



CUSTOMER-CENTRICITY *through* AGILE@SCALE

RHB Bank Berhad

ANNUAL REPORT 2018



Our Cover Rationale

AT RHB BANKING GROUP, OUR CUSTOMERS ARE AT THE HEART OF EVERYTHING THAT WE DO. WE ARE DRIVEN BY OUR COMMITMENT TO DELIVER SUPERIOR EXPERIENCES THAT BUILD TRUST, DELIVER CONVENIENCE AND CREATE VALUE TO OUR CUSTOMERS.

AGILE@SCALE, A KEY COMPONENT OF THE GROUP'S FIT22 STRATEGY IS PART OF OUR STRATEGIC FOCUS TO CREATE A WINNING OPERATING MODEL, AIMED AT ACHIEVING FASTER SPEED-TO-MARKET, INCREASING PRODUCTIVITY, DRIVING A HIGH PERFORMANCE CULTURE AND DELIVERING SUPERIOR CUSTOMER JOURNEYS.

DIGITAL TECHNOLOGY IS A KEY ENABLER TOWARDS ENHANCING SERVICE EXCELLENCE, THROUGH A CONNECTED ECOSYSTEM TO DELIVER SIMPLE, FAST AND SEAMLESS DIGITAL SOLUTIONS TO OUR CUSTOMERS.

**BUILDING TRUST,
DELIVERING CONVENIENCE
& CREATING VALUE**



About Our Report

Reporting Scope and Boundaries

RHB Banking Group's Annual Report is produced and published annually. For 2018, the report covers the financial period between 1 January 2018 and 31 December 2018. It informs our shareholders and other stakeholders on our progress and performance over the past year in all geographical locations in which we operate. The report also shares our strategic plans for the year ahead.

This report offers our shareholders and other stakeholders in-depth details on our financial and non-financial performance in 2018 and highlights the significant milestones and achievements throughout the past year. In addition to that, the report also contains RHB's outlook, targets and objectives for the short and medium to long term.

Our strategic thrusts are reflected in our targets and key performance indicators spanning both financial and non-financial performance as well as strategy, risks and how we deliver value to our stakeholders.

Our report offers our shareholders and other stakeholders insights and information to guide their investment and business decisions.

Throughout the preparation of this report, we have adhered to the stringent requirements of local and international statutory and reporting frameworks, including those of Bursa Malaysia.

Materiality Determination

Throughout the years, our Annual Reports have always aimed to present our shareholders and other stakeholders with an accurate and balanced assessment of our strategy, performance, governance and prospects.

Our report also takes into consideration all material matters that affect the economic and social landscape in the geographical areas in which we operate.

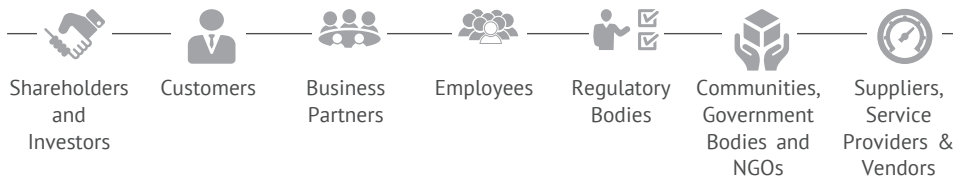


We welcome feedback on this report. Please address any questions, comments or suggestions to corporate.communications@rhbgroup.com

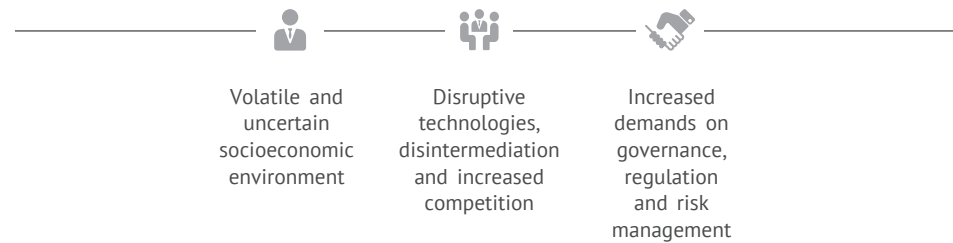


NAVIGATION ICONS

Stakeholders



Material Matters



PDF Version

These reports are available on our website

www.rhbgroup.com

Contact details are on page 31

FORWARD-LOOKING STATEMENTS

This announcement contains certain forward-looking statements with respect to the business and financial performance of RHB Banking Group and its group of companies that, by their nature, involve risk and of uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. Factors that could cause actual results to differ materially from those in the forward-looking statements include global, national and regional economic conditions; interest rates; exchange rates; credit or have not been reviewed or reported on by the Group's auditors.

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**Online
Version**



www.rhbgroup.com

**Cross
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Tells you where you can find more information within the reports



Tells you where you can find more information online at www.rhbgroup.com

WHO WE ARE

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

Ranked among the top banks in Malaysia and with a significant presence in ASEAN, RHB has strong market leadership in Malaysia across targeted products and segments. With employee strength of **14,425 employees** group-wide, RHB's presence spans across **9 countries** in the ASEAN region and Hong Kong. RHB also has representative offices in Vietnam and Myanmar.



WHERE WE OPERATE

- | | | | |
|------------|-------------|-------------|------------|
| • MALAYSIA | • SINGAPORE | • INDONESIA | • THAILAND |
| • CAMBODIA | • LAO PDR | • BRUNEI | • VIETNAM |
| • MYANMAR | • HONG KONG | | |

BRAND PROMISE

Together we progress



- Being your trusted partner
- Delivering simple, fast and seamless experiences
- Providing solutions that help achieve your goals
- Nurturing future generations

VALUES



PROFESSIONAL

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



RESPECT

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



INTEGRITY

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



DYNAMIC

We are proactive, responsive and forward thinking.



EXCELLENCE

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

WHAT WE DO

GROUP RETAIL BANKING

Group Retail Banking (“GRB”) provides both conventional and Shariah-approved consumer banking solutions, such as mortgage, auto financing, ASB financing, and other personal financing and credit card, payment, current and savings accounts, fixed deposit, investment and insurance products to more than 3 million retail customers.

Volume of retail deposits grew by 10.4% against the industry average of 5.1%, from RM47.5 million (FYE2017) to **RM52.5 million** (FYE2018).



For more detail, go to page 111

GROUP SHARIAH BUSINESS

RHB Islamic is the Group’s Islamic banking arm, providing Shariah-compliant banking and financial services across four business units: Retail Banking, Corporate & Investment Banking, Business & Transaction Banking and Islamic Treasury.

Pre-tax Profit surged upwards by 20.7% to **RM579.2 million** in 2018 from RM479.9 million in 2017.



For more detail, go to page 128

GROUP BUSINESS AND TRANSACTION BANKING

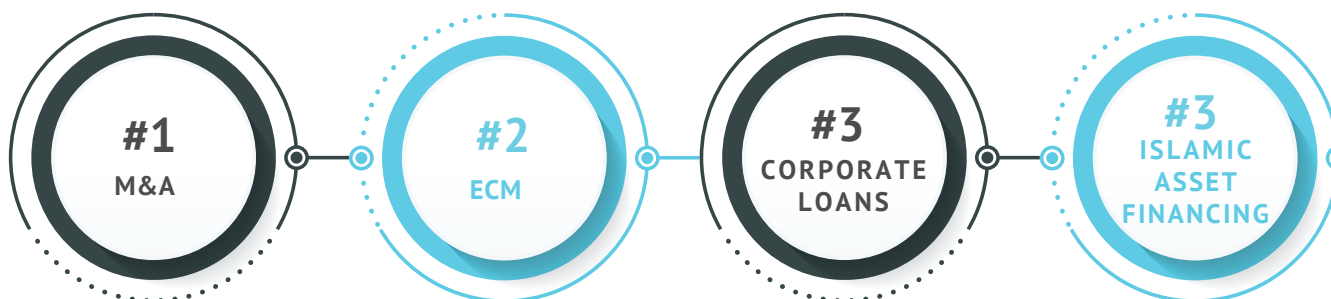
Group Business and Transaction Banking (“GBTB”) offers a wide range of business solutions ranging from loans/financing, deposits, FX, remittance and interbank business among others. GBTB comprises Group Business Banking segment and Group Transaction Banking segment. GBTB’s comprehensive transaction banking solutions today include an online platform for supply chain financing to support the end-to-end working capital needs of clients as well as cash management activities with complete payment and collection solutions.

GBTB recorded Pre-tax Profit of **RM397.7 million** on the back of strong revenue growth of 6.6%, driven by enhanced Net Interest Margin (“NIM”) as we continue to grow our portfolio with faster-than-market loans and deposits growth.



For more detail, go to page 115

OUR MARKET POSITIONING IN 2018



GROUP WHOLESALE BANKING

“Group Wholesale Banking (“GWB”) provides financial advisory and solutions to Corporates in ASEAN. Our business growth solutions include M&A advisory, target/buyer search, financial structuring and funding. We optimise customers’ efficiency with cash management, trust and custody, trade solutions and cross-border transactions. Our trading platform, asset management, and research insights help customers make sound investment decisions.”

In 2018, GWB registered a 4.5% increase in total income for **RM2,957.9 million** and 2.7% increase in Pre-tax Profit to **RM1,782.6 million**.



For more detail, go to page 118

SINGAPORE OPERATIONS

As the key regional contributor to the Group, we continue to build on our strengths in the mid-cap segment, aiming to be the catalyst bank for SMEs, advising on both business and personal financial needs.

RHB Singapore remained fit financially, with total loans at SGD3,918 million and total deposits of SGD4,423 million. We registered revenue of **SGD145.5 million** and Pre-tax Profit of **SGD40.2 million**.



For more detail, go to page 133

GROUP INSURANCE

RHB Insurance, provides general insurance for our retail and corporate customers. It is the 10th largest insurer in Malaysia with 4.4% market share, and ranks among the Top 10 insurers for fire and Top 5 insurers for medical and health coverage.

Group Insurance registered a Gross Written Premium (“GWP”) of **RM787 million**, an increase of 14% over the same period in 2017, surpassing industry growth rate of 1.5% as at Q4 2018.



For more detail, go to page 131

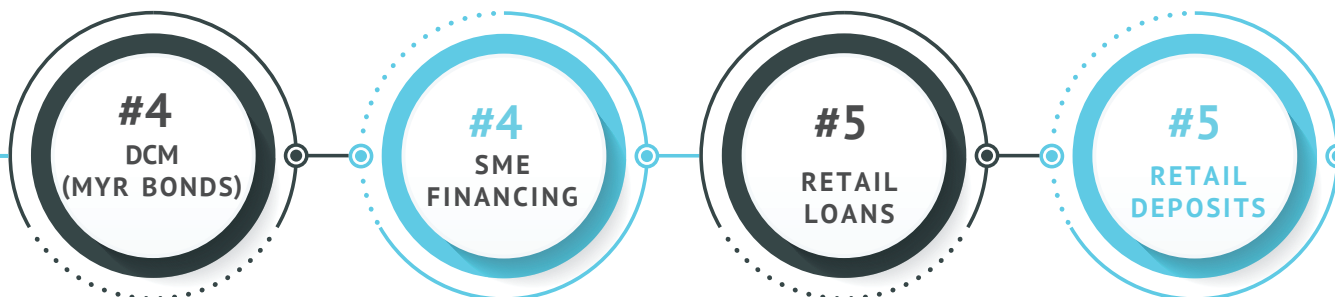
INTERNATIONAL BUSINESS

RHB International Business comprises our overseas commercial banking portfolio, excluding Singapore. Our network of branches in Cambodia, Thailand, Lao PDR and Brunei offers a wide range of services from loans and deposits to trade finance and other services, such as foreign exchange and remittance that cater to retail, commercial and corporate customers.

In 2018, we registered a Pre-tax Profit of **RM87.3 million**.



For more detail, go to page 136









WHERE WE OPERATE



14,425
employees

365
branches/offices

Our regional presence and performance

MALAYSIA	SINGAPORE
 12,719 EMPLOYEES	 703 EMPLOYEES
 303 BRANCHES/OFFICES	 9 BRANCHES/OFFICES
 RM6,056.0 mil TOTAL INCOME	 SGD145.5 mil TOTAL INCOME

INDONESIA

 **364** EMPLOYEES

 **16** BRANCHES/OFFICES

 **IDR234.2 bil**
TOTAL INCOME

HONG KONG

 **87** EMPLOYEES

 **4** BRANCHES/OFFICES

 **HKD49.7 mil**
TOTAL INCOME

THAILAND

 **227** EMPLOYEES

 **14** BRANCHES/OFFICES

 **THB821.0 mil**
TOTAL INCOME

BRUNEI


 **26** EMPLOYEES


 **1** BRANCH/OFFICE

 **BND3.7 mil**
TOTAL INCOME

CAMBODIA

 **234** EMPLOYEES

 **13** BRANCHES/OFFICES

 **USD24.0 mil**
TOTAL INCOME

VIETNAM


Representative Office

 **1** EMPLOYEE

LAO PDR

 **64** EMPLOYEES

 **3** BRANCHES/OFFICES

 **LAK36.1 bil**
TOTAL INCOME

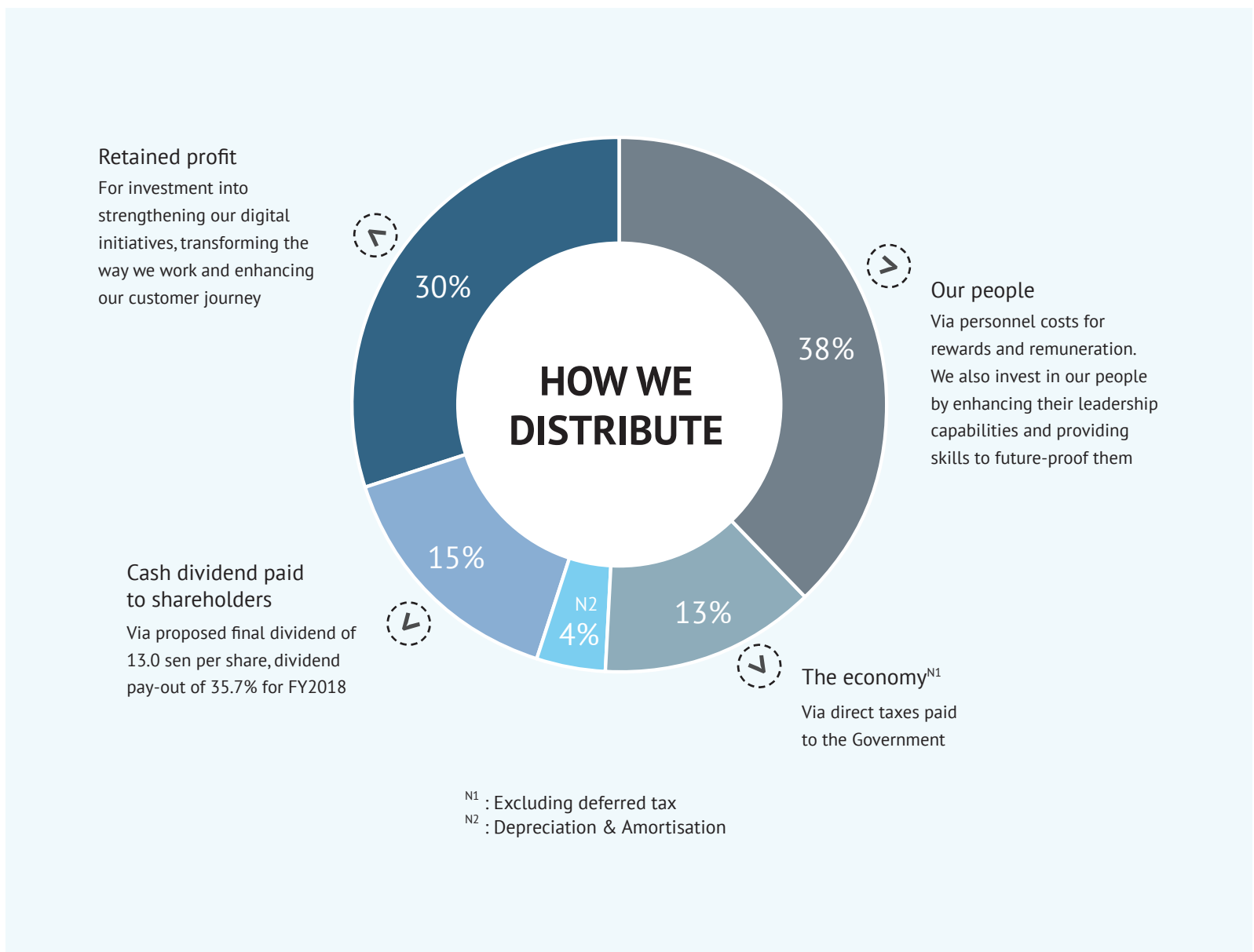
MYANMAR


Representative Office

WHY RHB?

We Create Sustainable Value

We are committed to helping our customers, communities and our people grow



Agile: Building A Winning Operating Model

RHB AGILE@Scale:

“Launching a Thousand Start-ups”

A confluence of factors is reshaping the banking landscape and driving the need for change

The pace of change is accelerating. New technologies, demographic shifts and changing workplace attitudes are radically reshaping the future of the banking landscape. To remain relevant, we need to adapt decisively and retain our competitive edge as a leading bank.

KEY FACTORS RESHAPING THE BANKING LANDSCAPE



Shifts in consumer preferences

As consumers become increasingly digitally social, their needs pivot towards a greater use of digital products and services, with more than 40% now using mobile banking. Consumer preferences have grown to become more sophisticated. There is now a corresponding demand for customer-centric products and services which are responsive, predictive and individually tailored to the consumer’s lifestyle.



Competitive threats from innovative bank and non-bank disruptors

Bank and non-bank competitors, who are innovating at light speed, are encroaching into existing revenue pools. Non-bank disruptors in particular Fintech firms, are causing momentous disruption to the banking industry as we know it. In fact, the number of Fintech players has grown threefold between 2016 and 2018. Continuous innovation is key in creating and sustaining a competitive advantage against these competitors.



Regulators fostering digital initiatives

Bank Negara Malaysia has launched the Financial Technology Regulatory Sandbox Framework for companies intending to engage in financial technology innovation. Companies operating in the sandbox will be allowed to commercially launch their services subject to having the appropriate safeguards and meeting regulatory requirements. Such an initiative supports the inflow of innovation by Fintech players, increasing competition, but also providing an avenue for incumbents to partner with new entrants.



Demographic shifts in the workplace

The rise of the millennial generation into the workforce corresponds with a change in employee expectations toward the workplace. As millennials place a higher importance on workplace culture, work-life balance and employee engagement, the way that companies attract talent must also adapt in order to acquire and develop the best employees.

Meeting these challenges head-on can be daunting. Many of the world’s biggest companies struggle to be nimble and efficient, making them less productive and less adaptable. Large companies have become slow in addressing market needs because of inertia and organisational complexity. Much of the problem stems from the traditional business model that was originally intended for scale and standardisation, rather than for the agility and innovation that is necessary today. We thus need to adapt in order to thrive not only in our current landscape, but in the banking industry of the future.

Agile: Building A Winning Operating Model

Implementing Agile across RHB

Agile@Scale is a critical component of the “Transform” pillar under our overarching FIT22 Strategy (FIT = “Fund”, “Invest”, “Transform”). At the cusp of a rapidly shifting banking landscape, RHB made the resolute decision to adapt the way we work in our organisation with a winning operating model. This makes RHB the first bank in Southeast Asia to embrace the Agile way of working across the entire organisation.



Digital

Our Agile journey began in 2017, when we first tested the methodology as part of our Digital Transformation Programme, achieving marked success.



Agile CoE Established

In 2018, we established the Agile Centre of Expertise (“CoE”) that is responsible for steering Agile@Scale across the organisation, with our Agile Coaches ensure that Agile best practices are met in the most sustainable way.



Pilot Wave

During Q4 2018, we rolled out the initial wave of Agile@Scale, forming the “Homeowners”, “Transactors & Savers” and “SME Service & Enhancement” and “SME Engagement” tribes.



Extending Agile Across the Organisation

In 2019 and 2020, we will be undergoing a fundamental transformation in our operating model by rolling out Agile to the remaining parts of the bank, covering all customer journeys.

AGILE AS OUR WORK CULTURE

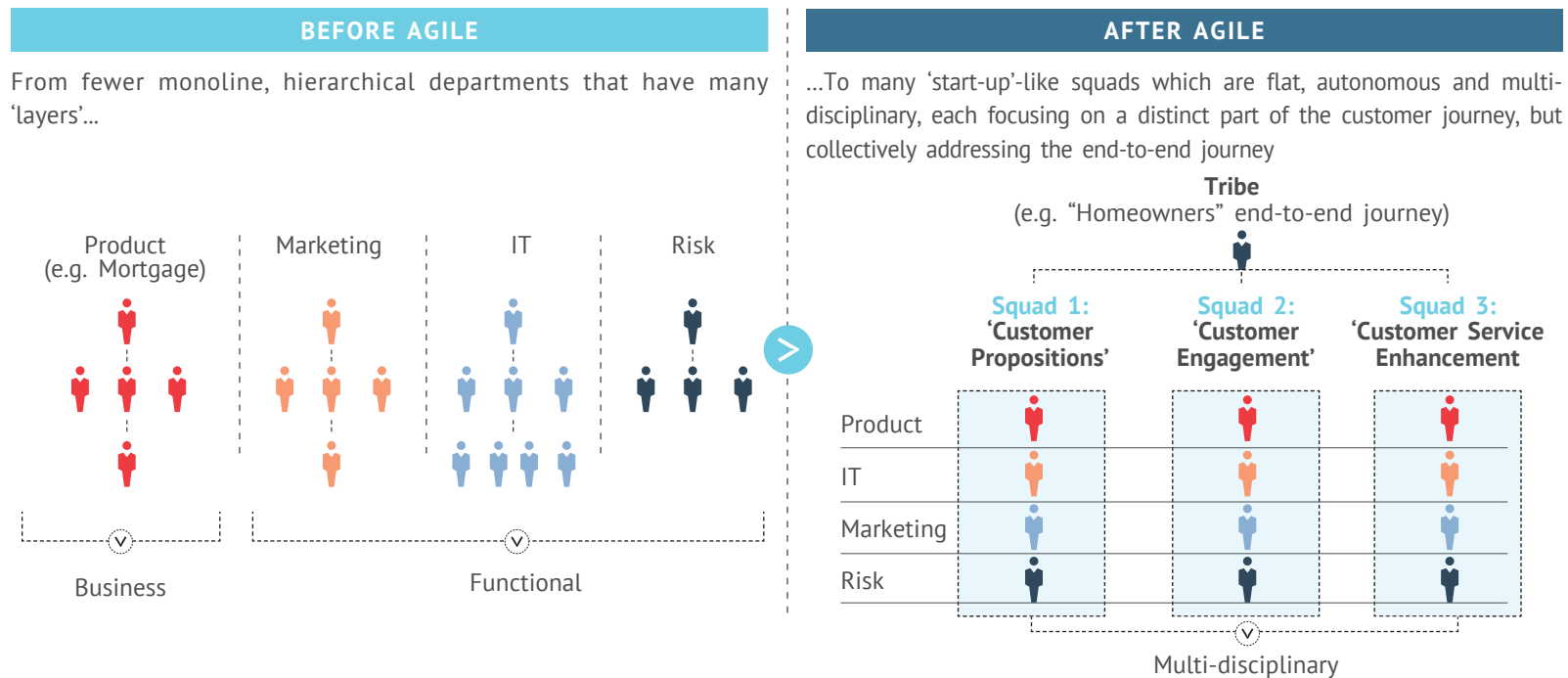
We are building a sustainable competitive advantage through a winning operating model premised on Agile values. This model is designed with our customers and employees at heart. Agile is fundamentally about instilling customer-centricity, becoming output-oriented, adapting amidst uncertainty and empowering teams.

Embracing Agile Values

CUSTOMER FOCUS	OUTPUT ORIENTATION	ADAPTABILITY IN UNCERTAIN CONTEXT	EMPOWERING TEAMS
These values cultivate the Agile culture that provides our employees with greater autonomy, better flexibility and higher engagement. They are encouraged to exchange ideas and take full ownership over their work in an open, collaborative and high-performing environment. As a result, the Agile culture empowers employees to do what is needed in order to create superior customer-centric solutions with integrity and accountability.			

Agile Operating Model

At the core of our operating model lie our Agile teams, or “tribes”, as we call them. Tribes are built around distinct customer journeys in order to best serve the purpose of fulfilling the wants and needs of our customers. These tribes consist of a collection of smaller multi-disciplinary, cross-functional “squads” focused on a distinct part of the customer journey.



For example, a squad whose mission is to improve homeowners’ value proposition could comprise a journey owner who has a deep understanding of the customers’ needs and moments of truths, a member responsible for regulatory and compliance matters, a member from marketing who is responsible for designing campaigns and a member from IT who provides technical expertise. By creating multi-disciplinary, cross-functional squads, we reduce the number of handovers needed between functions, enabling them to operate more quickly and efficiently.

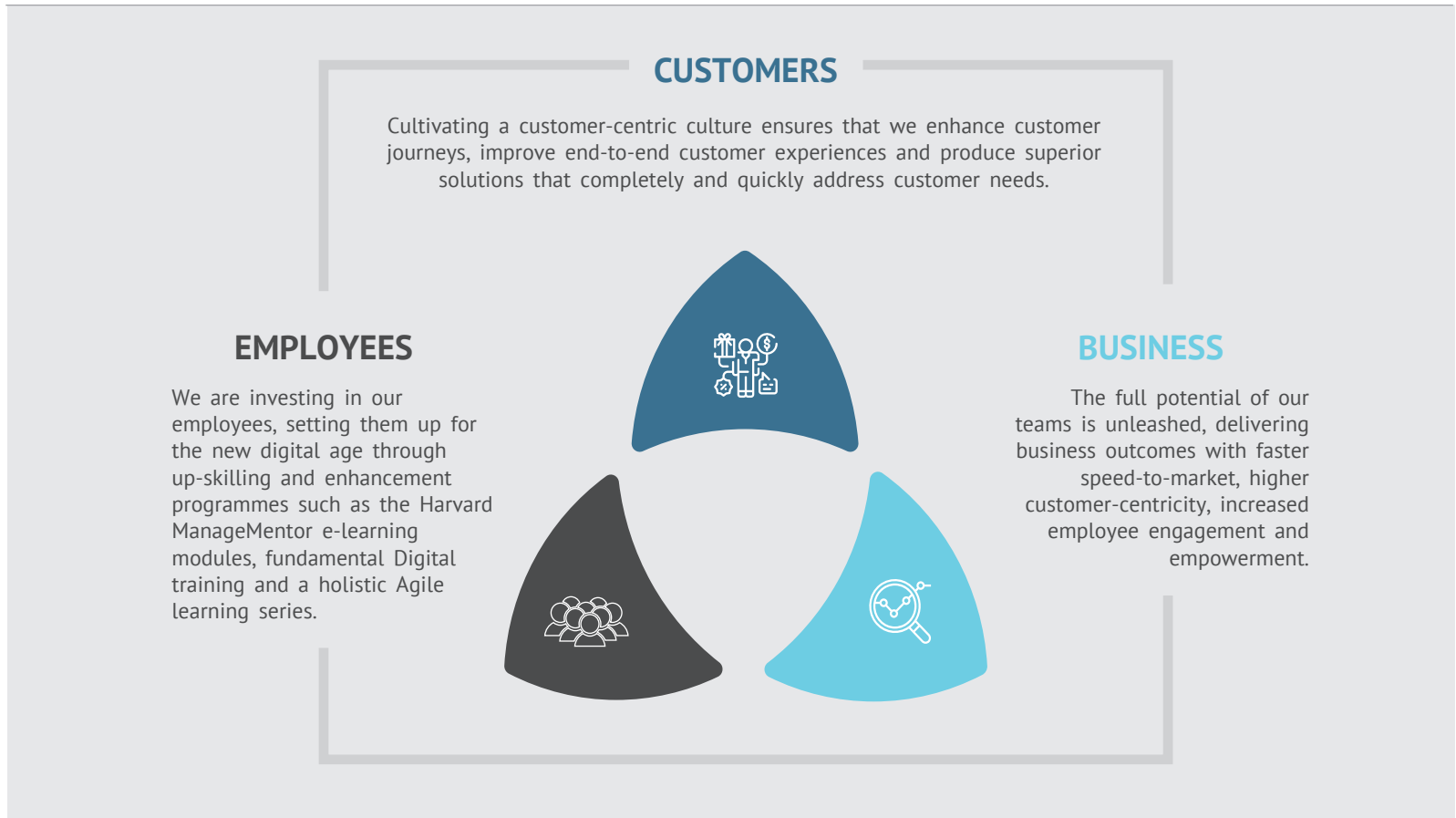
Agile: Building A Winning Operating Model

Adapting Our Operating Model

Agile is not just about creating tribes and squads, it is also about creating a working environment that embraces dynamism, rewards risk-taking and allows experimentation. In fact, Agile@Scale changes all aspects of RHB's operating model.

KEY DIMENSIONS OF THE RHB AGILE@SCALE OPERATING MODEL	
 <p>Purpose, Strategy & Priorities Agile@Scale will help deliver RHB's FIT22 strategy and goals more effectively</p>	 <p>Culture & Behaviour Agile values and mindset embedded to inculcate a customer-centric, innovative and productive culture</p>
 <p>Governance & Funding Employees are empowered, unnecessary red tape removed and governance processes streamlined</p>	 <p>Structure Flatter organisation with cross-functional teams aligned to customer needs ('a thousand start-ups')</p>
 <p>Processes Agile ceremonies ensure collaboration & transparency, focusing on iterative delivery and continuous improvement</p>	 <p>Leadership & Talent New ways of measuring performance, new career paths enhance growth opportunities and put team performance first</p>
 <p>Measurement Framework Clear alignment of work to RHB strategy with a transparent view of tribe and squad performance</p>	 <p>Technological Enablers Continuous delivery/DevOps, modular architecture, data strategy/ architecture</p>

BENEFITS OF AGILE@SCALE



Agile@Scale has produced significant, measurable results in less than six months, with further benefits expected. These results include an estimated 2 – 6 times faster speed-to-market, approximately 20% improved productivity in our Pilot wave tribes and a greater focus on customer-centricity. Through the Agile way of working, we are able to produce higher quality products such as the RHB MyHome app, which attained approximately 16% of the total year-to-date mortgage origination within just one year. Agile has also contributed to an improvement in customer experience, as seen by an increase in our Net Promoter Score (“NPS”) by 9 points in 2018.

In the true spirit of Agile, building our differentiated operating model is akin to building “a thousand start-ups” across the organisation, creating teams and a culture that inspires innovation and produces superior solutions.

MOVING FORWARD: OUR AGILE JOURNEY CONTINUES IN 2019

An exciting and promising journey lies ahead. The next parts of the bank to make the transition include business units in retail banking such as Affluent, Cards and Unsecured Business, and enablers such as Group Technology Services. The Agile CoE, with the support of our Agile Coaches, will continue steering the Agile@Scale whilst embedding the Agile mindset throughout the bank. Equipped with learnings from our pilot trailblazers, we will continue refining our operating model as the entire organisation prepares to make the Agile leap, building our winning competitive advantage in the new digital world.

CHAIRMAN'S STATEMENT



It is a new era for the banking industry, where sustainability practices and value-based intermediation are transforming the dynamics of the way we conduct our business. The true performance of the bank extends beyond bottom-line, to include value creation for the industry, our customers, employees and our multiple stakeholders.”



TAN SRI AZLAN ZAINOL
Chairman of RHB Bank Berhad

Dear Valued Shareholders,

2018 has been an exciting year for RHB as we continue to meet market demands and strengthen our focus on our core competencies in Malaysia and our niche markets overseas.

I am pleased to present a report of our progress in 2018 including our key achievements and challenges faced in defining growth and creating value for our Shareholders, customers, employees and all other stakeholders.

NAVIGATING THROUGH THE EXTERNAL ENVIRONMENT

In the year under review, the banking sector faced external challenges which include the US-China trade tensions, a slowdown in global growth, and weak crude oil prices as well as lukewarm market and consumer sentiments. However, Malaysian banking institutions continued to demonstrate resilience, in part due to robust macroeconomic conditions in and outside the country that gave rise to a favourable operating environment for banks. In the fourth quarter of 2018, the economy recorded an improved growth rate of 4.7 per cent, mainly contributed by the services and manufacturing sectors. Banks' asset quality continued to improve over the past five years and remained stable in 2018, against a backdrop of easing stress among corporates and slowing growth in household debt levels.

DELIVERING STRONG PERFORMANCE

We have gained positive traction in our five-year strategic plan, FIT22, and have improved in several key business areas, which contributed towards the Group's strong performance in 2018. This uptrend has enabled us to propose a final dividend of 13 sen per share to our shareholders. Together with the interim dividend of 7.5 sen per share paid in October 2018, total dividend payout ratio amounted to 35.7%, closing 2018 with a positive note.



**TOTAL
ASSETS**

RM243.2
billion



**PRE-TAX
PROFIT**

RM3.1
billion



**COMMON EQUITY
TIER 1 ("CET-1")**

15.5%

Chairman's Statement

“

We are committed to adopting a culture of excellence in serving our customers, ensuring operational excellence and a strong compliance culture, towards enhancing shareholder value.

”

BRINGING DIGITAL BANKING TO CONSUMERS & BUSINESSES

As digitalisation increasingly plays a mission-critical role in driving business and economy, the Group has deployed a mix of strategies to stay ahead in the game, which includes investment in technology and channel improvements – branches, ATMs, Call Centres and Digital Banking Platforms. We are committed towards delivering simple, fast and seamless banking experiences to customers and businesses. The Group has in place a robust digital roadmap that is tailored to empower customers and gear businesses for the future with strategic digital initiatives that deliver innovative and versatile financial products and services.

WORKFORCE OF THE FUTURE

Our human capital is a key success factor for the Group, thus we are committed towards driving a high performance workforce through attractive employee value propositions. We have invested RM43.1 million in providing employees with stimulating learning programmes, both online (e-learning) and classroom. One of such programme is the Signature Leadership Programme offered through our collaboration with the Melbourne Business School.

In driving a high-performance culture and as part of our strategic focus to create a winning operating model, we launched AGILE@Scale across key business sectors. AGILE@Scale, an accelerated working culture, is aimed at achieving faster speed to market for products and services; enhancing productivity and turnaround time; while increasing employee engagement and driving a high performance culture. Testament to this achievement, RHB won the **Excellence in Talent Management** at the Employer Branding Awards 2018 and **Excellence in Talent Management** (Silver) at the HR Excellence Awards 2018.

BUILDING A SUSTAINABLE FUTURE

As the Group continues to grow and chart significant milestones in its business and operations, we recognise the significant role we play as a responsible corporate citizen and the positive long-term impacts we can make towards building a sustainable future. With this in mind, RHB continues to evaluate our long-term sustainability agenda, in line with our business strategies and FIT22 aspirations.

In 2018, we took another step forward in our sustainability journey with the adoption of the Group's Sustainability Framework and the establishment of a Sustainability Management team to plan, facilitate and monitor sustainability-related initiatives throughout the Group. We are committed and will contribute towards the United Nations Sustainable Development Goals (UN SDGs).

In line with our sustainability agenda, RHB Islamic has adopted the Value-Based Intermediation (“VBI”) approach in its business and operations. VBI will move us beyond being merely Shariah compliant towards creating positive impacts on the economy (profit), well-being of the people and caring for the environment (planet). VBI will be the cornerstone for RHB Islamic and the Group's sustainability efforts, moving forward.

Continuing on from our long-standing community engagement initiatives, the Group, through RHB Foundation continued to implement its flagship community development programmes driven by one of its core pillars – Nurturing Future Generations. During the year, the Group pledged a total of RM10 million towards the development of children and young adults in Malaysia.

We will strive to improve our economic, environmental, social and governance performance, in the years ahead. Our Sustainability Statement and Sustainability Report will provide you with a more comprehensive overview of the Group's sustainability journey.

EMBRACING VALUES AND PRINCIPLES OF GOOD GOVERNANCE

The Board continues to enhance the Group's corporate governance practices which has shaped the way RHB Banking Group operates. We uphold our fiduciary duties as the guardian of public funds, customers' investments and account holders' policies, through sustainable boardroom scrutiny, decision-making and directives, which has ensured the trust from customers and other stakeholders.

Identifying and managing risks is central to the Group's business and operations. We are also committed to adopting a culture of excellence not just in serving our customers but also in ensuring operational excellence and a strong compliance culture, towards enhancing shareholder value.

Our efforts has positioned RHB amongst the Top 30 of ASEAN Public Listed Companies, in terms of corporate governance practices and quality of disclosure. Our corporate governance efforts have also been recognised at The Global Good Governance Awards 2018 with a platinum for **The Best Governed and Most Transparent Company Award**.

CONTINUING OUR GROWTH MOMENTUM

We remain focused on fulfilling our FIT22 strategies and moving forward, we are committed to executing our business plans in a timely and effective manner, while continuously monitoring and responding to the emerging market and customers' risks and opportunities.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to record our gratitude to our customers and business partners for your loyalty and support over the years.

A special thanks goes to our employees for their tireless commitment and hard work, and the Group Senior Management, led by the Group Managing Director Dato' Khairussaleh Ramli for steering the Group towards becoming a high-performance organisation.

To my fellow Board members on the main Board and subsidiary Boards, my sincere appreciation for your outstanding service, invaluable guidance and far-sighted vision.

My heartfelt gratitude to the regulatory authorities – Bank Negara Malaysia, Bursa Malaysia, the Securities Commission and the regulatory authorities in the countries where we operate for their guidance throughout the years.

Most importantly, I would like to record our deepest appreciation to our valued shareholders for your continued trust in RHB Banking Group.

I look forward to your continued support in the year ahead as we chart another journey across an exciting business landscape.



AZLAN ZAINOL

Group Managing Director's Statement

DATO' KHAIRUSSALEH RAMLI
Group Managing Director

DEAR VALUED SHAREHOLDERS,

In 2018, we made a marked improvement in our business fundamentals as a financial institutional Group. Our capital levels are amongst the highest in the industry, with our Common Equity Tier 1 ("CET-1") ratio standing at 15.5%. Our liquidity position remains healthy with a liquidity coverage ratio of 143.0%, and we significantly boosted our coverage for our loan losses, where our loan loss coverage was at 103.0%, with benign credit charge at 0.19%. With improved profit performance and positive outcome of our Risk-Weighted Assets ("RWA") optimisation, our ROE increased to 10.3%, in excess of 10% for the first time since 2015.

RHB Banking Group posted profit of RM2.31 billion, an 18.2% increase Year-on-Year, with positive profit contributions from all business segments across the Group. We turned around Singapore into profitability, from a pre-tax loss of SGD105.5 million in 2017 to a pre-tax profit of SGD40.2 million.

We have also reset our dividend policy, from between 20% and 30% to a minimum of 30%. Against this backdrop, including the proposed final dividend of 13 sen per share, our FY2018 dividend pay-out is higher at 35.7%, compared to 30.8% in 2017, the highest since 2003.

Since RHB Bank Berhad's listing on Bursa Malaysia in June 2016, RHB's Total Shareholder Value ("TSR") increased by 28.3% and market capitalisation increased by 20.9% for the period of 28 June 2016 to 28 February 2019.

I am also pleased to report that our FIT22 strategy is making good progress: our Premier customer base and Asset under Management grew by 32.1% and 17.8% respectively; SME deposits grew by 15.8% and Retail SME loan which is our focus area, grew 11.2%. Our fee income market share in our Large Cap and Mid Cap segments increased to 23.4% and 27.8% respectively.





Group Managing Director's Statement

“

In 2018, RHB Banking Group posted profit of RM2.31 billion, an 18.2% increase Year-on-Year, with positive profit contributions from all business segments across the Group.”



Total income of the Group:

**RM6,806
MILLION**

a 6.6% year-on-year growth

Pre-tax Profit:

**RM3,119
MILLION**

compared to
RM2,558 million in 2017

BUILDING A WINNING OPERATING MODEL

Our FIT22 strategic roadmap includes transforming our work culture towards creating a winning operating model, through AGILE@Scale. AGILE@Scale will enable us to achieve faster speed to market for products and services, boost productivity and turnaround time, increase employee engagement and drive a high performance culture, all with customer centricity as the prime driver.

It is aimed at making RHB more nimble, with the ability to make faster and delegated decisions, spurring greater collaboration and empowering our employees to make decisions. The year 2018 saw four business units under Retail Banking and SME mobilised into AGILE@Scale, with the formation of the Transactors & Savers and Homeowners Tribes from Group Retail Banking; whilst from Group Business and Transaction Banking, the SME Engagement, SME Service and Enhancement Tribes were formed. In the first quarter of this year, we rolled out another eight tribes from Retail Banking segment and Group Technology Services.

Similarly, our Digital Transformation programme which is also anchored on customer centricity, achieved significant traction in 2018. We deployed more than 10 digital solutions, including RHB MyHome App, SME Online Financing, iSMART, RHB Partners, RHB Mobile Banking App and RHB Insurance Mobile App. We also launched 16 analytics use cases in FY2018 and achieved RM19.0 million in incremental pre-tax profit from Digital Initiatives such as digitalisation of customer journeys and Analytic initiatives. Digitally active customers have increased by 11% in 2018 and now constitute 43.2% of our total retail customer base.

TRANSFORMING OUR CUSTOMER JOURNEY: RHB WAY

Delivering excellent service experiences to our customers will continue to be a priority. In order for the Group to remain competitive, we aim to deliver experiences that Build Trust, Deliver Convenience and Create Value for our customers.

To achieve that, in 2018, the Group rolled out RHB Way, a service culture programme across all our branches nationwide. Testament to this is the improvement in our Net Promoter Score (“NPS”) by 9 points, from -9 and our Customer Satisfaction Index (“CSI”) which scored higher than the industry average. Our service excellence has been recognised with several notable industry awards: Best Customer Experience Business Model by CXFS Asia 2018; Best Self-Service Experience in Retail Banking by Frost & Sullivan Malaysia and Best Customer Experience – Call Centre by CXFS Asia 2018.

OUR PEOPLE

I must emphasise that it is the dedication, commitment and relentless efforts of our employees, or RHBians as we call ourselves that has made our progress and achievements today possible. We will continue to focus on nurturing our talents and invest in their development and progression within the Group.

A total of RM43.1 million was invested in training and development programmes in 2018. More than 14,000 of our employees were able to accelerate their professional development through 997 training programmes in critical, technical and functional areas, with an average of 56 training hours per employee.

In 2018, we introduced the FORWARD (Future-Oriented and Ready Workforce – Advancing, Reskilling and Developing) programme with the objective of future-proofing our talent by upskilling and reskilling our employees to be ready for the new competencies and skills required.



Total deposits grew

7.2%

compared to industry growth at 6.8%

Total gross loans, advances, and financing increased to
RM168,879
MILLION

Group Managing Director's Statement



**PEOPLE'S CHOICE
AWARD**
in the Banking, Investment and
Insurance category
– Putra Brand Awards



Brand Value of
**USD956
MILLION**
Top 20 in the ASEAN
Banking Brands 2019



Digitally active customers increased by
11%
in 2018, representing 43.2%
of our total retail customer base



COMPLIANCE CULTURE

Ensuring compliance to rules and regulations will continue to be top on our agenda. We believe in the importance of ensuring compliance and we will heighten our efforts to educate our employees to create greater awareness on the latest developments on regulatory requirements, regulations and latest non-compliance trends in the industry and embed compliance as a key work culture.

OUR BRAND PROMISE

Building and enhancing our brand image is an integral part of achieving business growth. I am pleased to inform that our brand value has improved from USD512 million in 2013 to almost USD1 billion in 2019. And last year, we made a breakthrough where we were recognised as one of the top 3 brands in the People's Choice Award in the Banking, Investment and Insurance category by the reputable Putra Brand Awards.

As part of our effort to continue to build “top of mind recall”, in February 2019, we launched our

Corporate Brand Refresh, to re-energise our Brand and establish a meaningful connection with our customers in line with our Brand Promise of “Together We Progress”.

EMPOWERING OUR COMMUNITY

Sustainability at RHB is about creating a positive impact on the communities that matter to us, and where people can relate to our actions and contributions. We continue to play our part and contribute to the development of the communities within which we operate, particularly children and young adults from underprivileged families, through capacity building.

In 2018, we introduced two key initiatives, RHB X-Cel Programme and RHB Money Ma\$ter which benefitted a total of 11,212 children and young adults.

In the year under review, more than 14,000 of our employees took part in volunteering and raising funds for deserving members of the community through our annual RHB Touch Hearts programme. Through this initiative, we have

“

Our FIT22 strategic roadmap includes transforming our work culture towards creating a winning operating model, through AGILE@Scale, enabling us to achieve faster speed to market for products and services, boost productivity and turnaround time, increase employee engagement and drive a high performance culture, all with customer centricity as the prime driver.”

reached out to 20,700 underprivileged and underserved members of the community across the ASEAN region and raised RM1.26 million through various fundraising activities. I am pleased to share that our efforts have been recognised as the Best Community Programme Award (Bronze) by Global CSR Awards 2018.

OUR 2019 PRIORITIES

As we progress towards achieving our 2022 aspirations, we will stay on course with our FIT22 strategic plans. We have built a strong foundation and we will sustain our momentum in delivering our strategic priorities. We will continue to invest for the future, in our workforce, technology infrastructure and digital capabilities and promote the culture of an AGILE way of working to enhance our competitive edge, all with our customers at the forefront.

Amidst global challenges and strong headwinds expected in 2019, our intent is to remain resilient and identify opportunities to grow and boost efficiency across all parts of the Group. In short, we will grow responsibly.

ACKNOWLEDGEMENT

I would like to express my gratitude to our shareholders for their confidence in RHB Banking Group; and to our customers and business partners for their continued loyalty.

I would also like to thank Bank Negara Malaysia, Bursa Malaysia, Securities Commission Malaysia and regulators in the countries where we operate for their support over the years.

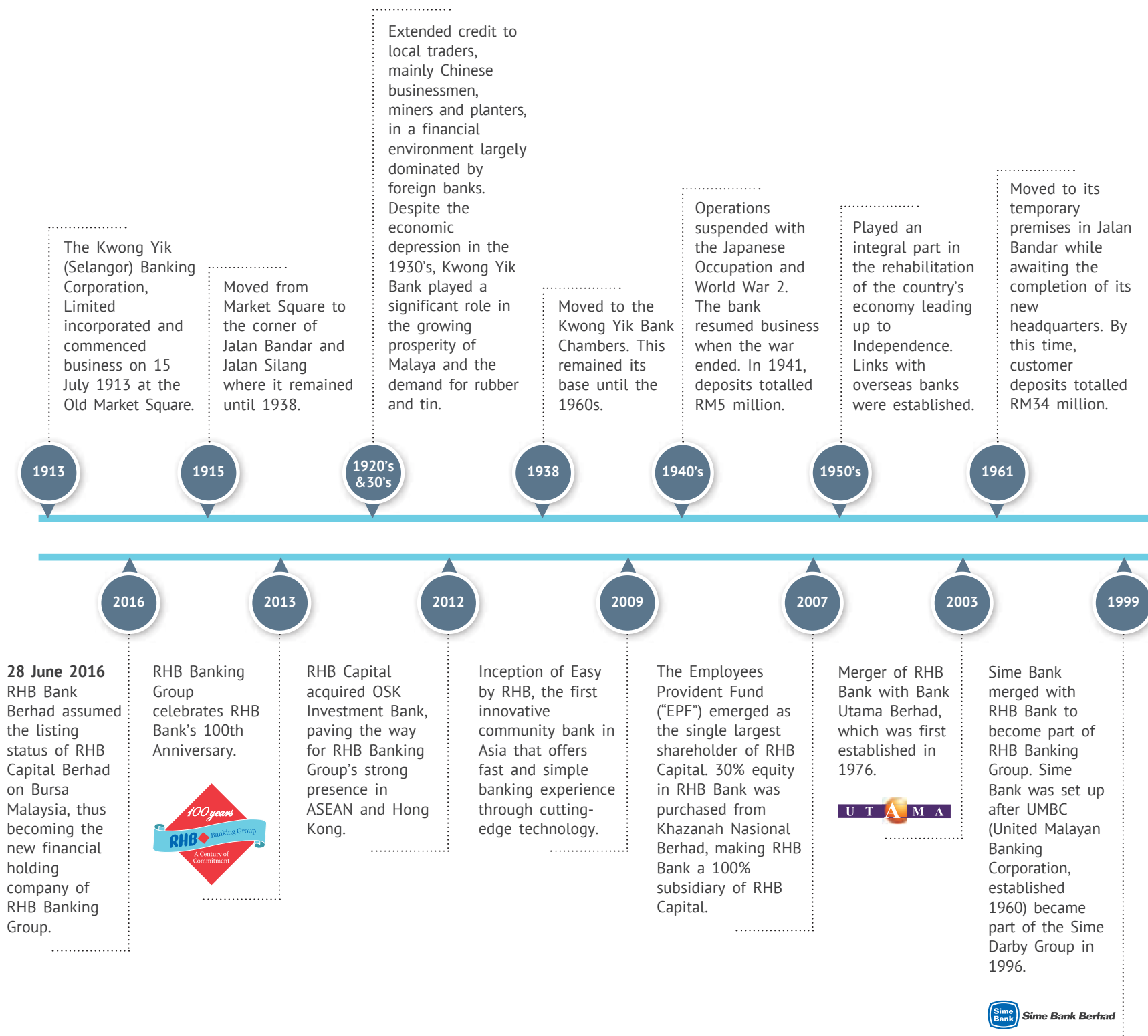
My sincere appreciation goes to my colleagues on the Senior Management Team and all RHBians for their dedication and commitment.

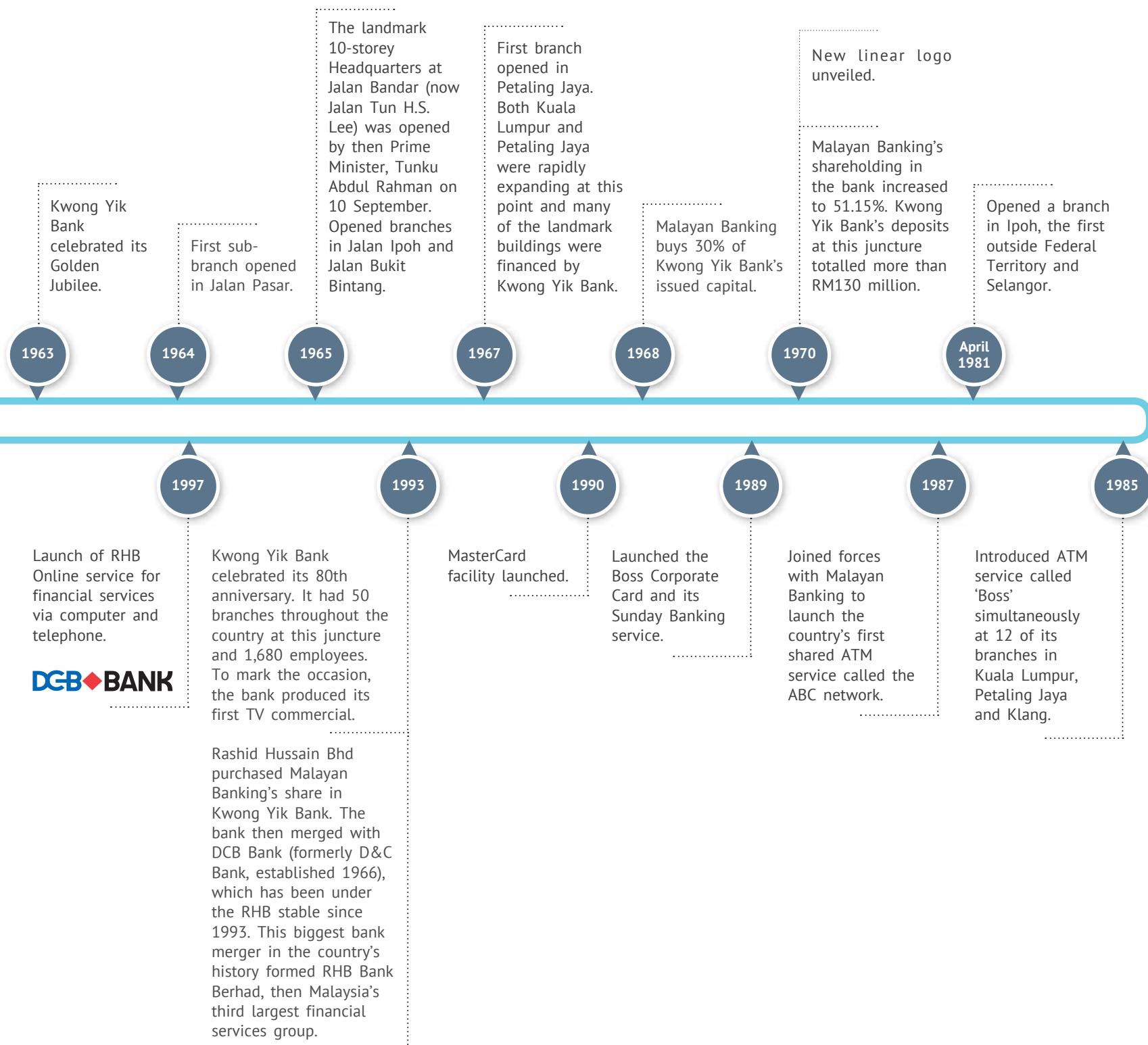
Last but not least, I would like to extend my deepest gratitude to our Chairman and all Board Members for their leadership, guidance and trust.

“Together We Progress”

Khairul

Corporate Milestones





2018 Key Highlights

New Digital Solutions Launched in Year 2018

<p>1st in ASEAN</p> <p>Mobile App instant AIP</p> <p>Online simulator</p>	<p>RHB MyHome App</p> <ul style="list-style-type: none"> Real-time mortgage origination and approval Online simulators to calculate eligibility financing amount & rate estimates Provide mortgage related education and product information
<p>1st to market within 10 minutes</p>	<p>SME Online Financing</p> <ul style="list-style-type: none"> Apply loans within 10 minutes Minimum tenure of six months Up to 24 months tenure for loans between RM50k & RM300k
<p>1st to market provide solutions</p>	<p>iSMART</p> <ul style="list-style-type: none"> Digital sales tool designed to enable RHB SME frontliners Solutions to deliver better customer experience to SME customers
<p>1st in financial institution all-in-one mortgage referral app</p>	<p>RHB Partners</p> <ul style="list-style-type: none"> Simplified dashboard for tracking, viewing and real-time notifications Referrals Rewards eligible for successful mortgage Eco-system business partners
<p>customer experience simple lifestyle</p>	<p>RHB Mobile Banking App</p> <ul style="list-style-type: none"> All new customer experience Make banking simple and hassle free Beyond banking with lifestyle offer Internal Innovation capability
<p>1st to market Purchase 3 minute</p>	<p>RHB Insurance Mobile App</p> <ul style="list-style-type: none"> 1st to market for insurance company under Financial Institution Enables customers to purchase & renew motor insurance policy at anytime, anywhere

BUSINESS HIGHLIGHTS

The Group commenced a digital transformation programme in April 2017 with a vision to be a Digital leader in banking throughout Malaysia. The Group-wide Digital Transformation Programme aims to build a customer centric, data driven and innovative digital bank in order to compete more effectively, and embraces AGILE to deliver innovation to the market in a timely manner.

Digital Banking Initiative related awards in Year 2018 (Malaysia)



Other Digital Accomplishments

Digitalisation of customer journeys with launch of new MVPs in Year 2018

- Continue innovation of digital solution through MVPs application
- Launched few new digital solutions

Analytics and Big Data

- Initiated 16 new analytic use cases in Year 2018 and continue to operationalise 7 existing analytics use cases.
- Implemented the new big data and marketing automation platform

Bank wide adoption of Agile@Scale has commenced in an effort to transform our business units to operate in AGILE model with strong interdisciplinary collaboration

- 3 business divisions namely Mortgage, Deposits & SME has been successfully transformed into AGILE@Scale
- Implemented the Agile@Scale to 130 employees from SME and Retail Banking (Mortgage and Deposit) as part of the first pilot wave
- DevOps implementation started with adoption of tools and processes to improve technology delivery agility

Channel Experience Transformation

- Launched new RHB Mobile Banking app to Pilot users in November 2018
- Includes market leading features:
 - » 1-Click Pay
 - » Reduced hassle of mobile OTP
 - » Reimagined design with dashboards and shortcuts

Digital Enablement

- Launched Digital Academy
- More than 300 employee trained via Digital Academy
- Appointed more than 300 "Digital Champion" across the branch network.
- Launched Digital Tuesday weekly session including engagement with branch/call centre to raise awareness of front-liners on digital products and services

FINANCIAL HIGHLIGHTS



Total Assets
RM243.2
billion

Total Customer Deposits



RM178.9
billion



CET 1
15.5%



Pre-Tax Profit
RM3.1 billion

Gross Loans



RM168.9
billion



Total Income
RM6.8
billion

Cost To
Income Ratio
49.3%



Shareholders' Equity
RM23.4 billion



Profit After Tax
RM2.3 billion

Corporate Information

as at 15 February 2019

BOARD OF DIRECTORS

Tan Sri Azlan Zainol
Non-Independent Non-Executive Chairman

Dato' Khairussaleh Ramli
Group Managing Director

Tan Sri Ong Leong Huat @ Wong Joo Hwa
Non-Independent Non-Executive Director

Mohamed Ali Ismaeil Ali AlFahim
Non-Independent Non-Executive Director

Tan Sri Dr Rebecca Fatima Sta Maria
Senior Independent Non-Executive Director

Tan Sri Saw Choo Boon
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

APPOINTMENT OF NEW BOARD MEMBER

Puan Sharifatu Laila Syed Ali was appointed as an Independent Non-Executive Director of RHB Bank Berhad effective 15 March 2019.

BOARD RISK COMMITTEE#

Ong Ai Lin
Independent Non-Executive Director/Chairperson

Tan Sri Saw Choo Boon
Independent Non-Executive Director

Chin Yoong Kheong
Independent Non-Executive Director

BOARD AUDIT COMMITTEE#

Tan Sri Dr Rebecca Fatima Sta Maria
Senior Independent
Non-Executive Director/Chairperson

Tan Sri Saw Choo Boon
Independent Non-Executive Director

Ong Ai Lin
Independent Non-Executive Director

BOARD CREDIT COMMITTEE#

Dato' Abd Rahman Dato' Md Khalid
Senior Independent
Non-Executive Director/Chairman
(RHB Islamic Bank Berhad)

Tan Sri Ong Leong Huat @ Wong Joo Hwa
Non-Independent Non-Executive Director

Lim Cheng Teck
Independent Non-Executive Director

BOARD NOMINATING & REMUNERATION COMMITTEE#

Tan Sri Dr Rebecca Fatima Sta Maria
Senior Independent
Non-Executive Director/Chairperson

Tan Sri Saw Choo Boon
Independent Non-Executive Director

Tan Sri Azlan Zainol
Non-Independent Non-Executive Director

Tan Sri Ong Leong Huat @ Wong Joo Hwa
Non-Independent Non-Executive Director

Ong Ai Lin
Independent Non-Executive Director

SHARIAH COMMITTEE^

Dr. Ghazali Jaapar
Chairman

Assoc. Prof. Dr. Amir Shaharuddin

Dr. Ahmad Basri Ibrahim

Wan Abdul Rahim Kamil Wan Mohamed Ali

Mohd Fadhly Md Yusoff

Shabnam Mohamad Mokhtar

ISLAMIC RISK MANAGEMENT COMMITTEE^

Dato' Abd Rahman Dato' Md Khalid
Senior Independent
Non-Executive Director/Chairman
(RHB Islamic Bank Berhad)

Dato' Foong Chee Meng
Independent Non-Executive Director

Ong Ai Lin
Independent Non-Executive Director

GROUP INTERNAL AUDIT & COMPLIANCE

Alex Tan Aun Aun
Group Chief Internal Auditor

Fazlina Mohamed Ghazalli
Group Chief Compliance Officer

Note:

The Committee is shared with the relevant subsidiaries of the Group.

^ The Committee resides at RHB Islamic Bank Berhad.

GROUP SENIOR MANAGEMENT

Dato' Khairussaleh Ramli
Group Managing Director/
Chief Executive Officer

Syed Ahmad Taufik Albar
Group Chief Financial Officer

Dato' Adissadikin Ali
Managing Director/Chief Executive Officer –
RHB Islamic Bank Berhad
Head, Group International Business

Robert Huray
Chief Executive Officer,
RHB Investment Bank Berhad/
Head, Group Investment Banking

Nazri Othman
Acting Head, Group Retail Banking

Jeffrey Ng Eow Oo
Head, Group Business & Transaction Banking

Danny Quah Boon Leng
Country Head, Singapore
Chief Executive Officer
RHB Bank Singapore

Wendy Ting Wei Ling
Head, Group Corporate Banking

Kong Shu Yin
Managing Director, RHB Insurance Berhad

Mohd Rashid Mohamad
Group Treasurer

Rohan Krishnalingam
Group Chief Operations Officer

Gan Pai Li
Group Chief Strategy Officer

Patrick Ho Kwong Hoong
Group Chief Risk Officer

Jamaluddin Bakri
Group Chief Human Resource Officer

Norazzah Sulaiman
Group Chief Communications Officer/
Chief Executive Officer, RHB Foundation

Abdul Sani Abdul Murad
Group Chief Marketing Officer

COMPANY SECRETARIES

Azman Shah Md Yaman
(LS 0006901)

Lai Su Ming
(MAICSA No. 7046164)

REGISTERED OFFICE

Level 10, Tower One
RHB Centre, Jalan Tun Razak
50400 Kuala Lumpur
Tel : 603 9287 8888
Fax : 603 9281 9314
Website : www.rhbgroup.com

COMPANY NO.

6171-M

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
(formerly known as Symphony Share
Registrars Sdn Bhd)
Level 6, Symphony House
Pusat Dagangan Dana 1, Jalan PJU 1A/46
47301 Petaling Jaya, Selangor

Encik Shamsul Kamal Abdul Manaf
Puan Hastini Hassim

– For shareholders' enquiries
Helpdesk No : 603 7849 0777
Fax : 603 7841 8151/8152

AUDITORS

PricewaterhouseCoopers PLT
Chartered Accountants
Level 10, 1 Sentral
Jalan Rakyat, Kuala Lumpur Sentral
P. O. Box 10192
50706 Kuala Lumpur
Tel : 603 2173 1188
Fax : 603 2173 1288

CUSTOMER CARE CENTRE

Call Centre : 603 9206 8118
(Peninsular Malaysia)
– 24 hours

6082 276 118
(Sabah & Sarawak)
Monday to Thursday
– 8:30 a.m. to 5:30 p.m.

Friday – 8:30 a.m. to 4:30 p.m.
(Closed on Saturday, Sunday
& Public Holidays)



Group Corporate Structure

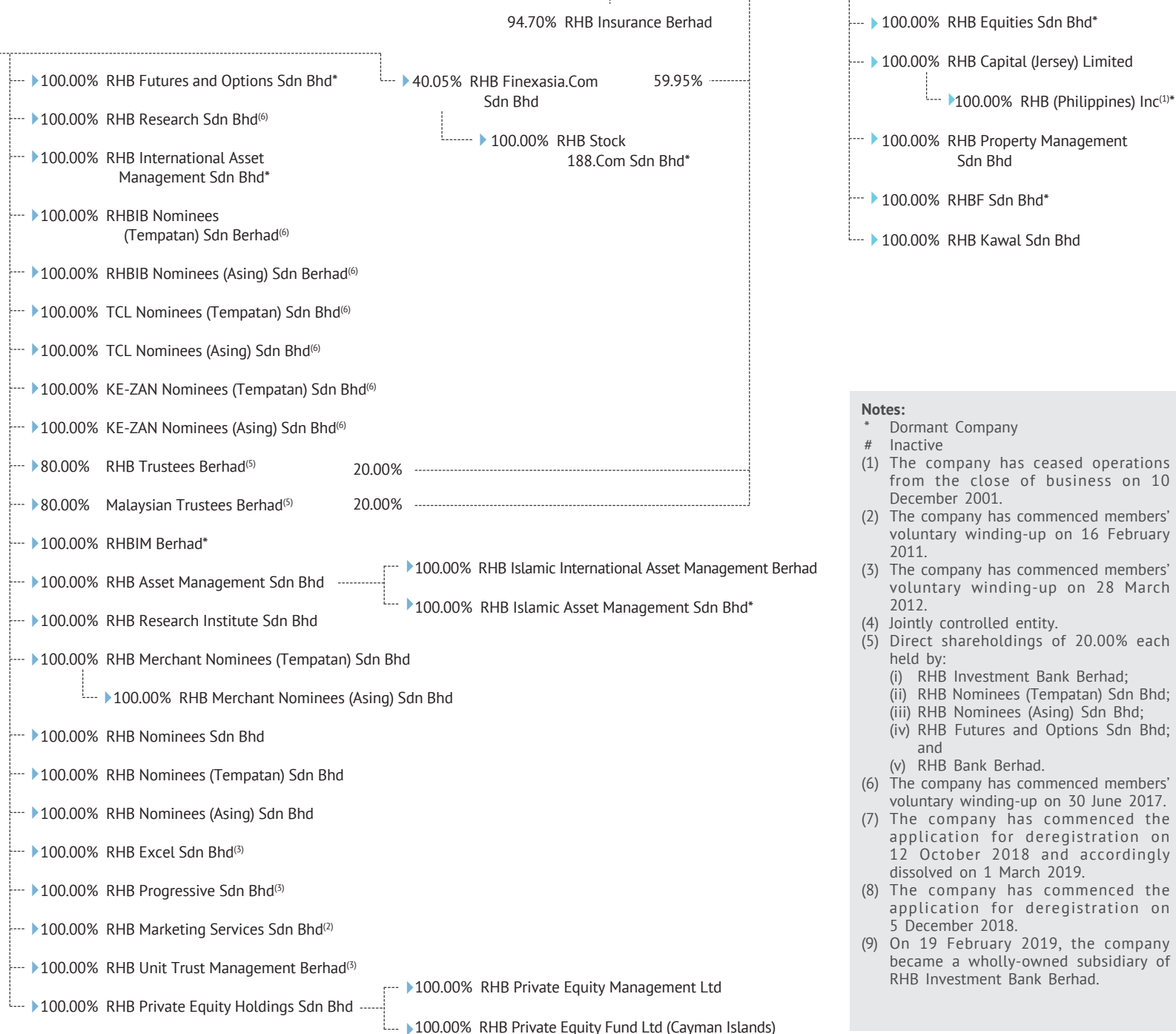
as at 15 February 2019



RHB Bank Berhad



OTHERS

**Notes:**

- * Dormant Company
Inactive
- (1) The company has ceased operations from the close of business on 10 December 2001.
 - (2) The company has commenced members' voluntary winding-up on 16 February 2011.
 - (3) The company has commenced members' voluntary winding-up on 28 March 2012.
 - (4) Jointly controlled entity.
 - (5) Direct shareholdings of 20.00% each held by:
 - (i) RHB Investment Bank Berhad;
 - (ii) RHB Nominees (Tempatan) Sdn Bhd;
 - (iii) RHB Nominees (Asing) Sdn Bhd;
 - (iv) RHB Futures and Options Sdn Bhd; and
 - (v) RHB Bank Berhad.
 - (6) The company has commenced members' voluntary winding-up on 30 June 2017.
 - (7) The company has commenced the application for deregistration on 12 October 2018 and accordingly dissolved on 1 March 2019.
 - (8) The company has commenced the application for deregistration on 5 December 2018.
 - (9) On 19 February 2019, the company became a wholly-owned subsidiary of RHB Investment Bank Berhad.

Strategic Business Entities



The RHB Banking Group, with RHB Bank Berhad as the holding company, is among the largest fully integrated financial services groups in Malaysia. The Group's core businesses are structured into seven main business pillars, namely Group Retail Banking, Group Business & Transaction Banking, Group Wholesale Banking, RHB Singapore Operations, Group Shariah Business, Group International Business and Group Insurance.

Group Wholesale Banking comprises Corporate Banking, Investment Banking, Group Treasury & Global Markets, and Asset Management. All seven business pillars are offered through the Group's main subsidiaries – RHB Investment Bank Berhad, RHB Islamic Bank Berhad and RHB Insurance Berhad. While its asset management business is undertaken by RHB Asset Management Sdn. Bhd. and RHB Islamic International Asset Management Berhad. The Group's regional presence now spans ten countries including Malaysia, Singapore, Indonesia, Thailand, Brunei, Cambodia, Hong Kong, Vietnam, Lao PDR and Myanmar.



RHB INVESTMENT BANK BERHAD

RHB Investment Bank Berhad ("RHBIB") is a leading player in the Malaysian capital markets with presence in Singapore, Hong Kong, Indonesia, Thailand, Cambodia and Vietnam. Supported by an award-winning team of research analysts, RHBIB offers a complete suite of capital market solutions and securities broking services to a wide range of corporate, institutional, retail and high net worth customers. RHBIB continues to win industry awards and accolades which recognise its leading roles in successfully completing landmark capital market transactions locally and regionally.



RHB ISLAMIC BANK BERHAD

Established in 2005, RHB Islamic Bank Berhad is the first full-fledged Malaysian Islamic subsidiary of a banking group that has matured from an Islamic banking window operations. As a wholly-owned subsidiary of RHB Bank Berhad, it is the key driver of Shariah business for the entire RHB Banking Group offering a full suite of shariah compliant financial products and solutions to all retail, commercial and corporate customers.



RHB INSURANCE BERHAD

RHB Insurance Berhad was established in 1978. The company has more than four decades of experience in providing a full range of general insurance products and services to its customers.

The company offers its products and renders its services via a wide network of RHB Insurance branches, RHB Bank Berhad branches, Pos Malaysia Bhd offices and authorised agents' offices throughout Malaysia.



RHB GROUP ASSET MANAGEMENT

Our Group Asset Management has expertise in a full suite of financial solutions including investment management and advisory, product development as well as offering tailor made portfolios. We have capabilities across a wide spectrum of conventional and Shariah compliant investment products; targeting institutional, corporate, wholesale and retail investors with customised solutions to address their unique needs. The investment strategies managed ranges from unit trusts across various geographical regions and asset classes including equity, fixed income, balanced and cash management to discretionary and non-discretionary mandates, Private Retirement Scheme ("PRS") and alternative investments such as private equity funds, structured investments and investment-linked products.



Define

success,

On your own terms.





Strategic Review

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54 Engagement with Stakeholders | 58 Material Matters

Economic & Banking Industry Review and Outlook

GLOBAL & ASEAN ECONOMY

ECONOMIC REVIEW

Global economic activity in 2018 shed some of the strong momentum in 2017 and the expansion became less synchronised across countries. The International Monetary Fund (“IMF”) pared down its global growth forecast to 3.7% for 2018, which was 0.2 percentage point lower than its earlier projection but sustaining at almost the same pace in 2017. This came as downside risks such as rising trade barriers and a reversal of capital flows to emerging market economies with weaker fundamentals and higher political risk—have become more pronounced or have partially materialised, according to the IMF.

That said, 2018 also saw the escalation of trade tensions between the US and China. Trade actions by the US began in early 2018, when the US imposed blanket tariffs of 30%, 25% and 10% on solar panel, steel and aluminium imports, respectively. Since then, the products and countries affected have broadened, and the quantum of goods subject to higher US tariffs has increased. In July, the US implemented tariffs mainly on tech-related imports from China worth USD50 billion. Subsequently in September, the US implemented 10% tariffs on more than 5,700 products from China worth USD200 billion and warned that the tariffs will be raised to 25% by 1 January 2019. China retaliated by raising tariffs on USD60 billion imports from the US by 5-10%. The trade tensions, however, came to a pause following the G20 Summit in early December as the US and China agreed to keep their trade war from

escalating with a promise to halt the imposition of new tariffs for 90 days as they negotiate a lasting agreement.

Overall, economic activity moderated more than expected in some large advanced economies from its strong pace last year, while the emerging market and developing economy group continued to expand at broadly the same pace as in 2017, according to IMF. Among the advanced economies, the US economy grew 2.9% in 2018, accelerating from a 2.2% pace in the previous year with the private sector activity buoyed further by sizeable fiscal stimuli. Meanwhile, the 19-nation Eurozone saw growth slowing to 1.8% in 2018 from 2.4% the year prior amid slower exports growth and a slowdown of quantitative easing. Similarly, Japan’s GDP growth normalised to 0.9% in 2018, after accelerating to 1.9% in 2017.

Aggregate growth in the emerging market and developing economy group stabilised in 2018. Emerging Asia continued to register strong growth, even as economic activity in China moderated slightly to 6.6% from 6.9% registered in 2017 in response to regulatory tightening of the property sector and non-bank financial intermediation. Meanwhile, ASEAN-5 economies (*Indonesia, Malaysia, Philippines, Singapore and Thailand*) recorded slower growth of 4.7% in 2018, from 4.9% registered in 2017, as domestic demand picked up some of the slack from exports.

ECONOMIC OUTLOOK



Going forward, the outlook for the world economy remains largely uncertain as it continues to be weighed by trade measures put in place since 2018 and the lagged effect of monetary policy tightening in major economies. Although the US and China agreed to halt the imposition of new tariffs until 1 March 2019 pending trade negotiations, a breakthrough in trade talks remains to be seen at the moment. Meanwhile, the IMF projects the world economy to grow at a slower pace of 3.5% in 2019, as it expects the growth in advanced economies to ease with the unwinding of the US fiscal stimulus and the fading of the favourable spillovers to its trading partners. Also, growth for emerging market and developing economies are expected to moderate. We see downside risk to the IMF’s real GDP growth forecast for 2019.

Growth in the advanced economies is expected to soften in 2019 weighed down by the trade measures, according to the IMF. In the US, economic growth is expected to moderate to 2.5% next year (2018: 2.9%) as impact from the fiscal stimulus begins to wane. Elsewhere, growth in the Eurozone is projected to remain supported at 1.6% in 2019, slightly below that of 2018 as healthy consumer spending amid supportive monetary policy are expected to continue to provide strong demand. Japan’s economy is expected to see slightly stronger growth of 1.1% in 2019 (2018: 0.9%) on additional fiscal support to the economy.

Growth in emerging market and developing economies is expected to be relatively resilient in 2019. In China, growth is projected to moderate to 6.2% in 2019 (2018: 6.6%), reflecting slowing external demand growth attributed to the trade measures though it will be partially offset by policy stimulus. Meanwhile, growth in ASEAN-5 is anticipated to remain resilient at 4.5% in 2019 (2018: 4.7%) amid slowing exports although domestic demand should remain resilient.

Economic & Banking Industry Review and Outlook

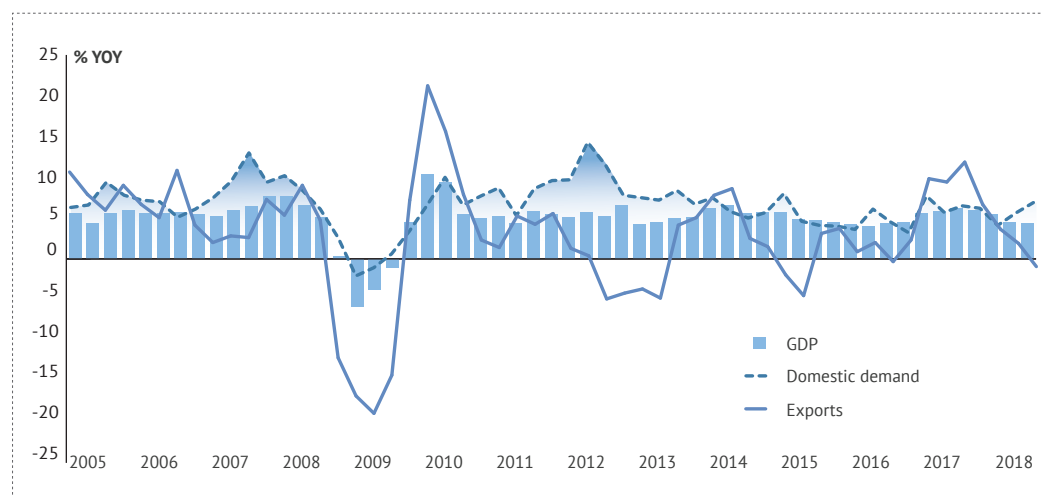
MALAYSIA

ECONOMIC REVIEW

Growth of the Malaysian economy bounced back to 4.7% YoY in the fourth quarter ("4Q18"), from 4.4% in the third quarter ("3Q") and compared to 4.5% in the second quarter ("2Q"). The pick-up in 4Q18 GDP growth was mainly on account of a rebound in exports, while supply shocks in the agriculture and mining sectors improve. For the full year, Malaysia registered real GDP growth of 4.7% in 2018, easing from 5.9% in 2017. Malaysia's real exports slowed to a pace of 1.5% YoY in 2018, compared to +9.4% for the whole of 2017. This was mainly attributed to softer global demand and declines in both commodity exports owing to supply shocks. Similarly, aggregate domestic demand slowed to 5.6% in 2018 from 6.5% in 2017 (see Chart 1) as private investment eased and public spending reduced.

