



RHB BANK BERHAD



OUR WAY FORWARD



SUSTAINABILITY REPORT 2017



SUSTAINABILITY AT RHB

SUSTAINABILITY REPORT 2017

Welcome to RHB Bank Berhad's ("RHB" or "the Group") sustainability report covering the Group's economic, environmental and social performance. We are pleased to disclose our sustainability progress as it represents the perpetuation of the Bank's overall vision.

This report provides a clear, comprehensive and transparent interpretation of the Group's performance in its relationships with its shareholders, customers, employees, members of the community and other stakeholder groups. The Management's approach to integrating sustainability into RHB's businesses and operations is also outlined. This report shares the Group's sustainability journey and provides insight into its strategies while highlighting the economic, environmental and social aspects of the Group's operations.

REPORTING PERIOD

1 January to 31 December 2017

REPORTING CYCLE

RHB Bank Berhad is committed to reporting its sustainability performance annually in accordance with the provisions of Bursa Malaysia's Listing Requirements. The Group endeavours to provide all stakeholders with an accurate, meaningful and balanced view of the Group's sustainability initiatives. The Group is also committed to reviewing key sustainability matters annually to ensure they remain relevant.

REPORTING SCOPE

RHB conducted a materiality assessment as part of the initial scoping of this report to ensure appropriate coverage is given to each aspect of sustainability. The assessment helps to identify and prioritise the most material sustainability issues for both business performance and stakeholders. Applying this guiding principle ensures the report is relevant and the most pressing matters are prioritised.

REPORT COVERAGE

This report covers RHB Bank Berhad and its subsidiary companies. RHB Bank is a public company listed on Bursa Main Market Listing. The Group's core businesses encompass Group Retail Banking, Group Business & Transaction Banking, Group Wholesale Banking, Singapore Operations, Group Shariah Business, Group International Business and Group Insurance.

Where group-wide information is unavailable, performance data and case studies have been provided that are representative of the Group's general approach. Performance data and statistics to date have also been tracked and progress towards achieving targets evaluated.

REFERENCES

The performance and results presented are based on a multi-stakeholder approach, in line with the following sustainability reporting guidelines:

- Global Reporting Initiative Standards Sustainability Reporting Framework
- Bursa Malaysia Sustainability Reporting Framework
- United Nations Sustainable Development Goals
- ISO 26000:2010 Guidance on Social Responsibility
- ACCA Malaysia Sustainable Reporting Guidelines for Malaysian Companies

References to 'RHB', 'RHB Bank', 'the Organisation', 'the Group' and 'we' refer to RHB Bank Berhad and/or its subsidiaries.

FEEDBACK

This report is available to all stakeholders in hard copy on request and can be downloaded from our corporate website at www.rhbgroup.com. We welcome comments from our stakeholders. For further enquiries or feedback, please contact:

GROUP CORPORATE COMMUNICATIONS

RHB BANK BERHAD

Level 8, Tower One,

RHB Centre,

Jalan Tun Razak,

50400 Kuala Lumpur.

Email: corporate.communications@rhbgroup.com



CONTENTS

- 2** Sustainability Report 2017
- 4** About Us
 - Corporate Overview
- 6** Our Presence, Operations & Performance
- 8** Group Corporate Structure
- 10** Group Organisation Structure
- 12** 2017 Key Highlights
- 14** Awards and Recognition
 - Sustainability & Good Governance Practices
- 16** A Message from the Chairman of RHB Banking Group
- 18** A Letter from the Chairman of Board of Trustees, RHB Foundation

- 20** Sustainability at RHB
 - 20** Sustainability Governance
 - 21** Sustainability Principles
 - 21** Key Sustainability-Related Risks & Mitigation Measures
 - 26** Core Values
 - 26** Internal Code, Policies & Guidelines
 - 26** Gifts & Hospitality
 - 27** Speak Up
 - 28** Ethics & Integrity Resource Portal and Training
 - 29** Awareness & Knowledge Sharing Sessions
 - 29** Positive Outcomes
- 30** Engagement with Our Stakeholders
 - 32** Value Creation Model
- 33** Materiality Matters
 - 33** Prioritising Material Aspects
 - 34** How Materiality is Reflected in Our 2017 Reporting
 - 35** Our Commitment to the Sustainable Development Goals

- 36** Our Sustainable Business
 - 38** Direct Economic Contribution
 - 39** Indirect Economic Contribution
 - 39** Responsible Financing Practices
 - 43** Responsible Insurance
 - 44** Digital as a Means to Improve Accessibility
 - 44** Our Supply Chain

- 46** Our Environment
 - 48** Energy Management
 - 48** Water Management
 - 49** Green Banking Practices
 - 49** Conservation Programme
- 50** Our Social Commitment
 - Commitment to Our Employees
 - 52** Diversity in the Workplace
 - 55** Employee Engagement
 - 56** Learning and Development
 - 60** Talent Management
 - 62** Performance and Reward [Employee Benefits and Remuneration]
 - 62** Welfare Fund
 - 63** Occupational Health and Safety
 - 65** Human Rights
 - 65** Turnover Rate
 - Commitment to Our Customers
 - 67** Driving Strategic Customer Experience Agenda
 - 68** Customer Service Charter
 - 69** Customer-Focused Culture
 - 70** Our Commitment to Our Customers
 - 72** High Level of Customer Satisfaction
 - 74** Industry Wide Survey
 - 74** Secure Banking
 - 76** RHB Evolving Digitally
 - 77** Customer Engagement
 - Commitment to the Communities
 - 78** RHB Foundation
 - 82** Nurturing Future Generations
 - 86** Health & Wellness
 - 88** Arts and Cultural Heritage
 - 89** Community Well Being
 - 90** Financial Literacy

Our Sustainable Business
pg **36**

Our Environment
pg **46**

Our Social Commitment
pg **50**



PDF Version

These reports are available on our website

www.rhbgroup.com

ABOUT US

CORPORATE OVERVIEW

VALUES

PROFESSIONAL

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

RESPECT

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

INTEGRITY

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

DYNAMIC

We are proactive, responsive and forward thinking.

EXCELLENCE

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

VISION

To be a Top 3 Bank by Performance

FIT22: Our Way Forward



- Large Caps
- Mid Caps

- Customer Journeys
- Scale

- Strengthen Malaysia as our core
- Overseas business to focus on our strengths & explore potential partnerships/JVs

BRAND PROMISE

Together We Progress

Being your trusted partner

Delivering simple, fast and seamless experiences

Providing solutions that help achieve your goals

Nurturing future generations

CORE BUSINESSES

Group Retail Banking

Group Business & Transaction Banking

Group Wholesale Banking

Singapore Business Operations

Group International Business

Group Insurance

Group Shariah Business

KEY FINANCIAL METRICS

MARKET CAPITALISATION
as at 31 December 2017

RM20.1 BILLION

TOTAL ASSETS

RM230.2 BILLION

PROFIT BEFORE TAX

RM2.6 BILLION

GROSS LOANS

RM160.1 BILLION

REGIONAL PRESENCE

- Malaysia
- Singapore
- Indonesia
- Thailand
- Cambodia
- Lao PDR
- Hong Kong/China
- Brunei
- Vietnam
- Myanmar



KEY FACTS AT A GLANCE



More than

14,000
Employees

across
10 countries

Presence in



10 Countries

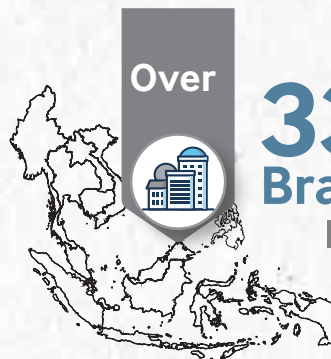


254
Branches
in Malaysia



1,830* Self-Service
Terminals
in Malaysia

- * Consisting of:
- Automated Teller Machines
 - Cash Deposit Machines
 - Coin Deposit Machines
 - Cheque Deposit Machines
 - Cash Recycler Machines



Over

330
Branches

and offices across
ASEAN and Hong Kong/China

OUR PRESENCE, OPERATIONS & PERFORMANCE

MALAYSIA



Employees 12,750



Branches/Offices 254



Total Income

RM5.5 billion

SINGAPORE



Employees 668



Branches/Offices 9



Total Income

SGD153.4 million

INDONESIA



Employees 357



Branches/Offices 24



Total Income

IDR232.8 billion

THAILAND



Employees 438



Branches/Offices 13



Total Income

THB997.3 million

CAMBODIA



Employees 245



Branches/Offices 13



Total Income

USD22.4 million

LAO PDR



Employees 62



Branches/Offices 2



Total Income

LAK37.1 billion

HONG KONG/CHINA



Employees 99



Branches/Offices 3



Total Income

HKD86.0 million

BRUNEI



Employees 23



Branch/Office 1



Total Income

BND3.9 million

VIETNAM

Representative Office



Employees 2

MYANMAR

Representative Office



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

Ranked among the top banks in Malaysia and a significant player in ASEAN by performance, RHB has strong market leadership in Malaysia across targeted products and segments. With staff strength of more than 14,000 employees group-wide, RHB's presence spans across 9 countries in the ASEAN Region and Hong Kong/China. RHB also has representative offices in Vietnam and Myanmar.

GROUP CORPORATE STRUCTURE

AS AT 15 FEBRUARY 2018



RHB Bank Berhad

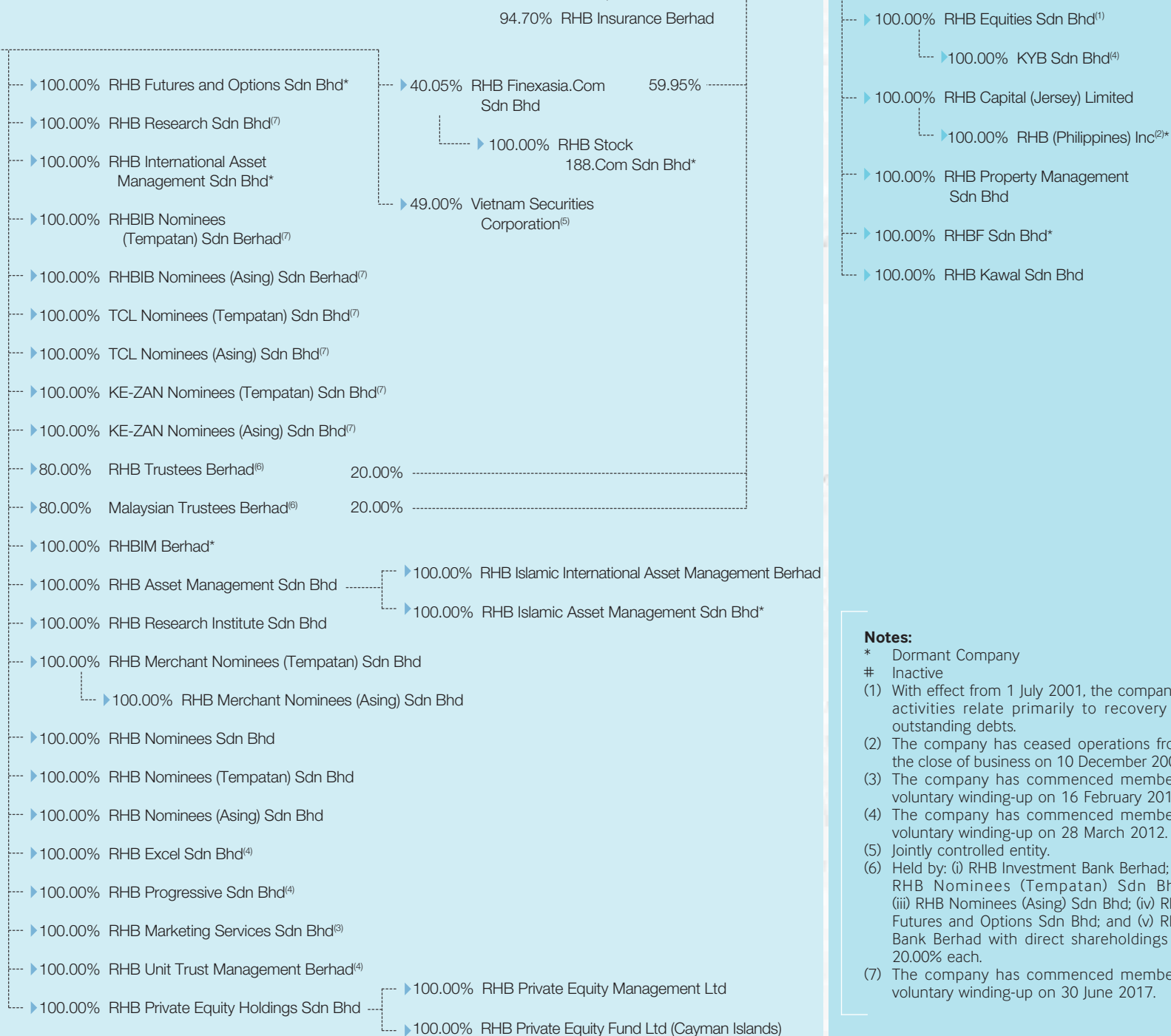
COMMERCIAL BANKING GROUP

INVESTMENT BANKING GROUP

- ▶ 100.00% RHB Islamic Bank Berhad
- ▶ 100.00% RHB Bank (L) Ltd
 - ▶ 100.00% RHB International Trust (L) Ltd
 - ▶ 100.00% RHB Corporate Services Sdn Bhd
- ▶ 100.00% RHB Leasing Sdn Bhd
- ▶ 100.00% RHB Capital Nominees (Tempatan) Sdn Bhd
 - ▶ 100.00% RHB Capital Nominees (Asing) Sdn Bhd
- ▶ 100.00% RHB Capital Properties Sdn Bhd
- ▶ 100.00% Utama Assets Sdn Bhd
- ▶ 100.00% RHB Bank Nominees Pte Ltd (Singapore)
- ▶ 100.00% Banfora Pte Ltd (Singapore)
- ▶ 100.00% RHB Investment Ltd (Singapore)
- ▶ 100.00% RHB Trade Services Limited (Hong Kong)
- ▶ 100.00% Utama Gilang Sdn Bhd⁽³⁾
- ▶ 100.00% UMBC Sdn Bhd*
- ▶ 100.00% RHB Delta Sdn Bhd⁽³⁾
- ▶ 100.00% RHB Indochina Bank Limited
- ▶ 100.00% RHB Bank Lao Limited

- 100.00% RHB Investment Bank Berhad
 - ▶ 100.00% RHB International Investments Pte Ltd
 - ▶ 100.00% RHB Asset Management Pte Ltd
 - ▶ 40.00% RHB GC-Millennium Capital Pte Ltd⁽⁶⁾
 - ▶ 100.00% RHB Hong Kong Limited
 - ▶ 100.00% RHB Securities Hong Kong Limited
 - ▶ 100.00% RHB Futures Hong Kong Limited
 - ▶ 100.00% RHB Finance Hong Kong Limited
 - ▶ 100.00% RHB Capital Hong Kong Limited
 - ▶ 100.00% RHB Fundamental Capital Hong Kong Limited
 - ▶ 100.00% RHB Asset Management Limited
 - ▶ 100.00% RHB Wealth Management Hong Kong Limited
 - ▶ 100.00% RHB (China) Investment Advisory Co Ltd
 - ▶ 99.00% PT RHB Sekuritas Indonesia
 - ▶ 99.62% PT RHB Asset Management Indonesia
 - ▶ 100.00% RHB Securities Singapore Pte Ltd
 - ▶ 100.00% RHB Nominees Singapore Pte Ltd[#]
 - ▶ 100.00% Summit Nominees Pte Ltd[#]
 - ▶ 100.00% RHB Research Institute Singapore Pte Ltd
 - ▶ 99.95% RHB Securities (Thailand) Public Company Limited
 - ▶ 100.00% RHB Indochina Securities Plc.

OTHERS

**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.

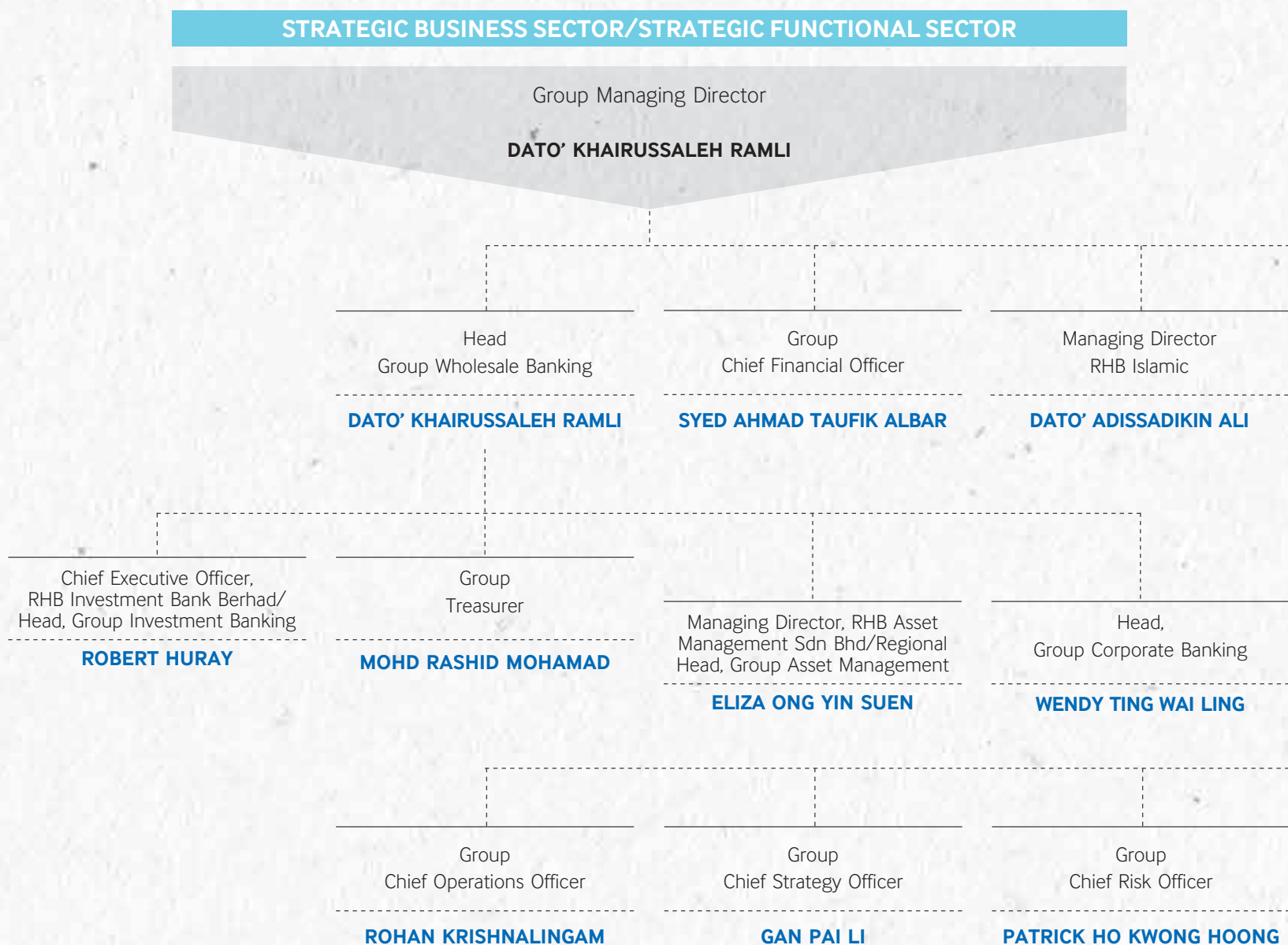
(4) The company has commenced members' voluntary winding-up on 28 March 2012.

(5) Jointly controlled entity.

(6) Held by: (i) RHB Investment Bank Berhad; (ii) RHB Nominees (Tempatan) Sdn Bhd; (iii) RHB Nominees (Asing) Sdn Bhd; (iv) RHB Futures and Options Sdn Bhd; and (v) RHB Bank Berhad with direct shareholdings of 20.00% each.

(7) The company has commenced members' voluntary winding-up on 30 June 2017.

GROUP ORGANISATION STRUCTURE



Number of Employees

▶ **14,435**

Total Staff by Employment Status

Permanent ▶ **92.5%**

Non-Permanent ▶ **7.5%**

Average Number of Hours of Training per Year per Employee Category

31
HOURS

Acting Head,
Group Retail Banking

NAZRI OTHMAN

Head, Group Business &
Transaction Banking

JEFFREY NG EOW OO

Country Head/Chief Executive
Officer, RHB Bank Singapore

MIKE CHAN CHEONG YUEN

Managing Director
RHB Insurance

KONG SHU YIN

Group
Chief Human Resource Officer

JAMALUDDIN BAKRI

Group Chief Communications
Officer/Chief Executive Officer,
RHB Foundation

NORAZZAH SULAIMAN

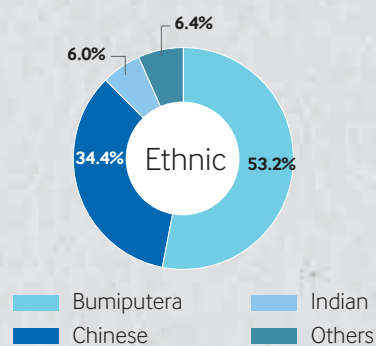
Group
Chief Marketing Officer

ABDUL SANI ABDUL MURAD

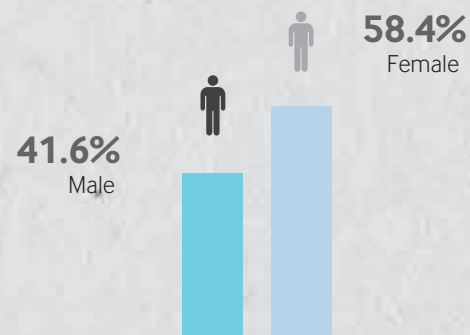
Group
Chief Internal Auditor

ALEX TAN AUN AUN

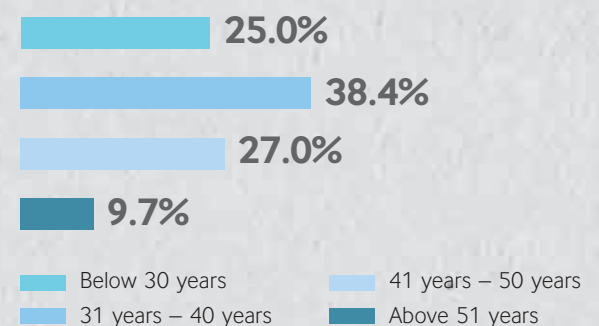
Ethnic Diversity



Gender Diversity



Age Diversity



2017 KEY HIGHLIGHTS

FINANCIAL HIGHLIGHTS

TOTAL ASSETS

RM230.2 BILLION

COST TO INCOME RATIO

49.9%

TOTAL CUSTOMER DEPOSITS

RM166.2 BILLION

CASA GROWTH

18.8%

GROSS LOANS

RM160.1 BILLION

COMMON EQUITY TIER 1
(CET1) RATIO

13.9%

SHAREHOLDERS' EQUITY

RM23.1 BILLION

PROFIT BEFORE TAX

RM2.6 BILLION

TOTAL INCOME

RM6.4 BILLION

PROFIT AFTER TAX

RM2.0 BILLION

BUSINESS HIGHLIGHTS

In 2017, RHB Banking Group (RHB) achieved various milestones on several fronts. These significant achievements further reaffirmed our commitment to providing our customers with solutions that help to achieve their goals.

ST-TO-MARKET



RHB MyHome App

First-in-class app that enables real-time mortgage applications with all documents submitted online



Banking at Your Doorstep with RHB Smart Account

Provides the first end-to-end digital account opening experience in Malaysia where the bank goes to the consumer to complete the KYC and ID verification process



Personal Loan Origination via Chatbot

The first of its kind real-time application platform in Southeast Asia that enables RHB Bank to provide approval in principle to customers without the need to submit full documentation

LANDMARK TRANSACTIONS & COLLABORATIONS

- **RHB Bank collaborated with RinggitPlus to offer loan origination via chatbot**
 - The first such application in Southeast Asia, the chatbot is a real-time platform that enables RHB Bank to provide approval in principle to customers without the need to submit full documentation and expedites turnaround time for loan approval
- **RHB Bank & Funding Societies cemented a partnership for the first ever P2P platform for SMEs/small businesses in Malaysia**
- RHB Investment Bank played a lead role in landmark transactions in 2017:
 - **Largest rights issues** which raised **RM2.254 billion** for Malaysian Resources Corporation Berhad and **RM2.22 billion** for S P Setia Berhad
 - **Largest debt issuances** – **RM5.085 billion** by Edra Energy Sdn Bhd and **RM4.5 billion** by DanaInfra Nasional Berhad
 - **3rd largest IPO and high performing IPO post-listing** – Serba Dinamik Holdings Berhad – **RM671.7 million** Main Market IPO
 - **3rd largest M&A transaction** – acquisition of equity interest in Sarawak Hidro Sdn Bhd by Sarawak Energy Berhad – **RM8.1 billion**

BUSINESS AWARDS



• DIGITAL BANKING INITIATIVE OF THE YEAR – MALAYSIA

Asian Banking & Finance Retail Banking Awards 2017

• BEST MID-CAP EQUITY DEAL IN SOUTHEAST ASIA

Serba Dinamik Holdings' RM671.7 million (USD151.3 million) IPO

11th Annual Best Deal & Solution Awards in Southeast Asia

• BEST RETAIL BROKER IN MALAYSIA

• BEST SMALL TO MID CAP HOUSE IN MALAYSIA

• BEST SMALL TO MID CAP HOUSE IN SINGAPORE (RHB SECURITIES SINGAPORE)

11th Annual Alpha Southeast Asia Best Financial Institution Awards 2017

• MOST OUTSTANDING ISLAMIC CORPORATE BANKING

• MOST OUTSTANDING ISLAMIC PROJECT FINANCE PRODUCT

14th KL Islamic Finance Forum 2017

• BEST PERFORMING MYR ISLAMIC BOND in 3, 5 and 10-year period

• BEST MIXED ASSET MYR CONSERVATIVE in the 10-year period

• BEST GROUP OVER 3 YEARS BOND

The Edge Thomson Reuters Lipper Fund Award 2017 Malaysia (a total of 15 awards)

AWARDS AND RECOGNITION

SUSTAINABILITY & GOOD GOVERNANCE PRACTICES



MERIT AWARD FOR BOARD DIVERSITY

MERIT AWARD – MOST IMPROVED CORPORATE GOVERNANCE DISCLOSURE

Minority Shareholder Watchdog Group Awards



NON-TRADITIONAL ANNUAL REPORT AWARD CATEGORY: BANKS: REGIONAL GOLD AWARD

ARC Awards International XXXI



BEST COMPANY TO WORK FOR IN ASIA 2017

HR Asia Best Companies to Work for in Asia Awards



WINNER OF 'EXCELLENCE AWARD FOR CORPORATE GOVERNANCE DISCLOSURE' IN THE MSWG-ASEAN CORPORATE GOVERNANCE RECOGNITION AWARDS 2017

- Top 6 Malaysia PLCs

Minority Shareholder Watchdog Group Awards

EXCELLENCE AWARD FOR CG DISCLOSURE
6TH
RHB BANK BERHAD



Joint Gold Winner on
**'BEST GOVERNED
 & MOST TRANSPARENT AWARD'**

The Global Good Governance Awards 2017, by The Pinnacle Group International on 30 March 2017



MERIT AWARD

National Annual Corporate Report Awards ("NACRA")

**EXCELLENCE IN RECRUITMENT
 (GOLD WINNER)**

Human Resources Excellence Awards 2017



LIFE AT WORK 2017/2018 HONOUREE

TalentCorp Life at Work 2017/2018



**EXCELLENCE IN CORPORATE SOCIAL
 RESPONSIBILITY (SILVER)** for RHB-The Straits Times National Spelling Championship

Marketing Excellence Awards 2017 by Marketing Magazine (RHB Singapore)

**BEST EVENT – GAMES/CONTESTS
 (SILVER)**

for RHB-The Straits Times National Spelling Championship

Marketing Events Award 2017 by Marketing Magazine (RHB Singapore)



A MESSAGE FROM THE CHAIRMAN OF RHB BANKING GROUP



DEAR SHAREHOLDERS,

I am pleased to present the RHB Banking Group's inaugural Sustainability Report which elaborates our commitment to sustainability practices, while shaping a positive change for our marketplace, workplace, the communities we operate in, and the environment.

At RHB, we believe that sustainability is about striking a balance between the needs of the present without compromising sustainable economic growth and the well-being of future generations. Our purpose is to be where the growth is, enabling businesses to thrive, economies to prosper and helping fulfil customers' hopes and realising their ambitions. By sharing this information, we hope to build stronger relationships with our customers, employees and other stakeholders.

