



56th Annual General Meeting

26 May 2026 | KLGCC Convention Centre



AGENDA

SECTION

1

2025 Business
Performance
Review

2026 Strategic
Priorities

(FLIGHT26 FINAL YEAR)

SECTION

2

Shareholders
Engagement
and Q&A

PNB Q&A

MSWG Q&A

PRE-AGM Q&A

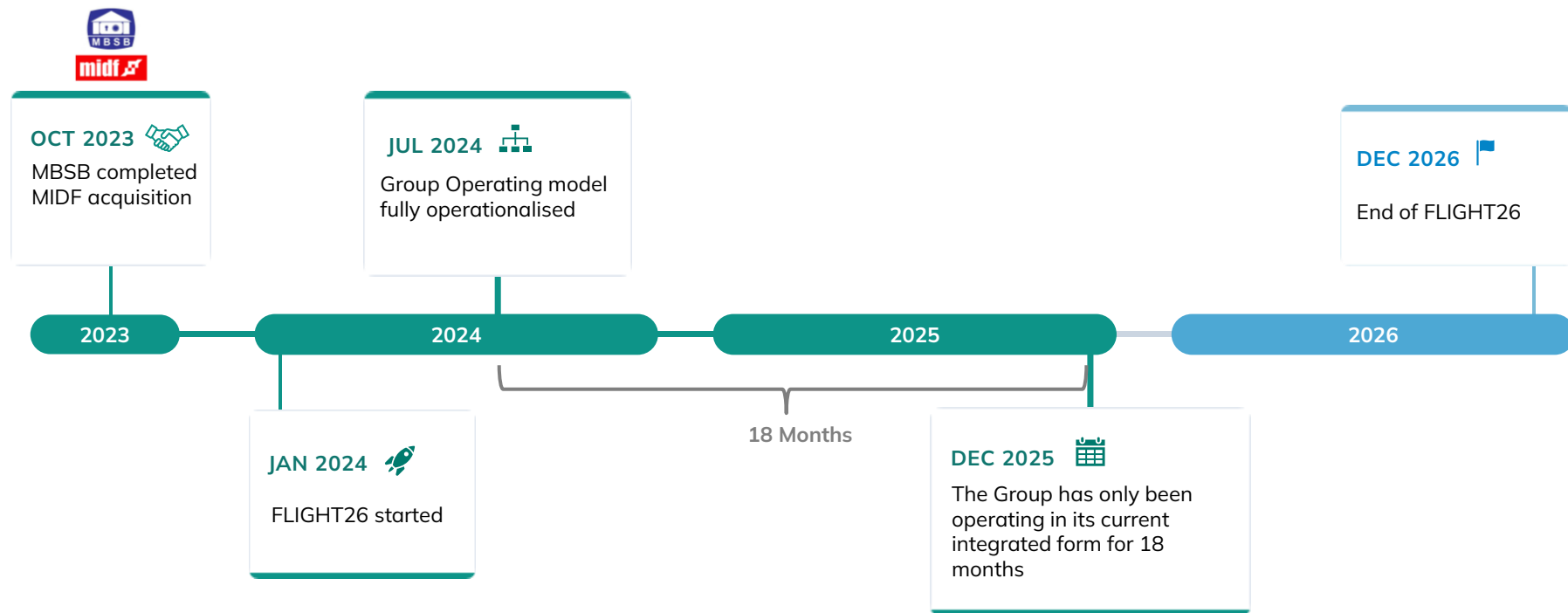
2025 BUSINESS PERFORMANCE REVIEW

Solid progress in CASA, cost efficiency, and income diversification despite challenges

— BE BOLD. BANK SMART. —

Although FLIGHT26 started in January 2024, MBSB's Group Operating Model was fully operationalised in July 2024

● Completed ● Ongoing



We began FLIGHT26 from a structurally challenging environment. Low CASA led to high cost of funds, non-competitive pricing, weaker asset quality, higher default levels and a core ROE of only 1.5%

CATEGORY	INDICATOR	2023	INDUSTRY
Capital & Liquidity	Total CET-1 Capital	RM9.3 bil	—
	CET-1 Ratio	19.9%	15%
	LCR	183.6%	160%
Asset Growth & Quality	Gross Financing	RM42 bil	RM72 bil potential based on RM9.3 bil capital
	Financing Mix (Retail : Non-retail)	69 : 31	60 : 40
	NPM	1.86%	2%
	GIFR	7.3%	2%
Deposit	CASA Ratio	6.2%	30%
	Cost of Funds	3.7%	3%
Profitability	Non-Funded Income Ratio	3.8%	25%
	CIR	52.5%	50%
	Core PAT (RM mil)	136	—
	Core ROE	1.5%	9%

FLIGHT26 addresses these structural weaknesses

FLIGHT26 GOAL
8% ROE

MISSION 1

CASA 20%
COF 3%

MISSION 2

RM50 bil
Financing

MISSION 3

NoFI 15%
of total income

MISSION 4

CIR <50%
Efficiency

Note: Reported FY2023 PAT of RM491.8 mil is inclusive of RM355.8 mil one-off gain from the MIDF acquisition. Core PAT was RM136 mil.
Source: BNM Monthly Statistical Bulletin

Stronger fundamentals built, with earnings yet to fully reflect improvements

CASA, COF and asset quality improved materially, although profitability remained below expectations due to moderate financing growth and a strategic shift towards higher-quality assets.

CATEGORY	INDICATOR	PRE-FLIGHT26 2023	2 ND YEAR FLIGHT26 2025	GROWTH
Capital & Liquidity	Total CET-1 Capital	RM9.3 bil	RM9.1 bil	—
	CET-1	19.9%	19.2%	—
	LCR	183.6%	141.4%	—
Asset Growth & Quality	Gross Financing	RM42 bil	RM43.9 bil	+4.5%
	Financing Mix (Retail : Non-Retail)	69 : 31	66 : 34	—
	NPM	1.86%	1.89%	+0.03%
	GIFR	7.3%	6.3%	-1.0%
Deposit	CASA Ratio	6.2%	15.5%	+9.3%
	Cost of Funds	3.7%	3.4%	-0.3%
Profitability	Non-Funded Income Ratio	3.8%	18.6%	+14.8%
	CIR	52.5%	57.9%	+5.4%
	Core PAT (RM mil)	136	280	+>100%
	Core ROE	1.5%	2.9%	+1.4%

Note: Reported FY2023 PAT of RM491.8 mil is inclusive of RM355.8 mil one-off gain from the MIDF acquisition

Low overall financing growth masks strong Commercial and Corporate performance, with Consumer contraction a risk-managed decision

BUSINESS SEGMENT (RM BILLION)	FY 2024	FY 2025	YoY	INDUSTRY
Consumer Banking	29.4	28.9	(1.7%)	5.3%
Personal Financing	18.5	17.7	(4.5%)	1.3%
Property Financing	10.7	11.1	3.1%	5.9%
Corporate Banking	8.2	9.2	12.2%	4.6%
Commercial Banking	5.4	5.9	8.4%	5.9%
Total	43.0	43.9	2.2%	5.0%

Note: Any discrepancies are attributable to rounding variances

+12.2%

CORPORATE BANKING YoY

+8.4%

COMMERCIAL BANKING YoY

Outperforming the Market Industry

Corporate Banking outpaced the industry by nearly 3X, driven primarily by syndicated and structured financing wins, while Commercial Banking grew at almost 1.5X the industry rate.

