



INTEGRATED ANNUAL REPORT 2025

GEARED FOR
GROWTH

About This Report

MBSB Berhad (MBSB or the Group) presents its Integrated Annual Report 2025 (IAR 2025 or the Report) for the financial year ended 31 December 2025 (FY2025).

Prepared with reference to the International <IR> Framework (2021) by the IFRS Foundation, this Report communicates how we create value for stakeholders over the short, medium, and long term.

It covers our strategy, governance, performance, prospects, and how these are integrated into our business model and operations.

Our Reporting Suite

Our 2025 reporting suite comprises:

IAR 2025: Overview of integrated business activities and financial and non-financial performance during FY2025

Corporate Governance Report 2025: Summary of governance structures, principles, and practices supporting sustainable value creation

Sustainability Report (SR) 2025: Detailed account of sustainability strategy and performance on material issues

These reports, including past editions, are available online through our website: www.mbsb.com/ar.html

Reporting Scope & Boundary

This Report covers the Group's operations, including principal subsidiaries: MBSB Bank Berhad (MBSB Bank), MBSB Investment Bank Berhad (MBSB IB), Malaysian Industrial Development Finance Berhad (MIDF), and other subsidiaries.

Reporting Frameworks

This Report marks our sixth year adopting the International <IR> Framework (2021) by the IFRS Foundation, reflecting our continued commitment to enhanced disclosure and transparency.

In addition, our IAR 2025 has been prepared in accordance with, or guided by, the following standards and guidelines:

- Bursa Malaysia Main Market Listing Requirements
- Malaysian Code on Corporate Governance (MCCG)
- Malaysian Companies Act 2016
- Bank Negara Malaysia's (BNM) Issues Policy Documents and Guidelines
- Bursa Malaysia Sustainability Reporting Guidelines
- Global Reporting Initiative (GRI) Standards
- United Nations Sustainable Development Goals (SDGs)
- Task Force on Climate-related Financial Disclosures (TCFD)
- International Financial Reporting Standards (IFRS)
- Financial Services Act 2013
- Islamic Financial Services Act 2013
- Malaysian Financial Reporting Standards (MFRSs)
- FTSE4Good Bursa Malaysia (F4GBM) Index's Environmental, Social and Governance (ESG) Indicators
- Climate Risk Management and Scenario Analysis (CRMSA) by BNM
- Sustainability Accounting Standards Board (SASB) Sector-Specific Disclosures
- Greenhouse Gas Protocol (GHG Protocol) Corporate Accounting and Reporting Standard, developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD)
- The Global GHG Accounting and Reporting Standard for the Financial Industry
- International Sustainability Standards Board (ISSB) Standards: IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.

Materiality & Material Matters

Materiality guides our value creation approach, helping us focus on issues that matter most to the Group and stakeholders. Our materiality assessment identifies shared priorities, including key environmental, social, and governance (ESG) matters critical to long-term performance and resilience.

Read the Material Matters section from pages 28 to 29 for more details.

Forward-Looking Statements

This Report contains forward-looking statements based on current assessments. Actual results may differ due to emerging risks and other factors. These statements are not guarantees of future performance.

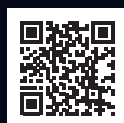
Statement of Assurance

The Report is prepared under strict internal controls. Internal Audit has reviewed and validated non-financial data, while Bureau Veritas Certification (M) Sdn. Bhd. has provided external assurance for:

- Financial Statements: Audited by independent auditors (pages 107 to 243)
- Selected Non-Financial Information: Subject to limited assurance (pages 72 to 75 of SR 2025)

Feedback

We welcome stakeholder engagement to enhance reporting and sustainability practices. For enquiries or feedback, contact: enquiry@mbsbbank.com.



Please scan the QR code to get a direct link to MBSB Group's corporate website.

Inside This Report

Overview

- 2** 75 Years of Contribution
- 3** 2025 Key Highlights
- 4** Our Presence
- 5** Awards and Accolades
- 6** Geared for Growth with FLIGHT26
- 8** Geared to Serve the Community
- 10** Key Significant Events

Reflections from The Top

- 12** Chairman's Overview
- 14** Group Chief Executive Officer's Overview
- 16** Group Chief Financial Officer's Overview
- 18** 5-Year Financial Summary
- 19** 5-Year Financial Highlights
- 20** Statement of Value Added & Distribution
- 21** Group Quarterly Performance

Our Value Creation Approach

- 22** Our Integrated Approach to Value Creation
- 24** Our Value Creation Model
- 26** Engaging Our Stakeholders
- 28** Our Approach to Materiality

Understanding the External Environment

- 30** Economic Sector Overview
- 31** Banking Sector Overview
- 32** Key Market Trends

Business Overview

- 36** Group Consumer Banking
- 38** Group Commercial Banking
- 40** Group Wholesale Banking

Strategic Overview

- 43** Identifying Risks and Mitigations
- 46** Strategic Performance Overview
- 48** Digital Transformation Overview
- 50** Talent Development Overview

Our Leadership

- 52** Group Corporate Structure
- 53** Group Corporate Information
- 54** Profile of MBSB Board of Directors
- 58** Board of Operating Subsidiaries
- 60** Profile of MBSB Bank Shariah Advisory Committee
- 62** Profile of MBSB Group Management Committee

Our Governance

- 68** Corporate Governance Overview Statement
- 82** Audit Committee's Report
- 85** Additional Compliance Statement
- 86** Statement on Risk Management and Internal Control

Financial and Other Reports

Financial Statements

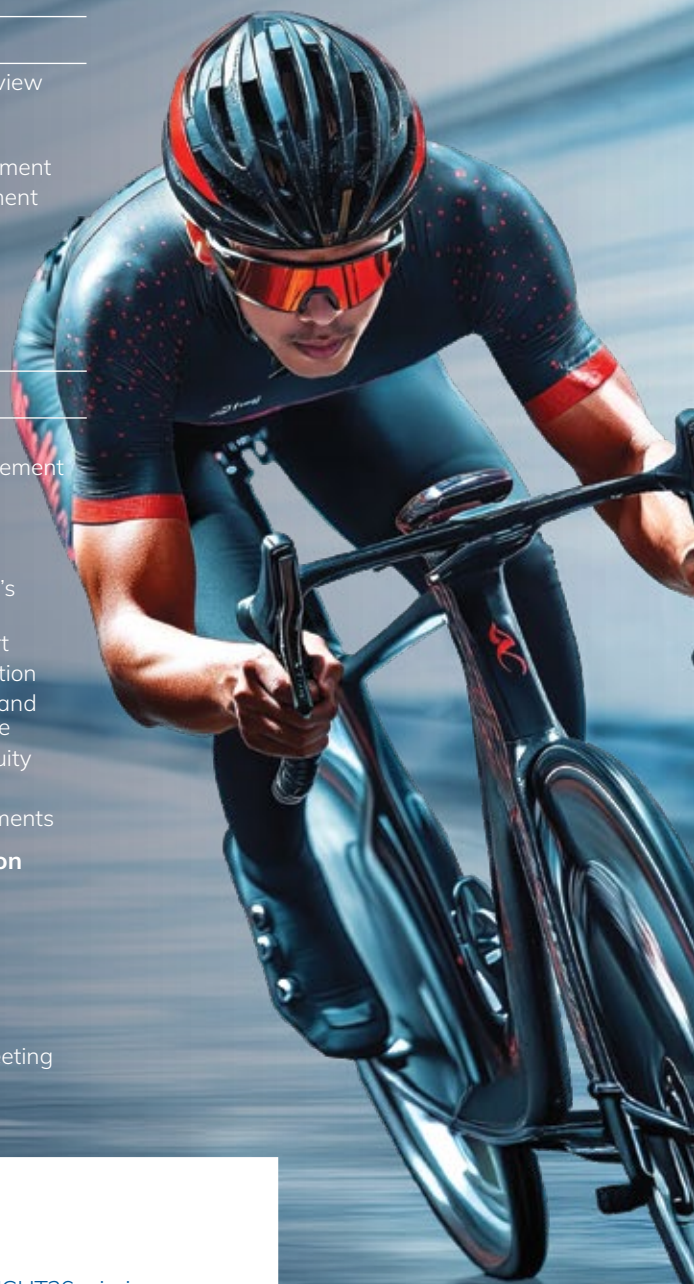
- 97** Directors' Responsibility Statement
- 98** Directors' Report
- 104** Statement by Directors
- 104** Statutory Declaration
- 105** Shariah Advisory Committee's Report
- 107** Independent Auditors' Report
- 111** Statements of Financial Position
- 112** Statements of Profit or Loss and Other Comprehensive Income
- 114** Statement of Changes in Equity
- 116** Statements of Cash Flows
- 119** Notes to the Financial Statements

Other Financial Information

- 244** Disclosure of Financial Data for Shariah Screening

Shareholder Information

- 246** Schedule of Properties
- 248** Analysis of Shareholdings
- 251** Notice of Annual General Meeting
 - Proxy Form



Geared for Growth

Geared for Growth marks MBSB's second year in the FLIGHT26 mission. We advance with a unified purpose to deliver sustainable returns for shareholders, compelling value to our customers and lasting impact for the communities we serve. Inspired by the power of a merged team moving in sync, we are pushing through the final mile of FLIGHT26 together.

75 Years of Contribution

In 2025, MBSB marked 75 years of contribution to Malaysia's financial system, defined by its transition from a building society into a comprehensive financial group. During the 1950s, MBSB acted as a catalyst in a nascent economy, pioneering homeownership financing when the nation needed it most. We continue to reinforce this expertise, as the mortgage business remain central to our strategy and economic impact.

The integration of MBSB Bank Berhad (MBSB Bank), MBSB Investment Bank Berhad (MBSB IB), Malaysian Industrial Development Finance Berhad (MIDF) has engineered a vertical stack to support the entire lifecycle of Malaysian capital requirements. MBSB Bank offers Shariah-compliant solutions for consumer, commercial, and corporate segments, while MBSB IB accelerates value creation through corporate advisory and capital market services. Simultaneously, MIDF contributes to the industrial sector by driving growth and resilience in the SME ecosystem. Anchored in our 75-year legacy, we are harnessing this unified strength to sustain and scale our contribution for the next 75 years and beyond.



Celebrating
75
 years
1950-2025

Our Culture, Brand Promise and Ambitions

myPledge

As stewards of capital, we carry amanah towards five key stakeholders: our shareholders, customers, employees, regulators and the communities we serve. For shareholders, that means delivering sustainable returns whilst for customers, it means fair, innovative and transparent solutions. For employees, it means building an institution with purpose, standards and room to grow. For regulators, it means sound governance, discipline and exemplary conduct. And for communities, it means supporting the underserved for positive outcomes.

Be Bold. Bank Smart.

We are here for those who build with purpose, take charge with clarity, and lead with conviction. For the ones who anticipate change, plan with foresight, and act decisively. We support their ambitions with thoughtful solutions and guidance, helping them navigate opportunities and challenges alike. In every step, we enable smart decisions that balance bold vision with careful judgment.

FLIGHT26

FLIGHT26 is our business plan that sets clear targets to drive growth and create long-term value by 2026. We aim to raise our CASA ratio to 20% to improve funding efficiency, grow our financing portfolio to RM50 billion with a focus on sustainable solutions, and increase non-funded income to 15% of net revenue through income diversification, fee-based services and digital banking. At the same time, we are working to achieve a cost-to-income ratio of 50% by improving efficiency and embracing digital transformation. Together, these targets reflect MBSB's ambition, discipline, and commitment to building a stronger, more sustainable franchise.



2025 Key Highlights

In 2025, MBSB delivered RM3.4 billion in revenue, advancing its FLIGHT26 mission, driven by strong growth in non-funded income, up 76% to RM280 million. Gross financing grew 2.2%, supported by corporate and commercial expansion. The Group declared a total dividend of 3.22 sen per share, reflecting a 95% payout ratio.

Funding optimisation improved materially, with CASA rising to 15.5% (FY2024: 11.1%) and cost of funds reduced to 3.4% (FY2024: 3.7%).

Financial Highlights

Revenue

RM3.4 billion

2024: RM3.7 billion

Non-Funded Income

RM280 million

2024: RM159 million

Financing

RM43.9 billion

2024: RM43.0 billion

Dividends

3.22 sen per share

2024: 4.55 sen per share

CASA Ratio

15.5%

2024: 11.1%

Cost of Funds

3.4%

2024: 3.7%

Sustainability Highlights

Over

RM13 billion

cumulatively catalysed in Sustainable and Transition Finance since 2023

Made its first-year

IFRS S2

climate disclosure

Volunteer Hours

11,477

2024: 6,023

Women in leadership roles*

40%

2024: 35%

*Middle management and above

Over

RM400 million

mobilised under MBSB

Sustainable Term Deposit-i

Total Contribution

RM4.7 million

impacting 114,739

beneficiaries



Our Presence

A Seamless Experience, Wherever You Are

46 MBSB Bank Branches

nationwide, strategically located in key cities to serve retail customers with integrated financial solutions

UNLIMITED FREE ATM Withdrawals

nationwide via the MEPS shared ATM network, with **access to more than 10,000 interbank ATMs** across Malaysia

13 Commercial Banking Centres

in key business hubs, supporting SMEs and mid-sized companies with dedicated banking solutions

Digital Platforms

designed to serve customers across retail, commercial and corporate banking



MJourney for retail banking and daily financial management



MTrade for trade finance and transaction facilitation



MCorporate for cash management and corporate banking solutions

The First Bank in Malaysia

to integrate the **Wise global remittance platform** through Global Easy Transfer (GET) in MBSB's MJourney app, to enable faster, lower-cost international transfers





Awards and Accolades

1

IFN Awards Deal

- IFN Restructuring Deal of The Year

Vantris Energy's RM7.55 billion restructuring - MBSB Investment Bank

2

National Corporate Governance & Sustainability Awards 2025

- Overall Excellence Awards 2025 (Top 50) – MBSB Berhad

3

Alpha Southeast Asia 19th Annual Awards 2025

- Best Syndicated Financing in Asia 2025

Weststar Aviation Services Sdn Bhd's RM4.86 billion Syndicated Islamic term financing facilities – MBSB Bank

- Best Deal of the Year for Minority Shareholder in Asia 2025

Pharmaniaga Bhd's RM569.6 million (equiv. US\$134.7 million) Right Issue, Capital Reduction and Primary Placement – MBSB Investment Bank



1

4

Malaysia Technology Excellence Awards 2025

- Online Service Banking – MBSB Bank
- Information Management – Financial Services – MBSB Bank

5

SJKP Special Awards 2025

- New Participating Financial Institution Award – MBSB Bank

6

Asean Corporate Governance Conference & Awards 2025

- Asean Top 50 PLC – MBSB Berhad



2

3



5



6



4



Geared for Growth with FLIGHT26

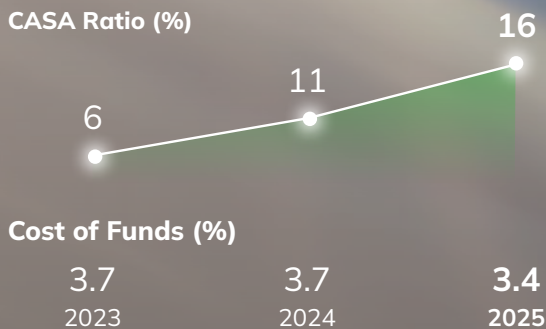
FLIGHT26 is MBSB Group's three-year strategy for 2024 to 2026, designed to strengthen the Group's business fundamentals and improve returns over time. It is anchored on four missions: growing CASA, expanding financing, increasing non-funded income, and improving cost efficiency, with targets set for 2026.

