



TOGETHER WE PROGRESS

ANNUAL REPORT 2014

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Chairman's Statement

The Group delivered a commendable performance in 2014, registering double-digit growth of 10.7% in pre-tax profit to reach RM2.7 billion.



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Overview: Business & Operations

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Review of the Malaysian Economy

All the key economic sectors experienced a faster pace of growth during the year.

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 - Proxy Form

20th Annual General Meeting

DATE

30 April 2015, Thursday

TIME

11.00 a.m.

VENUE

Taming Sari Grand Ballroom,
The Royale Chulan Kuala Lumpur,
5 Jalan Conlay, 50450 Kuala Lumpur.



MYANMAR ◆

THAILAND ◆

◆ **LAO**

◆ **CAMBODIA**

◆ **VIETNAM**

◆ **HONG KONG**

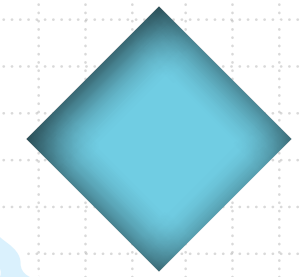
CHINA ◆

MALAYSIA ◆

◆ **SINGAPORE**

◆ **INDONESIA**

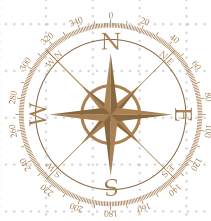
◆ **BRUNEI**



OUR REACH



To be a Leading Multinational Financial Services Group



RHB AT A GLANCE

PERFORMANCE

RHB BANKING GROUP FY2014
NET PROFIT

RM2,038.0
MILLION

INCREASE
11.3%

TOTAL INCOME

RM6,234.9
MILLION

INCREASE
4.8%

TOTAL ASSETS

RM219.4
BILLION

EXPANDED BY
14.8%

OPERATIONS

NUMBER OF
BRANCHES/OFFICES
MORE THAN

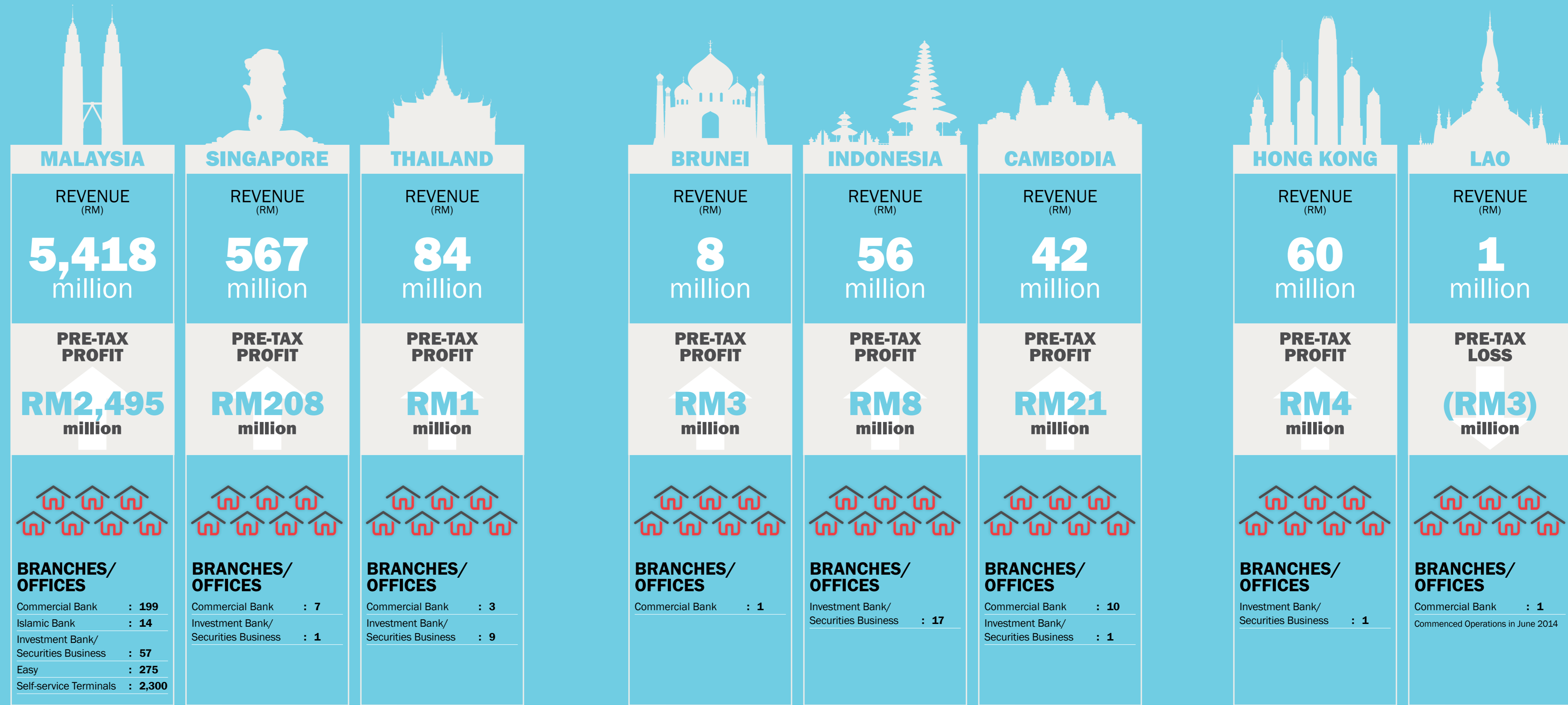
590



ALMOST
18,000
EMPLOYEES

NUMBER OF
COUNTRIES

1




REPRESENTATIVE OFFICE





RHB BANKING GROUP
MALAYSIA

PRODUCTS & SERVICES 

**Commercial
Banking**

**Islamic
Banking**

**Investment
Banking**

**Insurance
Services**





RHB BANKING GROUP THAILAND

PRODUCTS & SERVICES

- Current Account
- Savings Account
- Fixed Deposit
- Trade Finance and Remittance
- Loan Facilities and Working Capital Financing
- Foreign Exchange
- Equities & Derivatives
- Investment Banking
- Derivatives & Structured Products
- Fixed Income
- Wealth Management



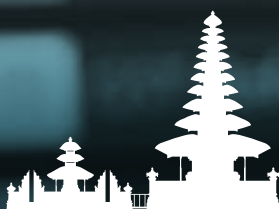
**Opened 3rd
commercial banking
branch located at
Ayutthaya Province**



RHB BANKING GROUP INDONESIA

PRODUCTS & SERVICES

- Institutional and Retail Brokerage
- Fixed Income Trading
 - Corporate, Government, Conventional and Sukuk Bond
- Investment Banking Services
 - Corporate Finance and Debt Capital Markets
 - Bonds Underwriting
- Coverage and Equity Capital Markets
 - Corporate Financing and Lending
- Financial Advisory and M&A
 - Corporate Restructuring
 - Pre-IPO Structuring
- Investment Research
- Asset Management





RHB BANKING GROUP CAMBODIA

PRODUCTS & SERVICES

Retail & Commercial

- Current Account
- Savings Account
- Fixed Deposits
- Remittance
- Trade Financing
- Loans



Equity Sales and Brokerage



Fixed Income

- Corporate, Government, Conventional and Sukuk Bonds

Corporate Finance Services



- Investment Banking
- IPOs, Placements and Rights
- Corporate Financial Restructuring



RHB BANKING GROUP LAO PDR

PRODUCTS & SERVICES

- Current Account
- Savings Account
- Fixed Deposit
- Remittance
- Foreign Exchange Service

- Loan Facilities
 - Overdraft Facility
 - Term Loan
 - Housing Loan
 - Revolving Credit Facility



**COMMENCED
OPERATIONS
IN JUNE 2014**



RHB BANKING GROUP BRUNEI

PRODUCTS & SERVICES



Deposits Products

- Current Account
- Savings Account
- Fixed Deposits Account

Loans & Advances

- Overdraft
- Housing Loans
- Term Loans, Business Loans and Bridging Loans
- Trade Financing

Remittances

- Foreign Telegraphic Transfers (USD, EUR, JPY, THB, IDR, AUD, GBP, SGD)
- Fast TT (MYR)
- Cashier's Order (BND)
- Demand Draft (SGD, BND)

Foreign Exchange

- Our counter foreign exchange rates are the most competitive in the country
- We offer up to eight foreign currencies to meet trade, educational and financial needs of customers
- Our Fast TT in Ringgit ensures that beneficiaries receive a fixed amount of Ringgit without being affected by exchange rate fluctuations

RHB BANKING GROUP VIETNAM

Owns
49%
of Vietnam
Securities
Corporation

Has a
Representative
Office in
Ho Chi Minh



RHB BANKING GROUP HONG KONG & CHINA

PRODUCTS & SERVICES

Securities Trading

- Hong Kong and Global markets
- Margin financing – including IPOs
- Online trading – through our financial portal osk188.com.hk
- Equity research
- Equity Capital Markets activities



Derivatives Trading

- Hong Kong futures/option contract
- Global futures trading

Corporate Finance

- Initial public offerings
- Public company takeover/privatisations
- Capital raisings exercise for primary and secondary market
- Mergers and acquisitions
- Restructuring Advisory – corporate reorganisations and debt restructuring

Asset Management

- Discretionary portfolio management service
- Fund management service



RHB BANKING GROUP SINGAPORE

PRODUCTS & SERVICES



Securities Trading

- Singapore and Global Markets
- Institutional and Retail Equities
- Margin Financing
- eBooking via Online Portal rhbinvest.com.sg
- Equity Research



Advisory & Capital Markets

- Initial Public Offering
- Mergers and Acquisitions
- Acquisitions Financing Advisory
- Debt Capital Markets
- Equity Capital Markets

Retail & Commercial

- Deposits
- Loans
- Cards
- Premier Banking
- Wealth Management
- Insurance
- Treasury
- Business Banking
- Fixed Income Distribution

RHB Bank Singapore now has a network of seven branches around the island and

13 Bureau de Change

at the Singapore Changi International Airport.

Singapore loans and deposits last year grew 59.7% and 23.5% respectively, outpacing the industry.



RHB's Aspirations



2007
2010
2014

By 2020

To be a Leading Multinational Financial Services Group

◆ **TOP 3 IN MALAYSIA/
TOP 8 IN ASEAN**
by size and performance

◆ **STRONG MARKET LEADERSHIP IN MALAYSIA**
across targeted products and segments

◆ **REGIONAL POWERHOUSE IN ASEAN+**
with 40% revenue contribution from international operations

◆ **NEXT GENERATION CUSTOMER CENTRIC BANK**
delivering innovative and personalised customer offerings

◆ **PROMINENT EMPLOYER OF CHOICE**
within the region

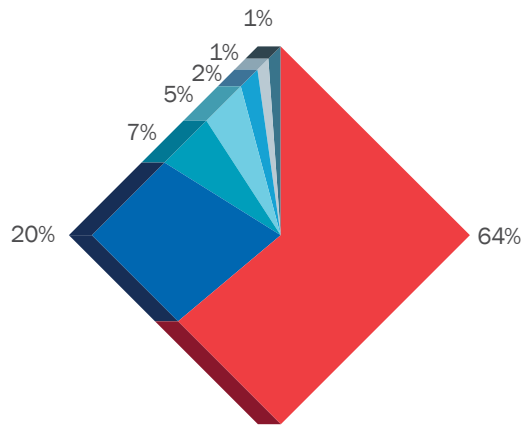
GROUP FINANCIAL HIGHLIGHTS

	2014	2013
PROFITABILITY (RM'million)		
Revenue	6,235	5,951
Operating profit before allowances	2,824	2,899
Profit before taxation	2,735	2,471
Net profit attributable to equity holders of the Company	2,038	1,831
FINANCIAL POSITION (RM'million)		
Total assets	219,354	191,090
Financial assets and investments portfolio	43,003	43,746
Gross loans, advances and financing	142,486	121,753
Total liabilities	200,460	174,147
Deposits from customers	157,134	137,741
Shareholders' equity	18,794	16,739
FINANCIAL RATIOS (%)		
Net return on average shareholders' equity	11.5%	11.5%
Net return on average total assets	1.0%	1.0%
Gross impaired loans ratio	2.0%	2.8%
Gross loans to deposits ratio	90.7%	88.4%

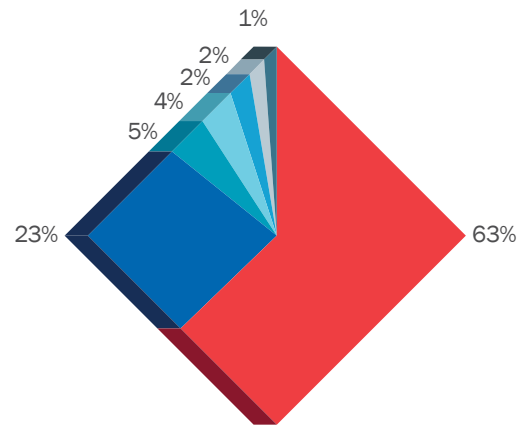


SIMPLIFIED GROUP STATEMENTS OF FINANCIAL POSITION

TOTAL ASSETS 2014

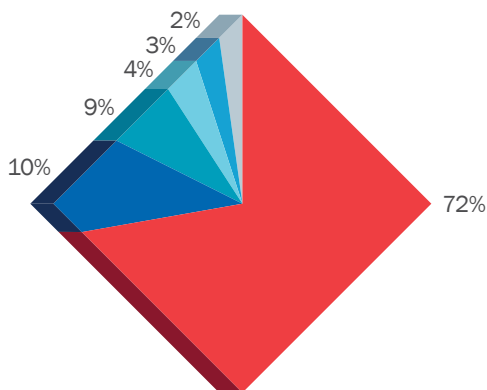


TOTAL ASSETS 2013

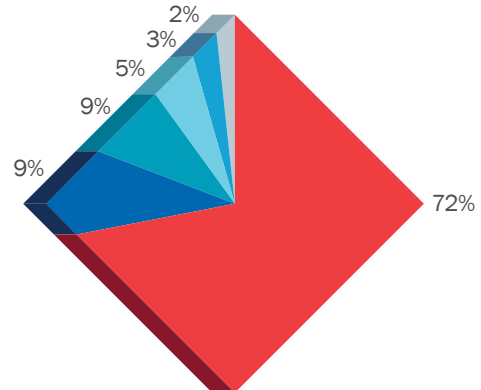


- ◆ Loans, advances and financing
- ◆ Financial assets and investments portfolio
- ◆ Cash and short term funds
- ◆ Other assets
- ◆ Statutory deposits
- ◆ Deposits and placements with banks and other financial institutions
- ◆ Clients' and brokers' balances

LIABILITIES & EQUITY 2014



LIABILITIES & EQUITY 2013



- ◆ Deposits from customers
- ◆ Deposits and placements of banks and other financial institutions
- ◆ Shareholders' equity
- ◆ Other liabilities
- ◆ Subordinated obligations and Hybrid Tier-1 Capital Securities
- ◆ Borrowings and senior debt securities

FIVE-YEAR GROUP FINANCIAL SUMMARY

	2014	2013	2012*	2011**	2010**
OPERATING RESULTS (RM'million)					
Operating profit before allowances	2,824	2,899	2,536	2,473	2,411
Profit before tax	2,735	2,471	2,385	2,250	1,899
Net profit attributable to equity holders of the Company	2,038	1,831	1,785	1,688	1,420
KEY BALANCE SHEET DATA (RM'million)					
Total assets	219,354	191,090	189,112	152,304	129,112
Loans, advances and financing	140,693	119,543	109,277	95,059	81,214
Total liabilities	200,460	174,147	173,772	140,676	119,148
Deposits from customers	157,134	137,741	138,228	115,861	94,434
Paid-up capital	2,572	2,547	2,494	2,205	2,153
Shareholders' equity	18,794	16,739	15,117	11,615	9,953
Commitments and contingencies	133,504	100,232	83,160	74,161	70,522
SHARE INFORMATION					
Net dividend per share (sen)	6.0	16.3	22.1	20.5	19.8
Net assets per share (RM)	7.3	6.6	6.1	5.3	4.6
Net tangible assets per share (RM)	5.3	4.5	4.0	3.5	2.8
Basic earnings per share (sen)	79.7	72.9	79.0	77.5	66.0
Share price (RM)	7.62	7.90	7.69	7.48	8.72
Market capitalisation (RM'million)	19,602	20,121	19,180	16,492	18,778
FINANCIAL RATIOS (%)					
Profitability Ratios					
Net return on average shareholders' equity	11.5	11.5	13.4	15.7	15.2
Net return on average total assets	1.0	1.0	1.0	1.2	1.2
Non-interest income ratio	35.5	35.0	28.6	24.7	25.8
Cost to income ratio	54.7	51.3	47.5	43.5	40.5
Asset Quality					
Gross loans to deposits ratio	90.7	88.4	80.6	84.1	88.8
Gross impaired loans ratio	2.0	2.8	3.0	3.6	4.6
Ordinary Shares					
Net dividend yield	0.8	2.1	2.9	2.7	2.3
Dividend payout ratio	7.6	22.6	30.0	30.0	30.0

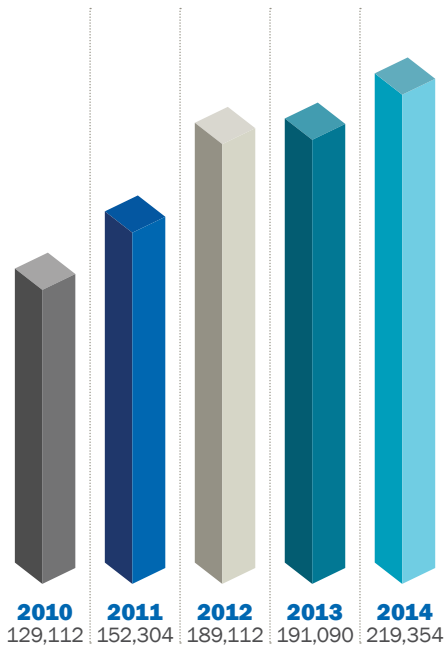
* Restated to reflect the adoption of MFRS 3.

** Restated as a result of retrospective application of MFRS 139 and FRSIC 18. For financial year 2010, only relevant balance sheet items have been restated to position as at 1 January 2011.

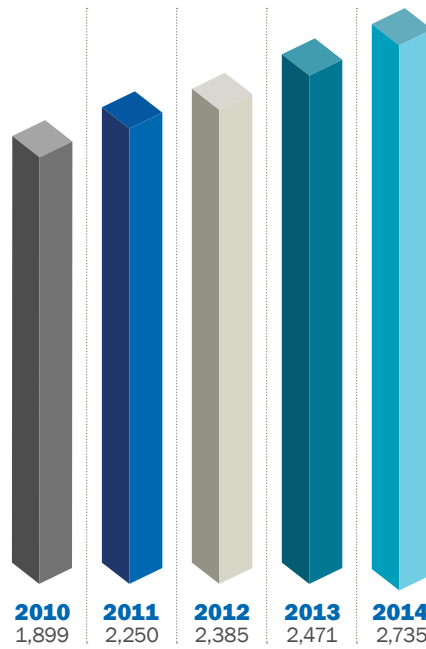


SUMMARY OF FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

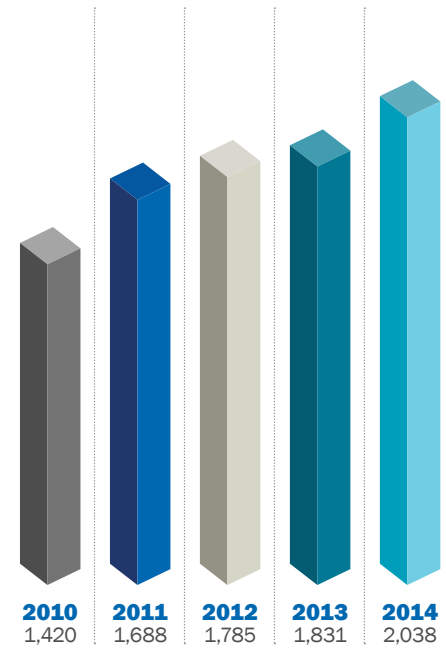
TOTAL ASSETS
(RM'million)



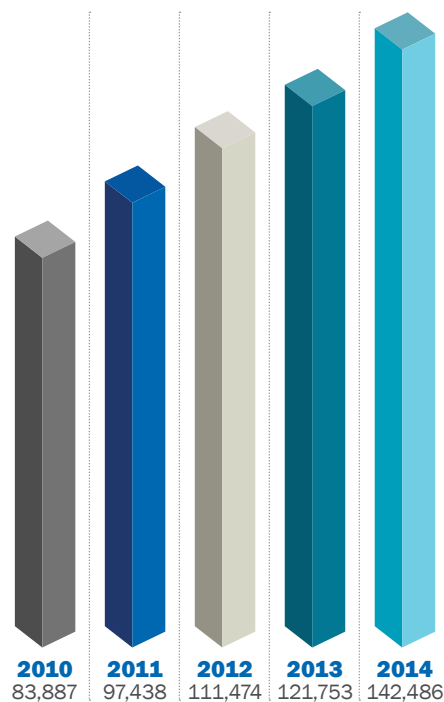
PROFIT BEFORE TAX
(RM'million)



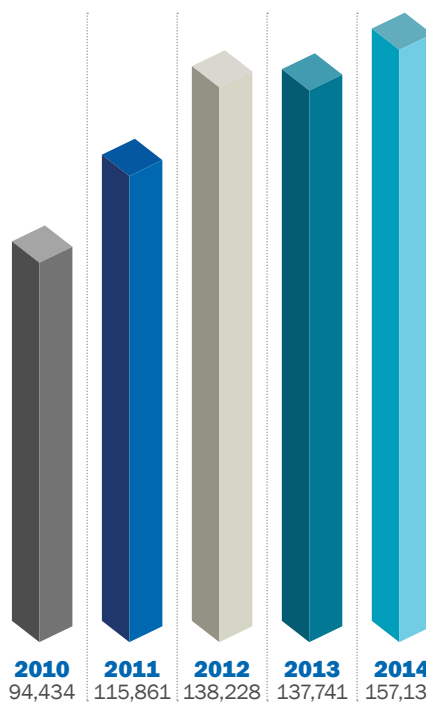
NET PROFIT
(RM'million)



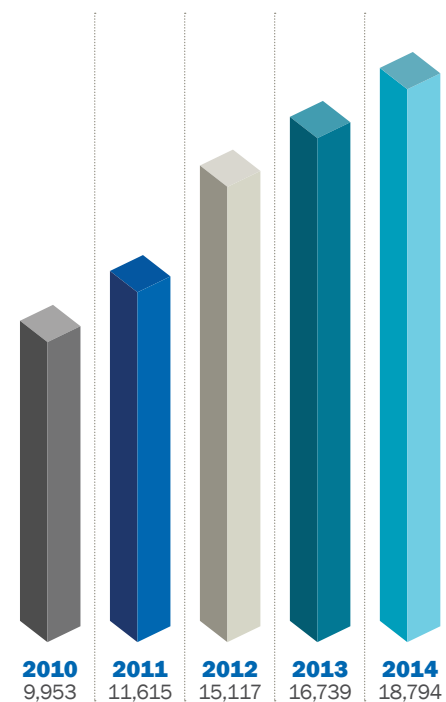
GROSS LOANS ADVANCES AND FINANCING
(RM'million)



DEPOSITS FROM CUSTOMERS
(RM'million)



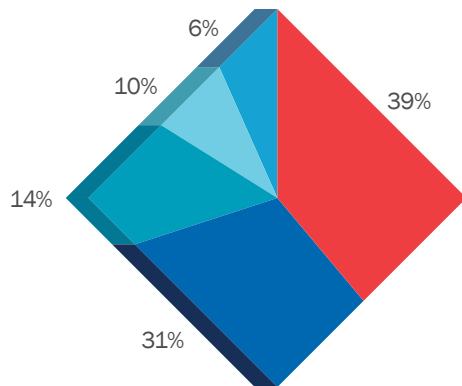
SHAREHOLDERS' EQUITY
(RM'million)



SEGMENTAL ANALYSIS

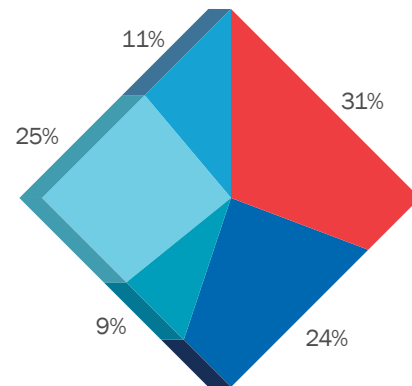
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

REVENUE BY BUSINESS SEGMENT

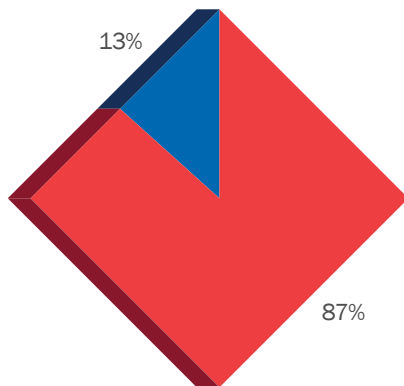


- ◆ Retail
- ◆ Corporate and Investment Banking
- ◆ Business Banking
- ◆ Treasury
- ◆ Group International Business

ASSETS EMPLOYED BY BUSINESS SEGMENT



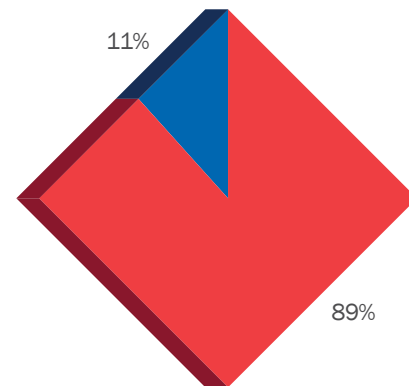
OPERATING REVENUE BY GEOGRAPHICAL LOCATION



- ◆ Malaysia
- ◆ Overseas*

* Inclusive of RHB Investment overseas banking operations

ASSETS EMPLOYED BY GEOGRAPHICAL LOCATION





GROUP QUARTERLY PERFORMANCE

	2014				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Financial Performance (RM'million)					
Revenue	1,466,037	1,444,962	1,647,094	1,676,786	6,234,879
Net interest income	822,184	827,727	835,868	805,553	3,291,332
Other operating income	492,104	433,898	614,793	670,601	2,211,396
Operating profit before allowances	679,692	648,047	806,218	689,754	2,823,711
Profit before tax	637,408	739,127	714,932	643,586	2,735,053
Net profit attributable to equity holders of the Company	450,691	556,508	544,610	486,191	2,038,000
Earnings per share (sen)	17.7	21.9	21.2	18.9	79.7
Dividend per share (sen)	-	-	-	6.0	6.0

	2013				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Financial Performance (RM'million)					
Revenue	1,362,244	1,434,131	1,535,629	1,618,759	5,950,763
Net interest income	778,830	802,613	828,000	865,043	3,274,486
Other operating income	449,723	487,224	556,558	591,900	2,085,405
Operating profit before allowances	644,538	684,604	771,620	797,840	2,898,602
Profit before tax	494,285	553,665	739,762	683,055	2,470,767
Net profit attributable to equity holders of the Company	357,194	410,331	559,148	504,517	1,831,190
Earnings per share (sen)	14.3	16.5	22.2	19.9	72.9
Dividend per share (sen)	-	6.0	-	10.3	16.3

ANALYSIS OF THE FINANCIAL PERFORMANCE

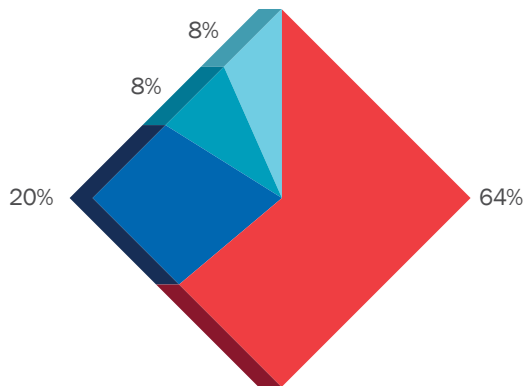
The following analysis of financial performance should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2014.

ANALYSIS OF THE STATEMENTS OF FINANCIAL POSITION

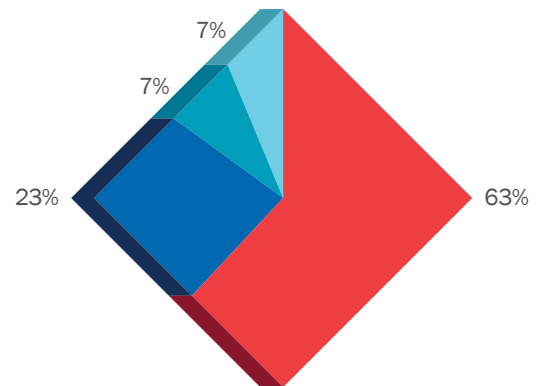
Total Assets

The Group's total assets stood at RM219.4 billion as at 31 December 2014, an increase of 14.8% over the previous financial year. The increase was mainly due to growth in net loans, advances and financing. Loans, advances and financing remain as the largest component of the total assets at 64.1% (2013: 62.6%).

TOTAL ASSETS MIX 2014



TOTAL ASSETS MIX 2013



- ◆ Loans, advances and financing
◆ Financial assets and investments portfolio
- ◆ Cash & short term funds and deposits & placements with banks and other financial institutions
◆ Other assets

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 45.1% to RM18.5 billion as at 31 December 2014.



ANALYSIS OF THE FINANCIAL PERFORMANCE

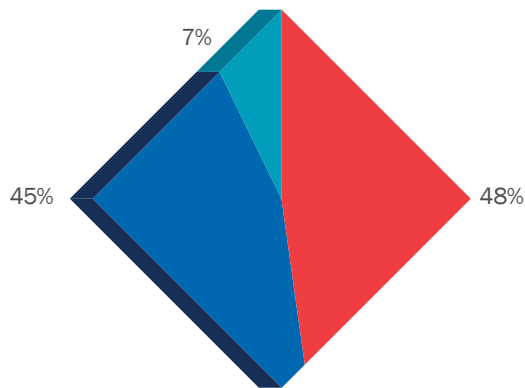
Financial Assets and Investments Portfolio

The Group's financial assets and investments portfolio comprises financial assets held-for-trading ("HFT"), financial investments available-for-sale ("AFS") and financial investments held-to-maturity ("HTM").

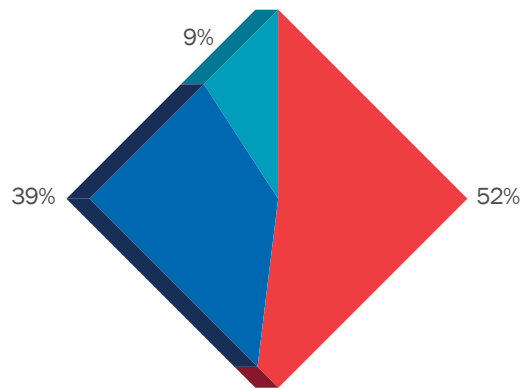
The Group's financial assets and investments portfolio decreased by 1.7% to RM43.0 billion due to lower holding of government-related securities.

As at 31 December 2014, financial investments HTM accounted for 48% of the Group's financial assets and investments portfolio, followed by 45% in financial investments AFS and 7% in financial assets HFT.

FINANCIAL ASSETS/INVESTMENTS MIX 2014



FINANCIAL ASSETS/INVESTMENTS MIX 2013



- ◆ Financial investments HTM
- ◆ Financial investments AFS
- ◆ Financial assets HFT

ANALYSIS OF THE FINANCIAL PERFORMANCE

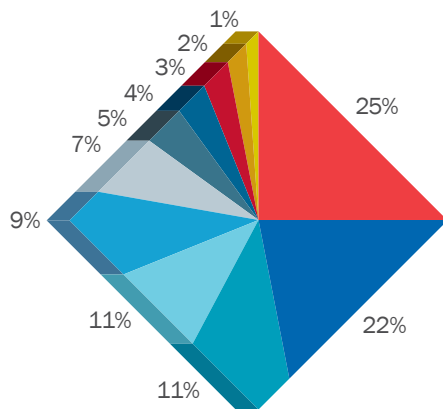
Loans, Advances and Financing

For the year, the Group recorded strong loans growth of 17.0% to RM142.5 billion. The growth was broad based, predominantly from purchase of residential and non-residential properties, working capital and purchase of securities.

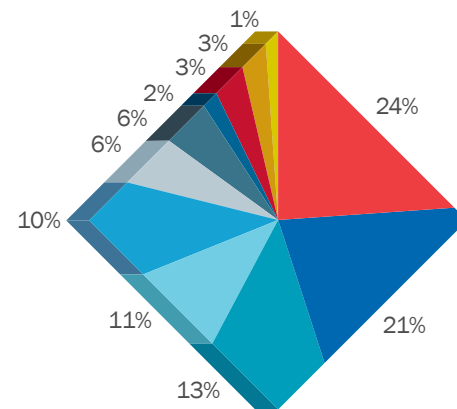
The Group continued to gain traction in the domestic loans segment as domestic loans growth of 14.1% continued to outpace the industry of 8.7%. Domestic loans market share increased to 9.7% from 9.3% as at 31 December 2013.

Non-Malaysian gross loans grew by 57.5% mainly due to a 60.6% increase in Singapore loan base.

**LOANS, ADVANCES AND FINANCING
- BY PURPOSE 2014**



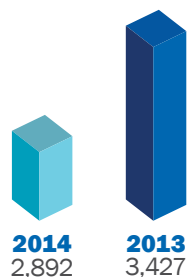
**LOANS, ADVANCES AND FINANCING
- BY PURPOSE 2013**



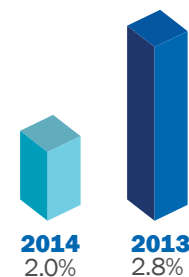
- ◆ Working capital
- ◆ Purchase of residential property
- ◆ Other purpose
- ◆ Purchase of securities
- ◆ Purchase of transport vehicles
- ◆ Purchase of non-residential property

- ◆ Personal use
- ◆ Construction
- ◆ Purchase of property, plant and equipment other than land and building
- ◆ Merger and acquisition
- ◆ Credit card

**IMPAIRED LOANS
(RM'million)**



**IMPAIRED LOANS RATIO
(%)**



Asset Quality

Asset quality strengthened further with gross impaired loans ratio at 2.0% from 2.8% in December 2013. On an absolute basis, gross impaired loans decreased by 15.6% over the year to RM2.9 billion.



ANALYSIS OF THE FINANCIAL PERFORMANCE

Total Liabilities and Equity

Total liabilities increased by RM26.3 billion or 15.1% to RM200.5 billion in 2014, mainly due to the increase in deposits from customers, deposits and placements of banks and other financial institutions, subordinated obligations, borrowings and senior debt securities and recourse obligation on loans sold to Cagamas, partially offset by the decrease in bills and acceptances payable and clients' and brokers' balances.

Shareholders' equity strengthened by 12.3% to RM18.8 billion, largely contributed by higher retained earnings, higher revaluation reserves on financial investments AFS and higher translation gain, partially offset by cash dividend paid.

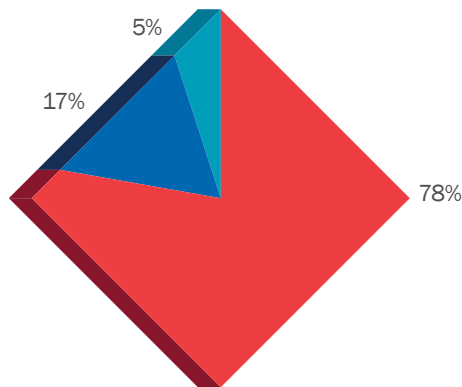
Deposits from Customers

The Group continued to strengthen its liquidity and funding capabilities. Customer deposits grew at 14.1% to RM157.1 billion year-on-year.

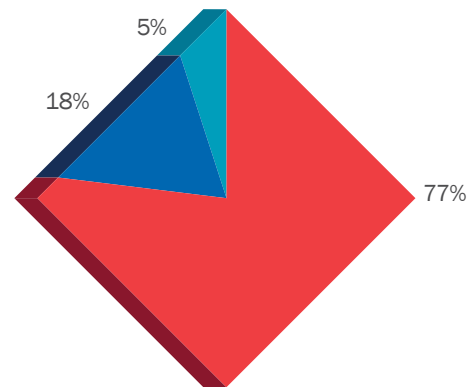
Fixed deposits increased by 16.4% to RM122.9 billion, and current and savings accounts balances increased by 6.4% to RM34.2 billion. CASA composition was at 21.7% as at 31 December 2014.

Deposits for the domestic operations increased by 12.9%, while the overseas operations registered a strong growth of 28.6%, with Singapore recording a 26.0% increase.

**DEPOSITS FROM CUSTOMER
- BY TYPE 2014**

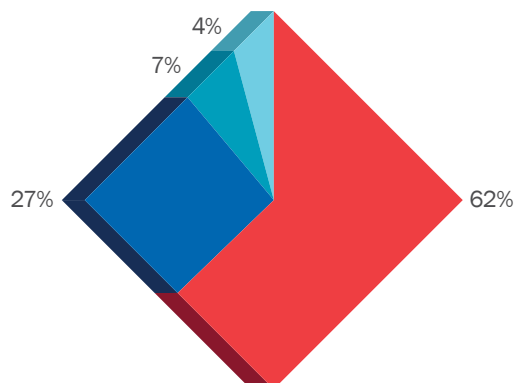


**DEPOSITS FROM CUSTOMER
- BY TYPE 2013**

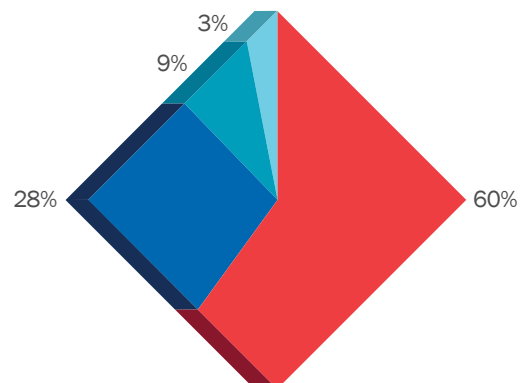


- ◆ Fixed/investment deposits
- ◆ Demand deposits
- ◆ Savings deposits

**DEPOSITS FROM CUSTOMERS
- BY CUSTOMERS 2014**



**DEPOSITS FROM CUSTOMERS
- BY CUSTOMERS 2013**



- ◆ Business enterprises
- ◆ Individuals
- ◆ Government and statutory bodies
- ◆ Others

ANALYSIS OF THE FINANCIAL PERFORMANCE

Deposits and Placements of Banks and Other Financial Institutions

Deposits and placements of banks and other financial institutions increased by RM4.4 billion or 25.6% to RM21.3 billion in December 2014, mainly due to the increase in deposits with licensed banks and investment banks.

Capital Adequacy

The capital ratios of the key operating entities are as follows:

	CET I Capital Ratio	Tier I Capital Ratio	Total Capital Ratio
RHB Bank Berhad	11.124%	11.580%	14.547%
RHB Islamic Bank Berhad	12.875%	12.875%	16.336%
RHB Investment Bank Berhad	26.337%	26.337%	26.337%

Borrowings and Senior Debt Securities

Borrowings and senior debt securities increased by RM1.1 billion, mainly due to the issuance of USD300.0 million senior notes in October 2014.

Subordinated Obligations

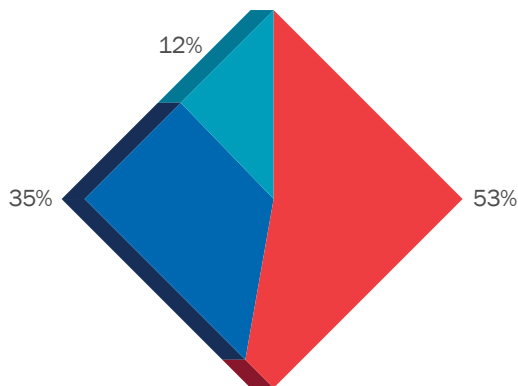
Subordinated obligations increased by RM1.5 billion or 33.1%, mainly due to the issuance of RM1.0 billion subordinated notes and RM500.0 million Sukuk Murabahah in July 2014 and May 2014 respectively.

ANALYSIS OF THE INCOME STATEMENTS

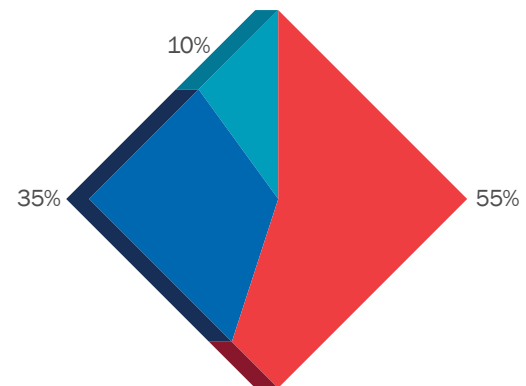
For the financial year 2014, the Group recorded a pre-tax profit of RM2.74 billion, an increase of 10.7% year-on-year. Net profit recorded a 11.3% growth to reach RM2.04 billion, with earnings per share closing at 79.7 sen from 72.9 sen recorded a year ago.

The higher earnings growth was achieved on the back of 4.8% total income growth, higher impairment write back on other assets and significant improvement in loan impairment charges, partially offset by higher operating expenses.

INCOME MIX 2014



INCOME MIX 2013



- ◆ Net interest income
- ◆ Other operating income
- ◆ Net income from Islamic Banking business

Net Interest Income

Net interest income stood at RM3.3 billion for the year, on the back of strong loans and financing assets growth.

Interest income rose by 8.2% to RM7.5 billion on the back of 13.5% growth in conventional gross loans year-on-year. Interest expense was higher by 15.2% to RM4.2 billion, attributed mainly to higher deposit base and diversification of funding mix with the issuance of longer tenure funds of RM1.0 billion subordinated notes and USD300.0 million senior notes in July 2014 and October 2014 respectively.

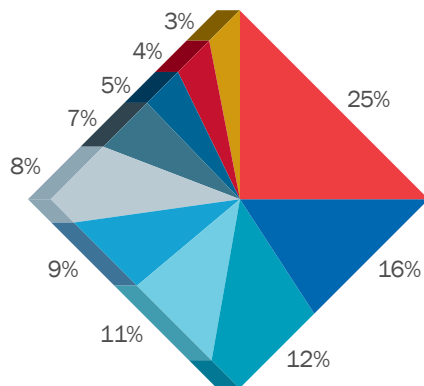


ANALYSIS OF THE FINANCIAL PERFORMANCE

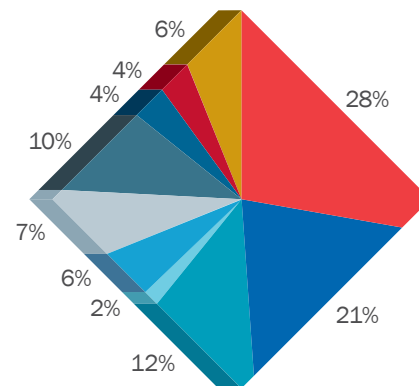
Other Operating Income

Other operating income recorded growth of 6.0% to RM2.2 billion year-on-year, underpinned by higher fee income, net foreign exchange gain and insurance underwriting surplus. Fee income increased by 9.0%, driven mainly by higher capital market-related fee income. The Group's other operating income to total income ratio rose to 35.5% from 35.0% recorded a year ago.

FEE INCOME MIX 2014



FEE INCOME MIX 2013



- ◆ Net brokerage income
- ◆ Service charges and fees
- ◆ Commission
- ◆ Corporate advisory fees
- ◆ Other fee income
- ◆ Fund management fees
- ◆ Underwriting and arrangement fees
- ◆ Guarantee fees
- ◆ Commitment fees
- ◆ Unit trust fee income

Income from Islamic Banking Business

Islamic Banking income grew at a strong pace at 23.9% to RM732.2 million. This was mainly attributable to higher net funding income on the back of 36.2% increase year-on-year in financing base to RM25.5 billion.

Other Operating Expenses

Other operating expenses increased by 11.8% year-on-year to RM3.4 billion. This was mainly due to a 16.9% increase in personnel costs and increase in information technology expenses. This was in line with the Group's continuous investment into human capital with enhanced staff bench strength and key senior hires, as well as technology and infrastructure to support the increase in business volume and the Group's growth agenda. Cost to income ratio of the Group stood at 54.7% for 2014.

Allowance for Impairment on Loans, Financing and Other Losses

Allowance for impairment on loans and financing decreased significantly by RM241.7 million to RM206.2 million. This was primarily due to strong bad debt recoveries and non-recurrence of impairment made on certain corporate accounts and one-time bad debts written off pertaining to the refinement of application of MFRS 139 (Financial Instruments: Recognition and Measurement) in 2013. During the financial year, higher collective allowance was made in tandem with loans and financing growth and refinement of retail collective assessment impairment methodology.

Impairment Losses on Other Assets

A writeback of impairment on other assets of RM117.3 million was reported for 2014 as compared to a writeback of RM18.9 million in the previous financial year.

CORPORATE INFORMATION

AS AT 25 FEBRUARY 2015

BOARD OF DIRECTORS

Dato' Mohamed Khadar Merican
Independent Non-Executive Chairman

Tan Sri Azlan Zainol
Non-Independent Non-Executive Director

Datuk Haji Faisal Siraj
Senior Independent Non-Executive Director

Datuk Seri Saw Choo Boon
Independent Non-Executive Director

Dato' Teo Chiang Liang
Independent Non-Executive Director

Dato' Nik Mohamed Din Datuk Nik Yusoff
Non-Independent Non-Executive Director

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

Kellee Kam Chee Khiong
Group Managing Director, RHB Banking Group

GROUP BOARD AUDIT COMMITTEE

Datuk Seri Saw Choo Boon
Independent Non-Executive Director/Chairman

Datuk Haji Faisal Siraj
Independent Non-Executive Director

Dato' Teo Chiang Liang
Independent Non-Executive Director

BOARD RISK COMMITTEE*

Tuan Haji Khairuddin Ahmad
Independent Non-Executive Director/Chairman

Patrick Chin Yoke Chung
Independent Non-Executive Director

Tuan Haji Md Ja'far Abdul Carrim
Non-Independent Non-Executive Director

Choong Tuck Oon
Independent Non-Executive Director

Datuk Seri Saw Choo Boon
Independent Non-Executive Director

BOARD NOMINATING & REMUNERATION COMMITTEE#

Datuk Haji Faisal Siraj
Independent Non-Executive Director/Chairman

Datuk Seri Saw Choo Boon
Independent Non-Executive Director

Dato' Teo Chiang Liang
Independent Non-Executive Director

Choong Tuck Oon
Independent Non-Executive Director

Tuan Haji Md Ja'far Abdul Carrim
Non-Independent Non-Executive Director



CORPORATE INFORMATION AS AT 25 FEBRUARY 2015

BOARD CREDIT COMMITTEE*

Dato' Mohamed Khadar Merican
Independent Non-Executive Director/Chairman

Tuan Haji Khairuddin Ahmad
Independent Non-Executive Director

Abdul Aziz Peru Mohamed
Independent Non-Executive Director

Patrick Chin Yoke Chung
Independent Non-Executive Director

Tuan Haji Md Ja'far Abdul Carrim
Non-Independent Non-Executive Director

BOARD AUDIT COMMITTEE*

Ong Seng Pheow
Independent Non-Executive Director/Chairman

Dato' Othman Jusoh
Independent Non-Executive Director

Datuk Seri Saw Choo Boon
Independent Non-Executive Director

Datuk Haji Faisal Siraj
Independent Non-Executive Director

BOARD TECHNOLOGY COMMITTEE*

Choong Tuck Oon
Independent Non-Executive Director/Chairman

Ong Seng Pheow
Independent Non-Executive Director

Dato' Mohd Ali Mohd Tahir
Independent Non-Executive Director

Charles Lew Foon Keong
Independent Non-Executive Director

Kellee Kam Chee Khiong
Group Managing Director, RHB Banking Group

Dato' Khairussaleh Ramli
Deputy Group Managing Director, RHB Banking Group,
Managing Director, RHB Bank Berhad

ISLAMIC RISK MANAGEMENT COMMITTEE^

Dato' Mohd Ali Mohd Tahir
Independent Non-Executive Director/Chairman

Tuan Haji Md Ja'far Abdul Carrim
Non-Independent Non-Executive Director

Datuk Haji Faisal Siraj
Independent Non-Executive Director

Choong Tuck Oon
Independent Non-Executive Director

SHARIAH COMMITTEE^

Dr Ghazali Jaapar
Chairman

Professor Dr Joni Tamkin Borhan

Assoc Prof Dr Amir Shaharuddin

Wan Abdul Rahim Kamil Bin Wan Mohamed Ali

Mohd Fadhly Md Yusoff

CORPORATE INFORMATION AS AT 25 FEBRUARY 2015

GROUP SENIOR MANAGEMENT

Kellee Kam Chee Khiong
Group Managing Director, RHB Banking Group

Dato' Khairussaleh Ramli
Deputy Group Managing Director, RHB Banking Group,
Managing Director, RHB Bank Berhad

Mike Chan Cheong Yuen
Managing Director, RHB Investment Bank Berhad

Ibrahim Hassan
Managing Director, RHB Islamic Bank Berhad

U Chen Hock
Head, Group Retail Banking

Yap Choi Foong
Group Chief Financial Officer

Rohan Krishnalingam
Group Chief Operations Officer

Norazzah Sulaiman
Group Chief Governance Officer

Patrick Ho Kwong Hoong
Group Chief Risk Officer

Jamaluddin Bakri
Group Chief Human Resource Officer

Christopher Loh Meng Heng
Group Chief Strategy & Transformation Officer

COMPANY SECRETARIES

Azman Shah Md Yaman
(LS0006901)

Ivy Chin So Ching
(MAICSA No. 7028292)

REGISTERED OFFICE

Level 9, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur

Tel: 603 - 9285 2233 Fax: 603 - 9281 9314
www.rhbgroup.com

COMPANY NO.

312952-H

AUDITORS

PricewaterhouseCoopers
Chartered Accountants
Level 10, 1 Sentral
Jalan Travers, Kuala Lumpur Sentral
P.O. Box 10192
50706 Kuala Lumpur

Tel: 603 - 2173 1188 Fax: 603 - 2173 1288

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya, Selangor

Tel: 603 - 7841 8000 Fax: 603 - 7841 8008

Notes:

- # The Committee is shared with the relevant subsidiaries of the Group.
- * The Committee resides at RHB Bank Berhad.
- ^ The Committee resides at RHB Islamic Bank Berhad.



RHB CAPITAL BERHAD GROUP CORPORATE STRUCTURE

AS AT 25 FEBRUARY 2015

RHB CAPITAL BERHAD GROUP CORPORATE STRUCTURE AS AT 25 FEBRUARY 2015



Notes:
 * Dormant Company
 # Inactive
⁽¹⁾ With effect from 1 July 2001, the company's activities relate primarily to recovery of outstanding debts.
⁽²⁾ The company has ceased operations from the close of business on 10 December 2001.
⁽³⁾ The company has commenced members' voluntary winding-up on 16 February 2011.
⁽⁴⁾ The company has commenced members' voluntary winding-up on 28 March 2012.
⁽⁵⁾ Jointly controlled entity
⁽⁶⁾ Held by: (i) RHB Investment Bank Berhad; (ii) RHB Nominees (Tempatan) Sdn Bhd; (iii) RHB Nominees (Asing) Sdn Bhd; and (iv) OSK Futures and Options Sdn Bhd with direct shareholdings of 20% each.
⁽⁷⁾ The company is incorporated on 30 May 2014 and commenced business on 6 June 2014.

PROFILES OF THE BOARD OF DIRECTORS



DATO' MOHAMED KHADAR MERICAN

(58 years of age – Malaysian)
Independent Non-Executive Chairman

Dato' Mohamed Khadar Merican (“Dato' Mohamed Khadar”) was appointed as an Independent Non-Executive Director of RHB Capital on 1 January 2008 and was subsequently appointed as the Chairman of RHB Capital on 12 May 2009.

