

List of Questions Raised by Shareholders and the Bank's Responses

(Simon Chee Sai Mun) Q1: The Proposed Rights Issue of RM600 million will provide the capacity for the Bank to grow its loan additionally by RM5.0 billion to RM6.0 billion. However, the Bank's loan growth was about RM6.0 billion last financial year. Does it mean that after the Proposed Rights Issue, the Bank's loan growth will be RM12.0 billion and without the Proposed Rights Issue, there will be no loan growth? Please clarify.

(GCEO) A: The RM600 million gross proceeds from the Proposed Rights Issue will allow us the capacity to grow our loan by an additional RM5 billion to RM6 billion over the next 3 years beyond what we have already been growing. Annually, we reinvest our retained earnings to accelerate growth. Our net profit of RM751 million in FY2025 will be strategically allocated with a portion distributed as dividends and the balance retained to fund future expansion and value creation. The Bank's loan growth guidance for FY2026 is 8% to 10%, nearly double the industry loan growth of about 5%. Without the Proposed Rights Issue, we can only sustain this pace for 1 more year before our Common Equity Tier 1 ("CET1") Ratio falls below 12%. Prudence requires us to avoid this situation by slowing loan growth thereafter.

(Simon Chee Sai Mun) Q2: How will the additional RM600 million capital from the Proposed Rights Issue impact the Bank's Return on Equity ("ROE")?

(GCEO) A: While our FY2025 ROE stood at 10.3%, the Proposed Rights Issue would theoretically lower this to 9.6%-9.8% on a like-for-like basis. However, we are confident that with our continued strength in net interest income growth and non-interest income expansion, we will deliver a sustained 10% ROE in FY2026. Beyond this, we target top quartile ROE performance relative to peers.

(Simon Chee Sai Mun) Q3: Our shares had lost market capitalisation of about RM1 billion after the Proposed Rights Issue was announced in March 2025 which was larger than the amount of RM600 million that we intend to raise from the Proposed Rights Issue due to a loss of confidence by investors. Why didn't we reduce the amount of dividend instead or consider alternative fund-raising methods such as bond issuance to raise the same amount of capital for increasing loan capacity?

(GCEO) A: Our dividend payout each year is around RM300 million. Reducing our dividend by RM100 million annually would require six years to accumulate the RM600 million needed to fund our loan growth targets. Given the urgency of seizing near-term market opportunities, this slower approach would force us to forfeit critical growth momentum. The Proposed Rights Issue remains the only viable path to secure this capital immediately, ensuring we meet our targets without sacrificing strategic windows.

In respect of bond issuance, we have done that in the past 12 months. Nevertheless, fund-raising through debt instruments such as bonds does not improve the Bank's CET1 Ratio which can only be boosted by earnings or equity capital. As such, we cannot rely on debt instruments such as bonds to achieve the Bank's objectives of increasing loan capacity and sustaining loan growth momentum. After due consideration, the Board of Directors has decided that the Proposed Rights Issue is the most suitable means of fund-raising in this case.

(Simon Chee Sai Mun) Q4: Why is the Bank undertaking the Proposed Rights Issue amid weak market conditions which have affected the Bank's share price?

(GCEO) A: Creating fundamental shareholder value remains our core priority. Through proactive stewardship, including transparent communication on operations, financials and growth strategy, we have sustained double-digit momentum. Not proceeding with the Proposed Rights Issue would materially risk both this trajectory and our market position.

While external market conditions remain beyond our control, our disciplined focus on fundamentals positions us to drive sustained growth. We are confident the market will recognise and reward this performance as evidenced by our impressive Total Shareholder Return growth of between 23% and 157% in the past 1 to 5 years, demonstrating consistent long-term value creation.

(Simon Chee Sai Mun) Q5: Based on current market conditions, loan growth among the Bank's competitors is between 4% and 7%. What is your rationale for the Bank's target of double-digit loan growth and increasing market share?

(GCEO) A: Prior to embarking on the ACCELER8 2027 transformation strategy in 2023, the Bank's loan growth was at around 3-year Compound Annual Growth Rate of 3%. ACCELER8 2027 is important for us to maintain competitiveness and market presence as a small bank. In just over 2 years, the Bank's loan growth has leapfrogged industry growth by more than double. This has been achieved through a combination of 1) focus on the Small and Medium Enterprise segment, 2) innovative offerings in the consumer, commercial and corporate segments and 3) capitalising on advantages of the Bank's community approach. In the last 2 years, the Bank has shown its ability to capture market share from larger competitors.

(Simon Chee Sai Mun) Q6: Despite higher loan growth, the Bank's ROE remains at 10%. How can the Bank achieve higher ROE despite potential share dilution from the Proposed Rights Issue?

(GCEO) A: The banking industry's ROE is between 4% and 13%. Our operations are 100% based in Malaysia. However, some of our competitors also have regional operations with higher profit margins. Stripping off the regional earnings of other banks, our ROE is highly competitive compared to the country's leading banks. Unlike other banks that achieve only 4%-5% loan growth with 10% ROE, we deliver significantly higher loan growth (12%-13%) while maintaining a comparable 10% ROE. Our capacity for potential incremental revenue is much higher. Therefore, the Bank urgently needs to raise funds for further loan growth.

We have grown at nearly two to three times the rate of other industry-leading banks while maintaining comparable ROE levels. In ACCELER8 2027, we will proactively manage the dilution from the Proposed Rights Issue to maintain ROE at current levels, with a clear path to higher medium-term returns that align with shareholder expectations.