

RHB: Reimagining customer journeys with digital innovations

2023 outlook

Company Insights

twimbit Purpose Score

Customer Experience



Employee Experience



Supplier Satisfaction



Shareholder Value



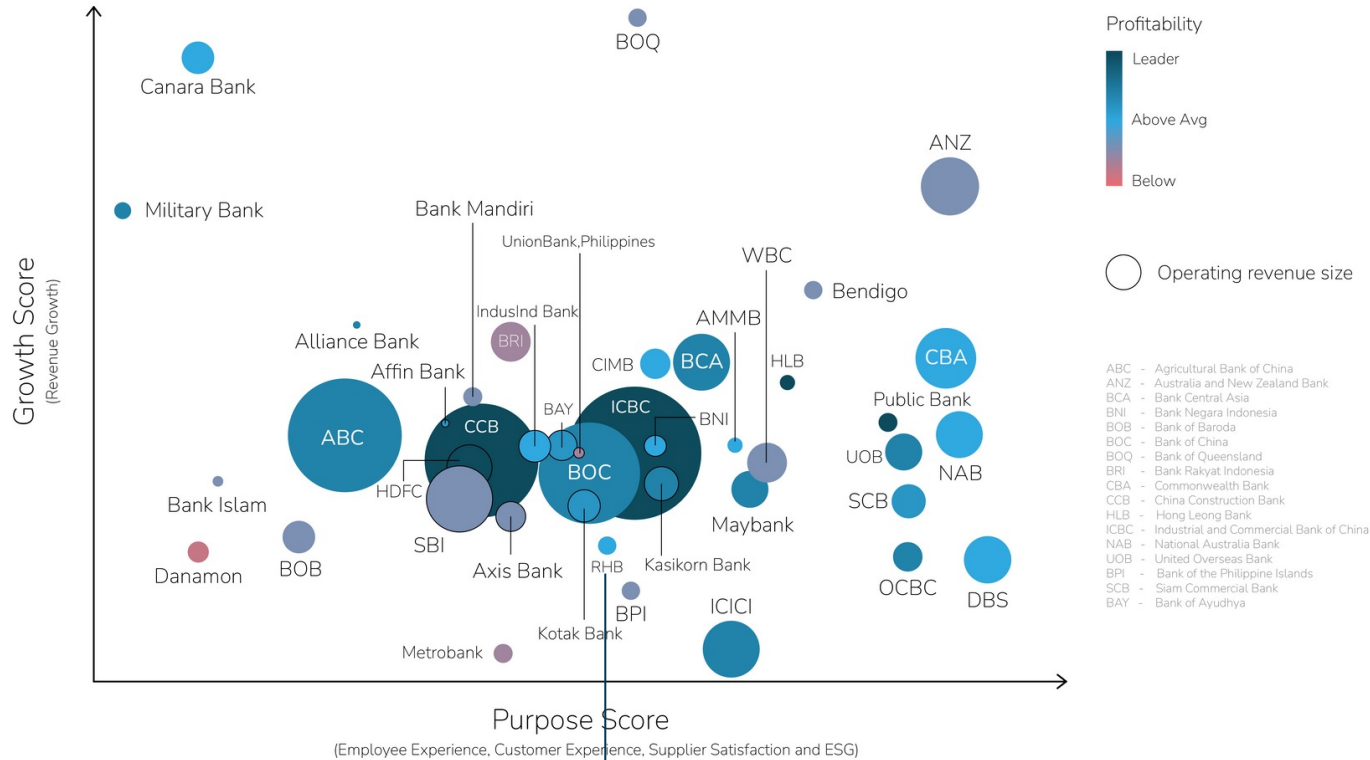
Society/Planet Impact



Aggregate score



Benchmarking RHB on the twimbit purpose index



RHB lies here on the twimbit purpose index

- 1 RHB holds a growth score of 1.75 out of 5
- 2 Maybank's purpose score of 66% reflects that the bank could improve upon stakeholder experience
- 3 The bank's operating revenue is USD 1.9 billion, ranking it amongst the top 5 Malaysian banks
- 4 The colour of the bubble indicates above average profitability

Executive summary – RHB at a glance



Company Name	:	Rashid Hussein Bank Berhad
Headquarters	:	Kuala Lumpur, Malaysia
Employees	:	14,042
Countries	:	9
Branches	:	362
Revenue	:	USD 1.9 bn (RM 7.79 bn)
Common Equity Tier 1 Ratio	:	17.2%
YoY Revenue Growth (%)	:	▲ +4.7%
Annual IT Spending	:	USD 67.1 mn (RM 280 mn)

