

# BANKING ON TECHNOLOGY



MALAYSIA BUILDING SOCIETY BERHAD  
Registration No. 197001000172 (9417-K)  
A Subsidiary of the EPF

ANNUAL REPORT 2019



RM897.43 million Profit Before Tax

19.240% CET1 Capital Ratio

RM50.71 billion in Assets

# Cover Rationale



The abstract performance bar chart represents the dynamism of MBSB through its accomplishments in 2019. As digitisation becomes a key enabler in the banking industry, MBSB believes in staying relevant by enhancing its digital capabilities. With that, Banking on Technology has been established as its ethos.

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# Our Profile

## MALAYSIA BUILDING SOCIETY BERHAD HISTORY IN BRIEF

The origin of Malaysia Building Society Berhad (MBSB) can be traced back to the Federal and Colonial Building Society Limited incorporated in 1950. In 1956, it changed its name to Malaya Borneo Building Society Limited (MBBS), with the Malaysian government as its major shareholder. MBBS was then listed on the Stock Exchange of Malaya and Singapore in August 1963.

The company became an incorporation in Malaysia under the Companies Act 1965 on 17 March 1970, before it was listed on the Kuala Lumpur Stock Exchange, now Bursa Malaysia on 14 March 1972. The Employees Provident Fund (EPF) is currently the holding entity of MBSB.

## MALAYSIA BUILDING SOCIETY BERHAD CORPORATE HIGHLIGHTS

MBSB has been granted with an exemption under Section 7(4) of the Borrowing Companies Act 1969 (BCA).

As a result of the change from BCA to Finance Companies Act (FCA), all references to borrowing business and borrowing company were to be construed respectively as finance business and finance company.

The FCA was later repealed by Banking and Financial Institutions Act 1989 (BAFIA).

The BAFIA has been repealed and replaced with FSA 2013.

On 6 November 2017, MBSB entered into the Share Purchase Agreement with the shareholders of Asian Finance Bank Berhad ("AFB/Vendors") for the proposed acquisition by MBSB of the entire equity interest in AFB for an aggregate purchase of RM644,952,807.66 to be satisfied by way of cash amounting to RM396,894,036.26 and the issuance of 225,507,974 Consideration Shares at an issue price of RM1.10 per Consideration Share ("the Acquisition").

The Acquisition was approved by the shareholders of MBSB on 23 January 2018. The shareholders also approved the transfer of Shariah Compliant Assets and Liabilities of MBSB to AFB via a Members' Scheme of Arrangement.

Pursuant to the abovesaid approval and upon completion of the transfer of shares and the payment of the balance of the purchase consideration to the Vendors, AFB became a wholly owned subsidiary of MBSB on 7 February 2018. AFB undertook a rebranding exercise on 2 April 2018 and changed its name to MBSB Bank Berhad ("MBSB Bank").

# Corporate Information

## BOARD OF DIRECTORS

**Tan Sri Abdul Halim bin Ali**  
*Chairman/Non-Independent  
Non-Executive Director*

**Encik Lim Tian Huat**  
*Senior Independent Non-Executive  
Director*

**Ir. Moslim bin Othman**  
*Independent Non-Executive  
Director*

**Puan Lynette Yeow Su-Yin**  
*Independent Non-Executive  
Director*

**Puan Zaidatul Mazwin binti  
Idrus**  
*Non-Independent Executive  
Director*

**Encik Mohamad Abdul Halim  
bin Ahmad**  
*Independent Non-Executive  
Director*

## GROUP PRESIDENT AND CHIEF EXECUTIVE OFFICER

**Datuk Seri Ahmad Zaini bin  
Othman**

## COMPANY SECRETARIES

Koh Ai Hoon (MAICSA 7006997)  
*Practicing Certificate No.:*  
201908003748

Tong Lee Mee (MAICSA 7053445)  
*Practicing Certificate No.:*  
201908001316

## REGISTRAR

Tricor Investor & Issuing House  
Services Sdn Bhd  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite,  
Avenue 3, Bangsar South,  
No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur  
Tel : 03- 2783 9299  
Fax : 03- 2783 9222

## AUDITORS

KPMG PLT (AF 0758)  
*(Chartered Accountants)*

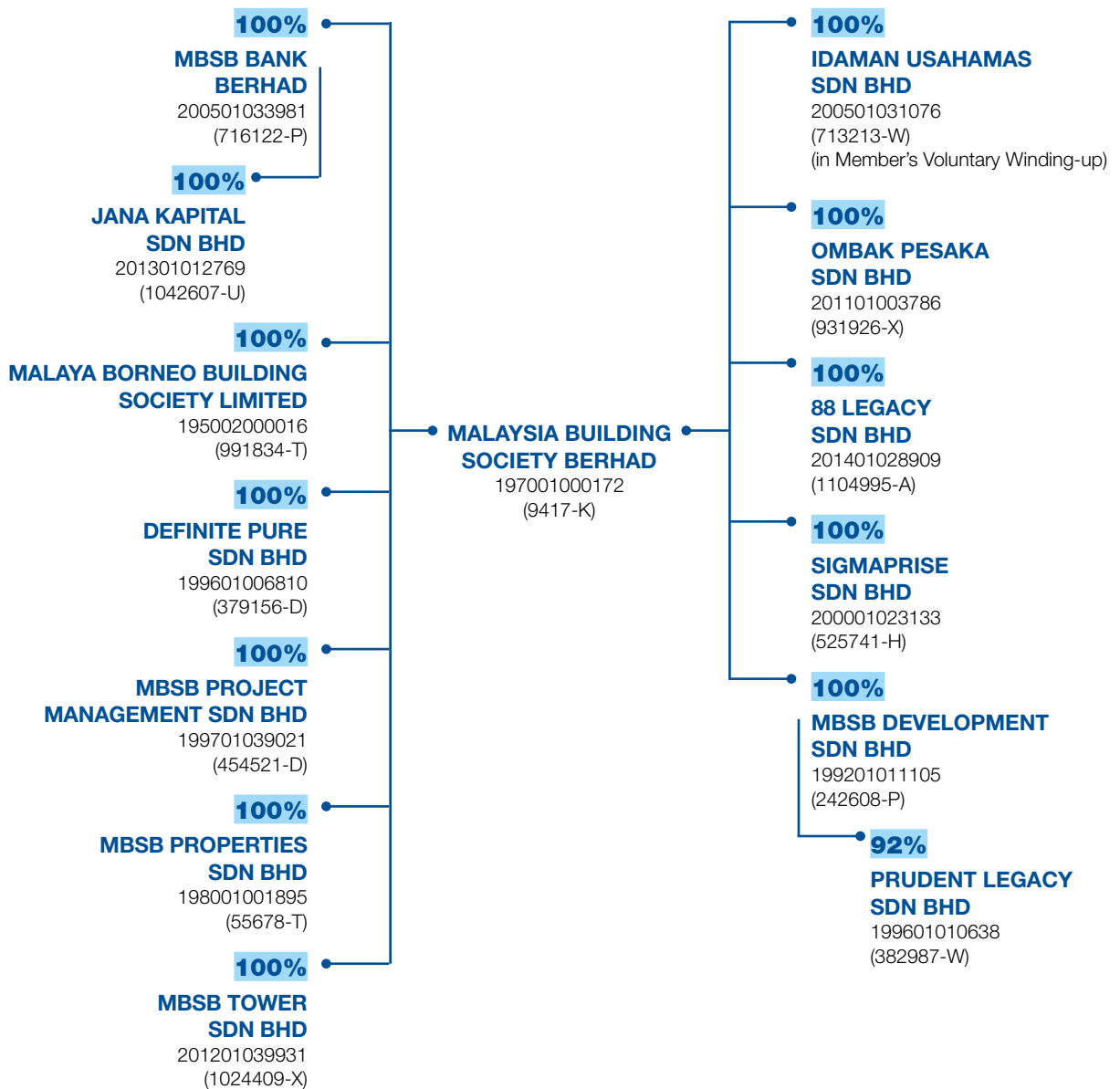
## REGISTERED OFFICE

11th Floor, Wisma MBSB  
48 Jalan Dungun,  
Damansara Heights  
50490 Kuala Lumpur  
Tel : 03-2096 3000  
Fax : 03-2096 3144  
Website : [www.mbsb.com.my](http://www.mbsb.com.my)

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad  
*(Listed since 14 March 1972)*

# Corporate Structure



# Awards and Accolades

**The Best Structured Finance Sukuk Asia Pacific**

THE ASSET ASIAN AWARDS 2019



**2nd Place Best Independent Assessment**

MALAYSIAN E-PAYMENTS EXCELLENCE AWARDS 2018



PINTAR 10<sup>th</sup> Anniversary



Enabling Intelligence. Powering Education. Advancing Opportunity.

*Appreciation Award*

MBSB Bank Berhad

Ordinary Member  
Since 2007  
Adopted : 23 Schools

**Appreciation Award**

PINTAR FOUNDATION  
10TH ANNIVERSARY



# Calendar of Events



24

**February 2019**  
**ROYAL CHULAN DAMANSARA, KUALA LUMPUR**  
**HUB AND SPOKE CONGRESS 2019**

An event to reward operating excellence at branches, graced by Chief Operations Officer, Hj Asrul Hazli Salleh and Chief Corporate Officer, Puan Azlina Mohd Rashad.



25

**February 2019**  
**HULU LANGAT, SELANGOR**  
**SEJAHTERA PROGRAMME HANDOVER CEREMONY**

Chief Corporate Officer, Puan Azlina Mohd Rashad handed the mock house key to Sejahtera Programme beneficiary Encik Farul Rafizi at the key handover ceremony.



28

**February 2019**  
**ST REGIS HOTEL, KUALA LUMPUR**  
**ANALYST BRIEFING**

President and Chief Executive Officer, Datuk Seri Ahmad Zaini Othman and Chief Financial Officer, Encik Tang Yow Sai presented analysts with MBSB's FYE 2018 financial results.



16

**March 2019**  
**TAMAN TUGU NURSERY**  
**TRAIL CONSERVATION**  
**PROGRAMME**

The bank's employees volunteered to plant trees and cleaned the trail which is now a conservation area in Kuala Lumpur.



22

**March 2019**  
**ST REGIS HOTEL, KUALA LUMPUR**  
**IFN AWARD**

MBSB Bank was the recipient of the 'Deals of The Year' award at the IFN Awards 2019. Chief Business Officer, Datuk Nor Azam M Taib represented the bank to receive the award.





27

**March 2019**  
**ISPACE, PLAZA VADS KUALA LUMPUR**  
**GROW THE GOOSE FINANCIAL LITERACY PROGRAMME**

The children of MBSB Bank's employees participated in the financial literacy programme which taught them the value of money and how to manage their finances.



02

**April 2019**  
**WISMA MBSB, KUALA LUMPUR**  
**MBSB BANK 1ST ANNIVERSARY**

To celebrate the bank's 1<sup>st</sup> anniversary, exclusive merchandises were given to all employees.



24

**April 2019**  
**HILTON HOTEL, KUALA LUMPUR**  
**PRIMEWIN CASA-I LAUNCH**

MBSB Bank launched its PrimeWin campaign together with the introduction of the MBSB Bank's VISA debit card-i.



30

**April 2019**  
**RAWANG, SELANGOR**  
**RAMADHAN CHEER**

MBSB Bank contributed electrical appliances and groceries to Rumah Anak Kesayangan and Pusat Jagaan Kasih Ilahi.



04

**May 2019**  
**SK SENIBAI, NEGERI SEMBILAN**  
**SEMINAR BH DIDIK 2019**

A seminar to prepare year 6 students for the UPSR examination was conducted in collaboration with BH Didik.

08

Calendar  
of Events



11

May 2019

**ALOFT SENTRAL, KUALA LUMPUR  
IFTAR WITH ORPHANS**

200 orphans were treated Iftar and were also given school bags and other gifts.



15

May 2019

**ST REGIS HOTEL, KUALA LUMPUR  
ANALYST BRIEFING**

Sharing the 2Q19 financial results with analysts, President and Chief Executive Officer, Datuk Seri Ahmad Zaini and Chief Financial Officer, Encik Tang Yow Sai also answered financial related questions on that day.



24

May 2019

**PUSAT GELANDANGAN MEDAN  
TUNKU, KUALA LUMPUR  
SOUP KITCHEN**

In our effort to alleviate the plight of the destitute, MBSB Bank conducted its soup kitchen in collaboration with Pertubuhan Tindakan Wanita Islam (PERTIWI). It was joined by the management committee, board of directors, alongside staff who volunteered to distribute food and clothes to the destitute at the transit centre.



11

June 2019

**CONNEXION@NEXUS BANGSAR SOUTH,  
KUALA LUMPUR  
49TH ANNUAL GENERAL MEETING**

The company's shareholders were present at the AGM where management committee and board of directors tabled the audited reports on the company's performance.



19

June 2019

**DORSETT GRAND SUBANG, SELANGOR  
RAYA OPEN HOUSE**

Corporate clients and media representatives were invited to the bank's Hari Raya Open House.



04

July 2019

**FOUR SEASONS HOTEL, KUALA LUMPUR TRIPLE A AWARDS**

MBSB Bank received the Best Structured Sukuk Award at the Asset Asian Award and Chief Financial Officer, Encik Tang Yow Sai accepted the award on the bank's behalf.



26

July 2019

**PUSAT GELANDANGAN MEDAN TUNKU, KUALA LUMPUR SOUP KITCHEN**

MBSB Bank's volunteers, comprising of employees served food and basic necessities to the destitute at the transit centre.



27

July 2019

**SK JLN SUNGAI BESI, KUALA LUMPUR SEMINAR BH DIDIK 2019**

Interesting approaches were introduced to students on how to answer UPSR's English language exam questions.



05

August 2019

**SIME DARBY CONVENTION CENTRE, SELANGOR THE JOURNEY 2.0 LAUNCH**

With the success of The Journey campaign, MBSB Bank launched The Journey 2.0 to reward the bank's loyal customers.



17

August 2019

**KIDZANIA KUALA LUMPUR KIDZANIA EXPERIENCE**

Children of MBSB Bank employees were given the chance to explore the educational theme park and understand the roles of different jobs in various industries.



07

September 2019

**NIBONG TEBAL, PENANG TREE PLANTING**

A conservation project was done with the planting of trees in the mangrove area to help improve biodiversity.

10

Calendar  
of Events



07

September 2019  
**KG. KUANTAN FIREFLIES PARK,  
KUALA SELANGOR  
RIVER CLEAN UP**

MBSB Bank staff volunteered to clean Sg Selangor by clearing up rubbish in the river using boats as Sg Selangor is the main source of water in Selangor.



07

September 2019  
**KUALA SG. KERTEH, TERENGGANU  
BEACH CLEANING**

The first beach cleaning in the East Coast was done with the help of MBSB Bank employees as volunteers.



22

September 2019  
**WANGSA BOWL@ONE UTAMA,  
PETALING JAYA  
MBSB BANK - MEDIA BOWLING  
TOURNAMENT**

In strengthening our relationship with the media, a friendly bowling tournament was being held with several media agencies, in collaboration with National News Agency (BERNAMA).



05

October 2019  
**KOMPLEKS SUKAN AIR, PUTRAJAYA  
OXYGENATION BOAT RACE**

For the first time ever, MBSB Bank participated in the boat race and its team, 'Waverunners' won second runner up for Bank Category.



10

October 2019  
**SK TAMBAK JAWA, SELANGOR  
FINANCIAL LITERACY PROGRAMME**

Using simple yet effective methods, the students were taught the importance of financial management.



