delays in both private and public sectors' projects. On the upside, the export sector managed to sustain itself with strong demand for palm oil and electronic & electrical goods. Imports were however hampered as the MCO and the weak economy reduced demand. The net effect of the weaker imports helped the Malaysian economy register a strong trade surplus.

On prices, the inflation rate contracted following the fall in domestic fuel prices and weak aggregate demand with CPI averaged at -1.1% year-on-year. With sharply weakening economic growth and muted inflationary pressure, the central bank cut the overnight policy rate by 125 bps to 1.75% throughout 2020. The cuts came over and above other measures that included a reduction in the statutory reserve requirement, special financing facilities and purchase of government bonds in the secondary market.

ECONOMIC OUTLOOK

For 2021, we expect GDP to register at 5.4% year-on-year. On the consumption side, we see spending to rebound due to five reasons: First, the continued easing of restrictive COVID-19 related measures is likely to unleash pent up demand. Second, high frequency data and anecdotal evidence suggests that the manufacturing sector may have rebounded which suggests early signs of recovery in broad economic activity. Third, with the recovery in manufacturing already ensuing, the balance of risks is skewed towards the unemployment rate dropping sooner rather than later. Fourth, the unconditional withdrawal from the pension fund under the i-Sinar programme to provide some support to consumer spending. Lastly, the recently announced PEMERKASA stimulus package will provide support to the consumer as well. On the external side, the commodities and electrical & electronics sectors will continue to power export growth for much of 2021. Exports for commodities are elevated amid the strong growth in palm oil and crude oil prices, while high demand for technology products propel the electrical & electronic exports. We expect these trends to remain at least for the next 1-2 quarters.

Inflation is expected to grow at 2.5% year-on-year due to two fronts: First, higher commodity prices are likely to translate to stronger cost-push pressures. Although domestic fuel prices are capped by the Government we still expect some pass-through effects to food and services cost. Second, demand side pressure could also arise if capacity utilization rates and wage pressures ensue. On the fiscal front, deficit is likely to improve at 6% from 6.2% last year amid better economic growth. Despite the lower deficit, government spending still induces a mild positive fiscal impulse to the economy.

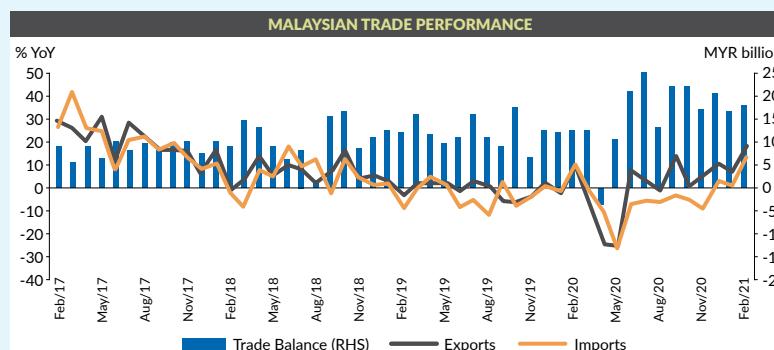
We expect Bank Negara Malaysia ("BNM") to keep the interest rates unchanged at 1.75% this year as focus will be more on targeted measures rather than a blanket Overnight Policy Rate ("OPR") cut. In our view, in case downside risks to growth emerge, fiscal policy rather than OPR cuts will be utilised to stabilise economic activity.



Malaysia's economy was greatly affected in 2020



Confidence rebounded but retail still weak



Strong exports and weak imports led to high trade balance



REGIONAL MARKET LANDSCAPE

as at 4 April 2021



MALAYSIA

BANKING SECTOR REVIEW & OUTLOOK

The COVID-19 pandemic led to an unprecedented contraction in economic activities and heightened stress on Malaysia's financial system. Swift and broad-ranging measures were taken by BNM in coordination with the banking sector. Banks' strong capital and liquidity buffers entering the pandemic enabled them to support the relief measures and sustain access to credit while loan impairments were kept low. The banking sector's operating environment is expected to remain challenging until businesses fully regain their footing and international borders reopen with the general availability of COVID-19 vaccines in 2H 2021.

System loan growth was sustained at 3.4% in 2020 (2019: +3.9% year-on-year) despite the economic disruptions brought about by COVID-19. The six-month automatic repayment moratorium for individuals and SMEs, followed by further relief assistance programmes by banks, resulted in lower loan repayments. Loans disbursements were, however, boosted by increased lending to households for purchase of passenger cars and personal consumption, and financing schemes offered by BNM and the government. As economic activities regain momentum, system loan growth is projected to improve to 4.0% year-on-year in 2021.

Net Interest Margin ("NIM") narrowed in 2020 on the cumulative 125 bps cuts in the Overnight Policy Rate ("OPR") between January and July 2020. The reimposition of the MCO in the first quarter of 2021 will affect growth in 1Q21. However, with the impact expected to be less severe than experienced in 2Q20 and improving prospects of 2H 2021 recovery, we believe BNM will maintain OPR at 1.75% through 2021.

The April 2020 automatic repayment moratorium and followed by targeted payment assistance helped contain the rise in outstanding impairments. As at end-2020, banking system gross impaired loan ("GIL") ratio edged up marginally to 1.57% (2019: 1.51%). In the absence of borrowers' repayment information, banks took proactive measures to assess and manage risks. Given uncertainty over the recovery path, banks booked additional provisions for macroeconomic variable ("MEV") adjustments and management overlay. This strengthened loan loss coverage to 107.5% in December 2020 (2019: 80.9%). Monitoring credit risk development will continue to be a challenge and priority in 2021. Asset quality will likely deteriorate in 2021 as the various relief programmes expire. Default risks will, however, be mitigated by the extensive fiscal and financial support provided to impacted borrowers as well as banks' strong provision buffers.

Key Trends Affecting the Banking Industry



Social Drivers

In response to the prolonged restrictions on movement and activities, the government announced in Budget 2021 enhancements to the Targeted Payment Assistance ("TPA") programme. Eligible borrowers in the bottom 40% income group ("B40") and microenterprises with borrowings of below RM150,000 will be granted automatic approval to either defer loan repayments for three months or reduce monthly instalments by 50% for six months. For M40 borrowers who are registered in the Bantuan Prihatin Nasional database, and whose household incomes have been reduced due to the pandemic, banks will accept requests from borrowers for a reduction in monthly instalments. This will be based on borrowers' self-declaration of reduced income and/or their household to further expedite immediate relief. The enhanced TPA is available from 23 November 2020 to 30 June 2021. The reimposition of MCO 2.0 can also be expected to affect the momentum of recovery, although the impact will likely be milder than experienced in the earlier MCO.

Environmental, Social and Governance ("ESG") matters are now in greater focus following the social and economic fallout arising from the COVID-19 pandemic. Urgent cries for climate action continue globally while within Malaysia, regulators are encouraging the adoption of recommendations from the Task Force on Climate-related Financial Disclosures ("TCFD"). ESG matters such as sustainable financing and ESG investment continue to gain traction and will likely come into sharper focus in 2021 due to increased investor demand and local regulatory developments. Notwithstanding this, Malaysian banks are expected to lead by example to make certain their own operations are in line with this direction and to ensure improvements in their own environmental footprint and continued corporate social responsibility.



Competitive Drivers

BNM is in the final stages of developing the licensing framework for digital banking, and applications need to be submitted by 30 June 2021. BNM issued its Licensing Framework for Digital Banks in December 2020 following a six-month public consultation. It plans to issue up to five digital bank licences by the first quarter of 2022. These digital banks will have the objective of enabling innovative application of technology to uplift the financial well-being of individuals and businesses, while enhancing financial solutions to the unserved and underserved segments.



Technological Drivers

The shutdown of economic activities and movement restrictions following the COVID-19 pandemic have resulted in fundamental shifts in the banking industry. Rising demand for online, mobile and call centre services have accelerated the need for banking institutions to quickly enhance their digital transformation. The shift towards work-from-home for non-frontline staff is also changing work processes and increasing the need for secure Virtual Private Networks ("VPNs").

As economic activities continue to migrate online, malware, cyber-attacks and digital fraud will continue to proliferate. Banks will need to keep abreast of key developments in the cyber threat and regulatory landscapes, and continually work on improving their cyber resilience in a holistic manner.



Regulatory Drivers

BNM is placing greater emphasis on the need for financial institutions to have a larger role in shaping responsible behaviour that underpins a stable and well-functioning economy and advances the goals leading to a sustainable environment. Bank Negara Malaysia is expected to soon finalise the Climate Change and Principles-based Taxonomy ("CCPT") to help financial institutions align their understanding and assessments of climate-related risks. The taxonomy will provide a common language to categorise economic activities based on their impact on climate change.



SINGAPORE

ECONOMIC REVIEW

Singapore ended 2020 with a contraction of 5.4% year-on-year from a small expansion of 1.4% in 2019, its first full-year recession in two decades. All sectors registered negative growth in the second quarter of 2020 due to a Circuit Breaker, otherwise known as stay-at-home orders, from 7 April 2020 to 1 June 2020, although a mild recovery was seen following the phased reopening of the economy towards the end of the year. The Government allocated close to SGD100 billion (19.9% of GDP) of stimulus through five separate packages in 2020 to support the economy during the downturn.

Non-oil domestic exports performed better than expected, with growth of 4.4% year-on-year from a contraction of 8.8% in 2019. Growth was driven by shipment of non-monetary gold as it is perceived as a safe-haven asset. Additionally, electronic exports remained resilient on the back of strong demand for semiconductors given the new norm of telecommuting and digital solutions across different sectors.

The Consumer Price Index ("CPI") was subdued due to domestic disinflationary pressures and low commodity prices. Core CPI, which excludes accommodation and transport components, remained low, averaging -0.2% year-on-year in 2020. Headline CPI for 2020 averaged -0.2% year-on-year in 2020 from +0.6% in 2019, which was within Monetary Authority of Singapore ("MAS") expectations of -0.5-0%.

In October 2020, MAS maintained its stance of 0% rate appreciation for the Singapore Dollar Nominal Effective Exchange Rate ("S\$NEER") since its initial change in March 2020. This was to allow some fiscal space to take the lead for economic recovery.

ECONOMIC OUTLOOK

We expect GDP growth to rebound to 5.8% year-on-year in 2021 as the low-base effect comes into play in 2Q21 and 3Q21. The country's progressive vaccination should also support the pace of recovery. This should improve business and consumer sentiments thus facilitating further resumption of economic activities. Private consumption growth will gradually improve but will still be affected by the soft labour market. Investment should also pick-up on account of strong manufacturing performance and recovery in the construction sector. The Government's active effort to vaccinate foreign workers beginning from 12 March 2021 should support recovery in the sector over the next few quarters.

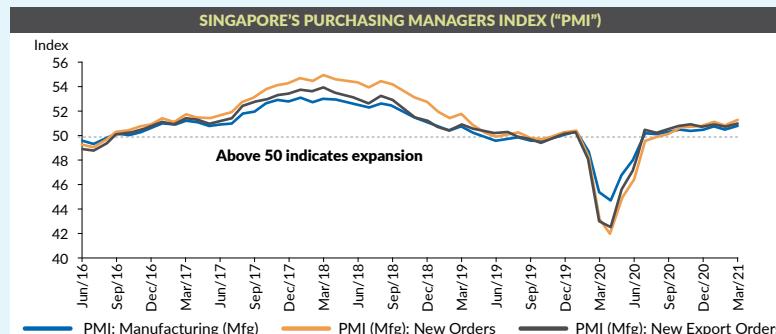
On the external front, we anticipate net exports to remain resilient, particularly the electronics segment, amid the rise in global semiconductor demand. Our analysis indicates that major global semiconductor players have ramped up capacity to address the greater demand for semiconductor output – particularly chips. Meanwhile, higher oil prices may further support overall trade performance. However, exports for transport-related output should still be affected by the closures of international borders.

We expect the 2021 budget to register a deficit of -1.8% of GDP versus the 2020 estimate of -13.8%. Government consumption is likely to moderate as broad spending are replaced with targeted programmes to the struggling aviation and tourism sectors, and to the low to medium-income groups of the population. Our inflation forecast is at 1.1% as we anticipate external sources of inflation such as oil and food prices to drive price movements higher over the next 1 to 2 quarters. However, we expect the soft labour market and spare economic capacity to cap demand-side pressures.

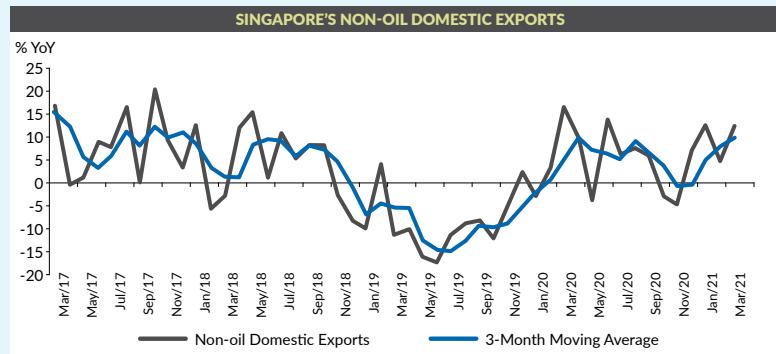
We anticipate MAS to maintain a 0% per annum rate of appreciation of the policy band for 2021. The neutral stance would provide support for the fiscal measures implemented by the Government, which are adequate to keep the upward trajectory of growth intact.



Singapore's 2020 GDP contracted for the first time in almost two decades



Singapore's PMI fell sharply below 50 in 2020



Singapore's non-oil domestic exports expanded by 4.4% year-on-year



BANKING SECTOR REVIEW & OUTLOOK

Singapore's banking sector entered the COVID-19 downturn from a position of strength, and has played an important role in supporting the economy's requirements for credit. Banks continued to maintain strong capital and liquidity positions.

Asset quality deteriorated with system NPL ratio rising to 2.56% in December 2020, from 2.01% a year ago. Asset quality pressures were most evident in the general commerce and transportation, storage and communications sectors. In anticipation of a deep and prolonged economic downturn, banks pre-emptively increased their provisions.

The subdued economic activity and weak external demand weighed on banks' lending business. Banks' loans for domestic and Asian currency units contracted, albeit by a modest -1.2% year-on-year in 2020 (2019: +4.2%). Loans to the building and construction sector grew 7.7% year-on-year while lending to financial institutions increased 5.8% year-on-year. This was, however, offset by contractions in loans for general commerce (-15.3% year-on-year), transportation, storage and communications (-10.2% year-on-year) and consumers (-0.5% year-on-year).

During the year, NIMs compressed sharply due to the steep falls in the Singapore Interbank Offered Rate ("SIBOR") and the Swap Offer Rate ("SOR"). Margin pressures were also exacerbated by the surge in deposits. Banking system deposits expanded by 11.8% year-on-year on increased liquidity in financial markets from global central bank monetary policy actions, constrained consumption due to COVID-19 lockdown measures and higher levels of precautionary savings.

Singapore's economy is projected to recover in 2021, but on an uneven trajectory. Still, with business activities regaining momentum and consumer sentiment improving, loan growth is expected to strengthen. NIM pressures will ebb as interest rates stabilise, although they are expected to stay low, while asset quality stress should also ease. Banks' solid capital and liquidity positions will continue to provide buffers.

Key Trends Affecting the Banking Industry



Social Drivers

In March 2020, MAS and the financial industry introduced a package of measures to help ease the financial strain on individuals caused by the COVID-19 pandemic. The measures included deferring mortgage repayments and allowing conversion of revolving unsecured debt to term loans at a lower interest rate. Further relief measures were announced in October 2020 with banks allowing eligible individuals to make reduced instalment payments on their property loans, pegged at 60% of their monthly instalment for a period of up to nine months. As for unsecured revolving credit facilities, eligible borrowers would also be able to apply to convert existing unsecured credit balances to a lower-cost term loan until 30 June 2021.

The government enhanced its risk share proportion and loan quantum for corporate loans under the Enterprise Singapore temporary bridging loan programme and working capital loan scheme. A new MAS SGD facility was introduced to provide low-cost source of funding to FIs to facilitate lending to SMEs.

Central banks and regulators globally, including MAS, have begun efforts to better assess the impact of climate change on financial stability. Over the next two years, MAS will incorporate a broader range of climate risks in thematic scenarios as part of the annual Industry-Wide Stress Test ("IWST"). The inclusion of both short-term and long-term scenarios featuring climate risks will help regulators and banking institutions to jointly increase awareness of the economic and financial implications of such risks, and encourage collaborative development of relevant capabilities in stress testing and related quantitative assessment techniques.



Competitive Drivers

In December 2020, MAS issued four digital bank licences – two digital full-bank licences and two digital wholesale bank licences. The successful applicants are expected to commence operations by early 2022.



Technological Drivers

In December 2020, MAS and the Smart Nation and Digital Government Group launched the Singapore Financial Data Exchange ("SGFinDex") that allows Singaporeans to use their National Digital Identity ("SingPass") to retrieve their personal financial information – such as for deposits, credit cards, loans and investments – from seven participating banks, along with other information such as Housing Development Board ("HDB") loans and Central Provident Fund ("CPF") balances from government agencies. SingPass is an online account management for access to Singapore Government e-services. SGFinDex, a world's first system that consolidates financial information across major banks and relevant government agencies, is aimed at returning more decision-making power to citizens on what they should do with their finances. As information asymmetry between financial providers and customers narrows, banks that openly and clearly provide sound financial advice backed up by data should scoop up market share from other incumbents.



Regulatory Drivers

In July 2020, MAS called on locally incorporated banks headquartered in Singapore to cap their total dividends per share ("DPS") for FY2020 at 60% of FY2019's DPS, and offer shareholders the option of receiving the dividends to be paid for FY2020 in scrip in lieu of cash. The dividend restrictions were a pre-emptive measure to bolster banks' resilience and capacity to support lending to businesses and individuals through the uncertain period.

The London Interbank Offered Rate ("LIBOR") is expected to be discontinued after end-2021. As Swap Offer Rate ("SOR") uses USD LIBOR in its computation, the impending end of LIBOR would mean that SOR will be discontinued after end-2021. The Association of Banks in Singapore ("ABS") recommended a transition from SOR to the Singapore Overnight Rate Average ("SORA") – a robust benchmark underpinned by actual transactions in a deep and liquid overnight unsecured SGD interbank funding market. In July 2020, the financial industry issued a joint industry consultation recommending the discontinuation of the SIBOR benchmark in three to four years to focus on a SORA-centred approach. MAS will also be stepping up supervisory engagement to ensure that banks are well prepared for the transition by end-2021.



CAMBODIA

ECONOMIC REVIEW

Cambodia's economy is estimated to have contracted by 1.9% in 2020, its first contraction after two decades of strong growth. The tourism and hospitality industries, which are estimated to have contributed about 21% of GDP, were most severely affected by the COVID-19 pandemic.

The global apparel industry was affected by lockdowns and impacted Cambodia's garment manufacturing industry, which is the biggest employer in the economy and accounts for about 16% of GDP and 80% of total exports. The decline in demand in the garment industry has led to closures of factories, leading to an increase in the unemployment rate and lower household income.

We also note a decline in investments and construction proposals in 2020, partly due to investors' confidence in the global recovery. In line with the contraction in economic growth, inflation was moderate at 2.9%, although higher than 2019 (1.9%) due to higher price of foodstuff.

ECONOMIC OUTLOOK

We expect Cambodia to return to a positive growth trajectory in 2021. The rebound is mainly due to the low base effect as well as the recovery in global demand. Government spending and investments on infrastructure projects is expected to contribute to the recovery of the domestic economy. Private consumption is expected to improve in line with the improvement in household income as unemployment moderates.

Externally, we see a recovery in exports of goods such as bicycles, electronics as well as agriculture products. Exports of garment products expected to improve once recovery in the apparel industry occurs via online shopping. The recently-signed Cambodia-China Free Trade Agreement and the Regional Comprehensive Economic Partnership ("RCEP") free trade deal will be a key contributor to help in the recovery for 2021.

BANKING SECTOR REVIEW & OUTLOOK

In tandem with multiple stimulus packages introduced by the government, the central bank also took steps to help mitigate the impact of the pandemic on the economy, businesses and individuals. Some of the measures were fiscal in nature, meant to help banks maintain their resilience, while others were targeted at businesses and individuals who were suffering from a loss of revenue and income.

To support market liquidity, the National Bank of Cambodia ("NBC") reduced reserve requirement ratios to 7% for both local currency and foreign currency deposits, down from 8% for local currency and 12.5% for foreign currency deposits, for a period of six months from April 2020. The central bank also postponed full implementation of the Capital Conservative Buffer to maintain the 50% current requirement.

In March 2020, the NBC also reduced interest rates by 50 bps for all Liquidity-Providing Collateralised Operation ("LPCO") maturities. Through the LPCO facility, the central bank influences real interest rates, as it is unable to influence the US dollar interest rates due to the highly dollarised economy.

The central bank also directed all banks to restructure loans to ease the burden of those who were impacted by loss of revenue due to the pandemic. A total of USD3.01 billion of bank loans (9.96% of total loans) and USD1.13 billion of micro-finance institution loans (16.6% of total loans) were restructured in 2020 as a result of the NBC's intervention. Due to the various steps taken, strong growth was still registered in loans, deposits and bank assets. In 2020, bank assets grew by 16.2% year-on-year to USD50.7 billion while bank loans increased by 15.3% in 2020 compared to the 23.8% year-on-year growth registered in 2019.

Looking ahead, the banking industry is expected to continue its growth trajectory, albeit at a slower pace, in tandem with the anticipated economic recovery. Banks will continue to focus closely on maintaining asset quality in view of the expiry of the loan moratorium at the end of June 2021.

Sources:

- <http://documents1.worldbank.org/curated/en/986491608013945613/pdf/Cambodia-Economic-Update-Restrained-Recovery-Special-Focus-Adapting-to-COVID-19-in-an-Uncertain-World.pdf>
- NBC Annual Report 2020





THAILAND

ECONOMIC REVIEW

Thailand's economic growth fell into recession due to the COVID-19 pandemic. The country recorded its biggest decline since 1998 during the Asian Financial Crisis as GDP growth contracted 6.1% year-on-year in 2020. Industries such as tourism and automotive were impacted by the global lockdown to curb the spread of COVID-19 while the agriculture sector faced its worst drought in four decades. Thailand's exports were thus impacted by the overall weaker demand for vehicles and the decline in production of agricultural products.

For the tourism industry, international travel restrictions implemented since March this year led to a sharp decline in foreign tourist arrivals which impacted services exports. While there were discussions of implementing a 'travel bubble' among countries that have managed to contain the spread of COVID-19 infections including Thailand, the plans were subsequently postponed due to a second wave of infections.

With business outlook and private consumption remaining weak, government consumption and investment played a crucial role in cushioning the impact of the pandemic. The government announced a total stimulus package of THB2.4 trillion or about 14.2% of GDP to blunt the impact of COVID-19. The central bank also cut the policy rate by a total of 75 bps to a record low of 0.5%, in line with the decline in inflation to -0.9% in 2020 against an average of 0.7% in 2019.

ECONOMIC OUTLOOK

We expect GDP growth to rebound to 3.2% year-on-year supported by the low base effect in 2020 as well as the gradual improvement in global demand, although dragged by the slower tourism recovery and the impact of the second wave of COVID-19 infections. Private consumption is projected to expand in 2021 supported by government's fiscal measures including THB210 billion in cash handouts and subsidy for electricity and water. On investment, we expect growth to pick up supported by higher budget allocation for the Eastern Economic Corridor project.

On the external front, we expect goods exports to rebound to 3.8% in 2021, mainly due to the recovery of global demand. Exports of services however is likely to remain weak amidst slow recovery of tourism sector. Thailand's slow vaccine rollout is a key factor that could delay the recovery of the tourism sector.

We forecast inflation to rise to 1.0% in 2021 from -0.8% in 2020; while fiscal deficit-to-GDP will narrow to 3.0% in 2021, from -4.6% in 2020 following a rebound in the economy. We expect Bank of Thailand to keep the policy interest rate unchanged at a record low of 0.5% for the rest of 2021 as economic recovery going forward remains highly uncertain following the impact of the second wave of COVID-19 infections.

BANKING SECTOR REVIEW & OUTLOOK

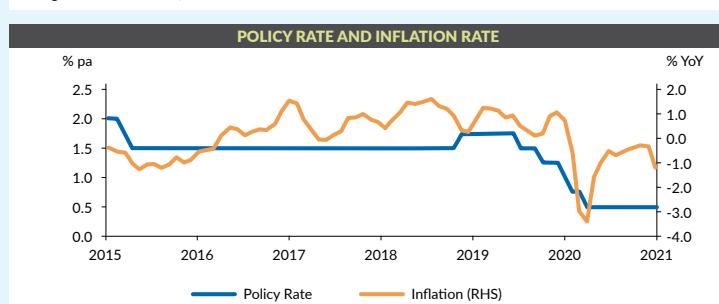
Thailand's banking sector faced another challenging year in 2020. With major segments of the country's economy adversely impacted by the global COVID-19 outbreak, the Bank of Thailand ("BoT") rolled out financial relief programmes for retail borrowers and businesses. The relief measures included a loan payment holiday for retail and non-retail customers, soft loans for SMEs and business owners, a lower interest rate ceiling and higher credit limits for credit cards and personal loans, debt consolidation to utilise the same collaterals for retail customers and debt restructuring for affected borrowers.

With financial institutions providing continued access to credit, banking system loans expanded by 5.4% year-on-year (2019: +2.0%). The stronger growth was led primarily by the 52% year-on-year increase in lending to the corporate segment. Businesses drew down credit lines in a pre-emptive move to safeguard operating cash flows. SME loans, however, contracted by 29% year-on-year while retail loans were up a modest 2% year-on-year.

Inevitably, the broad-based economic slowdown resulted in the deterioration in banks' asset quality. The banking system's gross Non-performing Loans ("NPLs") increased 9.5% year-on-year, compared with the 4.8% year-on-year rise in 2019. Asset quality stress was evident for sectors directly impacted by international travel restrictions, such as aviation, tourism – hotels, F&B, wholesale and retail. Banks were vigilant and took pre-emptive provisions to strengthen loan loss reserves to circa 148%.

BoT's lowering of policy rate by 75 bps to a low of 0.50% in 2020 (2019: -50 bps) saw NIMs come under pressure. To mitigate the margin compression, banks focused on managing cost of funds by lowering deposit rates and reducing excess liquidity.

Going into 2021, we expect loan growth to moderate, partly due to the resumption of loan repayments as relief programmes expire. The end of relief assistance will also likely lead to higher NPLs as some borrowers may be adversely impacted by the prolonged pandemic. Managing asset quality stress will remain a priority and impairment allowances are expected to stay elevated. While the policy rate is expected to be stable, we believe NIM could slip further due to the tail-end impact from last year's 75 bps reduction in policy rate.



ENGAGING WITH STAKEHOLDERS

S

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

The Group takes an inclusive and systematic approach to engaging with our various stakeholders to better understand and respond to their needs and concerns. Engaging with stakeholders also influences our decision-making and direction, as well as materiality assessments.

* The Group referred to Bursa Malaysia's Sustainability Reporting Guide (2nd edition) and AA1000 Stakeholder Engagement Standard 2015 to identify key stakeholders.

STAKEHOLDER GROUP

SHAREHOLDERS AND INVESTORS

We provide our shareholders and investors with relevant information in order to make informed investment decisions on RHB as well as share with them our financial performance and the Group's strategic direction.

Engagement Platform

- | | |
|--|---|
| <ul style="list-style-type: none"> - Annual and Extraordinary General Meetings - Meetings and briefings with analysts and fund managers - Annual Reports/Integrated Reports - Sustainability Reports - Bursa Malaysia announcements | <ul style="list-style-type: none"> - Quarterly and annual financial results announcements - Online communications (email, corporate website, social media) - Meetings/discussions - Roadshows and conferences |
|--|---|

Stakeholder Concern/Expectation

- Resilient revenue growth and cost management
- Asset quality and management of credit risk
- Approach to and progress in sustainability or ESG, which includes climate-related risks.
- Ethical and responsible business practices
- Corporate governance
- Dividend payout
- Measures to mitigate effects of the pandemic
- Financial assistance available to customers and impact on the Group's profitability

RHB's Response To Concern/Expectation

- Ensuring timely and comprehensive disclosures
- Emphasising cost management as well as liquidity and capital management to support growth
- Putting in place strong corporate governance policies and ensuring adequate Board oversight
- Appointment of five Independent Non-Executive Directors and one Senior Independent Non-Executive Director to RHB Bank Berhad's Board
- Putting in place a robust Sustainability Framework with action plans to drive the Group's sustainability agenda and integrate ESG matters into the Group's core business and operations
- Ensuring business continuity, the health and safety of our employees and continuous support to our customers during these difficult times
- Ensuring the Group's readiness in responding to the impact of the economic slowdown such as by digitalisation of customer journeys, transforming credit risk management and readying the workforce for the future
- Providing support to customers through moratorium and payment assistance programmes
- Remaining prudent and continuing to set aside pre-emptive provisions to cater for potential adverse impacts on asset quality



STAKEHOLDER GROUP

CUSTOMERS

A key winning formula that differentiates us from our competitors is our capability in building trust, delivering convenience and creating value for our customers. We interact with customers to better understand their requirements so that we can propose the right financial solutions for them.

Engagement Platform

- | | | |
|---|---|--|
| <ul style="list-style-type: none"> - Online communications (email, corporate website, social media) - One-to-one meetings - Group meetings - Relationship Manager engagements | <ul style="list-style-type: none"> - Customer networking events - Surveys and feedback - Focus groups and service design engagement - Seminars and forums - Interaction programmes | <ul style="list-style-type: none"> - Complaint resolution discussions and Customer Advocacy - Service Clinics - Branches, Sales & Service Centres, Call Centres |
|---|---|--|

Stakeholder Concern/Expectation

- Fair treatment and fair conduct of business dealings
- Personalised financial advice and solutions with quick and convenient banking options
- Cybersecurity and having a safe environment in which to conduct banking activities
- Accessibility to banking services during the pandemic
- Availability of payment assistance programme to assist customers who are affected by COVID-19
- Safety at branches and sales centres

RHB's Response To Concern/Expectation

- Ensuring products and services are delivered in line with BNM's Fair Treatment of Financial Consumers ("FTFC") Policy
- Strengthening digital propositions to deliver enhanced customer experiences and enhancing financial accessibility
- Driving service excellence through the RHB Way Service Culture initiative that focuses on improving overall customer experience through its people, process, technology and products, as seen in higher RHB Banking Group NPS (achievement of +11 in 2020)
- Simplifying language and minimising legal jargon in communication materials and contents
- Enhancing frameworks and policies relating to technology and cyber risk management as well as continuous strengthening of IT security controls, taking into consideration the new norm and the constantly evolving technology landscape
- Subscribing to Third Party IT Security Risk Rating Services as part of enhancing third party due diligence process
- Organising mandatory IT security awareness training for employees and expanding the training programme to include Board members and third parties
- Achieving ISO/IEC 27001 Information Security Management Systems re-certification of our core e-Banking and transaction systems
- Providing automatic six-month moratorium, followed by further assistance through Payment Assistance and Targeted Payment Assistance programmes for individuals as well as SMEs that continue to be impacted by the pandemic
- Implementing strict SOPs to ensure safety of customers at branches, including limiting number of customers allowed into the premises at any one time
- Providing real-time digital queue system for branches via mobile app for customers to book their appointments ahead of time

BUSINESS PARTNERS

In driving business performance and delivering superior products and services to our customers, we engage with our business partners in strategic alliances to capitalise on mutually beneficial business opportunities in the market.

Engagement Platform

- | | | |
|---|---|---|
| <ul style="list-style-type: none"> - Company visits - Formal & informal engagements | <ul style="list-style-type: none"> - Online communications (email, corporate website and social media) - Tender process and supplier feedback mechanism | <ul style="list-style-type: none"> - Solution Co-Design Workshops - Certification and immersion programme with industry leaders and experts |
|---|---|---|

Stakeholder Concern/Expectation

- User-friendliness of e-Procurement System
- Fair evaluation of vendor proposals
- New policies and guidelines that may affect vendors' performance
- Privacy and confidentiality
- Promptness of payment

RHB's Response To Concern/Expectation

- Conducting engagement sessions covering topics on guidelines and procedures, sales and service tax, supplier performance, payment-related matters and contract renewal. These engagement sessions reiterate our commitment towards sourcing transparently and maintaining fair practices
- Conducting training on an annual basis, as part of the support infrastructure provided for RHB's network of suppliers
- Conducting visits to the office premises or sites of our Business Partners to gain a good understanding of our Business Partners' working environment and work culture, business continuity management and system infrastructure
- Proposals from vendors are submitted digitally to ensure confidentiality and transparency, without the involvement of project owners
- Proposals are evaluated fairly based on merit and against a set of clearly identified criteria
- Payments will be made according to the Terms of Agreement, on or before due dates via digital transfer

EMPLOYEES

We are committed to being a preferred employer with a highly productive, agile and engaged workforce that delivers exceptional service to customers while ensuring our employees' health, safety and well-being. Employee engagement is a critical driver of business success in today's competitive marketplace.

Engagement Platform

- Intranet (My1Portal and MyLink2HR) and email
- RHB's internal social media channel, Workplace by Facebook and recognition via ThanksBot
- Social, sports and recreational activities
- Engagement sessions during festive seasons
- Annual Employee Engagement Survey ("EES") and Internal Customer Effectiveness Survey
- Formal and confidential grievance channel
- Formal meetings - GMD Chat Sessions and Townhalls conducted across the region
- Senior Leadership Forum

Stakeholder Concern/Expectation

- Employees' goals and objectives
- Rewards and recognition
- Sustainable engagement
- Work organisation
- Career development
- Learning and development
- Employees' Safety and Health
- Tools for employees to work remotely

RHB's Response To Concern/Expectation

- Employee Wellness Programme
- Re-skilling/upskilling employees through various development interventions such as RHB Managers Programme & Future Skills Programme
- Conducting an EES on an annual basis to gauge employees' level of satisfaction and obtain feedback on areas for improvement. In 2020, the EES score improved from 90 to 92
- Conducting roadshows to share our redefined five-year strategic direction at the branches and via live updates on FB Workplace for continuous engagement with employees
- Conducting salary benchmarking exercise for comparison against the market and retention programmes
- Conducting quarterly Senior Leadership Forums and Group-wide townhalls to share with senior leaders the Group's strategic performance and achievements and to provide status updates on key initiatives via live updates
- Conducting a robust Employee Value Proposition programme to attract and retain talents
- Regularly communicating updates on COVID-19 pandemic-related matters to keep employees abreast of latest developments in ensuring safety and health
- Ensuring strict adherence to Standard Operating Procedures ("SOPs") within office and branch premises; allowing Work-From-Home ("WFH") arrangements; implementing split operations for key functions; allowing staff rotation at branches together with shorter operation hours

REGULATORY AUTHORITIES & POLICYMAKERS

We actively engage with regulatory authorities on matters that impact our business and operations.

Engagement Platform

- Regular updates and reporting to regulatory authorities
- Actively participating in and contributing to industry and regulatory working groups, briefings, forums, conferences and consultation papers
- Engaging with regulatory authorities to consult, update, share and seek directives on implementation of new products and services or initiatives, policies, decisions or regulatory frameworks

Stakeholder Concern/Expectation

- Effective management of the Group's overall compliance with rules and regulations
- Balancing between preserving the stability of the banking system, the concerns of depositors and sustaining economic activity
- AML practices
- Integration of ESG matters, particularly climate change, into the Group's core business and operations
- Progress against Value-based Intermediation ("VBI")
- Good corporate governance
- Ethical and responsible business practices in line with FTFC policy
- Asset quality and management of credit risk
- Policies and regulations
- Clear, relevant and timely communication to customers

RHB's Response To Concern/Expectation

- Strengthening Board and Management oversight
- Continuing to integrate ESG, including climate change considerations, into the Group's core business and operations
- Ensuring strong liquidity and capital levels to withstand potential shocks to the banking system, protect depositors and enable sustained economic activity
- Continuing to drive commitment to green financing
- Strengthening compliance capabilities
- Involvement in regulator-industry-led committees such as the Joint Committee on Climate Change ("JC3")
- Continuously improving and strengthening compliance functions, including implementing new measures and putting in place new systems and controls to enhance the Group's overall compliance risk governance
- Embedding FTFC principles and RHB Way's Tone of Voice into customer communications
- Ensuring simplified language in contracts and banking documents



STAKEHOLDER GROUP

COMMUNITIES

We actively engage with communities, including children and youth from the underprivileged and underserved segments.

Note: This stakeholder group includes NGOs and the media.

Engagement Platform

- Collaboration and partnerships with non-profit organisations, associations or government organisations through RHB's community engagement initiatives
- Interaction and discussion with related government bodies and Non-Governmental Organisations ("NGOs")
- Online communications (email, corporate website and social media)
- On-ground community engagement activities
- Innovative digital platforms to promote financial accessibility

Stakeholder Concern/Expectation

- Promotion of financial literacy despite restrictions on movement
- Opportunities for equal access to education, especially for the B40 communities
- Access to financing, especially for those impacted by the pandemic
- Empowerment of the underserved and underprivileged
- Integration of ESG matters into the Group's core business and operations
- Contributions to mitigate impact of COVID-19

RHB's Response To Concern/Expectation

- The Money Ma\$ter Programme is a structured financial literacy programme to educate students on managing their finances
- Conducted online classes and educational sessions through social media for targeted B40 students to ensure they were not left behind during the pandemic
- Nurturing and empowering children and youth from underprivileged segments through our RHB X-Cel Academic Excellence and RHB X-Cel Star Scholarship programmes
- Introduced the Payment Assistance Programme in October 2020, which was then followed up with the Targeted Payment Assistance Programme which will be in place until June 2021
- Facilitating the disbursement of relief funds for SMEs such as the Special Relief Facility announced by Bank Negara Malaysia ("BNM")
- Contributed funds through the Ministry of Health and Mercy Malaysia, and also via various parties, to assist frontliners and vulnerable communities in Malaysia, Cambodia and Laos
- Reaffirmed our approach to sustainability and integration of ESG considerations through public disclosure (public documents, reports)
- Identifying opportunities that will contribute to sustainable development and the transition to a low-carbon economy
- Promoting access to financing through digitalisation

FINANCIAL INDUSTRY PEERS

With our financial industry peers, we pursue industry-wide improvements through discussions and consensus on financial industry matters.

Engagement Platform

Industry organisation meetings/sessions with:

- Association of Banks in Malaysia
- Association of Islamic Banking and Financial Institutions of Malaysia
- Malaysian Investment Banking Association
- Persatuan Insurans Am Malaysia

Stakeholder Concern/Expectation

- Impacts of regulatory changes and climate change reporting initiatives by BNM
- Integration of ESG matters into the Group's core business and operations
- Customer experience
- Fraud risk
- Compliance matters
- Financial impact of the pandemic
- Financial impact of interest rate cuts

RHB's Response To Concern/Expectation

- Involvement in regulator-industry-led committees such as Joint Committee on Climate Change ("JC3") and working groups such as Value-Based Intermediation Financing and Investment Impact Assessment Framework ("VBIAF") Sectoral Guide Working Group
- Continuously discussing with our peers the impacts of new policies and guidelines, as well as how to combat risks associated with fraud and money-laundering
- Encouraging a positive compliance culture within the Group through compliance awareness programmes and initiatives
- Supporting BNM's six-month automatic moratorium and the Payment Assistance Programme which was introduced in October 2020. RHB will continue providing support via the Targeted Payment Assistance Programme which will be in place till June 2021
- Facilitating the disbursement of relief funds for SMEs such as the Special Relief Facility announced by BNM

OUR MATERIAL MATTERS



"The Group's material matters discussed below describe why they are important to us, as well as where to find our responses to mitigate or manage their effects."

Sustainable Financing

WHAT IT MEANS TO RHB

Integration of ESG considerations into the Group's core business activities and decision-making processes. This includes identifying opportunities that will contribute to sustainable development and the transition to a low-carbon economy.

RELEVANT STAKEHOLDER GROUPS

- Shareholders & Investors
- Customers
- Business Partners
- Regulators & Policymakers
- Financial Industry Peers

RHB'S RESPONSE TO THE MATTER

- Engaging with Stakeholders
- Risks & Opportunities
- Sustainable Financing

Financial Inclusion & Education

WHAT IT MEANS TO RHB

We strive to provide financial access and inclusion through various products and services, including promoting financial literacy to customers and the community, particularly youths and the underserved.

RELEVANT STAKEHOLDER GROUPS

- Shareholders & Investors
- Customers
- Business Partners
- Regulators & Policymakers
- Financial Industry Peers
- Communities

RHB'S RESPONSE TO THE MATTER

- Our Value Creating Business Model
- Sustainable Financing
- Financial Education

Customer Relationship Management

WHAT IT MEANS TO RHB

We are committed to delivering service excellence to our customers in line with our Customer Service Charter and strive to gain the trust and confidence of our customers, ultimately helping them to achieve their goals. We offer innovative financial solutions and unique customer experiences by focusing on digital innovations, allowing us to provide simple, fast, and seamless experiences.

RELEVANT STAKEHOLDER GROUPS

- Customers
- Business Partners
- Employees
- Regulators & Policymakers

RHB'S RESPONSE TO THE MATTER

- Engaging with Stakeholders
- Customer Centric Banking

Data Protection & Cybersecurity

WHAT IT MEANS TO RHB

We have put in place a robust digital infrastructure, stringent controls and governance measures to protect customers' data privacy while continuously enhancing our cybersecurity capabilities to ensure a safe and secure environment for customers to conduct their banking transactions.

RELEVANT STAKEHOLDER GROUPS

- Customers
- Business Partners
- Employees
- Regulators & Policymakers
- Financial Industry Peers

RHB'S RESPONSE TO THE MATTER

- Engaging with Stakeholders
- Ethics & Governance

Fair Treatment of Financial Consumers

WHAT IT MEANS TO RHB

We are committed to treating our customers fairly in the conduct of our business, as well as providing them with accurate, adequate, and easily understood information on the products and services they receive.

RELEVANT STAKEHOLDER GROUPS

- Customers
- Business Partners
- Employees
- Regulators & Policymakers

RHB'S RESPONSE TO THE MATTER

- Engaging with Stakeholders
- Customer Centric Banking

Digitalisation and Investment in Technology

WHAT IT MEANS TO RHB

Our digital transformation journey aims to deliver convenience and create value for our customers. We identify opportunities and mitigate risks by investing in technology and channel improvements and delivering innovative products and services, while encouraging digital consumption among customers.

RELEVANT STAKEHOLDER GROUPS

- Shareholders & Investors
- Customers
- Business Partners
- Employees

RHB'S RESPONSE TO THE MATTER

- Group Managing Director's Statement
- Our Value Creating Business Model
- Digitalisation





Good Business Governance

WHAT IT MEANS TO RHB

Upholding good business conduct that encompasses ethical business practices, regulatory compliance and active management of anti-bribery and corruption, fraud risk and anti-competition through strengthened policies and governance will gain the trust of shareholders and stakeholders, leading to long-term value creation and sustainable business growth.

RELEVANT STAKEHOLDER GROUPS

- Business Partners
- Employees
- Regulators & Policymakers

RHB'S RESPONSE TO THE MATTER

- Ethics & Governance

Risk Management

WHAT IT MEANS TO RHB

Effective risk management is fundamental in driving sustainable growth and key to the proactive risk management of our operating environment, including business continuity management. The Group Risk Management Framework sets out the strategic direction for the management of risks within the Group.

RELEVANT STAKEHOLDER GROUPS

- Business Partners
- Employees
- Regulators & Policymakers

RHB'S RESPONSE TO THE MATTER

- Risks & Opportunities
- Statement on Risk Management and Internal Control
- Sustainable Financing

Dynamic Regulatory Landscape

WHAT IT MEANS TO RHB

It is essential for us to be able to respond swiftly and effectively to new developments in the market and the changing regulatory landscape. As a financial services provider, we consistently look at ways to strengthen our resilience in the face of increasing competition and to better combat new threats.

RELEVANT STAKEHOLDER GROUPS

- Shareholders & Investors
- Customers
- Business Partners
- Employees
- Regulators & Policymakers

RHB'S RESPONSE TO THE MATTER

- Group Managing Director's Statement
- Regional Market Landscape

Sustainable Procurement

WHAT IT MEANS TO RHB

We strive to ensure that our procurement practices are responsible, ethical, fair and transparent, reflecting the Group's commitment to promoting sustainable practices across its supply chain. As a large purchaser of goods and services, we can have a significant impact through the selection of sustainable and local suppliers.

RELEVANT STAKEHOLDER GROUPS

- Business Partners

RHB'S RESPONSE TO THE MATTER

- Engaging with Stakeholders
- Sustainable Procurement

Talent Management

WHAT IT MEANS TO RHB

We continue to foster talent development while embedding sustainability practices in the management of our human capital. To ensure long-term growth for our business, we manage our diverse workforce by prioritising talent management and employee engagement.

RELEVANT STAKEHOLDER GROUPS

- Employees

RHB'S RESPONSE TO THE MATTER

- Group Managing Director's Statement
- People & Workplace

Employee Training & Education

WHAT IT MEANS TO RHB

Our goal is to build a workforce that is future-proof, giving them the ability to stay relevant and agile while delivering the Group's FIT22 strategic priorities. We do so by equipping our employees with the right sets of development skills and tools to expand their professional growth and maximise their potential.

RELEVANT STAKEHOLDER GROUPS

- Employees

RHB'S RESPONSE TO THE MATTER

- Group Managing Director's Statement
- People & Workplace

C Employee Health, Safety and Wellness (previously Employee Health and Safety)

WHAT IT MEANS TO RHB

Ensuring the health and well-being of our employees is important in order to increase productivity and efficiency and to promote agility.

RELEVANT STAKEHOLDER GROUPS

- Employees
- Regulators & Policymakers

RHB'S RESPONSE TO THE MATTER

- Engaging with Stakeholders
- People & Workplace

C Diversity & Equal Opportunity

WHAT IT MEANS TO RHB

Our ability to connect with customers and deliver excellent performance is fuelled by a diverse and inclusive workplace and culture. We are committed to equal opportunity and inclusivity across gender, age, ethnicity, disability, and nationality.

RELEVANT STAKEHOLDER GROUPS

- Employees

RHB'S RESPONSE TO THE MATTER

- Our Value Creating Business Model
- People & Workplace

C Environmental Stewardship

WHAT IT MEANS TO RHB

We strongly advocate the responsible use of natural resources such as energy, water and paper and the minimisation of waste produced through sustainable practices. We have a role to play in encouraging eco-efficiency practices in our business and operations to minimise our own environmental impact.

RELEVANT STAKEHOLDER GROUPS

- Employees
- Regulators & Policymakers
- Communities

RHB'S RESPONSE TO THE MATTER

- Our Value Creating Business Model
- Environmental Stewardship

C Climate Change

WHAT IT MEANS TO RHB

The Group acknowledges the position and role it has in supporting the transition to a low-carbon economy in line with national and global commitments. We approach this through managing our own operational footprint, supporting customers and clients in the transition to a low-carbon economy and seizing opportunities for climate adaptation and mitigation.

RELEVANT STAKEHOLDER GROUPS

- Shareholders & Investors
- Customers
- Regulators & Policymakers
- Communities
- Financial Industry Peers

RHB'S RESPONSE TO THE MATTER

- Engaging with Stakeholders
- Environmental Stewardship

C Community Enrichment (previously Nurturing Future Generations)

WHAT IT MEANS TO RHB

The Group is committed to enriching and empowering local communities in which we operate, particularly the underprivileged and youth. This is driven by our community engagement initiatives and through RHB Foundation.