Strategic focus areas

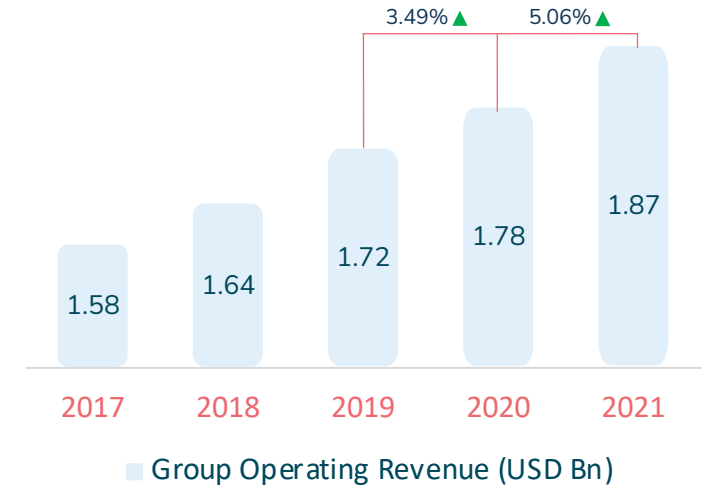
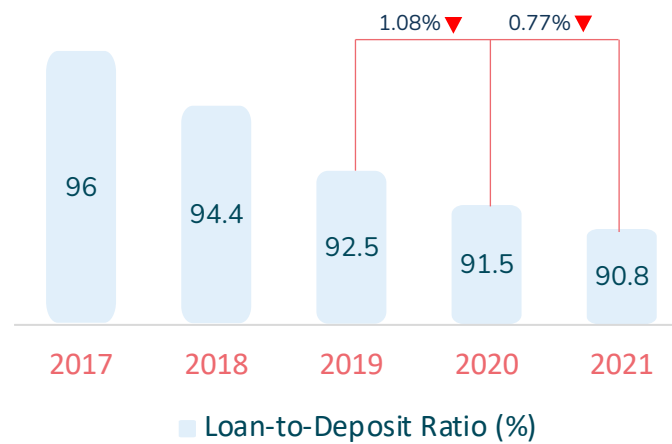
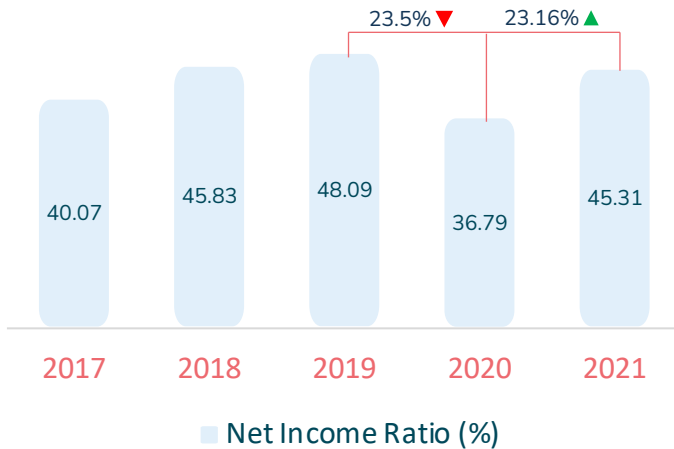
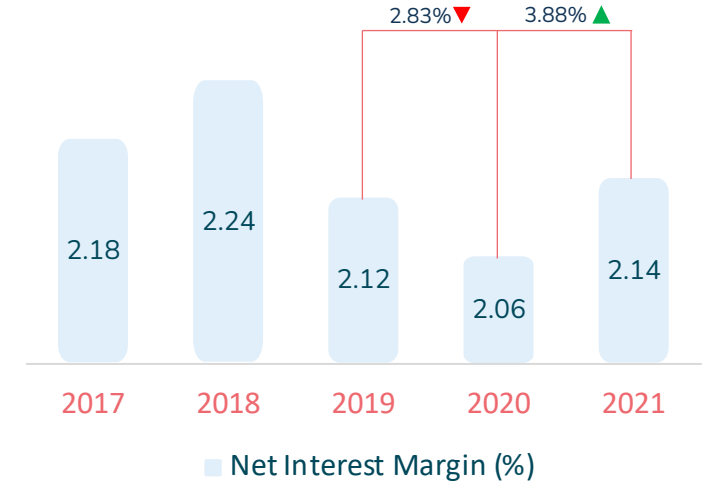
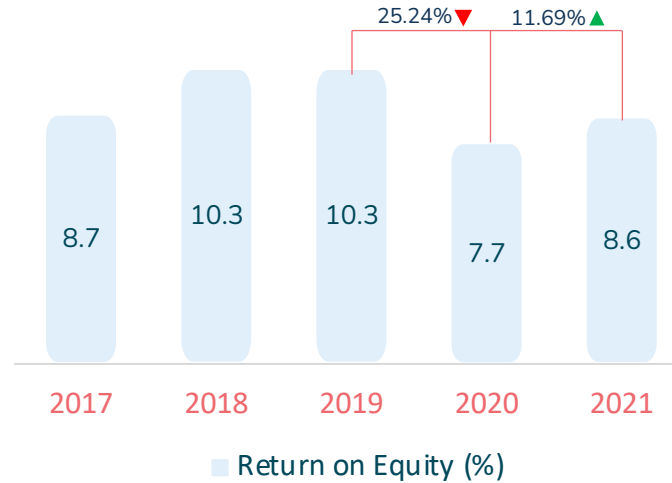
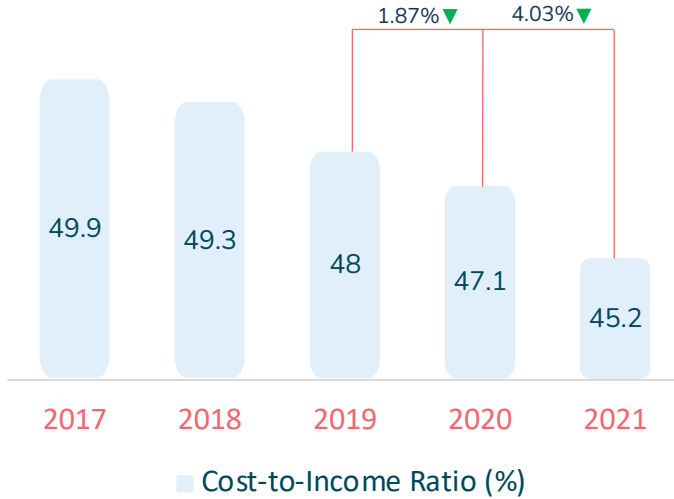
- 1 Win targeted customer segments
- 2 Advance the ESG journey
- 3 Digital transformation
- 4 Build a winning operating model
- 5 Employee experience