02

**November 2019  
PANTI BIRD SANCTUARY, JOHOR  
TREE PLANTING**

In an effort to save the environment, a tree planting activity was done in collaboration with Johor State Forestry Department.



02

**November 2019  
TANJUNG ARU, KOTA KINABALU  
BEACH CLEAN UP**

MBSB Bank staff from Kota Kinabalu volunteered for the beach cleaning activity.



22

**November 2019  
TRAINING ROOM, WISMA MBSB  
MBSB BANK BLOOD DONATION**

In collaboration with National Blood Bank, MBSB Bank employees donated the gift of life.



05

**December 2019  
SOFITEL HOTEL, KUALA LUMPUR  
IN SERVICE TRAINING (INSPRO)**

Newcomers were introduced to MBSB Bank's values and culture shared management committee.

# Profile of Board of Directors: Malaysia Building Society Berhad

## TAN SRI ABDUL HALIM BIN ALI

**Chairman, Non-Independent  
Non-Executive Director**

**Nationality/Age/Gender:**

Malaysian/76/Male

**Date of Appointment:**

22 June 2001



**Academic/Professional Qualification(s):**

- Bachelor of Arts (Hons) in History, University of Malaya

**WORKING EXPERIENCE AND OCCUPATION**

**Present Directorship(s)**

**Other listed entities:**

- Chairman, Sedania Innovator Berhad

**Other Public Companies:**

- Chairman, MBSB Bank Berhad

**Present Appointment(s):**

- Chairman, Universiti Teknologi Malaysia

**Past Directorship(s) and/or Appointment(s)**

- Chairman of IJM Corporation Berhad (2007–2019)
- Chairman of the Employees Provident Fund (2001–2007)
- Chief Secretary of the Government (1996–2001)
- Secretary General of the Ministry of Foreign Affairs (1996)
- Deputy Secretary General I (Political Affairs) (1991–1996)
- Malaysian Ambassador to Austria (1988–1991)
- Deputy Secretary General III (Administration) of the Ministry of Foreign Affairs (1985–1988)
- Malaysian Ambassador to Vietnam (1982–1985)
- Malaysia Deputy Permanent Representative to the United Nations (1978–1982)

**Current Membership of Board Committee(s) in MBSB:**

Nil

**Attendance in 2019:**

- All 22 Board Meetings held in the financial year.

**Declaration:**

- No family relationship with any director and major shareholders of MBSB.
- Nominee of Employees Provident Fund Board (EPF).
- No conflict of interest with MBSB.
- He has not been convicted for any offences within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2019.

## ENCIK LIM TIAN HUAT

**Senior Independent  
Non-Executive Director**

**Nationality/Age/Gender:**

Malaysian/65/Male

**Date of Appointment:**

4 April 2011



**Academic/Professional Qualification(s):**

- Fellow, Association of Chartered Certified Accountants
- Council Member, Insolvency Practitioners Association of Malaysia
- Member, Malaysian Institute of Accountants (MIA)
- Member, Malaysia Institute of Certified Public Accountant (MICPA)
- Degree in BA (Honours) in Economics

**WORKING EXPERIENCE AND OCCUPATION**

**Present Directorship(s):**

**Other listed entities:**

- UEM Sunrise Berhad (listed in Bursa Malaysia)
- Anglo-Eastern Plantation PLC (listed in London Stock Exchange)

**Other Public Companies:**

- PLUS Malaysia Berhad
- Pacific & Orient Insurance Co. Berhad

**Present Appointment(s):**

- Managing Director of Andersen Corporate Restructuring Sdn Bhd
- Managing Partner of Rodgers Reidy & Co

**Past Directorship(s) and/or Appointment(s):**

- Member, Corporate Law Reform Committee (CLRC) under the purview of the Companies Commission of Malaysia.
- Director, Bank of Yingkou, China (2011–2017)
- Director, Perbadanan Insurans Deposit Malaysia (2010–2016)
- Founding President, Insolvency Practitioners Association of Malaysia (IPAM) (2010–2013)
- Partner, Ernst & Young (2002–2009)
- Partner, Arthur Andersen & Co. (1990–2002)
- Commissioner, United Nations Compensations Commission (1998–2002)

**Current Membership of Board Committee(s) in MBSB:**

- Chairman, Risk Management Committee
- Chairman, Audit Committee
- Member, Nominating & Remuneration Committee
- Member, Option Committee

**Attendance in 2019:**

- All 22 Board Meetings held in the financial year.

**Declaration:**

- No family relationship with any director and major shareholders of MBSB.
- No conflict of interest with MBSB.
- He has not been convicted for any offences within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2019.

## Profile of Board of Directors: Malaysia Building Society Berhad

### Ir. MOSLIM BIN OTHMAN

**Independent Non-Executive  
Director**

**Nationality/Age/Gender:**

Malaysian/65/Male

**Date of Appointment:**

21 September 2015



**Academic/Professional Qualification(s):**

- Bachelor of Engineering (Civil), University of Melbourne
- Master of Science (Building Services), Brunel University, London
- Professional Engineer with Practicing Certificate, Board of Engineers Malaysia
- Member, Institution of Engineers Malaysia

**WORKING EXPERIENCE AND OCCUPATION**

**Present Directorship(s):**

**Other listed entities:**

Nil

**Other Public Companies:**

Nil

**Present Appointment(s):**

- Sole proprietor of Sejagat Consultant
- Executive Director, Haluan Fokus Sdn Bhd

**Past Directorship(s) and/or Appointment(s):**

- Chief Operating Officer, Infra Desa Johor Sdn Bhd, an associate company of Bumi Hiway (1999–2000)
- Chief Operating Officer, Bumi Hiway Group of Companies (now known as Selia Group) (1996–1999)
- Civil engineer with Public Works Department (PWD) (1978–1995)

**Current Membership of Board Committee(s) in MBSB:**

- Chairman, Nominating & Remuneration Committee
- Member, Risk Management Committee
- Member, Option Committee

**Attendance in 2019:**

- All 22 Board Meetings held in the financial year.

**Declaration:**

- No family relationship with any director and major shareholders of MBSB.
- No conflict of interest with MBSB.
- He has not been convicted for any offences within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2019.



## PUAN LYNETTE YEOW SU-YIN

**Independent Non-Executive  
Director**

**Nationality/Age/Gender:**

Malaysian/50/Female

**Date of Appointment:**

22 March 2017



**Academic/Professional Qualification(s):**

- Member, Malaysian Bar
- Master of Arts, University of Cambridge
- Bachelor of Arts (Hons), University of Cambridge

**WORKING EXPERIENCE AND OCCUPATION**

**Present Directorship(s):**

**Other listed entities:**

Nil

**Other Public Companies:**

- MBSB Bank Berhad

**Present Appointment(s):**

- Director, Themed Attractions Resorts and Hotels Sdn Bhd
- Consultant, Sanjay Mohan, Advocates & Solicitors

**Past Directorship(s) and/or Appointment(s):**

- Panel of Mediators, Securities Industry Dispute Resolution Center (SIDREC) (2015–2019)
- Partner, Chua Associates, Advocates & Solicitors (2015–2018)
- Partner, Kadir Andri & Partners (2011–2015)
- Partner, Zaid Ibrahim & Co (2002–2011)
- Partner, Raslan Loong (2000–2002)

**Current Membership of Board Committee(s) in MBSB:**

- Chairman, Option Committee
- Member, Nominating & Remuneration Committee
- Member, Audit Committee

**Attendance in 2019:**

- All 22 Board Meetings held in the financial year.

**Declaration:**

- No family relationship with any director and major shareholders of MBSB.
- No conflict of interest with MBSB.
- She has not been convicted for any offences within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2019.

## Profile of Board of Directors: Malaysia Building Society Berhad

### PUAN ZAI DATUL MAZWIN BINTI IDRUS

**Non-Independent Executive  
Director\***

**Nationality/Age/Gender:**

Malaysian/50/Female

**Date of Appointment:**

14 October 2019



**Academic/Professional Qualification(s):**

- Bachelor of Law (LLB), International Islamic University Malaysia

**WORKING EXPERIENCE AND OCCUPATION**

**Present Directorship(s):**

**Other listed entities:**

Nil

**Other Public Companies:**

Nil

**Present Appointment(s):**

- Head of Legal Department, Employees Provident Fund
- Director, Kwasa Properties Sdn Bhd

**Past Directorship(s) and/or Appointment(s):**

Nil

**Current Membership of Board Committee(s) in MBSB:**

Nil

**Attendance in 2019:**

- 3 out of 4 Board Meetings after the appointment date.

**Declaration:**

- No family relationship with any director and major shareholders of MBSB.
- Nominee of Employee Provident Fund Board ("EPF").
- No conflict of interest with MBSB.
- She has not been convicted for any offences within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2019.

\*Puan Zaidatul Mazwin binti Idrus does not hold any executive position in MBSB and does not have any management responsibilities in MBSB. Her designation as Non-Independent Executive Director ("NIED") of MBSB is pursuant to the definition of "executive director" in Bank Negara Malaysia's Guidelines on Corporate Governance which define "executive director" as a director of a financial institution who has management responsibilities in the financial institution or any of its affiliates. EPF is an affiliate of MBSB and Puan Zaidatul Mazwin binti Idrus has management responsibilities in EPF.

# ENCIK MOHAMAD ABDUL HALIM BIN AHMAD

**Independent Non-Executive  
Director**

**Nationality/Age/Gender:**

Malaysian/60/Male

**Date of Appointment:**

2 March 2020



**Academic/Professional Qualification(s):**

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

**WORKING EXPERIENCE AND OCCUPATION**

**Present Directorship(s):**

**Other listed entities:**

Nii

**Other Public Companies:**

Nii

**Present Appointment(s):**

Nii

**Past Directorship(s) and/or Appointment(s):**

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

**Current Membership of Board Committee(s) in MBSB:**

- Member, Risk Management Committee
- Member, Audit Committee

**Attendance in 2019:**

N/A

**Declaration:**

- No family relationship with any director and major shareholders of MBSB.
- No conflict of interest with MBSB.
- He has not been convicted for any offences within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies as at the date of his appointment.

# Profile of Board of Directors: MBSB Bank Berhad

## TAN SRI ABDUL HALIM BIN ALI

**Chairman, Non-Independent  
Non-Executive Director**

**Nationality/Age/Gender:**

Malaysian/76/Male

**Date of Appointment:**

7 February 2018



**Academic/Professional Qualification(s):**

- Bachelor of Arts (Hons) in History, University of Malaya

**WORKING EXPERIENCE AND OCCUPATION**

**Present Directorship(s) and/or Appointment(s):**

- Chairman, Malaysia Building Society Berhad
- Chairman, Sedania Innovator Berhad
- Chairman, Universiti Teknologi Malaysia

**Past Directorship(s) and/or Appointment(s):**

- Chairman of IJM Corporation Berhad (2007–2019)
- Chairman of the Employees Provident Fund (2001–2007)
- Chief Secretary of the Government (1996–2001)
- Secretary General of the Ministry of Foreign Affairs (1996)
- Deputy Secretary General I (Political Affairs) (1991–1996)
- Malaysian Ambassador to Austria (1988–1991)
- Deputy Secretary General III (Administration) of the Ministry of Foreign Affairs (1985–1988)
- Malaysian Ambassador to Vietnam (1982–1985)
- Malaysia Deputy Permanent Representative to the United Nations (1978–1982)

**Current Membership of Board Committee(s) in MBSB Bank Berhad:**

Nil

## ENCIK SAZALIZA BIN ZAINUDDIN

**Non-Independent Executive  
Director\***

**Nationality/Age/Gender:**

Malaysian/47/Male

**Date of Appointment:**

7 February 2018



**Academic/Professional Qualification(s):**

- ACCA (UK)
- BA Hons in Accounting & Finance, Southbank University, United Kingdom
- Diploma in Accountancy, UITM

**WORKING EXPERIENCE AND OCCUPATION**

**Present Directorship(s) and/or Appointment(s):**

- Chief Financial Officer of the Employees Provident Fund

**Past Directorship(s) and/or Appointment(s):**

- Director, Malaysia Building Society Berhad (2017–2018)
- Director, HSBC Amanah Takaful (Malaysia) Berhad (2013–2017)
- Senior Manager (Assurance), Pricewaterhouse Coopers (1997–2006)

**Current Membership of Board Committee(s) in MBSB Bank Berhad:**

- Member, Board Investment & Credit Committee

\* Encik Sazaliza bin Zainuddin does not hold any executive position in MBSB Bank and does not have any management responsibilities in MBSB Bank. His designation as Non-Independent Executive Director (“NIED”) of MBSB Bank is pursuant to the definition of “executive director” in Bank Negara Malaysia’s Guidelines on Corporate Governance which define “executive director” as a director of a financial institution who has management responsibilities in the financial institution or any of its affiliates. EPF is an affiliate of MBSB Bank and Encik Sazaliza bin Zainuddin has management responsibilities in EPF.

## Profile of Board of Directors: MBSB Bank Berhad

### ENCIK AW HONG BOO

**Senior Independent  
Non-Executive Director**

**Nationality/Age/Gender:**

Malaysian/70/Male

**Date of Appointment:**

7 February 2018



**Academic/Professional Qualification(s):**

- Member, Malaysian Institute of Accountants (MIA)
- Member, Malaysian Institute of Certified Public Accountant (MICPA)
- Fellow, Institute of Chartered Accountants in England & Wales (ICAEW)

**WORKING EXPERIENCE AND OCCUPATION**

**Past Directorship(s) and/or Appointment(s):**

- Director, Malaysia Building Society Berhad (2005–2018)
- Director, Quill Capita Management Sdn Bhd (2006–2015)
- Corporate Advisor, Quill Group of Companies (2004–2010)
- Director, KP Keningau Berhad (2000–2006)
- Director, RHB Finance Berhad (1995–1999),
- Director, RHB Leasing Sdn Bhd (1990–1999)
- Director, RHB Nominees Sdn Bhd (1983–1999)
- Senior General Manager, Branch Network/Risk Management, RHB Bank Berhad (1978–1999)
- Audit Senior/Manager, Ernst & Whinney (1974–1977)

**Current Membership of Board Committee(s) in MBSB Bank Berhad:**

- Chairman, Board Audit Committee
- Member, Board Nominating & Remuneration Committee

## DATUK JOHAR BIN CHE MAT

**Independent Non-Executive  
Director**

**Nationality/Age/Gender:**  
Malaysian/67/Male

**Date of Appointment:**  
19 December 2017



**Academic/Professional Qualification(s):**

- Bachelor of Economics, University of Malaya

**WORKING EXPERIENCE AND OCCUPATION**

**Present Directorship(s) and/or Appointment(s):**

- Chairman, Malaysian Re (Dubai) Ltd
- Chairman, MNRB Holdings Berhad
- Chairman, Takaful Ikhlas Family Berhad
- Chairman, Takaful Ikhlas General Berhad
- Director, Motordata Research Consortium Sdn Bhd
- Director, Rural Capital Berhad
- Director, Dagang NeXchange Berhad

**Past Directorship(s) and/or Appointment(s):**

- Director, Malaysia Building Society Berhad (2017–2018)
- Director, Bank Pertanian Malaysia Berhad (Agro Bank) (2010–2016)
- Director, Amanah Raya Group (2010–2016)
- Director, Aseambankers (2000–2002)
- Director, Etiqa Insurance (2004–2010)
- Director, Maybank Trustee Berhad (2007–2010)
- Director, Maybank Islamic Berhad (2006–2010)
- Various Senior positions in Maybank Group (1976–2010)