The charts below show performance from 2023, the pre-FLIGHT26 baseline, to 2025 across these four priorities.



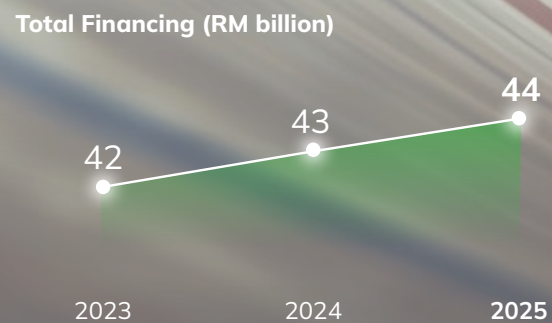
Mission 1

Strengthen CASA, Lower Funding Cost
2026 Targets: CASA Ratio 20% | Cost of Funds 3%



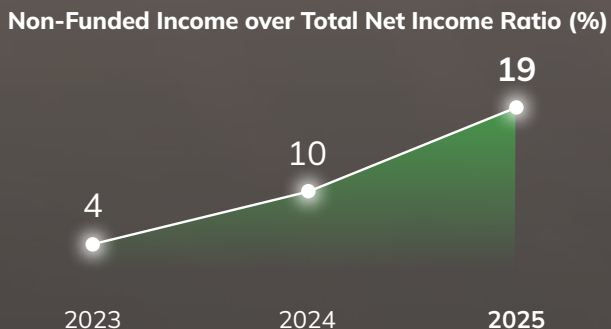
Mission 2

Grow Financing
2026 Target: Total Financing RM50 billion



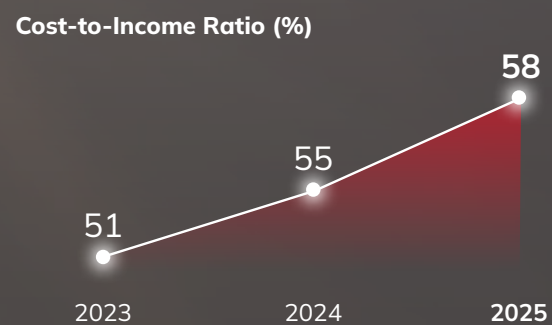
Mission 3

Increase Non-Funded Income
2026 Target: Non-Funded Income/Total Income 15%



Mission 4

Improve Cost Efficiency
2026 Target: Cost-to-Income Ratio 50%





Mission 1

To Strengthen CASA Ratio to 20% and Reduce Cost of Funds to 3%

A stronger, more stable funding base is a key priority of FLIGHT26 to reduce cost of funds and enhance profitability, with CASA growth central to this strategy.

In 2025, CASA grew by RM4.1 billion, from RM3.0 billion to RM7.1 billion, which has improved our CASA Ratio from 6.2% in 2023 to 15.5% in 2025. Growth was led by the Corporate and Commercial segments, complemented by Consumer initiatives, including the MJourney internet banking refresh and signature deposit campaigns.

As a result, cost of funds improved to 3.4% (2023: 3.7%), and with innovations such as the Wise global remittance platform and WorksForMe, both launched in 2025, the Group is geared to sustain its CASA growth momentum.

Mission 3

To Achieve Non-Funded Income over Total Net Income Ratio of 15%

Prioritising revenue diversification, we accelerated our Non-Funded Income over Total Net Income Ratio from 3.8% in 2023 to 18.6% in 2025, surpassing our 15% FLIGHT26 target ahead of schedule. This structural shift was propelled by the Wholesale segment's advisory depth and MBSB Investment Bank's capital-raising mandates.

We further reinforced growth through MIDF's development finance and a scaled Consumer Wealth ecosystem, including our iFAST unit trust platform and PrimeGold-i digital gold offering, successfully transforming our earnings quality and capital efficiency.

Mission 2

To Achieve Financing of RM50 billion

In 2025, the portfolio reached RM44 billion (+4.8%) from RM42 billion in 2023, a measured growth driven by a deliberate intervention to sharpen risk profiles and reinforce asset quality. With these foundations solidified, momentum accelerated significantly in 2H 2025.

In just six months, we secured landmark billion ringgit mandates each for Cypark, DayOne Data Centers, and The Weststar Group. This strong momentum positions us to deploy capital towards key sectors aligned with national aspirations, as sustainable financing also grew YoY to RM13 billion from RM4.7 billion in 2024.

Mission 4

To Lower Cost-to-Income Ratio to 50%

Improving towards a 50% cost-to-income ratio (CIR) was one of the key metrics of our FLIGHT26 strategy. We recorded a CIR of 58% in 2025 primarily due to income landing below projections, while underlying cost discipline remained firm with overall OPEX reducing 4% YoY. We are now deploying productivity interventions and accelerating revenue scalability to continuously bridge this gap.

Advancing FLIGHT26 through Innovations

We have focused on building a suite of innovative solutions designed to strengthen our portfolio and meet more demanding market needs.

- GET powered by Wise Global Remittance Platform**

MBSB Bank is the first in Malaysia to integrate Wise directly into its consumer internet banking app, MJourney, through the Global Easy Transfer (GET) service. It strengthens our retail proposition by providing faster, more transparent cross-border transfers in 12 major currencies. With upfront pricing, GET simplifies the remittance process, ensuring our customers enjoy a seamless and reliable international payment experience.

- WorksForMe**

WorksForMe is MBSB Bank's payroll-based wealth ecosystem, offering professionals preferential rates and fee waivers through a seamless onboarding process. To retain these exclusive benefits, participants must maintain a minimum cumulative monthly credit of RM1,500 into an eligible CASA-i account. It is designed to help the modern workforce maximise earnings and accelerate capital growth at every career stage.

- Retailer Dashboard for SMEs**

We introduced an automated reconciliation tool that unifies payments from cards, QR, cash, and e-wallets like Shopee, TnG, and Grab into a single interface. This streamlines multi-channel reporting for SMEs, ensuring real-time precision in liquidity management while lowering the operational costs typically associated with manual processing.

- Navigator Global powered by Santander**

In partnership with Santander UK, we launched Navigator Global to equip SMEs for international expansion. The platform provides essential market intelligence, legal advisory, and access to verified global partners, giving businesses the clarity and connections they need to scale across borders with confidence.

- Bayo Pay**

Bayo Pay is a specialised digital wallet designed for the construction and plantation sectors, enabling secure digital salary payments for unbanked foreign workers. This solution provides workers with greater dignity and better security while simplifying payroll management across the industry ecosystem.



Geared to Serve the Community

In 2025, we refined our social investment to deliver meaningful outcomes for nearly 115,000 Malaysians. By placing a higher focus on education and actively mobilising the Group's volunteerism participation, we continue to deepen relationships with the communities we serve, ensuring that our corporate footprint drives authentic and sustainable impact across the country.



Total Investment

RM4.7 Million

2024: RM6.4 million

Volunteer Hours

11,477 hrs

2024: 6,023hrs

Beneficiaries for Community Empowerment

57,139

2024: 41,645

Beneficiaries for Economic Development

2,485

2024: 4,635

Total Beneficiaries

114,739

2024: 71,160

Beneficiaries for Education

39,115

2024: 13,880

Beneficiaries for Environment

16,000

2024: 11,000



Delivering Community Impact at Scale

In 2025, we refined our social impact model to achieve broader reach through more efficient and targeted resource allocation. While the total Zakat and CSR fund adjusted to RM4.7 million, our outreach grew by 61%, touching the lives of 114,739 beneficiaries. This performance highlights a shift toward high-efficiency partnerships and streamlined programme delivery. This outcome-oriented approach demonstrates our ability to maximise social returns for the community and our stakeholders alike.

Cultivating a Culture of Active Corporate Citizenship

The dedication of our people remains the primary driver of our community presence. In 2025, volunteer hours rose by 91%, totalling 11,477 hours. From disaster relief to weekly community service, our team's presence in the field ensures that our brand remains connected to the daily realities of the people we serve. This surge in participation strengthens our internal culture while building genuine, long-term trust with local communities and regional partners across Malaysia.

Community Empowerment: Strengthening Social Resilience Through Consistent Support

We reached 57,139 beneficiaries in 2025, our largest achievement to-date. Grounded in the principle of consistent, reliable aid, we maintained our long-standing support for the Pertiwi soup kitchen at Medan Tuanku and provided direct flood relief to the state governments of Kelantan, Sabah, and Sarawak during the early 2025 monsoon. Furthermore, our "Box of Care" initiatives in Shah Alam and PPR communities have allowed us to build closer ties with stakeholders in Selangor, where we are based.

Education: Facilitating Academic Excellence and Future Opportunity

Education is a pillar of our long-term social strategy, with beneficiaries increasing to 39,115 in 2025. Our flagship Sekolah Angkat Madani programme supports five schools in the Klang Valley, complemented by year-long tuition programs at various PPR housing projects to assist underserved students. At the tertiary level, we provide financial aid at UPM and support critical research at UniSZA. This holistic approach ensures that support is available at every stage of the academic journey.

Economic Development: Empowering Entrepreneurs for the Digital Economy

Economic empowerment in 2025 focused on equipping 2,485 beneficiaries with specialised skills for a modern marketplace. Through our partnership with MDEC, we provided TikTok training to help local creators navigate social commerce, while our collaboration with Lembaga Zakat Selangor (LZS) delivered digital marketing immersion for *Asnaf* entrepreneurs. By focusing on digital literacy and commercial expertise, we provide the necessary tools for individuals to build sustainable livelihoods, ensuring *asnaf* entrepreneurs are well-positioned to thrive in an increasingly digitised economy.

Environment: Preserving our Ecosystem Through Purposeful Action

Our environmental initiatives expanded to reach 16,000 beneficiaries in 2025, focusing on the preservation of Malaysia's vital ecosystems. Through hands-on efforts such as mangrove planting and turtle conservation, we are taking a high-impact approach to biodiversity protection. Our CSR Day featured the distribution of 3,800 seed bombs, designed to encourage urban reforestation and environmental stewardship.



Key Significant Events

Jan

22 January

Popular Savings Campaign Rolled Out with RM2 Million Rewards

- Launched Simpan Berganda Menang Bergaya 4.0 (SBMB 4.0) to accelerate retail deposit growth via PrimeWin CASA-i.
- Offered a RM2 million prize pool, including BYD and Proton e.MAS 7 EVs, to align with modern consumer aspirations.

Feb

10 February

Atlantic Council Study Tour Forum at Menara MBSB Bank

- Served as the sole financial institution selected for the Atlantic Council's Malaysia study tour.
- Led the "Realising Malaysia's Growth Ambitions" forum, spotlighting the role of Shariah-compliant institutions in driving economic and national resilience.

24 February

Forging Stronger Links with FMM

- Formalised a strategic collaboration with the Federation of Malaysian Manufacturers (FMM).
- Tailored financing solutions for members, especially in the automation space.

27 February

Strengthening Partnership with Perodua's Supplier Network

- Hosted the Perodua Suppliers Association (P2SA) to strengthen ties with the national automotive supply chain.
- Showcased custom financing and advisory tools to boost supplier capacity.

Jun

3 June

Hosted Dialogue with Negeri Sembilan's Menteri Besar on High-Tech Investment Opportunities

- Hosted the Negeri Sembilan Menteri Besar and state agencies for an exclusive dialogue to highlight high-tech investment opportunities within the Malaysia Vision Valley 2.0 (MVV 2.0) economic corridor.
- MBSB Research provide insights in connecting institutional investors with strategic projects in data centres and advanced manufacturing.



12 February

Kicking Off 75 Years of Celebration with the Bank's First-Ever Lion Dance

- Marked the 75th Anniversary with a Chinese New Year celebration for staff, featuring a traditional lion dance performance.
- Launched a celebration video and photo gallery for employees to appreciate the Group's 75-year history

20 February

RM300 Million Fund Announced to Scale Malaysia's Halal Sector

- Allocated RM300 million through FRF and HATI to support factory modernisation and Halal business growth, with financing of up to RM20 million per customer under FRF and up to RM5 million under HATI.
- Partnered with industry experts such as MTDC, SIRIM and HDC.

Mar

26 March

Enabling Oasis Home's Bursa Debut

- MBSB IB acted as Principal Adviser and Underwriter for the RM42 million Oasis Home Holding Berhad IPO, the first live commerce listing on Bursa Malaysia.
- Reinforced MBSB's role as a primary enabler for pioneering businesses, successfully executing Malaysia's first-of-its-kind digital economy listing.

May

20 May

Launched RM1 Billion Aerospace Financing Facility

- Launched a dedicated RM1 billion facility at LIMA '25 to support OEM suppliers and MRO providers in the aviation ecosystem.
- Provided strategic capital focused on automation and technological expansion for Tier 1 and Tier 2 manufacturers.

Jul

26 June

55th Annual General Meeting

- Held the Annual General Meeting where shareholders passed all resolutions, showing support for the Group's strategy.
- Shared progress on the FLIGHT26 roadmap, including key updates on the business transformation and the successful merger with MIDF.

13 July

Flagging Off the First MBSB Batik Run

- Hosted 8,000 people for MBSB's Batik Run at MBSA to celebrate our 75th anniversary and promote healthy lifestyles.
- Teamed up with Kapten Batik to support local businesses and boost the Group's brand profile.



