



DEAR VALUED SHAREHOLDERS,

I am honoured to present the RHB Banking Group's Integrated Report 2023, which details insights into our 2023 journey, and reflects the significant achievements and learning experiences that have shaped our business and strategic direction. This Report highlights our financial performance, as well as our relentless pursuit of creating value for all our stakeholders, advancing our sustainability initiatives, empowering our people, and upholding the highest standards of governance.

**Tan Sri Ahmad Badri
Mohd Zahir**

Chairman

A Message From Our Chairman

OUR OPERATING ENVIRONMENT

2023's economic landscape has been notably challenging, marked by the ongoing impact of global challenges, evolving market demands, rapid technological advancements, and environmental concerns. The International Monetary Fund ("IMF") has projected global Gross Domestic Product ("GDP") growth at 3.1%, a moderation from the 3.5% achieved in 2022, while inflation remained elevated in 2023, albeit lower than the year before. Meanwhile, Malaysia's GDP expanded by 3.7% in 2023, which was slower than the 8.7% recorded in 2022 but remained well supported by robust domestic demand.

The confluence of macroeconomic events impacted RHB and the banking industry at large, leading to a deceleration in the growth of loans and an increase in the cost of funds. Despite these challenges, RHB stood resilient. We were able to weather the challenging times by maintaining healthy liquidity buffers and ensuring sound asset quality to deliver a resilient financial performance.

CONTINUED VALUE CREATION

In a year marked by both challenges and opportunities, the Group has demonstrated resilience, adaptability, and a forward-looking approach that underscores our commitment to creating value for our stakeholders, guided by our *Together We Progress 2024* ("TWP24") corporate strategy.

Financial year 2023 financial performance, while solid, fell short of our ambitious plans. Although our net profit witnessed a growth of 4.8% year-on-year ("YoY") to RM2.8 billion, reflecting the resilience and dedication of our teams across the Group, we acknowledge that some Key Performance Indicators did not meet our expectations. This outcome serves as a poignant reminder of the volatile economic environment we operate in and the inherent challenges in predicting market dynamics.

The Group remains committed to rewarding its shareholders with consistent dividend payouts while continuously optimising capital utilisation for better returns. I am pleased to share that the Group has declared a second interim dividend of 25 sen per share, comprising a cash payout of 15 sen per share and an electable portion under the Dividend Reinvestment Plan of 10 sen per share. The total dividend for FY2023 amounted to 40 sen per share, translating to a payout ratio of 61.1% and a dividend yield of 7.3%.

In the face of financial challenges, our commitment to a customer-centric culture has remained unwavering and has also propelled us to new heights, with our Net Promoter Score ("NPS") ranking improving to #2 among banks in Malaysia. This achievement is particularly pronounced in our SME segment and is a testament to our commitment to service excellence. We believe that understanding and meeting the evolving needs of our customers is the cornerstone of sustainable growth.

Our drive towards digitalisation continues unabated, with significant investments allocated to digital innovation as a critical driver of our future growth. These investments are not only about improving our business and operational processes but also about exploring new business models that can provide us with a competitive edge. One example of this is the RHB MyHome app that is now a key platform on which over 40% of our mortgages originates.

Highlights

Gross Loans

grew 4.8% YoY to
RM222.4 billion

mainly supported by Group Community Banking
and Singapore growth

Deposits From Customers

grew 7.9% YoY to
RM245.1 billion

Return on Equity

was at 9.5%

A Message From Our Chairman

ADVANCING OUR SUSTAINABILITY JOURNEY

Guided by our 5-Year (2022-2026) Sustainability Strategy and Roadmap, RHB continues to contribute positively to the broader Environmental, Social and Governance (“ESG”) agenda.

During the year under review, we made significant strides in our sustainability journey, embedding sustainable practices into our operations and decision-making processes. This year, we are proud to announce a significant milestone in our sustainability efforts - the formalisation of our Net Zero Commitment through our Group Climate Action Programme (“GCAP”). This ambitious initiative aligns our business operations and value chain with the global imperative to combat climate change, ensuring our business activities contribute to a low-carbon economy.