**Current Membership of Board Committee(s) in MBSB Bank Berhad:**

- Chairman, Board Investment & Credit Committee
- Chairman, Board Nominating & Remuneration Committee

## Profile of Board of Directors: MBSB Bank Berhad

### DATUK AZRULNIZAM BIN ABDUL AZIZ

**Independent Non-Executive  
Director**

**Nationality/Age/Gender:**

Malaysian/50/Male

**Date of Appointment:**

1 March 2017



#### **Academic/Professional Qualification(s):**

- Chartered Professional in Islamic Finance
- Executive Education-Driving Digital Strategy, Harvard Business School, USA
- Leadership Programme, Oxford University, UK
- MBA, International Business, University of Hartford, Connecticut, USA
- BBA Marketing, Wichita State University, USA
- Diploma in Business Studies, UiTM Malaysia

#### **WORKING EXPERIENCE AND OCCUPATION**

##### **Present Directorship(s) and/or Appointment(s):**

- Chairman, Pelaburan MARA Berhad
- Director, Goldina International Sdn Bhd
- Independent Director, AmMetlife Takaful Berhad
- Executive Director, CR FinaCapital Sdn Bhd
- Director, Petrowangsa Sdn Bhd

##### **Past Directorship(s) and/or Appointment(s):**

- Director, Dagong PMB Holdings Berhad (2018–2019)
- Group Strategic Financial Advisor, Syarikat Perumahan Negara Berhad (SPNB) (2018–2019)
- Director, Bintai KA Development Sdn Bhd (2017–2019)
- Executive Director, OCR Group Berhad (2016–2018)
- Chief Executive Officer, Al Rajhi Banking & Investment Corporation Malaysia Berhad (2012–2014)
- Chief Executive Officer, Standard Chartered Sa'adiq Berhad (2008–2011)
- Director & Head of Islamic Banking Division, Standard Chartered Bank Malaysia Berhad (2005–2008)
- Vice President, Citibank Malaysia Berhad (1996–2005)

##### **Current Membership of Board Committee(s) in MBSB Bank Berhad:**

- Member, Board Investment and Credit Committee
- Member, Board Information Technology Oversight Committee



## PUAN LYNETTE YEOW SU-YIN

**Independent Non-Executive  
Director**

**Nationality/Age/Gender:**

Malaysian/50/Female

**Date of Appointment:**

7 February 2018



**Academic/Professional Qualification(s):**

- Member, Malaysian Bar
- Master of Arts, University of Cambridge
- Bachelor of Arts (Hons), University of Cambridge

**WORKING EXPERIENCE AND OCCUPATION**

**Present Directorship(s) and/or Appointment(s):**

- Director, Malaysia Building Society Berhad
- Director, Themed Attractions Resorts and Hotels Sdn Bhd
- Consultant, Sanjay Mohan, Advocates & Solicitors

**Past Directorship(s) and/or Appointment(s):**

- Panel of Mediators, Securities Industry Dispute Resolution Center (SIDREC) (2015–2019)
- Partner, Chua Associates, Advocates & Solicitors (2015–2018)
- Partner, Kadir Andri & Partners (2011–2015)
- Partner, Zaid Ibrahim & Co (2002–2015)
- Partner, Raslan Loong (2000–2002)

**Current Membership of Board Committee(s) in MBSB Bank Berhad:**

- Member, Board Investment and Credit Committee
- Member, Board Nominating & Remuneration Committee

## Profile of Board of Directors: MBSB Bank Berhad

### TUNKU ALINA BINTI RAJA MUHD ALIAS

**Non-Independent  
Non-Executive Director**

**Nationality/Age/Gender:**

Malaysian/56/Female

**Date of Appointment:**

7 February 2018



#### **Academic/Professional Qualification(s):**

- Doctorate in Islamic Finance, International Centre for Education in Islamic Finance, Malaysia
- Green Templeton College - Advanced Management Programme, Oxford University
- Masters in Law (Corporate and Commercial Law), King's College, London
- Bachelor of Laws, University Malaya

#### **WORKING EXPERIENCE AND OCCUPATION**

##### **Present Directorship(s) and/or Appointment(s):**

- Director, Malaysian Pacific Industries Berhad
- Director, IJM Corporation Berhad
- Director, Batu Kawan Berhad
- Director, Joyous Waves Sdn Bhd
- Director, Preci Horizon Sdn Bhd
- Director, JA Russell & Co Sdn Bhd
- Trustee, Raja Alias Foundation

##### **Past Directorship(s) and/or Appointment(s):**

- Director, Malaysia Building Society Berhad (2017–2018)
- Partner, Wong Lu Peen & Tunku Alina, Advocates & Solicitors (1992–2011)

##### **Current Membership of Board Committee(s) in MBSB Bank Berhad:**

- Member, Board Risk Management & Compliance Committee
- Member, Board Audit Committee

## DR. LOH LEONG HUA

**Independent Non-Executive  
Director**

**Nationality/Age/Gender:**

Malaysian/62/Male

**Date of Appointment:**

1 June 2018



**Academic/Professional Qualification(s):**

- PhD in Management Studies, Universiti Kebangsaan Malaysia (UKM)
- Advanced Management Program (AMP) Graduate, The Wharton School of University of Pennsylvania, USA
- International Banking Summer School (IBSS) Programme, Sorrento, Italy

**WORKING EXPERIENCE AND OCCUPATION**

**Present Directorship(s) and/or Appointment(s):**

- Director, Pacific & Orient Insurance Co. Berhad
- Member, Rating Committee, Malaysian Rating Corporation Berhad

**Past Directorship(s) and/or Appointment(s):**

- Director, Transnational Insurance Brokers (M) Sdn Bhd (2012–2019)
- Director, Asian Finance Bank Berhad (2017–2018)
- Director, WTK Holdings Berhad (2014–2018)
- Member, Board Risk Committee, Sarawak Economic Development Corporation [SEDC] (2013–2017)
- Director, YKGI Holdings Berhad (2015–2017)
- Director, YFG Berhad (2012–2015)
- Senior Director, Kenanga Investment Bank Berhad (2006–2011)
- Senior Vice President, Affin Merchant Bank Berhad (2006)
- Head, Commercial Banking, Eon Bank Berhad, HO, KL (2002–2005)
- Head, Sarawak & Sabah Region, Eon Bank Berhad (1996–2002)

**Current Membership of Board Committee(s) in MBSB Bank Berhad:**

- Chairman, Board Risk Management & Compliance Committee
- Member, Board Audit Committee
- Member, Board Information Technology Oversight Committee

## Profile of Board of Directors: MBSB Bank Berhad

### ENCIK KAMARULZAMAN BIN AHMAD

**Independent  
Non-Executive Director**

**Nationality/Age/Gender:**

Malaysian/45/Male

**Date of Appointment:**

1 October 2019



**Academic/Professional Qualification(s):**

- British A-Levels, New College Cardiff, United Kingdom
- BEng (Hons) Electrical and Electronics Engineering, Imperial College of Science & Technology, London, United Kingdom

**WORKING EXPERIENCE AND OCCUPATION**

**Present Directorship(s) and/or Appointment(s):**

- Managing Director, LCTAsia Sdn Bhd

**Past Directorship(s) and/or Appointment(s):**

- Managing Director of a Military Cybersecurity Company (2014–2017)
- Managing Director, Endeavor Malaysia (2013–2014)
- CEO, CaterhamJet Malaysia (2013)
- Director, Asian Aviation Centre of Excellence (2011–2013)
- Regional Head of Customer Experience, AirAsia (2011–2013)
- Regional Head of Strategy and Planning, AirAsia (2010–2011)
- Various senior positions in PETRONAS Group (2006–2010)
- Formula 1 Electronics Engineer (2000–2005)

**Current Membership of Board Committee(s) in MBSB Bank Berhad:**

- Chairman, Board Information Technology Oversight Committee
- Member, Board Risk Management & Compliance Committee

## ENCIK ARUL SOTHY S MYLVAGANAM

**Independent  
Non-Executive Director**

**Nationality/Age/Gender:**  
Malaysian/63/Male

**Date of Appointment:**  
5 May 2020



### **Academic/Professional Qualification(s):**

- Fellow, Association of Chartered Certified Accountants, UK
- Fellow, Certified Public Accountants, Australia
- Certified Financial Planner

### **WORKING EXPERIENCE AND OCCUPATION**

#### **Present Directorship(s) and/or Appointment(s):**

- Director, Takaful Ikhlas General Berhad
- Director, Agensi Pekerjaan Hays (Malaysia) Sdn Bhd
- Director, Hays Specialist Recruitment Holding Sdn Bhd
- Principal, Myles Advisory

#### **Past Directorship(s) and/or Appointment(s):**

- Director, MNRB Holdings Berhad (2017–2019)
- Director, Malaysia National Reinsurance Berhad (2016–2019)
- Group Chief Operating Officer, PNB Commercial Sdn Bhd (2009–2011)
- General Manager/CFO, Syarikat Perumahan Pegawai Kerajaan Sdn Bhd (1995–2009)
- Senior Manager, Audit, Ernst & Young Kuala Lumpur (1987–1994)
- Accountant, North American Travel, London, UK (1986–1987)
- Articled Student Accountant, Simmons Cohen Fine & Partners, London, UK (1978–1985)

#### **Current Membership of Board Committee(s) in MBSB Bank Berhad:**

- Member, Board Audit Committee
- Member, Board Risk Management & Compliance Committee

# Profile of Shariah Advisory Committee (SAC)

## TN. HJ. MOHD BAHRODDIN BIN BADRI

**Chairman**



Tn. Hj. Mohd Bahroddin Bin Badri is a Shariah Consultant at ISRA Consulting Sdn. Bhd. cum Researcher at the International Shariah Research Academy and also a for Islamic Finance (ISRA). Prior to joining ISRA in 2012, he has served as an academican at the International Islamic University Malaysia (IIUM) since 2003. He holds a Bachelor's Degree of Islamic Revealed Knowledge and Heritage (*Fiqh and Usul al-Fiqh*) from the IIUM and a Master's Degree of Shariah-Economics from the University of Malaya.

His contributions to Islamic finance industry include involvement in developing few Policy Guidelines (Shariah Standards) issued by Bank Negara Malaysia and Shariah-compliant Schemes issued by the Companies Commission of Malaysia (SSM). He is one of the writers of Islamic finance textbook, "Islamic Financial System: Principles & Operations" (2 Ed) and sukuk textbook "Sukuk: Principles and Practices".

He has produced several research papers and articles on Shariah and Islamic finance and has presented to international conferences, forums and workshops such as in Brunei, Singapore, Jakarta, Oman, Istanbul, Morocco and Toronto, Canada. His co-authored research on "Shariah Issues of Preference Shares: An Analysis Based on *Musharakah* Contract" has won Best Paper Award at the 1st International *Halal* Management Conference held in Sejong University, Seoul Korea.

He is also engaged closely with various stakeholders from financial institutions and non-financial institutions by conducting trainings, advisory and consultancy services locally and globally. Currently, he is pursuing his Doctoral study in Business at the International University Malaya-Wales (IUMW).

## TN. HJ. MOHD NASIRUDDIN BIN MOHD KAMARUDDIN



Tn. Hj. Mohd Nasiruddin Bin Mohd Kamaruddin, a seasoned banker, began his banking career with Chung Khiaw Bank Limited in 1987. He then served Standard Chartered Bank Malaysia Berhad from 1989 until his retirement in January, 2018. During his twenty-eight (28) years' career with the Bank, he held various management positions, the last being the Head of Shariah and Chief Operating Officer of the Bank's Islamic Banking subsidiary. He joined the Islamic Banking Division in 1999 and was responsible for the setting up of the Islamic Banking subsidiary in 2008 and was also responsible for building the infrastructure to prepare the Bank to fully comply with BNM's Shariah Governance Framework and the operational requirements laid down in Islamic Financial Services Act (IFSA) 2013.

He is an expert in Islamic banking products and operational requirements. He holds a B.Sc. Finance and MBA (Finance), both from California State University Fresno, USA. In addition, he also obtained a Certificate in Islamic Law from the International Islamic University Malaysia (IIUM), in 2009. Currently, Tn. Hj. Mohd Nasiruddin is pursuing his doctoral degree in Islamic banking at the same university. He was appointed member of MBSB Bank Shariah Advisory Committee in February, 2018.

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## Profile of Shariah Advisory Committee (SAC)

### SOHIBUS SAMAHAH DR. LUQMAN BIN HJ. ABDULLAH

Dr. Luqman Bin Hj. Abdullah, is currently a senior lecturer of Fiqh and Usul al-Fiqh/Islamic Jurisprudence Department, Academy of Islamic Studies, University of Malaya. He has been appointed as Federal Territories Mufti from 15<sup>th</sup> May 2020 to 14<sup>th</sup> May 2022. He obtained his Doctoral Degree (Ph.D) in Islamic Law of Property, University of Edinburg, Scotland (2005) and Bachelor of Arts (Honours) in Shariah, University of Malaya (1993). His areas of specialization are Islamic Law of Muamalat, Islamic Jurisprudence/Legal Theories and Shariah/Fiqh Textual Studies. Apart from being a Member of the Shariah Advisory Committee of MBSB Bank Berhad, he serves as a Member of the Shariah and Fatwa Committee at financial institutions, including Zurich Takaful Malaysia Berhad, Amanah Raya Berhad, Department of Islamic Development Malaysia (Jabatan Kemajuan Islam Malaysia) and Kelantan Islamic Religious Council. He has been involved in various professional membership and trainings on Islamic finance apart from actively involved in writing books and articles, as well as presenting papers in various conferences at both international and national levels.





## DR. AHMAD FAIZOL BIN ISMAL



Dr. Ahmad Faizol bin Ismail is a Senior Lecturer and Head of Shariah Department, Faculty of Islamic Contemporary Studies at Universiti Sultan Zainal Abidin (UniSZA). Before that, he was the Post-Graduate Coordinator at Faculty of Islamic Contemporary Studies, UniSZA. Dr. Ahmad Faizol obtained his Ph.D. in Law from School of Law, University of Leeds, United Kingdom, and Masters of Shariah from the University of Malaya (UM). He also holds a degree in Shariah from Al-Azhar University and Diploma in Islamic Studies (Shariah) from Kolej Ugama Sultan Zainal Abidin (KUSZA).

He specialises in the Islamic financial system, Shariah governance, and corporate governance. He teaches various subjects such as *fiqh al-mua`malat*, *usul al-fiqh*, *al-qawaid al-fiqhiyyah* and *al-siyasah al-shar`iyyah* which are also his research interests.

He has conducted several types of research in social sciences and humanities, accumulating more than RM1 million research grants in value. He managed multiple international conferences and seminars, as well as other institutional academic activities in his previous institutions.

After finishing his Ph.D. in 2019, he has been active as an editor for several academic journals, especially in Islamic finance.

# Profile of Group President and CEO

## DATUK SERI AHMAD ZAINI BIN OTHMAN

### Group President and Chief Executive Officer

**Nationality/Age/Gender:**

Malaysian/63/Male

**Date of Appointment:**

26 February 2009

**Academic/Professional Qualification(s):**

- Fellow Chartered Member of the Chartered Institute of Islamic Finance Professional (CIIF) (2019)
- Member, CEO Faculty Program, emplaced by Ministry of Higher Education (2016)
- Faculty member (Industry expert), International Centre for Education in Islamic Finance (INCEIF)
- Accreditation Panel Member, Asian Institute of Finance for the year (2011)
- Member, Chartered Institute of Islamic Finance Professionals (CIIF)
- MBA (Finance), University of St. Louis, USA
- BSc in Finance, University of Southern Illinois, USA
- Higher National Diploma (HND) in Accounting, Manchester, England

**WORKING EXPERIENCE AND OCCUPATION****Present Directorship(s):****Other listed entities:**

Nil

**Other Public Companies:**

Nil

**Present Appointment(s):**

- Al-xChange: CEO Faculty Programme, Universiti Utara Malaysia.