As a multinational financial services group operating in ten countries across the ASEAN region and Hong Kong/China, we are committed to making a positive difference in the development of the communities within which we operate. We conduct our business in a responsible manner, creating long-term value, embracing opportunities and managing risks, not only from an economic, but also from a social and environmental perspective.

Sound risk and credit management is fundamental, as is a responsible investment approach. While we have in place guiding principles that demonstrate our passion for excellence, we are also guided by the United Nations Sustainable Development Goals, which promotes a strong and inclusive institution at all levels.

SUSTAINABLE BUSINESS

We are committed towards cultivating a customer-first culture in all aspects of our business. We believe that our products and services should be tailored to meet the personal, professional and business needs of our customers. This is reflected in our brand promise that is tied to a strong commitment towards value creation, premised on four key principles, which include being our customers' trusted partner; delivering simple, fast and seamless experiences; providing solutions that help achieve our customers' goals; and nurturing future generations.

With this in mind, we have put in place a new 5-year strategy known as FIT22 which is anchored on three key strategic themes:

- **F**und Our Journey
- **I**ntest to Win
- **T**ransform the Organisation

Under FIT22, our priorities will be to strengthen our Malaysian franchise and win in targeted segments; focus on our strengths and niche areas and build a winning operating model to propel RHB to be a leading player in the financial services sector.

One of our key priorities is to deliver value-add interactions and customised services based on differentiated segment needs and also to digitalise our internal processes for cost and operational efficiencies.

Recognising the challenges in the banking landscape, prompted by technological advancement and the rising number of tech-savvy customers, we have established measures to develop greater agility in the way we work in order to drive productivity and improve speed-to-market.

RHB is committed to sustainable and responsible investment (SRI) which aims to reconcile financial returns with social and environmental impact. During the year, RHB forged various sustainable collaborations which have benefitted the various segments of our customers. We also undertook landmark Sukuk deals through our Investment banking arm – Sukuk Ihsan which adopts the Islamic principle of Wakalah Bi Al-Istithmar and Merdeka ASEAN Green SRI Sukuk Programme, which was the maiden Sukuk Programme established under the ASEAN Capital Markets Forum's (ACMF) ASEAN Green Bond Standards.

OUR COMMITMENT TO SOCIETY

The Group remains committed to enriching and bringing positive changes to the communities within which we operate.

Our responsibility to the community extends beyond corporate philanthropy. We focus our efforts on capacity-building and improving the lives of the underserved and underprivileged with a special emphasis on children and youth. Through RHB Foundation, we carried out initiatives that enrich and empower members of the community, transcending cultural, race, religion and gender differences.

In addition to all our community outreach programmes, we have also carried out our RHB Touch Hearts Community programmes where more than 14,000 of our employees across eight countries in the ASEAN region embarked on various initiatives to reach out and enrich the lives of the underserved and underprivileged, especially our future generations. We have undertaken 72 humanitarian projects in education, infrastructure, health and wellness as well as the environment. To date, we have impacted more than 12,900 underserved and underprivileged children and youth through our RHB Touch Hearts programme. A total of RM724,324.00 was raised by our employees through various fund raising activities under this programme.

OUR ACHIEVEMENTS

RHB was recognised for excellence in governance where RHB was accorded by the Minority Shareholders Watchdog Group (MSWG) with three awards namely, Excellence Award for Corporate Governance Disclosure, and Merit awards for Board Diversity and the Most Improved Corporate Governance Disclosure at the MSWG-ASEAN Corporate Governance Recognition Awards 2017. We ranked as Top 6 Malaysian PLC since 2015. RHB is also listed in the Top 50 ASEAN Public Listed Companies in Southeast Asia for good Governance practices. In 2016, we were included in the FTSE4Good Bursa Malaysia Index. In 2017, we won the Gold award in the Pinnacle Group International's Global Good Governance Award for Best Governed & Transparent Company in 2017. Our Gold award was upgraded to Platinum in 2018 for improved governance and transparency while we achieved a Bronze award for Best Community Programme.

THE JOURNEY FORWARD

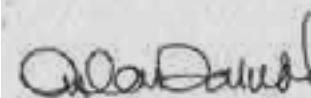
It remains fundamental that a sustainable culture is embedded into the very fibre of our organisation – in the way we manage our business, our employees and our customers. Moving forward, we will further enhance sustainable practices within the organisation in order to drive operational efficiency as well as innovation and growth opportunities.

This report demonstrates how sustainability has become part of the Group's ongoing business as it is linked to our achievements thus far. We will continue to build on our existing foundation; to this end, we are working towards developing a Sustainability Strategy and Framework, with a more structured and comprehensive roadmap and governance structure focusing on internalising and embedding our sustainability practices throughout the Group.

OUR APPRECIATION

On behalf of the Board of Directors of RHB Bank Berhad, I would like to extend my deepest appreciation to our shareholders, customers and partners who have supported and encouraged us in our journey towards a sustainable future. I would also like to thank the Board of Trustees of RHB Foundation, Senior Management and employees of RHB Banking Group for their continuous dedication, commitment and contributions in driving the Group's Sustainability agenda towards becoming a responsible and sustainable organisation.

We invite you to be a part of our sustainability efforts, and we look forward to your feedback and input on our activities which we have shared in this report. In driving sustainability, we hope to harness the synergy within the ASEAN community to secure a sustainable economic, social and environmental landscape for our future generations, true to our commitment of "Together We Progress".



Azlan Zainol
Chairman
RHB Banking Group

A LETTER FROM THE CHAIRMAN OF BOARD OF TRUSTEES, RHB FOUNDATION

DEAR SHAREHOLDERS,

I am pleased to present RHB Banking Group's first RHB Sustainability Report 2017. This report brings together the elements of Economic, Environment, Social and Governance performance and commitment.

As a multinational financial services Group, RHB plays a significant role in driving economic and social development in Malaysia and across the region. We are committed to growing our business in a responsible manner, embracing accountable financial management and good corporate citizenship. Sustainability is about mitigating risks, improving resilience and creating opportunities. The Group continues to exemplify sound business practices through comprehensive suite of products and services that we offer and our extensive delivery channels, towards creating a robust eco-system that empowers us to deliver superior service to our customers and create value for our shareholders and other stakeholder groups, including the Communities within which we operate.

We pledge to continue placing sustainability at the forefront of our operations, and hope this Sustainability Report will shed light on our commitment to this undertaking.

RHB Foundation was established in 2015, to spearhead the Group's Community enrichment agenda, premised on four key pillars namely Nurturing Future Generations; Health and Wellness; Arts & Cultural Heritage; and Community Well Being. We embraced the United Nations' 17 Sustainable Development Goals (SDGs) and we put in place measures and implemented initiatives that are aligned to the SDGs in areas where we can contribute.

In driving our aspirations to be a community-centric banking group that is sensitive to the needs of the communities within which we operate, RHB has invested more than RM85 million over the last 10 years in the Group's various sustainability initiatives that enriches the community, particularly in promoting Quality Education and Equal Opportunities amongst children and youth. Our journey has been rewarding and we have had the privilege to transform lives, enrich our future generations with knowledge and assist displaced communities through our community well being efforts.



We have actively endeavoured to drive academic excellence by providing access to additional educational resources to enhance students' development. We have also pursued our agenda to educate children and youth on good financial management and the importance of savings for the future; thus, enabling them to manage their finances more responsibly as young adults. In our effort to provide quality education and promote equal opportunity amongst the young we built infrastructural support in several integrated schools within Klang Valley and Selangor which benefitted children and youth with special needs. We hope with this support, these students will be better able to pursue their education in a more conducive and nurturing environment.

The welfare and well-being of the Group's employees are of paramount importance to us. As part of our Health and Wellness initiative, in 2017 we rolled out a Diabetes Awareness programme for our employees and also conducted a Diabetes Management Programme for children suffering from Type 1 Diabetes. We have also put in place the *Jom Sihat* initiative which entails numerous activities that promote health and wellness amongst employees of RHB.

RHB continues to nurture local emerging artists, as part of our Arts & Culture pillar which started in 2016, by providing them with a platform to showcase their talent and creativity. It is an opportunity to bring together collectors, art lovers and philanthropists, working in collaboration towards nurturing the rising talents in the industry, while making a difference

to the community. Every piece sold benefits not only the artists but also the underprivileged, as a certain percentage of the sale is channelled to charitable organisations and deserving persons.

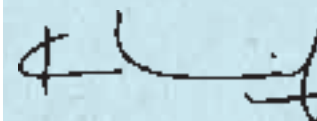
In the coming months, RHB will reinforce our commitment to nurture our future generations through two new Programmes – RHB Money Ma\$ter Programme and RHB X-Cell Programme. Under the Money Ma\$ter Programme, we will be reaching out to approximately 24,000 children and youth from more than 150 schools across Malaysia to impart basic banking knowledge and the importance of savings for the future. The RHB X-Cell Programme on the other hand, will provide access to tuition classes in selected core subjects and the provision of mentoring programme to help students to excel in their studies. This initiative is aimed at youths from low income and underprivileged families.

Sustainability at RHB is about delivering results by balancing economic, social and environmental considerations, as we seek to meet our objectives in a responsible and holistic manner, steered by solid governance and ethical business practices. The Group will continue to enhance our sustainability practices and ensure that our materiality matrix is reviewed consistently. We are cognisant of the fact that a well-developed Sustainability Framework is essential to ensure we continue to progress in a socially responsible manner for the benefit of our shareholders, customers, employees and the communities at large.

I would like to take this opportunity to express my sincere appreciation to the Board of Trustees of RHB Foundation, the Chairman and Board of Directors of RHB Bank Berhad, as well as all RHB employees and our Partners for having the fortitude to stay dedicated to our mission. I am also grateful for the support and inspiration received from different segments of the communities whom we have worked with in the course of our efforts.

We endeavour to remain focused on adhering to the highest standards of corporate governance, transparency and sustainability reporting. I believe that with the continued support of our stakeholders, dedicated leadership and a team of high-calibre and socially responsible employees, we will be able to gain greater traction in our sustainability efforts and achieve outstanding milestones.

Together We Progress



Dato' Khairussaleh Ramli

*Chairman, Board of Trustees, RHB Foundation
Group Managing Director, RHB Banking Group*

SUSTAINABILITY AT RHB

Sustainability is an integral tenet; we believe in creating enduring value for our shareholders, customers, employees and all other stakeholders while contributing to the three pillars: Economic, Environment and Social (EES).

Integrated into our business operations, sustainability guides us in the way we serve our customers, manage our business, support local communities and advance the financial services industry.

We are committed to reporting our progress transparently and communicating with our stakeholders effectively.

Demonstrating Our Passion For Excellence



SUSTAINABILITY GOVERNANCE

The Board of Directors plays an integral role in determining RHB Banking Group's strategic direction and regards sustainability as a key component of the Group's business and operations. Monthly reviews are conducted on business performance, risk management, compliance, talent management and other matters that are significant to the Group's sustainable performance.

We have recently incorporated Environmental, Social and Governance (ESG) integration in the Board Charter as one of the Board's principal responsibilities to promote sustainability through appropriate ESG considerations in the Company's business strategies. The Group Managing Director and Senior Management directly oversee the Group's sustainability practices, decision making and performance.

The Group Management Committee meets on a monthly basis to discuss key agendas that are imperative to the Group's sustainability objective.

Moving forward, we are working towards establishing a more structured and comprehensive Sustainability Framework as well as strategy and governance structure which will guide the Group in internalising sustainability practices in its day-to-day operations.

SUSTAINABILITY PRINCIPLES

KEY PRINCIPLES DRIVING SUSTAINABILITY TARGETS

OUR SUSTAINABLE BUSINESS



Sustaining a well-balanced ecosystem for the growth of our business and the nation.

OUR ENVIRONMENT



Driving operational excellence with emphasis on environmental protection.

OUR SOCIAL COMMITMENT



Creating sustainable value for our shareholders, customers, employees and communities.

GOVERNANCE



Establishing sustainable governance that drives excellence.

KEY SUSTAINABILITY-RELATED RISKS & MITIGATION MEASURES

The Group has adopted the principles of sustainability and embedded them into its enterprise risk management framework. Performance management systems, corporate policies and commitment to continuous improvement underpin our sustainability goals. Through our sustainability journey, we defined our direction to manage our impacts and opportunities with increasing efficiency.





The Board has embedded measures to ensure responsible business conduct and the identification and assessment of risks associated with economic, environmental and social matters. These risks are managed in conjunction with all other business risks, both financial and non-financial, and are reviewed annually by the Board Risk Committee and the Board of Directors.




The Group's risk management process identifies, measures, monitors and controls risk so that exposure is adequately managed and the expected returns sufficiently outweigh the risks.

A continuous review of business activities and processes identify significant risk areas. Control procedures are implemented to operate within established corporate policies and limits.

Type of Risk	Definition	Key Risk Mitigation
<p>Credit Risk</p>	<ul style="list-style-type: none"> The risk of loss arising from customers' or counterparties' failure to fulfil their financial and contractual obligations in accordance with the agreed terms. It stems primarily from the Group's lending/financing, trade finance and its funding, underwritings, investment and trading activities from both on- and off-balance sheet transactions. 	<ul style="list-style-type: none"> The Group's credit risk management framework and Group Credit Policy are developed to support the development of a strong credit culture with the objective of maintaining a diversified portfolio, and a reliable and satisfactory risk-weighted return. The Group Credit Procedures Manual and Group Credit Guidelines set out the operational procedures and guidelines governing the credit processes within the Group.

SUSTAINABILITY AT RHB

Type of Risk	Definition	Key Risk Mitigation
 <p>Credit Risk <i>(continued)</i></p>		<ul style="list-style-type: none"> • All credit limits are approved within a defined credit approval authority framework spanning from individuals to credit committees. • Regular risk reports are made to the risk committees and the Board. Such reporting allows Senior Management to identify adverse credit trends, take prompt corrective actions and ensure appropriate risk-adjusted decision making.
 <p>Market Risk</p>	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Availability of a framework which encompasses risk policies, measurement methodologies and limits which control the Group's financial market activities and identifies potential risks due to market volatility. • Phased implementation of a market risk management engine to enable aggregation of exposures across entities for monitoring and analytical purposes.
 <p>Liquidity Risk</p>	<ul style="list-style-type: none"> • The risk of the Group being unable to maintain sufficient liquid assets to meet its financial commitments and obligations when they fall due and transact at a reasonable cost. Liquidity risk also arises from the inability to manage unplanned decreases or changes in funding sources. 	<ul style="list-style-type: none"> • Prudent liquidity management that involves establishing policies and limits, regular monitoring, stress testing and establishing contingency funding plans. • Regular monitoring and management of liquidity risk positions to ensure the risk positions are within the risk appetite and meet regulatory requirements. • The Group maintains adequate liquidity surplus with diversified sources of liquefiable assets as a buffer against periods of stress.
 <p>Operational Risk</p>	<ul style="list-style-type: none"> • The risk of loss resulting from inadequate or failed internal processes, people, systems and/or external events, which also includes IT, legal and Shariah non-compliance risk but excludes strategic and reputation risk. 	<ul style="list-style-type: none"> • Implementation of operational risk policies, frameworks and methodologies that create awareness and provide guidance to business units on operational risk areas. • Continuous Risk Culture awareness training to Group employees to enhance their understanding in managing and mitigating risks proactively and effectively.

Type of Risk	Definition	Key Risk Mitigation
 <p>Technology Risk</p>	<ul style="list-style-type: none"> The business risk associated with the use, ownership, operation, involvement, influence and adoption of IT within an enterprise. 	<ul style="list-style-type: none"> Establishment of systems to monitor suspicious network activities and increased attention to infrastructure readiness, compatibility, capacity, security and resiliency to support digitalisation projects.
 <p>Regulatory Non-Compliance Risk</p>	<ul style="list-style-type: none"> Losses arising from regulatory sanctions, financial loss or reputational damage which a financial institution may suffer as a result of failure to comply with all laws, rules, standards and regulatory requirements (including any ruling of the Shariah Advisory Council) relevant to a financial institution's activities in all jurisdictions in which the financial institution, or any of its branches or subsidiaries conduct activities. 	<ul style="list-style-type: none"> Continuous efforts to further strengthen monitoring/oversight responsibilities and raise compliance awareness of all employees of the Group to ensure that compliance is an integral component of their daily activities.
 <p>Shariah Non-Compliance Risk</p>	<ul style="list-style-type: none"> 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 or any other relevant body, such as Bank Negara Malaysia's Shariah Advisory Council. 	<ul style="list-style-type: none"> Continuous focus on activities involving Shariah reviews, control self-assessment, training and briefings aimed at creating awareness in mitigating Shariah non-compliance risk.

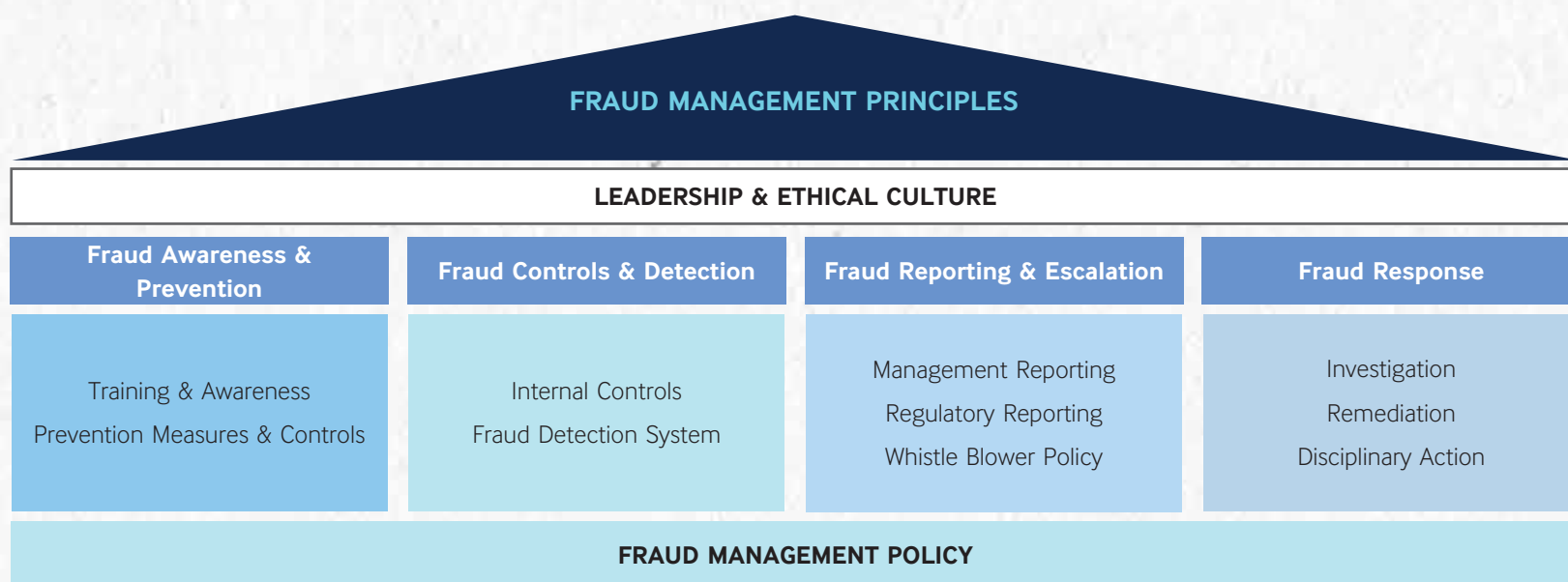
Fraud Risk Management

The Group has zero tolerance of internal fraud and all employees must take responsibility for maintaining high standards of ethics and integrity. In addition, sensitising and raising awareness among employees on ethics and the prevention of fraud is instrumental in reducing instances of fraud.

Objectives of Our Comprehensive Fraud Risk Management

A comprehensive fraud risk management policy has been established with a primary objective of setting the tone and promoting a consistent organisational behaviour on managing fraud risk in ensuring a secure, 'least vulnerable to fraud' environment in the Bank. The policy is supported by procedures across operations and policies covering information security, outsourcing of financial services and whistle-blowing. Fraud management systems are deployed for fraud detection and prevention in business and operational functions providing lending and e-banking services.

SUSTAINABILITY AT RHB



Fraud Management Principles

- Principle 1** **LEADERSHIP & ETHICAL CULTURE**
- The Group must instil and practice a sound fraud management culture and approach in managing internal and external fraud risks.
-
- Principle 2** **FRAUD AWARENESS & PREVENTION**
- The Group must instill sustainable fraud awareness and implement relevant tools and methodologies to support and ensure effective fraud prevention controls in its operational processes and procedures.
-
- Principle 3** **FRAUD CONTROL & DETECTION**
- The Group must implement effective internal control mechanisms to manage and detect fraudulent activities in line with the approved fraud risk appetites and tolerance limits in a timely manner.
-
- Principle 4** **FRAUD REPORTING & ESCALATION**
- The Group must ensure that all incidents of fraud are reported and escalated to the Board, Management Committees and Regulators in accordance with the established policies and guidelines.
-
- Principle 5** **FRAUD RESPONSE**
- The Group must ensure a timely, effective and consistent response to all fraud incidents with relevant corrective and/or disciplinary actions to address any identified operational lapses.

Anti-Competition



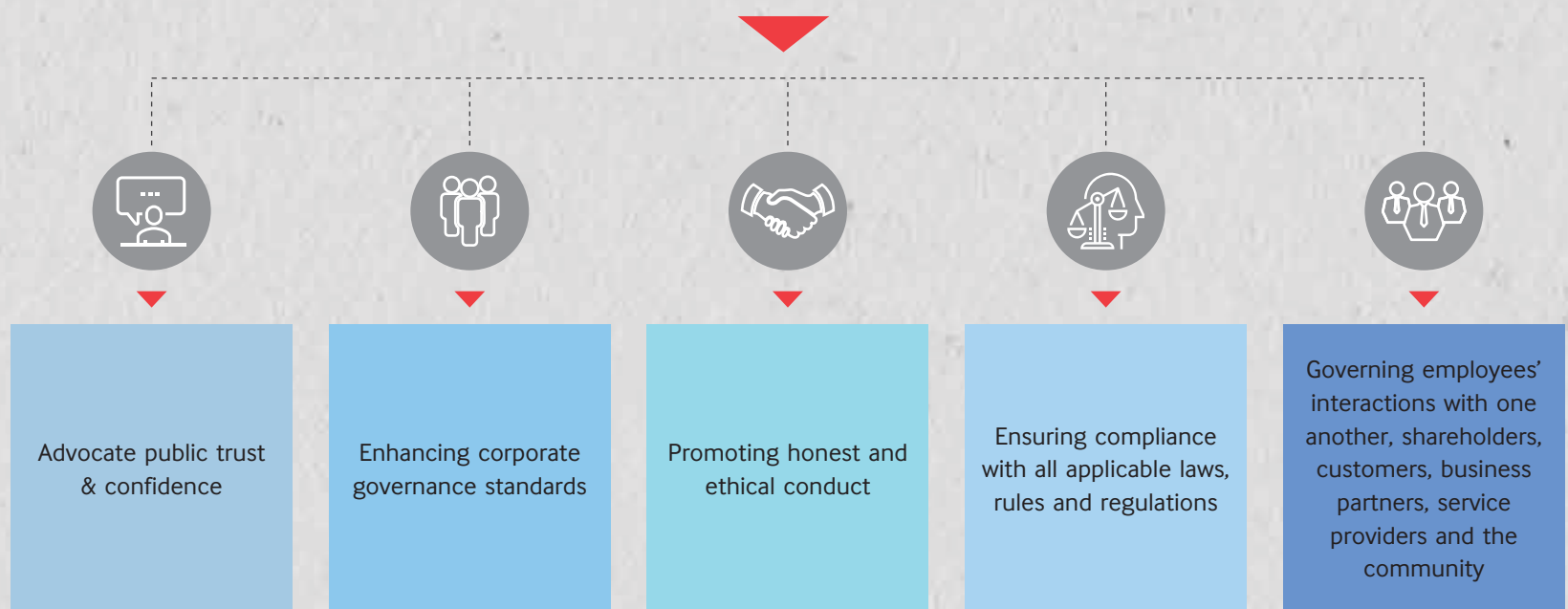
All RHB personnel are familiar with the Competition Act (Act 712) which came into force on 1 January 2012. On 30 October 2017, our panel solicitors, M/s Shearn Delamore, was invited to deliver talks on the Competition Act to our Board of Directors, Senior Management and key talents of the Group.

Ethics and Integrity

Ethics, Integrity and Risk Management are accorded the highest level of importance throughout the Group's business and operations as well as in our engagement with our stakeholders. Deep-rooted principles of ethics, integrity and sound risk management processes are drivers of sustained growth and value creation for our stakeholders. The Board of Directors is committed to inculcating a corporate culture that engenders good ethical conduct throughout the Group.

The Group's Code of Ethics contains the required standards for professional conduct. It spells out how an employee should behave, based on moral duties and virtues arising from the principles of right and wrong.

Objectives of the Code of Ethics for employees of RHB Banking Group



RHB Banking Group is committed to conducting its business in an ethical, honest and transparent manner. Bribery and corruption are damaging and will have a detrimental impact on the Group's business and operations. As such, the Group continues to strengthen its level of governance and continuously inculcate ethical business practices among its Directors, Senior Management, employees, customers, service providers and other business partners. The Group ensures compliance with all relevant laws, rules and regulations, inclusive of anti-corruption laws and anti-competition laws. This is part of the Group's long-term roadmap to ensure its business conduct is free from acts of corruption and internal fraud while acting in the best interests of the Company, its shareholders and other stakeholders. The Group also carries out periodic monitoring of its anti-corruption and anti-fraud programmes to ensure the existing programmes are relevant, effective and efficient in combatting such illegal activities. The Group opposes acts of bribery and corruption as such acts destroy shareholder value, undermine investors' confidence and are the antithesis of sustainable growth.

SUSTAINABILITY AT RHB

CORE VALUES

The Group is committed to its **core values** and abhors any business practices or activity that requires or encourages any of its employees, representatives or agents to commit any fraudulent act or corrupt practices. This commitment is translated into its corporate values and embraced by our employees as our common shared values. The Company's core values encourage its Directors, Senior Management and the rest of the employees to live our **P.R.I.D.E.** values.



INTERNAL CODE, POLICIES & GUIDELINES

The formulation and continuous enhancement of the Group Whistle Blower Policy, the Group Gifts & Hospitality Guidelines and the Group's Code of Ethics and Conduct for Employees ("Code") are reflections of the Board and Senior Management's enduring commitment to combating and preventing bribery and corruption within the organisation. These strategic internal documents serve to guide the employees and have been strategically devised as counter measures to combat and prohibit all forms of fraud, bribery and corruption in our day-to-day operations. The Group's Key Internal Control Policies and Procedures, which highlight some of the key governance documents, is found on pages 253 and 254 of the Annual Report.

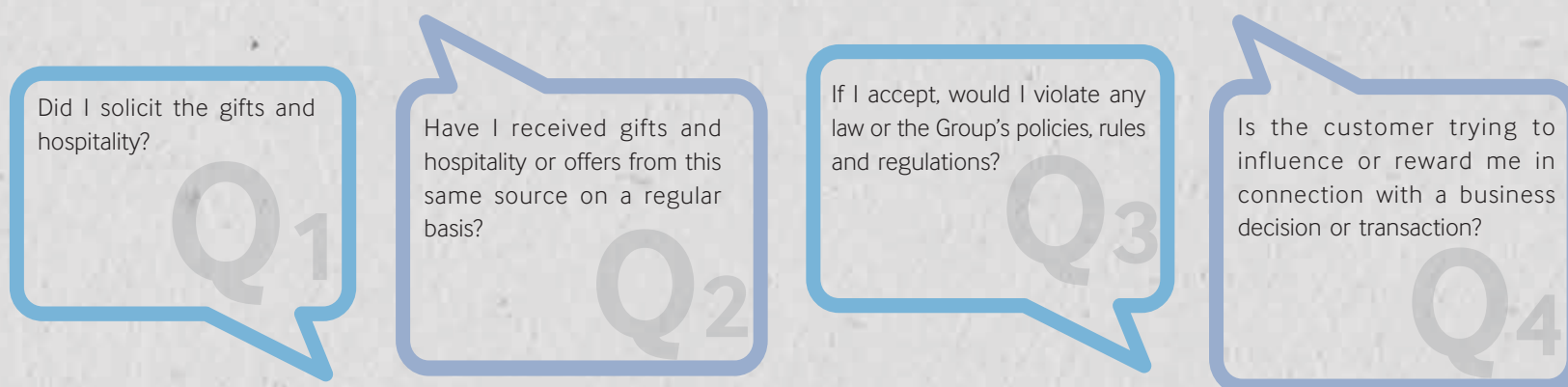
GIFTS & HOSPITALITY

RHB Banking Group Gifts & Hospitality Guidelines sets the standards of conduct that are associated with ethical business practices and is designed to help the Group and its employees understand respective parties' obligation in upholding corporate integrity.

