



DEAR VALUED SHAREHOLDERS,

As we reflect on the Financial Year 2023, I am pleased to share that the RHB Banking Group (“RHB” or the “Group”) has demonstrated resilience, dedication, innovation, and an unwavering commitment to our core values. Despite the challenges of our operating environment marked by fluctuating economic landscape and evolving regulatory requirements, the Group has persevered, and remain steadfast in delivering value to our customers, shareholders and other key stakeholders.

**Mohd Rashid
Mohamad**

*Group Managing Director/Group Chief
Executive Officer*

From The Desk of Our Group Managing Director

OVERVIEW

This past year has been a period of solid learning and steadfast commitment for us. While our financial performance meets our realistic expectations, it reflects the need for renewed focus on strategic initiatives and operational efficiency, as well as the need for us to identify and capitalise on key growth areas under our **Together We Progress 2024** (“TWP24”) corporate strategy.

At its core, the TWP24 corporate strategy is designed to navigate the complexities of today’s business environment and meet the evolving needs of our customers, leveraging our strengths to achieve sustainable growth and enhance shareholder value.

Our execution plan focuses on enhancing business growth in the Affluent, Mass Affluent, small and medium enterprise (“SME”), as well as the Large-Cap and Mid-Cap segments, digital transformation and innovation, customer experience, and catalysing sustainability.

OUR OPERATING ENVIRONMENT

During the year under review, our operating environment has presented a landscape of both significant challenges and opportunities, reflecting the dynamic and evolving nature of the financial services sector. Against the backdrop of global economic uncertainty, geopolitical tensions, inflationary trends, and monetary policy shifts, the Group has navigated these with resilience and strategic oversight. We have learnt to navigate the evolving economic landscape and changes in regulatory expectations with a greater degree of foresight and flexibility. Regulatory changes and environmental considerations have also increasingly influenced our decision-making process, requiring us to intensify the integration of sustainable practices into our business and operations as well as adopt a higher standard of corporate governance. These experiences shaped the Group’s strategies, including our funding strategy, liquidity and capital requirement management, and risk

management processes and adapted our product offerings to meet changing customer needs. This prudent management was crucial in sustaining the Group’s growth momentum and financial stability.

FINANCIAL HIGHLIGHTS

I am pleased to share that the Group recorded a 4.8% year-on-year (“YoY”) increase in net profit to RM2.8 billion for the financial year ended 31 December 2023, supported by growth in non-fund based income and lower expected credit losses (“ECL”). While our financial performance has fallen short of our aspirations, it is important to recognise that the Group’s balance sheet position remained strong, with loans growth of 4.8% YoY to RM222.4 billion. Similarly, customer deposits improved 7.9% YoY to RM245.1 billion mainly driven by Group Community Banking and Singapore. We are committed to addressing areas requiring improvement, and I assure you that steps are being taken to enhance further our performance going forward.

STRATEGIC REVIEW

In 2023, the Group continued its transformative journey under the Group’s TWP24 corporate strategy, focusing on three core objectives: Be Everyone’s Primary Bank, Prioritise Customer Experience, and Drive Quality Growth. Each of these objectives was supported by specific initiatives aligned with our strategic goals and resonated with our commitment to sustainability, customer centricity, innovation, and technological advancement.

These strategic initiatives under the TWP24 corporate strategy have significantly contributed to the Group’s resilient performance in 2023. We do, however, acknowledge some challenges in executing the strategy, with volatile financial markets impacting investment appetite in the Wealth space and the de-tariffication of Fire and Motor insurance weighing on our underwriting profit. Nevertheless, our focus remains on enhancing customer experience, leveraging digital transformation, and embedding sustainable practices into our business and operations to position us firmly for future challenges and opportunities.

4.8% YoY increase in net profit to RM2.8 billion

From The Desk of Our Group Managing Director

▶ TWP24 GOAL



Be Everyone's Primary Bank

In the year under review, we implemented several key initiatives to bolster our aim in becoming the primary financial services provider.

This year, we:

- Empowered SMEs with RM450 million in working capital through our supplier and vendor financing programme.
- Built business resilience among SMEs through programmes, such as:
 - > #JomSapot BeliLokal
 - > #JomBiz for Micro SMEs
 - > RHB Islamic Bank's B40 Empowerment Strategy-Be Your Own Boss ("BEST-BYOB") business programmes for micro-entrepreneurs
 - > Portfolio Restructuring & Rescheduling programme
- Launched the RHB Rahmah Personal Accident Insurance, offering affordable protection to the B40 segment while driving financial inclusion among underprivileged communities.
- Launched Boost Bank, a digital bank joint venture between RHB and Axiata Group, to support greater financial inclusion.

+6.0%
Retail Loans

FY2023 vs. FY2022

+8.6%
Mortgage Loans

FY2023 vs. FY2022

+11.0%
Reflex Customers

FY2023 vs. FY2022

+4.9%
SME Loans

FY2023 vs. FY2022

+7.8%
Auto Financing

FY2023 vs. FY2022

+49.0%
Merchants

FY2023 vs. FY2022

From The Desk of Our Group Managing Director

▶ TWP24 GOAL



Prioritise Customer Experience

We continue to accelerate the deployment of intelligent banking services by employing cutting-edge technology to deliver the best customer experience.