**Past Directorship(s) and/or Appointment(s):**

- Adjunct Professor, School of Economics, Finance and Banking, UUM College of Business, Universiti Utara Malaysia (2016–2018)
- CEO of Amlslamic Bank (2004–2008)
- Head/Senior General Manager, Corporate Banking for Ambank (1995–2004)
- Corporate Director/Senior Group General Manager, Banking & Finance, Perwaja Steel (1993–1995)
- Head of Corporate Finance, Intradagang Merchant Bankers (1988–1993)
- Head of Corporate Banking, Syndications and Project Finance, Bumiputra Merchant Bankers (1984–1988)

**Achievement:**

- Asia Pacific Outstanding Entrepreneurship Award 2014 from the Enterprise Asia

**Declaration:**

- No family relationship with any director and major shareholders of MBSB.
- No conflict of interest with MBSB.
- He has not been convicted for any offences within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2019.



# Profile of Management Team

## TANG YOW SAI

Aged 57, Malaysian  
Chief Financial Officer,  
Finance Division



### APPOINTMENT TO CURRENT POSITION

1 October 2010

### COMMITTEE MEMBERSHIPS

- Credit and Rehabilitation Assessment Committee/ Management Investment & Credit Committee (CARAC/MICC)
- Management Committee (MANCO)
- Assets and Liabilities Committee (ALCO)
- Sigmaprise Consultative Committee
- Capital Management Committee (CMC)

### QUALIFICATIONS

- Certified Public Accountant from Malaysian Institute of Certified Public Accountants (MICPA)
- Intermediate Qualification in Islamic Finance, Islamic Banking and Finance Institute Malaysia (IQIF)
- Associate Qualification in Islamic Finance, Islamic Banking and Finance Institute Malaysia (AQIF)
- Chartered Professional in Islamic Finance, Chartered Institute of Islamic Finance Professionals (CPIF)

### SKILLS AND EXPERIENCE

Tang Yow Sai joined MBSB on 20 December 2004. He was appointed as MBSB's Chief Financial Officer (CFO) on 1 October 2010. As CFO, he oversees all financial functions for MBSB, MBSB Bank and MBSB's subsidiaries which includes reviewing and managing financial policies and annual budget, ensuring efficient use of the Bank's financial resources. Before appointment as the CFO, he was the Group Financial Controller, heading the Finance Division and Information Technology Department. He has more than 34 years of working experience, where he has held various positions in auditing, corporate finance, finance, business management, strategic planning and consulting services. He is a member of the Malaysian Institute of Certified Public Accountants (MICPA). Before joining MBSB, Tang Yow Sai was the Financial Controller at Tebrau Teguh Berhad, and prior to that, he was the General Manager, Corporate Finance at Ekran Berhad.

## LIM SEONG SOON

Aged 58, Malaysian  
Chief Risk Officer,  
Risk Management Division



### APPOINTMENT TO CURRENT POSITION

20 May 2013

### COMMITTEE MEMBERSHIPS

- Assets and Liabilities Committee (ALCO)
- Capital Management Committee (CMC)

### PERMANENT INVITEES

- Committee/Management Investment & Credit Committee (CARAC/MICC)
- Management Committee (MANCO)

### QUALIFICATIONS

- Master of Business Administration (Finance), University of Kansas, USA
- Bachelor of Business Administration (Finance), University of Oklahoma, USA
- Associate Qualification in Islamic Finance, Islamic Banking and Finance Institute Malaysia (AQIF)

### SKILLS AND EXPERIENCE

Lim Seong Soon joined MBSB on 20 May 2013 as Chief Risk Officer (CRO). As CRO, he leads the development and drives the execution of a comprehensive risk policy framework and strategy to mitigate risks for MBSB Bank at an organisation-wide level. He has 32 years of extensive experience in the banking industry and was previously attached with major financial institutions in Malaysia. Lim Seong Soon was the General Manager/Head of Risk Management at Bank of China (Malaysia) Berhad before joining MBSB where he held various positions within the bank including Chairman for the Credit & Loans Committee (C&LC), Vice Chairman of the Risk Management and Internal Control Committee (RMICC) and Secretary of the Board Risk Committee.

## Profile of Management Team

### ANIZA BINTI ZAKARIA

Aged 46, Malaysian  
Chief Internal Auditor,  
Internal Audit Division



#### APPOINTMENT TO CURRENT POSITION

1 January 2017

#### COMMITTEE MEMBERSHIPS

Secretary for Audit Committee

#### PERMANENT INVITEE

Risk Management and Compliance  
Committee (RMC)

#### QUALIFICATIONS

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

#### SKILLS AND EXPERIENCE

Aniza began her employment at MBSB on 13 August 2014 as Assistant Vice President, Internal Audit Division, after acquiring over 21 years of industry experience from several banking institutions in Malaysia. On 1 January 2017, she was appointed as Chief Internal Auditor for MBSB. Her major responsibilities are to formulate strategies and execution of an independent, cost effective and efficient audit and examination function for MBSB Bank's operations and provide independent and objective assessments of control and risk levels in the bank entities. Prior to joining MBSB, Aniza was with Kuwait Finance House Malaysia Berhad's Internal Audit Division. Aniza is also an Associate Member of the Institute of Internal Auditors Malaysia (IIAM), Senior Associate Member of Chartered Institute of Islamic Finance Professionals and Associate of Asian Institute of Chartered Bankers. Aniza is a member of Development Committee for Certified Professional Shariah Auditor, by IBFIM and Universiti Sains Islam Malaysia and in 2019, Aniza was listed 127<sup>th</sup> in the WOMANi top 300 Most Influential Women in Islamic Business and Finance. WOMANi is a part of the women empowerment programme by Cambridge IFA, a UK-based financial intelligence house, to highlight enormously important roles that exceptionally talented women are playing in Islamic business and finance.

## TENGGU KHALIZUL BIN TENGGU KHALID

Aged 45, Malaysian  
Chief Compliance Officer,  
Compliance Division



### APPOINTMENT TO CURRENT POSITION

7 February 2018

### PERMANENT INVITEES

- Management Committee (MANCO)
- Assets and Liabilities Committee (ALCO)
- Capital Management Committee (CMC)

### QUALIFICATIONS

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

### SKILLS AND EXPERIENCE

Tengku Khalizul joined MBSB on 5 May 2014. Heading the Compliance Division, he is responsible in coordinating the identification and management of compliance risk in the organisation. In 2018, Tengku Khalizul was appointed as Chief Compliance Officer of MBSB Bank where he leads and manages the Bank's Compliance function and act as the focal point for all compliance related initiatives including compliance risk, Anti Money Laundering and CTF (Counter Terrorism Financing). Tengku Khalizul's statutory responsibilities in the Bank include AML/CFT Compliance Officer, FATCA Officer and PDPA Officer. He has more than 17 years of working experience in auditing with expertise in branch operations, head office operations, retail credit, wealth management bancassurance and asset management.

## Profile of Management Team

### DATUK NOR AZAM BIN M. TAIB

Aged 51, Malaysian  
Chief Business Officer,  
Business Division



#### APPOINTMENT TO CURRENT POSITION

7 February 2018

#### COMMITTEE MEMBERSHIPS

- Management Committee (MANCO)
- Assets and Liabilities Committee (ALCO)
- Project Steering Committee – Business and Operations

#### PERMANENT INVITEE

- Credit and Rehabilitation Assessment Committee/ Management Investment & Credit Committee (CARAC/MICC)

#### QUALIFICATIONS

- Master of Business Administration, Charles Stuart University, Australia
- Bachelor of Science in Accounting, University of Wyoming, USA
- American Associate Degree, Indiana University, Bloomington, USA
- Certified Qualification in Islamic Finance, Islamic Banking and Finance Institute Malaysia (CQIF)
- Intermediate Qualification in Islamic Finance, Islamic Banking and Finance Institute Malaysia (IQIF)
- Associate Qualification in Islamic Finance, Islamic Banking and Finance Institute Malaysia (AQIF)

#### SKILLS AND EXPERIENCE

Datuk Nor Azam has more than 26 years of experience in banking and finance sector in the areas of auditing, structured lending, business banking and corporate business. Before MBSB, he was Head of Business Banking in Bank Islam (M) Berhad. Datuk Nor Azam joined MBSB on 8 November 2010 as General Manager, heading the Corporate Business Division which main function was to provide a comprehensive financial solution to corporate and institutional clients. In 2018, Datuk Nor Azam was appointed as Chief Business Officer (CBO) of MBSB Bank. His role as CBO is to enhance business strategies of the Bank, develop, guide, motivate and direct the implementation of specific plans and programs for the different types of banking and overall performance. He leads the team in overall management of sales strategies; maintain effective relationship with regulatory, governmental, industry, financial and community groups so as to enhance financial performance and business effectiveness.



## RISHAM AKASHAH BIN KAMARUZAMAN

Aged 47, Malaysian  
Chief Technology Officer,  
Technology Division

### APPOINTMENT TO CURRENT POSITION

1 November 2018

### COMMITTEE MEMBERSHIPS

- Credit and Rehabilitation Assessment Committee/ Management Investment & Credit Committee (CARAC/MICC)
- Management Committee (MANCO)
- Assets and Liabilities Committee (ALCO)
- Project Steering Committee – Business and Operations

### QUALIFICATIONS

- Bachelor in Electrical and Electronics Engineering, California State University-Chico, USA
- American Degree Program, University of Technology MARA (UiTM), Kuantan

### SKILLS AND EXPERIENCE

Risham Akashah joined MBSB on 8 January 2018 as Chief Digital Officer, Digital Initiatives Division. A trained Electrical/Electronics engineer, Risham Akashah's over 20 years of working experience ranges from software development to managing IT teams across industries, including oil & gas, broadcasting, telecommunications and banking. On November 1<sup>st</sup> 2018, Risham Akashah was appointed as Chief Technology Officer (CTO) of MBSB Bank. As CTO, he oversees all information technology functions for the Bank, as well as lead and drive the Digital Banking strategy, including development of end-to-end product launches across the online customer journey that enhances customer experience.



## Profile of Management Team

### HJ ASRUL HAZLI BIN SALLEH

Aged 41, Malaysian  
Chief Operations Officer,  
Operations Division



#### APPOINTMENT TO CURRENT POSITION

7 February 2018

#### COMMITTEE MEMBERSHIPS

- Management Committee (MANCO)
- Management Investment & Credit Committee/Credit and Rehabilitation Assessment Committee (MICC/CARAC)
- Asset and Liability Committee (ALCO)
- Chairman Capital Management Committee (CMC)
- Chairman Project Steering Committees (PSCs)
- Chairman ProTem Committee
- Chairman Data Analytics Working Committee (DAWC)

#### QUALIFICATIONS

- Bachelor of Business Administration (Hons) Finance, University of Technology MARA (UiTM)
- American Degree Program (ADP) Centre of Preparatory Education, University Technology MARA (UiTM)
- Persatuan Kewangan Malaysia Certificate (PKMC), ACI-Financial Markets Association of Malaysia (ACI-FMAM) and Asian Institute of Chartered Bankers (AICB)
- Intermediate Qualification in Islamic Finance, Islamic Banking and Finance Institute Malaysia (IBFIM)
- Associate Qualification in Islamic Finance, Islamic Banking and Finance Institute Malaysia (IBFIM)

#### SKILLS AND EXPERIENCE

Hj Asrul Hazli joined MBSB on 1 October 2010 as the Assistant General Manager of Treasury Division bringing with him years of experience and knowledge on treasury and capital markets, specializing in liquidity, asset and liability and balance sheet management from several financial institutions. Prior to joining MBSB, Hj Asrul Hazli was the Senior Dealer and Head of ALM & Funding Desk of Treasury and Capital Markets Department at Bank Muamalat Malaysia Berhad.

Hj Asrul Hazli was appointed as Chief Operations Officer of MBSB Bank in 2018. He is responsible in providing strategic direction for the Bank's overall operational matters and execution of the day-to-day activities for all the departments under his purview. In overall, he is accountable and responsible in overseeing eight (8) departments namely Channel Management Department, Retail Credit Management Department, Corporate Credit Management & Disbursement Department, Collection & Recovery Department, Transactional Banking Department, Operations Management Department, Procurement Department and Property and Project Monitoring Department.

As Chief Operations Officer, Hj Asrul Hazli is responsible in formulating the development of operational strategies of MBSB Bank and manages the efficiency and effectiveness of the related activities in ensuring for smooth and seamless operational alignment to the business goals and objectives of the Bank.

Hj Asrul Hazli is also a member of ACI-Financial Markets Association of Malaysia (ACI-FMAM) since 2001.

## AZLINA BINTI MOHD RASHAD

Aged 47, Malaysian  
Chief Corporate Officer,  
Corporate Services Division



### APPOINTMENT TO CURRENT POSITION

7 February 2018

### COMMITTEE MEMBERSHIPS

- Management Committee (MANCO)
- Assets and Liabilities Committee (ALCO)

### PERMANENT INVITEE

- Credit and Rehabilitation Assessment Committee/Management Investment & Credit Committee (CARAC/MICC)

### QUALIFICATIONS

- Bachelor in Accountancy (Hons), University of Northumbria, Newcastle, England
- Diploma in Accountancy, University of Technology MARA (UiTM)
- Certified Qualification in Islamic Finance, Islamic Banking and Finance Institute Malaysia (CQIF)
- Intermediate Qualification in Islamic Finance, Islamic Banking and Finance Institute Malaysia (IQIF)
- Associate Qualification in Islamic Finance, Islamic Banking and Finance Institute Malaysia (AQIF)
- Chartered Professional in Islamic Finance, Chartered Institute of Islamic Finance Professionals (CPIF)

### SKILLS AND EXPERIENCE

Azlina joined MBSB on 6 April 2009 as Senior Manager, Transformation Management Office, CEO's Office. Amongst her major responsibilities were to assist the CEO in planning and ensuring the successful implementation of all strategic business and operational initiatives being undertaken by the business and support divisions. She has a wealth of experience in the financial sector, spanning over 21 years, with previous employment at AmIslamic Bank, undertaking the Business Management function. Azlina also plays a primary role in establishing MBSB's and MBSB Bank's brand names as key players in the financial industry. In 2018, she was appointed as the Chief Corporate Officer of MBSB Bank. In assuming this position, she oversees the Corporate Services Division and currently tasked to direct Strategic Communication, Customer Experience Management, KPI & Performance Management, Product Development & Management, Strategic Business Planning as well as administering Shariah Secretariat & Advisory. Azlina was ranked 40th in the top 300 Most Influential Women in Islamic Business and Finance in 2019 by WOMANi. WOMANi is a part of the women empowerment programme by Cambridge IFA, a UK-based financial intelligence house, to highlight enormously important roles that exceptionally talented women are playing in Islamic business and finance.

