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Headline	RHB Islamic Bank to Distribute Syarikat Takaful Products				

KUALA LUMPUR: RHB Bank Bhd's unit RHB Islamic Bank Bhd, has entered into bancatakaful service agreements with both Syarikat Takaful Malaysia Keluarga Bhd (STMKB) and its unit Syarikat Takaful Malaysia Am Bhd (STMAB) to sell, distribute and promote family credit and general takaful products.

In a filing with Bursa Malaysia, RHB Bank said STMKB, which has entered into an agreement for family credit takaful products, would pay a facilitation fee of RM145mil.

Meanwhile, its subsidiary STMAB, which has entered into an agreement with regards to general takaful products, will pay a facilitation fee of RM6mil to RHB Islamic Bank.

It added that the tenure of both family and general bancatakaful agreements is for five years commencing Aug 1,2020, subjected to the bank meeting the pre-agreed budgets for the family credit and general takaful products which shall end on July 31,2025.

"In the event that RHB Islamic fails to meet the pre-agreed budgets for the family credit and general takaful products at the end of the fifth year of the contract period, the tenure of the family and general bancatakaful agreement may be extended for up to one year.

"STMKB shall have the right of first refusal to develop and offer for sale by RHB Islamic non-credit related or advisory family takaful products proposed by RHB Islamic, in accordance with the terms of the family bancatakaful agreement," RHB Bank noted.

For the financial year ending Dec 31,2020 (FY20), it expects both bancatakaful arrangements to contribute positively to the future earnings of the RHB banking group.

"However, the arrangements are not expected to have any material effect on the earnings of the group for FY20.

"The bancatakaful arrangements will also not have any effect on the issued share capital and shareholdings of the substantial shareholders of RHB Bank or the net asset and gearing of the RHB banking group."

Besides that, the bank said none of the directors or major shareholders of RHB Bank have any interest, direct or indirect in the bancatakaful arrangements.

"As at June 30,2020, the Employees Provident Fund (EPF) board, a major shareholder of RHB Bank with 42.54% shareholding, also holds direct interest of 6.61% in STMKB and direct interest of 12.06% in BIMB Holdings Bhd, the holding company of STMKB.

"Datuk Mohamad Nasir Ab Latif, a non-independent non-executive director of RHB Bank and non-independent non-executive chairman of RHB Islamic representing EPF, has abstained and will continue to abstain from voting on the bancatakaful arrangements at the board of directors' meetings," it said.