2.2%

TOTAL VS INDUSTRY 5.0%

Risk-Disciplined Growth

Total book grew 2.2% vs industry 5.0% — a disciplined choice to protect asset quality and margins.

(1.7%)

CONSUMER FINANCING YoY

Consumer Rebalancing

Consumer book rebalanced — personal financing reduced to manage risk and reposition the portfolio.

Key Challenges Faced in 2025

Performance impacted by slower growth, margin compression, and legacy asset effects

Low Financing Growth



Low financing growth against target (actual RM43.9 bil vs. RM48.6 bil target for 2025), driven by:

- Longer time taken to shift towards better-quality assets and collaterals for mortgages
- Larger redemption in Personal Financing portfolio due to:
 - Active management of low yielding accounts
 - Legacy accounts (non-refinancing of accounts where existing instalment is not sufficient to cover for new instalment deductions)
- Higher than expected early repayments for Corporate portfolio
- Slower than expected disbursements due to project milestone delays by clients

NPM Compression



Compression in net profit margin due to:

- OPR cut of 25 bps in July 2025
- Conversion of Consumer Financing from fixed rate (Rule 78) to floating rate
- Migration to higher quality assets
- Lower pricing for financing from increased competition

Legacy Asset Portfolio



Legacy asset portfolio contributed to higher ECL

- RM200+ mil ECL recognised from financing booked from 2014 to 2020

Progress Made in 2025

Solid progress in CASA, cost efficiency, and income diversification despite challenges

Financing Pipeline & Growth



- Financing stock has improved significantly, and large drawdowns materialising from Q1 26
- Robust pipeline of financing built over 2025 to be drawdown across 2026

CASA & Funding Optimisation



- Significant progress in improving our CASA ratio from 11% to 16% (vs. target of 13%)
- This led to lower COF of 3.4% (vs. target of 3.6%)
- Continued momentum of CASA growth expected in 2026

Cost Efficiency & Income Diversification




- OPEX dropped by 4% YoY and cost optimisation will continue in 2026
- Non-funded income improved from RM159 mil to RM280 mil leading to 18.6% of non-funded income over net income (vs. FLIGHT26 target of 15%)

2025 in Review: Signature Campaigns and Elevated Product & Digital Offerings

Continue to build capabilities to accelerate growth and increase value for our stakeholders

CONSUMER BANKING



- Multi-tiered rate CASA campaigns
- Term Investment Account & Term Deposit campaigns
- Relunched Auto Financing
- Remittance Service powered by **7WISE** – Global Easy Transfer (GET) - 
- Unit Trust Investment Platform – **iFAST**
- Employee Payroll Proposition – **worksfor.me**

DIGITAL



- **Receivables Dashboard**
- Payroll wallet for foreign workers – **Bayo**
- Enhancement of mobile banking - **JOURNEY**
- Integrated **FPX** payment services

DRIVING MEASURABLE OUTCOMES

+32%

CASA Growth YoY

- +147% TIA growth YoY
- 15.5% CASA ratio (2024: 11.1%)
- 3.4% Cost of funds (2024: 3.7%)

+76%

Non-Funded Income Growth YoY

- +58x Unit Trust growth YoY
- 18.6% NoFI ratio (2024: 9.6%)
- (exceeds FLIGHT26 target: 15%)

+42%

Digital Transactions


- +21.6% MIB users YoY
- +21.7% RIB users YoY
- 2 Wins MY Tech Excellence 2025

2025 in Review: Signature Campaigns and Elevated Product & Business Offerings

Continue to build capabilities to accelerate growth and increase value for our stakeholders

COMMERCIAL BANKING



- Deposit Campaign for SME
- Focused sectors – Halal and Aerospace
- New financing programmes for SME – Future Ready Financing & HATI
- Partnered with  **Santander** for Navigator Global Platform
- New trade offering: MXpress BG-i & Unadvised FXL-i

WHOLESALE BANKING



- Sustainable Deposit
- Intensified solutions-based financing
- Thematic partnerships for syndication / club deals
- 1 IPO listing: ACE Market

DRIVING MEASURABLE OUTCOMES

RM43.9 bil

Total Financing

from RM43 bil in 2024

+RM1 bil Net financing growth YoY

National focus sectors expanded

RM13 bil

Sustainable & Transition Finance

RM10 bil Surpassed FY26 target

+30% Above target

Best Deal Syndicated Financing, Asia 2025*

RM426 mil

Sustainable Deposit

within its first year of launch,
demonstrating strong early traction.

*Awarded Best Syndicated Financing & Best Deal of the Year — Asia 2025

2025 in Review: Delivering on Our ESG Promises

Creating value through sustainable finance, responsible operations & an empowered ESG culture

01

Sustainable & Transition Finance



TARGET: RM10 BIL BY 2026

RM13.1 bil

Exceeded initial target ahead of schedule

RM6 bil Wholesale Banking
— solar energy, healthcare and agriculture

RM1.2 bil Commercial Banking
— food security, agriculture and circular economy

02

Carbon Neutrality



SCOPE 1 & 2 EMISSIONS BY 2030

15%

Energy reduction at Menara MBSB
— RM180k in cost savings

Reduced paper consumption by **22.4%** YoY, from 10,833 to 8,404 reams

03

Achieving Net Zero



NET ZERO COMMITMENT BY 2050

700K tCO₂e

Financed emissions intensity of 20 tCO₂e/RM mil
— engaged top 20 high-emitting clients

Strengthened **climate risk oversight** through quarterly Climate Risk Dashboard reporting

04

Community Volunteerism



50,000 HOURS BY 2030

22,000 hrs.