This year, we:

- Migrated our “RHB Now” mobile and internet banking services to the new RHB Mobile Banking and RHB Online Banking platforms. In 2023, the number of RHB retail customers on our internet and mobile banking platforms increased by 44%, which is a testament to our successful digital proposition.
- Collaborated with Payments Network Malaysia (“PayNet”) to introduce the DuitNow QR Plug & Play sound box, enhancing payment security for consumers and merchants.
- Accelerated digital security enhancements and increased awareness of financial fraud to protect our customers.
- Achieved a Top 2 ranking in Net Promoter Score (“NPS”) among Malaysian banks in 2023 in an independent customer survey. The significant improvement in NPS across various sectors highlighted our success in enhancing customer experience.

Achieved strong digital channel penetration

- ~83% of transactions via digital channels
- Online mortgage origination of over 40%, via MyHome app

Enhanced customers’ digital experience

- Online banking customers grew to 2.5 million (+44% vs. FY2022)
- Continuously upgraded online banking features; e.g. customers can temporarily lock their credit/debit cards to better prevent fraud

Accelerated automation & system modernisation

- ~45% of key processes have been automated
- 62% of our systems are modernised

From The Desk of Our Group Managing Director

▶ TWP24 GOAL



Drive Quality Growth

The third objective, driving quality growth, was underpinned by our commitment to sustainability and Islamic financing.

This year, we:

- Achieved a cumulative mobilisation of over RM23.8 billion in sustainable financial services, surpassing our RM20 billion target three years ahead of schedule.
- Disbursed more than RM300 million in loans for green vehicles, demonstrating our commitment to sustainable practices.
- Launched Malaysia's first Shariah-compliant sustainable technology fund, the RHB i-Sustainable Future Technology Fund.
- Championed our social and environmental commitment through 43 projects in seven Southeast Asian countries through the RHB Touch Hearts initiative.

Sustainable Financial Services progressing well

- Achieved RM23.8 billion vs 5-Year RM20 billion target
- Building on this positive momentum, we have revised our target to RM50 billion by 2026

^{N1} Loans in Malaysian Ringgit

+2.8% Islamic Financing

FY2023 vs. FY2022

44.3% Islamic share

of domestic financing (FY2022: 44.6%)

+17.5%^{N1} Singapore Loans

FY2023 vs. FY2022

More than RM300 million

in loans for green vehicles

From The Desk of Our Group Managing Director

EMBRACING DIGITAL TRANSFORMATION

Advancing our digital transformation journey continued to be a cornerstone of our strategy. We recognise that at the heart of digital innovation lies the potential to not only enhance operational efficiency but more importantly, profoundly enrich our customers' banking experiences.

Our digital transformation journey is marked by significant advancements in our online banking and mobile banking platforms as well as payment experiences. During the year under review, we have also entered into strategic partnerships, each contributing to seamless, secure and enhanced service offerings.

We aim to deliver an online and mobile banking platform that is intuitive, comprehensive and accessible. We have embarked on a digital transformation journey, enhancing existing features as well as introducing new features designed to empower our customers with unparalleled control over their financial transactions. This resulted in substantial growth in RHB's online banking penetration, with a 15.3% YoY increase, bringing the overall penetration rate at 83%.

We also continued to promote financial accessibility and inclusion for the underserved and unbanked segments through the launch of Boost Bank, a digital bank consortium with our partner, Boost. Boost Bank offers a comprehensive range of financial products and services to support the unbanked and underserved by providing easy access to financial services, thus promoting inclusivity in the financial ecosystem.

Understanding that collaboration is key to innovation, we have forged strategic partnerships. For example, RHB has collaborated with various partners, such as OSK, EcoWorld, iMoney, MHub, and Didian Realtors, to revolutionise the home loan process of our highly rated HomeOwners' Asset Platform. These partnerships provided seamless integration for customers applying for home loans digitally, underscoring RHB's strategy to embed digital solutions into everyday banking needs.

In 2023, RHB expanded the offerings under its best-selling Multi-Currency Account Visa Debit Card/i, adding 16 new currencies

and bringing the total supported currencies to 33, which includes Ringgit Malaysia. This resulted in an impressive 22% YoY user base growth and a 45% YoY increase in spending in 2023.

Our journey of embracing digital transformation is ongoing and dynamic. This commitment to digital excellence underscores our promise to provide our customers with a banking experience that is secure, convenient, and uniquely tailored to their needs.

STRENGTHENING CYBERSECURITY

In an era where digital innovation defines our competitive edge, adopting a proactive stance on cybersecurity has been critical. We believe that a strong defence against cyber threats not only requires continued investment in cybersecurity measures but also empowering our employees and customers through education and awareness. To this end, we collaborated with the regulatory authorities and industry peers to launch a comprehensive nationwide awareness programme to equip all our stakeholders with the knowledge and tools to identify and prevent potential cyber threats.