Dato' Mohamed Khadar is a Member of the Institute of Chartered Accountants in England and Wales and is also a Member of the Malaysian Institute of Accountants.

Dato' Mohamed Khadar has had more than 35 years of experience in financial and general management. He served as an auditor and a consultant in an international accounting firm, before joining a financial services group in 1986. Dato' Mohamed Khadar has held various senior management positions in Pernas International Holdings Berhad (now known as Tradewinds Corporation Berhad) between 1988 and April 2003, including those of President and Chief Operating Officer. In 2013, Dato' Mohamed Khadar, in his capacity as the Chairman of RHB Capital, was named as the “Chairman of The Year” by the Minority Shareholders Watchdog Group at its Malaysian-Asean Corporate Governance Index Awards 2013.

Dato' Mohamed Khadar's other directorships in public companies are RHB Bank Berhad, RHB Investment Bank Berhad, Rashid Hussain Berhad (In Members' Voluntary Liquidation), Astro Malaysia Holdings Berhad, Sona Petroleum Berhad and RHB OSK Securities (Thailand) Public Company Limited (Chairman).

Dato' Mohamed Khadar attended all the eighteen Board of Directors' Meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of RHB Capital. He has no conflict of interest with RHB Capital and has never been charged with any offence.

PROFILES OF THE BOARD OF DIRECTORS



TAN SRI AZLAN ZAINOL

(64 years of age – Malaysian)
Non-Independent Non-Executive
Director

Tan Sri Azlan Zainol (“Tan Sri Azlan”) was appointed as a Non-Independent Non-Executive Director of RHB Capital on 27 July 2005. Tan Sri Azlan was appointed Chairman of RHB Bank on 29 July 2005.

Tan Sri Azlan is a Fellow of the Institute of Chartered Accountants in England & Wales, a Member of the Malaysian Institute of Accountants and a Member of the Malaysian Institute of Certified Public Accountants.

Tan Sri Azlan was previously the Chief Executive Officer of the Employees Provident Fund Board until his retirement in April 2013. He has more than 29 years of experience in the financial sector, having been appointed as the Managing Director of AmBank Berhad and prior to that, as the Managing Director of AmFinance Berhad.

Tan Sri Azlan’s other directorships in public companies are Rashid Hussain Berhad (In Member’s Voluntary Liquidation), Malaysian Resources Corporation Berhad (Chairman), Kuala Lumpur Kepong Berhad, Jardine Cycle & Carriage Limited (Singapore), RHB Holdings Hong Kong Limited and Eco World International Berhad.

Tan Sri Azlan attended seventeen out of eighteen Board of Directors’ Meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of RHB Capital. He has no conflict of interest with RHB Capital and has never been charged with any offence.

PROFILES OF THE BOARD OF DIRECTORS



DATO' NIK MOHAMED DIN DATUK NIK YUSOFF

(72 years of age – Malaysian)
Non-Independent Non-Executive
Director

Dato' Nik Mohamed Din Datuk Nik Yusoff (“Dato' Nik Mohamed Din”) was appointed as a Non-Independent Non-Executive Director of RHB Capital on 20 November 2012.

Dato' Nik Mohamed Din is a Barrister-at-law. He read law at Lincoln's Inn, London and was admitted to the English Bar in 1968. He then served as a Magistrate in the Malaysian Judicial Services in 1969. Thereafter, he joined private legal practice at Mah, Kok and Din as a lawyer for 13 years. In 1984, he left legal practice to join the stockbroking business and assumed the position of the Executive Chairman as well as a shareholder of O.S.K. & Partners Sendirian Berhad (the former OSK Investment Bank Berhad).

In 1985, Dato' Nik Mohamed Din was elected Chairman and in 1988 appointed by the Minister of Finance as the first Executive Chairman of the Kuala Lumpur Stock Exchange (“KLSE”) (now known as Bursa Malaysia Securities Berhad) and held this position for 12 years. Upon expiry of his tenure of appointment as Executive Chairman of the KLSE, Dato' Nik Mohamed Din returned to OSK Holdings Berhad Group as the Executive Chairman of OSK Holdings Berhad and thereafter was re-designated to Non-Independent Non-Executive Chairman on 28 December 2009.

Dato' Nik Mohamed Din's other directorships in public companies are OSK Holdings Berhad (Chairman), OSK Property Holdings Berhad (Chairman), OSK Ventures International Berhad (Chairman), Jerasia Capital Berhad (Chairman), QBE Insurance (Malaysia) Berhad (Chairman), Malaysian Trustees Berhad, RHB Trustees Berhad and Ke-Zan Holdings Berhad. Dato' Nik Mohamed Din is also a director of the Federation of Public Listed Companies (Vice-President II) and the Datin Seri Ting Sui Ngjit Foundation.

Dato' Nik Mohamed Din attended fifteen out of eighteen Board of Directors' Meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of RHB Capital. He has no conflict of interest with RHB Capital and has never been charged with any offence.

PROFILES OF THE BOARD OF DIRECTORS



DATUK HAJI FAISAL SIRAJ

(69 years of age – Malaysian)
Senior Independent Non-Executive
Director

Datuk Haji Faisal Siraj (“Datuk Faisal”) was appointed as an Independent Non-Executive Director of RHB Capital on 24 May 2007. Datuk Faisal also serves as the Chairman of the Board Nominating & Remuneration Committee. He is also a Member of the Group Board Audit Committee.

Datuk Faisal was a Fellow of the Institute of Chartered Accountants in England & Wales, a Member of the Malaysian Institute of Accountants and a Member of the Malaysian Institute of Certified Public Accountants.

Datuk Faisal started his career in 1968 with KPMG, London. On his transfer from KPMG London to KPMG Kuala Lumpur, he was posted to KPMG Kota Kinabalu until 1976. Datuk Faisal joined the Malaysia Mining Corporation (“MMC”) Group in 1976. He was the Group Executive Director and a Member of the MMC Board from 1981 to 1994. In 1995, he joined DRB-HICOM Berhad (“DRB-HICOM”) as the Group Chief Financial Officer in the capacity of Senior Group Director, Financial Services and Treasury Division and was a member of DRB-HICOM Board, before his retirement in 2005.

Datuk Faisal’s other directorships in public companies are RHB Islamic Bank Berhad, RHB Insurance Berhad, RHB Trustees Berhad and Malaysian Trustees Berhad.

Datuk Faisal attended all the eighteen Board of Directors’ Meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of RHB Capital. He has no conflict of interest with RHB Capital and has never been charged with any offence.

PROFILES OF THE BOARD OF DIRECTORS



DATUK SERI SAW CHOO BOON

(68 years of age – Malaysian)
Independent Non-Executive Director

Datuk Seri Saw Choo Boon (“Datuk Seri Saw”) was appointed as an Independent Non-Executive Director of RHB Capital on 20 May 2010. He also serves as the Chairman of the Group Board Audit Committee and a Member of the Board Nominating & Remuneration Committee and Board Risk Committee.

Datuk Seri Saw holds a Bachelor of Science (Chemistry) from the University of Malaya. He 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, Datuk Seri Saw was appointed as the 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.

Datuk Seri 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, Datuk Seri Saw was appointed the Senior Advisor of Shell Malaysia until his retirement on 30 June 2010.

Currently, Datuk Seri Saw’s other directorships in public companies are RHB Investment Bank Berhad, Shell Refining Company (Federation of Malaya) Berhad, Digi.Com Berhad, Phoenix Petroleum (M) Berhad, Ranhill Energy and Resources Berhad and Guinness Anchor Berhad where he is also the Chairman. In addition, he serves on the Government’s Public-Private Sector Special Task Force on Facilitating Business (PEMUDAH) as the Co-Chair, Federation of Malaysian Manufacturers (FMM) Council as the President, and the Socio-Economic Research Centre (SERC) Board of the Associated Chinese Chambers of Commerce and Industry Malaysia.

Datuk Seri Saw attended sixteen out of eighteen Board of Directors’ Meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of RHB Capital. He has no conflict of interest with RHB Capital and has never been charged with any offence.

PROFILES OF THE BOARD OF DIRECTORS



DATO' TEO CHIANG LIANG

(64 years of age – Malaysian)
Independent Non-Executive Director

Dato' Teo Chiang Liang (“Dato' Teo”) was appointed as an Independent Non-Executive Director of RHB Capital on 20 May 2010. He also serves as a Member of the Board Nominating & Remuneration Committee and Group Board Audit Committee.

Dato' Teo holds a Bachelor of Arts (Honours) degree in Business Studies awarded by the Council for National Academic Awards, United Kingdom and Bachelor of Science in Management Studies from University of Bradford, United Kingdom. He was appointed Professor of Nottingham Trent University, United Kingdom from 1998 to 2012 and conferred with an Honorary Degree of Doctor of Business Administration in 2001.

Dato' Teo joined and served the See Hoy Chan Holdings Group, a well-diversified group of companies, in different levels of management since 1975. He was the Secretary General of the Malaysian Association of Private Colleges & Universities from 1997 to March 2003 and is currently its Council Member. Dato' Teo was appointed

as a member of the MSC Education Advisory Panel from 1998 to 2000 and a Life Member of the Malaysian Red Crescent Society since 1983. He was elected as an Executive Council Member of Malaysia Crime Prevention Foundation from 2006 to 2012.

Dato' Teo's other directorships in public companies are RHB Insurance Berhad and Ajinomoto (Malaysia) Berhad.

Dato' Teo attended sixteen out of eighteen Board of Directors' Meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of RHB Capital. He has no conflict of interest with RHB Capital and has never been charged with any offence.

PROFILES OF THE BOARD OF DIRECTORS



MOHAMED ALI ISMAEIL ALI ALFAHIM

(38 years of age – United Arab Emirates)
Non-Independent Non-Executive
Director

Mohamed Ali Ismaeil Ali AlFahim (“AlFahim”) was appointed as a Non-Independent Non-Executive Director of RHB Capital on 9 May 2014.

AlFahim holds a Bachelor of Science in Business Administration from the University of Suffolk, Boston. He 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, 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.

Since September 2008, AlFahim has been Head of Finance at the Finance & Accounts Department of International Petroleum Investment Company PJSC (“IPIC”). He represents IPIC as a board

member on various boards of investee companies, including EDP Energia de Portugal, Aabar Investments PJS, Arabtec Holdings PJSC, First Energy Bank, Unicredit Spa, Al Izz Islamic Bank, Depa Interiors and Oasis Capital Bank. He is also a Director of RHB Bank Berhad and RHB Investment Bank Berhad.

AlFahim attended thirteen out of fourteen Board of Directors’ Meetings held during the financial year since his date of appointment. He has no family relationship with any Director and/or major shareholder of RHB Capital. He has no conflict of interest with RHB Capital and has never been charged with any offence.

PROFILES OF THE BOARD OF DIRECTORS



KELLEE KAM CHEE KHIONG

(41 years of age – Malaysian)
Group Managing Director

Kellee Kam Chee Khiong (“Kellee Kam”) was appointed as the Managing Director of RHB Capital on 10 May 2011. He was subsequently appointed as the Group Managing Director of RHB Banking Group on 9 January 2012.

Kellee Kam holds a Master of Arts (MA) in South East Asian Business World from the University of London, Master of Business Administration from Richmond College and Bachelor of Law with Honours from Manchester Metropolitan University.

Kellee Kam commenced his career in the financial services sector with ABN Amro Bank Berhad as the Assistant Vice President in Wholesale Banking before joining Utama Banking Group Berhad in 2002 as General Manager, where he was accountable for strategic projects and investments as well as provided oversight over Corporate Finance and business development. He joined RHB Management Company Sdn Bhd in 2003 as General Manager where he successfully led the corporate finance and treasury activities of RHB. Kellee Kam was subsequently appointed as the General

Manager, Group Finance (Corporate Treasury) for RHB Capital. Thereafter, he was appointed as the Head, Corporate and Strategic Planning on 1 January 2007, responsible in the areas of Corporate Finance and Strategy of the Group prior to his appointment as Chief Financial Officer of RHB Capital on 1 June 2007. He was appointed Principal Officer of RHB Capital in March 2011 prior to his appointment as Managing Director of RHB Capital on 10 May 2011. In 2013, Kellee Kam was awarded the Industry Excellence Award by the Malaysian Business Award 2013 for his successful management of RHB Banking Group.

Kellee Kam attended all the eighteen Board of Directors’ Meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of RHB Capital. He has no conflict of interest with RHB Capital and has never been charged with any offence.

CHAIRMAN'S STATEMENT



DEAR SHAREHOLDERS,

RHB Capital Berhad continued to record a strong growth in profits for the year, driven by initiatives under our IGNITE 2017 Transformation Programme (“IGNITE 2017”). This growth was achieved despite challenging operating conditions, increased competition and distractions from merger discussions. Launched in February 2014, IGNITE 2017 has already started delivering positive results, and during the year, supported the Group in surpassing industry growth trends in many areas. In the longer-term, the programme will enhance our sustainability and accelerate our standing as a Leading Multinational Financial Services Group.

Pre-tax profit at

RM2.7 billion

An interim single-tier dividend of six sen amounting to

RM154.3 million

MAINTAINING SUPERIOR FINANCIAL PERFORMANCE

The Group delivered a commendable performance in 2014, registering double-digit growth of 10.7% in pre-tax profit to reach RM2.7 billion. This was underpinned by stable improvements in all our core operating businesses, anchored by strategies identified under IGNITE 2017. This is a testament of our ability to remain focused in executing our stated strategy and rise against challenges to deliver value to all our shareholders.

The Company has declared an interim single-tier dividend of six sen amounting to RM154.3 million. Subject to the necessary approvals being obtained, the earlier shareholders' approved Dividend Reinvestment Plan (“DRP”) will be applicable to the interim dividend.

CHAIRMAN'S STATEMENT

IGNITE 2017

During the year, we embarked on our IGNITE 2017 programme to lead our transformation into a Leading Multinational Financial Services Group by 2020. The programme sets out clear strategies to achieve our aspirations, focusing on leadership in Malaysia and ASEAN+ as well as positioning the Group as a next generation customer-centric bank and a prominent employer of choice.

IGNITE 2017 builds on the expertise we have gained throughout the past century of our operations. In addition to setting the stage for our goals, IGNITE 2017 also ensures that the processes which lie at the core of our organisation, including support functions and talent management, are robust enough to support our aspirations for growth.

As part of these efforts, we have shifted to a holistic approach in building regional expertise to leverage on our regional talent. This holistic approach has led to synergistic value realisation and enhanced cross-selling opportunities.

Detailed reporting on the progress of IGNITE 2017 in 2014 is available on pages 111 to 116.

Ultimately, IGNITE 2017 will contribute to shareholder value creation by ensuring RHB Capital remains a driving force in financial services in the long run.

CORPORATE GOVERNANCE

As a financial services group with over 100 years experience under its belt, the Group recognises that good corporate governance is essential for achieving long-term sustainability. With a focus on promoting the RHB name, the Group remains committed to putting the interests of our stakeholders above all else.



This has become increasingly vital as we transform into a regional financial services group, navigating the requirements of multiple markets while balancing stakeholder expectations. As our activities become more complex, our adherence to regulatory requirements and our own internal policies and processes must remain our priority.

In line with our efforts to continuously improve our standards, the Group in 2014 reviewed our corporate governance structure in tandem with the restructuring of our organisation under IGNITE 2017. The review, which is further detailed in our Corporate Governance Statement on pages 45 to 61 of this Annual Report, ensures that our corporate governance practices are adequately robust, reflecting the accountability and responsibility that we owe to all our stakeholders.

I am also pleased to note that our efforts in corporate governance were recognised when we received The Asset Platinum Corporate Award for all round excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations. I believe this underscores the Group's pledge to uphold exemplary standards in corporate governance, making RHB a name that we can all be proud of.

CORPORATE RESPONSIBILITY

At RHB, we believe that giving back to our communities and the environment is part and parcel of achieving sustainable growth. Our Sustainability Report which is a part of this Annual Report goes into greater detail regarding our efforts in Corporate Responsibility ("CR") undertaken throughout the year. Allow me, however, to touch on some of these activities.

Our CR initiatives are anchored by the four Key CR Pillars of Community, Workplace, Marketplace and Environment. During the year, while continuing to embody good values in all our activities, we have also taken steps to strengthen our Strategic CR Framework to further nurture the sustainability of our business.

Moving forward, we are set to incorporate our Environmental, Social and Governance ("ESG") policy into our day-to-day operations as we seek to balance our profitability goals with the needs of the communities we interact with and the environment we live in. Already a valuable facet of our operations, this new measure will elevate our CR platform to ensure a sustainable future not just for RHB, but for all those around us.

CHAIRMAN'S STATEMENT



AWARDS AND ACCOLADES

During the year, the Group continued to be recognised for its activities, not just at home but also around the region. Bearing testimony that we continuously put our best foot forward in serving our customers, we were named winner of the Excellence in Service Innovation award at the Retail Banker International Asia Trailblazer Summit and Awards 2014.

We also received the Regional Award - Best Islamic Issue for our role in Malaysia Building Society Berhad's RM495 million Structured Covered Sukuk at the IFR Asia Awards 2014, and the Board was particularly heartened when we received the Employer of Choice - Grand Award at the Malaysia HR Awards 2014.

Additionally, in a nod to our efforts to become a next-generation bank, we received the Social Media Excellence Award - Banking & Finance Industry at the 2014 World Bloggers and Social Media Awards. This reinforces our belief that finding and using new ways to engage customers is the way forward for us to ensure our sustainability.

We have also received a host of awards for the deals we participated in during the year, as well as for our products and services offered. Our people have also been

recognised for their expertise in research and stockbroking, among others. These awards are not merely ornamental, but clearly demonstrate that we have become a leader in our field and a formidable contender in the regional financial services market.

MOVING FORWARD

As a Group, RHB is in a position of strength to forge ahead into the future. We will build on our momentum to strengthen our foothold in the ASEAN region and reinforce RHB as an organisation that is nimble and focused on positioning the Group as a leader in this region.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to express our immense appreciation to our customers, business partners, regulatory authorities and government bodies for their unwavering support throughout the year.

We are also deeply grateful to the Management team and the Group's employees, whose untiring efforts and commitment to excellence have taken the RHB Banking Group to new heights.

As announced on 12 February 2015, Mr Kellee Kam, our Group Managing Director, has tendered his resignation effective 4 May 2015. A successor has been identified and the Board is now seeking approval from Bank Negara Malaysia to appoint the said successor. An announcement will be made upon receipt of the approval. On behalf of the Board of RHB Capital, I would like to thank Mr Kellee Kam for his invaluable contribution that has brought the Group to where it is today, and we wish him every success in the next chapter of his life.

In addition, I would be remiss if I did not offer a note of personal thanks to my esteemed colleagues on the Board for their guidance.

I am also pleased to express heartfelt appreciation to our valued shareholders for continuing to stand behind RHB Capital in our efforts to become a Leading Multinational Financial Services Group. We look forward to sharing the fruits of our labour with you in the coming years.

Dato' Mohamed Khadar Merican
Independent Non-Executive Chairman

CHAIRMEN OF THE KEY OPERATING COMPANIES





**OUR COMMITMENT
TO GOOD CORPORATE
GOVERNANCE AND
TRANSPARENCY**

CORPORATE GOVERNANCE STATEMENT

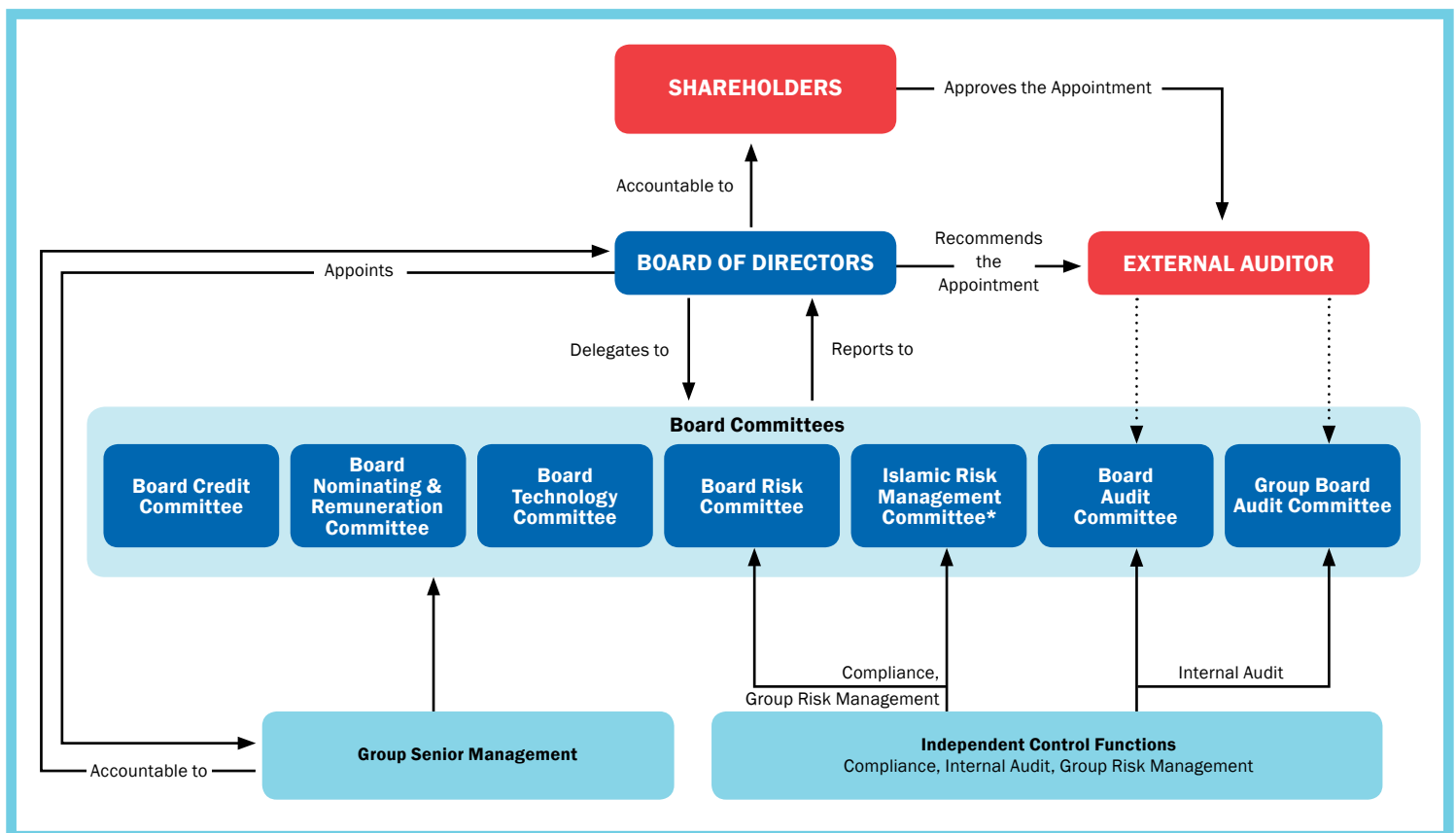
The Board of Directors (“Board”) of RHB Capital Berhad (“RHB Capital” or “Company”) recognises that good corporate governance is the keystone to RHB Banking Group’s long-term success and in delivering value to its shareholders and all its other stakeholders. The Board strives to ensure that the Group’s integrity and professional conduct are beyond reproach. In line with the Group’s IGNITE 2017 transformation programme to become a Leading Multinational Financial Services Group by 2020, the Board is fully committed to fostering a corporate culture with high standards of governance, integrity, transparency and accountability.

Throughout the years, the Board has made concerted efforts to ensure that the Group’s position and reputation as a leading financial holding

company are held in good stead. The Group has thus implemented a corporate governance structure based on stringent corporate governance practices and regulations, a clear organisational structure with well-defined accountabilities and responsibilities, and robust internal control and risk management mechanisms.

The Board believes there are always opportunities for improvement and continuously explores enhancements to the Group’s governance processes. In line with the restructuring of the Group’s organisation in 2014 as outlined in the IGNITE 2017 Statement, the Group also reviewed its corporate governance structure to ensure it remains robust even as it continues to expand.

GOVERNANCE MODEL



* This Board Committee is a dedicated Board Committee to address all risk management issues that relate specifically to Islamic Finance and the intricacies thereof.



CORPORATE GOVERNANCE STATEMENT

THE BOARD OF DIRECTORS

Board Charter

The Group has developed Board Charters for each of its major entities. The Board Charters set out the key corporate governance principles adopted by the Boards of the Group and clearly define the responsibilities of Boards, Chairperson, Senior Independent Director and the Group Managing Director (“MD”)/Managing Director/Chief Executive Officer. The role of each party is also stipulated to ensure checks and balances in the day-to-day management of the Group’s business and operations.

Within these boundaries, each Board, based on the context of the company, also discusses, sets and agrees with Management the annual balanced scorecard and key performance indicators that are to be executed and achieved by Management. The performance and progress of Management is then reviewed by the respective Boards at specified intervals.

The Board Charters are reviewed periodically by the respective Boards to ensure corporate governance principles are in line with changes in regulations and best practices. This also ensures its effectiveness and relevance to the Boards’ objectives. A copy of the Company’s Board Charter is available on the corporate website (www.rhbgroup.com).

Roles and Responsibilities of the Board

The Board is charged with leading and governing the Company in an effective, efficient and responsible manner. The Directors, collectively and individually, are aware of their responsibilities to shareholders/stakeholders and the manner in which the affairs of the Company are managed. They discharge their roles and duties with integrity, honesty and professionalism within the ambit of the law to serve the interest of the Company’s shareholders and stakeholders, and ensure the Company adheres to the highest standards of corporate governance standards.

The Board assumes the following key roles and responsibilities:

(a) Strategy setting

The Board plays an active role in reviewing the Group’s strategy, business plans, financial objectives, major capital and operating budgets as well as policies proposed by the Management. The Board monitors the Management’s performance in implementing the adopted strategies and plans whilst providing direction and advice to ensure the achievement of the objectives.

Some of the key strategic matters deliberated by the Board are as follows:

1. In January 2014, Board approved the strategic plan of the Group’s third phase of the transformation initiative – IGNITE 2017: Transformation 2.0, after its thorough consideration and deliberation on the merits, resources requirements, potential risk and financial impact arising therefrom. IGNITE 2017 will accelerate the Group’s journey towards achieving its 2020 aspirations of being a Leading Multinational Financial Services Group. By 2020, the Group aspires to achieve strong market leadership locally (Top 3 in Malaysia) and be recognised as one of the regional champions (Top 8 in ASEAN with 40% of revenue contribution from international operations).

The Group had, in February 2014, embarked on IGNITE 2017 programme. The Board is periodically updated on IGNITE 2017, including the key achievements and key focus moving forward. With high commitment of the Board and Management, the effective implementation of various related initiatives is reflected in the Group’s sterling financial performance for the financial year 2014.

2. In July 2014, the Group commenced negotiations with CIMB Group Holdings Berhad (“CIMB Group”) and Malaysia Building Society Berhad (“MBSB”) for a possible merger of businesses and undertakings of CIMB Group and RHB Capital, and the merger of the Islamic banking businesses with MBSB (“Proposed Merger”), upon approval from Bank Negara Malaysia (“BNM”). The Group and CIMB Group, as well as their relevant subsidiaries, subsequently made a joint application to BNM in October 2014 to seek the approval of BNM and/or Minister of Finance through BNM, amongst others, for the Proposed Merger.

The Board consistently observes the highest standards of professionalism and diligence in exercising its judgement on any proposal. The Board remained fully aware of its fiduciary duty to ensure that the Proposed Merger would benefit shareholders and all other stakeholders as well as safeguard the welfare of the Group’s employees. As a result, the Board’s evaluation of the Proposed Merger was chiefly focused on optimising shareholders’ value and value creation for the Group’s customers and employees.

CORPORATE GOVERNANCE STATEMENT

During the negotiations with CIMB Group and MBSB, the Board, with the assistance of appointed financial advisers, legal consultants and an independent financial adviser to the Independent Directors on the Board, undertook a holistic review and assessment on the economics, terms of transaction, potential risks and financial impact arising from the Proposed Merger. The governance processes for merger integration and overall future strategic direction of the enlarged entity post-merger were also reviewed.

On 14 January 2015, the Board, after further deliberation, decided to abort discussions of the Proposed Merger, mainly in light of prevailing economic conditions. CIMB Group and RHB Capital, as well as their relevant subsidiaries, withdrew their joint application from BNM and/or the Ministry of Finance through BNM for, amongst others, the Proposed Merger. Consequently, the Exclusivity Period pursuant to the exclusivity agreement between CIMB Group, RHB Capital and MBSB dated 10 July 2014 expired.

3. At its meeting held in December 2014, the Board was presented with Management's proposed Group business plan and budget for the financial year 2015. During this session, the Board discussed the said proposal from the strategic perspectives, and debated the Management's views and assumptions. The Board subsequently approved the proposed strategy, business plan and high-level budget figures at the meeting.

(b) Governing the Company's and the Group's business conduct and operations

The Board governs the business conduct, performance and operations of the Company and the Group in close collaboration with the Management. To ensure high performance, the Board reviews the Group's business strategies and approves the Group Balanced Scorecard. Management's performance was monitored against the Balanced Scorecard on a regular basis. Interventions and regular reviews may be held to ensure that the execution of plans is aligned with the set objectives and goals.

The Board also governs the Company's and the Group's risk management, internal controls and human resource ("HR") management through the delegation of certain decision-making and/or oversight responsibilities to various Board Committees, namely the Group Board Audit Committee, Board Risk Committee and Board Nominating & Remuneration Committee. At the highest executive level, the Group MD assumes the overall responsibilities of executing the Group's strategies and plans in line with the

Board's direction, oversees the listed entity's operations and drives the Group's businesses and performance towards achieving the Group's vision and goals.

In carrying out his tasks, the Group MD is supported by the Deputy Group MD and Group Management Committee which comprises the Group MD as the Chairman, the Chief Executive Officers/Managing Directors of the relevant key operating subsidiaries and the key Senior Management of the Group.

The Board is updated on the Company's and the Group's performance during monthly Board meetings. The reports include a comprehensive summary of the Company's and the Group's business drivers and financial performance of each reporting period vis a vis the Company's approved Balanced Scorecard and the industry benchmark, risk management report, compliance report and transformation updates. The Board is also kept abreast of the key strategic initiatives, significant operational issues and latest developments in the financial services industry.

In addition, the Group Chief Governance Officer, on a quarterly basis, provides the Board with a report on the Company's and the Group's compliance with its statutory obligations as well as rules and regulations governing the Company's and the Group's business and operations, actions taken to address shortcomings as well as self-regulating initiatives taken by the Group, especially initiatives that are critical to the Group's business and operations under local and foreign jurisdictions. Areas for improvement, non-compliance and action plans are highlighted and recommended to the Board for information and approval where required.

The Board also reviews management reports. Special meetings are held where any direction or decision is required expeditiously from the Board between scheduled meetings.

As part of the Group's initiative to continuously improve employee engagement and employee value propositions, the Board in May 2014 reviewed the results of an employee engagement survey conducted in October 2013 to assess the level of employee engagement and satisfaction, and actions proposed by Management to address areas requiring improvement. Based on the results of the survey, the Group has achieved good momentum and sustainable improvements in key aspects of employment propositions.

(c) Risk Management

The Board is responsible for identifying the principal risks and implementation of appropriate systems to manage and control these risks. In ensuring effective risk assessment and control,



CORPORATE GOVERNANCE STATEMENT

the Board Risk Committee (“BRC”) has been entrusted with providing oversight and governance of risks for the Group. The BRC comprises four Independent Non-Executive Directors (“INEDs”) and one Non-Independent Non-Executive Director (“NINED”) representing the Group’s respective entities. Matters deliberated on at BRC meetings are presented to the Board on a monthly basis.

The Board is satisfied that the BRC has effectively and efficiently discharged its functions to support the Board in ensuring, among others, that the Company and the Group are adequately capitalised to support risks undertaken and meet regulatory requirements.

A Group Risk Management Report (including the entities’ and the Group’s risk metrics and tolerance dashboard) is also presented to the Board on a monthly basis.

The Company and the Group maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and liabilities as well as its shareholders’ investments. The Board considers that the Group’s risk management framework and system of internal control, which are in place throughout the financial year, up to and as of the date of this report, are operating adequately and effectively. An overview of the Company’s and the Group’s systems of risk management is contained in the Risk Management Statement set out on pages 70 to 76 of this Annual Report.

(d) Talent Development and Succession Planning

Talent development and succession planning are key priorities to the Board in ensuring a high-performing workforce which contributes to the Company’s and the Group’s sustainability and competitiveness. The Board has entrusted the Board Nominating & Remuneration Committee (“BNRC”) with the responsibility of providing high-level oversight and direction on human resource matters, and to recommend remuneration and human resource strategies such as employee value propositions, retention strategies, performance management and succession planning.

The BNRC also approves changes to Group HR policies in line with the HR strategy and direction set by the Board. Additionally, the BNRC supports the Board and that of the subsidiaries in reviewing and assessing the appointment of Directors, Board Committee members, Group Shariah Committee and key Senior Management officers. It also advises on the optimal size and mix of skills for the Group’s Boards.

In line with IGNITE 2017, the Group has made a concerted effort to enhance and realign its HR and talent management to attract and retain regional talent and build a high-performing regional workforce. During the year, this saw the BNRC considering the

renewal of service contracts and new appointments for key management positions based on their profiles, professional achievements and personal assessments. This included successfully identifying and attracting suitable candidates for all senior positions. The BNRC also considered their remuneration package(s) in finalising the terms and conditions of their service contracts.

The BNRC also continuously monitors succession planning updates presented by Group HR to ensure the smooth transition of key personnel into critical positions, and ensures that the development plans for identified successors are put in place based on their readiness to assume the positions. Other major issues deliberated on by the BNRC were salary and grading structure, retention plans and incentive schemes for key Senior Management as well as employee value propositions.

(e) Effective Communication

The Board recognises the importance of developing a healthy relationship with the investment community. To create shareholder value and improve communication with investors, the Investor Relations team implemented a comprehensive engagement programme in 2014 consisting of proactive and regular sessions with research analysts and institutional investors for timely and fair dissemination of information on the Group’s vision and strategies, overall operations, and business and financial performance.

The key spokespersons and representatives for Investor Relations of the Group are the Group MD and the Group Chief Financial Officer.

(f) Internal Control

The Board is responsible for ensuring the adequacy and integrity of the Company’s and Group’s internal control system. With the support of the Group Board Audit Committee and Group Internal Audit, the Board ensures that there is a process for reviewing the adequacy and effectiveness of the Company’s and the Group’s internal control system. Details pertaining to the Company’s and the Group’s internal control system and review of its adequacy and effectiveness are set out in the Statement on Risk Management and Internal Control in this Annual Report.

Board Composition and Balance

The Board of RHB Capital is currently represented by eight Members, comprising an Independent Non-Executive Chairman, three INEDs, three NINEDs and the Group MD. YBhg Datuk Haji Faisal Siraj has been appointed as the Senior INED, to whom concerns pertaining to the Group may be conveyed by shareholders and the public.

CORPORATE GOVERNANCE STATEMENT

The structure and composition of the Board comply with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and BNM’s Guidelines on Corporate Governance for Licensed Institutions (“BNM’s CG Guidelines”).

Independent Directors account for 50% of the Board, exceeding Bursa Securities’ and BNM’s requirement that one-third of Board Members must be independent, fulfilling the criteria of independence as defined in the MMLR and BNM’s CG Guidelines. Their presence ensures an effective check and balance in the functioning of the Board. They are not involved in the day-to-day management of the Company, nor do they participate in any of its business dealings. This ensures they remain free of any conflict of interest and can undertake their roles and responsibilities as INEDs effectively.

Boardroom Diversity Policy

Recognising the increasing importance of boardroom diversity in pursuing business and governance performance, the Group established a boardroom diversity policy in 2013. The policy is also in line with the Securities Commission’s goal for women Directors to make up 30% of Boards. Diversity, which includes but is not limited to gender, age, ethnicity and cultural background, is therefore a key consideration in assessing and reviewing the Board’s composition as it strives to achieve the targeted level of women participation.

Assessment of Independence

The independence of the Directors is reviewed annually and benchmarked against best practices and regulatory provisions. The BNRC assesses the independence of INEDs via the Board Effectiveness Evaluation (“BEE”) exercise, which takes into account the individual Director’s ability to exercise independent judgement at all times and to contribute to the effective functioning of the Board. Based on the BEE results, the Board is generally satisfied with the level of independence demonstrated by all the INEDs and their ability to act in the best interest of the Company.

In addition, Independent Directors are required to attest to their compliance with the criteria and definition of “Independent Director” as stipulated under Clause 2.26 and Clause 2.27 of BNM’s CG Guidelines and BNM’s Guidelines on Corporate Governance for Licensed Islamic Banks, respectively. All Independent Directors are independent from the Company’s substantial shareholders, are not substantial shareholders themselves or directly associated with any substantial shareholders.

At every Board Meeting, all Directors are required to disclose their interest or any possible conflicts on any matter put forth in the meeting. When required, the interested Director shall excuse himself/herself and abstain from deliberation and voting to allow unbiased and free discussion and decision-making. In the event a corporate proposal requires shareholder approval, interested Directors will abstain from voting in respect of their shareholdings in the Company and will further ensure that persons connected to them similarly abstain from voting on the resolution.

Tenure of Independent Directors

In an effort to preserve the independence of INEDs, the Group has put in place its internal Guidelines on Tenure of Appointment/Re-Appointment of INEDs for the RHB Capital Group of Companies (“Internal Guidelines”). The Board believes the tenure of INEDs should balance experience and learning with the need for renewal and fresh perspectives.

YBhg Dato’ Mohamed Khadar Merican (“YBhg Dato’ Mohamed Khadar”) was first appointed as an INED in the Group in December 2003, therefore serving more than nine years. Pursuant to the Internal Guidelines and in line with recommendations of the Malaysian Code on Corporate Governance 2012 that the service tenure of an INED should not exceed a consecutive or cumulative term of nine years, the Board is required to justify and seek shareholders’ approval if it wishes to retain YBhg Dato’ Mohamed Khadar as INED.

At the last Annual General Meeting (“AGM”) held on 8 May 2014, the shareholders of the Company approved the retention of YBhg Dato’ Mohamed Khadar as an INED of the Company until the conclusion of the forthcoming AGM in 2015.

The Board acknowledged that YBhg Dato’ Mohamed Khadar has detailed knowledge of the business and possesses the industry exposure and competency to effectively advise and oversee the management of the Company.

YBhg Dato’ Mohamed Khadar was named as the ‘Chairman of The Year’ by the Minority Shareholders Watchdog Group at its Malaysia-Asean Corporate Governance Index Awards 2013 and has brought great pride to the Group.

There is a proposed resolution at the forthcoming AGM to re-elect YBhg Dato’ Mohamed Khadar as Director. Upon the shareholders’ approval for such resolution and pursuant to BNM’s approval, YBhg Dato’ Mohamed Khadar will be re-designated as NINED/Chairman upon conclusion of the forthcoming AGM of the Company.

CORPORATE GOVERNANCE STATEMENT

Role of the Chairman and Group Managing Director

The distinct and separate roles and responsibilities of the Chairman and Group MD ensure balance of power and authority such that no one individual has unfettered powers of decision-making.

The Independent Non-Executive Chairman, YBhg Dato' Mohamed Khadar, manages the affairs of the Board with a view of ensuring that it functions effectively and meets its obligations and responsibilities. He also leads the Board in executing its responsibilities to shareholders and ensures that Members, individually and as a group, have the opportunity to air differences, explore ideas and generate the collective views and wisdom necessary in the Board's decision-making.

Additionally, the Chairman must ensure that general meetings are conducted efficiently and in accordance with the requirement of the Companies Act 1965, and that shareholders have adequate opportunity to air their views and obtain answers to their queries.

The Group MD, Mr Kellee Kam Chee Khiong ("Mr Kellee Kam"), who has extensive financial experience and knowledge (including corporate finance and business development), assumes the overall

responsibilities of executing the Group's strategies in line with the Board's direction, overseeing the listed entity's operations and driving the Group's businesses and performance towards achieving the Group's vision and goals. He leads the Group's Senior Management in the execution of the Group's strategic initiatives. Mr Kellee Kam has received the Industry Excellence Award at the Malaysia Business Award 2013 for his successful management of RHB Banking Group.

Directors' Appointment and Assessment

(a) Appointment of Directors

The Group leverages on the industry talent pool and the Group's Independent Directors' network to source for new candidates for Board appointments, as overseen by the BNRC.

The BNRC is guided by a nomination framework approved by the Board. The framework ensures that individuals appointed to relevant senior positions and the Boards within the Group have the appropriate fitness and propriety to discharge their prudential responsibilities on and during the course of their appointment.

NOMINATION FRAMEWORK



New Director nominees are assessed by the BNRC in accordance with RHB Banking Group's Policy and Guidelines on Fit and Proper for Key Responsible Persons ("Fit and Proper Policy"). The assessment takes into account the nominees' background, skills, knowledge and experience, and is part of a transparent nomination process before a recommendation is made for the Board's approval.

These assessments are carried out against a benchmark of documented competencies which have been prepared for each role, the completion of declarations by each individual, the obtaining of evidence of material qualification and the carrying out of checks on matters such as criminal record, bankruptcy and regulatory disqualification. These assessments are reviewed on an annual basis. The Fit and Proper Policy outlines the following criteria in assessing the suitability of the candidate:

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

The Chairman of the BNRC conducts an interaction session with the proposed candidates and assesses the candidates based on their relevant skills and experience, independence (where relevant) and objectivity, track record of success, sound judgement and broad perspective. The Board's expectation on the time commitment and contribution from the Directors will also be clearly communicated to the proposed candidates.

CORPORATE GOVERNANCE STATEMENT

During its review of the suitability of candidates and criteria for the appointment process, the BNRC also takes into consideration the appropriate skill sets required, size, structure and composition of the Board. This ensures it is not only well-balanced and supportive of good governance and efficient management, but also complies with regulatory requirements and is responsive to changing business environments as well as the entity's business needs.

For the re-appointment of existing Directors, the BNRC refers to the results of the individual assessments conducted via the BEE in addition to their formal/informal interactions with the Directors. The BNRC also assesses the Directors based on their roles played and contribution to the Board and Board Committees, independence of view in respect of decision-making (whichever applicable), adequacy of training and time commitment by the Directors. The application for the appointment/re-appointment of Directors is submitted to BNM for consideration once it is approved by the Board.

(b) Board Effectiveness Evaluation

Since 2006, the Group has undertaken the Board Effectiveness Evaluation ("BEE") exercise on the Boards and Board Committees to assess their effectiveness and that of individual Directors. The BEE is designed to detect strengths and weaknesses to improve the Board's overall effectiveness and forms part of the BNRC's evaluation for the re-appointment of Directors.

The BEE is based on a combination of self and peer assessment performed via a customised questionnaire. To ensure integrity and independence of the appraisal process, Messrs PricewaterhouseCoopers Advisory Services Sdn Bhd ("PwCAS") was engaged to collate and tabulate the results of the evaluation. The BEE also includes in-depth interviews with Directors and Senior Management by PwCAS to encompass areas which fall outside the realm of the written assessment. The detailed BEE results are discussed with the Chairmen of the BNRC and Boards.

The performance indicators on which the Board's effectiveness is evaluated are as follows:

Part A: Board Evaluation

1. Board responsibilities
2. Board composition
3. Board administration and process
4. Board conduct
5. Board interaction and communication with management and stakeholders
6. Overall Board performance
7. Chairman's evaluation
8. Managing Director's evaluation

Part B: Board Committees Evaluation

1. Structure and processes
2. Accountability and responsibilities

Part C: Directors' Self and Peer Evaluation

1. Board dynamics and participation
2. Integrity and objectivity
3. Technical competencies
4. Recognition
5. Independent Directors' evaluation

Part D: Committee Members' Self and Peer Evaluation

1. Participation levels and contribution
2. Technical competencies

In December 2014, each Director and Board Committee member was required to perform an online self and peer assessment for the year in review. Upon completion, individual results together with a peer average rating on each area of assessment will be provided to each Director and Board Committee member for their information and further improvement. A summarised report will also be presented to the BNRC and the Board to identify and address areas for improvement.

MEETINGS AND SUPPLY OF INFORMATION TO THE BOARD

Board meetings are convened monthly as well as additionally when required to deliberate on any arising issues. At each Board meeting, the Board is, among others, informed of decisions and salient issues by the respective Board Committees' Chairmen/representative. Minutes of the respective Board Committees meetings are also tabled for the Board's information.

For the financial year ended 31 December 2014, the Board is satisfied with the time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of RHB Capital. All Directors have complied with the required minimum Board meetings attendance of 75% under BNM's revised guidelines and as adopted by the Company.

CORPORATE GOVERNANCE STATEMENT

The Board convened 18 meetings for the financial year ended 31 December 2014. The attendance of each Director in office at the end of the financial year at the aforesaid Board meetings is set out below:

Name of Directors	No. of Meetings Attended	Total Percentage of Attendance (%)
YBhg Dato' Mohamed Khadar Merican	18/18	100
YBhg Tan Sri Azlan Zainol	17/18	94
YBhg Datuk Haji Faisal Siraj	18/18	100
YBhg Datuk Seri Saw Choo Boon	16/18	89
YBhg Dato' Teo Chiang Liang	16/18	89
YBhg Dato' Nik Mohamed Din Datuk Nik Yusoff	15/18	83
Mr Mohamed Ali Ismaeil Ali AlFahim [^]	13/14	93
Mr Kellee Kam Chee Khiong	18/18	100

Note:

[^] Appointed with effect from 9 May 2014.

For the Directors' convenience, an annual meeting schedule for Board and Board Committee meetings and the AGM is circulated to the Directors before the beginning of every year. In 2014, the Group embarked on the use of a meeting management solution system (in place of eBooks which were used since 2011), allowing Directors/Board Committee Members to access the online portal directly in a secure and organised manner on their iPads. This initiative has significantly enhanced mobility, movement of documents, cost and time savings, as well as created greater convenience, better security and a positive impact on the environment. Directors who are unable to attend the Board/Board Committee meetings physically are also encouraged to participate via telephone or video-conferencing.

The Directors are required to notify the Board on changes of their other directorships and shareholdings in RHB Capital as and when such changes arise. This information is used to monitor the number of directorships held by the Directors of RHB Capital, including those on other public listed companies, and to notify the Companies Commission of Malaysia accordingly.

In addition, notices on the closed period for trading in RHB Capital securities based on the targeted date of announcement of the Group's quarterly results are circulated in advance to Directors and principal officers who are deemed privy to any price sensitive information and knowledge, whenever the closed period is applicable.

Information and Advice

The Board, whether as a group or individually, regularly obtains the advice and dedicated support services of the Company Secretaries. The Board members may also interact directly with the Management, seek their clarification and advice as well as request for information on matters pertaining to the Company's and the Group's operations or business concerns. Pursuant to the Group's Standard Procedures for Directors to Have Access to Independent Advice, the Directors may also seek independent professional advice, at the Company's expense, should the need arise in discharging their duties.

Dedicated Company Secretaries

The Board acknowledges and is satisfied with the performance and support rendered by the Company Secretaries. In addition to acting as the custodian of the Company's and the Group's statutory records, the Company Secretaries serve and advise the Board on matters relating to the affairs of the Board, ensure that Board meetings are properly convened and maintain an accurate and proper record of the proceedings and minutes of the meetings.

CORPORATE GOVERNANCE STATEMENT

The Company Secretaries also assist the Chairman and Directors in conducting meetings and discharging their governance obligations and responsibilities as Directors of the Company. Additionally, the Company Secretaries facilitate the communication of key decisions and policies between the Board, Board Committees and the Senior Management, updating the Board on the follow-up or implementation of decisions/recommendations.

In order to play an effective advisory role to the Board, the Company Secretaries remain informed of the latest regulatory changes, evolving industry developments and best practices in corporate governance through continuous training and regular interactions with regulators and industry peers.

REMUNERATION STRATEGIES

The Board is mindful that fair remuneration is critical to attract, retain and motivate Directors with the relevant experience and expertise required to lead the Company and the Group. The BNRC has been entrusted with discharging the remuneration strategies (as outlined in its terms of reference).

The Group has also established a common reference incorporating the Non-Executive Directors' ("NED") Remuneration Framework. It is aimed at applying the general principles for the remuneration of NEDs to ensure that remuneration levels are commensurate with the responsibilities, risks and time commitment of Boards/Board Committees. The level of remuneration reflects the level of responsibility undertaken by the particular NED concerned within the Company and the Group. It also takes into consideration practices within the industry and is reviewed at least once every two years.

The remuneration package of the NEDs of the Group comprises the following:

(a) Directors' Fees

The NEDs are entitled to annual Directors' fees. The annual Directors' fees are subject to shareholders' approval at the AGM of the Company.

The shareholders of the Company had, at the last AGM held on 8 May 2014, approved an increase of Directors' fee to RM180,000 per annum for Non-Executive Chairman and RM150,000.00 per annum for NEDs retrospective from 1 January 2013.

(b) Board Committee Allowances

NEDs who sit on Board Committees are entitled to receive Board Committee allowances which shall be paid on an annual basis at the end of each financial year.

(c) Meeting attendance allowance

NEDs are also entitled to meeting attendance allowances when they attend any Board/Board Committee meetings.

(d) Benefits-in-kind

Benefits are accorded to the Chairmen of the Group, consisting amongst others the provision of a company car, driver and petrol allowance.

The Group has also established a remuneration framework for key Senior Management, consisting of a competitive integrated pay and benefit structure, which rewards corporate and individual performance in line with contributions to the organisation. The Group MD is not paid a Director's fee nor is he entitled to receive any meeting attendance allowance for any of the Board and Board Committee meetings that he attends. His remuneration, which includes among others salary, bonus and benefits-in-kind, is solely derived from the Company.

CORPORATE GOVERNANCE STATEMENT

In addition to the above, the Directors are covered by Directors and Officers (“D&O”) Liability Insurance in respect of any liabilities arising from acts committed in their capacity as D&O of RHB Banking Group. However, the insurance policy does not indemnify a Director or principal officer if he or she is proven to have acted negligently, fraudulently or dishonestly, or in breach of his or her duty of trust. The Directors are required to contribute jointly towards the premium of the said policy.

The details on the aggregate remuneration of the Directors of the Company (comprising remuneration received and/or receivable from the Company and its subsidiaries during the financial year 2014) are as follows:

	Directors' Fees [#] RM'000	Board Committee Allowances RM'000	Meeting Attendance Allowance RM'000	Salary, Bonus and Other Remuneration RM'000	Benefits-in-kind RM'000	Total RM'000
Group MD						
Mr Kellee Kam Chee Khiong	-	-	-	6,093.0	36.0	6,129.0
Total (Group MD)	-	-	-	6,093.0	36.0	6,129.0
NEDs						
YBhg Dato' Mohamed Khadar Merican	493.1	76.4	138.1	-	31.1	738.7
YBhg Tan Sri Azlan Zainol	458.4	-	57.1	-	31.1	546.6
YBhg Datuk Haji Faisal Siraj	470.0	87.8	144.5	-	-	702.3
YBhg Datuk Seri Saw Choo Boon	319.7	110.0	117.5	-	-	547.2
YBhg Dato' Teo Chiang Liang	270.0	50.0	65.5	-	-	385.5
YBhg Dato' Nik Mohamed Din Datuk Nik Yusoff	311.4	-	28.5	-	-	339.9
Mr Mohamed Ali Ismaeil Al AlFahim [^]	272.7	-	41.9	-	-	314.6
YBhg Datuk Wira Jalilah Baba [*]	11.9	0.8	-	-	-	12.7
Total (NEDs)	2,607.2	325.0	593.1	-	62.2	3,587.5

Note:

Subject to shareholders' approval.

* Resigned with effect from 30 January 2014.

[^] Appointed with effect from 9 May 2014.