Awards

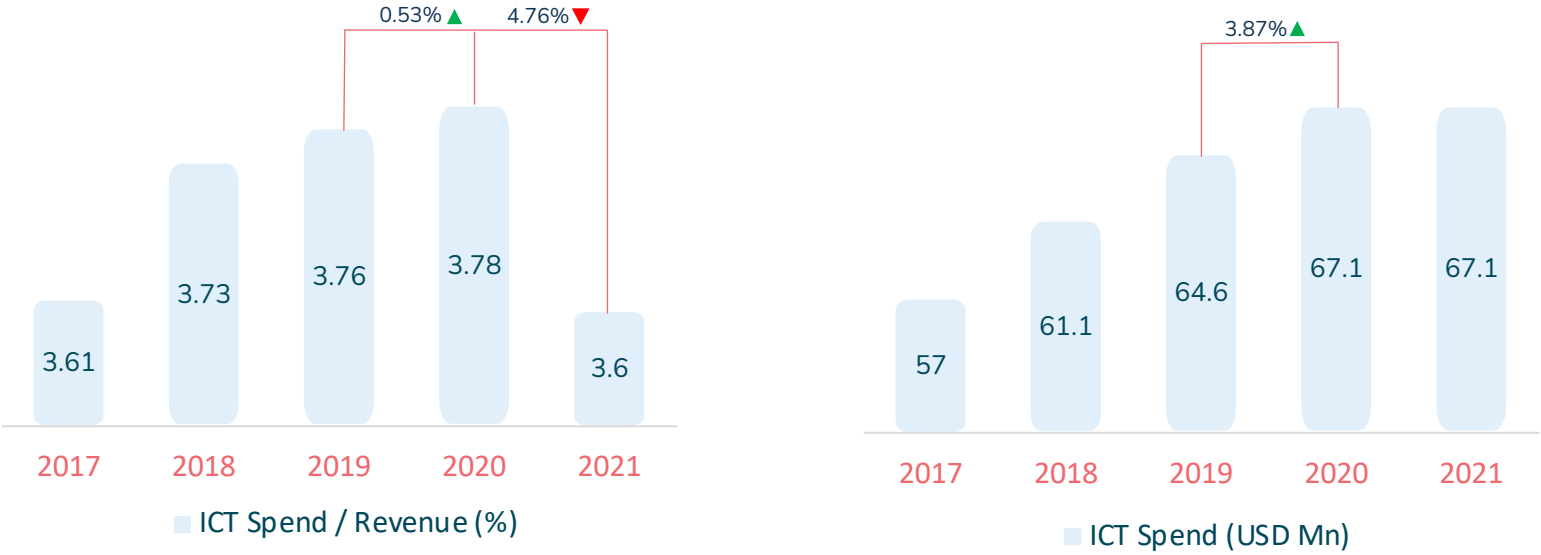
- ✓ Excellence in Next-Gen Customer Satisfaction by Digital Banker Digital CX Awards
- ✓ Best Governed and Transparent Company by The Pinnacle Group International's Global Good Governance Awards
- ✓ Highly Commended Recognition by Sustainable Business Awards Malaysia
- ✓ Best Forex Bank Malaysia by Global Banking and Finance Awards