Cumulative volunteerism hours recorded (44% of 2030 target)

Impacted over **111,000 individuals** nationwide through 76 focused community development initiatives

2026 STRATEGIC PRIORITIES

FLIGHT26 Final Year - Focus on growth, efficiency, and shareholder value

— BE BOLD. BANK SMART. —

FY2026 Financial Targets

CATEGORY	INDICATOR	2025	TARGET 2026
Profitability	ROE	2.9%	5 – 6%
	NPM	1.9%	2%
	COF	3.4%	3.3%
	Non-Funded Income over Net Income	18.6%	26%
	CIR	57.9%	≤53%
Asset Growth & Quality	Gross Financing	RM43.9 bil	RM50 bil
	Gross Financing Growth	2.2%	7 – 8%
	GIFR	6.3%	4 – 5%
Deposit	CASA Ratio	15.5%	20%
Capital	CET 1	19.2%	18%

Driving Financing Growth by Focusing on Corporate & Commercial

Growth in 2026 will be driven mainly by Corporate and Commercial Banking, while Consumer will rebalance its assets by focusing on higher yielding portfolio



Growing Non-Retail Share of Financing

Retail : Non-retail mix

2025 66% 34% 66:34

Target 2026 60% 40% 60:40

● Retail ● Non-Retail

Note: The 60:40 ratio is aligned with industry practice



Consumer Banking



Reduce low-yielding portfolio

Focus on secured & new growth segments (mortgage and auto)



Partner with housing developers

Reputable developers only



Commercial Banking



Unlock East-West Connection

Kuantan & Klang focus



Expand Halal Industry

Halal & Aerospace sectors



Increase penetration

Green and ESG sector integration



Intensify collaboration

with associations



MBSB Navigator Platform

Trade expansion



Wholesale Banking



Execute value-chain ecosystem

National focus areas (infra., RE, data centres, industrial hubs, telco, transportation)



Target GLCs & Agencies

GLCs, federal and state govt. agencies & municipalities



Syndicate/club deals

Large-ticket financing

Continue Growing CASA to Further Reduce Cost of Funds

Strengthening low-cost deposit base to optimise funding costs and support margin stability



Building a Stronger CASA Base

CASA Ratio

2025
15.5% **Current**


Target 2026
20.0% **+4.5%**



Target: 20% by end of 2026



Consumer Banking


 **Continue Simpan Berganda Menang Berganda campaign (5.0)**
Deposit promotion strategy


 **Expand list of currencies under Global Easy Transfer (GET)**
Powered by **7WISE**

 **Establish CRM360 for leads management**
Wallet share view for branches




Commercial Banking

 **Strengthen execution of associations strategy**
Onboard SMEs through member network

 **Rebalance funding mix**
Reduce wholesale deposits, deepen SME/retail CASA



Wholesale Banking

 **Embed CASA-linked financing solutions**
Strategic financing approach

 **Capture CASA of Government entities, GLCs**
Corporates & concession companies

 **Introduce GET powered by 7WISE for non-retail**
Expand to corporate clients

Increase Non-Funded Income Contribution

Non-funded income to reach 26% of net income in 2026, led by Treasury and Investment Banking and supported by wealth and Trade Finance growth



Improving Income Mix Through Non-Funded Income Growth

Non-Funded Income Ratio
NFI to reach 26% of net income in 2026

2025

18.6%

(exceeds FLIGHT26 target: 15%)

Target 2026
+7.4%

26.0%



Consumer Banking



Expand investment products
Structured Investments,
Private Retirement Schemes



Introduce tiered pricing on Gold
Integrated Gold app



Introduce Takaful Advisory
With savings proposition



Commercial Banking



Increase Trade contingency sales
Trade finance products



Expand FX and Takaful marketing
Cross-border solutions



Wholesale Banking



Structured cross-selling
Deepen wallet share



Sales specialist
Leverage trade



Strengthen and grow Equity Markets



Strengthen and grow Advisory business (DM, Corporate Finance, M&A and ECM)



Islamic derivatives linked to ESG
Partner with interbank suppliers

Managing Asset Quality

Proactive measures to strengthen credit quality and reduce risk exposure

Continued Improvement in Asset Quality


Group GIFR

2025 **6.3%**

Target 2026 **5.0%**

Target improvement: 1.3% reduction in gross impaired financing ratio through proactive credit management and legacy cleanup.

Consumer Banking


 **Instill stronger payment discipline among customers**

Enforce timely repayments

 **Improve recoveries and contain further asset quality deterioration**

Accelerate collection efforts and minimise impairment losses


Commercial & Corporate Banking


 **Review credit utilisation and reduce exposure for customers with deteriorating quality**

Reassess credit limits for at-risk accounts

 **Tighten risk appetite and exposures on high-risk sectors/industry**

Limit concentration in vulnerable sectors

 **Leverage on AI**
Strengthen facility review & monitoring (AI-driven)

 **Strengthen credit underwriting**
Enhance due diligence and approval standards

Key Takeaways for Shareholders

FY2025 marked a transitional year, with stronger fundamentals positioning MBSB for improved growth and returns

1. Strengthening the Foundation

- FY2025 impacted by slower financing growth and higher impairments from legacy assets
- Balance sheet discipline & cost optimisation remain intact

2. Clear Progress in Strategic Priorities

- CASA ratio improved to 15.5% - highest in MBSB's history
- Cost of funds reduced to 3.4% - reflecting successful balance sheet optimisation
- Strong growth in Corporate and Commercial segment – outperforming industry

3. Disciplined Approach to Risk

- Conservative growth strategy prioritising asset quality and better margin
- Consumer segment growth moderated to avoid higher credit risk and margin compression

4. Strong Capital & Dividend Commitment

- CET1 remains strong at 19.2%, well above regulatory requirements
- Dividend payout of 94.7% (3.22 sen) reflects continued commitment to shareholders

5. Focused on Improving Returns

- Management is firmly focused on:
 - Improving ROE from current level to 5-6%
 - Driving CASA ratio to 20%
 - Growing financing by 7-8%
 - Enhancing non-funded income contribution to 26%
 - Continuing cost efficiency

SHAREHOLDERS ENGAGEMENT AND Q&A

— BE BOLD. BANK SMART. —

PNB Q&A

— BE BOLD. BANK SMART. —

STRATEGIC QUESTIONS

QUESTION 1

To disclose the Total Shareholders Returns (“TSR”) of MBSB for the past 1, 3, and 5 years up to the end of the financial year ended 2025.

What would the Board attribute the performance to?

