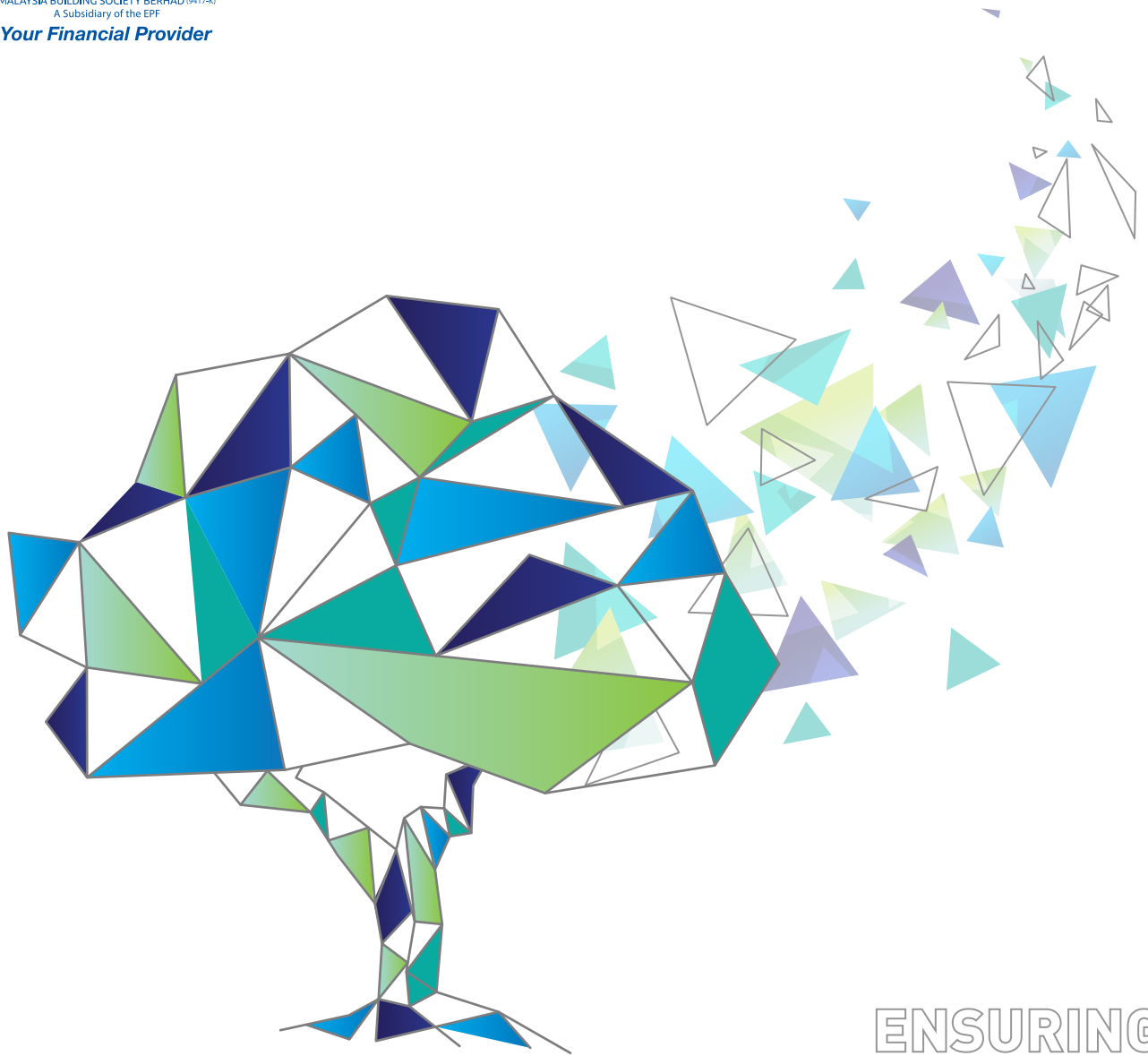


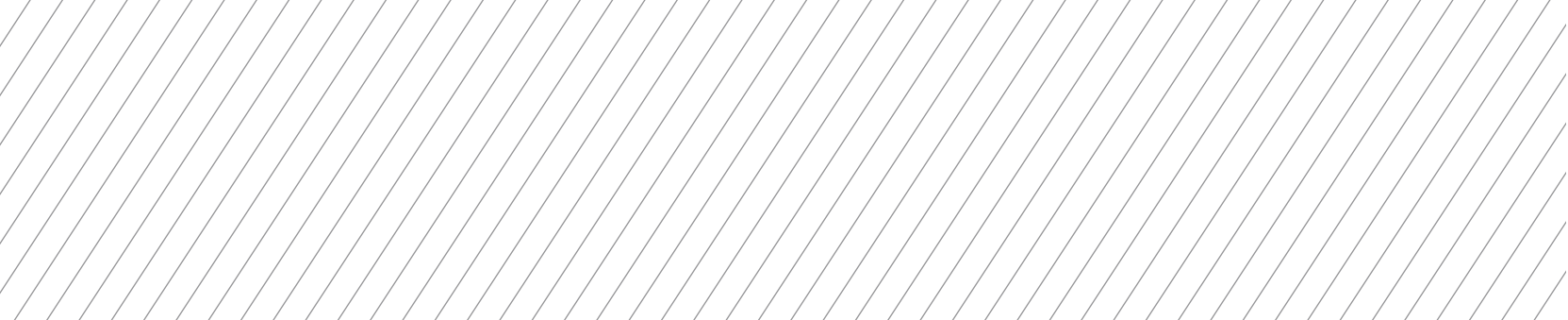


MALAYSIA BUILDING SOCIETY BERHAD (9417-K)
A Subsidiary of the EPF
Your Financial Provider



ENSURING
**SUSTAINABLE
GROWTH**

sustainability report 2018



ENSURING **SUSTAINABLE GROWTH**

MBSB's history has been synonymous with nation building.

We are now further equipped to grow together with the people of Malaysia, leveraging our solid roots of years of experience within the community.



A B O U T T H I S R E P O R T

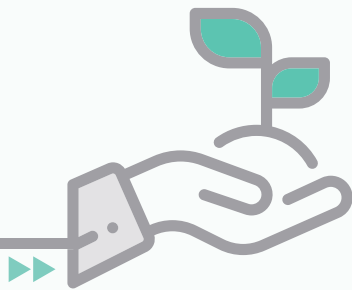


As the global leader in Islamic banking and finance, Malaysia continues to pave the way forward in this industry. MBSB Bank is privileged this year to become Malaysia's second largest stand-alone Islamic bank. We take this as a responsibility entrusted upon us and will uphold the highest standards possible.

This report is the continuation of two years of sustainability reporting, with this being the first separate Sustainability Report produced.

Moving forward, we will be focusing our sustainability efforts towards supporting the United Nations Sustainable Development Goals (SDGs). We will be looking to align our business outcomes more closely with that of the SDGs.

In addition, we are aligning ourselves with Bank Negara Malaysia's initiative for Islamic financial institutions, Value Based Intermediation (VBI). VBI aims to focus Islamic finance business models towards realising the objectives of Shariah that generate positive and sustainable impact to the economy, community and environment; through practices, processes, offerings and conduct.



SCOPE

SCOPE

MBSB Bank Berhad business operations

The 2018 Sustainability Report covers the core business activities of MBSB Group which is represented by MBSB Bank Berhad. The contribution of MBSB Bank Berhad to the overall MBSB Group portfolio is expected to increase in the coming years. This report provides you with matters material to sustainable operations within these business activities, including our approach to sustainability and actions we have taken to attain our desired sustainable goals.

LOCATION

All operations across Malaysia

REPORTING PERIOD

Covers period of 1 January 2018 to 31 December 2018

DISTRIBUTION

Will be made available to our shareholders and our stakeholders. Will also be available via our website at www.mbsb.com.my

GUIDANCE

Bursa Sustainability Reporting Toolkit
FTSE4Good Bursa Malaysia (F4GBM)
Global Reporting Initiatives (GRI) G4 : In Accordance – Core

FEEDBACK

We welcome any feedback you may have for this Sustainability Report.
We can be contacted at enquiry@mbsb.com.my.

OUR SUSTAINABILITY STATEMENT

SUSTAINABILITY OF OUR BUSINESS

02 Sustainability of Our Business

2018 WAS OUR LAUNCH PAD YEAR TOWARDS GREATER THINGS TO COME

13 2018 was our Launch Pad Year towards Greater Things to Come

MBSB BANK'S WORK ON THINGS THAT MATTER

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TRACKING OUR PROGRESS

67 FTSE4Good Bursa Malaysia (F4GBM)
72 Global Reporting Initiative (GRI)



SUSTAINABILITY
OF OUR BUSINESS

PCEO'S MESSAGE



Dear Stakeholders,
What a memorable year for us as we completed our merger and acquisition, and see the birth of MBSB Bank. It is the culmination of years of preparation, and yet it is also the start of a fresh journey towards our next phase of growth.

We are carefully crafting the purpose, culture and direction of our new organisation to ensure that it fulfils the great responsibility placed upon us. We want to ensure that the success of our business correlates with the success of our customers and the nation. This is in line with our emphasis on Sustainability and the SDGs.

We are pleased that our efforts in improving the sustainability of our business have resulted in improvements across the board. This is acknowledged through our year-on-year increase in our FTSE4Good Bursa Malaysia scoring; from 1.0 in 2016 to 2.6 in 2017 and to 3.4 in 2018 (out of a possible total of 5.0). This has resulted in our entry into the FTSE4Good Index Series as a constituent company.

This year, every aspect of our organisation has been focused on laying the foundation necessary for growth. Forming the first year of a three-year plan, we have achieved the charted milestones, especially in governance and technology.

Our Sustainability pursuits this year were on building a Better Company, providing Better Value and contributing towards a Better World. Our seven material matters identified two years ago align well to these pursuits and they are central to our ongoing three-year business plan.

I invite you to continue to engage with us on this exciting journey ahead. We could not have made it here without you, and we look forward to discovering new ways of meeting the needs of society together with you.

PGCEO'S MESSAGE



From our inception, our mandate has been to improve lives. I'm excited for our journey ahead as a progressive Islamic bank. We want to meet the needs of the people as we continue to grow together.



ASPIRING TO BE YOUR TOP PROGRESSIVE ISLAMIC BANK

2018 has been a transformative year for us.

From our inception in 1950, we have been focused on building our nation and on supporting the growth of our people. We look back fondly from being one of the first financial institutions in the region to extend housing loans to those earning low to middle incomes, to today.

2018 saw the birth of MBSB Bank as a result of the acquisition of the entire equity interest in Asian Finance Bank Berhad (AFB) by MBSB on 7 February 2018 and the renaming of AFB to MBSB Bank on 2 April 2018. This exercise placed MBSB Bank as the second largest stand-alone Islamic bank in Malaysia.

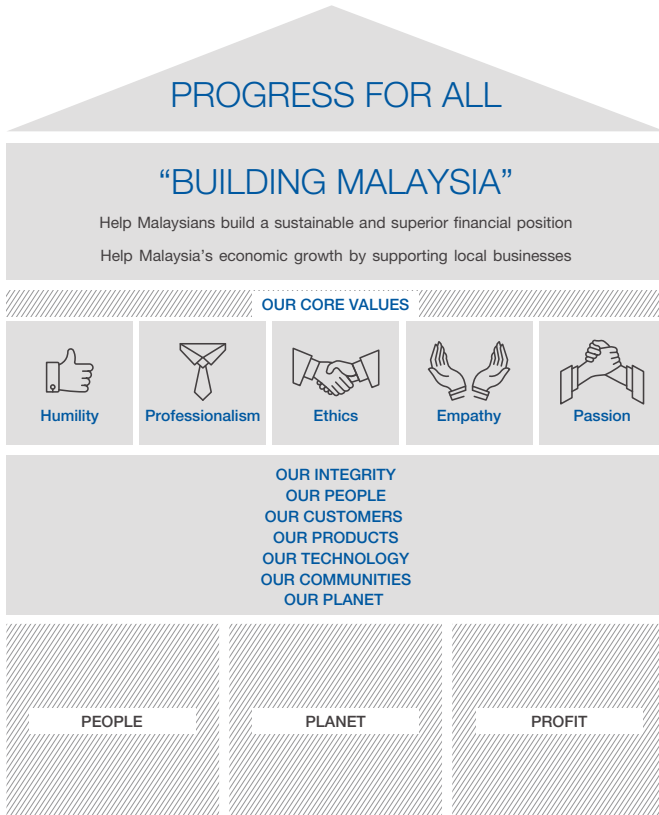
It is on this platform that we begin.

We look to uphold Islamic values beyond compliance to ensuring that we achieve the intended outcomes of Maqasid al-Shariah.

We look to leverage our enviable infrastructure-lean position and capitalise on technology to bring our nation the best Islamic solutions in the most practical ways.

We look to be **Part of Your Journey.**

OUR FOCUS ON SUSTAINABILITY



Our long term sustainability strategy remains consistent in ensuring that as we grow and progress as a business, our communities are progressing together with us.

Building Malaysia remains a key focus for our organisation as we strive to build financially resilient Malaysians and local businesses.

We are pleased that our efforts in improving the sustainability of our business have resulted in improvements across the board. This is acknowledged through our year-on-year increase in our FTSE4Good Bursa Malaysia scoring; from **1.0 in 2016 to 2.6 in 2017 and to 3.4 in 2018** (out of a possible total of 5.0). **This has resulted in our entry into the FTSE4Good Index Series as a constituent company.**



OUR SUSTAINABILITY PURSUITS

BETTER COMPANY

We strive to uphold the highest level of scrutiny on the integrity of our organisation – in our everyday conduct, and in taking care of the wellbeing of our family of employees.



Our Integrity



Our People

BETTER VALUE

We aim to grow together with the nation as we add value through technology and our solutions – for the betterment of our customers and the industry.



Our Customers



Our Products



Our Technology

BETTER WORLD

We exist as a bank to make a positive difference in the world – in the lives of the communities we serve and in protecting our planet for our next generation.



Our Communities



Our Planet

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

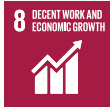


















The UN SDGs are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

Our goals in MBSB Bank are in line with these aspirations. We see a potential impact on all the goals in time, and we are currently focused on the ones highlighted on the following page.

SUPPORTING THE SDGs

MBSB Bank has mapped our material matters to the most supported SDGs. In the coming year, we aspire to drill down on the SDG targets to be mapped to our business KPIs in ensuring that we continue to contribute to this important global agenda.