RELEVANT STAKEHOLDER GROUPS

- Business Partners
- Employees
- Communities

RHB'S RESPONSE TO THE MATTER

- Our Value Creating Business Model
- Community Enrichment

C Financial Performance

WHAT IT MEANS TO RHB

We deliver robust financial performance and maintain a strong balance sheet through a comprehensive business model and time-tested strategies which generate long-term value for our stakeholders.

RELEVANT STAKEHOLDER GROUPS

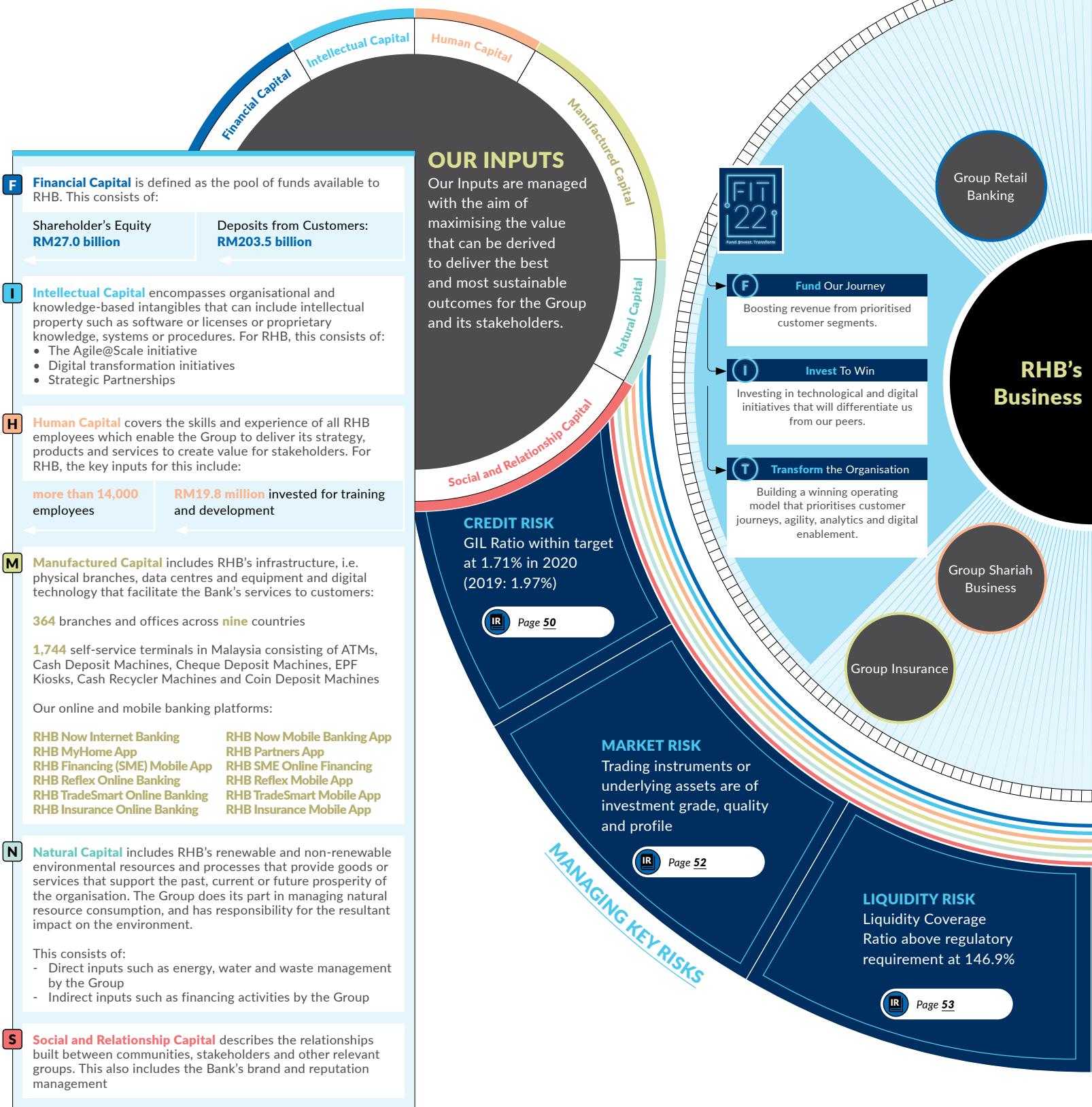
- Shareholders & Investors
- Customers
- Business Partners
- Employees

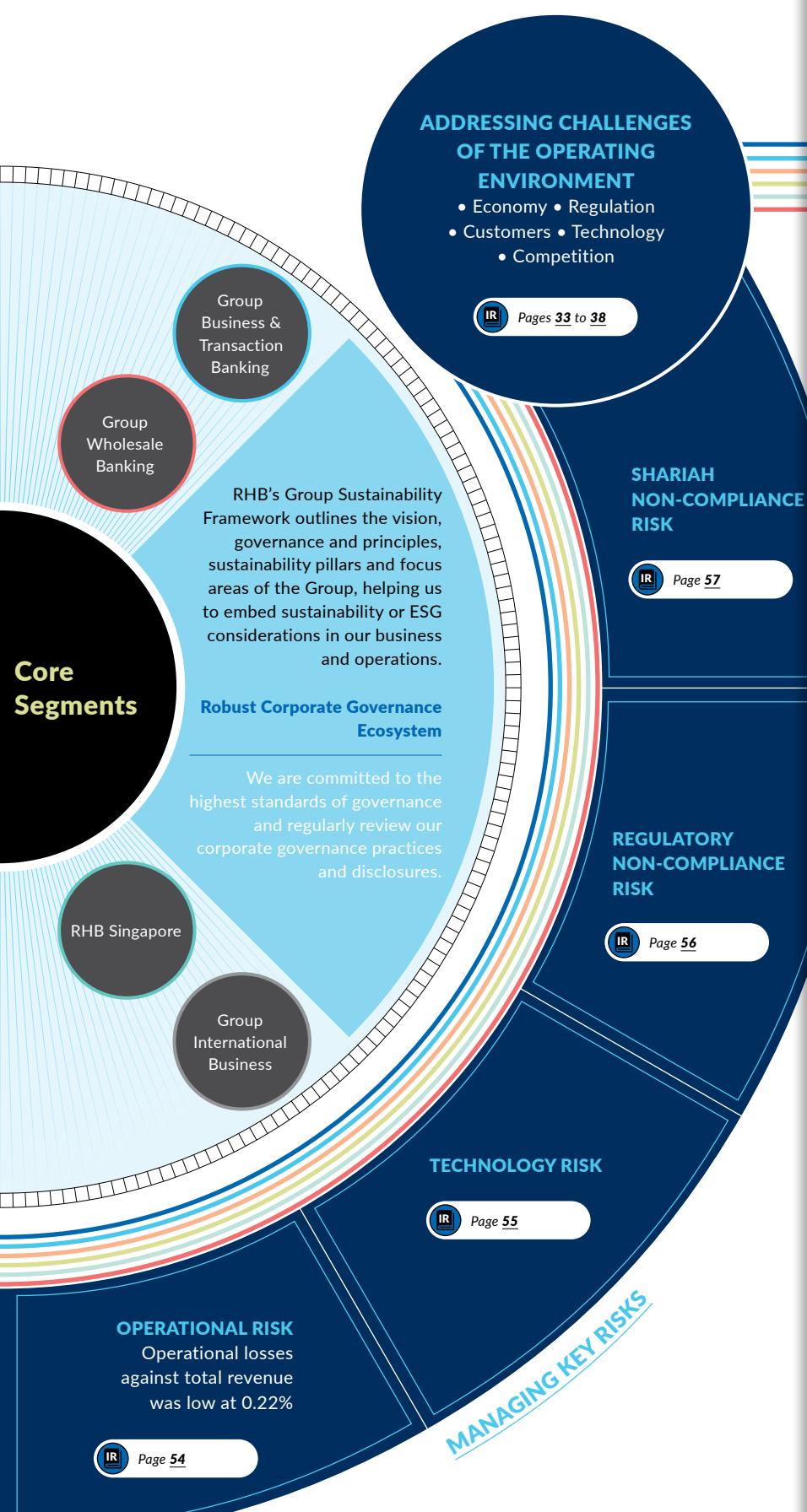
RHB'S RESPONSE TO THE MATTER

- Our Investment Case
- Group Managing Director's Statement
- Group Chief Financial Officer's Review
- Financial & Non-Financial Highlights



CREATING MEANINGFUL VALUE THROUGH THE OPTIMAL USE OF RESOURCES





- F** Continued execution of the Group's five-year FIT22 strategy:
- Grow the Affluent and Wealth space, by enhancing the Group's product suite
 - Grow the Retail and SME segments through the use of our digital and end-to-end banking solutions
 - Grow the large and mid-cap segments by increasing penetration and share of wallet
 - Expand through a segment-led approach rather than a product-led approach by creating strong value propositions for each segment
 - Protect asset quality and improve end-to-end credit management
 - Drive operating efficiency and manage costs

- I**
- RHB Digital Academy provides digital-related foundational and upskilling training to RHB staff
 - Execution of the Group's Agile@Scale initiative which is a way of working with Design Thinking to prioritise customer journeys, promote agility, drive the use of analytics and accelerate digital enablement
 - Digitalisation of customer journeys across Retail, SME and Insurance
 - Accelerated digital initiatives in Cambodia and Singapore
 - Institutionalised new analytics use cases to cross-sell/upsell to Retail and SME customers as well as enable identification of potential mule accounts and fraud through big data processing for AML purposes
 - RHB has allocated RM200 million to implement and enhance its digital capabilities over five years from 2017-2022, of which 60% has been utilised to date
 - Investments into Digital Academy training in 2020: RM1,597,244

IR To find out more about our digital initiatives that help to enhance our intellectual capital, please refer to our Sustainability Report.

- H**
- Embarked on an end-to-end workforce transformation to develop a Workforce Of The Future which will future-proof our employees and prepare them to meet future demands that will require skills in digital, analytics and automation, among others
 - Our Employee Value Proposition ("EVP") drives and enhances our human capital. Across its five pillars, we strive to create a high-performing and inclusive workplace which empowers our employees and leads to greater employee satisfaction and higher retention rates
 - We implement robust mentoring, talent management and learning and development programmes to unlock the potential of our people
 - We engage our employees by focusing on strong leadership, consistent communications from Senior Management, strategies to improve customer service, innovating new ways to work via Agile and paying close attention to career development opportunities

SR To find out more about our initiatives to improve our human capital, please refer to our Sustainability Report.

- M**
- Continued enhancements to the SME Ecosystem and Homeowners ecosystem
 - RHB Financing (SME) Mobile App
 - SME e-Solution enhancements
 - Partnership with Finology for online approval of mortgage applications through Loanplus
 - Joy@work for salary crediting account
 - Launched the RHB WWF Debit Card-i, the first eco-friendly debit card in Malaysia and the Asia Pacific

- N**
- Expanded operational GHG emissions reporting boundary to all main buildings and branches in West Malaysia
 - Implemented several eco-efficiency initiatives to reduce energy, water and paper consumption
 - Committed to RM5 billion in support of green activities through lending, investment, advisory and capital market activities by 2025

SR To find out more about our initiatives to preserve our natural capital, please refer to our Sustainability Report.

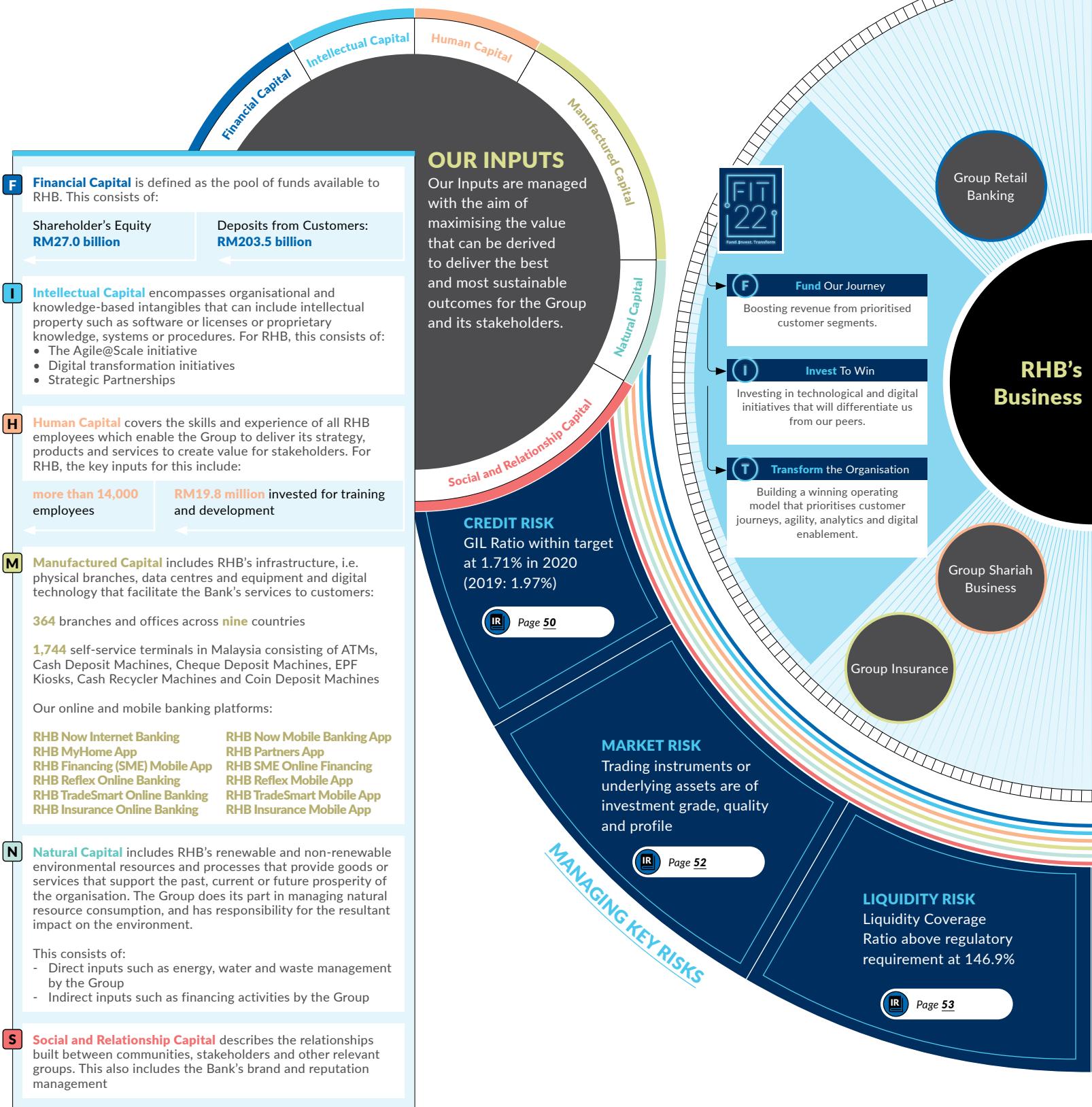
- S** **Community Contributions**
- Contributions to the Community through a host of initiatives that support the underserved and underprivileged members of the community
 - RHB Way 2.0 - to intensify service culture and elevate customer experience to deliver our brand promise of Together We Progress and improve our Net Promoter Score

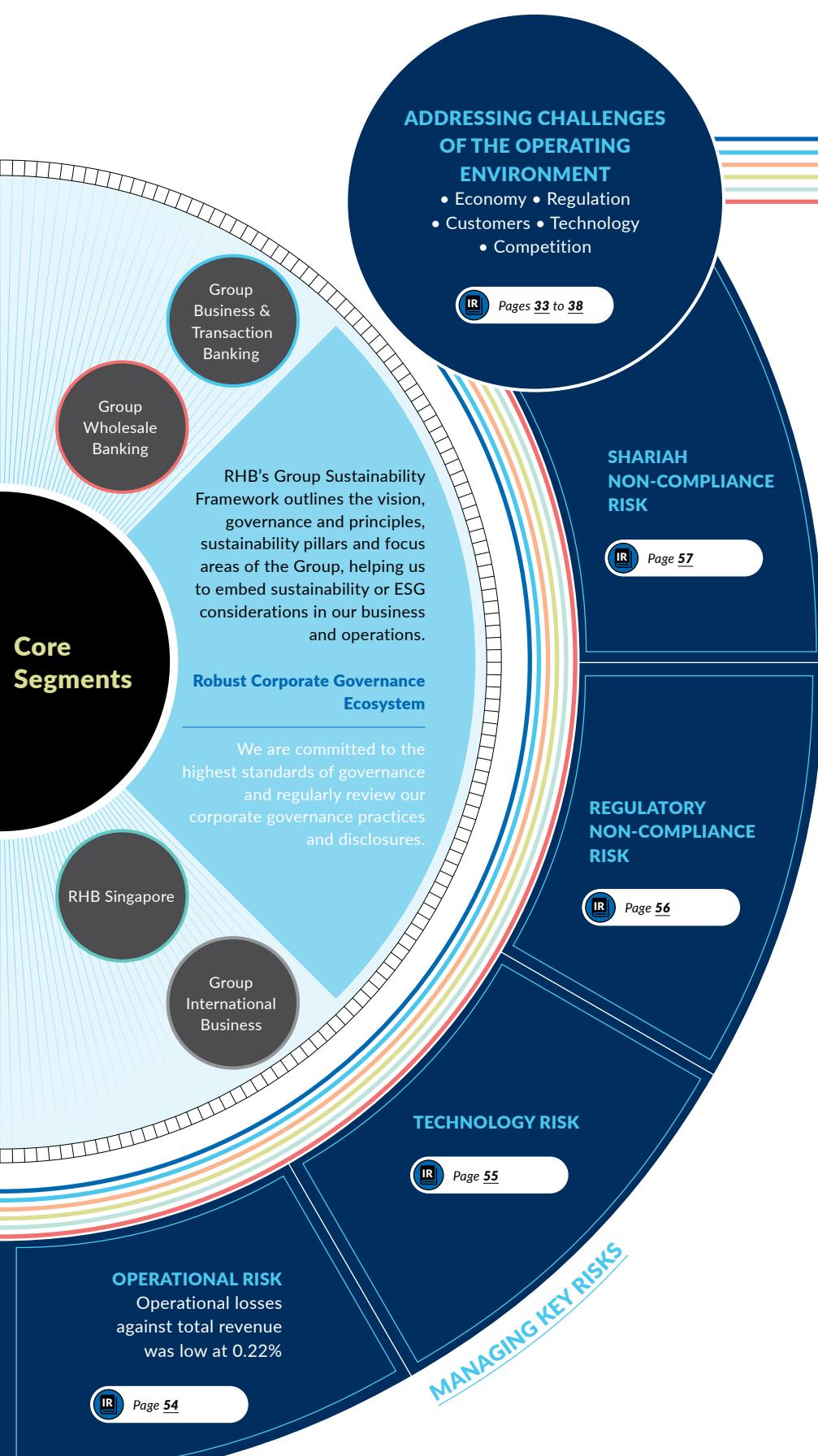
Helping Our Customers

- Launched #JomSapot to enable SMEs to promote their products on Facebook and a purpose-built microsite for free
- Provided a moratorium of up to six months without compound interest to all customers including individuals and SMEs, and thereafter provided payment assistance to our customers who continued to be impacted by the pandemic

SR To find out more about how we build relationships and nurture our communities, please refer to our Sustainability Report.

CREATING MEANINGFUL VALUE THROUGH THE OPTIMAL USE OF RESOURCES





DELIVERING SUSTAINABLE FINANCIAL OUTCOMES

We stand guided by our core values as we consistently deliver sustainable financial outcomes. We take the long-term view into consideration to ensure the prosperity of the business and the well-being of our stakeholders.

ROE

7.7%

TOTAL INCOME

RM7.2 billion

NET PROFIT

RM2.0 billion

DIVIDEND PAYOUT

RM0.7 billion

DIVIDEND PER SHARE

17.65 sen

CREATING VALUE FOR OUR STAKEHOLDERS

- F**
- Total income increased by **1.8%**
 - Total assets increased by **5.3%**
 - Profit fell by **18.1%** mainly due to modification loss arising from the moratorium and higher allowances for credit losses
 - Dividend payout ratio of **34.8%** in 2020 vs 50.1% in 2019, to conserve capital

An evident trade-off of our Financial Capital was seen in our various long-term investments across the Group to ensure sustainable business growth.

- I**
- At this point there are **4,377 employees** working the Agile way and producing good business results for the Group
 - Delivered cumulative incremental revenue of **RM204 million** through analytics use cases since 2018*
 - Delivered revenue uplift of **RM63.48 million** from digitalisation of customer journeys
 - Digital and Agile@Scale-related training - average training hours for 12,530 Malaysia Operations Staff was 3.91 hours
- * For Analytics COE only

Significant amounts of Financial and Human Capital have been invested into improving Intellectual Capital by driving our digital transformation and the Agile way of working to improve the Group's efficiency and productivity.

- H**
- Diversity of Workforce**
- Employees:
 - Male: **5,731 (40.6%)**
 - Female: **8,400 (59.4%)**
 - Employee Engagement score of **92%**
- 36 training hours** per employee in 2020, a reduction from an average of 72 hours in 2019 due to the COVID-19 pandemic
- Staff attrition: **11.1%**

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

- M**
- Increased percentage of transactions via digital channels to **75.5%** (FY2020) and improved penetration rates of Internet Banking to **54.9%** and Mobile Banking to **22.8%**
 - 85.7%** of all customers are using non-OTC channels, including Cards and ATM usage
 - Approximately **40%** of new mortgage applications acquired through the MyHome App
 - Onboarded more than **670,000** users on the RHB mobile banking app since its launch in April 2019
 - SME unsecured loans acquired via SME online financing - **61.34%**

We have diverted resources to drive digitalisation initiatives as we strongly believe that building relationships and engagement with customers in a safe and convenient environment will propel business growth and improve brand recognition.

- N**
- Operational GHG emissions (West Malaysia): **26,232 tCO₂ eq**
 - Electricity Consumption (West Malaysia): **40,147 MWh**
 - Paper Consumption (Group): Approximately 149,000 reams

- Green and Sustainable Deals**
- RM3.1 billion** extended as at December 2020 to support green activities through lending, investment, advisory and capital market activities
 - Cypark Renewable Energy Perpetual Sukuk Musyarakah Programme: Principal Adviser, Lead Manager and Lead Arranger for the issuance of Malaysia's **1st** ever ESG-related Unrated Perpetual Sukuk of up to **RM500 million**, of which **RM165 million** has been issued

In order to promote eco-efficient practices and manage natural resource consumption, there was an increase in cost to adopt more modern and efficient technology in our operations.

- S**
- Brand Value**
- Maintained position as Malaysia's **14th** most valuable brand (14th in 2019) valued at **USD830 million**, amidst challenging market conditions.
 - Putra Brand Awards 2020 – RHB clinched the **Gold** (Silver in 2019) as voted by Malaysians as their **preferred brand** in the Banking, Investment & Insurance category.

- Customer Experience**
- Achieved **98%** of SLA target for timeliness in providing responses to Complainants

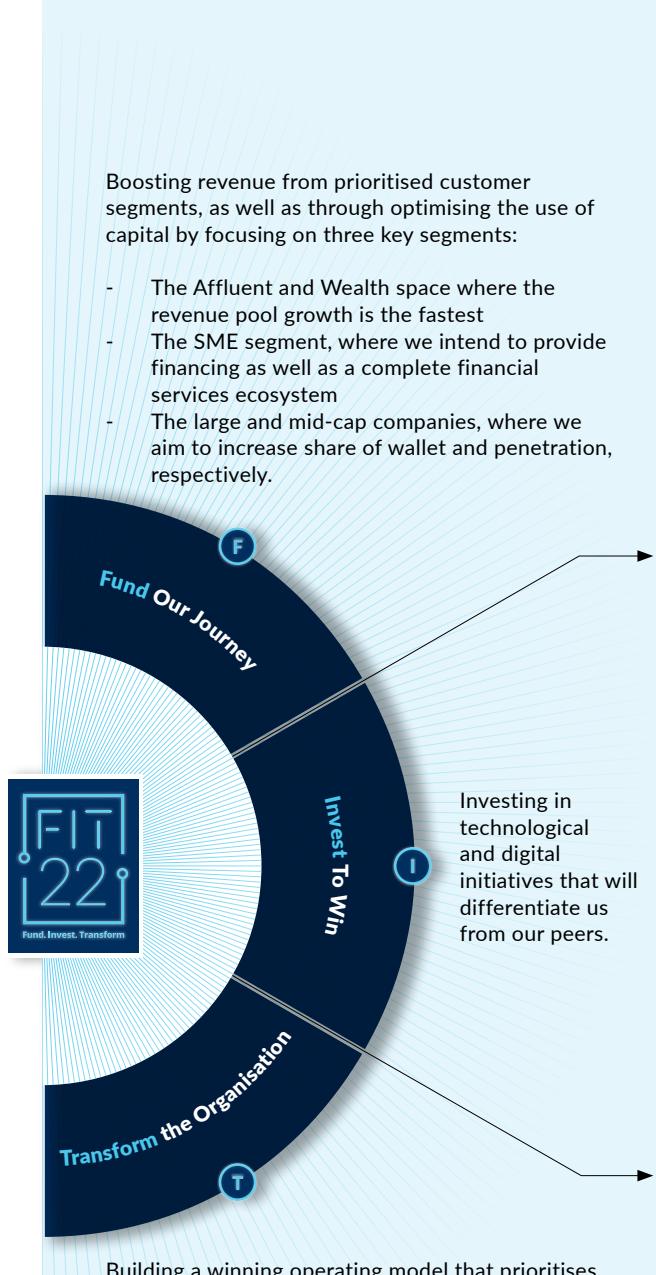
- Community Contributions**
- Total Group community investment: Close to **RM4.4 million** for 2020 (for both Group Corporate Responsibility and RHBF) which impacted more than 20,000 underprivileged community members in Malaysia, Cambodia and Laos
 - Allocated **RM3.2 million** to the RHB X-Cel Academic Excellence programme to support students from the B40 segment from 2018 to 2020
 - Allocated **RM4.2 million** to support 60 RHB X-Cel Star scholars from 2019 to 2020
 - Contributed **RM3 million** to various community initiatives, and to frontliners, to mitigate the effects of COVID-19

- Customer Satisfaction Net Promoter Score ("NPS")**
- Achievement of **+11** in 2020

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

The Group made commendable progress in the third year of its five-year FIT22 strategic initiatives. We continued to create sustainable value for our stakeholders as evidenced by robust growth in all key business metrics through the three pillars that encapsulate the Group's aspirations, namely Fund Our Journey ("F"), Invest to Win ("I") and Transform the Organisation ("T").

DELIVERING ON OUR STRATEGIES



2020 Achievements

Overall, we saw steady growth across the three key segments. Despite the challenges posed by the COVID-19 pandemic, our sustained efforts were rewarded with positive results in the following areas:

- The Affluent customer base increased by 13.6% year-on-year while Assets Under Management ("AUM") for the Premier customer base rose by 20.1% year-on-year. About one-third of these customers were Small Medium Enterprises ("SME") business owners.
- Retail deposits continued to outpace the industry, growing by 15.5% year-on-year compared with the industry's 6.6%.
- SME loans increased by 11.3% year-on-year, and deposits increased by 16.1% in 2020.
- We maintained our 23.6% market share of fee income among large-cap clients and improved our market share of fee income to 25.0% among our mid-cap clients.
- Our client penetration rate for large-cap and mid-cap clients increased to 81.8% and 64.6%, respectively.
- Singapore and Cambodia continued to lead our overseas businesses with gross loans growing by 23.4% year-on-year and 13.3% year-on-year, respectively.

We benefited from our investments in digitalisation such as automation and process optimisation, which improved operational excellence and helped us keep up with changing customer demands. In 2020, we achieved several key milestones that put us in a good position to continue striving for innovation and sustainable growth:

SME

- Launched the first AI-powered SME financing mobile app in Malaysia that automates the customer onboarding process and enables remote interaction with Relationship Managers.
- Launched the RHB #JomSapot campaign, allowing SMEs to promote their products and services through a free online platform and connect with potential customers using social media.

Mortgage

- Launched the RHB MyHome website in addition to our existing RHB MyHome App. Both platforms enable us to deliver a seamless move-in experience, connecting homeowners with leading service providers through a single ecosystem.
- Partnered with a local fintech company to enable customers to receive instant in-principle approval of their online mortgage applications through the RHB MyHome App.

Branch

- The first bank in Malaysia to roll out real-time mobile e-ticketing services allowing for same-day appointments in 50 selected branches as a pilot to nationwide deployment.

We adopted Agile over two years ago, and have scaled up its implementation across the Group. The benefits that we realised from driving this transformation became increasingly profound as we continued to increase the value that we create for our customers and employees. In 2020, we:

- Scaled up Agile across the Group, doubling the number of employees who have adopted the Agile way of working to more than 4,000 (2,127 employees adopted Agile in 2019).
- Launched Workforce of the Future, a Group-wide targeted upskilling initiative aimed at preparing our employees for future roles.
- Retained our second-placed employer ranking in the Banking and Financial Services category and improved our overall ranking to a Top 10 position from No. 13 in 2019 in Malaysia's 100 Leading Graduate Employers.

In FY2020, we took steps to adjust and adapt our strategies given the unprecedented and lasting impact of the pandemic. Thus, the Group refreshed a number of the FIT22 initiatives to incorporate an even stronger focus on driving business resilience, improving operational excellence and enhancing customer-centricity. Below, we share the Group's achievements under FIT22 in 2020 and our priorities in 2021.

We observed increased penetration and uptake in our digital offerings, which demonstrates that our ecosystems have improved and are making great strides towards maturity.

In the Retail segment, we almost doubled the number of mortgages originating from the RHB MyHome App to 39.5% in 2020 from 20.0% in 2019, with contributions of leads from the RHB Partners App significantly increasing from 25.0% in 2019 to 68.8% in 2020.

In the SME segment, we continued to build on our SME ecosystem to provide our customers with value-added solutions on a single platform. Our SME e-Solutions platform currently offers accounting and payroll, human resource management and electronic point-of-sales solutions.

Investments

- Launched RHB Live FX @ Reflex, a digital foreign exchange ("FX") service that offers real-time executed FX rates and seamless processing of spot and forward transactions.

Mobile App

- Onboarded more than 370,000 customers on the RHB Mobile App in 2020, bringing the total number of onboarded customers to more than 679,000 since the new mobile app was launched in April 2019.

Analytics

- Continuously invested in analytics and targeted Group-wide adoption to enable a more customer-centric and cost-efficient RHB. We saw incremental benefits of RM119.5 million from our analytics efforts:
 - RM104.5 million in revenue uplift
 - RM15 million in compliance cost avoidance

Campaign Automation

- Implemented a multichannel campaign management programme leveraging big data to automate and assist cross-selling and upselling efforts for Retail and SME customers.

- Improved our position to third place in 2020 from fourth place in the 2019 Banking and Financial Services category and improved our overall standing to 17 from 25 in the Graduan UK Top 50 Employers ranking.
- Improved our Employee Engagement Survey ("EES") score to 92% in 2020 from 90% in 2019.
- Improved our Internal Customer Effectiveness Survey score to 77% in 2020 from 75% in 2019.

2021 Priorities

We are committed to exploring innovative methods to draw our various customers deeper into our ecosystems:

- Growing the Affluent customer base by continuously improving our value proposition and enhancing our product suite.
- Growing the Retail segment through deposits and products by improving digital onboarding through 'branchless services' and accelerating growth in mortgage loans by continuing to build on the homeowner's ecosystem.
- Increasing SME loan growth by driving end-to-end banking solutions through online and digital channels to improve our customer value proposition.
- Improving our penetration into other segments such as large-cap, mid-cap and commercial.
- Improving our overseas presence through differentiated propositions for target segments in each country.

In addition, we recognise the need to be resilient during a period of economic uncertainty. We will judiciously practise cost management to strengthen our capital and balance sheet to weather potential economic stress, especially those arising from the pandemic.

Following COVID-19, digital efforts and IT modernisation will be accelerated. In anticipation of a shift in customer preferences towards digital platforms, we will introduce several new solutions.

For SMEs, our online financing facility will undergo a transformation to enable remote application and approval for small ticket business loans. For retail banking, we seek to attract and engage with new customers with the roll-out of the latest versions of our internet and mobile banking applications, facilitate digital account opening through Electronic Know-Your-Customers ("e-KYC") and improve customer onboarding by implementing a new system.

The Group will continue to enhance customer journeys through growing our communication channels and recruiting an energised team of Customer Journey Owners in order to better tailor our services exclusively to customer demand. Superior customer experience will be delivered holistically through improved ease of banking with RHB, ultimately strengthening the carefully nurtured customer relationships.

Increasingly stringent regulatory requirements will be met through our continuous efforts to manage compliance effectively. We will continue our investments in data science and platform optimisation to automate and digitalise compliance tools. Moreover, as part of the Agile approach and to disrupt the status quo, our approach to compliance will be newly positioned as a business value generator by setting up a Compliance Innovation Team.

After spending the past two years embedding the foundations of Agile within the Group, our goal in 2021 is to maximise the impact of this new way of working. By the end of the year, 80% of RHBIans will have transitioned to Agile as we continue to scale up enabler programmes and remove any potential obstacles.

Recognising that customer needs, business models and required skills to succeed are all changing rapidly, we will focus on implementing our Workforce of the Future programme. This aims to provide our people with upskilling opportunities to ensure that they have the necessary future-ready capabilities to progress their careers within the Group and take on new roles, such as in the areas of digital, IT and analytics.

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

Despite a challenging macroeconomic environment, the Group was able to maintain strong performance and sound risk fundamentals. The market saw significant volatility, particularly due to the COVID-19 pandemic, geopolitical uncertainties and cybercrimes. This was further compounded by the Fitch downgrade of Malaysia's sovereign credit rating, which presented potential fiscal challenges for the economy.

The risk to impacted segments may have been increasing but necessary steps were taken to maintain stable operations. The Group continuously supported impacted retail and non-retail clients via various financial relief measures including offering payment assistance and loan restructuring. Additionally, the Group continued to assess these situations on an ongoing basis through portfolio reviews and stress-testing exercises in order to analyse the potential impact and to identify appropriate risk management actions. Furthermore, the Group placed additional focus on staff welfare in view of the ongoing COVID-19 pandemic.



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

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

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

SIGNIFICANT RISKS

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

1. CREDIT RISK

Material Matters:

Risk Management, Financial Performance, Sustainable Financing

Risk Definition

- The risk of loss arising from customers' or counterparties' failure to fulfil their financial and contractual obligations in accordance with the agreed terms. It stems primarily from the Group's lending/financing, trade finance and its placement, underwriting, investment, hedging and trading activities from both on- and off-balance sheet transactions.
- Credit risk does not happen in isolation as certain risk events (e.g. fluctuations of interest rate and FX) may give rise to both market and credit risks. Credit risk can also be negatively affected by a lack of Environmental, Social and Governance ("ESG") considerations. Companies that place higher emphasis on ESG issues will have less regulatory risk; for instance, a lower probability of being fined for ESG-related misconduct. Therefore, they will be better prepared to adopt any regulatory changes regarding ESG issues.

1. CREDIT RISK (CONT'D)

2020 HIGHLIGHTS

The COVID-19 pandemic in 2020 led to disruptions in the labour market and global economic conditions on an unprecedented scale. With the exception of several select industries, most companies experienced deterioration in financial health as the economy fell into recession during the pandemic. This resulted in a cascading effect that affected the jobs and the salaries of the population at large. The Group, as part of the Malaysian financial system, helped to cushion the blow on borrowers/customers by providing substantial financial relief measures, including offering Payment Assistance, loan restructuring and moratoriums.

Credit Risk 2020 Quantitative Highlights:

Gross Loans, Advances and Financing (RM'million)

2019	176,175
2020	186,114

Gross Impaired Loans/Financing Ratio (%)

2019	1.97
2020	1.71

Average Credit Risk Weight (%)

2019	37.0
2020	39.3

- The Group's gross loans and financing grew by 5.6% year-on-year to RM186.1 billion. This was mainly due to growth in the mortgages, SME and Singapore segments. Domestic loans and financing grew by 4.5% year-on-year.
- Gross impaired loans were RM3.2 billion as at 31 December 2020, with a gross impaired loans/financing ratio of 1.71% compared with RM3.5 billion and 1.97% as at 31 December 2019.
- The average credit risk was 39.3% as at 31 December 2020, with total credit risk weighted assets of RM117.4 billion compared with RM105.1 billion and 37.0% as at 31 December 2019.

MANAGEMENT RESPONSE



Managing the impact of COVID-19

- A Credit War Room was established to steer, coordinate and ensure the effective implementation of the Group's payment assistance strategy in relation to borrowers/customers affected by the COVID-19 pandemic. The Credit War Room is headed by the Group Managing Director, in line with Bank Negara Malaysia's ("BNM") requirement for financial institutions to set up a dedicated function led by a chief executive officer.
- In addition to the extension of payment assistance mentioned above, there was continued close monitoring of the performance and emerging risks of the portfolios in order to actively assess the impact of the COVID-19 pandemic on the portfolios.
- Ad hoc stress testing was conducted to assess the impact of COVID-19 on the portfolios. Advanced analytics and machine learning were adopted to enhance credit risk measurement and expected credit loss.
- Credit risk undertakings and appetites/limits were revised, as a result of the slowdown in economic and business activities.

Other actions

- The Group embarked on a credit transformation journey aligned to the FIT22 strategic roadmap in order for the Bank to support business growth responsibly and protect asset quality during these challenging times. Through this programme, strategic initiatives were identified and undertaken to enable an end-to-end credit management change.
- ESG considerations were integrated into lending, advisory and investment decision-making in order to manage and minimise negative impacts and promote sustainable development to create a positive impact through identified opportunities.
- The Bank continuously embraced sustainability risk considerations in credit decision-making with the general and industry-specific ESG risk assessment tool for the ESG-Sensitive Sectors.
- Transformation initiatives will continue into 2021 by enhancing existing capabilities and building new ones that are benchmarked to industry best practices.

FORWARD-LOOKING VIEW

- The COVID-19 pandemic will remain a concern in 2021 with the resurgence in positive cases globally, which will cast uncertainties on the outlook for 2021.
- Mass deployment of the vaccine and its effectiveness remain key to the recovery of the global and local economy.
- The Group will continue to adopt a cautious approach, as risks still remain with new outbreaks, vaccination delays, unemployment and business shutdowns becoming permanent. Credit underwriting standards will continue to be enhanced to address the pandemic situation, ensuring that the Group's credit risk policies remain effective and comprehensive to identify, measure, monitor and control all risks.



2. MARKET RISK

Material Matters:

Risk Management, Financial Performance, Dynamic Regulatory Landscape

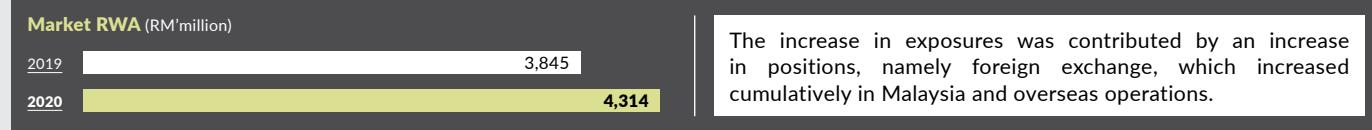
Risk Definition

- The risk of losses arising from adverse movements in market drivers, such as interest/profit rates, credit spreads, equity prices, currency exchange rates and commodity prices. Under this definition, market risk constitutes:
 - The interest/profit rates and equity risks pertaining to financial instruments in the trading book
 - Foreign exchange risk and commodities risk in the trading and banking books

2020 HIGHLIGHTS

It was a challenging year for financial markets due to the COVID-19 pandemic. The Group's position was exposed to higher volatility in interest/profit rates, equity prices and foreign exchange rates, resulting in Profit & Loss volatility.

Market Risk 2020 Quantitative Highlights:



MANAGEMENT RESPONSE



Managing the impact of COVID-19

- The established market risk management functions that assume responsibility for the measurement, analysis and reporting of market risk are independent of the Group's trading operations.
- There was an increase in proactive risk management where the business units worked together with Risk Management to review, assess, adjust and seek approval on selective risk appetites within a short span of time due to adverse market outlooks and conditions. This was also to ensure that the direction of risk mitigation corresponded with new business strategies. These changes were necessary vis-à-vis the new normal presented by the COVID-19 pandemic.
- There was an increase in engagement with and reporting to the risk management committees at the Management and Board levels to highlight new risks, revised objectives, strategies and adjusted risk appetites, combined with more stress scenario analysis.

Other actions

- The market risk governance structure and processes were sound and remained effective.
- The established framework, encompassing risk policies and measurement methodologies and limits, successfully controlled the Group's financial market activities and identified potential risks due to market volatilities.
- Trading exposures were monitored daily to ensure that risks were within the internal thresholds set and that any extreme events taking place would be triggered through this mechanism.

FORWARD-LOOKING VIEW

- In view of financial markets continuing to be influenced by the uncertain global market outlook, the success of the COVID-19 vaccine and local political events, structural limits and internal controls will continue to be reviewed or restructured proactively to ensure risks arising from market volatilities are mitigated.

3. LIQUIDITY RISK

Material Matters:

Risk Management, Financial Performance, Sustainable Financing

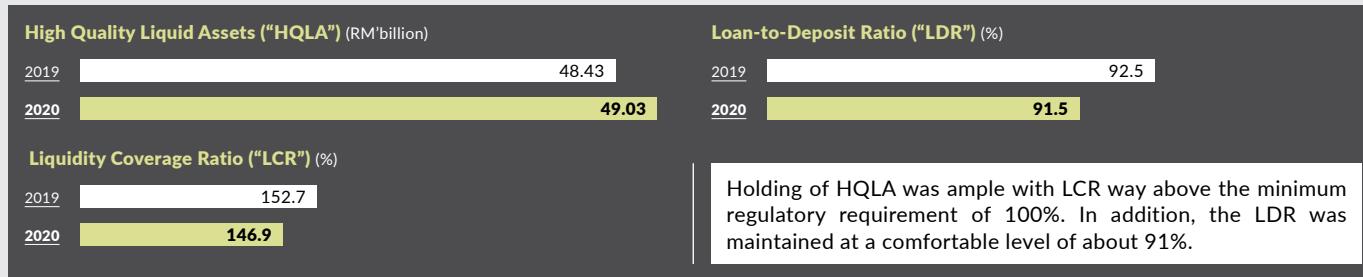
Risk Definition

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

2020 HIGHLIGHTS

- In response to the COVID-19 pandemic and its repercussions, the Group committed to supporting the payment assistance programme for our customers. While this impacted the Group's cash flow, the liquidity positions remained strong. As at December 2020, total customer deposits increased by 6.8%, nearly matching gross loan growth of 5.6% and largely attributed to retail deposits and CASA.
- Notwithstanding the challenges presented by the COVID-19 pandemic, there was no material concern about the Group's liquidity positions. The Group's LCR and Net Stable Funding Ratio remained above 100% throughout this challenging period.

Liquidity Risk 2020 Quantitative Highlights:



MANAGEMENT RESPONSE



Managing the impact of COVID-19

- Several stress tests were conducted to assess the COVID-19 pandemic's impact on the cash inflow and outflow of our customers. The frequency of monitoring for alerts was stepped up to detect and identify any possible liquidity issues. In addition, the Management team met more frequently to manage and ensure comfortable liquidity positions.
- In line with BNM's relief measures to ensure access to financing continued to be available, there was a temporary relaxation of liquidity thresholds in 2020.
- An integrated Crisis Simulation Exercise ("CSE") was conducted whilst the Group was also managing the on-going concerns of COVID-19 outbreak and the consequential movement control orders. The integrated CSE tested on scenarios involving loss of workforce, cyber threats and liquidity crisis management. The exercise achieved its objectives in enhancing Management's ability to manage the crisis and tested on the effectiveness of managing various scenarios, including a liquidity crisis.

FORWARD-LOOKING VIEW

- Notwithstanding concessions granted by Bank Negara Malaysia ("BNM") in view of the COVID-19 pandemic, the Group sustained liquidity compliance ratios of above 100% and will continue to maintain this minimum level in 2021. It is a Group priority to maintain comfortable liquidity positions to ensure liquidity is sufficient at all times and depositors' funds are protected.
- The Group will continue to ensure there is ample liquidity to provide targeted payment assistance to customers in weathering the effects of the economic challenges arising from the COVID-19 pandemic.
- The Group will also diversify its deposit base with a focus on growing Retail and SME deposits while reducing the concentration of large Corporate depositors.

4. OPERATIONAL RISK

Material Matters:

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

Risk Definition

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

2020 HIGHLIGHTS

- The COVID-19 pandemic outbreak and the corresponding Movement Control Order ("MCO") implemented by the authorities towards managing the pandemic caused disruptions to the business and operations of the Group. Nonetheless, the Group, as an essential service provider, continued to be of service to the community.
- In response to the COVID-19 pandemic, the Group embarked on a Group Pandemic Strategy for all business and functional units, which involved split operations and work-from-home arrangements. This led to heightened operational risks, especially people risk and increasing cybersecurity concerns.

Operational Risk 2020 Quantitative Highlights:



MANAGEMENT RESPONSE



Managing the impact of COVID-19

- To ensure the continued provision of essential services, the Group's Pandemic Strategy was activated at the early stages of the outbreak, whereby:
 - All critical services were identified and split into teams operating from different locations;
 - All third-party service providers and enablers of essential functions were identified and triggered to ensure continued provision of services; and
 - Customers were encouraged to perform their financial transactions through the various online and mobile channels and self-service terminals.
- To mitigate the people risk arising from the COVID-19 pandemic, new norms were implemented to minimise the risk of infection among staff and customers:
 - Temperature screening at the entrances of all RHB premises
 - Physical distancing practices and crowd control
 - Provision of personal protective equipment
 - Compulsory wearing of masks within our premises
 - Hygiene and frequent sanitisation
 - Established protocol on contact tracing and quarantine requirements
- To mitigate cybersecurity concerns, the following measures were implemented:
 - Provided guidance to staff on remote working arrangements
 - Facilitated remote working within a secured environment through Bank-issued laptops and Virtual Private Networks ("VPNs")
 - Provided a secured online conferencing tool
 - Enhanced cyber threat monitoring

FORWARD-LOOKING VIEW

- Continue the implementation of the Group's Pandemic Strategy to manage the COVID-19 pandemic situation.
- Enhance the risk culture programme to improve employees' understanding and appreciation of proactive risk management.
- Continue to enhance the Business Risk and Compliance Officer ("BRCO") programme to promote risk ownership at the first line of defence, and inculcate effective operational risk awareness and management.
- Embrace the new norms and constantly review work processes and control mechanisms to effectively support operations and business growth after movement controls are lifted.
- Support the Group's agenda on digitalisation and operational optimisation in ensuring adequate operational risk assessment of these initiatives.

5. TECHNOLOGY & CYBER RISK

Material Matters:

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

Risk Definition

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

2020 HIGHLIGHTS

- Increased digitalisation leads to higher susceptibility to cyber risk. Digitalisation introduces user mobility with an emphasis on ease of access – anytime, anywhere and anyhow. This involves the use of cloud computing, cloud services, the sharing of an Application Programming Interface, which allows an application to talk to another application, and the opening up of the backend systems to be accessed remotely. Recognising that such access is easily available from most financial institutions, hackers and cybercriminals have started to target financial institutions to exploit the new digital business model.
- The MCO implemented by the government due to the COVID-19 pandemic led to employees working from home or in split operations. Virtual meetings using video conferencing tools were introduced to avoid face-to-face meetings.
- The new norm introduced new inherent risks within the work-from-home and split operations arrangements. As such, additional measures were implemented to enhance security controls, which included securing remote access connectivity via VPN and Two-Factor Authentication, enforcing strict policies for virtual meetings and protecting the devices used by staff with advanced security tools.
- A rise in phishing emails was detected and controls were promptly implemented to address the threats with no losses reported.
- There was an increased focus on digital transformation initiatives and dedicated management committees to facilitate increased speed-to-market and responsiveness to customer feedback/demands.
- We increased leveraging cloud technology with the deployment of new tools and collaborated with partners who were also leveraging this technology.