Aug

6 August

Hosted Clean Energy Transition Dialogue

- Hosted a forum with the Deputy Prime Minister and the heads of EPF and PNB to discuss Malaysia's USD143 billion energy transition.
- Launched the Shariah & Sustainability Centre of Excellence to lead in green financing and sustainable banking.

19 August

Fueling Cypark's Renewable Energy Push

- Provided a RM1.3 billion bilateral Islamic financing facility to Cypark Group to refinance several of its key brownfield solar and waste-to-energy assets.
- The facility supports the refinancing of Cypark's solar and waste-to-energy assets, reinforcing the Group's role in Malaysia's clean energy transition.

Sep

24 September

Advancing IP-Backed Financing in Malaysia

- Signed a pioneering MoU with Menara MyIPO to pilot intellectual property-backed financing for Malaysian enterprises.
- Marked a milestone in the ASEAN IP Finance Pilot Project, helping to build recognition of IP as a bankable asset class.

Oct

3 October

Powering Weststar's Expansions

- MBSB Bank and MBSB IB participated as financier and Joint Lead Arranger for Weststar's syndicated Islamic financing facility of up to RM4.86 billion, with a RM1.3 billion participation from MBSB Bank.
- Supported Weststar Aviation Services' expansion through financing for helicopter acquisition, working capital, corporate purposes and foreign exchange risk management.



22 August

Supporting Johor's Digital Economy Push

- Acted as Mandated Lead Arranger, with participation of RM1.2 billion Islamic financing facility to fund DayOne's major data centre projects in Johor, in an event graced by the Menteri Besar YAB Dato' Onn Hafiz Ghazi.

28 August

Malaysia's First Bank to Integrate Wise

- Became Malaysia's first bank to integrate the Wise global remittance platform directly, called the GET service into the M Journey banking app.
- Enabled instant remittances across 12 major currencies, offering customers transparent, same-day delivery with full end-to-end tracking.

30 September

Hosted Malaysia's Largest Business Matching Platform

- Connected 400+ SMEs with 20 major corporations such as Perodua, Proton, the Malaysia Aviation Group, and Sime Darby Group to strengthen supply chains.
- Launched the RM100 million GLOMAX fund with YB Dato' Seri Tengku Zafrul Tengku Abdul Aziz, Minister of Investment, Trade and Industry (MITI), helping 50+ high-potential businesses expand globally.

Dec

1 December

Unveiling Navigator Global: Opening Global Pathways for Malaysian SMEs

- Partnered with Santander Group's Navigator Global platform to help SME customers expand into international markets.
- Officiated by MITI Minister Tengku Zafrul, the alliance gives businesses free access to global market intelligence.

Chairman's Overview

I am pleased to present our IAR 2025 with the theme 'Geared for Growth' as MBSB Group marks its 75th year. During this milestone, we have focused on strengthening our foundations through the FLIGHT26 transformation plan while remaining disciplined in our operations. These efforts, alongside our digital and sustainability progress, ensure the Group is better positioned for sustained, long-term growth.



DATO' WAN KAMARUZAMAN WAN AHMAD
Chairman

The global economic landscape in 2025 was heavily shaped by uncertainties involving renewed U.S. tariffs, which was a major disrupter last year. Closer to home, while Malaysia assumed the ASEAN Chairmanship during a period of unprecedented geopolitical flux, domestic investor confidence returned robustly, driving a strengthening Ringgit and a resilient KLCI.

Against this backdrop, Bank Negara Malaysia's steady hand on the Overnight Policy Rate (OPR) and measured approach moderated domestic inflation, affording businesses the financial predictability necessary to sustain vibrant economic activities. Recognising our role within the broader financial ecosystem, MBSB Group engaged actively in various national-level industry forums, as we sought to support the shared goal of building Malaysia's economic resilience.

As we navigate 2026, the escalating conflict involving the U.S. in the Middle East has exacerbated global volatility. Our priority remain the rigorous execution of our transformation journey, sharpening our tech automation, driving partnerships and productivity, embedding sustainability into our core capital allocation as we build operational agility to withstand these shifting tides.

Fortifying Core Fundamentals and Maximising Shareholder Yields

For FY2025, the Group recorded a revenue of RM3.4 billion and a Profit Before Tax of RM390 million. While this represents a moderation from the prior year, it marks a necessary phase of consolidation and prudent balance sheet management.

The underlying fundamentals of the franchise are demonstrating structural resilience. Sustained focus on deposit management drove our CASA ratio to 15.5%, surpassing our 13% target for 2025, while driving further improvement in cost of funds to 3.4%. The growth of our deposit franchise was significantly bolstered by our Corporate and Commercial Divisions and further supported by our SBMB 4.0 retail campaign, our trademark deposit activation anchored around highly relevant lifestyle rewards.

Non-Funded Income expanded to RM280 million, exceeding targets, as we pivot towards a diversified revenue strategy leveraging synergistic potential of MBSB Bank, MBSB IB, and MIDF. All these culminate towards our strong commitment to shareholder value with a 95% dividend payout ratio in 2025, delivering 3.22 sen per share.

Mobilising Capital for National Blueprints and High-Value Transitions

In 2025, MBSB Group aligned its balance sheet with the nation's core macroeconomic blueprints, most notably the National Energy Transition Roadmap (NETR) and the New Industrial Master Plan 2030 (NIMP 2030). To institutionalise this commitment, dedicated RM1 billion financing tranches were established targeting solar infrastructure, agro-based food security, and critical rail networks respectively. These allocations ensure that institutional capital flows directly into the sectors essential for Malaysia's long-term economic growth and industrial progression.

Further guided by these frameworks, the Wholesale Banking division executed landmark transactions across critical growth corridors. The structural shift towards a low-carbon, data-driven economy was financed through support for Cypark's utility-scale renewable energy initiatives and DayOne's foundational digital infrastructure, which anchored the southern region's emergence as a premier ASEAN technology hub.

Engineering Enterprise Growth and Accelerating Digital Velocity

Through MIDF, the Group's commitment to advancing Malaysian SMEs up the value chain was reflected in the recognition of high-performing enterprises at the Malaysia Smart Manufacturing Awards (MSMA).



In a strategic collaboration with MITI, the MBSB Group Anchor Companies Open Day & Vendor Business Matching successfully integrated over 400 local SME vendors into the supply chains of 20 anchor conglomerates, including Perodua, Proton, the Malaysia Aviation Group, and Sime Darby Group.

We also launched the RM100 million GLOMAX initiative to accelerate international market access for SMEs. The introduction of the Navigator Global trade platform with Santander, further equip SMEs with the intelligence required to navigate the complexities of international trade.

A strategic partnership with Bayo Pay delivered streamlined payroll wallet solutions, actively architecting operational efficiency for our commercial clients.

Concurrently, we elevated our retail consumer experience with a refreshed MJourney platform. This digital ecosystem is now made even more powerful with the inclusion of the Wise global remittance platform. Called Global Easy Transfer (GET), this service offers borderless and cost-effective remittances to our customers.

Advancing Regional Discourse on Sustainable and Ethical Finance

The Group's 75th anniversary served as a strategic point to amplify our institutional voice and contribute to the broader economic discourse. This commitment was materialised through sponsorships and active dialogue across premier platforms, including the Global Ethical Finance Initiative (GEFI), the ASEAN Business Forum 2025, and KLIFF 2025. Furthermore, the Group supported the Forum Ekonomi Malaysia, in collaboration with the Ministry of Economy, as well as the International Social Wellbeing Conference (ISWC) hosted by EPF. Through these sustained engagements, we continue to drive contributions to the formulation of sustainable economic frameworks and Islamic finance policies.

Elevating Diversity and Focus on Human Capital

Sound governance requires a breadth of perspective. In 2025, we strengthened leadership diversity, increasing women's representation at middle management and above from 35% to 40%. We view this as a practical enhancement to our risk management and strategic oversight, ensuring our decisions reflect the market realities.

Simultaneously, holistic employee development was prioritised through the revitalisation of employee benefits and the formation of Kesatuan Eksekutif Kanan MBSB (KESEK) in strengthening our employee engagement platform. To further embed a unified, high-performance environment, the 'myPledge' training programme was executed Group-wide establishing definitive standards for individual accountability and cross-functional alignment. These culture reforms translated directly into improved service delivery, driving a substantial increase in our Net Promoter Score (NPS) from 63 to 87.

Internal cohesion naturally extended to civic commitments. Propelled by a clear CSR framework, our colleagues contributed 11,477 volunteer hours Group-wide, significantly exceeding our baseline target of 7,000. Our RM4.7 million social investment



reached 114,739 beneficiaries nationwide, a 63% YoY improvement. We benefited 39,115 individuals for educational advancement and 57,139 recipients for community development initiatives, with deeper focus in addressing urban poverty, reinforcing our commitment to the community's resilience.

Looking Ahead: Mobilising for the Final Phase of FLIGHT26

As the Group transitions into the final year of our FLIGHT26 roadmap, our capabilities are being mobilised to achieve our targets. By maintaining rigorous asset quality standards and driving capital efficiency, the structural foundation fortified in 2025 puts MBSB in a better position to navigate heightened future complexities and to drive enduring, equitable value.

None of the milestones achieved during this 75th year would have been possible without the collective resolve of our people. On behalf of the Board of Directors, I extend my gratitude to the management team and every employee across MBSB Bank, MBSB IB, and MIDF. Your resilience, discipline, and sustained focus during a highly transitional macroeconomic period have been the bedrock of our institutional stability.

Finally, to our regulators, shareholders, clients, and strategic partners, thank you for your enduring trust, loyalty, and confidence in MBSB Group. As we build upon 75 years of institutional heritage, our mandate remains clear, to execute with integrity, and to shape a genuinely better tomorrow for all.

Be Bold. Bank Smart.

**DATO' WAN KAMARUZAMAN
WAN AHMAD**

Chairman, MBSB Berhad

Group Chief Executive Officer's Overview

Seventy-five years ago, this institution was established as a building society with a singular mandate to facilitate homeownership. Today, as we commemorate our 75th anniversary in 2025, MBSB stands transformed, operating firmly as a full-fledged universal banking franchise.

RAFE HANEEF
Group Chief Executive Officer



This milestone year also marks the critical midpoint of our FLIGHT26 mandate, a strategic roadmap designed to transition the Group from its legacy framework into a resilient, commercially competitive banking Group. While we honour the heritage that anchors us, it is the rigour of our current execution that will engineer our market trajectory for the decades to come.

Building Our Ambitions Upon a Transformed Foundation

Our current trajectory is anchored by the 2023 baseline that defined the start of our transformation. At the inception of FLIGHT26, we identified several structural imperatives, notably a high cost of funds, a modest 6.2% CASA ratio, and a suppressed core ROE.

FLIGHT26 was architected to resolve these legacy challenges and pivot toward a more disciplined framework that strengthens our risk parameters. By the end of 2025, our CASA ratio more than doubled to 15.5%, driving down our Cost of Funds from 3.7% to 3.4%, fundamentally improving our funding profile.

This shift is also visible in our revenue mix; non-funded income reached RM280 million, contributing 19% to our total net revenue, compared to just RM38 million in 2023. While our RM390 million Profit Before Tax reflects the cost of necessary legacy provisioning, the health of our core commercial engine remains clear. This stability supported a measured expansion of our financing portfolio to RM43.9 billion, a 2.2% increase over 2024, as we transition toward a higher-quality asset base.

Moving forward, we maintain strong capital and liquidity positions, providing the necessary foundation to power our growth ambitions.

Redefining Consumer Excellence Through Sophisticated Wealth and Digital Ecosystems

In our Consumer division, we have shifted our trajectory toward attracting a higher-tier customer segment by evolving beyond traditional reliance on personal mortgage financing portfolios.

Over the past two years, we have driven concerted efforts toward building a comprehensive product suite designed to serve a more affluent and diverse demographic. A key pillar of this acquisition strategy is the SBMB 4.0 program; now in its fourth year, as this signature CASA initiative continues to secure high-quality deposits and deepen customer loyalty. We have paired this with a sophisticated wealth architecture through our iFAST unit trust platform and PrimeGold-i digital gold offering, alongside the Term Investment Account-i (TIA-i), which has become a synonymous choice for depositors seeking inflation-resilient wealth preservation.

We are the first Malaysian bank to integrate the Wise global remittance platform into our retail internet banking platform, MJourney. Called Global Easy Transfer (GET), this service offers borderless and cost-effective remittances to our customers.

By embedding the WorksForMe payroll solution, the reintroduction of Auto Financing-i, and MShield takaful directly into the customer lifecycle, we are ensuring a seamless experience that empowers our clients to build and grow wealth as the building blocks of their relationship with us.

Empowering the Commercial Landscape Through Strategic Partnerships and Integrated Financing

For Commercial Banking, we pursued a differentiated growth strategy centred on deep ecosystem integration rather than broad, transactional financing. By forging targeted partnerships with key industry bodies, including FMM, PRESMA, Perodua Suppliers Association, and MPSEA, we are positioning ourselves at the heart of the SME economy. This focus is backed by billion-dollar funding allocations across strategic sectors such as Solar, Agro, ESG, and Rail infrastructure each, which are essential to Malaysia's long-term economic resilience.

Central to our value proposition is the "Sweet and Spicy" model, which uniquely blends developmental grants and specialised funding from SJKP, Teraju, and MITI with the speed and flexibility of commercial banking. This approach ensures our clients receive the structural support of a development bank without sacrificing the agility required in today's market.

Through our close collaboration with MITI, we have successfully executed initiatives like the Anchor Companies Open Day, connecting 400 SMEs to major GLCs such as MAG, Sime Darby, and Proton to foster tangible supply chain integration. Complemented by digital enablers like the GLOMAX accelerator programme, Bayo Pay, and the Santander Navigator Global platform, we are providing a comprehensive suite that empowers Malaysian businesses to scale locally and compete globally. Our goal is to deliver the tangible value for the SME sector to thrive as a high-growth engine of our nation's progress.



Advancing Our Role as a Strategic Partner to Corporate Malaysia

Wholesale Banking has completed its transition into an integrated suite encompassing Corporate Banking, Investment Banking, Financial Markets and Transaction Banking. This evolution allows us to play a more consistent role in Corporate Malaysia by participating in strategic mandates that align with the national agenda.

In 2025, MBSB supported The Weststar Group through its participation in a RM4.8 billion syndicated Islamic financing facility for the Group's aviation expansion. MBSB Bank committed RM1.3 billion, while MBSB IB acted as Joint Lead Arranger. The financing was used to support helicopter acquisitions, as well as provide additional funding for working capital and other corporate purposes.

