

CORPORATE GOVERNANCE REPORT

STOCK CODE : 1066
COMPANY NAME : RHB Bank Berhad
FINANCIAL YEAR : December 31, 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>From our humble origins as Kwong Yik Bank Berhad in 1913 (Malaysia's first local bank), RHB Bank Berhad ("RHB", "the Bank" or "the Group") has continued to grow, innovate and prosper, standing the test of time. Today, RHB is amongst the largest fully integrated financial services groups in Malaysia (4th in terms of assets).</p> <p>The position the Bank is in today is testament to its leadership and management's efforts in ensuring business sustainability and good governance. Good governance and strong values are the foundation of how we operate at RHB. As such, RHB is guided by the Group's core values of P.R.I.D.E. (Professional, Respect, Integrity, Dynamic & Excellence) which are imbued throughout the organisation and its group of companies.</p> <p>The Board continues to review and scrutinise the performance of the management with regards to implementation of business plans, financial objectives and major capital and operating budgets for the Group. The Board recognises that governance is not static and must adapt to continually changing risks and regulatory requirements. The corporate governance arrangements are therefore regularly reviewed to ensure they remain current and effective.</p> <p>RHB operates within a clearly defined Board approved governance model. This delegation of authority is clearly defined within the Terms of References of the respective Board Committees. The Board of RHB has instituted several Board Committees to support and supplement the Board in its roles and responsibilities. The demarcation of responsibilities between the Board Committees and Management are outlined in the Board Charter of RHB Bank Berhad. To date, the Board has established the following key Board Committees:</p> <ul style="list-style-type: none">• Board Audit Committee ("BAC")• Board Nominating & Remuneration Committee ("BNRC")

- Board Risk Committee (“BRC”)
- Board Credit Committee (“BCC”)

The Board continues to give its unwavering commitment to maintain our exceptional standards of corporate governance and ensure values and behaviours are consistent across the business. The Board manages the affairs of the Group not by merely following prescribed rules and regulations, but by promoting open and transparent discussions. In addition, the Board continually seeks to ensure best practices and strong governance process, which are integral to our strategy and decision-making processes, are maintained for the benefit of our shareholders and other stakeholders.

Continuous Professional Development

The directors within the Group take their responsibility in upholding the interest of all stakeholders of RHB very seriously. In line with this, they continue to enhance their knowledge on the business operations as well as new regulations and laws by attending various training programmes to keep abreast with latest development. The list of professional development programmes attended by the Board members is disclosed under **Section B** of this report.

Commitment to Conformance

The continuous enhancement in the Company’s corporate governance practices by the Board has borne significant results in the way RHB Banking Group operates. Emphasis placed by the Board of Directors on its fiduciary duty as guardian of public deposits, customers’ investments and account holders’ policies, through sustainable boardroom scrutiny, decision-making and directives, has gained more trust from its stakeholders and in return, built lasting commercial relationship with the Company’s business partners.

These efforts were recognised by reputable and independent third parties’ assessments which have currently positioned the Company, among others, as follows:

RHB’s position	Assessment by	Scope
Top 30 of Association of Southeast Asian Nations (“ASEAN”) Public Listed Companies	ASEAN Capital Market Forum (ACMF)	Quality disclosures and scope of corporate governance practices within the ASEAN community
16th out of Top 100 Malaysian Public Listed Companies	Malaysian Institute of Corporate Governance (MICG)	Organisational Transparency, Anti-Corruption Program and Sustainability Matters

Organisational Culture

The Board has continued to engage with management in defining a clear culture that is built on top of our P.R.I.D.E. values. These values are continuously re-enforced to ensure employees within the Group are edified of their role as employees representing the Group.

RHB's 'cultural climate' can be measured through the strength of our policies and compliance processes including strong internal controls. This is further supplemented by our formal communication channel for employees to escalate their dissatisfaction over their terms of employment conditions through the formal grievance channels. With regards to workplace misconduct, employees and our Business Partners can raise concerns via our authorised whistleblowing channels.

Employees are encouraged to raise their concerns without fear of reprisal. This 'Speak-Up' avenue through the Group's website is supplemented by internally available contacts classified as 'designated recipients'. Details of the Group's whistleblowing policy are provided for reference under **Practice 3.2** of this report.

The Group also has in place a Group Anti-Bribery & Corruption Policy which applies to all employees of the Group, both within Malaysia and our overseas operations. In addition, The Board authorised the formation of a Group Integrity and Governance Division, formed in-line with the Directive of The Prime Minister No.1 Series 1 2018- Establishment of Integrity and Governance Unit ("IGU") in GLCs, supported by Malaysian Anti-Corruption Commission ("MACC"), to ensure the practice of excellent work culture among employees, with strong morals and ethics to curb offences of corruption, abuse of power and malpractice from occurring within the Group. The formation of this unit was guided by the Guideline for the Management of Integrity & Governance Unit issued by MACC.

Management Committees

To ensure effectiveness in discharging the Board's and Board Committees' roles and responsibilities, centralised management committees are being set up to oversee, manage and deliver the outcomes. The following management committees, among others, are established to mainly support the Group Managing Director and the Senior Management in managing various activities and operations throughout the Group:

- Group Management Committee
- Group Tender Committee
- Group Assets & Liabilities Committee
- Group Disciplinary Committee
- Group Business Continuity Committee
- Group Credit Committee
- Group Capital and Risk Committee

	<ul style="list-style-type: none"> • Group Human Capital Committee • Group Wholesale Business Council • Group Management Recovery Committee • Group International Business Council • Group Digital and Technology Committee • Group Technology Leadership Committee <p>Board Composition</p> <p>As at 16 March 2020, the Board is constituted of 11 members as shown below:</p> <table border="1" data-bbox="560 629 1401 1245"> <thead> <tr> <th>Director</th> <th>Designation</th> </tr> </thead> <tbody> <tr> <td>Tan Sri Azlan Zainol</td> <td>Non-Independent Non-Executive Director (Chairman)</td> </tr> <tr> <td>Tan Sri Ong Leong Huat @ Wong Joo Hwa</td> <td>Non-Independent Non-Executive Director</td> </tr> <tr> <td>Tan Sri Saw Choo Boon</td> <td>Non-Independent Non-Executive Director</td> </tr> <tr> <td>Dato' Mohamad Nasir Ab Latif[#]</td> <td>Non-Independent Non-Executive Director</td> </tr> <tr> <td>Tan Sri Dr Rebecca Fatima Sta Maria</td> <td>Senior Independent Non-Executive Director</td> </tr> <tr> <td>Abdul Aziz Peru Mohamed</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>Ong Ai Lin</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>Lim Cheng Teck</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>Sharifatu Laila Syed Ali</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>Datuk Seri Dr Govindan A/L Kunchambo[*]</td> <td>Independent Non-Executive Director</td> </tr> <tr> <td>Dato' Khairussaleh Ramli</td> <td>Group Managing Director</td> </tr> </tbody> </table> <p>[*]Datuk Seri Govindan was appointed to the Board on 1 January 2020. [#]Dato' Mohamad Nasir was appointed to the Board on 16 March 2020.</p> <p>The full details including name, age, directorship and tenure of the Board members serving on the RHB Bank Berhad Board can be found on page 96 - 100 of the RHB Bank Berhad's Integrated Report 2019.</p>	Director	Designation	Tan Sri Azlan Zainol	Non-Independent Non-Executive Director (Chairman)	Tan Sri Ong Leong Huat @ Wong Joo Hwa	Non-Independent Non-Executive Director	Tan Sri Saw Choo Boon	Non-Independent Non-Executive Director	Dato' Mohamad Nasir Ab Latif [#]	Non-Independent Non-Executive Director	Tan Sri Dr Rebecca Fatima Sta Maria	Senior Independent Non-Executive Director	Abdul Aziz Peru Mohamed	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	Datuk Seri Dr Govindan A/L Kunchambo [*]	Independent Non-Executive Director	Dato' Khairussaleh Ramli	Group Managing Director
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<p>Measure :</p>																									
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Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	: Applied
Explanation on application of the practice	<p>YBhg Tan Sri Azlan Zainol, is the Non-Independent Non-Executive Chairman of the RHB Bank Berhad Board. Tan Sri was appointed as Chairman on 27 July 2005. Tan Sri was previously appointed on the Board as a nominee director representing the Employee Provident Fund, until 30 July 2018. Upon cessation of his role as a nominee Director, Tan Sri has continued to lead the Board in his existing capacity as the Non-Independent Non-Executive Chairman in line with the Group's internal Guideline on the tenure of appointment/re-appointment of Non-Executive Directors.</p> <p>Tan Sri has continuously portrayed good character and has been a strong supporter of robust corporate governance within the Group. He has demonstrated exemplary behaviour in his conduct within the Board and towards the management of the Company.</p> <p>Tan Sri Azlan's strong leadership coupled with his extensive knowledge on RHB's business operations, financial service industry, governmental and regulatory matters make him an ideal candidate to lead the Group. In addition, Tan Sri's business acumen and strategic awareness allows for clear and open communication within the Board which also allows for constructive challenging between the Board and management.</p> <p>Tan Sri Azlan Zainol was previously the Chief Executive Officer of the Employees Provident Fund Board until his retirement in April 2013. Tan Sri Azlan also served as the Managing Director of AmBank Berhad and prior to that, as the Managing Director of AmFinance Berhad. Tan Sri is a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW) and a Fellow of the Asian Institute of Chartered Bankers (AICB) and has over 30 years of experience in the financial sector.</p> <p>The following are some of his key responsibilities as the Chairman of the Board:</p> <ul style="list-style-type: none">• Provide effective leadership in formulating the strategic direction for the Company and the Board and achieving the objectives of the Company;• Work with the Company Secretaries to schedule Board and Committee meetings and ensure that directors receive accurate, timely and clear information in particular about the Company's performance;

	<ul style="list-style-type: none"> • Work with the Board in establishing appropriate Board Committee structures and charters; • Ensure the independence of the Board in discharging its duties; • Ensure that the Board and individual directors fully exercise their responsibilities and fully comply with applicable policies, laws, regulations, rules, directives and guidelines; • Consider and address the development needs of individual directors and the Board as a whole; • Work with the Board in establishing the performance criteria and evaluation for the Board and the senior management team’s performance; • Promote effective relationships and open communication between the Board and senior management team; and • Represent the Company and the collective views of the Board externally. <p>Detailed responsibility of the Chairman is available on RHB Bank Berhad’s Board Charter available on the Group’s website at www.rhbgroup.com.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>The position of Group Managing Director (“GMD”)/Chief Executive Officer (“CEO”) is held by Dato’ Khairussaleh Ramli.</p> <p>Dato’ Khairussaleh was first appointed as Managing Director of RHB Bank Berhad and Deputy Group Managing Director of RHB Banking Group on 13 December 2013. He was promoted to Group Managing Director of RHB Banking Group on 5 May 2015 and continues to hold the position of Managing Director/Chief Executive Officer of RHB Bank Berhad.</p> <p>Dato’ Khairussaleh holds a Bachelor of Science in Business Administration from Washington University, St. Louis and is a graduate of the Advanced Management Programme, Harvard Business School. He is also a Fellow Chartered Banker of Asian Institute of Chartered Bankers. He has more than 20 years of experience in the financial services and capital markets industry, where he held senior positions in well-established regional financial institutions. Dato’ is also a Council member of The Association of Banks in Malaysia (ABM) and Asian Institute of Chartered Bankers (AICB).</p> <p>In line with Standard 11.4 of Bank Negara’s Policy Document on Corporate Governance, Dato’ Khairussaleh is the only Executive Director serving on the Board of RHB Bank Berhad. His full profile is available on page 96 of the Integrated Report 2019 and on the Group’s website at www.rhbgroup.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	: Applied
Explanation on application of the practice	<p>The Board of RHB Bank Berhad is currently supported by an in-house qualified Secretarial department led by Mr Azman Shah Md Yaman, Head, Group Legal, Secretariat and Governance and Ms Lai Su Ming, Head, Group Secretariat.</p> <p>Mr Azman provides legal, secretarial and governance support to the Board and oversees the entire Legal, Secretariat & Governance operations. He is accountable directly to the Board, through the Chairman, on all matters to do with the formal functioning of the Board. He also leads the secretarial department to develop and maintain RHB's corporate governance policies and principles. He also acts as the Group's General Legal Counsel.</p> <p>Mr Azman is a qualified Advocate & Solicitor of the High Court of Malaya with a LLB (Honors) from International Islamic University Malaysia (IIUM), a Licensed Company Secretary (LS 0006901) and an affiliate of Malaysian Institute of Chartered Secretaries & Administrators. Mr Azman is also the Chief Integrity and Governance Officer ("CIGO") for RHB Banking Group, heading the Group Integrity & Governance function.</p> <p>Ms Lai Su Ming is responsible for the operational aspects of the secretariat including administering Board's and Board Committees' meetings, regulatory compliance and reporting, dissemination of meeting materials as well as supporting the Board on governance related matters. Ms Lai Su Ming is a Chartered Secretary registered with the Malaysian Institute of Chartered Secretaries & Administrators (MAICSA No: 7046164).</p> <p>The following are some of the key responsibilities of the Company Secretaries:</p> <ul style="list-style-type: none">• administer all Board and Board Committee meetings including the scheduling, taking of minutes, preparation of Board meeting materials and information supplied to the Board;• ensure information supplied to the Board such as meeting minutes are accurate, timely and adequate for the Board to carry out its function;• ensure proper record keeping of all deliberations and decisions of the Board and Board Committees;

	<ul style="list-style-type: none"> • accord the Board with regular updates and advice on changes to statutory and regulatory requirements including those related to governance matters; • facilitate a two-way communication between Senior Management and the Board to ensure Board’s decisions are communicated in a timely basis; • facilitate the conduct of continuous professional development trainings for Directors including induction programmes for newly appointed Directors (<i>refer to Section B of this CG Report for list of training programmes</i>); • manage the Annual General Meeting process by supporting the Chairman; • serve as a focal point for stakeholders’ communication and engagement on corporate governance issues; • support the Board Nominating & Remuneration Committee (“BNRC”) by facilitating the Board Effectiveness Evaluation exercise (<i>refer to Practice 5.1</i>); and • undertake own continuous professional development.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretaries ensure the Board(s) of RHB Banking Group entities are accorded with the necessary information and documentation that is relevant for their deliberation at least 5 working days before any Board or Board Committee meetings. The meeting materials that supplement the Board's deliberations are provided in a timely, clear and accurate manner to facilitate the Board's deliberation as well as its oversight over the management.</p> <p>In facilitating timely dissemination of information to the Directors, each Board member is provided an Ipad and access to the Group's document sharing system called 'BoardPAC'. All documents are uploaded for the Board's information and retention prior to any Board meeting to ensure they are well prepared for Board and Board Committee meetings.</p> <p>The Company Secretaries are guided by the Group Secretariat Manual which provides guidance notes on their operational procedures. The Company Secretaries are a central source of information and advice for the Board and its Committees on issues relating to compliance with laws, rules, regulations and procedures affecting the Company.</p> <p>The secretariat function also ensures contingency plans are in place to ensure Board meetings are conducted unperturbed and smoothly via the web using programmes such as 'Zoom' or 'lync' in the event physical meetings cannot be held for Board deliberation and decisions.</p> <p>The key responsibilities of the Company Secretaries have been explained per disclosure in Practice 1.4.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of RHB Bank Berhad has in place a Board Charter that clearly outlines the role and responsibility for each Board member including the matters reserved for the Board. This document also helps to guide the Board members in ensuring each Director is held accountable for their actions and inactions in serving the Group.</p> <p>The Board Charter is periodically reviewed every 3 years or sooner, with the last revision being made in 2019.</p> <p>Each Board member of the Group is required to meet the set criterion within the Charter to ensure the Group's long term sustainability and value creation for its stakeholders by inculcating the right culture and ethos through the Board and the Group.</p> <p>The Board Charter of RHB Bank Berhad is available on RHB's corporate website at https://www.rhbgroup.com/files/others/about-us/corporate-governance/rhb-bank-berhad/board-charter.pdf</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has in place a Code of Ethics and Business Conduct for Directors to promote and inculcate ethical behaviour whilst also fostering a culture imbued with good business ethics and compliance. The Code was crafted to explicate the general standards of conduct for the Board and enhance the standard of corporate governance to achieve the following objectives:</p> <ul style="list-style-type: none">• establish an appropriate level of ethical standard for Directors based on acceptable beliefs and values;• uphold the spirit of corporate responsibility and accountability in line with the laws, regulations and guidelines that govern the industry; and• document and emphasise the integral obligation of each Board member in performing their duty in a manner that is lawful, honest, ethical and free from any conflicts including perceived conflict of interest. <p>The document also includes principles relating to general standard of conduct, insider trading, maintaining confidentiality, use of corporate assets etc. A copy of this Code of Ethics and Business Conduct for Directors is available on the Company's website (https://www.rhbgroup.com/files/others/about-us/corporate-governance/rhb-bank-berhad/Code-Of-Ethics-And-Business-Conduct-For-Directors.pdf) for reference.</p> <p>The Board has also implemented a Group Code of Ethics and Conduct ("Code") for its Employees to ensure a high standard of ethical and professional conduct is upheld in performing their duties and responsibilities. The said Code establishes the standards that govern the way employees deal with each other, our shareholders, customers, suppliers, competitors and communities.</p>

As a financial institution which is involved in multiple banking and capital market disciplines, specific code of conducts are also established by the Company to complement the main codes of ethics for directors and employees, namely Code of Conduct for Licensed Representatives and Share Trading Officers, Code of Ethics & Guidelines for Business Conduct for Unit Trust Consultant(s) and Principles to Adopt for Users of Social Media Platforms.