DIRECTORS' ORIENTATION, CONTINUING EDUCATION AND TRAINING

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

CORPORATE GOVERNANCE STATEMENT

The NEDs of the Company and the Group are encouraged to attend local and/or overseas training programmes organised by credible training organisations under the Board High Performance Programme. This programme is intended to equip the Directors with the necessary knowledge and tools to effectively discharge their duties and responsibilities as well as provide the Directors with global business perspectives and skills that engender organisational excellence. The Company Secretaries facilitate the organisation of internal training programmes and Directors' attendance of external programmes, and keep a complete record of the training received and attended by the Directors.

A newly appointed NINED, Mr Mohamed Ali Ismaeil Ali AlFahim ("Mr AlFahim"), attended an induction programme organised by the Management of the Group in July 2014 to provide him with in-depth information of the industry as well as an overview of the Group's business operations. During the induction programme, the relevant Management briefed Mr AlFahim on the functions and areas of responsibility of their respective divisions. This enabled him to familiarise himself with the Group's operations and organisational structure. It also helped him to establish effective channels of communication and interaction with Management.

In addition, Mr AlFahim received a comprehensive Director's induction kit to assist him in building a detailed understanding of the Group's operations, its longer-term direction and statutory obligations. Pursuant to the requirement of Bursa Securities, Mr AlFahim also completed the Mandatory Accreditation Programme in August 2014 and received a certificate from the Bursa Securities-approved programme organiser.

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

Corporate Governance

- Corporate Governance Conference – The Challenges of Corporate Governance in the Financial Services Sector
- Financial Institution Directors Education ("FIDE") Forum Event – A comprehensive Talent Based Approach to Board Recruitment
- Board Chairman Series: The Role of the Chairman

Banking and Finance, Business and Economics

- Briefing on Cross Border Financing between Malaysia and Indonesia
- Breakfast Talk – Singapore National ICT Masterplan
- Managing Uncertainty – Surviving the Turbulence
- National Economic Summit and Dialogue with The Prime Minister
- World Bank: Study on Achieving a System of Competitive Cities
- Federation of Malaysian Manufacturers Energy Conference
- Training on Economic Outlook, Consumer Insight, Market Trends, Goods and Services Tax and Social Media Crisis Management
- Ministry of International Trade & Industry: ASEAN Economic Initiatives Workshop
- Ministry-Industry dialogue: Generating Green Wealth in Spurring the Nation's Prosperity
- Commonwealth Association for Public Administration and Management Conference: Public Service Transformation
- Academy of Science Malaysia General Assembly: Malaysia beyond 2020
- Corruption in Malaysia: The Making of an Unequal Society Workshop on Network, Spectrum, Branding

Risk Management and Legal

- The Inverse Risk Logic Approach to Risk Governance Programme
- Training Session No. 5 of Internal Capital Adequacy Assessment Process – Supervisory Review Preparation for Board of Directors
- Managing Risks in Islamic Banks
- Opening of Legal Year 2014
- Malaysian Anti-Corruption Commission – Corporate Liability Provision
- Good Regulatory Practice Workshop



CORPORATE GOVERNANCE STATEMENT

BOARD COMMITTEES

To ensure effectiveness in discharging its roles and responsibilities, the Board delegates specific authorities to the relevant Board Committees. This delegation of authority is expressly stipulated in the Terms of References (“TOR”) of the respective Board Committees. The TORs are reviewed periodically to ensure effective and efficient decision-making in the Group. The Board Committees also act as oversight committees, evaluating and recommending matters under their purview for the Board to consider and approve.

The Board receives updates from the respective chairmen/representatives of the Group Board Audit Committee, Board Audit Committee, Board Risk Committee and Board Nominating & Remuneration Committee on matters that require specific mention that have been deliberated and considered at the meetings of Board Committees. This practice also applies for other entities within the Group.

Board Nominating & Remuneration Committee

The Board Nominating & Remuneration Committee (“BNRC”) comprises five NEDs, of whom four are INEDs and one NINED, representing the respective entities within the Group. The BNRC is chaired by YBhg Datuk Haji Faisal Siraj, the Senior INED of RHB Capital. The BNRC met 11 times during the financial year 2014. The composition of the BNRC and the attendance of the members at meetings held in 2014 are as follows:

Name of Directors	Attendance at Meetings
YBhg Datuk Haji Faisal Siraj (INED/Chairman)	11/11 (100%)
YBhg Dato' Mohamed Khadar Merican (INED)*	6/8 (75%)
YBhg Datuk Seri Saw Choo Boon (INED)	11/11 (100%)
YBhg Dato' Teo Chiang Liang (INED)	9/11 (82%)
Mr Choong Tuck Oon (INED)	9/11 (82%)
Tuan Haji Md Ja'far Abdul Carrim (NINED)	11/11 (100%)

Note:

* YBhg Dato' Mohamed Khadar Merican resigned as a member of BNRC with effect from 18 September 2014.

The salient TOR of the BNRC is as follows:

- Establish a documented procedure for the appointment of Directors, Board Committee members, Shariah Committee (“SC”) and key Senior Management officers.
 - Establish and recommend for Board approval, minimum requirements for Directors, SC and key Senior Management officers.
 - Establish and recommend for Board approval, the optimal size and mix of skills to ensure efficient operation of the Boards/Board Committees/SC.
 - Assess and recommend for Board approval, new and reappointed nominees for directorship, Board Committee members, SC and key Senior Management officers.
 - Establish and recommend for Board approval, a mechanism for the formal assessment of the performance of Boards as a whole, Board Committees, SC, each Director and key Senior Management officers.
 - Review performance assessment results and recommend to the Board, the removal of any Director, SC or key Senior Management officer found to be ineffective, errant and negligent in the discharge of responsibilities.
 - Ensure Directors, Board Committee members and SC receive appropriate induction and continuous training programs for closure of skill gaps and keeping abreast with latest developments.
 - Ensure the establishment of formal and transparent procedures for developing remuneration and HR policies, strategies and framework for Directors, SC and key Senior Management officers.
 - Recommend remuneration strategies, policies and framework and specific remuneration packages for Directors, Board Committee members, SC and key Senior Management officers, which should be (where relevant):
 - Market competitive and in support of the Group's culture, vision, objectives and strategy;
 - Reflective of the responsibilities and commitment required;
 - Sufficient to attract and retain quality people but yet not excessive;
 - Performance driven with sufficient emphasis on long term development of the Group to avoid excessive short-term risk-taking; and
- The framework should cover all aspects of remuneration including directors' fees, salaries, allowances, bonuses, options and benefits-in-kind.
- Ensure HR strategies, policies and frameworks are in place for all the building blocks of a quality HR Management System (e.g. succession planning, talent and leadership development, training, etc.) to support the Group in achieving its objectives.
 - Approve changes to Group HR policies, in line with HR strategy and direction set by the Board.

CORPORATE GOVERNANCE STATEMENT

Board Risk Committee

The Board recognises the importance of a sound system of risk management and internal control to ensure good corporate governance and safeguard shareholders' investments as well as the Company's and the Group's assets. The Board Risk Committee ("BRC") provides oversight and governance of risks for the Group, and reviews the Management's risk management activities and policies.

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 Risk Culture and Risk Ownership in the Group.

The BRC's other duties and functions among others include the following:

- To provide oversight to ensure that the Group's risk management framework, processes, organisation and systems are functioning commensurate with its nature, scale, complexity of activities and risk appetite.
- To deliberate and assess the nature and materiality of risk exposures, potential risks and impact on capital and the Group's sustainability.
- To review and approve proposed changes to Delegated Lending (Financing) Authorities/Discretionary Powers/Powers of Attorney, limits for business and operations.
- To review and approve changes to policies and frameworks (excluding HR related policies and framework), risk methodologies/models and other significant risk management matters, in line with the approved risk strategy.
- To review and approve new/existing products with material variations in product features.

The BRC comprises five NEDs, of whom four are INEDs and one NINED, representing the respective entities within the Group. The BRC met 20 times during the financial year 2014. The composition of the BRC and the attendance of the members at meetings held in 2014 are as follows:

Name of Directors	Attendance at Meetings
Tuan Haji Khairuddin Ahmad (INED/Chairman)	20/20 (100%)
Mr Patrick Chin Yoke Chung (INED)	17/20 (85%)
Tuan Haji Md Ja'far Abdul Carrim (NINED)	20/20 (100%)
Mr Choong Tuck Oon (INED)	18/20 (90%)
YBhg Datuk Seri Saw Choo Boon (INED)	16/20 (80%)

Pursuant to the Group's current governance framework, RHB Islamic Bank Berhad ("RHB Islamic Bank") has adopted the BRC while maintaining a dedicated Risk Management Committee to manage Shariah risk and its associated intricacies.

Group Board Audit Committee

The Group Board Audit Committee ("GBAC"), with the assistance of both external and internal auditors, reviews the integrity and reliability of the Company's and the Group's financial statements on a quarterly basis, prior to recommending the same for the Board's approval and issuance to stakeholders.

During the reviews, the Group Chief Financial Officer provides assurance to the GBAC that:

- Adequate processes and controls are in place for an effective and efficient financial statement close process;
- Appropriate accounting policies have been adopted and applied consistently; and
- The relevant financial statements give a true and fair view of the state of affairs of the Company and the Group in compliance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and Companies Act 1965.

The GBAC also meets twice a year with the external auditors, without the presence of the Management and the executive Board members, to discuss any key issues/areas that require attention of the GBAC and the Board.

The composition of the GBAC and the attendance of the members together with the TOR and activities of the GBAC during the financial year are set out in the GBAC Report in this Annual Report.

Board Committees that Reside at Subsidiary Level

In addition to the above, the following centralised Board Committees (which reside at the subsidiary level i.e. RHB Bank Berhad) have also been established to assist the Boards and Management in governing the business activities and operations of RHB Capital's major operating subsidiaries:

Board Audit Committee

The Board Audit Committee ("BAC") comprises four INEDs representing the Group's major operating subsidiaries. The BAC provides independent oversight of RHB Banking Group's financial reporting and internal control system, ensuring checks and balances for entities within the Group, excluding RHB Capital. The BAC continuously reinforces the independence of the external auditors and provides a line of communication between the Board and the external auditors.

CORPORATE GOVERNANCE STATEMENT

The BAC also emphasises the internal audit function by increasing the objectivity and independence of the internal auditors and provides a forum for discussion that is, among others, independent of the Management. Additionally, the BAC reviews the quality of the audits conducted by internal and external auditors as well as the Group's financial condition and performance. This enhances the perceptions held by stakeholders (including shareholders, regulators, creditors and employees) of the credibility and objectivity of financial reports.

Board Credit Committee

The Board Credit Committee ("BCC") comprises five NEDs, of whom four are INEDs and one is NINED representing the respective banking entities within the Group. The BCC supports the relevant Boards in affirming, vetoing or including additional conditions on all types of credit applications (including under stock/futures broking) and underwriting applications for amounts above the defined thresholds of the Group Credit Committee and/or the Group Investment & Underwriting Committee. It also endorses and recommends write-offs as well as approves all policy loans/financing and loans/financing which are required by BNM to be approved by the respective Boards.

Board Technology Committee

The Board Technology Committee ("BTC") comprises four INEDs, the Group MD and Deputy Group MD. The BTC guides the Boards of the major operating subsidiaries on the Group's strategic IT programs and major IT investments. The BTC reviews and recommends to the Boards, the Group's overall technology strategies and policies, strategic and major technology investments and projects above Management's limits set by the Boards or as referred to by the Group Management Committee. It also receives updates from Management on emerging technology trends affecting the Group.

Shariah Committee

The Shariah Committee is housed at RHB Islamic Bank and comprises qualified local and foreign Shariah scholars.

The main duties and responsibilities of the Shariah Committee are as follows:

- To advise the Group on all Shariah matters to ensure its business operations comply with Shariah Principles, where applicable.
- Where relevant, to advise the Group to consult BNM's Shariah Advisory Council ("SAC") on any Shariah matters which have not been resolved or endorsed by the SAC.

Islamic Risk Management Committee (residing at RHB Islamic Bank)

The Islamic Risk Management Committee ("IRMC") comprises four NEDs of RHB Islamic Bank, of whom three are INEDs and one is NINED. The IRMC provides risk oversight and guidance to ensure that the management of risk exposures in RHB Islamic Bank are aligned to the principles of Islamic Banking as guided by the relevant regulatory authority, as well as to ensure that core risk policies are consistent with the Group's. The IRMC also oversees the execution of risk policies and related decisions by RHB Islamic Bank's Board, and provides oversight for major risk categories which are unique to Islamic finance. These include displaced commercial risk, withdrawal risk, rate of return risk, fiduciary risk and Shariah non-compliance risk.

INVESTOR RELATIONS AND STAKEHOLDER COMMUNICATIONS

Corporate Disclosure

The Company and the Group, guided by the Bursa Securities' Corporate Disclosure Guide, MMLR and Financial Services Act 2013, place strong emphasis on clear, comprehensive, timely and equitable dissemination of information to the public on its business activities, milestones achieved, latest developments and financial performance. In 2013, the Group adopted a media communication plan which defined the roles and responsibilities of the Chairman and Senior Management together with levels of authority in handling disclosure of material corporate, business and financial information to the public via media channels.

In addition, the Directors and employees are required to execute confidentiality undertakings in compliance with the secrecy requirement of the Financial Services Act 2013 or other regulatory requirements in respect of information which they may acquire through the business of the Company and subsidiaries.

Quarterly Results

The announcement of quarterly financial results is made via Bursa LINK on the scheduled date, following which a press release is issued. It is also the Group's practice to organise live analyst briefings for half-year and full-year results, while conference calls are organised for the first and third quarters. These analyst briefings and conference calls are led by the Group MD, together with the Group Chief Financial Officer. Members of the Senior Management team are also in attendance, reflecting the commitment to providing a high degree of clarity to the investment community. The presentation materials for the briefings and conference calls are simultaneously made available publicly on RHB's website upon the uploading of results to Bursa Securities.

CORPORATE GOVERNANCE STATEMENT

The briefings and conference calls serve as an avenue for dialogue between research analysts and fund managers with the Group's Senior Management. The sessions also provide a balanced and complete view of the Group's performance as well as updates on the Group's business initiatives and strategies.

Corporate Website

Recognising the importance of a high quality corporate website in promoting the Group's branding and image, the Company revamped and launched its new corporate website in February 2015 to meet the evolving expectations of customers and other stakeholders. The corporate section on the Company's website, which provides all relevant information on RHB Capital (including information on dividend, capital & debt instruments, credit rating, all announcements released on Bursa Securities' website and to media, annual reports, corporate structure as well as corporate governance statement of RHB Capital), is publicly accessible. Notice of general meetings and minutes of general meetings are also available on the website.

General Meetings

The AGM and Extraordinary General Meetings ("EGM") are the primary platforms for direct two-way interaction between the shareholders, Board and Management of the Group. The meetings also ensure transparency is adhered to, as shareholders' approval is required on all material issues including, but not limited to:

- Re-election and re-appointment of Directors;
- Appointment of auditors;
- Dividend payments; and
- Material mergers, acquisitions and divestments exercises (only EGMs).

At the 19th AGM held on 8 May 2014, the Group MD presented a comprehensive review of the RHB Banking Group's performance for the financial year 2013 and outlined the Group's key focus areas and targets for the financial year 2014. Subsequently, the Chairman invited shareholders to raise questions pertaining to the Group's accounts and other items for adoption at the meeting, before putting a resolution to vote. Shareholders' queries were addressed by the Chairman and the Board of Directors.

The Company's external auditors were also present at the AGM to respond to the shareholders' enquiries on the conduct of the audit and the preparation and content of the auditors' reports. Additionally, the Group MD shared the Company's responses to questions submitted in advance of the AGM by the Minority Shareholder Watchdog Group.

Shareholders' Participation at General Meeting

The processes of the current general meetings have been designed to encourage shareholders' participation. Shareholders are duly notified at least 21 days in advance and in cases where circulars are involved, clarity is assured through the presence of professional advisors at the meetings.

In accordance to the RHB Capital's Articles of Association, a member of the Company entitled to attend and vote at the general meeting is entitled to appoint up to two proxies to attend and vote in his place. A proxy may not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account which is credited with ordinary shares of the Company.

The attendance of shareholders at the Company's general meetings has always been encouraging. To facilitate greater shareholder participation at general meetings as well as ensure accurate and efficient outcomes of the voting system, the Board will consider adopting electronic voting.

Poll voting

As a matter of good corporate governance, at the commencement of the 19th AGM, the Chairman highlighted the shareholders' right to demand for a poll voting on a resolution pursuant to the Company's Articles of Association. This practice will be continued at every general meeting moving forward.

At the 19th AGM, no substantive resolutions were put forth for shareholders' approval. As such, resolutions put forth for the shareholders' approval were voted on by a show of hands.

UPHOLDING INTEGRITY

Compliance with Financial Reporting Standards

The Board ensures that shareholders are provided with a clear, balanced and meaningful assessment of the Company's and the Group's financial performance, position and future prospects through the Annual Audited Financial Statements, quarterly reports and corporate announcements on significant events affecting the Company in accordance with the MMLR.



CORPORATE GOVERNANCE STATEMENT

Relationship with Internal and External Auditors

Internal audit

The Group Internal Audit (“GIA”), led by the Group Chief Internal Auditor, reports the results of its audits directly to the GBAC and BAC. Guided by the Group Internal Audit Charter, the GIA regularly reviews and reports on the adequacy and effectiveness of the Group’s risk management, internal control and governance processes. Based on the annual audit plan approved by the GBAC, GIA undertakes an independent assessment of the internal control systems throughout the Company and the Group to assure that deficiencies or issues are promptly resolved by the Management.

Follow-up actions and a review of the status of actions taken as per the auditors’ recommendations are carried out by the Management via the various Management Audit Committees established within the Group. The Group internal auditors also work closely with the external auditors to resolve any control issues as raised by them to ensure that all issues are duly acted on by the Management. Further details of the activities of the GIA function are set out in the Statement on Risk Management & Internal Control of this Annual Report.

In October 2014, the Group’s current Internal Audit Charter was reviewed. Upon the GBAC’s recommendation, the Board approved relevant updates to the charter in line with the latest regulatory requirements as well as the International Standards for the Professional Practice of Internal Auditing.

Assessment of external auditors

The GBAC undertakes an assessment of the suitability and independence of the external auditors, Messrs PricewaterhouseCoopers, based on qualifying criteria for the appointment of auditors and terms of audit engagements in accordance with BNM’s Guidelines – “External Auditor” dated 29 August 2014. In addition, the performance of the external auditors is assessed through a survey sent to management personnel requesting feedback and comments on their dealings with Messrs PricewaterhouseCoopers throughout the financial reporting year.

The survey covers areas such as quality of audit work, coordination during planning and execution of audit work, technical accounting and business knowledge, timeliness, relationship management and staff continuity. Having satisfied itself with their performance and fulfilment of criteria as set out in BNM’s Guidelines, the GBAC will recommend the re-appointment of the external auditors to the Board, upon which the shareholders’ approval will be sought at the AGM.

RHB Banking Group has established the Group Policy on Non-Audit Fees Paid/Payable to External Auditors (“Policy”). The BAC and GBAC review the non-audit services rendered by the external auditors and the related fees prior to the approval of the services. A report on non-audit fees is also presented to the BAC and the GBAC quarterly. This is to ensure the independence of the external auditors and its compliance with the Policy and terms of all relevant professional and regulatory requirements when rendering its audit and non-audit services. The external auditors are also required to declare/confirm their independence for all non-audit engagements undertaken.

Group Whistle Blower Policy

The Group has, since 2004 (revised and updated in 2014), established a Group Whistle Blower Policy to strengthen its governance practice. The policy provides employees with an avenue to report suspected fraud, corruption, dishonest practices or other similar circumstances. This policy encourages reporting of such matters in good faith, with the confidentiality of the person making such reports protected from reprisal in the best possible manner.

For the current year under review, three complaints pursuant to the Group Whistle Blower Policy were received, investigated and pursued. All reports or complaints are filed with the Designated Recipient as specified in the Group Whistle Blower Policy. The Group Whistle Blower Policy is available on the Group’s internal portal for the reference of the Group’s staff.

Code of Ethics

The Board is committed to inculcating a corporate culture which engenders ethical conduct throughout the Company and the Group. The Board has thus adopted a Code of Ethics and Business Conduct for Directors (“Code of Ethics”) to enhance the standard of corporate governance, establish uniform ethical standards and promote ethical conduct for Directors in line with governing laws, regulations and guidelines. The Code of Ethics includes principles relating to general standard of conduct, conflict of interest, insider trading, maintaining confidentiality, use of corporate assets, etc.

The Group has also implemented a Group Code of Ethics and Conduct (“Code”) for its employees to ensure a high standard of ethical and professional conduct in performing their duties and responsibilities. The said Code establishes the standards that govern the way employees deal with each other, shareholders, customers, suppliers, competitors and communities. Within this framework, employees are expected to exercise good judgment and be accountable for their actions. Compliance with the Code is part of the terms and conditions of employment for every employee.

CORPORATE GOVERNANCE STATEMENT

Group Gifts & Hospitality Guidelines

The Group had, in November 2014, established the Gifts & Hospitality Guidelines to promote integrity and transparency. The Guidelines complement the existing Group Code of Ethics and Conduct for Employees and are benchmarked against best practices for giving and receiving gifts as well as transparency and openness about gifting.

CORPORATE RESPONSIBILITY

The foundation of the Group's Corporate Responsibility ("CR") initiatives is premised on the four quadrants of Community, Environment, Workplace and Marketplace. The Group's established CR strategic framework has supported and created value for the Group's business, operations and brand, as well as contributed positively to the Group's shareholders, customers, employees and society at large. The framework was introduced with the intention of translating its defined values into a governing policy that addresses the Group's CR, as well as environment, social and governance ("ESG") elements.

The policy will ensure that ESG issues are integrated into the Group's daily business practices to promote its sustainability. Sustainability is defined as conducting business responsibly and ethically by factoring in social, economic and environmental considerations in the decision-making process for long-term business success that, in turn, will contribute to the socioeconomic development of the communities in which the Group operates. As such, the Group embarks on activities that conserve the environment, enrich the lives of communities, promote a culture of respect and care for its workforce and the public, all of which, appropriately implements good governance.

The Board also acknowledges that a sustainable approach to investing is vital to the interests of long-term investors and positively impacts the value of investments. The Board further recognises that the Group's ability to prosper hinges substantially on its ability to make business decisions that uphold economic, social and environmental responsibilities by which the stakeholders and society can hold the Group accountable. Therefore, ESG issues are of the utmost importance in the Board's decision-making to maintain responsible corporate citizenship.

The Group's Sustainability Report for 2014, which further highlights the Group's CR and ESG elements, is found on pages 128 to 147 in this Annual Report.

COMPLIANCE WITH THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2012 ("MCCG")

The Board is satisfied that the Company is generally in compliance with principles and recommendations of the MCCG.

This Corporate Governance Statement was approved by the Board on 5 March 2015.

ADDITIONAL COMPLIANCE INFORMATION

Related Party Transactions

The Group has put in place a Policy on Related Party Transaction Review Process since 2004 (revised and updated in 2011 and 2012, respectively), which guides the review and reporting of all related party transactions. Under this policy, all related party transactions are reviewed by Group Internal Audit and Group Legal before any submission is made to the GBAC for deliberation.

Details of these transactions are set out under Note 47 to the Financial Statements on pages 101 to 104 in the accompanying Financial Statements 2014 report.

Sanctions and Penalties

For the financial year 2014, no public reprimands, sanctions and/or penalties were imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies.

Material Contracts Involving Directors' and Major Shareholders' Interest

RHB Capital and its subsidiaries did not have any material contracts involving Directors' and major shareholders' interests in the 12-month financial period from 1 January 2014 to 31 December 2014. The material contracts in this case do not include financing to parties connected to Directors which are conducted in accordance with the relevant BNM's guidelines.



STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

INTRODUCTION

Pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, a listed issuer must ensure that its Board of Directors ("Board") includes in its annual report a statement about the state of its internal control.

The statement below has been prepared in accordance with the guidelines as set out in the "Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers".

RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group's risk management and internal control system and its adequacy and effectiveness in safeguarding shareholders' investments and the Group's assets.

The system of risk management and internal control that is in place is designed to manage risks according to the risk appetite approved by the Board rather than total elimination of risks to achieve the Group's goals and objectives. The system can therefore only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

The system of risk management and internal control includes an established and on-going process for identifying, evaluating, managing and reporting significant risks that may affect the achievement of the Group's business objectives and strategies.

Management assists the Board in implementing Board policies and processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking timely corrective actions as required, and providing assurance to the Board that the processes have been carried out. In this regard, the Board has received assurance from the Group Managing Director and Group Chief Financial Officer as well as the Group Chief Risk Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

Reviewing the effectiveness of the risk management and internal control system is an essential part of the Board's responsibility. The Board has, through its Board Risk Committee ("BRC") and Board Audit Committee ("BAC"), assessed the adequacy and effectiveness of the Group's risk management and internal control system. Based on these reviews as well as the assurance it has received from 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 report.

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

A sound framework of risk management and internal control is fundamental to good corporate governance. The key processes established by the Board for maintaining a sound system of risk management and internal control include the following:

Risk Management Framework

The risk management process seeks to identify, measure, monitor and control risk. It also seeks to ensure that risk exposures are adequately managed and that the expected returns compensate the risks taken, given that the risks within the industry we operate in are continuously changing and evolving. This process is regularly reviewed by the Board through its BRC which ensures the proper management of risks and that the appropriate measures are taken to mitigate any identified weaknesses in the control environment.

The Board, through the BRC, maintains overall responsibility for risk oversight within the Group. In discharging its overall duties and responsibilities, the BRC is supported by the Group Capital and Risk Committee and Group Risk & Credit Management function which monitor and evaluate the effectiveness of the Group's risk management system and operations on an on-going basis.

Amongst the other committees set up in the Group to manage specific areas of risk are the Group Asset & Liability Committee, Group Credit Committee, Islamic Risk Management Committee, Board Credit Committee and Board Technology Committee.

In line with regulatory requirements and industry best practices, the Group subscribes to the principle that 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.

To support and promote accountability and ownership of risk management, a Risk and Control Self-Assessment framework has been implemented in 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, as well as to assess the effectiveness thereof.

An Internal Capital Adequacy Assessment Process ("ICAAP") framework has also been implemented to ensure 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 Group's current and projected demand for capital under existing and stressed conditions.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Internal Audit Function

Group Internal Audit (“GIA”) performs regular reviews of the Group’s operations and systems of internal control and evaluates the adequacy and effectiveness of the controls, risk management and governance processes implemented by Management. GIA adopts a risk-based approach in determining the auditable units and frequency of audits. Annual audit plans are reviewed and approved by the respective BAC, namely the Group BAC of the Company and the BAC of the RHB Banking Group (which undertakes the functions of the Audit Committee of the major operating entities within the Group, such as RHB Bank Berhad, RHB Investment Bank Berhad, RHB Islamic Bank Berhad and RHB Insurance Berhad).

The results of the audits conducted by GIA are reported to the BAC/Group BAC. Follow-up action and review of the status of action taken as per the auditors’ recommendations are carried out by Management via the various Management Audit Committees (chaired by their respective Managing Directors) established in the key operating subsidiaries within the Group. The minutes of meetings of the Management Audit Committees are tabled to the BAC of the RHB Banking Group for notation.

The BAC and Group BAC hold regular meetings to deliberate on the findings and recommendations for improvement highlighted by both the internal and external auditors as well as the regulatory authorities on the state of the Group’s internal control system. The minutes of the meetings of the BAC/Group BAC are subsequently tabled to the respective Boards for notation while the highlights of the BAC/Group BAC meetings are presented to the respective Boards by the Chairman or representative of BAC/Group BAC.

Further details of the activities undertaken by the Group BAC of the Company are set out in the Group Board Audit Committee Report.

Group Compliance Framework

Compliance risk within the RHB Banking Group is defined as the risk of impairment to the Group’s business model, reputation and financial condition from failure to meet laws and regulations, internal policies and procedures.

Compliance risk management is the collective responsibility of the Board, Senior Management and every employee of the Group. It is expected that each individual promotes self-regulation and is accountable for his/her own activities as well as maintains ethical principles and behaviour in everything that he/she does.

The Group’s state of compliance with laws, regulations and internal policies and procedures is reported to the BRC and Board on a monthly basis. In addition, the Group has in place an incident escalation and reporting process wherein any incident affecting the reputation of the Group is escalated to the Senior Management and respective Boards within 24 hours of the incident occurring. This escalation process ensures oversight and guidance are provided by the Board in managing reputational risk.

Group Compliance, in collaboration with the business and operating units, continuously assesses and recommends improvements to compliance by carrying out root cause analysis on incidences of non-compliance and negligence (all of which are reported on a daily basis).

To enable business and operating units to comply with various laws and regulations, Group Compliance also conducts off-site surveillance and reviews on a regular basis. Weaknesses noted are conveyed to the respective business and operating units so that immediate corrective actions can be taken.

To mitigate non-compliance risk, briefings as well as various awareness and learning initiatives were conducted throughout the year to heighten awareness of compliance and to embed a compliance culture within the Group.

Shariah Compliance

In line with the Guidelines on Shariah Governance Framework for Islamic Financial Institutions issued by Bank Negara Malaysia, the Management is responsible for observing and implementing the respective Shariah rulings and decisions.

The Shariah Framework has also been put in place which encompasses the concept of Shariah, Islamic financial business, governance and reporting structures, roles and responsibilities, Shariah compliance strategy and Shariah approval procedures.

In mitigating Shariah non-compliance risk, various briefings aimed at creating awareness as well as learning programmes were conducted throughout the year to ensure compliance with Shariah principles.



STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Board Committees

The Board has delegated certain responsibilities to the Board Committees established in the Group, namely the Board Nominating & Remuneration Committee, Board Risk Committee, Group Board Audit Committee, Board Credit Committee, Board Technology Committee, Board Audit Committee and Islamic Risk Management Committee.

These committees have oversight authority to examine and/or consider all matters within their scope of responsibility as defined in their respective formalised terms of references and to report to the Board with their recommendations.

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 a forum for the Group’s Senior Management to discuss and deliberate strategic matters that impact the Group’s vision, strategic direction, business synergies and brand value as well as to chart its strategic roadmap. The GMC meets regularly and the minutes of meetings are tabled to the Board of the Company for notation.

Information Technology (“IT”) Security

The objectives of the Group’s IT security encompass the protection of programmes, data, information stored and facilities of the computerised data processing system from unauthorised access and use, loss or destruction as well as reliability and continuous availability of the computerised data processing systems.

IT security protects information from a wide range of threats as well as safeguards the confidentiality, integrity and availability of information. IT security in the Group is achieved through the implementation of a suitable set of controls which includes policies, standards, procedures, guidelines, organisational structures and software control functions.

It is the policy of the Group that while information assets of various forms and computer equipment should be provided to enable employees of the Group and relevant third parties to satisfactorily complete their duties, these assets should be subjected to adequate controls to protect them from accidental or intentional loss, unauthorised access, unauthorised modification, unauthorised manipulation or unauthorised disclosure. Controls implemented should be appropriate to the value of the asset and its risk exposure.

Authority Limits

Delegation of authority including authorisation limits at various levels of Management in the Group are documented and designed to ensure accountability and responsibility.

Budgeting Process

A detailed budgeting process is established requiring all key operating companies 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 risk appetite, were deliberated at the Board where the group budget was presented.

A reporting system on actual performance against approved budgets is in place and the reasons for significant variances as well as action plans by Management are reported to the respective Boards.

Performance Review

Regular and comprehensive information is shared by Management to monitor its performance against the strategic business plan 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 GMC and the Board receive and review the Group’s financial performance against set targets and measures that are being put in place to meet such targets.

Internal Policies and Procedures

Policies, procedures and processes governing the Group’s businesses and operations are documented and are made available to employees across the Group through the Group’s intranet portal. These policies, procedures and processes are reviewed and updated by the business and functional units through a structured process of review to cater to changes in laws and regulations as well as changes to the business and operational environment. Furthermore, reviews of the policies, procedures and processes are also carried out to ensure that appropriate controls are in place to manage risks inherent to the business and operations.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Human Capital Management

The Group acknowledges that 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 judgement that people apply to their work.

Hence, the Group has in place policies and procedures that govern recruitment, appointment, performance management, compensation and reward as well as policies and procedures that govern discipline, termination and dismissal.

The Group places emphasis on human capital development and talent management. To enhance staff competencies, we provide technical training as well as management and leadership skills training.

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.

During the year, the Group established the Gifts and Hospitality Guidelines which set the standards of conduct that are associated with ethical business practice and are designed to help the Group and its employees understand respective parties' obligations in upholding corporate integrity.

Group Whistle Blower Policy

There is an established process for reporting anyone found to be abusing or circumventing processes and controls of the Group. All staff are accorded the opportunity to report via the whistle-blowing mechanism with the assurance that the report will be dealt with confidentially and that the reporter's identity will be protected.

Anti-Money Laundering/Counter Financing of Terrorism ("AML/CFT")

The AML/CFT Programme is continuously reviewed and updated to meet the regulatory requirements as well as to combat money laundering and financing of terrorism activities. All employees are expected to carry out their functions with the highest ethical and professional standards in accordance with the AML/CFT Programme and to be continuously vigilant against the Group being exposed or used to launder money or finance illegal activities including terrorist financing.

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. The incident management reporting system also ensures that necessary steps are taken to mitigate any potential risks that may arise. This enables decision makers to undertake informed decision-making and be kept up to date on situations as well as manage risks effectively.

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 & Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised) issued by the Malaysian Institute of Accountants.

RPG 5 (Revised) 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.



GROUP BOARD AUDIT COMMITTEE REPORT

ACTIVITIES OF THE GROUP BOARD AUDIT COMMITTEE AND THE INTERNAL AUDIT FUNCTION DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Activities of the Group Board Audit Committee

During the financial year ended 31 December 2014 (“year”), a total of six (6) Group Board Audit Committee (“Committee”) meetings were held. The Committee comprises the following members and the details of attendance of each member at the Committee meetings held during the year are as follows:

Composition of the Committee	Attendance at Meetings
1. Datuk Seri Saw Choo Boon (Chairman/Independent Non-Executive Director)	6/6 (100%)
2. Datuk Haji Faisal Siraj (Member/Senior Independent Non-Executive Director)	6/6 (100%)
3. Dato’ Teo Chiang Liang (Member/Independent Non-Executive Director)	6/6 (100%)
4. Datuk Wira Jalilah Baba (Member/Independent Non-Executive Director)	0/1 (0%)*

* Datuk Wira Jalilah Baba resigned as an Independent Non-Executive Director of RHB Capital Berhad with effect from 30 January 2014 and thus ceased to be a member of the Committee on the same date.

The Committee’s activities are concentrated on RHB Capital Berhad and its direct subsidiaries. The main activities undertaken by the Committee during the year are summarised as follows:

- Reviewed the quarterly unaudited financial results and the annual audited financial statements of the Company and the Group as well as the appropriate announcements to Bursa Malaysia Securities Berhad before recommending them for approval by the Board;
- Reviewed the audit plan of the external auditors, the audit strategy, risk assessment and areas of audit emphasis for the year;
- Reviewed with the external auditors, the results of their annual audit and Group Board Audit Committee report together with Management’s response to their findings and recommendations;
- Met twice with the external auditors without the presence of Management to discuss issues of concern to the auditors arising from the annual statutory audit;

- Reviewed the non-audit services rendered by the external auditors and the related fees taking into consideration the fees threshold established under the Group policy;
- Evaluated the performance of the external auditors and made the necessary recommendations in relation to their appointment and audit fees to the Board for consideration;
- Reviewed and approved the annual internal audit plan to ensure adequacy of scope and coverage of the identified auditable areas including staffing requirements;
- Reviewed the internal audit reports, audit recommendations and Management’s responses to these recommendations as well as the timely actions taken to improve the system of internal controls and procedures, and completion of the internal audit plan;
- Reviewed the related party transactions entered into by the Company and its subsidiaries;
- Reviewed the proposed changes to the Group Internal Audit Charter (“Audit Charter”) prior to recommending the updated Audit Charter for approval by the Board;
- Reviewed the proposed changes to the Terms of Reference (“TOR”) of the Committee for approval by the Board;
- Reviewed the minutes of meetings of the Board Audit Committee of RHB Banking Group to the extent permitted by the relevant regulatory authorities to satisfy itself that all matters arising therefrom had been appropriately addressed by the Board Audit Committee; and
- Tabled the minutes of each Committee meeting to the Board for notation, and for further direction by the Board, where necessary.

During the year, the Members of the Committee attended the following training programmes, conferences and seminars:

- Training Session No. 5 of Internal Capital Adequacy Assessment Process – Supervisory Review Preparation for Board of Directors
- Managing Risks in Islamic Banks
- Managing Uncertainty – Surviving The Turbulence
- The Inverse Risk Logic Approach to Risk Governance Programme
- Opening of Legal Year 2014
- Malaysian Anti-Corruption Commission – Corporate Liability Provision
- Corruption in Malaysia: The Making of an Unequal Society
- National Economic Summit and Dialogue with The Prime Minister
- World Bank: Study on Achieving a System of Competitive Cities

GROUP BOARD AUDIT COMMITTEE REPORT

- Federation of Malaysian Manufacturers Energy Conference
- Training on Economic Outlook, Consumer Insight, Market Trends, Goods and Services Tax and Social Media Crisis Management
- Ministry of International Trade & Industry: ASEAN Economic Initiatives Workshop
- Ministry-Industry Dialogue: Generating Green Wealth in Spurring the Nation's Prosperity
- Commonwealth Association for Public Administration and Management Conference: Public Service Transformation
- Academy of Science Malaysia General Assembly: Malaysia Beyond 2020
- Good Regulatory Practice Workshop
- Workshop on Network, Spectrum, Branding.

Internal Audit Function

The Group has an in-house group internal audit function ("Group Internal Audit") which is guided by the Group Internal Audit Charter and reports to the Committee of the Company and the Board Audit Committee of RHB Banking Group. Group Internal Audit's primary role is to assist both committees in the discharge of their duties and responsibilities by independently reviewing and reporting on the adequacy and effectiveness of the Group's risk management, internal control and governance processes.

The Committee approves the annual audit plan of the Company at the beginning of each financial year. Group Internal Audit adopts a risk-based approach towards the planning and conduct of audits, which is consistent with the Group's framework in designing, implementing and monitoring its internal control system.

Upon completion of the audits, all audit reports on the results of work undertaken together with the recommended action plans and their implementation status are then presented to the Management and the Committee. Group Internal Audit closely monitors the implementation progress of its audit recommendations in order to obtain assurance that all major risk and control concerns have been duly addressed by Management.

Group Internal Audit works closely with the external auditors to resolve any control issues raised by them to ensure that all reported issues are duly acted upon by Management via the respective Management Audit Committees of RHB Banking Group.

The cost incurred for the group internal audit function for the year was RM22.8 million.

TERMS OF REFERENCE OF THE GROUP BOARD AUDIT COMMITTEE

Objective

1. Review the effectiveness, adequacy and integrity of the Company's and the Group's internal control systems and management information systems, including systems for risk management, governance processes and compliance with applicable laws, regulations, rules, directives and guidelines.
2. Review the quality of audits conducted by internal and external auditors.
3. Provide a line of communication between the Board and external auditors.
4. Reinforce the independence of the external auditors and thereby help assure that they will have free rein in the audit process.
5. Provide emphasis on the internal audit function by increasing the objectivity and independence of the internal auditors and provide a forum for discussion that is, among others, independent of the management.
6. Enhance the perceptions held by stakeholders (including shareholders, regulators, creditors and employees) of the credibility and objectivity of financial reports.

Authority

1. The Committee is authorised by the Board to investigate any matter within its terms of reference, to obtain the resources which it needs, and to have full and unrestricted access to relevant information. It is also authorised to seek any information it requires from any employee of the Group and all employees are directed to co-operate with any request made by the Committee.
2. The Committee shall have direct communication channels with the external and internal auditors.
3. The Committee is authorised by the Board to obtain independent professional or other advice at the Company's expense and to invite outsiders with relevant experience and expertise to attend meetings if it considers this necessary.
4. The Committee is authorised by the Board to provide a written confirmation to Bank Negara Malaysia ("BNM") that the Company as a financial holding company complies with BNM's requirements on financial reporting.



GROUP BOARD AUDIT COMMITTEE REPORT

5. Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Committee shall promptly report such matter to Bursa Securities.

DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee are as follows:

1. Internal Audit

- To review the adequacy of the scope, functions, competency and resources of the internal audit function, Internal Audit Charter and that it has the necessary authority to carry out its work.
- To review the internal audit plan and processes, the results of the internal audit programme or investigation undertaken and whether or not appropriate action is taken by Management on the recommendations of the internal auditors.
- To approve any appointment or termination of the head of internal audit and senior staff members of the internal audit function.
- To appraise the performance of the head of internal audit and to review the appraisals of staff members of the internal audit function.
- To take cognisance of any resignations of internal audit staff members and provide resigning staff members an opportunity to submit reasons for resigning.

2. External Audit

- To review with the external auditors whether the employees of the Group have given them appropriate assistance in discharging their duties.
- To review with the external auditors, the nature and scope of their audit plan, their evaluation of the system of internal controls and their management letter and discuss any matter that the external auditors may wish to raise in the absence of Management, where necessary.
- To recommend to the Board on the appointment and the annual reappointment of the external auditors and their audit fees, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit as well as the removal of auditors.

- To review the non-audit services rendered by the external auditors together with the related fees and make recommendations to the Board for approval.
- To review the co-ordination of the audit approach where more than one audit firm of external auditors is involved and the co-ordination between the external and internal auditors.
- To discuss and review with the external auditors any proposal from them to resign as auditors.

3. Financial Reporting

To review the quarterly results and year-end financial statements of the Company and the Group, before recommending to the Board for approval, focusing particularly on:

- Changes in or implementation of new accounting policies and practices;
- Significant and unusual events; and
- Compliance with applicable approved accounting standards and other legal and regulatory requirements.

4. Related Party Transactions

- To review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions of management integrity.

5. Other Matters

- To review the minutes of meetings of other audit committees within the Group to the extent permitted by the relevant regulatory authorities and be satisfied that all matters arising therefrom are being appropriately addressed by these other audit committees.
- To review inspection and examination reports issued by any regulatory authority and to ensure prompt and appropriate actions are taken in respect of any findings.
- To perform any other functions as authorised by the Board.

GROUP BOARD AUDIT COMMITTEE REPORT

REPORTING

The Committee reporting line is to the Board.

COMPOSITION OF COMMITTEE

1. The Committee shall be appointed by the Board from amongst its number and shall comprise not less than three (3) members, the majority of whom are independent directors. All members of the Committee shall be Non-Executive Directors.
2. The Chairman of the Committee shall be an Independent Non-Executive Director appointed by the Board.
3. No alternate director shall be appointed as a member of the Committee.
4. All members of the Committee shall be financially literate and at least one member shall be a member of an accounting association or body.
5. The term of office and performance of the Committee and each of its members must be reviewed by the Board at least once every three (3) years.
6. If a member of the Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

FREQUENCY OF MEETINGS

1. Meetings shall be held at least four (4) times a year with a minimum quorum of two (2) members and the majority of members present shall be Independent Non-Executive Directors. Additional meetings may be called at any time at the discretion of the Chairman of the Committee.
2. The head of internal audit shall be in attendance at meetings of the Committee. The Committee may invite the external auditors, the Managing Director/Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, any other directors or members of the Management and employees of the Group to be in attendance during meetings to assist in its deliberations.

3. At least twice a year, the Committee shall meet with the external auditors without the presence of the Management or any executive board members, and upon the request of the external auditors, the Chairman of the Committee shall convene a meeting to consider any matter which the external auditors believe should be brought to the attention of the Board or shareholders.

SECRETARIAT

1. Company Secretary or representative from Group Secretariat.
2. Minutes of each meeting shall be kept and distributed to all members of the Group BAC and shall be tabled to the Board.
3. Details of the activities of the Committee, the number of audit meetings held in a year, details of attendance of each member in respect of meetings, and the details of relevant training attended by each member should be documented in an informative way.

DISCLOSURE

The activities of the Committee should be briefly disclosed in the annual report of RHB Capital Berhad as follows:

1. Membership of the Committee.
2. Summary of terms of reference of the Committee, or the key functions, roles and responsibilities of the Committee.
3. Number of Committee meetings as well as attendance of meetings by Committee members.
4. Summary of the activities of the internal audit function or activity.



RISK MANAGEMENT STATEMENT

INTRODUCTION

The risk management process within the Group seeks to identify, measure, monitor and control risk so that risk exposures are adequately managed and the expected returns adequately compensate the risks.

Effective risk management is fundamental to drive sustainable growth and shareholder value, while sustaining competitive advantage, and is thus a central part of the proactive risk management of the Group.

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

- (i) 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.
- (ii) 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.

OVERARCHING RISK MANAGEMENT PRINCIPLES

The Risk Management Framework contains five fundamental principles that drive the philosophy of risk management in the Group. They are:

- (i) Risk governance from the Boards of Directors (“Board”) of the various operating entities within the Group;
- (ii) Clear understanding of risk management ownership;
- (iii) Institutionalisation of a risk-focused organisation;

- (iv) Alignment of risk management to business strategies; and
- (v) Optimisation of risk-adjusted returns.

Principle 1:

Risk governance from the Boards of Directors of the various operating entities within the Group

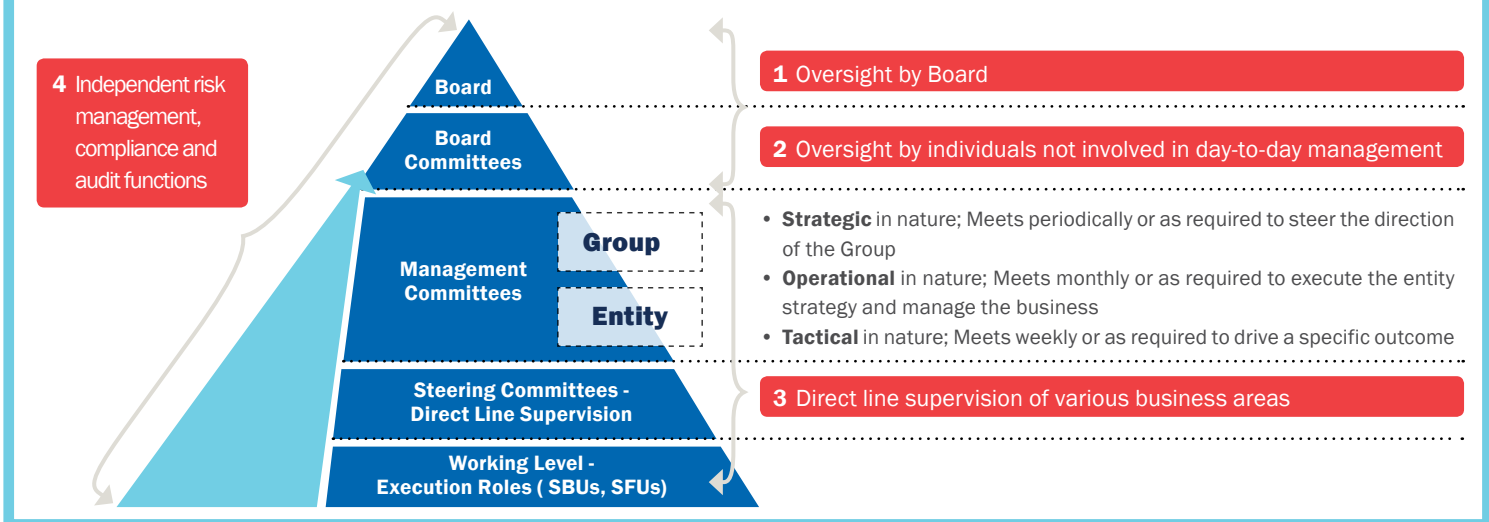
The ultimate responsibility of the Board in the Group is to ensure that an effective risk management process is in place which is uniformly understood across the Group. The Group has a structured framework to support the Board’s oversight responsibilities.

Risk Governance and Organisation

The Board, through the Board Risk Committee (“BRC”)/Islamic Risk Management Committee (“IRMC”), 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, risk management framework, risk management policy and risk management models. An IRMC has also been established to assist the Board of RHB Islamic Bank Berhad (“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 Group Capital and Risk Committee comprising Senior Management of the Group and which reports directly to the BRC and the Group Management Committee.

There are other committees set up to manage specific areas of risks in the Group. An overview of this governance framework at Group level is as below:



RISK MANAGEMENT STATEMENT

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 Strategic Business Units (“SBUs”) and Strategic Functional Units (“SFUs”) 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.

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 coordination function as well as the continuous reinforcement of a risk and control environment within the Group.

Central Risk Coordination Function

Group Risk & 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 in the Group reports to 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 underwriting models;
- Developing a proactive, balanced and risk attuned culture within the Group;
- Advising Senior Management, GCRC, BRC/IRMC and Boards on risk issues and their possible impact on the Group in the achievement of its objectives and strategies; and
- Administering the delegation of discretionary powers to management personnel within the Group.

Group Risk & Credit Management consists 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 and monitoring lending/business units in rehabilitating 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. There is a continuous review of business activities and processes to identify significant risk areas and implement control procedures to operate within established corporate policies and limits.

Principle 4:

Alignment of risk management to business strategies

The Group’s Risk Management Framework serves to align the Group’s business strategy to 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 is set by the Board and reported through various metrics that enable the Group to manage capital constraints and shareholders’ expectations. The risk appetite 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.

RISK MANAGEMENT STATEMENT

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 shareholder 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.

CREDIT RISK

Credit risk arises as a result of customers' or counterparties' inability to fulfil their financial and contractual obligations as and when they arise. These obligations arise from the Group's direct lending/financing obligations, trade finance and its funding, investment and trading activities.

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.

The Board Credit Committee's main functions are affirming, imposing additional covenants on or vetoing credits of the Group which are duly approved by the Group Credit Committee ("GCC") and overseeing the management of impaired and high risk accounts, as well as affirming, imposing additional covenants on or vetoing impaired financing from Credit Recovery for amounts above the defined thresholds of the GCC. In line with best practices, financing facilities applications are independently evaluated by Group Credit Management prior to submission to the relevant committees for approval. For financing applications submitted for joint approvals, there is proper check and control as the joint approval is between business units and Group Credit Management.

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 SBUs 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 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 has defaulted on obligations to suppliers or other financial institutions or is facing cash flow or other difficulties.

Regular risk reporting is made to the GCRC, IRMC, BRC 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. Group Risk Management units also conduct 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 STATEMENT

MARKET RISK

Market risk is the risk of loss arising from adverse movements in market indicators, such as interest/profit rates, credit spreads, equity prices, currency exchange rates and commodity prices.

Market risk is segregated into trading market risk and non-trading market risk. Trading market risk arises from changes in interest/profit rates, foreign exchange rates, equity prices and credit spreads on the value of assets held for trading, while non-trading market risk arises from changes in interest/profit rates, foreign exchange rates and equity prices, of which the main non-trading market risk is interest/profit rate risk arising from re-pricing mismatches of its assets and liabilities from its banking activities.

The Group Asset and Liability Committee (“Group ALCO”) performs a critical role in the oversight of the management of market risk and supports the BRC and IRMC in the overall market risk management. Group ALCO meets 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, to 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.

INTEREST RATE RISK IN THE BANKING BOOK

Interest rate risk/rate of return risk in the banking book refers to any opportunity loss to the Group’s income and/or economic value due to changes in interest rate/benchmark rate, which may arise from both on- and off-balance sheet positions in the banking book. Interest rate risk/rate of return risk occurs whenever there is a mismatch in the re-pricing period of assets and liabilities. Excessive interest rate risk/rate of return risk can pose a significant threat to the Group’s earnings and capital. Changes in interest rates/benchmark rates may affect the Group’s earnings in terms of the net interest/profit income and economic value of equity.

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. Assets and liabilities are bucketed based on their remaining tenure to maturity or next re-price dates. For indefinite maturity products, the re-pricing behaviour will be reflected in the gapping profile. 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 Asset and Liability Management (“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 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.

RISK MANAGEMENT STATEMENT

LIQUIDITY RISK

Liquidity risk is defined as 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.

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 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

Operational risk is 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 reputational risk.