Financial highlights



RHB demonstrates stable ICT expenditure



Measures of success

USD 628 mn (RM 2.62 bn)

Net Profit for the Group (▲ 29.06% YoY)

30%

CASA ratio for the Group (▲ 6% YoY)

17.2%

Common Equity Tier-1 Ratio

93%

Percentage of digital transactions out of total customer transactions (▲ 8.1% YoY)

USD 47.92 mn (RM200 mn)

Investment in digital to implement and enhance digital capabilities to better serve customers

> 1 mn

New customers onboarded via the refreshed RHB Mobile Banking app

Note: Figures are for FY 2020-2021

Top 5 strategic focus areas

#1



Win targeted
customer
segments

#2



Advance the
ESG journey

#3



Become a
regional digital
banking leader

#4



Build a winning
operating model

#5



Employee
experience

#1 Win targeted customer segments

RHB aims to **grow its Affluent and Wealth** customer base, while **leveraging the SME** customer base

Affluent and Wealth

- RHB Premier offers a holistic suite of investment, insurance and financing solutions, focused on growing the affluent client segment in Singapore and the region
- Premier customers grew by 80.0%

SMEs

- The Group facilitated the financing of USD 275.5 mn to SMEs through the Targeted Relief and Recovery Facility (TRRF) program in 2021
- The SJPP Government Guarantee Scheme, Credit Guarantee Corporation and the BizPower Relief program helped facilitate financing to SME customers
- SME loans and deposits grew by 37.7% (USD 5.87 bn) and 47.2% (USD 6.88 bn), respectively, against baseline values

Large-Cap and Mid-Cap Clients

- Increase share of wallet and penetration rates through intensifying internal collaborative action with product partners and deployment of 'go to market' approaches
- Client penetration rates for Large-Cap and Mid-Cap clients increased to 85.7% and 72.3%, respectively

#2 Advance the ESG journey

RHB Group mobilised USD 1.04 bn in green financing as of December 2021 across all business activities, alongside other initiatives:

Giving back to the community

- Invested USD 2.2 mn in community enrichment and empowerment programmes in 2021
- RHB X-Cel Academic Excellence Program
 - Online tuition classes for Form 4 & 5 students from B40 segment
 - Full scholarships for selected top performers from B40 segment
 - Allocated over USD 359,000 for the RHB X-Cel Academic Excellence Program
- Participated in CERDIK Programme by donating more than 3,600 laptops to students

Environmental footprint

- Improved reduction in GHG emissions per employee by 41%
- Rolled out Waste Recycling Management program for the Head Office building and collected a total of 1,147 kg of recyclables and waste within 3 months
- Delivered 28.2 mn e-statements to reduce paper consumption
- Launched 'Beli Nothing Project' to encourage waste reduction among RHBians by allowing them to donate and exchange preloved items
- Targeted to replace all traditional lighting with LED lighting across all of RHB's main buildings by 2023 and completed 80% of the initiative in 2021

#3 Become a regional digital banking leader

Strong momentum in the digital space marks RHB's steady progress in its digital journey

RHB's digital efforts are driven through 4 focus areas

- Digital customer journeys, customer engagement and acquisition, digital payments, and expanding digital into overseas markets

Continuously improving the digital experience to encourage uptake

- Active engagement with customers and staff to encourage migration of digital-only banking, resulting in a 56% YoY increase in signups for the mobile banking platform

Shifting from perimeter-based security to cloud computing and data-centric security

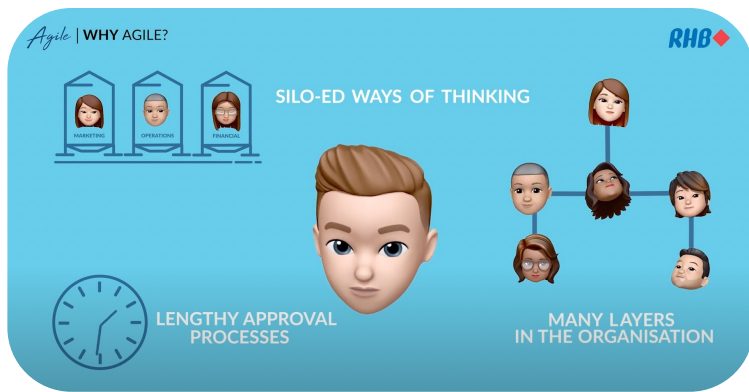
- Gradually increased the deployment of digital-friendly cloud-based security infrastructure and hiring of support personnel with skill sets covering cloud security
- Further strengthened security controls of the overall digitalisation initiative by establishing proper governance on the management of cloud/digital deployment and the introduction of policies
- Continuously increased the assessments of third parties' cybersecurity postures and subscription to threat intelligence

Partnership with Axiata

- Formalised a partnership with Axiata to drive innovation, explore collaboration opportunities, and succeed in the application for a digital bank license

#4 Build a winning operating model

RHB's **Agile** way of working is the backbone of the bank's success



Agility at RHB

- RHB's Agile Way (2017) aims to deliver higher productivity, a faster speed-to-market, a high-performance culture, and superior customer journeys.
- In 2021, RHB obtained a greater understanding of the mix of roles and began reshaping its workforce as part of the Workforce of the Future.