The Group has the following Key Internal Control Policies and Procedures in place to supplement the code of conduct:

- Group Anti-Bribery and Corruption Policy;
- Group Whistleblowing Policy;
- Group Fit & Proper Policy;
- Group Policy on Related Party Transactions;
- Group Fraud Risk Management Policy;
- Orderly & Fair Market Policy;
- Group Anti-Money Laundering & Counter Financing of Terrorism Policy;
- Group Chinese Wall and Insider Trading Policy;
- Group Corporate Sponsorship and Donation Policy; and
- Gifts and Hospitality Guidelines.

Within these framework, all the directors, employees and its business partners/representatives are expected to exercise good judgment and be accountable for their actions. Compliance with the Code is part of the terms and conditions of employment for every employee. The Code is currently in the midst of being revised to incorporate current best practices in line with the overall industry standards.

Professional ethical standards and corporate integrity which govern, among others, conflicts of interest, misuse of power, corruption, insider trading, money laundering, client confidentiality, banking secrecy and related party transactions, have been incorporated in the Board Charter, codes of ethics for directors and employees and/or in various internal policies and guidelines.

The abovementioned Company's Codes and the Key Internal Control Policies and Procedures are meant to provide a clear and transparent guidance on acceptable behaviour and practice of Directors, Senior Management, Employees and its Business Partners/Representatives.

Policy on Related Party Transactions

The Group has put in place a Policy on Related Party Transaction since 2004 (revised and updated in 2014), which guides the review process and reporting of all related party transactions. Under this policy, all related party transactions are reviewed by Group Legal prior to independent review performed by Group Internal Audit before any submission is made to the Board Audit Committee for deliberation. The

	<p>purpose of this policy is to ensure all related party transactions are conducted at an arm's length basis.</p> <p>Details of these transactions are set out under Note 52 to the Financial Statements on pages 122 to 127 in the Financial Report 2019.</p> <p>As reported on page 109 & 113 of the Integrated Report 2019, the Board had also approved the formation of an Integrity and Governance Division ("IGD") on 29 January 2020. The new Division is empowered to strengthen RHB Group's internal controls with regards to prevention of corruption, abuse of power and other malpractices by fostering the principle of abhorring corruption through 4 core functions namely:</p> <ul style="list-style-type: none"> • Complaints Management • Detection and Verification • Integrity Strengthening; and • Governance <p>The formation of this division is pursuant to the Guideline for the Management of Integrity and Governance Unit, issued by the Malaysian Anti-Corruption Commission. In implementing the four core functions mentioned above, the IGD will ensure adequacy of the Group's internal controls and procedures in line with the Guidelines on Adequate Procedures issued by the Prime Minister's Department in December 2018 to combat the act of bribery and corruption by any persons associated with a commercial organisation.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>A Group Whistleblowing Policy was first established in 2007 and last updated in 2018. The purpose of this policy is to provide a formal mechanism and minimum standards to be adopted and adhered by the Group's personnel (Directors, Senior Management and employees) in dealing with disclosure on questionable actions or wrong doings by personnel within the Group.</p> <p>The policy provides any internal or external party with various channels and avenues to report suspected fraud, corruption, dishonest practices or other similar circumstances. This policy advocates both internal and external parties to 'Speak up' or report such matters in good faith, with the confidentiality of the person making such reports protected from reprisal in the best possible manner. The key objectives of this policy are to:</p> <ul style="list-style-type: none">• guide all personnel within the Group when facing concerns over unlawful conducts, unethical occurrences or questionable practices which may adversely affect, to a material extent, the financial position or reputation of the Group, that has been or in the process of being committed. It also states the process for the personnel to relay any information in relation to the above that is being concealed deliberately by their colleagues, their subordinates, their supervisor, Senior Management or Non-Executive Directors within the Group.• encourage internal or external parties to raise their concerns regarding such malpractice or corporate misdeeds, which they feel the Group should know, without fear of retaliation or discrimination.• enable the management to be informed of any unlawful conducts, unethical occurrences, corruption or questionable practices at an early stage.• help nurture the culture of accountability, integrity and transparency among employees within the Group. <p>To supplement the Group Whistleblowing Policy and promote integrity and transparency amongst the Group's employees, the Group Anti-Bribery and Corruption Policy and the Group Gifts & Hospitality</p>

Guidelines were established. These Policies and Guidelines also support the existing Group Code of Ethics and Conduct for Employees and are benchmarked against best practices for giving and receiving gifts as well as transparency and openness about gifting as it is also part of the overall anti-bribery and corruption initiative currently pursued by the Group.

The Group's Corporate Integrity Statement also provides information to all stakeholders of RHB Banking Group on the anti-corruption practices within the Group. The statement is available on RHB Bank Berhad's corporate website.

In line with the spirit of transparency, the Group's website provides an avenue for staff and external stakeholders to raise their concern through the Group's whistleblowing channel. The complaints raised are investigated by the designated recipients with the support from management. Under the Group Whistleblowing Policy, the Senior Independent Director is tasked as the main point of contact to receive complaints from the stakeholders including whistleblowing reports. Details of the whistleblowing channel to the SINED, as published on the corporate website, are shown below:

- Mailing address:
Tan Sri Dr Rebecca Fatima Sta Maria
Senior Independent Non-Executive Director (SINED)
RHB Bank Berhad, Level 10, Tower One, RHB Centre
Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia.
- **SINED Email: rebecca@rhbgroup.com**
- **RHB 'Speak-up' : speakup@rhbgroup.com**

On RHB Bank Berhad's website, there are also other channels and avenues for any whistleblower to elevate reports to the regulatory bodies and local enforcement agencies such as Bank Negara Malaysia, Securities Commission Malaysia and the Malaysian Anti-Corruption Commission ("MACC").

The Chairman of Board Audit Committee is responsible for the following with regards to the Group Whistleblowing Policy:

- oversee and assess the effectiveness of the whistleblowing policy and procedures;
- ensure management reports on the whistleblowing incidents on a timely and accurate basis to the Board; and
- ensure the management develops and maintains a clear structure on reporting, recording and investigating whistleblowing reports.

For the current year under review, **16** complaints pursuant to the Group Whistleblowing Policy were received, investigated and pursued. All

	<p>reports or complaints are filed with the designated recipients as specified in the Group Whistleblowing Policy.</p> <p>The Company does not condone any wrongdoings or fraudulent acts engaged by any of its Directors or employees. The Group Whistleblowing Policy is made available on the Group's internal portal for the reference of the Group's staff.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied
Explanation on application of the practice	:	<p>For FY2019, the Board started the year with 9 Directors serving on the Board. Puan Sharifatu Laila Syed Ali was then appointed to the Board as an Independent Non-Executive Director on 15 March 2019. Subsequently, YBhg Tan Sri Saw Choo Boon, who has served on the Board for 9 years, was re-designated as a Non-Independent Non-Executive Director on 31 March 2019.</p> <p>Upon expiration of his tenure as a Board member, Mr Mohamed Ali Ismaeil Ali AlFahim retired from the Board on 8 May 2019 after serving for 5 years in the Group. This left the Board composition with five Independent Non-Executive Directors, three Non-Independent Non-Executive Directors and one Executive Director.</p> <p>At the start of FY2020, YBhg Datuk Seri Dr Govindan a/l Kunchamboos was appointed to the Board as an Independent Non-Executive Director on 1 January 2020. This further strengthen the Boards Independence by ensuring the status quo of majority independent directors was continuously retained by the Group.</p> <p>In addition to having a Board comprised of majority INEDs, Tan Sri Dr Rebecca Fatima Sta Maria continues in her role as the Senior Independent Director, acting as a sounding Board to the Board Chairman as well as a conduit between the Chairman and the Independent Board members.</p> <p>Their full profiles of RHB Bank Berhad's Board members are available on the Group's website @ www.rhbgroup.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders’ approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders’ approval through a two-tier voting process.

Application	:	Not applicable - Step Up 4.3 adopted	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board has adopted a policy where Independent Non-Executive Directors (“INEDs”) may be re-appointed for a new term provided that such service tenure does not exceed a consecutive or cumulative term of 9 years. Computation of the service tenure will commence from the date of his/her appointment in the Group.</p> <p>For the Financial Year 2019, the Board has no Independent Directors who had exceeded the 9-year term limit. Information on the tenure limit of INEDs for the Group can be found in RHB Bank’s Board Charter downloadable from RHB’s corporate website.</p>

Intended Outcome

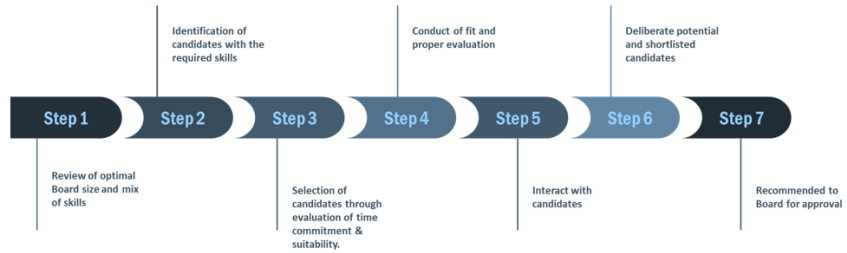
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	: Applied
Explanation on application of the practice	<p>The Board, supported by the Board Nominating & Remuneration Committee (“BNRC”), conducts regular review of its composition to ensure the Board encapsulates individuals who are able to work together as a cohesive unit, foster a strong governance culture and have strong financial probity.</p> <p>The Board of RHB is heterogeneous and views diversity as a crucial component in forming the Board structure. Criteria such as gender, age, ethnicity and cultural background are considerations that are assessed as the Board strives to establish a perfect balance.</p> <p>In exercising objectivity in the selection process, the BNRC is authorised access to a wide selection of candidates. Above and beyond referrals from directors, shareholders and management, the BNRC may utilise the following sources:</p> <ul style="list-style-type: none">• available directors’ registry (i.e. ICDM, FIDE Forum);• industry and professional associations;• open advertisements; and• independent search firms. <p>Board Composition and Succession Planning</p> <p>The Board understands the inherent value of succession planning which ensures business continuity and long-term sustainability to the Company. As such, the Board must be prepared at all times to ensure the Board can evolve with a healthy combination of fresh perspective, balance and experience whilst ensuring the business remains protected and sustainable for all stakeholders.</p> <p>The BNRC is entrusted with the responsibility of ensuring members that are nominated for Board appointment are identified, assessed and fulfilled all fit and proper requirements before they are proposed to the Board for deliberation.</p> <p>Key factors that are considered by the BNRC in conducting succession planning or appointing new members to the Board are as follows:</p> <ul style="list-style-type: none">• Considering areas of improvements to the composition

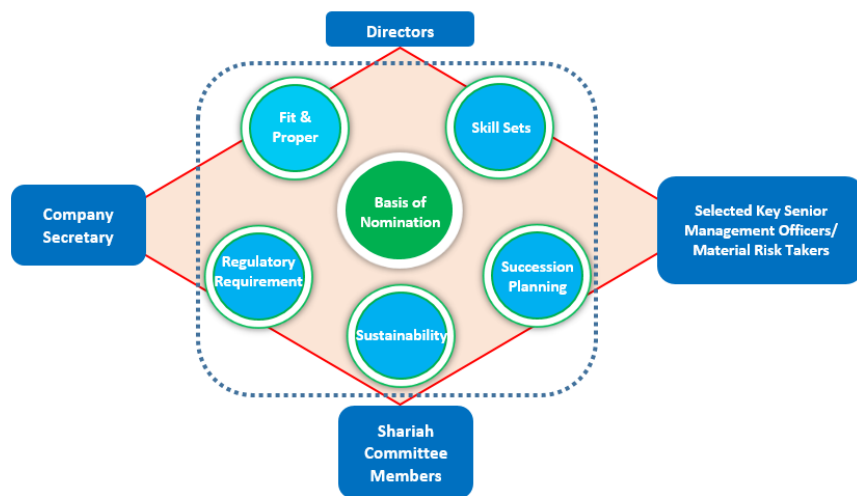
	<p>The BNRC assesses the Board on a yearly basis to identify the performance level of directors as well as to understand areas of improvement within the Board (refer to write-up on Practice 5.1 in this report).</p> <p>The BNRC uses this result to ensure candidates that are sought out are able to address the gaps identified to improve the Board composition. Consideration is also given to specific skillset/experience to ensure each board member proffers something unique to the Boardroom.</p> <ul style="list-style-type: none"> • Identifying the industry trends <p>The Board is well aware of the changing in business landscape that is now under a constant evolution. Directors who are appointed on the Board must be in-touch with the industry and the marketplace ensuring the Board does not lag behind its competitors.</p> <ul style="list-style-type: none"> • Tenure of Board members <p>A key consideration to the BNRC's effort is also the tenure of INEDs. In line with the legal and regulatory requirements, the BNRC ensures potential candidates are identified to replace INEDs who encroached the 9-year tenure limit adopted by the Board.</p> <p>Candidates are usually identified and assessed when the INEDs reach the 8-year tenure to ensure orderly succession planning could be conducted. An INED who reaches the 9-year tenure limit will retire at the next AGM of the company or when a new incumbent is available to replace him/her, whichever is earlier.</p> <ul style="list-style-type: none"> • Stakeholder expectation <p>Selection of potential candidates weighs heavily on the BNRC's assessment of their experience and skill-set. As the Board plays a fiduciary role, stakeholders expect only capable individuals governing the Company.</p> <p>Stakeholders such as shareholders and regulators place high value on Board members who are industry savvy and espouse ethical values that are in-line with good governance and good business practices.</p> <p>BNRC is guided by the Group's Nomination Framework in identifying and assessing candidates to be nominated for appointment of directors as well as for Key Senior Management positions.</p>
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The framework ensures that individuals appointed to the Board and relevant senior officer positions (independent directorship/key managerial) within the Group have the appropriate fitness and propriety to discharge their prudential responsibilities on and during the course of their appointment. This Nomination Framework was developed to:

- Summarise and augment the relevant processes of the BNRC in relation to the abovementioned appointments;
- Provide a clear and transparent process of the appointment procedures for the benefit of the BNRC, Board and Management; and
- Ensure the practices of the BNRC are consistent with and reflect the BNRC’s commitment to best practices in corporate governance.

The BNRC is also guided by the following Nomination Model in nominating a candidate for assessment and selection:



New nominees for directorship are assessed by the BNRC in accordance with RHB Banking Group’s Fit and Proper Policy for Key Responsible Persons. These assessments are carried out against a benchmark of documented competencies which have been prepared for each role, the self-declarations by each individual, the academic/professional qualification record and the specific vetting checks on criminal record, bankruptcy and regulatory disqualification. The Fit and Proper Policy outlines the following criteria in assessing the suitability of the candidate:

- Probity, personal integrity and reputation, where the candidate must have personal qualities such as honesty, integrity, diligence, independence of mind, fairness and ethical behaviour.
- Competence and capability, where the candidate must have the skills, experience, ability and commitment to carry out the role.
- Financial integrity, where the candidate must have financial soundness and be able to manage his/her debts or financial affairs prudently.

The Chairman of the BNRC (or any two members of the BNRC in the absence of the Chairman, as the case may be) conducts an interaction session with the proposed candidates and assesses them based on their skills and experience, independence (as the case may be) and objectivity, track record of success, sound judgement and other relevant perspectives.

The Boards' expectations on the time commitment and contribution from the Directors will also be clearly communicated to the proposed candidates. The BNRC will evaluate the candidates' ability to discharge their duties and responsibilities as well as appropriate time commitment prior to recommending their appointment as Director to the relevant Board(s) for approval.

New Director Appointment

In late 2019, the BNRC deliberated and recommended the nomination of two new Directors for RHB Bank Berhad after considering their competency, expertise, industry knowledge and past employment experience. The Board of RHB Bank Berhad accepted the BNRC's recommendation and approved the appointment of Datuk Seri Dr Govindan A/L Kunchambo as an Independent Non-Executive Director on 1 January 2020. This is in-line with the results of the BEE which called for improvement with regards to the Board's skill-set.

In addition to Dato Govindan, the Board has also approved the appointment of Dato' Mohamad Nasir Ab Latif, a nominee director nominated by RHB's largest shareholder, the Employees Provident Fund on the Board of RHB Bank Berhad as a Non-Independent Non-Executive Director (w.e.f. 16 March 2020).

In addition to the BNRC's review, both directors were vetted and approved by Bank Negara Malaysia prior to their appointment.

Annual Review of the Board

In conducting its annual review of the Board, the BNRC takes into consideration the current Board skill-set, the current Board composition and the prevailing legal and regulatory requirements. These considerations are to ensure formation of a well-balanced Board that allows for good governance and efficient management of the Group

which is agile in its interaction with the evolving business environment (refer to disclosure in Practice 5.1).

The BNRC also takes into consideration on the Board and Senior Management's dynamics and balance with regards to the skills, perspective and experiences, diversity in geographic origin and professional experiences (public, private and non-profit sectors) that a potential candidate can offer to the boardroom and the organisation as a whole.

The Board proffers the same considerations in relation to the recruitment of Senior Management personnel. The Board ensures that any potential candidate for a senior management position possesses the necessary skill-set required along with the experience within the industry.

Directors' Retirement, Re-Appointment and Re-Election

Pursuant to Bank Negara Malaysia's ("BNM") Policy Document on Corporate Governance, RHB Bank is required to apply to BNM for the re-appointment of its Directors at least three months prior to the expiry of their terms of appointment, should the Company wish to extend their appointments. Prior to such application, the relevant Directors will be subject to assessment by the BNRC and they are required to give consent on their re-appointment prior to the recommendation being made.