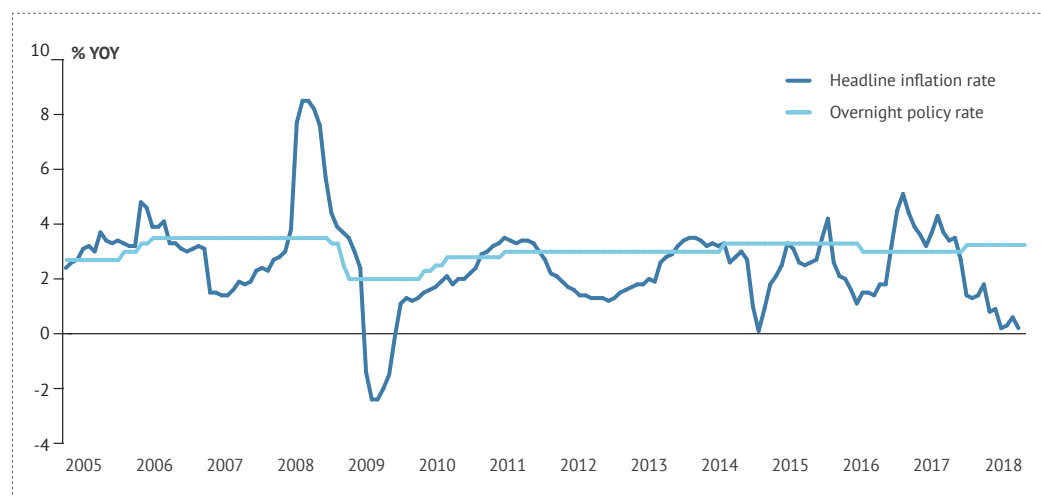
On the price front, Malaysia's inflation rate eased sharply to 1.0% in 2018 from +3.7% registered in 2017, following the fixing of RON95 fuel prices since May, as well as the tax holiday during the June – August period (see Chart 2). Although there were some instances of rising prices following the reintroduction of the Sales and Services Tax ("SST") in September 2018, the impact of the SST on inflation appears to be more muted compared with the Goods & Services Tax ("GST"). As inflationary pressure remains fairly subdued, Bank Negara Malaysia ("BNM") kept the ("OPR") unchanged at 3.25% throughout most of 2018 since raising it by 25 basis points in January 2018 in tandem with major central banks' moves to tighten monetary policy.

Chart 1: Economic growth moderated on weaker external demand but held up by robust domestic spending



Source: Department of Statistics

Chart 2: Headline inflation eased sharply following zero-rating of GST



Source: Department of Statistics



ECONOMIC OUTLOOK

Looking forward, we expect Malaysia's economy to grow 4.0% in 2019 compared to 4.7% in 2018, as the economy continues to face a challenging external environment due to the lingering trade war and anticipated slower global growth. The bright spot for the Malaysian economy continues to lie in the domestic private sector. This has to be the case, given the fiscal spending constraints and the Government's intention to bring down debt and liability commitments of the country from close to 80% of GDP. Consumer and businesses are also likely to benefit from one-off tax refunds from the Government. In addition, the savings from lower consumption tax and the implementation of measures such as minimum wage hike should improve disposable incomes of consumers, thereby encouraging them to spend.

On the inflation front, the headline inflation rate is likely to remain manageable in 2019, following the Government's decision to cap the upside of fuel prices. With the manageable inflationary environment, we are of the view that the central bank will maintain the OPR at 3.25% for 2019 as this would help keep stability of the Ringgit currency against the backdrop of ongoing monetary policy tightening by the US Federal Reserve and US Dollar strength. On the other hand, there is no strong reason for the central bank to hike rates amid a modest economic growth.

Table 1: Global Real GDP Growth Rates

	% YoY		
	2017	2018	2019F
WORLD	3.8	3.7	3.5
Advanced Economies			
US	2.2	2.9	2.5
Eurozone	2.4	1.8	1.6
Japan	1.9	0.9	1.1
UK	1.8	1.4	1.5
Canada	3.0	2.1	1.9
Emerging Market Economies			
China	6.9	6.6	6.2
India	6.7	7.3	7.5
ASEAN-5*			
Singapore	5.0	4.7	4.5
Malaysia	3.9	3.2	2.8
Thailand	5.9	4.7	4.6
Indonesia	3.9	4.1	4.0
Philippines	5.1	5.2	5.1
	6.7	6.2	5.8

Source: International Monetary Fund

* RHBRI forecasts F: Forecasts

Table 2: GDP by expenditure components (at constant 2010 prices)

	% YoY		
	2017	2018	2019F
Consumption			
Private sector	7.0	8.1	6.5
Public sector	5.4	3.3	1.5
Gross Fixed Capital Formation	6.2	1.4	2.2
Private sector	9.3	4.5	4.7
Public sector	0.1	-5.2	-3.6
Aggregate Domestic Demand	6.5	5.6	4.7
Exports of Goods & Services	9.4	1.5	1.5
Imports of Goods & Services	10.9	0.1	1.3
Real Gross Domestic Product	5.9	4.7	4.6

Source: Department of Statistics, RHBRI

F: Forecasts

Table 3: GDP by industrial origin (at constant 2010 prices)

	% YoY		
	2017	2018	2019F
Agriculture, forestry & fishing	7.2	-0.4	2.8
Mining & quarrying	1.0	-1.5	1.6
Manufacturing	6.0	5.0	4.4
Construction	6.7	4.2	4.5
Services	6.2	6.8	5.6
Real Gross Domestic Product	5.9	4.7	4.6

Source: Department of Statistics, RHBRI

F: Forecasts

Economic & Banking Industry Review and Outlook

MALAYSIA

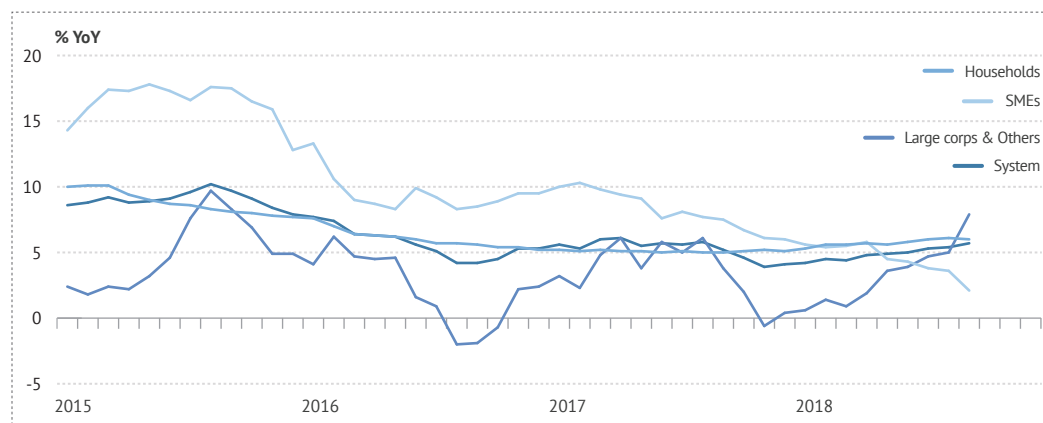
BANKING SECTOR REVIEW

Malaysia's banking system loan growth strengthened to 5.6% YoY in 2018, from an increase of 4.1% YoY in 2017. Household loans grew a stronger 5.6% YoY compared with a rise of 5.1% YoY in 2017 while the growth in non-household loans rebounded to 5.7% YoY from a modest uptick of 2.8% YoY in 2017. Lending in the household sector accounted for 57.3% of banking system loans.

Within the household segment, lending for purchase of residential property was up 7.6% YoY, a moderation from growth of 8.9% YoY in 2017. Lending for purchase of passenger cars, which contracted 1.1% YoY in 2017, ended the year stable helped by the GST tax holiday between June and September 2018. Personal loans grew 7.8% YoY while credit card outstandings rose 2.1% YoY, this compared with growth of 4.1% YoY and 3.0% YoY, respectively in 2017. Within the non-household segment, lending for working capital purposes increased by a stronger 5.4% YoY, from a muted 0.9% YoY rise in 2017.

As at end-December 2018, corporate bond and sukuk issuances totalled MYR99.85 billion. The decline of 12.7% YoY compared to the MYR114.35 billion issued in 2017 can be attributed to general cautiousness among businesses following the change of government and external headwinds arising from the US-China trade tensions. Coupled with banking system loans, total net financing increased by 5.8% YoY in 2018. This is comparable with net financing growth of 6.4% YoY in 2017.

Banking system loans grew at moderate pace helped by lending to households and large corporates

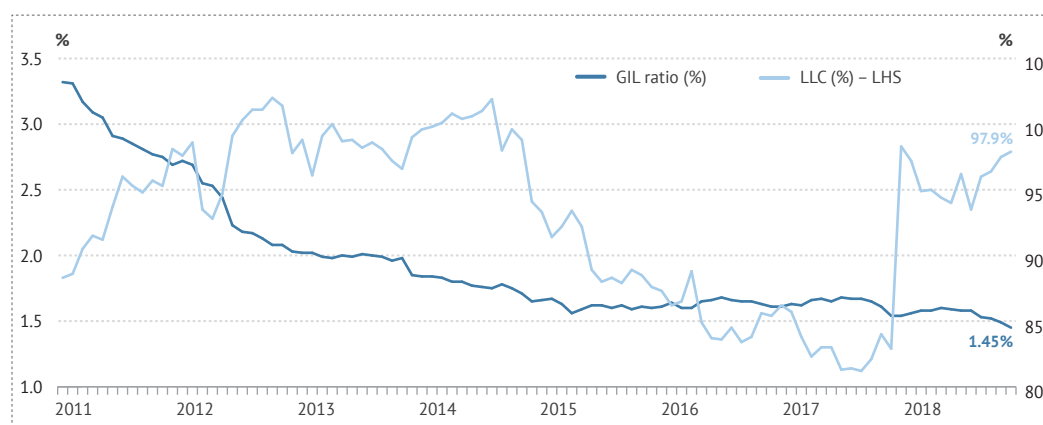


Source: Bank Negara Malaysia, RHB

System deposits, which reversed its growth downtrend in 2017 with an increase of 4.9% YoY, grew a stronger 6.8% YoY in 2018. With deposits growing at a faster pace than loans, banking system loan-to-deposit ratio ("LDR") improved to 88.9% in December 2018 from 89.9% in December 2017. Banking system liquidity remained robust with liquidity coverage ratio ("LCR") rising to 143% from 135% a year ago.

Banking system asset quality was resilient with absolute gross impaired loans dipping 0.7% YoY in December 2018. Loan loss coverage improved to 97.9% from 82.9% in December 2017 as the adoption of Malaysian Financial Reporting Standard 9 ("MFRS 9") effective January 2018 led to higher provision buffers being set aside.

Banking system asset quality remains resilient



Source: Bank Negara Malaysia, RHB

As at end-2018, banking system Common Equity Tier 1 (“CET1”) ratio was stable at 13.1% while Tier 1 Capital Ratio and Total Capital Ratio were a healthy 13.9% and 17.4%, respectively.

BANKING SECTOR OUTLOOK

Malaysia’s real GDP is expected to grow 4.6% YoY in 2019, from 4.7% in 2018. Growth is expected to be moderate due to slowing global growth and limited room for an increase in fiscal spending given the government’s commitment to reduce the budget deficit to 3% in 2020 and 2.8% in 2021. The private sector would remain the main engine of growth, anchored by resilient consumer spending and investments.

We expect system loan growth to be sustained at mid-single digit in 2019. Loan demand from businesses, which has gained momentum since mid-2018, is expected to remain healthy helped by improving investor sentiment with better clarity on infrastructure projects and new government policies after the unveiling of Budget 2019. Lending to households should continue to grow at a moderate pace as impact from implementation of the Sales and Services Tax in September 2018 should be transitory. We expect growth in household loans to be supported mainly by demand for medium-cost and affordable houses.

Corporate bond and sukuk issuances would likely ease in 2019. We expect fewer infrastructure-related bond issues while the government’s project-rationalisation initiatives would also result in a slower pace of quasi-government issuances.

Banks’ liquidity positions should remain healthy with system liquidity coverage ratio at a comfortable 143% at end-2018. Competition for deposits should ease from levels seen in 2018 as most banks are already in compliance of the Net Stable Funding Ratio. The moderate loan growth environment would also lift pressure for banks to compete aggressively for deposits. As in 2018, we expect system deposit growth to track the expansion in loans. This should help keep slippage in net interest margin manageable.

Overall, the banking system is expected to remain sound supported by strong capital base and resilient asset quality. Although the O&G-related and real estate sectors would continue to face headwinds, banks’ O&G-related exposures remain manageable at circa 6% of total business exposures while exposure to the real estate sector is a small 3.5%.

Social Drivers

The new government’s 2019 Budget has a strong emphasis on fiscal discipline and initiatives to assist the less privileged.

Fiscal consolidation in 2019 would involve savings from non-essential expenditure, postponing programmes with less urgency under the zero-based budgeting approach, and scaling down existing projects and subsidies & social assistance rationalisation to a more targeted lower income group. In particular, government procurement and subsidies & social support will be cut by 20.4% and 20.8% in 2019.

That said, the government raised minimum wage to MYR1,100 and continued to prioritise protecting the welfare of the B40 group. This includes property-related proposals to assist the lower income group own a home and a pilot national B40 Health Protection Fund to provide free protection against the top four critical illnesses for up to MYR8,000, and up to 14 days of hospitalisation income cover at MYR50 per day or MYR700 per year.

Economic & Banking Industry Review and Outlook

MALAYSIA

Competitive Drivers

Over the past year, Malaysian banks continued to experience keen competition in lending to the consumers and SMEs. BNM's decision to postpone the implementation of Net Stable Funding Ratio ("NSFR") to 2020 should ease competition for deposits but the fight for market share in the lending space is expected to remain intense in 2019.

In April 2018, Malaysian Building Society Bhd ("MBSB") completed its acquisition of Asian Finance Bank, which has been renamed MBSB Bank Bhd. MBSB has since transferred its shariah compliant operations to MBSB Bank. In late-2018, it was reported that Malaysian Industrial Development Finance Bhd ("MIDF") is exploring a combination with the local unit of Saudi Arabia's Al Rajhi Bank as it seeks to become a universal Islamic bank. If the two banks decide to proceed, Al Rajhi would become the second foreign-backed Islamic bank to merge its Malaysian operations with a local financial institution. With non-bank financial institutions becoming full-fledged commercial banks via mergers, competition would intensify.

Technological Drivers

Besides established players, Malaysian banking institutions continue to experience competitive pressures from new alternative service providers. In 2018, several licensed e-money issuers launched e-wallet services while a couple of remittance service providers have also become fully operational.

Incumbent banks together with PayNet have in early December 2018 launched DuitNow – an initiative to simplify bank transfers by using easy-to-remember details such as mobile or IC number. Some banks have also entered into partnerships with Fintechs in their offerings of e-wallets and cheaper alternatives for remittance services.

The past year has also seen more banking institutions crafting out comprehensive digital strategies rather than piecemeal responses to the Fintech threat. Broadly, targeted outcomes of banks' digital strategies are focused around enhancing customer experience for customer retention and acquisition, cost efficiencies, data analytics to create differentiated income generating opportunities, and overseas expansion for banks with regional aspirations.

Regulatory Drivers

Malaysian banks adopted the Malaysian Financial Reporting Standard 9: Financial Instruments ("MFRS 9") with effect January 2018. The new accounting standard replaces MFRS 139 "Financial Instruments: Recognition and Measurement". The most significant change effected by MFRS 9 is banks' approach to impairment. The switch to expected credit loss model, from the incurred loss model, saw an increase in impairment allowances on the first day of MFRS 9 adoption (known as Day 1 impact). There was also an overall improvement in banking institutions' loan loss coverage.

In October 2018, BNM extended the observation period for NSFR for banking institutions for another year to 2020. The central bank intends to conduct further on-site assessments to validate the maturity and robustness of the liquidity and funding practices of banks, and the uneven progress in implementation at the global level.

Banking system Basel III Liquidity Coverage Ratio ("LCR") stood at 143% at end-2018, providing comfortable liquidity buffers to withstand any funding shock over a 30-day period. All banks continued to record LCR levels above the transitional regulatory minimum requirement of 90% in 2018 and 100% by January 2019.

Banking institutions in Malaysia are required to comply with BNM's Capital Adequacy Framework (Capital Components) for the determination of capital and computation of capital adequacy ratios ("CAR"). For 2018, banks were required to maintain the regulatory minimum Common Equity Tier 1 ("CET1"), Tier 1 Capital Ratio and Total Capital Ratio of 6.375%, 7.875% and 9.875% respectively. The minimum regulatory requirements include the capital conservation buffer amounting to 1.875% of risk-weighted assets. Effective January 2019, the regulatory minimum for CET1 is 7.0%, 8.5% for Tier 1 Capital Ratio and 9.875% for Total Capital Ratio. These requirements are inclusive of the 2.5% capital conservation buffer, but excluding other buffers such as any counter-cyclical buffers and additional loss absorbency requirements for systemically important banking institutions ("D-SIB").

SINGAPORE

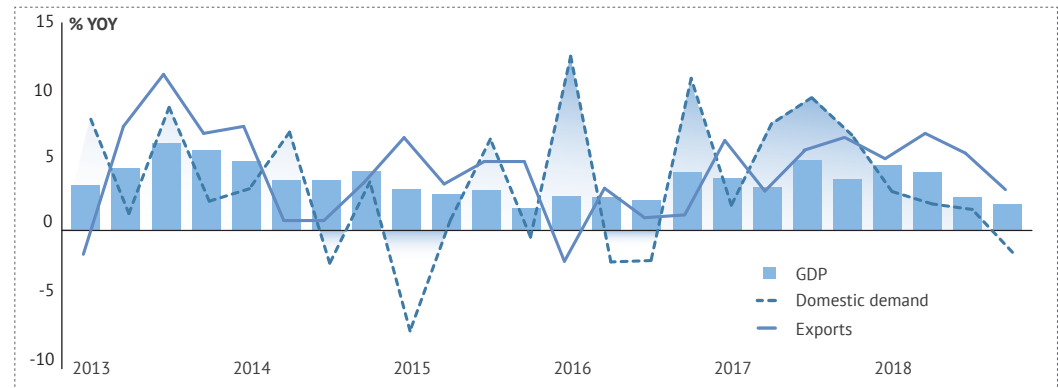
ECONOMIC REVIEW

The economy of Singapore grew by 3.2% YoY in 2018, lower than 3.9% recorded in 2017. In terms of quarterly performance, GDP growth in 1Q18 was commendable at 4.7% YoY but gradually declined to 1.9% in 4Q18. There was a clear deceleration in the pace of growth throughout the year as the sectors of manufacturing and services were impacted by the domestic and external events. The manufacturing sector in particular, suffers from the moderating pace of Chinese import demand amid the latter’s economic rebalancing efforts, as well as weaker semiconductor sector in line with further winding down of the semiconductor super cycle seen in 2017. On the positive side, the decline in the construction sector is showing signs of recovery as the pace of contraction is subsiding.

On trade, exports remain fairly supportive throughout the year with an average growth of 4.4% for 2018. Partly attributing the export performance is the resilient non-electronics exports, particularly pharmaceuticals, although dragged by contraction in electronics exports. However, despite the heightened concern over the trade war between the US and China towards the latter half of the year, its impact on Singapore’s trade numbers has so far been minimal.

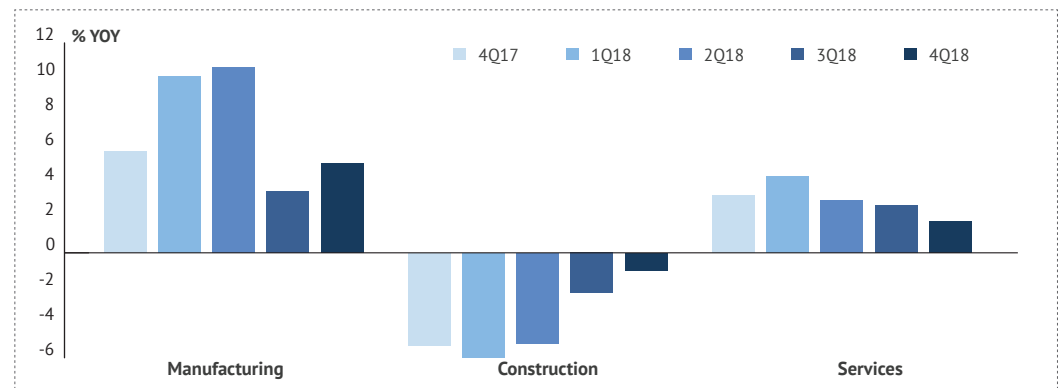
Meanwhile, domestic demand growth has been fairly supportive of the economy, although at a slower pace compared to the previous year. In 2018, domestic demand grew by 1.1% YoY compared to 6.4% seen in the whole of 2017. This was mainly driven by the tightening labour market as the slack in construction and manufacturing sector begins to subside and wage pressures begin to take hold.

Chart 1: Modest GDP Growth as Domestic Demand Softens



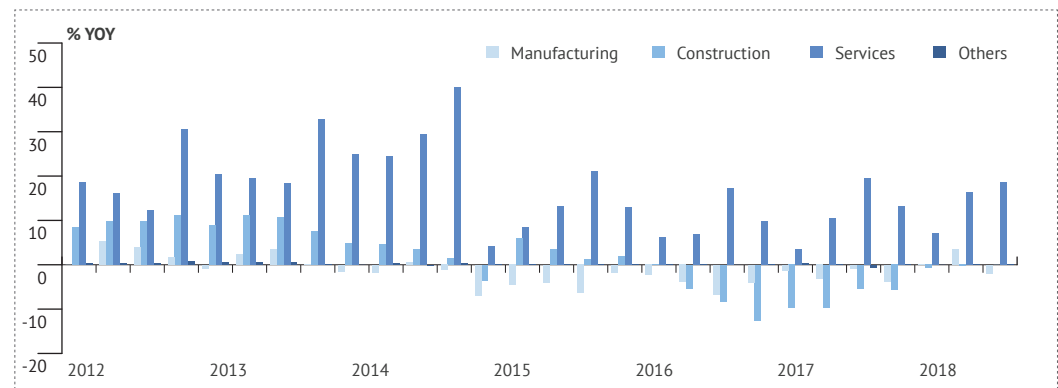
Source: Department of Statistics

Chart 2: Modest Growth in Manufacturing and Some Services Sectors



Source: Department of Statistics

Chart 3: Employment Addition by Sector Shows Labour Market Tightening



Source: Department of Statistics

Economic & Banking Industry Review and Outlook

SINGAPORE

On inflation, core CPI has been trending higher to an average of 1.7% YoY, but still within central bank's target of 1.5-2.5%. In October, MAS increased the slope of the Singapore Dollar Nominal Effective Exchange Rate ("S\$NEER") policy band, its second tightening move after April. The move is preemptive, in expectation of higher pressure on core inflation.

ECONOMIC OUTLOOK



The economic growth environment in 2019 will likely continue from the previous year, but at a relatively more moderate pace. On the external side, the positive demand effects from the US pro-cyclical fiscal stimulus will likely fade away in 2H 2019, made worse by the lagged effect of monetary policy tightening seen in the US and the Eurozone. The situation is likely to be compounded by rising trade tensions that have disrupted global trade, while Chinese import demand will likely slow further as the economic growth softens. Meanwhile, the growth in the semiconductor sector is expected to remain modest throughout the year amid a lack of impetus for the sector to recover strongly. The domestic side, on the other hand, is proving its resilience. The labour market continues to improve, although at an uneven pace, and should also contribute to higher consumption spending.

Against this backdrop, we expect real GDP growth for 2019 to moderate to 2.8% from 3.2% in 2018 with risk balanced on both the upside and downside. If the trade war continues to persist over a longer forecast horizon, growth projection could worsen, as businesses readjust to the new global supply chain dynamics. On the other hand, a prompt resolution to the trade war could mean economic activity will pick up pace.

BANKING SECTOR REVIEW

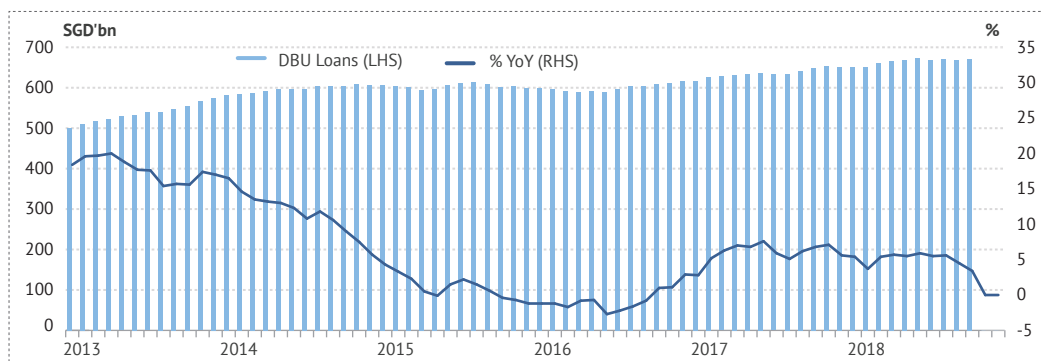
Singapore's system domestic banking unit ("DBU") loans grew 3.0% YoY in December 2018, helped by stronger demand from businesses. Business loans expanded 4.1% YoY led by the 12.5% YoY growth in lending to the building & construction sector and 10.1% YoY increase in loans to the transport, storage and communications segment. General commerce loans, however, declined 4.1% YoY.

Growth in DBU consumer loans moderated to 1.5% YoY from the 4.8% YoY in December 2017. The July 2018 property cooling measures resulted in a modest 2% YoY rise in housing loans.

Deposit growth kept pace with loan growth, rising 3.5% YoY in December 2018. Much of the increase came from the 10.5% YoY growth in fixed deposits as CASA deposits dipped 0.9% YoY. System DBU LDR was stable at 107% in December 2018.

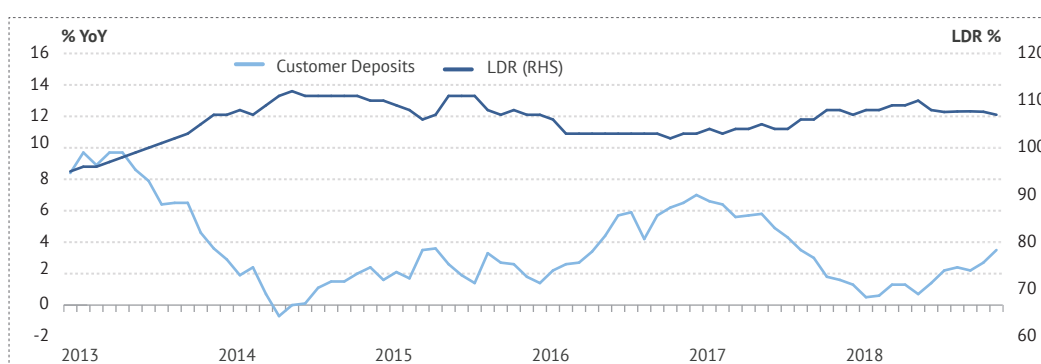
As at end-2018, system net NPL ratio improved to 0.84% from 0.94% a year ago while special mention loans ratio eased to 1.91% from 2.10% over the same period.

Singapore – DBU Loan Growth



Source: Monetary Authority of Singapore (MAS), RHB

Singapore – DBU Deposits and LDR



Source: Monetary Authority of Singapore (MAS), RHB

BANKING SECTOR OUTLOOK

Singapore's real GDP is projected to expand by 2.8% in 2019, compared with growth of 3.2% for 2018. We expect weaker growth in exports to be mitigated by positive domestic demand, especially private consumption and investment.

Loan growth outlook for 2019 is expected to be softer than in 2018, in our view. Continued drawdown of already-approved housing loans will contribute to loan expansion, but the government property measures implemented in July 2018 has started to slow new loan applications. We expect more investments by corporates (in relevant sectors), that would result in continued loan disbursements.

NIM prospects are expected to improve in the coming year, after some widening in 2018. Singapore's short term interest rates, which rose in 2018, are expected to rise further in 2019 in line with market expectations of hikes in the US Federal Reserve's (US Fed) federal funds rate ("FFR") – despite recent January 2019 Fed statement pointing to more "patience" in rate hikes. The accompanying rise in SIBOR and SOR would result in wider NIMs.

New NPL formation is more muted with oil-related asset quality issues having stabilised much earlier on. There is, thus far, no indication of abnormal credit stress in other sectors.

KEY TRENDS AFFECTING THE BANKING INDUSTRY

Political & Macroeconomic Drivers

Singapore has a stable political environment. This political stability encourages foreign investments and drives economic growth. Singapore's economy, which is fairly dependent on external trade, is correlated with global economic growth. We forecast Singapore's 2019 GDP to be affected by the moderation in exports, particularly with the overhang of the US-China trade war. However, private consumption will likely be the key driver for economic growth.

Social Drivers

The trend is towards increasing use of new digital distribution models for banking products. Banks are emphasising on digital value creation, and converting traditional to digital means. Such new distribution models are particularly focused on mobile banking, which is gaining traction.

The growing use of mobile devices for banking has led to the banks spending more capex on upgrading their mobile banking platforms. We continue to see more banks automating their banking transactions via the use of internet platforms and robotics.

Competitive Drivers

Competition remains keen in the Singapore banking scene. The three big banks in Singapore enjoy significant market share in the lending business, and intend to maintain their market share in the respective loans segments, at the least. Their competitive pricing filters down to the other players. In the home mortgage space, banks are constantly offering attractive home mortgage packages to interest borrowers.

Besides competing on margins, banks are actively working to improve their service quality and customer satisfaction. In tandem with the global trend of mobile banking, banks have designed user-friendly means for customers using mobile devices to conduct their banking transactions.

Technological Drivers

The Monetary Authority of Singapore ("MAS") encourages more Fintech experimentation so that promising innovations can be tested in the market and have a chance for wider adoption, in Singapore and abroad. Regulations will allow FIs and Fintech players to experiment with innovative financial products or services in the production environment but within a well-defined space and duration. Depending on the experiment, MAS will provide the appropriate regulatory support by relaxing specific legal and regulatory requirements prescribed by MAS.

The PayNow system (led by MAS), which started in mid-2017, is offered by banks, such as DBS, OCBC, UOB, HSBC, Standard Chartered Bank, Citibank & Maybank. Individuals can make and receive payments via linking their mobile and NRIC numbers to their accounts. The participating banks cover about 90% of retail transaction volume in Singapore.

Regulatory Drivers

Anti-Money Laundering/Countering the Financing of Terrorism ("AML/CFT"). Singapore is a member of the Financial Action Task Force ("FATF") and a founding member of the Asia/Pacific Group on Money Laundering. Singapore has established a strict and rigorous AML/CFT regime through legislation, policy and supervision to safeguard against the abuse of its financial system for criminal activities.

Economic & Banking Industry Review and Outlook

THAILAND

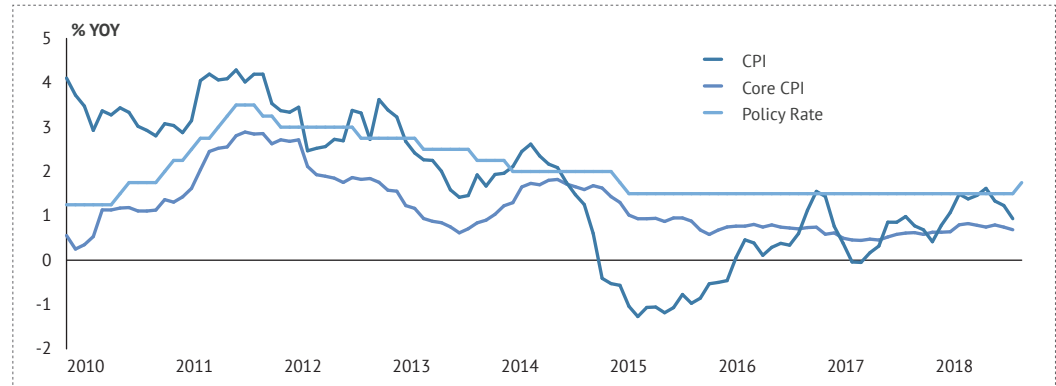
ECONOMIC REVIEW

The Thai economy improved to 3.7% YoY in 4Q18, from +3.3% in 3Q18. This was on the back of a rebound in exports growth, while private consumption and investment activity picked up during the quarter.

For the whole of 2018, Thailand recorded a GDP growth of 4.1%, improving from +3.9% in 2017, as the Kingdom recorded relatively robust GDP growth numbers in 1H18. It was driven by stronger domestic demand activity, particularly from private consumption spending as farmers' incomes improved, while incentives were given out to the lower income bracket. At the same time, private investment gained traction on account of the implementation of infrastructure projects, as well as the implementation of Eastern Economic Corridor ("EEC") initiatives. Also, tourism boomed earlier in the year, on the back of Chinese tourist arrivals but started deteriorating following the Phuket boat accident.

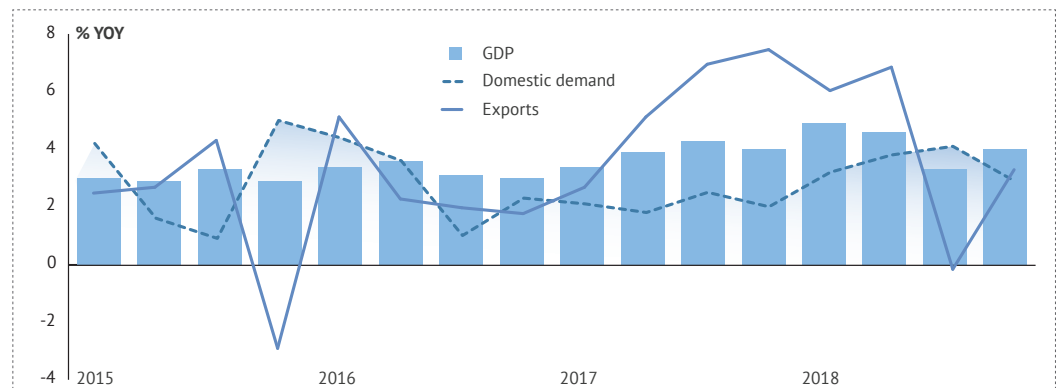
Meanwhile, inflation remains tepid at 0.7% in February 2019 and was also lower compared to 1.1% recorded in 2018. Nevertheless, the Bank of Thailand has hiked the key policy rate by 25bps to 1.75% in December 2018, amid widening interest rate differential between Thailand and the US, as well as for the central bank to have some policy space to tighten if a situation demands it.

Chart 1: CPI and Policy Rate



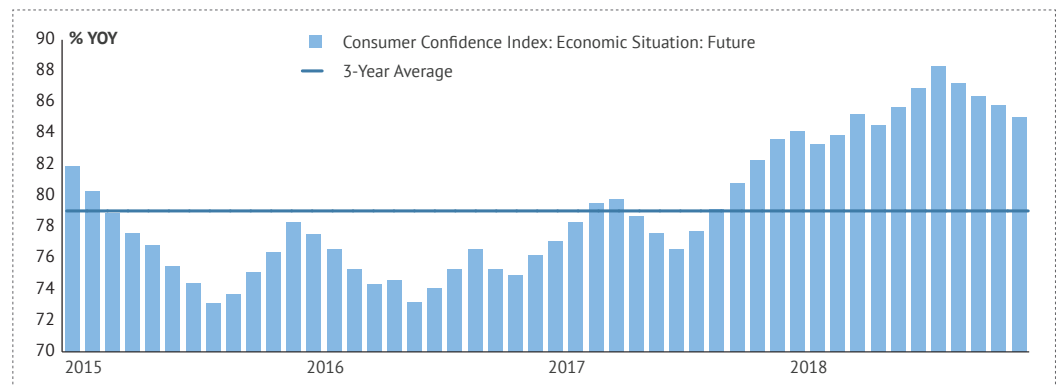
Source: Department of Statistics

Chart 2: GDP by Demand



Source: Department of Statistics

Chart 3: Consumer Confidence Index



Source: Department of Statistics



ECONOMIC OUTLOOK

Looking forward, we expect Thailand to grow by a more moderate pace of 4% in 2019 – from 4.1% in 2018. This is mainly on the back of slower external demand. Amid slower demand from China and major trading partners, made worse by trade tensions in advanced economies. Also, tourism activity is expected to be slower in 2019, on the back of reduced Chinese tourist arrivals. These would, however, be partly mitigated by resilient domestic demand. Private consumption is expected to hold up on the back of government incentives and assistances to low-income earners, especially during an election year. At the same time, stronger growth in private investment is expected on account of infrastructure spending and implementation of EEC initiatives.

On the inflation front, the headline inflation rate is expected to rise to 1.4% in 2019, from +1.1% last year as demand-pull inflation may see some traction. Following the 25 bps rate hike in December 2018, the Central Bank is expected to maintain the key policy rates at 1.75% for the rest of the year. This is as inflation remains benign and economic growth stays resilient.

BANKING SECTOR REVIEW

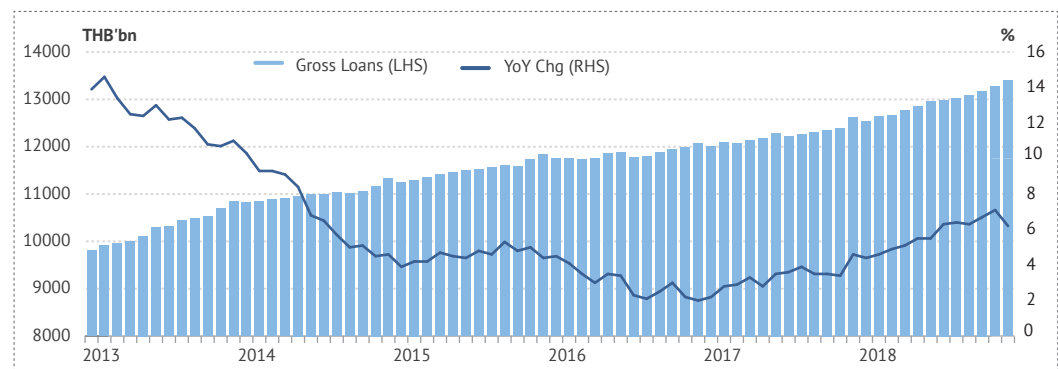
Thailand’s banking system recorded moderate loan growth of 6% YoY in 2018, from a rise of 4.5% YoY in 2017, underpinned by firmer economic growth. The pick-up in lending activities was largely supported by the retail segment, particularly stronger demand for auto hire purchase and personal loans. Retail loans accounted for 34% of the banking system loans. Demand for corporate loans improved, underpinned by the on-going infrastructure investments and a recovery in private investments. But lending to SMEs slowed in 2018 as banks were generally cautious on asset quality in this segment.

Growth in system deposits slowed to 3.9% YoY in 2018, compared with an increase of 5% YoY in 2017. With deposits growth tracking a little behind the expansion in loans, banking system loan-to-deposit ratio edged higher to 98% in December 2018, from 96.1% in December 2017.

System NPL ratio was relatively stable at 2.9% in December 2018. Loan loss coverage improved to 148.9% in December 2018 from 138.1% a year ago.

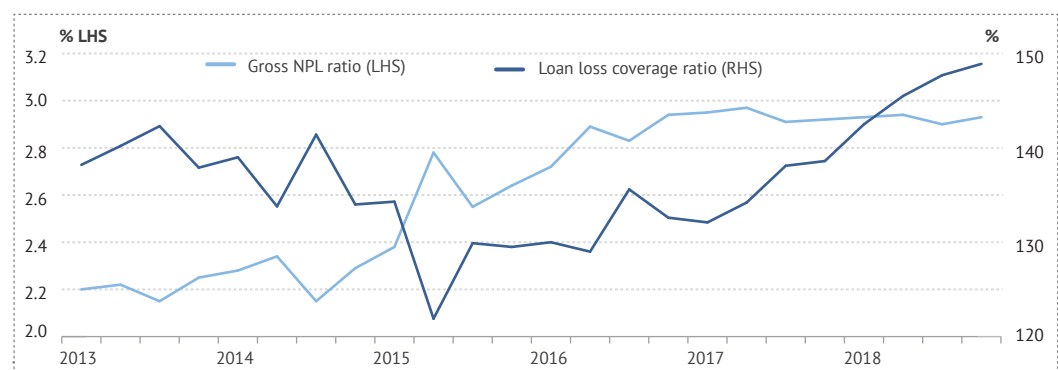
As at end-2018, banking system’s Total Capital Ratio was solid at 18.3% compared with 18.2% in December 2017.

Loan demand on gradual uptrend since late-2017



Source: Bank of Thailand, RHB

Asset quality has stabilised, provision buffers solid



Source: Bank of Thailand, RHB

Economic & Banking Industry Review and Outlook

THAILAND

BANKING SECTOR OUTLOOK

Thailand's real GDP is expected to expand by 4% YoY in 2019, compared with growth of 4.1% YoY in 2018. The slight dip in projected GDP growth takes into account potential impact from international trade tensions, a softening in Chinese tourist arrivals and a slowdown in Thailand's export growth.

Against this backdrop of external uncertainties, we believe loan growth for 2019 would ease slightly to 5% YoY. We expect sustained demand from retail borrowers for auto hire purchase and personal loans while growth in business loans would likely be underpinned by the automotive-related businesses and infrastructure investments. Bank of Thailand's ("BoT") new rules on home loans that will be implemented effective April 2019, would curb speculation in the property market and lead to softer growth in mortgages, in our view.

We expect BoT's monetary policy to remain accommodative in 2019 as the country's economic recovery has not been board-based. The central bank's policy rate would likely stay low to support economic revival. Given excess liquidity in the system, the moderate pace in loan growth is expected to keep banking system loan-to-deposit ratio stable in 2019. This would sustain net interest margin ("NIM") at levels seen in 2018.

Credit risk management would continue to be an area of focus going into 2019 given the uptick in impaired SME loans seen in 2018, albeit modestly. Banks' vigilance would help keep asset quality in check and this would see banking system NPL ratio stable at 2.8-2.9%. That said, banks are expected to set aside additional impairment allowances to strengthen balance sheet against economic risks as well as in preparation for adoption

of the International Financial Reporting Standard 9 ("IFRS 9"). Thailand will adopt IFRS 9 from January 2020. The additional provisions would raise loan loss coverage ratio to an estimated 158% by end-2019.

Overall, the banking system is expected to stabilise in 2019 given moderate growth outlook, stable asset quality, and strong capital buffers despite some external uncertainties.

KEY TRENDS AFFECTING THE BANKING INDUSTRY

In recent years, various developments have impacted banks' operating environment. Some of these key trends, we believe, can affect the long term prospects of the industry.

Political Drivers

Political stability has improved since The National Council for Peace and Order ("NCPO") began to rule Thailand in May 2014. After almost five years, the country is now gearing itself for a general election that would take place on 24 March in 2019. The general election would raise investor confidence in Thailand, resulting in improved investments from the country's international trading partners.

In the run-up to general elections, the government under the leadership of Prime Minister General Prayuth Chan-ocha is likely to launch the new Pracharat projects aimed at mitigating financial stress among low-income earners. Campaigns by the various political parties, we believe, would also boost domestic spending. Post-general elections, formation of the new government and articulation of policies would likely take time. We believe investors would adopt a wait-and-see attitude until there is clarity on

the elections outcome and key government policies and strategies for growth.

Social Drivers

The Government has unveiled several measures to alleviate financial stress among low-income earners, the elderly and retirees. These initiatives, which were implemented in December 2018, include the THB500 handout deposited in welfare cards to help low-income earners; a one-off THB1,000 transportation allowance for citizens aged 65 and above who need to travel for medical treatment. The Government will also give those aged 60 years old and above, THB400 per month for home rental payments for December 2018 to September 2019.

Cognisant of the struggles faced by the low income group in the area of home ownership, the Government launched the "Ban Pracharat" – a project to build more than 2,000 homes in eight provinces. The houses would be priced around THB350-700bn per unit. Government Saving Bank ("GSB") and Government Housing Bank ("GHB") would facilitate mortgage loans to those who are interested in these projects. Construction of the houses would commence in 2019.

To alleviate debt problems faced by low income earners, the Government has introduced schemes that facilitate easier access to formal loans. A nano finance (loans of up to THB100,000 with interest rates not exceeding 36% pa for small business purposes) initiative was launched in 2015. A year later, a pico finance (amounts of up to THB50,000 with interest rates not exceeding 36% pa for personal purposes) scheme was unveiled. These programmes are designed to cut out unauthorised lenders that could charge interest rates as high as 10-20% per month or more than 100% pa, and improve people's lives.

Overall, despite Thailand's high household debt to GDP ratio of 77.5% as at June 2018, political and economic measures by the Government and potential pump priming ahead of the general elections would likely shore up domestic spending in 2019.

Competitive Drivers

Thai banking institutions continue to experience competitive pressures from established players as well as new Fintech players. Today, customers are increasingly more likely to buy products and do financial transactions via online platforms. These changes in customer behaviour would affect the way banks approach existing and new customers to satisfy their preferences.

The digital disruption encourages banks to upgrade IT infrastructure to digitalise their offerings, in order to stay relevant and compete with new Fintech and telecommunication companies that are encroaching into the payments and remittances space.

Technological Drivers

The Government and the private sector in Thailand are paying more attention to Fintech. The Thai Government is promoting Fintech to businesses, warning that this new technology could change the way business is done in the future. The Government also realises that Fintech would be a supportive part of the Thailand 4.0 economic model that aims to prepare the country towards being a digital economy.

An example of early success in this initiative is the PromptPay scheme, the first project under the national e-payment programme. Since its launch in 2016, online financial transactions have increased significantly. Number of financial transactions via internet and mobile phone have risen to 243m

transactions in June 2018 compared with 80m transactions in July 2016, with majority of online transactions done by bank customers. In fact, the total number of PromptPay identification (“ID”) registrations grew to over 44.5m in August 2018, from approximately 10m in July 2016.

In late-March 2018, banks announced the cancellation of online transaction fees for interbank money transfers, cross-clearing zone money transfers, bill payments, top-up services, and card-less withdrawals from ATMs. The fee waiver, we believe, would encourage customers to do more transactions via internet and mobile phone. Besides being inexpensive, online transactions are faster, easy, convenient and secure. We expect banks to continue to invest and improve its digital banking platform to better provide services to customers.

Regulatory Drivers

The Federation of Accounting Professionals postponed the adoption of IFRS 9 by a year to January 2020. The postponement of IFRS 9 gives commercial banks more time to prepare, perform impact assessments, and improve internal processes. Notwithstanding the postponement, we believe, banks would continue to adopt conservative provisioning policies to build up reserves to buffer potential rise in NPLs or debt restructuring, and withstand potential economic risks.

Thai banks are required to comply with BoT's Capital Adequacy Framework for the determination of capital and computation of capital adequacy ratios (“CAR”). They are to maintain the regulatory minimum after conservation buffer and D-SIBs buffer. These include Common Equity Tier 1 (“CET1”), Tier 1 Capital Ratio and Total Capital Ratio of 7.5%, 9.0% and 11.5% respectively from January 2019.

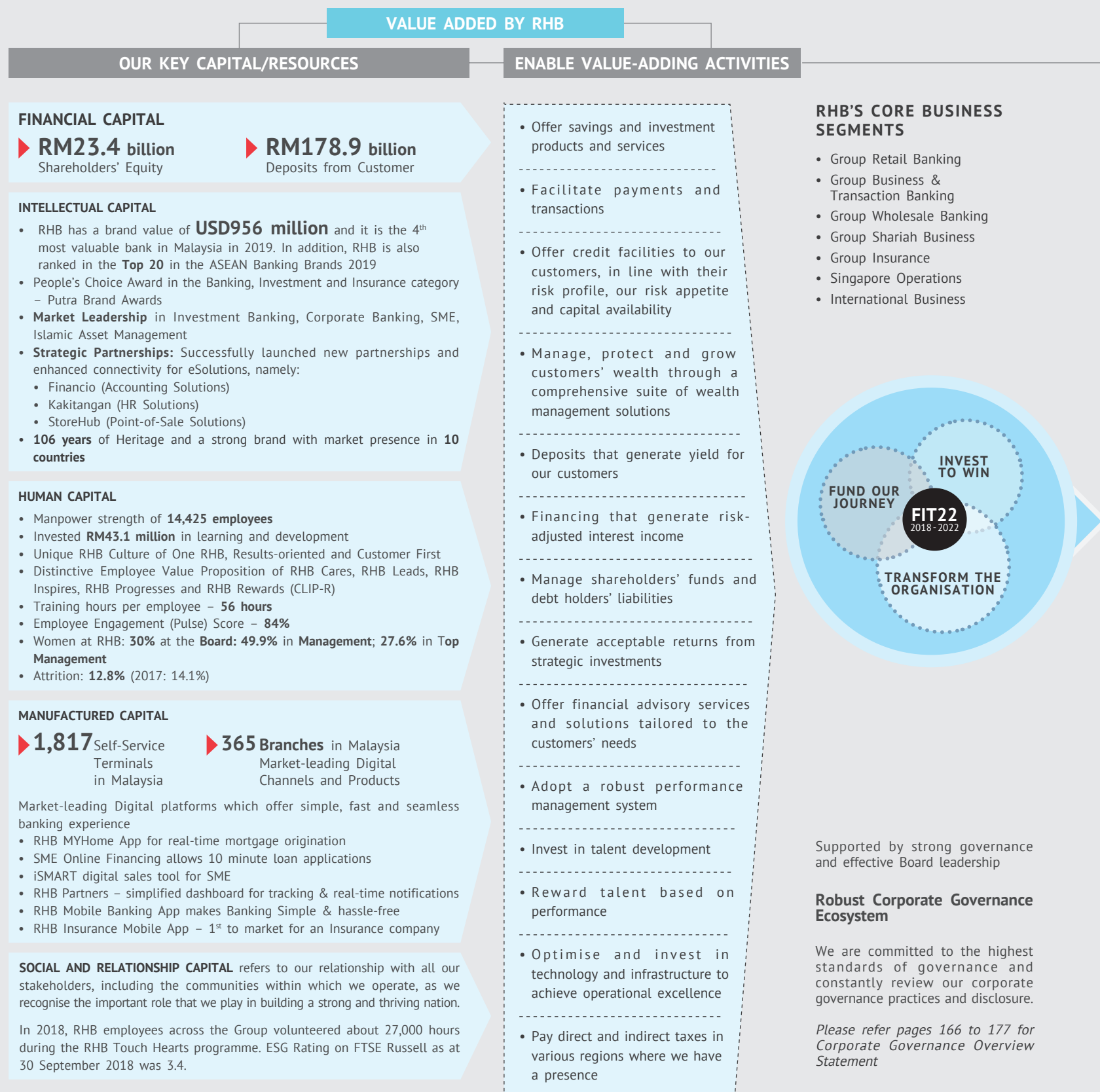
In November 2018, BoT announced new regulations to tackle speculation in the property market. The new measures, which will come into effect in April 2019, include new loan-to-value (“LTV”) ratios for second homes (80-90%) and third homes (70%), and for residential properties priced more than THB10m per unit (70-80%). The LTV ratio for first homes remains at 90% and 95% for condominiums and landed properties, respectively. The new measures, which will not impact contracts signed prior to 15 October 2018, are not expected to have significant impact on banks' loan growth. Rather, it should protect banks' balance sheets against the risks of a speculative asset bubble.

Effective January 2019, SMEs will have to use a new single financial account to apply for loans. This stems from BoT's requirement for lenders to use financial statements submitted by SMEs to the Revenue Department for loan approvals. Growth in SME lending may be impacted, in our view, as some SME owners may struggle with the loan applications as they are not ready under the new scheme.

Overall, the above regulatory requirements would encourage Thai banks to be proactive in efforts to strengthen balance sheet, ensure efficient utilisation of capital, and further tighten their credit risk policies.

Value Creating Business Model

Our business model has been designed to respond to the most critical and material aspects of our business and that of our stakeholders, reinforcing the Group's vision to be a Top 3 bank by performance.



VALUE CREATED FOR RHB & OUR STAKEHOLDERS

WHILE MANAGING
KEY RISKS**CREDIT RISK**

Gross Impaired Loans Ratio
within target at 2.06%

**MARKET RISK**

Trading instruments or
underlying are of investment
grade quality and profile

**LIQUIDITY RISK**

Liquidity Coverage Ratio
above regulatory requirement
at 143%

**OPERATIONAL RISK****TECHNOLOGY RISK****REGULATORY NON-
COMPLIANCE RISK****SHARIAH
NON-COMPLIANCE RISK****AND ADDRESSING CHALLENGES
OF OPERATING ENVIRONMENT**

- Economy
- Technology
- Regulation
- Competition
- Customer

DELIVERING FINANCIAL
OUTCOMES FOR RHB

ROE

10.3%

TOTAL INCOME

RM6.8 billion

NET PROFIT

RM2.3 billionTOTAL CUSTOMER
DEPOSITS**RM178.9 billion**

DIVIDEND PAYOUT

**RM822 million
(35.7%)**DIVIDEND
PER SHARE**20.50 sen**SHAREHOLDERS'
EQUITY**RM23.4 billion**

TSR

9.3%CREATING VALUE FOR
OUR STAKEHOLDERS**SHAREHOLDERS**

- Posted strong financial results – headline earnings from managed operations up **18.2%**
- Maintained transparent, timely and relevant investor communication and reporting
- Increased share price by **5.8%**
- Increased dividend payout ratio to **35.7%**

CUSTOMERS

- Registered new assets circa **RM2.6 billion** in various sectors
- Extended in excess of **RM30 billion** in private sector financing
- SME Sales Acceptances – **RM6.17 billion**

EMPLOYEES

- Offered **2,527 job** opportunities
- Paid **RM2,005.3 million** in salaries and benefits
- Increased female representation from 58.4% to **59.0%**
- **Top 4** employer ranking among local banks – Graduan UK's survey





REGULATORS

- Adhere to rules and regulations that govern the business and operations of financial institutions
- Distribution of Value Added 2018 of **RM5.2 million**:
 - **38%** to employees as personnel costs
 - **15%** to the Government in Taxation

COMMUNITIES

- Nurturing Future Generations – **RM3.145 million** for 2018/2019
- Other Community Engagement activities – **RM2.382 million** for 2018/2019
- Rolled out 2 new programmes, impacted **11,212** people through these programmes
- Partnerships with Government agencies and NGOs such as Ministry of Education, AKPK and NADI

Engagement with Stakeholders

Key Stakeholder Group	Channel of Engagement	Frequency of Engagement
 <p>SHAREHOLDERS AND INVESTORS</p> <p>We provide investors with relevant information to make informed investment decisions about RHB as well as seek their perspectives on our financial performance and strategy</p>	<ul style="list-style-type: none"> • Annual and Extraordinary General Meetings • Analyst & fund managers briefings • Bursa Malaysia announcements • Annual reports • Quarterly & annual financial results announcement • Online communications (email, website, social media) • Meetings/discussions (upon request) 	On-going
 <p>CUSTOMERS</p> <p>A key winning formula that differentiates us from our competitors is our capability to build trust, deliver convenience and create value for our customers. We interact with customers to better understand their requirements so that we can propose the right financial solutions for them</p>	<ul style="list-style-type: none"> • Social media • Corporate Website • E-mail • One-to-one meetings • Group meetings • Relationship Manager engagements • Customer Networking events • Surveys and focus groups • Seminars and forums • Interaction programmes • Grievance redressal mechanism • Call centre 	On-going
 <p>BUSINESS PARTNERS</p> <p>In driving business performance and delivering superior products and services to our customers, we engage our business partners in strategic alliances to capitalise on mutually beneficial business opportunities in the market</p>	<ul style="list-style-type: none"> • Corporate Website • Formal & informal engagements 	On-going
 <p>EMPLOYEES</p> <p>With a strong Employee Value Proposition, and Culture Components of One RHB, Results-oriented and Customer First in place, the Group is committed to building a highly productive, agile and engaged workforce to drive a high performance organisation. High impact initiatives such employee engagement and health and wellness activities, and leadership and technical learning programmes, have been made available to future-proof employees while strengthening our learning culture</p>	<ul style="list-style-type: none"> • Group Senior Leadership Forum • Townhall and dialogue sessions with the Group Managing Director and Senior Management • Intranet (My1Portal) and email • RHB's internal social media channels – Workplace by Facebook • Roadshows by Senior Management at branch and regional level • Social, sports and recreational activities • Learning and development programmes – formal learning (classroom-based and e-learning), coaching/mentoring and on-the-job learning • Annual Employee Engagement Survey (“EES”) and Internal Customer Effectiveness Survey (“ICES”) • Informal and informal get together • Grievance Channel 	On-going

Key Engagement Topics

- Financial results
 - Business strategies
 - Shareholder returns
 - Corporate governance
 - RHB Strategic duration
-
- New product offerings
 - Feedback on products and services
 - Strategic direction
 - Financial literacy
 - Customer satisfaction
 - Grievance redressal
-
- Strengthening collaborations and optimising partnerships
-
- Financial performance
 - Business direction
 - Key focus areas
 - Vision and values
 - Ethics and compliance
 - Risk management
 - Product design
 - Market practices
 - Competency building
 - Safety and security
 - Health and wellbeing
 - Work-life balance
 - Employee value proposition
 - Employee engagement activities
 - Grievance redressal

Performance Highlights

- About 100 shareholder queries received and resolved
 - 1,988 shareholders, proxies and corporate representatives attended the 52nd AGM
 - 62 meetings with investment community with 284 participants
 - Timely response to shareholder enquiries including the Minority Shareholders Watch Group (“MSWG”)
 - Use of advance technology in voting all the resolutions at the AGM via e-polling service
-
- Close to 38 million page views for www.rhbgroup.com
 - 1,220,786 Facebook fans, 59,873 followers on Twitter and 18,781 followers on Instagram
 - An average 85% of customer queries resolved within 24-hours each month
 - 210 branches in Malaysia including 35 disable-friendly (OKU-friendly) branches
 - Achieved 97.5% complaints resolution within five working days
 - RHB Group recorded 6.6 (Good) for 2018’s Relationship Strength Index
 - 90% of Premier customers were served by dedicated Premier line in 2018
 - 100% follow-up calls to all complaints with unsatisfactory cases being reopened and escalated
 - Introduced workshops to increase awareness and knowledge on digitisation and business practices to SMEs in December 2018
-
- Details of significant partnerships and collaborations are disclosed in this Annual Report 2018
 - Participate in vast network of membership groups and associations to share and gain knowledge expertise, sectoral insights and banking best practices – refer to List of Selected Members of Association in Sustainability Statement or Sustainability Report 2018
-
- Improvement in Pre-tax Profit per employee from RM177,217 in 2017 to RM216,226 in 2018
 - Improvement in Maintainable Operating Profit per employee from RM221,697 in 2017 to RM239,027 in 2018
 - Employee engagement score of 84%
 - Internal Customer Effectiveness score of 70%
 - 36 employee engagement initiatives implemented
 - 12,500 RHBians are on RHB Workplace (employee communication platform) with 4,300 daily, 7,800 weekly and 9,600 monthly active users
 - RM43.1 million invested in training and development programmes in 2018
 - Conducted 2,177 sessions for 997 training and development programmes in 2018
 - Achieved 95% participation rates in e-learning in Malaysia
 - 82.3% retention rate
 - Established RHB Gen-Y Youth Council in May 2018 to promote youth empowerment amongst employees and nurture future leaders
 - 3,996 equivalent to 27.7% of employees have worked more than 15 years
 - 337 participants for RHB Wellness Programme for 2018
 - 49.9% of women in management positions and 27.6% in top management



For further information please refer to the “Strategic & Performance Review”, “Business Review” and “Performance Review” sections in this Annual Report 2018



For further information please refer to the “Strategic & Performance Review”, “Business Review” and “Performance Review” sections in this Annual Report 2018 and the “Customer Relationship Management” section in our Sustainability Report 2018



For further information please refer to the “Value Creation Business Model” and “Value Drivers” sections in this Annual Report 2018



For further information please refer to the “Strategic Review” in this Annual Report 2018 and the “Foster Talent Development” section in our Sustainability Report 2018

Engagement with Stakeholders

Key Stakeholder Group	Channel of Engagement	Frequency of Engagement
 <p>REGULATORY BODIES</p> <p>Regulators are a key stakeholder of RHB. We actively engage with regulators on matters that impact our business and operations</p>	<ul style="list-style-type: none"> • Discussions and consultations • Participation in public engagement initiatives such as Roadshows, Financial Carnivals and Business Forums • Operational Matters 	On-going
 <p>COMMUNITIES, GOVERNMENT BODIES AND NGOS</p> <p>We support, invest and facilitate activities that leave a positive impact on society as well as promote a spirit of volunteerism amongst RHB employees across the region</p>	<ul style="list-style-type: none"> • Collaborations and partnership on RHB's community initiatives • Participation in the UN Global Compact Network Malaysia Advisory Board • Focus group discussions with selected Ministries, Government bodies and NGOs • Online communications (e-mails, website and social media) • On-ground engagement initiatives 	On-going and need based
 <p>SUPPLIERS, SERVICE PROVIDERS & VENDORS</p> <p>In keeping to the Group's strong compliance and governance culture, we have established procedures and guidelines that provide our suppliers with fair selection and procurement processes, fuelled by ethical business practices and a commitment to honour contractual obligations</p>	<ul style="list-style-type: none"> • Meetings and discussions • Sharing of information through corporate website and e-mail • Supplier training • Tender process and supplier feedback mechanism 	Need based

Key Engagement Topics

- New rules and guidelines
- Policy matters
- Risk management matters
- Regulatory filings and reports
- Industry perspective
- Financial literacy
- Products and services
- Customer service experience

- Financial education
- Vision and values
- Capacity building
- Health and wellbeing
- Employee engagement activities
- Children and Youth Development
- Equal opportunity for underprivileged
- Community engagement activities

- Service turnaround times and deliverables
- Product/service cost, quality and delivery
- Performance expectations
- Governance
- Supplier rights
- Resolution management

Performance Highlights

- Participated in public engagement initiatives during road shows and forums organised by regulatory bodies in to promote financial literacy and financial inclusion
- Supported the regulators bodies with our timely feedback on exposure drafts and consultative papers issued by the regulators
- Affiliated in vast network of regulator-lead membership groups and associations to share and gain knowledge, expertise, sectoral insights and banking best practices – refer to 'Memberships' list disclosed in the Sustainability Statement and the Sustainability Report

- Pledged RM10 million in community engagement programmes in 2018
- RHB Foundation's financial literacy programme – "RHB Money Ma\$ter" engaged 10,407 students across 48 schools and 2 universities in 2018
- Fellow RHBians raised RM1.263 million and reached out to 20,700 underprivileged and underserved members of the community across ASEAN through RHB Touch Hearts since 2016
- RHB Foundation supported 805 students from B40 households to excel academically through our "RHB X-Cel Programme" in 2018

- 24 supplier training sessions were delivered to local suppliers in 2018 to help them remain competitive in the digital age
- Procured RM378 million in value from local suppliers in 2018 equivalent to 90% of total procurement spend



For further information please refer to the "Financial Inclusion" and "Enrich and Empower Communities" sections in our Sustainability Report 2018



For further information please refer to the "Financial Inclusion" and "Enrich and Empower Communities" sections in our Sustainability Report 2018



For further information please refer to the "Sustainable Supply Chain" sections in our Sustainability Report 2018

Material Matters

Managing Material Matters

In outlining our strategies, we take into consideration the multitude of factors that have an impact on the financial industry generally, and on RHB specifically. These material matters represent our primary risks and, if well managed, also our opportunities. They are related to macro-economic conditions as well as changing expectations and demands of our key stakeholders. We recognise that it is critical to identify our material matters to entrench our long-term success and sustainability; and engage in a three-step process to do so.

How We Determine Material Matters



IDENTIFY & ASSESS

Identification of our material matters is a group-wide effort and includes internal deliberation based on input from all our business units and support divisions, independent research, monitoring of the external environment, as well as feedback from our stakeholders.



PRIORITISE & RANK

Issues identified are **prioritised** according to how relevant they are to RHB's long-term success, i.e. the impact they have on our business and stakeholder relationships.



INTEGRATE & RESPOND

Material matters that have been identified and prioritised inform our long-term business strategies as well as short to medium-term business plans and are then **integrated** into our balanced scorecard.

KEY MATERIAL MATTERS IDENTIFIED

CHALLENGING ECONOMIC ENVIRONMENT

DYNAMIC REGULATORY LANDSCAPE

DIGITAL TRANSFORMATION

INNOVATIVE, TECHNOLOGICALLY-CENTRIC PRODUCTS AND SERVICES

CYBER SECURITY

FINANCIAL CRIME

TALENT MANAGEMENT & RETENTION

RESPONSIBLE FINANCING

WHAT ARE THE RISKS

The world economic outlook remains largely uncertain as it continues to be weighted by trade measures put in place in 2018 and the lagged effect of monetary policy tightening in major economies.

An evolving regulatory landscape including MFRS 9 compliance as well as Basel III reforms may affect the bank's existing business model and open up potential exposure to compliance risks

Technology is increasingly shaping customer behaviour; thus, putting pressure on banks to evolve or risk obsolescence.

Products and services must constantly evolve to meet customer demands or risk losing market share.

Cyber security breaches lead to trust deficits amongst customers and a loss of confidence in financial institutions.

Financial crimes such as money laundering, sanctions and corruption lead to reputational and compliance risks.

Challenges in attracting and retaining talent to build superior leadership and talent pipeline, especially against a digitally-enabled background. Employees risk becoming obsolete if they are not equipped with the skillsets to help future-proof them.

The bank's financing, lending, and investment decisions may have indirect/negative impacts on the environment and society and through ESG screening, such impacts can be better managed.

WHAT ARE THE OPPORTUNITIES

Increasing urbanisation, infrastructure investments, growing affluence offer opportunities to provide financing and other financial services.

With a dynamic regulatory landscape, we will buckle down and make compliance a key priority in 2019, focussing on strengthening policies.

A successful digital transformation allows us to respond and innovate quickly to deliver simple, fast and seamless customer experiences. It will also help cement our market positions and extend our reach into new market segments.

Technological advancement will help secure existing market share and allow quick shifts into new market segments.

A robust cyber security strategy is key towards building customer confidence.

A reputation for transparency and integrity will attract and retain customers.

Reshaping the workforce into one that is agile, in order to build a winning operating model.

Investors are increasingly looking to invest in financial institutions that are engaged in sustainable practices.

OUR RESPONSE

Our diversified geographical presence in 10 countries enables us to manage our business portfolio better.

- Continuous education and awareness for the Board of Directors and employees to keep abreast of the latest regulatory requirements.
- Constant review of policies and procedures to be in line with changing regulatory requirements.
- Put in place a robust compliance and risk management framework in order to ensure greater level of governance and operational excellence policies.
- Build stronger relations with regulators while our business and functional units collaborate closely to ensure compliance with requirements.

Continue to innovate and introduce cutting-edge digital products and services to enhance customer experience, while ensuring best in class cyber security practices in order to maintain customers' confidence.

Building digital capabilities to deliver simple, fast and seamless banking experience.

Continuously review and enhance existing frameworks to ensure they meet or surpass industry best practice and are in line with latest trends.

Building continuous education and awareness amongst employees on the importance of complying with rules, regulations, policies and procedures.

- Investment in talent development to up skill our talents.
- Implement employee engagement strategies to drive performance excellence.

- Developed the Group's Sustainability Framework and identified key commitments anchored on ESG.
- Introduced 7 new Shariah products (two of which contain sustainability elements) and enhanced two existing products with sustainable elements.
- Launched SyuQR app an e-wallet for sadaqah contributions at mosques.
- Redistributed zakat payments to eligible Asnaf Gharimin.
- Created awareness for TERAJU's bumiputera SMEs to improve their financial and credit standing.
- Established collaboration with a State Religious Council to enable a waqf education project.

Enabled RHB Islamic's credit cardholders to convert card points into donations to the community.

In the recent years, digital has dramatically change the lifestyle of consumers, how business operates, as well as reshaping different industries and this mega trend is accelerating. This same digital disruption is also impacting the financial services industry.

Amidst these key challenges, RHB Group sees digital also as an opportunity to transform our business and organisation to be more competitive, cost efficient as well as more nimble and agile in responding to the fast changing market place. The objectives of RHB Group Digital Transformation Programme are to leverage on digital technology to create significant value for our customers, employees, shareholders, business partners, the communities that we serve as well as other stakeholders and to transform RHB Group into one of the leading digital financial services providers in the region.

DIGITISATION ACROSS OUR GROUP

INTRODUCTION

RHB's Group Digital Transformation Programme was initiated in 2017 to consolidate all our digital initiatives across the Group, to accelerate our transformation into a truly digital enabled financial services business and organisation, ready to serve the changing needs of our customers into the future.

Programme covers: digitalisation of key customer journeys, monetization of big data, robotic process automation, digital ecosystem partnership, building of new digital capabilities and full stack agile, as well as the change management and enablement digital initiatives.

HOW WE MEASURE OUR PROGRESS



The results and outcome of RHB Group Digital Transformation will be measured in the following dimensions:

- **Scope and scale:** number of innovation and digital solutions delivered, customer journeys covered, big data use cases implemented as well as number of digital related partnerships made.
- **Impact to business results:** the results of digital initiatives to the business of RHB Group. This includes adoption rate of digital services and solutions, migration of new business and transactions from traditional to digital channels, growth in digital active customers, as well as profit and balance sheet contributions from digital initiatives.
- **Impact to the organisation:** number of staff trained under various digital academy programmes, as well as the size of talent pool on new digital skills such as software engineering, user experience design, data science and agile professionals etc.

HOW WE PERFORMED



Some of the key achievements of Group Digital Transformation programme are:

- Deployed more than 10 new digital solutions.
- RM20mil of incremental Pre-tax Profit via over 20 advanced analytics and big data used cases.
- Increases in digital active retail customers by 13% while total transaction via various digital channels has also grown by 22%.
- Digital sales volume doubled in a number of key products areas.
- **Group Retail Banking**
 - > Online FD placement RM1,306.97 mil.
 - > Digital Mortgage origination (Acceptance) RM1,654.11 mil.
 - > Digital PF origination (Approval) RM136.95 mil.
- **Group Business and Transaction Banking**
 - > Digital SME loan origination (unsecured) RM3,620.
- Agile way of working scaled up to 3 business lines.
- 27,000 man hours saved via robotic process automation.
- More than 400 RHB staff trained via our Digital Academy and 300 digital champions appointed and trained across omers touchpoints.



KEY CLIENT CONCERNS

- Digital revolution is dramatically changing the financial services industry and it is becoming more competitive.
- New challenges for regulatory/compliance on digital transformation includes implication and protection of heightened risks concerning protection of customers' data/financial stability/cyber-crime.
- Adopt new business models of engagement in order to keep pace with non-financial digital players.
- Evolution of customer behaviour in the digital age where customers are becoming more powerful in making their own purchasing decisions.
- To build digital capabilities for the overall organisation workforce.

RELATED MATERIAL ISSUES

- To build significant fintech partnerships in the payments and ecosystem space related to current customer journeys (e.g. Mortgage, Deposits, SME, etc.).
- Scale up in-house and hiring efforts in new competencies/positions (e.g. data scientist, experienced developer, UI/UX and AGILE coach).
- To go into Big Data infrastructure in order to support more advanced Analytic use cases (e.g. Real time event trigger with external data).
- To explore/addressing customer needs beyond banking (e.g. post purchase/lifestyle) and provide better customer experience leveraging on digitisation.

KEY DEVELOPMENTS IN 2018

- Digitalisation of more key customer journeys.
- New Gen Digital Channel Platform in place.
- Big data and AI analytics capabilities.
- 300+ digital leaders trained.
- New technology adoption: Robotics, AI, Cloud, Open Source.
- Scale up Agile to 5-7 key SBGs.
- DevOps industrialised.

PRIORITIES IN 2019

- Scaling up our Digitisation of the Core with continuation of existing journeys including QR Pay and SME Portal.
- 25 new Analytics use cases with greater emphasis on Big Data.
- Greater focus on ecosystem partnerships & API under digital journeys.
- Explore new innovation e.g. Chat Bot, eKYC.
- Continuation of MVP2 of DCP (Internet Banking).

MOVING FORWARD

- RHB Digital Transformation will be powered by a new common Digital Channel Platform and big data analytics infrastructure to deliver continuous innovation and personalised engagement.
- Continue our Digital Transformation to seize leadership in the right segments, improve customer experience and reduce cost to serve.

Long Term Targets:

- 80% of transactions via digital channels
- 50% of new business originated digitally
- 25% of new business powered by analytics
- 15% of revenues via digital eco-system partnership
- 2-3% direct CIR reduction from digital
- Leveraging on data analytics and using Big Data (*internal unstructured data & external social media*) for cross-selling/upselling opportunities for all key business areas and artificial intelligence enabled for cross-selling/upselling.
- Fully Agile Organisation where all the key business units & support function operate on Agile Mode, and Digital & AGILE ways of working as core competency & curriculum of RHB.

- Key differentiators will be through customer journey methodology and customer centricity.

– **Mortgage:**

- > **Full mortgage ecosystem** (*Connectivity to all property, developers, online mortgage portals & property agents via APIs*) and
- > **Post purchase ecosystem** (*Renovations, household services, Renovation loans, etc.*)

– **Deposit:** Other enhancement/innovation

- > **Acquire:** *Opening CASA/FD digitally with eKYC*
- > **Convert:** *Personalised engagement based on lifestyle and conversion from other banks*
- > **Grow:** *Proactive recommendations to grow personal wealth*

– **SME:** Full Digital ecosystem

- > **Onboard:** *Apply for banking products and facilities digitally*
- > **Operate:** *End-to-end digital dashboard; Linkage to ecosystem partners*
- > **Grow:** *Capital and financing solutions*

At RHB, we place our customers at the centre of everything we do. This helps differentiate ourselves in the highly commoditised banking industry. This year, we launched the RHB Way; a transformation programme with strong leadership commitment, designed to provide a superior experience that meets the needs of our customers. This programme is established to build trust, deliver convenience for our customers and creating value in the relationship. We have continued to improve our customer advocacy by continued engagement and co-creating the desired experience. This includes building a digital bank, redesigning our customer journeys and developing our people for long term sustainable competitive edge.

Our customer service charter provides clear standards of service that our customers can expect from us.

TRANSFORMING CUSTOMER EXPERIENCE

CUSTOMER CENTRICITY



We understand our customers and offer them the products, services and solutions they need to achieve their goals. We make it easy for our customers to do banking with us and we uphold high integrity in the way we conduct ourselves and manage our relationship with our customers.

CUSTOMER INSIGHTS AND FEEDBACK



We listen to our customers to understand their needs and translating their views, expectations and desires in service into real experience in RHB.

1. We take every opportunity to gather open and honest feedback

We make it easy for customers to share their feedback with us in any way, any time and from anywhere.

2. We listen with intent

We listen to make banking experience more delightful for our customers.

3. We build relationships

We love to listen to our customers to build stronger relationships.

4. We act on issues that matter most to our customers

We are ready to continuously learn to get from good to great.

MEASURING SUCCESS



Our average Net Promoter Score ("NPS") improved from -9 to 0.

Our Customer Satisfaction Index ("CSI") is at 75, higher than industry's average at 74.

2018 also witnessed RHB receiving top industry's recognitions for excellence in Customer Experience:

- Best Customer Experience Business Model by CXFS Asia 2018.
- Best Self-Service Experience in Retail Banking by Frost & Sullivan Malaysia.
- Best Customer Experience – Call Centre by CXFS Asia 2018.
- Best Business and Data Analysis Individual by CCAM Awards 2018.



KEY CLIENT CONCERNS

- Consistently provide me with friendly and responsive services at all touchpoints.
- Offer products and services that meet my needs.
- Make my banking experience simple and fast.
- Provide more functionality and improve the stability for my online and mobile banking.
- Make it easier for me to get Call Centre services.
- Understand and resolve my issues well and fast.
- Efficient follow-up and follow through on my requests.

RELATED MATERIAL ISSUES

- Strengthen service culture in delivering brand promises and upskill staff on service delivery and product knowledge.
- Reduce turnaround time for transactions.
- Making it easier, faster and safer to transact through online, mobile and call centre through innovation and digitisation.
- A robust complaints management process to provide fair resolution to our customers.
- Empowering our people to better provide an excellent and consistent customer experience.

KEY DEVELOPMENTS IN 2018

- Accelerated the introduction and adoption of digital channels. Increased usage of online to 60.2% and 63.3% on mobile channel.
- 96% of key service transactions' turnaround time are better than industry average with 76% are in top 5 best in class.
- Rolled-out RHB Way Service Culture Programme at all service touch points through the introduction of My Service Commitment. More than 400 network leaders nation-wide attended Service Leadership Programme that instil the service leadership traits and improve engagement skill.
- Set up the Customer Advocacy governance role to promote effective complaints management. 97.5% of complaints were resolved within 5 working days, way exceeding target set by BNM of 14 calendar days.
- Over 13,000 contact hours on Appreciative Inquiry technique to empower staff to implement ideas in providing excellent service.

PRIORITIES IN 2019

- Extend the roll-out of RHB Way Service Culture Programme group-wide to sales, support and business groups, covering Retail, Corporate & Investment, Insurance and Shariah. Another 600 leaders attended the Service Leadership Programme that made it more than 1000 top leaders group-wide ready to drive service excellence.
- Set-up of Group Customer Experience Centre of Expertise ("CoE") that adopts AGILE way of working with 4 groups that focus on Service Culture, champion customer advocacy, designing experience from customer insights, and upskilling employees to deliver superior experience.
- Deepen existing customer relationships with empowered staff offering personalised service experience.
- Leverage data and advanced analytics to gain deep customer insights and provide timely and relevant offerings.
- Continue to map customer journeys and implement digitally enabled solutions to improve customer convenience.

MOVING FORWARD

- Increase our use of data analytics and developing digitally enabled solutions that are innovative and convenient with the ability to protect our customers' personal information and mitigating cyber security risks.
- Continue to deliver improved customer experience across all touch points with customer journey mappings and design thinking tools.
- Strengthen collaboration within the Group to deliver our service commitment of Build Trust, Deliver Convenience and Create Value in every interaction with our customers.

