

HONG LEONG BANK BERHAD
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Summary of key matters discussed at the Eighty-Fourth Annual General Meeting of HONG LEONG BANK BERHAD (the “Bank” or “HLB”) held at Wau Bulan 2, Level 2, Sofitel Kuala Lumpur Damansara, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur on **Monday, 27 October 2025 at 10.00 a.m.**

The Bank received letters from the Permodalan Nasional Berhad (“PNB”) and Minority Shareholders Watch Group (“MSWG”), both shareholders of the Bank. The questions raised by PNB and MSWG, along with the Bank’s responses, as read out by the Group Managing Director/Chief Executive Officer (“GMD/CEO”) and the Chief Financial Officer (“CFO”), are set out below:

PNB Questions and Responses

- To disclose the Total Shareholders’ Returns (“TSR”) of HLB for the past 1, 3 and 5 years.

The GMD/CEO replied as follows:

TSR of HLB for the past 1, 3 and 5 years up to 21 October 2025 are set out as follows:

| Holding period (years) | 1 | 3 | 5 |
|------------------------|-------|-------|-------|
| Invested on 30 June of | 2024 | 2022 | 2020 |
| | 16.8% | 16.4% | 77.8% |

- The Board of Directors (“Board”)’s views on what are the one or two key critical drivers of TSR for the Bank. What was the performance of these metrics for the past 1, 3 and 5 years?

The GMD/CEO replied as follows:

TSR is driven by changes in share price and dividends paid. The Board’s views that the key critical drivers are Return on Equity (“ROE”) and prudent capital management. The enhanced returns shown in the table below underscore the Bank’s commitment to rewarding shareholders for their loyalty and support while maintaining a prudent capital position to support future growth. The key levers of ROE would be covered in subsequent Question 3.

| Financial Year | ROE | Dividend (sen) | Dividend Payout Ratio |
|----------------|--------|----------------|-----------------------|
| FY2025 | 11.4%* | 96 | 46.6% |
| FY2024 | 11.8% | 68 | 33.6% |
| FY2023 | 11.8% | 59 | 32.0% |
| FY2022 | 10.9% | 55 | 34.7% |
| FY2021 | 10.1% | 50 | 35.8% |

3. What are the strategic initiatives that are being put in place by the Bank to improve these key drivers and enhance TSR for the next three years?

The GMD/CEO replied as follows:

The Bank's strategic initiatives to enhance TSR are defined in the 3-5 Year Transformative Plan, which targets an ROE of more than 12.5% by financial year ("FY") 2028. The ROE target is achievable through three key levers of:

- i) Continued above trend prudent loans/financing growth in the segments of auto loans, Small and Medium Enterprise ("**SME**") and commercial banking segments, as well as key overseas markets;
- ii) Sustained non-interest income ("**Noll**") growth to above 25.0% of total income. The Bank's Noll ratio had improved to 23% in FY2025 from less than 20% two years ago, underpinned by robust performance in wealth management business, global markets franchise sales and trade-related fee income; and
- iii) Improved Current Account Savings Account ("**CASA**") ratio to 35.0%, driven by customer-centric cash management offerings to SME segment and community CASA acquisition initiatives.

While advancing the Bank's progress, Management remains focused on operational efficiency by maintaining a healthy cost-to-income ratio ("**CIR**") of 39.0% with strategic cost management initiatives, as well as preserving asset quality with a solid gross impaired loan ("**GIL**") ratio of less than 0.65%.