In assessing the candidates, the BNRC takes into consideration their attributes, competencies, contributions in terms of discussion on business/financial performance, strategy matters, business planning, independence of views 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 result.

All Non-Executive Directors ("NEDs") are also subjected to the internal review for re-appointment once every two years pursuant to the Guidelines on Tenure of Appointment/Reappointment of NEDs for RHB Banking Group.

The INEDs' independence assessment is done annually and benchmarked against best practices and regulatory provisions. The relevant declaration is tabled to the BNRC for consideration. The assessment of the INEDs for the past financial year indicated that the INEDs have performed admirably by exercising good, fair and independent judgement on all matters presented to them.

Talent Development

Talent development within RHB is a key priority to the Board in ensuring a high-performing workforce which contributes to the Company's and the Group's sustainability and competitiveness. The BNRC provides high-level oversight and direction on human resource ("HR") matters such as

	<p>recommending remuneration and HR strategies such as employee value propositions, retention strategies, performance management and succession planning.</p> <p>The BNRC also approves changes to Group HR policies in line with the HR strategy and direction set by the Board. The BNRC also continuously monitors succession planning updates presented by Group HR to ensure smooth transitions of key personnel into critical positions, and ensured that the development plans for identified successors are put in place based on their readiness to assume the positions.</p> <p>Other major issues deliberated by the BNRC were the salary and grading structure, retention plans and incentive schemes for key Senior Management as well as numerous employee value propositions.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied								
Explanation on application of the practice	:	<p>The Board established and adopted a Boardroom Diversity Policy in 2013. This policy was adopted to align the Board's goals in line with those of the Securities Commission and the Government of Malaysia to increase the representation of women directors on Boards of Public Listed Companies to 30%.</p> <p>To date, RHB Bank Berhad has three women directors, namely Tan Sri Dr Rebecca Fatima Sta Maria, the Senior Independent-Non-Executive Director, Ms Ong Ai Lin and Puan Sharifatu Laila Syed Ali, both Independent Non-Executive Directors, serving on the Board.</p> <p>During FY2019, the composition of women directors on the board of RHB Bank Berhad as a result of the movement of directors were, as follows:</p> <table border="1"><thead><tr><th>Period</th><th>Percentage</th></tr></thead><tbody><tr><td>1 January – 15 March</td><td>22%</td></tr><tr><td>15 March – 8 May</td><td>30%</td></tr><tr><td>8 May – 31 December</td><td>33%</td></tr></tbody></table> <p>The Board acknowledges the inherent value of having is diverse Board and workforce in terms of its age dynamics, educational background, ethnicity, experience, nationality and so forth, as they proffer a diverse array of skillset and technical ability which prove to be advantageous and highly beneficial for the Company's long-term sustainable performance and operations.</p>	Period	Percentage	1 January – 15 March	22%	15 March – 8 May	30%	8 May – 31 December	33%
Period	Percentage									
1 January – 15 March	22%									
15 March – 8 May	30%									
8 May – 31 December	33%									
Explanation for departure	:									
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>										
Measure	:									

Timeframe	:		
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Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board views the process of identifying candidates for directorship to be very critical due to its far-reaching implications towards the performance of the Board as a cohesive unit. The Board has, in the past, often relied on the recommendation of existing Board members in identifying potential candidates.</p> <p>To supplement the existing process, the Board also leverages on the industry talent pool, FIDE Forum’s Directors Register and the Group’s Independent Directors’ network to source for new candidates for Board appointments with the support of the BNRC.</p> <p>The Group’s Nomination Framework outlines the available external avenues at the disposal of the BNRC to facilitate with scouting for potential directorial candidates as explained per disclosure under Practice 4.4.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	: Applied
Explanation on application of the practice	<p>The Board Nominating & Remuneration Committee (“BNRC”) is chaired by the Company’s Senior Independent Non-Executive Director (“SINED”), YBhg Tan Sri Dr Rebecca Fatima Sta Maria. Tan Sri Rebecca oversees the committee in carrying out the following activities:</p> <ul style="list-style-type: none">• Put in place succession plans for board and key senior management personnel;• Review and assess the appointment/re-appointments of Directors, Board Committees’ members, Shariah Committee and key Senior Management officers for recommendation to the Boards;• Advise the Boards on optimal size and mix of skills of Boards/Board Committees/Shariah Committee; and• Provide oversight and direction on human resource (HR) matters and operations, and recommend to the Boards for approval of remuneration and HR strategies (<i>refer to disclosure in Practice 6.2</i>). <p>As the Chairperson of the BNRC, Tan Sri Rebecca is responsible for the following:</p> <ul style="list-style-type: none">• Lead the BNRC in its activities;• Lead the annual review of the Board, ensuring that the performance of each individual director is assessed on an objective and holistic manner;• Ensure management provides sufficient support and cooperation in supporting the BNRC’s activities; and• Communicate with the Chairman of the Board on the BNRC’s activities such as the Board Effectiveness Evaluation (“BEE”) and identification of candidates for new directorship and senior management appointment. <p>Tan Sri Rebecca’s responsibilities as a Senior Independent Director are codified in the Board Charter of RHB Bank Berhad.</p> <p>Summary of BNRC’s activities for Financial Year 2019:</p> <ul style="list-style-type: none">• Review/approve identified policies and guidelines for the Group.• Recommending appointment of Directors and Board Committee members of RHB Bank and its subsidiaries.• Review of Board and Board Committee composition within RHB Banking Group.

	<ul style="list-style-type: none"> • Review existing programmes on talent development and succession planning. • Re-appointment and re-designation of SINED, INEDs and NINEDs of RHB Bank and its major operating subsidiaries. • Re-appointment of Shariah Committee members. • Assess implication arising from the retirement/resignation and re-designation of Directors and action plans pertaining thereto. • Review annual assessment of independence status of the INEDs. • Receive updates on Group Human Resource’s talent management activities. • Renewal of the Directors’ & Officers’ Liability Insurance. • Evaluate remuneration proposal for Group MD, CEO and MDs. • Review performance rewards and salary increments for staff. • Review of utilisation of staff training expenditures. • Review of Internal Guidelines on tenure of appointment/re-appointment of NEDs for RHB Banking Group. • Update on cash retention scheme for key senior management. • Evaluate Board Effectiveness Evaluation exercise (Questionnaires/process/results). <p>The membership of the BNRC is as follows:</p> <p>Chairperson Tan Sri Dr Rebecca Fatima Sta Maria (SINED)</p> <p>Members Tan Sri Saw Choo Boon (NINED) Ms Ong Ai Lin (INED) Puan Sharifatu Laila Syed Ali (INED)</p>
Explanation for departure :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Effectiveness Evaluation (“BEE”) is undertaken by the Board with the support of the Board Nominating & Remuneration Committee (“BNRC”) annually to assess the performance of individual directors, Independent and Non-Independent Directors and Board Committees.</p> <p>The BEE exercise is designed to detect strengths and weaknesses to improve the Board's overall effectiveness and forms part of the BNRC's evaluation for the re-appointment of Directors. FY2019 marked the second year of the in-house BEE conducted by the Group. The assessment was conducted with support of Group Legal & Secretariat and focused on the following areas:</p> <p>Part A: Evaluation of the Board(s)</p> <ul style="list-style-type: none">• The purpose of Part A was to evaluate 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.• Each question was 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. <p>Part B: Board of Directors’ Self & Peer-Assessment</p> <ul style="list-style-type: none">• The purpose of Part B was to evaluate 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.

	<p>Areas of Strength</p> <ul style="list-style-type: none"> • The Chairman continues to provide strong and exemplary leadership. • Directors cooperate and work together as a cohesive unit fostering a constructive culture that focuses on group dynamics that allows them to work in unison towards achieving targets. • The Independent Directors continued to demonstrate impartiality, objectivity and consideration to all stakeholders of RHB Banking Group. • Group Managing Director and other Managing Directors/Chief Executive Officer continued to perform in line with the Boards expectation. • Board and Board Committees meetings are well managed and executed. • Improvement in terms of Gender Diversity from FY2017 assessment (from 22% to 30% women directors). • Increased focus on sustainability matters. <p>Considerations for Improvement</p> <ul style="list-style-type: none"> • Implementation of Board directive to be further improved with regards to subsidiary entities. • Parameters on sustainability to be added as performance evaluation criteria. • Management is encouraged to be more participative in discussions as part of the Board’s efforts to encourage robust discussion with the management and develop strong leaders from within. <p>Improvements from previous BEE exercise</p> <ul style="list-style-type: none"> • Complied with Practice 4.5 of the Malaysian Code on Corporate Governance (“MCCG”) by having a 30% representation of women Board members for RHB Bank Berhad. • Ensured the Group’s adherence to Practice 4.1 of having majority INEDs on the Board. • Enhanced the incorporation of Environmental, Economic and Social elements into its deliberation process during Board meetings to further enhance the Group’s sustainability matters. • Ensured proper succession planning for key and critical positions across the Group, including identification of potential successors at the Board and Key Senior Management level.
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Summary of average score obtained by RHB Bank Berhad Board for Part A: Evaluation of the Board is, as follows:

Attribute	Rating
Decision Making	3.4 out of 4
Communication	3.5 out of 4
Board Dynamics	3.5 out of 4
Mind-set	3.4 out of 4

Summary of average score obtained by RHB Bank Berhad Board for Part B: Board of Directors' Self & Peer-Assessment is, as follows:

Attribute	Rating
Agility	3.4 out of 4
Energy	3.5 out of 4
Social Leadership	3.5 out of 4
Contribution & Interaction	3.6 out of 4
Quality of Output	3.5 out of 4
Understanding of Role	3.6 out of 4
Independence	3.7 out of 4

As a 'Large Company' (as defined by MCG), RHB had, in the past, undertaken the BEE exercises by engaging independent experts from Messrs PricewaterhouseCoopers Consulting Services Sdn Bhd ("PwCCS") to assess on the effectiveness of the Board, Board Committees and individual Directors from 2006 to 2016.

The Assessment for FY2019 will be undertaken in-house with the support from Group Legal, Secretariat & Governance. Moving forward for FY2020 assessment (in 2021), the Board will engage an independent external party in line with the recommendations of the MCG to facilitate the BEE exercise on a periodic basis (i.e. once every 3 years of internal assessment cycle).

Assessment Of Individual Directors For Re-Election and/or Re-Appointment

Pursuant to **Clause 94** of the Constitution of RHB Bank Berhad, the following directors shall retire from the Board at the forthcoming 54th Annual General Meeting in 2020 and being eligible, have offered themselves for re-election:

- Tan Sri Dr Rebecca Fatima Sta Maria
- Dato' Khairussaleh Ramli

Tan Sri Dr Rebecca Fatima Sta Maria

Tan Sri serves as an INED on the Board of RHB Bank Berhad and in its subsidiary, RHB Investment Bank Berhad. She has continued to demonstrate strong character, sound judgment and exemplary independence in her service to the Group. Tan Sri also fared well during the annual BEE exercise conducted and satisfied the Boards expectations. The Board is glad to endorse the re-appointment of Tan Sri and put forward the resolution for her re-election for shareholders' approval.

Dato' Khairussaleh Ramli

Our GMD, Dato' Khairussaleh is no stranger to our shareholders. He's been with the Group since 2013. His performance as the Managing Director has shown his commitment to the Group and its shareholders. RHB has continued to improve year-on-year on its performance under his guidance and the Board is happy to endorse his re-election to the Board. The BEE evaluation has also provided the Board with strong basis for his retention to the Board with Dato' scoring well from the Board and Senior Management evaluation.

Re-election of Directors in forthcoming AGM

In accordance with **Clause 98** of the Company's Constitution, Directors appointed to fill casual vacancies shall hold office until the following AGM and shall be eligible for re-election. Pursuant thereto, Datuk Seri Dr Govindan a/l Kunchambo will retire at the forthcoming AGM and being eligible, for re-election upon the BNRC's endorsement and Board's recommendation. Datuk Seri Dr Govindan has adopted and integrated well with the Board and has taken on his duties and responsibilities with exuberance.

He brings a wealth of experience on economic planning allowing the Group to harness his knowledge in planning for future and understanding the regional and global economic landscape to better position RHB moving forward.

In addition, another newly appointed Director, Dato' Mohamad Nasir Ab Latif will also be seeking re-election as per Clause 98 of the Company's Constitution. Dato' Mohamad Nasir Ab Latif started his career with the Employees Provident Fund Board in 1982 and held several positions. In 2013, he was appointed as Deputy Chief Executive Officer (Investment) and retained this position until his retirement in December 2019.

The full profile of both Directors is available on page 100 of the Integrated Report 2019 and on the Group's corporate website.

	Upon extensive and careful deliberation of the continued commitment, contribution, support and capabilities of the abovementioned Directors, the BNRC and the Board of RHB Bank Berhad recommend their re-appointment/re-election as Directors of the Company.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is mindful of fair remuneration being critical to attract, retain and motivate Directors with the relevant experience and expertise required to lead the Company and the Group. 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 the Group's corporate website @ www.rhbgroup.com.</p> <p>The Group has also established a common reference in incorporating the Non-Executive Directors' ("NED") Remuneration Framework. It is aimed at applying the general principles for the remuneration of NEDs to ensure that remuneration levels commensurate with the responsibilities, risks and time commitment of Boards/Board Committees. The quantum of remuneration reflects the level of responsibility undertaken by the particular NED concerned within the Company and the Group. It also takes into consideration practices within the industry (benchmarking) and is reviewed at least once every three years. NEDs fees are not linked directly to RHB's financial performance as this may give rise to a perceived conflict of interest. All NEDs will be paid a fixed and variable sum and will not be paid any commission or percentage out of the Company's profit.</p> <p>Components of NEDs Fees:</p> <ul style="list-style-type: none">• Base fee• Role fee (Role as Board Chairman/Board Committee Chairman)• Meeting attendance fees• Allowances <p>The Group has also established a remuneration framework for the Senior Management, consisting of a competitive integrated pay and benefit structure, which rewards corporate and individual performance</p>