It is our commitment to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our dealings wherever we operate. We are also committed to implementing and enforcing effective systems to counter unethical conduct.

As part of the Group's **transparency** and **accountability** initiatives, any offer or acceptance of gifts and hospitality which requires prior approval, or involves lavish gifts, must be disclosed. Records are centrally maintained for future reference. Copies of completed forms with authorised signatures are forwarded to the Governance team who maintain a register of all gifts received or delivered.

Employees are expected to exercise good judgement when accepting gifts and hospitality from customers, including third parties. Some gifts and hospitality are permissible, subject to employees observing the Group's Gift and Hospitality Guidelines to avoid any conflict of interest. Whenever there is a conflict of interest, employees are to ask themselves these four questions:



If the answer is a "YES", do not accept the gifts and hospitality!

As the established standards of conduct are associated with good **ethical practice**, the guidelines are designed to help employees and business partners understand their respective obligations in upholding corporate integrity in the workplace. Inducement of gifts can be in any form of gratification, e.g. loans, fees, rewards or other advantages (meals, donations, entertainment, courses, vacations, etc.). In other words, where such an excessive offer or acceptance constitutes an intention to serve organisational interests or abuse entrusted power for personal gain, it becomes a criminal act of corruption which is punishable under the relevant laws. The practice of not accepting lavish gifts and hospitality signifies the importance of corporate integrity to the Company. This policy applies to all Group employees and is made available on the Company's intranet, 'My1Portal', for their reference.

Sponsorships are financial or other assistance given by the Company to eligible organisations, societies or groups to further its corporate responsibility or improve business rapport and business relationship with the recipients. Donations can be in-kind or in monetary form. Activities and organisations that promote unhealthy lifestyles and discriminate on the basis of gender, race or religion, and those with political connection, are **ineligible** for these corporate sponsorships and donations.

SPEAK UP

The Group's Whistle Blower Policy is to provide a proper mechanism and a minimum standard to be adhered by Business and Functions across the Group in dealing with disclosure on questionable actions or wrong doings by employees in the Group.

It is intended to guide all employees within the Group when facing concerns over unlawful conducts, unethical occurrences or questionable practices which may adversely affect to a material extent the financial position or reputation of the Group, that has been or in the process of being committed.

It also states the process for the employees to relay any information in relation to the above that is being concealed deliberately by their colleagues, other employees, Senior Management or Non-Executive Directors within the Group.

The Group Whistle Blower Policy was introduced in 2007 and further enhanced in 2014, with the following objectives:

- To encourage and facilitate disclosures of improper conduct
- To protect persons making such disclosures from any detrimental or retaliatory acts
- To provide for the matter disclosed to be investigated and dealt with in accordance with the prescribed actions and to provide for the remedies connected therewith.

SUSTAINABILITY AT RHB

Whistle blowing or Speaking Up applies to the following types of **misconduct** and **violations**:

- Any fraudulent, unlawful civil or criminal act.
- Any act of dishonesty, corruption, abuse of power or authority for personal financial gain, or for any unauthorised or ulterior purpose.
- Any breach of the codes of ethics including the Group’s Code of Ethics and Conduct for Employees; violation of internal policies, procedures and guidance; or violation of laws, rules and regulations governing the business and operations of the Group.
- Any malpractice or misdeeds, or unethical and unlawful activity with regards to privileged information, material non-public information, market manipulation, rogue trading, market rigging, credit fraud, forgery, misappropriation of funds and/or assets, and any other unprofessional conduct that is a violation of laws, rules, regulations and the codes of ethics.
- Any creation of unethical, questionable or misleading financial records, or dissemination of misleading and/or false financial records.

The objectives of using approved designated recipients in our Whistle Blower Policy are as follows:

- To encourage all employees to raise their concerns and report in good faith any corporate malpractice or wrongdoing, without fear of retaliation or discrimination;
- To enable the Management to be informed of any unlawful conduct, unethical occurrences, corruption or questionable practices at an early stage; and
- To nurture a culture of accountability, integrity and transparency.

Any report of unethical behaviour and violations of the Code of Conduct and Ethics by external parties will be addressed to YBhg Tan Sri Saw Choo Boon, Senior Independent Non-Executive Director of RHB Bank Berhad. (For more information on the Whistle Blower Policy, refer to Pg 220 – 225 of the RHB Bank Annual Report 2017)

ETHICS & INTEGRITY RESOURCE PORTAL AND TRAINING

The Group’s intranet portal, known as My1Portal, which is accessible to our employees across Malaysia and the region holds local and international Policies, Procedures and guidance notes as well as knowledge material on Ethics, Integrity and other topics related to Governance. This material includes newspaper cuttings and publications, which capture snapshots and case studies of governance matters and corruption as well as videos, slides and written reports.

RHB Academy offers “Ethics at Work” courseware under Harvard ManageMentor platform and “Introduction to Ethics in Banking” classroom training by Asian Banking School to all its employees.

In addition, the Group provides e-learning courseware to all its employees (accessible 24 hours) on “Gifts and Hospitality” as a timely commitment to ensure such an important message reaches everyone in the organisation. This use of advanced technology for distance learning training programmes is made available to all employees as an additional learning experience and also to cater to those who cannot enrol in the normal classroom training on the subjects of ethics and integrity.

e-learning courseware



AWARENESS & KNOWLEDGE SHARING SESSIONS

Various awareness sessions are conducted as part of the Group's efforts in cascading down the importance of **upholding integrity** and **combating internal fraud and corruption**. These sessions cover internal guidelines on gifts and hospitality, the whistleblowing policy and escalation channels including training sessions for on-boarding of new employees and directors. These communication sessions ensure that the right message is transmitted across the organisation and helps employees internalise the requirements for offering and accepting gifts and hospitality.

In our continuous effort to reinforce the Company's core values and the importance of integrity in the workplace, Group Human Resources, Group Compliance, Group Operational & Technology Risk Management and Group IT Security introduced the following policies in 2017:

- Dealing with banking secrecy and personal data.
- Safeguarding data from phishing and malware activities and threats from cyber-attacks, especially unlawful disclosure of customers' confidential information.

During the year, scam alerts and fraud cases were shared through morning briefing sessions and newsletters. Employees learned how fraud should be handled as part of the guidance and awareness initiatives. **Red flags** for possible mule bank account activities allowed them to understand and identify certain patterns of alarming transactions. Guidance on dealing with potential suspects or suspicious transactions helped them avoid unintentional tipping-off incidents.

As part of the Group's continuous awareness initiatives, external experts were also invited to raise awareness and share information on:

- The most recent trends and modus operandi for 'Anti-Bribery & Corruption': May 2017; and
- 'Cyber-Threat: Latest Trends & Preventive Measures': September 2017.

These periodic communications and awareness programmes remind Group employees to carry out their duties responsibly and with the highest level of integrity as **custodians of public funds**.

POSITIVE OUTCOMES

The Group received positive feedback and appreciation from the public, especially for the **exemplary characteristics** shown by the employees to its customers and other stakeholders.

During the year, the Group was also recognised for its good governance and transparency policies, which are benchmarked against the Organisation for Economic Cooperation & Development's ("OECD") principles of corporate governance. These included:







- Excellence Award for Corporate Governance Disclosures by the Minority Shareholders Watchdog Group at the ASEAN Corporate Governance Transparency Index, Findings and Recognition 2017.
- Top-6 ranking amongst Malaysian Public Listed Companies for three consecutive years since 2015.









ENGAGEMENT WITH OUR STAKEHOLDERS

Stakeholder relationships are of the utmost importance as they help build networks that develop credible and united voices in areas that are important to RHB. Evolving stakeholder preferences and requirements have shaped our vision and strategy. We have developed various formal and informal engagement mechanisms that provide active communication pathways and channels. Stakeholders are provided with an effective forum to express their expectations and concerns.

Communication channels are customised to suit each individual stakeholder group based on considerations such as individual stakeholder profiling and ease of engagement. They are also supplemented with a host of initiatives to proactively assess feedback at multiple levels within the Bank. This analysis helps deliver actionable insights and differentiated understanding. A more streamlined and concentrated strategy results in products and a process framework that is geared towards meeting stakeholder expectations.

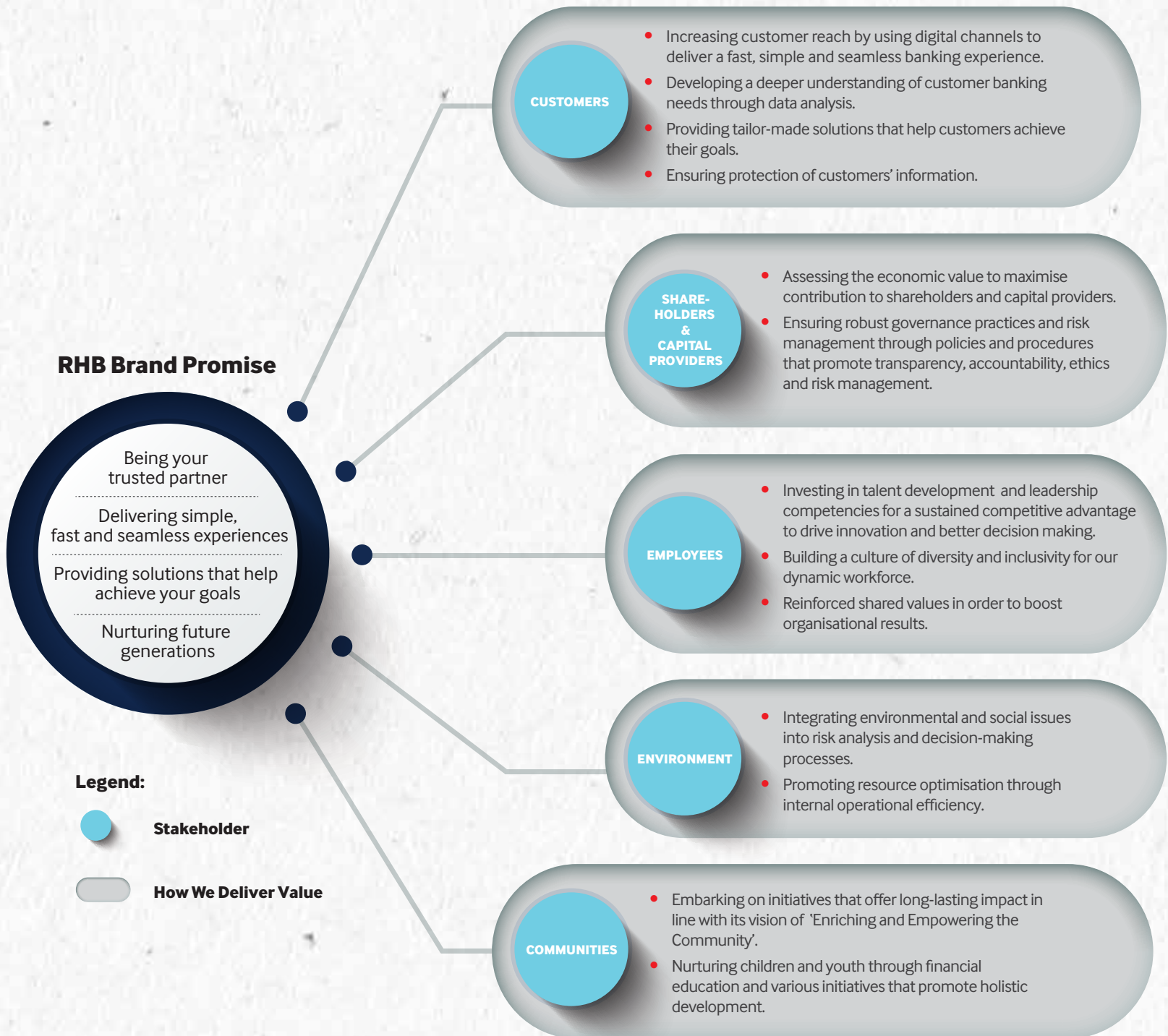
The stakeholder engagement map presented below provides an overview of our continual proactive engagement efforts with key stakeholder groups.

Stakeholder Group	Mode of Engagement	Engagement Frequency	Key Engagement Topics	Performance Highlights
 Shareholders and Investors	<ul style="list-style-type: none"> Annual & extraordinary general meetings Analyst & fund managers briefings Bursa Malaysia announcements Annual reports Quarterly & annual financial results announcement Online communications – Corporate website & e-mails Meetings/discussions (upon request) 	Ongoing 	<ul style="list-style-type: none"> Financial results Business strategies Shareholder returns Corporate governance RHB strategic plan 	<ul style="list-style-type: none"> About 100 shareholder queries received and resolved 1,982 shareholders, proxies and corporate representatives attended the 51st AGM 31 investor/analyst meetings were held Timely response to shareholder enquiries including the Minority Shareholder Watchdog Group (MSWG)
 Business Partners	<ul style="list-style-type: none"> Corporate website Formal & informal engagements 	Ongoing 	<ul style="list-style-type: none"> Strengthening collaborations and optimising partnerships 	<ul style="list-style-type: none"> Details of significant partnerships and collaborations are disclosed in the Annual Report 2017
 Customers	<ul style="list-style-type: none"> Online communications: e-mail, corporate website and social media Meetings: one-to-one and group Relationship Manager engagement Customer networking events Surveys and focus groups Seminars and forums Interaction programmes Grievance redressal mechanism Call Centre 	Ongoing 	<ul style="list-style-type: none"> New product offerings Feedback on products and services Strategic direction Financial literacy Customer satisfaction Grievance redressal 	<ul style="list-style-type: none"> 18.9 million page views for www.rhbgroup.com 1,056,189 Facebook fans, 56,087 followers on Twitter and 14,430 followers on Instagram 74% of customer queries resolved within 24 hours each month on average

Stakeholder Group	Mode of Engagement	Engagement Frequency	Key Engagement Topics	Performance Highlights
 Employees	<ul style="list-style-type: none"> Senior leadership forum Intranet (My1Portal) and e-mail RHB's internal social media channels – Workplace by Facebook Townhall and dialogue sessions with the Group Managing Director and Senior Management Roadshows by Senior Management at branch and regional level Social and sports activities Training and development programmes – classroom and e-learning Annual Employee Satisfaction Surveys (ESS) Informal and formal get togethers Grievance channels 	Ongoing 	<ul style="list-style-type: none"> Financial performance Business direction Key focus areas Vision and values Ethics and compliance Risk management Product design Market practices Competency building Safety and security Health and wellbeing Work-life balance Employee value proposition Employee engagement activities Grievance redressal 	<ul style="list-style-type: none"> Employee engagement score of 80% 30 employee engagement activities held in 2017 84.7% employee retention rate 4,008 employees have worked more than 15 years
 Regulators	<ul style="list-style-type: none"> Discussions and consultations Participation in public engagement initiatives such as Roadshows, Financial Carnival and Business Forums 	Ongoing 	<ul style="list-style-type: none"> New rules and guidelines Policy matters Risk management matters Regulatory filings and reports Industry perspective Financial literacy Products and services Customer service experience 	<ul style="list-style-type: none"> Supporting the Government's initiatives including empowering SME development and digitalisation Participated in five public engagement initiatives to date (<i>Karnival Kewangan</i>)
 Communities, Government Bodies and NGOs	<ul style="list-style-type: none"> Collaborations and partnerships in RHB's CR initiatives Participation in the UN Global Compact Network Malaysia Advisory Board in assessing sustainability Focus group discussions E-mails Website and social media to share on ground engagement initiatives 	Ongoing and need based 	<ul style="list-style-type: none"> Community engagement and development initiatives Financial inclusion and literacy Capacity building Areas for collaboration, gather feedback and discuss improvements Cross-sharing innovative programme interventions and charitable causes 	<ul style="list-style-type: none"> Number of beneficiaries that have benefitted: <ol style="list-style-type: none"> 24,000 children and youth 2,000 underserved/underprivileged community members From 2007 to 2017, approximately RM88 million was invested in initiatives that empower the community, particularly children and youth
 Suppliers, Service Providers & Vendors	<ul style="list-style-type: none"> Meetings and discussions Corporate website Sharing of information on e-mails Supplier training Tender process and supplier feedback mechanism 	Need based 	<ul style="list-style-type: none"> Service turnaround times and deliverables Product/service cost, quality and delivery Performance expectations Governance Suppliers rights Resolution management 	<ul style="list-style-type: none"> 7 supplier training sessions were delivered in 2017 49 engagement sessions with suppliers were held in 2017

ENGAGEMENT WITH OUR STAKEHOLDERS

VALUE CREATION MODEL



MATERIALITY MATTERS

PRIORITISING MATERIAL ASPECTS

RHB's materiality exercise outlines the process for assessing and identifying the most material aspects of sustainability. This process highlights potential risks and opportunities that can influence the Group's major sustainability reporting decisions.

ABOUT OUR 2017 MATERIALITY ASSESSMENT PROCESS

Stakeholders' interests and expectations guide the way in which we identify our material aspects. Regular stakeholder engagement helps us understand topics that are most important to them and those that have the highest impact.



How do we identify areas of importance to our stakeholders?



- **Board of Directors and Senior Management**
 - Annual strategic consultation
 - Discussions at monthly Board of Directors and Group Management meetings
- **Employees**
 - Engagement with Senior Leaders at our quarterly Senior Leadership Forum
 - Annual town hall and engagement initiatives with our talent and all our employees domestically and regionally
 - Employee engagement survey
- **Customers**
 - Focus group discussions
 - Annual customer satisfaction survey
- **Suppliers, Service Providers and Vendors**
 - Quarterly meetings and discussions
- **Regulators**
 - Regular discussions and consultations
- **Government Bodies and NGOs**
 - Collaborations and focus group discussions
- **Communities**
 - Continuous engagement with local communities, governmental bodies and NGOs



How do we identify areas that are most impactful to our business goals?



Financial risk assessment, enterprise risk mapping, sustainability priorities, business strategy, matters impacting brand value, return on investment (ROI) study and competitive advantage.

- **Key economic drivers:**
 - Determine strategic direction and key growth areas
 - Determine competitive advantage and key value drivers
 - Enterprise risk mapping
 - Financial risk assessment
 - Talent management and development
 - Good sustainable practices

MATERIALITY MATTERS

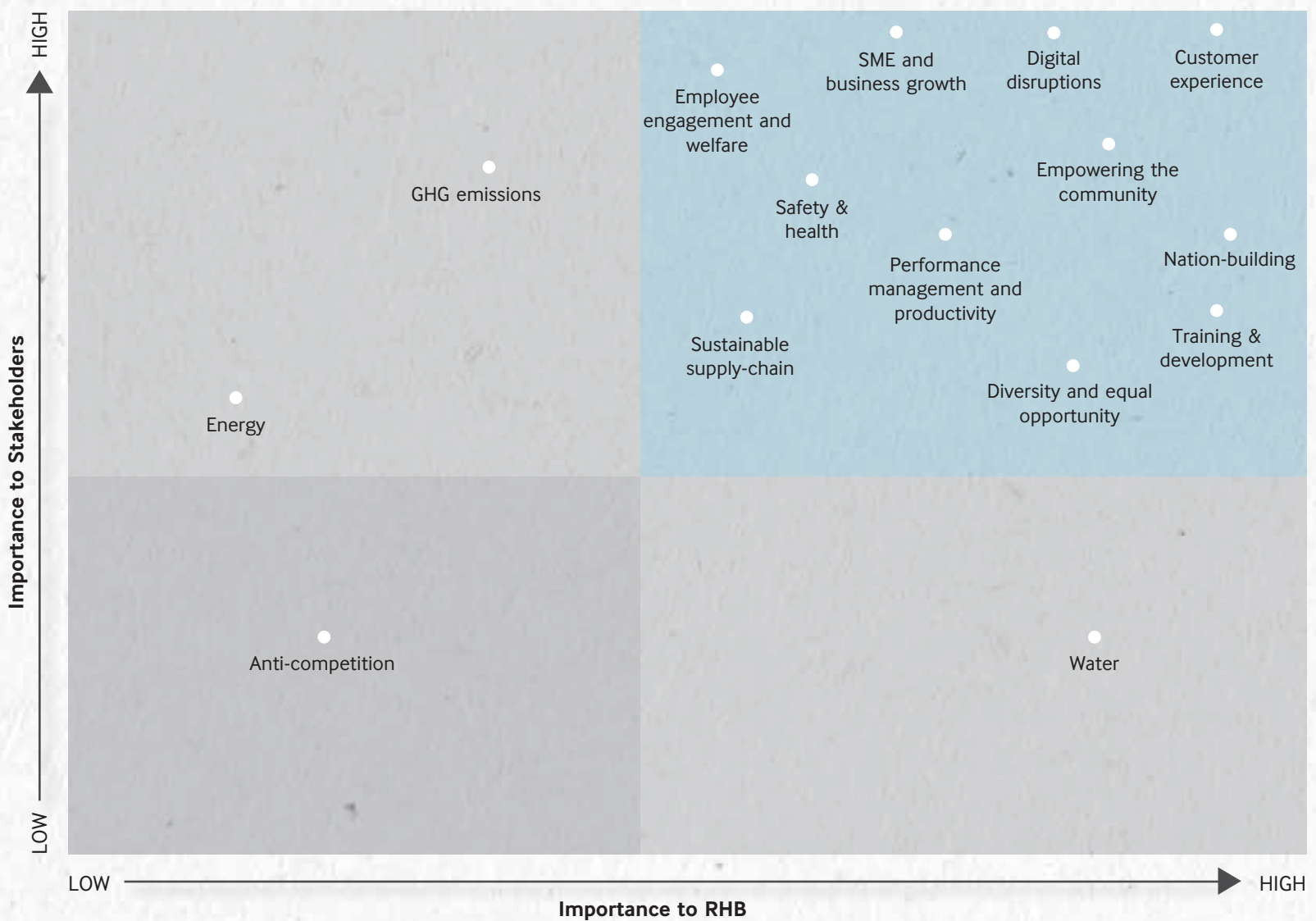
HOW MATERIALITY IS REFLECTED IN OUR 2017 REPORTING

The categories and issues ranked as most material directly shape the content of our Sustainability Report 2017. This is in line with our continued move towards a more integrated reporting approach.

Understanding and prioritising key impacts, risks and opportunities is an ongoing process in which we review and analyse our external and internal business context. Our materiality assessment is adjusted accordingly.

We will continue to engage with our shareholders, customers, employees, business partners and other stakeholders. Stakeholders' insight is invaluable in shaping our sustainability practices.

RHB Materiality Matrix





Materiality Matrix Description

The top right corner of RHB materiality matrix presents areas that are important for the Group's stakeholders as well as our business. Brief descriptions of each of these areas are presented in the table below.



SME and business growth

Empowering the SME community through value added propositions supporting the SME ecosystem to establish an end-to-end value chain and stronger credit capabilities.



Indirect economic impact towards nation-building

Our innovative financial solutions as a driver towards a strong and thriving nation.



Sustainable supply-chain

Our vendor on-boarding and selection criteria are governed by the Group's procurement guidelines and procedures aimed at ensuring transparency in its supply chain management.



Energy and water

Demonstrates RHB's efforts in conservation and management of energy and water during the course of our business and operations.



Customer experience

We offer an ecosystem that supports a simple, fast and seamless customer experience, underpinned by a cohesive and inspired workforce and relationship built with our stakeholders.



Digital disruptions

Our Digital Transformation Programme focuses on Reimagining Customer Journeys, leveraging on data and analytics to drive better insights, deliver superior returns and build a connected digital ecosystem with our partners and customers. We also adopted the AGILE way of working to deliver faster and more customer-centric solutions.



Empowering the community

Through RHB Foundation, we continue with our initiatives to empower and enrich the community, particularly children and youth from the underprivileged and underserved communities.



Employee engagement and welfare

Our employees are our most important asset. A united and connected workforce is more productive, loyal and committed to the organisation.



Safety & Health

We are committed to providing a work environment that is safe and secure by putting in place a high level of Health, Safety and Environment standards.



Performance management and productivity

We have in place a structured performance management system and practices which establishes a pay-for-performance culture, hence assuring productivity and developing employee engagement.



Training & development

We have channelled significant resources into attracting, nurturing and retaining the best talents by investing in extensive training and ongoing personal and professional development programmes for our employees.



Diversity and equal opportunity

We are an equal opportunity employer and have integrated principles of fairness and ethics. Enhancing gender diversity is a key focus area of our people development agenda.



OUR COMMITMENT TO THE SUSTAINABLE DEVELOPMENT GOALS

In 2015, the United Nations adopted 17 Sustainable Development Goals (SDGs) for 2030. The SDGs present substantial opportunities and responsibilities for shaping a sustainable world. As a socially responsible bank, RHB has embarked on initiatives that are aligned with the UNSDGs of Quality Education, Good Health and Well-being, and Equal Opportunity in promoting a strong and inclusive institution at all levels.



OUR SUSTAINABLE BUSINESS

We acknowledge the transformational role banks play in the economic well-being of society. Our economic contribution through the products and services that we offer creates value for multiple stakeholders.

RHB is committed to offering excellent customer service and providing innovative financial solutions which meets the evolving needs of our customers.

We uphold good governance and ensure that we exercise prudence and transparency in our decision-making process.

- 38 Direct Economic Contribution
- 39 Indirect Economic Contribution
- 39 Responsible Financing Practices
- 43 Responsible Insurance
- 44 Digital as a Means to Improve Accessibility
- 44 Our Supply Chain





OPPORTUNITIES

- Develop new products and services with differentiated segment offerings to capture new market opportunities
- Put in place a digital ecosystem that supports a simple, fast and seamless customer experience
- Scale up AGILE way of working across the Group to drive productivity and speed-to-market

CHALLENGES

- Delivering on public commitment
- Responsible customer management
- Ethical conduct and transparency



OUR SUSTAINABLE BUSINESS

DIRECT ECONOMIC CONTRIBUTION

We delivered a solid set of results on the back of a continued challenging operating environment and improved our 2017 performance compared to the previous year. The resilience of the Group's financial performance demonstrated our ability to capture opportunities and manage our risks across our businesses.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2017					
Financial Performance (RM'million)					
Total income	1,555	1,579	1,585	1,668	6,387
Net fund based income	1,093	1,146	1,159	1,156	4,554
Non-fund based income	462	433	426	512	1,833
Operating profit before allowances	794	795	791	820	3,200
Profit before tax	658	654	644	602	2,558
Net profit attributable to equity holders of the Bank	500	501	489	460	1,950
Earnings per share (sen)	12.5	12.5	12.2	11.5	48.6
Dividend per share (sen)	–	5.0	–	10.0	15.0

2016

Financial Performance (RM'million)

Total income	1,582	1,551	1,579	1,478	6,190
Net fund based income	1,107	1,062	1,061	1,091	4,321
Non-fund based income	475	489	518	387	1,869
Operating profit before allowances	835	781	803	676	3,095
Profit before tax	756	469	663	344	2,232
Net profit attributable to equity holders of the Bank	565	350	506	261	1,682
Earnings per share (sen)	16.3	8.9	12.6	6.5	43.6
Dividend per share (sen)	–	5.0	–	7.0	12.0

INDIRECT ECONOMIC CONTRIBUTION

We played an important role in the overall economic activities of the country by facilitating business growth and providing the different segments of the communities with access to a formal banking system. Our RHB Money Ma\$ter Programme, a financial literacy programme, underlines how our RHB Foundation helps the future generation to understand basic financial management and the importance of saving for the future.

RESPONSIBLE FINANCING PRACTICES

RHB promotes financial prudence and reinforces lending practices that supports the growth of the economy in a sustainable manner. To that end, RHB adheres strictly to the regulations policies and guidelines set out by Bank Negara Malaysia.

Amongst, the guidelines are:

1. Applicable to the following financing products:
 - Home financing products;
 - Personal financing products, including overdraft facilities;
 - Vehicle financing products;
 - Credit and charge card products; and
 - Financing products for the purchase of securities except for share margin financing that is governed by Bursa Malaysia rules.
2. The Financial Service Provider (FSP) shall conduct suitability and affordability assessments for each new and additional financing facility.
3. The FSP must take reasonable steps to ensure that customers are offered products that are only appropriate to their financial circumstances and have the ability to repay by observing a prudent debt service ratio.
4. Where the customer is self-employed, the FSP should evaluate the stability of the primary sources of income by requiring the customer's evidence of income of at least 6 months.
5. The FSP must verify the customer's income against reliable sources which are independent of the customer and does not rely solely on the customer's self-certification of income.
6. Under guidance notes, for high net-worth customers (i.e. with total net personal assets exceeding RM1 million), flexibility is provided for the FSP to consider the customers' deposits, assets and/or investments in assessing the customer's ability to repay the financing.
7. Sales and marketing staff/representatives are required to provide a product disclosure sheet to facilitate comparison and decision-making by consumers.
8. Early termination fee imposed on the customer for repaying/paying the financing in part or in full during the lock-in period shall reflect a reasonable estimate of the costs to be incurred by the FSP as a direct result of early termination.