STRATEGIC QUESTIONS

ANSWER 1

5-Year TSR: 38.2%

Share price return: 4.5% | Dividend yield: 33.7%

- MBSB's 5-year TSR was mainly dividend-driven. Share price return over the period was modest at 4.5%, as the first half of the period was affected by the lingering impact of COVID-19. The share price declined by 21% in 2021 and only recovered to pre-COVID levels in July 2023.
- Subsequent share price gains were supported by improved sentiment following the MIDF acquisition and FLIGHT26. However, the dominant contributor to TSR was dividends, which added 33.7% over the period and reflected the Group's consistently high payout ratio.

3-Year TSR: 33.0%

Share price return: 14.6% | Dividend yield: 18.4%

- MBSB delivered a strong 3-year TSR of 33.0%, supported by share price appreciation of 14.6% and dividend contribution of 18.4%.
- The share price return of 14.6% was driven by improved investor sentiment following the MIDF acquisition and the launch of FLIGHT26, with the share price peaking at RM0.95 in May 2024.

STRATEGIC QUESTIONS

ANSWER 1 (Cont.)

1-year TSR: -0.4%

Share price return: -4.7% | Dividend yield: 4.3%

- MBSB's share price performance in FY2025 was mainly affected by financial results that came in below expectations, with ROE moderating to 2.9%.
- Market sentiment was also affected by heightened global equity volatility following major US tariff policy announcements in April 2025.
- The impact of the share price decline was partially cushioned by a dividend yield of 4.3%, favourable relative to peers, resulting in an overall 1-year TSR of -0.4%.

STRATEGIC QUESTIONS

QUESTION 2

Given the gap between the FY2025 ROE and the FLIGHT26 target of 8% by FY2026, could the Board share insights on which key assumptions or strategic elements have not progressed as planned, and how the Board is guiding management to recalibrate priorities and execution going forward?

STRATEGIC QUESTIONS

ANSWER 2

The Board acknowledges that the original FLIGHT26 ROE target of 8% by FY2026 was aspirational. Based on FY2025 performance and the current earnings trajectory, the Group is now focusing on lifting ROE towards the 5% to 6% range.

FLIGHT26 was launched from a structurally challenging starting point. MBSB had low CASA, high cost of funds, less competitive pricing, weaker asset quality, elevated default levels and a core ROE of around 1.5%. Although FLIGHT26 technically commenced on 1 January 2024, the Group structure was only operationalised in July 2024 following the integration of MIDF. In practical terms, the Group has had about 1.5 years of execution under the combined Group structure.

Since then, the Group has strengthened several key fundamentals. CASA improved from 6.2% in FY2023 to 15.5% in FY2025. Cost of funds improved from 3.7% to 3.4%. Non-funded income contribution rose from 4.3% to 18.6% of total income.

STRATEGIC QUESTIONS

ANSWER 2 (Cont.)

However, earnings have not yet fully reflected these improvements because financing growth was slower than planned. Total financing increased from RM42 billion in FY2023 to RM44 billion in FY2025, but this was below the level required to deliver the original ROE trajectory. Growth in Commercial and Corporate Banking was partly offset by a contraction in Consumer financing as the Group shifted towards better-quality assets.

Cost discipline remained strong, with costs reducing by 4% year-on-year. However, CIR increased from 51.2% in FY2023 to 57.9% in FY2025 as slower financing growth constrained income growth, reducing the Group's ability to absorb its cost base.

Consequently, FY2025 ROE stood at 2.9%, below the targeted 5.3%. Nonetheless, the Group remains strongly capitalised, with CET1 at 19.2%, and maintained a high dividend payout of 94.7%, equivalent to 3.22 sen per share.

STRATEGIC QUESTIONS

ANSWER 2 (Cont.)

Going forward, the Board is guiding Management to focus on a sustainable ROE improvement path by driving CASA towards 20%, growing financing by 7% to 8%, increasing non-funded income contribution towards 26%, and maintaining cost discipline. The emphasis is on quality growth, stronger earnings and better shareholder returns over time.

OTHER QUESTIONS

QUESTION 3

In an increasingly competitive banking environment, where larger banking groups possess stronger scale advantages and digital capabilities, how does the Board plan to position MBSB over the next three to five years to stay competitive and create value for shareholders?

OTHER QUESTIONS

ANSWER 3

In an increasingly competitive banking environment, MBSB's strategy is not to compete on scale, but to focus on targeted areas where the Group has differentiated capabilities and can deliver sustainable, risk-adjusted growth.

Financing growth will be increasingly driven by Corporate and Commercial Banking, supported by syndicated and structured financing, ecosystem financing, and deeper penetration into growth sectors such as renewable energy, infrastructure, data centres, transportation, and halal industries. Corporate Banking financing grew 12.2%, and Commercial Banking financing grew 8.4% YoY in FY2025, significantly outperforming industry growth.

Within Consumer Banking, the Group is rebalancing towards higher-quality assets, while reducing reliance on selected lower-yielding or higher-risk portfolios. Strategic partnerships with reputable property developers will support this shift towards higher quality mortgages, while collaborations with FWD Takaful, Wise and iFAST will strengthen takaful, remittance and wealth capabilities in a capital-efficient manner without bearing the full cost of proprietary development.

OTHER QUESTIONS

ANSWER 3 (Cont.)

The Group will also continue strengthening its funding profile through CASA growth to reduce cost of funds and support margin stability. CASA ratio improved from 6.2% pre-FLIGHT26 to 15.5% in FY2025, with a target of 20% by end-2026, supported by initiatives across Consumer, Commercial, and Wholesale Banking.

At the same time, the MBSB is diversifying earnings through fee-based and transaction banking businesses. In FY2025, non-funded income increased from RM159 million to RM280 million, with contribution to net income rising to 18.6%, exceeding the FLIGHT26 target of 15%.

Together with continued focus on asset quality, balance sheet resilience, and cost optimisation, these initiatives are intended to position MBSB as a more focused, capital-efficient and sustainable banking group, capable of delivering stronger earnings and long-term shareholder value.

OTHER QUESTIONS

QUESTION 4

Given that global macroeconomic headwinds may translate into domestic household and business income pressures, could the Board share its assessment of how asset quality is expected to trend in FY2026, and under what conditions additional provisioning may be required?

OTHER QUESTIONS

ANSWER 4

The Group remains vigilant on the potential impact of global macroeconomic headwinds on domestic household income, business cash flows and customer repayment capacity, against a backdrop where the World Bank projects Malaysia's GDP to increase by 4.4% in 2026 compared to 5.2% growth achieved in 2025. Asset quality is expected to remain manageable in FY2026, but pressure may emerge in segments more sensitive to income volatility, cost pressures or slower economic activity.