	in line with contributions to the organisation, including a penalty in the final rating (overlay consideration) of staff performance for non-compliance with legal and regulatory requirements.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's Board Nominating & Remuneration Committee ("BNRC") has specific remuneration roles in implementing key policies and procedures in relation to the remuneration of the Board and the Senior Management. The duties and responsibilities of the BNRC are spelled out in its Terms of Reference ("TOR") which is available on the Company's website.</p> <p>The BNRC comprises four Non-Executive Directors ("NEDs"), of whom three are Independent Non-Executive Directors ("INEDs") and one Non-Independent Non-Executive Director ("NINED"), representing the respective entities within the Group. The BNRC is chaired by YBhg Tan Sri Dr Rebecca Fatima Sta Maria, the Senior Independent Non-Executive Director ("SINED") of RHB Bank Berhad.</p> <p>The composition of the BNRC complies with the Bursa Malaysia Listing Requirements, Malaysian Code on Corporate Governance and Bank Negara Malaysia's Policy Document on Corporate Governance, which promulgate for the BNRC to be composed of a majority of Independent Directors.</p> <p>The membership of the BNRC is, as follows:</p> <p>Chairperson Tan Sri Dr Rebecca Fatima Sta Maria (SINED)</p> <p>Members Tan Sri Saw Choo Boon (NINED) Ms Ong Ai Lin (INED) Puan Sharifatu Laila Syed Ali (INED)</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied																																																																								
Explanation on application of the practice	:	<p>The details on the aggregate remuneration of the Non-Executive Directors received/receivable from the Bank during the financial year ended 2019 are, as follows:</p> <table border="1"> <thead> <tr> <th>Directors</th> <th>Salary and Bonus (RM'000)</th> <th>Fees^{>} (RM'000)</th> <th>Benefits in Kind (RM'000)</th> <th>Other emoluments[^] (RM'000)</th> <th>Total (RM'000)</th> </tr> </thead> <tbody> <tr> <td colspan="6">Non-Executive Directors (NEDs)</td> </tr> <tr> <td>YBhg Tan Sri Azlan Zainol</td> <td>-</td> <td>200</td> <td>24</td> <td>335</td> <td>559</td> </tr> <tr> <td>YBhg Tan Sri Dr Rebecca Fatima Sta Maria</td> <td>-</td> <td>175</td> <td>-</td> <td>76</td> <td>251</td> </tr> <tr> <td>YBhg Tan Sri Ong Leong Huat @ Wong Joo Hwa</td> <td>-</td> <td>175</td> <td>-</td> <td>83</td> <td>258</td> </tr> <tr> <td>Mr Abdul Aziz Peru Mohamed</td> <td>-</td> <td>175</td> <td>-</td> <td>24</td> <td>199</td> </tr> <tr> <td>YBhg Tan Sri Saw Choo Boon</td> <td>-</td> <td>175</td> <td>-</td> <td>117</td> <td>292</td> </tr> <tr> <td>Ms Ong Ai Lin</td> <td>-</td> <td>175</td> <td>-</td> <td>97</td> <td>272</td> </tr> <tr> <td>Mr Lim Cheng Teck</td> <td>-</td> <td>175</td> <td>-</td> <td>107</td> <td>282</td> </tr> <tr> <td>Sharifatu Laila Syed Ali*</td> <td>-</td> <td>140</td> <td>-</td> <td>52</td> <td>192</td> </tr> <tr> <td>Mohamed Ali Ismaeil Ali Alfahim[#]</td> <td>-</td> <td>61</td> <td>-</td> <td>8</td> <td>69</td> </tr> <tr> <td>Total</td> <td>-</td> <td>1,451</td> <td>24</td> <td>899</td> <td>2,374</td> </tr> </tbody> </table> <p>* Sharifatu Laila Syed Ali was appointed to the Board on 15 March 2019 [#] Mr Alfahim retired from the Board on 8 May 2019. [^] Includes Board Committee allowances ^{>} Based on proposed fees, subject to shareholders' approval</p> <p>RHB's Group Managing Director ("GMD"), as an Executive Director, is not paid a Director's fee nor is he entitled to receive any meeting attendance allowance for any of the Board and Board Committee meetings that he attends. As the only Executive Director on the Board of the Company, his remuneration, which includes salary and bonus, comprised of short term or long term incentives, in cash or benefits-in-kind, is derived from the Group.</p>	Directors	Salary and Bonus (RM'000)	Fees ^{>} (RM'000)	Benefits in Kind (RM'000)	Other emoluments [^] (RM'000)	Total (RM'000)	Non-Executive Directors (NEDs)						YBhg Tan Sri Azlan Zainol	-	200	24	335	559	YBhg Tan Sri Dr Rebecca Fatima Sta Maria	-	175	-	76	251	YBhg Tan Sri Ong Leong Huat @ Wong Joo Hwa	-	175	-	83	258	Mr Abdul Aziz Peru Mohamed	-	175	-	24	199	YBhg Tan Sri Saw Choo Boon	-	175	-	117	292	Ms Ong Ai Lin	-	175	-	97	272	Mr Lim Cheng Teck	-	175	-	107	282	Sharifatu Laila Syed Ali*	-	140	-	52	192	Mohamed Ali Ismaeil Ali Alfahim [#]	-	61	-	8	69	Total	-	1,451	24	899	2,374
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	<p>The remuneration paid to the GMD (inclusive of remuneration derived from Company and Group) is as follows:</p> <table border="1" data-bbox="560 371 1404 584"> <thead> <tr> <th data-bbox="560 371 724 479">Directors</th> <th data-bbox="724 371 890 479">Salary and other remuneration (RM'000)</th> <th data-bbox="890 371 1002 479">Fees^{>} (RM'000)</th> <th data-bbox="1002 371 1139 479">Benefits in Kind (RM'000)</th> <th data-bbox="1139 371 1294 479">Bonus (RM'000)</th> <th data-bbox="1294 371 1404 479">Total (RM'000)</th> </tr> </thead> <tbody> <tr> <td colspan="6" data-bbox="560 479 1404 506">Executive Director / Group Managing Director (GMD)</td> </tr> <tr> <td data-bbox="560 506 724 584">YBhg Dato' Khairussaleh Ramli</td> <td data-bbox="724 506 890 584">2,759</td> <td data-bbox="890 506 1002 584">-</td> <td data-bbox="1002 506 1139 584">35</td> <td data-bbox="1139 506 1294 584">2,100</td> <td data-bbox="1294 506 1404 584">4,894</td> </tr> </tbody> </table> <p data-bbox="560 622 863 645">^{>} GMD is not paid any director fees.</p> <p data-bbox="560 689 1404 786">The Company has in place a Remuneration Policy and Framework which guides the Board in according appropriate level of remuneration that commensurate with the directors' contribution and skill-sets.</p> <p data-bbox="560 831 1404 965">For detailed breakdown on the Directors' remuneration derived from the Group (comprising remuneration received and/or receivable from the Company and its subsidiaries), kindly refer to Note 42 of the Financial Statements on pages 114 - 115 of the Financial Report 2019.</p> <p data-bbox="560 1010 1404 1106">During the Annual General Meeting held in 2019, our shareholders approved the directors' latest remuneration structure. Details of the remuneration structure can be found in Section B of this report.</p>	Directors	Salary and other remuneration (RM'000)	Fees ^{>} (RM'000)	Benefits in Kind (RM'000)	Bonus (RM'000)	Total (RM'000)	Executive Director / Group Managing Director (GMD)						YBhg Dato' Khairussaleh Ramli	2,759	-	35	2,100	4,894
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<p>Explanation for departure</p>	<p>:</p>																		
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<p>Measure</p>	<p>:</p>																		
<p>Timeframe</p>	<p>:</p>																		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board has in place a remuneration framework which sets the standard and guides the Board on the remuneration level for Senior Management personnel. The framework includes a competitive integrated pay and benefit structure which aligns performance with rewards based on the contribution made towards the organisation.</p> <p>In line with the framework, the Key Senior Management personnel's yearly Balanced Scorecard, Performance Appraisal, Performance Reward and Salary Increment are tabled to the Board, with BNRC's recommendation, for approval to assess their performance ensuring there are fairly remunerated.</p> <p>Alternate Practice:</p> <p>The Non-Executive Directors of the Company review and scrutinise the remuneration package of each Key Senior management personnel ensuring they align with the Remuneration framework.</p> <p>The Board has adopted a practice of disclosing the aggregated total remuneration of all key personnel including Key Senior Management Officers. This disclosure is made under Note 52(c) of the Financial Statements on page 126 of the Financial Report 2019 and in Section B of this report. The disclosure includes the benefits-in-kind, statutory contribution, salary and other items that form part of their remuneration component.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	RHB continues to publish the remuneration of the Group Managing Director via the Integrated Report, CG Report and the Financial Report. The Group also continues to disclose the remuneration details of a handful of its Key Senior Management personnel as disclosed in the respective affiliated company's Financial Report/Audited Financial Statements. They are among the Group's Key Senior Management

	personnel who are the Heads of the Group Shariah Business, Group Investment Banking, Group Insurance and Institutional Business of Group Asset Management, respectively.	
Timeframe	:	3 years

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	: Applied
Explanation on application of the practice	<p>The Board Audit Committee ("BAC") constitutes 4 members, of whom three are Independent Non-Executive Directors ("INEDs") and one Non-Independent Non-Executive Director ("NINED") namely:</p> <p>Composition of BAC:</p> <p>Chairperson Ms Ong Ai Lin (INED)</p> <p>Members Tan Sri Saw Choo Boon (NINED) Pn Sharifatu Laila Syed Ali (INED)* Datuk Seri Dr Govindan A/L Kunchambo (INED)^</p> <p>Note: *Puan Sharifatu was appointed to the BAC on 31 March 2019 replacing Tan Sri Rebecca. ^Datuk Seri Dr Govindan was appointed to the BAC on 1 February 2020.</p> <p>The BAC is led by Ms Ong Ai Lin, an Independent Non-Executive Director. The Chair of the BAC provides monthly updates to the Board on the activities undertaken by the committee to ensure best corporate governance & transparency is practiced.</p> <p>She holds a Bachelor of Arts (Honours) in Economics from the University of Leeds, United Kingdom. Ms Ong is an Associate of The Institute of Chartered Accountants in England & Wales and a Member of the Malaysian Institute of Accountants. Additionally, she is also a Certified Information System Auditor and a Certified Business Continuity Professional.</p> <p>Ms Ong has over 30 years of experience in providing Business Continuity Management, Governance Risk and Compliance, Information Security, Cyber Security, Technology Risk and Governance, and Data Privacy services in the United Kingdom, Singapore, Indonesia, Thailand, Vietnam, Philippines, Sri Lanka, Cambodia and Malaysia.</p> <p>The full profile of the BAC members are available on pages 96 to 100 of the Integrated Report 2019 and on RHB's corporate website at www.rhbgroup.com. The attendance of BAC meetings is disclosed on page 111 of the Integrated Report 2019.</p>

	<p>The BAC provides independent oversight of RHB Banking Group’s financial reporting and internal control system, ensuring checks and balances for entities within the Group. The BAC also continuously reinforces the independence of the external auditors and provides a line of communication between the Board and the external auditors.</p> <p>The BAC reviews the integrity and reliability of the Company’s and the Group’s financial statements on a quarterly basis, prior to recommending the same for the Board’s approval and issuance to stakeholders. During the reviews, the Group Chief Financial Officer provides assurance to the BAC that:</p> <ul style="list-style-type: none"> • Adequate processes and controls are in place for an effective and efficient financial statement close process; • Appropriate accounting policies have been adopted and applied consistently; and • The relevant financial statements give a true and fair view of the state of affairs of the Company and the Group in compliance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 2016. <p>The BAC met with the external auditors without the presence of Management and Executive Directors to enable the external auditors to discuss on matters with the BAC privately three times during the year:</p> <ul style="list-style-type: none"> • 22 January 2019 • 20 June 2019 • 20 September 2019 <p>The BAC also emphasises the internal audit function by increasing the objectivity and independence of the internal auditors and provides a forum for discussion that is, among others, in absence of the Management.</p> <p>Additionally, the BAC reviews the quality of the audits conducted by internal and external auditors as well as the Group’s financial condition and performance. This enhances the perceptions held by stakeholders (including shareholders, regulators, creditors and employees) of the credibility and objectivity of the financial reports. Detailed disclosures on BAC’s governance structure and primary activities are available in the BAC Report on pages 123 to 127 of the Integrated Report 2019.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	<p>None of the Board Audit Committee ("BAC") members are former key engaging and concurring partners of RHB's external auditors.</p> <p>The practice of appointing a former key audit partner (within the definition of BNM's Policy) as a member of the Board/BAC without observing 2 years cooling-off period is a breach and non-compliance of Standard 10.5 of Bank Negara Malaysia's Policy on Corporate Governance. As such, this practice is observed and embedded within the nomination process for potential candidates of the Board/BAC.</p> <p>This requirement has also been reflected within the Board Charter of RHB Bank Berhad.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Audit Committee ("BAC") conducts annual assessments on the external auditors. The assessments cast a net over a wide spectrum of matters such as performance, suitability, independence and objectivity in accordance with Bank Negara Malaysia (BNM)'s Guidelines on External Auditors.</p> <p>The BAC undertakes an assessment of the suitability and independence of the external auditors, based on qualifying criteria for the appointment of auditors and terms of audit engagements. Among the criteria set are that the auditors are registered auditors with professional competence, their objectivity/independence are not impaired, their background are free from criminal dishonesty acts and disciplinary actions taken by the Malaysian Institute of Accountants, and also their tenure of appointment as engagement partner not exceeding 5 continuous years with the Company. For the current financial year, the engagement partner and the concurring partner of the external auditors are in consistent with the regulatory requirement.</p> <p>Relevant Policy & Procedures to assess the suitability, independence and performance of external auditors have been established, mainly in accordance with BNM Guidelines on External Auditors and based on feedback and comments gathered from the management.</p> <p>The BAC reviews the non-audit services rendered by the external auditors and the related fees prior to the approval of the services. The non-audit services rendered by the external auditors and the related fees are reviewed on a quarterly basis, taking into consideration the fees threshold established under the Group policy to ensure their independence and objectivity are not compromised.</p> <p>A report on non-audit fees is also presented to the BAC on quarterly basis. This is to ensure the independence of the external auditors and its compliance with the Policy and terms of all relevant professional and regulatory requirements when rendering its audit and non-audit services.</p> <p>During the financial year, the external auditors acknowledged via written assurance that they maintained their independence throughout</p>

	<p>the audit process of the Group’s financial statements as well as for all the non-audit engagements undertaken, in accordance with the provisions of the By-Laws on Professional Independence of the Malaysian Institute of Accountants.</p> <p>In addition, the performance of the external auditors is assessed via feedback and comments collated through questionnaire/survey with responses from management based on their interaction and dealings with the external auditors throughout the financial reporting year. The questionnaire/survey covers areas such as quality of audit work, coordination, planning and execution of audit work, technical accounting and business knowledge, timeliness, relationship management and staff continuity.</p> <p>Having satisfied itself with their performance and fulfilment of criteria as set out in BNM’s Guidelines, the BAC will recommend the re-appointment of the external auditors to the Board, upon which the shareholders’ approval will be sought at the general meeting. The tenure of the External Auditor is for one year, subject to approval by the shareholders if the retiree offers to continue its service (at the next general meeting) upon the completion of one-year service.</p> <p>Further details on the assessments made on the external auditors’ suitability and independence are set out per BAC activities disclosed under the BAC Report on pages 123 to 127 of the Integrated Report 2019. A detailed pay out to the external auditors for their audit and non-audit works engaged in 2019 is illustrated, as follows:</p> <table border="1" data-bbox="557 1196 1407 1350"> <thead> <tr> <th rowspan="2">No</th> <th rowspan="2">Type of External Auditors’ Fees</th> <th colspan="2">RM (‘000)</th> <th colspan="2">Out of Total Fees (%)</th> </tr> <tr> <th>Company</th> <th>Group</th> <th>Company</th> <th>Group</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Audit Fees</td> <td>3,753</td> <td>7,403</td> <td>78%</td> <td>87%</td> </tr> <tr> <td>2</td> <td>Non-Audit Fees</td> <td>1,087</td> <td>1,138</td> <td>22%</td> <td>13%</td> </tr> <tr> <td colspan="2">Total Fees</td> <td>4,840</td> <td>8,541</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table> <p>Details of the above information on audit and non-audit fees are set out under Note 41(i) of the Financial Statements on page 114 in the Financial Report 2019.</p>	No	Type of External Auditors’ Fees	RM (‘000)		Out of Total Fees (%)		Company	Group	Company	Group	1	Audit Fees	3,753	7,403	78%	87%	2	Non-Audit Fees	1,087	1,138	22%	13%	Total Fees		4,840	8,541	100%	100%
No	Type of External Auditors’ Fees			RM (‘000)		Out of Total Fees (%)																							
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<p>Measure</p>	<p>:</p>																												
<p>Timeframe</p>	<p>:</p>																												

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>All members of the Board Audit Committee ("BAC") have diverse skill sets, are financially literate and possess the necessary financial background, knowledge and/or experience to review financial and non-financial reporting processes and matters deliberated before the committee.</p> <p>The Chairman of the BAC, Ms Ong Ai Lin, is an Associate of The Institute of Chartered Accountants in England & Wales ("ICAEW") and a member of the Malaysian Institute of Accountants. Ms Ong Ai Lin was also a recipient of the Malaysia CyberSecurity Awards 2018 Lifetime Achievement Award for her lifelong and significant contribution as well as excellent research towards cyber security for critical national infrastructure.</p> <p>All members of the BAC are accorded with the opportunities to attend continuous professional development programmes to keep themselves abreast on the latest developments within the banking and audit realm. The list of training programmes attended by the BAC members are disclosed in Section B of this report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application	: Applied
Explanation on application of the practice	<p data-bbox="544 696 1415 840">: The Board recognises the importance of a sound system of risk management and internal control to ensure good corporate governance and to safeguard shareholders' investments as well as the Company's and the Group's assets.</p> <p data-bbox="544 875 1415 1126">A Group Risk Management Framework has been established to provide a holistic overview of the risk and control environment of the Group, as well as to set out strategic progression of risk management towards becoming a value creation enterprise. Detailed disclosures on the features, adequacy and effectiveness of this framework are available in the Statement on Risk Management & Internal Control on pages 132 to 140 of the Integrated Report 2019.</p> <p data-bbox="544 1162 1415 1449">The Board Risk Committee ("BRC") provides oversight and governance of risks for the Group to ensure that the Group's risk management processes are functional and effective. The BRC also oversees Senior Management's activities in managing risk, ensuring that the risk management process in each of the Group's entities functions in accordance with a risk-return performance management framework. Furthermore, the BRC supports and leads the Senior Management in driving the appropriate Risk Culture and Risk Ownership in the Group.</p> <p data-bbox="544 1485 1415 1552">Additional BRC's duties and functions, among others, include the following:</p> <ul data-bbox="544 1592 1415 1986" style="list-style-type: none"> <li data-bbox="544 1592 1415 1697">• To provide oversight to ensure that the Group's risk management framework, processes and systems are functioning; commensurate with its nature, scale, complexity of activities and risk appetite. <li data-bbox="544 1704 1415 1809">• To deliberate and assess the nature and materiality of risk exposures, potential risks and impact on capital and the Group's sustainability. <li data-bbox="544 1816 1415 1921">• To review and approve proposed changes to Delegated Lending (Financing) Authorities/Discretionary Powers/Powers of Attorney, limits for business and operations. <li data-bbox="544 1928 1415 1986">• To review and approve changes to policies and frameworks (excluding HR related policies and framework), risk

	<p>methodologies/models and other significant risk management matters, in line with the approved risk strategy.</p> <ul style="list-style-type: none"> To review and approve new/existing products with material variations in product features. 	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied	
Explanation on application of the practice	:	The components of the Company's risk management and internal control framework, as well as the framework's adequacy and effectiveness are scribed in the Statement of Risk Management and Internal Control ("SORMIC") on pages 132 to 140 of the Integrated Report 2019. The SORMIC also provides the mitigating factors that are put in place by those responsible in managing the risks within RHB Banking Group.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted												
Explanation on adoption of the practice	:	<p>The Board Risk Committee ("BRC") comprises a majority of Independent Directors to oversee the Group's risk management framework and process. The board committee comprised three Non-Executive Directors ("NEDs") in 2019, of whom two are Independent NED ("INEDs") and one Non-Independent NED ("NINED"), representing the respective major operating entities within the Group.</p> <p>The BRC met 12 times during the financial year 2019. The composition of the BRC and the attendance of the members at its Committee meetings held in 2019 are as follows:</p> <table border="1"><thead><tr><th>BRC Composition</th><th>Attendance at meetings</th></tr></thead><tbody><tr><td>Chairperson</td><td></td></tr><tr><td>Ms Ong Ai Lin (INED)</td><td>12/12</td></tr><tr><td>Members</td><td></td></tr><tr><td>Tan Sri Saw Choo Boon (NINED)</td><td>12/12</td></tr><tr><td>Mr Chin Yoong Kheong (INED)</td><td>12/12</td></tr></tbody></table>	BRC Composition	Attendance at meetings	Chairperson		Ms Ong Ai Lin (INED)	12/12	Members		Tan Sri Saw Choo Boon (NINED)	12/12	Mr Chin Yoong Kheong (INED)	12/12
BRC Composition	Attendance at meetings													
Chairperson														
Ms Ong Ai Lin (INED)	12/12													
Members														
Tan Sri Saw Choo Boon (NINED)	12/12													
Mr Chin Yoong Kheong (INED)	12/12													