Matters	Supported SDGs			
Our Integrity	>			
Our People	>			
Our Customers	>			
Our Products	>			 
Our Technology	>			
Our Communities	>			
Our Planet	>			

ACCOUNTABILITY

MATERIAL MATTERS FOR MBSB BANK
AND OUR STAKEHOLDERS

LIM SEONG SOON
Chief Risk Officer

- Integrity and Governance



**AZLINA BINTI
MOHD RASHAD**
Chief Corporate Officer

- People Engagement and Development
- Customer Experience and Satisfaction
- Community Advancement



**DATUK NOR AZAM
BIN M. TAIB**
Chief Business Officer

- Responsible Finance in Innovative Products and Services
- Community Advancement



**RISHAM AKASHAH
BIN KAMARUZAMAN**
Chief Technology Officer

- Digital Transformation
- Customer Experience and Satisfaction



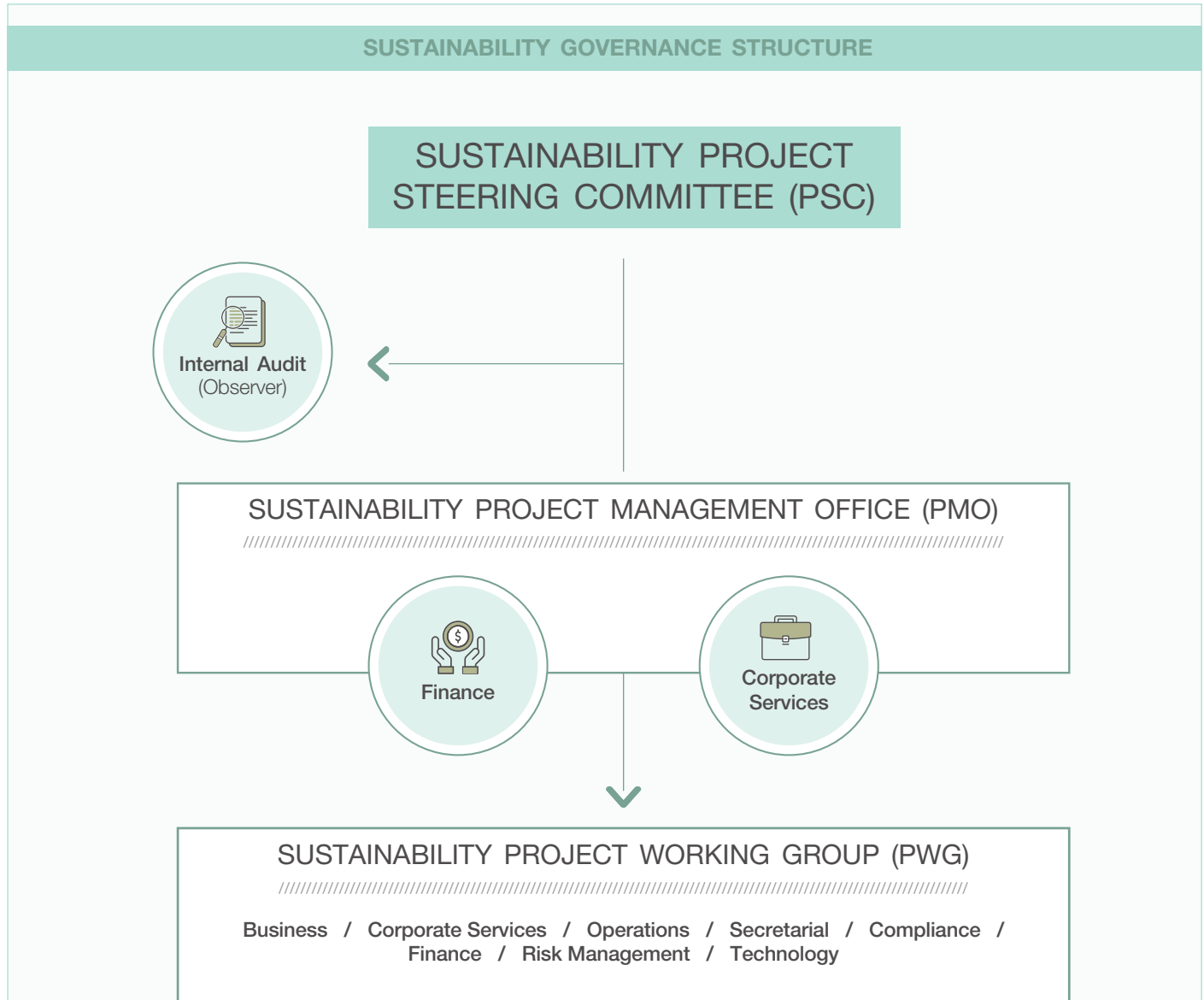
**ASRUL HAZLI
BIN SALLEH**
Chief Operations Officer

- Environmental Protection
- Customer Experience and Satisfaction

GOVERNANCE

Our Sustainability Steering Committee is chaired by our PCEO and consists of top management across the organisation. The Steering Committee reports to the MBSB and MBSB Bank Management Committees and is responsible for ensuring that our sustainability agenda is implemented and tracked. The Internal Audit Division acts as an independent observer.

The Project Management Office drives planned sustainability initiatives across the organisation and the Working Group, comprising members from across business divisions, provides business ideas, process innovation and data to support the sustainability efforts.



GOVERNANCE

SUSTAINABILITY PROJECT STEERING COMMITTEE (PSC)



DATUK SERI AHMAD ZAINI OTHMAN
PCEO/Chairperson



TANG YOW SAI
Chief Finance Officer, Finance



AZLINA BINTI MOHD RASHAD
Chief Corporate Officer, Corporate Services



LIM SEONG SOON
Chief Risk Officer, Risk



TENGGU KHALIZUL TENGKU KHALID
Chief Compliance Officer, Compliance

SUSTAINABILITY PROJECT MANAGEMENT OFFICE (PMO)

NAME	UNIT
Tang Yow Sai	Finance
Hee Wei Jean	Finance
Chan Chooi Han	Finance
Azlina Mohd Rashad	Corporate Services
Zuhaznim Izzuddin	Corporate Services
Sazlina Zulkifli	Corporate Services

SUSTAINABILITY PROJECT WORKING GROUP (PWG)

FUNCTION	
Business	Operations
Compliance	Risk Management
Corporate Services	Secretarial
Finance	Technology



2018 WAS OUR
LAUNCH
PAD YEAR

***TOWARDS GREATER
THINGS TO COME***

TRANSFORMING INTO A BANKING GROUP

TRANSFORMING INTO A BANKING GROUP



On 7 February 2018, MBSB completed its acquisition of the entire equity interest in Asian Finance Bank Berhad (“AFB”) and AFB became a wholly-owned subsidiary of MBSB. On 2 April 2018, AFB changed its name to MBSB Bank Berhad (“MBSB Bank”). MBSB was a non-financial institution entity in existence in Malaysia for 68 years and MBSB Bank is now the country’s second-largest stand-alone Islamic bank.

MBSB BANK – 2 April 2018

Total Assets	RM46.3 bil
Total Employees	1,594
Total Branches	46

The new bank is mapping its own path and marking its own identity in landscape of the banking industry. Leveraging the business of MBSB and the banking license of AFB, MBSB Bank is set to forge a new way of Islamic banking and to create new customer experiences.


In 2018, 100% of total existing deposits accounts were converted to Tawarruq concept. Auto Finance Loans have been 100% converted, 95% of total eligible accounts for Corporate Conventional Loans and 79% of Mortgage Conventional Loans. This exercise is expected to be completed in 2020.



OUR VISION

To be a top progressive
Islamic Bank

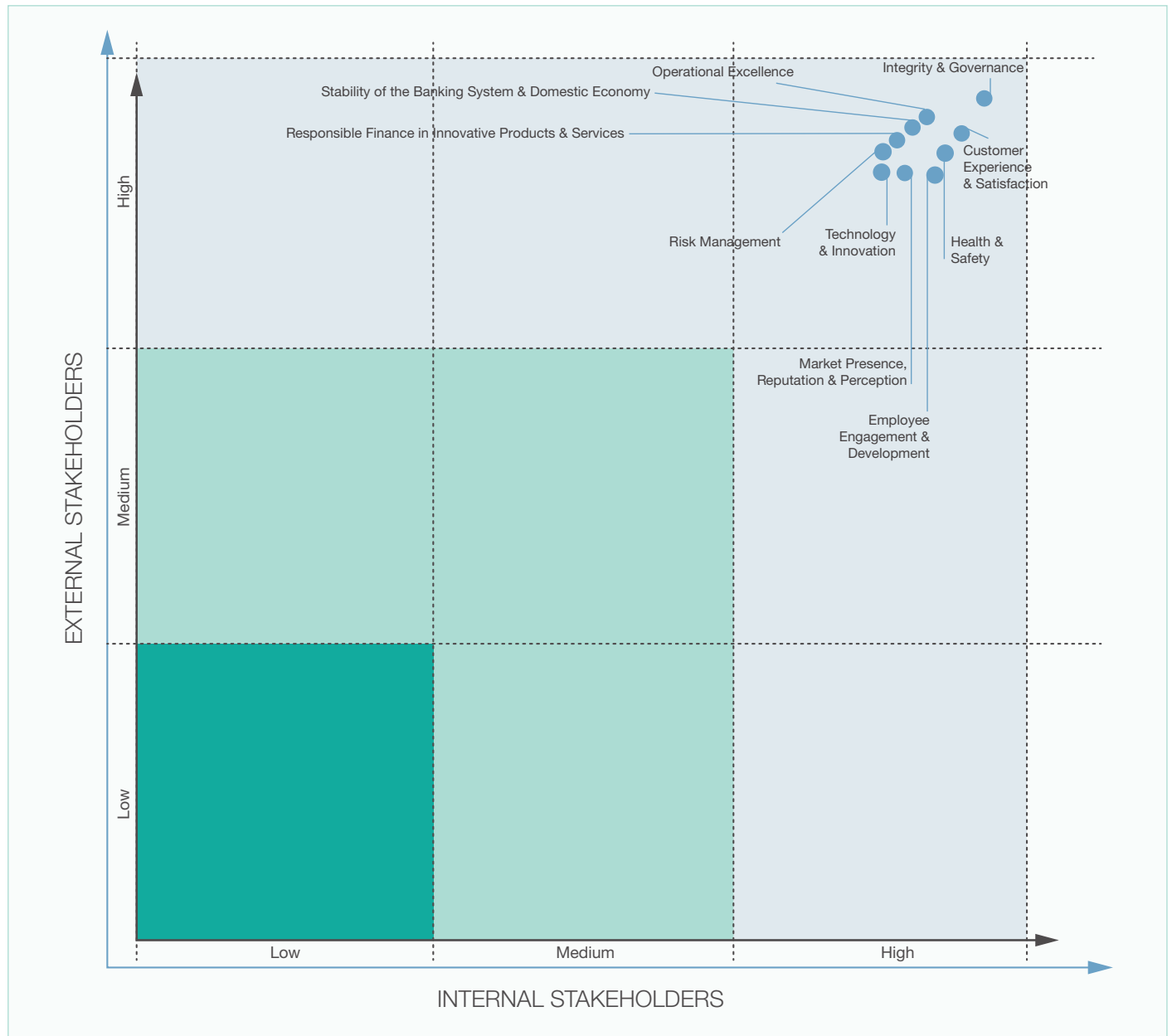
OUR CORE VALUES

- Humility
 - Professionalism
 - Ethics
 - Empathy
 - Passion
- 

ENGAGING OUR STAKEHOLDERS

Understanding the vital role our internal and external stakeholders play in ensuring the success of our business strategies, we pay a great deal of focus on our stakeholder engagement model. Building trust and confidence with our stakeholders is critical to encourage active participation, providing every opportunity to share ideas and concern.

The stakeholders were previously identified in consultation with all divisions in an activity across the organisation. The resulting matrix is as follows:

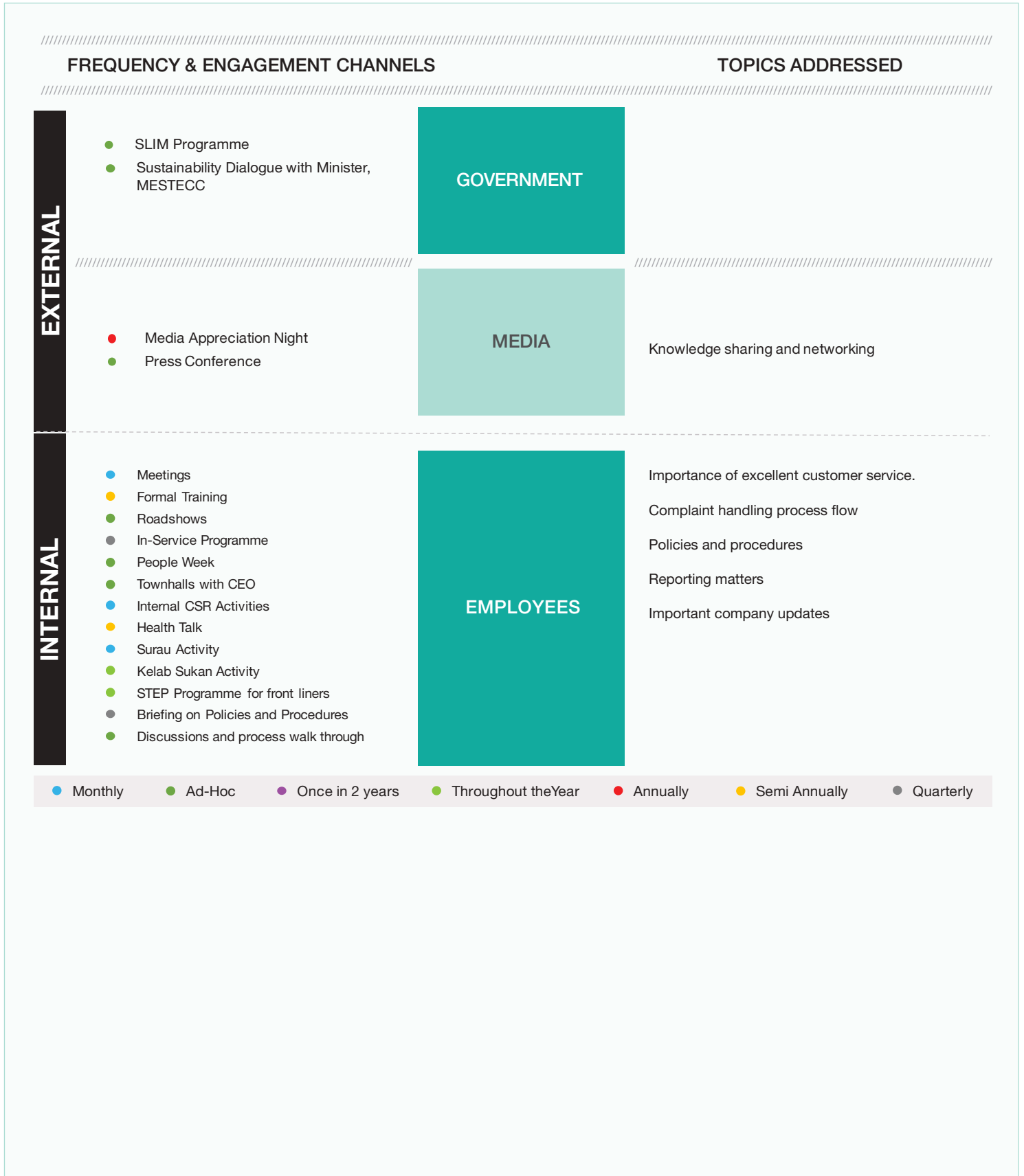


In 2018, whilst going through significant changes, we focused greatly in maintaining and further building these relationships. On the following page is a summary of our 2018 Stakeholder Engagement – categorised as internal and external stakeholders comprising frequency, channels and the topics addressed.

ENGAGING OUR STAKEHOLDERS

		FREQUENCY & ENGAGEMENT CHANNELS	TOPICS ADDRESSED
EXTERNAL		<ul style="list-style-type: none"> ● Annual General Meeting ● Extraordinary General Meeting ● Court Convened Meeting 	<p>SHAREHOLDERS</p> <p>Financial performance, business plan and others requiring shareholders' approval</p> <p>Merger of Malaysia Building Society Berhad ("MBSB") and Asian Finance Bank Berhad</p> <p>Scheme of Arrangement in relation to transfer of identified Shariah-compliant assets and liabilities of MBSB to the Bank</p>
		<ul style="list-style-type: none"> ● Analyst Briefing 	<p>ANALYSTS</p> <p>Financial and business performance of MBSB</p>
		<ul style="list-style-type: none"> ● Briefing ● Forum ● Meetings and discussions ● Workshop briefing ● Conference ● Industry engagement ● International Conference 	<p>REGULATORS</p> <p>Regulatory Guidelines on a spectrum of matters</p> <p>Meetings and updates on a spectrum of matters</p> <p>Global Islamic Finance Forum 2018</p> <p>Train the Trainer Programme (All Stars) on Foreign Exchange Administration Rules</p> <p>Requirement and training on Reporting</p> <p>Industry engagement on policy</p> <p>Shariah Compliance Review Task Force Financial crime compliance, the dark web, anti-money laundering risk assessments, cryptocurrencies and other issues</p>
		<ul style="list-style-type: none"> ● Customer Satisfaction Survey ● Signing Ceremony ● Open house event for Hari Raya ● Product Briefing 	<p>CUSTOMERS</p> <p>Understand new customers' perspective towards MBSB Bank.</p> <p>Measure the level of service satisfaction among MBSB Bank's customers</p> <p>Signing Ceremony between MBSB & Hektar Aneka Sdn Bhd (RUMAWIP)</p> <p>Networking and introduction of the product</p>

ENGAGING OUR STAKEHOLDERS



MBSB BANK'S

WORK ON THINGS THAT MATTER



MATERIAL MATTER:
OUR INTEGRITY

OUR INTEGRITY

INTEGRITY AND GOVERNANCE

COMMITMENT

We commit to uphold the highest level of integrity possible in our everyday decisions and actions, in our efforts to uplift our communities and our nation

2018 FOCUS

- Consolidated Oversight
- Increased Governance
- Embedding Governance
- Increased Disclosure
- Enhancing Systems
- Rising to the Challenge
- Strongly Governed and Guided by Shariah Principles
- Proliferating Shariah Knowledge and Principles
- Responsible Policies and Procedures
- Responsible Business Practices