At RHB Banking Group, we are committed to delivering our products and services to our customers in the most cost-effective manner possible while ensuring the high quality of the products, services and support offered. We strive to achieve operational efficiency by streamlining our core processes in order to respond more effectively to continually changing market forces in a cost-effective manner.

In order to attain operational efficiency, we look at minimising redundancy and waste while leveraging our resources that contribute most to our success while utilising the best of our workforce, technology and business processes. The reduced internal costs that result from operational efficiency will enable the Group to achieve higher profit margins and compete more efficiently in the markets.

OPERATIONAL EFFICIENCIES



OBJECTIVES

To deliver quality and excellent operations to both our internal and external customer in the most cost effective manner.

Key Concerns:

- Building new capabilities to support operations, including digitisation, imaging, robotics process automation etc
- Focus on employee development – upskilling our workforce

HOW WE MEASURE OUR PROGRESS



Operational Excellence and Operations Efficiencies focus on delivering fast and efficient services to both internal and external customers.

At a macro level, this is measured using key indicators including:

- Cost Income Ratio.
- Employee Productivity (PBT per Employee, MBP Employee).

At a micro level, each operational unit will have key indicators around Speed, Cost and Quality. The key measurements include:

- Speed: Turn-around time.
- Cost: Productivity / Cycle Time / Efficiency.
- Quality: Operational-lapses / Non-Compliance.

HOW WE PERFORMED



For each operational unit, we have developed a set of leading indicator that lead to the key measurement defined, and it is being monitored by respective operational unit periodically.

At a macro level:

- Cost Income Ratio has improved from 49.9% in 2017 to 49.3% in 2018.
- Pre-tax Profit per employee improved from RM177,217 in 2017 to RM216,226 in 2018.
- Maintainable Operating Profit (“MOP”) per employee has improved from RM221,697 in 2017 to RM239,027 in 2018.



HOW IS THIS ACHIEVED

- Core System Upgrade/Replacement together with automation and process reengineering:
 - > CREST Project to automate/streamline the loan origination process for Commercial/Corporate Loan.
 - > FLASH Project to automate/streamline the loan origination process for Consumer Loan and to consolidate the origination process for consumer into single platform.
 - > MUREX Implementation to support the treasury products and to consolidate the treasury operations within the region.
- On going process automation/streamlining:
 - > Implementation of Robotics Process Automation to improve quality of processing, reduce errors and improve efficiency.
 - > Digitisation of document to reduce physical document flow, reduce courier/logistics/storage cost, and to improve turnaround time.
 - > Adoption of technology – rolling out of Cash Recycler Machine to replace the Cash Deposit Machines and ATM.
- Change of Operating Model:
 - > Optimisation of our regional operating model – leverage on head office capability.
- Continuous Improvement/Operations Excellence Culture
 - > Awareness of Lean Processes and Digital Operations.
 - > Build Continuous Improvement culture – process improvement is everyone's responsibilities.

KEY DEVELOPMENTS IN 2018

- CREST Project implementation for Retail SME and Middle Market Segment.
- FLASH Project Implementation for Home Owner Customer Journey.
- Murex Implementation for Malaysia and Singapore.
- Roll out of Cash Recycler Machine nationwide, by stages.
- Pilot implementation of Robotics Process Automation.

PRIORITIES IN 2019

- CREST Project Implementation for Commercial and Corporate Segment.
- FLASH Project Implementation for Other consumer loan products.
- Murex Implementation for regional countries like Thailand.
- Implementation Robotics Process Automation group-wide.

MOVING FORWARD

- Continue to focus on operational excellence to provide quality and excellent services in the most cost effective manner where it will be a capability shift from human processing towards automation, need to develop new skills to sustain the operations efficiency.
- Drive greater automation in back office operations, leveraging Robotics and Artificial Intelligence. An RPA Center of Excellence has been set up to drive the automation group-wide.
- As there will also be capability shift from human processing towards automation, there will be development of new skills to sustain the operations efficiency.
- Continue to deliver quality and excellent operations to our internal and external customer.

Our ability to manage risk and uphold the spirit of the laws, regulations, codes and standards applicable to our businesses from regulatory capital requirements to the highest standards of ethical and responsible business practice – determines our reputation. The importance of this is growing, as financial crime becomes more pervasive and the conduct of banks comes under increasing scrutiny.

RISK & CONDUCT



Proactive risk ownership is important for effective management of risk and it promotes a risk and compliance awareness culture throughout the Group.

The Group subscribes to the principle of 'Risk and Compliance is Everyone's Responsibility' and risk management is managed via a 'three lines of defence' model.

Hence, the Strategic Business Group and Strategic Functional Group of the respective operating entities in the Group are collectively responsible for identifying, managing and reporting risk as well as complying with regulatory requirements and code of conduct.

HOW WE MEASURE OUR PROGRESS



RISK

We manage our capital levels to support business growth, maintain depositor and creditor confidence, and create value for our shareholders and other stakeholders while complying with regulatory requirements at the same time. As part of risk appetite monitoring, various metrics indicators are established and continuously monitored to enable the Group to manage capital constraints and shareholders' expectations. It is a key component of the management of risks and describes the types and level of risk that the Group are prepared to accept in delivering its strategy.

CONDUCT

The Group is committed to instill strong risk and compliance culture in its day to day business conduct via establishment of a robust risk and compliance monitoring framework which includes, amongst others, implementation of comprehensive policies, periodic assessment/reviews, regular engagement sessions with business and functional units, and training/awareness programmes across the Group to ensure that all employees are well informed of the latest regulatory requirements. A strong risk and compliance culture minimises the Group's exposure to financial and non-financial risks including reputational impact, over time.

HOW WE PERFORMED



RHB Banking Group	CET1	Gross Impaired Loans/Financing Ratio	LCR
2018	15.49%	2.06%	143.0%
2017	13.91%	2.23%	117.5%



KEY REGULATORY CONCERNS

Protection of information

Cyber Security

RELATED MATERIAL MATTERS

- Implementation of the Group Chinese Wall and Insider Trading Policy to ensure that there is an information barrier between departments to prevent the flow of material non-public and price sensitive information.
- Implementation of the Group Secrecy and Information Protection Framework which sets out the minimum standards and compliance requirements vis-à-vis management of secrecy/information protection.
- Strict observance by the Group to the development of Malaysian Personal Data Protection Act 2010.
- Various engagement/training programmes to create awareness.

Continuous monitoring and engagement with business units / IT team of the Group to ensure awareness on technology related regulatory requirements.

KEY DEVELOPMENTS IN 2018

- The Group adopted the MFRS 9 standards through the revised Financial Reporting Policy Document on 1 January 2018 and has ensured full compliance for products, services and operational processes to BNM's Islamic Policy Documents on Kafalah, Wakalah, Wadiah, Qard, Hibah and Ijarah.
- RHB Bank Berhad has received approval from BNM to migrate its Retail SME portfolio to the Advanced Internal Ratings Based Approach for its regulatory capital reporting effective April 2018.
- RHB Islamic Bank Berhad has received approval from BNM to adopt the Internal Ratings Based Approach for Credit Risk for its regulatory capital reporting effective September 2018.
- In line with the Group's focus on capability building by investing in new technology, the Group rolled out the new Retail Loan Origination system in June 2018.

PRIORITIES IN 2019

In line with the Group's identified 2019 Strategic Priority Areas, we will:

- Strengthen the identification of emerging risk (via implementation of Early Warning System) in order to further improve the Group's asset quality.
- Explore the usage of Artificial Intelligence in improving our loan and financing origination capability, identification of potential credit fraud as well as ongoing account management.
- Solidify regional governance structure via responsible empowerment and effective Group oversight.
- Continue to invest in technology and controls as part of compliance to Bank Negara Malaysia's Risk Management in Technology Guidelines.
- Enhance Stress Testing and Scenario Analysis in order to continuously assess the risk as the business grow further.

MOVING FORWARD

- We will continuously reinforce a strong risk culture and raise awareness across the Group and to every staff in managing and mitigating risks pro-actively and effectively.
- We are committed in supporting the Group's digitalisation transformation and addressing cyber security threats by implementing the required mitigations and information security controls.
- Refer to the Risk Management Report for more details.

RHB aspires to be a preferred employer with a highly productive, agile and engaged workforce that delivers exceptional service to customers in line with our 2022 Aspirations.

HIGHLY PRODUCTIVE, AGILE AND ENGAGED WORKFORCE



STRATEGIC PRIORITIES

Human Capital Productivity

Scale up Agile team organisation across the Group to accelerate digitalisation, achieve faster speed to market and increase productivity.

Employee Engagement

Build our desired corporate culture with RHB Culture Components, high impact Employee Value Proposition (“EVP”) initiatives and greater synergies with RHB Way.

WHAT THE KEY ENABLERS ARE



We put in place the following key enablers in support of our strategic priorities towards the realisation of our 2022 aspirations:

- Recruitment and Selection – Enhance employment brand and end-to-end recruitment to attract the right talents.
- Talent Management – Strengthen leadership bench strength with full-proof succession planning focusing on GMD-1 and GMD-2 key and critical positions, and increase talent mobility.
- Learning and Development – Transform Digital Academy with digital-able and future skills learning curriculum to enhance employee capability for future roles.
- Performance and Rewards – Inculcate a High Performance Culture through enhanced performance management and more robust productivity metrics.

HOW WE MEASURE OUR PROGRESS



We track and monitor the success of our strategic priorities and key enablers through the following key metrics:

Human Capital Productivity

- Pre-tax Profit per Employee.
- Maintainable Operating Profit (“MOP”) per Employee.
- Agile@Scale roll out across the Group.

Employee Engagement

- Employee Engagement Survey (“EES”) Score.
- Internal Customer Effectiveness Survey (“ICES”) Score.
- Employee Turnover.

HOW WE PERFORMED



Implementation of key initiatives gained traction in 2018 resulting in generally positive outcomes:

Human Capital Productivity

- Pre-tax Profit per Employee = RM216,226 (RM177,217 in 2017).
- MOP per Employee = RM239,027 (RM221,697 in 2017).
- Agile@Scale roll out = Transitioned 4 tribes, namely Homeowners, Transactors, SME Engagement and SME Service & Enhancement.

Employee Engagement

- EES (Pulse) Score = 84% (80% in 2017 full survey).
- ICES (Pulse) Score = 70% (76% in 2017 full survey).
- Employee Turnover = 17.7% (20.9% in 2017).



KEY PRIORITIES IN 2019

Recruitment & Selection

- Establish a more holistic digital strategy around recruitment and selection processes.
- Collaborate with Top 10 local and private universities in Malaysia to enhance employer brand.

Talent Management

- Strengthen leadership pipeline through talent identification and assessment of talents.
- Improve talent mobility/deployment of talents through cross-business/function/country movements.

Learning & Development

- Implement FORWARD (Future-Oriented and Ready Workforce – Advancing, Re-skilling and Developing) with a holistic look at Workforce of the Future.

- Enhance the professional standards and technical/functional competencies of our employees.

Performance & Rewards

- Implement 360 Feedback as part of Performance Management for GMD, GMC, GMC-1 and RDs.
- Enhance the Group's total rewards framework to be competitive with market.

Employee Engagement

- Enhance Health and Wellness program to promote a healthy lifestyle and greater work-life integration.
- Drive engagement among the youth through RHB Youth Council.

KEY ACHIEVEMENTS IN 2018

Recruitment & Selection

- Provided positive new hire experience with high satisfaction score of 97.3% among new joiners.
- Enhanced online and offline activation of employer branding achieving in excess of 30,000 LinkedIn followers.

Talent Management

- Identified 781 talents at executive and above Group-wide
- Enhanced leadership bench strength with 87% of GMD-1 and GMD-2 key and critical positions with at least one Ready Now/Ready Soon successor.
- Accelerated development of talents to strengthen leadership pipeline with 85% individual development plans in-progress or completed.
- 22 talents at assistant manager to assistant vice president level moved cross-business/function/country for greater exposure.

Learning & Development

- Invested RM43.1 million in training and development programs.

- Rolled out 2,177 training sessions for 997 leadership/management and technical/functional programs.
- Established FORWARD (Future-Oriented and Ready Workforce – Advancing, Re-skilling and Developing) to future-proof employees.

Performance & Rewards

- Implemented enhanced e-Performance Management System
- Continued to review compensation and benefits to remain competitive.

Employee Engagement

- Enhanced our Employee Value Proposition (“EVP”) with 39 high impact initiatives around RHB Cares, Leads, Inspires Progresses and Rewards (“CLIP-R”).
- Focused on RHB Culture Components of One RHB, Results-oriented and Customer First to drive a High Performance Culture.
- Established RHB Youth Council as a forum for the youth to discuss and deliberate on matters that impact them, and drive innovative thinking, digitalisation, a collaborative workforce and employee engagement.

Our Value Drivers

AWARDS WON

We won 14 Human Resource awards in 2018:

1. Best Candidate Experience by a Corporate HR Team – by HumanResources Asia Recruitment Awards 2018.
2. In-House Recruitment Team of the Year – by HumanResources Asia Recruitment Awards 2018.
3. Best Utilization of Spatial Awareness – by HumanResources Asia Recruitment Awards 2018.
4. Best Use of Digital Media – by HumanResources Asia Recruitment Awards 2018.
5. Malaysia Best Employer Brand Award – at Employer Branding Awards 2018.
6. Excellence in Training – at Employer Branding Awards 2018.
7. Excellence in Talent Management – at Employer Branding Awards 2018.
8. Recruitment Personality of the Year – at Employer Branding Awards 2018.
9. RHB Banking Group was recognised for the 6th time and was presented a Gold plated award by HR Asia Best Companies to work for in Asia 2018.
10. HR Leader of the Year – En Jamaluddin Bakri – by HumanResources HR Excellence Awards 2018.
11. Excellence in Recruitment (Silver) – by HumanResources HR Excellence Awards 2018.
12. Excellence in Talent Management (Silver) – by HumanResources HR Excellence Awards 2018.
13. Excellence in HR Team Collaboration (Silver) – by HumanResources HR Excellence Awards 2018.
14. Excellent in CSR Strategy (Silver) – by HumanResources HR Excellence Awards 2018.

MOVING FORWARD

- Digitalisation is key to our future competitiveness and will necessitate far-reaching changes in the way we do business. Shifts in our future capability requirements will need to be managed in a responsible manner that balances commercial pragmatism with social considerations.
- Capability shifts, particularly with respect to scarce skills or emerging skills requirements will be necessary to deliver on our strategy and aspirations, and will require a significant investment to develop and retain key skills.
- The transformation and localisation requirements in our various countries of operation must be balanced against our stated intent to leverage the full benefits of employee mobility across our markets and our objective of growing our talent and enhancing our ability to operate as a universal financial services organisation.

Our Strategic Road Map

FIT22

2018 – 2022

RHB is a multinational regional financial services provider that is committed to deliver complete solutions to our clients through differentiated segment offerings and an ecosystem that supports simple, fast and seamless customer experience, underpinned by a cohesive and inspired workforce and relationship built with our stakeholders

TO BE TOP 3 BY PERFORMANCE (ROE@11.5%)

TOP 3 IN SME

TOP 3 IN WHOLESALE

TOP 3 IN ISLAMIC BANKING

TOP 4 IN RETAIL

TOP 5 IN INSURANCE

FUND OUR JOURNEY

1. Grow Affluent segment base, leveraging on SME customer base
2. Continue to win in the SME space
3. Increase share of wallet for Large Caps
4. Enhance penetration rate into Mid Caps
5. Position overseas IB businesses to focus on niche
6. Boost Retail deposit to narrow gap with Retail assets
7. Apply disciplined capital allocation to businesses to improve risk adjusted returns
8. Accelerate loan recovery
9. Build private wealth business and focus on mid cap segment in Singapore
10. Rebalance financing portfolio in Malaysia to achieve greater Retail & SME composition

INVEST TO WIN

11. Implement robotics and Artificial Intelligence to enhance efficiency and productivity
12. Institutionalise digital big data and analytics to boost revenue
13. Implement Digital Channel Platform (“DCP”) for delivery of holistic customer journey and ecosystem
14. Explore partnership/JV for overseas IB to boost business flows
15. Redefine role of branches with immediate move towards Community Banking, followed by branch efficiency and evolution into value add and sales orientation
16. Implement key IT projects to support digital offerings

TRANSFORM THE ORGANISATION

17. Develop an engaged talent pool to drive RHB performance
18. Build ecosystems through enhanced customer centricity to create differentiation
19. Execute “RHB Way” to deliver superior customer service
20. Scale up AGILE across the group to drive productivity and improve speed to market

21. Instil a collaborative Groupwide corporate culture
22. Embark on corporate brand refresh

Strategic Objectives – 2018 Achievements & 2019 Priorities

FIT22 STRATEGIC OBJECTIVES

1. FUND OUR JOURNEY

- Boosting revenue from prioritised segments, as well as through optimising the use of capital. We will focus on 4 key segments:
 - The **Affluent** and Wealth space where the revenue pool growth is the fastest
 - The **SME** segment, where we intend on not only growing loans but also providing a complete financial services ecosystem
 - The **large** and **mid-cap** companies, where we aim to increase penetration and share of wallet

2. INVEST TO WIN

- Investing in technological and digital initiatives that will differentiate us from our peers, optimising our branch network while opportunistically expanding our overseas footprint

3. TRANSFORM THE ORGANISATION

- Building a winning operating model that prioritises customer journeys, agility, analytics and digital enablement, as well as developing our talent pool. We will implement the AGILE way of working across the organisation to drive productivity and improve speed to market, thereby transforming RHB into a fast, nimble and customer-centric organisation

2018 ACHIEVEMENTS

- ➔ Improved Premier banking penetration from #5 to #3 position in Malaysia in terms of number of accounts, with Premier customer base increasing by 32% in 2018
 - ➔ Grew retail deposits volume by 10.3% outpacing industry at 5.2%
 - ➔ Successfully launched new partnerships and enhanced connectivity for eSolutions with expanded integration between Reflex and our new partners for the SME segment:
 - Financio (Accounting Solutions)
 - Kakitangan (HR Solutions)
 - StoreHub (Point of Sale Solutions)
 - ➔ #1 Banker in fee income market share among our Large Cap and Mid Cap clients with product holding ratio increasing from 5.6 in 2017 to 6.2 in 2018 through refined client coverage model
 - ➔ Increased the composition of Retail and SME to the total domestic financing portfolio to 72% from 69% in 2017
-
- ➔ Implemented a new big data and marketing automation platform to enable deeper capabilities to accelerate our analytics value creation
 - ➔ Delivered key IT projects which resulted in revenue uplift of RM95.0 million, cost savings of RM5.7 million and improved turnaround time
 - ➔ Institutionalised 16 new analytics use cases in 2018 and continue to drive results from 7 existing analytics use cases, delivering incremental revenue of RM34.1 million
 - ➔ Established a data science team to embark on Big Data and AI initiatives
 - ➔ Piloted the adoption of Community Banking to enable us to better serve the needs of the communities in which we operate in
-
- ➔ 1st bank in South-East Asia to implement AGILE across the Group starting with 4 tribes within Retail and Business Banking
 - ➔ Launched FORWARD digital skilling programme (Future Oriented and Ready Workforce – Advancing, Reskilling and Developing) to ensure employees are up-skilled and re-skilled to be future-ready for the digital age
 - ➔ Streamlined service at our Customer Call Centre (“CCC”), with abandoned call rate reducing from 14.7% to 1.8%
 - ➔ Improved customer loyalty with Net Promoter Score (“NPS”) improvement of 9 points ahead of target of 4 points improvement
 - ➔ Awarded Best Customer Experience (“CX”) Business Model at the Customer Experience in Financial Services Awards (“CXFS”) 2018
 - ➔ Improved overall Employee Engagement Score (“EES”) from 80% in 2017 to 84% in 2018
 - ➔ Won Bronze at the Putra Brand Award 2018 in the Banking, Investment & Insurance category

FIT22

2018 – 2022

2019 PRIORITIES

- Recalibrate incentive scheme, salary and performance review to attract and retain talent
- Expand customer base into emerging affluent segment by offering differentiated propositions for different age groups
- Ramp up deposit growth through payroll acquisition and digital channels
- Focus on developing ecosystem partnerships for targeted communities – Homeowners ecosystem and SME ecosystem
- Create a dedicated Mid-Cap Coverage team with different product specialists to generate faster and more holistic client solutions
- Leverage on balance sheet support for inroad into new customers with disciplined account planning regime and aggressive cross-sell initiatives

- Continue scaling up our digital strategy around Digitisation of the Core and delivery of new digital channel platforms
- Pivot the focus of digital efforts to ecosystem innovation and big data
- Introduce training/professional certification programmes to enable analytics adoption across the Bank
- Develop and enhance Branch Managers' competencies via specific technical and leadership training, supplemented by a Community Banking Playbook

- Scale up AGILE across 14-20 tribes within Retail Banking, Business & Transaction Banking and Group Technology Services to allow simplified governance and higher customer centricity
- Improve human capital productivity through prudent headcount management, improved front office vs. back office composition, and enhanced HR analytics and technology
- Enhance Customer Call Centre platform via AGILE restructuring and automation of processes for better customer service and analytics
- Continue to deliver the RHB Way Service Culture via selection and recruitment of the right people for service, leadership development, daily service focus on the ground and building service partnerships
- Enhance employee value proposition with high impact initiatives including Health & Wellness and drive engagement amongst the youth through the RHB Youth Council

VALUE DRIVERS

- Enhance Customer Experience* via diversified product offerings and strengthened internal cross selling capabilities across the group
- Continue to drive Operational Efficiencies and Performance* to improve asset quality and turnaround time
- Transform Customer Experience* by seamlessly embedding everyday banking needs and business solutions into a one-stop ecosystem proposition
- Build sustainable and Responsible Business & Conduct* through the Client Coverage Model to deepen share of wallet and expand customer base in the longer term

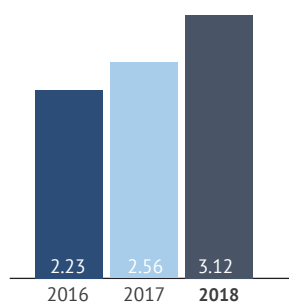
- Continue our Digital Strategy Roadmap (2018-2022) focusing on Digitisation across our Group*
- Focus on key IT projects to deliver Operational Efficiencies and Performance, resulting in improved turnaround time and cost savings
- Transform Customer Experience by focusing on engaging local businesses and surrounding communities

- Build a sustainable competitive advantage through an Agility Driven Culture
- Transforming Customer Experience with immediate focus on delivering better accessibility, improving operational efficiency, proactive service and increasing productivity

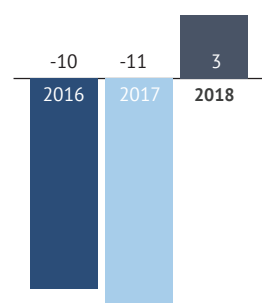
* more information on these Value Drivers is available from page 60 to page 70

Key Performance Indicators

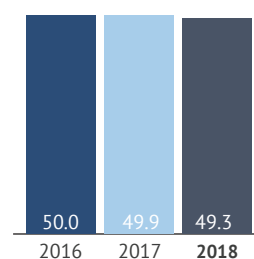
PROFIT BEFORE TAXATION
(RM'billion)



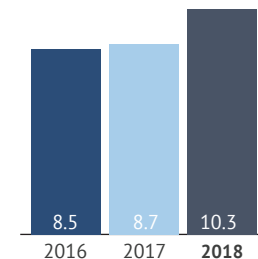
OVERSEAS CONTRIBUTION
(%)



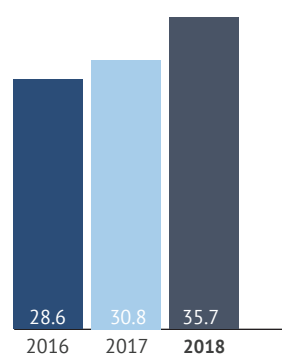
COST TO INCOME RATIO
(%)



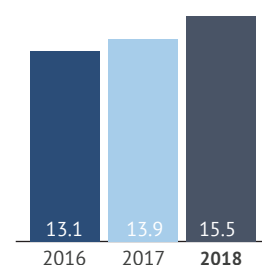
RETURN ON EQUITY



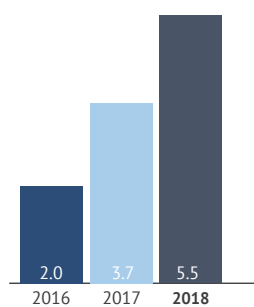
DIVIDEND PAYOUT RATIO
(%)



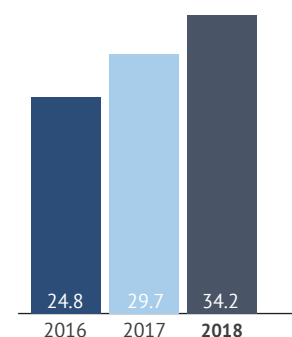
COMMON EQUITY TIER-1 RATIO^{N1}
(%)



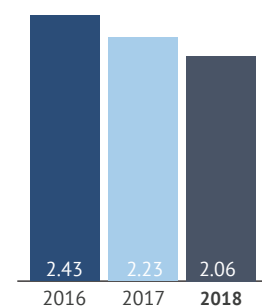
LOANS GROWTH



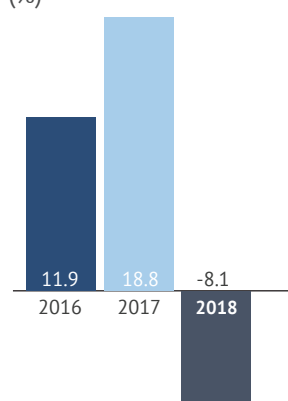
ISLAMIC FINANCING TO DOMESTIC LOANS
(%)



GROSS IMPAIRED LOAN RATIO
(%)



CASA GROWTH
(%)



N1: After proposed dividend

Risks and Mitigation

Effective risk management is fundamental to drive sustainable growth and shareholders' value, while maintaining competitive advantage, and is thus a central part of the proactive risk management of the Group's operating environment.

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

- It provides a holistic overview of the risk and control environment of the Group, with risk management aimed towards loss minimisation and protection against losses which may occur through, principally, the failure of effective checks and controls in the organisation.
- It sets out the strategic progression of risk management towards becoming a value creation enterprise. This is realised through building up capabilities and infrastructure in risk management sophistication, and enhanced risk quantification to optimise risk-adjusted returns.

Significant Risks

The Group's risk management activities for each of the significant risk area are reinforced by a framework, and supplemented by policies and guidelines. The significant risks and how the Group mitigates them are:

TYPE OF RISK	DEFINITION & RISK DESCRIPTION	MITIGATION ACTIONS & RESULTS	ALIGNMENT TO FIT22
CREDIT RISK	<ul style="list-style-type: none"> • The risk of loss arising from customers' or counterparties' failure to fulfil their financial and contractual obligations in accordance to the agreed terms. It stems primarily from the Group's lending/financing, trade finance and its funding, underwritings, investment and trading activities from both on- and off-balance sheet transactions. <p>E.g.</p> <ul style="list-style-type: none"> • Adverse impact on the Group's profitability arising from an increase in impairment losses and/or reduction in collateral/security values affected by macro forces such as adverse market environment or individual specific reasons such as inability or unwillingness of the customers to repay. 	<ul style="list-style-type: none"> • The Group's Credit Risk Management Framework and Group Credit Policy are developed to support the development of a strong credit culture with the objective of maintaining a diversified portfolio, and a reliable and satisfactory risk-weighted return. • The Group Credit Procedures Manual and Group Credit Guidelines set out the operational procedures and guidelines governing the credit processes within the Group. • All credit limits are approved within a defined credit approval authority framework spanning from individuals to credit committees. • Regular risk reports are made to the risk committees and the Board. Such reporting allows senior management to identify adverse credit trends, take prompt corrective actions, and ensure appropriate risk-adjusted decision making. 	<p>Fund Our Journey</p> <ul style="list-style-type: none"> • Support the businesses' FIT22 strategy by facilitating enhancement to various credit risk management areas including credit policies, credit approving authority and credit processes to maintain competitive advantage and better addressing customers' needs, whilst maintaining the prudent credit risk management practices.
MARKET RISK	<ul style="list-style-type: none"> • The risk of losses arising from adverse movements in market indicators, such as interest/profit rates, credit spreads, equity prices, currency exchange rates and commodity prices within the trading portfolios and certain exposures in the banking book. <p>E.g.</p> <ul style="list-style-type: none"> • Profit impact from adverse market movement and erosion of trading income. • Erratic market movements arising from uncertainty in recent global market economies may result in hedging inefficiencies. 	<ul style="list-style-type: none"> • Availability of a framework which encompasses risk policies, measurement methodologies and limits which control the Group's financial market activities and identifies potential risks due to market volatility. • Trading exposures are monitored daily to ensure risk are within the internal thresholds that are set and any extreme events take place will be triggered through this mechanism. 	<p>Fund Our Journey</p> <ul style="list-style-type: none"> • Actively manage the Group's exposures to movements in market activities to optimise risk return and the use of capital.

Risks and Mitigation

TYPE OF RISK	DEFINITION & RISK DESCRIPTION	MITIGATION ACTIONS & RESULTS	ALIGNMENT TO FIT22
LIQUIDITY RISK	<ul style="list-style-type: none"> The risk of the Group being unable to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due and transact at a reasonable cost. Liquidity risk also arises from the inability to manage unplanned decreases or changes in funding sources. <p>E.g.</p> <ul style="list-style-type: none"> Insufficient liquid asset upon liquidation, to meet the high outflow of liabilities/deposits that fall due. The high outflow is the resultant of higher concentration of deposits with high run-off rate. 	<ul style="list-style-type: none"> Prudent liquidity management that involves establishing policies and limits, regular monitoring, stress testing and establishing contingency funding plans. Regular monitoring and management of liquidity risk positions to ensure the risk positions are within the risk appetite and meet regulatory requirements. The Group maintains adequate liquidity surplus with diversified sources of liquefiable assets as buffer against periods of stress. 	<p>Fund Our Journey</p> <ul style="list-style-type: none"> Focus on sourcing more retail current and savings deposits with relatively lower run-off rate to manage funding cost and improve on liquidity risk.
OPERATIONAL RISK	<ul style="list-style-type: none"> The risk of loss resulting from inadequate or failed internal processes, people, systems and/or external events, which also includes IT, legal and Shariah non-compliance risk but excludes strategic and reputation risk. <p>E.g.</p> <ul style="list-style-type: none"> Employees do not follow the organisation's procedures, practices and/or rules, e.g. operational losses due to human errors, employee fraud. Faulty overall design and application of business processes, e.g. inadequate segregation of duties and absence of internal controls. 	<ul style="list-style-type: none"> Implementation of operational risk policies, frameworks and methodologies that create awareness and provide guidance to business units on operational risk areas. Continuous Risk Culture awareness training to employee within the Group to enhance their understanding in managing and mitigating risks pro-actively and effectively. 	<p>Transform the Organisation</p> <ul style="list-style-type: none"> Encourage proactive management of risks by providing systematic and structured operational risk policies, frameworks, methodologies and processes to assess and respond to the risks in a timely and cost effective manner. Cultivate robust risk culture within the organisation and inculcate the right mindset among employees, where all employee recognise risk as everyone's responsibility, and up hold the correct risk values and principles in daily job.
TECHNOLOGY RISK	<ul style="list-style-type: none"> The business risk associated with the use, ownership, operation, involvement, influence and adoption of IT within an enterprise. <p>E.g.</p> <ul style="list-style-type: none"> The constant threat arising from cyber risk and evolving IT environment to safeguard the confidentiality, integrity and availability of data and systems. 	<ul style="list-style-type: none"> Establishment of systems to monitor network activities for anomalies & security breaches and increased attention on infrastructure readiness, compatibility, capacity, security and resiliency to support digitalisation projects. 	<p>Invest to Win</p> <ul style="list-style-type: none"> Invest in technology and controls as part of compliance to Bank Negara Malaysia's Risk Management in Technology Guidelines.

TYPE OF RISK	DEFINITION & RISK DESCRIPTION	MITIGATION ACTIONS & RESULTS	ALIGNMENT TO FIT22
REGULATORY NON-COMPLIANCE RISK	<ul style="list-style-type: none"> Losses arising from regulatory sanctions, financial loss or reputational damage which a financial institution may suffer as a result of failure to comply with all laws, rules, standards, and regulatory requirements (including any ruling of the Shariah Advisory Council) relevant to a financial institution's activities in all jurisdictions in which the financial institution, or any of its branches or subsidiaries conduct its activities. <p>E.g.</p> <ul style="list-style-type: none"> Financial impact in view of fines imposed on the bank by regulators as a result of any non-compliance. Publication of reprimands imposed on the bank by regulators which consequently result in reputational damage and may potentially lead to loss of investor confidence. 	<ul style="list-style-type: none"> Continuous efforts to further strengthen monitoring/oversight responsibilities and raise the level of compliance awareness of all employees of the Group to ensure that compliance is an integral component of their daily activities. 	Transform the Organisation <ul style="list-style-type: none"> Enhance compliance culture through increased monitoring activities and development of compliance related training/awareness programmes for employees across the Group. Promote staff accountability by taking disciplinary measures on errant employees for any non-compliance of regulatory requirement.
SHARIAH NON-COMPLIANCE RISK	<ul style="list-style-type: none"> The risk of loss arising from failure to comply with the Shariah rules and principles and operationalisation of principles as determined by the Shariah Committee of RHB Islamic Bank or any other relevant body, such as Bank Negara Malaysia's Shariah Advisory Council and Securities Commission's Shariah Advisory Council. <p>E.g.</p> <ul style="list-style-type: none"> Application of wrong Shariah concept for new products developed by the bank. Mis-selling of Shariah based products and services to customers. Inability to comply with the various Policy Documents issued by Bank Negara Malaysia in relation to the various Shariah concepts, e.g. Tawarruq, Ijarah, Qard, Hibah, Mudharabah and Musyarakah. 	<ul style="list-style-type: none"> Continuous focus on activities involving Shariah reviews, control self-assessment, trainings and briefings aimed at creating awareness in mitigating Shariah non-compliance risk. 	Transform the Organisation <ul style="list-style-type: none"> Strengthening the end-to-end Shariah governance and reporting process across through further heightening the Shariah risk awareness within the Group with the objective of minimising any Shariah non-compliant incident. The above is expected to provide strong assurance and enhance customers' experience in dealing with the Group's Shariah based products and services as well as minimise any regulatory non-compliances relating to Shariah.

We grow your wealth,
so you can build their

dreams.





Performance Review

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Performance Review by Group Chief Financial Officer



Syed Ahmad Taufik Albar
Group Chief Financial Officer



2018 OVERVIEW

Malaysia's GDP moderated to 4.7% in 2018 from 5.9% in 2017, reflecting the impact of a slower external demand and public investment. Growth was driven mainly from resilience in private sector consumption while the economy continued to face downside risks externally from trade tensions and tightening of global financial conditions. Industry loans growth of 5.6% was underpinned by sustained growth in the consumer segment and a pick-up in demand from businesses in the later part of the year.

RHB achieved another year of strong operating performance with record net profit of RM2,305.2 million in 2018, up 18.2% from the previous year driven mainly from higher total income and lower allowances for expected credit losses. We are particularly pleased with the performance given the challenging operating environment.

We saw growth across most business segments and positive contribution from overseas operations as the Group seized opportunities in an environment of slower economic growth. The Group remained steadfast in maintaining cost discipline despite the continued investment in IT infrastructure and Digitalisation. With the implementation of MFRS 9 whereby impairment assessment is based on the expected credit loss model, the Group strengthened its focus on improving asset quality, and kept capital and liquidity positions strong. Loan loss coverage meanwhile was maintained above 100% throughout the year. These strong fundamentals put us on a sound footing for a sustainable growth.



Key Financial Performance Highlights

(RM'million)

Total Income 6,805.6	Total Income Growth 6.6%
Cost to income ratio 49.3%	
<p>Gross Loans – Group 168,879 Gross Loan Growth 5.5%</p>	<p>Gross Loans – Domestic 152,918 Gross Loan Growth 5.6%</p>
Mortgages 54,684 Mortgages Growth 12.6%	SME 27,215 SME Growth -0.4%
Islamic Financing 52,254	Islamic Financing Composition 34.2%
Customer Deposits 178,856	
CASA 46,391 CASA composition 25.9%	CASA Growth -8.1%
Pre-tax Profit 3,119.1 Pre-tax Profit Growth 21.9%	Net Profit 2,305.2 Net Profit Growth 18.2%
Gross Impaired Loans Ratio 2.06%	Credit Charge Ratio 0.19%
Dividend payout ratio 35.7%	
Total Capital Ratio 18.8%	

Performance Review by Group Chief Financial Officer

ANALYSIS OF THE FINANCIAL STATEMENTS

RM' Million	2018	2017	Growth %
Net interest income	3,656	3,522	3.8%
Net Islamic fund base income	1,287	1,032	24.7%
Total net fund based income (a)	4,943	4,554	8.5%
Other operating income	1,722	1,784	-3.5%
Islamic non-fund based income	141	47	>100%
Total non-fund based income (b)	1,863	1,830	1.8%
Total income (a+b)	6,806	6,384	6.6%
Operating expenses	(3,358)	(3,184)	5.4%
Operating profit before allowances	3,448	3,200	7.7%
Allowance for credit losses on financial assets	(306)	(643)	-52.4%
Impairment losses (made)/written back on other non-financial assets	(23)	0	>-100%
Profit before tax	3,119	2,558	21.9%
Net profit	2,305	1,950	18.2%

The Group reported a pre-tax profit of RM3,119.1 million for the financial year ended 31 December 2018, an increase of 21.9%. The improved performance was largely driven by higher net fund based income and non-fund based income, and lower allowances for credit losses.

Total income increased by 6.6% to RM6,805.6 million as a result of net fund based income growth of 8.5% and non-fund based income growth of 1.8%.

Prudent funding cost and active management of operating expenses provided further support with operating profit before allowances improving to RM3,448.0 million or 7.7% increase.

NET INTEREST/FUND BASED INCOME

Net fund based income increased by 8.5% to RM4,942.3 million from a year ago. Higher net fund based income was supported by growth in loans and financing, and continued prudence in the management of funding cost. The year also saw OPR increase of 25 basis points in January 2018 and the gradual re-pricing of deposits in the subsequent months. As a result, the Group registered net interest margin (“NIM”) of 2.24% for the full year compared with 2.18% in 2017.

OTHER OPERATING/NON-FUND BASED INCOME

Non-fund based income grew by 1.8% to RM1,863.3 million, contributed largely by higher net foreign exchange gain and trading and investment income, partially offset by

lower insurance underwriting surplus, brokerage income and capital-market related fee income as challenging market conditions persisted.

OPERATING EXPENSES

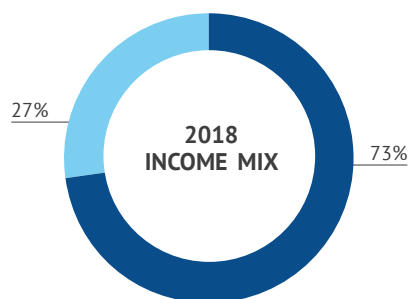
Operating expenses continued to be closely managed, rising by 5.4% to RM3,357.7 million from a year ago driven by a rise in personnel costs and IT-related expenses as the Group continued to invest in technology infrastructure, Digital capabilities and implement the AGILE@Scale initiative across the Group. The effective cost management efforts saw cost-to-income ratio improving to 49.3% from 49.9% a year ago.

ALLOWANCES FOR EXPECTED CREDIT LOSSES ON LOANS

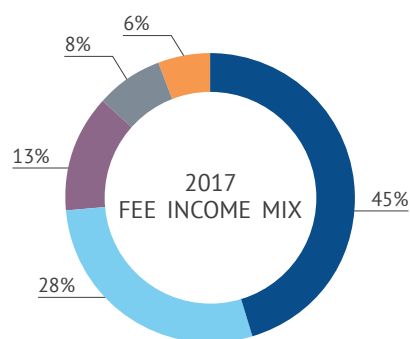
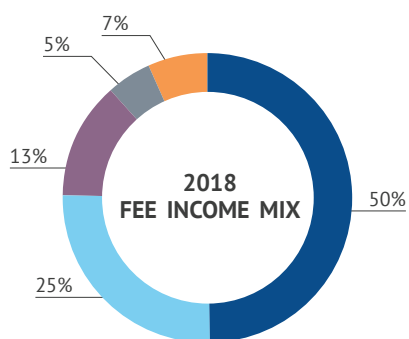
Allowances for credit losses on loans was RM322.4 million, 22.8% lower primarily due to certain recoveries recorded in the year, coupled with substantial impairment provided for oil and gas related companies in the previous year. This has resulted in a lower credit charge ratio of 0.19% for the full year compared with 0.26% in 2017.

ALLOWANCES FOR EXPECTED CREDIT LOSSES ON FINANCIAL AND OTHER FINANCIAL ASSETS

Allowances for credit losses on financial and other financial assets were significantly lower by RM241.8 million mainly due to improved ratings of the investment portfolio and the absence of impairment provided on an oil and gas related bond in Singapore in 2017.



- Net fund based income
- Non-fund based income



- Service charges and fees, commission, guarantee fees and commitment fees
- Net fund management and unit trust fees
- Other fee income
- Net brokerage income
- Corporate advisory fees, underwriting and arrangement fees

Performance Review by Group Chief Financial Officer

TOTAL ASSETS

Total assets of the Group increased by 5.6% to RM243.2 billion as at 31 December 2018. This was primarily due to an increase in cash and short term funds as well as loans and financing.

Loans and financing remained the largest component of the total assets at 68.1% (2017: 68.8%).

The Group continued its focus on growing responsibly, strengthening risk management and managing our funding and liquidity position.

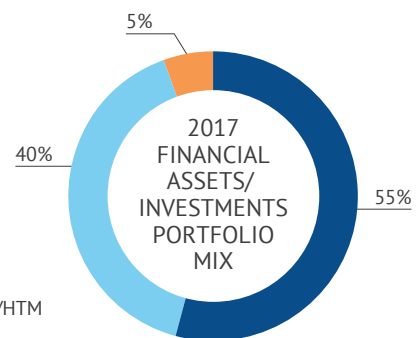
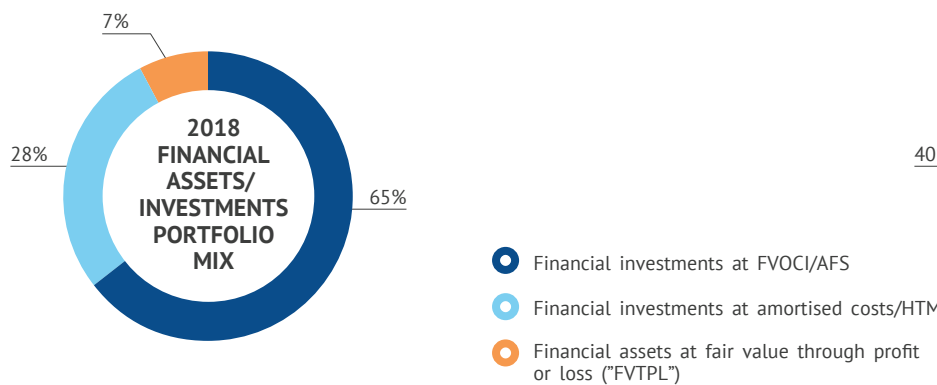
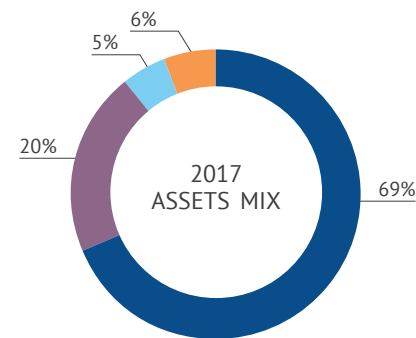
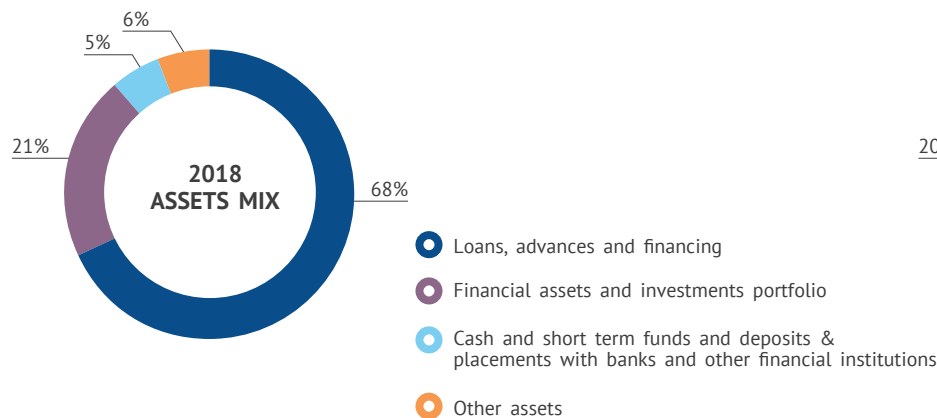
CASH & SHORT TERM FUNDS AND DEPOSITS & PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

The Group's total cash & short term funds and deposits & placements with banks and other financial institutions increased by 21.0% to RM13.5 billion as at 31 December 2018.

FINANCIAL ASSETS AND INVESTMENT PORTFOLIO

The Group's financial assets and investments portfolio comprises financial assets at fair value through profit or loss ("FVTPL"), financial assets at fair value through other comprehensive income ("FVOCI") and financial investments at amortised cost.

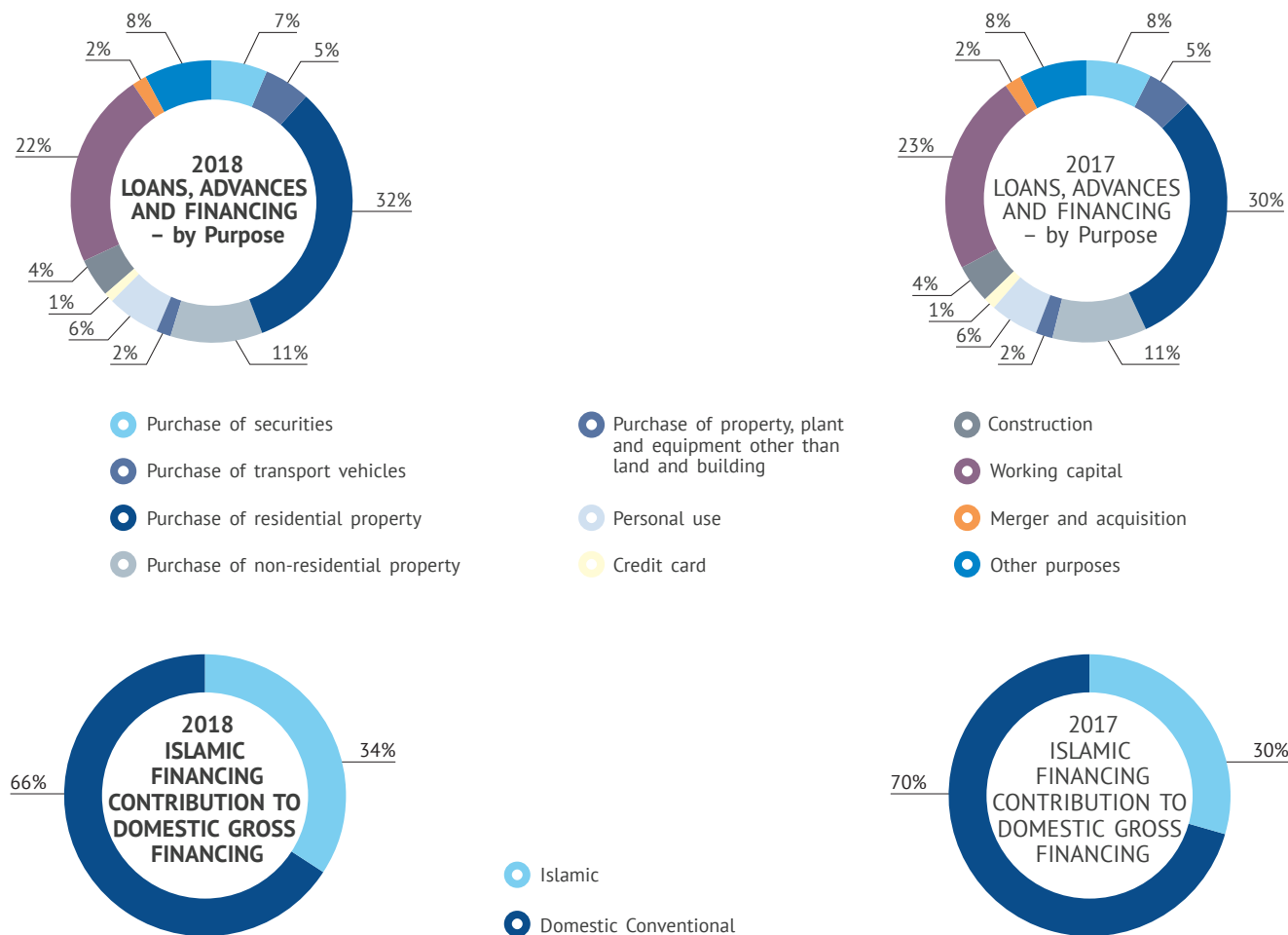
The Group's financial assets and investment portfolio increased by 6.4% to RM50.5 billion.



LOANS, ADVANCES AND FINANCING

The Group’s gross loans and financing grew by 5.5% year-on-year to RM168.9 billion. Overall domestic loans and financing, supported by resilient growth in mortgages, personal financing and SME, grew 5.6% year-on-year in line with the industry growth. The Group’s domestic loan market share remained stable at 9.1% as at end December 2018.

Overseas gross loans increased by 4.2% mainly attributed to growth in Singapore and Thailand.



ASSET QUALITY

Overall asset quality for the Group has improved. Gross impaired loans was at RM3.48 billion as at 31 December 2018 with gross impaired loans ratio improving to 2.06% compared to 2.23% a year ago and 2.53% as at 1 January 2018 post MFRS9 adoption.

We continue to be prudent in loan loss provision with loan loss coverage at 103.0% as at end December 2018, remaining above 100% throughout the year.

Performance Review by Group Chief Financial Officer

TOTAL LIABILITIES AND EQUITY

Total liabilities increased by 6.2% to RM219.8 billion as at 31 December 2018, mainly due to higher deposits from customer and recourse obligations on loans sold to Cagamas. This was partially mitigated by a decline in deposits and placements of banks and other financial institutions.

Shareholders' equity rose slightly by 0.9% to RM23.4 billion, with higher retained earnings, foreign currency translation gain and marked-to-market gains on financial assets measured at FVOCI, partially offset by dividend payment during the year. Net assets per share grew to RM5.82 from RM5.77 previously.

DEPOSITS FROM CUSTOMERS

Customer deposits grew to RM178.9 billion, 7.2% higher than last year mainly driven by growth in fixed deposits. As competition for CASA remained intense, CASA composition declined to 25.9% of total deposits from 30.2% as at 31 December 2017. Group liquidity coverage ratio and net stable funding ratio are above the regulatory requirement as at December 2018.

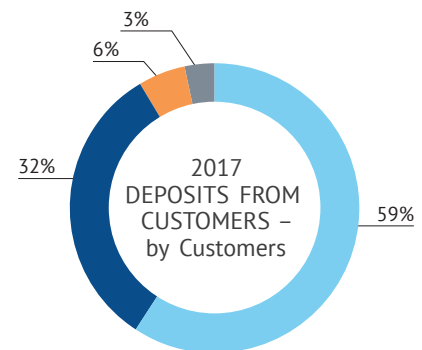
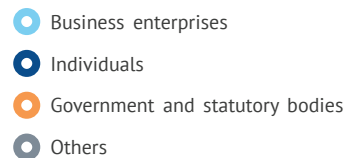
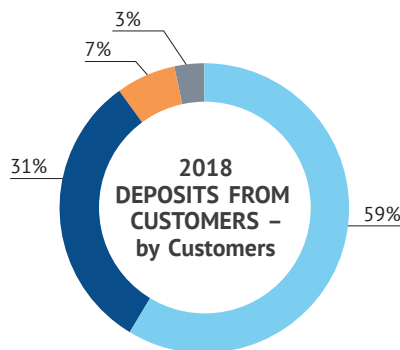
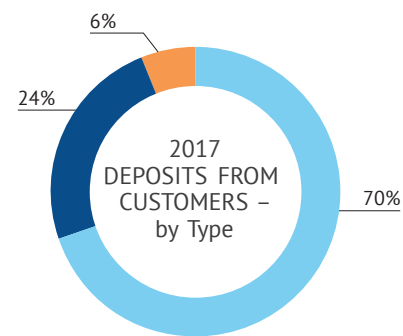
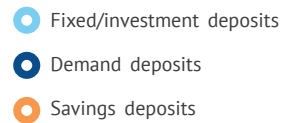
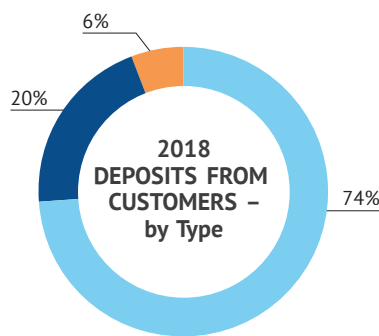
Deposits for domestic operations increased by 8.7%, while overseas operations registered a decrease of 5.1% with Singapore recording a 11.6% decline.

DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

Deposits and placements of banks and other financial institutions declined by 13.2% to RM18.3 billion mainly due to a drop in deposits from licensed banks and licensed Islamic banks.

SENIOR DEBT SECURITIES

Senior debt securities increased slightly by 2.2% to RM3.3 billion.



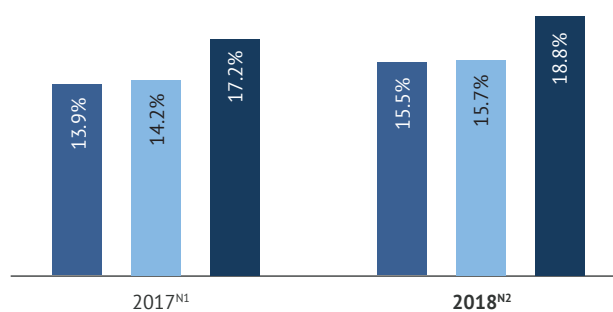
SUBORDINATED OBLIGATIONS

Subordinated obligations remained at the same level as the previous year at RM3.7 billion.

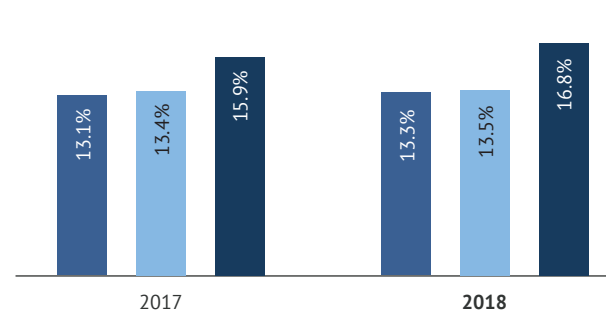
CAPITAL ADEQUACY

As at 31 December 2018, the common equity tier-1 (“CET-1”) ratio and total capital ratio of the Group after the proposed final dividend, remained strong at 15.5% and 18.8% respectively, among the highest in the industry.

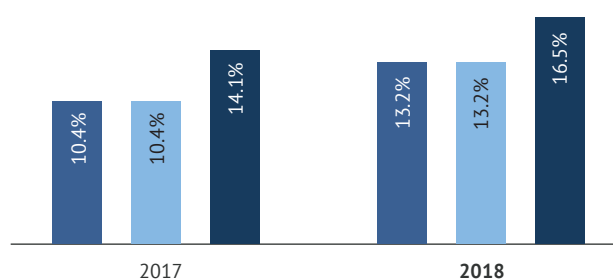
RHB Bank Group



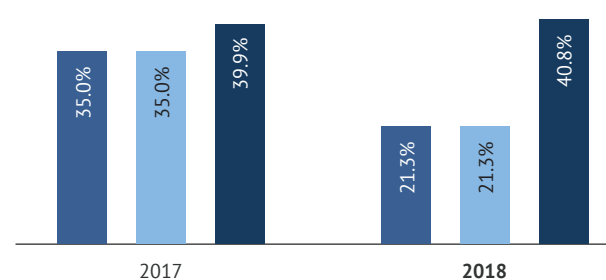
RHB Bank



RHB Islamic Bank



RHB Investment Bank



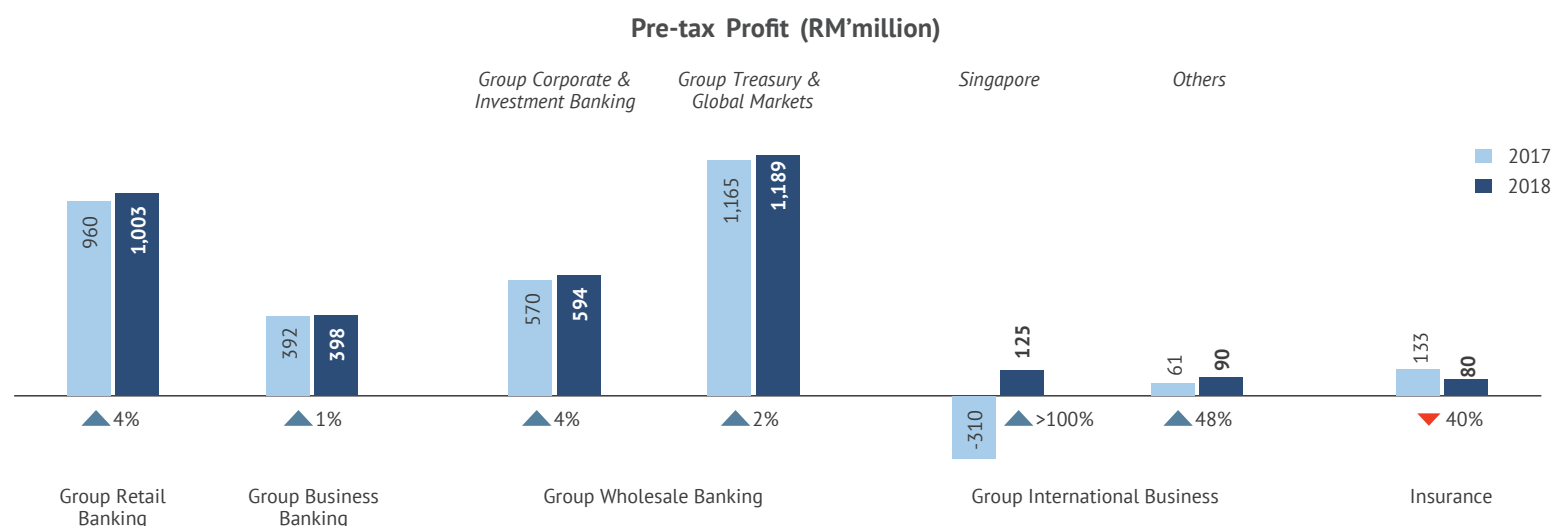
■ CET 1 Capital ■ Tier 1 Capital ■ Total Capital

N1: Ratios are after FY2017 final dividend

N2: Ratios are after FY2018 proposed final dividend

Performance Review by Group Chief Financial Officer

PERFORMANCE REVIEW OF KEY BUSINESS UNITS



Group Retail Banking reported a pre-tax profit of RM1,002.7 million, 4.4% higher than the previous year. This was due to higher net fund based income and non-fund based income, partially offset by higher allowances for credit losses on loans and higher operating expenses.

Group Business Banking recorded a pre-tax profit of RM397.7 million, a 1.3% increase year-on-year mainly due to higher net fund based income, partly offset by higher operating expenses.

Group Wholesale Banking recorded a pre-tax profit of RM1,782.6 million, an increase of 2.7% from the previous year.

- **Group Corporate and Investment Banking** registered a 4.1% increase in pre-tax profit to RM593.8 million on the back of higher non-fund based income and net fund based income. Gross loans and financing decreased by 2.5% to RM50.3 billion due to several large corporate

repayments. Deposits decreased by 9.4% over the same period to RM53.7 billion primarily due to a decrease in fixed and current deposits.

- **Group Treasury and Global Markets** recorded a 2.0% growth in pre-tax profit to RM1,188.7 million, mainly due to higher net fund based income and net foreign exchange gain, partially offset by lower trading/investment income. Total deposits increased by 47.9% to RM32.9 billion to meet the Group's funding requirements.
- **RHB Bank Singapore** recorded a pre-tax profit of SGD56.4 million compared with a pre-tax loss of SGD90.8 million in the previous year.
 - This improvement was mainly attributed to lower expected credit losses as substantial losses were provided for corporate bonds and loans in the oil and gas industry last year partially offset by higher operating expenses.

- Singapore loans and advances grew by 3.3% to SGD3.9 billion, whereas customer deposits declined by 11.7% to SGD4.4 billion as the Group continued its strategy to turnaround its Singapore business.

- **International Business** excluding Singapore registered a pre-tax profit of RM87.3 million, 50.3% higher than a year ago, due to improved profitability in Cambodia and Thailand.
- **RHB Group's Islamic business** recorded 20.7% Y-o-Y growth in pre-tax profit to RM579.2 million due to higher net fund based and non-fund based income.
 - Gross financing recorded a robust double digit growth of 21.6% Y-o-Y to RM52.3 billion.
 - Islamic business contributes 34.2% to the Group's total domestic gross loans and financing, up from 29.7% as at 31 December 2017.

PROPOSED FINAL DIVIDEND

The Board believes in striking the right balance between preserving the Group's capital to support future growth and distributing returns to the shareholders.

Following the pleasing 2018 results, the Board proposed a final dividend of 13 sen per share amounting to RM521.3 million. Together with the interim dividend of 7.5 sen per share paid in October 2018, the total dividend for 2018 is 20.5 sen per share, representing a dividend payout ratio of 35.7% out of the Group's net profit attributable to shareholders of RM2,305.2 million for the financial year 2018.

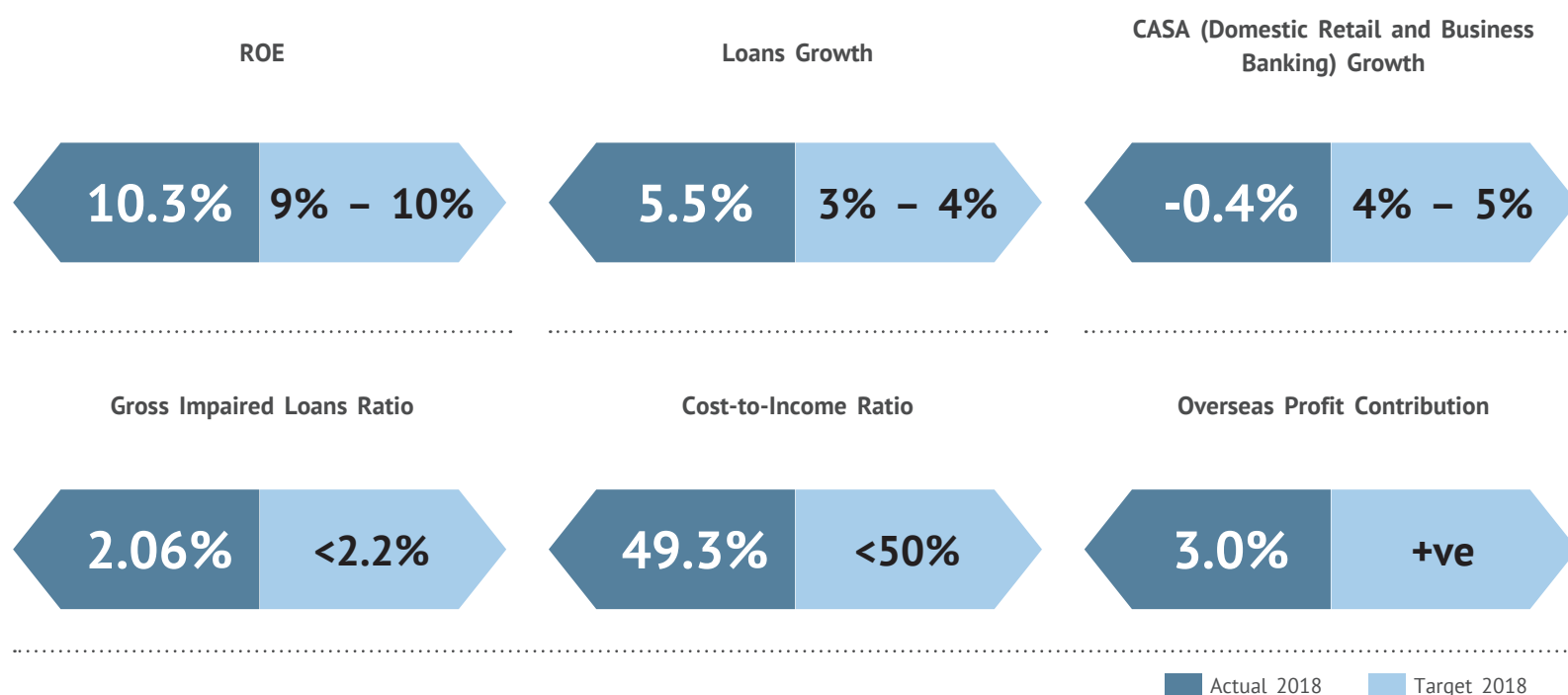
SUMMARY AND MOVING FORWARD

2018 was an important year for the Group in many aspects. From a financial perspective, we achieved record profits and continued to actively manage costs and asset quality while exercising balance sheet discipline in our growing assets. We launched our new five-year strategy FIT22, focusing on strengthening Malaysia as our main market, target segments to win in and building a winning operating model through digitalisation and AGILE way of working.

In 2019, we will continue to focus on these priorities to improve performance, operational efficiency and productivity to generate value to the shareholders. With strong capital levels, healthy liquidity position and adequate coverage for loan losses, the Group's strong fundamentals provide support even as global uncertainties and economic challenges persist.

ACTUAL VS TARGET FOR 2018

TOP LEVEL INDICATORS



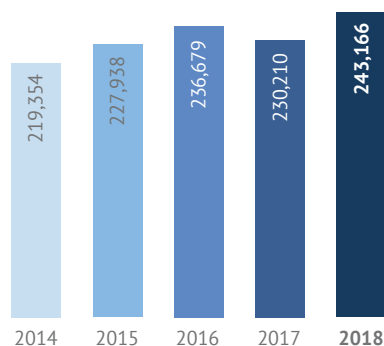
Group Financial Highlights

	2018	2017
PROFITABILITY (RM'million)		
Total income	6,806	6,384
Operating profit before allowances	3,448	3,200
Profit before taxation	3,119	2,558
Net profit attributable to equity holders of the Bank	2,305	1,950
FINANCIAL POSITION (RM'million)		
Total assets	243,166	230,210
Financial assets and investments portfolio	50,469	47,427
Gross loans, advances and financing	168,879	160,124
Total liabilities	219,770	207,025
Deposits from customers	178,856	166,865
Shareholders' equity	23,358	23,150
FINANCIAL RATIOS (%)		
Net return on average equity	10.3%	8.7%
Net return on average total assets	1.0%	0.8%
Gross impaired loans ratio	2.06%	2.23%
Gross loans to deposits ratio	94.4%	96.0%
CAPITAL ADEQUACY RATIOS (%)^{N1}		
Common Equity Tier 1 capital ratio	15.5%	13.9%
Tier 1 capital ratio	15.7%	14.2%
Total capital ratio	18.8%	17.2%

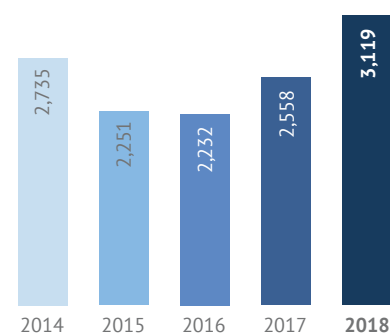
N1: Ratios are after proposed final dividend

Five-Year Group Financial Highlights

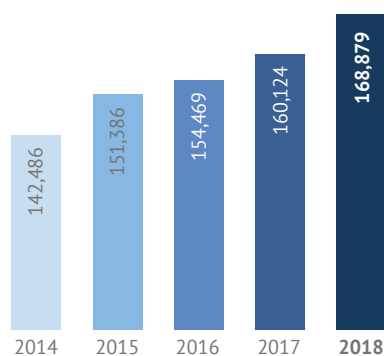
Total Assets (RM'million)



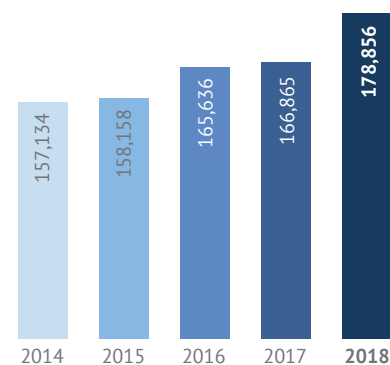
Profit Before Tax (RM'million)



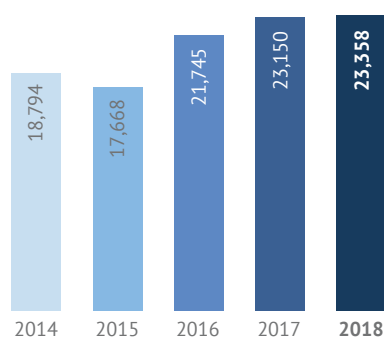
Gross Loans, Advances and Financing (RM'million)



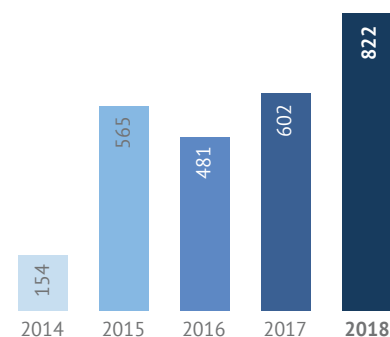
Deposits from Customers (RM'million)



Shareholders' Equity (RM'million)



Net Dividends ^{N1} (RM'million)



N1: 2014 represent net dividend paid/declared by RHB Capital to its shareholders. Dividend Reinvestment Plans were implemented for these dividends and the reinvestment rate was 73% (2014).

2015 represents net dividends declared by RHB Bank to RHB Capital. Net dividends declared by RHB Capital to its shareholders in 2015 was RM369 million.

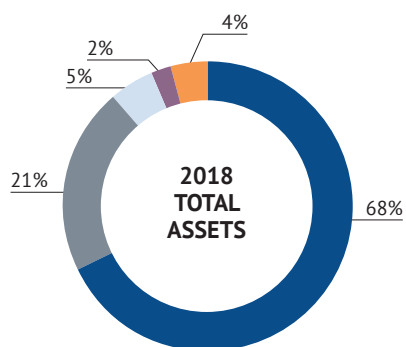
Five-Year Group Financial Summary

	RHB BANK GROUP				RHB CAPITAL GROUP
	2018	2017	2016	Restated 2015	2014
OPERATING RESULTS (RM'Million)					
Operating profit before allowances	3,448	3,200	3,095	2,545	2,824
Profit before taxation	3,119	2,558	2,232	2,251	2,735
Net profit attributable to equity holders of the Bank	2,305	1,950	1,682	1,665	2,038
KEY BALANCE SHEET DATA (RM'Million)					
Total assets	243,166	230,210	236,679	227,938	219,354
Gross loans, advances and financing	168,879	160,124	154,469	151,386	142,486
Total liabilities	219,770	207,025	214,905	210,246	200,460
Deposits from customers	178,856	166,865	165,636	158,158	157,134
Shareholders' equity	23,358	23,150	21,745	17,668	18,794
Commitments and contingencies	172,941	172,226	196,190	186,078	133,504
SHARE INFORMATION					
Gross dividend per share – (sen)	20.5	15.0	12.0	16.33	6.00
Net assets per share – (RM)	5.8	5.8	5.4	5.1	7.3
Net tangible assets per share – (RM)	5.0	5.0	4.7	4.2	5.3
Basic earnings per share – (sen)	57.5	48.6	43.6	48.4	79.7
Share price – (RM)	5.29	5.00	4.71	4.35 ^{N1}	7.62
Market capitalisation (RM'million)	21,213	20,050	18,887	17,444 ^{N2}	19,602
FINANCIAL RATIOS (%)					
Profitability Ratios					
Net return on average equity	10.3	8.7	8.5	10.0	11.5
Net return on average assets	1.0	0.8	0.7	0.7	1.0
Cost-to-income ratio	49.3	49.9	50.0	58.8	54.7
Asset Quality					
Gross loans to deposits ratio	94.4	96.0	93.3	95.7	90.7
Gross impaired loans ratio	2.06	2.23	2.43	1.88	2.03
Ordinary Shares					
Dividend yield	3.9	3.0	2.5	3.7 ^{N1}	0.8
Dividend payout ratio	35.7	30.8	28.6	33.9	7.6

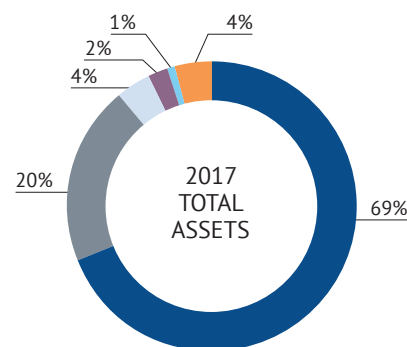
N1: Share price for RHB Bank in 2015 was based on share swap ratio of 1: 1.3

N2: Based on enlarged share base of RHB Bank after capital injection in April 2016

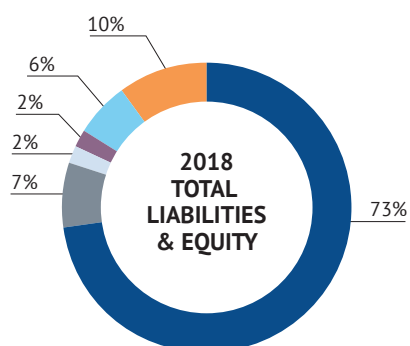
Simplified Group Statements of Financial Position



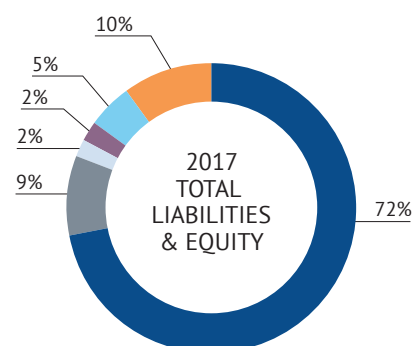
- Statutory deposits
- Clients' and brokers' balances
- Other assets



- Loans, advances and financing
- Financial assets and investments portfolio
- Cash and short term funds

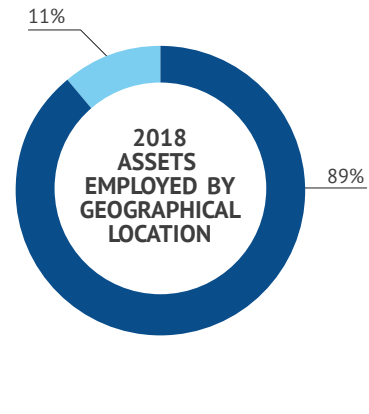
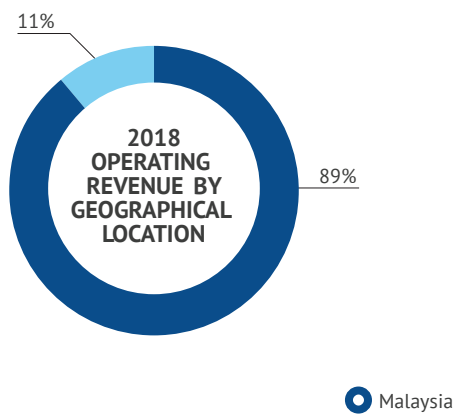
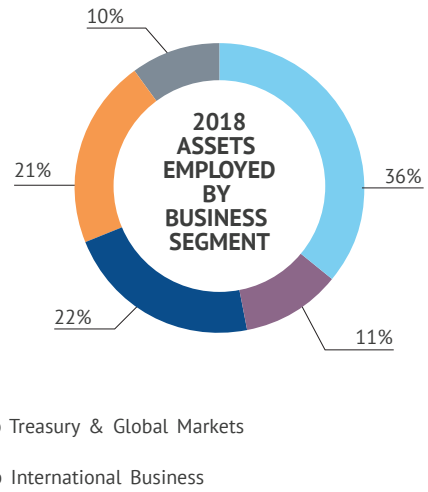
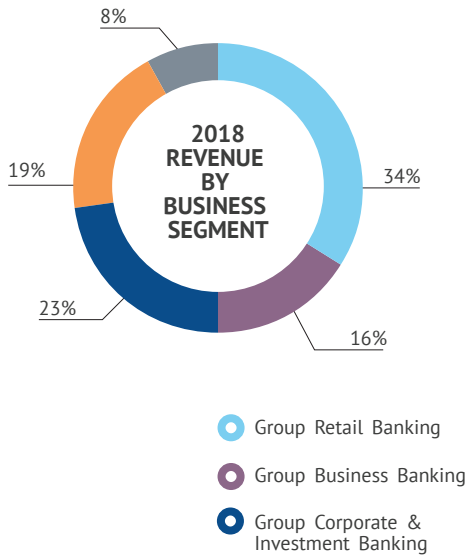


- Subordinated obligations and Hybrid Tier-1 capital securities
- Other liabilities
- Shareholders' equity



- Deposits from customers
- Deposits and placements of banks and other financial institutions
- Borrowings and senior debt securities

Segmental Analysis



* Inclusive of RHB Investment overseas banking operations

Group Quarterly Performance

	2018				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Financial Performance (RM'Million)					
Total income	1,769	1,618	1,686	1,733	6,806
Net fund based income	1,237	1,245	1,219	1,242	4,943
Non-fund based income	532	373	467	491	1,863
Operating profit before allowances	907	818	861	862	3,448
Profit before tax	792	773	779	775	3,119
Net profit attributable to equity holders of the Bank	591	570	579	565	2,305
Earnings per share (sen)	14.7	14.2	14.4	14.1	57.5
Dividend per share (sen)	-	7.5	-	13.0	20.5

	2017				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Financial Performance (RM'Million)					
Total income	1,554	1,579	1,584	1,667	6,384
Net fund based income	1,093	1,146	1,159	1,156	4,554
Non-fund based income	461	433	425	511	1,830
Operating profit before allowances	794	795	791	820	3,200
Profit before tax	658	654	644	602	2,558
Net profit attributable to equity holders of the Bank	500	501	489	460	1,950
Earnings per share (sen)	12.5	12.5	12.2	11.5	48.6
Dividend per share (sen)	-	5.0	-	10.0	15.0

Key Interest Bearing Assets and Liabilities

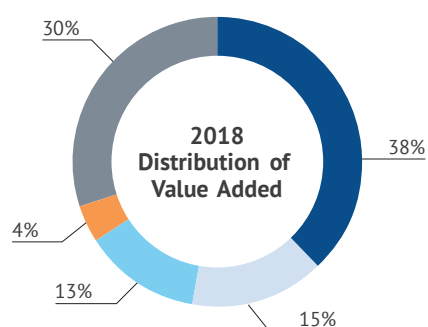
2018	Amount (RM'million)	Effective interest rate (%)	Interest income/ expense (RM'million)
Interest Earning Assets			
Cash and short-term funds & Deposits and placements with banks and other financial institutions	13,451	2.69%	302
Financial assets at fair value through profit or loss	3,801	4.32%	82
Financial assets at fair value through other comprehensive income	32,578	3.73%	1,071
Financial investments at amortised cost	14,090	3.91%	638
Gross loans, advances and financing	168,879	5.39%	8,717
Interest Bearing Liabilities			
Deposits from customers & Deposits and placements of banks and other financial institutions	197,147	2.79%	5,320
Borrowings/Subordinated obligations/Hybrid Tier-1 Capital Securities/Senior debt securities	8,858	3.95%	357

2017	Amount (RM'million)	Effective interest rate (%)	Interest income/ expense (RM'million)
Interest Earning Assets			
Cash and short-term funds & Deposits and placements with banks and other financial institutions	11,113	2.24%	383
Financial assets at fair value through profit or loss	2,564	3.88%	39
Financial investments available-for-sale	25,817	3.52%	931
Financial investments held-to-maturity	19,046	3.86%	735
Gross loans, advances and financing	160,124	5.16%	7,954
Interest Bearing Liabilities			
Deposits from customers & Deposits and placements of banks and other financial institutions	187,945	2.54%	4,872
Borrowings/Subordinated obligations/Hybrid Tier-1 Capital Securities/Senior debt securities	8,757	3.94%	440

Statement of Value Added

	2018	2017
Value added (RM'million)		
Net Interest Income	3,655	3,522
Income from Islamic Business	1,428	1,079
Non-interest income	1,722	1,783
Overheads excluding personnel costs & depreciation & amortisation	(1,132)	(1,117)
Allowance for credit losses & impairment	(329)	(642)
Value added available for distribution	5,344	4,625

Distribution of Value Added



To employees:

- Personnel costs

To the Government:

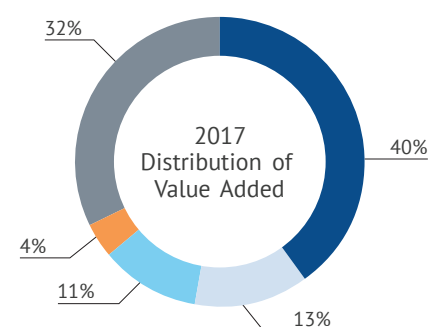
- Taxation (Excluding Deferred Tax)

To providers of capital:

- Cash dividend paid to shareholders

To reinvest to the Group:



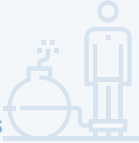



- Depreciation & amortisation
- Retained profit



Capital Management

OVERVIEW

The Group's capital management approach focuses on maintaining a healthy capital position to support its business growth whilst optimising returns to our shareholders. The capital structure and framework are designed to meet not only the regulatory requirements but also to satisfy the expectations of the various stakeholders, such as shareholders, investors and rating agencies. To this end, the Group Capital Management Framework ("CMF") has been put in place to provide an integrated oversight of our capital management activities which cuts across the risk, finance and treasury functions, bringing greater value to the business. The key principles of the Group CMF are listed as follows:

PRINCIPLE		
<p>PRINCIPLE 1</p>  <p>Capital Management Governance</p> <p>Governance is in place to oversee capital management activities and clearly defines roles & responsibilities within the organisation.</p>	<p>PRINCIPLE 2</p>  <p>Capital Management Activities – Capital Strategy</p> <p>The capital strategy is aligned with the overall business strategy, risk profile and regulatory requirements.</p>	<p>PRINCIPLE 3</p>  <p>Capital Management Activities – Capital Planning</p> <p>The Group formulates a comprehensive and forward looking capital plan to support business growth and ensure sustainability.</p>
<p>PRINCIPLE 4</p>  <p>Capital Management Activities – Capital Allocation/ Structuring/Optimisation</p> <p>Robust capital management activities allow the Group to structure capital allocation efficiently across its businesses and entities to maximise returns and ensure optimum utilisation of capital.</p>	<p>PRINCIPLE 5</p>  <p>Capital Analytics</p> <p>This provides insights to formulate the bank's capital management strategy and helps determine capital supply and demand requirements.</p>	<p>PRINCIPLE 6</p>  <p>Capital Reporting & Monitoring</p> <p>This is essential to ensure complete, timely and accurate production of capital information for management decisions.</p>

CAPITAL MONITORING AND PLANNING

Effective capital management is fundamental in maintaining business sustainability. The Group manages its capital position proactively in order to meet the regulatory requirements, expectations from various stakeholders and support its strategic business objectives.

