



## RCE CAPITAL BERHAD

(Company No. 2444-M)

### SUMMARY OF KEY MATTERS DISCUSSED AT THE SIXTY-FOURTH ANNUAL GENERAL MEETING HELD ON 6 SEPTEMBER 2018

NO.	QUESTIONS RAISED BY SHAREHOLDERS/PROXIES	RESPONSES FROM DIRECTORS/CEO
1.	What is the impact to the Company's business after the change in government?	We do not foresee any significant impact to the Company's business post general election and are expecting civil servants personal financing sector to grow at a moderate pace. Our strategy is to focus on quality loans.
2.	What is the status of the proposed RM2.0 billion Sukuk Programme?	<p>The new Sukuk Programme is the Group's fifth foray into debt capital market. The multiple series in each tranche of issuance would allow better matching of the loan receivables tenor and hence better asset-liability management.</p> <p>We are confident that the issuance will be fully subscribed and well-managed by the joint lead managers, just as in the past four programmes. Nevertheless, we remain vigilant amidst the challenging economic environment and will continue to source for alternative long-term facilities to fund our business.</p>
3.	Why is the gearing ratio dropping steadily from 31 March 2017 to 30 June 2018?	Appetites for borrowings are dependent on demands for loans. While the Group's borrowings grew by 7% (year-on-year), equity base has enlarged at a faster rate of 17.6%. We are monitoring the gearing level closely, guided by quality loans.
4.	How is the progress of Central Credit Reference Information System ("CCRIS") implementation?	We have completed all infrastructure set-up. Implementation is pending upgrading of the CCRIS system and rolling out of new specifications by Bank Negara Malaysia ("BNM"). We will work closely with BNM to ensure readiness.



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NO.	QUESTIONS RAISED BY SHAREHOLDERS/PROXIES	RESPONSES FROM DIRECTORS/CEO
5.	<p>Who are the Company's main competitors and do you expect any new players in the personal financial services industry?</p> <p>With the change in government, how confident is the Company in sustaining business growth?</p>	<p>Competition in the personal financing market has been intensifying over the years. Our main competitors include major players like Malaysia Building Society Berhad and Bank Rakyat as well as other small players eg co-operatives. Venturing into this niche market requires substantial funding. We remain agile, competitive and have to stay alert for the changes in market environment.</p> <p>We also understand that the current civil servant workforce of 1.6 million will not be downsized under the new government.</p>
6.	<p>Any plan for the Company to venture into new segment?</p>	<p>There is no plan for the time being as we remain focused in this niche market segment which is not served by the banks.</p>
7.	<p>What is the Company's competitive edge over its peers?</p>	<p>As a non-bank financial company, we place emphasis on operational efficiencies and we believe that this can be achieved through the improvement in the turnaround time from loan application to loan disbursement. Our customers are approached by the marketing representatives personally without limitation of operating hours. Furthermore, the Group's overhead costs remain low as we do not have branches like other lenders.</p> <p>Despite fast loan disbursement (on average within 48 hours), the quality of loans remains the guiding principle.</p>
8.	<p>What is the mechanism in place for the Company's share buy-back exercise?</p>	<p>We are guided by the procedures and certain parameters put in place for share buy-back, as well as the Company's cash flow requirements.</p>



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<b>NO.</b>	<b>QUESTIONS RAISED BY SHAREHOLDERS/PROXIES</b>	<b>RESPONSES FROM DIRECTORS/CEO</b>
9.	The Group's cost of funds remains at a reasonable level despite the increase in Base Lending Rate. How does the Company foresee its cost of funds moving forward?	We expect the consumer financing to grow moderately despite the increase in interest rate. We take a proactive view in managing our funding costs. In any event, should there be movements in the cost of funds, we could price our products accordingly.
10.	Is the Company looking into any merger and acquisition (M&A)?	We are not in talks with any party on M&A for the time being. However, we will give due consideration should the opportunities arise.