PROGRESS FOR ALL

“BUILDING MALAYSIA”

Help Malaysians build a sustainable and superior financial position
Help Malaysia’s economic growth by supporting local businesses

OUR CORE VALUES



Humility



Professionalism



Ethics



Empathy



Passion

6

5

4

3

2

1

OUR INTEGRITY

Upholding Trust

OUR PEOPLE

Developing Champions

OUR CUSTOMERS

Enhancing Lives

OUR PRODUCTS

Shared Value

OUR TECHNOLOGY

Transforming Digitally

OUR COMMUNITIES

Advancing Communities

OUR PLANET

Thriving Globally

PROFIT

PEOPLE

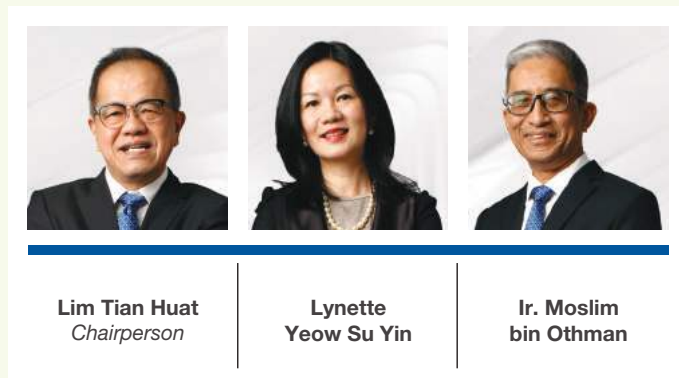
PLANET

OUR INTEGRITY

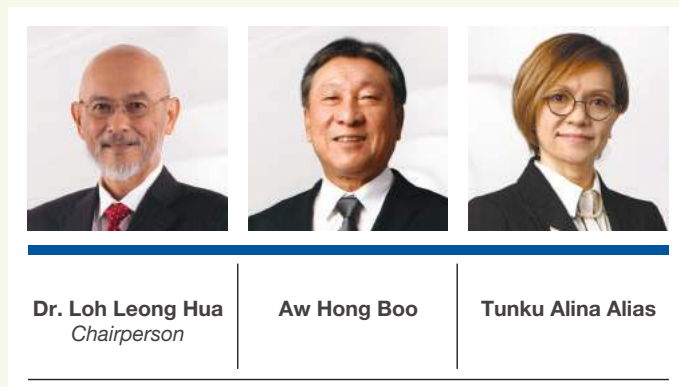
The formation of MBSB Bank carries with it a continuation of our commitment to integrity in our offerings and our practices. This year, governance and compliance were undoubtedly areas of top priority in adopting all necessary measures as a full-fledged Islamic bank.

CONSOLIDATED OVERSIGHT

The Risk Management Committee for MBSB has been revised in the new structure to the following members:



A Board Risk Management and Compliance Committee (BRMCC) has been set up as the oversight committee of MBSB Bank for all risk and compliance matters in the new bank. The members of the committee are:



In addition, six new positions for Regional Risk and Compliance Officers have been introduced to provide guidance and oversight at local levels.

INCREASED GOVERNANCE

In addition to compliance efforts to new regulatory and consumer requirements, numerous efforts have been undertaken to ensure increased governance and compliance. These include the following initiatives:

- A comprehensive compliance gap analysis exercise was carried out with all business units to identify any remaining gaps; all key gaps have been closed this year.
- An expanded list of policies and procedures has been introduced (refer to Policies, Procedures and Guidelines table for list).
- Implementation of bank-wide Key Risk Indicators in order to monitor customer complaints and further improve our processes.
- The weightage of compliance KPIs has been increased and demerit points for non-compliance has been introduced.
- Customer risk indicators have been introduced and included as a key review item in management updates.

EMBEDDING GOVERNANCE

A few initiatives have been undertaken to ensure that communications on governance and compliance are clearly disseminated internally, including the following efforts:

- 18 regional Risk Awareness Roadshows have been carried out this year.
- 124 staff members across the organisation have been appointed as Risk Ambassadors. This consists of Regional Compliance and Risk Officers (RCROs) and Designated Compliance and Risk Officers (DCOROs).
- This year, these Risk Ambassadors have completed briefings to all employees on bank policies and guidelines.
- Following these briefings, all employees signed a declaration to MBSB Bank to acknowledge that they are aware and will comply to required policies and guidelines.
- For new policies and procedures, O&M emails communications across the organisation and makes it available on the company intranet. Selected policies are made available on the company website.

In parallel, compliance training and awareness programs to

OUR INTEGRITY

relevant staff on selected regulatory concerns were conducted to inculcate staff awareness towards compliance to regulatory requirements. The compliance topics covered the following areas:

- Anti-Money Laundering (AML)/Counter Financing of Terrorism (CFT)
- Foreign Exchange Administration (FEA) Rules
- Secrecy Provision
- Management of Customer Information and Permitted Disclosures
- Personal Data Protection Act
- Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS)
- Fair Debt Collection Practices
- Responsible Financing
- Complaint Handling

In addition, knowledge sharing sessions via teleconference with branch officers were conducted.

INCREASED DISCLOSURE

Internally, we have been encouraging increased transparency and disclosure in the organisation. The following items have been published on our MBSB and MBSB bank websites:

- The Whistle Blowing Policy
- The Constitution
- CG Report
- Directors' Code of Ethics
- Directors' Remuneration Framework
- Board Charter
- TOR of N&R Committee
- TOR of Audit Committee

We have also increased our disclosure requirements from key prospects in our business process workflows.

All our Product Disclosure sheets are given to our customers.

ENHANCING SYSTEMS

A key focus for 2018 has been the enhancement of internal systems to enable monitoring, analysis and reporting of all key governance and compliance issues. Efforts include:

- A substantial move of manual processes to automation, including AML Systems, Treasury Systems and Screening Systems;
- Upgrading independent credit evaluation process; and
- Updating a Shariah checklist for financing purposes in accordance with Shariah principles.

RISING TO THE CHALLENGE

Becoming a full-fledged bank in 2018 was the culmination of our governance and compliance preparatory journey in the preceding years. However, the challenge to ensure a smooth transition from these perspectives was a formidable one. Our biggest challenge this year was finding enough key talent in the industry equipped with the right knowledge and skills for a quick transition. We partly addressed this challenge by upskilling existing staff with targeted training and certifications.

In line with our continued focus on upholding integrity across the organisation, we have retained our position this year in the Top 100 of the Minority Shareholders Watchdog Group (MSWG). We also continue to adhere diligently to our Corruption-Free Pledge (Ikrar Bebas Rasuah), an initiative by the Malaysian Anti-Corruption Commission (MACC), also known as Suruhanjaya Pencegahan Rasuah Malaysia (SPRM).

OUR INTEGRITY

STRONGLY GOVERNED AND GUIDED BY SHARIAH PRINCIPLES

As the second largest stand alone Islamic bank and with our country representing the epicentre of Islamic banking in the world, we look to hold the banner of Islamic banking to the highest standards.

We are governed according to our Shariah Governance Framework by our Shariah Advisory Committee (SAC) and by Shariah guidelines issued by Bank Negara Malaysia.

The Shariah Deliberation Team (SDT), represented by all Shariah functions in the bank (Shariah Risk Management, Shariah Compliance Review, Shariah Research, Shariah Secretariat and Shariah Audit), acts as the Shariah Compliance function within the bank to perform Shariah screenings in determining the status of a Shariah matter prior to escalation to the SAC. There is also an advisory element within the SDT for addressing any queries or concerns.

Shariah Resolutions in MBSB Bank are issued and tracked as necessary to govern the bank's products and services. When resolutions are gazetted, selected resolutions are included in the quarterly Shariah E-Zine newsletter and on the intranet as part of continuous Shariah communication and education to all staff.

Moving forward, above and beyond compliance to Shariah principles, we are committed to applying a sustainability lens to our products and services offered.

The relevant Shariah policies and procedures enforced across the organisation include:

RELEVANT SHARIAH POLICIES AND PROCEDURES

Shariah Governance Framework (SGF)

Shariah Policies For Tawarruq Financial Products

Shariah Secretariat and Advisory (SSA) Procedures

Shariah Risk Management Procedures

Zakat Policy

PROLIFERATING SHARIAH KNOWLEDGE AND PRINCIPLES

The Shariah Secretariat & Advisory Department (SSA) ran numerous initiatives this year to further proliferate the awareness and understanding of Shariah principles as pertinent to our organisation.

Shariah E-Learning

In collaboration with the Human Resource Department, Shariah e-learning is a new digital initiative being explored to provide Islamic Finance and Fundamental Shariah knowledge to all employees across the organisation.

Shariah Approval Database

A database was introduced housing all Shariah resolutions and approvals of the SAC that are updated on a regular basis. The database also serves as an audit trail system to extract archived Shariah resolutions and approvals.

Shariah E-Zine

The Shariah e-Zine enables knowledge sharing with all employees across the organisation on the various areas of development in Islamic Banking and Shariah matters. In collaboration with Shariah Risk, Shariah Compliance Review and Shariah Audit, the Shariah E-zine is issued quarterly.

Subscription of I-FIKR

The Islamic Finance Knowledge Repository (I-FIKR) is an innovative and dynamic platform initiated by the International Shariah Research Academy for Islamic Finance (ISRA) to cater to the growing demand of the industry for sound knowledge about Islamic economics and finance from a reputable source. SSA has successfully subscribed and extends the user access to key important functions such as Product Development Department, Shariah Compliance Review, Shariah Risk and Shariah Audit.

OUR INTEGRITY

RESPONSIBLE POLICIES AND PROCEDURES ACROSS THE MBSB GROUP

Fraud & Corruption Control Policies & Procedures

Anti-Money Laundering & Counter
Financing of Terrorism (AML/ CFT) Framework

Asset Liability Management Policies

Base Rate Policy
Base Rate Procedures

Children and Young Persons (Employment) Act 1966

Code of Ethics & Conduct for Employees Policies

Compliance Framework

Strategic Communication Department
Policies & Procedures

Corporate Social Responsibility Policy

Current Account-i Policies and Procedures

Cyber Resilience for PayNet Services Policies

Dishonoured Cheques Information
System (DCHEQS) Policies
Dishonoured Cheques Information
System (DCHEQS) Procedures

External Auditor Policy

Foreign Currency Current Account-i
(FCA-i) Policies and Procedures

Guidelines on Handling Confidential &
Sensitive Information / Documents Policies

Human Rights (Article 6 of Federal Constitution)

Anti-Trafficking in Persons and Anti-
Smuggling of Migrants Act 2007

Internal Capital Adequacy Assessment
Process (ICAAP) Framework

Islamic Derivatives Policies and Procedures

Management of Cyber Risk Policies

Occupational Safety & Health (OSH)
Policies and Procedures

Personal Data Protection Policy and Procedures

Related Party Transaction Policies

Credit Transactions & Exposures with Connected
Parties Policy

Risk Informed Pricing Framework (RIPF)

Outsourcing Policies and Procedures

Shariah Governance Framework (SGF)

Guidelines For Over-The-counter Bank
Guarantee Procedures

Trade Finance Policies
Trade Finance Procedures

Whistle Blowing Policies and Procedures

Procurement Procedures

Zakat Policy

OUR INTEGRITY

RESPONSIBLE BUSINESS PRACTICES

DECLARATORY STATEMENTS

MBSB has a separate Non-Executive Chairman and a CEO.

There is no sale of banned or disputed products.

All policies (including our Code of Conduct and Code of Ethics) are reviewed every 2 years.

Audit engagement partner is reviewed every 5 years.

In 2018, local suppliers made up 99.88% of our total supplier payments

In 2018, there has been no legal actions for anti-competitive behaviour, anti-trust, or monopoly practices.

In 2018, there were no political contributions made or received.

In 2018, there were no cases of staff disciplined or dismissed due to non-compliance with anti-corruption policies.

In 2018, there were no fines, penalties or settlements in relation to corruption.

In 2018, there were no unresolved complaints regarding breaches of customer privacy and losses of customer data.

In 2018, there were no incidents of noncompliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.

In 2018, there were no reported incidents on corruption.

In 2018, there were no monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.

In 2018, there were no grievances about human rights impacts filed.

MBSB BANK'S

WORK ON THINGS THAT MATTER



MATERIAL MATTER:
OUR PEOPLE

OUR PEOPLE

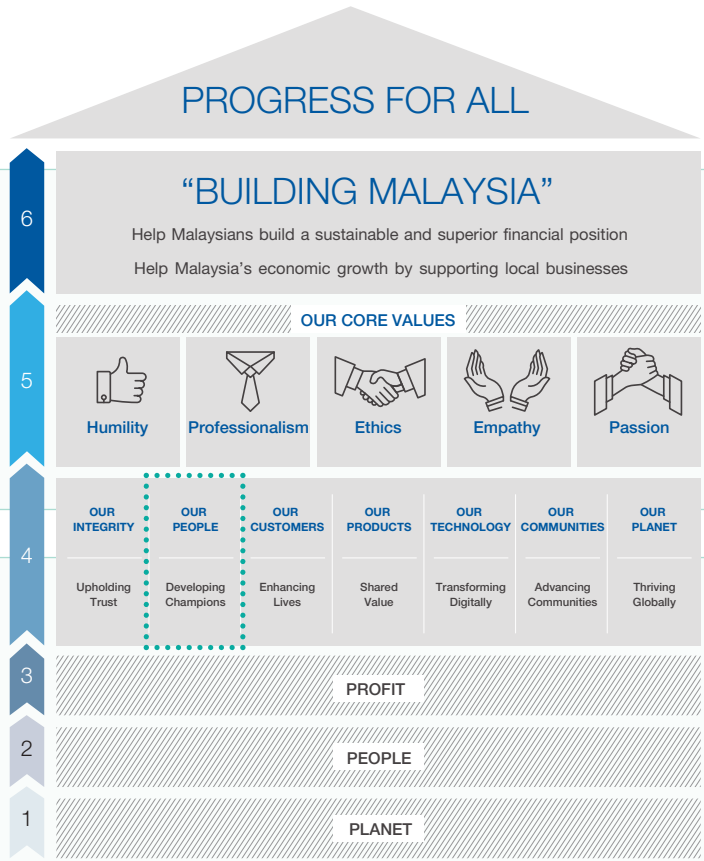
PEOPLE ENGAGEMENT AND DEVELOPMENT

COMMITMENT

We commit to create for our employees the environment and the support that encourages continuous growth and learning.

2018 FOCUS

- Integrating Two Organisations
- Building a New Organisation
- People Movement and Enrichment
- Training and Development
- Workforce Diversity
- Responsible Business Practices



OUR PEOPLE

INTEGRATING TWO ORGANISATIONS

Our focus for the people of MBSB Bank in 2018 was the seamless integration of MBSB and AFB. This spanned their wellbeing, operating environments, business processes, infrastructure and development.

Two rounds of communications were rolled out – the first happened between January 2018 to April 2018 to prepare the staff for the upcoming changes, and the second was conducted immediately after the merger. This was conducted by the PCEO and members of the senior management team. They were conducted both at the headquarters as well as at the branches.

Training was focused in three areas – Product Training, System Training and Compliance, Risk, Integrity Awareness.

The focus on Culture Building and Change Management included:

Culture Building and Change Management :

- People Integration Exercise
- Roadshows on Banking Platform at all regions
- Enhanced Onboarding Programme for new joiners
- Service Transformation Excellence Programme (STEP) in 3 stages, starting from the Corporate Transformation Team (Committees) to the Special Task Force (Managers); training for Frontline staff is on-going.
- Benefits Enhancement
- Salary Benchmarking
- Employee Engagement:
 - Integration Employee Roadshow
 - Employee Engagement Survey
 - People Week 2018 (Staff Well Being activities e.g. Body Composition Analysis (BCA) & Facts and Snacks)
 - Ramadhan Month Celebration (“Kurma & Bubur Lambuk” Celebration)
 - World Health Day Celebration (Apple Distribution)
 - Merdeka Celebration (Merdeka Parade at Putrajaya)

BUILDING A NEW ORGANISATION

Various initiatives have been undertaken for the combined workforce towards building a new organisation.

For the new organisation, a review of the employees’ benefits and remuneration was conducted. An external benchmarking exercise was also undertaken to measure MBSB Bank’s compensation packages against the rest of the market. A first wave of increments has already been carried out.

In addition, there was an increase of overall allocation in employees’ medical benefits, insurance, travel subsistence as well as mobility allowances.

