

RHB CAPITAL BERHAD (312952-H)

Minutes of the Nineteenth (“19th”) Annual General Meeting (“AGM”) of RHB Capital Berhad (“RHB Capital” or “the Company”) held on Thursday, 8 May 2014 at 11.00 a.m. at Ballroom 1 & 2, Level 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur.

- Present** : YBhg Dato’ Mohamed Khadar Merican
- Chairman
YBhg Tan Sri Azlan Zainol
YBhg Datuk Haji Faisal Siraj
YBhg Dato’ Saw Choo Boon
YBhg Dato’ Teo Chiang Liang
YBhg Dato’ Nik Mohamed Din Datuk Nik Yusoff
Mr Kellee Kam Chee Khiong
- Group Managing Director (“Group MD”)
And 2,446 shareholders and/or proxy holders as per attendance list
- In Attendance** : Encik Azman Shah Md Yaman
- Company Secretary
Ms Ivy Chin So Ching
- Assistant Company Secretary
- Chairman** : YBhg Dato’ Mohamed Khadar Merican took his seat as the Chairman of the AGM.

Preliminary

The Company Secretary informed the Meeting that a total of 2,446 shareholders and/or proxy holders (i.e. 614 shareholders and 1,832 proxy holders/corporate representatives) for a total of 1,584,822,206 ordinary shares representing approximately 62.23% of the total shareholdings of the Company were present at the AGM. Accordingly, the requisite quorum was present pursuant to Article 52 of the Company’s Articles of Association. (Accordingly, the shareholders and proxy holders/corporate representatives will alternatively be referred to as “members” hereinafter).

The Meeting was called to order and the Chairman welcomed the Members to the 19th AGM of the Company.

The Chairman then introduced the Directors and Senior Management of the Group as well as the representative(s) from the external auditors and external solicitors of the Company to the Members.

The Notice of the 19th AGM dated 14 April 2014 as included in the Annual Report and an addendum to the said Notice dated 24 April 2014 for the inclusion of Ordinary Resolution 9 as Special Business, having been served on all Members, were taken as read.

In this respect, the Chairman clarified that the addendum to the Notice of the 19th AGM was issued for inclusion of Ordinary Resolution 9 in relation to retention of the Independent Non-Executive Director/Chairman as Special Business. Albeit the same is slightly late to be included in the original notice but sufficient enough to give appropriate notice to all shareholders.

As a matter of good corporate governance, the Chairman highlighted to the Meeting, the Members' right to demand for a poll voting on a resolution pursuant to Article 56 of the Company's Articles of Association.

Financial Performance Highlights

The Chairman invited Mr Kellee Kam Chee Khiong ("Mr Kellee Kam"), Group Managing Director of RHB Banking Group ("Group MD"), to present the financial performance highlights of the Group, as summarised below:

(i) Key messages in 2013

- (a) Core operating businesses continued to deliver steady results, with 14.3% increase in Maintainable Operating Profit
- (b) Profit Before Tax increased by 3.6% to RM2.47 billion and net profit increased by 2.6% to RM1.83 billion year-on-year
- (c) Gross loans grew 9.2% to RM121.8 billion
- (d) New key senior hires completed, senior management team bench expanded
- (e) RHB-OSK integration update:
 - Single Platform Day 1 on 25 November 2013
 - RM137.0 million merger synergies realised, double the 1st year target of RM63.0 million
- (f) Proposed a single-tier final dividend of 10.30%, total financial year ("FY") 2013 dividend of 16.30%

(ii) Performance Overview

- (a) Total assets increased by 1% to RM191.1 billion
- (b) Gross loans grew by 9% to RM121.8 billion mainly driven by 14% growth in Retail and 10% growth in Business Banking
- (c) Customer deposits declined marginally to RM137.7 billion. However, current account and savings account balances grew by 9.2% and 8.7%, respectively
- (d) Shareholders' equity strengthened to RM16.7 billion, largely contributed by net profit during the year, resulting in net assets per share improving to RM6.57
- (e) Gross impaired loans ratio improved further to 2.8%
- (f) Total income reached a new high of RM6.0 billion due to 11% growth in net interest income and 51% growth in non-interest income
- (g) Operating profit before allowances increased by 14% and profit before tax was higher by 4%
- (h) Net profit was increased by 3% to reach RM1.83 billion

- (i) Non-interest income to total income ratio is higher at 35.0%, boosted by improvement in investment banking and wealth management income, with full year contribution of the merged RHB-OSK business franchise
- (j) Higher cost to income ratio arising from 33% increase in other operating expenses, largely due to the full-period impact of the enlarged investment bank cost base and merger integration cost
- (k) Profit contribution by major operating entities within the Group
- (l) Return to shareholders
 - Market capitalisation and share price trend of RHB Capital from FY2009 to FY2013
 - Dividend per share of RHB Capital from FY2009 to FY2013
 - Dividend payout trend of RHB Capital from FY2009 to FY2013 and the acceptance rate of its dividend reinvestment plan from FY2010 to FY2013
 - Quarterly profit and return on equity (“ROE”) for FY2012 and 2013