MANAGEMENT RESPONSE

- The rapid adoption of digitalisation led to new inherent risks that were never in existence in a traditional on-premises computing system. To address these emerging risks, there was a need to revamp the current security infrastructure – from perimeter-based security to cloud computing and data-centric security. RHB adopted a multi-pronged approach:
 - Gradual deployment of digital-friendly cloud-based security infrastructure and the hiring of support personnel with skill sets covering cloud security.
 - Establishing proper governance in the management of cloud/digital deployment and the introduction of policies to strengthen the security controls covering the overall digitalisation initiative.
 - Continuous assessment of third parties' cybersecurity postures and subscription to threat intelligence services for better visibility of the current cyber landscape.
- Systems were established to monitor network activities for anomalies and security breaches and increased attention was given to infrastructure readiness, compatibility, capacity, security and resiliency to support digitalisation projects.
- Internet-facing application systems were subjected to regular vulnerability assessments/penetration testing where weaknesses detected were duly resolved with attestation from external consultants.
- Centralised monitoring of system health status and capacity utilisation were conducted to facilitate early detection and faster response to potential IT issues.

FORWARD-LOOKING VIEW

- The threat of cyber risk incidents remains ever-present, more so during this time of increased reliance on IT solutions for video conferencing and Work-From-Home ("WFH") arrangements, which expose the Group to additional cyber risk vulnerabilities. As such, we have subscribed to threat intelligence resources in order to stay updated on cyber risk attacks faced by the industry and any emerging new risks.

6. REGULATORY NON-COMPLIANCE RISK

Material Matters:

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

Risk Definition

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

2020 HIGHLIGHTS

- The COVID-19 pandemic and the imposition of the MCO presented challenges in terms of ensuring continued compliance awareness and adherence to regulatory requirements amidst the new normal.
- Furthermore, as the Group moved towards embracing digitalisation and automation, the threat to information security became imminent, more so due to the COVID-19 pandemic, where digital channels became a necessity.

MANAGEMENT RESPONSE

- Development of alternative learning platforms to cater for the new normal where compliance trainings were delivered through virtual instructor-led training platforms such as webinars.
- In addition, short explainer videos on various compliance topics were explored to provide bite-sized compliance learning, offering a more interesting way to learn.
- An overall review of policies, circulars and guidelines was conducted to ensure that the Group's operational and business processes were updated where required, to cater for the new normal while ensuring adherence to regulatory requirements.
- Heightened cyber risk assessments were carried out in relation to the existing systems of the Group, including regular reviews of processes and controls to establish the need for any additional security measures.
- Increased compliance and regulatory reviews to detect procedural gaps vis-à-vis regulatory requirements.

FORWARD-LOOKING VIEW

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



For more information on Group Compliance's highlights and initiatives in 2020 and our key priorities moving forward, please refer to the section on Group Compliance on pages [120](#) to [122](#) of this Integrated Report.

7. SHARIAH NON-COMPLIANCE RISK

Material Matters:

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

Risk Definition

- The risk of legal or regulatory sanctions, financial loss or non-financial implications, including reputational damage, which RHB may suffer arising from the failure to comply with the rulings of the Shariah Advisory Council ("SAC") of local regulatory bodies (such as the SAC of the BNM for Malaysia operations), standards on Shariah matters issued by the local regulator or decisions or advice of the Shariah committee/advisor appointed by the respective RHB entities.

2020 HIGHLIGHTS

- In 2020, there were 24 potential Shariah non-compliance events detected through stringent Shariah review and audit processes, of which only four events were resolved as actual Shariah non-compliance events by the Shariah Committee. Robust efforts in terms of Shariah governance are underway to ensure all findings raised are adequately addressed to mitigate the likelihood of recurrence or repeated potential Shariah non-compliance findings.

MANAGEMENT RESPONSE

- Operationalisation of the Shariah requirements on shared services and shared operations platforms and recent changes in the policy and regulatory requirements made by BNM continued to be the focus areas under the Shariah risk management processes. In addition, it was acknowledged that staff training and awareness was key in managing Shariah risk among the business and functional units.
- Furthermore, regular independent assessment activities through Shariah review and audit functions provided assurance of the quality level and effectiveness of RHB's internal control and risk management systems and governance processes.
- The Shariah Operational Risk Management ("Shariah ORM") process was streamlined based on the Group's existing operational risk management tools and methodologies to specifically manage Shariah risk in line with RHB Group policies and guidelines.
- Shariah Risk Awareness training was conducted during the financial year 2020 to instil awareness of Shariah risk and guide the business units in identifying Shariah risk and its control measures within their daily operations.

FORWARD-LOOKING VIEW

- Working closely with the relevant stakeholders and strengthening efforts such as developing the Shariah Risk Profiling Methodology and Shariah Non-Compliance Stress Scenarios to ensure that all recently issued BNM policies and guidelines are fully complied with.
- The Shariah Risk Awareness training programme to continue in 2021 with an enhancement to be made to incorporate a skill enrichment module with regards to the Shariah ORM processes.

8. SUSTAINABILITY RISK

Material Matters:

Sustainable Financing, Financial Inclusion & Education, Good Business Governance, Risk Management, Dynamic Regulatory Landscape, Environmental Stewardship, Climate Change, Financial Performance

Risk Definition

- Sustainability Risk is defined as Environmental, Social and Governance ("ESG") risks, including climate-related risks, arising from the Group's own operations as well as through customers', clients' or investees' operations. If left unmanaged, these risks can lead to a decline in the financial institution's reputational image, costly litigation or loss of revenue.

2020 HIGHLIGHTS

- The Group expanded the definition of 'environmental risk' to 'sustainability risk' in line with the Group's direction and sustainability agenda.
- The Group remained cognisant that some sustainability or ESG risk events may seem unlikely to occur, but if they did, the ESG impact could be potentially extremely high.
- COVID-19 and climate change amplified ESG awareness and expectations among investors, regulators and consumers. Apart from the above, ESG investment continued to accelerate, pushing investor demand for enhanced ESG-related disclosure and data.

MANAGEMENT RESPONSE

- To this end, the Group adopted a precautionary approach and strived for continuous improvements. Enhancements to existing sustainability or ESG-related frameworks and policies continued to take place, taking into account publicly endorsed international or local standards or principles such as those of Malaysian Sustainable Palm Oil ("MSPO"), Roundtable on Sustainable Palm Oil ("RSPO") and Indonesian Sustainable Palm Oil ("ISPO").
- Among the initiatives and controls put in place were:
 - The RHB Group Credit Policy and local country credit policies were enhanced with the inclusion of ESG risk-related policies into the List of Prohibited Credits and implemented across Malaysia, Singapore, Thailand, Cambodia, Laos and Brunei.
 - The ESG Risk Assessment ("ERA") tool for ESG-Sensitive Sectors was implemented for Malaysia, Singapore and Thailand.

FORWARD-LOOKING VIEW

- Moving forward, the Group will continue to increase awareness on sustainability and the impact of climate change across the Group's business operations and portfolios. This will also take into account the changing regulatory landscape that is emerging with regard to sustainability and climate change.
- Deeper understanding of risks related to sustainability issues will improve the Group's contribution to sustainable development by minimising the financing of activities that generate negative impacts and identifying financing opportunities that create positive impacts. This will be supported by the development or enhancement of relevant existing frameworks, policies, guidelines or controls to manage different issues identified under sustainability risk.



For more information on the policies, guidelines and controls, please refer to the Credit Risk portion in this section and the Sustainable Financing section of our Sustainability Report 2020.

OTHER RISKS

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

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

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

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

Reputational Risk

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

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

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

Corruption Risk

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

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

- Core Shared Values ("P.R.I.D.E.")
- Procurement Integrity Commitment
- Code of Ethics and Business Conduct
- Group Fit & Proper Policy
- Group Corporate Sponsorship & Donation Policy
- Policy on Related Party Transactions
- Group Fraud Risk Management Policy
- Whistleblowing or 'Speak Up' channels and avenues
- Ethics & Integrity Resource Portal
- Awareness & Knowledge Sharing Sessions
- Readiness assessment vis-a-vis the T.R.U.S.T. framework

The whistleblowing channel established by the Group ensures employees are accorded the opportunity to report any issues relating to employee wrongdoing through an appropriate channel without the threat of repercussions. The Group's Whistleblowing Policy and channel can be found at <https://www.rhbgroup.com/others/about-us/index.html?corporate-governance=true>

Ensuring adequate risk mitigation allows the Group to create value for its stakeholders by:

- Securing RHB Banking Group's reputation as a corruption-free organisation with strong fundamentals and ethical business practices.
- Strengthening RHB Banking Group's brand promise of Together We Progress.
- Safeguarding RHB Banking Group's assets from mismanagement.
- Improving operational cost efficiency with minimal wastage for the Group.
- Protecting the Group from legal and regulatory penalties such as those imposed by the Corporate Liability Provision introduced via Section 17A of the MACC Act 2009.

Our approach to managing the impact of the pandemic was simple - Help Our Customers.

The unprecedented impact of the pandemic on the banking landscape threw up countless opportunities for us to help our customers. Across our retail and commercial banking franchises, we rolled out moratoriums and payment assistance programmes to help individuals and businesses. Where we could leverage government-initiated special relief programmes to help our customers, we did just that. If ever there was some avenue to utilise our expertise or knowledge and network of connections as a means to help our customers, we uncovered it and we made it work. Making sure our customers came out on top post the pandemic drove us forward in what was a very challenging year.

To ensure we could sustain this level of activity also meant that we needed to safeguard our employees. This meant adopting new ways of working, including shifting a majority of our workforce to work-from-home arrangements and protecting our core functions to ensure minimal to no disruptions. We also leveraged our digital ecosystems while accelerating enhancement efforts in this area both internally and externally so that our customers could continue banking seamlessly with us no matter where they were.

THE WAY AHEAD

While prospects for the coming year will continue to be uncertain due to uneven economic recoveries around the world and the lingering pandemic, we remain cautiously optimistic of the upside potential given the ongoing roll-out of COVID-19 vaccines. This positive development will boost business and consumer confidence in 2021 which should then improve growth prospects for the economy and the banking sector.

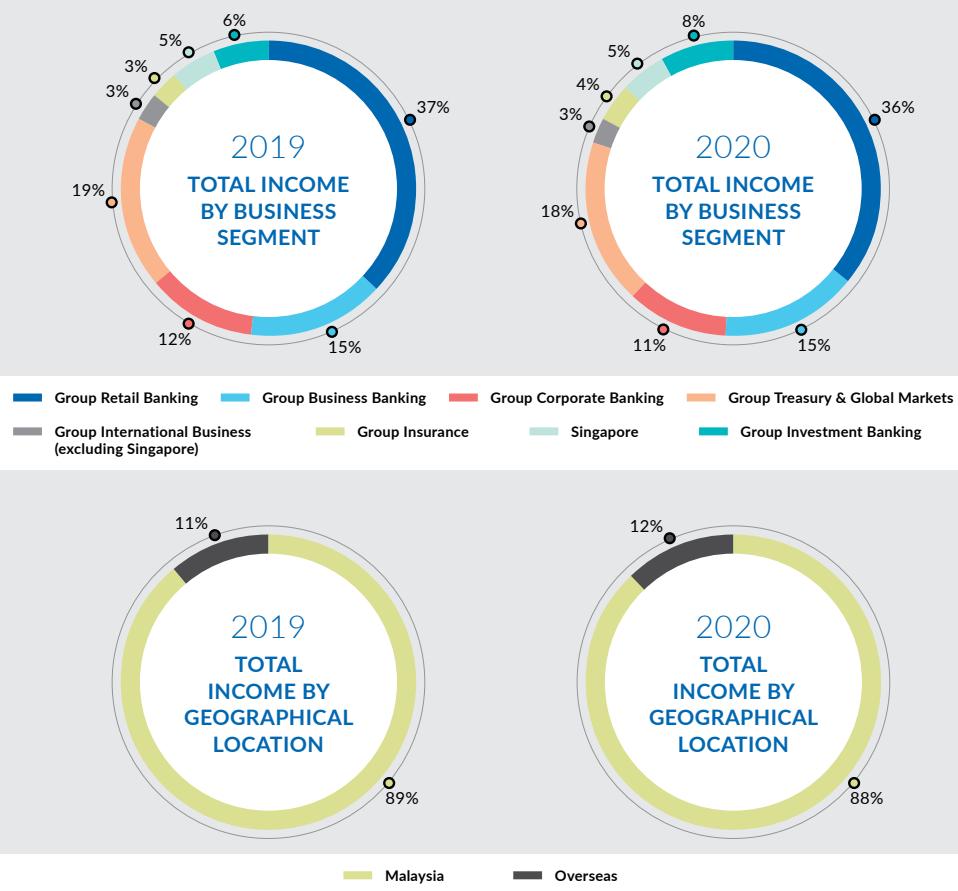
Nevertheless, we acknowledge that we are already operating in a significantly altered landscape and this will require perseverance and innovation to ensure we are able to capture the greatest number of opportunities to continue creating value for our stakeholders. With consumer preferences having gravitated towards higher digital adoption and engagement, we will naturally improve further on our product and service offerings by leveraging technology and our Agile@Scale capabilities to enable our customers to enjoy convenient, seamless and enriched banking experiences.

In the sections ahead, the Group's various business divisions outline how they are progressing their strategies and navigating the challenges ahead within their respective operational areas.

SEGMENTAL ANALYSIS

In FY2020, the proportions of revenue contributed by the Group's business segments were largely unchanged when compared to FY2019. Group Retail Banking was once again the top contributor, earning 36% of the Group's total income. This was followed by Group Treasury & Global Markets with 18% and Group Business Banking with 15%. Group Corporate Banking and Group Investment Banking contributed 11% and 8%, respectively.

In terms of geographical location, income from our Malaysia operations continued to be the main contributor to income. In FY2020, 88% of the Group's total income was derived from our Malaysian operations.



GROUP RETAIL BANKING

Who We Are

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

We provide a broad spectrum of products and services ranging from Wealth Management, Bancassurance, Mortgages, Auto Financing and ASB Financing to Personal Financing, Credit Cards, Payments and Deposits. Group Retail Banking differentiates itself in the marketplace by leveraging the Agile way of working to deliver superior products and services to customers. The Agile working culture has helped us produce digital-first solutions, a component of the business that has overtaken traditional ways of banking, across most of our retail channels.

We remained resilient in the face of the pandemic by leveraging our digital solutions as well as personalised and innovative services to help support our customers, especially those who were impacted financially during the pandemic.



AWARDS & RECOGNITION

Asian Banking & Finance Retail Banking Award 2020

- Mortgage & Home Loan Product of the Year (Malaysia) - MyHome Ecosystem
- Credit Card Initiative of the Year (Malaysia) - Motion Code Credit Card

International Business Award 2020

- Best Retail Bank Malaysia 2020

Malaysian e-Payments Excellence Awards ("MEEA")

- Top JomPAY Acquirers
- Top FPX Acquirers

The Digital Banker Global Retail Banking Innovation Award

- Best Product Innovation - Motion Code Credit Card



Rakesh Kaul
Head, Group Retail Banking

OVERALL PERFORMANCE:

Despite the pandemic, the underlying business momentum remained very solid. Gross loans grew by 5.4% and customer deposits grew by 15.5% in 2020. Due to high allowances for credit losses, however pre-tax profit was lower by 21.8% to RM765.1 million.

Total Income

RM2,554.3 million

Pre-Tax Profit

RM765.1 million

Total Retail Customers

3.9 million

Gross Loans

RM95.0 billion

Customer Deposits

RM66.7 billion



SEGMENT	KEY BUSINESS INITIATIVES	OUTCOMES
LIFESTYLE CONSUMER	<p>Cards</p> <p>Continued driving our innovative RHB Motion Code Credit Card/-i featuring a dynamic CVV security code, in place of the traditional static three-digit code.</p> <p>Embedded good sustainability practices by launching the RHB WWF Debit Card-i, becoming the first bank in Malaysia and the Asia-Pacific to produce eco-friendly recycled plastic debit cards.</p> <p>Partnered with leading online marketplaces such as Shopee, Lazada and Taobao in response to the marked change in consumer behaviour due to the pandemic.</p>	<p>RHB Motion Code Credit Card/-i Cards-in-Force ("CIF") increased by over 100% year-on-year. The proportion of online spending using the card outpaced the industry's average by 22%.</p> <p>Over 20,500 RHB WWF Debit Card-i cards were issued.</p> <p>RHB witnessed 80% year-on-year spending growth in 2020 for Shopee, Lazada and Taobao, contributing to a 10% year-on-year growth in overall online spending.</p>

SEGMENT	KEY BUSINESS INITIATIVES	OUTCOMES
LIFESTYLE CONSUMER	<p>Personal Finance</p> <ul style="list-style-type: none"> Enhanced overall asset quality by building on the deduction at source portfolio. Continued enhancing credit underwriting through risk-based pricing. 	<ul style="list-style-type: none"> Our portfolio composition ratio of Deduction at Source vs Non-Deduction at Source improved from 55% in 2019 to 57% in 2020.
HOMEOWNERS	<p>Homeowner Ecosystem</p> <ul style="list-style-type: none"> Added a wider selection of payment solutions to the RHB MyHome website, and forged new partnerships with interior design and renovation service providers. 	<ul style="list-style-type: none"> Mortgage portfolio grew by 7.0%. The MyHome App contributed 39% of new mortgage originations in 2020, compared with 20% in 2019. Partnered with solution provider Finology allowing instant online approval in principle of mortgage loan applications.
AFFLUENT	<ul style="list-style-type: none"> Widened product spread for investors through new and innovative offerings. Continued to grow the Premier banking segment by attracting business owners and High Net Worth individuals through enhanced Premier Proposition. 	<ul style="list-style-type: none"> Launched Malaysian Ringgit denominated Autocallable Structured Investment and Perpetual Sukuk/Bonds. Wealth fee income grew by 43% in 2020. Grew premier base by 14%, with 79,000 Premier banking customers. Introduced Premier Regional Recognition which allows seamless regional account opening (CASA). Launched preferential product pricing for existing Premier customers for Hire Purchase, Share Trading, Will Writing and Trustees products. Onboarded ten new Premier Partnerships offering exclusive discounts and privileges to our Premier customers.
AUTO FINANCING	<ul style="list-style-type: none"> Enhanced collaboration with automotive industry players via unique offerings such as variable rate Auto Finance products and providing Instant Approval In Principle to hirers. 	<ul style="list-style-type: none"> Auto Finance grew by 7.4%, outpacing industry growth of 5.6% in 2020. Auto Finance market share grew by 0.2% to 5.4% in 2020.
BANCASSURANCE	<ul style="list-style-type: none"> Entered new BancaTakaful agreement with Syarikat Takaful Malaysia Bhd ("STMB") in August 2020. Introduced e-submission and remote sales process for Banca life products. Maintained credit insurance offerings. 	<ul style="list-style-type: none"> With the new BancaTakaful partnership, advisory products developed by STMB are being added to our product offerings. The e-submission process has accelerated time taken for enrolment and has improved customer experience.
DEPOSITS	<ul style="list-style-type: none"> Enhanced onboarding process and streamlined deposits product suite. Focused on providing tailored payroll solutions to SME and Corporate customers through expansion of our Joy@ Work programme. Enhancements to the Multi-Currency Account ("MCA") Debit Card included instant issuance at branches and improved onboarding process for our Premier customers. 	<ul style="list-style-type: none"> Total deposits showed strong growth, outpacing the industry over the past three years, with market share on an increasing trend from 7.3% in 2018 to 8.3% in 2020. Total deposits grew by 15.5% from RM57.7 billion in 2019 to RM66.7 billion in 2020. CASA ratio improved to 31.1% in 2020 from 29.2% in 2019 through our customer segmentation approach. Instant issuance of MCA Debit cards has improved customer experience.



PROGRESS AGAINST FIT22 STRATEGIC INITIATIVES

FIT22 INITIATIVES	OUTCOMES
Grow Affluent and Wealth business, leveraging SME customer base	<ul style="list-style-type: none"> Total Affluent customer base grew by 15,000 with total AUM growing by 18.8% in 2020 compared to 12% in 2019. Wealth and bancassurance fee income increased by 14% in 2020.
Boost retail deposits to narrow the gap with retail assets	<ul style="list-style-type: none"> Deposits grew by 15.5% from RM57.7 billion in 2019 to RM66.7 billion in 2020. Loan-to-deposit ratio improved to 142% in 2020 from 156% in 2019. CASA grew by 23% in 2020 from RM16.9 billion in 2019 to RM20.7 billion in 2020.
Improve services and sales via 'Community Banking' and 'Branch of the Future' strategies for greater efficiencies, reach and performance	<ul style="list-style-type: none"> Approximately 2,300 community events were held throughout 2020 (both physically and virtually) led by respective regions and branches, contributing to branch AUM growth of 16% from RM56 billion in 2019 to RM66 billion in 2020.
Build ecosystems through enhanced customer-centricity to create differentiation	<ul style="list-style-type: none"> Our Homeowners' ecosystem continued to gain traction: <ul style="list-style-type: none"> 39% of loan acceptances were via RHB MyHome Acceptance vs 20% in 2019. 68% of leads referred digitally through RHB Partners vs 25% in 2019.
Execute RHB Way to deliver superior customer service	<ul style="list-style-type: none"> NPS improved to +11 points, ranking us 4th out of the 16 banks ranked in Malaysia. We also delivered close to RM10 million in savings through Operational Excellence projects. Recipient of multiple Customer Experience Excellence Awards as validation of our efforts in delivering superior customer service.



Navigating COVID-19 and the Challenges Presented

During the pandemic, our top priority was putting customer and employee safety at the forefront with strict SOPs in place at all our physical touchpoints, including by temporarily closing branches in high-risk areas, shortening opening hours and limiting the number of customers allowed into branches at any one time. Our focus shifted to three key initiatives to enable us to continue serving our customers safely and effectively.

- Accelerate our Digital Solutions

Across all our business channels, we continued to simplify our processes, swiftly enabling and activating new digital experiences to deliver the best possible customer service. Our significant investments in building a digital ecosystem helped tremendously in meeting customer needs despite the movement-related restrictions. RHB was also the first bank in Malaysia to provide a real-time digital queue system that allowed customers to book their banking appointments ahead of time, thereby reducing physical waiting time at the branch and minimising exposure.

- Payment Assistance Programme

We mobilised a Credit War Room which enabled fast decision-making on customer credit-related matters during the pandemic with the objective of assisting our customers weather this difficult period. The Bank offered comprehensive debt advisory and payment assistance programmes and ensured that the responses we provided were consistent and structured. In addition, industries that were most severely impacted were identified and maximum assistance was offered to customers within these industries.

- Financial Guidance

As a responsible financial institution, the Bank went beyond the payment assistance programme by providing financial guidance to help Malaysians navigate the economic crisis. We organised webinars and virtual events such as the RHB Money Chat, which engaged qualified speakers from the Bank and industry experts to share insights on how to manage and sustain personal and business finances during the pandemic.

OUTLOOK AND PROSPECTS

The retail banking sector is constantly adapting to radically changing consumer behaviour that is increasingly prioritising digital-first banking. Our response is therefore to reimagine customer journeys which will provide seamless, convenient and digitally connected services.

This will not only require changing how we approach banking but also the refinement of how we distribute our products and services. For example, BNM's call to introduce Electronic Know-Your-Customer ("e-KYC") is leading towards full digitalisation of customer onboarding that will provide even more convenience and efficiency, while also attracting a younger and tech-savvy cohort of customers who are more accustomed to online experiences.

With the pandemic as the backdrop, we are also cognisant that community banking has become much more important and the Group will ensure that it continues to meet and exceed the evolving needs of the communities around us.

GROUP BUSINESS AND TRANSACTION BANKING

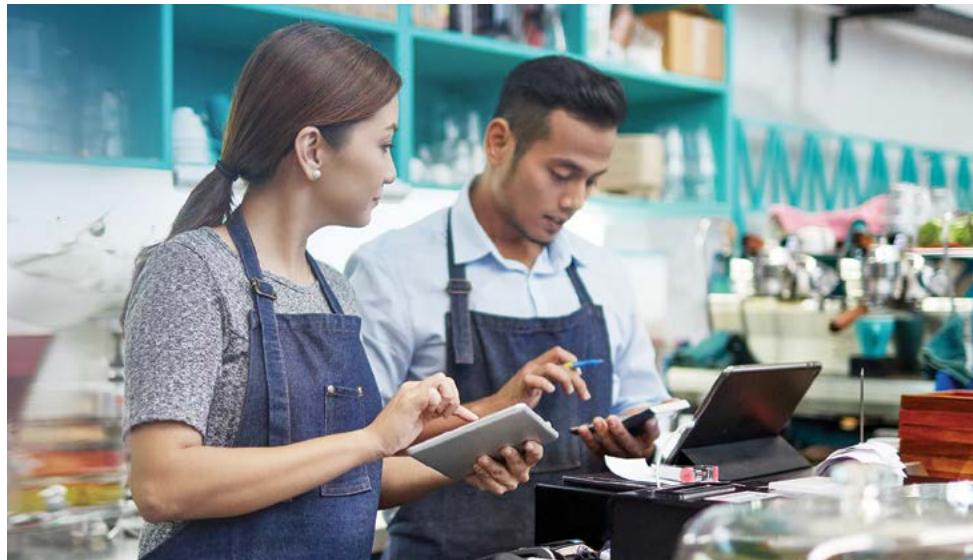
Who We Are

Group Business & Transaction Banking (“GBTB”) comprises the Group Business Banking and the Group Transaction Banking segments.

Group Business Banking provides financing solutions to SMEs and family-owned enterprises, while Group Transaction Banking caters to trade and cash management solutions for local SMEs, large corporates and financial institutions.

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

We aspire to be the preferred SME and Transaction Bank in Malaysia by leveraging our SME Ecosystem to enhance the capabilities and competitiveness of the SMEs towards improving the efficiency of their businesses.



AWARDS & RECOGNITION

Syarikat Jaminan Pembiayaan Perniagaan Bhd (“SJPP”) 2020

- Top Performance Award

Alpha Southeast Asia Awards 2020

- Best Digital Bank in Malaysia
- Best Trade Finance Bank in Malaysia

Retail Banker International Asia Trailblazer Summit and Awards 2020

- Highly Commended – Excellence in SME Banking Category



Jeffery Ng Eow Oo
Head, Group Business and
Transaction Banking

OVERALL PERFORMANCE:

Group Business and Transaction Banking recorded pre-tax profit of RM230.8 million, 51.7% lower than the RM477.7 million recorded in 2019 due to higher allowances for credit losses on loans and lower non-interest income.

Despite the OPR cuts and challenging market environment, total income and maintainable operating profit were above 2019 levels largely due to higher asset and deposit base coupled with better margins for assets. Deposits grew by 16.1% mainly due to Current Account Savings Account (“CASA”) growth while the gross impaired loans ratio remained stable, improving to 2.29%.

Total Income

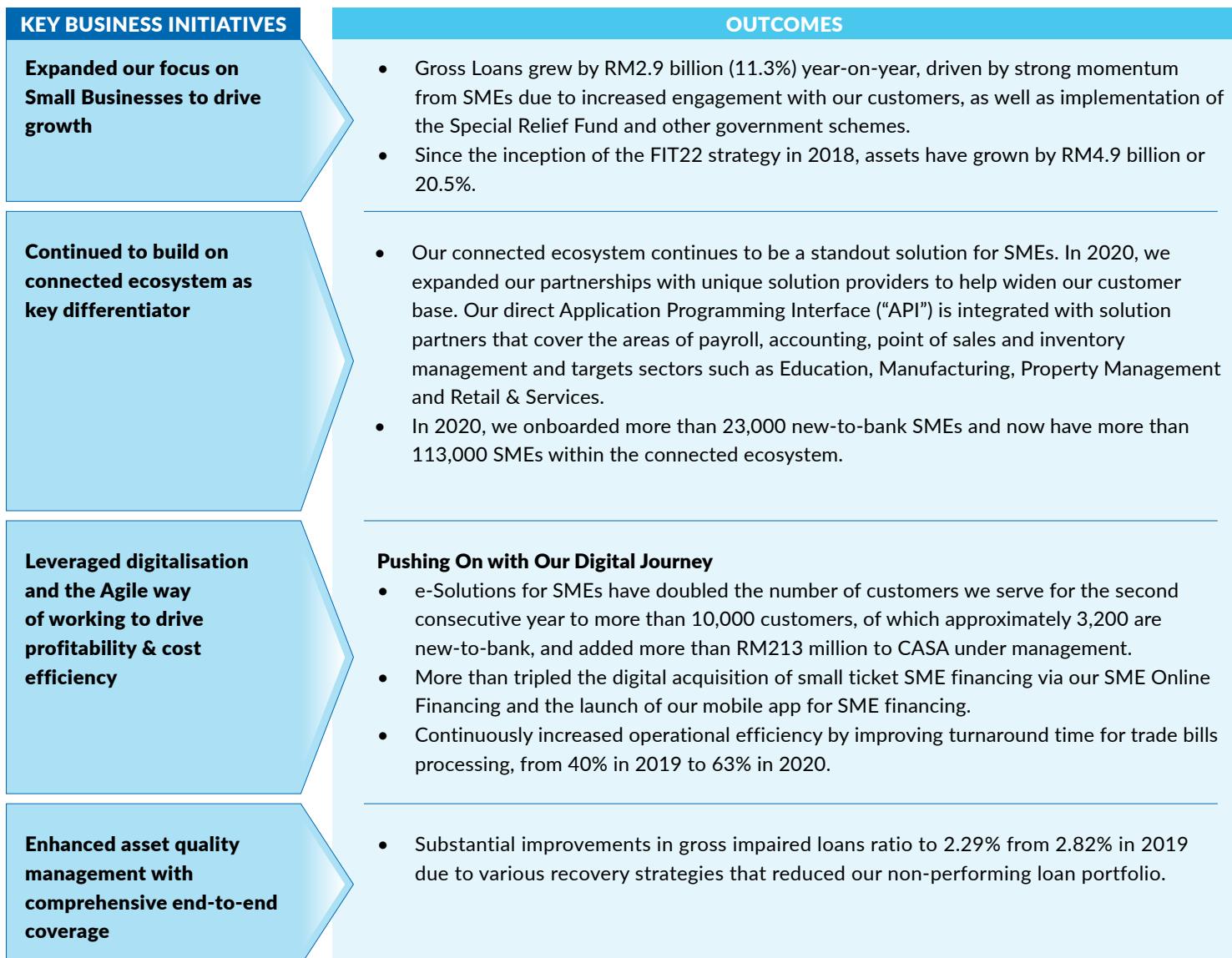
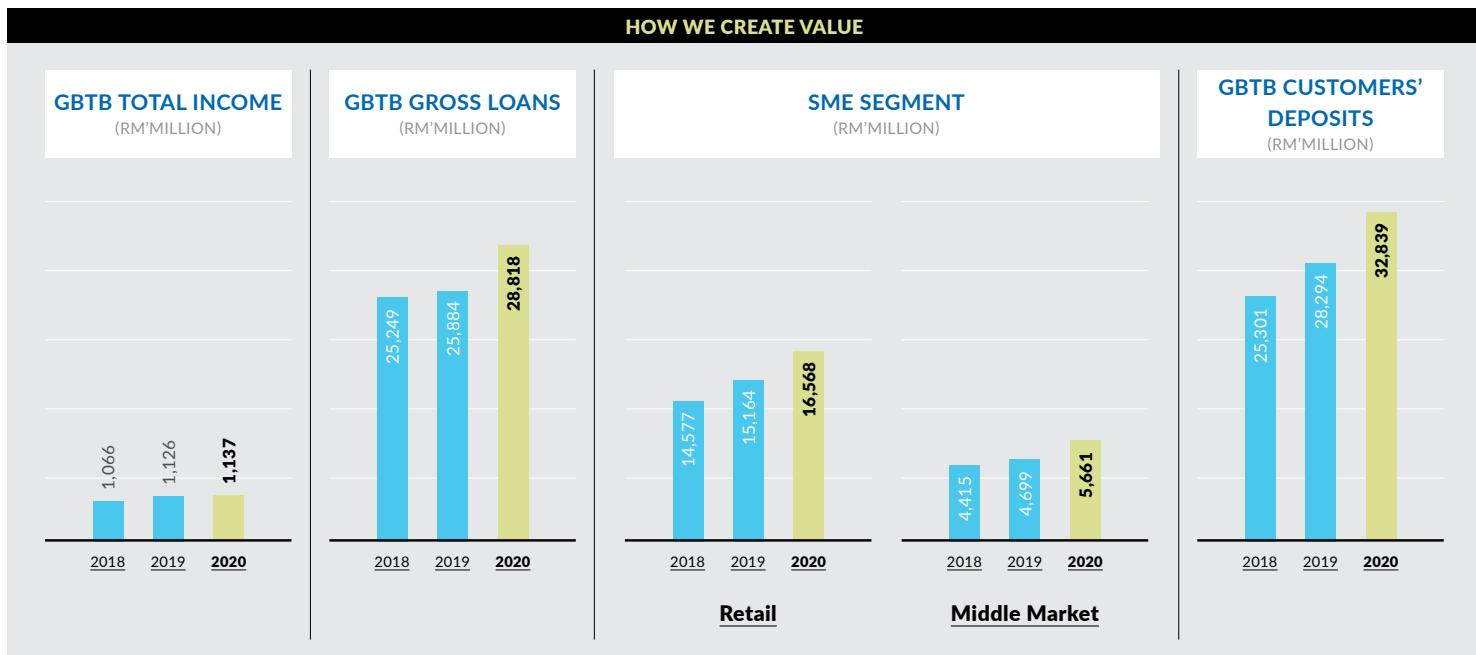
RM1,136.5 million

Net Interest Income Growth

3.2%

Pre-Tax Profit

RM230.8 million



PROGRESS AGAINST FIT22 STRATEGIC INITIATIVES

FIT22 INITIATIVES	OUTCOMES
Continue to win in SME Space	Market share as at December 2020 stood at 9.66% (December 2019: 9.56%). We have increased our market share from 9.03% since inception of FIT22. Today we are the 4 th largest SME Bank.
Grow contribution to 20% of Group's total domestic loans by 2022	Contribution of 17.3% to Group domestic loans.



Navigating COVID-19 and the Challenges Presented

The six-month moratorium introduced by the government gave GBTB the opportunity to re-engage with customers facing financial difficulties and to assess what they needed. We extended payment assistance to those businesses struggling financially, whereas payment assistance was aimed at helping microenterprises weather the storm. Additionally, we continued to provide our own financing through the RHB Biz Relief Financing facility and facilitated government assistance for SMEs through the Special Relief Facility.

GBTB SME ECOSYSTEM UPDATES

	2019	2020
Loans disbursed to SMEs	RM4.8 billion	RM5.4 billion
SME loan market share	9.6%	9.7%
Total no. of SME customers	200,000	208,000
Reflex customers	100,000	113,000
Business Solution Partners	Accounting Point of Sales Inventory Management Payroll & HR	Interfaced with new technology partners (Talenox, Storehub, SQL and iKEY) in 2020
SME ecosystem comprises:	<ul style="list-style-type: none"> • RHB Reflex and Reflex Mobile Cash Management • Financial Supply Chain • Financing • SME e-Solutions • SME Digital Journey 	<ul style="list-style-type: none"> • Digitalisation of onboarding process via SME Web Portal and RHB Financing (SME) Mobile App • Initiatives and integration with new technology partners to drive acquisition
SME e-Solutions platform customers	>6,000	>10,000

OUTLOOK AND PROSPECTS

Going forward, our main priority will be on improving turnaround time in both approvals and disbursements as a means to further improve our competitiveness within the market. This will be carried out through the enhancement of our credit management process, which will simplify processes and enable speedier turnaround times. Our digital initiatives in the area of smaller lending amounts and the SME ecosystem will continue to lend us competitive advantages.

In terms of business growth, we have identified industries and regional growth areas to expand into in the middle market and commercial sectors. In the context of asset quality and considering the challenges SMEs will experience throughout 2021, GBTB will closely monitor our assets and will proactively engage with and offer assistance to our customers where needed.

GROUP WHOLESALE BANKING

GROUP CORPORATE BANKING

Who We Are

Group Corporate Banking provides a comprehensive suite of Conventional and Shariah-compliant financing solutions to corporate clients listed on stock exchanges locally and abroad.

Financial solutions provided include working capital funding, trade financing, foreign currency hedging, project financing and syndication, as well as funding of corporate exercises. Our reach extends across Southeast Asia to support our clients' growth regionally. Optimising our regional presence, we selectively seize opportunities to grow in countries such as Singapore, Indonesia and Thailand and partner with our clients in countries where we have presence.

We aspire to continue growing responsibly and maintaining our top three corporate lending market share position in Malaysia, capitalising on our current clientele base; as well as acquiring new-to-bank clients; continuing to drive ancillary businesses across the Group to grow wallet share; protecting asset quality; and strengthening compliance and risk culture.

The business provides bespoke structured financing and win-win value propositions to meet our clients' needs and to progress together. We have built on the trust given by delivering excellent customer experiences that are the hallmarks of our long-term relationships with our clients.



Wendy Ting Wei Ling
Head, Group Corporate Banking

OVERALL PERFORMANCE:

Group Corporate Banking's revenue for the year increased by 2.0% compared to corresponding year supported by loans and assets growth of 1.5%. However, pre-tax profit registered at RM372.2 million, a decrease of 51.7% year-on-year, largely due to higher allowances for expected credit losses.



HOW WE CREATE VALUE

LOANS & ASSETS (RM'MILLION)



TOTAL INCOME (RM'MILLION)



KEY BUSINESS INITIATIVES

Deployment of selective strategies for growth and new business acquisitions

Continued to intensify collaboration with internal product partners and businesses to deliver holistic financial solutions

Protected asset quality and proactively managed watchlist accounts with constant engagement with clients

OUTCOMES

- New business acquisitions increased by circa 75.0% year-on-year while financial assets recorded 1.5% growth year-on-year.
- Deployment of cash management products and services to extend reach to both public and private sectors resulted in CASA growth of 38.0% year-on-year.
- Payment assistance granted to 22.0% of total Group Corporate Banking clients during the pandemic.


Navigating COVID-19 and the Challenges Presented

The continued uncertainty in the global and domestic economy and intense competition, coupled with the prolonged adverse conditions brought on by the COVID-19 pandemic, made it a particularly challenging year for Group Corporate Banking. We continued to strive to overcome these challenges by following through with our selective penetration strategies for new-to-bank mid-cap clients and increasing collaboration with product partners to deepen wallet share and proactively engaging with customers vulnerable to the impact of COVID-19 to ensure a mutually beneficial outcome.

In addition, we also established a task force to proactively identify customers in need of repayment assistance and provide the appropriate financing solutions to meet their financial obligations.

PROGRESS AGAINST FIT22 STRATEGIC INITIATIVES**FIT22 INITIATIVES**

To deepen wallet share of large-cap segment and grow mid-cap segment assets through intensification of collaborative action with product partners, and deployment of 'go to market' approaches to bundle a comprehensive range of products and services

OUTCOMES

- We recorded 0.6% and 1.7% asset growth for large-cap and mid-cap segments with marginal growth in fee-based income.

OUTLOOK AND PROSPECTS

We anticipate further challenges due to the COVID-19 pandemic that may impact certain vulnerable sectors and will proactively manage, control and mitigate the risks to better support our customers. We will continue to focus on our existing relationships with our clients to purposefully cast a wider net while targeting to continue to grow mid-cap and large-cap companies to enhance our lending base cum risk-adjusted return on capital.

The improvements and enhancements to the efficiency of our middle office capabilities is an ongoing process, driven by the Group-wide digitalisation strategy and other new initiatives in the pipeline, demonstrating our efforts to further streamline administrative functions and credit processes to improve productivity and enhance customer service delivery on the back of a strong risk and compliance culture.

Looking ahead, Green Financing is expected to gain more traction as investors look for financial instruments that will produce positive and favourable outcomes. We will continue to drive our Green Financing commitment and promote funding for activities that will support the transition to a low-carbon economy. Our commitment to supporting customers who are undertaking green economic activities is evident from the 38% increase registered for Green Financing in 2020.



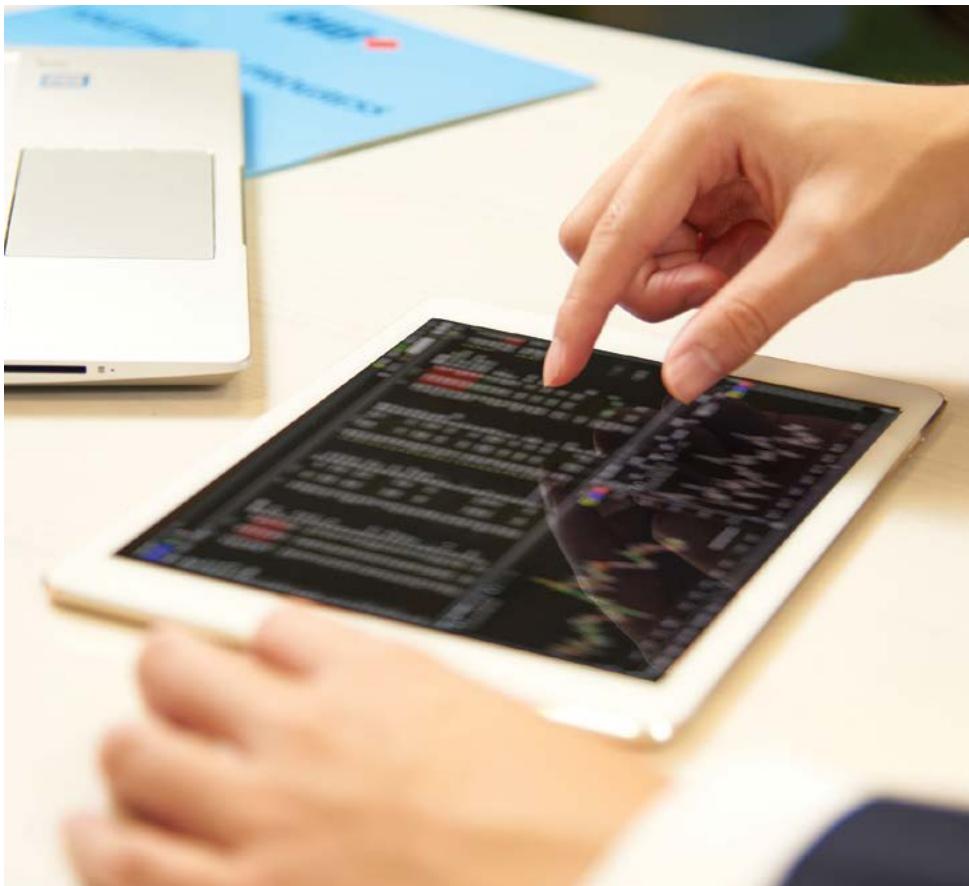
GROUP TREASURY AND GLOBAL MARKETS

Who We Are

Group Treasury and Global Markets (“GTGM”) offers a comprehensive suite of Treasury products and solutions including Foreign Exchange (“FX”), Structured Products, Islamic Treasury, Money and Capital Market Instruments catering to the funding, hedging and investment needs of our diverse customers in Malaysia, Singapore, Indonesia and Thailand.

Our customer centricity approach continues to drive our focus to enhance customer value propositions, adopting an outside-in approach in developing products that meet our customers' requirements and improving delivery of our services through digital offerings to provide convenience.

GTGM is also responsible to manage RHB Banking Group's overall funding and liquidity position in order to ensure that the Group has access to liquidity to meet its assets growth demands as well as its short term liabilities and obligations. In addition, GTGM invests the Group's excess liquidity and capital to optimise returns for the Group.



Mohd Rashid Mohamad
Group Treasurer

OVERALL PERFORMANCE:

GTGM's net income increased by 1.9% year-on-year to RM1,426.7 million, driven by strong growth of 32.2% year-on-year in non-interest income (“NOII”) from investment and trading activities, but was offset by a 17.2% decrease in net interest income (“NII”).

Our pre-tax profit increased 0.9% year-on-year to RM1,266.3 million, driven by growth in net income of 1.9% and reduction in other operating expenses of 1.5%, offset by higher allowances for credit losses on financial investments as compared to a write-back in the previous year.

Total Income

RM1,426.7 million

Non-Interest Income Growth

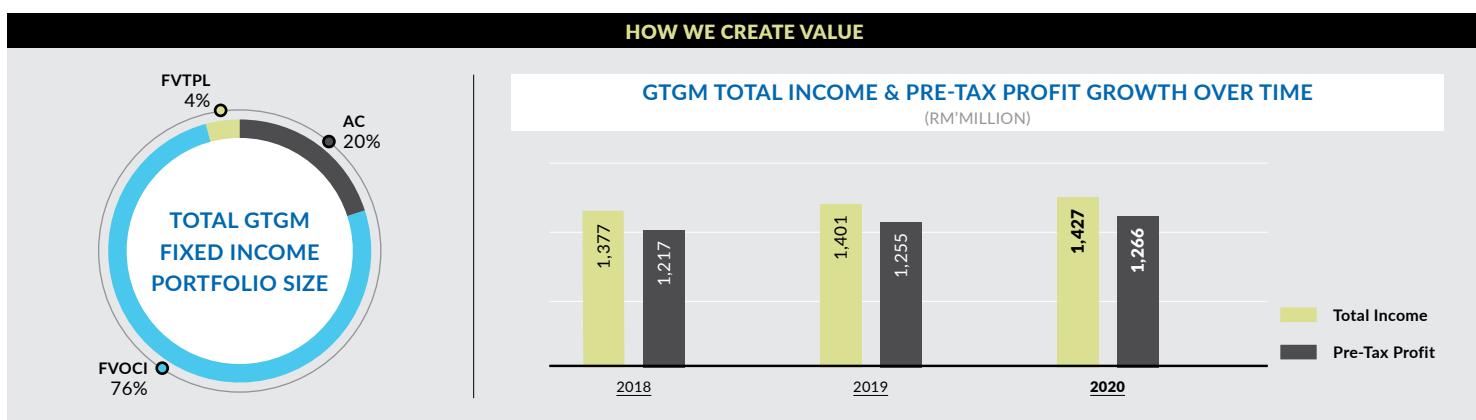
32.2%

Pre-Tax Profit

RM1,266.3 million

Securities Portfolio Growth

7.6%

**KEY BUSINESS INITIATIVES****Sustained product & process innovation****Digitalising the customer's forex journey****Providing innovative yield-enhancing structured products, bonds and sukuk****Capitalising on trading opportunities****OUTCOMES**

Product and process innovation is a constant Group Treasury and Global Markets sales initiative and the COVID-19 pandemic intensified our efforts to ensure we consistently provided customers with value added products and solutions delivered conveniently and executed efficiently irrespective of market conditions. In 2020, we helped alleviate supply chain disruption by providing flexibility in meeting our customers' requirements through streamlining credit approvals to ensure expeditious access to FX facilities.

We launched RHB Live FX via Reflex in September 2020 to offer Corporate and Commercial customers competitive real-time foreign exchange ("FX") rates on a single online digital platform, allowing our customers to monitor, book and execute FX transactions online. The system is designed for transaction convenience by providing simple and seamless execution for spot and forward contracts, more competitive pricing and operational efficiency to enhance customers' FX experience. The digital platform has garnered strong customer traction, registering an average of six deals per customer since launch.