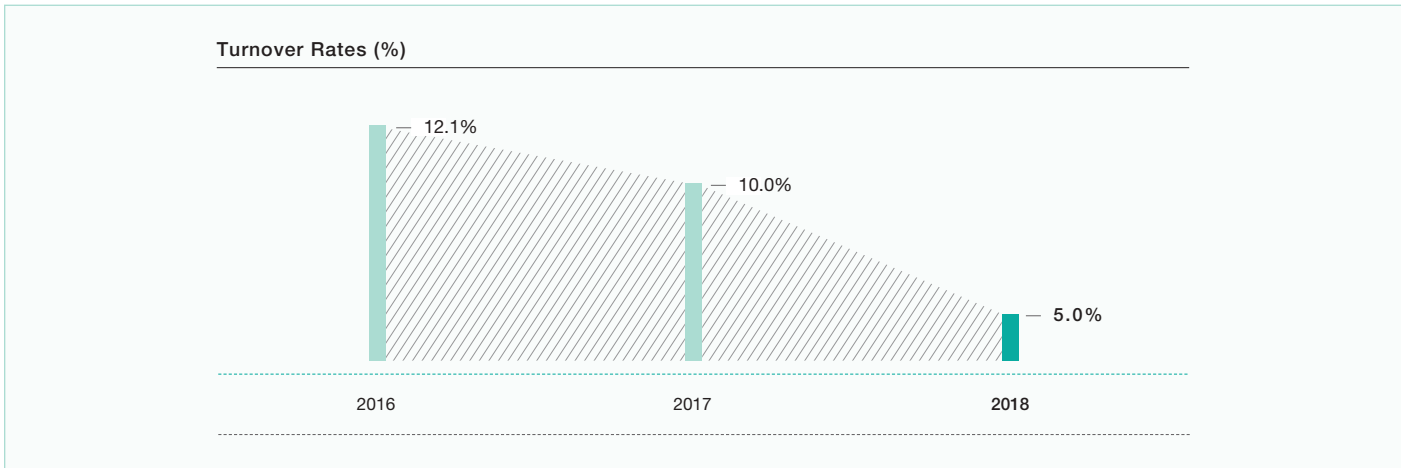
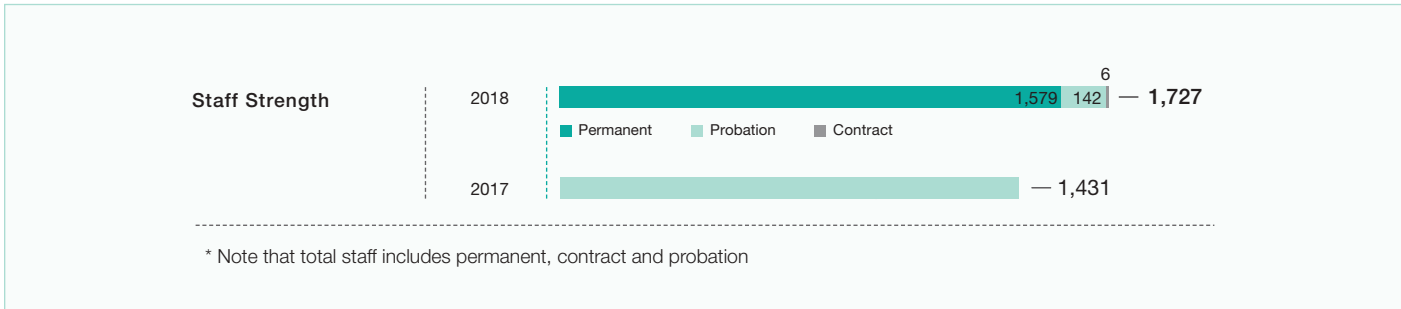
A new Employee Education Assistance scheme, which enables employees to receive financial assistance to attain tertiary education while they continue working with MBSB Bank, has also been introduced.

We faced some challenges along the way, including a change in HR leadership. Overcoming these challenges, we have since instituted an ambitious Human Resource plan for the next 3 years for our family of employees. The goal will be to harness the existing talent of MBSB Bank through focusing on:

1. Building Employees’ Capabilities
2. Building a Culture of High Performance
3. Strengthening HR

OUR PEOPLE

PEOPLE MOVEMENT



At the point of acquisition, the merged entity totalled 1,594 people, 1,502 from MBSB and 92 from AFB. All employees were retained and deployed across the organisation.

The merger progressed relatively smoothly and as our staff strength continued to grow – both through the merger and organically – we witnessed a declining turnover rate within the organisation this year.

PEOPLE ENRICHMENT

The Human Resources Department carved out an enhanced employee benefit package for the year 2018 which included an increase of overall allocation in employees’ medical benefits, insurance, travel subsistence as well as mobility allowances.

The organisation believes in employee empowerment by offering opportunities for our employees to pursue higher education. The Human Resource Department worked on the Employee Education Assistance scheme which enables employees to receive financial assistance to attain tertiary education while they continue working with MBSB Bank.

Course Type	Amount
Bachelor’s Degree	RM30,000
Master and Doctorate	RM50,000

OUR PEOPLE

A number of events and activities were organised for our employees through the year, including:

Activities	Participation
AIBIM Run	100 staff
Education Excellence Award	9 staff
High Achievement Award	10 children of staff
Urban Gardening	31 staff
Kidzania	159 children of staff
Danajamin Run	181 staff
Skytrex	25 children of staff
World Health Day	800 participants and recipients
People Week	616 participants and recipients
Ramadan Kurma Distribution	800 participants and recipients
Bubur Lambuk Distribution	100 participants and recipients
Merdeka Parade March	20 participants and recipients
In-Service Programme (INSPRO)	240 participants and recipients

MBSB Bank Sports Club

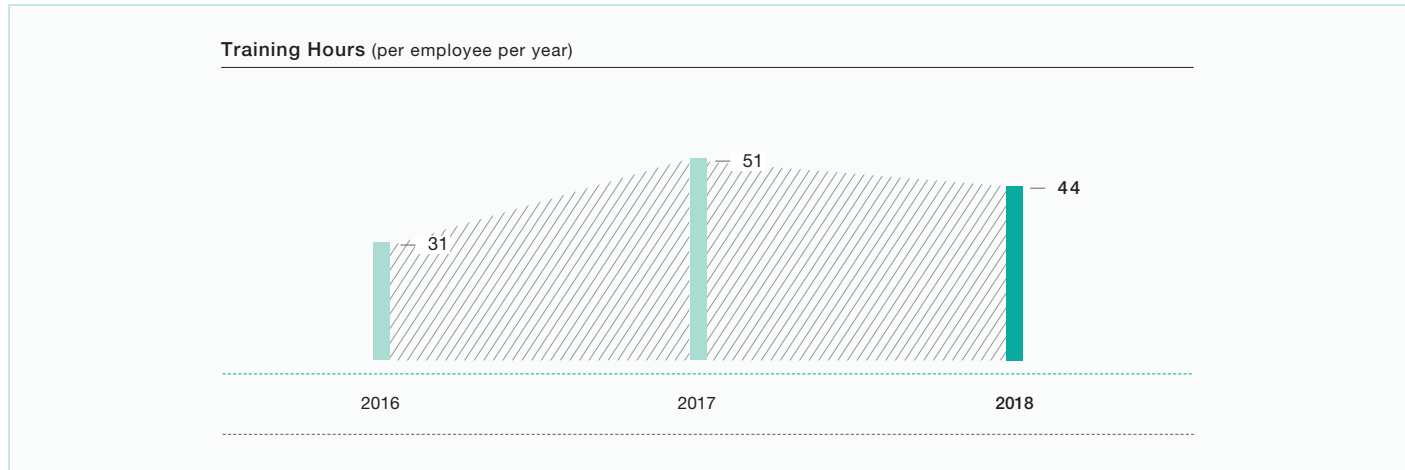
The MBSB Bank Sports Club has been a driving force for a well-balanced workplace with their organised activities, including:

Activities	Participation
Futsal Tournament	200 staff
Badminton Tournament	124 staff
Bowling Tournament	180 staff
Explore Race	315 staff
Explore Taman Negara	80 staff
Zumba Class	180 staff
Zoo Cleaning	60 staff
Annual Dinner	1200 staff

OUR PEOPLE

TRAINING AND DEVELOPMENT

Our training hours of 2018 totalled 69,243 hours, averaging 44 hours of training per employee, as per the following breakdown:



Category	No. of Pax	Total Hours	Average
Senior Management	24	1,416.50	59.02
Middle Management	229	11,096.00	48.45
Junior Management	1,305	56,729.50	43.47

Employee Category	Male			Female			Total Training Hours 2018	Total FTE	Avg Hours/ FTE by Category
	Training Hours	FTE	Avg Hours	Training Hours	FTE	Avg Hours			
Senior Management	1,089	18	61	328	6	55	1,417	24	59
Mid-Management	6,841	139	49	4,255	90	47	11,096	229	48
Executive	18,907	467	40	24,595	595	41	43,502	1,062	41
Non-Executive	5,403	113	48	7,825	130	60	13,228	243	54
Total	32,240	737	44	37,003	821	45	69,243	1,558	44

OUR PEOPLE

This was distributed through the following training sessions:

Category	Number of Programmes	
	In-House Programmes	Public Programmes
Banking Operations/ Integration Programme	54	-
Technical Programme (Except Banking Operations/Integration Programme)	77	145
Compliance and Governance	7	-
Leadership and Personal Development	27	-
Culture	27	-
TOTAL	192	145

Professional Development was focused in the following areas:

- | | | |
|-------------------------------|---|--------------------------------|
| • Commodity Murabahah | • Treasury Payment Systems | • Internet Banking |
| • AFB Product Awareness | • Trade Products | • ISO 9001 Foundation |
| • Strategic Planning Workshop | • Current Account and Cheque Operations | • Clerical Development Program |
| • Customer Compliance | • Cheque Systems | • Mukmin Professional |
| • Collectors Training | | |

AMLA classes are available on the e-learning platform and every employee is required to pass the course online. In addition, two sessions of 'AML/CFT for Board of Directors, Shariah Advisory Committee and Senior Management were conducted totalling 38 attendees.

Personal Development was focused on two main areas, namely:

- **Mukmin Professional**

The programme's main objective is to develop personal leadership skills based on Islamic principles and values. It is a foundational programme, and all employees specifically Muslim employees are encouraged to go through the Mukmin Program Phase 1 – 3.

This is a flagship programme for MBSB since 2014 and 40 sessions have since been organised.

In general, the program is divided into 3 stages as follows:
Phase 1 – Kukuh Integriti, Teguh Kompetensi
Phase 2 – Pembentukan Peribadi Mukmin Professional Melalui Solat
Phase 3 – Kecemerlangan Organisasi Berasaskan Nilai

- **Design Thinking**

Disruptive innovation is rapidly transforming the financial services landscape. Design thinking encourages systematic process of thinking which empowers us to develop new and creative solutions to the problem at hand.

This was kicked off in 2018 and 2 sessions have been held since.

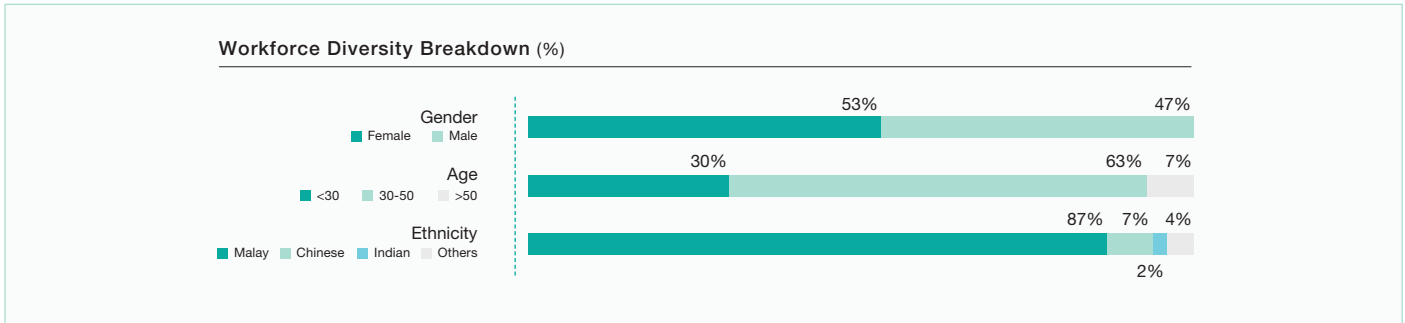
- **Skim Latihan 1 Malaysia (SL1M)**

MBSB Bank supported a government initiative, Skim Latihan 1 Malaysia (SL1M) to help increase the employability of fresh graduates. The university graduates who joined this programme underwent six months of on-the-job training in various departments in MBSB Bank. 111 fresh graduates underwent this programme at MBSB this year.

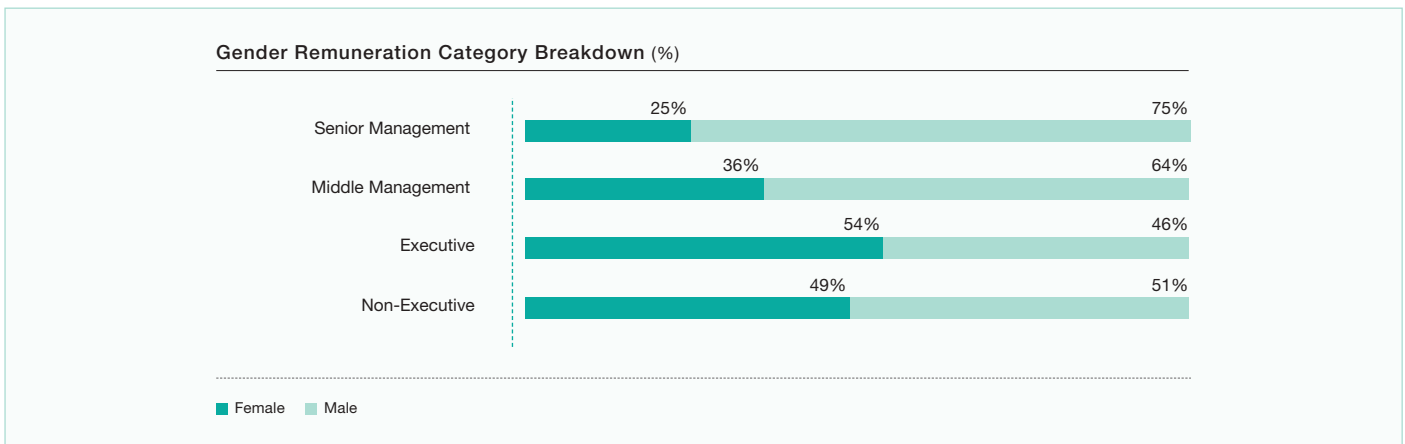
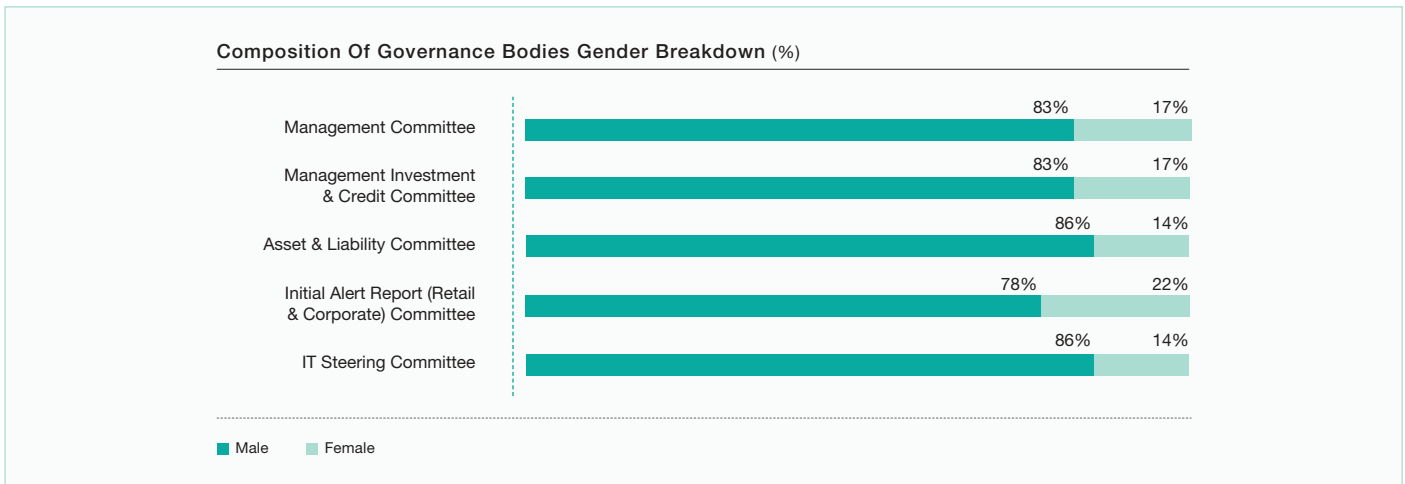
OUR PEOPLE

WORKFORCE DIVERSITY

At MBSB Bank, we strive to ensure diversity in our workforce. Our breakdown of overall gender, age and ethnicity is as below.