Towards Nation Building

- RHB provides financing assistance to home buyers in the priority sector such as first-time buyers purchasing properties for less than RM250,000 in Peninsular Malaysia and RM300,0000 in Sabah and Sarawak. As at 31 December 2017, RHB exceeded its target of 400 by providing financing assistance to 786 eligible individuals and families.
- RHB collaborated with other financial institutions and related organisations to develop a unique product offering higher financing amounts to eligible PRIMA homebuyers. The scheme offers lower installments during the initial years of the financing tenure.

OUR SUSTAINABLE BUSINESS

Shariah Business

Our Group Shariah Business offers a full suite of Shariah-based banking and investment products and services under five business units, namely Retail Banking, Corporate & Investment Banking, Business Banking, Islamic Treasury and Transaction Banking. Our Shariah Business' financial supply chain leverages on the larger RHB Banking Group's network and resources to ensure customers enjoy a reliable, convenient and efficient banking experience. We have also introduced an in house Associate Qualification in Islamic Finance (AQIF) programme with the aim of certifying employees of RHB Banking Group with knowledge of Shariah principles.

Shariah governance is very important in Islamic finance. It forms the backbone of our Islamic business and operations. The Shariah Committee provides an independent advisory role to the Board of Directors and the Management of the Bank on matters pertaining to Shariah issues. In ensuring the Bank's Islamic business and operations comply with Shariah principles, the Shariah Committee is guided by the Shariah Governance Framework for Islamic Financial Institutions issued by Bank Negara Malaysia, as well as other prevailing regulatory requirements.

—
**Introduced an in-house
Associate Qualification in
Islamic Finance (AQIF)**
programme with the aim
of certifying employees within RHB

—

SME Business


Small and Medium Enterprises (SME) account for more than one third of the country's economy. According to the Statistics Department, in its September 2017 report, SME recorded a GDP growth of 5.2% compared with the national GDP of 4.2%. RHB continues to support the growth of SMEs by building a connected ecosystem for comprehensive financial services.

We emphasise on capturing the SME business community's end-to-end value chain through enhanced resource allocation, digitalisation and data analytics. We are also committed to increasing our SME customer base with differentiated and customised value propositions.

Our SME business has achieved a compound annual growth rate (CAGR) of 11% per annum for the last three years. Our commitment was recognised when we were accorded the "Highly Commended: Excellence in SME Banking" at the 8th Retail Banker International (RBI) Asia Trailblazer Summit and Awards 2017.

Five new products launched in 2017:

- > Term **Financing-i** collateralised by **ASB**
- > Commodity Murabahah, **CASA Savings Account-i**
- > Commodity Murabahah **CASA-Children Account-i**
- > CMTf-i for commitment **Home/My First Home** Cagamas (Plain)
- > **RHB Smart Account-i**

 In 2017, RHB Islamic International Asset Management under the Corporate & Investment Banking arm, managed the following Shariah-compliant funds with sustainability elements.

- RHB Islamic Emerging Opportunity Unit Trust
- RHB Islamic ASEAN Megatrend Fund
- RHB Dana Maher
- RHB Mudharabah Fund
- RHB Dana Islam
- RHB Global Food Islamic Equity Fund
- RHB Global Sukuk Fund

Our Digital Ecosystem to Support SME Growth

In 2017, we embarked on a SME Digital Journey to deliver a simple, fast and seamless experience to customers. This includes leveraging big data and analytics to enhance cross-selling for deeper share of wallet.

We also launched our SME Web Portal – the first online portal providing SMEs quick access to information and products relevant to their business. Features include online account applications, online loan/financing applications, product information, an SME Knowledge Centre and business tools to help make informed decisions.

Significant Collaborations

Partner : Funding Societies Malaysia, a regional Peer-to-Peer (P2P) financing platform

Date : 12 April 2017

- Aims to expand funding opportunities for the underserved SME segment in Malaysia.
- As part of the broader partnership with RHB, Funding Societies is working with our subsidiary, Malaysian Trustees Berhad (MTB), to ensure that investor's funds are safeguarded.
- MTB will also perform due diligence checks on SMEs to verify the funds are being used for what they were intended.

Partner : Iskandar Regional Development Authority (IRDA)

Date : 7 June 2017

- To spur growth in Johor's SME ecosystem. This collaboration will manage an RM11.5 million fund from Unit Peneraju Agenda Bumiputera (TERAJU) for the SME Micro Financing (IMProUD3) and Facilitation Fund (IMProUD1&2).
- IRDA's Dana Usahawan Dinamik Iskandar Malaysia (IMProUD) is offered to boost the capital strength and vitality of small SMEs in the region by offering micro financing deals at a low financing cost.
- This collaboration helps RHB Islamic reach out to more SME customers in the Southern Region.

Partner : Credit Guarantee Corporation Malaysia Berhad (CGC)

Date : 18 August 2017

- To become the first bank in Malaysia to provide Wholesale Guarantee Islamic (WG-i) Bumi, a scheme for Bumiputera SMEs.
- This partnership will help the Bank extend its financing packages to deserving Bumiputera SMEs. WG-i Bumi allows SMEs to leverage on the guarantee provided by CGC on a portfolio basis.
- This approach will create opportunities for better cash flow management for the SMEs compared to the market's traditional product offerings.

Empowering Bumiputera Development

Our Shariah Business entity, RHB Islamic Bank Berhad, entered into a financing collaboration with TERAJU in December 2012. This collaboration facilitates access to funding and advisory services to High Performing Bumiputera Companies (TeraS). Under Advancing Malaysian SMEs Growth through Partnerships, 169 existing Islamic Bumiputera SME customers under the SME portfolio have benefitted from this TeraS Fund scheme under TERAJU to date.

Hopefully, more TeraS companies will start viable business ventures that will improve their technical, business and financial capabilities.

The Bumiputera Economic Transformation Roadmap 2.0 (BETR 2.0) was launched in April 2017. We continue our commitment to developing Bumiputera SMEs by providing financing totalling RM31.35 million for two PR1MA projects in Kelantan.

OUR SUSTAINABLE BUSINESS

Sustainable and Responsible Investment (SRI)

SRI is investment that aims to reconcile financial return with social and environmental impact, by financing companies and public entities that contribute to sustainable development, regardless of their sector or activity. By influencing the actions and governance of these organisations, SRI promotes a responsible economy. In line with that, one of our services include arranging for Sukuk programmes that meet the needs of potential investors who are keen to combine return potential and making a positive impact on the environment and society. The following were the deals which our Investment Banking and Shariah Business had participated in:

Ihsan Sukuk Berhad's Sukuk Ihsan, which adopts the Islamic principle of Wakalah Bi Al-Istithmar, is Malaysia's first Sukuk established as an Sustainable and Responsible Investment (SRI) Sukuk.

- **Joint Bookrunner and Joint Lead Manager** – managed the issuance of RM100.0 million SRI Sukuk issued by Ihsan Sukuk Berhad in August 2017.
- The SRI Sukuk is priced at a profit rate of 4.6% if key performance indicators (KPIs) are not met, or 4.2% if they are achieved. These KPIs set the required achievement levels for the number of Trust Schools to be implemented, the performance of teachers and the respective schools' senior leadership, as well as student outcomes.
- The unique step-down returns structure and option to waive the principal of the SRI Sukuk offer investors the possibility of staggering contributions upon meeting the social impact targets of the Trust Schools Programme.

Background:

The SRI Sukuk was initiated by Khazanah Nasional Berhad to fund the rollout of Yayasan AMIR's (YA) Trust Schools Programme which will benefit more than 20 schools. YA is a not-for-profit foundation incorporated by Khazanah to improve accessibility of quality education in Malaysian Government schools through a Public-Private Partnership with the Ministry of Education.

Impact towards SRI:

- As of June 2017, the Trust Schools Programme has been rolled out to 83 schools across 10 states, creating better learning environment for over 65,000 young Malaysians.
- The SRI Sukuk is also the first in Malaysia to feature a retail offering, providing an opportunity for individual Malaysians to participate in supporting the further implementation of the Trust Schools Programme. Through this retail offering, investors are able to give back to society through impact investing.

PNB Merdeka Ventures Sdn Bhd's Merdeka ASEAN Green SRI Sukuk Programme was the maiden sukuk programme established under the ASEAN Capital Markets Forum's (ACMF) ASEAN Green Bond Standards.

- **Joint Lead Arranger and Joint Lead Manager** – arranged for the establishment of the Merdeka ASEAN Green SRI Sukuk Programme which involved managing the execution process to ensure the success of the deal including liaising with the regulatory authorities, clients and other transaction parties. We were also involved in the process of managing and coordinating the distribution and sale of the Sukuk to investors.
- **Subscriber** – RHB Islamic Bank Berhad is one of the subscribers of the Merdeka ASEAN Green SRI Sukuk with a total subscription amount of RM268.0 million.

Background:

In December 2017, RHB Investment Bank Berhad completed the establishment of the Merdeka ASEAN Green SRI Sukuk Programme of up to RM2.0 billion in nominal value on behalf of PNB Merdeka Ventures Sdn Bhd. The programme, which was established following the ASEAN Green Bond Standards issued by the ACMF on 8 November 2017, adopts the Shariah principles of Murabahah via a Tawarruq arrangement and Wakalah.

The first issuance of RM690.0 million under the Merdeka ASEAN Green SRI Sukuk Programme took place on 29 December 2017 via private placement for tenures ranging from 5 to 15 years. The proceeds was used partly to finance the construction costs and infrastructure works of the Office Tower of Menara PNB 118. The total estimated project cost is RM8.1 billion. Menara PNB118 will be the tallest building in Malaysia upon its completion in 2021. It will also be the first building in Malaysia that will satisfy the triple green building platinum accreditations locally and internationally.

Impact towards SRI:

- The Merdeka ASEAN Green SRI Sukuk Programme is the maiden sukuk programme established under the ASEAN Green Bond Standards issued by the ACMF on 8 November 2017.
- Menara PNB 118 qualifies as an eligible SRI project under the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by Securities Commission Malaysia.
- The first building in Malaysia that will satisfy the triple green building platinum accreditations locally and internationally. These accreditations consist of the Green Building Index, the green real estate and the leadership in energy and environmental design.

RESPONSIBLE INSURANCE

We offer insurance products to meet the needs and requirements of our different customer segments. Among our more prominent products are:

Motor Private Car
Insurance

Commercial Fire
Insurance

Group Hospital &
Surgical Insurance

Houseowner Fire
Insurance

Contractor All Risks
Insurance

During the year, we also collaborated with BookDoc, the first healthcare online platform in Malaysia to promote an active lifestyle among our customers, in our efforts to better manage claims and improve retention.

Customer Convenience

RHB partners with POS Malaysia to provide convenience to our customers to purchase Personal Accident insurance coverage at affordable premium rates through their extensive branch and mobile network.

Coverage for SME

RHB underwrites a full suite of general insurance products and developed the SMI Supreme Insurance plan, a comprehensive protection plan designed specifically to meet the needs of our SME customers.

Digital Solution

One of our key priorities is to develop a long term digital ecosystem in our efforts to improve customer experience and deepen customer relations. To this end, RHB has invested in digital technologies for online/mobile solutions and the development of an ecosystem allowing collaboration and synergies with our business partners. Digital transformation is aimed at fast, simple and seamless interactions with both customers and our intermediaries.

During the year, our agency channel began issuing electronic policies to reduce paper trail. A Mobile Customer Application will be rolled out in 2018. This application offers customers the convenience of purchasing motor insurance and roadtax.

Motor Insurance and Detariffication

The individual risk-based pricing engine was rolled out in mid-2017 to support the detariffication of motor insurance.

Other new products such as Road Rescue Service and the Full Body Spray Painting add-on cover were launched to provide more comprehensive coverage for consumers.

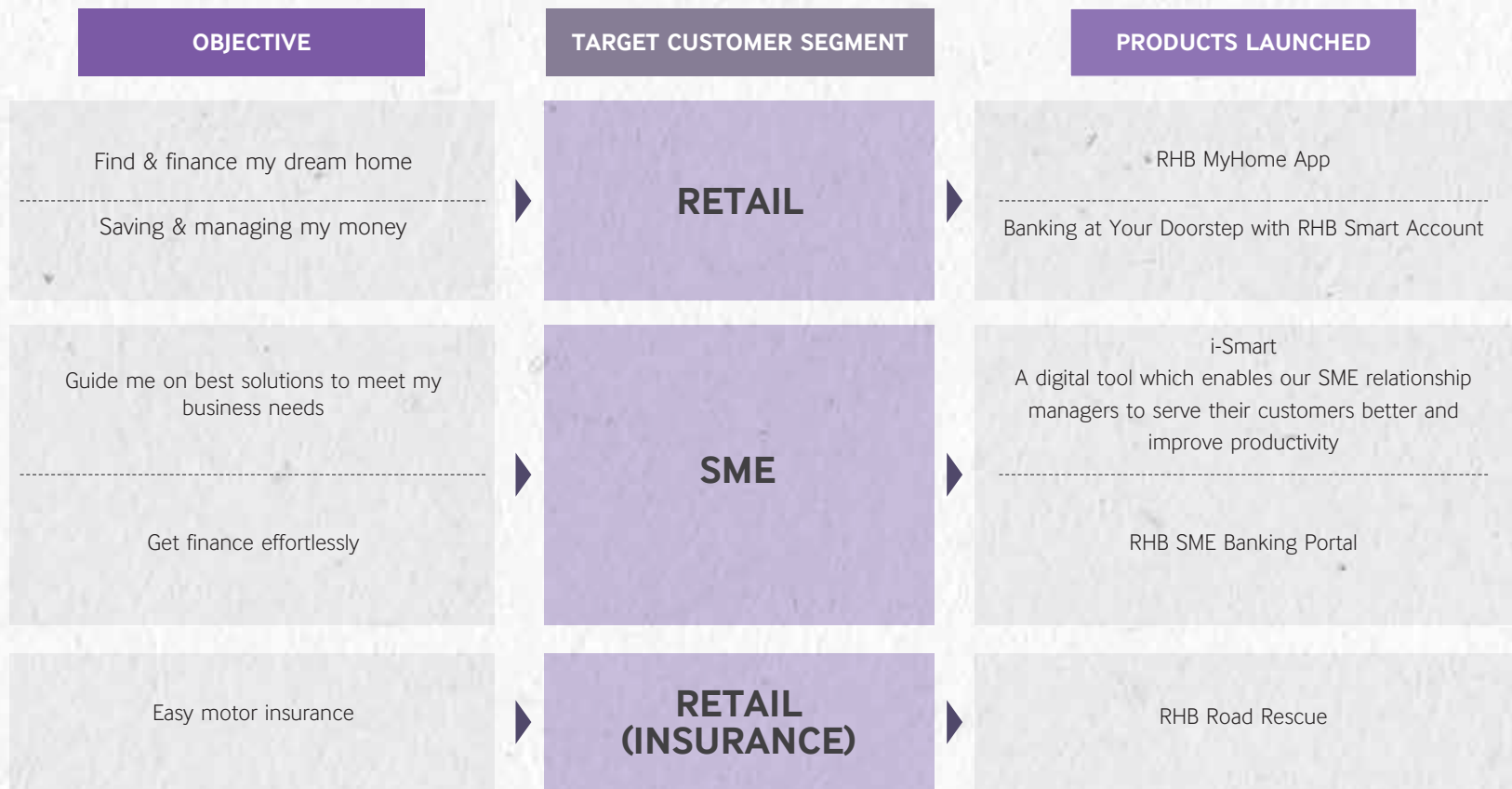
OUR SUSTAINABLE BUSINESS

DIGITAL AS A MEANS TO IMPROVE ACCESSIBILITY

Accessibility to our banking services is further improved with RHB's continuous improvement in its digital channels. Digital disruption is all around us, affecting virtually every service-related industry. In 2015, we began our digital journey with a Next Gen Digital Strategy which focuses on offering value-added interactions and customised services based on differentiated segment needs and digitising our internal processes to deliver a better customer experience and achieve better operational efficiency.

In April 2017, we launched our Digital Transformation Programme (DTP) to enhance the Group's customer journey by using digital solutions, analyse data for better insights and actions and improve our speed to market.

In June, we established the RHB Digital Academy to train 500 Digital Leaders. These Digital Leaders will help us transform our core customer journeys by adopting the leading global methodology, AGILE. Processes and tools have been developed to improve communication and collaboration within empowered cross-functional squads tasked with driving efficiency.



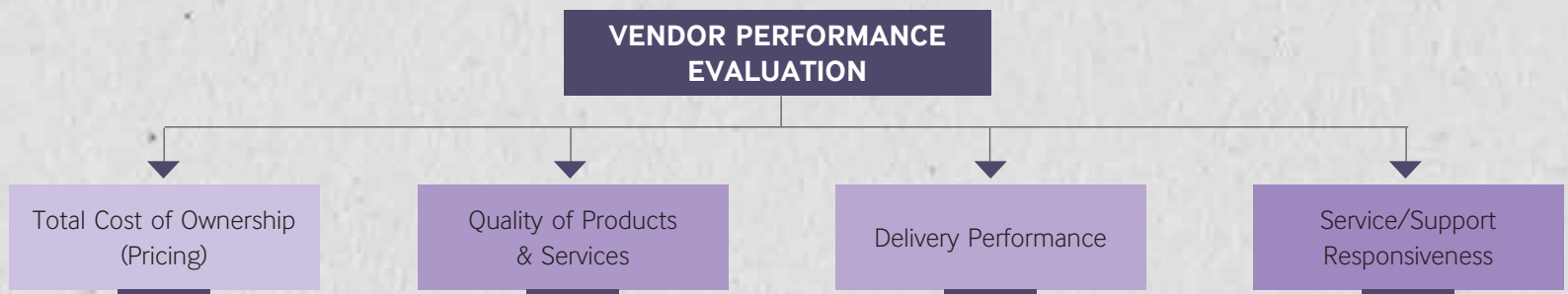
OUR SUPPLY CHAIN

Establishing a comprehensive procurement process is important as it helps achieve the Bank's objectives and ensures effective supply chain management.

The Group engages with a diverse supplier base that provides goods and services which include IT and non-IT support. Our robust vendor selection criteria and on-boarding process are governed by the Group's procurement policy, guidelines and procedures and underpins our efforts towards ensuring transparency in our supply chain management.

Vendor Performance Criteria

In procuring goods and services we adhere to a transparent procurement process, which allows us to implement best practices and benefit from economies of scale when purchasing goods and services for the Group.



Our procurement team ensures that goods and services sourced represent the best value and is of high quality, with timely delivery. In addition, guidelines and procedures are fully complied with in assessing and evaluating goods and services to be procured. We hold regular engagement sessions with suppliers to maintain good business relationships to ensure that all suppliers have a clear understanding of the Group's procurement procedures and processes.

We have in place a Group Tender Committee that is responsible for the review, evaluation and recommendation of the procurement of all items and services in accordance to the Group Procurement policy. The Committee, chaired by Group Chief Financial Officer, reports to the Group Management Committee. Its responsibilities include reviewing and evaluating proposals; reviewing and providing input on procurement terms and pricing; reviewing and concurring on recommendation for the appointment of panel vendors/service providers; providing input on the procurement process and/or establishing standards for the different categories of items/services, to be procured.

The Group Tender Committee ensures the following:



Introducing Smart Financial Solutions for Our Supply Chain Partners

RHB is the first, and only, Malaysian Bank offering financial supply chain solutions via the RHB FSC platform. This ecosystem platform connects the anchor as customer to community members online through real-time trade and financial data exchange. This solution improves cash flow, increases working capital and supports a structured trading system for customers.

Three options are available to meet end-to-end supply chain financing requirements via the RHB FSC platform - supplier financing, distributor financing and receivable financing. Our ability to understand the unique requirements of specific industries and offer tailor-made solutions that meet their needs are key winning factors. Currently, we have won RM300 million worth of mandates from various industries for our supply chain financing solutions: six from the auto industry, five from the telecommunications and IT industries, five from the retail industry and two from the construction industry.



OUR ENVIRONMENT

We acknowledge our responsibility in raising awareness and understanding on the importance of environmental conservation amongst our employees, customers, business partners and the community within which we operate.

Moving forward, we will continue to introduce sustainable practices into our business and operations.

- 48 Energy Management
- 48 Water Management
- 49 Green Banking Practices
- 49 Conservation Programme





OPPORTUNITIES

- Green processes through the minimisation of wastage and promotion of recycling and reuse
- Digitalisation as an enabler in minimising environmental footprint by promoting paperless transaction

CHALLENGES

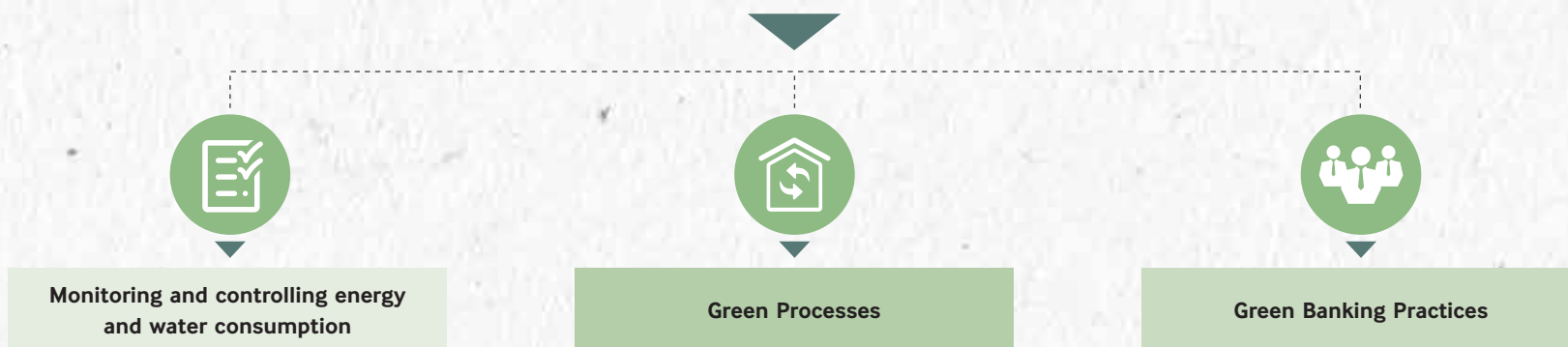
- Hiring the right skill set to deal with green business
- Restrictive business transactions
- Credit Risk becomes higher due to changes in environmental regulation
- Create awareness and promote environmental consciousness among our employees, customers, service providers, and the community



OUR ENVIRONMENT

Managing the environmental impact resulting from our business and operations is an ongoing agenda. While we have established a few initiatives to minimise the impact, there is still a lot to be done as we continue to expand and grow our business.

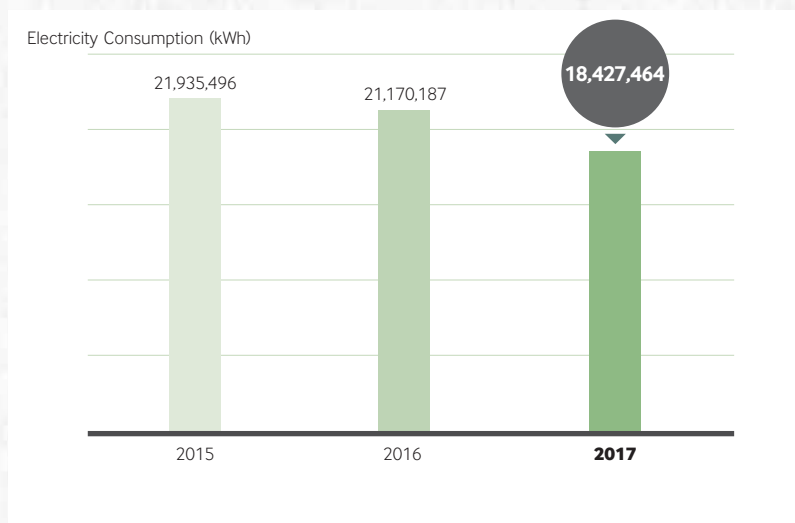
Continual Improvement Measures That Reduce Environmental Impacts



ENERGY MANAGEMENT

The consumption of electricity is the Group's most significant environmental impact. RHB endeavours to minimise energy usage, through continuous monitoring and adoption of energy efficient technologies for all its buildings.

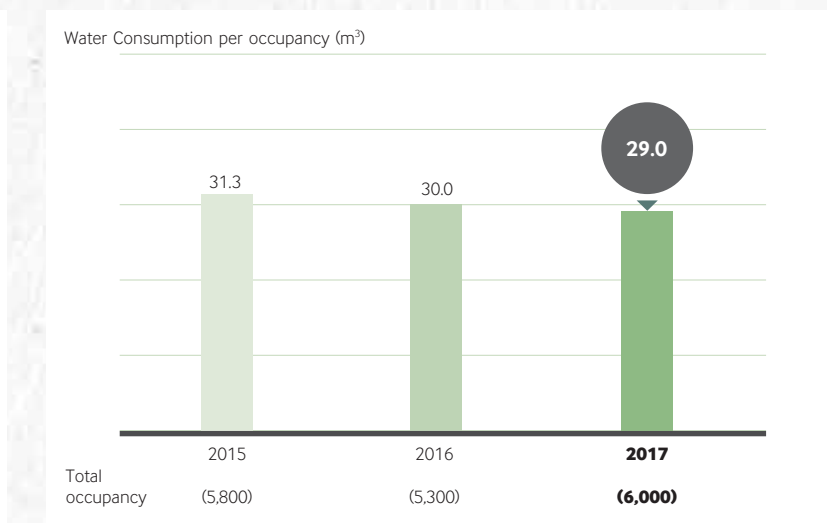
Electricity Consumption*



WATER MANAGEMENT

We continuously educate our employees on the importance of conserving water in their daily use.

Water Consumption*



* Electricity and water consumption comprising RHB Banking Group Headquarters and RHB Bank Complex Bangi. We are in the process of streamlining our data recording and collection process. We hope to include more sites in future reports.

In 2017, the total electricity consumption reduced by 12.96% as a result of energy-saving initiatives being practised at these two offices.

Year to year total water usage per occupancy reduced by 3% as a result of water saving initiatives being practised.

GREEN BANKING PRACTICES

We have adopted 'Green Banking' practices to reduce environmental impact incidental to our products and services. Digitalisation is a key enabler in driving business growth for RHB's success as it improves customer service and significantly reduces paper usage.

As a socially responsible organisation, RHB is committed to drive the reduction of paper consumption, in an effort to promote environmental sustainability. Since July 2015, we have been encouraging our customers to switch to eStatement. As at 31 December 2017, 34% of our customers have switched to eStatements with more than 10 million eStatements delivered.



CONSERVATION PROGRAMME

In 2017, we collaborated with Universiti Putra Malaysia (UPM) to educate future generations in the conservation of Agarwood or *gaharu* (*Aquilaria Malaccensis* species) trees that grow in rainforests across Southeast Asia.

Agarwood is sought-after for its resin which is used to produce fragrances and essential oils. It is in high demand on the black market as it has economic values as well as medicinal and therapeutic benefits. In 2004, all *Aquilaria* species were listed in the Endangered Species of Wild Flora and Fauna by the Convention on International Trade.

A total of 100 youths from schools and institute of higher learning planted 400 Agarwood trees as part of the conservation programme. The trees were planted for research into their medicinal and therapeutic benefits.





OUR SOCIAL COMMITMENT

RHB operates in an industry that is constantly being shaped by changes to the operating environment. We develop programmes and initiatives that are adaptable to change while continuing to be a reliable and responsible partner to our customers as well as enriching and empowering the communities within which we operate.

We take PRIDE in our people and remain committed to promoting equal opportunities and nurturing diversity and inclusiveness within the organisation.

