

CORPORATE GOVERNANCE REPORT

STOCK CODE : 1171
COMPANY NAME : Malaysia Building Society Berhad
FINANCIAL YEAR : December 31, 2023

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	: Applied
Explanation on application of the practice	<p>The Board of Directors (the "Board") sets the tone from the top and is ultimately responsible for overseeing the conduct of Malaysia Building Society Berhad ("MBSB") and its subsidiaries (together, the "MBSB Group" or "Group") business and the Management's implementation of the Group's strategic objectives as well as its conduct and performance to ensure the sustainability of the Group and its ability to create long-term value, not only for our shareholders but also for Group's various stakeholders.</p> <p>The Board is guided by its Board Charter, which identifies the Board's role, duties and responsibilities. The Board Charter of MBSB is available on its website at: https://www.mbsb.com.my/Board_Charter.pdf.</p> <p>The Board Charter of MBSB outlines the processes and procedures to ensure the effectiveness and efficiency of the Board and the Board Committees. The Board of MBSB is supported by various Board Committees and Management-led Committees (together, the "Committees") and the roles and responsibilities of the respective Committees are clearly outlined in the Terms of Reference ("TOR") and the Approving Authority Manual ("AA Manual") which require regular review and approval by the Board. Any decisions which are not within the Committees' authority would be escalated to the Board with the Committees' recommendation.</p> <p>The Board has entrusted their respective Committees with specific responsibilities to oversee the Group's affairs in accordance with the respective Committees' TOR.</p> <p>The Board Committees established to support the Board in executing their duties are as follows:</p> <p><u>MBSB Board Committees</u></p> <p>1. Audit Committee ("AC")</p> <p>The principal function of the AC is to assist the Board in fulfilling its fiduciary responsibilities, particularly in the areas of accounting and management</p>

	<p>controls and financial reporting, and to ensure financial statements comply with applicable financial reporting standards; to reinforce the independence and objectivity of the Internal Audit Division (“IAD”); to provide the focal point for communication between external auditors, internal auditors, risk managers, Directors and the Management on matters in connection with accounting, reporting, risks and controls and providing a forum for discussion independent of the Management; and to undertake additional duties as may be deemed appropriate and necessary to assist the Board.</p> <p>2. Risk Management Committee (“RMC”) The primary objectives of the RMC are to assist the Board with the risk oversight within the Group and ensure that there is a sound framework for internal controls and enterprise risk management (“ERM”). This includes reviewing the risk management policies, risk exposure and limits, and ensuring that all risks are well managed within the Group’s risk appetite by providing adequate infrastructure and resources in place to support the risk management activities.</p> <p>3. Nominating and Remuneration Committee (“NRC”) The primary responsibilities of the NRC are to assist the Board in maintaining a formal and transparent procedure for the appointment of Directors, Board assessment, policy setting on Directors' remuneration, and determining appropriate remuneration packages for all Directors.</p> <p>The NRC is also responsible for reviewing, appointing, removing and determining the remuneration package for the Group Chief Executive Officer (“GCEO”), Group key senior management with the C-Suites position and Company Secretary. Also, the NRC reviews the remuneration framework for the Group.</p> <p>The activities of NRC in 2023 include the following:</p> <ul style="list-style-type: none"> • Reviewed and recommended the proposed Directors’ Fees, remuneration and benefits. • Reviewed and recommended Directors and Officers Takaful Coverage. • Reviewed and recommended Staff Group Term Takaful and Group Personal Accident Takaful Coverage • Reviewed the Board Effectiveness Evaluation Results for year 2022. • Reviewed the Fit & Proper Assessment for all directors • Reviewed the Independent Directors Assessment for Independent Directors. • Reviewed and recommended the Directors Annual Training Plan 2023. • Reviewed and recommended the revision of Directors’ training budget allocation. • Reviewed the Directors Orientation & Training Guidelines. • Reviewed and recommended the Board and Board Committees composition of MBSB. • Reviewed the proposed reorganisation and realignment of organisation structure for enlarged MBSB Group after acquisition of MIDF.
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- Reviewed and recommended the board composition of MIDF Group post-acquisition.
- Reviewed and recommended the Directors remuneration and benefit
- Reviewed and recommended the Directors Retirement by rotation at the AGM 2023.
- Reviewed and recommended the reappointment of Directors.
- Reviewed and recommended the appointment of Acting Chairman.
- Reviewed and recommended the appointment of new Board Chairman and Directors.
- Reviewed and recommended the Staff Performance Rewards for the Year 2022 and increment for year 2023.
- Reviewed and recommended the Performance Assessment and Rewards of Group Chief Executive Officer and C-Suites for year 2022.
- Reviewed the Fit and Proper Assessments of Group Chief Executive Officer and C-Suites for year 2023.
- Reviewed and recommended the appointment of new Group Chief Executive Officer.
- Reviewed and recommended the appointment of Group Head of Consumer Banking and Head of Integrity and Governance
- Reviewed the progress on succession planning for C-Suites.
- Reviewed the proposed reorganisation and realignment of organisation structure.

4. Restructuring Committee (“RC”)

The primary objective of RC is to oversee any proposed corporate restructuring plan including monitoring the progress of any corporate exercise to be undertaken for the MBSB Group of Companies in its efforts to chart new growth path for the Group.

In 2023, the RC monitored the acquisition of 100% equity interest in Malaysian Industrial Development Finance Berhad (“MIDF”) from Permodalan Nasional Berhad (“PNB”) (“Acquisition”). The Acquisition was approved by the shareholders in an Extraordinary General Meeting held on 27 July 2023 and was completed on 2 October 2023.

The RC also monitors the disposal of MBSB’s residual assets and liabilities (loans and non-financial subsidiaries) to Emerald Unity Sdn Bhd, a special purpose vehicle by way of a scheme of arrangement pursuant to Section 366 and Section 370 of the Companies Act, 2016 (“Scheme”). The Scheme was approved by the shareholders in a Court-Convened Meeting held on 24 November 2023. The Scheme was completed on 31 January 2024.

The Board, on recommendation of RC, had agreed to dissolve the RC on 31 December 2023 and any updates on the Scheme be tabled to the Board thereafter.

Board responsibility

Although the Board has entrusted its Board Committees with specific responsibilities to oversee the Group’s affairs per the respective Committees’ TOR, the Board remain responsible and keep abreast with the

key issues and decisions made by the respective Committees through the reports escalated to the Board as well as the minutes of meetings that capture the detailed deliberations, which were subsequently tabled to the Board for notation.

The matters reserved for the Board include, amongst others, the following:

- Reviewing and approving strategic and business plan and other initiatives which would have a material impact to the Group;
- Overseeing the Management’s implementation of the Group’s strategic objectives and its conduct and performance;
- Identifying principal risks affecting the Group and ensuring the implementation of appropriate governance framework, risk management and internal controls framework and periodically review its appropriateness in light of the material changes to the size, nature and complexity of the Group’s operations;
- Ensure there is a reliable and transparent financial reporting process within the Group
- Reviewing and approving annual financial statements and quarterly financial results prior to release to Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and the relevant regulators;
- Reviewing and adopting the strategies on the promotion of sustainability through appropriate environmental, social and governance (“ESG”) consideration in the Group’s businesses;
- Overseeing and approving the recovery and resolution as well as business continuity plans for the Group to restore its strength and maintain or preserve critical operations and critical services when it comes under stress;
- Promoting, together with Senior Management, a sound corporate culture within the Group which reinforces integrity, anti-corruption and bribery, ethical, prudent and professional behaviour;
- Promoting Shariah Compliance as set out in the MBSB Bank’s Shariah Governance Framework and to ensure its integration with the Group’s business and risk strategies;
- Serving as the ultimate approving authority for all significant financial expenditure;
- Approving related party transactions;
- Overseeing the selection, performance, remuneration and succession plans of the GCEO and the Group C-Suites position as defined in the Fit and Proper Requirements Policy.

The Board plays an active role in developing, evaluating and monitoring the Group’s strategic direction by providing valuable advice to the Management based on their collective competency and knowledge of its members.

The Board also play a vital role in shaping the culture and tone of the Group, whether to place integrity in its rightful place or otherwise ensure that the direction of the Group aligns with the Integrity Governance Unit (“IGU”) vision and initiatives. The Board assumes the following responsibilities as required in relation to their oversight roles on the activities of IGU and issues on bribery, corruption and abuse of power under the Malaysian Anti-Corruption Commission (“MACC”): -

	<ul style="list-style-type: none"> i. Approve the appointment of Head of IGU; ii. Approve IGU’s yearly plans or programs on anti-bribery, corruption and abuse of power; iii. Approve the establishment of policies which cover all high-risk areas in relation to conduct of integrity, bribery, corruption and abuse of power; iv. Ensure the highest level of integrity and ethics are practised within the Group; v. Comply with all applicable laws and regulatory requirements on anti-bribery, corruption and abuse of power; vi. Oversee the management of risks in relation to bribery, corruption and abuse of power; vii. Provide assurance to internal and external stakeholders that the Group is operating in compliance with applicable policies and regulatory requirements in relation to bribery, corruption and abuse of power; viii. Ensure that reviews by the Internal Audit function are conducted on anti-bribery, corruption and abuse of power programs; ix. Ensure a separate IGU structure answers directly to the Board so issues of pressure, isolation, rejection and unreasonable action do not arise in the Group; x. Monitor the IGU's performance through its periodic reporting; xi. Issue commands to the IGU in an effort to keep it relevant as an entity responsible for preserving integrity in the Group; xii. Ensure all bribery, corruption and abuse of power complaints are promptly escalated to the IGU Officer for investigation; xiii. Board shall decide the appropriate action to be taken (if any) based on the recommendations made by AC which Management shall implement in relation to the findings of the investigation on whistleblowing report. xiv. Oversee the effective use of the whistleblowing channel by both internal and external parties to raise concerns in relation to real or suspected bribery, corruption and abuse of power incidents; and xv. Attend related training on ethics, integrity, anti-bribery, corruption and abuse of power once every two (2) years. <p>During the year under review, MBSB had completed the acquisition of 100% equity interest in MIDF from PNB on 2 October 2023 in line with the Group’s strategic business direction. MBSB had in 2023 received a notable recognition from the industry namely ‘Best Domestic M&A Deal of the Year in Malaysia Award’ at the 17th Borrower Issuer Awards Alpha Southeast Asia 2023.</p> <p>The Board of MBSB, in consultation with the Board of MBSB Bank and MIDF Group, determines the strategic direction of the Group to ensure that the Group achieves its initiatives as set out in the three (3) years Business Plan and Transformation Program Roadmap.</p> <p>The Board convenes regular Board meetings to review the overall performance of the Group. This include the progress of the Business Plan, Digital and Technology Strategy, ESG Strategy, short and long-term</p>
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	<p>sustainable growth and budget of the Group, succession planning and the future growth for the Group.</p> <p>In addition, the Board also received updates, monitored and approved the post-integration and harmonisation processes including the various work stream initiatives.</p> <p>The Board is also responsible for ensuring that the Group is responsive to changes in the business and economic environment when pursuing and achieving the planned goal and objectives. The Board monitor the performance of MBSB Bank and MIDF Group from time to time through the presentation of the various reports submitted by the Finance, Risk Management, Compliance, Legal and Internal Audit Division. The Board also monitors the scorecard achievement and progress of Business Plan initiatives through the monthly business performance report and financial report presented to the Board.</p> <p>The Board continue to intensify efforts and focus to provide the best and most innovative solutions/products to match and capture customers' requirements by leveraging on the strong synergy across the enlarged Group.</p> <p>For the year under review, MBSB Bank continue to enhance the digital offerings at MBSB Bank to improve efficiency and offer greater value including enhancing user experience to meet the evolving needs of both customer and merchants.</p> <p>During the year, several new products were introduced such as family takaful products, business credit financing programme for small and medium enterprises (SMEs), Ihsan-I, green and sustainable financing etc and continue with the various collaborations with strategic partners to provide innovative product offerings to the customers to become their preferred banking partner. The Bank continues its efforts to strengthen CASA and retain the Deposit growth base.</p> <p>The Board received regular updates on the economic / industry outlook during meetings (from RAM Rating Services Berhad and MIDF Research), in addition to attending relevant training programs to keep abreast with the updates and changes in the business environment.</p> <p>The Board also reviewed and set the annual performance scorecard of the Group as well as targets for the GCEO, CEOs and C-Suites.</p> <p>Succession planning remains a key area of focus for the Board. The Board was kept informed via the People & Culture Division ("PCD") dashboard reports on the progress of the programs to nurture and groom future talents and also the readiness of the successors for the key management personnel. The PCD dashboard also provides regular updates to the Board on the manpower position of the Group which includes attrition and hiring of new recruits and also the progress of various initiatives undertaken by PCD.</p>
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The Board provide oversight on the management of sustainability matters at MBSB and its operating subsidiaries to ensure ESG considerations are incorporated in business plans for the Group. In 2023, the Group performed a comprehensive materiality assessment to refresh matters or issues that reflect the Group’s significant economic, environmental, and social impacts. Interests and concerns for both internal and external stakeholders are reviewed through surveys and focus group discussions. The outcome from the assessment was prioritised and presented in the Materiality Matrix, which was validated and endorsed by the Board during the year. The materiality assessment process and Materiality Matrix are disclosed in MBSB Integrated Annual Report 2023.

The Board also takes responsibility for the governance of sustainability and sustainability risk oversight. During the year, the Board has approved the Sustainable and Transition Financing framework, established the Scope 1 emissions baseline, and developed the ESG criteria for supplies. The Board has also endorsed and implemented a system to document and manage the usage of printing services, and enhance the internal approval e-process including several ongoing sustainability initiatives.

Key governance responsibilities for the Board are as follows:

1. Assumes ultimate responsibility for managing sustainability matters
2. Ensures corporate strategy considers sustainability
3. Approves corporate strategy and key performance indicators
4. Approves policies on sustainability matters

This governance principles are adopted by all entities within the Group.

The Terms of Reference (“TOR”), policies and procedures of the Board, Board Committees and Management-led Committees were reviewed and revised during the year to reflect the necessary changes in the internal process and regulatory requirement for better operational efficiency and readiness.