Alongside other banks, MBSB was involved in a RM15 billion syndicated club deal for WG Data Hub Sdn Bhd, linked to DayOne Data Centers. MBSB Bank participated with a RM1.2 billion Islamic financing facility and successfully acted as a Mandated Lead Arranger.

In support of Malaysia's clean energy transition, MBSB provided Cypark Group with a RM1.3 billion bilateral Islamic financing facility. The financing was arranged to refinance key brownfield waste-to-energy and solar farm assets, strengthening Cypark's role in the renewable energy and sustainable infrastructure sector.

MBSB IB continues to deepen its advisory presence, having supported the capital raising for Vantris Energy's restructuring, the listing of Oasis Home Holding on the ACE Market and assisting Pharmaniaga's transition out of PN-17 status. The Edge Malaysia has also recognised MBSB IB for Best Fund Raising (Non-IPO) in respect of Pharmaniaga Berhad's Concurrent Rights Issue and Primary Placement, amongst many other awards and accolades received for various deals in 2025.

Contributing to the National Discourse Through Various Industry Engagements

MBSB has sought to contribute to the national and regional discourse by maintaining a consistent presence at key industry platforms. Throughout the year, we shared our perspectives at major forums including the Forum Ekonomi Malaysia (FEM), the ASEAN Business Forum, KLIFF, and the Global Ethical Finance Initiative (GEFI). This commitment to the transition toward a sustainable economy was further reflected in our participation at



the Sustainability Forum alongside YAB Dato' Sri Haji Fadillah bin Haji Yusof. We have also deepened our regional footprint through targeted engagement with Negeri Sembilan, hosting the Menteri Besar at an exclusive session for the state's leaders with corporates and SMEs. Supported by the intellectual capital of our research house, these high-level interactions also solidified MBSB's reputation as a credible voice in the evolution of Islamic finance and a trusted partner in Malaysia's broader development engines.

Building a High-Performance Culture Through Shared Commitment and Community Impact

A bank is only as resilient as its people, and our progress over the last two years is a direct result of their commitment. This alignment is rooted in myPledge, our high-performance culture framework designed to foster agility, professional integrity, and a result-oriented mindset across every level of the organisation. By anchoring our workforce under this shared ethos and formalising our executive union, KESEK, we have established a collaborative environment where every employee has a clear stake in our transformation.

This internal spirit is most visible in how our team shows up for the community; in 2025, employee volunteerism reached 11,477 hours, a 64% increase that far exceeded our initial expectations. Our Zakat and CSR programs reached over 114,000 beneficiaries, with a practical focus on education through the Sekolah Madani initiative and tuition programs for PPR communities. From providing rapid flood disaster relief to Kelantan and Sarawak state governments, to the MBSB Batik Run with 8,000 participants, we believe our success is only meaningful if it contributes to the resilience of the Malaysian community.

Sustaining Shareholder Value Through Disciplined Capital and Resilient Returns

Our primary objective is to deliver consistent, long term shareholder value and have maintained a strong dividend policy, returning over 95% of our earnings to shareholders. This commitment is supported by solid capital and liquidity positions, which provide the stability required to navigate market shifts and fuel our future growth. My sincere gratitude goes to the Board for their steady stewardship and to our employees for their hard work and dedication throughout this period of transformation.

Completing the Final Mile of FLIGHT26

As we enter the final phase of our FLIGHT26 roadmap, our focus remains anchored in the fundamentals: quality growth, prudent risk management, and capital efficiency. To support this, we are integrating AI-driven insights across our credit monitoring and front-end touchpoints, leveraging technology to drive both operational efficiency and sustainable revenue growth.

We move forward with purpose and rigour, knowing our execution today is not merely about reaching 2026 milestone, but to ensure this institution remains a resilient force for the next seventy-five years and beyond.

Be Bold. Bank Smart.

RAFE HANEEF

Group Chief Executive Officer

Group Chief Financial Officer's Overview

MBSB Group navigated a dynamic and evolving operating environment in 2025, shaped by global developments including geopolitical shifts, tariff measures, and profit rate uncertainties. The Group remained resilient through these challenges, demonstrating agility and discipline, as we continue to strengthen our platform for sustainable growth going forward.



SHAHNAZ JAMMAL
Group Chief Financial Officer

FY2025 marked a year of steady execution and meaningful strategic progress. Building on the successful integration of group synergies, MBSB Group further strengthened its position as a diversified, digitally-driven Islamic banking franchise. This was underpinned by disciplined balance sheet management, prudent risk practices, and a continued focus on capital preservation.

While the financial performance reflects a transitional phase, influenced by margin compression and a more prudent risk stance, the Group's underlying fundamentals continued to strengthen. This was supported by ongoing efforts to enhance the funding base and expand non-funded income streams, reinforcing the Group's resilience, agility, and long-term capital strength.

Overall, the Group delivered stable performance, with improved operational efficiency and a strong capital position to support future growth and strategic priorities. In FY2025, MBSB Group achieved a dividend payout ratio of 95%, underscoring its commitment to delivering sustainable value to shareholders through consistent returns.

2025 Financial Performance

MBSB Group recorded Profit Before Tax of RM390.0 million for FY2025. While this represents a moderation from RM586.3 million in FY2024, the performance reflects the Group's prudent approach to managing margin pressures and strengthening credit

quality. These impacts were partially mitigated by improved funding efficiency and stronger contributions from non-funded income.

Revenue stood at RM3.4 billion in FY2025, reflecting a resilient performance amid a challenging environment. Net funded income moderated to RM1.2 billion, primarily due to timing of financing disbursements, higher early redemptions, and the reduction in the Overnight Policy Rate in July 2025.

Encouragingly, fee-based income, a key strategic focus area, delivered strong growth of 21.5% YoY to RM143.7 million. This underscores the success of the Group's initiatives to diversify revenue streams. Overall, non-funded income increased significantly to RM280 million, representing a robust 76% growth compared to FY2024.

Net Profit Margin stood at 1.9% and remains an area of continued focus. In response to ongoing deposit pricing pressures, the Group intensified efforts to strengthen its deposit franchise, supported by proactive liability management and portfolio optimisation strategies.

The Group achieved a record CASA ratio of 15.5%, up from 11.1% in FY2024. This improvement reflects the continued impact of the Group's ongoing initiatives to strengthen its deposit franchise, enhance customer engagement, and improve accessibility through its digital and service offerings. These efforts contributed to a reduction in Cost of Funds (COF) to 3.4%, compared to 3.7% in FY2024.

Gross Financing
RM43.9 billion



Non-Funded income
RM280 million



CASA Ratio
15.5%



Cost of Funds
3.4%



Gross financing grew by 2.2% YoY, supported by the corporate and commercial segments. While the Gross Impaired Financing ratio increased to 6.3%, this was largely attributable to legacy exposures. The Group's impaired financing is largely fully collateralised; excluding these exposures, the Group's Financing Loss Coverage remained strong at 116%, reflecting prudent provisioning and a disciplined approach to asset quality management.

Operating expenses declined by 4% YoY, reflecting continued focus on cost optimisation and operational discipline. While the cost-to-income ratio increased to 57.9% due to lower income, the Group remains committed to improving efficiency through ongoing digital transformation and optimisation initiatives.



Liquidity remained robust, with the Liquidity Coverage Ratio (LCR) at 141.4%, well above regulatory requirements, reflecting efficient deployment of liquidity to support growth. The Net Stable Funding Ratio (NSFR) improved to 112.5%, highlighting the strength and stability of the Group's funding profile.

As at 31 December 2025, the Group's Common Equity Tier-1 (CET-1) ratio stood at 19.0%, with a Total Capital Ratio (TCR) of 21.5%, both comfortably above regulatory benchmarks. This strong capital position provides a solid foundation to support future growth and strategic initiatives.

The Group remains firmly committed to delivering value to shareholders. For FY2025, two single-tier interim dividends totalling 3.22 sen per share were declared, amounting to RM265 million. This represents a payout ratio of 95%, significantly above industry levels and the Group's minimum dividend payout ratio of 30%.

Key Initiatives

During the financial year, we fundamentally upgraded our financial and operational architecture, successfully repositioning the Finance Division from a traditional reporting function to a strategic value enabler. This transformation was driven by the execution of four key pillars:

- ▶ **Data & Risk Precision:** We implemented Enterprise Data Warehouse (EDW) and MFRS 9 systems, transforming raw data into high-value business intelligence while enabling a single source of truth for consistent and reliable Group-wide reporting. In parallel, we strengthened balance sheet management through disciplined deposit pricing and proactive funding strategies, optimising COF while maintaining strong liquidity positions above regulatory and internal thresholds.
- ▶ **Regulatory Agility:** We integrated a fully automated e-Invoicing system alongside a structured service tax framework, while strengthening regulatory reporting through enhanced validation and automation, ensuring real-time transparency and seamless regulatory compliance without operational drag.

As at 31 December 2025, the Group's capital position remained strong, with a CET-1 ratio of 19.0% and Total Capital Ratio of 21.5%, both well above regulatory benchmarks, providing resilience and a solid platform to support future growth.



- ▶ **Sustainable Supply Chain and Cost Efficiency:** By centralising our procurement strategy, driving aggressive vendor optimisation and embedding sustainability scoring aligned with our ESG commitments, we reduced inefficiencies and secured stronger commercial value across the Group.
- ▶ **Operational Optimisation:** We automated core finance processes, significantly reducing manual intervention and accelerating turnaround times. This has resulted in a leaner, more agile finance division, well-equipped to deliver actionable insights that support sustainable growth.

Outlook

Looking ahead to 2026, the Group will continue to build on the strong foundation established, focusing on unlocking synergies from its expanded banking platform. The structural enhancements made to the balance sheet in 2025 position the Group well to scale operations under the FLIGHT26 strategic roadmap.

Key priorities include optimising the funding mix, strengthening asset quality, and accelerating digital transformation initiatives. The Group remains focused on normalising its cost-to-income ratio through stronger growth in funded income, while maintaining disciplined cost management.

Moving forward, MBSB Group remains committed to delivering sustainable value to shareholders and stakeholders, and is well-positioned to navigate a dynamic environment with resilience and confidence.

Be Bold. Bank Smart.

SHAHNAZ JAMMAL
Group Chief Financial Officer

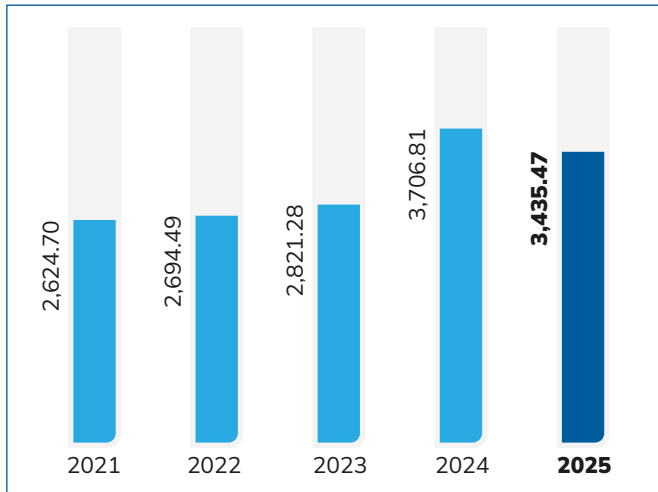
5-Year Financial Summary

| 5-YEAR FINANCIAL REVIEW OF THE GROUP | 2021 | 2022 | 2023 | 2024 | 2025 |
|------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| TOTAL ASSETS (RM Million) | 50,681.29 | 54,948.31 | 66,663.29 | 64,264.01 | 65,197.94 |
| Cash and Bank Balances | 1,498.70 | 2,803.70 | 6,357.13 | 2,033.38 | 1,836.22 |
| Financial investment | 12,681.66 | 13,258.93 | 17,529.16 | 17,794.19 | 18,408.63 |
| Net loans, financing and advances | 34,503.10 | 36,933.66 | 40,491.53 | 42,136.10 | 43,148.65 |
| – Gross loans, financing and advances | 36,180.61 | 38,559.69 | 42,044.31 | 42,982.62 | 43,929.23 |
| Property, Plant and Equipment | 347.29 | 321.23 | 324.83 | 316.57 | 302.24 |
| Other Receivables | 1,650.55 | 1,630.80 | 1,960.64 | 1,983.78 | 1,502.20 |
| TOTAL LIABILITIES (RM Million) | 42,001.96 | 45,989.11 | 56,825.02 | 54,485.93 | 55,338.49 |
| Deposit from customers | 24,601.75 | 28,957.14 | 38,800.07 | 39,778.85 | 39,311.27 |
| Deposits and placements of bank and other financial institutions | 8,649.58 | 7,511.34 | 8,823.57 | 9,056.29 | 6,373.78 |
| Total deposits | 33,251.33 | 36,468.47 | 47,623.63 | 48,835.14 | 45,685.05 |
| Investment accounts of customers | 2,094.91 | 2,080.77 | – | 560.93 | 1,386.05 |
| Islamic Repurchase Agreement | – | – | 2,005.20 | 568.51 | 3,078.07 |
| Sukuk & Cagamas | 5,508.53 | 6,786.13 | 6,229.16 | 3,415.77 | 4,556.49 |
| Borrowings | – | – | 203.84 | 174.80 | 143.81 |
| Other Payables | 1,147.19 | 653.75 | 763.18 | 930.78 | 489.02 |
| SHAREHOLDERS' EQUITY (RM Million) | 8,679.33 | 8,959.19 | 9,838.27 | 9,778.08 | 9,859.45 |
| Share Capital | 7,198.07 | 7,198.07 | 7,970.43 | 7,970.43 | 7,970.43 |
| Other Reserves | (161.05) | (341.37) | (9.26) | 188.62 | 369.32 |
| Retained Profits | 1,642.30 | 2,102.49 | 1,876.87 | 1,618.80 | 1,519.47 |
| Non-Controlling Interest | – | – | 0.24 | 0.23 | 0.23 |
| TOTAL EQUITY AND LIABILITIES | 50,681.29 | 54,948.31 | 66,663.29 | 64,264.01 | 65,197.94 |