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 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 Risk Management Department within Group Risk Management has the functional responsibility for the development of operational risk policy, framework 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 Risk Indicators, and Incident and Loss Management.

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.

RISK MANAGEMENT STATEMENT

Regular operational risk reporting is made to the Senior Management, the GCRC, IRMC, BRC and the Board. These reports include various operational risk aspects such as reporting of significant operational loss and Shariah non-compliance events. Such reporting enables Senior Management to identify adverse operational lapses, take prompt corrective actions, and ensure appropriate risk mitigation decision-making and action plans.

REPUTATIONAL RISK

Reputational risk is the risk that negative publicity regarding the conduct of the Bank 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.

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 framework. The key elements for management of reputational risk include:

- Prompt and effective communication with all stakeholders;
- Strong and consistent enforcement of controls relating to governance, business and legal compliance;
- Continuous monitoring of threats to reputation;
- Ensuring ethical practices throughout the Group; and
- Establishing crisis management plans and ensuring these are continuously updated.

ISLAMIC FINANCE RELATED RISKS

Shariah non-compliance risk is the risk of loss arising from failure to comply with the Shariah rules and principles as determined by the Shariah Committee of RHB Islamic Bank ("SCR") or any other relevant body, such as Bank Negara Malaysia's ("BNM") Shariah Advisory Council.

A Shariah 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 requirements 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 Division reports functionally to the SCR and administratively to the Managing Director of RHB Islamic Bank. The key functions of the Shariah Division are undertaken by two sub-units, i.e. Shariah Advisory, Development and Secretariat; and Shariah Research and Training.

On a functional basis, RHB Islamic Bank is supported by Shariah Division, Shariah Risk Management, Shariah Compliance and Shariah Audit.

Any incidences of Shariah non-compliance are reported to the SCR, the IRMC, 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.

RISK MANAGEMENT STATEMENT

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.

In addition, capital stress tests are also conducted 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 under such scenarios.

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.

Basel II Implementation

The Group places great importance on Basel II 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 in October 2004 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 issued by BNM.

For the purpose of complying with regulatory requirements under Basel II Pillar 1, the approaches adopted by the respective bank 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	Standardised Approach		
RHB Investment Bank Berhad			

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.

Apart from the above, the bank entities have commenced the Basel III observation period reporting to BNM on the two key liquidity ratios, namely the Liquidity Coverage Ratio ("LCR") and the Net Stable Funding Ratio ("NSFR"), since June 2012. The result produced during the observation period facilitates the Group's strategy in managing the appropriate funding sources for achieving optimal LCR and NSFR. The Group is taking steps to review and refine assumptions applied in producing more prudent LCR and NSFR ratios. The Group is currently considering a revision to the standards in respond to BNM's latest issuance of the Basel III Concept Paper, in which it was decided that the implementation of LCR will take effect from 1 June 2015.

COMPLIANCE STATEMENT

OVERVIEW

As with any other financial services group, the Group is exposed to the risk of impairment to its business model, reputation and financial condition from failure to meet laws and regulations, internal policies and the expectations of stakeholders. This encompasses the compliance risk faced by the Group.

In running and growing its business as a compliant financial services provider, the Group upholds the adoption and infusion of good corporate governance principles, regulatory requirements and international best practices into its business and operational practices. The principles outlined in the Group Compliance Framework serve as an important guide for the Group as it continuously evolves to meet the growing demands for implementation of best compliance practices in how the businesses are conducted with in the Group. The Group Compliance Framework provides the foundation for this aspiration, from which the building blocks of the compliance functions are shaped.

COMPLIANCE GOVERNANCE

At the apex of compliance are the respective Boards of the various entities of the Group, which oversee and provide strategic direction for compliance within the Group. The Boards take the lead in establishing the tone-from-the-top and upholding standards of conduct, organisational practices and corporate values that are consistent with the Group's overall risk appetite. In support of the respective Boards, the Board Risk Committee ("BRC") is the Board committee wherein the Group's state of compliance with laws, regulations, internal policies and procedures are first reported. This enables the BRC to carry out effective oversight of the Group's compliance activities and provide the direction for appropriate compliance risk management and mitigation actions prior to notation by the Boards on a monthly basis.

The Group Senior Management supports the Board and Board Risk Committee in managing compliance risks of the Group by ensuring there is a compliance programme in place and regularly reviews the adequacy and effectiveness of the program in managing compliance risk.

The organisation and reporting structure is shown below:



COMPLIANCE STATEMENT

INTRODUCTION

The Group Compliance Function operates on a group-wide basis with an appointed Group Compliance Officer (“GCO”) overseeing the compliance risk management of the Group which includes RHB Bank Berhad and its subsidiaries (namely RHB Islamic Bank Berhad and RHB Labuan Ltd), RHB Investment Bank Berhad and its subsidiaries (namely RHB Asset Management Sdn Bhd and RHB Research Institute Sdn Bhd) and RHB Insurance Berhad. The group-wide oversight spans across all entities in Malaysia and overseas. The GCO is supported by five direct reports responsible for managing the respective subject matter areas in Group Compliance. They are as follows:

Group Compliance Governance

Responsible for the setting up of group-wide compliance governance standards and structures across all entities of the group in Malaysia and overseas. In this regard, appointed country/subsidiary compliance officers have a reporting line to Group Compliance Governance to ensure that the country/subsidiary complies with group standards as well as relevant laws, regulations and best practices and facilitates oversight from Head Office.

Group AML Practice

Responsible for the setting up of group-wide strategy, standards and measures to promote effective implementation of and compliance with anti-money laundering and terrorist-financing laws and best practices.

Group Compliance Competency Management

Responsible to develop group compliance risk management strategies and implementation plans and enhance compliance competencies across the group.

Group Investment Banking Compliance

Responsible to implement capital market compliance measures for investment banking business across the group.

Group Islamic Banking Compliance

Responsible to implement shariah compliance standards for Islamic banking business across all entities in the group.

COMPLIANCE RISK MANAGEMENT

The main aim of compliance risk management is to preserve and enhance the Group’s reputation vis-a-vis its competitive standing, reputation, brand and share value in line with its vision to be a leading financial services group in the region. The team in Group Compliance is continuously on a mission to help the Group achieve its vision by incorporating an industry-leading compliance culture as a way of life in its business. Group Compliance activities in the RHB Banking Group are aligned to achieve the following objectives:

- to be the most compliant financial services group;
- to enable business growth with the infusion of best compliance practices;
- to ensure zero-tolerance for regulatory breaches; and
- to minimise operational losses arising from non-compliances.

To achieve the above objectives, the Group’s underlying mission is to effectively measure and manage the compliance risk of the Group to meet the expectations of all stakeholders. The management of compliance risk across the Group lies with each entity’s Board and Group Compliance with clear definition of roles and responsibilities for the three lines of defence.

Compliance activities are closely intertwined with compliance developments on the global front, existing legal and regulatory requirements as well as the Group’s policies and procedures. Thus in managing compliance risk, the Compliance Lifecycle involves identifying the scope of compliance obligations, determining the compliance risk, conducting gap analysis to determine the state of compliance, and proposing recommendations to address the compliance gaps and emplacing monitoring processes to ensure compliance, including periodically conducting compliance testing on key compliance risk areas.

This lifecycle is continuously refined and improved in accordance with information derived from various compliance sources such as new regulations, sound practices, reports from relevant stakeholders as well as internal reviews conducted by the Group Compliance Function.

COMPLIANCE RESPONSIBILITY

Compliance is the collective responsibility of the respective Boards, Senior Management and each and every employee of the Group. Hence, everyone concerned is expected to promote self-regulation and be accountable for his or her own activities while maintaining ethical principles and behaviour in everything that he or she does.

COMPLIANCE STATEMENT

The compliance responsibility is generally divided into the following categories:

- Daily compliance management – This is the first line of defence and requires the front-line businesses and supporting units to comply with internal policies, procedures, laws and regulations.
- Compliance oversight – This is the second line of defence whereby review and monitoring of specific compliance-related activities undertaken by the front-line businesses and supporting units are carried out by the Group Compliance Function or other Control Functions at Head Office like Group Risk Management, Group Finance, Group Legal, etc.
- Independent assurance – This is the third line of defence that involves independent parties such as internal auditors, external auditors and regulators who are expected to continuously assess the effectiveness of the compliance function in the Group.

Division and Department Heads of the Group are continuously engaged to ensure they inculcate compliance awareness and discharge their duties effectively to ensure their respective units comply with regulatory and internal requirements.

SHARIAH COMPLIANCE

Compliance with Shariah principles is an integral feature of Islamic banking and finance and particular emphasis has been placed on this upon the Islamic Financial Services Act 2013 coming into effect in June 2013.

The Shariah Committee (“SC”) plays a vital role in ensuring that the Group satisfies the Shariah governance requirements as it moves to provide innovative Islamic products and services. Success in this area inevitably promotes public confidence and enhances the Group’s reputation as a prominent player in the Islamic banking and finance industry.

Internal control mechanisms pertinent to Shariah advisory and compliance matters are emplaced to ensure the Group is in compliance with Shariah rules and principles at all times. These particularly include Shariah Review exercises, Shariah Assurance Pre-approval Review, Shariah Risk Management and Shariah Audit functions across the entities of the Group. The results of these internal control mechanisms are deliberated at the SC for their eventual endorsement. Shariah compliance is further ingrained with the adoption of the Shariah Compliance Checklist for every single retail product and the Shariah Control Self-Assessment (“SCSA”) Checklist used in the branches. The support provided by all authorities and parties within the Group has contributed to the achievement of the Shariah compliance requirements and enabled the Group to mitigate Shariah compliance risks.

ANTI-MONEY LAUNDERING AND COUNTER FINANCING OF TERRORISM (“AML/CFT”)

As one of the champions of the Government’s and Bank Negara Malaysia’s initiatives to prevent the banking system from being used for illicit and laundering activities, the Group has spearheaded the following processes and infrastructure:

- accountability of each level of employees for anti-money laundering detection and prevention;
- education and training in preventing and detecting money laundering; and
- extensive procedures covering customer due diligence for opening of accounts, record keeping and recognition and reporting of suspicious transactions.

The AML/CFT measures continue to focus on ensuring the effectiveness of reporting by all business and supporting units to the Group Compliance Function. Our investment in a robust AML system helps keep the Group abreast of rapid changes in the AML/CFT domain and be more forward looking. In addition, various learning initiatives are conducted to raise awareness among employees on the important role that they play in ensuring the Group does not become a conduit for money laundering and terrorism-financing.

KEY INITIATIVES IN 2014

2014 proved to be a challenging year for the Group as it grappled with effects of the Financial Services Act (“FSA”) and the Islamic Financial Services Act (“IFSA”) which came into force in June 2013. As the Group contends with more granular and frequent scrutiny from regulators, it also has to cope with an acute shortage of experienced compliance officers while the Group expands its business and regional presence. Faced with these challenges, the Group continuously adopts compliance strategies that provide value to our stakeholders. They include the following:

1. Infusing Best Practices

The Group’s policies are continuously reviewed to ensure that they are kept current and relevant and are reflective of global best practices. While various frameworks and policies are in place to handle day-to-day operational needs of the Group, some key compliance policies and guidelines that have been put in place are highlighted below:

- Group Code of Ethics
- Group Whistleblower Policy
- Gifts and Hospitality Guidelines
- Group Compliance Framework & Policy
- Group AML Policy

COMPLIANCE STATEMENT

- Group Chinese Wall and Insider Trading Policy
- Orderly and Fair Market Policy
- Group Guidance on Cross-Border Business
- Group Guidance on Implementation of FATCA
- Group Guidance on Implementation of PDPA
- Group Guidance on Product Transparency and Disclosure

2. Compliance Assurance

To provide the required assurance to the Boards and Senior Management, the monthly compliance reports to respective Boards were revamped in accordance with the reorganised Group Compliance Function. The report was primarily turned into a Compliance Assurance Report instead of a mere Compliance Report. In order to provide the assurance, there were added reviews and attestations introduced which involved the Group Compliance Function conducting compliance reviews with particular emphasis placed on higher compliance risk areas. Recognising that regulators now place greater emphasis on oversight responsibilities by the Board and Senior Management, the report was also enhanced to include gap reviews and summaries of new or amended regulations issued by various regulators as well as outcomes of compliance product/process reviews and surveillance.

3. Compliance Risk Mitigation

All incidence of non-compliance must be reported in the Incident Reporting System and compliance risk mitigation is a key process in the entire Incident Reporting Process so that losses and incidences arising from non-compliance are managed proactively and minimised accordingly. This takes the form of ensuring that reported non-compliance incidences are duly reviewed on a daily basis to detect trends or commonalities and where applicable, preventive or corrective actions are disseminated to staff via the issuance of Learn & Lead Bulletins. If the non-compliance incident is a result of weaknesses in policies or procedures, Group Compliance will work with relevant business or supporting units to improve or emplace policies or processes so that gaps noted are closed.

The Group Compliance Function plays an active role in integrating sound compliance risk management into the overall risk management strategy. Particular attention is paid to new business models or new processes that are introduced for the first time, to either the Group or industry, to ensure that good internal controls and processes are inbuilt to avoid regulatory compliance failures. In this regard the notable compliance initiatives undertaken in 2014 were as follows:

- Inculcating good sales practices and fair treatment of customers in products or service offerings.

- Further strengthening of Shariah compliance processes to ensure that the operations and sales of each product offered is Shariah-compliant.
- Continuous enhancements to the Anti-Money Laundering Programme to ensure that it meets global standards.
- Review of banking and insurance pre-contract disclosures and representations to comply with the provisions of the FSA.
- On-going alignment and refinement of policies, procedures and practices following the merger with OSK Investment Bank Berhad.

4. Enabling Compliance Initiatives

The Group Compliance Function provides oversight to ensure that new or amended guidelines or acts issued are complied with. A significant one completed in 2014 was the registration of RHB Banking Group and its relevant entities with the US Internal Revenue Service to qualify the Group as a financial institution that will comply with the requirements of the Foreign Account Tax Compliance Act ("FATCA"), i.e. as a Registered Deemed-Compliant FFI or Participating FFI. The Group and its entities have also rolled out procedures to identify US persons and US reportable accounts to meet the requirements of FATCA for individual and legal entity customers due diligence by 1 July 2014 and 1 January 2015 respectively.

With respect to AML/CFT measures, the Group Compliance Function ensures that the AML system is continuously enhanced to keep pace with regulatory changes. In addition, taking cognisance that full compliance with AML/CFT standards expected by regulators may be onerous and labour-intensive, where appropriate, manual processes are duly automated.

Efforts were also expended to ensure compliance with the Personal Data Protection Act. They include ensuring the necessary Privacy Notice is communicated to customers and well as reviewing the Group's processes to comply with the principles of consent and choice.

In addition to the above, other enabling compliance initiatives include the following:

- Following up or reminding relevant business and supporting units of submission or compliance deadlines of regulatory standards.
- Introducing or enhancing compliance tools such as the Advertisement Checklist and Shariah Compliance Checklist.

In light of the fact that regulators now adopt a consultative approach with respect to issuance of guidelines, the Group Compliance Function also ensures that the Group responds to feedback requests so that the Group plays an active role in providing meaningful comments for the betterment of the financial services industry.

COMPLIANCE STATEMENT

5. Education and Awareness

Recognising that an understanding of guidelines and acts is a critical factor in enabling compliance, the Group Compliance Function organises engagement sessions with relevant business or supporting units, advising them on the key requirements and implications of the guidelines or acts. It provides business and supporting units a platform to discuss and resolve implementation issues. Among the notable engagement sessions conducted in 2014 were the requirements of FATCA, operationalising “Treating Customers Fairly” or TCF principles into the various operational processes of business and supporting units in tandem with the provisions under the FSA and readying the Group for the Mutual Evaluation Exercise (“MEE”) conducted by the Asia/Pacific Group on Money Laundering and Financial Action Task Force. (The MEE is a process to evaluate the level of the country’s compliance with international AML/CFT standards.)

Effective and appropriate knowledge management is key to ensuring that staff of the Group are aware of the compliance risk issues surrounding their activities and that they are able to manage them accordingly when carrying out their duties. Noting that incidents of mis-selling and prohibited business conduct is a contravention of the FSA, the Group Compliance Function worked with the Learning Centre and relevant business units to enhance sales training programmes to ensure regulatory requirements with respect to sales practices, transparency and disclosures as well as prohibited business conduct were duly incorporated and emphasised.

The AML E-Learning training module was similarly reviewed and enhanced to ensure that it remained up-to-date with latest developments.

BUSINESS VALUE OF COMPLIANCE

The compliance strategy as detailed above ultimately aims to protect the RHB brand value by achieving compliance excellence.

As business models change, new technologies emerge and regulatory requirements increase amidst the intense focus on operational efficiencies as well as regionalisation and the consolidation of the banking industry. The Group has never been more exposed to such a myriad of risks, not to mention larger sets of rules and regulations. Thus, making “compliance smart” becomes a critical determining factor in our journey towards compliance excellence.

In this regard, the Boards and Senior Management within each respective entity have extended their full support and cooperation in moving compliance to the frontline. They have done this by establishing the tone from the top, which is quite simply, to comply with all laws and regulations and employ ethical behaviour. All staff are aware that the Boards and Senior Management take an uncompromising stance if such trust is breached.

The effective penetration of a proper compliance culture into all business and supporting units has enhanced our public domain presence and facilitated early detection of compliance risk. This has resulted in quicker compliance risk mitigation actions being undertaken, which in turn translate into a reduction of operational losses and a higher level of operational efficiency.

The Group recognises that the strengthening of a compliance culture is the foundation for good compliance practices and it is imperative that this becomes an intrinsic trait of the Group. Not only will it preserve the Group’s integrity and reputation, but it will also enhance our corporate image as a respectable organisation and ultimately, increase brand and shareholder value.

COMPLIANCE CHALLENGES

Major banking failures continued to occur in 2014, which resulted in record fines being imposed by various regulators worldwide. This does not augur well for financial services groups if we are looking to instil confidence and public trust. In addition, there is increased cost to the Group in complying with the most comprehensive set of regulations the financial sector has seen to date.

For 2015, we anticipate that developments in the business landscape such as mobility, the cloud, the Internet of Things, shadow banking and virtual currencies will create challenges for the industry. These developments change and challenge the way the Group does business and pose new and little understood risk dimensions. As we keep pace with understanding, managing and mitigating these risks, we will also be navigating a proliferation of new regulatory standards of governance, transparency and accountability.

Greater emphasis and focus is now placed on integrity-driven behaviour, oversight responsibilities and professional business conduct that will protect financial consumers. In light of this, the compliance value proposition will become even more crucial as the financial services sector tries to traverse through these challenges safely and profitably. To face these challenges, the Group Compliance Function is readying itself to move up the compliance value chain by migrating itself from models of Compliance 1.0 to Compliance 2.0.



OVERVIEW OF OUR BUSINESS & OPERATIONS

GROUP SENIOR MANAGEMENT



KELLEE KAM CHEE KHIONG

*Group Managing Director
RHB Banking Group*



DATO' KHAIRUSSALEH RAMLI

*Deputy Group Managing Director, RHB Banking Group
Managing Director, RHB Bank Berhad*



MIKE CHAN CHEONG YUEN

*Managing Director
RHB Investment Bank Berhad*



IBRAHIM HASSAN

*Managing Director
RHB Islamic Bank Berhad*

GROUP SENIOR MANAGEMENT



U CHEN HOCK
Head, Group Retail Banking



YAP CHOI FOONG
Group Chief Financial Officer



ROHAN KRISHNALINGAM
Group Chief Operations Officer



NORAZZAH SULAIMAN
Group Chief Governance Officer



PATRICK HO KWONG HOONG
Group Chief Risk Officer



JAMALUDDIN BAKRI
Group Chief Human Resource Officer



CHRISTOPHER LOH MENG HENG
Group Chief Strategy & Transformation Officer

OVERVIEW: BUSINESS & OPERATIONS



WE HAVE MUCH TO BE PROUD OF IN THE ACHIEVEMENTS OF THE RHB BANKING GROUP IN 2014.

Against a challenging backdrop in the domestic and regional economies as well as in the operating environment, and amidst engaging in a three-way merger discussion with CIMB Group Holdings Berhad and Malaysia Building Society Berhad, the Group posted a record profit during the year.

As the fourth-largest fully integrated financial services group in Malaysia, the Group now has assets of RM219.4 billion, in addition to a workforce of almost 18,000 and presence in 10 countries across the ASEAN+ region. Our branch network has now reached 213 branches and 275 Easy outlets nationwide, while our self-service terminal ("SST") network has grown to become the third-largest in Malaysia with over 2,300 SSTs. During the year, we also embarked on our IGNITE 2017 transformation programme which will catalyse our aspiration to become a regional powerhouse by 2020.

A workforce of almost

18,000

strong in 10 countries

Our nationwide branch network:

Commercial Bank: 199 | Islamic Bank: 14

Investment Bank/Securities Business: 57 | Easy: 275

Regional Presence: 55 branches and offices

Self-service Terminals: 2,300

OVERVIEW: BUSINESS & OPERATIONS



14.1%
INCREASE 
in Total customer deposits

STRONG GROWTH
Gross Loans & Financing
17.0% 
RM142.5 billion
in 2014

SOLID EARNINGS TRAJECTORY

For the financial year 2014, the Group recorded a pre-tax profit of RM2.7 billion, 10.7% higher as compared with the previous year. Despite a more challenging operating environment in 2014, the Group recorded top-line year-on-year growth of 4.8%.

Net interest and fund based income increased by 4.2% mainly due to 17.0% increase in the Group's gross loans and financing. Net interest margin was lower at 2.30% as compared to 2.33% in 2013.

Other operating income recorded growth of 6.0% to RM2.2 billion, largely attributed to higher fee income, insurance underwriting surplus and net foreign exchange gain. Fee income increased by 9.0%, driven mainly by higher capital market related fee income. The Group's other operating income to total income ratio rose to 35.5% from 35.0% recorded a year ago.

Islamic Banking income grew at a strong pace at 23.9% to RM732.2 million. This was mainly attributable to higher net funding income on the back of a 36.2% increase in financing base to RM25.5 billion in 2013.

Other operating expenses increased by 11.8% year-on-year to RM3.4 billion. This was mainly due to a 16.9% increase in personnel costs and increase in information technology expenses. The Group continued its investment in human capital with enhanced staff bench strength and key senior hires, as well as technology and infrastructure to support the increase in business volume and the Group's growth agenda. Cost to income ratio of the Group stood at 54.7% for 2014.

Allowance for impairment on loans and financing for the year decreased significantly by RM241.7 million to RM206.2 million. This was primarily due to strong bad debt recoveries and non-recurrence of impairments made on certain corporate accounts and one-time bad debts written off pertaining to the refinement of application of MFRS 139 (Financial Instruments: Recognition and Measurement) in 2013. During the financial year, higher collective allowance was made in tandem with loans and financing growth and refinement of retail collective assessment impairment methodology.

FUNDAMENTALS REMAIN INTACT

Total assets of the Group expanded by 14.8% to RM219.4 billion as at 31 December 2014. The increase was mainly due to growth in net loans and financing.

The Group's gross loans and financing grew by 17.0% during the year to RM142.5 billion. Strong growth was recorded across all business segments with Retail segment growing by 16.3%, Business Banking by 15.8%, Corporate and Investment Banking by 11.0% and regional businesses by 61.7%. Loans growth by purpose was mainly driven by purchase of residential and non-residential property, working capital loans and purchase of securities. Domestic loans and financing growth was at 14.1% outpacing that of industry which grew by 8.7%. Domestic market share increased to 9.7% from 9.3% as at 31 December 2013.

Gross impaired loans ratio improved to 2.0% from 2.8% in December 2013.

Total customer deposits stood at RM157.1 billion, 14.1% higher than the previous year. CASA (Current and Savings Account) balances grew by 6.8% and 5.2%, respectively, higher

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than the domestic industry growth rate of 4.7% and 2.4%, respectively. CASA composition was at 21.7% as at 31 December 2014.

Shareholders' equity strengthened by 12.3% to RM18.8 billion. Net assets per share improved to RM7.31 against RM6.57 as at 31 December 2013.

Performance of Key Subsidiaries

RHB Bank Berhad ("RHB Bank") Group recorded a year-on-year increase in pre-tax profit of RM115.6 million to RM2.5 billion up 4.9% from a year ago. During the year under review, RHB Bank Group achieved an increase in market share in most retail loan and deposit products. RHB Bank Group's shareholders' equity expanded further to RM15.4 billion as at 31 December 2014, while its capital remained strong with common equity Tier-I and total capital ratios at 10.6% and 15.0% respectively. As part of our IGNITE 2017 initiatives, in February 2014, RHB Islamic Bank Berhad ("RHB Islamic") completed a business model transformation by leveraging on the conventional parent bank's strength and support to bolster its business and operations. The transformation has yielded strong momentum and success, which saw RHB Islamic achieve a double-digit growth in pre-tax profit to RM303.7 million, up 39.1% from RM218.3 million achieved in 2013. The significant improvement was due mainly to higher net financing income, on the back of 36.2% growth in gross financing to RM25.5 billion, contributing 17.9% of RHB Bank Group's gross loans and financing assets, an increase of 2.5% from that of 15.4% in 2013. Lower financing impairment allowances and higher non-funding income also further contributed to the strong performance at RHB Islamic.

Having marked the two-year anniversary of its merger with OSK Investment Bank Berhad ("OSKIB"), RHB Investment Bank Bhd ("RHBIB") maintained its indisputable position as the largest investment bank in Malaysia by asset size, complemented by its regional presence in ASEAN+. During the year,

RHBIB Group recorded a pre-tax profit of RM345.9 million, representing an 86.4% growth from a year earlier.

RHB Asset Management Sdn Bhd continues to grow from strength to strength and is currently ranked as Malaysia's Top 3 asset management company with Assets Under Management exceeding RM48 billion as at 31 December 2014. The business has also developed a significant presence in ASEAN and Greater China and continues to garner regionally-recognised accolades.

A LEADER IN THE DOMESTIC MARKET

The domestic market remains the heart of our business, and with our standing as Malaysia's fourth-largest integrated financial services group, we continue to make headway towards our target of becoming the Top 3 banking group in the country by 2020. We have earned global recognition for our Easy by RHB offering and continued to win accolades across all our businesses.

In the year under review, the Group recorded total assets, domestic loans and deposits growth of 14.8%, 14.1% and 12.9%, respectively, surpassing the performance of the Malaysian banking industry in all three areas.

RHB Capital Domestic versus Malaysia Banking Industry

Growth	RHB Capital	Malaysian Banking Industry
Domestic Total Assets	12.7%	9.4%
Domestic Loans	14.1%	8.7%
Domestic Deposits	12.9%	7.6%

This has been further bolstered by RHBIB's position as one of the country's leading investment bank, which has seen it strengthen its dominance in the capital market and participate in landmark deals in Malaysia and the region. We are also happy to report that the merged RHBIB has achieved post-merger synergies of RM367 million in just two years, surpassing a three year target of RM324 million.

Our retail banking business remained as the Group's largest revenue contributor, driven by our efforts to innovate our services and strengthen our presence in existing businesses.

Digital banking has become a key focus of the Group as we seek to capture a new generation of customers. We have seen tremendous growth on our Internet and mobile banking platforms under the umbrella

over 
2,300
SSTs


3rd largest self-service terminal network in the country



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of RHB Now. During the year, RHB Now recorded significant growth in the number of users and volume of transactions for both platforms.

In February 2015, we revamped our corporate website, giving it a fresher look and feel while enhancing customer experience.

Easy by RHB, which has emerged as the RHB Banking Group's flagship offering, continued to gain ground in 2014 with the establishment of seven more outlets to bring its total number of outlets to 275.

GROWING REGIONAL PRESENCE

Under a regional expansion strategy that has already built significant momentum, RHB has taken great strides in expanding its footprint beyond domestic shores. In addition to strengthening our existing regional franchise, we continue to explore new markets and opportunities. At present, the Group has expanded from a largely domestic business into a budding regional presence in 10 countries in ASEAN+, including China.

During the year, we opened the doors to our customers in Lao following the approval to establish RHB Bank Lao Limited. With the full range of retail banking services on offer, we hope that RHB Bank Lao's presence will continue to grow. We have also obtained a representative office licence in Myanmar, with the office anticipated to be set up by second quarter of 2015.

These new additions to our regional franchise have been complemented by efforts to strengthen our existing regional businesses. In Thailand, we completed the setting up of our third branch, located in Ayutthaya, and have expanded our Treasury business in the country.

We have also optimised our branch distribution network in Singapore through selective relocation of existing branches to strengthen our SME franchise. Furthermore, we are increasingly leveraging our regional presence by bolstering our Treasury and Loan Syndication capabilities in Singapore to better serve our customers throughout the region.

In Brunei, we have been steadily growing our consumer and SME financing business while expanding our fee-based income to include remittances and trade. We are also heartened to note that our Cambodian operations have been fully integrated with the Group and have started generating financial returns.

As highlighted earlier, the completion of the Group's acquisition and integration of OSKIB has already delivered merger synergies which surpassed our three-year targets. Perhaps more importantly, the acquisition, besides enhancing shareholder value, has also provided us with immediate access to key strategic markets in ASEAN and Greater China. This has allowed us to establish ourselves as a regional investment bank with one of the most comprehensive distribution capabilities in Southeast Asia, as well as in Hong Kong and China.

ON A JOURNEY OF TRANSFORMATION

With over 100 years of experience under our belt, RHB Banking Group has built a solid reputation as a financial services provider in Malaysia. As one of the top local banks, it was time to set our sights higher. Thus IGNITE 2017 was launched, charting our transformational journey to becoming a Leading Multinational Financial Services Group in ASEAN+ by 2020.

This aspiration is backed by our strategies to acquire and expand regionally, grow customer-centric business, become a next generation digital bank and emerge as a global Islamic bank supported by industrialised support functions and a talent powered organisation.

We have launched a host of initiatives since the launch of IGNITE 2017 in February 2014, which have yielded positive results generating over RM425 million of value with a positive impact to the income statement of RM178 million.

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In 2014, the programme focused on strengthening the Group's value propositions and core capabilities with:

- Scaling up of Islamic Banking growth by leveraging resources across the Group
- Integration of Treasury function
- Launch of Regional Treasury capabilities
- Establishment of Global Account Management to increase share of wallet
- Driving productivity growth across branches through better sales tools
- Driving cost efficiency through strategic cost management across the Group
- Revamping learning programmes
- Enhancing risk management capabilities

Much has been accomplished in the first year of IGNITE 2017 with unity, teamwork and passion. (Please see pages 111 to 116 for detailed reporting on the progress of IGNITE 2017). 2014 sets a high benchmark for the coming years in our transformation journey.

READY FOR THE FUTURE

2015 is expected to remain a challenging year for the Malaysian banking industry, with the banking system showing signs of moderation in tandem with slower economic growth. Domestic demand is expected to be subdued from tightening loan policies that have been implemented in the past two years. Furthermore, the impending implementation of the Goods and Services Tax may cause consumers to slow spending as they adjust to the new tax regime.

This is compounded by the sharp fall in crude oil prices which emerged in the latter part of 2014, which may result in a slower-than-expected increase in private investment and government spending. Even after taking into account the positive impact of oil prices on Malaysian exports, we expect real GDP to grow by 5.0% in 2015. This is weaker than our earlier projection of 5.3% and compared to 6.0% in 2014.

We also expect uncertainty to prevail on the external front. Despite the lower oil prices providing an impetus for global economic growth, persistent weakness in the Eurozone, China and Japan remains a concern and could pose a downside risk to Malaysia's export growth. Furthermore, the escalation of geopolitical tensions, uncertainty over US interest rate normalisation and policy adjustments in advanced economies continue to weigh on financial markets and global economic recovery.

Notwithstanding these developments, the Group remains determined to execute our planned strategies outlined in IGNITE 2017 to achieve our aspirations of becoming a Leading Multinational Financial Services Group by 2020. We have also put in place appropriate prudent measures to allow us to weather the challenging operating environment.

To further strengthen our local and regional competitiveness, plans are underway to launch a host of differentiated capabilities and accelerate the progress of our current initiatives in 2015 through the following measures:

- Branch sales and service transformation by rolling-out sales tools, redesigning branch model and enhancing customer experience
- Driving significant growth in Singapore

- Winning the mass affluent segment through a new business model and value propositions
- Redefining our SME business model
- Launching next-generation digital offerings
- Transforming end-to-end credit processes
- Transforming our HR operating model
- Revamping talent management programmes
- Optimising capital utilisation and enhancing capital management capabilities
- Rolling out Customer Relationship Management solutions

We are optimistic that the Group is on firm footing to reap further growth for many years to come. As articulated through IGNITE 2017, we have established a clear vision of our place in the financial services industry, both in Malaysia and regionally. With the first steps in our transformation already taken, we look forward to enhancing the sustainability of our business and becoming a recognised force in financial services around the region.

I am now pleased to present the overview of the operations of our key operating businesses in 2014.

Kellee Kam
Group Managing Director
RHB Banking Group



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segments. This is aimed at improving customer profitability and driving better CASA growth and wealth management fee income. Meanwhile, we continue to look for operational efficiencies across the network and better sales productivity to drive down the cost-to-income ratio.

Branch Sales and Service Transformation

Branch Sales and Service Transformation (“BSST”), better known as “Connect”, is one of the most important initiatives under IGNITE 2017. It supports RHB’s ambition of becoming the Top 3 Bank in Malaysia by enhancing our capabilities in the Retail & SME distribution network and delivering a differentiated customer experience which we refer to as the RHB Way.

Connect, which was launched in June 2014, is centred on seven work streams:

1. Develop and refine our retail banking **value proposition** – Customers first
2. Design and launch a **multi-channel** leads and sales management system
3. Design a distinctive **customer experience** for RHB
4. Develop and launch branch **sales productivity** improvement program encompassing sales tools, routine and planning
5. Implement scientific **network management** to optimise RHB’s footprint
6. Build frontline **capability** to sustain transformation
7. Simplify and synergise the **organisation and governance** model across the distribution channel

Under Connect, elements of the Sales & Service Management model were introduced to our distribution network in staggered periods from August 2014.

GROUP RETAIL BANKING

The retail banking landscape in Malaysia was challenging in 2014, as loan spreads remained compressed owing to low loan pricing across the industry, property cooling measures and prudential credit policies due to higher household debt.

Despite the challenges, Group Retail Banking delivered strong loan and deposit growth during the year, surpassing industry trends. Loans recorded a growth of 16.3% during the year, well above industry growth of 9.9%. On the deposits front, retail customer deposits registered growth of 11.2%, surpassing industry growth of 6.7%. As a result, we gained market share in most key retail loan and deposits portfolios. Furthermore, our asset quality improved in 2014 with the gross impaired loan (“GIL”) ratio decreasing from 2.4% to 1.9%. Overall, Retail Banking registered steady growth in revenue to reach RM2.6 billion and remained as the Group’s largest revenue contributor.

To further strengthen our market position, we are looking to shift our segmentation focus to the Affluent and Mass Affluent

Retail Banking
REVENUE
RM2.6
billion

Loans
GROWTH
16.3%

Retail Customer Deposits
GROWTH
11.2%

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As at the end of 2014, we have seen significant growth in sales productivity and performance across the 60 branches and 15 Commercial Business Banking Centres (“CBBC”) where the model was rolled out. During the year, incremental Retail and SME deposits rose more than fourfold to RM1.0 billion. Of these, RM609.8 million comprised incremental deposits from Consumer and SME Current & Savings Accounts. Similarly, SME assets grew by RM185.3 million, growing more than two times above the baselines previously recorded at the 15 CBBCs.

In 2015, we will continue to roll-out this successful operating model to the remaining branches and CBBCs nationwide. Connect is also launching new initiatives to improve the customer experience through the RHB Way as we strive to become a high-performing and customer-centric organisation.

Products and Services

Mortgage Loans

Following the strong momentum built in 2013, the Mortgage portfolio continued to outperform industry growth and delivered impressive year-on-year growth of 24.1%.

Despite a challenging property industry environment resulting from several cooling measures, Group Retail Banking continued to book higher sales from new property launches, recording RM11.1 billion worth of mortgage loans.



Our Group Retail Banking strategy focused on several areas:

- Stronger presence in the Klang Valley and the Northern and Southern corridors where new sales contributed to more than 85% of total new bookings. This is in line with Malaysia’s journey towards becoming a high-income nation by 2020, when a higher rate of urbanisation is expected;
- Improving the customer segment mix of the portfolio by continuing to focus on partnerships with key developers and realtors;
- Balancing the portfolio mix between primary and secondary properties;
- Phased migration of distribution channels from branches to mobile sales teams which provides more convenience and flexibility to customers; and
- Improving yield through product-bundling and cross-selling initiatives.

In tandem with our robust growth strategy, we have also put in place equally strong back-end collection initiatives which led to further improvement in portfolio quality.

Moving forward to 2015, we will focus on loan quality and sales productivity especially in the prime areas, and supporting our existing customer base.

Auto Finance

Following the launch of IGNITE 2017, our Auto Finance market presence increased from 26 to 32 outlets through the rationalisation of Conventional and Islamic Auto Finance Centres.

In line with nominal industry growth, Auto Finance recorded a loan growth of 4.0% during the year. To maintain this growth, Auto Finance will remain focused on increasing its loan base in new passenger vehicle financing.

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To achieve a sustainable financial performance, Auto Finance will continue to book better quality loans through robust credit management and dynamic pricing. At the same time, we will continue improving our dealer and distributor network management with more collaboration on new vehicle launches and promotions, leveraging on the Bank's extensive distribution network while further reducing the turn-around time for loan approvals.

Amanah Saham Bumiputera Financing

2014 saw another year of strong sales and loan growth from Amanah Saham Bumiputera (ASB) financing, one of the Group's core retail products. Overall, ASB sales grew 19.5% with the Bank branch network recording 35.6% sales growth. ASB financing expanded 17.6%, closing the year at RM11.6 billion. This is a result of our competitive product value proposition via Straight-Through-Processing for instant loan approval and acceptance.

Remittance Business

Revenue from the Remittance business registered a 11.6% increase in 2014, contributed by sturdy growth in Counter Forex and Western Union earnings. We continue to manage our Remittance business to ensure revenue optimisation.

Cards and Unsecured Business

The Cards industry in Malaysia remains highly competitive with Credit Cards widely used for making payments. Nonetheless, the Cards business remains a focus within Group Retail Banking, in line with BNM's agenda to continuously promote electronic payments through instruments such as Credit Cards and Debit Cards.



Our Credit Card spend recorded a consistent growth of 3.8% y-o-y, whereas our Debit Card business continued to expand rapidly with a 11.4% growth in card base and card usage increasing by 32.1% y-o-y. New business growth during the year was driven by the launch of new card products catering to specific customer needs and segments. These include the MyEG-RHB Card, designed with specific benefits that award customers on e-commerce spend, and the Generic Pre-Paid Card targeting undergraduates and foreigners as an alternative form of card payment.

To further spur the growth of RHB's Credit and Debit cards, several initiatives were undertaken to promote brand awareness and card usage via continuous mass campaigns such as Friday Specials (Buy 1, Free 1 offers), 15% Weekend Shopping Cash Back, Spend & Win a Honda Jazz Contest and RHB Premium Cards Golf Series. We also continued to expand and promote our RHB 10-minute Instant Card Issuance with additional locations to improve customer experience on overall Card applications, with five centres established nationwide.

Our Unsecured Business portfolio continues to grow from strength to strength, maintaining its position in the industry with 12.2% of the market share. Our product mix, from personal financing via deduction at source and generic personal financing, has blended and grown into a healthy portfolio that enables us to implement better marketing strategies and remain competitive at all times. Coupled with incremental sales contribution from Easy, our efforts have shown that consumers are attracted to fast and simplified banking services. The contribution from other channels including branches, telesales and outsource agencies has continued to bring in additional walk-in customers and retain existing customers via anti-attribution programs.

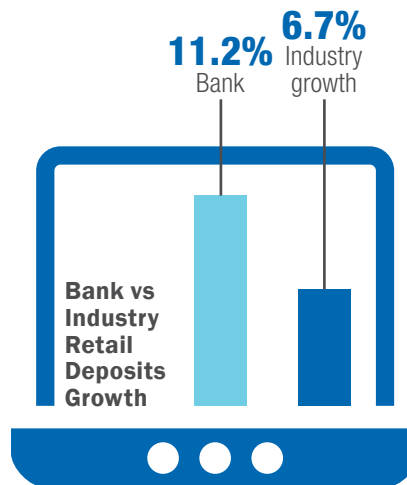
Consumer Deposits

Over the course of 2014, we focused our efforts on promoting personal financial planning and positioning RHB Bank as a convenient hub for savings. At the grassroots level, we promoted the benefits of maintaining personal savings as a means for consumers to securely amass funds for their future.

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In line with this, Group Retail Banking rolled out a wide range of deposit products and services that enabled our customers to engage in secure and convenient saving practices. These included a variety of savings accounts, basic cheque issuing products and services, as well as the My1 Account, MaxCash and Premier Current Account products which offer higher interest rates. We also launched Future Saver, a unique savings proposition aimed at parents who are keen to set aside savings on a regular basis and capitalise on higher savings interest rates while also providing insurance coverage for their child and themselves.

Numerous campaigns were rolled out in 2014 to promote our product offerings. In conjunction with the many religious festivals celebrated in Malaysia, we launched festive-themed fixed deposits campaigns. These tactical campaigns enabled RHB Bank to sustain growth and remain competitive among other players. The growth in total deposits is also attributable to our annual Current Account and Savings Account (CASA) campaigns such as the Golden Goats of Happiness as well as the Let's Save and Go Green Contest, which attracted new deposits and new-to-bank customers as a whole.



These initiatives strengthened our overall performance in 2014, enabling us to outpace overall industry growth (see graphic).

Wealth Management

With the combined strength of RHBIB and OSKIB, Wealth Management and Premier Banking continues to deliver exciting new products to our customers. 2014 saw the launch of seven new RHB-OSK IUTA products, some of which offered features catered exclusively to our Premier Banking customers. These new funds, together with deeper and new customer acquisition activities, resulted in AUM growth of about 8.6% in RHB-OSK IUTA products. Overall sales of all IUTA products and IUTA equivalent products grew by 57.6% while corresponding AUM grew by 67.8%.

Bancassurance

The success of RHB's Bancassurance portfolio in 2013 continued in 2014, with the achievement of all targets in collaboration with our life insurance partner Tokio Marine Life Malaysia ("TM Life"). Bancassurance surpassed its targets for

its credit related and regular premium life insurance new businesses. This resulted in additional fee income from TM Life, thus increasing our overall revenue.

The growth recorded in 2014 is credited to a continuation of initiatives executed in 2013. These included increased penetration of the customer base, particularly in relation to recurring premium life insurance products, a strengthening of distribution channels and new Bancassurance product launches.

Going forward, Bancassurance will endeavour to place RHB among the top 3 players in this segment by enhancing the productivity of the distribution channel, developing new customer-centric products and improving sales processes to ensure exemplary customer service.

2015 will also see Bancassurance focusing on takaful activities as well as increasing the penetration of general insurance among the Bank's customer base. In line with our objective of promoting Islamic financing, takaful will be a core product line to cross-sell with RHB Islamic products.

Our core objective for the general insurance business will be to increase the number of product holdings of existing RHB Bank customers and actively promote cross-selling of general insurance products. The increase in general insurance penetration will help boost fee income to RHB Bank as well as increase the number of product holdings per customer.

Group Insurance

RHB Insurance recorded a 6.9% growth in pre-tax profit to RM90.4 million against RM84.6 million in 2013 as it registered a 9.3% growth in gross premiums, surpassing the industry's rate of 5.9%.



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The business continued to capitalise on opportunities from its four distribution channels. Bancassurance (Retail) and Franchise, POS & Institutional Channel recorded the highest percentage growth at 14.7% and 35.6%, respectively, as RHB Insurance focused on maximising synergies and further penetrating RHB Bank's customer base while continuing to build the agency force.

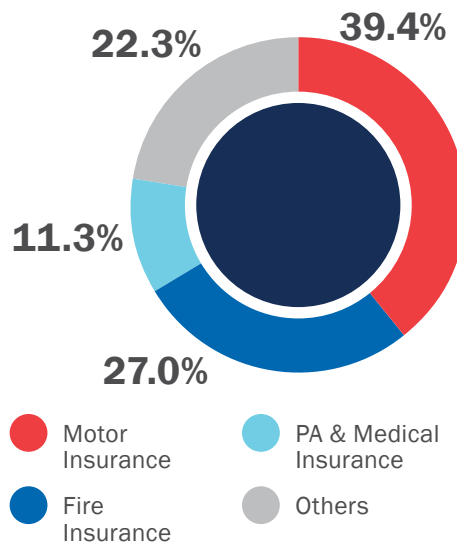
While growing its top line, our Insurance arm also focused its efforts on enhancing profitability through risk selection and product management as well as by utilising an actuarial pricing model. Profitability was also strengthened by enhancing claims, underwriting and risk management. The underwriting profits registered a 36.4% improvement as compared to 2013, with the net claims ratio at 50.4% (including MMIP losses), better than the industry's ratio of 56.7%.

The year also saw backroom support and operational efficiency undergoing process improvements and automation with the deployment of an automated and integrated end-to-end Enterprise Document Management System, allowing us to modernise and streamline the policy issuance process.

Other developments in 2014 included the third round of adjustments on Motor Tariff premium rates for policies purchased or renewed beginning 15 February 2014. The increase remained within the same range as the previous adjustment made on 15 February 2013 and 6 January 2012 (between 0.0% to 20.0% on the Act premiums). Preparations are also underway within RHB to gear ourselves up for the industry de-tariffication expected in 2016.

2014 also saw the development of infrastructure to support our online insurance platform through RHB Now to tap the growing market for online insurance

RHB INSURANCE GROSS PREMIUM



Insurance business compounded annual growth rate ("CAGR") of

17.7%



in gross premiums over the past four years. In 2014, the business registered an average net return on equity ("ROE") of 21.6%.

and to grow our insurance business via alternative channels of direct marketing and telemarketing. Pending regulatory approval, our online platform is targeted to be launched in the second quarter of 2015.

We will continue to optimise our distribution channels and use technology as an enabler to achieve productivity and efficiency gains. The implementation of Phase II of the Enterprise Document Management System will also allow us to leverage and provide differentiated services according to channel and customer segments to elevate our customer-centric offering.

Distribution Channels and Platforms

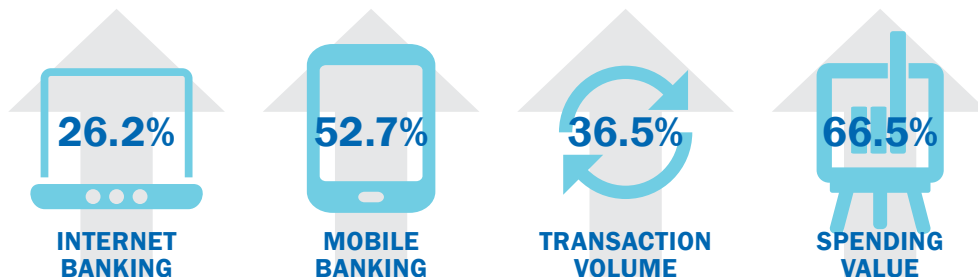
RHB Bank recognises that the accessibility of our distribution network plays a vital role in serving our customers. As at the end of 2014, our reach in Malaysia totalled 488 outlets consisting of 199 conventional branches, 14 Islamic branches and 275 Easy outlets.

To better serve growing populations and increasing retail and commercial businesses, during the year we relocated some branches to more strategic locations. Our partnership with POS Malaysia under the RHB-POS Shared Banking Services initiative has also given customers access to banking convenience at 316 POS outlets nationwide.

In tandem with the BSST-Connect initiative, we will further analyse our footprint to improve branch performance, design, classification and optimisation. Network synergies will also be reviewed with the aim of providing our customers better products and services under one roof.

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Internet and Mobile Banking (RHB Now)



RHB Now has continuously enjoyed strong growth in both the Internet and Mobile banking platforms. In 2014, significant growth was seen in the number of users and volume of transactions for both platforms.

As at the end of the year, the number of Internet banking users rose by 26.2% while mobile banking users grew by 52.7% from 2013. This has significantly increased the transaction volume by 36.5% and spending value by 66.5% as compared to 2013.

Collaborations with strategic partners such as Pizza Hut, Celcom and DiGi for promotions and campaigns propelled customer utilisation and brought greater value and benefit to our customers using our platform. The number of billers' growth is positively aligned with our commitment to bring convenience to our customers in performing online transactions.

Further enhancing our capabilities, RHB Now has introduced Inter-Bank Fund Transfer ("IBFT"), allowing customers to transfer funds to another bank instantly. This initiative recorded a positive take-up rate with potential incremental future growth. RHB Now also introduced Online Credit Card Application, enabling customers to apply for Credit Cards without having to visit our branches.

In 2015, RHB Now will work towards more innovative enhancements to increase the convenience of digital banking while increasing collaborations with e-commerce businesses. Moving forward, Online Insurance sales will be introduced to further simplify banking services for customers. We will also launch a mobile lifestyle application to increase our exposure in the digital segment and strengthen our retail marketing strategy to help widen RHB Now's market share.

Bank@Work

Bank@Work continues to be one of the main acquisition pillars for new customer deposits via payroll accounts. Total CASA deposits grew by 133.4% against the previous year, signifying greater engagement between the Bank and its Bank@Work customers. The acquisition of salary accounts also provides the Bank with better opportunities to cross-sell other retail product offerings and increase customer wallet share. We continue to invest in the Bank@Work platform to drive efficiency and productivity of this channel.

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Easy by RHB

Despite intensifying market competition from new entrants and stringent credit guidelines from BNM, Easy recorded steady progress in 2014 with double digit loan growth for its two key products: Personal Financing (13.9%) and ASB Financing (12.2%). During the year, Easy's loan balance amounted to RM7.4 billion, accounting for one of the main contributors (11.5%) to Group Retail Banking's loan balance.

With a commitment to bring our products closer to the community, Easy established seven additional outlets (three TESCO and four Standalone outlets) during 2014 in high-traffic locations.

Our presence is further anchored by existing strategic partners such as TESCO and POS Malaysia.

Innovation remains a key component of Easy's business. During 2014, we introduced "Off-Premise Roadshow Kiosks", a cutting-edge technology using mobile gadgets to deliver a differentiated banking experience to customers. The kiosks allow Easy to replicate its current 10-minute banking experience anywhere with minimal set-up costs and agility, breaking through the traditional "brick and mortar" banking experience.

We also strengthened our positioning in the mass segment by launching the Easy Junior Savings Account and Easy Smart Debit Student Card, targeting the youth segment as part of our Future Market Initiatives.

We have reached

275

outlets nationwide.

We serve more than

600,000

customers in Malaysia.

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Total new loans approved and loans outstanding

grew
18.8%

and 15.5% y-o-y, respectively. The Bank also actively funded SMEs' trade financing needs with trade assets accounting for 15.3% of GBB's total financing.



GROUP BUSINESS BANKING

Against a backdrop of moderate SME industry growth on account of the challenging external economic environment, heightened competition and thinning margins, Group Business Banking ("GBB") continued to deliver a strong performance in 2014.

The Bank's continued focus on SME segments has seen us successfully capture market share and improve our SME loan base by 31.2% in 2014. With this, our SME loan market share has grown to 7.2% (2013: 6.2%). Against the backdrop of strong loans growth, our asset quality continued to display consistent improvement with a downward trend in the gross impaired loans ratio from 4.0% in 2013 to 2.8% in 2014.

In tandem with the strong loans growth, GBB's deposits grew by 11.3% in 2014, compared with a largely stagnant industry growth. This was largely achieved through the strength of our Cash Management solutions for SMEs, with our Reflex online cash management customer base growing 32.5% y-o-y.

New Business Banking Operating Model

2014 witnessed the launch of a New Business Banking Operating Model to enable greater segmental focus across our SME distribution channels. This has allowed us to leverage our branch network to expand SME touch points and distribution network while achieving significant productivity improvements. The model also enables us to further deepen and enhance relationships with our clients. As a result, our SME sales from the Branch network grew 88.5% y-o-y, and we expect the network to eventually contribute 50% of our SME sales by 2017.