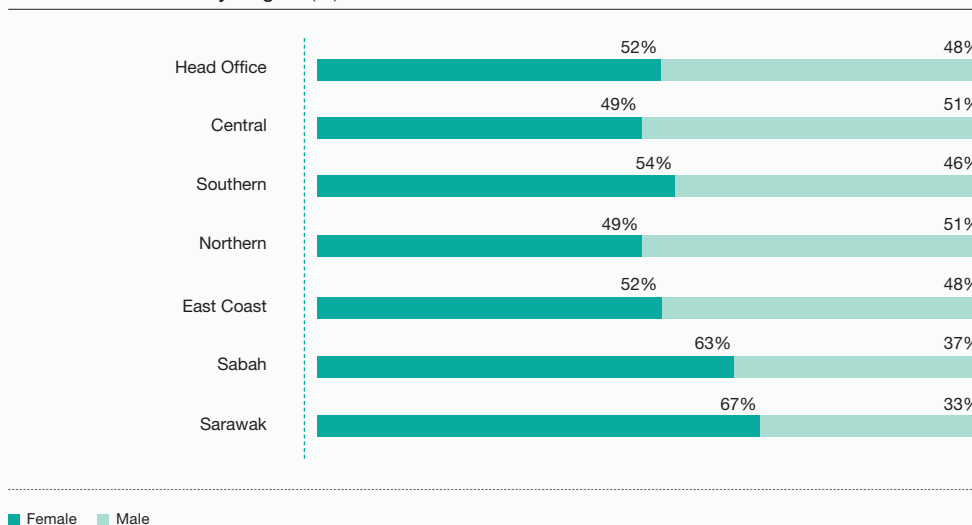


In addition, we have represented our gender diversity here by governance bodies, by remuneration category and by region.



OUR PEOPLE

Gender Breakdown By Region (%)

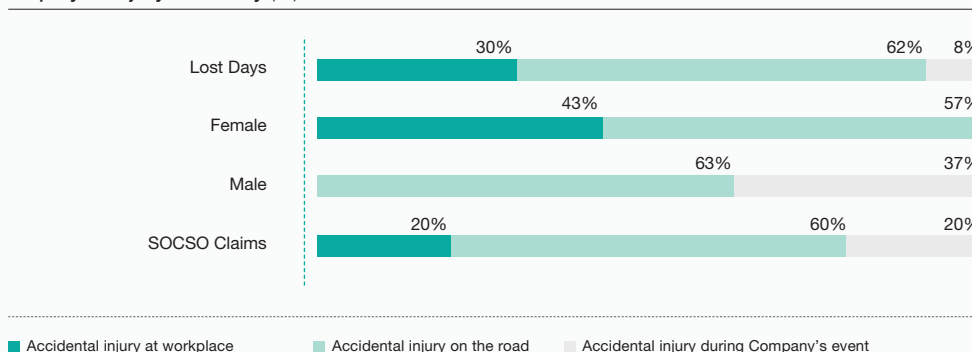


MBSB Bank is a fully locally-run organisation where all our staff in our headquarters are Malaysians, as detailed below:

Head Office Staff	C-Suite	Executive Vice President	Senior Vice President	Deputy Senior Vice President	Vice President	Deputy Vice President	Assistant Vice President	Senior Manager
Total	8	3	11	-	55	-	80	113
Local	100%	100%	100%	-	100%	-	100%	100%

Workplace health and safety continues to be an area of priority. In 2018, the following is the category breakdown of employee injuries.

Employee Injury Summary (%)



OUR PEOPLE

RESPONSIBLE BUSINESS PRACTICES

DECLARATORY STATEMENTS

MBSB Bank provides parental leave to both parents and 732 women and 662 men are eligible in the organisation. For 2018, a total of 87 women took maternal leave and 68 men took their paternal leave. We are happy to report that 100% of these men and women returned to work after their parental leave ended.

We respect an employee's right to freedom of association and collective bargaining without discrimination, in line with the Industrial Relations Act. A total of 15.62% of our staff are covered by collective bargaining agreements. These agreements currently cover safety to an extent of establishing rules and regulations.

Under the 4th Collective Agreement between MBSB Bank and NUCW, the minimum wage stated is RM1,000 for Peninsular Malaysia and East Malaysia which complies with the Minimum Wages Order 2012 which was gazetted in accordance with section 23(1) of the National Wages Consultative Council Act. MBSB Bank will notify the union 2 weeks in advance should there be any intention to change the existing hours of work.

In monitoring our employees' occupational health and safety, we have an OSH Committee with a representation of 11 members.

Excessive working hours and relevant allowances are governed by our Remuneration and Benefits Services Policy communicated to all employees under the Human Resource Department Policies and Procedures.

In 2018, 15 claims were submitted to the Social Security Organisation (SOCISO) for Occupational Disease. This totalled 663 days of medical leave.

All policies on these and other Labour Standards are communicated through internal memorandums, posted on the Intranews, emailed and introduced during the induction programme. The policy and code of ethics are available in two languages, i.e.: English and Bahasa Malaysia.

There have been no instances of non-compliance to safety standards.

MBSB Bank does not condone bullying and/or harassment. It is considered a major misconduct in our Company policy and subject to disciplinary actions. There have been no instances of non-compliance in 2018.

MBSB BANK'S

WORK ON THINGS THAT MATTER



MATERIAL MATTER:
OUR CUSTOMERS

OUR CUSTOMERS

CUSTOMER EXPERIENCE AND SATISFACTION

COMMITMENT

We commit to place the best interest of our customers at every possible juncture in providing dependable customer care

2018 FOCUS

- Meeting the Needs of Our Customers
- Improving Customer Management Systems
- Listening to Our Customers
- Providing Our Customers with Subject Matter Expertise
- Finding Solutions With Our Customers
- Control Measures to Protect Customer Privacy

PROGRESS FOR ALL

“BUILDING MALAYSIA”

Help Malaysians build a sustainable and superior financial position
Help Malaysia's economic growth by supporting local businesses

OUR CORE VALUES



Humility



Professionalism



Ethics



Empathy



Passion

OUR INTEGRITY

Upholding Trust

OUR PEOPLE

Developing Champions

OUR CUSTOMERS

Enhancing Lives

OUR PRODUCTS

Shared Value

OUR TECHNOLOGY

Transforming Digitally

OUR COMMUNITIES

Advancing Communities

OUR PLANET

Thriving Globally

PROFIT

PEOPLE

PLANET

OUR CUSTOMERS

The Customer Experience Management Department (CEMD) (previously known as the Customer Relationship Management Department) was set up to optimise the customer experience through all our touchpoints, to provide excellent customer service and to manage grievances through various feedback channels. It consists of three units, namely the Customer Experience Unit, the Complaint Handling Unit and the Customer Service Centre.

MEETING THE NEEDS OF OUR CUSTOMERS

The focus on understanding and delivering to our customers' needs was intensified this year through the introduction of our Service Transformation for Excellent Performance (STEP) Programme.

The objectives of the programme are:

1. To establish the desired service culture in line with the organisation's strategic direction
2. To determine an action plan to sustain high standards of customer service
3. To enable leaders in managing customer service initiatives at their respective departments
4. To equip front-liners with the right mindset and skills in providing excellent service
5. To create an excellent customer service culture and to continue customer service improvements
6. To measure and evaluate the effectiveness of the customer service programme

IMPROVING CUSTOMER MANAGEMENT SYSTEMS

This year we implemented two main system initiatives for customer management, namely:

1. The Call Centre System

Call Centre Telephony System was successfully installed. It enables the productivity of the call centre agents to be measured effectively – tracking abandoned calls, real-time service levels, call monitoring and operational efficiency.

2. The Case Management System

Once it is fully implemented, the new system will enhance the effectiveness of managing complaints and enquiries by automating the support process and systematically tracking the turn around time.

LISTENING TO OUR CUSTOMERS

A follow up Customer Satisfaction Survey 2018 was also run to determine progress from the results of the previous year. It was encouraging to see an increase in overall customer satisfaction levels across the board whilst customer loyalty remained on par.

The areas of strength that we will continue to focus on are 'Professionalism/ Soft Skills of the Staff' and 'Quality of Customer Interactions'. The areas of relative weakness that we will develop upon are 'Product Knowledge of the Frontliners' and 'Query Resolution'.

In addition a Mystery Shopper Programme has been initiated and will carry on in the following year to ensure consistency in service delivery for continuous improvement.

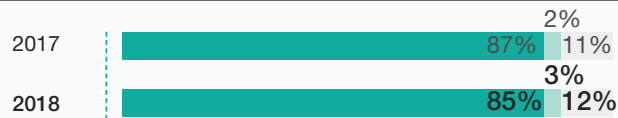
OUR CUSTOMERS



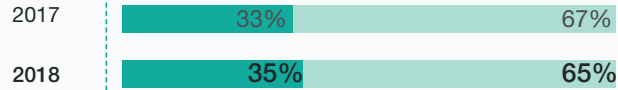
4 0 0
Total Respondents



Ethnicity
 ■ Malay ■ Chinese
 ■ Indian + Others



Gender
 ■ Male ■ Female



Age
 ■ 30-49 ■ >49 ■ <30



Overall Customer Satisfaction Score



Overall Customer Satisfaction Category

2017
2018
P l e a s e d



Overall Customer Loyalty (only or preferred bank)

2017
2018
3 0 %



Overall Dissatisfied Customers



OUR CUSTOMERS

THE COMPLETE CUSTOMER EXPERIENCE

We understand that a great customer experience is the product of long-term engagement and relationships. We will continue to keep our finger on the pulse through our surveys and continuous feedback from our customers in determining what matters most to our customers.

In 2018, we have redefined aspects of our customer touchpoints to enable every interaction to be a positive one. Below are some of the initiatives that will continue to dynamically reshape our customer experience.

OPERATIONS AND DELIVERY

Established new branch model:

Hub Branch

City Spoke

Digital Spoke

Established new branch structure:

Reporting line and authority

Roles and responsibilities

Offered new capabilities:

Cash Recycler Machine (CRM)

IBG, IBFT, SWIFT & Rentas

Established specialized technical (back-office) team:

Payment Operations

Card Operations

CRM Operations

E-Channel Operations

Fraud Detection

INFRASTRUCTURE

Infrastructure for better customer experience through:

- Branch transformation with new look and feel (according to CI)
- Focus on Self-Service Terminals (SSTs)
- Enhanced Branch Delivery System via tablet i.e. Mobile Application (sales and operation)

SYSTEMS AND PROCESSES

Transformed ways of working through digitization:

- Improved the existing process by focusing on automation (paperless)
- Focused on Straight Through Processing (STP) to improve TAT

PEOPLE

Building a culture that prioritises the right decisions and care for the customer through transformation and up-skilling

OUR CUSTOMERS



PROVIDING OUR CUSTOMERS WITH SUBJECT MATTER EXPERTISE

Project Management and Monitoring Department (PMMD) is a unique team in MBSB Bank that is solely tasked with understanding the customers' business in detail; and designing or evaluating solutions for their precise needs at different points of time. The team consists of quantity surveyors, engineers, builders and alternative energy experts. The team is fully ISO9001:2015 certified and its expertise encompasses construction, oil and gas, hydro, solar and plantations.

The industry expertise of PMMD has helped our corporate customers:

- Determine their financing requirements,
- Evaluate different financing options to cater to their projects, and
- Structure their financing package to match their commitments.

The hands-on site evaluation, problem solving, tracking and constant follow ups have in turn reduced financing impairments and has resulted in retaining customers' loyalty through the years.



FINDING SOLUTIONS WITH OUR CUSTOMERS

We have always strived to place the wellbeing of our customers at the heart of what we do. Standing by our new MBSB Bank tagline to be "Part of Your Journey", we would like to ensure that our customers grow together with us.

In 2018, we have added a clause in all our Product Disclosure Sheet that advises applicants to reach out to MBSB Bank should they have any difficulty in making repayments in the course of our service.

This provides them access to financial advisory internally to us and contact information for our financial advisory partnership with Agensi Kaunseling and Pengurusan Kredit (AKPK) of Bank Negara Malaysia.

AKPK, also known as the Credit Counselling and Debt Management Agency, is an agency set up by Bank Negara Malaysia in April 2006 to help individuals take control of their financial situation and gain peace of mind that comes from the wise use of credit. They provide:

- Financial education on the responsible use of money and credit management skills;
- Counselling and advice on financial management; and
- Debt management programme to assist consumers to regain financial control.

We have won awards historically for having the best partnerships with AKPK to resolve our customer's issues.



OUR CUSTOMERS

CONTROL MEASURES TO PROTECT CUSTOMER PRIVACY

The relevant MBSB Bank's controls in place safeguarding customer information are:

1. Any breaches to the Code of Ethics (including breaches of customer privacy) by MBSB Bank employee could tantamount to disciplinary action and/or dismissal
2. Employee Undertaking Letter on Non-disclosure of Customer Information
3. System access control rights of customer data are given to relevant staff only according to their job scope/ functions
4. Physical security control access rights to specific locations/areas e.g. filing room, server rooms etc. where customer information is stored are given to relevant staff only according to their job scope/ functions
5. Compliance Division's training and awareness programmes on Management of Customer Information and Permitted Disclosures are provided regularly to Head Office and SSCs staffs (see details on previous page)
6. Third Parties and Outsourced Service Providers (OSP) are required to sign the Non-Disclosure Agreement (NDA) / Undertaking to safeguard customer information

RELEVANT CUSTOMER PRIVACY POLICIES AND PROCEDURES

Personal Data Protection Policy and Procedure

Information Technology Securities Policies (ITSP)

Code of Ethics and Conduct for Employees' Policies

Outsourcing Policies and Procedures

Procurement Procedures

In a mystery shopper evaluation, 100% of all MBSB Bank Branch Staff and all MBSB Bank Customer Service Agents were found to be fully in compliance with PDPA.

MBSB BANK'S

WORK ON THINGS THAT MATTER



MATERIAL MATTER:
OUR PRODUCTS

OUR PRODUCTS

RESPONSIBLE FINANCE IN INNOVATIVE PRODUCTS AND SERVICES

COMMITMENT

We commit that we will strive to create shared value with the communities that we serve through our ethical products and services

2018 FOCUS

- **A Bank for the People**
- **Laying Our Foundation**
- **Sustainable Business Drivers**
- **Diversifying of Sectors**
- **Providing Homes**
- **Financing SMEs**
- **Increasing Green**

PROGRESS FOR ALL

“BUILDING MALAYSIA”

Help Malaysians build a sustainable and superior financial position
Help Malaysia’s economic growth by supporting local businesses

OUR CORE VALUES



Humility



Professionalism



Ethics



Empathy



Passion

OUR INTEGRITY

Upholding Trust

OUR PEOPLE

Developing Champions

OUR CUSTOMERS

Enhancing Lives

OUR PRODUCTS

Shared Value

OUR TECHNOLOGY

Transforming Digitally

OUR COMMUNITIES

Advancing Communities

OUR PLANET

Thriving Globally

PROFIT

PEOPLE

PLANET

6

5

4

3

2

1

OUR PRODUCTS

A BANK FOR THE PEOPLE

This year was an exciting year in expanding our offerings. As a full-fledged Islamic bank, we are now able to provide end-to-end support to meet the community's financial needs. It has enabled us to plan comprehensively for the wellbeing of our customers in providing a meaningful solution at each stage of their journey.

In 2018 we undertook a variety of efforts to quickly embrace our new banking license and bring us up to par. We have made considerable ground in putting the building blocks in place for 2019. We will soon be introducing a variety of new solutions to be able to comprehensively and productively support our customers in their life and business journey.