The Group continues to closely monitor portfolio performance and early warning indicators, including repayment behaviour, arrears migration, Stage 2 and Stage 3 movements, restructuring trends, sector concentration and collateral values.

Provision adequacy is assessed continuously based on prevailing economic conditions, portfolio performance and forward-looking risk indicators. Where required, the Group conducts stress testing to assess the potential impact of adverse scenarios on affected customer segments, the financing portfolio and the Group's overall financial position.

OTHER QUESTIONS

ANSWER 4 (Cont.)

Additional provisioning may be required if there is a material deterioration in macroeconomic conditions, repayment behaviour, collateral values, or migration of accounts into higher-risk stages. Nevertheless, the Group remains committed to maintaining prudent provisioning buffers, disciplined credit underwriting, early intervention and proactive collections management.

OTHER QUESTIONS

QUESTION 5

How does the Board interpret the Company's current market valuation relative to that of its peers, and what initiatives are being prioritised to improve investor confidence and enhance valuation over time?

OTHER QUESTIONS

ANSWER 5

The Board views MBSB's current market valuation as broadly reflective of its present profitability profile, ROE, scale and market positioning. At approximately 0.6 times Price-to-Book ("P/BV"), MBSB is broadly in line with the median valuation of its banking peers.

However, the Board recognises that valuation improvement will depend on the Group's ability to deliver stronger and more consistent performance. The key priorities are to enhance CASA and funding efficiency, grow financing in a disciplined manner, improve asset quality by reducing GIFR, increase non-funded income, continue cost discipline and strengthen earnings quality to improve ROE.

These priorities are central to FLIGHT26 and are intended to address the Group's structural challenges over time. As execution progresses, the Board expects stronger fundamentals and clearer earnings delivery to support investor confidence and contribute to improved valuation over the medium term.

Management will also continue engaging analysts, fund managers and potential investors to provide clearer visibility on the Group's strategy, performance and progress under FLIGHT26. This is important to improve market understanding of MBSB's transformation journey and sustain investor interest in our stock.

MSWG Q&A

— BE BOLD. BANK SMART. —

OPERATIONAL & FINANCIAL MATTERS

QUESTION 1

MBSB recorded lower revenue and net profit of RM3.44 billion and RM279.51 million, respectively, in FY2025.

Chairman Dato' Wan Kamaruzaman Wan Ahmad said the lower revenue and profit were a necessary phase of consolidation and prudent balance sheet management (page 12 of Integrated Annual Report 2025). On top of this, Group CFO Mr. Shahnaz Jammal said the moderation of profit reflects the Group's prudent approach to managing margin pressures and strengthening credit quality (page 16 of IAR2025).

Please elaborate more specifically on the measures undertaken during this “phase of consolidation”.

In particular, to what extent did the Group deliberately “sacrifice” near-term financing growth, margins, or profitability to prioritise balance sheet resilience, asset quality preservation, and risk reduction? What are the expected outcomes beyond this phase of consolidation? Could shareholders expect better topline and bottomline performance after this?

OPERATIONAL & FINANCIAL MATTERS

ANSWER 1

The consolidation phase was about improving asset quality and building a more resilient foundation for sustainable growth. The Group consciously prioritised balance sheet resilience, credit quality and risk reduction over aggressive near-term expansion.

This was undertaken through three key measures.

First, the Group undertook a proactive clean-up of the existing financing book by intensifying collections and recognising ECL on legacy exposures, mainly from accounts originated between 2014 and 2022. This resulted in over RM200 million of ECL recognised in FY2025, which was necessary to address overhanging risks and strengthen asset quality.

Second, the Group tightened risk parameters across the portfolio. This included enhancing credit scorecards, refining risk acceptance criteria and recalibrating risk appetite in line with the Group's prudent risk strategy. As a result, financing growth moderated to 2.2% in FY2025, below industry growth, reflecting a decision to prioritise credit quality over volume-led growth.

OPERATIONAL & FINANCIAL MATTERS

ANSWER 1 (Cont.)

Third, the Group strengthened its funding profile by growing low-cost deposits, improving the deposit mix and reducing reliance on higher-cost funding. CASA improved from 6.2% pre-FLIGHT26 to 15.5% in FY2025, while cost of funds declined from 3.7% to 3.4%. The lower cost of funds will facilitate the growth of better-quality assets which are priced competitively.

These actions affected near-term revenue and profitability, but they were necessary to position the Group for stronger and more sustainable performance. Looking ahead, the Group is targeting ROE of 5% to 6%, GIFR of 4% to 5%, and financing growth of 7% to 8% in FY2026. With a stronger balance sheet, better funding profile and more disciplined risk posture, the Group expects to deliver improved topline and bottom-line performance over time.

OPERATIONAL & FINANCIAL MATTERS

QUESTION 2

In FY2025, MBSB's financing growth remained muted at 2.2% (FY2024: 2.23%) with total financing increased to RM43.93 billion from RM42.98 billion a year earlier. As a comparison, the banking industry registered overall loan growth of 4.8% in 2025, according to Bank Negara Malaysia.

- a) Group Consumer Banking financing contracted by 2% to RM28.9 billion from RM29.4 billion previously, mainly attributed to a 5% decline in Personal Financing-i to RM17.7 billion from RM18.6 billion, partially offset by a 3% increase in Property Financing to RM11.1 billion from RM10.8 billion (page 36 of IAR 2025).

The moderation in personal financing growth reflects a deliberate strategy to reduce reliance on personal financing, diversify the customer base, and achieve sustainable growth. From an asset quality perspective, this appears prudent given the elevated impairment experience historically associated with parts of the personal financing portfolio.

However, in the absence of a strong replacement growth engine within retail banking, what strategies has the Group deployed to grow the retail financing book while maintaining asset quality discipline?

OPERATIONAL & FINANCIAL MATTERS

QUESTION 2 (Cont.)

- b) MBSB relaunched auto financing in FY2025. As of 31 December 2025, Auto Financing stood at RM16.73 million versus RM8.83 million in FY2024 (page 145, Note 8 – Loans, Financing and Advances, IAR2025).

The financing size by amount is minimal compared to MBSB's total financing size of RM43.93 billion.

Given the relatively small portfolio size compared with the Group's total financing base of RM43.93 billion, what are the key operational, distribution, and risk management challenges in scaling up this segment meaningfully in terms of financing volume and size?

- c) Based on the previous growth trajectory, certain targets set under the FLIGHT26 three-year strategic plan, i.e., financing target of RM50 billion (FY2025: RM43.93 billion) and cost-to-income ratio (CIR) of 50% (FY2025: 58%), appear to be unattainable.

