

# Group Consumer Banking

*Group Consumer Banking continued to create new value propositions through product diversification and targeted initiatives across financing, deposits, and wealth solutions in deepening share of wallet across target segments. Customer experience was a key focus as we sharpen customer touchpoints and realigned our footprints to scale acquisition across channels.*



**USMAN GHOUSE**  
Group Chief Consumer Banking

## Who We Are And What We Do

Our Group Consumer Banking division is focused on strengthening our position as a full-fledged Islamic bank by delivering Shariah compliant solutions that are relevant, accessible and aligned to our customers' evolving needs. We aim to deepen relationships within the communities we serve while expanding into new customer segments through differentiated value propositions. Customer experience remains central to our approach. We continue to enhance our branch and digital touchpoints to deliver a seamless and consistent banking journey. By combining service excellence with disciplined product development, we seek to increase engagement, deepen share of wallet and reinforce our relationship-led model of Islamic banking.

## Business Environment

In 2025, Group Consumer Banking operated in a competitive and rate-sensitive environment, shaped by adjustments in the Overnight Policy Rate (OPR), which influenced financing yields and funding costs across the industry.

Deposit mobilisation remained competitive, particularly for term-based products, amid rising funding costs. Demand for personal, property and auto financing remained steady, supported by stable domestic consumption. Concurrently, digital banking continued to grow in importance, with customers expecting reliable transactions, secure digital interactions, and frictionless banking.

Against this backdrop, the Division delivered steady performance, supported by growth in deposits and financing, improved customer acquisition and enhanced digital capabilities, in line with its strategic priorities under the FLIGHT26 missions.

## Key Focus Areas

### Mission 1: Growing Deposits

CASA growth remained a core FLIGHT26 priority, with targeted campaigns and relationship-led strategies. Although 1H25 saw attrition of technical CASA, CASA balances gradually climbed to land at RM590 million with a CASA ratio of 5.8% resulting in total deposits growth of 32% YoY.

### Mission 2: Financing Growth

Gross financing balances fell 1.7% with Personal Financing-i contracting 4.1% of which 0.8% came from the Ihsan-i portfolio. Property Financing and Auto Finance grew 3.1% and 80.8% respectively; strategically shifting emphasis from unsecured to secured financing in the long term to ensure prudent risk management.

### Mission 3: Non-Funded Income

Non-funded income fell 15% over FY2024 with muted contribution from Takaful business in the last quarter of the year. This was in line with the realignment of the takaful proposition to cater towards wealth and financing customers.

### Mission 4: Cost Discipline

Operating expenditure improved 6.8% YoY, driven by sustainable resource allocation, improved process efficiencies and increased digital adoption.

### Enablers

#### a. Refreshed Internet Banking (M Journey) and Introduction of FPX

The Bank undertook a comprehensive refresh of its M Journey internet banking platform to enhance overall user





experience, improve system reliability and expand digital capabilities. The upgraded platform features improved navigation, enhanced security protocols and greater functionality to support a wider range of customer transactions.

In December 2025, the Bank introduced FPX (Financial Process Exchange), enabling customers to perform seamless real-time online payments directly from their bank accounts. This enhancement strengthens the Bank's digital ecosystem, improves transactional convenience and supports the growing shift towards cashless banking.

#### b. World-Class Innovation – Global Easy Transfer (GET) via WISE

In line with its commitment to delivering innovative and globally competitive solutions, the Bank introduced GET in partnership with Wise global remittance platform. This service enables customers to perform fast, transparent and cost-efficient international fund transfers.

The solution offers competitive foreign exchange rates, clear fee structures and improved transfer speed, enhancing customer confidence in cross-border transactions. This initiative strengthens the Bank's value proposition for customers with international financial needs, including expatriates, businesses and individuals supporting families abroad.

#### c. Expansion of Product Portfolio

The Bank continued to broaden its Consumer Banking offerings to meet evolving customer needs and diversify revenue streams. Key initiatives included:

- ▶ Expansion into Unit Trust distribution through a partnership with iFAST, enabling customers to access a wider range of investment solutions.
- ▶ Re-introduction of Auto Finance, enhancing the Bank's presence in asset-based retail financing.
- ▶ Launch of mortgage refinancing solutions, providing customers with greater flexibility to optimise their financial commitments and developments.

These initiatives support the Bank's strategy to deepen customer relationships through holistic financial solutions while driving growth in both financing and fee-based income.



#### d. Compelling Campaigns and Value Propositions

The Bank continued to roll out targeted campaigns and differentiated propositions to enhance customer acquisition and engagement:

- ▶ SBMB 4.0 Campaign – Continued with enhanced lifestyle rewards and benefits to drive deposit growth and customer participation.
- ▶ Promotion of key products such as Term Investment Account-i (TIA-i), Term Deposit-i (TD-i) and Prime Gold-i, catering to diverse savings and investment preferences.

These campaigns reinforced the Bank's positioning as a customer-focused institution, delivering relevant and value-driven financial solutions.

#### e. Innovative Payroll Proposition

The Bank introduced the **WorksForMe payroll proposition** to support savings and wealth accumulation for salaried employees, freelancers and gig workers. The solution combines payroll, savings and transactional features to encourage better financial habits and stronger customer engagement.

At the same time, CASA growth was strengthened by promoting higher account usage and transactional activity, contributing to a **32% YoY increase in deposits**.

Balances in **Term Deposit-i and Term Investment Account-i (TD-i/TIA-i)** also grew by **RM2.9 billion**, reflecting continued customer confidence in the Bank's offerings.

#### f. Strengthened Team and Distribution Capabilities

The Bank continued to invest in talent and distribution to support growth. A dedicated wealth management team was established to enhance advisory services and drive fee-based income.

The number of Financial Advisors (FAs) and the introduction of Personal Relationship Bankers (PRBs) improved customer service, engagement and support cross-selling of wealth and investment products.

Training programmes, along with recognition and incentive schemes, were also enhanced to improve service quality and sales effectiveness, ensuring teams are well-equipped to deliver personalised solutions.

## Outlook and Prospects

The Malaysian consumer banking sector is expected to remain supported by steady demand across Personal, Property and Auto Financing. Competition for retail deposits will continue, as customers increasingly prioritise convenience, accessibility and value.

In response, we will focus on key growth segments and products, while strengthening distribution and deepening customer engagement across both physical and digital channels.

We will also continue to enhance digital service reliability and capabilities, building on improvements to the M Journey platform to deliver a more seamless and efficient banking experience.

Our focus will remain on the M40 and mass affluent segments, supported by relationship led financing, deposit and wealth solutions.

# Group Commercial Banking

*Guided by our FLIGHT26 priorities, we are strengthening partnerships, enhancing solutions and expanding access to drive sustainable growth for SMEs*



**NOOR MOHAMED AMIN MOHAMED**  
Group Chief Commercial Banking Officer

## Who We Are and What We Do

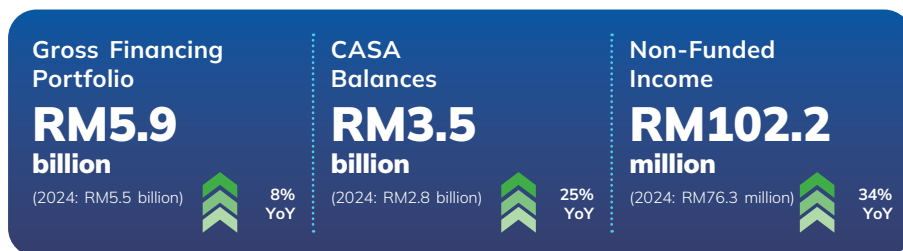
Group Commercial Banking Division unifies the combined strengths of MBSB Bank's commercial banking arm and MIDF's development finance for broader reach and enhanced support for SMEs. Following the merger, both organisations combined strengths in commercial banking and development finance to broaden reach and enhance support for SMEs.

MBSB Bank provides a range of solutions including business financing, M-Property, short-term credit, trade, cash management and digital services, while MIDF complements this through access to government-backed financing schemes and grants. Together, this enables support for businesses across different growth stages.

## Business Environment

In 2025, Malaysian SMEs operated in a challenging environment, with uncertainties from US tariffs and early 2026 geopolitical disruptions. Despite this, the SME segment grew by about 5.4%, supported by domestic demand, infrastructure, tourism and digital adoption.

Against this backdrop, the Division recorded steady growth, with higher CASA balances, financing portfolio expansion, increased non-funded income and stronger new-to-bank acquisition, supported by targeted initiatives and progress under the FLIGHT26 missions.



## Key Focus Areas

### Mission 1: Growing CASA

CASA growth remained a core FLIGHT26 priority, with targeted campaigns and relationship-led strategies driving a 22% increase to RM3.5 billion and improving the CASA ratio to 66%.

### Mission 2: Financing Growth with Targeted Approach

Gross financing grew 8.0% to RM5.9 billion (above industry 4.1%), driven by priority sectors and structured transactions. Collaboration with MIDF strengthened portfolio expansion, account management and asset quality.

### Mission 3: Growing Non-Funded Income

Non-funded income rose 34% to RM102.2 million (36% of total income), supported by higher transactional volumes and fee-based services, including programmes such as GLOMAX, HATI

and FRF. Market reach expanded via 13 CBCs and 6 MIDF branches, with ecosystem partnerships strengthening lead generation.

### Mission 4: Cost Discipline and Efficiency (CIR)

CIR improved to 64% (2024: 66%), driven by process efficiencies, better resource allocation and increased digital adoption.

## Key Strategic Initiatives

### a. Strengthening the SME Ecosystem through Partnerships

We expanded collaborations across key sectors including manufacturing, automotive, aerospace, retail, logistics, agriculture and services to enhance market access and customer engagement. Partnerships with organisations such as Perodua, MAIA, FMM, SEDA Malaysia and PRESMA strengthened outreach and solution delivery.

Aligned with FLIGHT26, RM1 billion has been allocated to each priority sector, including solar energy, aerospace, rail, and ESG projects. Another one of our signature activation was a MBSB Vendor Business Matching that MIDF co-organised with MITI involving key anchor companies such as Sime, MAG, Proton, Perodua amongst others to help SMEs get into mainstream supply chain and fuel industry dialogues.

### b. Driving Innovation and Product Development

We enhanced our product suite with practical, market-driven solutions that strengthened both client experience and service delivery, including the Retail



Dashboard for real-time sales and automated accounts reconciliation visibility for improved business decisions, the Unadvised FX Line-i for flexible Shariah-compliant FX solutions, the M-Express BG-i for faster guarantee issuance, and we also partnered with Bayo Pay to provide end-to-end payroll solutions to CIDB contractors for seamless foreign worker salary crediting, cashless transaction and better financial inclusion.

#### c. Expanding Market Access and Global Linkages

We strengthened SME internationalisation through the Global Market Access Accelerator (GLOMAX), an initiative led by MIDF to support SMEs and mid-tier companies in expanding into international markets in a structured and sustainable manner. Backed by dedicated financing and capability-building support, the programme enhances businesses' readiness and capacity to scale globally. This is complemented by the Navigator Global platform, which serves as an international trade growth accelerator, guiding businesses across the end-to-end export journey. Through access to proprietary market intelligence, tailored action plans and a global network of verified providers, the platform enables companies to identify the right markets, connect with trusted partners and execute their expansion strategies with greater clarity, speed and confidence.

#### d. Strengthening Talent and Execution Capabilities

We continued to invest in structured training, leadership development and sector-specific upskilling for Relationship Managers (RM) to strengthen advisory capabilities, market intelligence and execution discipline in line with FLIGHT26. Key initiatives included ESG workshops,

close collaboration with SEDA to enhance capabilities in the solar industry, partnerships with MAIA to build sector understanding in aerospace, and in-depth working group engagements with MARIC to deepen expertise in the rail industry. These were further complemented by Navigator Global product training, collectively equipping our teams with enhanced commercial insight and stronger execution capabilities.

#### e. Enhancing Client Experience through in-depth advisory

We strengthened client accessibility and decision-making through dedicated advisory services, supported by 13 Commercial Banking Centres (CBCs) across key cities. Our teams are well-versed in a comprehensive range of financing solutions from both MIDF and MBSB Bank, enabling the delivery of bespoke client solutions that integrate the strengths of development finance and commercial banking offerings.

#### f. Advancing Sustainable Finance

We continued to advance our ESG, sustainability and inclusive finance agenda through targeted, high-impact initiatives. At the Kuala Lumpur Islamic Finance Forum (KLIFF) 2025, we collaborated with Asia Carbonx (ACCP) to support ESG certification for Halal SMEs, with a focus on strengthening energy management practices and accelerating the adoption of renewable energy solutions. In parallel, through the WIPO IP Finance Pilot 2025 with MIDF, we enabled SMEs to unlock the value of their intellectual property as collateral, improving access to financing through structured IP valuation frameworks. This supports inclusive and sustainable growth by broadening funding access, particularly for innovation-driven and asset-light businesses.

## Key Challenges and Mitigation

The Division navigated a challenging environment in FY2025 with a focus on maintaining asset quality and managing funding pressures.

#### ► Asset Quality and Credit Risk

Strong credit assessment, proactive customer engagement, and diversified sector exposure helped sustain robust provision coverage and reduced concentration risk.

#### ► Margin and Funding Pressures

CASA mobilisation, growth in fee-based and transaction income, and disciplined pricing supported funding stability and mitigated margin compression.

## Outlook and Prospects

In FY2026, we will advance growth under the FLIGHT26 missions, focusing on quality growth, disciplined risk management and sustainable returns.

CASA mobilisation and financing growth remain priorities, supported by targeted customer acquisition and deeper SME ecosystem engagement, particularly in sectors such as aerospace, automotive, logistics and selected manufacturing, as well as key growth corridors.

Trade finance, FX and supply chain solutions will support income diversification, while digital efforts shift towards optimisation to improve efficiency and customer experience, including support for SMEs expanding internationally.

Sustainability remains embedded in our strategy, with expanded green financing and stronger partnerships, supported by deeper Group collaboration to drive balanced, long-term growth.

# Group Wholesale Banking

*We are building a more agile and integrated wholesale banking platform, strengthening execution, expanding solutions and delivering consistent value in a dynamic market environment.*



**SHAHNAZ JAMMAL**  
 Person In Charge  
 Group Wholesale Banking

## Who We Are and What We Do

The Group Wholesale Banking Division which encompasses Corporate and Institutional Banking (CIB), Financial Markets, Transaction Banking and MBSB Investment Bank (MBSB IB) aims to deliver wholesale banking services, capital market solutions and cash management solutions to the corporate, institutional, public sector and non-retail clients.

Through our integrated capabilities in corporate financing, treasury and financial markets, as well as investment banking advisory and capital market services, we support clients in managing funding and liquidity requirements, risk exposures and strategic transactions across key sectors of the economy.

## Business Environment

In 2025, the wholesale banking landscape remained competitive amid significant market volatility and evolving macroeconomic and policy developments. Domestic economic activity remained resilient, supported by sustained consumer demand, continued private investment and public sector spending, underpinned by sound government policies, which in turn sustained financing and advisory activity across key sectors.

Interest rate conditions and liquidity dynamics influenced corporate funding decisions, treasury management strategies and capital markets activity. While a relatively stable rate environment provided some predictability in financing costs, global uncertainties continued to shape investor sentiment and cross-border capital flows.

Within this environment, demand for corporate financing, risk management solutions, foreign exchange activities and capital markets advisory services remained closely linked to sectoral developments and investment cycles. Market participants continued to emphasise prudent risk management, liquidity discipline and diversification of funding sources.

## Key Focus Areas

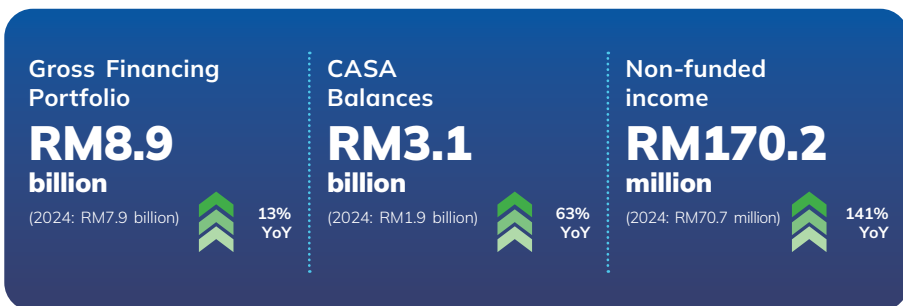
### Corporate and Institutional Banking

The Group's CIB delivered strong performance in 2025, driven by strategic expansion across key growth sectors. Through active participation in club and syndicated financings with other financial institutions, the Division supported large-ticket Shariah-compliant transactions aligned with national priorities. This resulted in robust portfolio growth, with increased disbursements of 74.3% and the financing portfolio expanded by 19.4%.

CASA mobilisation was intensified, with deposit solutions bundled alongside financing to strengthen funding resilience. This resulted in a 10.8% improvement in the CASA ratio and a lower overall cost of funds. The Division also enhanced revenue diversification through increased cross-selling across the Wholesale Banking platform, achieving a twofold increase in non-funded income. Asset quality and portfolio resilience were maintained through prudent risk management, supported by lower impairment levels during the year.

### Financial Markets

Within Financial Markets, performance was underpinned by proactive portfolio management, including selective sukuk investments, timely profit realisation and continuous risk monitoring. This contributed to a record performance in Fair Value Through Profit of Loss (FVTPL) and Fair Value Through Other Comprehensive Income (FVOCI) portfolios, being the largest contributor to the performance of non-funded income in Financial Markets.





The Division further strengthened its market presence through targeted client engagement initiatives, product roadshows and the rollout of an unadvised FX programme, driving a 69% increase in sales profit and expanding the FX client base. Efforts to deepen structured product penetration, supported by enhanced capabilities and regional collaboration, led to the successful launch of new solutions and increased client adoption.

### MBSB IB

MBSB IB continued to diversify its non-funded income streams by strengthening advisory and investment banking services. The Division successfully completed an ACE Market IPO listing on Bursa Malaysia Securities Berhad and two PN17 restructuring exercises, as well as fundraising exercises via syndicated facilities raising about RM5 billion and Sukuk/corporate bonds raising about RM10 billion, further reinforcing its capital markets credentials. In addition, MBSB IB continues to expand its share margin financing activities to support greater participation in equity markets.

Further underscoring its execution capabilities and market leadership, MBSB IB was recognised at the Alpha Southeast Asia's 19<sup>th</sup> Annual Best Deal & Solution Awards 2025, where it received the Best Syndicated Financing in Asia award for its role as Joint Lead Arranger in the Weststar Aviation Services Sdn Bhd transaction and Best Deal of the Year for Minority Shareholders in Asia for its role as Principal Adviser and Joint Placement Agent for the Pharmaniaga Berhad's RM569.6 million Concurrent Rights Issue and Primary Placement. In addition, MBSB IB was also recognised for Best ASEAN Sustainability SRI Sukuk – Real Estate for SEP Resources(M) Sdn Bhd's ASEAN Sustainability SRI Sukuk Wakalah and Best Islamic Small Cap IPO for Life Water Berhad's IPO. 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.

### Transaction Banking

In 2025, Transaction Banking was strategically repositioned under Wholesale Banking, transitioning to an integrated ecosystem model. By deploying advanced infrastructure, including Host-to-Host (SFTP) connectivity, DuitNow Bulk Payments, and the e-Fraud Management System (e-FMS),

the Bank successfully embedded its services into the core operations of corporate and commercial clients. This shift ensures the Bank captures the full lifecycle of business transactions, creating a seamless financial experience that strengthens client "stickiness." Moving into 2026, we aim to further scale this engine by enabling FPX acquiring and unified payroll solutions.

## Key Performance and Highlights

### Business Growth and Portfolio Expansion

In 2025, the Division strengthened its market position by broadening sector coverage through onboarding top-tier clients across priority industries, including renewable energy, ICT and aviation. This enhanced portfolio diversification and reduced concentration risk. Despite a competitive operating environment, the Division delivered robust financing disbursements, achieving double-digit growth in its corporate financing portfolio.

### Funding and Balance Sheet Strength

The Division recorded sustained growth in low-cost deposits, contributing to an improved CASA ratio and a lower overall cost of funds. Funding efficiency was further enhanced through innovative money market and asset swap transactions, resulting in improved liquidity positioning and strengthened balance sheet resilience.

### Non-Funded Income and Market Performance

Fee-based income continued to expand through effective cross-selling initiatives and active participation in syndicated and club financings. The Division also achieved record performance across its trading and investment portfolios, supported by significant growth in non-funded income.

### Treasury and Product Innovation

Strong sales momentum was maintained, reflected in substantial YoY growth in treasury sales and expansion of the FX client base. A key milestone was the successful execution of the Bank's first Islamic Cross Currency Swap for non-retail clients, underscoring the Division's advancing structured product capabilities.

### Sustainability (Environmental Initiatives)

The Division significantly expanded its sustainable and transition finance activities, with approved sustainable financing increasing more than fivefold YoY in support of Malaysia's low-carbon and sustainable development agenda. This included the

provision of RM1.3 billion to Cypark Resources Berhad to refinance solar and waste-to-energy assets, supporting decarbonisation efforts and circular economy initiatives. Additionally, RM1.2 billion was extended through a strategic collaboration with DayOne Data Centers to develop an energy-efficient data centre, contributing to sustainable digital infrastructure and supporting economic development in Johor.

### Social Impact

The Division demonstrated its commitment to socio-economic development by providing RM1.3 billion under a syndicated facility to The Weststar Group. This financing supports fleet modernisation, enhances operational efficiency, and strengthens Weststar's capacity to deliver reliable aviation services in support of nationally strategic sectors, while also contributing to broader economic value through job creation and local industry participation.

### Transaction Ecosystem & Digital Adoption

Our ecosystem-driven strategy delivered exceptional growth, with total transaction value reaching RM18.8 billion (+17% YoY) and volumes surging 65% to 650,669 transactions. These operational flows became a primary driver for the Division's funding stability.

## Outlook and Prospects

In 2026, the wholesale banking landscape is expected to stay competitive, driven by domestic investment, sectoral development, and infrastructure growth. Global uncertainties and funding costs will continue to influence corporate financing, treasury, and capital markets activities.

We will drive growth across financing, financial markets, and investment banking, focusing on strengthening client relationships, enhancing cross-segment collaboration, and delivering integrated Shariah-compliant solutions.

At the same time, we will continue to build our capabilities in corporate financing, treasury, and capital markets, positioning the Group to seize opportunities from sectoral priorities while upholding prudent risk management.

An exclusive session with Group Chief Risk Officer

# Ada apa dengan CLIMATE RISK?

3 November 2025 Auditorium, Menara MBSB Bank





# Identifying Risks and Mitigations



*As artificial intelligence rapidly evolves, we are presented with both new opportunities and emerging risks that require thoughtful and balanced oversight. We are strengthening our capabilities to better understand and manage these developments, ensuring our approach remains resilient and aligned with long term value creation.*

**Laurence Ong**  
Group Chief Risk Officer

## Risk Trend



Decreased



Increased



Unchanged

**R1**

## Credit Risk

Credit risk is the risk of loss due to the deterioration in credit worthiness of customers and, consequently, their ability to discharge their contractual obligations.

### Key Mitigation Actions Implemented in 2025

- ▶ Regularly review and update credit frameworks, policies, and controls to proactively address potential challenges arising from evolving economic conditions.
- ▶ Timely identification and measurement, and frequent monitoring and management of credit risks within the approved Risk Appetite.
- ▶ Update of the Group's risk posture, incorporating strategic considerations, sector performance trends, and external market insights to align with the Group's overall risk strategy.
- ▶ Enhanced the commercial scorecards to improve the assessment of customer creditworthiness during the onboarding and review process, enhancing risk-based decision-making.
- ▶ Enhanced stress testing methodology by refining scenario assumptions made to reflect the current risk profile and industry.
- ▶ Performed targeted stress testing exercises in response to emerging global developments and market events to assess the impact on the Group's portfolio.
- ▶ Developed and implemented a model risk management framework to strengthen the identification, measurement, management, and mitigation of model risk across the Group.

### Links

Capital Impacted



Stakeholders:



Material Matters



Risk Trend



### Value Creation Implications

- ▶ Managing credit risk effectively allows the Group to maintain credit risk exposure at an acceptable level in line with the Group's risk appetite and to ensure that returns are commensurate with the risk underwritten.
- ▶ Effective credit risk monitoring through early alert reporting ensures any credit deterioration is promptly detected and mitigated through the implementation of risk remediation strategies.

### Risk Tolerance Indicators

- ▶ Threshold for acceptable Non-Performing financing ratio.
- ▶ Limits in place to manage credit concentration risks including sector, counterparty, and rating.
- ▶ Limits on the approval of exceptional credits.

**R2**

## Market Risk

Market risk is the risk of potential loss of economic value arising from adverse movements in financial market rates or prices, including profit rates, foreign exchange rates, equity prices and other relevant market variables, which may affect the value of assets and liabilities or earnings.

### Key Mitigation Actions Implemented in 2025

- ▶ Regularly review and update market risk frameworks, policies, and controls.
- ▶ Established controls to ensure exposures from trading and banking book activities remain within the approved risk appetite.
- ▶ Ongoing monitoring of risk metrics and limits to ensure exposures remain within the Group's risk appetite.
- ▶ Conducted periodic stress testing based on BNM requirements.

### Links

Capital Impacted



Stakeholders:



Material Matters



Risk Trend



### Value Creation Implications

- ▶ Effective market risk management supports stable performance and capital resilience, enabling sustainable growth within the approved risk appetite.
- ▶ By enabling informed risk-taking, the Group supports sustainable business growth and resilience amid changing market conditions.

### Risk Tolerance Indicators

- ▶ Approved market risk metrics and utilisation levels.
- ▶ Market risk sensitivity and exposure measures.
- ▶ Earnings and capital sensitivity to changes in market conditions.

## Identifying Risks and Mitigations

R3 **Liquidity Risk**

Liquidity risk is the risk of potential adverse impact on financial condition or soundness arising from the inability, or perceived inability, to meet financial obligations as they fall due, without incurring unacceptable losses.

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**Key Mitigation Actions Implemented in 2025**

- ▶ Regularly review and update liquidity assumptions and controls.
- ▶ Established controls to support the ability to meet funding obligations under normal and stressed conditions.
- ▶ Ongoing monitoring of liquidity metrics and limits to ensure exposures remain within the Group's risk appetite.
- ▶ Conducted periodic stress testing and scenario analysis.
- ▶ Periodic liquidity crisis simulation exercises were conducted under the Contingency Funding Plan Procedures to assess preparedness and the effectiveness of escalation and response in managing simulated liquidity stress events.

**Value Creation Implications**

- ▶ Effective liquidity risk management supports financial resilience by maintaining the Group's ability to meet funding requirements as they arise.
- ▶ By maintaining appropriate liquidity buffers and a diversified funding profile, the Group supports market confidence and facilitates the execution of business strategies amid changing market conditions.

**Risk Tolerance Indicators**

- ▶ Adequate liquidity buffers relative to funding needs.
- ▶ Diversification and composition of funding sources.
- ▶ Funding maturity profile and cash flow mismatch indicators.
- ▶ Utilisation of key liquidity risk limits.

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**Links**

Capitals	Stakeholders:	Material Matters	Risk Trend
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R4 **Shariah Non-Compliance Risk**

Shariah Non-Compliance (SNC) Risk is the risk of legal, regulatory, financial, and reputational consequences arising from the Group's failure to comply with applicable Shariah principles, rulings, standards, and regulatory requirements.

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**Key Mitigation Actions Implemented in 2025**

- ▶ Established the Group Shariah Governance Policy and Group Shariah Risk Management Policy, aligning with BNM's Shariah Governance policy document.
- ▶ Enhancement of Group Shariah Governance Policy and Shariah Risk Management Procedures to reflect the updated internal processes.
- ▶ Targeted Shariah risk awareness across business unit and business support units.
- ▶ Improved integration of Shariah controls within operational workflows and system processes.
- ▶ Conducted periodic stress testing to identify potential impact of SNC emerging risks.

**Value Creation Implications**

- ▶ Effective management of SNC risk preserves the Group's Shariah credibility and regulatory standing, supporting sustainable value creation.
- ▶ By strengthening governance and controls, the Group enhances customer trust and market confidence in Islamic banking offerings.

**Risk Tolerance Indicators**

- ▶ Zero-tolerance for Shariah Non-Compliance.

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R5 **Operational Risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

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**Key Mitigation Actions Implemented in 2025**

- ▶ Regularly review and update frameworks, policies, and controls.
- ▶ Independently assess new and existing products, product variations, and service providers for outsourcing arrangements, including their appointment, termination or renewal.
- ▶ Full deployment of Operational Risk Management System (ORMS) to closely monitor and manage emerging risks.
- ▶ Enhancement of the Crisis Management Plan (CMP) to proactively prepare for a variety of operational disruptions and unexpected events.
- ▶ Ongoing cultivation of a strong risk awareness culture.
- ▶ Conducted periodic stress testing based on BNM requirements.

**Value Creation Implications**

- ▶ Effective operational risk management supports the ability to achieve its business objectives by promoting resilient processes, systems, and third party arrangements.
- ▶ By embedding strong controls and oversight, the Group enables its business units to operate efficiently, meet regulatory expectations, and maintain stakeholder confidence.

**Risk Tolerance Indicators**

- ▶ Threshold for acceptable level of operational loss arising from operational risk events.

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**Links**

Capitals	Stakeholders	Material Matters	Risk Trend
<span style="background-color: #0056b3; color: white; border-radius: 50%; padding: 2px 5px;">FC</span> <span style="background-color: #0056b3; color: white; border-radius: 50%; padding: 2px 5px;">HC</span> <span style="background-color: #0056b3; color: white; border-radius: 50%; padding: 2px 5px;">IC</span> <span style="background-color: #0056b3; color: white; border-radius: 50%; padding: 2px 5px;">MC</span>	<span style="background-color: #00a0e3; border-radius: 50%; padding: 2px 5px;">ALL</span>	<span style="background-color: #008000; color: white; border-radius: 50%; padding: 2px 5px;">M1</span> <span style="background-color: #008000; color: white; border-radius: 50%; padding: 2px 5px;">M3</span> <span style="background-color: #008000; color: white; border-radius: 50%; padding: 2px 5px;">M7</span> <span style="background-color: #008000; color: white; border-radius: 50%; padding: 2px 5px;">M9</span> <span style="background-color: #008000; color: white; border-radius: 50%; padding: 2px 5px;">M10</span> <span style="background-color: #008000; color: white; border-radius: 50%; padding: 2px 5px;">M11</span> <span style="background-color: #008000; color: white; border-radius: 50%; padding: 2px 5px;">M12</span>	

## R6 Technology Risk

Technology risk is the risk arises from system outages, failures, or disruptions in IT infrastructure which could interrupt operations, degrade service delivery, or impact customer confidence.

### Key Mitigation Actions Implemented in 2025

- ▶ Enhanced IT risk governance with review and updates of frameworks, policies, and IT controls for comprehensive oversight to manage and monitor technology risk & emerging risk.
- ▶ Strengthened and expanded technology security systems to withstand sophisticated and evolving attacks & to safeguard the Group's information systems and customers' data.
- ▶ Maintained continuous engagement and strong partnerships with regulators and threat intelligence communities to stay updated on current & emerging threats.
- ▶ Increased efforts and focus on risk and security awareness campaigns for employees and customers about potential scams and security attacks.
- ▶ Enhanced IT Disaster Recovery (ITDR) arrangements to minimise system downtime, including periodic testing of recovery plans and adherence to defined recovery timelines to ensure timely restoration of critical systems and sustained operational resilience.
- ▶ Conducted periodic stress testing based on BNM requirements.
- ▶ Establishment of AI governance under in the Group IT and Cyber Security Risk Management Framework to provide guidelines and best practices for managing Artificial Intelligence and Machine Learning risks.

### Links



### Value Creation Implications

- ▶ Effective management of technology risk enables the Group to operate reliably and deliver essential financial services without disruption and facilitate the adoption of AI in the banking processes.
- ▶ Strong technology controls further support operational stability, protect key information assets, and enable business units to innovate and maintain competitive advantage.
- ▶ Enhance readiness to drive the proper adoption of AI tools.

### Risk Tolerance Indicators

- ▶ Thresholds set for critical system disruptions and vulnerabilities in internet-facing customer applications.

## R7 Cybersecurity Risk

Cybersecurity risk is related to the threat of security breaches, unauthorised access, or malicious attacks that could expose sensitive data or compromise digital assets.

### Key Mitigation Actions Implemented in 2025

- ▶ Regularly review and update frameworks, policies, and controls.
- ▶ Strengthened and expanded cyber security systems to withstand sophisticated and evolving cyberattacks & to safeguard the Group's information systems and customers' data, residing on both on-premise platforms and cloud-based platforms.
- ▶ Maintained continuous engagement and strong partnerships with regulators and cyber intelligence communities to stay updated on current & emerging cyber threats.
- ▶ Increased efforts and focus on risk and security awareness campaigns for employees and customers about potential scams and cyber security attacks.
- ▶ Conducted periodic stress testing based on BNM requirements.

### Links



### Value Creation Implications

- ▶ Effective management of cybersecurity risk strengthens the Group's cyber resilience and safeguards critical systems and data, residing on both on-premise platforms and cloud-based platforms, ensuring a secure experience for customers.
- ▶ Robust cybersecurity practices help protect information assets and support the Group's ability to innovate confidently while maintaining competitive advantage.

### Risk Tolerance Indicators

- ▶ Zero tolerance for cybersecurity breaches and data leakage incidents.

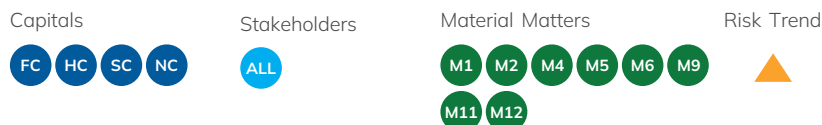
## R8 Environmental, Social and Governance Risk

Environmental, social and governance (ESG) risk is the risk of financial loss, operational disruption or reputational harm arising from inadequate consideration or management of environmental, social or governance factors.

### Key Mitigation Actions Implemented in 2025

- ▶ Regularly review and update climate risk-related policies and governance structure to ensure alignment with evolving regulatory expectations and best practices.
- ▶ Completion of inaugural climate risk stress test as per BNM's CRST Methodology Paper.
- ▶ Revision of Risk Appetite Statements to align with long term goals to promote onboarding of credit exposures that align with climate change and environmental objectives.
- ▶ Built internal capabilities through seminars on industry best practices, brown bag sessions, and climate related training.

### Links



### Value Creation Implications

- ▶ Effective ESG risk management enables the Group to adapt to climate changes, increase resilience, and ensure sustainable returns in the long run.
- ▶ Management of this risk is also guided by our commitment to align with the United Nations Sustainable Development Goals (UN SDGs).

### Risk Tolerance Indicators

- ▶ Targets for onboarding of customers supporting climate initiatives.
- ▶ Limits on exposure to high climate risk financing.
- ▶ Prohibition to finance activities listed under the Group's General and Specific Exclusion List.

# Strategic Performance Overview



*Our priority in 2025 was sharper execution, earlier intervention and firmer foundations for better performance.*

**Dato' Azlan Shahrim**  
Group Chief Strategy Officer

## Tightening Execution Under FLIGHT26

2025 was the middle year of FLIGHT26, MBSB Group's three-year strategy for 2024 to 2026. It was also a challenging year, marked by slower financing growth, pressure on margins and the continued impact of legacy assets. Against that backdrop, the focus of the Strategy function was to sharpen execution, improve management follow-through and help the Group build firmer foundations for better performance.

A major priority during the year was delivery of FLIGHT26 through TP30, the Group's transformation programmes set up to support execution of the strategy. In 2025, 17 of 18 transformation programmes were rolled out or closed, with the remaining programme carried forward into 2026. Four initiatives were also removed after further review, mainly due to implementation complexity, feasibility considerations and a decision to redirect resources to more scalable and strategically relevant priorities. TP30 was steered through the Group Management Transformation Committee, which I co-chair with the Group CEO.

The programmes delivered in 2025 were aimed at broadening customer propositions, strengthening core businesses and improving the Group's competitive position. WorksForMe, for example, was introduced to help MBSB win more payroll-linked CASA by giving salaried customers a reason to bank with MBSB even when their employers use another bank. Global Easy Transfer, powered by the Wise global remittance platform, gives customers a faster and lower-cost way to send money internationally. The Group also expanded its

wealth proposition through a unit trust offering via iFAST. Other initiatives launched during the year included the relaunch of Auto Financing, Express Bank Guarantee, Sustainable Deposit and a payroll wallet solution for foreign workers through Bayo Pay. Taken together, these initiatives helped widen the Group's product ecosystem, strengthen its customer proposition and support the long-term objectives of FLIGHT26.

## Intervening Early to Improve Delivery

Beyond formal programme governance, Strategy's role was to sharpen execution, accelerate follow-through and enable earlier management intervention. This included regular and proactive engagement with business teams to identify issues early, improve pipeline visibility, strengthen productivity and support critical process improvements.

To support this, execution trackers were developed and used across key workstreams including deals pipeline, relationship manager productivity, process improvement, digital projects, customer experience and cross-selling. These gave management clearer sight of emerging issues, improved transparency on performance trends and supported earlier intervention. They also reinforced clearer ownership, stronger follow-through and more disciplined execution across the Group.

This became especially important in a challenging year, as Strategy helped management focus on the leading indicators behind business performance and take earlier corrective action.

## Building a Stronger Path to Returns

Another key area of work in 2025 was to sharpen the Group's focus on capital efficiency and returns. As part of this, Strategy worked with management to deepen the diagnosis of the drivers of return on equity, including capital usage, risk-weighted asset intensity, funding structure and earnings quality.

This matters because stronger returns will not come from growth alone. They also require better use of capital, stronger balance sheet discipline and more consistent conversion of business activity into sustainable earnings. In that sense, 2025 was an important year in moving the conversation beyond surface-level performance and toward the structural drivers of value creation. This work has helped shape management priorities as the Group moves into the final year of FLIGHT26.

In parallel, the Group continued to pursue greater efficiency in how resources are deployed. This included cost optimisation efforts under FLIGHT26, which delivered savings above target during the year and reinforced the Group's broader focus on disciplined execution and resource allocation.

## Focusing the Portfolio and Strengthening the Franchise

In 2025, the Group continued to deepen MIDF integration and build greater value across the franchise. This included further development of the Group's "Sweet & Spicy" proposition, which combines MIDF's development and concessionary financing strengths with MBSB's commercial banking capabilities to offer broader and more differentiated solutions to customers.



At the same time, the Group continued to review selected non-core and underperforming activities to improve focus and resource allocation. This included the closure of the MIDF Invest platform as part of a broader effort to focus resources on areas more closely aligned to the Group's priorities and long-term returns.

The Group also continued to strengthen and simplify its market identity. Key steps during the year included the rebranding of MIDF Amanah Investment Bank to MBSB Investment Bank, and MIDF Research to MBSB Research, supporting a more unified Group brand architecture and clearer positioning in the market. Through its analysts covering the economy and key sectors such as banking, automotive, plantation, technology and energy, MBSB

Research also enhances the Group's visibility and standing in market insight and thought leadership.

### Sharpening the Market's Understanding of MBSB

Investor relations and strategic communications were also important parts of the Group CSO remit in 2025. Engagement with analysts, institutional investors and other stakeholders became more deliberate and structured, with the aim of improving understanding of the Group's strategy, performance context and forward priorities. This was supported by a more active investor engagement calendar, including regular results briefings, the Group's Annual General Meeting and MBSB Investor Day, an annual platform to engage analysts and

fund managers on the Group's strategy, performance and priorities through direct dialogue and Q&A.

This contributed to broader analyst coverage and improved market understanding of the Group's direction. In parallel, the Group continued to sharpen its brand and communications platform. "Be Bold. Bank Smart." was developed as a clearer expression of the kind of bank MBSB is building: more agile, customer-focused and forward-looking. It provided a stronger umbrella for product, campaign and corporate messaging, while helping to present the Group in a more unified and contemporary way to customers, investors and the wider market.

### Laying Firmer Foundations for 2026

2025 was a challenging year, with tighter execution, earlier intervention, clearer strategic priorities and firmer foundations for better performance. As the Group moves into 2026, the focus will remain clear: disciplined delivery of FLIGHT26, continued execution of the transformation programmes under TP30, stronger capital efficiency, sharper portfolio focus and deeper stakeholder confidence in the Group's long-term direction.

## How Strategy Added Value in 2025

### 1 Deliver the Group Strategy

Drove delivery of FLIGHT26 through TP30, with stronger oversight and governance

### 2 Drive Performance Discipline

Improved management discipline through earlier intervention and closer performance tracking

### 3 Improve the Quality of Returns

Sharpened focus on capital efficiency, balance sheet discipline and the drivers of ROE

### 4 Strengthen Strategic Positioning

Advanced portfolio focus, deepened MIDF integration, and strengthened MBSB's market positioning

# Digital Transformation Overview



*Digital banking today is no longer defined simply by technology, but by how seamlessly it fits into customers' everyday lives. Our focus is to continuously strengthen our digital foundations while creating experiences that are intuitive, secure and future-ready. Through this journey, we aim to make banking not just digital, but effortless.*

**Jesleigh Johari**  
Group Chief Operating Officer

## Business Environment

The digital banking landscape in 2025 remained highly competitive and rapidly evolving. Customers increasingly benchmark their banking experiences not only against traditional financial institutions, but also against leading digital platforms across industries. Expectations for intuitive design, speed, reliability and personalised experience have continued to rise.

At the same time, regulatory expectations surrounding security, data protection and operational resilience have intensified. Banks are required to modernise their infrastructure while maintaining strong governance and compliance standards. Advances in cloud computing, APIs, data analytics and artificial intelligence are also reshaping how digital services are designed and delivered.

Against this backdrop, Digital Consumer Banking (DCB) focused on balancing three critical imperatives: achieving market parity with leading platforms, creating meaningful differentiation through innovative products and experiences, and ensuring that the Bank's digital channels remain scalable, secure and future-ready.

## Key Focus Areas

Beginning in 2025, DCB's strategy has been guided by the theme "Digital Banking Reimagined, Made Effortless," underpinned by three strategic lenses: Match, Differentiate and Sustain. These lenses are designed to elevate M Journey to industry standards, introduce distinctive value through new and personalised offerings, and future-proof the Bank's digital platforms through scalable and secure architecture.

These lenses will be operationalised through five strategic pillars, which will form the foundation for the Bank's decision making on new features and services and for future design of app and platforms.

**Strengthen Foundation & Build Resilience** - Bringing key offline journeys online, adopting an app-first approach, improving reliability and performance and ensuring compliance readiness.

**Activate & Deepen Existing Base** - Driving digital-first usage, increasing transaction volumes and encouraging cross-sell and upsell across core banking services.

**Attract & Grow New Base** - Developing new digital value propositions, partnerships and differentiated offerings, particularly for emerging customer segments.

**Redefine Customer Experience** - Simplifying and modernising journeys, enhancing self-service capabilities and creating intuitive, emotionally engaging experiences.

**Build Smart Engagement & Future Capabilities** - Laying the groundwork for potentially AI-driven personalisation, smarter engagement and long-term scalability through analytics, APIs and modular architecture.

## Strategic Business Performance Review

In 2025, Digital Consumer Banking (DCB) remained focused on strengthening the Bank's digital ecosystem by enhancing the reliability, usability and completeness of M Journey and related digital platforms. Our strategic priorities centred on increasing digital adoption, driving higher engagement and transaction activity, expanding product coverage and reinforcing security and compliance across all customer touchpoints. At the same time, we continued to prepare the Bank's digital channels for future growth, innovation and more personalised customer experiences.



## Key Initiatives

Throughout the year, DCB delivered a series of strategic enhancements aimed at elevating the overall digital banking experience. A key milestone was the refresh of MJourney, which introduced a modernised user interface, improved navigation and enhanced system performance to provide customers with a smoother and more intuitive journey.

To strengthen platform resilience and safeguard customer trust, upgrades were made to the Fraud Management System (eFMS), alongside the implementation of enhanced mobile application security wrapping and stronger authentication controls. These measures were instrumental in reinforcing the security and stability of our digital channels.

DCB also expanded the Bank's digital service offerings through the introduction of new payment and transfer capabilities. This included the launch of GET in partnership with Wise, enabling seamless real-time remittances in multiple currencies, as well as the integration of FPX and DuitNow Request to Pay services to improve payment convenience for customers.

Further enhancements included the introduction of dual-language support and improved biometric login features to enhance accessibility and convenience. In parallel, targeted digital campaigns such as Term Deposit-i promotions were rolled out to deepen customer engagement and support deposit growth. Collectively, these initiatives contributed to both closing feature gaps with competitors and creating a more differentiated digital banking experience.

## Outcomes

The impact of these initiatives was reflected in strong YoY growth across key digital performance indicators. Mobile Internet Banking (MIB) users increased by 21.6%, while Retail Internet Banking (RIB) users recorded growth of 21.7%, demonstrating continued expansion in the Bank's digital reach. Total digital transactions rose significantly by 42.0%, driven by increased customer usage across transfers, QR payments, bill payments, remittances and other online banking services. This growth underscores the rising reliance on MBSB Bank's digital channels for everyday banking needs.

In addition to usage growth, customer feedback and sentiment towards the Bank's digital platforms continued to improve following the enhancements introduced throughout the year. These results reflect growing customer confidence in the reliability, convenience and security of the Bank's digital offerings, while reinforcing DCB's role in supporting the Bank's broader growth agenda.

## Achievements

In 2025, DCB recorded strong growth in digital transaction volumes, which increased by 42%, reflecting rising adoption of digital payments and transfers. The Bank also achieved more than 20% growth in both mobile and web users, indicating an expanding digital customer base. A key milestone during the year was MBSB Bank becoming the first bank in Malaysia to partner with Wise Platform for Global Easy Transfer (GET), enabling customers to send money in 12 currencies in real time at competitive exchange rates. The Bank also successfully launched and integrated FPX payment services, further enhancing its digital payment ecosystem for retail customers.

From a sustainability perspective, the continued shift towards digital-first transactions has reduced reliance on physical processes, contributing to greater operational efficiency and a lower environmental footprint. Enhanced self-service capabilities have also enabled customers to access banking services more conveniently without frequent branch visits. While 2025 was primarily focused on strengthening foundational capabilities and execution, the progress achieved has positioned DCB strongly for future recognition as its digital capabilities continue to mature and scale.

## Outlook and Prospects

Looking ahead, DCB will focus on the next phase of transformation through further development and modernisation of its digital platforms. This will enable faster product rollouts, deeper personalisation and seamless integration of new services across the ecosystem.

Key priorities include delivering a consistent, intuitive and reliable digital experience, expanding digital wealth offerings and deposit-driven strategies, and introducing smarter, data-driven engagement through personalised recommendations. The Bank will also continue enhancing end-to-end digital onboarding and financing journeys to improve accessibility and customer convenience. As customer expectations continue to evolve, DCB remains committed to delivering secure, intuitive and future-ready digital banking experiences that support sustainable growth and reinforce MBSB Bank's position as a modern, customer-focused financial institution.



## Talent Development Overview



*At the heart of our transformation are the people who make it happen. Our focus is on creating a workplace where every individual feels valued and supported, ensuring that as we grow as a bank, our people grow alongside us in both their careers and their well-being.*

**Iskandar Shah Zulkarnain**  
Group Chief People Officer

### From Alignment to Acceleration

The Group continues to build on a strong foundation of leadership alignment, cultural integration, and workforce transformation. In FY2025, this foundation translated into embedding behaviours, and strengthening capabilities.

Across all talent dimensions, our focus has shifted from establishing frameworks to driving impact at scale, with clear linkages between leadership behaviour, workforce capability, and business performance.

### Leadership Alignment and Culture Transformation

We strengthened a shared leadership culture by embedding the myPledge framework and its Core Actions and Behaviours into leadership expectations and performance discussions. This reinforced *Adab* and *Amanah* in decision making and encouraged accountability for both outcomes and how they are achieved.

Feedback from culture and pulse surveys highlighted priority areas such as delegation, realistic goal setting and values alignment. These insights guided targeted interventions across the organisation.

Key initiatives during the year included:

- ▶ The Risk Conscious Culture Programme, delivered through 12 sessions involving 369 participants, strengthened risk awareness and accountability in daily operations.
- ▶ Group-wide myPledge teambuilding

initiatives, conducted across 19 sessions in 11 locations, engaged 2,764 participants. The programme delivered a 55% improvement in understanding, reduced low awareness by 80%, and increased high competency levels eight-fold.

- ▶ “Living the myPledge” sessions were conducted for both new joiners and existing employees. Seven employee onboarding sessions onboarded 161 new employees into the MBSB culture journey, while 17 engagement sessions across key divisions strengthened application of myPledge in daily work.

These initiatives reflect stronger cultural understanding, with leadership behaviours increasingly embedded into KPIs and operations.

### Workforce Upskilling, Reskilling & Future-Readiness

Learning priorities were aligned with business strategy, regulatory requirements and emerging market needs. Capability-building focused on digital and data literacy, AI and automation, sustainability and ESG, risk and compliance, and customer engagement.

Key programmes delivered included:

- ▶ Sales Ascend, aligning Sales and Credit Processing teams with a unified relationship management model, integrating MBSB’s cradle-to-grave approach with MIDF’s hunter-farmer model.
- ▶ Treasury and Derivatives Training, a 10-day development programme to enhance leadership capabilities across Wholesale Banking, Risk and Finance.
- ▶ Branch Manager Masterclass, equipping managers with advanced leadership and operational capabilities.
- ▶ Functional team capability sessions, strengthening alignment and role-modelling of myPledge behaviours across 94 employees.
- ▶ Empowering People Managers, enhancing leadership capabilities across Wholesale Banking.
- ▶ GPCD Unplugged Series, engaging 2,342 participants across nine sessions to build awareness of key HR topics.

Digital learning adoption increased significantly, with 2,915 employees participating and average monthly participation reaching 59% for MBSB and 26% for MIDF. Repeat learner rates stood at 65% and 68% respectively, with over 3,090 new skills acquired.

This was supported by an enterprise-wide learning ecosystem focused on:

- ▶ Risk and Compliance through cybersecurity and regulatory programmes
- ▶ Digital and AI Fluency, with 625 employees trained
- ▶ Sustainable Finance Awareness through ESG-related programmes
- ▶ Leadership and Professional Skills, with over 40% of employees completing development programmes



Moving forward, development pathways will be further strengthened in digital, AI, compliance, risk and ESG.

## Employee Engagement, Well Being and Connectedness

Employee engagement improved through a data-driven and outcome-focused approach.

Key improvements included:

Goal-setting realism improved  
from **53%** to **81%**

Values alignment improved  
from **45%** to **75%**

Authority delegation improved  
from **49%** to **76%**

These reflect stronger leadership transparency, clearer expectations and greater empowerment.

Initiatives to strengthen connectedness included the myPledge Influencer Network, cross-regional immersion programmes, and leadership engagement sessions.

Our Wellness at Work approach was expanded into a structured well-being framework, incorporating mental resilience programmes, preventive health initiatives and leadership toolkits to support psychological safety.

## High Potential Talent, Succession and Career Growth

We continued to strengthen our talent pipeline through employer branding activities and structured development initiatives.

200 participants across four universities were engaged through the MBSB Accelerated Career Kickstart Programme, enhancing career readiness and strengthening our employer brand.

The Graduate Employability at MBSB programme welcomed a new cohort, with 58% securing permanent roles.

Our first cohort of management trainees graduated in March 2025, with all trainees placed into Associate Relationship Manager roles after a 12-month rotational programme.

Internally, nine leadership development modules were delivered to 285 high-potential employees, achieving strong feedback scores and supported by RM1.1 million investment.

This resulted in increased internal mobility, seeing 11% of positions being filled with internal talents and high potential employees, with high-potential employees moving into broader roles supported by Individual Development Plans. Future efforts will focus on strengthening successor readiness and leadership pipeline depth.

## Performance, Rewards and Harmonisation

FY2025 marked a key milestone in post-merger integration, with the harmonisation of rewards, benefits and performance practices.

A unified Total Rewards framework was implemented, aligning salary structures, grades and performance systems across the Group. This fostered greater equity, clarity and shared purpose.

Enhanced calibration sessions strengthened performance rating consistency, while rewards were more clearly differentiated across company, divisional and individual performance.

The adoption of SMARTx2 goal setting and more frequent performance reviews improved alignment between goals, behaviours and outcomes. Leaders provided clearer, real-time feedback, supported by targeted development and Performance Improvement Plans where required.

## Labour Relations, Culture Diagnostics and Employee Voice

Culture and pulse surveys identified key drivers of performance and engagement, including empowerment, goal clarity, behavioural consistency and cross-functional collaboration. These were embedded into leadership priorities and workforce planning.

Employee voice was strengthened through the nomination of culture champions, structured engagement dialogues and the Speak Up platform. Engagement with employee representatives continued through the Collective Agreement, supporting a collaborative industrial relations environment.

## Technology & Enablement

Digitalisation remained a key enabler of efficiency and employee experience.

Key initiatives included:

- ▶ Implementation of KaizenHR as a unified HR and payroll platform
- ▶ Digitalisation of claims processes for 2,500 employees
- ▶ Automation of overtime and allowance calculations
- ▶ Digital issuance of increment and bonus letters
- ▶ Multi-factor authentication enhancements

These initiatives improved data integrity, reduced manual processes, accelerated turnaround times and enabled more data-driven workforce planning.

## Outlook

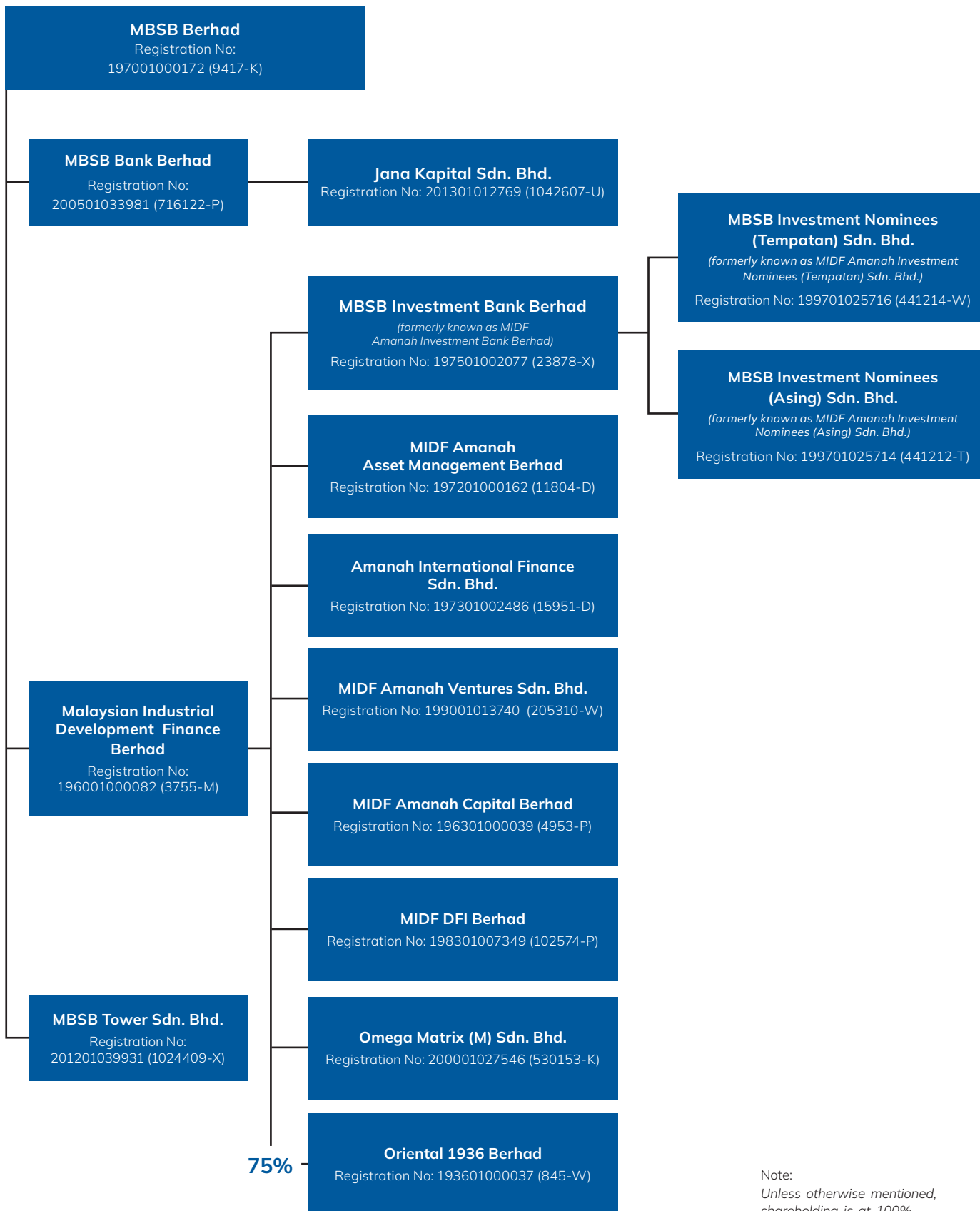
As we progress along our FLIGHT26 journey, talent development will remain a strategic enabler of performance and long-term value creation.

Priority areas include:

- ▶ Protect and retain critical talent
- ▶ Accelerate leadership pipeline and diversity
- ▶ Build future ready workforce capabilities
- ▶ Sustain engagement and positive workforce climate

We are also strengthening our measurement approach, shifting from activity-based tracking to outcome-driven indicators to ensure our workforce remains capable, agile and aligned to deliver on our FLIGHT26 ambitions.

# Group Corporate Structure



Note:  
Unless otherwise mentioned,  
shareholding is at 100%.



# Group Corporate Information

## Board of Directors

- **Dato' Wan Kamaruzaman bin Wan Ahmad**  
Chairman/ Non-Independent Non-Executive Director
- **Encik Mohamad Abdul Halim bin Ahmad**  
Senior Independent Non-Executive Director
- **Encik Szaliza bin Zainuddin**  
Non-Independent Executive Director
- **Datuk (Dr.) Yasmin binti Mahmood**  
Non-Independent Non-Executive Director
- **Datuk (Dr.) Normala @ Noraizah binti A. Manaf**  
Independent Non-Executive Director
- **Encik Ho Kwong Hoong**  
Independent Non-Executive Director
- **Puan Maheswari A/P G Kanniah**  
Independent Non-Executive Director

## Group Chief Executive Officer

**Encik Mohamed Rafe bin Mohamed Haneef**

## Company Secretaries

### **Koh Ai Hoon**

(MAICSA 7006997)

*Practicing Certificate No. 202308000225*

### **Pauline Ng Peck Kun**

(MAICSA 7029550)

*Practicing Certificate No. 201908002573*

## Share Registrar

### **Tricor Investor & Issuing House Services Sdn Bhd**

Unit 32-01, Level 32, Tower A

Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Tel: 03-2783 9299

Email: [is.enquiry@vistra.com](mailto:is.enquiry@vistra.com)

Website: [www.vistra.com](http://www.vistra.com)

## Auditors

### **PricewaterhouseCoopers PLT**

LLP0014401-LCA & AF 1146

(Chartered Accountants)

Level 10, 1 Sentral

Jalan Rakyat, KL Sentral

P O Box 10192

50706 Kuala Lumpur

## Registered Office

Level 25, Menara MBSB Bank, PJ Sentral

Lot 12, Persiaran Barat, Seksyen 52

46200 Petaling Jaya, Selangor

Tel: 03-2096 3000

Fax: 03-7455 5108

Email: [secretarial.division@mbsb.com](mailto:secretarial.division@mbsb.com)

Website: [www.mbsb.com](http://www.mbsb.com)

## Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

*(Listed since 14 March 1972)*

Stock Code: 1171

Stock Name: MBSB

# Profile of MBSB Board of Directors

## Dato' Wan Kamaruzaman Bin Wan Ahmad, 66

Chairman/Non-Independent Non-Executive Director



### Date of Appointment

24 January 2024

### Academic and Professional Qualifications

- ▶ Chartered Banker, Asian Institute of Chartered Banker (AICB)
- ▶ Bachelor of Economics (Analytical Economics), Hons, University Malaya

### Experience & Positions

#### Present Directorships

#### Other listed entities

- ▶ Malaysian Resources Corporation Berhad

#### Other public companies

- Chairman, MBSB Bank Berhad
- Chairman, MBSB Investment Bank Berhad

#### Present Appointments

- ▶ Chairman, Iris Capital Partners Sdn Bhd
- ▶ Member, Investment Panel, Employees Provident Fund Board
- ▶ Director, MIF Investments Ltd
- ▶ Director, Global LNG Sdn Bhd
- ▶ Director, Lembaga Penduduk dan Pembangunan Keluarga Negara

#### Past Directorships and Appointments

- ▶ Chairman, Investment Advisory Panel, Securities Commission (2022–2025)
- ▶ Director, Bermaz Auto Berhad (2021–2025)
- ▶ Commission Member, Malaysian Aviation Commission (2022–2025)
- ▶ Chairman, Bank of America Malaysia Berhad (2022–2024)
- ▶ Director, Damansara REIT Managers Sdn Bhd (2020–2024)
- ▶ Director, Bond/Sukuk Information Platform Sdn Bhd (BIX Malaysia) (2017–2023)
- ▶ Board Member, Minority Shareholder Watch Group (2016–2022)

- ▶ Director, Malaysia Convention & Exhibition Bureau (2020–2022)
- ▶ Director, RHL Ventures Advisory Sdn Bhd (2019–2020)
- ▶ Director, Nomura Islamic Asset Management Sdn Bhd (2019–2020)
- ▶ Director, Pacific Trustee Sdn Bhd (2019–2020)
- ▶ Advisory Committee Member, Financial Times Stock Exchange (FTSE) Russel, London (2015–2019)
- ▶ Chairman, Institutional Investors Council Malaysia (2015–2018)
- ▶ Chief Executive Officer, Kumpulan Wang Persaraan (Diperbadankan) (KWAP) (2013–2018)
- ▶ Director, Malakoff Corporation Berhad (2013–2018)
- ▶ Director, Prima Ekuiti (UK) Limited (2013–2018)
- ▶ Director, UMW Corporation Berhad (2011–2013)
- ▶ General Manager, Treasury Department, Employees Provident Fund (2007–2013)
- ▶ Finance Director, Izoma Sdn Bhd (2006–2007)
- ▶ Director, Permodalan BSN (2006–2007)
- ▶ Finance Director, Kemuncak Facilities Management Sdn Bhd (2005–2006)
- ▶ Chief Executive Officer and Director of several companies within the Affin Group (1994–2005)
- ▶ Various roles in Treasury Department at Malayan Banking Berhad (1981–1994)

### Current Membership of Board Committees in MBSB

Nil

### Declaration

- ▶ Nominee of Employees Provident Fund Board (EPF)

### Board Meeting Attendance in 2025



Number of Meetings Attended

### Gender



Male



Female

### Declaration

All the Directors

- No family relationship with any director and major shareholders of MBSB.
- No conflict of interest or potential conflict of interest, including interest in any competing business with MBSB Group.
- Not been convicted for any offences within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2025.