Commitment to Our Employees

- 52 Diversity in the Workplace
- 55 Employee Engagement
- 56 Learning and Development
- 60 Talent Management
- 62 Performance and Reward [Employee Benefits and Remuneration]
- 62 Welfare Fund
- 63 Occupational Health and Safety
- 65 Human Rights
- 65 Turnover Rate

Commitment to Our Customers

- 67 Driving Strategic Customer Experience Agenda
- 68 Customer Service Charter
- 69 Customer-Focused Culture
- 70 Our Commitment to Our Customers
- 72 High Level of Customer Satisfaction
- 74 Industry Wide Survey
- 74 Secure Banking
- 76 RHB Evolving Digitally
- 77 Customer Engagement

Commitment to the Communities

- 78 RHB Foundation
- 82 Nurturing Future Generations
- 86 Health & Wellness
- 88 Arts and Cultural Heritage
- 89 Community Well Being
- 90 Financial Literacy



OPPORTUNITIES

Our Employees

- Growth opportunities in order to motivate and retain talents

Our Customers

- Delivering excellent customer experience towards a sustainable business growth

Our Communities

- Enriching and empowering the communities, focusing on the future generations

CHALLENGES

- Retaining and motivating talents in the face of increasing automation
- Digital disruption and customer adoption
- Access and logistics of reaching out to targeted members of the communities



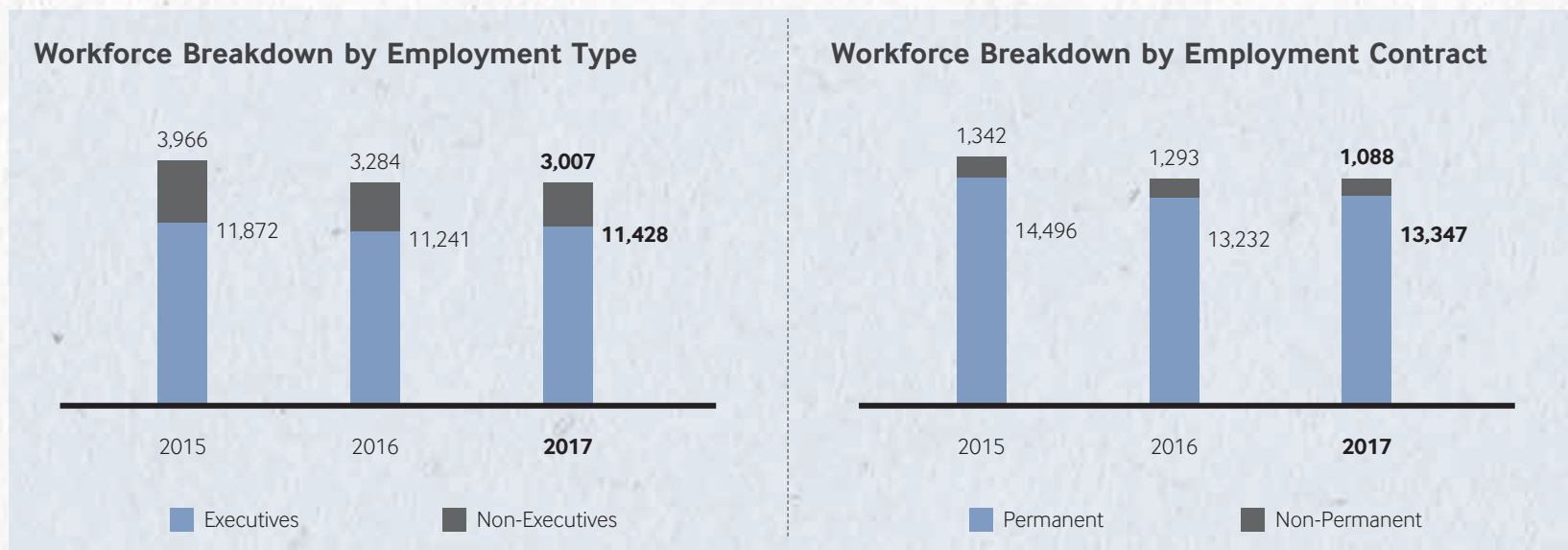
COMMITMENT TO OUR EMPLOYEES

Our employees are our greatest asset. They play a vital role in the continued success of our business. We promote and value diversity within our workplace and provide equal opportunities regardless of race, religion, age, gender and marital status. We provide our employees with tools to enhance their knowledge and skills while providing them with a nurturing environment to develop holistically.

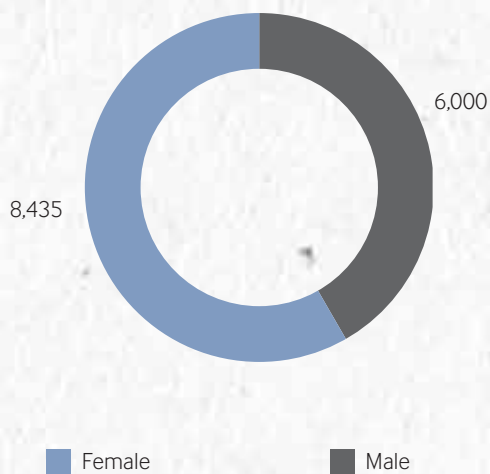
DIVERSITY IN THE WORKPLACE

The Group's workforce consists of individuals from different backgrounds and cultures with different values, reflecting the diversity of the population. As at 31 December 2017, the Group's staff strength was at 14,435, spanning across 10 countries. The Group recruited a total of 2,924 new employees throughout 2017.

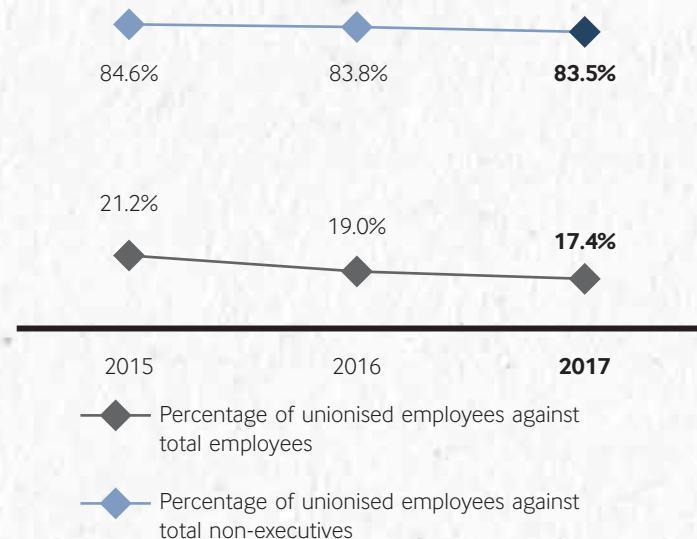
The following show the composition of RHB Banking Group's Workforce in Malaysia and abroad as at 31 December 2017.



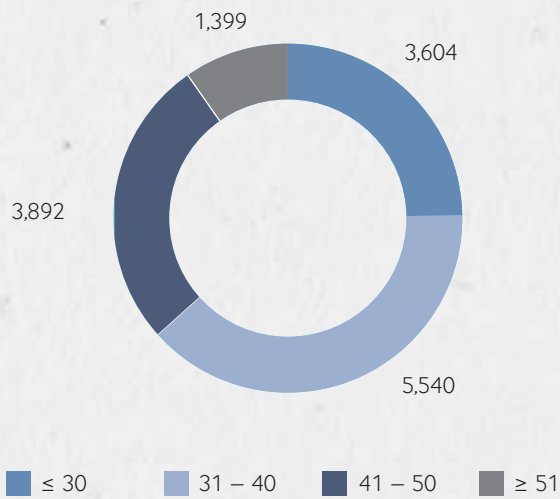
Workforce Breakdown by Gender



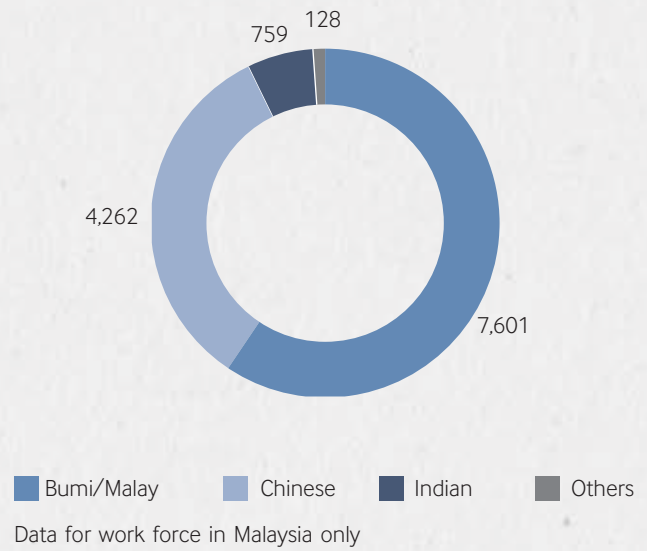
Percentage of Employees Who are Members of the Union



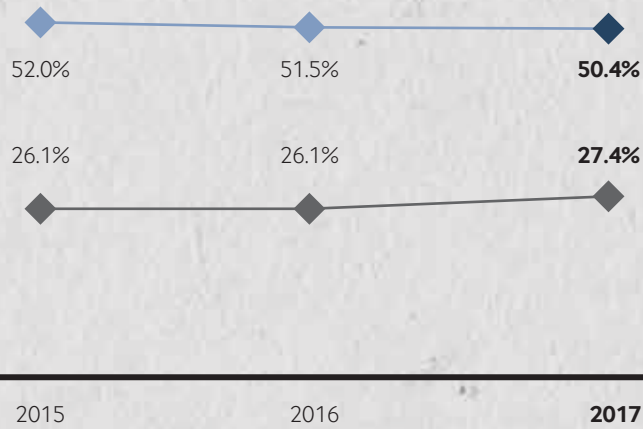
Workforce Breakdown by Age Group



Workforce Breakdown by Ethnicity



Women Representation in the Management and Top Management



◆ Percentage of women in the management ◆ Percentage of women in the top management

Workforce Breakdown by Country

Malaysia	12,750
Overseas	1,685
Singapore	676
Indonesia	357
Cambodia	245
Thailand	221
Hong Kong	99
Laos	62
Brunei	23
Vietnam	2

COMMITMENT TO OUR EMPLOYEES

RHB has put in place a Employee Value Proposition (EVP) in order to attract and retain talent, whilst building a compelling employer brand.

Did You Know?

33% of our employees have been with us for more than 10 years while 84% are more than 15 years.

As we grow towards realising our aspirations, we promise a workplace built on the following five pillars:

RHB Cares

We are a responsible employer who actively respond to and recognise the needs of our stakeholders; and diligently practice transparent communication.

RHB Progresses

We offer accelerated growth and progression, with focus on a continuous learning experience coupled with regional mobility for a holistic experience via our comprehensive talent management practices.

RHB Leads

Our visionary leaders are passionate to sponsor a culture of inclusiveness, aligning all employees with common goals.

RHB Inspires

We strive towards a high-performance culture that empowers you to discover your true potential.

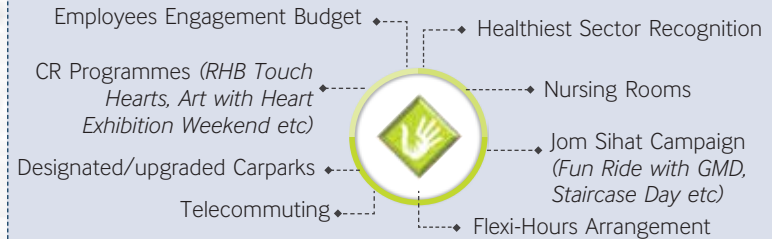
RHB Rewards

We reward competitively & timely through a robust pay-for-performance policy that is benchmarked against the industry.

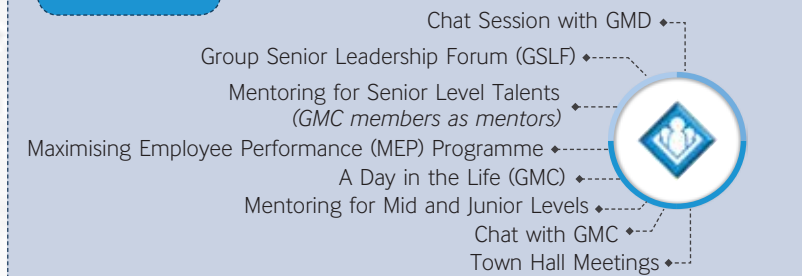


Employee Value Proposition

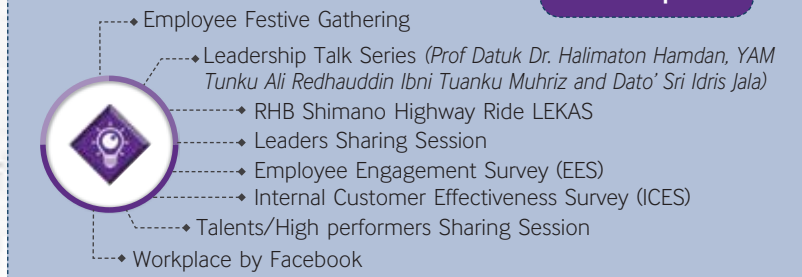
RHB Cares



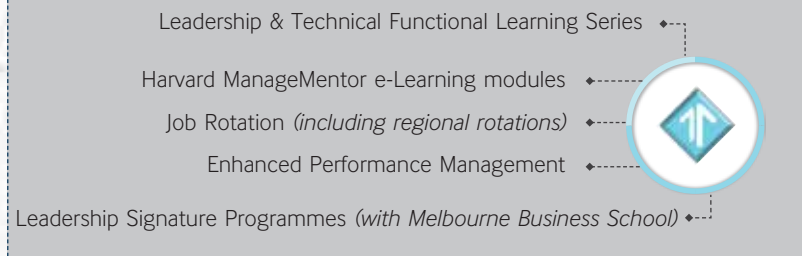
RHB Leads



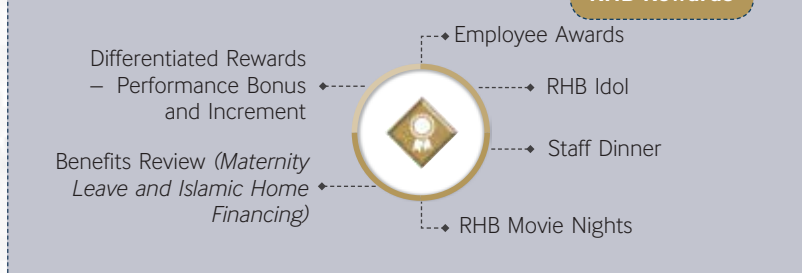
RHB Inspires



RHB Progresses




RHB Rewards




We also take pride in our RHB Employee Value Proposition and have applied this philosophy to formulating activities under each pillar.

Employee Engagement Survey


13,837
 Invited


12,859
 Responded


93%
 Response Rate

EMPLOYEE ENGAGEMENT

The Group recognises the importance of adding value to our employees, while aligning it with our company's mission and operational goals. We acknowledge that a united and connected workforce, of engaged employees are more productive, loyal and committed to their jobs.

The Group embarked on the Employee Engagement Survey (EES) and Internal Customer Effectiveness Survey (ICES) in December 2017 aimed at obtaining feedback on employee satisfaction, key motivators and engagement levels. These surveys also serve as a tool in better understanding our employees in driving the business performance, influence our ability to attract, retain and engage top talents, as well as enhance our ability to create a long-lasting high performance culture.

12,859 out of 13,837 invited respondents participated in the EES, which represented a 93% participation rate, an increase of 6% from 2016. We also received 4,856 feedbacks from our employees via the survey. The Group achieved another significant improvement in the Employee Engagement score of 80%, notching a 4% increase compared to 2016. We also improved our Sustainability Engagement, scoring 85%, a 4% increase compared to the previous year's achievement. It was notable that all 12 categories showed improvement, with Rewards & Recognition, Risk Culture and Leadership recording the highest scores of 8%, 8% and 7% respectively.

The survey showed that our employees in general felt that the Group did a good job in developing and helping its employees to understand their possible career paths. The positive improvement in the EES results was a testament to our commitment in developing our people and building a strong talent pool.

In 2017, the Group introduced High Performance Culture (HPC) Champions in various businesses/functions, to drive employee engagement and customer service. These Champions organised Results-Sharing sessions and Results-to-Action workshops where they shared detailed results, as well as working with employees to identify key actions in addressing their concerns.

We continue to hold engagement activities with our employees to foster team work, camaraderie and inclusivity. We have also strengthened our communication channels, and launched RHB Workplace by Facebook in August 2017. It is used by management to reach out to staff with updates and announcements as well as to encourage the sharing of best practices among employees and executives from RHB's branch network. Workplace by FB has put connectivity at the fingertips of our human capital. We are the first bank in Malaysia to roll out Workplace, and the implementation has garnered positive impact throughout the Group.

Employee Engagement Survey Score

2016

2017

76% **80%**

12 Out of **12** Categories Have Improved

Most Improved

Rewards & Recognition **8%** Risk Culture **8%** Leadership **7%**

COMMITMENT TO OUR EMPLOYEES



LEARNING AND DEVELOPMENT

The Group invested in several structured Learning and Development initiatives to ensure our people are equipped with relevant skills and tools to achieve their fullest potential. We aim to develop our leaders and talents into high performers with a global mindset and the capacity to be responsible, agile and efficient.

Our Learning and Development (L&D)'s strategy is to develop our people in a structured and holistic manner that will contribute to business sustainability and competitiveness of the Group's strategic business plan. RHB Academy established RHB Learning and Development Architecture in 2016 as a platform to drive learning and development programmes and initiatives.

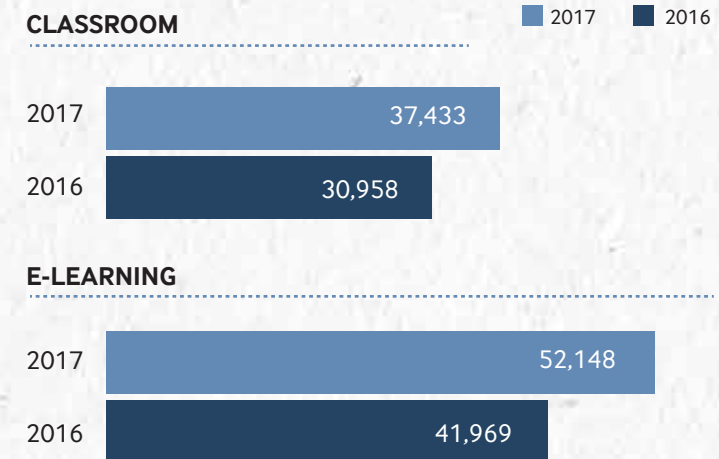
The Learning Architecture leverages on three key shifts i.e.:

- Shift from a 'Learning Event' to 'Learning Journey'
- Shift from 'Skill-Based' to 'Competency-Based Curriculum' content; and
- Shift from 'Instructor-Centric' to 'Learner-Centric' for learning experience and environment

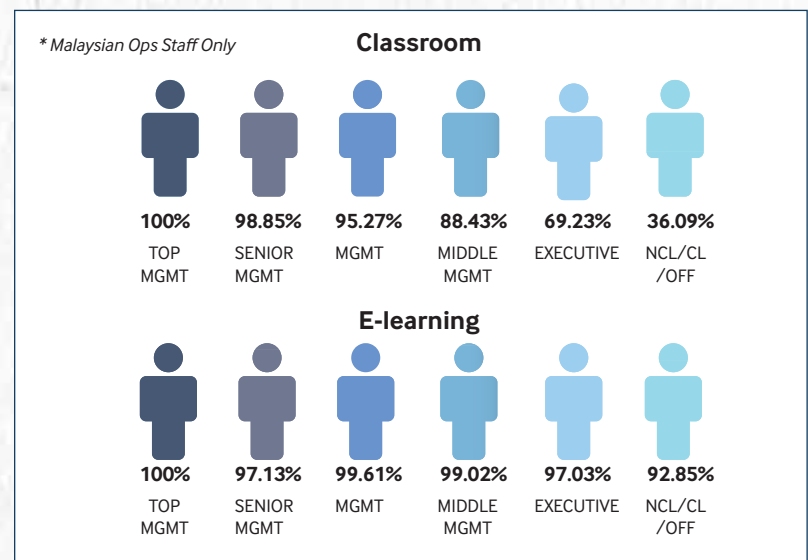
The two established key areas in our Learning and Development programme are Leadership & Management and Technical & Functional capabilities.

In 2017, we saw a 21% increase in classroom learning and a 24% increase in E-Learning participations. We also conducted 1,443 in-house training sessions, enrolled our people in 590 external training programmes with 107 online courseware offered via E-Learning platform. The total investment for training for 2017 was recorded at RM40.4 million.

Participation by Delivery Method



Attendance by Job Level



Leadership & Management

The Group has implemented a number of unique Leadership & Management programmes since 2016. Our Key Leadership & Management Learning initiatives and achievements continued in 2017.

<h3>Foundation Programmes</h3>	<ul style="list-style-type: none"> • Continue to offer Harvard Manage Mentor (HMM) E-learning Programme with 41 Modules to all staff • Completed 52 sessions of Maximising Employee Performance (MEP) Programme to enhance people management skills; a total of 1,064 line managers were trained in 2017
<h3>Advanced Management Development Programme</h3>	<ul style="list-style-type: none"> • Enrolled 11 talents, successors and a Senior Management member at renowned business schools such as IMD, Cass Business School, Cambridge Judge Business School and Harvard Business School Alumni Club of Malaysia & Senior Faculty members from Harvard Business School
<h3>Signature Programmes</h3>	<ul style="list-style-type: none"> • Collaborated with INSEAD to rollout Senior Leadership Development Programme (SLDP) and Client Engagement Workshop. A total of 34 participants participated in the SLDP (Cohort 1) and 119 participants for Client Engagement Workshop (Cohort 1 – 4) • Collaborated with Melbourne Business School to roll out three Leadership Signature Programmes i.e. Transition to Business Leadership, Emerging Leaders and Foundation of Leadership. A total of 141 participants were recorded for Cohort 1 in 2017

i. Other programmes offered and delivered to our employees during the year include:

RHB Mentoring Programme

- Successfully rolled out and completed Formal Mentoring Programme for 145 Mid-Level Leaders and 13 Management Associates.

RHB Core Programmes

- Introduced 20 New Core Leadership & Management Programmes in 2017.

RHB Leadership Talk Series

- Successfully organised three RHB Leadership Talk Series in 2017 featuring prominent speakers with turnout exceeding 200 pax per session. Among the guest speakers were Prof Datuk Dr. Halimaton Hamdan, Professor of Chemistry from UTM Razak School of Engineering & Advanced Technology; YAM Tunku Ali Redhaudin Ibni Tuanku Muhriz, Tunku Besar Seri Menanti and Dato' Sri Idris Jala, CEO of PEMANDU.



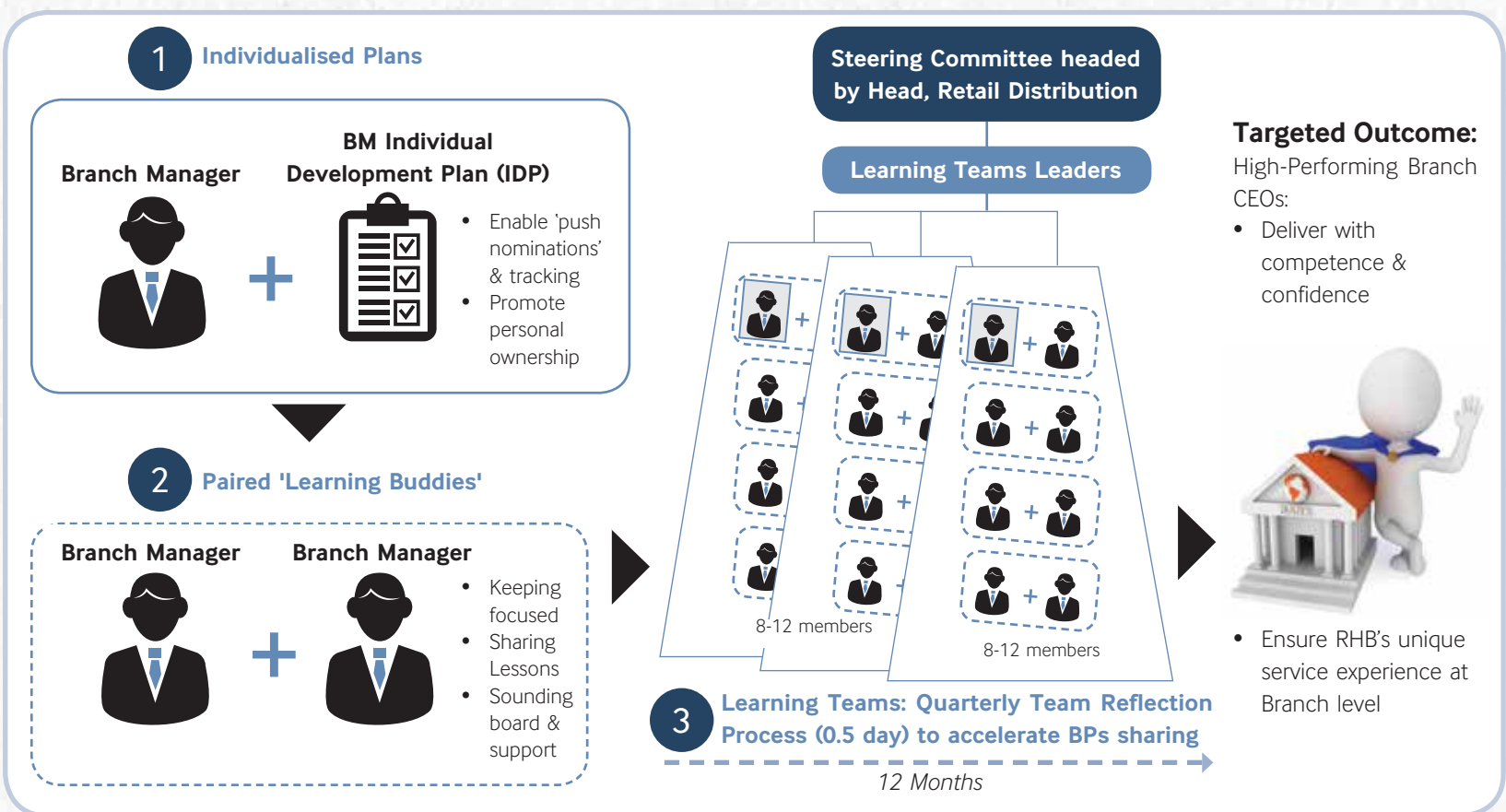
COMMITMENT TO OUR EMPLOYEES

Technical & Functional

RHB successfully rolled-out four core technical and functional programmes throughout 2017.

Branch Manager Development Programme

291 existing and potential branch managers completed the online competency-gap assessment to gauge their proficiency levels and were subsequently enrolled to the Branch Manager Development Programme. The 12-month programme was aimed at addressing critical gaps and groom them into well-rounded business-oriented leaders. Activities included in the programme were Peer Coaching, Team Learning and Strategic Story Telling for Leaders.



Structured Development Framework for Shariah Business

We have established a structured development framework for Shariah Business to ensure that our employees are equipped with the right skills and knowledge to perform at their best level.

In 2017, 33 Shariah Business employees obtained the Associate Qualification in Islamic Finance (AQIF) certification and another three achieved the Intermediate Qualification in Islamic Finance – Banking (IQIF) certification.

33 EMPLOYEES

AQIF

(Associate Qualification in Islamic Finance)

3 EMPLOYEES

IQIF

(Intermediate Qualification in Islamic Finance – Banking)

Core Programme for Front Liners (Sales Channel)

More than 1,000 participants completed the Islamic Finance Core Products (IFCP) programme, in 2017, to strengthen awareness on Shariah and Compliance for Retail and Non-Retail businesses.

Programmes Certified by Finance Accreditation Agency (FAA)

In 2017, we obtained FAA certifications for the following programmes.