Should the Group consider recalibrating certain FLIGHT26 milestones to reflect prevailing operating realities?

OPERATIONAL & FINANCIAL MATTERS

QUESTION 2 (Cont.)

- d) MBSB's ROE has remained persistently low in recent years (FY2025: 2.85%, FY2024: 4.15%, FY2023: 5.23%, FY2022: 5.22%) which continues to be a key concern among analysts and investors.

What are the key structural constraints that are holding back ROE expansion?

What specific capital optimisation strategies is the Bank considering to address the low ROE? Please outline the strategies considered.

- e) Several Malaysian banks have announced their plans to step up capital distributions amid strong capital positions ahead of the implementation of the Basel III reform in June 2026.

Given MBSB Bank Berhad's current capital position, balance sheet profile, and asset quality considerations, does management view the Group as being in a sufficiently comfortable position to pursue a similar capital management strategy, including potentially higher dividend payouts or other forms of capital distribution? Conversely, what considerations would need to be met before the Group becomes comfortable with adopting a more shareholder-friendly capital distribution approach?

OPERATIONAL & FINANCIAL MATTERS

ANSWER 2.a

The Group's key replacement growth engine within Consumer Banking is Property Financing.

The strategy is not simply to grow mortgages in volume, but to grow a better-quality secured retail book. The Group has since repositioned its Property Financing strategy towards higher-quality customers purchasing properties from reputable developers, where the risk-return profile is more sustainable. Property Financing now represents 26% of the Group's total financing book compared to 23% pre-FLIGHT26, comprising higher-value and lower-risk secured assets.

This strategy is showing early traction. Property Financing disbursements grew by 30% from Q3 to Q4 FY2025, providing momentum for Property Financing to gradually become the main growth driver for Consumer Banking.

OPERATIONAL & FINANCIAL MATTERS

ANSWER 2.b

The auto financing portfolio remains intentionally modest at this stage. Given the competitive pricing environment, compressed margins and residual value risks, particularly for EVs, the Group is taking a selective and disciplined approach to scaling in the national car segment and selectively in the non-national car segment (focusing on selective dealers in Klang Valley).

The immediate focus is to build distribution capability, strengthen dealer and customer acquisition channels, refine credit parameters and ensure that pricing adequately reflects risk and funding costs. The Group is currently focused on targeted penetration within Klang Valley, where customer access and operational controls are stronger.

Auto financing is therefore being developed as a complementary product within the Consumer Banking suite, as part of the payroll *WorksforMe* proposition, rather than an aggressive near-term balance sheet growth driver. Scaling will be pursued only where risk-adjusted returns are acceptable.

OPERATIONAL & FINANCIAL MATTERS

ANSWER 2.c

The Group acknowledges that certain FLIGHT26 targets have become challenging within the original timeframe.

The financing shortfall was mainly due to a strategic shift towards higher-quality and more collateral-backed assets, tighter underwriting standards, rebalancing of the Consumer Financing portfolio, higher-than-expected early repayments in Corporate Banking, and timing delays in project-related disbursements. These factors reflect a more prudent and quality-focused growth path.

On CIR, operating expenses declined by 4% year-on-year, reflecting cost discipline. However, CIR remained elevated because income growth was constrained by slower-than-planned financing growth.

The Board continues to view the strategic direction of FLIGHT26 as sound. Any recalibration will therefore focus on execution priorities, timelines and realistic performance milestones, while preserving the original intent of building a stronger, more sustainable and higher-return banking group. The learnings from FLIGHT26 will also be incorporated into the next strategic plan.

OPERATIONAL & FINANCIAL MATTERS

ANSWER 2.d

MBSB's ROE has remained subdued due to several structural constraints.

First, the funding profile is still in transition. CASA has improved from 6.2% in FY2023 to 15.5% in FY2025, but remains below industry average, resulting in a relatively higher cost of funds and pressure on margins.

Second, the Group is still addressing legacy asset quality issues, including proactive provisioning and clean-up of older exposures. This has affected near-term profitability but is necessary to reduce forward-looking risk.

Third, financing growth has been deliberately moderated as the Group rebalances towards higher-quality assets and tightens underwriting standards. This has reduced near-term earnings momentum but supports more sustainable growth.

Fourth, while non-funded income has improved from 4% to 19% of total income, fee-based and transaction-driven income streams still need to be scaled further to materially uplift ROE.

OPERATIONAL & FINANCIAL MATTERS

ANSWER 2.d (Cont.)

To address these constraints, the Group is focusing on improving CASA and funding cost, reallocating capital towards higher risk-adjusted return segments, rebalancing the portfolio towards secured and better-quality assets, growing fee-based income, and strengthening pricing discipline.

On capital optimisation, the Group will continue to assess opportunities to improve capital efficiency, including more disciplined capital allocation, balance sheet optimisation, and potential capital distribution where appropriate, subject to business needs, asset quality outlook and regulatory approvals.

OPERATIONAL & FINANCIAL MATTERS

ANSWER 2.e

The Group recognises the importance of a balanced capital management approach that supports growth, maintains regulatory resilience and delivers shareholder returns.

MBSB has historically maintained a high dividend payout ratio of approximately 60% to 95%, above the peer average, reflecting its capital position and earnings profile. Going forward, the Group may consider returning unutilised capital to shareholders where appropriate, subject to business needs, asset quality outlook, earnings stability and regulatory approvals.

Before adopting any additional capital distribution measures beyond ordinary dividends, the Group would need to be comfortable that capital buffers remain sufficient to support growth, absorb potential asset quality stress, meet Basel III reform requirements and preserve financial flexibility.

The objective is to strike the right balance between reinvesting for sustainable growth and returning capital to shareholders in a disciplined manner.

OPERATIONAL & FINANCIAL MATTERS

QUESTION 3

The total impairment of Ihsan-i financing increased further to RM505 million from RM444 million in FY2024 (page 16, Q4FY2025 Analyst briefing dated 27 February 2026). For context, MBSB had disbursed RM1.1 billion under Ihsan-i financing scheme (page 23 of IAR2023).

- a) Please provide greater granularity on the impairment trend within the Ihsan-i portfolio, including the proportion attributable to newly impaired accounts versus recoveries and repayments received during the financial period.
- b) To what extent has MBSB's Restructure & Reschedule (R&R) program alleviated repayment burden among Ihsan-i borrowers? How does management assess the effectiveness and sustainability of these interventions, given that impairments on the portfolio have continued to increase despite the assistance measures undertaken?

OPERATIONAL & FINANCIAL MATTERS

QUESTION 3 (Cont.)