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

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

The Board Risk Committee (“BRC”) and Group Capital and Risk Committee (“GCRC”) are responsible for overseeing the capital planning and assessment process for the Group and ensuring that the Group and its subsidiaries maintain an appropriate level and quality of capital that is in line with its overall risk profile and business strategy.

CAPITAL INITIATIVE DURING THE YEAR

The key capital initiative during 2018 was the capital injection of RM400.0 million into RHB Islamic Bank Berhad in March 2018 to further strengthen its total capital base.

CAPITAL ADEQUACY RATIOS

Under Bank Negara Malaysia’s (“BNM”) Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components), all financial institutions are required to

maintain the regulatory minimum Common Equity Tier 1 Capital (“CET 1”), Tier 1 Capital (“Tier 1”) and Total Capital Ratio of 4.5%, 6.0% and 8.0% respectively. In addition, financial institutions are required to maintain additional capital buffers, namely, the Capital Conservation Buffer (“CCB”) and the Countercyclical Capital Buffer (“CCyB”). The CCB is intended to enable the banking system to withstand future periods of stress and is phased-in at 0.625% each year starting from 1 January 2016 (total of 2.5% by 2019).

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

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

As at 31 December 2018	RHB Bank Group	RHB Bank	RHB Islamic Bank	RHB Investment Group	RHB Investment Bank	Minimum Regulatory Ratio ^{N1}
Before proposed dividends:						
CET 1 Ratio	15.920%	13.818%	13.222%	35.445%	21.323%	6.375%
Tier 1 Ratio	16.128%	14.077%	13.222%	35.728%	21.323%	7.875%
Total Capital Ratio	19.213%	17.398%	16.476%	45.477%	40.757%	9.875%
After proposed dividends:						
CET 1 Ratio	15.488%	13.254%	13.222%	35.445%	21.323%	6.375%
Tier 1 Ratio	15.696%	13.514%	13.222%	35.728%	21.323%	7.875%
Total Capital Ratio	18.780%	16.835%	16.476%	45.477%	40.757%	9.875%

N1: Including Capital Conservation Buffer of 1.875%

Balance Sheet Management

OVERVIEW

At the time of increasing regulatory controls on capital and liquidity requirements, the pressure is on banks to optimise returns to shareholders through balance sheet management. However, challenges remain in striking a balance between growing a sizeable balance sheet and maximising returns to shareholders.

Balance sheet management in RHB is a collective responsibility of all business and functional units across the Group. It entails close collaboration especially from Group Treasury & Global Markets, Group Finance and Group Risk Management. Regular monitoring and comprehensive analysis of the balance sheet position are performed for foreign exchange, liquidity and interest rate risk as well as

profitability management. RHB Group's Asset & Liability Committee ("GALCO") is responsible for reviewing overall balance sheet strategies and composition when considering the growth in assets & liabilities, especially loans & deposits, funding sources, foreign exchange risk, market competitiveness and economic outlook.

The dynamic economic environment compels for banks to strike a balance between a holistic balance sheet management in a stricter regulatory environment and returns improvement to shareholders. Hence, it is imperative for banks to put in place a robust and coherent business strategy that sets the tone for the entire business.

BALANCE SHEET STRUCTURE

RHB's balance sheet is primarily funded through its shareholders' equity, long term debt and core customer deposits. Regular monitoring is performed on our balance sheet composition and funding sources, including concentration limits, counterparty limits, currency exposures and tenor profiles. RHB's long term funding strategy aims to establish a diversified base of funding profile that spread across retail and wholesale channels, whereby priority is accorded to stable deposit funding which provides long term funding advantage to the Group.

With increasing diversification of funding sources, optimising balance sheet structure while managing both net interest margin and regulatory compliance cost remains difficult. The diagram below shows the asset funding structure as at 31 December 2018:

Loans are the largest component of the Group's assets and are fundamentally funded by customer deposits and long term debt. The Group's total net loans, advances and financing have grown by RM7.3 billion to RM165.6 billion as at end of 2018. The Group's loan-to-deposits ratio remains healthy and stays within our target of 98%.

In line with the Group's 5-year strategic plan, RHB will focus on key segments where we can win domestically. This includes the Retail and SME segments, whereby we plan to grow our contribution from these segments from 69% in 2017 to 75% of our total domestic loans and financing by 2022. Additionally, we also aim to increase our penetration rate and share of wallet from the mid and large caps respectively. We will also focus on increasing the efficiency of capital by applying disciplined capital allocation to businesses to improve the risk-adjusted returns and intensifying loan recovery efforts.

KEY HIGHLIGHTS

Net Loans, Advances
& Financing

RM165.6
billion



Securities
Portfolio

RM50.5
billion



Total Equity^{N1}

RM23.4
billion



*N1: Total Equity including
non-controlling interests*

Deposits from
Customers

RM178.9
billion



Investor Relations

The Group's Investor Relations continued to cultivate strong and positive relationship with the investment community through consistent communication. The efforts are aimed at ultimately attaining fair valuations of the share price. In 2018, even as economic challenges persisted, RHB stock gained traction, outperforming both the FBMKLCI and financial sector index.

The year also saw the Group unveiling its new 5-year strategic plan, FIT22, anchored on three priorities namely strengthening Malaysia as the core, targeting key segments to win in, focus on niche overseas and building a winning operating model through the AGILE way of working, digitalisation and customer journeys. Financially, the Group steered cautiously against the challenging local and global economic backdrop to post record profit, continuing the momentum from 2017 performance and achieving most of its financial targets for the year. Likewise, the investment community was kept updated on regulatory requirements such as the implementation of MFRS 9 on 1 January 2018 and its impacts. These events were closely monitored by the investment community, rendering a more proactive role for the Investor Relations team.

In keeping the investment community consistently informed of various issues pertaining to the Group and industry, the Investor Relations team regularly hosts meetings and conference calls as well as participates in conferences and road shows to reach out to investors locally and abroad.

ANALYST BRIEFING FOR QUARTERLY RESULTS ANNOUNCEMENT

The Group conducted four live briefings for the investment community in 2018 on its quarterly financial results. Conference calls were conducted for 1Q18 and 3Q18, whilst face-to-face briefings which included dial-in conference facility were conducted for 2Q18 and 4Q17 to ensure that all relevant stakeholders are able to participate. Further, at the end of the financial results' presentation, participants were given the chance to raise questions to the senior management.

We ensured that the financial results, analyst presentations and press releases were sent on a timely manner to all interested parties and made available immediately on the Group's corporate website.

During the year, engagements with the investment community were led by Group Managing Director, Dato' Khairussaleh Ramli and Group Chief Financial Officer, Syed Ahmad Taufik Albar, together with the Investor Relations team. Financial analysts were also given the opportunity to engage with Head, Group Business and Transaction Banking, Mr. Jeffrey Ng Eow Oo during the Business Banking Day to understand the Group's strategic direction and focus for SME under FIT22.

Quarterly Results Announcement and Business Strategy Updates

Date	Event
27 February 2018	RHB Bank 4Q17 Results
31 May 2018	RHB Bank 1Q18 Results
30 August 2018	RHB Bank 2Q18 Results
28 September 2018	Business Banking Day
27 November 2018	RHB Bank 3Q18 Results

WEBSITE

Our corporate website www.rhbgroup.com is maintained with up-to-date information by a dedicated team, hosting various essential information for the general public which includes among others, information on the Group's profile, financials, products & services and corporate news.

MEETINGS WITH INVESTMENT COMMUNITY

In 2018, the Investor Relations team met 284 analysts, fund managers, shareholders and investors from more than 230 companies via 62 meetings and formal events, including face-to-face analyst briefings, teleconferencing and small group meetings.

	No. of Meetings	No. of Participants
One-On-One/Small Group Meeting and Tele-Conference	29	75
Analysts Briefing	5	169
Conference/Roadshow	28	40
Total 2018	62	284
Total 2017	30	297

There was an increase in the number of meetings but a slight decline in the number of participants compared with the previous year mainly due to smaller meeting groups this year. Nevertheless, we continued to provide guidance on the Group's strategic direction and latest developments as well as promote understanding of the financial performance of the Group.

Investor Relations

ANALYST COVERAGE

RHB stock is covered by most analysts and research houses with 19 covering the stock as at end of December 2018.

No.	Research House	Analyst	No.	Research House	Analyst
1	Affin Hwang Investment Bank	Tan Ei Leen	11	KAF-Seagroatt & Campbell Securities	Rachel Huang
2	AmResearch	Kelvin Ong	12	Kenanga Investment Bank	Ahmad Ramzani
3	CIMB Investment Bank	Winson Ng	13	Macquarie Research	Anand Pathmakanthan
4	Citi Investment Research	Robert P Kong	14	Maybank Investment Bank	Desmond Ch'ng
5	CLSA Securities	Peter Kong	15	MIDF Amanah Investment Bank	Imran Yassin Yussof
6	Credit Suisse Securities	Danny Goh	16	Nomura Research	Tushar Mohata
7	DBS Vickers Securities	Chin Jin Han	17	TA Securities	Wong Li Hsia
8	Hong Leong Investment Bank	Khairul Azizi Kairudin	18	UBS Securities	Chris Oh
9	HSBC Research	Loo Kar Weng	19	UOB Kay Hian	Keith Wee
10	JP Morgan Securities	Harsh Modi			

FOCUS AREAS

Issues discussed during engagement with investors are broadly categorised as follows:



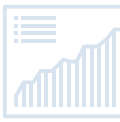



Focus Area		Focus Area	
Overall Strategy	<ul style="list-style-type: none"> • Macroeconomic & Banking Outlook • OPR hike in January 2018 • MFRS 9 implementation • FIT22 and key focus areas including digitalisation and AGILE • ROE • Focus on Retail & SME strategies 	Asset Quality	<ul style="list-style-type: none"> • Credit cost expectation • Stress signs and sectors (watchlist) • O&G – asset quality/recovery • Singapore operations turnaround • Understanding MFRS9 impact
Innovation	<ul style="list-style-type: none"> • AGILE way of working • Digitalisation Progress 	Capital Management Plan	<ul style="list-style-type: none"> • Dividend payout ratio • Capital ratios
Loan	<ul style="list-style-type: none"> • Keydrivers of Retail & SME growth 	Liquidity & Funding	<ul style="list-style-type: none"> • NIM forecast • CASA growth amidst intense competition • NSFR preparation
Cost Management	<ul style="list-style-type: none"> • Cost management initiatives • Improvement in CIR • Digitalisation spending – capex & opex 	GE14/Change of Government	<ul style="list-style-type: none"> • Review of major infrastructure projects

CREDIT RATINGS

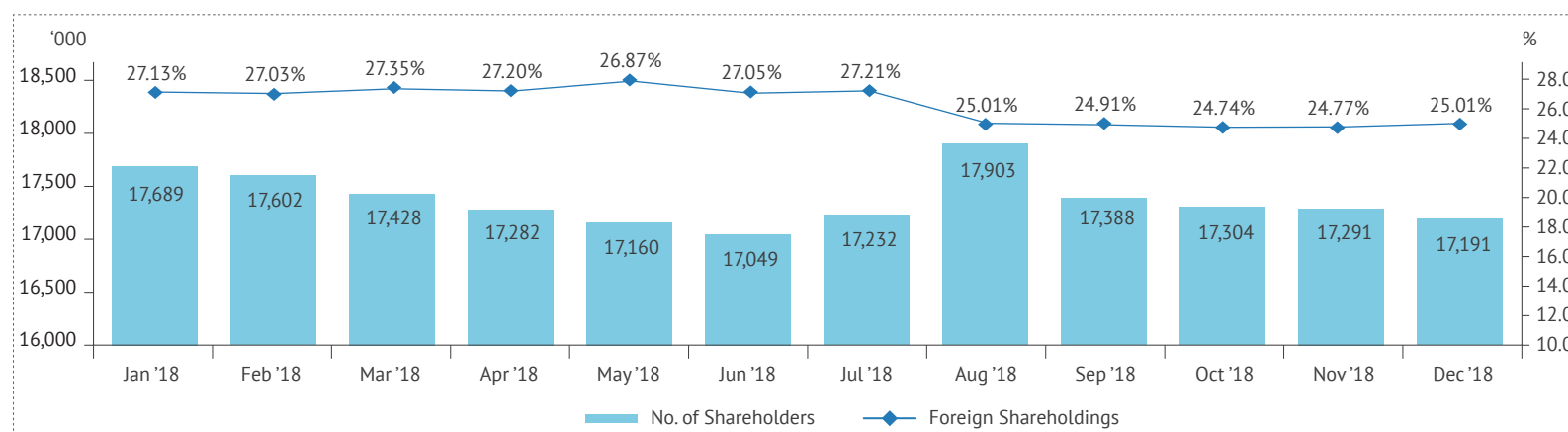
Investor Relations team played an active role in engaging credit rating companies with key ones being RAM Ratings, Standard and Poor's (S&P) and Moody's Investors Services.

Rating Agency	Rating Classification	Ratings		
		RHB Bank Berhad	RHB Investment Bank Berhad	RHB Islamic Bank Berhad
RAM Rating Services Berhad	Long Term Financial Institution	AA2	AA2	AA2
	Short Term Financial Institution	P1	P1	P1
	Outlook	Stable	Stable	Stable
Standard & Poor's Rating Services	Long Term Counterparty	BBB+	BBB+	
	Short Term Counterparty	A-2	A-2	
	Outlook	Stable	Stable	
Moody's Investors Service	Long Term Bank Deposits	A3		
	Short Term Bank Deposits	P-2		
	Baseline Credit Assessment	baa2		
	Outlook	Stable		

OTHER INFORMATION

 <p>Company Name RHB Bank Berhad</p>	 <p>Stock Name RHBBANK</p>	 <p>Stock Code 1066 (Bursa Malaysia)</p>	 <p>Ticker Code RHBBANK MK (Bloomberg) RHBC.KL (Reuters)</p>	 <p>Financial Year End 31 December</p>	 <p>Share Registrar Symphony Share Registrars Sdn Bhd</p>
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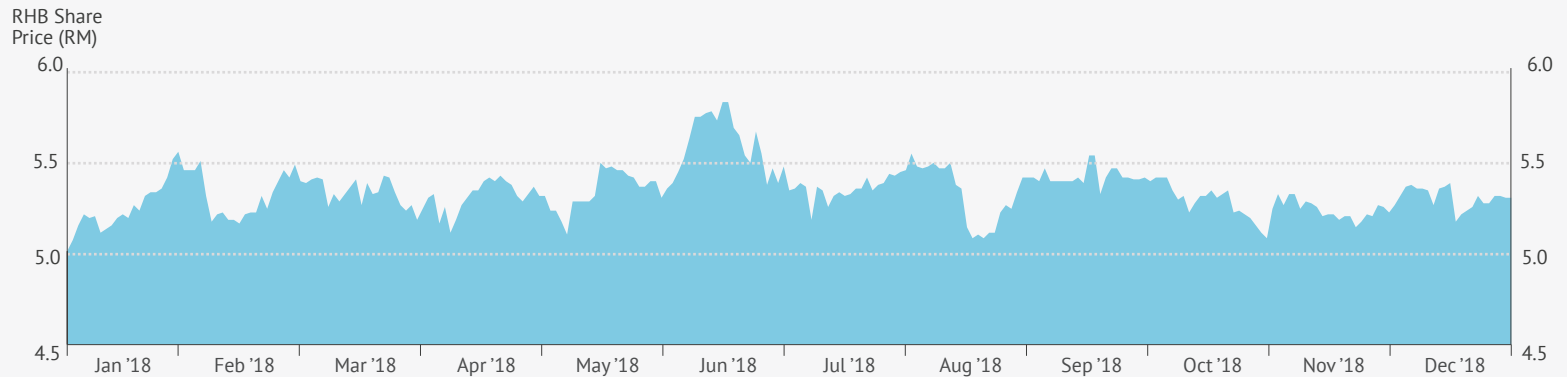
SHAREHOLDER ANALYSIS



Investor Relations

SHARE INFORMATION

RHB Bank Share Price in 2018



Relative Performance of RHB Bank Share Price vs Benchmark Indices



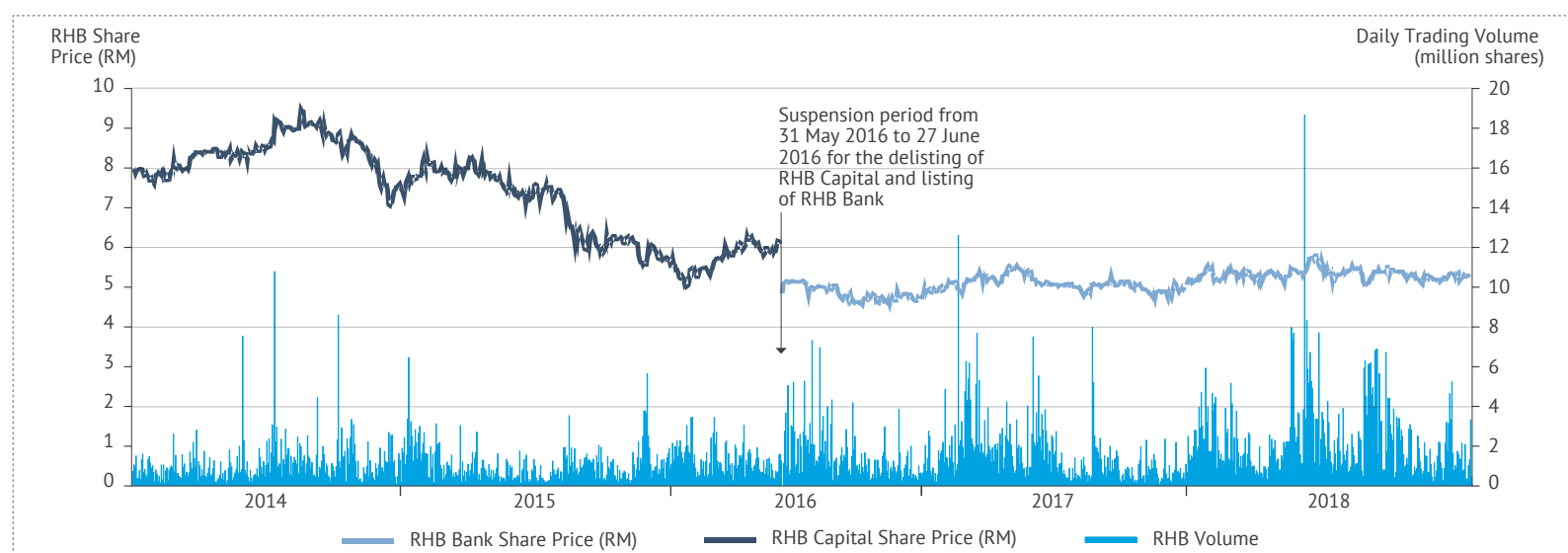
Share Price & Index Performance

	29 December 2017	30 March 2018	29 June 2018	28 September 2018	31 December 2018
RHB (RM)	5.00	5.23	5.46	5.40	5.29
QoQ Change (RM)		0.23	0.23	(0.06)	(0.11)
QoQ Change (%)		4.6	4.4	(1.1)	(2.0)
FBMKLCI (pts)	1,796.81	1,863.46	1,691.50	1,793.15	1,690.58
QoQ Change (pts)		66.65	(171.96)	101.65	(102.57)
QoQ Change (%)		3.7	(9.2)	6.0	(5.7)
KLFIN (pts)	16,861.38	18,227.97	16,649.91	17,799.45	17,296.47
QoQ Change (pts)		1,366.59	(1,578.06)	1,149.54	(502.98)
QoQ Change (%)		8.1	(8.7)	6.9	(2.8)

Share Related Key Highlights

	2018	2017
Market Capitalisation (RM'million)	21,213	20,050
Dividend per share (sen)	20.50	15.00
Dividend yield (%)	3.9	3.0
Basic earnings per share (sen)	57.5	48.6
Total Shareholders Return, TSR (%)	9.3	8.6
Share Price:		
Closing as at 31 December (RM)	5.29	5.00
Average (RM)	5.33	5.07
Highest Closing (RM)	5.81	5.54
Lowest Closing (RM)	5.00	4.69

Historical Share Price Performance



Total Shareholder Return

		2018	2017	2016	2015	2014
1 year TSR (%)						
RHB	(A)	9.3	8.6	11.3	(22.3)	(2.4)
FBMKLCI INDEX	(B)	(3.0)	13.2	0.1	(1.0)	(2.6)
KLFIN INDEX	(C)	6.6	21.9	5.7	(6.5)	(3.8)
RHB's Relative Performance (%)						
FBMKLCI INDEX	(A)-(B)	12.3	(4.6)	11.2	(21.3)	0.3
KLFIN INDEX	(A)-(C)	2.7	(13.3)	5.6	(15.8)	1.5

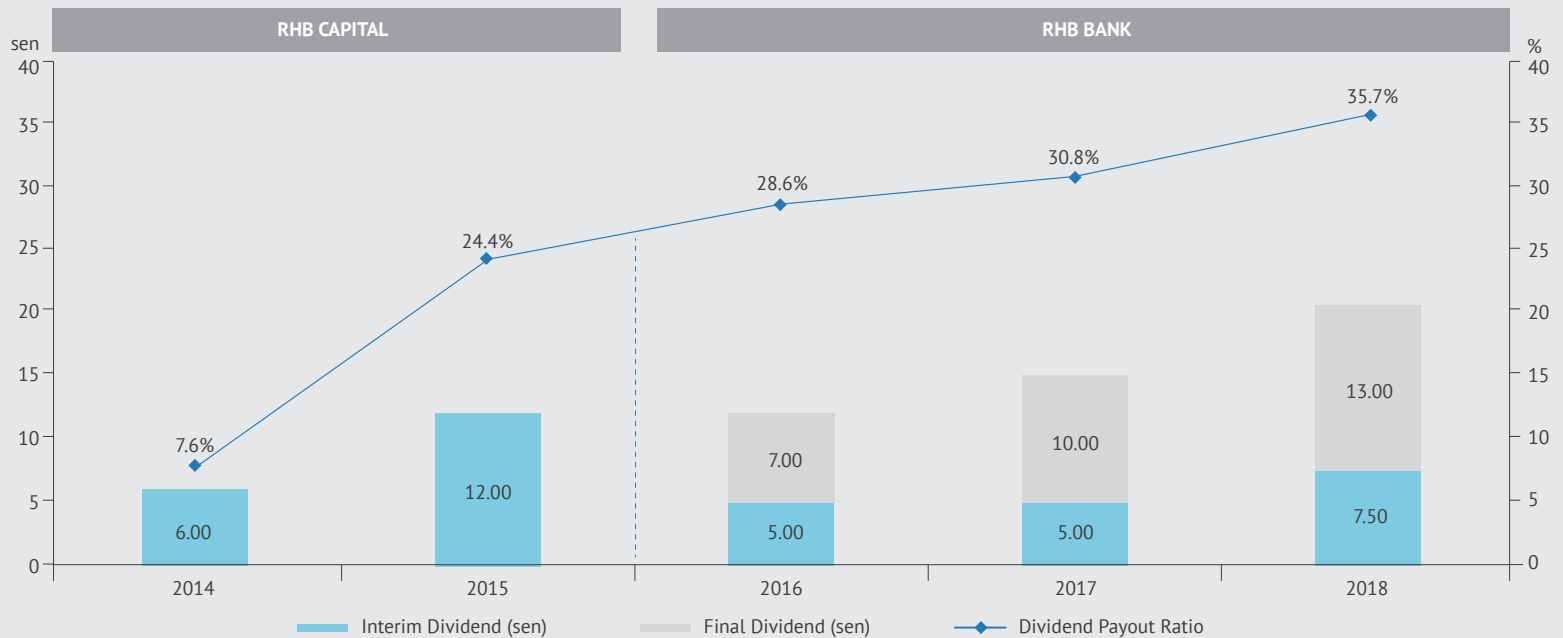
Investor Relations

DIVIDEND

The Group pays a sustainable dividend to its shareholders to meet their expectations over time while maintaining prudent capital levels. The Group's dividend payout also takes into consideration the long-term growth prospect of the business.

The Board of Directors proposed a final cash dividend of 13 sen per share for the financial year ended 31 December 2018. Together with the interim cash dividend of 7.5 sen per share paid in October 2018, the total dividend payout for the financial year ended 31 December 2018 is 20.5 sen per share, translating into a payout ratio of 35.7%, an increase from 30.8% in 2017.

Dividend Trend Summary



Financial Calendar

27 FEBRUARY 2018

Announcement of the audited financial results of **RHB Bank** for the financial year ended 31 December 2017

Press Conference – Announcement of the audited financial results of **RHB Bank** for the financial year ended 31 December 2017

26 MARCH 2018

Notice of Fifty Second Annual General Meeting of **RHB Bank** and issuance of annual report for the financial year ended 31 December 2017

25 APRIL 2018

Fifty Second Annual General Meeting of **RHB Bank**

21 MAY 2018

Announcement of the single-tier final dividend of 10 sen per ordinary share of **RHB Bank** for the financial year ended 31 December 2017

23 MAY 2018

Notice of book closure for determining the entitlement of the single-tier final dividend of 10 sen per ordinary share of **RHB Bank** for the financial year ended 31 December 2017

31 MAY 2018

Announcement of the unaudited financial results of **RHB Bank** for the first quarter of the financial year ended 31 December 2018

30 AUGUST 2018

Announcement of the unaudited financial results of **RHB Bank** for the second quarter of the financial year ended 31 December 2018

Press Conference – Announcement of the unaudited financial results of **RHB Bank** for the second quarter of the financial year ended 31 December 2018

3 SEPTEMBER 2018

Notice of book closure for determining the entitlement of the single-tier interim dividend of 7.5 sen per ordinary share of **RHB Bank** for the financial year ended 31 December 2018

27 NOVEMBER 2018

Announcement of the unaudited financial results of **RHB Bank** for the third quarter of the financial year ended 31 December 2018

Break

barriers,
Empower business dreams.





Business Review

111 Group Retail Banking | **115** Group Business & Transaction Banking | **118** Group Wholesale Banking |
128 Group Shariah Business | **131** Group Insurance | **133** Singapore Operations | **136** International Business

Business Review

Group Retail Banking

INTRODUCTION

RHB'S RANKING IN PREMIER BANKING PENETRATION SUCCESSFULLY MOVED UP FROM FIFTH TO THIRD SPOT IN 2018*. WITH DOUBLE-DIGIT GROWTH IN TOTAL ASSETS TO RM84.6 BILLION, GROUP RETAIL BANKING WILL ACCELERATE THIS POSITIVE GROWTH TRAJECTORY BY TARGETING THE AFFLUENT SEGMENT.

*Based on RFI research Malaysia Priority & Retail Banking Council H2 2008

WHO WE ARE AND WHAT WE DO

Group Retail Banking (“GRB”) provides both conventional and Shariah-compliant consumer banking solutions, such as mortgage, auto financing, ASB financing, personal financing, credit card, payment, current and savings accounts, fixed deposit, investment and insurance products to more than 3 million retail customers.

OUR PROGRESS ON FIT22

Grew Affluent segment base by leveraging on SME customer base	<ul style="list-style-type: none"> Increased Affluent customer base from 113k to 134k; on track to achieve customer target due to improved SME leads generation and productivity uplift
Attracted more retail deposits to narrow the gap with retail assets	<ul style="list-style-type: none"> Grew deposits by 10.4% from RM47.5 billion (FYE2017) to RM52.5 billion (FYE2018) Set up a new deposit sales structure to focus on deposit at branches
Transformed branches through our ‘Community Banking’ and ‘Branch of the Future’ strategies for greater efficiencies, reach, and performance	<ul style="list-style-type: none"> Reskilled the competencies of our Branch Managers to lead their branches to become influential members within their respective surrounding communities, by understanding the local businesses and their banking needs
Executed RHB Way to deliver superior customer experience and service excellence	<ul style="list-style-type: none"> Improved Group NPS from -9 to 0; improved GRB NPS by 20 points from -12 to 8, outpacing average industry improvement of 8 points

FINANCIAL PERFORMANCE

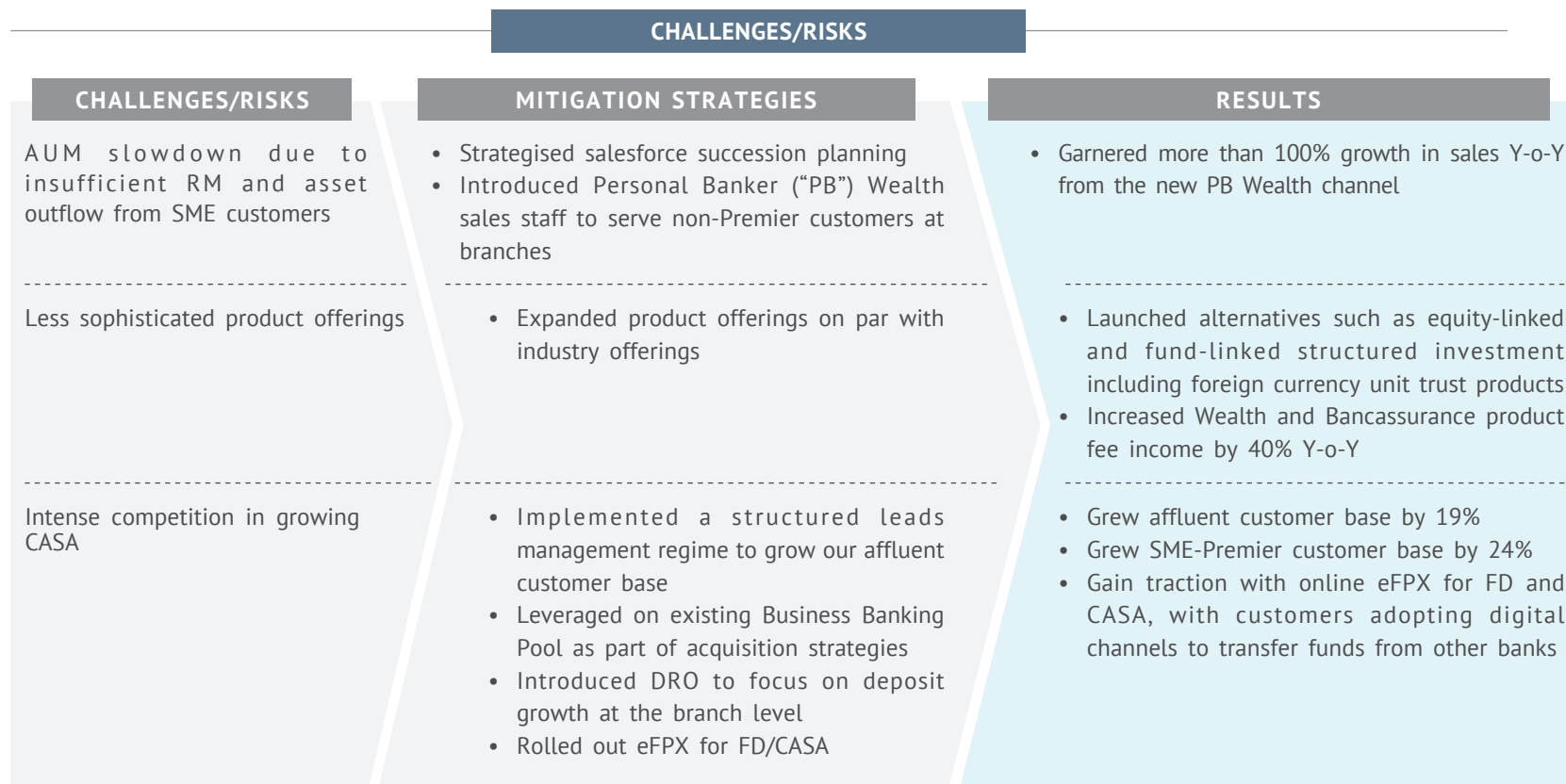
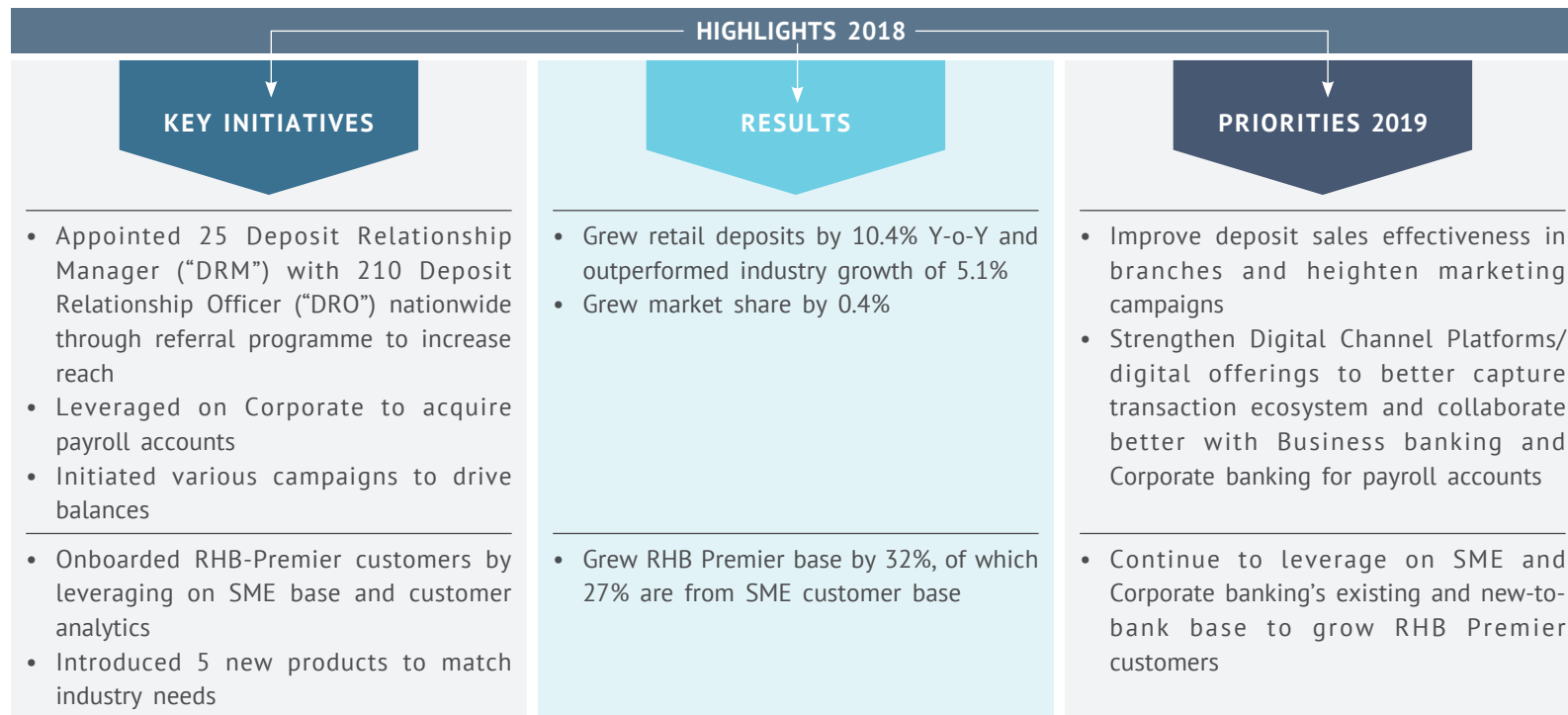
- Volume of retail deposits grew by 10.4% against the industry average of 5.1%, from RM47.5 billion (FYE2017) to RM52.5 billion (FYE2018), primarily from FD growth
- Market share increased from 7.05% (Dec'17) to 7.38% (Dec'18)

Pre-tax Profit RM1,002.7 million	Pre Tax Profit Growth 4.4%	Total Income RM2,423.9 million	Total Income Growth 10.0%	Loans RM84.6 billion
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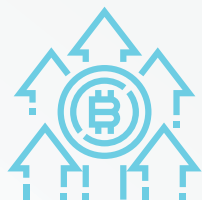
Group Retail Banking

 <p>AWARDS & RECOGNITION</p>	<p>2018 CX Asia Award Best CX Personality Award – CX Rockstar (Michelle Liew); Best Employee Engagement Award – Bronze</p>	<p>Principal International – Asia Sales Conference Awards 2018 Malaysia: Best Overall Performance for AUM Growth</p>	<p>ASNB Starz Awards Night TOP 10 Excellent Financial Advisor for all ASNB; Highest Sales of Amanah Saham Nasional; Top Referral Award; Top Financial Advisor with highest sales for all ASNB Variable Priced Products by Agents (Individual); Highest No. of ASNB Transactions by Agent (Branch)</p>	
	<p>Malaysian E-Payment Excellence Awards 2018 Best Customer Experience (Direct Debit); Top FPX Acquirer; Top JomPAY Acquirer</p>	<p>9th Retail Banker International Asia Trailblazer Summit & Awards 2018 Runner up for Best Mortgage Offering for RHB MyHome App</p>		
	<p>2018 Visa Award Most Innovative VISA Card Design 2017; Highest Card Growth 2017 (No. Of Cards); Highest Payment Volume Growth 2017 (Total Spend); Highest Payment Volume Growth 2017 (Total Spend)</p>	<p>2018 Customer Experience in Financial Services Award Best Customer Experience Business Model (Winner); Best Customer Experience – Call Centre (Highly Commended); Best Client On-Boarding Initiative (Highly Commended)</p>		

HIGHLIGHTS 2018		
KEY INITIATIVES	RESULTS	PRIORITIES 2019
<ul style="list-style-type: none"> • Focused on asset products, mainly home loans, ASB Financing, and personal loans through innovation and sales productivity • Grew fee income focusing on investment and bancassurance productivity through RMs and sales channel <hr/> <ul style="list-style-type: none"> • Built customer experience (“CX”) bench strength • Facilitated knowledge transfer between CX specialists to groom 100 design thinkers and CX experts 	<ul style="list-style-type: none"> • Increased total loans by 11% Y-o-Y and focused on innovation and productivity • Increased total deposit by 10% Y-o-Y through various deposit initiatives and structural changes to increase overall productivity • Increased contribution to retail fee income from Wealth and Bancassurance, from 45% – 50% 	<ul style="list-style-type: none"> • Create an overall customer experience via an end-to-end mortgage ecosystem, loyalty programme, and credit card payment ecosystem • Creating convenience for CASA customers to open a transactional account (i.e. RHB Smart Account/-i) through RHB riders and online account opening through payroll acquisitions and community banking • Develop new products in wealth financing and generate investment through EPF • Heighten cross-selling throughout Group Retail Banking and collaborate with other divisions <hr/> <ul style="list-style-type: none"> • Explore different service models, e.g. robo-advisors for long-tail Premier clients • Integrate more with Agile, which defines the new customer-centric, collaborative way of working



Group Retail Banking



OUTLOOK AND PROSPECTS

2019 will be a continuum of the Affluent journey, with renewed focus on attracting the emerging Affluent segment. To expand our customer base in this segment, we will offer differentiated propositions for different age groups.

We expect to maintain decent growth from the strong momentum achieved in 2018. Wealth Management will enlarge its investment product offering by launching new innovative products in 2019 to drive higher sales and AUM growth. Group Retail Banking will maintain a cautious stance on mortgages in 2019. We anticipate greater uncertainty in the housing market in the period ahead, prompting changes or review to our credit practice and stringent lending policy should housing prices fall.

GRB will focus on accelerating digital channel capabilities, specifically the launch of a wealth advisory tool to boost RM capacity and efficiency and branch network transformation to focus on Community Banking.

Business Review

Group Business & Transaction Banking

INTRODUCTION

GROUP BUSINESS & TRANSACTION BANKING CONTINUED TO CHART GOOD PERFORMANCE IN 2018 AMIDST CHALLENGING MARKET CONDITIONS. WE ARE MOSTLY ON TRACK TO 'CONTINUE TO WIN IN THE SME SPACE' UNDER THE FIT22 PLAN, WHERE WE AIM TO BE A TOP 3 SME BANK IN MALAYSIA AND GROW OUR CONTRIBUTION TO 20% OF TOTAL GROUP'S DOMESTIC LOANS BY 2022. WE ASPIRE TO BE THE PREFERRED SME & TRANSACTION BANK IN MALAYSIA.

WHO WE ARE AND WHAT WE DO

Group Business and Transaction Banking (“GBTB”) offers a wide range of business solutions ranging from loans/financing, deposits, FX, remittance and interbank business among others. GBTB consist of Group Business Banking segment and Group Transaction Banking segment. The former provides financing solutions to SMEs and family-owned enterprises, while the latter caters to local SMEs, large corporates, and financial institutions with trade and cash management solutions.

GBTB’s comprehensive transaction banking solutions today include an online platform for supply chain financing to support the end-to-end working capital needs of clients as well as cash management activities with complete payment and collection solutions. Our objective is to help SMEs by making everyday business simple and convenient.

OUR PROGRESS ON FIT22

Continue to win in SME space	<ul style="list-style-type: none"> Group Business Banking continued to outpace SME Industry asset growth with Y-0-Y growth of 5.7% relative to a flat Industry growth Made significant strides in our SME Digital journey with the launching of SME Online financing, Reflex Mobile App and enhanced e-Solution Successfully transformed our SME business division to Agile@Scale to allow our business units to operate with strong interdisciplinary collaboration
Grow contribution to 20% of Group’s total domestic loans by 2022	<ul style="list-style-type: none"> Group Business Banking now makes up 16.4% of total Group’s Domestic loans

FINANCIAL PERFORMANCE

GBTB recorded Pre-tax Profit of RM397.7 million on the back of strong revenue growth of 6.6%, driven by enhanced NIM management as we continue to grow our portfolio with faster-than-market loans and deposits growth.

Pre-Tax Profit RM397.7 million	Loans RM25.3 billion	Deposits RM25.7 billion	Revenue RM1,084.1 million	Cost-to Income Ratio 55.1%
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Group Business & Transaction Banking

<p>AWARDS & RECOGNITION</p> 	<p>The Asian Banker The Best Trade Finance Bank in Malaysia 2018</p>	<p>Asian Banking & Finance Digital Banking Initiative of the Year – Malaysia; Domestic Trade Finance Bank of the Year – Malaysia</p>	<p>The Digital Banker Excellence in SME Banking; Best Digital Wallet of the Year</p>
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HIGHLIGHTS 2018		
KEY INITIATIVES	RESULTS	PRIORITIES 2019
<p>Expanded touchpoints and accelerated sales productivity to drive growth in the small business segment</p> <hr/> <p>Drive Deposits growth by building a connected SME ecosystem</p> <hr/> <p>Adopted digitalisation and data analytics to drive top line revenue growth</p>	<ul style="list-style-type: none"> Continued to outpace SME industry in assets growth, driven by robust Retail SME segment Contributed approximately 58% to total Group Business Banking's assets from Retail SME <hr/> <ul style="list-style-type: none"> Strong Deposits growth of 15.8%, resulting in increased market share <hr/> <ul style="list-style-type: none"> Launched SME Online Financing Launched Reflex mobile app, Enhanced integrated e-solutions ecosystem for SMEs Increased analytics value creation by 2.7x Y-o-Y 	<p>Continue our focus on small businesses to drive growth</p> <hr/> <p>Continue to build on connected ecosystem as key differentiator</p> <hr/> <p>Leverage on digital and the AGILE way of working to drive profitability and cost efficiency</p>

CHALLENGES/RISKS		
CHALLENGES/RISKS	MITIGATION STRATEGIES	RESULTS
Higher credit cost with the implementation of MFRS9 in 2018 which required more prudent treatment of loan loss provision	<ul style="list-style-type: none"> Managed high-risk accounts pro-actively with better monitoring and enhanced collection effectiveness and capacity to effectively manage asset quality 	Stable net impairment losses and lower charge-off rate Y-o-Y
Challenging macroeconomic environment with lower demand for funding amidst slowing GDP and increased competition among financial institutions for the SME segment	<ul style="list-style-type: none"> Optimised distribution network to focus on high-growth areas within the small business segment and enhanced customer experience through SME digital journey Increased use of analytics for better targeting, customer acquisition, and cross-selling 	Grew Retail SME Segment by 11.2% Y-o-Y
Intense deposit competition among local banks with increasing deposit volatility and higher cost of deposit	<ul style="list-style-type: none"> Differentiated approach in growing deposits by anchoring our value proposition through customer journey mapping and, leveraging on digital and the Agile way of working 	Grew deposits by 15.8% Y-o-Y while consistently maintaining our CASA to total deposit ratio above 50% by managing our funding cost



Moving into 2019, we remain cautiously optimistic as we settle into slower national GDP growth and a challenging macroeconomic environment. We expect SME GDP growth to continue to outpace national GDP.

Group Business & Transaction Banking will continue to build a distinct competitive advantage with the following focus:

- Expand small business segment to drive growth
- Leverage on connected ecosystem as key differentiator
- Scale our FSC ecosystem and shift focus towards export-related deals
- Enhance operational efficiency and customer satisfaction
- Improve asset quality management with comprehensive end-to-end coverage

The digital and the AGILE way of working will feature prominently in our customer journey. Group Business and Transaction Banking will continue to leverage on our key success factors: strong leadership, good Relationship Manager culture, and strong product and platform to differentiate from competitors.

Business Review

Group Wholesale Banking

INTRODUCTION

GROUP WHOLESALE BANKING WAS ESTABLISHED TO SERVE OUR CUSTOMERS IN A MORE HOLISTIC AND COORDINATED MANNER. WITH CLOSE COLLABORATION AMONG THE BUSINESSES WITHIN THE GROUP AND SYNERGIES FROM ENHANCED COMMON FUNCTIONS AND CAPABILITIES, GROUP WHOLESALE BANKING PULLED TOGETHER A SOLID PERFORMANCE.

WHO WE ARE AND WHAT WE DO

Group Wholesale Banking's ("GWB") is anchored on four key pillars: Investment Banking, Corporate Banking, Treasury and Global Markets and Asset Management. It provides financial advisory and solutions to Corporates in ASEAN. Our business growth solutions include M&A advisory, target/buyer search, financial structuring and funding. We optimise customers' efficiency with cash management, trust and custody, trade solutions and cross-border transactions. Our trading platform, asset management, and research insights help customers make sound investment decisions.

FINANCIAL PERFORMANCE

In 2018, GWB registered a 4.5% increase in total income for RM2,957.9 million and 2.7% increase in pre-tax profit to RM1,782.6 million. While improved asset quality and provision write-back due to enhanced risk management and new MFRS 9 implementation were among the contributing factors to the solid performance, the business as a whole experienced robust operating profit growth of 6.0%. This was driven preliminarily by market share increases in a number of our businesses, improved operational efficiency and solid cost controls, closer intra-Group collaboration, and enhanced digitalisation of our systems.

Pre-Tax Profit	Total Income	Total Income Growth	Profit Before Tax Growth	Operating Profit Growth
RM1,782.6 million	RM2,957.9 million	4.5%	2.7%	6.0%

OUR PROGRESS ON FIT 2018 – 2022

Increase share of wallet for large caps	<ul style="list-style-type: none"> Achieved 84% of the 2018 target for revenue uplift. Ranked No. 3 in terms of corporate loan position, consistent with our overall strategy to rebalance loan portfolio.
Enhanced penetration into mid caps	<ul style="list-style-type: none"> Expanded mid caps by 19 clients with revenue uplift forecasted to exceed target. Achieved 86% of the 2018 target for revenue uplift. Improved traction through adoption of systematic lead screening and client targeting approach. This was championed through mid cap coverage and product-focused teams.
Position overseas IB business to focus on niche products	<ul style="list-style-type: none"> Turned the corner with profit recorded in Indonesia and Thailand Retail Equities Business. Gained good traction in growing Thailand Retail Equities.

Group Investment Banking

Group Investment Banking (“GIB”) is one of the leading capital markets player in Malaysia with a top 3 market share in debt capital market, equity capital market and advisory. Supported by a team of experienced product specialists, GIB offers a full range of investment banking products and services covering primary markets such as advisory (corporate & debt restructuring, mergers & acquisitions, takeovers), fundraising via both equity and debt instruments and secondary markets including securities trading and lending for our corporate, institutional (private and public sectors) and retail clients. The teams leverage on the RHB Banking Group’s regional platform to provide cross-border transactional services to clients across the ASEAN and Greater China regions. Our platform allows our clients to trade in futures and commodities on Bursa Malaysia Derivatives and 17 other international markets.

FINANCIAL PERFORMANCE

Total Income
RM768.3
million

Improved Cost
Optimisation by
RM13.5
million

Improved Total
Capital Ratio to
45.5%

AWARDS & RECOGNITION



Bursa Excellence Awards

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

The Asset Triple A Country Awards

- Best Secondary Offering
- Best Follow-on Offering
- Best Mergers & Acquisitions (M&A)

Financeasia Achievement Awards

- Best Singapore Deal (M&A)

Alpha Southeast Asia – 12th Annual Best Financial Institution Awards in Southeast Asia

- Best Retail Broker in Malaysia
- Best Small to Mid Cap Corporate Finance House in Singapore

Alpha Southeast Asia – 12th Annual Best Deal & Solution Awards in Southeast Asia

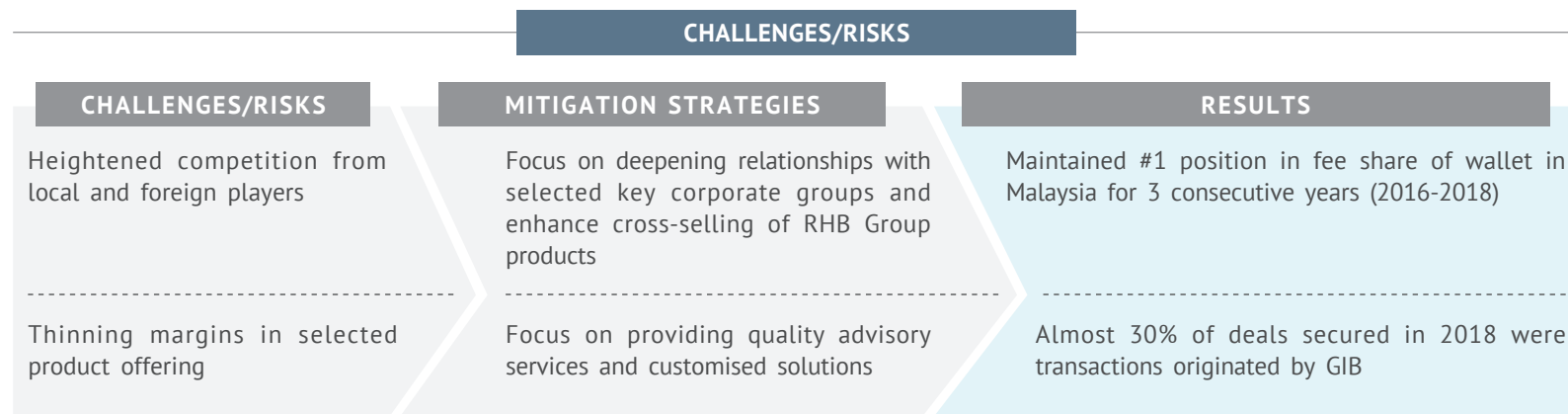
- Best Sukuk Deal in Southeast Asia
- Best Wakalah Deal in Southeast Asia
- Most Innovative Sukuk Deal in Southeast Asia
- Most Innovative Bond Deal in Southeast Asia
- Best Domestic M&A Deal (Singapore) in Southeast Asia

The ASSET Triple A Islamic Finance Awards

- Best SRI Sukuk
- Best Government-Guaranteed Sukuk
- Best Retail Sukuk
- Best Corporate Hybrid Sukuk
- Best Islamic Deal (China)

Group Wholesale Banking

HIGHLIGHTS 2018		
KEY INITIATIVES	RESULTS	PRIORITIES 2019
<p>Capital Markets:</p> <ul style="list-style-type: none"> • Focus on securing principal roles in large and mid cap deals • Drive unicorn deals 	<ul style="list-style-type: none"> • Acted as joint lead manager in the RM5.085 billion issuance out of RM5.28 billion Sukuk Wakalah Programme for Edra Energy Sdn Bhd • Acted as joint principal adviser in Serba Dinamik Holdings Berhad's RM427.2 million primary placement • Acted as joint adviser to Air Asia Group Berhad in its RM4.65 billion disposal of aircraft leasing operations 	<ul style="list-style-type: none"> • Build a wider client base, locally and regionally by leveraging on the group's ASEAN presence • Develop a strong deal pipeline
<p>Institutional Equities:</p> <ul style="list-style-type: none"> • Improve service coverage to key fund managers regionally • Increase Direct Market Access ("DMA") market share • Increase contribution of placement deals (secondary & IPOs) to total brokerage 	<ul style="list-style-type: none"> • Improved ranking on EPF broker panel list in Malaysia • Doubled the average DMA market share from 2017 to 2018 • More than 10% of total brokerage contribution come from placement deals in 2018 	<ul style="list-style-type: none"> • Continuous improvement in service coverage for key local and regional fund managers • Target more revenue-generating accounts with the thematic research materials • Offer Regulated Short Selling ("RSS") and Securities Borrowing and Lending ("SBL") • Maintain good fund-client relationship for IPOs/Placements
<p>Retail Equities:</p> <ul style="list-style-type: none"> • Leverage on Asset Lite and TR Mobility business model for growth • Set up Islamic Share Margin Financing ("SMF") 	<ul style="list-style-type: none"> • Completed the streamlining of non-performing remisiers • Islamic SMF setup is in progress with internal approvals obtained 	<ul style="list-style-type: none"> • Defend position as #1 Retail Broker in Malaysia by maintaining a productive strength of dealers • Roll out marketing campaigns to increase SMF to more large cap and mid cap clients, leveraging on bank branches to offer online SMF • Finalise details of Islamic SMF product launch



The capital market is projected to see volatility in 1H 2019 with foreign investors trading cautiously whilst market recovery is only expected in 2H 2019 as sentiments further improve. Amid a cautiously optimistic outlook for the country in 2019, GIB is also optimistic about the prospect for its business given its robust pipeline of capital market deals. We will continue to drive strategies to increase our revenue base and be vigilant to keep our operating expenses low. On the international front, we will focus to grow our regional businesses in niche areas where we can win and we will also continue to enhance governance and strengthen our operational efficiency.

Group Wholesale Banking

Group Corporate Banking

Group Corporate Banking meets the funding needs of corporates in the region through a comprehensive range of conventional and Shariah-compliant financing solutions. Our solutions include funding for working capital requirements, trade financing, foreign currency trading and hedging, project financing, syndicated loans, as well as corporate funding and debt-raising exercises. We provide bespoke structured financing and win-win value propositions to progress together with our clients.

FINANCIAL PERFORMANCE

- 1.2% and 99.6% growth in revenue and Pre-tax Profit respectively in FY2018, with prime contributions from higher net interest margin, and a lower charge on loan impairment
- Total loans declined by 3% Y-o-Y mainly attributed to large loan repayments which occurred in FY2018

Pre-Tax Profit Growth
99.6%

Revenue Growth
1.2%

Loans Growth
-3%

Deposits Growth
-9%

AWARDS & RECOGNITION



Islamic Business & Finance Southeast Asia Awards 2018

Best Corporate Bank

HIGHLIGHTS 2018

KEY INITIATIVES

Deploy capital effectively

Manage watchlist accounts proactively

Collaborate with internal product partners and businesses to deliver holistic financial solutions

RESULTS

Improved ROA by 1.4%

Lowered loan impairment loss by 84% Y-o-Y

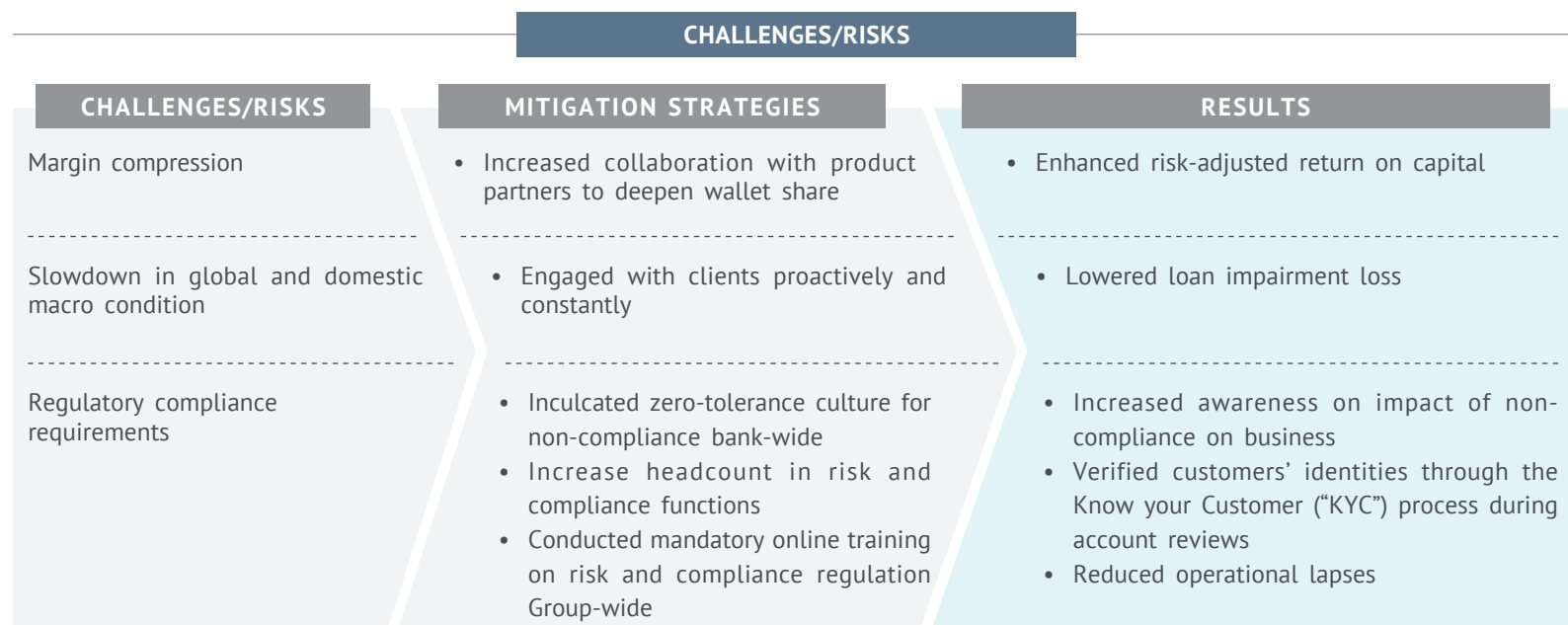
Closed deals for customised cash management collection, payment solution, and financial supply chain solution with our clients

PRIORITIES 2019

Continue to deploy capital effectively

Protect asset quality

Heighten cross-selling as one of the key revenue growth drivers and improve profitability



Group Corporate Banking’s primary focus in 2019 will be to maintain reasonable growth in targeted customer segments with improved returns whilst maintaining asset quality through prudent lending. Operationally, our business will focus on improving efficiency with a defined structure and designated units capable of streamlining our administrative functions and credit processes. This will improve overall productivity and enhance our service delivery levels to attain optimal customer satisfaction, based on a strong risk and compliance culture.

Group Wholesale Banking

Treasury and Global Markets

Group Treasury offers a comprehensive suite of treasury products and solutions including foreign exchange (“FX”), capital markets, structured products, money market investment and Islamic Treasury products catering to the hedging and investment demands of our diverse customers in Malaysia, Singapore, Thailand, and Indonesia. Our Multi-Currency Account (“MCA”) offers foreign currency settlement which facilitates FX trade in 19 global currencies.

FINANCIAL PERFORMANCE

- Our net income increased 6% Y-o-Y to RM1,349 million due to 54% Y-o-Y increase in Non-interest Operating Income (“NOII”), offset by 3% decrease in Net Interest Income (“NII”).
- Our Pre-tax Profit increased 2% Y-o-Y due to the increase in net income, offset by 22% increase in operating expenses and higher stage 1 expected credit loss in tandem with the growth in corporate bond portfolio.

Pre-Tax Profit
RM1,189 million

Total Revenue
RM1,349 million

Revenue Growth
6%

Segment Profit Before Tax Growth
2%

AWARDS & RECOGNITION



Asian Banking and Finance Wholesale Banking Awards 2018

Domestic Foreign Exchange Bank of the Year

The Asset Benchmark Research Awards 2018 – Asian Local Currency Bonds

1st in Top Bank in Government Bonds, Malaysia; 2nd in Top Bank in Corporate Bonds, Malaysia

HIGHLIGHTS 2018

KEY INITIATIVES

Collaborate closely with other business segments to deliver innovative products and solutions that suit customer needs

Defend and grow FX market share with technological and regulatory changes

Reduce cost of funds to enable competitive pricing

RESULTS

- Launched several new products in 2018

- Sustained double-digit sales growth with Y-o-Y revenue in Malaysia improving 13%
- Broadened customer base as well as contact points for selling FX and Derivatives, as a result of our FIT22 initiative with other segments

- Achieved 130% on the targeted cost-saving in 2018

PRIORITIES 2019

Continue to drive productivity and efficiency, especially after full implementation of integrated treasury management system in the regions we operate

Provide customers with digitised distribution channels and promote cross-selling of products across segments and regions

Offer alternative products to interbank market to achieve cheaper cost of funding. Target additional cost savings in 2019 from new products on top of the usual cost saving initiatives

CHALLENGES/RISKS		
CHALLENGES/RISKS	MITIGATION STRATEGIES	RESULTS
Threats from non-bank competitors that may erode our market share for FX transactions (e.g. eWallet providers such as BigPay, WeChat Pay, Alipay)	<ul style="list-style-type: none"> Enhanced customer experience and improved operational efficiency through digitised channels 	Strengthen our ability to attract and retain customers
Global events such as geopolitical risks and uncertainty in global trade wars and Brexit uncertainty have caused the flip-flopping of market direction	<ul style="list-style-type: none"> Adjusted trading position/view constantly in response to market changes Diversified range of traded asset classes and countries 	Capitalised on opportunities in market volatilities with our expanded warehousing capabilities and increased hedging and investment structures across all asset classes
Abolishment of GST, introduction of SST and reassessment/restructuring of government-guaranteed obligations on our sovereign credit rating that will impact mark-to-market of the Malaysian fixed income portfolio in the short to medium term	<ul style="list-style-type: none"> Participated in principal dealership obligation and continuously rebalanced portfolio and duration in tandem with our view on interest rate direction 	Reduced negative carry bonds and improved portfolio yield



We expect market volatilities and a stronger Ringgit in 2019 to stimulate greater trading and sales opportunities, while the successful rollout of new phases of the Murex system covering fixed income and money markets in Malaysia and Singapore in the second half of 2018 will further elevate our operational efficiencies. This will be supplemented by the enhanced asset and liability management system aimed at streamlining the liquidity management process.

Group Treasury and Global Markets will look to lower cost of funds to enable competitive product pricing across the Group and region. We will make use of treasury systems to offer innovative products and solutions for sales, trading, investment, and funding under various market conditions. Our digitisation focus will continue to automate customer transactions for improved banking experience and manage threats from non-bank competitors.

Group Wholesale Banking

Group Asset Management

Asset Management has expertise in managing a full range of investment management advisory, product development and trustee services. Our solutions cover equities, fixed income, mixed assets, cash management, and alternative investments in discretionary and non-discretionary mandates, private retirement schemes, private funds, and structured investments. Our trustee business include estate planning, will writing, private trust, REITs, corporate trust, and escrow account management.

FINANCIAL PERFORMANCE

- For the financial year 2018, Malaysia Asset Management recorded a total income of RM105.3 million and Pre-Tax Profit of RM47.4 million despite the challenging market environment.

Pre-Tax Profit
RM47.4 million

Total Income
RM105.3 million

Income Growth
1.8%

AWARDS & RECOGNITION



Asia Asset Management
2018 Best of the Best Awards
Performance Award
– ASEAN Equity (3 years)

BENCHMARK Fund of the Year
Awards 2018
House Awards (Asia Fixed Income)
– Best in Class

Insurance Asia News
Institutional Asset
Management Awards
2018

Best Single Country Fixed
Income Manager; Best
Islamic Equity Manager;
Insurance Fund House of
the Year (Indonesia)

Thomas Reuters Lipper
Global Islamic Fund Awards
2018

Bond MYR – Malaysia Islamic
(3 years; 5 years; 10 years)

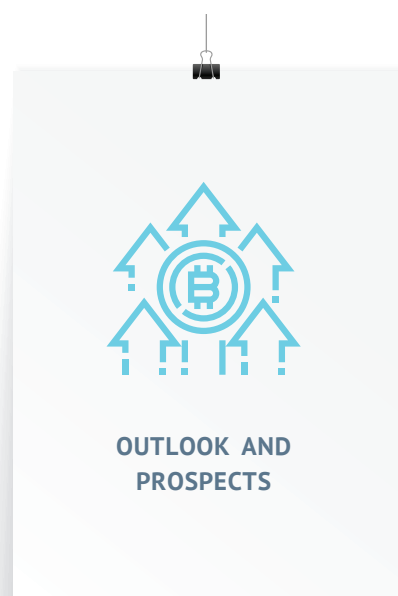
AsianInvestor Asset
Management
Awards 2018

Market Awards – Best Onshore
Fund House (Malaysia)

Investor-Infovesta Top
Mutual Fund Awards 2018

Best Equity Mutual Fund
(5-year category with assets
between IDR100 – 500 bn)

Note: Figures are for Malaysia Asset Management business only



Increased volatility and two sell-offs in the last quarter of 2018 contributed to a challenging fundraising environment but we continue to be committed to delivering investment updates and solutions to equip our clients with necessary tools to guide informed decision-making.

Our deep bench of investment professionals, which was further strengthened over the last year, will add deeper value in the analysis of stocks and credits as well as asset allocation strategies. This will augur well in assisting investors in navigating through the market volatility which will continue to persist throughout 2019. We will continue to bring to market innovative products, to develop existing and new sales channels, enhance operational efficiency, and meet client’s investment objectives in the year ahead.

Business Review

Group Shariah Business

INTRODUCTION

RHB ISLAMIC BANK (RHB ISLAMIC) CLOSED THE YEAR BY RANKING 3RD FOR FINANCING ASSETS AND 5TH FOR DEPOSITS AND PRE-TAX PROFIT AMONG THE ISLAMIC BANKS IN MALAYSIA. OVERALL, RHB ISLAMIC BANK HAS RECORDED YEAR AFTER YEAR OF SUCCESSFUL PERFORMANCES IN TERMS OF ITS TOP LINE KPIS PARTICULARLY FROM A PROFITABILITY AND FINANCING ASSET GROWTH PERSPECTIVE.

WHO WE ARE AND WHAT WE DO

RHB Islamic is the Group's Islamic banking arm, providing Shariah-compliant banking and financial services under four business units: Retail Banking, Corporate & Investment Banking, Business & Transaction Banking and Islamic Treasury. Shariah banking services are available at more than 200 RHB branches in Malaysia and at the Singapore branch.

OUR PROGRESS ON FIT22

Target to reach 40% of financing assets ("FA") contribution to Group	<ul style="list-style-type: none"> Increased domestic financing assets contribution to Group from 16.7% in FYE2013 to 34.2% in FYE2018. We remain on target to achieve 40% by 2020.
Target to reach Top 3 position by FA	<ul style="list-style-type: none"> Expanded the financing asset base aggressively, resulting in a strong 3-year CAGR of 24% by end of 2018. We will defend our top 3 position by FA having achieved it in 2018.
Target to achieve ROE of more than 12.5%	<ul style="list-style-type: none"> Rolled out a well-designed Islamic transformation exercise in mid-2014 that positively impacted RHB Islamic's ROE achievements. In the last 3 years RHB Islamic saw its ROE sustainably averaging between 11.8% to 12.0% annually. ROE for 2018 recorded 11.9%.
Target to achieve business mix of 60% Retail, 30% Corporate, and 10% Business Banking	<ul style="list-style-type: none"> As at end of 2018, RHB Islamic's Retail, Corporate and Business Banking contributions stood at 54%, 39% and 7% respectively.

FINANCIAL PERFORMANCE

- Total income saw a healthy Y-o-Y growth of 24% on the back of an encouraging financing asset expansion of 21.7%
- Pre-tax Profit surged upwards by 20.7% from RM479.9 million to RM579.2 million

Pre-Tax Profit RM579.2 million	Total Income RM1,078 million	Gross Financing RM52.3 billion	Customer Deposits RM45.7 billion	Cost-to-Income Ratio 35.6%
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AWARDS & RECOGNITION



Bursa Malaysia’ Shariah Investing Fair 2018

Best Islamic Financial Institution

The Asset Triple A Finance Awards 2018

Best Government-Guaranteed Sukuk: Perbadanan PR1MA Malaysia RM2.5 billion Murabahah Sukuk (Shariah Adviser)

Islamic Finance News 2018 Awards

Social Impact IFN Deal of The Year; Malaysia IFN Deal of the Year and IFN Deal of the Year (book runner for a RM500 million Sustainable Development Goal (“SDG”) Islamic Medium Term Note)

CPI Financial’s Islamic Business & Finance South East Asia Awards 2018

Best Corporate Bank

HIGHLIGHTS 2018

KEY INITIATIVES

Developed electronic and digital channels in cash management and transactional services through enhanced collaboration with government and business

Penetrated the education sector and public and private university/college student populations, with waqf initiatives facilitated by Shariah and innovative payment gateway solutions. These initiatives are in line with Value-Based Intermediation (“VBI”)

RESULTS

- Entered into a business collaboration with a strategic partner to promote e-Wallet and QR code as payment solutions; encourage cashless payment transactions via SyuQR app, which aims to digitise merchants to accept cashless donations at Mosques
- Built a collection channel in collaboration with a strategic partner for the collection of waqf funds targeted for educational, health, or economic empowerment projects
- Collaborated with a State Religious Council in East Malaysia to support a waqf project aiming to enhance the condition of several educational institutions

PRIORITIES 2019

- Continue digitalisation of banking services, with emphasis given to strategic collaboration with e-Wallet and QR services in an effort to create and further expand RHB Islamic’s involvement in the digital space
- The SyuQR app has to date registered the participation of 30 mosques nationwide
- Build effective business ecosystems around targeted business areas e.g. healthcare, education and SME’s by offering a holistic customer proposition
- Heighten cross-selling of products and services especially within the retail communities in the ecosystems developed

Group Shariah Business



For Malaysia, the Islamic banking industry recorded a healthy 11.6% financing growth in 2018, substantially ahead of conventional banks' 3.0% growth. In terms of deposits, the Islamic banking industry recorded a 13.5% growth, exceeding twice the growth of the conventional industry at 5.7%.

In 2019, our initiatives will remain focused on driving CASA balances that will positively impact RHB Islamic's cost and net profit margin leading to a steady Profit After Tax growth through new customer penetration from the government sector, education sector, healthcare sector and waqf while deepening the wallet among existing customers.

We will continue the digitalisation of banking services via strategic collaboration with e-Wallet and QR services in an effort to create and expand RHB Islamic's involvement in the digital space. RHB Islamic will strengthen the existing working relationships with its Group distribution counterparts to ensure the growth of Islamic sales. As part of the wider push in the Group's community banking initiative RHB Islamic will continue its emphasis of building ecosystems within the Islamic sphere.