Our current product suite is as follows:

- Commodity Murabahah Savings Account-i
- Current Account-i (Tawarruq)
- Commodity Murabahah Term Deposit-i
- Personal Financing-i
- Commodity Murabahah Property Financing-i
- Equipment Financing-i
- Term Financing-i (Tawarruq)
- Term Financing-i (Istisna' and Ijarah)
- Revolving Credit-i (Tawarruq)
- Bridging Financing-i (Tawarruq)
- Bank Guarantee-i (Kafalah)
- Letter of Credit-i (LC-i)
- Bank Guarantee-i (BG-i)
- Trust Receipt-i (TR-i)
- Tawarruq Working Capital Financing-i (TWCF)
- Commodity Murabahah Acceptance
- Foreign Exchange Spot
- Foreign Exchange Forward-i

LAYING OUR FOUNDATION

We have also quickly introduced some additional offerings and conveniences to our customers:

- **Trade Finance**
We are now able to provide Trade Finance facilities to our customers and the three months of operations for this product in 2018 showed commendable uptake, mainly from our Trade Business customers. In addition to the new product, the Bank has also successfully implemented a new system for Trade Finance which resides in the Bank core banking system platform.
- **Mobile Property Application**
The MHUB Mobile Property Application is a digital business platform that provides real-time sales tools in securing leads for Mortgage and Property financing applications. It closes the gaps in the property sales cycle and directly connects developer, real estate agents and the Bank Sales Team. The application is operationally ready and is undergoing a trial run before its launch.
- **Referral Management System**
In line with introducing a comprehensive range of solutions for our customers, we will be introducing a Referral Management System to enable cross sell opportunities through employee recommendations based on their better understanding of the available products and services in meeting financial needs.

Our banking capabilities enabled include:

- SWIFT (Foreign Telegraphic Transfer)
- RENTAS (Large Value Transfer)
- Interbank GIRO (Retail Payment Services)
- Real-Time Interbank Fund Transfer (IBFT)
- Banker's Cheque
- Cheque Deposit Machine
- Cash Recycler Machine
- Current Account
- Savings Account

Currently, 7 out of our 44 branches provide easy access for disadvantaged communities (Sitiawan, Johor Bahru, Damansara, Klang, Puchong, Wangsa Maju and Sandakan).

OUR PRODUCTS

SUSTAINABLE BUSINESS DRIVERS

There are currently two main drivers of our business in serving our customers – Inclusive Financing and Green Financing.



INCLUSIVE FINANCING

MBSB Bank has been privileged to have been the bank of the people since our conception as a building society. Our financing products have also served financing access and activity for the underserved.

In addition, we are the bank for civil servants in Malaysia and we have products that are designed for their needs.

Some products that reflect our focus on inclusivity include:

- MUMTAZ-I (Pfi)
- AFDHAL – I (Pfi)

This coming year will see the introduction of more products that target the empowerment of targeted pockets of society in achieving the personal and business financial goals.



GREEN FINANCING

We have fully embraced green financing as one of our drivers of business growth. To manage our risk exposure in a new industry, and to design relevant financing products for the alternative energy sector, we have hired industry experts into the bank to advise us in this field. To date, our successes in green financing include:

- PV Solar Plant in Sabah
- PV Solar Plant in Melaka
- PV Solar Plant in Johor

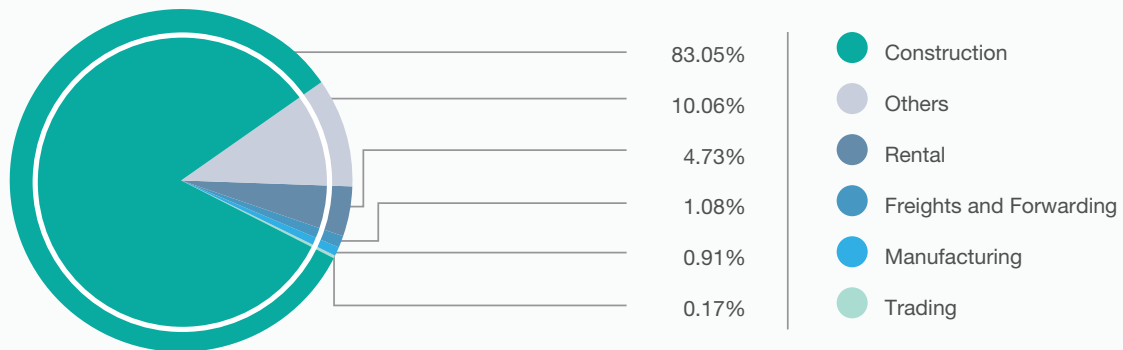
We plan for an increase in our green financing portfolio and will seek to measure and report on the positive environmental impact of our projects.

OUR PRODUCTS

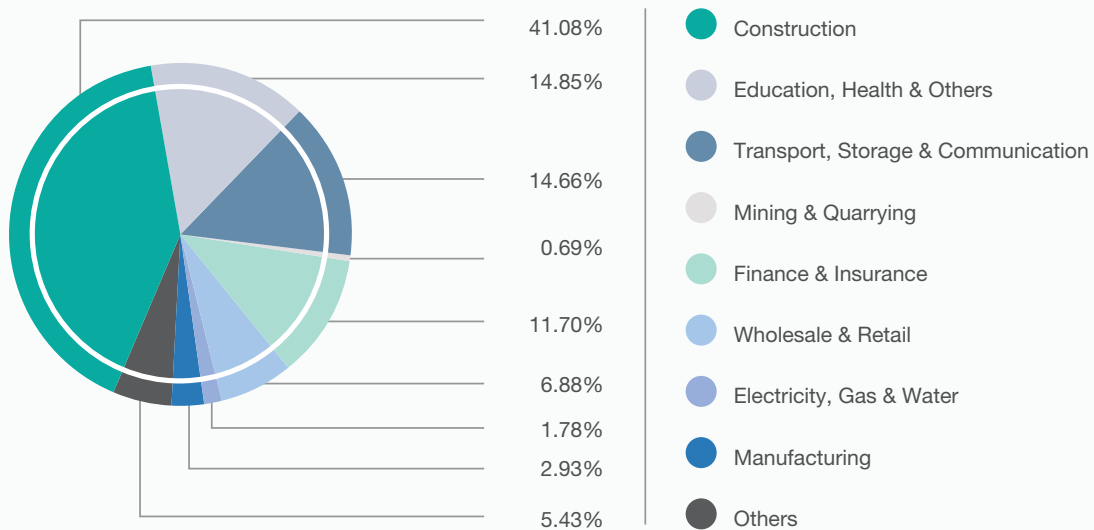
DIVERSIFYING OF SECTORS

This year saw a slight shift in the breakdown of our portfolio of customer and products, mainly due to changes and uncertainties in the affordable homes market. Adjustments were made as necessary which resulted in a more distributed sector outcome in 2018. The sector makeup of our portfolio this year is as below:

2017 Portfolio By Sector (%)

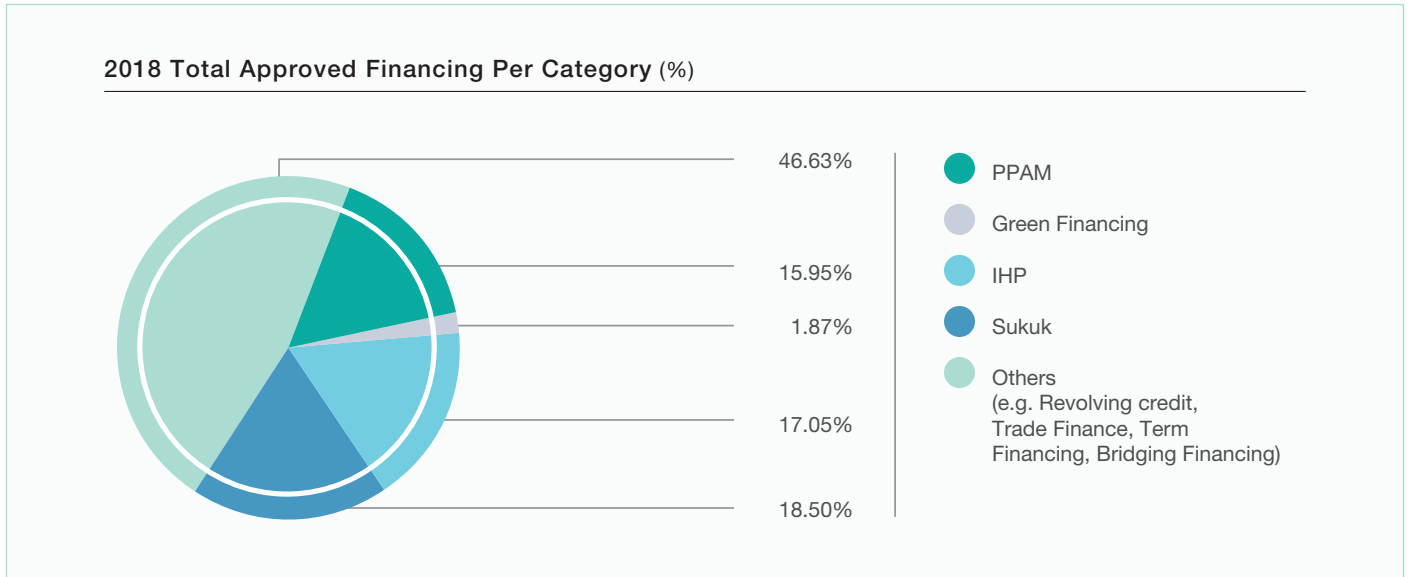


2018 Portfolio By Sector (%)

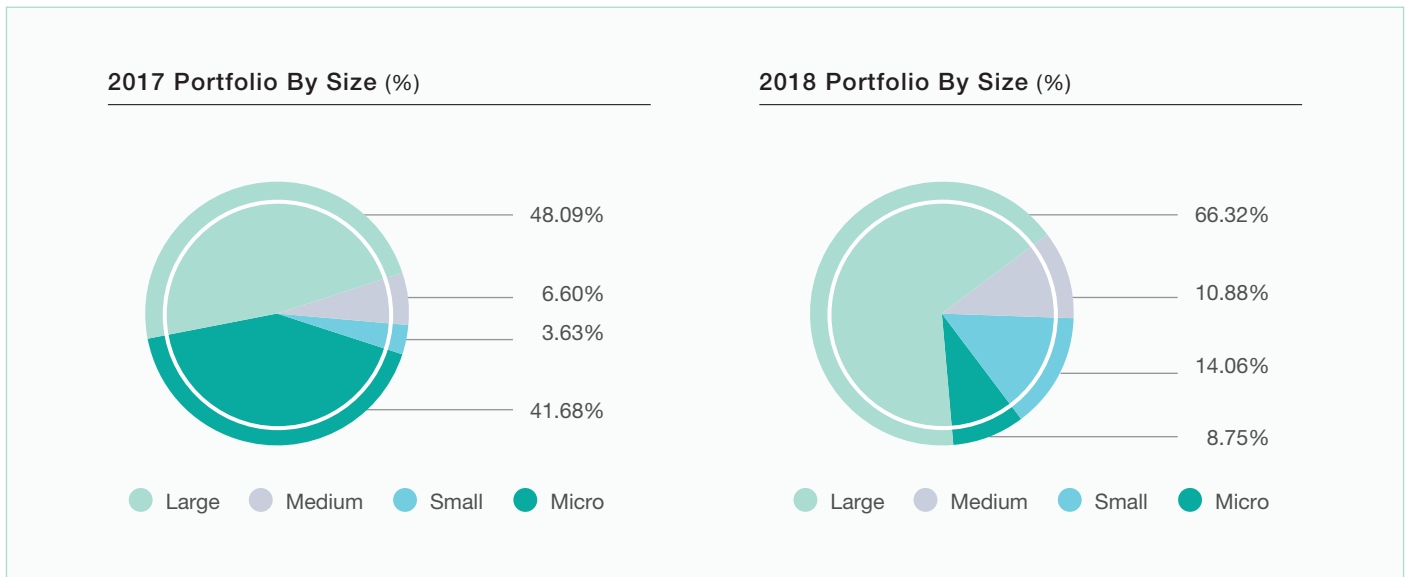


OUR PRODUCTS

The financing approved this year came from diversified categories as illustrated below:



The size distribution also shifted slightly this year towards larger corporations. We are still looking at a bigger contribution for the medium, small and micro segments in the coming year.



In line with our focus on SMEs in the coming years, we will be introducing two main initiatives, Peer to Peer (P2P) financing and Musyarakah Development.

OUR PRODUCTS

Peer to Peer (P2P) Financing

To help SMEs resolve the issue of non-qualification of traditional banking products, MBSB Bank will be collaborating with a partner to enable these SMEs to still fulfil their financing needs. This will be paired with e-wallet capabilities to further support our SMEs in the everyday business.

We will also be targeting this capability to the micro business segment in hopes of providing micro-entrepreneurs with better financing capabilities than available today.

Musarakah Development

With our expertise in the building sector and our network of construction players, MBSB Bank has designed a bridging financing scheme for the development of small, underdeveloped pockets of land in Malaysia. This will enable landowners to enjoy better returns and provides a new revenue stream for us. This will be the first of its kind in Malaysia.

PROVIDING HOMES

MBSB Bank is currently processing RM6 billion in financing for affordable housing. However, in 2018, MBSB Bank's ability to provide financing for the affordable housing sector was affected by the Malaysian government's decision to review various national programmes to enable consolidation and planning. The total approved financing dropped this year from 19 projects totalling RM2.8 billion in 2017 to 9 projects totalling RM603 million in 2018.

Indications of the government's direction were seen towards the end of 2018 when the Housing and Local Government Ministry announced its intent to combine five existing agencies to form a single entity, tentatively known as the National Affordable Housing Council, to streamline and coordinate the development of affordable housing in the country. The federal government will be collaborating with state governments to identify land for affordable housing projects. We will continue to work closely with the government to provide support through our products and services.

MBSB Bank actively supported initiatives that enable home ownership at all levels of society. Three programmes that we actively participated in were:

- **Perumahan Penjawat Awam Malaysia (PPAM)**
PPAM is an affordable housing programme that aims to provide quality, affordable houses for the civil sector.
- **Skim Rumah Pertamaku**
MBSB Bank partnered with Cagamas for the Skim Rumah Pertamaku, a home financing service that comes with the assurance of Cagamas.
- **Skim Pembiayaan Perumahan Bersama**
Catered to civil servants who are looking to own a house, Skim Pembiayaan Perumahan Bersama is a joint-home ownership initiative in partnership with Lembaga Pembiayaan Perumahan Sektor Awam (LPPSA).

FINANCING SMES

Within the SME segment, MBSB Bank has focused on providing equipment financing for the construction or logistics sectors.

Moving forward, Malaysia's SME sector sentiment remains positive. The government has also expressed support for SMEs in terms of developing their productivity and capacity to enable growth.

Next year, MBSB Bank will be beefing up the internal team to focus on this market to be able to anticipate and provide solutions to support the growth of Malaysian small businesses.

INCREASING GREEN

Even though MBSB Bank's total green financing have decreased significantly as compared to 2017, we are planning to place more focus in this sector in the coming year, including upskilling our sector knowledge with renewal energy experts on staff.

MBSB BANK'S

WORK ON THINGS THAT MATTER



MATERIAL MATTER:
OUR TECHNOLOGY

OUR TECHNOLOGY

D I G I T A L T R A N S F O R M A T I O N



OUR TECHNOLOGY

TECHNOLOGY FOUNDATIONAL YEAR

MBSB Bank is relying on innovation and technology to build scalable, digitally enabled business models for all our offerings going forward. 2018 was a critical year for building our foundational components. We focused on putting in place our physical and information technology (IT) infrastructure.

Building a Strong Core

The core banking system is being enhanced to provide a wide range of shariah compliant products and services for our retail, SME and corporate customers. The transition is underway in a 12-month project.

The Bank has also embarked on a three-phased security and cyber risk enhancement program. This will further heighten our security of customer and critical data, as well as in providing secured internet banking services facilities.

Enabling Banking Functionalities

Physical and digital banking functionalities were introduced swiftly to enable the new bank to provide a full suite of offerings with convenience and accessibility. These included:

- Connecting us to payment gateways;
- Being the first in Malaysia to introduce a personalised and seamless Cash Recycling Machine (CRM) experience at select locations;
- Introducing trade finance offerings;
- Enhancing collections and recovery management; and
- Enhancing treasury management.