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group Internal Audit (“GIA”)’s function operates under an audit charter mandated by the Board of RHB Bank Berhad that defines the purpose, authority and responsibility of the internal audit function. The GIA reports directly to the Board Audit Committee (“BAC”) on all its activities as promulgated by Paragraph 15.27 of Bursa Securities Listing Requirements.</p> <p>The BAC reviewed and approved the GIA’s annual audit plan and the risk assessment methodology as well as reviewed GIA’s staffing requirements and audit activities. The BAC appraised the performance of the Group Chief Internal Auditor (“CIA”) and approved the performance rewards for the Group CIA in accordance with the distribution matrix approved by the Board. The BAC also reviewed the appraisals of senior staff members of GIA.</p> <p>The BAC reviewed and deliberated on the minutes of the Management Audit Committee meetings, the internal audit reports, investigation reports and inspection/examination reports issued by the regulatory authorities.</p> <p>The internal audit function is assessed by an internal independent Quality Assurance Review (“QAR”) team based on the approved QAR plan for the year and is also assessed by an external qualified independent reviewer once every three years to ensure its effectiveness and identify opportunities for continuous improvement.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose—

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group Internal Audit (“GIA”) reports directly to the Board Audit Committee (“BAC”) and is independent from business and functional activities it audits. Its objectives, scope of authority and responsibilities are defined in the Internal Audit Charter which is approved by the Board.</p> <p>Based on the annual audit plan approved by the BAC, GIA reviews the adequacy and effectiveness of the Group’s risk management, internal control and governance processes implemented by the Management. Further details of the GIA’s activities and functions are set out in the BAC Report on pages 123 to 127 of the Integrated Report 2019.</p> <p>Audit reports, containing identified issues, audit recommendations and corrective action plans, are reported to the Senior Management and BAC as well as the Board where necessary. Follow-up on the status of actions taken by Management as per the auditors’ recommendations are carried out via various Management Audit Committees (“MAC”), established at the entity level within the Group. Control issues raised by the external auditors are also tabled to the respective MACs to ensure that all issues are duly acted on by the Management.</p> <p>There were 146 personnel within GIA as at 31 December 2019. The GIA’s personnel are independent of the business operations and activities they audit as well as free from any relationships or conflicts of interest situations.</p> <p>GIA is currently headed by Mr Alex Tan Aun Aun as the Group Chief Internal Auditor. 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 The Institute of Internal Auditors Malaysia.</p>

	<p>The internal audit function is carried out in line with its Internal Audit Charter and the requirements of the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing ("ISPPA") and Bank Negara Malaysia's Guidelines on Internal Audit Function of Licensed Institutions.</p> <p>For the financial year ended 31 December 2019, the total internal audit cost incurred amounted to RM 26.3 million (2018: RM22.6 million).</p>	
<p>Explanation for departure</p>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	:	
<p>Timeframe</p>	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is acutely aware of the growing importance of communicating with stakeholders by having open dialogue in a clear, accurate and timely manner.</p> <p>Stakeholders form an important part of RHB's ecosystem and the Board along with the management of RHB continue to enhance the level of disclosures whilst also complying with the legal and regulatory promulgation that govern the Company. In the course of providing timely information to stakeholders, the Board has identified the following groups as the key stakeholders of the Group:</p> <ul style="list-style-type: none">• Shareholders;• Employees;• Customers;• Suppliers;• Business partners;• Regulators/Policy makers; and• Our local Communities. <p>The following are the methods of communication utilised by the Group to communicate with our stakeholders:</p> <p><u>General Meeting(s)</u></p> <p>The Board ensures shareholders are able to exercise their rights in attending and participating the Company's Annual General Meeting ("AGM") as well as other meetings as called by the Company or its shareholders. The Board provides the platform for shareholders to raise their concerns or queries and ensures all matters that are raised warrant a response. To ensure shareholders were accorded sufficient time to prepare for the AGM, the Notice of the AGM held in 2019 was provided 30 days in advance to shareholders.</p> <p>Pursuant to the Companies Act 2016, shareholders of RHB Bank Berhad have the right to, among others, the following:</p> <ul style="list-style-type: none">• vote on resolutions at general meetings;

- call for general meeting(s);
- propose resolutions in the meeting agenda;
- appoint and remove directors;
- approve the fee and benefits for directors; and
- approve the fee or removal of auditors.

Corporate Website

The Group's corporate website provides relevant information (including information on dividend, capital & debt instruments, credit rating, announcements released to media and Bursa Malaysia website, integrated/annual reports, financial reports, corporate structure, corporate governance report, notice of general meetings and minutes of general meetings on RHB Bank and its main operating subsidiaries which are publicly accessible. Whilst the corporate website mainly acts as a customer touch point and an important platform to promote the Group's branding and image, our intranet, on the other hand, is an essential internal communication channel for staff and a landing platform for knowledge repository within the Group.

Investor Relations Function

The Group's Investor Relations serves as an important conduit between the Group and its stakeholders. Acknowledging the need to have strong public representation(s) towards the investing community and shareholders, the Board designates the Group Managing Director and the Group Chief Financial Officer as the official spokesperson(s) of the Group. Further information on investor relations can be accessed through the corporate website at www.rhbgroup.com.

Officer-in Charge	Position	Contact
Dato' Khairussaleh Ramli	Group Managing Director of RHB Banking Group	Email: khairussaleh@rhbgroup.com Telephone No. +603 9280 6611 Office Address Tower Three, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Syed Ahmad Taufik Albar	Group Chief Financial Officer of RHB Banking Group	Email: taufik.albar@rhbgroup.com Telephone No. +603 9280 7090 Office Address Tower Three, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia

[Analyst Briefings](#)

The Group Managing Director and the Group Chief Financial Officer are the official spokesperson(s) of the Group. They hold quarterly briefing with industry analysts on the Group's performance after the respective announcement to Bursa is completed. The briefing is conducted to facilitate timely release of information towards the investment community and other stakeholders of RHB Bank Berhad.

Previous analyst briefings can be viewed on the corporate website @ <https://www.rhbgroup.com/malaysia/investor-relations/financial-reports/quarterly-financial-statements/2019>

[Media Briefings/Press Releases](#)

Media briefings are conducted by the official spokesperson(s) of the Company. The briefings are often conducted to update stakeholders on the latest promotion and partnerships undertaken by RHB. Press releases are made via print and virtual media on all significant business activities and developments to ensure the investing community is edified of the Group's various business ventures and performance. Information on media released and press conferences conducted for the year can be found at <https://www.rhbgroup.com/malaysia/news-room/2019>.

[Timely Disclosures via Bursa Announcement LINK](#)

In order to facilitate a structured and effective communication platform, a Group Corporate Communications Operations Manual has been established to guide all staff of RHB with regards to its corporate disclosures towards the Bank's stakeholders.

The Company also has a Group Secretariat Manual that provides guidance on the relevant means of disclosures via submissions to be made through the Bursa LINK as well as to other relevant regulatory bodies in a timely and accurate manner.

[Quarterly Reporting](#)

Timely announcements are made in line with the Listing Requirements on RHB's financial performance on a quarterly basis via the Bursa announcement LINK and RHB's Corporate Website. RHB's announcement on quarterly reporting can be found under the Investor Relations tab at <https://www.rhbgroup.com/investor-relations/overview/index.html>

[Declaration of Dividend](#)

RHB Bank's dividends are usually declared twice in a year, namely for the interim dividend and the final dividend.

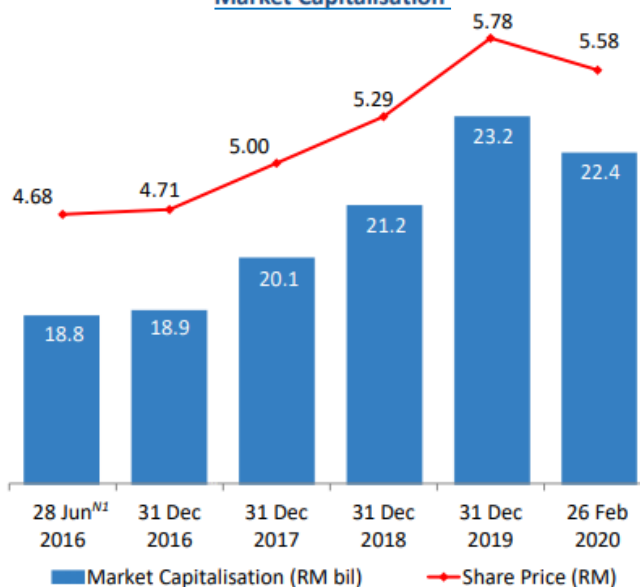
The Group pays a sustainable dividend to its shareholders over time while maintaining prudent capital levels in view of forthcoming regulatory changes as well as meeting the expectations of investors and other stakeholders. The Group's dividend pay-out also takes into consideration the long-term growth prospect of the businesses.

In line with the above, the Board is proposing a final cash dividend of **18.5 sen** per share for the financial year ended 31 December 2019. Together with the interim cash dividend of **12.5 sen** per share paid on 19 September 2019, the total dividend pay-out for financial year ended 2019 will be **31 sen** per share, translating into a pay-out ratio of **50.1%**, as follows:

Table: 5-Year Dividend Payout Trend

	RHB Bank Berhad				RHB Capital Berhad
Financial Year Ended	2019	2018	2017	2016	2015
Dividend Per Share (sen)	31.00	20.50	15.00	12.00	12.00
Dividend Pay-out Ratio (%)	50.1	35.7	30.8	28.6	24.4
Total Net Dividend Declared (RM 'million)	1,243.1	822.1	601.5	481.2	369.0

Diagram on Market Capitalisation



Shareholders can view the historical record of RHB's dividend payment at <https://www.rhbgroup.com/investor-relations/overview/index.html>.

Compliance with Financial Reporting Standards

The Board ensures that shareholders are provided with a clear, balanced and meaningful assessment of the Company's and the Group's financial performance, position and future prospects through the Annual Audited Financial Statements, quarterly reports and corporate

	<p>announcements on significant events affecting the Company in accordance with the Bursa Malaysia's Main Market Listing Requirements and in compliance with relevant Financial Reporting Standards.</p> <p><u>Reporting on RHB's Sustainability Development, Activities and Performance</u></p> <p>The Board plays an integral role in determining RHB Banking Group's strategic direction and regards sustainability as a key component of the Group's business and operations. Sustainability matters have been included as part of a recurring Board agenda with the Group Managing Director and Senior Management directly overseeing the Group's practices, decision making and performance in relation to Environmental, Economics, Social & Governance matters.</p> <p>Information on RHB's Sustainability related activities can be found in our Sustainability Report 2019.</p> <p><u>Update on latest products and offerings</u></p> <p>RHB ensures its stakeholders are kept up-to-date with its latest financial products offering by disclosing the latest products on its corporate website.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other’s objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Applied	
Explanation on application of the practice	:	As reported in our 2018 CG Report, the Group had embarked on adopting the Integrated Reporting framework with an intent to fully comply and adopt this Practice by 2020. We are pleased to report that we have published our inaugural Integrated Report 2019 on schedule.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board views the Annual General Meeting (“AGM”) as a significant event that has far reaching implications towards the Group and its stakeholders. As such, clear and timely communication with shareholders is essential to ensure smooth proceedings.</p> <p>Shareholders are elucidated on the proceedings of the day via the issuance of the Notice of AGM (“the Notice”), accompanied by the issuance of the Integrated Report, Financial Report and Corporate Governance Report, at least 28 days before the said meeting. The Notice ensures information on resolutions being tabled are clear and encapsulates necessary information for shareholders to make a clear decision on their voting.</p> <p>A typical RHB Bank Berhad’s Notice of AGM would include the following key information on resolutions to be approved by shareholders:</p> <ul style="list-style-type: none">• Information on the venue, date and time of the AGM;• Voting rights and procedures;• Re-election and re-appointment of Directors;• Appointment/re-appointment of auditors;• Material mergers, acquisitions and divestments exercises (only Extraordinary General Meetings); and• Dividend payments. <p>The notice of AGM for the last meeting held in 2019 was provided well in advance by 30 days to shareholders. The announcement as well as the notice were distributed to the shareholders on 25 March 2019 while the AGM was held on 24 April 2019.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied
Explanation on application of the practice	:	<p>The Annual General Meeting (“AGM”) and Extraordinary General Meeting (“EGM”) are key platforms available to shareholders to enable them to voice and convey their concerns and queries to the Board and senior management.</p> <p>The Company’s last AGM was attended by all Board members including the Chairpersons of the respective Board Committees. The details of the Board attendance are available in the Minutes of the 53rd AGM published on the Company’s corporate website in line with paragraph 9.21(2) of Bursa Securities Main Market Listing Requirements.</p> <p>The need for all Board members to be present during the AGM is also codified in the Company’s Board Charter. Besides having all Board members present, the Board also requires the external auditors to be present at the AGM to respond to the shareholders’ enquiries on the conduct of the audit and the preparation and content of the auditors’ reports. Additionally, the Group Managing Director shares with the floor RHB Bank’s responses to questions submitted in advance of the AGM by the Minority Shareholders Watch Group.</p> <p>The last AGM held in 2019 was chaired by Tan Sri Azlan Zainol, the Board’s Chairman whilst Boardroom Share Registrars Services Sdn Bhd was present as Poll Administrator to conduct the polling process and Messrs KPMG PLT was appointed as the independent scrutineer to verify the poll results.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board has always mindful of the ease of access of the Company's general meeting(s) to ensure it is an easy to reach venue or easily accessible location for shareholders.</p> <p>This has been translated into the current administration processes of the general meetings which have been designed to encourage shareholders' participation. Shareholders are duly notified of the general meeting at least 28 days in advance to ensure that they can plan in advance and make themselves available for the general meetings.</p> <p>All the Company's shareholders are entitled to appoint representatives or proxy/proxies to vote on their behalf in their absence at the general meeting. In accordance with the RHB Bank's Constitution, a member of the Company who is entitled to attend and vote at the general meeting, is entitled to appoint up to two proxies to attend and vote in his or her place.</p> <p>A proxy may not be a member of the Company. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account which is credited with ordinary shares of the Company.</p> <p>The attendance of shareholders at the RHB Bank's general meetings has always been encouraging. In the previous Company's 53rd Annual General Meeting ("AGM") held in Exhibition Hall 4 & 5, Ground Floor, West Wing, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur on 24 April 2019, a total of 2,085 Members (comprising shareholders, proxies and corporate representatives) were registered per the Attendance Record for a total of 3,129,698,503 shares, representing approximately 78.05% of the total shareholdings.</p>

	<p><u>Alternate Practice:</u></p> <p>The Board encourages shareholder participation in the General Meetings. Shareholders are accorded with the opportunity to attend and exercise their rights to cast their votes either in person or by proxy.</p> <p>During the last AGM held on 24 April 2019, shareholders were provided with a presentation on the Group’s performance for the last financial year as well as the response for the questions raised by the Minority Shareholders Watch Group (“MSWG”). The Board also allocated sufficient time to shareholders allowing questions to be raised on matters relating to the Group’s financial and non-financial performance, corporate governance, sustainability and any other matters that were related to the Company’s performance and activities during the financial year.</p> <p>Voting was conducted via electronic poll (“e-Poll”) in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Boardroom Share Registrars Services Sdn Bhd was appointed as Poll Administrator to conduct the polling process, and Messrs KPMG PLT was appointed as independent scrutineer to verify the e-poll results.</p> <p>The existing practices by the Company ensure shareholders are able to participate, engage with the Board and senior management effectively and make informed voting decisions at the Company’s general meetings.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	<p>The Board, with the support of senior management will continue to engage with available service providers regarding the technological options in the market that will allow for shareholders to remotely participate and vote in absentia at our AGM with the full conduct of the AGM live streamed via the web.</p> <p>As we view the rights of shareholders to participate in AGMs as sacrosanct, we hope to provide avenues for greater shareholder participation in our AGMs moving forward.</p>
<p>Timeframe :</p>	<p>3 years</p>

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

In line with the disclosure requirements per **Bank Negara Malaysia (“BNM”) Policy on Corporate Governance (“Policy”)** issued on 3 August 2016, RHB Bank Berhad (“the Company”) has disclosed its corporate governance (CG) practices in the following:

- Integrated Report (“IR”);
- Financial Report (“FR”);
- Corporate Governance Report (“CG Report”);
- Sustainability Report (“SR”); and
- RHB Banking Group’s corporate website (www.rhbgroup.com).

For easy reference, below is the cross-reference of the Company’s disclosures made pursuant to Appendix 4 of the Bank Negara Malaysia (“BNM”) Policy on Corporate Governance:

Board of Directors

Composition

In relation to CG disclosures per **Appendix 4** of the BNM Policy, disclosure on the composition of RHB Bank Berhad’s Board of Directors includes the following:

Name and designation of each director

The disclosure is made on page 96 to 100 of the Integrated Report as well as on the RHB Group’s corporate website at www.rhbgroup.com.