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# MBSB Bank Vision and Core Values

## OUR VISION

TO BE A TOP PROGRESSIVE  
ISLAMIC BANK

## OUR CORE VALUES

- HUMILITY
- PROFESSIONALISM
- ETHICS
- EMPATHY
- PASSION

# MBSB Bank Branches

## WILAYAH PERSEKUTUAN

### DAMANSARA

Ground Floor, Wisma MBSB,  
48, Jalan Dungun,  
Damansara Heights,  
50490 Kuala Lumpur.  
TEL. NO. 03-20963333  
FAX NO. 03-20963376

### KUALA LUMPUR

No. 8, Wisma RKT,  
Jalan Raja Abdullah,  
Off Jalan Sultan Ismail,  
50300 Kuala Lumpur.  
TEL. NO. 03-26912689  
FAX NO. 03-26912830

### CHERAS

185, Jalan Sarjana,  
Taman Connaught,  
56000 Cheras, Kuala Lumpur.  
TEL. NO. 03-91322955  
FAX NO. 03-91322954

### PUTRAJAYA

No.30, Jalan Diplomatik 3/1,  
Presint 15,  
62000 Putrajaya.  
TEL. NO. 03-88810569  
FAX NO. 03-88810572

### WANGSA MAJU

Ground Floor,  
No. 52, Jalan Wangsa Delima 6,  
Pusat Bandar Wangsa Maju,  
53300 Kuala Lumpur.  
TEL. NO. 03-41421292  
FAX NO. 03-41421269

### JALAN SULTAN ISMAIL

Ground Floor, Podium Block,  
Kenanga International,  
Jalan Sultan Ismail,  
50250 Kuala Lumpur.  
TEL. NO. 03-20791144  
FAX NO. 03-20791100

## SELANGOR

### PETALING JAYA

No. 3 Jalan 52/16,  
46200 Petaling Jaya,  
Selangor.  
TEL. NO. 03-79569200  
FAX NO. 03-79569627

### KLANG

33, Jalan Tiara 3,  
Bandar Baru Klang,  
41150 Klang, Selangor.  
TEL. NO. 03-33426822  
FAX NO. 03-33411410

### BATU CAVES

Lot 1-0, Jalan SM1,  
Taman Sunway Batu Caves  
68100 Batu Caves, Selangor.  
TEL. NO. 03-61777956  
FAX NO. 03-61772404

### BANDAR BARU BANGI

No. 49, Jalan Medan Pusat 2D,  
Seksyen 9,  
43650 Bandar Baru Bangi, Selangor.  
TEL. NO. 03-89257584  
FAX NO. 03-89257708

### PUCHONG

1-G-1, Ground Floor,  
Tower 1 @ PFCC,  
Jalan Puteri 1/2, Bandar Puteri,  
47100 Puchong, Selangor.  
TEL. NO. 03-80635208  
FAX NO. 03-80635867

### SHAH ALAM EMIRA

Lot R-01-01 & R-01-02,  
Emira D'Kayangan, Seksyen 13,  
40100 Shah Alam, Selangor.  
TEL. NO. 03-55231381  
FAX NO. 03-55231392

## KELANA JAYA

A-11-1 & A-11-2, Blok A,  
Plaza Glomac,  
Jalan SS7/19, Kelana Jaya,  
47301 Petaling Jaya, Selangor.  
TEL. NO. 03-78830089  
FAX NO. 03-78830120

## KAJANG

No. 2A-G,  
Jalan Semenyih,  
Pekan Kajang,  
43000 Kajang, Selangor.  
TEL. NO. 03-87301521  
FAX NO. 03-87401436

## PULAU PINANG

### PENANG

No W-00 Ground Floor,  
Wisma Penang Garden,  
No 42, Jalan Sultan Ahmad Shah,  
10050 Pulau Pinang.  
TEL. NO. 04-2266275  
FAX NO. 04-2286275

### BUTTERWORTH

No. 2783 Jalan Chain Ferry,  
Taman Inderawasih,  
13600 Perai, Pulau Pinang.  
TEL. NO. 04-3980145  
FAX NO. 04-3980898

## MBSB Bank Branches

### KEDAH

#### ALOR SETAR

No. 165 & 166  
Kompleks Perniagaan Sultan Abdul  
Hamid Fasa 2  
11, Susur Sultan Abdul Hamid  
05050 Alor Setar Kedah.  
TEL. NO. 04-771 4355  
FAX NO. 04-772 4308

#### SUNGAI PETANI

No. 114, Jalan Pengkalan,  
Taman Pekan Baru,  
08000 Sungai Petani, Kedah.  
TEL. NO. 04-4229302  
FAX NO. 04-4212046

#### KULIM

No. 26, Jalan Raya,  
09000 Kulim,  
Kedah.  
TEL. NO. 04-4951400  
FAX NO. 04-4904400

#### LANGKAWI

No. 26 & 28,  
Jalan Pandak Mayah 4,  
Pusat Bandar Kuah,  
07000 Langkawi, Kedah.  
TEL. NO. 04-9666055  
FAX NO. 04-9669055

### PERLIS

#### KANGAR

No. 35,  
Jalan Seruling,  
01000 Kangar, Perlis.  
TEL. NO. 04-9766400  
FAX NO. 04-9774141

### PERAK

#### IPOH

No. 45, Persiaran Greenhill,  
30450 Ipoh,  
Perak.  
TEL. NO. 05-2545659  
FAX NO. 05-2544748

#### TAIPING

No. 1, Lot 10958,  
Jalan Saujana,  
Taman Saujana 3,  
34600 Kamunting, Perak.  
TEL. NO. 05-8074000  
FAX NO. 05-8041444

#### SITIAWAN

Ground Floor,  
No. 35, Persiaran PM 3/2,  
Pusat Bandar Sri Manjung, Seksyen 3,  
32040 Sri Manjung, Perak.  
TEL. NO. 05-6882700  
FAX NO. 05-6882703

### JOHOR

#### JOHOR BAHRU

D-1-5, D-2-5, D-3-5 & D-4-5  
Pusat Komersial Bayu Tasek  
Persiaran Southkey 1,  
Kota Southkey  
80150 Johor Bahru, Johor  
TEL. NO. 07-3364707  
FAX NO. 07-3383124

#### TEBRAU

No. 17 & 17-1,  
Jalan Mutiara Emas 9/3,  
Austin Boulevard,  
Taman Mount Austin,  
81100 Johor Bahru, Johor.  
TEL. NO. 07-3581700  
FAX NO. 07-3581703

### KULAI

19, Jalan Sri Putra,  
Bandar Putra,  
81000 Kulai, Johor.  
TEL. NO. 07-6633458  
FAX NO. 07-6633284

#### TAMAN MOLEK

No. 65 & 65A,  
Jalan Molek 2/4,  
Taman Molek,  
81100 Johor Bahru, Johor.  
TEL. NO. 07-3542240  
FAX NO. 07-3542241

#### BATU PAHAT

No. 28 & 29,  
Jalan Persiaran Flora Utama,  
Taman Flora Utama,  
83000 Batu Pahat, Johor.  
TEL. NO. 07-4316614  
FAX NO. 07-4317382

#### MUAR

No 30A-2, Jalan Arab,  
84000 Muar, Johor.  
TEL. NO. 06-9532000  
FAX NO. 06-9533200

#### KLUANG

No. 6, Lot 9053,  
Jalan Hj Manan,  
86000 Kluang, Johor.  
TEL. NO. 07-7717585  
FAX NO. 07-7726572

### MELAKA

#### MELAKA

No. 203 & 204,  
Jalan Melaka Raya 1,  
Taman Melaka Raya,  
75000 Melaka.  
TEL. NO. 06-2828255  
FAX NO. 06-2847270

**NEGERI SEMBILAN****SEREMBAN**

Lot 11-G & Lot 12-G, 11-1 & 12-1,  
Seremban City Centre, Jalan Pasar  
70000 Seremban, Negeri Sembilan  
TEL. NO. 06-7638455  
FAX NO. 06-7630701

**TERENGGANU****KUALA TERENGGANU**

104-A, 104-B,  
Tingkat Bawah dan Tingkat 1  
Jalan Sultan Ismail  
20200 Kuala Terengganu,  
Terengganu.  
TEL. NO. 09-6227844  
FAX NO. 09-6220744

**KEMAMAN**

K-10723, Taman Chukai Utama,  
Fasa 4, Jalan Kubang Kurus,  
24000 Kemaman,  
Terengganu.  
TEL. NO. 09-8589486  
FAX NO. 09-8589291

**PAHANG****KUANTAN**

No. A157 & A159, Sri Dagangan,  
Jalan Tun Ismail,  
25000 Kuantan, Pahang.  
TEL. NO. 09-5157677  
FAX NO. 09-5145060

**SABAH****KOTA KINABALU MAIN**

Lot 144, Q6 Block Q,  
Lorong Plaza Permai 1,  
Alamesra-Sulaman Coastal Highway,  
88450 Kota Kinabalu, Sabah.  
TEL. NO. 088-485680  
FAX NO. 088-485620

**KOTA KINABALU**

Lot 11 & 12, Ground Floor,  
Block C, Lintasjaya Uptownship,  
88300 Kota Kinabalu, Sabah.  
TEL. NO. 088-722500  
FAX NO. 088-713503

**SANDAKAN**

Lot 201,  
Prima Square,  
Phase 3, Jalan Utara,  
90000 Sandakan, Sabah.  
TEL. NO. 089-223400  
FAX NO. 088-223544

**TAWAU**

Ground Floor,  
TB 15590, Block B,  
Lot 45, Kubota Square,  
91000 Tawau, Sabah.  
TEL. NO. 089-755400  
FAX NO. 089-749400

**KENINGAU**

Ground Floor,  
Lot No. 7,  
Block A, Keningau Plaza,  
89000 Keningau, Sabah.  
TEL. NO. 087-337611  
FAX NO. 087-337617

**SARAWAK****KUCHING**

Tingkat Bawah & Satu,  
Bangunan Tunku Muhammad Al-Idrus,  
439, Jalan Kulas Utara 1,  
93400 Kuching, Sarawak.  
TEL. NO. 082-248240  
FAX NO. 082-248611

**MIRI**

No 1115, Ground Floor,  
Pelita Commercial Centre,  
98000 Miri, Sarawak.  
TEL. NO. 085-424400  
FAX NO. 085-424141

**SIBU**

Ground Floor, SL 166 Lorong  
Pahlawan 7B3,  
Jalan Pahlawan,  
96000 Sibu, Sarawak.  
TEL. NO. 084-210703  
FAX NO. 084-210714

**BINTULU**

No. 1, Ground Floor,  
Jalan Tun Ahmad Zaidi / Jalan  
Kambar Bubin,  
97000 Bintulu, Sarawak.  
TEL. NO. 086-336400  
FAX NO. 086-339400

**MUKAH**

Ground Floor,  
Sub Lot 77, Lot 927,  
New Mukah Town Centre,  
Jln Green, Block 68,  
96400 Mukah, Sarawak.  
TEL. NO. 084-874262  
FAX NO. 084-874259

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# Management Discussion and Analysis

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## Management Discussion and Analysis

**MALAYSIA BUILDING SOCIETY BERHAD TOGETHER WITH ITS SUBSIDIARIES (“MBSB” OR THE “GROUP”) RECORDED A RESPECTABLE DOUBLE-DIGIT GROWTH IN PROFIT AFTER TAX FOR FY 2019. MBSB REMAINED RESILIENT AND HELD UP WELL AGAINST THE CHALLENGING ECONOMIC ENVIRONMENT.**

### Revenue

**RM3.0 billion**

Up 5.2%

### Profit After Tax (“PAT”)

**RM716.9 million**

Up 11.6%

### Gross Financing

**RM35.9 billion**

Up 2.0%

### Net Profit Margin

**2.89%**

Down 17 basis points (“bps”)

### MARKET OVERVIEW FOR 2019

2019 has been a challenging year for the Malaysian banking sector due to slower market growth and external uncertainties.

#### Geopolitical tensions

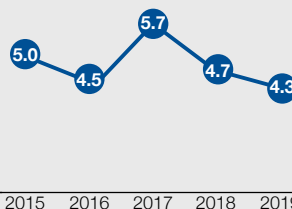
On the global front, uncertainties over the US-China trade war continues to weigh down on global economy. Notably, the trade tensions have caused China's 2019 economic growth

to expand at its weakest pace since 1990. Being one of the world's largest importers, China's slowdown inevitably caused repercussions to global economic growth, leading to weaker trade activities and investments, affecting both business and consumer confidence.

#### Slower domestic growth

Despite the challenging external environment, the Malaysian economy grew by 4.3% in 2019, albeit its slowest pace since the 2009 global financial crisis.

Malaysia GDP Growth (%)



Source: Department of Statistics Malaysia

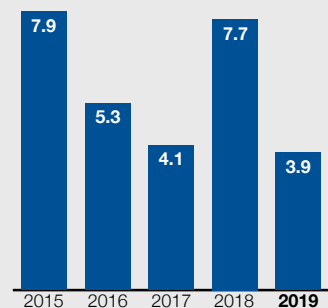
Overall, the growth was driven by higher private sector spending, private consumption and private investment growth. However, the growth was lessened by the supply disruptions in the commodities sector, dragged by the sharp decline in oil palm production, natural gas and crude oil contraction.

Sector growth was slower across most industries, especially for the mining and quarry sector and the construction sector which experienced contraction of 1.5% and minuscule growth of 0.2% respectively for 2019.

Malaysia's total trade for 2019 has also contracted by 2.5% to RM1.8 trillion weighed by declines in both manufactured and commodities exports.

As a measure to sustain economic headwinds Bank Negara Malaysia (BNM) has lowered the Overnight Policy Rate (OPR) systematically, a few times. It was reduced to 3.00% in May 2019 and the financial impact of the pandemic has forced them to bring down the OPR further to 2.75% in January, 2.50% in March and further reduced by 0.50% to 2.00% in May 2020.

Malaysia Loan Growth (%)



Source: Bank Negara Malaysia

#### Resilient banking sector

Malaysia's banking sector remained resilient, supported by excess capital buffers of RM111.0 billion as at the end of 2019.

“

As the theme, “Banking on Technology” suggests, continuous innovation is key to future-proof our business. As a new bank, our focus was on laying a firm foundation by getting the basics right, to enable accelerated innovation in the future.



## Management Discussion and Analysis

According to BNM, the Malaysian banking system's total assets rose by 3.5% to RM2.8 trillion as at the end of 2019. Total financing provided by the banking system also grew by 3.9% to RM1.8 trillion at the end of 2019 attributable to the increase in financing from Islamic Banks which recorded a strong growth of 8.3% year-on-year to RM611.1 billion.

Housing loans remained a key borrowing for the banking sector which contributed to 62.7% of the total banking system's financing growth in 2019, mainly fuelled by the Home Ownership Campaign (HOC) 2019 introduced by the Malaysian Government to encourage home ownership.

### FACING THE HEADWINDS

Amid the challenging backdrop, MBSB remained focused on achieving its vision to be the "Top Progressive Islamic Bank" by building up technology-based capabilities at its core business: MBSB Bank Berhad ("MBSB Bank").

Our Business Plan ("BP") 2018 - 2020, supplemented by BP2019, has guided us in facing the headwinds this year. Since becoming a full-fledged Islamic Bank in April 2018, our priorities have been focused on establishing and creating solid infrastructure and foundational capabilities via delivering our four core objectives:

Establish a strong financial position 	Offer digital banking and innovative product solutions 	Provide excellent customer service 	Strong management to become an employer of choice 
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In achieving our core objectives, 22 initiatives were identified in 2018 to be implemented over the span of three years.