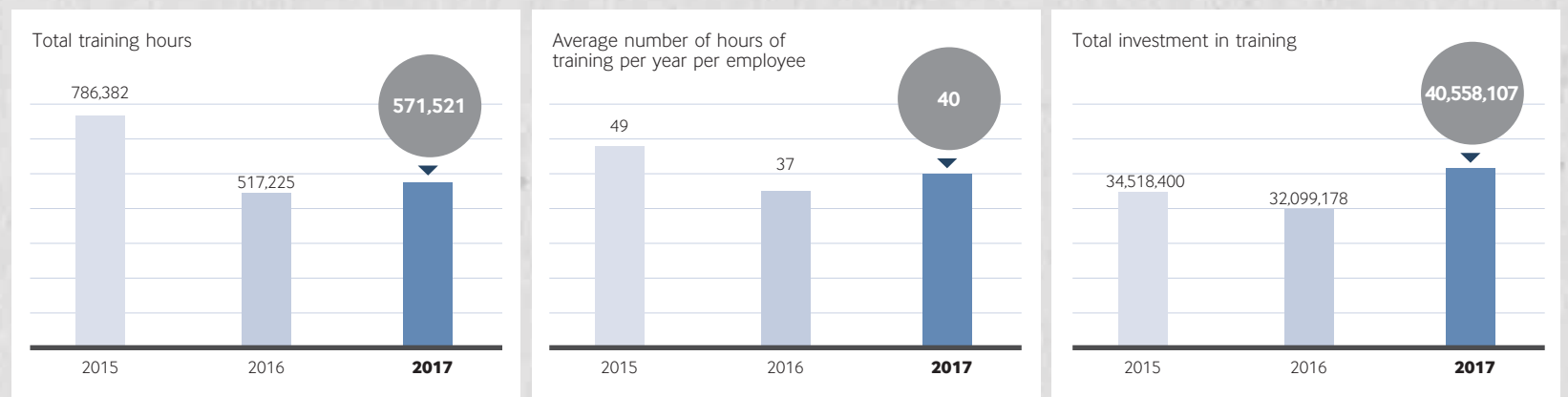


Chartered Banker Programme

The Chartered Banker Programme provides our employees with an extensive, detailed and critical knowledge of the banking sector. The programme is aimed at developing our employees' skills and abilities to make professional judgment and informed decisions. The programme is one of the most prestigious and internationally recognised in the world. Programme participants include Senior Management as well as selected employees. As at 2017, RHB recorded an enrolment of 122 for the programme, from which 27 have completed at 3 levels:

Level	Number of Qualified Chartered Bankers
Chartered Banker (CB)	3
Professional Banker (PB)	12
Executive Banker (EB)	12

Facts at a Glance



COMMITMENT TO OUR EMPLOYEES

TALENT MANAGEMENT



Talent management is an essential component in achieving one of the Group's aspirations - to be a preferred employer with a highly productive, agile and engaged workforce that delivers exceptional service to customers. The Group prioritises talent development and management as this is a major element into our succession planning and leadership pipeline.

In RHB, we identify talent with the following qualities:

- Performance – ability to achieve superior results and demonstrate behaviours that are aligned to the Group core values. The employee should demonstrate a history of exceeding expectations, usually for two consecutive years
- Potential – capacity to take on increasingly critical, complex and/or challenging roles. We define potential in terms of Ability, Engagement and Aspiration

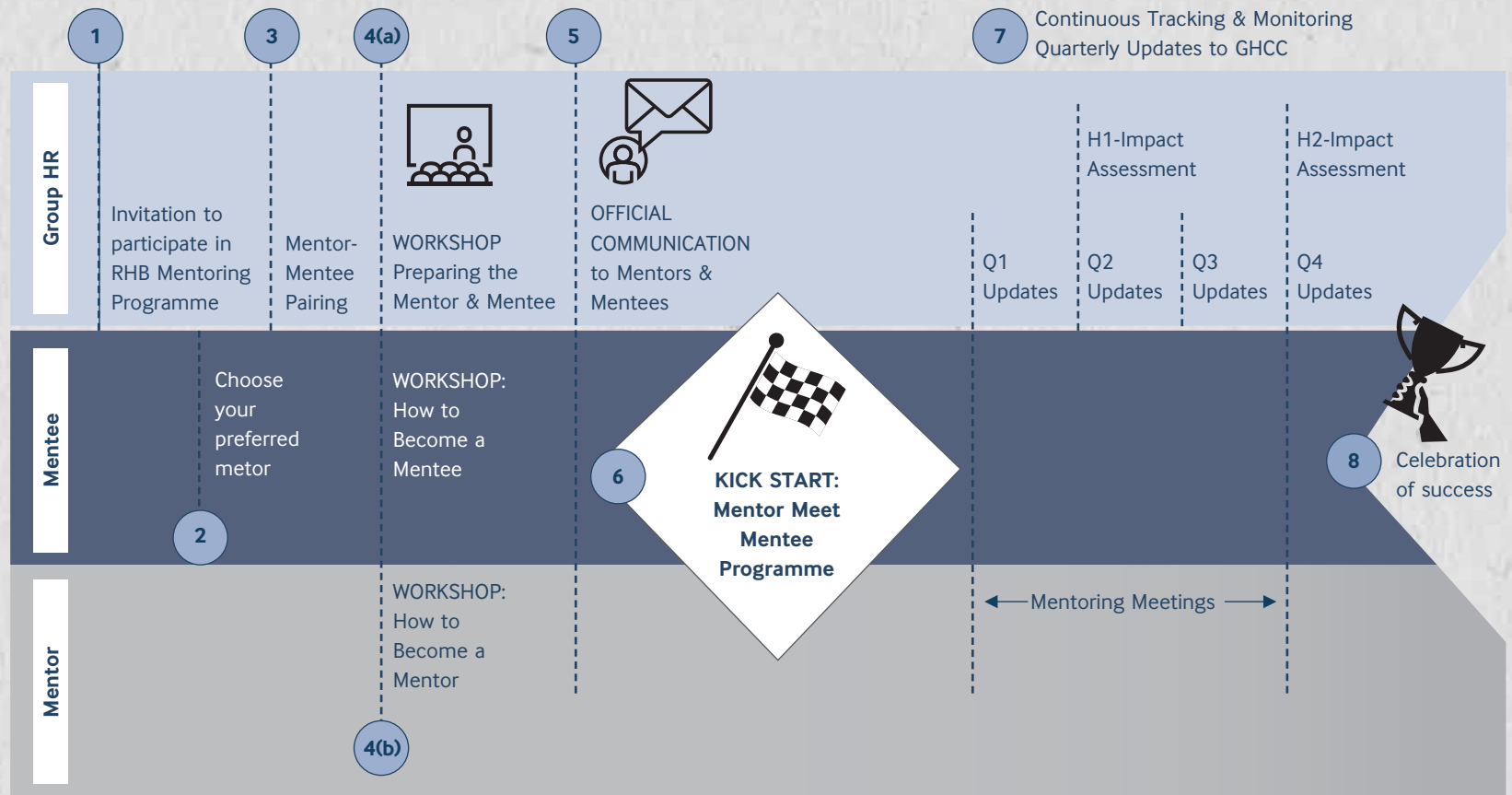
Our development of top talents is mapped on a 10-20-70 ratio which covers formal learning, mentoring and on-the-job training. This setup is developed to deliver optimal growth for our talents. Employees' skills and competencies are identified and gaps are highlighted to ensure that learning and development plan a implemented efficiently. Progress of our internal talents are consistently tracked with ample opportunities for them to move up the ladder and assume greater responsibilities. Suitable candidates are also given the opportunity to embark on multi-country assignments, participate in cross business/functions projects and secondment to other business/functions within the Group. These will allow our internal talents to grow their portfolio, as well as gain deeper knowledge and wider experience in building their career.

RHB's Enhanced Leadership & Management Development Framework

Talent Segmentation	10% Formal Learning				20% Mentoring	70% On-the-Job
	Curriculum-focus	Foundational Programmes	Signature Programmes	Core/Bespoke Programmes ¹		
Senior Level (GMC members)	Leadership at Senior Level/ C-Suite	<ul style="list-style-type: none"> • Harvard ManageMentor® • Maximising Employee Performance (MEP) (Appreciation) 	<ul style="list-style-type: none"> • AMP I – Business School (US & Europe i.e. Uni. of Chicago-Booth, INSEAD, IMD) 	<ul style="list-style-type: none"> • Top Team Effectiveness Programme (TTEP) • Story Telling for Leaders 	<ul style="list-style-type: none"> • Executive Coaching 	<ul style="list-style-type: none"> • Business Innovation & Turnaround Experiences
Senior Level (R10 & above)	Transition to Senior Leadership Role	<ul style="list-style-type: none"> • Harvard ManageMentor® • MEP (Appreciation) 	<ul style="list-style-type: none"> • AMP II – Business School (US, Europe and in-house) 	<ul style="list-style-type: none"> • Formal Mentoring with GMC • Mentoring for Mentors • Story Telling for Leaders 	<ul style="list-style-type: none"> • Mentoring 	<ul style="list-style-type: none"> • Business Innovation & Turnaround Experiences • Internal/External Relationships
Middle Level 2 (R8 – R9)	Business-based i.e. Operations/ Functional Leadership	<ul style="list-style-type: none"> • Harvard ManageMentor® • MEP • RHB Induction 	<ul style="list-style-type: none"> • Transition to Business Leadership 	<ul style="list-style-type: none"> • Managing Staff Career & Succession Planning • Mentoring for Mentors • Story Telling for Leaders • Ethics & Integrity for Leaders 	<ul style="list-style-type: none"> • Mentoring /Coaching 	<ul style="list-style-type: none"> • Operational/Business/ Functional Experiences • Special Projects • Job Enlargement
Middle Level 1 (R4 – R7)	Leading Teams	<ul style="list-style-type: none"> • Harvard ManageMentor® • MEP • RHB Induction 	<ul style="list-style-type: none"> • Emerging Leaders 	<ul style="list-style-type: none"> • Feedback & Coaching • Managing Lean Six Sigma • Living Our Values Everyday • Personal & Team Visioning • Negotiation Skills 	<ul style="list-style-type: none"> • Performance Coaching 	<ul style="list-style-type: none"> • Cross Functional Projects • Job Rotation
Junior Level (R1 – R3)	Leading Self	<ul style="list-style-type: none"> • Harvard ManageMentor® • MEP • RHB Induction 	<ul style="list-style-type: none"> • Foundation of Leadership 	<ul style="list-style-type: none"> • Understanding Change • Enhancing Interpersonal Skills • Problem Solving & Decision Making • Personal Career Planning • Planning & Organising 	<ul style="list-style-type: none"> • Coaching & Guidance 	<ul style="list-style-type: none"> • Task-related/Functional Projects

Our talents are equipped with Individual Development Plan (IDP) to facilitate their developmental journey. Their development is also facilitated via an executive learning approach where deeper engagements are done with our top leaders. Support in talent management activities cascade down from our Group Managing Director and his direct reports, and they carry the Talent Management Index as one of their Key Performance Indicators (KPIs). This reiterates how important talent management is in RHB.

To further support talent development, we put great emphasis on mentoring our talents. As at 2017, 145 talents and 13 of our Management Associates were tied to their respective mentors, underlining both parties' willingness, involvement and engagement in talent development activities. Our mentoring programme is set with a clear objective to enhance the leadership bench strength through mentoring of talents.



Mentoring Journey

This mentoring programme aims to achieve the following:

1. Significant improvement in the RHB leadership competencies.
2. Better realisation by talents of their professional and personal development goals.
3. Improvement in the capability of the organisation to build talent internally.

COMMITMENT TO OUR EMPLOYEES

PERFORMANCE AND REWARD [EMPLOYEE BENEFITS AND REMUNERATION]

At RHB, we value our employees for their dedication and commitment in contributing to the growth and success of the Group. We offer an attractive range of benefits and remuneration plans, aimed at attracting, retaining and motivating a high-performing workforce. Our compensation plans and benefits are benchmarked with other companies that are comparable in size and scope, to ensure competitiveness is maintained. The Group's remuneration and benefits go a long way in assisting our employees financially. We also have a financial assistance mechanism for our employees who face emergencies in the form of an interest free emergency loan.

We also ensure that our remuneration structures are aligned to reward employee performance and encourage long-term commitment and loyalty to RHB.

RHB's annual performance review cycle runs from January to December. Employees' Key Performance Indicators (KPIs) and targets are set at the beginning of the year and are agreed upon by both the employees and their respective line managers. All line managers are required to conduct periodic performance reviews to discuss individual performance relating to goals, skills, self-improvement plan and development needs. Both performance and progress are communicated half yearly and annually and are done in a transparent manner. Employees' bonus and increment are determined based on individual performance.



WELFARE FUND

RHB Staff Welfare Fund was launched on 21 June 2000 with the aim of providing financial assistance to contributing members who require financial aid as a result of natural disasters, medical conditions or upon the demise of an immediate family member. As at 31 December 2017, there were 5,700 contributors.

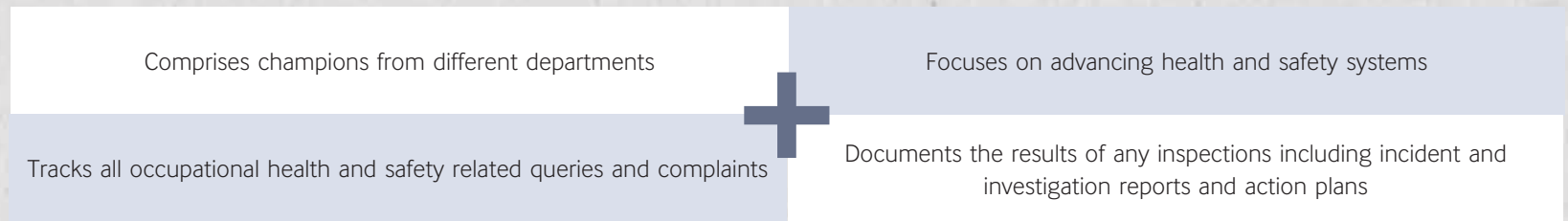
RHB Staff Welfare Fund Disbursement

Type of Financial Aid	Amount (RM)
Natural Disasters	127,000.00
Medical Assistance	72,223.15
Demise of an Immediate Family Members	76,100.00

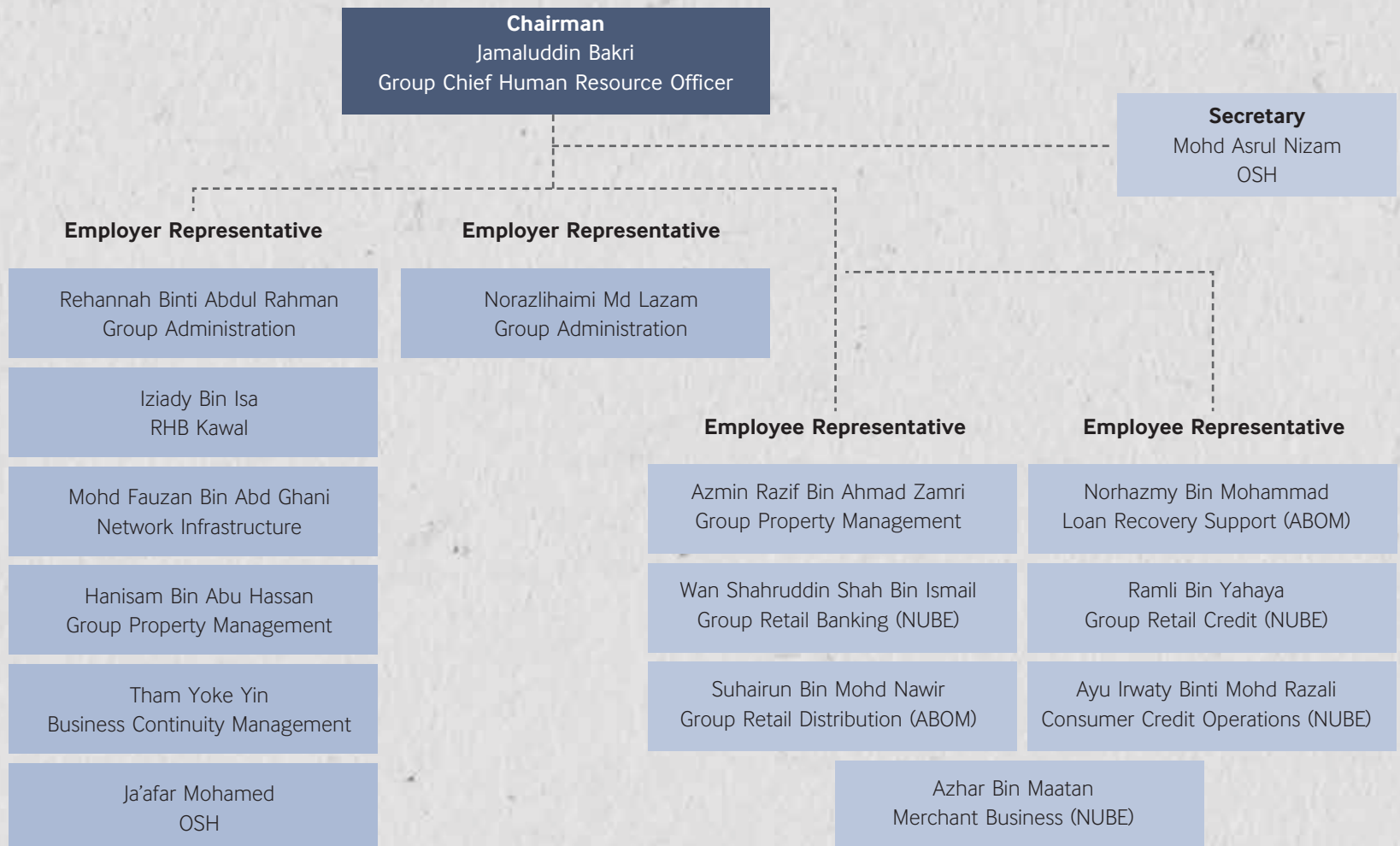
OCCUPATIONAL HEALTH AND SAFETY

The Group is committed to providing a safe and healthy environment for our employees, customers and the communities within which we operate. Safety is an integral part of our workplace. Health, Safety and Environment (“HSE”) standards and regulations throughout our Group operations are based on absolute compliance with regulatory requirements i.e. the OSHA 1994 and FMA 1967. To ensure all precautionary measures are observed and safely implemented, the Group has established an Occupational Health and Safety Committee with nationwide coverage.

The Group’s Occupational Health and Safety Committee and Programmes



The Group Occupational Safety and Health committee comprises seven employer representatives from the executive level and seven employee representatives, of which, six are unionised staff.



COMMITMENT TO OUR EMPLOYEES

The following activities were undertaken in 2017 with regards to health and safety:

Programmes	Collaboration	Date	Participants
Basic Occupational First Aid	ASEC Academy	7 March – 9 May 2017	250 First Aider
Basic Fire Fighting and Emergency Response Plan and Preparedness	CERT Academy	21 – 22 February 2017	34 ERT from RHB Centre and 15 ERT from RHB Complex Bangi
Managing Bomb Threats	BOMB Disposal Unit	7 March 2017	30 ERT from RHB Centre and 10 ERT from RHB Complex Bangi
Floor Warden Training	BOMBA and PDRM	8 March 2017	143 floor warden from RHB Centre and 24 floor warden from RHB Complex Bangi
Refresher Course Floor Warden	BOMBA and OSH Unit	26 July 2017	121 floor warden from RHB Centre
Emergency Evacuation Drill	BOMB Disposal Unit, Bomba and APM	3 August 2017	All employees of RHB Centre
Fire Drill and Fire Extinguisher Training	BOMBA	September 2016 – present	1,616 RHB Bank employees nationwide

“RHB Jom Sihat” Campaign

This campaign was first introduced in April 2015 to promote a healthier and balanced lifestyle for our employees. Various activities are organised under this campaign and each activity is championed by the OSH and Wellness Management teams. In 2017, we rolled out the following activities under the banner of the “RHB Jom Sihat” campaign.

RHB Jom Sihat Campaign Activities

Programmes	Date	Number of Participants
RHB Staircase Day Campaign	24 February – 8 December 2017	2,163
The Fun Ride Cycling with GMD	21 January, 18 February and 25 March 2017	55
Blood Donation	19 April and 11 September 2017	254
SOCSO Benefits Talk	20 September, 27 September and 16 October 2017	344
Nursing Room	September 2016 – present	83

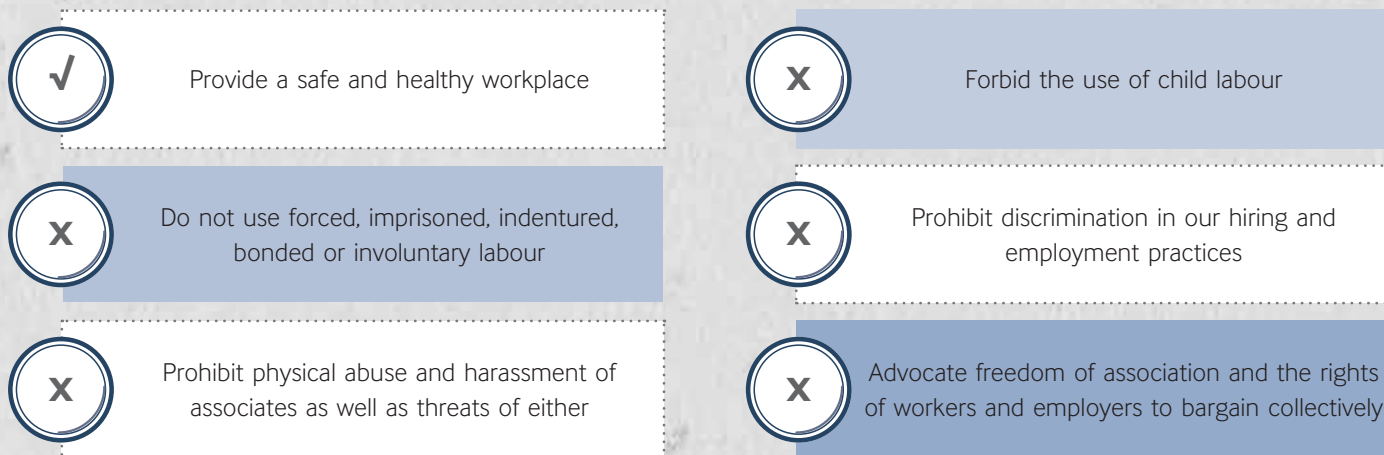
The Group has maintained a good safety performance record over the past few years, where the number of days lost rate compares favourably with other local and international organisations. The following results were reported throughout 2017:

Subject	2017
Fatality Cases	0
Lost Workday Cases (LWC)	66
First Aid Cases (FAC)	3
Near Miss Cases	3
Number of Days Lost	1,504

HUMAN RIGHTS

RHB's Code of Conduct and Ethics lays down the behaviours expected from employees on various aspects including human rights

The Group expects every employee to treat fellow colleagues, customers, business partners and the communities with dignity and respect, and we are committed to conducting our business in a manner consistent with these principles. We ensure compliance with all applicable employment and human rights regulations and all of our suppliers are expected to do the same.

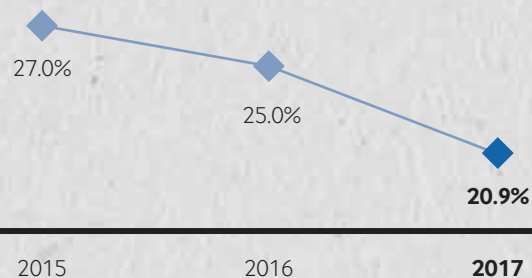


The Group is pleased to report that there have been no incidents of discrimination or risk to freedom of association and collective bargaining. There were also no incidents or risks reported of child, forced or compulsory labour. The Group has recorded no violations of human rights involving the rights of indigenous people at any time in the Group's history.

TURNOVER RATE

Our employment practices are underpinned by the principles of fair treatment for our employees and a balance between performance, pay and participation. The Group maintained its annual attrition level at acceptable rate of 20.9%. We have posted a decline in our turnover rate for three consecutive years, a sign that we have done something right in retaining our people.

Turnover Rates (%)



Employee Turnover by Gender

	2015	2016	2017
Female	2,341	1,999	1,543
Male	1,937	1,631	1,470

Employee Turnover by Age Group

	2015	2016	2017
≤ 30	2,763	2,185	1,745
31 – 40	1,065	1,039	956
41 – 50	232	238	185
≥ 51	218	168	127

COMMITMENT TO OUR CUSTOMERS

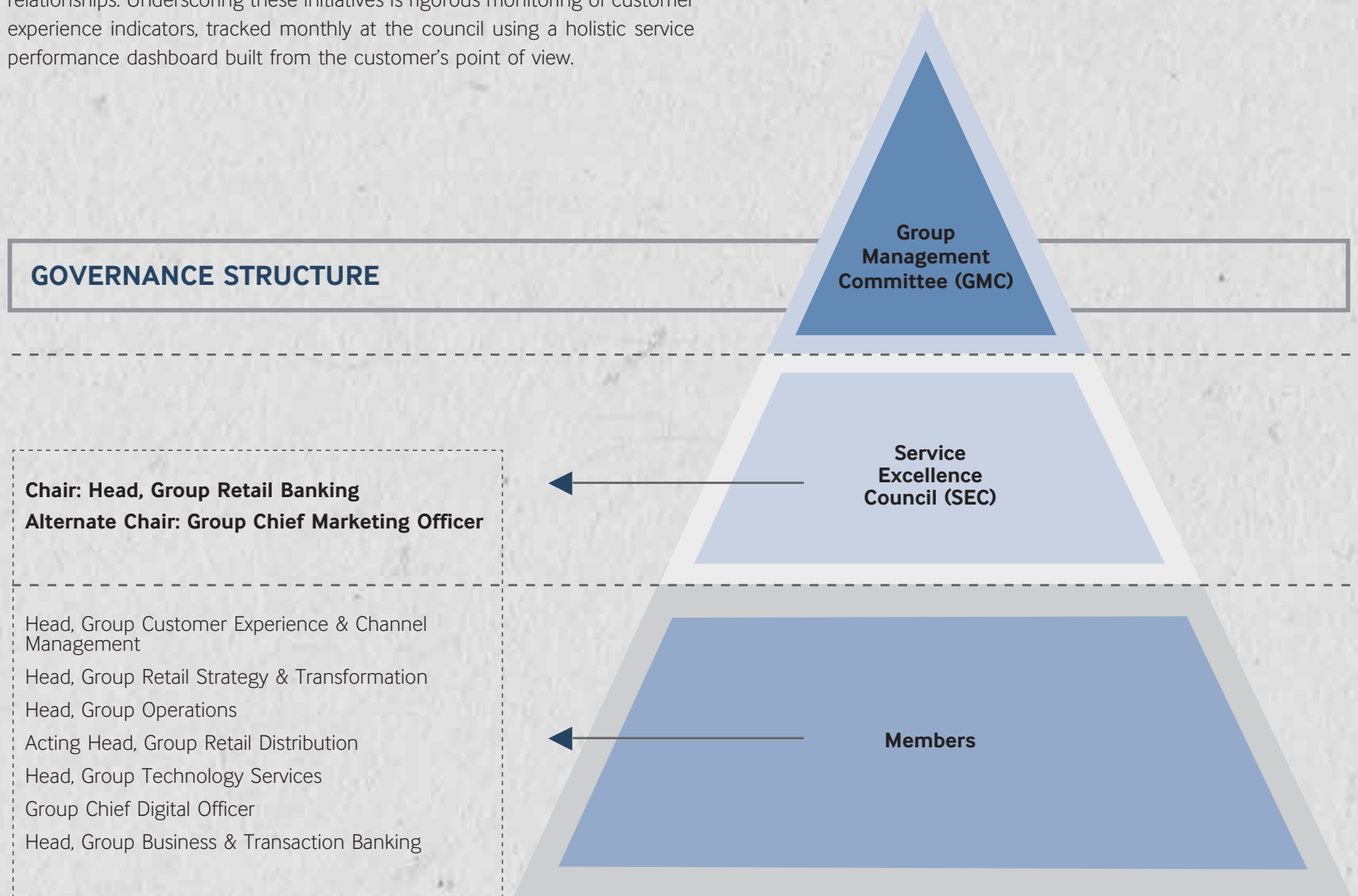
At RHB, we place our customers at the heart of our business. The foundation for our customer commitment is to deliver our brand promise, *Together We Progress*. We understand that customer-centricity is an ongoing journey and we aim to continuously strengthen our culture to deliver better value and service through co-creation with our customers.

IN 2017, OUR FOCUS WAS ON DRIVING CUSTOMER SATISFACTION THROUGH INCREASED EFFICIENCIES AND IMPROVED INTERACTION. VARIOUS INITIATIVES WERE UNDERTAKEN TOWARDS THIS END. THEY INCLUDE:

- **Customer Service Charter.** The charter, re-affirms our commitment to serve, is displayed prominently at our branches and is also available on our website. Refer to page 68 on our charter.
- **Harrison Assessment tools to hire the right people for the job.** The tools include a competency framework, psychometric assessment and critical behaviour interview. In 2017, about 100 potential candidates were put through the test, of whom 50 were selected and have begun delivering great service as of October. As the 'maitre d' of our branches, our Service Managers are responsible for the overall end-to-end customer experience – from the time they greet customers through to meeting all the customers' needs and until they bid them farewell. Our Service Managers take full accountability to ensure customers have a great experience dealing with RHB; therefore, we always seek feedback after the service has been completed. Complaints are attended to promptly to ensure proper resolution and satisfaction in the overall handling of the matter.
- **Welcoming feedback.** We set up a Customer Advocacy department comprising nine experienced staff to ensure customers are treated fairly in the complaint resolution process. In the event that a customer remains unhappy with the outcome of a complaint, an escalation option is offered. Our customer advocates then review the complaints and offer mediation, if needed. The system has resulted in an increase of complaints resolution within seven days, achieving 85.5% in 2017. We are now raising the bar by targeting 80% complaints resolution within five days in 2018.
- **Automatically routing calls from Premier customers to our dedicated Premier line at 03-9206 1188.** This was made possible with phone number recognition. The initiative resulted in a 200% increase in the number of calls to the Premier line, which totalled up to 10,000 calls per month. Today, 95% of our Premier customers are served by our dedicated Elite team; the remaining 5% will be captured in due course.