Key personal details and background of directors

The disclosure is made on page 96 to 100 of the Integrated Report as well as on the RHB Group’s corporate website at www.rhbgroup.com.

Chairman and members of each board committee

The disclosure on the main Board Committees is made on page 96 to 100 of the Integrated Report and in the following documents:

Committee	Reference Document	Page/Section
Board Audit Committee	Integrated Report	Page 96-100 & 123
	CG Report	Practice 8.1
Board Nominating & Remuneration Committee	Integrated Report	Page 96-100
	CG Report	Practice 6.2
Board Risk Committee	Integrated Report	Page 96-100
	CG Report	Step-up 9.3

Disclosure on the remaining Board-level Committees shared within RHB Banking Group are made as follows:

Board Credit Committee (“BCC”)

Membership

Dato’ Abd Rahman bin Dato’ Md Khalid (Chairman)

Independent Non-Executive Director

Tan Sri Ong Leong Huat

Non-Independent Non-Executive Director

Mr Lim Cheng Teck

Independent Non-Executive Director

Responsibility

The BCC is responsible to affirm, veto or include 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”), both which reside at the management level.

Investment Committee (Insurance)

Membership

Jahanath Muthusamy (Chairman)

Independent Non-Executive Director

Shaifubahrim Bin Mohd Saleh

Independent Non-Executive Director

Dato’ Darawati Hussain

Independent Non-Executive Director

Responsibility

The Investment Committee mainly oversees the investment aspects of RHB Insurance Berhad.

Investment Committee (RHB Asset Management Sdn Bhd and RHB International Asset Management Berhad)

Membership

Yap Chee Meng (Chairman)

Independent Non-Executive Director

Dato’ Darawati Hussain

Independent Non-Executive Director

Sharifatu Laila Syed Ali

Independent Non-Executive Director

Responsibility

The Investment Committee mainly oversees the investment aspects of RHB Asset Management Sdn. Bhd. and RHB Islamic International Asset Management Berhad.

Shariah Committee (“SC”)

Membership

Dr Ghazali Jaapar (Chairman)
Assoc. Prof. Dr. Amir Shaharuddin
Mohd Fadhly Md Yusoff
Wan Abdul Rahim Kamil Wan Mohamed Ali
Shabnam Mohamad Mokhtar

Responsibility

The SC is responsible to provide advice on all Shariah matters to ensure business operations comply with Shariah Principles, where applicable. The Committee consults BNM’s Shariah Advisory Council (“SAC”) on any Shariah matters which have not been resolved or endorsed by the SAC. The SC also has an oversight role on Shariah matters related to the institution’s business operations and activities.

Islamic Risk Management Committee (“IRMC”)

Membership

Dato’ Abd Rahman Dato’ Md Khalid (Chairman)
Independent Non-Executive Director
Dato’ Foong Chee Meng
Independent Non-Executive Director
Ms Ong Ai Lin
Independent Non-Executive Director

Responsibility

The IRMC provides risk oversight and guidance to ensure that the management of risk exposures in RHB Islamic Bank are aligned to the principles of Islamic Banking as guided by the relevant regulatory authority, as well as to ensure that core risk policies are consistent with the Group’s Shariah Governance framework. The IRMC also oversees the execution of risk policies and related decisions by RHB Islamic Bank’s Board, and provides oversight for major risk categories which are unique to Islamic finance. These include displaced commercial risk, withdrawal risk, rate of return risk, fiduciary risk and Shariah non-compliance risk.

Meeting attendance of Directors

The detailed information on the meeting attendance for Board and Board Committees can be referred on pages 110 and 111 of the Integrated Report 2019.

Movement of directorship in RHB Bank Berhad during the past financial year

During the past financial year, the Board composition was slightly altered as, Puan Sharifatu Laila was appointed as an Independent Non-Executive Director on 15 March 2019. On 8 May 2019, Mr Mohamed Ali Ismaeil Ali AlFahim retired from the Board. Mr AlFahim's departure from the Board was in line with the Board's long-term succession planning process with a view to ensure a higher percentage of Independent Directors in the boardroom. On January 1, 2020 Datuk Seri Dr Govindan Kunchambo was appointed as an Independent Non-Executive Director to improve facet of independence of the Board.

Board Training and Development

Induction Programme

The Board has established Standard Procedures on Directors' In-House Orientation and Continuous Education Programme for all Directors within the RHB Banking Group. New Directors appointed to the Group are required to attend and complete the induction programme immediately upon their appointment. Besides the induction programme, directors are also encouraged to continue their professional development by attending training and development programmes to equip themselves in their capacity as a Director.

Puan Shariftu and Datuk Seri Govindan both attended their induction programme on 17 June 2019 and 11 March 2020 respectively. This is done to ensure Directors are accorded with a better understanding of the nature of business, corporate strategy, risks of the business, financial overview, risk management strategy, legal requirements, duties, responsibilities and rights from the legal viewpoint, moral and ethical obligations as well as good corporate governance in the ever-changing economic climate, on an ongoing basis in assuring them to duly perform their duties and address issues that may arise therefrom.

Directors' Continuous Development

The Board emphasises the importance of continuing education and training for its Directors to ensure they keep up with the latest developments in the areas related to their duties. A budget for Directors' training is provided each year by RHB Bank. The Board, as part of the Board Effectiveness Evaluation ("BEE") exercise, assesses the training needs of each Director annually. The training and development of Directors are detailed in the Group's Standard Procedures on Directors' In-house Orientation and Continuing Education Programme for the RHB Banking Group.

The Non-Executive Directors ("NED") of the Company and the Group are encouraged to attend local and/or overseas training programmes organised by credible training organisations including the Board High Performance Programme. This latter programme is intended to equip the Directors with the necessary knowledge and tools to effectively discharge their duties and responsibilities as well as provide the Directors with global business perspectives and skills that engender organisational excellence.

The Company Secretaries facilitate the organisation of internal training programmes and Directors' attendance of external training programmes, and keep a complete record of the training conducted and attended by the Directors. The training needs of the Directors are assessed on a yearly basis by the BNRC to ensure the directors are accorded the appropriate training required.

During the year, the Directors of RHB Bank Berhad attended the following training programmes, conferences and seminars:

Name	Programme title	Scope
Group Managing Director		
Dato' Khairussaleh Ramli	In-House Training on "Risk Management in Islamic Banks: A Shariah Perspective" <i>(6 May 2019)</i>	<ul style="list-style-type: none"> Understand the importance of Shari'ah Compliant and Shari'ah Governance IFIs Comprehend the impact of Shari'ah Non-Compliance risk for IFIs Identify the key Shari'ah non-compliance risk areas in IFIs Understand the methodology to deal with Shariah non-compliant risk events.
	In-House Training on "Directors' Guide to Governance, Risk & Compliance (GRC)" <i>(13 May 2019)</i>	<ul style="list-style-type: none"> Relate the relationship between Governance, Risk and Compliance Illustrate the business drivers for an integrated approach to GRC Describe the GRC Management Challenge Identify the relevant GRC impact and performance issues Design the GRC process model
	In-House Training on "AML/CFT Training for BOD & GMC Members" <i>(18 June 2019)</i>	<ul style="list-style-type: none"> Macro Turbulence & Inherent Risks Lesson learned from 1MDB affair Lesson learned from the Danske Bank Fiasco Implication on governance landscape and key takeaways
	In-house Training on "The Corporate Liability Provision under Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009" <i>(16 October 2019)</i>	<ul style="list-style-type: none"> Corporate Liability Penalties for corruption offences The Principles of T.R.U.S.T
	Introduction to Digital - Lean Six Sigma <i>(9 December 2019) (e-learning)</i>	<ul style="list-style-type: none"> Increase customers satisfaction Increase profits and decrease costs Better performance monitoring and analysis
	Introduction to Customer Journey and Design Thinking <i>(5 December 2019) (e-learning)</i>	<ul style="list-style-type: none"> Understanding customers' needs Designing products to meet customers' needs
	Digital Megatrends <i>(31 December 2019) (e-learning)</i>	<ul style="list-style-type: none"> How digital and technological innovations drive and change the business landscape
	Introduction to Data Analytics <i>(5 December 2019) (e-learning)</i>	<ul style="list-style-type: none"> Getting the best value out of data Big data
	Introduction to Agile Fundamentals <i>(4 December 2019) (e-learning)</i>	<ul style="list-style-type: none"> Overview of the Agile concept
	RHB Risk Culture & Awareness <i>(5 December 2019) (e-learning)</i>	<ul style="list-style-type: none"> Robust risk culture in promoting "Risk is Everyone's Responsibility" by incorporating P.R.I.D.E as part of the "Conduct Risk" into daily business activities
	IT Security Awareness <i>(9 December 2019) (e-learning)</i>	<ul style="list-style-type: none"> Cultivating strong security culture Importance of IT security
	Secrecy and Information Protection Training <i>(5 December 2019) (e-learning)</i>	<ul style="list-style-type: none"> Importance of protecting information Legal requirements of protecting confidential information
Non-Executive Non-Independent Directors		
Tan Sri Azlan Zainol	Presentation / Dialogue on Property Outlook 2019 Corporate Liability Beneficial Ownership and Governance <i>(12 January 2019)</i>	<ul style="list-style-type: none"> Outlook on the Malaysian property market Section 17A of the MACC Act 2009
	UK Retail Workshop and Study Tour on "The Future of Retailing" <i>(3 – 8 March 2019)</i>	<ul style="list-style-type: none"> Understanding the trends with regards to retail and its future
	BNM Governor's Address On The Malaysian Economy & Panel Discussion <i>(28 March 2019)</i>	<ul style="list-style-type: none"> 2018 BNM Annual Report
	Talk on "Economic Developments in the US" by Dr Mark Zandi, Chief Economist of Moody's Analytics US	<ul style="list-style-type: none"> Global Businesses are Nervous U.S. Job Market is Historically Strong

	<i>(1 April 2019)</i>	<ul style="list-style-type: none"> Global Commodity Prices are Firm Currency Depreciation Indicator
	In-House Training on “Enhancing Corporate Brand Value” <i>(30 April 2019)</i>	<ul style="list-style-type: none"> About Brand Finance Brand Finance rankings & reports Businesses increasingly recognise the value brands create The Banker Global brand value Brand value results 2019 Malaysia Banking results ASEAN Banking results Brand strength index
	In-House Training on "Risk Management in Islamic Banks: A Shariah Perspective" <i>(6 May 2019)</i>	<ul style="list-style-type: none"> Understand the importance of Shari’ah Compliant and Shari’ah Governance IFIs Comprehend the impact of Shari’ah Non-Compliance risk for IFIs Identify the key Shari’ah non-compliance risk areas in IFIs Understand the methodology to deal with Shariah non-compliant risk events.
	In-House Training on “Directors’ Guide to Governance, Risk & Compliance (GRC)” <i>(13 May 2019)</i>	<ul style="list-style-type: none"> Relate the relationship between Governance, Risk and Compliance Illustrate the business drivers for an integrated approach to GRC Describe the GRC Management Challenge Identify the relevant GRC impact and performance issues Design the GRC process model
	BNM’s MyFintech Week <i>(17 - 19 June 2019)</i>	<ul style="list-style-type: none"> Financing for The Future Regulations 2.0* Culture and Ethics*
	In-House Training on 'Industry 4.0 and It’s Impact of Malaysian Capital Market' <i>(6 August 2019)</i>	<ul style="list-style-type: none"> Industry 4.0 The Malaysian Government’s Policies related to Industry 4.0 and fund Raising Options for SME Application and impact of Industry 4.0 The future trend of Industry 4.0
	In House Training on "Islamic Banking and Finance – Case Studies on Recent Court Decisions" <i>(3 October 2019)</i>	<ul style="list-style-type: none"> Legal Framework Court Decisions Implications of the recent decisions
Tan Sri Ong Leong Huat @ Wong Joo Hwa	Revisiting the Misconception of Board Remuneration <i>(13 March 2019)</i>	<ul style="list-style-type: none"> Understand the importance of a fair and reasonable remuneration Learn to upcoming trends, approaches and best practices Be part of the debate
	Corporate Accountability – “Small details, Big Problems” <i>(18 December 2019)</i>	
Tan Sri Saw Choo Boon	Islamic Finance for Board of Directors Training Programme <i>(13 & 14 February 2019)</i>	<ul style="list-style-type: none"> Enhance Director’s appreciation on the dynamics of Shariah principles in shaping different offerings of Islamic banking business. Equip Directors with practical understanding on the value propositions of Islamic finance and its specificities vis-à-vis conventional banking with the aim of enhancing business potential. Provide Directors with diverse perspectives from within and beyond the Islamic banking community on contemporary issues in the industry.
	Focus Group Discussion (in preparation for the 6th BNM-FIDE FORUM Annual Dialogue with the Senior Management of BNM) <i>(7 March 2019)</i>	<ul style="list-style-type: none"> To discuss and seek clarification on key trends and developments in the domestic and international economic environment To discuss current and future issues and challenges in the banking, Islamic banking, investment banking, development financial institution, insurance and Takaful businesses To propose collective views on substantive matters for discussion
	Reading the Signs: The next financial crisis and its potential impact on Asia <i>(14 March 2019)</i>	<ul style="list-style-type: none"> Global Financial Crisis of 2007/8 Asian Financial Crisis of 1997 Potential impact of a future financial crisis on the global financial system

BNM Governor's Address On The Malaysian Economy & Panel Discussion <i>(28 March 2019)</i>	<ul style="list-style-type: none"> • 2018 BNM Annual Report
Talk on "Economic Developments in the US" by Dr Mark Zandi, Chief Economist of Moody's Analytics US <i>(1 April 2019)</i>	<ul style="list-style-type: none"> • Global Businesses are Nervous • U.S. Job Market is Historically Strong • Global Commodity Prices are Firm • Currency Depreciation Indicator
In-House Training on "Risk Management in Islamic Banks: A Shariah Perspective" <i>(6 May 2019)</i>	<ul style="list-style-type: none"> • Understand the importance of Shari'ah Compliant and Shari'ah Governance IFIs • Comprehend the impact of Shari'ah Non-Compliance risk for IFIs • Identify the key Shari'ah non-compliance risk areas in IFIs • Understand the methodology to deal with Shariah non-compliant risk events.
In-House Training on "Directors' Guide to Governance, Risk & Compliance (GRC)" <i>(13 May 2019)</i>	<ul style="list-style-type: none"> • Relate the relationship between Governance, Risk and Compliance • Illustrate the business drivers for an integrated approach to GRC • Describe the GRC Management Challenge • Identify the relevant GRC impact and performance issues • Design the GRC process model
In-House Training on "AML/CFT Training for BOD & GMC Members" <i>(18 June 2019)</i>	<ul style="list-style-type: none"> • Macro Turbulence & Inherent Risks • Lesson learned from 1MDB affair • Lesson learned from the Danske Bank Fiasco • Implication on governance landscape and key takeaways
IT Risk Management Training for Board Members <i>(4 July 2019)</i>	<ul style="list-style-type: none"> • IT Governance, risks and control • Understanding and Managing Outsourcing Risk • Key processes to managing the risk of third party relationship • BNM Policy Document on Outsourcing
Understanding Fintech and Its Implications for Banks <i>(1 August 2019)</i>	<ul style="list-style-type: none"> • Articulate the latest fintech developments and how it affects the banking industry; • Explain the threat of fintech should financial institutions ignore these developments; • Explain the current regulatory framework for fintech under Bank Negara Malaysia; • Explain blockchain and its applications in banking; • Consider the benefits of adopting fintech or partnering with fintech providers to improve banking services or processes.
In-House Training on 'Industry 4.0 and It's Impact of Malaysian Capital Market' <i>(6 August 2019)</i>	<ul style="list-style-type: none"> • Industry 4.0 • The Malaysian Government's Policies related to Industry 4.0 and fund Raising Options for SME • Application and impact of Industry 4.0 • The future trend of Industry 4.0
Business Foresight Forum ('BFF') 2019 : New Business Directions 2025 Catalyst For Change <i>(19 September 2019)</i>	<ul style="list-style-type: none"> • Discuss and assess global economic direction and investor trends and its impact on capital markets • Consider how new tech apps act as new driving force and catalyst in the development of new business ideas • Evaluate how big data and blockchain contribute to better business decisions in capital markets • Recognise why cyber security has become the integral part of doing business in a safe and trustworthy ecosystem
In House Training on "Islamic Banking and Finance – Case Studies on Recent Court Decisions" <i>(3 October 2019)</i>	<ul style="list-style-type: none"> • Legal Framework • Court Decisions • Implications of the recent decisions
4th Distinguished Board Leadership Series: Digital To The Core <i>(4 October 2019)</i>	<ul style="list-style-type: none"> • Digital to the Core • Key similarities and differences between Digital and Traditional FIs • Key success factors and lessons learned