Agile@Work and Agile@Scale in action

- Over 80% of RHB employees are working the Agile Way as of end-2021.
- RHB aims to see its entire workforce migrate to the Agile Way by FY2023
- Over 190 Minimum Viable Products were launched in 2021 under the Agile Way.
- Productivity improvement increased by 36%.
- Agile@Scale: a novel way of working with Design Thinking to prioritise customer journeys and accelerate digital enablement, resulting in 228 trained design-thinking practitioners.
- It delivered a profit uplift of USD 33.7 mn through digitalising customer journeys.

#5 Employee experience

RHB aims to **empower its employees** and invest in their growth

Supporting professional growth of the people

- Invested USD 5.9 mn in upskilling and reskilling initiatives in 2021
- Spent a total of 606,623 training hours with an average of 48 training hours per employee annually

Enabling a future-ready workforce

- Trained over 600 employees in digital, IT, and analytics skills to build proficiency in high-demand and future-looking skills
- Cultivated a culture of innovation and instilled innovative capabilities for employees through programs, such as Future Skills and Solutions Design Lab
- Established the Workforce of the Future program to upskill and reskill employees towards more digital and customer-centric roles

Supporting employees in need

- As of 31 Dec 2021, the Pandemic Financial Relief Fund pooled together USD 91k to support affected staff and their family members
- RHB allocated USD 191,684 for the 2021 Natural Disaster Fund, of which USD 40k was disbursed to staff affected by floods

RHB's digital strategies



Digital customer journey

- Launched the new RHB Online Banking platform, which features a simplified and more intuitive interface while allowing instant access to cash financing
- Onboarded >330,000 customers in 2021 on the RHB Mobile Banking app, which takes the total onboarded customers to >1 mn since the app's launch in 2019



Analytics

- Advanced analytics and machine learning were adopted to enhance credit risk measurement and expected credit loss
- Accelerated value creation from analytics through enhanced usage of data analytics to improve customer engagement; resulting in >USD 168 mn of new loan acceptances in 2021
- RHB targets its analytics-driven benefits to be 10% of PBT by 2026



Digital enablement in the workforce

- RHB introduced an internal incubation program to encourage and challenge employees to accelerate innovation and develop next-generation ideas
- Employee squads pitch their ideas to obtain project 'funding' and are rewarded if their innovations produce tangible outcomes (revenue uplift, greater customer acquisition, cost reduction)