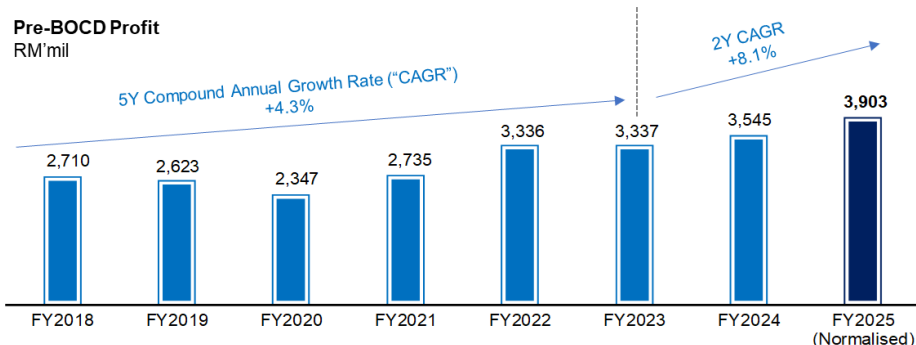
4. HLB's ROE for FY2025 stood at 11.4%, which was below the targeted 12.0% for the year and the longer-term goal of above 12.5% under HLB's 3-5 Year Transformative Plan. Could management provide guidance on the key initiatives or strategic actions being undertaken to close this gap and achieve the targeted ROE?

The GMD/CEO replied as follows:

- ROE for FY2025 came in below guidance attributable to lower profit contribution from associates, impacted by the natural dilution in the Bank's stake in Bank of Chengdu Co Ltd ("**BOCD**") to 17.8% following the completion of the conversion of convertible bonds by remaining bondholders in February 2025 and foreign exchange movement from stronger ringgit.
- This was in-line with the Bank's focus on strengthening its core franchise, evident in the step up of pre-BOCD profit growth rate to 2-year Compound Annual Growth Rate ("**CAGR**") of 8.1% compared to earlier 5-year CAGR of 4.3%.

Appendix 1

- Questions raised by shareholders and the Bank's responses



| RM'mil | FY2024 | FY2025 (normalised)* | Change % (y-o-y) |
|----------------------------------|--------|----------------------|------------------|
| Pre-BOCD profit | 3,545 | 3,903 | 10.1% |
| Share of profits from associates | 1,589 | 1,466 | -7.8% |
| Profit before tax | 5,134 | 5,369 | 4.6% |
| Profit after tax | 4,196 | 4,378 | 4.3% |

Note: * excluding one-off items of (i) management overlay allowance ("MOA") release of RM399 million (ii) dilution loss from associates of RM408 million

- Notwithstanding the moderated profit contribution from BOCD, the key strategic actions undertaken to achieve the targeted ROE of above 12.5% are as follows:
 - i) Improve Noll ratio to above 25%;
 - ii) Expand the wealth management business with the relaunch of HLB Private Bank, to drive both net interest income and Noll;
 - iii) Improve CASA ratio to 35.0% by positioning HLB to be the Transaction Banker of Choice for SME in Malaysia;
 - iv) Sustainable management of CIR to less than 39.0% through AI realisation; and
 - v) Increase contribution from Singapore and Vietnam.

- 5. HLB already has a presence across several ASEAN markets. How is management prioritising capital allocation between strengthening domestic operations and pursuing regional expansion opportunities, particularly in fast-growing markets such as Vietnam? If possible, could you share which business segments are being prioritised in this allocation?

The GMD/CEO replied as follows:

- The Bank had identified Singapore and Vietnam as very key presences for HLB outside of Malaysia. It is part of the Bank's strategic plan to leverage the Group's capabilities through network banking for domestic enterprises that are expanding across ASEAN to these markets, in relation to the Bank's connectivity in China.