In 2020, we focused on sales and distribution of Bonds/Sukuk and yield-enhancing structured products to targeted investor groups.

Equities Linked ("ELI") and Autocallable structured investment products were launched to offer investors a low entry point to access the equity market and benefit from very attractive company valuations. We saw strong take-up from High Net Worth ("HNW") clients, registering year-on-year volume growth of 26% for our structured investment products.

Our Debt Market teams crafted innovative capital instruments to better manage the capital and liquidity requirements of issuers through the issuance of Perpetual and ESG Bonds and Sukuk, while providing investors with superior yielding assets to mitigate against lower trending interest rates.

The Trading desk successfully navigated extreme market volatility during the year by implementing a disciplined and well-executed structured trading strategy, contributing to a 15% increase in Return on Equity ("ROE") for the desk.

KEY BUSINESS INITIATIVES	OUTCOMES
Optimisation of funding costs	The Funding desk continuously optimised funding costs to enable competitive product pricing for the Group. We capitalised on the low interest rate environment to manage our funding and entered into long-term repurchase agreements leveraging our excess high-quality liquid assets. We also hedged long-term assets and short-term liabilities as part of the funding costs optimisation plan. This provided some buffer to cushion the impact of Overnight Policy Rate ("OPR") cuts while positioning ourselves to benefit from the eventual normalisation of interest rates when the economy recovers from the effects of the pandemic.
Active management of operating costs	We improved business efficiency by reallocating budgets for travelling and customer visits to the advertising of the RHB Live FX platform to create greater awareness, as well as converting our usual market outlook update event into a webinar to reach a wider audience.



Navigating COVID-19 and the Challenges Presented

The unprecedented economic challenges brought on by the COVID-19 pandemic led to significant business disruption, curtailed capital investment and led to an acute deterioration in cross-border trade flows. Financial market volatility spiked from the start of the pandemic and continued to be driven by other risk factors such as the US and China trade war, geopolitical tension and domestic political uncertainties.

Given this scenario, GTGM pivoted its business strategy to capitalise on unique opportunities from new economic challenges while effectively mitigating against the elevated risk from uncertain market conditions.

For instance, we embarked upon a digitalisation roadmap to embolden our customer value proposition. Within this, RHB Live FX via Reflex was designed to deliver transaction convenience at competitive real-time FX rates on a single online digital platform for Corporate and Commercial customers.

Our sales teams were fully immersed in providing our customers with effective bespoke FX, Interest Rate and Commodities recommendations and restructuring and hedging solutions to increase awareness of new market opportunities and blunt the effect of business cycle disruption following the COVID-19 pandemic.

GTGM also successfully managed its market and credit exposure by applying disciplined tactical trading and investment practices based on sound Asset Liability Management ("ALM") strategies. We implemented prudent ALM strategies to ensure we maintained a robust and competitively priced liquidity position to meet expected as well as unforeseen requirements of our customers and stakeholders.

OUTLOOK AND PROSPECTS

In Malaysia, the multiplier effect from government infrastructure investment from the higher development expenditure planned for 2021 is expected to support business activities and provide further catalysts to the Corporate and Commercial sector. We are fully invested in strengthening customer-centricity by delivering relevant Treasury products and solutions with simplicity and high efficacy, aligned with the higher economic growth trajectory.

GTGM will continue to prioritise the interests of our customers and stakeholders and exercise steadfast vigilance with regard to market events to ensure we identify, manage and mitigate risk effectively. GTGM's technological transformation will also remain a key focus in 2021 in tandem with RHB Banking Group's FIT22 strategic initiatives. Our digitalisation journey will intensify as we strengthen our commitment to delivering convenience, enhancing value and building trust with our customers and stakeholders.

GROUP INVESTMENT BANKING

Who We Are

RHB Investment Bank is one of the key capital market players in Malaysia with dominant market share across key capital market products. In 2020, RHB Investment Bank closed the year with Top 3 league table positions in Ringgit Bonds, Sukuk, M&A and Equity Broking as well as Top 5 in Equity Capital Markets and Call Warrants in Malaysia.

RHB Investment Bank offers a full range of capital market products and services covering primary market (advisory and fundraising via equity and debt instruments) and secondary market (securities trading for both institutional and retail clients). The Group Investment Banking ("GIB") team of RHB Banking Group comprises experienced deal origination and product specialists and is supported by an award-winning research team. The team leverages the RHB Banking Group's regional platform to provide cross-border transactional services to clients across ASEAN.



Jaimie Sia Zui Keng

Acting Chief Executive Officer of
RHB Investment Bank Berhad and
Acting Head, Group Investment Banking
RHB Banking Group

OVERALL PERFORMANCE:

Group Investment Banking recorded pre-tax profit of RM154.5 million in 2020, which was significantly higher than the pre-tax profit for 2019 of RM1.0 million, on the back of the strong performance of the Retail Equities business in Malaysia. Total income was RM627.7 million, 42.5% higher than the RM440.6 million recorded in 2019.

Total Income

RM627.7 million

Non-Interest Income Composition

88%

Pre-Tax Profit

RM154.5 million

AWARDS & RECOGNITION

Bursa Excellence Awards 2020

- Best Retail Equities Participating Organisation – Investment Bank (Champion)
- Best Retail Derivatives Trading Participant (Champion)

IFR Asia Awards 2020

- Malaysia Capital Markets Deal MR D.I.Y Group (M) Berhad's RM1.5 billion IPO (*Joint Global Coordinator, Joint Bookrunner, Joint Managing Underwriter & Joint Underwriter*)

The EDGE Best Deal and Call Awards 2020

- Best Share Placement Sunway REIT's RM710.0 million Equity Private Placement (*Principal Adviser, Joint Placement Agent & Joint Bookrunner*)

The Asset Triple A Islamic Finance Awards

- Best ASEAN Green SRI Sukuk Pasukhas Green Assets' RM17.0 million Green Sukuk (*Sole Principal Adviser, Sole Lead Arranger & Sole Lead Manager*)

14th Annual Best Deal & Solution Awards 2020

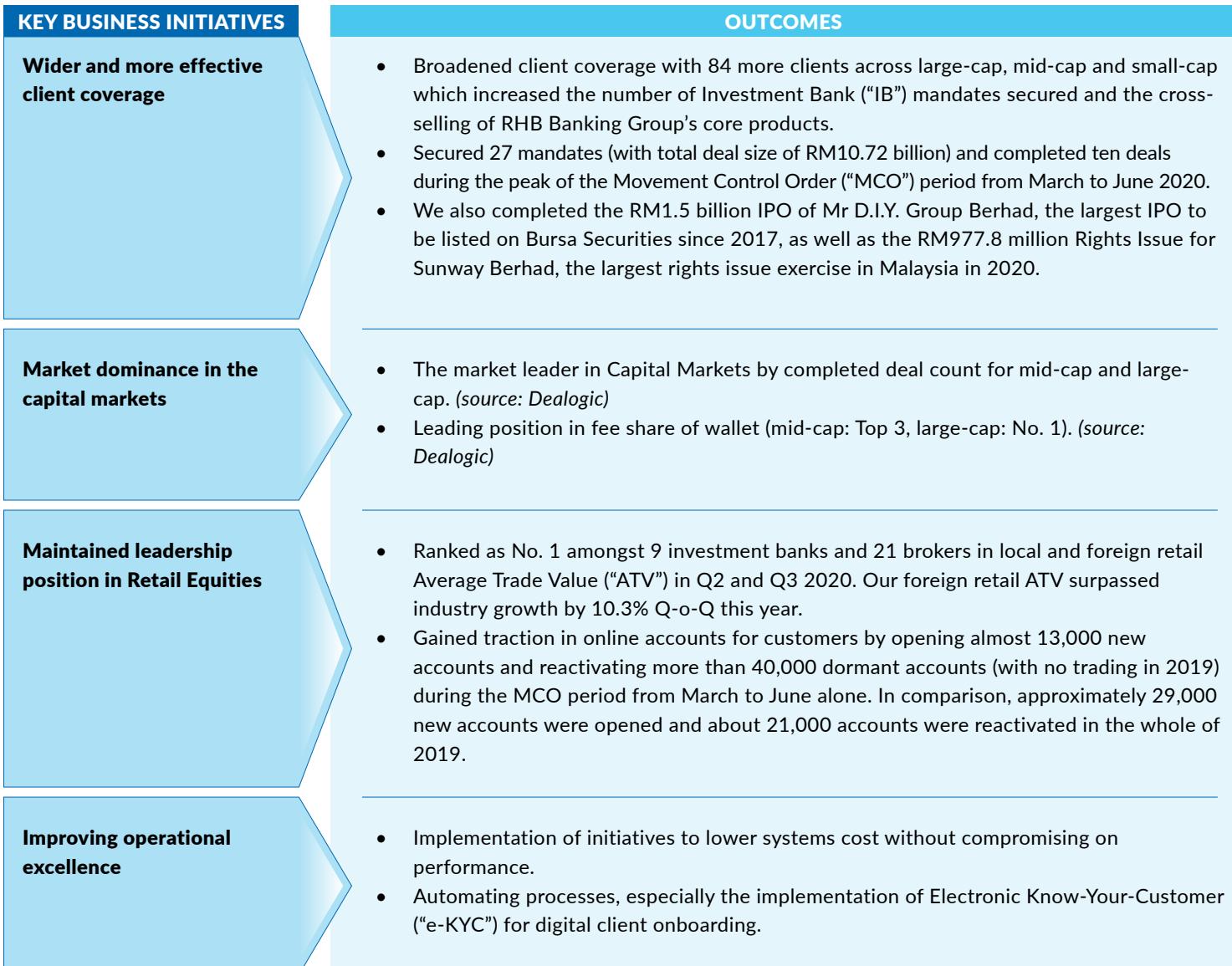
- Best Local Currency Infrastructure Sukuk Pelabuhan Tanjung Pelepas Berhad's RM1.895 billion Sukuk Murahabah (Tranche 1 & 2) Islamic MTN (*Sole Principal Adviser, Sole Lead Arranger, Lead Manager & Bookrunner*)
- Best Islamic Finance Project Finance of The Year Pengerang LNG (Two) Berhad's RM1.7 million Project Financing Sukuk Murahabah (*Lead Manager*)

HOW WE CREATE VALUE

LEAGUE TABLES/RANKINGS (AS AT 31 DECEMBER 2020)

	Position	Market Share (%)
Ringgit Bonds	3	13.7
Ringgit Sukuk	3	14.4
Mergers & Acquisitions	3	26.0
Equity Capital Markets	5	10.8
Equity Broking (by volume)	3	10.3
Equity Broking (by value)	4	9.2
Call Warrants	4	12.2

(source: Bursa, Bloomberg & RHB)



PROGRESS AGAINST FIT22 STRATEGIC INITIATIVES

FIT22 INITIATIVES	OUTCOMES
Continue to maintain share of wallet for large-cap from 93 listed corporates to achieve a minimum product holding of 4.3	Defended #1 position for fee share of wallet, which increased from 23.4% in 2018 to 25.2% in 2019, despite a drop to 23.6% in 2020.
Enhance penetration into mid-cap by covering 11% of listed companies on Bursa Malaysia	<p>Focused on the mid-cap market segment as a key business driver supported by a dedicated Corporate Finance team.</p> <p>Onboarded and mandated 23 new mid-cap clients in 2020.</p>



Navigating COVID-19 and the Challenges Presented

At the peak of the first MCO, GIB had as many as 80% of its Coverage and Product teams working from home as we continued to reach out to corporate clients to close or discuss new deals. Our remisiers were also primarily working from home during the MCO and were able to effectively support our Retail clients through our online platform.

Despite the challenges posed by the pandemic, GIB was able to identify and capitalise on pockets of opportunities during the pandemic to increase our market share. The lower interest rate environment, in particular, was beneficial for certain asset classes and the origination of specific deal types while the bull run on Bursa Malaysia due to increased retail participation helped boost our securities income.

OUTLOOK AND PROSPECTS

We expect the mid-cap segment, and increasingly the small-cap segment, to continue to be important drivers of revenue to complement our strength in the large-cap space. Hence, we remain focused on delivering strongly in these areas in 2021 by proactively generating ideas with product partners and creating value for our clients. This will allow us to build a healthy deal pipeline and increase cross-selling of RHB Banking Group products.

We will also continue to drive technological improvements in our trading business to ensure the reliability of our systems and will be increasingly digitalising manual processes in our operations. Together with the traction gained in online account acquisition, RHBIB aims to maintain our position as the No. 1 retail broker in Malaysia.

GIB is exploring an expansion of our revenue stream in equity derivatives through the launch of new products, in line with Bursa Malaysia's recent expansion of its market-making framework to increase efficiency. In the capital markets business, GIB will increase participation in ESG-related deals in addition to establishing a team to focus on Project Advisory to meet the projected demand for structured financial products given the focus on infrastructure projects as outlined in Budget 2021.

GROUP ASSET MANAGEMENT

Who We Are

Group Asset Management manages a full suite of investment services and offerings including the management of unit trust funds, investment management advisory, product development and trustee services.

The solutions we provide cover equities, fixed income, mixed assets, cash management, tailor-made structures for discretionary and non-discretionary mandates, private retirement schemes/pension funds and alternative investments covering various asset classes across conventional and Shariah-compliant products. Our trustee services cover estate planning, will-writing, private trust, REITs, corporate trust services and escrow account management.

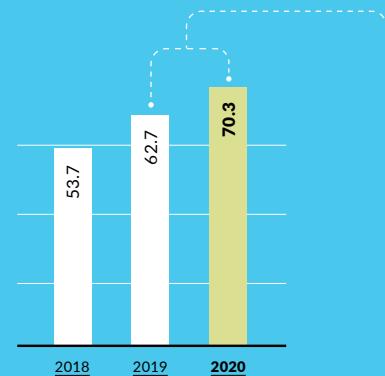
Effective August 2020, Asset Management became part of the Group Wholesale Banking segment



Eliza Ong Yin Suen
Head, Group Asset Management

ASSET MANAGEMENT MALAYSIA PERFORMANCE

PRE-TAX PROFIT - AM MALAYSIA*
(RM'MILLION)



Growth (2020 vs 2019)

12.1%

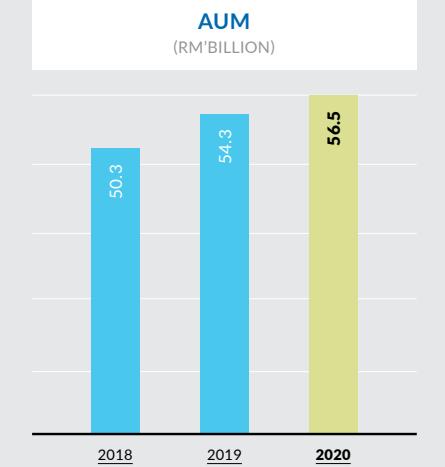
* AM Malaysia refers to its Conventional & Islamic business in Malaysia and its trustee business.

AWARDS & RECOGNITION

No.	Award Title	Presented By	Category
1	2020 Best of the Best Awards	Asia Asset Management	<ul style="list-style-type: none"> • Best Islamic Fund House (Malaysia) - RHB Islamic International Asset Management Berhad
2	Institutional Asset Management Awards 2020	Insurance Asia News	<ul style="list-style-type: none"> • Best Islamic Bond Manager
3	Top Investment Houses in Asian Local Currency Bonds for 2020	The Asset Benchmark Research	<ul style="list-style-type: none"> • Top Investment House (Malaysia) - Ranked 1st
4	The most Astute Investors in Asian local currency bonds for 2020		<ul style="list-style-type: none"> • Most Astute Investor (Malaysia) - Ranked 1st • Most Astute Investor (Malaysia) - Ranked 6th
5	Asset Management Company of the Year - Highly Commended	The Asset Triple A Sustainable Investing Awards 2020 for Institutional Investor, ETF and Asset Servicing Providers	<ul style="list-style-type: none"> • Asset Management Company of the Year - Highly Commended (Malaysia) - RHB Asset Management Sdn Bhd

HOW WE CREATE VALUE

**AUM
(RM'BILLION)**



KEY BUSINESS INITIATIVES	OUTCOMES
Product innovation to drive business growth	We continued adding to our full suite of product offerings with the launch of a total of 16 new funds across Malaysia and our regional offices, which garnered Assets Under Management ("AUM") of RM1.8 billion as at end-2020. The new funds launched included Fund of Funds ("FOF"), mixed asset and equity and ESG thematic funds as well as multi-currency bond asset class for both Conventional and Shariah-compliant funds.
Embedding ESG into the business	Rolled out a Sustainability Investment Framework which aims to integrate sustainability considerations into our investment process for better-informed investment decisions. Training on this framework has also been rolled out for the investment team and fund managers. We recently launched an ESG-themed fund, namely RHB i-Global Sustainable Disruptor Fund, in 2021, our first-ever Shariah sustainable and responsible investment fund subject to ESG criteria and methodology.
Digitalising our business for greater efficiency	In June 2020, we launched 'RHBAM MyInvest', an online platform, in line with the Employees' Provident Fund ("EPF")'s initiative to enable its members to execute investment transactions electronically for EPF-approved unit trust funds. Additionally, in order to enhance operational efficiency and customer satisfaction, we implemented a trustee system which went live at the end of 2020, together with enhancements to our back-office systems.

PROGRESS AGAINST FIT22 STRATEGIC INITIATIVES

FIT22 INITIATIVES	OUTCOMES
Grow Affluent and Wealth business	We will continue to focus on the retail business while investing and expanding our agency force and institutional business to cater to various segments of our investors and their investment goals. We will continue to deepen our collaboration within the Group through various cross-selling initiatives.
Boost operational excellence to improve productivity and customer service	With the above in mind, we will also continue to develop new funds with attractive and unique features and strategies to meet both our existing and prospective customers' investment needs.



Navigating COVID-19 and the Challenges Presented

With the lingering pandemic as the background, we will monitor our funds' performance closely and conduct timely asset allocation strategies. Given the uncertain market environment, we have taken and will continue to take the necessary defensive measures to protect against any anticipated downside risk. In addition, we will continually evaluate our analysis in credit and equity research taking into consideration the various risks, exposures, and impacts arising from the COVID-19 pandemic in the respective sectors, markets and countries.

We will continue to provide regular market outlook and fund updates to our investors and distributors to keep them abreast of any significant developments.

As part of the new normal following the pandemic, we will continue to invest in the necessary safety and health equipment, as well as digitalisation initiatives through the automation of business processes to further strengthen internal controls, improve efficiency and ensure minimal service disruptions to meet the current and future needs of our investors and stakeholders.

OUTLOOK AND PROSPECTS

Given a relatively uncertain economic environment going forward, both domestically and globally, we expect policy rates to remain accommodative for slightly longer until we see a sustained recovery in economic activities. As such, our range of funds and strategic solutions will offer our customers investment opportunities that suit their investment goals and risk appetites.

GROUP SHARIAH BUSINESS

Who We Are

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

Our products and services are delivered in a fast, efficient and seamless manner nationwide to fulfil the needs of customers, cutting across the Commercial Banking (covering retail, corporate and commercial business segments) and Investment Banking business streams. Our customer touchpoint network is one of the largest in the country with services available at all RHB Islamic Bank branches as well as RHB Bank branches, totalling 208 locations nationwide, with the added convenience of ATMs and mobile and internet banking.



Dato' Adissadikin Ali

Managing Director/Chief Executive Officer,
RHB Islamic Bank/
Head, Group Shariah Business

OVERALL PERFORMANCE:

Pre-Tax Profit

RM450.5 million

ROE

6.9%

Total Assets

RM86.9 billion

Islamic Contribution to Group Domestic Financing Assets

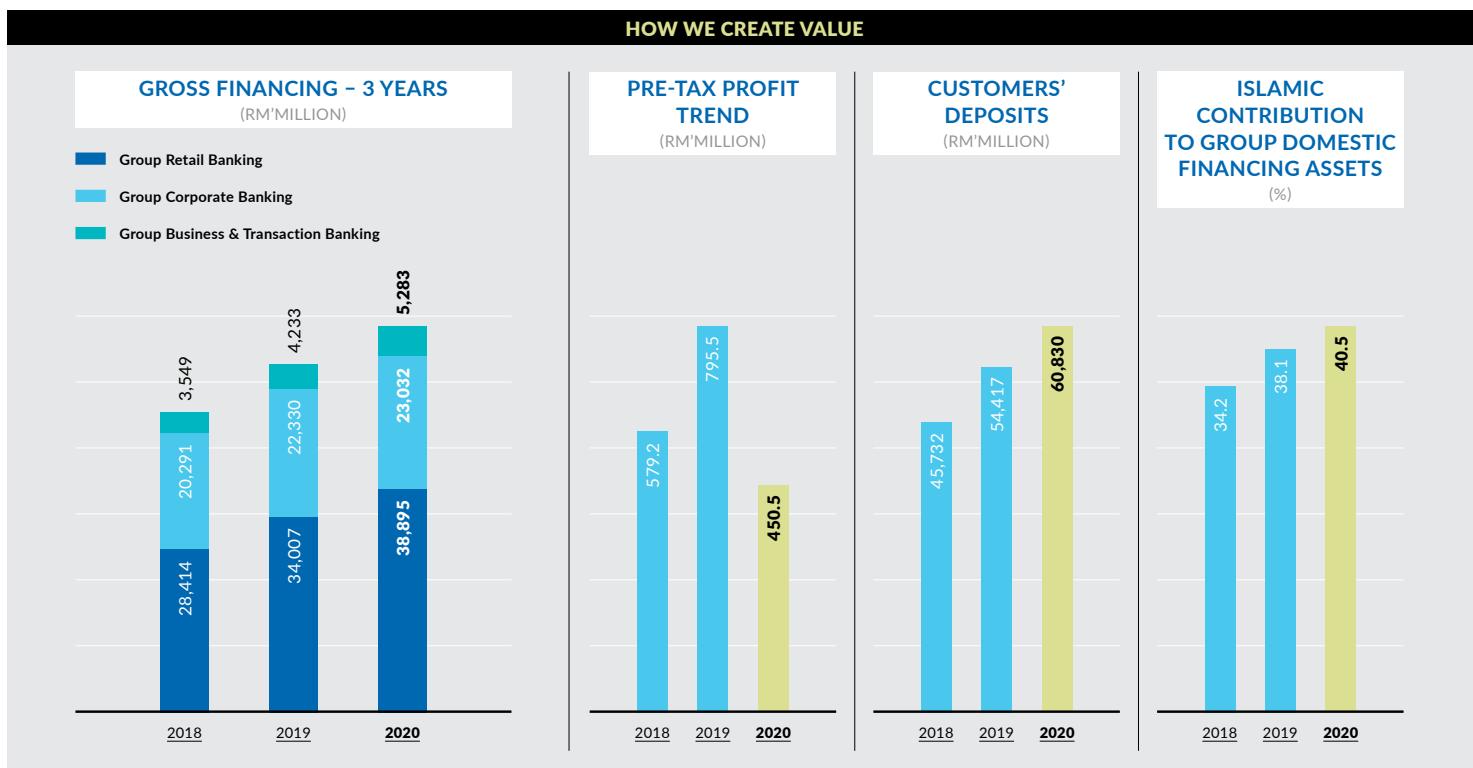
40.5%

CASA

RM9.5 billion

Zakat Distributed to State Zakat Authorities

RM4.0 million



KEY BUSINESS INITIATIVES

Increase product innovation to ensure RHB Islamic's offerings are on par with competitors

Value-Based Intermediation ("VBI") and sustainability as approaches to secure more new business/projects

OUTCOMES

Business Segment	Business Track	Products Launched
Retail	Consumer Product Management	<ul style="list-style-type: none"> • Personal Financing-i for Private Sector • Personal Financing-i for Civil Sector (Variable Rate) • Personal Financing-i for Pensioner (Variable)
	Cards & Unsecured Business	<ul style="list-style-type: none"> • RHB WWF Debit Card-i • CMTF-i Full Flexi Redraw • Unsecured Business Financing-i
Non-retail	Business Banking	

Ocean Harmoni initiative

- We are the first bank in Malaysia and the Asia Pacific region to launch an eco-friendly debit card created out of recycled plastic, to raise public awareness on the conservation and environmental sustainability of marine ecosystems.
- The unique product is part of the Bank's Ocean Harmoni initiative, and created in collaboration with WWF-Malaysia and Universiti Malaysia Terengganu ("UMT").
- More than 20,500 cards have been issued since its launch and for each RHB WWF Debit Card-i issued, RM3 will be contributed by cardholders to UMT's ocean research and development activities. Customers also have the option to contribute up to 100% of their 'Hibah', i.e. returns from their savings or current accounts opened under the Ocean Harmoni initiative.

SRI For more details about the Ocean Harmoni initiative, please refer to our Sustainability Report.



PROGRESS AGAINST FIT22 STRATEGIC INITIATIVES

FIT22 INITIATIVES	OUTCOMES
Target 40% of financing asset contribution to the Group	Achieved an encouraging 40.5% financing asset contribution in 2020.
Target to reach Top 3 position in financing assets	Maintained Top 3 position in financing assets.
Target to achieve business mix of 60% Retail, 30% Corporate and 10% Business Banking	Business mix was on track at 58%, 34% and 8% for Retail, Corporate and Business Banking, respectively.



Navigating COVID-19 and the Challenges Presented

RHB Islamic Bank's key focus was on ensuring the safety of the employees and its commitment to assisting customers weather the challenges that arose as a result of the pandemic. For our retail customers, we noted that many had a precautionary mindset and preferred to have easy access to cash and liquidity. To overcome this, we quickly introduced savings and deposits products as well as investments linked to savings and deposits. For our government and corporate customers, we focused on introducing initiatives to optimise cost and accelerate their digitalisation journeys to support their cost-conscious approach.

OUTLOOK AND PROSPECTS

As a leading domestic Islamic financial institution, RHB Islamic Bank will continue to engage with our customers to gain a better understanding of their needs. In doing so, we will enhance and upgrade our products and services to create even more value for our customers.

In regards to our VBI journey, we continue to forge ahead, aligning our VBI initiatives to the Group's Sustainability Framework. This journey is expected to gradually create sustainable value and positive impact on both community and environment.

In addition, we are also exploring ways to play an even bigger role in the area of social finance to create an even larger impact on the lives of those around us.

GROUP INSURANCE

Who We Are

RHB Insurance provides general insurance for our retail and corporate customers. It is the 11th largest insurer in Malaysia with 3.84% market share and ranks among the Top 10 insurers for Fire, Personal Accident & Motor.



Kong Shu Yin
Managing Director/Chief Executive Officer,
RHB Insurance Berhad

OVERALL PERFORMANCE:

Gross Written Premium

RM678.7 million

Pre-Tax Profit

RM150.6 million

Combined ratio

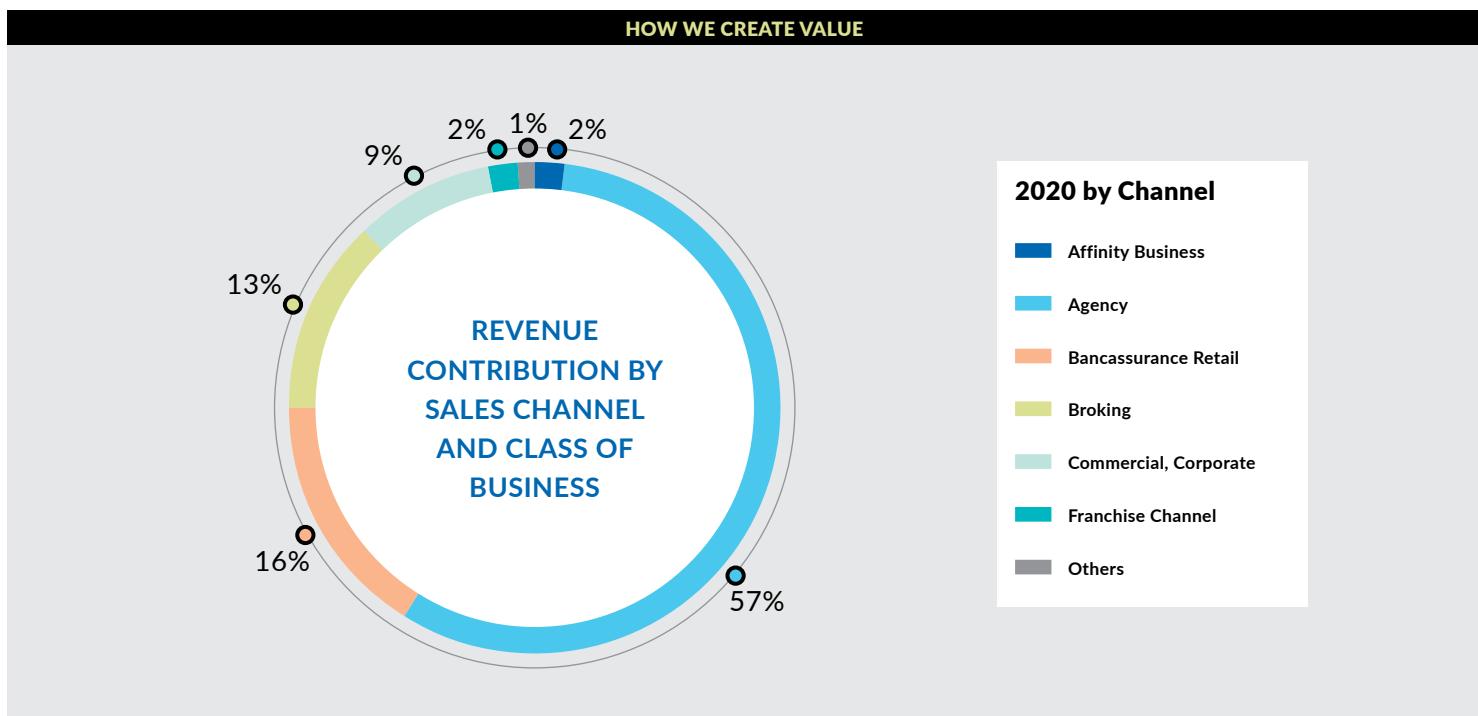
82.6%

Claim ratio

48.6%

ROE

20.0%



KEY BUSINESS INITIATIVES	OUTCOMES
Build a general insurance ecosystem - combining digital initiatives with a conventional agency business model, to grow personal lines business	<ul style="list-style-type: none"> Adopted omni-channel distribution by leveraging digital capabilities to service customers acquired from traditional channels. For example, we actively promoted the RHB Insurance Mobile App and online insurance, through which we launched an online travel insurance product in September 2020. Streamlined and simplified sales and underwriting processes through digitalisation to reduce physical processes and paperwork where appropriate to achieve greater efficiency and improve the overall customer journey.
Enhance customer experience through the RHB Way	<ul style="list-style-type: none"> Our Net Promoter Scores have remained positive and consistent at +17 in both 2019 and 2020, and we continue to evaluate our performance through annual customer satisfaction surveys.
Improve motor premium pricing accuracy and adequacy	<ul style="list-style-type: none"> We optimised our pricing methodology, while also seeking approval from regulators to allow wider deviations from the standard tariffs. Recorded only a minimal contraction in Gross Written Premiums of 3% as compared to the previous year, despite the extremely challenging year for the industry.
Grow individual medical insurance	<ul style="list-style-type: none"> Premiums for our Medisure Supreme Insurance product grew by 74% from RM 4.3 million in 2019 to RM7.5 million in 2020.

PROGRESS AGAINST FIT22 STRATEGIC INITIATIVES

FIT22 INITIATIVES	OUTCOMES
To be the Top 5 in General insurance	<p>Despite a challenging economic environment, we managed to deliver a commendable profit growth of 12.2% year-on-year compared to a 58.3% year-on-year increase in 2019. The higher increase in 2019 was due to the restructuring of the hospital and surgical segment of the business.</p> <p>Continued improvement to our customer experience journey with focus on purchase, claims and service experience has led to consistently high Net Promoter Score ("NPS").</p>
Scale up Banca Retail and SME business acquisition	<p>The focus on these sectors and the deployment of General Insurance Specialists have achieved significant achievements in Gross Written Premium ("GWP") in East Malaysia (from 12% in 2019 to 24% in 2020) with better customer experience being reported. It has also increased overall Banca Retail bank branch GWP with year-on-year growth of 4% to RM17.5 million in 2020 compared to RM16.8 million in 2019.</p>



Navigating COVID-19 and the Challenges Presented

RHB Insurance launched special schemes aimed at helping our customers through this difficult economic environment with a total allocation of RM5 million. This included the Cov-Aid Premium Relief Scheme that provides financial relief of up to 50% for both new and existing SME policyholders and the Cov-Aid Premium Instalment Scheme to help individuals and SME clients whose income or business was affected by COVID-19. Since its launch in April 2020, the Relief Scheme has utilised more than RM650,000 while the Premium Instalment Scheme has impacted RM2 million of gross premiums.

During this challenging time, we strived to ensure that existing policies continued to be renewed while conducting more frequent pricing reviews given the uncertainty brought about by the persistence of COVID-19 and its wide-ranging effects. In addition, RHB Insurance continued to create innovative products and offerings for customers in lower-risk exposure segments. We remained engaged with our agency force through digital platforms, ensuring that they stayed up to date in terms of training and knowledge, allowing them to better advise policyholders on the best solutions for their specific circumstances.

OUTLOOK AND PROSPECTS

We will continue to design and develop sustainable products and services for our customers to defend and capture market share in the markets we are present in. An example of a sustainable product we are planning, which is also in support of a low-carbon economy, is an insurance product for the motor segment which will provide lower premiums for vehicles that are seldom used.

GROUP INTERNATIONAL BUSINESS

Who We Are

RHB's Group International Business comprises both our commercial banking and investment banking portfolios overseas. We have a strong presence through an established network of branches across Singapore, Cambodia, Thailand, Laos, Brunei, Indonesia, Vietnam and Hong Kong.

We offer a wide variety of products and services for customers of all segments ranging from loans, deposits and wealth management solutions to trade financing & services, initial public offerings and mergers & acquisition. We also maintain a representative office in Myanmar to offer liaison and advisory services for Malaysian companies seeking to conduct business in the country.

For the year 2020, Group International Business included our overseas commercial banking operations, other than Singapore. However, effective February 2021, the portfolio has been expanded to include Singapore as well as our overseas investment banking operations. For the purpose of this Report, the information provided covers only the activities of our overseas commercial banking operations, excluding Singapore.



Syed Ahmad Taufik Albar
Head, Group International Business

OVERALL PERFORMANCE:

The year 2020 proved to be a difficult one for Group International Business as the world continued to battle with the economic challenges due to COVID-19. The slowdown of the world's economic activities and the disruption to international travel materially impacted the countries within our portfolio, from both profitability and asset quality standpoints.

Notwithstanding the challenging environment, we continued to pursue asset growth, albeit cautiously. Excluding foreign exchange translation impact, our Group International Business loans book grew 2.3% year-on-year, mainly contributed by Cambodia.

Total Income

RM202.2 million

Pre-Tax Loss

RM4.5 million

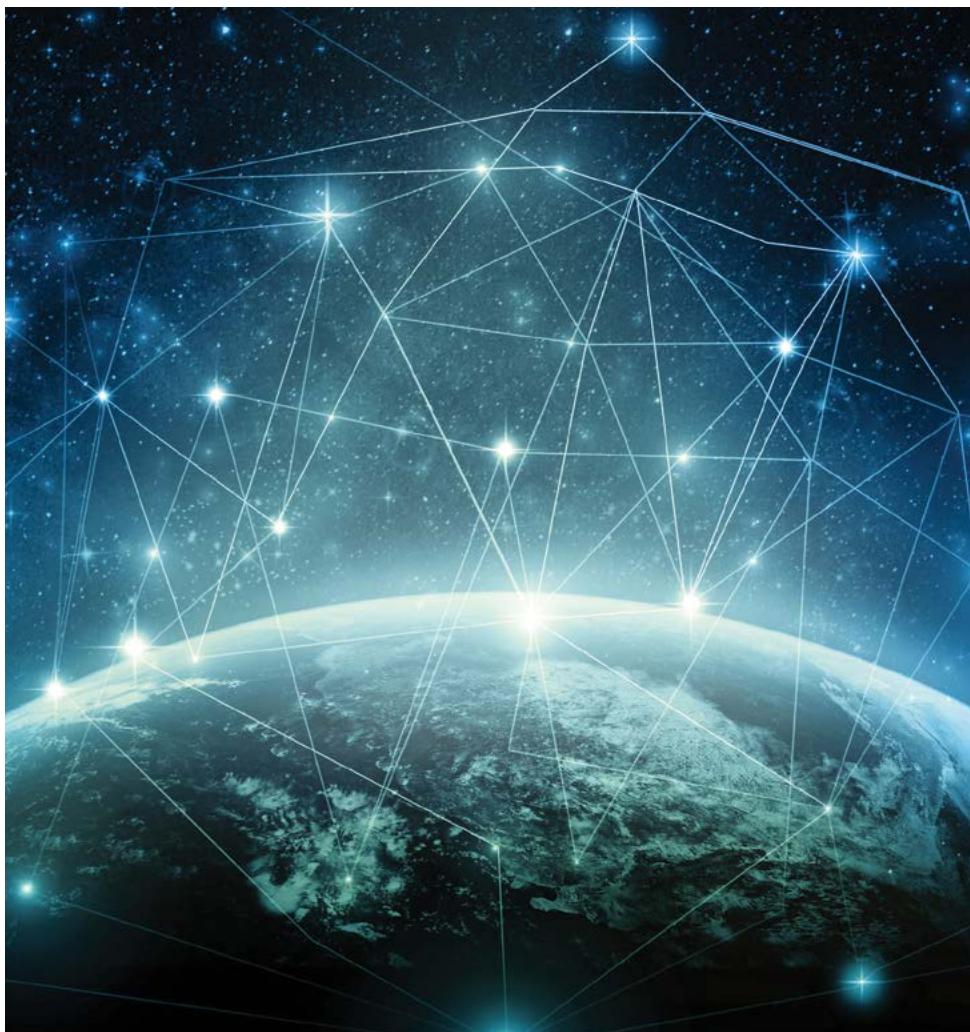
Gross Loans

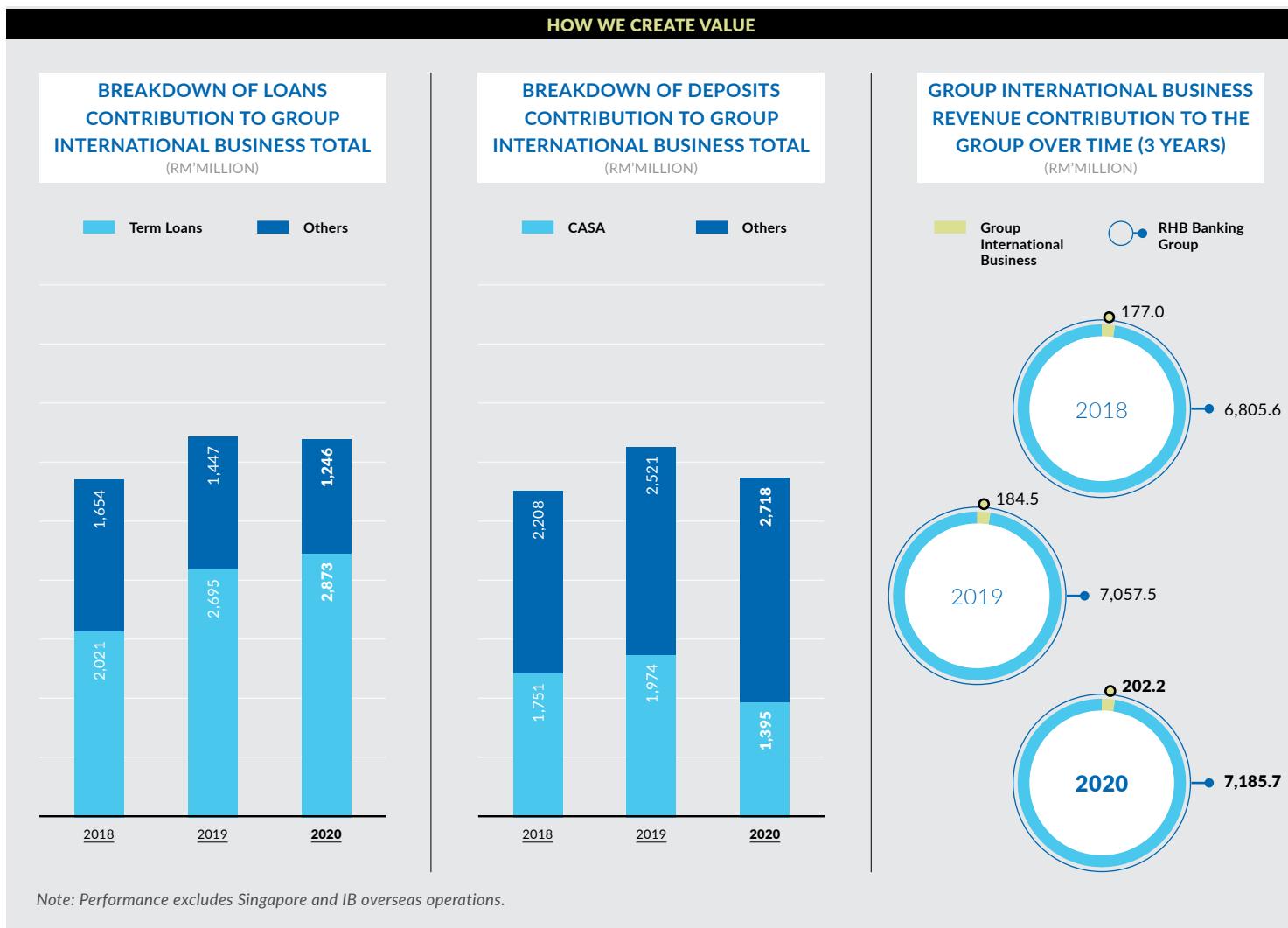
RM4.1 billion

Customers' Deposits

RM4.1 billion

Note: Performance excludes Singapore and IB overseas operations.





DELIVERING GROWTH, OPERATIONAL EFFICIENCY AND ASSET QUALITY IN FOCUS SEGMENTS

We continue to seek growth in key segments and sectors within each of the overseas countries, to ensure we maintain the required momentum for our long-term strategic goals. At the same time, we continually look for ways to improve operational efficiencies across all our overseas operations to be able to serve our customers more effectively.

COUNTRIES	INITIATIVES AND OUTCOMES
Cambodia	<ul style="list-style-type: none"> Opened our first Premier Banking Centre in Cambodia to provide personalised services to the affluent segment. This helped contribute to robust year-on-year growth of 56% in retail deposits achieved in 2020. Successfully enhanced our remittance ecosystem with other banks, which enabled more attractive foreign exchange rates for our customers. Increased the number of registered internet banking and mobile banking users by 30% in 2020. Implemented the Cambodian Shared Switch, a shared system in collaboration with other banks to enable individuals to perform various interbank transactions. Launched our customer call centre for better customer experience. We achieved a zero abandoned call rate in 2020. Fully integrated our anti-money laundering system into the core banking system for enhanced transaction monitoring as well as real-time sanctions screening.

COUNTRIES	INITIATIVES AND OUTCOMES
Thailand	<ul style="list-style-type: none"> • We recalibrated our growth efforts and shifted focus to different industries such as renewable energy, medical and healthcare, Information and Communications Technology ("ICT") services and businesses supplying products and services to the government. • Pursued active collaboration with other business functions within RHB Banking Group to increase synergies and boost fee income. • Participated in the Regulatory Data Transformation ("RDT") project led by the Bank of Thailand ("BOT") with the aim of improving the productivity and efficiency of our employees. • Despite the challenging economy, we managed to achieve more than double the recovery amount of our legacy impaired loans compared to 2019 by employing alternative solutions in our loan recovery strategies through seeking potential investors and undertaking asset disposals. • Closely monitored accounts impacted by COVID-19 and supported customers with targeted financial assistance.
Laos and Brunei	<ul style="list-style-type: none"> • In Laos, by mobilising our business development teams to support our efforts in credit control and loan recovery, we managed to significantly lower pre-impaired loans to 0.36% compared with 5.25% in 2019. • In Brunei, we achieved 28.0% higher non-interest income and continued to maintain our gross impaired loans at 3.82%, below industry level.



Navigating COVID-19 and the Challenges Presented

The pandemic brought about unprecedented challenges and impacted the way our businesses operated, disrupting our ability to meet with customers, affecting the livelihoods of some of our customers and changing the way we worked. Overall, our employees in all the countries we operate in adapted well to working remotely or in split teams as we sought to help our customers with restructuring solutions and targeted financial assistance.

In Cambodia, we noted some revenue pressure and responded with cost-cutting initiatives without compromising on our service standards. We also proactively engaged with customers-at-risk individually to offer various rescheduling and restructuring options.

In Thailand, we noted that customers in the tourism, real estate and services sectors were affected more than others. We discussed with them their specific challenges and successfully deployed various financial assistance schemes.

In Laos, we discussed possible solutions with our customers and provided moratoriums or financing restructuring to those who were most impacted by the pandemic.

OUTLOOK AND PROSPECTS

Moving into 2021, our businesses in each country will continue exploring growth opportunities, enhancing our customer service and leveraging digital technology to improve our product offerings. As a group, we will collectively be paying closer attention to our asset quality given the economic uncertainty due to the persistence of the COVID-19 pandemic.

In Cambodia, RHB Reflex, which is one of our key digital solutions, will be rolled out in 2021. It is an integrated banking solution that provides cash management and trade and payments capabilities for our business customers.

In Thailand, we will target mid-cap customers for loans growth, as well as drive growth of fee income through specific deals.

In Laos, we will continue to prioritise asset quality management with the overall aim of preventing formation of new impaired loans and achieving higher recovery amounts.

In Brunei, loans growth is expected to be generated from our top clientele, while we are also planning to introduce a safe deposit box facility at our new branch.

SINGAPORE OPERATIONS

Who We Are

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

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



AWARDS & RECOGNITION

Best Small to Mid-Cap Corporate Finance Award 2020

Global Banking & Finance Awards® 2020

- Best CSR Bank Singapore 2020

HumanResources Online

- Best Candidate Experience – In-House

Loyalty & Engagement Awards

- Best Employee Engagement Strategy (Gold)
- Best Use of CSR (Silver)

Marketing Events Awards

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



Danny Quah Boon Leng
Head, Singapore Operations

OVERALL PERFORMANCE:

Our Singapore Operations recorded pre-tax profit of SGD5.4 million, a decrease of 78.7% year-on-year due to higher allowances for credit losses. Gross loans were higher by 23.4% at SGD5.1 billion due to higher contributions from the Corporate, Commercial and Retail Banking segments while Customers' Deposits were also higher by 8.5% year-on-year at SGD5.8 billion driven by an increase in Current Account Savings Account ("CASA") balances.