- c) Although the net increase in impairments moderated to RM61 million in FY2025 compared to RM146 million previously, the Ihsan-i portfolio continued to weigh materially on the Group's overall asset quality metrics. Excluding Ihsan-i portfolio, MBSB's GIF would have been lower at 5.2%, compared to the reported 6.3%.

In addition, the cumulative impairments of RM505 million represented 45.9% of the total RM1.1 billion Ihsan-i disbursement - an exceptionally elevated level for a personal financing product.

With the benefit of hindsight, what shortcomings or gaps has management identified in the underwriting standards, customer segmentation, credit assessment, risk monitoring, or collection strategies underpinning the Ihsan-i product?

Furthermore, what lessons have been incorporated into the Group's current retail financing risk management framework to mitigate the risk of similar asset quality deterioration in future portfolios?

OPERATIONAL & FINANCIAL MATTERS

ANSWER 3.a

During FY2025, newly impaired accounts in the Ihsan-i portfolio amounted to RM134 million, and an additional RM20 million is attributable to profit-related impacts and other charges. These were partially offset by RM65 million of accounts reclassified back to performing status, and RM28 million of recoveries and repayments received during the year.

While the impairment level for the Ihsan-i remains elevated, the credit exposure is fully secured against EPF balances, which mitigates the ECL impact to the Group. We expect to fully recover the impaired amounts as and when the customers reach retirement age.

OPERATIONAL & FINANCIAL MATTERS

ANSWER 3.b

Since introducing the R&R program for the Ihsan-i portfolio, we have helped over 4,000 customers reduce their monthly commitment burden for a more sustainable repayment pending full redemption from their EPF account. This is close to 10% of the remaining portfolio size whilst 58% of it is currently tagged as non-performing.

We continue to pursue repayment via various strategies, including R&R, and over the course of the year expect another RM40 million of redemption from EPF that will help reduce impairment. The Collections team nonetheless monitors the portfolio closely and assesses the effectiveness of the R&R program through post-restructuring repayment behavior, cure rates and account stability.

OPERATIONAL & FINANCIAL MATTERS

ANSWER 3.c

Ihsan-i was a COVID-related initiative introduced in response to government efforts to support individuals affected by prolonged lockdowns.

The Ihsan-i product has been decommissioned post-COVID, and the Bank no longer offers financing products with similar risk characteristics. This reflects the Group's shift towards more disciplined, better-secured and higher-quality retail financing growth.

OPERATIONAL & FINANCIAL MATTERS

QUESTION 4

Impaired loans, financing and advances (LAF) increased significantly by 21.35% or RM489.14 million to RM2.78 billion in FY2025 from RM2.29 billion previously. The deterioration in asset quality was primarily driven by higher impairments in the following sectors:

- Household sector: RM872.52 million (FY2024: RM740.19 million)
 - Wholesale & retail trade and restaurants & hotels: RM457.69 million (FY2024: RM348.1 million)
 - Transport, storage and communication: RM176.33 million (FY2024: RM4.05 million)
- (Source: page 151, Note 8(x) – Impaired LAF by sector, IAR2025)

What key factors led to the sharp increase in impaired financing within these three sectors in FY2025? In particular, was the deterioration attributable to a small number of large accounts, borrower-specific weaknesses, or broader stress across the respective industries?

OPERATIONAL & FINANCIAL MATTERS

ANSWER 4

The increase in impaired financing in FY2025 was driven by different factors across the three sectors. Overall, the deterioration was not due to broad-based stress across all sectors, but mainly due to borrower-specific weaknesses, legacy portfolio issues and, in certain sectors, a small number of higher-value accounts.

For the **Household sector**, the increase was mainly due to continued repayment stress among individual borrowers, particularly in the personal financing portfolio. This reflects affordability pressures faced by certain customer segments, including weaker repayment capacity and financial constraints. The Group has responded by tightening underwriting standards, managing higher-risk retail exposures more selectively, and strengthening collection and recovery efforts (including R&R).

For **Wholesale & retail trade and restaurants & hotels**, the increase was primarily driven by a larger number of smaller-value accounts rather than a few large exposures. The deterioration was largely borrower-specific, mainly due to delayed or non-payment by buyers, weaker collections, higher receivables, slower sales and lower inventory turnover. These factors affected borrowers' liquidity and debt servicing capacity.

OPERATIONAL & FINANCIAL MATTERS

ANSWER 4 (Cont.)

For **Transport, storage and communication**, the increase was mainly concentrated in a small number of higher-value accounts. The deterioration was predominantly borrower-specific, particularly delayed or non-payment by buyers, which affected collections, receivables recovery and cash flow.

The Group continues to monitor these sectors closely through early warning indicators, account-level engagement, intensified collections and recovery actions. Where appropriate, the Group also undertakes restructuring, additional provisioning or recovery measures to manage asset quality risks.

Additionally, many of these accounts were secured under SJPP, MGGS and other guarantee schemes and will be recovered in due course.

OPERATIONAL & FINANCIAL MATTERS

QUESTION 5

Bank Negara Malaysia (BNM) had on 20 November 2025 imposed an Administrative Monetary Penalty (AMP) totalling RM560,000 on MBSB for non-compliance with requirement relating to submission of suspicious transaction report (STR) despite fitting its internal criteria (red flags).

As a reporting institution (RI), MBSB is required to submit an STR to BNM when a customer's transaction or attempted transaction fits its established "red flags" to detect suspicious transactions. Despite fitting its "red flags", BNM discovered that MBSB Bank had failed to submit an STR on unusually large cash withdrawals. This failure was due to inadequate staff awareness of STR-related requirements.

(Source: BNM's release dated 29 January 2026)

a) Was the AMP related to the high-profile Kota Kinabalu fraud case that occurred in mid-2024?

OPERATIONAL & FINANCIAL MATTERS

QUESTION 5 (Cont.)

- b) BNM pointed out that this failure was due to inadequate staff awareness of STR-related requirements. Were the underlying governance and operational lapses due to insufficient training provided? Otherwise, what factors led to non-compliance?

What concrete actions and measures have been taken to prevent future non-compliances concerning the weaknesses highlighted by the central bank?

- c) Were any leadership performance evaluations, KPIs, or variable compensations impacted by the non-compliance events and resulting penalties?

OPERATIONAL & FINANCIAL MATTERS

ANSWER 5.a

The AMP imposed on MBSB Bank was related to the fraud incidents at the Kota Kinabalu branches between April and June 2024.

ANSWER 5.b

The fraud incident was incorrectly reported as an Operational Risk Event instead of an STR, being the proper platform for reporting such incidents.