		<ul style="list-style-type: none"> Use-case and demo of financial technology solutions
Independent Non-Executive Directors		
Abdul Aziz Peru Mohamed	Islamic Finance for Board of Directors Training Programme <i>(13 & 14 February 2019)</i>	<ul style="list-style-type: none"> Enhance Director's appreciation on the dynamics of Shariah principles in shaping different offerings of Islamic banking business. Equip Directors with practical understanding on the value propositions of Islamic finance and its specificities vis-à-vis conventional banking with the aim of enhancing business potential. Provide Directors with diverse perspectives from within and beyond the Islamic banking community on contemporary issues in the industry.
	'Let's Get Real' on Anti-Bribery <i>(1 March 2019)</i>	<ul style="list-style-type: none"> How to say 'No' to Bribery
	Talk on "Economic Developments in the US" by Dr Mark Zandi, Chief Economist of Moody's Analytics US <i>(1 April 2019)</i>	<ul style="list-style-type: none"> Global Businesses are Nervous U.S. Job Market is Historically Strong Global Commodity Prices are Firm Currency Depreciation Indicator
	In-House Training on "Risk Management in Islamic Banks: A Shariah Perspective" <i>(6 May 2019)</i>	<ul style="list-style-type: none"> Understand the importance of Shari'ah Compliant and Shari'ah Governance IFIs Comprehend the impact of Shari'ah Non-Compliance risk for IFIs Identify the key Shari'ah non-compliance risk areas in IFIs Understand the methodology to deal with Shariah non-compliant risk events.
	In-House Training on "Directors' Guide to Governance, Risk & Compliance (GRC)" <i>(13 May 2019)</i>	<ul style="list-style-type: none"> Relate the relationship between Governance, Risk and Compliance Illustrate the business drivers for an integrated approach to GRC Describe the GRC Management Challenge Identify the relevant GRC impact and performance issues Design the GRC process model
	2nd PIDM-FIDE FORUM Annual Dialogue with the CEO of PIDM <i>(12 July 2019)</i>	<ul style="list-style-type: none"> The Dialogue will discuss global developments, including how deposit insurance and insurance guarantee schemes promote financial stability during both good times and in situations of crisis. A strategic overview of PIDM's evolution and future priorities as a resolution authority for its Member Institutions will also be covered.
	In House Training on "Islamic Banking and Finance – Case Studies on Recent Court Decisions" <i>(3 October 2019)</i>	<ul style="list-style-type: none"> Legal Framework Court Decisions Implications of the recent decisions
	ICDM International Directors Summit 2019 <i>(14 & 15 October 2019)</i>	<ul style="list-style-type: none"> Power talk signature series the new world competitiveness landscape consequences for Board members A new paradigm towards ASEAN 4.0 Boardroom diversity scenario simulations Board talk the part of digital disruption every board needs to know Ethical dilemmas in the Boardroom
Corporate Governance & Anti-Corruption <i>(31 October 2019)</i>	<ul style="list-style-type: none"> Securities Commission Malaysia's (SC) inaugural CG Monitor 2019. Increasing focus on tackling corruption in both the public and private sectors by the Malaysian government. National Anti-Corruption Plan (2019-2023) (NACP) launched on 29 January 2019 Corporate Liability Provision (Section 17A of the MACC Act 2009) which comes into effect in June 2020 	
Ong Ai Lin	Reading the Signs: The next financial crisis and its potential impact on Asia <i>(14 March 2019)</i>	<ul style="list-style-type: none"> Global Financial Crisis of 2007/8 Asian Financial Crisis of 1997 Potential impact of a future financial crisis on the global financial system

FIDE FORUM Dinner Talk - Digital Assets: Global Trends Legal Requirements and Opportunities for Financial Institutions <i>(26 March 2019)</i>	<ul style="list-style-type: none"> • Cryptocurrencies • Overview of tokens, cryptocurrencies and blockchain • The accounting possibilities for digital currency • Implications of the current accounting model • Crypto Insolvency
BNM-FIDE FORUM Dialogue with the Deputy Governor on the Draft Risk Management in Technology (RMiT) Policy <i>(8 April 2019)</i>	<ul style="list-style-type: none"> • Policy requirement • Regulatory process • Supervisory and administrative action
Islamic Finance for Board of Directors Training Programme <i>(10- 11 April 2019)</i>	<ul style="list-style-type: none"> • Enhance Director's appreciation on the dynamics of Shariah principles in shaping different offerings of Islamic banking business. • Equip Directors with practical understanding on the value propositions of Islamic finance and its specificities vis-à-vis conventional banking with the aim of enhancing business potential. • Provide Directors with diverse perspectives from within and beyond the Islamic banking community on contemporary issues in the industry.
In-House Training on "Enhancing Corporate Brand Value" <i>(30 April 2019)</i>	<ul style="list-style-type: none"> • About Brand Finance • Brand Finance rankings & reports • Businesses increasingly recognise the value brands create • The Banker • Global brand value • Brand value results 2019 • Malaysia Banking results • ASEAN Banking results Brand strength index
In-House Training on "Risk Management in Islamic Banks: A Shariah Perspective" <i>(6 May 2019)</i>	<ul style="list-style-type: none"> • Understand the importance of Shari'ah Compliant and Shari'ah Governance IFIs • Comprehend the impact of Shari'ah Non-Compliance risk for IFIs • Identify the key Shari'ah non-compliance risk areas in IFIs • Understand the methodology to deal with Shariah non-compliant risk events.
In-House Training on "Directors' Guide to Governance, Risk & Compliance (GRC)" <i>(13 May 2019)</i>	<ul style="list-style-type: none"> • Relate the relationship between Governance, Risk and Compliance • Illustrate the business drivers for an integrated approach to GRC • Describe the GRC Management Challenge • Identify the relevant GRC impact and performance issues • Design the GRC process model
In-House Training on "AML/CFT Training for BOD & GMC Members" <i>(18 June 2019)</i>	<ul style="list-style-type: none"> • Macro Turbulence & Inherent Risks • Lesson learned from 1MDB affair • Lesson learned from the Danske Bank Fiasco • Implication on governance landscape and key takeaways
BNM's MyFintech Week <i>(17 - 19 June 2019)</i>	<ul style="list-style-type: none"> • Financing for The Future • Regulations 2.0* • Culture and Ethics*
FIDE FORUM-ISRA Programme – Value Based Intermediation: Directors Role <i>(1 August 2019)</i>	<ul style="list-style-type: none"> • The global Islamic financial services industry (IFSI)
In-House Training on 'Industry 4.0 and It's Impact of Malaysian Capital Market' <i>(6 August 2019)</i>	<ul style="list-style-type: none"> • Industry 4.0 • The Malaysian Government's Policies related to Industry 4.0 and fund Raising Options for SME • Application and impact of Industry 4.0 • The future trend of Industry 4.0
In House Training on "Islamic Banking and Finance – Case Studies on Recent Court Decisions" <i>(3 October 2019)</i>	<ul style="list-style-type: none"> • Legal Framework • Court Decisions • Implications of the recent decisions
In-house Training on "The Corporate Liability Provision under Section 17A of the Malaysian"	<ul style="list-style-type: none"> • Corporate Liability • Penalties for corruption offences • The Principles of T.R.U.S.T

	Anti-Corruption Commission (MACC) Act 2009 <i>(16 October 2019)</i>	
	MIA International Accountants Conference 2019 <i>(22 – 23 October 2019)</i>	<ul style="list-style-type: none"> Trust & Sustainability in a digital economy MACC Guidelines on adequate procedure Budget 2020- Charting a sustainable ecosystem for business and society Navigating the AI-Augmented workplace Tax reforms- Ensuring sustainability for long term growth
Tan Sri Dr Rebecca Fatima Sta Maria	Regional Outlook Forum <i>(9 January 2019)</i>	<ul style="list-style-type: none"> Regional Business outlook
	IMF Presentation – Unfinished Business by Tamim Bayoumi <i>(14 January 2019)</i>	<ul style="list-style-type: none"> Growing Fragility of US Investment Banking
	Impact of potential Sino-US Trade War <i>(31 January 2019)</i>	<ul style="list-style-type: none"> Macroeconomic impacts of the trade war
	Thriving in the Age of Disruption by Rich Karlgaard, Editor at Large and Global Futurist, Forbes Media <i>(23 February 2019)</i>	<ul style="list-style-type: none"> Being prepared for disruption Managing challenges
	Asean Roundtable series: Future of Asean trade: tackling Non-Tariff Barriers in the New Trade order <i>(2 April 2019)</i>	<ul style="list-style-type: none"> Tackling the proliferation of non-tariff barriers to trade
	US-China Trade War: Managing the Narrative <i>(3 April 2019)</i>	<ul style="list-style-type: none"> Trade talks, tariffs and impact
	RSIS-WTO Parliamentarian Workshop, Temasek Foundation Series on Trade and Negotiations <i>(13 June 2019)</i>	<ul style="list-style-type: none"> Current and future negotiating issues in international trad
	Kuala Lumpur Roundtable <i>(2 July 2019)</i>	<ul style="list-style-type: none"> Discussion on economic developments and opportunities
	Digital Innovation and Disruption in the 4 th Industrial Revolution <i>(4 July 2019)</i>	<ul style="list-style-type: none"> Disruption of value creation Opportunities arising
	Future of Work Conference <i>(6 July 2019)</i>	<ul style="list-style-type: none"> Technology and transformation in business
	Pathways to Gender Inclusion in the 4 th Industrial Revolution <i>(2 September 2019)</i>	<ul style="list-style-type: none"> Bridging the gender gap and deliver the greatest economic gains for women
	APEC International Fin-tech Summit <i>(3 September 2019)</i>	<ul style="list-style-type: none"> How jobs, skills and SMEs may be affected by technological advances
	<i>APEC Innovation Forum – Building for the Future , facing global challenges through innovation and sustainability</i> <i>(5 September 2019)</i>	<ul style="list-style-type: none"> How APEC economies can embrace rapid technological advances
	Lim Cheng Teck	Mandatory Accreditation Programme (MAP) <i>(28 Feb – 1 March 2019)</i>
Islamic Finance for Board of Directors Training Programme <i>(10- 11 April 2019)</i>		<ul style="list-style-type: none"> Enhance Director’s appreciation on the dynamics of Shariah principles in shaping different offerings of Islamic banking business. Equip Directors with practical understanding on the value propositions of Islamic finance and its specificities vis-à-vis conventional banking with the aim of enhancing business potential. Provide Directors with diverse perspectives from within and beyond the Islamic banking community on contemporary issues in the industry.
Financial Institution Directors' Education (FIDE) Programme – Module A (Bank)		<ul style="list-style-type: none"> Commonwealth Bank of Australia National Australia Bank Sanofi

	<i>(1– 4 July 2019)</i>	<ul style="list-style-type: none"> • Bausch & Lomb, Inc. (A) • Financial Reporting Problems at Molex, Inc. • New Century Financial Corporation • Ashanti case (Case details will be provided during class) • The Tip of the Iceberg: JP Morgan and Bear Stearns • Greenbriar Growth Partners and Microsurgery Devices
	Financial Institution Directors' Education (FIDE) Programme – Module B (Bank) <i>(21– 24 October 2019)</i>	<ul style="list-style-type: none"> • Blockchain & Its Applications for Banking • Board Effectiveness: The Role of Evaluations & Succession Planning • Compensation • Return on Compliance • Emerging Risks and Future Boards
Puan Sharifatu Laila Syed Ali	A Boardroom Colloquium on Innovation Governance <i>(13 February 2019)</i>	<ul style="list-style-type: none"> • Brief description of the main characteristics of “Innovation Governance” as opposed to the more traditional management of innovation. • Learn the differences between the two in relation essentially to its focus, the breadth of its scope and its level in the organization. • Utilise some examples of boards who have missed important on going-trends, and therefore have let their companies follow wrong tracks, the focus here will be on sound “board diligence” regarding innovation. • Understand why fast progress and transformative impact of digitalization will put a lot of new pressures on boards.
	SIDC Future Business Ideas (FBI) 2019 Conference <i>(19 February 2019)</i>	<ul style="list-style-type: none"> • Shaking things up – the tech driven business influencers • Bringing innovative strategies & emerging technologies • Digital disruption for business • The future of human capital in digital
	Focus Group Discussion (in preparation for the 6th BNM-FIDE FORUM Annual Dialogue with the Senior Management of BNM) <i>(7 March 2019)</i>	<ul style="list-style-type: none"> • Discuss and seek clarification on key trends and developments in the domestic and international economic environment. • Discuss current and future issues and challenges in the banking, Islamic banking, investment banking, development financial institution, insurance and Takaful businesses. • Propose collective views on substantive matters for discussion.
	Reading the Signs: The next financial crisis and its potential impact on Asia <i>(14 March 2019)</i>	<ul style="list-style-type: none"> • Global Financial Crisis of 2007/8 • Asian Financial Crisis of 1997 • Potential impact of a future financial crisis on the global financial system
	Talk on “Economic Developments in the US” by Dr Mark Zandi, Chief Economist of Moody’s Analytics US <i>(1 April 2019)</i>	<ul style="list-style-type: none"> • Global Businesses are Nervous • U.S. Job Market is Historically Strong • Global Commodity Prices are Firm • Currency Depreciation Indicator
	BNM-FIDE FORUM Dialogue with the Deputy Governor on the Draft Risk Management in Technology (RMiT) Policy <i>(8 April 2019)</i>	<ul style="list-style-type: none"> • Policy requirement • Regulatory process • Supervisory and administrative action
	Audit Committee Conference 2019 <i>(15 April 2019)</i>	<ul style="list-style-type: none"> • Key Updates on Accounting Standards, Tax Reforms & Other Regulatory Changes • Integrated Reporting & Value Creation • National Anti-Corruption Plan (NACP) 2019-2023: The Role of Audit Committees • How Outsourcing QAR Can Be a Game-Changer • Driving Digital Trust & Overseeing Data Privacy
	In-House Training on “Enhancing Corporate Brand Value” <i>(30 April 2019)</i>	<ul style="list-style-type: none"> • About Brand Finance • Brand Finance rankings & reports • Businesses increasingly recognise the value brands create • The Banker • Global brand value

	<ul style="list-style-type: none"> • Brand value results 2019 • Malaysia Banking results • ASEAN Banking results • Brand strength index
In-House Training on “Directors’ Guide to Governance, Risk & Compliance (GRC)” <i>(13 May 2019)</i>	<ul style="list-style-type: none"> • Relate the relationship between Governance, Risk and Compliance • Illustrate the business drivers for an integrated approach to GRC • Describe the GRC Management Challenge • Identify the relevant GRC impact and performance issues • Design the GRC process model
In-House Training on “AML/CFT Training for BOD & GMC Members” <i>(18 June 2019)</i>	<ul style="list-style-type: none"> • Macro Turbulence & Inherent Risks • Lesson learned from 1MDB affair • Lesson learned from the Danske Bank Fiasco • Implication on governance landscape and key takeaways
Financial Institution Directors' Education (FIDE) Programme – Module A (Bank) <i>(1 – 4 July 2019)</i>	<ul style="list-style-type: none"> • Commonwealth Bank of Australia National Australia Bank Sanofi • Bausch & Lomb, Inc. (A) • Financial Reporting Problems at Molex, Inc. • New Century Financial Corporation • Ashanti case (Case details will be provided during class) • The Tip of the Iceberg: JP Morgan and Bear Stearns • Greenbriar Growth Partners and Microsurgery Devices
Mandatory Accreditation Programme (MAP) <i>(19 – 20 August 2019)</i>	<ul style="list-style-type: none"> • Introduction to Corporate Governance • Corporate Governance Framework of a Listed Company & Key Players • Case Studies on Board Composition and Director Duties • Corporate Governance for Directors & Professionals • Case Studies on Board’s Role in Setting Corporate Culture and Safeguarding Stakeholders’ Interests
Inaugural Regional Conference on Climate Change: “Climate Change Risk & Opportunities: Respond, Not React” <i>(25 – 27 September 2019)</i>	<ul style="list-style-type: none"> • Managing Financial Risk • Realising Opportunities • Impact of Climate Change to ASEAN Countries • Understanding the Task Force on Climate-related Financial Disclosure (TCFD) Recommendations and Its Application for Financial Institutions
Islamic Finance For Board of Directors Programme <i>(9 – 10 October 2019)</i>	<ul style="list-style-type: none"> • Enhance Director’s appreciation on the dynamics of Shariah principles in shaping different offerings of Islamic banking business • Equip Directors with practical understanding on the value propositions of Islamic finance and its specificities vis-à-vis conventional banking with the aim of enhancing business potential • Provide Directors with diverse perspectives from within and beyond the Islamic banking community on contemporary issues in the industry.
ICDM International Directors Summit 2019 <i>(14 & 15 October 2019)</i>	<ul style="list-style-type: none"> • Power talk signature series the new world competitiveness landscape consequences for Board members • A New paradigm towards ASEAN 4.0 • Boardroom diversity scenario simulations • Board talk the part of digital disruption every board needs to know • Ethical dilemmas in the Boardroom
In-house Training on “The Corporate Liability Provision under Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009” <i>(16 October 2019)</i>	<ul style="list-style-type: none"> • Corporate Liability • Penalties for corruption offences • The Principles of T.R.U.S.T
Financial Institution Directors' Education (FIDE) Programme – Module B (Bank) <i>(21 – 24 October 2019)</i>	<ul style="list-style-type: none"> • Blockchain & Its Applications for Banking • Board Effectiveness: The Role of Evaluations & Succession Planning • Compensation

	<ul style="list-style-type: none"> Return on Compliance Emerging Risks and Future Boards
Corporate Governance & Anti-Corruption <i>(31 October 2019)</i>	<ul style="list-style-type: none"> Securities Commission Malaysia's (SC) inaugural CG Monitor 2019. Increasing focus on tackling corruption in both the public and private sectors by the Malaysian government. National Anti-Corruption Plan (2019-2023) (NACP) launched on 29 January 2019 Corporate Liability Provision (Section 17A of the MACC Act 2009) which comes into effect in June 2020
2019 Forum on Corporate Governance Corporate Governance In the Capital Market <i>(5 November 2019)</i>	<ul style="list-style-type: none"> Development of Corporate Governance in the Capital Expectations in enhancing corporate transparency and accountability Sustainability for business continuity & value creation

Function and conduct

The roles and responsibilities of each Board Committee and its respective Chairperson have been disclosed in their respective Terms of References ("ToR"), Board Charter of RHB Bank Berhad as well as the Integrated Report and this CG Report.