RHB's technology innovation

#1



SME Smart Interview

#2



Revamped internet banking platform

#3



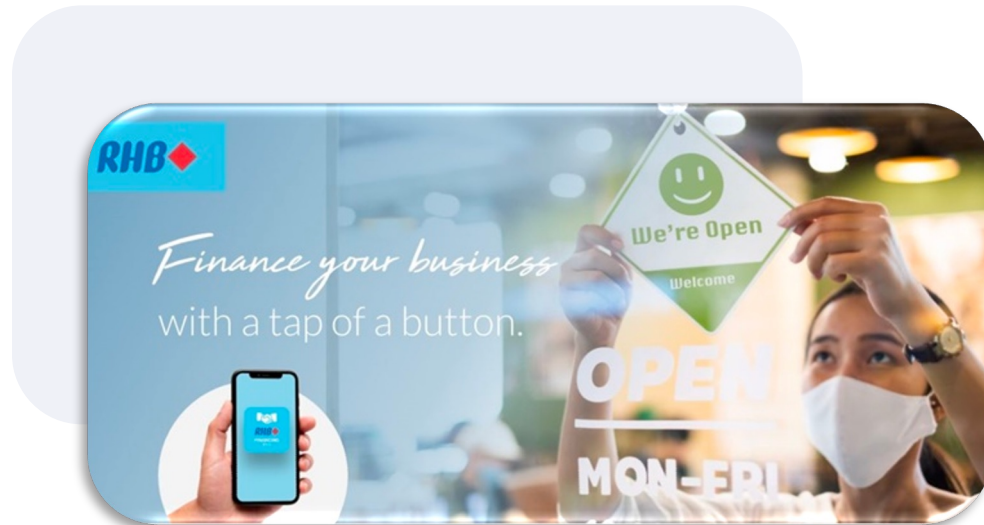
DuitNow QR via API

#4



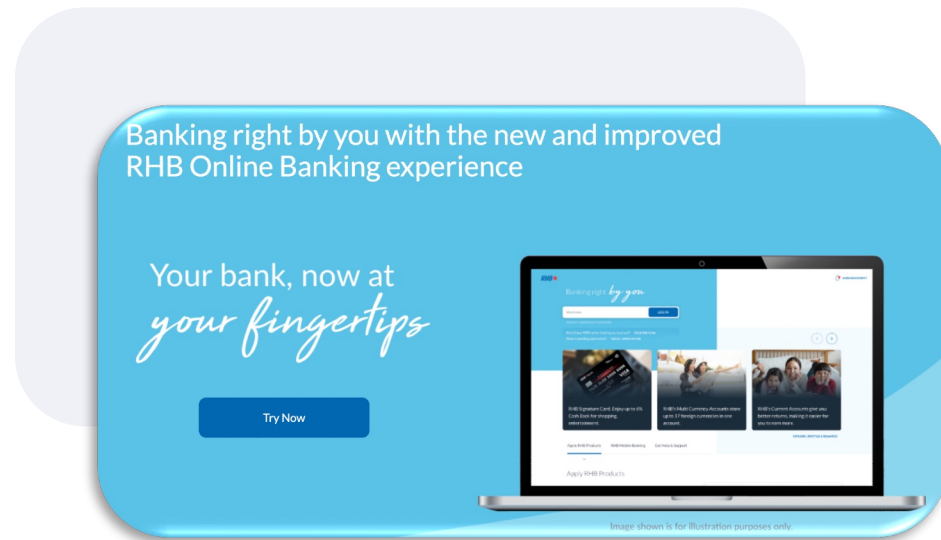
'Get Your Hack On' hackathon

#1 SME Smart Interview



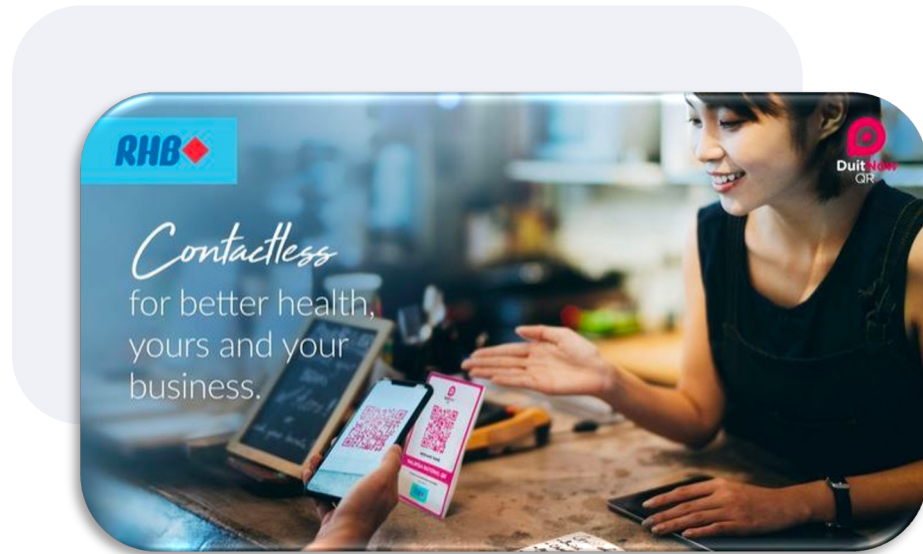
- The first one-of-a-kind feature in SEA embedded within the existing RHB Financing (SME) mobile app.
- SME customers can now complete their online financing applications remotely with the new SME Smart Interview feature that was launched in Q2 2021.
- This important feature allows SME customers to complete financing applications, which include interviews and site inspections virtually through their mobile devices.
- SME Smart Interview also minimises the amount of supporting documents needed during financing applications.

#2 Revamped internet banking platform



- Empowering the customer journey through digitalisation with the following goals in mind:
 - Reducing the need for customers to physically visit branches
 - Facilitating digital transactions such as term deposit placement, and multi-currency accounts
 - Seamless mobile-to-desktop experience
- The platform will continue to be improved as RHB aims to provide a unified and convenient experience for its customers.

#3 DuitNow QR via API



- Rapid transactions growth spurred RHB to integrate DuitNow QR via API connectivity.
- RHB expected to onboard 30,000 new merchants by end-2021 with API integration.
- RHB is the first Malaysian bank to integrate DuitNow via API connectivity, enabling real-time integration of QR transactions with point-of-sale (POS) and mobile POS system terminals to create a seamless contactless payment experience between customers and merchants.
- DuitNow QR is convenient for merchants, as it universally accepts all participating banks and e-wallets.

#4 'Get Your Hack On' hackathon



- RHB collaborated with Amazon Web Services and Malaysia Digital Economy Corporation (MDEC) to host a hackathon, which focused on driving customer-centric solutions by leveraging data analytics.
- The virtual hackathon attracted 85 teams, that comprised of 189 digital and tech-savvy innovators from various backgrounds.
- The problem statements were specifically designed to challenge participants for the hackathon, encouraging them to discover new and innovative ways to;
 - improve the customers' digital banking experience,
 - support the growing market for start-up companies,
 - enhance credit decisions,
 - and scale up digital initiatives.