Business Review

Group Insurance

INTRODUCTION

THE GENERAL INSURANCE INDUSTRY RECORDED A GROWTH OF 1.5% IN 2018, ON THE BACK OF HIGHER PREMIUMS FROM THE TWO LARGEST CLASSES OF INSURANCE, MOTOR AND FIRE. WHILE THE INDUSTRY SAW A JUMP IN CAR SALES DURING THE TAX-FREE PERIOD FROM JUNE TO AUGUST, UNCERTAINTIES OVER SOME MEGA CONSTRUCTION PROJECTS RESULTED IN DECLINE IN MISCELLANEOUS CLASS AND THE INDUSTRY CLOSING THE YEAR WITH AN OVERALL SLIGHT GROWTH. MOTOR REMAINED THE LARGEST CLASS WITH A MARKET SHARE OF 47.3% FOLLOWED BY FIRE AT 19.6% AND MARINE AVIATION & TRANSIT AT 7.4%.

WHO WE ARE AND WHAT WE DO

RHB Insurance, a subsidiary of RHB Bank Berhad, provides general insurance for our retail and corporate customers. It is the 10th largest insurer in Malaysia with 4.4% market share, and ranks among the Top 10 insurers for fire and Top 5 insurers for medical and health coverage.

OUR PROGRESS ON FIT22

Business to provide description of FIT22 target
To be the top 5 in General Insurance.

- Business to provide progress highlight for 2018, RHB Insurance rose to the Top 10 ranking in General Insurance market share.

FINANCIAL PERFORMANCE

Group Insurance registered a Gross Written Premium (“GWP”) of RM787 million, an increase of 14% over the same period in 2017, surpassing industry growth rate of 1.5% as at Q4 2018. Our business recorded 4.4% of the market share.

Pre-tax Profit was RM80.1 million with a decline of 40% over the same period, due to the lower investment income and the overhang of group medical claims which have been largely addressed by Q4 2018. The claims incurred ratio of Fire and Motor remained strong at 14% and 68% respectively, despite the intense market competition from detariffication.

Pre-Tax Profit RM80.1 million	Gross Written Premium RM787 million	Gross Written Premium Growth 14%	Operating Ratio 85%	Combined Ratio 92%
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HIGHLIGHTS 2018

KEY INITIATIVES

Focused on sustainable, profitable growth on selected market segments

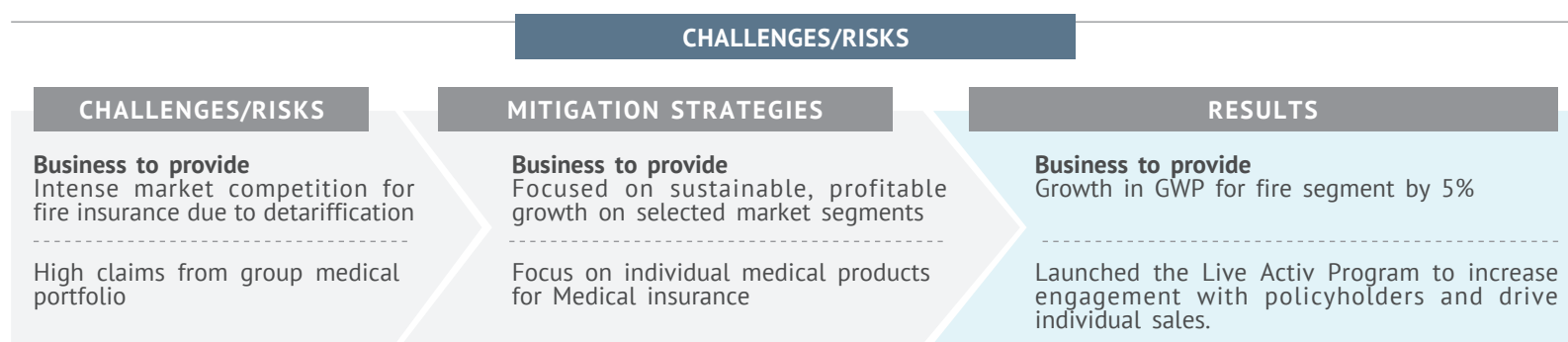
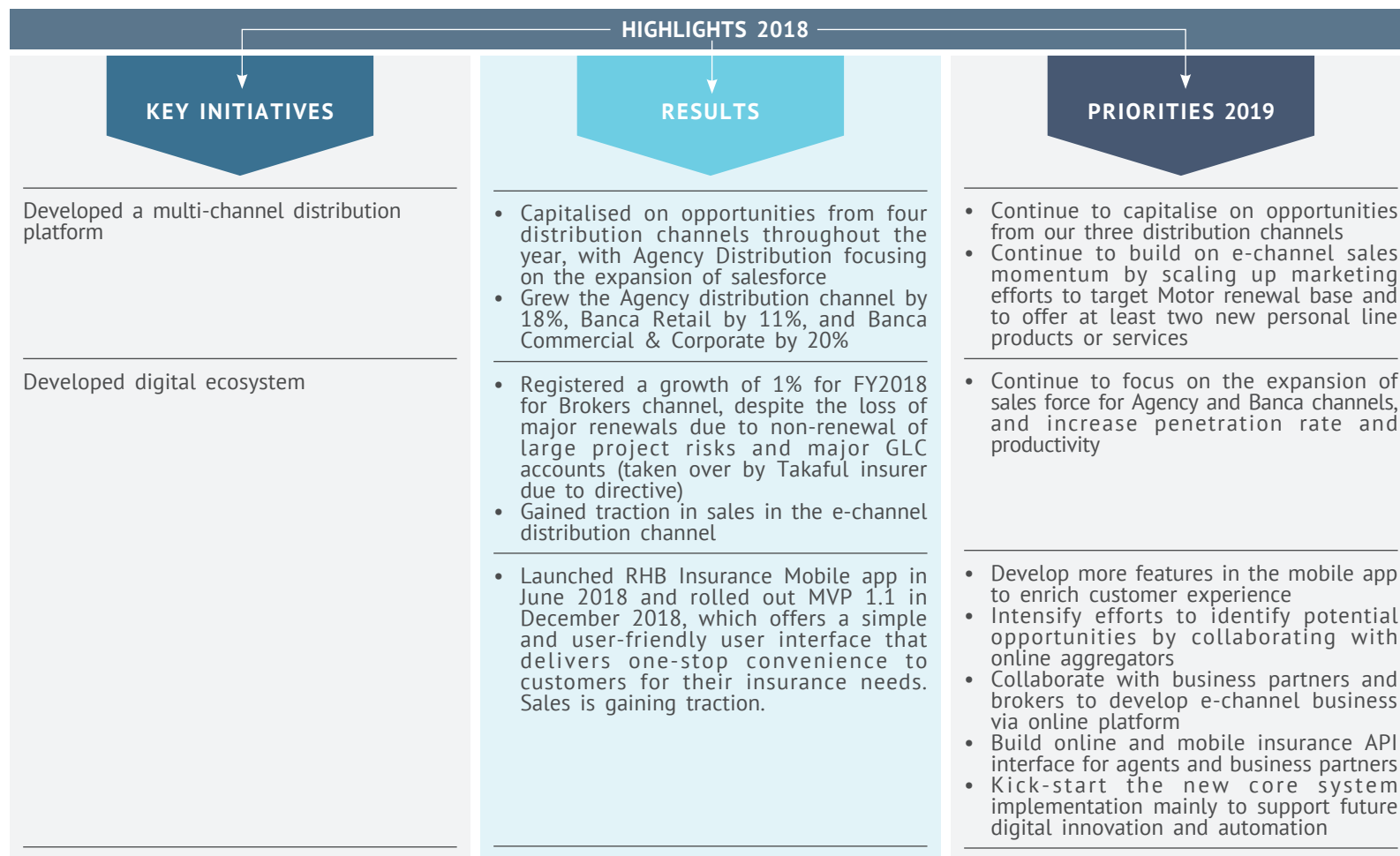
RESULTS

- Recorded growth in Gross Written Premium of 5% in Fire segment and 23% in Motor segment

PRIORITIES 2019

- Continue to focus on selected market segments, such as Fire, Motor, Medical and other classes of insurance
- Develop new products and services offering
- Focus on individual medical products for Medical insurance

Group Insurance



Focus on multi-channel distribution including establishing a digital ecosystem to grow the business.

Business Review

Singapore
Operations

INTRODUCTION

THE SINGAPORE ECONOMY GREW BY 3.3% IN 2018, DOWN FROM PREVIOUS YEAR'S GROWTH OF 3.6%. THE OPERATING ENVIRONMENT IN SINGAPORE WAS IMPACTED BY WORLD DEVELOPMENTS SUCH AS THE BREXIT NEGOTIATIONS AND THE TRADE TENSION BETWEEN US AND CHINA, WHICH AFFECTED THE GLOBAL SUPPLY CHAIN, AS WELL AS THE REGION'S MAJOR STOCK MARKETS AND LOCAL BUSINESSES.

WHO WE ARE AND WHAT WE DO

Since RHB Bank Singapore was established in 1961, we have built formidable customer networks and today, are one of the Republic's most trusted financial institutions. With over 5 decades of experience and demonstrated excellence in the financial sector, we have grown into a robust organisation, committed to bring financial solutions to one and all.

Today, as the key regional contributor to the Group, we continue to build on our strengths in the mid-cap segment, aiming to be the catalyst bank for SMEs, advising on both business and personal financial needs. The Bank's core businesses are streamlined into eight pillars, namely Personal Financial Services and Wealth Management, Business Banking Centres, Commercial and Transaction Banking, Corporate and Islamic Banking, Treasury, as well as Investment Banking, Brokerage, and Asset Management.

OUR PROGRESS ON FIT 2018 – 2022

In line with FIT22, the Singapore operations re-aligned its strategy, to focus on building its current corporate segments and catalysing entrepreneurial development. We collaborated with SME partners to help our clients expand their business network through mission trips to selected ASEAN countries.

On the digital front, we enhanced our business internet banking, including onboarding of premier RHB Reflex users, our integrated online system that combines cash management and trade and payment solutions.

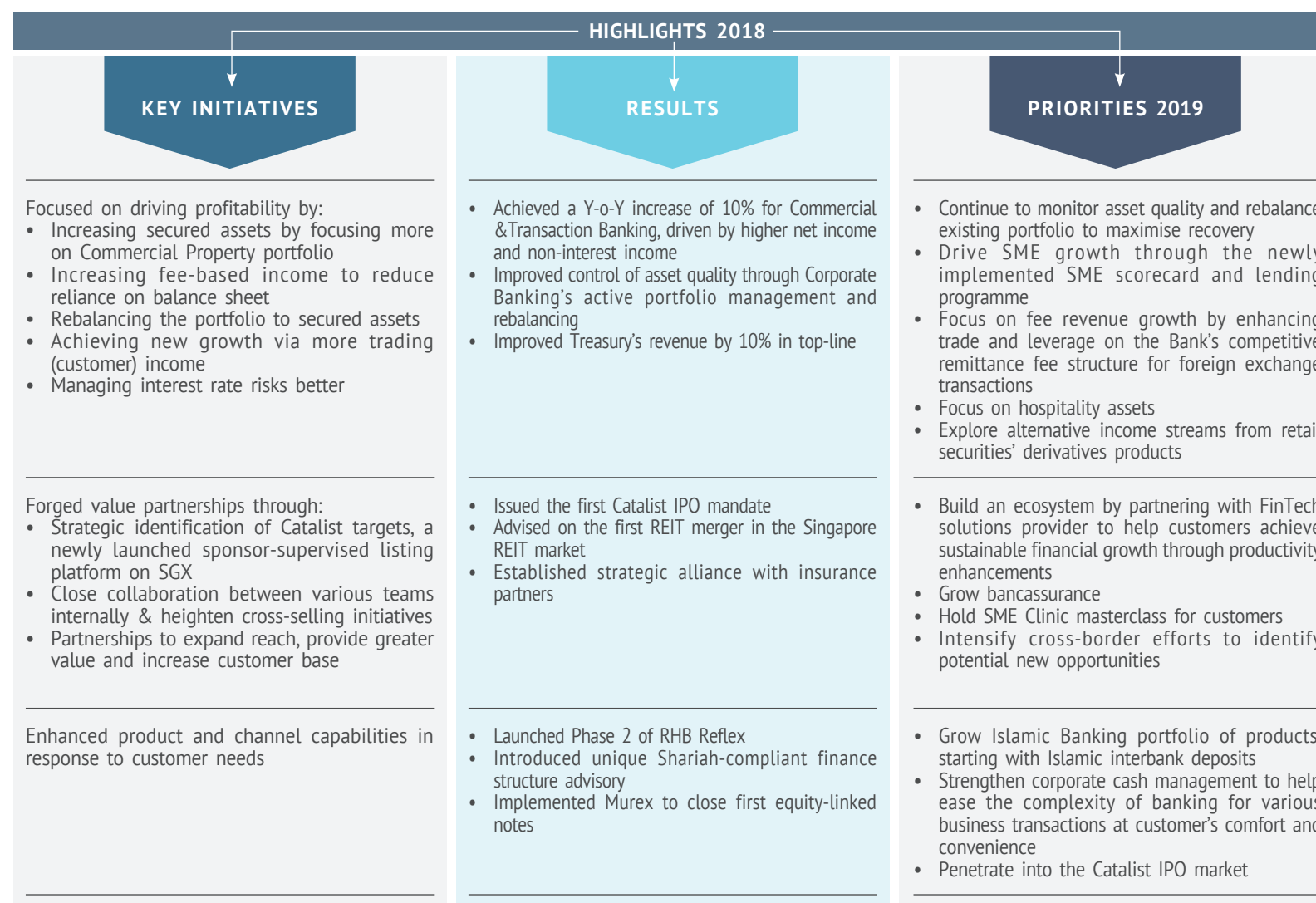
RHB Bank Singapore has progressively improved its capabilities to cater to evolving customer expectations. For instance, in 2018, we provided unique financing structures in the corporate segment, including Shariah-compliant instruments, where the Bank inked the world's largest Islamic bilateral hotel financing deal valued at SGD120 million.

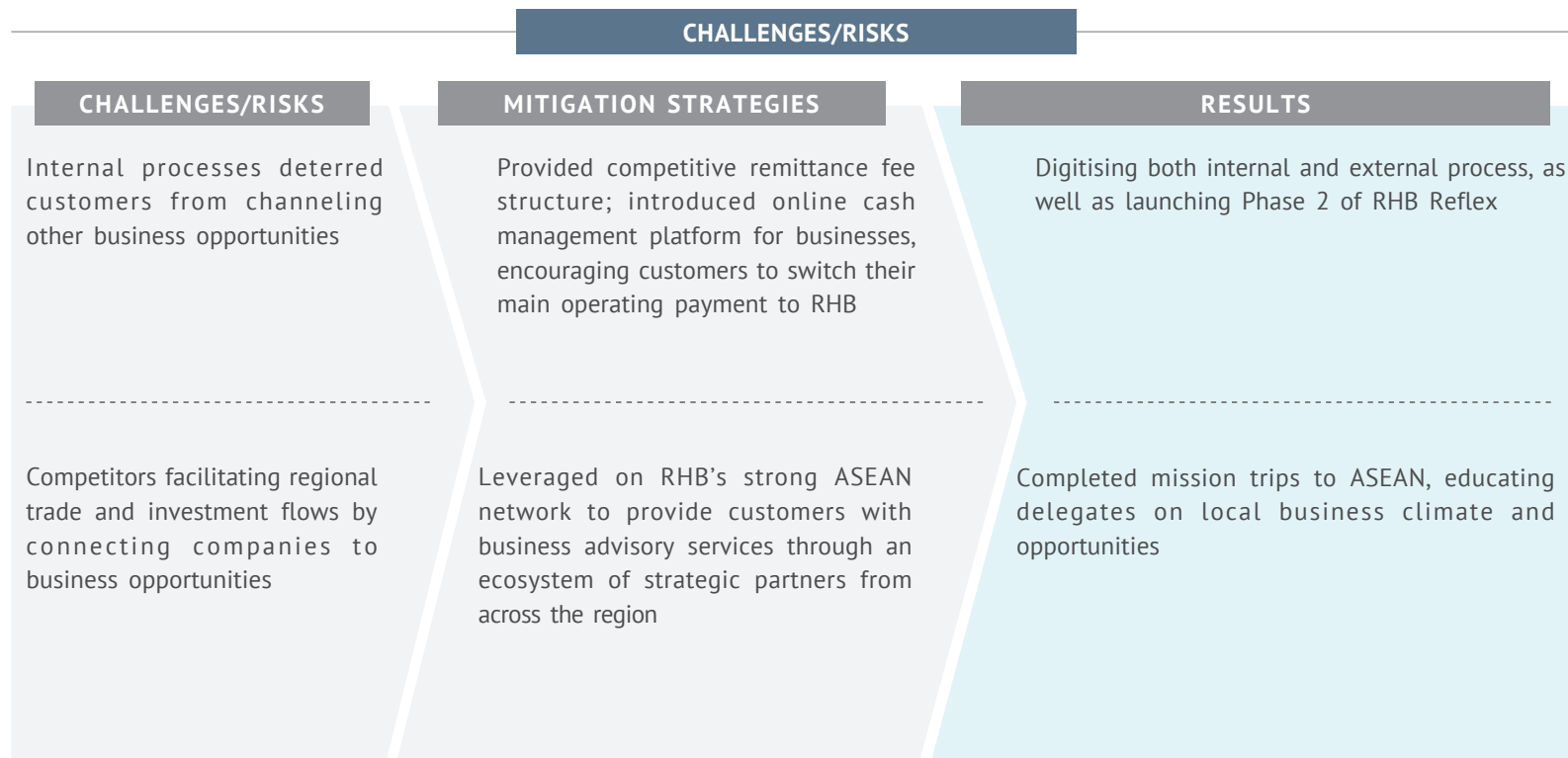
FINANCIAL PERFORMANCE

- Gross loans grew 3.7% on the back of quality corporate loan, Islamic assets, and offerings in mid-cap segment (both loans and trade products)
- Non-fund based income grew by more than 21.0%, mainly contributed by treasury and trade product incomes as we strengthened our proposition to the mid-cap segment
- Increase in overheads, mainly driven by investment in human resources and technology, causing the cost-to-income ratio to deteriorate to 94.0%
- Gross non-performing loan ("NPL") ratio continued to improve following recoveries and loans growth

Pre-Tax Profit SGD40.2 million	Loans SGD3,918 million	Deposits SGD4,423 million	Revenue SGD145.5 million	Cost-to-Income Ratio 94.0%
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Singapore Operations





Singapore is expected to deliver a resilient economic growth in 2019 despite a challenging external environment of slowing global economic growth and disrupted global trade flow. In line with consensus, we expect Singapore’s GDP to grow by 2.8% in 2019, moderating from 3.3% growth in 2018. Singapore’s services industry should continue to see resilient growth supported by growth in the finance and insurance industries and business services sectors.

We expect the SGD to strengthen to 1.330 against the USD in 2019 from 1.363 at end-2018, which should be positive for earnings of Singapore companies that are part of the STI Index. On the equity market, we expect Banks, REITs, Consumer and Industrial stocks to outperform the broader market.

The Bank will focus to develop new sales channels and forge partnerships to grow our franchise; identify technology partners to devise financial technology solutions; and help customers achieve sustainable business growth through productivity enhancement. To maximise recovery, we will continue to actively monitor and rebalance our portfolio towards greater profitability.

Business Review

International Business

INTRODUCTION

DESPITE A MODERATE SLOWDOWN IN ECONOMIC GROWTH IN ASEAN, PROSPECTS AS WELL AS OVERALL PERFORMANCE FOR RHB'S INTERNATIONAL BUSINESS HAVE BEEN POSITIVE. WITH THE GROUP'S ACTIVE PRESENCE IN INDOCHINA REGION AND AS THE EMERGING SOUTHEAST ASIAN MARKETS DEMONSTRATED RESILIENCE, WE GARNERED A DOUBLE-DIGIT PRE-TAX PROFIT GROWTH OF 49.8% TO RM87.2 MILLION.

WHO WE ARE AND WHAT WE DO

RHB's International Business comprises our overseas commercial banking portfolio, excluding Singapore. Our network of branches in Cambodia, Thailand, Lao PDR and Brunei offers a wide range of services from loans and deposits to trade finance and other services, such as foreign exchange and remittance that cater to retail, commercial and corporate customers. We have also set-up representative offices in Vietnam and Myanmar to build rapport with prospective customers and regulators, while deepening our understanding of the local operating environments.

FINANCIAL PERFORMANCE

Pre-Tax Profit RM87.3 million	Loans RM3,675 million	Deposits RM3,959 million	Revenue RM169.6 million	Cost-To-Income Ratio 49.3%
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HIGHLIGHTS 2018

KEY INITIATIVES

Improve asset quality by reducing Non-Performing Loans ("NPL") and address outstanding legacy of NPL

Increase non-interest, fee-based income

Opening of a new branch in Vientiane, Laos (Dongdok Branch)

RESULTS

- Improved NPL ratio to 1.72% in Thailand
- Successfully disposed collaterals and recovered THB71.7 million
- Promoted prudent credit culture focusing on collateralised loans, coupled with proactive monitoring of customers' profiles and delinquent loans accounts

- Leveraged on Group's platform and network to grow fee-based income
- Obtained sufficient and constant supply for overseas funds to grow telegraphic transfer commission, which increased by 232% in Cambodia
- Improved non-interest income composition Y-o-Y from 18.4% to 19.3% in Brunei

- Commenced business in January 2018 and reached break-even in November 2018

PRIORITIES 2019

- Continue prudent credit culture and collateralised lending
- Further improve NPL ratio through loan recoveries

- Continue to drive fee-based income especially in Cambodia and Brunei

- Improve profitability from existing customers

CHALLENGES/RISKS

CHALLENGES/RISKS

Internal processes and turnaround time (“TAT”) for credit facilities approval

Competitive FD placement rates and limitations to soliciting deposits with RHB Lao having only three outlets in Vientiane

MITIGATION STRATEGIES

- Focused on TAT on loan processing, including efforts to obtain approval for revised Delegated Lending Authority (“DLA”) within shorter TATs in Laos
- Introduced offers such as back-to-back placement of FD against money market for BND1 million and above to earn spreads in the money market
- Continued two deposits campaigns in Laos – student deposits and ATM Merchants campaigns, which are ongoing until February 2020 and December 2019 respectively

RESULTS

- TAT for housing loan is one of the best in Brunei, further evidenced by growth percentage of housing loan portfolio by 9.6%
- Increased the percentage of net interest income Y-o-Y in RHB Brunei
- Opened several accounts from the student campaign and started seeing encouraging participation from merchants in the ATM campaign



OUTLOOK AND PROSPECTS

As we move into 2019, RHB’s International Business will focus on Cambodia and Laos to capture business and growth opportunities in Indochina. In line with the Group’s aspiration to emerge as a niche regional player, RHB Indochina Bank and RHB Lao will adopt both retail and SME-centric approach, while RHB Brunei will continue to build strong rapport with strategic partners and corporate customers to expand business opportunities.

Defy

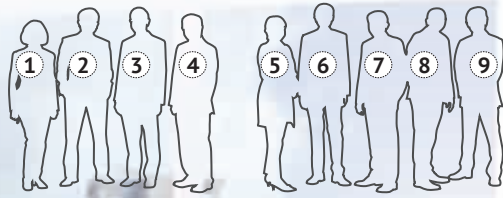
the odds,
Redefine the norm.





Board of Directors





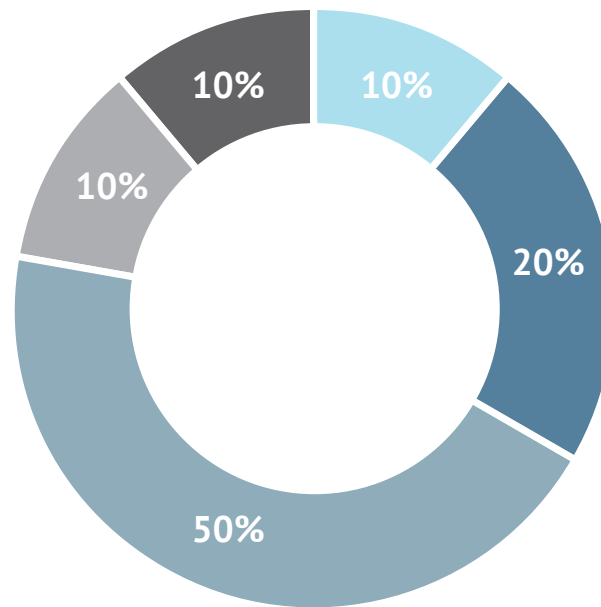
1. Ong Ai Lin
2. Dato' Khairussaleh Ramli (**Group Managing Director**)
3. Tan Sri Azlan Zainol (**Chairman**)
4. Tan Sri Ong Leong Huat @ Wong Joo Hwa
5. Tan Sri Dr Rebecca Fatima Sta Maria
6. Tan Sri Saw Choo Boon
7. Mohamed Ali Ismaeil Ali Alfahim
8. Abdul Aziz Peru Mohamed
9. Lim Cheng Teck



OUR BOARD AT A GLANCE

THE DIVERSITY AND SKILLS OF THE BOARD ENSURE THAT RHB BANK IS STEERED TO DELIVER VALUE TO ALL OUR STAKEHOLDERS.

BOARD COMPOSITION



Independent Non-Executive Directors



Senior Independent Non-Executive Director



Group Managing Director

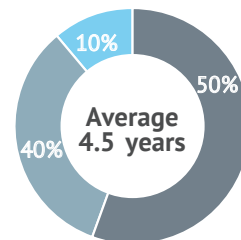


Non-Independent Non-Executive Chairman



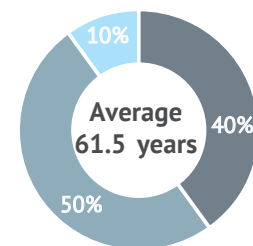
Non-Independent Non-Executive Directors

BOARD TENURE



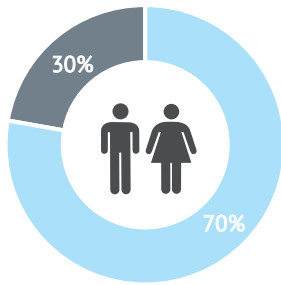
Below 5 years	5
5 years - 9 years	4
More than 9 years	1

AGE



66 years & above	4
51 years - 65 years	5
50 years & below	1

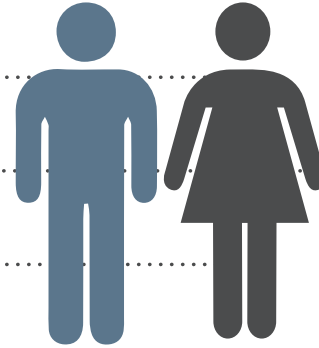
GENDER



Male	7
Female	3

ETHNICITY

Malay	4
Chinese	4
Eurasian	1
Arab	1



NATIONALITY

Malaysian	8
Non-Malaysian	2

DIRECTORSHIPS ON LISTED COMPANIES (INCLUDING RHB)

1 Listed Company: 5 Directors	
2 Listed Companies: 2 Directors	
3 Listed Companies: 1 Director	
4 Listed Companies: 1 Director	
5 Listed Companies: 1 Director	

BOARD SKILLS

BOARD SKILLS	%
Leadership and Management	100%
Banking	60%
Finance	80%
Capital & Securities Markets	30%
International Trade	20%
Governance Risk and Compliance	10%
MIS & Technology	10%
Cyber Security & Data Privacy	10%

KEY FEATURES OF OUR BOARD

60%

The **Board** comprises **60% Independent Directors**



The **Chairman** is a **Non-Independent Non-Executive Director**



The **positions** of the **Chairman** and the **Group Managing Director** are held by **different individuals**

Profile of the Board of Directors

as at 15 February 2019



TAN SRI AZLAN ZAINOL

Non-Independent Non-Executive Chairman

BNRC

Age/Gender/Nationality

68/Male/Malaysian

Number of Board Meetings Attended



Date of Appointment

27 July 2005

Length of Service

13 years 7 months

Qualifications

- Fellow of the Institute of Chartered Accountants in England and Wales
- Fellow Chartered Banker of the Asian Institute of Chartered Bankers
- Member of the Malaysian Institute of Accountants
- Member of the Malaysian Institute of Certified Public Accountants

Other Directorship(s)

Listed Entities:

- Malaysian Resources Corporation Berhad (Chairman)
- Eco World International Berhad (Chairman)
- Kuala Lumpur Kepong Berhad
- Grand-Flo Berhad (Chairman)

Public Companies:

- RHB Investment Bank Berhad (Chairman)
- Yayasan Astro Kasih (Chairman/Trustee)
- OSK Foundation (Trustee)
- Financial Reporting Foundation (Chairman)
- RHB Capital Berhad (In Member's Voluntary Liquidation)
- Rashid Hussain Berhad (In Member's Voluntary Liquidation)

Skills and Experience

Tan Sri Azlan Zainol was previously the Chief Executive Officer of the Employees Provident Fund Board until his retirement in April 2013. He has more than 30 years of experience in the financial sector, having served as the Managing Director of AmBank Berhad and prior to that, as the Managing Director of AmFinance Berhad.



DATO' KHAIRUSSALEH RAMLI

Group Managing Director/
Group Chief Executive Officer

Age/Gender/Nationality

51/Male/Malaysian

Number of Board Meetings Attended



Date of Appointment

13 December 2013*

Length of Service

5 years 2 months

Qualifications

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

Other Directorship(s)

Listed Entities:

- Nil

Public Companies:

- RHB Capital Berhad (In Member's Voluntary Liquidation)
- RHB Indochina Bank Limited (Chairman)
- RHB Bank Lao Limited (Chairman)
- RHB Foundation (Chairman/Trustee)

Skills and Experience

Dato' Khairussaleh Ramli has more than 20 years of experience in the financial services and capital markets industry, where he has held senior positions in well-established regional financial institutions. He is also a Council member of The Association of Banks in Malaysia and Asian Institute of Chartered Bankers.

His knowledge and experience earned him the "Best CFO in Malaysia Award" in 2010 and 2011 from Finance Asia and the "Best CFO in Malaysia Award" in 2012 from Alpha Southeast Asia.

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

Board Committees:

BNRC Board Nominating & Remuneration Committee	BAC Board Audit Committee	BCC Board Credit Committee	BRC Board Risk Committee	Chairman/Chairperson	Member
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**TAN SRI ONG LEONG HUAT****@ WONG JOO HWA**

Non-Independent Non-Executive Director

BNRC **BCC****Age/Gender/Nationality**

74/Male/Malaysian

Number of Board Meetings Attended**Date of Appointment**

20 November 2012

Length of Service

6 years 3 months

Qualifications

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

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

- OSK Holdings Berhad (Executive Chairman)

Public Companies:

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

Skills and Experience

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

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

**MOHAMED ALI ISMAEIL ALI ALFAHIM**

Non-Independent Non-Executive Director

Age/Gender/Nationality

42/Male/United Arab Emirates

Number of Board Meetings Attended**Date of Appointment**

9 May 2014

Length of Service

4 years 9 months

Qualifications

- Bachelor of Science in Business Administration from the University of Suffolk, Boston

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

- Nil

Public Companies:

- RHB Capital Berhad (In Member's Voluntary Liquidation)
- Aabar Investments PJS

Skills and Experience

Mohamed Ali Ismaeil Ali Alfahim commenced his professional career at Abu Dhabi National Oil Company from 2000 to 2008. His role as Head of Group Financing Department focused on the identification and pursuit of investment strategies reflecting a balanced investment portfolio. During that time, Mohamed Ali Ismaeil Ali Alfahim also worked as a corporate finance consultant for KPMG-Dubai from 2001 to 2002 and for HSBC Bank at Project and Export Finance Division-London in 2006.

Mohamed Ali Ismaeil Ali Alfahim was Head of Finance at the Finance & Accounts Department of International Petroleum Investment Company PJSC ("IPIC") from September 2008 to end April 2017. He represents IPIC as a board member on various boards of investee companies, including Aabar Investments PJS. He is also an Advisor at Mubadala Investment Company PJSC since May 2017.

Profile of the Board of Directors



TAN SRI DR REBECCA FATIMA STA MARIA
Senior Independent Non-Executive Director

BNRC BAC

Age/Gender/Nationality

61/Female/Malaysian

Number of Board Meetings Attended



Date of Appointment

1 August 2016

Length of Service

2 years 6 months

Qualifications

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

Other Directorship(s)

Listed Entities:

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

Public Companies:

- RHB Investment Bank Berhad
- MyKasih Foundation (Trustee)

Board Committees:

BNRC Board Nominating & Remuneration Committee

BAC Board Audit Committee

BCC Board Credit Committee

BRC Board Risk Committee

Chairman/Chairperson

Member

Skills and Experience

Tan Sri Dr Rebecca Fatima Sta Maria was previously the Secretary General of the Ministry of International Trade and Industry ("MITI"). She began her career in the Administrative and Diplomatic Service in 1981 and served in various capacities in the then Ministry of Trade and Industry. In 1988, she was seconded to the ASEAN Plant Quarantine and Training Centre as its Chief Administration and Procurement Officer. She also served as the Senior Project Coordinator at the Leadership Centre, INTAN from 2000 to 2002. She also served at various divisions in MITI namely, Senior Director of the Investment Policy Division, Director of the Investment Policy and Manufacturing Related Services Division and Director of the Strategic Planning Division before she became the MITI Deputy Secretary General of Trade. She was then involved in handling trade related matters of the Ministry, including administering Malaysia's interests under bilateral and regional Free Trade Agreements (FTAs), as well as Malaysia's engagements in various international organisations such as ASEAN, APEC and WTO. After 35 years in civil service, serving six trade ministers and overseeing twelve trade pacts, she retired as the Secretary General of MITI in July 2016. She is now the Executive Director of the Asia-Pacific Economic Cooperation (APEC) Secretariat based in Singapore.



TAN SRI SAW CHOO BOON
Independent Non-Executive Director

BNRC BRC BAC

Age/Gender/Nationality

72/Male/Malaysian

Number of Board Meetings Attended



Date of Appointment

15 June 2016

Length of Service

2 years 8 months*

Qualifications

- Bachelor of Science (Chemistry) from the University of Malaya

Other Directorship(s)

Listed Entities:

- Digi.Com Berhad
- Wah Seong Corporation Berhad

Public Companies:

- RHB Capital Berhad (In Member's Voluntary Liquidation)
- RHB Insurance Berhad (Chairman)

Associations:

- Government's Public-Private Sector Special Task Force on Facilitating Business ("PEMUDAH") as the Co-Chair
- Council Member of the Federation of Malaysian Manufacturers ("FMM")
- Socio-Economic Research Centre ("SERC") Board of the Associated Chinese Chambers of Commerce and Industry Malaysia

Skills and Experience

Tan Sri Saw Choo Boon ("Tan Sri Saw") joined Shell in 1970 as a Refinery Technologist in Shell Refining Company (Federation of Malaya) Berhad. He then served in various capacities in manufacturing, supply, trading and planning in Malaysia, Singapore and Netherlands. In 1996, Tan Sri Saw was appointed Managing Director of Shell MDS (Malaysia) Sendirian Berhad. In 1998 - 1999, he assumed the positions of Managing Director for Oil Products (Downstream) Shell Malaysia and Managing Director of Shell Refining Company (Federation of Malaya) Berhad. In 1999, with the globalisation of the Shell Oil Products business, he was appointed the Vice-President of the commercial business in the Asia-Pacific region and in 2004 he became the President of Shell Oil Product East. In 2005, he assumed the role of Vice-President Global Marine Products.

Tan Sri Saw was appointed the Chairman of Shell Malaysia on 1 March 2006. He was also the Vice-President Business Development Asia Pacific responsible for developing the commercial businesses in new market entries in Asia - China, India, Indonesia and Vietnam. From 1 January 2010, Tan Sri Saw was appointed the Senior Advisor of Shell Malaysia until his retirement on 30 June 2010.

* Served the Board of RHB Capital Berhad (the former holding company) for more than 6 years



ABDUL AZIZ PERU MOHAMED
Independent Non-Executive Director

Age/Gender/Nationality

70/Male/Malaysian

Number of Board Meetings Attended



Date of Appointment

7 February 2011

Length of Service

8 years

Qualifications

- Harvard Business School
- Pacific Bankers Rim programmes in the United States of America

Other Directorship(s)

Listed Entities:

- Nil

Public Companies:

- RHB Islamic Bank Berhad (Chairman)
- RHB Insurance Berhad
- As-Salihin Trustee Berhad
- RHB Indochina Bank Limited
- RHB Bank Lao Limited

Skills and Experience

Abdul Aziz Peru Mohamed is currently the Chief Executive Officer/Director of As-Salihin Trustee Berhad, a trust company specialising in Islamic estate planning. He held various senior management positions in the banking industry with almost 30 years in an accomplished career track spanning management of branch network and retail banking. He spent most of his working years at Malayan Banking Berhad, where his last position was General Manager, Consumer Banking Division. He was also formerly the Senior General Manager of AmBank Berhad from 2002 to 2005. During the years in the banking industry, he was appointed as Chairman of the Rules Committee of the Association of Banks of Malaysia and has held several other key positions including as a Board Member of Mayban Property Trust and Mayban Trustees Bhd.



ONG AI LIN
Independent Non-Executive Director

BNRC BAC BRC

Age/Gender/Nationality

63/Female/Malaysian

Number of Board Meetings Attended



Date of Appointment

1 July 2017

Length of Service

1 year 7 months

Qualifications

- Bachelor of Arts (Honours) in Economics from the University of Leeds, United Kingdom
- Associate of The Institute of Chartered Accountants in England & Wales
- Member of the Malaysian Institute of Accountants
- Certified Information System Auditor
- Certified Business Continuity Professional

Other Directorship(s)

Listed Entities:

- Tenaga Nasional Berhad

Public Companies:

- RHB Islamic Bank Berhad
- FIDE Forum (Trustee)

Skills and Experience

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

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

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

Profile of the Board of Directors



LIM CHENG TECK
Independent Non-Executive Director

BCC

Age/Gender/Nationality

58/Male/Singaporean

Number of Board Meetings Attended



Date of Appointment

28 November 2018

Length of Service

2 months

Qualifications

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

Other Directorship(s)

Listed Entities:

- Nil

Public Companies:

- Nil

Skills and Experience

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

Board Committees:

BNRC Board Nominating & Remuneration Committee

BAC Board Audit Committee

BCC Board Credit Committee

BRC Board Risk Committee

Chairman/Chairperson

Member

Declaration:

Save as disclosed, the Directors have:

1. No family relationship with any director and/or major shareholder except for:

(i) Tan Sri Ong Leong Huat and his spouse, Puan Sri Khor Chai Moi are deemed major shareholders of RHB Bank pursuant to Section 8(4) of the Companies Act 2016, by virtue of shares held through OSK Holdings Berhad.

2. No conflict of interest with RHB Bank and have never been convicted for any offence within the past 5 years nor have been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year under review.



SHARIFATU LAILA SYED ALI
Independent Non-Executive Director

Appointment of New Board Member

Age/Gender/Nationality

56/Female/Malaysian

Number of Board Meetings Attended



Not Applicable

Date of Appointment

15 March 2019

Length of Service

Not Applicable

Qualifications

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

Other Directorship(s)

Listed Entities:

- Nil

Public Companies:

- RHB Islamic International Asset Management Berhad
- RHB Investment Bank Berhad

Skills and Experience

Sharifatu Laila Syed Ali ("Sharifa") has extensive experience in the field of investment management and portfolio

investing having served various premier institutions and government linked investment funds over a period of more than 30 years. She had played a key role in the setting up of Valuecap Sdn Bhd ("Valuecap"), a Government led initiative, whose founding shareholders are Khazanah Nasional Berhad, Kumpulan Wang Amanah Pencen and Permodalan Nasional Berhad ("PNB"). Sharifa began her career at PNB and subsequently moved on to hold various senior leadership positions at the Employees Provident Fund including Head of Treasury & Equity Markets, gaining broad exposure within the domestic and regional capital markets environment over a period of 15 years. Following a brief period as Head of Investments at the Pilgrims Fund, she was subsequently appointed the Chief Executive Officer of Valuecap in October 2002. She became Group Chief Executive Officer of Valuecap in 2015. Under her stewardship, the Group spearheaded the country's move into new frontiers within the domestic markets, including launching Malaysia's first Exchange Traded Fund (Ringgit & USD) and various Environmental, Social & Governance ("ESG") type Funds.

Pursuant to her departure from Valuecap, she served as an Advisor to the Board of Directors of Valuecap for a short period. Sharifa is also an Independent Non-Executive Director on the Board of the Minority Shareholders Watch Group.

Profiles of the Chairmen of the Key Operating Companies

as at 15 February 2019



TAN SRI AZLAN ZAINOL

Non-Independent Non-Executive Chairman
RHB Investment Bank Berhad

Age/Gender/Nationality

68/Male/Malaysian

Date of Appointment

27 June 2016

Board Committee Memberships

- ▶ Board Nominating & Remuneration Committee (Member)

Qualifications

- ▶ Fellow of the Institute of Chartered Accountants in England and Wales
- ▶ Fellow Chartered Banker of the Asian Institute of Chartered Bankers
- ▶ Member of the Malaysian Institute of Accountants
- ▶ Member of the Malaysian Institute of Certified Public Accountants

Skills and Experience

Tan Sri Azlan Zainol was previously the Chief Executive Officer of the Employees Provident Fund Board until his retirement in April 2013. He has more than 30 years of experience in the financial sector, having served as the Managing Director of AmBank Berhad and prior to that, as the Managing Director of AmFinance Berhad.



ABDUL AZIZ PERU MOHAMED

Independent Non-Executive Chairman
RHB Islamic Bank Berhad

Age/Gender/Nationality

70/Male/Malaysian

Date of Appointment

1 October 2018

Board Committee Memberships

- ▶ Investment Committee of RHB Insurance Berhad (Member)
- ▶ Investment Committee of RHB Asset Management Sdn Bhd (Member)
- ▶ Investment Committee of RHB Islamic International Asset Management Berhad (Member)

Qualifications

- ▶ Harvard Business School
- ▶ Pacific Bankers Rim programmes in the United States of America

Skills and Experience

Abdul Aziz Peru Mohamed is currently the Chief Executive Officer/Director of As-Salihin Trustee Berhad, a trust company specialising in Islamic estate planning. He held various senior management positions in the banking industry with almost 30 years in an accomplished career track spanning management of branch network and retail banking. He spent most of his working years at Malayan Banking Berhad, where his last position was General Manager, Consumer Banking Division. He was also formerly the Senior General Manager of AmBank Berhad from 2002 to 2005. During the years in the banking industry, he was appointed as Chairman of the Rules Committee of the Association of Banks of Malaysia and has held several other key positions including as a Board Member of Mayban Property Trust and Mayban Trustees Bhd.

Profiles of the Chairmen of the Key Operating Companies



TAN SRI SAW CHOO BOON
Independent Non-Executive Chairman
RHB Insurance Berhad

Age/Gender/Nationality

72/Male/Malaysian

Date of Appointment

1 October 2018

Board Committee Memberships

- ▶ Board Nominating & Remuneration Committee (Member)
- ▶ Board Risk Committee (Member)
- ▶ Board Audit Committee (Member)

Qualifications

- ▶ Bachelor of Science (Chemistry) from the University of Malaya

Skills and Experience

Tan Sri Saw Choo Boon ("Tan Sri Saw") joined Shell in 1970 as a Refinery Technologist in Shell Refining Company (Federation of Malaya) Berhad. He then served in various capacities in manufacturing, supply, trading and planning in Malaysia, Singapore and Netherlands. In 1996,

Tan Sri Saw was appointed Managing Director of Shell MDS (Malaysia) Sendirian Berhad. In 1998 – 1999, he assumed the positions of Managing Director for Oil Products (Downstream) Shell Malaysia and Managing Director of Shell Refining Company (Federation of Malaya) Berhad. In 1999, with the globalisation of the Shell Oil Products business, he was appointed the Vice-President of the commercial business in the Asia-Pacific region and in 2004 he became the President of Shell Oil Product East. In 2005, he assumed the role of Vice-President Global Marine Products.

Tan Sri Saw was appointed the Chairman of Shell Malaysia on 1 March 2006. He was also the Vice-President Business Development Asia Pacific responsible for developing the commercial businesses in new market entries in Asia – China, India, Indonesia and Vietnam. From 1 January 2010, Tan Sri Saw was appointed the Senior Advisor of Shell Malaysia until his retirement on 30 June 2010.



YAP CHEE MENG
Independent Non-Executive Chairman
RHB Asset Management Sdn Bhd

Age/Gender/Nationality

63/Male/Singaporean

Date of Appointment

24 April 2018

Board Committee Memberships

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

Qualifications

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

Skills and Experience

Mr Yap Chee Meng ("Mr Yap") was KPMG International's Chief Operating Officer for the Asia Pacific Region and a member of its Global

Executive Team from 1 October 2010 to 30 September 2013. Prior to 1 October 2010, he was a senior partner in KPMG Singapore and part of the firm's leadership team. Mr Yap's key appointments then (within KPMG locally, regionally and globally) included Asia Pacific Head of Financial Services, Singapore Head of Financial Services, Singapore Head of Real Estates and Specialised REITs Group, a Member of KPMG International's Professional Indemnity Insurance Steering Committee and a Member of KPMG International's Financial Services Leadership Committee.

In his career spanning over 37 years of experience in the financial and accounting sector, he has also served in various professional/regulatory committees of the Singapore Accounting & Corporate Regulatory Authority and the Institute of Certified Public Accountants of Singapore.

Profile of the Shariah Committee



DR. GHAZALI BIN JAAPAR

Chairman
Shariah Committee of RHB Islamic Bank

Malaysian | 48 | Male

01 April 2011 / 01 April 2017

9/9

- B.A. Shariah (Hons.), University of Malaya, Kuala Lumpur
- Master of Comparative Law, International Islamic University Malaysia, Kuala Lumpur
- Ph.D. Islamic Jurisprudence, University of Birmingham, United Kingdom

- Islamic Legal System
- Principles of Islamic Jurisprudence (*Usul al-Fiqh*)
- Islamic Law of Transaction (*Fiqh al-Mu'amalat*)
- Islamic Legal Maxims (*Qawaid Fiqhiyyah*)
- Shariah-oriented policy (*Siyasah Shar'iyyah*)

- HSBC Amanah Takaful

- Currently serves as Assistant Professor of Ahmad Ibrahim Kulliyah of Laws ("AIKOL"), International Islamic University Malaysia ("IIUM"). Prior to that, he was the Director of Harun M. Hashim Law Centre, IIUM.
- A member of Association of Shariah Advisors in Islamic Finance ("ASAS").
- Started his career as a lecturer at AIKOL IIUM in 2007 and is still attached with the university, teaching several subjects such as Islamic Legal System and *Usul al-Fiqh* for LLB course (Undergraduate), *Siyasah Syar'iyyah* for LLM (Administration of Islamic Law) students and Islamic Legal Maxims for Certificate in Islamic Law (Bank Negara Malaysia and Standard & Chartered).
- He had written numerous journals and articles and participated in various workshops, seminars and conferences on Islamic finance locally and abroad.
- Actively involved in promoting trainings and academic programmer for executives and adult learners ranging from Certificate in Islamic Banking, Executives Diploma and Master's degree in various area of laws including Correctional and Criminology, Islamic Banking, International Law.
- Invited by the Academy of Justice Turkey to present a paper on the Impact of *Majallah al-Ahkam al-Adliyyah* (Commercial Code of Ottoman Empire) on Islamic Law in Malaysia in Bursa Turkey.



ASSOC. PROF. DR. AMIR BIN SHAHARUDDIN

Member
Shariah Committee of RHB Islamic Bank Berhad

Malaysian | 41 | Male

01 April 2011 / 01 April 2017

7/9

- B.A. Shariah (Hons), Al-Azhar University, Egypt
- Master of Business Administration in Islamic Banking & Finance, International Islamic University Malaysia, Kuala Lumpur
- Ph.D. in Islamic Studies, University of Exeter, United Kingdom

- Islamic Banking & Finance
- Islamic Law Principles of Islamic Jurisprudence (*Usul al-Fiqh*)
- Islamic Legal Maxims
- *Siyasah Shar'iyyah* (Shariah-oriented policy)
- Zakat

- Malaysian Airport Consultancy Berhad
- Malaysian Electronic Payment System ("MEPS")

- Currently the Dean of Economic and Muamalat Faculty, Universiti Sains Islam Malaysia ("USIM") since December 2013.
- The first recipient of "Scholar of Residence in Islamic Finance Award", jointly initiated by Malaysia Securities Commission and Oxford Centre for Islamic Studies ("OCIS").
- A member of Association of Shariah Advisors in Islamic Finance ("ASAS").
- Published numerous articles in refereed journals including Journal of Muamalat and Islamic Finance Research, Arab Law Quarterly and ISRA International Journal of Islamic Finance.
- Wrote articles in Islamic Banking & Finance, Zakat, Principles of Islamic Jurisprudence (*Usul al-Fiqh*), Islamic Legal Maxims and *Siyasah Shar'iyyah* (Shariah-oriented policy) for forums and seminars.
- Presented academic papers in various international seminars such as in Indonesia, Bahrain, United Kingdom and Italy.

Nationality|Age|Gender:

Date Appointed/
Date Last Re-appointment:

Number of Shariah
Committee Meetings
Attended in the Financial
Year

Qualifications:

Area of Expertise:

Present Membership of
Shariah Committee in
Other Institutions

Experience & Achievement:

Profile of the Shariah Committee



WAN ABDUL RAHIM KAMIL BIN WAN MOHAMED ALI

Member
Shariah Committee of RHB Islamic Bank Berhad

Nationality Age Gender:	Malaysian 70 Male
Date Appointed/ Date Last Re-appointment:	13 April 2013 / 01 April 2017
Number of Shariah Committee Meetings Attended in the Financial Year	9/9
Qualifications:	<ul style="list-style-type: none"> Professional Member, Institute of Statisticians, United Kingdom Post Graduate Degree in Islamic Banking & Economics, International Institute of Islamic Banking & Economics, Turkish Cyprus (in association with Al Azhar University, Cairo)
Area of Expertise:	<ul style="list-style-type: none"> Islamic Banking & Finance Islamic Capital Market Debt Capital Market Corporate Advisory
Present Membership of Shariah Committee in Other Institutions	NIL
Experience & Achievement:	<ul style="list-style-type: none"> Pioneered the development of Islamic Capital Market in Malaysia and has innovated development of several benchmark capital market securities through securitisation of Islamic contracts. Islamic Capital Market consultant, regular trainer and speaker for various seminars and in-house training workshops organised by the World Bank, Bank Negara Malaysia ("BNM"), Securities Industries Development Corporation ("SIDC"), Islamic Banking and Finance Institute Malaysia ("IBFIM") and other event organisers, both locally and internationally. A member of Association of Shariah Advisors in Islamic Finance ("ASAS") Awarded as "Most Outstanding Individual Contribution to Islamic Finance" at Kuala Lumpur Islamic Finance Forum 2017 Awarded as "Outstanding Leadership in Islamic Finance" by London Sukuk 2011 organised by ICG Events and UK Trade and Industry Ministry, United Kingdom. Member of Task Force on Islamic Banking and Takaful for Labuan Offshore Financial Services Authority ("LOFSA") Malaysia, Islamic Capital Markets Working Group ("ICMWG") of Securities Commission Malaysia and represented LOFSA in Market & Product Development Committee under International Islamic Financial Market ("IIFM"), Bahrain.



MOHD FADHLY BIN MD. YUSOFF

Member
Shariah Committee of RHB Islamic Bank Berhad

Nationality Age Gender:	Malaysian 48 Male
Date Appointed/ Date Last Re-appointment:	13 April 2013 / 01 April 2017
Number of Shariah Committee Meetings Attended in the Financial Year	8/9
Qualifications:	<ul style="list-style-type: none"> Bachelor of Syariah (1st Class Honours) from University of Malaya
Area of Expertise:	<ul style="list-style-type: none"> Islamic Banking & Finance Islamic Capital Market & Derivatives
Present Membership of Shariah Committee in Other Institutions	<ul style="list-style-type: none"> Sun Life Malaysia Takaful Bhd Opus Asset Management Sdn Bhd Apex Investment Services Berhad Universiti Tenaga Nasional National Farmers Organization ("NAFAS") Bank Pembangunan Malaysia Berhad ("BPMB")
Experience & Achievement:	<ul style="list-style-type: none"> Currently, he is a trainer for Islamic Finance Qualification by the Chartered Institute for Securities and Investment. A member of Association of Shariah Advisors in Islamic Finance ("ASAS"). 1995 – 2008: Manager at Islamic Capital Market Department of Securities Commission Malaysia where he involved in Shariah compliance supervision in relation to submissions for the issuances of Sukuk, structured products, collective investment schemes and Islamic Real Estate Investment Trusts ("REITs"). Undertaken in-depth research for the development of new Islamic Capital Market instruments and providing technical inputs for the preparation of various guidelines issued by Securities Commission Malaysia. Actively participated in various industry development initiatives namely the International Organization of Securities Commission ("IOSCO") Task Force on Islamic Capital Market, Islamic Financial Services Board's ("IFSB") Governance of Islamic Investment Funds Working Group, technical member for the publication of <i>Resolutions of the Securities Commission Shariah Advisory Council</i> and Islamic Capital Market educational and promotional programs.



SHABNAM MOHAMAD MOKHTAR

Member

Shariah Committee of RHB Islamic Bank Berhad

Malaysian | 41 | Female

01 May 2015 / 01 April 2017

9/9

- Bachelor of Accountancy, University Putra Malaysia
- Master of Accounting, University of Illinois, Urbana-Champaign, U.S.A

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

NIL

- Presently the Vice President of SHAPE[®] Knowledge Services; an Islamic finance consulting firm based in Kuwait.
- Spearheads research and development activities including financial analysis, strategic & business plan formulation, design and implementation of customised survey, research and training for different clients at SHAPE[®].
- A member of Association of Shariah Advisors in Islamic Finance ("ASAS").
- Formerly, she was heading the capital markets research for International Shariah Research Academy ("ISRA"), an institution established by Central Bank of Malaysia.
- Conducted various training programs on Islamic banking, sukuk & Islamic capital market products, risk management and financial reporting for clients in ASEAN region, Gulf Cooperation Council ("GCC") and European market.
- Contributed chapters in Housing the Nation (Cagamas 2013), Managing Fund Flows, Risks and Derivatives: Applications in Islamic Institutions (Sweet & Maxwell 2012), Islamic Financial System: Principles & Operations Market (ISRA, 2011), Sukuk (Sweet & Maxwell 2009), and Partnership Accounting, Principles and Practice (McGraw Hill).
- 2010 – 2014: Member of Shariah Advisory Panel of Malaysian Ratings Corporation ("MARC").



DR. AHMAD BASRI IBRAHIM

Member

Shariah Committee of RHB Islamic Bank Berhad

Malaysian | 43 | Male

02 February 2018 / NIL – new appointment

9/9

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

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

- Bank Pembangunan Malaysia Berhad ("BPMB")

- Currently the Vice President and Head of Shariah Management Department, Permodalan Nasional Berhad ("PNB").
- Formerly, he was the Deputy Dean (Academic Affairs) at Kuliyah of Islamic Revealed Knowledge and Human Sciences, IIUM and a Board Member of IIUM Institute of Islamic Banking and Finance ("IIBF").
- Provided lectures on *Usul al-Fiqh* and Islamic Law of Transactions to various agencies such as Central Bank of Malaysia ("BNM"), PNB, SIRIM, Great Eastern Takaful Berhad, CIMB and OCBC Al-Amin.
- Received several grants and awards for his research works.
- A Registered Shariah Adviser with Securities Commission Malaysia ("SC") and a member of Association of Shariah Advisors in Islamic Finance ("ASAS").

Nationality|Age|Gender:

Date Appointed/
Date Last Re-appointment:

Number of Shariah
Committee Meetings
Attended in the Financial
Year

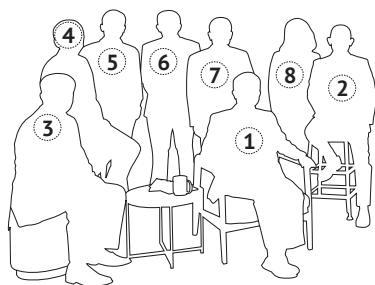
Qualifications:

Area of Expertise:

Present Membership of
Shariah Committee in
Other Institutions

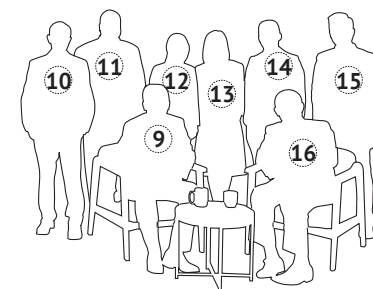
Experience & Achievement:

Group Senior Management



1. **Dato' Khairussaleh Ramli**
Group Managing Director/
Group Chief Executive Officer
2. **Syed Ahmad Taufik Albar**
Group Chief Financial Officer
3. **Patrick Ho Kwong Hoong**
Group Chief Risk Officer
4. **Jeffrey Ng Eow Oo**
Head, Group Business and
Transaction Banking
5. **Danny Quah Boon Long**
Country Head/
Chief Executive Officer, Singapore
6. **Mohd Rashid Mohamad**
Group Treasurer
7. **Kong Shu Yin**
Managing Director/
Chief Executive Officer
8. **Gan Pai Li**
Group Chief Strategy Officer





9. **Robert Huray**
Chief Executive Officer,
RHB Investment Bank/
Head, Group Investment Banking
10. **Jamaluddin Bakri**
Group Chief Human Resource Officer
11. **Rohan Krishnalingam**
Group Chief Operations Officer
12. **Norazzah Sulaiman**
Group Chief Communications
Officer/Chief Executive Officer,
RHB Foundation
13. **Wendy Ting Wei Ling**
Head, Group Corporate Banking
14. **Dato' Adissadikin Ali**
Managing Director/
Chief Executive Officer
RHB Islamic Bank
Head, International Business
15. **Abdul Sani Abdul Murad**
Group Chief Marketing Officer
16. **Nazri Othman**
Acting Head, Group Retail Banking

Profile of the Group Senior Management

DATO' KHAIRUSSALEH RAMLI

Group Managing Director
Group Chief Executive Officer

SYED AHMAD TAUFIK ALBAR

Group Chief Financial Officer

Age Gender Nationality	51, Male, Malaysian	46, Male, Malaysian
Date Appointed:	5 May 2015	1 December 2016
Responsibility:	<ul style="list-style-type: none"> ▶ Set the Group's vision & strategic direction, working closely with the Board of Directors ▶ Define and shape corporate culture & brand values ▶ Lead the Group in managing its businesses and operations to achieve set targets and goals ▶ Maximise the Group's return on capital invested 	<ul style="list-style-type: none"> ▶ Lead Group Finance and oversee the overall effectiveness and efficiency of the various finance functions across the Group ▶ Oversee the functions of Loan Recovery as well as Group Procurement and Services
Experience:	<ul style="list-style-type: none"> ▶ More than 20 years of experience in financial services and capital markets industry ▶ Held senior positions in regional financial institutions ▶ Named Best CFO in Malaysia by Finance Asia in 2010 and 2011 ▶ Named Best CFO in Malaysia Award by Alpha Southeast Asia in 2012 	<ul style="list-style-type: none"> ▶ More than 20 years of experience as an accountant and a finance professional with domestic and international exposures in oil & gas, mobile telecommunications, and infrastructure, property development and construction ▶ Started finance career with Shell and worked in various Shell offices in Malaysia, Australia and the Netherlands ▶ Prior to joining RHB, was the Group Chief Financial Officer of UEM Group Berhad and Chief Financial Officer of Smart Axiata (Cambodia) before that
Qualifications:	<ul style="list-style-type: none"> ▶ Bachelor of Science in Business Administration, Washington University, St. Louis ▶ Advanced Management Programme, Harvard Business School ▶ Fellow Chartered Banker, Asian Institute of Chartered Bankers ("AICB") 	<ul style="list-style-type: none"> ▶ Bachelor of Accounting (Hons), International Islamic University Malaysia ▶ Master of Economics, International Islamic University Malaysia
Committee Memberships/Appointments:	<ul style="list-style-type: none"> ▶ Non-independent non-executive director, RHB Indochina Bank Ltd ▶ Non-independent non-executive director, RHB Bank Lao Ltd ▶ Non-independent non-executive director, RHB Securities (Thailand) Public Company Limited ▶ Chairman, Board of Trustees, RHB Foundation 	<ul style="list-style-type: none"> ▶ Director, RHB Trustees Berhad ▶ Director, Malaysian Trustees Berhad
External Memberships/Appointments:	<ul style="list-style-type: none"> ▶ Council Member of The Association of Banks, Malaysia ▶ Council Member of Asian Institute of Chartered Bankers ▶ Director – Payments Network Malaysia Sdn Bhd (fka Malaysian Electronic Clearing Corporation Sdn Bhd) 	<ul style="list-style-type: none"> ▶ Fellow of Chartered Institute of Management Accountant ("CIMA"), UK ▶ Member of Malaysian Institute of Accountants ("MIA")

DATO' ADISSADIKIN ALI

Managing Director/Chief Executive Officer, RHB Islamic Bank/
Head, Group Shariah Business (Appointed: 1 August 2016)
and Head, Group International Business

48, Male, Malaysian

15 November 2018

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

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

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

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

ROBERT HURAY

Chief Executive Officer, RHB Investment Bank/
Head, Group Investment Banking

43, Male, Indonesian

1 July 2016

- ▶ Lead and drive the overall growth and profitability of Group Investment Banking in Malaysia, the ASEAN region and Hong Kong

- ▶ More than 19 years of experience in investment banking
- ▶ Last position as Chief Executive Officer of RHB Securities Singapore Pte. Ltd. (previously DMG & Partners Securities Pte. Ltd.) before joining RHB Investment Bank as Chief Executive Officer in 2016
- ▶ Started his career with DBS Bank (Singapore) before joining Credit Suisse First Boston in the area of Corporate Finance (South East Asia) and then Citibank N.A. in Mergers & Acquisitions

- ▶ Master of Philosophy in Management Studies, University of Cambridge, United Kingdom
- ▶ Master of Engineering in Electrical and Electronics Engineering with Management, Imperial College, United Kingdom

- ▶ Council Member, Malaysian Investment Banking Association ("MIBA")

Profile of the Group Senior Management

NAZRI OTHMAN

Acting Head, Group Retail Banking

JEFFREY NG EOW OO

Head,
Group Business and Transaction Banking

Age Gender Nationality	57, Male, Malaysian	45, Male, Malaysian
Date Appointed:	5 April 2017	18 December 2017
Responsibility:	<ul style="list-style-type: none"> ▶ Lead, manage and grow the retail banking business by: <ul style="list-style-type: none"> – Improving product and service margins – Grow the Group's share of customers' wallets – Expand the Group's product range and customers portfolio domestically – Identify new markets and opportunities 	<ul style="list-style-type: none"> ▶ Manage and drive the growth of Business Banking and Transaction Banking in line with the Group's strategic aspirations
Experience:	<ul style="list-style-type: none"> ▶ More than 25 years of experience in the retail banking business with both local and foreign banks at various levels of management ▶ Joined RHB Banking Group as Regional Director for East Coast Region and moved on as Regional Director for Central Region ▶ Subsequently appointed as Head, Group Retail Distribution 	<ul style="list-style-type: none"> ▶ More than 15 years of experience in financial services focusing on SME lending ▶ Began career as a qualified accountant with PricewaterhouseCoopers ▶ Prior to joining RHB, spent 8 years with Standard Chartered Bank with last position as Head, Retail SME
Qualifications:	<ul style="list-style-type: none"> ▶ Bachelor of Science (Hons) in Civil Engineering, University of Leeds, England ▶ Senior Leadership Development Programme, INSEAD ▶ Summer School Programme, Judge Business School, University Of Cambridge, England 	<ul style="list-style-type: none"> ▶ Chartered Accountant – Malaysian Institute of Accountants ("MIA") ▶ Chartered Certified Accountant – The Association of Chartered Certified Accountant of the United Kingdom ("ACCA") ▶ Advance Diploma in Finance – Tunku Abdul Rahman College
External Memberships/ Appointments:	<ul style="list-style-type: none"> ▶ Alternate Representative Association of Bank in Malaysia ("ABM") ▶ Member of Asian Institute of Chartered Bankers 	<ul style="list-style-type: none"> ▶ Member of the Malaysian Institute of Accountants ▶ Member of the Malaysian Association of Chartered Certified Accountants Malaysia

KONG SHU YIN

Managing Director/Chief Executive Officer,
RHB Insurance Berhad

58, Male, Malaysian

13 March 2011

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

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

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

DANNY QUAH BOON LENG

Country Head/Chief Executive Officer,
RHB Bank Singapore

49, Male, Singaporean

1 February 2019

- ▶ Lead the formulation and execution of business strategy for the overall Singapore business which covers Commercial Banking, Investment Banking and Asset Management.
- ▶ Responsible for driving profitability and growth of the businesses in Singapore and collaboration across the region, working closely with other Businesses within the Group to maximise opportunities and synergies.
- ▶ 24 years of experience in the banking sector. Held various positions with multinational organisations such as Standard Chartered Bank, Fullerton Credit Services and Canadia Bank, across five countries in the Asia Pacific region
- ▶ More than 10 years of experience in CEO and Country Head positions
- ▶ Prior to joining RHB, held the position of Regional CEO for Chong Sing Fintech Group, a listed company in Hong Kong

- ▶ Bachelor’s Information System Engineering from the Imperial College of Science, Technology & Medicine (London)

- ▶ Nil

Profile of the Group Senior Management

MOHD RASHID MOHAMAD

Group Treasurer

WENDY TING WEI LING

Head, Group Corporate Banking

Age Gender Nationality	51, Male, Malaysian	48, Female, Malaysian
Date Appointed:	3 March 2014	1 October 2013
Responsibility:	<ul style="list-style-type: none"> ▶ Lead and drive Group-wide Treasury and Global Markets businesses in line with the strategic direction and aspirations of the Group 	<ul style="list-style-type: none"> ▶ Lead and drive the overall growth and profitability of Group Corporate Banking in Malaysia, Singapore and regions where RHB has foot prints
Experience:	<ul style="list-style-type: none"> ▶ Started his career in Examination/Supervision Department in Bank Negara Malaysia in 1988 after which, he moved to Investment Operations & Treasury Department in 1994 where he spent more than 5 years in the Monetary Policy Implementation section ▶ Over 20 years of regional treasury experience in senior level positions within several Financial Institutions in Singapore & Malaysia such as ABN Amro, The Royal Bank of Scotland and AmBank Group 	<ul style="list-style-type: none"> ▶ More than 20 years of experience in financial services, capital markets and investment banking ▶ Prior to joining RHB, spent 13 years with Maybank Group with last position as Director, Client Coverage
Qualifications:	<ul style="list-style-type: none"> ▶ Master in Business Administration with Distinction from University of Wales, Cardiff, United Kingdom ▶ Bachelor of Accounting (Hons.) from University Technology Mara (UiTM), Shah Alam, Selangor 	<ul style="list-style-type: none"> ▶ Bachelor of Business Administration, National University of Malaysia ▶ Graduate, Executive Development Program, Chicago Booth, Executive Education ▶ Senior Leadership Development Programme, INSEAD
External Memberships/ Appointments:	<ul style="list-style-type: none"> ▶ Vice President, Financial Market Association ("FMA") ▶ Member of Malaysian Institute of Accountants ("MIA") ▶ Member of Industry Advisory Council, PayNet 	<ul style="list-style-type: none"> ▶ Member of The Association of Banks, Malaysia ▶ Member of Asian Institute of Chartered Bankers ▶ Member of The Asia Pacific Loan Market Association

ROHAN KRISHNALINGAM

Group Chief Operations Officer

49, Male, Malaysian

6 January 2014

- ▶ Oversee Group-wide Digital, Technology and Operations functions
- ▶ Ensure accurate and timely Technology and back office operations and services support for the relevant business/functional units
- ▶ Oversee the implementation of Digital and IT transformation projects
- ▶ Lead RHB Banking Group's efforts to be a Digital Bank

- ▶ Senior Partner with a technology and management consulting firm
- ▶ More than 20 years of experience with financial services organisations to design and implement large scale transformation programmes, predominantly in areas of technology and operations
- ▶ Worked with various industries in Malaysia and the ASEAN region
- ▶ Strong technology delivery and programme management skills, especially in the implementation of large-scale technology and IT Strategic Planning
- ▶ Led major banking and financial services projects including the implementation of Core Banking Systems, Enterprise Resource Planning ("ERP") and Customer Relationship Management ("CRM"), IT Transformation programmes, IT Merger Integration programmes and Industry-wide Payment systems

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

- ▶ Nil

GAN PAI LI

Group Chief Strategy & Transformation Officer

47, Female, Malaysian

5 September 2017

- ▶ Lead and execute the Annual Strategic Planning Cycle
- ▶ Collaborate with all business units across the Group to establish specific plans, actionable goals and measurable objectives which are aligned with the Group's overall strategy

- ▶ More than 20 years of working experience in the financial services industry
- ▶ Began career in Retail Banking and subsequently moved on to roles in Corporate Banking, Capital Markets, Investment Banking, Group Strategy, Private Equity and Wholesale Banking
- ▶ Held various positions in the areas of post M&A integration, business transformation, green field expansions into ASEAN and various business transformation initiatives across CIMB Group
- ▶ Prior to joining RHB Banking Group, held the position of Senior Managing Director, Group Wholesale Bank, CEO's Office as well as the role of Head, Business Management Office in CIMB Investment Bank Berhad overseeing business performance and regulatory compliance of Group Wholesale Banking regionally

- ▶ Global Masters in Business Administration ("MBA"), Manchester Business School
- ▶ Bachelor of Education, TESL, University of Malaya

- ▶ Member of Asian Institute of Chartered Bankers ("AICB")

Profile of the Group Senior Management

PATRICK HO KWONG HOONG

Group Chief Risk Officer

JAMALUDDIN BAKRI

Group Chief Human Resource Officer

Age Gender Nationality	60, Male, Malaysian	58, Male, Malaysian
Date Appointed:	24 February 2014	1 July 2013
Responsibility:	<ul style="list-style-type: none"> ▶ Oversee the Group Risk and Credit Management functions ▶ Responsible for the overall leadership and direction on the implementation of integrated risk management frameworks 	<ul style="list-style-type: none"> ▶ Develop and execute long-term Human Resources (“HR”) strategies ▶ Build HR capability to support the Group’s long-term strategic goals ▶ Manage various aspects of HR functions including strategic planning and organisational development, human capital development, succession planning, rewards and performance management
Experience:	<ul style="list-style-type: none"> ▶ More than 30 years’ experience in the Banking and Securities Industry ▶ Experience in risk management, treasury, strategic planning, process re-engineering and overall centralised back-office operations 	<ul style="list-style-type: none"> ▶ More than 20 years of solid track record in HR functions, with 15 years being spent abroad. Has experience working with different nationalities, diverse cultures and working style ▶ Partnered with Business Leaders of multinationals and local organisations in driving various HR strategies globally and locally
Qualifications:	<ul style="list-style-type: none"> ▶ Bachelor of Science (Honours) in Actuarial Science, The City University, London ▶ Master in Business Administration (Finance) with Distinction, University of Hull, UK 	<ul style="list-style-type: none"> ▶ Masters in Business Administration (Human Resources) from University of Hull, United Kingdom
External Memberships/ Appointments:	<ul style="list-style-type: none"> ▶ Chartered Banker, Asian Institute of Chartered Banker (“AICB”) ▶ Independent Non-Executive Director, Financial Park (Labuan) Sdn Bhd ▶ Non-Independent Non-Executive Director, RHB (Labuan) Ltd 	<ul style="list-style-type: none"> ▶ Nil

NORAZZAH SULAIMAN

Group Chief Communications Officer/Chief Executive Officer,
RHB Foundation

52, Female, Malaysian

27 July 2017

- ▶ Lead and execute the Group's Corporate Communications strategies which includes managing media relations as well as stakeholder engagement initiatives with the objective of driving brand image and business growth
- ▶ Drive the Group's Sustainability agenda and community enrichment initiatives with the objective of creating long term shareholders value

- ▶ More than 20 years of experience in the financial services industry
- ▶ Served in various senior positions which includes Group Legal Counsel, Chief Operating Officer, Director Group Corporate Services and Group Chief Governance Officer

- ▶ Bachelor of Law ("LLB") with Honours, University of Warwick, United Kingdom
- ▶ Senior Leadership Development Programme ("INSEAD")

- ▶ Associate Member of the Institute of Company Secretaries Malaysia
- ▶ Advisory Board (Alternate Member), UN Global Compact Network Malaysia ("GCMY")

ABDUL SANI ABDUL MURAD

Group Chief Marketing Officer

43, Male, Malaysian

24 July 2017

- ▶ Lead Group Marketing and is responsible for Group-wide brand and media strategy, consumer research and all business, consumer and wealth management marketing strategy and programs while driving customer and business growth
- ▶ Drive customer engagement, marketing & acquisition strategies for the Group's Digital Channel
- ▶ Oversee the management of marketing operations

- ▶ More than 20 years of experience as a Marketing professional
- ▶ Started career at Unilever Malaysia and led the branding teams in various product lines. Helped grow key businesses into market leadership positions and was awarded with numerous Business & Marketing awards while serving in Unilever for 10 years
- ▶ Held the Head of Marketing position with HSBC Bank Malaysia Berhad for 9 years. Supported the overall marketing in implementing structural changes to ensure sustainable growth of the business. Helped launch HSBC Islamic Bank franchise, grew affluent customer base and commercialised digital channel for the business
- ▶ Awarded Best Marketing Team in Asia Pacific by HSBC Asia Pacific Office in 2010
- ▶ Awarded CMO Marketing Distinction by Marketing Magazine in 2013
- ▶ Received Malaysian CMO Award by Marketing Magazine in 2018

- ▶ Bachelor Degree of Economics from University of Malaya

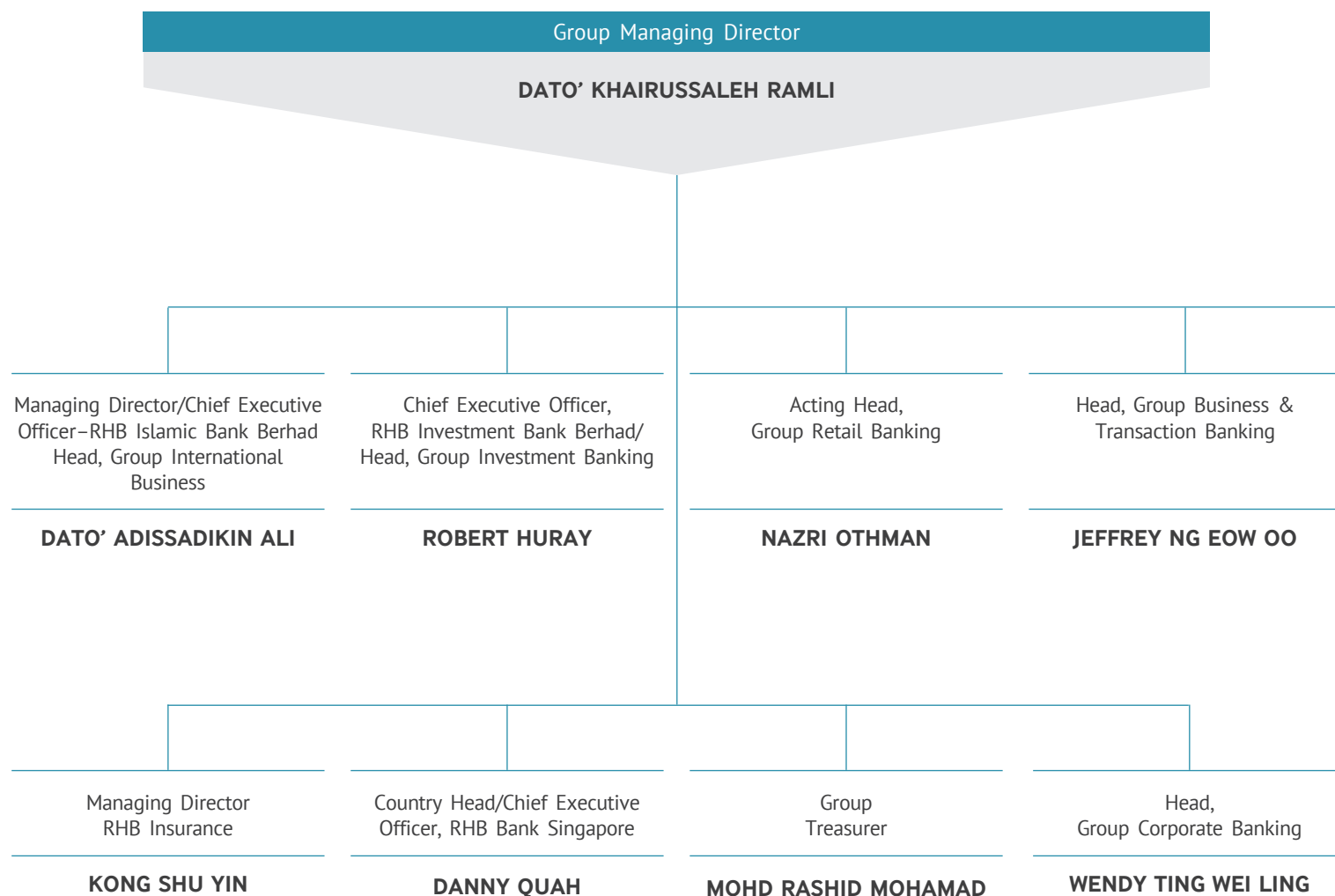
- ▶ Member of Malaysian Advertisers Association

Declaration:

Save as disclosed, the Senior Management Team have

1. No family relationship with any Director and/or major shareholder except for
 - Mr Robert Huray, who is the son-in-law of Tan Sri Ong Leong Huat @ Wong Joo Hwa, a director of RHB Bank and a person deemed as a major shareholder of RHB Bank pursuant to Section 8(4) of the Companies Act 2016, by virtue of shares held through OSK Holdings Berhad.
2. No conflict of interest with RHB Bank and have never been convicted for any offence within the past 5 years nor have been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

Group Organisation Structure



Number of Employees

▶ 14,425

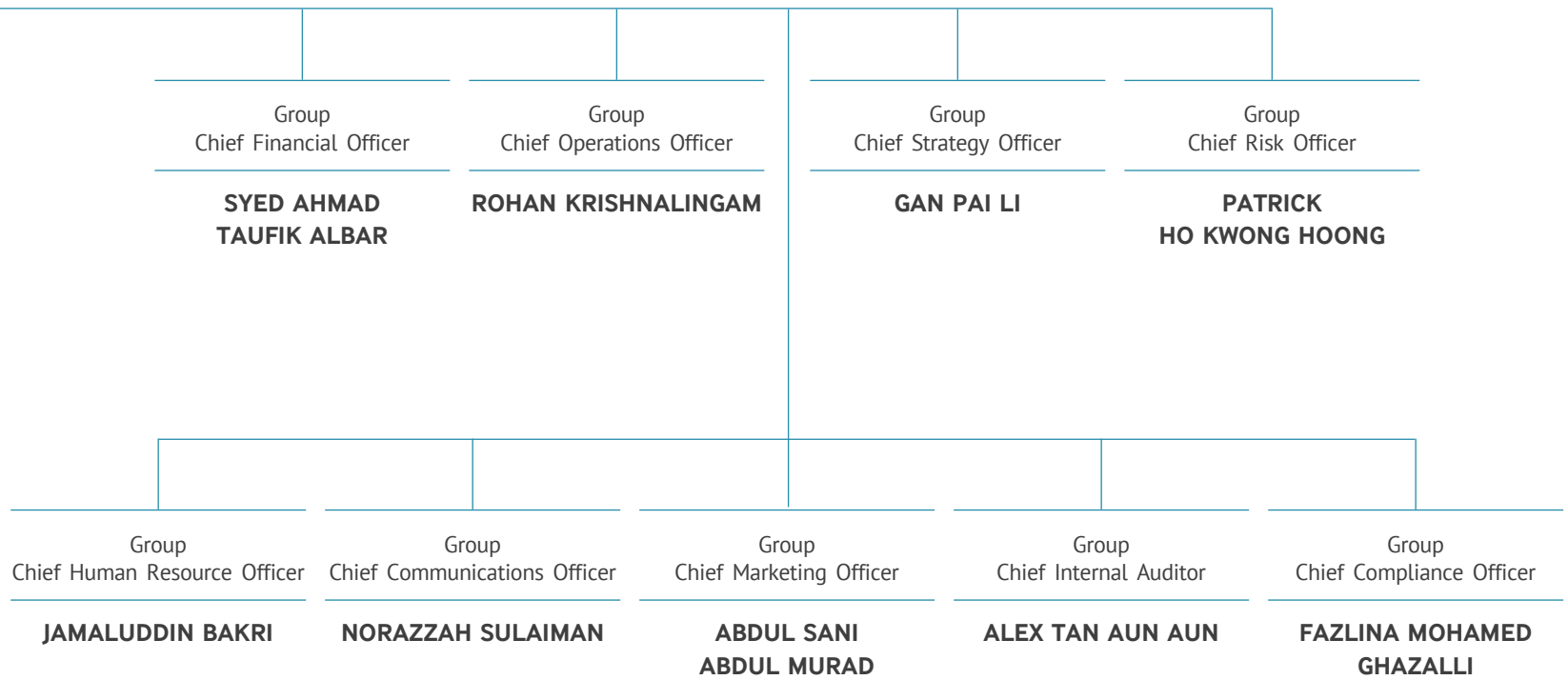
Total Staff by Employment Status

Permanent ▶ 94.6%

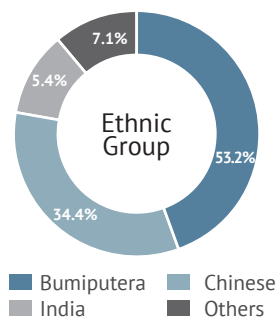
Non-Permanent ▶ 5.4%

Average Number of Hours of Training per Year per Employee Category

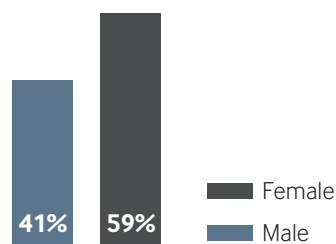
56 HOURS



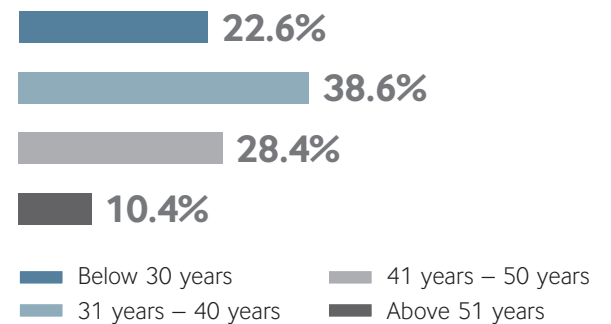
Ethnic Diversity



Gender Diversity



Age Diversity



Corporate Governance Overview Statement



CHAIRMAN'S REFLECTIONS ON GOVERNANCE

The Board is committed to maintaining exceptional standards of corporate governance and ensuring values and behaviours are consistent across the business. We manage the affairs of the Group not by merely following prescribed rules and regulations, but by promoting open and transparent discussion, as well as constructive challenge in the Board and across the Group. We continually seek to ensure best practices are being maintained and that governance is integral to our strategy and decision-making processes for the benefit of our shareholders and other stakeholders.