Pre-Tax Profit

SGD5.4 million

Gross Loans

SGD5.1 billion

Customers' Deposits

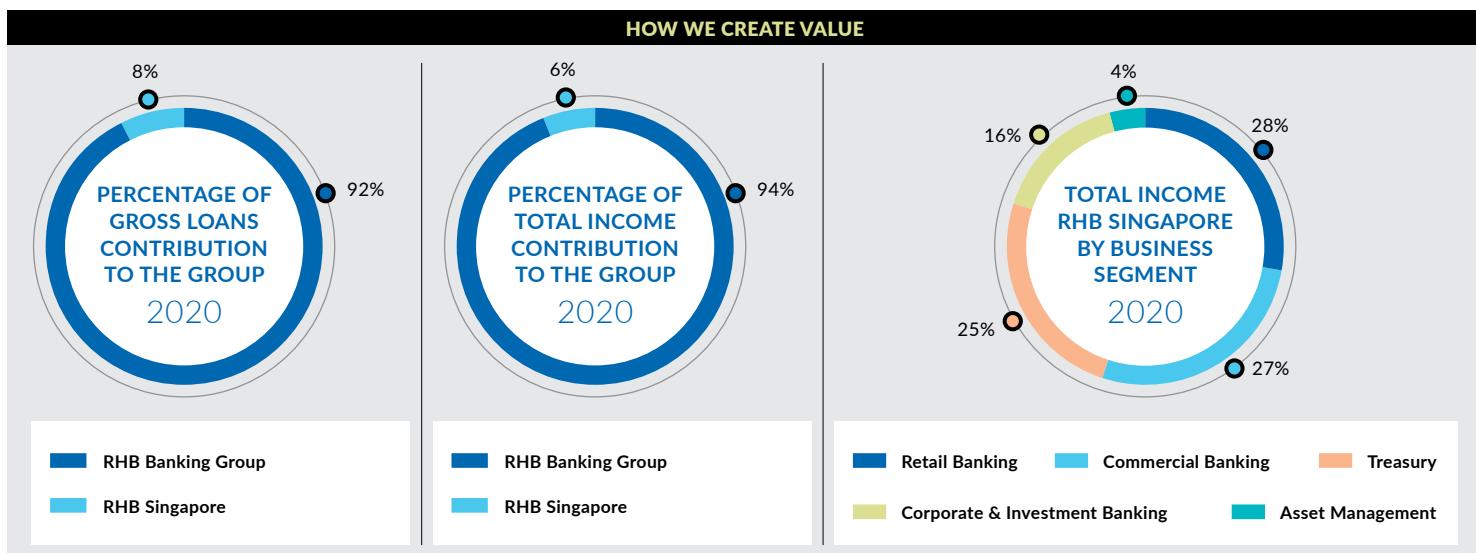
SGD5.8 billion

Total Income

SGD139.2 million

Cost-to-Income Ratio

82.7%



CORPORATE UPDATE

In September 2020, the Group completed the disposal of its entire equity interest in RHB Securities Singapore ("RHBSS"). As part of the exercise, capital markets businesses under RHBSS, encompassing client coverage, research and corporate advisory services, equity capital markets and institutional equities sales, were transferred to RHB Bank, Singapore. This allows for better alignment of the capital markets and wholesale business of RHB Bank, Singapore under one entity, creating a more holistic customer experience for its corporate and institutional clients in Singapore and the region through its suite of wholesale banking solutions.

KEY BUSINESS INITIATIVES	OUTCOMES
COVID-19 response: <ul style="list-style-type: none"> • Tapped into the Government Support Scheme for SMEs • Enhanced online and digital presence through social media platforms 	<ul style="list-style-type: none"> The Commercial Banking team supported SMEs with loan moratoriums and Temporary Bridging Loans valued at SGD585 million during the pandemic. Total year-on-year asset growth remained healthy at 28% compared to 2019. This was due to the active management of asset quality and portfolio rebalancing towards secured lending via properties and Enterprise Singapore government schemes that supported SMEs. The RHB Singapore Facebook page saw a 33% increase in fan base, and heightened average net engagement rate of 7.13%.
<ul style="list-style-type: none"> • Commenced branch network transformation • Restructured key lines of business and distribution model 	<ul style="list-style-type: none"> As at December 2020, the Retail Business has turned profitable and revenue increased by 25.0% year-on-year. Wealth Management fee income increased by 121.1% year-on-year, while Bancassurance revenue rose by 178.0% year-on-year. RSME loans outstanding increased by 65% to reach SGD165 million and revenue increased by 126.8% year-on-year.
Digitalisation programme and enhancement of the range of remote/non face-to-face transactions	<ul style="list-style-type: none"> With the launch of the digital account opening function on our Mobile Banking platform, new-to-bank and existing customers can download the RHB Mobile SG app and open a new Savings or Fixed Deposit account with SingPass and MyInfo. Monthly new account openings increased tenfold after the launch of the new digital service which utilises Electronic Know-Your-Customer ("e-KYC") to conduct the requisite due diligence.
<ul style="list-style-type: none"> • Commitment to green financing • Tapping on regional network for financing and investment banking opportunities 	<ul style="list-style-type: none"> RHB Singapore successfully arranged a two-bank club green term loan facility of SGD150 million to support the acquisition and development of a top-tier colocation data centre for a major property player in Singapore. We also raised a three-year term loan facility of USD255 million, together with seven other mandated lead arrangers and bookrunners, for the multi-finance company of a large Indonesian-based business conglomerate. RHB Singapore was the Sole Lead Arranger for a notable cross-border Mergers & Acquisitions ("M&A") transaction between a Malaysian conglomerate and a listed regional real estate developer in Singapore. The purchase consideration was funded via a mix of equity and debt, with an Acquisition Financing Facility of up to SGD35 million secured by listed shares.

PROGRESS AGAINST FIT22 STRATEGIC INITIATIVES

FIT22 INITIATIVES	OUTCOMES
Position overseas IB businesses to focus on niche markets	With capital markets being integrated into the bank, there will be greater collaboration to more effectively provide a one stop shop solution for our corporate clients in Singapore and the region. This alignment creates more focus for cross-selling the full spectrum of wholesale banking products to address our clients' advisory and strategic funding requirements, and solidifying relationships with our targeted clients.
Enhance customer journey	The digitalisation of account opening via Mobile Banking Singapore has enabled customers to open accounts without visiting the branch. In addition, we have streamlined the registration process, enabling customers' access to Mobile Banking services when they open a bank account, without the need for additional registration forms. The overall turnaround time for account opening, including the issuance of online banking services, has been reduced by approximately 30 minutes per customer.



Navigating COVID-19 and the Challenges Presented

The global COVID-19 pandemic has left a marked impact on businesses and the Singapore economy, which slipped into a year-on-year contraction from the first quarter of 2020. Following the reopening of the economy in June, there were preliminary signs of recovery in the later part of the year. Many open economies, including Singapore's, have found it challenging to find sustained momentum in a global recovery that is largely unsynchronised as different countries grapple with repeated outbreaks and differing levels of lockdowns.

On the flip side, the pandemic has accelerated technology adoption and digitalisation, surfacing opportunities that have enabled various sectors to continue staying afloat during these challenging times. In RHB Singapore's context, we have employed video conferencing tools to stay connected with our customers and to extend our banking services through digital platforms. We have also tweaked and redesigned some of our processes to facilitate online transactions.

Over and above this, the Bank navigated the nation's Circuit Breaker by activating its Business Continuity Plan which included split site and flexible working arrangements to mitigate the impact on business operations. We enabled staff with secure remote access to relevant systems to work-from-home for both support functions and selected customer sales and service roles. For employees that needed to be on-site, we responded quickly with workflow and process changes, prioritising the safety of both employees and customers.

OUTLOOK AND PROSPECTS

The Bank will remain focused on sustaining and growing the business, cognisant of the effect of structural changes that have taken place, with flexible working arrangements likely being the norm and the acceleration of digital transformation throughout the economy.

To protect asset quality, we will continue to closely monitor customers that we have extended loan moratoriums to and will also actively engage with these customers to consider rescheduling or restructuring when the loan moratorium ends. With regards to loans, there will be a focus on being more prudent, extending more secured loans and selectively pursuing better-quality structured unsecured deals. For real estate lending, we will focus on good quality assets with a diversified tenancy base.

With the roll-out of the MY-SG Affluent Wealth corridor programme, our new Regional Premier Banking proposition will offer a suite of wealth management and financing solutions to local, Malaysian and regional clients, boosting customer experience and improving the customer journey.

In the context of digitalisation, we will continue to develop and strengthen our digital financial solutions and digital capabilities, to help customers achieve sustainable business growth through productivity enhancement. The long-term goal in our digital journey is to deepen relationships with key customer groups through the broadening of product offerings and ease of access.

CREATING AND SHARING VALUE

“Our approach to sustainability is guided by the Group’s Sustainability Framework anchored by our vision towards Building a Sustainable Future. We believe that as a financial institution, and through our sustainability journey, we are able to create value for our stakeholders and progressively widen our impact.”

OUR APPROACH TO SUSTAINABILITY

The Framework comprises three thematic pillars with identified focus areas aligned to our material matters. Through each pillar and its focus areas, we strive to further integrate sustainability or Environmental, Social and Governance (“ESG”) considerations across the Group’s business and operations to support the country’s transition to a low-carbon economy as well as mitigate related risks.

Our efforts in embedding sustainable practices in our business and operations have made good progress.

Going forward, we aspire to strengthen our approach to sustainability and embed it as part of our daily operations in order to create value for our stakeholders and protect our planet as the world continues to struggle with the COVID-19 pandemic.

- For Sustainability Governance, refer to page 119 of this Report.
- For stakeholders, their concerns and our responses, refer to pages 39 - 42 of this Report.
- For Material Matters, refer to pages 43 - 45 of this Report.

Disclaimer: Our response to COVID-19 is included throughout this Report and has been excluded from this Sustainability Review.



For further details, please refer to our Sustainability Report 2020.

OUR ESG ACCOLADES AND RECOGNITION

FTSE4Good Index Series

Constituent of FTSE4Good Bursa Malaysia Index

Notably, in **Top 25%** by ESG Ratings amongst public listed companies in FTSE Bursa Malaysia EMAS Index

MSCI ESG Ratings

Maintained a rating of AA (Leader) (on a scale of AAA- CCC)

S&P Global ESG Score

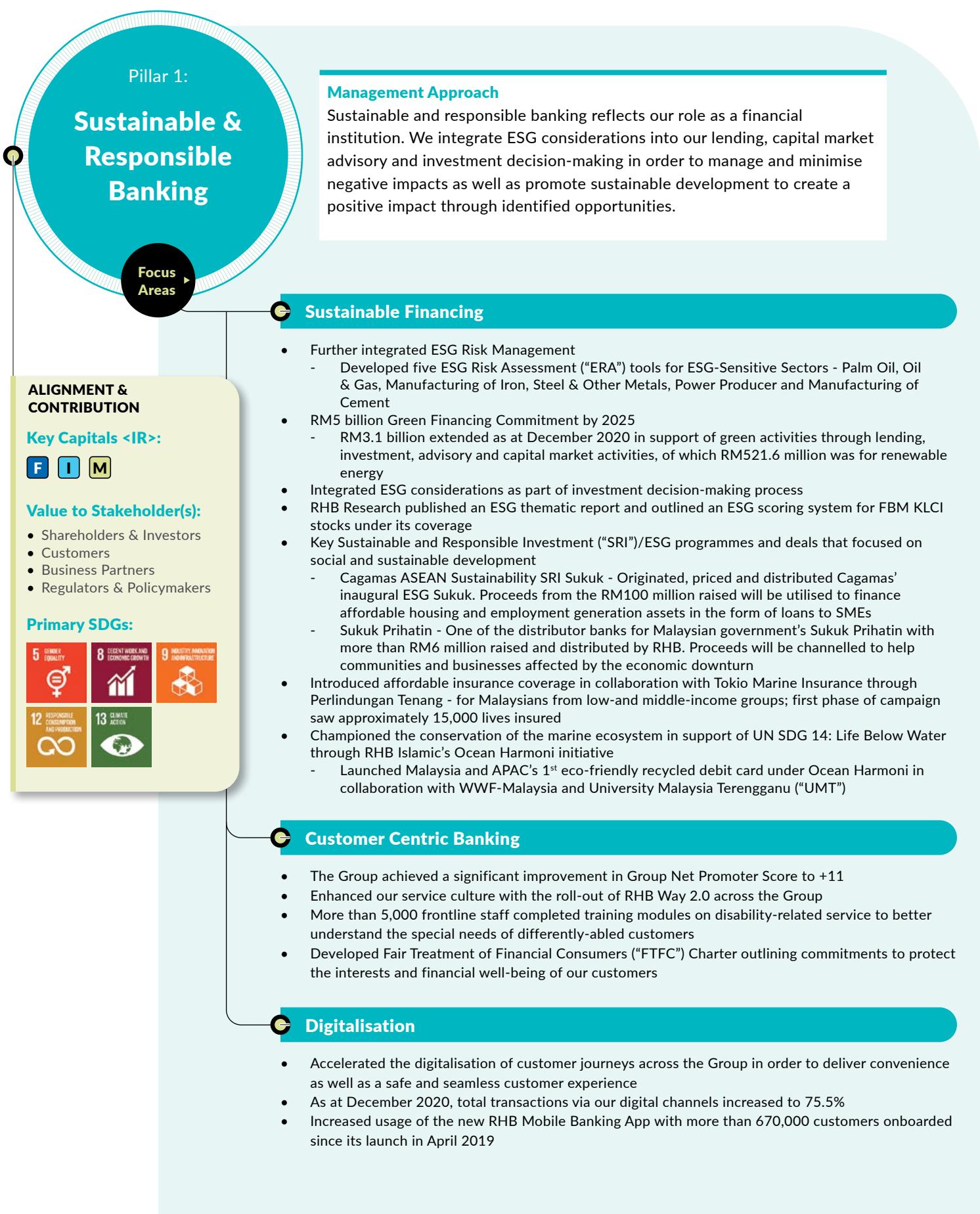
Obtained a score of 43/100 in 2020, recording an overall +20 point improvement from 2019

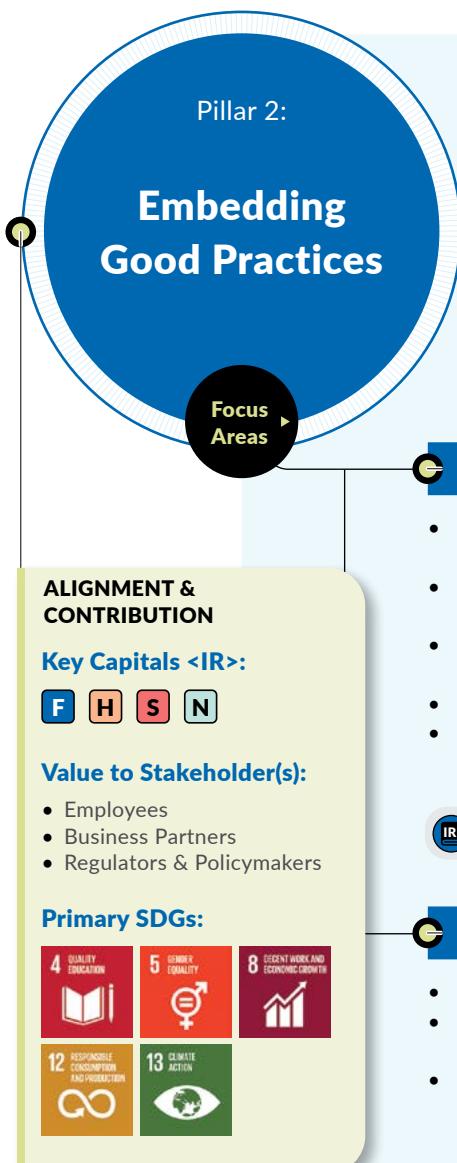


Scan the QR Code to read and download Our Approach to Sustainability document.



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





Management Approach

We strive to integrate responsible values and ESG considerations into the Group's vision and values, strategy and goals, policies and procedures, existing business tools and processes, product design and operations. We aim to nurture a sustainable culture among internal and external stakeholders through awareness-building, learning and development and on-ground initiatives.

Ethics & Governance

- Established the Group Integrity & Governance division ("GIG") to oversee the Anti-Bribery and Corruption Policy.
- Board members and RHB employees trained on Anti-Bribery and Corruption via e-learning. As of March 2021, 99.4% of the required 13,914 employees have completed the training
- Enhancement of Anti-Bribery and Corruption Policy, Whistleblowing Policy and Gifts and Hospitality Guidelines to strengthen ethics and integrity practices
- Declaration of RHB's commitment to tax transparency
- Mandatory IT Security Awareness e-learning module completed by Board members and employees across Group



To read more about our ethics and governance, please refer to the Corporate Governance Overview Statement section in this Report, on pages **110** to **126**.

People & Workplace

- Improved Employee Engagement Score to 92%, higher than the Malaysian financial industry average
- Promoted diverse and inclusive leadership with 25.3% women in Top and Senior Management (target: 30% by 2022)
- RM19.8 million total investment in employee training in 2020, a reduction of RM23 million from 2019 due to the COVID-19 pandemic. More than 6,800 employees took part in various training and awareness programmes for Safety, Health and Wellness

Environmental Stewardship

- Expanded operational GHG emissions for Scope 1, Scope 2 and Scope 3 reporting boundaries from two main buildings in 2019 to all main buildings and branches in West Malaysia
- Group's operational GHG emissions of 26,232 tCO₂eq for West Malaysia represented a 9.5% year-on-year decrease
- Total electricity consumption for West Malaysia of 40,147 MWh
- Total water consumption for RHB Centre and RHB Complex is 120,352 m³
- Completed the installation of a rainwater harvesting system on the rooftop of RHB Complex in Bangi that has the capacity to store 1,750 litres of water for the watering of plants and washing of common areas

Sustainable Procurement

- 93% of suppliers in Malaysia are local businesses, with RM572.9 million spent on the procurement of goods and services
- In December 2020, we communicated and shared RHB's Anti-Bribery and Corruption Policy with all suppliers, and selected business partners and agents, of which 334 suppliers as well as 312 other business partners and agents (RHB Insurance) indicated their commitment to this policy to align with our expectations.

Pillar 3:
Enriching & Empowering Communities

Focus Areas

ALIGNMENT & CONTRIBUTION

Key Capitals <IR>:

H **S**

Value to Stakeholder(s):

- Communities
- Customers
- Employees
- Regulators & Policymakers

Primary SDGs:



Management Approach

RHB, through our community engagement arm, RHB Foundation, reaches out to the communities in which we operate to enrich and empower the underserved and the underprivileged, focusing on children and youth. Our aim is to implement meaningful, diverse and inclusive initiatives that will generate long-lasting positive social impacts on the communities. Education is one of our key focus areas as we seek to Nurture Future Generations and develop them into holistic individuals.

Community Enrichment

- Total amount of investment towards community enrichment and empowerment initiatives was approximately RM4.4 million in 2020, which impacted more than 20,000 underprivileged members of the community in Malaysia, Cambodia and Laos
- RHB X-Cel Academic Excellence Programme has benefited up to 1,000 selected students annually from low-income/B40 backgrounds nationwide
- 94.5% of RHB X-Cel students who participated agreed or strongly agreed that the programme had benefited them and had better prepared them for their Sijil Pelajaran Malaysia ("SPM") exams
- As at December 2020, a total of 21 students were awarded RHB X-Cel Star Scholarships which had enabled them to continue their education at reputable public universities in Malaysia



Financial Education

- Our financial literacy programmes have reached out to 24,000 students within and outside Malaysia, of whom 22,000 students had attended the classes physically prior to the pandemic
- Throughout 2020 and until today, our programmes have continued to benefit many of our students via online classes, while attracting 2,200 engagements for online video series and educational tips via social media
- Provided financial guidance and education to customers through RHB Money Chat during the pandemic, whereby a series of online videos were developed and shared with customers. The series attracted about 7.5million views to date and is on a positive trajectory

**TAN SRI AHMAD BADRI MOHD ZAHIR**

*Non-Independent
Non-Executive Chairman*

**DATO' KHAIRUSSALEH RAMLI**

*Group Managing Director/
Group Chief Executive Officer*

**TAN SRI ONG LEONG HUAT @ WONG JOO HWA**

*Non-Independent
Non-Executive Director*

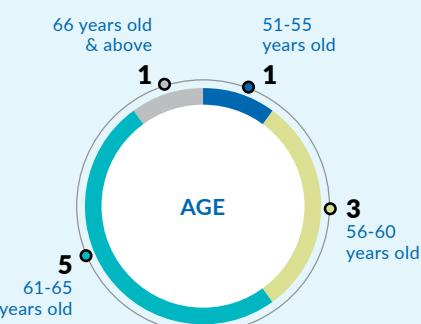
**TAN SRI DR REBECCA FATIMA STA MARIA**

*Senior Independent
Non-Executive Director*

GOOD GOVERNANCE LEADING THROUGH EXAMPLE

BOARD COMPOSITION**1**

*Group Managing Director/
Group Chief Executive Officer*

**BOARD SKILLS (%)****100%**

Leadership and Management

60%

Banking

20%

Finance

60%Treasury Capital &
Securities Markets

**DATO' MOHAMAD NASIR AB LATIF**

*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*

**DONALD JOSHUA JAGANATHAN**

*Independent
Non-Executive Director*

**DATUK IAIN JOHN LO**

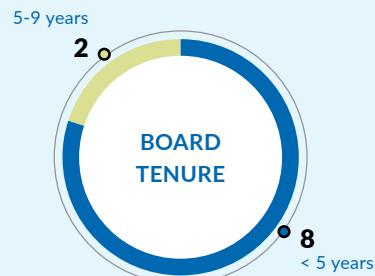
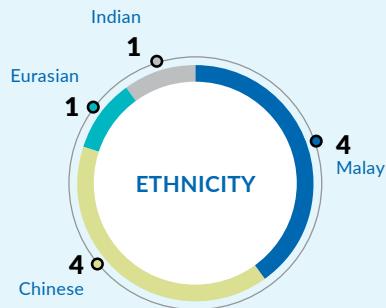
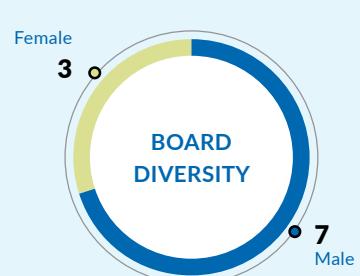
*Independent
Non-Executive Director*

1
Non-Independent
Non-Executive Chairman

5
Independent
Non-Executive Directors

2
Non-Independent
Non-Executive Directors

1
Senior Independent
Non-Executive Director



20%
International Trade

20%
Governance Risk and Compliance

10%
MIS & Technology

10%
Cybersecurity & Data Privacy


TAN SRI AHMAD BADRI MOHD ZAHIR
Non-Independent Non-Executive Chairman
Attendance
2/2

Attendance
13/13
DATO' KHAIRUSSALEH RAMLI
Group Managing Director/Group Chief Executive Officer
Age: 61

Gender: Male

Nationality: Malaysian

Age: 53

Gender: Male

Nationality: Malaysian

Date of Appointment

16 November 2020*

Qualifications

- Master in Business Administration, University of Hull, United Kingdom
- Degree in Land and Property Management, MARA University of Technology

Other Directorship(s)
Listed Entities:

- Sime Darby Berhad

Public Companies:

- Nil

Skills and Experience

Tan Sri Ahmad Badri Mohd Zahir ("Tan Sri Ahmad Badri") started his career as a Senior Valuation Executive at C.H. Williams, Talhar & Wong Sdn Bhd prior to his appointment as the Assistant Secretary in the Finance Division of the Ministry of Finance in 1989 where he served for nearly 30 years in various capacities, the last being the Secretary General of Treasury.

Tan Sri Ahmad Badri was appointed as the Chairman of the Employees Provident Fund on 1 May 2020. He has sat on the EPF Investment Panel since 2014 and is vastly experienced in the fields of strategic investment, loan management, financial market and actuarial science.

Tan Sri Ahmad Badri previously served on the Boards of Bank Negara Malaysia, Kumpulan Wang Persaraan (Diperbadankan), Permodalan Nasional Berhad and Tenaga Nasional Berhad, amongst others.

* Subsequently formalised as Chairman of RHB Bank Berhad on 24 March 2021.

Date of Appointment

13 December 2013*

Qualifications

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

Other Directorship(s)
Listed Entities:

- Nil

Public Companies:

- RHB Foundation (Chairman/Trustee)

Skills and Experience

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

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

He also sits as a Non-Independent Non-Executive Director on the Board of Payments Network Malaysia Sdn Bhd.

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

Chairman/Chairperson

Member

BAC Board Audit Committee**BNRC** Board Nominating & Remuneration Committee**BRG** Board Risk Committee**BCC** Board Credit CommitteeAttendance

13/13

TAN SRI ONG LEONG HUAT @ WONG JOO HWA

Non-Independent Non-Executive Director

Age: 76**Gender:** Male**Nationality:** Malaysian**Date of Appointment**

20 November 2012

BCC**Qualifications**

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

Other Directorship(s)**Listed Entities:**

- OSK Holdings Berhad (Executive Chairman)

Public Companies:

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

Skills and Experience

For over 17 years since 1969, Tan Sri Ong Leong Huat @ Wong Joo Hwa ("Tan Sri Ong") was attached to a leading financial institution where he last held the position of Senior General Manager. He was the Managing Director/Chief Executive Officer ("CEO") of OSK Investment Bank Berhad (now known as OSKIB Sdn Bhd) from July 1985 to January 2007 and thereafter was appointed as the Group Managing Director/CEO. He was then re-designated as a Non-Independent Non-Executive Director and subsequently resigned on 30 April 2013.

Tan Sri Ong was also a Director of MESDAQ from July 1999 to March 2002 and a member of the Capital Market Advisory Council appointed by the Securities Commission in 2004 to advise on issues relating to the implementation of the Capital Market Master Plan. He was a Director on the Board of Bursa Malaysia Berhad from 2008 to 2015 and was previously a Member of the Securities Market Consultative Panel of Bursa Malaysia.

Attendance

13/13

TAN SRI DR REBECCA FATIMA STA MARIA

Senior Independent Non-Executive Director

Age: 63**Gender:** Female**Nationality:** Malaysian**Date of Appointment**

1 August 2016

BNRC**Qualifications**

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

Other Directorship(s)**Listed Entities:**

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

Public Companies:

- Institute for Democracy and Economic Affairs ("IDEAS")
- MyKasih Foundation (Trustee)
- Hartalega Foundation (Trustee)

Skills and Experience

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

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

**DATO' MOHAMAD NASIR AB LATIF**

Non-Independent Non-Executive Director

Attendance**11/11**Attendance**13/13****ONG AI LIN**

Independent Non-Executive Director

Age: 62**Gender:** Male**Nationality:** Malaysian**Age:** 65**Gender:** Female**Nationality:** Malaysian**Date of Appointment**

16 March 2020

BNRC**Qualifications**

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

Other Directorship(s)**Listed Entities:**

- Malaysian Resources Corporation Berhad
- Yinson Holdings Berhad
- United Plantations Berhad
- Malaysia Airports Holdings Berhad

Public Companies:

- RHB Islamic Bank Berhad (Chairman)
- PLUS Malaysia Berhad (Chairman)

Skills and Experience

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

He is currently the Chairman of the Investment Panel of Kumpulan Wang Persaraan (Diperbadankan).

Date of Appointment

1 July 2017

BAC **BRG****Qualifications**

- Bachelor of Arts (Honours) in Economics from the University of Leeds, United Kingdom
- Associate of the Institute of Chartered Accountants in England and Wales
- Member of the Malaysian Institute of Accountants

Other Directorship(s)**Listed Entities:**

- Tenaga Nasional Berhad
- IHH Healthcare Berhad

Public Companies:

- RHB Islamic Bank Berhad
- FIDE Forum (Trustee)

Skills and Experience

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

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

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

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



Attendance

13/13

LIM CHENG TECK

Independent Non-Executive Director

Age: 60**Gender:** Male**Nationality:** Singaporean**Date of Appointment**

28 November 2018

BRC

BCC

Qualifications

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

Other Directorship(s)**Listed Entities:**

- Nil

Public Companies:

- Nil

Skills and Experience

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

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

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

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



Attendance

13/13

SHARIFATU LAILA SYED ALI

Independent Non-Executive Director

Age: 58**Gender:** Female**Nationality:** Malaysian**Date of Appointment**

15 March 2019

BAC*

BNRC†

Qualifications

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

Other Directorship(s)**Listed Entities:**

- Bursa Malaysia Berhad

Public Companies:

- RHB Investment Bank Berhad*
- Minority Shareholders Watchdog Group

Skills and Experience

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

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

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

* Resigned on 31 March 2021.

**DONALD JOSHUA JAGANATHAN**

Independent Non-Executive Director

Attendance

6/6

**DATUK IAIN JOHN LO**

Independent Non-Executive Director

Attendance

4/4

Age: 61**Gender:** Male**Nationality:** Malaysian**Age:** 59**Gender:** Male**Nationality:** Malaysian**Date of Appointment**

17 August 2020

BRC **BAC** **BNRC****BAC*** **BNRC*****Qualifications**

- Bachelor of Accounting (Hons) from the University of Malaya
- Member of the Malaysian Institute of Accountants
- Master in Business Administration from the Cranfield School of Management, United Kingdom
- Fellow Chartered Banker of the Asian Institute of Chartered Bankers
- Advanced Management Programme, Harvard Business School

Other Directorship(s)**Listed Entities:**

- Nil

Public Companies:

- Asian Institute of Chartered Bankers
- Finance Accreditation Agency Berhad (Chairman)
- RHB Insurance Berhad
- Zurich Life Insurance Malaysia Berhad

Skills and Experience

Donald Joshua Jaganathan ("Donald") serves as a Council Member of the Asian Institute of Chartered Bankers and the Chairman of its Education Committee. He is also a member of the Board of Directors of the Asian Banking School and the Chairman of its Talent Development Committee. He also serves as the Chairman of the Board of Directors of the Finance Accreditation Agency Berhad.

Donald has had a fulfilling career with Bank Negara Malaysia ("BNM") for 36 years, rising to the rank of Assistant Governor, with key responsibilities over the financial stability function, including oversight of BNM's Financial Stability Report. His work experience included leadership and management oversight over the supervision and regulation of the banking and insurance industry in Malaysia, training and development activities with the banking and insurance institutes. He also served as the Malaysian representative in international supervisory bodies, including the Basel Committee on Banking Supervision ("BCBS") and the International Association of Insurance Supervisors ("IAIS").

He also held previous positions as the Chairman of the Board of Directors of Payments Network Malaysia Sdn Bhd, Chairman of the Board Executive Committee of the Malaysian Insurance Institute, Council Member of the Malaysian Institute of Accountants and Member of the Malaysian Financial Reporting Foundation.

Date of Appointment

15 September 2020

BAC* **BNRC*****Qualifications**

- Bachelor of Science in Civil Engineering from the University of California, Los Angeles ("UCLA")
- Master of Science in Civil Engineering from UCLA

Other Directorship(s)**Listed Entities:**

- Nil

Public Companies:

- RHB Investment Bank Berhad*

Skills and Experience

Datuk Iain John Lo ("Datuk Iain") retired as the Country Chairman of Shell Malaysia Limited on 31 March 2021. He is a proven leader who has extensive experience and held a broad range of roles over the past 30 years in Shell's exploration and production, gas and downstream businesses both in Malaysia as well as abroad. Datuk Iain was the Chairman of Shell Refining Company Bhd till the company was sold in 2016.

He joined Sarawak Shell Berhad as a Field Engineer in 1990 before moving on to undertake various engineering, business development and corporate roles based in Malaysia, Singapore and Netherlands. His areas of responsibilities included governance of LNG and Chemicals joint ventures in Malaysia, Middle East, China and Russia. He was appointed as a Board Director of Singapore's Economic Development Board in 2009 and served till 2012 when he returned to Malaysia as Chairman and Managing Director of Sarawak Shell Berhad and Sabah Shell Petroleum. In 2017, Datuk Iain was appointed as Asia Pacific Commercial Vice President for Shell's exploration, production and gas businesses with accountability for regional acquisitions, divestments and new business development.

* Appointed on 1 April 2021.

Declaration:

Save as disclosed, the Directors have:

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

PROFILES OF THE CHAIRMEN OF THE KEY OPERATING COMPANIES

CHAIRMAN OF RHB ISLAMIC BANK BERHAD



DATO' MOHAMAD NASIR AB LATIF

Non-Independent Non-Executive Chairman



For more details, go to page [98](#).

CHAIRMAN OF RHB ASSET MANAGEMENT SDN BHD



YAP CHEE MENG

Independent Non-Executive Chairman

Age: 66 **Gender:** Male **Nationality:** Singaporean

Date of Appointment

24 April 2018 (for RHB Asset Management Sdn Bhd)

Board Committee Membership(s)

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

Qualifications

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

Other Directorship(s)

Listed Entities:

- SATS Ltd (Singapore)
- ARA Trust Management (Suntec) Limited – Suntec REIT (Singapore)

Non-Listed Companies:

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

RHB Asset Management Group:

- RHB Asset Management Sdn Bhd (Malaysia)
- RHB Islamic International Asset Management Berhad (Malaysia)
- RHB Asset Management Pte Ltd (Singapore)
- RHB International Investments Pte Ltd (Singapore)
- PT RHB Asset Management Indonesia (Indonesia)

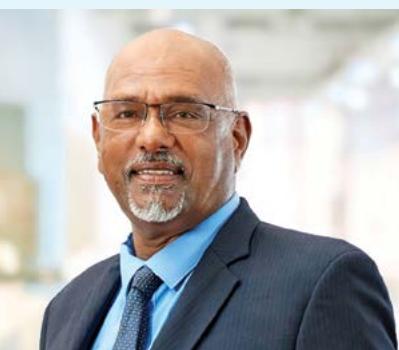
Skills and Experience

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

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

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

CHAIRMAN OF RHB INSURANCE BERHAD



JAHANATH MUTHUSAMY

Independent Non-Executive Chairman

Age: 65 **Gender:** Male **Nationality:** Malaysian

Date of Appointment

1 November 2016 (for RHB Insurance Berhad)*

Board Committee Membership(s)

- Board Risk Committee of RHB Insurance Berhad

Qualifications

- Fellow of the Chartered Insurance Institute, United Kingdom
- Malaysian Insurance Institute, Malaysia

Other Directorship(s)

Listed Entities:

- Nil

Public Companies:

- Nil

Skills and Experience

Jahanath Muthusamy ("Jahanath") has over 40 years' experience, having joined the insurance industry in 1975. During this period, he was actively involved in the Insurance Institutes and Insurance Associations of both Malaysia and Indonesia serving in various capacities. In 2002, Jahanath was seconded to PT Assuransi AXA as the President and Chief Executive Officer ("CEO") and a member of the Board of Directors. He returned to AXA Affin General Insurance Malaysia at the end of 2006 and assumed the role of CEO and a member of the Board of Directors until his retirement in October 2012. He remained on the board of PT Assuransi AXA until 2012. From 2013 to 2015, he was appointed as a Senior Advisor to Solution Providers Pte Ltd, a Swiss insurance solution provider/consultant based in Singapore.

* Subsequently appointed as an Independent Non-Executive Chairman of RHB Insurance Berhad on 28 May 2020.



Chairman**DR. AHMAD BASRI BIN IBRAHIM**

Malaysian | 46 | Male
Meetings Attended: 12/12
Date of Appointment: 2 February 2018/1 February 2020

Present Membership of Shariah Committees in Other Institutions:

- Bank Pembangunan Malaysia Berhad ("BPMB")

Qualifications:

- B.A (Hons) in Islamic Jurisprudence and Legislation, University of Jordan, Amman, Jordan
- Master's Degree in Islamic Revealed Knowledge and Heritage, International Islamic University Malaysia, Kuala Lumpur
- Ph.D in Islamic Law, University of Birmingham, United Kingdom

Areas of Expertise:

- Islamic Law of Transactions
- Islamic Law Principles of Islamic Jurisprudence (*Usul al-Fiqh*)
- Islamic Legal Maxims
- Islamic Criminal Law

Experience & Achievements:

- Currently the Vice President and Head of the Shariah Management Department, Permodalan Nasional Berhad ("PNB").

- Was formerly the Deputy Dean (Academic Affairs) at the Kulliyah of Islamic Revealed Knowledge and Human Sciences, IIUM and a Board Member of the IIUM Institute of Islamic Banking and Finance ("IiIBF").
- Previously served as Chairman of the Shariah Committee at OSK Investment Bank Berhad and Great Eastern Takaful Sdn. Bhd. and as a Shariah Committee member of Hong Leong Islamic Bank Berhad and SME Bank.
- Possesses vast experience in teaching and has produced numerous publications in his fields of specialisation.
- Has conducted lectures on *Usul al-Fiqh* and the Islamic law of transactions at various agencies such as the Central Bank of Malaysia ("BNM"), PNB, SIRIM, Great Eastern Takaful Berhad, CIMB and OCBC Al-Amin.
- Has received several grants and awards for his research work.

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

Malaysian | 72 | Male
Meetings Attended: 9/12
Date of Appointment: 13 April 2013/1 April 2020

Present Membership of Shariah Committees in Other Institutions:

Nil

Qualifications:

- Professional Member, Institute of Statisticians, United Kingdom
- Post Graduate Degree in Islamic Banking & Economics, International Institute of Islamic Banking & Economics, Turkish Cyprus (in association with Al-Azhar University, Cairo)

Areas of Expertise:

- Islamic Banking & Finance
- Islamic Capital Market
- Debt Capital Market
- Corporate Advisory

Experience & Achievements:

- Pioneered the development of the Islamic Capital Market in Malaysia and has innovated the development of several benchmark capital market securities through the securitisation of Islamic contracts.
- An Islamic Capital Market consultant and regular trainer and speaker at various seminars and in-

house training workshops organised by the World Bank, BNM, the Securities Industries Development Corporation ("SIDC"), the Islamic Banking and Finance Institute Malaysia ("IBFIM") and other event organisers, both locally and internationally.

- A Registered Shariah Advisor with the Securities Commission Malaysia ("SC") and a Member of the Association of Shariah Advisors in Islamic Finance ("ASAS").
- A Member of the Investment Committee, Lembaga Penduduk dan Pembangunan Keluarga Negara ("LPPKN"), Malaysia.
- A Member of the Investment Committee, Islamic International University Malaysia.
- Won the award for "Most Outstanding Individual Contribution to Islamic Finance" at the Kuala Lumpur Islamic Finance Forum 2017.
- Won the award for "Outstanding Leadership in Islamic Finance" at London Sukuk 2011, organised by ICG Events and the UK Trade and Industry Ministry, United Kingdom.

**ASSOC. PROF. DR. KAMARUZAMAN BIN NOORDIN**

Malaysian | 45 | Male
Meetings Attended: 10/10
Date of Appointment: 1 April 2020

Present Membership of Shariah Committees in Other Institutions:

- Swiss Retakaful
- Employees Provident Fund
- Limra Assets

Qualifications:

- Registered Shariah Adviser with Securities Commission Malaysia ("SC")
- Member of the Association of Shariah Advisors in Islamic Finance ("ASAS")
- Bachelor's Degree in Shariah and Master's Degree in Business Administration from Universiti Malaya, Ph.D in Islamic Studies from University of Wales, United Kingdom

Areas of Expertise:

- Islamic Banking & Finance
- Takaful

Experience & Achievements:

- Currently the Shariah Committee Chairman of Swiss Reinsurance Company Ltd. ("Swiss Re-Takaful") and LIMRA Group of Companies. In addition to this, he is currently a Shariah committee member of Employees Provident Fund ("EPF") Malaysia. Previously, he has served as Chairman of Shariah Committee at Kenanga Investment Bank Berhad.

- Currently also a Senior Lecturer at the Department of Shariah and Management, Academy of Islamic Studies of University of Malaya ("UM").
- Previously the Head of Shariah Management Department at UM, the Deputy Director of the Institute of Public Policy and Management ("INPUMA"), as well as the Manager of the Unit Pengajian Awam at Academy of Islamic Studies of UM.
- Has published numerous journal articles, contributed in books, as well as conducted numerous training programmes and seminars concerning Islamic finance and Shariah.

**MOHD FADHLY BIN MD. YUSOFF**

Malaysian | 50 | Male

Meetings Attended: 12/12

Date of Appointment: 13 April 2013/1 April 2020

Present Membership of Shariah Committees in Other Institutions:

- Sun Life Malaysia Takaful Berhad
- Opus Asset Management Sdn Bhd
- Apex Investment Services Berhad
- Universiti Tenaga Nasional
- National Farmers Organisation ("NAFAS")
- Bank Pembangunan Malaysia Berhad ("BPMB")

Qualifications:

- Bachelor of Syariah (1st Class Honours), University of Malaya

Areas of Expertise:

- Islamic Banking & Finance
- Islamic Capital Market & Derivatives

Experience & Achievements:

- A trainer for the Islamic Finance Qualification ("IFQ") of the Chartered Institute for Securities and Investment ("CISI").
- A Registered Shariah Advisor with the Securities Commission Malaysia and a Member of the Association of Shariah Advisors in Islamic Finance ("ASAS").
- Was a Manager at the Islamic Capital Market Department of the Securities Commission Malaysia where he was involved in Shariah compliance supervision in relation to submissions for the issuances of Sukuk, structured products, collective investment schemes and Islamic Real Estate Investment Trusts ("REITs").

- Undertook in-depth research for the development of new Islamic Capital Market instruments and provided technical input for the preparation of various guidelines issued by the Securities Commission Malaysia.

- Actively participated in various industry development initiatives such as the International Organization of Securities Commissions' ("IOSCO") Task Force on Islamic Capital Market and the Islamic Financial Services Board's ("IFSB") Governance of Islamic Investment Funds Working Group, and as a technical member for the publication of Resolutions of the Securities Commission Shariah Advisory Council and in Islamic Capital Market educational and promotional programmes.

**SHABNAM BINTI MOHAMAD MOKHTAR**

Malaysian | 43 | Female

Meetings Attended: 12/12

Date of Appointment: 1 May 2015/1 April 2020

Present Membership of Shariah Committees in Other Institutions:

Nil

Qualifications:

- Bachelor of Accountancy, University Putra Malaysia
- Master of Accounting, University of Illinois, Urbana-Champaign, U.S.A
- Certified Shariah Adviser & Auditor ("CSAA"), Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"), Bahrain

Areas of Expertise:

- Finance & Islamic Finance
- Accounting & Islamic Accounting
- Islamic Capital Market & Derivatives

Experience & Achievements:

- Presently the Group Executive Vice President of SHAPE® Knowledge Services, an Islamic finance consulting firm based in Kuwait.
- Spearheads research and development activities including financial analysis, strategic & business plan formulation, design and implementation of customised surveys, research and training for different clients at SHAPE®.
- A Member of the Association of Shariah Advisors in Islamic Finance ("ASAS").

- She formerly headed capital markets research for the International Shariah Research Academy ("ISRA"), an institution established by Bank Negara Malaysia.

- Has conducted various training programmes on Islamic banking, Sukuk and Islamic Capital Market products, and on risk management and financial reporting for clients in the ASEAN region, the Gulf Cooperation Council ("GCC") and the European market.

- Has contributed chapters to *Housing the Nation* (Cagamas, 2013), *Managing Fund Flows, Risks and Derivatives: Applications in Islamic Institutions* (Sweet & Maxwell, 2012), *Islamic Financial System: Principles & Operations Market* (ISRA, 2011), *Sukuk* (Sweet & Maxwell, 2009) and *Partnership Accounting, Principles and Practice* (McGraw Hill).
- From 2010 to 2014, was a Member of the Shariah Advisory Panel of the Malaysian Rating Corporation Berhad ("MARC").
- Prior positions include adjunct professor of finance at both Depaul University (Chicago) and IE Business School (Madrid) and lecturer of accounting, finance and bank management at University Putra Malaysia.



EXPERIENCED AND EFFECTIVE LEADERSHIP TEAM

**DATO' KHAIRUSSALEH RAMLI**

*Group Managing Director
Group Chief Executive Officer*

**NIK RIZAL KAMIL TAN SRI
NIK IBRAHIM KAMIL**

Group Chief Financial Officer

**RAKESH KAUL**

Head, Group Retail Banking

**JEFFREY NG EOW OO**

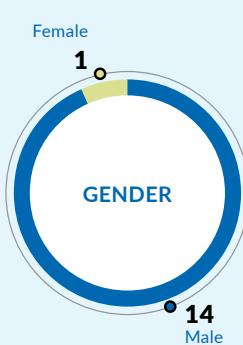
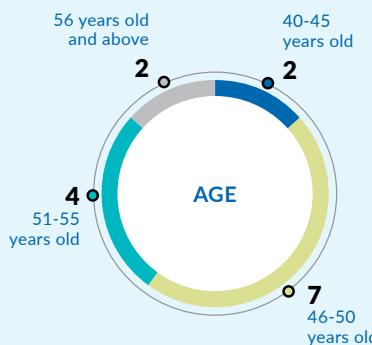
Head, Group Business and Transaction Banking

**DATO' ADISSADIKIN ALI**

*Managing Director/Chief Executive Officer,
RHB Islamic Bank/Head, Group Shariah Business*

**MOHD RASHID MOHAMAD**

Group Treasurer



"Our experienced leadership team, sets out the direction to deliver on our strategy, where progress is measured against our strategic drivers."

