



INTEGRATED
ANNUAL
REPORT
2023



Stronger **Together,**
For You

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Cover Rationale

'Stronger Together, For You' - Our theme this year is a testament to MBSB's strategic merger with MIDF. This union enhances our product range and customer propositions across our Consumer, Commercial and Wholesale Banking businesses covering a broad range of opportunities from individual financing to capital markets. The remarkable Chevron Flight Strategy adopted by migratory birds inspired MBSB Group to gather our combined resources, elevate our products and services and accelerate towards new frontiers to serve our customers exceptionally and sustainably.

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Proxy Form



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Download the "QR Code Reader" app from Google Play (Android Market), BlackBerry AppWorld, App Store (iOS/iPhone) or Windows Phone Store



Run it

Run the QR Code Reader app and point your camera at the QR Code



Access it

Get access to MBSB Group's website



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

ABOUT THIS REPORT

Malaysia Building Society Berhad (MBSB) is pleased to present our Integrated Annual Report (the Report) for the year 2023. This Report has been prepared with reference to the International Integrated Reporting Council (IIRC's) International Integrated Reporting <IIR> Framework.

This Report aims to communicate our value creation for stakeholders in the short, medium and long term. Our strategy, governance, performance and prospects play a significant role in our business and day-to-day operations.

REPORTING SCOPE AND BOUNDARIES

This Report covers the business operations of MBSB Group, including MBSB Bank Berhad (the Bank or MBSB Bank) and Malaysian Industrial Development Finance Berhad (MIDF) and all subsidiaries. It provides information on both our financial and non-financial performance. We aim to offer readers a transparent and comprehensive overview of our achievements in 2023 and a glimpse into the future of MBSB Group.

The reporting period spans from 1 January 2023 to 31 December 2023 for MBSB Bank and from 1 October 2023 to 31 December 2023 for MIDF and its subsidiaries, unless otherwise specified.

REPORTING FRAMEWORK

This is our fourth year of adopting the <IIR> Framework. We are committed to continuously improving the depth of disclosures at each year of reporting. In addition, this Report also adheres to the following frameworks:

- Bursa Malaysia Securities Berhad (Bursa) Main Market Listing Requirements
- Malaysian Financial Reporting Standards (MFRS)
- International Financial Reporting Standards (IFRS)
- Malaysian Code on Corporate Governance (MCCG)
- Task Force on Climate-Related Financial Disclosures (TCFD)
- Companies Act 2016
- Bursa Sustainability Reporting Guidelines
- Global Reporting Initiative (GRI)
- United Nations Sustainable Development Goals (UN SDGs)
- Bank Negara Malaysia Policy Documents and Guidelines
- Financial Services Act 2013
- Islamic Financial Services Act 2013

OUR 2023 REPORTING SUITE

Integrated Annual Report

Our primary Report that provides a holistic assessment of our ability to create sustainable value in the short, medium and long term.

Corporate Governance Report

A Report that outlines our corporate governance practices.

Sustainability Report

A Report that communicates our approach and sustainability performance in relation to issues material to MBSB Group and its stakeholders.

MBSB Sustainability Report 2023



Please scan this QR Code for a digital copy of the MBSB Sustainability Report 2023



Our Reports are available at www.mbsb.com.my

STATEMENT OF ASSURANCE

We are continuously enhancing the quality of our Report by providing balanced, relevant and accurate data. The senior management of MBSB Group has put in their collective minds in preparing this Report, which has also been reviewed and approved by the Board of Directors. We have obtained external assurance on the financial statements and limited assurance on selected non-financial information for the year. The Independent Auditors' Report for our financial and non-financial information is presented on pages 172 to 176 of this Report and pages 67 to 70 of our Sustainability Report 2023, respectively.