YBHG TAN SRI AZLAN ZAINOL
Non-Independent Non-Executive Chairman

EXTERNAL RECOGNITIONS OF RHB BANKING GROUP'S GOOD CORPORATE GOVERNANCE ECO-SYSTEM



ASEAN CORPORATE GOVERNANCE (CG) AWARD

2018 TOP

30

2015 TOP

50

ASEAN PLCs



THE PINNACLE GROUP INTERNATIONAL'S GLOBAL GOOD GOVERNANCE AWARD

2018
Platinum
 AWARD

2017

Gold
 AWARD

2016

Silver
 AWARD



FTSE RUSSELL ENVIRONMENT, SOCIAL & GOVERNANCE ("ESG") RATING

2018

3.4

2017

2.9



FTSE4Good

MSWG – ASEAN CG AWARD (MALAYSIA'S CHAPTER)

Malaysian Public Listed Companies (PLCs)
Good Corporate Governance Disclosure

TOP 6 RANKING
 2015-2017

This **Corporate Governance Overview Statement** is presented by the Board of RHB Bank Berhad pursuant to Paragraph 15.25(1) of Bursa Malaysia Securities Berhad’s Main Market Listing Requirements (“MMLR”) & Paragraph 3.1A & 3.1B of Practice Note 9 of the MMLR. This Overview Statement should be read together with the Corporate Governance Report (“CG Report”), produced in a prescribed format in line with Paragraph 15.25(2) of the MMLR to elucidate on RHB’s adoption of Corporate Governance practices as enshrined in the Malaysian Code on Corporate Governance (“MCCG”).



The CG Report is available at <https://www.rhbgroup.com/about-us/our-principles/corporate-governance/bank> as well as on the corporate announcement page of Bursa Malaysia Berhad at www.bursamalaysia.com.



OUR APPROACH TO CORPORATE GOVERNANCE

The Board of Directors (the “Board”) of RHB Bank Berhad (“RHB” or the “Company”) is zealous in cultivating and fostering a corporate governance culture that amplifies RHB’s core values of P.R.I.D.E. (Professional, Respect, Integrity, Dynamic & Excellence) throughout its value chain. These core values are ingrained within the organisation to inculcate positive corporate culture that would spur RHB to deliver and achieve its strategic objectives. We, as guardians of public trust, firmly believe good corporate culture defines both the behaviour within RHB Bank Berhad and its subsidiaries (“RHB Banking Group” or the “Group”) and also the way we communicate with our external stakeholders.

The past two years have brought a slew of changes to the corporate governance landscape in Malaysia leading to changes in the legal and regulatory promulgation governing our Company and our industry. The Board is dedicated in ensuring the recommended best practices and the required compliance benchmarks are met and sustained to protect the interests of RHB and all its stakeholders. The Board’s unremitting effort was recognised by the ASEAN Capital Markets Forum, comprised of capital markets regulators within Southeast Asia, as RHB Bank Berhad was accorded the Top 30 ASEAN Public Listed Companies (Top 11-30) amongst the ASEAN community for its good corporate governance disclosures during its 2nd ASEAN Corporate Governance Awards ceremony held on 21 November 2018 at Kuala Lumpur, Malaysia.



“

We, as guardians of public trust, firmly believe

**good
corporate
culture**

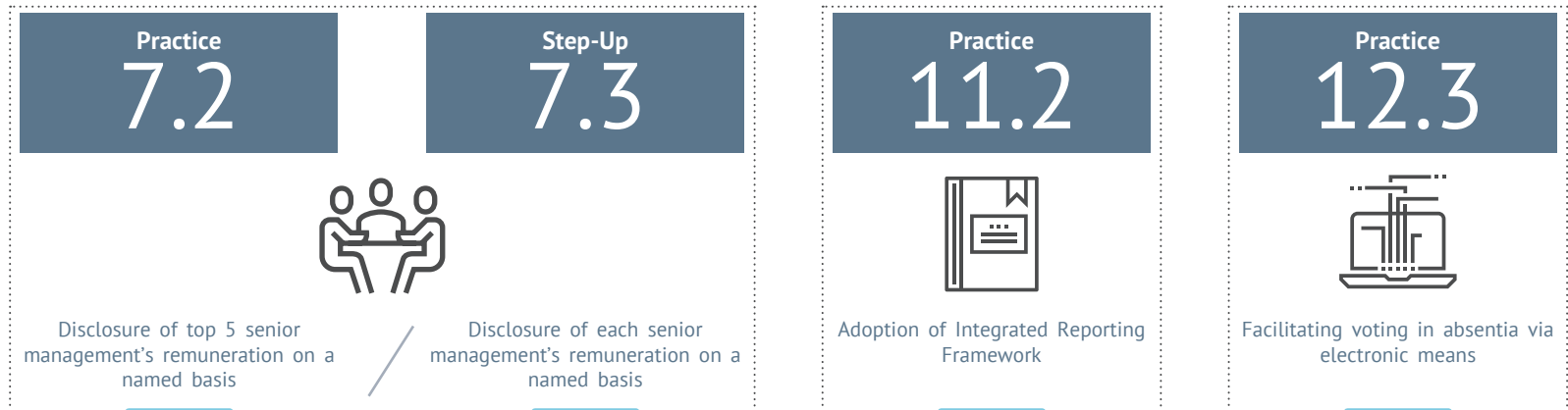


defines both the behaviour within RHB Banking Group and the way we communicate with our external stakeholders.

Corporate Governance Overview Statement

OUR CORPORATE GOVERNANCE PRACTICES

The Board of RHB has adopted and applied all recommendations of the MCCG, except for the following Practices and Step-up:



We acknowledge the inherent value of good corporate governance practice and disclosure and have provided cogent explanation for each departed practice and the required timeline to adopt the said practices within the **CG Report** of RHB Bank Berhad.

A summary of RHB's Corporate Governance practices vis-à-vis the MCCG's principles are laid out as follows:

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS

RESPONSIBILITIES OF THE BOARD

The year 2018 witnessed the launch of the Group's new strategic 5-year plan, FIT22, which succeeded its predecessor I.G.N.I.T.E that came to an end in 2017. FIT22 was assiduously developed to create sustainable value for all stakeholders of RHB. The new strategic plan is closely tied to the Group's brand promise of **Together We Progress** which essentially promotes the idea of the Company being a companion of its stakeholders, both internal and external, to achieve the targeted objectives in a sustainable and ethical manner.

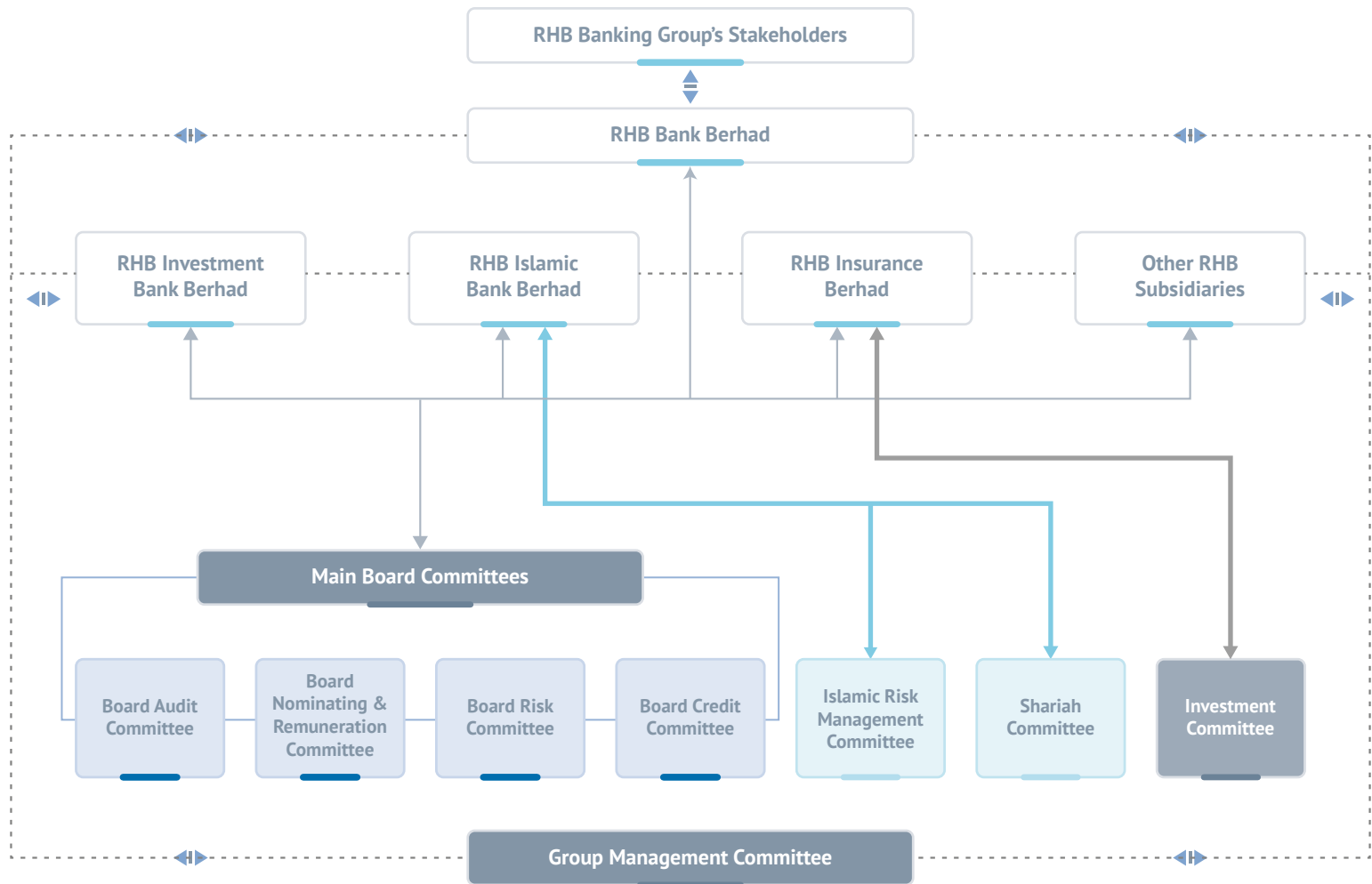
The Management's performance is actively monitored in executing the Board's directive and strategies in line with the Group's new 5-Year plan on top of the Board providing direction and advice to ensure Management do not divagate from the given mandates. The Board has in place a Board Charter that provides clear outline on the roles and responsibilities for each member of the Board. This document was developed with great care and perseverance to guide and ensure each member is held accountable for their actions and inactions in serving the Group. Please refer to our disclosure of Practice 2.1 in the CG Report for additional information on the Board Charter.

FIT22 comprises 22 initiatives which are driven by three key pillars, namely:



OUR GOVERNANCE MODEL

RHB Banking Group operates within a clearly defined governance model as approved by the Board. This model elucidates on the clear governance practices and direction in relation to the decision-making process across the Group. This delegation of authority is clearly defined within the Terms of Reference (“ToR”) of the respective Board Committees. The ToRs are reviewed periodically by the Board to ensure effective and efficient decision-making process within the Group. The Board Committees also act as oversight committees; evaluating and recommending matters under their purview for the Board’s consideration and approval.



Corporate Governance Overview Statement

The Board receives updates from the respective chairperson/representatives of the Board Committees on matters that require specific attention that have been deliberated and considered at the meetings of Board Committees. This practice also applies for other main operating entities within the Group.

In supplementing the Board's effort to govern the Company, the following Board Committees have been established:

Board Audit Committee (“BAC”)

The BAC is responsible to provide independent oversight over the management of financial reporting and internal control systems, ensure checks and balances for entities within the Group and review the financial condition as well as the performance of the Group.



Board Nominating & Remuneration Committee (“BNRC”)

The BNRC supports the Boards in reviewing and assessing the appointment, performance and remuneration of Directors, Board Committees' members and Key Senior Management officers (which entails Group Managing Director (“GMD”), Chief Executive Officer (“CEO”)/Managing Director (“MD”) who report directly to the GMD and any person(s) as may be decided by the Committee) for recommendation to the Board.



Board Risk Committee (“BRC”)

The BRC is responsible to provide oversight and governance of risks for the Group. It oversees Senior Management's activities in managing risk and ensures that the risk management process of each entity within the Group is put in place and functioning. The BRC also ensures the management of the Group's risk is in accordance with a risk-return performance management framework.



Board Credit Committee (“BCC”)

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.



The detailed responsibilities of each Board Committee can be found in the Board Charter of RHB Bank Berhad @ <https://www.rhbgroup.com/about-us/our-principles/corporate-governance/bank> as well as the **CG Report**.

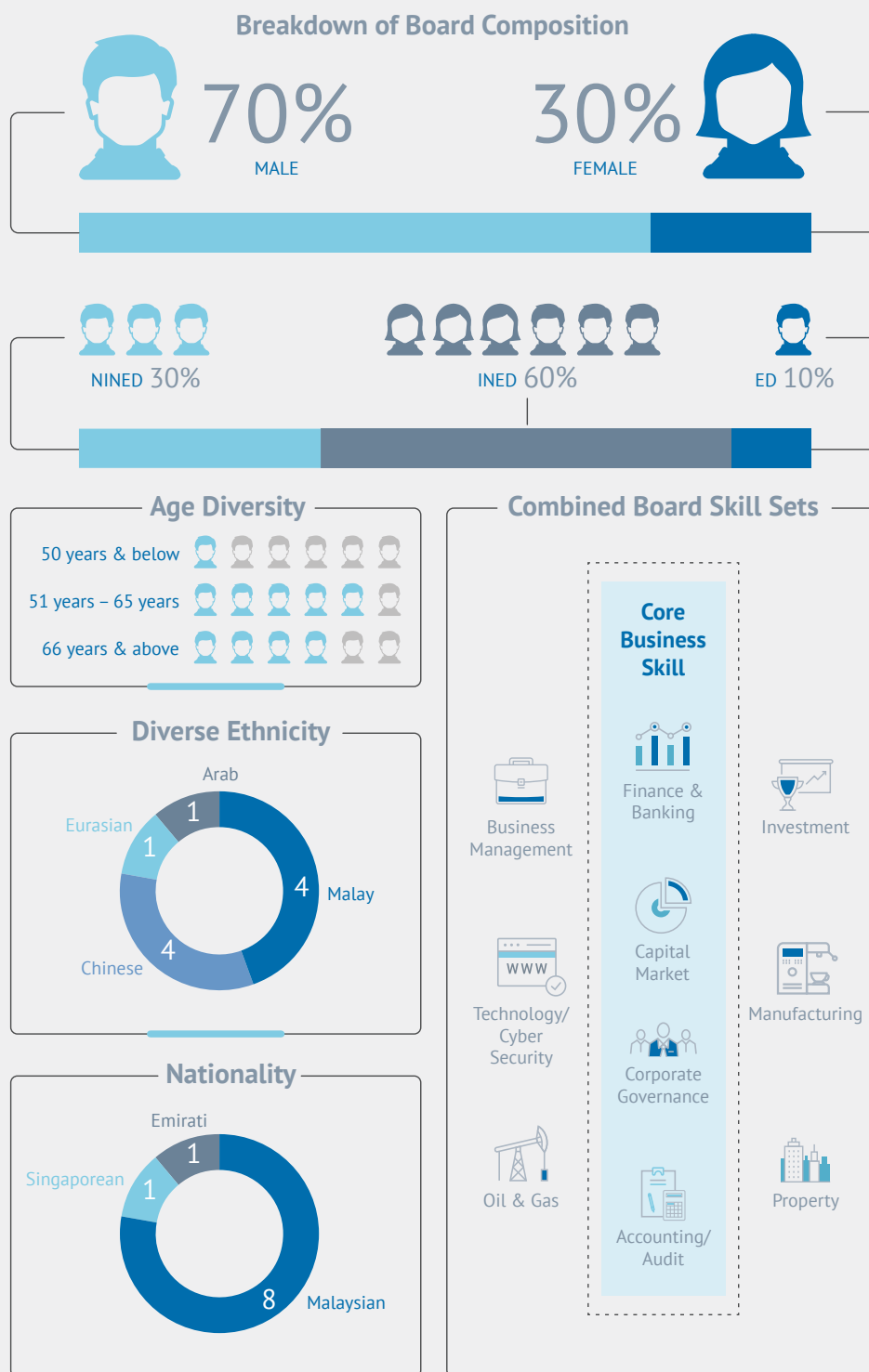
COMPOSITION OF THE BOARD

We understand and acknowledge the importance of having a balanced, diverse, experienced and cohesive Board. The nucleus of the Board is in its composition. A Board that encapsulates diversity would be able to face the challenges headstrong and view the opportunity as well as business risks in a collective manner. Currently, there are six Independent Non-Executive Directors (“INED”), three Non-Independent Non-Executive Directors (“NINED”) and one Executive Director (“ED”) serving on the Board.

We continued to invest time and effort to improve the composition of the Board by ensuring the Board constituted a majority of INEDs. On 28 November 2018, the Board, supported by the BNRC, appointed Mr Lim Cheng Teck as an INED. Mr Lim’s appointment to the Board ensured the Board complied with Bank Negara Malaysia’s Corporate Governance Policy Document and the MCCG, both of which advocate for the Board composition to encapsulate a majority of INEDs.

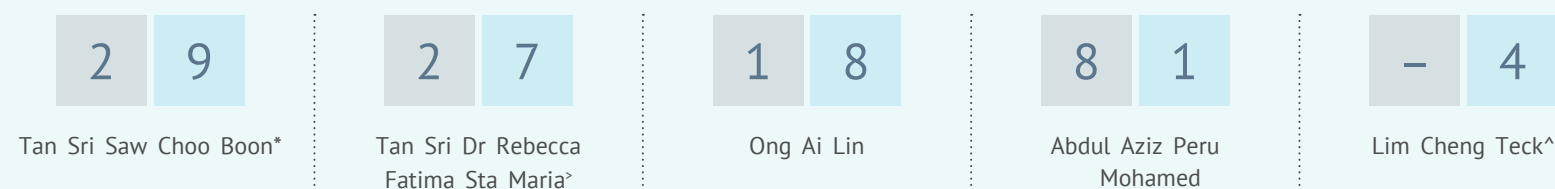
Besides the facet of board independence, we continued our journey to improve the Board’s gender diversity, an effort we embarked since 2016. Two women Directors, namely Tan Sri Dr Rebecca Fatima Sta Maria, the Senior Independent Non-Executive Director and Ms Ong Ai Lin, an INED, were initially appointed to improve the dynamics within the Board. This was then further strengthened in 2019 with the appointment of Puan Sharifatu Laila Syed Ali, also as an INED, ensuring the Board achieved its target of having 30% women Directors in line with the MCCG.

The Board is well pleased with the current established composition as it is an important driver of our effectiveness. The current composition allows a breadth of perspective to be shared by its members and is viewed as optimal for a company of RHB’s size and intricate operations. The BNRC, in supporting the Board, ensures factors such as mix of skills, calibre, competency, character and experience are taken into consideration in nominating candidates for Board appointments.



Corporate Governance Overview Statement

TENURE OF INEDS[#]



The tenure of INEDs illustrated above were tabulated as at 15 March 2019.

* Tan Sri Saw Choo Boon's tenure above does not include the 6 years spent as an INED of RHB Capital Berhad, the former holding company of the Group.

[^] Mr Lim Cheng Teck was appointed to the Board on 28 November 2018.

[>] Tan Sri Dr Rebecca Fatima Sta Maria was re-designated as Senior INED ("SINED") on 1 October 2018 replacing Tan Sri Saw Choo Boon.

[#] Puan Sharifatu Laila Syed Ali was appointed to the Board on 15 March 2019 as an INED.

Legend: ■ Years ■ Months

DIRECTORS' ATTENDANCE

The Board and its Committees met regularly to carry out their respective duties and responsibilities during the year under review. We are pleased to report that there was no Director who recorded attendance lower than 92% for all Board meetings and 85% for Board Committee meetings. The table below illustrates 2018 meeting attendance record for all Board members[#] of RHB Bank Berhad:

Board Member	Designation	Meeting Attendance				
		Board	BAC	BNRC	BRC	BCC
Tan Sri Azlan Zainol	Non-Independent Non-Executive Director	12/12		9/9		
Dato' Khairussaleh Ramli	Group Managing Director	12/12				
Tan Sri Ong Leong Huat @ Wong Joo Hwa	Non-Independent Non-Executive Director	12/12		8/9		35/35
Mohamed Ali Ismaeil Ali AlFahim	Non-Independent Non-Executive Director	11/12				
Tan Sri Dr Rebecca Fatima Sta Maria*	Senior Independent Non-Executive Director	11/12	12/12	6/7		
Tan Sri Saw Choo Boon	Independent Non-Executive Director	12/12	11/12	9/9	11/12	
Abdul Aziz Peru Mohamed	Independent Non-Executive Director	12/12				
Ong Ai Lin	Independent Non-Executive Director	12/12	12/12	9/9	12/12	
Lim Cheng Teck [^]	Independent Non-Executive Director	2/2				3/3

Legend: ■ Board/Committee Chairman ■ Board/Committee Member

* Tan Sri Dr Rebecca Fatima Sta Maria was appointed as a member of the BNRC on 15 February 2018 and later re-designated as Chairman of the BNRC on 1 October 2018.

[^] Mr Lim Cheng Teck was appointed to the Board on 28 November 2018.

[#] Puan Sharifatu Laila Syed Ali who was appointed to the Board on 15 March 2019 as an INED, is being excluded from the above table.

REMUNERATION

The Board is mindful that fair remuneration is critical to attract, retain and motivate Directors and Senior Management with the relevant experience and expertise required to lead RHB. The Board also ensures the remuneration proffered promotes the achievement of strategic objectives within the ambient of RHB's risk appetite. 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 corporate website. Detailed information on the role of the BNRC in relation to the Board's remuneration practice can be found per disclosure under Practice 6.1 and Practice 6.2 of the **CG Report**.

Details on the Board remuneration are disclosed under Practice 7.1 of the **CG Report** and on Note 40 of the Financial Statements on page 118 in the Financial Report 2018.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

The Board has in place a Board Audit Committee ("BAC") that comprises 3 members, all of whom are Independent Non-Executive Directors. The Committee supports the Board with matters pertaining to financial reporting, external audit, internal control and internal audit process and review of related party transactions as well as conflict of interest situations. The BAC is chaired by Tan Sri Dr Rebecca Fatima Sta Maria, the Company's Senior Independent Non-Executive Director.

All members of the BAC are financially literate and possess necessary financial background, knowledge and experience to review financial and non-financial reporting and matters put forth for deliberation before the committee. One of the committee member, namely Ms Ong Ai Lin, is an Associate of The Institute of Chartered Accountants in England & Wales and a Member of the Malaysian Institute of Accountants. She was accorded the Cyber Security Lifetime Achievement Award by CyberSecurity Malaysia for her lifelong and significant contribution including excellent research towards cyber security for our national critical infrastructure.

The BAC oversees the Group Internal Audit ("GIA") function which operates under a charter mandated by the BAC that gives unrestricted access to review all activities across the Group. The GIA reports directly to the BAC on all its activities as promulgated by Paragraph 15.27 of MMLR.

The BAC reviews and approves the Group Internal Audit's annual audit plan, its staffing requirements and audit activities, including appraisal of the Group Chief Internal Auditor's performance. The committee is involved in deciding the remit of the internal audit function including its objectives, strategies, roles and responsibilities, scope and remuneration.

Further information on the BAC and GIA of the Group can be found in the **CG Report** and also under the BAC Report on page 187 of this Annual Report.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

As a financial institution, 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, depositors' monies and the interests of policy owners, as well as the Company's and the Group's assets. RHB's risk management and internal control framework is designed not only to cover financial controls but also non-financial controls.

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 within the Group.

The BRC continues to enhance its oversight on RHB's compliance activities with special "compliance focus" meetings prior to every scheduled BRC monthly meetings. This effort was undertaken by the BRC to ensure that they were kept abreast by Management on all matters relating to RHB's compliance activities.

Detailed information on RHB Banking Group's risk management and internal control framework is available under the Statement of Risk Management and Internal Control ("SORMIC") on page 179 of this Annual Report.

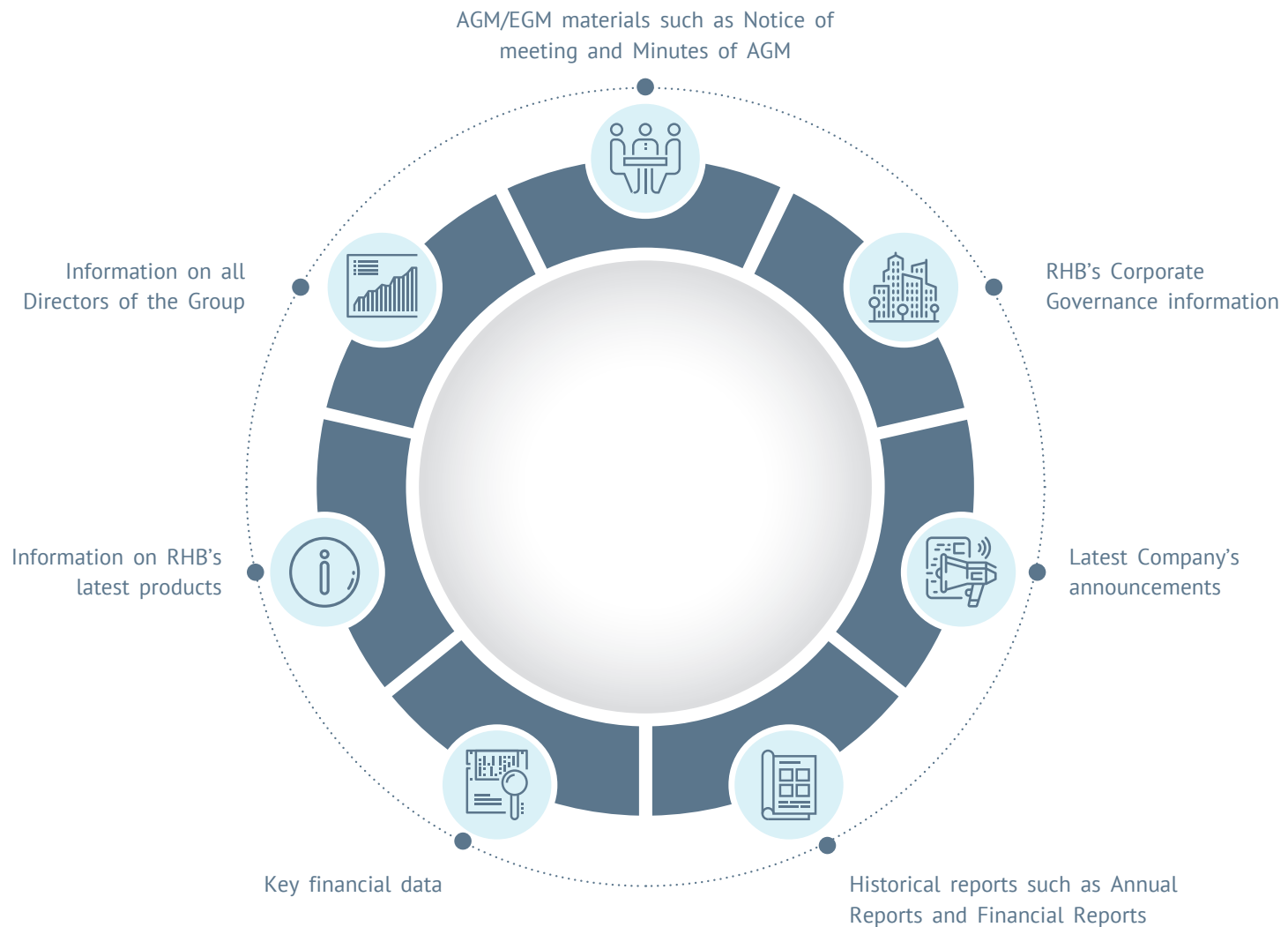
Corporate Governance Overview Statement

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

COMMUNICATION WITH STAKEHOLDERS

The Board endeavours to continue maintaining an open and timely communication with all stakeholders. The Board currently conducts its engagement with stakeholders through various mechanisms such as the publication of Annual Reports, Financial Reports, Corporate Governance Reports, Sustainability Reports, General Meetings, investors' conferences, roadshows, analyst briefings, media briefings/press conferences and communication via electronic means such as RHB's corporate website.

Valuing the importance of transparency, we ensure that important and material information are communicated to stakeholders in a timely manner, through the Company's website, www.rhbgroup.com. The corporate website is regularly updated with relevant information for the ease of all stakeholders. Information disclosed in the website include:



CONDUCT OF GENERAL MEETINGS

We view the rights of shareholders to attend and participate in general meetings to be sacrosanct. In this regard, we as stewards of the Company ensure that shareholders are accorded the opportunity to raise questions or seek clarification on matters relating to RHB's performance both financial and non-financial during the General Meetings.

All resolutions tabled during the General Meetings are voted by way of electronic poll in line with Paragraph 8.29A of the MMLR. Shareholders are entitled to appoint representatives or proxy/proxies to vote on their behalf in their absence at the general meetings. During the Annual General Meeting ("AGM"), shareholders are briefed on the Company's performance by the Managing Director along with the answers to questions posed by the Minority Shareholders Watch Group ("MSWG"). All Directors of RHB Bank Berhad were present at the 52nd AGM held on 25 April 2018. In line with the MCCG, shareholders were provided with more than 28 days' notice for the 52nd AGM.

Further information on corporate reporting and meaningful relationship with stakeholders can be found within the **CG Report** of RHB Bank Berhad.

REFLECTION ON KEY CORPORATE GOVERNANCE FOCUS AREAS IN 2018

During the year under review, the Board focused on the following corporate governance matters:

► OVERSIGHT ON STRATEGY & FINANCIAL PERFORMANCE

With the new 5-Year FIT22 strategic plan in place, the Board continues to actively monitor and engage management on the progress and performance of the Group in achieving the financial and non-financial objectives. The Board received regular update from Management during Board and Board Committees' meetings as it continues to imbue and support Management by providing guidance and leadership; ensuring management did not divagate from the targets. To nurture the cohesion between the Board and Management, an offsite Board meeting session was organised with participation of Management. Board and Management were allowed to socialise outside the hustle and bustle of the corporate environment to synchronise the culture and mind-set of Management in line with the Group's new FIT22 strategy to create long-term sustainable value for all its stakeholders.

► ENHANCING BOARD INDEPENDENCE

The Board acknowledged that its composition at the start of the financial year did not meet the recommendation of the MCCG with regard to a Large Company (as defined by the MCCG) having a majority of INEDs on Board. The Board, supported by the BNRC, worked tirelessly during the year by filtering through and assessing the potential candidates who were suitable to be appointed on the Board as Independent Director(s). The Board, upon the satisfactory review and recommendation of the BNRC, appointed Mr Lim Cheng Teck as an INED on 28 November 2018 and Puan Sharifatu Laila Syed Ali as an INED on 15 March 2019. Mr Lim brings with him a wealth of experience having spent over 30 years in the financial services industry whilst Puan Sharifatu Laila has extensive experience in the field of capital markets and portfolio investments both in the domestic and regional environment having led ValueCap, a government-linked investment fund since its formation, up until her retirement. Their appointment augurs well with the Board's target of having a board composition comprising a majority INEDs, consistent with the regulatory promulgation of Bank Negara Malaysia and the MCCG.

► FIT & PROPER POLICY

Ensuring the Board is constituted of capable and ethical individuals, a review of the existing Fit & Proper Policy was conducted by the Board in line with the Bank Negara Malaysia's Fit and Proper Criteria. The Policy was benchmarked against local and international requirements to ensure the policy provided sufficient guidance to Directors as well as Senior Management personnel. All Directors and senior officers of the Group are required to adhere to this Policy.

► ANTI-BRIBERY & CORRUPTION ("ABC") POLICY

The Board is aware that much attention has shifted towards culture and conduct among bankers as we are held to a higher moral standard as guardians of public trust on the financial system. As corruption corrodes from within and has far reaching consequences, the Board took affirmative action instead of kicking the can down the road. The corporate liability provision introduced in the new MACC (Amendment) Act 2018 reinforced the importance of having a comprehensive internal ABC programme.

During the year under review, a new Group Policy on Anti-Bribery and Corruption was formulated and approved to ensure that the Board, Management and all employees of RHB Banking Group were edified of their responsibility and the repercussion of any unethical conduct. All employees of RHB Banking Group were encouraged to undertake e-learning courseware on RHB's guidance on gifts and hospitality as well as the Group's existing practices that dehort the proffering or the acceptance of bribes.

Corporate Governance Overview Statement

▶ BOARD EFFECTIVENESS EVALUATION (“BEE”)

With the support of the BNRC, we undertook the yearly evaluation of individual Directors, the Board as a whole and Board Committees’ members via an internally conducted BEE exercise. The outcome of the BEE was tabulated in generic as well as thematic results on Board culture and conduct. The results of the BEE provided insight into areas of strength and improvement of the Board as a whole and for individual Directors. The Board was satisfied with the results unearthed from the BEE and undertook the necessary steps to ensure areas for improvements were treated with importance.

▶ WHISTLEBLOWING POLICY

The Board, in adherence to Standard 18.2 of Bank Negara Malaysia’s Policy Document on Corporate Governance, had in place a Whistleblowing Policy and Procedure for the Group since 2007 (Revised and last updated in 2014). During 2018, the Board reviewed the existing policy and called for the policy to be updated. As a result, the chairperson of the BAC was tasked with the responsibility

of overseeing the effective implementation of the Whistleblowing Policy and Procedures. The RHB corporate website was then updated with the revised policy addressing additional dedicated whistleblowing channels for internal and external stakeholders of RHB to voice their concerns with regard to illegal, unethical or questionable practices within the Group. This included the availability of alternative whistleblowing channels and avenues to escalate similar matters to regulatory bodies and law enforcement agencies.

▶ DIRECTORS’ TRAINING

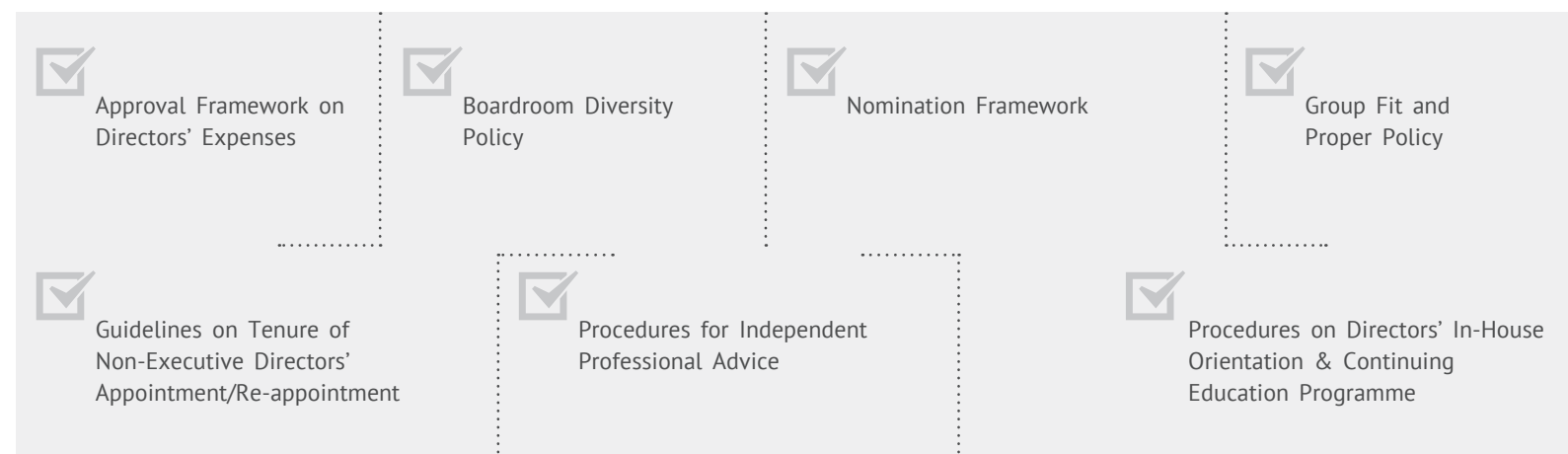
Acknowledging the evolving landscape of the financial services industry, the Board consciously undertook several training programmes to edify itself on the updates of the legal and regulatory landscapes impacting the Group’s business operations. The continuous professional development of the Board also serves to enhance their understanding of the Group’s businesses and its cross-pollination across the Retail Banking, Wholesale Banking, Islamic Banking and Insurance sectors. The list of mandatory and professional development programmes attended by the Board is disclosed under Section B of the **CG Report**.

CORPORATE GOVERNANCE FUTURE PRIORITIES & ASPIRATION

SHORT TO MEDIUM TERM (BY 2020)

▶ BOARD GOVERNANCE MANUAL

The Board has in place a Board Governance Manual that guides the Board on matters such as the following:



All these frameworks, policies, procedures and processes are construed as a guide for the Board members in discharging their duties effectively, efficiently and responsibly. The Board reviews these documents periodically to ensure each document reflects the latest legal and regulatory promulgation. A comprehensive review of these documents will be undertaken in 2019.

▶ BOARD CHARTER AND TERMS OF REFERENCE OF BOARD COMMITTEES

The Board will continually review the Board Charter and Terms of Reference of Board Committees to be in line with the recommendations of the MCCG and the MMLR. These documents will be enhanced and updated to ensure that the Board and Board Committees are properly guided in their operations, composition and decision-making processes.

▶ PAY-FOR-PERFORMANCE SCHEME

We are undertaking a revision exercise on the existing 'incentive plan' for RHB's key Senior Management. The revision is expected to be completed by 2020. RHB will incorporate the following, where relevant, as part of the comprehensive pay scheme:

- a) Deferment of payment of variable compensation i.e. performance bonus.
- b) An appropriate mix of cash and non-cash remuneration to reflect risk alignment.
- c) A claw back, malus or other reversal mechanism on the performance rewards in the event of bad performance or serious non-compliances.

The revised remuneration package shall also cover other material risk takers in the organisation who can materially commit or contribute significant impact to the Group-wide risk profile.

▶ BEE (EXTERNALLY FACILITATED IN 2020)

The Board will continue to conduct the BEE in-house for the next financial year ended 2019. The BNRC will undertake an externally facilitated evaluation of the Board, Board Committees and individual Directors once following every three-year cycle of internal evaluation exercise. The next assessment utilising an external independent party would be in 2020. The Board recognises the inherent value of having independent experts to provide their experience in assessing the Board, Board Committees and Individual directors and will support and be guided by the BNRC in this process.

▶ INTEGRATED REPORTING

Continuous effort will be undertaken by the Board to improve the reporting framework of the Group's activities as the Board and Management continue to inculcate integrated thinking within the organisation to enable a seamless transition towards integrated reporting. In our effort to evolve our reporting, the Board focuses on improving its sustainability reporting framework by producing standalone Sustainability Reports since 2017. The Board views the publication of the Sustainability Reports as a stepping stone towards adopting Integrated Reporting Framework.

▶ LONG TERM (BY 2022)

▶ ENABLING VOTING IN ABSENTIA

The Board will endeavour to adopt Practice 12.3 of the MCCG by sourcing the market for a suitable service provider to enable the implementation of voting in absentia as well as remote participation by shareholders for the General Meetings of RHB Bank Berhad. The current practice by the Company ensures shareholders are able to participate, engage with the Board and Senior Management effectively and make informed voting decisions at RHB's General Meetings.



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

Additional Compliance Information Disclosures

1. Utilisation of Proceeds Raised from Corporate proposals

There were no proceeds raised from corporate proposals for the Financial Year 2018.

2. Material Contracts

RHB Bank and its subsidiaries did not have any material contracts involving Directors' and major shareholders' interests in the 12-month financial period from 1 January 2018 to 31 December 2018. The material contracts in this case do not include financing to parties connected to Directors which are conducted in accordance with the relevant legal and regulatory promulgation.

However please take note that in relation to Vietnam Securities Corporation, RHB Investment Bank has entered into a conditional share purchase agreement with the Vendors (details below) and the excerpt of the initial announcement to Bursa and the update is attached below;

"RHB Investment Bank, a wholly-owned subsidiary of the Bank, has on 9 February 2018 entered into a conditional share purchase agreement ('CSPA') with Chu Thi Phuong Dung, Truong Lan Anh and Viet Quoc Insurance Broker Joint Stock Company for the acquisition of the remaining 51% equity interest in VSEC, comprising 6,885,000 existing common shares of VND10,000 each in VSEC for a purchase consideration of VND121,629,915,000 (equivalent to approximately USD5.365 million or RM21.285 million) to be satisfied wholly in cash.

The Proposed Acquisition is amongst others, subject to the approvals of BNM and State Securities Commission of Vietnam ('Vietnam SSC'). The Bank and RHB Investment Bank have submitted applications to BNM for the approval of the Proposed Acquisition and VSEC has also submitted an application to Vietnam SSC for the approval of the Proposed Acquisition and the conversion of the status of VSEC from a joint stock company into a single-member limited liability company ('Conversion').

Vietnam SSC and BNM had on 17 October 2018 and 12 December 2018 respectively granted their approval to VSEC for the Proposed Acquisition.

RHB Investment Bank, Chu Thi Phuong Dung, Truong Lan Anh and Viet Quoc Insurance Broker Joint Stock Company had on 27 December 2018, by way of an exchange of letter, mutually agreed to extend the period to satisfy or waive the conditions precedent of the CSPA to 28 February 2019.

On 29 January 2019, Vietnam SSC had granted its approval for the Conversion and the issuance of an amended license as a single member limited liability company. VSEC has since become a wholly-owned subsidiary of RHB Investment Bank effective 19 February 2019.

The Acquisition was completed on 19 February 2019".

3. Related Party Transactions

The Group has put in place a Policy on Related Party Transaction Review Process ("the Policy") since 2004 (revised and updated in 2015), which guides the review and reporting of all related party transactions. Under this Policy, related party transactions are reviewed by Group Legal prior to independent review by Group Internal Audit before any submission is made to the Board Audit Committee for deliberation.

The Board did not enter into nor seek mandate from its shareholders on any RPT during the past financial year.

Statement of Risk Management & Internal Control

The Board of Directors (“Board”) is pleased to provide the Statement on Risk Management and Internal Control (“Statement”) pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad. The Statement has been prepared in accordance with the guidelines as set out in the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers” endorsed by Bursa Malaysia Securities Berhad.

The Statement outlines the key features of the risk management and internal control system of the RHB Banking Group (“Group”) during the year under review.

BOARD RESPONSIBILITY

The Board is committed to its overall responsibility in establishing a sound risk management and internal control system in the Group. The Board’s responsibility includes reviewing the adequacy and effectiveness of the risk management and internal control system in safeguarding shareholders’ investments and the Group’s assets. While total elimination of risks is not possible, the system has been designed to manage the Group’s risk appetite within the established risk tolerance set by the Board and Management to support the achievement of the Group’s business objectives. The system can therefore only provide reasonable and not absolute assurance against the occurrence of any material misstatement, loss or fraud.

In acknowledging that having a sound risk management and internal control system is imperative, the Board has established a governance structure that ensures effective oversight of risks and internal controls in the Group at all levels. To this end, the Board is assisted by the Board Risk Committee (“BRC”) and Board Audit Committee (“BAC”) which have been delegated with primary oversight responsibilities on the Group’s risk management and internal control system. The Board remains responsible for the governance of risk and for all the actions of the Board Committees with regard to the execution of the delegated oversight responsibilities.

The Board has also obtained assurance from the Group Managing Director and the Group Chief Financial Officer that the Group’s risk management and internal control system is operating adequately and effectively.

MANAGEMENT RESPONSIBILITY

The Management is overall responsible for implementing the Group’s policies and processes to identify, evaluate, measure, monitor and report on risks as well as the effectiveness of the internal control systems, taking appropriate and timely remedial actions as required. Its roles include:

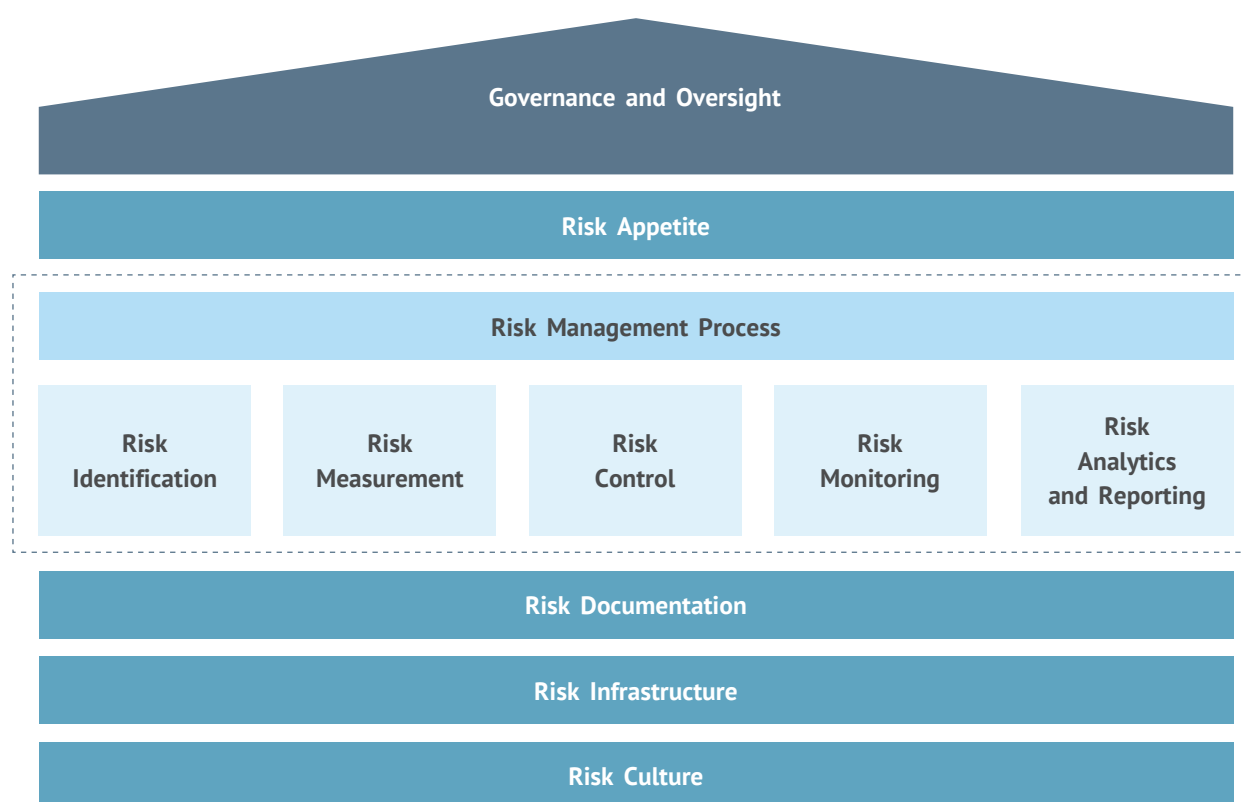
- Identifying and evaluating the risks relevant to the Group’s business and achievement of its business objectives and strategies;
- Formulating relevant policies and procedures to manage risks and the conduct of business;
- Designing and implementing the risk management framework and internal control system, and monitoring its effectiveness;
- Implementing policies approved by the Board;
- Implementing remedial actions to address compliance deficiencies as directed by the Board; and
- Reporting in a timely manner to the Board on any changes to the risks and the remedial actions taken.

Accordingly, the Management has provided assurance to the Board that the Group’s risk management and internal control system is operating adequately and effectively with the necessary processes been implemented.

Statement of Risk Management & Internal Control

RISK MANAGEMENT FRAMEWORK

The Group has in place a risk management framework approved by the Board for identifying, measuring, monitoring and reporting of significant risks faced by the Group in the achievement of the Group's business objectives and strategies. The Group's risk management framework ensures that there is an effective on-going process to identify, evaluate and manage risk across the Group and is represented in the following diagram:



Risk Governance and Oversight

The Board, through the BRC, provides oversight over the risk management activities for the Group to ensure that the Group's risk management processes are functioning effectively.

The BRC also assists the Board to review the Group's overall risk management philosophy, frameworks, policies and models. In discharging its overall duties and responsibilities, the BRC is supported by the Group Capital and Risk Committee ("GCRC") and Group Risk & Credit Management function which monitors and evaluates the effectiveness of the Group's risk management system on an on-going basis. The GCRC, comprising Senior Management of the Group and chaired by the Group Managing Director, is responsible for the supervision of the management of enterprise risk and capital matters.

In addition to the risk management framework, the Group has implemented the Internal Capital Adequacy Assessment Process ("ICAAP") framework to ensure that the Group maintains adequate capital levels consistent with the risk profiles including capital buffers to support the Group's current and projected demand for capital under existing and stressed conditions. In order to ensure on-going engagement and assessment of the Group's risk profile and capital adequacy, the ICAAP report is reviewed at least annually and is presented to senior management and relevant Board committees prior to approval by the respective entities' Boards.

Amongst the other committees set up in the Group to manage specific areas of risk are the Group Asset and Liability Committee, Group Credit Committee, Investment Bank Risk Management Committee, Islamic Risk Management Committee, Board Credit Committee and Group Digital & Technology Committee with their scope of responsibility as defined in their respective terms of references.

Risk Appetite

Risk appetite for the Group is defined as the amount and the type of risks that the Group is willing to accept in pursuit of its strategic and business objectives. Risk tolerance on the other hand, is the acceptable level of variation relative to the achievement of the Group's strategic and business objectives. It is measured in the same units as the related objectives. It translates risk appetite into operational metrics, and it can be defined at any level of the Group.

The Board, through the relevant entities' Boards and Senior Management Committees as well as the Group Risk & Credit Management function, establishes the risk appetite and risk tolerance for the Group and relevant entities.

The defined risk appetite and risk tolerance are periodically reviewed by the Management and the Board in line with the Group's business strategies and operating environment. Such review includes identifying and setting new risk appetite metrics for the business entity or removal of risk appetite metrics that are no longer applicable as well as updates on the risk appetite thresholds to be in line with the Group's business strategy and risk posture.

The main business and operations inherent risks that were considered in the risk appetite review include regulatory compliance risk, credit risk, market and liquidity risk, operational and technology risk, and Shariah non-compliance risk.

Risk Management Processes

The risk management processes within the Group seek to identify, evaluate, measure, monitor and control risk so that risk exposures are adequately managed and the expected returns adequately compensate the risks.

- **Identification:** The identification and analysis of the existing and potential risks is a continuing process, in order to facilitate and ensure that the risks can be managed and controlled within the risk appetite of the Group and specific entity, where necessary.

- **Measurement:** Risks are measured, assessed and aggregated using comprehensive qualitative and quantitative risk measurement methodologies, and the process also serves as an important tool as it provides an assessment of capital adequacy and solvency.
- **Controlling and Monitoring:** Controls, triggers and limits are used to manage risk exposures and to facilitate early identification of potential problem on a timely basis.
- **Analytics and Reporting:** Risk analysis and reports prepared at the respective entities and consolidated level as well as business level are regularly escalated to the senior management and relevant Boards of the Group's entities to ensure that the risks identified remain within the established appetite and to support an informed decision-making process.

Risk Documentation and Infrastructure

The Group recognises that effective implementation of the risk management system and process must be supported by a robust set of documentation and infrastructure. Towards this end, the Group has established frameworks, policies and other relevant control documents to ensure clearly defined practices and processes are implemented consistently across the Group.

In terms of risk infrastructure, the Group has organised its resources and talents into specific functions, and invested in technology, including data management, to support the Group's risk management activities.

Risk Culture

Risk management is integral to all aspects of the Group's activities and is the responsibility of all employees across the Group. In line with regulatory requirements and industry best practices, the Group subscribes to the principle that "*Risk and Compliance is Everyone's Responsibility*" and hence, risk management is a core responsibility of the respective businesses and operating units. This has been articulated and documented in the risk management framework of the Group.

Guided by the said principle, the Group has launched a Risk Culture Awareness programme which comprises training, awareness campaigns and roadshows within the Group (including overseas branches and subsidiaries) to promote a healthy risk culture. A strong risk culture minimises the Group's exposure to financial and non-financial risks including reputational impact, over time.

Statement of Risk Management & Internal Control

In addition, the Group has implemented the Business Risk & Compliance Officer (“BRCO”) programme that aims to cultivate proactive risk and compliance management and to establish a robust risk culture. The BRCO programme entails the appointment of BRCO at the respective business and functional units to provide real time advisory on risk and compliance matters.

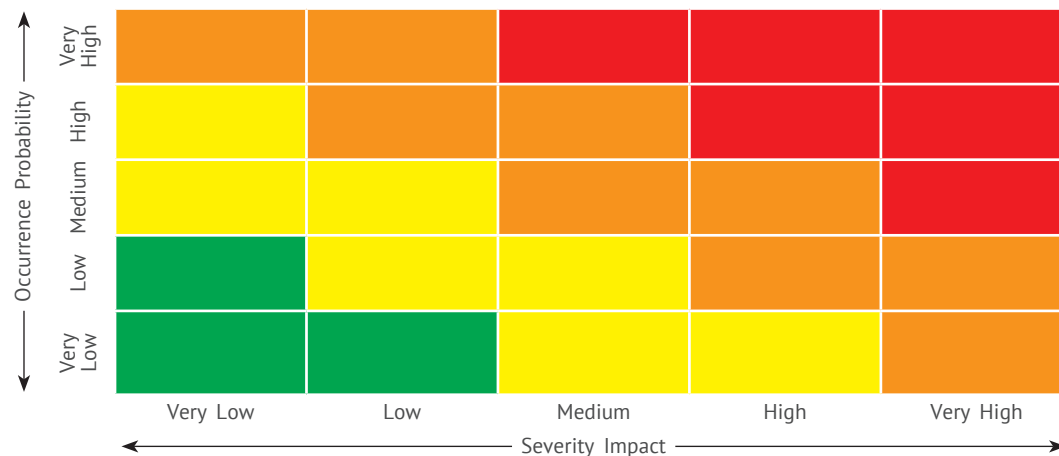
The implementation of the BRCO programme is in line with the ‘Three Lines of Defence’ model practised globally. There is clear accountability of risk ownership across the Group. The model is depicted in the diagram below:



Risk Assessment

The Group has an established and comprehensive process for risk identification at every stage of the risk taking activities, namely transactional, product and even at the respective entities and Group level. Risks are also identified through Operational Risk Loss Event reporting and Portfolio thematic analysis. As part of the Group’s periodic material risk assessment, the Group reviews the types and components of material risks, determines its quantum of materiality and refinement of processes taking into consideration the feedback received, including the independent reviews.

Material risk assessment is measured from the dimension of occurrence probability and severity impact. In addition, risk assessment also considers amongst others, the effectiveness of controls in place, and the impact to financial and non-financial indicators such as reputational risk. These are translated into a heat map matrix to derive the materiality of the risk as shown in the table below:



The use of the above matrix is a simple mechanism to increase visibility of risks and assist in decision making. The Group considers residual risks which fall within the Amber and Red zones are ‘Significant’ and ‘Material’, which may have severe impact to the Group’s financials and/or reputation. Significant efforts will be taken to manage and mitigate these risks events.

Risk and Control Self-Assessment

To further support and promote accountability and ownership of risk management, a Risk and Control Self-Assessment (“RCSA”) framework has been implemented in the business and functional units within the Group as part of the risk management process. These business and functional units are required to identify and document the controls and processes for managing the risks arising from their business activities and operations, as well as to assess the effectiveness thereof to ensure that the risks identified are adequately managed and mitigated. On completion of the RCSA exercise, all business and functional units within the Group are required to submit their respective results to Group Operational and Technology Risk Management for review prior to tabling the RCSA results to the GCRC for deliberation and further action where necessary.

KEY INTERNAL CONTROL PROCESSES

The Group’s system of internal control is designed to manage and reduce risks that will hinder the Group from achieving its goals and objectives. It encompasses the policies, procedures, processes, organisational structures and other control aspects that are implemented for assuring the achievement of the Group’s objectives in operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and internal policies.

The key processes established by the Board that provide effective governance and oversight of internal control systems include:

Control Environment and Control Activities

Organisation Structure

The Group has a formal organisational structure with clearly defined lines of accountability and responsibility, authority limits and reporting. The organisational structure provides the basic framework to help the Group’s operations proceed smoothly and functionally as well as depicting the span of control in ensuring effective supervision of day-to-day business conduct and accountability.

Policies and Procedures

Policies, procedures and processes governing the Group’s businesses and operations are documented and communicated group-wide as well as made available to employees through the Group’s intranet portal for ease of reference and compliance. These policies, procedures and processes are reviewed and updated by the business and functional units through a structured review and approval process to cater to changes in laws and regulations as well as changes to the business and operational environment.

Authority Limits

The Board has approved the Group Manual of Authority (“MOA”) which defines the approving authority with its approving limits delegated to the various levels of Management in the Group to ensure accountability and responsibility. The Group MOA is reviewed periodically and updated in line with changes in the organisation structure, business environment or operational needs.

Information Technology (“IT”) Security

The Group regards IT security as a very high priority to ensure the confidentiality, integrity and availability of the Group’s information assets and IT infrastructure.

IT security in the Group is achieved through the implementation of a risk based control approach which includes documented policies, standards, procedures and guidelines as well as organisational structures and, software and hardware controls.

With the increasing number of cyber threats globally as well as locally, the Group has established a Cyber Coordination and Command Centre to ensure that there is a structured process of prompt monitoring and timely response to cyber threats and incidents.

In order to strengthen and enhance the level of information security management, the Group has obtained certifications of ISO/IEC27001:2013 – Information Security Management System and ISO/IEC 20000:2011 – Information Technology Service Management, in addition to complying with various regulatory requirements on managing information technology risk holistically.

Budgeting Process

A robust budgeting process is established requiring all key operating entities in the Group to prepare budgets and business plans annually for approval by the respective Boards. The Group’s budget and business plans as well as strategic initiatives, taking into account the established risk appetite, are deliberated at the Board where the Group budget is presented.

Human Capital Management

One of the key constituents of any internal control system is its people and that our system of risk management and internal control is dependent on the responsibility, integrity and sound judgement that employees apply to their work. Hence, the Group has in place policies and procedures that govern recruitment, appointment, performance management and rewards as well as matters relating to discipline, termination and dismissal.

Statement of Risk Management & Internal Control

For sustainable growth, the Group places emphasis on human capital development, talent management and succession planning. To enhance employee competencies, structured and technical trainings as well as management and leadership workshops are provided to them based on their identified needs during the annual performance assessment. For talent management, initiatives such as Leadership Development Programme, Individual Development Plan and mentoring are implemented to develop identified talents in the Group to facilitate the continuous supply of high potentials and suitable successors for future leadership roles.

Group Code of Ethics and Conduct

The Group Code of Ethics and Conduct (“the Code”) sets out the standards of good and ethical banking practices, as well as aims to maintain confidence in the security and integrity of the Group’s business practices. It is a requirement that all employees of the Group understand and observe the Code. New recruits are briefed on the Code and are required to sign the Employee Declaration of Compliance Form upon joining the Group.

The Group has also established the Gifts and Hospitality Guidelines to promote integrity and transparency for giving and receiving gifts. The Guidelines complement the Code and are designed to help the Group and its employees understand the respective parties’ obligations in upholding corporate integrity about gifting.

Group Anti-Money Laundering and Counter Financing of Terrorism Policy

The Group Anti-Money Laundering and Counter Financing of Terrorism (“AML/CFT”) Policy is drawn up in accordance with the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 and Bank Negara Malaysia’s standards on AML/CFT. It sets out the high level standards towards building a stronger and robust AML/CFT compliance regime within the Group, facilitates consistency in managing the AML/CFT compliance risk across the local and regional entities within the Group, and sets out the Group’s policy statements in respect of the general principles and key measures to which the Group adheres to.

Pursuant to the Group AML/CFT Policy, the entities and/or employees within the Group are required to adopt Risk Based Approach (“RBA”) to customer acceptance and implement the AML/CFT Compliance Programme framework. This includes customer due diligence (“CDD”) requirements, monitoring of customer activities/transactions, reporting

of suspicious transactions, record keeping, AML/CFT training, protection of customer information, and enforcement actions for non-compliance to the requirements.

The Group AML/CFT Policy also outlines the roles and responsibilities as well as establishes clear accountability of the Board of Directors, Senior Management and all employees within the Group.

The Board has an oversight responsibility for establishing the AML/CFT policies/procedures and minimum standards while the Senior Management is accountable for the implementation and management of AML/CFT compliance programmes in accordance with the policies and procedures as approved by the Board.

Group Fraud Risk Management Policy

The Group Fraud Risk Management Policy is designed to promote consistent organisational behaviour through the development, implementation, and regular review of fraud prevention, detection and response strategies. The Policy defines the core governing principles for fraud management within the Group which include leadership and ethical culture, fraud awareness and prevention, fraud control and detection, fraud reporting and escalation as well as fraud response with appropriate corrective actions.

Business Continuity Management

The Group recognises and is fully committed to the need to provide uninterrupted critical services to its customers, ensure the safety of its employees, protect its assets/data and safeguard the interest of its key stakeholders that collectively ensure the viability of the organisation. Hence, the Group is aware of the importance of a sound Business Continuity Management (“BCM”) Framework and Programme to build organisational resilience and an effective response and recovery mechanism to safeguard the interest of key stakeholders, reputation and brand. The Group’s BCM Programme is based on good business continuity practices, Bank Negara Malaysia and other regulatory guidelines and international standards.

The Board has an oversight function on the Group’s BCM readiness through the BRC and GCRC. The Group Business Continuity Committee is the management committee established to oversee the Group’s business continuity framework, policies, budget and plans, and reports to GCRC.

The Group implements a sound BCM Programme to ensure the critical business functions are recovered in a timely manner in the

event of any disruption. Reviews, assessments, updates and testing of the BCM plans are conducted regularly to ensure adequacy, effectiveness and relevance of the business recoveries. Simulation exercises and drills are conducted to familiarise and equip staff with the skills and processes required to ensure that in the event of any disruption, critical business processes can continue or be recovered in a timely manner.

Information and Communication

Performance Review

Regular and comprehensive information is provided by Management to monitor its performance against the strategic business plan and the annual budget approved by the Board. This information covers all key financial and operational indicators as well as key strategic initiatives undertaken by the Group during the year.

The Board and the Group Management Committee (“GMC”) receive and review financial reports on the Group’s monthly and quarterly financial performance against approved targets and the reasons for any significant variances as well as measures that are being put in place to meet such targets.

The heads of the core businesses and functions in the Group present their respective management reports to the GMC at its monthly meeting, covering areas such as financial performance, key activity results and new business proposal or process for information of and deliberation by the GMC.

Group Whistleblowing Policy

A Group Whistleblowing Policy (“GWBP”) was established by the Group in 2007 and last updated in 2018. The GWBP provides proper mechanism and sets a minimum standard to be adhered by the Group in dealing with disclosure of questionable actions or wrong doings by personnel within the Group. Details of the GWBP can be found under Practice 3.2 of the RHB Bank Berhad’s Corporate Governance (“CG”) Report, available at www.rhbgroup.com.

Incident Management Reporting

To complement the Group’s system of internal control, a comprehensive incident management reporting system has been implemented to ensure proper escalation and management of incidents according to the level of severity. The incident management reporting system also ensures that all incidences with material risk and losses are escalated promptly to Senior Management and the Board with necessary steps

taken to mitigate any potential risks that may arise. This enables the decision makers to undertake informed decision making and be kept up to date on situations as well as manage risks effectively.

Monitoring

Board Committees

The Board has in place, Board Committees that are set up to support the Board in its oversight function. The Board Committees include the BRC, BAC, Board Nominating & Remuneration Committee, Board Credit Committee and Islamic Risk Management Committee. These Board Committees have been delegated with specific duties to review and consider all matters within their scope of responsibility as defined in their respective terms of reference (“ToR”). Detailed responsibilities of these Board Committees can be found under RHB Bank Berhad’s CG Report, Board Charter and their respective ToRs available at www.rhbgroup.com.

Group Management Committee

The Group Management Committee (“GMC”) comprises the Group Managing Director as the Chairman, the Chief Executive Officers/Managing Directors of the relevant key operating subsidiaries and the key Senior Management of the Group. The GMC provides the leadership and direction in the implementation of strategies and policies approved by the Board and meets monthly to discuss and deliberate strategic matters that impact the Group’s operations.

Management Audit Committee

Management Audit Committees (“MACs”) are established at the key operating entities in the Group to ensure timely rectification of any audit findings and the underlying causes highlighted by the internal and external auditors, and regulators. The status of rectification of all audit findings and the mitigation actions taken by Management to adequately address the underlying causes are closely monitored by the MACs at every meeting.

The MACs comprising senior level representatives from different business/functional groups are chaired by the Group Chief Financial Officer/Managing Director of the entity concerned. The MACs meet monthly/bi-monthly and the minutes of meetings together with the relevant audit reports are subsequently tabled to the BAC for information, deliberation and direction for further action where required.

Group Compliance

Compliance is the collective responsibility of the Board, Senior Management and every employee of the Group. The compliance function forms an integral part of the Group’s risk management and

Statement of Risk Management & Internal Control

internal control framework. In view that a strong compliance culture reflects a corporate culture of high integrity and ethics, everyone is expected to promote self-regulation and be accountable for their own activities while maintaining ethical principles and behaviour.

In addition to day-to-day monitoring, Group Compliance's commitment towards instilling a strong compliance culture across the Group is demonstrated through the establishment of a robust compliance monitoring framework which includes, amongst others, implementation of comprehensive compliance policies, periodic compliance risk assessment/reviews, regular engagement sessions with business and functional units and conduct of continuous training/awareness programmes across the Group to ensure that all employees are well informed of the latest regulatory requirements.

Further, the Boards and Senior Management are also apprised of the Group's state of compliance through the submission of the Group Compliance report on a periodic basis.

Shariah Compliance

In line with the Shariah Governance Framework for Islamic Financial Institutions issued by Bank Negara Malaysia, a comprehensive Shariah Governance Framework has also been put in place by the Group which encompasses the Group's Shariah governance structure, the key principles and components underpinning the same, the reporting structure as well as its roles and responsibilities.

Various activities involving reviews, compliance self-assessment, research, trainings and briefings aimed at creating Shariah awareness as well as continuous learning programmes were conducted throughout the year to educate employees on the importance of Shariah requirements and compliance surveillance.

INTERNAL AUDIT

Group Internal Audit ("GIA") reports functionally to the BAC and is independent of the operations and activities it audits. The main responsibility of GIA is to provide an independent appraisal on the adequacy and effectiveness of the Group's risk management, internal control and governance processes implemented by the Management.

The internal audit universe covers all key activities of the Group, including that of its branches, business centres, overseas operations, representative offices, subsidiaries as well as outsourced activities. GIA adopts a risk-based approach in determining the auditable units and frequency of audits in line with the Group's key risks, strategies

and areas of focus, which are identified based on GIA's risk assessment methodology.

The areas to be audited are documented in the internal audit plan that is developed based on a risk-based approach and is approved by the BAC annually. Audit reports which include detailed audit findings, GIA's comments and recommendations, and Management's response are tabled to MACs and BAC on a monthly basis.

The established MACs are tasked to ensure that issues raised by GIA, external auditor and regulators are addressed within an appropriate and agreed timeline. Confirmation to this effect must be provided by Management to GIA for verification before the issues concerned can be closed at the MACs.

The Group Chief Internal Auditor reports functionally to the BAC and administratively to the Group Managing Director to ensure GIA's independence from Management.

Further information on the GIA function is provided in the Board Audit Committee Report of this Annual Report.

CONCLUSION

The Board, through the BAC, BRC and the Islamic Risk Management Committee, confirms that it has reviewed the adequacy and effectiveness of the Group's risk management and internal control system.

Based on the monthly updates from its Board Committees and the assurance received from the Management, the Board is of the view that the Group's risk management and internal control system is operating adequately and effectively for the financial year under review and up to the date of approval of this Statement.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Board Audit Committee Report

The Board Audit Committee (“BAC”) of RHB Bank Berhad (“RHB Bank” or “the Bank”) is pleased to present the BAC Report for the financial year ended 31 December 2018 (“year”) pursuant to Paragraph 15.15(1) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

COMPOSITION AND ATTENDANCE OF MEETINGS

During the year, a total of twelve (12) BAC meetings were held. The BAC comprises the following members who are all independent directors and the details of attendance of each member at the BAC meetings held during the year are as follows:

Composition of BAC	Attendance at Meetings
Tan Sri Dr Rebecca Fatima Sta Maria (Chairperson/Senior Independent Non-Executive Director)*	 12/12 (100%)
Tan Sri Saw Choo Boon (Member/Independent Non-Executive Director)*	 11/12 (92%)
Ms Ong Ai Lin (Member/Independent Non-Executive Director)	 12/12 (100%)

Notes:

* Redesignated as Senior Independent Non-Executive Director on 1 October 2018

Redesignated as Independent Non-Executive Director on 1 October 2018

The BAC meetings were also attended by the Group Chief Financial Officer, being the Chairman of the Management Audit Committee (“MAC”) of RHB Bank and the Group Chief Internal Auditor (“Group CIA”) while the attendance of other Senior Management is by invitation, depending on the matters deliberated by the BAC.

The BAC undertakes the functions of the Audit Committee of the major operating entities within the Group encompassing RHB Bank, RHB Investment Bank Berhad, RHB Islamic Bank Berhad and RHB Insurance Berhad.

Key matters deliberated at the BAC meetings together with the BAC’s recommendations and decisions are summarised and presented to the relevant Boards, in the same month, by the Chairperson or representative of the BAC. This allows the respective Boards to be timely apprised of significant matters deliberated by the BAC and for the Boards to provide direction, if necessary. Extracts of the minutes of the BAC meetings held were provided to the respective Boards for their information.

AUTHORITY

The BAC is authorised by the Board to, among others, review and investigate any matters within its terms of reference; have direct communication channels with the external and internal auditors as well as regulators; obtain independent professional advice, if necessary, at the Company’s expense; and access to Management and resources to enable effective discharge of its functions. The full terms of reference, including the authority, duties and responsibilities of the BAC are published in the Bank’s website.

Board Audit Committee Report

SUMMARY OF BAC ACTIVITIES IN 2018

The work carried out by the BAC in the discharge of its duties and responsibilities during the financial year are summarised as follows:

1. Financial Reporting

- a) Reviewed the quarterly unaudited financial results and the annual audited financial statements of RHB Bank and the Group as well as the draft announcements before recommending them for the Board's approval. The review process encompassed the following:
 - Reviewed changes in accounting policy and adoption of new or updated accounting standards, and its impact to the financial statements.
 - Reviewed the financial statements and sought explanations from the Senior Management including the Group Chief Financial Officer on any significant changes between the current and corresponding quarter/period to assess their reasonableness.
- b) Discussed with the external auditors the following matters identified during the statutory audit for the financial year ended 31 December 2018 as highlighted in their Audit Committee Report:
 - Significant audit and accounting matters including credit, impairment assessment, taxation and IT related matters;
 - Summary of uncorrected misstatements; and
 - Updates on MFRS 9 related matters.

2. Internal Audit

- a) Reviewed and approved the Group Internal Audit ("GIA")'s annual audit plan for the financial year 2019 on 10 December 2018 to ensure adequacy of scope, coverage and resources for the identified auditable areas.
- b) Reviewed and approved GIA's risk assessment methodology for Audit Plan 2019 which was enhanced to incorporate the dimensions of likelihood and impact as well as the control effectiveness in assessing the risk levels of the Group's various business and functional units.