**Encik Szaliza Bin Zainuddin, 53**

Non-Independent  
Executive Director\*



**Date of Appointment**  
1 January 2025

**Encik Mohamad Abdul Halim bin Ahmad, 65**

Senior Independent  
Non-Executive Director



**Date of Appointment**  
2 March 2020

**Academic and Professional Qualifications**

- ▶ Association of Chartered Certified Accountants, UK (ACCA)
- ▶ BA Hons in Accounting & Finance, Southbank University, United Kingdom
- ▶ Diploma in Accountancy, Universiti Teknologi MARA (UiTM)

**Experience & Positions**

Present Directorships

**Other listed entities**

- ▶ Nil

**Other public companies**

- ▶ Nil

Present Appointments

- ▶ Chief Operating Officer, Employees Provident Fund

Past Directorships and Appointments

- ▶ Chief Financial Officer, Employees Provident Fund (2017–2021)
- ▶ Director, MBSB Bank Berhad (2018–2021)
- ▶ Director, Malaysia Building Society Berhad (2017–2018)
- ▶ Director, HSBC Amanah Takaful (Malaysia) Berhad (2013–2017)

**Current Membership of Board Committees in MBSB**

- ▶ Nil

**Declaration**

- ▶ Nominee of Employees Provident Fund Board (EPF).

**\* Note**

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

**Academic and Professional Qualifications**

- ▶ Bachelor of Science of Civil Engineering (First Class Honour), Imperial College, University of London
- ▶ Associate Member, Institute of Chartered Accountants England and Wales (ICAEW)
- ▶ Member, Malaysian Institute of Accountants (MIA)

**Experience & Positions**

Present Directorships

**Other listed entities**

- ▶ S P Setia Berhad

**Other public companies**

- ▶ Syarikat Takaful Malaysia Am Berhad

Present Appointments

- ▶ Nil

Past Directorships and Appointments

- ▶ Director, Perbadanan Insurans Deposit Berhad (2012–2018)
- ▶ Director, Sime Darby Utilities Sdn Bhd (2011–2017)
- ▶ Board Member, Malaysian Accounting Standards Board (2006–2009)
- ▶ Managing Director, Amanah CapitaLand Pte Ltd (2006)
- ▶ Director, TMD Berhad (2004–2008)
- ▶ Managing Director, Saujana Consolidated Berhad (1996–2014)
- ▶ Managing Director, Saujana Resort (M) Berhad (1996–2014)
- ▶ Director, Shangri-La Hotel (M) Berhad (1996–2005)
- ▶ Managing Director, Landmarks Berhad (1996–2005)
- ▶ Group Chief Executive, Peremba (Malaysia) Sdn Bhd (1994–2014)
- ▶ Director, Rashid Hussain Berhad (1994–2003)
- ▶ Director, Australian Hospital Care Limited (1994–2001)
- ▶ General Manager of Finance, Landmarks Berhad (1988–1993)
- ▶ Senior Manager of Finance, Amanah Merchant Bank Berhad (1987–1988)
- ▶ Audit Senior, Arthur Andersen & Co (KL) (1986–1987)
- ▶ Audit Trainee/Senior, Arthur Andersen & Co. (London) (1982–1985)

**Current Membership of Board Committees in MBSB**

- ▶ Chairman, Group Board Audit Committee
- ▶ Member, Group Board Risk and Compliance Committee

## Profile of MBSB Board of Directors

### Datuk (Dr.) Yasmin binti Mahmood, 63

Non-Independent  
Non-Executive Director



**Date of Appointment**  
5 December 2023

### Datuk (Dr.) Nora Manaf, 62

Independent  
Non-Executive Director



**Date of Appointment**  
15 July 2025

#### Academic and Professional Qualifications

- ▶ Honoris Causa, Doctor of the University, HWUM (Heriot-Watt University)
- ▶ Honoris Causa, Doctor in Management, UNITAR (University Tun Abd Razak) International University
- ▶ Bachelor of Science (Computer Science and Applied Mathematics), University of New South Wales, Sydney, Australia

#### Experience & Positions

##### Present Directorships

##### **Other listed entities**

- ▶ Citaglobal Berhad
- ▶ Jasa Kita Berhad

##### **Other public companies**

- ▶ Malaysian Industrial Development Finance Berhad

##### Present Appointments

- ▶ Managing Partner of FutureReady Consulting Sdn Bhd

##### Past Directorships and Appointments

- ▶ Chairman, Malaysian Tourism Promotion Board (2023–2025)
- ▶ Director, Kintan Bersama Sdn Bhd (2024–2025)
- ▶ Chairman, Skymind Holdings Berhad (2021–2024)
- ▶ Chairman, Heriot-Watt University of Malaysia (2021–2024)
- ▶ Director, UMW Holdings Berhad (2022–2024)
- ▶ Director, Bintulu Port Holdings Berhad (2015–2023)
- ▶ Chairman, POS Malaysia Berhad (2019–2021)
- ▶ Chief Executive Officer, Malaysia Digital Economy Corporation (MDEC) (2014–2019)
- ▶ Executive Director, YTL Communication Sdn. Bhd. (2010–2014)
- ▶ Director, YTL e-Solutions Berhad (2010–2014)
- ▶ Managing Director, Microsoft Malaysia Sdn. Bhd. (2006–2009)
- ▶ Regional Manager, Malaysia, Thailand and Taiwan, Dell Asia Pacific (2005–2006)
- ▶ General Manager, Dell Asia Pacific (1999–2005)
- ▶ General Manager, HP Sales Malaysia (1995–1999)
- ▶ General Manager, Dataprep Retail Sdn. Bhd. (1993–1995)
- ▶ Marketing Manager, HP Sales Malaysia (1988–1993)

#### Current Membership of Board Committees in MBSB

- ▶ Member, Group Nominating and Remuneration Committee

#### Declaration

- ▶ Nominee of Permodalan Nasional Berhad

#### Academic and Professional Qualifications

- ▶ Chartered Fellow, Chartered Institute of Personnel and Development, United Kingdom
- ▶ IHRPP Master Professional, Institute for Human Resource Professionals, Singapore
- ▶ Chartered Banker, Asian Institute of Chartered Banker (AICB)
- ▶ Advanced Management Programme, Harvard Business School, United States
- ▶ Graduate Certificate Human Resource Development, Cornell University, United States
- ▶ Chartered Accountant, Malaysia Institute of Accountants (MIA)
- ▶ Associate Member, Institute of Chartered Accountants England and Wales (ICAEW)
- ▶ BA (Hons) Accounting, Universiti Teknologi MARA (UiTM)

#### Experience & Positions

##### Present Directorships

##### **Other listed entities**

- ▶ Nil

##### **Other public companies**

- ▶ Agensi Kaunseling dan Pengurusan Kredit
- ▶ Trustee, Yayasan Khazanah

##### Present Appointments

- ▶ Chairman, Manaf Gardner Associates Sdn Bhd
- ▶ Member, Board of Investment, Universiti Teknologi MARA (UiTM)
- ▶ Academic Advisory Board Member, Putra Business School
- ▶ Advisory Board Member, Yayasan Peneraju Pendidikan Bumiputera

##### Past Directorships and Appointments

- ▶ Director, Etiqa General Insurance Berhad (2017–2024)
- ▶ Group Chief Human Capital Officer, Malayan Banking Berhad (2014–2024)
- ▶ Head, Group Human Capital, Malayan Banking Berhad (2008–2013)
- ▶ Head, Human Resources, KL Global Shares Services Centre, Standard Chartered Group (2008)
- ▶ EVP, Head Strategic Initiatives, PT Permata Bank (2005–2008)
- ▶ Head, Leadership Development, Standard Chartered Bank (2004–2005)
- ▶ Head, Human Resources, Scope International (2003–2004)
- ▶ Head, Country Rewards and Development, Standard Chartered Bank (1999–2003)
- ▶ Head, Staffing and HR Development, Maxis Communications Bhd (1995–1999)
- ▶ Principal, Stamford College (1992–1995)
- ▶ Head of Department, Ministry of Education (1989–1992)
- ▶ Executive Project Zebra-(368 Chip), Intel (1988–1989)

#### Current Membership of Board Committee in MBSB

- ▶ Member, Group Nominating and Remuneration Committee
- ▶ Member, Group Board Audit Committee

**Encik Ho Kwong Hoong, 67**

Independent  
Non-Executive Director



**Date of Appointment**  
1 November 2024

**Puan Maheswari A/P G Kanniah,  
Regent Emeritus (ACFE), 65**

Independent  
Non-Executive Director



**Date of Appointment**  
1 August 2025

**Academic and Professional Qualifications**

- ▶ Chartered Banker, Asian Institute of Chartered Bankers (AICB)
- ▶ Malaysia Futures and Options Registered Representative Certificate, Malaysia Monetary Exchange Bhd
- ▶ MBA (Finance) with Distinction, The University of Hull, United Kingdom
- ▶ B. Sc (Hons) Actuarial Science, The City University, United Kingdom

**Experience & Positions**Present Directorships**Other listed entities**

- ▶ Nil

**Other public companies**

- ▶ MBSB Bank Berhad

Present Appointments

- ▶ Director, RHB Excel Sdn Bhd (Under Voluntary Winding Up)

Past Directorships and/Appointments

- ▶ Director, RHB Bank (Labuan) LTD (2016–2020)
- ▶ Director, Financial Park (Labuan) Sdn Bhd (2016–2020)
- ▶ Group Chief Risk Officer, RHB Banking Group (2010–2020)
- ▶ Head, Central Operations, Senior Vice President, RHB Banking Group (2007–2009)
- ▶ Chief Operating Officer, RHB Investment Bank Berhad (July 2007–October 2007)
- ▶ Head, Group Risk Management, RHB Sakura Merchant Bankers Berhad (1998–June 2007)
- ▶ General Manager, Treasury Department, RHB Sakura Merchant Bankers Berhad (1984–1998)
- ▶ Officer, United Asian Bank Berhad (1983–1984)

**Current Membership of Board Committees in MBSB**

- ▶ Chairman, Group Nominating and Remuneration Committee
- ▶ Member, Group Board Risk and Compliance Committee

**Academic and Professional Qualifications**

- ▶ Chartered Banker, Asian Institute of Chartered Banker (AICB)
- ▶ Fellow Chartered Secretary and Chartered Governance Professional, Institute for Chartered Secretaries and Administrators (ICSA), United Kingdom
- ▶ Fellow, Malaysian Association of the Institute of Chartered Secretaries and Administrators (MAICSA)
- ▶ Certified Expert in ESG and Impact Investing, Frankfurt School of Finance & Management, Germany
- ▶ Certified Fraud Examiner, Association of Certified Fraud Examiners (ACFE), United States & Malaysian Chapter

**Experience & Positions**Present Directorships**Other listed entities**

- ▶ Turiya Berhad

**Other public companies**

- ▶ MBSB Investment Bank Berhad
- ▶ Institute of Corporate Directors Malaysia

Present Appointments

- ▶ Member of the Risk Management Committee of University Malaya
- ▶ Adviser to the ACFE Malaysian Chapter
- ▶ Member of the Nomination Committee of the ACFE
- ▶ Member of the Gender Equity Committee of the Olympic Council Malaysia

Past Directorships and Appointments

- ▶ Regent to the Board of Regent (BOR) of the Association of Certified Fraud Examiners, USA (ACFE) (2024–2026)
- ▶ Group Chief Regulatory and Compliance Officer, Kenanga Investment Bank Berhad (2011–2025)
- ▶ Senior Vice President Compliance, RHB Banking Group (2007–2011)
- ▶ Vice President/Head of Group Compliance, Malayan Banking Berhad (2007)
- ▶ Vice President/Head of Compliance Supervision, Malayan Banking Berhad (2002–2007)
- ▶ Corporate Service Department, Malayan Banking Berhad (1978–2002)

**Current Membership of Board Committees in MBSB**

- ▶ Chairman, Group Board Risk and Compliance Committee
- ▶ Member, Group Board Audit Committee

## Board of Operating Subsidiaries

### MBSB Bank



**Dato' Wan Kamaruzaman  
Bin Wan Ahmad**

*Chairman/Non-Independent  
Non-Executive Director*



**Kamarulzaman Bin Ahmad**

*Independent Non-Executive Director*



**Arul Sothy Mylvaganam**

*Independent Non-Executive Director*

### Malaysian Industrial Development Finance Berhad



**Tan Sri Abdul Rahman Bin Mamat**

*Chairman/Non-Independent  
Non-Executive Director*



**Datuk Mohd Nasir Bin Ali**

*Independent Non-Executive Director*

### MBSB Investment Bank



**Dato' Wan Kamaruzaman  
Bin Wan Ahmad**

*Chairman/Non-Independent  
Non-Executive Director*



**Azlan Bin Abdullah**

*Independent Non-Executive  
Director*



**Maheswari A/P  
G Kanniah**

*Independent  
Non-Executive Director*



**Gan Kim Khoon**

*Independent  
Non-Executive Director*



**Norashikin Binti  
Mohd Kassim**

*Independent  
Non-Executive Director*



**Ho Kwong Hoong**  
*Independent Non-Executive Director*



**Shawn Conrad Campos**  
*Independent Non-Executive Director*



**Azizah Binti Wan Chik**  
*Independent Non-Executive Director*



**Dato' Ahmad Murad  
Bin Abdul Aziz**  
*Independent Non-Executive Director*



**Datuk (Dr.) Yasmin Binti Mahmood**  
*Non-Independent Non-Executive Director*



**Datuk Bahria Binti Mohd Tamil**  
*Non-Independent Non-Executive Director*



**Datuk Azrulnizam Bin Abdul Aziz**  
*Independent Non-Executive Director*

## MIDF Amanah Asset Management Berhad



**Norashikin Binti Mohd Kassim**  
*Chairman/Independent Non-Executive Director*



**Hasman Yusri Bin Yusoff**  
*Independent Non-Executive Director*



**Shan Kamahl Bin Mohammad**  
*Non-Independent Executive Director/  
Chief Executive Officer*

# Profile of MBSB Bank Shariah Advisory Committee



**Ts. Dr. Nasrun Mohamad @ Ghazali, 51**  
Chairman, Shariah Advisory Committee

#### Date of Appointment

8 September 2020

#### Gender



#### Nationality



#### Academic/Professional Qualifications

- ▶ Ph.D. in Islamic Revealed Knowledge and Heritage (Fiqh and Usul al-Fiqh), International Islamic University Malaysia
- ▶ Master's degree in Shariah, University of Malaya
- ▶ Master's degree in Information Technology, National University of Malaysia
- ▶ Bachelor's degree in Islamic Sciences (Hons) of al-Hadith, al-Madinah International University
- ▶ Bachelor's degree in Accounting (Hons), National University of Malaysia
- ▶ Diploma in Shariah, Dar al-Hikmah College
- ▶ Certified Shariah Advisor and Auditor (CSAA), Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain
- ▶ Professional Technologist, Malaysia Board of Technologists

#### Working Experience

##### Current

- ▶ Senior Lecturer, Academy of Contemporary Islamic Studies, Universiti Teknologi MARA
- ▶ Member of Shariah Advisory Committee, PPZ-MAIWP

##### Past

- ▶ Waqf Manager, Universiti Teknologi MARA (2019–2021)
- ▶ VP/Head of Shariah, MUFG Bank (Malaysia) Berhad (2013–2019)
- ▶ AVP (Governance & Shariah Risk), Al Rajhi Bank (M) Berhad (2011–2013)
- ▶ Business Analyst (Group Risk), AmBank Berhad (2010–2011)
- ▶ Senior Consultant, Infopro Sdn. Bhd. (2009–2010)
- ▶ Senior Executive, Maybank Bhd. (2001–2009)



**Dr. Ahmad Faizol bin Ismail, 43**  
Deputy Chairman, Shariah Advisory Committee

#### Date of Appointment

1 April 2020

#### Gender



#### Nationality



#### Academic/Professional Qualifications

- ▶ Ph.D. in Law, School of Law, University of Leeds, United Kingdom
- ▶ Master's degree in Shariah, University of Malaya (UM)
- ▶ Bachelor's degree in Shariah, Al-Azhar University, Egypt
- ▶ Diploma in Islamic Studies (Shariah) from Kolej Ugama Sultan Zainal Abidin (KUSZA)
- ▶ Certified Shariah Advisor (CSA), Association of Shariah Advisors in Islamic Finance (ASAS)

#### Working Experience

##### Current

- ▶ Senior Lecturer, Faculty of Islamic Contemporary Studies, Universiti Sultan Zainal Abidin (UniSZA)
- ▶ Member, Shariah Committee, MAiDAM Property Sdn. Bhd.
- ▶ External Academic Advisor, Kolej Universiti Islam Selangor
- ▶ External Academic Advisor, Kolej Quran Terengganu

##### Past

- ▶ Director, Office of Waqf and Endowments, UniSZA
- ▶ Member, MAIDAM Council, Majlis Agama Islam dan Adat Melayu Terengganu
- ▶ Head of Shariah Department, Faculty of Islamic Contemporary Studies, UniSZA, (2020–2022)



**Assoc. Prof. Datuk Dr. Luqman Hj. Abdullah, 57**  
Member, Shariah Advisory Committee

#### Date of Appointment

20 January 2020

#### Gender



#### Nationality



#### Academic/Professional Qualifications

- ▶ Ph.D in Islamic Law, University of Edinburgh, Scotland
- ▶ Bachelor of Arts (Honors) in Shariah, University of Malaya, Malaysia

#### Working Experience

##### Current

- ▶ Associate Professor, Department of Fiqh and Usul al-Fiqh, University of Malaya
- ▶ Member of the Shariah Committee, MNRB Holdings Berhad
- ▶ Member of the Shariah Advisory Committee Amanah Raya Berhad
- ▶ Member of the Shariah Expert Panel, JAKIM
- ▶ Member of the Shariah Advisory Council of Kumpulan Perbadanan Kemajuan Iktisad Negeri Kelantan (PKINK)

##### Past

- ▶ Mufti, Federal Territory of Kuala Lumpur (2020–2025)
- ▶ Member of the Shariah Advisory Committee, Yayasan Wakaf Malaysia (2020–2025)
- ▶ Wakaf Committee Member, Majlis Agama Islam Wilayah Persekutuan (2020–2025)
- ▶ Lecturer, UM (2005–2007)
- ▶ Senior Lecturer, UM (2007–2022)
- ▶ Shariah Committee Member (Chairman), Bank of Tokyo-Mitsubishi UFJ Malaysia (2008–2019)
- ▶ Shariah Committee Member, MAA Takaful (2012–2017)
- ▶ Shariah Committee Member, Zurich Takaful (2017–2020)
- ▶ Fatwa Committee Member, Jemaah Ulama Majlis Agama Islam dan Adat Istiadat Melayu Kelantan (MAIK) (2012–2020)



**Assoc. Prof. Dr. Muhammad Najib Abdullah, 47**  
Member, Shariah Advisory Committee

#### Date of Appointment

1 July 2021

#### Gender



#### Nationality



#### Academic/Professional Qualifications

- ▶ Phd in Usul Fiqh (Maqasid Al-Shariah Islamic Banking), International Islamic University of Malaysia (IIUM)
- ▶ Master of Islamic Revealed Knowledge and Human Sciences Specialising in Usul Fiqh, IIUM
- ▶ Bachelor of Fiqh and Usul Fiqh (Shariah), Islamic University of Madinah Munawwarah, Saudi Arabia
- ▶ Certified Shariah Advisor (CSA), Association of Shariah Advisors in Islamic Finance (ASAS)

#### Working Experience

##### Current

- ▶ Associate Professor, Faculty of Shariah Law, Universiti Sains Islam Malaysia (USIM)
- ▶ Chairman, Group Shariah Committee of Etiqa Takaful
- ▶ Shariah Advisory Panel for World Fatwa Management and Research Institute (INFAD)
- ▶ Fellow, Islamic Finance and Wealth Management Institute (IFWMI), USIM
- Member of Fatwa Committee, Pulau Pinang

##### Past

- ▶ Deputy Dean, Faculty of Shariah Law, USIM (2019–2024)
- ▶ Chairman, Shariah Committee of MIDF Amanah Investment Bank Berhad (2023–2024)
- ▶ Member, Shariah Committee of MIDF Amanah Investment Bank Berhad (2021–2023)



**Tn. Hj. Ahmad Lutfi Abdull Mutalip @ Talib, 55**  
Member, Shariah Advisory Committee

#### Date of Appointment

1 January 2018

#### Gender



#### Nationality



#### Academic/Professional Qualifications

- ▶ LL.B (Hons)(Second Class Upper), International Islamic University of Malaysia (IIUM)
- ▶ Institute of Chartered Secretaries and Administrators, Malaysian Association of Institute of Chartered Secretaries and Administrators (MAICSA)

#### Working Experience

##### Current

- ▶ Independent Non-Executive Director of Malaysian Industrial Finance Berhad
- ▶ Managing Partner, Messrs. Azmi & Associates, Advocates & Solicitors
- ▶ Independent Non-Executive Director, Elridge Energy Holdings Berhad

##### Past

- ▶ Member, Shariah Committee of MIDF Amanah Investment Bank Berhad (2018–2024)
- ▶ Independent Non-Executive Director Bank Simpanan Nasional (BSN) (2019–2023)
- ▶ Member, Shariah Committee of BSN (2020–2024)

## Profile of MBSB Group Management Committee



**Rafe Haneef, 56**  
Group Chief Executive Officer

**Date of Appointment**  
1 July 2023



### Academic/Professional Qualifications

- ▶ Chartered Islamic Finance Professional (ACIFP), Chartered Institute of Islamic Finance Professionals
- ▶ Securities Representative License, Securities and Futures Authority (SFA), United Kingdom
- ▶ New York Bar, Qualified, New York Bar, United States of America
- ▶ Malaysian Bar, Admitted, Bar Council, Malaysia
- ▶ Master of Laws (LL.M), Harvard Law School, United States of America
- ▶ Bachelor of Laws (Hons) LL.B., International Islamic University, Malaysia

### Working Experience and Occupation

#### Present Directorship and Appointment

- ▶ Chief Executive Officer, MBSB Bank Berhad
- ▶ Director, Halal Development Corporation Berhad
- ▶ President of Association of Islamic Banking and Financial Institution Malaysia (AIBIM)

#### Past Directorships and Appointments

- ▶ Executive Director, MIDF Amanah Investment Bank Berhad (2024)
- ▶ Chief Executive Officer, CIMB Group Transaction Banking (2019–2023)
- ▶ Chief Executive Officer, CIMB Foundation (2019–2023)
- ▶ Group Chief Sustainability Officer, CIMB Group (2019–2021)
- ▶ Chief Executive Officer & Executive Director, CIMB Islamic Bank Berhad (2016–2019)
- ▶ Chief Executive Officer & Executive Director/Managing Director, Global Market, Asia Pacific, HSBC Amanah Bank Berhad (2010–2015)
- ▶ Managing Director, Investments, Fajr Capital Ltd (2008–2010)
- ▶ Regional Head, Asia-Pacific, CitiBank Berhad (2006–2007)
- ▶ Global Head, Global Islamic Finance, ABNAMRO Bank Ltd (2004–2006)
- ▶ Associate Director, Global Markets, HSBC Financial Service ME Ltd (2001–2004)
- ▶ Head of Shariah Department and Transaction Management, Structured Finance, HSBC Investment Bank plc (1999–2001)
- ▶ Advocate & Solicitor, Messrs. Mohd Ismail & Co (1994–1999)



**Shahnaz Jammal, 52**  
Group Chief Financial Officer

**Date of Appointment**  
1 June 2024



### Academic/Professional Qualifications

- ▶ Master in Philosophy in Economic, University of Oxford
- ▶ Master of Arts and Bachelor of Arts in Economics (Double First Class), University of Cambridge
- ▶ United World College of Southeast Asia (UWCSEA), Singapore

### Working Experience and Occupation

#### Present Directorship and Appointment

- ▶ Nil

#### Past Directorships and Appointments

- ▶ Group Chief Financial Officer, TIME dotCom Berhad (2021–2024)
- ▶ Chief Executive Officer, Group Wholesale Banking, CIMB Group (2019–2020)
- ▶ Group Chief Financial Officer, CIMB Group (2015–2018)
- ▶ Deputy Group Chief Financial Officer, CIMB Group (2012–2015)
- ▶ Various Roles, CIMB Group (2009–2012)
- ▶ EMEA (Europe, Middle East & Africa) Head of Market Risk, Goldman Sachs, London (2004–2009)
- ▶ Market Risk Manager, Dresdner Kleinwort Wasserstein, London (2002–2004)
- ▶ Trader, ABN AMRO Bank, Malaysia (1999–2000)

**Usman Ghouse, 38***Group Chief Consumer Banking Officer***Date of Appointment**

1 July 2024

**Gender****Nationality****Academic/Professional Qualifications**

- ▶ Chartered Islamic Finance Professional (ACIFP), Chartered Institute of Islamic Finance Professionals
- ▶ Completion of the Omega Credit certification
- ▶ Bachelor of Business Commerce (double Major in Management and Marketing), Monash University

**Working Experience**Present Directorship and Appointment

- ▶ Nil

Past Directorships and Appointments

- ▶ Board Director, CIMB Islamic Trustee Bhd (2022–2023)
- ▶ Country Head of Cash Management, CIMB Malaysia (2022–2023)
- ▶ Regional Head of Transaction Banking, CIMB Islamic Bank (2020–2023)
- ▶ Director, Commercial and Transaction Banking, CIMB Islamic Bank (2019–2020)
- ▶ Head, Business Management, Commercial Banking, HSBC Amanah Malaysia (2018–2019)
- ▶ Head of Product, Retail and Wealth Management, HSBC Amanah Malaysia (2014–2018)
- ▶ Product Manager, Retail and Wealth Management, HSBC Amanah Malaysia (2012–2014)
- ▶ Analyst, Retail and Wealth Management, HSBC Amanah Malaysia (2011–2012)

**Azizi Mustafa, 60***Chief Executive Officer, Malaysian Industrial Development Finance Berhad***Date of Appointment**

23 November 2023

**Gender****Nationality****Academic/Professional Qualifications**

- ▶ Bachelor of Science in Electrical Engineering, Seattle University, Washington State, United States of America

**Working Experience**Present Directorship and Appointment

- ▶ MIDF Amanah Capital Berhad
- ▶ MIDF DFI Bhd.

Past Directorships and Appointments

- ▶ Chief Business Officer, Development Finance Business (2023)
- ▶ Senior Vice President/Head of Development Finance Business, MIDF Berhad (2021–2023)
- ▶ Head of Development Finance Division, MIDF Berhad (2016–2021)
- ▶ Chief Operating Officer, Group Corporate Services Division, MIDF Berhad (2006–2016)
- ▶ Director of Human Resources & Administration, Kuwait Finance House (2004–2006)
- ▶ Vice President of Corporate Services, Malaysia National Insurance Berhad (2001–2004)

**Noor Mohamed Amin Mohamed, 50***Group Chief Commercial Banking Officer***Date of Appointment**

1 September 2025

**Gender****Nationality****Academic/Professional Qualifications**

- ▶ Bachelor of Commerce majoring in Accounting and Finance from La Trobe University, Australia with accreditation from ICAA (Institute of Chartered Accountant in Australia) and ASCPA (Australian Society of Certified Practising Accountant).
- ▶ B. Comm. Honors Program by the Education Board of La Trobe University.
- ▶ Foundation Studies under the ACHEM (Australia Consortium of Higher Education in Malaysia), MARA Science College.

**Working Experience**Present Directorship and Appointment

- ▶ Nil

Past Directorships and Appointments

- ▶ Head, Islamic Business & Market Coverage, Alliance Islamic Bank Berhad (2022–2024)
- ▶ Head, Business Development, Commercial Banking, CIMB Islamic Bank Berhad (2022)
- ▶ Head, Amanah Business Banking, Commercial Banking, HSBC Amanah Malaysia Berhad (2013–2017)
- ▶ Business/Relationship Manager JB, Commercial Banking, HSBC Amanah Malaysia Berhad (2009–2012)
- ▶ Team Leader, Direct Sales Team (Regional South), Commercial Banking, HSBC Bank Malaysia Berhad (2008–2009)
- ▶ Relationship Exec, Commercial Banking, HSBC Bank Malaysia Berhad (2005–2008)

## Profile of MBSB Group Management Committee



**Dato' Seri Diraja Nur Julie Gwee Ariff, 50**  
Chief Executive Officer, MBSB Investment Bank Berhad

### Date of Appointment

1 January 2025

### Gender



### Nationality



### Academic/Professional Qualifications

- ▶ Master in Business Administration (Corporate Finance)
- ▶ Bachelor of Commerce (Economics & Finance)
- ▶ Chartered Banker
- ▶ Capital Markets Services Representative License

### Working Experience

#### Present Directorship and Appointment

- ▶ Council Member of Asian Institute of Chartered Bankers (AICB) Council
- ▶ Director, MBSB Investment Nominees (Tempatan) Sdn. Bhd.
- ▶ Director, MBSB Investment Nominees (Asing) Sdn. Bhd.

#### Past Directorships and Appointments

- ▶ MIDF Amanah Asset Management Berhad – Non-Independent Non-Executive Director (2023–2024)
- ▶ MIDF Amanah Investment Bank Berhad – Deputy Chief Executive Officer (2024–2024)
- ▶ MIDF Amanah Investment Bank Berhad, Senior Director/Head, Debt Markets (2013–2025)
- ▶ Malaysian Industrial Development Finance Berhad, Vice President, Business Development Division (2012–2013)
- ▶ ECM Libra Investment Bank Berhad, Director, Investment Banking (2007–2012)
- ▶ PM Securities Sdn. Bhd, Manager, Corporate Finance (2005–2007)
- ▶ Hwang DBS Securities Berhad - Deputy Manager, Corporate Finance (2004–2005)
- ▶ Nam Fatt Corporation Berhad, Manager (2003–2004)
- ▶ Southern Investment Bank Berhad, Associate, Corporate Finance (2001–2003)
- ▶ Rashid Hussain Securities Sdn. Bhd., Marketing Officer, Business Development (1999–2000)
- ▶ Union Bank of California, Kuala Lumpur, Representative Office Relationship Officer, Trade Finance (1998–1999)



**Jesleigh Johari, 43**  
Group Chief Operating Officer

### Date of Appointment

1 January 2022

### Gender



### Nationality



### Academic/Professional Qualification

- ▶ Bachelor of Economics majoring in Economic Policy, University of Tasmania Australia

### Working Experience

#### Present Directorship and Appointment

- ▶ Director, MBSB Tower Sdn. Bhd.

#### Past Directorships and Appointments

- ▶ Director, Head of Client Delivery, Corporate, Commercial and Institutional Banking, Standard Chartered Bank Malaysia Berhad (2018–2021)
- ▶ Director, Head of Process Governance, Commercial Banking, Standard Chartered Bank Malaysia Berhad (2014–2018)
- ▶ Associate Director, Head of SME Operations, Standard Chartered Bank Malaysia Berhad (2012–2014)
- ▶ Business Planning Manager/Team Manager, Financial Market Operations and Wholesale Banking Operations, Standard Chartered Global Business Services (2009–2012)
- ▶ Unit Manager, Trade Operations, Standard Chartered Global Business Services (2009)
- ▶ International Graduate Program (Group Technology and Operations), Standard Chartered Singapore and Standard Chartered Global Business Services, Kuala Lumpur (2006–2009)



**Dato' Azlan Shahrim, 56**  
Group Chief Strategy Officer

### Date of Appointment

1 May 2021

### Gender



### Nationality



### Academic/Professional Qualifications

- ▶ Advanced Management Program, Wharton School, University of Pennsylvania, United States of America
- ▶ Master of Laws, LL.M, International Business Law, University of Exeter, United Kingdom
- ▶ Called to the Bar of England & Wales, Gray's Inn, United Kingdom
- ▶ Bachelor of Laws, LLB. (Hons), University of Kent, United Kingdom

### Working Experience

#### Present Directorship and Appointment

- ▶ Nil

#### Past Directorships and Appointments

- ▶ Group Director, Group Managing Director's Office, DRB-HICOM Berhad (2019–2020)
- ▶ Group Chief Operating Officer, Pos Malaysia Berhad (2015–2019)
- ▶ Group Director, Corporate Strategy & Transformation, DRB-HICOM Berhad (2014–2015)
- ▶ Deputy Chief Executive Officer, Pelabuhan Tanjung Pelepas Sdn. Bhd. (2009–2014)



**Iskandar Shah Zulkarnain, 44**  
Group Chief People Officer

**Date of Appointment**  
15 January 2026

**Gender**



**Nationality**



**Academic/Professional Qualifications**

- ▶ Chartered Islamic Finance Professional (CIFF), CIIF 2023
- ▶ MBA, University Utara Malaysia 2008
- ▶ Bachelor of Information Technology, Multimedia University 2004

**Working Experience**

Present Directorship and Appointment

- ▶ Nil

Past Directorships and Appointments

- ▶ Group Chief Human Resources Officer, Bank Islam Malaysia Berhad (2019–2026)
- ▶ Director of Human Resources, Al Rajhi Bank (Malaysia) (2015–2019)
- ▶ Head of Human Resources, HSBC Amanah (2014–2015)
- ▶ Senior Business Relationship Manager, Maybank (2011–2014)
- ▶ HR Business Partner, Shell Malaysia (2006–2011)
- ▶ Executive, International Operations, Telekom Malaysia (2004–2006)



**Laurence Ong Wooi Keat, 55**  
Group Chief Risk Officer

**Date of Appointment**  
15 March 2022

**Gender**



**Nationality**



**Academic/Professional Qualifications**

- ▶ Chartered Accountant, Malaysia
- ▶ Chartered Banker, United Kingdom
- ▶ Professional Member of Institute of Operational Risk, United Kingdom
- ▶ Bachelor of Accounting, University of Malaya

**Working Experience**

Present Directorship and Appointment

- ▶ Member of AICB Industry Curriculum and Examination Committee (ICEC)
- ▶ Member of AICB Chief Risk Officers' Forum
- ▶ Member of the BNM-SC Joint Committee on Climate Change (JC3)
- ▶ Sub-Committee 1 (SC1) : Risk Management

Past Directorships and Appointments

- ▶ Member Of Risk Committee, Malaysian Investment Bank Association (MIBA)
- ▶ Member Of Fraud Risk Committee, Association Of Banks In Malaysia (ABM)
- ▶ Country Risk Officer/Head, Risk Management, RHB Bank Singapore (2019–2022)
- ▶ Senior Vice President, Head, IGNITE Risk Initiative Lead/Head, Group Operational and Technology Risk, RHB Bank Berhad (2014 – 2019)
- ▶ General Manager / Head, Group Operational Risk, Ambank (M) Berhad (2003–2014)
- ▶ Vice President, Affin Merchant Bank (2002–2003)



**Tengku Khalizul Tengku Khalid, 52**  
Group Chief Compliance Officer

**Date of Appointment**  
7 February 2018

**Gender**



**Nationality**



**Academic/Professional Qualifications**

- ▶ Bachelor of Science in Business Administration (Finance), Northern Arizona University, United States of America
- ▶ Certificate in Internal Auditing for Financial Institutions (CIAFIN), Asian Institute of Chartered Bankers (AICB)
- ▶ Certificate in Regulatory Compliance, Asian Institute of Chartered Bankers (AICB)
- ▶ Associate Qualification in Islamic Finance (AQIF), Islamic Banking and Finance Institute Malaysia (AQIF)
- ▶ Certificate in Shariah Audit, University Sains Islam Malaysia
- ▶ Chartered Professional in Islamic Finance, Chartered Institute of Islamic Finance Professionals (CPIF)
- ▶ Certified Integrity Officer (CeIO)

**Working Experience**

Present Directorship and Appointment

- ▶ Nil

Past Directorships and Appointments

- ▶ Head of Compliance, MBSB (2017)
- ▶ Deputy Head of Compliance, MBSB (2014–2016)
- ▶ Internal Audit Manager, Kuwait Finance House Malaysia Berhad (20011–2013)
- ▶ Control Assurance Manager, Kuwait Finance House Malaysia Berhad (2008–2010)
- ▶ Assistant Manager, Internal Audit Division, Public Bank Berhad (2006–2007)
- ▶ Team Lead, Internal Audit Division, Public Bank Berhad (2000–2005)

## Profile of MBSB Group Management Committee



**Aniza Zakaria, 53**  
Group Chief Internal Auditor

**Date of Appointment**  
1 January 2017

**Gender**



**Nationality**



### Academic/Professional Qualifications

- ▶ Chartered Banker, Asian Institute of Chartered Banker
- ▶ Masters in Islamic Finance Practice, INCEIF - The Global University of Islamic Finance
- ▶ Certification for Bank Auditors - Asian Institute of Chartered Bankers
- ▶ Professional Certificate in Islamic Banking, INCEIF - The Global University of Islamic Finance
- ▶ Certificate in Internal Auditing for Financial Institutions - Asian Institute of Chartered Bankers
- ▶ Shariah Audit Certificate - Universiti Sains Islam Malaysia (USIM)
- ▶ Bachelor in Science in Finance & Management, University of Oregon, USA

### Working Experience

#### Present Directorship and Appointment

- ▶ Nil

#### Past Directorships and Appointments

- ▶ Head, Internal Audit Division, MBSB (2017–2018)
- ▶ Acting Head, Internal Audit Division, MBSB (2016–2017)
- ▶ Assistant Vice President, Internal Audit Division, MBSB (2014–2016)
- ▶ Senior Manager Internal Audit, Kuwait Finance House (M) Berhad (2010–2014)
- ▶ Head, Credit Risk Management, Risk Management Department, Maybank Investment Bank Berhad (2004–2010)
- ▶ Senior Executive, Corporate Banking Department, Maybank Investment Bank Berhad (2002–2004)
- ▶ Assistant Manager, Credit Department, KL Main Branch, EON Bank Berhad (1998–2001)



**Ashraf Gomma Ali, 44**  
Group Chief Shariah and Sustainability Officer

**Date of Appointment**  
1 August 2024

**Gender**



**Nationality**



### Academic/Professional Qualifications

- ▶ Master's in Islamic Finance Practice (MIFP), International Centre for Education in Islamic Finance (INCEIF), Kuala Lumpur, Malaysia (2014)
- ▶ Bachelor of Laws (LLB) in Shariah, Umm Al Qura University, Mecca, Saudi Arabia (2015)
- ▶ Bachelor of Science in Finance, University of Maryland, College Park, Maryland, USA (2005)
- ▶ AAOIFI Certified Shariah Auditor and Advisor
- ▶ Cambridge Institute of Sustainability Leadership Certificate, Cambridge University (2024)

### Working Experience

#### Present Directorship and Appointment

- ▶ Nil

#### Past Directorships and Appointments

- ▶ Co-Founder/CFO, Sharia Compliant Blockchain Fintech Startup, Europe (2022–2024)
- ▶ Consultant - Islamic Banking Expert, World Bank/IFC, Washington, DC (2022–2024)
- ▶ Managing Director, Ihsan Advisory Sdn Bhd, Kuala Lumpur, Malaysia (2021–2024)
- ▶ Research Associate and Standards Working Group Member, AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions) (2019–2024)
- ▶ Director and Regional Head, Shariah Advisory and Governance Department, CIMB Islamic Bank, Kuala Lumpur, Malaysia (2017–2021)
- ▶ Shariah Supervisory Board Member, University Bank, Ann Arbor, MI (2015–2018)



**Azhar Syarawi Mohamed Mokhtar, 52**  
Group Chief Credit Officer

**Date of Appointment**  
15 January 2026

**Gender**



**Nationality**



### Academic/Professional Qualifications

- ▶ Chartered Islamic Finance Professional (CPIF) 2024
- ▶ Moody's Credit Skills Assessment 2013 (Certified Credit Professional -formerly known as Omega)
  - Certified Credit Professional – Completion of Credit Skills Assessment
  - Certified Trade Professional – Completion of Trade Skills Assessment
- ▶ Core Credit Curriculum – Core Credit Professional 2009
- ▶ LLB (Hons), University of Wales, Aberystwyth 1997

### Working Experience

#### Present Directorship and Appointment

- ▶ Nil

#### Past Directorships and Appointments

- ▶ Group Chief Credit Officer, Bank Islam Malaysia (2022–2026)
- ▶ Regional Head, Group Corporate Banking, CIMB Bank Berhad (2020–2022)
- ▶ Advisor, Credit PT Bank QNBI Indonesia Qatar National Bank, Indonesia (2019–2019)
- ▶ General Manager, Corporate & Institutional Banking Qatar National Bank, Indonesia (2019–2019)
- ▶ Head of Special Assets Management, QNBI Qatar National Bank, Indonesia (2018–2019)
- ▶ Wholesale Banking Advisor, QNBI Qatar National Bank, Indonesia (2016–2018)
- ▶ Senior Relationship Manager, Asia & Europe, International Banking, Qatar National Bank, Indonesia (2012–2016)
- ▶ Director, Large Local Corporates, Origination & Client Coverage, Standard Chartered Bank Dubai (Conventional Lending) (2010–2012)



**Noor Azman Bin Abdul Karim, 50**  
Group Chief Technology Officer

**Date of Appointment**  
15 February 2026

**Gender**



**Nationality**



**Academic/Professional Qualifications**

- ▶ BSc. Information Technology, Edith Cowan University, Western Australia (1996–1998)
- ▶ Diploma Computer Management, State College, Malaysia (1994–1995)

**Working Experience**

Present Directorship and Appointment

- ▶ Nil

Past Directorships and Appointments

- ▶ Deputy Group Chief Technology Officer, MBSB Berhad (1 July 2024–14 February 2026)
- ▶ Senior Vice President, Group Technology Division, MBSB Bank Berhad (2023–2024)
- ▶ Vice President, Digital & Technology Division, MBSB Bank Berhad (2018–2023)
- ▶ Assistant Vice President, Maybank/Group Technology – Etiqa + Global Banking (2014–2018)
- ▶ Assistant Vice President, Maybank/Group Technology – IT Transformation Program (2011–2014)
- ▶ IT Manager, ERICSSON+LHS System Asia Pacific/Frankfurt, Germany + Malaysia (2005–2011)
- ▶ C4 Engineer/ Application Consultant, Delta Masis/Doncaster, United Kingdom + Malaysia (2002–2005)



**Koh Ai Hoon, 58**  
Group Head, Secretarial

**Date of Appointment**  
2 May 2008

**Gender**



**Nationality**



**Academic/Professional Qualifications**

- ▶ Institute of Chartered Secretaries & Administrators
- ▶ Bachelor of Laws (Hons) LL.B., University of London
- ▶ Associate Qualification in Islamic Finance from Islamic Banking and Finance Institute Malaysia (AQIF)

**Working Experience**

Present Directorship and Appointment

- ▶ Nil

Past Directorships and Appointments

- ▶ Head, Legal & Secretarial, Dataprep Holdings Berhad (2003–2008)
- ▶ Company Secretary, The KAB Group Berhad (2000–2003)
- ▶ Assistant Company Secretary, Sungei Way Management Sdn. Bhd. (nka Sunway Management Sdn. Bhd.) (1996–1999)
- ▶ Assistant Company Secretary, Prima Prai Sdn. Bhd. (1995–1996)
- ▶ Hew & Tan, Public Accountants (nka Mazars PLT) (1991–1995)

**Declaration**

All the GMC Members

- No family relationship with any director and major shareholders of MBSB.
- No conflict of interest or potential conflict of interest, including interest in any competing business with MBSB Group.
- Not been convicted for any offences within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2025.

**Gender**



Male



Female

## Corporate Governance Overview Statement

**Corporate governance is crucial to enable effective and prudent management of our organisation in delivering sustainable value for all our stakeholders. The objectives of our corporate governance are clear, that is to ensure that our business is conducted in a transparent, ethical, fair and responsible manner, in compliance with all relevant laws and regulations.**

The Board of Directors (the Board) of MBSB firmly believes in the importance of good corporate governance. MBSB and its subsidiaries (the Group) is fully committed in ensuring the highest standards of corporate governance and integrity are applied throughout our organisation via our values, structures, policies and procedures.

The Group adopts the principles and best practices of corporate governance as prescribed by the Malaysian Code of Corporate Governance (MCCG), Companies Act 2016 and those outlined by other regulatory bodies such as Bank Negara Malaysia's policy document on Corporate Governance and Bursa Malaysia Securities Berhad (Bursa Malaysia)'s Main Market Listing Requirements (MMLR). MBSB is also a member of the Federation of Public Listed Companies Berhad.

The Board is pleased to present our Corporate Governance (CG) Overview Statement, which outlines our approach to governance in practice and the key Board activities in 2025. This CG Overview Statement focuses on the following three (3) key CG principles of MCCG:

- A. Board Leadership and Effectiveness
- B. Effective audit and risk management
- C. Integrity in corporate reporting and meaningful relationship with stakeholders

The CG Overview Statement will also outline the Group's key focus areas and future priorities in relation to CG practices.

This CG Overview Statement is prepared in compliance with Bursa Malaysia's MMLR. It is to be read together with the Corporate Governance Report (CG Report) 2025 which is available on MBSB's website at <https://www.mbsb.com/ar.html>

In the latest National Corporate Governance and Sustainability Award (NACGSA) 2025, MBSB was ranked 23<sup>rd</sup> among the Top 50 companies on Bursa Malaysia. MBSB received overall NACGSA rating of 4 stars (Companies with overall NACGSA score of 80% and above). MBSB was also recognised as one of the Top 50 ASEAN Public Listed Companies at the ASEAN Corporate Governance Awards 2025, underscoring its strong commitment to corporate governance excellence.

### A. BOARD LEADERSHIP AND EFFECTIVENESS

#### Board Responsibilities

The Board of MBSB sets the tone from the top and is collectively responsible for overseeing the conduct of the Group's business as well as the Management's implementation of the Group's strategic objectives, including its performance to ensure the sustainability of the Group and its ability to create long-term value, for Group's various stakeholders, including our shareholders.

The Board is guided by the Board Charter, which clearly identifies the Board's role, duties and responsibilities. The Board Charter also outlines the processes and procedures to ensure the effectiveness and efficiency of the Board and the Board Committees.

The Board is supported by various Board Committees and Management-led Committees (together identified as the Committees). The roles and responsibilities of

the respective Committees are clearly outlined in their Terms of Reference (TOR) and Group Approving Authority Manual (GAA Manual), which require regular review and approval by the Board. Any decisions which are not within the Committees' authority would be escalated to the Board with the Committees' recommendation.

The existing Group Operating Model and Governance Framework for the enlarged Group is designed to enhance effective oversight over critical areas with clear accountability and authority over key matters.

The Board has entrusted its Committees with specific responsibilities to oversee the Group's affairs in accordance with their respective TOR and remain responsible and keep abreast with the key issues and decisions made by the respective Committees through the reports escalated to the Board as well as the minutes of meetings that capture the detailed deliberations which were subsequently tabled to the Board for notation.

The matters reserved for the Board include reviewing and adopting the strategies on promoting sustainability through appropriate environmental, social and governance (ESG) consideration in MBSB Group's businesses, including development and implementation of sustainability strategies, priorities and targets. The complete list of matters reserved for the Board are stated in the Board Charter, which are available online at [https://www.mbsb.com/Board\\_Charter.pdf](https://www.mbsb.com/Board_Charter.pdf).

Refer to the “Management Discussion And Analysis” section of this Integrated Annual Report for more information on the strategy, performance and business review.

## Board Activities

The Board of MBSB, in consultation with the Board of the operating subsidiaries i.e. MBSB Bank Berhad (MBSB Bank), Malaysian Industrial Development Finance Berhad (MIDF), MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) (MBSB IB) and MIDF Amanah Asset Management Berhad (MIDF AM) (hereinafter known as Operating Subsidiaries), continue to review the strategic direction to ensure that MBSB Group achieves its initiatives as set out in the three-year Strategic Business Plan, FLIGHT26.

The Board convenes regular Board meetings to review the overall performance of MBSB Group. This includes the progress of the Business Plan, Digital and Technology Strategy, ESG Strategy, short and long-term sustainable growth and budget of MBSB Group, succession planning and the future growth for MBSB Group.

In addition, the Board also received updates and monitors the various initiatives under FLIGHT26.

The Board is also responsible for ensuring that MBSB Group remains agile and responsive to changes in the business and economic environment while effectively pursuing and achieving the planned goal and objectives. The Board monitors the performance of the Operating Subsidiaries from time to time through the presentation of the various reports submitted by the Finance, Risk Management, Compliance, Legal and Internal Audit Division including business units. The Board also monitors the scorecard achievement and progress of FLIGHT26 initiatives through the monthly business performance report and financial report presented to the Board.

The Board continue to intensify efforts and focus to provide the best and most innovative solutions/products to match and capture customers' requirements by leveraging on the strong synergy across the MBSB Group.

For the year under review, the MBSB Group, through its banking subsidiaries, continued to enhance its digital offerings to improve efficiencies as well as create bold and customer-focused solutions to meet the evolving needs of both customers and businesses. This is aligned with the tagline, 'Be Bold. Bank Smart'.

During the year, cross-broader services as well as several new products were introduced, such as GET, iFast, WorksForMe, including the reintroduction of Auto Financing-i, as well as digital service suite for SME to support business efficiency and cash flow management. In addition, various collaborations with strategic partners were entered into to provide innovative product offerings to customers to become their preferred banking partner.

The relocation of several branches during the year was a strategic initiative aimed at reinforcing MBSB Bank's presence and expanding its service reach to growing communities. This move further demonstrates MBSB Bank's commitment to providing enhanced facilities, improved customer experience and greater convenience for customers. MBSB Bank continues its efforts to strengthen CASA and retain the Deposit growth base.

The Board received regular updates on the economic/industry outlook during meetings, in addition to attending relevant training programs to keep abreast with the updates and changes in the business environment.

The Board also reviewed and set the annual performance scorecard of MBSB Group as well as targets for the Group Chief Executive Officer (GCEO), CEO of the Operating Subsidiaries, C-Suites and Company Secretaries.

Succession planning of key senior management personnel remains a key area of focus for the Board. The Board was kept informed via the Group People & Culture Division (GPCD) dashboard reports on the progress of the programs to nurture and groom future talents and also the readiness of the successors for the key management personnel. Succession planning is part of the

broader Talent Management Framework, aimed at developing a strong talent pipeline for the Group. Annually, talent classifications and succession nominations are recalibrated to ensure a dynamic organisational culture that aligns with the business strategy and drive sustainable growth.

The GPCD dashboard also provides regular updates to the Board on the manpower position of the Group which includes attrition and hiring of new recruits and also the progress of various initiatives including training and development programs undertaken by GPCD.

During the year under review, the Board has approved the appointment of Group Chief Commercial Banking Officer, Group Chief Credit Officer and Group Chief People Officer.

The appointment Encik Noor Mohamed Amin bin Mohamed as Group Chief Commercial Banking Officer, Encik Azhar Syarawi Mohamed Mokhtar as Group Chief Credit Officer and Encik Iskandar Shah Zulkarnain as Group Chief People Officer will enable stronger oversight, strategic alignment of business strategies and streamline operations of the respective function of MBSB Group.

The Board provide oversight on the management of sustainability matters at MBSB and its Operating Subsidiaries to ensure ESG considerations are incorporated in business plans for MBSB Group. The Group had performed a materiality assessment to refresh matters or issues that reflect the Group's significant economic, environmental and social impact and aligns with regulatory requirement. In 2025, MBSB conducted a minor refresh of the Group's sustainability materiality matters, placing greater emphasis on serving the communities in line with our ongoing CSR and zakat-related activities. The outcome from the assessment was presented in the Materiality Matrix, which was validated and endorsed by the Board. The materiality assessment process and Materiality Matrix are disclosed in MBSB Sustainability Report 2025.

## Corporate Governance Overview Statement

The Board also takes responsibility for the governance of sustainability and sustainability risk oversight. MBSB has adopted two core principles, *Amanah* (responsibility) and *Adab* (ethical conduct) to reinforce MBSB Group's commitment to Shariah-compliant and sustainable business practices. The Board also adopted the MBSB Group Sustainability framework and MBSB Sustainable and Transition Finance Framework. The Board was updated regularly on the status of the ongoing sustainability initiatives.

The Terms of Reference (TOR), policies and procedures of the Board, Board Committees and Management-led Committees would be periodically reviewed and revised to reflect the necessary changes in the internal process and regulatory requirement for better operational efficiency and readiness. The TORs of the Board Committees were revised, specifically to reflect the changes to the roles and responsibilities as well as change of name of the various Committees for MBSB Group.

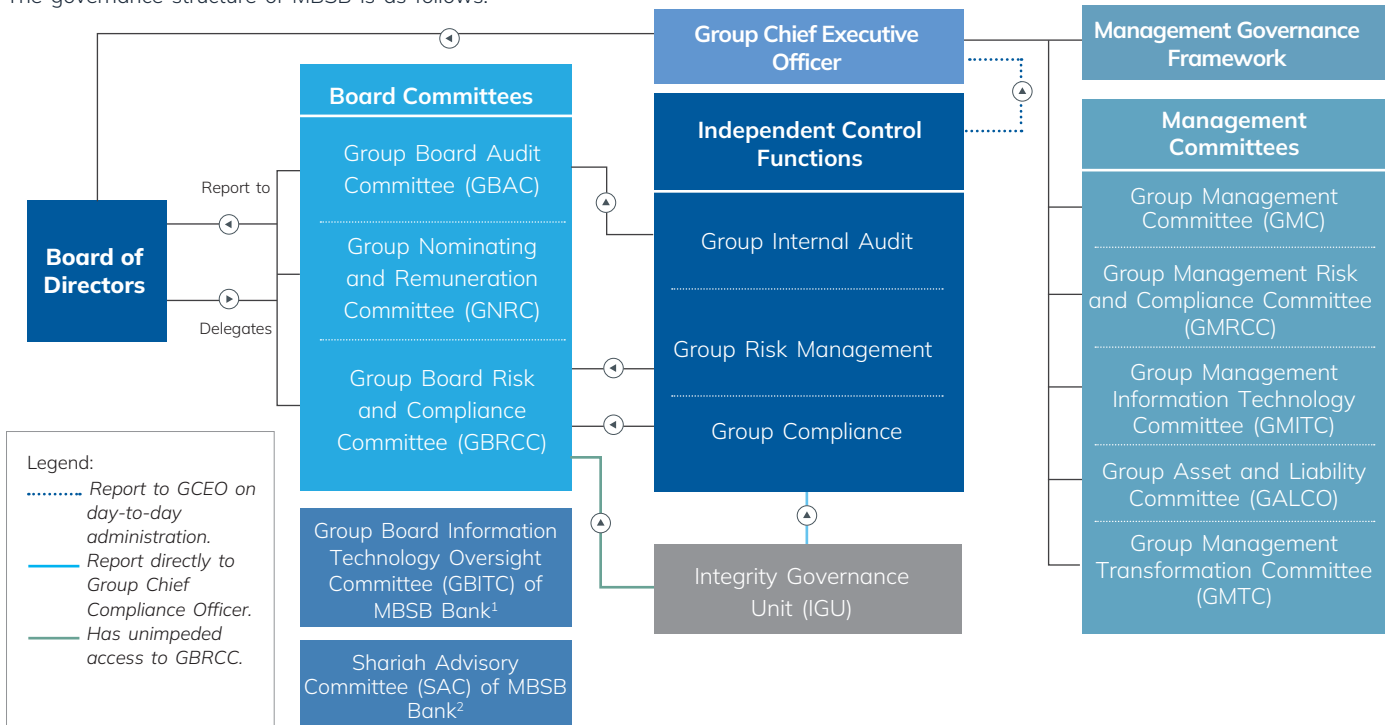
Among the topics and strategies reviewed, deliberated and approved by the Board during the financial year 2025 are as follows:-

Areas	Key Topics/Strategies
<b>Strategy</b>	<ul style="list-style-type: none"> <li>▶ Budget and Business Plan, business plan initiatives and KPI for year 2026 for the MBSB Group</li> <li>▶ Group Organisational Structure</li> <li>▶ Disposal of non-core assets</li> <li>▶ Climate Risk Appetite Statement</li> <li>▶ MBSB Group Sustainability Framework</li> <li>▶ Quarterly Report on Sustainability Initiatives</li> <li>▶ Monthly Strategy &amp; Business Performance</li> <li>▶ Monthly Financial Performance</li> <li>▶ Quarterly Financial Results</li> <li>▶ Audited Financial Statement</li> <li>▶ Declaration of Dividend</li> <li>▶ Long-Term Incentive Plan</li> <li>▶ SAC Matters and Shariah Report</li> </ul>
<b>Risk, Compliance, Oversight</b>	<ul style="list-style-type: none"> <li>▶ Composite Risk Rating findings and the action plan</li> <li>▶ Annual Plan for 2026 for Risk, Compliance, Internal Audit and Integrity and Governance Unit (IGU)</li> <li>▶ Monthly Compliance Report</li> <li>▶ Monthly Risk Management Report</li> <li>▶ Monthly Group People &amp; Culture Division Report</li> <li>▶ Quarterly Internal Audit Report</li> <li>▶ Quarterly IGU Report</li> <li>▶ Quarterly Risk Report</li> <li>▶ 3-Years Internal Audit Plan</li> <li>▶ Reappointment of external auditors</li> <li>▶ Appointment of tax agent</li> <li>▶ Related Party Transactions and Conflict of Interest</li> <li>▶ Group Risk Appetite Statement</li> <li>▶ Risk Posture and Group Sector Limit</li> <li>▶ Disclosure of Director's interest</li> <li>▶ Recovery Planning</li> <li>▶ Group Model Risk Management Policy</li> <li>▶ Group Information Technology Risk Management (ITRM) Framework</li> <li>▶ Group Gift, Entertainment and Corporate Hospitality Policy</li> <li>▶ Group Shariah Risk Management Policy</li> <li>▶ Group Enterprise Risk Management Framework</li> <li>▶ Group ICAAP Framework and Stress Testing Exercise</li> <li>▶ Corruption Risk Management (CRM), Integrity Survey (IS) and Organisational Anti-Corruption Strategy (OACS)</li> <li>▶ AML/CFT System Implementation</li> <li>▶ 2025 Risk Assessment &amp; Business Impact Analysis (RABIA) Exercise</li> <li>▶ Group-Wide Business Continuity Plan</li> <li>▶ Responsibility Mapping Framework</li> </ul>

Areas	Key Topics/Strategies
<b>Governance</b>	<ul style="list-style-type: none"> <li>▶ Board and Board Committees composition of the MBSB Group entities</li> <li>▶ Board Effectiveness Evaluation for year 2024</li> <li>▶ Re-appointment and re-election of directors</li> <li>▶ Appointment and reappointment of SAC member</li> <li>▶ Board remuneration review and harmonisation of benefits for Non-Executive Directors</li> <li>▶ Revision to SAC Remuneration Structure</li> <li>▶ Board Annual Training Plan</li> <li>▶ Matters Reserved for the Board and Approving Authority Development</li> <li>▶ Group policy harmonisation initiatives post-acquisition</li> <li>▶ Performance assessment and rewards 2024 for Key Management Personnel</li> <li>▶ Fit and Proper Assessment for Directors for year 2025</li> <li>▶ Fit and Proper Assessment for GCEO, Group C-Suites and Company Secretaries for year 2025</li> <li>▶ Independent Directors Assessment</li> <li>▶ MBSB Integrated Report 2024, Sustainability Report 2024 and Corporate Governance Report 2024</li> <li>▶ Group Disciplinary Policy</li> <li>▶ Terms of Reference of Group Board Information Technology Oversight Committee (GBITC)</li> <li>▶ MBSB Organisation Culture Pulse Survey Report</li> <li>▶ Appointment of Group Chief Commercial Banking Officer</li> <li>▶ Appointment of Group Chief People Officer</li> <li>▶ Appointment of Group Chief Credit Officer</li> <li>▶ Renewal contract for Key Management Personnel</li> <li>▶ Succession Planning for Key Management Personnel and Company Secretary</li> <li>▶ Directors and Officers Liability Takaful Coverage</li> <li>▶ Group Term Takaful and Group Personal Accident Takaful Coverage for employees of the MBSB Group</li> </ul>

### Leadership and Governance Structure

The governance structure of MBSB is as follows:



**Note:**

1. The Group Board Information Technology Oversight Committee (GBITC) of MBSB Bank provides governance and oversight of all IT-related matters across all entities within the Group.
2. The Shariah Advisory Committee (SAC) of MBSB Bank served as a central authority for Shariah compliance across the Group.

## Corporate Governance Overview Statement

The governance structure of the Group is supported by the GAA Manual, which delineates the relevant matters and approving authority limits, including those reserved for the Board's approval and those which the Board may delegate to the relevant Board Committees, the GCEO and Management. The TOR, Board Charter and the GAA Manual is reviewed at least once every two years or as and when required, to ensure an optimum structure for efficient and effective decision-making in the Group.

Similar Board Committees have been established at the applicable individual operating entities within the MBSB Group to enhance oversight.

### Ethical Business Conduct

The Board has established the Group Code of Ethics for Directors which is in line with the practices with the MCCG and incorporated the recommendations from the Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries issued by the Securities Commission and Code of Ethics recommended by the Financial Services Professional Board.

The Directors observe the Group Code of Ethics when performing their duties and are fully subscribe to the high ethical standards considering all stakeholders' interest. All Directors are always required to act honestly and use reasonable care and diligence in discharging their duties and avoiding any conflict of interest whether potential, actual or perceived conflict of interest.

The Board has established a Group Conflict of Interest Policy for Directors and Key Senior Management to provide a systematic mechanism for disclosing potential, actual and perceived conflict of interest. A Director who has an interest, directly or indirectly in certain transactions is required to abstain from any reporting, discussion or voting on the issue that gives rise to the conflict. The interested Director is required to be absent or excused from the meeting during such deliberations. The Company Secretary shall record each Director's conflict of interest disclosed in the minutes of the said meeting. The Group Conflict of Interest Policy for Directors and Key Senior Management is reviewed every two years or as and when required. The Group Conflict of Interest Policy for Directors and Key Senior Management was reviewed in 2024 in

line with the Guidance on Conflict of Interest issued by Bursa Malaysia.

The Board has also established the Group Code of Ethics and Conduct for Employees Policy (GCOEC), to set the standards of behaviour expected of its employees and to encourage employees to report on suspected fraud, misconduct behaviour and/or violations of the Code of Ethics and Conduct as well as any other directives or policies issued by the Group from time to time. This is to support the Group's values to uphold the highest standard of personal and professional integrity, ensure employees can raise concerns without fear of reprisals, and provide a transparent and confidential process for dealing with genuine concerns to safeguard the interests of the Group.

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

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

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

The GCOEC is reviewed every two (2) years or as and when required. The GCOEC was last reviewed in September 2025 to align with the new Group Gift, Entertainment, and Corporate Hospitality Policy, which was established by MBSB Group in 2025.

MBSB Group has adopted a No Gift Policy, which is part of the Group Gift, Entertainment, and Corporate Hospitality Policy, to promote ethical conduct and transparency across all staff, Directors and Shariah Advisory Committee (SAC) members. Except as otherwise provided in the policy, MBSB Group prohibits accepting or giving gifts, entertainment, or hospitality that could influence business decisions and maintain integrity.

Non-allowable gifts include cash, anything illegal, Shariah non-compliant gifts (except for non-Muslim staff), or anything that could influence business decisions improperly. Gifts or hospitality above RM300 requires mandatory declaration and approval according to a specified matrix, with strict documentation and timely disclosure. Failure to comply may lead to disciplinary action. The policy also emphasises politely declining gifts that do not comply with the policy while maintaining good relations.

Overall, the policy reinforces a "No Gift" principle with well-defined exceptions to maintain integrity, prevent corruption, and ensure transparency in all gift-related dealings within MBSB Group.

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

The main purpose of IGU is to ensure an honest and high-integrity work culture amongst the employees, including members of Senior Management and the Board, and to combat bribery, corruption, and abuse of power. The IGU Officer has unimpeded access to the respective entity Board via the Group Board Risk and Compliance Committee (GBRCC)/ Board Risk Management and Compliance Committee of Operating Subsidiaries (BRMCC).