**SYED AHMAD TAUFIK ALBAR***Head, Group International Business***WENDY TING WEI LING***Head, Group Corporate Banking***JAIMIE SIA ZUI KENG***Acting Chief Executive Officer of RHB Investment Bank Berhad and Acting Head, Group Investment Banking RHB Banking Group***KONG SHU YIN***Managing Director/Chief Executive Officer, RHB Insurance Berhad***DR CHONG HAN HWEE***Group Chief Risk Officer***ROHAN KRISHNALINGAM***Group Chief Digital & Technology Officer***DAVID CHONG MING LIANG***Group Chief Operations Officer***DR SIEW CHAN CHEONG***Group Chief Strategy Officer***JAMALUDDIN BAKRI***Group Human Resource Advisor*

DATO' KHAIRUSSALEH RAMLI

Group Managing Director
Group Chief Executive Officer

Age: 53
Gender: Male
Nationality: Malaysian

Date of Appointment:

5 May 2015

Responsibilities:

- Set the Group's vision & strategic direction, working closely with the Board of Directors
- Define and shape corporate culture & brand values
- Lead the Group in managing its businesses and operations to achieve set targets and goals
- Maximise the Group's return on capital invested

Experience:

- More than 25 years of experience in the financial services and capital markets industry
- Held senior positions in regional financial institutions
- Named "Best CFO in Malaysia" by Finance Asia in 2010 and 2011
- Earned "Best CFO in Malaysia Award" from Alpha Southeast Asia in 2012

Qualifications:

- Bachelor of Science in Business Administration, Washington University, St. Louis
- Advanced Management Programme, Harvard Business School
- Fellow Chartered Banker, Asian Institute of Chartered Bankers ("AICB")

Appointments:

- Chairman, Board of Trustees, RHB Foundation

External Memberships:

- Council Member of the Association of Banks, Malaysia
- Council Member of Asian Institute of Chartered Bankers
- Director—Payments Network Malaysia Sdn Bhd (fka Malaysian Electronic Clearing Corporation Sdn Bhd)

NIK RIZAL KAMIL TAN SRI NIK IBRAHIM KAMIL

Group Chief Financial Officer

Age: 48
Gender: Male
Nationality: Malaysian

Date of Appointment:

2 February 2021

Responsibilities:

- Leads Group Finance and ensures the effectiveness of the various finance functions across the Group, including budgeting, reporting, capital and balance sheet management, taxation, procurement and recovery

Experience:

- 25 years of working experience in the areas of accounting and finance as well as strategic investments, domestically and globally
- Prior to this appointment, was an Executive Director of Investments at Khazanah Nasional Berhad ("Khazanah") and was responsible for Khazanah's investments in Telecommunications, Media & Technology ("TMT")
- Was also the Head of Private Markets for North America, EMEA and South Asia, leading Khazanah's investment and divestment projects, value creation activities and overall Private Equity asset class strategy execution, whilst heading the international offices in San Francisco, Istanbul and Mumbai
- Nik Rizal also served as Khazanah's Nominee Director on the boards of several public listed and private companies both domestically and internationally
- Held various leadership positions overseeing finance, strategy, and planning within the Royal Dutch Shell Plc. group of companies, having been based in the United Kingdom, Singapore, and Malaysia

Qualifications:

- MSc Finance from London Business School and a BSc (Hons) Economics & Accounting from University of Bristol, United Kingdom
- Fellow Chartered Accountant ("FCA") with the Institute of Chartered Accountants in England and Wales

RAKESH KAUL

Head, Group Retail Banking

Age: 47
Gender: Male
Nationality: Indian

Date of Appointment:

1 August 2019

Responsibilities:

- Lead the Consumer portfolio across conventional and Islamic Banking for the Group
- Manage RHB's vast network of branches, self-service terminals, digital channels and Community Banking
- Oversee retail portfolios in Malaysia and ASEAN markets, primarily in Singapore and Cambodia

Experience:

- More than 20 years of experience in various leadership roles across Asian markets and business groups
- In his last role, served as the Asia Pacific Head of Retail Commercial Banking at Citi. And prior to that, he was the Retail Banking Head for Citi in Malaysia
- Has also held various senior roles across Citigroup's Consumer, Corporate and Markets (Equity and Currency Trading) divisions in India & Asia
- Served on the Board of Citigroup Global Markets India Pvt Ltd

Qualifications:

- Bachelor of Commerce, Delhi University
- Post Graduate Diplomas in Business Management and International Trade from Birla Institute of Management Technology and Indian Institute of Foreign Trade, New Delhi

External Memberships:

- Alternate Representative, Association of Banks in Malaysia ("ABM")
- Asia Pacific Visa Client Council
- AmCham Membership

JEFFREY NG EOW OO

Head, Group Business and Transaction Banking

Age: 47
Gender: Male
Nationality: Malaysian

Date of Appointment:
18 December 2017

Responsibilities:

- Lead and drive the growth of Business Banking and Transaction Banking to ensure alignment with the Group's strategic aspirations, across the Group's regional presence, primarily covering Malaysia, Singapore and Cambodia

Experience:

- More than 20 years of experience in the financial services industry, focusing particularly in the management of the SME segment
- Prior to his appointment, he led the SME business segment for Standard Chartered Malaysia Chartered Accountant
- He is also a qualified accountant with early part of career spent with PricewaterhouseCoopers covering the area of assurance

Qualifications:

- Chartered Accountant - Malaysian Institute of Accountants ("MIA")
- Chartered Certified Accountant - The Association of Chartered Certified Accountant of the United Kingdom ("ACCA")
- Chartered Banker - Asian Institute of Chartered Bankers ("AICB")
- Advance Diploma in Finance - Tunku Abdul Rahman College

External Memberships:

- Member of the Malaysian Institute of Accountants
- Member of the Association of Chartered Certified Accountants of the United Kingdom
- Member of the Asian Institute of Chartered Bankers

DATO' ADISSADIKIN ALI

Managing Director/Chief Executive Officer, RHB Islamic Bank/Head, Group Shariah Business

Age: 50
Gender: Male
Nationality: Malaysian

Date of Appointment:
1 August 2016

Responsibilities:

- Lead, manage and grow Islamic Banking and Shariah Business within RHB Group

Experience:

- More than 20 years of experience in financial services industry
- Held senior positions in Bank Islam Malaysia and AlKhair International Islamic Bank Berhad
- Prior to joining RHB, was the Managing Director and Chief Operating Officer at Export-Import Bank Malaysia Berhad

Qualifications:

- MBA (Finance), University of Malaya
- Bachelor's Degree in Business (Banking and Finance), Monash University, Australia
- Diploma in Investment Analysis, University Teknologi MARA ("UiTM"), Malaysia
- Advanced Management Program ("AMP"), Harvard Business School, Boston, USA
- Chartered Banker, Asian Institute of Chartered Bankers ("AICB")
- Chartered Banker, Chartered Banker Institute, UK
- Chartered Professional in Islamic Finance, Chartered Institute of Islamic Finance Professionals, Malaysia

External Memberships:

- Member of the Board of Industry Advisors, Faculty of Business and Accountancy, University of Malaya, Malaysia
- President and Council Member, Association of Islamic Banking Institutions Malaysia ("AIBIM")

MOHD RASHID MOHAMAD

Group Treasurer

Age: 53
Gender: Male
Nationality: Malaysian

Date of Appointment:
3 March 2014

Responsibilities:

- Lead and drive Group-wide Treasury and Global Markets businesses in line with the strategic direction and aspirations of the Group

Experience:

- Started his career in the Examination/Supervision Department in Bank Negara Malaysia in 1988 after which he moved to the Investment Operations & Treasury Department in 1994 where he spent more than five years in the Monetary Policy Implementation section
- Over 20 years of regional treasury experience in senior level positions within several financial institutions in Singapore & Malaysia such as ABN Amro, the Royal Bank of Scotland and AmBank Group

Qualifications:

- Master's in Business Administration with Distinction from the University of Wales, Cardiff, United Kingdom
- Bachelor of Accounting (Hons) from University Technology Mara ("UiTM"), Shah Alam, Selangor

External Memberships:

- Vice President, Financial Market Association ("FMA")
- Member of Malaysian Institute of Accountants ("MIA")
- Member of Industry Advisory Council, PayNet
- Member of Financial Market Committee ("FMC"), BNM

SYED AHMAD TAUFIK ALBAR

Head, International Business

Age: 48
Gender: Male
Nationality: Malaysian

Date of Appointment:
2 February 2021

Responsibilities:

- Lead and drive the growth and performance of the Group's international businesses which cover commercial banking, investment banking and asset management, and oversee the non-Retail Loan Recovery function with a focus of boosting recovery efforts

Experience:

- More than 20 years of experience as a finance professional with domestic and international exposures in oil & gas, mobile telco, infrastructure and banking
- Started finance career with Shell and worked in various Shell offices in Malaysia, Australia and the Netherlands
- Held various Finance roles in Axiata Group including as Chief Financial Officer of Smart Axiata in Cambodia
- Prior to joining RHB, was the Group Chief Financial Officer of UEM Group Berhad

Qualifications:

- Bachelor of Accounting (Hons), International Islamic University Malaysia
- Master of Economics, International Islamic University Malaysia

Appointments:

- Director, RHB Trustees Berhad
- Director, Malaysian Trustees Berhad

External Memberships:

- Fellow of Chartered Institute of Management Accountants ("CIMA"), UK
- Member of Malaysian Institute of Accountant ("MIA")



WENDY TING WEI LING

Head, Group Corporate Banking

Age: 50**Gender:** Female**Nationality:** Malaysian**Date of Appointment:**

1 October 2013

Responsibilities:

- Lead and drive the overall growth and profitability of Group Corporate Banking in Malaysia, Singapore and regions where RHB has footprints

Experience:

- More than 20 years of experience in trade finance, capital markets, financial services and investment banking, with the opportunity to rotate among different business groups within Maybank as their scholar
- Prior to joining RHB, spent 15 years with Maybank Group with last position as Director, Client Coverage (Private Sector)

Qualifications:

- Bachelor of Business Administration, National University of Malaysia
- Graduate, Executive Development Program, Chicago Booth, Executive Education
- Senior Leadership Development Programme, INSEAD

Appointments:

- Director, RHB Bank (L) Ltd

External Memberships:

- Member of the Association of Banks, Malaysia
- Member of the Asian Institute of Chartered Bankers
- Member of the Asia Pacific Loan Market Association

JAIMIE SIA ZUI KENG

Acting Chief Executive Officer of RHB Investment Bank Berhad and Acting Head, Group Investment Banking RHB Banking Group

Age: 50**Gender:** Male**Nationality:** Malaysian**Date of Appointment:**

1 March 2021

Responsibilities:

- Oversees the RHB Group's Investment Banking business and operations in Malaysia and the regional countries
- He also continues to assume his current position as Head, Group Capital Markets

Experience:

- Over 28 years of experience in Corporate Finance and Capital Markets, having been with the Group since 2010

Qualifications:

- Bachelor's Degree in Economics from Monash University
- Accredited Chartered Financial Analyst ("CFA") charter holder

KONG SHU YIN

Managing Director/Chief Executive Officer, RHB Insurance Berhad

Age: 60**Gender:** Male**Nationality:** Malaysian**Date of Appointment:**

13 March 2011

Responsibilities:

- Manage and grow the Insurance business

Experience:

- More than 30 years of experience in the insurance business
- Worked with one of the largest insurers in Malaysia in various capacities including CEO
- Experienced in the Thailand and Indonesian insurance markets

Qualifications:

- Civil Engineering, University of Malaya, Malaysia
- Fellow of the Chartered Insurance Institute
- Fellow of the Malaysian Insurance Institute

External Memberships:

- Chairman of ISM Insurance Services Berhad
- Member of Management Committee, Persatuan Insurans Am Malaysia ("PIAM")

DR CHONG HAN HWEE

Group Chief Risk Officer

Age: 45**Gender:** Male**Nationality:** Malaysian**Date of Appointment:**

28 September 2020

Responsibilities:

- Effective management of Group-wide Risk Management across credit, operations, market and Shariah, whilst overseeing the development of risk management benchmarked with good practices within the industry
- Transform risk management to meet the digital era from Strategic, Performance, Analytics and Talent perspectives

Experience:

- Over 20 years of experience in advising and managing risk in the financial sector
- Assisted financial institutions across Australia, ASEAN and the Middle East
- Prior to joining RHB, Dr Chong was a Partner in EY Malaysia where he built the Financial Services Risk Management Practice since 2012

Qualifications:

- Bachelor of Commerce in Economics and Finance (1st Class Honours) from Curtin University of Technology, Australia
- Doctor of Philosophy in Economics from Curtin University of Technology, Australia

ROHAN KRISHNALINGAM

Group Chief Digital & Technology Officer

Age: 51
Gender: Male
Nationality: Malaysian

Date of Appointment:
1 August 2019

Responsibilities:

- Responsible for the provision of accurate and timely Technology and back office operations and services support for the relevant business/functional units
- Develop the IT and Digital Strategy towards driving the implementation of Digital and IT transformation
- Lead RHB Banking Group's efforts on the digitalisation of RHB Banking Group
- Drive the adoption of Agile@ Scale as part of the Group's strategic focus to create a winning operating model

Experience:

- Initially appointed as Group Chief Operations Officer of RHB Banking Group in January 2014, to drive Group-wide digital, technology and operations functions
- Senior Partner with a technology and management consulting firm
- More than 20 years of experience with financial services organisations in designing and implementing large-scale transformation programmes, predominantly in areas of technology and operations
- Worked with various industries in Malaysia and the ASEAN region
- Strong technology delivery and programme management skills, especially in the implementation of large-scale technology and IT strategic planning
- Led major banking and financial services projects including the implementation of core banking systems, enterprise resource planning ("ERP") and customer relationship management ("CRM"), IT transformation programmes, IT merger integration programmes and industry-wide payment systems

Qualifications:

- Bachelor of Electrical and Electronics Engineering (Honours), University of New South Wales, Australia

DAVID CHONG MING LIANG

Group Chief Operations Officer

Age: 53
Gender: Male
Nationality: Malaysian

Date of Appointment:
2 February 2021

Responsibilities:

- Oversee the overall RHB Banking Group's operations within Malaysia and ASEAN to achieve excellence, continued improvement and optimisation across the Group's operation functions including credit operations, treasury operations, banking and payment operations, investment banking and asset management operations, as well as the call centre and property services
- Provides leadership in driving customer experience and operational excellence strategy and programmes Group-wide, which includes initiatives on robotic process automation

Experience:

- More than 25 years of experience in various global consulting organisations and Malaysian financial services institutions
- Has covered diversified roles in operational transformation, programme management, strategic planning, analytics and CRM, as well as business and marketing leadership roles
- Prior to the current role, was the Group Chief Digital Officer of RHB Group

Qualifications:

- Chartered Certified Accountants, UK
- Master of Business Administration, Strathclyde University, UK

Appointments:

- Director, Financial Park Labuan Sdn Bhd

DR SIEW CHAN CHEONG

Group Chief Strategy Officer

Age: 44
Gender: Male
Nationality: Malaysian

Date of Appointment:
2 May 2019

Responsibilities:

- Drive the Group's strategic priorities
- Support strategy teams within each business unit in the development of business unit-specific strategies and drive improvement in financial and strategic outcomes
- Develop and refine valuebased portfolio management of the Group
- Drive top-down change initiatives across the Group
- Spearhead the Group's annual business planning and steer the progress of FIT22 strategy execution

Experience:

- 18 years of experience in strategy, designing and implementing large-scale transformation programmes, especially for financial services providers across Europe and Asia
- Developed and implemented strategies for large global/ regional banks and insurance firms, covering business growth, operational improvement, talent and technology strategies
- Prior to this appointment, he was the Senior Director for Financial Services with Strategy& (formerly Booz & Company), which is part of the PwC network, serving financial services clients in South East Asia

Qualifications:

- Ph.D in Engineering from University of Southampton, UK
- MBA from London Business School, UK
- BEng (1st Class Hons) Engineering from University of Southampton, UK

JAMALUDDIN BAKRI

Group Human Resource Advisory

Age: 60
Gender: Male
Nationality: Malaysian

Date of Appointment:
12 April 2021

Responsibilities:

- Develop and execute long-term Human Resources ("HR") strategies
- Build HR capability to support the Group's long-term strategic goals
- Manage various aspects of HR functions including strategic planning and organisational development, human capital development, succession planning, rewards and performance management

Experience:

- A solid track record with more than 20 years in HR functions, with 15 years being spent abroad. Has experience working with different nationalities and diverse cultures and working styles
- Partnered with business leaders of multinationals and local organisations in driving various HR strategies globally and locally

Qualifications:

- Masters in Business Administration (Human Resources) from University of Hull, United Kingdom

Declaration:

Save as disclosed, the Group Senior Management have:

1. no family relationship with any Director and/or major shareholder.
2. no conflict of interest with RHB Bank and have never been convicted of any offence within the past five years nor have had any public sanction or penalty imposed on them by the relevant regulatory bodies during the financial year under review.

COMMITMENT TO GOOD GOVERNANCE

A “new normal” emerged in 2020 with the unprecedented outbreak of the COVID-19 pandemic. We witnessed several levels of movement control orders, economic downturns and for many, loss of employment or loss of family and friends. As the pandemic spread globally, businesses had to withstand heavy losses and rising debt. Despite the financial challenges faced by the Group during this time, we always placed the needs of our customers and employees first.

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

The Group supported Malaysian businesses by facilitating loan and financing moratoriums to ease the burden of our customers.

Internally, we put in place a ‘Pandemic Working Group’ which among others ensured that our employees’ well-being was well protected by introducing work-from-home arrangements, physical distancing in the workplace, distribution of personal protective equipment such as masks, and providing financial assistance to employees in need.

The pandemic also led to changes in how the Board conducted its affairs where meetings were being conducted in a virtual space as opposed to normal face-to-face. In fact, 2020 marked RHB’s first ever virtual Annual General Meeting (“AGM”) for FY2019. For this, we applied Practice 12.3 of the Malaysian Code on Corporate Governance (“MCCG”) in facilitating voting in absentia and enhancing remote shareholders’ participation at our AGM.

RECOGNITION OF OUR GOVERNANCE PRACTICES

Top 4
in CG Disclosure
in Malaysia

Top 9
in CG Disclosure
and Performance
in Malaysia

Top 20

Public Listed
Companies (PLCs)
in Southeast Asia

Platinum Award
(3rd time in a row)

Constituent
since 2016

- EXCELLENCE AWARD FOR CORPORATE GOVERNANCE (CG) DISCLOSURE 2019

- FINANCIAL SERVICES INDUSTRY EXCELLENCE AWARD 2019

- ASEAN CORPORATE GOVERNANCE (CG) AWARD – 2019 – Top 20 ASEAN PLCs
2018 – Top 30 ASEAN PLCs
2015 – Top 50 ASEAN PLCs

- ASEAN ASSET CLASS 2019
Award Recipient

- THE PINNACLE GROUP INTERNATIONAL'S GLOBAL GOOD GOVERNANCE AWARD
2016 – SILVER AWARD
2017 – GOLD AWARD
2018 – PLATINUM AWARD
2019 – PLATINUM AWARD
2020 – PLATINUM AWARD
– Best Governed & Most Transparent Company

- CONTINUING CONSTITUENT OF THE FTSE4Good Bursa Malaysia for demonstrating good ENVIRONMENTAL, SOCIAL & GOVERNANCE (“ESG”) practices

The Board ensured the Group's operations during this pandemic were well taken care of and prioritised safety over profit. Our operations were streamlined to follow the new Standard Operating Procedures ("SOPs") and other relevant guidelines issued by the Ministry of Health. We invested in protective gears such as face mask and established sanitisation stations and temperature reading for our employees to ensure the provision of essential financial services would continue uninterrupted. Our workforce in both our offices and branches were also reduced to minimise the risk exposure. Staff adherence to the SOPs was emphasised while conducting transactions at the branches and Automated Teller Machines ("ATMs") to protect the safety of both our employees as well as our customers.

APPLICATION OF THE PRACTICES ESPoused BY THE MCCG

As part of our conscious effort to improve our corporate disclosures, RHB Bank Berhad has adopted and applied all **32 Practices** as recommended by the Malaysian Code on Corporate Governance. This includes the adoption of **three Step Ups**, which are considered exemplary practices.



Detailed application of the MCCG by RHB Bank Berhad can be referred in its Corporate Governance Report 2020.

**TAN SRI AHMAD BADRI
MOHD ZAHIR**
Chairman



ORGANISATIONAL CULTURE IN PROMOTING INSTITUTIONAL RESILIENCE

Corporate failures are largely driven by poor governance and an unhealthy corporate culture. That is why we, at RHB, are firm believers that a strong corporate culture contributes to the identity and values of an organisation, attracts and retains talent, and also differentiates and provides competitive advantage and corporate brand identity.

The definition of "behaviour" within our RHB Culture Components of One RHB, Results-oriented and Customer First is being further refined and enhanced, in line with our FY2021 strategic priorities. This will help to guide us on how we should act, feel and think. We will embrace and embed these values into our daily working lives and in our interaction with our colleagues, customers and all other stakeholders.

The Group's unique personality coupled with a comprehensive performance management scorecard will in turn create a more dynamic and exciting workplace, and will further drive our commitment towards realising our FIT22 aspirations. This will propel the integration of enterprise governance considerations with our business and risk strategies, while we continue to promote a sound compliance environment across the Group.

Hard work, determination, positivity, honesty and integrity are the very qualities that we need to adopt in order for us to come out of the current and emerging challenges, even stronger and better, while we "Stay Safe, Stay Healthy" and take good care of our loved ones.

HOW WE STRENGTHENED OUR GOVERNANCE PRACTICES

BOARD ACTIVITIES DURING THE YEAR

As we entered into the third-year of executing our FIT-22 strategic plan, the Board continued its oversight over the management to take the Group's businesses forward in this challenging time. The main Board, along with the subsidiaries' Board continued to keep an eagle eye on the performance of the entities across the Group.

Performance and Strategy

- Reviewed and approved the Group's strategic business plan for the year
- Monitored the progress of FIT22 strategic plan
- Received updates from various business units locally and abroad on market conditions and business performance
- Discussed on the challenges and opportunities faced by the Group during the Board off-site session
- Received updates on the progress of Agile@Scale of working
- Reviewed impact of COVID-19 on the Group's financial performance

Governance, Risk & Compliance

- Approved the Board Governance Handbook
- Reviewed the Group's risk, compliance and audit reports
- Received various briefing/trainings to equip themselves with latest industry and regulatory developments
- Reviewed the Group's annual Corporate Governance disclosure
- Discussed on the findings and improvement considerations deriving from the annual BEE assessment
 - Received regular updates from supporting Board Committees
 - Reviewed half-yearly reports to MACC
 - Approved the set-up of Group Integrity & Governance to oversee matters relating to integrity, governance and anti-corruption

Financial

- Approved the operational budget for FY2020
- Approved contents of the Integrated Report for FY2019
- Approved dividend payment for FY2019/2020
- Reviewed the impact of Moratorium to the Group's financial strategies

People & Culture

- Discussed on talent management & succession planning
- Approved appointment of senior management personnel
- Received updates on employees satisfaction surveys
- Received COVID-19 impact on employees' well-being and performance

BOARD ACTIVITIES

The following activities were undertaken by the Board during Financial Year ("FY") 2020:

ANTI-BRIBERY & CORRUPTION ("ABC")

In 2020, the Board steered the establishment of the Group Integrity & Governance division. This division oversees the Group's Anti-Bribery & Corruption efforts by inculcating good business ethics and promoting integrity in daily workplace conduct. During the year, a mandatory e-learning module on Anti-Bribery & Corruption was introduced for all RHB staff with 99% completion rate for the module.

In addition, three members of the division completed the Certified Integrity Officer Programme conducted by Malaysia Anti-Corruption Academy. This will enhance the capability and competency towards the development of RHB Banking Group's Organisational Anti-Corruption Plan and Anti-Bribery & Corruption Management operations manual.

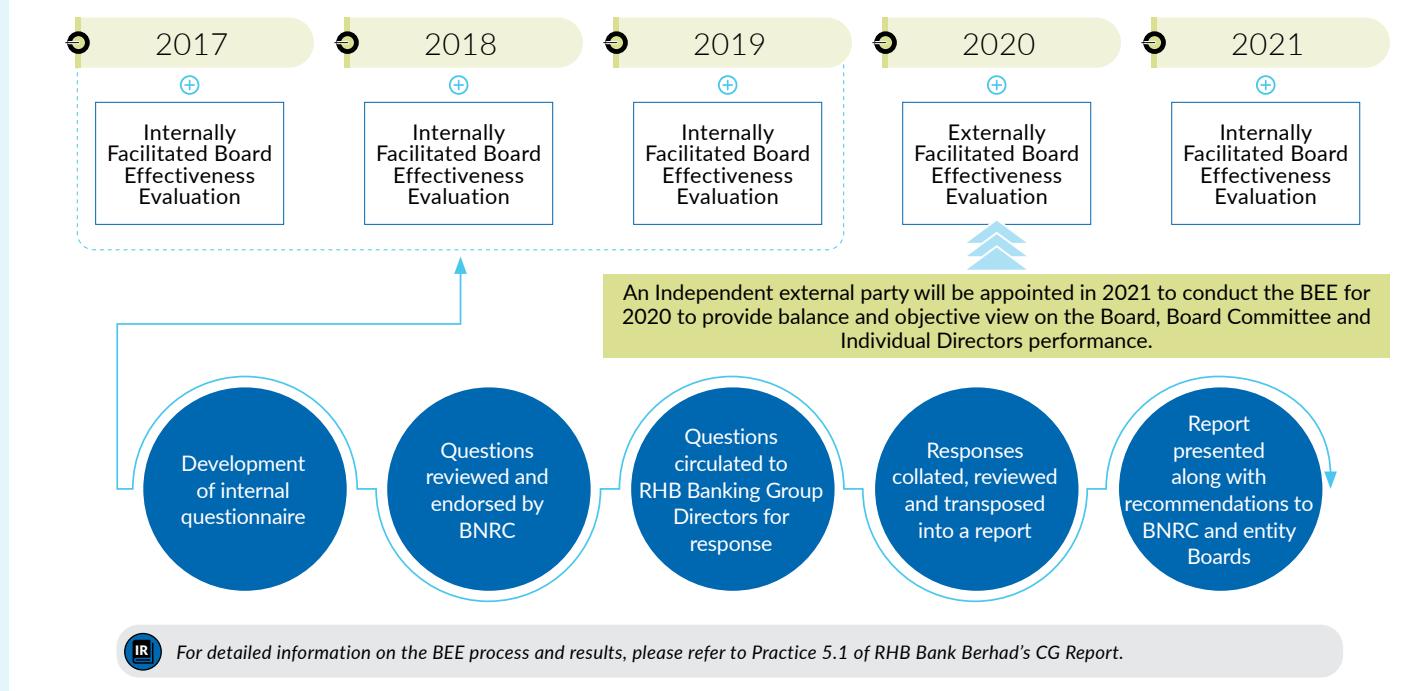
DURING THE YEAR

BOARD EFFECTIVENESS EVALUATION (“BEE”)

The Board continued to conduct its annual in-house BEE in 2020. The performance of the Board, individual Directors and the Managing Director for 2019 was assessed, with the support of the Board Nominating & Remuneration Committee. The BEE assessment was conducted using the following parameters:

Part A	Part B
Part A of the assessment evaluated the overall behavior and culture of the Board based on six (6) dimensions, namely decision-making, communication, board dynamics, mindset, leadership and conduct & culture. These values were identified as key to identifying the functionality of the Board's, individual Director's and Board Committees' conduct and performance as a cohesive and collective unit.	Part B evaluated individual Board members' contribution to the Board and aspects on personal qualities and attributes. Directors were assessed on specific traits such as agility, energy, social leadership, contribution & interaction, quality of input, understanding of role and independence. These criteria were used to ensure the Directors on the Board possessed the traits that are suited to oversee and support the Group's FIT22 strategic plan.

How we conduct our evaluation process?



CONTINUOUS PROFESSIONAL DEVELOPMENT

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



HOW WE STRENGTHENED OUR GOVERNANCE PRACTICES

BOARD AND BOARD COMMITTEES MEETING ATTENDANCE 2020

BOARD	
2/2	Tan Sri Ahmad Badri Mohd Zahir ⁽¹⁾ <i>Non-Independent Non-Executive Director/Chairman</i>
13/13	Tan Sri Dr Rebecca Fatima Sta Maria <i>Senior Independent Non-Executive Director</i>
13/13	Dato' Khairussaleh Ramli <i>Group Managing Director</i>
13/13	Tan Sri Ong Leong Huat @ Wong Joo Hwa <i>Non-Independent Non-Executive Director</i>
11/11	Dato' Mohamad Nasir Ab Latif ⁽²⁾ <i>Non-Independent Non-Executive Director</i>
13/13	Ong Ai Lin <i>Independent Non-Executive Director</i>
13/13	Lim Cheng Teck ⁽³⁾ <i>Independent Non-Executive Director</i>
13/13	Sharifatu Laila Syed Ali <i>Independent Non-Executive Director</i>
6/6	Donald Joshua Jaganathan ⁽⁴⁾ <i>Independent Non-Executive Director</i>
4/4	Datuk Iain John Lo ⁽⁵⁾ <i>Independent Non-Executive Director</i>
13/13	Tan Sri Azlan Zainol ⁽⁶⁾ <i>Non-Independent Non-Executive Director/Former Chairman</i>
10/10	Datuk Seri Dr Govindan Kunchamboo ⁽⁷⁾ <i>Independent Non-Executive Director</i>
5/5	Tan Sri Saw Choo Boon ⁽⁸⁾ <i>Non-Independent Non-Executive Director</i>
5/5	Abdul Aziz Peru Mohamed ⁽⁸⁾ <i>Independent Non-Executive Director</i>

**BOARD
COMMITTEES
SUPPORTING
THE BOARD**

BOARD AUDIT COMMITTEE BAC

The BAC is responsible for independent oversight over the management of financial reporting and internal control systems. The committee ensures 'check and balance' for entities within the Group and reviews the financial condition as well as the operational performance of the Group. The BAC also oversees the Group Integrity & Governance division and receives regular updates on all on-going whistleblowing investigations.

BOARD NOMINATING & REMUNERATION COMMITTEE BNRC

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

BOARD RISK COMMITTEE BRC

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

BOARD CREDIT COMMITTEE BCC

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

Board Roles and Responsibilities

Chairman

- Lead the Board in its deliberations
- Preside over the General Meetings
- Ensure effective communication between the Board and stakeholders
- Regularly communicate with Group Managing Director and other Senior Management on affairs of the Group

Senior Independent Non-Executive Director

- Act as a sounding board to the Chairman and be a conduit between the independent and non-independent members of the Board
- Lead the Independent Directors in conducting executive sessions with Senior Management

Independent Directors

- Monitor and challenge the performance of the management
- Exercise independent judgment in deliberating and reviewing items brought before the Board and Board Committees

⁽¹⁾ Tan Sri Ahmad Badri Mohd Zahir was appointed to the Board as a Non-Independent Non-Executive Director/Deputy Chairman on 16 November 2020. He was appointed as Chairman on 24 March 2021.

⁽²⁾ Dato' Mohamad Nasir Ab Latif was appointed to the Board on 16 March 2020.

⁽³⁾ Mr Lim Cheng Teck was appointed to the BRC as member on 29 May 2020.

⁽⁴⁾ Donald Joshua Jaganathan was appointed to the Board on 17 August 2020.

⁽⁵⁾ Datuk Iain John Lo was appointed to the Board on 15 September 2020.

⁽⁶⁾ Tan Sri Azlan Zainol resigned from the Board on 28 February 2021.

⁽⁷⁾ Datuk Seri Dr Govindan Kunchamboo retired from the Board on 20 October 2020.

⁽⁸⁾ Tan Sri Saw Choo Boon and Abdul Aziz Peru Mohamed retired from the Board on 29 May 2020.

DURING THE YEAR

BAC	BNRC	BRG	BCC
-	-	-	-
-	8/8	-	-
-	-	-	-
-	-	-	30/30
-	4/4	-	-
14/14	4/4	20/20	-
-	-	15/15	30/30
14/14	8/8	-	-
4/4	2/2	7/7	-
-	-	-	-
-	-	-	-
9/9	2/3	-	-
5/5	3/3	5/5	-
-	-	-	-

Managing Director

- The Group Managing Director/Chief Executive Officer undertakes the responsibility to execute the Group's overall strategies



Company Secretary

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

En Azman also shoulders the responsibility as the Group's Chief Integrity and Governance Officer ("CIGO") within RHB Banking Group. He has completed the Certified Integrity Officer ("CeIO") accreditation programme conducted by the Malaysia Anti-Corruption Academy ("MACA").

GOVERNANCE PROGRESS AND MILESTONES

In general, the Board has focused and will be focusing on the following Corporate Governance ("CG") areas in the short, medium and long terms:

HIGHLIGHTS OF KEY CG ENHANCEMENT

The Board had put in place a Board Governance Handbook for quick reference and easy guidance, which includes the following:

Remuneration Framework & Policy	
Nomination Framework for RHB Banking Group	
Framework on Directors' Expenses	
Boardroom Diversity Policy	

2019

SHORT- TO MEDIUM-TERM

Group Fit and Proper Policy	
Terms of Reference for all BAC, BNRC, BRC and BCC	
Procedures on Directors' In-House Orientation & Continuing Education Programme	

UPDATED THE BOARD CHARTER

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

Summary of CG Areas Undertaken in 2020:

1. Built the Group's Capability & Capacity to Combat Corruption

- The Board approved the formation of a Group Integrity & Governance ("GIG") division to oversee anti-bribery & corruption matters within the Group. The dedicated unit is also responsible as the focal point of contact between the Group and the Malaysian Anti-Corruption Commission.
- RHB appointed a Chief Integrity & Governance Officer to advise the Group as subject matter expert in relation to bribery and corruption, who reports directly to the Board and Board Audit Committee on GIG core functions and also reports to Group Managing Director on day-to-day administration.

2. Strengthened Relevant Key Internal Controls

The Board oversaw the update of the following key internal control documents:

- Group Whistleblowing Policy
 - Added Group's primary whistleblowing channel: speakup@rhbgp.com
 - Included Group's Chief Integrity & Governance Officer as additional Designated Recipient for whistleblowing.
- Group Gifts & Hospitality Guideline
 - Included 'facilitation payment' as one of the prohibited item.
 - Updated list of prohibited items for gifts and hospitality.
 - Included new roles and responsibilities of Group Integrity & Governance.

3. Supported Increase in Shareholders' Participation

- RHB adopted Practice 12.3 of the MCG by allowing voting in absentia and remote shareholder participation in our first virtual Annual General Meeting.

FOCUS AREAS 2020 - 2025

- 4. Increased Transparency in Corporate Reporting**
 - RHB published its first Integrated Report in-line with the recommendation of Practice 11.2 of the MCCG for greater disclosure, connected information between financial and non-financial and also standardised metrics for easy industry/peer comparison.
- 5. Ensured Protection for our Human Capital**
 - A Pandemic Working Group was established to protect the well-being of RHB Banking Group's employees and at the same time, to ensure business operations continued amidst the COVID-19 pandemic.
- 6. Crafted Strategic Succession Planning & Performance Appraisal**
 - The Board continued to assess the capability of its directors by participating in the annual Board Effectiveness Evaluation. As part of planned rejuvenation in the boardroom, the Board bid farewell to several directors including the departure of the Group's Chairman, Tan Sri Azlan Zainol on 28 February 2021. Fresh faces came on board in 2020 including the new Group Chairman who was initially appointed as Deputy Chairman.
 - The Board also concurred with elements of regulatory compliance to be incorporated in the next Performance Appraisal Scorecard for the Group's employees as an overlay factor for the overall performance management considerations.

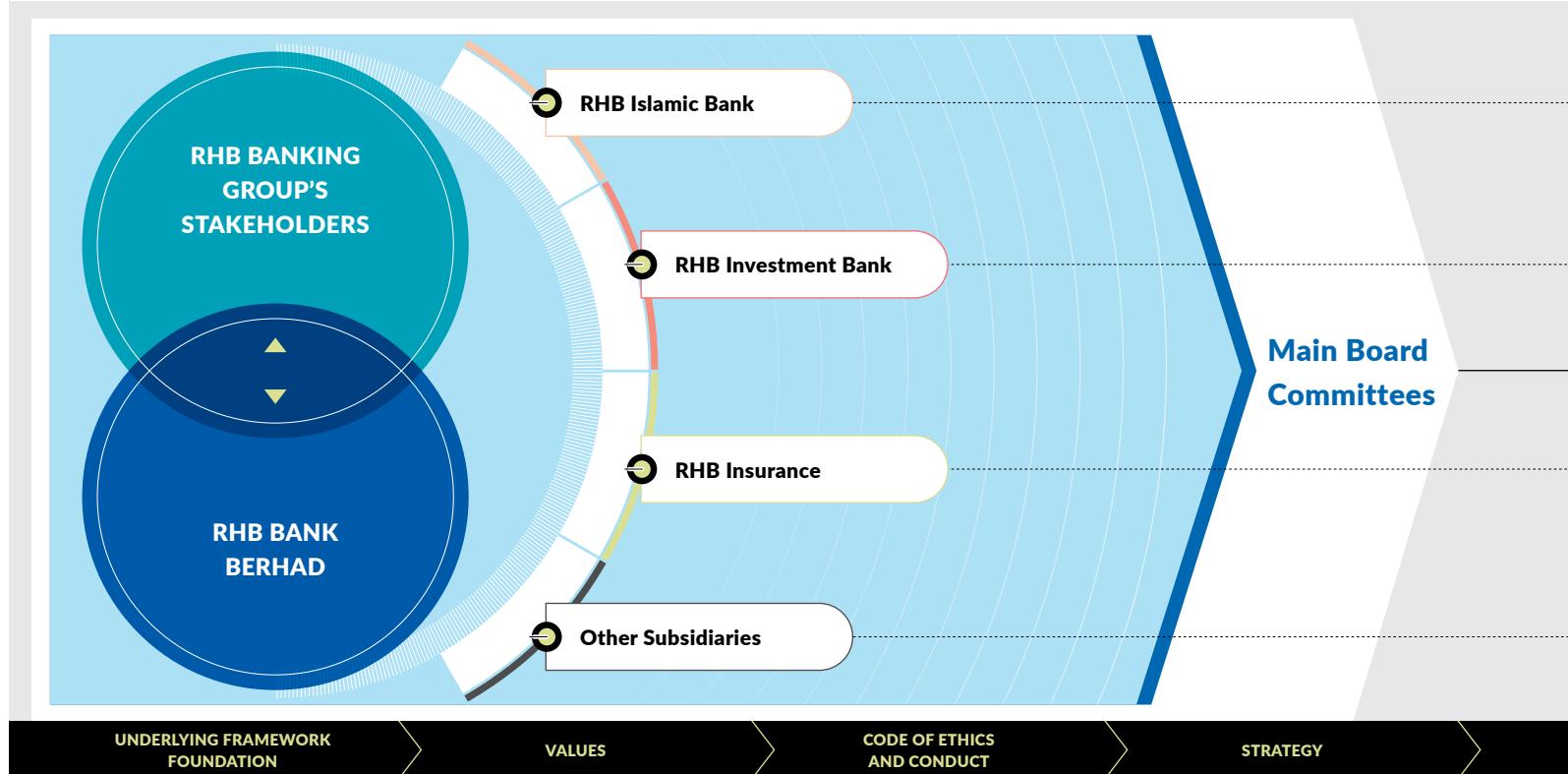
	Medium-Term	2022 – 2023	Long-Term	2024 – 2025	Strategic CG Focus Areas			
					2021	2022 – 2023	2024 – 2025	
					1. Strengthening Internal Controls <ul style="list-style-type: none"> • The Board will oversee the development of an Organisational Anti-Corruption Plan ("OACP") for RHB Banking Group. • The Board will continue to review the Group's existing Fit & Proper Policy. 	1. Monitoring effectiveness of Key Internal Controls <ul style="list-style-type: none"> • The Board will review key internal control documents such as the Group Anti-Bribery & Corruption Policy, Group Whistleblowing Policy, Group Gifts & Hospitality Guideline and other relevant policies and guidelines to ensure the Group maintains its good compliance standing. 	1. Reviewing the progress of key milestones set within the approved OACP <ul style="list-style-type: none"> • The Board will evaluate the progress of the OACP in line with the expectations of the regulatory bodies and enforcement agencies and also the agreed timeline. 	
					2. Continuing adoption of Practice 5.1 of the MCCG <ul style="list-style-type: none"> • In-line with recommendation of the MCCG, the Board will undertake an externally facilitated BEE FY2020 exercise in 2021 after conducting 3 continuous yearly Board assessments internally. • An independent third party who carries out Board evaluation will provide an unbiased perspective on Director's performance. 	2. Assessing Boardroom Effectiveness Evaluation ("BEE") <ul style="list-style-type: none"> • The Board will continue with its internally facilitated BEE for FY2021 & FY2022. 	2. Undertaking an Integrity Pledge group-wide <ul style="list-style-type: none"> • The Board will assess the needs to undertake an integrity pledge group-wide to set the tone from the top and also ensure all employees are aligned with the Group's zero-tolerance stance on bribery or corruption activities. 	
							3. Conducting Board's Succession Planning & Performance Evaluation <ul style="list-style-type: none"> • The Board will continue with its internally facilitated BEE for FY2023 in 2024 and later undertake externally facilitated BEE for FY2024 in the following year in 2025. 	

GOVERNANCE FRAMEWORK

RHB Bank Berhad's governance structure is engineered taking into account the needs and views of all our stakeholders. The Board's decision-making process involves a two-way dialogue with senior management taking relevant issues into consideration before decisions are made.

The Board continues to maintain an open communication channel with Senior Management and supporting Board Committees to ensure critical information and decision making are not overlooked. The Group's governance structure allows for the Board to delegate specific functions and responsibilities to its Board Committees, however ultimate oversight and authority remains with the Board.

This delegation of authority is clearly defined within the Terms of Reference ("ToR") of the respective Board Committees. The ToRs are reviewed periodically by the Board and respective committees to ensure their mandates are carried out in-line with the best practices and regulatory requirements. The composition of the Board Committees are periodically reviewed by the Board and where required, improved with the support of the Board Nominating & Remuneration Committee.



THE BOARD'S ROLE IN VALUE CREATION

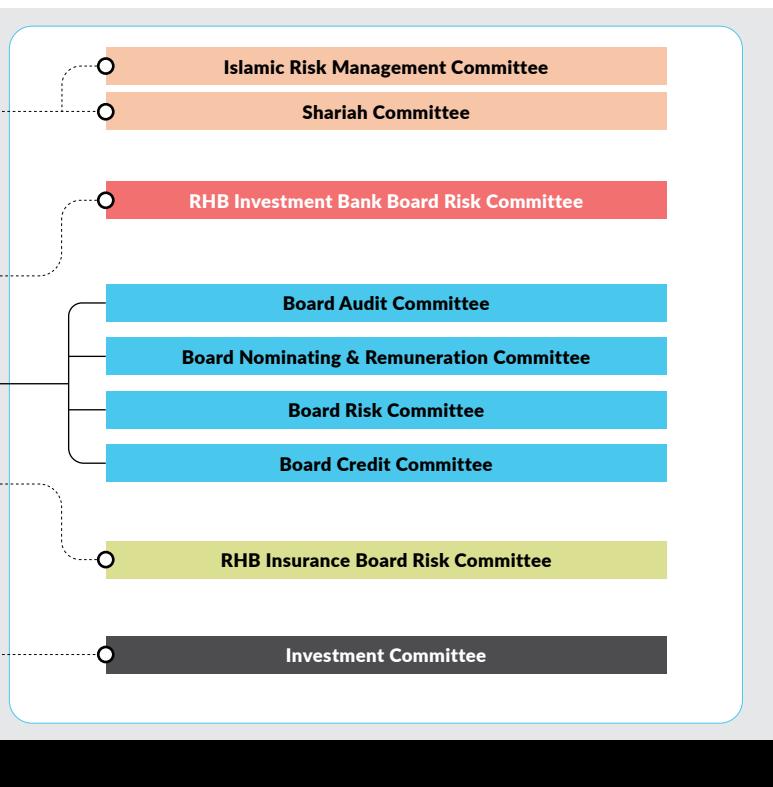
The Board operates with the view of ensuring long-term sustainable success of the Group, generating value for all stakeholders, including shareholders, employees, customers, suppliers and the communities in which the Group operates, while exercising good business judgement in developing strategy, delivering objectives and managing the risks that are faced by the Group. It is also responsible for instilling good ethical culture, values and behaviours throughout the organisation. The Board has a formal schedule of matters specifically reserved to it for decision as noted below and delegates responsibility of day-to-day operations to the management:

Matters Reserved for the Board	
<ul style="list-style-type: none"> • Business and operating strategies • New business plans or changes to existing ones • New investments/divestments • Mergers and Acquisitions • Expansion/entry into new markets/geographical regions 	<ul style="list-style-type: none"> • Corporate restructuring/reorganization • Set-up of new subsidiaries • Joint ventures • Partnerships or strategic alliance • Acquisitions/disposal of significant assets • Progress of FIT22

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

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

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



BOARD COMPOSITION AND MEMBERSHIP

The Board is responsible for ensuring long-term sustainable success of the Group through experienced leadership and establishment of effective control and oversight of the Group's activities. As at 31 March 2021, there are ten members of the Board, which comprises a Non-Executive Chairman, a Group Managing Director/Chief Executive Officer and eight Non-Executive Directors.

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

Reporting to ensure accountability in these governance areas:

Our Value Creating Business Model

[Read more on](#)

Performance against strategy
(financial and non-financial: six capitals)

Pages 46-47

Corporate Integrity & Ethical Business Conduct

[Read more on](#)

Business ethics

Pages 123

Sustainability Review

[Read more on](#)

Sustainability

Pages 90-93

Statement on Risk Management and Internal Control

[Read more on](#)

Risk governance

Pages 135-144

Engaging with Stakeholders

[Read more on](#)

Stakeholder relationship governance

Pages 39-42

BOARD & SENIOR MANAGEMENT REMUNERATION

Attractive and fair remuneration is critical to attract, retain and motivate Directors and Senior Management with the relevant experience and expertise to lead RHB. The Board ensures the remuneration package offered promotes the achievement of strategic objectives within the ambient of RHB's cultural components, risk appetite and regulatory compliance. The Board Nominating & Remuneration Committee ("BNRC") has been entrusted with discharging the remuneration strategies, as outlined in its Terms of Reference, which can be referred on RHB corporate website. Detailed information on RHB's remuneration practice can be found per disclosure under Practice 6.1, Practice 7.1, Practice 7.2 and Section B of our Corporate Governance Report 2020.



ACCOUNTABILITY

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

which could affect the Group's performance over the life of the operating plan. Information regarding the main features of the internal control and risk management systems in relation to the financial reporting process is provided within the statement on risk management and internal control on pages 135 to 144. The Board concluded that the Group's risk management arrangements are adequate to provide assurance that the risk management systems put in place are suitable with regard to the Group's profile and strategy.

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

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

GROUP COMPLIANCE

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

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

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

Group Chief Compliance Officer

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



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

MATERIAL RISK



Cybersecurity

Cybercrime continues to increase and become more sophisticated, more frequent and widespread. As the Group moves towards embracing digitalisation and automation, the threat to information security becomes imminent, more so, due to the current COVID-19 pandemic where digital channel became a necessity.

ACTION TAKEN

- Continuous monitoring and engagement with business units/IT team to ensure awareness on technology related regulatory requirements and the risk of cyber threats.
- Heightened cyber-risks assessments in relation to the existing systems of the Group including regular reviews on processes and controls to establish the need for any additional security measures.



Protection of Information

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

ACTION TAKEN

- Implementation of the Group Chinese Wall and Insider Trading Policy ("Chinese Wall Policy") to ensure that there is an information barrier between departments to prevent and/or control the flow of material non-public and price sensitive information.
- Various engagement sessions and development of training tools for employees to better understand the principle behind the Chinese Wall Policy and secrecy provisions of the Financial Services Act 2013 and Islamic Financial Services Act 2013.
- Heightened oversight and monitoring vis-à-vis handling of customer information including ensuring strict observance to BNM's policy on Management of Customer Information and Permitted Disclosures and the Group's Data and Information Management Framework and Policy.



Regulatory Compliance

As regulatory requirements evolve and constantly change, managing non-compliance risk and meeting regulatory standards and expectations has become a daily focus for the Group.

ACTION TAKEN

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

- Implementation of comprehensive and clear compliance policies, circulars and guidelines throughout the Group.
- Frequent compliance reviews and testing to evaluate effectiveness of current processes and close regulatory gaps.
- Effective compliance monitoring and reporting.
- Annual compliance risk assessment to identify high risk areas and allocate resources effectively to mitigate such risks.
- Promote adherence to regulatory requirements through regular compliance trainings and awareness programmes.
- Address employee misconduct that resulted in regulatory non-compliance by incorporating a penalty in the final rating of employee's performance evaluation.



Compliance Amidst COVID-19

The year 2020 has been particularly challenging for many industries, financial and capital market included. The uncertain impact of the COVID-19 pandemic has generated significant instability in the overall economy of the country with the financial sector being one of the most impacted. While the Group, being an essential service provider, continued to operate throughout the movement control order and the subsequent conditional movement control order, it did not come without its own set of challenges.

The Group, like many other industries, was forced to adapt, including using various channels to ensure business continuity while maintaining its standards to provide quality services to its customers. Amidst the chaos however, what remained constant was regulator's expectation. Regulatory enforcement did not suddenly stop with COVID-19. In fact, with all the relief measures and flexibilities provided, banks were expected to regroup and reassess its existing policies and procedures to cater for the new normal while ensuring no compromise on compliance with regulatory requirements.

The following are some of the key initiatives by Group Compliance for 2020 in its effort to remain vigilant amidst the COVID-19 pandemic:

INITIATIVES	OUTCOMES
<ul style="list-style-type: none"> Development of alternative learning platforms to cater for the new normal where compliance trainings were delivered on virtual instructor-led training platforms such as webinars. In addition, short explainer videos on various compliance topics were also explored to provide bite-sized compliance learning, offering a more interesting way to learn. Issuance of compliance bulletins and regulatory alerts on key compliance issues and development throughout the year. 	<ul style="list-style-type: none"> Continual accessibility to learning, particularly for employees under remote work arrangement. Increased learning attentiveness and improved understanding by employees on regulatory requirements and what is expected of them resulting in improved compliant behavior.
<ul style="list-style-type: none"> Strengthening of AML/CFT monitoring process through implementation of robotic process automation to improve workaround on AML transaction monitoring, risk assessment and enhancement of AML policies. 	<ul style="list-style-type: none"> Productive and efficient AML transaction monitoring and alerts management particularly in relation to the Watch List Management Batch alert management process.
<ul style="list-style-type: none"> Overall review of policies, circulars and guidelines to ensure that the Group's operational and business processes are updated where required, to cater for the new normal while ensuring adherence to regulatory requirements. Increased compliance and regulatory reviews to detect procedural gaps vis-à-vis regulatory requirements. 	<ul style="list-style-type: none"> Business continuity while minimising non-compliance risks amidst the new normal. Timely compliance risks identification and solutions to address the same.
<ul style="list-style-type: none"> Use of technology and system enhancements to meet compliance requirements. 	<ul style="list-style-type: none"> Enhanced monitoring in the area of FATCA & Common Reporting Standards as well as the Foreign Exchange Notices requirements.
<ul style="list-style-type: none"> The "A Branch & Compliance Day Programme" was continued in 2020 in line with the Group's effort to build a positive compliance culture. In 2020, a total of 46 branches benefited from the initiative and exchanged various compliance issues and developments. A virtual compliance culture programme was also rolled out at all ten (10) overseas branches and subsidiaries of the Group. 	<ul style="list-style-type: none"> Improved understanding between the compliance team and staff, particularly on the challenges faced by branch and regional representatives in ensuring compliance in undertaking their day-to-day function. Increased awareness amongst staff on compliance activities and the need for an effective compliance culture within the Group.