Top 4 growth opportunities

#1



**Customer
experience**

#2



**Branch
transformation**

#3



**Supplier
satisfaction**

#4



**Embedded
finance**

#1 Customer experience

Analyst View

RHB's CX performance is showing steady improvement

- Achieved SLA of 99.6% for timeliness in providing resolution to complaints and 90.0% in addressing requests.
- 56% YoY increase in signups for the RHB mobile banking platform.
- RHB Malaysia Group's NPS score increased by 15 while Singapore Group's NPS increased by 9; overall ranking 4th in the Malaysian banking industry.
- Enhanced the capabilities of the SME financing mobile app (MyKad verification and eKYC procedures).
- Engaged with customers and staff to encourage their migration to digital-only banking via the RHB Internet and Mobile banking platforms.
- Simplified customer communication materials and content by using simpler language and minimising technical jargon.

How can RHB take their CX to the next level?

- Gamify customer touchpoints by incorporating missions, challenges, and rewards to provide an immersive and engaging customer experience.
- Introduce virtual chatbots that can respond to customers' needs 24/7 in real-time (currently, the only available option is 'Chat with us on Whatsapp').
- Integrate ML in RHB's apps and platforms to provide personalised budgeting/spending insights.

#2 Branch transformation

Analyst View

Optimised branch experience

- RHB Group has spent approx. USD 31 mn on branch operation and maintenance costs across 362 branches.
- Approximately 1/3 of customers can now apply and obtain approvals without physically stepping into a branch.
- Provided real-time digital queue system for branches via mobile app for customers to book their appointments ahead of time.
- Began repositioning the branch network by bringing services to customers more strategically; eg., flagship regional wealth management centre Orchard Premier Centre in Singapore.
- Branch transformation initiatives across Singapore, Cambodia, and Thailand; eg., staff-assisted digital forms.
- Over 5,500 frontliners completed Disability Related Service Training to meet the needs of differently-abled customers.

Next steps for RHB

- Reimagine the current branch strategy to better match the needs of younger customers.
- Launch cardless, QR-enabled ATM withdrawals to reduce physical contact (e.g., Maybank).



#3 Supplier satisfaction

Analyst View



Today: Fostering healthy relationships with vendors

- Spent > USD 182 mn on suppliers to procure goods and services, of which USD 165 mn was spent on 523 local suppliers.
- 82% (USD 149 mn) of the Group's procurement budget was spent on IT items and IT professional services.
- Fully digitalised the e-procurement system since 2014, comprising vendor registration, assessment by vendor management (Group Procurement Unit) and vendor approval.
- To ensure a fair procurement system, proposals from vendors are submitted digitally to ensure confidentiality and transparency, without the involvement of the project owner.
- Established Sustainable Procurement policies to promote responsible and sustainable procurement practices.

The future: Widening the vendor network

- Aside from engaging with local suppliers, RHB should develop relationships with disability enterprises, women-owned businesses, and B corporations.
- Establish a vendor code of conduct to ensure compliance with business and ethical practices (e.g., CIMB).

#4 Embedded finance

Analyst View

Supporting SMEs through partnerships

- Under RHB's Digital Transformation Program, RHB aims to achieve 15% revenue from ecosystem partnerships (embedded finance) by 2026.
- In June 2021, RHB partnered with Axiata and its subsidiary, Boost.
- The partnership will benefit SME and retail customers across SEA by increasing financial inclusion and expediting the development of digital journeys and products to wider segments of the community (MSMEs, gig economy).
- RHB continued to enable more SMEs to promote their products on Facebook and a purpose-built microsite for free via the #JomSapot platform.