Although MBSB is long-established, the transition to a full-fledged Islamic Bank involved a steep learning curve. Nonetheless, our determination – driven by the Board, Management and supported by the collective efforts of all employees – has enabled us to achieve 20 out of the 22 initiatives within less than 2 years, paving the path for greater success ahead.

### CREATING SUSTAINABLE VALUE

#### Sustainability strategy

As a progressive Islamic Bank, we uphold the principles of Shariah to create positive and meaningful impacts on our stakeholders, consistent with the concept of Value Based Intermediation ("VBI") introduced by BNM in 2018.

In tandem with our business plans, our sustainability strategy focuses on "Building Malaysia" as we strive to build financially resilient Malaysians and local businesses.



Updates on the 22 initiatives		Progress
1	Develop customer knowledge and segmentation	Completed
2	Introduce call centre support for businesses and consumers	Completed
3	Develop understanding of Islamic Banking and Finance across NewBank	Completed
4	Expand network of ATMs across targeted areas	Completed
5	Introduce CDMs in targeted areas	Completed
6	Connect MBSB Bank to payment gateways	Completed
7	Introduce trade finance offerings to existing customers	Completed
8	Rationalise existing branch network	Completed
9	Design and launch Internet banking platform (consumer)	Completed
10	Design and launch mobile banking platform	On-going
11	Promote product cross-sell and pull-through	Completed
12	Streamline loan and financing origination	On-going
13	Build a Shariah-based product development team	Completed
14	Collaborate with wealth product providers	Completed
15	Introduce targeted marketing and campaigns	Completed
16	Develop a single 360° customer view	Completed
17	Enhance collections and recovery management	Completed
18	Enhance treasury management system	Completed
19	Design and launch internet banking platform (business)	Completed
20	Introduce trade finance offerings to GCC	Completed
21	Drive product bundling, flexible pricing and efficient decision	Completed
22	Enhance speed and flexibility in product manufacturing	Completed

Our sustainability strategy covers economic, environmental and social ("EES") matters which aims to achieve our three key sustainability objectives:

1. Creating a fair, safe and inclusive workplace
2. Innovating value through technology for the betterment of our customers and industry
3. Operating sustainably and responsibly

In doing so, we could address the most important matters affecting our business, allowing us to achieve sustainable growth while at the same time, create value for our stakeholders.

### Material matters

In 2019, we conducted a thorough materiality assessment to identify matters that reflect our significant EES impacts, as well as matters that have the potential to affect the assessment and decision of our stakeholders.

Through the materiality assessment process, we identified 17 material matters, as illustrated in our materiality matrix.



Refer to MBSB Sustainability Report for more information on our materiality assessment process and stakeholder engagement



**Total Assets**  
(RM mil)

**50,710**



**Deposits**  
(RM mil)

**35,894**



**ROE**  
(%)

**8.8**



**Total Capital Ratio**  
(%)

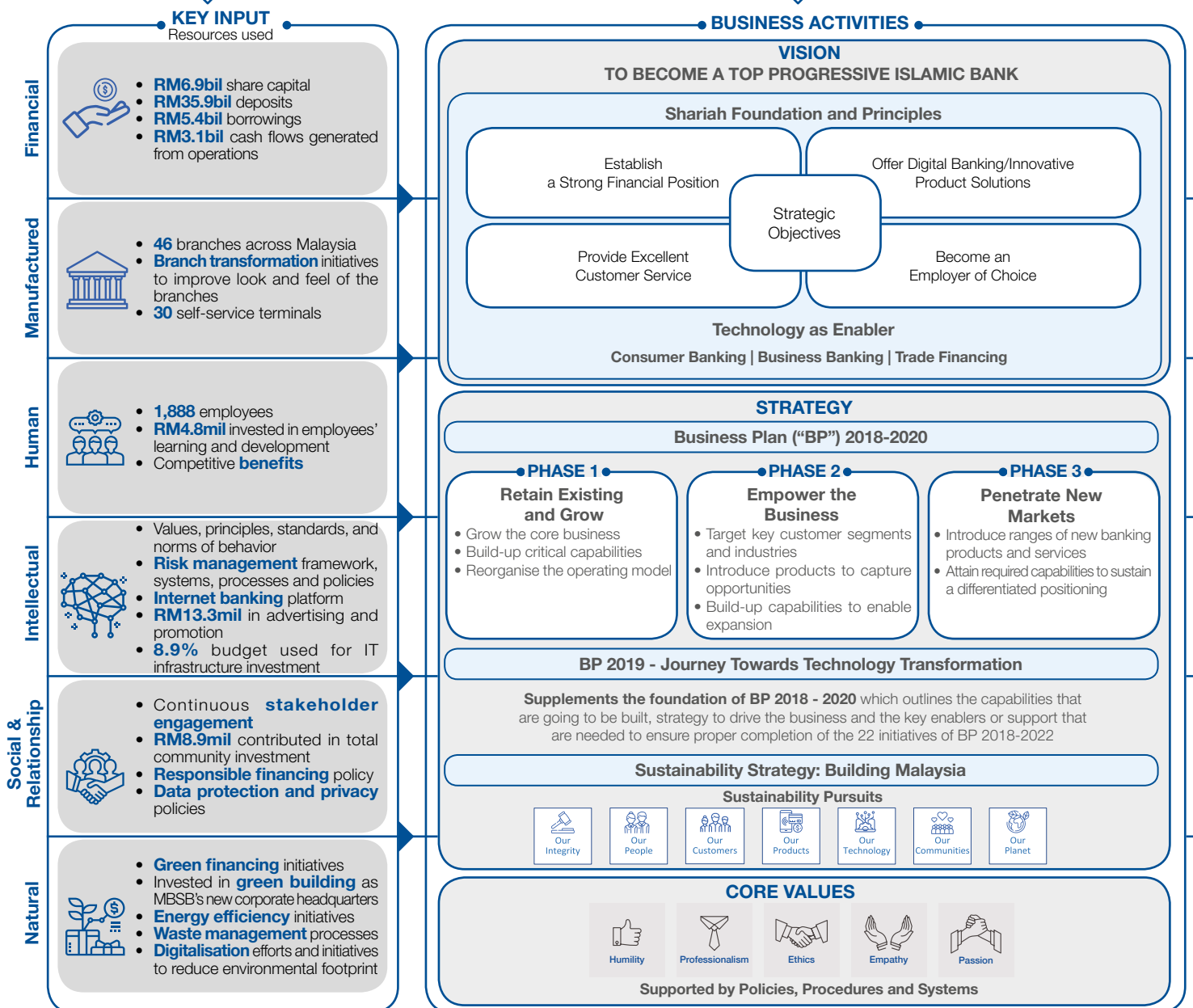
**23.5**

# 52 Value Creation Model

## OVERARCHING GOVERNANCE

Premised on the Shariah Principles, we commit to uphold the highest level of integrity in our everyday decisions and actions, in our efforts to uplift our communities and our nation.

Our Sustainability Steering Committee is chaired by our PCEO and consists of senior management across the organisation.



Our Shariah Advisory Committee (“SAC”) oversees the Bank’s compliance to our internal Shariah Governance Framework and to all regulatory Shariah standards and guidelines issued by Bank Negara Malaysia.

We have robust policies and procedures across the Group to ensure our banking services are ethical, transparent and secure.

Our Board of Directors is diverse in skills, qualifications and experiences. As at 31 December 2019, 60.0% of MBSB Board and 66.7% of MBSB Bank Board are independent non-executives directors.

**MANAGING KEY RISKS**

**Cyber Risk**

Risk of exposure or loss resulting from a cyber attack or data breach

**Credit Risk**

Risk of default on a debt that may arise from a borrower failing to make required payments

**Fraud Risk**

Risk of intentionally deceptive action that may result in unfavourable impacts to the Bank

**RECOGNISING KEY OPPORTUNITIES**

- Regulators and local banks appear primed to take advantage of fintech opportunities
- A strategic government plan to develop more sophisticated financial markets should support growth
- Further regional integration in the ASEAN region should benefit cross-border investment and activities

**OUTPUT**  
Value Created

- **RM3.0bil** revenue
- **RM716.9mil** profit after tax
- **28.4%** cost-to-income ratio

- **545** customer complaints received, of which **98%** have been resolved as at year end
- **RM7.5bil** in total approved financing supporting both retail, SME and corporate
- **Diversified portfolio** for business lines by specific region and size

- **287** new hires
- **40%** women representation at MBSB board level while 22.2% women representation on MBSB Bank board
- Diverse workforce with **57%** women employees
- **RM240.3mil** total wages and benefits expense

- Three new products and features
- **Zero** non-compliance fines and sanctions
- **RM234.2mil** in Advertising (Ad) Value
- **RM16.1mil** in PR Value
- **10%** increase in awareness on MBSB Bank from the 2019 Brand Audit

- Three substantiated complaints concerning breaches of customer privacy
- **RM5.9mil** approved and accepted financing qualified to programs designed to promote small businesses and community developments

- **RM157.7mil** of green financing approved in 2019 which aggregates to **RM472.2mil** in total green financing
- **5,513.2 mWh** in energy consumption
- **69,370 m<sup>3</sup>** in water consumption
- **3,826.2 tCO<sub>2</sub>e** in carbon emissions (scope 2)
- **15,842 reams** of paper purchased

**OUTCOME**  
Value Shared

**Board of Directors**

- Transparent and accountable leadership
- Reliable management and systems

**Shareholders**

- **RM319.5mil** Dividend paid

**Customers**

- Achieved **82%** Customer Satisfaction Index Score
- Enhanced customer experience

**Employees**

- **10 years** average number in years of service
- **6.6%** employee turnover rate

**Regulators**

- Complied with regulations and standards
- Improved socio economic welfare

**Media and Analyst**

- Enhanced brand quality
- Increased transparency and information reliability

**Government**

- **RM301.5mil** total tax and zakat paid
- Contributed to national economy
- Positive impacts on society and environment

**Society and NGOs**

- Provided access to financing for lower income groups
- Improved financial literacy among our MBSB Bank Adopted School Programme students

**Partners and Alliances**

- Successful projects and partnerships
- More future collaboration opportunities



### ESTABLISH A STRONG FINANCIAL POSITION

The implementation of our BP 2018 – 2020, BP 2019 and sustainability strategy has collectively guided us through the challenging year.

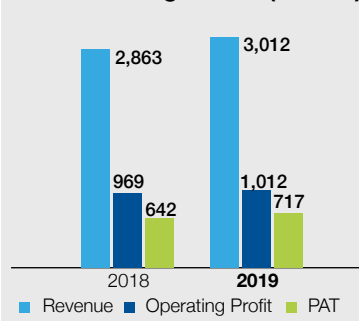
#### Improved financial performance

Overall, MBSB reported a commendable year-on-year growth in PAT by RM74.5 million or 11.6% to RM716.9 million. The PAT was achieved on the back of stronger Group Revenue and improved cost-to-income ratio.

#### Revenue

The Group revenue stood at RM3.0 billion, which is 5.2% higher than RM2.9 billion recorded in 2018. Higher revenue is contributed by the 46.6% increase in non-financing income driven by income from financial investments which saw a 98.8% surge to RM347.9 million. The Group's loans, financing and advances income for the year retracted by around 1.2%, mainly

MBSB Earnings Trend (RM'mil)



due to the drop in OPR. Despite the drop in total financing income, income from trade financing has increased by 155.3% to RM21.7 million, while wholesale financing increased to RM253.9 million, up 32.3% as compared to the previous year.

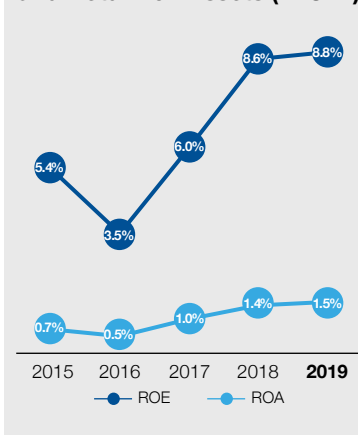
Overall, income from Islamic banking operations accounted for 92.1% of total revenue, consistent with our efforts to collapse all conventional assets. Consumer banking segment remains as the principal source of our financing income. The growth eased by 2.1% year-on-year, largely contributed by the personal financing income. Personal financing portfolio which accounts for 62.4% of our total Islamic financing income, decreased by 5.4% or RM81.3 million as compared to 2018.

Nevertheless, the strong growth in property financing portfolio of 20.7% has partially offset the fall in consumer banking segment.

#### Cost-to-income ratio ("CIR")

The Group's cost efficiency, measured by total CIR, improved in 2019 to 28.4%, compared to 29.5% recorded

MBSB Return on Equity ("ROE") and Return on Assets ("ROA")



in the previous year, which outperforms the industry average of 48.3%. The improved CIR has contributed to the expansion of our operating profit by 4.4%. The key drivers for the Group's improved operating leverage is due to cost discipline and business efficiency through technology and digital initiatives.

#### Net Profit Margin ("NPM")

The Group's NPM was compressed amid lending rate pressure, paired with BNM's OPR rate cut in May 2019. Consequently, NPM for 2019 fell to 2.9% from 3.1% in 2018.

#### Return on Equity ("ROE")

MBSB's ROE has been on an upward trend over the past five years, reaching 8.8% in 2019, which is around 20bps higher compared to 2018. The increase in ROE is driven by more effective utilisation of our assets to generate profits.



**Robust financial position**

**Total assets**

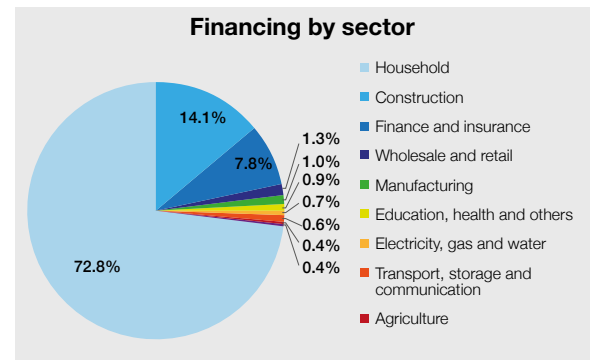
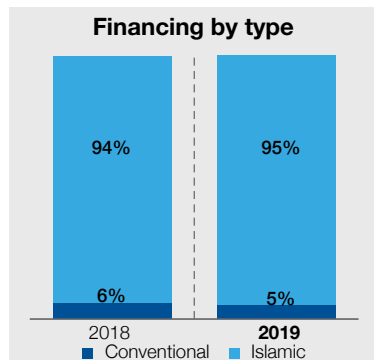
The Group’s total assets further strengthened by over RM5 billion or 11.6% to RM50.7 billion as at the end of 2019, attributable to the increase in investments in money market instruments. Loans, financing and advances account for 67.0% of the Group’s total assets.

**Loan, financing and advances**

Total gross financing grew by RM691.9 million or 2.0% to RM35.9 billion as at the end of 2019, which is at a slower pace compared to the growth of 2.8% recorded in 2018. Nonetheless, the largest surge in financing was seen in property financing (up RM630.6 million), other term financing (up RM428.0 million) and trade finance (up RM422.5 million), in line with market trends in 2019. However, the growth was mitigated by reduction in personal financing, and auto financing as the Group focuses to grow the asset base of other portfolios.

It is also worth mentioning that the Cashline facility launched in July 2019 has been well received by customers, with total approval of RM60 million within the first 6 months.

Islamic financing remained the largest portion of total gross financing at 94.8%. Personal financing accounted for 55.7% of the total gross financing, followed by other term financing and property financing of 18.7% and 16.8% respectively.