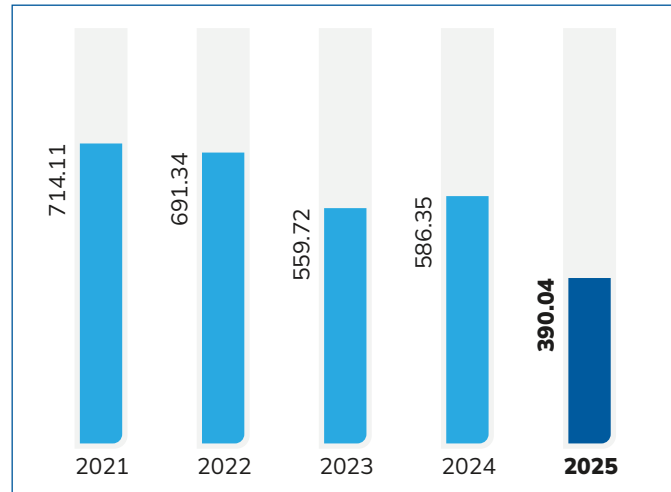


5-Year Financial Highlights

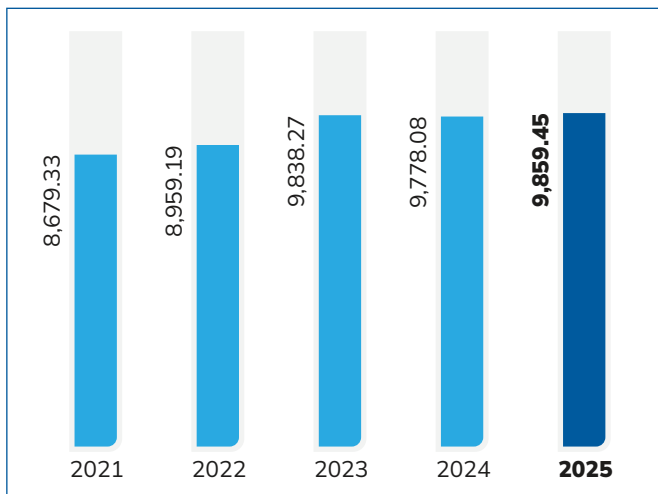
Revenue (RM million)



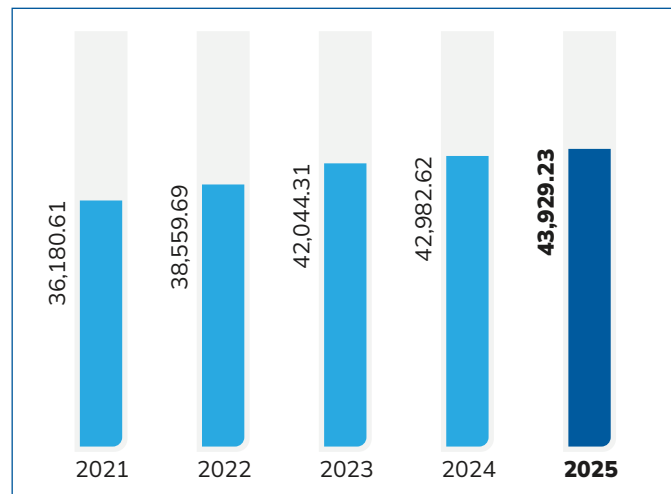
Profit Before Tax and Zakat (RM million)



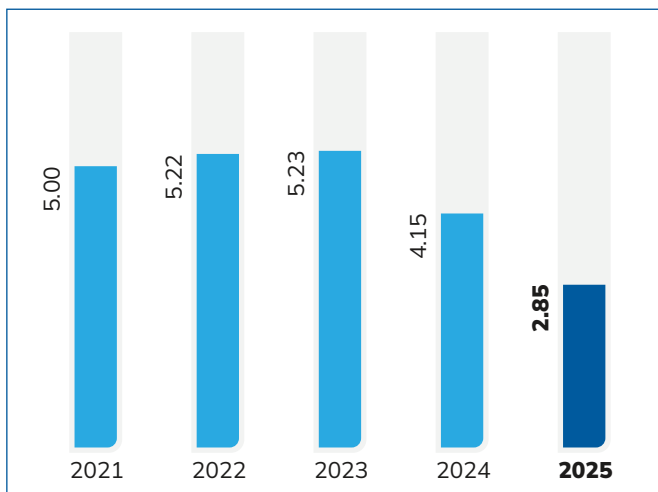
Shareholders' Equity (RM million)



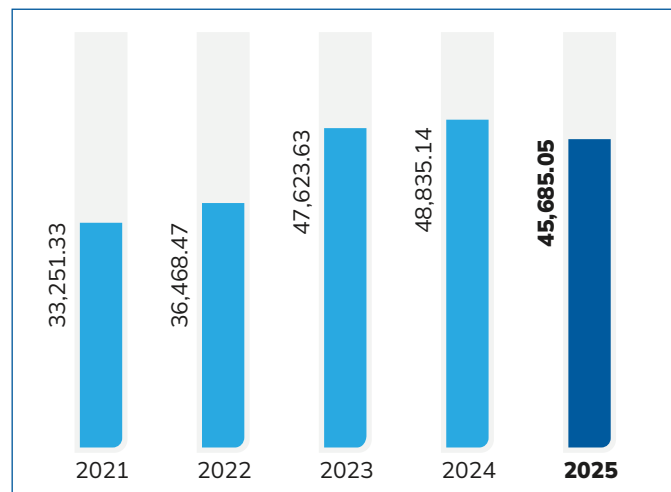
Gross Financing and Advances (RM million)



Return on Equity (%)



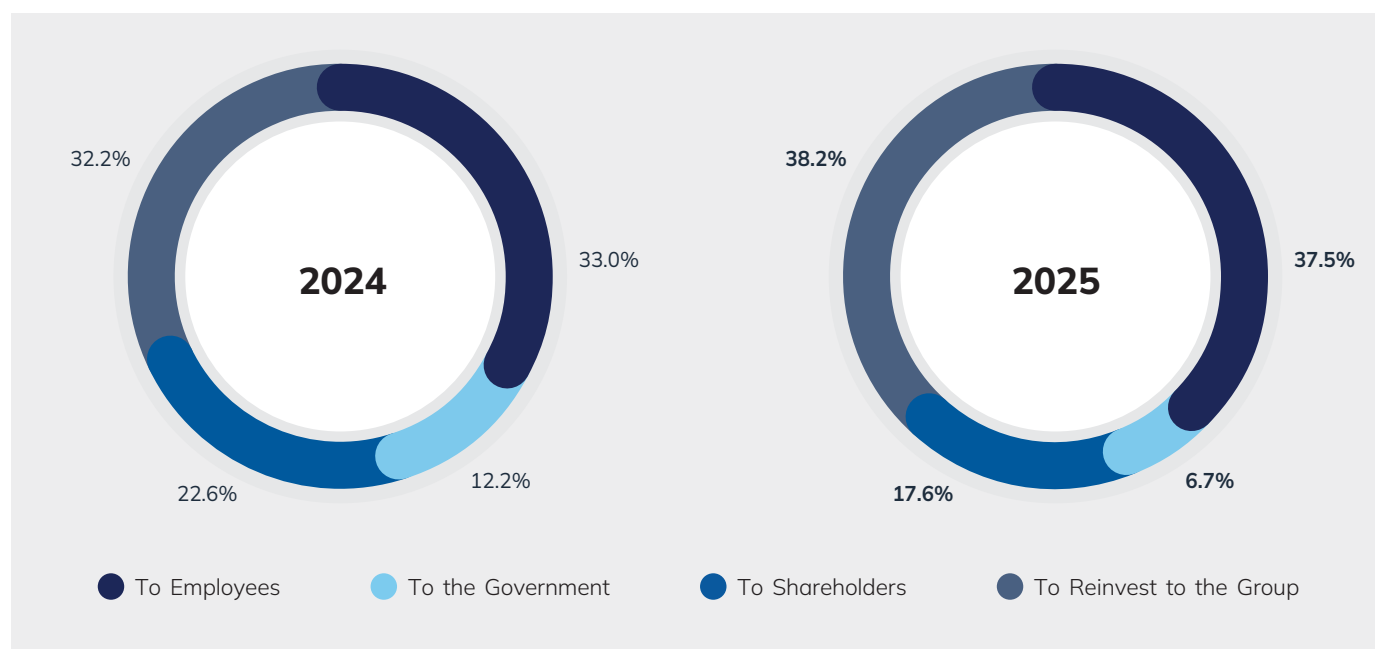
Deposits (RM million)



Statement of Value Added & Distribution

| | 2024 RM'000 | 2025 RM'000 |
|--------------------------------------------------------------|----------------|--------------------|
| VALUE ADDED | | |
| Revenue | 3,706,807 | 3,435,469 |
| Finance cost to providers of funding | (2,085,004) | (1,946,919) |
| Value added by the Group | 1,621,803 | 1,488,550 |
| Other income (that did not form part of revenue) | 30,662 | 16,202 |
| Value added available for distribution | 1,652,465 | 1,504,752 |
| DISTRIBUTION | | |
| To Employees | | |
| Staff costs | 544,764 | 563,253 |
| To the Government | | |
| Taxation and Zakat | 202,039 | 101,339 |
| To Shareholders | | |
| Dividend | 374,116 | 264,758 |
| To Reinvest to the Group | | |
| Depreciation/amortisation of PPE and other intangible assets | 98,983 | 93,678 |
| Operating costs | 263,580 | 214,006 |
| Retain for future growth | 168,983 | 267,718 |
| | 1,652,465 | 1,504,752 |

Value Distributed





Group Quarterly Performance

2024

| RM'000 | Q1 | Q2 | Q3 | Q4 |
|---------------------------------------------|-----------|-----------|-----------|-----------|
| Revenue | 893,447 | 960,851 | 947,500 | 905,009 |
| Finance cost to providers of funding | (529,344) | (529,089) | (520,366) | (506,204) |
| Other Income | 666 | 4,156 | 9,756 | 16,082 |
| Operating Expenses | (214,209) | (241,734) | (230,169) | (221,215) |
| Operating Profit | 150,560 | 194,184 | 206,720 | 193,673 |
| Profit before Tax and Zakat | 105,945 | 95,674 | 164,504 | 220,224 |
| Profit Attributable to Owners of The Parent | 78,342 | 54,822 | 122,085 | 151,525 |
| Earnings Per Share (sen) | 0.95 | 0.67 | 1.48 | 1.84 |
| Return on Equity (%) | 0.80 | 0.56 | 1.24 | 1.54 |

2025

| RM'000 | Q1 | Q2 | Q3 | Q4 |
|---------------------------------------------|------------------|------------------|------------------|------------------|
| Revenue | 868,022 | 933,427 | 817,726 | 816,294 |
| Finance cost to providers of funding | (491,424) | (501,588) | (485,094) | (468,813) |
| Other Income | 1,998 | (7,339) | 47,298 | (25,755) |
| Operating Expenses | (233,765) | (233,097) | (220,590) | (183,486) |
| Operating Profit | 144,831 | 191,404 | 159,340 | 138,239 |
| Profit before Tax and Zakat | 116,698 | 133,811 | 137,065 | 2,465 |
| Profit Attributable to Owners of The Parent | 84,679 | 95,553 | 95,645 | 3,635 |
| Earnings Per Share (sen) | 1.03 | 1.16 | 1.16 | 0.04 |
| Return on Equity (%) | 0.86 | 0.97 | 0.97 | 0.04 |

Our Integrated Approach to Value Creation

1

Assessing and Evaluating Our Operating Context

Key to our Approach to Value Creation is monitoring market dynamics, regulatory developments, geopolitical shifts and socio-economic factors to anticipate trends and challenges, which ensures we remain agile in a constantly evolving landscape.

See page 32

2

Identifying Risks and Opportunities

Armed with these crucial insights, we proactively assess inherent risks to our business and stakeholders, implement mitigation strategies and identify opportunities that enhance our business resilience and growth.

KEY RISKS

- R1 Credit Risk
- R2 Market Risk
- R3 Liquidity Risk
- R4 Shariah Non-Compliance Risk
- R5 Operational Risk
- R6 Technology Risk
- R7 Cybersecurity Risk
- R8 Environmental, Social and Governance Risk

See page 43

3

Strengthening Stakeholder Relationships

Understanding these external forces allows us to engage more meaningfully with our various stakeholder groups, align their expectations with our business objectives and foster strong relationships that drive mutual value.

STAKEHOLDERS

- S1 Shareholders
- S2 Customers
- S3 Employees
- S4 Regulators
- S5 Communities

See page 26

4

Identifying, Prioritising, and Managing Material Matter

- M1 Sustainable Procurement
- M2 Serving the Communities
- M3 Employee Health and Well-being
- M4 Environmental Stewardship
- M5 Diversity and Equal Opportunity
- M6 Sustainable Financing
- M7 Data Privacy and Cybersecurity
- M8 Innovation and Technology
- M9 Competent Workforce
- M10 Customer Experience and Satisfaction
- M11 Ethics and Integrity
- M12 Economic Performance

See page 28

5

Embedding Sustainability in Our Business Operations

Our material priorities shape our ESG commitments and three sustainability pillars, guiding the integration of sustainable practices across our operations while balancing business performance with environmental and social responsibility. In addition, we have aligned our sustainability initiatives with the United Nations Sustainable Development Goals (UN SDGs), supporting positive outcomes for people and planet.

- ICV Innovating and Creating Value
- OS Operating Sustainably
- ESC Empowering a Sustainable Culture



See our 2025 Sustainability Report

6

Formulating Our Strategy

FLIGHT26, our three-year strategic plan inspired by the Chevron Flight Strategy and driven by our Transformation Programme Initiatives (TP30), is the engine of our structural transformation.

Our strategy rests on four key missions:

- ▶ **Mission 1**
Strengthen CASA, Lower Funding Cost
2026 Targets: CASA Ratio 20% | Cost of Funds 3%
- ▶ **Mission 2**
Grow Financing
2026 Target: Total Financing RM50 billion
- ▶ **Mission 3**
Increase Non-Funded Income
2026 Target: Non-Funded Income/Total Income 15%
- ▶ **Mission 4**
Improve Cost Efficiency
2026 Target: Cost-to-Income Ratio 50%

See page 6



7

Our Capitals

To realise our strategic ambitions, we allocate resources across our six capitals – Financial, Manufactured, Intellectual, Human, Social & Relationship and Natural – maximising their potential to generate meaningful outcomes.