Among the topics and strategies reviewed, deliberated and approved by the Board during financial year 2023 are as follows: -

Areas	Key topics/ strategies
Strategy	<ul style="list-style-type: none"> • Budget and Business Plan, business plan initiatives and KPI for year 2024 for MBSB Group • Acquisition of MIDF Group • Initiatives on post-acquisition integration of enlarged MBSB Group • Disposal of non-core assets • Disposal of MBSB’s residual asset and liability (loans and non-financial subsidiaries) by way of a scheme of arrangement • MBSB Bank’s Business Strategy • Group Capital Strategy • Environmental, Social and Governance (“ESG”) Framework and Strategy • Climate Risk Management and Net Zero Strategy

		<ul style="list-style-type: none"> • MBSB’s Sustainability Initiatives • Monthly Strategy & Business Performance • Monthly Financial Performance • Quarterly Financial Results • Quarterly Report on Sustainability Initiatives • Declaration of Dividend •
	Risk, Compliance, Oversight	<ul style="list-style-type: none"> • Composite Risk Rating findings and the action plan • Annual Plan for 2023 for Risk, Compliance, Internal Audit and Integrity and Governance Unit (IGU). • Monthly Compliance Report • Monthly Risk Management Report • Quarterly Internal Audit Report • Quarterly IGU Report • Quarterly Risk Report • Reappointment of external auditors • Related Party Transactions • Recovery Plan
	Governance	<ul style="list-style-type: none"> • Board and Board Committees composition • Board remuneration • Board Annual Training Plan • Performance assessment and rewards 2022 for Key Management Personnel. • Board Effectiveness Evaluation for year 2022 • Fit and Proper Assessment for Directors for year 2023 • Fit and Proper Assessment for GCEO and C-Suites for year 2023 • MBSB Integrated Report 2022, Sustainability Report 2022 and Corporate Governance Report 2022 • Terms of Reference of Board Committees • Appointment of Acting Chairman for MBSB • Appointment of Board Chairman for MBSB and MBSB Bank • Appointment of Group Chief Executive Officer • Succession Planning for Key Management Personnel • Directors and Officers Takaful Coverage. • Staff Group Term Takaful and Group Personal Accident Takaful Coverage
<p><u>Group Chief Executive Officer (“GCEO”) Responsibility</u></p> <p>The Board entrusts the GCEO to develop and ensure the MBSB Group’s strategies and Corporate Policies are effectively implemented. The GCEO is responsible for keeping the Board fully informed of all important aspects of the Group’s operations and ensuring that sufficient information is distributed to the Board.</p> <p>The Board has appointed Encik Mohamed Rafe Bin Mohamed Haneef as the GCEO with effect from 1 July 2023.</p>		

	<p>The GCEO is supported by a group of experienced senior management and staff. The performance of the Management and respective Divisions and Departments are closely monitored through the monthly performance review meetings. Various Management Committees have been established to oversee the day-to-day business affairs of the Group and ensure that the Board's decisions are implemented effectively. The Management Committees' roles and responsibilities are clearly defined in the TOR of the respective Management Committees.</p> <p>The Board is also informed of the significant operational issues and the Group's performance during the Board meetings.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	: Applied
Explanation on application of the practice	<p>The late Tan Sri Azlan bin Mohd Zainol ("Tan Sri Azlan") was the Chairman/ Non-Independent Non-Executive Director of MBSB.</p> <p>Following the demise of Tan Sri Azlan on 12 January 2023, the Board initiated the process of identifying a new Board Chairman. During the absence of the Chairman, and as an immediate interim measure, the duty to chair the Board meetings of MBSB was assumed by Puan Lynette Yeow Su-Yin ("Puan Lynette"), the Senior Independent Non-Executive Director.</p> <p>Puan Lynette was subsequently redesignated as Acting Chairman on 22 September 2023.</p> <p>The role of the Acting Chairman is to ensure smooth functioning of the Board and promotes positive culture in the Board. The Acting Chairman also ensures that the guidelines and procedures in place effectively govern the Board's operation and conduct.</p> <p>In consultation with the GCEO and the Company Secretary, the Acting Chairman sets out the agenda for matters to be considered by the Board. The meeting agenda was aligned with the overall Group's context, including its starting position, aspirations and priorities. The Acting Chairman led the meeting pace and discussions to ensure the Board functions to its maximum effectiveness.</p> <p>The Acting Chairman also actively engaged with the Board members and encouraged their contribution to Board deliberations. The Acting Chairman facilitated open and constructive communications amongst Board members and ensured full and balanced discussion of every issue on the agenda.</p> <p>The Acting Chairman ensures that the Board has the opportunity to maintain an adequate understanding of the Group's financial position, strategic performance, operations and the opportunities and challenges facing the Group.</p> <p>The roles and responsibilities of the Chairman are clearly specified in Section 3.1 of the Board Charter, which is available on MBSB's website at: https://www.mbsb.com.my/Board_Charter.pdf.</p>

	<p>The Board has successfully identified a new Board Chairman for MBSB and has appointed Dato' Wan Kamaruzaman Bin Wan Ahmad (“Dato’ Wan”) as the Chairman/ Non-Independent Non-Executive Director of MBSB on 24 January 2024. Dato’ Wan is a nominee of the Employees Provident Fund Board.</p> <p>Following the appointment of the new Chairman, Puan Lynette was redesignated as the Senior Independent Non-Executive Director with effect from 24 January 2024.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>There is a clear division of responsibility between the Chairman and GCEO to ensure a proper balance of power and authority and promote checks and balances. The distinct and separate roles and responsibilities of the Chairman and GCEO are distinguished in the Board Charter. The roles and responsibilities of the Chairman and GCEO are provided in Section 3.0 of the Board Charter, which is available on MBSB's website at: https://www.mbsb.com.my/Board_Charter.pdf.</p> <p>The Chairman and the Board members are responsible for setting the policy framework within which the Management is to work. The Chairman leads the Board to ensure a collective effort in monitoring the performance of Management in meeting the corporate goals and objectives. The Chairman also guides the Board on all issues presented before them at meetings or at such other forums where the consensus of the Board is required.</p> <p>The GCEO is primarily responsible for overseeing the day-to-day management to ensure the smooth and effective running of the MBSB Group and MBSB Bank. The Board entrusts the GCEO to ensure that all decisions, directions, policies and/or instructions approved by the Board are carried out by Management in a timely and efficient manner. The GCEO carries the primary responsibility of ensuring management competency, including the emplacement of an effective succession plan to sustain continuity. The GCEO is responsible for keeping the Board fully informed of all important aspects of the Group's operations and ensuring that sufficient information is distributed to the Board.</p> <p>The positions of Chairman and GCEO are held by two different individuals. In 2023, the Acting Chairman, leads and manages the Board by focusing on board leadership, whereas the GCEO, focuses on the business, operations and organisational issues and implementing Board's decision.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Applied
Explanation on application of the practice :	<p>The Chairman of the Board, the late Tan Sri Azlan was not a member of any of the Board Committees. The late Tan Sri Azlan was not an invitee for any of the Board Committees' meetings.</p> <p>Puan Lynette, upon her redesignation as Acting Chairman, had relinquished her position as Chairman of Restructuring Committee and Member of Nomination and Remuneration Committee. She was also not a member or invitee for any of the Board Committees' meetings after her redesignation as Acting Chairman.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	: Applied
Explanation on application of the practice	<p>Ms. Koh Ai Hoon, the Company Secretary and Ms. Pauline Ng Peck Kun, the Joint Company Secretary, are qualified to act as Company Secretaries under Section 235 of the Companies Act, 2016. They are Associate members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and hold a valid Practising Certificate of Secretary issued by the Companies Commission of Malaysia.</p> <p>The Company Secretary also possess legal qualifications, which allows her to execute her responsibilities effectively.</p> <p>The Company Secretaries constantly keep themselves updated with regulatory requirements changes through attendance at relevant conferences and training programmes. The Company Secretaries have fulfilled the Mandatory Continuing Professional Development requirements imposed by MAICSA and Companies Commission of Malaysia.</p> <p>The appointment and change of Company Secretary is subject to the Board's approval.</p> <p><u>Company Secretaries Responsibility</u></p> <p>The Company Secretaries demonstrates ongoing support in advising and assisting the Board on matters relating to the affairs of the Company, including issues pertaining to compliance, corporate governance and best practices, boardroom effectiveness and Directors' duties and responsibilities. This includes disclosure of Directors' interest in securities, disclosure of conflict of interest in transactions, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information. The Company Secretaries are also responsible for facilitating new Directors' induction and assisting in the Director's training and development.</p> <p>The Company Secretaries advise the Board on compliance and best practices with the relevant changes to the laws, rules and regulations, which include the enforcement of Companies Act 2016, Bursa Malaysia's Main Market Listing Requirements ("MMLR"), The Malaysian Code on Corporate Governance ("MCCG") and the BNM Corporate Governance Guidelines.</p>

The responsibilities of the Company Secretaries include ensuring that the Directors have access to the knowledge and training they need. The Company Secretaries assist the NRC in assessing and evaluating the Board members' training needs on an annual basis to ensure the Board members are equipped with the necessary knowledge and updated with the evolving market, regulatory changes and development affecting MBSB Group.

The Company Secretaries are also involved in organising general meetings and ensuring all due processes and proceedings are in place and properly managed. The Company Secretaries will assist the Chairman and the Board to conduct the meeting and ensure the minutes are properly recorded, particularly the questions raised by the shareholders.

To ensure smooth information flow between the Management and the Board, the Company Secretary is also appointed as the Secretary of several Management-led Committees such as the Management Committee ("MANCO") and the Credit and Rehabilitation Assessment Committee ("CARAC").

The Company Secretaries ensure that deliberations at Board and Board Committees meetings are well documented and communicated to the relevant Management members for appropriate action. The Company Secretaries also update the Board and Board Committees on the follow-up of its decisions.

2023 activities

In 2023, the Company Secretaries updated the Board with the amendments to the Main Market Listing Requirements in relation to sustainability training for directors and conflict of interest.

The Company Secretaries have assisted the Board and NRC in the appointment of new directors Tan Sri Abdul Rahman bin Mamat and Datuk Yasmin Binti Mahmood.

The Company Secretaries also assisted the Board and the NRC in the appointment of the new Board Chairman.

In 2023, the Company Secretaries facilitated the Board Effectiveness Evaluation for year 2022. The Company Secretaries also assisted the Board and the NRC in reappointment of directors, re-election of directors, board remuneration review, annual training plan and board and board committees' composition review.

The Company Secretaries also assisted the Board and the NRC in reappointment of directors, re-election of directors, board remuneration review, annual training plan and board and board committees' composition review.

	<p>During the year, the Company Secretaries facilitated the orientation/induction programmes for the new directors. The Company Secretary and the relevant Management team members had briefed the directors to familiarise the directors with the business and operations of the Group. In addition, the Company Secretaries also coordinate on the registration on training programmes for directors.</p> <p>The Company Secretaries also briefed the Board on the requirement to attend Mandatory Accreditation Programme (“MAP”) Part II : Leading for Impact (LIP) as required by Bursa Malaysia Securities Berhad.</p> <p>The Company Secretaries have arranged for four (4) directors to attend the MAP Part II: LIP in 2023.</p> <p>The Company Secretaries are also involved in organising general meetings to ensure all due processes and proceedings are in place and properly managed. In 2023, MBSB had organised Annual General Meeting, Extraordinary General Meeting and Court-Convened Meeting. The Company Secretaries also ensured that the minutes are properly recorded, particularly the questions raised by the shareholders.</p> <p>All Board members have full access to the advice and services of the Company Secretaries. The Board was satisfied with the Company Secretaries' performance and support to the Board in discharging its functions based on the feedback received from the Board Effectiveness Evaluation in 2023.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>To facilitate the Directors' time planning, the annual meeting calendar is prepared and circulated in advance of each new calendar year. The Board Charter of MBSB requires the agenda and the meeting papers relevant to the business of the meeting to be circulated to all Directors on a timely basis to allow Directors to have sufficient time to review matters to be deliberated at the meeting and to facilitate informed decision-making. For proposals not fulfilling the agreed timeline for submission of papers, the Chairman has the discretion to decide whether to deliberate on these papers, based on the importance and urgency of the proposals.</p> <p>The Board are conscious of the environmental impact and has agreed to go paperless for all Board and Board Committee meetings, and the same applies to the meetings for the Management Committees as well. To this end, digital copies of the meeting papers are circulated to the Board, Board Committees and Management Committees instead of hard copies. The digital copies of the meeting papers are uploaded to a secured system to allow easy access to documents in a timely and more efficient manner.</p> <p>Deliberation and decision of the Board and Board Committees are well documented in the minutes, including matters where Directors are required to abstain from voting and deliberation. The Board's decisions are communicated to the Management normally within one (1) business day after the meeting for appropriate actions.</p> <p>The Company Secretaries will follow up on the status of actions and update the Board and Board Committees at the subsequent meetings until the matter is eventually resolved.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of MBSB is guided by the Board Charter, which clearly identifies the respective roles and responsibilities of the Board, individual directors, Senior Independent Director, Chairman and GCEO. The matters reserved for the Board have been clearly specified in Paragraph 2.1.3 of the Board Charter.</p> <p>The Board Charter is a dynamic document and will be updated from time to time to reflect changes to the Company's policies, procedures and processes, and amended rules and regulations of the relevant authorities. The Board Charter was revised in August 2023 to include duties and responsibilities on Recovery Plan and other amendments to align with the existing internal and external policies and regulatory guidelines.</p> <p>The roles and responsibilities for the Board Committees and Management Committees are set out in the TOR of each of the Committee. The TOR for the AC, RMC and NRC are available on MBSB's website at: https://www.mbsb.com.my/corporate_governance.html.</p> <p>The Approving Authority ("AA") Manual will be reviewed from time to time to reflect the necessary changes in the internal process and regulatory requirement to ensure operational efficiency and readiness.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>All Directors are always required to act honestly and use reasonable care and diligence in discharging their duties and avoiding any conflict of interest. The Board have established the Code of Ethics for Directors in line with the practices in the MCCG. The Directors observe the Code of Ethics in the performance of their duties and are fully subscribed to highly ethical standards considering the interest of all stakeholders. The Code of Ethics for Directors was last reviewed in 2022 with no change required and will be reviewed in 2024. The Code of Ethics for Directors of MBSB is available on MBSB's website at https://www.mbsb.com.my/Code_of_Ethics_Directors.pdf.</p> <p>The Board has also established a Directors' Conflict of Interest Policy to provide a systematic mechanism for disclosing potential and actual conflict of interest. A Director who is interested in certain transactions is required to abstain from any reporting, discussion or vote on issue that gives rise to the conflict. The interested Director is required to be absent or excused from the meeting during such deliberations. The Company Secretary shall record each Director's conflict of interest disclosed in the minutes of the said meeting. The Directors' Conflict of Interest Policy is reviewed every two years or as and when required. The Directors' Conflict of Interest Policy was reviewed in 2022 with no change required and will be reviewed in 2024 in line with the Guidance on Conflict of Interest issued by the regulator.</p> <p>The Group has also established the Code of Ethics and Conduct ("COEC") for employees as well as the Whistleblowing Policy, to set the standards of behaviour expected of its employees and to encourage employees to report on suspected fraud, misconduct behaviour and/or violations of the Code of Ethics and Conduct as well as any other directives or policies issued by the Group from time to time. This is to support the Group's values to uphold the highest standard of personal and professional integrity, ensure employees can raise concerns without fear of reprisals, and provide a transparent and confidential</p>

process for dealing with genuine concerns to safeguard the interests of the Group.

To ensure adherence to the guidelines, the Management of MBSB Group has taken steps to establish an effective monitoring process. All staff is required to observe the principles and uphold the corresponding conduct to achieve a high standard of professionalism and ethics in conducting business and professional activities. The COEC is divided into two (2) areas:

1. Code of Ethics - outlines a set of principles that guides decision-making.
2. Code of Conduct - outlines specific behaviours and conduct required or prohibited within the Group as a condition of ongoing employment and the expected conduct in employees' interaction with various key stakeholders.

Adherence to the COEC is a condition of employment with MBSB Bank. Each employee shall execute a declaration signifying their agreement to comply with the terms and requirements of the COEC by signing the "Employee Declaration of Compliance".

The COEC is to be reviewed annually or as and when required. The COEC was reviewed in 2023 with no change required.

The COEC Policy Statement of MBSB Bank is available on MBSB Bank's website at <https://www.mbsbbank.com/sites/default/files/inline-files/CodeEthicsConducts.pdf>.

MBSB Group has adopted Integrity and Anti-Bribery, Corruption & Abuse of Power ("IABCAP") Policy, which complies with the 'Guideline for the Management of Integrity & Governance Unit' issued by the Malaysian Anti-Corruption Commission ("MACC") and 'Guidelines on Adequate Procedures' issued by the Prime Minister's Department. It also defines the scope and roles of Integrity & Governance Unit ("IGU") and other relevant functions within the Group in carrying out their duties to prevent, detect and correct all instances of bribery, corruption and abuse of power as part of implementing adequate measures to enhance and uphold a high integrity culture.

The IABCAP Policy was reviewed in November 2023 to incorporate training requirements to align with the existing policies. Integrity & Governance Unit (IGU) Procedures were also established to operationalise the IABCAP Policy and to reaffirm the commitment in upholding the highest standards of integrity, transparency, and accountability.

MBSB has established an IGU for MBSB Group. The main purpose of IGU is to ensure an honest and high-integrity work culture amongst the employees, including members of Senior Management and the Board, and to combat bribery, corruption, and abuse of power. The IGU Officer has unimpeded access to the Board (via RMC/BRMCC) on integrity

issues and activities relating to adequate procedures. The IGU Officer reports to Chief Compliance Officer on matters regarding integrity issues and activities carried out in relation to adequate procedures within the MBSB Group.