Under the group-wide Islamic Leveraging Model, GBB has transformed and expanded our Islamic Banking business via the adoption of a leverage distribution model, new products and capabilities. This has enabled Islamic Business Banking loans and deposits to grow at 21.0% and 18.5% y-o-y, respectively.

We also embarked on several internal initiatives to enhance our service delivery. The implementation of the revised "Delegated Lending Authority" at various

levels, establishment of a dedicated underwriting team and various other on-going credit process refinement have resulted in a 40% reduction in our SME loan approval turn-around time.

Recognition

In line with our aspiration to make RHB the preferred bank for SMEs and medium-sized corporations, GBB continued to focus on maintaining strong ties with various trade associations and business partners. As testimony to the Bank's strong ties with SME Corp in developing and nurturing SMEs into global players, we continued to be recognised as an E50 partner, while the Bank also received the "Sahabat Negara Award 2014" from the SME Association of Malaysia.

Moving Forward

SMEs will remain a core focus of GBB's business. To serve the SME community more effectively, GBB plans to expand our BizPower coverage to provide a full suite of financial offerings as well as continue with our BSST to provide best-in-class services.



OVERVIEW: BUSINESS & OPERATIONS

GROUP TRANSACTION BANKING

Group Transaction Banking (“GTB”) introduced Business Innovation Solutions in 2014 following the rollout of the Islamic Leveraging Model during the year. GTB now comprises Group Trade Business, Group Cash Management Solutions, Group Financial Institutions and Business Innovation Solutions.

In addition to providing comprehensive suites of both conventional and Islamic trade finance services and cash management solutions, GTB assists in facilitating interbank business and cross-border settlement and serves the Government, Government-Linked Corporates (“GLCs”), Corporates and SMEs with fully integrated and innovative business process solutions.

The year saw the Group Trade Business converting aspirations into outcomes through key strategic initiatives. GTB recorded growth in maintainable operating profit by more than 17.5% during the year, contributed by growth in both fee and fund income. Much emphasis was placed on creating a larger sales force at GTB, promoting a customer-centric approach and instilling sales behaviour among staff.

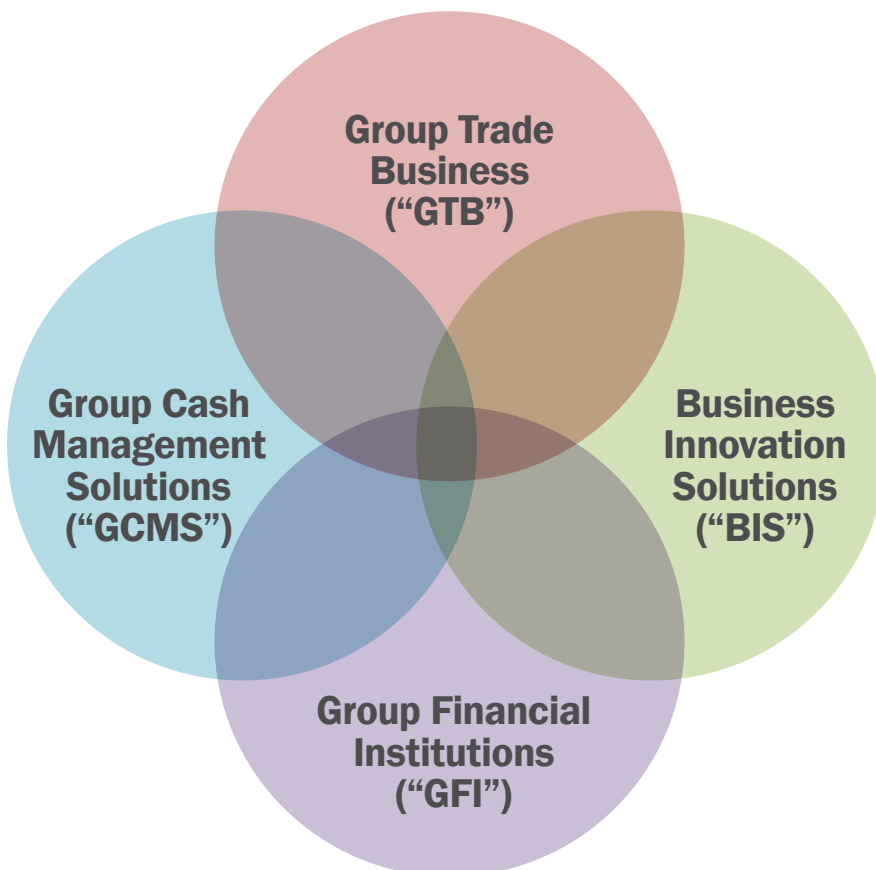
To maintain its strong performance, GTB is currently developing a Financial Supply Chain (“FSC”) platform to support the FSC business model. With the platform planned for launch in the first quarter of 2015, RHB will become one of the pioneer banks to provide the FSC platform to customers.

Group Cash Management Solutions (“GCMS”) successfully introduced REFLEX Simplified in Oct 2014, providing SME and sole proprietor customers a simplified, single-step, fast verification process to the REFLEX system to perform secured e-transactions.

GCMS also gained recognition from the Asiamoney Cash Management Poll for the fifth consecutive year in 2014, with RHB Reflex receiving three awards in six categories including “Second Best Local Cash Management Bank in Malaysia as voted by small sized corporates (FY2013: fifth).

In addition to maintaining a strong correspondent network for the RHB Banking Group, Group Financial Institutions (“GFI”) continued to play a crucial role in supporting the Group’s interbank dealings, especially in inbound/outbound payments, trade transactions and setting up credit limits for banks. GFI also provides innovative payment solutions to correspondents for their ringgit and foreign currency payments into Malaysia.

Business Innovation Solutions (“BIS”) provides innovative, safe and flexible e-solutions to Government, GLCs, Corporates and SMEs to improve efficiency and reduce cost. Through the years, BIS has gained a reputation for providing excellent and reliable e-solutions, especially to the Government and GLCs. In 2014, RHB was appointed the main bank to provide payment gateway for new vehicle registration online via JPJ’s portal (MySIKAP). RHB was also appointed the main bank to administer Jabatan Kastam DiRaja Malaysia’s (“JKDM”) GST project. In addition, RHB Bank was appointed the fourth agent bank for Skim Simpanan Pendidikan Negara (“SSPN”), a government education saving scheme overseen by PTPTN. Under this arrangement, the public is now able to perform SSPN-related transactions at RHB branches nationwide.



OVERVIEW: BUSINESS & OPERATIONS

Moving forward, GTB will continue to grow and play an active role in extending our market lead to become the preferred choice for transaction banking.

GROUP TREASURY & GLOBAL MARKETS

Group Treasury & Global Markets turned in another strong performance in 2014, reporting a y-o-y increase in pre-tax profit of 17.3% to RM455.1 million, driven by growth in foreign exchange (“FX”) income of RM29.0 million. The Malaysian FX market volume increased 12.0% in 2014 as compared to 2013, from US\$2.6 trillion to US\$2.9 trillion.

The revenue growth was driven by increase in transaction volume, IGNITE 2017 initiatives and new product launches, which served to strengthen our position in the Treasury market.

RHBIB maintained its market leadership position in secondary trading of private debt securities, being ranked 1st and 2nd in the 2014 BNM League Table for conventional PDS and Islamic PDS, respectively.

Reorganisation of Treasury Functions

In April 2014, the Group Treasury division was reorganised from separate entities under RHB Bank, RHB Islamic and RHBIB into Pillars operated through Group Funding & Liquidity Management, Group Sales, Group Treasury Investments, Group Trading, Group Treasury Innovation & Products and Group Strategic Business & Regional Integration.

The reorganisation resulted in cost savings of 2.9% and a 16.6% revenue increase in 2014.

It also streamlined our Treasury business and enhanced the delivery of our services and distribution capabilities through closer collaboration with our regional offices in Singapore, Thailand and Indonesia.



The expansion of our regional activities also saw us embark on aggressive growth in our Interest Rate and Cross Currency Swaps business as we launched the products as a new offering to our Singapore customers. We also grew and strengthened our Malaysian derivatives sales team to cater to the growing needs of customers for investment/hedging solutions.

On the internal front, we leveraged on the Group-wide rate revision and harmonisation for products offered to our staff which formed part of efforts to enhance staff benefits, to increase sales in our Treasury products.

New Product Launches

Group Treasury & Global Markets has developed a stable of products to consolidate our position in the market by launching a range of new products during the year. These include our Structured Investment product linked to FX derivatives, which marks RHB Group’s first foray into Structured Investments. The segment concluded RM112.2 million in sales during the year, earning RM0.4 million in revenue and accounting for a significant milestone given our recent entry into the market.

We also posted watershed results in our Structured Forwards (FX Options Hedging)

product, securing sales of RM2.6 billion in 2014 against RM611.5 million in 2013, and recording revenue of RM7.1 million.

Throughout the year, the following variants of our existing products were launched:

- January 2014: European Digital Options – One Touch Options
- September 2014: Range Accruals Investment – Range Accruals Deposit
- November 2014: Seven Exotic Currencies

Other products approved during 2014 for launch in 2015 comprise:

- Islamic Dual Currency Investment
- Islamic Structured Investment (“SI-i”) linked to performance of shariah-compliant asset
- European Digital Options – Vanillas (call/ put or butterfly spread)
- Target Redemption Forwards (“TARFs” for hedging) – Vanillas with Knock Out based on accumulated profit
- Equity Linked investment (principal protected),

Recognition

Our efforts during the year saw us gaining recognition as Malaysia’s Domestic Foreign Exchange Bank of the Year at the Asian Banking and Finance Awards 2014.

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With its involvement in market-leading deals in key economic sectors, Corporate Banking solidified its position as a major player in the corporate banking industry. Furthermore, there has been a stark improvement in the division's syndication efforts, as reflected by its improvement to second position on the Bloomberg Syndicated Loans – Malaysia Loans Mandated Lead Arranger 2014 ranking from sixth previously, leading and completing 11 issues of syndicated loans totalling USD2.5 billion.

Corporate Banking has also been a firm advocate of Islamic financing, providing our clients optimal Shariah-compliant solutions to capitalise on recent regulatory changes and leveraging the strong collaboration between our Conventional and Islamic operations to increase proficiency and speed-to-market. As a proportion of total outstanding, Islamic financing has increased from 18.9% to 25.2%.

Corporate Banking continues to reap the benefits of the RHB-OSKIB partnership through extensive coverage on the regional front, achieving a diverse and balanced portfolio of private and public corporates. Additionally, Corporate Banking is leveraging the Group's domestic mid-cap coverage with the intent of growing together and building on long-term relationships to increase our penetration of public limited companies.

Beyond Malaysia, Corporate Banking has also maintained its dedication in delivering first-class service and support to assist our clients' overseas expansion through cross-border deal flows. This has widened our regional footprint and intensified our reach to our clients. Additionally, with increasing demand, the division has provided swift and customised solutions for Mergers & Acquisitions ("M&A"), specialised lending and project financing.

GROUP CORPORATE AND INVESTMENT BANKING

Group Corporate and Investment Banking ("CIB") turned in a stellar performance in 2014 despite a volatile operating environment. Now the largest investment bank in Malaysia in terms of assets, the business has established itself as a regional player, while simultaneously making inroads into the global market.

The domestic and regional landscape continued to be challenging in 2014, with rising operational costs and the sharp drop in oil prices. In Malaysia, the slide in the Ringgit and oil prices contributed to slower corporate loan growth in 2014 while Indonesia and Thailand were affected by the respective countries' political turmoil which saw business momentum picking up only in the second half of the year.

As a group, CIB registered a pre-tax profit of RM1.3 billion in 2014, an increase of more than 58.7% from 2013, with all key segments contributing profitably to its robust bottom line. Revenue was mixed across different capital market services and products. Advisory income was boosted by an improved M&A environment, and interest income from margin financing benefited from increased investor interest in the equity market last year. Fixed income trading revenue however remained subdued due to a rise in yields. Group Corporate Banking revenue was mainly driven by strong loan growth.

Group Corporate Banking

2014 proved to be a year of strong progress for Corporate Banking as it achieved a 68.3% increase in profits, driven by a proactive approach in managing its downside exposure. In spite of challenging market conditions and increasing competition, the division registered loan growth of 12.5%.

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Progressing forward, Corporate Banking will continue to enhance its end-to-end service to cater to our clientele, ensuring excellence with a personal touch.

Group Investment Banking

RHBIB, the investment banking arm of CIB, is the largest investment bank in Malaysia in terms of assets following its merger with OSKIB. The merger has also been instrumental in expanding RHBIB's regional footprint, giving immediate access to key strategic markets in ASEAN+ (including Hong Kong and Greater China). Synergy from the merger was also derived from OSKIB's leading position in the mid-cap investment banking space which bodes well for RHBIB's large-cap business.

Further developing its regional presence, RHBIB completed the acquisition of its remaining interest in DMG & Partners Securities Pte Ltd ("DMG") on 15 December 2014, making DMG a wholly-owned subsidiary of RHBIB. Since 6 March 2015, DMG has been renamed as RHB Securities Singapore Pte Ltd.

Beyond ASEAN+, RHBIB has expanded its reach globally through strategic partnerships with the US Auerbach Grayson, Banco Espirito Santo Investment Bank of Portugal, Okasan Securities of Japan, Taiwan's SinoPac Securities and Indonesia's Mandiri Sekuritas. These partnerships provide RHBIB's clients with a broader range of financial products and services, global reach and investment opportunities.



Global Trading System ("GTS")

RHBIB launched its GTS, a digital platform developed in-house to replace legacy trading systems, in March 2015. Branded as "RHB TradeSmart", it replaces the OSK188 trading system as the official online trading system of RHBIB. RHBIB will also launch the RHB TradeSmart Desktop App and RHB TradeSmart Mobile App to replace the 188OMS and OSK188 Mobile App, respectively.

GTS allows customers to trade in multiple markets, asset classes and currencies on a single platform. It will be deployed regionally and customised to the respective requirements of the countries that RHBIB operates in.

Continued Dominance in Capital Markets

During the year under review, RHBIB continued its dominance in the capital markets with its involvement in many landmark deals. In January, RHBIB jointly led the largest IPO of 2014 with the relisting of IOI Properties Group Berhad.

This followed the inaugural issuance from the world's first Structured Covered Sukuk Murabahah Programme of up to RM3.0 billion backed by Islamic personal financing receivables established for Malaysia Building Society Berhad ("MBSB"). RHBIB was the Sole Principal Adviser, Sole Lead Arranger and Sole Lead Manager for the deal.

RHBIB also completed the largest rights offering in Malaysia in 2014 by Public Bank Berhad as Joint Lead Underwriter and Joint Global Coordinator, as well as completed its first global sukuk offering as Lead Manager for IDB Trust Services Ltd, guaranteed by the Islamic Development Bank ("IDB"). We also participated in a RM16.5 billion syndicated loan deal for SapuraKencana Petroleum Berhad, which was the largest syndicated loan deal in Southeast Asia, as well as a RM1.9 billion financing for Weststar Aviation Services Sdn Bhd. In July, we solely arranged the first-of-its-kind issuance of RM1.5 billion Sukuk Murabahah under a Sukuk Murabahah Programme established for a state-owned Aquasar Capital Sdn Bhd.



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On the regional front, RHB Securities Singapore Pte Ltd completed a landmark bond issuance for the Housing and Development Board of Singapore as Joint Lead Manager and Joint Bookrunner. During the year, RHBIB's Thailand operations, RHB OSK Securities (Thailand) PCL, played its first sole lead underwriting role in the IPO of Crown Tech Advance PCL. The success of this deal helped RHB OSK Securities (Thailand) gain significant brand reputation in the Thai capital markets.

In Vietnam, RHBIB's associate company, Vietnam Securities Corporation, successfully completed a high-profile M&A transaction involving Carlsberg Breweries A/S (Denmark) and Aseed Holdings Co. Ltd (Japan) as Sole Adviser while in Indonesia, PTRHBOSK Securities Indonesia completed the key IPO of shipping company, PT Soechi Lines Tbk, which raised IDR582 billion.

Key Initiatives

Global Account Management ("GAM")

On 26 May 2014, RHBIB launched the GAM initiative, one of the key projects under IGNITE 2017. The initiative seeks to establish a centrally-coordinated client relationship function across the region, covering all products, to ensure that the RHB Banking Group approaches its clients as one group.

Initially launched for RHBIB's top 50 Corporate accounts and Mid Cap accounts in Malaysia, the initiative was expanded to Singapore in October 2014. GAM has improved the management of our client relationships and contributed to an incremental revenue of RM42.6 million during the year.

GAM will represent the single point of contact for coordinating services offered by the RHB Group and establish a clearer picture of the contribution of key accounts to the Group.

Product partners within RHB Group in the GAM initiative are as follows:

- Investment Banking
- Treasury & Global Markets
- Institutional Equities
- Trade Business
- Corporate Banking
- Cash Management
- Asset Management
- Bank@Work
- Premier Banking
- Mortgage End-Financing
- Insurance

Recognition

Our key involvement in landmark transactions across the region garnered us with a number of regional awards during the year, including the prestigious Best Islamic Issue in the Region by IFR, Outstanding Deal of the Year by Rating Agency Malaysia ("RAM") and Best Deal in Malaysia by The Asset for MBSB's Structured Covered Sukuk Murabahah deal. RHBIB was also recognised as the Rising Star Sukuk House of the Year in Asia-Pacific by The Asset as well as the Best Mid-Cap Corporate Finance House in Southeast Asia by Alpha Southeast Asia.

We were also named the No. 1 Most Improved Brokerage Over The Last 12 Months in Malaysia and Singapore by the Asiamoney Brokers Poll 2014, amongst numerous other awards in recognition of our brokerage business and research capabilities.

Moving Forward

RHBIB envisages 2015 to be more challenging on the back of falling oil prices, the weakening of the Ringgit and some scaling down of government infrastructure projects. Uncertainties in the global economy are also expected to weigh on investment banking activities and put a dent on earnings. With narrowing margins and a stricter capital regime, we have been placing emphasis on growing our fee income.

Nevertheless, the deferment of some of our major IPOs to 2015 will provide some non-interest income support. We will continue to draw upon our dominance in the mid-cap space for support this year.

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We also expect a turn-around in capital market activities in Indonesia and Thailand with the cessation of political unrest and other unfavourable conditions which impacted the operating environment there last year.

Group Asset Management

RHB Group Asset Management enjoys a significant presence in the ASEAN and Greater China region, with offices in Malaysia, Hong Kong, Indonesia, and Singapore where we offer customers close to 30 years' worth of expertise and knowledge in asset management.

In Malaysia, RHB Group Asset Management is the Top 3 fund management company in terms of total Assets Under Management ("AUM"), offering conventional and Islamic products. We have won a host of accolades throughout the years, and in 2014 our RHB-OSK Pre-IPO & Special Situation Fund 2 was named Most Innovative Product in Malaysia in Asia Asset Management's 2014 Best of the Best Awards. As further testament to our expertise in asset management, our Chief Investment Officer was recognised in The Asset's Asian Bond Most Astute Investors rankings for the fifth consecutive year.

2014 marked a significant milestone for both RHB Group Asset Management as well as the Hong Kong market, with the launch of the RHB-OSK Islamic Regional Balanced Fund in Hong Kong. The fund is the first actively managed fund authorised by the Securities and Futures Commissions ("SFC") of Hong Kong. It is also the first fund to be launched under a mutual agreement between the SFC and the Securities Commission Malaysia ("SC") to further develop the Islamic Capital Markets in Hong Kong and Malaysia.

With the liberalisation of the Malaysian financial sector, ASEAN presents exciting opportunities and an attractive environment for private equity and special situation funds. This will pave the way for Malaysia to actively participate in two separate fund passporting schemes: Collective Investment Schemes ("CIS") and the Asia Region Funds Passport ("AFRP").

The AFRP will allow us to bring our flagship funds, both conventional and Islamic, to a wider audience and distributors in the participating country; thus achieving better scale for every fund launched. It will also drive innovation in our product development as we strive to launch products and services that can meet the investment needs of investors in the different countries.

Looking ahead, RHB Group Asset Management will endeavour to maintain its position as one of the Top 3 fund houses in Malaysia by leveraging on the Group's strong base in the country and continuing to offer a host of products and services that cater specifically to retail, corporate and institutional clients.

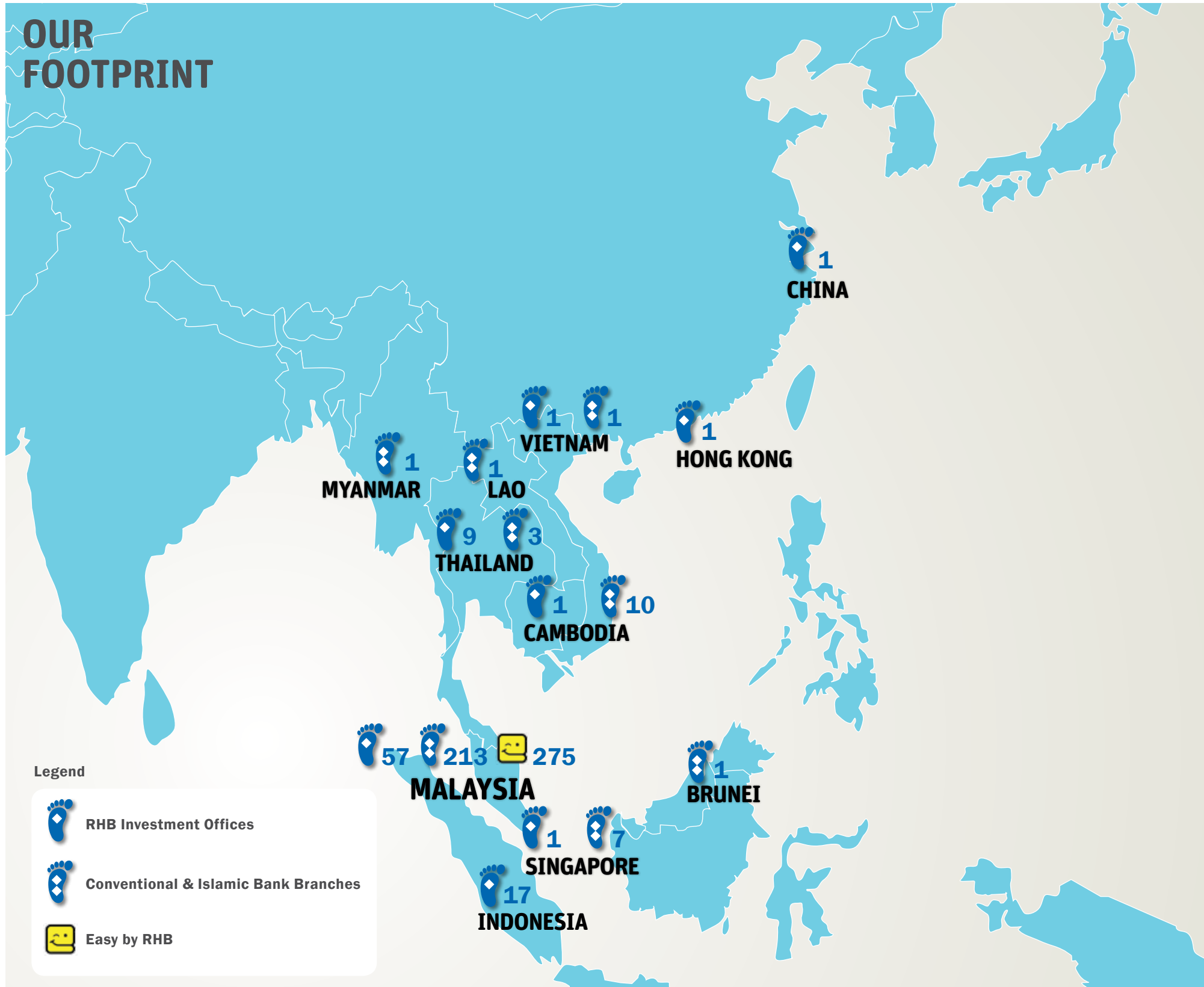
We will also strengthen the depth of our services and capabilities across ASEAN in tandem with the Group's regional aspirations and the new opportunities emerging within the region, with AUM targeted to grow to RM100 billion by 2020.



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OUR FOOTPRINT

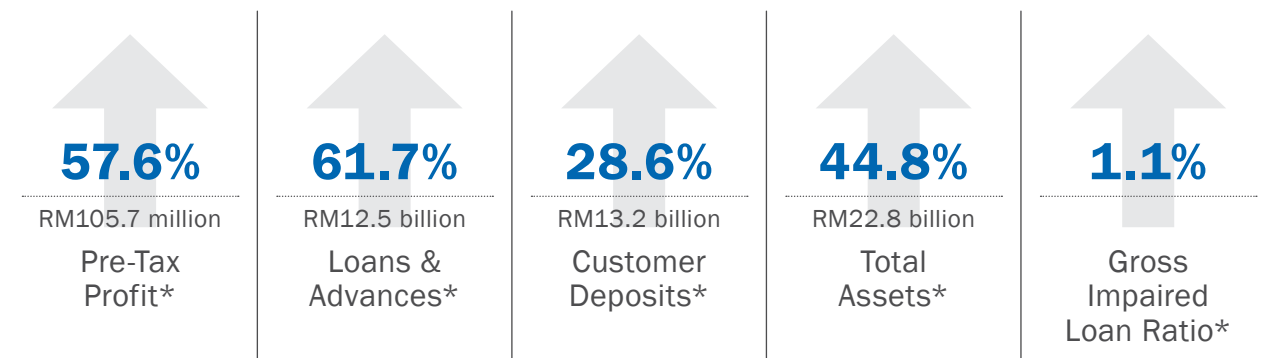


REGIONAL BUSINESS

Our regional business footprint continued to expand in 2014, with our goal of becoming a regional powerhouse in financial services remaining firmly intact. Our presence now spans 10 countries in Southeast Asia, namely Malaysia, Singapore, Indonesia, Thailand, Brunei, Cambodia, Vietnam, Lao PDR and Myanmar as well as Hong Kong/China.

In addition to the 22 branches and representative offices of our Commercial Banking network and subsidiaries throughout the region, we have also established ourselves as a regional investment bank with one of the most comprehensive distribution capabilities in Southeast Asia, as well as Hong Kong and China, through RHBIB.

The regional business recorded a strong performance in 2014, bearing testimony to its growing contribution to the RHB Banking Group.



* Commercial Banking Business



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Singapore

In Singapore, the RHB Banking Group has built a significant presence through both its commercial bank and investment banking businesses.

Commercial Banking Business

We continued to make significant headway in Singapore in 2014. Amid a challenging environment characterised by tighter regulations, a slow property market, stiff competition in the overall Consumer Banking market and challenges in sales force recruitment, our Consumer Banking undertook aggressive expansion during the year.

Overall, RHB Bank Singapore recorded a 27.7% growth in interest income of S\$136.0 million against \$106.5 million registered in 2013. We have also improved non-performing loans (“NPL”) to 1.0% as at Dec 2014 from 1.3% in Dec 2013, while the implementation of credit scoring for unsecured loans has improved our approval rate by 20% and turn-around time.

In May, we re-launched our Wealth Management business to provide professional financial services and wealth advisory services to our affluent customers. We have successfully on-boarded more than 300 customers since the re-launch, bringing our total Premier client base to 2,058. In an effort to acquire more high-net worth clients, we also restructured our sales platform to acquire our Premier Onshore, Offshore and Premier Relationship Banker services.

In an effort to better respond to customer needs, we enhanced product features for our Furnishing Loan. We have also obtained the Board’s approval to implement Programme Lending for Mortgage Loans with standardised approval parameters to improve our turn-around time and approval rate.

Further broadening our stable of products in Singapore, we launched our Dual Currency Investment product in August 2014, acquiring S\$44.9 million within three months.

Strategic collaborations with our partners continued to play a significant role in enhancing the breadth of our products and services. We tied up with three more fund houses during the year, widening our distribution to 56 funds, while our partnership with Manulife established in Oct 2014 for the referral of insurance products saw us achieving five closures within a period of just two months.

As a testament to the quality of our services in Singapore, RHB Bank Berhad received special recognition by SPRING Singapore for our commitment to Excellent Service. We also received the EXSA Commemorative Award, with 16 of our RHB Singapore staff receiving awards at the Excellent Service Awards 2014.

Business Banking continues to strengthen its foothold in Singapore with assets growing two fold in 2014 from 2012, driven by the expansion of our sales force to drive higher revenue and asset growth. During the year, we also re-modelled our branches as business centres to enhance our customers’ Business Banking experience. Other developments in 2014 recorded by RHB Bank Singapore include the opening of two new branches in Westgate and Taiseng following the relocation of the Bukit Merah and Upper Serangoon branches.

Our Singapore operations have also seen our CIB unit become more active in the Structured Lending space. Among notable transactions conducted during the year include our first Leveraged Buyout (“LBO”) financing with a deal size of more than S\$150 million and our first Voluntary General Offer (“VGO”) financing worth more than S\$350 million.

Despite uncertainty in the interest rate environment with the withdrawal of Quantitative Easing measures from Western countries, our Treasury business marked continued expansion with the launch of a Regional Treasury Desk to provide non-ringgit trading capabilities to our regional clients.

We also launched the Fixed Income Distribution Desk and commenced distribution of bonds to the Wealth Management segment, as well as a Derivative Desk to facilitate hedging requirements by SMEs and Corporates.

The year also saw the expansion of Global Account Management (“GAM”) in Singapore, providing priority service to our large clients, and the establishment of our Indonesia Desk to focus on attracting offshore deals from Indonesia.

These achievements were made despite a competitive environment requiring faster turn-around time for credit approvals and intense client servicing, coupled with difficulties in garnering deposits from Temasek-Linked Companies/Government-Linked Companies/Large Corporate due to their internal policy requiring an external rating of ‘A’ and above for financial institutions.

Moving forward, RHB Bank Singapore will continue to enhance its existing infrastructure and tools to support advanced marketing and service needs, especially with domestic banks leading in digital and mobile banking offerings which are tied with innovative products and services.

Securities Business

RHB Securities Singapore Pte Ltd (“RHB Securities Singapore”), formerly known as DMG & Partners Securities Pte Ltd, ended the year on an excellent note in 2014. The RHB Securities Singapore group achieved

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a pre-tax profit of RM80.3 million, which represented more than 80% of the total contribution by regional offices to RHBIB last year.

RHB Securities Singapore continued its participation in many landmark deals in Singapore, increasing its market share and strengthening its position on the league tables. In the debt capital markets, RHB Securities Singapore jointly managed the Housing and Development Board (“HDB”) of Singapore’s issuance of SGD675 million five-year notes in May 2014 after successfully managing three (3) previous issuances by HDB in 2013 and January 2014. This ability to secure repeated deals in the SGD bond market with the highest authority – a Government-linked body in Singapore – affirms the RHB Securities Singapore position as a key player in this market.

The market continues to value the overall effort of RHB Securities Singapore last year. In the Asiamoney Brokers Poll, RHB Securities Singapore was voted the No. 1 Most Improved Brokerage Over The Last 12 Months, No. 2 Most Independent Research Brokerage, No. 3 Best Local Brokerage and No. 3 in Best Execution whilst two of its personnel won the No. 1 Best Sales Person and No. 3 Best Sales Trader. In the research space, analysts from RHB Research Institute Singapore Pte Ltd (previously DMG & Partners Research Pte Ltd) continued to make headlines and received numerous awards for their outstanding coverage and research calls.

Reaching Out to the Communities

Further underscoring our contribution to our community in Singapore, we continued to co-organise the RHB-The Straits Times National Spelling Championship, which saw a record turnout in 2014. In addition, for the first time in our sponsorship of the RHB

Singapore Cup, an initiative undertaken in support of local football, Singapore President Tony Tan graced the 2014 finals, while we set the record for “Longest Football Dribbling Chain” as part of our 10th anniversary celebrations for sponsoring the RHB Singapore Cup.



Thailand

The Group has established itself in the commercial banking sector as well as the securities business.

Commercial Banking Business

The Thai economy recorded weak growth in 2014, exerting pressure on business and consumers. The financial services industry also continued to see high impairment charges and gross NPLs due to the prolonged economic downturn, impacting the Bank’s sub-commercial and SME business.

Despite this weak economic environment, RHB Bank Thailand continued to strengthen its presence with the opening of a third branch in the Kingdom, located in Ayutthaya. We also signed a memorandum of understanding with Seto Shinkin Bank, a small regional Japanese bank to promote small Japanese business investment in Thailand via RHB Thailand.

These developments are expected to improve our brand awareness in the Thai market and offset our current limited delivery channels, while helping to overcome challenges resulting from our lack of an alliance with local banks to expedite transactions and minimise fee payment for our customers.

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Securities Business

The RHB Group's securities arm in Thailand, RHB OSK Securities (Thailand) PCL ("RHB Securities Thailand"), ended the year with a pre-tax profit of RM6.1 million in spite of the political situation that dominated the first half of the year and put a dampener on the local capital market.

RHB Securities Thailand completed several notable deals last year, amongst them, the THB2,252 million private placement for Unique Engineering and Construction PCL which involved a regional bookbuilding exercise covering Singapore, Hong Kong, Malaysia and Thailand. This prominent deal enhanced RHB OSK Thailand's credentials to the retail and top-tier global institutional funds and boosted its capability to secure and manage sizeable deals. Apart from that, RHB Securities Thailand also successfully completed its largest rights issue which raised THB4,174 million for Thoresen Thai Agencies PCL to meet its business expansion proposal.

Brunei

Commercial Banking Business

Due to its balance sheet size and presence of only one branch, RHB has yet to establish a significant presence in Brunei. Furthermore, the Brunei market is limited by a small population of just 400,000, translating into limited Corporate and SME setup. A recent direction on regulations relating to prevailing interest rates by the Autoriti Monetari Brunei Darussalam ("AMBD") and on local land laws has also impacted the local banking business.

Despite the lacklustre business environment, RHB Brunei recorded an impressive performance for 2014, with revenue growing at 28.0% YoY from BND2.5 million to BND3.2 million in 2014. Primarily, this improvement is attributed to a more focused and intense client acquisition and servicing approach. RHB Bank Brunei also recorded strong pre-tax profit growth ending the year with BND1.0 million from BND0.3 million in 2013.



Cambodia

RHB has a significant presence in the commercial banking business sector with 10 branches nationwide. The Bank also has a wholly-owned subsidiary that undertakes a wide range of Securities services.

Commercial Banking Business

RHB Indochina Bank Ltd ("RHBIBL") posted rapid growth in 2014, with pre-tax profit surging six times to US\$6.5 million. This was contributed by a 51.6% y-o-y expansion in the loan portfolio to US\$217.0 million, while deposits and assets increased 77.1% to US\$137.3 million and 45.2% to US\$339.9 million, respectively. The asset quality of our Cambodian operations was also preserved with gross impaired loan ratio at 0.5%.

We opened one new branch in 2014, bringing our branch network in Cambodia to 10. During the year, we also added six new ATMs to our network in Cambodia, made up of one on-site ATM and five off-site terminals. This brings our ATM network to 23, comprising 13 on-site and 10 off-site machines. We have also pioneered Cambodia's first-ever ATM offering cash deposit and withdrawal, cheque deposit and cross currency withdrawal services in one machine.

To further expand the reach of our products and services, we launched our fifth Anniversary Fixed Deposit Campaign, partnering with Smart Axiata (Cambodia) where iPhone 6 devices were given away as premium gifts to our customers.

Moving forward, we expect continued growth in Cambodia as the domestic banking industry remains at a nascent stage with less than 15% bank penetration and low banking literacy. However, the presence of 35 banks in the country creates intense competition. Deposit growth may also slow due to Cambodians' low capacity and propensity to save as a result of low income, while limited borrower credit information hinders efforts to grow our loan portfolio.

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Banks also face strict regulatory requirements in terms of high capital guarantees, Statutory Reserve Requirements, Minimum Liquidity Ratios and Minimum Solvency Ratios. Further challenges that must be contended with include a lack of skilled human capital and high staff attrition.

Lao PDR

Commercial Banking Business

The expansion of our presence in Lao was marked by the grand opening of RHB Bank Lao Ltd on 25 August 2014, following our soft opening on 6 June 2014. Within a short span of six months, our Lao unit achieved an asset base of US\$8.5 million against a target of US\$2.0 million for the year.

As the market further develops we expect stiffer competition with the entry of many new players. Nonetheless, our long-term outlook for Lao remains positive and we are confident that the country will become a key growth driver in our regional strategy.

Hong Kong

Securities Business

RHBIB's Hong Kong operations, via its key subsidiary RHB OSK Securities Hong Kong ("RHB Securities Hong Kong") also ended the year with a reasonable performance, contributing a pre-tax profit of RM3.9 million to RHBIB last year.

During the course of the year, RHB Securities Hong Kong completed more than 20 equity capital market deals despite volatile market conditions. These included the IPO of Fujian Nuoci Co., Ltd which raised HKD321.4 million and a block trade transaction for the controlling shareholder of Convoy Financial Services Holdings Ltd.

Indonesia

Securities Business

RHBIB's Indonesia operations achieved a commendable pre-tax profit of RM8.3 million in 2014, despite a difficult operating environment related to the political situation. This however stabilised following the election of the current president in July 2014.

As the main operating entity, PT RHB OSK Securities Indonesia ("RHB Securities Indonesia") completed almost 20 debt and equity capital market deals last year. Prominent deals include the IDR2.2 trillion Senior and Subordinated bond issuance by PT Bank Permata Tbk, one of the leading commercial banks in Indonesia, for which RHB Securities Indonesia was Joint Lead Underwriter. RHB Securities Indonesia was also Joint Lead Underwriter for the IPO of PT Soechi Lines Tbk, which raised IDR582 billion for the shipping company in December 2014.

Vietnam

Securities Business

Whilst the capital markets in Vietnam was subdued last year, RHBIB's associate company, Vietnam Securities Corporation ("VSEC"), successfully closed a landmark cross-border M&A transaction valued at USD1.5 million in July 2014. The deal saw VSEC appointed as the Sole Adviser to Carlsberg Breweries A/S in the disposal of its entire stake in state-owned Halong Beer & Beverages Corporation to Japanese company Assed Holdings Co. Ltd. The deal strengthened VSEC's profile in the local capital markets and opened doors to more transactions in VSEC's healthy deal pipeline.

MOVING FORWARD

The ASEAN region today is one of the fastest-growing in the world, with a combined GDP of USD2.3 trillion that is projected to reach USD3 trillion by 2017. By 2020, the region's population is expected to grow to 650 million, and by 2030, the middle class is projected to account for 50% of the population with 60% to be below the age of 35.

At the end of 2015, the region is slated to start a new chapter in regional economic integration with the implementation of the ASEAN Economic Community ("AEC"). Characterised by a single market and production base, stronger competition, equitable economic development, and closer integration with the global economy, the AEC is expected to create a wealth of opportunity for regional organisations capable of navigating the potential challenges arising from regional integration.

In the face of this and in line with our strategy of following the ASEAN trade flows, we will continue to focus on the top 5 key markets comprising of Singapore, Malaysia, Thailand, Indonesia and the Philippines.

While we have yet to create a significant presence in Indonesia, the country with its population of 250 million, remains an important market to the group. Indonesia's regulatory environment for Commercial Banking continues to pose challenges to the expansion of our presence there. Nonetheless, we are currently leveraging our presence via PT RHB OSK Securities Indonesia to offer investment banking services in the country as well as extending our commercial banking services via our Indonesia Desk in Singapore.

We will continue to build on the momentum from our regional expansion thus far, integrating all our capabilities to meet the needs of the market.



OVERVIEW: BUSINESS & OPERATIONS

RHB ISLAMIC BANK BERHAD

Following the completion of its internal transformation exercise to strengthen operations, RHB Islamic Bank performed very well in 2014. RHB Islamic Bank registered a double-digit growth of 39.1% in pre-tax profit of RM303.7 million from RM218.3 million in 2013. The marked increase was due to higher net funding income which was driven by strong financing growth and lower financing impairment allowances, apart from lower other operating expenses (see graphic).

Throughout 2014, financing and advances grew by 36.2% to RM25.5 billion from RM18.7 billion in 2013. During the year, RHB Islamic Bank also managed to improve its gross impaired financing ratio to 1.3% from 2.3% in 2013.

RHB Islamic Transaction Banking maintained its position as one of the key contributors to RHB Islamic Bank's fee-based income in 2014. RHB Islamic Bank was appointed as the sole bank to provide the payment gateway for online car registrations via the JPJ e-Daftar portal, as well as the main bank for administering the national GST project under the purview of the Royal Malaysian Customs Department.

Human capital development is critical in attracting and managing the talent pool in any organisation. With the aim of being the employer of choice, RHB Islamic Bank continued to demonstrate its commitment to employee development by continuing the Structured Learning Programme, its Certificate in Islamic Law ("CIL") and INCIEF's Certified Islamic Financial Professional ("CIFP") programmes. These efforts are targeted at certifying our employees, enhancing their Shariah expertise and elevating their performance.

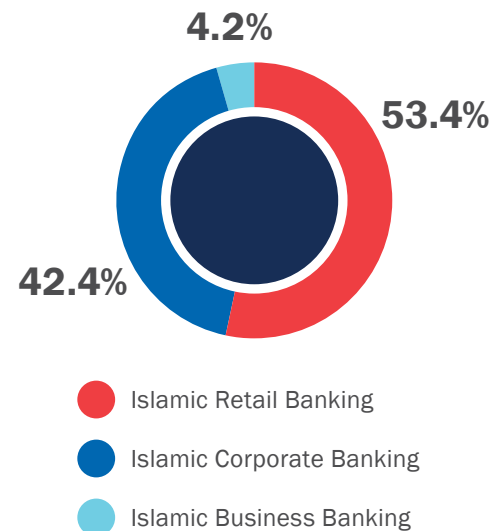
Throughout 2014, RHB Islamic Bank implemented a strategy to raise its domestic and international profile by sponsoring several international forums such as the World Halal Conference ("WHC"), the Global Islamic Finance Forum ("GIFF") and the Kuala Lumpur Islamic Finance Forum ("KLIF"). Internationally, RHB Islamic Bank also participated in the Bonds, Loans and Sukuk Middle East Conference held in Dubai and the World Islamic Banking Conference ("WIBC") in Bahrain.

Moving forward, RHB Islamic Bank will continue to focus its efforts on strengthening its capability as a leading provider of Islamic financial services and solutions in the domestic and international front. This will revolve around several initiatives including strengthening our core business locally by reinforcing our leverage business model, introducing new equity-based products and enhancing our shariah capacity and capability by regionalising our shariah business beyond the domestic market.

RHB Islamic Bank's total outstanding assets grew to **RM36.1** billion in 2014 (RM29.1 billion in 2013).



The composition of Group Islamic Banking's financing portfolio is illustrated as follows:



OUR TRANSFORMATION IGNITE 2017



In 2014, the Group embarked on its third phase of transformation – IGNITE 2017, aimed to accelerate the Group’s aspiration of becoming a Leading Multinational Financial Services Group by 2020. The three-year transformation programme is focused on strengthening the Group’s value propositions by segments, launching differentiated & regional capabilities and scaling the Group’s regional businesses to achieve 30% revenue contribution from international operations by 2017.



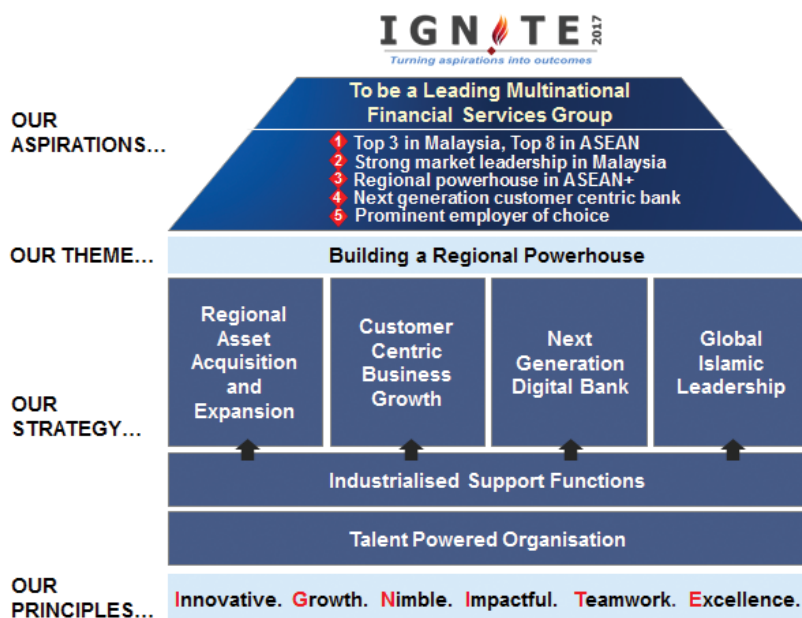
Building a Regional Powerhouse

Focus Areas

- **2014:** Strengthen value propositions and core capabilities
- **2015:** Launch differentiated and regional capabilities
- **2016:** Scale regional businesses and capabilities

Target Outcomes

- 30% overseas revenue contribution, with Singapore’s contribution doubled from 5% to 10%
- 30% of Total Group Financing Assets from Shariah-compliant assets
- Revenue growth driven by new segment value propositions, sales and service models and innovative digital offerings
- Transformed core and operational capabilities to enhance customer experience, and derive better insights through big data and analytics
- Transformed talent capabilities and competencies



“Igniting the journey towards our RHB 2020 vision, and turning aspirations into impactful outcomes that enrich our organisation, customers, industry and community”



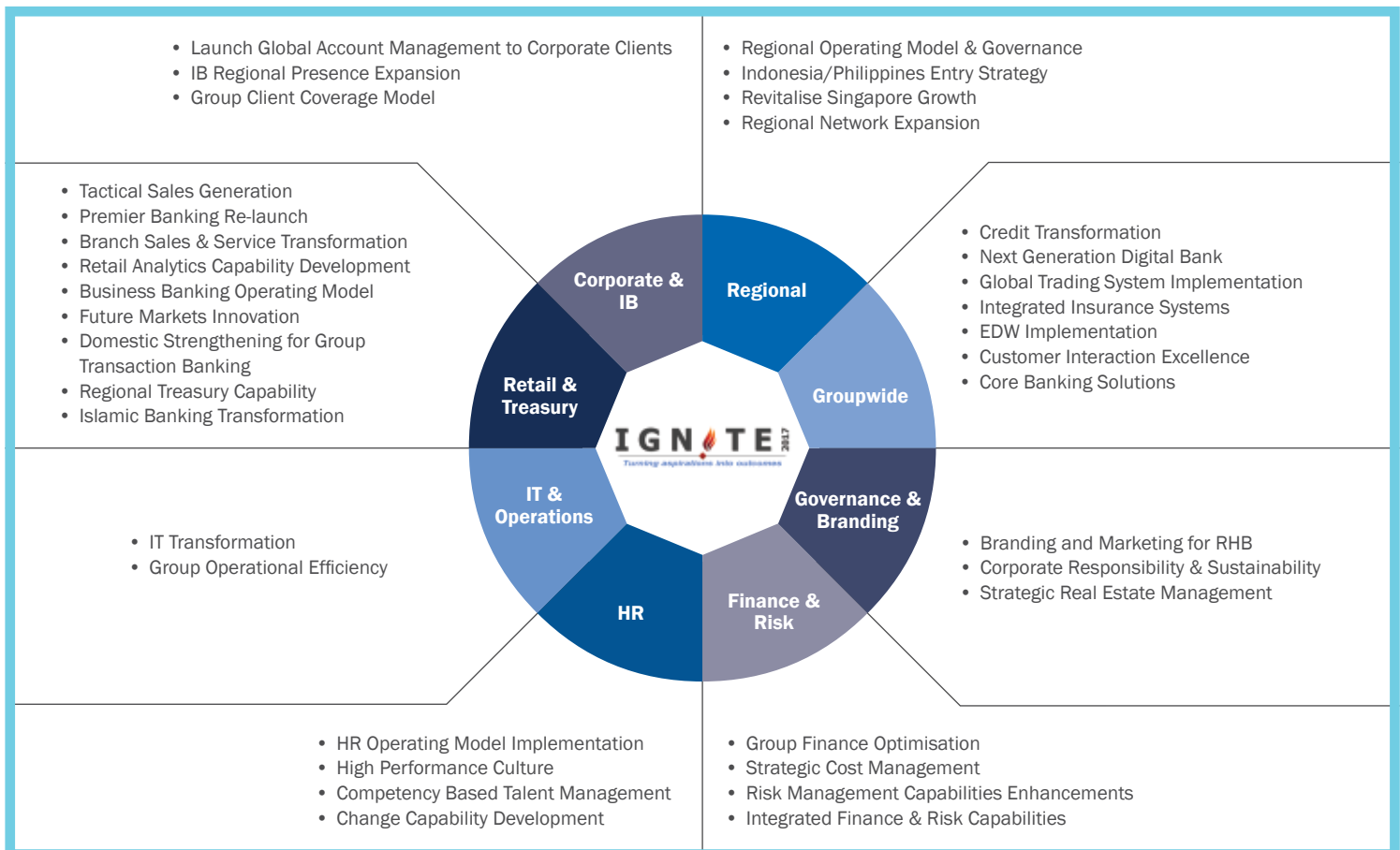
OUR TRANSFORMATION IGNITE 2017

PROGRAMME PRINCIPLES

 <p>Innovative in Approach</p> <p>Pushing boundaries and being innovative in the way we think, operate, execute and go-to-market</p>	 <p>Growth Oriented</p> <p>Achieving stellar growth that will propel us towards achieving local market leadership, and rapidly scaling our regional footprint in ASEAN+</p>	 <p>Nimble in Action</p> <p>Building an organisation that is nimble in anticipating market trends, able to stay ahead of the curve, and execute with speed, flexibility and scale</p>	 <p>Impactful in Outcomes</p> <p>Creating meaningful and lasting impacts on our organisation, customers, industry and community, and making our mark as a force to be reckoned with</p>	 <p>Teamwork to Succeed</p> <p>Collaborating as a single team united by shared goals, succeeding together as one</p>	 <p>Excellence in Delivery</p> <p>Building a high performing organisation, focused on delivery and service excellence</p>
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IGNITE 2017 aims to accelerate the achievement of RHB's aspirations with 36 initiatives across eight clusters to drive tangible outcomes and value to RHB. Anchored on our strategy, each Cluster has a specific role to play in bringing us closer to achieving our aspirations.

IGNITE 2017: EIGHT CLUSTERS, 36 INITIATIVES



OUR TRANSFORMATION IGNITE 2017

2014 - THE YEAR IN REVIEW

Launched in February 2014, IGNITE 2017 surpassed our expectations as the whole Group galvanised behind the transformation and delivered RM425 million in 10 months, translating to a RM178 million profit before tax uplift to our full year 2014 results. Despite challenging market conditions in 2014 and concurrent activities around the proposed merger during the second half of 2014, our resolute focus and commitment allows us to deliver a very strong set of results that we are proud of.

IGNITE 2017 delivered broad based changes and impact across the Group, and is felt by every member of the Group across the country and our overseas

entities. Through CONNECT – our branch sales and service transformation initiative, we set out to transform our branches, redefining the way we operate, serve and delight our customers. With global account management (“GAM”), we saw better collaboration within the Group to bring the best of RHB to our valued corporate customers. Changes to our business banking operating model saw significant improvements to productivity and turn-around time, leading to better customer satisfaction and growth in our business banking portfolio. Islamic Banking’s transformation to a leverage model also saw marked improvement in growth as with the integration of the various entities’ treasury function into a single Group Treasury & Global Markets setup.

Beyond results achieved by the various businesses, we made improvements to our internal operations including procurement, policy and governance, finance and risk capabilities. Efforts around portfolio optimisation have also resulted in better capital management and efficiency.

These achievements and more are testament to our ability and agility to execute our strategies, drive changes and deliver impactful outcomes. We have achieved a lot in 10 months, and these achievements provide a strong foundation for our transformation journey ahead. We are confident that IGNITE 2017 would continue to drive sustainable value and outcomes to our customers, our shareholders and our employees.