By sector, the breakdown of sector financing was not too dissimilar from the previous year. Household financing still accounts for the largest part of the Group’s total gross financing at 72.8%, followed by construction (14.1%) and finance, insurance and business services (7.8%).

**Source of funds**

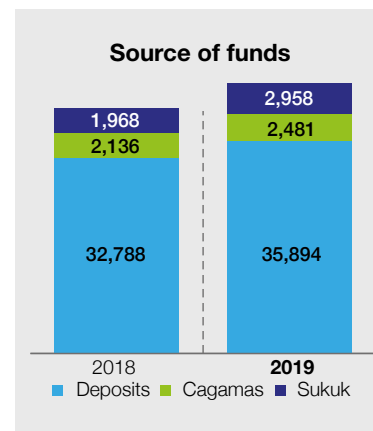
To fund the financing of both corporate and retail asset growth, we practise efficient balance sheet management. The Group’s main source of funds is derived from customers deposits which increased by RM3.1 billion or 9.5% to RM35.9 billion as at 31 December 2019, a testament to our promotional campaigns to attract customer deposits, such as PrimeValue Campaign and PrimeWin CASA-i campaign.

Overall, MBSB and MBSB Bank’s retail-to-corporate financing ratio has moved to 73:27 and 75:25 respectively as at 31 December 2019, steadily towards the target of 70:30 by 2022.

Refer to Note 9 to the financial statements for more information on the breakdown on the loans, financing and advances (pg 171)

**Non-performing financing (“NPF”)**

The Group’s Gross NPF improved from 5.5% to 5.2% mainly due to improvement in asset quality of mortgage while its Net NPF improved marginally by 5bps to 2.3% as compared to 2018 despite the higher underlying improvement in Gross NPF as some provisions for Expected Credit Loss (“ECL”) were released following model refinements in 2019.



## Strategic Review

During the year, the Group's deposit growth outpaced financing growth, which led to improvements in the financing-to-deposit ratio at 99.9%, compared to 107.3% recorded in previous year. This further strengthened our liquidity by providing more buffer.

To further strengthen the Group's capital base, MBSB Bank issued a RM1.3 billion Tier-2 Sukuk Wakalah in December 2019.

### Liquidity and capital strength

The Group stays guided by the Bank's Internal Capital Adequacy Assessment Process ("ICAAP") framework. The Group ensures adequate capital levels consistent with the risk profiles, including capital buffers, are maintained to support the current and projected demand for capital, under existing and stressed conditions.

The Group's capital position remains robust, reporting higher Common Equity Tier 1 ("CET1") Capital Ratio and Total Capital Ratio at 19.2% (+80bps) and 23.5% (+386bps) respectively for 2019, both of which are exceedingly higher than the capital adequacy requirements by BNM. The Group's liquidity coverage ratio stood at 295.9%, which is also above the regulatory requirement.



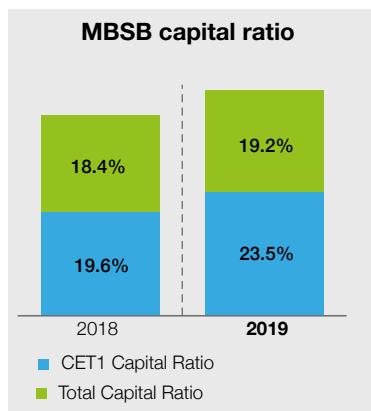
### OFFER DIGITAL BANKING AND INNOVATIVE PRODUCT SOLUTIONS

#### Innovation

As the theme, "Banking on Technology" suggests, continuous innovation is key to future-proof our business. As a new bank, our focus was on laying a firm foundation by getting the basics right, to enable accelerated innovation in the future.

This year, we have successfully implemented the following technology-related initiatives as outlined in our business plans:

- Develop customer knowledge and segmentation – Launched MBSB Analytics and Reporting ("SMART") which is an enterprise data warehouse and business intelligence solution that was introduced to enhance risk analysis and reporting. SMART has the capability to perform predictive modelling using big data analysis.



During the year, 16 successful analysis have been performed using SMART.

- Expand the network of Auto Teller Machines (“ATMs”) and introduce Cash Deposit Machine (“CDM”) across targeted areas – Launched MBSB Bank Visa Debit Card-i in 2019 and installed Cash Recycling Machines (“CRMs”) – which have the functions of both ATM and CDM – at 15 selected branches, namely: Damansara, Jalan Sultan Ismail, Penang, Taman Molek, Bangi, Kuala Terengganu, Alor Setar, Johor Bahru, Seremban, Shah Alam, Kuching, Kota Kinabalu, Kuantan, Ipoh and Melaka.

As at 31 December 2019, 12,046 debit cards were issued, and 108,818 transactions were made through the CRM during the year.

- Connect MBSB Bank to payment gateways – Successfully completed and rolled out the Real-time Retail Payments Platform (“RPP”) in April 2019.
- Rationalise existing branch – A rigorous branch restructuring exercise was done during the first quarter of 2019 as to fit into MBSB Bank’s new branch target operating model - Hub, City Spokes and Digital Spokes.

Successfully transformed 15 selected branches embedded with digital elements such as online banking platform, CRM and self-service touchpoint via information tablets and digital screens.

- Internet banking platform – Launched the MJourney internet banking platform for both consumer and corporate customers in April 2019.

As at 31 December 2019, we recorded 9,176 retail internet banking users.

- Develop a single 360° customer view – Developed a single 360° customer view platform for the selected catalyst using big data analysis, leveraging on SMART. This is used for wallet sizing activities to assess the spending capacity of customers on banking products.



Through the implementation of our business plans, we have gained the core capabilities and benefits to provide full banking services to our customers in just less than two years. As at 31 December 2019, we offer the following banking services:

- Debit Card
- Current and Saving Accounts
- Chequing service
- Full list of payment services via PayNet, SWIFT, RENTAS, IBG, JomPay, MyDebit and VISA
- Trade Financing services
- Cash line
- Internet banking services for retail and corporate
- Branch self-service with CRM in 15 branches
- Treasury



Refer to MBSB Sustainability Report for more information on our innovation initiatives

## Strategic Review

### Green financing

As at 31 December 2019, we provided close to half a billion-ringgit worth of green financing. In 2019, we provided RM157.7 million in green financing, which brings the total cumulative green financing to RM472.2 million as at the year end. The projects we financed include large scale solar PV plants and mini-hydro projects in Malaysia, with a total clean energy generation capacity of 57MW.

### Inclusive financing

Total financing of RM5.9 million was approved for small businesses and community developments.

### Cyber security

Cyber security is crucial to us as it safeguards and protects sensitive data, customers' information and intellectual property from theft and manipulation. The impacts of cyber-attacks can be unprecedented – it disrupts business operations, causes reputational harm, and destroys relationship and trust with customers and business partners.

This year, we successfully implemented the Cyber Security Enhancement project, which strengthened MBSB Bank's perimeter security controls to allow cyber attack defense in tandem with the Security Monitoring and Operation Centre, providing enhanced security monitoring against malicious attacks and visibility to identify, evaluate and respond to any cyber security incidents.

We have also collaborated with CyberSecurity Malaysia on our Safety Awareness Campaign to provide advice on issues relating to cyber security.



Refer to MBSB Sustainability Report for more information on our cyber security management approach



### PROVIDE EXCELLENT CUSTOMER SERVICE

#### Customer experience and satisfaction

Great customer experience builds brand loyalty and affinity, improves brand image and gives us a competitive advantage for sustainable growth. To improve customer experience, we have carried out the following initiatives during the year:

- Case Management System ("CMS") – Implemented the CMS which aims to enhance the effectiveness of managing complaints and enquiries by automating the support process and systematically tracking the turnaround time.
- Superb CX – Launched the Superb CX Program to ensure timely delivery of service within the acceptable turnaround time. Superb CX workshop was conducted in April 2019 for six departments to identify areas of improvement. A total of 22 initiatives were successfully enhanced and committed by the respective departments.



- 24 Hours Customer Service Centre (“CSC”) – In April 2019, CSC extended its operation hours to 24 hours to support CARDS, CRM and Internet banking (Retail and Corporate) Inquiries. CSC also supports all new products and campaign inquiries, and managed to achieve an average service level of above 80% for 2019.
- Service Transformation for Excellent Performance (“STEP”) Programme – For 2019, the focus was to enhance the STEP 2018, by implementing different approaches and initiatives to equip MBSB Bank’s staff with the right mindset and skills in providing excellent service. The structure and functions of Corporate Transformation Team (“CTT”) was reviewed and realigned by the appointment of new committee members with new initiatives. 12 selected employees were trained to be the STEP inhouse trainer for new joiner and refresher programme. Since the implementation of STEP, our customer satisfaction index improved by 370bps to 82% in 2019.



Refer to MBSB Sustainability Report for more information on our initiatives to improve customer experience and satisfaction



## **STRONG MANAGEMENT TO BECOME AN EMPLOYER OF CHOICE**

Our employees are our greatest assets, they are our ambassadors, our front liners and the backbone of our organisation which enable us to achieve our business strategy and deliver value for all stakeholders.

We are building a future-ready workforce which is engaged, diverse and inclusive through our conscious efforts in providing equal opportunities for career development, effective training and attractive remunerations.

As at 31 December 2019, our employee headcount increased by 9% to 1,888 to support the growth of our business. We have also recruited three key positions, namely the Chief IT Security Officer, the Independent Credit Review Officer and the Independent Procurement Officer.

Our focus this year was to build our employees’ capabilities to prepare them for tomorrow’s challenges. Consequently, we invested RM4.8 million on training and development programmes for our employees, equivalent to 3.1% of our 2018 gross salary which exceeds BNM’s Staff Training Expenditure requirement of 2.5% on gross salary of the preceding year. The training and development programmes covered topics such as sustainability, cyber security and Islamic finance, amongst others.

In 2019, MBSB Bank has enrolled 248 employees for 26 types of certification, such as AQIF, IQIF, Executive Banker programme, Bank Risk management, Unit Trust and many more.

The list below are chiefs who received certifications:

### Chartered Professional in Islamic Finance

1. Azlina Mohd Rashad
2. Tengku Khalizul Tengku Khalid
3. Tang Yow Sai

### Fellow Member, Chartered Institute of Islamic Finance Professionals (CPIF)

1. Datuk Seri Ahmad Zaini Othman

## Strategic Review

Furthermore, we have introduced several customised development programmes to develop the next generation of leaders. The programmes are as follows:

- Managers 360
- Essential Bankers
- Senior Management Leadership Programme.

A total of 84 supervisors have undergone these programmes as at 31 December 2019.

### OUTLOOK

The outlook for both global and domestic economy remains testing for 2020. Recent events such as the coronavirus ("COVID-19") outbreak, the oil price crash and the resurgence in domestic political uncertainty have caused greater risk aversion, resulting in tighter financial conditions and volatile financial market. According to S&P Global Rating, global growth is expected to slow down with Malaysia's GDP growth to be significantly lower at 3.9%.

To support economic growth amid these obstacles, the Malaysian government has introduced a RM20 billion stimulus package targeted at SMEs and those affected by COVID-19. BNM has also lowered OPR to 2.75% in January 2020 in an effort to push domestic economic growth.

The OPR was also brought down again to 2.50% in March and further reduced by 0.50% to 2.00% in May 2020 as consumer sentiments were still low as a result of the spread of the pandemic which caused issues such as salary cuts and retrenchment.

The emerging worrying trend would reflect a slower credit growth of between 1% and 3% with potentially higher non-performing loans ratio for Malaysian banks in 2020.

For us, we are targeting gross impaired financing ratio of 2.0% and 3.2% for MBSB Bank and MBSB respectively at the end of 2020 despite the economic and political headwinds. We anticipate that the impact of the OPR cut on our NPM would be contained, given that more than half of our financings are at fixed rates. We believe that our strong fundamentals and capital reserves would enable us to weather the storm ahead.



Outlook	Risks	Opportunities	Actions moving forward
Challenging market conditions	<ul style="list-style-type: none"> <li>Increased credit risks from non-performing financing due to the direct and indirect impacts of the coronavirus outbreak</li> <li>Increased pressure on profit margins from the OPR cut</li> <li>Decreased gross financing growth</li> </ul>	<ul style="list-style-type: none"> <li>New approaches to deliver innovative products and services to our customers, together with efficient allocation of capital and resources to generate returns to shareholders</li> <li>Identify new growth areas</li> </ul>	<ul style="list-style-type: none"> <li>Create a new niche for growth through expansion of trade finance in local and regional market</li> <li>Diversify financing portfolio to reduce concentration risk</li> <li>Focus on equipment and SME financing</li> <li>Introduce new products such as Wakalah Investment Account and structured products</li> <li>Maintain strong capital reserves and healthy liquidity coverage ratio</li> </ul>
Increased regulatory oversight and stakeholder scrutiny	<ul style="list-style-type: none"> <li>Increased regulatory expectations lead to higher compliance cost</li> <li>Increased compliance risk and exposure to legal penalties</li> <li>Increased reputational risks from not meeting stakeholders' expectations</li> </ul>	<ul style="list-style-type: none"> <li>Build trust by transparently working with, and partnering with, government, regulators and NGOs to deliver improved stakeholder outcomes</li> <li>Enable us to improve internal processes for greater efficiency and productivity</li> <li>Safeguard the interest of our stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Engage frequently with stakeholders including regulators to stay abreast of latest developments</li> <li>Send employees for training and certification programmes to increase competencies and capabilities</li> <li>Review policies and processes timely to ensure relevance</li> <li>Implement automation to enhance monitoring and screening process</li> <li>Introduce e-KYC to reduce customer waiting time during on-boarding</li> </ul>
Digital advancement and technological change	<ul style="list-style-type: none"> <li>Increased competition from digital banks</li> <li>Increased cyber security risk from adoption of technology and digital platforms</li> </ul>	<ul style="list-style-type: none"> <li>By improving our digital capabilities and investing in cyber security, we can serve our customers in new and innovative ways, meeting their needs for safe and secure digital banking solutions</li> </ul>	<ul style="list-style-type: none"> <li>Invest RM250 million over the next 3 years on technology</li> <li>Introduce MBSB's e-wallet</li> <li>Introduce MTrade Mobile application for trade financing</li> <li>Introduce Cash Management System ("CAMS") for corporate clients</li> <li>Improve security of IT systems through upgrading of hardware and updating of system software</li> <li>Routine maintenance of IT infrastructure</li> </ul>

## Strategic Review

Outlook	Risks	Opportunities	Actions moving forward
Environment and climate change	<ul style="list-style-type: none"> <li>Increased credit risk on portfolios exposed to climate change</li> <li>Increased reputational risk if we fail to raise standards across all our activities and take customer and societal impacts into consideration when making business decision</li> </ul>	<ul style="list-style-type: none"> <li>Enhancement in risk management approach to incorporate climate risk assessment when providing financing could safeguard MBSB's value</li> <li>New revenue streams from financing opportunities for the transition to a low carbon economy</li> </ul>	<ul style="list-style-type: none"> <li>Increase financing for renewable energy including roof-top solar, small- and large-scale solar projects</li> <li>Engage and work closely with relevant agencies such as Suruhanjaya Tenaga, Green Tech Malaysia and Credit Guarantee Corporation to explore new opportunities</li> <li>Increase awareness and understanding on climate risk and its impacts to our business with reference to leading industry practices</li> </ul>



Refer to the Statement on Risk Management and Internal Control (SORMIC) on Pg XX for more information on our approach in identifying and managing key risks.