MATERIALITY AND MATERIAL MATTERS

We prioritise the content of our Report based on the principle of materiality. This Report discloses key risks, opportunities, mitigations, and other factors influencing materiality across our six capitals, aiming to highlight our commitment to creating, preserving, and enhancing stakeholder value. Our materiality assessment process covers key topics relevant to both internal and external stakeholders, including ethics and integrity, environmental stewardship, employee welfare, and community development. Through this assessment, we aim to identify key matters to yield value-added outcomes for all stakeholders.



We provide a more detailed discussion on the material matters from pages 52 to 58.

FEEDBACK

We value our stakeholders' feedback to improve our reporting and sustainability practices continuously. Should you have any comments or enquiries regarding this Report, please reach out to us at enquiry@mbsbbank.com.

PERFORMANCE HIGHLIGHTS

RM2.8
billion
Total Revenue

Total projects financed
by Sustainability Sukuk
Wakalah worth
RM667
million

RM559
million
Profit before
Zakat and Tax

Invested
RM15
million
in Cybersecurity
Enhancement

OVERVIEW OF MBSB

A TRUSTED LEGACY

MBSB has been a vital contributor to the nation's financial services industry and economy for more than 70 years.

Our story began in the 1950s where we were one of the first financial institutions to extend home financing that helped Malaysians own their homes. MBSB is instrumental in the development of many residential areas, including Petaling Jaya, where the head office is currently located.

MBSB is the financial holding company of MBSB Bank, a progressive Islamic Bank that offers Shariah-compliant banking facilities to retail, commercial and corporate customers, and also Malaysian Industrial Development Finance Berhad (MIDF), a financial service provider focusing on development finance, investment banking and asset management which includes Shariah-compliant financing and wealth products.

RM1.39
billion
Net Operating
Income

5.23%
Return on
Equity

RM491
million
Net Profit

Net Promoter
Score (NPS)
64
Surpassing the
Industry Benchmark
of 61

CORE
VALUES

HUMILITY

PROFESSIONALISM

ETHICS

EMPATHY

PASSION





ABOUT **MBSB**

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Moving forward, let us embrace our collective motto, ‘Stronger Together, For You’, reflecting the resilience from our merger. This ethos positions us to offer a more comprehensive suite of products and services, aligning with our three-year strategic business plan, “FLIGHT26”.



MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

I am pleased to present the MBSB Integrated Annual Report for 2023. Since joining in January 2024, I am grateful to have received a warm welcome from my colleagues at MBSB. Serving as the Chairman, and a member of the Investment Panel of the Employees Provident Fund (EPF), our largest shareholder, offers me a unique perspective. I look forward to be part of MBSB's journey, a company with a rich history of over 70 years, that has contributed to the early growth of the financial service sector. I am confident that MBSB will continue to play an important role in shaping the future of the banking industry.

MBSB remains on a Profit Growth Trajectory

Allow me to thank the management and employees of MBSB Bank and MIDF for completing the merger, despite a challenging year. With your hardwork and dedication, the Group was able to post a profit after tax (PAT) of RM491.8 million, which is 7% higher than the previous year's RM460.2 million. This was achieved on a revenue of RM2.8 billion, up 4.7% from RM2.7 billion the previous year.

As we all are aware, in 2023 global growth slowed as tight monetary policy and elevated inflation weighed on economic activity. Despite the challenging external environment, the Malaysian economy grew by 3.7%, supported by resilient domestic demand and further recovery in tourism activities. Malaysia is widely expected to improve its economic performance in 2024 buoyed by continued expansion in household spending and a rebound in global trade amid the tech upcycle.

Navigating Challenges in the Banking Sector

Despite the growth in revenue and profit, challenges persist in our industry. In 2023, banks faced declining net profit margins due to the rising costs of deposits, triggered by monetary policy tightening across the globe. This pressure on profit margins may persist, necessitating initiatives to reduce or maintain operating costs and the cost of funds. In this environment, creativity, innovation, and excellent customer service are imperative to retain customer loyalty amidst the emergence of new digital banks and financial service providers.