OUR TRANSFORMATION IGNITE 2017

GROWING BUSINESS DRIVERS

This past year, the focus has been on strengthening value propositions and core capabilities for the Bank, locally and regionally. Many initiatives have been catalysts for quantitative and qualitative growth to the group with value generated from IGNITE 2017 amounting to RM425 million.

Improving Group Retail & Commercial Banking Performance

On the retail front, the performance of the Branch Sales & Service Transformation (Connect) exceeded expectations, delivering RM1 billion in incremental deposits. The initiative, one of our biggest, focused on enhancing the sales and service performance of our distribution network nationwide, especially branches and commercial business banking centres ("CBBCs"). Since its launch in August 2014, Connect has recorded up to 7x deposits growth at pilot branches and CBBCs, delivered a differentiated customer experience gaining positive feedback and even launched a multi-channel leads management system. (Please see pages 90 to 91 for detailed reporting on BSST performance). The project team has been one of the most active, training Change Leaders and positively impacting the careers of thousands of employees.

In addition to the achievements above, implementation of a Business Banking Operating Model ("BBOM") offered substantial improvement in service quality and client satisfaction as well as product coordination and maximised sales. The new BBOM reduced turn-around time by 11 days.

Becoming an Islamic Banking Leader

Also in 2014, Islamic Transformation 1.0 focused on optimising Islamic distribution in alignment with our strategy to pursue global Islamic leadership. We created synergy between Islamic and Conventional Banking by optimising resources and integrating business and operational functions which in turn led to increased sales productivity and operational efficiency. The Islamic Bank, fully supported by a strong end-to-end operations team, can now focus on aggressive customer acquisition. (Please see page 110 for detailed reporting on Islamic Banking performance).

Integrating Group Treasury

The integration of three separate Treasury functions of the Conventional, Islamic and Investment Banks and across the region contributed RM53 million to overall value

capture this last year. The integrated Treasury function was placed under the direct oversight of the Group Treasurer which enabled more robust business focus and growth. They continue to work towards aspirations of higher productivity and efficiency while becoming more product & customer focused. (Please see page 99 for detailed reporting on Treasury Integration and its results).

Expanding Our Regional Footprint

Regionally, great strides were taken to expand RHB's reach. Singapore revitalised its operations which included remodelling of all branches into Business Centres, physical relocation to be in closer proximity to target customers and a stronger sales force. These led to an incredible loans growth of 59%, far outpacing local industry loans growth of 9.2%, and total income grew by 25.4%.



OUR TRANSFORMATION IGNITE 2017

Singapore also launched Global Account Management (“GAM”) in October 2014, introducing a centrally coordinated 360° client relationship for selected corporate clients following the success of GAM in Malaysia which reported a gross revenue uplift of RM55 million in 2014.

In Lao, the opening of our first RHB Bank Lao branch in June 2014 took us one step closer to realising our aspiration of becoming a leading financial services provider in ASEAN+ by 2020. Already breaking even in seven months of operations, we expect this Vientiane branch to continue to accelerate in its contribution towards the Group’s revenue. (Please see pages 104 to 109 for detailed reporting on Regional expansion).

STRENGTHENING ENABLING PLATFORMS

Robust and effective enabling platforms were designed, enhanced and built in 2014 to support our aggressive business growth.

Effective Risk and Cost Management

Driving this focus were our efforts to optimise our portfolio which has proven to be a success having netted the Group cost of capital savings of RM59 million, achieving our two-year target ahead of time. We have also recorded cost reductions of RM36 million and cost avoidance of RM39 million, a result of our continued focus on Strategic Cost Management.



Revamping Group Procurement

Group Procurement processes were revamped to improve the efficiency and cost-effectiveness of purchases made. Among changes rolled out were an enhanced Vendor Management Programme leading to better vendor appointment and procurement and a seamless approval process which necessitated adherence to proper procurement guidelines. Further, streamlined categorisation of purchase items led to improved management reporting. The end result of these improvements were a more transparent, more efficient workspace with closer engagement between end-users and Group Procurement. Vendors were also

encouraged to maintain CASA accounts with the bank to facilitate payment processes; and as a result, the number of vendor bank accounts has increased tremendously.

Building IT Capabilities

Recognising the need for strong IT capabilities to support our business ambitions, we rolled out a new Regional IT Operating Model improving IT service delivery and service management across the region. Several other tools for engagement and communication were also implemented bank-wide such as the new SharePoint 2013, the revamped Corporate Website, GMD Blog and Lync.

Growing Leaders

In pursuit of a high performing workforce, we also put in place a Productivity and Manpower Optimisation Framework that gears us towards inculcating a high performance culture. Further, the launch of the RHB-INSEAD Senior Leadership Development Programme has seen the growth of leadership capabilities in line with desired leadership competencies.



OUR TRANSFORMATION IGNITE 2017

THE JOURNEY AHEAD FOR IGNITE 2017

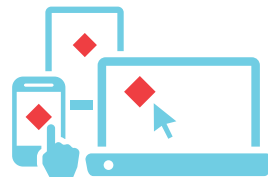
While we have a strong start in 2014, the work for IGNITE 2017 is not over. Strategy execution has to adapt to market realities and as such, we have recalibrated our aspirations to focus on driving results in our core businesses and operating countries. In 2015, we would continue to deliver differentiated customer experience, begin our RHB Digital Journey, and drive greater profitability and efficiency.



Differentiated Customer Experience

Through CONNECT and GAM, we have spent considerable time in understanding our customer and have worked on defining and refining the RHB Way, and 2015 would see the rollout of RHB Way across the Group. RHB Way is our unique way of delighting our customers and engaging our employees. We strongly believe this will help us stand out amongst our competitors going forward as a financial services provider.

Our segmented approach would allow us to carve out tailored propositions that meet the needs of different customer segments, and offer relevant and valuable products and services for the different lifestyles and stages of the customer lifecycle.



RHB Digital Journey Begins

Our refreshed corporate website marked the beginning of our new digital journey. Building on the success of 'Easy by RHB', 2015 would see several new and innovative digital offerings including RHB TradeSmart, RHB Mobile Lifestyle and Easy Mobile Banking.

There is much to explore in the digital space and we believe that the RHB Digital Journey would be a collaborative effort with our customers and partners. We want our customers to be involved, to provide feedback and join us in creating a digital ecosystem to fulfil everyday needs of our customers.



Driving Profitability & Efficiency

Operational excellence is fundamental to reducing our cost income ratio. This would be a major focus for 2015 where we will continue to industrialise operations and processes to increase efficiency. This includes transforming our end-to-end credit value chain, strategic cost management, driving productivity improvements and streamlining functions across the Group.

We would also be rolling out an enhanced risk adjusted performance management approach to optimise our portfolio, provide economic and risk adjusted profitability insights to improve our risk-returns and profitability.

We are fundamentally and financially stronger in 2015 as a result of our achievements last year through IGNITE 2017. As we progress, the team is eager to contribute to and witness further value that the transformation programme can bring. In this, our employees remain a valuable asset and RHB will continue to train, upskill and equip our employees with the skillsets that are necessary to turn aspirations into impactful outcomes. Employee engagement remains a priority as we endeavour to become an Employer of Choice.

We are on firm footing towards entering the next phase of our transformation programme. Our journey ahead will see us not only maintaining our momentum but intensifying our efforts to become a Regional Powerhouse in ASEAN+.

CONTINUING OUR COMMITMENT TO HUMAN CAPITAL DEVELOPMENT

EMBRACING GREAT TEAMS IN A DYNAMIC WORKPLACE

In keeping with the human capital trends and business needs of the Group, RHB's "People Agenda" is aimed at building capacity for a high performance organisation and realising our aspiration of becoming a prominent employer of choice in the region. We acknowledge that the driving force behind our success is the people that make up the great teams in the dynamic workplace that is RHB.

In 2014, RHB stepped up its emphasis on its "People Agenda" with initiatives being implemented across various HR fields. These initiatives were anchored by the Competency Based Talent Management framework and guided by our PRIDE core values. This has resulted in an upward trend of employee performance and productivity in a more conducive workplace.

Endorsing Equal Opportunities

In light of manpower optimisation efforts to right-size the organisation, the Group, at the end of 2014, stood at 16,089 permanent employees strong. In spite of a rise in attrition to 14.8% in 2014, we have a total of 2,552 new talents entering the organisation at a rate of 15.9%.

RHB as an equal opportunity employer employs, appoints, promotes, develops and rewards our employees through the principles of meritocracy and fairness. By 31 December 2014, we had a 57:43 ratio for our female to male employees.

We will continue to work towards a more balanced representation throughout the Group.

Gender Representation in 2014

Gender	All	%
Male	6,857	43
Female	9,232	57

Gender	Senior Management & Above	%
Male	179	74
Female	64	26

Generation Representation in 2014

Generation	All	%
Traditionalist	3	1
Baby Boomer	1,951	12
Gen X	7,470	46
Gen Y	6,665	41

Gender	Senior Management & Above	%
Baby Boomer	98	40
Gen X	144	59
Gen Y	1	1

Note:

Senior Management & above representation are inclusive of those on contract terms.



CONTINUING OUR COMMITMENT TO HUMAN CAPITAL DEVELOPMENT

Managing Talent through Competencies

2014 saw RHB making a bold move in reinforcing its bench strength for critical positions to ensure continuity and a more proactive approach towards building and securing a healthy talent pipeline. Several talent review sessions were conducted with the Group Management Committee to ensure the right talents were identified for the right positions. This was further strengthened with a robust leadership development programme in collaboration with top graduate business school, INSEAD. To date, three batches of 114 top talents have undergone the programme which took place in Kuala Lumpur as well as Singapore. 2015 will see the fourth batch attending the INSEAD Leadership Development Programme as well as more collaboration with various parties in ensuring a more holistic and updated approach in enriching and equipping our future leaders.

With a target talent-cover-ratio of 1:2, the succession management plan was anchored on the revamped core and leadership competency framework and was further fortified with a powerful career discussion mechanism to tailor-make development plans for identified successors. The mechanism allowed a better understanding of the career aspirations of 455 talents in the talent pool as well as in assisting their development to ensure that they can realise their aspirations.

OUR ON-GOING COMMITMENT TO HUMAN CAPITAL DEVELOPMENT



The year also marked a significant milestone with the establishment of a regional talent framework, aimed at increasing the mobility of talents across the region. This framework provides international exposure to talents whilst building capacity for regional positions for succession management. The Career Discussion Tool was also a new initiative put in place to further assist employees in charting their career path, with the focus on realising their career aspirations.

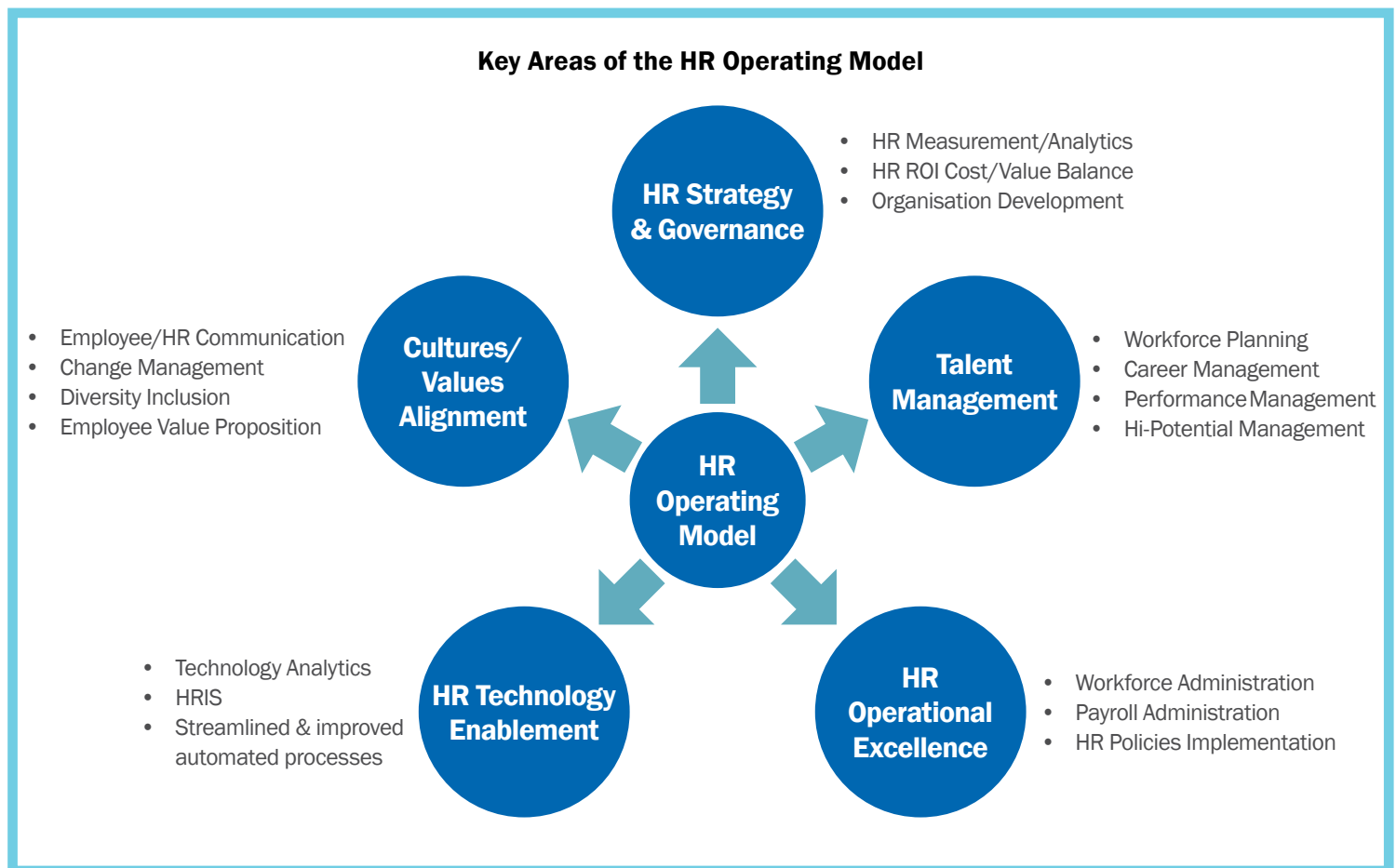
CONTINUING OUR COMMITMENT TO HUMAN CAPITAL DEVELOPMENT

Full implementation of the established Talent Management Framework came in 2014, in tandem with the Competency Based Talent Management initiative under IGNITE 2017. The Core and Leadership Competency Framework was re-established through this initiative and its application was made visible through the Competency Based Selection Interview and Assessment as well as the Competency Based Entry and Exit Interviews. More initiatives are in the pipeline for 2015 for Competency Based Talent Management, with the focus on Performance Management, Rewards Management and Talent and Succession Management.

Transforming HR through IGNITE 2017

As the Group moves forward with the Group's transformation programme – IGNITE 2017, Group Human Resource will place the same emphasis on ensuring that we grow towards meeting the aspirations of the Group. During the year, we launched four main initiatives, namely the Human Resource Operating Model, Competency Based Talent Management, High Performance Culture and Change Capability Development.

The Human Resource Operating Model focused on transforming the Human Resource function to support the regional growth of the business and position RHB as the leading employer of choice. Aimed at establishing a new regional HR operating model, organisational structure and ensuring optimal efficiency, the initiative was focused on five key areas, namely HR Strategy & Governance, Talent Management, HR Operational Excellence, HR Technology Enablement and Culture/Value Alignment.





CONTINUING OUR COMMITMENT TO HUMAN CAPITAL DEVELOPMENT

Under the key area of HR Technology Enablement, 2014 saw the beginning of the implementation of a new Human Resource Management System by Oracle, named PeopleSoft to ensure that the latest HR practices are implemented for sustainability and increased efficiency. Full implementation of PeopleSoft will be in 2015 with a target improvement in HR service delivery and quality and an overall reduction of HR personnel cost.

In the other key areas of the model, the Group also collaborated with a renowned global HR consulting firm, Towers Watson. In 2014, Group Human Resource through Towers Watson undertook a study, known as the AIM Survey, of HR processes and practices. The study suggested a more strategic and consultative role of Group Human Resource via the redefining and realigning of roles, a shift of resources across Group Human Resource as well as to focus the HR Service Delivery on capability, efficiency and agility. The momentum will continue in 2015, with the full implementation of the various components of the HR Operating Model initiative.

The Group ensures that we are at par with global industry standards and in doing so, we have introduced a Competency Based Talent Management (“CBTM”), focused on embedding the competency framework to the Talent Management Framework. In 2014, we embedded the competency framework to several touch points in the Talent Management framework, such as Acquiring Talent; and Leadership & Succession Planning, ranging from the introduction of Competency Based Interview (“CBI”) to successor selection through competencies. 2015 will see targeted embedding and roll-out to the rest of the touch points in the Talent Management Framework.

Studies have shown that a highly engaged workforce in a highly engaging workplace will result in a high performance culture. Realising the significance of this, Group Human Resource put in a place an initiative to ensure the embedding of a high performance culture. The high performance culture will support the Group’s regional business growth by having an organisation with a differentiated reward, robust performance management system and targeted development programme. In doing so, the focus was on aligning the organisation culture against RHB’s group aspiration and core values. Through this initiative, 2014 saw the execution of the Islamic Leveraging Exercise, stringent Performance Management Process and an increase in profit after tax (“PAT”) per employee.

No transformation initiative would be a success without proper change capabilities within the organisation. With the aim of

building capacity internally to be change ready, a Change Capability Development initiative was put together with a focus on establishing standardised and consistent methodology, governance, tools and templates to manage change across all transformation projects. Mid 2014 saw the beginning of the crafting of the many components of change capability and 2015 will see e-learning, trainings, systems and tools to bring the change capability in RHB to a whole different level.

NURTURING PEOPLE THROUGH DEVELOPMENT

RHB is committed to developing and training our most valuable asset, our employees. We focused our development programmes in 2014 on building the capacity of our employees, based on the competency framework.

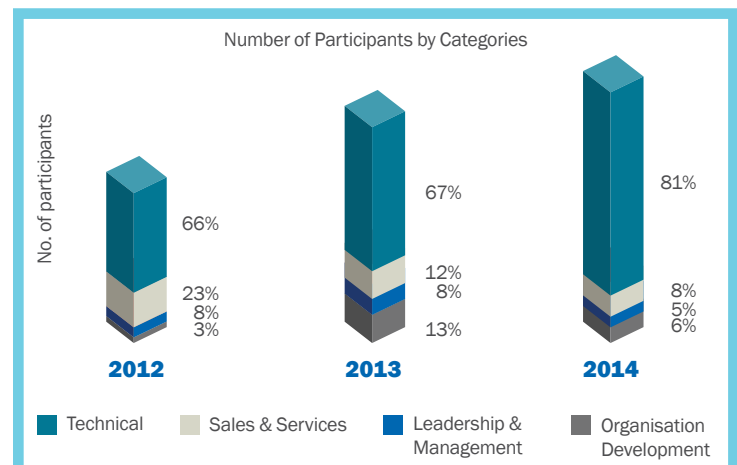
Learning Events and Highlights

Total No. of participants - Malaysia Operations

Types of Learning	2012**	2013	2014
Classroom	44,549	59,999	59,139
e-Learning	13,302	25,122	39,407
Total Participants *	57,851	85,121	98,546

* Each employee may participate in more than one training programme in a year.

** Data for 2012 is not inclusive of OSK staff



Notes:

- Figures are reflective of training programmes attended by staff of Malaysia Operations only.
- Budget utilisation on staff training is within the minimum requirement set by the statutory bodies.

CONTINUING OUR COMMITMENT TO HUMAN CAPITAL DEVELOPMENT

The year witnessed a total of 98,546 participants being trained in both classroom and e-learning programmes. In leveraging on technology for information to be at our employees' fingertips, we have further expanded our e-learning capability to all overseas branches. We further enhanced the e-learning facility in 2014 by having 18 new types of courseware designed and developed for the year. We have also put in place multiple sales programmes, financial literacy programmes, Continuous Professional Education ("CPE") courses, and GST awareness and FATCA training programmes to further increase technical competence. 2015 will see the RHB Talk Series focused on Leadership topics, new in-house investment bank training course and new e-learning courses made available regionally.

We have also established new strategic alliances and partnerships with the likes of the Associateship of The Malaysian Insurance Institute, Open University Malaysia and Malaysian Institute of Human Resource Management. These collaborations have resulted in various development programmes, such as the Diploma of the Malaysian Insurance Institute, RHB-OuM Executive Diploma and HRM for Executives.

In providing a platform for knowledge sharing and learning from renowned speakers, the 2014 RHB Talk Series was organised based on IGNITE 2017, as follows:

RHB Talk Series 2014

Theme	Topic	Speaker
Innovative	How to be Innovative in the Way We Think, Operate & Execute	Charles Leadbeater
Growth	The Future of Asian Trade & Growth	Haiyan Wang
Nimble	Nimble Leadership	Hamish Taylor
Impactful	Impactful Communicator	Lorraine Hahn
Teamwork	Teamwork to Succeed—Building a High Performance Team	Mike Forde
Excellence	Service Excellence—Delivering a World Class Customer Experience at RHB	Dr Joseph Michelli

CONTINUING OUR COMMITMENT TO HUMAN CAPITAL DEVELOPMENT



Fostering a Highly Engaged Workforce

In striving to meet organisational goals and objectives, one ought not to lose sight of ensuring a high level of engagement amongst employees and this is quintessential for a productive workforce. With that in mind, the Group conducted the Employee Engagement Survey in 2013 with results being made available in 2014. The Employee Engagement Index 2013 witnessed a marked improvement to 72% and an improvement in scores in all categories of the engagement survey.

A culture of high engagement will directly support the Group's overall objectives and aspiration of becoming a Leading Multinational Financial Services Group and employer of choice. To achieve this, further analysis of the results of the engagement index was conducted and the identified key drivers to engagement were identified as work organisation, our core values, career development, communication and performance management. The strategy for the year was to have multiple activities and sessions of engagement that were centred on the key drivers. A total of 20 action items, such as the Talk Series, Luncheon Talks, PRIDE-centred initiatives, Casual Friday and Family Day were carried out in 2014 with these engagement activities being driven by the Group Management Committee.

Cultivating a Common Culture through PRIDE

RHB recognises that its human capital is its greatest asset, and the pulse of the organisation. It is therefore crucial to determine the DNA of the organisation by further embedding the core values of PRIDE (Professional, Respect, Integrity, Dynamic and Excellence) into the culture of the Group. In achieving this, 2014 saw many PRIDE initiatives take place to further reinforce the cultural transformation that began in 2012.

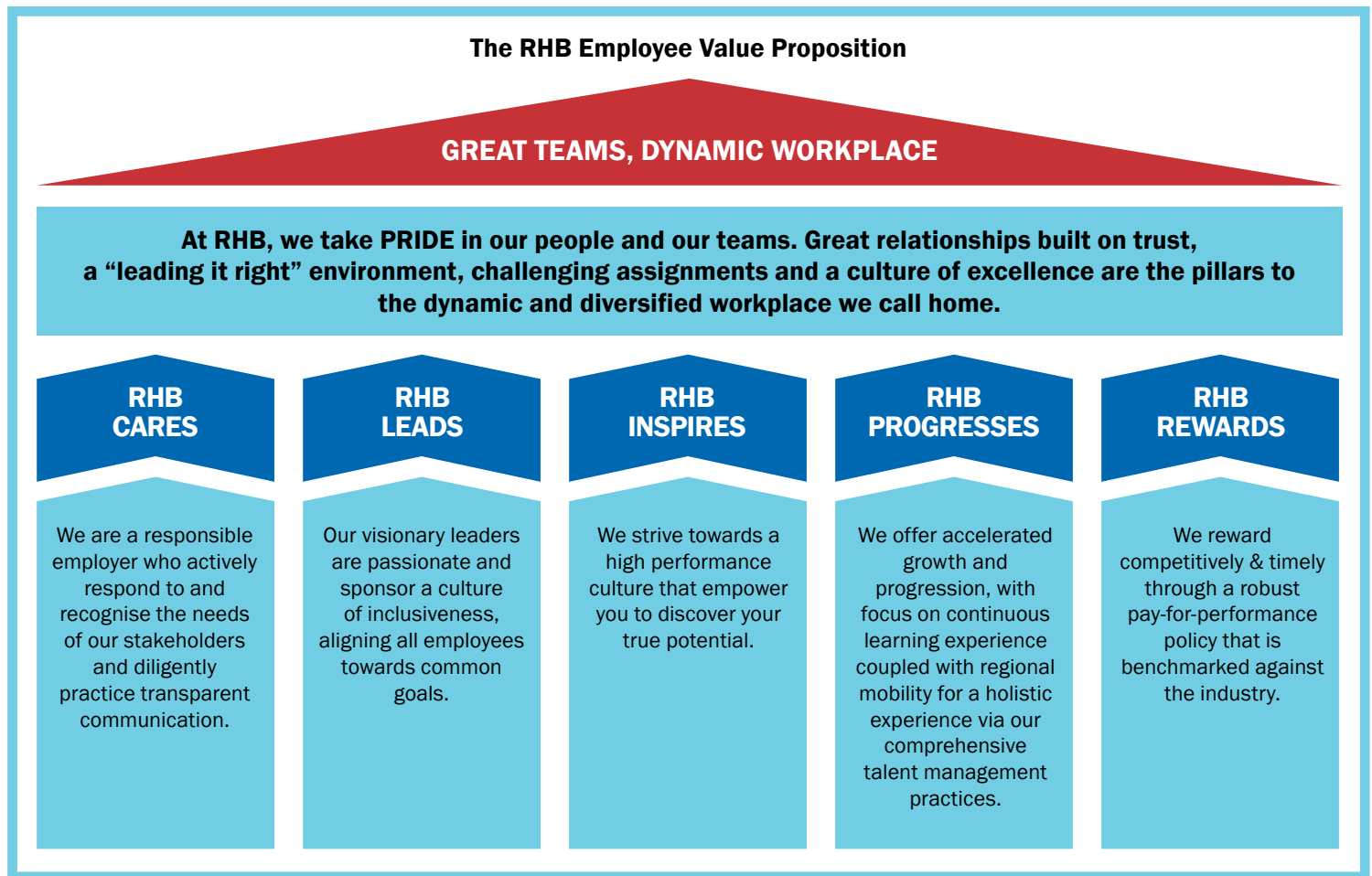
98 "Delivering MORE with PRIDE" workshops were conducted in July 2014 as a Phase II approach post the PRIDE in Action Workshops conducted in 2013. These workshops were focused on setting SMART goals or action plans and applying PRIDE values to those goals. There were also two PRIDE Pledge Walls that were set up, one in RHB Centre and another in RHB Complex Bangi, signifying the commitment and pledge toward PRIDE and these served as a reminder to consistently deliver more and to keep the values alive within the Group.

Further embracing PRIDE values, RHB Family Days were organised nationwide at various locations for all employees and family members. These were carried out in September and October 2014. 1,000 PRIDE posters were also printed and distributed to various offices in Malaysia and overseas. The PRIDE Committee also collaborated with both the OSH and Service Quality teams to produce a series of handbooks which set out all the elements of PRIDE that form the focal point of the Group's continuous efforts to drive excellence in both safety and service quality. During this initiative, 20,000 PRIDE bookstands were made to hold every instalment of the handbook series.

CONTINUING OUR COMMITMENT TO HUMAN CAPITAL DEVELOPMENT

Becoming a Prominent Employer of Choice in the Region

In 2014, the Senior Management pledged to make RHB an even better place to work through the Employee value Proposition (“EvP”). The EvP is built on five pillars – RHB Cares, RHB Leads, RHB Inspires, RHB Progresses and RHB Rewards. Themed “Great Teams, Dynamic Workplace”, the pledge highlights the benefits that RHB offers its employees and functions as an additional means of attracting potential employees.



As the Group accelerates towards IGNITE 2017, we are focused on RHB’s employer branding. We intensified our efforts in 2014 towards realising our aspiration of becoming a prominent employer of choice in the region in order to attract the right talent to meet current and future business needs. To this end, we have increased visibility to the public by participating in 30 career events nationwide. We have also reengineered our Management Associate Programme and Graduate Associate Programme to attract young talents into the organisation. In 2014, we recruited 25 graduates for the programmes and 18 Management Associates who have since been deployed to various offices within the Group.

We have also increased our smart partnerships with universities such as INTI Laureate International University, Monash University, The University of Nottingham and International Islamic University Malaysia via participation in their recruitment drives, talks and event sponsorships. Our branding efforts have made a big impact in the employment market and this was further attested through the various awards that we received. In 2014, we were honoured with the MIHRM Grand Award for Employer of Choice, HR Asia 2014 Best Companies to Work For, GRADUAN Top 50 Employer 2014, Malaysia Top 100 IDEAL Employers 2014 and Malaysia’s 100 Leading Graduate Employers awards.



REVIEW OF THE MALAYSIAN ECONOMY

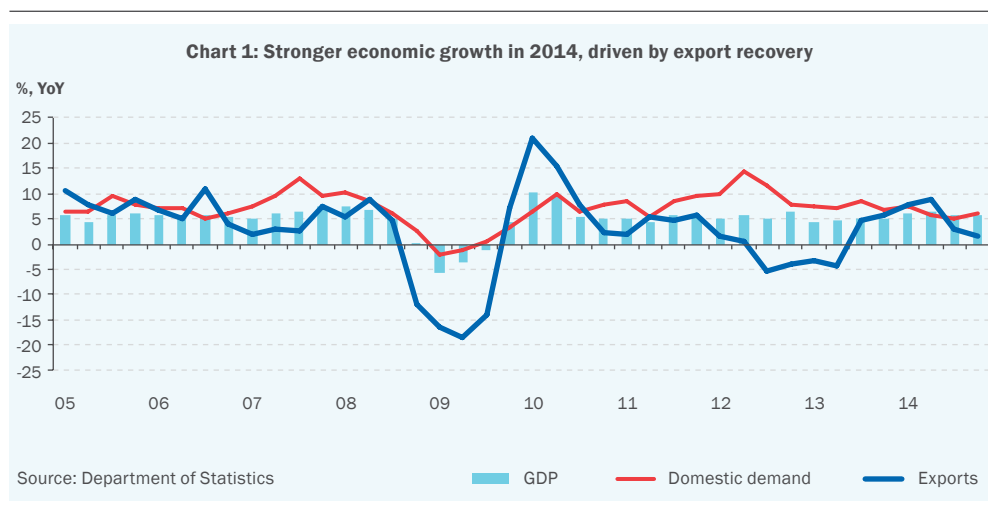


LIM CHEE SING
Group Chief Economist

STRONGER ECONOMIC GROWTH IN 2014, DRIVEN BY EXPORT RECOVERY

The Malaysian economy posted a stronger growth of 6.0% in 2014, faster than +4.7% recorded in 2013 (see Chart 1). This was due to a stronger export growth on the back of a gradual recovery in external demand for the country's exports of goods and services. Indeed, electronics and electrical ("E&E") exports expanded at a faster pace, supported by sustained demand for semiconductors, while major commodities exports rebounded, on the back of increased shipments for crude oil, liquefied natural gas ("LNG") and palm oil. Although domestic demand grew at a more moderate pace of 6.0% in 2014, compared with +7.4% in 2013, due to the implementation of policy tightening measures to rein-in household debt, property speculation and government's fiscal deficit, it remained resilient.

As it stands, private investment was sustained at a double-digit growth of 11.0% in 2014, albeit at a more moderate pace, compared with +13.1% in 2013 (see Table 1). The sustained strong growth in private investment was underpinned by the implementation of long-gestation infrastructure-related projects under the various economic programmes, including the Economic Transformation Programme ("ETP"), Public-Private Partnership ("PPP") programme, the Iskandar Malaysia Corridor ("IMC") and the Sarawak Corridor of Renewable Energy ("SCORE"). These were aided by a sustained increase in consumer spending at 7.1% in 2014, albeit slightly slower than the +7.2% recorded in 2013. Consumer spending was supported by increased wages, stable employment conditions and higher amount of cash assistance given by the Government via 1Malaysia People's Aid ("BR1M"). Consumer spending was particularly strong in fourth quarter ("4Q"), reflecting pre-Goods and Services Tax ("GST") purchases, as consumers front-load purchases of high-value items ahead of the GST implementation. Meanwhile,



public investment contracted, while public consumption slowed during the year. This was in line with the Government's efforts to contain its expenditure in order to attain its fiscal deficit target.

Stronger Growth was Broad-Based

All the key economic sectors experienced a faster pace of growth during the year. Value added in the manufacturing sector

expanded at a more rapid pace of 6.2% in 2014, compared with +3.5% in 2013 (see Table 2), in tandem with a recovery in exports as global demand improves. It was underpinned by improvements in the E&E products and consumer-related clusters, particularly in 1H 2014. The growth in the construction sector was sustained at a double-digit rate of 11.6% in 2014, compared with +10.9% recorded in 2013, supported primarily by the residential

REVIEW OF THE MALAYSIAN ECONOMY

sub-sector, driven by mass-market and affordable housing segments. The growth in the services sector was supported by robust trade and investment activities, and it expanded by 6.3% in 2014, as compared with +5.9% in 2013. The mining sector also registered a faster rate of growth of 3.1% in 2014, from +0.7% in 2013, reflecting a rebound in crude oil production driven by a recovery in the production of matured oil fields and additional output from new oil fields. A stronger growth in the agriculture sector during the year also helped.

Current Account Surplus Widened, Lifted by a Pick-Up in Global Demand for Exports

The current account surplus in the balance of payments (“BOP”) recorded a larger surplus of MYR49.5bn or 4.8% of GNI in 2014, compared with a surplus of MYR39.9bn or 4.2% of GNI in 2013. This was mainly due to a larger surplus in merchandise trade account, as export recovery picked up its pace in 2014 after a tepid growth in 2013, benefiting from the sustained expansion in global economic activity, while import growth was capped by moderating domestic demand. This was, however, offset partially by a larger deficit in the services, income and current transfer accounts. Nevertheless, the current account surplus in the balance of payments is projected to narrow to MYR26.0bn or 2.4% of GNI in 2015 (see Table 3), mainly on account of the sharp fall in the prices of crude oil and LNG.

The financial account also recorded a larger net outflow in 2014, attributed to a larger net outflow of foreign portfolio funds and direct investment. This was mainly due to the US Federal Reserve unwinding its quantitative easing programme, which ended in October, and concerns over the economic prospects of the country due to the rapid collapse in oil prices. Errors and omissions, which include the revaluation gain/loss from the foreign exchange reserves, recorded a larger deficit during the year. As a whole, the overall balance of payments reversed into a deficit of MYR36.3bn in 2014, from a surplus of MYR14.6bn in 2013.

Table 1: GDP by expenditure components (at constant 2005 prices)

	2013	2014	2015F
	% Y-o-Y		
Consumption			
Private sector	7.2	7.1	5.2
Public sector	6.3	4.4	4.0
Gross Fixed Capital Formation	8.5	4.7	5.9
Private sector	13.1	11.0	8.5
Public sector	2.2	-4.9	1.2
Aggregate Domestic Demand	7.4	6.0	5.2
Exports of Goods & Services	0.6	5.1	4.2
Imports of Goods & Services	2.0	3.9	4.6
Real Gross Domestic Product	4.7	6.0	5.0

Source: Department of Statistics, RHBRI
F: RHBRI's forecasts

Table 2: GDP by industrial origin (at constant 2005 prices)

	2013	2014	2015F
	% Y-o-Y		
Real Gross Domestic Product	4.7	6.0	5.0
Agriculture, forestry & fishing	2.1	2.6	2.3
Mining & quarrying	0.7	3.1	1.6
Manufacturing	3.5	6.2	5.7
Construction	10.9	11.6	7.7
Services	5.9	6.3	5.5

Source: Department of Statistics, RHBRI
F: RHBRI's forecasts

Table 3: Balance of payments

	2013	2014	2015F
	MYR'bn		
Current Account	39.9	49.5	26.0
(% of GNI)	4.2	4.8	2.4
Goods	108.2	125.1	90.5
Services	-16.7	-20.5	-17.7
Income	-34.1	-37.4	-30.0
Current transfers	-17.5	-17.6	-16.8
Capital account	-0.02	0.3	-
Financial account	-15.8	-76.5	-75.2
Errors & omissions	-9.4	-9.6	-9.9
Overall balance	14.6	-36.3	-59.1
Outstanding reserves*	441.7	405.5	346.3
(US\$)*	134.9	116.0	98.0

* As at end-period
Source: Department of Statistics, RHBRI
F: RHBRI's forecasts



REVIEW OF THE MALAYSIAN ECONOMY

Chart 2: Ringgit depreciated sharply vis-à-vis the US dollar



Source: Department of Statistics

Chart 3: Loan growth moderated, while impaired loans ratio remained stable



Source: Bank Negara Malaysia

Meanwhile, the country’s foreign exchange reserves fell sharply by USD18.9bn to USD116.0 billion by end-2014. The uncertainty over prospects of Malaysian economy on account of the sharp fall in oil prices prompted short-term portfolio investors to pull their money out from Malaysia in 2H of the year. This was made worse by expectations of the US raising its key policy rate. Despite the drop in foreign exchange reserves, it is still sufficient to finance about eight months of retained imports in 2014. This, together with sustained increase in the current account surplus will provide some underlying support to the fundamental value of the ringgit, which has weakened against the US dollar by 6.7% in 2014 (see Chart 2), after having depreciated by 7.1% in 2013.

Moderation in Loan and Monetary Growth

The banking system’s loan growth has been on a moderating trend in 2014, slowing from a high of 11.0% year-on-year (“y-o-y”) in January to 9.3% y-o-y in December. Both corporate and household lending during the year recorded a slower growth. The former was largely on account of rising cost of doing business, moderating domestic demand growth and the near-completion of large infrastructure projects, while the latter was constrained by more stringent guidelines on responsible lending by the Central Bank and a higher real property gain tax that have affected lending for personal consumption and mortgages, respectively. Meanwhile, the growth in the broader monetary aggregate, M3, edged down to 7.0% y-o-y

in December, from +7.1% in November and compared with +7.9% in December 2013. In terms of asset quality, the net impaired loan ratio of the banking system was relatively stable at 1.3% of total loans in January-November, before easing marginally to 1.2% in December (see Chart 3).

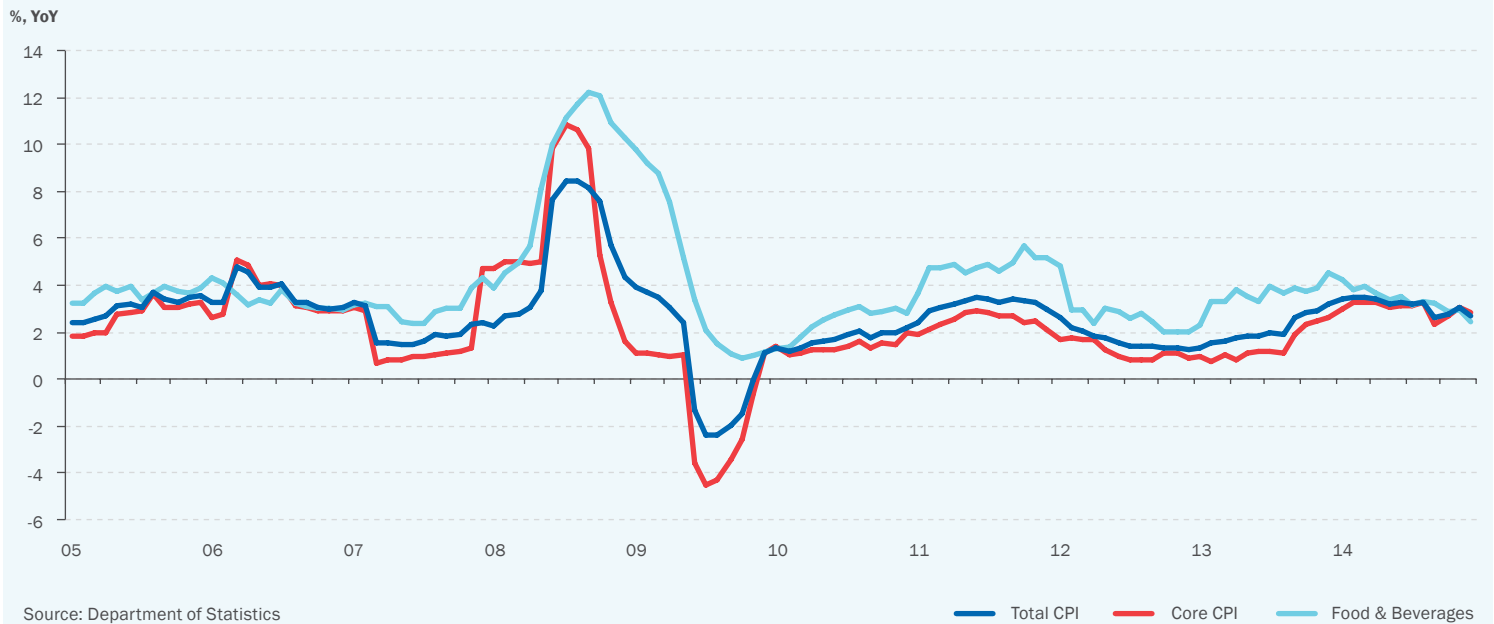
Headline Inflation Manageable Despite GST Given Falling Fuel Prices

The headline inflation rate rose to 3.2% in 2014, from +2.1% recorded in 2013 (see Chart 4). This was due to a faster increase in the core inflation rate, largely on account of policy-induced measures. While the higher base effect from 2013 kept the price pressure manageable, fuel price hike in Sep 2013 and Oct 2014, the electricity tariff hike in Jan 2014, industrial gas price hike in May 2014, as well as an increase in tobacco excise duty exerted some pressure on inflation.

Going forward, while inflation is set to spike in 2015 when the 6.0% GST is implemented on 1 Apr 2015, any potential spill-over effects will likely be subdued by falling retail petrol and diesel prices. The postponement of the scheduled electricity tariff hike in 2015 and the scheduled gas price hike for the industrial sector in 2015 will also help to reduce the cost of doing business domestically. The GST will likely add about 0.9ppt to the headline inflation in 2015. However, with the Government implementing a managed float fuel price scheme starting 1 Dec 2014, a drop in retail pump prices along with falling crude oil prices will likely mitigate the impact of the GST during the year. Meanwhile, the reduction in the power tariff starting 1 March 2015 and for four months will likely ease some pressure on inflation as well. Its impact, however, will unlikely be significant. As a whole, inflation is envisaged to pick up to 3.6% in 2015, from +3.2% in 2014.

REVIEW OF THE MALAYSIAN ECONOMY

Chart 4: Headline inflation trending lower, but remained elevated in 2014



Policy Shifted to Focus on the Strength of Economic Growth

The Central Bank raised the overnight policy rate (“OPR”) by 0.25% to 3.25% in July 2014. Going forward, we believe the strength of economic growth will likely be a more important consideration relative to inflation for monetary decision given the challenging global economic environment. At the same time, there are also downside risks emanating from domestic demand factors, including: (i) falling oil and gas prices and its impact on the economy, (ii) slowing investment in the property sector and a sharper-than-expected slowdown in investment in machinery and equipment, particularly for the transportation sector, and (iii) risk of businesses and consumers over-reacting to the implementation of GST. Hence, policy emphasis is likely to have shifted to focus on downside risks to

economic growth instead of inflation. As a result, the Central Bank will unlikely raise its OPR in 2015, in our view.

OUTLOOK FOR 2015

Slower Growth on Account of Lower Crude Oil Prices and Implementation of GST

Reeling from the impact of a sharp fall in crude oil prices and in a year of the implementation of the GST, the growth momentum of the Malaysian economy will likely soften in 2015. Apart from the higher base effect, domestic demand will likely be dampened by the anticipated slowdown in oil and gas investment and government spending. This is in addition to the sustained impact from earlier policy measures implemented to rein-in rising household

debt and cool down property speculation, in an environment of fiscal consolidation. Meanwhile, the uncertainties and rising costs on account of the implementation of the GST will likely dampen private investment and consumer spending as well. Nevertheless, private investment will be supported by the implementation of long-gestation infrastructure-related projects under the various economic programmes, while consumer spending will be cushioned by a reduction in individual income tax rate and higher savings from lower fuel prices. Along with a weaker domestic demand, export growth is also envisaged to moderate in 2015, on the back of persistent weakness in the Eurozone, China and Japan’s economies. On balance, we expect the Malaysian economy to register a more moderate growth of around 5.0% in 2015, compared with +6.0% in 2014.

SUSTAINABILITY REPORT

INVESTING IN OUR FUTURE



SUSTAINABILITY REPORT -

INVESTING IN OUR FUTURE

OVERVIEW

This year's Sustainability Report ("SR") seeks to provide a more insightful view into RHB Corporate Responsibility ("CR") initiatives to deliver balanced growth in a responsible and sustainable manner. In addition to the many effective CR initiatives that we are undertaking on the Community, Workplace, Marketplace and Environment fronts, we have delved into other areas that demonstrate how we are laying strong foundations for the Group's sustainable growth.

As we put in place the necessary building blocks to transform RHB into a regional powerhouse, we are also reinforcing the Strategic CR Framework, which guides our CR direction and investments. At the same time, we have taken the opportunity to fine-tune the Key CR Pillars that uphold our framework by strengthening our existing areas of focus.

Enriching our communities

The year in review saw us making strong strides forward on the Community front. We continued to focus our efforts on the twin goals of fuelling children's minds through learning in an enjoyable manner as well as ensuring their safety.

You can learn more about our initiatives and the impact on the community on pages 133 to 141.

Strengthening Our Workforce

The success of our transformation will be very much dependent on how well we reconfigure the organisation for growth and how well we instil a high performance culture. To this end, we continued to implement various training and development programmes as well as enter into smart partnerships with reputable learning organisations to bolster our workforce.

In 2014, employer branding initiatives and a new Employee Value Proposition were introduced to attract and retain talent. RHB's Regional Talent Framework was rolled out to increase the mobility of talent across the region. Anchored on our Competency Based Talent Management framework and guided by our PRIDE core values, these initiatives strengthened our workforce.

Elevating Our Marketplace

RHB is deeply committed to upholding ethical behaviour in our marketplace. To this end, we continue to embed strong corporate governance, internal control and risk management practices throughout our operations. We also practice self-regulation and have inculcated a strong anti-money laundering and fraud awareness culture among our people region-wide.

Our being conferred The Asset's Excellence in Management and Corporate Governance Benchmarking Platinum Award is apt reflection that our efforts are paying off. We are confident that as we continue to uphold the tenets of integrity, transparency and accountability at all levels of our organisation, we will strengthen stakeholder confidence, preserve our reputation and reinforce our market position.

This year's review of our Marketplace activities provides some insights into the many innovative measures undertaken to strengthen RHB's capability as a financial services provider across ASEAN+. We remain committed to putting our best foot forward to deliver innovative products and services, ensure a high level of customer care as well as undertake transparent and fair practices in all our dealings. In all that we do, we are committed to elevating the customer service experience and delivering sustainable value.

In our efforts to make banking more accessible and convenient for customers, we strengthened our Easy by RHB business model as well as our mobile and internet banking platform, RHB Now. Both these

initiatives registered strong growth in 2014, as did our level of customer engagement through the use of social media platforms.

Safeguarding Our Environment

RHB has always endeavoured to be a good steward of the environment by implementing green solutions that keep our carbon footprint at an absolute minimum. In 2014, we continued to embed environmental practices into our processes, instil a deeper appreciation for the environment among our employees and customers, as well as roll out several new initiatives.

One of these new activities was the Trail Experience ("TrEx") programme. With the aim of inculcating environmental awareness, nurturing an appreciation for nature while also promoting fitness among urbanites, the TrEx programme calls for RHB to adopt and maintain specific hiking trails. For a start, the TrEx initiative has adopted Broga Hill, a popular hiking destination bordering the states of Negeri Sembilan and Selangor. More information on this initiative can be obtained on pages 146 to 147.

We continue to lend financial support to companies implementing green projects and are leveraging on emerging technologies and solutions to drive environmental sustainability within the Group. We are also tapping energy efficiency initiatives throughout our buildings, reducing wastage and recycling to conserve the environment.

Focused on Delivering Balanced, Sustainable Growth

As the Group moves towards further sustainability, we are committed to incorporating environmental, social and governance ("ESG") considerations into the Group's everyday business operations.

As we propel forward towards achieving our regional ambitions, we are all set to undertake effective CR practices that will enrich communities, nurture our people, strengthen the marketplace and safeguard the environment in which we operate.



SUSTAINABILITY REPORT - INVESTING IN OUR FUTURE

OUR COMMITMENT TOWARDS SUSTAINABLE GROWTH

Focused on Balanced, Sustainable Growth

As a Leading Multinational Financial Services Group, the RHB Banking Group is focused on delivering balanced growth in a sustainable manner by embedding responsible corporate practices throughout our operations. This commitment towards sustainable growth is evident throughout our organisation.

At the very top, our Board of Directors and our Senior Management recognise the importance of balancing out our economic ambitions with equally important environmental, social and governance (“ESG”) aspirations and have committed to investing in a sustainability agenda that promotes the growth of our businesses and creates value for our shareholders.

At the ground level, our teams go all out to undertake their daily tasks in a manner that makes a positive and sustainable impact in the key areas of the Community, Workplace, Marketplace and Environment. Sustainability is very much ingrained within the culture of our organisation and is evident in the many effective Sustainability initiatives that we roll out among our various stakeholder groups.

Our CR Philosophy

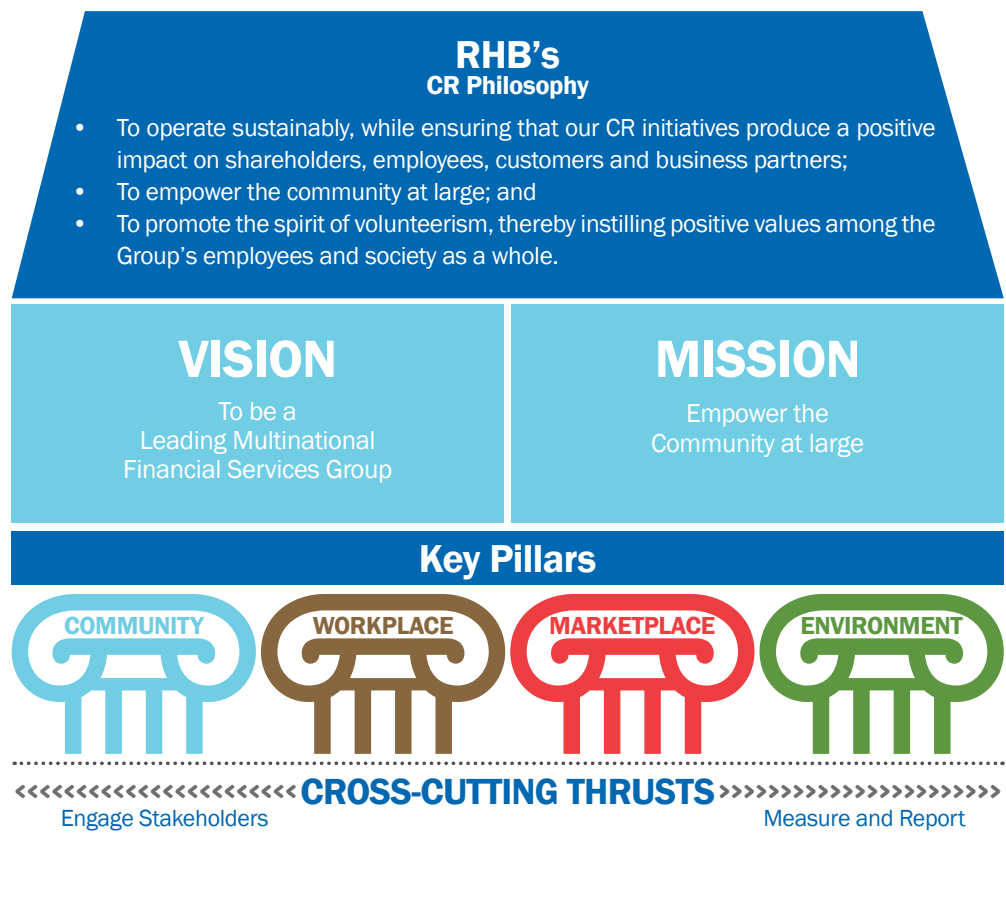
Today, the Group’s CR Philosophy encompasses these tenets:

- To operate sustainably, while ensuring that our CR initiatives produce a positive impact on shareholders, employees, customers and business partners;
- To empower the community at large; and
- To promote the spirit of volunteerism, thereby instilling positive values among the Group’s employees and society as a whole.