As part of our efforts towards greater transparency, we have further aligned our climate disclosure with the requirements of the Task Force on Climate-related Financial Disclosures (“TCFD”) recommendations. These initiatives reflect RHB's ongoing dedication to sustainability and responsible banking, emphasising the strategic importance of climate-related considerations in ensuring long-term resilience and value creation. As part of this process, we enhanced our sustainability reporting in 2023 to provide stakeholders with a more precise and comprehensive view of the Group's sustainability performance and initiatives.

► SUSTAINABILITY GOVERNANCE

The Cornerstone of our Sustainability Efforts

We believe that effective governance is critical to achieving our sustainability objectives. We have established a comprehensive sustainability governance structure to ensure accountability, facilitate transparent decision-making, and rigorously oversee our sustainability material matters.

At the top of our governance structure is the Board of Directors (“Board”) and a dedicated Board Sustainability Committee (“BSC”). The Board of Directors is the highest governing body in providing strategic direction and oversight of the Group's Sustainability Strategy and Roadmap, including climate-related strategy. The BSC is responsible for facilitating the Board's oversight of integrating sustainability and climate-related considerations into the Group's strategy and decision-making processes. The BSC's role includes overseeing the Group's sustainability and climate-related strategy, setting goals, reviewing progress and monitoring material ESG matters across business strategies, operations, and decision-making processes, ensuring alignment with the Group's overall business objectives. The BSC works closely with the Board Risk Committee (“BRC”), Board Nominating & Remuneration Committee (“BNRC”), and Board Audit Committee (“BAC”) in providing oversight on the relevant areas of sustainability and climate-related matters.

At the Management-level, the Group Sustainability Committee (“GSC”), chaired by the Group Managing Director, strategically drives the effective execution of the Group's sustainability and climate agenda, aligned with the Group's Sustainability Strategy and Roadmap. The Group's Chief Sustainability and Communications Officer (“GCSCO”) spearheads the execution of the Group's sustainability strategy and focus areas. This includes close collaboration with Group Climate Risk Management in executing GCAP.

To support the GSC, the Group has established two Sustainability Councils, namely the Sustainable Business Council (“SBC”) and the Responsible and Sustainable Practices Council (“RSPC”). Comprising key representatives from Strategic Business Groups and Strategic Functional Groups, the Sustainability Councils aim to ensure the successful implementation of the Group's sustainability and climate-related initiatives. The Sustainability Councils are supported by a network of Sustainability Sponsors and Champions who are responsible for embedding sustainability practices in their respective business and functional areas.

A Message From Our Chairman

A key highlight of our journey this year has been our remarkable achievements in sustainable financial services. We have successfully integrated sustainability criteria into our financing mechanisms across all our business activities, leading to a significant milestone of exceeding our initial target of RM20 billion at RM23.8 billion for the period under review. The increasing demands for sustainable financial services affirmed our strategic direction and propelled us to increase our targets from RM20 billion to RM50 billion by 2026.

Recognising the importance of transparency and detailed insights, we invite you to delve deeper into our comprehensive Sustainability Report and Sustainability Statement, which thoroughly elaborate our sustainability efforts and achievements.

EMPOWERING OUR PEOPLE

Our employees are the bedrock of our success, and nurturing their talents and well-being is pivotal to our collective achievements. We have invested in developing a culture that values diversity, equity and inclusion providing our teams with the right tools, resources and opportunities to grow professionally and personally.

Women make up almost 40% of our management

and close to 60% of the overall RHB employee population.

Our commitment to fostering a supportive and engaging work environment has not only enhanced employee satisfaction to achieve 89% in our Employee Engagement Survey score for 2023 but also driven innovation and performance excellence across the Group. Among the new programmes we introduced to upskill and develop our employees include Sustainability and Climate Change-related programmes.

In 2023, we invested RM32.6 million in learning and development programmes; on average, each employee spent 22.46 hours in learning and development during the year.

GOVERNANCE

Governance remains a cornerstone of our business, underpinning our ability to deliver value and maintain trust with our stakeholders.

In 2023, RHB continued to strengthen its governance framework, ensuring its practices are aligned with the highest standards of integrity, transparency and accountability. We strengthened our Board composition to ensure that it continues to be well-balanced and that members can contribute positively to the growth of the Group. As a Board, we also strive to ensure that we remain in touch with the latest developments within the industry and that all members of the Board undergo the necessary training programmes to stay up-to-date with the latest industry and regulatory developments.