(iii) 2014 Outlook

- (a) Targets for FY 2014, as follows:

Top level indicators	Actual 2013 (%)	Target 2014 (%)
ROE	11.5	>12.0
Gross Impaired Loans Ratio	2.8	<2.5
Loans Growth	9.2	12.0
Current/Savings Account Growth	9.1	>15.0
Cost to Income Ratio	51.3	<50.0
International Contribution	11.0	>12.0

- (b) In summation, it was highlighted that:
- Global macroeconomic growth indicators continue to point to better prospect for advanced economies
 - The Malaysia economy is improving and poised to strengthen to 5.4% for 2014
 - Exports set to strengthen on account of better growth prospects in the advanced countries which are important end-destination export markets for Malaysia
 - Banking industry challenges
 - Consumer loans growth likely to slow down given the tightening measures, but will likely be mitigated by the pick up in lending to the business segment and increase in trade financing
 - Financial and treasury markets may remain volatile as quantitative easing tapering continues
 - Potential Overnight Policy Rate hike towards the later part of the year
- (c) IGNITE 2017 – Strategic Levers & Key Outcomes
- Achieve >14% ROE

- Doubling Singapore's revenue contribution from 5% to 10%
- Non-Malaysia revenue > 30%
- Rapidly scale growth in small and medium enterprise portfolio
- Aggressive growth in Islamic loans representing at least 30% of the Group's total financing asset
- Top 5 in peer benchmarking for employee engagement

With the presentation of the financial performance highlights by the Group MD, the Chairman proceeded to table to the Members, the resolutions to be considered at the Meeting for notation/approvals.

AS ORDINARY BUSINESS:

Agenda 1: Audited Financial Statements Of The Company For The Financial Year Ended ("FYE") 31 December 2013 And The Directors' And Auditors' Reports Thereon

With the Members' consensus, the Audited Financial Statements together with the Directors' and Auditors' Reports thereon, which have been earlier circulated to the shareholders within the prescribed period, were taken as read.

In accordance with Section 169(1) of the Companies Act 1965, the Directors' Report and Audited Financial Statements were laid before the Meeting for discussion. As the formal approval of the members was not required for this agenda item, the matter was not put forward for voting.

The Chairman invited the Group Managing Director ("Group MD") to brief the Members on the issues raised by the Minority Shareholder Watchdog Group ("MSWG") which were received by the Company via their letter dated 29 April 2014 and the Company's responses thereto via a letter dated 6 May 2014, as highlighted below:-

1. Strategy/Financials

- (i) *Given the future operating banking landscape is expected to be challenging, could the Board explain what are the two most important risk areas in line with the Group's aspiration and the measures taken to address them?*

RHB Banking Group anticipates that the operational environment is expected to be challenging with increasing competition and heightened regulations, amongst others, the new Financial Services Act, Internal Capital Adequacy ("ICAAP") framework, as well as Basel 3 Capital Accord which in turn require efficient capital management and strong capitalisation. Given the increasing interconnections of risks among macroeconomic, geopolitical, environmental and technological risks, Strategic Risk will be the key area of focus for the Group. To effectively manage strategic risk and build resilience, RHB Banking Group has embarked on IGNITE 2017 Transformation Roadmap with one of the key strategic levers as strengthening its operational and risks functions.

With the rapid credit growth and asset price inflation, asset quality and credit risk are expected to remain challenging. As the Group seeks to expand assets, credit risk would remain a key priority and initiatives are in place to strengthen the credit end-to-end process. This includes the development of credit scorecards, rating models and enhanced monitoring process.

(ii) *MSWG noted that allowances for impairment on loans and financing for the year increased to RM448.0 million from RM148.5 million, a year ago.*

(a) *Please explain the significant 202% jump in allowances made.*

The significant increase in allowance for impairment on loans and financing was primarily due to two major bad debts recovered in the financial year ("FY") 2012 which was not repeated amounting to RM177.0 million. In addition, there was also a one-time bad debts written off during the year pertaining to the refinement in application of MFRS139 (Financial Instruments: Recognition and Measurement) and higher collective allowance set aside in tandem with loans and financing growth.

(b) *What were the reasons for the deterioration, the specific business segment impacted, and the measures taken to mitigate them?*

The deterioration was mainly from the Corporate and Investment Banking business segment due to individual impairment made on two corporate customers, who are involved in steel and manufacturing of conveyor belt business. Apart from these cases, there has not been any deterioration of the portfolio so far.

Nevertheless, the Group has always been and shall remain prudent in its credit and underwriting standard, whilst continuing to practice a strong credit management and recovery culture.

(c) *What is the recovery prospect of these assets?*

One of the customers is currently undergoing a restructuring exercise whilst legal action has been instituted on the other. Any recovery is not expected to be in the immediate future.