MBSB Group adopts zero-tolerance on any form of bribery, corruption and abuse of power. The Fraud and Corruption Control Policies and Procedures are implemented to manage the risk of fraud and corruption within the MBSB Group. The Fraud and Corruption Control Policies and Procedures should be read in conjunction with the Whistleblowing Policy.

All employees are entrusted with the responsibility of staying alert to prevent and detect defalcations, misappropriations and other irregularities. The policy sets out the specific roles of employees in the prevention and detection of fraud and fraud discovery reporting and the procedures and processes MBSB Group will take in respect of employees involved in fraudulent acts. The Fraud and Corruption Control Policies and Procedures are accessible to all employees via the intranet, and the employees had been notified on how to access it.

All Directors, Shariah Advisory Committee (“SAC”) members and employees of MBSB Group are required to complete the Individual Integrity Pledge. All newly appointed external service providers or those who renewed their services with MBSB Group are required to execute the contract agreement with specific Anti-Bribery and Corruption clauses or in absence of contract agreement, the Anti-Bribery and Corruption Declaration Form.

As part of MBSB Bank’s ongoing commitment to ethical excellence and corporate integrity, MBSB Bank held a “Reciting and Signing the Corporate Integrity Pledge” ceremony in 2023. The pledge recitation was led by the Chief Compliance Officer and the pledge commitment was signed by GCEO. The event was officiated by Datuk Wan Suraya Wan Mohd Radzi, Malaysian Integrity Institute’s CEO and attended by the esteemed members of Senior Management and M100.

It is also a requirement for all MBSB Bank employees to complete e-learning modules on Integrity and Governance on annual basis.

On-boarding due diligence is conducted for new Directors, SAC members, employees, and customers applying for financing facilities and as well as external service providers. On-going due diligence is also required to be conducted on all parties that have established and/or renewed relationship with the Bank, which includes customers and external service providers.

The Group has also established the Anti-Money Laundering and Counter Financing of Terrorism (“AML/CFT”) Policies & Procedures, which is part of the Group’s Compliance policy. The Group is committed to fully cooperate with the relevant local and international authorities and law

	<p>enforcement agencies in combating Anti-Money Laundering and Counter Financing of Terrorism. Appropriate internal controls and procedures for money laundering prevention are in place. The Compliance Division carries out regular checks and training to ensure that employees are fully aware of and committed to discharging their obligations. The AML/CFT Policy and the AML/CFT Procedures were last revised in 2022 and will be reviewed in 2024.</p> <p>The Group has established the Related Party Transactions Policies that outline the roles and responsibilities expected of the Management and the Board of Directors as well as other relevant divisions or departments within the Group. It provides guidance on transactions that involve related parties and ensures that such transactions are conducted at an arm's length basis and in accordance with good governance, as well as with appropriate disclosures.</p> <p>Corporate Disclosure Policy was established to ensure fair and orderly trading of securities. The officers and personnel privy to confidential information are strictly prohibited from dealing directly or indirectly in the Company's securities unless the information had been publicly disclosed at least one (1) full market day from the announcement date.</p> <p>The Group has since established a guideline on handling confidential and sensitive information or documents. Officers and personnel privy to the confidential material information must sign a Non-Disclosure Agreement to ensure that they keep the confidential information secret and avoid any misappropriation or misuse of such confidential information.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	: Applied								
Explanation on application of the practice	<p>As highlighted in Practice 3.1, the Group has in place the Whistleblowing Policy to provide an avenue for the employees and members of the public or any external party to raise concerns without fear of reprisal and to promote highest possible standards of ethical and level business conduct. The said policy clearly spells out the process flow to guide the employees to raise their concerns and the assurance that the whistleblower will not be at risk of reprisal due to raising the concerns. The policy also provides a secure, convenient channel and protects the confidentiality of the employees who make the report. The Whistleblowing Policy is periodically communicated to employees to increase awareness.</p> <p>The Whistleblowing Policy is reviewed every two (2) years or as and when required. The Whistleblowing Policy was last reviewed in August 2022 and will be reviewed in 2024.</p> <p>According to the Whistleblowing Policy, the whistleblowing reports shall be forwarded in the following manner:</p> <table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 50%;">Complaint against</th> <th style="width: 50%;">Report to</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> • Chairman of the BAC/AC </td> <td>Chairman of the Board</td> </tr> <tr> <td> <ul style="list-style-type: none"> • Chairman of the Board • Members of the Board of MBSB Bank or MBSB (other than Chairman of the BAC/AC) • Members of SAC (for MBSB Bank) • CEO • Employees • Trainee </td> <td>Chairman of the BAC/AC</td> </tr> <tr> <td> <ul style="list-style-type: none"> • Chairman of the Board and Chairman of the BAC/AC </td> <td>Senior Independent Non-Executive Director (SINED)</td> </tr> </tbody> </table> <p>Whistleblowing by members of the public or any external party (including those received via the Customer Experience Management</p>	Complaint against	Report to	<ul style="list-style-type: none"> • Chairman of the BAC/AC 	Chairman of the Board	<ul style="list-style-type: none"> • Chairman of the Board • Members of the Board of MBSB Bank or MBSB (other than Chairman of the BAC/AC) • Members of SAC (for MBSB Bank) • CEO • Employees • Trainee 	Chairman of the BAC/AC	<ul style="list-style-type: none"> • Chairman of the Board and Chairman of the BAC/AC 	Senior Independent Non-Executive Director (SINED)
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<ul style="list-style-type: none"> • Chairman of the BAC/AC 	Chairman of the Board								
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<ul style="list-style-type: none"> • Chairman of the Board and Chairman of the BAC/AC 	Senior Independent Non-Executive Director (SINED)								

	<p>Department) will be channelled to the designated persons. The appointed Investigation Officer may inform (if contactable) the whistleblower of the result of the investigation without disclosing the contents of the investigation findings.</p> <p>Similar policies have been established for both MBSB and MBSB Bank.</p> <p>The details on whistleblowing policy are available on the website at https://www.mbsb.com.my/whistleblower_policy.html (MBSB) and https://www.mbsbbank.com/whistleblowing-policy (MBSB Bank).</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of MBSB holds the ultimate responsibility for managing the Group's sustainability and climate risk management matters. Key governance responsibilities for the Board are as follows:</p> <ul style="list-style-type: none">• Assumes ultimate responsibility for managing sustainability and climate risk management matters• Ensures incorporation of sustainability and climate risk within the Group's corporate strategy• Review and approve the strategies on promotion of sustainability and climate risk management through appropriate ESG consideration in the Group's business• Approves the Group's sustainability and climate risk management metrics and key performance indicators• Approves frameworks and policies on sustainability and climate risk management matters <p>The Board of MBSB has refreshed the Sustainability Governance in 2023 to ensure a targeted focus on the deliberation of sustainability and climate-related risks.</p> <p>The Risk Management Committee (RMC) provides oversight and advice in respect of sustainability and climate-related risk management initiatives. At the group management level, the Group Management Committee is responsible to provide direction and input related to sustainability and climate risk management initiatives and the implementation of sustainability and climate risk management strategy. The Group Sustainability Council is responsible to ensure the sustainability and climate risk management strategy is embedded across the Group.</p> <p>To ensure consistency, the roles and responsibilities observed at the group level are aligned with those at the entity level. In 2023, the Group</p>

	<p>is still in the process of implementing the newly enhanced sustainability governance structure.</p> <p>The Group acknowledges that effective management of climate risks and opportunities starts by integrating climate risk management within our governance structure. Consequently, the Board has approved a revised sustainability governance structure under the Group Climate Risk Management Policy, incorporating the roles and responsibilities of various senior management and board committees and the three lines of defense (3LOD) to address climate-related risks across the entire Group.</p>	
Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	: Applied
Explanation on application of the practice	<p>MBSB Group prioritises transparency in communications with stakeholders to foster trust and confidence in its business operations. The Group actively engage with both internal and external stakeholders to gather information, address concerns, and communicate on the company's sustainability strategies, priorities and performance (i.e.: Annual General Meeting, Employees Townhall, Employee Engagement Survey, etc).</p> <p>The Group conducts a full materiality assessment at least once every three years to ensure that MBSB Group addresses and incorporates matters deemed important by stakeholders, aligning with current trends and demands. Due to the acquisition of MIDF, MBSB Group underwent a full materiality assessment in 2023 to incorporate shifts in stakeholder expectations and priorities following the acquisition.</p> <p>In 2023, MBSB Group expand the engagement to include the Shariah Advisory Committee, employees, shareholders, partners and alliances, government and regulators, customers, media, analysts and society and NGOs.</p> <p>As part of the materiality assessment process, MBSB Group conducted a stakeholder engagement survey with both internal and external stakeholders to gather input on matters material to MBSB Group. The survey results were further deliberated on by Senior Management through a workshop and discussion sessions. The outcome of this assessment (i.e.: 2023 Materiality Matrix) was reviewed and validated by the Management Committee, respective Board Committees and subsequently approved by the Board of Directors.</p> <p>In 2023, the total number of material matters was consolidated from 14 material matters in 2022 to 12 material matters in 2023 due to consolidation of three Material Matters, namely "Responsible Financing", "Financial Inclusion" and "Sustainable Financing" into a single matter named "Sustainable Financing". "Climate Change" has been renamed to "Environmental Stewardship" to reflect the Group commitment in managing and tracking environmental footprint.</p>

	2023 Materiality Matrix assessment sees 6 material matters as top priority, namely Economic Performance, Ethics and Integrity, Customer Experience and Satisfaction, Competent Workforce, Innovation and Technology, and Data Privacy and Cyber Security.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board and the Senior Management have attended various sustainability and climate-related risk trainings. This includes Scope 3 Financed Emissions Capacity Building programme in July 2023.</p> <p>Sustainability updates, including sustainability initiatives and events are regularly presented by the Management, to provide updates and discuss on sustainability-related matters.</p> <p>In 2023, the Board oversaw the ongoing implementation of initiatives under the Climate Risk Management and Scenario Analysis (“CRMSA”) project, which involved:</p> <ul style="list-style-type: none"> a) major enhancements to the sustainability governance structure (refer Practice 4.1), b) establishment of Net Zero Strategy to strengthen the Group’s resilience against climate-related risks and facilitate the transition to a low-carbon economy, c) identification of climate-related risks and opportunities, d) establishment of climate-related specific risk appetite statement thresholds and e) enhancement of monitoring of climate-related performance through Scope 1, Scope 2 and selected Scope 3 emissions.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

Application	:	Applied
Explanation on application of the practice	:	<p>Board Effectiveness Evaluation conducted in 2023 contains an assessment on Board effectiveness in overseeing the development and implementation of sustainability strategies and ensuring ESG aspects are appropriately balances with the interest of various stakeholders.</p> <p>Based on the results of the Board Effectiveness Evaluation, the Board recognised the importance of integrating sustainability and ESG consideration as part of the business strategy and is satisfied with the Group’s sustainability progress and performance.</p> <p>The Board provides oversight on the management of sustainability matters at MBSB and MBSB Bank and ensures ESG considerations are incorporated in the business plans.</p> <p>To demonstrate top management's dedication to addressing sustainability risks and opportunities, the accomplishment of targets outlined in the Sustainability Framework was integrated into the 2023 Scorecards of GCEO, selected C-Suites officers and selected Senior Head of Divisions. The Framework maintains its role in providing a systematic framework for the MBSB Group to integrate sustainability considerations into their decision-making processes, operations, and overarching strategy.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Adopted
Explanation on adoption of the practice	:	The Sustainability Department remains under the purview of the Corporate Strategy Division, overseen by the Chief Strategy Officer ("CSO"). In order to address gaps listed in the BNM's Climate Risk Management and Scenario Analysis ("CRMSA"), CSO updated and presented to the Board on enhanced sustainability governance structure and Net Zero Strategy that consist of sector-specific decarbonisation pathways towards achieving net zero target by 2050.

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The NRC reviews the composition of the Board and the tenure of the Directors on an annual basis to ensure that the Board has the right mix of skills and experience, diversity and other qualities including core competencies which the directors should bring to the Board. The NRC also review the succession plan for the Board and key Management.</p> <p>The NRC reviewed the composition of the Board and Board Committees together with the Board Skill Matrix and identified the selection criteria for the appointment of a new director, i.e., a director with an IT and banking background. The NRC then sourced for potential candidates based on the selection criteria and also considered gender diversity for the Board of MBSB. Following the completion of the acquisition of MIDF and pursuant to the Share Purchase Agreement, NRC had evaluated and assessed the fit and proper criteria and the suitability and accordingly recommended to appoint Tan Sri Abdul Rahman bin Mamat ("Tan Sri Rahman") and Datuk Yasmin Binti Mahmood ("Datuk Yasmin") as the new directors of MBSB. The appointment of both directors at MBSB would facilitate better integration, communication and alignment on the Group's strategy and decision-making for the enlarged Group.</p> <p>Tan Sri Rahman was appointed as Independent Non-Executive Director of MBSB effective 5 December 2023 and Datuk Yasmin was appointed as Non-Independent Non-Executive Director of MBSB effective 5 December 2023.</p> <p>The NRC also evaluated the candidate for Board Chairman after the demise of Tan Sri Azlan on 12 January 2023. The NRC recommended Dato' Wan be appointed as Chairman of MBSB. Dato' Wan possesses extensive experience in finance and treasury management, spanning over three decades. He has a strong background in banking and held various senior leadership positions in the finance industry. He was formerly the Chairman of Bank of America Malaysia Berhad.</p> <p>Dato' Wan was appointed as Chairman/ Non-Independent Non-Executive Director of MBSB effective 24 January 2024 after MBSB secured the necessary approval from the regulator for the appointment.</p>

	<p>The NRC is also responsible for accessing and recommending the retiring Directors for re-election at the AGM for MBSB.</p> <p>The provisions on the retirement of Directors are provided in the Constitution of MBSB as follows:</p> <table border="1" data-bbox="560 405 1406 1088"> <thead> <tr> <th data-bbox="560 405 730 443">Clause No.</th> <th data-bbox="730 405 1406 443">Description</th> </tr> </thead> <tbody> <tr> <td data-bbox="560 443 730 730">90</td> <td data-bbox="730 443 1406 730">The Board shall have power from time to time and at any time to appoint any person to be a director, either to fill a casual vacancy or as an addition to the Board, provided that the total number of directors shall not exceed the prescribed maximum. A director so appointed shall hold office only until the next annual general meeting, and shall be then be eligible for re-election.</td> </tr> <tr> <td data-bbox="560 730 730 1016">100</td> <td data-bbox="730 730 1406 1016">At each AGM, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to one third, shall retire from office at the conclusion of the meeting PROVIDED ALWAYS that all Directors shall retire from office once at least in each three (3) years. A Director retiring at a meeting shall retain office until the close or adjournment of the meeting.</td> </tr> <tr> <td data-bbox="560 1016 730 1088">101</td> <td data-bbox="730 1016 1406 1088">An election of Directors shall take place each year and a retiring Director shall be eligible for re-election.</td> </tr> </tbody> </table> <p>Pursuant to Clause 100 of the Company’s Constitution, Encik Mohamad Abdul Halim bin Ahmad (“Encik Halim”) and Dr. Loh Leong Hua (“Dr. Loh”) were due for retirement at the AGM in 2023 and both Directors were eligible to stand for re-election.</p> <p>The retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board and NRC meeting. The Board and NRC had considered the performance and contribution of each of the retiring Directors and also assessed the independence of the Independent Non-Executive Directors seeking re-election.</p> <p>The assessment for the re-election of director had taken into account the service tenure of the directors in accordance with the Board Charter.</p> <p>Both directors offered themselves for re-election at the AGM in 2023 and were duly re-elected.</p> <p>Please refer to the explanation in Practice 5.7 for more information.</p>	Clause No.	Description	90	The Board shall have power from time to time and at any time to appoint any person to be a director, either to fill a casual vacancy or as an addition to the Board, provided that the total number of directors shall not exceed the prescribed maximum. A director so appointed shall hold office only until the next annual general meeting, and shall be then be eligible for re-election.	100	At each AGM, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to one third, shall retire from office at the conclusion of the meeting PROVIDED ALWAYS that all Directors shall retire from office once at least in each three (3) years. A Director retiring at a meeting shall retain office until the close or adjournment of the meeting.	101	An election of Directors shall take place each year and a retiring Director shall be eligible for re-election.
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<p>Explanation for departure</p>	<p>:</p>								