DRIVING STRATEGIC CUSTOMER EXPERIENCE AGENDA

A key milestone in 2017 was the setting up of a Service Excellence Council (SEC) in December to drive our strategic customer experience agenda. Over the next five years, SEC will focus on three areas – Build Trust, Create Value and Deliver Convenience – using feedback and a new way of working to transform the end-to-end customer experience across a range of products and channels. While streamlining our processes to make them convenient, we are educating our team to listen more to our customers to build meaningful relationships. Underscoring these initiatives is rigorous monitoring of customer experience indicators, tracked monthly at the council using a holistic service performance dashboard built from the customer’s point of view.



The SEC governs initiatives carried out to reinforce the RHB Way, overseeing our overall performance. It reports to the Group Management Committee following monthly meetings, and has outlined a five-year strategy for RHB to differentiate our customer service.

COMMITMENT TO OUR CUSTOMERS

CUSTOMER SERVICE CHARTER

The 4 Pillars of Customer Service Charter



Transparent & Personable Service

- We are open and transparent in our dealings
- We train our bank personnel to have adequate knowledge to advise and assist customers on banking products and services
- We provide customers with a personable service experience

BETTER ENGAGEMENT



Banking Made Accessible

- We are easily accessible via various channels both physically and virtually
- We provide customers with efficient services via our virtual platforms outside of normal banking hours
- We inform customers on the various options for more convenient banking
- We actively seek thoughts and suggestions on how banks can serve customers better

PROVIDE CONVENIENCE OF BANKING FOR CUSTOMER'S PEACE OF MIND

Customer Service Charter



Know Your Customer

- We strive to help customers find the right product to suit their need or profile

BUILD TRUST



Timely & Efficient Service

- We will set clear expectations on time taken for various services
- We will serve customers promptly at our branch counters
- We will efficiently attend to account applications at our branch counters
- We will efficiently attend to banking transactions
- We will efficiently attend to product applications
- We will follow through and provide the requisite updates to customer's queries
- We will address customer's complaints/issues consistently and promptly

BEING RELIABLE

CUSTOMER-FOCUSED CULTURE

Placing our brand promise: “Together We Progress” at the heart of our business, we are fully committed to build a customer-driven organisation. We have put in place the organisational structure, framework and strategic plans to steer us towards that goal, and we will work hard to cultivate a “Customer First” culture because we believe that our customers’ success, is our success.

Inculcating a “Customer First” Mindset

To ensure **our customers are always at the core** of everything we do, we have introduced “**Customer First**” as one of the key component of our new RHB culture transformation.

Delivering a Branded Customer Experience through the “RHB Way”

We will embark on a Group-wide customer experience enhancement programme premised on the “**Customer First**” mantra by introducing the “**RHB Way**” framework. “**RHB Way**” is a set of behavioural guide rails that is aimed to guide RHB employees in serving and engaging our customers in a standardised and consistent manner. As part of the programme, immersive and engaging on-the-job training will be carried out to elevate our employees to deliver customer experience the “**RHB Way**”, every time, everywhere.

Personalising Customer Journeys

Core to our “**Customer First**” culture is the personalisation of **end-to-end customer journeys** according to the different profiles of our customers. We will engage in **customer conversations** to define customer’s end-to-end journey and **moments of truth** backed by deep understanding of customers’ needs and expectations. This will in turn enable skillful management of the entire experience.

Creating a Customer-focused Culture

We are committed towards seeding and cultivating a “**Customer First**” culture in all areas of the organisation. We believe that our products, services and the way we operate should be dictated by **what is best for the customers**. The road ahead will see us launching various initiatives to encourage a customer-centric approach in everything we do.

Making It Seamless

Channel quality is a top priority to ensure smooth service delivery without loss of continuity. Testament to our commitment to create excellent omnichannel experience, we launched a series of initiatives to address basic hygiene factors across all channels. Noteworthy is the launch of our **online account opening** and streamlining of our **Customer Care Centre (“CCC”)** experience to make it as easy as possible to connect to us. The year ahead will see us introduce further enhancements and new CCC features to ensure continuous improvement.

We have made headway in elevating **our digital and alternate channels** experience through the launch of several **lifestyle-centric offerings** which have garnered positive response from the market. Key highlights include our enhanced RHBNow internet and mobile banking with RHB Pay Anyone feature, SME e-Retail solution and m-POS.

COMMITMENT TO OUR CUSTOMERS




OUR COMMITMENT TO OUR CUSTOMERS

Customer First

We continually strive to improve our customer service by implementing various measures across the value chain, from product and service design to customer feedback and grievance redress.

Various initiatives were pursued that reinforce the service culture across all levels of the organisation. We strive to ensure that our virtual channels meet our target service.

CUSTOMERS FIRST

<h4>TAP ON RHB DNA AND STRENGTHS TO BETTER SERVE OUR CUSTOMERS </h4> <ul style="list-style-type: none">• Deliver superior customer experience across all channels• Provide holistic, innovative & segment-driven product offerings• Operationalise client coverage model to deepen relationships	<h4>SYNERGISE AND UPSKILL OUR ORGANISATION FOR THE NEXT LEAP FORWARD </h4> <ul style="list-style-type: none">• Realign and rewire our operating models• Optimise network synergies• Leverage on digital innovations & enablement• Invest and enhance talent management to build high performing teams	<h4>MAXIMISE AND GROW OUR OVERSEAS BUSINESS TO BROADEN REACH </h4> <ul style="list-style-type: none">• Maximise and boost our existing international franchises• Explore expansion opportunities in key ASEAN markets that offer crossborder opportunities
---	---	--

Product Responsibility

RHB has in place a comprehensive guideline that governs disclosure of information to our customers on the Group's products and services to enable them to make informed decisions on the products and services being offered.

The following Information is made available through our channels of communication i.e. at the branch, through brochures, our call centre or the Group's website:

- Contracts and agreements
- Fees and charges – i.e. interest rates for deposit schemes, eligibility, applicable interest rates and service charges for loan products
- Penalties and late payment charges
- Compensation & relevant interest/profit rates
- Purchase/selling price and obligations in the use of a banking product or service
- Product-related details such as product disclosure sheets, terms and conditions are shared at the point of sale
- Detailed Product Information with account opening and card application forms

We also educate our customers against fraud and raise awareness on safe banking practices through email alerts, SMS, ATM messages, social media and our corporate website.

RHB's Targeted Service Levels

Customers have various channels through which they can reach out to us. Customer helplines and email details are provided on the Bank's website. They can lodge their complaint on our online complaint management system or at their local branch.

All complaints are monitored centrally. Turnaround time is well defined to ensure the complaints are resolved in the minimum time possible. Analysis of customer complaints is done in a proactive manner and feedback is provided to business teams to ensure that appropriate mitigation measures are taken.

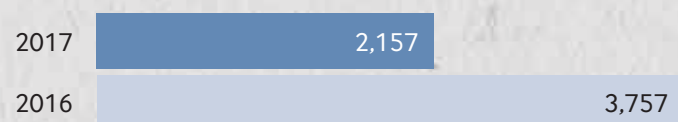
Self Service Terminal	Call Centre	Internet Banking
At least 98% uptime measured by machines	At least 80% calls are to be answered within 20 seconds	At least 98% service uptime

Keeping Track of Our Customer Experience

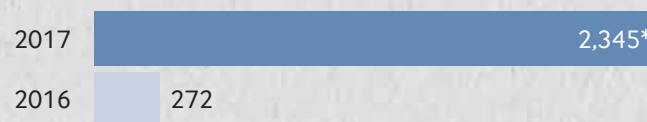
Internally, we have various mechanisms to keep track of our customer satisfaction. Feedback obtained from various channels is analysed regularly to identify customer pain points. We also monitor key service indicators, such as customer waiting time, serving time, the loan application turnaround time and remittance turnaround time, against RHB's internal standards as well as industry benchmarks. Service Improvement Projects are initiated to fill in gaps and, using the AGILE method, are tightly monitored along a progress timeline until the intended results are achieved. Every month, we calculate our Customer Effort Score and Customer Recommendation Score.

Externally, a third party has been engaged to regularly determine our Net Promoter Score (NPS), which measures how likely our customers are to recommend us to others. The NPS is widely acknowledged to correlate better with revenue growth compared to traditional customer satisfaction surveys. Our aim is to achieve best-in class NPS within the industry.

FEEDBACK



COMPLIMENT



*Note: the increase was contributed by the expansion of compliments covering all tracks within Group Retail Banking in 2017.

Feedback provided by customer was received by the Receiving Touchpoints and address within the stipulated timeline, guided by the Complaints Management Manual. The setup of the Customer Advocacy department, which is an independent review team, is aimed at taking an impartial role in ensuring customer complaints are fairly handled and quality responses are given.

Service Level Standard as below:

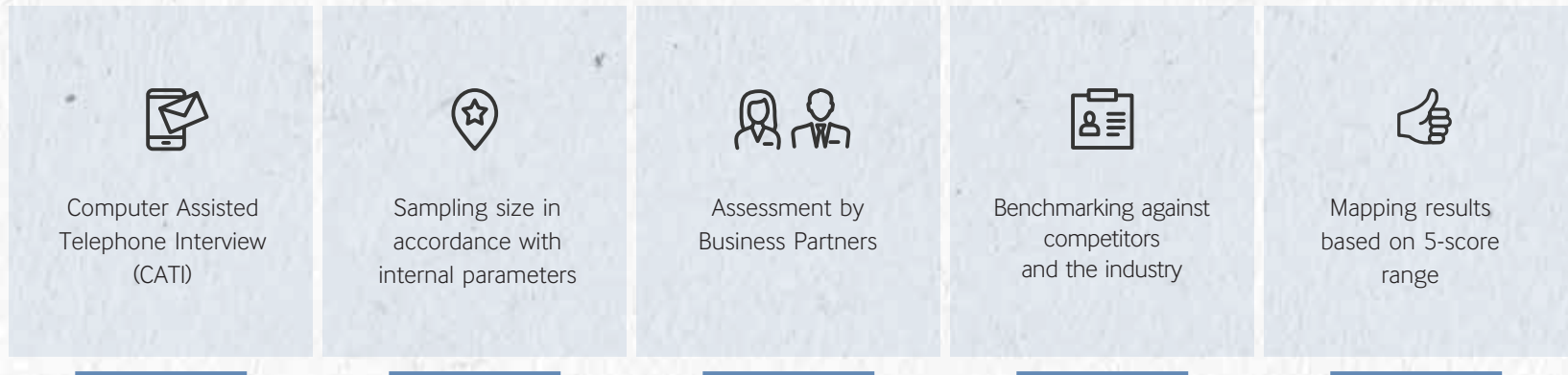
Stage	Premier Customer	Non-Premier Customer
Acknowledgment Inform complainant that complaint has been received and is being attended.	within 24 hours	within 24 hours
Addressing Contact the customer and inform on the next course of the action/outcome of the complaint.	within 2 working day	within 5 working days
Resolution Fulfilment and proper closure based on the source of the complaint received.	within 5 working days	within 7 working days

COMMITMENT TO OUR CUSTOMERS

HIGH LEVEL OF CUSTOMER SATISFACTION

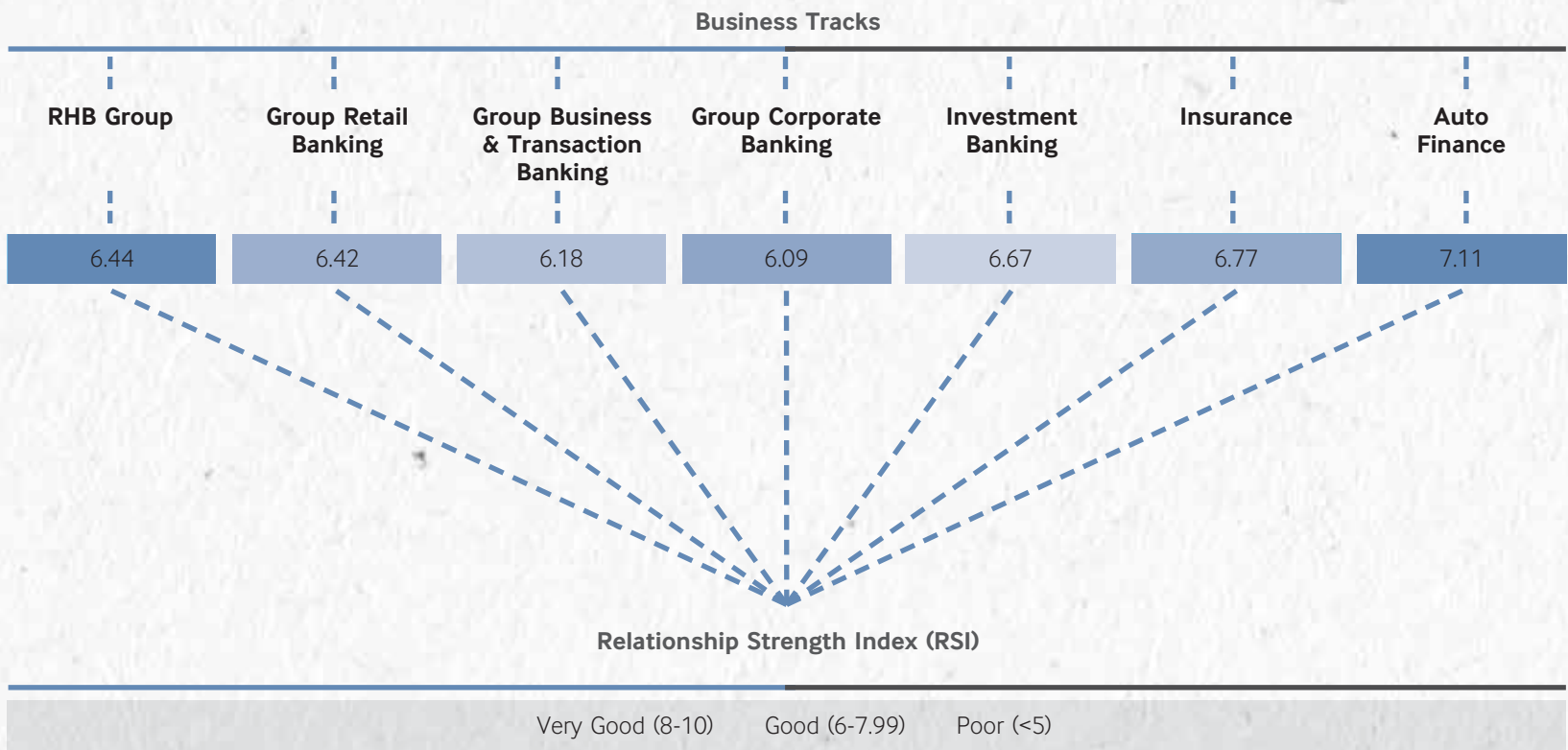
Annual Customer Survey

At RHB, we believe in providing our valued customers with quality products and services. We adopt five methods in assessing customers' satisfaction.



In 2017, we appointed an independent market research company, The Nielsen Company (Malaysia) Sdn Bhd, to gather valuable feedback from a customer survey. The survey measures the relationship strength and loyalty levels of RHB customers as well as understanding customer satisfaction towards various channels and touchpoints

The following table presents the summarised results of our scores in each area. Overall, RHB Banking Group falls under the category of 'good' in comparison with the industry benchmark.

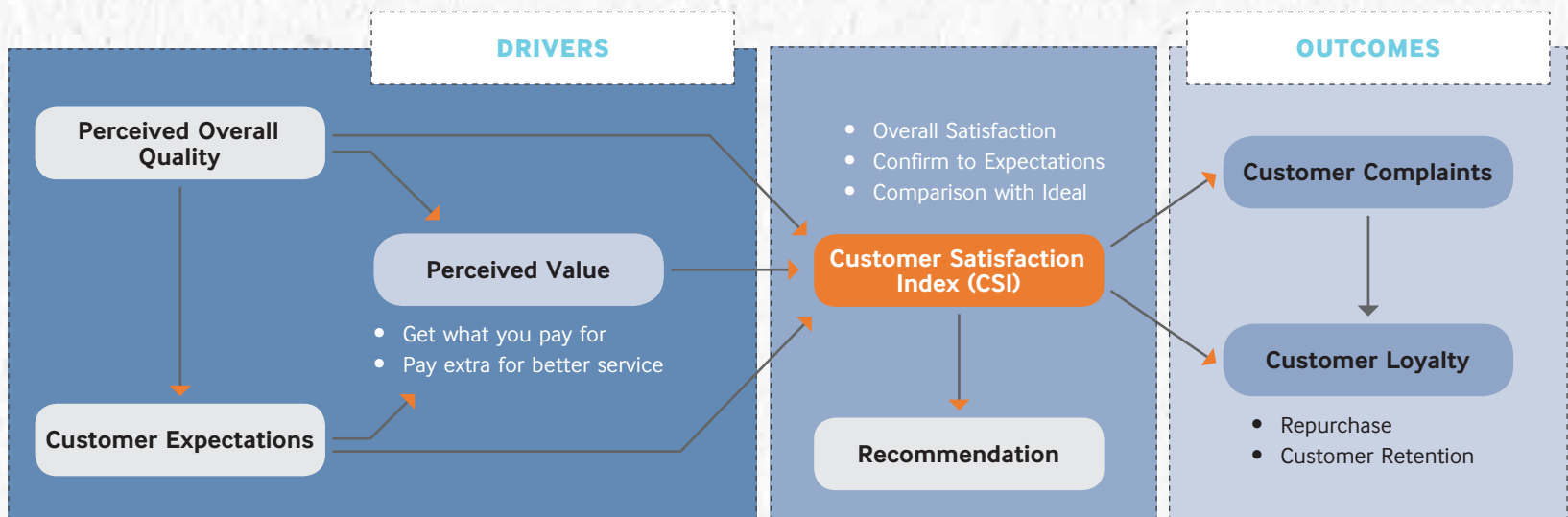




COMMITMENT TO OUR CUSTOMERS

INDUSTRY WIDE SURVEY

As a result of concerted efforts to enhance our service delivery, RHB performed well in an inaugural industry-wide Customer Satisfaction Index (CSI) study conducted on Malaysian banks. In the survey, bank users were asked about their experiences and perceptions of their main bank. Using econometric modelling of the data obtained, the index provides an objective and reliable view on how well each bank is performing from the customers' perspective. RHB achieved a CSI score of 75, higher than the industry average of 74.



Indicators (Actual vs Expected)

- Experience
- Process
- Customer Service
- Service Standards

} Impact of drivers on CSI

CSI score – Mean for each variable from number of responses along with weights for each question calculated within the PLS-SEM framework

Arrows represent impact of the variable on the target construct

The Index is calculated from 0 – 100 with high numbers representing better performance

SECURE BANKING

Providing a Safe Banking Environment

We launched an e-surveillance facility to deliver a safe banking experience to our customers. This service provides a 24/7, 365-day Centrally Monitored Automated Security of ATMs.

Our ATM premises are monitored from a centralised security operation centre and immediate alerts are activated if any unauthorised activities are detected at the ATM sites. The facility prevents crime and allows the Bank to safeguard of all important activities at the ATMs.

We also regularly send reminders to our customers on various topics related to banking security such as ways to avoid telltale phone scams and tips to avoid internet banking fraud.

Customer Privacy

Customers must be vigilant in keeping the security of their data confidential at all times. With online security in mind, we equip customers with practical tips on how they can prevent themselves from becoming a victim of online theft or fraud. We provide online security guidelines on how to ensure that customers' accounts are safe and secure.

We have undertaken several initiatives to protect customer privacy. The Bank is obligated to protect the confidentiality of all customers' and former customers' data and affairs with the Bank. In line with the Malaysia Personal Data Protection Act 2010 (PDPA) which came into force on 15 November 2013, a PDPA circular, addressing the PDPA requirements for both new and existing individual customers was issued. This PDPA has been further revised to incorporate the direction from the Department of Personal Data Protection on the new PDPA Standards and the Code of Practice.

The Group also engaged the services of external legal counsel to assist and brief employees on PDPA. A PDPA e-courseware was also developed for ongoing learning awareness.

RHB's PDPA Privacy Notice is disseminated through print media and social media. Customers, employees and other stakeholders can easily understand how RHB processes their personal data. They are also informed of their rights and ways to contact us with feedback, requests or queries in relation to the PDPA.

Well-defined Information Systems Security Policies are also drawn up in line with international standards. Our data privacy policy was introduced to reaffirm our commitment to protecting the privacy rights of individuals.

We have implemented a state-of-the-art data leakage protection solution to protect confidential data such as customer identity and account information. All data information transmitted to third-party agencies is stringently monitored and data encryption secures the use of such data.

Periodically, employees receive training on information security policies and measures. All employees are required to undergo a mandatory information security learning module.

Employees may only disseminate records where:



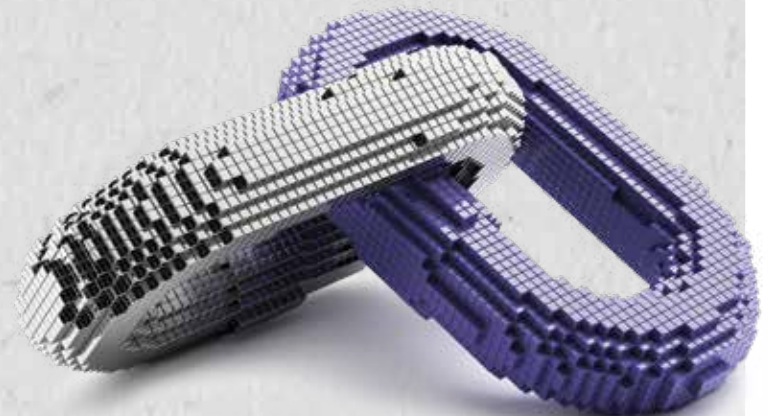
Express consent is granted by clients



There is an arrangement for the proper sharing of credit risk information between financial institutions

Such disclosure is required by the existing applicable laws.

There are various platforms available for customers to enquire or provide feedback in relation to the Group's products and services through social media, corporate website, customer service contact centre, Branch Service Ambassadors and Relationship Managers



COMMITMENT TO OUR CUSTOMERS

RHB EVOLVING DIGITALLY

RHB's digital transformation journey has improved our digital capabilities across all processes and distribution channels. RHB Digital Strategy focuses on creating a digital ecosystem that fulfils customers' lifestyles and financial needs. This has enabled us to serve our customers better and achieve faster turnaround time.

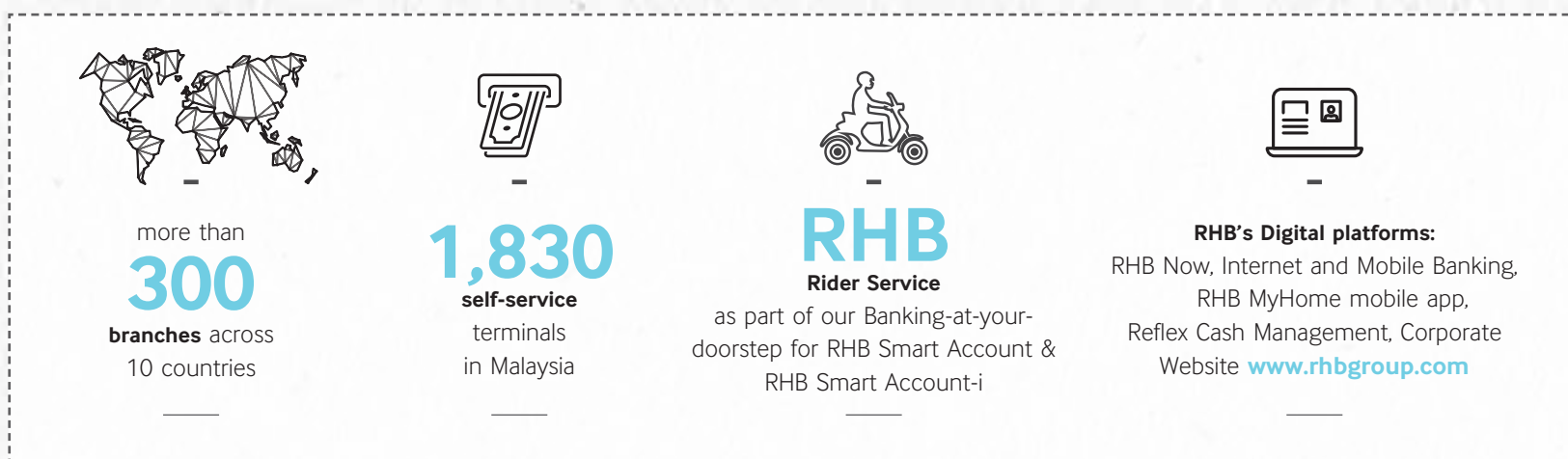
The transformation also enhances the Group's operations, both internally and externally. The data is used to spur business growth, update and modernise systems as well as streamline processes and the organisation as a whole.

Digitalisation has enabled us to offer various direct banking channels to our customers through internet and mobile banking, phone banking and Self Service Terminals (SSTs).

Our innovative payment gateway RHB Now, caters to the modern lifestyles of customers and their needs for a fast and efficient banking experience. The RHB Now banking app is available for all Android and iOS smartphones.

On 1 March 2017, we launched RHB Smart Account and RHB Smart Account-i. These accounts offer customers attractive returns of 3% per annum +1% bonus payouts when they save, pay bills online, spend and invest with RHB. Both accounts can be opened online. Unnecessary paperwork is eliminated and the process of account opening takes no more than 10 minutes.

RHB Smart Account complements customers' increasing inclination to use the internet and mobile devices for their banking and financial needs. As of December 2017, there were 21,532 active RHB Smart Account holders since the launch of the product.



Fintech Hackathon to Deliver Superior Customer Experience in Digital Banking

RHB Banking Group and Startupbootcamp (SBC) FinTech held its 2nd Fintech Hackathon in Kuala Lumpur from 29 to 30 July 2017. The event attracted more than 230 digital enthusiasts to collaborate and co-create solutions that deliver superior digital banking customer experiences.

The theme for 2018 was 'Hacking Customer Engagement in Digital Banking'. Digital and technology-savvy individuals from the financial services sector and those with non-financial backgrounds devised new ideas and solutions that improve the interaction between financial institutions and their customers.

Participants were given 48 hours to conceptualise ways of seamlessly integrating customers' banking needs with their digital social life. They were challenged to increase the functionality and usability of current digital banking platforms while providing customers with safe, frictionless, timely and convenient services. Winners for Best Overall Solution, Best Innovative Solution and Best Technical Fit received cash prizes totaling of RM12,000.

The Hackathon helped discover customer engagement ideas using new technology and sparked interest from coders and potential start-ups. We are confident that these concepts will propel our digitalisation efforts, allowing us to enhance our offerings to meet the evolving needs of our customers.

CUSTOMER ENGAGEMENT

RHB Customer Engagement Day

Throughout 2017, RHB hosted numerous customer engagement and appreciation sessions to gain valuable insights towards building better customer experience moments.



COMMITMENT TO THE COMMUNITIES

We recognise the role that we play in enriching the community within which we operate. Promoting sustainable development and acting as a good corporate citizen run through our teams' actions on a daily basis.

RHB FOUNDATION

RHB Foundation was established in December 2015, primarily to drive the Group's community engagement initiatives, focusing on underserved and underprivileged members of the community with a special emphasis on children and youth.



VISION

Enriching and Empowering the Community.

MISSION

- To carry out initiatives that will enrich and empower the underserved and the underprivileged members of the community, transcending cultural, race, religion and gender differences.
- To promote and preserve the Malaysian arts and cultural heritage.