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

The Group Anti-Bribery and Corruption Policy was last reviewed in September 2025 to align with the new Group Gift, Entertainment, and Corporate Hospitality Policy. IGU Procedures were also established to operationalise the Group Anti-Bribery and Corruption Policy and to reaffirm the commitment in upholding the highest standards of integrity, transparency, and accountability.

MBSB Group adopts zero-tolerance on any form of bribery, corruption and abuse of power. The Group Anti-Bribery and Corruption Policy is implemented to manage the risk of bribery and corruption within the MBSB Group. The Group Anti-Bribery and Corruption Policy should be read in conjunction with the Group Whistleblowing Policy.

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

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

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

As part of the MBSB-MIDF post merger's policy harmonisation exercise, the Group Asset & Liability Declaration (ALD) Policy was enhanced in February 2025.

The objective of this policy is to provide an overview on MBSB and its subsidiaries to enhance the governance of integrity, anti-bribery and corruption practices at MBSB. The direction is in line with Integrity & Governance Unit's (IGU) Work Plan i.e., Adequate Procedures Program's initiative whereby MBSB demonstrates the top-level commitment principle towards this policy requirements. The scope of this policy aims to reflect transparency of conduct amongst the employees and to protect MBSB's interest and to address amongst others, investigation into corruption allegations, abuse of power, detecting illicit enrichment and conflict of interest.

The ALD Policy enhancement was made to expand the scope to include declaration by all executive employees.


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

The Group has in place a Whistleblowing Policy to provide an avenue for the employees and members of the public or any external party to raise concerns without fear of reprisal and to promote highest possible standards of ethical and level business conduct. The said policy clearly outlines the process flow to guide the whistleblower to raise their concerns and provides assurance that the whistleblower will not be at risk of reprisal due to reporting their concerns. The policy also provides a secure, convenient channel and protects the confidentiality of the employees who make the report. The Whistleblowing Policy is periodically communicated to employees to increase awareness.

The Whistleblowing Policy is reviewed every two (2) years or as and when required. The Whistleblowing Policy was last reviewed in June 2024 as part of the post-merger's policy harmonization exercise and has been renamed to Group Whistleblowing Policy.

The Group has also established the Group Anti-Money Laundering, Countering Financing of Terrorism and Countering Proliferation Financing (AML/CFT/CPF) Policy, which is part of the Group's Compliance policy. The Group is committed to fully cooperate with the relevant local and international authorities and law enforcement agencies in combating Anti-Money Laundering and Counter Financing of Terrorism. Appropriate internal controls and procedures for money laundering prevention are in place. The Group Compliance Division carries out regular checks and training to ensure that employees are fully aware of and committed to discharging their obligations. The Group AML/CFT/CPF Policy was last reviewed in December 2025.

The Group has established the Group Related Party Transactions Policy that outlines the roles and responsibilities expected of the Management and the Board of Directors as well as other relevant divisions or departments within the Group. It provides guidance on transactions that involve related parties and ensures that such transactions are conducted at an arm's length basis and in accordance with good governance, as well as with appropriate disclosures.

 Refer to MBSB CG Report 2025 and Sustainability Report (Ethics and Integrity section) for more information on our ethical business conduct.

### **Roles and Responsibilities of the Chairman and GCEO**

The positions of Chairman and GCEO are held by two different individuals. The Chairman, Dato' Wan Kamaruzaman bin Wan Ahmad, leads and manages the Board by focusing on board leadership, whereas the GCEO, Encik Rafe Haneef, focuses on the business, strategy, operations and organisational issues and implementing Board's decision.

There is a clear division of responsibility between the Chairman and GCEO to ensure a proper balance of power and authority and promote checks and balances. The distinct and separate roles and responsibilities of the Chairman and GCEO are formally documented in the Board Charter.

## Corporate Governance Overview Statement

### Company Secretary

All the Board members have full access to two (2) Company Secretaries who are qualified to act as Company Secretary under Section 235 of the Companies Act, 2016. They are Associate members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and hold a valid Practising Certificate of Secretary issued by the Companies Commission of Malaysia.

The Company Secretaries demonstrates ongoing support in advising and assisting the Board on matters relating to the affairs of the Company, including issues pertaining to compliance, corporate governance and best practices, boardroom effectiveness and Directors' duties and responsibilities. This includes disclosure of Directors' interest in securities, disclosure of conflict of interest in transactions, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information. The Company Secretaries are also responsible for facilitating new Directors' induction and assisting in the Director's training and development.

To ensure smooth information flow between the Management and the Board, the Company Secretary is also appointed as the Secretary of several Management-led Committees. The Company Secretaries ensure that deliberations at Board and Board Committees meetings are well documented and communicated to the relevant Management members for appropriate action. The Company Secretaries also update the Board and Board Committees on the follow-up of its decisions.

The Company Secretaries have assisted the GNRC in ensuring that the Board composition across the MBSB Group is appropriately aligned, to facilitate effective communication and implementation of Group-level strategies and decisions across subsidiary companies.

The Company Secretaries also support the Board and the GNRC in matters relating to the reappointment and re-election of directors, Board remuneration review, the annual training plan, and the review of the composition of the Board and Board Committees across the Group.

In addition, the Company Secretaries assist the Board and the GNRC in monitoring the Board Skills Matrix and diversity, as well as identifying suitable candidates for appointment to ensure a smooth transition for retiring directors.

The Company Secretaries have assisted the Board and GNRC in the appointment of new directors i.e. Encik Szalaza bin Zainuddin (Encik Szalaza), Datuk (Dr.) Normala @ Noraizah binti A. Manaf (Datuk Nora Manaf) and Puan Maheswari A/P G Kanniah (Puan Maheswari) at MBSB Berhad and also appointment of new directors at the subsidiary companies.

During the year, the Company Secretaries facilitated the orientation/induction programmes for the new directors appointed to the MBSB Group. The Company Secretaries and the relevant Management team members had briefed the directors to familiarise the directors with the business and operations of the Group. In addition, the Company Secretaries also co-ordinate the registration on training programmes for directors and ensure that the Directors of the Group attend mandatory certification and training programmes within the stipulated timeline.

In 2025, the Company Secretaries updated the Board on the amendments to the Main Market Listing Requirements in relation to enhanced continuing disclosure requirements and exempted related party transaction and significant change in the business direction or policy of a listed corporation including back-door listings and reverse take-over.

The Company Secretaries are also involved in organising general meetings to ensure all due processes and proceedings are in place and properly managed. In 2025, the Annual General Meeting was held on 26 June 2025. The Company Secretaries also ensured that the minutes are properly recorded, particularly the questions raised by the shareholders.

The Board was satisfied with the Company Secretaries' performance and support to the Board in discharging its functions based on the feedback received from the Board Effectiveness Evaluation in 2025.

### Board Composition

As at 31 December 2025, the Board of MBSB comprised eight (8) Directors:

- ▶ Five (5) Independent Non-Executive Directors
- ▶ Two (2) Non-Independent Non-Executive Directors
- ▶ One (1) Non-Independent Executive Director

The Board of MBSB is made up of 62.5% of Independent Directors.

The Board recognise the benefits of having a diverse Board to ensure that the Board can perform effectively by providing the necessary range of perspectives, experience and expertise. The Board is committed to Board diversity and at the same time will ensure that all appointments to the respective Board will be made based on merits while considering the Group's needs and circumstances, the present size of the Board, suitability for the role, skills, experience, knowledge, experience and diversity.

The Board has adopted the Boardroom Diversity Policy, which covers diversity in terms of professional experience, skills, knowledge, education and background, age, ethnicity, culture and gender. The diversity of skill, experience and knowledge of its members in various disciplines and professions allows the Board to address and/or resolve the various issues effectively and efficiently. The Board agreed to adopt a measurable objective of maintaining at least one female Director on the Board.

As at 31 December 2025, four (4) of the eight (8) directors on the board were female directors, i.e. Puan Lynette Yeow Su-Yin, Datuk (Dr.) Yasmin binti Mahmood, Datuk Nora Manaf and Puan Maheswari, representing 50% of the Board.

The Board, through GNRC, reviews the composition of the Board and Board Committees every year or as and when required to enable effective oversight and delegation of responsibilities.

A Board Skills Matrix is used to understand the capabilities and personal attributes of the existing Board members and as a guideline for appointment of new Directors. GNRC would carry out the fit and proper assessment on the candidates prior to making the recommendation to the Board for approval. The process for appointment of new director is disclosed in the explanation on Practice 5.5 of CG Report 2025.

As part of Board succession planning, the GNRC reviews the composition of the Board and Board Committees of the Group together with the Board Skill Matrix and identifies the selection criteria for the appointment of a new directors i.e. compliance/human resource/sustainability/banking/legal and also considers gender diversity for the Board of MBSB Group. Similar process is also carried out for the appointment of directors at the subsidiary companies.

The GNRC had identified, evaluated and assessed the fit and proper criteria and the suitability of the candidate to be appointed as director of MBSB and had accordingly recommended to appoint Datuk Nora Manaf and Puan Maheswari to the Board of MBSB.

Datuk Nora Manaf was appointed as an Independent Non-Executive Director of MBSB effective 15 July 2025. Datuk Nora Manaf has more than 30 years of experience in human resources including prior experience in the largest banking institution in the country by market capitalization. Datuk Nora Manaf is a qualified Chartered Accountant (Malaysian Institute of Accountants), Chartered Banker (Asian Institute of Chartered Bankers), Master Professional (Institute for Human Resource Professionals, Singapore), Chartered Fellow (Chartered Institute of Personnel and Development, UK) and Black Belt Sustainability Practitioner. Datuk Nora Manaf is also an ICAEW Approved Training Employers (ATE).

She was also appointed as Member of GNRC and GBAC effective 15 July 2025. With her strong background in human resources, GNRC and the Board agreed that she will be a good fit to complement the existing skill matrix for the Board and the Board Committees. She will be able to

provide strategic oversight over the workforce, workplace and performance futurization as well as develop a strong talent strategy, pool and pipeline to drive sustainable performance of MBSB Group.

Puan Maheswari was appointed as an Independent Non-Executive Director of MBSB effective 1 August 2025. Puan Maheswari is an experienced Regulatory and Compliance professional with over 46 years of experience including senior management roles in the financial services sector. She has wide-ranging exposures covering Compliance, Regulatory, Governance, Ethics, Fraud Investigation and Risk Management functions in the financial and capital market services as well as company secretarial functions.

Puan Maheswari is a Life Fellow of Institute of Corporate Directors Malaysia, Fellow Chartered Secretary and Chartered Governance Professional of the Chartered Governance Institute, United Kingdom and the MAICSA. She is also a Certified Fraud Examiner (CFE) with the Association of Certified Fraud Examiners (ACFE), US/Malaysia, a Chartered Banker (Asian Institute of Chartered Bankers), a Certified Capital Market Professional – Compliance Advocate, a Certified Expert in ESG and Impact Investing from Frankfurt School of Finance & Management.

Puan Maheswari's extensive years of experience in compliance, regulatory, governance, ethics, fraud investigation and risk management will bring invaluable expertise to the Board. Her diverse skill set not only complement the existing skill matrix for MBSB Board but will also enhance the overall effectiveness and strategic decision-making of the Board specifically in regulatory, compliance and risk management matters.

Puan Maheswari was appointed as Chairman of GBRCC and a Member of GBAC effective 1 August 2025 in view of her extensive experience in risk and compliance and relevant professional qualifications, which would enable her to contribute effectively to the deliberations of both Committees.

The Board has adopted a Group Fit and Proper Requirements Policy which outlines the following criteria for the assessment of the suitability of the candidates for directorship, annual assessment for directors, re-election of directors and appointment/renewal of contracts for the GCEO, CEO of the Operating Subsidiaries, C-Suites and the Company Secretary:

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

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

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

## Corporate Governance Overview Statement

In 2025, the GNRC had conducted a Fit and Proper Review and Assessment on the GCEO, CEO of the Operating Subsidiaries, C-Suites and the Company Secretary of the Group. The GNRC was satisfied that all of the abovesaid fulfilled the requirements under the Group Fit and Proper Requirements Policy.

The list of activities of GNRC in 2025 is disclosed in the explanation on Practice 1.1 of CG Report 2025.

### Board Evaluation

The Board through GNRC has conducted the annual assessment on the effectiveness of the Board, Board Committees, individual Directors and independence of Independent Directors.

The Board has undertaken an external Board Effectiveness Evaluation (BEE) exercise which was carried out by Deloitte Business Advisory Sdn Bhd (Deloitte) to assess the effective functioning of the Board. This exercise enabled the Board to evaluate its performance, the Board Committees and individual Directors in an objective and rigorous manner.

During the period under review, the BEE was conducted premised on the assessment criteria that has taken into account relevant regulatory promulgations by Bank Negara Malaysia, Bursa Malaysia Securities Berhad, Securities Commission Malaysia and Companies Commission of Malaysia as well as leading practices. The process was carried out via BEE questionnaires that were distributed to the Directors, interviews with Directors and selected Senior Management personnel as well as review of governing policies and excerpts of Board and Board Committee minutes. The administration of the BEE questionnaires was conducted using Deloitte's online platform.

The salient areas that were assessed as part of the BEE exercise are as follows:

- ▶ Board governance and oversight
- ▶ Board processes and infrastructure
- ▶ Capabilities and performance of individual Directors
- ▶ Fit and propriety of Directors

- ▶ Objectivity of Independent Directors
- ▶ Board Committees' performance

As a culmination of the exercise, the BEE outlined the following areas of strengths:

- ▶ Leadership of the Chairman
- ▶ Board collegiality
- ▶ Relationship with stakeholders
- ▶ Rigour of boardroom deliberations

Based on the BEE Exercise, the Board, Board Committees and individual Directors performed within the range of market benchmarks. The Board was satisfied with the level of commitment given by the Directors during the year towards fulfilling their roles and responsibilities as Directors of MBSB.

Meanwhile, the Board improvement plan revolved around the key areas of facilitating greater Board level synergy within MBSB Group, strengthening the Board succession planning process and infusing new approaches in strategy related discussions.

As stated in the Board Charter, the Directors must not hold more than 5 directorships in listed companies, listed collective investment schemes and issuers of any other listed securities and all Directors comply with this.

In line with the EPF Corporate Governance Principles and Voting Guidelines, the GNRC also reviewed the number of directorships held by the directors in public-listed companies (PLCs) with a market capitalisation of over RM2 billion (large cap companies). None of the Directors of MBSB hold more than 3 directorships in large cap companies.

The Board also reviewed and was satisfied with the meeting attendance records of the Directors. A total of 14 Board meetings were duly convened in year 2025. All the Directors have complied with the minimum Board meeting attendance of not less than 75% under BNM's CG Guidelines and as adopted by MBSB in the Board Charter. The Directors attendance in the Board Committees meetings during the financial year 2025 was commendable as well.

The Board has also conducted an annual assessment on Independent Directors in 2025 and are satisfied that all Independent Directors are independent of management and free of any interest, position, association, or other relationships that might materially influence the Independent Directors' capacity to provide independent judgment and act in the best interests of the Group and its stakeholders.

As per the Board Charter, the Independent Directors' tenure shall not exceed a cumulative period of nine (9) years except under exceptional circumstances or as part of a transitional arrangement towards full implementation of succession plans subject to the regulator's approval.

For the year under review, none of the Independent Directors of MBSB have served for more than nine (9) years in the MBSB Group.

A fit and proper assessment for all Directors was conducted in 2025 and the GNRC and the Board are satisfied that all Directors fulfilled all requirements under the Group Fit and Proper Requirements Policy.

The GNRC has also assessed the performance of Directors who were subject to re-election at the Annual General Meeting (AGM). The assessment for the re-election of director include consideration on the service tenure of the directors in accordance with the Board Charter. The recommendations by GNRC were submitted to the respective Board for a decision on the proposed re-election of the Directors for shareholders' approval at the AGM.

### Board Remuneration

The Board has established a Directors Remuneration Framework which is tailored to support the strategies and long-term vision of the Group as well as provide adequate motivational incentive for Directors to pursue long-term growth and success of the Group. The GNRC is responsible for reviewing the Directors' remuneration on an annual basis prior to making its recommendations to the Board for approval.

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

With the Companies Act, 2016, BNM guidelines and regulations, MCCG and MMLR in place, the duties and responsibilities of Board have become more onerous. As a result, the expectations of the Board and Board Committees have increased. The Board Committees of MBSB are also carrying out the oversight responsibilities, particularly in ensuring that the Group complies with BNM guidelines and regulations.

The GNRC may obtain advice from independent professional or other advice on the remuneration packages for the Board members or employees in a similar industry as provided in the TOR.

In 2025, the GNRC had recommended and the Board had approved the appointment of Deloitte Business Advisory Sdn Bhd (Deloitte) to review the board remuneration structure to ensure that the board remuneration structure of the Group commensurate with the Directors' responsibilities and aligned with the industry practices. The last board remuneration review was conducted in 2019 by KPMG.

The GNRC and the Board had considered the recommendation from Deloitte and had recommended an increase in the fees payable to the Directors. The Board is of the view that it is fair and equitable that the Directors fees be revised upon considering the following:-

- (i) The rising expectations in terms of the time commitment by Directors who are expected to play a more constructive and forward looking role.


- (ii) The increased Directors responsibilities and in recognition of the critical role of the Chairman and Board of MBSB in providing oversight and strategic insights in the strategic decision making process.

- (iii) To standardise Board Committee Fees across all Board Committees to ensure equitable recognition of the Directors' contributions.

- (iv) The proposed increase in Directors' fees was made upon benchmarking against peer companies.

The GNRC and the Board also recommended a proposed adjustments on the meeting allowances for Chairman of Board and Chairmen of Board Committee. The Chairman of Board and Chairmen of Board Committee will receive an additional meeting allowance of RM500 per meeting compared to ordinary members. This proposed adjustment recognises the greater responsibilities and leadership roles undertaken by the Chairmen in guiding the Board and its Committees effectively and reflects the additional time, preparation, and accountability required of these leadership positions.

The resolutions on revised Directors' fee structure and benefits payable to Directors were tabled at the 55<sup>th</sup> AGM on 26 June 2025 in two (2) separate resolutions. Both resolutions were duly passed and consequently, the Group Remuneration Framework for Non-Executive Directors was revised in June 2025.

 Refer to Practice 8.1 of MBSB CG Report 2025 for details of the total remuneration (including benefit-in-kind) of each Director for the financial year 2025.

### Board Training

The Board has established a Directors Orientation and Training Guidelines to encourage the Board members to attend continuous training to enable the Directors to discharge their duties effectively.

The Board through GNRC has also evaluated and identified the training requirement for year 2025 based on the feedback received

in the Board Effectiveness Evaluation. In-house training programmes focusing on the following themes were conducted in 2025:-


- (1) Strategy
- (2) ESG/Sustainability/Climate responsibility
- (3) Cybersecurity
- (4) Corporate Governance
- (5) Anti-Corruption and Anti-Money Laundering
- (6) Key Shariah and operational issues for Islamic Institution
- (7) Digital and Artificial Intelligence

The Directors also attended various programmes, conferences, seminars, dialogues focusing on Risk Management, E-Invoices and Financial Reporting.

The Company Secretaries are also required to ensure that the Directors of MBSB attend mandatory certification programs within the stipulated timeline; such as the Mandatory Accreditation Programme (MAP) and Financial Institutions Directors Education Programme (FIDE). The Company Secretaries also arrange the Directors to attend Islamic Finance for Board of Directors Training Programme (IF4BOD) organised by International Shari'ah Research Academy (ISRA), if necessary.

The newly appointed directors of MBSB i.e. Encik Szalaza and Puan Maheswari had attended both Mandatory Accreditation Programme (MAP) Part I and Part II: Leading for Impact (LIP) as required by Bursa Malaysia Securities Berhad. Datuk Nora Manaf had attended the MAP Part I in September 2025 and will attend MAP Part II in 2026.

All other directors have attended both MAP Part 1 and Part II.

 Refer to Section B of MBSB CG Report 2025 for details of the list of programmes/conferences/seminars/dialogues attended by the Directors of MBSB.

## Corporate Governance Overview Statement

### B. EFFECTIVE AUDIT AND RISK MANAGEMENT

#### Group Board Audit Committee

As at 31 December 2025, the MBSB's Group Board Audit Committee (GBAC) comprises of four (4) Independent Non-Executive Directors, of which 2 directors i.e. the Chairman of the GBAC, Encik Mohamad Abdul Halim bin Ahmad (Encik Halim) and Datuk Nora Manaf are members of Malaysian Institute of Accountants (MIA) and Institute of Chartered Accountants England and Wales (ICAEW). Datuk Nora Manaf is also an ICAEW Approved Training Employers (ATE).


None of the GBAC members was a former key audit partner of external audit firm of the MBSB Group in the past three years.

The GBAC is also responsible for reviewing and monitoring external auditors' suitability and independence annually. The Group External Audit Policy and Procedures, together BNM's Guidelines on External Auditors guide GBAC in its assessment of the external auditors. The assessment covers a board range of areas, including the external auditors' performance, suitability, independence, objectivity, qualifying criteria and terms of audit engagement.

In 2025, the GBAC and the Board have assessed the performance of the external auditor, Messrs. PricewaterhouseCoopers PLT (PwC) for the financial year 2024. The GBAC and the Board were satisfied with the performance and the quality of the deliverables by PwC. The GBAC and the Board were also satisfied with their review that the non-audit services provided by PwC and its affiliates in financial year 2024, did not in any way impair their objectivity and independence as external auditors of the Group. On the recommendation by GBAC, the Board has approved the submission of the application to the regulator to reappoint PwC as External Auditors of MBSB and its subsidiaries for financial year 2025.

The regulator had approved said application for the reappointment of PwC as External Auditors of MBSB and its subsidiaries.

A resolution to reappoint PwC as External Auditors of MBSB for the financial 2025 was tabled at the 55<sup>th</sup> AGM on 26 June 2025. The resolution was duly passed.

 Refer to the "Report of the Audit Committee" section for more information on our audit committee and internal audit function.

#### Risk Management and Internal Control Framework

The Board regards risk management and internal control as integral components of the Group's governance framework and business operations. The Group maintains an ongoing process to identify, assess, manage, monitor and report material risks that may affect the achievement of its strategic and business objectives.

The risk management framework is supported by an established system of internal controls designed to manage risks within the approved risk appetite and to safeguard the Group's assets and shareholders' interests. These frameworks and related processes are reviewed periodically to assess their continued adequacy and effectiveness, taking into consideration regulatory and industry developments.

The Group maintains a clearly defined organisational structure with established lines of accountability, authority and reporting to the Board, its Committees and Management. Governance processes are in place to support regular oversight of the risk management and internal control system across the Group.

The Board affirms its responsibility for establishing and maintaining a sound system of risk management and internal control within the Group. The Board oversees the adequacy and effectiveness of these systems to ensure that material risks are appropriately identified and managed within the approved risk appetite.


A key responsibility of the Board is to approve the Group's risk appetite, which defines the types and levels of risk the Group is willing to accept in pursuit of its strategic objectives. In overseeing strategy and performance, the Board considers

whether risk-taking activities remain aligned with the approved risk appetite and supported by appropriate control measures.

The Board recognises that any system of risk management and internal control is designed to manage, rather than eliminate risk and therefore provides reasonable, but not absolute, assurance against material misstatement, fraud or loss. In discharging its responsibilities, the Board is supported by the GBRCC and the GBAC, which provide focused oversight of risk management, compliance, audit and internal control matters in accordance with their respective terms of reference.

The Board Committees report regularly to the Board on key deliberations and matters arising under their delegated authority, thereby reinforcing effective governance, risk oversight and internal control across the Group.

Management is responsible for implementing the Group's risk management and internal control frameworks in accordance with approved policies and procedures. This includes identifying and evaluating risks relevant to the Group's business activities and strategic objectives, establishing and maintaining appropriate policies, procedures and control measures aligned with the approved risk appetite, and taking timely remedial action where control or compliance gaps are identified. Management also reports material risk developments and control matters to the Board and its Committees in a timely manner.

 For further details, please refer to the "Statement on Risk Management and Internal Control" section of the Integrated Annual Report.

#### Shariah Governance

The Group is committed to upholding the highest standards of Shariah governance across its subsidiary companies. To strengthen this commitment, the Shariah Advisory Committee (SAC) of MBSB Bank serves as the central authority for Shariah compliance across the Group. This ensures the integrity and consistency of Shariah principles across all operations, business activities, and governance frameworks.

The unified SAC provides Shariah rulings, advice, and endorsements applicable to all subsidiaries within the Group. It ensures compliance with Shariah requirements either directly or through its delegated functions and oversees the implementation of Shariah framework for the Group to maintain robust governance and effective Shariah compliance.

Engagement between the SAC and the respective Boards of MBSB Group facilitates seamless communication on Shariah governance matters. This includes attendance of the director of MBSB Bank in regular SAC meetings, participation of the SAC Chairman or Deputy Chairman in the MBSB Bank's Board discussions, and quarterly reporting to ensure alignment and informed decision-making across the Group.

To support these efforts, MBSB Bank Board has reviewed and endorsed the planned resources for 2025 to strengthen Shariah support and control functions across the Group. These resources, as reviewed by the SAC, are deemed adequate to support the Group-wide Shariah governance objectives, ensuring effective oversight and implementation.

The unification of the SAC reflects the Group's commitment to fostering a sound Shariah governance culture across, reinforcing stakeholder trust in its Islamic finance practices and ensuring a unified, consistent approach to Shariah compliance across the Group.

### Shariah Control Functions

To ensure adherence to Shariah principles across the Group, Shariah control functions have been established. These functions include Shariah Audit under the Group Internal Audit Division, Shariah Compliance Review under the Group Compliance Division, and Shariah Risk under the Group Risk Management Division. All Shariah control functions operate independently, ensuring the effective integration of compliance management and providing independent evaluations of business decisions and strategies across the Group.

### Composition of SAC

Pursuant to Section 13.2 of the Shariah Governance Policy Document (SGPD), Islamic Financial Institutions (IFIs) are required to have at least five (5) members in the SAC. Additionally, members must not hold appointments in more than one (1) licensed Islamic bank, one (1) licensed takaful operator, and one (1) prescribed institution. Furthermore, an SAC member must not serve the same IFI for more than nine (9) years.

As of 31 December 2025, the unified SAC overseeing Shariah governance across the Group comprises five (5) members with diverse backgrounds, experience, and expertise. Each SAC member is a specialist in areas such as Shariah advisory and governance, Islamic banking, Islamic capital markets, and legal matters. Their combined qualifications and industry experience strengthen the SAC's ability to provide well-informed rulings and decisions, ensuring Shariah compliance across the Group.

### Appointment and Reappointment of SAC

The appointment and reappointment of SAC members is subject to assessment and evaluation adopted by MBSB Bank and meets all requirements specified in Section 12 of SGPD. The Board of MBSB Bank shall, on the recommendation of the GNRC, approve the appointment of the members of SAC. Following the approval from the Board of MBSB Bank, a proposed candidate must obtain written approval and endorsement from BNM before assuming his/her responsibilities. In the case of reappointment, the application must be submitted three (3) months before the SAC member's tenure expires.

### Resignation and Termination of SAC Members

Where a SAC member resigns or is disqualified pursuant to the relevant sections in SGPD, Sections 33(2) and 34(1) of the IFSA impose obligations on MBSB Bank and the SAC member to notify BNM of that fact and its reason immediately or in any case no later than fourteen (14) days of such circumstance.

For the purposes of the termination application, MBSB Bank must provide justifications as well as an assessment of such member's performance to BNM.

### Evaluation of SAC

SAC evaluation is carried out annually under the guidance of the Board of MBSB Bank to assess the performance and effectiveness of the unified SAC overseeing Shariah governance across the Group.

The evaluation considers competence, knowledge, and contributions of each SAC member to the overall functioning of the SAC. The results of the assessments are tabled and reviewed in the GNRC meeting prior to deliberation in the Board of MBSB Bank meeting.

### SAC Meetings

SAC meetings shall be held at least once in every two (2) months, and it shall be held regularly to ensure that the SAC remains updated on overall operations and business activities across the Group. These meetings enable prompt and well-informed decision-making, ensuring that operations remain compliant with Shariah requirements.

From January to December 2025, a total of 12 meetings were held i.e. 8 regular SAC meetings, 1 Special SAC meetings and 3 Shariah Adviser Meetings.

The quorum for SAC meetings requires two-thirds of its members to be present, with the majority being members with a Shariah background. MBSB Bank ensures that all SAC decisions are made based on a simple majority.

One (1) Board member and representatives from Shariah control functions also attend SAC meetings. However, their presence does not affect the SAC's independence in its deliberation and decision-making process.

## Corporate Governance Overview Statement

### Training & Development

SAC undergoes continuous training to enhance the skills and knowledge on the relevant new laws and regulations to keep abreast with developments in the financial services industry. SAC members are at various stages of completing their Certified Shariah Advisor (CSA) and Certified Shariah Practitioner (CSP) qualifications, organised by the Association of Shariah Advisors in Islamic Finance (ASAS). Some members have successfully completed the courses, while others are actively progressing through the program.

### Remuneration of SAC Members

In line with Sections 2.1.1 and 2.1.4 of Remuneration Framework for SAC which states that the remuneration for SAC members shall be determined and recommended to GNRC for further recommendation to the Board of MBSB Bank for approval after giving due consideration on all relevant factors including the SAC members function, workload, responsibilities, fiduciary duties, time commitments expected from SAC members, performance, market conditions, as well as the compensation level for comparable positions among other IFIs in Malaysia. The quantum and structure of remunerations for SAC members shall be reviewed by GNRC on a two (2) years basis or as and when required and shall subsequently be recommended to the Board of MBSB Bank for approval. The remuneration includes monthly fees, meeting allowances and other benefits such as training funds.

## C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### Communication with Stakeholders

MBSB is committed in providing investors and stakeholders with high-quality information in a timely manner. MBSB actively engages all its stakeholders through various platforms including the announcements via BursaLINK, disclosures on the MBSB website and engagement through the investor relations function.

MBSB is committed in maintaining an open communication with analysts, investors, and regulators through physical and online platforms to promote better understanding of the Group's financial performance, operations and other matters affecting shareholders' interests. Furthermore, communication with employees, customers and other communities were largely conveyed through website and social media.

The GCEO, alongside the Group Chief Financial Officer, leads a comprehensive program of discussions, dialogues, and briefings targeted at fund managers, financial analysts, and the media. These interactions are scheduled as necessary, particularly following the release of the Group's quarterly financial results to Bursa Malaysia. This engagement aims to promote a better understanding of the Group's financial performance, operations, and other matters affecting shareholders' interests.

Furthermore, throughout the year, MBSB has been proactively engaging in various Investor Relations activities to ensure that both institutional and retail investors are well-informed and aligned with the Group's objectives. This approach not only about enhances transparency and building trust but also making relevant and accessible information available to investors, thereby fostering an environment of clarity and openness.

To further enhance MBSB's corporate reporting, MBSB has embarked on the Integrated Reporting journey in 2020 and continued the progress in 2025 using the internationally recognised framework – the International Integrated Reporting Council's Integrated Reporting Framework. MBSB aims to demonstrate its commitment to long-term value creation for stakeholders and improve its decision-making process by adopting the "integrated thinking" concept of the <IR> Framework.

MBSB's website, which can be found at <http://www.mbsb.com>, provides updated information on the corporate and business aspects of the Group. Media releases, announcements to Bursa Malaysia, analysts' briefings and quarterly results of the Group are also made available on MBSB's website.

This helps to promote accessibility of information to MBSB's shareholders and all other market participants. All details of the corporate events carried out by the Group are also available on MBSB's website as well as MBSB Bank and MIDF's website, which can be found at <https://www.mbsbbank.com> and <https://www.midf.com.my> respectively.

The Group has developed a Corporate Disclosure Policy, which sets out the policies and procedures for disclosing all material information to be released to the public.

Stakeholders are welcome and encouraged to drop us an email at [enquiry@mbsbbank.com](mailto:enquiry@mbsbbank.com) for any inquiries.

 Refer to the Sustainability Report (Engaging our stakeholders section) for more information on our stakeholder engagements in 2025 and the list of stakeholders' interests and concerns.

### Conduct of General Meeting

The AGM of MBSB is the principal forum for dialogue and interaction with the shareholders.

MBSB conducted a hybrid general meeting for its 55<sup>th</sup> AGM on 26 June 2025 at Grand Ballroom, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur and by way of electronic means using the Remote Participation and Voting (RPV) facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. (Tricor) via its TIH Online website. The RPV facilities allow shareholders to submit any question in advance and attend the meeting remotely and pose questions to the Board and Management. The RPV facilities also allow shareholders to vote remotely and vote in absentia.

All directors of MBSB including the Chair of the Board Committees and the GCEO participated in the 55<sup>th</sup> AGM.

The Board allows shareholders to submit questions using the RPV facilities provided by Tricor via its TIH Online website prior to the AGM to allow shareholders sufficient time to pose questions to the Board and the Management. The guide to submit question in advance is stated in the Administrative Guide which was sent together with the notice of meeting.

There was no question directed to the Chair of the GBAC, GNRC and GBRCC by the shareholders during the 55<sup>th</sup> AGM.

A total of 904 shareholders/proxies attended the 55<sup>th</sup> AGM using the RPV facilities and a total of 596 shareholders/proxies attended the 55<sup>th</sup> AGM physically.

During the 55<sup>th</sup> AGM, the GCEO, Encik Rafe Haneef, presented the Group's financial performance review for 2024, progress of FLIGHT26, sustainability commitment of the Group, major post-merger Integration initiatives and focus on 2025 to the shareholders before proceeding with the business of the meeting. The GCEO then presented the responses to questions submitted in advance of the AGM by the Minority Shareholder Watch Group (MSWG) and Permodalan Nasional Berhad (PNB). He also responded to a total of 21 questions submitted by the shareholders in advance.

The Chairman of the Meeting then invited the shareholders/proxies who attended the meeting physically to raise questions to the Board and the Management. The Chairman of the Meeting also invited the remote participants to submit live questions using the query box via RPV during the AGM to give opportunities for remote participants to enquire on MBSB's financial statements, proposed resolutions and other items to promote better understanding of the Group's financial performance, operations and other matters affecting shareholders' interests before proceeding with the voting of the resolutions.

The Question and Answer session lasted approximately 90 minutes, during which the Management and the Board responded to a total of 59 live questions raised by the shareholders/proxies present physically and virtually. In addition, the senior management, external auditors, and other advisors were available to provide answers and clarifications to shareholders. All questions submitted by the shareholders were made visible to all meeting participants.

The Board appointed Coopers Professional Scrutineers Sdn Bhd (CPS) to act as an Independent Observer during the AGM to ensure that questions received before and during the AGM were addressed and answered during or after the meetings by the Board and the Management.

CPS had reviewed all questions received before and during the AGM and confirmed that all questions had been addressed and answered by the Board and the Management.

The notice and agenda of AGM together with the proxy form were given to shareholders at least 28 days prior to the Meeting. The AGM for year 2025 was held on 26 June 2025. The Notice of the AGM was dispatched to the shareholders on 28 May 2025. The requirement for at least 28 days' notice is fulfilled in adherence to the MCCG and the regulatory requirements.

In addition, MBSB also distributes an Administrative Guide together with the Notice of the AGM, which provides information to the shareholders regarding the details of the AGM, their right to appoint a proxy and guidance to attend the hybrid AGM via remote participation and voting.

The notes in the Notice of the AGM provide detailed explanations of each resolution proposed to enable shareholders to make informed decisions in exercising their voting rights.

The voting for the AGM was conducted with poll voting and were conducted through RPV facilities. The RPV facilities also allow shareholders and members to login and cast their votes electronically in advance of the AGM.

## D. KEY FOCUS AREAS AND FUTURE PRIORITIES

Guided by the Group's overarching sustainability strategy and its four core sustainability commitments, MBSB Group has established well-defined sustainability goals across short, medium and long-term. For short term (2024–2026), MBSB Group is actively working to catalyse RM10 billion in sustainable and transition financing and generate 50,000 volunteer hours for community and environmental initiatives.

The medium term focus (2027–2030) includes achieving carbon neutrality for Scope 1 and Scope 2 emissions (Scope 1 & 2) and reducing financed emissions in priority sectors by 27% compared to the 2022 baseline. The Group's long-term vision (2031–2050) targets a substantial 96% reduction in financed

emissions within these key sectors. These goals are embedded within MBSB Group's sustainability strategy, reflecting the Group's commitment to long-term value creation and contribute meaningfully to Malaysia's national decarbonisation agenda.

In 2025, MBSB Group advances its four (4) core sustainability commitments as follows:

- (i) Catalysed RM13 billion in sustainable and transition financing
- (ii) Achieved a 15% reduction in energy consumption at Menara MBSB Bank
- (iii) Recorded financed emissions of approximately 700,000 tCO<sub>2</sub>e with an emissions intensity of 20 tCO<sub>2</sub>e/RM million
- (iv) Contributed a cumulative total of more than 22,000 volunteer hours

This CG Overview Statement and CG Report 2025 were approved by the Board of Directors of MBSB on 29 April 2026.

## Audit Committee's Report

The establishment of the Group Board Audit Committee (GBAC) is to assist the MBSB Berhad (MBSB or the Company) Board of Directors (the Board) in:

- Providing independent oversight on financial reporting, risk management and internal control systems and ensuring that appropriate methods and procedures are in place to provide the level of assurance required by the Board, and
- Serving as an independent party to objectively review the financial information of MBSB and its subsidiaries (MBSB Group or the Group).

### Composition of The GBAC

Paragraph 15.09(1)(c) of the Bursa Malaysia's Main Market Listing Requirements (MMLR) requires that at least one (1) member of the GBAC must be a member of the MIA or possess equivalent expertise or experience in finance.

As at 31 December 2025, the MBSB's Group Board Audit Committee (GBAC) comprises of four (4) Independent Non-Executive Directors, of which 2 directors i.e. the Chairman of the GBAC, Encik Mohamad Abdul Halim bin Ahmad (Encik Halim) and Datuk Nora Manaf are members of Malaysian Institute of Accountants (MIA) and Institute of Chartered Accountants England and Wales (ICAEW). Datuk Nora Manaf is also an ICAEW Approved Training Employers (ATE).

In 2025, a total of 14 meetings were held. The composition of the GBAC members and attendance at Committee meetings during the financial year are as follows:-

Committee Member	Attendance
<b>Encik Mohamad Abdul Halim Ahmad</b> <i>(Chairman/Independent Non-Executive Director)</i>	14/14 (100%)
<b>Puan Lynette Yeow Su-Yin</b> <i>(Member/Senior Independent Non-Executive Director – Retired on 21 March 2026)</i>	14/14 (100%)
<b>Datuk (Dr) Normala @ Noraizah A. Manaf</b> <i>(Member/Independent Non-Executive Director – Appointed on 15 July 2025)</i>	06/06 (100%)
<b>Puan Maheswari A/P G Kanniah</b> <i>(Member/Independent Non-Executive Director – Appointed on 1 August 2025)</i>	05/05 (100%)
<b>Dr Loh Leong Hua</b> <i>(Member/Independent Non-Executive Director – Retired on 26 June 2025)</i>	08/08 (100%)

### Authority of The GBAC

The GBAC, in discharging its duties, has the explicit authority to investigate any matter within its Terms of Reference (TOR) and has full access to and cooperation from Management. The GBAC meetings were also attended by the Group Chief Executive Officer (GCEO), Group Chief Financial Officer (GCFO), Group Chief Risk Officer (GCRO), and Group Chief Internal Auditor (GCIA), together with the Audit Department Heads.

Attendance of other Senior Management staff and the external auditor was by invitation, depending on the matters being deliberated.

The GBAC has the right to obtain the necessary resources to perform its duties and to secure independent professional advice, if necessary, with such expenses borne by MBSB.

The Group Nomination and Remuneration Committee ensures that the GBAC comprises Directors with the requisite expertise and experience, and a strong understanding of the Group's business, enabling the Committee to function independently and effectively.

The Chairman of the GBAC reports to the Board on key matters deliberated at GBAC meetings via his Chairman's Report. Minutes of each GBAC meeting are also circulated to the Board for notation.

### Activities of The GBAC In 2025

The summary of the activities undertaken by the GBAC for the financial year ended 31 December 2025 is detailed below.

#### Financial Reporting

- a) Assisted the Board in ensuring the accounting treatment, financial reporting and disclosures in the Annual Audited Financial Statement of MBSB Group for FY2025 comply with:
- ▶ Provisions of the Companies Act, 2016;
  - ▶ Bursa Malaysia's MMLR;
  - ▶ Applicable approved accounting standards in Malaysia, including adoption of new standards;
  - ▶ Standards and guidelines issued by Bank Negara Malaysia (BNM); and
  - ▶ Other legal and regulatory requirements (e.g. taxation matters).

- b) Reviewed the quarterly unaudited financial results of MBSB Group and discussed them with Management before recommending to the Board for approval, prior to submission to regulators.
- c) Reviewed and recommended the audited financial statement for the Board for approval.
- d) Reviewed and recommended the Basel II Pillar 3 Disclosure for Board approval.
- e) Reviewed and recommended the Limited Review for the financial period ending 30 June 2025.
- f) Reviewed and recommended the appointment of External Auditors for Board approval.
- g) Reviewed and recommended the Interim Dividends proposal for Board approval.
- h) Reviewed year-end regulatory submissions for MBSB Group.

### External Auditor

- a) Reviewed with the external auditors: Audit Planning Memorandum (APM) for FY2025, audit findings and Management's responses, Transparency Report, and updates on Malaysian Financial Reporting Standards and regulatory requirements.
- b) In compliance with the MMLR, met the external auditors twice during the year without Management present to discuss issues arising from the audits, including the level of cooperation provided by employees.
- c) Evaluated the performance and effectiveness of the external auditors based on:
  - ▶ Quality of services;
  - ▶ Performance and sufficiency of resources;
  - ▶ Communication and interaction; and
  - ▶ Auditor independence and objectivity, including review of non-audit services. The GBAC obtained a written declaration confirming no conflicts of interest.
- d) Recommended audit fees and reappointment of external auditors until the next Annual General Meeting (AGM).
- e) Noted that non-audit fees for FY2025 amounted to RM1,029,400 (20.6% of total audit fees), below the internal threshold of 35%.

### Internal Audit

The GBAC activities related to the Group Internal Audit Division (GIAD) are further discussed in the "Statement on Internal Audit Function" and the "Group Internal Audit Division Activities in 2025" sections of this Report.

### Integrated Annual Report

- ▶ Reviewed and recommended the Audit Committee Report for the Board's approval for disclosure in the Integrated Annual Report for FY2025.
- ▶ Reviewed and recommended the Statement on Risk Management and Internal Control (SORMIC) for the Board's approval and disclosure in the Integrated Report for FY2025.
- ▶ Reviewed and recommended the FY2025 Integrated Annual Report for the Board's approval.
- ▶ Reviewed and recommended the Corporate Governance Overview Statement and Corporate Governance Report for the Board's approval and disclosure in the Integrated Report for FY2025.

### Related Party Transactions

Reviewed Related Party Transactions entered into by MBSB Group for the Board's approval, covering the nature and amounts of transactions, to ensure they were undertaken on an arm's length basis, on normal commercial terms, and on terms not more favourable to related parties than those generally available to non-related parties. On an annual basis, the GBAC reviewed related party disclosures to ensure compliance with MFRS 124, the MMLR, and MBSB Group's policy.

### Conflict of Interest

The GBAC recognises the importance of strong governance to manage Conflict of Interest (COI) risks within MBSB Group. The Group has established the MBSB Group COI Policy for Directors and Key Senior Management, the Group Related Party Transaction Policy, the Group Credit Transactions and Exposures with Connected Parties Policy, and the Code of Conduct and Ethics for all employees, which provide the foundation for managing COI.

For FY2025, the GBAC confirms that there was no COI reported for review within the meaning and scope set out in the MMLR (excluding transactions entered into by MBSB Group involving related parties).

### Directors' Training

During the year, GBAC members attended relevant training programmes, conferences and seminars as disclosed in MBSB's Corporate Governance (CG) Report 2025.

### Statement on Internal Audit Function for The GBAC

The internal audit function is performed in-house by the Group's Internal Audit Division (GIAD) personnel at the relevant operating entities within MBSB Group. The Group Chief Internal Auditor (GCIA) reports administratively to the Group CEO and functionally to the GBAC as an independent unit that provides reasonable assurance that the system of internal controls continues to operate satisfactorily and effectively. GIAD is guided by the Internal Audit Charter, Internal Audit Manual and the entities' Committees' Terms of Reference, and adopts the BNM/RH/GL (013-4) Guidelines on Internal Audit Function of Licensed Institutions and the Global Internal Audit Standards (GIAS). A similar structure is established across MBSB Group.

To maintain objectivity and independence, the appointment, remuneration, performance appraisal, transfer and dismissal of the GCIA are decided by the GBAC. GIAD personnel do not have authority or responsibility for the activities they audit.

Internal audit functions as an independent, objective assurance and consulting activity designed to add value and improve the Group's operations. It evaluates whether:

- ▶ Internal controls are adequate, efficient and effective;
- ▶ The objectives of MBSB Group are being achieved efficiently and effectively; and
- ▶ Established policies and procedures are being followed.

## Report of the Audit Committee

The GBAC reviewed and assessed the performance of the GClA, including the fit and proper assessment under the Fit and Proper Requirements Policies & Procedures, annually.

### Group Internal Audit Division Activities in 2025

GIAD activities in 2025 are summarised below:

- a) Presented the group annual risk-based audit plan and any changes, including audit objectives, resources, budget and scope, to the relevant Audit Committees at each entity.
- b) Harmonised GIAD documentation including Audit Manual, Audit Report, Audit Executive Summary and Audit Resources for MBSB Group.
- c) Conducted scheduled audits as per the approved audit plan and ad-hoc audit assignments as instructed by the relevant Audit Committees at each entity.
- d) Collaborated with the appointed Business Risk and Compliance Specialist (BRICS) to facilitate self-audit through the use of Risk Control Self Assessment (RCSA) tools.
- e) Conducted Thematic Reviews of new product and services.
- f) Conducted audit of Conflicts of Interest.
- g) Conducted audits of Related Party Transactions and Connected Parties for credit transactions and exposures.
- h) Outsourced a review of Climate Risk Management and Scenario Analysis (CRMSA) and Climate Risk Stress Testing (CRST) to an independent party to assess adequacy and effectiveness as per the agreed scope.
- i) Provided quarterly reports on the status of internal audit activities to the GBAC and the Board, including follow-up on unresolved audit findings and completion of management action plans.
- j) Covered key audit areas including corporate and retail credit end-to-end processes, investment banking, asset management, development finance, treasury operations (front, middle and back office), head office operations, Shariah audit, selected branches, information systems and outsourcing vendors.
- k) Conducted regulatory audits on BNM, Perbadanan Insurans Deposit Malaysia (PIDM), Bursa Malaysia, Securities Commission (SC) and Federation of Investment Managers Malaysia (FIMM) guidelines and requirements.
- l) Presented Shariah Audit (SA) reports, potential Shariah Non-Compliance (SNC) findings and recommendations to the Shariah Advisory Committee (SAC) and relevant Audit Committees.
- m) Reviewed the quality of credit risk assessment as well as the scope and effectiveness of credit risk monitoring activities under the post-approval reviews.
- n) Provided independent assurance on MBSB Group's compliance with Bursa Malaysia's sustainability reporting requirements and evaluated the effectiveness of internal controls ensuring the accuracy and reliability of reported data.
- o) Conducted Disaster Recovery Plan testing on a quarterly basis to ensure compliance with BNM's Guidelines on Business Continuity Management, Bursa Malaysia and the Securities Commission Malaysia.
- p) Conducted investigations to evaluate whether there are any elements of negligence, fraudulent activities and financial or regulatory impact.
- q) Conducted post-mortem/special reviews on non-performing Corporate and Commercial Accounts, Retail Personal Financing and Property Financing, Investment Banking and Development Finance Business Financing to identify root causes, lessons learned and areas for improvement in credit assessment, facility structuring, credit administration and monitoring processes.
- r) Audit on the Independent Credit Review (ICR) was conducted to ensure compliance with the BNM's Credit Risk Policy.
- s) The GClA was invited to attend Group Management Committee meetings as an observer in a consultative capacity to provide independent feedback on internal controls and governance aspects.
- t) In 2025, the Board has approved the Group Internal Audit Charter, Group Internal Audit Methodology and Group Internal Audit Rating.

### Internal Audit Quality Assurance Review

A Quality Assurance and Improvement Program (QAIP) enables evaluation of the Internal Audit activity's conformance with the Definition of Internal Auditing and the Standards, and whether Internal Auditors apply the Code of Ethics. The program also assesses efficiency and effectiveness and identifies opportunities for improvement. The annual internal assessment is performed by the Internal Assurance Team within GIAD, while the external assessment is conducted once every five (5) years by a qualified external assessor. The internal Quality Assurance Review was conducted in December 2025 and the external assessment will be conducted in 2026.

### Internal Audit Resources, Professional Proficiency and Cost

The overall costs incurred for maintaining the GIAD function in MBSB Group for FY2025 were approximately RM15.5 million. The internal auditors are suitably qualified and have the necessary knowledge and skills to perform their roles and responsibilities and will continue to pursue relevant certifications to achieve the desired level of proficiency and competency.

The upskilling of internal auditors through continuous learning and development remains a key focus, achieved through structured and formalised training programmes. GIAD staff acquired technical competencies demonstrated by certifications such as those offered by the Institute of Internal Auditors (IIA), Information Systems Audit and Control Association (ISACA), Asian Institute of Chartered Bankers (AICB) and Islamic Banking and Finance Institute Malaysia (IBFIM).

### Conclusion

In the annual assessment of the effectiveness of the Board Committees for FY2025, the Board is satisfied that the GBAC members have discharged their functions, duties and responsibilities in accordance with the TOR, providing independent oversight of the Group's internal and external audit functions and internal controls and ensuring checks and balances within the Group.

# Additional Compliance Statement

## Utilisation of Proceeds Raised from any Corporate Proposal

There was no proceeds raised from any corporate proposal in the financial year ended 31 December 2025.

## Audit and Non-Audit Fees

Apart from the annual audit fees, the Group has incurred other assurance related fees and non-audit fees paid or payable to external auditors of the Company, Messrs PricewaterhouseCoopers PLT or its affiliates for the financial year ended 31 December 2025.

	Group (RM'000)	Company (RM'000)
Fees paid/payable to PricewaterhouseCoopers PLT		
Audit fees	3,424	462
Regulatory related	545	70
<b>Sub-total (Audit fees)</b>	<b>3,969</b>	<b>532</b>
Non audit fees		
– Accounting and tax advisory for a Long-Term Incentive Plan	285	285
– Tax compliance	218	17
– Professional services for tax review	500	–
– Agreed upon procedure on fund management	26	–
<b>Sub-total (Non-Audit fees)</b>	<b>1,029</b>	<b>302</b>
<b>Grand Total</b>	<b>4,998</b>	<b>834</b>

## Material Contracts with Related Parties

Save as disclosed in Note 34 to the financial statements, there was no other material contracts subsisting at the end of the financial year or entered into since the end of the previous financial year by the Company and its subsidiaries which involve interests of the Directors, Group CEO and major shareholders.

## Dividend Payment Policy

The Company adopts a 30% dividend payment ratio on profit after tax.

# Statement on Risk Management and Internal Control

The Board of Directors (the Board) of MBSB Berhad (MBSB or the Company) and its subsidiaries (MBSB Group or the Group) is pleased to present the Statement on Risk Management and Internal Control (SORMIC), which outlines the key features of the Group's risk management and internal control system during the year under review. Unless otherwise specified, the governance structures, frameworks, policies, procedures and control arrangements described in this Statement apply at both the Group and relevant operating entity levels, as appropriate. These arrangements are implemented in a manner consistent with applicable regulatory requirements and the respective business models of the operating entities.

The SORMIC is prepared in accordance with Paragraph 15.26(b) of Bursa Malaysia Securities Berhad's (Bursa) Main Market Listing Requirements.

## Risk Overview

MBSB Group's risk strategy is guided by its established risk appetite framework, while balancing the objective of delivering sustainable returns on equity to support capital strength and long-term growth. For the year ended 31 December 2025, the Group focused on the following key risk strategies:

- ▶ **Promoting Risk Culture and Awareness:** Group-wide risk awareness and engagement initiatives were conducted to support the development of a sound risk culture across MBSB Group, including through enhancing staff understanding of MBSB Group's risk management framework, policies and procedures. These initiatives also promote risk awareness and support consistent risk ownership and accountability and are aligned with the tone from the top on the importance of supporting a sound risk culture.
- ▶ **Improving Asset Quality:** Enhancement to the commercial credit scorecard, enhancement to the risk acceptance criteria for more effective risk management, and update to MBSB Group's risk posture to align with overall risk strategy.

- ▶ **Establishing Model Risk Management:**

A Group Model Risk Management Policy was developed and implemented to strengthen the governance and management of model risk across MBSB Group, providing structured oversight over the model lifecycle and supporting consistent development, validation and maintenance of models within a central framework.

- ▶ **Continuous Enhancements to Climate Risk Management:**

MBSB Group continues to refine its climate risk appetite, governance structure and related policies to align with evolving regulatory expectations and industry practices. This includes adopting relevant guidance issued by Bank Negara Malaysia's (BNM) Climate Change and Principle-based Taxonomy (CCPT) Implementation Group, conducting climate risk stress testing in accordance with BNM's methodology guidance, and promoting ongoing upskilling and training initiatives.

- ▶ **Strengthening Information Technology Compliance and Security:**

Enhancing compliance with regulatory requirements relating to information technology (IT) infrastructure and strengthening information security controls across MBSB Group.

- ▶ **Enhancing Risk Management Capabilities:**

This includes enhancements to risk management tools, processes and reporting capabilities, alongside system and software upgrades to support sound risk management practices and effective risk monitoring.

- ▶ **Review of Internal Policies and Procedures:**

MBSB Group conducts periodic reviews and updates of its risk management policies and procedures to reflect market, product and regulatory developments, ensuring they remain aligned with MBSB Group's approved risk appetite.

- ▶ **Group-Wide Risk Management Approach:**

Continued Group-wide adoption of harmonised risk management frameworks, policies and the Risk Appetite Statement, applied at the operating entity level with reference to the MBSB Group framework and tailored, where appropriate, to reflect entity-specific business models, regulatory requirements, strategies and budgets.

## Risk Governance

The Group Chief Executive Officer (GCEO), Group Chief Financial Officer (GCFO), Group Chief Risk Officer (GCRO) and Group Chief Compliance Officer (GCCO) have confirmed that the Group's risk management and internal control systems are operating adequately and effectively, in all material respects, during the financial year under review and up to the date of approval of the SORMIC for inclusion in the Integrated Annual Report. Management continues to strengthen the control environment. These principles are similarly applied across the relevant operating entities within the Group.

## Board Responsibility

The Board affirms its responsibility for establishing and maintaining a sound system of risk management and internal control within the Group. The Board oversees the adequacy and effectiveness of these systems to ensure that risks which may affect the achievement of strategic and business objectives are appropriately identified, assessed and managed within the approved risk appetite.

One of the key responsibilities of the Board is to establish the Group's risk appetite, defining the types and levels of risk it is willing to accept in pursuit of its strategic objectives. In overseeing the Group's strategy, the Board provides oversight to ensure that risks undertaken remain aligned with the approved risk appetite.

Recognising the inherent limitations of any risk management and internal control system, the Board acknowledges that such systems provide reasonable, rather than absolute, assurance against material misstatement in financial reporting, fraud or loss.

In fulfilling its responsibilities, the Board is supported by the Group Board Risk and Compliance Committee (GBRCC) and the Group Board Audit Committee (GBAC), which provide oversight of risk, compliance and internal control matters under their respective terms of reference.

The Board Committees provide periodic updates to the Board on their activities, key deliberations and decisions made under delegated authority. This supports effective oversight and reinforces sound risk management and internal control practices across the Group.

- ▶ Refer to Part B of the Corporate Governance Report for further details on the various Board Committees and the attendance of meetings held during the year and refer to the Corporate Governance Overview Statement for the Leadership and Governance Structure.

### Management Responsibility

Management is accountable to the Board and is responsible for implementing the Group’s policies and processes to identify, measure, control, monitor and report risks, and to assess the effectiveness of internal control systems, taking appropriate and timely remedial action where necessary. Management’s responsibilities include:

- ▶ **Promoting and Embedding Risk Culture:** Supporting the development and maintenance of a sound risk culture across the Group, including reinforcing appropriate risk awareness, behaviours, and accountability consistent with the Group’s risk management framework.
- ▶ **Ensuring Adequate Skills and Competencies:** Ensuring that staff are appropriately skilled and competent to perform their roles, with capabilities kept relevant and up-to-date through ongoing training, development and continuous upskilling, to support effective risk management and internal control practices.
- ▶ **Identifying and Evaluating Risks:** Assessing risks relevant to the Group’s business activities and strategic objectives.
- ▶ **Formulating Policies and Procedures:** Establishing and maintaining policies and procedures to manage risks in alignment with the Group’s strategy and approved risk appetite.
- ▶ **Designing, Implementing, and Monitoring Systems:** Developing and maintaining an effective risk management and internal control framework, including benchmarking against industry best practice.

- ▶ **Implementing Remedial Actions:** Addressing control and compliance deficiencies, including those identified through internal reviews or Board directives. This is supported by periodic testing of internal controls to assess the adequacy and effectiveness of the system.
- ▶ **Timely Reporting to the Board:** Reporting material changes in risk profile and emerging risks to the Board, together with appropriate mitigation measures.

### Risk Management and Internal Control System

#### Risk Management

##### Overview

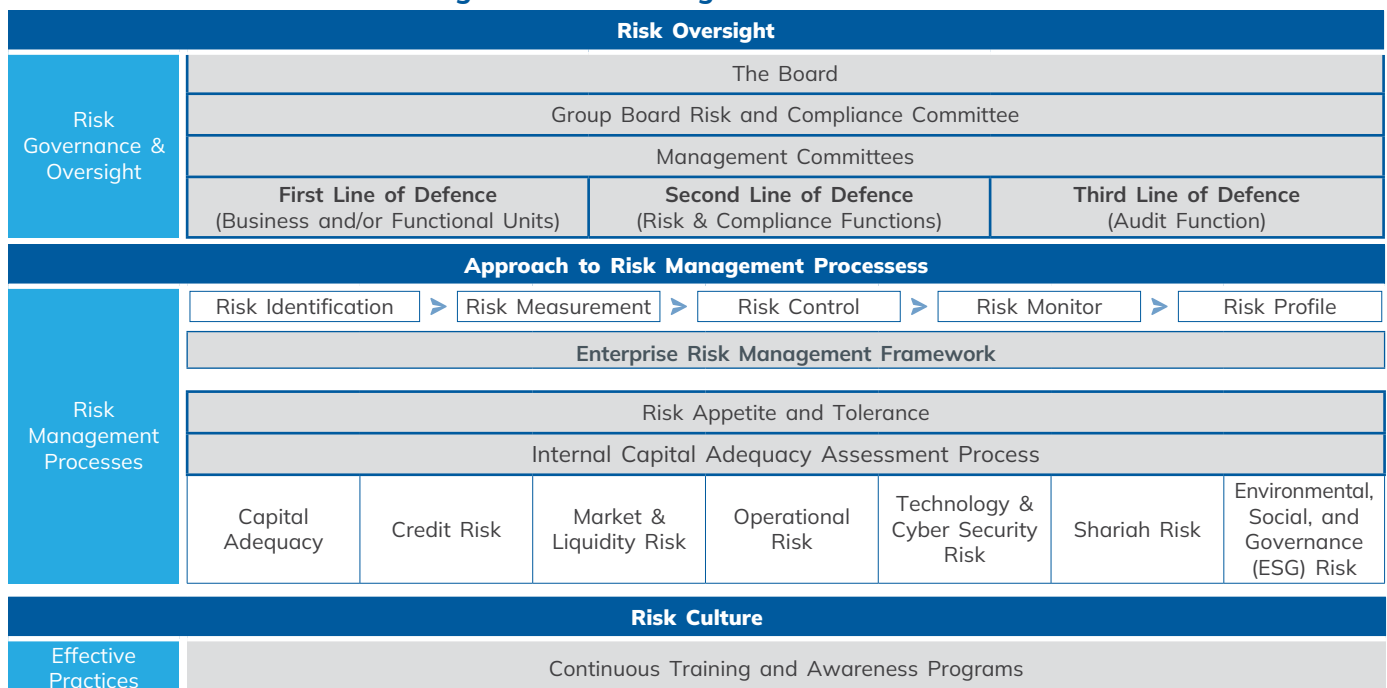
The Board regards risk management as an integral part of the Group’s business operations and confirms that there is an ongoing process to identify, measure, control, monitor and report material risks that may affect the achievement of business objectives. The risk control framework and related processes are reviewed periodically to enhance internal controls, in line with the Group’s practices and relevant industry standards.

The Group maintains a clearly defined organisational structure with delineated lines of accountability, authority and responsibility to the Board, its committees and operating units. Key processes are in place to review the adequacy and effectiveness of the risk management and internal control system.

##### Risk Management Framework

Risk management is embedded in the Group’s annual strategic, capital and financial planning processes. As part of the control framework that provides checks and balances over strategic planning and business activities, a risk management framework (Figure 1) has been established to support a sound risk culture and prudent risk management practices.

Figure 1: Risk Management Framework



## Statement on Risk Management and Internal Control

### Risk Governance and Oversight

The Board, through the GBRCC, provides oversight of risk management activities to ensure that risk management processes operate effectively. The Group's risk governance framework promotes active involvement by the Board, the GBRCC and relevant Management Committees in overseeing risks within the approved risk appetite. Corresponding governance arrangements are established at the operating entity level.

The Board and its Board Committees discharge fiduciary duties in carrying out their respective roles. The Board and its Board Committees comprise members with a broad mix of skills, knowledge and experience to support effective governance and decision-making across the Group's activities. Certain Board Committees are established in line with regulatory requirements, while others, such as the GBITC and SAC, provide focused review and relevant technical expertise within their respective domains. The Board retains overall responsibility for governance and oversight.

Where appropriate, specific Board Committees are established at operating entities to provide focused oversight of entity-specific risks, taking into account their respective operational, regulatory and market contexts.

The framework includes delegation of authority from the Board to the GBRCC and relevant Management Committees, supported by appropriate risk controls for material activities. Accountability for risk management is defined through the three lines of defence model (Figure 1).

The Group's governance and oversight structure supporting risk management and internal control is summarised below.

#### Board and Board Committees:

► **Board:** The Board is the Group's ultimate governing body with overall responsibility for risk oversight, including the establishment of an appropriate governance structure and risk appetite.

► **GBRCC:** The GBRCC assists the Board by overseeing key risk areas and providing oversight of the effective implementation of risk management strategies, risk appetite, frameworks, policies and procedures across credit, market, liquidity, technology and cyber security, operational, ESG, compliance, legal and other material risk areas.

► **GBAC:** The GBAC assists the Board in overseeing the integrity of financial reporting, the adequacy and effectiveness of the Group's internal control system, internal and external audit functions, and compliance with applicable regulatory and statutory requirements. The GBAC reviews the scope and results of internal and external audits, monitors the implementation of audit recommendations, and assesses the independence and performance of the internal and external auditors.

► **Group Nominating & Remuneration Committee (GNRC):** The GNRC supports the Board in matters relating to Board composition, succession planning, performance evaluation and remuneration policies. The Committee reviews the effectiveness of the Board and Board Committees, assesses the independence and suitability of Directors, and ensures that remuneration structures for Directors and Senior Management are aligned with the Group's long-term strategy, risk appetite and prudent risk-taking principles.

► **Group Board Information Technology Oversight Committee (GBITC):** The GBITC provides Board-level oversight of the Group's IT and digital strategy, governance, technology and cyber security risks, major IT investments and digital initiatives, and monitors the effectiveness of the Group's technology and digital capabilities.

► **Shariah Advisory Committee (SAC):** The SAC provides oversight of the Group's Shariah matters and ensures that its Islamic business activities are conducted in compliance with Shariah requirements.

#### Management Committees:

► **Group Management Committee (GMC):** Provides the direction in the implementation of strategies and policies approved by the Board and management of key accounts.

► **Group Management Risk and Compliance Committee (GMRCC):** The GMRCC oversees risk and compliance matters and reviews risk management policies, frameworks and strategies for recommendation to the GBRCC.

► **Group Asset Liability Committee (GALCO):** The GALCO provides oversight of market risk, liquidity risk, capital management and balance sheet management. It oversees asset and liability management strategies, and recovery planning arrangements to support effective risk governance and financial resilience.

► **Group Management Investment and Credit Committee (GMICC):** The GMICC oversees credit and investment proposals across the Group and reviews credit quality and recovery matters.

► **Group Management Information Technology Committee (GMITC):** The GMITC provides oversight of the Group's technology strategy, IT operations and cyber security matters. It oversees technology and cyber security risk management, reviews IT policies and initiatives, and monitors IT performance and project delivery.

► **Group Management Transformation Committee (GMTC):** Oversees the governance and implementation of transformation initiatives to ensure alignment with the Group's strategic priorities, risk considerations and approved investment objectives.

### Three Lines of Defence:

**First Line of Defence:** Responsible for owning and managing risks arising from day-to-day business activities, including risk-taking, and for implementing and maintaining controls to ensure activities are conducted in compliance with applicable laws, regulations and the Group's risk appetite, frameworks, policies and procedures.

**Second Line of Defence:** Responsible for establishing risk management and compliance frameworks, policies and procedures, and for providing independent risk and compliance oversight, including monitoring adherence to applicable laws, regulations and internal requirements.

**Third Line of Defence:** Responsible for providing independent assurance through assessment, review and validation of the Group's risk management, internal control and compliance arrangements, and for evaluating the effectiveness of oversight exercised by the second line over the first line.

### Group Internal Capital Adequacy Assessment Process Framework

The Group Internal Capital Adequacy Assessment Process Framework (GICAAPF) ensures that material risks are identified, measured, monitored and reported, and that adequate capital levels, including capital buffers, are maintained in line with the Group's risk profile. The framework supports current and projected capital requirements under both normal and stressed conditions. For risks that are not readily quantifiable, qualitative assessments are applied, relying on management's judgement and experience to determine their potential materiality to the Group and its operating entities.

### Risk Appetite

Risk appetite is defined in the GICAAPF as the level and types of risk the Group is willing to accept in pursuit of its strategic objectives. It is integrated into the annual strategic planning process and remains adaptable to changing business and market conditions. In setting the risk appetite, the Board considers the proposed risk profile in light of business and financial targets, as well as relevant external factors. The risk appetite is reviewed at least annually, or as required, and approved by the Board. Ongoing monitoring supports alignment

with the approved risk appetite, with material deviations reported to the Board.

### Risk Management Processes

The Group's risk management framework promotes sound risk management practices integrated into strategic, capital and financial planning processes, including the introduction of new products and business activities, as well as day-to-day operations. This ensures that risks are appropriately identified, assessed and managed in a timely manner.

As risk owners, business and functional units are responsible for identifying, assessing, managing, monitoring and reporting risks arising from their activities, and for maintaining effective controls to ensure risks are managed within the Group's approved risk appetite.

The Group applies a structured risk management process comprising Identify, Measure, Control and Monitor in its day-to-day operations.

- ▶ **Risk Identification:** Risks are identified in accordance with the Group Enterprise Risk Management Framework and relevant policies and procedures. Risk identification is an ongoing process at both transaction and portfolio levels to ensure material risks arising from business activities, initiatives or external developments are appropriately identified and managed within the approved risk appetite.
- ▶ **Risk Measurement:** Risks are measured using qualitative and/or quantitative approaches at various levels, including risk type, business unit and on an aggregate basis. These measures support the assessment of the Group's overall risk profile and its alignment with the approved risk appetite.
- ▶ **Risk Control:** Risk controls are established through policies, standards and procedures that define responsibilities and authority for risk-taking. Controls may be adjusted by the Board, Board Committees or Management Committees in response to changes in risk conditions or tolerances. Business units remain accountable for operating within the approved risk control appetite.

- ▶ **Risk Monitor:** Risk levels, key risk indicators (KRIs) and early warning signals are monitored regularly to assess adherence to risk appetite. Exceptions are identified, escalated and addressed through defined reporting channels to the appropriate approving authorities, as required.

### Resources and Infrastructure

Effective risk data aggregation and reporting support a clear understanding of current and emerging risks and enable proactive risk management. The Group continues to enhance its reporting capabilities to ensure that risk information is accurate, timely and appropriately communicated to relevant Board, Board Committees and Management Committees at the operating entity level to support informed decision-making within the approved risk appetite.

### Risk Culture

A sound risk culture promotes the mindset and behaviours that support effective risk management and prudent risk-taking within the approved risk appetite. The Group reinforces this culture through ongoing training, awareness programmes and communication initiatives.

Business Risk and Compliance Specialists (BRiCS) and Designated Compliance and Risk Officers (DCOROs) are appointed at relevant operating entities to support risk and compliance practices. BRiCS operate as full-time first line of defence personnel within designated regions, business and support units, supporting the implementation of risk and compliance responsibilities at the operational level.

## Statement on Risk Management and Internal Control

### Group Risk Management Division

#### Group Risk Management Function

##### ► Credit Risk

Credit Risk is the risk of loss arising from the inability or failure of a client or counterparty to meet its obligations. Effective management of credit risk involves regular monitoring on an individual and portfolio basis to detect deteriorating credit trends, developing credit risk mitigation strategies, assessing the effectiveness of actions taken, and timely reporting of credit risk.

##### ► Environmental, Social and Governance (ESG) Risk

ESG Risk is the risk of potential negative impacts arising from environmental, social, or governance issues (including climate change and resource depletion) that could affect the Group's financial stability and operational efficiency. ESG risk management involves assessment at the transactional level, integrating ESG considerations into decision-making, and developing targeted mitigation plans.

##### ► Market & Liquidity Risk

Market Risk is the risk that changes in market conditions may adversely impact the value of assets or liabilities or otherwise negatively impact earnings whilst liquidity risk is the potential inability to meet contractual or contingent financial obligations, either on- or off-balance sheet, as they come due. The market & liquidity risk management process involves identification, measurement, monitoring, control and reporting of market & liquidity risk.

##### ► Operational Risk

Operational Risk refers to the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events. Operational Risk Management focuses on embedding risk identification, assessment and mitigation practices across the Group, supported by relevant tools, policies and procedures. Identified operational risks are monitored on an ongoing basis, and significant matters are escalated to Management and relevant Board Committees to support effective oversight and decision-making.

##### ► Technology & Cyber Security Risk

Technology & Cyber Security Risk is the risk of potential technology failures and cyber threats that may disrupt business activities. The Technology & Cyber security management involves the identification and assessment of potential threats and the risk associated with systems to help identify appropriate controls to reduce the risk during the mitigation process.

##### ► Shariah Risk

Shariah Risk is the risk due to an event or action that is against the Shariah principles. It can occur together with other risk types such as credit risk, capital risk, country risk, reputational risk, market risk, liquidity risk, strategic risk and operational risk. The Shariah risk management involves the identification, assessment, measurement, monitoring and reporting of any Shariah non-compliance risk in the business activities and processes within the Bank.

The Group Risk Management Division (GRMD) reports functionally to the GBRCC and administratively to the GCEO. Headed by the Group Chief Risk Officer (GCRO), the GRMD is responsible for overseeing the Group's risk management framework and for reporting material risks, risk exposures and mitigation measures to the relevant Board, Board Committees and Management Committees.

The GRMD provides independent oversight and advisory support across key risk areas, including credit, market and liquidity, operational, technology and cyber security, Shariah, ESG and other material risks. It is involved in risk-related matters such as new product approvals, credit and limit monitoring, outsourcing assessments and the review of policies and procedures.

The GRMD monitors risk exposures against approved risk appetite, identifies emerging risk issues and reports periodically to the relevant Board, Board Committees and Management Committees in accordance with established reporting requirements.

### Group Information Technology & Cyber Security Risk Management Framework

The Group has established a Group Information Technology & Cyber Security Risk Management Framework (GITCSRMF), which takes into consideration relevant industry best practices. The GITCSRMF is implemented with the following objectives:

- Articulate the principles and objectives of IT and cyber security risk management across the Group;
- Define roles and responsibilities for managing IT and cyber security risk;
- Establish a governance framework for the identification, assessment, mitigation, monitoring and reporting of IT and cyber security risks;
- Integrate IT and cyber security risk management with the Group's relevant policies, procedures, and guidelines, to facilitate informed risk assessment and management;
- Promote IT and cyber security risk awareness and culture, supporting consistent risk management practices across the Group;
- Promote consideration of IT and cyber security risks in the design of business processes, enterprise architecture and the system development life cycle;
- Establish and maintain appropriate security controls to safeguard information assets (confidentiality, integrity and availability); and
- Mitigate potential losses arising from IT and cyber security risks.

Employees at all levels are expected to understand their responsibilities and are accountable for managing IT and cyber security risks associated with the operations and use of information systems supporting the Group's business activities.

### Shariah Governance Framework

The Group Shariah Governance Policy (GSGP) establishes the framework for effective Shariah governance structures, processes and arrangements across relevant business functions in accordance with regulatory requirements.

The GSGP defines the roles and responsibilities of the Board, Management, the SAC and relevant Shariah functions at the operating entity level in managing Shariah non-compliance risk (SNC). Shariah governance is implemented through the three lines of defence model, covering both pre-execution and post-execution processes. The Shariah functions within this model are as follows:

- ▶ **First Line of Defence:** Business and functional support units, together with the Group Shariah & Sustainability Division;
- ▶ **Second Line of Defence:** Group Risk Management Division and Group Compliance Division; and
- ▶ **Third Line of Defence:** Group Internal Audit Division.

### Shariah Non-Compliance Risk

SNC refers to the risk of legal or regulatory sanctions, financial loss or non-financial implications, including reputational damage, arising from failure to comply with rulings of the Shariah Advisory Council of BNM, the Shariah Advisory Council of the Securities Commission (for capital market matters), Shariah standards issued by BNM pursuant to Section 29(1) of the Islamic Financial Services Act (IFSA) and Section 15(2) of the Financial Services Act (FSA), or decisions and advice of MBSB Bank Berhad's SAC.

Various controls and initiatives are implemented to support Shariah compliance and enhance awareness of Shariah requirements across the Group. These include, but are not limited to:

- ▶ Ongoing identification, assessment, monitoring and management of SNC in accordance with the GSGP and related policies and procedures;

- ▶ Monitoring of SNC exposures and control effectiveness using Operational Risk Management (ORM) tools;
- ▶ Subjecting new Islamic products and services, including variations, to a structured evaluation process to assess potential SNC and operational readiness;
- ▶ Conducting periodic reviews of Islamic concepts and/or contracts underlying products and services to identify and address potential SNC;
- ▶ Sponsorship of employees to obtain Shariah-related certifications to enhance knowledge and capabilities; and
- ▶ Providing continuous training and awareness programmes on Shariah principles and potential SNC through the relevant Shariah functions.

### Environmental, Social, and Governance

The Group Environment, Social & Governance Framework (Corporate and Commercial Financing Customers/Sukuk Issuer) (GESGF) and the Group Climate Risk Management Policy (GCRMP) serve as key reference documents guiding the management of ESG risks and their potential impact on the Group.

The GESGF provides a structured approach to identifying, assessing and managing ESG risks associated with corporate loan/financing customers and bond/sukuk issuers, particularly those operating in sectors vulnerable to environmental and social risks or activities with potentially adverse impacts on the environment and society.

The GESGF establishes risk assessment tools and due diligence processes to enhance understanding of existing and emerging ESG risks and supports consistent risk management practices through the three lines of defence model.

The key principles for managing climate risk are set out in the GCRMP, which establishes the overarching governance framework for climate risk management. The GCRMP encompasses the following:

- ▶ Core requirements for effective climate risk management;
- ▶ A climate risk governance structure, providing oversight through the three lines of defence model;
- ▶ Definitions of climate-related risks and descriptions of climate risk transmission channels;
- ▶ A climate risk strategy covering development, monitoring and communication;
- ▶ Climate risk appetite to manage concentrations to customers with higher climate risk exposures; and
- ▶ Climate risk management processes encompassing identification, measurement, monitoring and reporting.

### Group Compliance Division

Compliance forms an integral part of the Group's business culture and applies across all activities and functions. It is embedded in the way the Group conducts its business, with all employees sharing responsibility for managing compliance risks within their respective roles. Effective compliance requires commitment at all levels of the organisation, including the Board, Senior Management and staff, supported by a structured and coordinated approach.

While compliance is a collective responsibility, the Group Compliance Division (GCD) provides independent oversight and advisory support to promote adherence to applicable laws, regulations and internal requirements. To preserve its independence, GCD reports functionally to the Board and administratively to the GCEO.

To further strengthen the first line of defence, the Group has introduced BRiCS, complemented by DCOROs, to support risk and compliance responsibilities at the operational level.

### Enhancing the First Line of Defence: Establishment of DCOROs and BRiCS at selected functions

## Statement on Risk Management and Internal Control

### Designated Compliance and Risk Officers

DCOROs act as designated liaison officers between their respective Business and Support Units (BSUs) and the GCD. Their key responsibilities include:

- ▶ Supporting compliance risk management within their respective units;
- ▶ Facilitating the identification and assessment of operational and compliance risks; and
- ▶ Coordinating the implementation of compliance initiatives within unit processes and procedures.

In performing their roles, DCOROs promote compliance awareness, monitor the implementation of risk controls and support adherence to compliance requirements within their respective BSUs.

### Business Risk and Compliance Specialists

Following the introduction of BRiCS, the arrangement continues to strengthen the Group’s compliance framework. Building upon the foundation established by DCOROs, BRiCS carry expanded responsibilities, with a focus on:

- ▶ Fostering a stronger risk and compliance culture;
- ▶ Enhancing accountability within BSUs; and
- ▶ Addressing evolving regulatory expectations through specialised expertise.

BRiCS serve as dedicated points of contact for risk and compliance matters within selected BSUs, supporting the first line of defence by promoting proactive risk management and effective compliance practices.

### Collaboration Between DCOROs and BRiCS

DCOROs work in close collaboration with BRiCS to support the effective management of compliance responsibilities. This collaboration promotes a coordinated and structured approach to risk and compliance management across the Group.

### The Group’s commitment to compliance is reflected in its Compliance Charter, which outlines the following principles:

- ▶ Uphold the integrity and reputation of the Group through adherence to applicable laws, regulations and ethical standards in the jurisdictions in which it operates;
- ▶ Maintain sound compliance practices, including adherence to Shariah requirements and Anti-Money Laundering, Countering Financing of Terrorism, (AML/CFT) requirements;
- ▶ Cooperate with the relevant local and international competent authorities and law enforcement agencies in combating money laundering, terrorist financing and proliferation financing; and
- ▶ Maintain compliance with regulatory requirements, including those relating to Foreign Exchange Notices (FEN).

The interconnectedness of compliance responsibilities within the Group is depicted in the diagram below:

Business & Support Units	Compliance	Internal Audit
Business units and support units, primarily responsible for managing compliance risk inherent in the day-to-day activities, processes and systems for which they are accountable for.	Compliance Division manages the compliance risk by assessing and monitoring the adequacy and effectiveness of the governance, processes and systems carried out by respective business and support units.	Responsible for providing independent assurance to the Board and senior management on the overall quality and effectiveness of compliance risk management controls executed by Compliance Division, business and support units.

The GCD provides independent oversight of compliance risks through the following key activities:

- ▶ **Regulatory and Shariah Compliance Reviews:** Regulatory (including technology-related) and Shariah compliance reviews are developed based on applicable regulatory requirements and the outcomes of compliance and Shariah risk assessments. The Compliance Thematic and Shariah Compliance reviews are conducted periodically to assess adherence to relevant laws, regulations and Shariah rulings. Compliance Branch Reviewers perform thematic reviews at branch level as part of this oversight framework. Review results are reported to the relevant governance bodies, including the SAC for Shariah matters, and remediation action plans are tracked until resolution.
- ▶ **Gap Analysis:** Gap analyses are performed on new or revised regulatory requirements to assess alignment with internal policies and procedures. Identified gaps are addressed through action plans tracked by the GCD.
- ▶ **Anti-Financial Compliance Crime Programme:** The GCD oversees the implementation of the Group’s AML/CFT and Targeted Financial Sanctions (AML/CFT and TFS for FIs) compliance programme in accordance with BNM’s AML/CFT and TFS for FIs policy document. Key initiatives include process and system enhancements, transaction monitoring through screening systems, and ongoing training and awareness programmes to support staff understanding of regulatory requirements. The GCD also provides advisory support on AML/CFT matters in relation to new and revised products, services and delivery channels.

- ▶ **Advisory Support and Compliance Risk Assessment:** The GCD provides advisory support to BSUs to promote effective management of compliance risks, including technology-related risks. It participates in relevant project governance forums, such as Project Steering Committees and Project Working Groups, for new products, services and key initiatives, and conducts compliance risk assessments to assess alignment with applicable laws and regulatory requirements.
- ▶ **Compliance Healthcheck:** The Compliance Healthcheck is a structured self-assessment tool implemented for branches and selected BSUs to periodically assess key compliance controls, including Shariah-related requirements, and to facilitate timely remediation of identified gaps. The assessment covers key regulatory areas such as AML/CFT, the Personal Data Protection Act (PDPA), Foreign Account Tax Compliance Act (FATCA), Common Reporting Standard (CRS), FEN and Shariah contracts. The GCD performs periodic validation reviews of completed Compliance Healthchecks to promote objectivity and enhance the effectiveness of the process.
- ▶ **Compliance Training:** Compliance training programmes are structured to support ongoing adherence to applicable regulatory requirements. The programmes also update staff on regulatory developments and emerging compliance risks. Findings from thematic reviews and external regulatory engagements are shared with relevant staff to promote awareness and reduce the likelihood of recurrence. Selected staff are encouraged to pursue professional certifications, such as the Certified AML/CFT & Regulatory Compliance Officer programme, to strengthen expertise and competency in managing AML/CFT risks.
- ▶ **Compliance Awareness Campaigns:** Compliance awareness initiatives, including periodic quizzes, compliance bulletins and posters on key regulatory requirements, serve to reinforce staff understanding of key compliance areas such as Shariah governance, data privacy and customer fair treatment. These communication channels support the development of a sound compliance culture across the Group. To support these efforts, the Group

utilises a Compliance Culture Index (CCI) to assess and evaluate the level of compliance culture within the Group. The CCI incorporates multiple indicators, including compliance practices, regulatory assessments, employee perceptions and observed behaviours, providing a holistic view of how compliance is embedded across the organisation.

- ▶ **Review of Internal Policies and Procedures:** The GCD participates in the review of new and revised policies and procedures through designated working groups. This involvement supports the integration of applicable regulatory requirements into internal policies and procedures and promotes the timely identification and remediation of potential compliance gaps.
- ▶ **Regulatory Liaison:** The GCD serves as the primary liaison for engagement with regulators and law enforcement agencies on compliance-related matters, including technology-related compliance. This role includes coordinating information requests and communications with the relevant authorities.
- ▶ **Integrity Governance Unit:** The Integrity Governance Unit (IGU) is established to promote integrity and ethical conduct across the Group, including among Senior Management and the Board, and to support the prevention and detection of bribery, corruption and abuse of power. The IGU oversees the implementation of the Group's anti-bribery and corruption framework, including engagement with the Malaysian Anti-Corruption Commission (MACC), and manages the Group's adequate procedures initiatives encompassing governance controls, integrity enhancement measures, complaints management, verification processes and the detection of corruption-related matters.

In addition to the above activities, the GCD circulates an Annual Compliance Certification to business units, support functions and branches for self-attestation. This certification requires confirmation of adherence to applicable regulatory and Shariah requirements, as well as internal policies and procedures relevant to key business activities and operations.

The Group has adopted an Anti-Bribery and Corruption Policy aligned with the "Guideline for the Management of Integrity & Governance Unit" issued by the MACC and the "Guidelines on Adequate Procedures" issued by the Prime Minister's Department. The policy defines the roles and responsibilities of the IGU and other relevant functions in preventing, detecting and addressing bribery and corruption risks, and in implementing adequate procedures to promote integrity across the Group.

### Group Internal Audit Division

The Group Internal Audit Division (GIAD) provides independent and objective assurance on the adequacy and effectiveness of the Group's risk management, internal control and governance processes.


GIAD reports functionally to the GBAC and administratively to the GCEO. Audit findings and remediation status are reported periodically to the relevant Boards and Board Committees.

GIAD conducts systematic and periodic reviews of products, services, technology and outsourcing activities in accordance with an approved risk-based audit plan. These reviews assess the effectiveness, adequacy and integrity of internal controls, risk management and governance processes, as well as compliance with applicable policies and procedures.

In addition to the approved audit plan, GIAD undertakes ad hoc assignments, post-mortem reviews and investigations at the request of Senior Management, Management Committees, Board Committees or the Board. A similar arrangement applies at the operating entity level.

GIAD reports audit findings, identified improvement areas and action plans with implementation timelines to Senior Management, GBAC and SAC. Follow-up reviews are conducted periodically to monitor the implementation of agreed actions until closure. Key audit findings and the status of remediation are reported to the Board through the Chairman of the GBAC. Audit reports and follow-up status updates are presented to the GBAC and the Board on a quarterly basis, including at the operating entity level where applicable.

## Statement on Risk Management and Internal Control

 Refer to the Group Audit Committee's Report on page 82 of this Integrated Annual Report for further details on the internal audit function.

### Independent Credit Review Department

The Independent Credit Review (ICR) Department provides independent assessment to promote consistency in credit decision-making with the Group's overall credit risk management objectives.

Findings from ICR reviews are reported to the relevant Management Committees, Board Committees and Boards. ICR reviews cover, among others:

- ▶ Quality of credit risk assessments and the rigour of credit approval processes, including the adequacy of information considered in credit decisions;
- ▶ Alignment of credit decisions with the credit risk strategy, credit risk policies, and applicable legal and regulatory requirements;
- ▶ Scope, effectiveness and timeliness of credit risk monitoring activities;
- ▶ Accuracy and timeliness of counterparty risk ratings; and
- ▶ Appropriateness of credit classifications and provisioning levels.

### Key Elements of Internal Control System

The Group's internal control system is designed to manage risks within the approved risk appetite and support the achievement of strategic and business objectives. Key elements of the internal control framework established by the Board include the following:

#### Control Environment and Activities

- ▶ **Organisation Structure:** A formal organisational structure with clearly defined lines of accountability, authority and reporting is established to support a sound control environment, underpinned by appropriate tone from the top in promoting good governance and risk management practices.

- ▶ **Policies and Procedures:** Policies, procedures and processes governing the Group's businesses and operations are documented and made accessible to employees via the intranet. These are reviewed periodically to remain aligned with business, operational and regulatory developments.
- ▶ **Business Planning and Budgeting Process:** An integrated business planning and budgeting process is in place, where annual budgets, business plans and strategic initiatives are deliberated and approved by the Board, taking into account the approved risk appetite. The Board also reviews financial performance and risk exposures through regular management reporting to support effective oversight of performance objectives and strategic initiatives.
- ▶ **Human Resource Policies and Guidelines:** Policies and procedures are established to govern recruitment, performance management, rewards and disciplinary matters. Initiatives relating to talent development, staff competencies, succession planning and human capital management support the Group's long-term sustainability.
- ▶ **Core Values and Code of Ethics and Conduct:** The Group has established a Code of Ethics and Conduct for Directors and Employees, which sets out the principles and standards expected in the conduct of its business and professional activities. In March 2025, the Code of Ethics and Conduct for Employees (Blue Book) was introduced to strengthen the existing ethics framework and reinforce standards of integrity, accountability and professional conduct across the organisation. The Blue Book serves as a practical reference to guide ethical behaviour among employees.
- ▶ **Whistleblowing Policy:** Whistleblowing policies and procedures are in place to provide channels for individuals to report suspected breaches of laws or regulations, misconduct, or other unethical behaviour. Employees may raise concerns through the established whistleblowing mechanism, with appropriate safeguards to promote confidentiality and protection of the whistleblower's identity.
- ▶ **Anti-Financial Crime Compliance:** An AML/CFT framework and supporting policies are established and reviewed periodically to manage financial crime risks and meet regulatory requirements. Employees are expected to conduct their duties in accordance with ethical and professional standards and remain vigilant to potential money laundering and terrorist financing risks.
- ▶ **Fraud Management:** The Group Fraud Risk Management Policy is communicated to employees to promote awareness and consistent application of its requirements. The Policy sets out the principles, strategies and control framework for managing fraud risk and supports the promotion of integrity across the Group. It defines roles and responsibilities at all levels for the prevention, detection and response to fraud, and is supported by programmes and controls that are subject to periodic review to assess their adequacy and effectiveness. Fraud risk is assessed using ORM tools to identify and mitigate emerging fraud risks.
- ▶ **Information Asset Management:** Controls are established to safeguard the confidentiality, integrity and availability of information assets, including technology and cyber security risk considerations. Technology infrastructure and security controls are monitored and strengthened on an ongoing basis to address evolving risks.
- ▶ **Business Continuity Management (BCM):** BCM policies are established to promote organisational resilience and effective response and recovery capabilities. Critical business functions are identified and recovery arrangements are tested periodically to assess adequacy and effectiveness. Test exercises are conducted to enhance employee preparedness in managing potential disruptions.
- ▶ **Risk and Control Self-Assessment (RCSA):** RCSA is a structured and forward-looking process through which risk owners identify, assess, monitor and manage operational risks arising from their activities and key processes. It facilitates the assessment of inherent risk, evaluation of the design and operating effectiveness of key controls, and determination of residual risk, with action

plans established to address identified gaps. RCSA outcomes are monitored and reported to the relevant Board, Board Committees and Management Committees at both Group and operating entity levels, as appropriate, to support informed decision-making and the ongoing enhancement of the operational risk control environment.

#### **Information and Communication**

The financial performance of the Group is presented and reported to the relevant Board, Board Committees and Management Committees at both the Group and operating entity levels, as appropriate, on a periodic basis. Performance is monitored against the approved strategic business plan, budget and risk appetite.

#### **Review of SORMIC By External Auditors**

As required by Paragraph 15.23 of the Bursa's Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in the Audit and Assurance Practice Guide 3 (AAPG 3), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants (MIA) for inclusion in the Integrated Annual Report of the MBSB for the financial year ended 31 December 2025.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls or to form an opinion on the adequacy and effectiveness of MBSB Group's risk management and internal control system, including the assessment and opinion by the Board and the Management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Integrated Annual Report will remedy the problems.

#### **Conclusion**

The GCEO and the GCFO have provided assurance to the Board that the Group's risk management and internal control system is operating adequately and effectively, in all material respects, throughout the financial year under review and up to the date of approval of this Statement.

Taking into consideration the assurance from Management and the input from the relevant assurance providers, the Board is of the view that the Group's system of risk management and internal control is adequate and effective in safeguarding shareholders' investments and the Group's assets.

The SORMIC was approved by the Board on 31 March 2026.

# Financial Statements

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## Directors' Responsibility Statement

The Directors are required by the Companies Act 2016 ("CA") to prepare financial statements for each financial year which have been made out in accordance with the applicable Malaysian Financial Reporting Standards ("MFRS"), the International Financial Reporting Standards ("IFRS") and the provisions of the CA in Malaysia and give a true and fair view of the state of affairs and of the results and cash flows of the Company and the Group for the financial year.

In preparing the financial statements, the Directors have used appropriate and relevant accounting policies that are consistently applied and supported by reasonable as well as prudent judgments and estimates, and that the financial statements is prepared on a going concern basis.

The Directors are satisfied that the information contained in the financial statements give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the financial performance and cash flows for the financial year.

The Directors are responsible for ensuring that the Company and the Group keep proper accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the CA.

The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group, to detect and prevent fraud and other irregularities.

# Directors' Report

for the financial year ended 31 December 2025

The Directors have pleasure in presenting their report together with the audited financial statements of MBSB Berhad ("the Company") and its subsidiaries (together referred to as "the Group") for the financial year ended 31 December 2025.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and had ceased providing new financing.

## FINANCIAL RESULTS

	Group	Company
	RM'000	RM'000
Net profit for the financial year	279,510	429,107

## DIVIDENDS

The dividends on ordinary shares paid or declared by the Company since 31 December 2024 were as follows:

	RM'000
In respect of the financial year ended 31 December 2025:	
– single-tier interim dividend of 2.00 sen per ordinary share on 8,222,312,432 ordinary shares declared on 26 August 2025 and paid on 23 September 2025	164,446
In respect of the financial year ended 31 December 2024:	
– single-tier interim dividend of 1.80 sen per ordinary share on 8,222,312,432 ordinary shares declared on 3 March 2025 and paid on 27 March 2025	148,002
	312,448

On 26 February 2026, the Company announced a single-tier interim dividend of 1.22 sen per ordinary share in respect of the financial year ended 31 December 2025. Based on the number of shares in issue of 8,222,312,432 ordinary shares as at 31 December 2025, the dividend payable would be RM100,312,212.

The financial statements for the current financial year do not reflect the interim dividend announced on 26 February 2026. The dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2026.

## RESERVES, PROVISIONS AND ALLOWANCES

There were no material transfers to or from reserves or provisions or allowances during the financial year other than those disclosed in the financial statements and notes to the financial statements.

## ISSUE OF SHARES AND DEBENTURES

During the financial year, there were no changes to the issued and paid-up ordinary share capital.



## BAD AND DOUBTFUL DEBTS AND FINANCING

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps to ascertain that proper actions had been taken in relation to the writing off of bad debts and financing and the making of allowance for doubtful debts and financing and satisfied themselves that all known bad debts and financing had been written off and that adequate allowance had been made for doubtful debts and financing.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts and financing, or the amount of the allowance for doubtful debts and financing in the financial statements of the Group and of the Company, inadequate to any substantial extent.

## CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps to ascertain that any current assets, other than debts and financing, which were unlikely to realise in the ordinary course of business, including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading.

## VALUATION METHODS

At the date of this Report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

## CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group or of the Company which has arisen since the end of the financial year other than those arising from the normal course of business of the Group and of the Company.

No contingent or other liability in the Group or the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

## CHANGE OF CIRCUMSTANCES

At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company, that would render any amount stated in the financial statements misleading.

## ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2025, have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## Directors' Report

for the financial year ended 31 December 2025

### DIRECTORS

The Directors of the Company who have held office during the financial year and during the period from the end of the financial year to the date of this report are:

Dato' Wan Kamaruzaman bin Wan Ahmad	
Puan Lynette Yeow Su-Yin	
Encik Sazaliza bin Zainuddin	(appointed on 1 January 2025)
Encik Mohamad Abdul Halim bin Ahmad	
Datuk (Dr.) Yasmin binti Mahmood	
Datuk (Dr.) Normala @ Noraizah binti A.Manaf	(appointed on 15 July 2025)
Encik Ho Kwong Hoong	
Puan Maheswari A/P G Kanniah	(appointed on 1 August 2025)
Dr. Loh Leong Hua	(retired on 26 June 2025)

The Directors of the Company's subsidiaries who have held office during the financial year and during the period from the end of the financial year to the date of this report (not including those Directors listed above) are:

Encik Kamaruzaman bin Ahmad	
Encik Arul Sothy A/L S Mylvaganam	
Encik Shawn Conrad Campos	
Puan Azizah binti Wan Chik	(appointed on 15 July 2025)
Dato' Ahmad Murad bin Abdul Aziz	(appointed on 5 January 2026)
Tan Sri Abdul Rahman bin Mamat	(redesignated as Non-Independent Non-Executive on 1 January 2025)
Encik Ahmad Lutfi bin Abdul Mutalip @ Talib	(retired on 21 February 2025)
Datuk Mohd Nasir bin Ali	
Encik Jesleigh bin Johari	
Encik Chong Yiow Loong	
Encik Asrul Hazli bin Salleh	
Encik Azlan bin Abdullah	
Encik Hasman Yusri bin Yusoff	
Encik Shan Kamahl bin Mohammad	
Encik Azizi bin Mustafa	
Encik Chia Ku Tang	
Encik Sheikh Shahrudin bin Sheikh Salim	
Encik Johnson Rudd A/L Sunny Rudd	
Puan Sim Fen Nee	
Puan Norashikin binti Mohd Kassim	
Encik Aqeel bin Mokhtar	(appointed on 7 January 2025)
Encik Muhamad Firdaus bin Mokhtar	(appointed on 20 March 2025)
Encik Taufiq Iskandar bin Jamingan	(appointed on 1 July 2025 and resigned on 1 October 2025)
Dato' Seri Diraja Nur Julie Gwee Ariff	(appointed on 30 September 2025)
Encik Gan Kim Khoon	(appointed on 1 January 2026)
Datuk Bahria binti Mohd Tamil	(appointed on 1 January 2026)
Cik Rupavathy A/P A.V. Govindasamy	(resigned on 7 January 2025)
Cik Ng Jui Shan	(resigned on 20 March 2025)
Encik Kheirul Anwar bin Mohamed	(resigned on 2 July 2025)
Encik Ahlan Nasri bin Mohd Nazir @ Nasir	(resigned on 31 December 2025)
Cik Hasnah binti Omar	(retired on 26 June 2025)
Encik Tai Keat Chai	(retired on 26 December 2025)
Datuk Azrulnizam bin Abdul Aziz	(retired on 28 February 2026)

### DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS

None of directors in office at the end of the financial year held any interest in shares and options over shares in the Company and its related corporations during the financial year.

There were no options granted to any person to take up unissued shares of the Company during the financial year.



## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received, nor become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 35 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by mean of the acquisition of shares in or debentures of the Company or its related corporations during the financial year.

## INDEMNITY AND TAKAFUL COST

The Directors and Officers of the Group and of the Company are covered by Directors' and Officers' Liability Takaful. The annual takaful cost that is payable by the Group and the Company amount to RM268,850 (2024: RM215,550) and RM89,617 (2024: RM71,850) respectively.

## ULTIMATE HOLDING BODY

The ultimate holding body is Employees Provident Fund ("EPF"), a statutory body established under the Employees Provident Fund Act 1991 (Act 452).

## SUBSIDIARIES

The principal activities of the subsidiaries are described in Note 12. There have been no significant changes in the nature of the principal activities of the subsidiaries during the financial year.

## DIRECTORS' REMUNERATION

The remuneration in aggregate for Directors of the Group and the Company for the financial year are as follows:

	Group RM'000	Company RM'000
Directors' fees	3,721	1,329
Directors' other emoluments	2,220	691

## AUDITORS' REMUNERATION

Auditors' remuneration of the Group and the Company are RM4,998,000 (2024: RM4,642,000) and RM834,000 (2024: RM945,000) respectively. Details of auditors' remuneration are as set out in Note 34 to the financial statements.

## BUSINESS REVIEW FOR 2025

The Group registered a profit before taxation and zakat of RM390 million for 2025 as compared to a profit before taxation and zakat of RM586 million in the prior year. As at 31 December 2025, the Group had assets of RM65,198 million (2024: RM64,264 million), gross loans, financing and advances of RM43,929 million (2024: RM42,983 million), total deposits of RM45,685 million (2024: RM48,835 million) and shareholders' equity of RM9,859 million (2024: RM9,778 million).

The Group's gross loans, financing and advances grew by 2.2% for the year to RM44 billion, mainly from corporate loans/financing. Corporate loans/financing, which accounts for 34.3% of the total gross financing portfolio, grew by 11.1% contributed mainly by syndicated term loans/financing.

As at 31 December 2025, the Group's CET1 capital ratio and total capital ratio (after single-tier interim dividend), stood at 18.949% and 21.481%, respectively, remains robust and well above the industry average. The Group maintained healthy liquidity position, with liquidity coverage ratio of 141.36% (average 12 months of 153.85%) remained above the minimum regulatory requirement of 100%.

## Directors' Report

for the financial year ended 31 December 2025

### OUTLOOK FOR 2026

The global economy is expected to grow at a moderate yet stable pace in 2026, supported by ongoing normalisation of monetary policies, resilient consumption in many major markets, and continued recovery in global trade activity. According to the International Monetary Fund ("IMF") and World Bank consensus, global growth is projected to remain around 3.1% – 3.3%, broadly steady with 2025 levels, as structural and cyclical headwinds continue to moderate expansion.

According to Bank Negara Malaysia ("BNM"), Malaysia's economy is expected to expand by 4.0% – 4.5% in 2026, anchored by strong domestic fundamentals, resilient household spending and continued investment activity. A stable labour market and ongoing income growth are expected to underpin consumption, while investment activity is likely to remain robust, driven by both public and private sector initiatives, including multi-year strategic projects. This growth outlook remains subject to uncertainties, in particular surrounding global developments. Downside risks remain from slower global trade and lower-than-expected commodity production. Meanwhile, upside potential to growth could arise from a better global growth outlook, stronger demand for electrical and electronics goods, and more robust tourism activity. Monetary conditions are expected to remain supportive, with BNM maintaining policy stability to foster sustainable growth while managing inflationary risks.

The Group's business plan for 2026 will continue to be guided by the FLIGHT26 strategy. Introduced in early 2024, FLIGHT26 is a 3-year strategy that targets improvement and optimisation in 4 key areas, namely the cost of funds, financing growth, operating expenditure, and higher proportion of fee-based income. The Group will strive to deliver excellent customer service and higher value proposition via new products and digital channels, as well as superior customer experience offerings.

### STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors ("the Board") of the Group and the Company is pleased to report that, the Board has endeavoured to apply the principles and comply with the relevant best practices of corporate governance as set out in the Malaysia Code on Corporate Governance ("the Code"). The Group and the Company are also required to comply with BNM's policy document on Corporate Governance ("BNM/RH/PD 029-9") issued on 3 August 2016.

### STATEMENT OF SHARIAH GOVERNANCE

#### MBSB Berhad Group

The Group is committed to upholding the highest standards of Shariah governance across its subsidiaries companies. To strengthen this commitment, the Shariah Advisory Committee ("SAC") of MBSB Bank and the Shariah Committee of MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) have been unified as a single SAC under MBSB Bank, serving as the central authority for Shariah compliance across the Group. This ensures the integrity and consistency of Shariah principles across all operations, business activities, and governance frameworks.

The unified SAC provides Shariah rulings, advise, and endorsements applicable to all subsidiaries within the Group. It ensures compliance with Shariah requirements either directly or through its delegated functions and oversees the implementation of Shariah frameworks for the Group to maintain robust governance and effective Shariah compliance.

Engagement between the SAC and the respective Boards of MBSB Bank and Board of other subsidiaries facilitates seamless communication on Shariah governance matters. This includes regular SAC meetings, participation of the SAC Chairman or Deputy Chairman in Board discussions, and quarterly reporting to ensure alignment and informed decision-making across the Group.

To support these efforts, MBSB Bank Board has reviewed and endorsed the planned resources for 2026 to strengthen Shariah support and control functions across the Group. These resources, as reviewed by the SAC, are deemed adequate to support the Group-wide Shariah governance objectives, ensuring effective oversight and implementation.

The unification of the SAC reflects the Group's commitment to fostering a sound Shariah governance culture across, reinforcing stakeholder trust in its Islamic finance practices and ensuring a unified, consistent approach to Shariah compliance across the Group.



## SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR

Subsequent events after the financial year are disclosed in Note 51 of the financial statements.

## AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146), have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 17 March 2026.

**Dato' Wan Kamaruzaman bin Wan Ahmad**  
Director

Petaling Jaya, Malaysia

**Mohamad Abdul Halim bin Ahmad**  
Director

## Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, **Dato' Wan Kamaruzaman bin Wan Ahmad** and **Mohamad Abdul Halim bin Ahmad**, being two of the Directors of MBSB Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 111 to 243 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025 and of the financial performance and cash flows of the Group and of the Company for the year then ended, in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 17 March 2026.



**Dato' Wan Kamaruzaman bin Wan Ahmad**  
Director

Petaling Jaya, Malaysia



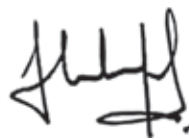
**Mohamad Abdul Halim bin Ahmad**  
Director

## Statutory Declaration

Pursuant to Section 251(b) of the Companies Act 2016

I, **Shahnaz Farouque bin Jammal Ahmad**, being the officer primarily responsible for the financial management of MBSB Berhad, do solemnly and sincerely declare that the financial statements set out on pages 111 to 243 are to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the declaration to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the  
abovenamed Shahnaz Farouque bin  
Jammal Ahmad at Petaling Jaya  
in the State of Selangor Darul Ehsan  
on 17 March 2026



**Shahnaz Farouque bin Jammal Ahmad**

Before me,



Unit G082 Ground Floor, Millenium Square  
98 Jalan 14/1,  
46100 Petaling Jaya, Selangor



# Shariah Advisory Committee's Report

In the Name of Allah, the Most Gracious, the Most Merciful.

All praises are due to Allah, and peace and blessings be upon Prophet Muhammad (ﷺ), his family and companions.

## SHARIAH GOVERNANCE, DUTIES, RESPONSIBILITIES AND ACCOUNTABILITIES

The Group is committed to upholding the highest standards of Shariah governance across its subsidiaries companies. To strengthen this commitment, the Shariah Advisory Committee ("SAC") of MBSB Bank and the Shariah Committee of MIDF Amanah Investment Bank Berhad (now known as MBSB Investment Bank Berhad) have been unified into a single SAC under MBSB Bank, serving as the central authority for Shariah compliance across the Group. This ensures the integrity and consistency of Shariah principles across all operations, business activities, and governance frameworks of the Group's regulated entities.

The SAC of MBSB Bank Berhad serves as the central Shariah Advisory Committee for the following entities within the MBSB Group:

- MBSB Bank Berhad
- MBSB Investment Bank Berhad ("MBSB IB")
- Malaysian Industrial Development Finance Berhad
- MIDF Amanah Asset Management Berhad ("MAAM") (in the capacity of Shariah Adviser)

In discharging its duties, the SAC operates in accordance with:

- The Shariah Governance Policy Document issued by Bank Negara Malaysia;
- Applicable guidelines, rulings and decisions issued by the Shariah Advisory Council of Bank Negara Malaysia and the Shariah Advisory Council of the Securities Commission Malaysia; and
- The SAC's approved Terms of Reference and letters of appointment.

During the financial year ended 31 December 2025, the SAC exercised effective oversight over the Group's Shariah governance framework and its implementation.

The SAC's oversight responsibilities included, among others:

- Providing Shariah decisions and advice on products, services, transactions and operational matters;
- Deliberating on Shariah issues and potential Shariah non-compliance events;
- Reviewing reports and findings from the Shariah Research & Advisory, Shariah Review, Shariah Risk Management and Shariah Audit functions; and
- Endorsing rectification measures to address identified Shariah issues, where applicable.

The SAC also acted in the capacity of Shariah Adviser for MIDF Amanah Asset Management Berhad in respect of its Islamic fund management business, whereby the SAC provided oversight on the Shariah compliance of investment processes, portfolio composition and related governance matters in accordance with applicable guidelines issued by the Securities Commission Malaysia.

The SAC reports to the respective Boards and, where necessary, escalates matters that may affect the safety and soundness of the institutions in line with regulatory requirements.

## OPINION ON THE STATE OF THE GROUP'S COMPLIANCE WITH SHARIAH

In carrying out our roles and responsibilities, and based on the information, explanations and material evidence presented to us, we hereby report that:

- We have reviewed the principles, contracts and transactions relating to the Islamic operations and activities undertaken across the MBSB Group during the financial year ended 31 December 2025;
- We have assessed the effectiveness of the Group's Shariah governance processes, including Shariah review, Shariah risk management and Shariah audit, on a test basis; and
- We planned and performed our review to obtain reasonable assurance that the Islamic operations of the Group were conducted in accordance with Shariah principles and applicable rulings.

## Shariah Advisory Committee's Report

### OPINION ON THE STATE OF THE GROUP'S COMPLIANCE WITH SHARIAH (continued)

In our opinion, to the best of our knowledge and based on material evidences presented to us, do hereby confirm that the Islamic operations, business, affairs and activities of the entities within the Group for the financial year ended 31 December 2025 have been conducted in compliance with Shariah principles, but it has come to the SAC's attention that a Shariah non-compliance event with no financial impact has occurred and has been rectified as follows:

No.	Entity	Actual Shariah non-compliance event	Rectification Measure
1	MBSB Bank Berhad	Delay in settlement of Bai'al-Sarf gold purchase transactions.	Operational controls were strengthened, SOPs were updated, and a sales agency arrangement was implemented, enabling immediate recognition of funds upon gold delivery to ensure spot settlement compliance.

We further confirm that:

- No Shariah non-compliant or prohibited income was recognised during the financial year;
- Any residual non-Shariah-compliant income from prior years has been fully purified in accordance with Shariah requirements; and
- The calculation and payment of zakat by the relevant entities were carried out in compliance with Shariah principles.

### SHARIAH ADVISORY MEETINGS

During the financial year ended 31 December 2025, a total of 12 meetings were held i.e. 8 monthly SAC meetings, 1 Special SAC meeting and 3 Shariah Adviser meetings. The SAC comprises the following members and the number of attendances of each member at the meetings held during the financial year is as follows:

No.	Members	Attendance to Monthly SAC meetings	Attendance to Special SAC meetings	Attendance to Shariah Adviser meetings
1	Tn. Hj. Mohd Bahroddin bin Badri (Former Chairman) <i>Retired as a member of the SAC on 6 August 2025</i>	4/4	1/1	2/3
2	Ts. Dr. Nasrun bin Mohamad @ Ghazali (Chairman) <i>Appointed as Chairman effective 8 September 2025</i>	8/8	1/1	3/3
3	Dr. Ahmad Faizol bin Ismail (Deputy Chairman)	8/8	1/1	3/3
4	Assoc. Prof. Datuk Dr. Luqman bin Hj. Abdullah	7/8	1/1	2/3
5	Assoc. Prof. Dr. Muhammad Najib bin Abdullah	8/8	1/1	3/3
6	Tn. Hj. Ahmad Lutfi bin Abdull Mutalip @ Talib	8/8	1/1	3/3
7	Pn. Apnizan binti Abdullah <i>Retired as a member of the SAC on 10 January 2025</i>	0/0	0/0	0/0

### CONCLUSION

The SAC is satisfied that the MBSB Group has maintained a robust and effective Shariah governance framework, supported by appropriate controls, oversight and management commitment.

We will continue to discharge our responsibilities with due care, independence and diligence in supporting the Group's objective of upholding Shariah compliance across all Islamic operations.

Allah the Almighty knows best. We pray to Him to grant us success and steadfastness on the straight path.

**Chairman of Shariah Advisory Committee**



**Ts. Dr. Nasrun bin Mohamad @ Ghazali**

**Deputy Chairman of Shariah Advisory Committee**



**Dr. Ahmad Faizol bin Ismail**



# Independent Auditors' Report

to the Members of MBSB Berhad

(Incorporated in Malaysia) Registration No.197001000172 (9417-K)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### **Our opinion**

In our opinion, the financial statements of MBSB Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2025, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### **What we have audited**

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 111 to 243.

### **Basis for opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Independence and other ethical responsibilities***

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), as applicable to audits of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### **Our audit approach**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Independent Auditors' Report

to the Members of MBSB Berhad

(Incorporated in Malaysia) Registration No.197001000172 (9417-K)

Key audit matters	How our audit addressed the key audit matters
<p><b>Expected credit losses on loans, financing and advances</b></p> <p>Refer to accounting policy 2(g) and notes 8, 21(b), 32 and 52(a) of the financial statements.</p> <p>We focused on this area due to the size of the carrying value of the loans, financing and advances.</p> <p>The expected credit loss ("ECL") impairment model under MFRS 9 "Financial Instruments" requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.</p> <p>The significant judgements in applying the accounting requirements for measuring ECL include the following:</p> <ul style="list-style-type: none"> <li>• Identification of loans, advances and financing that have experienced a significant increase in credit risk;</li> <li>• The ECL models are inherently complex and judgement is applied in determining the appropriate construct of the model; and</li> <li>• Assumptions used in the ECL models such as expected future cash flows, forward-looking macroeconomic factors, probability weighted multiple scenarios and ECL overlay adjustments made, given the economic uncertainty that may impact ECL.</li> </ul>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Understood and tested management's controls over identification of loans, advances and financing that have experienced significant increase in credit risk or objective evidence of impairment in accordance with the Group's policy and procedures, and the calculation of ECL provisions.</li> <li>• Examined a sample of Loans, advances and financing with focus on loans, financing and advances identified by the Group as having lower credit quality, rescheduled and restructured, borrowers in high risk industries and formed our judgement as to whether there was a significant increase in credit risk or objective evidence of impairment.</li> <li>• Where objective evidence of impairment was identified by the Group and impairment loss was individually calculated, we examined both the quantum and timing of future cash flows used by the Group in the impairment loss calculation, challenged the assumptions and compared the assumptions to external evidence where available. Calculations of the discounted cash flows were also re-performed.</li> <li>• Assessed and tested the methodologies and significant assumptions inherent within the ECL models applied against the requirements of MFRS 9.</li> <li>• Tested the design and operating effectiveness of the controls relating to: <ul style="list-style-type: none"> <li>– Governance over ECL model development and model refinements, including model build, model approval, model monitoring and model validation; and</li> <li>– Data used to determine the allowances for credit losses.</li> </ul> </li> <li>• Assessed and considered reasonableness of forward-looking forecasts assumptions;</li> <li>• Checked the accuracy of data and calculation of the ECL amount, on a sample basis and assessed the reasonableness of the overlay adjustment to the ECL; and</li> <li>• Involved our financial risk modelling experts in areas such as reviewing appropriateness of the ECL models.</li> </ul> <p>The assessment and conclusion on the more judgmental interpretations made by management were discussed with the Group Board Audit Committee.</p> <p>Based on the procedures performed, we did not find any material exceptions to the Group's assessment on impairment of loans, advances and financing.</p>

We have determined that there are no key audit matters to report for the Company.

### **Information other than the financial statements and auditors' report thereon**

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Shariah Advisory Committee's Report, which we obtained prior to the date of this auditors' report, and Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.



## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)**

### **Information other than the financial statements and auditors' report thereon (continued)**

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors for the financial statements**

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

## Independent Auditors' Report

to the Members of MBSB Berhad

(Incorporated in Malaysia) Registration No.197001000172 (9417-K)

- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



**PRICEWATERHOUSECOOPERS PLT**  
LLP0014401-LCA & AF 1146  
Chartered Accountants



**WILLIAM MAH JIN CHIEK**  
03085/07/2027 J  
Chartered Accountant

Kuala Lumpur  
17 March 2026



# Statements of Financial Position

as at 31 December 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>ASSETS</b>					
Cash and short-term funds	3(a)	1,161,667	1,263,035	222,807	318,778
Deposits and placements with banks and other financial institutions	3(b)	674,548	770,343	–	–
Financial assets at fair value through profit or loss	4	777,347	883,146	–	–
Financial investments at fair value through other comprehensive income	5	14,531,751	12,758,557	–	–
Financial investments at amortised cost	6	3,099,533	4,152,486	–	–
Derivative financial assets	7	6,944	5,627	–	–
Loans, financing and advances	8	43,148,650	42,136,099	249,843	248,620
Other receivables	9	435,980	525,490	3,996	5,136
Tax recoverable		206,696	146,291	90,996	95,361
Deferred tax assets	10	56,185	101,745	2,841	3,396
Statutory deposits with Bank Negara Malaysia	11	425,627	853,317	–	–
Investments in subsidiaries	12	–	–	7,530,795	7,530,795
Property and equipment	13	302,239	316,566	22,331	22,058
Right-of-use assets	14	25,030	32,317	–	–
Investment properties	15	5,875	6,093	–	–
Goodwill	16	148,031	148,031	–	–
Intangible assets	17	191,833	164,871	3	4
<b>Total assets</b>		<b>65,197,936</b>	<b>64,264,014</b>	<b>8,123,612</b>	<b>8,224,148</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Deposits from customers	18	39,311,266	39,778,852	–	–
Deposits and placements of banks and other financial institutions	19	6,373,782	9,056,291	–	–
Investment accounts of customers	20	1,386,049	560,928	–	–
Islamic repurchase agreement		3,078,071	568,513	–	–
Derivative financial liabilities	7	7,375	6,768	–	–
Other payables	21	437,010	852,284	23,026	240,221
Lease liabilities	22	25,160	32,618	–	–
Recourse obligation on financing sold	23	3,390,379	2,090,032	–	–
Provision for taxation and zakat		7,126	26,991	–	–
Deferred tax liabilities	10	12,353	12,116	–	–
Sukuk	24	1,166,112	1,325,738	–	–
Borrowings and government grant	25	143,807	174,803	–	–
<b>Total liabilities</b>		<b>55,338,490</b>	<b>54,485,934</b>	<b>23,026</b>	<b>240,221</b>
Ordinary share capital	26	7,970,427	7,970,427	7,970,427	7,970,427
Regulatory reserve	27	323,143	258,081	–	–
Fair value reserves	28	46,179	(69,466)	–	–
Retained earnings		1,519,468	1,618,804	130,159	13,500
		9,859,217	9,777,846	8,100,586	7,983,927
Non-controlling interests		229	234	–	–
<b>Total equity</b>		<b>9,859,446</b>	<b>9,778,080</b>	<b>8,100,586</b>	<b>7,983,927</b>
<b>Total liabilities and shareholders' equity</b>		<b>65,197,936</b>	<b>64,264,014</b>	<b>8,123,612</b>	<b>8,224,148</b>
<b>Commitments and contingencies</b>	42	<b>9,974,675</b>	<b>7,620,580</b>	<b>–</b>	<b>–</b>

The accompanying notes form an integral part of the financial statements.

## Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Income derived from investment of deposits and Islamic capital funds	29	<b>3,036,510</b>	3,457,264	–	–
Income attributable to depositors		<b>(1,586,177)</b>	(1,724,644)	–	–
Income attributable to securitisation		<b>(133,199)</b>	(136,186)	–	–
Income attributable to sukuk and other borrowing		<b>(122,819)</b>	(155,021)	–	–
Income attributable to unrestricted investment account		<b>(47,473)</b>	(5,384)	–	–
Net income from Islamic operations		<b>1,146,842</b>	1,436,029	–	–
Interest income	30	<b>135,297</b>	121,123	<b>5,007</b>	2,411
Interest expense	31	<b>(57,252)</b>	(63,769)	–	–
Net interest income		<b>78,045</b>	57,354	<b>5,007</b>	2,411
Expected credit losses on loans, financing and advances and other impairment	32	<b>(243,777)</b>	(158,789)	<b>(1,520)</b>	(22,558)
Operating income		<b>981,110</b>	1,334,594	<b>3,487</b>	(20,147)
Other operating income	33	<b>279,864</b>	159,082	<b>495,548</b>	482,145
Net income		<b>1,260,974</b>	1,493,676	<b>499,035</b>	461,998
Operating expenses	34	<b>(870,937)</b>	(907,327)	<b>(69,373)</b>	(48,549)
Profit before taxation and zakat		<b>390,037</b>	586,349	<b>429,662</b>	413,449
Taxation	36	<b>(104,176)</b>	(172,469)	<b>(555)</b>	3,570
Zakat		<b>(6,351)</b>	(7,104)	–	–
Profit for the year		<b>279,510</b>	406,776	<b>429,107</b>	417,019
Attributable to:					
Shareholders of the Company		<b>279,515</b>	406,780	<b>429,107</b>	417,019
Non-controlling interests		<b>(5)</b>	(4)	–	–
Profit for the financial year		<b>279,510</b>	406,776	<b>429,107</b>	417,019
Earnings per ordinary share attributable to shareholders of the Company (sen):					
Basic / diluted	37	<b>3.40</b>	4.95		

The accompanying notes form an integral part of the financial statements.



	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>				
– Net gain from change in fair values	199,563	74,032	–	–
– Realised gain transferred to statements of income on disposal	(47,422)	(12,022)	–	–
– Income tax relating to net gain on financial investments at FVOCI	(36,496)	(15,568)	–	–
Other comprehensive income, net of tax:	115,645	46,442		
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>				
– Re-measurement (gain)/loss on defined benefit plans	(1,682)	403	–	–
– Income tax relating to re-measurement loss on defined benefit plans	341	88	–	–
Other comprehensive (expense)/income, net of tax:	(1,341)	491	–	–
<b>Other comprehensive income for the financial year, net of tax</b>	<b>114,304</b>	<b>46,933</b>	<b>–</b>	<b>–</b>
Total comprehensive income for the financial year	393,814	453,709	429,107	417,019
<b>Total comprehensive income for the financial year attributable to:</b>				
Shareholders of the Company	393,819	453,713	429,107	417,019
Non-controlling interests	(5)	(4)	–	–
	393,814	453,709	429,107	417,019

The accompanying notes form an integral part of the financial statements.

## Statement of Changes in Equity

for the year ended 31 December 2025

Group	Share capital		Non-distributable		Fair value reserves		Distributable		Non-controlling interests		Total equity	
	RM'000	RM'000	Regulatory reserves	Fair value reserves	Retained earnings	Total	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2025</b>	7,970,427	258,081	–	(69,466)	1,618,804	9,777,846	234	9,778,080				
Profit/(loss) for the year	–	–	–	–	279,515	279,515	(5)	279,510				
Other comprehensive income/(expense) for the year:												
– net changes in fair value	–	–	–	199,563	–	199,563	–	199,563				
– realised gain transferred to statements of income on disposal	–	–	–	(47,422)	–	(47,422)	–	(47,422)				
– re-measurement loss on defined benefit plans	–	–	–	–	(1,682)	(1,682)	–	(1,682)				
– income tax relating to component of other comprehensive income	–	–	–	(36,496)	341	(36,155)	–	(36,155)				
Transfer of retained profits to regulatory reserve	–	–	–	115,645	(1,341)	114,304	–	114,304				
Dividends to owners of the Company (Note 38)	–	–	65,062	–	(65,062)	–	–	–				
<b>At 31 December 2025</b>	<b>7,970,427</b>	<b>323,143</b>	<b>–</b>	<b>46,179</b>	<b>1,519,468</b>	<b>9,859,217</b>	<b>229</b>	<b>9,859,446</b>				
<b>At 1 January 2024</b>	7,970,427	106,644	–	(115,908)	1,876,865	9,838,028	238	9,838,266				
Profit/(loss) for the year	–	–	–	–	406,780	406,780	(4)	406,776				
Other comprehensive income/(expense) for the year:												
– net changes in fair value	–	–	–	74,032	–	74,032	–	74,032				
– realised loss transferred to statements of income on disposal	–	–	–	(12,022)	–	(12,022)	–	(12,022)				
– re-measurement loss on defined benefit plans	–	–	–	–	403	403	–	403				
– income tax relating to component of other comprehensive income	–	–	–	(15,568)	88	(15,480)	–	(15,480)				
Transfer of retained profits to regulatory reserve	–	–	–	46,442	491	46,933	–	46,933				
Dividends to owners of the Company (Note 38)	–	–	151,437	–	(151,437)	–	–	–				
<b>At 31 December 2024</b>	<b>7,970,427</b>	<b>258,081</b>	<b>–</b>	<b>(69,466)</b>	<b>1,618,804</b>	<b>9,777,846</b>	<b>234</b>	<b>9,778,080</b>				

The accompanying notes form an integral part of the financial statements.



## Statement of Changes in Equity

for the year ended 31 December 2025

Company	Non-distributable Share capital RM'000	Distributable Retained earnings RM'000	Total RM'000
<b>At 1 January 2025</b>	<b>7,970,427</b>	<b>13,500</b>	<b>7,983,927</b>
Profit for the year	–	<b>429,107</b>	<b>429,107</b>
Dividends to owners of the Company (Note 38)	–	<b>(312,448)</b>	<b>(312,448)</b>
<b>At 31 December 2025</b>	<b>7,970,427</b>	<b>130,159</b>	<b>8,100,586</b>

Company	Non-distributable Share capital RM'000	Distributable Retained earnings RM'000	Total RM'000
<b>At 1 January 2024</b>	<b>7,970,427</b>	<b>110,376</b>	<b>8,080,803</b>
Profit for the year	–	<b>417,019</b>	<b>417,019</b>
Dividends to owners of the Company (Note 38)	–	<b>(513,895)</b>	<b>(513,895)</b>
<b>At 31 December 2024</b>	<b>7,970,427</b>	<b>13,500</b>	<b>7,983,927</b>

The accompanying notes form an integral part of the financial statements.

# Statements of Cash Flows

for the year ended 31 December 2025

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation and zakat	390,037	586,349	429,662	413,449
Adjustments for:				
Depreciation of property and equipment	44,160	38,623	538	466
Amortisation of intangible assets	33,929	41,186	1	–
Depreciation of right-of-use asset	15,371	18,924	–	–
Depreciation of investment properties	218	250	–	–
Lease profit expense	844	1,061	–	–
Gain on disposal of:				
– property and equipment	(3)	(1,887)	–	–
– foreclosed properties	(14)	–	–	–
– non-current assets held for sale	–	(493)	–	–
Gain on sale of:				
– financial assets at FVTPL	(21,877)	(6,404)	–	–
– financial investments at FVOCI	(47,422)	(12,022)	–	–
– financial investments at amortised cost	(19,172)	(45)	–	–
Loss/(gain) on financial assets at FVTPL	11,714	(1,773)	–	–
Loss on derivatives	1,833	3,575	–	–
Gain on foreign exchange transaction	(25,719)	(32)	–	–
Dividend income	(49)	(941)	(436,635)	(458,861)
Gain from acquisition of MIDF	–	(3,187)	–	–
Allowance for impairment	243,777	158,789	1,520	22,558
Profit/interest adjustments:				
– financial investments at FVOCI	(475,518)	(453,318)	–	–
– financial investments at amortised cost	(173,929)	(200,796)	–	–
– Investment accounts of customers	47,473	5,384	–	–
– Islamic repurchase agreement	57,920	43,992	–	–
– recourse obligation on financing sold	133,199	136,186	–	–
– sukuk	64,584	110,676	–	–
– borrowings and government grant	2,683	2,883	–	–
Operating profit/(loss) before working capital changes	284,039	466,980	(4,914)	(22,388)
Working capital changes:				
Decrease (increase) in deposits with financial institutions with maturity of more than three months	95,795	(113,101)	–	50,061
Decrease/(increase) in statutory deposits with Bank Negara Malaysia	427,690	(30,656)	–	–
Decrease/(increase) in financial assets at FVTPL	120,204	(572,284)	–	–
(Increase)/decrease in loans, financing and advances	(1,429,307)	(1,905,329)	(2,743)	1,047
Decrease in derivative assets	37,250	27,149	–	–
Decrease/(increase) in other receivables	90,960	(195,552)	1,142	96,240
(Decrease)/increase in deposits from customers, banks and other financial institutions	(3,064,555)	1,260,678	–	–
Increase in investment accounts	777,648	555,544	–	–
Increase in Islamic repurchase agreement	2,440,193	–	–	–
Increase in derivative liabilities	1,431	1,610	–	–
(Decrease)/increase in other payables	(90,212)	102,497	8,917	7,982
Cash (used in)/generated from operations	(308,864)	(402,464)	2,402	132,942
Tax paid	(183,496)	(91,230)	–	(9,900)
Tax refund	5,402	1,793	4,365	–
Zakat paid	(1,807)	(6,284)	–	–
Net cash (used in)/generated from operating activities	(488,765)	(498,185)	6,767	123,042

The accompanying notes form an integral part of the financial statements.



	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Cash flows from investing activities</b>				
Purchase of property and equipment	(30,103)	(31,744)	(811)	–
Purchase of intangible assets	(61,216)	(44,953)	–	(2)
Proceeds from disposal of shares	–	1,353	–	–
Proceeds from disposal of non-current assets held for sale	–	55,902	–	–
Proceeds from disposal of foreclosed properties	279	–	–	–
Proceeds from disposal of property and equipment	14	2,346	–	–
Profit income from:				
– financial investments at FVOCI	529,334	501,318	–	–
– financial investments at amortised cost	174,351	202,975	–	–
Purchase of:				
– financial assets at FVTPL	(4,242)	–	–	–
– financial investments at FVOCI	(12,803,708)	(7,790,597)	–	–
– financial investments at amortised cost	(484)	(207,548)	–	–
Redemption or disposal from:				
– financial investments at FVOCI	11,158,890	7,624,880	–	–
– financial investments at amortised cost	1,072,622	626,697	–	–
Dividend received	49	941	436,635	458,861
Net cash generated from investing activities	35,786	941,570	435,824	458,859
<b>Cash flows from financing activities</b>				
Issuance of recourse obligation on financing sold	2,986,632	–	–	–
Repayment of:				
– Islamic repurchase agreement	–	(1,428,321)	–	–
– recourse obligation on financing sold	(1,697,861)	(1,937,299)	–	–
– sukuk	(158,309)	(869,393)	–	–
– borrowings and government grant	(30,942)	(31,922)	–	–
	1,099,520	(4,266,935)	–	–
Profit expense paid on:				
– Islamic repurchase agreement	–	(52,357)	–	–
– recourse obligation on financing sold	(121,623)	(140,587)	–	–
– sukuk	(65,901)	(112,977)	–	–
– borrowings and government grant	(2,737)	–	–	–
Payment of lease liabilities	(19,086)	(19,599)	–	–
Dividends paid on ordinary shares	(538,562)	(287,781)	(538,562)	(287,781)
Net cash generated/(used in) from financing activities	351,611	(4,880,236)	(538,562)	(287,781)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(101,368)</b>	<b>(4,436,851)</b>	<b>(95,971)</b>	<b>294,120</b>
<b>Cash and cash equivalents at 1 January</b>	<b>1,263,035</b>	<b>5,699,886</b>	<b>318,778</b>	<b>24,658</b>
<b>Cash and cash equivalents at 31 December</b>	<b>1,161,667</b>	<b>1,263,035</b>	<b>222,807</b>	<b>318,778</b>

The accompanying notes form an integral part of the financial statements.

## Statements of Cash Flows

for the year ended 31 December 2025

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Cash flows from financing activities (continued)</b>				
<b>Cash and cash equivalents is represented by:</b>				
Cash and short-term funds (Note 3(a))	<b>1,161,667</b>	1,263,035	<b>222,807</b>	318,778
Deposits and placements with banks and other financial institutions (Note 3(b))	<b>674,548</b>	770,343	–	–
Less:	<b>1,836,215</b>	2,033,378	<b>222,807</b>	318,778
Deposits and placements with banks and other financial institutions with original maturity of more than three months	<b>(674,548)</b>	(770,343)	–	–
<b>Cash and cash equivalents at 31 December</b>	<b>1,161,667</b>	1,263,035	<b>222,807</b>	318,778

An analysis of changes in liabilities arising from financing activities for the financial year is as follow:

Group	Lease liabilities RM'000	Recourse obligation on financing sold RM'000	Sukuk RM'000	Borrowings and government RM'000	Total RM'000
<b>At 1 January 2025</b>	<b>32,618</b>	<b>2,090,032</b>	<b>1,325,738</b>	<b>174,803</b>	<b>3,623,191</b>
Profit expense during the year	<b>844</b>	<b>133,199</b>	<b>64,584</b>	<b>2,683</b>	<b>201,310</b>
Profit paid during the year	–	<b>(121,623)</b>	<b>(65,901)</b>	<b>(2,737)</b>	<b>(190,261)</b>
Additions	<b>10,662</b>	<b>2,986,632</b>	–	–	<b>2,997,294</b>
Modification	<b>122</b>	–	–	–	<b>122</b>
Repayment and redemption	<b>(19,086)</b>	<b>(1,697,861)</b>	<b>(158,309)</b>	<b>(30,942)</b>	<b>(1,906,198)</b>
<b>At 31 December 2025</b>	<b>25,160</b>	<b>3,390,379</b>	<b>1,166,112</b>	<b>143,807</b>	<b>4,725,458</b>
<b>At 1 January 2024</b>	29,964	4,031,732	2,197,432	203,842	6,462,970
Profit expense during the year	1,061	136,186	110,676	2,883	250,806
Profit paid during the year	–	(140,587)	(112,977)	–	(253,564)
Additions	22,111	–	–	–	22,111
Modification	(919)	–	–	–	(919)
Repayment and redemption	(19,599)	(1,937,299)	(869,393)	(31,922)	(2,858,213)
<b>At 31 December 2024</b>	<b>32,618</b>	<b>2,090,032</b>	<b>1,325,738</b>	<b>174,803</b>	<b>3,623,191</b>

The accompanying notes form an integral part of the financial statements.



# Notes to the Financial Statements

for the financial year ended 31 December 2025

## CORPORATE INFORMATION

The Company is a public limited liability company, incorporated under the Companies Act 2016 in Malaysia, domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follows:

Level 25, Menara MBSB Bank,  
PJ Sentral,  
Lot 12, Persiaran Barat, Seksyen 52,  
46200 Petaling Jaya,  
Selangor

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are described in Note 12. There have been no significant changes in the nature of the principal activities of the subsidiaries during the financial year.

The immediate and ultimate holding body of the Company is EPF, a statutory body established under the Employees Provident Fund Act 1991 (Act 452).

The consolidated financial statements of the Group as at and for the financial year ended 31 December 2025 comprise the Company and its subsidiaries.

These financial statements were approved by the Board of Directors on 17 March 2026.

## 1. BASIS OF PREPARATION

The financial statements of the Group and the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, financial investments at fair value through other comprehensive income, derivatives financial instruments, non-current assets held for sale and deposits of banks and other financial institutions at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reported period. It also requires the Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 52.

### (A) Standards, amendments to published standards and interpretation that are effective

The Group and the Company have applied the following standards and amendments for the first time for the financial year beginning on 1 January 2025:

- Amendments to MFRS 121 'Lack of Exchangeability'

The adoption of other amendment listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### (B) IFRIC agenda decisions that are concluded and published

In view that MFRS is fully converged with IFRS Accounting Standards, the Group and the Company consider all agenda decisions published by the IFRS Interpretations Committee. Where relevant, the Group and the Company may change its accounting policy to be aligned with the agenda decision.

During the year, the Group and the Company have assessed the implication of the IFRIC agenda decision on guarantees issued on obligations of other entities.

The IFRIC agenda decisions do not give rise to any material financial impact to the Group and the Company.

# Notes to the Financial Statements

for the financial year ended 31 December 2025

## 1. BASIS OF PREPARATION (continued)

### (C) Standards and amendments that have been issued but not yet effective

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Bank Group. None of these is expected to have a significant effect on the consolidated financial statements of the Bank Group, except for the following set out below:

- (i) MFRS 18 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027) replaces MFRS 101 'Presentation of Financial Statements'.
  - The new MFRS introduces a new structure of profit or loss statement.
- (a) Income and expenses are classified into 3 new main categories:
  - i) Operating category which typically includes results from the main business activities;
  - ii) Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of other resources; and
  - iii) Financing category that presents income and expenses from financing liabilities.
- (b) Entities are required to present two new specified subtotals: 'Operating profit or loss' and 'Profit or loss before financing and income taxes'.
  - Management-defined performance measures are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards.
  - Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.
- (ii) Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments' (effective 1 January 2026) have:
  - require financial assets to be derecognised on the date the contractual rights to the cash flows expire and financial liabilities to be derecognised when obligation under the contract is discharged (i.e. the settlement date). In addition, there is an optional exception to derecognise financial liabilities before the settlement date for settlement using electronic payment systems (if specified criteria are met);
  - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and profit/interest criterion;
  - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
  - update the disclosures for equity instruments designated at fair value through other-comprehensive income ("FVOCI").
- (iii) Amendments to MFRS 9 and MFRS 7 'Contract Referencing Nature-dependent Electricity' (effective 1 January 2026) have:
  - added the buyer's application guidance on the MFRS 9 'own-use exemption' for contracts to buy and take delivery of electricity that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions e.g. the weather ('contracts referencing nature-dependent electricity'). Under the amendments, the buyer can apply the MFRS 9 'own-use exemption' to account for these contracts as executory contracts if the buyer has been, and expects to be, a 'net purchaser' of electricity for the contract period, based on the criteria set in the standard;
  - permit hedge accounting in MFRS 9 if these contracts referencing nature-dependent electricity are used as hedging instruments; and
  - add new MFRS 7 disclosure requirements to enable users to understand the effects of these contracts on an entity's financial performance and cash flows.



## 1. BASIS OF PREPARATION (continued)

### (C) Standards and amendments that have been issued but not yet effective (continued)

The Group and the Company have not early adopted the above standards and amendments to existing standards and is in the process of assessing the impact of initial application when it becomes effective.

The following amendments are not expected to have a significant impact on the consolidated financial statements of the Group and the Company:

- MFRS 19 'Subsidiaries without Public Accountability: Disclosures'
- Annual Improvements to MFRS Accounting Standards for enhanced consistency

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements unless otherwise stated.

### (a) Basis of consolidation

#### (i) Subsidiaries

A subsidiary is an entity over which the Company has all of the following:

- power over the investee;
- exposure or rights to variable returns from its involvement with the investee; and
- the ability to use its power to affect those returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(n) below. On disposal of such investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss. Dividend income received from a subsidiary is recognised in profit or loss on the date that the Company's right to receive payment is established.

#### (ii) Business combination

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The assessment of control is performed continuously to determine if control exists or continues to exist over an entity. Acquisitions of subsidiaries are accounted for using the acquisition method of accounting when the acquired sets of activities and assets meet the definition of a business. The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The identifiable assets acquired and the liabilities assumed, with limited exceptions, are measured at their fair values at the acquisition date. Acquisition costs are expensed as incurred and included in administrative expenses.

The difference between these fair values and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or discount on acquisition. Discount on acquisition which represents gain on bargain purchase is recognised immediately in profit or loss.

In business combinations achieved in stages, previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at the acquisition date either at fair value or at the proportionate share of the acquiree's identifiable net assets.

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### (a) Basis of consolidation (continued)

##### (ii) Business combination (continued)

Changes in the Group's equity interest in a subsidiary that does not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their respective interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in Group's reserves.

If the Group loses control over a subsidiary, at the date the Group loses control, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary at their respective carrying amounts;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration or distribution received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

##### (iii) Transactions eliminated on consolidation

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

#### (b) Currency translations

##### (i) Functional and presentation currency

Items included in the financial statements of the Group and the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Group and the Company's functional and presentation currency and has been rounded to the nearest thousand ("RM'000") except when otherwise indicated.

##### (ii) Foreign currency transactions and balances

Foreign currency transactions are translated to the respective functional currencies using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within net other income. All other foreign exchange gains and losses are presented in profit or loss on a net basis.

#### (c) Cash and cash equivalents

Cash and short-term funds in the statements of financial position consist of cash and balances with banks and other financial institutions, money at call and deposit placements with banks and other financial institutions with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statements of cash flows, cash and cash equivalents consist of cash and short-term funds as defined above.



## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

### (d) Financial assets

#### (i) Classification

The Group classifies their financial assets into the following measurement categories:

- Fair value (either through other comprehensive income ("OCI"), or through profit or loss), and
- Amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

#### (a) Business model assessment

The Group conducts assessment of the objective of a business model to align with how an asset held within a portfolio is being managed. Factors that are being considered include the key objectives of a portfolio whether the business strategy is to earn contractual interest revenue, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising a portfolio through sale of assets. Other factors considered also include the frequency and volume of sales in prior periods, how the asset's performance is evaluated and reported to key management personnel.

#### (b) Assessment whether contractual cash flows are solely payments of principal and profit/interest ("SPPI")

Where the business model is to hold the financial assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Group and the Company assess whether the financial assets' contractual cash flows represent solely payment of principal and profit/interest. In applying the SPPI test, the Group and the Company consider whether the contractual cash flows are consistent with a basic lending arrangement, i.e. profit includes only consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and profit/interest.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, it is determined by the irrevocable election at the time of initial recognition to account for the equity investments at fair value through OCI by the Group and the Company.

(i) *Financial assets at fair value through OCI comprise of:*

- Equity securities which are not held for trading, and for which the Group and the Company have made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss, and
- Debt securities where the contractual cash flows are solely principal and profit and the objective of the Group's and the Company's business model is achieved both by collecting contractual cash flows and selling financial assets.

(ii) *The Group and the Company classify their financial assets at amortised cost only if both of the following criteria are met:*

- The asset is held within a business model with the objective of collecting the contractual cash flows, and
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal outstanding.

(iii) *The Group and the Company classify the following financial assets at fair value through profit or loss:*

- Debt investments that do not qualify for measurement at either amortised cost or fair value through other comprehensive income;
- Equity investments that are held for trading, and
- Equity investments for which the entity has not elected to recognise at fair value through other comprehensive income.

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### (d) Financial assets (continued)

##### (ii) Recognition and initial measurement

A financial asset is recognised in the statement of financial position when the Group and the Company become parties to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group and the Company commit to purchase and sell the assets.

At initial recognition, the Group and the Company measure financial assets at their fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

##### (iii) Subsequent measurement

###### (a) Debt instrument

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories in which the Group and the Company classify their debt instruments.

###### (i) Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit/interest, and that are not designated at fair value through profit or loss are measured at amortised cost using the effective profit/interest method. Any gain or loss on a debt investment measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Profit/interest income from these financial assets is included in profit/finance income using the effective profit/interest rate method.

###### (ii) Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and profit/interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses or reversal of impairment losses, profit/interest income and foreign exchange gains and losses which are recognised in profit and loss.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in non-interest income. Profit/interest income from these financial assets is included in profit/finance income using the effective profit/interest rate method.

###### (iii) Fair value through profit or loss ("FVTPL")

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes are recognised in profit or loss and presented net within non-interest income in the period which it arises.



## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

### (d) Financial assets (continued)

#### (iii) Subsequent measurement (continued)

##### (b) Equity instrument

The Group and the Company subsequently measure all equity investments at fair value except where the management has elected, at initial recognitions to irrevocably designate the equity instrument at FVOCI. Where the Group's and the Company's management have elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Company's right to receive payments is established.

Changes in the fair value of financial investments at FVTPL are recognised in non-interest income in the statement of income as applicable.

#### (iv) Reclassification of financial assets

The Group and the Company reclassify financial assets when and only when their business model for managing those assets changes. In such cases, the Group and the Company are required to reclassify all affected financial assets. However, it will be inappropriate to reclassify financial assets that have been designated at FVTPL, or equity instruments that have been designated at FVOCI even when there is a change in business model. Such designations are irrevocable.

#### (v) Modification of financing

The Group and the Company may renegotiate or otherwise modify the contractual cash flows of financing to customers. When this happens, the Group and the Company assess whether or not the new terms are substantially different to the original terms. The Group and the Company do this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the financing.
- Significant extension of the financing term when the borrower is not in financial difficulty.
- Significant change in the profit/interest rate.
- Change in the currency the loan/financing is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the financing.

If the terms are substantially different, the Group and the Company derecognise the original financial asset and recognises a "new" asset at fair value and recalculates a new effective profit/interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group and the Company also assess whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in statements of profit or loss and other comprehensive income as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group and the Company recalculate the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in statements of profit or loss and other comprehensive income. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective profit rate (or credit-adjusted effective profit rate for purchased or originated credit-impaired financial assets).

# Notes to the Financial Statements

for the financial year ended 31 December 2025

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

### (e) Financial liabilities

Financial liabilities are measured at amortised cost, except for trading liabilities and liabilities designated at fair value, which are held at fair value through profit or loss. Financial liabilities are initially recognised at fair value less transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in statement of profit or loss and other comprehensive income. Financial liabilities are derecognised when extinguished.

#### (i) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments.

The financial liabilities measured at fair value through profit and loss upon initial recognition are trading derivatives and financial liabilities designated at fair value.

Financial liabilities, other than those held for trading, are classified as financial liabilities designated at fair value through profit or loss if they meet one or more of the criteria set out below, and are so designated by management.

The Group and the Company may designate financial liabilities at fair value through profit or loss when the designation:

- Eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise from measuring financial assets or financial liabilities, or recognising gains and losses on them, on different bases;
- Applies to groups of financial liabilities that are managed, and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy; and
- Relates to financial liabilities containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments.

The fair value designation, once made, is irrevocable. Designated financial liabilities are recognised when the Group and the Company enter into the contractual provisions of the arrangements with counterparties, which is generally on trade date, and are normally derecognised when the financial liabilities are extinguished. Measurement is initially at fair value, with transaction costs taken to the statements of income. Subsequently, the fair values are remeasured, and gains and losses from changes therein are recognised in the statements of income.

The component of fair value changes relating to the Group and the Company's own credit risk is recognised in OCI. Amounts recorded in OCI related to credit risk are not subject to recycling to profit or loss, but are transferred to retained earnings when realised.

The Group and the Company determine the amount of fair value changes which are attributable to credit risk, by first determining the changes due to market conditions which give rise to market risk, and then deducting those changes from the total change in fair value of financial liabilities at FVTPL. Market conditions which give rise to market risk include changes in the benchmark interest rate. Fair value movements on the conversion option embedded derivative are excluded from the assessment of market risk fair value changes. The Group and the Company believe that this approach most faithfully represents the amount of change in fair value due to the Group's and the Company's own credit risk, as the changes in factors contributing to the fair value of the items other than the changes in the benchmark interest rate are not deemed to be significant.



## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

### (e) Financial liabilities (continued)

#### (ii) Financial liabilities at amortised cost

The Group designated certain structured deposits at fair value through profit or loss as permitted under MFRS 9 'Financial Instruments' as it significantly reduces accounting mismatch that would otherwise arise from measuring the corresponding assets and liabilities on different basis. The fair value changes of the structured deposits which are linked to profit rate derivatives that are attributable to the changes in own credit risk are not significant. Financial liability measured at FVTPL is structured deposits linked to profit rate derivatives within the deposits of banks and other financial institutions.

Financial liabilities that are not classified as fair value through profit or loss fall into this category and are measured at amortised cost.

Financial liabilities measured at amortised cost are deposits from customers, deposits and placements of banks and other financial institutions (other than those designated as FVTPL), investment accounts of customers, Islamic repurchase agreement, other payables, lease liabilities, recourse obligation on financing sold, sukuk and borrowings and government grant.

### (f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of defaults, insolvency or bankruptcy.

### (g) Impairment of financial assets

The Group and the Company assess on a forward-looking basis the ECL associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and the Company assess whether the credit risk on an exposure has increased significantly on an individual or collective basis. The Group and the Company first assess whether objective evidence of impairment exists for financial assets which are individually significant. If the Group and the Company determine the objective evidence of impairment exists, i.e. credit-impaired for an individually assessed financial asset, a lifetime ECL will be recognised for impairment loss. Financial assets which are collectively assessed are grouped on the basis of similar credit risk characteristics.

The Group and the Company have adopted the general approach for ECL.

#### **Measurement**

The Group and the Company recognise loss allowances for ECL on financial assets measured at amortised cost and financial investments measured at FVOCI (debt securities), but not on investments in equity instruments. ECL are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime ECL except for debt securities that are determined to have low credit risk at the reporting date and other financial instruments of which credit risk has not increased significantly since initial recognition, which are measured at 12-month ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default ("PD");
- loss given default ("LGD"); and
- exposure at default ("EAD").

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### (g) Impairment of financial assets (continued)

##### *Measurement (continued)*

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

PD provides an estimate of the likelihood that a customer will be unable to meet its debt obligation or default over a particular time horizon, usually in the course of 1 year.

LGD is the magnitude of the likely loss if there is a default. The Group and the Company estimate LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

EAD represents the expected exposure in the event of a default. The Group and the Company derive the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Group and the Company measure ECL considering the risk of default over the maximum contractual period (including any customer's extension options) over which they are exposed to credit risk, even if, for credit risk management purposes, the Group and the Company consider a longer period. The maximum contractual period extends to the date at which the Group and the Company have the right to require repayment of an advance or terminate a financing commitment or guarantee.

However, for facilities that include both a financing and an undrawn commitment component, the Group and the Company measure ECL over a period longer than the maximum contractual period if the Group's and the Company's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's and the Company's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure. The Group and the Company can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Group and the Company become aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group and the Company expect to take, and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a financing with fixed repayment terms.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include but not limited to:

- instrument type;
- credit risk gradings;
- collateral type;
- financing-to-value ("FTV") ratio for retail property financing;
- date of initial recognition;
- remaining term to maturity;
- industry; and
- geographic location of the customer.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous. For portfolios in respect of which the Group has limited historical data, external benchmark information is used to supplement the internally available data.

##### *Recognition*

Lifetime ECL is the ECL that results from all possible default events over the expected life of the asset, while 12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating ECL is the maximum contractual period over which the Group and the Company are exposed to credit risk.



## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

### (g) Impairment of financial assets (continued)

#### **Recognition (continued)**

Financial assets are segregated into 3 stages depending on the changes in credit quality since initial recognition.

Stage 1 includes financial assets that do not have a significant increase in credit risk since initial recognition or those that have low credit risk at reporting date. For these assets, 12-month ECL are recognised and profit income is calculated on the gross carrying amount of the assets.

Stage 2 includes financial assets that have a significant increase in credit risk since initial recognition but do not have objective evidence of impairment. For those assets, lifetime ECL is recognised and profit income is still calculated on the gross carrying amount of the asset.

Stage 3 includes financial assets that have objective evidence of impairment at reporting date. For these assets, lifetime ECL is recognised and profit income is calculated on the net carrying amount.

#### **Significant increase in credit risk ("SICR")**

Obligatory triggers applied by the Group and the Company in determining whether there has been a significant increase in credit risk is where the principal or profit or both of the financing assets are overdue for more than 30 days, but less than 91 days or hit any of the qualitative indicators but not limited to increase in internal credit spread of an existing facility, breach of covenants and decrease in securities prices.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Group's and the Company's credit risk management processes. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watchlist. Such qualitative factors are based on the management's expert judgement and relevant historical experiences.

The Group and the Company determine days past due by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on a financial asset returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Group and the Company determine a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a financing have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

#### **Credit-impaired (Default)**

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group and the Company consider a financial asset to be in default when:

#### (a) Payment conduct

- Where the principal or profit or both of the financing is past due for more than 90 days or 3 months; or
- In the case of revolving facilities (e.g. revolving working capital or overdraft facilities), notwithstanding the first trigger above, where the outstanding amount has remained in excess of the approved limit for a period of more than 90 days or 3 months; or
- Where payments are scheduled on intervals of 3 months or longer, the account shall be classified as impaired as soon as a default occurs (i.e. when the customer is unable to meet the contractual payment terms), unless it does not exhibit any weakness that would render it classified as impaired according to the Group's and the Company's credit risk grading framework.

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### (g) Impairment of financial assets (continued)

##### *Credit-impaired (Default) (continued)*

- (b) Restructured and rescheduled ("R&R") financing; or
- (c) Customer/Issuer is declared bankrupt/wound up.

In assessing whether a customer is in default, the Group and the Company consider indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Group or the Company; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial asset is in default and their significance may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Group and the Company for regulatory capital purposes.

ECL against credit-impaired financial assets are determined based on an assessment of the recoverable cash flows, including the realisation of any collateral held where appropriate. The ECL held represent the difference between the present value of the cash flows expected to be recovered, discounted at the instrument's original effective profit rate, and the gross carrying value of the instrument prior to any credit impairment.

##### *Restructured financial assets*

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the customer, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective profit/interest rate of the existing financial asset.

ECL for restructured financial assets that are not considered to be credit-impaired will be recognised on 12-month basis. However, if there is a significant increase in credit risk, the ECL will be recognised on a lifetime basis.

##### *Incorporation of forward-looking information*

MFRS 9 specifically requires measurement of ECL using not only past and current information, but also including forecast information. Hence, the ECL calculations include forward-looking adjustment according to the expected future macroeconomic conditions. Forward-looking adjustment incorporated within the ECL model is a combination of statistical analysis and expert judgements based on the availability of detailed information. External information considered includes economic data and forecasts published by external rating agencies.

Key macroeconomic variables ("MEV") that are incorporated into the ECL calculations include, but not limited to House Price Index ("HPI") and Consumer Price Index ("CPI"). Forward-looking MEVs are supported with 3 economic scenarios i.e. baseline, best and worst case scenarios based on the available forecasts.

Methodology and assumptions including forecasts of future economic conditions are reviewed regularly.

##### *Write-down/write-off*

Financial assets and related impairment allowances are normally written-down/written-off, either partially or in full, when there is no realistic prospect of recovery of the financial assets. This is generally the case when the Group and the Company determine that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-down/write-off. This assessment is carried out at the individual asset level. Where financial assets are secured, the write-down/write-off is normally done after receipt of any proceeds from the realisation of security.



## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

### (g) Impairment of financial assets (continued)

#### *Write-down/write-off (continued)*

Financial assets that are written-down/written-off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery of amounts due.

### (h) Foreclosed assets

Foreclosed assets are stated at the lower of carrying amount and fair value less costs to sell and reported within "Other receivables".

### (i) Fiduciary assets

The Group provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in fiduciary capacity are not recognised as the assets of the Group.

### (j) Property and equipment and depreciation

All items of property and equipment are initially recorded at cost. The cost of an item of property and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses. When significant parts of property and equipment are required to be replaced, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of property and equipment is provided for on a straight-line basis to write down the cost of each asset to its residual value over the estimated useful life from the date they are available for use. The estimated useful life is as follows:

Work in progress	*
Buildings	40 years
Building renovation	5 years
Furniture and equipment	5 years
Motor vehicles	5 years
Data processing equipment	5 years

\* Property and equipment in progress will not be depreciated until they become ready for use.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

The residual values, useful lives and depreciation methods are reviewed at end of the reporting period, and adjusted prospectively, if appropriate.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

Freehold land has unlimited useful life and therefore is not depreciated.

### (k) Leases

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group and the Company (i.e. the commencement date).

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### (k) Leases (continued)

Contracts may contain both lease and non-lease components. The Group and the Company allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

##### (i) Leases term

In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group, and affect whether the Group and the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

##### (ii) ROU assets

ROU assets are initially measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentive received;
- any initial direct costs; and
- decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company are reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

##### (iii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Amounts expected to be payable by the Group and the Company under residual value guarantees;
- The exercise price of a purchase and extension options if the Group and the Company are reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

Lease payments are discounted using the profit rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Company, an incremental borrowing rate is used in determining the discount rate which assumes the profit/interest rate that the Group and the Company would have to pay to borrow over a similar term, the funds necessary to obtain the asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to statements of income over the lease period so as to produce a constant periodic rate of profit/interest on the remaining balance of the liability for each period.

The Group and the Company present the lease liabilities as a separate line item in the statements of financial position. Profit/interest expense on the lease liability is presented within the operating expenses in the statements of profit or loss and other comprehensive income.



## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

### (k) Leases (continued)

#### (iv) Short-term leases and leases of low value assets

The Group and the Company elect to apply MFRS 16 recognition exemption such as short-term leases and leases for which the underlying asset is of low value. Short-term leases are leases with a lease term of 12 months or less with no purchase option. Low-value assets comprise small items of office furniture. Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in the statements of profit or loss and other comprehensive income.

### (l) Investment properties

Investment properties, which is a freehold parcel of land and a building, is owned for capital appreciation and is not occupied by the Group.

The investment properties are initially recognised at cost and subsequently at cost less any accumulated impairment losses. The carrying amount of the investment properties are reviewed at the end of each reporting period to determine whether there are any indication of impairment based on market value determined by independent qualified valuers. Right-of-use assets held under a lease contract that meets the definition of investment properties are initially measured similarly as other right-of-use assets.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between net disposal proceeds and the carrying amount are recognised in profit or loss in the period in which the item are derecognised.

For building classified as investment property, depreciation is charged to profit or loss on a straight-line basis over the estimated useful life of 40 years.

### (m) Intangible assets and amortisation

#### (i) Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in profit or loss.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units ("CGU") that are expected to benefit from the synergies of the combination in which goodwill arose, identified according to operating segment.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses.

The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

#### (ii) Software and license

Computer software development costs recognised as assets are amortised from the point at which the asset is ready for use over their estimated useful lives. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

The useful life of software and license is assessed to be finite and is amortised on a straight-line basis over 5 years.

#### (iii) Other intangible assets

Intangible assets other than goodwill, software and licenses that are acquired are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, these intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### (m) Intangible assets and amortisation (continued)

##### (iii) Other intangible assets (continued)

Other intangible assets in the Group are as follows:

##### **Banking license**

Banking license was acquired from acquisition of banking subsidiary, MBSB Bank. The useful life of banking license is assessed to be infinite and are assessed for impairment annually.

##### **Core deposits**

Core deposits represent the current account deposits and saving account deposits that were acquired from acquisition of MBSB Bank Berhad. Core deposits are amortised over the expected economic benefit period of 6 years.

##### (iv) Amortisation

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Goodwill and intangible assets with indefinite useful lives, or which are not yet available for use, are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the CGU level. Such goodwill and intangible assets are not amortised. The useful life of a goodwill and intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

#### (n) Impairment of non-financial assets

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have an indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each period at the same time.

An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purpose of assessing impairment, assets are grouped at the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGU to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of CGU that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost of disposal. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

An impairment loss is recognised in profit or loss if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGU) and then to reduce the carrying amounts of the other assets in the CGU (groups of CGU) on a pro-rata basis.



## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

### (n) Impairment of non-financial assets (continued)

An assessment is made at the end of each reporting period as to whether there is any indication that a previously recognised impairment loss may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation and/or amortisation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

### (o) Non-current assets held for sale

Non-current assets are classified as assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell and an impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

### (p) Islamic repurchase agreements

Obligations on securities sold/transferred under Islamic repurchase agreements are securities which the Group and the Company had sold/transferred from its portfolio, with a commitment to repurchase/transfer back at future dates. Such financing transactions and the obligation to repurchase/transfer back the securities are reflected as a liability on the statements of financial position.

The difference between purchase and resale price is treated as profit and accrued over the life of the repurchase agreement using the effective yield method.

### (q) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

### (r) Share capital

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised as a liability and deducted from equity in the period in which all relevant approvals have been obtained.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

### (s) Recognition of profit/interest income and profit/interest expense

Profit/interest income and expense for all profit/interest bearing financial instruments are recognised within net income from Islamic operations and net interest income in the statements of profit or loss and other comprehensive income using the effective profit/interest method. Net income from Islamic operation presented in the statement of profit or loss and other comprehensive income is the aggregate of profit income and profit expense before expected credit losses from Islamic operation as defined by the Group. Net interest income presented in the statement of profit or loss and other comprehensive income is the aggregate of interest income and interest expenses before expected credit losses from non-Islamic operation as defined by the Group.

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### (s) Recognition of profit/interest income and profit/interest expense (continued)

The effective profit/interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the profit/interest income or profit/interest expense over the relevant period. The effective profit/interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Profit/interest income is calculated by applying the effective profit/interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective profit/interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Income from Islamic banking business is recognised on an accrual basis in accordance with the principles of Shariah.

#### (t) Government grant

The benefit of a government loan at a below-market rate of interest is treated as a government grant. Government grant is recognised when there is a reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. The Group has elected to present such grant as a deduction against the related costs.

When the grant relates to an asset, the Group has elected to present such grant as deferred income, which is recognised in profit or loss as income in equal amounts over the expected useful life of the related asset.

#### (u) Recognition of fees and other income

(i) The Group earns fee and commission income from a diverse range of products and services provided to its customers. Fee and commission income are recognised when the Group has satisfied the obligation in providing the promised products and services to the customer, and are recognised based on contractual rates or amount agreed with customers, and net of expenses directly related to it. The Group generally recognises the fee and commission income on the following basis:

- Fee and commission income within the scope of MFRS 15 'Revenue from Contracts with Customers'

Transaction-based and service-based fee income arising from contracts with customers is recognised when the Group satisfies its performance obligation. Transaction-based fee income is recognised at the point in time when the related transaction is completed, while fee income from services provided over a period of time is recognised over the period during which the services are rendered. Such fee income includes, but is not limited to, management fees, corporate advisory fees, brokerage fees, commissions, and other fee-based income. These fees are recognised based on contractual rates or amounts agreed with customers and net of expenses directly attributable to the related services.

- Fee income within the scope of MFRS 9 'Financial Instruments'

Fee income that is integral to a financial instrument is accounted for under MFRS 9 and recognised over the expected life of the related financial instrument. This includes, among others, facility arrangement fees, commitment fees and guarantee fees that relate to lending arrangements where the Group undertakes credit risk and where the fees are directly attributable to the origination or modification of financial assets.

The Group does not provide any significant credit terms to customers for the above products and services.

Directly related expenses typically include sales commissions, but do not include expenses for services delivered over a period (such as service contracts) and other expenses that are not specifically related to fee and commission income transactions.

(ii) Income from Government Scheme Funds is in relation to management fees derived from managing and distributing the funds under the respective schemes. The fees are variable consideration. The Group estimates the amount to which it will be entitled, but constrains that amount until it is highly probable that including the estimated fee in the transaction price will not result in a significant reversal of revenue.



## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

### (u) Recognition of fees and other income (continued)

- (iii) Dividends are recognised when the right to receive payment is established. This applies even if they are paid out of preacquisition profits. However, the investment may need to be tested for impairment as a consequence. Dividend income received from subsidiary companies, financial assets at fair value through profit or loss and financial investments at fair value through other comprehensive income are recognised as non-interest income in statements of profit or loss and other comprehensive income. Dividends that clearly represent a recovery of part of the cost of investment is recognised in other comprehensive income if it relates to an investment in equity instruments measured at fair value through other comprehensive income.
- (iv) Net gain or loss from disposal of financial assets at fair value through profit or loss and debt instruments at fair value through other comprehensive income are recognised in statements of profit or loss and other comprehensive income upon disposal of the securities, as the difference between net disposal proceeds and the carrying amount of the securities.
- (v) Rental income is recognised on an overtime basis.

### (v) Employee benefits

#### (i) Short-term benefits

Wages, salaries, bonuses and social security contributions are measured on an undiscounted basis and are expensed of in the year in which the associated services are rendered by employees of the Group and the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### (ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the EPF, a defined contribution pension scheme. Such contributions are recognised as an expense in profit or loss when incurred.

#### (iii) Defined benefit plans

The MIDF and its subsidiaries ("MIDF Group") operates an unfunded, defined Retirement Benefit Scheme ("the Scheme") for their eligible employees. The Scheme is no longer available to employees who joined after June 2006. The MIDF Group's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior financial years is estimated. That benefit is discounted in order to determine its present value. Re-measurements, comprising of actuarial gains and losses are recognised immediately in the statements of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the MIDF Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability. The MIDF Group recognises the following changes in the net defined benefit obligation under "staff costs" in the statements of profit or loss;

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

### (w) Current and deferred taxes

The tax expense for the period comprises current and deferred income tax. Tax is recognised in statement of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### (w) Current and deferred taxes (continued)

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable profits.

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences and unused tax losses can be utilised.

Deferred income tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax related to the fair value re-measurement of debt instruments at FVOCI and equity instruments at FVOCI, which is charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the statement of income together with deferred gain or loss.

Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the statements of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### (x) Zakat

This represents business zakat that is paid on the Group's portion. It is an obligatory amount payable by the Group to comply with the rules and principles of Shariah. The zakat is computed based on working capital method at a rate of 2.5%. The zakat amount shall be distributed to individuals or groups that fall into any of the eight (8) categories of eligible recipients (asnaf):

- (i) *Al-Fuqara* – the poor
- (ii) *Al-Masakin* – the needy
- (iii) *Al-'Amil* – the zakat collector
- (iv) *Al-Muallaf* – those whose hearts are inclined to Islam
- (v) *Al-Riqab* – slave or captive (prisoner of war)
- (vi) *Al-Gharimin* – insolvent debtor
- (vii) *Fi Sabilillah* – in the path of Allah
- (viii) *Ibnu al-Sabil* – a traveler without provisions

The obligation and responsibility of specific payment of zakat on deposit fund lies with the muslim depositors. As such, no accrual of zakat expenses is recognised in the financial statements of the Group.

#### (y) Earnings per ordinary share

The Group and the Company present the basic earnings per share ("EPS") data for their ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group and the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.



## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

### (z) Commitments and contingencies

The Group and the Company issue financial guarantees, letter of credit and financing commitments but the nominal values of these instruments are not recorded in the statement of financial position. The same assessment criteria are used by the Group and the Company in making commitments and conditional obligations for off-balance sheet risks as it does for on-balance sheet financing assets.

The measurement of credit loss for these irrecoverable off-balance sheet assets is based on a three-stage ECL model as described in Note 2(g).

### (aa) Financial guarantee contracts

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value. The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Subsequent to initial recognition, financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 "Financial instruments" and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 "Revenue from Contracts with Customers", where appropriate.

Any increase in the liability relating to guarantees is reported in the statement of profit or loss and other comprehensive income within ECL for commitments and contingencies.

### (ab) Contingent assets and liabilities

The Group does not recognise contingent assets and liabilities other than those arising from business combinations, but discloses its existence in the financial statements.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

Financial guarantee contracts are contracts that require the Group and the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

### (ac) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### (ac) Fair value measurement (continued)

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the Group can access at the measurement date;

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### (ad) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources and assesses the performance of the operating segments of an entity. The Group has determined the Group Management Committee as the collective body of chief operating decision makers.

Segment revenue, expense, assets and liabilities are those amount resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

### 3. CASH AND SHORT-TERM FUNDS AND DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
(a) Cash and short-term funds:				
Cash and balances with banks and other financial institutions	540,567	688,594	2,008	1,061
Money at call and deposit placements maturing within 1 month	621,100	574,441	220,799	317,717
	<b>1,161,667</b>	1,263,035	<b>222,807</b>	318,778
(b) Deposits and placements with banks and other financial institutions with original maturity of more than 3 months	674,548	770,343	–	–
	<b>1,836,215</b>	2,033,378	<b>222,807</b>	318,778

The ECL for cash and short-term funds and deposits and placements above is nil (2024: nil).

As at reporting date, the dealer's representatives' and clients' monies held in trust by the Group amounted to approximately RM17,223,000 (2024: RM29,315,000). These amounts are excluded from the cash and short-term funds of the Group.



#### 4. FINANCIAL ASSETS AT FVTPL

	2025 RM'000	2024 RM'000
<b>Money Market Instruments</b>		
<u>In Malaysia</u>		
Private mandate investments	130,166	130,193
Malaysian Government Investment Issues	605,414	701,143
	<b>735,580</b>	831,336
<b>Quoted securities:</b>		
<u>In Malaysia</u>		
Shares	3,848	8,297
<b>Unquoted securities:</b>		
<u>In Malaysia</u>		
Redeemable convertible preference shares	5,257	11,334
Unit trusts	32,662	32,179
	<b>41,767</b>	51,810
	<b>777,347</b>	883,146

#### 5. FINANCIAL INVESTMENTS AT FVOCI

	Group	
	2025 RM'000	2024 RM'000
<b>Money Market Instruments</b>		
Malaysian Government Investment Issues	8,472,262	8,620,857
<b>Debt securities</b>		
<u>In Malaysia</u>		
Private and Islamic debt securities	4,670,575	2,948,434
Government Guaranteed debt securities	545,667	1,134,041
Corporate bonds	49,205	53,839
	<b>5,265,447</b>	4,136,314
<u>Outside Malaysia</u>		
Other government securities	793,010	–
	<b>6,058,457</b>	4,136,314
<b>Equity instruments</b>		
<b>Unquoted securities:</b>		
<u>In Malaysia</u>		
Shares	1,032	1,386
	<b>14,531,751</b>	12,758,557

During the year, a total gain amounting to RM199,227,000 (2024: gain of RM74,193,000) was recognised in other comprehensive income. Upon sale of the financial investments, the Group recognised a gain of RM47,422,000 (2024: gain of RM12,022,000) to the profit and loss.

The carrying amount of financial investments measured at FVOCI is its fair value. Accordingly, the recognition of an impairment loss does not affect the carrying amount of those assets, but is reflected as a debit to profit or loss, and credit to other comprehensive income.

The Group designated the share investment under equity securities as FVOCI. The FVOCI designation was made as the investment is held for socio-economic purposes and not for trading. The dividend income recognised during the financial year is RM49,000 (2024: RM49,000).

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 5. FINANCIAL INVESTMENTS AT FVOCI (continued)

Movement of allowance for credit losses recognised in FVOCI reserve:

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>At 1 January 2025</b>	<b>332</b>	<b>31</b>	<b>6,726</b>	<b>7,089</b>
Total charged/(reversal) during the year	<b>387</b>	<b>(31)</b>	<b>–</b>	<b>356</b>
New financial investments purchased during the year	<b>343</b>	<b>–</b>	<b>–</b>	<b>343</b>
Financial investments derecognised and repayment during the year	<b>(49)</b>	<b>(5)</b>	<b>–</b>	<b>(54)</b>
Changes in credit risk parameters	<b>93</b>	<b>(26)</b>	<b>–</b>	<b>67</b>
Others	<b>–</b>	<b>–</b>	<b>500</b>	<b>500</b>
At 31 December 2025	<b>719</b>	<b>–</b>	<b>7,226</b>	<b>7,945</b>

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>At 1 January 2024</b>	577	–	20,960	21,537
Total (reversal)/charged during the year	(192)	31	–	(161)
Due to transfer within stages:				
– Transfer to Stage 2	(31)	31	–	–
New financial investments purchased during the year	358	–	–	358
Financial investments derecognised and repayment during the year	(352)	–	–	(352)
Changes in credit risk parameters	(220)	–	–	(220)
Others	53	–	–	53
Written off	(53)	–	(14,234)	(14,287)
At 31 December 2024	332	31	6,726	7,089



## 6. FINANCIAL INVESTMENTS AT AMORTISED COST

	Group	
	2025 RM'000	2024 RM'000
<b>Money Market Instruments</b>		
Malaysian Government Investment Issues	932,070	1,115,408
<b>Unquoted securities</b>		
<i>In Malaysia</i>		
Private and Islamic debt securities	2,061,653	2,856,093
Government Guaranteed corporate sukuk	65,865	75,785
Corporate bonds	40,712	106,402
	<b>3,100,300</b>	4,153,688
Less: ECL	<b>(767)</b>	(1,202)
	<b>3,099,533</b>	4,152,486

ECL movement for financial investments at amortised cost:

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>At 1 January 2025</b>	1,131	71	–	1,202
Total reversal during the year:	<b>(364)</b>	<b>(71)</b>	–	<b>(435)</b>
New financial investments purchased during the year:	<b>605</b>	–	–	<b>605</b>
Financial investments derecognised and repayment during the year	<b>(966)</b>	–	–	<b>(966)</b>
Changes in credit risk parameters	<b>(3)</b>	<b>(71)</b>	–	<b>(74)</b>
At 31 December 2025	<b>767</b>	–	–	<b>767</b>

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>At 1 January 2024</b>	1,705	147	–	1,852
Total reversal during the year:	(574)	(76)	–	(650)
New financial investments purchased during the year:	59	–	–	59
Financial investments derecognised and repayment during the year	(471)	–	–	(471)
Changes in credit risk parameters	(162)	(76)	–	(238)
At 31 December 2024	1,131	71	–	1,202

## Notes to the Financial Statements

For the financial year ended 31 December 2025

### 7. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

The following table summarises the contractual or underlying notional amounts of derivative financial instruments held at fair value through profit or loss. The notional or contractual amount of these instruments reflects the volume of transactions outstanding at financial position date and do not represent amounts at risk.

Derivative financial instruments are revalued on a gross position and the unrealised gains or losses are reflected as derivative financial assets and liabilities respectively.

	Group		
	Notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
<b>2025</b>			
<b>Derivatives</b>			
Foreign exchange contracts:			
Currency forward			
– Less than one year	1,161,824	5,179	(4,888)
Cross currency swaps			
– Less than one year	36,030	1,277	–
– Over one year to five years	271,024	488	–
Profit/interest rate related contracts:			
Profit/interest rate swaps			
– One to five years	100,000	–	(2,487)
	<b>1,568,878</b>	<b>6,944</b>	<b>(7,375)</b>

	Group		
	Notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
<b>2024</b>			
<b>Derivatives</b>			
Foreign exchange contracts:			
Currency forward			
– Less than one year	1,628,074	1,657	(6,152)
Cross currency swaps			
– Less than one year	36,941	3,970	–
Profit/interest rate related contracts:			
Profit/interest rate swaps			
– Less than one year	50,000	–	(616)
	<b>1,715,015</b>	<b>5,627</b>	<b>(6,768)</b>



## 8. LOANS, FINANCING AND ADVANCES

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
(i) <b>By type</b>				
<b>At amortised cost</b>				
Term loans/financing				
– Personal financing	<b>17,733,745</b>	18,589,281	–	–
– Housing loans/financing	<b>11,082,367</b>	10,752,027	–	–
– Industrial hire purchase	<b>681,343</b>	689,790	–	–
– Bridging loans/financing	<b>506,951</b>	442,536	<b>107,656</b>	106,711
– Auto financing	<b>16,731</b>	8,834	–	–
– Other term loans/financing	<b>5,367,200</b>	5,316,647	<b>168,358</b>	165,306
– Syndicated term loans/financing	<b>3,471,958</b>	1,908,884	–	–
Revolving credit	<b>518,284</b>	413,644	–	–
Trade finance	<b>3,088,591</b>	3,424,344	–	–
Margin accounts	<b>1,051,259</b>	1,107,529	–	–
Cashline	<b>372,567</b>	300,270	–	–
Staff loans/financing	<b>38,232</b>	28,832	–	–
Gross loans, financing and advances	<b>43,929,228</b>	42,982,618	<b>276,014</b>	272,017
Less: ECL	<b>(780,578)</b>	(846,519)	<b>(26,171)</b>	(23,397)
Net loans, financing and advances	<b>43,148,650</b>	42,136,099	<b>249,843</b>	248,620

Included in personal financing and house financing are net financing that have been assigned as security for financing facilities granted to the Group as shown below:

	Group	
	2025 RM'000	2024 RM'000
Islamic financing facility granted by:		
(i) Cagamas Berhad – recourse obligation on financing sold (Note 23)	<b>3,328,743</b>	2,223,476
(ii) Sukuk (Note 24(a))	<b>947,569</b>	1,249,789

The loans and advances under the Company have been disposed to Emerald Unity Sdn Bhd (“EUSB”) on 31 January 2024, a special purpose vehicle managing the identified assets and liabilities of the Company. Notwithstanding the disposal, pursuant to MFRS 9 ‘Financial Instruments’ the Company continues to recognise the loans and advances in the balance sheet as its exposure to the variability of the disposed assets’ cash flows did not change significantly after the disposal. The Company is regarded to have retained the risks and rewards of the loans and advances until they are sold or settled with external parties.

## Notes to the Financial Statements

For the financial year ended 31 December 2025

### 8. LOANS, FINANCING AND ADVANCES (continued)

#### (ii) By residual contractual maturity

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Maturing within one year	<b>6,176,559</b>	7,008,301	<b>199,698</b>	196,726
One year to three years	<b>2,266,625</b>	2,153,025	–	–
Three years to five years	<b>4,228,488</b>	2,727,476	–	–
Over five years	<b>31,257,556</b>	31,093,816	<b>76,316</b>	75,291
	<b>43,929,228</b>	42,982,618	<b>276,014</b>	272,017

#### (iii) By type of customers

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Individuals:				
– Malaysian nationals	<b>29,607,426</b>	30,163,185	–	–
Domestic business enterprises:				
– Small medium enterprises	<b>4,318,936</b>	4,381,773	<b>251,171</b>	248,290
– Non-bank financial institutions	<b>1,767,000</b>	1,496,327	–	–
– Others	<b>7,932,037</b>	6,235,911	<b>24,843</b>	23,727
Foreign nationals	<b>303,829</b>	705,422	–	–
	<b>43,929,228</b>	42,982,618	<b>276,014</b>	272,017

#### (iv) By sector

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Household sectors	<b>29,607,272</b>	30,162,912	–	–
Construction	<b>1,767,132</b>	3,289,690	<b>199,698</b>	196,727
Finance, insurance, real estate and business services	<b>4,104,911</b>	3,150,447	–	–
Wholesale & retail trade and restaurants & hotels	<b>2,058,910</b>	2,245,367	–	–
Manufacturing	<b>1,815,679</b>	2,054,026	–	–
Education, health and others	<b>481,659</b>	855,694	<b>76,316</b>	75,290
Transport, storage and communications	<b>2,681,717</b>	650,258	–	–
Electricity, gas and water	<b>720,937</b>	164,671	–	–
Agriculture	<b>500,800</b>	328,372	–	–
Mining and quarrying	<b>190,211</b>	81,181	–	–
	<b>43,929,228</b>	42,982,618	<b>276,014</b>	272,017



## 8. LOANS, FINANCING AND ADVANCES (continued)

### (v) By profit rate sensitivity

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Fixed rate:				
Personal financing	365,801	5,610,034	–	–
Bridging, syndicated and term loans and financing	2,059,850	2,040,096	–	–
Mortgage and property Islamic	294,256	316,822	–	–
Auto financing	5,349	10,327	–	–
Variable rate:				
Personal financing	17,378,167	13,032,873	–	–
Bridging, syndicated and term loans and financing	12,998,302	11,510,307	276,014	272,017
Mortgage and property Islamic	10,814,185	10,462,159	–	–
Auto financing	13,318	–	–	–
	<b>43,929,228</b>	42,982,618	<b>276,014</b>	272,017

### (vi) By geographical distribution

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Malaysia	43,770,976	42,234,549	276,014	272,017
Outside Malaysia	158,252	748,069	–	–
	<b>43,929,228</b>	42,982,618	<b>276,014</b>	272,017

### (vii) Movement of gross loans, financing and advances

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>2025</b>				
As at 1 January	38,101,368	2,590,592	2,290,658	42,982,618
Transfer to Stage 1	1,690,468	(1,687,741)	(2,727)	–
Transfer to Stage 2	(4,349,455)	4,748,910	(399,455)	–
Transfer to Stage 3	(27,846)	(1,237,265)	1,265,111	–
New financing/disbursement during the year	23,505,824	970,768	5,056	24,481,648
Repayment during the year	(22,597,439)	(1,259,776)	(123,424)	(23,980,639)
Other movements	588,947	112,073	124,961	825,981
Write-offs	–	–	(380,380)	(380,380)
As at 31 December	<b>36,911,867</b>	<b>4,237,561</b>	<b>2,779,800</b>	<b>43,929,228</b>

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 8. LOANS, FINANCING AND ADVANCES (continued)

#### (vii) Movement of gross loans, financing and advances (continued)

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>2024</b>				
As at 1 January	37,244,052	1,744,545	3,055,714	42,044,311
Transfer to Stage 1	496,880	(470,306)	(26,574)	–
Transfer to Stage 2	(1,367,170)	1,697,826	(330,656)	–
Transfer to Stage 3	(338,171)	(118,161)	456,332	–
New financing/disbursement during the year	11,571,758	200,449	72,238	11,844,445
Repayment during the year	(9,541,630)	(440,527)	(275,663)	(10,257,820)
Other movements	35,675	(23,140)	229,576	242,111
Write-offs	(26)	(94)	(890,309)	(890,429)
As at 31 December	38,101,368	2,590,592	2,290,658	42,982,618
	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>2025</b>				
As at 1 January	–	–	272,017	272,017
Repayment during the year	–	–	(171)	(171)
Other movements	–	–	4,168	4,168
As at 31 December	–	–	276,014	276,014
	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>2024</b>				
As at 1 January	–	–	532,161	532,161
Repayment during the year	–	–	(30,125)	(30,125)
Other movements	–	–	30,353	30,353
Write-offs	–	–	(260,372)	(260,372)
As at 31 December	–	–	272,017	272,017



## 8. LOANS, FINANCING AND ADVANCES (continued)

### (viii) Movement of ECL for loans, financing and advances

2025	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	133,573	215,709	497,237	846,519
(Reversal)/charged to profit or loss (Note 32)	(25,388)	(100,322)	397,757	272,047
Changes in the ECL due to transfer within stages:				
– Transfer to Stage 1	56,687	(55,869)	(818)	–
– Transfer to Stage 2	(26,787)	202,698	(175,911)	–
– Transfer to Stage 3	(329)	(104,269)	104,598	–
New financing/disbursement during the year	67,300	2,731	102	70,133
Repayment during the year	(138,523)	(364,868)	(56,549)	(559,940)
Changes in credit risk	44,410	250,635	526,100	821,145
Changes to model assumptions and methodologies <sup>@</sup>	(28,146)	(31,380)	–	(59,526)
Others	–	–	235	235
Write-offs	–	–	(365,943)	(365,943)
Others	(77)	(86)	28,118	27,955
As at 31 December	108,108	115,301	557,169	780,578

<sup>@</sup> The changes to model assumptions and methodologies were in relation to the revision of Loss Given Default (“LGD”) and Forward Looking (“FL”) modelling.

2024	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	344,317	80,059	1,128,408	1,552,784
(Reversal)/charged to profit or loss (Note 32)	(211,322)	136,263	254,116	179,057
Changes in the ECL due to transfer within stages:				
– Transfer to Stage 1	34,219	(24,766)	(9,453)	–
– Transfer to Stage 2	(9,766)	145,599	(135,833)	–
– Transfer to Stage 3	(3,980)	(8,650)	12,630	–
New financing/disbursement during the year	72,510	8,544	24,799	105,853
Repayment during the year	(129,996)	16,700	(26,032)	(139,328)
Changes in credit risk	(65,462)	14,434	388,005	336,977
Changes to model assumptions and methodologies <sup>^</sup>	(108,847)	(15,598)	–	(124,445)
Write-offs	(26)	(9)	(883,807)	(883,842)
Others	604	(604)	(1,480)	(1,480)
As at 31 December	133,573	215,709	497,237	846,519

<sup>^</sup> The changes to model assumptions and methodologies were in relation to incorporation of MEV factors with more intuitive trends.

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 8. LOANS, FINANCING AND ADVANCES (continued)

#### (viii) Movement of ECL for loans, financing and advances (continued)

	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>2025</b>				
As at 1 January	–	–	23,397	23,397
Charged to profit or loss (Note 32)	–	–	2,774	2,774
Repayment during the year	–	–	(1,481)	(1,481)
Changes in credit risk	–	–	4,255	4,255
As at 31 December	–	–	26,171	26,171

	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>2024</b>				
As at 1 January	–	–	259,936	259,936
Charged to profit or loss (Note 32)	–	–	23,833	23,833
Repayment during the year	–	–	(10,593)	(10,593)
Changes in credit risk	–	–	34,426	34,426
Write-offs	–	–	(260,372)	(260,372)
As at 31 December	–	–	23,397	23,397

#### (ix) Movements of impaired loans, financing and advances

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Balance as at 1 January	2,290,658	3,055,714	272,017	532,161
Classified as impaired during the year	1,270,167	528,570	–	–
Reclassified as non-impaired	(402,182)	(357,230)	–	–
Repayment during the year	(123,424)	(275,663)	(171)	(30,125)
Other movements	124,961	229,576	4,168	30,353
Amount written off	(380,380)	(890,309)	–	(260,372)
Balance as at 31 December	2,779,800	2,290,658	276,014	272,017
Less: ECL	(557,169)	(497,237)	(26,171)	(23,397)
Net impaired loans, advances and financing	2,222,631	1,793,421	249,843	248,620
Net impaired as a percentage of net loans, financing and advances	5.15%	4.26%	100.00%	100.00%
Gross impaired as a percentage of gross loans, financing and advances	6.33%	5.33%	100.00%	100.00%



## 8. LOANS, FINANCING AND ADVANCES (continued)

### (x) Impaired loans, financing and advances by sector

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Household sector	872,524	740,185	–	–
Construction	777,780	695,924	199,698	196,727
Education, health and others	76,316	87,125	76,316	75,290
Finance, insurance, real estate and business services	285,645	279,377	–	–
Manufacturing	127,754	86,345	–	–
Wholesale & retail trade and restaurants & hotels	457,689	348,099	–	–
Transport, storage and communication	176,330	4,049	–	–
Mining and quarrying	–	48,500	–	–
Electricity, gas and water	1,134	1,054	–	–
Agriculture	4,628	–	–	–
	<b>2,779,800</b>	2,290,658	<b>276,014</b>	272,017

### (xi) Impaired loans, financing and advances by geographical distribution

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Malaysia	2,779,800	2,149,509	276,014	272,017
Outside Malaysia	–	141,149	–	–
	<b>2,779,800</b>	2,290,658	<b>276,014</b>	272,017

## 9. OTHER RECEIVABLES

Note	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Amount due from MBSB Bank	–	–	–	206
Amount due from other subsidiaries	–	–	1,955	3,069
Foreclosed properties (a)	36,315	36,580	309	309
Prepayments	37,820	34,780	1,732	527
Deposits	4,861	4,534	–	–
Fee receivables	16,897	3,259	–	–
Cash collateral	4,702	96,303	–	–
Sundry receivables	40,368	34,936	–	1,025
Settlement accounts	119,506	171,164	–	–
Deferred expenses	92,116	66,089	–	–
Amount due from Government Scheme Funds ("GSF")	32,134	47,605	–	–
Amount due from brokers and clients (b)	54,370	33,722	–	–
	<b>439,089</b>	528,972	<b>3,996</b>	5,136
Less: ECL	<b>(3,109)</b>	(3,482)	–	–
	<b>435,980</b>	525,490	<b>3,996</b>	5,136

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 9. OTHER RECEIVABLES (continued)

Movement in ECL for other assets is as follows:

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>2025</b>				
As at 1 January	–	–	3,482	3,482
Total charged/(reversal) to profit or loss	1,734	–	(247)	1,487
Other receivables	1,487	–	–	1,487
Transfer to Stage 1	247	–	(247)	–
Write-off	(113)	–	(1,747)	(1,860)
	1,621	–	1,488	3,109

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>2024</b>				
As at 1 January	–	–	23,476	23,476
Total charged to profit or loss	–	–	(19,400)	(19,400)
Other receivables	–	–	(155)	(155)
Derecognition of credit impaired financial asset	–	–	(19,245)	(19,245)
Write-off	–	–	(594)	(594)
	–	–	3,482	3,482

#### (a) Foreclosed properties

Foreclosed properties are stated at the lower of carrying amount and fair value less costs to sell. Independent valuations of the foreclosed properties were performed by valuers to determine the fair value of the foreclosed properties as at 31 December 2025. The fair values are within Level 3 of the fair value hierarchy. The fair values have been derived using the comparison method.

Movements of allowance on impairment for foreclosed properties during the financial year are as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Balance as at 1 January	2,972	2,972	558	558
Disposal during the year	(32)	–	–	–
Balance as at 31 December	2,940	2,972	558	558

#### (b) Amount due from brokers and clients

Clients' and brokers' debit balances arose from trading of securities, through the investment banking subsidiary, which are not yet due for settlement as at the reporting date.



## 10. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
At 1 January	89,629	83,649	3,396	(174)
Arising from the completion of purchase price allocation ("PPA") from the acquisition of MIDF	–	(1,006)	–	–
Others	(454)	–	–	–
Recognised in profit or loss (Note 36)	(9,188)	22,466	(555)	3,570
Recognised in other comprehensive income (Note 36)	(36,155)	(15,480)	–	–
At 31 December	43,832	89,629	2,841	3,396
Presented, after appropriate offsetting, as follows:				
Deferred tax assets	56,185	101,745	2,841	3,396
Deferred tax liabilities	(12,353)	(12,116)	–	–
	43,832	89,629	2,841	3,396

The components of deferred tax assets and liabilities during the financial year prior to offsetting of balances within the same tax jurisdiction are as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Deferred tax assets (before offsetting)</b>				
Accelerated capital allowances	–	–	711	623
Fair value reserve of financial investment at FVOCI	–	25,134	–	–
Impairment allowance	54,003	68,994	–	–
Others	1,432	12,670	2,153	2,796
Offsetting	55,435	106,798	2,864	3,419
	750	(5,053)	(23)	(23)
	56,185	101,745	2,841	3,396
<b>Deferred tax liabilities (before offsetting)</b>				
Accelerated capital allowances	(241)	(7,914)	–	–
Fair value reserve of financial investment at FVOCI	(11,362)	–	–	–
Impairment allowances	–	–	(23)	(23)
Others	–	(9,255)	–	–
Offsetting	(11,603)	(17,169)	(23)	(23)
	(750)	5,053	23	23
	(12,353)	(12,116)	–	–

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 10. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

The components and movements of deferred tax assets and liabilities during the year prior to offsetting were as follows:

Group	Fair value reserve of financial investments at FVOCI	Accelerated capital allowances	Impairment allowances	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Deferred tax assets/(liabilities)</b>					
At 1 January 2025	25,134	(7,914)	68,994	3,415	89,629
Recognised in profit or loss (Note 36)	–	7,673	(14,991)	(1,870)	(9,188)
Recognised in other comprehensive income	(36,496)	–	–	341	(36,155)
Others	–	–	–	(454)	(454)
At 31 December 2025	(11,362)	(241)	54,003	1,432	43,832
At 1 January 2024	40,702	(5,838)	50,892	(2,107)	83,649
Arising from the completion of PPA from the acquisition of MIDF	–	–	–	(1,006)	(1,006)
Recognised in profit or loss (Note 36)	–	(2,076)	18,102	6,440	22,466
Recognised in other comprehensive income	(15,568)	–	–	88	(15,480)
At 31 December 2024	25,134	(7,914)	68,994	3,415	89,629
		Accelerated capital allowances	Impairment allowances	Others	Total
<b>Company</b>		RM'000	RM'000	RM'000	RM'000
<b>Deferred tax assets/(liabilities)</b>					
At 1 January 2025		623	(23)	2,796	3,396
Recognised in profit or loss (Note 36)		88	–	(643)	(555)
At 31 December 2025		711	(23)	2,153	2,841
At 1 January 2024		522	(820)	124	(174)
Recognised in profit or loss (Note 36)		101	797	2,672	3,570
At 31 December 2024		623	(23)	2,796	3,396

**10. DEFERRED TAX ASSETS/(LIABILITIES) (continued)**

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2025 RM'000	2024 RM'000
Unutilised tax losses	605,505	603,172
Unabsorbed capital allowances	190	197

The unutilised tax losses of the Group are available for offsetting against future taxable profits of the respective entities within the Group for another 10 consecutive years effective from Year of Assessment 2019. The unabsorbed capital allowances of the Group are not subject to 7 year limitation period and available indefinitely for offsetting against future taxable profits of the respective entities within the Group.

This utilisation of carry forward of tax losses and allowances are also subject to no substantial change in shareholdings of those entities under Income Tax Act, 1967 and guidelines issued by the tax authority.

The expiry of unutilised tax losses:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Expiring 2028	467,728	476,971	–	–
Expiring 2029	72	306	–	–
Expiring 2030	52	52	–	–
Expiring 2031	7,403	10,748	–	–
Expiring 2032	16,041	22,889	–	–
Expiring 2033	39,593	42,474	16,734	16,734
Expiring 2034	49,732	49,732	30,903	30,903
Expiring 2035	24,884	–	8,488	–
	605,505	603,172	56,125	47,637

**11. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA**

The non-interest bearing statutory deposits maintained with Bank Negara Malaysia are in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009 to satisfy the Statutory Reserve Requirement ("SRR"), which is determined at a set percentages of total eligible liabilities.

**12. INVESTMENTS IN SUBSIDIARIES**

	Company	
	2025 RM'000	2024 RM'000
Unquoted shares at cost	7,530,795	7,530,795

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 12. INVESTMENTS IN SUBSIDIARIES (continued)

Name of subsidiaries	Effective interest held (%)		Principal activities
	2025	2024	
MBSB Bank Berhad	100	100	Islamic banking and related financial services
Malaysian Industrial Development Finance Berhad ("MIDF")	100	100	Investment holding
MBSB Tower Sdn. Bhd.	100	100	Property development
<u>Subsidiary of MBSB Bank</u> Jana Kapital Sdn. Bhd.	100	100	Investment holding
<u>Subsidiaries of MIDF</u> MBSB Investment Bank Berhad ("MBSB IB") (formerly known as MIDF Amanah Investment Bank Berhad)	100	100	Investment banking and related financial services
MIDF Amanah Asset Management Berhad	100	100	Fund management and investment advisory
MIDF Amanah Capital Berhad	100	100	Investment and property holding
MIDF DFI Bhd	100	100	Dormant
Amanah International Finance Sdn. Bhd. ("AIF")	100	100	Provision of real estate
MIDF Amanah Ventures Sdn. Bhd.	100	100	Venture capital
Omega Matrix (M) Sdn. Bhd.	100	100	Loan management
Oriental 1936 Berhad	75.2	75.2	Dormant
<u>Subsidiaries of MBSB IB</u> MBSB Investment Nominees (Asing) Sdn. Bhd. (formerly known as MIDF Amanah Investment Nominees (Asing) Sdn. Bhd.)	100	100	Investment banking and related financial services
MBSB Investment Nominees (Tempatan) Sdn. Bhd. (formerly known as MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd.)	100	100	Investment banking and related financial services
<u>Subsidiary of AIF</u> Emerald Unity Sdn. Bhd. ("EUSB")*	–	–	Special purpose vehicle

All the above subsidiaries were incorporated in Malaysia.

\* The Company disposed Emerald Unity Sdn Bhd ("EUSB") to a corporate share trustee on 2 January 2024 at a consideration of RM10.00 as per a scheme of arrangement pursuant to Sections 366 and 370 of the Companies Act 2016. The Company does not have legal or beneficial ownership over EUSB, however one of the Company's subsidiaries namely Amanah International Finance Sdn. Bhd. ("AIF"), was appointed by EUSB as a servicing agent to manage and supervise the litigation of the loans and advances that were disposed to EUSB. AIF met the criteria of control as per MFRS 10 'Consolidated Financial Statements' and hence, EUSB will be considered as its subsidiary and continue to be consolidated at the Group as AIF do not prepare a consolidated financial statements.



## Notes to the Financial Statements

For the financial year ended 31 December 2025

### 13. PROPERTY AND EQUIPMENT

Group	Freehold land RM'000	Buildings RM'000	Building renovation RM'000	Furniture and equipment RM'000	Motor vehicles RM'000	Data processing equipment RM'000	Work in progress RM'000	Total RM'000
<b>Cost</b>								
At 1 January 2025	5,933	259,126	141,348	30,072	2,990	126,645	5,795	571,909
Additions	-	-	6,974	2,355	606	19,647	521	30,103
Disposal	-	-	(22,807)	(15,635)	(83)	(55,864)	-	(94,389)
Reversal	-	-	5	147	-	(636)	(158)	(642)
Reclassification	-	-	59	-	-	3,146	(3,205)	-
Reclassification from intangible asset	-	-	-	-	-	11	-	11
Written off	-	-	(5)	(97)	-	(8)	-	(110)
At 31 December 2025	5,933	259,126	125,574	16,842	3,513	92,941	2,953	506,882
<b>Accumulated depreciation and impairment losses</b>								
At 1 January 2025:								
Accumulated depreciation	-	35,243	92,799	24,151	2,415	100,458	-	255,066
Accumulated impairment losses	-	277	-	-	-	-	-	277
Depreciation charge for the year (Note 34)	-	35,520	92,799	24,151	2,415	100,458	-	255,343
Disposal	-	8,988	17,969	2,161	298	14,744	-	44,160
Reversal	-	-	(22,798)	(15,457)	(83)	(55,843)	-	(94,181)
Reclassification from intangible asset	-	-	(2)	(31)	30	(637)	-	(640)
Written off	-	-	-	-	-	19	-	19
At 31 December 2025	-	44,508	87,968	10,766	2,660	58,741	-	204,643
Analysed as:								
Accumulated depreciation	-	44,231	87,968	10,766	2,660	58,741	-	204,366
Accumulated impairment losses	-	277	-	-	-	-	-	277
<b>Net book value</b>								
At 31 December 2025	5,933	214,618	37,606	6,076	853	34,200	2,953	302,239

## Notes to the Financial Statements

For the financial year ended 31 December 2025

### 13. PROPERTY AND EQUIPMENT (continued)

Group	Freehold land RM'000	Buildings RM'000	Building renovation RM'000	Furniture and equipment RM'000	Motor vehicles RM'000	Data processing equipment RM'000	Work in progress RM'000	Total RM'000
<b>Cost</b>								
At 1 January 2024	5,933	260,614	128,385	39,268	3,970	131,951	3,021	573,142
Additions	-	-	19,987	1,639	51	5,306	4,761	31,744
Disposal	-	(1,488)	(537)	(227)	(1,031)	-	-	(3,283)
Reclassification	-	-	-	-	-	1,987	(1,987)	-
Written off	-	-	(6,487)	(10,608)	-	(12,599)	-	(29,694)
At 31 December 2024	5,933	259,126	141,348	30,072	2,990	126,645	5,795	571,909
<b>Accumulated depreciation and impairment losses</b>								
At 1 January 2024:								
Accumulated depreciation	-	33,462	78,922	32,810	3,104	99,734	-	248,032
Accumulated impairment losses	-	277	-	-	-	-	-	277
Depreciation charge for the year (Note 34)	-	33,739	78,922	32,810	3,104	99,734	-	248,309
Disposal	-	1,890	20,900	2,139	371	13,323	-	38,623
Reclassification	-	(109)	(537)	(226)	(1,030)	-	-	(1,902)
Written off	-	-	-	30	(30)	-	-	-
At 31 December 2024	-	35,520	92,799	(10,602)	-	(12,599)	-	(29,687)
At 31 December 2024	-	35,520	92,799	24,151	2,415	100,458	-	255,343
Analysed as:								
Accumulated depreciation	-	35,243	92,799	24,151	2,415	100,458	-	255,066
Accumulated impairment losses	-	277	-	-	-	-	-	277
At 31 December 2024	-	35,520	92,799	24,151	2,415	100,458	-	255,343
<b>Net book value</b>								
At 31 December 2024	5,933	223,606	48,549	5,921	575	26,187	5,795	316,566



### 13. PROPERTY AND EQUIPMENT (continued)

Company	Freehold land RM'000	Buildings RM'000	Furniture and equipment RM'000	Motor vehicles RM'000	Data processing equipment RM'000	Total RM'000
<b>Cost</b>						
At 1 January 2025	9,968	18,579	7	–	7	28,561
Additions	–	–	450	361	–	811
	9,968	18,579	457	361	7	29,372
<b>Accumulated depreciation</b>						
At 1 January 2025	–	6,501	2	–	–	6,503
Depreciation charge for the year (Note 34)	–	465	16	54	3	538
At 31 December 2025	–	6,966	18	54	3	7,041
<b>Net book value</b>						
At 31 December 2025	9,968	11,613	439	307	4	22,331

	Freehold land RM'000	Buildings RM'000	Furniture and equipment RM'000	Data processing equipment RM'000	Total RM'000
<b>Cost</b>					
At 1 January 2024/31 December 2024	9,968	18,579	7	7	28,561
<b>Accumulated depreciation</b>					
At 1 January 2024	–	6,037	–	–	6,037
Depreciation charge for the year (Note 34)	–	464	2	–	466
At 31 December 2024	–	6,501	2	–	6,503
<b>Net book value</b>					
At 31 December 2024	9,968	12,078	5	7	22,058

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 14. RIGHT-OF-USE ASSETS

Carrying amount of right-of-use assets by class of underlying assets are as follows:

	Group	
	2025 RM'000	2024 RM'000
Office equipment	24	78
Buildings	24,783	32,003
Land use rights	223	236
	<b>25,030</b>	32,317

Additions to the right-of-use assets and depreciation charge during the financial year for the Group is as follows:

	Office equipment RM'000	Buildings RM'000	Land- use rights RM'000	Network and security RM'000	Total RM'000
<b>2025</b>					
At 1 January	77	32,005	235	–	32,317
Charge for the financial year (Note 34)	(54)	(15,305)	(12)	–	(15,371)
Additions	–	8,056	–	–	8,056
Modification	–	28	–	–	28
At 31 December	23	24,784	223	–	25,030

	Office equipment RM'000	Buildings RM'000	Land- use rights RM'000	Network and security RM'000	Total RM'000
<b>2024</b>					
At 1 January	320	27,113	246	2,206	29,885
Charge for the financial year (Note 34)	(243)	(16,464)	(11)	(2,206)	(18,924)
Additions	–	22,199	–	–	22,199
Modification	–	(843)	–	–	(843)
At 31 December	77	32,005	235	–	32,317



## 15. INVESTMENT PROPERTIES

Group	Freehold land RM'000	Buildings RM'000	Total RM'000
<b>Cost</b>			
At 1 January 2025/31 December 2025	820	7,693	8,513
<b>Accumulated depreciation</b>			
At 1 January 2025	–	2,420	2,420
Depreciation charge for the year (Note 34)	–	218	218
At 31 December 2025	–	2,638	2,638
<b>Net book value</b>	<b>820</b>	<b>5,055</b>	<b>5,875</b>
<b>Cost</b>			
At 1 January 2024	820	4,442	5,262
Adjustment arising from completion of purchase price allocation from the acquisition of MIDF	–	3,251	3,251
At 31 December 2024	820	7,693	8,513
<b>Accumulated depreciation</b>			
At 1 January	–	2,170	2,170
Depreciation charge for the year (Note 34)	–	250	250
At 31 December 2024	–	2,420	2,420
<b>Net book value</b>	<b>820</b>	<b>5,273</b>	<b>6,093</b>

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Had these buildings been carried at fair value, the carrying amounts, by class, that would have been included in the financial statements of the group are as follows:

	Group	
	2025 RM'000	2024 RM'000
<b>Investment properties</b>		
Freehold land	1,100	1,050
Buildings	6,890	7,853

The fair value of the investment property of RM7,990,000 (2024: RM8,903,000) which is categorised under Level 3 fair value has been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 16. GOODWILL

	Group	
	2025 RM'000	2024 RM'000
Goodwill	148,031	148,031
	<b>148,031</b>	148,031
The aggregate carrying amounts of goodwill allocated for each CGU are as follows:		
Corporate Banking	146,256	146,256
Consumer Banking	1,775	1,775
	<b>148,031</b>	148,031

Goodwill arose from the acquisition of MBSB Bank in the year 2018.

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

#### Impairment testing for CGU containing goodwill

The recoverable amount of CGUs is determined based on value-in-use ("VIU") calculations. VIU is the present value of the future cash flows expected to be derived from the CGUs or groups of CGUs. This calculation uses pre-tax cash flow projections based on the 2026 financial budget, which is approved by the Board of Directors with a further projection of 2 years (2024: 2 years). Cash flows beyond the 3 years period are extrapolated using an estimated growth rate of 4.0% (2024: 4.0%) representing the forecasted Gross Domestic Product growth rate of the country for all CGUs.

The cash flow projections are derived based on a number of key factors including past performance and management's expectation of market developments. The discount rates used are pre-tax and reflect specific risks relating to the CGUs.

In addition, the recoverable amount is assessed by incorporating multiple scenarios with variation in the assumptions used including discount rate and growth rates to estimate the expected cash flow, to allow assessment on the sensitivity of goodwill recoverable amount taking into consideration assumed probabilities of different future events and/or scenarios, in view of the uncertain economic conditions.

The estimated terminal growth rates and discount rates used for VIU calculations are as follows:

	Terminal Growth rate		Discount rate	
	2025	2024	2025	2024
Corporate Banking	4.0%	4.0%	6.8%	8.6%
Retail Banking	4.0%	4.0%	6.4%	8.5%

Based on the impairment test performed, management believes that no reasonable possible change in any of the key assumptions used in the preparation of the cash flow projections, discount rates and growth rate would cause the carrying value of any CGU to exceed its recoverable amount.



## 17. INTANGIBLE ASSETS

Group	Software license RM'000	Working progress RM'000	Banking license RM'000	Core deposits RM'000	Total RM'000
<b>Cost</b>					
At 1 January 2025	443,763	13,058	47,415	6,216	510,452
Additions	20,115	41,101	–	–	61,216
Disposals	(238,536)	–	–	–	(238,536)
Reversal	33	–	–	–	33
Reclassification	33,456	(33,456)	–	–	–
Reclassification to property and equipment	(11)	–	–	–	(11)
Written off	(1)	–	–	–	(1)
At 31 December 2025	258,819	20,703	47,415	6,216	333,153
<b>Accumulated amortisation</b>					
At 1 January 2025	339,365	–	–	6,216	345,581
Amortisation charge for the year (Note 34)	33,929	–	–	–	33,929
Disposals	(238,204)	–	–	–	(238,204)
Reversal	33	–	–	–	33
Reclassification to property and equipment	(19)	–	–	–	(19)
At 31 December 2025	135,104	–	–	6,216	141,320
<b>Net book value</b>					
At 31 December 2025	123,715	20,703	47,415	–	191,833
			Note(a)	Note(b)	
<b>2024 Data</b>					
Group	Software license RM'000	Working progress RM'000	Banking license RM'000	Core deposits RM'000	Total RM'000
<b>Cost</b>					
At 1 January 2024	393,484	22,036	47,415	6,216	469,151
Additions	25,029	19,924	–	–	44,953
Reclassification	28,902	(28,902)	–	–	–
Written off	(3,652)	–	–	–	(3,652)
At 31 December 2024	443,763	13,058	47,415	6,216	510,452
<b>Accumulated amortisation</b>					
At 1 January 2024	301,895	–	–	6,130	308,025
Amortisation charge for the year (Note 34)	41,100	–	–	86	41,186
Written off	(3,630)	–	–	–	(3,630)
At 31 December 2024	339,365	–	–	6,216	345,581
<b>Net book value</b>					
At 31 December 2024	104,398	13,058	47,415	–	164,871
			Note(a)	Note(b)	

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 17. INTANGIBLE ASSETS (continued)

Company	Software license RM'000	Total RM'000
<b>Cost</b>		
At 1 January 2025/31 December 2025	4	4
<b>Accumulated amortisation</b>		
At 1 January 2025	–	–
Amortisation charge for the year (Note 34)	1	1
At 31 December 2025	1	1
<b>Net book value</b>	<b>3</b>	<b>3</b>
<b>Cost</b>		
At 1 January 2024	2	2
Additions	2	2
At 31 December 2024	4	4

#### a) Banking license

	Group	
	2025 RM'000	2024 RM'000
<b>Allocation of banking license to cash-generating units ("CGUs")</b>		
Corporate Banking	46,846	46,846
Consumer Banking	569	569
	<b>47,415</b>	47,415

Banking license represents an intangible asset arising from legal rights to operate MBSB Bank as a banking institution. Banking license has indefinite useful life and has been assessed for impairment. The recoverable amount is determined based on the VIU calculations derived from the same cash flow projections and assumptions that are used to determine the recoverable amount of goodwill in Note 16. As the recoverable amount was in excess of the carrying amount, no impairment was required.

#### (b) Core deposits

Core deposits represent the current account and saving account deposits that were acquired from the acquisition of MBSB Bank. Core deposits were fully amortised in 2024.



## 18. DEPOSITS FROM CUSTOMERS

### (i) By type of deposit:

	Group	
	2025 RM'000	2024 RM'000
Term Deposits	32,673,146	35,047,924
Demand deposits	6,074,695	4,084,414
Savings deposits	563,425	646,514
	<b>39,311,266</b>	39,778,852

### (ii) Maturity of term deposits from customers:

	Group	
	2025 RM'000	2024 RM'000
Due within six months	23,056,271	25,202,575
More than six months to one year	7,364,210	7,454,285
More than one year to three years	2,196,700	1,368,995
More than three years	55,965	1,022,069
	<b>32,673,146</b>	35,047,924

### (iii) By type of customers:

	Group	
	2025 RM'000	2024 RM'000
Government and statutory bodies	14,408,501	16,632,286
Business enterprises	14,736,902	14,945,998
Individuals	10,165,863	8,200,568
	<b>39,311,266</b>	39,778,852

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 19. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	2025 RM'000	2024 RM'000
<b>Amortised cost</b>		
Licensed investment banks	156,492	290,775
Licensed commercial banks	67,665	36,205
Licensed islamic banks	672,293	645,874
Other financial institutions	5,376,640	8,032,891
	<b>6,273,090</b>	9,005,745
<b>At fair value through profit and loss</b>		
Structured deposits linked to profit rate derivatives	100,750	50,565
Fair value changes arising from designation at fair value through profit or loss*	(58)	(19)
	<b>100,692</b>	50,546
	<b>6,373,782</b>	9,056,291

\* The Group issued structured deposits which are linked to profit rate derivatives and designated them at FVTPL. This designation is permitted under MFRS 9 as it significantly reduces the accounting mismatch. These instruments are managed by the Group on the basis of fair value and includes terms that have substantive derivative characteristics.

The fair value changes of the structured deposits which are linked to profit rate derivatives that are attributable to the changes in own credit risk are not significant.

The maturity structure of deposits and placements of banks and other financial institutions is as follows:

	Group	
	2025 RM'000	2024 RM'000
Due within six months	6,194,871	8,918,171
More than six months to one year	78,118	87,513
More than one year to three years	101	50,607
More than three years	100,692	–
	<b>6,373,782</b>	9,056,291

### 20. INVESTMENT ACCOUNTS OF CUSTOMERS

	Group	
	2025 RM'000	2024 RM'000
Mudharabah unrestricted investment account	1,386,049	560,928

The investment account placements were used to fund personal financing.



## 20. INVESTMENT ACCOUNTS OF CUSTOMERS (continued)

### (i) By type of customers

	Group	
	2025 RM'000	2024 RM'000
Individuals	1,386,049	560,928
	<b>1,386,049</b>	560,928

### (ii) Movement of investment accounts of customers

	Group	
	2025 RM'000	2024 RM'000
Balance as at 1 January	560,928	–
New placements during the year	1,565,311	612,572
Redemption	(765,007)	(56,826)
Finance expense	47,473	5,384
Profit distributed	(22,656)	(202)
Balance as at 31 December	<b>1,386,049</b>	560,928

### (iii) By maturity

	Group	
	2025 RM'000	2024 RM'000
Due within three months	8,441	13,740
More than three months to one year	1,377,105	540,911
More than one year to two years	503	6,277
	<b>1,386,049</b>	560,928

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 20. INVESTMENT ACCOUNTS OF CUSTOMERS (continued)

#### (iv) Rate of Return ("ROR") and Profit sharing ratio based on residual maturity

	Investment Account Holder Average ROR %	Average profit sharing ratio %
<b>2025</b>		
Unrestricted investment accounts:		
Due within three months	5.05	67.73
More than three months to one year	5.22	70.02
More than one year to two years	6.00	80.44
<b>2024</b>		
Unrestricted investment accounts:		
Due within three months	4.59	58.88
More than three months to one year	5.48	70.29
More than one year to two years	5.51	70.69

### 21. OTHER PAYABLES

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Amount due to subsidiary		–	–	11,862	–
Amount due to brokers and clients	(a)	54,421	33,479	–	–
Amount due to GSF		67,957	103,188	–	–
Dividend payable		–	226,114	–	226,114
Sundry creditors		167,528	297,806	2,171	2,445
Expected credit losses for commitments and contingencies and financial guarantees	(b)	12,980	19,511	–	–
Employee benefits	(c)	14,619	14,204	–	–
Deferred income		28,567	17,384	–	–
Other provisions and accruals		90,938	140,598	8,993	11,662
		<b>437,010</b>	852,284	<b>23,026</b>	240,221

#### (a) Amount due to brokers and clients

	Group	
	2025 RM'000	2024 RM'000
Brokers	23,771	20,241
Clients	30,650	13,238
	<b>54,421</b>	33,479



## 21. OTHER PAYABLES (continued)

### (b) Expected credit losses for commitments and contingencies and financial guarantees

Movement of expected credit losses for commitments and contingencies and financial guarantees are as follows:

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>2025</b>				
As at 1 January	15,440	2,600	1,471	19,511
Total (reversal)/charged to profit or loss (Note 32)	(5,528)	(2,091)	1,090	(6,529)
Changes in ECL due to transfer within stages:				
– Transfer to Stage 1	179	(87)	(92)	–
– Transfer to Stage 2	(412)	615	(203)	–
– Transfer to Stage 3	(200)	(66)	266	–
New financing during the year	3,351	44	–	3,395
Derecognised/converted to loans/financing during the year	(4,277)	(2,217)	(67)	(6,561)
Changes in credit risk	141	(247)	1,186	1,080
Changes to model assumptions and methodologies <sup>@</sup>	(4,310)	(133)	–	(4,443)
Write-offs	–	–	(2)	(2)
As at 31 December	9,912	509	2,559	12,980

<sup>@</sup> The changes to model assumptions and methodologies were in relation to the revision of Loss Given Default (“LGD”) and Forward Looking (“FL”) modelling.

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>2024</b>				
As at 1 January	28,221	5,179	1,850	35,250
Total reversal to profit or loss (Note 32)	(12,781)	(2,579)	(372)	(15,732)
Changes in ECL due to transfer within stages:				
– Transfer to Stage 1	309	(260)	(49)	–
– Transfer to Stage 2	(1,363)	1,524	(161)	–
– Transfer to Stage 3	(1,414)	(47)	1,461	–
New financing during the year	10,604	101	–	10,705
Derecognised/converted to loans/financing during the year (other than write-offs)	(9,088)	(2,630)	(395)	(12,113)
Changes in credit risk	6,792	890	(1,228)	6,454
Changes to model assumptions and methodologies <sup>^</sup>	(18,621)	(2,157)	–	(20,778)
Write-offs	–	–	(7)	(7)
As at 31 December	15,440	2,600	1,471	19,511

<sup>^</sup> The changes to model assumptions and methodologies were in relation to incorporation of MEV factors with more intuitive trends.

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 21. OTHER PAYABLES (continued)

#### (c) Employee benefits

MIDF Group operates an unfunded, defined Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Scheme is a final salary plan and the level of benefits provided depends on the employees' length of service and salary at retirement age.

Under the retirement benefit scheme, eligible employees are entitled to retirement benefits based on the length of service and last drawn salary. Retirement benefits are payable only to eligible employees who have completed at least five years of service with the Group at the time of their retirement.

The amount of employee benefits recognised in the statements of financial position is determined as follows:

	Group	
	2025 RM'000	2024 RM'000
Presented value of unfunded defined benefit obligations	14,619	14,204
<b>Analysed as:</b>		
<b>Non-current</b>		
Within one year	2,685	–
Later than 1 year but not later than 2 years	314	–
Later than 2 years but not later than 5 years	2,993	1,168
Later than 5 years	8,627	13,036
	<b>14,619</b>	<b>14,204</b>

Movement in the net defined benefit liability recognised in the statements of financial position are as follows:

	Group	
	2025 RM'000	2024 RM'000
As at 1 January	14,204	13,970
Benefits paid	(2,192)	(1,295)
	<b>12,012</b>	<b>12,675</b>
Total charge to profit or loss (Note 34):		
Current cost and interest cost	1,136	1,141
	<b>1,136</b>	<b>1,141</b>

	Group	
	2025 RM'000	2024 RM'000
Recognised in other comprehensive income:		
Remeasurement of the net defined benefit liability:		
– Actual loss arising from plan experience	1,069	271
– Actual gain arising from changes in financial assumptions	402	117
	<b>1,471</b>	<b>388</b>
At 31 December	<b>14,619</b>	<b>14,204</b>



## 21. OTHER PAYABLES (continued)

### (c) Employee benefits (continued)

Principal actuarial assumptions used are as follows:

	Group	
	2025	2024
Discount rate	3.80%	4.15%
Expected rate of salary increase	5.00%	5.00%
Mortality rate	0.02% – 0.70%	0.01% – 0.70%

A quantitative sensitivity analysis for significant assumptions above is as shown below:

Assumptions	Discount rate		Future salary increase	
	0.5% increase RM'000	0.5% decrease RM'000	0.5% increase RM'000	0.5% decrease RM'000
(Decrease)/increase in the net defined benefit obligation:				
<b>Group</b>				
<b>2025</b>	<b>(421)</b>	<b>441</b>	<b>434</b>	<b>(417)</b>
<b>2024</b>	(441)	463	457	(440)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

## 22. LEASE LIABILITIES

	Group	
	2025 RM'000	2024 RM'000
<b>Non-current</b>		
Lease liabilities	18,773	25,404
<b>Current</b>		
Lease liabilities	6,387	7,214
	<b>25,160</b>	32,618

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 22. LEASE LIABILITIES (continued)

The movement of lease liabilities during the financial year is as follows:

	Group	
	2025 RM'000	2024 RM'000
At 1 January	32,618	29,964
Addition	10,662	22,111
Modification	122	(919)
Profit/interest expense on leases	844	1,061
Lease payments	(19,086)	(19,599)
At 31 December	25,160	32,618

Amount recognised in the statement of cash flows:

	Group	
	2025 RM'000	2024 RM'000
<b>Included in net cash from financing activities</b>		
Payment of lease liabilities	(19,086)	(19,599)
<b>Total cash outflow for leases</b>	<b>(19,086)</b>	<b>(19,599)</b>

### 23. RECOURSE OBLIGATION ON FINANCING SOLD

	Group	
	2025 RM'000	2024 RM'000
Repayments due within 12 months	20,375	1,663,542
Repayments due after 12 months	3,370,004	426,490
	<b>3,390,379</b>	2,090,032

These amounts relate to proceeds received from the sale of Islamic house and personal financing to Cagamas Berhad with recourse to MBSB Bank. Under the agreement, MBSB Bank undertakes to administer the financing on behalf of Cagamas Berhad and to buy back any financing which are regarded as defective based on a set of pre-determined criteria.

The recourse obligation on financing sold facilities granted by Cagamas Berhad are secured on a portfolio of property and personal islamic financing amounting to RM3,328,743,000 (2024: RM2,223,476,000) as disclosed in Note 8(i).



## 24. SUKUK

	Note	Group	
		2025 RM'000	2024 RM'000
RM90 million Sukuk – MBSB SC Murabahah 2015/2025	(a)	–	90,250
RM70 million Sukuk – MBSB SC Murabahah 2015/2025	(a)	–	70,192
RM70 million Sukuk – MBSB SC Murabahah 2015/2026	(a)	<b>70,223</b>	70,077
RM70 million Sukuk – MBSB SC Murabahah 2015/2027	(a)	<b>70,109</b>	69,969
RM75 million Sukuk – MBSB SC Murabahah 2015/2028	(a)	<b>75,013</b>	74,859
RM650 million Tier-2 Sukuk Wakalah 2019/2031	(b)	<b>648,235</b>	648,032
RM200 million Sustainability Sukuk Wakalah 2022/2027	(c)	<b>201,690</b>	201,543
RM100 million Sustainability Sukuk Wakalah 2022/2029	(c)	<b>100,842</b>	100,816
		<b>1,166,112</b>	1,325,738

### (a) Sukuk – MBSB Structured Covered (“SC”) Murabahah

On 25 October 2013, MBSB’s Sukuk – MBSB SC Murabahah programme (“the Programme”) was approved by the Securities Commission of Malaysia. The salient terms of the Programme as prescribed in its Principal Terms and Conditions are as follows:

- (i) The Programme is available for issue within a period of 5 years from the first issuance date and is issued in tranches (“Tranche”) from time to time, at the discretion of MBSB;
- (ii) Each Tranche will consist of multiple series of Sukuk with different maturities;
- (iii) Each Tranche will be backed by an identified pool of Financing Receivables (“Tranche Cover Assets”) held by the Company’s Special Purpose Vehicle (“SPV”), Jana Kapital Sdn. Bhd. (“JKSB”); JKSB who will issue an unconditional and irrecoverable Covered Sukuk Guarantee to the holders of the Sukuk – MBSB SC Murabahah;
- (iv) Tranche Cover Assets are pledged by JKSB as security for the Covered Sukuk Guarantee. These Tranche Cover Assets are assigned to the Sukuk Trustee for this purpose;
- (v) In the event of default as defined in the Principal Terms and Conditions, the Tranche Cover Assets will be liquidated by the Sukuk Trustee in favour of the holders of the Sukuk – MBSB SC Murabahah; and
- (vi) From time to time, additional Tranche Cover Assets will be purchased by JKSB in line with additional Tranches drawdown by MBSB.

On 29 May 2015, the third drawdown of the Programme amounting to approximately RM900 million was made with an equivalent issuance amounting to RM900 million. The third tranches of the Sukuk–MBSB SC Murabahah has a tenure of 10 years from their drawdown dates and the instruments carry coupon profit rates ranging from 4.30% to 5.20% per annum, payable semi-annually in arrears. The final issuance of RM90 million with profit rates of 5.20% per annum had matured on 29 May 2025.

On 21 October 2015, the fourth drawdown of the Programme amounting to approximately RM888 million was made with an equivalent issuance amounting to RM900 million. The fourth tranches of the Sukuk–MBSB SC Murabahah has a tenure of 13 years from their drawdown dates and the instruments carry coupon profit rates ranging from 4.30% to 5.50% per annum, payable semi-annually in arrears. The balances of drawdown are as follows:

- RM70 million Sukuk – MBSB SC Murabahah with profit rate of 5.20% per annum had matured on 21 October 2025
- RM70 million Sukuk – MBSB SC Murabahah with profit rate of 5.30% per annum chargeable to 21 October 2026
- RM70 million Sukuk – MBSB SC Murabahah with profit rate of 5.40% per annum chargeable to 21 October 2027
- RM75 million Sukuk – MBSB SC Murabahah with profit rate of 5.50% per annum chargeable to 20 October 2028

As at 31 December 2025, the carrying amount of financing receivables identified to back the outstanding Sukuk – MBSB SC Murabahah amounted to RM947,569,000 (2024: RM1,249,789,000) as disclosed in Note 8(i).

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 24. SUKUK (continued)

#### (b) Tier-2 Sukuk Wakalah

MBSB Bank's Sukuk Wakalah Programme of up to RM10 billion nominal value was approved by Bank Negara Malaysia and endorsed by the Securities Commission in November 2019. The Sukuk Wakalah Programme comprises:

- (i) Senior Sukuk Wakalah, and/or
- (ii) Tier-2 Sukuk Wakalah, and/or
- (iii) Additional Tier-1 Sukuk Wakalah

In December 2019, MBSB Bank issued Tier-2 Sukuk Wakalah in nominal value of RM1,300 million, comprising RM650 million at 5.05% p.a. and RM650 million at 5.25% p.a. The salient terms of the Tier-2 Sukuk Wakalah are as follows:

- (i) subject to call option, with minimum tenure of at least 5 years
- (ii) not pledged to any security
- (iii) non convertible

The RM650 million Tier-2 Sukuk Wakalah at 5.05% was fully redeemed on 20 December 2024.

#### (c) Sustainability Sukuk Wakalah

In April 2022, the Bank issued Sustainability Sukuk Wakalah in nominal value of RM300 million, comprising a 5-year RM200 million at 4.36% p.a. and a 7-year RM100 million at 4.73% p.a. The salient terms of the Sustainability Sukuk Wakalah are as follows:

- (i) not pledged to any security
- (ii) non convertible

### 25. BORROWINGS AND GOVERNMENT GRANT

	Note	Group	
		2025 RM'000	2024 RM'000
<b>Borrowings</b>			
Loan from JBIC-FSMI	(a)	93,631	102,053
Loan from MITI	(b)	39,352	59,013
		<b>132,983</b>	161,066
<b>Government grant</b>			
Loan from MITI	(b)	10,824	13,737
Total borrowing and government grant		<b>143,807</b>	174,803



## 25. BORROWINGS AND GOVERNMENT GRANT (continued)

- (a) Loan from Japan Bank of International Cooperation Fund for Small and Medium Industries ("JBIC-FSMI")

	Group	
	2025 RM'000	2024 RM'000
At 1 January	102,053	109,092
Interest expense (Note 31)	2,683	2,883
Repayment	(11,105)	(9,922)
At 31 December	93,631	102,053

The details of the loan from JBIC-FSMI are as follows:

- (i) Repayment terms: First installment – RM3,492,287 on 20 March 2009  
60 half yearly installments – RM3,492,249 up to 20 March 2039
- (ii) Security: Unsecured
- (iii) Interest rate: 2.75% per annum

There is no foreign exchange risk as the loan is provided in Ringgit Malaysia.

- (b) Loan from Soft Loan Scheme for Services Sector ("SLSSS") provided by Ministry of International Trade and Industry ("MITI")

	Group	
	2025 RM'000	2024 RM'000
<b>Borrowings</b>		
At 1 January	59,013	77,191
Repayment	(22,574)	(22,000)
Profit expense*	2,913	3,822
At 31 December	39,352	59,013
<b>Government grant</b>		
At 1 January	13,737	17,559
Amortisation*	(2,913)	(3,822)
At 31 December	10,824	13,737
	<b>50,176</b>	72,750

\* Grant income is deducted against the profit expense in profit or loss.

The details of the loan from MITI and repayment term has been revised during the year as follows:

- (i) Repayment terms: 5 annual installments of RM22,000,000 each and the last installments of RM50,000,000.  
Repayable at the end of nineteen years (including a grace period of 10 years) from the date of first drawdown (31 December 2011).
- (ii) Security: Unsecured
- (iii) Interest rate: Nil<sup>#</sup>

<sup>#</sup> The facility of RM200 million with MITI is based on the Shariah financing concept of Al-Qardhul Hassan.

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 26. ORDINARY SHARE CAPITAL

	Company			
	Number of shares		Amount	
	2025 Units '000	2024 Units '000	2025 RM '000	2024 RM '000
Ordinary shares				
Issued and fully paid:				
At 1 January/At 31 December	<b>8,222,312</b>	8,222,312	<b>7,970,427</b>	7,970,427

The holders of ordinary shares are entitled to receive dividends from time to time, as and when declared by the Company, after obtaining the regulatory approval from Bank Negara Malaysia prior to the declaration of dividends.

All ordinary shares are entitled to one vote per share at meetings of the Company.

### 27. REGULATORY RESERVE

Regulatory reserve of the Group is maintained by the subsidiaries, which is transferred from the retained earnings, as an additional credit risk absorbent to ensure robustness on the loans/financing impairment assessment methodology.

BNM Guidelines on Financial Reporting/Financial Reporting for Islamic Banking Institutions requires institutions to maintain in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserve of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

As at 31 December 2025, the regulatory reserve is maintained to meet the local regulatory requirement.

### 28. FAIR VALUE RESERVE

The fair value reserve includes the cumulative net changes in the fair value of financial investments at FVOCI and the ECL arising from financial investments at FVOCI, until the financial investments are derecognised.

### 29. INCOME DERIVED FROM INVESTMENT OF DEPOSITS AND ISLAMIC CAPITAL FUNDS

	Group	
	2025 RM'000	2024 RM'000
Financing and advances	<b>2,336,805</b>	2,721,817
Financial investments at FVOCI	<b>468,902</b>	446,856
Financial investments at amortised cost	<b>169,831</b>	193,977
Financial assets at FVTPL	<b>22,198</b>	15,469
Deposits and placements with banks and other financial institutions	<b>37,923</b>	78,966
Derivative instruments	<b>851</b>	179
	<b>3,036,510</b>	3,457,264

The amounts reported above include finance income and hibah calculated using the effective profit rate method that relates to the following:

	Group	
	2025 RM'000	2024 RM'000
Financial instruments at amortised cost	<b>2,544,559</b>	2,994,760
Financial investments at FVOCI	<b>468,902</b>	446,856
Finance income and hibah from financial assets not measured at FVTPL	<b>3,013,461</b>	3,441,616



### 30. INTEREST INCOME

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Interest income from:				
Loans and advances	117,099	95,495	–	–
Deposits and placements with banks and other financial institutions	7,484	8,783	5,007	2,411
Financial investments at FVOCI	6,616	6,462	–	–
Financial investments at amortised cost	4,098	6,819	–	–
Derivative instruments	–	3,564	–	–
	<b>135,297</b>	121,123	<b>5,007</b>	2,411

### 31. INTEREST EXPENSE

	Group	
	2025 RM'000	2024 RM'000
Deposits from customers	53,339	60,125
Deposits and placements with banks and other financial institutions	1,230	233
Borrowings and government grant	2,683	2,883
Derivative instruments	–	528
	<b>57,252</b>	63,769

### 32. EXPECTED CREDIT LOSSES ON LOANS, FINANCING AND ADVANCES AND OTHER IMPAIRMENT

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<u>Expected credit losses on loans, financing and advances</u>				
Loans, financing and advances (Note 8(viii))	272,047	179,057	2,774	23,833
Credit impaired loans, financing and advances:				
– Write-off	14,437	4,266	–	27
– Recovered	(37,668)	(11,871)	(1,254)	(1,302)
	<b>248,816</b>	171,452	<b>1,520</b>	22,558
<u>Expected credit losses on financial investments</u>				
Financial investments at FVOCI (Note 5)	356	(161)	–	–
Financial investments at amortised cost (Note 6)	(435)	(650)	–	–
	<b>(79)</b>	(811)	–	–
<u>Other expected credit losses and impairment allowances</u>				
Other receivables	1,569	3,880	–	–
Financing commitments and financial guarantees (Note 21)	(6,529)	(15,732)	–	–
	<b>(4,960)</b>	(11,852)	–	–
	<b>243,777</b>	158,789	<b>1,520</b>	22,558

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 33. OTHER OPERATING INCOME

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Gain on acquisition</b>				
Acquisition of MIDF	–	3,187	–	–
	–	3,187	–	–
<b>Rental</b>				
Rental income	503	491	3,799	3,812
	503	491	3,799	3,812
<b>Fee income</b>				
Net financing processing fees	1,468	1,119	–	–
Facility fees	8,693	7,264	–	78
Other Facility Fees	714	–	–	–
Management fees	–	7,628	–	–
Underwriting fees	1,504	1,279	–	–
Corporate advisory fees	17,194	13,088	–	–
Income from Government Scheme Funds	100,210	53,699	–	–
Brokerage fees	9,474	16,605	–	–
Other fee income	4,456	17,652	–	–
	143,713	118,334	–	78
<b>Net commission</b>				
Commission income	22,716	27,356	–	–
Commission expense	(15,605)	(34,359)	–	–
	7,111	(7,003)	–	–
<b>Investment income</b>				
Net gain on realisation of:				
– financial assets at FVTPL	21,877	6,404	–	–
– financial investments at FVOCI	47,422	12,022	–	–
– financial investments at amortised cost	19,172	45	–	–
Net unrealised (loss)/gain on revaluation of:				
– financial assets at FVTPL	(11,714)	1,773	–	–
– derivatives instruments	(1,833)	(3,575)	–	–
Net gain on foreign exchange transactions	25,719	32	–	–
	100,643	16,701	–	–
<b>Gross dividend income</b>				
Dividend income	49	941	436,635	458,861
	49	941	436,635	458,861



### 33. OTHER OPERATING INCOME (continued)

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Other income</b>				
Ta'widh/penalty	19,156	12,398	–	–
Management fees	–	–	54,163	18,555
Sundry income	8,672	11,653	951	839
Gain from disposal of:				
Property and equipment	3	1,887	–	–
Non-current assets held for sale	–	493	–	–
Foreclosed properties	14	–	–	–
	<b>27,845</b>	26,431	<b>55,114</b>	19,394
	<b>279,864</b>	159,082	<b>495,548</b>	482,145

### 34. OPERATING EXPENSES

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Personnel expenses	(a)	563,253	544,764	50,429	32,853
Establishment related expenses	(b)	213,855	220,072	3,495	1,712
Promotion and marketing related expenses	(c)	14,949	13,491	42	35
General administrative expenses	(d)	78,880	129,000	15,407	13,949
		<b>870,937</b>	907,327	<b>69,373</b>	48,549

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
(a) Personnel expenses					
Wages and salaries		420,732	410,884	42,213	27,091
Defined contribution plan and Social security costs		66,734	59,120	5,260	2,569
Directors fees (Note 35)		5,941	5,270	2,020	1,619
Employees' benefits (Note 21)		1,136	1,141	–	–
Shariah Committee remuneration		528	643	–	–
Staff medical		31,817	28,480	182	15
Training courses		13,123	14,091	463	930
Other staff related expenses		23,242	25,135	291	629
		<b>563,253</b>	544,764	<b>50,429</b>	32,853

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 34. OPERATING EXPENSES (continued)

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
(b) Establishment related expenses				
Depreciation:				
– property and equipment (Note 13)	44,160	38,623	538	466
– right-of-use asset (Note 14)	15,371	18,924	–	–
– investment properties (Note 15)	218	250	–	–
Amortisation of intangible assets (Note 17)	33,929	41,186	1	–
Software and hardware maintenance	85,013	86,531	–	–
Security expenses	3,205	3,196	42	51
Lease profit expenses (Note 23)	844	1,061	–	–
Repair and maintenance, rates and insurance	31,115	30,301	2,914	1,195
	<b>213,855</b>	220,072	<b>3,495</b>	1,712
(c) Promotion and marketing related expenses				
Advertising and promotional activities	14,949	13,491	42	35
	<b>14,949</b>	13,491	<b>42</b>	35
(d) General administrative expenses				
License and association fees and levies	1,840	2,168	–	–
Travelling, transport and accommodation expenses	7,881	4,316	2,627	679
Printing, stationery, postage and clearing charges	3,243	3,803	59	8
Electricity and water	9,375	10,546	27	15
Other professional fees	14,306	20,460	983	2,303
Auditors' remuneration:				
– Statutory audit	3,424	3,469	462	726
– Regulatory related services	545	309	70	67
– Non-audit fees	1,029	864	302	152
Telephone charges	14,418	13,793	–	–
Commission fees	3,270	2,022	–	–
Operational loss	193	23,191	–	–
Expenses on management services	–	–	9,828	5,908
Others	19,356	44,059	1,049	4,091
	<b>78,880</b>	129,000	<b>15,407</b>	13,949
	<b>870,937</b>	907,327	<b>69,373</b>	48,549

### 35. DIRECTORS' REMUNERATION

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Directors of the Group and Company				
Non-Executive:				
Fees	3,721	3,254	1,329	1,036
Other emoluments	2,220	2,016	691	583
	<b>5,941</b>	5,270	<b>2,020</b>	1,619



### 35. DIRECTORS' REMUNERATION (continued)

The number of directors of the Group and the Company whose total remuneration during the financial year fell within the following bands are analysed below:

	Number of Directors			
	2025	2024	2025	2024
Non-executive directors:				
RM1,000 – RM50,000	2	1	–	3
RM50,001 – RM100,000	1	7	–	–
RM100,001 – RM150,000	3	–	3	–
RM150,001 – RM200,000	3	–	1	–
RM200,001 – RM250,000	4	–	–	1
RM250,001 – RM300,000	3	4	3	3
RM300,001 – RM350,000	1	4	2	2
RM350,001 – RM400,000	1	2	–	–
RM400,001 and above	5	1	–	–

Details of the Directors' remuneration of each director during the financial year ended 31 December 2025 are as follows:

Group 31 December 2025	Director fees RM'000	Allowance RM'000	Benefits in kind RM'000	Total RM'000
<b>Directors</b>				
Dato' Wan Kamaruzaman bin Wan Ahmad	523	114	31	668
Puan Lynette Yeow Su-Yin	269	163	–	432
Encik Szalizi bin Zainuddin	133*	45	–	178
Encik Mohamad Abdul Halim bin Ahmad	191	124	–	315
Datuk (Dr.) Yasmin binti Mahmood	277	141	–	418
Datuk (Dr.) Normala@Noraizah binti A.Manaf	95	49	–	144
Encik Ho Kwong Hoong	337	187	–	524
Pn. Maheswari A/P G Kanniah	83	40	–	123
Dr. Loh Leong Hua	83	50	–	133
	<b>1,991</b>	<b>913</b>	<b>31</b>	<b>2,935</b>
Directors of subsidiaries	<b>1,730</b>	<b>1,042</b>	<b>234</b>	<b>3,006</b>
Total directors remuneration	<b>3,721</b>	<b>1,955</b>	<b>265</b>	<b>5,941</b>

Company 31 December 2025	Director fees RM'000	Allowance RM'000	Total RM'000
<b>Directors</b>			
Dato' Wan Kamaruzaman bin Wan Ahmad	227	49	276
Puan Lynette Yeow Su-Yin	182	121	303
Encik Szalizi bin Zainuddin	133*	45	178
Encik Mohamad Abdul Halim bin Ahmad	191	124	315
Datuk (Dr.) Yasmin binti Mahmood	164	106	270
Datuk (Dr.) Normala@Noraizah binti A.Manaf	95	49	144
Encik Ho Kwong Hoong	171	107	278
Pn. Maheswari A/P G Kanniah	83	40	123
Dr. Loh Leong Hua	83	50	133
	<b>1,329</b>	<b>691</b>	<b>2,020</b>

\* 50% of the Directors' fees are paid to the organisation to whom the director represents.

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 35. DIRECTORS' REMUNERATION (continued)

Details of the Directors' remuneration of each director during the financial year ended 31 December 2024 are as follows:

Group 31 December 2024	Director fees RM'000	Allowance RM'000	Benefits in kind RM'000	Total RM'000
<b>Directors</b>				
Dato' Wan Kamaruzaman bin Wan Ahmad	310	105	31	446
Puan Lynette Yeow Su-Yin	161	116	–	277
Encik Mohamad Abdul Halim bin Ahmad	177	128	–	305
Dr. Loh Leong Hua	228	124	–	352
Datuk (Dr.) Yasmin binti Mahmood	258	129	–	387
Encik Sazaliza bin Zainuddin	104*	53	–	157
Encik Ho Kwong Hoong	207	167	–	374
Tan Sri Abdul Rahman bin Mamat	265	118	–	383
Ir. Moslim bin Othman	27	7	–	34
Datin Hoi Lai Ping	13	2	–	15
	1,750	949	31	2,730
Directors of subsidiaries	1,504	1,031	5	2,540
Total directors remuneration	3,254	1,980	36	5,270

Company 31 December 2024	Director fees RM'000	Allowance RM'000	Total RM'000
<b>Directors</b>			
Dato' Wan Kamaruzaman bin Wan Ahmad	155	42	197
Puan Lynette Yeow Su-Yin	161	116	277
Encik Mohamad Abdul Halim bin Ahmad	177	128	305
Dr. Loh Leong Hua	165	102	267
Datuk (Dr.) Yasmin binti Mahmood	135	72	207
Encik Sazaliza bin Zainuddin	48	18	66
Encik Ho Kwong Hoong	25	14	39
Tan Sri Abdul Rahman bin Mamat	130	82	212
Ir. Moslim bin Othman	27	7	34
Datin Hoi Lai Ping	13	2	15
	1,036	583	1,619

\* 50% of the Directors' fees are paid to the organisation to whom the director represents.



### 36. TAXATION

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Malaysian income tax:				
Current income tax	<b>92,996</b>	180,025	–	–
Under/(over) provision in prior year	<b>1,992</b>	14,910	–	–
	<b>94,988</b>	194,935	–	–
Deferred tax (Note 10)				
Current deferred tax	<b>9,188</b>	(22,466)	<b>555</b>	(3,570)
Total income tax expense for the year	<b>104,176</b>	172,469	<b>555</b>	(3,570)
Tax recognised directly in equity:				
Fair value reserve (Note 10)	<b>(36,155)</b>	(15,480)	–	–

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit before taxation and zakat	<b>390,037</b>	586,349	<b>429,662</b>	413,449
Taxation at Malaysian statutory tax rate of 24% (2024: 24%)	<b>93,609</b>	140,724	<b>103,119</b>	99,228
Effect of income not subject to tax	<b>(453)</b>	(16,918)	<b>(104,792)</b>	(110,127)
Effect of expenses not deductible for tax purposes	<b>8,005</b>	35,804	<b>1,673</b>	10,899
Temporary differences not recognised	<b>1,023</b>	(2,051)	<b>555</b>	(3,570)
Under provision of income tax in prior years	<b>1,992</b>	14,910	–	–
Tax expense for the year	<b>104,176</b>	172,469	<b>555</b>	(3,570)

### 37. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	2025	2024
Net profit for the year (RM'000)	<b>279,515</b>	406,780
Weighted average number of ordinary shares in issue ('000)	<b>8,222,312</b>	8,222,312
Basic earnings per share (sen)	<b>3.40</b>	4.95

The Group has no dilution in their earnings per ordinary share in the current and previous financial years as there are no dilutive ordinary shares. Hence, the diluted earnings per share equals basic earnings per share.

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 38. DIVIDENDS

Dividend paid by the Group and the Company:

	2025		2024	
	Gross dividend per share sen	Amount of dividends net of tax RM'000	Gross dividend per share sen	Amount of dividends net of tax RM'000
<b>Interim dividend paid</b>				
– for financial year ended 2025	2.00	164,446	–	–
– for financial year ended 2024	1.80	148,002	2.75	226,114
<b>Final dividend paid</b>				
– for financial year ended 2023	–	–	3.50	287,781

On 26 February 2026, the Company announced a single-tier interim dividend of 1.22 sen per ordinary share in respect of the financial year ended 31 December 2025. Based on the number of shares in issue of 8,222,312,432 ordinary shares as at 31 December 2025, the dividend payable would be RM100,312,212.

The financial statements for the current financial year do not reflect the interim dividend announced on 26 February 2026. The dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2026.

### 39. CAPITAL ADEQUACY

The Group has complied and computed the capital adequacy ratios in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components).

The total risk-weighted assets are computed based on the following approaches in determining the capital requirements in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Basel II – Risk Weighted Assets) and Capital Adequacy Framework for Islamic Banks (Basel II – Risk Weighted Assets):

- Credit Risk – Standardised Approach
- Market Risk – Standardised Approach
- Operational Risk – Standardised Approach

	Group	
	2025 RM'000	2024 RM'000
<b>Common Equity Tier 1 ("CET1") Capital</b>		
Ordinary share capital	7,970,427	7,970,427
Retained earnings	1,519,468	1,618,804
Other reserves	369,322	188,615
	<b>9,859,217</b>	9,777,846
Less: Regulatory adjustments		
Goodwill	(148,031)	(148,031)
Deferred tax assets	(56,185)	(101,745)
Cumulative gains of financial investments at FVOCI	(47,254)	(21,079)
Intangible assets	(191,833)	(164,871)
Regulatory reserve attributable to financing	(323,143)	(258,081)
Total CET1 Capital	<b>9,092,771</b>	9,084,039



### 39. CAPITAL ADEQUACY (continued)

	Group	
	2025 RM'000	2024 RM'000
<b>Tier 1 Capital</b>		
Additional Tier 1 capital instruments	–	–
Less: Tier 1 regulatory adjustments	–	–
Total Tier 1 capital	<b>9,092,771</b>	9,084,039
<b>Tier 2 Capital</b>		
Stage 1 and Stage 2 ECL allowances	<b>551,861</b>	550,965
Tier 2 capital instruments	<b>650,000</b>	650,000
Total Tier 2 capital	<b>1,201,861</b>	1,200,965
Total capital base	<b>10,294,632</b>	10,285,004

Breakdown of risk weighted assets in various categories of risk weights are as follows:

	Group	
	2025 RM'000	2024 RM'000
<u>Total risk weighted assets ("RWA")</u>		
– Credit risk	<b>44,148,862</b>	44,077,190
– Market risk	<b>517,465</b>	450,536
– Operational risk	<b>2,790,518</b>	2,892,732
Total RWA	<b>47,456,845</b>	47,420,458
<u>Capital adequacy ratios</u>		
CET1 capital ratio	<b>19.160%</b>	19.156%
Tier 1 capital ratio	<b>19.160%</b>	19.156%
Total capital ratio	<b>21.693%</b>	21.689%

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 39. CAPITAL ADEQUACY (continued)

The capital ratios after the proposed single-tier interim dividend of 1.22 sen per ordinary share in respect of financial year ended 31 December 2025 amounting to RM100,312,212 (31 December 2024: single-tier interim dividend of 1.80 sen per ordinary share amounting to RM148,001,624) are as follows:

	Group	
	2025 RM'000	2024 RM'000
Capital ratios (after proposed dividend)		
CET 1 capital ratio	18.949%	18.844%
Tier 1 capital ratio	18.949%	18.844%
Total capital ratio	21.481%	21.377%

In accordance with BNM's Guidelines on Investment Account paragraph 31.1, the credit and market risk weighted assets funded by Unrestricted Investment Accounts ("URIA") shall be recognised as risk absorbent and excluded from the calculation of capital adequacy ratio. As at 31 December 2025, URIA risk weighted assets excluded from the Total Capital Ratio calculation amounted to RM1,341.3 million (31 December 2024: RM548.6 million).

### 40. SIGNIFICANT RELATED PARTY TRANSACTIONS/BALANCES

For the purpose of disclosures in the financial statements, parties (both companies and key management personnel) are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence.

#### (a) The related parties of, and their relationship with the Company, are as follows:

Related parties	Relationship
<b>Employees Provident Fund ("EPF")</b>	Ultimate holding body
<b>Other companies</b>	Other companies consist of: <ul style="list-style-type: none"> <li>– Subsidiaries of EPF</li> <li>– Associate companies of EPF</li> <li>– Joint venture companies with EPF</li> <li>– Companies in which directors of the Company and subsidiaries of the Company hold directorship</li> </ul>
<b>Key management personnel</b>	Those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel of the Group and the Company include Directors of the Company, Directors of subsidiaries of the Company and employees of the Group who make certain critical decisions in relation to the strategic direction of the Group.
<b>Subsidiaries</b>	Subsidiaries of the Company



## Notes to the Financial Statements

For the financial year ended 31 December 2025

### 40. SIGNIFICANT RELATED PARTY TRANSACTIONS/BALANCES (continued)

#### (b) Related party transactions

In addition to the related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related parties transactions.

	EPF		Other companies		Subsidiaries		Key management personnel	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Related party transactions</b>								
<b>Group</b>								
<b>Income earned</b>								
Profit/interest on deposits and placements with banks and other financial institutions	-	-	1	1	-	-	-	-
Profit/interest on financial investment at:								
- FVOCI	-	-	4,477	3,313	-	-	-	-
- Amortised cost	-	-	1,224	1,259	-	-	-	-
Profit/interest on loans, financing and advances	-	-	-	-	-	-	18	23
Brokerage fee	1,868	6,144	-	444	-	-	-	-
<b>Expenditure incurred</b>								
Profit on deposits from customers	64,325	88,587	29,257	28,158	-	-	56	75
Profit on sukuk	22,849	32,590	-	-	-	-	-	-
Rental expenses	-	-	27,601	9,891	-	-	-	-
Other expenses <sup>^</sup>	-	-	9,891	3,235	-	-	-	-
<b>Company</b>								
<b>Income earned</b>								
Interest on deposits and placements	-	-	-	-	5,007	2,411	-	-
Interest on loans and advances	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	3,796	3,796	-	-
Management services	-	-	-	-	54,163	18,555	-	-
<b>Expenditure incurred</b>								
Management services	-	-	-	-	9,828	5,908	-	-
Agency fees expenses	-	-	-	-	960	880	-	-
Corporate advisory fee expenses	-	-	-	-	-	100	-	-
Other expenses <sup>^</sup>	-	-	68	571	-	-	-	-

<sup>^</sup> Other expenses include transactions for services provided by related entities such as takaful expenses.

## Notes to the Financial Statements

For the financial year ended 31 December 2025

### 40. SIGNIFICANT RELATED PARTY TRANSACTIONS/BALANCES (continued)

#### (c) Related party balances

	EPF			Other companies			Subsidiaries			Key management personnel		
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Related party balances</b>												
<b>Group</b>												
<b>Amount due from</b>												
Cash and short-term funds	-	-	26,528	25,784	-	-	-	-	-	-	-	-
Deposits and placements with banks and other financial institutions	-	-	39	32	-	-	-	-	-	-	-	-
Financial investments at:												
- FVOCI	-	-	135,463	98,830	-	-	-	-	-	-	-	-
- Amortised cost	-	-	30,704	30,814	-	-	-	-	-	-	-	-
Loans, financing and advances	-	-	-	-	-	-	-	-	704	-	724	-
<b>Amount due to</b>												
Deposits from customers	1,984,004	2,452,459	539,405	670,612	-	-	-	-	2,419	-	6,528	-
Deposits and placements of banks and other financial institutions	-	-	89,873	91,167	-	-	-	-	-	-	-	-
Other payables	-	-	-	42	-	-	-	-	-	-	-	-
Sukuk	347,596	510,106	-	-	-	-	-	-	-	-	-	-
<b>Company</b>												
<b>Amount due from</b>												
Cash and short-term funds	-	-	-	-	-	-	-	317,717	-	-	-	-
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-	-	-	-	-
Amount due from subsidiaries	-	-	-	-	-	-	-	1,955	-	3,069	-	-
<b>Amount due to</b>												
Amount due to subsidiary	-	-	-	-	-	-	-	11,862	-	-	-	-



#### 40. SIGNIFICANT RELATED PARTY TRANSACTIONS/BALANCES (continued)

##### (d) Key management personnel compensation

The remuneration of Directors and other members of key management during the year is as follows:

	Group	
	2025 RM'000	2024 RM'000
Short-term employee benefits	26,157	38,727
Defined contribution plan	4,649	5,662
Other emoluments	10,133	9,558
	<b>40,939</b>	53,947

Included in the total key management personnel are:

	Group	
	2025 RM'000	2024 RM'000
Remuneration comprising salary, bonus, allowances and other emoluments of:		
Group Chief Executive Officer	3,689	5,313
	<b>3,689</b>	5,313

#### 41. CREDIT EXPOSURES ARISING FROM TRANSACTIONS WITH CONNECTED PARTIES

	Group	
	2025 RM'000	2024 RM'000
Outstanding credit exposures with connected parties	3,489,934	2,016,325
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	4.905%	2.961%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	0.004%	0.003%

The credit exposures above are derived based on BNM's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 42. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

	Group		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
<b>2025</b>			
Direct credit substitutes	38,698	38,698	39,198
Trade-related contingencies	195,271	97,635	97,554
Short term self liquidating trade related contingencies	1,925,218	385,044	6,047
Irrevocable commitments to extend credit:			
– one year or less	3,123,181	624,636	623,097
– over one year to five years	2,230,215	1,115,108	1,113,236
– over five years	893,214	444,232	373,910
Foreign exchange related contracts <sup>#</sup>			
– one year or less	1,197,854	15,312	9,609
– over one year to five years	271,024	47,005	28,223
Profit/interest rate related contracts <sup>#</sup>			
– over one year to five years	100,000	4,000	800
	<b>9,974,675</b>	<b>2,771,670</b>	<b>2,291,674</b>

<sup>#</sup> Foreign related contracts represents the notional amount of the derivative financial instruments recognised as derivative assets/liabilities.

	Group		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
<b>2024</b>			
Direct credit substitutes	112,516	112,516	113,016
Trade-related contingencies	137,735	68,868	67,106
Short term self liquidating trade related contingencies	94,406	18,881	18,881
Irrevocable commitments to extend credit:			
– one year or less	2,525,296	505,059	463,416
– over one year to five years	2,243,115	1,121,558	1,091,219
– over five years	792,497	394,776	331,936
Foreign exchange related contracts <sup>#</sup>			
– one year or less	1,665,015	26,669	13,490
Profit/interest rate related contracts <sup>#</sup>			
– over one year to five years	50,000	1,000	200
	<b>7,620,580</b>	<b>2,249,327</b>	<b>2,099,264</b>

<sup>#</sup> Foreign related contracts represents the notional amount of the derivative financial instruments recognised as derivative assets/liabilities.



### 43. CAPITAL COMMITMENTS

	Group	
	2025 RM'000	2024 RM'000
Property and equipment/intangible assets: Contracted but not provided for	26,325	42,949

### 44. CONTINGENT LIABILITIES

There is no material litigation during the financial year ended 31 December 2025.

### 45. FINANCIAL RISK MANAGEMENT

The Group and the Company have exposure to one or more of the following risks:

(i) Credit risk

Arising from the possibility of losses due to an obligor, market counterparty or issuer of securities or other instruments held, having failed to perform its contractual obligations to the Group;

(ii) Market risk

Arising from the potential for loss or adverse impact on earnings or capital due to movements in market rates or prices, including profit/interest rates, foreign exchange rates, commodity prices, and equity prices.

(iii) Liquidity risk

Arising from the risk that the Group and the Company will not have sufficient financial resources available to fulfil its obligations and commitments or will only be able to access these financial resources at an unreasonable cost. Liquidity risk can adversely impact the Group's and the Company's financial condition or overall stability of the Group and the Company due to the inability or perceived inability, to meet its obligations or commitments as they become due.

(iv) Operational risk

Arising from risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events;

(v) Capital risk

Arising from failure to meet the minimum regulatory and internal requirements; and

(vi) Shariah Non-Compliance risk

Arising from possible failure to comply with the Shariah requirements as determined by SAC of BNM and Securities Commission ("SC"), SAC within the Group and the Company and other Shariah regulatory authorities; and

(vii) Environment, Social and Governance risk

Arising from exposure to activities that may potentially cause or be affected by environmental degradation and the loss of ecosystem services, including climate change, its related impact, and its economic and financial consequences.

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 45. FINANCIAL RISK MANAGEMENT (continued)

#### (a) Financial risk management objectives and policies

Risk management forms an integral part of the Group and the Company's activities and remains an important feature in all their business, operations, delivery channels and decision-making processes. The extent to which the Group and the Company are able to identify, assess, monitor, manage and report each of the various types of risk is critical to its strength, soundness and profitability. The Group's and the Company's risk management function is independent of their operating units. All new businesses, introduction of new products, engagement in new activities or entrance into new strategic alliances are subject to endorsement by the Group Risk Management Division ("GRMD") and submitted to the Group Management Risk and Compliance Committee ("GMRCC"), Group Board Risk and Compliance Committee ("GBRCC") and/or the Board for approval.

In essence, the objectives of the Group and the Company's risk management activities are to:

- (i) Identify and monitor the various risk exposures and risk requirements;
- (ii) Ensure risk-taking activities are consistent with the approved policies and the aggregated risk positions are within the risk appetite as approved by the Board; and
- (iii) Help create shareholder value through proper allocation of risk and the facilitation of independent risk assessments of new business and products.

#### (b) Risk management framework

The Group and the Company employ an Enterprise-wide Risk Management Framework to manage its risks effectively. The framework involves an on-going process of identifying, evaluating, monitoring, managing and reporting significant risks affecting the Group and the Company which is implemented through a number of committees established by the Board. This framework provides the Board and the management with a tool to anticipate and manage both existing and potential risks, taking into consideration dynamic risk profiles as dictated by changes in business strategies, regulatory environment and functional activities throughout the year.

Key features of the Risk Management Framework include:

##### (i) Governance and Organisation

The risk governance framework of the Group is established to promote active involvement from the Board, GBRCC, and relevant Management Committees in the risk management process to ensure effective management of risk within the Group and the Company. A similar risk governance framework is also established at the relevant operating entities within the Group and the Company.

The risk governance framework includes delegation of authority from the Board to Management Committees as well as risk controls established for material activities for the Group and the Company to operate within the risk appetite. To support the Board, GBRCC, and the relevant Management Committees in discharging their oversight over risk, the responsibility within the Group and the Company in addressing and managing the risk is clearly assigned through the "Three Lines of Defence" model.

The Group's risk governance model establishes a structured, transparent and effective framework, promoting active participation from both the Board and Senior Management in the risk management process. This ensures a cohesive perspective on risks within the Group and the Company, fostering a unified and comprehensive understanding across every facet of the Group and the Company.

##### (ii) Internal Capital Adequacy Assessment Process ("ICAAP")

The Group's and the Company's ICAAP framework ensures that all material risks are identified, measured and reported, and that adequate capital levels consistent with the risk profiles, including capital buffers, are maintained to support the current and projected demand for capital, under existing and stressed conditions. For non-measurable risks, a qualitative approach is used and normally, this type of risk is labelled as potentially material where the Management's experience and judgement is being relied upon in assessing if such risk could threaten the Group and its relevant operating entities.

##### (iii) Risk Appetite

It is defined as the amount and types of risk that the Group and the Company is able and willing to accept in pursuit of its strategic and business objectives. The development of the risk appetite is integrated into the annual strategic planning process and is adaptable to changing business and market conditions. As the risk appetite is dynamic, it is set based on the business and financial targets, while incorporating macroeconomic and global outlook. The Board also considers the actual and targeted risk profile of the Group and the Company proposed by senior management and business units when setting the risk appetite. The risk appetite is reviewed annually or as and when its required.



## 45. FINANCIAL RISK MANAGEMENT (continued)

### (b) Risk management framework (continued)

#### (iv) Risk Management Process

- **Risk Identification:** Risks are systematically identified through the robust application of the Group's and the Company's Enterprise Risk Management Framework, policies and procedures. Proper risk identification focuses on recognising and understanding all key risks inherent in the business activities and risks that may arise from business initiative or external factors. Risk identification is an ongoing process occurring at both the individual transaction and portfolio level to ensure risks are managed and controlled within the risk appetite of the Group and the Company.
- **Risk Measurement:** Risk is measured (qualitative and/or quantitative) at various levels including, but not limited to risk type, front line unit and on an aggregate basis. These metrics are used to assess the Group and the Company's risk profile and adherence to the Group and the Company's risk appetite.
- **Risk Control:** Risk controls are established and communicated through policies, standards, procedures and processes that define responsibility and authority for risk-taking. The risk controls can be adjusted by the Board when conditions or risk tolerances warrant. The lines of business are held accountable to perform within the established risk controls which are established to manage risk exposures within the Group and the Company's risk appetite.
- **Risk Monitor:** Through monitoring, the level of risk can be assessed relative to limits and appropriate action can be taken in a timely manner. Any exceptions will be identified, and processes are in place to appropriately report and escalate such exceptions. This includes immediate requests for approval from the relevant approving authority and alerts to the Senior Management, Management Committees, or the Board (directly or through an appropriate committee).

#### (v) Risk Management Infrastructure

- **Risk Policies, Procedures and Methodologies:** Well-defined risk policies by risk type provide the principles by which the Group and the Company manages its risks. Procedures provide guidance for day-to-day risk-taking activities. Methodologies provide specific requirements, rules or criteria that must be met to comply with the policy.
- **People:** Attracting the right talent and skills are the key to ensuring a well-functioning risk management framework. The organisation continuously evolves and proactively responds to the increasing complexity of the Group and the Company as well as the economic and regulatory environment.
- **Technology and Data:** Appropriate technology and sound data management are enablers to support risk management activities.

#### (vi) Risk Culture

A strong risk culture fosters the mindset and behaviour needed for effective risk management and prudent risk-taking within the Group's defined risk appetite. The Group continuously enhances the risk culture through ongoing training, awareness programme, and communications, fostering risk awareness and building skills across the Group and the Company.

In addition, the Group and the Company have implemented the Business Risk and Compliance Specialist ("BRiCS") and Designated Compliance and Risk Officers ("DCOROs") to cultivate proactive risk and compliance management and to establish a robust risk culture.

BRiCS operate as full-time first-line-of-defense personnel within their respective regions and selected business and support units (BSU) across the Group and the Company. They are tasked with overseeing risk and compliance functions, representing an enhanced role compared to the current DCOROs.

The DCOROs are appointed at the respective branches, business and functional units across the Group and the Company to provide real time advisory on risk and compliance matters.

### (c) Risk organisation

At the apex of the Group and the Company's risk management structure is the Board, which comprises Non-Executive Directors. In line with best practices, the Board determines the risk policy objectives for the Group and the Company, and assumes responsibility for the supervision of risk management.

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 45. FINANCIAL RISK MANAGEMENT (continued)

#### (c) Risk organisation (continued)

The day-to-day responsibility for risk management and control is delegated to the GBRCC which undertakes the oversight function for overall risk exposures of the Group and the Company to ensure that they are within risk appetites established by the Board. Other than the GBRCC, the Board is also supported by specialised and supervisory committees, the details of which are as follows:

- (i) Group Asset Liability Committee ("GALCO"): The GALCO provides strategic direction in managing the Group's capital, assets and liabilities to optimise financial performance. GALCO oversees market, liquidity and capital risks while ensuring effective balance sheet and capital management. GALCO reviews asset-liability strategies, recovery planning and stress test results ensuring compliance with prudential ratios and regulatory requirements to maintain financial stability.
- (ii) Group Management Investment and Credit Committee ("GMICC"): The GMICC oversees and approves significant investments, financing, and credit exposures to ensure alignment with the Group's strategy and risk appetite. GMICC plays a key role in managing risk by adhering to regulatory requirements and internal policies while optimising capital allocation for growth.
- (iii) Group Management Risk and Compliance Committee ("GMRCC"): The GMRCC oversees risk management and compliance activities, including the development and monitoring of policy frameworks risk appetite and regulatory compliance. GMRCC actively manages enterprise risks across credit, market, liquidity, operational, shariah, technology, ESG and other domains, ensuring robust controls and risk culture throughout the organisation. The committee also monitors adherence to laws and regulations and plays a pivotal role in supporting the Group's recovery planning and sustainability initiatives.

The Group's and the Company's risk management approach is based on the 'Three Lines of Defence' model.

First Line of Defence: Responsible for owning and managing day-to-day risks inherent in business and/or activities, including risk-taking and ensures the business operates within established risk strategies, tolerance, appetite, frameworks, policies, and procedures.

Second Line of Defence: Tasks include establishing frameworks, policies, and procedures, providing overall risk governance and independent risk oversight, ensuring compliance with applicable laws, regulations, and established policies and procedures.

Third Line of Defence: The third line of defence provides assurance through independent assessment, review, and validation. This involves examining the risk management framework, policies, and tools to ensure their robustness and alignment with both internal and external standards. Additionally, the third line assesses the adequacy of controls designed to mitigate risks.

#### 45.1 Credit Risk

Credit risk is the risk of loss to the Group and the Company due to the deterioration in credit worthiness of its customers and, consequently, their ability to discharge their contractual obligations to the Group and the Company. Credit risk remains the most significant risk to which the Group and the Company are exposed. The purpose of credit risk management is to maintain credit risk exposure at an acceptable level in line with the Group and the Company's risk appetite and to ensure that returns are commensurate with the risk underwritten.

The primary objective of the Group and the Company's credit platform is to enhance the efficiency and effectiveness of the credit oversight and credit approval processes for all consumer banking and corporate financing. Credit proposals are submitted to Credit Management Division for independent assessment, and are subsequently submitted to the relevant credit committees for approval or concurrence. Credit exposures are evaluated by the GRMD and are monitored against approved limits on a periodic basis on a portfolio basis.

##### (i) Credit risk reporting and monitoring

The Group and the Company's credit portfolios are monitored through early alert reporting to ensure credit deterioration is promptly detected and mitigated through the implementation of risk remediation strategies. All business units undertake regular and comprehensive analyses of their credit portfolios and report to the relevant committees and are overseen by the GRMD. The GRMD provides independent review and recommendation to the business units and the Board to ensure independence in relation to the prompt identification and communication of emerging credit issues of the Group to the Board.



## 45. FINANCIAL RISK MANAGEMENT (continued)

### 45.1 Credit Risk (continued)

#### (ii) Credit risk mitigation

All credit facilities are granted based on the credit standing of the customer, source of repayment, debt servicing ability and the collateral provided. The valuation of the collateral is conducted periodically. The main types of collateral taken by the Group and the Company are marketable securities, real estate, inventory and receivables. Personal guarantees are also taken as a part of the collateral to support moral commitment from the principal shareholders and directors. Corporate guarantees are often obtained when the customer's credit worthiness is insufficient to justify the granting of credit facilities.

#### (iii) Maximum exposure to credit risk

The maximum exposure to credit risk at the statements of financial position are the amounts on the statements of financial position as well as off-balance sheet financial instruments, without taking into account any collateral held or other credit enhancements. For financial assets reflected in the statement of financial position, the exposure to credit risk equals their carrying amount. For financial guarantees and similar contracts granted, it is the maximum amount that the Group and the Company would have to pay if the guarantees were called upon. For credit related commitments and contingencies that are irrevocable over the life of the respective facilities, it is generally the full amount of the committed facilities. All financial assets of the Group and the Company are subject to credit risk except for cash in hand, foreclosed properties, prepayments, deferred expenses, statutory deposits with Bank Negara Malaysia, equity instruments as well as non-financial assets.

The table below shows the maximum exposure to credit risk for the Group and the Company.

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Credit risk exposure relating to on-balance sheet assets</b>				
Cash and short-term funds*	1,146,941	1,240,679	222,807	318,778
Deposits and placements with banks and other financial institutions	674,548	770,343	–	–
Financial assets at FVTPL <sup>@</sup>	735,580	863,515	–	–
Financial investments at FVOCI	14,530,719	12,758,557	–	–
Financial investments at amortised cost	3,099,533	4,152,486	–	–
Derivative financial assets	6,944	5,627	–	–
Loans, financing and advances	43,148,650	42,136,099	249,843	248,620
Other financial assets <sup>^</sup>	269,729	389,997	1,955	4,300
	<b>63,612,644</b>	<b>62,317,303</b>	<b>474,605</b>	<b>571,698</b>
<b>Credit risk exposure relating to off-balance sheet assets</b>				
Direct credit substitutes	38,698	112,516	–	–
Trade-related contingencies	195,271	137,735	–	–
Short term self-liquidating trade-related contingencies	1,925,218	94,406	–	–
Irrevocable commitments	6,246,610	5,560,908	–	–
	<b>8,405,797</b>	<b>5,905,565</b>	<b>–</b>	<b>–</b>
<b>Total maximum exposure to credit risk</b>	<b>72,018,441</b>	<b>68,222,868</b>	<b>474,605</b>	<b>571,698</b>

\* Cash and short-term funds exclude cash in hand

@ Financial assets at FVTPL excludes shares

# Financial investments at FVOCI exclude share

^ Other financial assets exclude foreclosed properties, prepayments and deferred expenses.

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 47. FINANCIAL RISK MANAGEMENT (continued)

#### 45.1 Credit Risk (continued)

##### (iv) Credit quality

The credit mapping table below provides information to users of financial statements in understanding the Group and the Company's risk management practices and evaluating the nature of risks arising from financial instruments. The Group and the Company's internal rating scale and mapping of external ratings are set out below:

##### Credit rating mapping table for loans, financing and advances, financing commitments and financial guarantees

Risk Level	Description
<b>Strong</b>	Strong capability for payment of financial commitments.
<b>Good</b>	Good capacity to meet financial obligations and are resilient against adverse changes in circumstances, economic conditions and/or operating environments
<b>Average</b>	Moderate capacity to meet financial obligations and is more likely to be weakened by adverse changes in circumstances, economic conditions and/or operating environments than those in higher-rated categories.
<b>Below Average</b>	Weak capacity to meet financial obligations and is highly vulnerable to adverse changes in circumstances, economic conditions and/or operating environments.
<b>Poor</b>	High likelihood of defaulting on its financial obligations and highly dependent on favourable changes in circumstances, economic conditions and/or operating environments, the lack of which would likely result in defaulting on its financial obligations.
<b>Unrated</b>	Refers to financial assets which are currently not assigned with ratings due to unavailability of rating models.
<b>Impaired</b>	Refers to financial assets in respect of loans, financing and advances for which exposures are assessed individually and considered impaired based on the Group and the Company's policies.

##### Credit rating mapping table for other financial assets

Rating for disclosures in the financial statements	RAM Ratings	MARC	Moody's/Fitch/S&P
<b>AAA</b>	AAA	AAA	Aaa
<b>AA and below</b>	BBB3 to AA1	BBB- to AA+	Baa3 to Aa1



## 45. FINANCIAL RISK MANAGEMENT (continued)

### 45.1 Credit Risk (continued)

#### (iv) Credit quality (continued)

##### (a) Loans, financing and advances

The credit quality of the Group and the Company's loans, financing and advances are summarised as follows:

2025	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Strong	135,570	9,367	–	144,937
Good	2,311,357	41,854	–	2,353,211
Average	7,543,678	1,252,543	–	8,796,221
Below Average	878,304	283,245	–	1,161,549
Poor	28,798	11,515	–	40,313
Unrated	26,014,160	2,639,037	–	28,653,197
Impaired	–	–	2,779,800	2,779,800
<b>Gross loans, financing and advances (Note 8(vii))</b>	<b>36,911,867</b>	<b>4,237,561</b>	<b>2,779,800</b>	<b>43,929,228</b>
<b>Less: ECL (Note 8 (viii))</b>	<b>(108,108)</b>	<b>(115,301)</b>	<b>(557,169)</b>	<b>(780,578)</b>
<b>Net loans, financing and advances</b>	<b>36,803,759</b>	<b>4,122,260</b>	<b>2,222,631</b>	<b>43,148,650</b>

2025	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Impaired	–	–	276,014	276,014
<b>Gross loans and advances (Note 8(vii))</b>				
<b>Less: ECL (Note 8 (viii))</b>	<b>–</b>	<b>–</b>	<b>276,014</b>	<b>276,014</b>
	<b>–</b>	<b>–</b>	<b>(26,171)</b>	<b>(26,171)</b>
<b>Net loans and advances</b>	<b>–</b>	<b>–</b>	<b>249,843</b>	<b>249,843</b>

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 45. FINANCIAL RISK MANAGEMENT (continued)

#### 45.1 Credit Risk (continued)

##### (iv) Credit quality (continued)

##### (a) Loans, financing and advances (continued)

The credit quality of the Group and the Company's loans, financing and advances are summarised as follows (continued):

2024	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Strong	444,267	23,889	–	468,156
Good	2,649,003	128,444	–	2,777,447
Average	7,393,110	319,929	–	7,713,039
Below Average	596,020	121,979	–	717,999
Poor	22,365	35,633	–	57,998
Unrated	26,996,603	1,960,718	–	28,957,321
Impaired	–	–	2,290,658	2,290,658
<b>Gross loans, financing and advances (Note 8(vii))</b>	38,101,368	2,590,592	2,290,658	42,982,618
<b>Less: ECL (Note 8 (viii))</b>	(133,573)	(215,709)	(497,237)	(846,519)
<b>Net loans, financing and advances</b>	37,967,795	2,374,883	1,793,421	42,136,099

2024	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Impaired	–	–	272,017	272,017
<b>Gross loans and advances (Note 8(vii))</b>	–	–	272,017	272,017
<b>Less: ECL (Note 8 (viii))</b>	–	–	(23,397)	(23,397)
<b>Net loans and advances</b>	–	–	248,620	248,620



## 45. FINANCIAL RISK MANAGEMENT (continued)

### 45.1 Credit Risk (continued)

#### (iv) Credit quality (continued)

(a) Loans, financing and advances (continued)

The credit quality of the Group's commitments and financial guarantees are summarised as follows:

2025	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Financing commitments</b>				
Strong	37,333	–	–	37,333
Good	875,623	12,350	–	887,973
Average	3,509,319	100,447	–	3,609,766
Below Average	367,250	2,567	–	369,817
Poor	233	–	98,157	98,390
Unrated	1,197,596	37,881	7,854	1,243,331
<b>Gross financing commitments</b>	<b>5,987,354</b>	<b>153,245</b>	<b>106,011</b>	<b>6,246,610</b>
<b>Less: ECL (Note 21(b))</b>	<b>(8,724)</b>	<b>(509)</b>	<b>(2,559)</b>	<b>(11,792)</b>
<b>Net financing commitments</b>	<b>5,978,630</b>	<b>152,736</b>	<b>103,452</b>	<b>6,234,818</b>
<b>Financial guarantees</b>				
Strong	5,000	–	–	5,000
Good	95,856	–	–	95,856
Average	128,802	–	–	128,802
Below Average	420	–	–	420
Poor	–	–	1,000	1,000
Unrated	1,928,109	–	–	1,928,109
<b>Gross financial guarantees</b>	<b>2,158,187</b>	<b>–</b>	<b>1,000</b>	<b>2,159,187</b>
<b>Less: ECL (Note 21(b))</b>	<b>(1,188)</b>	<b>–</b>	<b>–</b>	<b>(1,188)</b>
<b>Net financial guarantees</b>	<b>2,156,999</b>	<b>–</b>	<b>1,000</b>	<b>2,157,999</b>

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 45. FINANCIAL RISK MANAGEMENT (continued)

#### 45.1 Credit Risk (continued)

##### (iv) Credit quality (continued)

(a) Loans, financing and advances (continued)

The credit quality of the Group's commitments and financial guarantees are summarised as follows (continued):

2024	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Financing commitments</b>				
Strong	77,384	6,573	–	83,957
Good	828,526	7,111	–	835,637
Average	2,542,881	106,728	–	2,649,609
Below Average	1,047,439	89,013	–	1,136,452
Poor	–	–	106,908	106,908
Unrated	744,882	27,452	9,511	781,845
<b>Gross financing commitments</b>	<b>5,241,112</b>	<b>236,877</b>	<b>116,419</b>	<b>5,594,408</b>
<b>Less: ECL (Note 21(b))</b>	<b>(14,085)</b>	<b>(2,596)</b>	<b>(1,471)</b>	<b>(18,152)</b>
<b>Net financing commitments</b>	<b>5,227,027</b>	<b>234,281</b>	<b>114,948</b>	<b>5,576,256</b>
<b>Financial guarantees</b>				
Good	61,931	–	–	61,931
Average	223,854	306	–	224,160
Below Average	4,440	–	–	4,440
Poor	–	–	1,000	1,000
Unrated	19,626	–	–	19,626
<b>Gross financial guarantees</b>	<b>309,851</b>	<b>306</b>	<b>1,000</b>	<b>311,157</b>
<b>Less: ECL (Note 21(b))</b>	<b>(1,355)</b>	<b>(4)</b>	<b>–</b>	<b>(1,359)</b>
<b>Net financial guarantees</b>	<b>308,496</b>	<b>302</b>	<b>1,000</b>	<b>309,798</b>



## 45. FINANCIAL RISK MANAGEMENT (continued)

### 45.1 Credit Risk (continued)

#### (iv) Credit quality (continued)

##### (b) Other financial assets

The credit quality of the Group and the Company's other financial assets are summarised as follows:

2025	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Cash and short-term funds</b>				
AAA	498,588	–	–	498,588
AA and below	522,677	–	–	522,677
Unrated	125,676	–	–	125,676
	<b>1,146,941</b>	<b>–</b>	<b>–</b>	<b>1,146,941</b>
<b>Deposits and placements with banks and other financial institutions</b>				
AAA	674,516	–	–	674,516
AA and below	32	–	–	32
	<b>674,548</b>	<b>–</b>	<b>–</b>	<b>674,548</b>
<b>Financial assets and investments portfolios</b>				
AAA	3,849,705	–	–	3,849,705
AA and below	2,284,541	51,284	–	2,335,825
Unrated*	11,240,077	204,643	2	11,444,722
	<b>17,374,323</b>	<b>255,927</b>	<b>2</b>	<b>17,630,252</b>
<b>Other financial assets</b>				
Unrated <sup>^</sup>	213,744	–	1,615	215,359
	<b>213,744</b>	<b>–</b>	<b>1,615</b>	<b>215,359</b>

\* Unrated debt investments for the Group include government guaranteed securities of RM10,015,864,000 (2024: RM10,946,091,000)

<sup>^</sup> Excludes amount due from brokers and clients

2025	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Cash and short-term funds</b>				
AA and below	222,807	–	–	222,807
	<b>222,807</b>	<b>–</b>	<b>–</b>	<b>222,807</b>
<b>Other financial assets</b>				
Unrated	1,955	–	–	1,955
	<b>1,955</b>	<b>–</b>	<b>–</b>	<b>1,955</b>

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 45. FINANCIAL RISK MANAGEMENT (continued)

#### 45.1 Credit Risk (continued)

##### (iv) Credit quality (continued)

##### (b) Other financial assets (continued)

The credit quality of the Group and the Company's other financial assets are summarised as follows (continued):

2024	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Cash and short-term funds</b>				
AAA	805,130	–	–	805,130
AA and below	344,167	–	–	344,167
Unrated	91,382	–	–	91,382
	1,240,679	–	–	1,240,679
<b>Deposits and placements with banks and other financial institutions</b>				
AAA	770,311	–	–	770,311
AA and below	32	–	–	32
	770,343	–	–	770,343
<b>Financial assets and investments portfolios</b>				
AAA	2,650,429	–	–	2,650,429
AA and below	2,104,538	61,570	–	2,166,108
Unrated*	12,753,215	204,804	2	12,958,021
	17,508,182	266,374	2	17,774,558
<b>Other financial assets</b>				
Unrated	389,984	–	13	389,997
	389,984	–	13	389,997

\* Unrated debt investments for the Group include government guaranteed securities of RM10,015,864,000 (2024: RM10,946,091,000)

2024	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Cash and short-term funds</b>				
AA and below	318,778	–	–	318,778
	318,778	–	–	318,778
<b>Other financial assets</b>				
Unrated	4,300	–	–	4,300
	4,300	–	–	4,300



## Notes to the Financial Statements

For the financial year ended 31 December 2025

### 45. FINANCIAL RISK MANAGEMENT (continued)

#### 45.1 Credit risk (continued)

##### (v) Concentration of credit risk

Concentration of credit risk arises when several customers are engaged in similar business activities or activities within the same geographic region, or when they have similar risk characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Group and the Company monitor their portfolios to identify and assess risk concentrations. The credit portfolios are monitored and periodically reviewed to identify, assess and guard against unacceptable risk concentrations. GRMD also applies single counterparty exposure limits to protect against unacceptably large exposures to a single group of customers. GRMD conducts analysis and reports concentration risk to the Board on a quarterly basis.

	Cash and short-term funds and deposits and placements with financial institutions	Financial assets at FVTPL	Financial investments at FVOCI	Financial investments at amortised cost	Derivative financial assets	Loans, financing advances and	Other financial assets	On balance sheet total	Undrawn financing commitments and other facilities	Irrevocable commitments
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2025</b>										
Government and central banks	150,286	605,414	8,472,262	932,070	-	-	-	10,160,032	-	-
Household sectors	-	-	-	-	-	28,526,599	-	28,526,599	-	571,274
Agriculture	-	-	170,597	-	40	496,276	-	666,913	860	157,203
Mining and quarrying	-	-	82,999	91,490	-	134,494	-	308,983	6,500	189,828
Manufacturing	-	-	427,570	30,621	2,775	1,786,414	-	2,247,380	76,827	1,307,151
Electricity, gas and water	-	-	841,309	131,549	-	668,376	-	1,644,234	1,146	22,818
Construction	-	-	293,455	167,423	-	1,545,284	-	2,006,162	110,863	1,184,178
Wholesale & retail trade and restaurants & hotels	-	-	-	-	434	1,883,492	-	1,883,926	48,782	824,741
Transport, storage and communication	-	-	96,278	25,101	-	2,521,405	-	2,642,784	10,738	462,234
Finance, insurance, real estate, and business services	1,671,203	130,166	3,752,326	1,254,027	3,695	4,052,156	-	10,863,573	9,475	1,092,191
Education, health and others	-	-	30,421	20,371	-	149,779	-	200,571	1,893,996	69,531
Others	-	-	363,502	446,881	-	1,384,375	269,729	2,464,487	-	365,461
	1,821,489	735,580	14,530,719	3,099,533	6,944	43,148,650	269,729	63,612,644	2,159,187	6,246,610

## Notes to the Financial Statements

For the financial year ended 31 December 2025

### 45. FINANCIAL RISK MANAGEMENT (continued)

#### 45.1 Credit risk (continued)

##### (v) Concentration of credit risk (continued)

Group	Cash and short-term funds and deposits and placements with financial institutions RM'000	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Financial investments at amortised cost RM'000	Derivative financial assets RM'000	Loans, financing advances and RM'000	Other financial assets RM'000	On balance sheet total RM'000	Undrawn financing commitments and other facilities RM'000	Irrevocable commitments RM'000
<b>2024</b>										
Government and central banks	1,240,679	701,143	693,835	455,065	-	-	-	3,090,722	-	-
Household sectors	-	-	-	-	-	29,030,685	-	29,030,685	-	513,011
Agriculture	-	-	20,125	-	-	284,501	-	304,626	580	132,004
Mining and quarrying	-	-	80,300	96,536	-	32,324	-	209,160	-	11,544
Manufacturing	-	-	394,961	40,723	1,065	2,029,193	-	2,465,942	64,054	816,096
Electricity, gas and water	-	-	482,960	146,555	-	113,139	-	742,654	-	6,304
Construction	-	-	524,592	192,831	-	2,840,652	-	3,558,075	104,136	1,702,886
Wholesale & retail trade and restaurants & hotels	-	-	-	-	-	2,064,497	536	2,065,033	26,694	636,640
Transport, storage and communication	-	-	115,832	34,924	-	643,726	-	794,482	100,690	66,175
Finance, insurance, real estate, and business services	770,343	162,372	9,640,389	2,598,360	4,026	3,063,696	-	16,239,186	12,305	1,001,555
Education, health and others	-	-	269,144	20,397	-	125,635	-	415,176	2,698	219,859
Others	-	-	536,419	567,096	-	1,908,050	389,997	3,401,562	-	488,334
	2,011,022	863,515	12,758,557	4,152,487	5,627	42,136,098	389,997	62,317,303	311,157	5,594,408



## 45. FINANCIAL RISK MANAGEMENT (continued)

### 45.1 Credit risk (continued)

#### (v) Concentration of credit risk (continued)

Company	Cash and short-term funds and deposits and placements with financial institutions RM'000	Loans and advances RM'000	Other financial assets RM'000	On balance sheet total RM'000	Irrevocable Commitment RM'000
<b>2025</b>					
Construction	–	176,012	–	176,012	–
Finance, insurance and business services	222,807	–	–	222,807	–
Education, health and others	–	73,831	–	73,831	–
Others	–	–	1,955	1,955	–
	222,807	249,843	1,955	474,605	–

Company	Cash and short-term funds and deposits and placements with financial institutions RM'000	Loans and advances RM'000	Other financial assets RM'000	On balance sheet total RM'000	Irrevocable Commitment RM'000
<b>2024</b>					
Construction	–	173,330	–	173,330	–
Finance, insurance and business services	318,778	–	–	318,778	–
Education, health and others	–	75,290	–	75,290	–
Others	–	–	4,300	4,300	–
	318,778	248,620	4,300	571,698	–

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 45. FINANCIAL RISK MANAGEMENT (continued)

#### 45.1 Credit risk (continued)

##### (vi) Collateral

The credit risk of financial assets of the Group and the Company is mitigated by the collateral in respect of financial assets.

The collateral mitigates credit risk and would reduce the extent of impairment losses for assets subject to impairment review.

The main types of collateral obtained by the Group and the Company to mitigate credit risk are as follows:

- For Islamic property financing – charge over properties;
- For auto financing – ownership claims over vehicles financed;
- For project loans and financing – charges over projects being financed; and
- For other advances and financing – charges over business assets such as premises, inventories, marketable securities, real estate, and trade receivables or deposits.

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for net loans, financing and advances for the Group is 69.45% (2024: 68.27%) and the Company is at 100% (2024: 100%). The financial effect of collateral held for the remaining financial assets are not significant.

##### (vii) Key macroeconomic variables

In computing the ECL of loans, financing and advances, the Group incorporates the impact of forward-looking key MEV according to respective portfolio. The Group performed statistical analysis based on historical experience and identified the MEV impacting credit risk and ECL for each portfolio. The relationship of the MEV on the components of ECL has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and the components. Sources of forecasts of the MEVs are internal research house.

The MEV incorporated into the ECL calculations are supported with 3 economic scenarios i.e. baseline, best and worst case scenarios. The following table shows the MEV applied but not limited to by the Group in the ECL models.

Macro-economic Variables ("MEVs")	Base scenario		Best scenario		Worst scenario	
	Next	Remaining	Next	Remaining	Next	Remaining
	12 months	forecast period	12 months	forecast period	12 months	forecast period
<b>2025</b>						
Unemployment Rate (%)	2.50	3.05	2.30	2.77	2.80	3.70
Consumer Price Index ("CPI")	135.94	139.23	133.45	131.42	136.29	145.10
<b>2024</b>						
Unemployment Rate (%)	3.36	3.33	2.91	2.10	5.36	3.71
Consumer Price Index ("CPI")	137.83	143.70	136.49	137.68	139.91	147.23

#### 45.2 Market risk

Market risk is defined as the risk of potential loss or adverse impact on earnings or capital arising from movements in market rates or prices, including interest/profit rates, foreign exchange rates, and equity prices. Market risk is differentiated into two categories: Traded Market Risk ("TMR"), which pertains to trading book activities, and Non-Traded Market Risk ("NTMR"), which pertains to banking book activities.

Market risk exposures arising from both trading book and banking book activities are managed through a combination of governance structures, risk measurement techniques and control frameworks designed to identify, assess, monitor and mitigate the potential adverse effects of market movements on financial condition and performance.



## 45. FINANCIAL RISK MANAGEMENT (continued)

### 45.2 Market risk (continued)

#### Traded Market Risk

Traded Market Risk ("TMR") exposures primarily arise from trading activities undertaken in the financial markets. The objectives of TMR management are to identify, assess and measure market risk exposures, and to work with relevant Business Units ("BUs") to ensure such exposures remain within the approved risk appetite.

Governance of the trading book activities is supported by established market risk policies, which incorporate a range of quantitative and qualitative controls, including loss controls, position controls, sensitivity controls, and concentration controls. These controls are implemented through structured risk limit setting, measurement and monitoring processes, together with ongoing engagement with the BUs.

To manage sensitivity to changes in interest/profit rates, sensitivity measures such as the Price Value of One Basis Point ("PV01") are applied, while Net Open Position controls are used to manage foreign exchange risk exposures. These measures are considered appropriate given the size, nature and complexity of trading activities and provide meaningful insights into exposure levels for effective monitoring, control and decision-making purposes.

TMR exposures are independently monitored against approved limits on an ongoing basis to ensure effective segregation between risk-taking and risk oversight functions. Monitoring results are reported regularly to Management and relevant Board-level committees. Policies and procedures are in place to facilitate timely escalation and corrective actions in the event of any exceptions to approved traded market risk controls, including the requirement for BUs to provide explanations and action plans where applicable.

#### Capital Treatment for Market Risk

The Standardised Approach ("SA") is adopted in computing market risk capital charge requirements in accordance with BNM's Guidelines on Capital Adequacy Framework (Basel II – Risk Weighted Assets) and CAFIB (Basel II – Risk Weighted Assets).

#### Non-Traded Market Risk

NTMR primarily arises from banking book activities, where the principal exposures relates to Interest Rate Risk/Rate of Return Risk in the Banking Book.

#### Sensitivity analysis for profit/interest rate risk

At the reporting date, if profit/interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group and the Company's net profit and shareholders' equity would have been as per the following table, arising mainly as a result of changes in floating profit/interest rates and fixed rates financial assets and financial liabilities.

	Group		Company	
	+100 basis points RM'000	-100 basis points RM'000	+100 basis points RM'000	-100 basis points RM'000
<b>2025</b>				
Impact to profit after tax	464,127	(584,735)	5	(5)
Impact on equity	(961,870)	687,986	–	–
<b>2024</b>				
Impact to profit after tax	62,157	(150,041)	7	(7)
Impact on equity	(587,098)	644,943	–	–

## Notes to the Financial Statements

For the financial year ended 31 December 2025

### 45. FINANCIAL RISK MANAGEMENT (continued)

#### 45.2 Market risk (continued)

##### Profit/interest rate risk

The tables below summarise the Group and Company's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates:

Group 2025	Within 1 year					Over 5 years RM'000	Non-profit/ interest sensitive RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	>5 years RM'000				
<b>Financial Assets</b>									
Cash and short-term funds	583,818	-	-	-	-	-	577,849	-	1,161,667
Deposits and placements with banks and other financial institutions	39	41,700	630,030	-	-	-	2,779	-	674,548
Financial assets at FVTPL	-	-	-	-	-	-	9,105	768,242	777,347
Financial investments at FVOCI	-	671,304	500,543	5,117,127	8,089,856	-	152,921	-	14,531,751
Financial investments at amortised cost *	210,001	40,055	932,633	1,224,138	656,529	-	36,177	-	3,099,533
Derivative financial assets	-	-	1,765	-	-	-	5,179	-	6,944
Loans, financing and advances *	34,004,283	1,641,670	3,331,284	1,043,366	905,976	-	2,222,071	-	43,148,650
Other financial assets	-	-	-	-	-	-	269,729	-	269,729
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	425,627	-	425,627
<b>Total financial assets</b>	<b>34,798,141</b>	<b>2,394,729</b>	<b>5,396,255</b>	<b>7,384,631</b>	<b>9,652,361</b>	<b>3,701,437</b>	<b>768,242</b>	<b>64,095,796</b>	
<b>Financial Liabilities</b>									
Deposits from customers	9,454,169	5,152,402	15,701,284	2,251,252	1,413	-	6,750,746	-	39,311,266
Deposits and placements of banks and other financial institutions	5,088,550	586,616	141,524	100,793	-	-	456,299	-	6,373,782
Investment accounts of customers	151,951	201,050	1,003,049	-	-	-	29,999	-	1,386,049
Islamic repurchase agreement	3,078,071	-	-	-	-	-	-	-	3,078,071
Derivative financial liabilities	-	-	-	2,487	-	-	4,880	8	7,375
Other financial liabilities	-	-	-	-	-	-	408,443	-	408,443
Lease liabilities	1,387	3,018	12,158	8,597	-	-	-	-	25,160
Recourse obligation on financing sold	-	-	-	3,370,004	-	-	20,375	-	3,390,379
Sukuk	-	-	69,491	443,551	646,959	-	6,111	-	1,166,112
Borrowings and government grant	-	4,142	2,897	35,191	51,401	-	50,176	-	143,807
<b>Total financial liabilities</b>	<b>17,774,128</b>	<b>5,947,228</b>	<b>16,930,403</b>	<b>6,211,875</b>	<b>699,773</b>	<b>7,727,029</b>	<b>8</b>	<b>55,290,444</b>	
<b>Total profit/interest sensitivity gap</b>	<b>17,024,013</b>	<b>(3,552,499)</b>	<b>(11,534,148)</b>	<b>1,172,756</b>	<b>8,952,588</b>	<b>(4,025,592)</b>	<b>768,234</b>	<b>8,805,352</b>	
<b>Commitments and contingencies</b>									
Credit related commitments and contingencies	-	-	-	-	-	-	8,405,797	-	8,405,797
<b>Net interest sensitivity gap</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,405,797</b>	<b>-</b>	<b>8,405,797</b>

\* Exclude impairment allowances.



## 45. FINANCIAL RISK MANAGEMENT (continued)

### 45.2 Market risk (continued)

#### Profit/interest rate risk (continued)

Group 2024	Within 1 year					Non-profit/ interest sensitive RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000			
<b>Financial Assets</b>								
Cash and short-term funds	911,927	-	-	-	-	351,108	-	1,263,035
Deposits and placements with banks and other financial institutions	32	41,700	725,516	-	-	3,095	-	770,343
Financial assets at FV/TPL	-	-	-	-	-	19,631	863,515	883,146
Financial investments at FVOCI	15,005	-	327,163	5,847,568	6,458,057	110,764	-	12,758,557
Financial investments at amortised cost	10,254	10,018	600,035	2,328,175	1,180,416	23,588	-	4,152,486
Derivative financial assets	-	-	3,970	-	-	1,657	-	5,627
Loans, financing and advances *	27,743,525	1,497,181	4,023,074	1,227,136	5,863,375	1,781,808	-	42,136,099
Other financial assets	-	-	-	-	-	389,997	-	389,997
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	853,317	-	853,317
<b>Total financial assets</b>	28,680,743	1,548,899	5,679,758	9,402,879	13,501,848	3,534,965	863,515	63,212,607
<b>Financial Liabilities</b>								
Deposits from customers	9,803,762	7,790,595	14,971,468	2,383,496	7,568	4,821,963	-	39,778,852
Deposits and placements of banks and other financial institutions	4,882,296	2,193,231	1,233,132	50,608	-	697,024	-	9,056,291
Investment accounts of customers	17,863	15,373	522,510	-	-	5,182	-	560,928
Islamic repurchase agreement	-	568,513	-	-	-	-	-	568,513
Derivative financial liabilities	-	-	-	616	-	6,152	-	6,768
Other financial liabilities	-	-	-	-	-	820,696	-	820,696
Lease liabilities	1,467	4,338	11,517	15,296	-	-	-	32,618
Recourse obligation on financing sold	-	796,183	858,559	426,490	-	8,800	-	2,090,032
Sukuk	-	-	159,275	512,640	646,395	7,428	-	1,325,738
Borrowings and government grant	-	-	-	-	161,066	13,737	-	174,803
<b>Total financial liabilities</b>	14,705,388	11,368,233	17,756,461	3,389,146	815,029	6,380,982	-	54,415,239
<b>Total profit/interest sensitivity gap</b>	13,975,355	(9,819,334)	(12,076,703)	6,013,733	12,686,819	(2,846,017)	863,515	8,797,368

\* Exclude impairment allowances.

## Notes to the Financial Statements

For the financial year ended 31 December 2025

### 45. FINANCIAL RISK MANAGEMENT (continued)

#### 45.2 Market risk (continued)

##### Interest rate risk (continued)

Company	Within 1 year						Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000		
<b>2025</b>								
<b>Financial Assets</b>								
Cash and short-term funds	220,784	-	-	-	-	-	222,807	
Loans and advances *	-	-	-	-	-	-	249,843	
Other financial assets	-	-	-	-	-	-	1,955	
<b>Total financial assets</b>	<b>220,784</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>474,605</b>	
<b>Financial Liabilities</b>								
Other financial liabilities	-	-	-	-	-	-	23,026	
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,026</b>	
<b>Total interest sensitivity gap</b>	<b>220,784</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>451,579</b>	
<b>2024</b>								
<b>Financial Assets</b>								
Cash and short-term funds	317,694	-	-	-	-	-	318,778	
Loans and advances *	-	-	-	-	-	-	248,620	
Other financial assets	-	-	-	-	-	-	4,300	
<b>Total financial assets</b>	<b>317,694</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>571,698</b>	
<b>Financial Liabilities</b>								
Other financial liabilities	-	-	-	-	-	-	240,221	
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>240,221</b>	
<b>Total interest sensitivity gap</b>	<b>317,694</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>331,477</b>	

\* Exclude impairment allowances.



## 45. FINANCIAL RISK MANAGEMENT (continued)

### 45.2 Market risk (continued)

#### Foreign Exchange Risk

Foreign exchange risk refers to the potential adverse impact on financial position or cash flows arising from movements in foreign exchange rates, primarily from assets and liabilities denominated in currencies other than the functional currency. Such exposures are limited and are monitored and managed within approved limits to mitigate the impact of currency fluctuations.

#### Sensitivity Analysis

The table below shows sensitivity of the Group's profit to movement in foreign exchange rates. The Company's profit is not exposed to foreign exchange risk.

	Group	
	Increase/(decrease)	
	2025 RM'000	2024 RM'000
+1%	1,508	(4,705)
-1%	(1,508)	4,705
<b>Asset/(Liability)</b>	<b>(165,744)</b>	606,624
United States Dollar ("USD")	(1,082)	(7,981)
Great Britain Pound ("GBP")	(31,649)	20,428
Others	(198,475)	619,071

### 45.3 Liquidity risk

Liquidity risk is the risk of adverse impacts on the financial condition or overall safety and soundness arising from an inability, or perceived inability, to meet financial obligations or commitments as they fall due, or from being able to meet such obligations only at an unreasonable cost.

Liquidity risk comprises both funding liquidity risk, which arises from the inability to meet expected or unexpected cash flow obligations as they fall due, and market liquidity risk, which arises from limitations in converting assets into cash at reasonable prices due to market conditions.

The primary objective liquidity risk management is to ensure the availability of sufficient funds at a reasonable cost to honour all financial commitments when they fall due under various market conditions. To support this objective, various liquidity measurements, including the Liquidity Coverage Ratio ("LCR"), Net Stable Funding Ratio ("NSFR"), and Top Depositor Concentration ratios, are employed. At the same time, an appropriate funding structure is maintained by balancing key liquidity risk management considerations, including diversification of funding sources, customer base, and maturity profile.

In compliance with BNM's regulatory requirements, the LCR and NSFR are maintained above the minimum requirements. LCR serves as a short-term liquidity resilience measure, assessing the adequacy of High-Quality Liquid Assets ("HQLAs") to withstand an acute liquidity stress scenario over a 30-day horizon. NSFR promotes a more stable funding profile to support the balance sheet over the medium to long term.

A Contingency Funding Plan ("CFP") is established to provide a structured plan for managing liquidity stress events. The CFP outlines mitigation strategies and escalation arrangements based on the severity of liquidity conditions and incorporates a set of early warning signals to identify emerging liquidity risks. A simulation exercise is conducted periodically to assess organisational preparedness, clarity of roles and the effectiveness of escalation and response processes in managing liquidity incidents.

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### 45. FINANCIAL RISK MANAGEMENT (continued)

#### 45.3 Liquidity risk (continued)

The table below summarises the maturity profile of the Group and the Company's financial assets and liabilities at the reporting date based on contractual repayment

##### (a) Maturity analysis

Group 2025	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	No specific maturity RM'000	Total RM'000
<b>Financial Assets</b>					
Cash and short-term funds	1,161,667	–	–	–	1,161,667
Deposits and placements with banks and other financial institutions	671,769	–	–	2,779	674,548
Financial assets at FVTPL	–	768,242	–	9,105	777,347
Financial investments at FVOCI	1,323,736	5,117,127	8,089,856	1,032	14,531,751
Financial investments at amortised cost*	1,218,866	1,224,138	656,529	–	3,099,533
Derivative financial assets	6,944	–	–	–	6,944
Loans, financing and advances*	41,199,308	1,043,366	905,976	–	43,148,650
Other financial assets	269,729	–	–	–	269,729
Statutory deposits with Bank Negara Malaysia	–	–	–	425,627	425,627
<b>Total financial assets</b>	<b>45,852,019</b>	<b>8,152,873</b>	<b>9,652,361</b>	<b>438,543</b>	<b>64,095,796</b>
<b>Financial liabilities</b>					
Deposits from customers	37,058,601	2,251,252	1,413	–	39,311,266
Deposits and placements of banks and other financial institutions	6,272,989	100,793	–	–	6,373,782
Investment accounts of customers	1,386,049	–	–	–	1,386,049
Islamic repurchase agreement	3,078,071	–	–	–	3,078,071
Derivative financial liabilities	4,888	2,487	–	–	7,375
Other financial liabilities	408,443	–	–	–	408,443
Lease liabilities	16,563	8,597	–	–	25,160
Recourse obligation on financing sold	20,375	3,370,004	–	–	3,390,379
Sukuk	75,602	443,551	646,959	–	1,166,112
Borrowings and government grant	7,039	85,191	51,577	–	143,807
<b>Total financial liabilities</b>	<b>48,328,620</b>	<b>6,261,875</b>	<b>699,949</b>	<b>–</b>	<b>55,290,444</b>
<b>Net liquidity gap</b>	<b>(2,476,601)</b>	<b>1,890,998</b>	<b>8,952,412</b>	<b>438,543</b>	<b>8,805,352</b>

\* Exclude impairment allowances.



## 45. FINANCIAL RISK MANAGEMENT (continued)

### 45.3 Liquidity risk (continued)

#### (a) Maturity analysis (continued)

Group 2024	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	No specific maturity RM'000	Total RM'000
<b>Financial Assets</b>					
Cash and short-term funds	911,927	–	–	351,108	1,263,035
Deposits and placements with banks and other financial institutions	767,248	–	–	3,095	770,343
Financial assets at FVTPL	–	863,515	–	19,631	883,146
Financial investments at FVOCI	452,932	5,847,568	6,458,057	–	12,758,557
Financial investments at amortised cost	643,895	2,328,175	1,180,416	–	4,152,486
Derivative financial assets	5,627	–	–	–	5,627
Loans, financing and advances*	35,045,588	1,227,136	5,863,375	–	42,136,099
Other financial assets	389,997	–	–	–	389,997
Statutory deposits with Bank Negara Malaysia	–	–	–	853,317	853,317
<b>Total financial assets</b>	<b>38,217,214</b>	<b>10,266,394</b>	<b>13,501,848</b>	<b>1,227,151</b>	<b>63,212,607</b>
<b>Financial liabilities</b>					
Deposits from customers	37,387,788	2,383,496	7,568	–	39,778,852
Deposits and placements of banks and other financial institutions	9,005,683	50,608	–	–	9,056,291
Investment accounts of customers	560,928	–	–	–	560,928
Islamic repurchase agreement	568,513	–	–	–	568,513
Derivative financial liabilities	6,152	616	–	–	6,768
Other financial liabilities	820,696	–	–	–	820,696
Lease liabilities	17,322	15,296	–	–	32,618
Recourse obligation on financing sold	1,663,542	426,490	–	–	2,090,032
Sukuk	166,703	512,640	646,395	–	1,325,738
Borrowings and government grant	13,737	–	161,066	–	174,803
<b>Total financial liabilities</b>	<b>50,211,064</b>	<b>3,389,146</b>	<b>815,029</b>	<b>–</b>	<b>54,415,239</b>
<b>Net liquidity gap</b>	<b>(11,993,850)</b>	<b>6,877,248</b>	<b>12,686,819</b>	<b>1,227,151</b>	<b>8,797,368</b>

\* Exclude impairment allowances.

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 45. FINANCIAL RISK MANAGEMENT (continued)

#### 45.3 Liquidity risk (continued)

##### (a) Maturity analysis (continued)

Company	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	No specific maturity RM'000	Total RM'000
<b>2025</b>					
<b>Financial assets</b>					
Cash and short-term funds	220,784	–	–	2,023	222,807
Loans and advances*	249,843	–	–	–	249,843
Other financial assets	1,955	–	–	–	1,955
<b>Total financial assets</b>	<b>472,582</b>	<b>–</b>	<b>–</b>	<b>2,023</b>	<b>474,605</b>
<b>Financial liabilities</b>					
Other financial liabilities	23,026	–	–	–	23,026
<b>Total financial liabilities</b>	<b>23,026</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>23,026</b>
Net liquidity gap on Statement of Financial Position	449,556	–	–	2,023	451,579
<b>Net liquidity gap</b>	<b>449,556</b>	<b>–</b>	<b>–</b>	<b>2,023</b>	<b>451,579</b>
<b>2024</b>					
<b>Financial assets</b>					
Cash and short-term funds	317,694	–	–	1,084	318,778
Loans and advances*	248,620	–	–	–	248,620
Other financial assets	4,300	–	–	–	4,300
<b>Total financial assets</b>	<b>570,614</b>	<b>–</b>	<b>–</b>	<b>1,084</b>	<b>571,698</b>
<b>Financial liabilities</b>					
Other financial liabilities	240,221	–	–	–	240,221
<b>Total financial liabilities</b>	<b>240,221</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>240,221</b>
Net liquidity gap on Statement of Financial Position	330,393	–	–	1,084	331,477
<b>Net liquidity gap</b>	<b>330,393</b>	<b>–</b>	<b>–</b>	<b>1,084</b>	<b>331,477</b>

\* Exclude impairment allowances.



## 45. FINANCIAL RISK MANAGEMENT (continued)

### 45.3 Liquidity risk (continued)

The tables below show the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturities. The balances in the tables below will not agree to the balances reported in the statements of financial position as the tables incorporate all contractual cash flows, on an undiscounted basis, relating to both principal and profit/interest payments. The contractual maturity profile does not necessarily reflect the behavioural cash flows.

#### (b) Contractual maturity of financial liabilities on an undiscounted basis

Group 2025	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	No specific maturity RM'000	Total RM'000
<b>Financial liabilities</b>					
Deposits from customers	37,574,485	2,771,161	1,809	–	40,347,455
Deposits and placements of banks and other financial institutions	6,385,962	125,163	–	–	6,511,125
Investment accounts of customers	1,409,754	–	–	–	1,409,754
Islamic repurchase agreement	3,079,743	–	–	–	3,079,743
Derivative financial liabilities:					
Gross settled derivatives					
– Inflow	(395,838)	–	–	–	(395,838)
– Outflow	276,191	–	–	–	276,191
Net settled derivatives	–	(153)	–	–	(153)
Other financial liabilities	408,443	–	–	–	408,443
Lease liabilities	17,090	9,055	–	–	26,145
Recourse obligation on financing sold	155,070	3,382,444	–	–	3,537,514
Sukuk	127,247	605,592	684,032	–	1,416,871
Borrowings and government grant	6,984	84,922	52,384	–	144,290
	<b>49,045,131</b>	<b>6,978,184</b>	<b>738,225</b>	<b>–</b>	<b>56,761,540</b>
<b>Commitments and contingencies<sup>®</sup></b>					
Direct credit substitutes	37,061	1,637	–	–	38,698
Trade-related contingencies	103,539	86,649	5,083	–	195,271
Short term self-liquidating trade-related contingencies	31,220	1,893,998	–	–	1,925,218
Irrevocable commitments	3,123,181	2,230,215	893,214	–	6,246,610
	<b>3,295,001</b>	<b>4,212,499</b>	<b>898,297</b>	<b>–</b>	<b>8,405,797</b>

<sup>®</sup> Commitments and contingencies exclude foreign exchange related contracts and profit/interest rate related contracts.

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 45. FINANCIAL RISK MANAGEMENT (continued)

#### 45.3 Liquidity risk (continued)

##### (b) Contractual maturity of financial liabilities on an undiscounted basis (continued)

Group 2024	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	No specific maturity RM'000	Total RM'000
<b>Financial liabilities</b>					
Deposits from customers	37,967,685	2,930,885	10,436	–	40,909,006
Deposits and placements of banks and other financial institutions	9,102,943	57,984	–	–	9,160,927
Investment accounts of customers	578,278	–	–	–	578,278
Islamic repurchase agreement	584,714	–	–	–	584,714
Derivative financial liabilities:					
Gross settled derivatives					
– Inflow	(1,242,749)	(565)	–	–	(1,243,314)
– Outflow	1,249,197	478	–	–	1,249,675
Other financial liabilities	820,696	–	–	–	820,696
Lease liabilities	17,202	16,761	–	–	33,963
Recourse obligation on financing sold	1,703,618	438,143	–	–	2,141,761
Sukuk	223,163	698,712	718,157	–	1,640,032
Borrowings and government grant	28,984	84,922	59,368	–	173,274
	51,033,731	4,227,320	787,961	–	56,049,012
<b>Commitments and contingencies<sup>®</sup></b>					
Direct credit substitutes	110,280	2,236	–	–	112,516
Trade-related contingencies	61,311	66,329	10,095	–	137,735
Short term self-liquidating trade-related contingencies	94,406	–	–	–	94,406
Irrevocable commitments	2,525,296	2,243,116	792,496	–	5,560,908
	2,791,293	2,311,681	802,591	–	5,905,565

<sup>®</sup> Commitments and contingencies exclude foreign exchange related contracts.



## 45. FINANCIAL RISK MANAGEMENT (continued)

### 45.3 Liquidity risk (continued)

#### (b) Contractual maturity of financial liabilities on an undiscounted basis (continued)

Company	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	No specific maturity RM'000	Total RM'000
<b>2025</b>					
<b>Financial liabilities</b>					
Other financial liabilities	23,026	–	–	–	23,026
	23,026	–	–	–	23,026
<b>2024</b>					
<b>Financial liabilities</b>					
Other financial liabilities	240,221	–	–	–	240,221
	240,221	–	–	–	240,221

### 45.4 Operational risk

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, people and systems and external events, which includes legal risk and Shariah non-compliance risk but excludes strategic and reputational risk. The Group and the Company recognises and emphasises the importance of operational risk management and manages this risk through a control-based environment where processes are documented, authorisation is independent, transactions are reconciled and monitored and business activities are carried out within the established guidelines, procedures and limits. The Group and the Company's governance framework for managing operational risk is premised on the Three Lines of Defense model, as discussed under Note 45(c).

### 45.5 Shariah Non-Compliance Risk

Shariah Non-Compliance risk refers to the risk of legal or regulatory sanctions, financial loss or non-financial implications, including reputational damage, which the relevant operating entities within the Group may suffer arising from the failure to comply with the rulings of the Shariah Advisory Council ("SAC") of BNM, standards on Shariah matters issued by BNM pursuant to section 29(1) of the Islamic Financial Services Act ("IFSA") or, decisions or advice of MBSB Bank's SAC, or rulings of the Shariah Advisory Council of the Securities Commission Malaysia ("SC") and Shariah requirements issued under the Capital Markets and Services Act 2007 ("CMSA") and relevant SC guidelines governing Islamic capital market activities.

### 45.6 Technology & Cyber Security Risk

Technology risk refers to the possibility that system outages, failures, or disruptions in IT infrastructure could interrupt operations, degrade service delivery, or impact customer confidence. Cybersecurity risk, distinct from technology risk, specifically relates to the threat of security breaches, unauthorised access, or malicious attacks that could expose sensitive data or compromise digital assets. These events may result in financial losses, reputational risk, and regulatory penalties, ultimately affecting the Group and the Company's ability to deliver essential financial services.

Mitigation efforts include strengthened governance, advanced cybersecurity capabilities, response drills, and awareness programmes. These initiatives are designed to ensure alignment with BNM's Risk Management in Technology (RMiT) policy, embedding best practices and accountability across all levels.

The rapid expansion of AI and digital technologies continues to elevate the speed, sophistication, and complexity of emerging cyber threats. The Group and the Company remain focused on enhancing its security posture, investing in more resilience controls, and maintaining vigilance against emerging risks. These efforts enable the Group and the Company to aim to protect its operations, uphold customer trust, and support its strategic digital transformation agenda.

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 45. FINANCIAL RISK MANAGEMENT (continued)

#### 45.7 Environment, Social and Governance Risk

Environmental, social and governance (“ESG”) risks refer to the risk of financial loss, operational disruption or reputational harm arising from inadequate consideration or management of environmental, social or governance factors. These risks may materialise through physical and transition-related environmental impacts, social practices affecting stakeholders, or weaknesses in governance, and may ultimately affect the Group and the Company’s asset quality, business continuity, regulatory standing and long-term sustainability.

To manage these risks, the Group and the Company has progressively embedded ESG considerations into its policies and governance arrangements. This includes strengthening oversight and accountability, enhancing ESG risk identification and assessment practices, and integrating relevant ESG considerations into financing decisions and operational controls.

From a business and customer perspective, the Group and the Company seek to support responsible financing and facilitate customers’ transition towards more sustainable and resilient business models, including those aligned with climate-related objectives. Internally, the Group and the Company continues to enhance resource efficiency, strengthen climate resilience and reduce its environmental footprint, while safeguarding operational stability.

Through these measures, the Group and the Company aims to strengthen its resilience to ESG-related risks, support sustainable and responsible growth, and meet the evolving expectations of regulators, customers and other stakeholders over the long term.

### 46. CAPITAL MANAGEMENT

The primary objective of the Group and the Company’s capital management is to ensure that a strong credit rating and healthy capital ratios are maintained in order to support their business and maximise shareholder value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2025.

The Group monitors their capital using both leverage ratio (which is computed using Common Equity Tier 1 capital divided by total assets including off-balance sheet commitments) and risk-weighted capital adequacy ratio (“RWCR”) (which is computed using capital base divided by total risk-weighted assets) as prescribed by Bank Negara Malaysia for licensed financial institutions in Malaysia. The Group’s capital adequacy ratios have been disclosed in Note 39.

### 47. FAIR VALUES

The fair values of the financial instruments not measured at fair value are based on the following methodologies and assumptions:

#### (i) Financial investments at amortised cost

The estimated fair value is generally based on the quoted and observable market prices. Where there is no ready market in certain securities, the Group establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

#### (ii) Loans, financing and advances

The fair value of fixed rate financing with remaining maturities of less than one year and variable rate financing are estimated to approximate the carrying amount. For fixed rate financing with maturities of more than one year, the fair values are estimated based on expected future cash flows of contractual instalment payments, discounted at prevailing rates offered for similar financing to new customers with similar credit profiles as at the reporting date.

The fair value of impaired fixed and variable rate financing is represented by their carrying amount, which are net of impairment allowances.



## 47. FAIR VALUES (continued)

The fair values of the financial instruments not measured at fair value are based on the following methodologies and assumptions: (continued)

**(iii) Deposits from customers, deposits and placements of banks and other financial institutions and wakalah investment accounts**

Deposits, placements and obligations which mature or reprice after one year are grouped by residual maturity. Fair value is estimated using discounted cash flows, applying either market rates, where applicable, or current rates offered for deposits of similar remaining maturities. The fair values of deposits repayable on demand and deposits and placements with remaining maturities of less than one year are approximated by their carrying values due to the relatively short maturity of these instruments.

**(iv) Islamic repurchase agreement**

The estimated fair values of repurchase agreements with maturities of less than six months approximate the carrying values. For Islamic repurchase agreements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturity.

**(v) Recourse obligation on financing sold**

The fair values for recourse obligation on financing sold to Cagamas Berhad are determined based on discounted cash flows of future instalment payments at prevailing rates quoted by Cagamas Berhad as at reporting date.

**(vi) Sukuk-MBSB SC Murabahah and Sukuk Wakalah**

The fair value of Sukuk-MBSB SC Murabahah and Sukuk Wakalah are based on market prices.

**(vii) Borrowings and government grant**

The fair values of borrowings and government grant are derived using discounted cash flow method.

## Notes to the Financial Statements

For the financial year ended 31 December 2025

### 47. FAIR VALUES (CONTINUED)

The carrying amount of cash and short-term funds, deposits and placements with financial institutions, other receivables (excluding prepayments) and other payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

Financial assets classified as Level 3 in the fair value hierarchy are valued using the dividend growth model. No reasonably possible change in the assumptions would have a significant effect on the fair value of Level 3 financial assets.

The tables below analyse other financial instruments at fair value.

Group	Fair value of financial instruments carried at fair value					Fair value of financial instruments not carried at fair value					Total fair value RM'000	Carrying amount RM'000	
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000					
<b>2025</b>													
<b>Financial Assets</b>													
Financial assets at FVTPL	32,662	739,428	5,257	777,347	-	-	-	-	777,347			777,347	777,347
Financial investments at FVOCI	-	14,530,719	1,032	14,531,751	-	-	-	-	14,531,751			14,531,751	14,531,751
Financial investments at amortised cost	-	-	-	-	-	3,163,796	-	-	3,163,796			3,163,796	3,099,533
Derivative financial assets	-	6,944	-	6,944	-	-	-	-	6,944			6,944	6,944
Loans, financing and advances	-	-	-	-	-	42,894,131	-	-	42,894,131			42,894,131	43,148,650
	<b>32,662</b>	<b>15,277,091</b>	<b>6,289</b>	<b>15,316,042</b>	<b>-</b>	<b>46,057,927</b>	<b>-</b>	<b>46,057,927</b>	<b>61,373,969</b>			<b>61,564,225</b>	
<b>Financial Liabilities</b>													
Deposits from customers	-	-	-	-	-	-	-	-	39,700,472			39,700,472	39,311,266
Deposits and placements of banks and other financial institutions	-	100,692	-	100,692	-	6,273,123	-	-	6,273,123			6,273,815	6,373,782
Investment accounts of customers	-	-	-	-	-	1,386,049	-	-	1,386,049			1,386,049	1,386,049
Islamic repurchase agreement	-	-	-	-	-	3,077,813	-	-	3,077,813			3,077,813	3,078,071
Derivative financial liabilities	-	7,375	-	7,375	-	-	-	-	7,375			7,375	7,375
Recourse obligation on financing sold	-	-	-	-	-	3,100,152	-	-	3,100,152			3,100,152	3,390,379
Sukuk	-	-	-	-	-	1,192,274	-	-	1,192,274			1,192,274	1,166,112
Borrowings and government grant	-	-	-	-	-	121,534	-	-	121,534			121,534	143,807
	<b>-</b>	<b>108,067</b>	<b>-</b>	<b>108,067</b>	<b>-</b>	<b>54,851,417</b>	<b>-</b>	<b>54,851,417</b>	<b>54,959,484</b>			<b>54,856,841</b>	
<b>Company</b>													
<b>Financial assets</b>	-	-	-	-	-	249,843	-	-	249,843			249,843	249,843
Loans and advances	-	-	-	-	-	249,843	-	-	249,843			249,843	249,843



#### 47. FAIR VALUES (continued)

The tables below analyse other financial instruments at fair value (continued).

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>Group</b>										
<b>2024</b>										
<b>Financial Assets</b>										
Financial assets at FVTPL	-	871,812	11,334	883,146	-	-	-	-	883,146	883,146
Financial investments at FVOCI	-	12,758,557	-	12,758,557	-	-	-	-	12,758,557	12,758,557
Financial investments at amortised cost	-	-	-	-	-	4,190,394	-	4,190,394	4,190,394	4,152,486
Derivative financial assets	-	5,627	-	5,627	-	-	-	-	5,627	5,627
Loans, financing and advances	-	-	-	-	-	-	39,906,005	39,906,005	39,906,005	42,136,099
	-	13,635,996	11,334	13,647,330	-	4,190,394	39,906,005	44,096,399	57,743,729	59,935,915
<b>Financial liabilities</b>										
Deposits from customers	-	-	-	-	-	40,094,113	-	40,094,113	40,094,113	39,778,852
Deposits and placements of banks and other financial institutions	-	50,546	-	50,546	-	9,005,769	-	9,005,769	9,056,315	9,056,291
Investment accounts of customers	-	-	-	-	-	560,928	-	560,928	560,928	560,928
Islamic repurchase agreement	-	-	-	-	-	-	567,858	567,858	567,858	568,513
Derivative financial liabilities	-	6,768	-	6,768	-	-	-	-	6,768	6,768
Recourse obligation on financing sold	-	-	-	-	-	-	2,063,931	2,063,931	2,063,931	2,090,032
Sukuk	-	-	-	-	-	1,357,609	-	1,357,609	1,357,609	1,325,738
Borrowings and government grant	-	-	-	-	-	141,230	-	141,230	141,230	174,803
	-	57,314	-	57,314	-	51,159,649	2,631,789	53,791,438	53,848,752	53,561,925
<b>Company</b>										
<b>Financial assets</b>										
Loans and advances	-	-	-	-	-	-	248,620	248,620	248,620	248,620
	-	-	-	-	-	-	248,620	248,620	248,620	248,620

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 48. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows:

Group	Gross amount recognised as financial assets/liabilities RM'000	Gross amount offset in the statements of financial position RM'000	Amount presented in the statements of financial position RM'000	Amount not Set off in the Statement of Financial Position		Net amount RM'000
				Value of the financial instruments RM'000	Collateral pledged RM'000	
<b>2025</b>						
<b>Other financial assets</b>						
Other receivables	443,287	(7,307)	435,980	-	-	435,980
<b>Other financial liabilities</b>						
Other payables	(444,317)	7,307	(437,010)	-	-	(437,010)
Islamic repurchase agreement	(3,078,071)	-	(3,078,071)	3,078,071	-	-
<b>2024</b>						
<b>Other financial assets</b>						
Other receivables	540,517	(15,027)	525,490	-	-	525,490
<b>Other financial liabilities</b>						
Other payables	(861,396)	9,112	(852,284)	-	-	(852,284)

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

The amount not set off in the statement of financial position relate to transactions where:

- (i) the counterparty has an offsetting exposure with the Group and the Bank and a master netting or similar arrangements is in place with a right to set off only in the event of default, insolvency or bankruptcy; and
- (ii) cash or securities are received or cash pledged in respect of the transaction described above.

### 49. OPERATING SEGMENTS

Segment information is presented in respect of the Group's business segments and the Group's reportable segments, as described below, can be classified into five segments where each segment offers different products and services, and managed separately with different technology and marketing strategies. For each operating segment, the Group Management Committee (the chief operating decision making body) reviews the internal management reports monthly in order to assess their performance.

- (i) Consumer Banking Includes consumer financing such as property financing, personal financing and wealth management services with individual customers in Malaysia.
- (ii) Corporate Banking Includes corporate financing, wholesale financing, contract financing and commercial property financing with business customers.
- (iii) Global Markets Includes saving accounts, current accounts, term deposits, investment accounts, treasury activities including money market, sukuk, derivatives and trading of capital market securities.
- (iv) Investment Refers to the operations of investment banking, asset management and all other related financial services of MIDF entities.
- (v) Others Includes rental, property development, intercompany financing and operations at subsidiaries.

The Group operates predominantly in Malaysia and hence information by geographical location is not presented.



# Notes to the Financial Statements

For the financial year ended 31 December 2025

## 49. OPERATING SEGMENTS (continued)

### (a) Business segments

	Consumer Banking			Corporate/Commercial Banking			Global Markets			Investment			Others			Inter-segment elimination			Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	<b>1,580,494</b>	1,983,129	<b>760,385</b>	763,666	<b>607,884</b>	499,364	<b>428,771</b>	431,445	<b>502,112</b>	481,177	<b>(444,177)</b>	(452,044)	<b>3,435,469</b>	3,706,807						
Segment revenue																				
- External income *	1,081,748	1,598,732	451,662	422,508	(384,612)	(497,009)	125,789	123,765	(82,732)	(155,660)	33,032	1,047	1,224,887	1,493,383						
- Inter-segment #	-	-	-	-	5,007	2,411	2,535	-	-	-	(7,542)	(2,411)	-	-						
- Other operating income	(6,697)	(11,482)	35,518	29,073	94,921	14,352	163,751	112,548	524,771	515,639	(532,400)	(501,068)	279,864	159,082						
Total segment revenue	1,075,051	1,587,250	487,180	451,581	(284,684)	(480,246)	292,075	236,313	442,039	359,999	(506,910)	(502,432)	1,504,751	1,652,465						
Operating expenses	(474,269)	(496,903)	(261,845)	(217,478)	(53,227)	(54,202)	(172,124)	(185,881)	90,528	47,137	-	-	(870,937)	(907,327)						
	600,782	1,090,347	225,335	234,103	(337,911)	(534,448)	119,951	50,432	532,567	407,136	(506,910)	(502,432)	633,814	745,138						
Overhead expenses of which:																				
- Depreciation of property and equipment	(6,101)	(10,188)	(26,316)	(17,373)	(11,475)	(10,745)	-	-	(268)	(317)	-	-	(44,160)	(38,623)						
- Depreciation of right-of-use asset	(2,124)	(4,992)	(9,160)	(8,513)	(3,994)	(5,265)	-	-	(93)	(154)	-	-	(15,371)	(18,924)						
- Amortisation of intangible assets	(4,686)	(10,864)	(20,222)	(18,528)	(8,815)	(11,458)	-	-	(206)	(336)	-	-	(33,929)	(41,186)						
ECL (made)/written back on loans, financing and advances	(209,220)	(229,351)	(43,546)	96,798	-	-	10,776	(21,930)	(298)	(1,295)	-	-	(242,288)	(155,778)						
Other ECL (made)/written back	-	-	164	(3,790)	(330)	367	(247)	593	(1,076)	(181)	-	-	(1,489)	(3,011)						
Segment results @	391,562	860,996	181,953	327,111	(338,241)	(534,081)	130,480	29,095	531,193	405,660	(506,910)	(502,432)	390,037	586,349						
Taxation													(104,176)	(172,469)						
Zakat													(6,351)	(7,104)						
Net profit for the year													279,510	406,776						

\* External income comprise of net income from Islamic operations and net interest income.

# Inter-segment revenue is allocated based on internally computed cost of funds.

@ Segment result is the profit before taxation and zakat and inter-segment elimination for each segment.

## Notes to the Financial Statements

For the financial year ended 31 December 2025

### 49. OPERATING SEGMENTS (CONTINUED)

#### (a) Business segments (continued)

	Consumer Banking				Corporate/Commercial Banking				Global Markets				Investment				Others				Inter-segment elimination				Total				
	2025		2024		2025		2024		2025		2024		2025		2024		2025		2024		2025		2024		2025		2024		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Assets</b>																													
Segment assets	28,575,381	29,082,777	13,524,485	11,846,093	15,419,841	14,542,098	5,609,629	6,113,971	271,104	384,354	-	-	63,400,440	61,969,293															
Tax recoverable													206,696	146,291															
Deferred tax assets <sup>^</sup>													56,185	101,745															
Unallocated assets													1,534,615	2,046,685															
<b>Total assets</b>													<b>65,197,936</b>	<b>64,264,014</b>															
<b>Liabilities</b>																													
Segment liabilities	25,186,141	25,836,679	11,953,816	10,483,970	12,848,409	11,858,008	4,461,647	5,025,368	406,828	357,900	-	-	54,856,841	53,561,925															
Provision for taxation and zakat													7,126	26,991															
Deferred tax liabilities													12,353	12,116															
Unallocated liabilities <sup>^</sup>													462,170	884,902															
<b>Total liabilities</b>													<b>55,338,490</b>	<b>54,485,934</b>															
<b>Other Information</b>																													
Capital expenditure	-	-	-	-	-	-	-	-	91,319	76,697	-	-	91,319	76,697															

<sup>^</sup> Unallocated assets and liabilities are not directly attributable to the business segments and cannot be allocated on a reasonable basis.

#### (b) Geographical Segments

The Group's activities are in Malaysia, therefore segmental reporting is not analysed by geographical locations.



## 50. THE OPERATIONS OF ISLAMIC BANKING

### STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

	Note	Islamic Banking	
		2025 RM'000	2024 RM'000
<b>ASSETS</b>			
Cash and short-term funds	(a)	<b>1,001,298</b>	1,122,530
Deposits and placements with banks and other financial institutions	(a)	<b>674,548</b>	770,343
Financial assets at fair value through profit or loss	(b)	<b>744,685</b>	850,967
Financial investments at fair value through other comprehensive income	(c)	<b>14,336,580</b>	12,589,878
Financial investments at amortised cost	(d)	<b>3,038,695</b>	4,025,804
Derivative financial assets		<b>6,944</b>	5,627
Financing and advances	(e)	<b>41,767,259</b>	40,729,292
Other receivables	(f)	<b>762,611</b>	859,140
Tax recoverable		<b>100,232</b>	23,152
Deferred tax assets		<b>53,394</b>	95,050
Statutory deposits with Bank Negara Malaysia		<b>388,600</b>	763,000
Property and equipment		<b>71,781</b>	75,262
Right-of-use assets		<b>25,698</b>	49,013
Investment properties		<b>820</b>	820
Intangible assets		<b>123,093</b>	98,455
<b>Total assets</b>		<b>63,096,238</b>	62,058,333
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Deposits from customers	(g)	<b>38,373,808</b>	38,988,949
Deposits and placements of banks and other financial institutions	(h)	<b>6,085,688</b>	8,615,662
Investment accounts of customers	(i)	<b>1,386,049</b>	560,928
Islamic repurchase agreement		<b>3,078,071</b>	568,513
Derivative financial liabilities		<b>7,375</b>	6,768
Other payables	(j)	<b>635,078</b>	770,338
Lease liabilities		<b>26,165</b>	50,155
Recourse obligation on financing sold		<b>3,390,379</b>	2,090,032
Provision for taxation and zakat		<b>7,107</b>	26,968
Sukuk		<b>1,166,112</b>	1,325,738
Borrowings and government grant		<b>50,000</b>	72,574
<b>Total liabilities</b>		<b>54,205,832</b>	53,076,625
Ordinary share capital		<b>7,129,572</b>	7,129,572
Regulatory reserve		<b>311,150</b>	241,651
Fair value reserves		<b>35,500</b>	(79,500)
Retained earnings		<b>1,414,184</b>	1,689,985
<b>Total equity</b>		<b>8,890,406</b>	8,981,708
<b>Total liabilities and shareholders' equity</b>		<b>63,096,238</b>	62,058,333

The accompanying notes form an integral part of the financial statements.

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 50. THE OPERATIONS OF ISLAMIC BANKING (continued)

#### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

	Islamic Banking	
	2025 RM'000	2024 RM'000
Income derived from investment of depositors' funds	2,557,899	2,984,275
Income derived from investment of shareholders' funds	643,248	607,843
Income derived from investment of investment accounts' funds	89,879	12,371
Expected credit losses on financing and advances and other impairment	(241,022)	(123,173)
Total distributable income	3,050,004	3,481,316
Income attributable to depositors and others	(1,898,697)	(2,024,813)
Total net income	1,151,307	1,456,503
Operating expenses	(812,088)	(811,418)
Profit before taxation and zakat	339,219	645,085
Taxation	(82,845)	(174,051)
Zakat	(5,506)	(7,025)
Profit for the year	250,868	464,009
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>		
– Net profit from change in fair values	196,792	73,156
– Realised gain transferred to statements of income on disposal	(45,561)	(8,999)
– Transfer from deferred tax	(36,229)	(15,450)
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>	115,002	48,707
Total comprehensive income for the financial year	365,870	512,716

The accompanying notes form an integral part of the financial statements.



## 50. THE OPERATIONS OF ISLAMIC BANKING (continued)

### (a) Cash and short-term funds and deposits and placements with banks and other financial institutions

	Islamic Banking	
	2025 RM'000	2024 RM'000
(i) Cash and balances with banks and other financial institutions	383,678	654,958
Money at call and deposit placements maturing within 1 month	617,620	467,572
	<b>1,001,298</b>	1,122,530
(ii) Deposits and placements with banks and other financial institutions with original maturity of more than 1 month	674,548	770,343
	<b>1,675,846</b>	1,892,873

### (b) Financial assets at FVTPL

	Islamic Banking	
	2025 RM'000	2024 RM'000
<b>Money Market Instruments</b>		
In Malaysia		
Private mandate investments	130,166	130,193
Malaysian Government Investment Issues	605,414	701,143
	<b>735,580</b>	831,336
<b>Equity instruments</b>		
<b>Quoted securities:</b>		
In Malaysia		
Shares	3,848	8,297
<b>Unquoted securities:</b>		
In Malaysia		
Redeemable convertible preference shares	5,257	11,334
	<b>9,105</b>	19,631
	<b>744,685</b>	850,967

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 50. THE OPERATIONS OF ISLAMIC BANKING (continued)

#### (c) Financial investments at FVOCI

	Islamic Banking	
	2025 RM'000	2024 RM'000
<b>Money Market Instruments</b>		
Malaysian Government Investment Issues	8,327,328	8,507,403
<u>In Malaysia</u>		
Private and Islamic debt securities	4,670,575	2,948,434
Government Guaranteed debt securities	545,667	1,134,041
	5,216,242	4,082,475
<u>Outside Malaysia</u>		
Other government securities	793,010	–
	6,009,252	4,082,475
	14,336,580	12,589,878

Movement of allowance for credit losses recognised in FVOCI reserve:

	Islamic Banking			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2025	263	31	–	294
Total charged/(reversal) to profit or loss	301	(31)	–	270
New financial investments purchased during the year	343	–	–	343
Financial investments derecognised and repayment during the year	(48)	(5)	–	(53)
Change in credit risk	6	(26)	–	(20)
Written off	–	–	–	–
At 31 December 2025	564	–	–	564

	Islamic Banking			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2024	512	–	8,112	8,624
Total (reversal)/charged to profit or loss	(249)	31	–	(218)
Due to transfer within stages:				
– Transfer to Stage 2	(31)	31	–	–
New financial investments purchased during the year	357	–	–	357
Financial investments derecognised and repayment during the year	(339)	–	–	(339)
Change in credit risk	(236)	–	–	(236)
Written off	–	–	(8,112)	(8,112)
At 31 December 2024	263	31	–	294



## 50. THE OPERATIONS OF ISLAMIC BANKING (continued)

### (d) Financial investments at amortised cost

	Islamic Banking	
	2025 RM'000	2024 RM'000
<b>Money Market Instruments</b>		
Malaysian Government Investment Issues	911,850	1,095,062
<b>Unquoted securities</b>		
In Malaysia		
Private and Islamic debt securities	2,061,653	2,856,093
Government Guaranteed corporate sukuk	65,865	75,785
	<b>3,039,368</b>	4,026,940
Less: ECL	(673)	(1,136)
	<b>3,038,695</b>	4,025,804

ECL movement for financial investments at amortised cost:

	Islamic Banking			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2025	1,065	71	–	1,136
Total reversal to profit or loss:	(392)	(71)	–	(463)
New financial investments purchased during the year	512	–	–	512
Financial investments derecognised and repayment during the year	(902)	–	–	(902)
Changes in credit risk	(2)	(71)	–	(73)
At 31 December 2025	673	–	–	673

	Islamic Banking			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2024	1,546	147	–	1,693
Total reversal to profit or loss:	(481)	(76)	–	(557)
New financial investments purchased during the year	59	–	–	59
Financial investments derecognised and repayment during the year	(369)	–	–	(369)
Changes in credit risk	(171)	(76)	–	(247)
At 31 December 2024	1,065	71	–	1,136

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 50. THE OPERATIONS OF ISLAMIC BANKING (continued)

#### (e) Financing and advances

##### (i) By type and Shariah contract

	Islamic Banking				Total financing and advances RM'000
	Sale-based contract			Lease-based contract	
	Tawarruq RM'000	Bai' Bithaman Ajil RM'000	Commodity Murabahah RM'000	Al-Ijarah Thumma Al-Bai RM'000	
<b>2025</b>					
<b>At amortised cost</b>					
Term financing	<b>35,470,777</b>	<b>1,473,482</b>	<b>539,844</b>	<b>995,219</b>	<b>38,479,322</b>
– Personal financing	<b>17,733,669</b>	<b>76</b>	–	–	<b>17,733,745</b>
– Property financing	<b>9,668,885</b>	<b>1,413,482</b>	–	–	<b>11,082,367</b>
– Islamic industrial hire purchase	–	–	–	<b>679,483</b>	<b>679,483</b>
– Bridging financing	<b>399,295</b>	–	–	–	<b>399,295</b>
– Auto financing	–	–	–	<b>18,591</b>	<b>18,591</b>
– Other term financing	<b>4,451,483</b>	<b>59,924</b>	<b>285,331</b>	<b>297,145</b>	<b>5,093,883</b>
– Syndicated term financing	<b>3,217,445</b>	–	<b>254,513</b>	–	<b>3,471,958</b>
Revolving credit	<b>518,284</b>	–	–	–	<b>518,284</b>
Trade finance	<b>3,088,591</b>	–	–	–	<b>3,088,591</b>
Cashline	<b>372,567</b>	–	–	–	<b>372,567</b>
Staff financing	<b>36,103</b>	–	<b>25</b>	<b>1,936</b>	<b>38,064</b>
Gross financing and advances	<b>39,486,322</b>	<b>1,473,482</b>	<b>539,869</b>	<b>997,155</b>	<b>42,496,828</b>
Less: ECL					<b>(729,569)</b>
Net financing and advances					<b>41,767,259</b>



## 50. THE OPERATIONS OF ISLAMIC BANKING (continued)

### (e) Financing and advances (continued)

#### (i) By type and Shariah contract (continued)

	Islamic Banking				Total financing and advances RM'000
	Sale-based contract			Lease-based contract	
	Tawarruq RM'000	Bai' Bithaman Ajil RM'000	Commodity Murabahah RM'000	Al-Ijarah Thumma Al-Bai RM'000	
<b>2024</b>					
<b>At amortised cost</b>					
Term financing	34,058,138	1,559,555	686,475	1,059,722	37,363,890
– Personal financing	18,589,203	78	–	–	18,589,281
– Property financing	9,242,737	1,509,290	–	–	10,752,027
– Islamic industrial hire purchase	–	–	–	689,790	689,790
– Bridging financing	335,825	–	–	–	335,825
– Auto financing	–	–	–	8,833	8,833
– Other term financing	4,312,099	50,187	–	361,099	4,723,385
– Syndicated term financing	1,578,274	–	686,475	–	2,264,749
Revolving credit	413,644	–	–	–	413,644
Trade finance	3,424,344	–	–	–	3,424,344
Cashline	300,270	–	–	–	300,270
Staff financing	26,954	–	55	1,493	28,502
Gross financing and advances	38,223,350	1,559,555	686,530	1,061,215	41,530,650
Less: ECL					(801,358)
Net financing and advances					40,729,292

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 50. THE OPERATIONS OF ISLAMIC BANKING (continued)

#### (e) Financing and advances (continued)

##### (ii) By residual contractual maturity

	Islamic Banking	
	2025 RM'000	2024 RM'000
Maturing within one year	4,822,170	5,509,255
One year to three years	2,265,689	2,279,160
Three years to five years	4,228,488	2,706,099
Over five years	31,180,481	31,036,136
	<b>42,496,828</b>	41,530,650

##### (iii) By type of customers

	Islamic Banking	
	2025 RM'000	2024 RM'000
Individuals:		
– Malaysian nationals	28,822,043	29,326,129
Foreign nationals	303,829	705,422
Domestic business enterprises:		
– Small medium enterprises	3,819,889	3,906,980
– Non-bank financial institutions	1,767,000	1,527,692
– Others	7,784,067	6,064,427
	<b>42,496,828</b>	41,530,650

##### (iv) By sector

	Islamic Banking	
	2025 RM'000	2024 RM'000
Household sectors	28,825,677	29,328,719
Construction	1,567,434	3,092,963
Finance, insurance, real estate and business services	3,775,633	2,831,430
Wholesale & retail trade and restaurants & hotels	2,020,667	2,231,758
Manufacturing	1,815,559	2,046,266
Education, health and others	400,603	776,601
Transport, storage and communications	2,679,307	648,689
Mining and quarrying	190,211	81,181
Electricity, gas and water	720,937	164,671
Agriculture	500,800	328,372
	<b>42,496,828</b>	41,530,650



## 50. THE OPERATIONS OF ISLAMIC BANKING (continued)

### (e) Financing and advances (continued)

#### (v) By profit rate sensitivity

	Islamic Banking	
	2025 RM'000	2024 RM'000
Fixed rate:		
Personal financing	365,633	5,609,705
Bridging, structured and term financing	986,556	916,454
Property financing	294,256	316,822
Auto financing	5,349	10,327
Variable rate:		
Bridging, structured and term financing	12,639,364	11,235,552
Property financing	10,814,185	10,462,159
Personal financing	17,378,167	12,979,631
Auto financing	13,318	–
	<b>42,496,828</b>	41,530,650

#### (vi) By geographical distribution

	Islamic Banking	
	2025 RM'000	2024 RM'000
Malaysia	42,338,576	40,782,581
Outside Malaysia	158,252	748,069
	<b>42,496,828</b>	41,530,650

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 50. THE OPERATIONS OF ISLAMIC BANKING (continued)

#### (e) Financing and advances (continued)

##### (vii) Movement of gross financing and advances

	Islamic Banking			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>2025</b>				
As at 1 January	37,006,686	2,588,256	1,935,708	41,530,650
Transfer to Stage 1	1,690,468	(1,687,741)	(2,727)	–
Transfer to Stage 2	(4,349,313)	4,748,768	(399,455)	–
Transfer to Stage 3	(27,846)	(1,237,265)	1,265,111	–
New financing/disbursement during the year	23,455,123	970,768	2,150	24,428,041
Repayment during the year	(22,434,468)	(1,258,188)	(121,707)	(23,814,363)
Other movements	518,419	111,966	78,251	708,636
Write-offs	–	–	(356,136)	(356,136)
As at 31 December	35,859,069	4,236,564	2,401,195	42,496,828

	Islamic Banking			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>2024</b>				
As at 1 January	36,236,861	1,744,551	2,386,359	40,367,771
Transfer to Stage 1	496,880	(470,306)	(26,574)	–
Transfer to Stage 2	(1,365,687)	1,696,343	(330,656)	–
Transfer to Stage 3	(327,140)	(118,161)	445,301	–
New financing/disbursement during the year	11,086,427	190,057	71,054	11,347,538
Repayment during the year	(9,159,908)	(439,397)	(241,412)	(9,840,717)
Other movements	39,279	(14,737)	200,407	224,949
Write-offs	(26)	(94)	(568,771)	(568,891)
As at 31 December	37,006,686	2,588,256	1,935,708	41,530,650



## 50. THE OPERATIONS OF ISLAMIC BANKING (continued)

### (e) Financing and advances (continued)

#### (viii) Movement of ECL for financing and advances

	Islamic Banking			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>2025</b>				
As at 1 January	133,551	215,705	452,102	801,358
Total (reversal)/charged to profit or loss	(25,384)	(100,331)	396,125	270,410
Changes in the ECL due to transfer within stages:				
– Transfer to Stage 1	56,687	(55,869)	(818)	–
– Transfer to Stage 2	(26,785)	202,696	(175,911)	–
– Transfer to Stage 3	(329)	(104,269)	104,598	–
New financing/disbursement during the year	67,299	2,731	102	70,132
Repayment during the year	(138,522)	(364,868)	(55,069)	(558,459)
Changes in credit risk	44,412	250,628	523,223	818,263
Changes to model assumptions and methodologies <sup>®</sup>	(28,146)	(31,380)	–	(59,526)
Write-offs	–	–	(341,699)	(341,699)
Others	(59)	(83)	(358)	(500)
As at 31 December	108,108	115,291	506,170	729,569

<sup>®</sup> The changes to model assumptions and methodologies were in relation to the revision of Loss Given Default (“LGD”) and Forward Looking (“FL”) modelling.

	Islamic Banking			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>2024</b>				
As at 1 January	344,295	80,058	797,769	1,222,122
Total (reversal)/charged to profit or loss	(210,718)	135,656	215,906	140,844
Changes in the ECL due to transfer within stages:				
– Transfer to Stage 1	34,047	(24,594)	(9,453)	–
– Transfer to Stage 2	(9,029)	144,862	(135,833)	–
– Transfer to Stage 3	(3,980)	(7,037)	11,017	–
New financing/disbursement during the year	72,706	11,601	25,701	110,008
Repayment during the year	(130,000)	15,156	(6,921)	(121,765)
Changes in credit risk	(65,615)	11,266	331,395	277,046
Changes to model assumptions and methodologies <sup>^</sup>	(108,847)	(15,598)	–	(124,445)
Write-offs	(26)	(9)	(560,997)	(561,032)
Others	–	–	(576)	(576)
As at 31 December	133,551	215,705	452,102	801,358

<sup>^</sup> The changes to model assumptions and methodologies were in relation to incorporation of MEV factors with more intuitive trends.

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 50. THE OPERATIONS OF ISLAMIC BANKING (continued)

#### (e) Financing and advances (continued)

##### (ix) Movement of impaired financing and advances

	Islamic Banking	
	2025 RM'000	2024 RM'000
Balance as at 1 January	1,935,708	2,386,359
Classified as impaired during the year	1,267,261	516,355
Reclassified as non-impaired	(402,182)	(357,230)
Amount recovered	(121,707)	(241,412)
Other movements	78,251	200,407
Amount written off	(356,136)	(568,771)
Balance as at 31 December	2,401,195	1,935,708
Less: ECL	(506,170)	(452,102)
	1,895,025	1,483,606
Net impaired as a percentage of net financing and advances	4.54%	3.64%
Gross impaired as a percentage of gross financing and advances	5.65%	4.66%

#### (f) Other receivables

	Islamic Banking	
	2025 RM'000	2024 RM'000
Financing to related companies	374,512	362,867
Amount due from holding company	11,862	–
Amount due from related company	510	–
Foreclosed properties	36,006	36,271
Prepayments	30,350	35,722
Deposits	3,855	52
Fee receivables	5,704	1,414
Collateral pledged for derivatives transactions	4,702	96,303
Sundry receivables	30,526	20,425
Settlement accounts	119,506	171,164
Deferred expenses	92,116	66,089
Amount due from brokers and clients	5,113	9,389
Amount due from borrowing and government grant	3,995	13,233
Amount due from GSF	26,082	43,975
Amount due from MIDF	20,516	6,212
	765,355	863,116
Less: ECL	(2,744)	(3,976)
	762,611	859,140



## 50. THE OPERATIONS OF ISLAMIC BANKING (continued)

### (g) Deposits from customers

#### (i) By type of deposit:

	Islamic Banking	
	2025 RM'000	2024 RM'000
Commodity Murabahah Term Deposits	31,681,264	34,225,721
Demand deposits	6,129,119	4,116,714
Savings deposits	563,425	646,514
	<b>38,373,808</b>	38,988,949

#### (ii) Maturity structure of term deposits are as follows:

	Islamic Banking	
	2025 RM'000	2024 RM'000
Due within six months	22,100,933	24,391,535
More than six months to one year	7,327,666	7,443,122
More than one year to three years	2,196,700	1,368,995
More than three years	55,965	1,022,069
	<b>31,681,264</b>	34,225,721

#### (iii) By type of customers:

	Islamic Banking	
	2025 RM'000	2024 RM'000
Government and statutory bodies	14,258,239	16,532,266
Business enterprises	13,952,829	14,259,121
Individuals	10,162,740	8,197,562
	<b>38,373,808</b>	38,988,949

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 50. THE OPERATIONS OF ISLAMIC BANKING (continued)

#### (h) Deposits and placements of banks and other financial institutions

	Islamic Banking	
	2025 RM'000	2024 RM'000
Licensed investment banks	156,492	290,775
Licensed commercial banks	26,062	12,204
Licensed islamic banks	772,301	645,874
Other financial institutions	5,030,141	7,616,263
	<b>5,984,996</b>	8,565,116
<b>At fair value through profit and loss</b>		
Structured deposits linked to profit rate derivatives	100,750	50,565
Fair value changes arising from designation at fair value through profit or loss*	(58)	(19)
	<b>100,692</b>	50,546
	<b>6,085,688</b>	8,615,662

\* The Group issued structured deposits which are linked to profit rate derivatives and designated them at FVTPL. This designation is permitted under MFRS 9 as it significantly reduces accounting mismatch. These instruments are managed by the Group on the basis of fair value and includes terms that have substantive derivative characteristics.

The fair value changes of the structured deposits which are linked to profit rate derivatives that are attributable to the changes in own credit risk are not significant.

	Islamic Banking	
	2025 RM'000	2024 RM'000
Due within six months	5,906,777	8,479,116
More than six months to one year	78,118	85,939
More than one year to three years	101	50,607
More than three years	100,692	–
	<b>6,085,688</b>	8,615,662

#### (i) Investment accounts of customers

	Islamic Banking	
	2025 RM'000	2024 RM'000
Mudharabah unrestricted investment account	1,386,049	560,928

The investment account placements were used to fund personal financing.



## 50. THE OPERATIONS OF ISLAMIC BANKING (continued)

### (i) Investment accounts of customers (continued)

#### (i) By type of customers

	Islamic Banking	
	2025 RM'000	2024 RM'000
Individual	1,386,049	560,928
	<b>1,386,049</b>	560,928

#### (ii) Movement of investment accounts of customers:

	Islamic Banking	
	2025 RM'000	2024 RM'000
At beginning of the financial year	560,928	–
New placements during the financial year	1,565,311	612,572
Redemption during the financial year	(765,007)	(56,826)
Finance expense	47,473	5,384
Profit distributed	(22,656)	(202)
At end of financial year	<b>1,386,049</b>	560,928

#### (iii) By maturity

	Islamic Banking	
	2025 RM'000	2024 RM'000
Due within six months	8,441	13,740
More than six months to one year	1,377,105	540,911
More than one year to two years	503	6,277
	<b>1,386,049</b>	560,928

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 50. THE OPERATIONS OF ISLAMIC BANKING (continued)

#### (i) Investment accounts of customers (continued)

##### (iv) Rate of Return ("ROR") and Profit sharing ratio based on residual maturity

	Investment Account Holder Average ROR %	Average profit sharing ratio %
<b>2025</b>		
Unrestricted investment accounts:		
Due within three months	5.05	67.73
More than three months to one year	5.22	70.02
More than one year to two years	6.00	80.44
<b>2024</b>		
Unrestricted investment accounts:		
Due within three months	4.59	58.88
More than three months to one year	5.48	70.29
More than one year to two years	5.51	70.69

#### (j) Other payables

	Note	Islamic Banking	
		2025 RM'000	2024 RM'000
Amount due to related entities		319,154	241,153
Amount due to holding company		112	206
Amount due to brokers and clients		5,097	9,373
Amount due to GSF		61,463	84,761
Sundry creditors		153,440	297,236
ECL for commitments and contingencies and financial guarantees	(i)	12,980	19,511
Deferred income		28,567	17,384
Other provisions and accruals		54,265	100,714
		<b>635,078</b>	<b>770,338</b>



## 50. THE OPERATIONS OF ISLAMIC BANKING (continued)

### (j) Other payables (continued)

#### (i) ECL for commitments and contingencies and financial guarantees

Movement of ECL for commitments and contingencies and financial guarantees are as follows:

	Islamic Banking			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>2025</b>				
As at 1 January	15,439	2,598	1,474	19,511
Total (reversal)/charged to profit or loss	(5,527)	(2,089)	1,087	(6,529)
Changes in ECL due to transfer within stages:				
– Transfer to Stage 1	179	(87)	(92)	–
– Transfer to Stage 2	(412)	615	(203)	–
– Transfer to Stage 3	(200)	(64)	264	–
New financing/disbursement during the year	3,351	44	–	3,395
Derecognised/converted to financing during the year	(4,277)	(2,217)	(68)	(6,562)
Changes in credit risk	142	(247)	1,186	1,081
Changes to model assumptions and methodologies <sup>®</sup>	(4,310)	(133)	–	(4,443)
Write-offs	–	–	(2)	(2)
As at 31 December	9,912	509	2,559	12,980
	Islamic Banking			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>2024</b>				
As at 1 January	28,183	5,177	1,853	35,213
Total reversal to profit or loss	(12,744)	(2,579)	(372)	(15,695)
Changes in ECL due to transfer within stages:				
– Transfer to Stage 1	332	(283)	(49)	–
– Transfer to Stage 2	(1,386)	1,547	(161)	–
– Transfer to Stage 3	(1,414)	(47)	1,461	–
New financing/disbursement during the year	10,604	101	–	10,705
Derecognised/converted to financing during the year	(9,049)	(2,630)	(395)	(12,074)
Changes in credit risk	6,790	890	(1,228)	6,452
Changes to model assumptions and methodologies <sup>^</sup>	(18,621)	(2,157)	–	(20,778)
Write-offs	–	–	(7)	(7)
As at 31 December	15,439	2,598	1,474	19,511

<sup>®</sup> The changes to model assumptions and methodologies were in relation to the revision of Loss Given Default (“LGD”) and Forward Looking (“FL”) modelling.

<sup>^</sup> The changes to model assumptions and methodologies were in relation to incorporation of MEV factors with more intuitive trends.

## Notes to the Financial Statements

for the financial year ended 31 December 2025

### 51. SUBSEQUENT EVENTS AFTER THE FINANCIAL YEAR

#### (a) Establishment of a Long-Term Incentive Plan ("LTIP")

On 29 October 2025, MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) ("MBSB IB") had, on behalf of the Company, announced to Bursa Malaysia Securities Berhad ("Bursa Securities") that the Company proposed to establish a Long-Term Incentive Plan ("LTIP"), comprising an employee share option scheme and a share grant scheme. The aggregate number of ordinary shares in the Company to be made available under the LTIP shall not exceed 10% of the total number of issued shares of the Company (excluding treasury shares, if any) at any one time during the duration of the LTIP. The LTIP is governed by the LTIP by-laws and administered by the LTIP Committee.

The LTIP will be offered to the Group Chief Executive Officer and eligible employees of the Company and its subsidiaries (excluding dormant subsidiaries), including senior management and other key employees, as determined by the LTIP Committee.

The LTIP shall be in force for a duration of 10 years commencing from the effective date of implementation of the LTIP ("Effective Date"). The Effective Date shall be determined by the Board of Directors based on the recommendation of the LTIP Committee upon obtaining all relevant approvals and the full compliance with applicable regulatory and Listing Requirements.

On 20 November 2025, MBSB IB had, on behalf of the Company, submitted an application to Bursa Securities for the listing of and quotation for the new shares to be issued pursuant to the LTIP on the Main Market of Bursa Securities. Bursa Securities approved the application vide its letter dated 4 December 2025.

Subsequently on 20 January 2026, the shareholders of the Company approved the establishment of the LTIP at an Extraordinary General Meeting.

#### (b) Share Sale Agreement with third party

On 11 March 2026, the Company's subsidiary, Malaysian Industrial Development Finance Berhad entered into a Share Sale Agreement with a third party for the proposed disposal of its entire equity interest in MIDF Amanah Asset Management Berhad. The proposed disposal is subject to the approval of the Securities Commission Malaysia. As at 17 March 2026, the proposed disposal has not been completed.

The event occurred after the reporting date and does not provide evidence of conditions that existed as at reporting date. Accordingly, no adjustment has been made to the financial statements for the financial year ended 31 December 2025.

### 52. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

#### (a) Allowance for ECL

The measurement of the ECL for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

MFRS 9 introduces the use of macroeconomic factors which include, but is not limited to, private consumption, unemployment rate and consumer price index. Incorporating forward looking information increases the level of judgement as to how changes in these macroeconomic factors will affect ECL. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Criteria that determine if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- Internal credit grading model, which assigns PDs to the individual grades;
- Choosing appropriate models and assumptions for the measurement of ECL;



## 52. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)

### (a) Allowance for ECL (continued)

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as (continued):

- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL

The sensitivity effect on the macroeconomic factors are further disclosed in Note 45.1(vii) to the financial statements.

The calculation of credit impairment provisions also involves expert credit judgements to be applied by the credit risk management team based upon counterparty information from various sources including relationship managers and external market information.

## Disclosure of Financial Data for Shariah Screening

Pursuant to Paragraph 9.25A of the MAIN Market Listing Requirements, below are the financial data that are relevant for the purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

### a) Group Total Income and Total Assets

	Group	
	2025 RM'000	2024 RM'000
<b>Total Income and Total Assets</b>		
Total Income	3,424,548	3,733,729
Total Assets	65,197,936	64,264,014

### b) Business Activities

		Group	
		2025 RM'000	2024 RM'000
<b>Shariah Non-Compliant Activities</b>	<b>Remarks</b>		
Interest Income		119,235	121,123
Stockbroking		8,221	12,863
Conventional funds management, financial advisory and related services		11,769	13,534
Conventional banking, finance and related services		13,594	13,242
Other Shariah non-compliant activities	Rental income and sundry income	1,154	1,680
<b>Total</b>		<b>153,973</b>	<b>162,442</b>

### c) Component of Financial Position

#### i) Cash Components

		Group	
		2025 RM'000	2024 RM'000
<b>Islamic Account/Instruments</b>	<b>Remarks</b>		
Cash at bank and short term funds		1,001,298	1,122,530
Deposits and placements		674,548	770,343
Financial assets/instruments	Includes financing and advances	59,894,163	58,201,568
<b>Total</b>		<b>61,570,009</b>	<b>60,094,441</b>
<b>Conventional Account/Instruments</b>			
Cash at bank and short term funds		166,369	140,505
Financial assets/instruments	Includes loans and advances	1,670,062	1,734,34
<b>Total</b>		<b>1,836,431</b>	<b>1,874,852</b>



### c) Component of Financial Position (continued)

#### ii) Debt Component

		Group	
		2025 RM'000	2024 RM'000
<b>Islamic Financing</b>	<b>Remarks</b>		
<b>Current</b>			
Repurchase agreements		<b>75,602</b>	166,703
Sukuk		<b>75,602</b>	166,703
Other Islamic financing facilities	Includes deposits, investment accounts of customers, lease liabilities, recourse obligation on financing sold, borrowings and government grant	<b>43,529,025</b>	47,404,732
<b>Non-Current</b>			
Sukuk		<b>1,090,510</b>	1,159,035
Other Islamic financing facilities	Includes deposits, investment accounts of customers, lease liabilities, recourse obligation on financing sold, borrowings and government grant	<b>5,782,059</b>	2,956,031
<b>Total</b>		<b>53,555,267</b>	52,255,014
<b>Conventional Borrowing</b>	<b>Remarks</b>		
<b>Current</b>			
Other interest bearing debt	Includes deposits, borrowings and government grant	<b>1,282,767</b>	1,244,269
<b>Non-Current</b>			
Other interest bearing debt	Includes deposits, borrowings and government grant	<b>36,592</b>	88,492
<b>Total</b>		<b>1,319,359</b>	1,332,761

## Schedule of Properties

No.	Location	Tenure	No. of years	Expiry Date	Land Area (Sq. Metres)	Description	Ages of Building (Years)	Book Value (RM'000)	Date of Revaluation
1	Menara MBSB Bank, PJ Sentral, Lot 12, Persiaran Barat, Seksyen 52, 46200 Petaling Jaya	Leasehold	99	09.02.2108	281,455.00	Office Building	5	216,307	Dec-23
2	a) Lot No. 3077, Title Pajakan Negeri No. 32340, A' Famosa Resort, Jalan Kemus, Simpang Ampat, Melaka (Phase 2C)	Leasehold	99	18.12.2094	161,106.01	Vacant Land	Nil	33,763	Jun-23
	b) 65 undeveloped detached house plots of land, Part of Phase 12, A' Famosa Resort Malaysia, Jalan Kemus, Simpang Ampat, Melaka (Phase 12)								
	c) 62 undeveloped detached house plots of land, Part of Phase 8, A' Famosa Resort Malaysia, Jalan Kemus, Simpang Ampat, Melaka (Phase 8)								
3	Wisma MBSB, No. 48, Jalan Dungun, Damansara Height, 50490 Kuala Lumpur	Freehold	Nil	Nil	1,595.28	Office Building	34	6,900	Dec-23
4	Six (6) office units known as Unit Nos. 11-1, 11-2, 11-3, 11-16, 13-5 and 13-6, Port Tech Tower, Jalan Tiara 3KU/01, Bandar Baru Klang, Selangor	Leasehold	99	08.05.2093	Nil	Office Unit	10	2,243	Jan-23 & Oct-24
5	Nos. A157 & A159, Jalan Tun Ismail, Kuantan, Pahang	Freehold	Nil	Nil	266	Office Building	30	2,180	Jan-24



No.	Location	Tenure	No. of years	Expiry Date	Land Area (Sq. Metres)	Description	Ages of Building (Years)	Book Value (RM'000)	Date of Revaluation
6	No. 45, Persiaran Greenhill, 30450 Ipoh, Perak	Lot 2298 N: Leasehold Lot 2294 N: Freehold	999	21.09.2884	223	Office Building	30	1,817	Jan-24
7	Unit No. 7-3A-4 & 7-12-4, Kirana Residence, No. 7, Jalan Pinang, Kuala Lumpur (MIDF's property)	Freehold	Nil	Nil	Nil	Residential Unit	25	1,774	Dec-25
8	Lot No. 4114, Title Geran No. 108858, Pekan Senawang, Seremban, Negeri Sembilan	Freehold	Nil	Nil	4,200	Vacant Land	Nil	820	Dec-25
9	No. 203 & 204, Jalan Melaka Raya 1, Taman Melaka Raya, 75000 Melaka	Leasehold	99	19.08.2075	298	Office Building	25	240	Dec-23
10	Title No. PN 69, Lot No. 113, Seksyen 5, Bandar Alor Setar, Kota Setar, Kedah (MIDF's Property)	Leasehold	99	29.02.2076	130.06	Office Building	20	153	Dec-25

# Analysis of Shareholdings

as at 31 March 2026

Total number of Issued Shares : 8,222,312,432 Ordinary Shares

Voting Rights : One Vote per Ordinary Share

## ANALYSIS OF ORDINARY SHAREHOLDING

Size of Shareholding	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 – 99	2,917	5.588	103,216	0.001
100 – 1,000	8,047	15.418	5,474,501	0.066
1,001 – 10,000	20,862	39.971	110,967,528	1.349
10,001 – 100,000	16,853	32.290	568,631,460	6.915
100,001 – 411,115,620 (*)	3,510	6.725	1,876,630,604	22.823
411,115,621 and Above (**)	3	0.005	5,660,505,123	68.843
<b>TOTAL</b>	<b>52,192</b>	<b>100.00</b>	<b>8,222,312,432</b>	<b>100.00</b>

### Remark:

\* Less than 5% of Issued Shares

\*\* 5% and above of Issued Shares

## THIRTY LARGEST SHAREHOLDERS (as per the Record of Depositors as at 31 March 2026)

No.	Name	No. of Shares	% of Shares
1	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	3,146,426,745	38.266
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ISLAMIC)	1,481,249,749	18.015
3	PERMODALAN NASIONAL BERHAD	1,032,828,629	12.561
4	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR HSBC PRIVATE BANK (SUISSE) SA (CLIENT ASSETS)	131,062,931	1.593
5	FONG SILING	52,000,000	0.632
6	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR ISHARES CORE MSCI EMERGING MARKETS ETF	38,441,500	0.467
7	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	34,198,984	0.415
8	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	32,367,600	0.393
9	RHB NOMINEES (TEMPATAN) SDN BHD PLEGGED SECURITIES ACCOUNT FOR SIAO CHOON PING	24,830,000	0.301
10	B-OK SDN BHD	23,521,100	0.286
11	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD FIDUCIARY TRUST COMPANY INSTITUTIONAL TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST II	17,758,100	0.215
12	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CGS CIMB)	16,274,600	0.197
13	CARTABAN NOMINEES (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR WISDOMTREE EMERGING MARKETS SMALLCAP DIVIDEND FUND	14,058,528	0.170



No.	Name	No. of Shares	% of Shares
14	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKETS CORE EQUITY 2 PORTFOLIO OF DFA INVESTMENT DIMENSIONS GROUP INC.	13,002,528	0.158
15	KENANGA NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT)	12,825,696	0.155
16	YEAP AH KAU @ YEAP CHAN TOOI	11,646,300	0.141
17	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HENG TENG KUANG	11,571,700	0.140
18	MOOMOO NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ZHENG TIANDONG	11,289,100	0.137
19	LKK REALTY SDN. BHD.	10,230,000	0.124
20	CARTABAN NOMINEES (ASING) SDN BHD BNYM SA/NV FOR ISHARES PUBLIC LIMITED COMPANY	10,039,500	0.122
21	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR EMERGING MARKETS SMALL CAPITALIZATION EQUITY INDEX NONLENDABLE FUND	9,548,285	0.116
22	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	9,497,580	0.115
23	CARTABAN NOMINEES (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR VANGUARD FTSE ALL-WORLD EX-US SMALL-CAP INDEX FUND	8,732,100	0.106
24	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	8,313,243	0.101
25	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)	8,064,753	0.098
26	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR THRIFT SAVINGS PLAN	7,517,500	0.091
27	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND ZVTG FOR STATE STREET GLOBAL ADVISORS TRUST COMPANY INVESTMENT FUNDS FOR TAX EXEMPT RETIREMENT PLANS	7,170,775	0.087
28	POSEIDON SENDIRIAN BERHAD	7,125,246	0.086
29	KEY JAYA SDN BHD	7,019,900	0.085
30	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR BLACKROCK INSTITUTIONAL TRUST COMPANY, N.A. INVESTMENT FUNDS FOR EMPLOYEE BENEFIT TRUSTS	6,954,150	0.084
<b>TOTAL SHAREHOLDING OF THE THIRTY LARGEST SHAREHOLDERS</b>		<b>6,205,566,822</b>	<b>75.472</b>

## Analysis of Shareholdings as at 31 March 2026

### **SUBSTANTIAL SHAREHOLDERS** (as per Register of Substantial Shareholders as at 31 March 2026)

<b>Name</b>	<b>Nature of Interest</b>	<b>No. of Shares</b>	<b>% of Issued Shares</b>
Employees Provident Fund Board	Direct	4,649,619,390	56.549
Permodalan Nasional Berhad	Direct	1,032,828,629	12.561
Yayasan Pelaburan Bumiputra	Indirect	1,032,828,629	12.561

**Notes:**

- 1) Total direct interest of EPF held under Citigroup Nominees (Tempatan) Sdn Bhd
- 2) Yayasan Pelaburan Bumiputra is deemed to have indirect interest through its shareholding of 100% less one (1) share of Permodalan Nasional Berhad by virtue of Section 8(4) of the Companies Act, 2016

### **DIRECTORS' DIRECT AND INDIRECT INTERESTS IN THE SECURITIES OF THE COMPANY**

None of the Directors of the Company holds any direct or indirect interest in the securities of the Company.

### **GROUP CHIEF EXECUTIVE OFFICER'S DIRECT AND INDIRECT INTERESTS IN THE SECURITIES OF THE COMPANY**

The Group Chief Executive Officer, Encik Mohamed Rafe bin Mohamed Haneef does not hold any direct or indirect interests in the securities of the Company.



## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT THE 56<sup>TH</sup> ANNUAL GENERAL MEETING (“AGM”)** of the Company will be held at Grand Ballroom, 1st Floor, KLGCC Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur (“Meeting Venue”) and virtually by way of electronic means via Vistra Share Registry and IPO (MY) portal (“**The Portal**”) at <https://srmy.vistra.com> on Tuesday, 26 May 2026 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions with or without modifications:

### ORDINARY BUSINESS:

1.	To receive the Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2025 and Reports of the Directors and Auditors thereon.	(Please refer to Explanatory Note 1)
2.	To re-elect Dato' Wan Kamaruzaman bin Wan Ahmad, who retires in accordance with Clause 100 of the Company's Constitution, and being eligible offer himself for re-election.	Ordinary Resolution 1
3.	To re-elect Datuk (Dr.) Yasmin binti Mahmood, who retires in accordance with Clause 100 of the Company's Constitution, and being eligible offer herself for re-election.	Ordinary Resolution 2
4.	To re-elect Datuk (Dr.) Normala @ Noraizah binti A. Manaf, who retires in accordance with Clause 90 of the Company's Constitution, and being eligible offer herself for re-election.	Ordinary Resolution 3
5.	To re-elect Puan Maheswari A/P G Kanniah, who retires in accordance with Clause 90 of the Company's Constitution, and being eligible offer herself for re-election.	Ordinary Resolution 4
6.	To approve the payment of the following fees to the Directors for the period from the date of this AGM to the next AGM of the Company in 2027:- (i) Chairman's fee of RM300,000 per annum; (ii) Director's fee of RM150,000 per annum for each Director; (iii) Board Committee Chairman's fee of RM30,000 per annum for the Chairman of each Board Committee; and (iv) Board Committee Member's fee of RM20,000 per annum for each member of a Board Committee.	Ordinary Resolution 5
7.	To approve the payment of allowances and benefits payable to the Directors of the Company up to an amount of RM1,200,000 for the period from the date of this AGM to the next AGM of the Company in 2027.	Ordinary Resolution 6
8.	To reappoint Messrs. PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2026 and to authorise the Directors to determine their remuneration.	Ordinary Resolution 7
9.	To transact any other business of which due notice shall have been given.	

### BY ORDER OF THE BOARD

**KOH AI HOON** (MAICSA 7006997)

Practicing Certificate No.: 202308000225

**PAULINE NG PECK KUN** (MAICSA 7029550)

Practicing Certificate No.: 201908002573

Company Secretaries

Petaling Jaya

30 April 2026

## Notice of Annual General Meeting

### Explanatory Notes:-

#### 1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2025

This Agenda is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

#### 2. Items 2, 3, 4 and 5 of the Agenda – Ordinary Resolutions 1, 2, 3 and 4 – Re-election of Directors

Datuk (Dr.) Normala @ Noraizah binti A. Manaf (“Datuk Nora Manaf”) was appointed as Independent Non-Executive Director of the Company on 15 July 2025.

Puan Maheswari A/P G Kanniah (“Puan Maheswari”) was appointed as Independent Non-Executive of the Company on 1 August 2025.

Datuk Nora Manaf and Puan Maheswari shall hold office until the conclusion of this AGM and are eligible to stand for re-election in accordance with Clause 90 of the Company’s Constitution. Datuk Nora Manaf and Puan Maheswari have offered themselves for re-election at this AGM.

Pursuant to Clause 100 of the Company’s Constitution, Dato’ Wan Kamaruzaman bin Wan Ahmad (“Dato’ Wan”) and Datuk (Dr.) Yasmin binti Mahmood (“Datuk Yasmin”) are due for retirement by rotation at this AGM. Dato’ Wan and Datuk Yasmin are eligible to stand for re-election and both have offered themselves for re-election at this AGM.

The retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the Board and Group Nominating and Remuneration Committee (“GNRC”) meeting. The Board and GNRC had considered the performance and contribution of each of the retiring Directors and also assessed the independence of the Independent Non-Executive Directors seeking re-election.

The Board and GNRC were satisfied that all four (4) Directors are not disqualified under the Companies Act, 2016 and Section 59(1) of the Financial Services Act 2013 (“FSA”). The Directors complied with the Fit and Proper Requirements as prescribed in the Fit and Proper Policy. The Independent Directors also fulfilled the independence criteria set out in the BNM Corporate Governance Policy and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Background screening was conducted on the retiring Directors and there was no adverse finding or any interest, position or relationship that might influence, or reasonably be perceived to influence in the background screening that could materially affect the Directors’ capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of MBSB.

The Board and GNRC also reviewed the existing time commitment, directorship and employment of the retiring directors and agreed that all retiring directors are able to dedicate adequate time and resources to discharge their duties as directors of MBSB.

The Board and GNRC had reviewed the performance of Dato’ Wan and his meeting attendance at the Board in 2024 and 2025. Dato’ Wan attended all Board meetings in 2024 and 2025. The Board and GNRC were satisfied with the performance and the contribution by Dato’ Wan to the Board.

The GNRC and the Board agreed that Dato’ Wan is a high-calibrated individual, a sharp and people-focused leader who is capable of setting and driving the tone at the top across the Group. Dato’ Wan is also the Chairman of MBSB Bank Berhad and MBSB Investment Bank Berhad which helps to promote alignment and coherence between the holding company and the operating subsidiaries.

Dato’ Wan is able to leverage his extensive experience in investment and treasury to provide significant strategic value in navigating the complexities of the financial services landscape. Dato’ Wan is also recognised as highly effective in managing the dynamics between the Board and Management, demonstrating strong interpersonal acumen, sound judgment, and diplomacy in facilitating constructive dialogue during Board deliberations.

The Board and GNRC had reviewed the performance of Datuk Yasmin and her meeting attendance at the Board and Board Committees in 2024 and 2025. Datuk Yasmin attended more than 95% of the Board and Board Committee meetings in 2024 and 2025. The Board and GNRC were satisfied with the performance and the contribution by Datuk Yasmin to the Board and Board Committee. Datuk Yasmin is a member of the Group Nominating and Remuneration Committee and Group Board Information Technology Oversight Committee.

Datuk Yasmin participated actively in the deliberations during the Board and Board Committee meetings and was able to provide valuable and diverse viewpoints. She has brought a refreshing change and perspective, particularly in areas such as digitalisation. With her impressive past experience in multinational technology companies, she has seamlessly become a key player in discussions around the Group’s digital future. Her past leadership experience has also made her a valuable addition when it comes to human capital and organisational development matters. With her ability to bring tech-savvy and people-centric perspectives has added a valuable layer of diversity to the discussions in the Board and Board Committee meetings. Additionally, she is also a director of Malaysian Industrial Development Finance Berhad, a wholly owned subsidiary of MBSB and plays a key role in ensuring alignment across the Group.

Dato’ Wan and Datuk Yasmin received high scores in the peer evaluation which was part of the Board Effectiveness Evaluation in 2025.

Both the Board and GNRC supported the re-election of Dato’ Wan, Datuk Yasmin, Datuk Nora Manaf and Puan Maheswari as Directors of MBSB at this AGM.

The details of the Directors who are standing for the re-election at this AGM are disclosed in the “Profile of MBSB Board of Directors” section of the Integrated Annual Report 2025.



### 3. Item 6 of the Agenda – Ordinary Resolution 5 – Payment of Directors Fees

The GNRC is responsible to conduct periodic reviews of the Board remuneration policy to ensure that the Directors are remunerated at an appropriate level for their commitment to the Company and to attract and retain high calibre and experienced individuals to oversee the Company's business and development.

The Board and GNRC have recommended that the fees payable to the Directors for the period from the date of this AGM until the next AGM of the Company in 2027 remain the same as previous year, as set out in the fee structure below:-

	Proposed annual fee (RM)
<b>Board</b>	
– Chairman	RM300,000
– Member	RM150,000
<b>Board Committee</b>	
– Chairman	RM30,000
– Member	RM20,000

### 4. Item 7 of the Agenda – Ordinary Resolution 6 – Allowances and benefits payable to Directors

The Board and GNRC have recommended that the proposed allowances and benefits payable to Directors for the period from the date of this AGM until the next AGM of the Company in 2027 will remain the same as previous year, as set out in the following structure:-

Board Meeting Allowance	Chairman – RM3,500 per meeting Member – RM3,000 per meeting
Board Committee Meeting Allowance	Chairman – RM2,500 per meeting Member – RM2,000 per meeting
Any other meeting allowances (where the Directors are invited to attend)	RM2,000 per meeting
Other benefits	Company car and personal driver for Chairman, medical & hospitalisation benefits, takaful coverage, travel and other claimable benefits

#### Note:

- (a) The total amount of allowances and benefits payable to the Directors is estimated up to RM1,200,000 from the date of this AGM until the next AGM in 2027.

### 5. Item 8 of the Agenda – Ordinary Resolution 7 – Re-appointment of Auditors

The Group Board Audit Committee ("GBAC"), at its meeting on 23 January 2026 conducted its annual assessment on the external auditors of the Company, Messrs. PricewaterhouseCoopers PLT ("PwC") in accordance with BNM's Guidelines on External Auditors. The assessment covered a wide spectrum of matters such as performance, suitability, independence and objectivity of the external auditors, based on qualifying criteria for the appointment of auditors and terms of audit engagement.

Having satisfied itself with PwC's performance and fulfillment of criteria as set out in BNM's Guidelines on External Auditors, the GBAC recommended the re-appointment of PwC as the external auditors of the Company for the financial year ending 31 December 2026. The Board, at its meeting on 29 January 2026, approved the recommendation for shareholders' approval to be sought at this AGM of the Company on the re-appointment of PwC as the external auditors of the Company for the financial year ending 31 December 2026, subject always to the approval from the regulators and shareholders.

## Notice of Annual General Meeting

### Notes:-

1. The 56<sup>th</sup> AGM of the Company will be held in a hybrid mode, whereby member(s), proxy(ies), corporate representative(s) or attorney(s) have the option to:
  - a. Attend physically in person at the Physical Meeting Venue (Physical Attendance); or
  - b. Attend virtually using the Remote Participation and Voting (RPV) facilities available on Vistra Share Registry and IPO (MY) portal ("The Portal") at <https://srmy.vistra.com> (Virtual Attendance).

Please refer to the Administrative Guide for the detailed procedures for Physical Attendance and Virtual Attendance.

2. For the purpose of determining a member who shall be entitled to attend this 56<sup>th</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 61(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), to issue a General Meeting Record of Depositors as at 15 May 2026. Only a depositor whose name appears on the Record of Depositors as at 15 May 2026 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her/its behalf.
3. A member shall be entitled to appoint another person as his/her/its proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to attend, participate, speak and vote at the meeting.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless the member specifies the proportion of the member's holdings to be represented by each proxy.
5. Where a member of the company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
7. To be valid, the duly completed instrument appointing a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company's Share Registrar not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof:
  - (i) In hard copy form
 

The Proxy Form must be deposited with the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, deposit the Proxy Form in the drop-in boxes located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
  - (ii) By electronic form
 

The Proxy Form can be lodged electronically with the Company's Share Registrar via The Portal at <https://srmy.vistra.com>. Kindly refer to the Administrative Guide on the procedures for electronic lodgement of Proxy Form via The Portal.
8. By submitting the duly executed Form of Proxy, the member and his/her proxy(ies) consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purposes of the 56<sup>th</sup> AGM and any adjournment thereof.
9. Pursuant to Paragraph 8.29A(1) of the Listing Requirements, the ordinary resolutions set out in the Notice of 56<sup>th</sup> AGM of the Company shall be put to the vote by way of a poll.

### STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. The details of the Directors who are standing for re-election at the 56<sup>th</sup> AGM of the Company are disclosed in the "Profile of MBSB Board of Directors" section of the Integrated Annual Report 2025.
2. Dato' Wan, Datuk Yasmin, Datuk Nora Manaf and Puan Maheswari do not have any conflict of interest or potential conflict of interest, including interest in any competing business with MBSB Group.
3. The details of their interest in securities of the Company are disclosed in the "Analysis of Shareholding" section of the Integrated Annual Report 2025

No. of shares held	CDS Account no.
Telephone no.	Email address

I/We \_\_\_\_\_  
(full name in block letters)

Company/NRIC No. \_\_\_\_\_ Tel No. \_\_\_\_\_

of \_\_\_\_\_  
(full address)

being a \*member/members of MBSB BERHAD ("Company"), hereby appoint:

(1) Name of proxy : \_\_\_\_\_ NRIC/ Passport no. : \_\_\_\_\_  
Address : \_\_\_\_\_  
\_\_\_\_\_  
Email address : \_\_\_\_\_ Telephone no. : \_\_\_\_\_

\*and/or

(2) Name of proxy : \_\_\_\_\_ NRIC/ Passport no. : \_\_\_\_\_  
Address : \_\_\_\_\_  
\_\_\_\_\_  
Email address : \_\_\_\_\_ Telephone no. : \_\_\_\_\_

or failing him/her, the CHAIRMAN OF THE MEETING as \*my/our proxy/proxies to vote for \*me/us on \*my/our behalf at the 56<sup>th</sup> Annual General Meeting ("AGM" or "Meeting") of the Company which will be held at Grand Ballroom, 1st Floor, KLGCC Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur ("Meeting Venue") and virtually by way of electronic means via Vistra Share Registry and IPO (MY) portal ("The Portal") at <https://srmy.vistra.com> on Tuesday, 26 May 2026 at 10:00 a.m. or at any adjournment thereof.

Please indicate with an "x" in the spaces provided whether you wish your votes to be cast for or against the resolution. In the absence of specific instructions, your proxy will vote or abstain as he/she thinks fit.

No.	Resolutions		For	Against
1.	To re-elect Dato' Wan Kamaruzaman bin Wan Ahmad as Director of the Company	Ordinary Resolution 1		
2.	To re-elect Datuk (Dr.) Yasmin binti Mahmood as Director of the Company	Ordinary Resolution 2		
3.	To re-elect Datuk (Dr.) Normala @ Noraizah binti A. Manaf as Director of the Company	Ordinary Resolution 3		
4.	To re-elect Puan Maheswari A/P G Kanniah as Director of the Company	Ordinary Resolution 4		
5.	To approve the payment of Directors' fees payable to Directors for the period from the date of this AGM to the next AGM of the Company in 2027.	Ordinary Resolution 5		
6.	To approve the payment of allowances and benefits payable to the Directors of the Company up to an amount of RM1,200,000 for the period from the date of this AGM to the next AGM of the Company in 2027.	Ordinary Resolution 6		
7.	To reappoint Messrs. PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2026 and to authorise the Directors to determine their remuneration.	Ordinary Resolution 7		

The proportion of \*my/our holding to be represented by \*my/our proxies are as follows:

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2026

\_\_\_\_\_  
Signature/Common Seal of Member

For the appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of shares	Percentage (%)
Proxy 1		
Proxy 2		

\* Strike out whichever is not applicable

**NOTES:**

1. The 56<sup>th</sup> AGM of the Company will be held in a hybrid mode, whereby member(s), proxy(ies), corporate representative(s) or attorney(s) have the option to:
  - (i) Attend physically in person at the Physical Meeting Venue (Physical Attendance); or
  - (ii) Attend virtually using the Remote Participation and Voting (RPV) facilities available on Vistra Share Registry and IPO (MY) portal ("**The Portal**") at <https://srmv.vistra.com> (Virtual Attendance).Please refer to the Administrative Guide for the detailed procedures for Physical Attendance and Virtual Attendance.
2. For the purpose of determining a member who shall be entitled to attend this 56<sup>th</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 61(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**"), to issue a General Meeting Record of Depositors as at 15 May 2026. Only a depositor whose name appears on the Record of Depositors as at 15 May 2026 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her/its behalf.
3. A member shall be entitled to appoint another person as his/her/its proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to attend, participate, speak and vote at the meeting.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless the member specifies the proportion of the member's holdings to be represented by each proxy.
5. Where a member of the company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
7. To be valid, the duly completed instrument appointing a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company's Share Registrar not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof:
  - (i) In hard copy form  
The Proxy Form must be deposited with the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, deposit the Proxy Form in the drop-in boxes located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
  - (ii) By electronic form  
The Proxy Form can be lodged electronically with the Company's Share Registrar via The Portal at <https://srmv.vistra.com>. Kindly refer to the Administrative Guide on the procedures for electronic lodgement of Proxy Form via The Portal.
8. By submitting the duly executed Form of Proxy, the member and his/her proxy(ies) consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purposes of the 56<sup>th</sup> AGM and any adjournment thereof.
9. Pursuant to Paragraph 8.29A(1) of the Listing Requirements, the ordinary resolutions set out in the Notice of 56<sup>th</sup> AGM of the Company shall be put to the vote by way of a poll.

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AFFIX  
STAMP

**The Share Registrar  
MBSB BERHAD**

(Registration No. 197001000172 (9417-K ))

**c/o Tricor Investor & Issuing House Services Sdn. Bhd.**

(Registration No. 197101000970 (11324-H))

Unit 32-01, Level 32, Tower A

Vertical Business Suite, Avenue 3, Bangsar South

No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

59200 Kuala Lumpur

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[www.mbsb.com](http://www.mbsb.com)

**MBSB BERHAD**

Reg No. 197001000172 (9417-K)

Level 25, Menara MBSB Bank  
PJ Sentral, Lot 12, Persiaran Barat Seksyen 52,  
46200 Petaling Jaya, Selangor

Tel : 03-2096 3000 Fax : 03-7455 5108