- In Vietnam, the Bank has a two-pronged strategy centered on driving the traditional business and building a digital retail and SME bank that stays true to the Bank's 'Digital Bank Plus Much More' proposition to capture growth opportunities in the market. To better serve the SMEs, the Bank had announced the strategic partnership with So Ban Hang, a leading technology platform in Vietnam. This collaboration introduced Vietnam's first embedded financing initiative, an all-in-one financial-accounting solution directly embedded within the partner's app, allowing for seamless HLB CASA account opening and integrating all business transactions.
 - In Singapore, the Bank is decisively driving growth in wealth management business. The Bank had relaunched the HLB Private Bank and expanding the regional footprint with the launch of the new Private Bank Office in Singapore. The Bank had also announced a landmark strategic alliance with Lombard Odier, one of the world's leading private banks with over 225 years of heritage. This strategy focused on providing a comprehensive and sophisticated wealth management experience, thereby reinforcing the Bank's ambition to serve the High-Net-Worth segment with greater depth and distinction.
6. Over the past three financial years, loan growth has consistently exceeded 7%, yet the FY2026 target remains at 6% to 7%. Similarly, the GIL ratio target is maintained below 0.65%, despite being under 0.60% in recent years. While these targets remain solid relative to industry levels, does management anticipate any potential softness in specific loan segments, or is there room for further upside? Additionally, from Malaysia's Budget 2026, are there any specific policy measures or allocations that management views as particularly supportive or catalytic for growth in key segments?

The GMD/CEO replied as follows:

- The Bank practiced prudence by guiding loans/financing growth at 6% to 7% and maintained the GIL ratio below 0.65% amidst persistent global uncertainties, though always strive to achieve better performance.
- From Malaysia's Budget 2026, the Bank has identified several policy measures that are supportive of business growth, in particular for SMEs, which are:
 - i) Increased loans and credit guarantee by government (primarily delivered via Syarikat Jaminan Pembiayaan Perniagaan (SJPP) guarantee schemes) for entrepreneurs from RM40 billion to RM50 billion, with a significant portion dedicated to microfinancing;
 - ii) Claim the full capital expenditure within 2 years on Accelerated capital allowance (ACA) for businesses that invest in qualifying plant, machinery, and ICT equipment;
 - iii) 50% tax deductions on training expenses related to AI and cybersecurity; and
 - iv) Tax incentive given to companies adopting locally manufactured green technology certified under the MyHIJAU Mark.

7. Will Hong Leong Islamic Bank Berhad (“**HLISB**”) remain a key focus area for HLB moving forward? What are the main strategic initiatives planned, and which target segments will be driving growth in FY2026?

The GMD/CEO replied as follows:

- Yes, absolutely. HLISB remains a highly strategic and key focus area for HLB. The Bank is actively pursuing a significant opportunity within the Malay Bumi segment, where it sees great potential given the under-penetration. By enhancing the Bank's branding and capabilities to serve this market, HLISB's customer base is already growing at double the overall bank-wide rate.
- HLISB's strategic priorities are aligned to sustain growth across key financing portfolio in retail and SME, elevating fee-based income, specifically through Islamic Wealth Management offerings, trade finance, and treasury solutions coupled with strengthening funding resilience by growing retail deposits and CASA.
- A key differentiator for HLISB is its deep focus on the Halal food sector, where it has built specialist capabilities. HLISB has further strengthened its presence in the Halal sector through partnering with government agencies such as MITI and MIDA, and halal industry participants across value chains to provide financing, advisory, and investment solutions that advance Malaysia's halal economy and promote sustainable impact.

MSWG Questions and Responses

1. In third quarter FY2025, HLB divested a 10% stake in Sichuan Jincheng Consumer Finance Co Ltd (“**JCCFC**”), reducing its holding from 12% to 2%, and recognised a RM15 million dilution loss. The remaining 2% stake in JCFCC was reclassified as financial investments at fair value through other comprehensive income.

What were the key strategic considerations behind the partial divestment in JCCFC? At what valuation or price was the 10% stake disposed of, and what was the total realised gain or loss on the transaction? Does HLB intend to fully exit its remaining 2% stake in JCCFC, or retain it for potential strategic collaboration?

The CFO replied as follows:

- The management had carefully evaluated the risk-return profile of the JCCFC business, with the conclusion that it does not have strategic alignment to the Bank's risk appetite, returns and capital demand. Consequently, a decision was made to divest and focus on core growth areas of the Bank's business.
- The Bank had successfully completed the sale of a 10% portion of the stake at a fair and attractive valuation, and this transaction had resulted in a net gain of RM84 million for the Bank. Management would continue to evaluate potential offers to divest the remaining 2% stake.