KEY PRIORITIES FOR 2021

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

The following are our key priorities for 2021:

- Enhancing and maintaining a high compliance culture within the Group
- Increase compliance oversight in highly technical areas and continuous compliance testing to assess the Group's overall non-compliance risks amidst the new normal
- Aim for a more holistic management of financial crime risk through awareness programmes, improvising existing systems and controls and identification of key financial crime risk areas
- Embrace technology and continue to further explore automation and digitalising compliance monitoring to minimise error-prone manual processes
- Increase engagement sessions with regional subsidiaries and branches and provide support in terms of skills/knowledge and address any gaps or challenges

The above are by no means an exhaustive list of priorities that the Group has set for 2021. With the current pandemic and uncertainties surrounding the economic environment, the Group will not underestimate the emergence of new compliance risks and the need to come up with improved strategies to combat the same and protect its stakeholder's interest.

CORPORATE INTEGRITY AND ETHICAL BUSINESS CONDUCT

TACKLING INTEGRITY & ETHICS

The Board continued to focus on strengthening our corporate integrity and ethical business conduct. We undertook measures to ensure those who have any business relationship with the Bank are aware, comprehend and adhere to the laws and regulations governing corrupt practices. In line with this regulatory requirement, RHB introduced an Anti-Bribery & Corruption ("ABC") Declaration document to be completed and acknowledged by our business partners, agents and anyone who acts for and on behalf of RHB Banking Group.

In addition, the Group also embarked on the following initiatives:

- Undertook annual corruption risk assessment with the results being elevated to the respective Board Committee(s) and the Boards;
- Communicated with internal and external stakeholders regularly on RHB's ABC stance, policies and procedures;
- Set-up a dedicated division, namely Group Integrity & Governance with necessary human, operational and financial resources;
- Implemented various ABC programmes including mandatory e-learning on ABC for all staff and introduced ABC legal clause for new contracts with RHB's business partners; and
- Continued to build capacity and capability of Group Integrity & Governance, including successful certification of three staff, including the Group's Chief Integrity & Governance Officer by Malaysia Anti-Corruption Academy.

The Board continuously ensures that RHB's ABC policies and frameworks are appropriately maintained and updated. As a yardstick to measure the level of our compliance, we are guided by the statutory and supervisory requirements that relate to ABC such as:

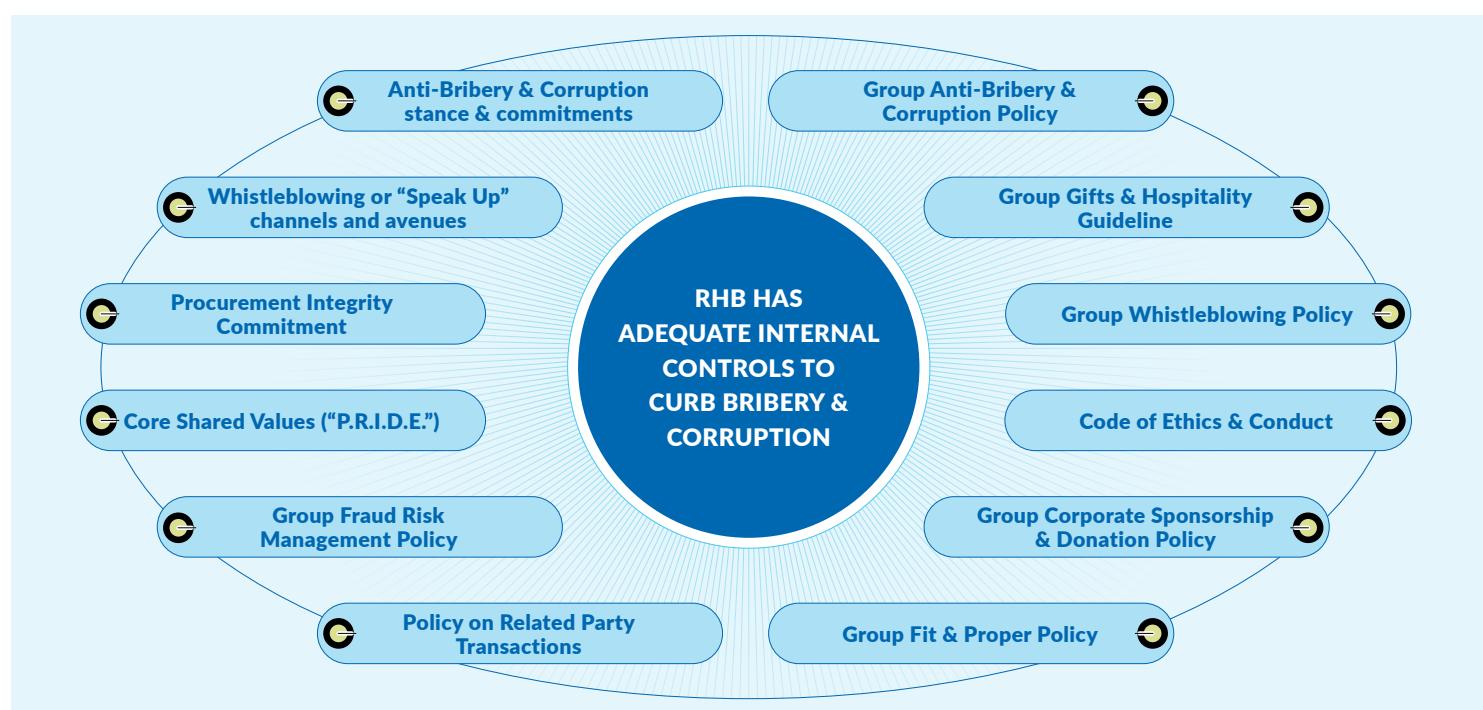
- The Malaysian Anti-Corruption Commission ("MACC") Act 2009;



- The Guidelines on Adequate Procedures issued by the Prime Minister's Department in December 2018;
- The Guideline for the Management of Integrity & Governance Unit issued by the MACC in 2019; and
- Strategic Plan of Integrity and Governance Unit 2019-2021 issued by MACC.

The Board, with the support of Board Audit Committee ("BAC"), will continue to undertake the following activities to ensure the Group continues to uphold high standard of integrity and best practices with regards to anti-bribery and corruption matters:

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



STAKEHOLDER COMMUNICATIONS

INVESTOR RELATIONS

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

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

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

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

In light of the COVID-19 pandemic and the implementation of movement control order throughout 2020, IR's communication mode shifted to virtual briefings, improving accessibility to a larger audience.

RHB ranked 1st and 2nd for 3- and 5-year TSR respectively.

2020 share price closed lower from Aabar stake selldown in mid-December, causing the 1-year TSR ranking to drop to 4th among the peers.

IR conducted:

- 4 quarterly results announcements
 - 3 teleconferences
 - 1 face-to-face briefing

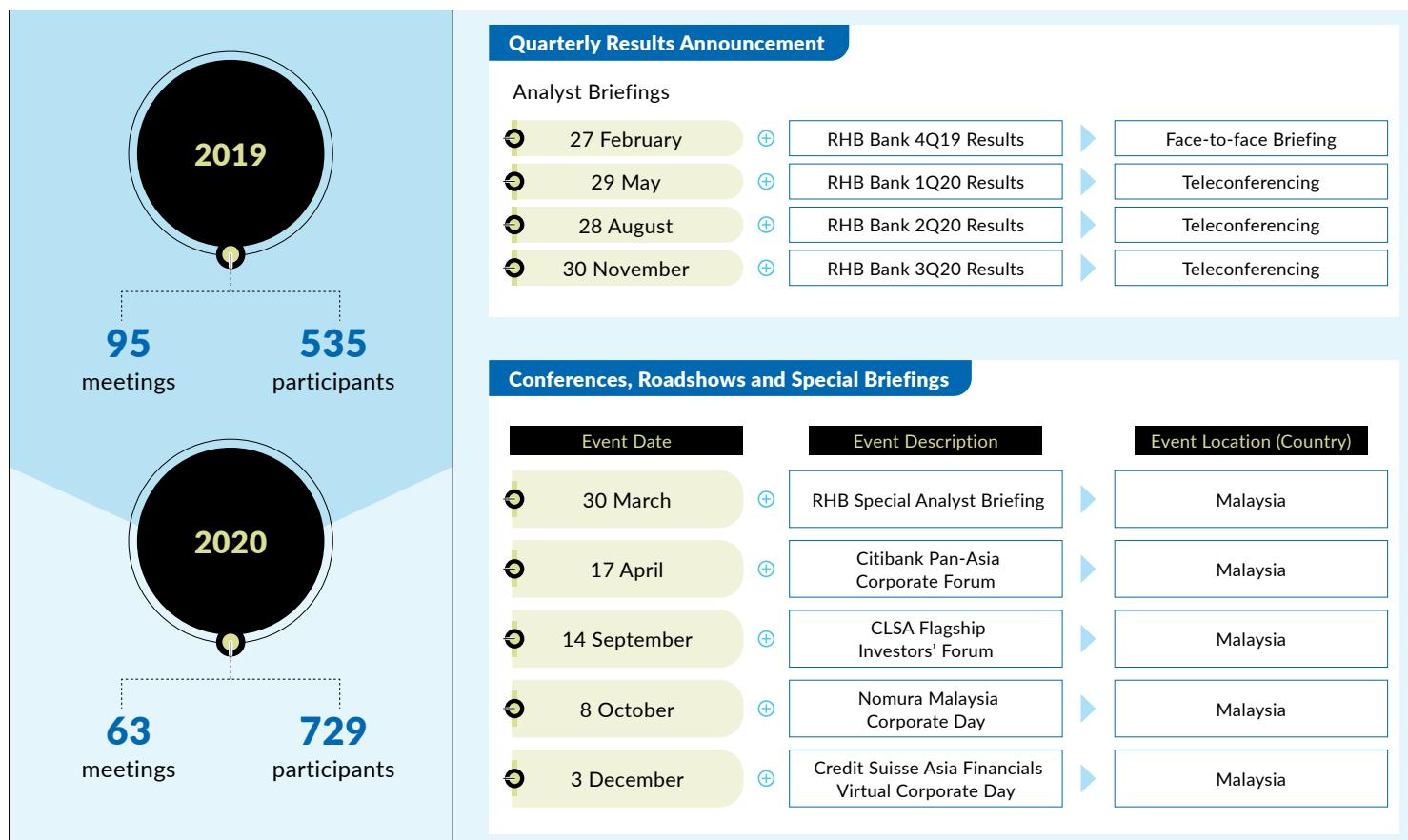
1 Special Analyst Briefing

Corporate website: www.rhbgroup.com

Constantly meets with investment community

ANNUAL GENERAL MEETING

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



ANALYST COVERAGE LIST

1 Affin Hwang Investment Bank

2 AmResearch

3 CGS-CIMB Securities

4 Citi Investment Research

5 CLSA Securities

6 Credit Suisse Securities

7 AllianceDBS Research

8 Hong Leong Investment Bank

9 JP Morgan Securities

10 KAF-Seagroatt & Campbell Securities

11 Kenanga Investment Bank

12 Macquarie Research

13 Maybank Investment Bank

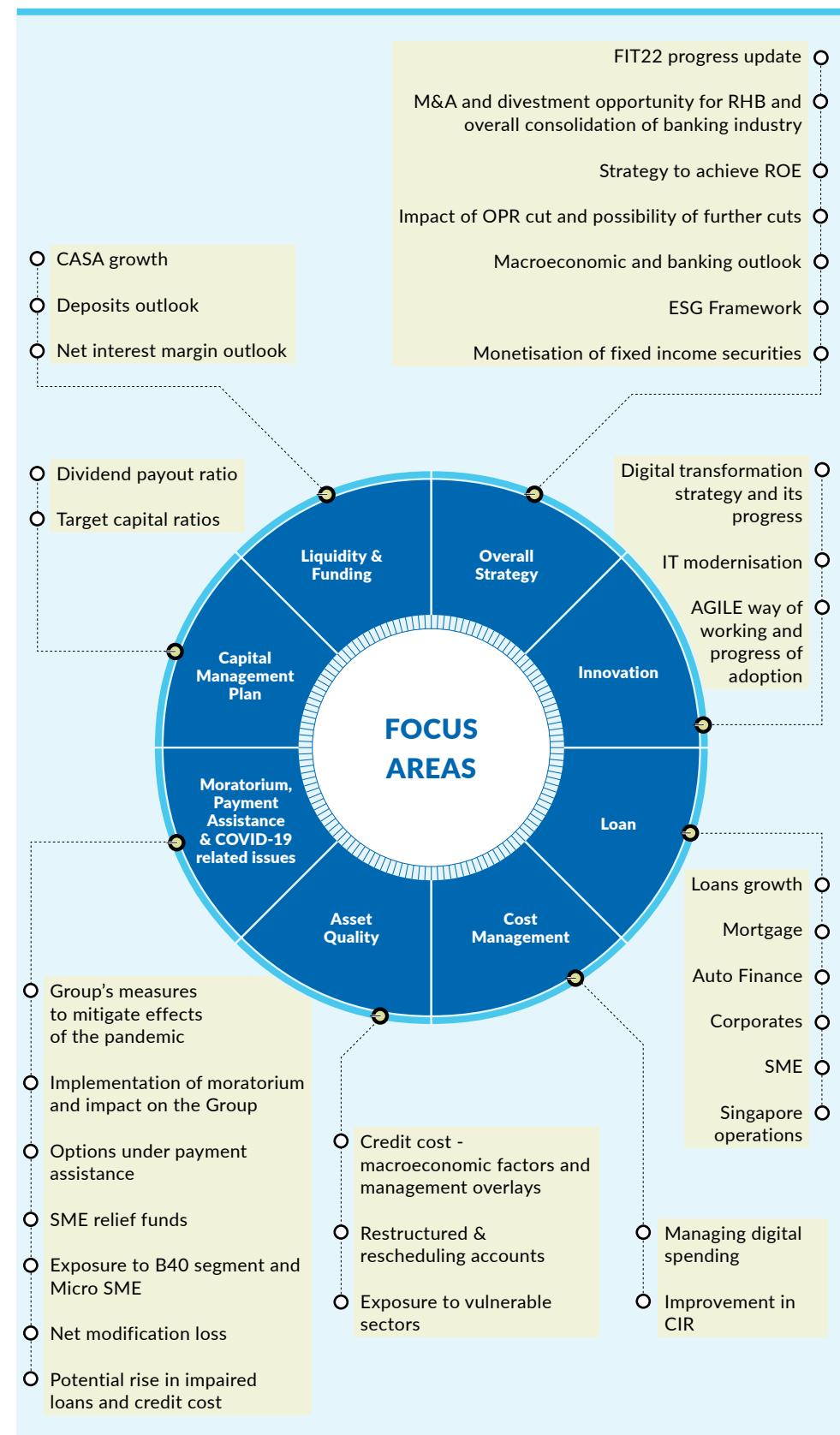
14 MIDF Amanah Investment Bank

15 Nomura Research

16 TA Securities

17 UBS Securities

18 UOB Kay Hian



STAKEHOLDER COMMUNICATIONS

CREDIT RATINGS

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

BOARD AUDIT COMMITTEE REPORT

COMPOSITION AND ATTENDANCE OF MEETINGS

A total of fourteen (14) Board Audit Committee ("BAC") meetings were held during the financial year ended 31 December 2020. The BAC comprises the following members and the details of attendance of each member at the BAC meetings held during the year are as follows:



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

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

Where required, Management of the relevant functions were also invited to the BAC meeting to provide explanations on control lapses and remediation plans arising from matters highlighted in the audit reports.

Key matters deliberated at the BAC meetings together with the BAC's recommendations and decisions are summarised and presented to the relevant Boards, in the same month, by the Chairperson or representative of the BAC. This allows the respective Boards to be timely apprised of significant matters deliberated by the BAC and for the Boards to provide direction, if necessary. Extracts of the minutes of the BAC meetings held were provided to the respective Boards for their information.

AUTHORITY

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

SUMMARY OF BAC ACTIVITIES IN 2020

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

Financial Reporting

- a) Reviewed the quarterly unaudited financial results and the annual audited financial statements of RHB Bank and the Group as well as the draft announcements before recommending them for the Board's approval. The review process encompassed the following:
 - Reviewed changes in accounting policy and adoption of new or updated accounting standards, and its impact to the financial statements.
 - Reviewed the financial statements and sought explanations from the Senior Management including the Group Chief Financial Officer on any significant changes between the current and corresponding quarter/period to assess their reasonableness.
- b) Discussed with the external auditors the following matters identified during the statutory audit for the financial year ended 31 December 2020 as highlighted in their Audit Committee Report:
 - Significant audit and accounting matters including credit and impairment assessment as well as payment moratorium due to COVID-19;
 - IT related matters;
 - Tax related matters;
 - Other required communications; and
 - Summary of uncorrected misstatements.

Internal Audit

- a) Reviewed and approved the annual audit plan for the financial year 2020 to ensure adequacy of scope, coverage and resources as well as competency of the internal auditors.
- b) Reviewed the audit activities undertaken by Group Internal Audit ("GIA") for the financial year covering the planned audit assignments, ad-hoc audit projects, review of frameworks, policies and guidelines, and IT project participation.
- c) Reviewed and approved the Balanced Scorecard for the Group CIA. Appraised the performance of the Group CIA and reviewed the appraisals of senior staff members of GIA, and approved the performance rewards for the Group CIA in accordance with the matrix approved by the Board.
- d) Reviewed and approved the updated Terms of Reference of the MAC of the respective entities.
- e) Reviewed and deliberated the updates made to the Internal Audit Charter and recommended the same for approval by the Board of the respective entities.
- f) Reviewed and deliberated on the minutes of all MAC meetings, internal audit reports, audit recommendations and Management's responses to these recommendations as well as the timely remedial actions taken by Management to improve the system of internal controls and its processes on the areas highlighted.
- g) Reviewed and deliberated on the investigation reports tabled to the BAC and provided directions, where necessary, to address and improve the internal control weaknesses highlighted.
- h) Reviewed the reports issued by the regulatory authorities and the Management's response as well as the remedial actions taken by Management in respect of the reported findings to ensure that all matters highlighted in these reports had been adequately and promptly addressed by Management.
- i) Reviewed the minutes of meetings of the Audit Committees of the overseas subsidiaries to the extent permitted by the relevant regulatory authorities to satisfy itself that all matters arising therefrom had been appropriately addressed by these Audit Committees.

External Audit

- a) Reviewed the 2020 audit plan of the external auditors for RHB Banking Group covering the audit strategy, risk assessment and areas of audit emphasis for the year.
- b) Reviewed with the external auditors, the results of their audit together with their recommendations and Management's response to their findings as detailed in the following reports, and provided BAC's views and directions on the areas of concern where necessary:

Reports issued by External Auditors in 2020	Date tabled to BAC
Audit Committee Report for the financial year 2019	23 January 2020
Internal Control Report for the financial year 2019	24 July 2020
Limited review of the unaudited financial statements of RHB Bank and RHB Islamic Bank for the financial period ended 30 June 2020	24 July 2020
Audit Progress Update Report for the financial year 2020	20 November 2020

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

- c) Met with the external auditors on 23 January 2020 and 21 August 2020 without the presence of Management and Executive Directors to enable the external auditors to discuss matters with the BAC privately.
- d) Reviewed the appointment of the external auditors for the provision of non-audit services before recommending them for the Board's approval. Areas that are considered include the external auditors' expertise, adequacy of knowledge and experience required for the services rendered, competitiveness of fees quoted and whether its independence and objectivity would be impaired.

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

- e) Reviewed the external auditors' performance and independence before recommending them to the Board for reappointment as external auditors for the Group:

- The external auditors have declared in their 2020 audit plan, which was tabled to the BAC in August 2020, that they have maintained their independence for the audit of the financial statements of the Group in accordance with the firm's requirements and with the provisions of the By-Laws on Professional Independence of the Malaysian Institute of Accountants. They have further declared that the non-audit services provided to the Group during the year have not compromised their independence as external auditors of the Group.
- The annual assessment on the external auditors covering the key areas of performance, independence and objectivity in accordance with the BNM Guidelines on External Auditor.
- The performance of the external auditors was also assessed through a survey completed by the Management personnel of the Group based on their dealings with the external auditors covering areas such as the quality of audit work, coordination during planning and execution of audit work, technical accounting and business knowledge, timeliness and staff continuity.
- A comprehensive review was also conducted in December 2020 prior to the reappointment of the external auditors to assess its independence and the potential risk of familiarity threat at all the banking entities within the Group. The comprehensive review covered three main categories, i.e. governance and independence, communication and interaction, and quality of services and resources.

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



Related Party Transactions

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

TRAINING

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

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

INTERNAL AUDIT FUNCTION

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

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

Internal Audit Charter

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

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

Summary of GIA's Activities

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

- a) Prepared the annual risk-based audit plan for RHB Banking Group which includes the audit objectives and scope, and manpower requirements for each planned auditable unit.
- b) Conducted audits as per the approved audit plan as well as ad hoc reviews and investigations requested by Management, the Board or regulators during the year.
- c) Audited key areas during the financial year which included the Branches, Credit Underwriting, Business Centres, Treasury Operations, IT Security, Head Office functions, Shariah Business, Investment Banking Business, Asset Management, Insurance Business and Overseas Operations.

Group Chief Internal Auditor

Mr Alex Tan Aun Aun leads the GIA function and he reports to the BAC. He has more than 25 years of multifaceted experience in the banking business with more than 10 years' experience in internal auditing. He holds a Bachelor of Commerce (Finance) degree from the University of Toronto and is a member of Institute of Internal Auditors Malaysia. GIA provides the Board with independent assurance that the risk management systems, internal controls and governance processes of the Group are effective and that its operations are operating as intended.



- d) Conducted audits as per regulatory requirements such as compliance with BNM's Guidelines on Anti-Money Laundering and Counter Financing of Terrorism, Disclosure of Customer Documents or Information, Single Counterparty Exposure Limit, Outsourcing, Product Transparency & Disclosure and PayNet's applicable rules, procedures and manual for payment and debt securities systems.
- e) Carried out ad-hoc compliance and validation reviews as requested by regulators.
- f) Monitored and followed up through the respective MACs on the timely rectification of any reported audit findings and the underlying causes highlighted by the internal and external auditors, and regulators. The status of any outstanding audit findings is summarised and reported to the BAC on a monthly basis.
- g) Performed root cause analysis and shared the results with the Management for the appropriate actions to be taken to address the identified issues holistically.
- h) Reviewed new or updated framework, policies and guidelines as requested by Management to provide feedback on the adequacy of internal controls to address the relevant risks.
- i) Participated in new IT system or new product development activities to provide recommendations upfront on the relevant control features to be considered by Management.
- j) Assisted the BAC in the annual exercise on the reappointment of external auditors by assessing its independence and potential risk of familiarity threat at all the banking entities within the Group.
- k) Attended Management meetings as permanent invitee on a consultative and advisory capacity to provide independent feedback where necessary on internal control related matters.
- l) Organised MACs meetings, preparing meeting materials as well as preparing minutes of meetings for submission to BAC.
- m) Prepared the BAC Report and the Statement on Risk Management and Internal Control for inclusion in RHB Bank's Integrated Report for the year 2020 upon approval by the BAC and the Board respectively.

Internal Audit Resources

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

As at 31 December 2020, GIA has 144 internal auditors with relevant academic/professional qualifications and experience to carry out the activities of the internal audit function. The costs incurred for maintaining the internal audit function for the financial year 2020 amounted to RM27.1 million.

Professional Proficiency

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

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

Based on each staff's Individual Development Plan for the year 2020, the internal auditors attended the relevant technical as well as leadership and management programmes offered by RHB Academy, the Group's Learning and Development Centre, and external programmes.

Internal Audit Quality Assurance Review

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

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

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

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

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

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

COMPOSITION AND ATTENDANCE OF MEETINGS

A total of eleven (11) regular meetings and one (1) special meeting were held during the financial year ended 31 December 2020. All existing members satisfied the minimum attendance requirement under BNM's Shariah Governance Policy Document, which provides that a Shariah Committee member is required to attend at least 75% of the Shariah Committee meetings held in each financial year. Details of the attendance of each member are as follows:

SHARIAH COMMITTEE MEMBER	Number of Meetings Attended
Dr. Ahmad Basri Ibrahim	12/12
Pn. Shabnam Mohamad Mokhtar	12/12
En. Wan Abdul Rahim Kamil Wan Mohamed Ali	9/12
Assoc. Prof. Dr. Kamaruzaman Noordin	10/10
En. Mohd Fadly Md. Yusoff	12/12

ENGAGEMENT SESSIONS & TRAININGS ATTENDED

Engagement Sessions & Trainings

As part of the initiatives aimed at maintaining effective communication between the Shariah Committee, the Management and the Board of Directors of RHB Islamic Bank, special in-house training programmes were held as follows:

1. Engagement session between RHB Islamic Bank Board of Directors and Shariah Committee Members held on 6 May 2020
2. In-house briefing on *Commodity Murabahah Via Tawarruq* by RHB Islamic held on 20 July 2020
3. Enlightenment on the Shariah Resolutions issued by the Shariah Advisory Council of BNM 2020 by Dato' Dr. Mohd Daud Bin Bakar held on 11 August 2020

In addition, the Shariah Committee also contributed to the efforts of spreading Shariah knowledge and awareness among RHB

Banking Group staff by sharing insights, expertise and experience through "Shariah Committee Sharing Series" sessions as follows:

1. *Achieving Sustainability and Creating Impact through Islamic Finance* by En. Wan Abdul Rahim Kamil Bin Wan Mohamed Ali held on 6 March 2020
2. *COVID-19: Shock & Faith for Islamic Finance* by Pn. Shabnam Mohamad Mokhtar held on 15 May 2020
3. *The Beauty of Tabarru' in Takaful* by Assoc. Prof. Dr. Kamaruzaman Noordin held on 8 September 2020

Furthermore, one of the Shariah Committee members participated in an online course as follows:

1. *The Mechanics of Fintech and Artificial Intelligence*, 21 October 2020

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

SHARIAH COMMITTEE'S EFFECTIVENESS ASSESSMENT

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

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

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

(A) UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

Material Contracts

DISPOSAL BY RHB INVESTMENT BANK BERHAD ("RHB INVESTMENT BANK"), A WHOLLY-OWNED SUBSIDIARY OF RHB BANK, OF ITS ENTIRE EQUITY INTEREST IN RHB SECURITIES SINGAPORE PTE LTD ("RHB SECURITIES SINGAPORE") (DISPOSAL)

RHB Investment Bank, had on 29 June 2020, entered into a conditional share purchase agreement with Phillip Securities Pte Ltd ("Purchaser") in respect of the Disposal.

The above Disposal entailed the disposal of RHB Investment Bank's entire equity interest in RHB Securities Singapore to the Purchaser for a consideration based on the net tangible assets of RHB Securities Singapore preceding the completion date and adjustments mutually agreed between RHB Investment Bank and the Purchaser.

Prior to the completion of the Disposal, RHB Securities Singapore undertook a corporate exercise to transfer certain businesses and assets to RHB Bank (Singapore Branch) ("the Transfer"), subject to approvals from the relevant regulators. Bank Negara Malaysia had vide its letter dated 28 August 2020 approved the following:

- (i) RHB Bank to acquire the entire equity interests in RHB Nominees Singapore Pte Ltd, Summit Nominees Pte Ltd and RHB Research Institute Singapore Pte Ltd; and
- (ii) RHB Bank to acquire the client coverage team, research and advisory services in relation to corporate finance, mergers and acquisitions, equity capital markets and institutional equities sales (collectively referred to as the "Capital Market Services") and share margin accounts from RHB Securities Singapore, which will be carried on and continued by RHB Bank (Singapore Branch).

RHB Bank had on 28 August 2020, entered into a business transfer agreement with RHB Securities Singapore in respect of the transfer by RHB Securities Singapore of the following businesses and assets to RHB Bank for a cash consideration of SGD20.57 million:

- (i) the entire equity interests in RHB Nominees Singapore Pte Ltd, Summit Nominees Pte Ltd and RHB Research Institute Singapore Pte Ltd; and
- (ii) the Capital Market Services, share margin accounts and the relevant assets and liabilities.

The Transfer was completed on 31 August 2020.

Subsequently on 11 September 2020, RHB Investment Bank completed the Disposal for a consideration of SGD87.62 million.

Accordingly, RHB Securities Singapore has ceased to be a wholly-owned subsidiary of RHB Investment Bank.

Capital and Fund Raising Exercises

During the financial year ended 31 December 2020, the following issuances were made by the RHB Bank Group:

- (i) RHB Bank issued two tranches of Subordinated Notes amounting to RM500 million each on 28 May 2020 and 20 November 2020 under a multi-currency medium term note programme of up to RM5 billion (or its equivalent in other foreign currencies) in nominal value;
- (ii) RHB Bank issued Senior Sukuk amounting to RM300 million on 20 October 2020 based on the Shariah principle of Murabahah (via Tawarruq arrangement) ("Senior Sukuk Murabahah") under a multi-currency Islamic medium term notes programme of up to RM10 billion (or its equivalent in other currencies) in nominal value.

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

The proceeds raised from the Senior Sukuk Murabahah and Subordinated Notes have been used for general working capital and Shariah-compliant activities purposes within the Group. Details of the Senior Sukuk Murabahah and Subordinated Notes are disclosed in Note 31 and 32 of the Financial Statements.

Proposed Establishment of a Dividend Reinvestment Plan

RHB Bank Berhad ("RHB Bank") announced on 17 December 2020 that it proposes to undertake the establishment of a dividend reinvestment plan ("Proposed DRP") that provides its shareholders ('Shareholders') with an option to elect to reinvest, in whole or in part, their cash dividend declared by RHB Bank in new ordinary shares of RHB Bank ('DRP Shares') ('Proposed DRP').

The rationale of the Proposed DRP is to provide RHB Bank with flexibility in managing and strengthening its capital position as part of RHB Bank's capital management strategy, as well as to offer Shareholders the option to enhance the value of their shareholdings in RHB Bank by investing in DRP Shares at a discount and from any future capital appreciation. The Proposed DRP may also potentially improve the trading liquidity of RHB Bank shares through the issuance of DRP Shares.

The Proposed DRP will potentially result in a cash retention for RHB Bank if its Shareholders elect to reinvest their dividend in DRP Shares. The net funds retained from the Proposed DRP (after the deduction of any related expenses) may be utilised to fund working capital, repayment of borrowings and/or other requirements of RHB Bank and its subsidiaries.

The Proposed DRP is subject to the approval from Shareholders at our forthcoming Annual General Meeting ("AGM") and any other relevant authority and/or party, if required.

The issuance of DRP Shares is subject to the approvals from:

- (a) Bursa Securities for the listing and quotation of the DRP Shares on the Main Market of Bursa Malaysia Securities Berhad;
- (b) Shareholders for the allotment and issuance of DRP Shares to be tabled at the forthcoming AGM; and
- (c) Bank Negara Malaysia for the increase in the issued share capital of RHB Bank arising from the issuance of DRP Shares.

(B) RELATED PARTY TRANSACTIONS

The Group has put in place a Policy on Related Party Transaction Review Process ("the Policy) since 2004 (revised and updated in 2015), which guides the review and reporting of all related party transactions. Under this policy, related party transactions are reviewed by Group Legal prior to independent review by Group Internal Audit before any submission is made to the Board Audit Committee for deliberation.

The Board did not enter into nor seek mandate from its shareholders on any RPT during the past financial year.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement on Risk Management and Internal Control (“Statement”) is prepared pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The Statement has been prepared in accordance with the guidelines as set out in the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers” endorsed by Bursa Malaysia.

The Statement outlines the key features of the risk management and internal control system of RHB Banking Group (“the Group”) during the year under review.

BOARD RESPONSIBILITY

The Board is committed to its overall responsibility in establishing a sound risk management and internal control system in the Group. The Board's responsibility includes reviewing the adequacy and effectiveness of the risk management and internal control system in safeguarding shareholders' interest and the Group's assets. While total elimination of risks is not possible, the system has been designed to manage the Group's risk appetite within the established risk tolerance set by the Board and Management to support the achievement of the Group's business objectives. The system can therefore only provide reasonable and not absolute assurance against the occurrence of any material misstatement, loss or fraud.

In acknowledging that having a sound risk management and internal control system is imperative, the Board has established a governance structure that ensures effective oversight of risks and internal controls in the Group at all levels. To this end, the Board is assisted by the Board Risk Committee (“BRC”) and Board Audit Committee (“BAC”) which have been delegated with primary oversight responsibilities on the Group's risk management and internal control system. The Board remains responsible for the governance of risk and for all the actions of the Board Committees with regard to the execution of the delegated oversight responsibilities.

The Board has also obtained assurance from the Group Managing Director and the Group Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively.

MANAGEMENT RESPONSIBILITY

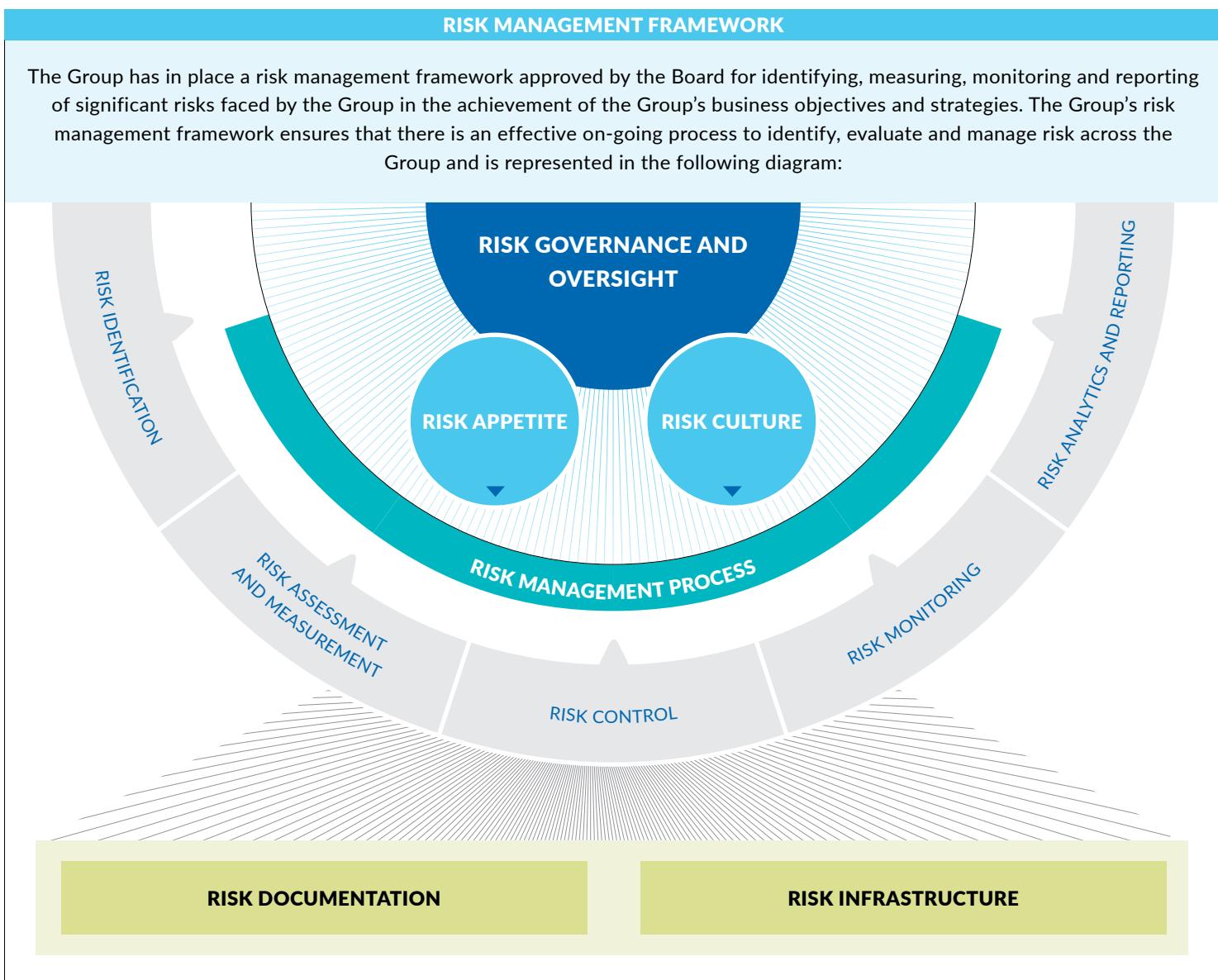
The Management is responsible for the overall implementation of the Group's policies and processes to identify, evaluate, measure, monitor and report on risks as well as the effectiveness of the internal control systems, taking appropriate and timely remedial actions as required. Its roles include:

- Identifying and evaluating the risks relevant to the Group's business and achievement of its business objectives and strategies;
- Designing and implementing the risk management framework in accordance with the Group's strategies and risk appetite, and monitoring its effectiveness; and
- Reporting in a timely manner to the Board on any changes to the risks or emerging risks and the appropriate actions taken.

Accordingly, the Management has provided assurance to the Board that the Group's risk management and internal control system is operating adequately and effectively with the necessary processes having been implemented.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



Risk Governance and Oversight

The Board of Directors sits at the apex of the risk governance structure and is ultimately responsible for the Group's/respective entities' risk management strategy, appetite, framework and oversight of risk management activities.

In order to manage the businesses and risks across all subsidiaries in an integrated basis, Group level committees are established to ensure consistency in practices. However, the Group maintains entity-specific committees to allow for greater flexibility and agility in managing specific regulatory and business requirements. Each Board Risk Committee which reports directly to the respective Boards provides oversight and assists the respective Boards to review the Group's overall risk management philosophy, frameworks, policies and models, and risk issues relevant and unique to its business.

The responsibility for the supervision of the day-to-day management of enterprise risk and capital matters is delegated to the Group Capital and Risk Committee comprising senior management of the Group and which reports to the relevant board committees and the Group Management Committee. The Investment Bank Risk Management Committee is responsible for oversight of risk management matters relating to RHB Investment Bank Group's business whilst the Group Asset and Liability Committee ("Group ALCO") oversees market risk, liquidity risk and balance sheet management.

Risk Appetite

Risk appetite for the Group is defined as the amount and the type of risks that the Group is willing to accept in pursuit of its strategic and business objectives. Risk tolerance on the other hand, is the acceptable level of variation relative to the achievement of the Group's strategic and business objectives. It is measured in the same units as the related objectives. It translates risk appetite into operational metrics, and it can be defined at any level of the Group.

The defined risk appetite and risk tolerance are periodically reviewed by the Management and the Board in line with the Group's business strategies and operating environment. Such review includes identifying and setting new risk appetite metrics for the business entity or removal of risk appetite metrics that are no longer applicable as well as updates on the risk appetite thresholds to be in line with the Group's business strategy and risk posture.

The main business and operations inherent risks that were considered in the risk appetite review include regulatory compliance risk, credit risk, market and liquidity risk, operational risk, technology and cyber risk, and Shariah non-compliance risk.

Risk Culture

Risk management is integral to all aspects of the Group's business and operations and is the responsibility of all employees across the Group. In line with regulatory requirements and industry best practices, the Group subscribes to the principle that "Risk and Compliance is Everyone's Responsibility" and hence, risk management is a core responsibility of the respective businesses and operating units. This has been articulated and documented in the Group Risk Management Framework.

Guided by the said principle, the Group has implemented on-going Risk Culture and Awareness programme which comprises training and awareness campaigns, throughout the Group (including overseas branches and subsidiaries) to promote a healthy risk culture. A strong risk culture minimises the Group's exposure to financial and non-financial risks including reputational impact, over time.

In addition, the Group has implemented the Business Risk & Compliance Officer ("BRCO") programme that aims to cultivate proactive risk and compliance management and to establish a robust risk culture. The BRCO programme entails the appointment of BRCO at the respective business and functional units who acts as key liaison on all risk and compliance matters.

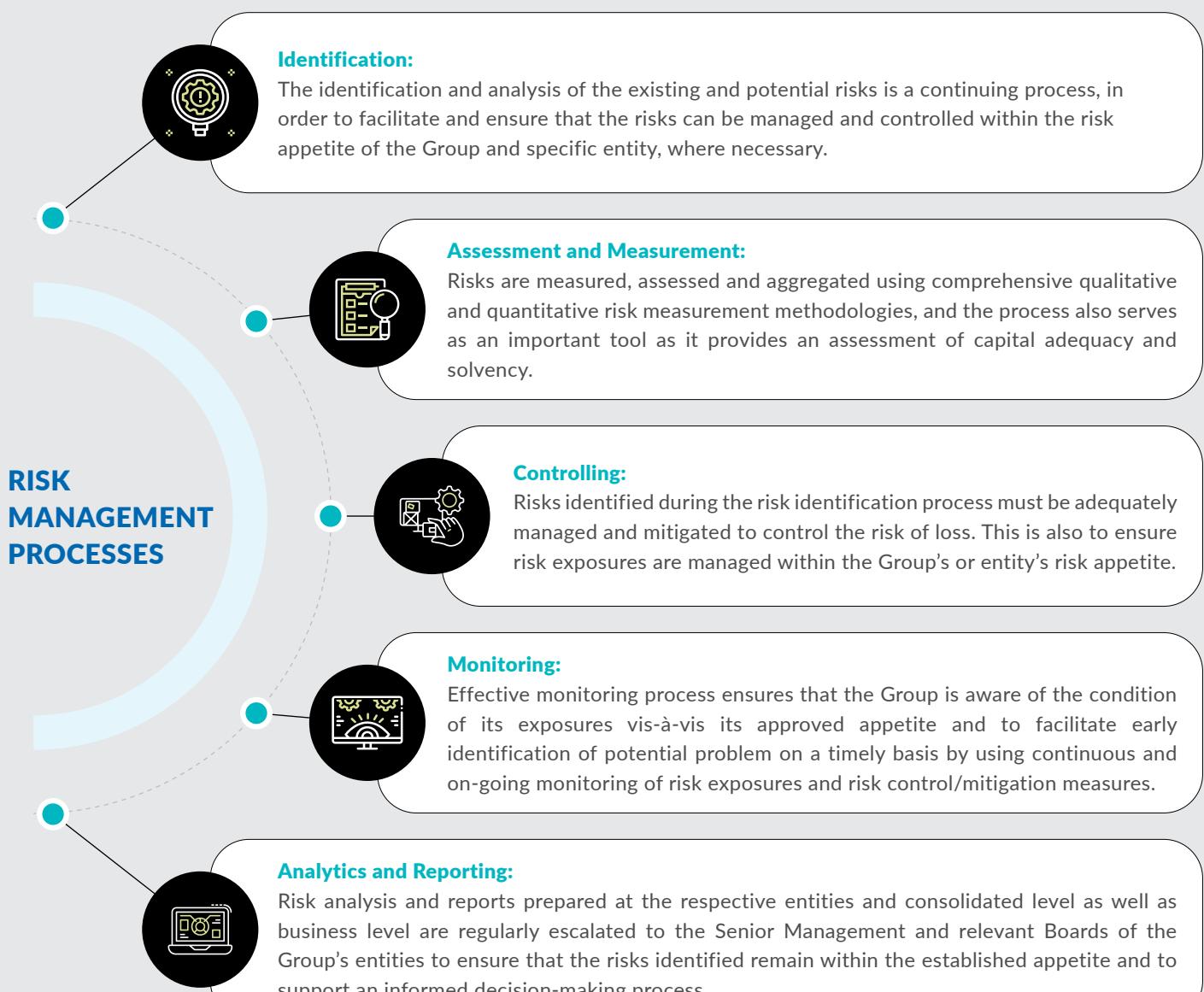
The implementation of the BRCO programme is in line with the 'Three Lines of Defence' model practised globally. There is clear accountability of risk ownership across the Group. The model is depicted in the diagram below:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management Processes

The risk management processes within the Group seek to identify, evaluate, measure, monitor and control risk so that risk exposures are adequately managed and the expected returns adequately compensate for the risks taken.



Risk Documentation

The Group recognises that effective implementation of the risk management system and process must be supported by a robust set of documentation and infrastructure. Towards this end, the Group has established frameworks, policies and other relevant control documents to ensure clearly defined practices and processes are implemented consistently across the Group.

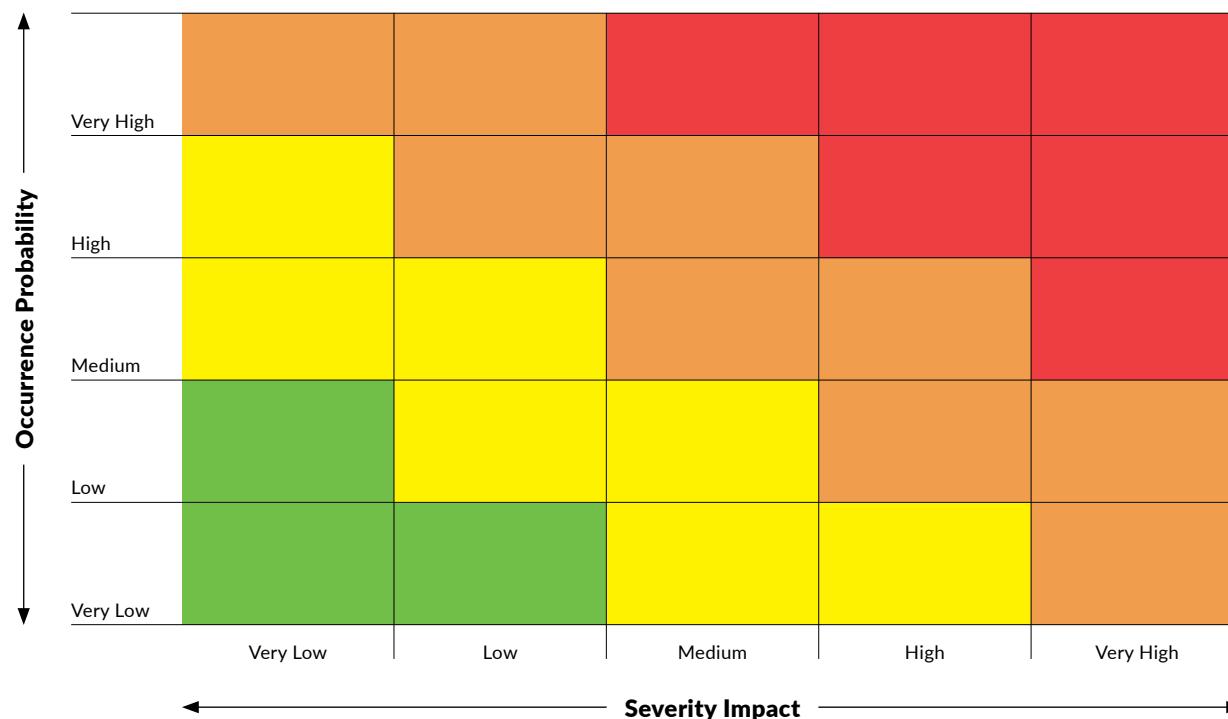
Risk Infrastructure

The Group has organised its resources and talents into dedicated risk management functions, and invested into the technology, including data management, to support the Group's risk management activities.