### MOVING FORWARD

Structurally, we are expecting to convert all our existing conventional assets into Islamic assets by 2021, according to the timeline given by BNM. Once we have moved all assets into MBSB Bank, we will restructure MBSB to make MBSB Bank the holding company, taking on the listing status on the stock exchange. This move will mark our journey to becoming a full-fledged Islamic financial institution which will allow us to unlock more opportunities being a Shariah-compliant stock, attracting further investments.

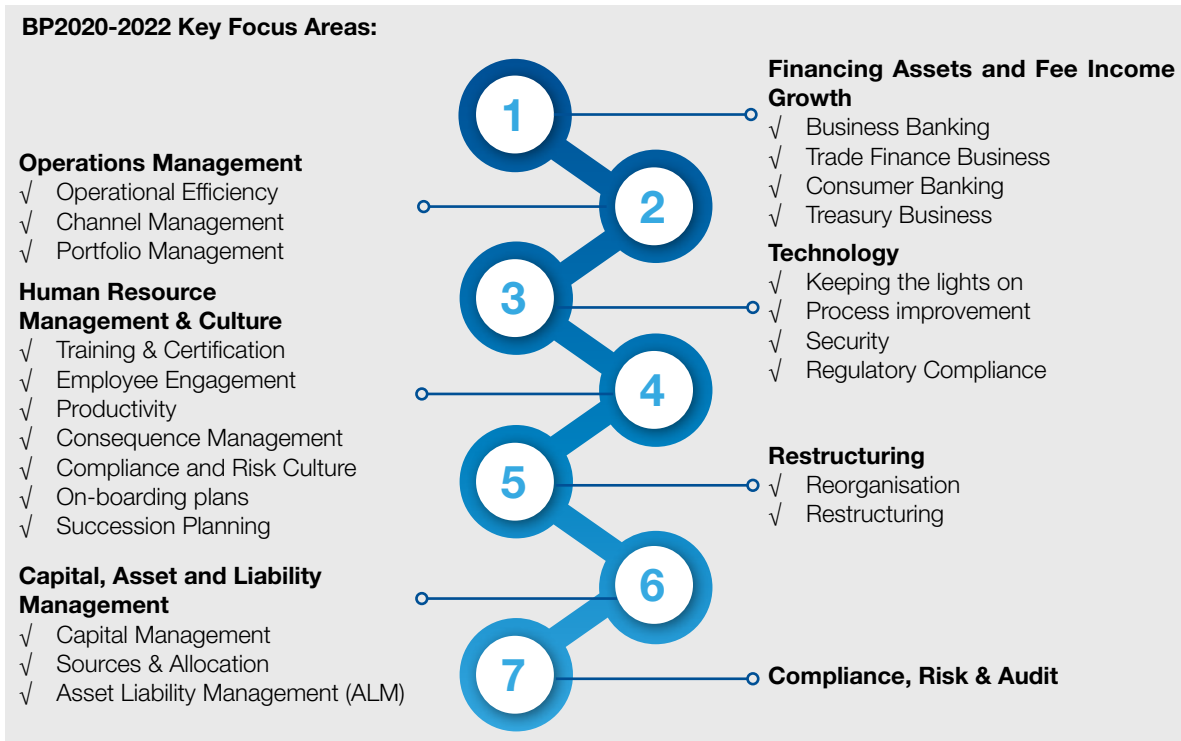
We will continue focusing on delivering the remaining 2 (out of 22) initiatives while we start on our new business plan for the next three years (2020 to 2022). The Business Plan 2020-2022 (Banking on Technology) sets out the plans and strategies for us to overcome the challenges and issues facing us, through key areas such as Trade Finance and adopting technology.

In this Business Plan, we are also introducing a long-term vision to bring MBSB to the next level i.e. continued strategies and targets for the future. This is what we call the Journey 25 ("J25").

In achieving our long-term vision, we have reorganised our management structure in January 2020 to ensure effective leadership succession, which saw the introduction of two deputy CEO positions. MBSB Bank's organisation chart has also been restructured of which Divisions have been grouped into Business and Operations.

Notwithstanding our genuine intention to implement the Business Plans, some of the elements of our business plan would have to be revised in order to address the impacts of the COVID-19 as it unfolds, particularly to maintain strong capital ratio amidst the 6-month moratorium given to our individual and SME customers.





**COVID-19 Update**

On 11 March 2020, the World Health Organisation declared COVID-19 as a pandemic. Since then, we have seen an exponential increase in the number of transmissions and deaths globally which accentuates the seriousness of this situation. Around the world, the pernicious effects of COVID-19 have been felt: some form of movement restriction or lockdown has been enforced, global supply chains have been disrupted, businesses are struggling, and people are losing their jobs.

During this time of crisis, we have a responsibility to step up and support our customers, employees as well as the wider society in the face of adversity. For MBSB, we concentrate our efforts on three key areas: caring for our employees, serving our customers and society, and managing the economic impact on the Bank.

At the top, we have established the COVID-19 Committee with a multi-disciplinary pandemic team (“MDPT”) to manage and mitigate the associated COVID-19 risks and to respond immediately to any developing situation. In addition, six sub-committee working groups were formed to take proactive measures in addressing critical issues for the purpose of business continuity. They report directly to the MANCO on a weekly basis to update on the situation and action plan. The sub-committee working groups comprise the following:

1. Cashflow, Capital and Business Working Group
2. Business and Technology Working Group
3. Communication and Pandemic Working Group
4. BNM Liaison Working Group
5. Operations and Collections Working Group
6. Human Resources Working Group

## Strategic Review

We have also activated the Business Continuity Plan (“BCP”) and emplaced critical operations departments to split their operations arrangements and to operate from separate locations. This is to ensure that the Bank remains in operation and is capable to provide the essential banking services to our customers.

### Caring for our employees

As MBSB Bank is categorised as “essential service” under the Movement Control Order (“MCO”) by the government, we have to ensure we are able to continue our operations. In doing so, we have assessed the risks, implemented controls and extended support to safeguard the well-being of our employees. On this note, we would like to express our sincere gratitude and appreciation to our employees who are required to work from office. Among the efforts undertaken by MBSB include:

- Issuance of Work From Office (“WFO”) Guide;
- Distribution of 15,000 pieces of surgical masks, 5,000 pieces of latex gloves and 300 bottles of liquid hand sanitisers to staff at branches and Head Office (estimated costs of RM582 per employee on WFO arrangement);
- Continuous disinfectant cleaning of Head Office and branch premises;
- Implementation of shorter working hours from 9am–5pm to 9am–4pm for branches;
- Suspension of Account opening services;
- Closure of 19 branches nationwide with low traffic volumes and/or in high-risk areas;
- Cancellation of corporate open house;
- Undertaking of online meetings including Board meetings;
- Conduct remote AGM meetings with remote participation and voting facilities;
- Implementation of Work From Home (“WFH”) arrangements for pregnant employees; and
- Requirement for employees returning from overseas travel during MCO to undergo a self-quarantine period.



As at 30 April 2020, we have 24% of employees on WFO and 76% on WFH, which we believe is the minimal level to ensure that we remain in operation and are able to provide essential services to our customers. We will continue to observe the situation and identify areas of improvement.

### Serving our customers and society

As a responsible Islamic Financial Institution, we are equally concerned of the well-being of our customers as well as the wider society. Under our Financial Relief Programme, we have granted an automatic six-month moratorium for all our individual and SME customers starting 1 April 2020 to help relieve some of their financial burdens. This programme is also extended to our corporate customers on a case-by-case basis. Beyond that, we have contributed RM1.6 million to support the front-liners, underprivileged communities, orphanages and university students.



### Community

Looking after the underprivileged

Total contribution:  
**RM858,200**



### Healthcare

Aid to purchase respiratory equipment and medical supplies

Total contribution:  
**RM300,000**



### Front-liners

Distribution of personal protective equipment

Total contribution:  
**RM150,000**



### Universities

Distribution of packed foods, face masks and hand sanitisers for students

Total contribution:  
**RM225,000**



### Animals

Facilitation of cleaning and feeding of animals

Total contribution:  
**RM50,000**

#### Managing the economic impact

Inarguably, this pandemic would have a certain impact on our economic performance in the short term and may affect the implementation of some of the initiatives in our business plans moving forward. Rest assured, MBSB Bank's position in terms of capital, liquidity and cash flow shall remain strong as MBSB Bank has always taken precautionary measures to mitigate these vulnerabilities. As for further financial security, we are able to tap on our RM10 billion Sukuk programme and also the emplacement of standby facilities when needed.

Despite the financial security we may have, business as usual would have to be redefined, even post-MCO. Until a vaccine for COVID-19 is developed, the risk of a further outbreak could not be ignored. Our approach in the foreseeable future would be to optimise the potentials of technology, by accelerating our efforts to roll out online

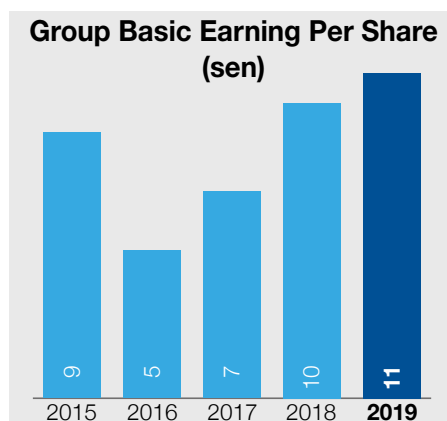
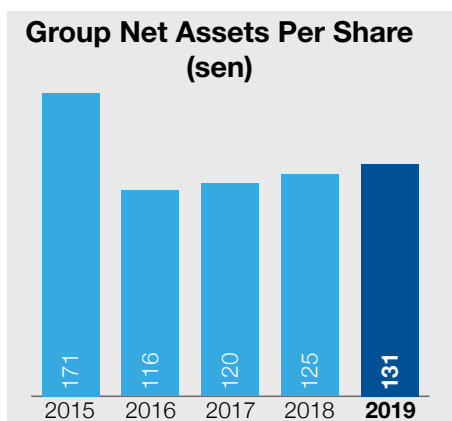
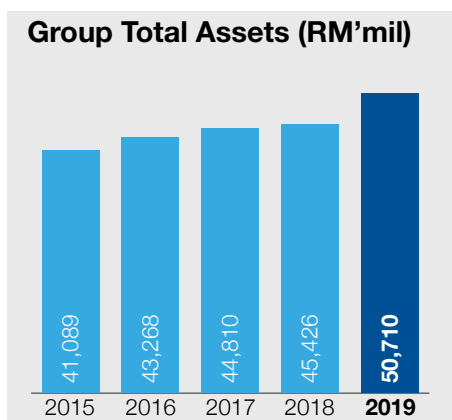
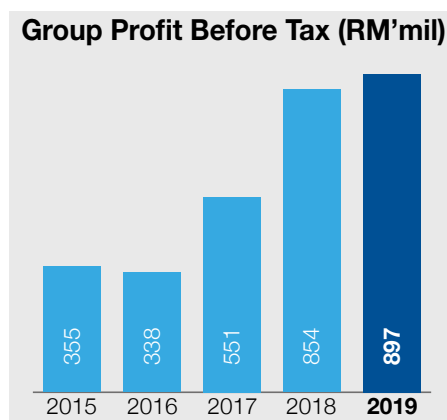
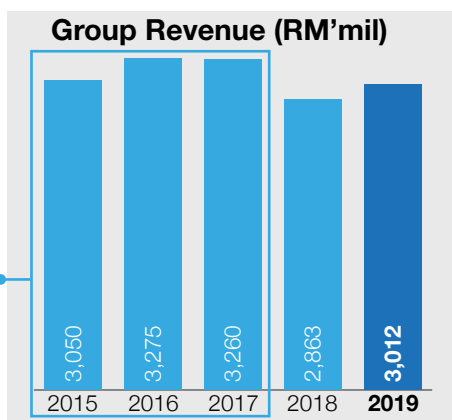
financing applications for customers as well as upgrading our infrastructure to conduct online meetings and training effectively. We will continue to explore new ways of running our business and perhaps identify a new norm for the future. While our actions help to address the current concerns, MDPT is actively monitoring the situation and working to identify additional ways for further improvements.

We believe our actions in this unpropitious time would demonstrate our resiliency and build trust in the market. Hopefully, this situation would take a turn for the better. We stand by our commitment to all our employees and customers - together, we will go through this.

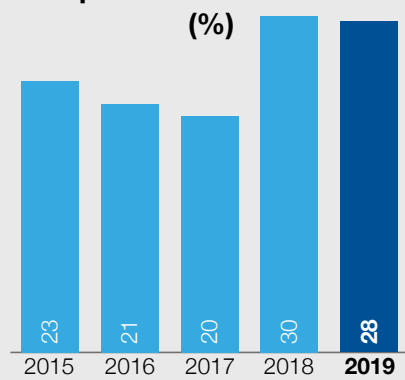
*Note : Our initiatives disclosed in this MD&A on COVID-19 are based on the MCO enacted by the government of Malaysia up to 30 April 2020.*

## Financial Highlights

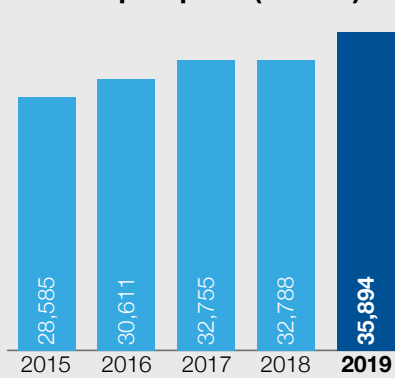
"The Group realigned disclosures of revenue for year 2018 to accurately reflect nature of the relevant transactions as disclosed in the audited financial statements for year 2019. Revenue for year 2015 to 2017 remain as disclosed in prior year annual report."



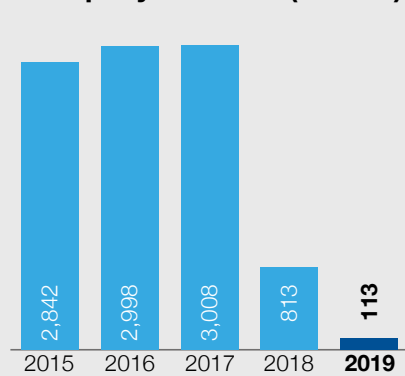
**Group Cost-To-Income Ratio (%)**



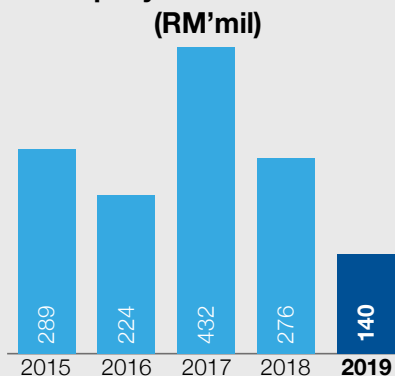
**Group Deposit (RM'mil)**



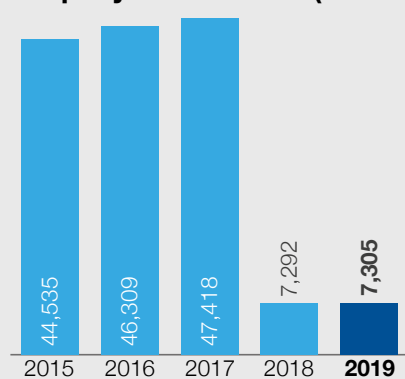
**Company Revenue (RM'mil)**



**Company Profit Before Tax (RM'mil)**



**Company Total Assets (RM'mil)**



**Company Shareholders' Equity**