2. HLB raised its dividend payout ratio sharply to 46.6% in FY2025 (from 33.6% in FY2024), translating to a total dividend of 96 sen per share. While commendable, the payout remains below peer averages of around 60%.

In the past, HLB's dividend payout ratio had been hovering at circa 34% to 35% since FY2020.

- a) Does this increase signal a structural shift in the Bank's dividend policy towards higher, more consistent payouts in line with major peers?
- b) How sustainable is the higher payout ratio, considering capital adequacy requirement, earnings growth prospects, and macro uncertainties?

The CFO replied as follows:

- The Bank acknowledged that the dividend payout still below peer average and is progressively working on moving the payout to market average to reward the Bank's shareholders.
- The Bank is confident in the sustainability of this level of higher dividend payout ratio, underpinned by the Bank's resilient earnings and robust capital position. The Bank remains cautiously optimistic that the Malaysian economy would stay resilient amidst persistent global uncertainties.

3. On 8 October 2025, Dewan Rakyat passed a bill to abolish the use of flat rate and Rule 78 for fixed-rate hire purchase loans. Under the amendment bill, the effective interest rate ("**EIR**") and the reducing balance method would replace Rule 78 to ensure greater transparency in loan calculations.

Accordingly, work is also underway to abolish Rule 78 for personal financing products.

- a) What are the potential complications to the Bank arising from the abolishment of Rule 78 for hire purchase ("**HP**") and personal loans?
- b) Some market observers suggest banks might offset the loss of front-loaded income by adjusting EIRs upward – does HLB anticipate replacing HP or personal loan products to preserve margins, or will competition constrain such moves?

The CFO replied as follows:

- The Bank supports the move away from Rule 78 as it enhances transparency for the Bank's customers. The industry has been given an 18-month transition period to implement this change. The Bank is effecting the appropriate changes to the systems, processes, and customer communications and would be ready within this timeframe.
- In terms of income recognition, there is no material difference for the Bank, as it already accounts for these fixed-rate loans based on the EIR method since the effective implementation of MFRS 9 in 2018. The Bank practices a holistic risk-informed pricing strategy and is guided by fair dealing principles. For existing customers who wish to make an early repayment, the Bank stands guided by Bank Negara Malaysia ("**BNM**"), which has provided a standardised table on goodwill discount to ensure fairness and consistency.

4. In FY2025, overseas loans expanded by 5.1% to RM14.73 billion from RM14.01 billion previously, mainly driven by Singapore (+11.2%) and Vietnam (+2.4%) operations. However, lending activities in Hong Kong and Cambodia were under pressure with contractions of 29% and 18% respectively (page 35 of Annual Report 2025).
- a) With Hong Kong's gross loans, advances and financing size of just RM30 million as of FY2025, is the business still actively operating, or has HLB scaled back its credit operations there?
- b) Customer deposits from Hong Kong, however, surged 235% to RM932 million from RM278 million previously (page 38 of Annual Report 2025). What factors drove this sharp rise in deposit inflows despite muted lending activity?

The CFO replied as follows:

- The contraction observed in Hong Kong loan book reflects the Bank's prudent and cautious approach within a challenging economic environment. Moving forward, the strategic focus in Hong Kong would be providing global market and wealth management services, while seeking for growth opportunities through the network banking leverage.
 - The significant growth in the Hong Kong deposit base is a positive result of the Bank's targeted strategy, which successfully attracted new deposit inflows from business banking clients in that market. While welcoming this growth, the Bank remains watchful, ensuring deposits are from reliable sources and strictly meet compliance and regulatory requirements.
5. HLB has broadened its financed emissions reporting in the Sustainability Report 2025, now covering around 70% of its total loans and financing portfolio. However, the Business Loans & Unlisted Equity segment — a key PCAF asset class and an area where the Bank holds notable financing exposure — remains excluded from the current disclosure scope.
- a) What specific data, methodological, or system-related challenges does the Bank face in quantifying and disclosing financed emissions for the Business Loans & Unlisted Equity portfolio?