Our Strategic Corporate Responsibility Framework

As we put in place the necessary building blocks to transform RHB into a regional powerhouse under our IGNITE 2017 transformation initiative, we are also reinforcing our Strategic Corporate Responsibility Framework, which guides our CR direction and investments.

This framework supports and creates value for the Group’s businesses, operations and brand, while ensuring that our efforts truly bring about tangible benefits for our shareholders, customers, employees and society. It also ensures that we consider the social, economic and environmental impact of our businesses and operations in all that we undertake.



SUSTAINABILITY REPORT - INVESTING IN OUR FUTURE

At the same time, we have taken the opportunity to fine-tune the Key CR Pillars that uphold our framework by strengthening our existing areas of focus.

CR Focus Areas

COMMUNITY

- **Development** – Nurture and provide opportunities for young individuals to reach and embrace their fullest potential to be outstanding members of society.
- **Welfare** – Reach out and enrich the lives of children by promoting safety awareness, as well as provide the underprivileged and disabled children an equal chance and opportunity to fulfil their dreams and ambitions.

ENVIRONMENT

- Promote green initiatives through adoption of nature walks and conservation of the environment.
- Create environmental awareness and improve sustainability.
- Promote healthy living among urbanites.

For over a hundred years, the RHB Banking Group has grown steadfastly in a balanced manner. Be it through delivering quality services to our customers or by reaching out to a child in need, we have demonstrated our ability to understand and fulfil the needs of our stakeholders.

GOING FORWARD,
we are all set to
strengthen our efforts
in these key areas –



– the Community and the Environment.

As RHB ventures forth, we will continue to uphold exemplary corporate conduct so as to achieve sustainable business growth. Our desire is to be a responsible corporation that creates and delivers value to stakeholders and communities in the countries where we operate. We believe that by undertaking effective community engagement, implementing high standards of corporate governance, preserving our environment and exceeding customer expectations, we will achieve our agenda of sustainability in a truly fruitful manner.

SUSTAINABILITY REPORT - INVESTING IN OUR FUTURE

CREATING MORE VALUE FOR STAKEHOLDERS

A responsible corporation must ensure that its business grows in a manner that will continuously create value for its stakeholders. Here at RHB, we have been laying down the necessary foundations to ensure our businesses grow in a dynamic and sustainable manner. Complementing our strengthened CR Framework, are our robust transformation programmes, effective stakeholder engagement activities, as well as strong governance and risk management measures. Together, these are providing us solid foundations upon which we can build to create sustainable value for our stakeholders.

Our Strategic Transformation Programmes

Since 2007, RHB has been undertaking focused transformation programmes that have made a tangible impact on our agenda of growing in a sustainable manner. From our Strategic Transformation Programme in 2007 to the IGNITE 2017 Transformation Programme, each of these strategies has enabled us to strengthen our core businesses and deliver value to stakeholders, bolster our workforce, create better products and services for our customers, as well as contribute to society in a tangible manner.

2007 – 2009: Strategic Transformation Programme

RHB's transformation journey began in 2007 with the launch of the group-wide Strategic Transformation Programme. Comprising

organisational and management restructuring programmes, it helped to improve the Group's capital structure and build operational efficiency, as well as increased the Group's return on equity while tripling both pre-tax profit and market capitalisation.

2010 – 2012: SCORE 20 Strategic Growth Programme

The Strategic Growth Programme helped RHB to build a sustainable competitive advantage through expansion of the distribution network, gain market share and build diversified income sources. The Group made a breakthrough with the launch of Easy by RHB, which grew exponentially and went on to win multiple industry awards.

2014 – 2016: IGNITE 2017 Transformation Programme

In February 2014, we launched the IGNITE 2017 Transformation Programme, a three-year plan to strengthen our capability as a financial services provider in Malaysia and build RHB as a regional powerhouse across ASEAN+ by 2020. This on-going programme focuses on strengthening our segment value propositions, launching differentiated and regional capabilities, and scaling our regional businesses to achieve 30% revenue contribution from international operations by 2017. It is helping to accelerate our efforts to grow and is cementing our ability to act quickly and nimbly in response to the rapid changes in the financial industry. Detailed information on IGNITE 2017 can be found in the relevant sections of this Annual Report and on our corporate website.



SUSTAINABILITY REPORT - INVESTING IN OUR FUTURE

Our Stakeholder Engagement Activities

RHB is committed to creating sustainable value and building enduring ties with its many stakeholders. Even as our businesses and marketplace evolve, we continue to interact with a growing number of different stakeholder groups. These groups include our shareholders, customers, employees, the Government, non-Governmental organisations, regulatory authorities, our suppliers, industry peers, members of the media and the communities we operate in. There is an increasing need to engage with these diverse stakeholders and communicate to them how we are delivering balanced growth in a responsible, sustainable manner.

Today, we are leveraging on a host of platforms to engage with our many stakeholders. By engaging with our different audiences at different levels on a regular basis, we are able to listen to their concerns, attend to their needs, and ensure the smooth running of our operations and CR efforts, while delivering sustainable value.

Our Governance and Risk Management Efforts

The RHB Banking Group is committed to upholding and implementing the highest standards of corporate governance and risk management practices throughout our organisation. By stringently adhering to best practices in these areas, we are ensuring the sustainable growth of the Group's businesses, preserving our reputation and strengthening shareholder value. The details of these activities can be found in the relevant sections of this Annual Report or on our corporate website.

OUR COMMITMENT TO ENRICHING COMMUNITIES

Helping Develop Sustainable Communities

As we pursue our agenda of sustainability, we are also ensuring that the communities in which we operate benefit in a tangible manner from our efforts.

RHB's commitment to enriching communities for the long-term and making a real difference in the lives of ordinary people centres on helping young people to develop their full potential, to become empowered and to fulfil their dreams. To this end, we have prioritised the twin objectives of promoting the love for learning among the young as well as keeping them safe. The year 2014 saw us making good progress in these areas.

Empowering Our Future Generations

Our children are our future and RHB remains devoted to developing our nation's potential leaders through effective programmes. The Spell-It-Right and Mighty Minds Challenge initiatives have done much to encourage students to pursue knowledge beyond their school textbooks while building character. Many who have taken part in our programmes have gone on to obtain scholarships in top universities and have emerged as top students among their cohorts.



Encouraging English Proficiency

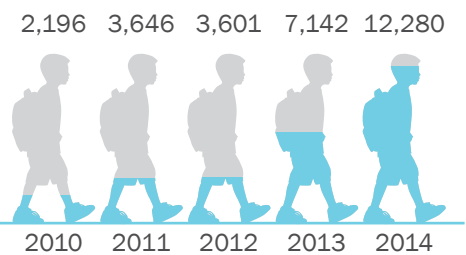
The RHB-NST Spell-It-Right ("SIR") Challenge was introduced in 2008 to foster English proficiency among young Malaysians in a fun and interactive manner.



The challenge encourages students to expand their vocabulary by reading beyond their textbooks. In 2010, the Ministry of Education endorsed the programme.

Since SIR's inception in 2008, more than 60,000 words have been used for the challenge. In 2014, there was a significant increase in participation with 12,280 students from rural, semi-urban and urban schools throughout Malaysia competing for the title of national champion speller (2013: 7,142 students). We also introduced the Junior Challenge for seven to nine year olds in four regions with over 300 young students taking part.

Number of students participating each year



SUSTAINABILITY REPORT - INVESTING IN OUR FUTURE



Fuelling Young Minds

Our RHB-The Star Mighty Minds National Challenge aims to stretch the imagination and creativity of youngsters in the hope that their ideas and inventions will influence society for the better. Introduced in 2009, it has been endorsed by the Ministry of Education and more recently the Ministry of Science, Technology and Innovation. The challenge is designed to elevate the standard of secondary students' general knowledge of current affairs, sports, world events, history and geography as they go beyond textbooks to get a better grasp of the world around them.

To date, this challenge has seen active participation by almost 40,000 students and done much to promote wide reading, business acumen and innovative thinking. In 2014, there was increased participation with 9,360 students from more than 700 schools taking part (2013: 8,883 students from 593 schools). The year also saw the programme's general knowledge questions being made much broader in scope to further challenge students' creativity. Past participants have described the competition as an "experience of a lifetime" and from it, have learned not to just depend on school textbooks, but instead to use different platforms – from newspapers, to radio, to the Internet – to continue expanding their minds.

Nurturing the Leaders of Tomorrow

The development of young talent is undoubtedly vital for economic growth, and to this end, RHB has created the Student Education Enrichment Development ("SEED") Leadership Camp to nurture the nation's future leaders. Held during school holidays, the SEED camps aim to develop teenagers throughout Malaysia in a balanced and holistic manner and equip them to lead. Over the course of the three-day, two-night camp, participants are introduced to innovative exercises that serve to engage their minds, bodies and souls while building upstanding character.

SUSTAINABILITY REPORT - INVESTING IN OUR FUTURE



This initiative targets secondary school students, aged 13-18, where participants include the state champions for the RHB-NST SIR Challenge, the RHB-The Star Mighty Minds Challenge and students from rural, semi-urban and urban schools. Since its inception in 2012, this first-of-its kind programme in Malaysia has nurtured almost 1,000 students. In 2014, there was a rise in numbers with 427 students from the Southern and East Coast regions taking part (2013: 407 students).

Through SEED, the participants experienced leadership concepts and practices, and were able to see how they could apply these to their daily lives. During the camp, these participants also showed leadership capabilities that we believe will carry on into their future undertakings and allow their development as future leaders of the country. RHB is proud to be playing a part in helping develop Malaysia's youngsters into well-balanced individuals who will one day make a real difference in our nation's destiny.



Keeping Our Children Safe

In 2014, we continued to roll out several initiatives to meet our objective of keeping our children safe. We made strong advances forward even as we bolstered our collaborative efforts and extended our reach.

Locating Missing Children, Reuniting Families

Our focus on ensuring the safety of children is best reflected through our Missing Children – Reuniting Families initiative which was launched in partnership with Polis DiRaja Malaysia (“PDRM”) in 2007. This initiative spearheads efforts to find missing children and reunite them with their families by offering members of the public an alternative channel of communication to help locate missing children.



It is a cause that sees RHB's employees investing not only their time and effort but also their emotions. Our people rejoice when a child is found and we weep when one does not make it home. All in all, the empathy that we have for the families of missing children rises above the boundaries of business and makes us better people.

In collaboration with PDRM, we have put in place Standard Operating Procedures (“SOP”) whereby a series of nine steps is activated when RHB receives information about a missing child. In 2011, RHB's Missing Children – Reuniting Families programme became a part of the nationwide NUR Alert System.



SUSTAINABILITY REPORT - INVESTING IN OUR FUTURE

Tapping RHB's Extensive Delivery Channel Network

Being the fourth largest fully integrated financial services group in the country, RHB is able to leverage on its extensive delivery channel to communicate the details of missing children to the public.

To date, our search efforts have seen us mobilising our more than 14,000 strong employee network throughout our 213 Conventional and Islamic branches, as well as 275 Easy outlets nationwide while leveraging on over 2,300 SSTs, social media platforms and extensive media support. There have even been some instances where we have provided financial support to families to ensure search efforts go unhindered. Our efforts have done much to create awareness and mobilise the public to do their bit to support parents. As we continue to fine-tune our approach for disseminating information on missing children, the RHB machinery too is now able to respond in a swifter and more efficient manner.



SUSTAINABILITY REPORT - INVESTING IN OUR FUTURE

Spreading Awareness about Child Safety

To ensure our children remain safe, we continue to focus our efforts on creating awareness and educating school-going children about safety issues and staying safe. To date we have implemented the following initiatives:

Initiative	Year Introduced/Results to Date
Safety Booklets	In 2008, RHB first published safety booklets incorporating a compilation of 12 crime prevention tips. To date, over 354,000 copies have been distributed to 290 primary schools.
TV and Radio Commercials	By 2011, RHB had aired more than 4,000 slots of television commercials on child safety awareness issues via local TV networks. In addition, 30-second radio promotions in English and Bahasa Malaysia were broadcast via four radio stations nationwide.
Child Safety Roadshows	In 2011, we rolled out Child Safety Roadshows to strengthen public awareness about crimes against children. Roadshows have been implemented in Melaka, Kelantan, Penang and Kuala Lumpur reaching over 40,000 students. RHB's safety booklets are also distributed at these road shows.
Child ID Kits	In 2011, the first-of-its-kind Child ID Kit was created to encourage the complete capture of relevant information of children. To date, almost 35,000 kits have been distributed during the Child Safety Roadshows.
Collaboration with Media	In 2013, we began running a series of editorials in The Star that increased the reach of our safety awareness initiative. On top of safety tips, The Star also conducted interviews with parents to find out their individual methods for keeping their children safe. In the case of missing children, alerts are also published in the newspaper.
2014 Initiatives	<ul style="list-style-type: none"> - We distributed another 14,000 safety booklets - Issued another 10,000 Child ID Kits - Together with PDRM, organised 10 Child Safety Awareness campaigns in 10 primary schools to reach 10,000 students

The RHB Outreach Programme

Serving High-need Schools

Recognising that some students do not have as many advantages as others, we continue to roll out the RHB Outreach Programme which focuses on the provision of reading materials and upgrading of resources and facilities at schools with specific needs, particularly rural and special needs schools. The programme, originally launched in collaboration with the Ministry of Education in 2008 as Let's Learn with RHB, was renamed the RHB Outreach Programme in 2013.

Our reading programme continues to boost student reading and general knowledge levels as well as English language proficiency across the nation. Through this platform, RHB has had a hand in distributing over RM2.0 million worth of books, educational magazines and knowledge-related materials to more than 200,000 students in 271 primary and secondary schools in rural areas. It is our hope that this initiative will revive a reading culture that will enlighten minds and broaden the horizons of our future generations.

This programme ensures that students in rural areas will have access to information and resources. By reducing the rural-urban gap, we are able to support the development of these students, who will be the nation's future human resource capital.



Invested almost
RM50 million
 on CR initiatives in the last
 five years.



SUSTAINABILITY REPORT - INVESTING IN OUR FUTURE

Increasing Access to Knowledge

To reach students in rural communities that do not have ready access to our primary education activities, we continue to leverage on media platforms other than print media. Through our collaboration with media partner Astro as well as over social media platforms, we are disseminating education snippets to Astro viewers and schools. In 2014 alone, we shared over 700 General Knowledge, Word of the Day and Safety Tips snippets with over 5.6 million Astro viewers while our content impacted over 400 schools.

Making a Difference in a Time of Need

A Focus on the Underprivileged

Moving beyond our focus on children-centric initiatives, we are also actively engaged in lending a helping hand to communities in need, especially in times of disaster. Even as we look to touch as many lives from as many social, economic and ethnic backgrounds as possible, we are paying special attention to the nation's underprivileged residents – the poor, the incapacitated, the marginalised, those with special needs and our senior citizens. As we focus on making an impact on our communities in a tangible manner, we are always looking for new ways and means in which we can make a difference.

Types of Capsules Broadcast in 2014



General Knowledge:
Ten 60-second English versions



Word of the Day:
Ten 20-second English versions



Safety Tips:
Four 20-second BM/English versions

Total Capsules: Over 700



Lending a Helping Hand When Disaster Strikes

Over the years, the RHB team has time and time again gone down to the ground to lend support to victims affected by natural disasters. Our RHB Flood Relief Programme in particular has brought relief to many communities stricken by floods. When the East Coast Region experienced some of the worst floods in decades towards the end of 2014, we rolled out the RHB Flood Relief Programme immediately. In addition to the financial relief programme to assist our customers, our efforts also included donating full sets of school uniforms, shoes, socks, bags and stationery to about 13,000 students from 78 schools in the states of Kelantan, Terengganu and Pahang. All in all, four rounds of distribution took place in early 2015 when the flood waters had receded.

SUSTAINABILITY REPORT - INVESTING IN OUR FUTURE

RHB School Flood Relief Programme

Date	List of Beneficiary Schools	Number of Student Beneficiaries
8 January 2015	Seven schools in Kuala Krai, Kelantan comprising SK Laloh, SK Kuala Nal, SK Peria, SK Bahagia, SK Dabong, SMK Kuala Krai and SMK Laloh	4,000 students
13 January 2015	59 schools throughout the state of Terengganu	5,000 students
14 January 2015	Three schools in the Temerloh area comprising SK Abu Bakar, SK Paya Ara and SMK Seri Bahagia	1,500 students
15 January 2015	Additional schools in Kuala Krai (SMK Dabong), Tumpat (SK Kampung Laut, SK Sri Kampung Laut and SK Pulau Beluru), Temerloh (SK Batu Kapor, SK Paya Taram, SK Teluk Sentang and SK Guai) and Bera (SK Kuala Triang)	2,500 students



Immediately after the flood waters had receded in early 2015, RHB volunteers under the RHB Flood Relief Volunteers Programme were mobilised to assist colleagues and the communities affected by the floods. These volunteers provided post-flood cleaning assistance to an affected branch and three Easy outlets, delivered donations in kind received from RHB staff, as well as extended help to the surrounding communities.

RHB's continuing involvement in a host of community initiatives aptly reflects our steadfast commitment to bettering the lives of those in the communities around us. Going forward, we remain committed to positively influencing communities for our sustainable growth and that of the nation.



SUSTAINABILITY REPORT - INVESTING IN OUR FUTURE

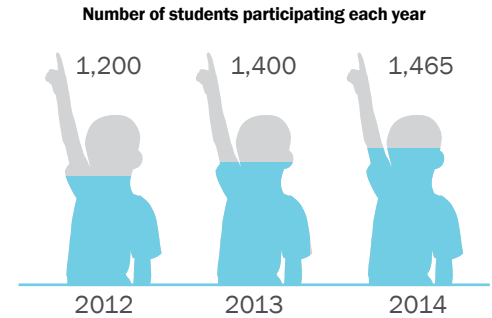
Nurturing Future Leaders Across ASEAN

In harmony with our regional aspirations and guided by IGNITE 2017, RHB has been rolling out CR activities across ASEAN which are creating tangible value for communities and other stakeholders in the markets that we serve.

Inculcating the Joy of Reading across the Causeway

Following the huge success of the SIR Challenge in Malaysia, the Group ventured across the causeway in 2012 to introduce the RHB-Straits Times National Spelling Championship (“NSC”) to Singapore. To date, the NSC has received encouraging response with some 5,000 students aged 10 to 12 participating in the competition.

In 2014, there was an increase in NSC participation with 1,465 students competing in comparison to 1,200 participants at the inaugural event. The 2014 event also achieved several firsts: it was launched at a shopping mall for the first time (the previous two NSC events were



held closed-door); it saw the emergence of its first female champion; and television airtime was secured for the first time for the post-event telecast of the finals.

Students who have taken part say that competitions like these help them with expanding their vocabulary, especially because when learning to spell the words, they also have to learn the meanings. This leads to better writing skills as well. Even teachers stress on the importance of spelling, ensuring that students brush up on their spelling skills from Primary 1. Besides taking part in competitions, students are also encouraged to read books, newspapers and encyclopedias to improve their vocabulary.



SUSTAINABILITY REPORT - INVESTING IN OUR FUTURE

In Support of the “Beautiful Game”

In 2014, RHB in partnership with Football Association Singapore, continued its support of the RHB-Singapore Cup. RHB has been the title sponsor of the tournament since 2005. For the 10th season of the tournament, participants from Australia, Brunei, Cambodia, Hong Kong, Japan, Lao, China, the Philippines, South Korea and Thailand, came together to compete for the Cup. In conjunction with the tournament, 998 participants took part in the longest football dribbling chain to set a new record in the Singapore Book of Records.



Cultivating Budding Talent

In the year under review, RHB extended the Little Kicks Big Difference football programme to Lao and Cambodia. This initiative involved the rollout of football clinics for children to nurture young talent in areas beyond academics. Previously implemented in Singapore in 2008, the 2014 programme took place in Vientiane, Lao and Phnom Penh, Cambodia.

The children who took part in the football clinics were given the opportunity to be coached by players from two of Cambodia’s best league clubs.

Charity futsal matches were also organised between RHB Bank and media representatives from Lao and Cambodia to raise funds for the SOS Children Village Vientiane and the Indochina Starfish Foundation.

As RHB ventures forth under IGNITE 2017 with a new sense of purpose, our Sustainability efforts will evolve to be a way of life in the many markets that RHB now operates in.





SUSTAINABILITY REPORT - INVESTING IN OUR FUTURE

OUR COMMITMENT TO NURTURING OUR PEOPLE

Building Great People and Great Talent

As we propel forward on our journey to transform RHB into a regional powerhouse in ASEAN+, people and talent will continue to be a critical differentiator to the success of our transformation and beyond. Our People Agenda for the mid-term mandates that we reconfigure the organisation for growth and instil a high performance culture. To this end, we continue to leverage on our PRIDE core values and the following key areas:

- The creation of a strong HR organisation with the right talent management capabilities to build and manage a regional workforce;
- The building of a regional mind-set; and
- The inculcation of a culture of change.

In 2014, we ramped up our commitment to building great people and great talent by introducing new initiatives and undertaking various proven programmes. These initiatives were anchored on our Competency Based Talent Management framework and guided by our PRIDE core values. As a result of these efforts, RHB's workforce today is a stronger one, our work environments are more conducive, and employee performance and productivity are on an upward trend.

A Stronger RHB Workforce

In light of manpower optimisation efforts to right-size the organisation, the Group's workforce stood at almost 18,000 employees strong at the end of 2014. In spite of a rise in attrition to 15.1% in 2014, we had a total of 2,592 new employees entering the organisation.

RHB as an equal opportunity employer employs, appoints, promotes, develops and rewards our employees through the principles of meritocracy and fairness. As at 31 December 2014, we had a 57:43 ratio for our female to male employees.



Gender Representation in 2014

Gender	Total All	%
Male	7,546	43
Female	10,209	57

Going forward, we will continue to work towards more balanced representation throughout the Group.

Solidifying "Our Employer of Choice" Positioning

In 2014, we intensified our efforts to position the Group as "One of the Preferred Malaysian Employers in the Financial Industry" by 2015. As part of our employer branding initiatives we increased RHB's visibility among the public by participating in 30 career events nationwide. To attract young talent, we reengineered our Management Associate Programme and Graduate Associate Programme. We recruited 25 graduates for graduate programmes while 18 Management Associates graduated and were deployed throughout the Group.

We also entered into smart partnerships with universities such as INTI Laureate International University, Monash University, The University of Nottingham and International Islamic University Malaysia and were involved in recruitment drives, talks and event sponsorships.



SUSTAINABILITY REPORT - INVESTING IN OUR FUTURE

All these activities certainly helped strengthen our reputation in the employment market as attested to by the host of awards that we received in 2014. These included the MIHRM Grand Award for Employer of Choice, HR Asia 2014 Best Companies to Work For, GRADUAN Top 50 Employer 2014, Malaysia Top 100 IDEAL Employers 2014 – Top 50 and Malaysia’s 100 Leading Graduate Employers awards – Top 50. RHB was also a Bronze Winner for Excellence in CSR Practices at the HR Excellence Awards. These awards underscore the good progress we are making on the human capital development front and spur us on to greater heights.

The year in review also saw our Senior Management pledging to make RHB an even better place to work at through our Employee Value Proposition (“EVP”). Themed “Great Teams, Dynamic Workplace”, the EVP is built on five pillars, namely RHB Cares, RHB Leads, RHB Inspires, RHB Progresses and RHB Rewards. The EVP spells out the positive values that existing or potential employees can expect in working for RHB. We expect this initiative to strengthen our efforts to attract and retain talented employees.



Nurturing Our People

Our people are our greatest asset and the reason for our success and we continue to intensify efforts to nurture them in the best manner possible. RHB offers attractive career opportunities to those who endeavour to be the best in our industry, stimulates growth through innovation and fosters a culture of continuous learning via structured learning programmes. To inculcate a high performance work culture among our people, we are constantly exploring ways and means to strengthen our human resource services and talent management programmes so that our people can reach their full potential.

In 2014, we focused our development efforts on building the capacity of our employees by leveraging on our competency framework. To strengthen our human capital, we undertook various training programmes and workshops. RHB employees were enrolled in internal, external and e-learning courses which enabled them to enhance their skills and get a competitive edge in their career development.

Cultivating a Highly Engaged Workforce

Our employees are important stakeholders in ensuring the Group’s sustainable growth and we remain committed to engaging them via activities that infuse a sense of fulfilment and which motivate them to have a good work-life balance. In 2014, we rolled out 20 engagement activities. Initiatives such as the Talks Series, Luncheon Talks, PRIDE-centred initiatives, Casual Friday and Family Day initiatives, among others, certainly helped foster employer-employee ties. On top of this, RHB’s Sports and Recreation Club continues to roll out a host of fun activities.

SUSTAINABILITY REPORT - INVESTING IN OUR FUTURE



Our engagement efforts to date are best reflected in the results of 2013's Employee Engagement Survey where there was a marked improvement to 72% in the overall Employee Engagement Index 2013 while improvements were seen in scores across all categories of the survey. Following further analysis of the results, the key drivers to engagement were identified as being work organisation, core values, career development, communication and performance management.

Caring for the RHB Family

We remain committed to providing a conducive working environment and looking after the wellbeing of our employees so that employee morale and productivity remain high. We offer competitive remuneration packages, career advancement opportunities and a wealth of other benefits such as medical care, loans and preferential interest rates, amongst others.

Via the RHB Welfare Fund, we provide financial assistance to employees and their immediate families in the event of any financial distress due to serious accidents, illnesses, injuries or loss of property and/or life as a result of natural disasters and other unforeseen incidents.

Our online Occupational Safety and Health learning module for employees underscores RHB's commitment to employee and workplace safety and health. All our branches and Easy outlets are equipped with first aid kits to ensure that staff have immediate access to appropriate medical aid during an injury or illness.

Our Culture of Volunteerism

Being a service-oriented business, we strongly encourage employee volunteerism. Whether our people are visiting schools, educating the younger generation about staying safe, or teaching them the importance of savings, employee volunteerism has proven to be an effective tool to strengthen and enrich our community engagement efforts. As we nurture a caring culture among RHB's employees, we are immeasurably strengthening the bonds within RHB and with the many communities that we serve.

Cultivating a Common Culture with PRIDE

Recognising the importance of talent and culture in achieving our ambition of becoming a Leading Multinational Financial Services Group, we marked our cultural transformation in 2012 by rolling out our customer-centric core values, PRIDE. Denoting "Professional, Respect, Integrity, Dynamic and Excellence", our PRIDE core values have firmly established the tone for how RHB as a Group wishes to serve its customers externally and operate our business internally.



More details of our 2014 PRIDE activities can be found in the Human Capital Development section of this Annual Report.

SUSTAINABILITY REPORT - INVESTING IN OUR FUTURE

OUR COMMITMENT TO STRENGTHENING OUR MARKETPLACE

Ensuring Responsible Marketplace Behaviour

RHB is deeply committed to ensuring responsible behaviour in our marketplace. To this end, we continue to uphold the tenets of integrity, transparency and accountability as well as embed robust corporate governance and risk management practices throughout our operations.

To safeguard the Group's reputation and stakeholders' interests, as well as ensure our sustainable growth, we continue to self-regulate our behaviour and take full responsibility for the effect of our practices and policies. These efforts are enabling us to mitigate potential risks on the financial, regulatory and consumer fronts – all the more important given the uncertain market environment we operate in. These initiatives are also doing much to strengthen shareholder value and investor confidence in RHB while bolstering customer ties and reinforcing our market position.

In 2014, we continued to implement a wealth of proven internal control measures to mitigate conflicts of interest, abuses of position and confidentiality breaches pertaining to price-sensitive information.

Some key governance and compliance policies include the following:

Group Code of Ethics	<ul style="list-style-type: none"> Identifies the situations where public trust and confidence might be compromised or a law might be violated and articulates the standards of conduct and behaviour that should be adopted when dealing in such situations.
Group Whistleblower Policy	<ul style="list-style-type: none"> Encourages employees to raise concerns regarding malpractices or misdeeds without fear of retaliation or discrimination.
Group AML Policy	<ul style="list-style-type: none"> Drawn up to comply with the Anti-Money Laundering/Counter Financing of Terrorism Act ("AML/CFT") and BNM's Sector 1 Standards. Defines the policies to be adopted to prevent the Group from being used by money launderers and terrorist financiers to further their illicit businesses.
Group Chinese Wall & Insider Trading	<ul style="list-style-type: none"> Establishes procedures to control the flow of confidential or material non-public and price sensitive information within the Group to avoid the risk of possible breach of the insider trading provisions under the Capital Market Services Act and to protect client confidentiality.
Declaration of Connected Party	<ul style="list-style-type: none"> Articulates the process for directors and connected staff to declare or update details of their close relatives and interested entities so that any credit transactions with connected parties shall be conducted on an arms' length basis.
Gifts & Hospitality Guidelines	<ul style="list-style-type: none"> Sets the standards of conduct on the giving and acceptance of gifts and hospitality.
Policy on Related Party Transactions ("RPT")	<ul style="list-style-type: none"> Deals with the reporting and review process for RPTs under the Bursa Malaysia Listing Requirements which should be conducted on an arms' length basis. <p><small>Note: RPT means a transaction entered into by RHB Capital or its subsidiaries which involves the interest (direct or indirect) of a related party.</small></p>

The Group also ensures that its employees and customers are aware of possible frauds and methods to counter these. Awareness Bulletins are made available on the internal staff portal, detailing examples of fraud attempts and provides recommendations on how to deal with them.

Coupled with our strong risk management, compliance, and security measures as well as a proactive Board and Management governance structure, RHB today boasts a strong governance and risk management framework that ensures we operate in a responsible and ethical manner.

SUSTAINABILITY REPORT - INVESTING IN OUR FUTURE

Bolstering Our Capacity and Capability

The IGNITE 2017 transformation initiative which was launched in February 2014 aims to strengthen RHB's capability as a financial services provider in Malaysia and regionally by 2020. IGNITE has yielded positive results generating over RM425 million of value with a positive impact to the income statement of RM178 million.

One of the key aspects under IGNITE is to be the next generation customer-centric bank, with the aim to improve turn-around time, ensuring a simple and fast banking experience.

Increasing Financial Literacy

As a bank, we aim to make information available to our customers via our corporate website and on our social media platforms. With the advent of technology, we have stayed up-to-date and made use of digital media to educate our customers on our new products and services as well as provide investment tips. We also share alerts on incidences of fraud and help create awareness on the various cyber crimes that could happen.

We also provide Product Disclosure Sheets that spell out details of our products, the benefits the products will offer and obligations that the customer might have to fulfil if they sign up. At the same time, we are guided by our Product Transparency Guidelines to ensure that all information on all products and services are transparent and not misleading. We also use our community initiatives as a vehicle to create awareness among the young on the importance of saving.

Responsible Lending and Paperless Processes

As we focus on the sustainable growth of our business, we are continually looking for opportunities to support like-minded

companies that have an agenda of sustainability. Our collaboration with the Japan Bank for International Cooperation sees us playing a part in lending financial support to SMEs engaged in greenfield clean development mechanism ("CDM") projects. Through their CDM projects, these companies are producing renewable energy and reducing greenhouse gas emission rights (for carbon credits).

By leveraging on our Easy and RHB Now platforms that support paperless transactions, we are setting the tone for the implementation of a paperless environment throughout our operations.

Elevating the Customer Service Experience

Just as important as creating worthwhile products, is the setting of exemplary customer service. In 2014, we introduced an initiative that aimed to simplify the banking process by reducing the turn-around time ("TAT") for opening a new account from 35 minutes to 10 minutes.

On top of that, our staff are required to engage with customers in order to obtain feedback on the services that we provide. We continued to run our Service Dialogue Programme ("SDP"), which allows customers to visit our bank branches to interact with staff members and discuss possible improvements.

A Customer Service Charter has been drawn up to ensure that we do our best to meet our customers' expectations and that they enjoy a seamless banking experience with us.

We are also committed to protecting our customers' information, in compliance with the Personal Data Protection Act 2010 ("PDPA") that came into effect on 15 November 2013. The act aims to safeguard an individual's personal data from being misused.

OUR COMMITMENT TO PRESERVING THE ENVIRONMENT

Integrating Environmental Stewardship into Our Business

As a responsible corporate citizen, RHB has a duty to conduct its business in a manner that ensures its operations have very little negative impact on the environment. To this end, we have endeavoured to be good stewards of the environment by embedding good environmental policies into the Group's processes while educating and instilling a deeper appreciation for the environment among our employees.

Inculcating a Love for Nature and Healthy Living amongst Urbanites

As we align our efforts with initiatives to preserve the planet, we are mindful that we need to not only maintain but restore our planet's rich biodiversity, by supporting, repairing, and recovering natural systems wherever, whenever, and however possible.

In early 2014, we introduced the Trail Experience ("TrEx") initiative under which RHB will adopt and maintain specific hiking trails. For a start, the TrEx initiative includes the trail at Broga Hill, to be followed by Gunung Angsi located at Kuala Pilah in Negeri Sembilan, for which work is currently in progress.

Through this initiative, we hope to inculcate an appreciation for nature among urbanites as well as encourage them to adopt healthy lifestyles. We believe that it is important to educate the younger generation on the importance of caring for the environment, as well as to instil a sense of respect for their surroundings.

SUSTAINABILITY REPORT - INVESTING IN OUR FUTURE



In Support of Earth Hour

RHB continues to be a strong supporter of the annual Earth Hour campaign where on the appointed day at a specific hour, we turn off the lights at buildings such our RHB Centre at Jalan Tun Razak, Kuala Lumpur. We have been an active participant of this annual global event since the year 2007 and we strongly encourage our staff to participate by symbolically turning off the lights in their own homes.

Continuing to Drive Home the Conservation Agenda

Today, environmental conservation is part and parcel of everyday life at RHB. Our efforts include leveraging on emerging technologies and solutions to drive environmental sustainability, adopting energy efficiency initiatives throughout our buildings, reducing wastage and recycling as many materials as possible, as well as addressing broader issues across our operations to minimise our environmental impact.

To date, our internal conservation efforts have included distributing some 17,000 RHB CARE/PRIDE mugs to every RHB employee to discourage the use of disposable cups. We are also encouraging employees to recycle used printer cartridges under the RHB and Hewlett-Packard Go Green Programme, as well as disseminating a monthly email via RHB CARE which provides tips and suggestions to make us a more environmentally friendly organisation. In adopting more and more of these conservation activities, we are laying strong foundations to embrace an environmentally sustainable future.

While these initiatives may not yield immediate monetary gain, the big picture is that resources are limited and need to be utilised optimally in order for a business to be sustainable. Ultimately, changes to the environment will affect the business, as well as everyone else. Here at RHB, we understand that it is each and every individual's responsibility to look after the environment.

MOVING FORWARD IN A SUSTAINABLE MANNER

As the RHB Banking Group moves forward on its regionalisation agenda to transform into a regional powerhouse over the next two years, we will continue to work hard to balance out our bottom-line performance with good environmental, social and governance or ESG performance. Our goal is to ensure that we attain sustainable growth not just from a monetary perspective, but from an ESG standpoint as well.

Too often, the importance of ESG factors in value creation goes unappreciated by the market. We believe that as we proactively provide a wider perspective of our business that goes beyond mere financial performance, we are offering stakeholders the opportunity to gain better insights into the intrinsic value of RHB and our impact on our marketplace and society.

The underlying goal of RHB's CR mission is to create tangible value for communities and other stakeholders in the many markets that we serve or intend to serve. As we venture forth, we are determined to continue rolling out (on a region-wide basis) effective CR practices that will enrich communities, nurture our people, strengthen the marketplace and safeguard the environment in which we operate. Our focus going forward will be to ensure that all the CR initiatives that we implement will produce a more sustainable outcome that will create strong tangible value for communities and other stakeholders. We are confident our efforts will result in the long-term, sustainable growth of the RHB Banking Group.



AWARDS & RECOGNITION

AWARDS & RECOGNITION



RHB BANKING GROUP

1. 2014 World Bloggers and Social Media Award

- **Social Media Excellence Award - Banking & Finance Industry** for its active role in promoting social media to the public through various channels available on the new media scene

2. Malaysia HR Awards 2014

- **Employer of Choice – Grand Award**

3. The Asset's Excellence in Management and Corporate Governance Benchmarking

- **The Asset Platinum Corporate Awards** for all round excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations.

RHB BANK BERHAD

1. Malaysia Book of Records

- **100 Years of Excellence Award** for its 100th year milestone, under the Business, Financial Sector category

2. Retail Banker International Asia Trailblazer Summit and Awards

- **Winner of Excellence in Service Innovation** for its one-of-a kind 10-minute Instant Credit Card Approval and Issuance service

3. The BrandLaureate Awards

- **The BrandLaureate Best Brands Award 2013-2014** In the Corporate Branding - Best Brands category for Easy by RHB

4. The Selangor Malay Chamber of Commerce and The Leader Magazine

- **Winner of the Selangor Excellence Business Award 2014 – Banking & Finance Sector**

5. SME Association of Malaysia (SMEAM)

- **SME Sahabat Negara Award 2014** by SME Association of Malaysia (SMEAM)

RHB INVESTMENT BANK BERHAD

1. IFR Asia Awards 2014

- **Regional Award – Best Islamic Issue**
 - Malaysia Building Society Berhad's RM495 million Structured Covered Sukuk Murabahah Issuance
 - Sole Principal Adviser
 - Sole Lead Arranger
 - Sole Lead Manager

RHB INVESTMENT BANK BERHAD (CONTINUED)

2. The Asset Triple A Islamic Finance Awards 2014

- **Regional House Award - Rising Star Sukuk House of the Year, Asia-Pacific**
 - RHB Investment Bank
- **Best Deal by Country**
 - **Best Deal in Malaysia** Malaysia Building Society Berhad's RM495 million Structured Covered Sukuk Murabahah Issuance

• Best Deal in Malaysia - Highly Commended

- DanaInfra Nasional Berhad's RM300 million Exchange-Traded Sukuk
 - Joint Lead Arranger
 - Joint Lead Manager
- Cagamas Berhad's RM3.8 billion Multi-Tenor Sukuk
 - Joint Lead Manager

- **Best Islamic Finance Deal**
- **Best Islamic Structured Financing**
- **Best Local Currency Sukuk**
 - Malaysia Building Society Berhad's RM495 million Structured Covered Sukuk Murabahah Issuance

- **Most Innovative Deal - Highly Commended**
 - SP Setia Berhad's RM700 million Islamic Perpetual Notes
 - Joint Principal Adviser
 - Joint Lead Arranger
 - Joint Lead Manager

3. 11th RAM League Awards – RAM Awards Of Distinction 2013

- **Blueprint Award 2013**
 - **Outstanding Deal of the Year**
 - **New Structured-Finance Benchmark Deal** Malaysia Building Society Berhad's RM3 billion Structured Covered Sukuk Murabahah Programme

- **Lead Manager Award 2013**
 - Lead Manager Award Islamic
 - By Programme Value
 - 3rd place
- 4. **The Asset 2014 Asian Local Currency Bond Benchmark Review**
 - **Malaysian Ringgit Bonds – Sales**
 - Joanne Gan
 - Shahrulniza Ramli
 - Soh Chin Yong
 - Syed Badli Faisal bin Syed Bajuri
- 5. **8th Alpha Southeast Asia Best Financial Institution Awards**
 - **Marquee Award**
 - **Best Mid-Cap Corporate Finance House in Southeast Asia**
 - RHB Investment Bank
- 6. **Asiamoney Brokers Poll 2014**
 - **Malaysia – Firm Level**
 - #1 Most Improved Brokerage over the Last 12 Months
 - #2 Best Sales Trading
 - #3 Best Overall Country Research
 - #3 Best Local Brokerage
 - #3 Best Overall Sales Services
 - #3 Best for Events and/or Conference
 - #3 Best Roadshows and Company Visits
 - **Singapore – Firm Level**
 - #1 Most Improved Brokerage over the Last 12 Months
 - #2 Most Independent Research Brokerage
 - #3 Best Local Brokerage
 - #3 Best Execution
- 7. **The Edge Malaysia's Best Deals of the Year 2014**
 - **Best Share Placement**
 - Berjaya Group Berhad's placement of Berjaya Auto Berhad shares for RM230 million
 - Joint Bookrunner



AWARDS & RECOGNITION

RHB INVESTMENT BANK BERHAD (CONTINUED)

7. The Edge Malaysia's Best Deals of the Year 2014 (Continued)

- **Best Fundraising (Non-IPO)**
 - Public Bank Berhad's RM4.8 billion Rights Issue
 - Joint Global Coordinator
 - Joint Lead Underwriter
- **Best Initial Public Offering (Notable Mention)**
 - IOI Properties Group Berhad
 - Joint Principal Adviser
 - Joint Global Coordinator
 - Econpile Holdings Berhad
 - Sole Principal Adviser
 - Sole Underwriter
 - Sole Placement Agent

8. Bursa Malaysia Brokers' Awards 2013

- Best Retail Participating Organisation - 2nd place
- Most CDS Accounts Opened - 2nd place
- Best Participating Organisation (Investment Bank) - 3rd place
- Best Online Participating Organisation - 3rd place

RHB RESEARCH INSTITUTE SDN BHD

1. Bloomberg Ranking of Top Economic Forecasters

- 4th Most Accurate Economist Worldwide in Forecasting the US Economy
 - Thomas Lam (RHB Research Institute Singapore)

2. The Asset 2014 Asian Local Currency Bond Benchmark Review

- **Malaysian Ringgit Bonds - Research**
 - **The Best Individual in Malaysian Ringgit Bonds Research**
 - Ray Choy Swee Yew
 - **Highly Commended**
 - Lim Chee Sing

3. StarMine Analyst Awards 2014

- **StarMine Overall Analyst Awards: Asia**
 - **Overall Top Stock Picker: #1**
 - Chaw Sook Ting
- **StarMine Industry Analyst Awards**
 - **Top Stock Picker for Transportation: #1**
 - Jerry Lee
 - **Top Stock Picker for Real Estate (including REITs): #2**
 - Loong Kok Wen
- **StarMine Overall Analyst Awards 2014: Singapore**
 - **Top Stock Picker for Retail & Consumer Products; Industrials; Resources & Infrastructure: #2**
 - Lynette Tan
 - **Top Stock Picker for Industrials: #4**
 - Lee Yue Jer
 - **Top Stock Picker for Technology; Resources & Infrastructure; Industrials: #5**
- **StarMine Broker Awards 2014: Singapore**
 - **Top Most Winning Brokers: #1**
 - RHB Research Institute

4. Asiamoney Brokers Poll 2014

- **Malaysia - Individual**
 - **#3 Best Analyst For Energy**
- **Malaysia - Research Coverage - Individual**
 - **Best in Macroeconomics**
 - Lim Chee Sing
 - **Best in Semiconductors & Semiconductor Equipment**
- **Singapore - Individual**
 - **#1 Best Sales Person**
 - Nicole Chan
 - **#3 Best Sales Trader**
 - Kenneth Low
- **Singapore - Research Coverage - Individual**
 - **Best in Small Caps**
 - Terence Wong
 - **Best in Energy**
 - Lee Yue Jer
 - **Best in Industrials**
 - Lee Yue Jer
 - **Best in Software and Internet Services**
 - **Best in Technology Hardware & Equipment**

5. 8th Annual Alpha Southeast Asia Deal & Solution Awards 2014

- **Best Equity Research in ASEAN**
 - Press Metal Berhad

6. Bond Pricing Agency Malaysia

- **Special Award**
 - **Outstanding achievement and innovation in the local bond market**

AWARDS & RECOGNITION

RHB ASSET MANAGEMENT

1. Asia Asset Management – 2014 Best of the Best Awards

- **RHB-OSK Pre-IPO and Special Situation Fund 2**
 - Malaysia: Most Innovative Product

2. Fundsupermart – The Recommended Unit Trust Awards 2014/15

- **RHB-OSK Global Equity Yield Fund** (Global equity category)
- **RHB-OSK Global Fortune Fund** (Global equity category)
- **RHB-OSK Global Multi Manager Fund** (Global balanced category)
- **RHB-OSK-GS BRIC Equity Fund** (Supplementary category)
- **RHB-OSK Indonesia Equity Growth Fund** (Supplementary category)
- **RHB-OSK-GS US Equity Fund** (Supplementary category)
- **RHB-OSK Asian Total Return Fund** (Supplementary category)
- **RHB-OSK Emerging Markets Bond Fund** (Supplementary category)

3. Morningstar Malaysia Fund Awards 2014

- **RHB-OSK Smart Balanced Fund** (MYR Allocation)

4. The Edge-Lipper Fund Awards 2014

- **RHB-OSK Smart Balanced Fund** (Mixed Asset MYR Balanced – Malaysia, 3 Years)
- **RHB-OSK Smart Income Fund** (Mixed Asset MYR Conservative, 3 Years)
- **RHB-OSK Emerging Opportunity Unit Trust** (Equity Malaysia Diversified, 3 Years)
- **RHB-OSK Islamic Bond Fund** (Bond Malaysia Ringgit (Islamic), 3 Years)

5. Lipper Global Islamic Fund Awards 2014

- **RHB-OSK Islamic Bond Fund**
 - Top Performer in Bond Malaysian Ringgit (1 Year) – Certificate
 - Top Performer in Bond Malaysian Ringgit (2 Years) – Certificate
 - Top Performer in Bond Malaysian Ringgit (3 Years) – Award Trophy

6. The Asset-Asian Bond Most Astute Investors 2014

- **Hoe Cheah How (Malaysia)**
 - 5 consecutive years, period 2010 - 2014

SIGNIFICANT EVENTS 2014

JANUARY



8 January 2014
2014 Feng Shui Outlook for Greater Success Talk

RHB's Premier Banking customers spent an enjoyable evening gaining valuable insights from a specially organised talk on Feng Shui for Greater Success.



21 January 2014
Commercial SME Award Presentation

RHB Bank was the proud recipient of the SME Sahabat Negara Award 2014 presented by the SME Association of Malaysia. Amy Ooi, Head of Group Business Banking led her team in receiving the award, which recognised the Bank's innovative solutions that enhance the SMEs competitive edge and operation efficiency.



22 January 2014
RHB Investment Bank's Strategic Partnership with Espirito Santo Investment Bank ("ESIB") of Portugal

The signing of a strategic partnership between RHB Investment Bank ("RHBIB") and Espirito Santo Investment Bank of Portugal gave the RHB Banking Group a lead into the European financial markets; this brings the Group closer to realising its vision to be a Leading Multinational Financial Services Group.

SIGNIFICANT EVENTS 2014

JANUARY (CONTINUED)



23 January 2014 Courtesy Visit by Chiba Bank Japan

RHB Bank played host to guests from Chiba Bank, one of the largest banks in Japan. The delegation from the Bank was here to explore potential collaboration with RHB. Led by Mr Hidetoshi Sakuma, President of Chiba Bank, the Japanese team met with YBhg Tan Sri Azlan Zainol, Chairman of RHB Bank and YBhg Dato' Khairussaleh Ramli, the Deputy Group Managing Director of the RHB Banking Group and Managing Director of RHB Bank. While here, they were also introduced to the Easy by RHB business model.



23 January 2014 7th Annual Deal and Solutions Award

Mr Mike Chan, Managing Director, RHBIB received the award for the Best Equity Research in ASEAN at the 7th Annual Alpha Southeast Asia Deal & Solution Awards 2014 event.

FEBRUARY

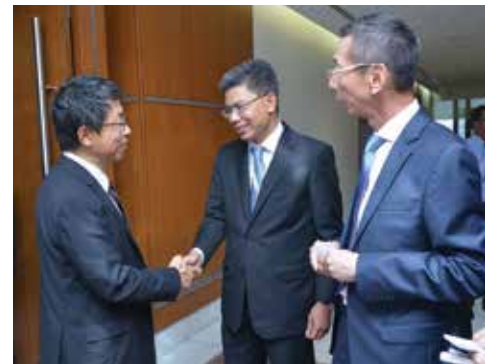


4 February 2014 Official Opening of Pontian Kechil Branch relocated to Pusat Perdagangan Pontian

YBhg Dato' Khairussaleh Ramli officially opened the Pontian Kechil Branch which had relocated to larger premises at the Pusat Perdagangan Pontian. During the event, Dato' Khairussaleh personally welcomed several customers who had walked into the branch.

SIGNIFICANT EVENTS 2014

FEBRUARY (CONTINUED)



12 February 2014

RHB Banking Group Chinese New Year 2014 Open House

At the RHB Banking Group Chinese New Year Open House, the Group played host to over 2,000 corporate clients and Premium Banking customers.

20 February 2014

Courtesy Visit by Fukuoka Financial Group

RHB Bank Berhad received a courtesy visit from the Fukuoka Financial Group of Japan. The delegation led by Mr Takashi Yoshikai, the Deputy President of the Group was met by YBhg Dato' Khairussaleh Ramli.



13 February 2014

Launch of RHB Transformation 2.0 - IGNITE 2017

The RHB Banking Group launched its Transformation 2.0 programme - IGNITE 2017. The three-year transformation programme from 2014 to 2017, focuses on transforming RHB into a regional powerhouse. It puts in place various strategic initiatives aimed at driving RHB's aspirations of becoming a Leading Multinational Financial Services Group by 2020.



26 February 2014

Social Media Excellence Awards - Banking & Finance Industry

The RHB Banking Group was recognised for its active role in promoting social media to the public through various channels available on the new media scene when it won the 2014 World Bloggers and Social Media Award - Social Media Excellence Award for Banking & Finance Industry.



15 February 2014

Alternate Channels Sales Convention & Appreciation Dinner 2013

RHB Bank's Alternate Channels Sales Convention & Appreciation Dinner 2013 was held to recognise the team's achievements in 2013.

SIGNIFICANT EVENTS 2014

APRIL



1 April 2014

Signing Ceremony between RHB Bank and Open University Malaysia

RHB Bank Berhad signed a Memorandum of Understanding with Open University Malaysia (“OUM”) to offer OUM’s Executive Diploma to our staff in efforts to support the internal talent development programme in RHB.



8 April 2014

Majlis Penyerahan Sumbangan Malam Wartawan Malaysia

The RHB Banking Group made a contribution towards the Malam Wartawan Malaysia during a fund raising dinner as a gesture of our appreciation for the support shown by our media friends.



1 April 2014

Prize Giving Ceremony: RHB Cards “Spend and Win” Contest

RHB Cards organised a “Spend & Win Contest” where two BMW 320i worth RM241,072 each were given away to the Grand Prize Winners. During the campaign period, RHB Credit and Debit Cards achieved a YOY incremental card spend of 11% and 33% respectively.



18 to 20 April 2014

RHB Bank Deposit Roadshow 2014: “Let’s Save II”

The RHB Bank Deposit Roadshow 2014 kicked off the “Let’s Save II” campaign with an exciting start when the team drove off in environment-friendly cars as part of its “green campaign”. Many customers who opened new accounts with RHB Bank or RHB Islamic were rewarded with exciting gifts while the Grand Prize winner drove away in a Mini Cooper S Coupe.

SIGNIFICANT EVENTS 2014

APRIL (CONTINUED)



18 to 21 April 2014

Minggu Saham Amanah Malaysia 2014, Kelantan

The RHB Banking Group participated in the Minggu Saham Amanah Malaysia (MSAM) 2014 organised by Permodalan Nasional Berhad at the Pusat Transformasi Luar Bandar (RTC) Kelantan. RHB took the opportunity to promote the wide array of financial products and services available from all the entities within the Group. The event attracted more than 200,000 visitors from all over Kelantan.



30 April 2014

Malaysia Book of Records Award Night: 100 Years of Excellence Awards

RHB Bank was honoured with the 100 Years of Excellence Award by the Malaysia Book of Records for achieving its 100th year milestone. YBhg Dato' Khairussaleh Ramli received the prize from our Honourable Prime Minister, YAB Dato' Sri Najib Tun Razak.