OUR CAPITALS

- FC Financial Capital**
The financial resources we source from our equity, debt, grants, income and investments to support our operations, financing activities and strategic growth.
- MC Manufactured Capital**
Our network of branches, touchpoints and digital infrastructure that enable the delivery of services which meet the needs of key stakeholders across Malaysia.
- IC Intellectual Capital**
Our intangible assets – encompassing brand reputation, management systems, digital capabilities and intellectual property – which strengthen our competitive edge and drive innovation.
- SC Social & Relationship Capital**
Our relationships with key stakeholders and communities that foster trust, collaboration and knowledge exchange, supporting a thriving financial and social ecosystem.
- HC Human Capital**
Our employees’ skills, experience and commitment to ethics, good governance and risk management, which collectively drive our strategy, enhance our processes and foster service excellence.
- NC Natural Capital**
Our responsible and sustainable use of renewable and non-renewable natural resources across our value chain to protect our environment and planet.

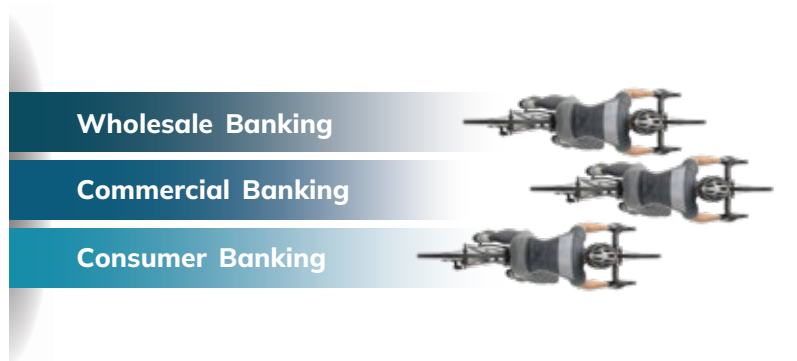
See page 24

8

Integrate Into Our Business Model

By embedding strategic resource allocation within our business model, we ensure effective decision-making that balances short-term gains with long-term sustainable value.

Business Activities



See page 24

9

Delivering Positive Impact Through Value Creation

With strong governance and leadership, we ensure that every business activity contributes to long-term value creation, aligning operational success with stakeholder expectations and sustainable impact.

OUR CULTURAL VALUES



Customers

Providing accessible, reliable and Shariah-compliant financial solutions, supported by improved digital experience and service quality

Shareholders

Delivering sustainable financial performance, prudent capital management and long-term returns

Employees

Building a capable workforce through continuous development, fair practices and a supportive working environment

Communities

Contributing to social development through financial inclusion, outreach programmes and responsible banking

Regulators

Maintaining strong governance, risk discipline and full compliance with regulatory requirements

Our Value Creation Model

Our Capitals ... → ... Enable Value-Adding

Input

FC Financial Capital

- ▶ Total Assets: **RM65.2 billion**
- ▶ Shareholders' Capital: **RM8.0 billion**
- ▶ Deposits and Placements from Customers, Banks and other Financial Institutions: **RM45.7 billion**

MC Manufactured Capital

- ▶ Branches Across Malaysia: **52**
 - ▶ MBSB Bank Branches: **46**
 - ▶ MIDF Branches: **6**
- ▶ Commercial Banking Centres: **13**

HC Human Capital

- ▶ Total No. of Employees: **3,011**
- ▶ Competitive Benefits with Focus on Employees' Healthland Well-being
- ▶ Encouraged Employees to Attend Various Capacity-Building Programmes
- ▶ Established Annual Occupational Safety and Health Plan

IC Intellectual Capital

- ▶ Values, Principles, Standards and Norms of Behaviour
- ▶ Risk Management Framework, System, Process and Policies Digital Platforms
- ▶ Strategic Partnerships to Enhance Digitalisation
- ▶ Invested in Cyber Security Enhancement: **24.15 million** (Opex & Capex)

SC Social & Relationship Capital

- ▶ Net Zero Strategy
- ▶ Community Outreach Initiatives and Financial Literacy Programmes
- ▶ Supporting SMEs through Financially Inclusive Products and Schemes
- ▶ Developed Sustainability Procurement Policy and Supply Chain Due Diligence Framework

NC Natural Capital

- ▶ Net Zero Strategy
- ▶ Energy and Water Efficiency Initiatives to Reduce Environmental Footprint
- ▶ RM300 million Total Worth of Projects Financed by Sustainable Sukuk Wakalah

FLIGHT26 Strategy

Our 3-year strategic plan 2024-2026, FLIGHT26, rests on four key missions:

Mission 1

Strengthen CASA, Lower Funding Cost
2026 Targets: CASA Ratio 20% | Cost of Funds 3%

Mission 2

Grow Financing
2026 Target: Total Financing RM50 billion

Mission 3

Increase Non-Funded Income
2026 Target: Non-Funded Income/Total Income 15%

Mission 4

Improve Cost Efficiency
2026 Target: Cost-to-Income Ratio 50%

Key Risks

| | | |
|-------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| R1 Credit Risk | R4 Shariah Non-Compliance Risk | R7 Cybersecurity Risk |
| R2 Market Risk | R5 Operational Risk | R8 Environmental, Social and Governance Risk |
| R3 Liquidity Risk | R6 Technology Risk | |

Material Matters

| | | |
|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| M1 Sustainable Procurement | M5 Diversity and Equal Opportunity | M9 Competent Workforce |
| M2 Serving the Communities | M6 Sustainable Financing | M10 Customer Experience and Satisfaction |
| M3 Employee Health and Well-being | M7 Data Privacy and Cybersecurity | M11 Ethics and Integrity |
| M4 Environmental Stewardship | M8 Innovation and Technology | M12 Economic Performance |

Sustainability Pillars

Innovating and Creating Value

Operating Sustainably

Empowering a Sustainable Culture

Business Activities

Wholesale Banking

Commercial Banking

Consumer Banking



Activities That Create Value For Our Stakeholders

| Output | Outcome | Stakeholder | UN SDG |
|--------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| <p>Gross Loans, Financing and Advances</p> <p>RM43.9 billion (up 2.2% YoY)</p> | <p>FC Financial Capital</p> <ul style="list-style-type: none"> Revenue of RM3.4 billion (2024: RM3.7 billion) Profit Before Tax and Zakat of RM390 million (2024: RM586 million) Liquidity Coverage: 141% (average for 2025: 154%) Profit After Tax (PAT): RM280 million (2024: RM407 million) Cost-to-Income Ratio: 57.9% (2024: 54.9%) Return of Equity: 2.9% (2024: 4.2%) | <p>For Customers</p> <p>We Continue to Enhance Access, Experience and Trust Through:</p> <ul style="list-style-type: none"> A Growing and Stable Funding Base That Supports Consistent Financing Solutions Improved Digital Platforms, Including The Refreshed Mjourney, Enabling More Seamless Banking High Service Standards, with 98.5% of Complaints Resolved within Turnaround Time Strong Advocacy Reflected In A Net Promoter Score of 87 <p>This Ensures Customers Benefit From Reliable, Accessible and Customer-Centric Banking Services.</p> | |
| <p>Customer Funding Base</p> <p>RM40.7 billion (up 0.9% YoY)</p> | <p>MC Manufactured Capital</p> <ul style="list-style-type: none"> Diversified Portfolio for Business Lines. Transformation Programme More Than 36,000 CASA Applications Processed, Enabling More Than 21,000 Accounts to be Opened | <p>For Shareholders</p> <p>We Focus on Delivering Sustainable Financial Returns by:</p> <ul style="list-style-type: none"> Strengthening Revenue and Profitability Performance Maintaining Disciplined Cost Management Through Flight26 Targets Improving Funding Mix Via Casa Growth and Lower Cost of Funds <p>This Supports Long-Term Value Creation, Capital Strength And Consistent Returns.</p> | |
| <p>Group Revenue</p> <p>RM3.4 billion (down 7.3% YoY)</p> | <p>HC Human Capital</p> <ul style="list-style-type: none"> 11.7% Turnover Rate (2024: 10.3%) 40% Women in Leadership Roles (2024: 35%) Zero Fatality <p>IC Intellectual Capital</p> <ul style="list-style-type: none"> Zero Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data Refreshed Mjourney Platform Customer Satisfaction Index: 43% in Par With The Industry 2025 Net Promoter Score: 87% Industry Benchmark: 63% | <p>For Employees</p> <p>We Invest In Our People to Build A Resilient and Capable Workforce:</p> <ul style="list-style-type: none"> Continuous Learning Through Capacity-Building Programmes Competitive Benefits With Focus on Health and Well-Being Strong Local Workforce Representation and Growing Female Leadership (38%) <p>This Creates a Supportive Environment That Drives Performance, Retention and Growth.</p> | |
| <p>Group Profit Before Tax</p> <p>RM390 million (down 33.4% YoY)</p> | <p>SC Social & Relationship Capital</p> <ul style="list-style-type: none"> Total Volunteer Hours Among Employees: 11,477 hours (2024: 6,023) Continued Offering of Sustainable Products and Services Reached More Than 114,739 Beneficiaries from Our Community Development Programmes (2024: 71,160 beneficiaries) Total Project Financed by Sustainability Sukuk Wakalah Worth Over RM300 million <p>NC Natural Capital</p> <ul style="list-style-type: none"> Total GHG Emissions (Scope 1 - 3): 22,687 (2024: 24,478) tCO₂e Scope 1: 80 (2024: 130) tCO₂e, Direct Emissions: Petrol & Diesel Consumption Scope 2: 10,863 (2024: 10,673) tCO₂e, Indirect Emissions: Electricity Consumption Scope 3: 11,744 (2024: 13,059) tCO₂e, Indirect Emissions: Business Travel & Employee Commute Establishment of a Net Zero Strategy Initiated Scope 3 Measurement for Business Travel and Employee Commuting Category for MBSB Bank | <p>For Communities</p> <p>We Contribute to Social Development Through:</p> <ul style="list-style-type: none"> Financial Literacy and Outreach Programmes Reaching Over 114,000 Beneficiaries Volunteerism Efforts Totalling 11,477 Hours Continued Focus on Responsible and Inclusive Banking <p>This Delivers Positive Social Impact and Stronger Community Resilience.</p> <p>For Regulators</p> <p>We Uphold Strong Governance And Risk Discipline Through:</p> <ul style="list-style-type: none"> Robust Risk Management Frameworks and Policies Ongoing Investments In Cybersecurity High Compliance Standards and Operational Resilience <p>This Ensures Stability, Transparency and Trust In The Financial System.</p> | |

Engaging Our Stakeholders

We recognise that, as an organisation with meaningful influence on society and the economy, understanding and responding to stakeholder concerns is integral to our sustainability journey. Although we engage a wider network of stakeholders across multiple sectors, this report focuses on five key stakeholder groups: shareholders, customers, employees, communities and regulators. These groups are regarded as central to our operations and sustainability objectives given their significant influence on, and exposure to, our business activities.

This report reflects our commitment to transparency as we provide deeper insight into the concerns raised through these engagements and the actions taken in 2025 to address them. Through ongoing consultations, feedback sessions and collaborative initiatives, MBSB continues to incorporate stakeholder perspectives into its decision-making processes. This approach reinforces our commitment to building strong relationships and contributing positively to the markets and communities we serve.

Engagement Frequency

- A Annually
- B Bi-annually
- D Throughout the year
- M Monthly
- Q Quarterly
- R As and when required

S1

SHAREHOLDERS

Engagement Method and Frequency

- A Annual General Meeting
- Q Quarterly financial reports
- R Extraordinary General Meetings
- D Regular announcements via our website
- A Integrated Annual Report and Sustainability Report

Topics Raised

- ▶ Business strategy and performance
- ▶ Good governance practices and organisational accountability
- ▶ Risk management
- ▶ Sustainability considerations in financing and investment activities

Material Matters

M4
M6
M7
M8
M11
M12

Capitals

FC
IC
SC

SDGs:

Our Responses

- ▶ Focus on sustainable earnings, a stable dividend stream and profitable growth
- ▶ Maintain sound governance practices across the Group
- ▶ Strengthen the management of risks and opportunities
- ▶ Uphold ethical financial practices
- ▶ Embed sustainability considerations into financing and investment decisions

S2

CUSTOMERS

Engagement Method and Frequency

- A Surveys, including the Customer Satisfaction Survey and Post-Transaction Survey
- D Call centre, email, WhatsApp for Business and social media channels
- D Physical and virtual branches, transaction banking centres and self-service terminals such as ATMs
- D Relationship Managers
- R Digital touchpoints and platforms, including MJourney
- R Marketing campaigns and events

Topics Raised

- ▶ Overall customer experience
- ▶ Reliability and performance of digital platforms
- ▶ Customers' data privacy and security
- ▶ Products and services offered by MBSB Group
- ▶ Sustainable financing

Material Matters

M1
M7
M8
M10

Capitals

MC
IC
SC
NC

SDGs:

Our Responses

- ▶ Enhance the stability of our digital platforms
- ▶ Introduce a new hotline and subscribe to WhatsApp broadcasting to improve the customer experience
- ▶ Address customer complaints in a timely manner
- ▶ Safeguard customers' data and privacy through ongoing vigilance
- ▶ Expand access to current financial literacy programmes
- ▶ Broaden and enhance sustainable finance offerings



S3

EMPLOYEES

Engagement Method and Frequency

- Q** Employee Engagement Survey, M-IDEA
- R** Kelab Sukan activities, M-RISE, Townhalls
- R** Regular meetings and discussions

Topics Raised

- ▶ Career development
- ▶ Diversity and equal opportunities
- ▶ Health, safety and wellbeing
- ▶ Benefits and remuneration

Material Matters



Capitals



SDGs:



Our Responses

- ▶ Support employees' growth through capability-building initiatives and training
- ▶ Provide clear guidance on career development pathways
- ▶ Promote a safe, conducive and discrimination-free workplace
- ▶ Offer attractive benefits and performance-based remuneration

S4

REGULATORS

Engagement Method and Frequency

- R** Dialogues
- R** Conferences and webinars
- R** Online briefings
- R** Meetings
- R** Industry engagement
- Q** Internet Banking Task Force, IBTF

Topics Raised

- ▶ Compliance with local regulations and requirements
- ▶ Affordable housing financing
- ▶ Support for the national agenda through green initiatives, schemes and funds
- ▶ Sustainable financing

Material Matters



Capitals



SDGs:



Our Responses

- ▶ Ensure full compliance with applicable local regulations and requirements
- ▶ Participate actively in government-related financing initiatives, schemes and funds to support the economy in a sustainable and inclusive manner
- ▶ Expand and enhance sustainable finance offerings

S5

COMMUNITIES

Engagement Method and Frequency

- Q** Employee Engagement Survey, M-IDEA
- R** Kelab Sukan activities, M-RISE, Townhalls
- R** Regular meetings and discussions