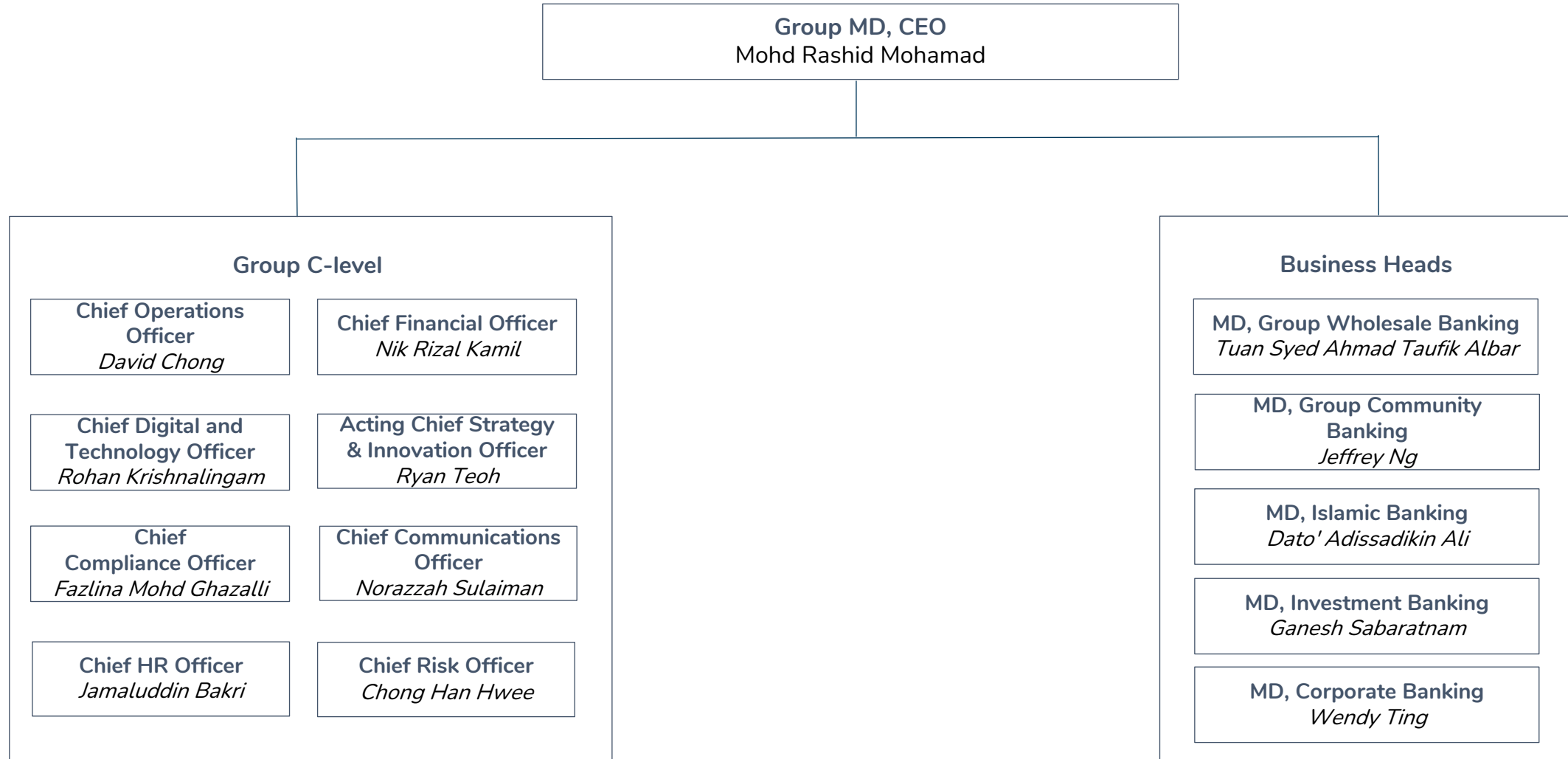
Future possibilities to explore

- RHB's JomSapot campaign only allows SMEs to promote their products and services on the platform; RHB should reposition the campaign as an online marketplace so that customers can support local merchants in a more meaningful way (direct purchases).
- RHB should consider integrating this online marketplace into RHB's mobile banking app, e.g., Maybank's Sama-Sama Lokal.



Appendix

Key decision-makers



Mohd Rashid Mohamad



Group MD and CEO

- Appointed Group Principal Officer in January 2022
- Over 20 years of regional treasury experience in senior level positions

Resilience through the pandemic:

“ For RHB, the pandemic has taught us valuable lessons. Most importantly, we have used these lessons to adapt to the circumstances from strengthening our foundation to enhancing our capabilities and accelerating efforts in areas that matter most to our customers. ”

On the Group's digital transformation journey:

“ Our Digital Transformation Programme is one of the core components of our FIT22 strategy. The innovations that we introduced have enabled our customers to conduct more of their banking activities remotely and made banking experiences more seamless. We are leveraging digitalisation wherever possible to create even better and more frictionless customer journeys across all our products and ecosystems. ”

Nik Rizal Kamil



Group CFO

- Became the CFO in February 2021
- Has 25 years of experience in the financial industry

Operating expenses:

“ The Group continued to focus on disciplined cost management by keeping a tight rein on its spending. Given the current operating environment, the Group remained prudent and continued to monitor asset quality closely, while still maintaining strong capital and liquidity positions. ”

Moving forward:

“ Moving into 2022, the Group will remain prudent and continue to monitor market developments closely. For the banking sector, the demand for credit is projected to improve in tandem with economic growth prospects. Similarly, interest rates are expected to normalise gradually this year. The industry is anticipated to remain resilient, supported by strong capital and liquidity levels and adequate impairment provisions made over the last two years. ”

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be more



Insights



Immersions



Challenges

How can we help?

reachus@twimbit.com