- c) Reviewed the staffing requirements of GIA including the skillsets and core competencies of the internal auditors to ensure effective discharge of GIA's duties and responsibilities.
- d) Reviewed the GIA's audit activities undertaken for the financial year covering the planned audit assignments, ad-hoc audit projects, review of policies, processes and procedures, and IT project participation.
- e) Appraised the performance of the Group CIA and approved the performance rewards for the Group CIA in accordance with the distribution matrix approved by the Board.
- f) Reviewed and deliberated on the minutes of all MAC meetings, internal audit reports, audit recommendations and Management's responses to these recommendations as well as the timely mitigation actions taken by Management to improve the system of internal controls and its processes on the areas highlighted.
- g) Reviewed and deliberated on the investigation reports tabled to the BAC and provided directions, where necessary, to address and improve the internal control weaknesses highlighted.
- h) Reviewed the inspection and examination reports issued by the regulatory authorities and the Management's response as well as the remedial actions taken by Management in respect of the reported findings to ensure that all matters highlighted in these reports had been adequately and promptly addressed by Management.
- i) Reviewed the minutes of meetings of the Audit Committees of the overseas subsidiaries to the extent permitted by the relevant regulatory authorities to satisfy itself that all matters arising therefrom had been appropriately addressed by these Audit Committees.

3. External Audit

- a) Reviewed the 2018 audit plan of the external auditors for RHB Banking Group at the BAC meeting held on 23 July 2018 covering the audit strategy, risk assessment, areas of audit emphasis for the year.

- b) Reviewed with the external auditors, the results of their audit together with their recommendations and Management's response to their findings as detailed in the following reports, and provided BAC's views and directions on the areas of concern where necessary:

Report issued by External Auditors in 2018	Date tabled to BAC
Final Audit Committee Report for the financial year 2017	22 January 2018
Internal Control Report for the financial year 2017	20 April 2018
Limited review of the unaudited financial statements of RHB Bank and RHB Islamic Bank for the financial period ended 30 June 2018	23 July 2018

The BAC further directed the respective MACs to track the audit findings highlighted by the external auditors in their Internal Control Report to ensure timely resolution of all matters by Management.

- c) Met with the external auditors on 22 January 2018 without the presence of Management and Executive Directors to enable the external auditors to discuss on matters with the BAC privately. The 2nd private session with the external auditors scheduled in December 2018 was held on 22 January 2019 as there were no urgent matters to highlight by the external auditors to the BAC.
- d) Reviewed the appointment of the external auditors for the provision of non-audit services before recommending them for the Board's approval. Areas that are considered include the external auditors' expertise, adequacy of knowledge and experience required for the services rendered, competitiveness of fees quoted and whether its independence and objectivity would be impaired.

Reviewed on a quarterly basis, the non-audit services rendered by the external auditors and the related fees taking into consideration the fee threshold established under the Group policy to ensure that the external auditors' independence and objectivity were not compromised.

- e) Reviewed the external auditors' performance and independence before recommending them to the Board for reappointment as external auditors for the Group:

- The external auditors have declared in their 2018 audit plan, which was tabled to the BAC in July 2018, that they have maintained their independence for the audit of the financial statements of the Group in accordance with the firm's requirements and with the provisions of the By-Laws on Professional Independence of the Malaysian Institute of Accountants. They have further declared that the non-audit services provided to the Group during the year have not compromised their independence as external auditors of the Group.
- The annual assessment on the external auditors covering the key areas of performance, independence and objectivity in accordance with the BNM Guidelines on External Auditor.
- The performance of the external auditors was also assessed through a survey completed by the Management personnel of the Group based on their dealings with the external auditors covering areas such as the quality of audit work, coordination during planning and execution of audit work, technical accounting and business knowledge, timeliness and staff continuity.
- A comprehensive review was also conducted in December 2018 prior to the reappointment of the external auditors to assess its independence and the potential risk of familiarity threat at all the banking entities within the Group. The comprehensive review covered three main categories, i.e. governance and independence, communication and interaction, and quality of services and resources.

The comprehensive review was conducted by Group Finance and independently verified by GIA prior to tabling to the BAC for deliberation.

4. Related Party Transactions and Conflict of Interest

- a) Reviewed the reports of related party transactions ("RPTs") on a quarterly basis covering the nature and amount of the transactions including any possible conflict of interest ("COI") situations in ensuring that the terms and conditions of the transactions are commercially based and at arm's length.

Board Audit Committee Report

- b) The review covered the aggregate consideration of Recurrent RPTs (“RRPTs”) which are individually tracked and monitored against the ceiling set to ensure proper reporting and disclosures in accordance with the regulatory requirements.
- c) The Group has in place an approved policy on RPTs which governs the process of identifying, evaluating, approving, reporting and monitoring of RPTs, RRPTs and potential COI situations as well as outlining the duties and responsibilities of the relevant parties involved in the RPT process.

TRAINING

During the year, the BAC members have attended various training programmes, conferences and seminars to keep abreast of latest developments within the banking industry as well as to enhance their knowledge for the discharge of their duties and responsibilities.

The detailed information of mandatory and professional development programmes attended by BAC members are disclosed in Section B of the Corporate Governance Report available at www.rhbgroup.com.

INTERNAL AUDIT FUNCTION

RHB Banking Group has an in-house internal audit function, which is guided by its Internal Audit Charter approved by the Board, Bank Negara Malaysia (“BNM”) Guidelines on Internal Audit Function of Licensed Institutions (BNM/RH/GL 013-4) and the Institute of Internal Auditors’ latest International Professional Practices Framework. GIA’s main responsibility is to provide an independent assessment on the adequacy and effectiveness of the Group’s risk management, internal control and governance processes implemented by the Management.

The Group CIA reports functionally to the BAC and administratively to the Group Managing Director. To further preserve the independence of the GIA function, the Group CIA’s appointment and performance appraisal, as well as the GIA’s scope of work and resources, are approved by the BAC.

Internal Audit Charter

The Internal Audit Charter (“Audit Charter”) defines the purpose, authority and responsibility of the internal audit function and is approved by the Board. The approved Audit Charter is published in the Group’s intranet portal, which can be viewed by all employees of the Group.

The Audit Charter is reviewed by the Group CIA every two years or as and when necessary to assess whether the GIA’s purpose, authority and responsibility, as defined in the Audit Charter, continue to be adequate and relevant to enable the audit function to accomplish its objectives.

Summary of GIA’s Activities

The main activities undertaken by GIA during the financial year are summarised as follows:

- a) Prepared the annual risk-based audit plan for RHB Banking Group which includes the audit objectives and scope, and manpower requirements for each planned auditable unit.
- b) Conducted audits as per the approved audit plan as well as ad hoc reviews and investigations requested by Management or regulators during the year.
- c) Audited key areas during the financial year which included the Branches, Credit Underwriting, Business Centres, Treasury Operations, IT Security, Head Office functions, Shariah Business, Investment Banking Business, Asset Management, Insurance Business and Overseas Operations.
- d) Conducted audits as per regulatory requirements such as compliance with BNM’s Guidelines on Statistical Reporting, Anti-Money Laundering and Counter Financing of Terrorism, Disclosure of Customer Documents or Information, Single Counterparty Exposure Limit, Outsourcing, Product Transparency & Disclosure and PayNet’s applicable rules, procedures and manual for payment and debt securities systems.
- e) Carried out ad-hoc compliance and validation reviews as requested by regulators.
- f) Monitored and followed up through the respective MACs on the timely rectification of any reported audit findings and the underlying causes highlighted by the internal and external auditors, and regulators. The status of any outstanding audit findings is summarised and reported to the BAC on a monthly basis.
- g) Reviewed new or updated policies, procedures and processes as requested by Management to provide feedback on the adequacy of internal controls to address the relevant risks.
- h) Participated in system or product development activities to provide recommendations upfront on the relevant control features to be considered by Management.

- i) Assisted the BAC in the annual exercise on the reappointment of external auditors by assessing its independence and potential risk of familiarity threat at all the banking entities within the Group.
- j) Attended Management meetings as permanent invitee on a consultative and advisory capacity to provide independent feedback where necessary on internal control related matters.
- k) Organised MACs meetings, preparing meeting materials as well as preparing minutes of meetings for submission to BAC.
- l) Prepared the BAC Report and the Statement on Risk Management and Internal Control for the Bank's Annual Report for the year 2018.

Internal Audit Resources

The Group CIA, in consultation with the BAC and the Group Managing Director, decides on the appropriate resources required for the GIA taking into consideration the size and complexity of operations of the Group. The primary organisation chart/structure of GIA is reviewed and approved by the BAC annually.

As at 31 December 2018, GIA has 153 internal auditors with relevant academic/professional qualifications and experience to carry out the activities of the internal audit function. The costs incurred for maintaining the internal audit function for the financial year 2018 amounted to RM22.6 million.

Professional Proficiency

The Group CIA ensures that the internal auditors are suitably qualified and provided with the necessary trainings and continuous professional development for the purpose of enhancing their audit and relevant technical skills to perform their duties and responsibilities.

The internal auditors are further guided by the GIA Learning Development Framework to pursue the relevant certification programmes such as those offered by the Institute of Internal Auditors and Asian Institute of Chartered Banker in order for them to be proficient and competent in the relevant disciplines.

Based on each staff's Individual Development Plan for the year 2018, the internal auditors attended the relevant technical as well as leadership and management programmes offered by RHB Academy, the Group's Learning and Development Centre, and external programmes. For the year 2018, the internal auditors attended a total of 1,548 days of training, which translates to approximately 10 days per auditor.

Internal Audit Quality Assurance Review

To ensure effectiveness of the internal audit function, the Group CIA has developed and maintained a quality assurance and improvement programme that covers all aspects of the internal audit activities. The quality assurance programme assesses the effectiveness of processes within the internal audit function and identifies opportunities for improvement through both internal and external assessments.

The internal assessment is performed according to the approved annual Quality Assurance Review ("QAR") plan by a QAR team within GIA. The Head of QAR function reports directly to the Group CIA to maintain its independence of the internal audit activities within GIA.

In addition to the internal assessment, external quality assessment is conducted every three years by qualified professionals. The appointment of independent reviewer is subject to the Group's established procurement process and endorsed by the BAC.

The external quality assessment covered a broad scope that includes conformance with the Definition of Internal Auditing, the Standards and the Code of Ethics, and the internal audit charter, audit plan, policies and procedures in line with the requirements of the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors ("IIA"), BNM guidelines and industry best practices. The results of review by the independent reviewer are documented in a report which is tabled to the BAC.

Risk Management Report

Overview of 2018

The financial industry continues to operate in a challenging economic environment, as a result of domestic and external headwinds such as political uncertainties and commodity price slump. The domestic economy continues to grow albeit at a slower pace than projected; weighed down by rising trade protection, interest rate hikes from the US and depreciating Ringgit.

The financial industry has also seen rapid expansion of digitalisation of banking services and increasing cyber related risks, which may present other unexpected risks. The Group remains vigilant and continues to invest in technology platforms, processes and controls to manage the key risks from digitalisation. In order to keep pace with the speed of technologically advanced setting, the Group has also piloted the Agile way of work on selected digital transformation programmes.

In 2018, we saw continued tightening measures through the issuance of policy documents from Bank Negara Malaysia (“BNM”); amongst others the Credit Risk policy and Anti-Money Laundering and Counter Financing of Terrorism policy for Digital Currencies. BNM also issued various exposure drafts covering various subjects to seek feedback from industry on recommendations on areas to be clarified and alternative proposals which BNM should consider. The exposure drafts includes outsourcing, disclosures and risk management in technology.

KEY HIGHLIGHTS IN 2018

- The Group adopted the MFRS 9 standards through the revised Financial Reporting Policy Document on 1 January 2018 and has ensured full compliance for products, services and operational processes to BNM’s Islamic Policy Documents on Kafalah, Wakalah, Wadiah, Qard, Hibah and Ijarah.
- RHB Bank Berhad has received approval from BNM to migrate its Retail SME portfolio to the Advanced Internal Ratings Based Approach for its regulatory capital reporting effective April 2018.
- RHB Islamic Bank Berhad has received approval from BNM to adopt the Internal Ratings Based Approach for Credit Risk for its regulatory capital reporting effective September 2018.
- In line with the Group’s focus on capability building by investing in new technology, the Group rolled out the new Retail Loan Origination system in June 2018.

OUR PRIORITIES IN 2019

In line with the Group’s identified 2019 Strategic Priority Areas, Group Risk and Credit Management will:

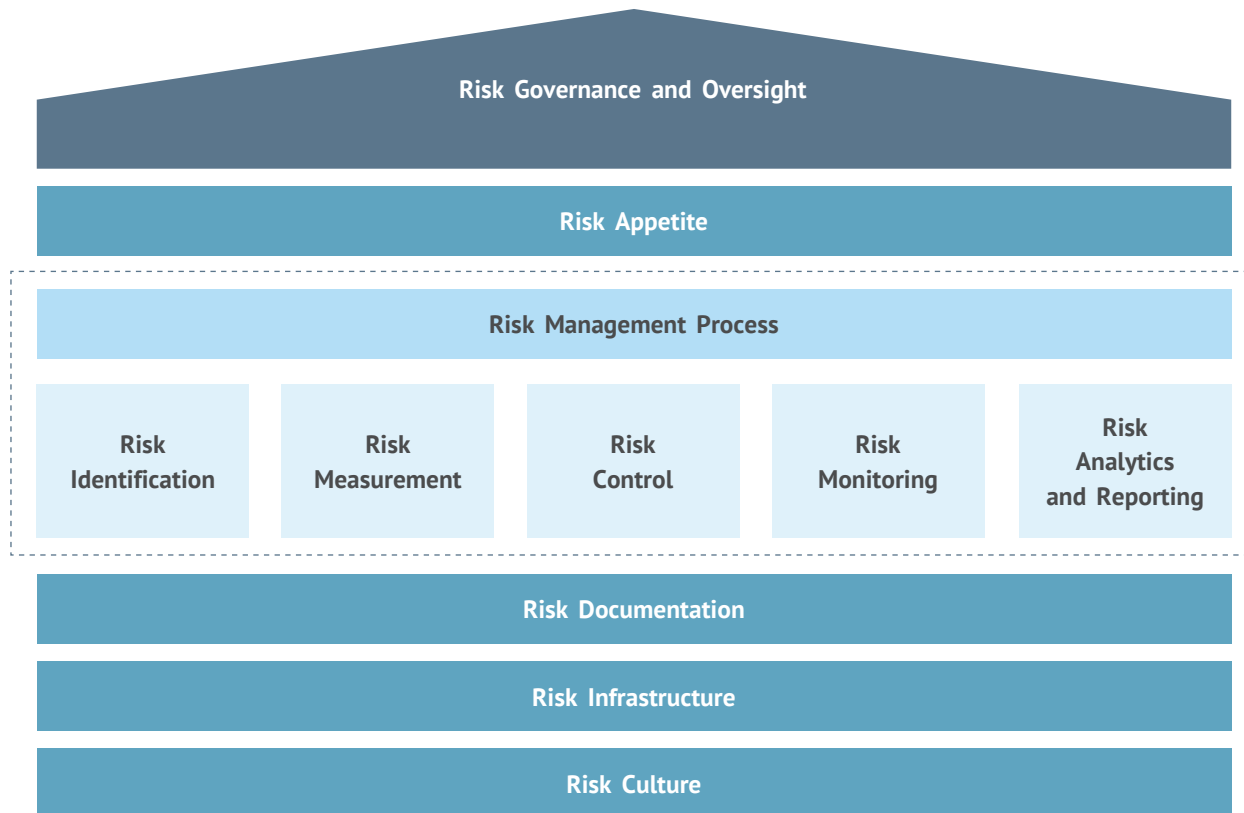
- Strengthen the identification of emerging risk (via implementation of Early Warning System) in order to further improve the Group’s asset quality.
- Explore the usage of Artificial Intelligence in improving our loan and financing origination capability, identification of potential credit fraud as well as ongoing account management.
- Solidify regional governance structure via responsible empowerment and effective Group oversight.
- Continue to invest in technology and controls as part of compliance to BNM’s Risk Management in Technology Guidelines.
- Enhance Stress Testing and Scenario Analysis in order to continuously assess the risk as the business grow further.

GROUP RISK MANAGEMENT FRAMEWORK

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

- It provides a holistic overview of the risk and control environment of the Group, with risk management aimed towards loss minimisation and protection against losses which may occur through, principally, the failure of effective checks and controls in the organisation.
- It sets out the strategic progression of risk management towards becoming a value creation enterprise. This is realised through building up capabilities and infrastructure in risk management sophistication, and enhanced risk quantification to optimise risk-adjusted returns.

The Group Risk Management Framework is represented in the following diagram:



Overarching Risk Management Principles

The Risk Management Framework contains five fundamental principles that drive the philosophy of risk management in the Group:

Principle 1: Risk governance from the Boards of Directors of the various operating entities within the Group

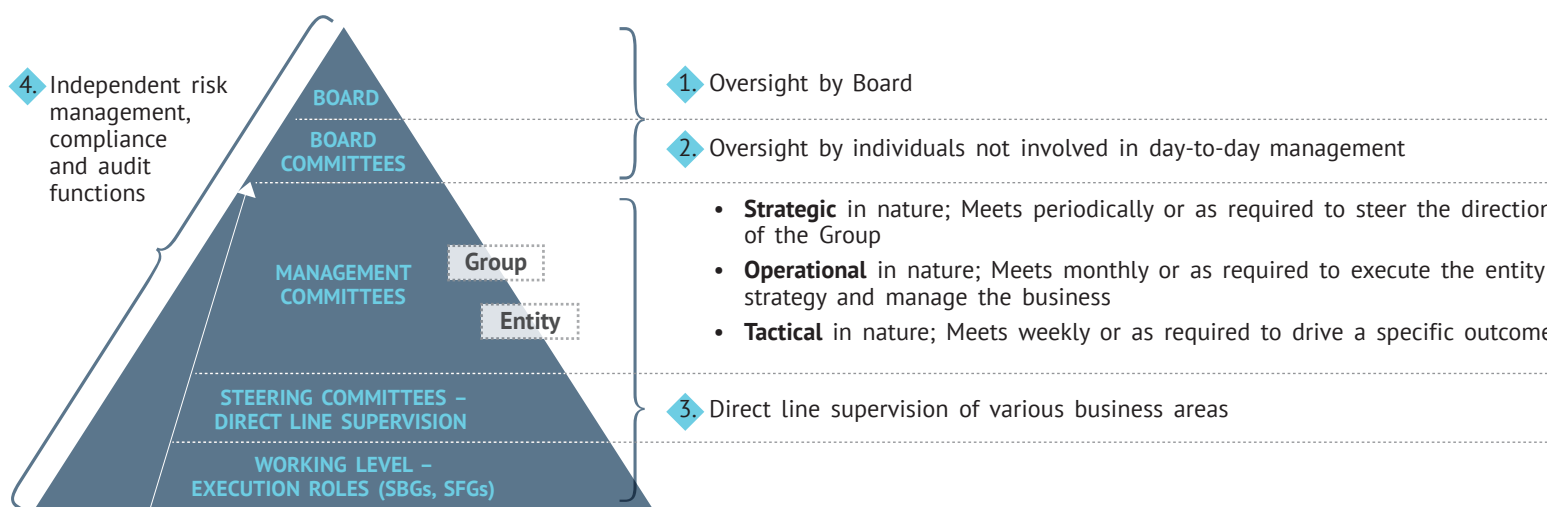
The ultimate responsibility of the Boards of Directors in the Group is to ensure that an effective risk management process is in place which is uniformly understood across the Group. The Group has a structured framework to support the Board’s oversight responsibilities.

Risk Management Report

RISK GOVERNANCE AND ORGANISATION

The Board of Directors (“Board”), through the Board Risk Committee (“BRC”), Group Capital and Risk Committee (“GCRC”) and the Group Risk and Credit Management function, establishes the risk appetite and risk principles for the Group and relevant entities. The BRC is the principal Board committee that provides oversight over risk management activities for the Group to ensure that the Group’s risk management process is in place and functional. The BRC assists the Board to review the Group’s overall risk management philosophy, frameworks, policies and models. The Islamic Risk Management Committee (“IRMC”) is responsible for assisting the Board of RHB Islamic Bank on risk issues relevant and unique to RHB Islamic Bank.

The responsibility for the supervision of the day-to-day management of enterprise risk and capital matters is delegated to the GCRC comprising senior management of the Group and which reports to the BRC/IRMC and the Group Management Committee. The Group Asset and Liability Committee (“Group ALCO”) assists the GCRC to oversee market risk, liquidity risk and balance sheet management whilst the Investment Bank Risk Management Committee (“IBRMC”) is responsible for oversight of risk management matters relating to RHB Investment Bank Group’s business. An overview of this governance framework at Group level is as below:



RISK CULTURE

Principle 2: Clear understanding of risk management ownership

Proactive risk ownership is important for effective management of risk. This promotes a risk awareness culture throughout the Group. The Group adopts the principle that “Risk and Compliance is Everyone’s Responsibility”.

The Strategic Business Group (“SBGs”) and Strategic Functional Group (“SFGs”) of the respective operating entities in the Group are collectively responsible for identifying, managing and reporting risk. The business units manage certain defined risks supported by the services provided by the functional units, including the risk management function.

The approach is based on the ‘three lines of defence’ model as depicted below:

FIRST LINE	SECOND LINE	THIRD LINE
Business/Functional Level <ul style="list-style-type: none"> Responsible for managing day-to-day operational risks and compliance issues Business Risk and Compliance Officer is to assist business/functional unit in day-to-day risks and compliance matters 	Group Risk Management & Group Compliance <ul style="list-style-type: none"> Responsible for oversight, establishing governance and providing support to business/functional unit on risk and compliance matters 	Group Internal Audit <ul style="list-style-type: none"> Provide independent assurance to the Board that risk and compliance management functions effectively as designed

RISK ENVIRONMENT AND INFRASTRUCTURE

Principle 3: Institutionalisation of a risk-focused organisation

In addition to risk ownership, a risk-focused culture is promoted throughout the Group through the strengthening of the central risk management function as well as the continuous reinforcement of a risk and control environment within the Group.

Central Risk Management Function

Group Risk and Credit Management is independent of the business function to ensure that the necessary balance in risk/return decisions is not compromised by short term pressures to generate revenues. The said function is headed by the Group Chief Risk Officer.

The roles and responsibilities of the Group Chief Risk Officer include:

- Facilitating the setting of the strategic direction and overall policy on management and control of risks of the Group;
- Ensuring industry best practices in risk management are adopted across the Group, including the setting of risk management parameters and risk models;
- Developing a proactive, balanced and risk attuned culture within the Group; and
- Advising senior management and Boards on risk issues and their possible impact on the Group in the achievement of its objectives and strategies.

Group Risk and Credit Management consisting of Group Risk Management, Group Credit Management and Group Risk Operations provides independent oversight on business activities and implements the Group Risk Management Framework in order to protect and safeguard the Group's assets, and to prevent and mitigate financial and reputational losses to the Group. Key areas for which Group Risk Management is responsible for, include the Group's risk policy and framework, day-to-day risk measurement and monitoring, providing timely risk analysis to management, and ensuring compliance to regulatory risk reporting requirements.

Group Credit Management oversees the Group-wide credit evaluation and assessment, approval and credit monitoring functions by providing credit risk assessment assurance on credit proposals, highlighting key risks and potential problematic accounts, and improving credit process efficiency.

Group Risk Operations is responsible for strategising and implementing a comprehensive enterprise-wide risk governance framework, and managing the development of robust risk management infrastructure and tools, aligned with the Group's strategy for growth and keeping pace with the market requirements and competitive business environment. Group Risk Operations drives the operationalisation of the Group's risk transformation initiatives in establishing risk management as a valuable business partner.

Risk and Control Environment

The business and functional heads are accountable for risk management in their businesses and functions, and for overseas operations where they have governance responsibilities. The business and functional units have clear segregation of duties to ensure that business processes are functioning effectively. There is accountability delegated to the appropriate authority to enable them to execute their respective authorities in meeting the business strategies without compromising the risk management process.

The primary responsibility for managing risks, therefore, rests with the business managers who are best equipped to ensure that risk management and control are continuously focused on the way business is conducted. Business activities and processes are continuously reviewed for areas of significant risks and for implementation of appropriate control procedures to ensure they operate within established corporate policies and limits.

The risk management processes within the Group seek to identify, measure, monitor and control risk so that risk exposures are adequately managed and the expected returns adequately compensate the risks.

- **Identification:** The identification and analysis of the existing and potential risks is a continuing process, in order to facilitate and ensure the risks can be managed and controlled within the risk appetite of the Group and specific entity, where necessary.
- **Measurement:** Risks are measured, assessed and aggregated using comprehensive qualitative and quantitative risk measurement methodologies, and the process also serves as an important tool as it provides an assessment of capital adequacy and solvency.
- **Controlling and Monitoring:** Controls, triggers and limits are used to manage risk exposures and to facilitate early identification of potential problem on a timely basis.

Risk Management Report

- Analytics and Reporting: Risk analysis and reports are prepared at the respective entities and consolidated level as well as business level are regularly escalated to the senior management and relevant Boards of the Group's entities to ensure that the risks identified remain within the established appetite and to support an informed decision-making process.

The Group recognises that effective implementation of the risk management system and process must be supported by a robust set of documentation and infrastructure. Towards this end, the Group has established frameworks, policies and other relevant control documents to ensure clearly defined practices and processes are implemented consistently across the Group.

In terms of risk infrastructure, the Group has organised its resources and talents into specific functions, and invested in the technology, including data management to support the Group's risk management activities.

RISK APPETITE

Principle 4: Alignment of risk management to business strategies

The Group's Risk Management Framework serves to align the Group's business strategy with its risk strategy, and vice versa. This is articulated through the risk appetite setting and the Group's annual business and financial budgetary plan, which is facilitated by the integration of risk measures in capital management.

Risk appetite describes the types and level of risks the Group is prepared to accept in delivering its business strategies. It is a key component of risk management and set by the Board, and reported through various metrics that enable the Group to manage capital resources and shareholders' expectations.

Principle 5: Optimisation of risk-adjusted returns

One of the objectives of capital management is to reflect a risk-adjusted return assumed by the businesses throughout the Group. By linking risk to capital, the risk-adjusted return measure contributes to the creation of shareholders' value by facilitating the allocation of capital to the businesses. The medium to long term strategy and principle of risk management of the Group is to intensify the integration of capital management within the Group. The Group is progressively implementing a risk-adjusted return-based framework for allocation of capital to business units and for performance measurement and management.

SIGNIFICANT RISKS

Credit Risk

Definition

The risk of loss arising from customers' or counterparties' failure to fulfil their financial and contractual obligations in accordance to the agreed terms. It stems primarily from the Group's lending/financing, trade finance and its funding, investment and trading activities from both on- and off-balance sheet transactions.

Highlights

	2018	2017	Trend
Gross Loans, Advances and Financing (RM'million)	168,879	160,124	↑
Gross Impaired Loans Ratio (%)	2.06%	2.23%	↓
Average Credit Risk Weight (%)	38.8%	42.7%	↓

- Overall, the Group registered an improvement in asset quality, with the Gross Impaired Loans/Financing Ratio improving from 2.23% in 2017 to 2.06% in 2018.
- Loans, advances and financing grew by 5.5% year-on-year. This is mainly driven by retail mortgages and personal financing, and SME financing.
- Average Credit Risk Weight has improved for year 2018.

Moving Forward

- Continuous reinforcement of strong Credit Risk culture across the Group.
- Continuous refinement of credit parameters and control to align with industry standards/practices and regulatory requirements.
- Credit analytic to identify the emerging credit risk.

Credit Risk Management Approach

Credit risk management is conducted in a holistic manner. Credit underwriting standards are articulated in an approved Group credit policy which is developed for the assurance of asset quality that is in line with the Group's risk appetite. Industry best practices are instilled in the continual updating of the Group credit policy including independent assessment of credit proposals, assignment of rating and adoption of multi-tiered delegated lending authorities spanning from individuals to credit approving committees.

Group Credit Committee ("GCC") is responsible for ensuring adherence to the Board approved credit risk appetite as well as the effectiveness of credit risk management. GCC is the senior management committee empowered to approve or reject all financial investments, counterparty credit and lending/financing up to the defined threshold limits. Group Investment Underwriting Committee ("GIUC") deliberates, approves and rejects stockbroking/equities/futures business related proposals such as equity underwriting, equity derivatives and structured products, and share margin financing.

The Board Credit Committee's ("BCC") main functions are (i) affirming, vetoing or imposing more stringent conditions on credits of the Group which are duly approved by the GCC and/or GIUC, (ii) overseeing the management of impaired and high risk accounts, and (iii) approving credit transactions to connected parties up to the defined threshold limits. BCC also endorses policy loans/financing and loans/financing required by BNM to be referred to the respective Boards for approval.

The Group and the Bank also ensure that internal processes and credit underwriting standards are adhered to before credit proposals are approved. All credit proposals are firstly assessed for its credit worthiness by the originating business units before being evaluated by an independent credit manager and decided upon by the delegated lending/financing authority/relevant committees. With the exception of credit applications for consumer and approved products under program lending/financing which can be approved by business units' supervisors, all other credit facilities are subject to independent assessment by a team of dedicated and experienced credit evaluators in Head Office. For proper checks and controls, joint approval is required for all discretionary lending between business and independent credit underwriters. Loans/financing which are beyond the delegated lending authority limits will be escalated to the relevant committees for approval.

Internal credit rating models are an integral part of the Group's credit risk management, decision-making process, and regulatory capital calculations. The credit grading models for corporate (or non-individual) obligors are used to risk rate the creditworthiness of the corporate obligors/guarantors/debt issuers based on their financial standing (such as gearing, expenses and profit) and qualitative aspects (such as management effectiveness and industry environment). The credit scoring models are for large volume of exposures that are managed on a portfolio basis, which includes programme lending/financing for small- and medium-sized enterprises. These models are developed through statistical modelling and applied onto the portfolio accordingly.

The analysis of any single large exposure and group of exposures is conducted regularly. The SBGs undertake regular account updates, monitoring and management of these exposures. Further, country and industry specific limits are also incorporated within the overall credit risk management framework for better assessment and management of credit concentration risk.

Credit reviews and rating are conducted on the credit exposures at least annually. Specific loans/financing may be reviewed more frequently under appropriate circumstances. Such circumstances may arise if, for instance, the Group believes that heightened risk exists in a particular industry, or the borrower/customer exhibits early warning signals such as default on obligations to suppliers or other financial institutions or is facing cash flow or other difficulties.

Regular risk reporting is made to the senior management, board committees and the Board. These reports include various credit risk aspects such as portfolio quality, credit migration, expected losses, and concentration risk exposures by business portfolio. Such reporting allows senior management to identify adverse credit trends, take prompt corrective actions, and ensure appropriate risk-adjusted decision-making.

The Group also conducts regular credit stress tests to assess the credit portfolio's vulnerability to adverse credit risk events.

Group Internal Audit conducts independent post-approval reviews on a sampling basis to ensure that the quality of credit appraisals and approval standards is in accordance with the credit underwriting standards and financing policies established by the Group's management, and relevant laws and regulations.

Risk Management Report

Market Risk

Definition

The risk of losses arising from adverse movements in market indicators, such as interest/profit rates, credit spreads, equity prices, currency exchange rates and commodity prices within the trading portfolios and certain exposures in the banking book.

Highlights

Non-Retail	2018	2017	Trend
Market RWA (RM'Million)	3,852	4,960	↓

- The reduction in Market RWA is mainly contributed by the reclassifying of identified investment in equities to be part of the banking book structure.

Moving Forward

- Review and preparation for changes impacted by fundamental review of the trading book.
- Enhancement on trading and risk management platforms with aggregation of trading exposures across entities and branches.

Market Risk Management Approach

The Group Asset and Liability Committee ("Group ALCO") and GCRC perform a critical role in the oversight of the management of market risk and supports the IRMC and BRC in the overall market risk management. Both committees meet regularly and is the forum where strategic and tactical decisions are made for the management of market risk; this includes the development of the Group's market risk strategy, market risk management structure and the policies as well as measurement techniques to be put in place.

The Group Market Risk Management Department within Group Risk Management is the working level that forms a centralised function to support senior management to operationalise the processes and methods, and ensure adequate risk control and oversight are in place. The Group applies risk monitoring and assessment tools to measure trading book positions and market risk factors. Statistical and non-statistical risk assessment tools applied include Value-at-Risk, sensitivity analysis and stress testing. For effective control of operations, defined management action triggers and risk limits are established and actively monitored. Stress testing is rigorously applied in ascertaining the susceptibility of and the extent to which

the Group's financials and earnings are affected by prospective changes in market interest rates/profit rates, key risk drivers or scenarios.

Liquidity Risk

Definition

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

Highlights

	2018	2017	Trend
Gross HQLA (RM'Billions)	44.43	42.43	↑
Loan-to-Deposit Ratio (%)	94.4%	96.4%	↓
Liquidity/Financing Coverage Ratio (%)	143.0%	117.5%	↑

- The Group managed to grow its customer deposits by RM12.0 billion outpaced loan growth of RM8.8 billion, between December 2017 and December 2018. The higher deposits growth over loan growth resulted in improvement to the Group's LDR to 94.4% as compared to December 2017 at 96.4%.
- Concurrently, the excess customer deposits received resulted in the improvement of the Group's liquidity position as reflected by higher gross High-Quality Liquid Assets ("HQLA") position and higher liquidity coverage ratio ("LCR"). As at December 2018, the Group's LCR stood at 143.0% (December 2017: 117.5%), well above BNM's regulatory requirement of 90% and 80% for 2018 and 2017 respectively.

Moving Forward

- Ensure adequate liquidity level is maintained well above BNM compliance requirements and Board-approved liquidity risk appetite.
- Ensure optimal balance sheet structure for complying with LCR and indicative regulatory threshold on net stable funding ratio respectively.
- Further diversify and enlarge the source of the funding in order to support asset growth.

Liquidity Risk Management Approach

The Group ALCO supports the IRMC and BRC by performing the critical role in the management of liquidity risks and among others is responsible for establishing strategies that assist in controlling and reducing any potential exposure to liquidity risk. Group ALCO is supported by Group Asset and Liability Management (“Group ALM”) at the working level. Group ALM monitors liquidity risk limits/MATs and reports to Group ALCO the liquidity risk profile on a monthly basis. The liquidity management process involves establishing liquidity management policies and limits, regular monitoring against liquidity risk limits, regular stress testing, and establishing contingency funding plans. These processes are subject to regular reviews to ensure that they remain relevant in the context of prevailing market conditions. Triggers and limits are determined based on the Group’s risk appetite and are measured by conventional risk quantification methodologies such as regulatory liquidity framework requirements.

The Group maintains adequate liquidity surplus to meet its requirements, and is well above the regulatory requirement. Liquidity preservation is also augmented by the Group’s practice of maintaining appropriate amounts of liquefiable assets as additional buffers against times of extreme market systemic risks and stress, as well as the Group’s implementation of policies and practices in relation to contingency funding plans and operations.

Operational Risk

Definition

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

Highlights

	2018	2017	Trend
Operational RWA (RM'Million)	11,763	11,517	↑

- The increase in Operational RWA of 2% in 2018 is due to the increase in gross income.

Moving Forward

- Continue Risk Culture awareness training to employee within the Group to enhance their understanding in managing and mitigating risks pro-actively and effectively.
- Strengthen the Business Risk and Compliance Officers (“BRCO”) Program to inculcate effective operational risk awareness and management.

Technology Risk

Definition

The business risk associated with the use, ownership, operation, involvement, influence and adoption of Information Technology (IT) within an enterprise.

New regulatory requirements surrounding cyber security was introduced by BNM – Risk Management in Technology to be effective 1 June 2019. Gap analysis against Group’s existing policies and standards was performed with actions taken to address the gaps.

In order to mitigate cyber security threats, security tools were in place to strengthen end-point security, and the detection of suspicious network traffics. Regular vulnerability assessment and penetration testing were also performed as part of the threat hunting to assess the IT environment for areas of weaknesses.

Moving Forward

- More stringent user access control by embracing the least privilege and the need to know principles.
- Continue to focus in addressing cyber security threats by implementing the required mitigations and information security controls.
- Increase attention to infrastructure readiness, compatibility, capacity, security and cyber resiliency in supporting the Group digitisation initiatives.

Operational Risk Management Approach

One of the Group’s primary safeguards against operational risk is the existence of a sound internal control system, based on the principle of dual control checks and balances, segregation of duties, independent checks and verification processes, and a segmented system access control and authorisation process. These controls are

Risk Management Report

documented through a set of policies and procedures at the respective business and operation level. Each business and support unit of the respective operating entities in the Group is responsible for understanding the operational risks inherent in its products, activities, processes and systems. They are supported in this function by the central risk coordination units which include the operational risk management function, the compliance function and the internal audit function. The Group Operational and Technology Risk Management Department within Group Risk Management has the functional responsibility for the development of operational risk framework, policies and methodologies, and for providing guidance and information to the business units on operational risk areas. Its function also includes generating a broader understanding and awareness of operational risk issues at all levels in the Group. It also ensures that operational risk from new products, processes and systems is adequately managed and mitigated. The respective business units are primarily responsible for managing operational risk on a day-to-day basis. Some of the control tools used include Risk and Control Self-Assessment, Key Control Testing, Key Risk Indicators, Incident and Loss Management, and Scenario Analysis.

The Group's Operational Risk Management Framework comprises a wide range of activities and elements, broadly classified as follows:

- **Analysis and Enhancement**
 - The Group has implemented a Basel II compliant operational risk management system to support its workflow and analytical capabilities.
- **Education and Awareness**
 - This is aligned with the principle and requirement that the front-line business and support units of the Group are, by nature of their direct involvement in interfacing with customers and in operating the business, responsible for managing operational risk and acting as the first line of defence.
- **Monitoring and Intervention**
 - This is where the principal head office risk control units actively manage operational non-compliances and incidents, as well as undertake recovery actions, including business continuity measures in cases of incidences causing disruption to business activities.

Risk mitigation tools and techniques are used to minimise risk to an acceptable level and aim to decrease the likelihood of an undesirable event and the impact on the business, should it occur. The control tools and techniques include business continuity management, outsourcing and insurance/takaful management.

Regular operational risk reporting is made to the senior management, board committees and the Board. These reports include various operational risk aspects such as reporting of information which includes risk analysis, risk mitigation action plans, risk tools outcomes, risk appetite breaches, significant operational risk events and control failures, and lessons learnt. In addition, key operational risk incidents are reported to senior management daily. Such reporting enables senior management to identify adverse operational lapses, take prompt corrective actions, and ensure appropriate risk mitigation decision-making and action plans.

Regulatory Non-Compliance Risk

Definition

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

Moving Forward

Group Compliance will continue to play its role to further strengthen its oversight responsibilities and put in place controls and measures to raise the level of compliance and awareness of all employees of the Group and ensure that compliance is incorporated as an integral component of their day-to-day activities.

Please refer to the Compliance Statement on page 178 of this Annual Report for more details.

Shariah Non-Compliance Risk

Definition

Shariah non-compliance risk is the risk of loss arising from failure to comply with the Shariah rules and principles and operationalisation of principles as determined by the Shariah Committee of RHB Islamic Bank (“SCR”) or any other relevant body, such as BNM’s Shariah Advisory Council and Securities Commission’s Shariah Advisory Council.

Moving Forward

- Continue to focus on activities involving Shariah reviews, control self-assessment, trainings and briefings aimed at creating awareness in mitigating Shariah non-compliance risk.
- Continue to enhance reporting process in terms of Shariah non-compliance incidents.

Shariah Risk Management Approach

A Shariah Governance Framework has been developed with the objective of governing the entire Shariah compliance process within Islamic banking operations, and to:

- Ensure that the planning, development, and implementation of the Islamic Bank’s products, services and conduct of business are in accordance with Shariah principles;
- Ensure that the Bank’s operations do not contravene any of the Shariah principles and authorities’ regulations related to the Shariah; and
- Act as a guide on the Bank’s expectations to all personnel engaged in the Bank’s activities; to ensure that all such functions are based on the Shariah principles, practices and prudence.

The SCR was established under BNM’s Shariah Governance Framework. The main duties and responsibilities of SCR are to advise the Board of Directors on Shariah matters in relation to Islamic Banking business and operations, to endorse Shariah compliance manuals, to endorse and validate relevant documents as well as to provide written Shariah opinion on new products and RHB Islamic Bank’s financial statements.

The Head of Shariah Advisory Division reports functionally to the SCR and administratively to the Managing Director of RHB Islamic Bank. The key functions of the Shariah Advisory are undertaken by two sub-units, Shariah Advisory and Research; and Shariah Governance

and Management. On a functional basis, RHB Islamic Bank is supported by Shariah Advisory Division, Group Shariah Risk Management, Group Shariah Business Compliance and Shariah Audit.

Any incidences of Shariah non-compliance are reported to the SCR, the GCRC, IRMC, BRC, the Board of Directors of RHB Islamic Bank and BNM. Remedial actions may include the immediate termination of the Shariah non-compliant products or services and de-recognition of Shariah non-compliant income.

OTHER RISKS

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

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

Earnings-at-Risk (“EaR”) and Economic Value of Equity (“EVE”) are used to assess interest rate risk/rate of return risk in the banking book. They are computed based on the re-pricing gap profile of the banking book using BNM’s standard template. Assets and liabilities are bucketed based on their remaining tenure to maturity or next re-price dates. The measurement of EaR and EVE is conducted on a monthly basis. The Group ALCO supports IRMC and BRC in establishing policies, strategies and limits for the management of balance sheet risk exposure. The Group ALM within Group Risk Management supports the Group ALCO in the monthly monitoring and reporting of the interest rate risk/rate of return risk profile of the banking book. The primary objective in managing balance sheet risk is to manage the net interest/profit income and economic value of equity, as well as to ensure that interest rate risk/rate of return risk exposures are maintained within defined risk tolerances.

In order to achieve a balance between profitability from banking activities and minimising risk to earnings and capital from changes in interest rate/benchmark rate, interest rate risk/rate of return risk to earnings is controlled using Management Action Triggers (“MATs”) and identified escalation procedures. Stress testing is also performed regularly to determine the adequacy of capital in meeting the impact

Risk Management Report

of extreme interest/benchmark rate movements on the balance sheet. Such tests are also performed to provide early warnings of potential extreme losses, facilitating proactive management of interest rate risk/rate of return risk in the banking book in an environment of rapid financial market changes.

Reputational Risk

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

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

- Practice good corporate governance and culture of integrity to promote execution and achievement of corporate strategies and business objective.
- Manage reputational risk within a very low risk appetite with zero tolerance level reporting approach incident that affects the Group's reputation.
- Adopt sound risk management practices that include the practice of building "reputation capital" and earning the goodwill of key stakeholder.
- Maintain proper mechanisms to monitor and escalate material lapses/breaches of internal and regulatory policies/guidelines that may place the Group's reputation at risk.
- Maintain proper channels of communication in dealing with internal and external stakeholders.

CAPITAL MANAGEMENT AND BASEL

The Group's capital management objective is to manage capital prudently to maintain a strong capital position to drive sustainable business growth and seek strategic opportunities to enhance shareholders' value, and be in line with its risk appetite. It also calls for the Group to ensure that adequate capital resources are available to support business growth and investment opportunities, as well as to meet adverse situations, and to comply with regulatory capital requirements. The Group's capital management objective is translated into capital targets that are consistent with the need to support business growth in line with strategic plans and risk appetite. Through the Internal Capital Adequacy Assessment Process ("ICAAP"), the Group assesses its forecast capital supply and demand which is determined by the following:

- Material risk types where capital is deemed to be an appropriate risk mitigation method;
- Capital targets; and
- The use of forward three-year planning.

Each operating subsidiary in the Group manages its capital using a consistent capital management framework and process. The capital management framework guides the establishment of capital strategy for the Group and its entities, as well as highlights the internal analytics capabilities required and the functions that support the capital management framework within the Group. Supported by monitoring and reporting capabilities, the Board and senior management are kept informed and updated of the Group's capital utilisation and capital position which is generated by the Group's information system and processes.

Stress Testing

The Group conducts stress testing to evaluate the sensitivity of the key assumptions in the capital plan to the effects of plausible stress scenarios and to assess how the Group can continue to maintain adequate capital, profitability and liquidity under such scenarios.

Stress testing is conducted at least twice yearly, and additional stress tests may be carried out whenever required. The stress scenarios are regularly reviewed and enhanced to ensure they remain relevant to the nature of the Group's business.

Basel II Implementation

The Group places great importance on the International Convergence of Capital Measurement and Capital Standards: A Revised Framework (commonly referred to as Basel II) as adopted by BNM and views it as a group-wide initiative in meeting international best practices in this area. A dedicated Group Basel Steering Committee was set up to oversee all Basel related initiatives and activities throughout the Group and to ensure that it is on track in meeting the regulatory requirements outlined in the Capital Adequacy Framework and Capital Adequacy Framework for Islamic Banks issued by BNM.

For the purpose of complying with regulatory requirements under Basel II Pillar 1, the approaches adopted by the respective banking entities within the Group are as follows:

Entity	Credit Risk	Market Risk	Operational Risk
RHB Bank Berhad	Internal Ratings-Based Approach	Standardised Approach	Basic Indicator Approach
RHB Islamic Bank Berhad*			
RHB Investment Bank Berhad	Standardised Approach		

Note:

* On 31 May 2018, BNM granted approval for RHB Islamic Bank to adopt IRB approach for Credit Risk for its regulatory capital reporting and to submit the actual reporting based on IRB approach beginning with its position as at 30 September 2018.

The Group's ICAAP framework ensures that all material risks are identified, measured and reported, and that adequate capital levels consistent with the risk profiles, including capital buffers, are maintained to support the current and projected demand for capital, under existing and stressed conditions. For non-measurable risks, relevant framework and control mechanisms are implemented to mitigate and manage the same. The Group's relevant Pillar 3 disclosures are published in the Annual Report and available on the corporate website (www.rhbgroup.com).

Basel III Implementation

The implementation of Basel III for capital components by BNM in Malaysia has commenced with effect from 1 January 2013. Under the new Basel III rules, banking institutions are required to strengthen the quality of their capital by maintaining higher minimum capital requirements and holding capital buffers, namely the capital conservation buffer and the countercyclical capital buffer. However, the requirements are subject to a series of transitional arrangements with a gradual phase-in commencing 2013.

The Group has implemented BNM's liquidity standards on LCR effective from 1 June 2015 after reporting the LCR under observation since June 2012. BNM has adopted the phased-in arrangement for Malaysian banking institutions to comply with the minimum requirement of 60% in 2015 with incremental of 10% each year thereafter until 100% from 1 January 2019 onwards. Banking institutions continue to report on Net Stable Funding Ratio ("NSFR") under observation. The result produced during the observation period facilitates the banking entities' strategy in managing the appropriate balance sheet structure for achieving optimal NSFR.

Group Compliance

The regulatory environment for financial institutions are increasingly complex and always changing. New laws and regulations continue to evolve which consequently increases the regulators' expectations. Any failure to ensure compliance may result in significant financial losses, heavy penalties and reputational consequences.

As a prudent financial services provider, the RHB Banking Group ("Group" or "Bank") is committed to upholding good governance principles and regulatory requirements. These principles are further outlined in the Group's Compliance Management Framework which serves as an important guide for the Group to enable incorporation of compliance best practices throughout the Group's business.

The Group's compliance function, which acts as a second line of defense, operates on a group-wide basis with an appointed Group Chief Compliance Officer overseeing the compliance risk management of the Group which extends to all entities within Malaysia and its overseas branches and/or subsidiaries.

Material Risk	Action Taken
Cyber Security	
Cybercrime continues to increase and become more sophisticated, more frequent and widespread. The threat to information security becomes more imminent as the Group is increasingly dependent on online channels.	Continuous monitoring and engagement with business units/IT team of the Group to ensure awareness on technology related regulatory requirements.
Protection of Information	
The Bank has an obligation to ensure that information pertaining to its business and its client and all activities related to them remain secure, confidential and private.	<ul style="list-style-type: none"> • Implementation of the Group Chinese Wall and Insider Trading Policy ("Chinese Wall Policy") to ensure that there is an information barrier between departments to prevent and/or control the flow of material non-public and price sensitive information. • Implementation of the Group's Secrecy and Information Protection Framework which sets out, amongst others, the minimum standards and compliance requirements vis-à-vis the management of secrecy and information protection. • Various engagement sessions with the employees of the Group including four (4) in-house trainings and two (2) e-learning programmes were developed in relation to the Chinese Wall Policy and/or secrecy provisions of the Financial Services Act 2013 ("FSA") and Islamic Financial Services Act 2013 ("IFSA"). • Strict observance to the development of Malaysian Personal Data Protection Act 2010 to regulate and/or safeguard clients' personal data from being misused.
Regulatory Compliance	
As regulatory requirements evolve and constantly change, achieving regulatory compliance has become a daily focus for the Group.	<p>Instilling a strong compliance culture across all functions of the Group through the following compliance monitoring framework:</p> <ul style="list-style-type: none"> • Implementation of comprehensive and clear compliance policies, circulars and guidelines throughout the Bank. • Periodic compliance risk assessment/reviews on selected areas of concern or on specific compliance related activities. • Regular engagement sessions with business units/functional units to "reach out" and understand their compliance issues or concerns in undertaking their functions and provide solutions to address the same. • Implementation of the Business Risk Compliance Officer ("BRCO") programme to cultivate a proactive risk and compliance management within the respective business units.

In the ever evolving financial services industry and its advancement in technology, criminals find new ways to continuously abuse reporting institutions. They adapt and develop more sophisticated methods to evade law enforcers and abuse the financial system.

While the regulators continue to update and enhance regulations as part of their effort to maintain the integrity and stability of the financial industry, reporting institutions on the other hand, are expected to continuously improve, assess potential risks and implement new measures to mitigate compliance risk.

The following are some of the key initiatives by Group Compliance for 2018 in its effort to remain vigilant:

Initiatives	Outcome
<ul style="list-style-type: none"> Investment in knowledge empowerment through focused compliance training and awareness programmes for employees in key areas such as Foreign Exchange Administration Rules, Conflict of Interest, Chinese Wall Policy, secrecy provisions of FSA 2013 and IFSA 2013. 	<ul style="list-style-type: none"> Greater understanding by employees on regulatory requirements and what is expected of them resulting in improved compliant behaviour.
<ul style="list-style-type: none"> Strengthening of AML/CFT monitoring through process enhancements, increased skilled resources, system upgrading and specialised training programmes. Strengthening of compliance, AML, secrecy risk assessment to identify key risk area. 	<ul style="list-style-type: none"> Timely compliance risk identification/assessment and solutions to address the same.
<ul style="list-style-type: none"> Increased compliance reviews and assessments on high risk areas of concerns or on specific compliance-related activities by Group Compliance and the appointed BRCOs. 	<ul style="list-style-type: none"> Enhanced oversight responsibilities which consequently mitigate regulatory compliance risk.
<ul style="list-style-type: none"> Introduction of Compliance Competency Matrix for relevant business units to assess staff level of competency vis-à-vis regulatory requirements. 	<ul style="list-style-type: none"> The results had assisted the Group to tailor a more focused training programme for each of the competency gaps identified.
<ul style="list-style-type: none"> Improved processes and systems. 	<ul style="list-style-type: none"> Automation of trading surveillance and reporting system which improved overall compliance risk management.

KEY PRIORITIES FOR 2019

Cultivating a culture of compliance goes beyond just communicating the importance of obeying regulatory requirements to its employees. It requires continuous vigilance and efforts to influence a widespread change. The Group understands this and is ready to embrace new strategies to ensure that compliance is embedded as part of everyone's responsibility in the organisation.

The Bank takes compliance violations seriously and this is reflected in the Group's performance evaluation structure which takes into consideration behavioural risks by incorporating a penalty in the final rating of staff performance for non-compliance with legal and regulatory requirements. The penalty is to encourage greater commitment to compliance and promote responsible decision making.

For the year 2019, a Compliance Culture Building programme will also be launched focusing on compliant behaviour and enhancing compliance competency amongst staff. In particular, the programme which will be rolled out as a year-long event will focus on four (4) identified compliance culture elements as follows:

- Communication-Increasing Group Compliance's engagement with employees and keeping them informed on regulatory changes and expectations through various compliance messages and communication channels.
- Leadership-Instilling compliant behaviour involves commitment from the top and hence, Senior Management/Boards will be roped in to implement new strategies/directives in managing compliance risks.
- People-Rewards and incentives are planned for branch/offices that demonstrate good compliance culture. In addition, compliance related activities will be rolled out throughout the organisation to encourage staff involvement and understanding on the need for an effective compliance culture.
- Learning-More structured trainings for specific target audience. In addition, new approaches will be explored to ensure that employees are educated in the most influential way.

Shariah Committee Report

INTRODUCTION

The Shariah Committee is established under RHB Islamic Bank Berhad (“the Bank” or “RHB Islamic Bank”) with the following main objectives:

1. To perform an oversight and independent advisory role to the Board of Directors and/or the Management of the Bank on Shariah matters pertaining to the Bank’s Islamic banking and finance business and operations.
2. To ensure effective working arrangements are established between the Shariah Committee, the Shariah Advisory Council (“SAC”) of Bank Negara Malaysia (“BNM”) as well as that of the Securities Commission (“SC”).
3. To ensure the establishment of appropriate procedures in leading to the prompt compliance with Shariah principles.

SHARIAH GOVERNANCE

In ensuring the Bank’s Islamic businesses and operations comply with Shariah principles, the Shariah Committee has been guided by the guiding principles and best practices to establish sound and robust Shariah governance. The Shariah governance structure of RHB Islamic Bank comprises the following functions:

- i) The Board oversight on Shariah compliance aspects of the Bank’s overall operations. It is the ultimate responsibility of the Board to establish appropriate Shariah governance framework of the Bank;
- ii) Establishment of Shariah Committee with qualified members who are able to deliberate Islamic finance issues brought before them and provide sound Shariah decisions;
- iii) Supportive and effective Management, responsible in providing adequate resources and capable manpower support to every function involved in the implementation of Shariah governance, to ensure the execution of business operations are in accordance with Shariah;
- iv) Shariah Advisory over the processes and deliverables that is conducted on a continuous basis, to ensure all processes and outcomes satisfy the needs of Shariah;
- v) Shariah Compliance to conduct regular assessment on Shariah compliance in the activities and operations of the Bank;

- vi) Shariah Audit to conduct annual review and verify the Bank’s key functions and business operations comply with Shariah;
- vii) Shariah Risk Management to facilitate identification of potential Shariah non-compliance risk, and where appropriate recommend risk mitigation mechanism through implementation of risk management tools.
- viii) Shariah Research to conduct a comprehensive and deep research on Shariah; and issuance and dissemination of Shariah decisions to the relevant stakeholders.

SHARIAH COMMITTEE MEMBERS

The Shariah Committee comprises six (6) qualified Shariah scholars. The assortment of knowledge, experience and approach from these mixed Shariah scholars are needed to position the Bank’s operations and products to be globally accepted. Majority of the members have the prerequisite Shariah qualifications degree imposed by BNM. The remaining members are professionals from various backgrounds who possess expertise in the Islamic banking and finance industry.

The Shariah Committee members are:

No	Name of Shariah Committee Member	Nationality	Status
1.	Dr. Ghazali bin Jaapar	Malaysian	Chairman
2.	Assoc. Prof. Dr. Amir bin Shaharuddin	Malaysian	Member
3.	Dr. Ahmad Basri bin Ibrahim	Malaysian	Member
4.	En. Wan Abdul Rahim Kamil bin Wan Mohamed Ali	Malaysian	Member
5.	En. Mohd Fadhly bin Md. Yusoff	Malaysian	Member
6.	Pn. Shabnam binti Mohamad Mokhtar	Malaysian	Member

DUTIES & RESPONSIBILITIES





The main duties and responsibilities of the Shariah Committee are:

1. Advise the Bank on Shariah matters in order to ensure that the Islamic banking and financing business and operations are Shariah compliant at all times;
2. Endorse all frameworks, policies, manuals and procedures prepared by the Bank which have Shariah concern and to ensure that the contents do not contain any elements which are not in line with Shariah;
3. Endorse and validate the following documentations to ensure that the products comply with Shariah principles:
 - i. the terms and conditions contained in proposal forms, contracts, agreements or other legal documentation used in executing transactions; and
 - ii. the product manual, marketing advertisement, sales illustration and brochures used to describe a product.
4. Assess the work carried out by Shariah Compliance and Shariah Audit in order to ensure compliance with Shariah matters;
5. Provide advice to the Bank's legal counsel, auditor or consultant on Shariah matters, as and when required, to ensure compliance with Shariah principles;
6. Advise on matters to be referred to the SAC of BNM, particularly matters which have not be resolved or endorsed by the SAC of BNM;
7. Provide written Shariah opinions, particularly in the following circumstances:
 - i. Where the Bank makes reference to the SAC of BNM for advice; or
 - ii. Where the Bank submits applications to BNM or SC for new product approval in accordance with guidelines on product approval issued by BNM and SC.
8. Articulate Shariah issues involved and ensure that all advice and/or opinion be supported by relevant Shariah jurisprudential literature from established sources. The Shariah Committee is also expected to assist the SAC of BNM on any matters referred by the Bank;
9. Ensure that the SAC of BNM's decisions/opinion/advice are properly implemented and adhered to by the Bank;
10. Prepare a report to certify the Annual Audited Account of RHB Islamic Bank for the financial period concerned;
11. In respect of matters concerning Islamic Capital Market (upon mandated):
 - i. Ensure that the instruments are managed and administered in accordance with Shariah principles;
 - ii. Provide expertise and guidance in all matters relating to Shariah principles, including the instrument's deed and prospectus, its structure and investment process, and other operational and administrative matters;
 - iii. Scrutinise the instrument's compliance report as provided by the compliance officer, and investment transaction reports provided by, or duly approved by, the trustee to ensure that the investments are in line with Shariah principles; and
 - iv. Prepare a report to be included in the interim and annual reports certifying whether the instrument had been managed and administered in accordance to Shariah principles for the period concerned.
12. Advise on payment of Zakat to the appropriate authority.

Shariah Committee Report

MEETINGS

A total of nine (9) regular meetings were held during the financial year ended 31 December 2018. All existing members have satisfied the minimum attendance requirement under BNM's Shariah Governance Framework which provides that a Shariah Committee member is required to attend at least 75% of the Shariah Committee meetings held in each financial year. Details of attendance of each member are as follows:

Name of Shariah Committee Member	Attendance at Meeting
Dr. Ghazali Jaapar	
Assoc. Prof. Dr. Amir Shaharuddin*	
Dr. Ahmad Basri Ibrahim**	
En. Wan Abdul Rahim Kamil Wan Mohamed Ali	
En. Mohd Fadhly Md. Yusoff	
Pn. Shabnam Mohamad Mokhtar	

* The absence in one of the meetings was due to performing hajj

** Newly appointed in February 2018

SPECIAL ENGAGEMENT & TRAINING

As part of the initiatives towards maintaining effective communication between the Shariah Committee, the Management and the Board of Directors of RHB Islamic Bank, a half-day special training programme on "Islamic Finance Beyond Banking" and "Cryptocurrency, Blockchain & Beyond: A Cautionary Tale" was held on 30 July 2018.

In addition, the Shariah Committee has also contributed to the efforts of spreading Shariah knowledge and awareness amongst RHB Banking Group's employee by sharing insights, expertise and experience through "Shariah Committee Sharing Series" sessions as follows:

1. "Latest Development in Islamic Finance" by Pn. Shabnam Mokhtar
2. "Future of Finance: Where is Islamic Finance Heading?" by En. Wan Abdul Rahim Kamil
3. "Shariah Stock Screening" by En. Mohd Fadhly Md. Yusoff

Furthermore, the Shariah Committee members have actively participated in conferences and courses held locally and internationally as follows:

- a. Muzakarah Cendekiawan Syariah Nusantara ke-12, Phuket, Thailand
- b. Workshop on "FinTech I: Enabling & Disrupting Finance", Kuala Lumpur, Malaysia
- c. Ijtima' ASAS 2018: Islamic Finance Beyond Banking, Kuala Lumpur, Malaysia
- d. Liqa' ASAS 2018: Value-Based Intermediation ("VBI"), Kuala Lumpur, Malaysia
- e. 2nd Kuala Lumpur International Sukuk Conference, Kuala Lumpur, Malaysia
- f. 13th International Shariah Scholars Forum ("ISSF") 2018, Kuala Lumpur, Malaysia
- g. Notable Legal Issues in Capital Market, Kuala Lumpur, Malaysia

The Shariah Committee members have also enrolled in the Certified Shariah Advisor ("CSA") and Certified Shariah Practitioner ("CSP") program organised by Association of Shariah Advisors in Islamic Finance ("ASAS").

SHARIAH COMMITTEE'S EFFECTIVENESS ASSESSMENT

In compliance with BNM's Shariah Governance Framework, the Shariah Committee undergoes the process of assessing the effectiveness of the individual members and the Committee as a whole on a yearly basis. The Shariah Committee annual assessment exercise is primarily based on detailed questionnaire which is distributed to the respective Committee members and the permanent invitees to the Shariah Committee meeting. The questionnaire encompasses considerations on the effectiveness of the Committee in discharging its duties and responsibilities as well as each individual member's level of skills and competency in the areas of expertise expected of a Shariah Committee member.

The results of the assessment are tabled to the Board Nominating & Remuneration Committee for review and recommendation, and subsequently to the Bank's Board of Directors for approval.

Business Continuity Management Report

The Group recognises and is fully committed to the need to provide uninterrupted critical services to its customers, ensure the safety of its employees, protect its assets including data, and safeguard the interests of its key stakeholders that collectively ensure the viability of the organisation. Hence, the Group is aware of the importance of a sound Business Continuity Management (“BCM”) Framework and Programme to build organisational resilience and an effective response and recovery mechanism to safeguard the interest of key stakeholders, reputation and brand. The Group’s BCM Programme is based on good business continuity practices, Bank Negara Malaysia and other regulatory guidelines and international standards.

The Board of Directors has an oversight function on the Group’s BCM readiness through the Board Risk Committee (“BRC”) and Group Capital and Risk Committee (“GCRC”). The Group Business Continuity Committee (“GBCC”) which reports to the GCRC, is the management committee established to oversee the Group’s business continuity framework, policies, budget and plans.

The Group has established BCM framework and policies to provide governance and guiding principles for the development and implementation of a comprehensive BCM programme within the Group. A sound BCM Programme is implemented to ensure that the critical business functions are able to be recovered in a timely manner in the event of any disruption. Reviews, assessments, updates and testing of the BCM plans are conducted regularly to ensure adequacy, effectiveness and relevance of the business recoveries. The supervision of BCM activities are under the purview of Group Business Continuity Management (“Group BCM”) which integrates the BCM approach across the Group.

As a precautionary measure, the Group conducts periodic assessments on potential threats, identifies significant threats and implements the best ways to avoid those threats. To ensure preparedness and effective crisis management as well as the competencies of our employee to deal with real crisis, incident response teams have been established at Head Office and regional levels, with a clear understanding of their roles and responsibilities, maintaining clear lines of reporting and communication in the event of crisis.

Recognising the importance of BCM and effectiveness in managing crisis, the Group has further enhanced its BCM Programme and activities. In 2018, Group BCM has conducted tabletop crisis simulation workshops nationwide, with the objective to enhance the abilities of our frontline personnel and customer service agents in responding and managing crisis including communicating confidently and effectively with stakeholders during crisis. The Group also participated in a crisis simulation exercise on cyber attack against payment schemes organised by the Financial Services Information Sharing and Analysis Centre, and capital market cyber drill simulation organised by the Securities Commission of Malaysia. The simulations allow assessment of the Group’s capabilities and readiness in managing cyber-attack incident while receiving insights on best practices and across the financial services industry in managing cyber security risk. Initiatives to establish greater BCM awareness and training is to equip employee with proper understanding of their roles and responsibilities in crisis management.

In 2018, the scope of Business Continuity Plan Tests for branches were more robust and comprehensive; for Disaster Recovery exercises, additional application systems were incorporated for a more integrated Disaster Recovery testing so as to validate the load capacity and adequacy of resources in supporting minimum critical and essential services. Based on the simulation exercises conducted, enhancements were made to address gaps in crisis management plans and a crisis simulation pack was developed for easy reference by branches.

The Group will continue to strengthen its BCM Programme to ensure business resiliency with provision of critical and essential services while minimising any disruption in the event of disaster.



Corporate Integrity & Ethical Business Conduct

RHB Banking Group is committed upholding a high standard of integrity and good governance practices.

In line with this commitment, the Board has approved in 2018 a new policy on anti-bribery and corruption and two revised policies on whistleblowing and 'fit & proper' to set a healthy and conducive business environment.

Additionally, the Group has put in place several control mechanisms towards ensuring good corporate conduct by its directors, employees, service providers and other business partners, not limited to the following:



This is part of the Group's long-term roadmap to ensure its business conduct are free from acts of corruption, bribery and internal fraud, and that its employees act in the best interests of the Company, its shareholders and other stakeholders. Acts of bribery and corruption will destroy shareholder value, undermine investors' confidence and are the antithesis of sustainable growth.

The above initiatives are in line with the requirements of subsection 17A(5) of the Malaysian Anti-Corruption Commission Act 2009 in adopting 5 main "T.R.U.S.T." principles as defense mechanism against corporate liability.



Detailed information of the RHB Banking Group's Corporate Integrity Statement can be found on the Group's website at <https://www.rhbgroup.com/about-us/our-principles/corporate-governance>.

Sustainability Statement

At RHB, we recognise the positive long-term impacts and value creation we can contribute to our shareholders, our customers, employees and surrounding communities in which we operate.

STATEMENT OF PURPOSE



RHB Banking Group's vision for sustainability is to 'Build a Sustainable Future'. To this end, we are committed to creating sustainable value and making a positive impact on our shareholders, customers, employees and other stakeholders.

Financial institutions including ourselves are constantly under the scrutiny of the public and our stakeholders – for our practices and most importantly, for what we can deliver and the value we can create for them. The operating environment is getting more challenging, with digital technology disrupting the market place and global changes challenging the way we do business.

Our way forward remains the same, where we will invest and identify opportunities and address challenges that create long-term impact on our business, society as well as the environment. Sustainability is an on-going journey, engaging with our vast network of stakeholders, internal and external, on the most pressing sustainability matters and inspiring their meaningful participation is key. For this, we will also expend our resources and leverage on our experience to make a difference.

SCOPE OF STATEMENT

This Statement summarises the key highlights of our sustainability performance in 2018. It is guided by the Bursa Malaysia Securities Berhad Main Market Listing Requirements and Global Reporting Initiative ("GRI") Standards for Sustainability Statements. A standalone Sustainability Report is published annually that expands on the content of this Sustainability Statement.

The scope of this Statement covers the business and operations of our Group across ASEAN, subject to data availability in all our locations and businesses. We are continually refining our data collection capacity to enable credible tracking and monitoring of our material issues year-on-year, with baseline year set at 2017 for most indicators.

Sustainability

SUSTAINABILITY GOVERNANCE

The Board of Directors (the “Board”) of RHB Bank Berhad (“RHB”) is conscious of the impact RHB, as a banking institution, has upon the economy, environment and society as a whole. The Board is aware that sustainability cannot be viewed in isolation as it is part of an ecosystem which creates sustainable value to RHB, its subsidiaries (“RHB Group”) and all its stakeholders.

To ensure all sustainability-related matters are internalised and monitored by the Board, sustainability is incorporated into the Board agenda for deliberation and discussion. In the previous financial year, the Board and Senior Management undertook an extensive review of the Group’s sustainability practices and materiality matters to determine matters that are important to our business and operations, the environment and stakeholders.

As a result of the review, an enhanced sustainability governance structure was assiduously put in place to guide the Board and Group Management.

Following this materiality assessment, 17 sustainability material matters were identified which cut across economic, environmental, social and governance pillars. These matters inspired the development of our Sustainability Framework that is aligned to the Group’s five-year FIT22 strategic direction and supports a bigger agenda – that is the United Nations Sustainable Development Goals (“SDGs”).

RHB GROUP

ROLES & RESPONSIBILITIES

Board of Directors



- Responsible to promote sustainability through ESG consideration in the Company’s business strategy
- Has oversight and decision-making authority over all sustainability-related matters
- Sustainability will be a recurring matter in Board discussions at least once every six months

Group Management Committee (“GMC”)



- GMC comprises the GMD and Senior Management
- Possesses delegated authority on decision-making and implementation by the Board
- Meets every quarter to discuss sustainability related matters, strategies, and necessary action
- The GMD chairs the GMC as it supplements the Board’s effort by providing necessary orientation and advisory for seamless integration of sustainability matters across the organisation

Group Managing Director (“GMD”)



- The GMD is responsible for supervising the execution of sustainability initiatives and incorporating ESG considerations Group-wide

Sustainability Management Unit



- Group Corporate Communications (“GCC”), which includes the Sustainability Management unit, leads and advises on the execution of sustainability-related initiatives, including monitoring and reporting on sustainability performance for the Group
- Works with various business units on the sustainability material matters and sustainability initiatives
- Works closely with the Group Strategy, Governance and Risk departments to ensure alignment of sustainability motives with FIT22 and principles of good governance

Business & Functional Units



- Primary owners of sustainability initiatives and its implementation on the ground
- Determine and track performance metrics and targets, as well as review the effectiveness of relevant policies based on sustainability material matters and initiatives undertaken

SUSTAINABILITY FRAMEWORK & COMMITMENTS

During the year under review, we developed a Sustainability Framework that will guide us to systematically and effectively embed sustainability into RHB's day-to-day business and operations.

Our framework is centered around five sustainability commitments where we aspire to – drive ethical and responsible business practices, promote sustainable business while continuing to foster talent development, enrich and empower communities as well as promote environmental practices.

These commitments and our material matters are aligned to the Group's FIT22 strategic direction and designed in a way for us to support relevant United Nations Sustainable Development Goals ("SDGs"). Our approach in identifying these SDGs was based on our sustainability material matters, activities and where we are able to

make significant impacts. The interconnections between our sustainability efforts and SDGs reinforces our commitment to global goals and achieving local impact.

The framework sets our sustainability approach where RHB will identify targets and reassess our sustainability performance.

Sustainability is a work in-progress but we are committed to reach our sustainability vision and leave a long-lasting impact on our stakeholders and surrounding environment.

 The UN Sustainable Development Goals (SDGs) are a collection of 17 global goals set by the United Nations General Assembly in 2015. These goals form a blueprint for a better and more sustainable future for all. Nations, corporations and communities are strongly encouraged to work towards the achievement of the SDGs by 2030. 

To find out more on UN SDGs, please visit www.un.org/sustainabledevelopment

Corporate Strategy



Sustainability

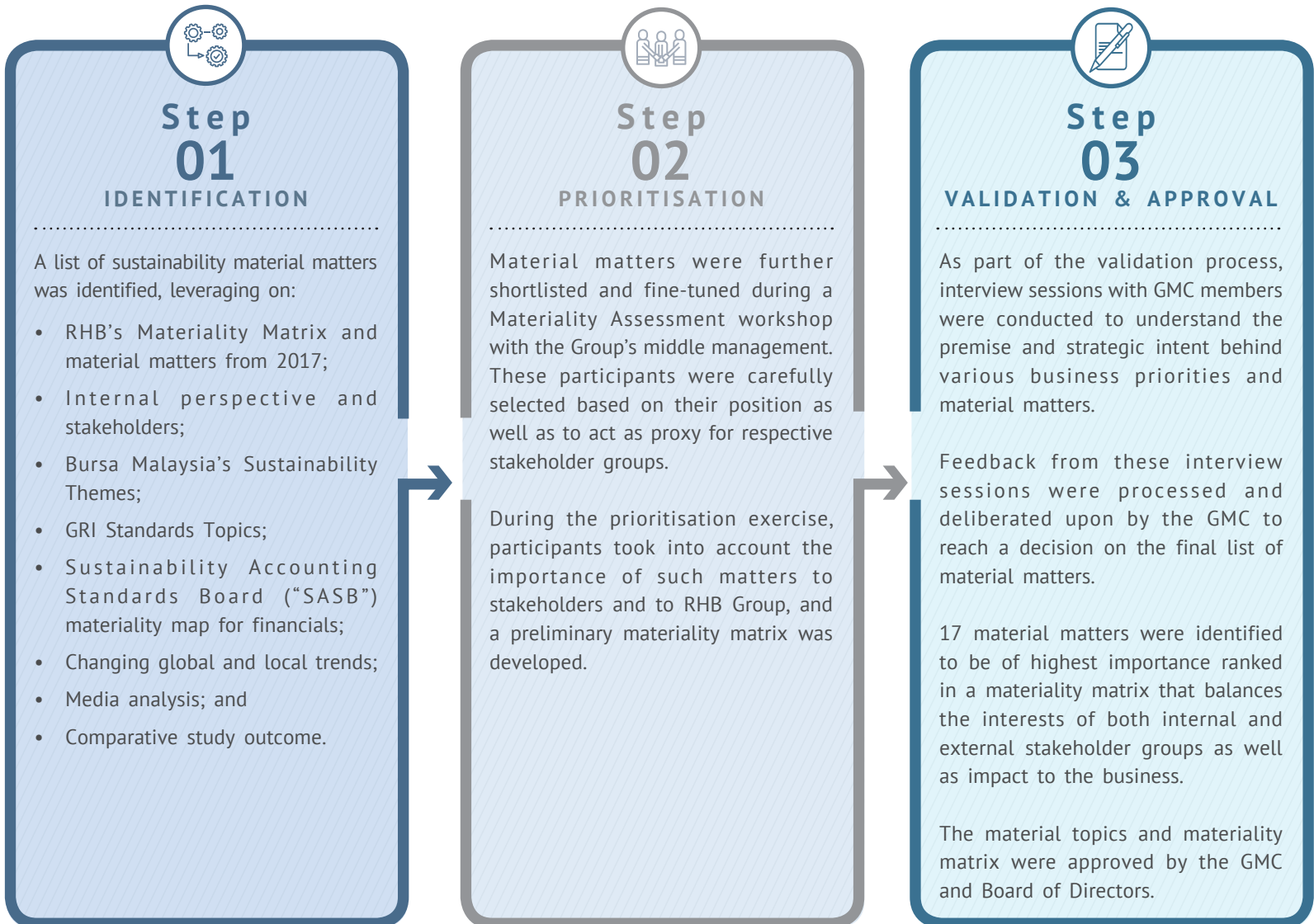
MATERIALITY

The content of this Statement has been developed mainly to frame our efforts and initiatives in relation to matters that are material to both our stakeholders including our shareholders, customers and employees; and RHB's business. Based on various institutionalised sources of stakeholder feedback, the information gathered provided essential input for our materiality assessment, which subsequently guided the development of our Sustainability Framework, this Statement, and our Sustainability Report.

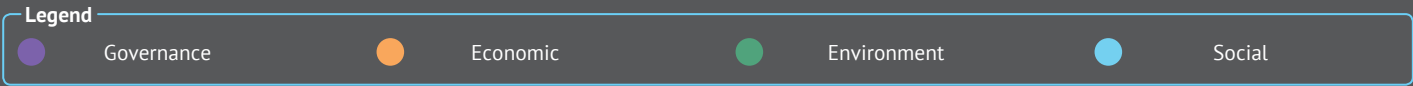
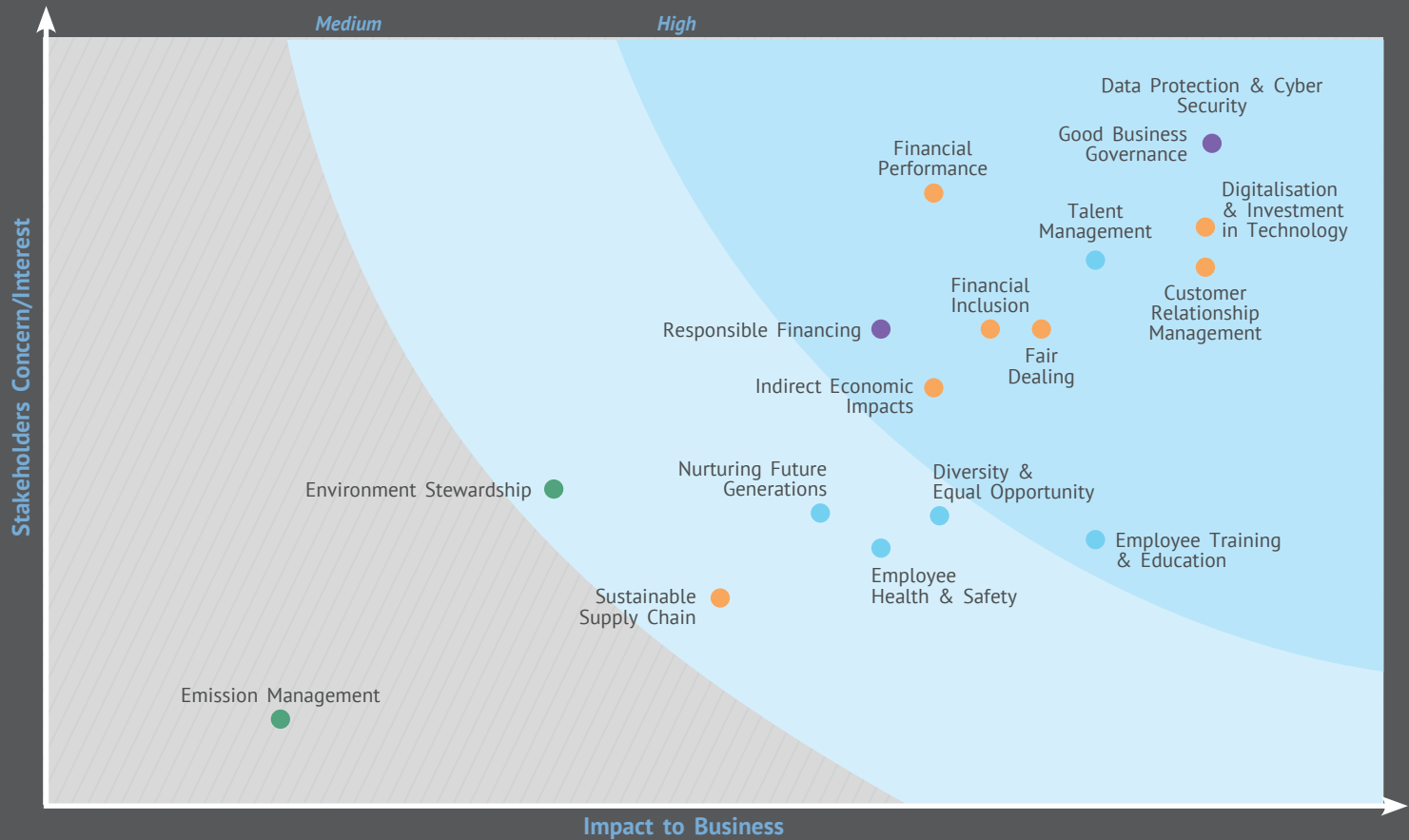


To find out more on our stakeholders and stakeholder engagement, please refer to pages 54 of this Annual Report.