The CFO replied as follows:

- The primary challenge is the availability and quality of verifiable emissions data from the clients in this portfolio, in particular the unlisted companies and SMEs. Unlike public-listed corporations, these businesses are not currently mandated to measure or disclose their emissions.
- This lack of primary data compels the use of proxy data and estimations, which do not meet the high-quality standard and robustness required for public disclosure. With the introduction of carbon tax and carbon trading mechanism, it will act as a powerful catalyst to accelerate the management and disclosure of emissions.

- b) Given its material exposure, what is the Bank's timeline or roadmap to achieve full portfolio coverage in line with PCAF's expectations and net-zero alignment frameworks?

The CFO replied as follows:

- The Bank is prioritising identified high-emitting sectors within the Business Loans & Unlisted Equity asset class to establish an initial baseline in a phased approach. Thereafter, the Bank would develop sector-specific transition plans and concrete decarbonisation pathways.
 - The Bank had been proactive in expanding the financed emissions reporting, and anticipate completing the development of these decarbonisation pathways for the key high-emission sectors within the disclosure timeline of FY2028 in alignment with International Financial Reporting Standards (IFRS) disclosure requirements for S1 and S2.
- c) Accordingly, will the Bank considers disclosing financed emissions by economic sectors for better understanding of the Group efforts in managing operational environmental footprint?

The CFO replied as follows:

- The Bank would be pursuing disclosure of financed emissions by economic sectors upon finalisation of the initial baseline. This would help the Bank to develop sector-specific transition plans to establish concrete decarbonisation pathways, directly addressing the management of our operational environmental footprint.
6. As of 2 September 2025, Mr Kevin Lam, GMD/CEO holds a direct interest of 293,792 shares in HLB. He is also deemed interest in 3.037 million free ordinary shares to be vested under the Bank's Executive Share Scheme ("ESS") of HLB (page 396 of Annual Report 2025).
- a) What is the vesting period, performance criteria and other conditions attached to the 3.037 million shares to be awarded to Mr. Kevin Lam under the ESS?

The CFO replied as follows:

- Of the shares to be vested to Mr. Kevin Lam, 151,841 shares relate to his deferred bonus, which would be vested over a period up to 31 July 2026.
- The remaining 2,885,389 shares are performance-based awards, the vesting of which is subject to the achievement of pre-determined performance criteria set by the Board. These criteria include financial and operational performance targets as well as the successful execution of the Bank's 3-5 Year Transformative Plan, assessed over 2 performance periods ending 30 June 2026 and 30 June 2028, respectively.

- b) Please specify the number and value of ESS shares that Mr. Kevin Lam actually received during FY2025.

The CFO replied as follows:

- During FY2025, Mr. Kevin Lam received a total of 122,807 shares under the ESS, with an aggregate value of RM2.5 million.
- c) There appear to be differences between the disclosure of Mr Kevin Lam's remuneration on pages 67 to 68 of the Corporate Governance Report ("CG Report") and the figures presented on page 250 of Annual Report 2025. Please reconcile the number for shareholders' clarity?

The CFO replied as follows:

- The two tables report on different aspects of remuneration as required by different reporting standards. The primary difference arises because the disclosure in the CG Report on pages 67 to 68 details the total remuneration awarded to Mr. Kevin Lam for the FY2025 performance year, and includes the full value of deferred variable compensation awarded for the year's performance. Whereas Note 40 to the Financial Statements on page 250 of Annual Report 2025 reflects the accounting expense recognised for the year, which includes the amortisation of prior years' deferred awards but not the full value of new deferred awards.
- d) In view of the different reporting standards for the disclosure of Mr Kevin Lam's remuneration, please confirm which remuneration numbers should be used for reference.

The CFO replied as follows:

Shareholders should refer to Note 40 to the Financial Statements on page 250 of Annual Report 2025 for the remuneration that had been paid to Mr. Kevin Lam during FY2025.