The Bank has since rectified the STR reporting process, further improving its internal escalation, assessment, alongside ongoing initiatives to enhance staff competency and practical understanding of STR reporting requirements.

The Bank acknowledges that staff awareness and capability must continue to be strengthened as part of its ongoing efforts to enhance staff competencies. The prerequisite for staff involved in STR-related processes to hold accredited professional certifications has also been further reinforced.

OPERATIONAL & FINANCIAL MATTERS

ANSWER 5.b (Cont.)

This has been supplemented with periodic technical training conducted by industry experts to enhance staff competency and technical knowledge in transaction surveillance, as well as the practical application of STR reporting requirements.

ANSWER 5.c

The matter was addressed in accordance with the Bank's established governance and consequence management framework, including a review of the accountability of affected staff and the relevant control environment. Appropriate actions were taken where warranted, in line with the Bank's established Group Disciplinary Policy.

SUSTAINABILITY MATTERS

QUESTION 6

MBSB's sustainable financing recorded strong growth of 176% to RM13 billion from RM4.7 billion previously, despite the Group's relatively muted financing growth (page 7, IAR2025).

- a) Were there any changes in the Group's sustainable financing definition, reporting methodology, or eligibility criteria during FY2025 that contributed to the sharp increase in reported sustainable financing balances? If so, how much of the growth was attributable to such reclassification exercises rather than incremental business generation?
- b) From an asset quality perspective, how does the sustainable financing portfolio compare against the Group's broader financing book in terms of asset quality, i.e., impairment trends, delinquency profile, and risk-adjusted returns? Is management observing stronger credit performance from these exposures?
- c) How have the underwriting standards improved given the rapid expansion in sustainable financing?

SUSTAINABILITY MATTERS

ANSWER 6.a

In page 3 of the IAR, the Group highlighted that RM13 billion of Sustainable and Transition Finance (“STF”) was cumulatively catalysed since 2023. The total STF facilitated as at 2024 was RM4.7 billion. In FY2025, RM8.3 billion in STF was approved and accepted by customers, of which RM4.0 billion was disbursed in 2025. The remaining amount is expected to be disbursed in 2026, subject to project progress and customer drawdowns. The Group’s net financing growth of RM1 billion is lower than RM4.0 billion due to repayments and redemptions across all business segments during the year.

The FY2025 approvals and acceptances were mainly driven by Wholesale Banking at RM6.1 billion, covering sectors such as solar energy, healthcare and agriculture, followed by Commercial Banking at RM1.2 billion, covering agriculture, food security and the circular economy, Consumer Banking at RM817.8 million, and the Development Finance Business at RM75 million, covering waste management, agriculture and healthcare.

There were no changes to MBSB’s sustainable financing definition, reporting methodology, or eligibility criteria during FY2025. The increase was not due to reclassification, but reflected new STF financing originated during the year.

SUSTAINABILITY MATTERS

ANSWER 6.b

All these STF accounts have been underwritten based on the more prudent underwriting standards and the clients have strong cash flows from their businesses and high quality off-takers. The Group has not observed material deterioration specific to sustainable financing exposures.

However, given that a significant portion of the portfolio is relatively recent, management will continue to monitor performance over time, including impairment trends, delinquency patterns, sector concentration and and risk-adjusted returns.

SUSTAINABILITY MATTERS

ANSWER 6.c

All these STF accounts have been underwritten based on the more prudent underwriting standards and the clients have strong cash flows from their businesses and high quality off-takers. The Group has not observed material deterioration specific to sustainable financing exposures.

However, given that a significant portion of the portfolio is relatively recent, management will continue to monitor performance over time, including impairment trends, delinquency patterns, sector concentration and and risk-adjusted returns.

PRE-AGM Q&A

— BE BOLD. BANK SMART. —

PRE-AGM Q&A

We have received several questions from individual shareholders prior to the AGM on the Group's strategic direction, particularly the implementation and execution of FLIGHT26. These include questions on the Group's recent performance and the pathway towards improving returns to levels more aligned with industry benchmarks.

The Board acknowledges the questions and concerns raised. As these matters have been substantially addressed during the Group CEO's presentation, as well as in the responses to PNB and MSWG which were read out earlier, we will not repeat the same responses here.

We would, however, like to assure shareholders that the Board and Management remain focused on strengthening the Group's fundamentals, improving execution discipline, and delivering more sustainable returns over time.

STRATEGY & BUSINESS

QUESTION 1

Can we have more MBSB Kiosk in shopping complexes ?

STRATEGY & BUSINESS

ANSWER 1

We continue to conduct nationwide roadshows across key states and cities over targeted periods to drive customer acquisition and promote the SBMB CASA proposition. These initiatives have delivered positive results in 2025, and the Group intends to continue and further strengthen such efforts in 2026.

STRATEGY & BUSINESS

QUESTION 2

When did MBSB become a Bank ?

STRATEGY & BUSINESS

ANSWER 2

Following the acquisition of Asian Finance Bank Berhad (“AFB”) in February 2018, MBSB transitioned into a full-fledged Islamic banking group. AFB was subsequently rebranded as MBSB Bank Berhad on 2 April 2018

STRATEGY & BUSINESS

QUESTION 3

MBSB Bank recently announced a 10-year bancatakaful partnership with FWD Takaful. What are the revenue targets and expected contribution to MBSB's bottom line from this partnership over the next 2 to 3 years?

STRATEGY & BUSINESS

ANSWER 3

The partnership with FWD Takaful strengthens the Group's bancatakaful offering through a broader range of credit-related and advisory solutions. In addition, the Group was able to secure a more favourable revenue-sharing arrangement compared to the previous partnership.

Over the next 2 to 3 years, the Group expects the takaful business to record strong growth, with revenue projected to increase by approximately 50% annually, thereby contributing positively to the Group's non-funded income and overall earnings growth.

STRATEGY & BUSINESS

QUESTION 4

What plans do you have for Oriental 1936 Berhad?

STRATEGY & BUSINESS

ANSWER 4

Oriental 1936 Berhad is principally a dormant company owned by MIDF Berhad (75.2 %) and 1,370 minority shareholders. There are no plans for the company to carry out any business at the present time. The company's shareholders will be notified if there are any developments.

OTHERS

QUESTION 5

Is the company giving any door gifts to shareholders attending this AGM?

OTHERS

ANSWER 5

A token of appreciation (e-voucher) will be sent to shareholders/proxies who attend the AGM physically or virtually via mail/e-mail within fourteen (14) days after the conclusion of the AGM.

THANK YOU

For your continued trust and support

— BE BOLD. BANK SMART. —