In line with our mandate, the Board continued to provide active oversight and support to management within its existing governance framework. The Board's active involvement for the year was centred around financial performance, strategy, governance, sustainability, risk and compliance, and people and culture.

▲ Activities carried out are detailed under the Corporate Governance Overview Statement on page 165 of this report.

A significant highlight of the year was RHB's hosting of its own 'Integrity Day', coinciding with National Integrity Month in November 2023. The Board of Directors and the Group Senior Management's involvement underscored our top-level commitment to a zero-tolerance policy towards bribery and corruption, aligning with RHB's Organisational Anti-Corruption Plan and the National Anti-Corruption Strategies. To reinforce our ethical stance, we held an 'Engagement Session with Suppliers for Integrity Strengthening', launched the Group Anti-Bribery & Corruption Handbook, and participated in the GLIC Integrity Day event, themed 'Sustaining Integrity Governance & Culture', in collaboration with Permodalan Nasional Berhad and the Employee Provident Fund focused on unifying efforts against corruption.

It was also a transitional year for the Board, with two women directors departing the Board in mid-year 2023. As part of our succession process, Puan Hijah Arifakh Othman was appointed to the Board as an Independent Non-Executive Director. To further strengthen the representation of women on the Board, Puan Nadzirah Abd Rashid was appointed on 15 March 2024 as an Independent Non-Executive Director. This move ensures our Board remains diverse and agile, reflecting our ongoing efforts to maintain gender diversity and inclusivity at the governance level.

A Message From Our Chairman



Outlook

Going forward, our outlook is shaped by a deep understanding of the challenges and opportunities that lie ahead.

RHB stands ready to adapt and thrive amidst the complexities of moderating growth, inflationary challenges, and geopolitical uncertainties. We remain focused on our digital transformation and a deep commitment to sustainability, recognising these pivotal themes as trends and integral components of our operational and strategic blueprint for the future. Our agility, innovation and commitment to excellence position us well to capitalise on opportunities and navigate the uncertainties of the future, strengthening our resilience in an ever-changing global market.

Acknowledgements

As we reflect on the past year's journey and look ahead to the opportunities and challenges that lie before us, I would like to take this opportunity to express my deepest and profound gratitude to those who have been instrumental in our journey and success.

To my fellow Board members,

Thank you for your invaluable insights, guidance and unwavering dedication. Your collective wisdom, strategic foresight, and diverse perspectives have steered RHB towards sustainable growth and ensured that we remain at the forefront of innovation and excellence in the banking sector.

To our shareholders,

Your trust and belief in our vision fuel our drive to achieve our strategic objectives. We are committed to delivering on our promises, achieving shared goals, and enhancing shareholder value.

To our valued customers and business partners,

Your continued loyalty and partnership inspire us to push the boundaries of banking. Your feedback and engagement drive us towards continuous improvement and drive us to deliver superior value and service excellence.

Tan Sri Ahmad Badri Mohd Zahir
Chairman

A Message From Our Chairman



With the RHB team in Sabak Bernam, Selangor, where they planted over 530 mangrove trees along the Denai coast as part of the RHB Touch Heart initiative.

To our Group Senior Management Team,

led by our Group Managing Director/Group Chief Executive Officer,

I extend my sincere appreciation for your unwavering leadership, strategic insight, and relentless pursuit of operational excellence, which have been pivotal in navigating the year's challenges.

To all RHBians,

I thank you for your tireless efforts and perseverance in creating value for all our stakeholders. Together, let us continue to build a resilient and dynamic Group capable of overcoming challenges and seizing opportunities.

Lastly, our regulators,

Our profound appreciation to the Ministry of Finance, Bank Negara Malaysia, the Securities Commission, Bursa Malaysia, and all regulatory authorities within the countries where we operate for their guidance and oversight. Their commitment to fostering a stable and conducive regulatory landscape has shaped a fair, sustainable and thriving business environment, enabling us to operate effectively and meet the challenges, and opportunities as we move forward.

As Chairman of the Group, I stand inspired by the unity and strength of our Board members, shareholders, customers, business partners, senior management team, employees and regulators. There is no doubt that our collective journey is one of continuous learning, growth, and shared purpose. We have built a strong foundation for the future and, together, are poised to face the future with optimism, driven by our shared commitment to excellence, sustainability, and prosperity for all our stakeholders.