We have also implemented critical measures to enhance online banking safety in line with regulatory expectations. This included a 12-hour cooling-off period for new online enrolments, a transition to in-app verification instead of the traditional SMS one-time passwords ("OTPs"), single device binding for secure transaction authentication, and introducing an emergency kill switch for online accounts at risk of fraud. We have embedded a multi-layered security strategy encompassing the latest on monitoring and threat detection technologies, as well as supplementing it with a robust fraud monitoring and detection system. This ensures the integrity and resilience of our operations and strengthens customer trust in our digital platforms.

CONTINUING OUR COMMITMENT TO CLIMATE ACTION

Addressing climate change is at the forefront of our strategic agenda, recognising it as one of the most critical challenges and opportunities of our time.

In this context, RHB's Group Climate Action Programme ("GCAP") launched in 2022, stands as a testament to the critical role that financial institutions play in driving meaningful environmental change. Integrating ESG principles into the core of our operations and decision-making processes ensures that our growth is responsible and contributes positively to society.

From The Desk of Our Group Managing Director

Our Group Climate Action Programme (“GCAP”) journey has been ambitious and transformative, set against the broader aim of fulfilling our commitment to achieve Net Zero by 2050. The GCAP has been instrumental in integrating climate-related considerations into our risk management processes and business strategy, enabling us to determine our long-term Net Zero by 2050 commitment. Meanwhile, we are vigorously pursuing Carbon-Neutral operations by 2030 to reduce our operational greenhouse gas (“GHG”) emissions and contribute our share to the global fight against climate change.

Under the GCAP, we have made steady progress in complying with Bank Negara Malaysia’s (“BNM”) Climate Risk Management and Scenario Analysis, and developed a comprehensive decarbonisation strategy for five high-impact sectors. To achieve this, we carried out in-depth and comprehensive assessment to determine

our financed emissions baseline covering all asset classes and calculated using the Partnership for Carbon Accounting Financials (“PCAF”) methodology, which resulted in the establishment of a financed emission baseline of 9.26 MTCO₂e as at December 2022. This significant milestone helps us shape the path forward for setting measurable targets, tracking the carbon intensity of our portfolio over time, and giving us insight into where we should focus our decarbonisation efforts.

We will continue to drive growth in green financing and support projects that facilitate the transition to renewable energy and low-carbon practices. We will also step up our efforts to support companies committed to carbon neutrality with a clear and established transition strategy. This proactive initiative will involve even more companies in transitioning to a low-carbon economy.

Outlook

As we chart our course forward, we aim to navigate the immediate challenges and embrace the opportunities that lie ahead.

Guided by the lessons of the past, we are poised to navigate the evolving landscape with strategic oversight and operational excellence. We will be intensifying our focus on expanding our market presence across key market segments, including Affluent, Mass Affluent, SME, Large-Cap and Mid-Cap segments. Looking ahead, our growth strategy is centred on understanding and fulfilling the unique needs of diverse markets and customer segments, through tailored products and services, as well as enhanced digital platforms, which will drive our market expansion and growth efforts.

The well-being of the communities we serve and the planet we inhabit is deeply connected to our future progress. Hence, we are dedicated to making a difference in sustainability within the financial services sector, embedding sustainable practices into our operations and decision-making processes, and creating a positive impact on our stakeholders.

As our TWP24 strategy approaches its final year, we reflect on our achievements and look forward to demonstrating our resilience and unwavering ability to deliver greater value to our shareholders, customers, employees and all our stakeholders.

From The Desk of Our Group Managing Director

Acknowledgements

As we reflect on the journey captured in this Integrated Report, it is with a deep sense of gratitude and pride that we acknowledge the invaluable contributions of everyone who has been part of our journey.

We extend our heartfelt thanks:

To our esteemed customers and business partners

Your trust and loyalty have been the bedrock of our achievements, guiding us through challenges and towards achieving our shared goals.

To our Valued Shareholders

Your confidence, faith and support in our vision and strategy have fuelled our journey towards sustainable growth.

To All RHBians

Your unwavering commitment, hard work and resilience have enabled us to meet our goals, deliver on our promises and Make Progress Happen for Everyone.

To our esteemed Chairman and Board of Directors

Your strategic vision, leadership, and commitment to the Group's vision and goals have been the compass that has guided us through challenging times. Under your stewardship, we have navigated the complexities of the financial landscape with agility and purpose, achieving the key milestones we have set.

To the Group Senior Management

Your collaborative spirit and leadership have been invaluable as we navigated the complexities of our industry, driving innovation and operational excellence at every turn.

We would also like to extend our deepest gratitude to the regulatory authorities in Malaysia and the countries where we operate. Your guidance was crucial in maintaining the highest standards of compliance and integrity and ensuring a stable, fair, and progressive banking environment.

Thank you for your continued support and trust in RHB and for being an integral part of our journey.



Mohd Rashid Mohamad
Group Managing Director/
Group Chief Executive Officer
RHB Banking Group