Internal control framework

Overview

The Company also discloses the main features of its internal control framework, any reviews and assessments conducted on the framework during the financial year and also all the current key policies and procedures of the framework within the Statement of Risk Management and Internal Control on page 132 to 140 in its Integrate Report 2019 and under Practice 9.1 and 9.2 of the CG Report.

Key Internal Control Policies and Procedures

The Group is committed to ensuring responsible behaviour by the Company and its employees both in the workplace and marketplace. The Company takes full responsibility for the effect of its practices and internal policies/procedures/guidelines while continues to strengthen and embed robust corporate governance and risk management practices throughout its business operations.

All the internal control documents need to follow appropriate delineation process and approval matrix. These documents are kept in the centralized repository for employees' reference and controlled by a dedicated functional unit namely Operations and Methods for maintaining quality assurance purpose. While these internal control documents/measures are implemented to mitigate conflicts of interest, abuses of position, regulatory breaches and consumer facades, such efforts also promote investors' confidence, boost good brand image and stimulate sustainable growth.

Some of the Company's key governance policies, procedures and guidelines are as follows:

No	Title	Description
1	Group Code of Ethics & Business Conduct for Directors	RHB Banking Group ("Group") places importance of top down compliance culture within the organization, hence this document is available and disclosed in the Company's website. Directors' adherence to ethical values highlighted in this document will demonstrate their commitment as responsible leadership to creation of an ethical culture which will strengthen the confidence level of the employees and the public at large.

2	Group Code of Ethics & Conduct for Employee	This document aids identification of the areas and situations where public trust and confidence might be compromised or a law might be violated. The purpose of this Code is to articulate the high standards of conduct and behaviour that should be adopted as good ethical business practices.
3	Group Gifts & Hospitality Guidelines	This document sets the standards of conduct of giving and accepting gifts and hospitality, including business entertainment. It is designed to help the Group and its employees understand respective parties' obligations in upholding corporate integrity.
4	Group Whistleblowing Policy	This policy document provides a proper mechanism and minimum standards to be adhered to by employees of the Group in dealing with disclosure on questionable actions or wrong doings in the Group. It is intended to guide all employees facing concerns over unlawful conducts, unethical occurrences or questionable practices which may adversely affect to a material extent the financial position or reputation of the Group. Furthermore, it helps nurture the culture of accountability, integrity and transparency among employees within the Group.
5	Group Compliance Management Framework & Policy	The documents lay out the governing principles and roles of board, management and staff in managing compliance risk in the Group.
6	Group Anti-Money Laundering (AML) & Counter Financing of Terrorism (CFT) Policy	The policy is formulated towards building a stronger and robust AML/CFT compliance within the Group. It informs and mandates all employees on their respective roles and responsibilities, focusing on the continuing efforts in combating money laundering and countering terrorist financing activities.
7	Group Chinese Wall and Insider Trading Policy	The document establishes governance procedures to control the flow of confidential or material non-public and price sensitive information within the Group to avoid the risk of possible breach of the insider trading provisions under the Capital Market Services Act and to protect client confidentiality.
8	Orderly and Fair Market Policy	The policy aims to facilitate the Group to comply with the applicable laws, guidelines and rules in relation to maintaining an orderly and fair market. It underlines relevant principles and guidance towards safeguarding the integrity of the market.
9	Group IT Security Policy & Standards	The policy and standards enable a structured approach of governing confidentiality, integrity and availability of information as the Company's important business assets. The holistic IT Security is achieved by implementing a suitable sets of controls to ensure that the specific security objectives (e.g. permitted disclosure, personal data protection) of the Group are met.
10	Group Asset & Liability Management Policy	The policy document sets out a consistent approach in the management of the balance sheet mismatch with the goal for long-term growth and managing the risk exposures due to Interest Rate Risk/Rate of Return Risk (IRR/ROR) and structural foreign exchange risk in accordance with the risk appetite statements of the Group and the respective entity within the Group.
11	Group Guidelines on Personal Data Protection Act 2010 (PDPA)	The document provides guidance on how to comply with PDPA's and Bank Negara Malaysia's requirements to safeguard individual's personal data from being misused. Protection of personal data basically is to secure any personal data used and processed in commercial transactions which may include any information such as name, address, account details and identity card number of the Group's customers.
12	Group Policy on Related Party Transactions (RPTs)	The policy deals with the reporting and review process for RPTs under Bursa Malaysia's Listing Requirements, Companies Act 2016 and Capital Markets and Services Act 2007, which should be conducted on an arm's

		length basis. The guiding principles are to avoid conflicts of interest and promote transparency and accountability in its related party transactions.
13	Group Risk Management Framework	The document sets out the strategic direction for the management of risks in the Group. It is also an aspiration statement with regards to the long-term objective for the development of risk management capabilities and infrastructure.
14	Group Shariah Risk Management Guidelines	The document primarily intends to assist staff in undertaking business and support activities in line with Shariah principles for the respective Islamic Banking products and to ensure that the management of Shariah non-compliance risk principles in the Group is clearly and systematically identified, measured, monitored, controlled and reported.
15	Group Credit Policy	The policy document encapsulates broad policy statements governing lending/financing activities, ranging from the credit governance and functional responsibilities, to credit functions in the credit chain process. It enunciates the essence of the credit fundamentals to address the credit management, in particular from credit creation to credit recovery.
16	Group Treasury & Global Markets General Guidelines	The document sets out best and prudent business practices and good corporate governance and against a background of clear Treasury business strategies and business plans currently applicable and in existence within RHB Banking Group.
17	Group Corporate Communications Operations Manual	The document provides guidance and structure in disseminating corporate information to, and in dealing with, media representatives, employees and the public. While it intends to ensure compliance with legal and regulatory requirements on disclosure, it also raises awareness about, and focus management and employees on, disclosure requirements and practices.
18	Group Reputational Risk Management Policy	The policy sets out the approach which the Group will adopt in managing reputational risks of the Group.
19	Group Manual of Authority	The document defines clear responsibilities and approving matrix of authorized officers in the Group to approve its purchase or payment of capital and operating expenditure.
20	Group Policy on Product Development and Approval	The policy applies to all product development initiatives within the Group and highlights fundamental principles to staff in approaching product development and approval across the Group, while ensuring sound risk management practices in managing and controlling product risk.
21	Group Brand Marketing Operations Manual	The document sets to provide guidance and structure in disseminating corporate information to, and in dealing with, media representatives, employees and the public. The manual also aims to ensure compliance with legal and regulatory requirements for the Group's activities in relation to advertisement and promotions.
22	Social Media Operations Manual	This document describes the operations, roles & responsibilities and business rules in respect of the Social Media. The purpose of this manual is to meet internal and external requirements while delivering effective digital communication strategies for the Group.
23	Group Fraud Risk Management Policy	The policy document defines the core governing principles for fraud management within the Group which include leadership and ethical culture, fraud awareness, detection, reporting and escalation, as well as fraud response with appropriate corrective actions. The purpose of this policy is to promote consistent organisational behaviour through the development, implementation and regular review of fraud prevention, detection and response strategies.
24	Group Fit & Proper Policy	The policy document on Fit and Proper for Key Responsible Persons serves as policy statements for assessing a person's capacity to act as a fit and proper person. It sets out the requirements to assess and determine the fitness and propriety of key responsible persons in RHB Banking Group.

25	Group Policy on Corporate Sponsorship and Donations	The policy sets the minimum standards that must be applied and adhered to in the granting of Corporate Sponsorship and Donation, and the process and procedures that needs to be complied with by RHB Banking Group entities.
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Remuneration

Qualitative Disclosures

For detailed information on the directors' remuneration, please refer to **Practice 7.1** under **Section A** of this **CG Report**.

The Company has established a remuneration framework for key Senior Management, consisting a competitive integrated pay and benefit structure, which rewards corporate and individual performance in line with their performance and contributions to the organisation:

1. Detailed remuneration package for key Senior Management is disclosed before the Board of the Company pursuant to BNM's Policy Document on Corporate Governance 2016.
2. There is also incorporation of penalty in the final rating of their pay-for- performance scheme for any material non-compliance with legal and regulatory requirements.

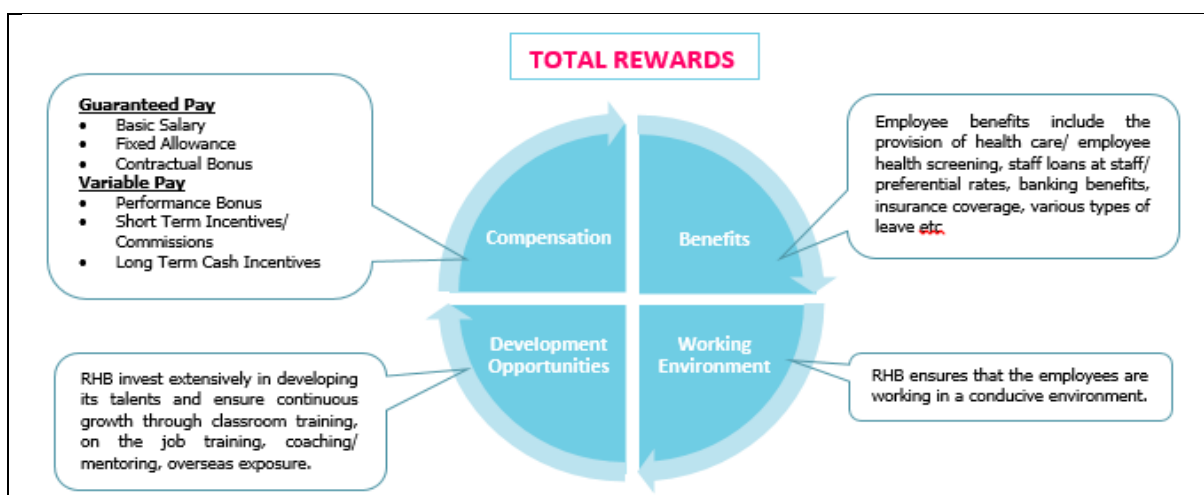
'Key Senior Management' as defined per terms of reference of the Board Nominating and Remuneration Committee are the Group Managing Director ("Group MD"), Chief Executive Officer ("CEO")/Managing Director who is the Direct Report to the Group MD and any persons as decided by the Committee.

RHB Total Rewards

RHB's Total Rewards Philosophy consists of four (4) key principles as follows:-

1. To support and promote a high performance culture to deliver the Group's vision.
2. To provide a balanced approach between fixed and variable compensation that reflects individual's seniority and level of accountability.
3. To promote a strong performance and reward linkage while incorporating risk and compliance management (to fulfill risk control objective) as part of the key performance indicators for remuneration decisions.
4. To be competitive with market practice; tailored to specific market i.e. Financial Industry the entity is operating in and aligned to internal philosophy.

The Total Rewards Policy was reviewed by the Board Nominating and Remuneration Committee (BNRC) and approved by the Board. The policy acts as a guide when designing and implementing remuneration programs and is applicable to all RHB employees in Malaysia and Overseas. The Policy is guided by RHB's Total Rewards Model that covers all aspects of work that employees value, both tangible and intangible. The components of the model are illustrated below:-



Our philosophy of fair remuneration is critical to attract, retain and motivate employees and is within the ambient of RHB’s risk appetite. It provides the roadmap to govern our reward strategy and is aligned with the business strategies, corporate values and long-term interests of the organization. RHB’s remuneration shall be in alignment with the requirement of Bank Negara Malaysia’s Policy Document on Corporate Governance.

The issues and current governance status of the senior management’s remuneration scheme are further deliberated under **Practice 7.2 of Section A** in this **CG Report** and also under the Corporate Governance Overview Statement.

Quantitative Disclosures

Currently the Company discloses the breakdown of its Non-Executive Directors’ and its Chief Executive Officer’s (cum Executive Director) remuneration package, received and/or receivable from RHB Bank Berhad and the Group, in the Company’s Annual Report and Financial Report on named basis. Some of the key issues with regards to the quantitative remuneration disclosures are being shared under Practice 7.1 of Section A of this CG Report as well.

Additionally, the remuneration structure for RHB Bank Berhad’s Non-Executive Directors (“NEDs”) within the Company for 2019 per BNM Policy disclosure requirement is laid out as follows:

No.	Non-Executive Directors’ Remuneration Scheme	Unrestricted/Non-Deferred	Total (RM’000)	Restricted/Deferred	Total (RM’000)
A. Fixed-Type Remuneration					
i	Cash-based	1. Fixed Fees 2. Directors’ Fees ¹ 3. Committee Allowances ² 4. Chairmen’s premium ³ for various entities & committees 5. Other emoluments	1,991	Nil	-
ii	Shares & share-linked instruments	Nil		Nil	-
iii	Others	Benefits-in-kind ⁵	24	Farewell Pot ⁴	18
B. Variable-Type Remuneration					
i	Cash-based	Meeting Attendance Allowance ⁶	359	Nil	-
ii	Shares & share-linked instruments	Nil		Nil	-
iii	Others	Directors’ & Officers’ Liability Insurance ⁷	700	Nil	-

Note: The overall remuneration package of the NEDs of the Group/Company comprises the following components:

- 1) **Directors' Fees**
NEDs are entitled to annual Directors' fees, which are subject to shareholders' approval at the Annual General Meeting ("AGM") of the Company and is part of a periodical review to ensure the Group remains competitive against its peers and with the heightened responsibilities and accountabilities under the Companies Act 2016, the Financial Services Act 2013, the Capital Markets & Services Act 2007 and the Malaysian Code on Corporate Governance. Total Director Fees paid/payable to the Directors for FY2019 was **RM 1,451,000**. The above proposal is subject to the approval of the shareholder at the forthcoming 2020 Annual General Meeting of the Company.
- 2) **Board Committee Allowances**
NEDs who sit on Board Committees are entitled to receive Board Committee allowances which shall be paid on an annual basis at the end of each financial year.
- 3) **Chairmen's Premium**
The Chairmen of various Boards and Board Committees are entitled to receive a premium above the normal respective Board and Board Committee allowances, which shall be paid on an annual basis at the end of each financial year.
- 4) **Farewell Pot**
All NEDs will be awarded with 'Farewell Pot' scheme upon his/her exit from the Group, in recognition of their services and commitments to the Group. Under the 'Farewell Pot' scheme, any NED who leaves the Group would be entitled to cash equivalent of RM2,000 for each year of his/her service in the Group or as decided by the BNRC.
- 5) **Benefits-in-kind**
Benefits are accorded to the Chairmen of the Group, consisting amongst others the provision of a company car, driver and petrol allowance.
- 6) **Meeting attendance allowance**
NEDs are also entitled to meeting attendance allowances when they attend the Board/Board Committee meetings & etc.
- 7) **Directors' & Officers' ("D&O") Liability Insurance**
The insurance covers the Group's Directors in respect of any liabilities arising from acts committed in their capacity as D&O of RHB Banking Group. However, the insurance policy does not indemnify a Director or principal officer if he or she is proven to have acted negligently, fraudulently or dishonestly, or in breach of his or her duty of trust. The Directors are required to contribute jointly towards a portion of the insurance premiums of the said policy.

The existing structure for Directors' fees and Board Committees' allowances as approved by the shareholders in the Annual General Meeting in 2019, are set out below:

No.	Description	Non-Executive Chairman (RM)	Non-Executive Directors / Members (RM)
1	Annual Directors' Fees	200,000.00	175,000.00
Annual Board Committees' Allowances			
2	Board Audit Committee	40,000.00	30,000.00
3	Board Nominating & Remuneration Committee	40,000.00	30,000.00
4	Board Risk Committee	40,000.00	30,000.00
5	Board Credit Committee	50,000.00	40,000.00

Directors' Remuneration (excluding Directors' fees and Board Committees' allowances) comprises the allowances and other emoluments payable to Non-Executive Directors as shown below:

No.	Description	Non-Executive Chairman (RM)	Non-Executive Directors / Members (RM)
1	Monthly Fixed Allowance	25,000.00	Not Applicable
2	Meeting Allowance (per meeting): (a) Board of the Company (b) Board Committees	1,500.00 1,500.00	1,500.00 1,500.00
3	Farewell Pot Scheme (per annum) (Established with effect from 1 January 2017)	2,000.00	2,000.00
4	Other Benefits: Club membership, Directors & Officers Liability Insurance coverage, driver, car and petrol allowance, etc.		

For detailed aggregate remuneration of each RHB Bank Berhad's director, please refer to **Practice 7.1** under **Section A** of this **CG Report**.

The remuneration for Senior Management including the Managing Directors and Group Management Committee members and the Other Material Risk Takers are being reviewed on annual basis and deliberated at the BNRC and Board for approval.

The FY 2019 compensation package for those identified as Senior Management Officers and Other Material Risk Takers of RHB Banking Group is summarised as follows:

Category		Senior Management (18 officers)		Other Material Risk Takers (34 officers)	
		Unrestricted/ Non-Deferred (RM'000)	Restricted/ Deferred (RM'000)	Unrestricted/ Non-Deferred (RM'000)	Restricted/ Deferred (RM'000)
1. Fixed-Type Remuneration					
i.	Cash Based	19,298	-	18,911	-
ii	Share & share-linked instruments	-	-	-	-
iii	Others	481	-	57	-
2. Variable-Type Remuneration					
i.	Cash Based	21,599	220	8,363	-
ii	Share & share-linked instruments	-	-	-	-
iii	Others	-	-	-	-