The Foundation is a non-profit legal entity which is governed by a Board of Trustees comprising the following members:



Dato' Khairussaleh Ramli
Chairman
Non-Executive Member



Tan Sri Dato' Dr. Yahya Awang
Independent
Non-Executive Member



Datin Yap Siew Bee
Independent
Non-Executive Member



Norazzah Sulaiman
Chief Executive Officer

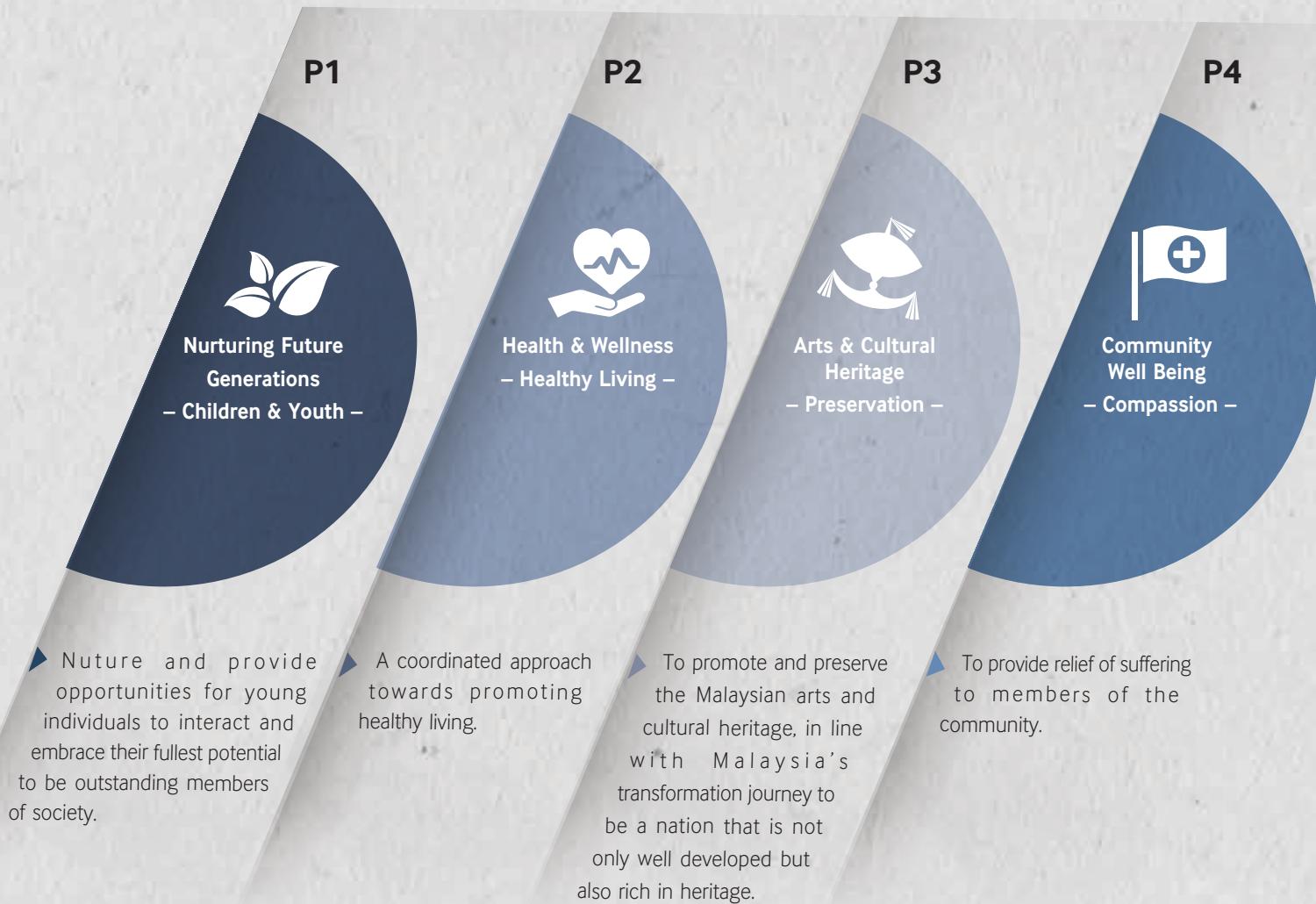
OUR CORPORATE RESPONSIBILITY PHILOSOPHY

✓ To carry out sustainable initiatives that generate and deliver benefits, and produce positive impact on all our stakeholders.

✓ To embark on initiatives that cut across and impact communities; transcending cultural and religious differences.

✓ To promote the spirit of volunteerism, thereby instilling positive values among the Group's employees and society as a whole.

The Key Pillars of the Group's Corporate Responsibility



COMMITMENT TO THE COMMUNITIES

KEY COMMUNITY INITIATIVES AND ACHIEVEMENTS

In the last 10 years, approximately RM88 million was invested in initiatives that enriched and empowered the community. Our programmes in 2017 have impacted more than 26,000 beneficiaries including the underserved, underprivileged, disabled children and youth as well as deserving members of the community.

During the year, RHB Banking Group and RHB Foundation carried out various corporate responsibility initiatives under its 4 key pillars:



Nurturing Future Generations

- **Focus area:** Education and infrastructure.
- **Beneficiaries:** 24,000 members of the community mainly the underserved, underprivileged and disabled children and youth.
- **Programmes:** RHB Touch Hearts, *Mesra* Programme, The Spell-it-Right (SIR) Challenge and RHB-Straits Times National Spelling Championship (NSC).



➤ Moving forward:

1) Financial Literacy – RHB Money Ma\$ter

Financial Literacy Programme known as RHB Money Ma\$ter programme for secondary schools and university students and youths to develop prudent financial management and good savings habit. In 2018, we target to reach out to 8,000 children and youth.

2) RHB X-Cel Programme

An academic Excellence programme for children from lower income or underprivileged families to:

- Provide equal opportunity to excel academically and to realise their fullest potential.
- Provide better opportunity for these students to further their studies and ultimately give them the ability to contribute to their families' economic well-being.

For 2018, 1,000 Form 4 and 5 students from 20 selected schools will benefit from the provision of tuition classes in selected core subjects and mentoring sessions to drive educational excellence.



Health & Wellness

- **Focus area:** Championing diabetes awareness and promoting a healthy lifestyle.
- **Beneficiaries:** More than 1,000 selected members of the community.
- **Programmes:** Diabetes Health Screening Roadshow, Diabetes Health Talk for School Children and Teachers and Bootcamp for Children Suffering from Type 1 Diabetes.
- **Moving forward:** To continue with Diabetes Education & Management for Children Suffering from Type 1 Diabetes and promote healthy living amongst local communities within which we operate.
 - To promote healthy lifestyle through outdoor activities and sports.





► Arts & Cultural Heritage

- **Focus area:** Promoting the artworks of local emerging artists and nurturing cultural heritage.
- **Beneficiaries:** 28 local emerging artists were featured in our annual Art with Heart Exhibition.
- **Programmes:** RHB's 'Art with Heart'.
- **Moving forward:** Fuelling the appreciation of Malaysian arts and culture by promoting local emerging artists through our Online Art Gallery in addition to our annual art exhibition.

This will help the artists to build their names and garner wider customer base across the region.

A certain percentage from the sales of the artworks will go to charity.



► Community Well Being

- **Focus area:** Providing aid in the form of cash, cash-in-kind or our employees volunteering their time and energy to assist where there is a need especially during natural disasters.
- **Beneficiaries:** Over the years, more than 1,000 underserved and underprivileged members of the community have benefited.
- **Programmes:** Financial aid to single mothers and less fortunate members of the community through financial assistance and other forms of relief; assistance during natural disasters, such as flood and earthquakes.
- **Moving forward:** To continue to provide aid to those in need.



COMMITMENT TO THE COMMUNITIES

NURTURING FUTURE GENERATIONS

Challenge 2017

The National Spell-It-Right (SIR)

We jointly organised Spell-It-Right (SIR) with the New Straits Times (NST). Introduced in 2008, this corporate social responsibility programme aims to foster English proficiency among young Malaysians. The competition, which is endorsed by the Ministry of Education is open to all those following the Malaysian national education syllabus in national, national-type and private schools.

We celebrated our SIR National Challenge 10th Anniversary in 2017. To commemorate this milestone, we revitalised and injected new elements into the competition. RHB and NST launched the SIR National Challenge mobile application in conjunction with this event. This is in-line with our objective of being the next-generation digital-centric bank and the Ministry of Education's plan to digitalise classroom studies.



The RHB-NST SIR National Challenge (Malaysia) positively affected more than 89,531 students nationwide from 2008 to 2017. The RHB-Straits Times National Spelling Championship (Singapore) has positively impacted 8,500 Singaporean students from 2012 to 2017. Participants have been exposed to more than 60,000 English words of Latin, medieval and modern origin to date.

Benefits of Digital Activation



Reaches a wider audience, especially rural and suburban students



Students, teachers or parents no longer have to travel to each SIR's state challenge venue to participate



Provides a greater opportunity for students to participate as the accessibility and convenience are at their discretion



The preliminary and state challenges are accessible online, through smartphones, tablet, desktops and laptops

The new digital format made the challenge easier and fun. This resulted in a very encouraging participation rate with 14,219 students registering for the preliminary online challenge in the primary and secondary school categories.

Grounded on the same objectives as SIR and supported by Singapore's Ministry of Education, the RHB-Straits Times National Spelling Championship (NSC) has also seen an increase in participants. A total of 8,500 students participated in NSC, Singapore from 2012 to 2017.

We are proud to note that RHB Singapore won the Excellence in Corporate Responsibility Award (Silver) for the RHB-Straits Times National Spelling Championship at the Marketing Excellence Awards 2017.

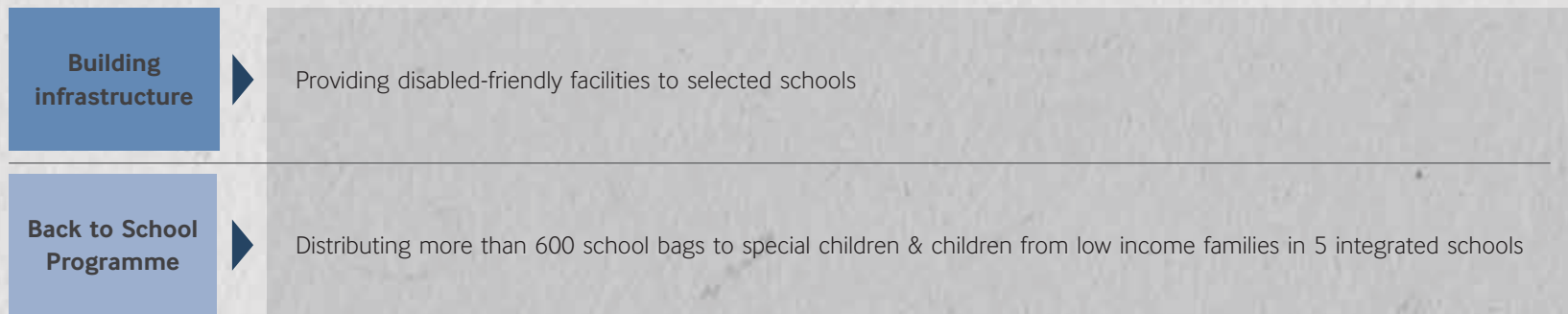
The Marketing Excellence Award recognises excellence across the marketing community space in Singapore, where the winners are determined by an expert panel of industry leaders and seniors.

The Mesra Programme

Objective: to provide facilities, ease movement and create a safe and conducive learning environment for children with special needs.

RHB Mesra Programme is a collaboration with the Ministry of Education (MOE) to support integrated schools in our endeavour to raise awareness on providing equal opportunities to excel for special needs children. It promotes inclusiveness among children with special needs and provide them with equal opportunity to achieve their fullest potential. This programme is in-line with one of the aspirations of the Malaysia Transformasi Nasional (TN50) in making Malaysia an OKU-friendly country.

How RHB Creates Values Through the Mesra Programme



In 2017, RHB Foundation provided disabled-friendly facilities to five selected integrated schools in Kuala Lumpur and Selangor.

More than RM500,000 was spent on refurbishing and upgrading facilities at these schools. Work included constructing OKU friendly toilets, a drop-off parking area, hand rails and ramps. Each year, more than 540 special needs children in the five schools will benefit from this initiative.

Throughout the year, we continued to engage with these five integrated schools and the special children. We organised a "Back to School Programme" for the five schools where we distributed more than 600 school bags to children with special needs and children from low income families.

This partnership is aligned with the Educational Development Plan 2013-2025. It is our hope that this initiative will drive the nation's mission to transform the educational landscape by providing access and equality in education for special needs students.

Five Schools Supported Under the Mesra OKU Project



Sekolah Kebangsaan Seri Indah, Kuala Lumpur



Sekolah Menengah Kebangsaan Desa Perdana, Kuala Lumpur



Sekolah Menengah Pendidikan Khas Vokasional, Shah Alam



Sekolah Kebangsaan Bukit Rimau, Shah Alam



Sekolah Menengah Kebangsaan Taman Desa 2, Rawang

COMMITMENT TO THE COMMUNITIES

#rhbtouchhearts

RHB Touch Hearts (Community Weekend)

This annual humanitarian programme involved more than 14,000 employees of RHB Group across eight countries. RHBians reached out to the community, particularly children and youths from the underprivileged and underserved communities through various initiatives.

RHB Touch Hearts activities were carried out simultaneously across eight countries in which we operate: Malaysia, Singapore, Indonesia, Hong Kong, Thailand, Cambodia, Laos and Brunei.

Besides promoting the spirit of volunteerism among the employees, RHB Touch Hearts enables our employees to engage and connect with children and youths. This is the second year we are organising the programme.

RHB Touch Hearts 2017 was held on 28 and 29 October 2017 with the theme of 'Nurturing Future Generations'.

Focus Areas



EDUCATION

- Addressing children and youths' developmental needs, self-improvement and enhancing skillsets



INFRASTRUCTURE

- Construction, rebuilding, repairing, repainting schools, shelter homes and orphanages and other facilities



HEALTH AND WELLNESS

- Addressing children and youths' healthcare needs, raising awareness of healthcare topics and promoting a healthy lifestyle

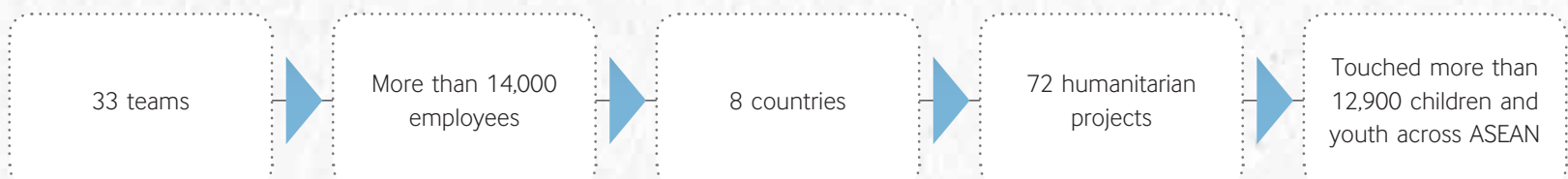


ENVIRONMENT

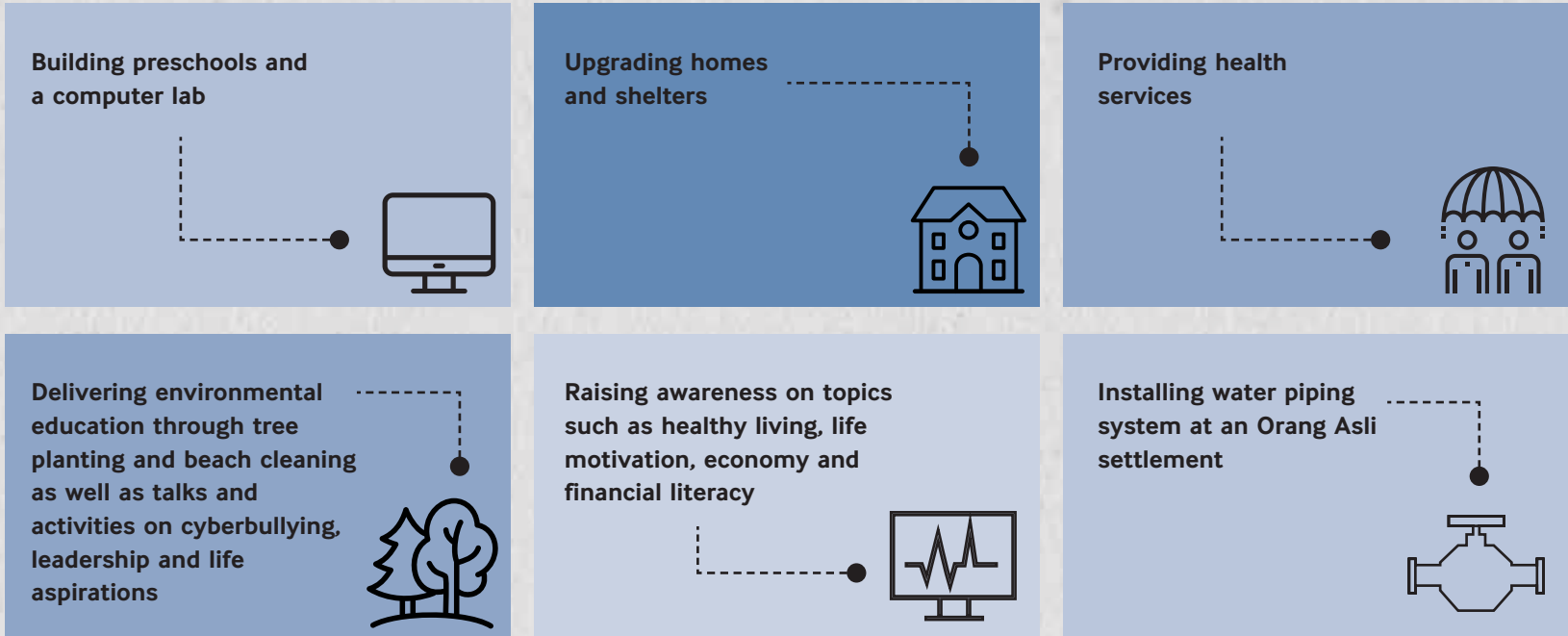
- Promoting environmental sustainability, raising awareness and appreciating the importance of environmental conservation

Each Strategic Business Group/Strategic Financial Group (SBG/SFG) in the Banking Group including International Operations were given seed money to kick start the community project of their choice based on the theme and focus area above. In addition, teams were also encouraged to use their own creativity to raise additional funds for their chosen initiatives. Approximately RM726,000 were raised through RHB employees' creative fund-raising activities which funds was ploughed back into the projects.

Impact of RHB Touch Hearts



Projects Undertaken under RHB Touch Hearts in 2017



COMMITMENT TO THE COMMUNITIES

HEALTH & WELLNESS

Objective: Promoting healthy living in the workplace and among members of the community

Beat Diabetes Campaign

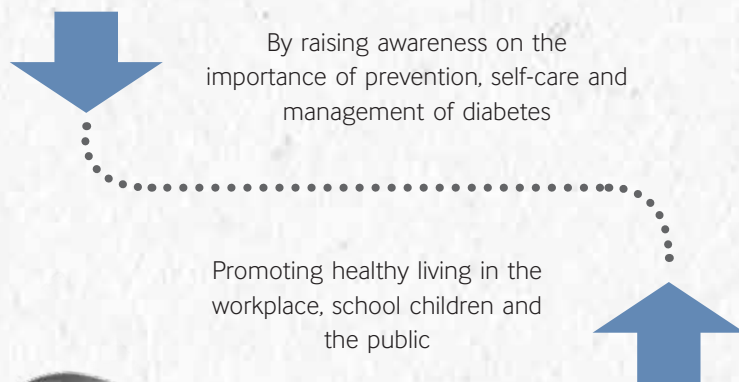
Under the Health & Wellness Pillar, we are championing Diabetes as a cause through a collaboration with the National Diabetes Institute (NADI).

Championing Diabetes as a Cause

In 2017, we introduced "Beat Diabetes" Programme aimed at:

- Educating and raising awareness on the prevention, self-care and management of diabetes among employees and their family members, school children, teachers, parents and caregivers
- Increasing public awareness on the danger of having diabetes and the complications it may cause
- Empowering the people, particularly the underserved and the underprivileged communities with the knowledge to effectively fight the disease.

Championing Diabetes as a Cause



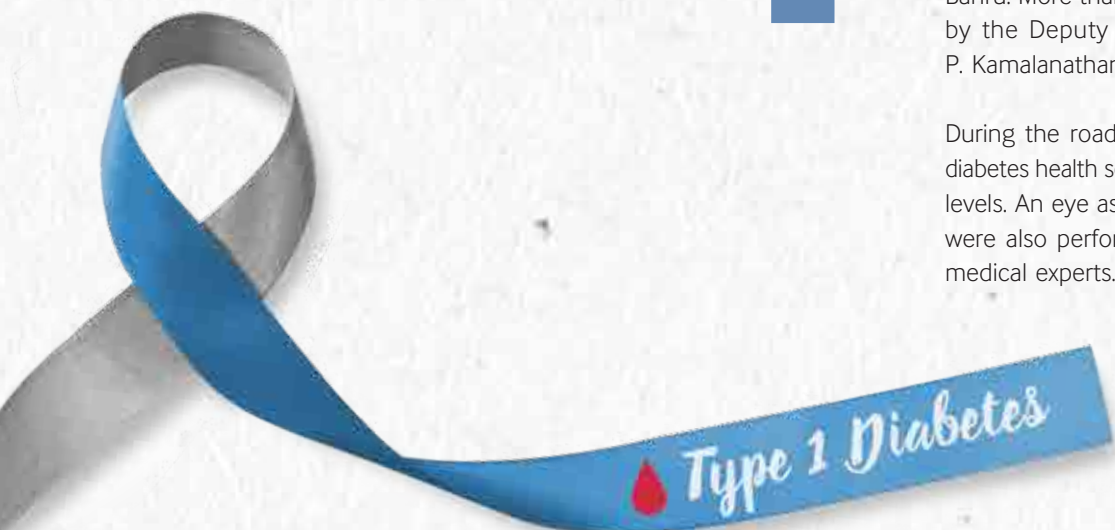
Diabetes Health Screening Roadshow

Our first Beat Diabetes Campaign started with a comprehensive Diabetes Health Screening Roadshow on 5 August 2017 at RHB Centre for employees and their immediate families. 500 participants attended the event with almost 70% undergoing comprehensive diabetes health screening.

	Comprehensive diabetes health screening
	Cardiovascular risk screening
	Counselling and health talks
	Exhibitions by health providers
	Activities to boost a healthy heart

On 9 August 2017, we conducted our second roadshow in Kuala Kubu Bahru. More than 300 people participated in the event which was officiated by the Deputy Minister of Education and Higher Learning II, YB Dato' P. Kamalanathan.

During the roadshows, members of the public received a comprehensive diabetes health screening which include checking their glucose and cholesterol levels. An eye assessment, foot examination, urine test, ECG and HbA1 test were also performed. Health and diet counselling were given by qualified medical experts.





Bootcamp for Children Suffering from Type 1 Diabetes

We also organised a bootcamp for children suffering from Type 1 Diabetes from 30 September to 1 October 2017 at Cherengin Hills Spa & Resort, Janda Baik, Bentong, Pahang. The bootcamp themed "I am a Superhero" was held in collaboration with the National Diabetes Institute (NADI) to educate the children on self-management and control of diabetes. A healthy diet and self-confidence were promoted through interactive classroom lectures, fun games and activities. In addition, this bootcamp is also a great way for T1 Children to self manage their health while giving them opportunity to meet and share experiences with those who are in the same medical condition as them. A total of 15 children afflicted with this illness, aged between nine and 15 years, were selected to attend the camp. 11 facilitators led by Dr Azriyanti Anuar Zaini, Consultant Paediatric Endocrinologist and Dr Rokiah Ismail, Paediatric Diabetes Dietician from University Malaya Medical Centre (UMMC) were invited to help run the programme.



Programme Highlights

A 2-day 1-night bootcamp from 30 September to 1 October 2017 at Cherengin Hills, Janda Baik, Bentong, Pahang.

Understanding diabetes and insulin using the 'Lina ada Diabetes' illustrated book

Talks on food choices, carbohydrate exchanges and the importance of good injection techniques and rotating sites

Monitoring blood glucose levels to avoid hypoglycemia and hyperglycemia through talks by a specialist on diet and self-care

Physical activities such as exercises, games, swimming and trekking

Diabetes Health Talk for School Children and Teachers

A talk on 'Diabetes Among Children and Healthy Diet' and other fun activities were organised for 180 students and teachers of SMK Kajang Utama on 15 November 2017 in conjunction with World Diabetes Day which is celebrated on 14 November every year. The talk was conducted by Dr. Azriyanti Anuar Zaini and Dr. Rokiah Ismail.

Diabetes Awareness

In 2017, RHB reached out to more than 1,000 people through our Diabetes Roadshows, Health Talks and T1 Bootcamp. We also distributed 10,000 pamphlets on "7 simple steps to keeping healthy" nationwide and supported University Malaya Medical Centre (UMMC) in their initiative to educate and raise awareness on diabetes among children during their World's Children's day event from 21 to 24 November 2017.

Components of the RHB Diabetes Programme

Comprehensive Diabetes Health Screening Roadshow

Diabetes Health and Healthy Diet talks

Bootcamp to educate and guide children with Type 1 Diabetes and their care-givers

Messages on social media

Production of pamphlets on keeping healthy

COMMITMENT TO THE COMMUNITIES



ARTS AND CULTURAL HERITAGE

Art with Heart Exhibition



Objective: to fuel the local art scene and nurture talent in Malaysia, while encouraging the public to appreciate the expressions of home-grown emerging artists and to carry out act of kindness through the purchase of their artworks.

A certain percentage of funds raised from the sales of the artworks is channelled to selected charitable organisations, deserving individuals and families.

RHB pledged support to local emerging artists by promoting local arts and nurturing cultural heritage through RHB's 'Art with Heart'. This annual exhibition serves as a platform to promote the beauty of Malaysian arts and diversity of Malaysia's cultural heritage.

In 2017, RHB Art with Heart Exhibition themed "Act of Kindness" was held from 13 to 30 November 2017 at the Main Lobby of RHB Head Office. The exhibition showcased 104 creative works by 28 artists. Various mediums and dimensions ranging from abstract, figurative and batik paintings to wood, bronze and steel sculptures were exhibited. More than 250 valued and potential customers, business partners and art lovers attended the exclusive preview night on 13 November 2017.

A total of 31 pieces of artwork amounting to RM169,100 were sold and RM33,820 (20%) was channelled to selected charitable organisations, deserving individuals and families.

COMMUNITY WELL BEING



Objective: The Community Well Being Pillar fuels our desire to lend a helping hand to deserving members of the community who are in need of help. We also provide financial aid and other forms of relief during disasters and emergencies, such as floods and earthquakes.

RHB has a long history of helping deserving members of the community in times of need. Giving back to the local community is an important part of being a responsible corporate citizen. RHB Foundation champions our community well being initiatives through corporate giving and employee volunteerism.

Key Initiatives



Financial assistance or gifts to the underprivileged during festive occasions



Put in place facilities and introduce initiatives that enrich the underserved and underprivileged



Community well being and humanitarian relief in the event of natural disaster

Celebrating a Diverse Malaysia

Malaysia's multicultural community with numerous festivals throughout the year presents an opportunity for RHB to reach out to the underserved and underprivileged communities at a time when celebrations for them would have been a bleak affair. In 2017, the Group invested RM133,000.00 to assist those in need during the Chinese New Year, Hari Raya, Deepavali and Christmas festivities. More than 560 recipients who comprised underprivileged families and children, single mothers with school-going children, old folks and the disabled benefitted from these activities.

Spreading Blessings Through Qurban

RHB has been contributing to the Qurban Religious Rites for the past 14 years by distributing cattle to mosques and *surau* throughout Malaysia. The Group spent RM214,410.00 in 2017 in contributing 44 heads of cattle throughout Malaysia and Cambodia. The meat from the sacrificed cattle was distributed to the local communities particularly the underprivileged and poor families.



COMMITMENT TO THE COMMUNITIES

FINANCIAL LITERACY



In 2018, we rolled out a financial literacy programme – RHB Money Ma\$ter Programme to students in secondary schools, colleges and universities, to provide them with knowledge in financial management and to inculcate good savings habit at an early age.

As at April 2018, we conducted Financial Literacy Talks to more than 2,100 students and are targeting to reach out to 8,000 students by end of the year.

In 2017, we organised two financial literacy sessions; as follows:

- Junior Banker Day for 40 students at SK Sri Indah in Seri Petaling
- Financial Literacy programme for 54 underprivileged children in selected schools in Singapore

RHB also participated in the Buku Wang Saku (BWS) programme since its launch by Bank Negara Malaysia (BNM) in 1999. The publication of the BWS is part of BNM's ongoing efforts to raise public awareness on the importance of managing personal finances and financial planning.

BWS was primarily designed for students as a learning tool to inculcate the habit of smart money management. Working in collaboration with BNM under the School Adoption Programme, a total of 64,900 copies of BWS were distributed to students in 649 adopted schools throughout Malaysia in 2017 alone.



www.rhbgroup.com

RHB Bank Berhad (6171-M)

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

Tel : 603-9287 8888 Fax : 603-9281 9314

facebook.com/RHBGroup

twitter.com/RHBGroup