The following was the process adopted as part of our materiality assessment:



RHB Bank Berhad Sustainability Material Matters



To read more on our sustainability journey, initiatives and performance, kindly refer to our Sustainability Report 2018. The report can be accessed at www.rhbgroup.com

Sustainability



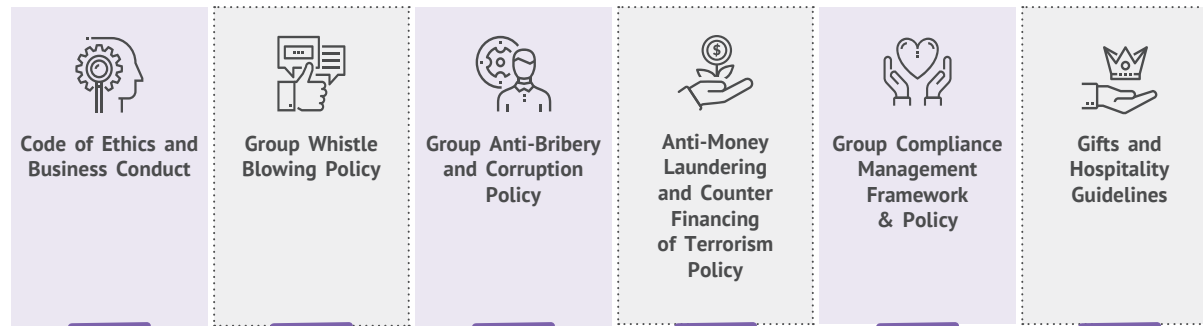
GOVERNANCE

DRIVE ETHICAL AND RESPONSIBLE BUSINESS PRACTICES

The nature of our business relies on stakeholders' trust and any violation of that undermines public confidence in us, which has a direct impact on the business. Therefore, we place utmost importance on ethics and integrity.

Good Business Governance

An essential part of our corporate and sustainability governance approach is the establishment of policies that institutionalise certain values we hold true. We highlighted below some of the key governance policies, procedures and guidelines of the Group. Moving forward, we will be looking to further enhance how we manage our environmental matters and work towards the development of an environmental policy.



Accorded the **Top 30 Association of Southeast Asian Nations ("ASEAN")** Public Listed Companies (Top 11 – 30) for good corporate governance disclosures by the ASEAN Capital Markets Forum ("ACMF")

RHB has satisfied the requirements to become a constituent of the **FTSE4Good Bursa Malaysia Index Series** with improved rating from 2.9 in 2017 to 3.4 in 2018



Detailed information of the RHB Banking Group's Corporate Integrity Statement can be found on the Group's website at <https://www.rhbgroup.com/about-us/our-principles/corporate-governance>

Memberships

RHB demonstrates thought leadership amid its vast network of stakeholders, including think tanks, industry bodies and financial sector associations by sharing knowledge expertise, sectoral insights and banking best practices. Collaboration and dialogue are powerful drivers to shape the future of finance, foster innovation, and enforce action for sustainable banking.

We strive to contribute to the development of the industry through these memberships.

List of Selected Memberships*

- Asian Institute of Chartered Bankers ("AICB")
- The Association of Banks in Malaysia ("ABM")
- Association of Islamic Banking and Financial Institutions Malaysia ("AIBIM")
- Association of Stockbroking Companies Malaysia ("ASCM")
- International Capital Market Association ("ICMA")
- United Nations Global Compact Network ("GCMY")
- Institute of Corporate Directors Malaysia ("ICDM")
- International Financial Services Board ("IFSB")
- Malaysian Investment Banking Association ("MIBA")
- Minority Shareholders Watch Group ("MSWG")
- Malaysian Institute of Corporate Governance ("MICG")
- Perbadanan Insurans Deposit Malaysia ("PIDM")
- Federation of Public Listed Companies ("FPLC")

* This list is non-exhaustive

Responsible Financing

RHB views responsible financing as imperative to the growth of our business. Our products and services align to Bank Negara Malaysia's financing guidelines and agenda – that is to promote financial prudence and reinforce lending practices that support growth of the economy in a sustainable manner. RHB Islamic to this end has made significant progress and contribution towards promoting responsible financing practices.

Shariah Financing

RHB Islamic Bank is committed to advancing itself as a value-based bank. In 2018, we adopted the Value Based Intermediation (“VBI”) approach introduced by Bank Negara Malaysia. Our VBI journey thus far has been challenging but equally productive and rewarding. It is a cornerstone for sustainability and a key driver for performance.

Establishing the VBI approach is about going beyond the boundaries of Shariah compliance and becoming Shariah-based. Other than economic profit, the VBI approach also emphasises the well-being of the Ummah (i.e. people) through the preservation of wealth, faith, lives, posterity, and intellect, and by caring for the planet. For that matter VBI acts as the building block towards creating a wholesome value proposition not only to financial customers but also stakeholders within the society and the economy at large.

VBI will benefit the Islamic finance sector, giving it a distinct identity and character. In due course and for the purpose of transparency, we will subscribe to the VBI Scorecard adopted by the Islamic Banking Industry in Malaysia to gauge our progress in being a true value-based bank.

Although our “People, Planet and Profit” focus is a new introduction in 2018, we shall strive for further improvements and innovation in other VBI areas in time to come.

In 2018, five new products incorporating the features of VBI were launched:



CMTF-i for Home/Property Financing (Plain/Full Flexi)

The commodity Murabahah product is a Tawarruq arrangement that allows customers to purchase or refinance property with the option of withdrawal when extra payment is made in a Commodity Murabahah transaction



CMTF-i for My 1st Home Cagamas (Plain) (Rumah Mampu Milik)

In collaboration with Cagamas, RHB offers affordable financing tailored to low-income customers who dream of owning a home



CMTF-i for BNM Commitment Home (Rumah Mampu Milik)

In support of the government's aspiration to increase home ownership amongst the rakyat, RHB offers financing to low income first-time homebuyers



CM Savings and Current Account-i (Retail/Commercial/Corporate)

Based on Commodity Murabahah (“CM”) concept, CM depositors can opt to donate their CASA profit to charity. RHB has partnered with a state-owned university as a beneficiary of this initiative



Range Accrual Murabahah Negotiable Certificate of Deposit-i (RAMNCD-i)

Depositors can choose to donate profits from all deposit products that are based on Commodity Murabahah concept to charity



ECONOMIC

PROMOTE SUSTAINABLE BUSINESS

Financial Performance

The Group maintained a strong track record from last year's performance, ensuring a strong foundation and continued ability to care for our employees, investors' interests, suppliers and business partners, and the communities that we serve.



To read more on our financial performance, refer to CFO's Review in this Annual Report.

Digitalisation & Investment in Technology

At RHB, digital represents not just a key driver for enterprise-wide business transformation to build our future competitiveness and growth, but also plays an enabling role in delivering added value to our stakeholders.

Our initiatives in 2018:



Improving Customer Convenience

- The **RHB Insurance app** has garnered more than **25,000 downloads** since launched in June. Customers can renew their motor insurance within 3 minutes and enjoy 10% rebate on the app.
- The new **RHB Mobile App** delivers a superior and secure mobile banking experience. The app features one-click pay, transaction signing, and seamless user-friendly interface.
- The **RHB MyHome app** represents the first ASEAN mobile app that enables real-time mortgage-related access features. As at December 2018, **4,840 applications** were approved via the app and **3,505 accepted**, comprising 16% of mortgage sales acceptance.



Empowering Businesses Digitally

- **SME Online Financing** enables online SME loan applications and disbursement within 5 days, allowing for accelerated processes that facilitate SME growth in Malaysia. Launched in June, the platform has recorded **225 online applications** with a combined value in excess of **RM47.5 million**.
- Our **Reflex** system is a digital cash management solution for businesses. Our Reflex customer base has increased by **15%** in 2018.



Connecting Our Communities

- **e-AngPow/e-Duit Raya** is an innovative cashless transfer service that brings convenience to our communities during festive celebrations. It facilitates money transfers in lieu of physical angpow or duit raya
- **SyuQR app**, launched under RHB Islamic, lets users donate to mosques by scanning a QR code or via internet banking and JomPay.
- The **RHB Partner (Mortgage Referral App)** has helped us to connect with our business partners online within the mortgage ecosystem, enabling our external business partners to do business with us more efficiently. Since launch, the app has garnered more than **9,047 downloads** and generated 823 leads, making up 8.6% of total mortgage leads during the same period.



Reskilling Our People

- The **RHB i-Smart** web app helps our SME salesforce work on-the-go. It raised the productivity of sales representatives by 6% as at December 2018 with **RM239 million** in incremental loan acceptance value.
- Trained **400 RHB employees** to be Digital Leaders on digital-related topics such as Agile, design-thinking and analytics through Digital Academy.
- Rolled out e-learning to train **14,425** RHB employees on digital knowledge.

Customer Relationship Management

At RHB, we position ourselves as a trusted partner in helping customers and businesses with complete solutions and excellent services, in line with the third FIT22 theme, Transform the Organisation. Customer-centricity is an ongoing journey and, we aim to continuously strengthen our culture through the 'RHB Way' to deliver better value and services.



Service Excellence

- Net Promoter Score ("NPS") improved to **0** from **-9**, growing **+9** points
- Achieved **97.49%** complaints resolution within **five** working days in 2018
- Winner for **Best CX Business Model** at the Customer Experience In Financial Services Summit And Awards 2018

Sustainable Supply Chain

In carrying out sustainable business practices, we monitor and manage our own operations as well as our suppliers to better manage the impact we have directly and indirectly through our value chain. We support local suppliers by sourcing locally.



Sustainable Supply Chain

- Group Procurement procured **RM378 million** in value from local suppliers in 2018 equivalent to 90% of total procurement spend
- For Group Procurement in Malaysia, **100%** of non-IT procurement is from local suppliers
- Received **RM284.31 million** worth of mandates across six industries from RHB Financial Supply Chain – the first and only smart financial solution for supply chain partners that connects customers and suppliers via real-time trade

Financial Inclusion

It is part of our greater responsibility to facilitate and provide access to suitable, affordable, and quality financial services by improving access to banking and promoting financial literacy. For instance, RHB has been championing homeownership in Malaysia through various financing assistance, targeting especially low-income groups and first-time home buyers who face affordability issues.



Financial Inclusion & Accessibility

- Total loans granted to SME business amounted to **RM27.2 billion**
- We partnered with Funding Societies Malaysia since 2017 to ensure the **security of investor's funds** and conduct due diligence on funded SMEs
- Played a pivotal role in the launch of BNM's Fund for **Affordable Homes**
- Appointed as one of the panel Banks to transmit the subsidised **home financing** to the intended customer segment
- The initiative focuses on assisting the targeted segment by offering **low fixed rate mortgage**, and promoting financial literacy through an online portal which has been exclusively developed by Credit Counseling and Debt Management Agency ("AKPK")

Our financial literacy efforts form part of our investment in society to nurture financially-smart and responsible citizens with focus on children and youth.



Financial Literacy

- Conduct workshops on digitisation to **increase awareness and knowledge** on business processes and practices that drive operational efficiency and contribute towards business growth for SMEs
- The RHB Money Ma\$ter Programme brings financial literacy to schools and universities, affecting **10,407** children and youth across **48** schools and two universities in 2018

Sustainability



ENVIRONMENT

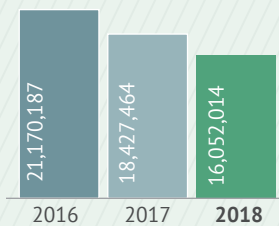
PROMOTE ENVIRONMENTAL PRACTICES

As a bank with extensive reach, at RHB, we embrace our role as a responsible consumer and corporate citizen, committed to manage our environmental footprint through resource and operational efficiencies. We adopt a 'do what we can' approach to manage our footprint and continuously explore areas of improvement. Internally, this translates into efficient management of energy, water, and paper consumption – three of the most commonly used resources within the organisation.

We aim to manage and reduce our carbon footprint in good faith, also in support of Malaysia's commitment to the Paris Agreement. Currently, our efforts are to standardise our methodology, narrow down on the scope and boundary for measuring and mitigating emissions. As part of our most recent initiative, we have installed electric and hybrid car charging stations at each RHB Centre and RHB Complex Bangi, which are expected to encourage the use of hybrid cars as well as reduce the carbon footprint of our employees.

HIGHLIGHTS & ACHIEVEMENTS

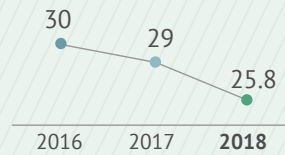
Electricity Consumption (kwh)¹



12.9%

reduction in electricity consumption
– carbon footprint reduced by
103,964kg CO_{2e}

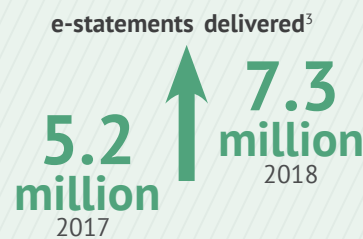
Water Consumption (m³ per occupancy)²



11%

reduction in water consumption
compared to 2017

Paper Consumption



Reduced paper consumption by

17,498 reams
equivalent to
8.7 million
pieces of paper compared
to 2017⁴

Note:

- Total electricity consumption at RHB Banking Group Headquarters and RHB Bank Complex Bangi
- Total occupancy at RHB Banking Group Headquarters and RHB Bank Complex Bangi combined are as follows 6,100 (2018); 6,000 (2017) and 5,300 (2016)
- Across Malaysia only
- For RHB Group

ENVIRONMENTAL VOLUNTEERING PROGRAMMES

RHB Touch Hearts is a regional Group-wide volunteering effort, with localised projects in education, infrastructure, health and wellness, environment, and community/family well-being.

Built 400sqm playground using recycled materials for special needs children at SK Sri Kepong

Upgraded a hydroponic garden into an educational corner for special needs children at SK Sri Kepong

Enhanced turtle hatching and turtle nesting management, raising awareness on turtle nesting ecology in the East Coast of Malaysia

Mangrove clean-up at Pulau Ketam; donated three recycling bins and raised awareness on the recycling process

Assembled and installed solar lights at an *orang asli* village





SOCIAL

FOSTER TALENT DEVELOPMENT

Our 14,000-plus employees in ASEAN contribute to the success and growth of RHB. We aim to build a workforce of the future that is equipped to meet the challenges posed by the fast evolving and disruptive marketplace. Our current focus is on strengthening our talent development initiatives and to continue to attract and retain the best talent, which supports RHB with its third strategic theme of FIT22, 'Transform the Organisation', focused on building a winning operating model that prioritises development of talent pool, agility, analytics, and digital enablement.

Through our Employee Value Proposition ("EVP") based on the five pillars – RHB Cares, RHB Leads, RHB Inspires, RHB Progresses, and RHB Rewards, we are able to motivate our employees to live our core values (P.R.I.D.E.), live our Culture Components – One RHB, Results-orientated and Customer First and be future-ready.

The Agile methodology has been adopted as a new way of working across the RHB Group. The Agile culture provides our employees with greater autonomy, better flexibility and higher employee engagement in the workplace. It also encourages a sustainable workforce of the future through the development of digital skillsets.

“
AGILE@Scale helps us deliver our strategic priorities to customers more effectively. In the long term, our aim is to embed AGILE in our DNA.
 ”

– Dato' Khairussaleh Ramli,
 Group Managing Director

HIGHLIGHTS & ACHIEVEMENTS



Employee Engagement Survey ("EES")

> EES score **84%**
 > Response rate **80%**
 > eNPS **0**
 (on a scale of -100 to +100)



Women at RHB

> **25%** of the Board
 > **49.9%** in Management
 > **27.6%** in Top Management



Talent Management

> **781** (6.7%) Talents Identified
 > **85%** Individual Development Plans progressed as planned
 > **22** Talents at Manager to AVP level moved cross-business/function/country for exposure



Learning & Development

> **RM43.1 million** invested in learning and development programmes
 > **2,177** sessions conducted for
 > **997** programmes

> **7%** increase in classroom learning
 > **95%** increase in e-learning participation rates in Malaysia
 > **23** new Leadership & Management courses
 > **44** new Technical & Functional courses



RHB Wellness Programme

> **337** participants in Malaysia
 > **RM12,200** in awards to participants with the best health improvements



Employee Welfare Fund

> **RM233,088** disbursed to employees in need

Sustainability

ENRICH AND EMPOWER COMMUNITIES

RHB Foundation drives RHB Group's community engagement and development initiatives, focusing on the underserved and underprivileged members of the community with particular focus on children and youth including children with special needs.



VISION
Enriching and Empowering the Community

OUR PHILOSOPHY



To carry out sustainable initiatives that generate, deliver benefits and produce positive impact on all our stakeholders



To embark on initiatives that cut across and impact communities; transcending cultural and religious differences



To promote the spirit of volunteerism, thereby instilling positive values among the Group's employees and society as a whole

OUR KEY PILLARS

Nurturing Future Generations



Children & Youth

Nurture and empower children and youth to achieve their fullest potential

Health & Wellness



Healthy Living

A coordinated approach towards promoting healthy living



Arts & Cultural Heritage

Preservation

Promote Malaysia arts and development of a vibrant cultural heritage



Community Well-Being

Compassion

Lending a helping hand to deserving members of the community who are in need of aid

Enrich & Empower the Community



Board of Trustees

Chairman
Non-Executive Member
Dato' Khairussaleh Ramli

Independent
Non-Executive Member
**Tan Sri Dato' Dr.
Yahya Awang**

Independent
Non-Executive Member
Datin Yap Siew Bee

Chief Executive Officer
Norazzah Sulaiman

ENRICH AND EMPOWER COMMUNITIES

HIGHLIGHTS & ACHIEVEMENTS



Nurturing Future Generations

RHB Money Ma\$ter – Financial Education/Literacy Programme

Launched in February 2018, RHB Money Ma\$ter Programme is a Financial Education/Literacy Programme aimed at educating secondary school students with knowledge, skills and confidence to effectively manage their finances and the importance of savings from a young age.

It is a 90-minutes interactive session covering topics such as savings tips, opening of account and financial scams and how to avoid them.

In 2018, we exceeded our target to reach out to 8,000 students and youth. An Effectiveness Survey was conducted and 56% of students found the programme to be excellence and 35% found it good.

“It was a great experience! They taught us about managing money, what would happen if we don't use our money correctly, about scams and even loans.
– Nalima, SMK Air Panas”



> 10,407 students engaged

> across 5 states in Malaysia

> benefitting 48 schools

> 2 universities

> 90% students found the programme to be beneficial

Plans for 2019: Reach out to 16,000 students and youth from 100 schools and 10 universities



Dengan adanya program ini saya dapat meningkatkan prestasi pembelajaran saya, terutama dalam subjek yang paling saya lemah untuk saya menghadapi SPM pada tahun ini.

– Mohd Haziq Mastor, SMK Seri Perak

impacting 805 students across 18 schools nationwide

Plans for 2019: Reach out to 1,000 students and 25 schools nationwide annually. Also, to introduce new programmes for the well-being of B40 students and scholarship programme.

RHB X-Cel Academic Excellence Programme



With endorsement from Malaysia's Ministry of Education in July 2018, RHB X-Cel is an Academic Excellence Programme for students and youths from underprivileged backgrounds, aimed at providing them with equal opportunity to excel in their studies and have access to higher education, ultimately improving their socio-economic standing.

The programme offers tuition classes in selected core subjects and other activities such as mentorship, motivational activities, workshops and field trips as well as performance incentives for schools, teachers and students who excel in the programme.

Sustainability

#rhbtouchhearts

RHB Touch Hearts is a regional Group-wide volunteering effort by RHB employees, organised over one selected weekend in a year. The groundwork such as planning, preparation and fundraising activities started a few months prior. The specific volunteer project is conceptualised by teams, centred on the theme and key focus areas which are aligned to the Group's community engagement pillars.

To date:

115 

community projects organised

Reached out to **20,700** underprivileged and underserved members of the community across ASEAN region

RM1.263 mil raised by RHBians through various fundraising activities

RHB Touch Hearts won several awards for the impact of its corporate responsibility initiatives:

Company of the Year Award (Listed Financial Institution Category)



CSR Malaysia Awards 2018

Best Community Programme Award (Bronze)



Global CSR Awards 2018

Excellence in CSR Strategy (Silver)



HR Excellence Awards 2018



Our RHB employees during the 2018 RHB Touch Hearts programme.

Theme for 2018: "Enriching the Community"

More than

14,000

employees volunteered for #rhbtouchhearts

33 

teams across Malaysia, Singapore, Indonesia, Thailand, Cambodia, Laos, and Brunei

43 

projects



RM106,000

seed money

RM536,888 

fundraised

26,712 

hours volunteered from RHB Group's employees

7,823 

project beneficiaries

Facilitating better facilities for the orang asli

More than 100 volunteers gathered at *Kampung Orang Asli* Kuala Bil, Slim River in Perak to upgrade a number of public facilities for the residents. First, we built a proper drainage system measuring 153 metres in length. A tube well with a submersible automatic water pump was installed. The well is able to pump water from 65 feet underground to supply to common bathrooms. We repaired and flattened an alternative road 1.5km in length. The existing badminton court was upgraded with a new net, poles, line, and cement floor.

Brightening lives with solar lights

RHB volunteers visited *Kampung Orang Asli* Pos Keding, Ulu Slim, Perak. There, we assisted to construct and assemble 16 solar light panels along the only access road within the Kampung. The solar lights have increased visibility by 80% from only 30% previously, and has improved the security of the community. Four solar light panels were also installed at the badminton court, which encourages more engagement in healthy sports. We also organised community-centric telematch games as part of our engagement activities with the residents, which saw 70% of them participating.

Analysis of Shareholdings

as at 15 February 2019

Number of Issued Shares	: 4,010,045,621 ordinary shares
Class of Shares	: Ordinary shares
Voting Rights	: Each shareholder present in person or by proxy at any Shareholders' Meeting shall have one vote for each ordinary share held
Number of Shareholders	: 17,024

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100 shares	1,714	10.07	39,394	0.00
100 – 1,000 shares	2,418	14.20	1,246,721	0.03
1,001 – 10,000 shares	9,978	58.61	34,275,172	0.85
10,001 – 100,000 shares	2,238	13.15	63,166,239	1.58
100,001 to less than 5% of the issued shares	673	3.95	1,466,104,313	36.56
5% and above of the issued shares	3	0.02	2,445,213,782	60.98
Total	17,024	100.00	4,010,045,621	100.00

SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholders	No. of Shares			
		Direct	%	Indirect	%
1.	Employees Provident Fund Board (“EPF”) ¹	1,629,018,204	40.62	–	–
2.	Aabar Investments PJS	591,524,060	14.75	–	–
3.	International Petroleum Investment Company PJSC ²	–	–	591,524,060	14.75
4.	Mubadala Investment Company PJSC ³	–	–	591,524,060	14.75
5.	OSK Holdings Berhad	406,171,518	10.13	–	–
6.	Tan Sri Ong Leong Huat @ Wong Joo Hwa ⁴	–	–	406,171,518	10.13
7.	OSK Equity Holdings Sdn Bhd ⁴	–	–	406,171,518	10.13
8.	Puan Sri Khor Chai Moi	29,997	*	406,171,518 ⁴	10.13

Notes:

* Negligible percentage.

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

² Deemed interested pursuant to Section 8(4) of the Companies Act 2016 through control of its subsidiary, Aabar Investments PJS.

³ Deemed interested pursuant to Section 8(4) of the Companies Act 2016 through control of its indirect subsidiary, Aabar Investments PJS.

⁴ Deemed interested pursuant to Section 8(4) of the Companies Act 2016, by virtue of shares held through OSK Holdings Berhad.

DIRECTORS' INTEREST IN SECURITIES OF THE COMPANY AND ITS RELATED CORPORATION

The Company	Shareholdings	
	No. of Shares Held	%
Tan Sri Ong Leong Huat @ Wong Joo Hwa – Indirect ¹	406,202,949	10.13
Tan Sri Saw Choo Boon – Direct	20,000	*

Notes:

* Negligible percentage.

¹ Deemed interested pursuant to Sections 8(4) and 59 of the Companies Act 2016, by virtue of shares held through OSK Holdings Berhad and his family members.

Classification of Shareholders

as at 15 February 2019

Category	No. of Shareholders		Shareholdings		% of Total Shareholdings	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Individual						
Bumiputera	553	0	3,025,065	0	0.08	0.00
Chinese	12,179	0	74,584,964	0	1.86	0.00
Indian	430	0	1,874,432	0	0.05	0.00
Others	53	424	233,358	5,272,582	0.01	0.13
Body Corporate						
Banks/Finance Companies	42	0	578,313,779	0	14.42	0.00
Investments Trusts/ Foundation/Charities	4	0	376,598	0	0.01	0.00
Other Types of Companies	285	20	247,563,729	25,043,296	6.17	0.62
Government Agencies/ Institutions	1	0	372,290	0	0.01	0.00
Nominees	2,068	965	2,058,154,980	1,015,230,548	51.32	25.32
Others	0	0	0	0	0.00	0.00
Total	15,615	1,409	2,964,499,195	1,045,546,426	73.93	26.07

Changes in Share Capital

as at 15 February 2019

The number of issued shares of the Company as at 15 February 2019 is 4,010,045,621 ordinary shares.

The changes on the number of issued shares since 1999 are as follows:-

Date	No. of Shares Allotted	Description	Cumulative No. of Issued Shares	
			Preference Shares	Ordinary Shares
03/06/1999	308,500,000 (preference shares)	Issued pursuant to Sale of Shares Agreement between RHB Bank Berhad ("RHB Bank"), Rashid Hussain Berhad (as promoter), Sime Darby Financial Services Holdings Sdn Bhd and KUB Malaysia Berhad for the acquisition of 90.36% equity interest in Sime Bank Berhad.	308,500,000	3,899,971,952
03/06/1999	1,000,000,000 (preference shares)	Issued pursuant to Subscription Agreement dated 30 November 1998 between Danamodal Nasional Berhad, RHB Capital Berhad ("RHB Capital") and RHB Bank.	1,308,500,000	3,899,971,952
01/09/1999	4,469,561 (preference shares)	Issued pursuant to the compulsory acquisition of the remaining 9.64% equity interest in Sime Bank Berhad.	1,312,969,561	3,899,971,952
23/09/1999	55,129,584 (preference shares)	Issued pursuant to the compulsory acquisition of the remaining 9.64% equity interest in Sime Bank Berhad.	1,368,099,145	3,899,971,952
27/03/2008	2,736,198,290 (ordinary shares of RM0.50 each)	Issued pursuant to the Conversion Notice received by RHB Bank in respect of the Irredeemable Non-Cumulative Convertible Preference Shares ("INCPS") holder, RHB Capital's intention to convert its entire 1,368,099,145 INCPS of RM1.00 each into new ordinary shares of RM0.50 each in RHB Bank.	-	6,636,170,242
31/10/2014	94,802,428 (ordinary shares of RM0.50 each)	Issued pursuant to Rights Issue on the basis of 1 new ordinary share for every 70 existing ordinary shares held.	-	6,730,972,670
03/04/2015	190,197,391 (ordinary shares of RM0.50 each)	Issued pursuant to Rights Issue on the basis of 28.26 new ordinary shares for every 1,000 existing ordinary shares held.	-	6,921,170,061
18/02/2016	Not applicable	Consolidation of every 2 existing ordinary shares of RM0.50 each into 1 new ordinary share of RM1.00 each.	-	3,460,585,030
07/04/2016	101,618,705 (ordinary shares of RM1.00 each)	Issued pursuant to Rights Issue on the basis of 29.3646 new ordinary shares for every 1,000 existing ordinary shares held.	-	3,562,203,735
14/04/2016	447,841,886 (ordinary shares of RM1.00 each)	Cash.	-	4,010,045,621

List of Thirty (30) Largest Shareholders

as at 15 February 2019

No.	Name	Shareholdings	
		No. of Shares	%
1	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	1,629,018,204	40.62
2	RHB NOMINEES (ASING) SDN BHD AABAR INVESTMENTS PJS	591,524,060	14.75
3	OSK HOLDINGS BERHAD	224,671,518	5.60
4	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM BUMIPUTERA	195,423,500	4.87
5	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	130,119,891	3.24
6	RHB NOMINEES (TEMPATAN) SDN BHD MALAYSIAN TRUSTEES BERHAD PLEDGED SECURITIES ACCOUNT FOR OSK HOLDINGS BHD (OSK I CM T1)	100,000,000	2.49
7	RHB NOMINEES (TEMPATAN) SDN BHD MALAYSIAN TRUSTEES BERHAD PLEDGED SECURITIES ACCOUNT FOR OSK HOLDINGS BHD (OSK I CM MTN T2)	81,500,000	2.03
8	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM MALAYSIA 2 - WAWASAN	80,000,000	1.99
9	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM MALAYSIA	57,824,321	1.44
10	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM MALAYSIA 3	36,876,760	0.92
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD	31,498,000	0.79
12	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	25,635,804	0.64
13	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM BUMIPUTERA 2	24,000,000	0.60
14	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	22,439,907	0.56
15	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	21,960,207	0.55
16	PERMODALAN NASIONAL BERHAD	20,258,300	0.51
17	GUOLINE (SINGAPORE) PTE LTD	19,595,400	0.49
18	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	19,187,200	0.48

List of Thirty (30) Largest Shareholders

as at 15 February 2019

No.	Name	Shareholdings	
		No. of Shares	%
19	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	17,512,435	0.44
20	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	14,444,500	0.36
21	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	13,801,600	0.34
22	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSF)	12,991,600	0.32
23	CARTABAN NOMINEES (ASING) SDN BHD GIC PRIVATE LIMITED FOR GOVERNMENT OF SINGAPORE (C)	11,295,800	0.28
24	HSBC NOMINEES (ASING) SDN BHD TNTC FOR THE HIGHCLERE INTERNATIONAL INVESTORS EMERGING MARKETS SMID FUND	9,936,300	0.25
25	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	9,748,186	0.24
26	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 9)	9,597,481	0.24
27	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	9,497,900	0.24
28	AMANAHRAYA TRUSTEES BERHAD ASN UMBRELLA FOR ASN EQUITY 3	9,159,056	0.23
29	HSBC NOMINEES (ASING) SDN BHD MORGAN STANLEY & CO. INTERNATIONAL PLC (FIRM A/C)	7,573,834	0.19
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	6,868,900	0.17

List of Top Ten (10) Properties

Location	Owner	Description of Property	Land Area/ (sq. m.)	Usage	Age of Building (Years)	Tenure	Year of Expiry on Lease	Net Book Value 31.12.2018 (RM'Million)	Year of Acquisition or Revaluation
MALAYSIA									
Kuala Lumpur									
1. Tower 1, Tower 2 & 3 RHB Centre 424 & 426, Jalan Tun Razak	RHB Bank Berhad	12 storey & 16 storey office building	10,270	Office Space	29 & 23	Freehold	-	198,834	2016
Penang									
2. 44 Lebuhr Pantai Georgetown	RHB Bank Berhad	1 unit of 6½ storey commercial building	896	Bank Branch	59	Freehold	-	3,420	1968
3. Unit 11 & 12 Jalan Chain Ferry Tmn Inderawasih Seberang Prai	RHB Bank Berhad	2 units of 3 storey commercial building	603	Bank Branch	24	Freehold	-	3,456	1998
Selangor									
4. Lot No. 8 Jalan Institusi Bandar Baru Bangi	RHB Bank Berhad	6 storey office Block, 5 storey Training Block, 7 storey IT Block & 5 storey Car Park Block	55,713	Training Centre	18	Leasehold	2090	66,406	1992
Perak									
5. No. 2, 4, 6 & 8 Jalan Tun Sambanthan Ipoh	RHB Bank Berhad	4 storey office building	890	Bank Branch	21	Freehold	-	4,674	1991
SINGAPORE									
6. 90 Cecil Street	Banfora Pte Ltd	2 commercial buildings	796	Commercial Building	39	Leasehold	2980	146,209	1997
7. 10, Jalan Besar 01-03 Sim Lim Tower	RHB Bank Berhad	Ground Floor of office buildings	543	Bank Branch	40	Freehold	-	25,913	1999
8. 14A/B, 16A/B & 18A/B East Coast Road	RHB Bank Berhad	3 units of 3 storey shophouses	442	Bank Branch	60	Freehold	-	13,684	1999
9. 1/1A/1B Yio Chu Kang Road	RHB Bank Berhad	First Floor of office buildings	101	Bank Branch	38	Freehold	-	10,031	1999
10. No. 537/539 Geylang Road	RHB Bank Berhad	3 storey shophouses	374	Bank Branch	95	Freehold	-	8,919	1999

Source of information for the Net Book Value as at 31 December 2018 by: Group Finance.

Group Branch Network

as at 31 December 2018

COMMERCIAL BANKING

MALAYSIA

KLANG VALLEY NORTH REGION

Regional Director:

Joe Tien Chee Chang

Level 3, Tower 1

RHB Centre, Jalan Tun Razak

50400 Kuala Lumpur

Tel : 603 9280 5313

Fax : 603 9280 7319

Branches

- ◆ Ampang Point
- ◆ Bandar Baru Ampang
- ◆ Bandar Baru Sg Buloh
- ◆ Bandar Sri Damansara
- ◆ Dataran Wangsa Melawati
- ◆ First Avenue
- ◆ Jalan Bukit Bintang
- ◆ Jalan Ipoh
- ◆ Jalan Pasar
- ◆ Jinjang Utara
- ◆ Kenanga Wholesale City
- ◆ Kepong
- ◆ Kg Baru Sg Buloh
- ◆ KLCC
- ◆ Kota Damansara
- ◆ Kuala Lumpur Main
- ◆ Menara Shell
- ◆ Pandan Indah
- ◆ Plaza Damas 3
- ◆ Plaza OSK
- ◆ Rawang
- ◆ Segambut
- ◆ Selayang
- ◆ Setapak
- ◆ Taman Shamelin
- ◆ Taman Tun Dr. Ismail

KLANG VALLEY SOUTH REGION

Regional Director:

S. Asoka Balan a/l Sinnadurai

6th Floor

75, Jalan Tun H.S. Lee

50000 Kuala Lumpur

Tel : 603 2053 1360

Fax : 603 2053 1370

Branches

- ◆ Bandar Mahkota Cheras
- ◆ Bandar Sri Permaisuri
- ◆ Bangsar Shopping Centre
- ◆ The Vertical, Bangsar South
- ◆ Damansara Jaya
- ◆ Damansara Utama
- ◆ IOI Resort City
- ◆ Kajang
- ◆ Mid Valley
- ◆ OUG
- ◆ Paradigm
- ◆ PJ New Town
- ◆ Putrajaya Precint 8
- ◆ Seri Kembangan
- ◆ Section 14, Petaling Jaya
- ◆ Sri Petaling
- ◆ SS 2, Petaling Jaya
- ◆ Taman Connaught
- ◆ Taman Indah
- ◆ Taman Megah
- ◆ Taman Midah
- ◆ Taman Sg Besi
- ◆ Taman Suntex
- ◆ Taman Taming Jaya
- ◆ Tun HS Lee
- ◆ The Trillium, Lake Fields

KLANG VALLEY WEST REGION

Regional Director:

Tony Yeoh Chiew Mun

2nd Floor, No. 48-50

Jalan SS 15/4D

47500 Subang Jaya, Selangor

Tel : 603 5637 8288

Fax : 603 5631 6233

Branches

- ◆ Alam Avenue
- ◆ Bandar Baru Klang
- ◆ Bandar Bukit Tinggi
- ◆ Banting
- ◆ IOI Boulevard
- ◆ Jalan Niaga Shah Alam
- ◆ Jalan Stesen Klang
- ◆ Jalan T. Ampuan Zabedah Shah Alam
- ◆ Jenjarom
- ◆ Kota Kemuning
- ◆ Meru
- ◆ Persiaran Sultan Ibrahim Klang
- ◆ Port Klang
- ◆ Setia Alam
- ◆ Sg Pelek
- ◆ Subang Jaya
- ◆ Tanjung Karang
- ◆ Tanjung Sepat
- ◆ UEP Subang Jaya
- ◆ Utropolis Mall Glenmarie

EAST COAST REGION

Regional Director:

Adlah binti Ahmad

Lot 2, 4 & 6 (Level 2)

Jalan Putra Square 1, Putra Square

25200 Kuantan, Pahang

Tel : 609 505 7000

Fax : 609 505 7003

Branches

- ◆ Bentong
- ◆ Jalan Air Putih, Kuantan
- ◆ Jalan Tok Hakim, Kota Bharu
- ◆ Jerantut
- ◆ Kemaman
- ◆ Kerteh
- ◆ Ketereh
- ◆ Kuala Dungun
- ◆ Kuala Terengganu
- ◆ Putra Square Kuantan
- ◆ Mentakab
- ◆ Pasir Mas
- ◆ Raub
- ◆ Triang

Group Branch Network

COMMERCIAL BANKING

MALAYSIA

NORTHERN REGION

Regional Director:

Lee Eng Aik

Level 5, No. 44, Lebu Pantai
10300 Georgetown, Penang
Tel : 604 262 6168
Fax : 604 263 2112

Branches

- ◆ Prai
- ◆ Ayer Itam
- ◆ Bayan Baru
- ◆ Bukit Mertajam
- ◆ Jalan Burma
- ◆ Butterworth
- ◆ Jalan Bakar Arang
- ◆ Sungai Petani
- ◆ Jalan Raja Uda
- ◆ Jalan Tunku Ibrahim Alor Setar
- ◆ Jelutong
- ◆ Jitra
- ◆ Kangar
- ◆ Kuala Kedah
- ◆ Lebu Pantai
- ◆ Mergong Alor Setar
- ◆ Padang Serai
- ◆ Pulau Langkawi
- ◆ Sungai Bakap
- ◆ Taman Semarak Kulim
- ◆ Taman Pekan Baru Sungai Petani
- ◆ Tanjung Tokong
- ◆ Bayan Point

PERAK REGION

Regional Director:

Mohd Rawi bin Idrus

1st Floor, No. 2, 4, 6 & 8
Jalan Tun Sambanthan
30000 Ipoh
Perak Darul Ridzuan
Tel : 605 254 1176
Fax : 605 243 2809

Branches

- ◆ Air Tawar
- ◆ Bagan Serai
- ◆ Gopeng
- ◆ Gunung Rapat
- ◆ Ipoh Garden South
- ◆ Jalan Tun Sambanthan Ipoh
- ◆ Jelapang
- ◆ Kampar
- ◆ Kuala Kurau
- ◆ Kuala Kangsar
- ◆ Menglembu
- ◆ Parit Buntar
- ◆ Persiaran Greenhill Ipoh
- ◆ Simpang Empat
- ◆ Hutan Melintang
- ◆ Sitiawan
- ◆ Sungai Siput
- ◆ Sungkai
- ◆ Taiping
- ◆ Tasek
- ◆ Teluk Intan

SOUTHERN REGION

Regional Director:

Ali bin Mohamed

1st Floor, No. 14 & 16
Jalan Padi Emas 6/1
Bandar Baru Uda
81200 Johor Bahru, Johor
Tel : 607 237 7825/232 7109
Fax : 607 235 0616

Branches

- ◆ Bandar Baru Uda
- ◆ Jalan Bandar Pasir Gudang
- ◆ Jalan Bendahara 12, T. Ungku T. Aminah
- ◆ Jalan Dato' Rauf Kluang
- ◆ Taman Johor Jaya
- ◆ KOMTAR, JBCC
- ◆ Kota Tinggi
- ◆ Kulai
- ◆ Permas Jaya
- ◆ Plentong
- ◆ Pontian Kechil
- ◆ Senai
- ◆ Simpang Renggam
- ◆ Taman Molek
- ◆ Taman Mount Austin
- ◆ Taman Nusa Bestari
- ◆ Taman Pelangi
- ◆ Taman Sentosa
- ◆ Ulu Tiram
- ◆ Bandar Penawar

SOUTHERN WEST REGION

Regional Director:

Amir bin Abdul Aziz

1st Floor, 19, 21, 23
Jalan Merdeka
Taman Melaka Raya
75000 Melaka
Tel : 606 281 7880
Fax : 606 281 7842

Branches

- ◆ 1 Lagenda
- ◆ Bahau
- ◆ Bandar Baru Nilai
- ◆ Batu Pahat
- ◆ Bekok
- ◆ Bukit Baru
- ◆ Jalan Hang Tuah Melaka
- ◆ Jementah
- ◆ Kuala Pilah
- ◆ Malim
- ◆ Melaka Raya
- ◆ Muar
- ◆ Rantau
- ◆ Segamat
- ◆ Seremban
- ◆ Seremban 2
- ◆ Taipan Senawang
- ◆ Tangkak
- ◆ Yong Peng

COMMERCIAL BANKING**MALAYSIA****SABAH REGION****Regional Director:****Jason Wong Ling Chung**

C-03-05/08, 3rd Floor
Block C, Warisan Square
Jalan Tun Fuad Stephens
88000 Kota Kinabalu, Sabah
Tel : 6088 528 688
Fax : 6088 528 779

Branches

- ◆ Inanam
- ◆ Jalan Gaya Kota Kinabalu
- ◆ Jalan Tun Mustapha Labuan
- ◆ Keningau
- ◆ Lahad Datu
- ◆ Lintas Station
- ◆ Metro Town Kota Kinabalu
- ◆ Prima Square Sandakan
- ◆ Tawau
- ◆ Wisma Khoo Sandakan

SARAWAK REGION**Regional Director:****Hajah Johanna binti Abdullah**

1st Floor
Lot 363, Jalan Kulas
93400 Kuching, Sarawak
Tel : 6082 274 812
Fax : 6082 274 854

Branches

- ◆ Jalan Tuanku Osman Sibul
- ◆ Batu Kawah
- ◆ Bintulu
- ◆ Boulevard Centre Miri
- ◆ Dalat
- ◆ Jalan Kulas Kuching
- ◆ Jalan Nakhoda Gampar Miri
- ◆ Kanowit
- ◆ Lawas
- ◆ Limbang
- ◆ Lundu
- ◆ Matang Jaya
- ◆ Mukah
- ◆ Sarikei
- ◆ Siburan
- ◆ Simpang Tiga Kuching
- ◆ Sungai Merah, Sibul
- ◆ Tabuan Jaya
- ◆ UNISQUARE
Kota Samarahan
- ◆ Wisma Mahmud Kuching
- ◆ Yung Kong

INTERNATIONAL**SINGAPORE****Chief Executive Officer:****Danny Quah Boon Leng****Cecil Branch**

Ground Floor 90 Cecil Street
Singapore 069531
Tel : 65 6320 0602/0603
Fax : 65 6225 5296

Branches

- ◆ Bukit Timah
- ◆ Geylang
- ◆ Jalan Besar
- ◆ Katong
- ◆ Tai Seng Street
- ◆ Westgate Mall

LAOS**Chief Executive Officer:****Danny Ling Chii Hian****Vientiane**

Unit No. 01, House No. 008
Kaysone Phomvihane Road
Phonxay Village, Vientiane, Lao PDR
Tel : 856 2145 5118/5119
Fax : 856 21455112

Branches

- ◆ Sithan Neua
- ◆ Dongdok

THAILAND**Chief Executive Officer:****Wong Kee Poh****Bangkok**

15th & 18th Floor, M. Thai Tower
All Seasons Place
87 Wireless Road Pathumwan
Lumpini, Bangkok, 10330 Thailand
Tel : 662 126 8600
Fax : 662 126 8601/8602

Branches

- ◆ Ayutthaya
- ◆ Sri Racha

VIETNAM**Chief Representative:****Le Ba Hoang Quang****Hanoi City**

29, Nguyen Dinh Chieu Street
Le Dai Hanh Ward
Hai Ba Trung District
Hanoi City, Vietnam
Tel : 84 24 3220 2446

Group Branch Network

COMMERCIAL BANKING

INTERNATIONAL

CAMBODIA

Chief Executive Officer:
Thoo Kim Seng

Phnom Penh

No. 263
Ang Duong Street (St. 110)
Phnom Penh, Cambodia
Tel : 855 23 992 833
Fax : 855 23 991 822

Phnom Penh Branches

- ◆ Phnom Penh Main Office
- ◆ Boeng Keng Kang
- ◆ City Mall Olympic
- ◆ Kbal Thnal
- ◆ Mao Tse Tung
- ◆ Pet Lok Song
- ◆ Stoeung Meanchey
- ◆ Toul Kork

Provincial Branches

- ◆ Battambang
- ◆ Kampong Cham
- ◆ Preah Sihanouk
- ◆ Siem Reap

MYANMAR

Chief Representative: Danny Ling Chii Hian

RHB Bank Berhad

#411, 412, 415 Level 4, Strand Square
No.53, Strand Road, 6 Story Offices BLD
Pabedan Township, Yangon
The Republic of the Union of Myanmar

BRUNEI

Chief Executive Officer: Ishak Othman

Bandar Seri Bagawan

Unit G 02, Ground Floor, Block D
Yayasan Sultan Haji Hassanal Bolkiah Complex
Jalan Pretty, Bandar Seri Begawan
BS 8711, Brunei Darussalam
Tel : 673 222 2515/2516
Fax : 673 223 7487/3687

ISLAMIC BANKING

MALAYSIA

KUALA LUMPUR

No. 19A-1-1 & 19A-1-2
Level 1 UOA Centre
No. 19 Jalan Pinang
50450 Kuala Lumpur
Tel : 603 9206 8118
Fax : 603 2161 0599

Branches

- ◆ Cawangan Utama Kuala Lumpur
- ◆ Jalan Raja Laut
- ◆ Bandar Baru Bangi
- ◆ Kelana Jaya
- ◆ Laman Seri, Shah Alam
- ◆ Auto City, Prai
- ◆ Sungai Petani
- ◆ Kubang Kerian
- ◆ Kuala Terengganu
- ◆ Taman Flora Utama, Batu Pahat
- ◆ Taman Setia Tropika, Johor Bahru
- ◆ Jalan Satok, Kuching

INVESTMENT BANKING

MALAYSIA

CENTRAL REGION 1

Principal Office

Level 5, Tower One
RHB Centre, Jalan Tun Razak
50400 Kuala Lumpur
Tel : 603 9287 3888
Fax : 603 9284 8053

Branches

- ◆ Bentong
- ◆ Kepong
- ◆ Pandan Indah
- ◆ Seri Petaling

CENTRAL REGION 2

Supervisory Office

SS2, Petaling Jaya
24, 24M, 24A, 26M, 28M
28A & 30A, Jalan SS2/63
47300 Petaling Jaya, Selangor
Tel : 603 7873 6366
Fax : 603 7873 6566

Branches

- ◆ Kajang
- ◆ Klang
- ◆ Rawang
- ◆ USJ Taipan

INVESTMENT BANKING**MALAYSIA****EAST COAST REGION****Branches**

- ◆ Kota Bharu
- ◆ Kuala Terengganu
- ◆ Kuantan

NORTHERN REGION 1**Supervisory Office****Penang**

No. 64 & 64-D
Tingkat Bawah – Tingkat 3
& Tingkat 5 – Tingkat 8
Lebuh Bishop
10200 Pulau Pinang
Tel : 604 263 4222
Fax : 604 262 2299

Branches

- ◆ Bayan Baru
- ◆ Parit Buntar

NORTHERN REGION 2**Supervisory Office****Butterworth**

Aras Bawah, 1 & 2
2677, Jalan Chain Ferry
Taman Inderawasih
13600 Prai, Pulau Pinang
Tel : 604 390 0022
Fax : 604 390 0023

Branches

- ◆ Alor Setar
- ◆ Bukit Mertajam
- ◆ Sungai Petani

NORTHERN REGION 3**Supervisory Office****Ipoh**

21-25, Jalan Seenivasagam
Greentown
30450 Ipoh
Perak Darul Ridzuan
Tel : 605 241 5100
Fax : 605 255 3903

Branches

- ◆ Cameron Highlands
- ◆ Sitiawan
- ◆ Taiping
- ◆ Teluk Intan

SOUTHERN REGION 1**Supervisory Office****Johor Bahru**

Tingkat 6, Wisma Tiong-Hua
8, Jalan Keris, Taman Sri Tebrau
80050 Johor Bahru, Johor
Tel : 607 278 8821
Fax : 607 278 8011

Branches

- ◆ Kulai
- ◆ Sutera Utama
- ◆ Taman Molek

SOUTHERN REGION 2**Supervisory Office****Batu Pahat**

53, 53-A dan 53-B, Jalan Sultanah
83000 Batu Pahat, Johor
Tel : 607 438 0288
Fax : 607 438 0277

Branches

- ◆ Kluang
- ◆ Muar

SOUTHERN REGION 3**Supervisory Office****Melaka**

579, 580 dan 581
Taman Melaka Raya
75000 Melaka
Tel : 606 282 5211
Fax : 606 284 4871

Branches

- ◆ Port Dickson
- ◆ Segamat
- ◆ Seremban

SABAH REGION**Branch**

- ◆ Kota Kinabalu

SARAWAK REGION**Supervisory Office****Kuching**

Yung Kong Abell
Units No. 1-10, 2nd Floor
Lot 365, Section 50, Jalan Abell
93100 Kuching, Sarawak
Tel : 6082 250 888
Fax : 6082 250 868

Branches

- ◆ Bintulu
- ◆ Miri
- ◆ Sibul

Group Branch Network

INVESTMENT BANKING

INTERNATIONAL

SINGAPORE

Chief Executive Officer:
Chan Kong Ming

RHB Securities Singapore Pte. Ltd.
10 Collyer Quay, #09-08
Ocean Financial Centre
Singapore 049315
Tel : 65 6533 1818
Fax : 65 6532 6211

CAMBODIA

Chief Executive Officer:
Iv Ranarith

RHB Indochina Securities PLC
No. 1-3, Level 2 & 3
Street 271
Sangkat Toeuk Thla
Khan Sen Sok
Phnom Penh Cambodia
Tel : 855 2396 9161
Fax : 855 2396 9171

HONG KONG

Manager-in-Charge:
Lee Yuan Tat

RHB Securities Hong Kong Limited
12/F, World-Wide House
19 Des Voeux Road Central
Hong Kong
Tel : 852 2525 1118
Fax : 852 2810 0908

INDONESIA

Chief Executive Officer:
Iwanho

PT RHB Sekuritas Indonesia
Wisma Mulia, 20th Floor
Jl. Jend. Gatot Subroto No. 42
Jakarta 12710, Indonesia
Tel : 6221 2783 0888
Fax : 6221 2783 0777

THAILAND

Chief Executive Officer:
Tharatporn Techakitkachorn

RHB Securities (Thailand) PCL
8th, 10th Floor
Sathorn Square Office Tower
No. 98 North Sathorn Road
Silom, Bangrak
Bangkok 10500, Thailand
Tel : 662 088 9999
Fax : 662 108 0999

CHINA

Manager-in-Charge:
Lee Yuan Tat

RHB (China) Investment Advisory Co Ltd
Suites 4005, 40/F, CITIC Square
1168 Nanjing West Road
Shanghai 200041, China
Tel : 8621 6288 9611
Fax : 8621 6288 9633

Branches

- ◆ Alam Sutera
- ◆ Bandung
- ◆ Kelapa Gading
- ◆ Lippo Karawaci
- ◆ Makassar
- ◆ Malang
- ◆ Medan
- ◆ Mega Pluit
- ◆ Palembang
- ◆ Pekanbaru
- ◆ Permata Hijau
- ◆ Puri
- ◆ Surabaya Bukit Darmo
- ◆ Surabaya Kertajaya

Branches

- ◆ Amarin
- ◆ Chachoengsao
- ◆ Chiangmai
- ◆ Gaysorn
- ◆ Hadyai
- ◆ Juti Anusorn
- ◆ Pakin
- ◆ Pinklao
- ◆ Silom
- ◆ Vibhavadi Rangsit

ASSET MANAGEMENT

MALAYSIA

RHB Asset Management Sdn Bhd

Level 8, Tower 2 & 3
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Malaysia
Tel : 603 9205 8000
Email : rhbam@rhbgroupp.com

Branches

- ◆ Batu Pahat
- ◆ Ipoh
- ◆ Johor Bharu
- ◆ Kota Bharu
- ◆ Kota Kinabalu
- ◆ Kuala Lumpur
- ◆ Kuantan
- ◆ Kuching
- ◆ Melaka
- ◆ Miri
- ◆ Penang
- ◆ Sri Petaling

RHB Islamic International Asset Management Berhad

Level 8, Tower 2 & 3 RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Malaysia
Tel : 603 9205 8000
Email : rhbam.islamic@rhbgroupp.com

INDONESIA

PT RHB Asset Management Indonesia

Wisma Mulia, Level 19
Jalan Jenderal Gatot Subroto No. 42
Jakarta 12710, Indonesia
Tel : 6221 2783 0889
Email : rhbam.id@rhbgroupp.com

SINGAPORE

RHB Asset Management Pte Ltd

10 Collyer Quay
#09-08 Ocean Financial Centre
049315 Singapore
Tel : 65 6323 2508
Email : rhbam.sg@rhbgroupp.com

HONG KONG

RHB Asset Management Ltd

12/F, World-Wide House
19 Des Voeux Road Central
Hong Kong
Tel : 852 2103 1118
Email : rhbam.hk@rhbgroupp.com

TRUSTEES

MALAYSIA

RHB Trustees Berhad

Level 11, Tower 3
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Malaysia
Tel : 603 9280 5933
Fax : 603 9280 5934
Email : rhbtrustees@rhbgroupp.com

Malaysian Trustees Berhad

Level 11, Tower 3
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Malaysia
Tel : 603 9280 5950
Fax : 603 9280 5947

INSURANCE

MALAYSIA

Head Office

Level 12, West Wing, The Icon
No. 1, Jalan 1/68F
Jalan Tun Razak
55000 Kuala Lumpur
Malaysia
Tel : 603 2180 3000
Fax : 603 9281 2729

Notice of Fifty Third Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifty Third (“53rd”) Annual General Meeting (“AGM”) of RHB Bank Berhad (“the Company”) will be held at Exhibition Hall 4 & 5, Ground Floor, West Wing, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur on Wednesday, 24 April 2019 at 10.30 a.m. to transact the following businesses:

AGENDA

As Ordinary Business:

- | | |
|--|--------------------------------------|
| 1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2018 and the Directors’ and Auditors’ Reports thereon. | (Please refer to Explanatory Note 1) |
| 2. To approve a single-tier final dividend of 13.0 sen per share in respect of the financial year ended 31 December 2018. | Ordinary Resolution 1 |
| 3. To re-elect Tan Sri Azlan Zainol, who is retiring under Clause 94 of the Company’s Constitution and being eligible, offers himself for re-election. | Ordinary Resolution 2 |
| 4. To re-elect Tan Sri Ong Leong Huat @ Wong Joo Hwa, who is retiring under Clause 94 of the Company’s Constitution and being eligible, offers himself for re-election. | Ordinary Resolution 3 |
| 5. To re-elect Tan Sri Saw Choo Boon, who is retiring under Clause 94 of the Company’s Constitution and being eligible, offers himself for re-election. | Ordinary Resolution 4 |
| 6. To re-elect Mr Lim Cheng Teck, who is retiring under Clause 98 of the Company’s Constitution and being eligible, offers himself for re-election. | Ordinary Resolution 5 |
| 7. To re-elect Puan Sharifatu Laila Syed Ali, who is retiring under Clause 98 of the Company’s Constitution and being eligible, offers herself for re-election. | Ordinary Resolution 6 |
| 8. To approve the payment of Directors’ fees and Board Committees’ allowances amounting to RM1,471,589.05 for the financial year ended 31 December 2018. | Ordinary Resolution 7 |
| 9. To approve the payment of Directors’ remuneration (excluding Directors’ fees and Board Committees’ allowances) to the Non-Executive Directors up to an amount of RM1.55 million from 25 April 2019 until the next AGM of the Company. | Ordinary Resolution 8 |
| 10. To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company, to hold office until the conclusion of the next AGM of the Company, at a remuneration to be determined by the Directors. | Ordinary Resolution 9 |

As Special Business:

To consider and if thought fit, to pass the following resolutions:

11. Authority for Directors to issue shares

“THAT subject always to the Companies Act 2016, the Company’s Constitution and approval of the relevant government/regulatory authorities, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company for the time being, AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next AGM of the Company.”

Ordinary Resolution 10

12. Proposed Amendments to the Constitution of the Company (“Proposed Amendment”)

“THAT the existing Constitution of the Company be altered, modified, added and/or deleted, as the case may be, in the form and manner as set out in Annexure A to the Notice of the 53rd AGM of the Company.

Special Resolution 1

AND THAT the Board, the Group Managing Director of the Company and/or the Company Secretary be and are hereby authorised to do or procure to be done all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendment with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities or third parties to give effect to the Proposed Amendment.”

13. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the shareholders’ approval for the payment of a single-tier final dividend of 13.0 sen per share in respect of the financial year ended 31 December 2018 (“Final Dividend”) under Ordinary Resolution 1 at the 53rd AGM of the Company to be held on Wednesday, 24 April 2019, the Final Dividend will be paid on 23 May 2019 to Depositors whose names appear in the Record of Depositors of the Company as at 2 May 2019.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Securities transferred into the Depositor’s securities account before 4.00 p.m. on 2 May 2019 in respect of transfers;
- (b) Securities deposited into the Depositor’s securities account before 12.30 p.m. on 29 April 2019 in respect of securities exempted from mandatory deposits; and
- (c) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board,

Azman Shah Md Yaman (LS 0006901)

Lai Su Ming (MAICSA No. 7046164)

Company Secretaries

Kuala Lumpur
26 March 2019

Notice of Fifty Third Annual General Meeting

NOTES:

Appointment of Proxy

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 April 2019 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the 53rd AGM.
2. A member of the Company entitled to attend and vote at the general meeting is entitled to appoint one (1) or more proxies to attend and vote in his/her place. A proxy may but need not be a member of the Company.
3. The Form of Proxy must be signed by the appointor or his/her attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its attorney duly authorised in writing.
4. If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he/she thinks fit.
5. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account which is credited with ordinary shares of the Company.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
7. The Form of Proxy or other instruments of appointment must be deposited at the office of the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd (Formerly Known as Symphony Share Registrars Sdn Bhd), Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor not later than 48 hours before the time fixed for holding the meeting or any adjournment thereof.

EXPLANATORY NOTES**1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2018**

Item 1 of the Agenda is meant for discussion only, as the provision of Section 340(1) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Ordinary Resolution 7 – Payment of Directors’ fees and Board Committees’ allowances

The Non-Executive Chairman and Non-Executive Directors are entitled to annual Directors’ fees and annual Board Committees’ allowances. The current Directors’ fees and Board Committees’ allowances are as set out below:

No.	Description	Non-Executive Chairman (RM)	Non-Executive Directors/Members (RM)
1	Annual Directors’ Fees	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

3. Ordinary Resolution 8 – Payment of Directors’ Remuneration (excluding Directors’ fees and Board Committees’ allowances) to the Non-Executive Directors

The proposed Directors’ Remuneration (excluding Directors’ fees and Board Committees’ allowances) comprises the allowances and other emoluments payable to Non-Executive Directors. The current remuneration policy is as set out below:

No.	Description	Non-Executive Chairman (RM)	Non-Executive Directors/Members (RM)
1	Monthly Fixed Allowance ^(a)	25,000.00	Not Applicable
2	Meeting Allowance (per meeting):		
	(a) Board of the Company	1,500.00	1,500.00
	(b) Board Committees ^(b)	1,500.00	1,500.00
3	Farewell Pot Scheme ^(c) (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.		

Notes:

- (a) The monthly fixed allowance is given to the Chairman of the Company as a Special Allowance, in recognition of the significant roles in leadership and oversight, and the wide-ranging scope of responsibilities expected of him.
- (b) The abovementioned Board Committees are Centralised Committees which are shared by the Company and the relevant subsidiaries of RHB Banking Group (“the Group”).
- (c) Pursuant to “Farewell Pot Scheme”, an amount of RM2,000 is to be potted annually for every Non-Executive Director for the whole duration of the calendar year he/she serves within the Group. A farewell gift will be granted to a Non-Executive Director upon his/her exit from the Group, either upon retirement or resignation. The value of the said gift is determined based on his/her entitlement of monetary value accumulated in the pot.

Notice of Fifty Third Annual General Meeting

The Group Managing Director/Chief Executive Officer does not receive any Director's remuneration.

In determining the estimated total amount of remuneration (excluding Directors' fees and Board Committees' allowances) for the Non-Executive Directors including the Non-Executive Chairman of the Board of the Company, the Board of Directors considered various factors including the number of scheduled meetings for the Board and Board Committees as well as the number of Non-Executive Directors involved in these meetings.

Payment of the Non-Executive Directors' remuneration (excluding Directors' fees and Board Committees' allowances) will be made by the Company on a monthly basis and/or as and when incurred, if the proposed Resolution 8 has been passed at the 53rd AGM. The Board of Directors is of the view that it is just and equitable for the Non-Executive Directors to be paid the Directors' remuneration (excluding Directors' fees and Board Committees' allowances) on a monthly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company throughout the relevant period.

4. Ordinary Resolution 10 – Authority for Directors to issue shares

The proposed Ordinary Resolution 10 is to renew the general mandate to the Directors of the Company to issue ordinary shares of the Company from time to time pursuant to Sections 75 and 76 of the Companies Act 2016. The resolution, if passed, will give powers to the Directors of the Company to issue ordinary shares in the capital of the Company provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being ("General Mandate"), without having to convene a general meeting. The General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The General Mandate will enable the Directors to take swift action in case of, inter alia, a need for corporate exercises or in the event business opportunities or other circumstances arise which involve the issue of new shares and to avoid delay and cost in convening general meetings to approve such issue of shares. In any event, the exercise of the mandate is only to be undertaken if the Board of Directors considers it to be in the best interest of the Company.

5. Special Resolution 1 – Proposed Amendments to the Constitution of the Company ("Proposed Amendment")

The proposed Special Resolution, if passed, will facilitate and further enhance the Company's administrative efficiency in respect of delivery of notice and/or other documents to members of the Company via electronic means. The Proposed Amendment is set out in Annexure A to the Notice of the 53rd AGM of the Company.

Statement Accompanying the Notice of 53rd AGM

Additional information pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is set out in Annexure B to the Notice of the 53rd AGM of the Company.

Special Resolution 1 – Proposed Amendments to the Constitution of the Company (“Proposed Amendment”)

The following clauses in the existing Constitution of the Company be amended in bold as follows:

Clause No.	Existing Clause of the Constitution	Clause No.	Proposed Amendment
130	A notice or any other document may also be given to any Member in electronic form or partly in hard copy and partly in electronic form. A notice or any other document given in electronic form shall be transmitted to the electronic address provided by the Member to the Company for such purpose or by publishing them on a website. The contact details of a Member as provided to the Depository shall be deemed as the last known address provided by the Member to the Company for the purposes of communication with the Member.	130	<p>A notice or any other document may also be given to any Member in electronic form or partly in hard copy and partly in electronic form. A notice or any other document given in electronic form shall be transmitted to the electronic address provided by the Member to the Company for such purpose or by publishing them on a website. The contact details of a Member as provided to the Depository shall be deemed as the last known address provided by the Member to the Company for the purposes of communication with the Member. A notice or any other document may also be given to any Member in electronic form, and sent by the following electronic means:-</p> <ul style="list-style-type: none"> (a) transmitting to his last known electronic mail address; (b) publishing the notice or document on the Company’s website provided that a notification of the publication of the notice or document on the website via hard copy or electronic mail or short messaging service has been given in accordance with Section 320 of the Act and the Listing Requirements; or (c) using any other electronic platform maintained by the Company or third parties that can host the information in a secure manner for access by Members provided that a notification of the publication or availability of the notice or document on the electronic platform via hard copy or electronic mail or short messaging service has been given to them accordingly.
134(a)	Any notice or document, if sent by post, shall be deemed to have been given or served twenty-four (24) hours after the letter containing the same is put into the post. If such notice or document is transmitted by telex or facsimile, or sent in electronic form then it shall be deemed and have been served immediately after transmission thereof.	134(a)	Any notice or document, if sent by post, shall be deemed to have been given or served twenty-four (24) hours after the letter containing the same is put into the post. If such notice or document is transmitted by telex or facsimile, or sent in electronic form then it shall be deemed and have been served immediately after transmission thereof.

Special Resolution 1 – Proposed Amendments to the Constitution of the Company (“Proposed Amendment”)

Clause No.	Existing Clause of the Constitution	Clause No.	Proposed Amendment
-	-	134(c)	<p>Any notice or document sent by electronic means shall be deemed to have been served by the Company to a Member:-</p> <ul style="list-style-type: none"> (i) via electronic mail, at the time of transmission to a Member’s electronic mail address pursuant to Clause 130(a), provided that the Company has record of the electronic mail being sent and that no written notification of delivery failure is received by the Company; (ii) via publication on the Company’s website, on the date the notice or document is first made available on the Company’s website provided that the notification on the publication of notice or document on website has been given pursuant to Clause 130(b); or (iii) via electronic platform maintained by the Company or third parties, on the date the notice or document is first made available thereon provided that the notification on the publication or availability of the notice or document on the relevant electronic platform has been given pursuant to Clause 130(c).
-	-	134(d)	<p>In the event that service of a notice or document pursuant to Clause 130 is unsuccessful, the Company must, within two (2) market days from discovery of delivery failure, make alternative arrangements for service by serving the notice or document in hard copy in accordance with Clause 129 hereof.</p>
-	-	134A	<p>A Member’s address, electronic mail address and any other contact details provided to the Depository shall be deemed as the last known address, electronic mail address and contact details respectively for purposes of communication including but not limited to service of notices and/or documents to the Member.</p>

Statement Accompanying Notice of 53rd AGM

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

- (i) Further details of individuals who are standing for election as Directors (excluding Directors standing for a re-election)

No individual is seeking election as a Director at the 53rd AGM.

- (ii) A statement relating to general mandate for issue of security in accordance with paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The proposed Ordinary Resolution 10 for the general mandate for issue of securities is a renewal mandate. As at the date of this Notice, no new shares were issued pursuant to the general mandate granted to the Directors at the last AGM held on 25 April 2018.

Administrative Details for Fifty Third Annual General Meeting



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

1. Date, Time and Venue of Annual General Meeting (“AGM”) of RHB Bank Berhad (“the Company”)

Date : Wednesday, 24 April 2019

Time : 10.30 a.m.

Venue : Exhibition Hall 4 & 5, Ground Floor,
West Wing,
Kuala Lumpur Convention Centre,
Kuala Lumpur City Centre,
50088 Kuala Lumpur

2. Members Entitled To Attend

For the purpose of determining if a member is entitled to attend the meeting, the Company will request Bursa Malaysia Depository Sdn Bhd to issue the Record of Depositors as at 18 April 2019 to determine the registered shareholders of the Company who are eligible to be present and vote at the AGM.

3. Lodgement of Proxy Form of AGM

(a) If you are unable to attend the meeting and wish to appoint a proxy to vote on your behalf, please deposit your Proxy Form at the office of the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd (“BSRSB”) (Formerly Known as Symphony Share Registrars Sdn Bhd), at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia in accordance with the notes and instructions printed therein, not later than 48 hours before the AGM i.e. latest by Monday, 22 April 2019 at 10.30 a.m.

(b) If you wish to attend the meeting yourself, please do not submit any Proxy Form for the meeting. If you have submitted your Proxy Form prior to the meeting and subsequently decide to attend the meeting yourself, please proceed to Help Desk Counter to revoke the appointment of your proxy/proxies. Your proxy/proxies will not be allowed to attend the meeting upon your revocation of the appointment.

4. Registration

(a) Members’ and proxies’ registration will start at 8.30 a.m. and will end at a time as directed by the Chairman of the meeting. Once the registration closes, no person will be allowed to register for the meeting or enter the meeting venue and no wrist tag (as referred to under item (e) hereafter) will be allocated.

(b) Please refer to the signages at the venue to determine the registration area and join the queue accordingly.

(c) You are required to provide your **original national registration identity card (“IC”) or passport** to the Share Registrar for verification of your identity. Kindly make sure you collect your IC/passport thereafter.

(d) Please note that you will not be allowed to register on behalf of someone else even with the original IC/Passport of that person.

(e) You will be given a wrist tag upon verification and registration. Please note that no one will be allowed to enter the meeting hall without the wrist tag. There will be no replacement given if you lose or misplace the wrist tag.

(f) If you have any questions or require further clarification, please proceed to Help Desk Counter.

5. Parking and Public Transportation

(a) Kuala Lumpur Convention Centre (“KLCC”) is centrally located and easily accessible via public transportation namely Light Rail Transit (“LRT”), buses, Grab/taxis and ridesharing. Shareholders are **encouraged** to use the LRT Kelana Jaya Line and disembark at KLCC Station, which is within 10 minutes walking distance to the venue of the meeting.

(b) However, should you wish to drive there, you are advised to park your vehicle at the **KLCC car park or Suria KLCC Shopping Centre car park**.

(c) Redemption for parking will be provided by the Company for vehicles that are parked **ONLY** at the **KLCC car park or Suria KLCC Shopping Centre car park**. Each verified parking ticket will be entitled to receive a voucher worth RM10.00 regardless of the actual parking cost incurred.

- (d) Please be advised that the Company will not reimburse any parking costs incurred at any other locations and any parking costs paid via Touch 'n Go.
- (e) Please take note that the Company will not be providing cash reimbursement for parking fees and shall not bear any responsibilities for lost parking ticket(s).

6. Door Gift

- (a) As a token of appreciation, each member or proxy who is present at the AGM will be entitled to **one (1) door gift ONLY** upon registration, regardless of whether he or she attends as a member and proxy or proxy for multiple members.
- (b) For a member who appoints more than one (1) proxy, the door gift will only be provided to the **first (1st) proxy** stated in the proxy form.
- (c) If the proxy has obtained the door gift earlier, the member registering subsequently will not be entitled to redeem any door gift.

7. Refreshment

- (a) Each member or proxy who is present at the AGM will be entitled to **one (1) breakfast redemption voucher and one (1) voucher (in lieu of lunch) ONLY upon registration (per head count)**, irrespective of whether he or she attends as a member and proxy or proxy for multiple members.
- (b) For a member who appoints more than one (1) proxy, the breakfast redemption voucher and the voucher will only be provided to the **first (1st) proxy** stated in the proxy form.
- (c) If the proxy has obtained the breakfast redemption voucher and the voucher earlier, the member registering subsequently will not be entitled to redeem the same.
- (d) The breakfast redemption voucher, which will be provided when you register, must be presented at the Breakfast Redemption Counter located at Exhibition Hall 5 (as directed by signage) for collection of breakfast (in bento box).

- (e) As you will be given a voucher, kindly note that no lunch will be served.

8. Voting Procedures

- (a) BRSRB is appointed as the Poll Administrator to conduct the poll by way of electronic polling (“e-Polling”). An Independent Scrutineer will verify and validate the poll results.
- (b) Shareholder/proxy may cast his/her vote in any one of the following manner:-
- (i) voting via e-Polling kiosk

The voting for the AGM via e-Polling kiosk will be conducted at the back of the meeting hall.

- (ii) voting via e-Polling mobile application

- The voting for the AGM via e-Polling mobile application can be done at the AGM hall.
- Shareholders/proxies are advised to download the Boardroom Mobile e-Polling application (“Boardroom e-Polling App”) from Google Play Store or Apple App Store onto their smartphone devices before the AGM.
- Steps to download the Boardroom e-Polling App:-



Administrative Details for Fifty Third Annual General Meeting

- If you require assistance on how to download the Boardroom e-Polling App, please do not hesitate to contact BSRSB Helpdesk details as follows:-

Tel No. : 03-7849 0777
Email : BSR.Helpdesk@boardroomlimited.com

Accessing Boardroom e-Polling App

- To access Boardroom e-Polling App, Shareholders/Proxies are required to connect to the WiFi network provided by BSRSB during the e-Polling session:-

WiFi Name : Boardroom_IT

**Password will be provided at the AGM.

- Tap on Boardroom e-Polling App icon in your smartphone.
- Tap “Scan” and use the camera function to capture the passcode on your QR coded wrist tag to access Boardroom e-Polling App.

9. Enquiries

If you have any enquiries prior to the meeting, please contact the following persons:-

Boardroom Share Registrars Sdn Bhd (Formerly Known as Symphony Share Registrars Sdn Bhd)

Encik Shamsul Kamal Abdul Manaf
Puan Hastini Hassim

- For shareholders' enquiries

Tel No. : +60(3) 7849 0777
Fax No. : +60(3) 7841 8151 / 8152
Email : BSR.Helpdesk@boardroomlimited.com

RHB Bank Berhad

Ms M. Thavamalar, Group Corporate Communications

- For assistance relating to the use of the CD-ROM

Tel No. : +60(3) 9280 2445
Fax No. : +60(3) 2142 7573
Email : thavamalar@rhbgroup.com

Puan Haryati Yahya, Head, Investor Relations
Tuan Syed Ahmad Taufik Albar, Group Chief Financial Officer

- For investors relations

Email : haryati.yahya@rhbgroup.com
taufik.albar@rhbgroup.com

Puan Bibi Rohani Abdullah, Group Event Management

- For AGM arrangement

Email : bibi.rohani@rhbgroup.com

Encik Azman Shah Md Yaman, Group Company Secretary
Ms Lai Su Ming, Company Secretary

- For shareholders' enquiries

Email : azmanshah@rhbgroup.com
lai.su.ming@rhbgroup.com

Proxy Form



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

No. of Ordinary Shares held	CDS Account No.

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

of _____
(Full address)

being a member of **RHB BANK BERHAD** ("the Company") hereby appoint:-

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

of _____
(Full address)

and/or*

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

of _____
(Full address)

or failing him/her, the CHAIRMAN OF THE MEETING, as my/our* proxy to vote for me/us* and on my/our* behalf at the Fifty Third (53rd) Annual General Meeting ("AGM") of the Company to be held at Exhibition Hall 4 & 5, Ground Floor, West Wing, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur on Wednesday, 24 April 2019 at 10.30 a.m. or at any adjournment thereof.

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

First Proxy (1)

Second Proxy (2)

My/Our proxy* is to vote as indicated below:-

	Resolutions	For	Against
Ordinary Resolution 1	To approve a single-tier final dividend of 13.0 sen per share in respect of the financial year ended 31 December 2018.		
Ordinary Resolution 2	To re-elect Tan Sri Azlan Zainol as Director.		
Ordinary Resolution 3	To re-elect Tan Sri Ong Leong Huat @ Wong Joo Hwa as Director.		
Ordinary Resolution 4	To re-elect Tan Sri Saw Choo Boon as Director.		
Ordinary Resolution 5	To re-elect Mr Lim Cheng Teck as Director.		
Ordinary Resolution 6	To re-elect Puan Sharifatu Laila Syed Ali as Director.		
Ordinary Resolution 7	To approve the payment of Directors' fees and Board Committees' allowances amounting to RM1,471,589.05 for the financial year ended 31 December 2018.		
Ordinary Resolution 8	To approve the payment of Directors' remuneration (excluding Directors' fees and Board Committees' allowances) to the Non-Executive Directors up to an amount of RM1.55 million from 25 April 2019 until the next AGM of the Company.		
Ordinary Resolution 9	To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 10	To authorise the Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
Special Resolution 1	To approve the proposed amendments to the Constitution of the Company.		

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

Dated _____, 2019.

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

* Delete if not applicable

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 April 2019 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the 53rd AGM.
2. A member of the Company entitled to attend and vote at the general meeting is entitled to appoint one (1) or more proxies to attend and vote in his/her place. A proxy may but need not be a member of the Company.
3. The Form of Proxy must be signed by the appointor or his/her attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its attorney duly authorised in writing.
4. If the Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he/she thinks fit.
5. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account which is credited with ordinary shares of the Company.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
7. The Form of Proxy or other instruments of appointment must be deposited at the office of the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd (Formerly Known as Symphony Share Registrars Sdn Bhd), at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor not later than 48 hours before the time fixed for holding the meeting or any adjournment thereof.
8. Shareholders' and proxies' registration will start at 8.30 a.m. and will end at a time as directed by the Chairman of the meeting. At the closure thereof, no person will be allowed to register for the meeting or enter the meeting venue and no wrist tag will be allocated.

PLEASE FOLD HERE

Postage
Stamp

The Share Registrar of **RHB BANK BERHAD**
BOARDROOM SHARE REGISTRARS SDN BHD
(FORMERLY KNOWN AS SYMPHONY SHARE REGISTRARS SDN BHD)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor

PLEASE FOLD HERE

RHB Bank Berhad (6171-M)
Level 10, Tower One, RHB Centre, Jalan Tun Razak
50400 Kuala Lumpur, Malaysia
Tel : 603-9287 8888 Fax : 603-9281 9314

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