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	: Applied																	
Explanation on application of the practice	<p>Having a majority of Independent Directors on the Board can bring expertise and objectivity, which would assure that the Group is effectively managed and in the best interest of stakeholders.</p> <p>As at 31 December 2023, the Board of MBSB was made up of 75% Independent Directors.</p> <table border="1"><thead><tr><th rowspan="2">Designation</th><th colspan="2">MBSB</th></tr><tr><th>Number of Directors</th><th>Percentage (%)</th></tr></thead><tbody><tr><td>Non-Independent Executive Director</td><td>1</td><td>12.5</td></tr><tr><td>Non-Independent Non-Executive Director</td><td>1</td><td>12.5</td></tr><tr><td>Independent Non-Executive Director</td><td>6</td><td>75.0</td></tr><tr><td>Total</td><td>8</td><td>100.00</td></tr></tbody></table> <p>The Independent Non-Executive Directors are independent of Management and free from any business or other relationship with the Company and the Group, which could materially affect the exercise of their independent judgment. The number of Independent Directors fulfils the requirement of Bursa Malaysia for one-third of Board members to be independent and contributes towards greater impartiality and objectivity in the Board's decision-making process.</p> <p>Each Independent Director is required to submit an annual declaration of their independence. The Board, through the NRC, will assess the Independent Directors annually. The following are considered when assessing the Directors' independence:</p> <ul style="list-style-type: none">• Fulfilment of all criteria under the definition of Independent Director as stated in BNM Corporate Governance Policy and Bursa Malaysia's MMLR;• Ability to function as a check and balance and bring an element of objectivity to the Board;• Ability to constantly challenge the Management effectively and constructively;• Actively participate and provide independent advice in all Board/Board Committees discussions; and• Ability to act in the best interests of the Company and the Group.	Designation	MBSB		Number of Directors	Percentage (%)	Non-Independent Executive Director	1	12.5	Non-Independent Non-Executive Director	1	12.5	Independent Non-Executive Director	6	75.0	Total	8	100.00
Designation	MBSB																	
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Non-Independent Executive Director	1	12.5																
Non-Independent Non-Executive Director	1	12.5																
Independent Non-Executive Director	6	75.0																
Total	8	100.00																

The Board was satisfied with the results of the FY2023 independence assessment of the Directors. The outcome indicated that the Independent Directors were independent of management and free of any interest, position, association, or other relationship that might materially influence their capacity to act objectively in the Group and its stakeholders' best interests.

Board Composition of MBSB as at 31 December 2023

#	Name of Director	Designation
1	Puan Lynette Yeow Su-Yin	Independent Non-Executive Director
2	Encik Szalaza bin Zainuddin*	Non-Independent Executive Director
3	Ir. Moslim bin Othman	Independent Non-Executive Director
4	Encik Mohamad Abdul Halim bin Ahmad	Independent Non-Executive Director
5	Dr. Loh Leong Hua	Independent Non-Executive Director
6	Datin Hoi Lai Ping	Independent Non-Executive Director
7	Tan Sri Abdul Rahman bin Mamat (<i>appointed on 5 December 2023</i>)	Independent Non-Executive Director
8	Datuk Yasmin Binti Mahmood (<i>appointed on 5 December 2023</i>)	Non-Independent Non-Executive Director

Note:-

- Dato' Wan Kamaruzaman bin Wan Ahmad was appointed as Charman/ Non-Independent Non-Executive Director with effect from 24 January 2024.*
- Datin Hoi Lai Ping has resigned as director of MBSB with effect from 24 January 2024*
- Ir. Moslim bin Othman has resigned as director of MBSB with effect from 6 February 2024*

*** Note:**

Encik Szalaza bin Zainuddin does not hold any executive position in MBSB and does not have any management responsibilities in MBSB. His designation as Non-Independent Executive Director of MBSB is pursuant to the definition of "Executive Director" in BNM's Guidelines on Corporate Governance, which defines "Executive Director" as a director of a financial institution who has management responsibilities in the financial institution or any of its affiliates. EPF is an affiliate of

	MBSB, and Encik Sazaliza bin Zainuddin has management responsibilities in EPF.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied	
Explanation on application of the practice	:	For the year under review, none of the Independent Director of MBSB have served more than (9) years in the MBSB Group.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognise and embrace the benefits of having a diverse Board to ensure that the Board can perform effectively by providing the necessary range of perspectives, experience and expertise. The Board are committed to Board diversity and, at the same time, will ensure that all appointments to the respective Board are made based on merits while considering the needs and circumstances, the present size of the Board, suitability for the role, skills, experience, knowledge, experience and diversity.</p> <p><u>Board appointment</u></p> <p>The Board has established a formal and transparent procedure for the appointment of new directors. The process of appointment is detailed out is as follows:</p> <ol style="list-style-type: none">1. Identification of Skills and Qualifications2. Selection of Candidates3. Fit and Proper Assessment on Candidates4. NRC deliberation5. Interaction with candidates6. Recommendation for Board's approval <p>A Board Skill Matrix is used to understand the capabilities and personal attributes of the existing Board members and used as a reference when considering the new appointment of directors. The NRC has carried out the Fit and Proper Assessment on the candidates prior to recommending them to the Board for approval.</p> <p>The NRC and the Board also considered the candidates' existing directorship (including non-listed companies), conflict of interest or potential conflict of interest, including any interest in any competing business with the Group when considering the new appointment to ensure that they will be able to commit sufficient time to carry out their role as a Director and, where applicable, as a board committee member. As stated in the Board Charter, the Directors must not hold more than five (5) directorships in listed companies, listed collective investment schemes and issuers of any other listed securities.</p>

The Fit and Proper Policy outlined the criteria for the assessment of the suitability of the candidates for directorship, annual assessment for directors, re-election of directors and appointment/renewal of contracts for the GCEO, key senior management with C-Suites position and the Company Secretary:

- Probity, personal integrity and reputation - the person must have the personal qualities such as honesty, integrity, diligence, independence of mind and fairness.
- Competence and capability - the person must have the necessary skills, experience, ability and commitment to carry out the role.
- Financial integrity - the person must manage his debts or financial affairs prudently.

In addition, background screening was conducted by an independent party as part of the Fit & Proper Assessment. The background screening covers the following areas:-

- a. Identification check
- b. Malaysia Anti-Corruption Commission (“MACC”) check
- c. Malaysia / International Security check
- d. Insolvency search
- e. Global Integrity check
- f. Global Internet & Media search
- g. Industrial Courts Record check
- h. Educational loan check
- i. Professional Association Verification
- j. Malaysia Regulatory check
- k. Directorship check
- l. Civil Records check
- m. Unethical Financing & Money Laundering search
- n. Academic verification

In April 2023, the NRC had conducted a Fit and Proper Review and Assessment on the C-Suites and the Company Secretary of the Group. The NRC was satisfied that all the C-Suites and the Company Secretary fulfilled the abovesaid requirements under the Fit and Proper Policy.

The C-Suites include the GCEO, the Chief Executive Officer, the Chief Financial Officer, the Chief Compliance Officer, the Chief Internal Auditor, the Chief Risk Officer, the Chief People Officer, the Chief Operating Officer, the Chief Technology Officer, the Chief Corporate Officer, the Chief Strategy Officer, the Chief Treasurer and Capital Markets Officer and the Chief Credit Officer.

Board Composition

a) Board Size

Through NRC, the Board reviews the composition of the Board and Board Committees every year or as and when required. In 2023, the Board composition of MBSB have been reviewed in conjunction with the Board Effectiveness Evaluation to assess the optimum size and the

	<p>required diversity. The Board agreed that the Board size was inadequate to enable effective oversight and delegation of responsibilities and active participation. The Board was of the view that the ideal Board size should be between 7 to 9 directors.</p> <p>The Board appointed Tan Sri Abdul Rahman bin Mamat and Datuk Yasmin Binti Mahmood as new directors of MBSB with effect from 5 December 2023. The board size of MBSB as at 31 December 2023 was 8 directors.</p> <p>b) Board Diversity The Board has adopted the Boardroom Diversity Policy, which covers diversity in terms of professional experience, skills, knowledge, education and background, age, ethnicity, culture and gender. The Board agreed to adopt a measurable objective of maintaining at least one (1) female Director on the Board. The diversity of skill, experience, and knowledge of Board members in various disciplines and professions allows the Board to address and/or resolve the various issues effectively and efficiently. A brief description of MBSB and MBSB Bank's Board members' background and experience is disclosed in the Directors Profile section of the Integrated Annual Report 2023.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of MBSB has in the past obtained the curriculum vitae of the potential director candidates through various sources, including recommendations from existing board members, major shareholders, industry talent pool, independent search firms and independent directors' network.</p> <p>The NRC had also sourced for potential candidates from the FIDE FORUM which provides Directors Register services, aside from recommendations by directors and major shareholders. The Directors Register by FIDE FORUM is a joint initiative by FIDE FORUM, BNM and Perbadanan Insurans Deposit Malaysia ("PIDM") that aims to enhance board governance in the area of board rejuvenation and succession planning. The Directors Register provides potential candidates who possess the right skills, expertise and aptitude to contribute as director.</p> <p>The shortlisted candidates would be recommended to the NRC for evaluation. The NRC would also carry out the Fit and Proper Assessment of the candidates. An interaction session with the identified candidates would be carried out by the members of the NRC prior to making the recommendation to the Board for approval.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	: Applied
Explanation on application of the practice	<p>The Board upon recommendation by NRC, had recommended the following directors to be re-elected as directors of MBSB at the AGM in 2023:-</p> <ol style="list-style-type: none">1. Encik Mohamad Abdul Halim bin Ahmad ("Encik Halim")2. Dr. Loh Leong Hua ("Dr. Loh") <p>The Board and NRC had considered the performance and contribution of each of the retiring Directors, the service tenure and assessed the independence of the Independent Non-Executive Directors seeking re-election.</p> <p>The Board supported the re-election of Encik Halim and Dr. Loh as directors of MBSB at the AGM in 2023 based on the following justification:-</p> <ol style="list-style-type: none">1. The Board and NRC have assessed both directors and are satisfied that both directors are not disqualified under the Companies Act, 2016 and Section 68(1) of the Islamic Financial Services Act 2013 ("IFSA"). The Directors also complied with the Fit and Proper Requirements as prescribed in the Fit and Proper Policy.2. In addition, background screening was conducted by an independent party for both directors. The background screening covers the following areas:-<ol style="list-style-type: none">a. Identification checkb. Malaysia Anti-Corruption Commission ("MACC") checkc. Malaysia / International Security checkd. Insolvency searche. Global Integrity checkf. Global Internet & Media searchg. Industrial Courts Record checkh. Educational loan checki. Professional Association Verificationj. Malaysia Regulatory checkk. Directorship check

	<ul style="list-style-type: none"> l. Civil Records check m. Unethical Financing & Money Laundering search n. Academic verification <p>3. There was no adverse finding or any interest, position or relationship that might influence, or reasonably be perceived to influence found in the background screening that could materially affect the director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of MBSB.</p> <p>4. The Board and NRC had reviewed the performance of Encik Halim and Dr. Loh and their meeting attendance at the Board and Board Committees in 2021 and 2022. Encik Halim and Dr. Loh attended more than 95% of the Board and Board Committee meetings in 2021 and 2022. The Board and NRC were satisfied with the performance and the contribution of Encik Halim and Dr. Loh to the Board and the Board Committees. Encik Halim and Dr. Loh participate actively in the deliberations during the Board and Board Committee meetings and are able to provide independent and diverse viewpoints. Encik Halim and Dr. Loh also received high scores in the peer evaluation which was part of the Board Effectiveness Evaluation in 2021 and 2022.</p> <p>The resolutions on re-election of Encik Halim and Dr. Loh as directors of MBSB were approved by the shareholders at the AGM held on 27 June 2023.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied
Explanation on application of the practice	:	In 2023, the NRC was chaired by Ir. Moslim Bin Othman. He was an Independent Non-Executive Director of MBSB. <u>Note:-</u> Following the resignation of Ir. Moslim Bin Othman as Independent Non-Executive Director of MBSB on 6 February 2024, the NRC is currently chaired by Puan Lynette Yeow Su-Yin, the Senior Independent Non-Executive Director.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	As at 31 December 2023, there were three (3) female directors, i.e. Puan Lynette Yeow Su-Yin, Datin Hoi Lai Ping and Datuk Yasmin Binti Mahmood, out of a total of 8 directors, which constitute 37.5% of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>MBSB is guided by the Boardroom Diversity Policy in which the selection of Board candidates is based on merits and contributions that the selected candidate will bring to the Board. The NRC is responsible for ensuring that gender diversity objectives are adopted in the board recruitment and succession planning process.</p> <p>The Board adopts a measurable objective of maintaining at least one (1) female Director.</p> <p>The Board has not established a specific policy on gender diversity for the Senior Management.</p> <p>The Board noted the importance to promote gender diversity. The standard selection criteria based on a compelling blend of competencies, skills, extensive experience and knowledge to strengthen the Senior Management should remain a priority.</p> <p>Whilst the Board did not set a specific policy on gender diversity for the Senior Management, the Board regularly monitors the employee demographics. There is a strong and active women representation in the Senior Management with a participation of 30%.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Management currently reviewing a Diversity Policy aimed at creating a workplace that promotes equity, fairness, and eliminates all forms of discrimination and looking to develop a Diversity, Equity, and Inclusion (DEI) guideline to standardise hiring and recruitment practices across the MBSB Group, ensuring fairness and competency-based recruitment moving forward.
Timeframe	:	Within 2 years

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>On an annual basis, the NRC review the effectiveness of the Board and the Board Committees as well as the performance of individual Directors.</p> <p>In 2020, with NRC's recommendation, the Board appointed FIDE FORUM, an independent external party, to conduct a Board Effectiveness Evaluation on MBSB for year 2020. The Board Effectiveness Evaluation was conducted jointly by FIDE FORUM and PricewaterhouseCoopers.</p> <p>In 2023, the Board Effectiveness Evaluation for year 2022 was conducted in-house and adopted the assessment format proposed by FIDE FORUM in 2020.</p> <p>The approach of the assessment was as follows:-</p> <ol style="list-style-type: none">1. Customised questionnaire to assess the Board's, Board Committees' and individual Directors' performance and leadership qualities2. Key evaluation parameters have taken into account matters specific to Islamic Finance and include critical areas for the Board's oversight such as Crisis Management and Business Continuity, Digitalisation/Technology and Non-Financial Reporting.3. The Questionnaire was developed to meet the broad objectives of corporate governance codes and guidelines. <p>The evaluation covers the following key areas: -</p> <p><u>Board and Board Committee effectiveness</u></p> <ol style="list-style-type: none">a. Overall Board Effectivenessb. Board Responsibilitiesc. Board Compositiond. Board Remuneratione. Board Committeesf. Board Culture

- g. Chairman
- h. Board Administration and Process
- i. Board Education

Directors' Self and Peer Effectiveness

- a. Board Dynamics and Participation
- b. Leadership, Integrity and Objectivity
- c. Knowledge and Expertise

Upon the completion of the questionnaire, the findings were presented to the NRC for review and subsequently to the Board.

The Board Effectiveness Evaluation Report indicated that the Board are able to fulfil its responsibilities and mandate in providing oversight of MBSB Group as demonstrated through effective contribution and commitment by individual Directors. The Board also has common shared values and purposes such as independence and integrity, objectivity and transparency, value creation and act in all stakeholders' interest.

The Board Effectiveness Evaluation Report also indicated that the Board Committees provide satisfactory support and value to the Board and can effectively discharge their functions and duties.

The NRC has recommended some of the key areas for enhancement highlighted in the Board Effectiveness Evaluation Report as follows: -

1. Board Remuneration
2. Succession planning for the Board
3. Succession planning for key senior management and talent management
4. Board training and education
5. Oversight of business plan, strategic initiatives, KPI and performance of key talents
6. Continued focus on improving and strategising ESG initiatives
7. Continued focus on enhancing shareholders' value
8. Enhancing existing crisis management, Business Continuity Plan and cyber security

The fit and proper assessments were also conducted annually for all Directors to ensure that all Directors fulfil the fit and proper criteria at all times.

The Board are satisfied with the level of commitment given by the Directors during the year towards fulfilling their roles and responsibilities as Directors of MBSB. None of the Directors hold more than 5 directorships in listed issuers and the Directors attendance in the Meeting during the financial year 2022 was commendable.

In 2022, there were 28 Board meetings convened at MBSB's Board respectively. All the Directors have complied with the minimum Board meeting attendance of 75% under BNM's CG Guidelines and as adopted by MBSB in the Board Charter.

The Board through NRC has also evaluated and identified the training needs of each Director. The Board has established a Directors Orientation and Training Guidelines to encourage the Board members to attend continuous training to enable the directors to discharge their duties effectively.

The Board through NRC has also evaluated and identified the training requirement for year 2023 based on the feedback received in the Board Effectiveness Evaluation. NRC had recommended and the Board approved the following in-house training programmes for 2023:-

1. Market Outlook
2. ESG/Sustainability
3. Cybersecurity, Disruptive in technology and digitalisation
4. Islamic Banking
5. Transformation/Change Management
6. Investment Banking

All Directors of MBSB have attended the Mandatory Accreditation Programme ("MAP") as required by Bursa Malaysia Securities Berhad.

The newly appointed directors of MBSB i.e. Tan Sri Rahman and Datuk Yasmin have attended the MAP as required by Bursa Malaysia Securities Berhad.

Bursa Malaysia Securities Berhad has introduced a new sustainability training for directors i.e. MAP Part II: Leading for Impact (LIP) in 2023.

The Company Secretaries have arranged four directors to attend MAP Part II: Leading for Impact (LIP) as required by Bursa Malaysia Securities Berhad in 2023.

The Directors also attended various programmes, conferences, seminars, dialogues focusing on Corporate Governance, Information Technology / Digitalisation, Anti Money Laundering & Counter Financing Terrorism (AML/ CFT), Anti-Bribery & Corruption, Cybersecurity, Accounting, Sustainability and Risk Management.

The list of programmes, conferences, seminars, or dialogues attended by each Director of MBSB in 2023 are as follows:-

Puan Lynette Yeow Su -Yin

- | | |
|----|---|
| 1. | Cyber Security Awareness Training (April 2023) |
| 2. | Remaking Corporate Governance for an ESG World by Professor Mak Yuen Teen (31 May 2023) |

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Encik Mohamad Abdul Halim bin Ahmad

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2.	Remaking Corporate Governance for an ESG World (31 May 2023)
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9.	MBSB’s Shariah Advisory Committee Session FY2023 – Islamic Social Finance (9 October 2023)

Dr. Loh Leong Hua

1.	Why ESG - A Governance Perspective (28 March 2023)
2.	Understanding Sustainability under the radar of Environmental, Social & Governance (ESG) (30 March 2023)
3.	BNM-FIDE Forum Roundtable on Licensing and Regulatory Framework for Digital Insurers and Takaful Operators (DITO) Exposure Drafts (11 April 2023)
4.	From Carbon to Clean Opportunities and Benefits Sustainability Transition - Innovation as Change Drivers (15 May 2023)
5.	Sustainability Transition - Innovation as Change Drivers (19 May 2023)
6.	MIDF Green Conference 2023 - Shaking Things Up (15 June 2023)
7.	Changing the Game Building The World We Want (5-6 July 2023)
8.	ESG Sustainability & Climate Risk (31 July 2023)
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Explanation for departure	:										
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Measure	:										
Timeframe	:										

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application :	Applied
Explanation on application of the practice :	<p>The Board has established a formal Remuneration Framework for Directors. It is designed to support the strategies and long-term vision of MBSB and provide an adequate motivational incentive for Directors to pursue long-term growth and success of the Group.</p> <p>The Remuneration Framework for Directors was last reviewed in 2023 to incorporate the directors' fees and benefits approved by the shareholders at the AGM in 2023 and revision on budget for directors training.</p> <p>The Remuneration Framework for Directors of MBSB is available on its website at: https://www.mbsb.com.my/MBSB_Remuneration_Framework_for_Directors.pdf.</p> <p>The NRC is responsible to ensure that the Director's remuneration is competitive and aligns with the industry benchmark. The level of remuneration for the Directors shall be determined and recommended by the NRC to the Board after giving due consideration of all relevant factors including the Directors' fiduciary duties, time commitments expected of the Directors, Company's performance, market conditions as well as the compensation level for comparable positions among other similar Malaysian public listed companies and similar sized financial institutions.</p> <p>With the Companies Act, 2016, BNM Guidelines, MCCG and MMLR in place, the duties and responsibilities of the Board have become onerous. As a result, the expectations of the Board Committees have increased. The Board Committees of MBSB are also carrying out the oversight responsibilities, particularly in ensuring that the Group complies with BNM guidelines to ensure that the current remuneration structure commensurate with the respective Directors' responsibilities.</p> <p>The NRC reviews the structure of the Directors' Remuneration on an annual basis prior to making recommendations to the Board for approval.</p>

	<p>The NRC may obtain advice from independent professional or other advice on the remuneration packages for the Board members or employees in a similar industry as provided in the TOR.</p> <p>To ensure that the current remuneration structure commensurate with the respective Directors' responsibilities and within industry benchmark, MBSB and MBSB Bank had appointed an external consultant, i.e., KPMG, in 2019 to review the remuneration structure of the Directors of MBSB and the Bank.</p> <p>Although the external consultant in the 2019 report had recommended an adjustment to align the remuneration of Directors with similar entities in the financial sector, the Board had not recommended any increase until 2023. The NRC and the Board had recommended an increase of Directors fee by RM15,000 per annum from the date of 53rd AGM i.e. 27 June 2023 until the next AGM in 2024.</p> <p>The resolutions on Directors' fees structure and benefits payable to Directors were tabled and approved at the 53rd AGM on 27 June 2023.</p> <p>As for Management, the remuneration packages of the GCEO, the C- Suites and the Company Secretary of the Group will be reviewed by the NRC, and the same will be recommended to the Board for decision. The remuneration of the GCEO, the C-Suites and the Company Secretary are based on their achievement of strategic initiatives established and approved by the Board.</p> <p>MBSB Bank has established a Remuneration Framework which applies to all MBSB Bank's employees including senior management. Please refer to Section B of this CG Report for the details of the Remuneration Framework.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The TOR of the NRC outlines the roles and responsibilities in relation to the nominating and remuneration matters and is available on MBSB's website at https://www.mbsb.com.my/TOR_NRC.pdf.</p> <p>The NRC assessed the Directors' fees structure and the benefits payable to the Directors of MBSB and MBSB Bank for the period from the date of 53rd AGM in 2023 until the next AGM of the Company in 2024 before making recommendations to the Board.</p> <p>Although the external consultant in the 2019 report had recommended an adjustment to align the remuneration of Directors with similar entities in the financial sector, the Board had not recommended any increase until 2023. The NRC and the Board had recommended an increase of Directors fee by RM15,000 per annum from the date of 53rd AGM i.e. 27 June 2023 until the next AGM in 2024.</p> <p>The resolutions on Directors' fees structure and benefits payable to Directors were tabled at the 53rd AGM on 27 June 2023 in two (2) separate resolutions as follows:</p> <ul style="list-style-type: none">• Ordinary Resolution 1 - on the payment of Directors' fees payable to Directors for the period from the 53rd AGM until the next AGM in 2024; and• Ordinary Resolution 2 – on the payment of benefits (excluding Director' fees) payable to Directors from the 53rd AGM until the next AGM in 2024. <p>Both resolutions were duly passed.</p>

Directors' fees

The details of the Directors' fees structure after approval by the shareholders in the 53rd AGM in 2023 are as follows: -

MBSB

Fees per annum	(RM)	
	Chairman	Member
Directors	155,000	115,000
Audit Committee	30,000	20,000
Risk Management Committee	30,000	20,000
Nominating & Remuneration Committee	25,000	15,000
Restructuring Committee	25,000	15,000

MBSB Bank

Fees per annum	(RM)	
	Chairman	Member
Directors	155,000	115,000
Board Audit Committee	30,000	20,000
Board Risk Management & Compliance Committee	30,000	20,000
Board Nominating & Remuneration Committee	25,000	15,000
Board Investment & Credit Committee	30,000	20,000
Board Information Technology Oversight Committee	25,000	15,000

The details of the benefits payable to Directors are as follows:

Board Meeting Allowance	RM3,000.00 per meeting
General Meeting Allowance	RM3,000.00 per meeting
Board Committee Meeting Allowance	RM2,000.00 per meeting
Any other meeting allowances (where the Directors are invited to attend)	RM2,000.00 per meeting
Other benefits	Company car and personal driver for Chairman, medical coverage, travel, communication, and other claimable benefits

GCEO and Senior Management

	<p>The GCEO's remuneration package is structured to link to corporate and individual performance, which comprises fixed and variable components, determined based on the Key Performance Indicators, as approved by the Board. The 2022 Performance rewards for GCEO and senior management were reviewed by the NRC and were duly approved by the Board in 2023.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	<p>In line with best corporate governance practice, the disclosure of the Directors' remuneration on a named basis has been made in the Annual Audited Financial Statements over the years.</p> <p>The remuneration of the directors comprises of fixed remuneration only.</p> <p>The detailed disclosure of remuneration breakdown for all Directors is set out in Note 36 of the Audited Financial Statements for the financial year ended 31 December 2023.</p> <p>The remuneration received by each of the directors of MBSB in 2023 is set out in the table below.</p> <p><i>Note:</i></p> <ol style="list-style-type: none"><i>* 50% of the directors' fees for Encik Sazaliza Bin Zainuddin is paid to the organisation to which the Director represents.</i><i>Encik Sazaliza Bin Zainuddin does not hold any executive position in MBSB and does not have any management responsibilities in MBSB. His designation as Non-Independent Executive Director of MBSB is pursuant to the definition of "Executive Director" in BNM's Guidelines on Corporate Governance, which defines "Executive Director" as a Director of a financial institution who has management responsibilities in the financial institution or any of its affiliates. EPF is an affiliate of MBSB, and Encik Sazaliza Bin Zainuddin has management responsibilities in EPF.</i>

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	The late Tan Sri Azlan bin Mohd Zainol	Non-Executive Non-Independent Director	12	0	0	0	0	0	12	24	0	0	0	3	0	27
2	Ir. Moslim bin Othman	Independent Director	152	126	0	0	0	0	278	152	126	0	0	0	0	278
3	Puan Lynette Yeow Su-Yin	Independent Director	151	152	0	0	0	0	303	151	152	0	0	0	0	303
4	Encik Szalaza bin Zainuddin	Executive Director	123*	81	0	0	0	0	204	251*	186	0	0	0	0	437
5	Dr. Loh Leong Hua	Independent Director	162	132	0	0	0	0	294	179	132	0	0	0	0	311
6	Datin Hoi Lai Ping	Independent Director	147	119	0	0	0	0	266	147	119	0	0	0	0	266
7	Encik Mohamad Abdul Halim bin Ahmad	Independent Director	172	155	0	0	0	0	327	172	155	0	0	0	0	327
8	Tan Sri Abdul Rahman bin Mamat	Independent Director	10	6	0	0	0	0	16	47	15	0	0	8	0	70
9	Datuk Yasmin binti Mahmood	Non-Executive Non-Independent Director	10	6	0	0	0	0	16	43	15	0	0	0	0	58
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
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Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure										
Explanation on application of the practice	:											
Explanation for departure	:	<p>The Board is of the opinion that the remuneration of employees (including senior management) is strictly confidential, and disclosure of remuneration would encourage internal comparison and affect the employees' morale. In addition, disclosure of senior management's remuneration may give rise to the possibility of poaching by other competitors, given the highly competitive conditions in the banking industry.</p> <p>As an alternative to the recommended practice, the Board has opted to disclose the aggregate remuneration for the senior management as follows:</p> <table border="1"> <thead> <tr> <th>Total value of remuneration for FY2023</th> <th>RM</th> </tr> </thead> <tbody> <tr> <td>Fixed Remuneration</td> <td></td> </tr> <tr> <td>- Cash-Based</td> <td>5,158,080 (Top 5 headcounts)</td> </tr> <tr> <td>Variable Remuneration</td> <td></td> </tr> <tr> <td>- Cash-Based</td> <td>1,421,290 (Top 5 headcounts)</td> </tr> </tbody> </table> <p>Definition: Senior management (including GCEO) comprises MBSB Bank Senior Officers in the category of C-Suites positions and the Company Secretary of MBSB Group.</p>	Total value of remuneration for FY2023	RM	Fixed Remuneration		- Cash-Based	5,158,080 (Top 5 headcounts)	Variable Remuneration		- Cash-Based	1,421,290 (Top 5 headcounts)
Total value of remuneration for FY2023	RM											
Fixed Remuneration												
- Cash-Based	5,158,080 (Top 5 headcounts)											
Variable Remuneration												
- Cash-Based	1,421,290 (Top 5 headcounts)											
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>												
Measure	:	The Board will closely monitor the developments in the market with respect to such disclosure for future consideration.										
Timeframe	:	Within 3 years										

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
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2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The AC is chaired by Encik Mohamad Abdul Halim bin Ahmad, an Associate Member of the Institute of Chartered Accountants England and Wales ("ICAEW") and a member of the MIA. Encik Halim is not the Chairman of the Board of MBSB.</p> <p>A brief description of the background and experience of the AC chairman are disclosed in the Directors Profile section of the Integrated Annual Report 2023.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied
Explanation on application of the practice	:	None of the AC members was a former key audit partner in the past three years. The requirement to observe a cooling-off period of three years for the appointment of AC members is stated in the Terms of Reference. The Terms of Reference of AC is available at https://www.mbsb.com.my/TOR_AC.pdf . The requirement to observe a cooling-off period of three years is also stated in the External Auditor Policy.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	<p>The procedures to assess the suitability, objectivity and independence of the External Auditor have been established via the External Auditor Policy, in line with BNM's External Auditor Policy and MCCG and Engagement of External Auditor for Non Audit Services Policy. The External Auditor Policy was last reviewed in 2023 without any revision.</p> <p>The AC are responsible for reviewing and monitoring the independence and objectivity of the external auditor annually. The External Auditor Policy is to provide guidance to MBSB Group on the processes and procedures for reviewing the independence of the External Auditors. The review encompasses an assessment of the qualifications and performance of the auditors, the quality and the auditor's communication with the AC, the auditor's independence, objectivity and professional scepticism.</p> <p>The External Auditor appointed by the Group shall meet the qualification criteria set out in the External Auditor Policy, particularly on the audit engagement team involved in making key decisions on significant matters. The AC shall also ensure that the provision of non-audit services by the External Auditor does not impair, either in fact or appearance, the auditor's objectivity, judgment or independence.</p> <p>In 2023, the AC and the Board have assessed the performance of the external auditor, Messrs. PricewaterhouseCoopers PLT ("PwC") for the financial year 2022. The AC and the Board were satisfied with the performance and the quality of the deliverables by PwC. The AC and the Board are also satisfied with their review that the non-audit services provided by PwC and its affiliates in the financial year 2022 did not in any way impair their objectivity and independence as external auditors of the Group. On the recommendation by AC, the Board has approved the submission of the application to re-appoint PwC as External Auditors of MBSB and MBSB Bank for the financial year 2023 to the regulator.</p> <p>The regulator had approved the application for the reappointment of PwC as External Auditors of MBSB.</p>

	<p>A resolution to re-appoint PwC as External Auditors of MBSB was tabled at the 53rd AGM on 27 June 2023. The resolution was duly passed.</p> <p>The roles of the AC in relation to the internal and external auditor are described in the Report of the Audit Committee section of the Integrated Annual Report 2023.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted								
Explanation on adoption of the practice	:	<p><u>Composition of the AC as at 31 December 2023 as follows: -</u></p> <table border="1"><thead><tr><th>COMMITTEE MEMBER</th><th>DESIGNATION</th></tr></thead><tbody><tr><td>Encik Mohamad Abdul Halim bin Ahmad</td><td>Chairman, Independent Non-Executive Director</td></tr><tr><td>Dr. Loh Leong Hua</td><td>Member, Independent Non-Executive Director</td></tr><tr><td>Datin Hoi Lai Ping</td><td>Member, Independent Non-Executive Director</td></tr></tbody></table> <p>Note: Following the resignation of Datin Hoi Lai Ping as Independent Non-Executive Director of MBSB on 24 January 2024, Puan Lynette Yeow Su-Yin was appointed as a member of the Audit Committee with effect from 24 January 2024.</p> <p>As of 24 January 2024, the AC was still comprised solely of Independent Directors.</p>	COMMITTEE MEMBER	DESIGNATION	Encik Mohamad Abdul Halim bin Ahmad	Chairman, Independent Non-Executive Director	Dr. Loh Leong Hua	Member, Independent Non-Executive Director	Datin Hoi Lai Ping	Member, Independent Non-Executive Director
COMMITTEE MEMBER	DESIGNATION									
Encik Mohamad Abdul Halim bin Ahmad	Chairman, Independent Non-Executive Director									
Dr. Loh Leong Hua	Member, Independent Non-Executive Director									
Datin Hoi Lai Ping	Member, Independent Non-Executive Director									

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>All the AC members are financially literate and possess adequate knowledge and experience to understand and deliberate matters under the Audit Committee's purview, including the financial reporting process.</p> <p>Further information on the background and experience of the AC are disclosed in the Directors Profile section of the Integrated Annual Report 2023.</p> <p>The AC members have attended various conferences and training programmes during 2023 to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. The list of programmes, conferences, seminars or dialogues attended by each AC member is disclosed in the explanation on Practice 6.1.</p> <p>The NRC has assessed the performance of the AC and its members through an annual Board Committee effectiveness evaluation. The assessment report indicated that the Board is satisfied with the overall effectiveness and performance of the AC and agrees that AC has provided satisfactory support and value to the Board.</p> <p>The AC members have carried out their duties in accordance with the TOR which is available on the website at https://www.mbsb.com.my/TOR_AC.pdf.</p> <p>A summary of the AC's work in discharging their functions and duties for the financial year ended 31 December 2023 is described in the Report of the Audit Committee section of the Integrated Annual Report 2023.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board affirms its commitment to establishing and maintaining a robust risk management and internal control system within MBSB Group. It acknowledges its overarching responsibility for regularly reviewing the adequacy and effectiveness of the risk management and internal controls systems, ensuring they identify, assess, and address risks that may impede the achievement of MBSB Group's objectives.</p> <p>One of the Board's key responsibilities is the establishment of MBSB Group's risk appetite, defining the types and levels of risks MBSB Group is willing to accept in pursuit of its business and strategic goals. Actively engaged in MBSB Group's strategic endeavours, the Board ensures that corresponding risks are meticulously mitigated within the approved risk appetite.</p> <p>Recognising the inherent limitations of any risk management and internal control system, the Board acknowledges that such systems can provide reasonable, rather than absolute, assurance against material financial misstatement, fraud, or losses.</p> <p>The Board plays a pivotal role in instituting a robust risk management and internal control governance structure. This structure is crucial in setting the tone and culture for effective risk management and internal control throughout the organisation. To enhance its risk and control oversight responsibilities, the Board has established key committees, including the Risk Management Committee (RMC), and the Audit Committee of the Board (AC). These committees are entrusted with overseeing matters related to risk, compliance, and controls, respectively.</p> <p>Additionally, a parallel risk governance framework exists within the relevant operating entities of MBSB Group. Any reference to these committees at MBSB Group level equally applies to their counterparts at individual operating entities within MBSB Group. This ensures a unified and aligned approach to risk management across the entire Group.</p> <p>The risk governance framework includes delegation of authority from the Board to Management Committees as well as risk controls</p>

	<p>established for material activities to MBSB Group operating within the risk appetite. To support the Board, RMC, and the relevant Management Committees in discharging their oversight over risk, the responsibility within MBSB Group in addressing and managing the risk is clearly assigned through a “three lines of defence model”.</p> <p>MBSB Group’s risk management framework requires robust risk management practices that are integrated in the key strategic, capital, financial planning processes, including new products or new business activities as well as day-to-day business process across MBSB Group, thereby ensuring risks are appropriately considered, evaluated, and responded to in a timely manner.</p> <p>The Board committees diligently update the Board on a periodic basis, providing comprehensive insights into their work, key deliberations, and decisions on delegated matters. This collaborative approach ensures a well-informed and proactive stance, reinforcing the commitment to a culture of effective risk management and internal control within MBSB Group.</p>	
Explanation for departure		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied	
Explanation on application of the practice	:	The details and features of MBSB’s risk management and internal control framework and the adequacy and effectiveness of the key risk management internal control processes are disclosed in the Statement on Risk Management and Internal Control section of the Integrated Annual Report 2023.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted				
Explanation on adoption of the practice	:	<p>The RMC comprises wholly of Independent Directors as at 31 December 2023.</p> <p><u>Composition of RMC as at 31 December 2023</u></p> <table border="1"><thead><tr><th>RMC</th></tr></thead><tbody><tr><td>Dr Loh Leong Hua (Chairman) <i>(Independent Non-Executive Director)</i></td></tr><tr><td>Ir Moslim Othman (Member) <i>(Independent Non-Executive Director)</i></td></tr><tr><td>Datin Hoi Lai Ping (Member) <i>(Independent Non-Executive Director)</i></td></tr></tbody></table> <p>Note:</p> <ol style="list-style-type: none">Datuk Yasmin Binti Mahmood, a Non-Independent Non-Executive Director was appointed as a member of the Risk Management Committee with effect from 2 January 2024.Datin Hoi Lai Ping has resigned as a member of the Risk Management Committee on 24 January 2024.	RMC	Dr Loh Leong Hua (Chairman) <i>(Independent Non-Executive Director)</i>	Ir Moslim Othman (Member) <i>(Independent Non-Executive Director)</i>	Datin Hoi Lai Ping (Member) <i>(Independent Non-Executive Director)</i>
RMC						
Dr Loh Leong Hua (Chairman) <i>(Independent Non-Executive Director)</i>						
Ir Moslim Othman (Member) <i>(Independent Non-Executive Director)</i>						
Datin Hoi Lai Ping (Member) <i>(Independent Non-Executive Director)</i>						

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has the overall responsibility in maintaining a sound system of internal controls to safeguard shareholders' investment and the Company's assets. The Board has established an in-house internal audit function for MBSB who reports directly to the AC and administratively to the GCEO.</p> <p>The AC, through the Group Internal Audit Division ("GIAD"), review the effectiveness of the system of internal controls, risk management, anti-corruption, whistleblowing and governance of the Group based on the risk-based audit plan. The review covers the financial, operational and compliance controls. In addition, GIAD also provides consultancy services in relation to the review of policies and procedures and user access matrix (UAM) and acts as an observer in the Tender Committee.</p> <p>The GIAD is independent of activities and processes to ensure that they are able to perform its duties objectively. The GIAD operates under an Audit Charter mandated by the AC that gives them unrestricted access to review all activities of the Group. The Audit Charter is required to be reviewed once every two years or as and when necessary. The Audit Charter was revised in 2022 to maintain relevancy and applicability as well as to be updated in line with the International Professional Practice Framework ("IPPF") standards.</p> <p>The GIAD activities were carried out based on the Audit Plan 2023 as approved by the AC. The audit reports were reviewed by the AC. The respective management members are responsible for ensuring that corrective actions were taken on the reported weaknesses within a set timeframe. The GIAD will carry out follow-up audits, which will be reported to the AC.</p> <p>The AC had during the year reviewed the TOR and had recommended changes to the Board. The TOR of AC is available at https://www.mbsb.com.my/TOR_AC.pdf.</p> <p>The GIAD personnel constantly keep themselves abreast with developments in the relevant industry and regulations through attendance at conferences and trainings. The certifications obtained by GIAD personnel is summarised below:</p>

	Certification	Certified / Qualified
	Chartered Banker (CB)	1
	Certified Professional Shariah Auditor (CPSA)	4
	Certified Internal Auditor (CIA)	2
	Masters In Islamic Master Practice (MIFP)	5
	Certification for Bank Auditor (CBA)	20
	Certified Credit Executive (CCE)	5
	Business Credit Professional (BCP) formerly known as Certified Credit Professional – Business (CCP)	3
	Associate Qualification in Islamic Finance (AQIF)	13
	Intermediate Qualification in Islamic Finance (IQIF)	1
	Certified Information System Auditor (CISA)	2
	Advanced Certificate in Anti Money Laundering (ACAML)	1
	Certified Anti-Money Laundering & Counter Financing of Terrorism Compliance Officer (CAMCO)	2
	Certified Sustainability Reporting Specialist	4
	Certified Data Analytic	1
	Shariah Audit Certification (SAC)	5
	<p>Total GIAD staff stood at 65 as of 31 December 2023. There are several staff possessing more than one of the above qualifications.</p> <p>The appointment, remuneration, performance, appraisal, transfer and dismissal of the Chief Internal Auditor must be decided by the AC.</p> <p>Further information on the GIAD and the activities conducted during the year is disclosed in the Report of the Audit Committee section of the Integrated Annual Report 2023.</p>	
Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The GIAD is independent of the business and undertakes activities as disclosed in the Report of the Audit Committee section of the Integrated Annual Report 2023.</p> <p>The GIAD is headed by the Group Chief Internal Auditor (“GCIA”), Cik Aniza binti Zakaria. She is a Chartered Banker, AICB and Senior Associate Member of Chartered Institute of Islamic Finance Professionals. She has acquired over 20 years of industry experience from various banking institutions in Malaysia. A summary of her profile and background is disclosed in the Integrated Annual Report 2023.</p> <p>GIAD personnel do not have any authority or responsibility for the activities they audit. They are required to report to the GCIA on any situation in which a conflict of interest or bias is present or may reasonably be inferred. Assignments are allocated so that potential and actual conflicts and bias are avoided.</p> <p>The GIAD adopts the International Professional Practice Framework issued by the Institute of Internal Auditors (“IIA”) and is guided by the Internal Audit Charter, Internal Audit Manual and the AC’s TOR. The Internal Audit Manual documents audit processes, methodology, roles, duties and responsibilities of internal auditors.</p> <p>The GIAD has provided the AC reports highlighting the observations, recommendations and management action plans to improve the system of internal controls. On behalf of the Board, the AC regularly review and deliberate on internal control issues and governance practices identified in reports prepared by the internal auditors and the related actions taken by Senior Management. Key issues deliberated at the AC are presented to the Board via the Chairman’s Report. AC will assess the effectiveness of GIAD in carrying out its responsibilities annually.</p>

	<p>All the GIAD personnel confirmed via the annual declaration that they are free from any relationships or conflicts of interest, which could impair their objectivity and independence.</p> <p>A brief statement on the Internal Audit Function and its key activities for the year are disclosed in the Report of the Audit Committee section of the Integrated Annual Report 2023.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of communication and proper dissemination of information to its shareholders, investors, and other stakeholders, including the general public. The Directors ensure that the Group keeps the shareholders informed via announcements and timely release of quarterly financial reports, media releases, annual reports, and circulars.</p> <p><u>Financial Results</u></p> <p>The quarterly financial results are announced via Bursa LINK after the Board's approval. Analyst briefings are also conducted following the announcement of quarterly financial results. This is important in ensuring equal and fair access to information is provided to the investing public to make informed decisions.</p> <p><u>Discussions, Dialogues and Briefings</u></p> <p>MBSB is committed in maintaining an open communication with analysts, investors, and regulators through physical and online platforms to promote better understanding of the Group's financial performance, operations and other matters affecting shareholders' interests. Furthermore, communication with employees, customers and other communities were largely conveyed through website and social media.</p> <p>The GCEO, alongside the Group Chief Financial Officer, leads a comprehensive program of discussions, dialogues, and briefings targeted at fund managers, financial analysts, and the media. These interactions are scheduled as necessary, particularly following the release of the Group's quarterly financial results to Bursa Malaysia. This engagement aims to promote a better understanding of the Group's financial performance, operations, and other matters affecting shareholders' interests.</p> <p>Furthermore, throughout the year, MBSB has been proactively engaging in various Investor Relations activities to ensure that both institutional and retail investors are well-informed and aligned with the Group's objectives. This approach is not only about enhancing transparency and building trust but also about making relevant and</p>

accessible information available to investors, thereby fostering an environment of clarity and openness.

These Investor Relations activities include:

- Institutional Funds Meetings: where the leadership team and Investor Relations team engage directly with institutional investors.
- Retail Investors Presentations: tailored to provide insight into the Group's operations and financial performance for retail investors.
- Corporate Highlight at Bursa Malaysia Fair: an excellent platform for direct engagement with potential investors, enhancing visibility, and attracting investment interest.
- Investor Development Road Show with MBSB Customers: an innovative approach to leverage existing trust and loyalty to showcase investment opportunities, potentially converting customers into investors and strengthening their engagement with the Group.

Engagement with stakeholders

MBSB conducts targeted engagement to further strengthen the relationship between the Group and its stakeholders. In 2023, MBSB organised numerous engagement activities for its employees, investors, customers as well as the general public, as follows:-

1. Simpan Berganda Menang Bergaya 2.0 CASA-I Campaign (SBMB 2.0) Prize Giving Ceremony
2. MBSB Bank Championship
3. Quarterly Analyst briefing
4. Annual General Meeting
5. Extraordinary General Meeting
6. Court-Convened Meeting
7. MBSB Bank Education Excellence Award
8. Blood Donation Drive & 360 Wellness
9. Employee Appreciation Day
10. LHDN Talk : Rahsia Jimat Cukai
11. Gegar Raya 2.0
12. MBSB Townhall
13. MBSB Bank Universities Career Kick-Start
14. Career Fairs
15. My School Our Future Generation (MyGEN) Programmes
16. Box Of Care for Adopted Schools
17. Growth Entrepreneurship Assistance Programme 2.0 (GRAP 2.0)
18. Financial Literacy For Children Programme
19. Tree Planting & Upcycling Workshop
20. MBSB X Mydin Roadshow
21. Business Convention
22. Regional Hi-Tea 2023
23. Minggu Celik Kewangan 2023

As part of the integration process arising from the acquisition resulting in an enlarged Group, townhalls and various communications were held

with all employees of MBSB Bank and MIDF Group to achieve synergies and inclusion as an enlarged group.

Corporate Website

MBSB's website provides updated information on the corporate and business aspects of the Group. Media releases, announcements to Bursa Malaysia, analysts' briefings, presentation slides, and quarterly results of the Group are also made available on the website, promoting the accessibility of information to the company's shareholders, stakeholders and all other market participants.

MBSB's website, which can be found at <https://www.mbsb.com.my>, provide updated information on the corporate and business aspect of the Group.

All details of the corporate events carried out by the Group are also available on MBSB's website as well as MBSB Bank and MIDF's website, which can be found at <https://www.mbsbbank.com>, and <https://www.midf.com.my> respectively

Corporate Disclosure Policy

A Corporate Disclosure Policy has set out the policies and procedures for the disclosure of all material information to be released to the public. Clear roles and responsibilities of the Directors, Management and employees are provided in the Corporate Disclosure Policy, and the designated spokesperson responsible for communicating with all audience of the material information/announcement to internal and external stakeholders had been identified.

The Board, Management and employees of the Group are required to observe this Corporate Disclosure Policy. The Group is mindful and will ensure timely disclosure of material information in accordance with Bursa Malaysia's MMLR and other applicable legislation.

Integrated and Sustainability Report

MBSB conducts a materiality assessment on an annual basis to assess and review the material matters to better respond to changing stakeholders' concerns and to keep abreast with evolving market condition.

The compilations of stakeholders' engagements, together with the summary of concerns or interests, are disclosed in the Integrated Annual Report and Sustainability Report. MBSB embarked on the Integrated Reporting journey using the internationally recognised framework – the International Integrated Reporting Council's Integrated Reporting Framework. MBSB aims to demonstrate its commitment to long-term value creation for stakeholders and improve its decision-making process by adopting the "integrated thinking" concept of the <IR> Framework.

	Stakeholders are welcome and encouraged to reach out to us via email at enquiry@mbsbbank.com for any inquiries.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other’s objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Applied	
Explanation on application of the practice	:	<p>MBSB Group recognises the significance of improving its corporate reporting and communicating its value creation to stakeholders across short-term, medium-term and long-term horizons.</p> <p>MBSB prepares its Integrated Annual Report and Sustainability report with reference to the International Integrated Reporting Council (IIRC)’s International Integrated Reporting <IR> Framework. 2023 marks MBSB Group’s fourth year of adopting the <IR> Framework. MBSB Group continued to progress in its Integrated Reporting journey to improve the depth of disclosures in 2023 pertaining to value creation, risk and opportunities, outlook, short to long-term strategy, and financial and non-financial performance.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied
Explanation on application of the practice	:	<p>The AGM for year 2023 was held on 27 June 2023. The Notice of the AGM was despatched to the shareholders on 28 April 2023. The requirement for at least 28 days' notice is fulfilled in adherence to the MCGG.</p> <p>In addition, MBSB also distributes an Administrative Guide together with the Notice of the AGM, which provides information to the shareholders regarding the details of the AGM, their right to appoint a proxy and guidance to attend the virtual AGM via remote participation and voting.</p> <p>The notes in the Notice of the AGM provide detailed explanations of each resolution proposed to enable shareholders to make informed decisions in exercising their voting rights.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied
Explanation on application of the practice	:	<p>The AGM of MBSB is the primary forum for dialogue and interaction with its shareholders.</p> <p>MBSB conducted a virtual general meeting for its 53rd AGM held on 27 June 2023 using the Remote Participation and Voting (“RPV”) facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) via its TIIH Online website.</p> <p>MBSB also held Extraordinary General Meeting (“EGM”) on 27 July 2023 and Court-Convened Meeting (“CCM”) on 24 November 2023. The Board decided to conduct virtual meeting for EGM and CCM as well.</p> <p>All directors of MBSB including the Chair of the Board Committees and the GCEO participated in the 53rd AGM, EGM and CCM.</p> <p>There was no question directed to the Chair of the AC, NRC and RMC by the shareholders in the last AGM, EGM and CCM.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied
Explanation on application of the practice	:	<p>MBSB conducted a virtual meeting for its 53rd AGM held on 27 June 2023, Extraordinary General Meeting (“EGM”) held on 27 July 2023 and Court-Convened Meeting (“CCM”) held on 24 November 2023 using the Remote Participation and Voting (“RPV”) facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) via its TIIH Online website.</p> <p>The RPV facilities allow shareholders to submit any question in advance and attend the meeting remotely and pose questions to the Board and Management. The RPV facilities also allow shareholders to vote remotely and vote in absentia.</p> <p>MBSB distributes an Administrative Guide together with the notice of the general meeting, which provides information to the shareholders regarding the details of the meeting, their right to appoint a proxy and guidance to attend the virtual meeting via remote participation and voting. Dedicated personnel were assigned to answer any queries by the shareholders in relation to the RPV facilities and their contact information is stated in the Administrative Guide.</p> <p>The meeting online platform “TIIH Online” is hosted by Tricor Malaysia. Tricor Malaysia has implemented an IT policy and Information Security policy, endpoint controls and data classification for staff cyber hygiene practices. Stress test and penetration testing have been performed on TIIH Online to test its resiliency. To provide further assurance to the public, Tricor Malaysia was ISO27001 certified. In addition to this, TIIH Online is hosted on a secure cloud platform and the data centre is ISO27001 certified.</p> <p>A dry run of the virtual meeting was conducted prior to the meeting day to test the bandwidth connection and to ensure that the RPV facilities run smoothly. The dry run also gives opportunities to the participants to familiarise themselves with the platform.</p>

	In 2023, a total of 1,324 shareholders/ proxies attended the 53 rd AGM, 822 shareholders/ proxies attended the EGM and 788 shareholders/ proxies attended the CCM, all using the RPV facilities.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The Board allows shareholders to submit the question using the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website prior to the AGM, EGM and CCM to ensure that the shareholders have sufficient opportunity to pose any questions to the Board and the Management. The guide to submit question in advance is stated in the Administrative Guide which was sent together with the notice of meeting.</p> <p><u>53rd AGM</u></p> <p>During the 53rd AGM, the GCEO at the material time, Datuk Nor Azam M. Taib, presented the Group's financial performance in 2022, business plan and core strategies for 2023 to the shareholders before proceeding with the business of the meeting. The GCEO then presented the responses to questions submitted in advance of the AGM by the Minority Shareholder Watch Group ("MSWG") and responded to a total of 30 questions submitted by the shareholders in advance.</p> <p>The Chairman of the Meeting also invited remote participants to submit live questions using the query box via RPV during the AGM to give opportunities for remote participants to enquire on MBSB's financial statements, proposed resolutions and other items to promote better understanding of the Group's financial performance, operations and other matters affecting shareholders' interests before proceeding with the voting of the resolutions. The Question and Answer session was about 40 minutes and the Management and the Board responded to 39 live questions submitted by remote participants during the AGM. In addition, the senior management, external auditors, and other advisors were available to provide answers and clarifications to shareholders. All questions submitted by the shareholders were made visible to all meeting participants.</p>

EGM

During the EGM, the GCEO at the material time, Encik Rafe Haneef, presented the overview and rationale of the proposed acquisition of Malaysian Industrial Development Finance Berhad (“MIDF”) (“Proposed Acquisition”) before proceeding with the business of the meeting. The GCEO then presented the responses to questions submitted in advance of the EGM by the MSWG and responded to a total of 15 questions submitted by the shareholders in advance.

The Chairman of the Meeting also invited remote participants to submit live question using the query box via RPV during the EGM to give opportunities for remote participants to enquire on the Proposed Acquisition and other matters affecting shareholders’ interests before proceeding with the voting of the resolutions. The Question and Answer session was about 40 minutes and Management and the Board had responded to 36 live questions submitted by remote participants during the EGM. In addition, the senior management and advisors were available to provide answers and clarifications to shareholders. All questions submitted by the shareholders were made visible to all meeting participants.

CCM

During the CCM, the GCEO at the material time, Encik Rafe Haneef, presented the overview and rationale of the proposed disposal of MBSB’s residual assets and liabilities (loans and non-financial subsidiaries) to Emerald Unity Sdn Bhd, a special purpose vehicle by way of a scheme of arrangement pursuant to Section 366 and Section 370 of the Companies Act, 2016 (“Proposed Scheme”) before proceeding with the business of the meeting. The GCEO then presented the responses to questions submitted in advance of the CCM by the MSWG and responded to a total of 19 questions submitted by the shareholders in advance.

The Chairman of the Meeting also invited remote participants to submit live question using the query box via RPV during the CCM to give opportunities for remote participants to enquire on the Proposed Scheme and other matters affecting shareholders’ interests before proceeding with the voting of the resolutions. The Question and Answer session was about 10 minutes and Management and the Board had responded to 12 live questions submitted by remote participants during the CCM. In addition, the senior management and advisors were available to provide answers and clarifications to shareholders. All questions submitted by the shareholders were made visible to all meeting participants.

Due to time constraints, not all questions could be answered during the general meetings. For questions that were not answered in the

	<p>meeting, the Management e-mailed the responses to the respective shareholders after the meeting.</p> <p>The Board appointed Coopers Professional Scrutineers Sdn Bhd (“CPS”) to act as an Independent Observer during the general meetings to ensure that questions received before and during the meetings were addressed and answered during or after the meetings by the Board and the Management.</p> <p>CPS had reviewed all questions received before and during the general meetings and confirmed that all questions had been addressed and answered by the Board and the Management.</p> <p>The questions and answers during the general meetings are attached together with the respective minutes of meeting on MBSB’s website at https://www.mbsb.com.my/general_meeting.html.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.

Application	:	Applied
Explanation on application of the practice	:	<p>In line with the 'Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers' issued by the Securities Commission Malaysia, the Board conducted a virtual general meeting for its 53rd AGM, EGM and CCM using the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website.</p> <p>The Board decided to opt for RPV facilities for the 53rd AGM, EGM and CCM as the RPV facilities offer integrated AGM online platforms which provide end-to-end experience for shareholders to attend the general meetings (via live stream), pose questions and comments (via chat-boxes) and vote on resolutions (via instantaneous polling).</p> <p>Questions submitted by the shareholders were made visible to all meeting participants.</p> <p>During the AGM, the Management and the Board responded to questions submitted by the MSWG and 30 questions submitted by the shareholders in advance of the AGM. The Question and Answer session was about 40 minutes and the Management and the Board had responded to 39 live questions submitted by remote participants.</p> <p>During the EGM, the Management and the Board responded to questions submitted by the MSWG and 15 questions submitted by the shareholders in advance of the EGM. The Question and Answer session was about 40 minutes and the Management and the Board had responded to 36 live questions submitted by remote participants.</p> <p>During the CCM, the Management and the Board responded to questions submitted by the MSWG and 19 questions submitted by the shareholders in advance of the CCM. The Question and Answer session</p>

	<p>was about 10 minutes and the Management and the Board also responded to 12 live questions submitted by remote participants.</p> <p>The RPV facilities also allow shareholders and members to log in and cast their votes electronically before the general meeting.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: The Minutes of the 53 rd AGM held on 27 June 2023 was published on the MBSB's website on 25 July 2023. The Minutes of the EGM held on 27 July 2023 was published on the MBSB's website on 4 September 2023. The Minutes of the CCM held on 24 November 2023 was published on the MBSB's website on 21 December 2023. The minutes of AGM, EGM and CCM are available on MBSB's website at https://www.mbsb.com.my/general_meeting.html .
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

Board of Directors of MBSB

Explanation on the application of the practice:

The key personal and detailed background of the Directors are disclosed in the Integrated Annual Report 2023 and are available on MBSB's website at www.mbsb.com.my/ar/html.

The Board is responsible for overseeing the conduct of MBSB Group business and the Management's implementation of the Group's strategic objectives as well as its conduct and performance. The Board of Directors' roles and responsibilities are set out in the Board Charter and Section A, Practice 1.1 of this Corporate Governance Report. The Board is supported by various Board Committees, and the roles and responsibilities of the respective Committees are clearly outlined in the TOR, which requires regular review and approval by the Board from time to time.

The records of attendance at Board Meeting held in the financial year ended 31 December 2023 are as follows:

#	Member	Attendance	Percentage
1	Puan Lynette Yeow Su-Yin Acting Chairman/ Senior Independent Non-Executive Director	23/23	100%
2	Encik Szaliza bin Zainuddin Non-Independent Executive Director	22/23	95.7%
3	Ir. Moslim bin Othman Independent Non-Executive Director	23/23	100%
4	Encik Mohamad Abdul Halim bin Ahmad Independent Non-Executive Director	23/23	100%
5	Dr. Loh Leong Hua Independent Non-Executive Director	23/23	100%
6	Datin Hoi Lai Ping Independent Non-Executive Director	21/23	91.3%
7	Tan Sri Abdul Rahman bin Mamat Independent Non-Executive Director (Appointed on 5 December 2023)	2/2	100%
8	Datuk Yasmin Binti Mahmood Non-Independent Non-Executive Director (Appointed on 5 December 2023)	2/2	100%

Board Committee

(i) Audit Committee (AC)

The principal function of the AC is to assist the Board in fulfilling its fiduciary responsibilities, particularly in the areas of accounting and management controls and financial reporting, including:

- to ensure financial statements comply with applicable financial reporting standards;
- to reinforce the independence and objectivity of the Internal Audit Division;
- to provide the focal point for communication between external auditors, internal auditors, risk managers, Directors and the Management on matters in connection with accounting, reporting, risks and controls and providing a forum for discussion independent of the Management; and
- to undertake additional duties as may be deemed appropriate and necessary to assist the Board.

The record of attendance of the AC members during the year 2023 is as follows:

#	Member	Attendance	Percentage
1	Encik Mohamad Abdul Halim bin Ahmad (Chairman) (Independent Non-Executive Director)	16/16	100%
2	Dr. Loh Leong Hua (Member) (Independent Non-Executive Director)	16/16	100%
3	Datin Hoi Lai Ping (Member) (Independent Non-Executive Director)	16/16	100%

Note:

Following the resignation of Datin Hoi Lai Ping as Independent Non-Executive Director of MBSB on 24 January 2024, Puan Lynette Yeow Su-Yin was appointed as a member of the Audit Committee with effect from 24 January 2024.

(ii) Risk Management Committee (RMC)

The primary objectives of RMC are to assist the Board with the risk oversight within the Group which includes reviewing the risk management policies, risk exposure and limits as well as ensuring that all risks are well managed within the Group's risk appetite by providing adequate infrastructure and resources in place to support the risk management activities.

The record of attendance of the RMC members during the year 2023 is as follows:

#	Member	Attendance	Percentage
1	Dr. Loh Leong Hua (Chairman) (Independent Non-Executive Director)	12/12	100%
2	Ir Moslim Othman (Member) (Independent Non-Executive Director)	12/12	100%
3	Datin Hoi Lai Ping (Member) (Independent Non-Executive Director)	12/12	100%

Note:

1. Datuk Yasmin Binti Mahmood, a Non-Independent Non-Executive Director was appointed as a member of the Risk Management Committee with effect from 2 January 2024.
2. Datin Hoi Lai Ping has resigned as a member of the Risk Management Committee on 24 January 2024.

(iii) Nominating and Remuneration Committee (NRC)

The primary responsibilities of the NRC are to assist the Board of Directors to maintain a formal and transparent procedure for the appointment of directors, Board assessment, policy setting

on directors' remuneration, and to determine appropriate remuneration packages for all directors.

The NRC is also responsible for reviewing, appointing, removing, and determining the remuneration package for the GCEO, key senior management with the C-Suites position, and Company Secretary. In addition, the NRC also reviews the remuneration framework for the Group.

The record of attendance of the NRC members during the year 2023 is as follows:

#	Member	Attendance	Percentage
1	Ir. Moslim bin Othman (Chairman) Independent Non-Executive Director	18/18	100%
2	Encik Mohamad Abdul Halim bin Ahmad (Member) (Independent Non-Executive Director)	18/18	100%
3	Dr. Loh Leong Hua (Member) (Independent Non-Executive Director) (Appointed as NRC member on 22 September 2023)	6/6	100%
4	Puan Lynette Yeow Su-Yin (Member) Senior Independent Non-Executive Director (Resigned as NRC member on 22 September 2023)	12/12	100%

Note:-

Following the resignation of Ir. Moslim Bin Othman as Independent Non-Executive Director of MBSB on 6 February 2024, Puan Lynette Yeow Su-Yin was appointed as Chairman of NRC with effect from 6 February 2024.

(iv) Restructuring Committee (RC)

The primary objective of RC is to oversee any proposed corporate restructuring plan including monitoring the progress of any corporate exercise to be undertaken for the MBSB Group of Companies in its efforts to chart new growth path for the Group.