Structuring the Team

A new Technology Division was established encompassing the existing Information Technology Division and a new Digital Initiatives Division. This new division carries the responsibility of strategically and operationally establishing digital capabilities that will enable MBSB Bank to be the top progressive Islamic bank in Malaysia. The division has core functions in the areas of partnership, digital project delivery and service design.

OUR TECHNOLOGY

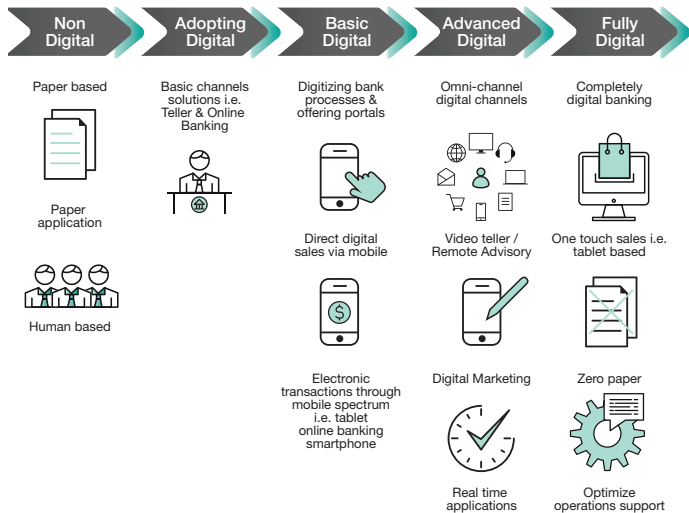
JOURNEY TOWARDS TECHNOLOGY TRANSFORMATION

MBSB Bank has committed funds and resources towards a technology-enabled future that will allow us to actively engage through our digital channels. We will be focusing our efforts on providing leading digital products and services, and on optimising and automating our internal operations.

Technology Enabling Our Communities

MBSB Bank as a merged entity has a relatively lean setup. This enables us to effectively adapt to the changing needs and environment of our communities. In line with this, technology, rather than an extensive expansion of our physical infrastructure, will be our engagement mechanism through various touchpoints.

Our branches will be moving forward quickly towards being able to serve our customers more effectively with minimal transactional activities at branch. We will be looking to progress our branches down our digitalisation plan.



Cutting-Edge Offerings

New products and services will be conceived and launched leveraging our lean infrastructure model, capitalising it to leapfrog existing offerings in the market. We will be partnering in pockets to deliver digital offerings in both our retail and corporate strategies. These partnerships will achieve two objectives:

- Harnessing expert resources to tap into cutting edge innovations and technologies, and
- Helping us provide financial access to the underbanked communities in Malaysia.

Enhanced Governance and Automation

Internally, we are discovering various opportunities to increase governance and efficiencies through the deployment of technology. Our immediate areas of upcoming governance and process controls to strengthen operation control and clarity include:

- Architecture
- Technology Procurement
- Testing Framework
- Software Release and Deployment
- IT Service Management
- API Gateways

Our areas of added business process automation include:

- Services Monitoring
- Analytics
- Centralised Document Management
- Vendor and Contract Management
- Branch Automation

In line with our aspiration, we are also investing in developing and securing the right talent at the bank to continue the innovation and upkeep of our new capabilities.

MBSB BANK'S

WORK ON THINGS THAT MATTER



MATERIAL MATTER:
OUR COMMUNITIES

OUR COMMUNITIES

COMMUNITY ADVANCEMENT

COMMITMENT

We commit that we will strengthen our nation from the ground up by providing strategic interventions to the ones who need them the most.

2018 FOCUS

- Supporting the Nation Through Education and Community Development
- Educate for the Future
- Supporting Our Community

PROGRESS FOR ALL

“BUILDING MALAYSIA”

Help Malaysians build a sustainable and superior financial position
Help Malaysia’s economic growth by supporting local businesses

OUR CORE VALUES



Humility



Professionalism



Ethics



Empathy



Passion

OUR INTEGRITY	OUR PEOPLE	OUR CUSTOMERS	OUR PRODUCTS	OUR TECHNOLOGY	OUR COMMUNITIES	OUR PLANET
Upholding Trust	Developing Champions	Enhancing Lives	Shared Value	Transforming Digitally	Advancing Communities	Thriving Globally



PROFIT

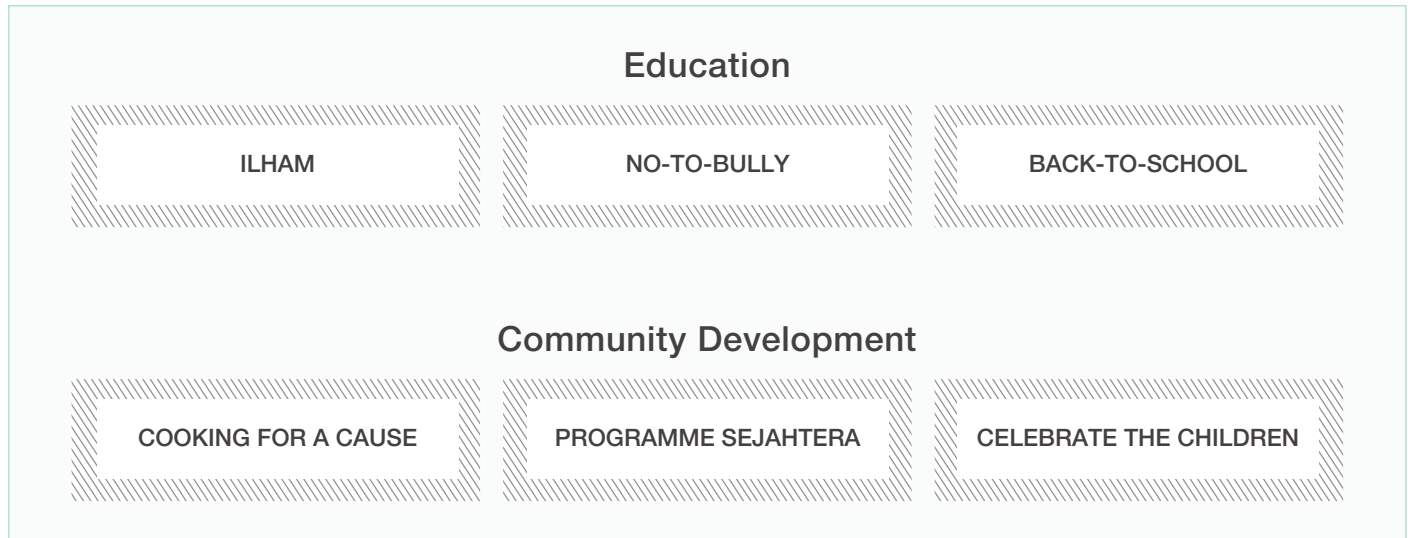
PEOPLE

PLANET

OUR COMMUNITIES

SUPPORTING THE NATION THROUGH EDUCATION AND COMMUNITY DEVELOPMENT

Our philanthropic efforts have been focused on two main areas totalling approximately RM10 million in 2018.



Impacting Lives Heightening Aspirations by MBSB Bank (ILHAM)

A carefully curated motivational programme crafted to prepare standard six students at our nine adopted schools for their UPSR examination with insightful and creative activities related to year 6 syllabus.

This encompassed 426 students in 9 participating MBSB Bank adopted schools, namely SK Permatang Pauh, Pulau Pinang, SK Tambak Jawa, Selangor, SK Senibai, Negeri Sembilan, SK Kg Bambangan, Sabah, SK Kg Melayu, Sarawak, SK Kebor Besar, Terengganu, SK Merbau Sempak, Selangor, SK Sekudai Batu 10, Johor and also SK Jalan Sg Besi 1, Kuala Lumpur.

EDUCATE FOR THE FUTURE

In addressing the community’s needs, we believe it is imperative to focus on education as basic and fundamental requirement to building a prosperous nation. Our initiatives are looking to bring opportunities to the underprivileged in rural parts of Malaysia.

We provide educational programmes for 426 students at our nine adopted primary schools which are located in rural areas across our six business regions.



OUR COMMUNITIES



Back-to-School

As part of our efforts to motivate school children, MBSB Bank contributed school supplies and school uniforms to over 2,500 underprivileged students at 9 of our adopted schools and 14 alumni schools before the start of the school term.



No-to-Bully

MBSB Bank launched a No-to-Bully campaign for schools in an effort to curb an increasingly worrying social issue nationwide. It was conducted for 876 students and Public Service Announcements created on this message were aired on Media Prima radio stations.



SUPPORTING OUR COMMUNITY

As an organisation that is largely community-driven, we have undertaken initiatives this year to support the needs of different segments of society. This year, the focus was on children and the elderly for our programmes, for which the volunteers consisted of MBSB Bank staff.

Cooking for a Cause (CFAC)

In collaboration with Food Aid Foundation, CFAC is a food distribution programme for the community in high density and low income area for 136 families across the country. Since 2015, MBSB Bank staff have been volunteering to prepare and distribute the food to the beneficiaries.



OUR COMMUNITIES

Programme Sejahtera

The purpose of Programme Sejahtera is to improve the standard of living for less privileged communities in Malaysia. The programme aims to achieve this through home building and rehabilitation. Homes are built or rehabilitated to ensure that the families who live in these homes meet the minimum standards of safety and comfort. In 2018, 15 families across 5 states were given financial assistance to rebuild their homes by building important home amenities such as working toilets and kitchens.



BEFORE



AFTER



Celebrate the Children

Ramadhan activities with 300 children from Rumah Pengasih Warga Prihatin (RPWP) included Iftar and handing out of duit raya and raya clothes. On the same day, home supplies and groceries were distributed around the Sungai Ramal area to 17 homes.

MBSB BANK'S

WORK ON THINGS THAT MATTER



MATERIAL MATTER:
OUR ENVIRONMENT

OUR ENVIRONMENT

ENVIRONMENTAL PROTECTION

COMMITMENT

We commit that we will protect our planet through our various opportunities of influence.

2018 FOCUS

- Our Upcoming Green Building
- Employee-Led Environmental Initiatives
- Managing Our Impact

PROGRESS FOR ALL

“BUILDING MALAYSIA”

Help Malaysians build a sustainable and superior financial position
 Help Malaysia’s economic growth by supporting local businesses

OUR CORE VALUES

 Humility	 Professionalism	 Ethics	 Empathy	 Passion
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OUR INTEGRITY Upholding Trust	OUR PEOPLE Developing Champions	OUR CUSTOMERS Enhancing Lives	OUR PRODUCTS Shared Value	OUR TECHNOLOGY Transforming Digitally	OUR COMMUNITIES Advancing Communities	OUR PLANET Thriving Globally
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PROFIT

PEOPLE

PLANET



OUR ENVIRONMENT

OUR UPCOMING GREEN BUILDING

Ongoing construction of our new headquarters is on track to meet the Leadership in Energy and Environmental Design (LEED) Gold standard and Green Building Certification (GBI) status.



OUR ENVIRONMENT

EMPLOYEE-LED ENVIRONMENTAL INITIATIVES

This year, we strengthened our employee-led approach towards environmental issues. Though our largest possible impact is through our financing of green projects, we realise the importance of raising awareness of conservation and decreasing our own carbon footprint.

Four main initiatives were carried out this year in close partnership with conservation experts.

**Tree Planting**

The tree planting programme, in partnership with Forest Reserve Institute Malaysia (FRIM), gathered 56 MBSB Bank staff to plant trees at a designated area in FRIM resulting in 50 trees planted by the volunteers.

OUR ENVIRONMENT



Beach Cleaning

This programme, in partnership with the Malaysian Nature Society (MNS) is focused on the Sepang Gold Coast beach, a tourist attraction in the Klang Valley. 89 kilograms of trash were collected, sorted and recycled by 41 employees. 300 Adler seedlings and saplings were also planted.

River Cleaning

Also in partnership with MNS, in an effort to stem the loss of biodiversity, cleaning was organised at Sungai Selangor. This activity for the conservation of one of country's main source of water cleared 259 kilograms of rubbish and the Nipah trees were also planted by 40 employees of MBSB Bank.

Urban Gardening

MBSB Bank partnered with Eat, Shoots and Roots for a programme that taught the staff how to grow with decompost items. During this activity, the 30 employees were taught non cultivation gardening methods.



OUR ENVIRONMENT

MANAGING OUR IMPACT

Our environmental impact is largely achieved through our products and services as described in the preceding pages. In addition, we track our own consumption of electricity, water and paper.

TOTAL CONSUMPTION				CONSUMPTION PER EMPLOYEE			
	ELECTRICITY (KWH)	WATER (m ³)	PAPER (REAMS)		ELECTRICITY (KWH)	WATER (m ³)	PAPER (REAMS)
2016	4,040,138.63	33,930.10	8,424.00	2016	2,959.81	24.86	6.17
2017	3,579,631.70	26,205.26	11,325.00	2017	2,575.27	18.85	8.15
2018	4,319,233.09	25,398.32	14,581.00	2018	2,690.28	15.79	9.05

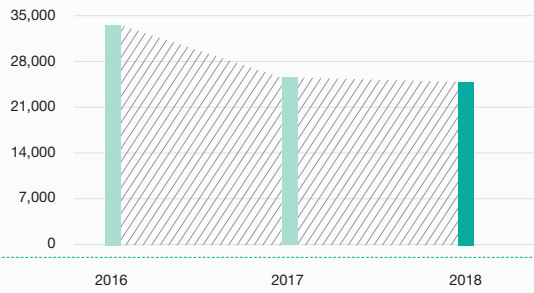
Our water consumption per employee has dropped but the use of electricity and paper have increased. This was largely due to the merger projects and activities that spanned the entire year.



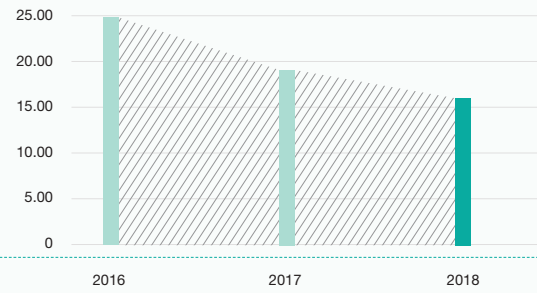
OUR ENVIRONMENT

WATER CONSUMPTION

3 Year Water Consumption (m3)

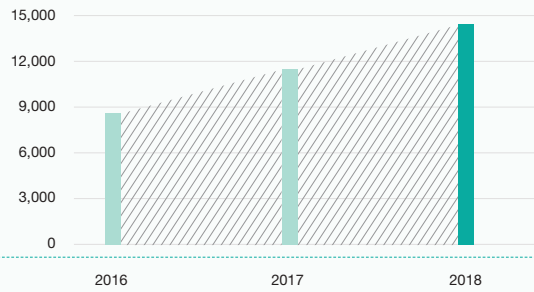


3 Year Water Consumption Per Employee (m3)

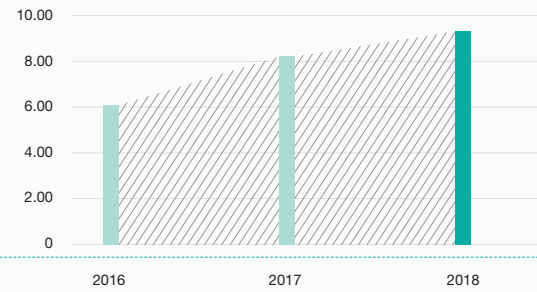


PAPER CONSUMPTION

3 Year Paper Consumption (REAMS)



3 Year Paper Consumption Per Employee (REAMS)





TRACKING *OUR PROGRESS*

|

SUSTAINABILITY PERFORMANCE DATA

FTSE4GOOD BURSA MALAYSIA (F4GBM)



CERTIFICATE OF MEMBERSHIP

This is to certify that

Malaysia Building Society

is a constituent company in the FTSE4Good Index Series



FTSE4Good

June 2018

The FTSE4Good Index Series is designed to identify companies that demonstrate strong environmental, social and governance practices measured against globally recognised standards.

Handwritten signature of Mark Makepeace in blue ink.

Mark Makepeace
Group Director, Information Services Division &
CEO, FTSE Russell
London Stock Exchange Group

Handwritten signature of Sir Mark Moody-Stuart in blue ink.

Sir Mark Moody-Stuart
Chairman, FTSE Russell ESG Advisory Committee

FTSE4GOOD BURSA MALAYSIA (F4GBM)

FTSE4GOOD BURSA MALAYSIA

This section has been prepared according to the FTSE4Good Bursa Malaysia (F4GBM) as provided by FTSE. The index shows each disclosure and relevant references as available within the report.

PILLARS AND THEMES	CODE	DESCRIPTION	REFERENCE SECTION
ECONOMIC			
Climate Change	ECC - 15	Three years of total energy consumption data is disclosed	Sustainability Report 2018 – Our Environment
	ECC - 31	Policy or commitment statement on energy use	
	ECC - 40	Results measured against previously set and disclosed targets	
SOCIAL			
Labour Standards	SLS - 3	Non-discrimination and equal opportunity	Sustainability Report 2018 – Our People
	SLS - 5	Policy or statement supporting the right to freedom of association	
	SLS - 6	Policy or statement supporting the right to collective bargaining	
	SLS - 7	Policy/Principles/Code addressing the elimination of excessive working hours	
	SLS - 8	Policy or statement supporting the right to a minimum or living wage	
	SLS - 11	Policy supporting the community	
	SLS - 12	Company policy on labour standards	
	SLS - 16	Action to improve workforce diversity, equal opportunities, or reduce discrimination	
	SLS - 21	Labour standards non-compliance instances	
SLS - 24	Full time staff voluntary turnover rates	Sustainability Report 2018 – Our People	
SLS - 25	Percentage of employees that are contractors or temporary staff		

FTSE4GOOD BURSA MALAYSIA (F4GBM)

PILLARS AND THEMES	CODE	DESCRIPTION	REFERENCE SECTION	
SOCIAL				
Labour Standards	SLS - 26	Employee development training to enhance knowledge or individual skills	Sustainability Report 2018 – Our People	
	SLS - 29	Employee personal development training		
	SLS - 30	The company addresses bullying and/or harassment		
Human Rights	SHR - 3	Statement of principles or process by which community investments are made	Sustainability Report 2018 – Our Communities	
	SHR - 5	Commitment to local employment and/or sourcing	Sustainability Report 2018 – Our People	
	SHR - 15	Output/outcome of specific results, achievements or benefits of community investments	Sustainability Report 2018 – Our Communities	
	SHR - 16	Mechanisms to facilitate employee engagement and involvement with charitable partners		
	SHR - 17	Corporate or group donations/community investments made		
GOVERNANCE				
Anti-Corruption	GAC - 1	Bribery - Policy or commitment statement	Annual Report 2018 – Statement on Risk Management and Internal Control	
	GAC - 2	Anti-corruption - Policy or commitment statement		
	GAC - 3	Board has oversight of anti-corruption policy		
	GAC - 4	Due diligence of new business partners addresses corruption		
	GAC - 5	Confidential or anonymous whistle-blowing mechanism for staff		
	GAC - 7	Communication of anti-corruption policy to all employees		
	GAC - 8	Training for staff on the anti-corruption policy		Sustainability Report 2018 – Our People
	GAC - 9	Corruption risk assessment for company operations		Annual Report 2018 – Statement on Risk Management and Internal Control
	GAC - 10	Procedures are in place to address corruption in operations that are assessed to be 'high risk'		
	GAC - 11	Process for intermediaries (including contractors or agents)		

FTSE4GOOD BURSA MALAYSIA (F4GBM)

PILLARS AND THEMES	CODE	DESCRIPTION	REFERENCE SECTION	
GOVERNANCE				
Anti-Corruption	GAC - 12	Total amount of political contributions made		
	GAC - 13	Staff disciplined or dismissed due to non-compliance with anti-corruption policy/policies	Sustainability Report 2018 – Our Integrity	
	GAC - 14	Cost of fines, penalties or settlements in relation to corruption		
Corporate Governance	GCG - 1	Separate Non-Executive Chairman and CEO		Annual Report 2018 – Corporate information, Profile of the Board of Directors
	GCG - 2	Details about Directors		
	GCG - 3	Number of Board Directors		
	GCG - 4	Number of independent Directors on the board		
	GCG - 5	Number of women on the board		
	GCG - 6	Commitment to gender diversity on the board		
	GCG - 7	Board addresses conflicts of interest	Annual Report 2018 – Corporate Governance Overview Statement and Corporate Governance Report, Statement on Risk Management and Internal Control	
	GCG - 8	Periodic evaluation of board effectiveness		
	GCG - 9	Board Committee(s) and their Charters, terms of reference or equivalent		
	GCG - 10	Number of times the board/each committee have/has met per annum		
	GCG - 11	Attendance rate		
	GCG - 14	Fixed and variable remuneration		
	GCG - 19	Annual General Meeting: Number of days between the date of notice and date of meeting		
	GCG - 21	Shareholders have the right to vote on executive remuneration		Annual Report 2018 – Notice of Annual General Meeting
	GCG - 22	Shareholders have the right to vote on Director appointments and dismissals		
	GCG - 26	Disclosure of voting results		Company Website – Corporate – Investor Relations, Announcement to Bursa
	GCG - 42	Does the company provide for one share one vote for all company meeting resolutions?		Annual Report 2018 – Analysis of Shareholdings

FTSE4GOOD BURSA MALAYSIA (F4GBM)

PILLARS AND THEMES	CODE	DESCRIPTION	REFERENCE SECTION	
GOVERNANCE				
Corporate Governance	GCG - 43	If the company does not have a separate Non-Executive Chairman and CEO, does it have a Lead Director or Senior Independent Director?	Sustainability Report 2018 – Our Integrity	
	GCG - 45	Financial expertise on the audit committee	Annual Report 2018 – Report of the Board Audit Committee, Corporate Governance Overview Statement	
	GCG - 46	Fully non-executive Audit Committee or Audit Board	Annual Report 2018 – Report of the Board Audit Committee, Profile of the Board of Directors	
	GCG - 47	Fully non-executive Remuneration Committee	Annual Report 2018 – Corporate Governance Overview Statement	
	GCG - 49	Disclosure and Nature of fees paid to the auditor	Annual Report 2018 – Financial Statements, Additional Compliance Statement	
Risk Management	GRM - 1	The Board has oversight of risk management	Annual Report 2018 – Statement on Risk Management and Internal Control, Corporate Governance Overview Statement	
	GRM - 2	Senior responsibility for risk		
	GRM - 4	Reporting and Standards		
	GRM - 5	Board oversees Code of Conduct, Code of Ethics or equivalent and ESG risks		
	GRM - 7	Company's risk management framework		
	GRM - 8	Corporate-wide approach to non-compliance		
	GRM - 10	Company's commitment to regular rotation of auditors / audit partner		
	GRM - 12	Company reviews compliance with its Code of Conduct/Code of Ethics, identifies any non-compliance and reviews the effectiveness of its Code of Conduct/Code of Ethics		Sustainability Report 2018 – Our Integrity
	GRM - 14	Provisions for fines and settlements specified for ESG issues in audited accounts		
	GRM - 20	Confidential whistle-blowing mechanism to notify breaches of company codes or policies		Annual Report 2018 – Corporate Governance Overview Statement, Statement on Risk Management and Internal Control

GLOBAL REPORTING INITIATIVE (GRI)

GLOBAL REPORTING INITIATIVE

This section has been prepared according to the 'In Accordance' - Core option as provided by the GRI. The index shows each disclosure and relevant references as available within the report.

GENERAL STANDARD DISCLOSURES

DISCLOSURES	DESCRIPTION	REFERENCE SECTION
STRATEGY AND ANALYSIS		
G4-1	Statement from the most senior decision-maker of the organisation addressing sustainability	Sustainability Report 2018 – PCEO Statement
ORGANISATIONAL PROFILE		
G4-3	Name of the organisation	Sustainability Report 2018 - Scope
G4-4	Primary brands, products, and services.	Annual Report 2018 – Business Review
G4-5	Location of the organisation's headquarters	Annual Report 2018 – Corporate Information
G4-6	Countries where the organisation operates	Annual Report 2018 – Our Profile
G4-7	Nature of ownership and legal form	
G4-8	Markets served	Annual Report 2018 – MBSB Bank Branches
G4-9	Scale of the organisation	Annual Report 2018 – Financial Statement
G4-10	Employment	Sustainability Report 2018 – Our People
G4-11	Collective bargaining	
G4-12	Supply chain	Sustainability Report 2018 – Our Integrity
G4-13	Organisational changes	Annual Report 2018 – Our Profile
G4-14	Precautionary approach	Annual Report 2018 – Statement on Risk Management and Internal Control
G4-15	Externally developed economic, environmental and social charters	Annual Report 2018 – Management Discussion and Analysis
G4-16	Memberships of associations	Annual Report 2018 – Corporate Governance Overview Statement

GLOBAL REPORTING INITIATIVE (GRI)

GENERAL STANDARD DISCLOSURES

DISCLOSURES	DESCRIPTION	REFERENCE SECTION
IDENTIFIES MATERIAL ASPECTS AND BOUNDARIES		
G4-17	Entities	Annual Report 2018 – Financial Statement
G4-18	Process for defining the report	
G4-19	Material aspects identified	Sustainability Report 2018– Our Material Matters
G4-20	Material aspect within the organisation.	
G4-21	Material aspect outside the organisation.	
STAKEHOLDER ENGAGEMENT		
G4-24	Stakeholder groups	
G4-25	Identification and selection of stakeholders	Sustainability Report 2018 – Engaging Our Stakeholders
G4-26	Approach to stakeholder engagement	
G4-27	Key topics and concerns raised	
REPORT PROFILE		
G4-28	Reporting period	
G4-30	Reporting cycle	
G4-31	Contact point	Sustainability Report 2018 – Scope
G4-32	Chosen content	
GOVERNANCE, COMMITMENTS AND ENGAGEMENTS		
G4-34	Governance structure	Sustainability Report 2018 – Governance
ETHICS AND INTEGRITY		
G4-56	Organisation’s values, principles, standards and norms of behavior	Annual Report 2018 – Statement on Corporate Governance Overview

GLOBAL REPORTING INITIATIVE (GRI)

SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECTS	DISCLOSURES	DESCRIPTION	REFERENCE SECTION
ECONOMIC			
Economic Performance	G4-DMA	Disclosure on Management Approach	Annual Report 2018 - Financial Statements
	G4-EC1	Direct economic value generated and distributed	
	G4-EC3	Coverage of the organization's defined benefit plan obligations	
Market Presence	G4-DMA	Disclosure on Management Approach	Sustainability Report 2018 – Our People
	G4-EC5	Policy or statement supporting the right to a minimum or living wage	
	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	
Indirect Economic Impacts	G4-DMA	Disclosure on Management Approach	Sustainability Report 2018 – Our Products
	G4-EC7	Development and impact of infrastructure investments and services supported	
	G4-EC8	Significant indirect economic impacts	
Procurement Practices	G4-DMA	Disclosure on Management Approach	Sustainability Report 2018 – Our Integrity
	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	
ENVIRONMENT			
Energy	G4-DMA	Disclosure on Management Approach	Sustainability Report 2018 – Our Environment
	GA-EN3	Energy consumption within the organisation	
	GA-EN6	Reduction of energy consumption	
Overall	G4-DMA	Disclosure on Management Approach	
	GA-EN31	Environmental protection expenditures and investments	

GLOBAL REPORTING INITIATIVE (GRI)

SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECTS	DISCLOSURES	DESCRIPTION	REFERENCE SECTION
SOCIAL			
Labour Practices and Decent Work			
Employment	G4-DMA	Disclosure on Management Approach	Sustainability Report 2018 – Our People
	G4-LA1	New employee hires and employee turnover by age group, gender, and region	
	G4-LA2	Benefits provided to fulltime employees	
	G4-LA3	Return to work and retention rates after parental leave, by gender	
Labour/ Management Relations	G4-DMA	Disclosure on Management Approach	Sustainability Report 2018 – Our People
	G4-LA4	Minimum notice periods regarding operational changes	
Occupational Health & Safety	G4-DMA	Disclosure on Management Approach	Sustainability Report 2018 – Our People
	G4-LA5	Percentage of total workforce represented in formal joint management–worker health and safety committees	
	G4-LA6	Type of injury and rates of injury by region and gender	
Training & Education	G4-DMA	Disclosure on Management Approach	Sustainability Report 2018 – Our People
	G4-LA9	Average hours of training per year per employee by gender and category	
	G4-LA10	Programs for skills management and lifelong learning	
	G4-LA11	Percentage of employees receiving regular performance and career development reviews	
Diversity & Equal Opportunity	G4-DMA	Disclosure on Management Approach	Sustainability Report 2018 – Our People
	G4-LA12	Composition of governance bodies and breakdown of employees	

GLOBAL REPORTING INITIATIVE (GRI)

SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECTS	DISCLOSURES	DESCRIPTION	REFERENCE SECTION
SOCIAL			
Equal Remuneration for Women & Men	G4-DMA	Disclosure on Management Approach	Sustainability Report 2018 – Our People
	G4-LA13	Ratio of basic salary and remuneration of women to men	
Labour Practices Grievance Mechanisms	G4-DMA	Disclosure on Management Approach	Sustainability Report 2018 – Our Integrity
	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved	
Human Rights			
Freedom of Association and Collective Bargaining	G4-DMA	Disclosure on Management Approach	Sustainability Report 2018 – Our Integrity
	G4-HR4	Operations and suppliers with the right to exercise freedom of association and collective bargaining	
Child Labour	G4-DMA	Disclosure on Management Approach	Sustainability Report 2018 – Our Integrity
	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor	
Forced or Compulsory Labour	G4-DMA	Disclosure on Management Approach	Sustainability Report 2018 – Our Integrity
	G4-HR6	Operations and suppliers having significant risk for incidents of forced or compulsory labor	
Human Rights Grievance Mechanism	G4-DMA	Disclosure on Management Approach	Sustainability Report 2018 – Our Integrity
	G4-HR12	Number of human rights impacts grievances filed, addressed, and resolved through formal grievance mechanisms	

GLOBAL REPORTING INITIATIVE (GRI)

SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECTS	DISCLOSURES	DESCRIPTION	REFERENCE SECTION
SOCIAL			
Society			
Local Communities	G4-DMA	Disclosure on Management Approach	Sustainability Report 2018 – Our Products
	G4-SO1	Operations with implemented local community	Sustainability Report 2018 – Our Communities
	G4-SO2	Operations with significant actual or potential negative impacts on local communities	Sustainability Report 2018 – Our Integrity
	FS-13	Access points in low-populated or economically disadvantaged areas by type	Sustainability Report 2018 – Our Products
	FS-14	Initiatives to improve access to financial services for disadvantaged people	
Anti-Corruption	G4-DMA	Disclosure on Management Approach	Sustainability Report 2018 – Our Integrity
	G4-SO3	Operations assessed for risks related to corruption and the significant risks identified	Annual Report 2018 – Statement on Risk Management and Internal Control
	G4-SO4	Communication and training on anti-corruption policies and procedures	Sustainability Report 2018 – Our Integrity
	G4-SO5	Confirmed incidents of corruption and actions taken	
Public Policy	G4-DMA	Disclosure on Management Approach	Sustainability Report 2018 – Our Integrity
	G4-SO6	Political contributions	
Anti-Competitive Behaviour	G4-DMA	Disclosure on Management Approach	Sustainability Report 2018 – Our Integrity
	G4-SO7	Legal actions for anticompetitive behavior, antitrust, and monopoly practices	
Compliance	G4-DMA	Disclosure on Management Approach	Sustainability Report 2018 – Our Integrity
	G4-SO8	Significant fines and nonmonetary sanctions for noncompliance with laws and regulations	

GLOBAL REPORTING INITIATIVE (GRI)

SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECTS	DISCLOSURES	DESCRIPTION	REFERENCE SECTION
SOCIAL			
Product Responsibility			
Product & Service Labelling	G4-DMA	Disclosure on Management Approach	Sustainability Report 2018 – Our Customers
	G4-PR5	Results of surveys measuring customer satisfaction	
Marketing Communications	G4-DMA	Disclosure on Management Approach	Sustainability Report 2018 – Our Integrity
	G4-PR6	Sale of banned or disputed products	
	G4-PR7	Incidents of non compliance	
Customer Privacy	G4-DMA	Disclosure on Management Approach	Sustainability Report 2018 – Our Integrity
	G4-PR8	Complaints regarding breaches of customer privacy and losses of customer data	
Product Portfolio	G4-DMA	Disclosure on Management Approach	Sustainability Report 2018 – Our Products
	FS-6	Percentage of the portfolio for business lines	
	FS-7	Monetary value of products and services designed to deliver a specific social benefit for each business line	
	FS-8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line	

www.mbsb.com.my

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