MAY



5 May 2014

RAM League Awards Ceremony

At the 11th RAM League Awards – RAM Awards of Distinction 2013, RHBIB was awarded the Blueprint Award for Outstanding Deal of the Year for the RM3 billion Structured Covered Sukuk Commodity Murabahah Programme by Malaysia Building Society Berhad. RHBIB also won the New Structured-Finance Benchmark Deal award for the same deal.



8 May 2014

Annual General Meeting 2014

The RHB Banking Group Annual General Meeting was held at the Sime Darby Convention Centre where the Board of Directors and the Management team were on hand to field questions from our shareholders.

SIGNIFICANT EVENTS 2014

MAY (CONTINUED)



29 May 2014

The Asset Triple A Award 2014

RHBIB was once again recognised for its investment prowess when it won several prizes at the Asset Triple A Islamic Finance Awards 2014. These were the Regional House Award, Best Deal by Country (Best Deal in Malaysia), Best Deal in Malaysia – Highly Commended, Best Islamic Finance Deal and the Most Innovative Deal – Highly Commended.



30 May 2014

Easy by RHB Receives BrandLaureate Best Brands Award

The RHB Banking Group's trailblazing business model Easy By RHB was once again honoured for its unique proposition when it won the BrandLaureate Best Brands Award in the Corporate Branding – Best Brands Category.

JUNE

5 June 2014

PT RHB OSK Securities & Asset Management Indonesia Networking Dinner

PT RHB OSK Securities & Asset Management Indonesia hosted a dinner for its corporate clients, where Members of the Board of the RHB Banking Group and the Senior Management team were present to meet and mingle with the guests.





SIGNIFICANT EVENTS 2014

JUNE (CONTINUED)



11 June 2014
Prospectus Launch of Econpile Holdings Berhad

RHBIB was appointed as the Principal Adviser, Underwriter and Placement Agent for the Econpile Holdings Berhad IPO.



12 June 2014
Official Launch of MYEG-RHB Credit Card

RHB Bank introduced a new addition to its line of cards with the new MyEG-RHB Visa Credit Card. The card was launched through an exclusive partnership between RHB Bank and MyEG, Malaysia's online service for government-related transaction services to deliver greater rewards to customers. The MyEG-RHB Visa Credit Card was launched by YBhg Dato' Khairussaleh Ramli together with YBhg Dato' Dr Norraesah Binti Haji Mohamad, Executive Chairman of MY E.G. Services Berhad.



17 June 2014
Official Launch of RHB-Tokio Marine Life Essential Elite SaverPlus

RHB Bank together with its bancassurance partner, Tokio Marine Life Insurance Malaysia Bhd introduced Essential Elite SaverPlus, an innovative savings plan that provides Guaranteed Cash Payments while offering protection to its customers. Present at the event were Mr Kellee Kam, Group Managing Director of RHB Banking Group and Mr Toi See Jong, Chief Executive Officer of Tokio Marine Life.

SIGNIFICANT EVENTS 2014

JULY



10 July 2014

RHB Hosts Majlis Iftar Nationwide

In conjunction with the month of Ramadhan, the Group organised Majlis Iftar in 13 states around the country. The Majlis Iftar at Masjid Wilayah Persekutuan Kuala Lumpur was attended by our Board members, Senior management team and employees, who were joined by 200 orphans and students as well as single mothers from six charity homes. The Group also donated RM5,000 to each of the homes.



17 July 2014

RHB Islamic Bank: Majlis Penyerahan Zakat Perniagaan

RHB Islamic Bank contributed RM1.6 million in zakat during the Majlis Penyerahan Zakat Perniagaan. On hand to make the presentation was Tuan Haji Md Ja'far Abdul Carrim, Chairman of RHB Islamic Bank. Also present was Tuan Haji Ibrahim Hassan, Managing Director of RHB Islamic Bank.

SIGNIFICANT EVENTS 2014

AUGUST



12 August 2014
RHB Islamic Bank: Majlis Penyerahan Sumbangan Bantuan Kemanusiaan Palestin
 RHB Islamic Bank made a contribution of RM300,000 towards the Palestine Humanitarian Fund. Present at the cheque presentation ceremony were Tuan Haji Md Ja'far Abdul Carrim, Chairman of RHB Islamic Bank and Tuan Haji Ibrahim Hassan, Managing Director of RHB Islamic Bank.



18 August 2014
Prize Giving Ceremony: "Let's Save and Go Green Contest" "Honda Cars"
 The RHB Bank "Let's Save and Go Green" contest saw the Bank giving away eco-friendly hybrid cars in its contest where three winners drove away in two units of Honda Jazz and a Honda Civic. The two Grand Prize winners won a Honda CR2 each.



19 August 2014
RHB Banking Group Staff Hari Raya Get-Together
 At the RHB Banking Group's Staff Hari Raya Get-Together, staff from around the Klang Valley enjoyed great food and were entertained by a musical team formed by members of the Management Team.



25 August 2014
Official Opening of RHB Bank Lao Limited, Vientiane, Lao PDR
 It was a proud moment for the RHB Banking Group when RHB Bank Lao Limited was officially opened in Vientiane in the presence of His Excellency Dr Somphao Phaysith, Governor of the Bank of Lao PDR. Officiating at the event were YBhg Tan Sri Azlan Zainol, Chairman of RHB Bank, YBhg Dato' Khadar Merican, Chairman of RHB Capital as well as Tuan Haji Khairuddin Ahmad, Chairman of RHB Bank Lao.



27 August 2014
Opening Ceremony RHB Bank Berhad – Menara Shell KL Sentral
 RHB Bank Berhad officially opened its branch at Menara Shell, KL Sentral in a ceremony officiated by YBhg Dato' Khairussaleh Ramli.

SIGNIFICANT EVENTS 2014

SEPTEMBER



6 September



13 September



6 September



13 September



25 October



27 September



27 September

RHB Banking Group Family Days held on 6, 13, 27 September and 25 October

The RHB Banking Group's Family Day excitement kicked off in Penang with a host of fun activities for the staff and their families. The fun continued in Ipoh, before moving to the Central region. The Family Day celebration closed with a flourish in Terengganu.



25 October



SIGNIFICANT EVENTS 2014

SEPTEMBER (CONTINUED)



23 September 2014
The Edge KL Rat Race 2014

The team from RHB Banking Group once again proved to be great champions when they emerged as Winners in the Team - Open category at the latest edition of The Edge KL Rat Race.

OCTOBER

2 October 2014
RHB Premium Cards Golf Series

RHB Cards organised the RHB Premium Cards Golf Series for its high net worth customers at the Kota Permai Golf & Country Club.



11 October 2014
RHB Golf Classic 2014

The RHB Golf Classic 2014 teed off at the IOI Palm Garden Resort. This was the second year that RHB had organised this tournament. The charitable event once again raised funds for underprivileged children, the disabled, the elderly as well as women's shelter. 11 organisations from all over Malaysia received RM20,000.00 each.

SIGNIFICANT EVENTS 2014

OCTOBER (CONTINUED)



20 October 2014

Prize Giving Ceremony: “Win Big with Your RHB Debit MasterCard”

RHB Bank presented the grand prize winner of the “Win Big With Your RHB Debit MasterCard” contest with a Ford Fiesta. The contest was held to show the Bank’s appreciation for our customers’ loyalty by creating a memorable experience for them when using RHB cards for their daily transactions.



21 October 2014

Bursa Bull Charge 2014

The RHB Banking Group sent three teams with a total of 12 runners to participate in the inaugural Bursa Bull Charge 2014. Our runners included Mr Kellee Kam, Group Managing Director; Mr Christopher Loh, Group Chief Strategy and Transformation Officer; and En Angus Salim, Head Investment Bank Financial Markets.



29 October 2014

RHB Banking Group Staff Deepavali Get-Together

The RHB Banking Group Staff Deepavali Get-Together turned out to be a colourful and musical affair which included a flash mob, Bollywood style.

SIGNIFICANT EVENTS 2014

NOVEMBER



4 November 2014
RHB Islamic & JPJ e-daftar Service

RHB Islamic Bank and Jabatan Pengangkutan Jalan jointly held a briefing on the newly launched e-daftar service “Program Pendaftaran Kenderaan Secara Dalam Talian Dibawah Program Mysikap JPJ. RHB Islamic Bank was appointed as the sole bank to provide the payment gateway for online car registrations via the JPJ e-daftar portal.



14 November 2014
Enterprise 50 Awards Dinner

RHB Bank was honoured at the Enterprise 50 Awards Dinner for its contributions to the SME sector in Malaysia. Enterprise 50 is an annual award programme organised by the SME Corporation Malaysia (“SME Corp.”) and Deloitte Malaysia, with support from RHB Bank Berhad and Telekom Malaysia Berhad (“TM”).



21 November 2014
Official Launch of Essential Flexi Link Plan

RHB Bank and its bancassurance partner Tokio Marine Life Insurance Malaysia Bhd (“Tokio Marine Life”) jointly launched Essential FlexiLink, a comprehensive regular premium investment-linked plan that is designed to provide protection for policyholders and their families at all stages of their lives.



28 November 2014
Opening of RHB Bank Branch at IOI Shopping Mall

RHB Bank opened its newest branch at IOI Shopping Mall, thus expanding its network to reach more RHB customers throughout the country.



SIGNIFICANT EVENTS 2014

NOVEMBER (CONTINUED)



27 November 2014

Prize Giving Ceremony: “Shop to Win at KL SOGO”

RHB Bank gave away a Perodua Alza to the Grand Prize Winner of the “Shop to Win at KL SOGO” contest. The contest was launched in collaboration with KL SOGO to give SOGO-RHB cardmembers a rewarding experience when they use their RHB Credit Cards at KL SOGO.

DECEMBER



8 December 2014

Selangor Excellence Business Awards 2014 (“SACC”)

RHB Bank was named as the winner of the Selangor Excellence Business Award 2014 – Banking & Finance Sector in an event organised by the Selangor Malay Chamber of Commerce and the Leader magazine.



9 December 2014

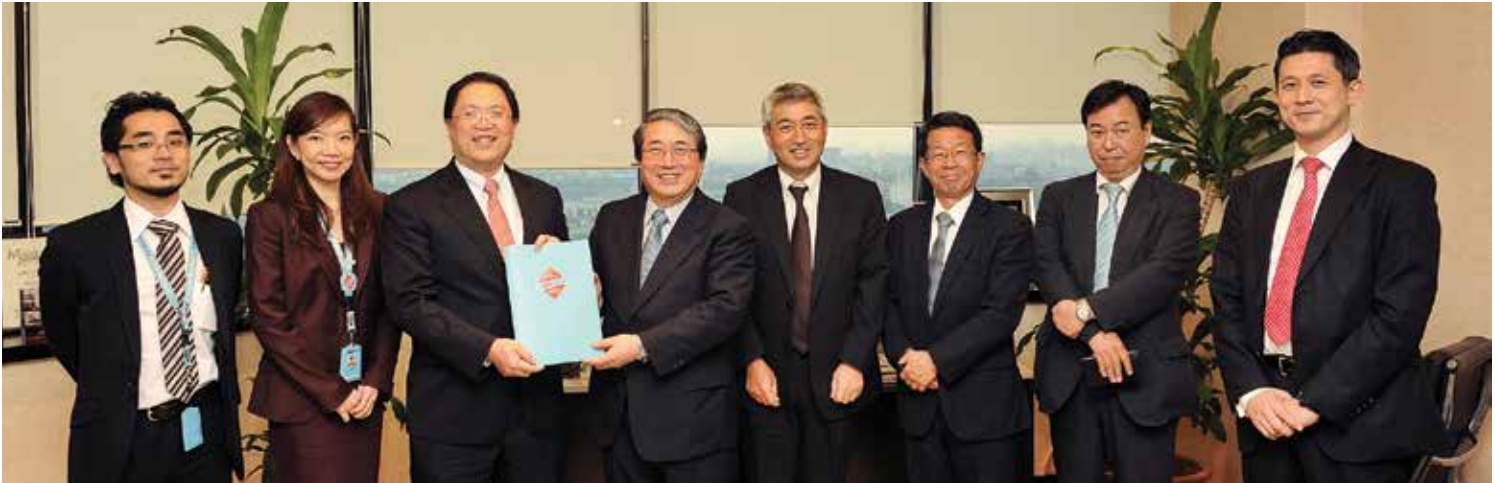
Prize Giving Ceremony: “Tesco-RHB Cards Grand Giveaway Contest”

RHB Bank gave away Perodua Viva to two Grand Prize Winners in the “Tesco-RHB Cards Grand Giveaway Contest”. The contest rewards customers when they use their Tesco-RHB Cards when shopping at Tesco.



SIGNIFICANT EVENTS 2014

DECEMBER (CONTINUED)



17 December 2014

Courtesy Visit from Shinsei Bank

RHB Bank received a delegation from Shinsei Bank, one of the largest banks in Japan who was here to further strengthen ties with RHB. The Bank had earlier signed a Memorandum of Understanding to form a strategic partnership with RHB. The Shinsei delegation was led by Hitomi Sato, Senior Managing Executive Officer/Head of Institutional Group and Shigeto Yanase, Managing Executive Officer/Executive Officer in charge of Overseas Banking.



17 December 2014

RHB Banking Group Staff Christmas Get-Together

The RHB Banking Group held a Christmas Staff Get-Together to end the year on a festive note.



ANALYSIS OF SHAREHOLDINGS

AS AT 25 FEBRUARY 2015

Authorised Share Capital	:	RM5,000,000,000.00 comprising 5,000,000,000 ordinary shares of RM1.00 each
Issued and Paid-up Share Capital	:	RM2,572,456,783.00 comprising 2,572,456,783 ordinary shares of RM1.00 each
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	Each shareholder present in person or by proxy at any Shareholders' meeting shall be entitled to a show of hands of one vote and on a poll, each shareholder who is present in person or by proxy shall have one vote for each ordinary share held.
Number of Shareholders	:	14,680

Category	No. of shareholders	% of shareholders	No. of shares held	% of shareholdings
Less than 100	1,204	8.20	34,422	0.00
100 – 1,000	3,800	25.89	3,008,851	0.12
1,001 – 10,000	7,700	52.45	25,365,369	0.99
10,001 – 100,000	1,558	10.61	41,438,487	1.61
100,001 – less than 5% of the issued shares	415	2.83	648,114,770	25.19
5% and above of the issued shares	3	0.02	1,854,494,884	72.09
Total	14,680	100.00	2,572,456,783	100.00

Substantial Shareholders as at 25 February 2015

No.	Name of Substantial Shareholders	No. of Shares			
		Direct	%	Indirect	%
1.	Employees Provident Fund Board ("EPF") ¹	1,067,309,352	41.49	-	-
2.	Aabar Investments PJS	545,787,168	21.22	-	-
3.	International Petroleum Investment Company PJSC ²	-	-	545,787,168	21.22
4.	OSK Holdings Berhad	255,797,588	9.94	-	-
5.	Tan Sri Ong Leong Huat @ Wong Joo Hwa ³	-	-	255,797,588	9.94
6.	OSK Equity Holdings Sdn Bhd ⁴	-	-	255,797,588	9.94

Notes:

- ¹ The interest of EPF is held through various fund managers.
- ² Deemed interested pursuant to Section 6A(4)(c) of the Companies Act, 1965 through control of its subsidiary, Aabar Investments PJS.
- ³ Deemed interested pursuant to Section 6A of the Companies Act, 1965 by virtue of his substantial shareholdings, via OSK Equity Holdings Sdn Bhd, in OSK Holdings Berhad.
- ⁴ Deemed interested pursuant to Section 6A of the Companies Act, 1965 by virtue of its substantial shareholdings in OSK Holdings Berhad.

Directors' Interest in Securities of the Company and its Related Corporation as at 25 February 2015

The Company	Ordinary Shares of RM1.00 each	
	No.	%
Dato' Mohamed Khadar Merican		
- Direct	65,312	*
Dato' Teo Chiang Liang		
- Indirect [#]	5,432	*

Notes:

- * Negligible percentage.
[#] Deemed interested pursuant to Section 6A of the Companies Act, 1965 by virtue of his substantial shareholdings in Intereal Corporation Sdn Bhd.



LIST OF THIRTY (30) LARGEST SHAREHOLDERS

AS AT 25 FEBRUARY 2015

RANK	NAME	UNITS	%
1	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	1,052,910,128	40.93
2	RHB NOMINEES (ASING) SDN BHD AABAR INVESTMENTS PJS	545,787,168	21.22
3	OSK HOLDINGS BERHAD	255,797,588	9.94
4	AMANAHRAYA TRUSTEES BERHAD SKIM AMANAH SAHAM BUMIPUTERA	120,714,398	4.69
5	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	73,751,383	2.87
6	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM WAWASAN 2020	47,849,157	1.86
7	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA	21,055,381	0.82
8	AMANAHRAYA TRUSTEES BERHAD AS 1MALAYSIA	15,700,026	0.61
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	13,717,713	0.53
10	HSBC NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	12,843,235	0.50
11	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	12,153,100	0.47
12	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD	11,815,863	0.46
13	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (NORGES BK)	10,798,605	0.42
14	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	10,451,281	0.41
15	HSBC NOMINEES (ASING) SDN BHD HSBC BK PLC FOR SAUDI ARABIAN MONETARY AGENCY	10,188,300	0.40
16	CARTABAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR EASTSPRING INVESTMENTS BERHAD	9,664,670	0.38

**LIST OF THIRTY (30) LARGEST SHAREHOLDERS
AS AT 25 FEBRUARY 2015**

RANK	NAME	UNITS	%
17	CARTABAN NOMINEES (ASING) SDN BHD GIC PRIVATE LIMITED FOR GOVERNMENT OF SINGAPORE (C)	9,052,540	0.35
18	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.S.A.)	5,694,174	0.22
19	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 1)	5,304,591	0.21
20	CARTABAN NOMINEES (ASING) SDN BHD RBC INVESTOR SERVICES BANK FOR ROBECO CAPITAL GROWTH FUNDS	5,269,137	0.20
21	CARTABAN NOMINEES (ASING) SDN BHD RBC INVESTOR SERVICES BANK SUB A/C ROBECO ASIA-PACIFIC EQUITIES (EUR-RCGF)	5,116,594	0.20
22	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB BANK BERHAD (EDP 2)	5,014,810	0.19
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	4,992,330	0.19
24	HSBC NOMINEES (ASING) SDN BHD TNTC FOR LSV EMERGING MARKETS EQUITY FUND L.P.	4,784,700	0.19
25	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	4,711,419	0.18
26	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSF)	4,017,421	0.16
27	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR KHAZANAH NASIONAL BERHAD (VCAM)	3,934,000	0.15
28	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (TAIWAN)	3,838,642	0.15
29	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF)	3,818,517	0.15
30	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	3,667,896	0.14
		2,294,414,767	89.19



LIST OF TOP TEN (10) PROPERTIES

Location	Owner	Description of Property	Land Area/ Strata Title (sq m.)	Usage	Age of Building (Years)	Tenure	Year of Expiry on Lease	Net Book Value 30.11.2014 (RM'000)	Year of Acquisition or Revaluation
MALAYSIA									
Kuala Lumpur									
1. 424 Jalan Tun Razak	RHB Hartanah Sdn Bhd	12 storey office building	10,270	Office Space	25	Freehold	-	111,794	1989
2. 426 Jalan Tun Razak	RHB Hartanah Sdn Bhd	16 storey office building		Office Space	19	Freehold	-	107,468	1989
Penang									
3. 44 Lebuhraya Pantai Georgetown	RHB Bank Berhad	1 unit of 6½ storey commercial building	896	Bank Branch	55	Freehold	-	3,842	1999
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	14	Leasehold	2090	76,847	1999
Perak									
5. No. 2, 4, 6 & 8 Jalan Tun Sambanthan Ipoh	RHB Bank Berhad	4 storey office building	890	Bank Branch	17	Freehold	-	5,173	1999
SINGAPORE									
6. 90 Cecil Street	Banfora Pte Ltd	2 commercial buildings	796	Commercial Building	35	Leasehold	2980	126,677	1997
7. 10, Jalan Besar 01-03 Sim Lim Tower	RHB Bank Berhad	Ground Floor of Office buildings	543	Bank Branch	36	Freehold	-	26,219	1999
8. 14A/B, 16A/B & 18A/B East Coast Road	RHB Bank Berhad	3 units of 3 storey shophouses	442	Bank Branch	56	Freehold	-	13,827	1999
9. 1/1A/1B Yio Chu Kang Road	RHB Bank Berhad	First Floor of Office buildings	101	Bank Branch	34	Freehold	-	10,177	1999
10. No. 537/539 Geylang Road	RHB Bank Berhad	3 storey shophouses	374	Bank Branch	91	Freehold	-	8,309	1999

Source of information for the Net Book Value as at 31 November 2014 by: Group Finance

GROUP BRANCH NETWORK

COMMERCIAL BANKING

MALAYSIA

CENTRAL REGION 1

Regional Director:
Ahmad Zaini Bin Sofian

Level 7, Tower 1
RHB Centre, Jalan Tun Razak
50400 Kuala Lumpur
Tel : (03) 9280 5109
Fax : (03) 9280 2891

Branches

- KL Main Branch, RHB Centre
- Menara Yayasan Tun Razak
- Plaza OSK
- Jalan Ipoh
- Taman Shamelin
- Jalan SS21/39, Damansara Utama
- SS2, Petaling Jaya
- Damansara Jaya
- Section 14, Petaling Jaya
- New Town, Petaling Jaya
- Kenanga Wholesale City
- Menara Shell, KL Sentral
- Jalan Bukit Bintang
- Taman Tun Dr. Ismail
- First Avenue, Bandar Utama
- Plaza Damas 3, Sri Hartamas
- Jalan Tun H.S. Lee
- Mid Valley
- Overseas Union Garden
- The Sphere, Bangsar South
- Pasar Borong, Selayang
- Rawang
- Bandar Sri Damansara
- Kampung Baru Sungai Buloh
- Bandar Baru Sungai Buloh
- Jinjang Utara
- Kepong
- Kajang
- Seri Kembangan
- Taman Sungai Besi
- Salak South
- Taman Suntex
- Taman Taming Jaya
- Taman Indah
- Mines Shopping Fair
- Bandar Baru Ampang
- Ampang Point
- Pandan Indah
- Dataran Wangsa Melawati
- Setapak
- Jalan Pasar
- Segambut

- Taman Connaught
- Putrajaya (Precinct 8)
- Bangsar Shopping Centre
- Kota Damansara
- Taman Midah
- Kuala Lumpur City Center (KLCC)
- IOI Boulevard
- IOI Resort City
- Bandar Mahkota Cheras
- RHB Islamic, Kelana Jaya
- RHB Islamic, Jalan Raja Laut
- RHB Islamic, Bandar Baru Bangi
- RHB Islamic, Cawangan Utama, Jalan Pinang

CENTRAL REGION 2

Regional Director:
Bernadette Sun Fui Ling

2nd Floor, No. 48-50
Jalan SS 15/4 D
47500 Subang Jaya, Selangor
Tel : (03) 5637 8288
Fax : (03) 5631 6233

Branches

- Meru
- Jalan Stesen, Klang
- Persiaran Sultan Ibrahim
- Port Klang
- Bandar Bukit Tinggi
- Bandar Baru Klang
- Tanjong Karang
- Jenjarom
- Tanjung Sepat
- Bandar Baru Nilai
- Sungai Pelek
- Kuala Pilah
- Taipan Senawang
- Seremban
- Rantau
- Simpang Pertang
- Bahau
- Paradigm Mall
- Taman Megah, Petaling Jaya
- Jalan Niaga, Shah Alam
- Jalan T. Amp Zabedah, Shah Alam
- Giant Shah Alam
- Jalan SS15/4D, Subang Jaya
- UEP Subang Jaya
- Kota Kemuning
- Setia Alam
- Alam Avenue
- RHB Islamic, Laman Seri, Shah Alam
- RHB Islamic, Taman Bayu Tinggi

NORTHERN REGION 1

Regional Director:
Alex Lim Eng Kang

Level 5, No. 44 Lebuhr Pantai
10300 Georgetown, Penang
Tel : (04) 261 8866
Fax : (04) 263 2112

Branches

- Lebuhr Pantai, Penang
- Jelutong
- Bayan Baru
- Ayer Itam
- Jalan Burma
- Sungai Dua
- Jalan Chain Ferry, Prai
- Kulim
- Butterworth
- Jalan Raja Uda, Penang
- Sungai Bakap
- Bukit Mertajam
- Kangar
- Jalan Tunku Ibrahim, Alor Setar
- Mergong, Alor Setar
- Taman Pekan Baru, Sungai Petani
- Padang Serai
- Pulau Langkawi
- Kuala Kedah
- Jalan Bakar Arang, Sungai Petani
- Jitra, Kedah
- RHB Islamic, Sungai Petani
- RHB Islamic, Auto City, Prai

NORTHERN REGION 2

Regional Director:
Ali B. Mohamed

1st Floor, No. 2, 4, 6 & 8
Jalan Tun Sambanthan
30000 Ipoh, Perak
Tel : (05) 254 1176
Fax : (05) 243 2809

Branches

- Air Tawar
- Bagan Serai
- Kuala Kurau
- Teluk Intan
- Kuala Kangsar
- Parit Buntar

GROUP BRANCH NETWORK

COMMERCIAL BANKING (CONTINUED)

MALAYSIA (CONTINUED)

NORTHERN REGION 2 (CONTINUED)

Branches (Continued)

- Simpang Empat, Hutan Melintang
- Sitiawan
- Taiping
- Sungkai
- Jalan Tun Sambanthan
- Kampar
- Sungai Siput
- Menglembu
- Ipoh Garden South
- Tasek
- Gunung Rapat
- Gopeng
- Jelapang
- Persiaran Greenhill

SOUTHERN REGION

Regional Director:

Asoka Balan A/L Sinnadurai

1st Floor, No. 14 & 16
Jalan Padi Emas 6/1
Bandar Baru UDA
81200 Johor Bahru, Johor
Tel : (07) 237 7825
Fax : (07) 235 0616

Branches

- Jalan Dedap, Taman Johor Jaya
- Jalan Bandar, Pasir Gudang
- Taman Pelangi
- Permas Jaya
- Johor Bahru City Square
- Ulu Tiram
- Taman Sentosa
- Taman Mount Austin
- Kota Tinggi
- Taman Ungku Tun Aminah
- Senai
- Bandar Baru Uda
- Kulai
- Pontian Kechil
- Plentong, Masai
- Taman Molek
- Taman Nusa Bestari
- Jalan Dato' Rauf, Kluang
- Segamat
- Batu Pahat
- Jementah

- Simpang Renggam
- Bekok
- Yong Peng
- Jalan Abdullah, Muar
- Bukit Baru, Melaka
- Tangkak
- Jalan Hang Tuah
- Melaka Raya
- 1 Lagenda
- Malim
- RHB Islamic, Taman Setia Tropika
- RHB Islamic, Taman Flora Utama

EAST COAST REGION

Regional Director:

Shaharuddin Bin Ming

Lot 2, 4 & 6 (Level 2 Malay Town)
Jalan Putra Square 1, Putra Square
25200 Kuantan, Pahang
Tel : (09) 505 7000
Fax : (09) 505 7003

Branches

- Bentong
- Jerantut
- Raub
- Kuantan, Putra Square
- Mentakab
- Jalan Air Puteh
- Triang
- Jalan Tok Hakim, Kota Bharu
- Kuala Dungun
- Kerteh
- Ketereh
- Pasir Mas
- Kemaman
- Kuala Terengganu
- RHB Islamic, Kuala Terengganu
- RHB Islamic, Kubang Kerian

SABAH REGION

Regional Director:

Siaw Kok Chee

C-03-05/08, 3rd Floor, Block C
Warisan Square
Jalan Tun Fuad Stephens
88000 Kota Kinabalu, Sabah
Tel : (088) 528 688
Fax : (088) 528 699

Branches

- Jalan Gaya, Kota Kinabalu
- Inanam
- Jalan Tun Mustapha, Labuan
- 1-Borneo Hypermall
- Lintas Station Complex
- Keningau
- Metrotown
- Prima Square, Sandakan
- Wisma Khoo, Sandakan
- Tawau
- Lahad Datu
- RHB Islamic, Kota Kinabalu

SARAWAK REGION

Regional Director:

Hjh Johanna Binti Abdullah

1st Floor, Lot 363
Jalan Kulas, 93400 Kuching
Sarawak
Tel : (082) 274 812
Fax : (082) 274 854

Branches

- Kanowit
- Dalat
- Jalan Tunku Osman, Sibul
- Sungai Merah, Sibul
- Kapit
- Sarikei
- Batu Kawah, Kuching
- UNISQUARE, Kota Samarahan
- Wisma Mahmud
- Lundu
- Sri Aman
- Matang Jaya, Kuching
- Tabuan Jaya
- Jalan Padungan
- Jalan Kulas
- Simpang Tiga
- Siburan
- Boulevard Centre, Miri
- Jalan Nakhoda Gampar, Miri
- Lawas
- Jalan Masjid, Bintulu
- Marudi
- Limbang
- Mukah
- RHB Islamic, Jalan Satok

GROUP BRANCH NETWORK

COMMERCIAL BANKING (CONTINUED)

INTERNATIONAL

SINGAPORE

Country Head:
Jason Wong

Cecil Branch

Ground Floor 90 Cecil Street
Singapore 069531
Tel : (65) 6320 0602 / 0603
Fax : (65) 6225 5296

Branches

- Jalan Besar
- Tai Seng Street
- Katong
- Geylang
- Bukit Timah
- Westgate Mall

THAILAND

Country Head:
Wong Kee Poh

Bangkok

18th Floor M. Thai Tower
All Seasons Place, 87 Wireless Road
Lumpini, Pathumwan, Bangkok
10330 Thailand
Tel : (662) 126 8600
Fax : (662) 126 8601 / 8602

Branches

- Sri Racha
- Ayutthaya

BRUNEI

Country Head:
Ng Moon Kwee

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

CAMBODIA

Country Head:
Lim Loong Seng

Phnom Penh

No. 263, Ang Duong Street (St. 110)
Sangkat Waat Phnom
Khan Baun Penh
Phnom Penh, Cambodia
Tel : (855) 23 992 833
Fax : (855) 23 991 822
Email : customerservice@kh.oskgroup.com

Branches

- City Mall Olympic
- Stoeung Meanchey
- Kbal Thnal
- Pet Lok Song
- Kampong Cham
- Battambang
- Siem Reap
- Preah Sihanouk
- Toul Kork

LAO

Country Head:
Danny Ling Chii Hian

Vientiane

Unit No. 01, House No. 008
Kaisone Road
Phonxai Village
Vientiane, Lao PDR
Tel : (856) 2145 5118 / 5119
Fax : (856) 21455112

VIETNAM

Country Representative:
Wilson Cheah Hui Pin

Ho Chi Minh City

Room 1208, 12th Floor
Sunwah Tower
115 Nguyen Hue, Dist 1
Ho Chi Minh City
Vietnam
Tel : (84-8) 3827 8498
Fax : (84-8) 3827 8499

INVESTMENT BANKING

MALAYSIA

CENTRAL REGION 1

Principal Office
Level 3A, Tower One
RHB Centre, Jalan Tun Razak
50400 Kuala Lumpur
Tel : (03) 9280 2374
Fax : (03) 9284 8053

Branches

- Pandan Indah
- Seri Petaling
- Bandar Puchong Jaya

CENTRAL REGION 2

Supervisory Office
Kuala Lumpur Main
Tingkat 12, 20 (sebahagian) 8 & 21
Plaza OSK, Jalan Ampang
50450 Kuala Lumpur
Tel : (03) 2333 8333 (General Line)

Branches

- Bentong
- Kepong
- Kajang

CENTRAL REGION 3

Supervisory Office
SS2, Petaling Jaya
24, 24M, 24A, 26M, 28M, 28A, 30
30M & 30A,
Jalan SS2/63
47300 Petaling Jaya
Selangor
Tel : (03) 7873 6366
Fax : (03) 7873 6566

Branches

- Klang
- Rawang
- USJ Taipan
- Kota Damansara



GROUP BRANCH NETWORK

INVESTMENT BANKING (CONTINUED)

MALAYSIA (CONTINUED)

NORTHERN REGION 1

Supervisory Office

Penang

No. 64 & 64-D, Tingkat Bawah –
Tingkat 3 & Tingkat 5 – Tingkat 8
Lebuh Bishop
10200 Pulau Pinang
Tel : (04) 263 4222
Fax : (04) 262 2299

Branches

- Bayan Baru
- Farlim
- Parit Buntar
- Sungai Bakap

NORTHERN REGION 2

Supervisory Office

Butterworth

Aras Bawah, 1 & 2
2677, Jalan Chain Ferry
Taman Inderawasih
13600 Prai Pulau Pinang
Tel : (04) 390 0022
Fax : (04) 390 0023

NORTHERN REGION 3

Supervisory Office

Ipoh

21-25, Jalan Seenivasagam
Greentown
30450 Ipoh
Perak Darul Ridzuan
Tel : (05) 241 5100
Fax : (05) 255 3903

Branches

- Cameron Highlands
- Kampar
- 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 : (07) 278 8821
Fax : (07) 278 8011

Branches

- Taman Molek
- Kulai
- Sutera Utama

SOUTHERN REGION 2

Supervisory Office

Batu Pahat

53, 53-A dan 53-B, Jalan Sultanah
83000 Batu Pahat, Johor
Tel : (07) 438 0288
Fax : (07) 438 0277

Branches

- Kluang
- Muar

SOUTHERN REGION 3

Supervisory Office

Melaka 1

No. 19, 21 & 23 Jalan Merdeka
Taman Melaka Jaya
75000 Melaka
Tel : (06) 283 3622
Fax : (06) 281 9271

Branches

- Labis
- Segamat
- Tangkak

SOUTHERN REGION 4

Supervisory Office

Melaka 2

579, 580 dan 581
Taman Melaka Raya
75000 Melaka
Tel : (06) 282 5211
Fax : (06) 284 4871

Branches

- Seremban
- Port Dickson
- Tampin

EAST COAST REGION

Supervisory Office

Kuantan

B32 & B34, Lorong Tun Ismail 8
Seri Dagangan II
25000 Kuantan, Pahang
Tel : (09) 517 3811
Fax : (09) 517 3911

Branches

- Kemaman
- Kota Bharu
- Kuala Terengganu

SABAH REGION

Supervisory Office

Kota Kinabalu

2nd Floor,
81 & 83 Jalan Gaya
88000 Kota Kinabalu, Sabah
Tel : (088) 269 788
Fax : (088) 260 910

Branches

- Sandakan
- Lintas

SARAWAK REGION

Supervisory Office

Kuching 2

Yung Kong Abell
Units No. 1-10, 2nd Floor
Lot 365, Section 50
Jalan Abell
93100 Kuching, Sarawak
Tel : (082) 422 252
Fax : (082) 240 955

Branches

- Bintulu
- Miri
- Sarikei
- Sibul

GROUP BRANCH NETWORK

INVESTMENT BANKING (CONTINUED)

INTERNATIONAL

SINGAPORE

Chief Executive Officer:
Robert Huray

RHB Securities Singapore Pte Ltd

10 Collyer Quay, #09-08
Ocean Financial Centre
Singapore 049315
Tel : (65) 6533 1818
Fax : (65) 6532 6211

INDONESIA

Chief Executive Officer:
Chan Kong Min

PT RHB OSK Securities Indonesia

Wisma Mulia, 20th Floor
Jl. Jend. Gatot Subroto No. 42
Jakarta 12710, Indonesia
Tel : (6221) 2783 0888
Fax : (6221) 2783 0777

Branches

- Bandung
- Kebon Jeruk
- Kelapa Gading
- Makassar
- Malang
- Mangga Dua
- Medan
- Palembang
- Pontianak
- Puri
- Slipi
- Pekanbaru
- Mega Pluit
- Surabaya Bukit Darmo
- Surabaya Kertajaya

THAILAND

Deputy Chief Executive Officer:
Yong Siong Sung

RHB OSK Securities (Thailand) Public Company Limited

10th Floor, Sathorn Square Office
Tower, 98 North Sathorn Road, Silom
Bangrak, Bangkok 10500, Thailand
Tel : (662) 862 9999
Fax : (662) 862 9900

Branches

- Hat Yai
- Pakin Building
- Samut Sakhon
- Silom
- Pinklao
- Vibhavadi Rangsit
- Amarin
- Juti Anusorn
- Chiangmai

HONG KONG & CHINA

Chief Executive Officer:
William Wu

RHB Holdings Hong Kong Limited

12/F, World-Wide House
19 Des Voeux Road Central
Hong Kong
Tel : (852) 2525 1118
Fax : (852) 2810 0908

RHB OSK (China) Investment Advisory Co Ltd

Suites 4005, 40/F, CITIC Square
1168 Nanjing West Road
Shanghai 200041, China
Tel : (8621) 6288 9611
Fax : (8621) 9688 9633

ASSET MANAGEMENT

MALAYSIA

RHB Asset Management Sdn Bhd

19th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Malaysia
Tel : (03) 2178 9555
Email : rhbam@rhbgrou.com

Branches

- Penang
- Butterworth
- Ipoh
- Melaka
- Batu Pahat
- Johor Bharu
- Kuantan
- Kota Bharu
- Kota Kinabalu
- Miri
- Kuching

RHB Islamic International Asset Management Berhad

19th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur
Malaysia
Tel : (03) 2178 9555
Email : rhbam.islamic@rhbgrou.com

INDONESIA

PT RHB OSK Asset Management

Wisma Mulia, 20th Floor
Jalan Jenderal Gatot Subroto No. 42
Jakarta 12710, Indonesia
Tel : (6221) 2783 0889
Email : rhbam.id@rhbgrou.com

SINGAPORE

RHB OSK Asset Management Pte Ltd

10 Collyer Quay
#09-08 Ocean Financial Centre
049315 Singapore
Tel : (65) 6323 2508
Email : rhbam.sg@rhbgrou.com

HONG KONG

RHB OSK Asset Management Ltd

12/F, World-Wide House
19 Des Voeux Road Central
Hong Kong
Tel : (852) 2525 1118
Email : rhbam.hk@rhbgrou.com

INSURANCE

Head Office

Level 12, West Wing, The Icon
No.1, Jalan 1/68F
Jalan Tun Razak
55000 Kuala Lumpur
Tel : (03) 2180 3000
Fax : (03) 9281 2729



NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth (20th) Annual General Meeting (“AGM”) of the Company will be held at Taming Sari Grand Ballroom, The Royale Chulan Kuala Lumpur, 5 Jalan Conlay, 50450 Kuala Lumpur on Thursday, 30 April 2015 at 11.00 a.m. to transact the following Businesses:

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2014 and the Directors’ and Auditors’ Reports thereon.

(Please refer to Explanatory Note 1)

2. To re-elect YBhg Dato’ Mohamed Khadar Merican, who is retiring under Article 80 of the Company’s Articles of Association and being eligible, offers himself for re-election.

Ordinary Resolution 1

Mr Kellee Kam Chee Khiong who retires pursuant to Article 80 of the Company’s Articles of Association, has expressed his intention of not seeking re-election. Hence, he will retain office until the conclusion of the 20th AGM.

3. To re-elect Mr Mohamed Ali Ismaeil Ali AlFahim, who is retiring under Article 84 of the Company’s Articles of Association and being eligible, offers himself for re-election.

Ordinary Resolution 2

4. To consider and, if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965:

“**THAT** YBhg Dato’ Nik Mohamed Din Datuk Nik Yusoff, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next AGM.”

Ordinary Resolution 3

5. To approve the payment of Directors’ fees totalling RM1,039,315.07 for the financial year ended 31 December 2014.

Ordinary Resolution 4

6. To re-appoint Messrs PricewaterhouseCoopers 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 5

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following ordinary resolutions:

7. Authority for Directors to issue shares

“**THAT** subject always to the Companies Act, 1965, the Company’s Articles of Association and approval of the relevant government/regulatory authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company at any time until the conclusion of the next Annual General Meeting 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 issued share capital of the Company for the time being.”

Ordinary Resolution 6

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

8. Proposed renewal of the authority to allot and issue new ordinary shares of RM1.00 each in RHB Capital Berhad (“RHB Capital Shares”), for the purpose of the Company’s Dividend Reinvestment Plan (“DRP”) that provides the Shareholders of RHB Capital Berhad (“Shareholders”) the option to elect to reinvest their cash dividend in new RHB Capital Shares

“**THAT** pursuant to the DRP as approved by the Shareholders at the Extraordinary General Meeting held on 6 April 2011 and subject to the approval of the relevant regulatory authority (if any), approval be and is hereby given to the Company to allot and issue such number of new RHB Capital Shares from time to time as may be required to be allotted and issued pursuant to the DRP until the conclusion of the next Annual General Meeting upon such terms and conditions and to such persons as the Directors of the Company at their sole and absolute discretion, deem fit and in the interest of the Company **PROVIDED THAT** the issue price of the said new RHB Capital Shares shall be fixed by the Directors based on the adjusted five (5) market days volume weighted average market price (“VWAP”) of RHB Capital Shares immediately prior to the price-fixing date after applying a discount of not more than 10%, of which the VWAP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price and the issue price may not be less than the par value of RHB Capital Shares;

AND THAT the Directors and the Secretary of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements, deeds, undertakings and documents as may be necessary or expedient in order to give full effect to the DRP with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed or agreed to by any relevant authorities (if any) or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, by the Directors as they, in their absolute discretion, deem fit and in the best interest of the Company.”

Ordinary Resolution 7

9. To transact any other business of which due notice shall have been given.

By Order of the Board,

Azman Shah Md Yaman (LS 0006901)
Ivy Chin So Ching (MAICSA No. 7028292)
Company Secretaries

Kuala Lumpur
8 April 2015



NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

NOTES:

Appointment of Proxy

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 22 April 2015 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 20th AGM.
2. A member of the Company entitled to attend and vote at the general meeting is entitled to appoint up to two (2) proxies to attend and vote in his place. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
3. The Form of Proxy must be signed by the appointor or his 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 thinks fit.
5. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his 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. The Form of Proxy or other instruments of appointment must be deposited at the office of the Share Registrar of the Company, 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.

Explanatory Notes

1. Item 1 of the Agenda

This Agenda is meant for discussion only, as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Ordinary Resolution 1

- Re-election of YBhg Dato' Mohamed Khadar Merican as Director

YBhg Dato' Mohamed Khadar Merican ("YBhg Dato' Mohamed Khadar") is the Independent Non-Executive Director/Chairman of the Company. Pursuant to the Guidelines on Tenure of Appointment/Re-appointment of Independent Non-Executive Directors for RHB Capital Berhad Group of Companies and in line with the recommendations of the Malaysian Code on Corporate Governance 2012, the service tenure of an Independent Non-Executive Director ("INED") should not exceed a consecutive or cumulative term of 9 years. Upon completion of the 9 years, an Independent Director may continue to serve on the Board subject to the INED's re-designation as a Non-Independent Director. The Board must justify and seek shareholders' approval in the event it retains as an INED, a person who has served in that capacity for more than 9 years. The tenure will commence from the date of his appointment as an INED in the Group. YBhg Dato' Mohamed Khadar was first appointed as an INED in the Group in December 2003 and would therefore be regarded as having served for more than 9 years.

Upon the shareholders' approval for Ordinary Resolution 1 and pursuant to Bank Negara Malaysia's approval, YBhg Dato' Mohamed Khadar will be re-designated as a Non-Independent Non-Executive Director/Chairman upon conclusion of the 20th AGM of the Company.

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

3. Ordinary Resolution 6

- Authority for Directors to issue shares

This Proposed Ordinary Resolution 6 is a general mandate for issuance of shares by the Company pursuant to Section 132D of the Companies Act, 1965. The resolution, if passed, will give powers to the Directors of the Company to issue ordinary shares in the capital of the Company up to an aggregate amount of not exceeding 10% of the issued and paid-up share capital of the Company for the time being, without having to convene a general meeting. This general mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM.

The rationale for this proposed general mandate is to allow possible share issues and/or fund raising exercises including placement of shares for the purpose of funding current and/or future investment projects(s), working capital and/or acquisition(s) as well as in the event of any strategic opportunities involving equity deals which may require the Company to allot and issue new shares on an urgent basis and thereby reducing administrative time and costs associated with the convening of additional shareholders' meeting(s). In any event, the exercise of the mandate is only to be undertaken if the Board considers it to be in the best interest of the Company.

4. Ordinary Resolution 7

- Proposed renewal of the authority to allot and issue new RHB Capital Shares for the purpose of the Company's DRP that provides the Shareholders the option to elect to reinvest their cash dividend in new RHB Capital Shares

This proposed Ordinary Resolution 7 will give authority to the Directors to allot and issue RHB Capital Shares for the DRP in respect of dividend declared until the next AGM. A renewal of this authority will be sought at the next AGM.

For information purposes, the Board had, on 27 February 2015, declared a single-tier interim dividend of 6 sen per RHB Capital Share for the financial year ended 31 December 2014 amounting to approximately RM154.35 million ("Interim Dividend") and determined that the DRP shall apply to the Interim Dividend. The Shareholders had at the 19th AGM of the Company held on 8 May 2014, approved the renewal of the authority to allot and issue such number of new RHB Capital Shares from time to time as may be required to be allotted and issued pursuant to the DRP until the conclusion of the 20th AGM of the Company.

Statement Accompanying the Notice of 20th Annual General Meeting

Additional information pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is set out in Annexure A to RHB Capital Berhad's Annual Report 2014.



ANNEXURE A

STATEMENT ACCOMPANYING NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

(i) Further details of an individual who is standing for re-election as Director as per Agenda 2 of the Notice of 20th AGM:

Ordinary Resolution 1

Name of Director : **YBhg Dato' Mohamed Khadar Merican**
Independent Non-Executive Chairman

Nationality / Age : Malaysian / 58

Academic / Professional Qualifications : 1) Member of the Institute of Chartered Accountants in England & Wales
2) Member of the Malaysian Institute of Accountants

Working Experience : 1) Director/Chief Executive Director, MKM Resources Sdn Bhd (2003 – Present)
2) Chief Operating Officer, Pernas International Holdings Berhad (1988 – 2003)

Other Directorships in Public Companies : **RHB Banking Group**
1) RHB Bank Berhad
2) RHB Investment Bank Berhad
3) RHB OSK Securities (Thailand) Public Company Limited (Chairman)

Other Public Companies
1) Astro Malaysia Holdings Berhad
2) Sona Petroleum Berhad
3) Rashid Hussain Berhad (In Members' Voluntary Liquidation)

(ii) Further details of an individual who is standing for re-election as Director as per Agenda 3 of the Notice of 20th AGM:

Ordinary Resolution 2

Name of Director : **Mr Mohamed Ali Ismaeil Ali AlFahim**
Non-Independent Non-Executive Director

Nationality / Age : United Arab Emirates / 38

Academic / Professional Qualifications : Bachelor of Science in Business Administration, University of Suffolk, Boston

Working Experience : 1) Head of Finance, International Petroleum Investment Company PJSC (2008 – Present)
2) Head of Group Financing Department, Abu Dhabi National Oil Company (2000 – 2008)

Other Directorships in Public Companies : **RHB Banking Group**
1) RHB Bank Berhad
2) RHB Investment Bank Berhad

Other Public Companies
1) Al Izz Islamic Bank
2) Arabtec Holdings PJSC
3) Depa Interiors
4) EDP-Energia de Portugal
5) Unicredit Spa
6) Aabar Investments PJS
7) First Energy Bank
8) Oasis Capital Bank

STATEMENT ACCOMPANYING NOTICE OF TWENTIETH ANNUAL GENERAL MEETING
(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

(iii) Further details of an individual who is standing for re-appointment as Director as per Agenda 4 of the Notice of 20th AGM:

Ordinary Resolution 3

- Name of Director : **YBhg Dato' Nik Mohamed Din Datuk Nik Yusoff**
Non-Independent Non-Executive Director
- Nationality / Age : Malaysian / 72
- Academic / Professional Qualifications : Barrister-at-law, Lincoln's Inn
- Working Experience : 1) Non-Independent Non-Executive Chairman, OSK Holdings Berhad (2009 – Present)
2) Executive Chairman, OSK Ventures International Berhad (2003 – Present)
3) Executive Chairman, OSK Property Holdings Berhad (2000 – Present)
4) Executive Chairman, OSK Holdings Berhad (1998 – 2009)
5) Executive Chairman (last position held), Bursa Malaysia Securities Berhad (1988 – 1997)
6) Executive Chairman, OSK Investment Bank Berhad (1984 – 1988)
- Other Directorships in Public Companies : **RHB Banking Group**
1) Malaysian Trustees Berhad
2) RHB Trustees Berhad
- Other Public Companies**
1) OSK Holdings Berhad (Chairman)
2) OSK Property Holdings Berhad (Chairman)
3) OSK Ventures International Berhad (Chairman)
4) Jerasia Capital Berhad (Chairman)
5) QBE Insurance (Malaysia) Berhad (Chairman)
6) Federation of Public Listed Companies (Vice-President II)
7) Ke-Zan Holdings Berhad
8) Datin Seri Ting Sui Ngjit Foundation

(iv) The Directors' direct and indirect interests in the securities of the Company as at 25 February 2015:

Name of Directors	Direct Interest		Indirect Interest	
	No. of issued shares	% of issued shares	No. of issued shares	% of issued shares
YBhg Dato' Mohamed Khadar Merican	65,312	*	-	-
YBhg Tan Sri Azlan Zainol	-	-	-	-
YBhg Datuk Haji Faisal Siraj	-	-	-	-
YBhg Dato' Teo Chiang Liang [#]	-	-	5,432	*
YBhg Datuk Seri Saw Choo Boon	-	-	-	-
YBhg Dato' Nik Mohamed Din Datuk Nik Yusoff	-	-	-	-
Mr Mohamed Ali Ismaeil Ali AlFahim	-	-	-	-
Mr Kellee Kam Chee Khiong	-	-	-	-

Notes:

* Negligible percentage

Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of his substantial shareholding in Intereal Corporation Sdn Bhd.

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Proxy Form



RHB Capital Berhad

(Company No. 312952-H)

(Incorporated in Malaysia under the Companies Act, 1965)

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 CAPITAL BERHAD** hereby appoint:

(Name & NRIC No.) _____ of _____
and/or*
(Name & NRIC No.) _____ of _____

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 Twentieth (20th) Annual General Meeting of the Company to be held at Taming Sari Grand Ballroom, The Royale Chulan Kuala Lumpur, 5 Jalan Conlay, 50450 Kuala Lumpur, on Thursday, 30 April 2015 at 11.00 a.m. and 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 re-elect YBhg Dato' Mohamed Khadar Merican as Director.		
Ordinary Resolution 2	To re-elect Mr Mohamed Ali Ismaeil Ali AlFahim as Director.		
Ordinary Resolution 3	To re-appoint YBhg Dato' Nik Mohamed Din Datuk Nik Yusoff as Director.		
Ordinary Resolution 4	To approve the payment of Directors' fees totalling RM1,039,315.07 for the financial year ended 31 December 2014.		
Ordinary Resolution 5	To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 6	To approve the authorisation for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		
Ordinary Resolution 7	To approve the proposed renewal of the authority to allot and issue new ordinary shares of RM1.00 each in RHB Capital Berhad for the purpose of the Company's Dividend Reinvestment Plan.		

(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 _____, 2015

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 22 April 2015 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 20th AGM.
2. A member of the Company entitled to attend and vote at the general meeting is entitled to appoint up to two (2) proxies to attend and vote in his place. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
3. The Form of Proxy must be signed by the appointor or his 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 thinks fit.
5. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his 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. The Form of Proxy or other instruments of appointment must be deposited at the office of the Share Registrar of the Company, 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.
7. The registration counter will be opened from 10.00 a.m. to 11.00 a.m. on the meeting day to facilitate shareholders/proxies registration.

PLEASE FOLD HERE

Postage
Stamp

The Share Registrar of **RHB CAPITAL BERHAD**
SYMPHONY SHARE REGISTRARS SDN BHD
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor

PLEASE FOLD HERE

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RHB Capital Berhad (312952-H)

Level 9, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur

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