Topics Raised

- ▶ Financial literacy
- ▶ Community investments
- ▶ Sustainable financing

Material Matters



Capitals



SDGs:



Our Responses

- ▶ Provide zakat contributions
- ▶ Deliver financial literacy programmes
- ▶ Carry out community partnerships and outreach programmes
- ▶ Provide donations and sponsorships
- ▶ Encourage employee volunteerism activities

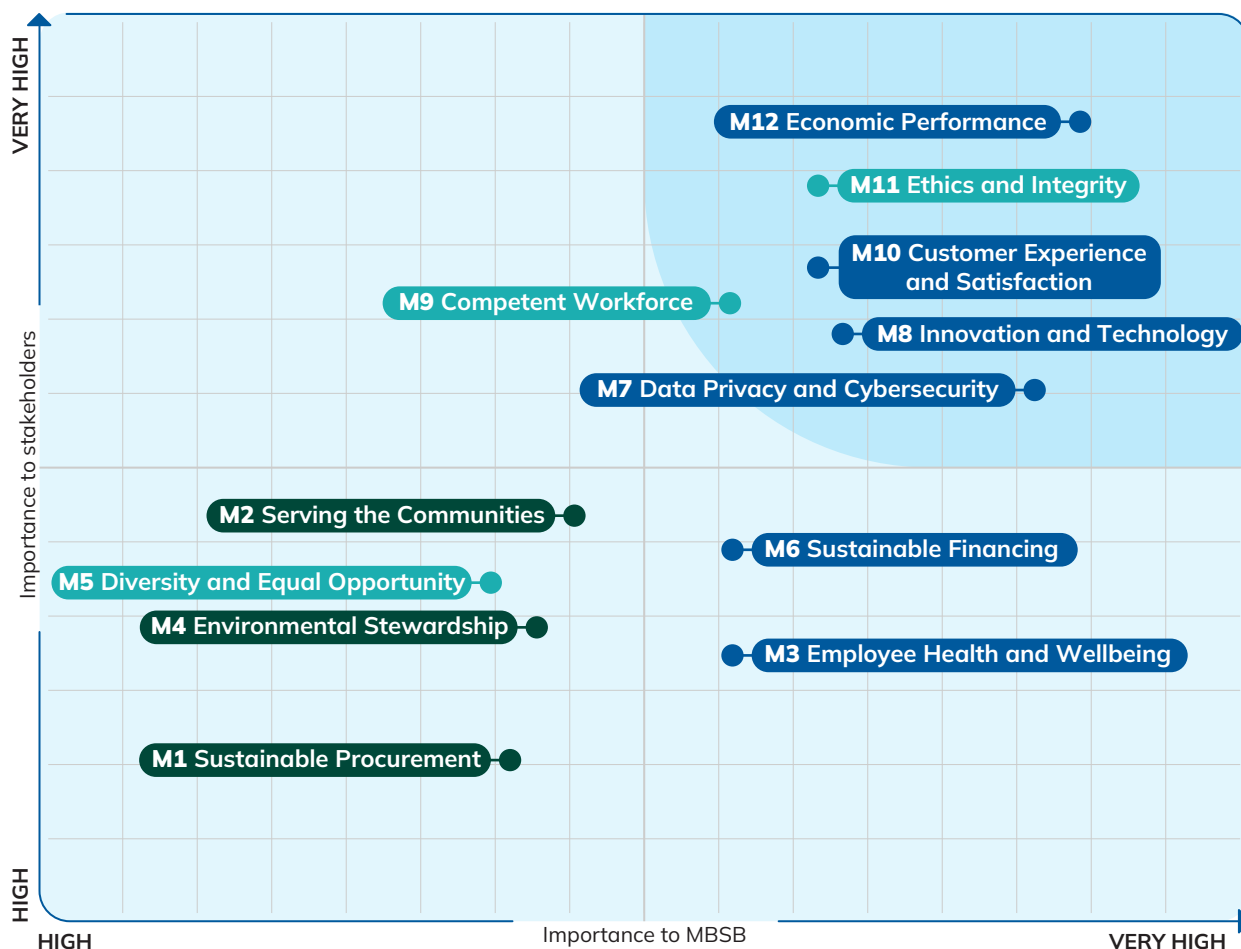
Our Approach to Materiality

At MBSB, the materiality assessment process underpins how we prioritise and integrate sustainability across the organisation. Operating within a financial services environment shaped by evolving stakeholder expectations, regulatory developments, and emerging sustainability risks, having clear visibility on the most relevant issues is essential to informed decision-making.

Through this process, we determine which sustainability matters are most significant to our stakeholders and to MBSB, creating a clear link between external expectations and our strategic priorities. This allows us to direct our resources towards areas where our actions can deliver the greatest value, ensuring that sustainability efforts are focused, proportionate, and aligned with both stakeholder interests and environmental considerations.

Our material matters remained guided by the comprehensive materiality assessment conducted in 2023 and the subsequent review undertaken in 2024, which established and refined the Group’s key ESG priorities. In 2025, the existing materiality matrix continued to be applied throughout the year. This approach reflects our continued reliance on an established assessment baseline that remains aligned with stakeholder expectations, regulatory developments and market trends, while supporting consistency in how we prioritise and address sustainability matters.

Materiality Assessment



Our Material Matters

This table outlines MBSB’s material matters, providing definitions, key focus areas, and references to detailed discussions in the report.

| Material Matters | Definition | Page References* |
|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Innovating and Creating Value | | |
| M12 Economic Performance | MBSB’s economic contribution centres on creating and distributing value through revenue generation and dividends, while also supporting local economic development in the areas and communities where it operates. | 16-17 |
| M10 Customer Experience and Satisfaction | Delivering a high standard of customer satisfaction across all products and services offered by MBSB. | 39 |
| M8 Innovation and Technology | The important role of innovation and technology in advancing MBSB’s business, products and services through digitalisation. | 38 |
| M7 Data Privacy and Cybersecurity | Protecting sensitive customer information and privacy rights against data leaks and cyberattacks through secure data management practices. | 59-60 |
| M6 Sustainable Financing | MBSB’s investments and financing activities support environmentally and socially responsible projects, with emphasis on long-term value over short-term gains. This includes efforts to advance financial inclusion, responsible financing and transition financing. | 31-36 |
| Operating Sustainably | | |
| M4 Environmental Stewardship | Managing our environmental footprint proactively by addressing relevant issues and adopting sound practices related to climate change, energy, water and waste management. | 18-30 |
| M1 Sustainable Procurement | Supporting local suppliers while promoting responsible sourcing through the application of social and environmental criteria and sound supply chain practices. | 61-62 |
| M2 Serving the Communities | Building meaningful relationships with the people and communities surrounding our operations through community development and outreach initiatives. | 52-56 |
| Empowering a Sustainable Culture | | |
| M11 Ethics and Integrity | Upholding high standards of transparency, ethical conduct and integrity across MBSB’s operations and behaviour, including compliance with applicable laws, regulations and guidelines where relevant. | 57-58 |
| M9 Competent Workforce | Supporting employee development through upskilling, career progression, sound recruitment and retention practices, and comprehensive human capital management across MBSB. | 40-47 |
| M3 Employee Health and Safety | Managing the health and wellbeing of our workforce while maintaining a safe workplace that supports work-life balance. | 48-50 |
| M5 Diversity and Equal Opportunity | Fostering a diverse and inclusive workplace that upholds non-discrimination and provides equal opportunities to all, regardless of background, gender, ethnicity or religion. | 51 |

Our Contributions to the United Nations Sustainable Development Goals (UN SDGs)

At MBSB, our sustainability commitment is guided by the UN SDGs, which shape our efforts to advance inclusive growth and responsible business practices. Grounded in our core values, we contribute to 13 SDGs through initiatives aimed at reducing emissions, improving energy efficiency, encouraging responsible consumption and supporting underserved communities. By concentrating on areas where we can create the greatest impact and engaging closely with our stakeholders, we continue to uphold our role as a responsible financial institution committed to a more sustainable and inclusive future.



*See our Sustainability Report 2025

Economic Sector Overview

Global Economy Remains Resilient Amid Ongoing Headwinds

Despite persistent geopolitical tensions, energy disruptions and trade uncertainties, global growth remained steady at approximately 3.4% in 2025 (2024: 3.3%), led by emerging and developing economies. Moderating inflation, gradual monetary policy normalisation and improved clarity on US tariff implementation supported stabilisation in the latter half of the year.

The US Federal Reserve reduced the federal funds rate by a cumulative 75 basis points through three consecutive cuts, bringing the target range to 3.50%–3.75% by year-end, in support of economic activity and labour market stability.

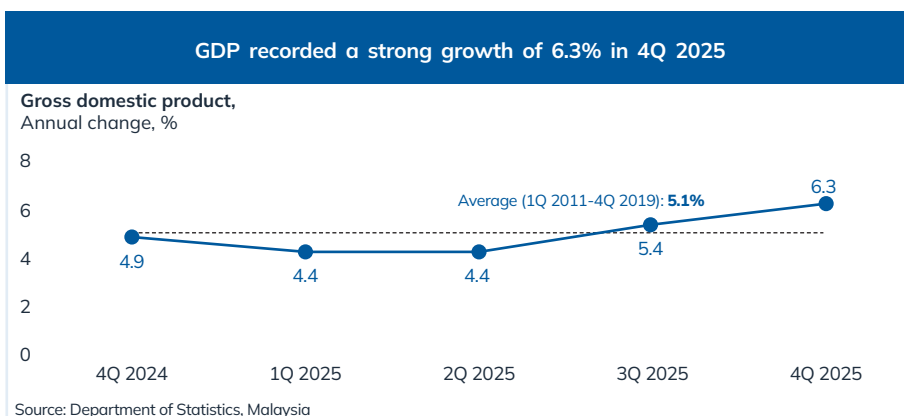
Malaysia Sustains Growth Momentum

Malaysia’s economy remained resilient despite the geopolitical tensions and trade uncertainties. It was also the year where Malaysia held the ASEAN chairmanship leading to announcement of various ASEAN-centric initiatives. This resiliency was underpinned by robust domestic demand and stronger second-half performance, resulting in full-year GDP growth of 5.2% (2024: 5.1%), exceeding the Government’s forecast range of 4.0% to 4.8%.

Growth was driven by:

- ▶ Sustained household spending, supported by stable labour market conditions and policy measures;
- ▶ Increased in private investment, particularly in high technology services and advanced manufacturing related activities;
- ▶ Higher capital expenditure by public corporations; and
- ▶ Stronger exports alongside a recovery in tourism activity.

Malaysian 2025 GDP Growth by Quarter



Technology-Led Trade Expansion Strengthens External Sector

Malaysia’s trade performance strengthened in 2025, supported by the global technology upcycle and resilient external demand:

- ▶ Total trade rose 11.1% to RM286.6 billion, reflecting broad-based expansion in exports and imports;
- ▶ Exports increased 10.4% to RM153.0 billion, while imports grew 12.0% to RM133.7 billion, preserving trade surplus at RM19.3 billion;
- ▶ Electrical and Electronic (E&E) products remained the primary export driver, expanding 18.3% to RM711.6 billion and accounting for 44.3% of total exports, led by semiconductor demand;
- ▶ Other key export segments included petroleum products, machinery, palm oil-based products and optical and scientific equipment.

Key Inflation, Fiscal and Labour Metrics Remain Positive

Inflation remained contained, with headline and core inflation averaging 1.4 % and 2.0%, respectively. This slowdown was largely driven by a continued improvement in global supply conditions and disinflationary impact from selected domestic policy adjustments.

Fiscal discipline was sustained, with the deficit narrowing to an estimated 3.8% of GDP, reflecting continued consolidation efforts. Meanwhile, the labour market remained resilient, with unemployment declining from 3.1% in early 2025 to 2.9% in the fourth quarter.

Ringgit and Financial Markets Showcase Resilience

The Ringgit appreciated 10.2% against the US Dollar, supported by resilient macroeconomic fundamentals and easier global monetary policy.

Malaysia’s financial markets remained orderly despite global volatility, underpinned by deep domestic liquidity. The banking system continued to demonstrate strength, with a healthy aggregate liquidity coverage ratio of 154.8% recorded at end-2025, supporting credit intermediation and overall financial stability.

Outlook for 2026: Growth Prospects Anchored by Domestic Strength

While early estimates have projected global economic growth at 3.3%, this outlook is tempered by the outbreak of geopolitical conflict in the Middle East leading to conflict-driven energy price volatility. This caused concerns of higher inflation and slower growth in 2026 for the global and domestic economy.

Barring unforeseen circumstances, the economy in Malaysia is projected to expand between 4.0% and 5.0% in 2026, supported primarily by domestic demand amid continued global uncertainty.

Private consumption is projected to grow by 5% (2025: 5.2%). Growth will be driven by firm labour market conditions and continued income growth. Employment will continue to expand led by hiring in manufacturing and services sectors. On the other hand, the unemployment rate is expected to remain low at 2.9%. Exports are expected to benefit from the ongoing global technology upcycle, while growth will also be supported by increased tourism activity in conjunction with Visit Malaysia 2026.

Inflation is anticipated to remain manageable at around 2.0%, reflecting base effects, tax adjustments and gradual subsidy rationalisation, while monetary policy is expected to remain stable.

Downside risks to the growth outlook include slower global trade, weaker consumer and business sentiment, lower-than-expected commodity production and geopolitical tensions. Nevertheless, selective upside potential may arise from a more favourable global growth environment, including stronger demand for E&E exports and more robust tourism activity.



Banking Sector Overview

Malaysia Banking Sector: Resilient Fundamentals, Moderating Growth

Malaysia's banking sector remained resilient in 2025, supported by stable profitability, strong asset quality and lower credit costs, despite a more moderate growth environment.