Risk Assessment

The Group has an established and comprehensive process for risk identification at every stage of the risk taking activities, namely transactional, product and even at the respective entities and Group level. Risks are also identified through Operational Risk Loss Event reporting and Portfolio thematic analysis. As part of the Group's periodic material risk assessment, the Group reviews the types and components of material risks, determines its quantum of materiality and refinement of processes taking into consideration the feedback received, including the independent reviews.

Material risk assessment is measured from the dimension of occurrence probability and severity impact. In addition, risk assessment also considers among others, the effectiveness of controls in place, and the impact to financial and non-financial indicators such as reputational risk. These are translated into a heat map matrix to derive the materiality of the risk as shown in the table below.



The use of the above matrix is a simple mechanism to increase visibility of risks and assist in decision-making. The Group considers residual risks which fall within the Red zones are 'Material', which may have severe impact on the Group financially and/or non-financially. Significant efforts will be taken to manage and mitigate these risks events.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY INTERNAL CONTROL PROCESSES

The Group's system of internal control is designed to manage and reduce risks that will hinder the Group from achieving its goals and objectives. It encompasses the policies, procedures, processes, organisational structures and other control aspects that are implemented for assuring the achievement of the Group's objectives in operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and internal policies.

The key processes established by the Board that provide effective governance and oversight of internal control systems include:

Control Environment and Control Activities

Organisation Structure

The Group has a formal organisational structure with clearly defined lines of accountability and responsibility, authority limits and reporting. The organisational structure provides the basic framework in ensuring that the Group's business and operations operate smoothly as well as depicting the span of control in ensuring effective supervision of day-to-day business conduct and accountability.

Sustainability Management

The Board is responsible to promote the Group's long term sustainable business success by embedding appropriate Environmental, Social and Governance ("ESG") measures into the Group's business strategies.

The Group has in place the Group's Sustainability Framework which sets out the Group's approach in managing material matters, mitigating negative impacts and contributing towards sustainable development. The Framework consists three thematic sustainability pillars, i.e. Sustainable and Responsible Banking, Embedding Good Practices and Enriching and Empowering Communities. Within each pillar, we have identified key focus areas that are important to our business and operations as well as to our stakeholders.

The Group aspires to meet its sustainability vision of "Build a Sustainable Future" by embedding sustainability practices into the Group's business and operations.



Please refer to our Sustainability Report 2020 for more details on our Group Sustainability Framework and initiatives.

Policies and Guidelines

Policies, guidelines and processes governing the Group's businesses and operations are documented and communicated Group-wide as well as made available to employees through the Group's intranet portal for ease of reference and compliance. These policies, guidelines and processes are reviewed and updated by the business and functional units through a structured review and approval process to cater to changes in laws and regulations as well as changes to the business and operational environment.

Authority Limits

The Board has approved the Group Manual of Authority ("MOA") which defines the approving authority with its approving limits for the various levels of Management in the Group. Accordingly, the Management is empowered to discharge their responsibilities and be accountable for their decisions and actions. The Group MOA is reviewed periodically and updated in line with changes in the organisation structure, business environment or operational needs.

Information Technology ("IT") Security

The Group regards IT security as a very high priority to ensure the confidentiality, integrity and availability of the Group's information assets and IT infrastructure.

IT security in the Group is achieved through the implementation of a risk based control approach covering people, process and technology. IT Security policies, standards, guidelines and procedures are well established and supported by proper organisational structures with competent resources. Defence in depth strategy is used where multiple layers of IT Security controls are enforced throughout the IT infrastructure and system. But equally important to the technology and process controls is the continuous programme to raise the level of security awareness of staff of all levels, Board members as well as third party technology service providers.

With the increasing number of cyber threats globally as well as locally, the Group has established a Cyber Threat Management Strategy and Cyber Security Response Plan to ensure that there is a structured process of prompt monitoring and timely response to cyber threats and incidents.

In order to strengthen and enhance the level of information security management, the Group has obtained certifications of ISO/IEC27001:2013 - Information Security Management System and ISO/IEC 20000:2011 - Information Technology Service Management, in addition to complying with various regulatory requirements on managing information technology risk holistically.

Control Environment and Control Activities

In addition, the rapid adoption of digitalisation has led to increased risks to traditional on-premises computing system. To address this emerging risk, the Group has adopted a multi-pronged approach:

- Gradual deployment of digital solutions with increased investment in security infrastructure and the hiring of support personnel with skillset covering digital fraud and cloud security
- Establishing proper governance in the management of digital deployment including independent third party security reviews and introduction of policies to strengthen the security controls covering the overall digitalisation initiative
- Continuous assessment of third party's cyber security posture and subscription of threat intelligence service for better visibility of the current cyber landscape.
- Enforcement of secure coding practices that applies security considerations to how software will be coded and encrypted to best defend against cyber-attack or vulnerabilities.

Budgeting Process

A robust budgeting process is established requiring all key operating entities in the Group to prepare budgets and business plans annually for approval by the respective Boards. The Group's budget and business plans as well as strategic initiatives, taking into account the established risk appetite, goes through a challenged session with Management prior to deliberation at the Board where the Group budget is presented.

Human Capital Management

One of the key constituents of any internal control system is its people and that our system of risk management and internal control is dependent on the responsibility, integrity and sound judgement that employees apply to their work. Hence, the Group has in place policies and procedures that govern recruitment, appointment, performance management and rewards as well as matters relating to discipline, termination and dismissal.

For sustainable growth, the Group places emphasis on human capital development, talent management and succession planning. To enhance employee competencies, structured and technical trainings as well as management and leadership workshops are provided to them based on their identified needs during the annual performance assessment. For talent management, initiatives such as Leadership Development Programme, Individual Development Plan and mentoring are implemented to develop identified talents in the Group to facilitate the continuous supply of high potentials and suitable successors for future leadership roles.

Group Code of Ethics and Conduct

The Group Code of Ethics and Conduct ("the Code") is established to ensure a high standard of ethical and professional conduct is upheld by all employees in performing their duties and responsibilities. It is a requirement that all employees of the Group understand and observe the Code. New recruits are briefed on the Code and are required to

sign the Employee Declaration of Compliance Form upon joining the Group.

The Group has also established the Gifts and Hospitality Guideline to promote integrity and transparency for giving and receiving gifts. The Guideline complements the Code and are designed to help the Group and its employees understand the respective parties' obligations in upholding corporate integrity and transparency about gifting.

Group Anti-Money Laundering and Counter Financing of Terrorism Policy

The Group Anti-Money Laundering and Counter Financing of Terrorism ("AML/CFT") Policy ("Group AML/CFT Policy") is drawn up in accordance with the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 and Bank Negara Malaysia's standards on AML/CFT. It sets out the high level standards towards building a stronger and robust AML/CFT compliance regime within the Group, facilitates consistency in managing the AML/CFT compliance risk across the local and regional entities within the Group, and sets out the Group's policy statements in respect of the general principles and key measures to which the Group adheres to.

Pursuant to the Group AML/CFT Policy, the entities and/or employees within the Group are required to adopt Risk Based Approach ("RBA") to customer acceptance and implement the AML/CFT Compliance Programme framework. This includes customer due diligence ("CDD") requirements, monitoring of customer activities/transactions, reporting of suspicious transactions, record keeping, AML/CFT training, protection of customer information, and enforcement actions for non-compliance to the requirements.

The Group AML/CFT Policy also outlines the roles and responsibilities as well as establishes clear accountability of the Board of Directors, Senior Management and all employees within the Group.

The Board has an oversight responsibility for establishing the AML/CFT policies/guidelines and minimum standards while the Senior Management is accountable for the implementation and management of AML/CFT compliance programmes in accordance with the policies and guidelines as approved by the Board.

Group Fraud Risk Management Policy

The Group Fraud Risk Management Policy is designed to promote consistent organisational behaviour through the development, implementation, and regular review of fraud prevention, detection and response strategies. The Policy defines the core governing principles for fraud management within the Group which include leadership and ethical culture, fraud awareness and prevention, fraud control and detection, fraud reporting and escalation as well as fraud response with appropriate corrective actions.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Business Continuity Management

The Group recognises and is fully committed to the need to provide uninterrupted critical services to its customers, ensure the safety of its employees, protect its assets including data, and safeguard the interest of its key stakeholders that collectively ensure the viability of the organisation. Hence, the Group is aware of the importance of a sound Business Continuity Management ("BCM") Framework and Programme to build organisational resilience and an effective response and recovery mechanism to safeguard the interest of key stakeholders, reputation and brand. The Group's BCM Programme is based on good business continuity practices, Bank Negara Malaysia and other regulatory guidelines and international standards.

The Board has an oversight function on the Group's BCM readiness through the BRC and GCRC. The Group Business Continuity Committee is the management committee established to oversee the Group's business continuity framework, policies, budget and plans, and reports to GCRC.

A sound BCM Programme has been implemented in the Group to ensure the critical business functions are recovered in a timely manner in the event of any disruption. Reviews, assessments, updates and testing of the BCM plans are conducted regularly to ensure adequacy, effectiveness and readiness of the business recoveries. Simulation exercises and drills are conducted to familiarise and equip staff with the skills and processes required to ensure that in the event of any disruption, critical business processes can continue or be recovered in a timely manner.

2020 was proven to be a challenging year due to COVID-19 pandemic outbreak. We have taken proactive and precautionary measures since January 2020 to mitigate and manage the outbreak and risk of infection while ensuring continuous provision of essential services. The Group has activated its Business Continuity Plan ("BCP") pandemic strategy for all business functions across the Group which includes split operations and work-from-home arrangements, utilisation of digital platform for any meetings and provided constant advisory and updates on the COVID-19 Standard Operating Procedures ("SOPs") for all RHB staff.

Moving in tandem with COVID-19 coordination are some new initiatives to enhance our BCM programme. The Group has laid out its 5-year plan for BCP/Disaster Recovery Plan ("DRP") test activities of RHB Banking Group to progressively develop and enhance the Group's maturity in conduct of its BCP/DRP programme. Despite challenges in adapting to the new norm and SOPs, the Group has also conducted a wide-scale integrated Crisis Simulation Exercise to further assess the Management and staff readiness to respond to crisis under multiple scenarios. The Group also participated in capital market cyber drill simulation organised by the Securities Commission of Malaysia. The simulations allow assessment of the Group's capabilities and readiness in managing cyber-attack incident while receiving insights on best practices across the financial services industry in managing cybersecurity risk.

Information and Communication

Performance Review

Regular and comprehensive information is provided by Management to monitor its performance against the strategic business plan and the annual budget approved by the Board. This information covers all key financial and operational indicators as well as key strategic initiatives undertaken by the Group during the year.

The Board and the Group Management Committee ("GMC") receive and review financial reports on the Group's monthly and quarterly financial performance against approved targets and the reasons for any significant variances as well as measures that are being put in place to meet such targets.

The heads of the core businesses and functions in the Group present their respective management reports to the GMC at its monthly meeting, covering areas such as financial performance, key activity results and new business proposal or process for information of and deliberation by the GMC.

Group Whistleblowing Policy

A Group Whistleblowing Policy ("GWBP") was established by the Group in 2007 and last updated in 2020. The GWBP provides proper mechanism and sets a minimum standard to be adhered by the Group in dealing with disclosure of questionable actions or wrong doings by personnel within the Group. Details of the GWBP can be found under Practice 3.2 of the RHB Bank Berhad's Corporate Governance ("CG") Report, available at www.rhbgroup.com.

Incident Management Reporting

To complement the Group's internal control monitoring, a comprehensive incident management reporting guideline has been implemented to ensure proper escalation and management of incidents according to the level of severity. The established incident management reporting process ensures that all incidences with material risk and losses are escalated promptly to Senior Management and the Board with necessary steps taken to mitigate any potential risks that may arise. This enables the decision makers to undertake informed decision-making and be kept up to date on situations as well as manage risks effectively.

Monitoring

Board Committees

The Board has in place, Board Committees that are set up to support the Board in its oversight function. The Board Committees include the BRC, BAC, Board Nominating & Remuneration Committee, Board Credit Committee, Investment Bank Board Risk Committee ("IBBRC"), Islamic Board Risk Committee ("BRC-i") and Insurance Board Risk Committee ("Insurance BRC"). These Board Committees have been delegated with specific duties to review and consider all matters within their scope of responsibility as defined in their respective Terms of Reference ("ToR"). Detailed responsibilities of these Board Committees can be found under RHB Bank Berhad's CG Report, Board Charter and their respective ToRs available at www.rhbgroup.com.

Group Management Committee

The GMC comprises the Group Managing Director as the Chairman, the Chief Executive Officers/Managing Directors of the relevant key operating subsidiaries and the key Senior Management of the Group. The GMC provides the leadership and direction in the implementation of strategies and policies approved by the Board and meets monthly to discuss and deliberate strategic matters that impact the Group's operations.

Management Audit Committees

Management Audit Committees ("MACs") are established at the key operating entities in the Group to ensure timely rectification of any audit findings and the underlying causes highlighted by the internal and external auditors, and regulators. The status of rectification of all audit findings and the mitigation action plans implemented by Management to adequately address the underlying causes are closely monitored by the MACs at every meeting.

The MACs comprising senior level representatives from different business/functional groups are chaired by the Group Chief Financial Officer/Managing Director of the entity concerned. The MACs meet monthly/bi-monthly and the minutes of meetings together with the relevant audit reports are subsequently tabled to the BAC for information, deliberation and direction for further action where required.

Group Compliance

Compliance is the collective responsibility of the Board, Senior Management and every employee of the Group. The compliance function forms an integral part of the Group's risk management and internal control framework. In view that a strong compliance culture reflects a corporate culture of high integrity and ethics, everyone is expected to promote self-regulation and be accountable for their own activities while maintaining ethical principles and behaviour.

In addition to day-to-day monitoring, Group Compliance's commitment towards instilling a strong compliance culture across the Group is demonstrated through the establishment of a robust compliance monitoring framework which includes, among others, implementation of comprehensive compliance policies, frequent compliance reviews and testing, annual compliance risk assessment to identify high risk areas and conduct of regular training-awareness sessions across the Group to ensure that all employees are well informed of the latest regulatory requirements and expectations.

Further, the Boards and Senior Management are also apprised of the Group's state of compliance through the submission of the Group Compliance report on a periodic basis.

Shariah Compliance

In line with the Shariah Governance Policy for Islamic Financial Institutions issued by Bank Negara Malaysia, a comprehensive Shariah Governance Framework has also been put in place by the Group which encompasses the Group's Shariah governance structure, the key principles and components underpinning the same, the reporting structure as well as its roles and responsibilities.

Various activities involving reviews, assessment, trainings and briefings aimed at creating Shariah awareness as well as continuous learning programmes were conducted throughout the year to educate employees on the importance of Shariah requirements and compliance surveillance.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT

Group Internal Audit ("GIA") is established by the Board to provide an independent appraisal on the adequacy and effectiveness of the Group's risk management, internal control and governance processes implemented by the Management.

The internal audit universe covers all key activities of the Group, including that of its branches, business centres, overseas operations, subsidiaries as well as outsourced activities. GIA adopts a risk-based approach in determining the auditable units and frequency of audits in line with the Group's key risks, strategies and areas of focus, which are identified based on GIA's risk assessment methodology.

The risk-based internal audit plan is approved by the BAC annually. Audit reports which include detailed audit findings, GIA's comments and recommendations, and Management's response are tabled to MACs and BAC on a monthly basis. In addition, Shariah Audit reports are also tabled to Shariah Committee for notification and deliberation.

GIA is headed by the Group Chief Internal Auditor who reports functionally to the BAC and administratively to the Group Managing Director to ensure GIA's independence from Management.

Further information on the GIA function is provided in the Board Audit Committee Report of this Integrated Report.

CONCLUSION

The Board, through the BAC, BRC, IBBRC, BRC-i and Insurance BRC confirms that it has reviewed the adequacy and effectiveness of the Group's risk management and internal control system.

Based on the monthly updates from its Board Committees and the assurance received from the Management, the Board is of the view that the Group's risk management and internal control system is operating adequately and effectively for the financial year under review and up to the date of approval of this Statement.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

ANALYSIS OF SHAREHOLDINGS

as at 15 March 2021

Number of Issued Shares	:	4,010,045,621 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	Each shareholder present in person or by proxy at any Shareholders' Meeting shall have one vote for each ordinary share held
Number of Shareholders	:	20,211

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100 shares	1,954	9.67	44,392	0.00
100 – 1,000 shares	4,113	20.35	2,378,841	0.06
1,001 – 10,000 shares	10,909	53.98	38,290,608	0.95
10,001 – 100,000 shares	2,363	11.69	69,992,217	1.75
100,001 to less than 5% of the issued shares	870	4.30	2,037,810,768	50.82
5% and above of the issued shares	2	0.01	1,861,528,795	46.42
Total	20,211	100.00	4,010,045,621	100.00

SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholders	No. of Shares			
		Direct	%	Indirect	%
1.	Employees Provident Fund Board ("EPF") ¹	1,659,876,604	41.39	-	-
2.	OSK Holdings Berhad	406,171,518	10.13	-	-
3.	Kumpulan Wang Persaraan (Diperbadankan)	201,652,191	5.03	42,185,400	1.05
4.	Tan Sri Ong Leong Huat @ Wong Joo Hwa ²	-	-	406,171,518	10.13
5.	OSK Equity Holdings Sdn Bhd ²	-	-	406,171,518	10.13
6.	Puan Sri Khor Chai Moi	29,997	*	406,171,518 ²	10.13

Notes:

* Negligible percentage.

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

² Deemed interested pursuant to Section 8(4) of the Companies Act 2016, by virtue of shares held through OSK Holdings Berhad.

DIRECTORS' INTEREST IN SECURITIES OF THE COMPANY AND ITS RELATED CORPORATION

The Company	Shareholdings	
	No. of Shares Held	%
Tan Sri Ong Leong Huat @ Wong Joo Hwa		
- Indirect ¹	406,202,949	10.13
Ong Ai Lin		
- Direct	25,000	*

Notes:

* Negligible percentage.

¹ Deemed interested pursuant to Sections 8(4) and 59 of the Companies Act 2016, by virtue of shares held through OSK Holdings Berhad and his family members.



CLASSIFICATION OF SHAREHOLDERS

as at 15 March 2021

Category	No. of Shareholders		Shareholdings		% of Total Shareholdings	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Individual						
Bumiputera	585	0	3,328,070	0	0.08	0.00
Chinese	14,054	0	78,152,459	0	1.95	0.00
Indian	547	0	1,920,751	0	0.05	0.00
Others	68	446	352,001	5,247,034	0.01	0.13
Body Corporate						
Banks/Finance Companies	34	0	562,846,377	0	14.03	0.00
Investments Trusts/ Foundation/Charities	6	0	385,473	0	0.01	0.00
Other Types of Companies	331	17	209,850,612	25,981,449	5.23	0.65
Government Agencies/ Institutions						
Nominees	3,027	1,094	2,400,036,281	715,939,824	59.85	17.85
Others	0	0	0	0	0.00	0.00
Total	18,654	1,557	3,262,877,314	747,168,307	81.36	18.63

CHANGES IN SHARE CAPITAL

as at 15 March 2021

The number of issued shares of the Company as at 15 March 2021 is 4,010,045,621 ordinary shares.

The changes on the number of issued shares since 1999 are as follows:-

Date	No. of Shares Allotted	Description	Cumulative No. of Issued Shares	
			Preference Shares	Ordinary Shares
03/06/1999	308,500,000 (preference shares)	Issued pursuant to Sale of Shares Agreement between RHB Bank Berhad ("RHB Bank"), Rashid Hussain Berhad (as promoter), Sime Darby Financial Services Holdings Sdn Bhd and KUB Malaysia Berhad for the acquisition of 90.36% equity interest in Sime Bank Berhad.	308,500,000	3,899,971,952
03/06/1999	1,000,000,000 (preference shares)	Issued pursuant to Subscription Agreement dated 30 November 1998 between Danamodal Nasional Berhad, RHB Capital Berhad ("RHB Capital") and RHB Bank.	1,308,500,000	3,899,971,952
01/09/1999	4,469,561 (preference shares)	Issued pursuant to the compulsory acquisition of the remaining 9.64% equity interest in Sime Bank Berhad.	1,312,969,561	3,899,971,952
23/09/1999	55,129,584 (preference shares)	Issued pursuant to the compulsory acquisition of the remaining 9.64% equity interest in Sime Bank Berhad.	1,368,099,145	3,899,971,952
27/03/2008	2,736,198,290 (ordinary shares of RM0.50 each)	Issued pursuant to the Conversion Notice received by RHB Bank in respect of the Irredeemable Non-Cumulative Convertible Preference Shares ("INCPS") holder, RHB Capital's intention to convert its entire 1,368,099,145 INCPS of RM1.00 each into new ordinary shares of RM0.50 each in RHB Bank.	-	6,636,170,242
31/10/2014	94,802,428 (ordinary shares of RM0.50 each)	Issued pursuant to Rights Issue on the basis of 1 new ordinary share for every 70 existing ordinary shares held.	-	6,730,972,670
03/04/2015	190,197,391 (ordinary shares of RM0.50 each)	Issued pursuant to Rights Issue on the basis of 28.26 new ordinary shares for every 1,000 existing ordinary shares held.	-	6,921,170,061
18/02/2016	Not applicable	Consolidation of every 2 existing ordinary shares of RM0.50 each into 1 new ordinary share of RM1.00 each.	-	3,460,585,030
07/04/2016	101,618,705 (ordinary shares of RM1.00 each)	Issued pursuant to Rights Issue on the basis of 29.3646 new ordinary shares for every 1,000 existing ordinary shares held.	-	3,562,203,735
14/04/2016	447,841,886 (ordinary shares of RM1.00 each)	Cash.	-	4,010,045,621



LIST OF THIRTY (30) LARGEST SHAREHOLDERS

as at 15 March 2021

No.	Name	Shareholdings	
		No. of Shares	%
1	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	1,659,876,604	41.39
2	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	201,652,191	5.03
3	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	198,002,400	4.94
4	OSK HOLDINGS BERHAD	158,071,518	3.94
5	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD FOR OSK HOLDINGS BERHAD	143,400,000	3.58
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD	84,478,273	2.11
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	66,431,404	1.66
8	RHB NOMINEES (TEMPATAN) SDN BHD MALAYSIAN TRUSTEES BERHAD PLEDGED SECURITIES ACCOUNT FOR OSK HOLDINGS BHD (OSK I CM T1)	59,200,000	1.48
9	PERMODALAN NASIONAL BERHAD	53,233,900	1.33
10	RHB NOMINEES (TEMPATAN) SDN BHD MALAYSIAN TRUSTEES BERHAD PLEDGED SECURITIES ACCOUNT FOR OSK HOLDINGS BHD (OSK I CM MTN T2)	45,500,000	1.13
11	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	39,020,517	0.97
12	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 3	36,876,760	0.92
13	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	32,298,607	0.81
14	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (SINGAPOREJPMPB)	31,400,000	0.78
15	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR NORGE BANK (FI 17)	24,682,888	0.62
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	22,222,500	0.55
17	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	21,588,300	0.54
18	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	20,543,969	0.51

No.	Name	Shareholdings	
		No. of Shares	%
19	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (LIFE PAR)	20,439,500	0.51
20	GUOLINE (SINGAPORE) PTE LTD	19,560,000	0.49
21	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 2 – WAWASAN	17,712,300	0.44
22	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	16,177,200	0.40
23	HSBC NOMINEES (ASING) SDN BHD J.P. MORGAN SECURITIES PLC	15,853,300	0.40
24	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSF)	15,749,800	0.39
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA MA YU	15,472,600	0.39
26	HSBC NOMINEES (ASING) SDN BHD TNTC FOR THE HIGHCLERE INTERNATIONAL INVESTORS EMERGING MARKETS SMID FUND	13,749,200	0.34
27	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	13,200,079	0.33
28	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL EQITS)	12,475,600	0.31
29	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR BLACKROCK INSTITUTIONAL TRUST COMPANY, N.A. INVESTMENT FUNDS FOR EMPLOYEE BENEFIT TRUSTS	12,275,350	0.31
30	HSBC NOMINEES (ASING) SDN BHD JPMBL SA FOR STICHTING DEPOSITORY APG EMERGING MARKETS EQUITY POOL	12,129,195	0.30



Location	Owner	Description of Property	Land Area (sq m.)	Usage	Age of building (Years)	Tenure	Year of Expiry on Lease	Net Book Value 31.12.2020 (RM' 000)	Year of Acquisition or Revaluation
MALAYSIA									
Kuala Lumpur									
1. Tower 1, Tower 2 & 3, RHB Centre 424 & 426 Jalan Tun Razak	RHB Bank Berhad	12 storey & 16 storey office building	10,270	Office Space	31 & 25	Freehold	-	189,028	2016
Penang									
2. 44 Lebuh Pantai Georgetown	RHB Bank Berhad	1 unit of 6½ storey commercial building	896	Bank Branch	61	Freehold	-	3,218	1968
3. Unit 11 & 12 Jalan Chain Ferry Tmn Inderawasih Seberang Prai	RHB Bank Berhad	2 units of 3 storey commercial building	603	Bank Branch	26	Freehold	-	3,374	1998
Selangor									
4. Lot No. 8 Jalan Institusi Bandar Baru Bangi	RHB Bank Berhad	6 storey office Block, 5 storey Training Block, 7 storey IT Block & 5 storey Car Park Block	55,713	Training Centre	20	Leasehold	2090	61,394	1992
Perak									
5. No. 2,4,6 & 8 Jalan Tun Sambanthan Ipoh	RHB Bank Berhad	4 storey office building	890	Bank Branch	23	Freehold	-	4,435	1991
SINGAPORE									
6. 90 Cecil Street	Banfora Pte Ltd	2 commecial buildings	796	Commercial Building	41	Leasehold	2980	148,229	1997
7. 10, Jalan Besar 01-03 Sim Lim Tower	RHB Bank Berhad	Ground Floor of office buildings	543	Bank Branch	42	Freehold	-	25,558	1999
8. 14A/B, 16A/B & 18A/B East Coast Road	RHB Bank Berhad	3 units of 3 storey shophouses	442	Bank Branch	62	Freehold	-	13,488	1999
9. 1/1A/1B Yio Chu Kang Road	RHB Bank Berhad	First Floor of office buildings	101	Bank Branch	40	Freehold	-	9,741	1999
10. No. 537/539 Geylang Road	RHB Bank Berhad	3 storey shophouses	374	Bank Branch	97	Freehold	-	8,832	1999

NOTICE OF 55TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 55th Annual General Meeting ("AGM") of RHB Bank Berhad ("RHB Bank" or "Company") will be held at, and broadcasted live from Meeting Room 3, Level 16, Tower Three, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia ("Broadcast Venue") on Tuesday, 25 May 2021, at 10.00 a.m. to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2020 and the Directors' and Auditors' Reports thereon. (Please refer to Explanatory Note 1)
2. To approve a single-tier final dividend of 7.65 sen per share in respect of the financial year ended 31 December 2020. **Ordinary Resolution 1**
3. To re-elect the following Directors who retire by rotation pursuant to Clause 94 of the Company's Constitution and who being eligible offer themselves for re-election:
 - (1) Tan Sri Ong Leong Huat @ Wong Joo Hwa **Ordinary Resolution 2**
 - (2) Ms Ong Ai Lin **Ordinary Resolution 3**
4. To re-elect the following Directors who retire pursuant to Clause 98 of the Company's Constitution and who being eligible offer themselves for re-election:
 - (1) Tan Sri Ahmad Badri Mohd Zahir **Ordinary Resolution 4**
 - (2) Mr Donald Joshua Jaganathan **Ordinary Resolution 5**
 - (3) Datuk Iain John Lo **Ordinary Resolution 6**
5. To approve the payment of Directors' fees and Board Committees' allowances to the Non-Executive Directors from the 55th AGM of the Company to the 56th AGM of the Company. **Ordinary Resolution 7**
6. To approve the payment of Directors' remuneration (excluding Directors' fees and Board Committees' allowances) of an amount up to RM1,600,000 to the Non-Executive Directors from the 55th AGM of the Company to the 56th AGM of the Company. **Ordinary Resolution 8**
7. To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company to hold office until the conclusion of the 56th AGM of the Company, at a remuneration to be determined by the Directors. **Ordinary Resolution 9**

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following resolutions:

8. **AUTHORITY FOR DIRECTORS TO ISSUE SHARES** **Ordinary Resolution 10**

"**THAT** subject always to the Companies Act 2016, the Company's Constitution and approval of the relevant government/regulatory authorities, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company for the time being, **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next AGM of the Company."



9. PROPOSED DIVIDEND REINVESTMENT PLAN THAT PROVIDES THE SHAREHOLDERS OF RHB BANK ("SHAREHOLDERS") WITH AN OPTION TO ELECT TO REINVEST THEIR CASH DIVIDEND IN NEW ORDINARY SHARES OF RHB BANK ("RHB BANK SHARES") ("PROPOSED DRP")

Ordinary Resolution 11

"THAT subject to the approvals of the relevant authorities for the Proposed DRP being obtained and to the extent permitted by law:

- (i) the Proposed DRP be and is hereby approved and authorised;
- (ii) the board of directors of the Company ("Board") be and is hereby authorised:
 - (a) to establish and implement the Proposed DRP based on the terms and conditions of the Dividend Reinvestment Plan Statement; and
 - (b) to determine, at their sole and absolute discretion, whether the Proposed DRP will apply to any cash dividend declared and/or approved by the Company or by the Board (as the case may be) (whether interim, final, special or any other types of cash dividend);

AND THAT the Board be and is hereby authorised to do all such acts and enter into all such transactions, arrangements, deeds and undertakings and to execute, sign and deliver for and on behalf of the Company, all such documents and impose such terms and conditions or delegate all or any part of its powers as may be necessary or expedient in order to implement, finalise and give full effect to the Proposed DRP, with full powers to assent to any conditions, variations, modifications and/or amendments, including amendment, modification, suspension and termination of the Proposed DRP, as the Board may, in its absolute discretion, deem fit or expedient, and in the best interest of the Company and/or as may be imposed or agreed to by any relevant authorities."

10. ALLOTMENT AND ISSUANCE OF NEW RHB BANK SHARES PURSUANT TO THE PROPOSED DRP ("DRP SHARES") ("ISSUANCE OF DRP SHARES")

Ordinary Resolution 12

"THAT subject to the passing of Ordinary Resolution 11 and the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board to allot and issue such number of DRP Shares from time to time as may be required to be allotted and issued, upon the terms and conditions and to such persons as the Board may, in its absolute discretion, deem fit or expedient, and in the best interest of the Company PROVIDED THAT the issue price of the DRP Shares, which will be determined by the Board on the price-fixing date to be determined and announced ("Price Fixing Date"), shall be fixed by the Board at a price of not more than a 10% discount to the 5-day volume weighted average market price ("VWAP") of RHB Bank Shares immediately before the Price Fixing Date. The 5-day VWAP of RHB Bank Shares shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price of the DRP Shares and that such authority to allot and issue the DRP Shares shall continue to be in force until the conclusion of the Company's next AGM;

AND THAT the DRP Shares shall, upon allotment and issuance, rank equally in all respects with the then existing issued shares in RHB Bank, save and except that the DRP Shares shall not be entitled to any dividends, rights, benefits, entitlements and/or other distributions that may be effected before the date of allotment of the DRP Shares;

AND THAT the Board be and is hereby authorised to do all such acts and enter into all such transactions, arrangements, deeds and undertakings and to execute, sign and deliver for and on behalf of the Company, all such documents and impose such terms and conditions or delegate all or any part of its powers as may be necessary or expedient in order to implement, finalise and give full effect to the issuance of DRP Shares, with full powers to assent to any conditions, variations, modifications and/or amendments, including amendment, modification, suspension and termination of the Proposed DRP, as the Board may, in its absolute discretion, deem fit or expedient, and in the best interest of the Company and/or as may be imposed or agreed to by any relevant authorities."

11. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the shareholders' approval for the payment of a single-tier final dividend of 7.65 sen per share in respect of the financial year ended 31 December 2020 ("Final Dividend") under Ordinary Resolution 1 at the 55th AGM of the Company to be held on Tuesday, 25 May 2021, the Final Dividend will be paid on 8 July 2021 to Depositors whose names appear in the Record of Depositors of the Company as at 10 June 2021.

A Depositor shall qualify for entitlement to the Final Dividend only in respect of:

- (a) Securities transferred into the Depositor's securities account before 4.30 p.m. on 10 June 2021 in respect of transfers;
- (b) Securities deposited into the Depositor's securities account before 12.30 p.m. on 8 June 2021 in respect of securities exempted from mandatory deposits; and
- (c) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

Azman Shah Md Yaman (LS 0006901) (SSM PC No.: 201908001628)

Hasnita Sulaiman (MAICSA No. 7060582) (SSM PC No.: 201908001631)

Company Secretaries

Kuala Lumpur

27 April 2021

NOTES:

Virtual AGM

1. The 55th AGM of the Company will be conducted entirely 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 www.boardroomlimited.my. Please follow the procedures provided in the Administrative Details for the 55th AGM in order to register, participate and vote remotely.
2. The Broadcast Venue of the 55th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. The venue of the 55th AGM is to inform members where the virtual AGM 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 deposited securities, only members whose names appear in the Record of Depositors on 19 May 2021 (General Meeting Record of Depositors) shall be entitled to participate and vote remotely at the forthcoming 55th AGM using the remote participation and electronic voting facilities.
2. A member of the Company entitled to participate and vote remotely at the forthcoming 55th AGM 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 www.boardroomlimited.my not later than 48 hours before the time fixed for holding the forthcoming 55th AGM or any adjournment thereof.

Explanatory Notes

1. Item 1 of the Agenda – Audited Financial Statements for Financial Year Ended 31 December 2020

Item 1 of the Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Ordinary Resolution 1 - Payment of Single-Tier Final Dividend

The proposed single-tier final dividend as per Ordinary Resolution 1 shall be subjected to the fulfilment of the condition(s) as may be imposed by the regulatory authority.

3. Ordinary Resolutions 2, 3, 4, 5 and 6 – Re-election of Retiring Directors

3.1 Clause 94 of the Company's Constitution provides that one-third (1/3) of the Directors for the time being, or if their number is not a multiple of three (3), then the number nearest to one-third (1/3), shall retire by rotation at an AGM of the Company and be eligible for re-election. With the current Board size of ten (10), two (2) Directors are to retire in accordance with Clause 94 of the Company's Constitution.

(a) For the purpose of determining the eligibility of the Directors to stand for re-election at the 55th AGM, the Board Nominating & Remuneration Committee ("BNRC") has assessed each of the retiring Directors, and considered the following:

- (i) The Directors' attributes, competencies, contributions in respect of decision making, roles played and contributions to the Board and Board Committees and adequacy of training, as well as the Board Effectiveness Evaluation ("BEE"); and
- (ii) The level of independence assessment is benchmarked against best practices and regulatory provisions.

(b) In line with Standard 13.1 of the Policy Document on Corporate Governance issued by Bank Negara Malaysia ("BNM"), the Board has conducted its annual assessment of the Directors of the Company based on the relevant performance criteria which include the following:

- Part A: Evaluation of the Board(s)

Part A evaluated the overall behaviours and culture of the Board based on six (6) identified dimensions, namely decision making, communication, board dynamics, mind-set, leadership and conduct & culture of the Board as a collective unit and also specifically on the attributes of individual Board Committee's conduct & performance.

Some of the selected questions were accompanied by a comment box for explanation on the chosen rating. The respondent was encouraged to provide example(s) which can illustrate the relevant practice(s), situation(s) or actual incident(s) encountered in justifying the rating.

- Part B: Board of Directors' Self & Peer-Assessment

Part B evaluated individual Board member's contribution to the Board and aspects on personal qualities and attributes. The questionnaires were crafted to assess the Directors on specific traits such as Agility, Energy, Social Leadership, Contribution & Interaction, Quality of Input, Understanding of Role and Independence.

Based on the results of the BEE, the individual Directors met the performance criteria required of an effective and a high performance Board. In addition, the Board will also engage an independent external party on a periodic basis in line with the recommendations of the Malaysian Code on Corporate Governance.

- (c) Based on the above, the Board approved the BNRC's recommendation that Tan Sri Ong Leong Huat @ Wong Joo Hwa and Ms Ong Ai Lin who retire in accordance with Clause 94 of the Company's Constitution are eligible to stand for re-election. These two (2) retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board meeting.

Section 54(2)(a) of the Financial Services Act 2013 ("FSA") provides that the appointment, election, re-appointment and re-election as a Chairman, Director or Chief Executive Officer of the Company is subject to the prior written approval of BNM. In this respect, the approval of BNM on the proposed re-election of Tan Sri Ong Leong Huat @ Wong Joo Hwa and Ms Ong Ai Lin as Directors under Ordinary Resolutions 2 and 3 has been obtained.

- 3.2 Clause 98 of the Company's Constitution provides that any Director so appointed shall hold office only until the next following AGM, and shall then be eligible for re-election but shall not be taken into account in determining the retirement of Directors by rotation at such meeting.

- (1) Tan Sri Ahmad Badri Mohd Zahir was appointed as a Non-Independent Non-Executive Director/Deputy Chairman and formalised as the Chairman of the Company on 16 November 2020 and 24 March 2021, respectively. BNM had, on 9 November 2020, provided its concurrence on his re-election as Director (under Ordinary Resolution 4) pursuant to Section 54(2)(a) of the FSA.
- (2) Mr Donald Joshua Jaganathan was appointed as an Independent Non-Executive Director of the Company on 17 August 2020. BNM had, on 14 August 2020, provided its concurrence on his re-election as Director (under Ordinary Resolution 5) pursuant to Section 54(2)(a) of the FSA.
- (3) Datuk Iain John Lo was appointed as an Independent Non-Executive Director of the Company on 15 September 2020. BNM had, on 9 September 2020, provided its concurrence on his re-election as Director (under Ordinary Resolution 6) pursuant to Section 54(2)(a) of the FSA.

4. Ordinary Resolution 7 – Payment of Directors' Fees and Board Committees' Allowances to the Non-Executive Directors

The Non-Executive Chairman and Non-Executive Directors are entitled to annual Directors' fees and annual Board Committees' allowances. In line with the current economic condition and as part of RHB Banking Group's ("Group") initiative to exercise financial prudence in view of the impact of the COVID-19 pandemic to the Group and its stakeholders, the Board of RHB Bank had, on 1 April 2021, agreed on a voluntary 10% reduction of annual Directors' Fees payable to the Non-Executive Directors on prorated basis for a period of 6 months from the 55th AGM of the Company, and thereafter the normal Directors' fees be paid for the remaining months until the 56th AGM of the Company. The Directors' fees and Board Committees' allowances are as set out below:

No.	Description	Non-Executive Chairman (RM)	Non-Executive Directors/ Members (RM)
1	Annual Directors' Fees (pro-rated) <i>(for a period of 6 months from the 55th AGM of the Company)</i>	180,000.00	157,500.00
2	Annual Directors' Fees (pro-rated) <i>(after the above 6 months' period until the 56th AGM of the Company)</i>	200,000.00	175,000.00
Annual Board Committees' Allowances			
3	Board Audit Committee	40,000.00	30,000.00
4	Board Nominating & Remuneration Committee	40,000.00	30,000.00
5	Board Risk Committee	40,000.00	30,000.00
6	Board Credit Committee	50,000.00	40,000.00

5. Ordinary Resolution 8 – Payment of Directors' Remuneration (excluding Directors' Fees and Board Committees' Allowances) to the Non-Executive Directors

The proposed Directors' Remuneration (excluding Directors' fees and Board Committees' allowances) comprises the allowances and other emoluments payable to the Non-Executive Directors. The current remuneration policy is as set out below:

No.	Description	Non-Executive Chairman (RM)	Non-Executive Directors (RM)
1	Monthly Fixed Allowance ^(a)	25,000.00	Not Applicable
2	Meeting Allowance (per meeting): (a) Board of the Company (b) Board Committees ^(b)	1,500.00 1,500.00 1,500.00 1,500.00	1,500.00 1,500.00 1,500.00 1,500.00
3	Farewell Pot Scheme (for the entire tenure of directorship) ^(c)	3,000.00	3,000.00
4	Other Benefits: Club membership, Directors & Officers liability insurance coverage, driver, car and petrol allowance, electronic devices and peripherals for meeting purposes, Directors' business-use credit card, banking benefits and air travel coverage, etc.		

Notes:

- (a) The monthly fixed allowance is given to the Chairman of the Company as a Special Allowance, in recognition of the significant roles in leadership and oversight, and the wide-ranging scope of responsibilities expected of him.
- (b) The abovementioned Board Committees are Centralised Committees which are shared by the Company and its relevant subsidiaries of RHB Banking Group (the Group).
- (c) A farewell gift with the value of up to RM3,000.00 will be granted to a Non-Executive Director for the entire tenure of directorship upon his/her exit from the Group, either upon retirement or resignation.

The Group Managing Director/Chief Executive Officer does not receive any Director's remuneration.

In determining the estimated total amount of remuneration (excluding Directors' fees and Board Committees' allowances) for the Non-Executive Directors including the Non-Executive Chairman of the Board of the Company, the Board had considered various factors including the number of scheduled meetings for the Board and Board Committees as well as the number of Non-Executive Directors involved in these meetings.

Payment of the Non-Executive Directors' remuneration will be made by the Company on a monthly basis and/or as and when deemed appropriate, if the proposed Ordinary Resolutions 7 and 8 have been passed at the 55th AGM of the Company. The Board is of the view that it is just and equitable for the Non-Executive Directors to be paid the Directors' remuneration on a monthly basis and/or as and when deemed appropriate, particularly after they have discharged their responsibilities and rendered their services to the Company throughout the relevant period.

6. Ordinary Resolution 9 – Appointment of Auditors

The Board Audit Committee ("BAC"), at its meeting on 25 January 2021, conducted its annual assessment on the external auditors of the Company, Messrs PricewaterhouseCoopers PLT ("PricewaterhouseCoopers") in accordance with BNM's Guidelines on External Auditors. The assessment covered a wide spectrum of matters such as performance, suitability, independence and objectivity of the external auditors, based on qualifying criteria for the appointment of auditors and terms of audit engagements.

Having satisfied itself with their performance and fulfilment of criteria as set out in BNM's Guidelines on External Auditors, the BAC recommended the re-appointment of PricewaterhouseCoopers as the external auditors of the Company for the financial year ending 31 December 2021. The Board, at its meeting on 27 January 2021, approved the recommendation for shareholders' approval to be sought at the 55th AGM of the Company on the re-appointment of PricewaterhouseCoopers as the external auditors of the Company for the financial year ending 31 December 2021, under Ordinary Resolution 9.

7. Ordinary Resolution 10 – Authority for Directors to Issue Shares

The proposed Ordinary Resolution 10 is to renew the general mandate to the Directors of the Company to issue ordinary shares of the Company from time to time pursuant to Sections 75 and 76 of the Companies Act 2016. The resolution, if passed, will give powers to the Directors of the Company to issue ordinary shares in the capital of the Company provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being (“**General Mandate**”), without having to convene a general meeting. The General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The General Mandate will enable the Directors to take swift action in case of, inter alia, a need for corporate exercises or in the event business opportunities or other circumstances arise which involve the issue of new shares and to avoid delay and cost in convening general meetings to approve such issue of shares. In any event, the exercise of the mandate is only to be undertaken if the Board considers it to be in the best interest of the Company.

8. Ordinary Resolutions 11 and 12 – Proposed DRP and Issuance of DRP Shares

The proposed Ordinary Resolution 11 if passed, will provide the shareholders of the Company with an option to elect to reinvest their cash dividend in new ordinary shares of the Company via the Proposed DRP.

The proposed Ordinary Resolution 12 if passed, will give authority to the Directors to allot and issue new RHB Bank Shares pursuant to the Proposed DRP in respect of dividends declared after this AGM, and such authority shall expire at the conclusion of the next AGM of the Company.

The details of the Proposed DRP are set out in the Circular to Shareholders dated 27 April 2021 which is available on RHB Bank’s website, www.rhbgroup.com.

STATEMENT ACCOMPANYING NOTICE OF THE 55TH AGM OF THE COMPANY

Additional information pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is set out in Annexure A to the Notice of the 55th AGM of the Company.

Annexure A

STATEMENT ACCOMPANYING NOTICE OF THE 55TH AGM OF THE COMPANY

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

- (i) Further details of individuals who are standing for election as Directors (excluding Directors standing for re-election)

No individual is seeking election as a Director at the 55th AGM of the Company.

- (ii) A statement relating to general mandate for issue of security in accordance with paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The proposed Ordinary Resolution 10 for the general mandate for issue of securities is a renewal mandate. As at the date of this Notice, no new shares were issued pursuant to the general mandate granted to the Directors at the last AGM held on 29 May 2020.



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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)

and/or*

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

of _____
(Full address)

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 55th Annual General Meeting ("AGM") of the Company to be held at, and broadcasted live from Meeting Room 3, Level 16, Tower Three, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia ("Broadcast Venue") on Tuesday, 25 May 2021 at 10.00 a.m. or at any adjournment thereof.

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

First Proxy (1)	Second Proxy (2)

My/Our proxy* is to vote as indicated below:

Resolutions		For	Against
Ordinary Resolution 1	To approve a single-tier final dividend of 7.65 sen per share in respect of the financial year ended 31 December 2020.		
	To re-elect the following Directors pursuant to Clause 94 of the Company's Constitution:		
Ordinary Resolution 2	(1) Tan Sri Ong Leong Huat @ Wong Joo Hwa		
Ordinary Resolution 3	(2) Ms Ong Ai Lin		
	To re-elect the following Directors pursuant to Clause 98 of the Company's Constitution:		
Ordinary Resolution 4	(1) Tan Sri Ahmad Badri Mohd Zahir		
Ordinary Resolution 5	(2) Mr Donald Joshua Jaganathan		
Ordinary Resolution 6	(2) Datuk Iain John Lo		
Ordinary Resolution 7	To approve the payment of Directors' fees and Board Committees' allowances to the Non-Executive Directors from 55 th AGM of the Company until the 56 th AGM of the Company.		
Ordinary Resolution 8	To approve the payment of Directors' remuneration (excluding Directors' fees and Board Committees' allowances) of an amount up to RM1,600,000 to the Non-Executive Directors from the 55 th AGM of the Company to the 56 th AGM of the Company.		
Ordinary Resolution 9	To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company to hold office until the conclusion of the 56 th AGM of the Company, at a remuneration to be determined by the Directors.		
Ordinary Resolution 10	To authorise the Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
Ordinary Resolution 11	To approve the proposed Dividend Reinvestment Plan that provides the Shareholders of the Company with an option to elect to reinvest their cash dividend in new ordinary shares of RHB Bank ("RHB Bank Shares") ("Proposed DRP").		
Ordinary Resolution 12	To approve the allotment and issuance of new RHB Bank Shares pursuant to the Proposed DRP.		

(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 _____, 2021

Signature

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

* Delete if not applicable

Notes:-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 May 2021 (General Meeting Record of Depositors) shall be entitled to participate and vote remotely at the forthcoming 55th AGM using the remote participation and electronic voting facilities.
2. A member of the Company entitled to participate and vote remotely at the forthcoming 55th AGM 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 www.boardroomlimited.my not later than 48 hours before the time fixed for holding the forthcoming 55th AGM or any adjournment thereof.

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Postage 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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