In 2023, the RC oversaw the acquisition of 100% equity interest in Malaysian Industrial Development Finance Berhad ("MIDF") from Permodalan Nasional Berhad ("Acquisition"). The Acquisition was approved by the shareholders in an Extraordinary General Meeting held on 27 July 2023 and was completed on 2 October 2023.

The RC also oversaw the disposal of MBSB's residual asset and liability (loans and non-financial subsidiaries) to Emerald Unity Sdn Bhd, a special purpose vehicle by way of a scheme of arrangement pursuant to Section 366 and Section 370 of the Companies Act, 2016 ("Scheme"). The Scheme was approved by the shareholders in a Court-Convened Meeting held on 24 November 2023. The Scheme was completed on 31 January 2024.

The Board, on recommendation of RC, had agreed to dissolve the RC effective 31 December 2023 and any updates on the Scheme be tabled to the Board.

The record of attendance of the RC members during the year 2023 is as follows:

#	Member	Attendance	Percentage
1	Encik Mohamad Abdul Halim bin Ahmad (Chairman)	12/12	100%

	<i>Independent Non-Executive Director (Redesignated as RC Chairman on 22 September 2023)</i>		
2	Encik Szaliza bin Zainuddin (Member) <i>Non-Independent Executive Director</i>	11/12	91.7%
3	Puan Lynette Yeow Su-Yin <i>Senior Independent Non-Executive Director (Resigned as RC Chairman on 22 September 2023)</i>	8/8	100%

Board Training

The list of programmes, conferences, seminars or dialogues attended by the Board of MBSB are as follows:

Puan Lynette Yeow Su -Yin	
1.	Cyber Security Awareness Training (April 2023)
2.	Remaking Corporate Governance for an ESG World by Professor Mak Yuen Teen (31 May 2023)
3.	From Carbon to Clean Opportunities and Benefits Sustainability Transition - Innovation as Change Drivers (15 May 2023)
4.	MIDF Green Conference 2023 - Shaking Things Up (15 June 2023)
5.	ESG Sustainability & Climate Risk (31 July 2023)
6.	Overview of Islamic Finance: Principles & Practices (12 September 2023)
7.	Advocacy Sessions for Directors and CEO's of Main Market Listed Issuers (19 September 2023)
8.	Competition Act & Personal Data Protection Act (September 2023)
9.	MBSB's Shariah Advisory Committee Session FY2023 – Islamic Social Finance (9 October 2023)
10.	Cybersecurity, Disruptive in Technology and Digitalisation (9 October 2023)
11.	Mandatory Accreditation Programme Part II : Leading for Impact (LIP) (6 & 7 November 2023)

Encik Szaliza bin Zainuddin	
1.	Board Training : Market Outlook 2023 updates by RAM (15 June 2023)
2.	ESG Sustainability & Climate Risk (31 July 2023)

Ir. Moslim bin Othman	
1.	Elective Program namely Risk Management Committee – Banking Sector (9 March 2023)
2.	Elective Program namely Market Risk Management - Banking Sector (16 March 2023)
3.	From Carbon to Clean Opportunities and Benefits Sustainability Transition - Innovation as Change Drivers (15 May 2023)
4.	Board Training : Market Outlook 2023 updates by RAM (15 June 2023)

5.	ESG Sustainability & Climate Risk (31 July 2023)
6.	Overview of Islamic Finance: Principles & Practices (12 September 2023)
7.	MBSB's Shariah Advisory Committee Session FY2023 – Islamic Social Finance (9 October 2023)
8.	Mandatory Accreditation Programme Part II : Leading for Impact (LIP) (25 & 26 October 2023)

Encik Mohamad Abdul Halim bin Ahmad

1.	Elective Program namely Risk Management Committee – Banking Sector (9 March 2023)
2.	Remaking Corporate Governance for an ESG World (31 May 2023)
3.	From Carbon to Clean Opportunities and Benefits Sustainability Transition - Innovation as Change Drivers (15 May 2023)
4.	Elective Program namely Market Risk Management - Banking Sector (16 May 2023)
5.	Remaking Corporate Governance for an ESG World (31 May 2023)
6.	Board Training : Market Outlook 2023 updates by RAM (15 June 2023)
7.	ESG Sustainability & Climate Risk (31 July 2023)
8.	Overview of Islamic Finance: Principles & Practices (12 September 2023)
9.	MBSB's Shariah Advisory Committee Session FY2023 – Islamic Social Finance (9 October 2023)

Dr. Loh Leong Hua

1.	Why ESG - A Governance Perspective (28 March 2023)
2.	Understanding Sustainability under the radar of Environmental, Social & Governance (ESG) (30 March 2023)
3.	BNM-FIDE Forum Roundtable on Licensing and Regulatory Framework for Digital Insurers and Takaful Operators (DITO) Exposure Drafts (11 April 2023)
4.	From Carbon to Clean Opportunities and Benefits Sustainability Transition - Innovation as Change Drivers (15 May 2023)
5.	Sustainability Transition - Innovation as Change Drivers (19 May 2023)
6.	MIDF Green Conference 2023 - Shaking Things Up (15 June 2023)
7.	Changing the Game Building The World We Want (5-6 July 2023)
8.	ESG Sustainability & Climate Risk (31 July 2023)
9.	Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers (17 August 2023)
10.	Overview of Islamic Finance: Principles & Practices (12 September 2023)
11.	Management of Cyber Risk (3 October 2023)
12.	MBSB's Shariah Advisory Committee Session FY2023 – Islamic Social Finance (9 October 2023)
13.	Cybersecurity, Disruptive in Technology and Digitalization (9 October 2023)

14.	Mandatory Accreditation Programme Part II : Leading for Impact (LIP) (25 & 26 October 2023)
15.	Session on Shariah Governance Policy Document ("SGPD") 2023 @ MIDF (11 December 2023)
Datin Hoi Lai Ping	
1.	Overview of Islamic Finance: Principles & Practices (12 September 2023)
2.	MBSB's Shariah Advisory Committee Session FY2023 – Islamic Social Finance (9 October 2023)
3.	Mandatory Accreditation Programme Part II : Leading for Impact (LIP) (25 & 26 October 2023)
Tan Sri Abdul Rahman Mamat	
1.	FIDE Forum: Can America Stop China's Rise? Will ASEAN be damaged?" by Professor Kishore Mahbubani (12 January 2023)
2.	Governance, Ethics and A Code of Conduct (10 May 2023)
3.	ESG: Essentials for Directors & Senior Management (17 May 2023)
4.	Remaking Corporate Governance for an ESG World (31 May 2023)
5.	MIDF Automation & Digital Forum in Penang - The Journey Together Driving Business Through Digitalisation and Automation (9 June 2023)
6.	Crisis Management & Negotiation (12 June 2023)
7.	MIDF Green Conference 2023 - Shaking Things Up (15 June 2023)
8.	MIDF Roundtable Discussion – Navigating The Energy Transition – What's Next For Malaysia? with YB Nik Nazmi Bin Nik Ahmad (20 July 2023)
9.	MIDF Automation & Digital Forum in Johor Bahru (22 August 2023)
10.	Mandatory Accreditation Programme Part II : Leading for Impact (LIP) (4 & 7 September 2023)
11.	MIDF Automation & Digital Forum in Kuala Terengganu (12 September 2023)
12.	MBSB's Shariah Advisory Committee Session FY2023 – Islamic Social Finance (9 October 2023)
13.	Cybersecurity, Disruptive in Technology and Digitalisation (9 October 2023)
14.	MIDF Roundtable Dialogue with YB Anthony Loke "Laying the Tracks of Tomorrow: The Future of Malaysia's Transport Infrastructure" (11 October 2023)
15.	MIDF Roundtable Dialogue with YB Tengku Zafrul, "NIMP 2030: Curating Malaysia's Sustainable Investments & Growth" (16 October 2023)
16.	JC3 Journey to Zero Conference 2023 (23 & 24 October 2023)
Datuk Yasmin Binti Mahmood	
1.	Cybersecurity Awareness Session - Fundamentals knowledge on Bank Negara RMIIT & other regulatory requirements (9 January 2023)

2.	Mandatory Accreditation Programme Part II : Leading for Impact (LIP) (7 & 10 August 2023)
3.	National Climate Governance Summit 2023 (5 September 2023)

INTERNAL FRAMEWORK

Explanation on the application of the practice:

The Board has the overall responsibility of maintaining a sound system of internal controls to safeguard shareholders' investment and the Company's assets and it is also responsible for risk oversight within the Group. Two (2) Board Committees, namely AC and RMC, assist the Board in discharging these duties.

The details of MBSB's risk management and internal control framework and the adequacy and effectiveness of the key risk management internal control processes are disclosed in the Statement on Risk Management and Internal Control section of the Integrated Annual Report 2023.

The details of the internal audit function are disclosed in the Report of the Audit Committee 2023 section of the Integrated Annual Report 2023.

REMUNERATION

Explanation on the application of the practice:

The Board has established a Directors Remuneration Framework, which is tailored to support the strategies and long-term vision of the Company as well as provide adequate motivational incentives for Directors to pursue long-term growth and success of MBSB. The NRC is responsible to review the Directors' remuneration on an annual basis prior to making its recommendations to the Board for approval. The Directors Remuneration Framework was last reviewed in June 2023 to incorporate the revised directors' fees and benefits approved by the shareholders at the AGM in 2023 and revision on budget for directors training.

The NRC is responsible for ensuring that the Director's remuneration is competitive and aligns with the industry benchmark. The level of remuneration for the Directors shall be determined and recommended by the NRC to the Board after giving due consideration to all relevant factors including the Directors fiduciary duties, time commitments expected of the Directors, Company's performance, market conditions as well as the compensation level for comparable positions among other similar Malaysian public listed companies and similar sized financial institutions.

The NRC reviews the structure of the Directors' Remuneration on an annual basis prior to making its recommendations to the Board for approval. The remuneration and benefits payable to Directors are determined by shareholders resolution in accordance with the Companies Act, 2016 and the Company's Constitution.

The NRC had in 2019 requested for an external consultant to be appointed to review the remuneration structure of Directors for both MBSB and MBSB Bank. The external consultant in the 2019 report recommended an adjustment to align the remuneration of Directors with similar entities in the financial sector. The NRC and the Board had recommended an increase of Directors' fee by RM15,000 per annum from the date of the 53rd AGM i.e. 27 June 2023 until the next AGM in 2024. The remuneration and benefits payable to Directors are determined by shareholders' resolution in accordance with the Companies Act, 2016 and the Company's Constitution.

In line with best corporate governance practice, the disclosure of the Directors' remuneration on a named basis has been made in the Annual Audited Financial Statements over the years.

The details of the remuneration received by each of the directors of MBSB in 2023 are set out in Practice 8.1 of the CG Report 2023.

The remuneration packages of the GCEO, the C-Suites and the Company Secretary of MBSB Group will be reviewed by the NRC, and the same will be recommended to the Board for decision. The remuneration of the GCEO, the C-Suites and the Company Secretary are based on their achievement of strategic initiatives established and approved by the Board.

Remuneration Framework

MBSB Bank's Remuneration Policy sets out the steps involved in setting and assessing employees' performance through MBSB Bank's performance as a whole and how it ties with the remuneration paid.

The Remuneration Policy - designed based on a comparison against other financial institutions' practices and BNM's Corporate Governance Policy and Procedures - also sets out the requirements and standards to ensure performance excellence and governing remuneration for all employees as part of MBSB Bank's effort in ensuring proper governance exercise.

The overall remuneration system of MBSB Bank shall be subject to the Board's active oversight to ensure that the system operates as intended; be in line with the business and risk strategies, corporate values and long-term interests of MBSB Bank; promote prudent risk-taking behaviour and encourage individuals to act in the interests of MBSB Bank as a whole, taking into account the interests of its customers.

The Remuneration Framework applies to persons as listed below:

1. Group Chief Executive Officer
2. Chief Executive Officer of MBSB Bank
3. Senior management, which is composed of MBSB Bank's Senior Officers as defined under MBSB Bank's Fit and Proper Requirements Policies & Procedures.
4. MBSB Bank employees who are identified as "other material risk takers" ("OMRT") which refers to an officer who is not a member of senior management and who can materially commit or control significant amounts of MBSB Bank's resources or whose actions are likely to have a significant impact on its risk profile. The list of OMRT must be maintained and reviewed regularly by MBSB Bank.
5. All other employees of MBSB Bank.
6. However, for all non-executive employees governed by the Union, they shall follow the terms and conditions as stipulated in the Collective Agreement ("CA").

The Remuneration Structure for MBSB Bank Employees Structure comprises the following components:

- Fixed – Base Salary/Benefits/Fixed Allowances
- Variable – Bonus/ Salary Increment/Adjustments/Sales Commission

A typical total remuneration structure for MBSB Bank employees is base salary, benefits and/or bonus, increment/adjustment. MBSB Bank may grant salary increment or adjustment at its sole discretion to deserving employees.

In general, the Chief Financial Officer (“CFO”) is entrusted with budgeting the overall amount of variable remuneration for the year. To ensure that it links to the long-term strategy of MBSB Bank and reflects overall performance, a deferred payment method for bonus payment for senior management and OMRT is implemented. The payment mechanism is determined by the Management and approved by the Board. This mechanism is reviewed periodically.

This approach is also in line with BNM’s Corporate Governance Policy, where the Remuneration Payout schedule must reflect the time horizon of risks and consider the potential for financial risks to crystallise over a more extended period of time.

In adherence to BNM’s Corporate Governance Guideline, MBSB Bank may take action to adjust (malus) the unvested remuneration where there is reasonable evidence that the employee has materially contributed to, or been materially responsible for, the need for the restatement of financial results. Salary increments from the promotion exercise shall be proposed by People & Culture Division (“PCD”) and agreed upon by the GCEO.

The total value of remuneration paid out to the Senior Management of MBSB Bank for FY2023 are as follows:

Total value of remuneration for FY2023	RM
Fixed Remuneration	
- Cash-based	11,134,440 (14 headcounts)
Variable remuneration	
- Cash-based	2,054,290 (14 headcounts)
Definition: Senior management (including GCEO) comprises MBSB Bank’s Senior Officers in the category of C-Suites positions and the Company Secretary of MBSB Group.	

The breakdown of the total amount of remuneration awarded to the GCEO for the financial year 2023 is as follows:

Name	Category	Cash-based (RM ‘000)	Total (RM ‘000)
Datuk Nor Azam M. Taib (GCEO) (01/01/2023 to 30/06/2023)	Fixed Remuneration	612,300	612,300
	Variable remuneration		
	• Non deferred	500,000	500,000
	• Deferred	-	-
	Total remuneration for FY2023	1,112,300	1,112,300

Name	Category	Cash-based (RM ‘000)	Total (RM ‘000)
	Fixed Remuneration	1,290,000	1,290,000

Mohamed Rafe Bin Mohamed Haneef (GCEO) (01/07/2023 to 31/12/2023)	Variable remuneration		
	<ul style="list-style-type: none"> • Non deferred • Deferred 	600,000	600,000
	Total remuneration for FY2023	1,890,000	1,890,000

The breakdown of the total amount of remuneration awarded to the CEO of MBSB Bank for the financial year 2023 is as follows:

Name	Category	Cash-based (RM '000)	Total (RM '000)
Datuk Nor Azam M. Taib (CEO) (01/07/2023 to 31/12/2023)	Fixed Remuneration	612,300	612,300
	Variable remuneration		
	<ul style="list-style-type: none"> • Non deferred • Deferred 	-	-
	Total remuneration for FY2023	612,300	612,300

Remuneration data disclosure	GCEO
Total Pay (RM)	3,002,300

Remuneration data disclosure (Annual pay)	Employee
Mean pay (RM)	122,039
Median pay (RM)	92,606
Lowest total pay (RM)	1,284
Highest total pay (RM)	2,192,400