- ▶ Return on Assets (ROA) declined to 1.5% (2024: 1.40%), while Return on Equity (ROE) rose to 13.1% (2024: 12.2%)
- ▶ Gross impaired loan ratio declined to a historic low of 1.4% (2024: 1.4%)
- ▶ Credit costs eased to 10 basis points, reflecting improved borrower resilience (2024: 14 basis points)
- ▶ Loan growth moderated to 4.8% (2024: 5.6%), with household lending outpacing business financing
- ▶ Net interest margins edged lower to 1.99% (2024: 2.0%), following a 25 bps OPR cut and heightened deposit competition
- ▶ Capitalisation remained strong, with the CET1 ratio of 14.4% (2024: 15.6%), remaining well above regulatory requirements

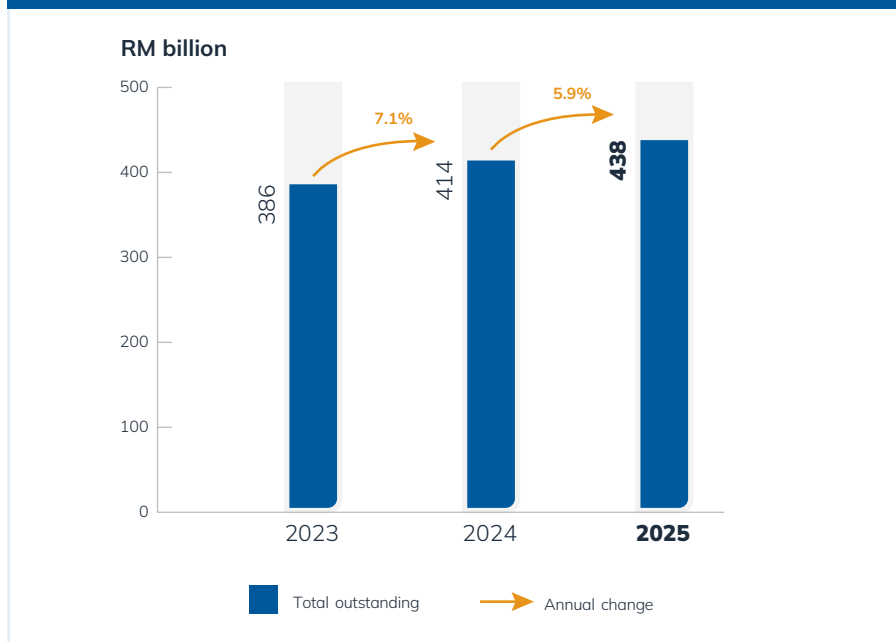
Stable Environment Drives Growth in SME Financing

Financing conditions continued to support economic activity, underpinned by strong liquidity and healthy capital levels across the banking system.

While overall lending growth moderated, banks continued to strongly support the backbone of Malaysia's economy, Banks and DFIs approved RM186.7 billion in new financing for over 206,000 SME accounts, in tandem with demand trends.

Outstanding SME financing continued to grow by 5.9% to RM438 billion in 2025 against RM414 billion in 2024.

Growth in Outstanding SME Financing



E-Payment Adoption Continues to Accelerate

BNM remains steadfast in ensuring payment and remittance transactions are safe, reliable and affordable

E-payment transactions grew by 25% to 18.4 billion (2024: 14.7 billion) in 2025, as more people chose fast, convenient and secure payments for daily transactions. Between 2022 and 2025, e-payment transactions rose by an annual average rate (CAGR) of 17%. With this, Malaysia has consistently surpassed the Financial Sector Blueprint 2022-2026 target of at least 15% CAGR in average e-payment transactions per capita.

The acceleration in domestic e-payment adoption was also driven by greater preference for QR payments in daily transactions. DuitNow QR transaction volume doubled to three billion in 2025 (2024: 1.5 billion) mainly due to its convenience and wide merchant acceptance.

Outlook for 2026: Stable Despite Competitive and Margin Pressures

Barring unforeseen circumstances, Moody's Ratings has maintained a 'stable' outlook for Malaysia's banking sector, supported by steady economic growth and sound banking fundamentals. With monetary policy expected to remain neutral, system-wide credit growth is anticipated at around 5%, broadly in line with GDP expansion.

Asset quality is expected to remain stable, while margins may see modest improvement as deposit repricing takes effect. Banks are likely to sustain resilient profitability, supported by both net interest and non-interest income streams, even as competitive intensity increases and margin pressures persist.

Key Market Trends

Time horizon

Short-term (1-2 years)

Medium-term (2-5 years)

Long-term (>5 years)

Technology Transformation

Positive impact

Negative impact

Time horizon

Description

Technology transformation in Malaysia's financial sector accelerated in 2025, driven by AI adoption, cloud migration and core system modernisation. With widespread use of digital financial services and the rise of digital banks, institutions are scaling AI, embedded finance and open finance to improve efficiency and remain competitive.

Within this digital landscape, digital payments is a key area of growth. A recent survey indicates that over 80% of Malaysians are likely to use instant payment services, QR payments and digital wallets over the next year, and BNM's Financial Sector Blueprint 2022–2026, alongside ongoing enhancements to real-time payment infrastructure and regulatory frameworks, is driving the development of a more integrated digital payments ecosystem.

Impact and Implication on Value Creation

- Adoption of advanced technologies, including AI and data analytics, enables the development of new digital products and services, supporting additional revenue streams and enhancing competitiveness
- Investment in AI, scalable digital infrastructure, and cloud-based systems enhances operational efficiency
- Enhanced data capabilities and digital platforms support more personalised and seamless customer experiences, strengthening customer engagement and retention
- Expansion of digital capabilities improves access to financial services, particularly for underserved segments, supporting portfolio growth and reinforcing financial inclusion
- Growth in digital payment adoption and transaction volumes supports higher fee-based income
- Significant investment in technology modernisation, infrastructure and talent may increase cost pressures in the near term, affecting profitability and return on investment
- Increased reliance on digital platforms and interconnected systems heightens exposure to cybersecurity threats and fraud risks, potentially affecting operational resilience and customer trust
- Evolving regulatory expectations in areas such as AI governance, open finance and digital identity may increase compliance costs and implementation complexity
- Entry of fintech and non-bank players may introduce disintermediation and reduce market share, requiring continuous innovation to maintain relevance
- Ongoing investment in technology, cybersecurity, and digital capabilities may increase cost pressures in the near term

Outlook

Technology transformation is expected to accelerate further across the financial sector, supported by consumers trending towards digital finance, continued advancements in AI, and evolving regulatory frameworks reshaping how banks operate, compete and deliver value.

- ▶ AI and cloud adoption are expected to continue driving operational transformation across the sector, enabling greater efficiency, scalability and faster innovation across banking operations
- ▶ Open Finance and digital identity frameworks are expected to reshape data sharing, access and integration models, supporting more connected ecosystems and new service delivery approaches
- ▶ Regulatory developments in AI governance, data management and digital infrastructure are expected to increase compliance expectations and strengthen oversight of digital transformation initiatives
- ▶ Digital payment adoption will continue to accelerate, supported by evolving consumer preferences, ecosystem development and regulatory initiatives, with mobile banking, e-money and QR payments key technologies of growth

Risks

- ▶ Increased exposure to cybersecurity threats and fraud in more complex digital environments
- ▶ Competitive pressure from digital-first players and fintech platforms
- ▶ Regulatory uncertainty in AI, open finance and emerging technologies
- ▶ Legacy system constraints and third-party dependencies affecting execution
- ▶ Risk of misalignment with evolving customer payment preferences

Opportunities

- ▶ Growth in transaction volumes and fee-based income via Malaysia's expanding digital payments ecosystem
- ▶ Deeper customer engagement and wallet share through digital channels and AI-enabled personalisation
- ▶ New revenue streams via embedded finance, partnerships and platform-based offerings
- ▶ Enabling ecosystem integration through API-driven platforms
- ▶ Socioeconomic impact and market growth by providing digital access to underserved segments

Our Response

- ▶ Reinforce AI governance and data management frameworks in line with BNM's 2025 AI discussion paper and evolving regulatory expectations
- ▶ Enhance AI-driven capabilities in fraud monitoring, AML and onboarding processes, including eKYC automation, to improve efficiency and risk management
- ▶ Expand cloud-native architecture and modernise core systems to improve scalability, resilience and speed of product development
- ▶ Develop Open Finance readiness through API infrastructure enhancements and data-sharing capabilities
- ▶ Strengthen partnerships with fintech firms and digital platforms to accelerate capability development and ecosystem integration
- ▶ Scale digital solutions for SMEs, leveraging alternative data and analytics to improve credit assessment and service delivery
- ▶ Strengthen digital platforms and payment capabilities, including real-time and QR solutions

Links

Capitals:

-
-
-
-

Stakeholders:

-
-
-
-

Material Matters

-
-
-
-
-

Risks:

-
-



Growing ESG Influence

▲ Positive impact

▼ Negative impact

MIT LIT Time horizon

Description

ESG adoption in Malaysia accelerated in 2025, driven by strengthened regulatory requirements, including the mandatory adoption of ISSB-aligned IFRS S1 and S2 disclosure standards under the National Sustainability Reporting Framework.

This momentum was further supported by continued growth in sustainable finance, particularly through increased issuance of green and sustainability-linked instruments, including sukuk, green bonds and ESG funds, alongside updates to BNM's Climate Risk Management and Scenario Analysis (CRMSA) policy document.

These developments were reinforced by the prominence of energy transition in Budget 2025, as well as continued progress in EV infrastructure and broader ESG adoption

Impact (▲/▼) and Implication on Value Creation

- ▲ Expansion of sustainable finance instruments, including green and sustainability-linked financing, supports access to new funding sources and potentially lower cost of capital, enhancing funding efficiency and supporting balance sheet growth
- ▲ Strengthened ESG disclosures and alignment with recognised standards enhance transparency, reinforcing stakeholder trust and supporting investor confidence and market positioning
- ▲ Integration of climate-related risks into credit assessment and portfolio management improves risk identification and mitigation, supporting long-term asset quality and portfolio resilience
- ▲ Strong ESG positioning may enhance competitiveness in securing financing opportunities, partnerships and participation in sustainable projects, supporting revenue growth and market differentiation
- ▼ Increasing regulatory requirements and evolving disclosure standards may raise compliance costs and require continued investment in data management systems and reporting capabilities
- ▼ Exposure to high-carbon sectors may result in transition risks, potentially affecting borrower performance, credit quality and portfolio composition
- ▼ Inadequate ESG implementation or disclosures may expose the Group to greenwashing risks, potentially affecting reputation, stakeholder confidence and market credibility

Outlook

Malaysia is expected to strengthen its position as a regional sustainable finance hub, supported by growing investor demand, expanding green financing activity and continued regulatory alignment.

- ▶ Mandatory ESG reporting requirements are expected to elevate transparency and comparability across the market
- ▶ Strong investor demand is expected to drive growth in sustainable finance, including green sukuk, ESG funds and sustainability-linked financing
- ▶ Digital ESG tools and data capabilities are expected to enhance reporting accuracy, monitoring and compliance efficiency

Risks

- ▶ Non-compliance with mandatory ESG disclosure frameworks
- ▶ Portfolio exposure to carbon-intensive sectors, increasing transition and credit risk
- ▶ Data and measurement challenges in ESG reporting
- ▶ Reputational risks from inadequate ESG implementation

Opportunities

- ▶ Expansion of sustainable finance and ESG-linked instruments
- ▶ Early-mover advantage in emerging carbon markets
- ▶ Development of ESG digital and analytics solutions
- ▶ Opportunity to support SMEs in meeting ESG requirements through advisory, financing and transition pathways

Our Response

- ▶ Strengthen ESG risk integration in line with CRMSA requirements and IFRS S1 and S2 disclosure standards
- ▶ Expand sustainable finance offerings, including green mortgages and ESG-linked SME financing
- ▶ Enhance ESG data infrastructure and reporting capabilities to support alignment with global frameworks
- ▶ Support customers through ESG awareness and transition programmes
- ▶ Strengthen Board oversight of sustainability and climate-related risks

Links

Capitals:



Stakeholders:



Material Matters





Risks:



Key Market Trends

Heightened Demands on Governance, Legal/Compliance and Regulatory Landscape

▲ Positive impact
 ▼ Negative impact
   Time horizon

Description

Malaysia’s regulatory landscape intensified in 2025, with stronger AML/CFT requirements, expanded enforcement powers and broader supervisory expectations. Amendments to AMLA and enhanced BNM guidelines reflect a more rigorous compliance environment, supported by Malaysia’s improved FATF standing.

Regulation is also expanding into areas such as AI governance, open finance and digital assets, signalling a shift towards more technology-aligned and risk-based oversight.

Impact (▲/▼) and Implication on Value Creation

- ▲ Strengthened AML and CFT requirements enhance financial system integrity and transparency, supporting stakeholder confidence and reinforcing the Group’s credibility and market standing
- ▲ Enhanced regulatory oversight and supervisory expectations improve risk management discipline, supporting more robust governance practices and long-term operational resilience
- ▲ Alignment with international standards, including FATF expectations, strengthens the Group’s positioning within the global financial system, supporting cross-border confidence and institutional relationships
- ▼ Increasing regulatory and reporting requirements may raise compliance costs and operational complexity, impacting cost efficiency and resource allocation
- ▼ Heightened enforcement expectations increase the risk of non-compliance, potentially resulting in financial penalties, regulatory actions and reputational impact
- ▼ More stringent onboarding, monitoring and reporting requirements may affect customer acquisition timelines and operational processes, impacting service delivery efficiency
- ▼ Advanced regulatory requirements such as beneficial ownership tracking require additional investment into technology capabilities

Risks

- ▶ Non-compliance with updated AMLA requirements and FATF recommendations
- ▶ Cybersecurity and data privacy risks arising from AI and open finance frameworks
- ▶ Higher risk of regulatory breaches and reputational impact
- ▶ Increased scrutiny on high-risk customers and sectors

Opportunities

- ▶ Adoption of RegTech solutions to enhance compliance efficiency
- ▶ Strengthened market positioning through robust governance and compliance practices
- ▶ Enhanced cross-border cooperation and alignment with international regulatory standards
- ▶ Expansion of compliance-related capabilities, including integration of ESG considerations into governance and risk frameworks

Outlook

Malaysia’s regulatory landscape is expected to continue evolving towards greater transparency, stronger AML and CFT enforcement, and more technology-aligned, risk-based supervision, shaping how financial institutions operate and manage compliance.

- ▶ Regulatory developments are expected to continue strengthening transparency, enforcement and risk-based supervision
- ▶ Continued progress in the FATF evaluations is expected to reinforce financial system integrity
- ▶ Compliance expectations are likely to increase further with developments in AI governance, Open Finance and related regulatory frameworks

Our Response

- ▶ Implement enterprise-wide AML and CFT enhancements aligned with 2025 legal reforms
- ▶ Strengthen beneficial ownership verification and monitoring processes
- ▶ Deploy RegTech solutions to support automated compliance and reporting workflows
- ▶ Enhance Board governance, oversight and internal audit functions
- ▶ Align data governance frameworks with BNM’s requirements on AI and Open Finance

Links

Capitals:



Stakeholders:



Material Matters



Risks:



