MBSB

SUSTAINABILITY REPORT 2025

GEARED TOWARDS SUSTAINABILITY

About This Report

MBSB Berhad (MBSB or the Group) presents its Sustainability Report 2025 (SR 2025 or the Report) for the financial year ended 31 December 2025 (FY2025).

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

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

Scope and Boundary

This report covers MBSB's business operations in Malaysia, encompassing MBSB Bank Berhad and Malaysian Industrial Development Finance Bhd (MIDF), together with their respective subsidiaries. It presents our performance for the period from 1 January 2025 to 31 December 2025, unless otherwise stated. Where relevant, comparative quantitative information for the past three years is also included.

Our Reporting Approach

This report is disclosed with reference to the GRI Sustainability Reporting Standards and, where applicable, addresses material issues across economic, social, and governance aspects. In alignment with global sustainability agendas, it also provides an overview of our contributions to the United Nations Sustainable Development Goals (UN SDGs).

The preparation of this report is further guided by the following frameworks and requirements:

- Sustainability Accounting Standards Board (SASB) Sector-Specific Disclosures
- Bursa Malaysia Main Market Listing Requirements
- Bursa Malaysia Sustainability Reporting Guide
- Task Force on Climate-related Financial Disclosures (TCFD) recommendations
- International Financial Reporting Standards (IFRS):
  - IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information)
  - IFRS S2 (Climate-related Disclosures)

Statement of Assurance

All non-financial data required under the Listing Requirements of Bursa Malaysia Berhad within this report has been subjected to an internal review by our internal auditors.

In addition, we have obtained limited assurance from an independent third party on selected indicators for MBSB, as listed below:

1. **Subject Matter 1:** Scope 1 GHG emissions
2. **Subject Matter 2:** Scope 2 GHG emissions
3. **Subject Matter 3:** Total energy consumption
4. **Subject Matter 4:** Occupational safety and health
   a. Number of work-related fatalities
   b. Lost time incident rate
   c. Number of employees trained on health and safety standards
5. **Subject Matter 5:** Average training hours by gender and employee category
6. **Subject Matter 6:** Total number of grievances or complaints filed through grievance mechanisms

Our limited assurance statement is presented on pages 72 to 75 of this report.

Forward-Looking Statement

Statements in this report relating to our financial position, business strategy, market growth, and future plans, other than statements of historical fact, are our forward-looking statements. These statements are based on assumptions and are subject to risks and uncertainties that may arise from factors beyond management's control, including changes in market trends, economic conditions, policy rate movements, pandemics, and regulatory developments. While we endeavour to ensure that such statements are reasonable at the time they are made, they should not be solely relied upon as guarantees of future performance.

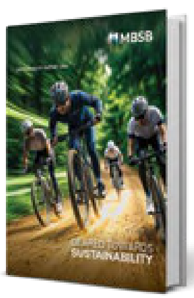
Responsibility of the Board

The Group Board recognises its responsibility in ensuring the integrity of this report. Key reporting updates are presented to, discussed by, and approved by the Board in accordance with our sustainability governance framework.

Feedback

We continuously seek to enhance our sustainability disclosures and practices. We welcome feedback, questions, and suggestions, which may be directed to **sustainability@mbsbbank.com.**

Contents



"Geared Towards Sustainability" marks MBSB's progress in the FLIGHT26 mission.

We accelerate with a unified purpose to deploy capital for climate action and reinforce community resilience.

Moving in sync, we shape our actions towards a resilient, inclusive legacy.

Message from Our Group Chief Executive Officer

Sustainability is how we future-proof MBSB. By digitising services, financing climate action, and uplifting communities, we are building a bank that is leaner, greener, and ready for 2050.

Rafe Haneef
Group Chief Executive Officer

At MBSB, sustainability is part of how we grow, how we manage risk, how we serve our customers, and how we create long-term value. In 2025, that conviction remained firmly guided by FLIGHT26, our three-year strategic roadmap, which continues to shape how we strengthen execution, build resilience, and position the Group for the future. In a year of evolving market conditions, rising stakeholder expectations, and a more demanding regulatory landscape, we stayed focused on what matters most: executing with clarity, acting with responsibility, and building a business that can continue to create value over time.

myPledge which is the pledge to our stakeholders reinforces the idea that sustainability is not only about commitments made at Group level, but about how those commitments show up in everyday decisions, behaviours, and priorities across the organisation. Grounded in the values of *Amanah* and *Adab*, myPledge has given us a stronger common language for responsible growth, and a clearer way to connect our purpose with the outcomes we want to deliver for shareholders, customers, employees, communities, and regulators.

Translating Strategy Into Delivery

In 2025, a key priority was to ensure that strategic ambition was matched by delivery rigour. FLIGHT26 set the direction, but just as important was how we translated that direction into practical execution through the Transformation Programme and across the wider organisation. This meant staying focused on initiatives that strengthen performance, improve agility, and sharpen our ability to respond to change. It meant ensuring that sustainability was increasingly embedded into the way we plan, govern, and execute. This stronger execution focus was supported by governance and accountability. Sustainability oversight continued to be anchored across the Board, Board committees, management committees, and working groups, with clearer structures to guide implementation and monitor progress.

Strengthening the Foundations of Our Net Zero Journey

Climate change continues to shape the environment in which financial institutions operate, influencing risk, resilience, and the long-term needs of customers, markets, and the wider economy. In 2025, MBSB took further steps to strengthen its climate agenda in a way that supports prudent decision-making, reinforces institutional resilience, and reflects a disciplined approach to long-term value creation.

Progress during the year was centred on building a stronger foundation for the Group's Net Zero journey, with greater structure around climate governance, risk oversight, and strategic readiness. This is important not only from a disclosure perspective, but also in ensuring that climate-related considerations are increasingly embedded into how MBSB evaluates priorities, manages exposures, and responds to a changing operating landscape.

The transition ahead will continue to require careful judgement, stronger data, and evolving capabilities. Yet these realities do not diminish the importance of action. Rather, they reinforce the need to move forward in a way that is measured, credible, and aligned with the broader responsibilities

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of the institution. MBSB remains committed to Carbon Neutrality for Scope 1 and Scope 2 emissions by 2030, and to Net Zero by 2050, which is achieved by reducing direct and indirect emissions from the Group's operations and gradually reducing our operational and financed emissions across the Group.

Financing Sustainability with Customer-Centric Digital Delivery

Progress in 2025 reflected continued efforts to strengthen how MBSB creates value for customers while supporting broader economic transition. Responsible financing remained an increasingly important part of this journey, reinforcing the Group's role in supporting Malaysia's sustainability agenda through practical, credible, and impact-oriented Islamic finance solutions.

At the same time, digitalisation continued to shape how customers access and experience our services. MBSB's MJourney Mobile Application recorded a 42.0% YoYincrease in total digital transactions, spanning transfers, QR payments, remittances and online banking services.

Building a Future-ready and Values-driven Organisation

Our people remain central to MBSB's progress, and in 2025, efforts to strengthen organisational capability, culture, and workforce readiness further enhanced the Group's ability to deliver on its priorities in a changing operating environment. Under FLIGHT26, our HR strategy remained focused on talent development, leadership growth, digital readiness, cultural transformation, wellbeing, and competitive rewards. Together, these efforts support a stronger organisation that can execute consistently, adapt with confidence, and remain aligned with future business needs.

Investment in capability building across the Group remained a priority, with RM10.6 million allocated to employee training in 2025. Leadership development, sustainability awareness, and early-career talent pipeline building were further strengthened through initiatives such as the GEM Programme and university engagement efforts. Employees were also supported through a more holistic wellbeing approach, flexible working arrangements, and harmonised benefits across the Group.

Progress on inclusion remained evident, with women representing 33% of the Board, 27% of senior management, and 43% of middle management in 2025. More broadly, efforts under myPledge, TeamRISE, and wider culture-building initiatives continued to strengthen a workplace that is values-driven, performance-oriented, and better prepared for what comes next.

Creating Meaningful Impact in the Community

Sustainability at MBSB extends beyond the organisation and into the communities it serves. In 2025, this remained an important consideration across employee volunteerism, CSR programmes, zakat distribution, and initiatives supporting financial inclusion and livelihood strengthening. These efforts spanned a wide range of interventions, from coastal and river conservation to child nutrition, scholarships, tuition support, entrepreneur training, digital skills development, and economic empowerment for asnaf and underserved groups. Together, they reflect a deliberate approach to ensuring that community investment is more targeted, relevant, and capable of generating outcomes that extend beyond immediate support.

Looking Ahead

Looking ahead, our direction remains clear as we continue building on FLIGHT26 and strengthening the foundations of our sustainability journey through execution that is responsible, resilient, and relevant to the needs of our stakeholders. The progress made in 2025 reflects a more integrated, capable, and deliberate organisation, and I would like to extend my sincere appreciation to our stakeholders for their continued trust and partnership, and to our employees for their dedication, commitment, and contribution in moving MBSB forward. Together, these efforts will remain essential as we continue creating long-term value with purpose, care, and a clear sense of responsibility.

Message from Our Group Chief Shariah and Sustainability Officer

At MBSB, sustainability is the practice of adab in action—where responsibility, wisdom, and purpose define how value is created.

Ashraf Gomma Ali
Group Chief Shariah and Sustainability Officer

People often ask what it truly means to integrate Shariah and sustainability in practice. At MBSB, we understand integrated sustainability as acting with *adab*—placing things in their proper context—guided by *nasiha*, a sincere commitment to uplift and support, including helping our clients transition toward more sustainable pathways; exercised through *hikma*, by drawing on both sound Shariah principles and the best available scientific and financial tools; and grounded in *amana*, the recognition that all resources are a trust from Allah, to be managed responsibly.

In this sense, sustainability is not an external overlay but a natural expression of our role as *khalifa*—to foster a morally upright, resilient, and productive society while creating long-term value in a manner that is both ethically rooted and practically effective.

Acting with *Adab*: Discipline in Governance and Conduct

The foundation of integrated sustainability is *adab*—the discipline of right conduct. For an institution, this means ensuring that governance is not merely procedural, but principled. In 2025, a key area of progress was strengthening the structures that embed sustainability within how the Group is governed, managed, and held accountable. Oversight continued to be reinforced across Board and management committees, supported by clearer reporting lines, stronger coordination, and more consistent follow-through. This has improved visibility over implementation and strengthened internal accountability. More importantly, it reflects a commitment to ensuring that our actions remain aligned with our stated values.

In an environment where sustainability claims are increasingly scrutinised, *adab* requires restraint, consistency, and honesty. It requires that commitments are made with care, and upheld with discipline. This remains central to how we understand institutional responsibility.

Operating with *Nasiha*: Engagement, Transition, and Shared Responsibility

Integrated sustainability also requires a spirit of *nasiha*—sincerity, constructive counsel, and a genuine commitment to the wellbeing of stakeholders. This extends into how we engage with our customers, particularly those in higher-emitting sectors.

From this perspective, sustainability is not achieved through exclusion alone, but through responsible engagement. In 2025, we continued to work alongside clients to support their transition journeys—providing guidance, appropriate financing solutions, and structured pathways towards improved environmental performance.

Engaging with higher-emitting clients is not a compromise of principles; rather, it is an expression of *nasiha*. It recognises that many sectors remain essential to the economy, and that meaningful progress lies in supporting gradual, credible transition. Through the application of frameworks such as the Climate Change and Principle-based Taxonomy (CCPT), we assess transition pathways more clearly, ensuring that financing supports improvements that are measurable, time-bound, and aligned with broader sustainability objectives.

Internally, *nasiha* is also reflected in strengthened governance, reporting cadence, and cross-functional accountability—ensuring sustainability remains a shared responsibility across the organisation.

Applying *Hikma*: Judgement, Tools, and Scientific Rigour

The application of *hikma*—sound judgement grounded in knowledge—requires both wisdom in principle and rigour in execution. In sustainability, this entails not only thoughtful decision-making, but also the disciplined use of the best tools, methodologies, and scientific developments available.

In 2025, we established our first IFRS S2-aligned climate disclosure, strengthening reporting across governance, strategy, risk management, and metrics. This was supported by enhancements in internal reporting, including the Climate Risk Dashboard, as well as continued application of CCPT within financing processes and Climate Risk Stress Testing aligned with regulatory expectations.

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These tools are not ends in themselves—they enable better judgement, clearer visibility, and more disciplined decision-making. At the same time, *hikma* requires humility: recognising the limitations of current data and remaining responsive to evolving scientific understanding. Our financed emissions, estimated at approximately 700,000 tCO_2e with an intensity of 20 tCO_2e per RM million, represent a baseline from which further refinement is required.

In this sense, *hikma* bridges tradition and modernity—calling for decisions that are ethically grounded, intellectually rigorous, and informed by the best available knowledge.

Upholding *Amanah*: Accountability and Stewardship

At the core of our role is the *amanah* of responsibility. This requires recognition that everything entrusted to us—resources, authority, and opportunity—is ultimately from Allah, and that we are accountable for how faithfully we uphold that trust.

Integrated sustainability therefore requires more than performance—it requires moral accountability. It requires that decisions are made with awareness of their consequences, and that what is entrusted to us is used to create benefit and avoid harm.

Since the start of our sustainability journey in 2024, MBSB has cumulatively catalysed RM13 billion in sustainable and transition finance, with more than RM8 billion delivered in 2025 alone. This reflects both momentum and execution discipline, supported by our Sustainable and Transition Finance Framework.

The continued allocation of our RM300 million Sustainability Sukuk Wakalah to a landfill gas-to-energy asset demonstrates our commitment to directing capital towards activities with clear and measurable benefit. At the same time, initiatives such as Sustainable Term Deposit-i and M-WiSE support broader financial inclusion and participation.

However, the true test of *amanah* is not scale, but integrity—reflected in disciplined screening, transparent classification, and the willingness to exercise restraint where necessary.

Fulfilling *Khalifa*: Advancing a Responsible and Productive Society

Integrated sustainability ultimately reflects our role as *khalifa*—stewardship in service of a morally upright and productive society. This extends beyond the institution into the communities we serve.

In 2025, MBSB invested RM4.67 million across 76 community initiatives, reaching over 111,000 beneficiaries and contributing more than 11,000 volunteer hours. These efforts spanned environmental, educational, and socio-economic interventions, including support for *asnaf* and underserved communities.

Impact is not defined solely by reach, but by intention and outcome. It requires that support is delivered with dignity, promotes empowerment, and contributes to long-term resilience—strengthening the broader social and economic fabric.

Looking Ahead

As we move forward, our focus remains on deepening this integrated approach—ensuring sustainability continues to shape how we govern, finance, and operate.

This will require continued investment in governance, data, and capability, alongside a commitment to transparency and accountability. More importantly, it requires remaining anchored to the principles that define our approach: *adab* in conduct, *nasiha* in engagement, *hikma* in judgement, and *amanah* in responsibility, all in service of fulfilling our role as *khalifa*.

These are not abstract ideals, but practical disciplines. They guide how we navigate complexity, engage constructively with our clients, and ensure that progress remains credible and meaningful.

At MBSB, sustainability is the practice of adab in action—where responsibility, wisdom, and purpose define how value is created.

2025 Sustainability Highlights

Innovating and Creating Value

Over
RM13 billion cumulatively catalysed in Sustainable and Transition Finance since 2023, exceeding our 2026 target of RM10 billion

Over
RM400 million mobilised under MBSB Sustainable Term Deposit-*i*

Approved
RM87.1 million in financing for 16 companies under the Halal Accreditation Technology Improvement (HATI) programme, supporting productivity, compliance, and growth in the halal economy.

Total **digital transaction rose by 42%** YoY

RM10 million
approved under **M-WiSE to support women-owned SMEs**

98.5%
of all **customer complaints** were addressed within the turnaround time

Operating Sustainably

Conducted Climate
Risk Stress Testing aligned with Bank Negara Malaysia (BNM) methodology

Calculated Scope 3
Financed Emissions, recording an emissions intensity of 20 tCO_2e/RM million

Strengthened
climate risk oversight through quarterly Climate Risk Dashboard reporting

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

Made its first-year
IFRS S2 climate disclosure

Achieved a
15% reduction in Energy Usage at Menara MBSB Bank compared to 2023 baseline

Empowering a Sustainable Culture

Logged over
11,000 volunteer hours across employee-driven and community-led initiatives, an **83%** increase from 2024

Women now hold
40% of leadership roles*, compared to **35%** in previous year

**Middle Management and above*

Invested over
RM4.67 million in **CSR and zakat** initiatives

Invested over
RM10.5 million, a **17%** increase from 2024, in employee training and development, achieving over **131,000 hours** of training

Held the
Sustainability Day 2025 to deepen employee engagement and reinforce a sustainability-driven workplace culture

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

Our Sustainability Commitments

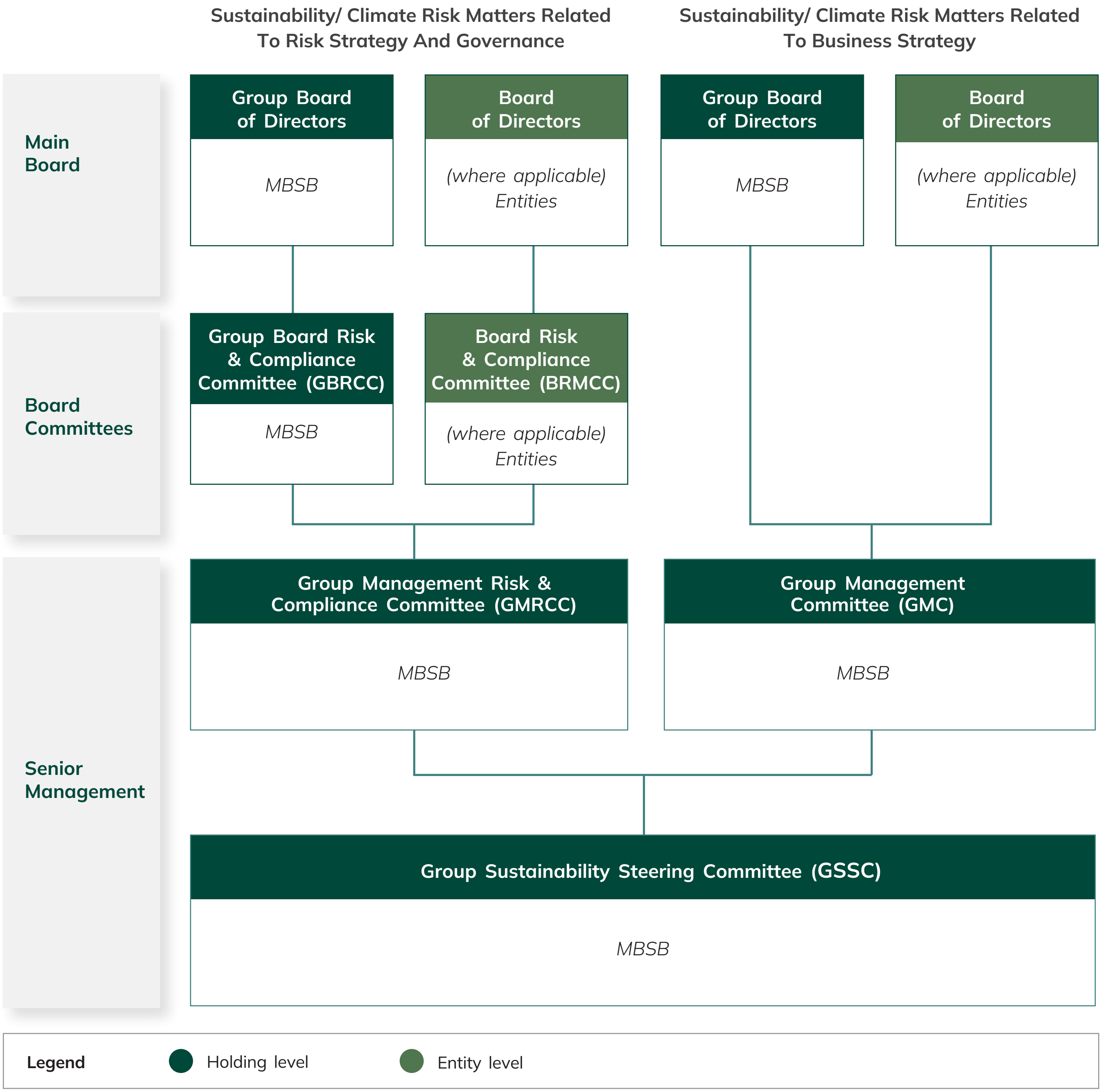
MBSB's sustainability journey is guided by a long-term ambition to integrate ethical, responsible, and inclusive practices throughout our operations. Aligned with our strategic priorities and grounded in the principles of *Amanah* and *Adab*, we have defined four core sustainability commitments that shape our actions and performance. These commitments provide clear direction beyond stated targets, reflecting our resolve to deliver measurable progress in sustainable finance, climate action, and a purpose-driven culture, while strengthening our role as a catalyst for positive change across the financial ecosystem.

MBSB's Progress Against Key Sustainability Commitments

Commitment	Short Description of Commitment	2025 Achievements
01 Catalysing RM10 billion in Sustainable and Transition Finance by 2026	Catalyse capital towards sustainable-aligned finance and investments, and support clients in their journey to a low-carbon economy.	**RM13 billion** cumulatively catalysed, exceeding our 2026 target of RM10 billion
02 Achieving Carbon Neutrality for Scope 1 and 2 by 2030	Reduce direct and indirect emissions from the Group's operations through energy management and operational improvement.	**15% reduction** in Energy Usage at Menara MBSB Bank compared to 2023 baseline
03 Achieving Net Zero by 2050	Gradually reduce our operational and financed emissions across the Group by 2050 through climate risk integration and sustainable finance.	Recorded Financed Emissions of about **700,000 tCO_2e** with an emissions intensity of 20 tCO_2e/ RM million
04 Achieving 50,000 Volunteer Hours by 2030	Cultivate a purpose-driven culture through employee volunteerism and community programmes.	Over **22,000 cumulative hours recorded** (44% of 2030 target) 2023: 4,505 | 2024: 6,023 | 2025: 11,477

Our Sustainability Governance

Sustainability governance at MBSB is anchored by the principles of *Amanah* and *Adab*, reinforcing our commitment to integrity, accountability, and ethical conduct. Our governance framework ensures that sustainability and climate-related considerations are embedded across decision-making processes at both the holding and entity levels.



The structure establishes clear oversight from the Board down to operational working groups, supported by a robust three lines of defence model. This enables disciplined risk management, structured accountability, and consistent implementation across the Group.

Three Lines of Defence Model

This model ensures clear accountability and layered oversight across the organisation.

1 First Line	2 Second Line	3 Third Line
Risk Taking Unit Identifies and manages day-to-day sustainability and climate-related risks within operational activities.	**Risk Control Units** Establishes frameworks, policies, and controls to provide oversight and risk governance.	**Oversight and Risk Governance** Provides independent review, assessment, and validation of sustainability and risk management processes.

Governance Body	Roles & Responsibilities
Group Board of Directors	• Assume ultimate responsibility for managing the Group's sustainability and climate risk management matters. • Review and approve the strategies on promotion of sustainability and climate risk management through appropriate environmental, social and governance ("ESG") consideration in the Group's businesses. • Approve new Group's sustainability and climate risk management frameworks and policies on sustainability matters. • Approve the Group's sustainability and climate risk management metrics and key performance indicators. • Ensure incorporation of sustainability and climate risk management within the Group's corporate strategy. • Be informed of the sustainability and climate risk management initiatives of the Group entities.
Group Board Risk & Compliance Committee (GBRCC)	• Assist the Group Board in fulfilling fiduciary responsibilities particularly in establishing controls to manage sustainability and climate risk. • Review and recommend the Group's sustainability and climate risk management strategies, new frameworks/policies and risk appetite statement to the MBSB Group Board for approval. • Approve changes to the Group's sustainability and climate risk management strategies, frameworks and policies. • Review and recommend the Group's sustainability and climate risk management metrics, targets and key performance indicators to the Group Board for approval. • Oversee the Group's sustainability and climate risk management and ensure the risk management process is in place and functioning. • Have oversight of the sustainability and climate risk management initiatives of the Group entities.
Group Management Risk & Compliance Committee (GMRCC)	• Review and recommend the Group's sustainability and climate risk management frameworks and policies and risk appetite statement for approval. • Ensure that the Group and Entity have established the necessary policies and procedures in place to support the implementation of sustainability and climate risk management initiatives. • Deliberate and review the Group's and Entity's sustainability and climate-related risk reports and have oversight of the Group's sustainability and climate risk management initiatives. • Ensure that the policy requirements are implemented and strictly followed consistently to build and support climate resilience as well as actively promote a just and orderly transition of customers and counterparties. • Ensure day-to-day management of climate-related risks and opportunities.
Group Management Committee (GMC)	• Review and recommend the entity-specific and Group's sustainability and climate risk management strategies for approval. • Review and recommend the entity-specific and Group's sustainability business strategies, targets and key performance indicators to the relevant entity Board and GBOD respectively for approval. • Provide support to the Group Sustainability Steering Committee for matters relating to the implementation of sustainability and climate risk management strategy. • Ensure that sustainability and climate risk management and business strategies have been embedded within the Group's overall business strategy. • Review the effectiveness of the Group's organisational structure and appropriately define the roles and responsibilities of key business and risk functions in supporting strategies to build climate resilience and manage climate-related risks.

Group Sustainability Steering Committee (GSSC)	• Provide business ideas, process innovation and data to support sustainability and climate risk management efforts. • Coordinate and monitor the implementation of the sustainability and climate risk management strategy and projects for the Group and its entities. • Review and recommend all sustainability and climate risk related tools for implementation. • Ensure the operational and system readiness of new sustainability and climate risk management initiatives and projects.

Our Sustainability Strategy

We recognise our critical role as a financial services provider in supporting a sustainable society and economy. Aligned with national and global sustainability agendas, our enhanced Sustainability Framework serves as a strategic blueprint to embed sustainability across our operations while delivering meaningful environmental and social outcomes.

Sustainability Vision

To provide sustainable and innovative solutions benefiting our communities

Sustainability Mission Statement

We aim to foster values by:
- Delivering innovative financing solutions through a fair, inclusive, and transparent system
- Prioritising environmental stewardship and social responsibility while delivering value sustainably
- Contributing to and investing in our customers and communities to improve quality of life

Sustainability Pillars

Innovating and Creating Value	Operating Sustainably	Empowering a Sustainable Culture
Advancing our position as a leading sustainable organisation through the delivery of innovative and sustainable solutions for our customers and communities.	Integrating environmental stewardship and social responsibility into our business operations.	Cultivating a strong culture of sustainability among our internal stakeholders while maintaining our commitment to community investment.

Goals

Innovating and Creating Value	Operating Sustainably	Empowering a Sustainable Culture
1 Catalysing RM10 billion for sustainable and transition finance by 2026 2 Include ESG best practices in Risk Management 3 Provide value-added services to empower stakeholders	4 Achieving Net Zero by 2050 5 Achieving Carbon Neutrality for Scope 1 and Scope 2 6 Embedding sustainable practices in our operations 7 Enhancing sustainable disclosures	8 Achieving 50,000 volunteer hours by 2030 9 Enhancing workforce capabilities 10 Enhancing sustainable culture

myPledge: Driving Impact Across Our Stakeholders

At MBSB, sustainability is treated as a shared organisational commitment that informs how decisions are made and actions are taken—myPledge operationalises this commitment by providing a common framework that guides behaviours and priorities across our stakeholders in support of long-term outcomes. Anchored in the values of *Amanah* and *Adab*, myPledge sets clear expectations for responsible conduct, ensuring sustainability considerations are consistently embedded across our business activities and stakeholder engagements.

Regulators
Embeds compliance and responsible innovation, ensuring regulatory confidence.

Customers
Enhances trust through service excellence aligned with long-term needs.

Employees
Cultivates resilience through a collaborative and performance-oriented culture.

Communities
Strengthens social responsibility, inclusivity, and ethical leadership.

Shareholders
Secures responsible growth while balancing financial performance.

myPledge — A Dynamic Journey Where Culture Fuels Sustainability and Purpose Drives Progress

2024

The beginning – Setting the Foundation

- Launched with purpose. Driven by values.
- The official launch of myPledge took place during MBSB Games Community Day, bringing together employees, customers, and communities.
- The M-RISE Recognition Programme was introduced to recognise employees who demonstrate our core values.
- Efforts focused on aligning behaviours across the organisation with our vision for sustainable growth.

2025

Igniting Momentum – Creating Impact

- Turning commitment into action.
- More than 14 divisions participated in TeamRISE initiatives, strengthening collaboration across the organisation.
- The MBSB Accelerated Change Champion Programme (MACCP) was introduced to empower leaders driving cultural change.
- Results from the Culture Pulse Survey indicated early positive shifts in employee engagement.

2026-2028

Driving Change – Embedding Sustainability

- Where culture meets performance.
- myPledge will become the foundation of how we operate, placing sustainability at the centre of decision-making.
- The M-RISE programme will be expanded to recognise achievements linked to sustainability-related projects.
- Key milestones shall be achieved, including progress towards our targeted 8% return on equity by 2026, demonstrating that sustainability supports performance.

2029 & Beyond

Leading the Future – Sustaining Impact

From actions to purpose.

- A fully integrated myPledge culture will be embedded across all business lines.
- Achieve recognition for leadership in Islamic sustainable banking, supported by sustained stakeholder trust and industry acknowledgement.
- We will continue to contribute to Malaysia's sustainability ambitions over the long term, positioning ourselves at the forefront of responsible growth.

Engaging Our Stakeholders

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

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

Engagement Frequency

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

SHAREHOLDERS

Topics Raised

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

Our Responses

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

Relevant Material Matters

- Economic Performance
- Environmental Stewardship
- Sustainable Financing
- Ethics and Integrity
- Data Privacy and Cybersecurity
- Innovation and Technology

Engagement Method and Frequency

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

CUSTOMERS

Topics Raised

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

Our Responses

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

Relevant Material Matters

- Sustainable Financing
- Innovation and Technology
- Customer Experience and Satisfaction
- Data Privacy and Cybersecurity

Engagement Method and Frequency

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

EMPLOYEES

Topics Raised

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

Our Responses

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

Relevant Material Matters

- Competent Workforce
- Employee Health and Wellbeing
- Diversity and Equal Opportunity
- Economic Performance
- Innovation and Technology
- Ethics and Integrity

Engagement Method and Frequency

- Q Employee Engagement Survey, M-IDEA
- R Kelab Sukan activities, M-RISE, Town halls
- R Regular meetings and discussions
- A Sustainability Day
- M Sustainability Monthly Engagement

REGULATORS

Topics Raised

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

Our Responses

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

Relevant Material Matters

- Ethics and Integrity
- Data Privacy and Cybersecurity
- Sustainable Procurement
- Sustainable Financing
- Serving the Communities
- Environmental Stewardship

How we engaged them

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

COMMUNITIES

Topics Raised

- Financial literacy
- Community investments
- Sustainable financing

Our Responses

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

Relevant Material Matters

- Serving the Communities
- Environmental Stewardship
- Sustainable Financing
- Diversity and Equal Opportunity

How we engaged them

- R Meetings
- R Graduate programmes
- R Community development initiatives
- R Events and engagements
- R Regular announcements via our website
- A Vendor assessments or performance evaluations

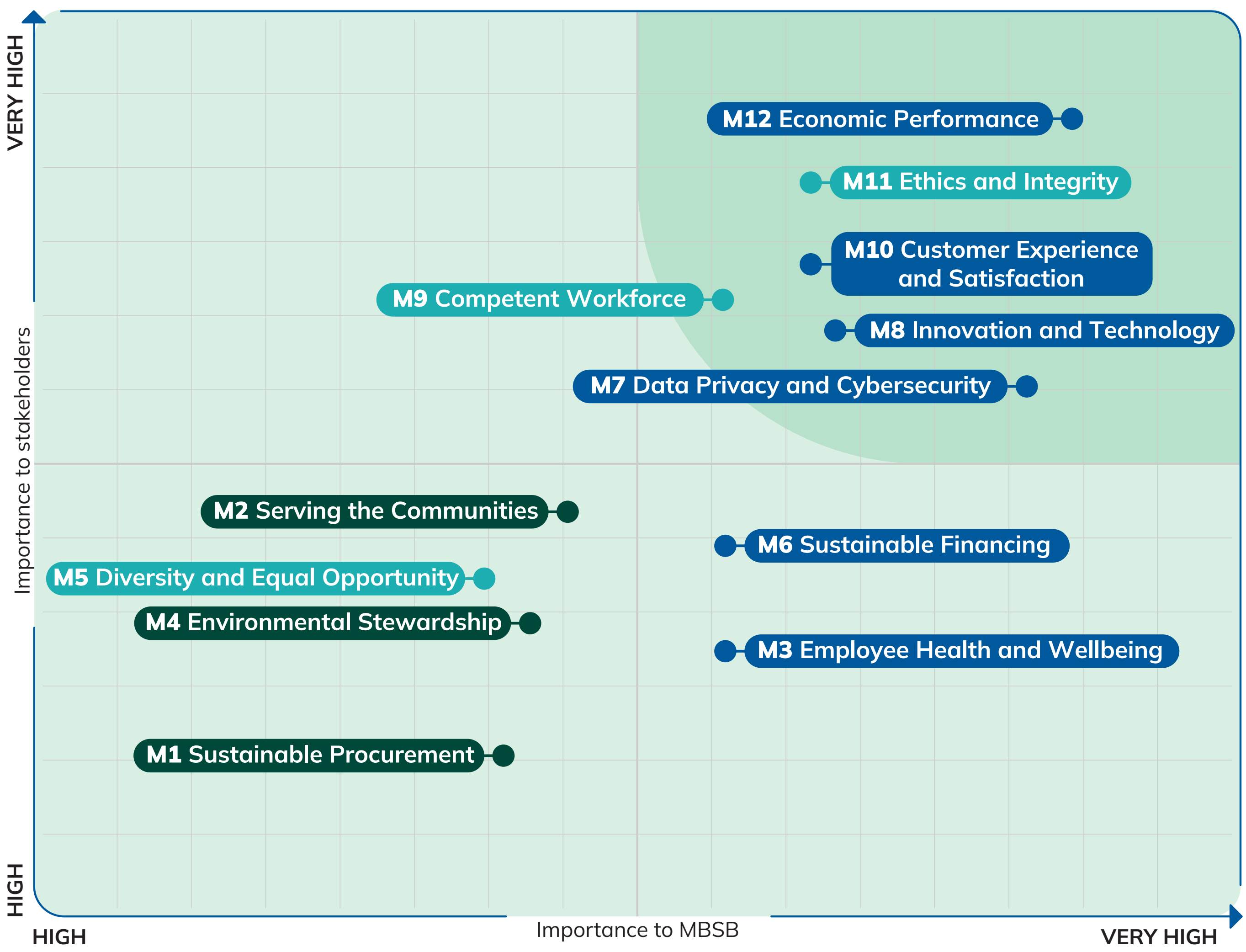
Our Approach to Materiality

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

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

Our material matters remained guided by the comprehensive materiality assessment conducted in 2023 and the subsequent review undertaken in 2024, which established and refined the Group's key ESG priorities. In 2025, we conducted a minor refresh of our sustainability materiality matters, placing greater emphasis on serving the communities in line with our ongoing CSR and zakat-related activities. This approach reflects our continued reliance on an established assessment baseline that remains aligned with stakeholder expectations, regulatory developments and market trends, while supporting consistency in how we prioritise and address sustainability matters.

Materiality Assessment



Our Material Matters

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

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

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

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

Driving Value for Our Shareholders

Upholding Our Commitments to Our Shareholders

At MBSB, long-term value creation depends on the confidence and continued support of our shareholders and investors, supported by disciplined financial stewardship, strong governance, and clear accountability for delivery. In 2025, we continued to integrate sustainability considerations into decision-making through myPledge and FLIGHT26, strengthening how we balance financial performance, risk management, and responsible growth to sustain resilience over time.

We acknowledge that shareholders expect more than financial returns. They seek accountability, transparency, and clear evidence that risks and opportunities are being managed responsibly. These expectations shape how we approach strategy, decision-making, and sustainability, reinforcing the need for consistent performance supported by sound governance and ethical conduct.

In response, we engage shareholders as strategic partners in our sustainability journey. Through regular engagement and alignment with our long-term priorities, we focus on strengthening trust while advancing sustainable financial solutions that support resilience and growth. This approach is embedded through myPledge, which aligns organisational behaviours with the principles of *Amanah* and *Adab*. myPledge reinforces responsible business practices, ethical governance, and shared accountability across the organisation, ensuring that growth objectives are pursued in a disciplined and transparent manner.

As a result, sustainability considerations are integrated into how we manage performance, address emerging risks, and pursue opportunities. By combining consistent execution, strong governance, and a values-driven culture, we aim to sustain shareholder confidence, support financial stability, and reinforce our position as a responsible financial institution committed to long-term value creation.

Delivering Strong Economic Performance

Why Does It Matter To Us?

Strong economic performance remains the foundation of resilience and long-term value creation for a financial institution. It supports confidence among regulators, depositors and investors, and enables the Group to continue financing households and businesses through changing operating conditions. For MBSB, sustained performance also determines our capacity to deliver shareholder returns and reinvest in strategic priorities, including service improvements, digital capabilities and sustainable finance initiatives that support national development. This is central to how we balance near-term performance considerations with longer-term competitiveness and responsible growth.

What Is Our Approach?

We take an integrated approach that combines balance sheet discipline, operational execution and capability-building. This includes maintaining prudent funding and liquidity management, scaling financing activities selectively, strengthening income diversification and improving productivity through digital adoption and process optimisation. These priorities are managed cohesively to support consistent performance and sustain reinvestment capacity.

We operationalise this approach through structured Group roadmaps that provide continuity of direction and delivery discipline, ensuring that execution remains aligned across the Group and supported by consistent governance.

FLIGHT26: Steering Sustainable Growth

FLIGHT26 is our three-year strategic roadmap (2024–2026) that continues to guide how we strengthen fundamentals while positioning for sustainable growth.

As a continuation of the direction set out last year, FLIGHT26 remains the central framework that guides how we allocate resources, prioritise investments and manage trade-offs across the cycle. It sharpens our focus on strengthening funding quality, sustaining portfolio growth, broadening income sources and reinforcing operating discipline. This approach ensures progress is sustained through different market conditions rather than dependent on the external cycle.

FLIGHT26 is guided by four missions that reinforce these priorities:

- Improving the Current Accounts and Savings Accounts (CASA) Ratio and Reducing the Cost of Funds
- Expanding the Financing Portfolio
- Increasing Non-Funded Income
- Optimising Operational Efficiency

Strengthening Our Foundations through Transformation Programmes (TP30)

TP30 supports FLIGHT26 by translating roadmap priorities into focused transformation programmes and practical deliverables across the Group. It strengthens delivery discipline by driving improvements in how we operate, serve customers and compete, including enhancements to product offerings, market reach, process streamlining and cost optimisation.

TP30's focus areas reinforce the capabilities required to sustain growth in a more demanding environment. This includes strengthening customer reach and engagement, optimising funding outcomes, supporting SMEs as growth drivers, enhancing capabilities for ESG-aligned financing and accelerating digital adoption to improve efficiency, service scalability and responsiveness.

How Have We Performed?

In 2025, operating conditions remained competitive amid global uncertainties. Domestic activity was supported by stable labour market conditions, and banking system loan growth improved in the second half of the year. However, deposit growth across the system remained relatively soft, intensifying competition for funding and requiring tighter discipline over funding mix and pricing. The reduction in the Overnight Policy Rate (OPR) contributed to margin pressure across the industry, reinforcing the importance of income diversification and operating efficiency.

Against this backdrop, we continued to execute FLIGHT26 to strengthen funding quality, scale portfolio growth and improve earnings composition. Our financing portfolio expanded to RM43.9 billion, supported by growth across corporate and commercial segments aligned to priority sectors, alongside participation in selected emerging areas such as renewable energy and ICT & data centres. Funding quality strengthened as CASA increased to RM7.1 billion, lifting the CASA ratio to 15.5%. This was supported by continued focus on strengthening low-cost deposits, including continuing our signature CASA campaign, Simpan Bergaya Menang Berganda (SBMB), which remains an important contributor to funding quality improvement. We also continued to progress income diversification, reflecting a deliberate shift towards more balanced profitability drivers under a tighter margin environment.

TP30 reinforced this progress by prioritising customer-centric delivery and service scalability as key enablers of sustainable growth. Initiatives implemented during the year strengthened end-to-end service governance and improved the consistency and speed of customer servicing as channels and volumes evolved. This was supported by enhancements to digital journeys and platform reliability, including improvements to mobile banking experience and monitoring capability, alongside continued emphasis on service recovery discipline. TP30 execution remained strong, with 17 of 18 initiatives completed and closed during the year, and the remaining programme continuing in progress.

Key achievements include:

Business Model and Focused Growth Sectors Expanded

Sustained and consistent execution of FLIGHT26 priorities across the Group.	Expanded corporate and commercial activity in priority sectors and selected emerging areas.	Broadened income sources through higher contribution from treasury and fee-based activities.

New Products and Campaigns Launched

Rolled out propositions to support customer acquisition and engagement (i.e., GET, PrimeGold-i and Unit Trust via iFAST).	Enhanced SME propositions through Online Business Current Account (OBCA) and business dashboards to support transactions and relationship deepening.

New Infrastructure and Digital Offerings Introduced

Improved digital onboarding and key customer journeys to support adoption and scalability.	Expanded business-facing digital tools (including retailer and manufacturer dashboards) to improve service convenience.	Continued strengthening cyber resilience to support a growing digital footprint.

In 2026, we will continue executing FLIGHT26 as we move into the final year of the roadmap. Our priorities will include expanding our product suite to deepen customer relevance across segments, continuing enhancements to our digital offerings to improve convenience and service scalability, strengthening customer experience through service improvements and disciplined service governance, working closely with SME associations to increase penetration within the SME market, and continuing to finance Government-focused sectors in line with the national agenda. We will also continue our signature CASA campaign, SBMB to strengthen funding quality and resilience.

In support of these priorities, nine (9) initiatives have been identified for FY2026 under the transformation programme to sustain delivery momentum and carry the Group towards achieving its FLIGHT26 aspirations.

Economic Development

Our economic contribution extends beyond shareholder returns. As a financial institution with a clear role in supporting national development, we help mobilise capital into productive economic activity, support enterprise growth and contribute to public revenues through taxes and zakat. We also create employment opportunities directly across our operations and indirectly through the businesses and value chains we finance.

In 2025, we continued to deploy business financing to support priority sectors and broaden access to financing. Our disbursements for business financing focused on the growth of key economic segments, including infrastructure, manufacturing and agriculture, alongside selected emerging areas such as renewable energy and ICT & data centres.

We also continued strengthening access and inclusion through SME engagement and broader customer reach initiatives, supported by ongoing improvements to our digital offerings and service delivery. Together, these efforts reinforce our role in advancing Malaysia's socioeconomic priorities while maintaining prudent performance discipline

Our Environmental Footprint

Managing Our Environmental Impact

Managing our direct environmental impacts complements our climate-related disclosures by demonstrating how day-to-day operational practices support broader environmental stewardship. While our climate-related disclosures focus on portfolio resilience, strategy and risk management, how we manage water, materials and other resources also plays an important role in improving operational efficiency and strengthening the foundation for the Group's longer-term sustainability and transition priorities.

Water Management

Although our direct water footprint is relatively limited compared with heavy industries, responsible water management remains part of sound operational environmental stewardship. For MBSB, water use is primarily associated with office operations, building services and employee facilities at our main premises. By monitoring water consumption, the Group is able to improve resource efficiency, strengthen environmental oversight and ensure our facilities are managed responsibly in line with our broader sustainability commitments.

We monitor water consumption at Menara MBSB Bank and Wisma MBSB as part of our ongoing effort to improve resource efficiency across office operations. In 2025, water consumption at these two premises totalled 64.02 megalitres, compared with 66.40 megalitres recorded in 2024. This represents a 3.6% reduction YoY, indicating a continued decline in water use across the monitored premises. To support internal oversight, MBSB also tracked water intensity at 24.1 m^3 per employee and 1.27 m^3 per m^2 in 2025, providing a clearer basis for monitoring operational efficiency and identifying opportunities for further improvement over time.

Our Water Consumption

Year	2023	2024	2025
Water Consumption (megalitres)	72.87	66.40	**64.02**

Waste Management

As a service-based financial institution, MBSB's primary waste streams arise from office operations, particularly paper use and general non-hazardous waste generated at our main premises. Managing these waste streams is therefore an important aspect of responsible workplace practices and operational efficiency. Through ongoing monitoring of paper consumption, waste generation and recycling, the Group is better able to understand its resource footprint, encourage more responsible material use and strengthen environmental management across office operations.

Waste management at MBSB focuses on paper use, general non-hazardous waste generation and diversion from disposal at Menara MBSB Bank and Wisma MBSB. In 2025, our paper consumption totalled 8,404 reams, compared with 10,833 reams in 2024, representing a 22.4% YoY reduction. Total non-hazardous waste generated at the two premises amounted to 57,361 kg. Of this, 956 kg, or 1.7%, was diverted from disposal through recycling, while 56,405 kg, or 98.3%, was directed to disposal. Waste disposed increased from 52.43 metric tonnes in 2024 to 56.41 metric tonnes in 2025, representing a 7.6% YoY increase.

Meanwhile, paper recycled across MBSB and MIDF totalled 34,145 kg, equivalent to 34.15 metric tonnes, compared with 29.72 metric tonnes in 2024, representing a 14.9% YoY increase. Taken together, these figures reflect continued progress in reducing paper consumption while strengthening how the Group tracks recycling and waste generation. Over time, this baseline will support more targeted initiatives to improve waste diversion and reinforce responsible resource management across MBSB's office operations.

Our Path to a Sustainable Future

At MBSB, our net zero journey is anchored in our commitment to ethical finance and progressive Islamic values. We recognise that a credible transition is essential not only to support environmental stewardship, but also to strengthen our resilience as a financial institution in a changing climate and regulatory environment. In this context, our approach is structured and phased, aligned with national policies and evolving global best practices, and supported by sustainable and transition financing, continued stakeholder engagement, and operational transformation.

The Group has established a climate-related transition plan through its Net Zero Roadmap, which outlines targets and key actions to support the orderly transition towards a lower-carbon portfolio. Key actions under the Net Zero Roadmap include the integration of climate considerations into credit assessment and portfolio management processes, the expansion of sustainable and transition financing solutions to support clients' decarbonisation efforts, enhanced client engagement to encourage emissions reduction and improved climate disclosures, and the progressive strengthening of internal governance, policies, and capabilities to support climate risk management and implementation of the strategy.

The successful implementation of the net zero strategy is dependent on several key factors. These include the availability and quality of client-level emissions and transition data, clients' readiness and willingness to transition their business models and the continued evolution of sustainable finance markets. In addition, effective execution relies on internal capabilities, including adequate resources, systems, and expertise, as well as ongoing oversight and alignment across business units. Collectively, these dependencies influence the pace, feasibility, and effectiveness of the Group's transition efforts.

Phase 1

Building A Sustainable Foundation 2024–2026

1. Operationalise the Shariah & Sustainability Centre of Excellence to embed ESG skills and Shariah guidance across all business lines.
2. Publish a complete, third-party-verified baseline of operational emissions to anchor future targets.
3. Catalyse RM10 billion into sustainable and transition financing.
4. Launch a Client Transition-Support Programme, including sector toolkits, advisory services and preferential terms, to begin lowering financed emissions in priority sectors.
5. Log 50,000 volunteer hours in community and environmental initiatives, linking staff engagement to local communities.

Phase 2

Scaling Sustainable Impact 2027–2030

1. Reach the headline goal by pursuing energy-efficiency upgrades with on-site renewables and by fostering a sustainable workplace culture.
2. Roll out bank-wide circularity initiatives by advancing waste segregation and end-to-end digitalised workflows.
3. Issue the MBSB Net Zero White Paper, detailing interim financed-emission targets and specific decarbonisation pathways.
4. Advance positive impacts towards communities by leveraging active employee volunteerism and community services.
5. Publish a standalone Net Zero Progress Report each year, providing transparent, verified updates on emissions and target progress.

Phase 3

Achieving Net Zero Portfolio 2031–2050

1. Set rolling five-year sector-specific targets and realign the portfolio annually to stay on a 2.0°C pathway.
2. Scale the Client Transition-Support Programme to cover the full SME base, offering sustainability-linked financing incentives, sustainability advisory, and carbon-footprint tools.
3. Introduce carbon pricing into all credit, market, and reputational-risk models.
4. Social-return measurement and disclosure through impact-based tracking of social outcomes, including financial inclusion, job creation, and community resilience, alongside climate metrics to demonstrate holistic impact.

Delivering Our Net Zero Promise

By 2050, we aspire for MBSB to be a net zero financial institution, creating sustainable value for stakeholders while supporting Malaysia's climate ambitions. Our roadmap demonstrates our commitment to embedding sustainability across our operations and partnerships, strengthening long-term resilience and delivering positive impact for generations to come.

Strengthening Climate Resilience

Why Does It Matter to Us?

Climate change has become a defining challenge for the financial services industry, introducing a combination of physical and transition risks that affect asset quality, portfolio resilience, regulatory compliance, and stakeholder confidence. Across the sector, extreme weather events, evolving climate policies, and shifts in market and investor expectations are reshaping how financial institutions assess risk, allocate capital, and plan for long-term stability.

Within this context, MBSB views climate-related risks as a material consideration for our operations, financial position, and stakeholder relationships. These developments have the potential to influence portfolio performance, financing decisions, and long-term value creation, particularly as expectations for transparency and credible climate action continue to rise among shareholders and regulators.

To address these challenges, climate considerations are being factored into how risks are assessed and managed across the business, forming the basis for our approach to strengthening resilience and responding to climate-related risks and opportunities.

What is Our Approach?

MBSB's approach to climate-related matters follows the recommendations of IFRS S2 Climate-related Disclosures and is embedded within the Group's broader governance, strategy, risk management and metrics processes. Climate-related considerations are addressed through the Group Climate Risk Management Policy, the Group ESG Risk Framework, assessment of financings and sukuk against the Climate Change and Principle-based Taxonomy (CCPT), and ongoing reporting through the Climate Risk Dashboard. This is further supported by Climate Risk Stress Testing (CRST), which helps assess the potential effects of transition and physical climate risks on the Bank's portfolio in line with BNM's Climate Risk Management and Scenario Analysis (CRMSA) requirements. By integrating climate-related considerations into established management and decision-making processes, MBSB continues to strengthen its resilience to climate-related risks and opportunities while supporting longer-term business sustainability.

Governance

Our climate-related governance is supported by a clear oversight structure spanning the Group Board, Board committees and management committees. This structure establishes accountability for the oversight of climate-related risks and opportunities, while ensuring these considerations are reflected in the Group's strategy, risk management, policies, metrics and implementation processes.

*For more information on our governance structure, refer to **Our Sustainability Governance** on page 8 of this report.*

Robust Governance Framework for Climate Resilience

Oversight of climate-related matters is embedded within the Group's existing governance structure and supported by the Group Climate Risk Management Policy and relevant Terms of Reference (TOR). The Group Board retains ultimate accountability for climate-related matters, including approving the Group's strategy, frameworks, policies, metrics and key performance indicators, and ensuring climate considerations are integrated into overall business strategy. Supporting the Group Board, the GBRCC reviews and recommends climate-related strategies, policies, metrics and targets, while overseeing the effectiveness of climate risk management. At management level, the GMRCC reviews climate-related strategies, metrics, targets and risk reports, and ensures the necessary policies and procedures are in place. The GSSC complements this structure by guiding implementation and embedding climate considerations into business planning.

Climate-related matters are reported through a structured escalation process. CCPT-related information is submitted quarterly through the Climate Risk Dashboard to the GMRCC, the GBRCC and the Group Board. The dashboard tracks climate risk management initiatives, positions against climate risk limits, and CCPT category distribution, with annual coverage extending to market, liquidity and operational risk assessments. This enables climate-related matters to be reviewed regularly as part of governance, risk oversight and strategic decision-making.

Climate-related considerations are incorporated into key financing and operational decisions. CCPT information is included in credit assessments at origination and review stages, while Risk Appetite Statements (RAS) set thresholds for exposure to higher-risk CCPT categories and prohibit exposure to ESG Prohibited Sectors. Climate considerations are also reflected in Risk Appetite Criteria for selected sectors such as property development, agriculture, renewable energy and palm oil. Physical climate risk is assessed through location-based heat-mapping of branches, cash recycling machines, outsourced service providers and support centres, with additional controls applied to high-risk locations, including location-based assessments, business continuity testing and flood preparedness measures.

Operational Leadership and Management Accountability

Management oversight of climate-related risks and opportunities is integrated into the Group's wider risk and business governance processes. Climate-related risk matters are tabled to the GMRCC, the GBRCC and the Group Board, while wider strategy matters are addressed through the relevant management and Group Board channels. This ensures climate-related issues are considered in both strategic planning and risk management.

This oversight is supported by established controls for data collection, internal reporting and risk assessment. The Group ESG Risk Framework sets out the process for identifying, assessing and classifying ESG risks in line with BNM's expectations for corporate and commercial financing customers and issuers, while the Group Climate Risk Management Policy establishes the broader principles for managing climate-related risks. Together, these mechanisms support consistency and reliability in internal oversight and decision-making.

Sustainability-linked Remuneration for Long-term Impact

Climate-related targets are governed through the Group's risk oversight structure. Climate-related RAS are reviewed annually and recommended by the Group Management Risk and Compliance Committee and the GBRCC before approval by the Group Board. Progress is monitored quarterly through the Climate Risk Dashboard, and where exceptions arise, corrective actions are identified and escalated to the Group Board for direction. This supports accountability for climate-related performance through formal governance processes.

Strategy

At MBSB, we recognise that climate-related risks and opportunities can materially influence long-term business sustainability. Climate considerations are integrated into our strategic and financial planning processes, aligned with BNM's CRMSA Policy Document (PD) and wider national and international climate frameworks.

Climate Resilience and Scenario Analysis

MBSB continues to strengthen risk integration by incorporating climate-related risks into our Group Enterprise Risk Management (ERM) Framework, aligned with BNM's CRMSA PD expectations. Our approach includes:

Heat Mapping Assessment

A Climate Risk Heatmap has been developed to assign exposures with a risk rating derived from the heatmap matrix, enabling monitoring of sector sensitivity to transition and physical risks.

Enhancement of Climate Risk Appetite Statements (RAS)

Targets to support onboarding of customers aligned with climate and environmental objectives or climate transitioning while enhancing controls to manage climate watchlist exposures.

Climate Risk Scenario Analysis & Stress Testing

Climate risk is incorporated into our stress testing exercises to assess potential financial vulnerabilities.

Scenario Analysis Methodology

In accordance with BNM's CRMSA PD and the 2024 CRST Methodology Paper, CRST was conducted at MBSB Bank level for the 2024 financial year end to estimate the potential impact of climate-related risks on the Bank's portfolio. The exercise covers both physical and transition risks, in line with the methodology prescribed by BNM.

The Bank applies a range of short-term and long-term climate scenarios to assess potential climate-related risks in its CRST, as guided by the BNM CRST Methodology Paper.

Long-term Climate Scenarios

The long-term scenarios span from the base year to 2050 and are designed to capture a range of potential future pathways reflecting varied combinations of transition and physical risks, consistent with internationally recognised scenarios and available data sources developed by the Network for Greening the Financial System (NGFS). These scenarios include:

Orderly Transition (Net Zero 2050)	Disorderly Transition (Divergent Net Zero 2050)	Hot House World (Nationally Determined Contributions)
Assumes early and decisive implementation of stringent climate policies alongside rapid technological advancements that support a smooth transition to net zero emissions by 2050, limiting warming and resulting in relatively lower physical risk but higher transition risk.	Reflects uneven and fragmented policy action across sectors, leading to higher transition costs and economic disruption relative to an orderly path, with moderate physical risk outcomes.	Represents a scenario where current and pledged policy measures remain insufficient to drive an orderly transition, resulting in higher physical risks and more pronounced climate impacts over the long term.

Strengthening Climate Resilience

The Orderly Transition and Disorderly Transition scenarios are aligned with Paris Agreement-consistent pathways under the BNM CRST Methodology Paper, with targeted global warming outcomes of 1.5°C.

Short-term Physical Risk Scenario

In addition to the long-term scenarios, the CRST exercise incorporates a short-term acute physical risk scenario designed to assess the implications of extreme climate events over a near-term horizon of one year. This acute scenario focuses on a high-severity climate event, such as an extreme flood, to capture the immediate impact of physical climate risks on financial exposures.

The analysis covers both transition and physical climate-related risks. Transition risks include those arising from climate-related policies and regulations, energy transition requirements, technological shifts and changes in market sentiment. Physical risks include both acute and chronic climate-related events that may affect customers, operations and asset values over time.

Key Assumption for Climate Risk Stress Testing

Based on the climate risk scenarios, the following outlines the key assumptions applied in the CRST exercise:

Time Horizon	**Long-term scenarios from the base year to 2050 and a short-term scenario of 1 year.**
Scope of the Exercise	The exercise covers all on- and off-balance sheet exposures under MBSB Bank. Quantitative approach is applied for Credit Risk, while Market, Liquidity and Operational Risks are assessed qualitatively. The scenario analysis also covers key operations and physical assets, with a focus on locations potentially exposed to climate-related physical and transition risks. Selected upstream and downstream value chain considerations are included on a qualitative basis where relevant.
Approaches	The CRST adopts a combination of bottom-up and top-down approaches to assess the potential climate-related risks across the Bank's exposures at both counterparty and portfolio levels. **Bottom-up Approach** Climate risk impacts are assessed at the individual counterparty level: • Transition risk considers developments in climate-related policies, technological advancements and shifts in market sentiment. The assumptions are derived from the NGFS modelling framework, which uses an optimisation model integrating macroeconomic, land-use, energy, water and climate systems to capture complex, forward-looking interactions. Key assumptions include energy usage and mix, based on publicly available scenario datasets aligned with national and international climate policy trajectories. These factors are translated into key financial drivers and used to reassess the customer's balance sheet and profit and loss position, incorporating climate risk elements. • Physical risk evaluates the potential impact of climate-related events on business operations, which may result in revenue losses, increased operating costs and reduced collateral values. Both transition and physical risks influence the estimation of Climate Expected Credit Loss (ECL). **Top-down Approach** Climate risk impacts on selected macroeconomic variables are incorporated to capture portfolio-level effects, which are then reflected in the estimation of Climate ECL.

Taken together, these scenarios help inform MBSB's understanding of climate resilience by highlighting how policy shifts, technology change and extreme weather events could affect financing exposures, collateral values and customer performance over different time horizons.

Outcomes

Based on MBSB's initial CRST assessment, our current portfolio demonstrates modest exposure to material climate-related risks, largely reflecting concentrations in areas with lower physical climate hazards and in sectors that are not highly emitting or highly sensitive to transition risk drivers. As capabilities mature, we intend to use these results more actively to identify higher-risk customers and guide follow-up actions with business units.

Climate-Related Risks and Opportunities

MBSB identifies and assesses climate-related risks and opportunities through our established risk management processes, with particular focus on financings and sukuk. Customer assessments consider the purpose of financing, exposure to climate-related physical and transition risks, mitigating actions in place, and longer-term plans to address residual risks. These assessments are guided by BNM's Climate Change and Principle-based Taxonomy Policy Document and related guidance, supporting consistent evaluation and risk-informed decision-making.

To ensure our assessment and disclosure remain consistent, we evaluate climate-related risks and opportunities over defined time horizons aligned with how we plan, manage risk, and apply scenario analysis.

Time Horizons

In assessing and disclosing climate-related risks and opportunities, MBSB applies three time horizons:

- ST Short-term (1 to 3 years)
- MT Medium-term (4 to 10 years)
- LT Long-term (beyond 10 years and reaching to at least 30 years)

The short-term horizon captures impacts over the ordinary business planning period, while the medium- and long-term horizons provide insight into how climate-related risks and opportunities may evolve and materialise over time.

The Group's current focus is on strengthening the identification of acute physical climate risks, transition risks, their potential effects on exposures, financing and investment activities, and overall financial resilience. At this stage, the assessment places greater emphasis on identifying where physical and transition risk is concentrated across the portfolio, while the broader effects on the business model and value chain are being progressively developed. Building on this foundation, MBSB is enhancing its assessment approach to better capture how transition risks may affect the wider value chain over time, with related financial implications across the business model and value chain also being integrated progressively into the Group's risk assessment processes.

Climate-related Physical Risks

MBSB is exposed to acute physical climate risks from extreme weather events, particularly floods, storms and heatwaves. These risks are increasingly relevant in Malaysia given shifting rainfall patterns and more frequent severe weather events may disrupt operations across branches and CRMs in flood-prone areas, affect retail and non-retail financing and deposit customers, and weaken the resilience of sukuk issuers. Such events may impair collateral values and asset quality, weaken customers' repayment performance, interrupt service continuity and increase pressure on liquidity and operational readiness.

Physical Risk (Acute): Extreme Weather Events — MT Time horizon

Description: Floods, storms and heatwaves could disrupt customers' operations, damage collateral, impair asset quality and create operational disruption across locations and service arrangements.

Effects on Business Model & Value Chain	Effect on Strategy & Decision Making
The risk is primarily associated with branches and Cash Recycling Machines (CRM) located in flood-prone districts, as well as financing, deposit and investment counterparties, including retail and non-retail customers and sukuk issuers. Severe weather events may disrupt operations, affect customers and issuer resilience, impair collateral values and interrupt service continuity across key parts of the value chain.	Extreme weather considerations inform credit and investment assessments, risk appetite thresholds, sector-specific risk criteria, location-based heatmapping, collateral assessment, liquidity contingency planning, business continuity and disaster recovery measures, and location-based reviews for branches and outsourced service providers.
Current Financial Effects	**Potential Financial Effects**
Higher risk management and operational readiness costs, tighter collateral assessment, and the need to preserve liquidity and operational resilience.	Weaker collateral values, higher credit risk, weaker customer repayment performance, and potentially higher operating costs to maintain business continuity, recovery capabilities and liquidity buffers.

Climate-related Transition Risks

Climate transition risks arise for MBSB from shifts in policy, technology, market expectations and reputational scrutiny. These changes can affect customers' business models, transition costs and asset values, with implications for credit quality, sector risk posture and financing appetite. Tighter carbon-related policies and carbon pricing may raise costs for higher-emitting customers and reduce the value of carbon-intensive assets. Faster adoption of renewable energy and low-carbon technologies may also weaken competitiveness in less adaptive sectors, affecting profitability, repayment capacity and market valuations. In parallel, inadequate climate disclosures or unsupported sustainability claims may increase regulatory, reputational and litigation risk.

We address these risks through CCPT-based assessments, climate-related RAS and sector-specific risk acceptance criteria. We are also strengthening client engagement on transition plans, expanding sustainable and transition financing solutions, using scenario analysis to understand sector resilience, and reinforcing governance over climate-related disclosures.

Strengthening Climate Resilience

Transition Risk: Carbon Policy and Pricing Risk — Time horizon: ST, MT, LT

Description: Stricter carbon policies, carbon pricing mechanisms and accelerated phase-out of carbon-intensive activities may affect the financial performance of high-emitting sectors, increasing credit risk and reducing the value of carbon-intensive assets within the financing portfolio.

Effects on Business Model & Value Chain	Effect on Strategy & Decision Making
This transition risk may impact non-retail financing customers and sukuk issuers, particularly where customers or issuers are linked to carbon-intensive activities. Stricter carbon policies and pricing may weaken credit quality, reduce asset values and affect financing and investment exposure across affected sectors.	Carbon policy and pricing considerations inform credit and investment assessments, risk appetite thresholds and sector-specific risk criteria. These are reflected through CCPT information in credit applications and reviews, exposure limits for higher-risk categories, exclusion of ESG Prohibited Sectors, and additional climate risk assessment requirements for relevant sectors.
Current Financial Effects	**Potential Financial Effects**
Higher credit risk exposure to carbon-intensive sectors and increased risk monitoring and due diligence costs.	Potential decline in the value of carbon-intensive assets, higher financing impairments, and reduced profitability from financing activities in affected sectors.

Transition Risk: Low-carbon Technology Disruption — Time horizon: LT

Description: Rapid adoption of renewable energy and low-carbon technologies may reduce the competitiveness and profitability of high-carbon industries, affecting customers' financial performance and asset valuations.

Effects on Business Model & Value Chain	Effect on Strategy & Decision Making
This transition risk may impact non-retail financing customers and sukuk issuers, particularly in sectors facing disruption from rapid low-carbon technology adoption. This may weaken customers' competitiveness and profitability, increase default risk and reduce the value of financing and investment exposures in affected sectors.	Low-carbon technology disruption is considered in credit and investment assessments, risk appetite thresholds and sector-specific risk criteria. This is supported by CCPT information in credit applications and reviews, client engagement on transition plans, sustainability-linked financing solutions and scenario analysis aligned with 1.5°C to 2°C pathways.
Current Financial Effects	**Potential Financial Effects**
Increased credit risk monitoring for clients exposed to technological transition risks.	Higher probability of default in affected sectors, potential financing impairments and reduced financing demand from industries undergoing structural transition.

Transition Risk: Greenwashing and Climate Disclosure Liability Risk — Time horizon: MT, LT

Description: Inadequate climate disclosures or misaligned sustainability claims may lead to regulatory scrutiny, litigation risk and reputational damage.

Effects on Business Model & Value Chain	Effect on Strategy & Decision Making
This transition risk may impact MBSB Group directly, as well as among non-retail financing customers and sukuk issuers. Inadequate climate disclosures or misaligned sustainability claims may increase regulatory, legal and reputational exposure, affecting stakeholder confidence and financing and investment relationships.	Liability risk considerations inform governance, disclosure and risk management processes, including stronger climate and sustainability governance, closer alignment with regulatory requirements and enhancements to internal policies. These considerations also support credit and investment assessments, risk appetite thresholds and sector-specific risk criteria through the use of CCPT information and related climate risk parameters.
Current Financial Effects	**Potential Financial Effects**
Higher compliance and governance costs associated with strengthening climate disclosure processes and controls.	Potential regulatory penalties, litigation costs and reputational damage that may affect investor confidence and business opportunities.

Climate-related Opportunities

Climate-related opportunities for MBSB are primarily driven by rising demand for sustainable and transition financing, as clients respond to decarbonisation, adaptation and broader sustainability requirements. These opportunities enable us to deepen client relationships, support transition and resilience-building efforts, and expand financing and advisory solutions that address evolving customer needs. By incorporating sustainability considerations into strategy formulation, portfolio reviews and market scanning, we are better positioned to identify viable transition opportunities and engage clients more proactively on their financing and disclosure readiness needs.

Over time, this strengthens our ability to support green and eligible transition activities, including projects that can enhance resilience and generate more stable long-term portfolio value. It also supports revenue diversification, improves portfolio alignment with emerging regulatory and market expectations, and reinforces our position as a relevant financing partner in a transitioning economy.

Climate-related Opportunities

- Enhanced Client Engagement and New Business
- Sustainability-driven Innovation in Products,
- Services and Advisory Capabilities

Current Financial Effects

- Increased revenue from sustainable and transition financing activities and advisory services.
- Investment in developing sustainable finance products, advisory services and internal capabilities.

Anticipated Financial Effects

- Growth in financing volumes, fee income and new client acquisition linked to sustainable and transition finance solutions.
- Diversified revenue streams, stronger client retention and long-term growth in sustainable financing income.

Driving Net Zero Through Sector-Specific Strategies

Supporting the Group's broader Net Zero Strategy, we continue equipping our Relationship Managers (RMs) with sector-specific RM Playbooks that provide practical guidance, tools, and best practices for client engagement. These playbooks help RMs better understand customers' sustainability goals, transition plans, and sector-specific challenges, while aligning advisory discussions with evolving regulatory expectations and market developments.

Our Sustainable and Transition Finance Framework (STFF) is a key enabler of our net zero commitments, guiding financing decisions for businesses across key decarbonisation sectors. The framework prioritises:

Green	Social	Transition
Contributes to environmental objectives such as climate change mitigation, climate change adaptation, natural resource conservation, biodiversity conservation, and pollution prevention and control.	Aims to help address or mitigate a specific social issue and/or seek to achieve positive social outcomes especially, but not exclusively, for a target population(s).	Initiatives taken to transition to a low carbon economy and sustainable practices.

As part of this transition, we participated in industry symposiums such as IGEM and the Low Carbon Operating System (LCOS) Symposium, providing businesses with tools to measure and mitigate their carbon footprint. Our continued alignment with the net zero transition, supported by a risk-informed approach to climate finance, positions MBSB to navigate the evolving sustainability landscape while delivering long-term value for stakeholders, customers, and investors.

Strengthening Climate Resilience

Risk Management

MBSB integrates climate risk into our ERM approach, aligning our practices with BNM's CRMSA PD. Our Group Climate Risk Management Framework and Policy set out how we identify, assess, and manage climate-related risks across our financing portfolio, with climate considerations embedded alongside credit, market, liquidity, and operational risk assessments.

For financing and sukuk, CCPT assessments are conducted during onboarding and review by the first line of defence, reviewed by the second line of defence as part of the credit approval process, and subject to periodic review by internal audit as the third line of defence. We also apply the Value-based Intermediation (VBI) Sectoral Guides to strengthen ESG risk assessment across key industries, using sector-specific indicators to support structured evaluation of climate risks in manufacturing, energy, construction, transportation, agriculture, and waste management.

Identification of Climate-Related Risks and Opportunities

We identify climate-related risks and opportunities through established risk management processes, with particular focus on financings and sukuk. Assessment is conducted on customers based on the purpose of financing granted, the customer's climate risks, mitigating actions and longer-term plans to address outstanding climate risks, in line with BNM's CCPT Policy Document and related guidance.

As the Group's CRST exercise is in its first cycle, climate-related scenario analysis is currently being used to build internal understanding and strengthen risk assessment capabilities, rather than as a primary basis for external risk disclosure. Going forward, we will continue refining our scenario analysis capabilities to further strengthen the identification, assessment and management of climate-related risks and opportunities over time.

Assessment and Prioritisation of Climate-Related Risks

Climate-related risks are assessed through a qualitative due diligence process. Relationship managers assess customer financing and business operations against the CCPT Guiding Principles and provide supporting comments and justification. Based on the responses, the financing is classified using the CCPT Matrix. Climate-related risks are prioritised alongside other enterprise risks and are evaluated through the Internal Capital Adequacy Assessment Process (ICAAP) framework, which supports relative ranking and management attention across risk categories.

To proactively assess climate risks, we apply a multi-layered risk management framework:

Climate Risk Appetite and Exposure Management

- We apply climate-related RAS, including exposure limits for higher-risk sectors such as oil and gas, upstream mining, and carbon-intensive manufacturing, controls for exposures on the climate watchlist, and targets to support onboarding of customers aligned with climate and environmental objectives.
- Our risk posture also identifies certain transitioning sectors, enabling financing where credible transition plans are in place, products are sourced sustainably, or financing extended supports clients in their decarbonisation journey.

Climate Risk Stress Testing and Scenario Analysis

Climate risk is incorporated into stress testing to assess potential financial vulnerabilities under different scenarios, including higher physical risk locations where exposures may be more vulnerable.

SME ESG Due Diligence and Transition Support

To support SMEs, we apply CCPT guidance notes that help customers respond to ESG due diligence questions.

These guidance notes focus on six high-impact industries, supporting SMEs in meeting sustainability expectations while accessing financing.

Monitoring of Climate-Related Risks

Climate-related risks are monitored through the Climate Risk Dashboard, prepared and reviewed quarterly. The dashboard summarises climate risk management initiatives, climate risk limits, and overall CCPT category distribution. Annual monitoring is supplemented by market and liquidity risk assessments that incorporate transition and physical risk considerations, alongside operational risk heat mapping. Climate-related RAS are reviewed annually, and limits may be adjusted as the Bank's risk appetite evolves.

The Climate Risk Dashboard, launched in August 2024, continues to support data-driven decision-making by tracking sector-specific vulnerabilities, exposure concentration, and the effectiveness of risk mitigation actions.

Ensuring Long-term Risk Resilience & Regulatory Alignment

MBSB is committed to aligning with BNM's roadmap, which projects that 50% of new bank financings will be classified as CCPT C1 to C3 by 2026. To maintain progress, we have:

- Established clear milestones to progressively shift financing exposure towards more sustainable sectors.
- Continued engagement with regulators, industry bodies, and ESG rating agencies to refine climate risk assessment methodologies.
- Strengthened regulatory compliance processes to ensure our risk management framework keeps pace with evolving sustainability disclosure requirements.

These actions strengthen MBSB's resilience and readiness to manage climate-related risks while supporting growth opportunities within the transition economy.

Metrics and Targets

Climate-Related Metrics and Targets

MBSB uses a mix of portfolio, risk and operational metrics to monitor climate-related matters. On the financing side, key indicators include CCPT category distribution, exposure to identified high climate risk sectors, compliance with climate-related RAS and portfolio observations reported through the Climate Risk Dashboard. These are complemented by operational indicators such as electricity use, water consumption, paper use and waste generation at key office locations.

Together, these metrics support ongoing oversight of transition readiness, physical risk exposure and progress in strengthening our climate risk management approach. Targets are framed through the Net Zero Roadmap, the annual review of climate-related RAS and our commitment to progressively shift new financings towards lower-risk CCPT categories in line with regulatory expectations.

Our Performance in 2025

In 2025, MBSB remained in the foundation-building phase of its climate journey. Progress during the year centred on quarterly Climate Risk Dashboard reporting, continued application of CCPT-based assessments in financing processes, annual review of climate-related RAS and the use of CRST to strengthen internal understanding of portfolio resilience. Based on the Bank's CRST assessment, the current portfolio demonstrates limited exposure to material climate-related risks, largely reflecting concentration in geographic areas with lower physical climate hazards and in sectors that are not highly emitting or highly sensitive to transition risk drivers. As capabilities mature, the Bank intends to use these outputs more actively to support business responses for higher-risk customers and sectors.

Financed Projects Contributing to Climate Adaptation and Resilience

Projects that are involved in green or sustainable activities play a key role in supporting climate adaptation and resilience, while generating expected climate benefits and potential financial opportunities. For example, financing solar-powered plants supports climate mitigation by reducing greenhouse gas emissions and reliance on fossil fuels, while enhancing energy resilience through a diversified and decentralised power supply. Such projects can also reduce exposure to fuel price volatility and supply disruptions caused by climate-related events, strengthening overall system resilience.

From a financial perspective, these climate-related investments can provide stable and predictable cash flows, reduce exposure to transition-related risks, and enhance the overall resilience of the portfolio. They also create opportunities to capitalise on growing demand for renewable energy solutions, attract sustainability-focused investors, and support alignment with regulatory and market expectations on climate risk and sustainable finance. Over time, such projects can contribute to long-term value creation by supporting a low-carbon economy while generating positive financial and strategic outcomes for the bank.

Monitoring Our Carbon Emissions

Why Does it Matter to Us?

Monitoring our carbon emissions helps MBSB understand the impact of our operations, identify reduction priorities, and strengthen accountability over time. It supports more informed decisions on energy use and efficiency, while reinforcing our commitment to responsible operations and longer-term business resilience.

What is Our Approach?

We actively monitor and work to reduce GHG emissions across our branch network, covering Scope 1, Scope 2 and selected Scope 3 emissions from business travel and employee commuting. To lower electricity use, we rolled out a campus-wide energy efficiency retrofitting programme, including the installation of inverter air-conditioners and LED lighting. We also use M-Journal to reinforce everyday sustainable habits, ensuring operational improvements are supported by staff awareness. To address residual emissions as longer-term initiatives progress, we are exploring the purchase of carbon credits on the Bursa Carbon Exchange to offset emissions we are not yet able to eliminate.

Operational GHG Emissions

MBSB's GHG emissions increased over the reporting period, reflecting changes in operational activity and expanded emissions boundary coverage. Total emissions rose from 9,526 tCO_2e in 2023 to 22,687 tCO_2e in 2025, with the largest increase occurring between 2023 and 2024 following the inclusion and scaling of Scope 3 emissions, which now represent the largest share of the Group's carbon footprint.

Direct emissions (Scope 1) remain relatively small and relate primarily to diesel consumption from backup generators and company vehicles. In 2025, Scope 1 emissions increased from 41 tCO_2e in 2023 to 130 tCO_2e in 2024, before declining to 80 tCO_2e in 2025, mainly associated with fuel consumption from backup generators and company vehicles.

Indirect emissions from purchased electricity (Scope 2) continue to represent a significant portion of operational emissions, increasing from 5,480 tCO_2e in 2023 to 10,863 tCO_2e in 2025, reflecting electricity demand across the Group's office premises. In 2025, we enhanced our carbon accounting processes by refining and expanding the calculation of Scope 3 emissions. This resulted in 11,744 tCO_2e being measured from business travel and employee commuting, providing a more comprehensive account of the indirect emissions associated with MBSB's broader operational activities.

Strengthening Climate Resilience

Overall, our emissions profile confirms that indirect emissions materially outweigh direct emissions. Scope 2 emissions remain a major contributor, while Scope 3 emissions are also significant despite covering only business travel and employee commuting. This underscores the importance of broader operational decarbonisation efforts to contain future emissions growth.

Year	2023	2024	2025
Scope 1	41	130	**80**
Scope 2	5,480	10,673	**10,863**
Scope 3	4,005	13,059	**11,744**
Total GHG Emissions (tCO_2e)	9,526	23,862	**22,687**

Note:

1. *Scope 1 emissions arise from direct fuel consumption, including diesel used for backup generators and company vehicles. These emissions are calculated using the conversion factor 1 litre of diesel = 2.54 kg CO_2.*
2. *Scope 3 emissions in this discussion cover only business travel and employee commuting. For more information on our financed emissions, please refer to the Financed Emissions section.*

For more information on our carbon accounting methodology, refer to page 64 in the Appendix of this report.

Energy Consumption and Reduction

For financial institutions such as MBSB, energy use is primarily associated with office operations, data processing infrastructure, and building services that support day-to-day banking activities. Managing energy use therefore remains an important aspect of our operational environmental stewardship, helping us reduce emissions associated with electricity consumption while improving cost efficiency and facility performance.

Energy consumption across MBSB's main office premises reflects the operational demands of the Group and the effect of ongoing energy efficiency measures. In 2025, electricity consumption across MBSB's facilities totalled at 51,431,765 MJ. This compares with 50,714,513 MJ reported in 2024. Earlier disclosed energy consumption stood at 28,341,967 MJ in 2023, although these historical figures should be interpreted with caution given differences in reporting scope. As YoY comparability was affected by the updated reporting boundary in 2024, the 2025 result is best assessed against that revised basis. On this basis, energy consumption remained broadly stable in 2025, indicating that electricity demand across the Bank's office operations was largely contained.

We continued our energy efficiency efforts through the LED Replacement Project at Menara MBSB Bank under a five-year shared-savings arrangement with Synergy ESCO. Phase 1 was completed in March 2024 and involved the installation of 5,246 T5 LED bulbs, while Phase 2 was completed in January 2025 with approximately 1,000 additional LED bulbs. Against the original lighting setup, the project is expected to generate approximately 491,799 kWh of electricity savings as at December 2025.

Menara MBSB Bank and Wisma MBSB together account for 42,555 m^2 of gross floor area. The related intensity indicators, measured per employee, per operating hour, and per square metre, support continued monitoring of operational energy performance across these premises.

Year	2023	2024	2025
Energy Consumption (MJ)	28,341,967	50,714,513*	**51,431,765**

Note:

1. *Energy consumption is reported in megajoules (MJ). Electricity usage recorded in megawatt-hours (MWh) is converted using the standard conversion factor 1 MWh = 3.6 gigajoules (GJ) for consistency in reporting and comparison across reporting periods.*
2. **The increase in Energy Consumption in 2024 is attributed to the broadening of our Scope 2 boundaries to include our cooling systems.*

Financed Emissions

MBSB continues to measure emissions associated with our financing portfolio, as part of strengthening how we manage the environmental impacts linked to our financing activities. As a financial institution, financed emissions are expected to become more material than operational emissions over time. We are therefore prioritising the strengthening of portfolio-level climate data, customer assessments and transition-related information to support more robust measurement of financed emissions. This work also supports our commitment to align financial operations with broader environmental objectives and to enhance transparency in our sustainability practices.

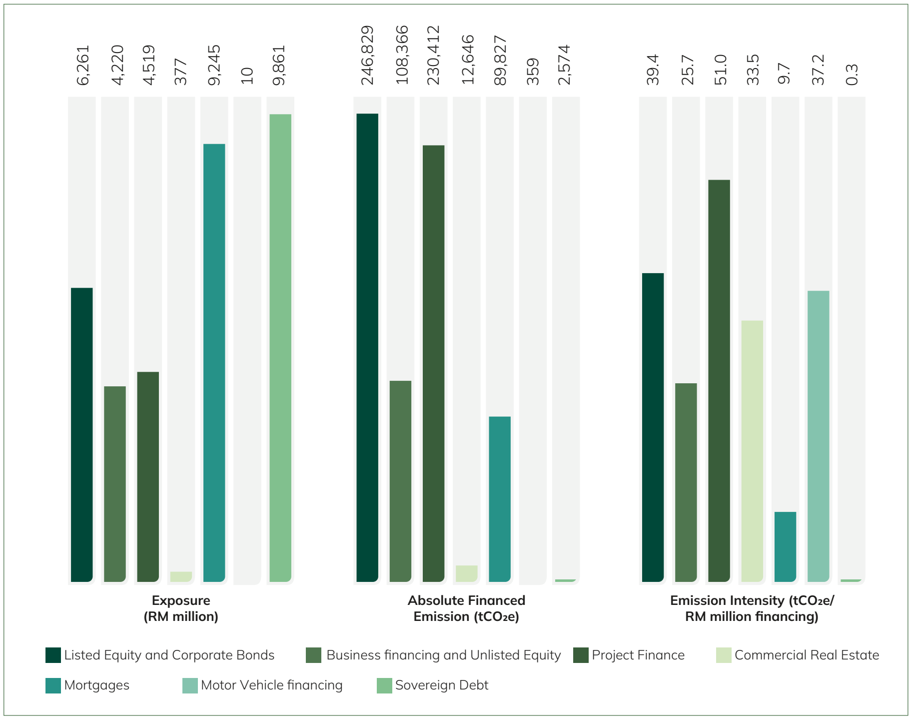
Financed emissions measurement is carried out through a coordinated approach across business, finance and sustainability teams to support consistent tracking, assessment and management of emissions linked to our financing activities. Current efforts focus on embedding CCPT-based classification, enhancing climate-related due diligence and using sector-specific information to identify transition finance opportunities and portfolio vulnerabilities. These steps are intended to support more decision-useful financed emissions measurement and disclosure as data quality and internal capabilities continue to improve.

Our financed emissions methodology is based on globally recognised standards, in particular the Partnership for Carbon Accounting Financials (PCAF) Global GHG Accounting and Reporting Standard. We quantify and disclose emissions associated with our financing and investment portfolios using asset-class-specific methods. This includes emissions measurement for listed equity and corporate bonds, business financing and unlisted equity, project finance, commercial real estate, mortgages, motor vehicle financing and sovereign debt. The process draws on both financial and non-financial data points, such as floor area, enterprise value and outstanding amounts, which are combined with relevant emission factors to calculate financed emissions.

Operationally, the approach involves classifying clients using a tailored scorecard, extracting and validating data through system-based and manual inputs, and completing detailed calculations using standardised templates and tools. While we continue to offer Shariah-compliant Islamic financing products, we seek alignment with best practices under the PCAF methodology, including asset class naming conventions. The financed exposure figure is lower than our total portfolio because individual-client financing is excluded from the reporting scope due to methodological limitations. For assets within scope, we improve precision by applying Malaysia-specific emission factors where available, such as for the agriculture sector, while using PCAF default factors for certain asset classes, including mortgages, to maintain comparability with global peers.

This standardised methodology strengthens the transparency and comparability of our climate disclosures and supports internal risk assessment and target-setting. By measuring financed GHG emissions across our portfolios, we are better positioned to identify climate-related risks, set science-based targets, and develop transition strategies aligned with the goals of the Paris Agreement. This approach reflects industry best practice and reinforces our commitment to sustainable finance and proactive climate action.

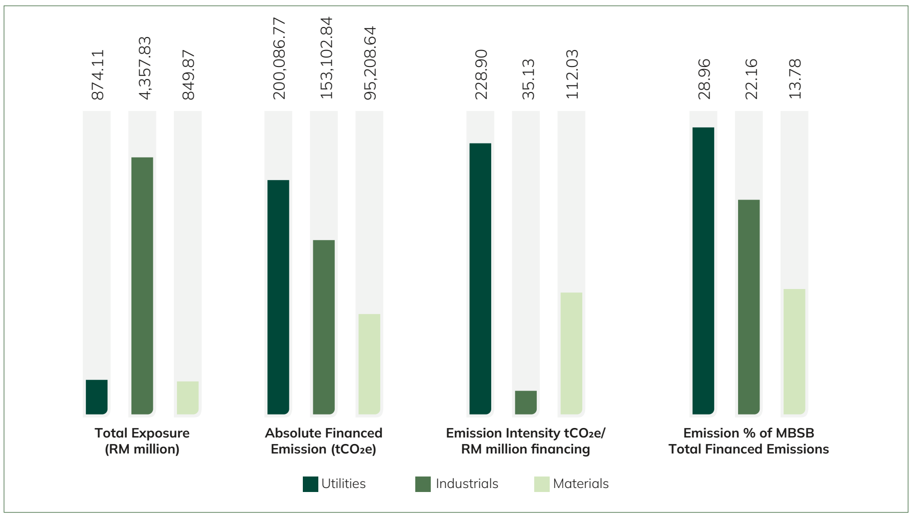
Absolute Emissions (tCO_2e)	Emission Intensity (tCO_2e/ RM mil financing)
691,013	20.03



Financed Emissions by Asset Classes

Asset Classes 1, 2, and 3, representing 43% of exposures, contribute 85% of the Group's financed emissions, highlighting the impact of these segments. Within those asset classes, the Utilities sector stands out, generating 29% of emissions, while the three highest-emitting sectors together make up more than half of MBSB's total financed emissions. In addition, MBSB's financed emissions are concentrated within a focused segment of our portfolio, with our top three highest-emitting customers representing 19% of total financed emissions. Moving forward, MBSB continues to refine its data quality and monitoring processes to better track and manage financed emissions across all asset classes.

Financed Emissions for Top 3 sectors



Note:

The financed emissions data is disclosed as at 31 December 2024.

Strengthening Climate Resilience

Moving Forward

MBSB remains in the foundation-building phase of its climate journey, with progress centred on strengthening governance, embedding CCPT-based assessment into financing processes, conducting CRST and enhancing internal reporting through the Climate Risk Dashboard. Looking ahead, the Group is expected to continue refining climate-related data, methodologies and disclosure maturity as implementation of the Net Zero Roadmap advances.

Sustainability-Related Opportunities

Sustainability-related opportunities for banks are interconnected and are expected to have a material influence on the entity's long-term prospects. These opportunities arise from the growing demand for sustainable and transition financing to support economic decarbonisation, social development, and inclusive growth. By expanding its sustainable and transition finance offerings and products, the bank is able to capture new business opportunities while supporting clients in managing sustainability-related risks and navigating credible transition pathways.

The bank follows a structured process to identify, assess, prioritise, and monitor sustainability-related opportunities. Oversight is provided by the GSSC, whose mandate includes the identification and evaluation of both sustainability-related risks and opportunities across the group. Sustainability considerations are formally integrated into the bank's strategy formulation process, ensuring that sustainability-related opportunities are assessed alongside financial, risk, and capital considerations and embedded into strategic decision-making.

As part of this process, the bank systematically scans the market for sustainable and transition finance opportunities, evaluates potential initiatives against strategic objectives and risk-return considerations, and prioritises them based on expected impact, feasibility, and alignment with the bank's sustainability commitments. Outcomes are continuously monitored to ensure strategic relevance and effective execution. The sustainability department plays a key role in this process by tracking industry trends, regulatory developments, and market practices, and by advising business units on emerging sustainability-related risks and opportunities.

In addition, the bank leverages emissions data and sector-specific information to identify transition finance opportunities within its existing portfolio. This data-driven approach supports targeted client engagement, enabling the bank to offer tailored financing, advisory, and product solutions that facilitate clients' transition efforts while strengthening portfolio resilience.

These opportunities are further reinforced through enhanced risk management and improved asset quality over time, as the integration of sustainability considerations into credit assessment and client engagement contributes to more resilient portfolios. Sustainability-driven innovation in products, services, and advisory capabilities also enables the bank to deepen client relationships and strengthen its role as a trusted transition partner. Collectively, these interconnected opportunities support revenue diversification, balance sheet resilience, regulatory alignment, and the bank's strategic positioning in a transitioning economy, thereby positively influencing long-term value creation and financial performance.

Delivering Sustainable Solutions for Our Customers

Accelerating Growth Through Sustainable Financing

Our Responsibility to Our Customers

At MBSB, customers are regarded as strategic partners in advancing sustainable and inclusive growth. As expectations continue to evolve across the financial services industry, customer needs, affordability considerations, and demand for ethical and transparent services directly influence how products are designed, delivered, and governed. These dynamics shape our strategic priorities and reinforce the importance of trust, service quality, and responsible conduct in sustaining long-term relationships.

Customer interactions are guided by myPledge, which reinforces responsible business practices and consistent behaviours across the organisation. Through this framework, we focus on delivering customer-centric outcomes by expanding access to financing, supporting financial literacy, and offering solutions aligned with sustainability considerations. This approach ensures that customer engagement is underpinned by integrity, purpose, and long-term value creation, positioning customers at the centre of our sustainability efforts.

Building Trust Through Innovation and Resilience

Amid a rapidly evolving operating environment, we continue to adapt to changing customer expectations, technological developments, and market dynamics. Our focus remains on strengthening trust and supporting sustainable growth by fostering transparent, respectful, and accountable relationships with our customers.

Through ongoing investment in digital capabilities, enhancements to service platforms, and consistent customer engagement, we seek to elevate the overall customer experience. These efforts enable us to deliver lasting value while reinforcing our role as a trusted financial partner that supports our customers' long-term success and wellbeing.

Accelerating Growth Through Sustainable Financing

Why Does it Matter To Us?

Sustainable financing is central to MBSB's long-term strategic direction, supporting access to Shariah-compliant financing solutions that are aligned with climate considerations, social inclusion, and responsible use of resources. Integrating ESG considerations into our financing activities enables us to strengthen economic resilience and support the long-term viability of our customers' businesses. By channelling financing towards renewable energy, sustainable infrastructure, and inclusive initiatives, we assist customers in transitioning towards more sustainable business models while contributing to Malaysia's economic development and capturing opportunities arising from sustainability-focused markets.

What is Our Approach?

Building a Sustainable Economy

We focus on building a sustainable economy by integrating sustainability considerations into our financing activities and directing capital towards low-carbon, inclusive, and environmentally responsible initiatives. In response to the growing risks associated with climate change and resource constraints, our strategy prioritises accelerating the growth of green industries through support for renewable energy, sustainable infrastructure, and clean technologies.

Through instruments such as green and social Sukuk, we finance projects that reduce emissions, enhance energy efficiency, and strengthen climate resilience, aligning our efforts with national development priorities and global sustainability commitments, including the United Nations Sustainable Development Goals. Supported by a rigorous ESG screening process, these initiatives enable investors to participate in a more sustainable and inclusive financial ecosystem while generating positive environmental and social outcomes. This approach supports our net zero ambitions and reinforces MBSB's position in advancing Islamic sustainable finance.

Ethical Financing

Guided by Shariah principles, the Group seeks to ensure that its financing activities generate positive societal outcomes while avoiding harm. To uphold these values, MBSB applies a strict exclusion approach, refraining from financing activities and sectors that conflict with sustainability and ethical considerations, including those associated with adverse environmental or social impacts. This approach aligns our financing strategy with our broader commitment to sustainable economic growth, financial inclusion, and long-term value creation for stakeholders.

These include restrictions on financing the following:

1. Activities with strong evidence of employing child labour, trafficked or forced labour, or have been party to human right abuses.
2. Projects involving resettlement of indigenous and/or vulnerable groups without obtaining their free and informed consent.
3. Projects that generate a negative impact on UNESCO World Heritage areas, wetlands registered by the Ramsar Convention, tropical rainforests, as well as key biodiversity areas and areas as per IUCN categories I to IV.
4. Companies that apply the extraction or mining method of Mountain Top Removal.
5. Companies located in areas actively embroiled in armed conflict.

Accelerating Growth Through Sustainable Financing

6. Companies that discharge waste into coastal or other shallow waters.
7. Companies that clear land by burning, causing significant environmental impact.
8. Companies that use or produce goods using wood sourced from or located at illegal operations.
9. Companies involved in construction, development, or expansion of nuclear power plants or uranium enrichment facilities.
10. Companies that endanger local water security.
11. Activities that cause pollution (e.g. release of untreated wastewater, pollution of soil and waterways with untreated organic content).
12. Activities involved in mining of coal or the construction, development or expansion of coal-fired power plants, or involved in thermal coal power generation.
13. Activities that generate a negative impact on endangered species of wild flora and fauna as per Convention on International Trade in Endangered Species (CITES), and the Convention on the Conservation of Migratory Species of Wild Animals (CMS or Bonn Convention) and IUCN Red List of Threatened Species.
14. Activities that contravene environmental laws, including, but not limited to: The National Forestry Act 1984, Wildlife Conservation Act 2010, National Parks Act 1980, The Fisheries Act 1985, and The Environmental Quality Act 1974.
15. Activities that contravene national human rights and labour laws, including, but not limited to: Employment Act 1955, Children and Young Persons (Employment Act 1966), and Minimum Wages Order 2018.
16. Logging of or trade in illegally harvested or uncertified timber as well as in uncertified primary forest.
17. Activities that involve commercial animal testing and non-healthcare related activities.
18. Activities that involve planting on peatland.
19. Activities that generate a negative impact on areas including involving high carbon stock (not applicable to high forest cover countries) and high conservation value forests.

Sustainable & Transition Financing

Embedding ESG in Financing Decisions

In line with our broader sustainability agenda, MBSB adopts a structured and disciplined approach to sustainable and transition financing through our STFF. The framework provides a consistent basis for assessing and categorising financing applications across green, social, and transition segments.

A Classification Decision Tree is applied to support consistent and transparent assessments aligned with recognised local and international references, including guidance issued by BNM under the CCPT, the ASEAN Green Bond Standards, and the Climate Bonds Taxonomy. Through this approach, capital deployment is aligned with ESG considerations, enabling customers to support a low-carbon and inclusive economy while ensuring our financing activities deliver measurable environmental and social outcomes.

Key Sustainability Criteria for Financing

Our financing framework prioritises businesses and projects that support sustainable development objectives, with eligibility assessed across three primary categories:

Category	Green Finance	Social Finance	Transition Finance
Eligibility	Supports projects that deliver environmental benefits, including climate change mitigation, biodiversity protection, and pollution reduction.	Targets social priorities by promoting inclusive economic growth, with a focus on improving access and outcomes for underserved communities.	Enables the transition of high-emitting sectors by supporting decarbonisation efforts and guiding companies towards more sustainable business models.
Eligible Sectors	• Renewable Energy • Green Buildings • Clean Transportation • Waste Management	• Access to Housing • Access to Education • Healthcare • Employment Generation Initiatives • Food Security • Socioeconomic Advancement and Empowerment	• Energy efficiency upgrades • Operational improvements in carbon-intensive industries • Voluntary carbon credit markets

To maintain credibility and uphold ESG integrity, we apply robust due diligence and risk assessment processes to ensure that financed activities align with recognised ESG standards. In addition, our Exclusion List restricts financing for sectors associated with significant environmental or social risks, including coal-fired power generation and activities linked to deforestation.

Biodiversity and Nature

In 2025, our Corporate and Institutional Banking segment supported several financing facilities aligned with sustainable land use and biodiversity preservation objectives. These transactions comprised one sustainable financing facility and two transition financing facilities, structured to support projects that promote responsible natural resource management, biodiversity preservation, and reduce environmental degradation. Collectively, these facilities represented RM175 million in approved financing, supporting activities classified under the sustainable management of natural resources and land use category and aligned with SDG 15: Life on Land.

MBSB's Financing Portfolio Breakdown

We continued to advance the integration of ESG considerations across our financing portfolio. In 2025, we catalysed RM13 billion in sustainable and transition finance, reinforcing our role in supporting Malaysia's sustainability agenda. Our financing activities span multiple business divisions, including corporate and institutional banking, commercial banking, investment banking, development finance, and consumer banking, enabling broad-based impact across sectors.

To support ESG-aligned growth across this diversified portfolio, we utilise a range of Shariah-compliant financial instruments. These include Green Sukuk and other Islamic financing solutions that reflect our commitment to ethical and sustainable finance. Sustainable and Islamic project financing also plays a central role in channelling capital towards renewable energy, sustainable infrastructure, and initiatives with positive social outcomes.

Catalysing Sustainable and Transition Finance (Non-Retail Banking)

Wholesale Banking	Commercial Banking	Development Finance Business
RM6.1 billion	**RM1.2** billion	**RM75.1** million

Accelerating Growth Through Sustainable Financing

Key Industries & Transition Plan

Going forward, MBSB is focusing on high-impact industries that are aligned with national sustainability priorities and global ESG standards. These include:

Renewable Energy and Clean Technology

Supporting the expansion of renewable and transition energy solutions (including solar, hydro and related infrastructure) to advance Malaysia's energy transition.

Essential Services (Healthcare and Education)

Facilitating financial access to sectors that support long-term socio-economic stability.

Food Security

Providing financing to support agriculture, food security and related value chain development.

Sustainable Property and Infrastructure

Promoting the adoption of green-certified buildings and climate-resilient urban planning through sustainability-linked financing.

To advance this transition, we are taking proactive steps, including:

1. Enhancing RM capabilities through sector-specific training to identify sustainable financing opportunities.
2. Targeting 50% of new financing to fall within BNM's CCPT classifications C1, C2, and C3 by 2026.

MBSB Bank Sustainability Sukuk Wakalah

The MBSB Bank Sustainability Sukuk Wakalah reflects the Group's strong commitment to sustainable finance by integrating Shariah-compliant principles with ESG objectives. Through this sukuk framework, we channel proceeds towards projects that deliver positive environmental and social impact, including renewable energy, affordable housing, infrastructure development, and sustainable waste management. With clearly defined eligibility and exclusion criteria, we avoid financing activities that are harmful to sustainability, while aligning our financing approach with global sustainability standards and national development priorities. This strengthens our role in Islamic sustainable finance. To date, we have financed over RM300 million in sustainable projects, generating measurable environmental and social benefits.

The outstanding Sustainability Sukuk Wakalah amounting to RM300 million is fully allocated to a single designated sustainable asset which is a sanitary landfill gas-to-energy facility that supports responsible waste management and environmental protection. We subsequently refined the asset tagged to the sukuk and aligned it specifically to this facility to ensure:

1. Full utilisation of the sukuk proceeds, and
2. Clear and robust impact tracking at the asset level

The project delivers measurable environmental benefits through the following outcomes:

Manages approximately 1 million tonnes of municipal solid waste annually	Generates an estimated 90 GWh of renewable electricity per year	Supplies electricity to the national grid under the Feed-In Tariff scheme

The facility adopts modern engineering standards and international best practices. Methane gas generated from waste decomposition is captured and converted into renewable energy through multiple gas engines, reducing greenhouse gas emissions while supporting Malaysia's renewable energy targets. This structure reflects our commitment to responsible stewardship (Amanah) and sustainable development in line with Shariah principles, demonstrating how Islamic finance can operationalise environmental protection, resource efficiency, and intergenerational justice.

MBSB Sustainable Term Deposit-i

MBSB Bank Sustainable Term Deposit-i is a new deposit product where customers' deposits are allocated to finance eligible green, social, and transition activities. These include renewable energy projects, energy efficiency initiatives, sustainable water and waste management, affordable housing, SME development, and credible transition efforts that support decarbonisation. Unlike traditional deposit products, the Sustainable Term Deposit-i combines financial returns with environmental and social impact, enabling customers to support sustainable finance objectives through their banking relationship with MBSB Bank. The product also supports the ESG focus under BNM's Financial Inclusion Framework 2023–2026.

All deposits mobilised under MBSB Bank Sustainable Term Deposit-i are matched to clearly identified and eligible sustainable assets. In this way, the product helps us expand our sustainable and transition financing pool while giving customers a more direct way to contribute to a lower-carbon and more inclusive economy. As at 31 December 2025, MBSB Sustainable Term Deposit-i recorded a total amount of RM420.1 million.

Advancing Financial Empowerment and Inclusion

Why Does it Matter to Us?

At MBSB, financial empowerment is fundamental to strengthening financial wellbeing, long-term security, and economic resilience among our customers. Within the financial services sector, gaps in financial literacy and unequal access to financing continue to contribute to financial vulnerability, particularly among underserved communities and small and medium enterprises. Addressing these gaps is essential to supporting inclusive economic participation and sustainable growth.

We recognise that improving financial literacy equips customers with the knowledge to make informed decisions, manage risks more effectively, and build greater financial resilience over time. At the same time, expanding access to financing remains critical to ensuring that individuals and businesses who are traditionally underserved are not excluded from opportunities to grow and participate meaningfully in the economy.

What is Our Approach?

We integrate financial literacy and access through targeted initiatives for both individual customers and businesses. These include community outreach programmes, workshops, digital tools, and inclusive financial solutions designed to make financial products more accessible and understandable. Together, these efforts focus on building long-term financial capability, enabling individuals and SMEs to make informed and responsible financial decisions.

How Have We Performed?

Supporting Individual Customers

For individual customers, access to finance represents more than a transaction and plays a role in achieving key life milestones such as homeownership, financial security, and education. As a customer-focused and responsible financial institution, MBSB provides inclusive, Shariah-compliant financial solutions that support Malaysians across income segments, with particular focus on first-time homebuyers, self-employed individuals, and gig economy workers.

We continued to expand access to sustainable and inclusive retail financing by offering home financing solutions that support first-time buyers and customers who may face affordability or eligibility constraints. Our sustainable finance offering for individual customers includes home financing products classified under the Sustainable/Transition Finance Framework, including House Financing-i for first-time home buyers in the lower-income segment, as well as 1stHome financing, which supports access to housing under social sustainable finance. MBSB mobilised over RM800 million in home financing under these inclusive and sustainable homeownership solutions, supporting progress towards ownership through structured pathways.

Beyond access to housing, MBSB's sustainable finance offering also supports social outcomes through education financing. Our education financing is positioned under social sustainable finance to help customers pursue education and skills development, supporting practical needs such as education-related fees and learning requirements. The Group approved approximately RM0.48 million in education financing, enabling customers to access funding support that strengthens long-term employability and upward mobility.

Digital access remains an important enabler of customer inclusion and service convenience. We continued to enhance our digital channels, including MJourney, to support more seamless customer access to everyday banking services alongside our physical touchpoints.

For more information on our MJourney Platform, please refer to the Driving Innovation and Digital Transformation section on page 38 of this report.

Facilitating SME Growth and ESG Integration

SMEs are a key driver of economic growth and sustainable development. As a core segment of the economy, SMEs require tailored financial solutions that support business expansion while enabling technological adoption and ESG integration.

Through a dual-financing model, MBSB Bank and MIDF provide SMEs with a structured pathway from early-stage financing and grant-based support to scalable commercial banking solutions. This approach helps SMEs at different stages of growth, including those with limited financial track records, access to capital, expertise, and tools needed to succeed in a changing economic landscape.

Advancing Financial Empowerment and Inclusion

Tailored Financing Solutions for SME Digitalisation & Green Growth

SME Automation and Digitalisation Facility (ADF)
Enabling SMEs to adopt Industry 4.0 technologies, automate processes, and boost operational efficiency.

Agrofood Facility (AF)
Supporting food security by funding sustainable farming, modernised poultry farming, and closed-house agriculture systems.

High Tech and Green Facility (HTG)
Providing capital for green-certified technologies, clean energy solutions, and energy-efficiency machinery.

All Economic Sectors (AES) Funds
Ensuring that SMEs across various industries have access to unrestricted financing for business expansion.

To support SMEs in progressing their sustainability and digital transformation efforts, we continue to offer BNM-funded financing facilities, including:

These facilities provide SMEs with capital to invest in digitalisation, green technologies, and sector-specific improvements, supporting long-term competitiveness and sustainability.

Blended Financing & Targeted SME Financing Schemes

The Group's structured financing model supports SMEs at different stages of growth, from early-stage startups to expanding enterprises, by providing access to financial solutions that encourage sustainable business growth and ESG adoption.

By combining MIDF's developmental financing and grant support with MBSB Bank's Islamic commercial financing, we offer SMEs tailored capital solutions to scale operations, embed sustainable practices, and strengthen resilience in a changing economic environment.

Women SME Financing (M-WiSE)

Through MIDF's Women SME Financing (M-WiSE), we continued supporting viable women-owned SMEs with accessible financing solutions. In 2025, RM10.12 million was approved under M-WiSE to help strengthen business continuity and growth potential among women-led enterprises, supported by complementary advisory and capability-building initiatives where relevant.

Halal Accreditation Technology Improvement (HATI)

The halal economy is a strategic growth engine for Malaysia, supported by rising demand for trusted halal products and services across local and international markets. Yet many SMEs still face practical barriers in building halal-ready operations, securing certification, and scaling with confidence. Launched on 15 July 2024 in collaboration with Halal Development Corporation and SERUNAI COE Sdn Bhd, and backed by RM100 million in financing from the Ministry of Investment, Trade and Industry, HATI provides affordable financing and structured support across the halal certification journey. In 2025, it recorded RM87.1 million in financing approvals for 16 companies, with two completing halal readiness and two reaching the final stage.

Capacity Building & ESG Readiness for SMEs

Beyond financing, MBSB supports SMEs through ESG knowledge-sharing, capacity-building programmes, and industry engagements, helping businesses strengthen sustainability integration and financial literacy within their operations.

Revitalising SMEs & Strengthening Financial Resilience

Second Chance Financing (2CF)

- A structured financing programme designed to support SMEs experiencing financial strain, helping them restructure, stabilise operations, and sustain business continuity.
- Offers longer repayment tenures, flexible restructuring options, and working capital support to reduce the risk of business closure.

Skim Jaminan Pembiayaan Perniagaan (SJPP)

- A government-backed guarantee scheme that helps SMEs access financing more easily, particularly those with limited collateral or shorter financial track records.
- Enables SMEs to secure financing to support growth, automation, and sustainability-related improvements.

M-Government Guarantee Scheme (M-GGS)

- A structured financing programme designed to support SMEs experiencing financial strain, helping them restructure, stabilise operations, and sustain business continuity.
- Offers longer repayment tenures, flexible restructuring options, and working capital support to reduce the risk of business closure.

SME Revitalisation Financing (SMERF)

- Assists viable SMEs in underserved sectors that are constrained by financial difficulties.

MIDF's SME Transformation Financing (SMETF)

- Assists businesses to transform through automation, digitalisation and ESG practices

Micro Biz Financing (MBF)

- Provides Micro Entrepreneurs the financial solution to strengthen their business operations

Industry Engagement & Thought Leadership

GEFI Thought Leadership

Encik Rafe Haneef, Group CEO, represented MBSB Berhad at the Global Ethical Finance Initiative's Islamic Sustainable Finance Masterclass Series in Dubai, reinforcing the Group's commitment to advancing Islamic sustainable finance on the global stage. As a session leader, he shared practical insights on operationalising Shariah-aligned sustainability frameworks and accelerating product innovation within Islamic finance. The discussions highlighted how value-based intermediation, robust governance, and ESG integration can be effectively embedded into Islamic financial institutions to deliver measurable economic, social, and environmental impact.

Drawing from MBSB's sustainability journey, the sessions further explored scalable solutions such as Shariah-aligned ESG models and blended Islamic Social Finance instruments that integrate commercial and social objectives. The masterclass provided practical guidance for both Islamic and conventional finance professionals, demonstrating how Islamic finance principles can be translated into viable, market-ready solutions that support a more inclusive and equitable financial ecosystem.

JC3 SFG Climate Conference for SMEs

Dato' Wan Kamaruzzaman Wan Ahmad represented MBSB Berhad in his capacity as a member of the JC3 SME Focus Group (SFG) at the inaugural JC3 SFG Climate Conference for SMEs, reaffirming the Group's commitment to advancing climate resilience and sustainable growth within the SME segment. Representing the Group, En. Azizi Mustafa, CEO of MIDF, delivered a session titled "Climate Risks & Opportunities: Future-Proofing SMEs," where he outlined practical strategies to help SMEs manage climate-related risks, seize green growth opportunities, and strengthen long-term competitiveness.

The conference convened over 300 SMEs, providing a platform to deepen understanding of climate risks, accelerate green adoption, and support alignment with the low-carbon transition. MBSB's participation underscores its commitment to enhancing SME climate awareness, promoting practical sustainability integration, and facilitating access to financial solutions that enable a just and orderly transition.

MBSB AgroESG Seminar

At the inaugural MBSB AgroESG Seminar, Encik Rafe Haneef, Group CEO of MBSB Berhad articulated the Group's commitment to strengthening Malaysia's food security through targeted and sustainable financing. Emphasis was placed on advancing resilience beyond primary commodities, particularly in food crop segments where national self-sufficiency remains low. By strategically channelling financing into these priority areas, MBSB aims to support the development of a secure, sustainable, and future-ready food supply chain.

The seminar convened policymakers, industry leaders, and SMEs to exchange practical solutions spanning sustainable farming practices, circular economy applications, and digital AgTech adoption—aligned towards enhancing sector-wide resilience and long-term growth.

Translating dialogue into measurable action, MBSB continues to empower agriculture SMEs through improved access to capital, having mobilised over half a billion ringgit in financing to support the sector's sustainable development.

Fostering Inclusive Economic Empowerment and Long-Term Financial Security

Through strategic partnerships, innovative financing solutions, and targeted support mechanisms, MBSB remains focused on enabling SMEs to play a meaningful role in Malaysia's sustainable economy. Our approach emphasises ESG integration and capacity-building initiatives that equip SMEs with the capabilities to adopt more sustainable business practices.

By aligning our SME banking strategy with national economic and ESG priorities, we continue to support SME growth, strengthen financial resilience, and enable long-term business transformation.

Driving Innovation and Digital Transformation

Why Does It Matter to Us?

The rapid pace of technological change continues to reshape the financial services landscape, influencing how institutions deliver services, manage risk and remain competitive. Customers increasingly expect banking services to be intuitive, accessible and available at any time through digital channels.

For MBSB, digital innovation plays an important role not only in enhancing customer experience but also in supporting sustainable business practices. By enabling more services to be delivered digitally, the Bank can reduce reliance on paper-based processes, minimise the need for physical branch visits and improve operational efficiency. These outcomes contribute to a more environmentally responsible and resilient banking model while ensuring that financial services remain accessible and convenient for customers.

What is Our Approach?

Our digital banking initiatives are guided by the strategic theme "Digital Banking Reimagined, Made Effortless," which focuses on strengthening digital platforms, improving customer experiences and preparing the Bank for the next phase of digital banking evolution.

Through MJourney (our mobile banking app) and related digital platforms, the Bank continues to expand digital capabilities to support secure, seamless and end-to-end banking journeys. These efforts focus on enhancing platform reliability, expanding payment and transfer capabilities, strengthening security and enabling more services to be completed through digital channels.

By shifting routine transactions and service interactions to digital platforms, the Bank is able to streamline operations, improve service efficiency and reduce environmental impact associated with traditional paper-based and branch dependent processes.

Innovative Products & Services

Complementing our broader innovation strategy, MBSB continued to accelerate digital consumer banking adoption in 2025 by enhancing MJourney as the Bank's digital service and engagement platform.

As customers increasingly rely on mobile and online channels for everyday banking, improvements to the platform focused on strengthening reliability, expanding digital payment and transfer capabilities, and simplifying key customer journeys.

Key digital advancements in 2025 included:

- Global Easy Transfer (GET) in partnership with Wise, enabling customers to send money internationally in multiple currencies with competitive exchange rates
- Introduction of FPX and DuitNow Request-to-Pay, expanding convenient digital payment options
- Improvements to mobile application accessibility, including dual-language support and enhanced biometric login capabilities
- Strengthening mobile application security through Fraud Management System upgrades and enhanced mobile shielding technologies

These enhancements support a more seamless and secure digital banking experience while encouraging customers to adopt digital transactions, which helps reduce reliance on manual and paper-based processes.

In 2025, MJourney continued to serve as the Bank's digital service and engagement platform, supporting customers across a wide range of everyday banking needs including payments, transfers, account management and digital onboarding.

As customer expectations continue to evolve, the Bank prioritised improvements that make digital banking more intuitive, reliable and accessible. Enhancements to the platform included improvements to the user interface, strengthened security protections and expanded payment and transfer capabilities.

Digital usage across MJourney reflects growing customer reliance on digital channels:

- Mobile Internet Banking users increased by 21.6% (YoY growth)
- Retail Internet Banking users increased by 21.7% (YoY growth)
- Total digital transactions rose by 42.0% (YoY growth) spanning transfers, QR payments, bill payments, remittances and online banking services

Beyond improving convenience, the continued growth of digital banking supports sustainability objectives by enabling customers to complete financial transactions remotely, reducing travel to branches and lowering reliance on physical documentation.

Prioritising Customer Experience and Satisfaction

Why Does it Matter to Us?

Customer experience is central to building trust and loyalty in the financial services sector. Consistent and positive interactions strengthen long-term relationships, support customer retention, and reinforce our reputation in an increasingly competitive market. As expectations continue to rise across digital and service touchpoints, MBSB places importance on delivering service quality that meets the needs of our customers. Our aim is to provide an experience where customers feel secure, in control and understood.

What is Our Approach?

Our approach focuses on delivering reliable and responsive customer service through digital innovation, service enhancements, and structured feedback processes. Guided by our Customer Service Charter and Complaints Handling Management Policy and Procedures, we apply a standardised framework to manage customer interactions, ensuring queries, feedback and complaints received across multiple channels are addressed promptly, resolved effectively, and closed in a consistent manner.

In 2025, we improved digital engagement and service responsiveness by enhancing our mobile application, MJourney and related servicing journeys to simplify everyday banking and improve reliability. Key improvements included enabling additional digital payment and transfer capabilities, strengthening platform performance monitoring, refreshing mobile banking UI/UX with improved accessibility features, and introducing automation to improve turnaround efficiency for dispute-related handling. These enhancements support a smoother customer experience by reducing friction in routine transactions and improving service recovery.

Operationally, customer experience oversight is anchored within the Organisation by the respective departments managing all forms of customer transactions and centrally coordinated by the Customer Service team along with the Complaint Handling Unit. This structure enables effective handling of customer queries, day-to-day service delivery and continuous improvement actions. Customer feedback is gathered through established mechanisms such as customer satisfaction surveys and verbatim feedback from the respective channels with insights used to identify recurring pain points and prioritise practical service enhancements.

How Have We Performed?

In 2025, we monitored customer satisfaction and service quality through structured surveys and established feedback channels to strengthen our evidence base and sharpen priorities for improvement. While customer satisfaction indices and Net Promoter Score (NPS) reflected areas for attention during the year, the results provide a clear baseline that helps us focus our efforts on improving service consistency, responsiveness, and long-term loyalty.

Customer feedback and complaint handling remained a key operational focus, supported by structured case management and multiple digital channels for submitting and tracking cases. To enhance customer protection and confidence, we strengthened Customer Service Centre (CSC) capacity and improved fraud-response controls through system enhancements and closer coordination to support timely case handling and recovery actions. We also continued reinforcing privacy and data protection controls following substantiated cases recorded during the year.

The CSC was supported by 44 staff and handled 221,865 calls and 29,819 emails. We recorded two scam cases and strengthened scam prevention through upgrades to our e-FMS (advanced version 8.1), SecIron Mobile Shielding to mitigate malware and device tampering, continued customer education via push notifications and safety tips, and closer coordination between branches and the CSC for timely NSRC case handling and recovery efforts.

Protecting customer information remained an important part of sustaining customer trust and confidence in 2025. Five substantiated complaints concerning breaches of customer privacy or losses of customer data were recorded during the year. Customers were promptly notified and precautionary measures were implemented immediately. The incidents were contained without any subsequent issues to customers. Together, these matters informed further improvements to our customer communication, response measures, and safeguards for customer information across the Group.

For more information, refer to the Data Privacy and Cybersecurity section of this report.

98.5%
of all complaints were addressed within the turnaround time

43%
Net Promoter Score

87%
Customer Satisfaction Index

Empowering Our Employees

Commitment to Our People and Sustainability

A Future-Ready HR Strategy

MBSB's HR strategy is a central pillar of our transformation under FLIGHT26, with a focus on building a resilient, high-performing, and future-ready workforce. By aligning talent management initiatives with FLIGHT26, we prioritise leadership development, diversity, and continuous learning. This approach equips our people with the capabilities needed to succeed in an increasingly digital and sustainability-driven environment, while reinforcing our commitment to ethical practices and stakeholder value in line with the Group's sustainability agenda outlined throughout this report. Our long-term HR strategy focuses on:

Talent Development & Leadership Growth

Strengthening career pathways through structured upskilling and leadership programmes.

Cultural Transformation

Embedding myPledge values to foster a performance-driven and inclusive workplace.

Workforce Agility & Digital Readiness

Enhancing digital skills and promoting flexible work arrangements to adapt to evolving business needs.

Equitable & Competitive Rewards

Implementing a total rewards framework aligned with industry benchmarks while driving performance.

Sustainability & Employee Wellbeing

Prioritising holistic wellness, mental health support, and financial literacy to support employee resilience.

To deliver a seamless employee experience from "Hire to Retire", MBSB structures the employee journey to provide a consistent experience at each stage of an individual's career. In 2025, our focus at the front end of this journey was to strengthen talent attraction earlier in the pipeline, particularly through campus engagement and graduate entry pathways, so prospective talent is engaged before graduation, better understands MBSB's culture and expectations, and transitions into the workplace with clearer alignment and readiness.

Recruitment & Hiring

Attracting the right talent through competitive rewards, strong employer branding, and early talent engagement initiatives.

Onboarding & Integration

New hires are supported through a structured onboarding approach that accelerates assimilation into our culture, policies and objectives, enabling faster integration and team cohesion.

Development & Growth

Competency-based pathways and Individual Development Plans (IDPs) support continuous learning, guided by the 70:20:10 framework combining formal, informal and on-the-job development.

Performance & Engagement

Through MPerform, employees set SMART objectives and receive regular feedback, while recognition programmes such as M-RISE reinforce a culture of continuous improvement.

Retention & Career Progression

High-potential talent is identified for succession planning, supported by competitive rewards benchmarked against the market to encourage career advancement and long-term retention.

Exit Experience

Managing employee exits through structured processes and feedback mechanisms to support continuous organisational improvement and a positive employee experience.

Key milestones, such as workforce stability, talent pipeline development, leadership capability strengthening and employee wellbeing engagement, are monitored to support workforce sustainability and organisational resilience. In line with FLIGHT26 priorities, the Group continues to strengthen recruitment planning, capability development and flexible workplace practices. This data-driven approach ensures a dynamic, inclusive, and growth-oriented environment.

Engagement and Inclusion: Keys to Success

We view engagement and inclusion as essential to organisational success. By sustaining open communication and encouraging employee involvement, we strengthen trust and cohesion across the workforce. This inclusive environment supports morale and productivity, reinforces resilience during transformation, and positions MBSB to respond more effectively to emerging risks and opportunities as a responsible financial institution.

Nurturing a Sustainable Workforce

Why Does it Matter to Us?

At MBSB, our people are central to delivering our sustainability agenda and upholding the values of *Amanah* and *Adab*. A capable, engaged, and trusted workforce enables ethical conduct, effective execution, and long-term organisational resilience. By fostering an inclusive and supportive environment, we enable personal and professional growth while empowering employees to contribute meaningfully to our sustainability objectives.

What is Our Approach?

As a responsible employer, MBSB prioritises employee wellbeing and compliance with applicable employment and workplace safety legislation, including:

- The Employment Act 1955
- The Children and Young Persons Act 1966
- The Industrial Relations Act 1967
- The Occupational Safety and Health Act 1994
- Human rights protections under Article 6 of the Federal Constitution
- Anti-Trafficking in Persons and Anti-Smuggling of Migrants Act 2007

Beyond regulatory compliance, our people practices are guided by the 11 principles of the International Labour Organization (ILO), which inform our approach to decent work, non-discrimination, and equal opportunity. We are also signatories to the United Nations Global Compact (UNGC) and align with its 10 principles covering human rights, labour standards, environmental responsibility, and anti-corruption. Together, these commitments shape a safe, inclusive, and ethical workplace, strengthen our organisational culture, and support long-term value creation for employees, shareholders, and society.

Nurturing A Sustainable Workforce

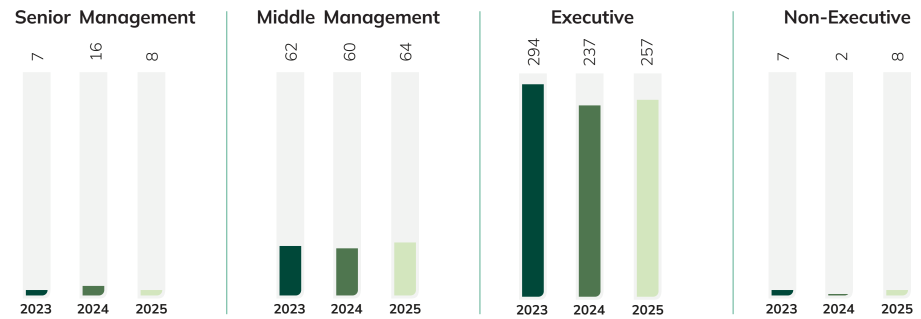
Workforce Stability and Growth

We prioritise workforce stability to ensure the Group maintains the capacity and continuity needed to execute FLIGHT26 priorities. In 2025, we strengthened recruitment planning and succession continuity while continuing to standardise core people practices across MBSB. Throughout the year, we refreshed our workforce through new appointments alongside natural employee movement. To support retention and a consistent employee experience, we harmonised benefits, salary structure and the grading system across the Group, and continued to provide flexibility through our MFlex arrangements.

11.7%
overall turnover rate

11.2%
overall new hire rate

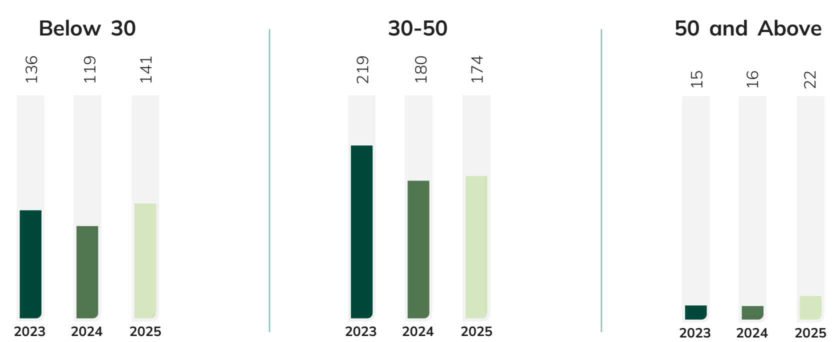
Total Number of New Hires by Employee Category



Total New Hires

2025	337
2024	315
2023	370

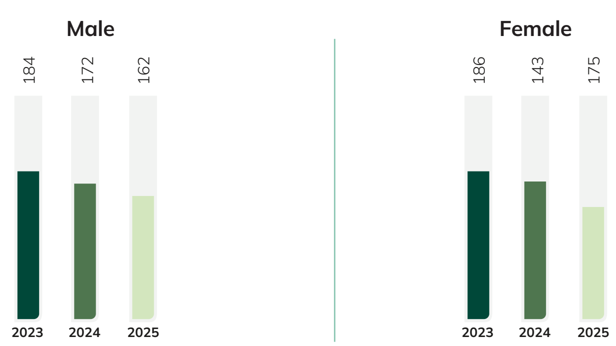
Total Number of New Hires by Age Group



Total New Hires

2025	337
2024	315
2023	370

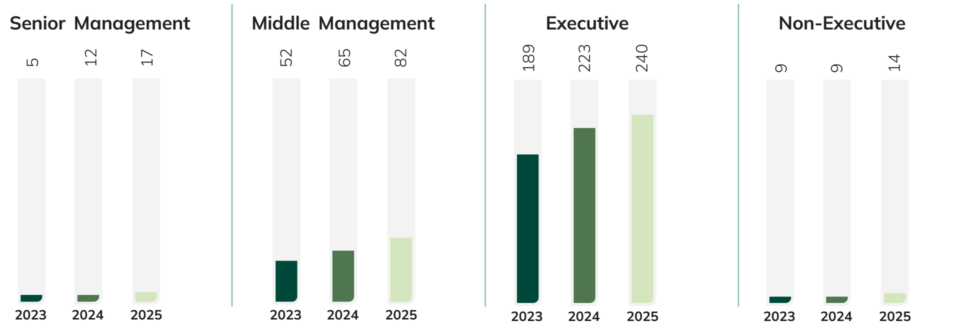
Total Number of New Hires by Gender



Total New Hires

2025	337
2024	315
2023	370

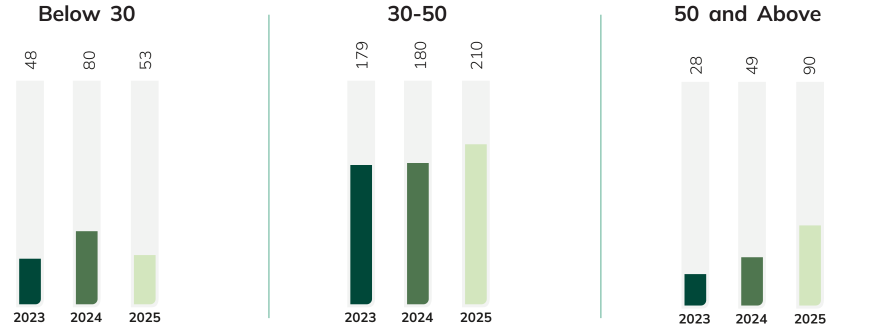
Total Number of Turnover by Employee Category



Total New Hires

2025
353
2024
309
2023
255

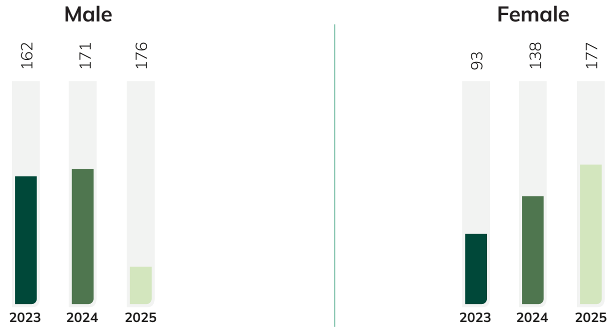
Total Number of Turnover by Age Group



Total New Hires

2025
353
2024
309
2023
255

Total Number of Turnover by Gender



Total New Hires

2025
353
2024
309
2023
255

Nurturing A Sustainable Workforce

Growing Our Talent Pool

At MBSB, we focus on building a strong and sustainable talent pipeline to support our long-term growth and delivery under FLIGHT26. Our People and Culture team advances this agenda by strengthening early-career entry points and providing structured development pathways that build capability, reinforce our values and support long-term retention.

A key initiative supporting this objective is the Young Islamic Banker Management Trainee Programme, which is designed to develop future leaders in Islamic banking by combining technical training with strong ethical foundations. Tailored for early-career professionals with an interest in Shariah-compliant finance, the programme offers structured classroom learning, rotational exposure across departments and mentorship from industry practitioners. Through this initiative, we support career development in Islamic finance while reinforcing our commitment to responsible, values-driven banking.

In 2025, we strengthened early-career pipeline building through complementary entry points. We expanded employer engagement with undergraduates through four university engagements delivered in collaboration with Universiti Utara Malaysia (UUM), Universiti Malaysia Sabah (UMS), Universiti Malaysia Sarawak (UNIMAS) and Taylor's University, supporting earlier awareness of MBSB as an employer and a clearer pathway for future talent attraction. We also progressed structured graduate onboarding through the Graduate employability at MBSB (GEM) programme 2025, which onboarded 28 trainees for MBSB and a further 16 trainees for MIDF, strengthening the Group's early-career talent bench and longer-term workforce sustainability.

Training, Upskilling, and Education

MBSB's Learning and Development approach is guided by the 70:20:10 model, a balanced framework that supports continuous capability building and aligns with our strategic priorities under FLIGHT26. This model embeds learning into daily work practices, complemented by structured guidance and formal training to support consistent development.

Learning and development is structured around a blended approach that combines on-the-job experience, supported learning and formal training. We prioritise role-relevant capability building through workplace application and coaching, complemented by structured programmes and digital learning. This approach supports individual development, succession readiness and consistent service delivery across the Group.

Our training and development efforts are anchored in a strong learning culture that supports workforce resilience and responsiveness to evolving business needs. Programmes are designed to strengthen technical and functional competence, reinforce leadership depth and uphold high standards of integrity, accountability and professionalism. In parallel, we continue to build sustainability awareness through dedicated learning that helps employees connect ESG priorities to their day-to-day responsibilities and decision-making.

In 2025, learning covered core capability areas, including technical banking and credit skills, leadership and people management, risk and compliance, customer experience, digital capability and professional effectiveness. Leadership development was strengthened through structured programmes delivered across MBSB and MIDF, including:

- Corporate Athlete Programme (Executives and Senior Executives)
- Personal Leadership Programme (Manager to Senior Manager)
- Critical Thinking in Action Programme (Manager to Senior Manager)
- Situational & Influential Leadership Programme (Deputy Director to Director)
- Storytelling to Bring Out the Inspirational Leader in You Programme (Deputy Director to Director)
- Inspirational Leader Programme (Senior Director, Managing Director and identified successors)
- Leadership with Human Touch Programme (Senior Director, Managing Director and identified successors)
- EmpowerHer: Elevate Your Leadership Programme (potential women leaders)
- Next Wave of Banking Leaders Programme (Branch Manager and Assistant Branch Manager)

The Year in Review

Invested RM10.6 million in employee training and education across the Group

131,665 **hours** of training for all employees

2,969 Total Sustainability Training Hours in 2025

0.98 Average Sustainability Training Hours in 2025

Total Training Hours

Year	2023	2024	2025
Senior Management	2,869	2,770	**3,209**
Middle Management	28,209	30,159	**26,600**
Executive	79,101	73,547	**94,743**
Non-Executive	8,169	6,241	**6,068**

Average Training Hours

Year	2023	2024	2025
Senior Management	40	37	**57**
Middle Management	44	44	**44**
Executive	39	36	**46**
Non-Executive	27	17	**22**

Total Training Hours by Employee Category in 2025

Employee Category	MBSB Bank	MIDF
Senior Management	3,054	1,200
Middle Management	21,117	5,483
Executive	79,561	15,182
Non-Executive	4,137	1,931

Average Training Hours by Employee Category in 2025

Employee Category	MBSB Bank	MIDF
Senior Management	59	55
Middle Management	44	43
Executive	45	50
Non-Executive	19	46

Average Training Hours by Gender

Year	2023	2024	2025
Male	37	36	**42**
Female	38	36	**45**

Remuneration and Wellbeing

MBSB supports employee wellbeing through the Wellbeing 360 programme, a holistic framework covering eight domains, physical, mental, financial, emotional, career, social, intellectual and environmental wellbeing. Integrated into our HR frameworks and delivered through onsite and offsite initiatives, Wellbeing 360 promotes a supportive workplace where employees can sustain performance while maintaining personal wellbeing.

In 2025, wellbeing engagement focused on practical health awareness and everyday resilience, delivered through targeted talks and employee activities. Topics ranged from healthy eating and lifestyle choices to sleep and performance, communicable disease awareness, heat-related health risks and the management of common health conditions.

As part of our 2025 wellbeing programme, we delivered:

- Festive Feasts, Guilt-Free Choices
- Sinusitis
- HR Open Day
- Sleep Well, Perform Better
- Dengue Awareness Talk
- Skin Disease
- Denggi: Bukan Cuti Sakit Yang Kita Mahu
- Perimenopause Unpacked: What Every Woman Should Know
- Growing a Healthy Community
- Portion Control: Eating the Right Amount for Longevity
- When the Heat Strikes : How to Stay Cool and Safe?
- The Day We Stop Meds for Diabetes, Hypertension & LDL
- Beyond Busy: From Stress Awareness to Everyday Resilience
- Zumba sessions for staff

Wellbeing is reinforced through our total rewards approach, which is designed to remain transparent, competitive and performance-linked. MBSB Group follows a structured remuneration process anchored in annual performance reviews that assess employee contributions and development needs, supported by market benchmarking to keep pay structures aligned with industry practices. Salary adjustments and bonuses are merit-based and linked to individual performance and Group profitability, reinforcing a high-performance culture. Employees are also encouraged to provide feedback on the remuneration process, enabling continuous refinement and relevance.

Beyond remuneration, the Group provides comprehensive non-occupational healthcare and wellbeing support to promote a healthy and resilient workforce. Employees are covered under an extensive medical benefits programme that includes outpatient treatment,

Nurturing A Sustainable Workforce

dental care, hospitalisation and surgical coverage, maternity benefits, optical care, and dependent eligibility. These services are delivered through a structured panel network administered by a Third-Party Administrator (TPA), ensuring seamless and confidential access to healthcare services. Confirmed employees are also eligible for periodic health screenings, supporting early detection and management of chronic and lifestyle-related conditions.

As part of its commitment to sustainable human capital development, MBSB enhances employee wellbeing beyond remuneration through a flexible benefits programme (MPower) that enables personalised coverage for employees and their dependents, encompassing health and wellness-related support. Effective 1 January 2025, we harmonised benefits, salary structure and the grading system across the Group, supporting consistency, competitiveness and fairness across MBSB. Safeguards are in place to protect employee medical confidentiality in line with PDPA requirements, with access to health information restricted to authorised personnel on a strict need-to-know basis.

Flexible Working Environment

MBSB's flexible working environment is designed to support sustainable performance by giving employees greater control over where and when they work, while maintaining operational discipline and team connectivity. This supports productivity, employee wellbeing, and talent retention, particularly for roles where flexibility is compatible with service delivery and risk controls.

In 2025, we delivered this through the MFlex Programme, comprising MFlex Place (flexible workplace) and MFlex Time (flexible working hours) for eligible employees. Under MFlex Place, employees may work from home up to two working days per week and are expected to be in the office for up to three working days. Physical presence is required during core hours from 10:00 a.m. to 4:00 p.m. to support collaboration and timely decision-making. All arrangements remain subject to prior approval to ensure adequate coverage, accountability, and consistent customer and business support. Flexible working is complemented by wellbeing leave and prolonged illness support, enabling employees to manage personal health needs while maintaining professional responsibilities.

To complement flexible work with stronger wellbeing support, MBSB also introduced MPower (Flexible Spending Account). This enables employees to allocate benefits across up to 10 health and wellness categories, including medical, dental and optical, wellbeing, fitness and sports, specialist including fitness and sports, work-from-home support, childcare and parents' medical needs, among others.. This provides a more tailored benefits experience aligned with differing employee needs and life stages.

Employees Entitled to Parental leave by Gender (Count)

Year	2023	2024	2025
Male	1,378	1,170	**1,143**
Female	1,487	1,092	**1,071**
Total	2,865	2,262	**2,214**

Employees Entitled to Parental Leave by Gender (%)

Year	2023	2024	2025
Male	48	52	**52**
Female	52	48	**48**

Employees Who Took Parental Leave by Gender (Count)

Year	2023	2024	2025
Male	76	81	**65**
Female	85	76	**65**
Total	161	157	**130**

Employees Who Took Parental Leave by Gender (%)

Year	2023	2024	2025
Male	47	52	**50**
Female	53	48	**50**

MBSB Sustainability Day 2025 – "Act for Impact"

In 2025, the Group hosted a Sustainability Day at Menara MBSB Bank under the theme "Act for Impact." The initiative was designed to strengthen employee engagement and embed sustainability principles across all levels of the organisation. The event reinforces our Sustainability Pillar to cultivate a Sustainable Culture while advancing environmental stewardship and social wellbeing.

Objectives:

Educate Holistically

To build practical knowledge in environmental stewardship, including circular economy practices and climate action, alongside personal stewardship such as mental health and wellbeing

Engage Consciously

To provide a platform for employees to engage with industry practitioners and experts on conscious living, ethical consumption, waste reduction, and mental resilience.

Inspire Authentically

To nurture a sustainability-driven culture within MBSB by translating our values into everyday behaviours and workplace practices.

Key Initiatives and Impact

Act Now – Recycling Drive (Fabric, Shoes and E-Waste)

The day commenced with a recycling drive in collaboration with Zero Waste Earth Store, where employees were invited to contribute recyclable materials including fabrics, shoes, and selected electronic waste. The initiative received strong participation across the Group, resulting in the collection of over 3,000 kg of recyclable materials. This effort is estimated to have avoided approximately 40,400 kg of CO_2e emissions, contributing meaningfully to waste diversion and carbon reduction. To encourage active participation, employees were issued a Sustainability Passport as part of a structured reward mechanism. Participants who completed at least one recycling activity, attended one talk session, and joined one workshop were recognised for their engagement.

Knowledge Sharing Sessions – Mental Health and Circular Economy

The event formally commenced with a talk titled "Mental Health at the Workplace" delivered by Pn. Anita from MIASA. The session emphasised the importance of prioritising mental wellbeing as a foundation for a productive and sustainable workforce. This initiative aligns with SDG 3: Good Health and Wellbeing and SDG 8: Decent Work and Economic Growth. The session reinforced our belief that a healthy workforce underpins long-term organisational resilience and performance. A subsequent fireside chat on Circular Economy Practices, featuring Harith, The Green Carpenter, and Irene Chooi from Zero Waste Malaysia. The discussion highlighted practical approaches to circularity at both individual and organisational levels, encouraging employees to adopt responsible consumption and resource efficiency practices.

Sustainability Upcycling Workshops

Interactive workshops were conducted to translate sustainability concepts into practical action, providing hands-on learning experiences where participants explored waste-to-resource solutions such as food waste composting through the Bokashi method, repurposing used coffee grounds into personal care products, and transforming discarded textiles into functional and creative items, thereby reinforcing the practical application of circular economy principles in everyday life.

Sustainability Creative Workshop

The Green Factory conducted a creative sustainability workshop featuring Sanding Safari and Art on Wood activities. The session demonstrated that sustainability initiatives can be engaging, innovative, and enjoyable, reinforcing the message that environmental responsibility can be integrated into everyday creativity.

Employee Health and Safety

Why Does it Matter to Us?

At MBSB, employee health and safety are foundational to our success. A safe and healthy workplace supports productivity and service consistency across our operations, while protecting employees and contractors from harm. This strengthens operational discipline and reinforces our reputation as a responsible employer.

What is Our Approach?

Our Occupational Safety and Health (OSH) Policies commit us to preventing injuries and maintaining a safe, healthy workplace. We implement this through an Occupational Health and Safety Management System (OHSMS) guided by an approved OSH Annual Plan and an established framework in place since 2023. Implementation is overseen by the OSH Committee and supported by documented procedures, risk assessments, training, audits and continuous improvement initiatives.

The OHSMS is designed to comply with applicable legal and regulatory requirements in Malaysia, including the Occupational Safety and Health Act 1994 (OSHA 1994) and OSHA (Amendment) 2022, the Bomba Services Act 1988 (Amendment 2018) and other relevant regulations. Compliance is monitored through our Annual Compliance Review (ACR) as an OSH legal register, supported by DOSH workplace audits (OSHWA), occupational health programmes, incident reporting (JKKP8), contractor safety controls and periodic reviews of OSH procedures.

The OHSMS is implemented based on DOSH risk management principles, including Hazard Identification, Risk Assessment and Risk Control (HIRARC), Ergonomics Risk Assessment and Chemical Health Risk Assessment.

OSH at MBSB

Hazard Management

Uses a HIRARC register to manage workplace hazards, supported by monthly inspections and systematic tracking of findings to the OSH Committee.

Quarterly Meetings

The OSH Committee Quarterly Meeting meets quarterly to address employee health and safety concerns.

Emergency Response Team

Review of the Emergency Response Team (ERT) for HQ and branches to strengthen emergency management process

Incident Reporting

All OSH related incidents are reported and investigated in a timely manner to prevent reoccurrence

Training and Education

Continuous OSH Training to improve employee skills and knowledge on OSH matters

Policy & Procedure Review

The OSH policy and procedure have been revised into a Group-wide standard to support harmonisation and current practices

Annual OSH Plan

Implements an annual plan to ensure all programmes are structured and aligned with organisational goals.

Supplementing our initiatives and measures, we have outlined our Occupational Safety and Health Plan with key action items.

Compliance and Document Review

- Maintain the Occupational Health and Safety Management System (OHSMS) and OSH Annual Plan framework, in place since 2023, to systematically manage OSH risks
- Apply compliance with applicable Malaysian OSH requirements as the baseline for OSH governance and implementation
- Maintain documented OSH procedures and supporting records (risk assessments, training, audits and reviews) to evidence implementation and continuous improvement
- Internal assurance over OSH manual, policies and procedures is supported through IAD Audit Protocol coverage (audited in 2021, 2022, 2023 and 2024)
- External assurance is supported through DOSH branch audits conducted in 2025 at Alor Setar and Miri and Bank Negara audit at PJ Sentral branch

Engagement with Employees

- Conduct structured OSH briefings and awareness engagements to reinforce workplace readiness and shared responsibility
- Deliver induction coverage for new joiners through INSPRO OSH-related onboarding sessions across multiple months in 2025
- Provide targeted engagement sessions for Floor Marshals and First Aiders, including a specialised fire safety training for Floor Marshals at Balai Bomba Seputeh and briefing on Occupational Safety & Health Workplace Assessment (OSHWA) checklist for branches
- Deliver OSH Day engagement in 2025 at Wisma MBSB with the theme 'Understanding Cardiovascular Health'
- Host the 2nd OSH Benchmarking Session for Financial Institution for best sharing practices among OSH practitioners

Emergency Arrangements

- Deliver Bomba-led emergency preparedness training across Emergency Response Team (ERT) cohorts in 2025 for HQ. 2879 learning hours were recorded for Emergency Response Training
- Conduct drill exercises as part of emergency readiness. Ensure OSH process quality through structured governance, recognised methodologies and regulatory oversight, with OSH activities overseen by a DOSH-registered Safety and Health Officer
- Deliver Emergency Response Plan (ERP) readiness activities, including branches. Total of 663 branches employees completed the ERP training
- Strengthen First Aid readiness through structured first aid training (training plan coverage includes first aid training for first aiders across HQ and branches). Contractor Safety Management Programme
- Implement contractor safety briefings and structured contractor safety requirements as part of OSH delivery (training plan includes multiple contractor briefing and contractor safety coverage items, including contractor safety training targeted at contractors and operational supervisors)
- Deliver AED installation and training across branches, with total AED 226 training hours recorded in 2025

OSH and Security Inspection

- Implement routine workplace OSH Inspection through OSH Committee coverage, with each committee member assigned one floor per quarter and findings tracked using the OSH inspection tracker
- Review inspection findings monthly with relevant stakeholders to ensure follow-through and closure

Risk Management

- Maintain a HIRARC register and apply DOSH-aligned risk management practices with the HIRARC Team. It was then reviewed and endorsed by OSH Committee members
- Conduct additional risk assessments where relevant, including Advanced Ergonomics Risk Assessments for Menara MBSB Bank, OSHWA workplace assessments for branches, emergency and fire risk assessments through drills
- Ensure OSH process quality through structured governance, recognised methodologies and regulatory oversight, with OSH activities overseen by a DOSH-registered Safety and Health Officer

Contractor Safety Management Programme

- Implement contractor safety briefings and structured contractor safety requirements as part of OSH delivery (training plan includes multiple contractor briefing and contractor safety coverage items, including contractor safety training targeted at contractors and operational supervisors)
- Participate in the NIOSH Financial Institution Safety Passport Programme (NFISP) in 2025 to ensure contractors engaged by MBSB meet at a consistent safety standard

Employee Health and Safety

Going forward, we will continue engaging employees on OSH matters while working towards consistent OSH policies and practices across the Group.

In addition, we prioritise holistic employee safety and wellbeing, covering both physical health and the protection of workplace rights.

Managing Employee Grievances

We provide a clear mechanism for employees to report grievances, ensuring concerns related to employment terms and mistreatment are addressed promptly. In the past year, we reported no substantiated grievances.

Freedom of Association and Collective Bargaining

In accordance with the Federal Constitution, we support employees' right to form associations and engage in collective bargaining. There are no restrictions on the formation of in-house unions, promoting open dialogue and negotiation of employment terms.

The Year in Review

1,553
Employees and contractors received training on safety and health matters

5,190
Training hours for OSH-related programmes and awareness sessions

2025		
Total Manhours Worked	Number of Lost-Time Injuries (LTI)	LTI Frequency Rate (per million manhours)
5,880,640	3	0.51

Diversity and Equal Opportunity

Why Does it Matter to Us?

A diverse workforce strengthens decision-making, supports better customer outcomes, and improves the Group's ability to attract and retain talent across key functions. Equal opportunity also reinforces a fair workplace culture by ensuring that employment decisions, development pathways, and workplace support are based on merit and capability. This is particularly relevant for sustaining workforce stability and building leadership pipelines over time.

What is Our Approach?

Our approach focuses on embedding inclusion into everyday people practices and removing barriers that can limit participation or progression. This is anchored on three areas.

Internal Practices

Group Human Resource Policy Review: We continued to strengthen equity and fairness through active updates to the Group Human Resources Policy. This review supports consistent application of people practices across the employee lifecycle, including hiring, development, progression, and workplace support, while enabling management to monitor representation and workforce movement using workforce data.

Guideline Development: We apply competency-based recruitment and workplace practices supported by non-discrimination guidelines. These guidelines are intended to reduce bias in selection and progression decisions and reinforce consistent, merit-based outcomes across the organisation.

Women Empowerment

- Board Representation: The Board comprised 33% female representation.
- Leadership Roles: Women represented 27% of senior management and 43% of middle management, supporting leadership pipeline diversity and inclusive decision-making.

The Year in Review

We continue to view local employment as integral to our strategy for driving economic and community growth. In 2025, our workforce remained predominantly Malaysian, with 3 foreign employees recorded across the Group, and we continued to strengthen representation through leadership diversity and inclusive people practices.

Board Diversity

Gender	Percentage
Female	33%
Male	67%

Total Employees in 2025
3,012

Full-time:
97.9%

Contract:
2.1%

Workforce Diversity

Gender by Employee Category

Employee Category	Female	Male
Senior Management	27%	73%
Middle Management	43%	57%
Executive	56%	44%
Non-Executive	49.8%	50.2%

Age Profile by Employee Category

Employee Category	Under 30	30-50	Above 50
Senior Management	0%	45%	55%
Middle Management	0%	70%	30%
Executive	18%	74%	9%
Non-Executive	4%	87%	9%

Looking ahead, we will continue to strengthen an equitable workplace by embedding fairness into policy and people decisions, widening access through targeted outreach, and reinforcing inclusive leadership practices. We will also use workforce data more systematically to track representation and outcomes over time, so that interventions are targeted, measurable, and aligned with long-term talent sustainability.

Serving Our Communities

Empowering Communities for Sustainable Progress

At MBSB, communities are integral to our sustainable development efforts and play an active role as both partners and beneficiaries. Our engagement extends beyond corporate responsibility and reflects a strategic commitment to strengthening economic and environmental resilience. By incorporating community perspectives and priorities into our initiatives, we aim to deliver meaningful impact and support inclusive development.

Community Development and Engagement

Why Does it Matter to Us?

In a sector where financial inclusion, responsible financing, and social impact are increasingly scrutinised, we apply our financial expertise to strengthen economic participation while upholding integrity and respect in our engagements. This approach reinforces trust with the communities we serve, strengthens long-term customer relationships, and reflects the values that guide our business conduct and sustainability commitments.

What is Our Approach?

In line with our CSR Framework, we direct our resources towards four core focus areas: Environmental Conservation, Community Empowerment, Education, and Economic Development, designing programmes that draw on our capabilities and expertise to deliver meaningful and sustainable impact.

Environmental Conservation

We support environmental stewardship through initiatives that promote conservation of ecosystems through reforestation and resource efficiency.

Community Empowerment

We strengthen community resilience through targeted support that addresses immediate needs, promotes health and wellbeing, and expands participation in economic and social life.

Education

We invest in education to widen access, strengthen learning environments and support future readiness, with a focus on scholarships, infrastructure and skills development for underserved students.

Economic Development

We enhance livelihoods by equipping entrepreneurs and underserved groups with practical vocational, digital and business skills that support employability, income generation and long-term resilience.

The Year in Review

RM4.7 million
(2024: RM6.7 million)
total community investments (including zakat-related contributions)

More than **11,000**
(2024: 7,000)
total volunteer hours recorded

111,649
(2024: 71,000)
beneficiaries impacted

Breakdown of Community Investment by Pillar

SHARE OF TOTAL INVESTMENT

Community Empowerment	55.63%
Education	25.56%
Economic Development	18.51%
Environmental Conservation	0.31%

In 2025, our approach to community development became more focused and more outcomes-driven. Optimising our resources, we placed greater emphasis on targeted initiatives that could reach underserved communities more effectively, deepen local engagement and deliver more meaningful benefits over time. Despite a lower 2025 investment of RM4.67 million versus RM6.7 million in 2024, we have increased the number of initiatives from 63 to 76, and reached out to over 111,000 beneficiaries from 71,000 in 2024.

A defining feature of MBSB's 2025 approach was its sharper focus on interventions capable of delivering clear and sustained value. Education remained a key priority, while targeted disaster relief efforts ensured timely assistance for communities facing immediate hardship. Our community efforts were further distinguished by stronger collaboration with established partners such as MDEC, Yayasan Chow Kit, Adab Youth Garage, the Malaysian Nature Society, and the Agrobank Centre of Excellence, whose expertise and delivery capacity enabled us to extend our reach and respond more effectively to local needs. This shared commitment was reflected in the Group's CSR Day, held in conjunction with MBSB's 75th anniversary, which highlighted the importance of collective action in advancing both economic development and environmental stewardship.

Environmental Conservation

16,000 beneficiaries in 2025, up from 11,000 in 2024

Mangrove conservation emerged as the defining environmental priority of the year

600 mangrove saplings planted by 80 volunteers at Kuala Selangor Nature Park

147 baby turtles released and 25 kg of shoreline waste removed in Melaka

River restoration at **Sungai Batu Hampar** included native tree planting, aquatic replenishment and the removal of 10 kg of debris

The natural world is not merely a resource to be used, but a living system to be protected and restored with care. In 2025, this understanding gave our environmental conservation efforts a clearer focus, with restoration becoming the central means through which we strengthened ecological resilience over time. That focus sharpened through our first CSR Day where mangrove conservation emerged as the defining environmental priority of the year. When mangroves take root, shorelines are cleared of harm and rivers begin to recover, the result is more than a cleaner environment; it is the renewal of systems that shelter, nourish and endure. From there, our efforts moved beyond site-based clean-ups towards reforestation, habitat recovery and the protection of ecosystems essential to biodiversity, shoreline stability and long-term environmental balance.

This focus found its strongest expression in our mangrove planting initiative at Kuala Selangor Nature Park, undertaken with the Malaysian Nature Society. There, 80 volunteers, including family members and friends, planted 600 mangrove saplings within a 296-hectare coastal ecosystem comprising tropical rainforest, swamp forest, estuarine mudflats and a brackish lake. The ecological significance of the site gave the effort deeper weight: the park supports more than 150 bird species and receives around 100,000 migratory wading birds from 30 species each year. Restoring mangrove cover in such an environment was therefore not only about planting trees, but about reinforcing a living coastal system that helps stabilise shorelines, reduce erosion, sequester carbon and provide refuge for wetland biodiversity.

The same restoration-led approach shaped our wider coastal and river efforts. Through three coastal and marine stewardship programmes with total contributions of approximately RM11,500, we combined beach clean-ups with biodiversity protection in Melaka, Port Dickson and Bagan Lalang. In Melaka, nearly 100 volunteer hours supported the release of 147 baby turtles and the removal of 25 kg of shoreline waste, helping reduce risks to nesting beaches and surrounding marine habitats. Further clean-up efforts in Port Dickson and Bagan Lalang helped reduce land-based litter and pollutant loads while protecting coastal vegetation and nearby mangrove areas. Inland, our River Revival: Clean, Green & Teeming initiative at Sungai Batu Hampar, Kerling extended this conservation logic to river ecosystems. With RM4,500 in support, the programme removed approximately 10 kg of debris, planted between 50 and 100 native trees and released around 600 to 1,000 fish, helping improve environmental quality, strengthen riverbank resilience and support biodiversity recovery within the waterway.

Community Development and Engagement

Community Empowerment

55,419 beneficiaries in 2025, up from 41,645 in 2024

1,625 Box of Care packages distributed, reaching an estimated 8,125 beneficiaries

RM232,000 invested in year-long nutrition support for 190 children through Yayasan Chow Kit

RM95,000 contributed to Kampung Nipah, Pulau Pangkor, benefiting approximately **1,100** people annually

RM100,000 contributed to flood disaster relief in Sarawak

To stand with those facing hardship is a trust that calls for compassion, responsiveness and continuity of care. In 2025, our community development efforts reflected a more focused and responsive approach to supporting underserved households, with greater emphasis on interventions that could ease immediate pressures while strengthening resilience over time. We directed support towards practical areas of need such as household welfare, child nutrition, healthcare access, local infrastructure and disaster relief, so that help could be felt where it mattered most and sustained where it was needed longest.

Across our Box of Care activations, we worked with local partners to ease short-term food security and cost-of-living pressures for vulnerable families across different locations. Collectively, we distributed 1,625 grocery packages, reaching an estimated 8,125 beneficiaries through five sessions with PERTIWI as well as targeted distributions at PPR Kg Baru HICOM, PPR Desa Tun Razak, Kampung Setia, Rawang and in conjunction with the MBSB Batik Run. The same concern for immediate and sustained wellbeing also shaped our year-long nutrition support with Yayasan Chow Kit, where a RM232,000 investment provided daily meals for 190 children and was complemented during Ramadan by a Buka Puasa programme that supported children and families from underserved backgrounds while easing financial strain on households.

We carried the same intent into initiatives that strengthened the foundations of daily life. Through MIDF Kampung Angkat MADANI in Kampung Nipah, Pulau Pangkor, we contributed RM95,000 in collaboration with Koperasi Pangkor Berhad to improve local infrastructure and healthcare access, including the rehabilitation of facilities at Sungai Nipah and the donation of a dialysis machine to Klinik Kesihatan Pangkor. Benefiting approximately 1,100 individuals annually, including around 100 dialysis patients, the initiative improved local usability, environmental safety and access to essential treatment closer to home. Our responsiveness to urgent need was also evident in Sarawak, where we contributed RM100,000 to support flood disaster relief efforts in the state, reaffirming our commitment to public welfare when families and livelihoods came under immediate strain.

The value of this work lay not only in the relief delivered, but in the reassurance restored. A meal, a care package, access to treatment and safer living conditions are tangible forms of support, but they also affirm that hardship does not have to be borne alone. That is the wider purpose of this pillar: to preserve dignity, strengthen stability and help make tomorrow feel more possible than today.

Education

37,745 beneficiaries in 2025, up from **13,880** in 2024

Education remained **one of the strongest focus** areas within our CSR portfolio

At PPR Kg Baru HICOM, **21** of **27** students showed measurable academic improvement

27 Smart TVs and **10** Smart Boards deployed across 5 Sekolah Angkat MADANI schools

Digital learning support reached an estimated **20,000** beneficiaries

The pursuit of knowledge is a noble trust, one that uplifts the individual, strengthens society and enables more meaningful service to others. In 2025, this understanding made education one of our clearest strategic priorities, shaping a more focused approach to widening access to learning, strengthening outcomes and supporting longer-term mobility for underserved students. We concentrated our efforts across key stages of the student journey, from secondary and tertiary education to pathways beyond school into professional development and employability.

This commitment was reflected in the renewed role of the Youth Interactive Centre at PPR Kg Baru HICOM. In collaboration with Adab Youth Garage, we strengthened the centre as a dedicated space for learning, development and engagement, broadening its role into a more supportive platform for children, youth and families. Our support extended to structured tuition in English, Science and Mathematics for 27 students, of whom 21 demonstrated academic improvement. The gains recorded were significant, with average Mathematics scores rising from 30 to 58, Science from 62 to 74, and English from 55 to 67. The programme strengthened confidence, improved academic outlook and encouraged stronger participation from families, showing how sustained educational support at neighbourhood level could translate into more meaningful progress over time.

Across the year, we also supported education in ways that addressed both immediate barriers and longer-term learning conditions. In Baling, our school essentials support enabled 300 underprivileged students to begin the academic year better prepared and with greater confidence, while easing financial pressures on families during a demanding period. Through the Community Credit Fund Initiative with Yayasan KUIS, we supported 111 students through stipends linked to structured community service, helping to ease financial strain while cultivating empathy, responsibility and employability. At tertiary and professional levels, our sponsorships enabled five asnaf students to pursue a Diploma in Finance at KITAB and supported two asnaf students in pursuing professional accountancy qualifications through MyPAC, extending educational opportunity into specialised and career-shaping pathways.

We also strengthened the wider learning environment through the Sekolah Angkat MADANI Programme. Across SK Seksyen 20 Shah Alam, SK Bandar Tasik Selatan, SK HICOM, SK Taman Medan and SMKA Maahad Hamidiah, we enhanced digital learning access through the deployment of 27 Smart TVs and 10 Smart Boards, helping classrooms become more interactive, collaborative and future-ready. With an estimated 20,000 beneficiaries, this support extended well beyond a one-off contribution. It established digital infrastructure expected to serve multiple cohorts of students over the next 7 to 10 years, while widening access to higher-quality learning tools across schools serving diverse socio-economic backgrounds.

Knowledge is never an end in itself. It shapes character, widens judgment and directs human effort towards what is good and useful. By supporting learners across different stages of life, we aimed to help form individuals who were not only better prepared for the future, but also ready to contribute with wisdom, integrity and purpose wherever they were called to serve.

Community Development and Engagement

Economic Development

2,485 beneficiaries in 2025, compared with **4,635** in 2024, reflecting a more targeted focus on higher-intensity livelihood programmes

Through our collaboration with MDEC, by equiping the participants with digital skills, average participant sales rose by **48%** within two months

Overall sales increased from **RM1.15 million** to **RM1.69 million**

AKEMA participants secured employment with average gross monthly salaries of **RM3,000** to **RM4,500**

The Hijrah Asnaf Fertigation Chili Cultivation Programme projected net monthly income of **RM2,200** per participant

The highest form of prosperity is not wealth that rests with a few, but provision that moves through many hands with justice, mercy and purpose. In 2025, our economic development efforts reflected a more purposeful approach to helping underserved groups build the capabilities, confidence and market access needed to generate income more sustainably over time. We prioritised initiatives that moved beneficiaries beyond short-term assistance towards stronger economic participation, focusing on entrepreneurship, employable skills and livelihood opportunities that were practical, market-relevant and capable of creating longer-term value. In doing so, we aspire to support individuals in progressing from being recipients of zakat to becoming contributors themselves, reinforcing a more inclusive and self-sustaining cycle of giving.

A key feature of this approach was the way we worked through established partners with the technical expertise, delivery infrastructure and follow-through needed to deepen impact. Our collaboration with MDEC leveraged their digital entrepreneurship expertise and our commitment to community development, allowing us to strengthen micro-entrepreneurs' digital capability and expand their market reach through the eUsahawan TikTok Training. Through our partnership with Akademi Emas Malaysia, we drew on a training provider that is recognised by the Department of Skills Development and focused specifically on jewellery arts and craftsmanship, with industry-aligned SKM pathways designed to produce skilled talent and open routes into employment and entrepreneurship. This enabled us to support underprivileged and asnaf participants in building specialised gold crafting skills linked to recognised certification and employment outcomes. Participants who completed the programme secured jobs with average gross monthly salaries ranging from RM3,000 to RM4,500, showing how targeted technical training could open a direct pathway to more stable income and longer-term livelihood security.

In agriculture, our collaborations with Yayasan UMPSA and the Agrobank Centre of Excellence focused on building more resilient, income-generating livelihood pathways through enterprise development and technology-enabled farming. The Yayasan UMPSA Pineapple-Mushroom Project combined research-backed innovation and entrepreneurial training with a circular-economy model that converted pineapple waste into a lower-cost, commercialisable mushroom-growing substrate, while the Hijrah Asnaf Fertigation Chili Cultivation Programme supported selected asnaf participants in transitioning to higher-value cultivation with projected net monthly income of RM2,200 per participant through structured agropreneur development capability, including entrepreneurship training, business ethics and financial literacy.

By pairing practical capability-building with an ethical, values-led approach, we aimed to help those once supported strengthen their footing, provide for their families and contribute to others in turn. More importantly, our aspiration was to help create a path through which asnaf could progress beyond receiving assistance towards a position of greater stability, self-reliance and agency, and in time help uplift others facing similar hardship.

Our Commitment to Regulators

Collaborative Compliance, Ensuring Excellence

MBSB recognises that regulators play a central role in safeguarding the integrity and stability of the financial sector. Guided by myPledge, we reinforce responsible business practices and regulatory compliance across all levels of our operations, supported by collective accountability and strong risk management standards. We maintain regular engagement with regulators to ensure transparency, timely responsiveness, and alignment with evolving legal and regulatory requirements, reinforcing our position as a responsible Islamic financial institution focusing on long-term stability and sustainable growth.

Beyond meeting regulatory requirements, we treat regulators as our strategic partners in delivering secure and responsible financial services. We sustain continuous dialogue to understand expectations, integrate regulatory feedback into our strategies, and contribute to sector-wide policy developments. Through this collaborative engagement, we are able to strengthen our operational practices, support wider sector reliability, and reinforce trust and confidence among our customers and stakeholders.

Ethics and Integrity

Why Does It Matter to Us?

MBSB upholds high standards of integrity, sound governance, business ethics, and Shariah compliance to sustain trust and maintain a strong reputation among stakeholders. We adopt a zero-tolerance stance towards bribery and corruption and are committed to preventing unethical conduct across all areas of our operations. Ethical behaviour, accountability, and respect remain central to how we conduct business and interact with our stakeholders.

What Is Our Approach?

Our approach is anchored in strict compliance with all applicable laws and regulations, including the Malaysian Anti-Corruption Commission Act 2009, the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001, the Companies Act 2016, Bursa Malaysia's Main Market Listing Requirements, and the Malaysian Code on Corporate Governance. These regulatory requirements are integrated into our broader sustainability agenda, reinforcing transparency, accountability, and responsible leadership.

Internal policies and procedures further guide ethical conduct across MBSB. These are reviewed biennially, or more frequently where necessary, to ensure relevance and effectiveness in maintaining our culture of integrity. Updates are communicated promptly to relevant stakeholders for compliance.

Key policies include:

- Group Gift, Entertainment and Corporate Hospitality Policy
- Group Code of Ethics and Conduct for Employees Policy
- Group Code of Ethics for Directors Policy
- Group Fraud Risk Management Policy
- Group Whistleblowing Policy
- Group Asset and Liability Declaration Policy
- Group Conflict of Interest Policy for Directors and Key Senior Management

Further details are available in the Corporate Governance Overview Statement and SORMIC sections of our Annual Integrated Report.

Maintaining Oversight On Ethics And Integrity

Oversight of compliance, anti-bribery, and anti-corruption efforts is led by the Group's Compliance Division, including the Group Integrity and Governance Unit (Group IGU). Reporting to the Group Chief Compliance Officer, the Group IGU provides advisory support to the GCEO and the Group Board. To preserve independence, Group IGU has unimpeded assess to the relevant Board Risk and Compliance Committees across the Group.

Elevating Our Ethical Standards And Practices

Our structured integrity framework aligns with the Malaysian Anti-Corruption Commission's Guidelines on the Management of Group IGU, covering four core areas:

Governance

Detection and Verification

Integrity Enhancement

Complaints Management

Ethics and Integrity

Key initiatives are aligned with the TRUST principles under Section 17A of the MACC Act 2009:

T	R	U	S	T
Top-Level Commitment	**Risk Assessment**	**Undertake Controls**	**Systematic Review, Monitoring and Enforcement**	**Training and Awareness**
Commitment from the Group Board and top-level management to ensure the highest level of integrity and ethics	Establishment of robust anti-bribery and corruption (ABC) risk controls	Introducing appropriate controls and contingency measures	Conducting regular reviews to ensure the effectiveness of the ABC programme implementation	Providing continuous training to strengthen the integrity and transparency culture

Integrity Officers are appointed within Group IGU to uphold ethical standards across the organisation. Engagement initiatives reinforce our culture of integrity and compliance, including:

- Integrity training sessions
- E-learning modules
- Integrity email communications
- Town hall engagements
- Leadership dialogues
- Periodic integrity feedback surveys

During the year, 335 gift and entertainment declarations were submitted through the Group's declaration channel, supporting transparent monitoring of gifts and entertainment. At entity level, MIDF obtained ISO 37001:2016 Anti-Bribery Management System certification on 1 July 2025.

Whistleblowing Channel

In line with our commitment to accountability and trust, all Board members and employees are required to comply with the Malaysian Anti-Corruption Commission Act 2009 and to refrain from misconduct. Any suspected breach must be reported promptly.

An anonymous whistleblowing channel is available via our corporate website, both online and manually, enabling confidential reporting of suspected misconduct.

Shariah Compliance

As a progressive financial institution, MBSB anchors its Islamic banking operations in Shariah compliance, guided by the Islamic Financial Services Act 2013. Rulings of the Shariah Advisory Council of Bank Negara Malaysia and Securities Commission, and applicable Shariah governance requirements. Oversight accountability is provided by the Group Board and supported by the Shariah Advisory Committee (SAC), which advises on Shariah matters.

Supporting policies include:

- Group Shariah Governance Policy
- Group Compensation Charges Policy
- Group Zakat Policy
- Group Income Purification Policy

Our operations adhere to Shariah principles prohibiting riba, gharar, and maysir, supported by a Shariah Negative List, Augmented List, and Prohibited and Caution Lists available on our website.

To strengthen Shariah governance, we:

- Utilise operational risk management tools to monitor Shariah non-compliance risk exposure
- Conduct regular assessments of Shariah-related operational activities
- Support employees with Shariah and Islamic banking certificationto enhance knowledge and proficiency
- Provide continuous training and awareness on Shariah principles and non-compliance risks

Further details are available in the SORMIC section of the Annual Integrated Report.

The Year in Review

The Group IGU, together with an external consultant, conducted a Group-wide Corruption Risk Assessment (CRA) workshop covering all departments across the Group. From 464 risks assessed, 62 were identified as material, representing 13% of total risks reviewed, and the Organisational Anti-Corruption Strategy (OACS) was developed to accelerate the action plans for 2026 and 2027.

During the year, we recorded one administrative monetary penalty (AMP) for non-compliance with the AML/CFT/CPF and TFS for Financial Institutions policy document. We treat such matters with full seriousness and responded through structured root-cause analysis, enhancements to thresholds and controls, and intensified training to strengthen compliance discipline and prevent recurrence.

In 2025, we assessed all operations for corruption-related risks and delivered mandatory anti-corruption training to the vast majority of employees. We also received eight (8) whistleblowing reports across the Group which were investigated. Separately, one bribery and corruption case was investigated by Group IGU and appropriate action has been taken against the staff in line with the Group's zero-tolerance approach towards all forms of bribery and corruption.

Our continued focus on ethics and compliance supports our broader sustainability objectives and reinforces a culture of accountability and responsible conduct across MBSB.

100%

of MBSB employees have been communicated to about anti-corruption policies and procedures.

100%

of our operations have been assessed for corruption-related risks.

Data Privacy and Cybersecurity

Why Does It Matter to Us?

MBSB operates within a highly regulated financial environment where safeguarding data privacy and cybersecurity is fundamental to maintaining stakeholder trust and operational resilience. In line with guidance from BNM, the Securities Commission, and Bursa Malaysia, we apply a governance framework that extends beyond regulatory compliance to strengthen protection against evolving cyber threats. A vigilant security culture is essential to protecting customer data, preserving system integrity, and sustaining confidence in our digital platforms.

What is Our Approach?

We embed data protection and cybersecurity requirements into our governance framework, policies, and operational processes to ensure risks are managed in a structured and consistent manner. Guided by regulatory requirements and leading practices, our approach focuses on clear accountability, continuous monitoring, and ongoing enhancement of controls to strengthen cyber resilience across the organisation.

Our key controls include:

- Group Personal Data Protection (PDP) Policy
- Group Information Technology Risk Management (ITRM) Framework
- Group Outsourcing Policy
- Group Management of Customer Information and Permitted Disclosures (MCIPD) Policy
- Group Data Management and MIS Framework
- Group Management of Cyber Risk Policy
- Information Technology Security Policy (ITSP)

Across the Group, governance structures oversee data privacy and cybersecurity. MBSB Bank's Board Information Technology Oversight Committee (BITC), supported by the Group Technology Division and the Cyber Security Working Group (CSWG), ensures that IT frameworks and policies remain current and effectively implemented. The Group Technology Division manages IT environments across MBSB Bank and other Group entities.

At MIDF, the IT Steering Committee (ITSC), Board Technology Committee (BTC), and Board maintain oversight of cybersecurity matters, while the MAIB Chief Information Security Officer (CISO) oversees technology risk and security management. The Cyber Emergency Response Team (CERT) supports incident response and reports directly to senior management. Cybersecurity matters are reported monthly to senior management committees and quarterly to Board-level technology and governance committees, with urgent issues escalated on an ad hoc basis.

This governance structure is complemented by a focused technology strategy designed to enhance digital infrastructure resilience and cybersecurity capabilities.

Focus Areas

Business Process	Technology Platform	People
Optimising workflows through technology to enhance efficiency and customer experience.	Strengthening secure systems to support scalability, integration, and resilience.	Developing IT leadership and technical capabilities to maintain secure and innovative operations.

Strategic Themes

- Enhance performance monitoring and code deployment strategy
- Address system obsolescence through remediation and monitoring
- Strengthen testing competency and project deployment practices
- Improve digitalisation and operational effectiveness
- Bolster cybersecurity capabilities
- Expand cloud enablement initiatives
- Ensure operational continuity through robust capacity planning

The Year in Review

5 substantiated
complaints concerning breaches of customer privacy and losses of customer data

Over
RM18.1 million
invested in cybersecurity enhancements

Across the Group, our cybersecurity monitoring tools collected more than 99.3 billion security events in 2025, with 173 incidents escalated for further investigation. This underscores the importance of continuous surveillance, timely response, and strong data management controls across our digital environment.

While no successful cyber attacks were recorded during the year, we identified three incidents relating to data handling and disclosure controls. These comprised one payment card data leak at MBSB Bank, which was reported to BNM in line with regulatory requirements, and two internally identified process-related incidents at MIDF involving a bulk mailer misconfiguration and an inadvertent email disclosure. All three incidents were promptly contained and addressed through targeted remediation measures, including card controls, customer notification where relevant, system enhancements, and reinforced guidance on information handling.

Data Privacy and Cybersecurity

Enhanced Data Security

- Implemented key IT security enhancements, including Mobile Banking Protection, Advanced Persistent Threat detection, and Active Directory Security Monitoring Tool.
- Continued migration to secure cloud-based storage solutions with strengthened encryption and access controls.

Access Control Measures

- Multi-Factor Authentication implemented across key data systems, including OneDrive and SharePoint.
- Enterprise Mobility Management restricts access to Microsoft 365 services and corporate applications on personal devices.

Data Loss Prevention (DLP)

- Strengthened DLP controls and customer information management procedures to mitigate data breaches.
- Expanded DLP deployment across Group entities to safeguard sensitive data and reduce unauthorised leakage.

Training and Awareness

Policy and Procedure Strengthening

- Reviewed and updated internal policies, including Branch Operations Procedures, to enhance control effectiveness and eliminate outdated practices.

Staff Training on Cybersecurity

- Employees handling sensitive data received targeted training to detect and prevent unauthorised access.

Monitoring and Response

Real-Time Threat Detection and Alerts

- System alerts integrated into core banking platforms to flag high-risk transactions and detect anomalous activities.

Transaction and Data Monitoring

- Continuous monitoring parameters embedded within banking systems to strengthen fraud detection capabilities.

Cybersecurity Audits and Compliance

- Periodic reviews conducted to ensure alignment with regulatory requirements and internal standards.

Across the Group, we continued to strengthen cybersecurity capability through professional training, refresher programmes, and awareness sessions for relevant employees, senior management, and the Group Board. This supports a more resilient workforce, reinforces secure information handling practices, and enhances preparedness to respond to evolving cyber threats. In 2025, these efforts included Cyber Security Awareness Day sessions at both MBSB and MIDF, with eight hours of training delivered at each entity, alongside induction sessions and targeted briefings.

MBSB conducts annual budget reviews to ensure adequate resources are allocated to technology and cybersecurity initiatives. In 2025, this investment was dedicated specifically to cybersecurity enhancements.

Moving forward, we will continue strengthening partnerships, enhancing data governance, and upskilling our teams to safeguard stakeholder information while reinforcing our cybersecurity posture against emerging threats.

Sustainable Procurement

Why Does it Matter to Us?

We recognise that our supply chain plays a critical role in supporting local economic participation while upholding high standards of ethical, environmental, and social responsibility. Strengthening supply chain resilience, mitigating procurement-related risks, and enhancing the ESG performance of our vendors are key to sustaining long-term value creation and operational integrity.

What is Our Approach?

The implementation of our Sustainable Supply Chain Framework has enabled the establishment of a strong governance structure, the integration of sustainability considerations into procurement processes, and a comprehensive evaluation of supply chain sustainability. We set improvement goals and consistently track and report progress to guide our initiatives in building a sustainable supply chain. A key element of our approach is adherence to the Child Labour Act, which strictly prohibits the exploitation of child labour, ensuring ethical standards are upheld across all our business operations.

Aligned with and supporting this framework, our Vendor Code of Conduct (VCOC) sets out the expectations, requirements, and responsibilities that vendors must meet when engaging with us. This multi-layered approach ensures our strategy remains holistic and systematic, with clear targets that progressively strengthen the ESG maturity of our supply chain.

For further information on our VCOC, please refer to our corporate website.

2022

Issuance of VCOC to all existing vendors.

2023

- Development of Sustainable Procurement policy.
- Capacity building and awareness on Sustainable Procurement policy.
- Development of a supply chain due diligence framework.
- Mandated vendor compliance to VCOC.

2024

- Fully train procurement team on sustainable procurement.
- Commencement of engagement with vendors on sustainability.
- Revision and enhancement of existing procurement procedures based on ISO 20400:2017 on Sustainable Procurement.

2026

- 100% Tier 1 and Tier 2 vendors engaged on sustainability.
- Commencement of ESG due diligence on selected vendors.

2028

100% of vendors engaged on sustainability.

Sustainable Procurement

Training and Awareness Sessions

Sustainability Awareness Training

- Designed to strengthen the procurement team's understanding of sustainability concepts and their relevance to procurement activities and supply chain operations.

Sustainable Supply Chain Training

- Focused on strengthening understanding of the key elements of sustainable supply chain management, including governance structures, procurement functions, vendor assessments and performance metrics, tailored to the Group's operating context.

Sustainable Procurement Training

- Delivered with reference to ISO 20400:2017 principles and relevant good practices, supporting assessment of actual and potential environmental, social and economic impacts across the Group's main vendor categories.

Practical Application Training

- Provided hands-on guidance on the implementation of sustainable procurement processes, including the use of supply chain assessment questionnaires, due diligence methods and scenario-based application.

Supplier Engagement

In 2023, the sustainability questionnaire was issued to vendors, with 294 responses received, providing an initial dataset on supplier sustainability practices and performance.

In 2024, 281 of the 294 responses were subjected to preliminary assessment using predefined criteria and a star rating methodology to indicate the extent of supplier alignment with the Group's sustainability expectations.

In May 2025, the sustainability questionnaire was embedded into MProcure and made mandatory for all existing and new vendor registrations during profile updates and submissions.

In 2025, sustainability star ratings were updated for 1,002 vendors through internal due diligence, significantly expanding assessment coverage across the supplier base.

Supplier disclosures were further validated through sustainability audits on 10 vendors, focusing on management of environmental impact, labour practices, human rights and business ethics in line with the SCOC.

Vendor Engagement

- In 2023, the sustainability questionnaire was issued to vendors, with 294 responses received, providing an initial dataset on supplier sustainability practices and performance.
- In 2024, 281 of the 294 responses were subjected to preliminary assessment using predefined criteria and a star rating methodology to indicate the extent of vendor alignment with the Group's sustainability expectations.
- In May 2025, the sustainability questionnaire was embedded into MProcure and made mandatory for all existing and new vendor registrations during profile updates and submissions.
- In 2025, sustainability star ratings were updated for 1,002 vendors through internal due diligence, significantly expanding assessment coverage across the supplier base.
- Vendor disclosures were further validated through sustainability audits on 10 vendors, focusing on management of environmental impact, labour practices, human rights and business ethics in line with the VCOC.

Sustainable Vendor Transition

- We continue to support vendors in strengthening ESG practices through feedback, reassessment and due diligence, helping vendors identify priority improvement areas and progress towards stronger sustainability performance.
- This process supports a more transparent and responsible supply chain while encouraging closer alignment with the Group's procurement expectations and broader ESG direction.
- In 2025, our vendor profile included 319 Bumiputera vendors and 21 vendors with Ministry of Finance (MoF) or Construction Industry Development Board Malaysia (CIDB) registrations, reflecting continued support for inclusive supplier participation.
- During the year, 145 new panel vendors were onboarded, while 30 vendors were removed following review processes, reflecting active vendor portfolio management and ongoing quality control.

The Year in Review

In 2025, digitalisation of procurement processes continued through enhancements to our e-procurement platform. Sustainability assessments are now integrated within MProcure, improving efficiency, traceability, and data management.

We remain committed to prioritising local vendors to support the domestic economy. In 2025, total procurement spending was RM223 million, with 99% allocated across our vendor base.

Appendix

Bursa Malaysia's Prescribed Table

MBSB Berhad
IFRS S2

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Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
GHG emissions	Scope 1	Metric tonnes of carbon dioxide equivalents (tCO2e)	80	Achieving Carbon Neutrality by 2030 and Achieving Net Zero by 2050	External (Limited)	Our Scope 1 emissions comprise direct emissions from: - Mobile emissions from fuel consumption in company-owned vehicles, - Stationary emissions from diesel consumption in backup generators.
GHG emissions	Scope 2 Location-based	Metric tonnes of carbon dioxide equivalents (tCO2e)	10,863	Achieving Carbon Neutrality by 2030 and Achieving Net Zero by 2050	External (Limited)	Our Scope 2 emissions comprise indirect emissions from purchased electricity consumed across our branches and head office facilities and are calculated using the location-based method.
GHG emissions	Scope 3 Cat.6: Business travel	Metric tonnes of carbon dioxide equivalents (tCO2e)	157	Achieving Net Zero by 2050	Internal	Business travel emissions comprise emissions arising from employee travel undertaken for business purposes.
GHG emissions	Scope 3 Cat.7: Employee commuting	Metric tonnes of carbon dioxide equivalents (tCO2e)	11,587	Achieving Net Zero by 2050	Internal	Employee commuting emissions comprise emissions associated with travel between employees' homes and their workplaces.
Energy management	Energy consumption	Megajoules (MJ)	51,431,765	-	External (Limited)	Total energy consumption across our branches and head office facilities.

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Page 1 of 1

GHG Emissions Methodology

Reporting Basis and Standards Applied

[IFRS S2.29(a)(ii), IFRS S2.29(a)(iii)]

MBSB Berhad's greenhouse gas (GHG) inventory is prepared in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard for Scope 1 and Scope 2 emissions, and with reference to the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard for relevant Scope 3 categories.

For financed emissions, the Group applies the Partnership for *Carbon Accounting Financials (PCAF) Global GHG Accounting and Reporting Standard for the Financial Industry, Third Edition*. MBSB's GHG inventory primarily covers CO_2, CH_4, and N_2O, which represent the most material emissions sources from our operations. Other Kyoto Protocol gases (HFCs, PFCs, SF_6, NF_3) are not considered material based on the nature of MBSB's activities and are therefore excluded. GHG emissions are reported in tonnes of carbon dioxide equivalent (tCO_2e) using the 100-year time horizon global warming potential (GWP) values from the *Intergovernmental Panel on Climate Change (IPCC) from the IPCC Sixth Assessment Report, 2020 (AR6)*.

Organisational Boundary for GHG Emissions

[IFRS S2.29(a)(iii), IFRS S2.29(a)(iv)]

For GHG emissions reporting, the Group applies the operational control approach. Under this approach, we account for emissions from operations and assets over which we have the authority to introduce and implement operating policies. We use this approach because it best reflects emissions arising from operations we manage directly and where we can implement operational improvements and emissions reduction measures.

As MBSB is using the operational control method, other investees, including associates, joint ventures and unconsolidated subsidiaries, are excluded from the GHG reporting boundary. Scope 1 and Scope 2 emissions therefore relate only to entities within our GHG reporting boundary.

Base Year and Comparability

[IFRS S2.29(a)(iii)(3)]

To enable consistent tracking of emissions performance over time, we have defined 2023 as our base year for Scope 1 and Scope 2 emissions, as it is the year with the most comprehensive and reliable data, as well as being most reflective of our business-as-usual operations post-pandemic.

To maintain YoY consistency and comparability, we may recalculate base year emissions where material changes occur, including:

- structural changes to the reporting boundary, such as acquisitions, divestments, mergers or changes in control;
- changes in calculation methodologies, estimation approaches or Emissions Factors;
- material changes in data coverage, data availability, or the use of actual and proxy data; and
- identification of material errors or material improvements in data accuracy.

Any recalculations will be disclosed to maintain transparency and comparability in emissions reporting.

Scope 1: Direct Emissions

[IFRS S2.29(a)(i)(1), IFRS S2.29(a)(iii)]

Coverage

Our Scope 1 emissions comprise direct emissions from:

- mobile emissions from fuel consumption in company-owned vehicles,
- stationary emissions from diesel consumption in backup generators.

Process emissions are not applicable to us, given the nature of our banking operations, which do not involve industrial or manufacturing activities that give rise to such emissions. Fugitive emissions were not included in the GHG inventory due to data readiness limitations in tracking refrigerant top-ups across the Group. We will continue to strengthen our data collection processes and review emission sources over time, and will incorporate them into our inventory where relevant and material.

Methodology and Emissions Factors

Scope 1 emissions are estimated using the *UK Department for Environment, Food & Rural Affairs (DEFRA) Emissions Factors from the Greenhouse Gas Reporting: Conversion Factors 2025, published by the UK Department for Energy Security and Net Zero* in June 2025.

We calculate Scope 1 emissions using the following formulae:

Scope 1 Mobile Emissions (kg CO_2e) =
Fuel Consumption (in litres or kg) × Emissions Factor (kg of CO_2e per unit of fuel)

Appropriate Emissions Factors are applied for each fuel type. Fuel consumption data is obtained from internal fuel usage records, purchase records, invoices, refill logs and other relevant operational records. Where primary usage data is unavailable, we estimate consumption using reasonable and supportable assumptions based on the best information available at the reporting date.

Scope 2: Indirect Emissions from Purchased Electricity

[IFRS S2.29(a)(i)(2), IFRS S2.29(a)(iii), IFRS S2.29(a)(v)]

Coverage

Our Scope 2 emissions comprise indirect emissions from purchased electricity consumed across our branches and head office facilities and are calculated using the location-based method, unless otherwise stated.

Methodology and Emissions Factors

Scope 2 emissions are calculated using Malaysia's *Grid Emissions Factor (GEF) 2022.*

We calculate Scope 2 emissions using the following formula:

Scope 2 Emissions (kg CO_2e) =
Electricity Consumption (kWh) × Grid Emissions Factor (kg CO_2e/kWh)

Electricity consumption data is obtained from our electricity bills. Electricity consumption for months with unavailable data is estimated using the average monthly usage based on available utility bills within the same financial year. This approach leverages actual, verifiable historical data and reflects consistent operational patterns, thereby constituting a reasonable and supportable assumption in line with the GHG Protocol.

Contractual Instruments

For the current and prior reporting periods, MBSB has not procured contractual instruments such as power purchase agreements, renewable energy certificates, or green tariffs. Should such instruments be obtained in the future, we will quantify and disclose the associated emissions using the market-based method in accordance with the GHG Protocol Scope 2 Guidance.

Scope 3: Other Indirect Emissions

[IFRS S2.29(a)(i)(3), IFRS S2.29(a)(vi)]

Coverage and Scope 3 Categories Included

Our value chain emissions currently include the following Scope 3 categories as defined in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Based on data availability, relevance to the Group's business model, and current reporting maturity, the following categories have been prioritised for disclosure in the reporting period:

- Category 6: Business Travel
- Category 7: Employee Commuting
- Category 15: Investments

Methodology

Scope 3 emissions are estimated in accordance with the *GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the GHG Protocol Technical Guidance for Calculating Scope 3 Emissions (Version 1.0).* Emissions Factors are primarily sourced from DEFRA and other recognised databases where relevant.

Category	Calculation Method
Category 6: Business Travel	[IFRS S2.29(a)(iii), IFRS S2.29(a)(vi)(1)] Business travel emissions comprise emissions arising from employee travel undertaken for business purposes. We calculate Scope 3 business travel emissions using the following formula: Scope 3 Business Travel Emissions (kg CO_2e) = Distance Travel (km) × Emissions Factor (kg CO_2e/km) The emissions factor for Business Travel is based on the mode of transport (e.g., air travel, rail travel or car travel). Travel activity data is sourced from business travel expense claims recorded in the Group's MICOB system, the central repository for travel expenses maintained by the Finance Division.
Category 7: Employee Commuting	[IFRS S2.29(a)(iii), IFRS S2.29(a)(vi)(1)] Employee commuting emissions comprise emissions associated with travel between employees' homes and their workplaces. We calculate Scope 3 employee commuting emissions using the following formula: Scope 3 Employee Commuting Emissions (tCO_2e) = Distance Travel (km) × Emissions Factor (kg CO_2e/km) × Frequency The emissions factor for Employee Commuting is based on the mode of transport (e.g., car, bus, train, etc.). Employee commuting activity data is obtained through a Group-wide commuting survey conducted by the Sustainability Department, covering all MBSB Group staff. The survey captures key information including primary mode(s) of transportation and one-way commuting distance, which is subsequently cross-referenced with employees' leave records to reflect actual commuting frequency. Where data is incomplete, MBSB applies an estimation based on the average emissions per employee derived from survey respondents.

GHG Emissions Methodology

Category	Calculation Method
Category 15: Investment (Financed Emissions)	[IFRS S2.29(a)(vi)(2)] We calculate Scope 3 Category 15 financed emissions, which represent emissions associated with our lending and investment activities. We calculate financed emissions in accordance with the PCAF Standard, Third Edition, using attribution factors based on MBSB's financial exposure across asset classes.

Scope 3: Investments (Financed Emissions)

[IFRS S2.29(a)(i)(3), IFRS S2.29(a)(vi)]

Coverage

Our financed emissions comprise GHG emissions associated with on-balance-sheet lending and investment exposures, meaning the financing and investment amounts recognised in our statement of financial position that are outstanding to a counterparty or underlying asset at the reporting date. We apply a follow-the-money principle by attributing to MBSB a share of counterparty or underlying-asset emissions based on our outstanding financial exposure relative to the denominator prescribed by the relevant PCAF asset-class methodology. For the current reporting period, our financed emissions inventory covers the following asset classes:

- Listed equity and corporate sukuk
- Business financing and unlisted equity
- Project finance
- Commercial real estate
- Mortgages
- Motor vehicle financing
- Sovereign debt

Methodology and Classification Approach

Before calculation, we classify each exposure to ensure that the appropriate methodology is applied. General-corporate financing with no ring-fenced use of proceeds, meaning proceeds that are not contractually or structurally restricted to a specific project, asset, or asset pool, is measured using the relevant corporate counterparty methodology. Financing with a known and fully allocated use of proceeds is routed to the relevant specific-use methodology, such as project finance, commercial real estate, mortgages, or motor vehicle financing, based on the underlying asset or activity being financed. Products that are not covered by the current financed emissions inventory, or that require another framework, are tracked separately and assessed annually for applicability.

We use the best available information at the reporting date and apply a data hierarchy that prioritises reported and verified emissions, followed by reported but unverified emissions, primary physical activity data, and then economic or other approved proxy data where direct data is unavailable. Proxy data refers to approved estimated data used where direct counterparty or asset-level data is unavailable. For each exposure or asset-class segment, we record the underlying data source, reporting year, verification status, proxy basis, key assumptions, and the corresponding PCAF data quality score (DQS). Where relevant under the applicable PCAF method, financed emissions are disaggregated between Scope 1, Scope 2, and Scope 3 emissions, with Scope 3 presented separately.

Asset Class	Calculation Method
Asset Class 1: Listed Equity and Corporate Sukuk	This asset class covers on-balance-sheet listed equity investments and corporate sukuk exposures that are economically equivalent to general-corporate debt instruments. Where proceeds are ring-fenced (i.e. legally, contractually or structurally restricted to an identified project, asset, or pool of assets), we route the exposure to the relevant asset-level or project-level methodology instead of retaining it in this asset class. For listed counterparties, our attribution factor is based on outstanding amounts divided by enterprise value including cash (EVIC). Where a relevant corporate debt exposure relates to an unlisted issuer, we use total equity plus debt as the allocation basis. Where client-reported emissions are available, we prioritise externally verified disclosures over disclosures that have not been externally verified and apply the corresponding PCAF data quality score.
Asset Class 2: Business Financing and Unlisted Equity	This methodology is used for on-balance-sheet business financing and unlisted equity exposures provided for general corporate purposes. Actual year-end drawn exposure is used as the numerator. For private companies and unlisted equity, the denominator is total equity plus debt. For financing to the listed companies, we use EVIC. Financing extended to other financial institutions is assessed using the best available counterparty data. Where PCAF-aligned reported financed emissions are unavailable, sector-based estimation methods may be used in accordance with the relevant data-quality route.

Asset Class	Calculation Method
Asset Class 3: Project Finance	Project finance applies where financing or investment exposure has a known use of proceeds into a specific project. Our financed share is based on outstanding project exposure divided by total project value, typically represented by total project debt plus equity. Annual project Scope 1 and Scope 2 emissions are included, and project Scope 3 emissions are included where relevant to the project type and where data is reasonably available. Guarantees are not attributed financed emissions until they are called and converted into funded exposure. Where total project equity is negative, we set total equity to zero for attribution purposes so that emissions are attributed to debt only in that circumstance. Projected lifetime Scope 1 and Scope 2 emissions assessed in the year of initial financing, if reported, are disclosed separately from the annual financed emissions inventory.
Asset Class 4: Commercial Real Estate	Commercial real estate exposures are measured under this methodology where financing is provided for the purchase or refinancing of commercial real estate, and for real estate exposures relating to assets that fall outside our operational control and are measured at the asset level. Listed real estate securities are measured under listed equity, while general-purpose financing provided to property companies is measured under business financing and unlisted equity. For built properties, we account for operational emissions associated with building energy use, including shared facilities and, where relevant and feasible, occupant energy use. Where direct building-level data is unavailable, we use proxy methods, which are treated as lower-quality estimation paths within the data quality hierarchy.

Asset Class	Calculation Method
Asset Class 5: Mortgages	Mortgage financed emissions are measured for on-balance-sheet financing provided for the purchase or refinancing of residential property. For a single apartment or house, we account for emissions associated with the financed residential unit. For multifamily properties with shared facilities, the methodology is applied to the whole property where the underlying exposure and data permit. The attribution factor is based on outstanding amounts divided by property value at origination. Where origination value cannot reasonably be obtained, we use the latest available property value and hold that denominator constant thereafter. This method focuses on operational energy-related emissions associated with residential properties. Embodied or construction emissions, where assessed, are not included in the core annual mortgage inventory and would be disclosed separately. Home equity lending products, including home equity loan (HEL) and home equity line of credit (HELOC) facilities, are outside this methodology unless otherwise stated.
Asset Class 6: Motor Vehicle Financing	For motor vehicle financing, the methodology covers consumer motor vehicle financing as well as business vehicle or fleet financing where the underlying financed asset is the vehicle itself. Annual financed emissions under this method cover operational emissions from vehicle use, including Scope 1 fuel combustion for internal combustion engine and hybrid vehicles, and Scope 2 electricity consumption for battery electric vehicles, where relevant. If production emissions of new vehicles are reported, they are treated as a first-year Scope 3 item only and are not repeated in subsequent years. Where make, model, fuel type, or actual usage data are unavailable, we use the best available vehicle-specific or vehicle-type proxy consistent with the applicable data hierarchy.

GHG Emissions Methodology

Asset Class	Calculation Method
Asset Class 7: Sovereign Debt	Sovereign debt is measured using this methodology for sovereign bonds and sovereign loans issued by national governments. Central-bank debt issued on behalf of a sovereign is included within this methodology where applicable. Sub-sovereign exposures are not included in this asset class and, if material, require separate treatment. Supranational exposures are outside this methodology. We attribute emissions based on outstanding sovereign exposure divided by purchasing power parity (PPP)-adjusted gross domestic product (GDP). Country emissions data from official or widely recognised sources are prioritised. Where country-reported emissions are available, verified figures are preferred over unverified figures for data-quality scoring purposes.

Data Quality, Assumptions and Review

For each asset class, the selected calculation route is mapped to the relevant PCAF data quality hierarchy. Higher-quality routes rely on reported emissions or activity data and, where available, external verification, while lower-quality routes rely on sector, asset, or other proxy averages. Where proxy data is used, we select the most relevant available geography, activity, sector, and emissions factor at the reporting date, and document the rationale for its use. We also disclose material estimation assumptions, reporting lags, and major exclusions where relevant to understanding the financed emissions calculation.

We review the applicability of each asset class methodology, the availability of higher-quality data, and any methodological updates issued by PCAF on at least an annual basis. Where new data or methodological changes materially improve accuracy or comparability, we update the methodology prospectively and, where relevant, explain any effect on comparability with prior-period disclosures.

Exclusions from Scope 3 Inventory

In the current reporting period, we have prioritised Scope 3 categories most relevant to our business model and for which underlying data and estimation methods are more established, namely Categories 6, 7, 15. Categories 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, and 14 are not included at this stage as we continue to evaluate our value chain, strengthen source data capture, boundary setting, and estimation approaches for these upstream and downstream categories. We will continue to review their applicability as data quality and reporting maturity improve.

For financed emissions, the current inventory covers seven asset classes: listed equity and corporate sukuk, business financing and unlisted equity, project finance, commercial real estate, mortgages, motor vehicle financing, and sovereign debt. Other PCAF methodologies, including use of proceeds structures, securitisations and structured products, sub-sovereign debt, and optional reporting on undrawn financing commitments, are not included in the current reporting period and will be assessed over time based on portfolio relevance, data availability, and methodology readiness.

Common Sustainability Matters Performance Data Table

Indicator	Measurement Unit	2023	2024	2025
Anti-corruption				
Bursa C1 (a) Percentage of employees who have received training on anti-corruption by employee category				
Senior Management	Percentage	79.00	92.00	67.00
Middle Management	Percentage	92.00	95.00	95.00
Executive	Percentage	96.00	99.00	95.00
Non-Executive	Percentage	26.00	24.00	14.00
Bursa C1 (b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1 (c) Confirmed incidents of corruption and action taken	Number	1	0	1
Community/Society				
Bursa C2 (a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	4,200,000.00	6,700,000.00	4,670,000.00
Bursa C2 (b) Total number of beneficiaries of the investment in communities	Number	55,534	71,160	111,649
Diversity				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Senior Management				
Male	Percentage	70.00	63.93	73.00
Female	Percentage	30.00	36.07	27.00
Below 30	Percentage	0.00	0.00	0.00
Between 30–50	Percentage	48.00	54.10	45.00
Above 50	Percentage	52.00	45.90	55.00
Middle Management				
Male	Percentage	58.00	59.69	57.00
Female	Percentage	42.00	40.31	43.00
Below 30	Percentage	1.00	0.34	0.00
Between 30–50	Percentage	72.00	71.01	70.00
Above 50	Percentage	27.00	28.65	30.00

Common Sustainability Matters Performance Data Table

Indicator	Measurement Unit	2023	2024	2025
Executive				
Male	Percentage	43.00	43.06	44.00
Female	Percentage	57.00	56.94	56.00
Below 30 years	Percentage	22.00	18.76	18.00
Between 30–50 years	Percentage	72.00	72.58	74.00
Above 50 years	Percentage	6.00	8.66	9.00
Non-Executive				
Male	Percentage	51.00	51.19	50.18
Female	Percentage	49.00	48.81	49.82
Below 30	Percentage	6.00	4.44	3.91
Between 30–50	Percentage	84.00	87.37	87.19
Above 50	Percentage	10.00	8.19	8.90
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	71.00	71.43	67.00
Female	Percentage	29.00	28.57	33.00
Below 30	Percentage	0.00	0.00	0.00
Between 30–50	Percentage	0.00	0.00	4.00
Above 50	Percentage	100.00	100.00	96.00
Energy management				
Bursa C4(a) Total energy consumption	Megawatt	28,341,967.00	50,714,514.30	51,431,764.93
Health and safety				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate	Rate	0.15	0.67	0.51
Bursa C5(c) Number of employees trained on health and safety standards	Number	1,017	1,360	1,490

Indicator	Measurement Unit	2023	2024	2025
Labour practices and standards				
Bursa C6(a) Total hours of training by employee category				
Senior Management	Hours	2,869	2,770	3,209
Middle Management	Hours	28,209	30,159	26,600
Executive	Hours	79,101	73,547	94,743
Non-Executive	Hours	8,169	6,241	6,068
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	4.00	2.50	2.06
Bursa C6(c) Total number of employee turnover by employee category				
Senior Management	Number	5	12	17
Middle Management	Number	52	65	82
Executive	Number	189	223	240
Non-Executive	Number	9	9	14
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Supply chain management				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	98.00	99.00	99.00
Data privacy and security				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	6	5
Water				
Bursa C9(a) Total volume of water used	Megaliters	72.870000	66.402000	64.018000
Waste Management				
Bursa C10(a) Total waste generated	Metric Tonne	-	52.43	57.36
Bursa C10(a) i Breakdown of total waste diverted from disposal	Metric Tonne	21.36	0.76	0.96
Bursa C10(a) ii Breakdown of total waste directed to disposal	Metric Tonne	39.99	51.67	56.41
Emissions management				
Bursa C11(a) Scope 1 emissions in tonnes of CO_2e	tCO_2e	41.00	130.00	80.00
Bursa C11(b) Scope 2 emissions in tonnes of CO_2e	tCO_2e	5,480.00	10,673.00	10,863.00
Bursa C11(c) Scope 3 emissions in tonnes of CO_2e	tCO_2e	4,005.00	13,059.00	11,744.00

Limited Assurance Statement

BUREAU VERITAS

INDEPENDENT LIMITED ASSURANCE STATEMENT

To: The Stakeholders of MBSB Group

Introduction and objective of work

MBSB Group ("MBSB" or "the Group") engaged Bureau Veritas Certification (M) Sdn. Bhd. ("Bureau Veritas") to provide independent limited assurance over selected sustainability information disclosed in the MBSB Sustainability Report 2025 ("SR 2025") for the reporting period from 1 January 2025 to 31 December 2025 ("FY2025"). This Independent Limited Assurance Statement applies to the selected sustainability information described in the Scope of work section below, as presented in SR 2025 and the related supporting schedules and revised disclosures made available to Bureau Veritas up to the issue date of this statement.

The objective of this limited assurance engagement is to provide an independent conclusion, in accordance with ISAE 3000 (Revised), on whether the selected sustainability information is prepared and presented, in all material respects, in accordance with the applicable reporting criteria.

Responsibilities

The preparation and presentation of the selected sustainability information are the responsibility of MBSB management. This responsibility includes establishing the reporting boundary for the selected disclosures, designing, implementing and maintaining internal controls over data collection and reporting, selecting and applying the reporting criteria, and making estimates and judgements that are reasonable in the circumstances. Bureau Veritas was not involved in the preparation of the selected sustainability information.

Our responsibility is to perform a limited assurance engagement and to issue an independent assurance report based on the procedures performed and the evidence obtained.

Scope of work

The scope of this engagement was determined with reference to the agreed Verification Plan for SR 2025 and covers MBSB Bank Berhad, Malaysian Industrial Development Finance Bhd (MIDF), and the relevant subsidiaries included in the SR 2025 reporting boundary for FY2025.

The selected sustainability information within scope comprised:

- Scope 1 greenhouse gas (GHG) emissions.
- Scope 2 greenhouse gas (GHG) emissions.
- Total energy consumption.
- Occupational safety and health metrics: number of work-related fatalities, lost time incident rate as reported, and number of employees trained on health and safety standards.
- Average training hours by gender and employee category.
- Total number of grievances or complaints filed through grievance mechanisms.

This engagement did not extend to any other information included in SR 2025, including Scope 3 emissions, financed emissions, sustainable or transition finance disclosures, water, waste, community investments, ethics and integrity, data privacy and cybersecurity, sustainable procurement, targets, forward-looking statements, scenario analysis, or any other disclosures not expressly identified above.

Reporting criteria

The applicable reporting criteria comprise MBSB's stated definitions, organisational boundary, site coverage, KPI definitions, units, assumptions, conversion factors, consolidation rules, reporting cut-off principles, calculation methodologies and presentation basis for the selected disclosures, as described in SR 2025 and the supporting methodology and source documentation used to prepare the selected subject matter. Where applicable, these criteria were applied with reference to MBSB's stated Bursa Malaysia and GRI-aligned disclosure basis.

These criteria have been developed to meet the information needs of the stakeholders of MBSB Group. As a result, the selected sustainability information may not be suitable for another purpose.

Assessment standard

This limited assurance engagement was conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information, ISAE 3410 (Revised): Assurance Engagements on Greenhouse Gas Statements, and, GHG Protocol: A Corporate Accounting and Reporting Standard.

Bureau Veritas applies a system of quality management and complies with applicable ethical requirements, including independence requirements, founded on the principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Summary of procedures performed

The engagement included procedures performed during on-site verification, online verification and follow-up evidence review. Based on our risk assessment, Bureau Veritas performed procedures that included, as applicable:

- Review of the agreed entities in scope, subject matter and applicable reporting criteria.
- Interviews and walkthroughs with relevant personnel responsible for sustainability reporting, facilities and administration, human resources and learning and development, occupational safety and health, employee relations and other data owners and consolidators.
- Review of data collection, consolidation, management review, version control and reporting processes for the selected indicators.
- Analytical review and internal consistency checks of selected tables, narrative disclosures, units, rounding, cut-off and cross-references in SR 2025.
- Selected recalculation and re-performance of GHG, energy, incident-rate and training-average calculations.
- Testing, on a sample basis, of supporting records and extracts to assess traceability from source records to controlled workbooks and then to the selected disclosures, including, where relevant, electricity or utility records, chilled-water or meter support, fuel records, training extracts, headcount schedules, OSH registers, manhours schedules, and grievance logs or owner confirmations.
- Evaluation of the presentation of the selected sustainability information, including clarity of definitions and consistency of disclosures across the report.

Limited Assurance Statement

Limitations & Exclusions

- The accuracy and completeness of the reported data depend on the quality of the underlying data management systems and internal controls implemented by MBSB. Our assurance does not extend to the design or effectiveness of these systems and controls, though we may offer observations where weaknesses are noted.
- Our assurance is limited to the specific KPIs requested within the scope of this engagement. We have not provided assurance on other sustainability indicators or on the overall sustainability performance of MBSB.
- Our assurance is designed to obtain limited assurance over material misstatements. A misstatement is considered material if it could reasonably influence the decisions of a user of SR 2025. The determination of materiality involves professional judgment.
- For GHG, the verification was designed to provide limited assurance on whether the Scope 1 and Scope 2 GHG emissions and total energy consumption within the selected subject matter are presented fairly, in all material aspects, and in accordance with the reporting criteria. It was not intended to provide assurance over MBSB's ability to achieve its climate-related targets, expectations or ambitions.
- For the avoidance of doubt, this engagement does not constitute assurance over financial statements, prudential or regulatory reporting, capital adequacy, credit risk, liquidity, Shariah governance, internal controls over financial reporting, or any banking or regulatory compliance matters that are not specifically included in the selected subject matter.

In addition, sustainability and GHG information is subject to inherent limitations because of the nature of the data and the methods used for determining, calculating, sampling or estimating such information. The use of assumptions, estimates, emission factors and different but acceptable measurement techniques may affect comparability between entities and reporting periods.

Our conclusion relates only to the selected sustainability information described in the Scope of work section above for FY2025 and does not extend to any other information included in SR 2025 or to any prior-period information unless expressly included within the selected subject matter.

Conclusion

Based on the procedures performed within the scope of this engagement and the evidence obtained, Bureau Veritas Malaysia concludes that MBSB's 2025 disclosures are fairly stated and materially accurate as presented in SR 2025.

This limited assurance engagement relies on a risk-based selected sample of data and the associated limitations that this entails. This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist.

Statement of Independence, Integrity and Competence

Bureau Veritas is an independent professional services company specializing in quality, health, safety, social and environmental management. Bureau Veritas has implemented a Code of Ethics to maintain high ethical standards and to manage conflicts of interest.

No member of the assurance team has a business relationship with MBSB, its Directors or Managers beyond that required for this engagement. The engagement team has the appropriate competence and experience to perform this limited assurance engagement.

This statement has been prepared for the stakeholders of MBSB Group for inclusion in SR 2025.

Restriction of liability

Our report, including our conclusion, has been prepared solely for the reason specified in the Introduction and objective of work section and for inclusion in SR 2025, and for no other purpose. Any reliance on this report by any third party is entirely at its own risk. We do not assume or accept responsibility or liability to anyone other than MBSB Group for our work, for this report, or for the conclusion we have reached.

For and on behalf of Bureau Veritas Certification (M) Sdn. Bhd., Kuala Lumpur, Malaysia.

Issue Date: 21 April 2026.

Ng Sheng Wa

Southeast Asia Certification & Sustainability Manager

Bureau Veritas

GRI Content Index

GRI Services Statement	For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders.
Statement of use	MBSB Berhad has reported with reference to the GRI Standards for the period 1 January 2025 to 31 December 2025.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not Applicable

GRI Standard	Disclosure	Section Headings In SR2025	Location of Disclosures in SR2025 (Page Number)	Omission		
				Requirement(s) Omitted	Reason	Explanation
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organisational details	• About This Report	a	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	2-2 Entities included in the organisation's sustainability reporting	• About This Report • Our Sustainability Governance • Nurturing A Sustainable Workforce	a 8–10 41–47			
	2-3 Reporting period, frequency and contact point	• About This Report	a			
	2-4 Restatements of information	• Restatements appear in the sections where they are relevant.				
	2-5 External assurance	• Limited Assurance Statement	72–75			
	2-6 Activities, value chain and other business relationships	• About This Report • Our Responsibility to Our Customers • Sustainable Procurement	a 31 61–62			
	2-7 Employees	• Nurturing a Sustainable Workforce • Diversity and Equal Opportunity • Common Sustainability Matters Performance Data Table	41–47 51 69–71			
	2-8 Workers who are not employees	• Diversity and Equal Opportunity • Common Sustainability Matters Performance Data Table	51 69–71			
	2-9 Governance structure and composition	• Our Sustainability Governance	8–9			
	2-10 Nomination and selection of the highest governance body	• Corporate Governance Overview Statement	IAR2025			
	2-11 Chair of the highest governance body	• Corporate Governance Overview Statement	IAR2025			

GRI Standard	Disclosure	Section Headings In SR2025	Location of Disclosures in SR2025 (Page Number)	Omission		
				Requirement(s) Omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-12 Role of the highest governance body in overseeing the management of impacts	• Our Sustainability Governance • Robust Governance Framework for Climate Resilience	8–9 20			
	2-13 Delegation of responsibility for managing impacts	• Our Sustainability Governance • Operational Leadership and Management Accountability	8–10 21			
	2-14 Role of the highest governance body in sustainability reporting	• Corporate Governance Overview Statement	IAR2025			
	2-15 Conflicts of interest	• Ethics and Integrity	57–58			
	2-16 Communication of critical concerns	• Prioritising Customer Experience and Satisfaction • Managing Employee Grievances • Ethics and Integrity	39 50 57–58			
	2-17 Collective knowledge of the highest governance body	• Corporate Governance Overview Statement	IAR2025			
	2-18 Evaluation of the performance of the highest governance body	• Corporate Governance Overview Statement	IAR2025			
	2-19 Remuneration policies	• Corporate Governance Overview Statement	IAR2025			
	2-20 Process to determine remuneration	• Corporate Governance Overview Statement	IAR2025			
	2-21 Annual total compensation ratio				Confidentiality constraints	We do not disclose against this metric due to confidentiality constraints.
	2-22 Statement on sustainable development strategy	• Message from Our Group Chief Executive Officer • Message from Our Group Chief Shariah and Sustainability Officer • Our Sustainability Commitments	2–3 4–5 7			

GRI Content Index

GRI Standard	Disclosure	Section Headings In SR2025	Location of Disclosures in SR2025 (Page Number)	Omission		
				Requirement(s) Omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-23 Policy commitments	• Our Sustainability Commitments • myPledge: Driving Impact Across Our Stakeholders • Ethics and Integrity • Data Privacy and Cybersecurity • Sustainable Procurement	7 11 57–58 59–60 61–62			
	2-24 Embedding policy commitments	• Our Sustainability Governance • myPledge: Driving Impact Across Our Stakeholders • Engaging Our Stakeholders	8–10 11 12–13			
	2-25 Processes to remediate negative impacts	• Prioritising Customer Experience and Satisfaction • Managing Employee Grievances • Ethics and Integrity • Sustainable Procurement	39 50 57–58 61–62			
	2-26 Mechanisms for seeking advice and raising concerns	• Prioritising Customer Experience and Satisfaction • Managing Employee Grievances • Whistleblowing Channel	39 50 58			
	2-27 Compliance with laws and regulations	• Employee Health and Safety • Ethics and Integrity • Data Privacy and Cybersecurity	48–50 57–58 59–60			
	2-28 Membership associations	• UN Global Compact • Malaysia Aerospace Industry Association (MAIA) • Association of Islamic Banking and Financial Institutions Malaysia (AIBIM) • VBI Community of Practitioners (VBI CoP)				
	2-29 Approach to stakeholder engagement	• Engaging Our Stakeholders	12–13			
	2-30 Collective bargaining agreements	• Managing Employee Grievances • Freedom of Association and Collective Bargaining	50			

GRI Standard	Disclosure	Section Headings In SR2025	Location of Disclosures in SR2025 (Page Number)	Omission		
				Requirement(s) Omitted	Reason	Explanation
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	• Our Approach to Materiality	14	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	3-2 List of material topics	• **List of all material topics:** - Economic Performance - Environmental Stewardship - Sustainable Financing - Innovation and Technology - Customer Experience and Satisfaction - Competent Workforce - Employee Health and Wellbeing - Diversity and Equal Opportunity - Serving the Communities - Ethics and Integrity - Data Privacy and Cybersecurity - Sustainable Procurement	15			
Economic Performance						
GRI 3: Material Topics 2021	3-3 Management of material topics	• Upholding Our Commitments to Our Shareholders • Delivering Strong Economic Performance	16–17			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	• Delivering Strong Economic Performance	16–17			
	201-2 Financial implications and other risks and opportunities due to climate change	• Strengthening Climate Resilience • Climate-Related Risks and Opportunities	20–30			

GRI Content Index

GRI Standard	Disclosure	Section Headings In SR2025	Location of Disclosures in SR2025 (Page Number)	Omission		
				Requirement(s) Omitted	Reason	Explanation
Environmental Stewardship						
GRI 3: Material Topics 2021	3-3 Management of material topics	• Water Management • Waste Management • Our Path to a Sustainable Future • Delivering Our Net Zero Promise • Strengthening Climate Resilience	18 19 20–30			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	• Operational GHG Emissions • Energy Consumption and Reduction • Common Sustainability Matters Performance Data Table	27–28 28 69–71			
	302-4 Reduction of energy consumption	• Energy Consumption and Reduction	28			
GRI 303: Water and Effluents 2018	303-5 Water consumption	• Water Management • Our Water Consumption • Common Sustainability Matters Performance Data Table	18 69–71			
GRI 305: Emissions 2016	305-1 Direct GHG emissions	• Monitoring Our Carbon Emissions • Operational GHG Emissions • GHG Emissions Methodology • Common Sustainability Matters Performance Data Table	27–28 64 69–71			
	305-2 Energy indirect GHG emissions	• Monitoring Our Carbon Emissions • Operational GHG Emissions • GHG Emissions Methodology • Common Sustainability Matters Performance Data Table	27–28 64 69–71			
	305-3 Other indirect GHG emissions	• Monitoring Our Carbon Emissions • Operational GHG Emissions • Financed Emissions • GHG Emissions Methodology • Common Sustainability Matters Performance Data Table	27–29 64 69–71			

GRI Standard	Disclosure	Section Headings In SR2025	Location of Disclosures in SR2025 (Page Number)	Omission		
				Requirement(s) Omitted	Reason	Explanation
GRI 306: Waste 2020	306-3 Waste generated	• Waste Management • Common Sustainability Matters Performance Data Table	18 69–71			
	306-4 Waste diverted from disposal	• Waste Management • Common Sustainability Matters Performance Data Table	18 69–71			
	306-5 Waste directed to disposal	• Waste Management • Common Sustainability Matters Performance Data Table	18 69–71			
Sustainable Financing						
GRI 3: Material Topics 2021	3-3 Management of material topics	• Our Responsibility to Our Customers • Accelerating Growth Through Sustainable Financing • Key Sustainability Criteria for Financing • Advancing Financial Empowerment and Inclusion	31 31–34 33 35–36			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	• MBSB Bank Sustainability Sukuk Wakalah • MBSB Sustainable Term Deposit-i	34			
	203-2 Significant indirect economic impacts	• Advancing Financial Empowerment and Inclusion • Supporting Individual Customers • Tailored Financing Solutions for SME Digitalisation & Green Growth • Women SME Financing (M-WiSE)	35–36			
Innovation and Technology						
GRI 3: Material Topics 2021	3-3 Management of material topics	• Driving Innovation and Digital Transformation • Innovative Products & Services • MJourney	38			
Customer Experience and Satisfaction						
GRI 3: Material Topics 2021	3-3 Management of material topics	• Prioritising Customer Experience and Satisfaction	39			
Competent Workforce						
GRI 3: Material Topics 2021	3-3 Management of material topics	• Commitment to Our People and Sustainability • Nurturing A Sustainable Workforce	40 41–47			

GRI Content Index

GRI Standard	Disclosure	Section Headings In SR2025	Location of Disclosures in SR2025 (Page Number)	Omission		
				Requirement(s) Omitted	Reason	Explanation
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	• Workforce Stability and Growth • Common Sustainability Matters Performance Data Table	42–43 69–71			
	401-3 Parental leave	• Flexible Working Environment • Employees Entitled to Parental Leave by Gender	46 69–71			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	• Training, Upskilling, and Education • Average Training Hours • Common Sustainability Matters • Performance Data Table	44–45 69–71			
	404-2 Programs for upgrading employee skills and transition assistance programs	• A Future-Ready HR Strategy • Growing Our Talent Pool • Training, Upskilling, and Education	40 44–45			
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	• Remuneration and Wellbeing • Flexible Working Environment • MPower (Flexible Spending Account)	45–46 46			
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	• Commitment to Our People and Sustainability • Performance & Engagement • MPerform	40			
Employee Health and Wellbeing						
GRI 3: Material Topics 2021	3-3 Management of material topics	• Employee Health and Safety • Remuneration and Wellbeing • MBSB Sustainability Day 2025 - Act for Impact	48–50 45–46 47			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	• Employee Health and Safety • Occupational Health and Safety Management System (OHSMS)	48–50			
	403-2 Hazard identification, risk assessment, and incident investigation	• Employee Health and Safety	48–49			
	403-3 Occupational health services	• Remuneration and Wellbeing	45–46			
	403-4 Worker participation, consultation, and communication on occupational health and safety	• Employee Health and Safety	48–49			

GRI Standard	Disclosure	Section Headings In SR2025	Location of Disclosures in SR2025 (Page Number)	Omission		
				Requirement(s) Omitted	Reason	Explanation
GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	• Employee Health and Safety • Engagement with Employees	48–49			
	403-6 Promotion of worker health	• Remuneration and Wellbeing • Flexible Working Environment • MBSB Sustainability Day 2025 - Act for Impact	45–46 47			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	• Employee Health and Safety	48–50			
	403-8 Workers covered by an occupational health and safety management system	• Employee Health and Safety • Occupational Health and Safety Management System (OHSMS)	48–49			
	403-9 Work-related injuries	• Employee Health and Safety • Common Sustainability Matters Performance Data Table	48–50 69–71			
Diversity and Equal Opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	• Diversity and Equal Opportunity	51			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	• Diversity and Equal Opportunity	51			
Serving the Communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	• Empowering Communities for Sustainable Progress • Community Development and Engagement	52 52–56			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	• Community Development and Engagement	52–56			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	• Community Development and Engagement • Environmental Conservation • Community Empowerment • Education • Economic Development	52–56 53 54 55 56			

GRI Content Index

GRI Standard	Disclosure	Section Headings In SR2025	Location of Disclosures in SR2025 (Page Number)	Omission		
				Requirement(s) Omitted	Reason	Explanation
Ethics and Integrity						
GRI 3: Material Topics 2021	3-3 Management of material topics	• Ethics and Integrity	57–58			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	• Ethics and Integrity	57–58			
	205-2 Communication and training about anti-corruption policies and procedures	• Ethics and Integrity • Elevating Our Ethical Standards And Practices	57–58 58			
	205-3 Confirmed incidents of corruption and actions taken	• Ethics and Integrity • Common Sustainability Matters Performance Data Table	57–58 69–71			
Data Privacy and Cybersecurity						
GRI 3: Material Topics 2021	3-3 Management of material topics	• Our Commitment To Regulators • Data Privacy and Cybersecurity	57 59–60			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	• Prioritising Customer Experience and Satisfaction • Data Privacy and Cybersecurity • Common Sustainability Matters Performance Data	39 59–60 69–71			
Sustainable Procurement						
GRI 3: Material Topics 2021	3-3 Management of material topics	• Sustainable Procurement	61–62			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	• Sustainable Procurement • Supplier Engagement • Common Sustainability Matters Performance Data Table	61–62 62 69–71			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	• Sustainable Procurement	61–62			
	308-2 Negative environmental impacts in the supply chain and actions taken	• Sustainable Procurement	61–62			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	• Sustainable Procurement	61–62			
	414-2 Negative social impacts in the supply chain and actions taken	• Sustainable Procurement	61–62			

IFRS S2 Content Index

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
IFRS S2 Climate-related Disclosures			
Governance			
6(a)	the governance body(s) (which can include a group board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the entity shall identify that body(s) or individual(s) and disclose information about:	• Our Sustainability Governance • Robust Governance Framework for Climate Resilience	8–9 20
6(a)(i)	how responsibilities for climate-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s);	• Robust Governance Framework for Climate Resilience	20
6(a)(ii)	how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;	• Our Path to a Sustainable Future	19
6(a)(iii)	how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;	• Robust Governance Framework for Climate Resilience	20
6(a)(iv)	how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; and	• Robust Governance Framework for Climate Resilience	20
6(a)(v)	how the body(s) or individual(s) oversees the setting of targets related to climate-related risks and opportunities, and monitors progress towards those targets (see paragraphs 33–36), including whether and how related performance metrics are included in remuneration policies (see paragraph 29(g)).	• Sustainability-linked Remuneration for Long-term Impact	21
6(b)	management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:	• Operational Leadership and Management Accountability	21
6(b)(i)	whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and	• Operational Leadership and Management Accountability	21

IFRS S2 Content Index

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
6(b)(ii)	whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	• Operational Leadership and Management Accountability	21
Strategy			
9(a)	the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects (see paragraphs 10–12);	• Climate-Related Risks and Opportunities	23–26
9(b)	the current and anticipated effects of those climate-related risks and opportunities on the entity's business model and value chain (see paragraph 13);	• Climate-Related Risks and Opportunities	23–26
9(c)	the effects of those climate-related risks and opportunities on the entity's strategy and decision-making, including information about its climate-related transition plan (see paragraph 14);	• Our Path to a Sustainable Future • Driving Net Zero Through Sector-Specific Strategies	19 25
9(d)	the effects of those climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period, and their anticipated effects on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how those climate-related risks and opportunities have been factored into the entity's financial planning (see paragraphs 15–21); and	• Climate-Related Risks and Opportunities	23–26
9(e)	the climate resilience of the entity's strategy and its business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities (see paragraph 22).	• Climate Resilience and Scenario Analysis	21–23
Climate-related risks and opportunities			
10(a)	describe climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects;	• Climate-Related Risks and Opportunities	23–26
10(b)	explain, for each climate-related risk the entity has identified, whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk;	• Climate-Related Risks and Opportunities	23–26
10(c)	specify, for each climate-related risk and opportunity the entity has identified, over which time horizons—short, medium or long term—the effects of each climate-related risk and opportunity could reasonably be expected to occur; and	• Climate-Related Risks and Opportunities	23–26

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
10(d)	explain how the entity defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the entity for strategic decision-making.	• Climate-Related Risks and Opportunities	23–26
Business model and value chain			
13(a)	a description of the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain; and	• Climate-Related Risks and Opportunities	23–26
13(b)	a description of where in the entity's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	• Climate-Related Risks and Opportunities	23–26
Strategy and decision-making			
14(a)	information about how the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the entity plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the entity shall disclose information about:	• Our Path to a Sustainable Future • Climate-Related Metrics and Targets	19 27
14(a)(i)	current and anticipated changes to the entity's business model, including its resource allocation, to address climate-related risks and opportunities (for example, these changes could include plans to manage or decommission carbon-, energy- or water-intensive operations; resource allocations resulting from demand or supply-chain changes; resource allocations arising from business development through capital expenditure or additional expenditure on research and development; and acquisitions or divestments);	• Our Path to a Sustainable Future	19
14(a)(ii)	current and anticipated direct mitigation and adaptation efforts (for example, through changes in production processes or equipment, relocation of facilities, workforce adjustments, and changes in product specifications);	• Our Path to a Sustainable Future • Monitoring Our Carbon Emissions	19 27–28
14(a)(iii)	current and anticipated indirect mitigation and adaptation efforts (for example, through working with customers and supply chains);	• Driving Net Zero through Sector-Specific Strategies	25
14(a)(iv)	any climate-related transition plan the entity has, including information about key assumptions used in developing its transition plan, and dependencies on which the entity's transition plan relies; and	• Our Path to a Sustainable Future	19

IFRS S2 Content Index

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
14(a)(v)	how the entity plans to achieve any climate-related targets, including any greenhouse gas emissions targets, described in accordance with paragraphs 33–36.	• Our Sustainability Commitments • Climate-Related Metrics and Targets	7 27
14(b)	information about how the entity is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 14(a).	• Our Path to a Sustainable Future	19
14(c)	quantitative and qualitative information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 14(a).	• Our Performance in 2025	27
Financial position, financial performance and cash flows			
15(a)	the effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period (current financial effects); and	• Climate-Related Risks and Opportunities	23–26
15(b)	the anticipated effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how climate-related risks and opportunities are included in the entity's financial planning (anticipated financial effects).	• Climate-related Physical Risks • Climate-related Transition Risks • Climate-related Opportunities	23–24 23–25 25
16	Specifically, an entity shall disclose quantitative and qualitative information about:		
16(a)	how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period;	• Climate-Related Risks and Opportunities	23–26
16(b)	the climate-related risks and opportunities identified in paragraph 16(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements;	• There was no significant risk of material adjustment to the climate-related risks and opportunities reported to the best of our knowledge.	
16(c)	how the entity expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:	• Climate-Related Risks and Opportunities • Climate-related Opportunities	23–26 25
16(c)(i)	its investment and disposal plans (for example, plans for capital expenditure, major acquisitions and divestments, joint ventures, business transformation, innovation, new business areas, and asset retirements), including plans the entity is not contractually committed to; and	• Climate-Related Risks and Opportunities • Climate-related Opportunities	23–26 25
16(c)(ii)	its planned sources of funding to implement its strategy; and	• Climate-Related Risks and Opportunities	23–26

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
16(d)	how the entity expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities (for example, increased revenue from products and services aligned with a lower-carbon economy; costs arising from physical damage to assets from climate events; and expenses associated with climate adaptation or mitigation).	• Climate-Related Risks and Opportunities	23–26
21	If an entity determines that it need not provide quantitative information about the current or anticipated financial effects of a climate-related risk or opportunity applying the criteria set out in paragraphs 19–20, the entity shall:	• Climate-Related Risks and Opportunities	23–26
21(a)	explain why it has not provided quantitative information;	• At this stage of our climate-related risk assessment, we are identifying the risk concentration across our portfolio and will progressively integrate the quantification of financial implications into our risk assessment process	
21(b)	provide qualitative information about those financial effects, including identifying line items, totals and subtotals within the related financial statements that are likely to be affected, or have been affected, by that climate-related risk or opportunity; and	• Climate-Related Risks and Opportunities	23–26
21(c)	provide quantitative information about the combined financial effects of that climate-related risk or opportunity with other climate-related risks or opportunities and other factors unless the entity determines that quantitative information about the combined financial effects would not be useful.	• At this stage of our climate-related risk assessment, we are identifying the risk concentration across our portfolio and will progressively integrate the quantification of financial implications into our risk assessment process	
Climate resilience			
22	An entity shall disclose information that enables users of general purpose financial reports to understand the resilience of the entity's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities. The entity shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with the entity's circumstances (see paragraphs B1–B18). In providing quantitative information, the entity may disclose a single amount or a range. Specifically, the entity shall disclose:		
22(a)	the entity's assessment of its climate resilience as at the reporting date, which shall enable users of general purpose financial reports to understand		
22(a)(i)	the implications, if any, of the entity's assessment for its strategy and business model, including how the entity would need to respond to the effects identified in the climate-related scenario analysis;	• Climate Resilience and Scenario Analysis	21–23
22(a)(ii)	the significant areas of uncertainty considered in the entity's assessment of its climate resilience;	• Climate Resilience and Scenario Analysis	21–23

IFRS S2 Content Index

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
22(a)(iii)	the entity's capacity to adjust or adapt its strategy and business model to climate change over the short, medium and long term, including;	• Climate Resilience and Scenario Analysis	21–23
22(a)(iii)(1)	the availability of, and flexibility in, the entity's existing financial resources to respond to the effects identified in the climate-related scenario analysis, including to address climate-related risks and to take advantage of climate-related opportunities;	• Climate Resilience and Scenario Analysis	21–23
22(a)(iii)(2)	the entity's ability to redeploy, repurpose, upgrade or decommission existing assets; and	• Climate Resilience and Scenario Analysis	21–23
22(a)(iii)(3)	the effect of the entity's current and planned investments in climate-related mitigation, adaptation and opportunities for climate resilience; and	• Climate Resilience and Scenario Analysis • Our Path to a Sustainable Future	21–23 19
22(b)	how and when the climate-related scenario analysis was carried out, including:		
22(b)(i)	information about the inputs the entity used, including:	• Climate Resilience and Scenario Analysis	21–23
22(b)(i)(1)	which climate-related scenarios the entity used for the analysis and the sources of those scenarios;	• Climate Resilience and Scenario Analysis	21–23
22(b)(i)(2)	whether the analysis included a diverse range of climate-related scenarios;	• Climate Resilience and Scenario Analysis	21–23
22(b)(i)(3)	whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;	• Climate Resilience and Scenario Analysis	21–23
22(b)(i)(4)	whether the entity used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change;	• Climate Resilience and Scenario Analysis	21–23
22(b)(i)(5)	why the entity decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;	• Climate Resilience and Scenario Analysis	21–23
22(b)(i)(6)	the time horizons the entity used in the analysis; and	• Climate Resilience and Scenario Analysis	21–23
22(b)(i)(7)	what scope of operations the entity used in the analysis (for example, the operating locations and business units used in the analysis);	• Climate Resilience and Scenario Analysis	21–23
22(b)(ii)	the key assumptions the entity made in the analysis, including assumptions about:	• Climate-Related Risks and Opportunities • Climate Resilience and Scenario Analysis	23–26 21–23
22(b)(ii)(1)	climate-related policies in the jurisdictions in which the entity operates;	• Climate Resilience and Scenario Analysis	21–23
22(b)(ii)(2)	macroeconomic trends;	• Climate Resilience and Scenario Analysis	21–23

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
22(b)(ii)(3)	national- or regional-level variables (for example, local weather patterns, demographics, land use, infrastructure and availability of natural resources);	• Climate Resilience and Scenario Analysis	21–23
22(b)(ii)(4)	energy usage and mix; and	• Climate Resilience and Scenario Analysis	21–23
22(b)(ii)(5)	developments in technology; and	• Climate Resilience and Scenario Analysis	21–23
22(b)(iii)	the reporting period in which the climate-related scenario analysis was carried out (see paragraph B18).	• Climate Resilience and Scenario Analysis	21–23
Risk management			
25(a)	the processes and related policies the entity uses to identify, assess, prioritise and monitor climate-related risks, including information about:	• Identification of Climate-Related Risks and Opportunities	26
25(a)(i)	the inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes);	• Identification of Climate-Related Risks and Opportunities	26
25(a)(ii)	whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related risks;	• Identification of Climate-Related Risks and Opportunities • Climate Risk Stress Testing and Scenario Analysis	26 21–23
25(a)(iii)	how the entity assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria);	• Assessment and Prioritisation of Climate-Related Risks	26
25(a)(iv)	whether and how the entity prioritises climate-related risks relative to other types of risk;	• Assessment and Prioritisation of Climate-Related Risks	26
25(a)(v)	how the entity monitors climate-related risks; and	• Monitoring of Climate-Related Risks	26
25(a)(vi)	whether and how the entity has changed the processes it uses compared with the previous reporting period;	• Monitoring of Climate-Related Risks	26
25(b)	the processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities; and	• Identification of Climate-Related Risks and Opportunities	26
25(c)	the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.	• Risk Management	26

IFRS S2 Content Index

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
Metrics and targets			
Climate-related metrics			
29	An entity shall disclose information relevant to the cross-industry metric categories of:		
29(a)	greenhouse gases—the entity shall:	• Climate-Related Metrics and Targets • GHG Emissions Methodology	27 64
29(a)(i)	disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tonnes of CO2 equivalent (see paragraphs B19–B22), classified as:	• Monitoring Our Carbon Emissions • GHG Emissions Methodology	27–28 64
29(a)(i)(1)	Scope 1 greenhouse gas emissions;	• Monitoring Our Carbon Emissions • Scope 1: Direct Emissions	27–28 64
29(a)(i)(2)	Scope 2 greenhouse gas emissions; and	• Monitoring Our Carbon Emissions • Scope 2: Indirect Emissions from Purchased Electricity	27–28 65
29(a)(i)(3)	Scope 3 greenhouse gas emissions;	• Monitoring Our Carbon Emissions • Scope 3: Other Indirect Emissions • Scope 3: Investments (Financed Emissions)	27–28 65 66–68
29(a)(ii)	measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or an exchange on which the entity is listed to use a different method for measuring its greenhouse gas emissions (see paragraphs B23–B25);	• Reporting Basis and Standards Applied	64
29(a)(iii)	disclose the approach it uses to measure its greenhouse gas emissions (see paragraphs B26–B29) including:	Reporting Basis and Standards Applied Scope 1: Direct Emissions Scope 2: Indirect Emissions from Purchased Electricity Scope 3: Other Indirect Emissions	64–65
29(a)(iii)(1)	the measurement approach, inputs and assumptions the entity uses to measure its greenhouse gas emissions;	• Reporting Basis and Standards Applied • Scope 1: Direct Emissions • Scope 2: Indirect Emissions from Purchased Electricity • Scope 3: Other Indirect Emissions	64–65
29(a)(iii)(2)	the reason why the entity has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and	• Reporting Basis and Standards Applied	64
29(a)(iii)(3)	any changes the entity made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;	• Base Year and Comparability	64

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
29(a)(iv)	for Scope 1 and Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(1)–(2), disaggregate emissions between:	• Organisational Boundary for GHG Emissions	64
29(a)(iv)(1)	the consolidated accounting group (for example, for an entity applying IFRS Accounting Standards, this group would comprise the parent and its consolidated subsidiaries); and	• Organisational Boundary for GHG Emissions	64
29(a)(iv)(2)	other investees excluded from paragraph 29(a)(iv)(1) (for example, for an entity applying IFRS Accounting Standards, these investees would include associates, joint ventures and unconsolidated subsidiaries);	• Organisational Boundary for GHG Emissions	64
29(a)(v)	for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(2), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to inform users' understanding of the entity's Scope 2 greenhouse gas emissions (see paragraphs B30–B31); and	• Scope 2: Indirect Emissions from Purchased Electricity	65
29(a)(vi)	for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(3), and with reference to paragraphs B32–B57, disclose:	• Scope 3: Other Indirect Emissions • Scope 3: Investments (Financed Emissions)	65 66–68
29(a)(vi)(1)	the categories included within the entity's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011); and	• Scope 3: Other Indirect Emissions	65
29(a)(vi)(2)	additional information about the entity's financed emissions (which are part of Category 15 greenhouse gas emissions), if its activities include asset management, commercial banking or insurance (see paragraphs B58–B63A);	• Category 15: Investment (Financed Emissions) • Scope 3: Investments (Financed Emissions)	66–68
29(b)	climate-related transition risks—the amount and percentage of assets or business activities vulnerable to climate-related transition risks;	• Climate-Related Metrics and Targets • Bursa Malaysia's Prescribed Table	27 63
29(c)	climate-related physical risks—the amount and percentage of assets or business activities vulnerable to climate-related physical risks;	• Climate-Related Metrics and Targets • Bursa Malaysia's Prescribed Table	27 63
29(d)	climate-related opportunities—the amount and percentage of assets or business activities aligned with climate-related opportunities;	• Climate-related Opportunities • Climate-Related Metrics and Targets	25 27

IFRS S2 Content Index

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
29(e)	capital deployment—the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities;	• Climate-Related Metrics and Targets • Financed Emissions	27 28-29
29(f)	internal carbon prices—the entity shall disclose:	• Our Path to a Sustainable Future • Transition Risk: Carbon Policy and Pricing Risk	19 24
29(f)(i)	an explanation of whether and how the entity is applying a carbon price in decision-making (for example, investment decisions, transfer pricing and scenario analysis); and	• Our Path to a Sustainable Future • Transition Risk: Carbon Policy and Pricing Risk	19 24
29(f)(ii)	the price for each metric tonne of greenhouse gas emissions the entity uses to assess the costs of its greenhouse gas emissions;	• Not applicable. MBSB has not yet implemented internal carbon prices as of this reporting cycle	
29(g)	remuneration—the entity shall disclose:	• Sustainability-linked Remuneration For Long-term Impact	21
29(g)(i)	a description of whether and how climate-related considerations are factored into executive remuneration (see also paragraph 6(a)(v)); and	• Sustainability-linked Remuneration For Long-term Impact	21
29(g)(ii)	the percentage of executive management remuneration recognised in the current period that is linked to climate-related considerations.	• MBSB has decided not to disclose this due to confidentiality constraints	
29B	If an entity applies the limitation in paragraph 29A, the entity shall:		
29B(a)	explain what it has treated as a derivative to enable users of general purpose financial reports to understand how it applied the limitation. For example, the entity could explain that, in applying the limitation, it treated as derivatives items that meet the definition of a derivative in accordance with the requirements of IFRS Accounting Standards or other applicable generally accepted accounting principles or practices (GAAP) used in preparing its related financial statements.	• MBSB has disclosed only financed emissions attributed to financings and investments. In applying the limitation in paragraph 29A, derivatives are defined in accordance with the requirements of the IFRS Accounting Standards	
29B(b)	describe the financial activities it has excluded from its measure of Scope 3 Category 15 greenhouse gas emissions as a result of applying paragraph 29A, including activities associated with derivatives.	• MBSB has disclosed only financed emissions attributed to financings and investments. Accordingly, the reported Category 15 amount is not intended to represent all emissions associated with the Group's financial activities, but only those included within financed emissions	
29C	If an entity has included Category 15 greenhouse gas emissions in its measure of Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(3), the entity shall disclose the total Category 15 greenhouse gas emissions and the subtotal of financed emissions included in that total.	• Financed Emissions	28–29

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
32	An entity shall disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the entity discloses, the entity shall refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the Industry-based Guidance on Implementing IFRS S2.	• Climate-Related Metrics and Targets • Financed Emissions	27 28–29
Climate-related targets			
33	An entity shall disclose the quantitative and qualitative climate-related targets it has set to monitor progress towards achieving its strategic goals, and any targets it is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the entity shall disclose:		
33(a)	the metric used to set the target (see paragraphs B66–B67);	• Our Sustainability Commitments • Climate-Related Metrics and Targets	7 27
33(b)	the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);	• Our Sustainability Commitments • Our Path to a Sustainable Future	7 19
33(c)	the part of the entity to which the target applies (for example, whether the target applies to the entity in its entirety or only a part of the entity, such as a specific business unit or specific geographical region);	• Our Sustainability Commitments • About This Report	7 a
33(d)	the period over which the target applies;	• Our Sustainability Commitments • Our Path to a Sustainable Future	7 19
33(e)	the base period from which progress is measured;	• Base Year and Comparability	64
33(f)	any milestones and interim targets;	• Our Sustainability Commitments • Our Path to a Sustainable Future	7 19
33(g)	if the target is quantitative, whether it is an absolute target or an intensity target; and	• Our Sustainability Commitments • Our Path to a Sustainable Future	7 19
33(h)	how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	• Climate Resilience and Scenario Analysis • Our Path to a Sustainable Future	21–23 19
34	An entity shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:	• Climate-Related Metrics and Targets	27
34(a)	whether the target and the methodology for setting the target has been validated by a third party;	• Limited Assurance Statement	72–75
34(b)	the entity's processes for reviewing the target;	• Climate-Related Metrics and Targets	27

IFRS S2 Content Index

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
34(c)	the metrics used to monitor progress towards reaching the target; and	• Climate-Related Metrics and Targets • Our Performance in 2025	27
34(d)	any revisions to the target and an explanation for those revisions.	• Not applicable. MBSB has not revised any of its climate-related targets as of this reporting period.	
35	An entity shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the entity's performance.	• Our Performance in 2025	27
36	For each greenhouse gas emissions target disclosed in accordance with paragraphs 33–35, an entity shall disclose:		
36(a)	which greenhouse gases are covered by the target.	• Reporting Basis and Standards Applied	64
36(b)	whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target.	• Our Sustainability Commitments	7
36(c)	whether the target is a gross greenhouse gas emissions target or net greenhouse gas emissions target. If the entity discloses a net greenhouse gas emissions target, the entity is also required to separately disclose its associated gross greenhouse gas emissions target (see paragraphs B68–B69).	• Our Sustainability Commitments	7
36(d)	whether the target was derived using a sectoral decarbonisation approach.	• MBSB's emissions reduction targets were not derived using a sectoral decarbonisation approach, rather it was based on set based on the entity's historical emissions profile, operational considerations, and internal decarbonisation capacity	
36(e)	the entity's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits the entity shall disclose information including, and with reference to paragraphs B70–B71:	• Monitoring Our Carbon Emissions	27

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
36(e)(i)	(i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;	• Monitoring Our Carbon Emissions	27
36(e)(ii)	(ii) which third-party scheme(s) will verify or certify the carbon credits;	• MBSB has yet to explore the use of carbon credits to address residual emissions as we are focusing on our long-term initiatives for emissions reduction	
36(e)(iii)	(iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and		
36(e)(iv)	(iv) any other factors necessary for users of general purpose financial reports to understand the credibility and integrity of the carbon credits the entity plans to use (for example, assumptions regarding the permanence of the carbon offset).		
Scope 3 measurement framework			
Disclosure of inputs to Scope 3 greenhouse gas emissions			
B56	As part of the requirement in paragraph 29(a)(iii), and to reflect how an entity prioritises Scope 3 data in accordance with the measurement framework set out in paragraphs B40–B54, the entity shall disclose information that enables users of general purpose financial reports to understand:		
B56(a)	the extent to which the entity's Scope 3 greenhouse gas emissions are measured using inputs from specific activities within the entity's value chain; and	• Scope 3: Other Indirect Emissions • Scope 3: Investments (Financed Emissions)	65 66–68
B56(b)	the extent to which the entity's Scope 3 greenhouse gas emissions are measured using inputs that are verified.	• Scope 3: Investments (Financed Emissions) • Data Quality, Assumptions and Review	68–68 68
B57	This Standard includes the presumption that Scope 3 greenhouse gas emissions can be estimated reliably using secondary data and industry averages. In those rare cases when an entity determines it is impracticable to estimate its Scope 3 greenhouse gas emissions, the entity shall disclose how it is managing its Scope 3 greenhouse gas emissions. Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so.	• Exclusions from Scope 3 Inventory	68

IFRS S2 Content Index

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
Financed emissions			
Asset management			
B61	An entity that participates in asset management activities shall disclose:		
B61(a)	its absolute gross financed emissions, disaggregated by Scope 1, Scope 2 and Scope 3 greenhouse gas emissions.	• Not applicable to MBSB's business activities	
B61(b)	for each of the disaggregated items in paragraph B61(a), the total amount of assets under management (AUM) that is included in the financed emissions disclosure, expressed in the presentation currency of the entity's financial statements.		
B61(c)	the percentage of the entity's total AUM included in the financed emissions calculation. If the percentage is less than 100%, the entity shall disclose information that explains the exclusions, including types of assets and associated amount of AUM.		
B61(d)	the methodology used to calculate the financed emissions, including the method of allocation the entity used to attribute its share of emissions in relation to the size of investments.		
Commercial banking			
B62	An entity that participates in commercial banking activities shall disclose:		
B62(a)	its absolute gross financed emissions, disaggregated by Scope 1, Scope 2 and Scope 3 greenhouse gas emissions for each industry by asset class.	• Financed Emissions • Scope 3: Investments (Financed Emissions)	28–29 66–68
B62(b)	its gross exposure to each industry by asset class, expressed in the presentation currency of the entity's financial statements. For:	• Financed Emissions • Scope 3: Investments (Financed Emissions)	28–29 66–68
B62(b)(i)	funded amounts—gross exposure shall be calculated as the funded carrying amounts (before subtracting the loss allowance, when applicable), whether prepared in accordance with IFRS Accounting Standards or other GAAP.	• Scope 3: Investments (Financed Emissions)	66–68
B62(b)(ii)	undrawn loan commitments—the entity shall disclose the full amount of the commitment separately from the drawn portion of loan commitments.	• Exclusions from Scope 3 Inventory	68
B62(c)	the percentage of the entity's gross exposure included in the financed emissions calculation. The entity shall:	• Exclusions from Scope 3 Inventory • Scope 3: Investments (Financed Emissions)	68 66–68

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
B62(c)(i)	if the percentage of the entity's gross exposure included in the financed emissions calculation is less than 100%, disclose information that explains the exclusions, including the type of assets excluded.	• Exclusions from Scope 3 Inventory	68
B62(c)(iii)	disclose separately the percentage of its undrawn loan commitments included in the financed emissions calculation.	• Exclusions from Scope 3 Inventory	68
B62(d)	the methodology the entity used to calculate its financed emissions, including the method of allocation the entity used to attribute its share of emissions in relation to the size of its gross exposure.	• Category 15: Investment (Financed Emissions) • Scope 3: Investments (Financed Emissions)	66–68
B62A	When disaggregating information disclosed in accordance with paragraph B62(a)–(b) by:		
B62A(a)	industry—an entity shall:		
B62A(a)(ii)	disclose:		
B62A(a)(ii)(1)	the industry-classification system it used to classify investees or counterparties; and	• The Group classifies counterparties using BNM sector codes aligned with the Malaysia Standard Industrial Classification (MSIC)	
B62A(a)(ii)(2)	information that enables users of general purpose financial reports to understand how the entity's selection of that system fulfils the requirements in paragraph B62A(a)(i).	• This classification basis was selected because it is embedded in the Malaysian regulatory reporting environment and provides a consistent sector framework for identifying exposures across the portfolio. It also supports comparability within the local market and enables users of general purpose financial reports to understand how exposures are distributed across sectors with different climate-related transition risk profiles	

IFRS S2 Content Index

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
B62A(b)	asset class—the disclosure shall include loans, project finance, bonds, equity investments and undrawn loan commitments. If the entity calculates and discloses financed emissions for other asset classes, it shall include an explanation of why the inclusion of those additional asset classes provides relevant information to users of general purpose financial reports.	• Scope 3: Investments (Financed Emissions) • Exclusions from Scope 3 Inventory	66–68 68
Insurance			
B63	An entity that participates in financial activities associated with the insurance industry shall disclose:		
B63(a)	its absolute gross financed emissions, disaggregated by Scope 1, Scope 2 and Scope 3 greenhouse gas emissions for each industry by asset class.	• Not applicable to MBSB's business activities	
B63(b)	the gross exposure for each industry by asset class, expressed in the presentation currency of the entity's financial statements. For:		
B63(b)(i)	funded amounts—gross exposure shall be calculated as the funded carrying amounts (before subtracting the loss allowance, when applicable), whether prepared in accordance with IFRS Accounting Standards or other GAAP.		
B63(b)(ii)	undrawn loan commitments—the entity shall disclose the full amount of the commitment separately from the drawn portion of loan commitments.		
B63(c)	the percentage of the entity's gross exposure included in the financed emissions calculation. The entity shall:		
B63(c)(i)	if the percentage of the entity's gross exposure included in the financed emissions calculation is less than 100%, disclose information that explains the exclusions, including type of assets excluded.		
B63(c)(ii)	disclose separately the percentage of its undrawn loan commitments included in the financed emissions calculation.		
B63(d)	the methodology the entity used to calculate its financed emissions, including the method of allocation the entity used to attribute its share of emissions in relation to the size of its gross exposure.		

IFRS Code	IFRS Disclosure Requirement	Section Headings in SR2025	Page Number
B63A	When disaggregating information disclosed in accordance with paragraph B63(a)–(b) by:		
B63A(a)	industry—an entity shall:		
B63A(a)(ii)	disclose:		
B63A(a)(ii)(1)	the industry-classification system it used to classify investees or counterparties; and	• Not applicable to MBSB's business activities	
B63A(a)(ii)(2)	information that enables users of general purpose financial reports to understand how the entity's selection of that system fulfils the requirements in paragraph B63A(a)(i).		
B63A(b)	asset class—the disclosure shall include loans, bonds, equity investments and undrawn loan commitments. If the entity calculates and discloses financed emissions for other asset classes, it shall include an explanation of why the inclusion of those additional asset classes provides relevant information to users of general purpose financial reports.		

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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

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