(iii) *Group's transformation entered the third phase with "IGNITE 2017" and within the Group's 2020 targets, the Group aspires to be a leading Multinational Financial Services Group, top 3 in domestic, Top 8 in ASEAN with 40% revenue contribution from the international operations.*

(a) *Presently, the Group's overseas revenue contribution is around 11%. How would the Group achieve the 40% target, the specific business segments and countries it is focusing on?*

The Group currently has a presence in eight out of the ten Asean countries namely Malaysia, Singapore, Indonesia, Thailand, Cambodia, Brunei, Laos and Vietnam, as well as in Hong Kong and China.

The Group will continue to seek out markets across Asean and the rest of the Asia Pacific region. Another measure will be to seek out merger and acquisition opportunities if they arise and when there is a strategic fit.

At present, Singapore is the top overseas contributor, contributing approximately 5% of RHB Banking Group's revenue. The Group is targeting for its seven branches in Singapore to double its revenue contribution over the next three years. Two of its branches have recently been relocated, namely Bukit Merah branch to Westgate Mall in East Jurong and Upper Serangoon branch to Tai Seng Street. These new locations will allow the Group to reach out to business and corporate banking customers around the International Business Park, the Jurong and Tuas industrial estates and the Tai Seng light industrial and commercial areas respectively.

Furthermore, the Group have remodelled all the 7 branches to be more sales focused on serving the small and medium enterprise segment. Additional resources have also been hired to enhance the Group's capability in the syndication credit market so as to deepen RHB's corporate banking presence. Work is also in progress to expand the Group's wealth management platform so as to target off-shore clients who are already being served by the RHB Banking Group in the region.

The proposed acquisition of Medan-based PT Bank Mestika Dharma ("Bank Mestika") in Indonesia which is currently pending the Indonesian regulators' approval will also be expected to contribute positively to the Group.

Besides constantly seeking opportunities in China, RHB Investment Bank Berhad's Hong Kong office is also acting as a gateway to serve more markets in the mainland China, Taiwan and South Korea. It is also working closely with the Group's commercial banking business to achieve greater synergy in serving RHB's clients across the region.

RHB Bank Berhad has also been granted a license to set up a representative office in Yangon, Myanmar by the Central Bank of Myanmar on 26 March 2014. This representative office is expected to be in operation by July 2014.

The Group is also currently working on entry opportunities into the Philippines.

- (b) *Given the importance and presence in the Indonesian market, the Group had not been successful in its acquisitions over the last three years. What is the latest development and prospect for the Group in Indonesia?*

For the Group's current proposed acquisition of Bank Mestika, the application to acquire a 40% stake was resubmitted to the Otoritas Jasa Keuangan ("OJK") on 15 January 2014 arising from the change in the Indonesian regulatory structure. The Group is currently waiting for a decision from OJK.

Notwithstanding the impending decision from OJK on Bank Mestika, the Group already has an investment banking presence in Indonesia via PT RHB OSK Securities Indonesia with a branch network of 19 offices throughout Indonesia.

The Group's Indonesia Equity Broking business has more than quadrupled its clientele base since 2008, and RHB's broking market share has improved to 2.17% with ranking at 15th position as at December 2013 from 2.07% and ranking at 17th position a year ago. In terms of league table, PT RHB OSK Securities Indonesia was ranked 9th in Debt Capital Market and 15th in Equities Capital Market with market share of 4.1% and 1.4% respectively.

- (c) *Islamic banking remains an important area of growth within its 2020 aspiration to be a Leading Multinational Financial Services Group. How could the Group improve its position in this area domestically and in the region?*

The importance of Islamic banking is reflected in the second Financial Sector Master Plan whereby Islamic banking is expected to form 40% of the country's banking assets by 2020. RHB Banking Group aims to be one of the key players in the Sharia-based banking market as Malaysia propels to transform itself into an International Islamic Financing Hub by 2020.

Accounting for 15% of the Group's overall financing, RHB Islamic Bank Berhad ("RHB Islamic Bank") is currently undergoing a major business transformation exercise with the objective of achieving 30% of the Group's total financing asset base by 2017. Under this transformation programme, RHB Islamic Bank has expanded its customer touch points from just 14 dedicated Islamic Bank branches with an additional strength of 194 conventional bank branches nationwide. All RHB Bank branches are now able to distribute Islamic banking products and services. This is part and parcel of the first two phases of the Islamic transformation 2014 to 2017, which focuses on:-

- (1) Realigning the business model and repositioning the Group's business platforms to drive growth
- (2) Competitively benchmarking RHB Islamic Bank against its peers

RHB Banking Group intends to build a world class Islamic Banking institution with innovative product offerings and with easily accessed and convenient distribution model whilst investing heavily into enhancing the Group's Shariah framework and capabilities.

- (d) *On "Digital Banking", what is the Group performance compared to its peers domestically? What is the digital strategy for the Group in the countries/regions it currently operates?*

RHB Banking Group intends to invest in Digital Banking capabilities utilising channels such as Internet, Mobile and Social networks as well as digitising internal processes to enable "Real-time" Banking capabilities that enables RHB's customers to bank "Anytime, Anywhere" and promote simple and fast banking. This is seen as an important capability as RHB's customers are increasingly using digital channels. The Group interactions with RHB's customers done via digital channels are continuing to grow significantly and the Group plans to expand digital offerings and services as part of the IGNITE 2017 Transformation Programme.

- (iv) *With the merger of RHB Investment Bank Berhad and the former OSK Investment Bank Berhad completed, how would the Group reduce its cost to income ratio ("CIR") of 51.3%, given that the figure was much higher than the Banking industry average of 45%?*

Cost-to-income ratio in FY2013 was higher mainly due to the full-period impact of the enlarged investment bank cost base as well as higher marketing and promotional expenses in tandem with business growth.

The Group shall continue to be diligent in managing its cost base whilst striving to further increase its revenue particularly in the form of the less capital intensive transaction related fee base income. In addition, the Group shall further push for more business synergies growth from the RHB-OSK merger.

The Group aims to achieve a cost-to-income ratio of less than 50% for FY2014 and further reduce to 46% in the medium term.

2. Corporate Governance

- (i) *MSWG commend the Board and management for being amongst the top 15 listed companies in Bursa Malaysia for 2013 based on the ASEAN Scorecard methodology. MSWG would also like to further commend the Board for publishing the minutes of its general meetings in the Company's website.*

MSWG sighted from the Annual Report that the Board had adapted a "Boardroom Diversity Policy" and had taken measures in 2013 to incorporate the element of boardroom diversity with the appointment of a woman on its Board in 2013. However, MSWG noted that the director had since resigned from the Board in January 2014, please share on the initiatives and measures taken since to ensure that the gender diversity target in 2016 can be achieved.

The Group MD clarified that YBhg Datuk Wira Jalilah Baba was appointed to the Board of RHB Capital with effect from 1 May 2012. She subsequently resigned as an Independent Non-Executive Director ("INED") of the Company on 30 January 2014, to concentrate on her other commitments.

The Group continues with its effort to identify potential directors from a diverse pool of candidates from all relevant sources. Specific criteria have been put in place as part of the selection process in meeting the diversity objective. The Group consistently reviews the board succession plan to ensure appropriate focus on diversity.

Recently, the Board Nominating & Remuneration Committee has identified and approached a qualified and experience female candidate for appointment as INED of the Company. The relevant processes including the Fit and Proper Test are being pursued prior to the formal appointment process.

RHB Capital will be taking all efforts and measures to support the gender diversity target by 2016.

The Chairman then invited questions from the Members in relation to the Audited Financial Statements.

Mr Muniandy Karishnan congratulated the Chairman on being named the 'Chairman of The Year' by MSWG at its Malaysia-Asean Corporate Governance Index Awards 2013. He further shared with the Meeting his observations and sought the Board's clarification on the following matters:-

- (a) Notwithstanding that the Group had achieved better results for most of the key financial performance indicators, the profit before taxation ("PTB") and earnings per share ("EPS") for financial year ("FY") 2013 had decreased as compared to FY2012. As such, he enquired on the Board's confidence for the Group to achieve its financial targets for 2014.
- (b) He enquired on the cost incurred in maintaining the dormant companies within the Group. He also suggested that the irrelevant dormant companies be wound up to reduce cost.
- (c) The information on Gross Domestic Product ("GDP") by expenditure at constant 2005 prices may be outdated.
- (d) Female representation among the Senior Management of RHB Banking Group at 24% is considered relatively low.
- (e) It was noted that RHB Thailand has achieved a positive growth in its earnings for FY2013. He enquired on the impact of the current unstable political climate in Thailand on RHB Thailand's financial performance targets for 2014.
- (f) He congratulated the Group on being granted a banking licence by the Governor of the Bank of Lao People's Democratic Republic. He enquired on the expected profit to be derived from RHB Bank Lao Limited.
- (g) The Group's credit card receivables have substantially increased from RM1.783 billion for FY2011 to RM2.004 billion for FY2013. However, the lower total amount written off of approximately RM614.0 million for FY2013 is still considered high.
- (h) The total amount that is expected to be recovered by RHB Equities Sdn Bhd, a dormant company which activities relate primarily to recovery of outstanding debts. As recorded in the Audited Financial Statements for FY2013, it has ceased operations.

- (i) KYB Sdn Bhd has commenced its member's voluntary winding up on 28 March 2012. However, it is still in the list of subsidiaries of the Audited Financial Statements for FY2013.
- (j) He enquired whether the Board is considering any rewards to be granted to shareholders, in line with RHB Bank's 100 years' anniversary celebration.
- (k) The delivery of the printed Annual Report 2013 upon the shareholders' requests should be on a more timely basis.

The Chairman noted Mr Muniandy Karishnan's observations and provided his clarification and views as follows:-

- (a) The reduction in PBT and EPS for FY2013 were mainly attributable to a major provision of bad debts during the year. In addition, there were 2 large recoveries in FY2012. The Board is confident that the Group would be able to achieve its financial performance targets for 2014.
- (b) The revision to the Group corporate structure is on-going. Winding up process will be considered for the dormant companies, as and when appropriate. As indicated in the Annual Report 2013, member's voluntary winding up process of dormant companies were being carried out. However, some dormant companies may still need to be maintained in addressing relevant tax issues.
- (c) The information on GDP is provided by the Department of Statistics, using the latest available comparison basis (i.e. constant 2005 prices).
- (d) Workforce diversity is a major consideration in the Group's recruitment, talent management and succession planning processes.
- (e) RHB Thailand is primarily focussed on retail and investment banking businesses. The bank will expand to 3 branches in 2014. The Board does not expect any substantial impact from the unstable political climate thereat. Nonetheless, the Management should be able to effectively address any potential impact arising therefrom based on past experiences.
- (f) RHB Bank Lao Limited will commence its business operations within 2 months. The entity is expected to achieve breakeven position after 2 years and strive towards its goal to be a substantial financial institution in Lao.
- (g) Higher credit card receivables are positive to the Group's income. Currently, the Group's non-performing loans ("NPL") are well managed and is within the industry's norm. A good collection system has been put in place. The Group is still continuously pursuing collection from written off accounts.
- (h) RHB Equities Sdn Bhd's activities relate primarily to the recovery of outstanding debts in the stock broking business. The said company has won a litigation case in the previous year and successfully recovered outstanding debts. The Management is considering member's voluntary winding up process for the said company.
- (i) The member's voluntary winding up process of KYB Sdn Bhd is still in progress. It is expected to be dissolved in the near future.

- (j) Souvenirs and special promotions are given and offered to RHB's customers, in line with RHB's 100 years' celebration. However, there is no specific reward granted to the shareholders.
- (k) The Board noted the highlighted issue on the delivery of the printed Annual Report 2013. Management and the share registrar will look into the matter.

Mr Tan Teong Huat commented on the Group's increasing cost to income ratio ("CIR") over the years. He also expressed his concern on the duplication of operating companies in the investment banking business subsequent to the RHB-OSK merger. He further enquired on the Group's Common Equity Tier 1 ("CET 1") ratio and whether RHB Capital will undertake the dividend reinvestment plan ("DRP") in 2014.

In response thereto, the Chairman highlighted that the Board is also concerned on the Group's CIR. The Management is intensifying its efforts in implementing effective cost management initiatives and striving towards the targeted CIR of below 50%. In relation to the RHB-OSK merger, the Group is able to leverage and capture the business synergies derived therefrom. In the meantime, rationalisation of RHB Investment Bank Berhad Group post-merger is on-going to remove any duplication. The Group is in compliance with the CET ratio (i.e. 10% for RHB Bank Berhad and more than 20% for RHB Investment Bank Berhad). The Group will continue to implement DRP in 2014.

Mr Kok Yoon Wah suggested for the Board to present MSWG's enquiries and the Company's response thereto in the slides presented to shareholders at the AGM. He also sought the Board's updates on the proposed acquisition of Bank Mestika. On a separate matter, he commented on the lack of customers/visitors' parking lots at RHB Centre, Jalan Tun Razak.

The Chairman agreed with Mr Kok Yoon Wah's suggestion on the presentation of MSWG's enquiries and the Company's response thereto. The Board acknowledged that Indonesia is an important potential market for the Group in pursuing its Asean regional expansion goal. The prolonged process in the acquisition of Bank Mestika is mainly attributable to the recent changes of the Indonesian regulatory environment. Nevertheless, the Group will closely monitor the status thereof and pursue the said transaction. In relation to the parking lot issue, the Chairman clarified that a specific parking area is available in front of RHB Centre for the customers. The Management will look into improving parking for customers.

Puan Rita Benoy Bushon, the Chief Executive Officer of MSWG and also MSWG's corporate representative for the AGM, congratulated RHB Capital Berhad for being amongst the top 15 public listed companies in the Asean Corporate Governance Scorecard 2013, as well the Chairman on being selected as the 'Chairman of The Year' and Champion for Corporate Governance at its Malaysia-Asean Corporate Governance Index Awards 2013. She also commended the Board for publishing the minutes of AGM 2013 on RHB's corporate website. In addition, she suggested for the Board to consider publishing the Memorandum and Articles of Association ("M&A") of RHB Capital on its website, to promote transparency particularly in relation to shareholders' rights. In respect of the major provision of bad debts from the corporate banking segment, she enquired on the Group's risk based lending policy and the probability of major provisions being made.

The Chairman noted the above suggestion and informed the Members that the M&A will be published on RHB's website. In relation to risk based lending policy, the Group has adopted Moody's rating policy where the borrowers are risk rated. Major provision of bad debts may still happen in future notwithstanding that there is a good rating system in place, as the rating is based on the present rather than future performance. Sometimes, the borrowers' accounts do not reflect the true and fair view of the financial performance. Currently, the Group's impaired loan ratio is within the industry norm. The Management will use its best endeavours to strengthen the credit management processes.

In this respect, the Group MD emphasised that the Management pays serious attention on non-performing loans ("NPL"). During the credit evaluation process, the corporate customer's cash flow, business model, profitability, etc. will be assessed. A dedicated team is assigned to undertake post mortem on NPL cases and review the entire credit approval chain to identify areas of weaknesses. Findings and proposals for improvement are deliberated by the Board Risk Committee and Board Credit Committee to further strengthen the entire credit evaluation and approval process. The assessment of borrowers is not only rating driven but long term quantitative and qualitative factors are also taken into account.

Mr Alex Tee Kah Heng ("Mr Alex Tee") sought the Board's clarification on the following issues:-

- (a) Future corporate exercise involving fund raising
- (b) Significant shift in fee income mix and the Group's strategy to ensure that fee income will be a major portion of the improved revenue
- (c) Status of rationalisation of RHB-OSK post-merger
- (d) Interest/profit rate sensitivity analysis should there be a change of 100 bps

The Chairman noted Mr Alex Tee's enquiries and responded as follows:-

- (a) As at to-date, the Group does not plan to undertake any new corporate exercise involving fund raising activities.
- (b) The Board Risk Committee and Management Risk Committee are closely managing and monitoring the Group's capital adequacy. The fee based income (mainly derived from investment banking, insurance, asset management and treasury businesses) is actively managed. The Management has formulated proactive action-plans to increase the Group's fee based income.
- (c) The rationalisation of RHB-OSK operations and processes post-merger are currently going well, especially the people aspect. The dormant companies will be wound up as and when deemed appropriate.
- (d) Interest/profit rate sensitivity analysis on changes of 100 bps is a simulation on market risk. The Group MD will approach Mr Alex Tee for further explanation on the year to year impact arising therefrom.

There being no further questions from the Members, the Chairman then proceeded to the next Agenda.

Agenda 2: Approval Of A Final Dividend For The Financial Year Ended (“FYE”) 31 December 2013 (Ordinary Resolution 1)

The Chairman informed the Meeting that a single-tier final dividend of 10.3% in respect of FYE 31 December 2013, as recommended by the Board, is presented before the shareholders for approval.

Mr Kok Yoon Wah noted that the Company's current dividend reinvestment plan is applicable to the above proposed final dividend. He shared with the Meeting, Malaysia Airports Holdings Berhad's practice of paying the stamp duty of RM10.00 on the Dividend Reinvestment Form, for and on behalf of shareholders. He further suggested for the Board to adopt the same practice.

The Chairman noted Mr Kok Yoon Wah's observations and informed the Meeting that the Management will explore the matter.

There being no further questions from the Members, the Chairman proceeded to invite a proposer and a seconder for the following Ordinary Resolution 1:

“THAT a single-tier final dividend of 10.3% in respect of FYE 31 December 2013 as recommended by the Board, be and is hereby approved”.

Cik Nur Nadiah Hani Zabidin proposed and Mr Muniandy Karishnan seconded the said resolution.

The Chairman then put Ordinary Resolution 1 to the vote by a show of hands and upon unanimous vote, the Chairman declared the resolution as carried.

Agenda 3: Re-Election Of YBhg Tan Sri Azlan Zainol (Ordinary Resolution 2) And YBhg Datuk Haji Faisal Siraj (Ordinary Resolution 3) As Directors Under Article 80 Of The Company's Articles Of Association

The Chairman highlighted that in accordance with Article 80 of the Company's Articles of Association, one-third (1/3) of the Directors shall retire every year and are eligible for re-election.

Accordingly, YBhg Tan Sri Azlan Zainol and YBhg Datuk Haji Faisal Siraj shall retire pursuant to Article 80 and being eligible, have offered themselves for re-election.

The Chairman sought the Members' agreement on the re-election of YBhg Tan Sri Azlan Zainol and YBhg Datuk Haji Faisal Siraj be done through a single resolution as provided under Section 126(1) of the Companies Act, 1965 and Article 87 of the Company's Articles of Association.

There being no questions from the Members, the Chairman proceeded to invite a proposer and a seconder for the same.

Puan Mim Sherina proposed and Mr Soo Thien Ming seconded the above motion.

The Chairman then put the said motion to vote by a show of hands.

As the motion to re-elect the two (2) Directors retiring under Article 80 of the Company's Articles of Association by a single resolution was not unanimously agreed by all members, Ordinary Resolutions 2 and 3 were taken as separate resolutions.

The Chairman proceeded to invite a proposer and a seconder for the following Ordinary Resolution 2:

“THAT YBhg Tan Sri Azlan Zainol who is retiring under Article 80 of the Company’s Articles of Association, be and is hereby re-elected as Director of the Company.”

Ms Alice Kwa Chin Wen proposed and Mr Muniandy Karishnan seconded the said resolution.

The Chairman then put the Ordinary Resolution 2 to the vote by a show of hands and upon a majority of votes, the Chairman declared the resolution as carried.

The Chairman proceeded to invite a proposer and a seconder for the following Ordinary Resolution 3:

“THAT YBhg Datuk Haji Faisal Siraj who is retiring under Article 80 of the Company’s Articles of Association, be and is hereby re-elected as Director of the Company.”

Mr Muniandy Karishnan proposed and Cik Nur Nadiah Hani Zabidin seconded the said resolution.

The Chairman then put the Ordinary Resolution 3 to the vote by a show of hands and upon a majority of votes, the Chairman declared the resolution as carried.

Agenda 4: Proposed Re-appointment Of YBhg Dato’ Nik Mohamed Din Datuk Nik Yusoff As Director Pursuant To Section 129(6) Of The Companies Act, 1965 (Ordinary Resolution 4)

Pursuant to Section 129 of the Companies Act, 1965, no person of or over the age of seventy years shall be appointed or act as a director of a public company or of a subsidiary of a public company. However, the said director may by a resolution passed by a majority of three-fourths of the shareholders and/or proxies at a general meeting, be appointed or re-appointed as a director of that company to hold office until the next AGM.

Accordingly, YBhg Dato’ Nik Mohamed Din Datuk Nik Yusoff who attained the age of 70 years shall retire at this Annual General Meeting, and has offered himself for re-appointment in accordance with Section 129(6) of the Companies Act 1965.

The Chairman proceeded to invite a proposer and a seconder for the following Ordinary Resolution 4:

“THAT YBhg Dato’ Nik Mohamed Din Datuk Nik Yusof, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting.”

Mr Soo Thien Ming proposed and Puan Mim Sherina seconded the said resolution.

The Chairman then put Ordinary Resolution 4 to the vote by a show of hands.

It was noted that Employees Provident Fund Board, being a major shareholder of RHB Capital had, via its letter dated 5 May 2014, indicated its abstention from voting on the above resolution.

Upon a majority vote of more than three-fourths, the Chairman declared the resolution as carried.

Agenda 5: Proposed Increase Of Directors' Fees For Non-Executive Chairman And Non-Executive Directors And Payment Of Directors' Fees (Ordinary Resolution 5)

The Chairman informed the Meeting that a proposal pertaining to the increase of the Directors' fees from RM100,000.00 to RM180,000.00 per annum for the Non-Executive Chairman and from RM80,000.00 to RM150,000.00 per annum for Non-Executive Directors, retrospective from 1 January 2013 is tabled to the Meeting for the shareholders' approval. He also informed the Meeting that the Directors' fees for the financial year ended 2013 totalling RM1,080,000.00 have been provided for in the Financial Statements of the Company. The said fees were pro-rated in accordance with the respective Directors' tenure of service during the financial year.

The Board members (save for Mr Kellee Kam Chee Khiong, being the Group Managing Director) declared their interests in respect of the above proposal when the matter was presented before them. The interested Directors abstained from voting in respect of their direct and/or indirect shareholdings (if any) on the resolution relating thereto.

In response to enquiries from Mr Muniandy Karishnan and Mr Chen Kok Yuan on the basis for the increase, the Chairman clarified that the above proposed increase of Directors' fees is to be in line with the increasing complexity of the duties, responsibilities, expectation and commitment of the Non-Executive Directors ("NEDs") relative to the expanding scope of the Group's initiatives. Based on a peer group benchmarking and the available market survey, the Board believes that the proposed revised NEDs' fees is aligned to the accepted industry range (i.e. RM450,000 being the highest for Non-Executive Chairman and RM236,000 being the highest for NED).

The Chairman then proceeded to invite a Member to propose and to second the following Ordinary Resolution 5:-

"THAT Directors' fees be and is hereby increased from RM100,000.00 to RM180,000.00 per annum for the Non-Executive Chairman and from RM80,000.00 to RM150,000.00 per annum for Non-Executive Directors retrospective from 1 January 2013, and the payment of Directors' fees totalling RM1,080,000.00 for the financial year ended 31 December 2013 be and is hereby approved."

Mr Muniandy Karishnan proposed and Mr Soo Thien Ming seconded the said resolution.

The Chairman then put Ordinary Resolution 5 to the vote by a show of hands. Upon a majority of votes, the Chairman declared the resolution as carried.

Agenda 6: Re-Appointment Of Auditors (Ordinary Resolution 6)

The Chairman highlighted that the retiring Auditors, Messrs PricewaterhouseCoopers have offered to continue to serve as Auditors of the Company.

There being no question from the Members, the Chairman then invited a proposer and a seconder for the following Ordinary Resolution 6:

“THAT Messrs PricewaterhouseCoopers be and is hereby re-appointed as Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting of the Company, at a remuneration to be determined by the Directors.”

Cik Nur Nadiah Hani Zabidin proposed and Ms Alice Kwa Chin Wen seconded the said resolution.

The Chairman then put Ordinary Resolution 6 to the vote by a show of hands and upon a majority of votes, the Chairman declared the resolution carried.

AS SPECIAL BUSINESS:

Agenda 7: Authority For Directors To Issue Shares (Ordinary Resolution 7)

The Chairman mentioned that an ordinary resolution in relation to a general mandate for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965 is presented before the shareholders for approval.

There being no questions from the Members, the Chairman proceeded to invite a proposer and a seconder for the following Ordinary Resolution 7:

“THAT subject always to the Companies Act, 1965, the Company’s Articles of Association and approval of the relevant government/regulatory authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being.”

Puan Mim Sherina proposed and Mr Soo Thien Ming seconded the said resolution.

The Chairman then put Ordinary Resolution 7 to the vote by a show of hands and upon a majority of votes, the Chairman declared the resolution as carried.

Agenda 8: Proposed Renewal Of Authority To Allot And Issue Shares Of RM1.00 Each In RHB Capital (“RHB Capital Shares”) For The Purpose Of The Company’s Dividend Reinvestment Plan (“DRP”) (Ordinary Resolution 8)

The Chairman informed the Meeting that a renewal of the authority to allot and issue new RHB Capital Shares, for the purpose of the Company’s DRP that provides the shareholders of RHB Capital (“Shareholders”) the option to elect to reinvest their cash dividend in new RHB Capital Shares, is presented before the shareholders for approval.

Mr Ong Aye Ho shared with the Meeting, the DRP implemented by some banks in Australia. The shareholder is required to complete a one-off Dividend Reinvestment Form for participation in the DRP. Such participation will be valid and applicable to all DRPs thereafter until further revocation was given by the shareholder. Any amount of dividend payment that is insufficient for the issuance of one (1) new share will be transferred and accumulated in a suspense account. In the event that the shareholder disposes all his shares, he will receive his balance in the suspense account in cash. Mr Ong Aye Ho further suggested for the Company to adopt the said practice as it will reduce the Company’s administration cost and stamp duty to be paid by the shareholder for participation in DRP.

The Chairman noted Mr Ong Aye Ho's suggestion and informed the Meeting that the Company will explore the matter.

There being no further questions from the Members, the Chairman proceeded to invite a proposer and a seconder for the following Ordinary Resolution 8:

"THAT pursuant to the DRP as approved by the Shareholders at the Extraordinary General Meeting held on 6 April 2011 and subject to the approval of the relevant regulatory authority (if any), approval be and is hereby given to the Company to allot and issue such number of new RHB Capital Shares from time to time as may be required to be allotted and issued pursuant to the DRP until the conclusion of the next Annual General Meeting upon such terms and conditions and to such persons as the Directors of the Company at their sole and absolute discretion, deem fit and in the interest of the Company PROVIDED THAT the issue price of the said new RHB Capital Shares shall be fixed by the Directors based on the adjusted five (5) market days volume weighted average market price ("VWAP") of RHB Capital Shares immediately prior to the price-fixing date after applying a discount of not more than 10%, of which the VWAP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price and the issue price may not be less than the par value of RHB Capital Shares;

AND THAT the Directors and the Secretary of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements, deeds, undertakings and documents as may be necessary or expedient in order to give full effect to the DRP with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed or agreed to by any relevant authorities (if any) or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, by the Directors as they, in their absolute discretion, deem fit and in the best interest of the Company."

Mr Muniandy Karishnan proposed and Mr Soo Thien Ming seconded the said resolution.

The Chairman then put Ordinary Resolution 8 to the vote by a show of hands and upon a majority of votes, the Chairman declared the resolution as carried.

Agenda 9: Retention Of Independent Non-Executive Director/Chairman (Ordinary Resolution 9)

The Chairman declared his interest in Ordinary Resolution 9 and accordingly passed the chair of the Meeting to YBhg Tan Sri Azlan Zainol ("YBhg Tan Sri Azlan") to carry through Agenda 9.

There being no further questions from the Members, YBhg Tan Sri Azlan proceeded to invite a proposer and a seconder for the following Ordinary Resolution 9:

"THAT pursuant to the Guidelines on Tenure of Appointment/Re-Appointment of Independent Non-Executive Directors for the Company and in line with the recommendations of the Malaysian Code on Corporate Governance 2012, Dato' Mohamed Khadar Merican be and is hereby retained as an Independent Non-Executive Director/Chairman of the Company until the conclusion of the next Annual General Meeting."

Mr Soo Thien Ming proposed and Mr Muniandy Karishnan seconded the said resolution.

YBhg Tan Sri Azlan then put Ordinary Resolution 9 to the vote by a show of hands. Upon a majority of votes, YBhg Tan Sri Azlan declared the resolution as carried.

YBhg Tan Sri Azlan passed back the chair of the Meeting to the Chairman to carry through the rest of Agenda.

Agenda 10: Any Other Business

The Chairman informed the Meeting that the Company Secretary has not received notice of any other business to be transacted at the Meeting. As all items on the Agenda have been dealt with, he proposed the Meeting be closed.

The Meeting ended at 12.55 p.m. with a vote of thanks to the Chairman. The Chairman also thanked the Members for their support and attendance.

CONFIRMED

- Original Copy Signed -

DATO' MOHAMED KHADAR MERICAN