As we look ahead to the future, it is also important to acknowledge the dynamic landscape of the domestic banking sector. As an Islamic bank, we find ourselves amidst a highly competitive environment coming from both conventional and Islamic segments. Additionally, there exists an array of domestic banking groups and a significant presence of international banks, all competing for a slice of the market. One of the critical questions facing our bank, given our smaller size, is the balance between growth and risk management. While a high rate of financing growth may seem appealing, it poses risks to our balance sheet if not managed effectively. This underscores the importance of asset liability management. By actively managing liabilities to ensure stable funding sources and maintaining a healthy balance between asset growth and quality, I am confident that MBSB can navigate these challenges effectively.

Expansion of our Business Portfolio

As I come on board MBSB, the Group had already expanded its reach with the acquisition of MIDF, an organisation that also has a long history of over six decades, and is involved in development finance, investment banking and asset management. Through this acquisition, Permodalan Nasional Berhad (PNB) has emerged as a substantial shareholder in MBSB with a 12.78% stake, while EPF remains the largest shareholder holding 57.45% in equity.

This strategic acquisition has enhanced the Group's financial resilience and expanded our capabilities, evident in a larger balance sheet, wider market presence, and a diversified portfolio encompassing Consumer, Commercial & SME, and Wholesale Banking.

The integration is strategic due to the minimal overlap between MBSB Bank and MIDF, positioning the Group effectively to offer complementary services. Now, we can capitalise on cross-selling and targeted marketing, effectively serving our expanded customer base. Our teams are increasingly operating in synergy, utilising enhanced expertise, market intelligence, and resources to deliver added value and services to our customers.

The merger's strategic significance was recognised industry-wide when MBSB's acquisition of MIDF was honoured as the Best Domestic M&A Deal of the Year in Malaysia at the 17th Borrower Issuer Awards Alpha Southeast Asia 2023. In the year under review, MBSB Bank received the Best Sustainability Sukuk Wakalah accolade from the Triple A Awards whilst MIDF's subsidiary, MIDF Amanah Investment Berhad, earned the Best Syndicated Loan of the Year 2022 title for leading and arranging OMS Group Sdn. Bhd.'s Multi-Currency Syndicated Facilities.

Moving forward, let us embrace our collective motto, 'Stronger Together, For You', reflecting the resilience from our merger. This ethos positions us to offer a more comprehensive suite of products and services, aligning with our three-year strategic business plan, "FLIGHT26". This plan focuses on delivering innovative product offerings in attracting a high-quality customer base, and delivering sustainable growth, ultimately enhancing shareholder value.

In January, we also unveiled MBSB's new logo. Its geometric design symbolises our steadfast dedication to growth, strategic vision, innovation, and adaptability in a dynamic marketplace.

“
The integration is strategic due to the minimal overlap between MBSB Bank and MIDF, positioning the Group effectively to offer complementary services.
 ”

Moving Forward as a Cohesive Entity

I would like to express my sincere appreciation to the members of the Board for their leadership in steering the course of our organisation. The commitment demonstrated by everyone has significantly contributed to the successes we have achieved and the milestones we have chartered. As we continue this journey, I am confident that your dedication, insights and expertise will be the guiding force behind MBSB's future achievements.

I am pleased to welcome Tan Sri Abdul Rahman (Tan Sri Rahman) and Datuk (Dr.) Yasmin Mahmood (Datuk Yasmin) to the Board. Tan Sri Rahman, also the Chairman of MIDF, brings a wealth of experience from his 35-year civil service career, including as Secretary General of MITI from 2006 to 2010. Datuk Yasmin, PNB's nominee director and former Chief Executive Officer of Malaysia Digital Economy Corporation (MDEC), has an extensive background in various leadership roles. Their diverse perspectives and leadership expertise will undoubtedly contribute to the Group's ambitions.

I also want to extend the Board's sincere gratitude to Datin Hoi Lai Ping and Ir. Moslim Othman for their valuable contributions as independent directors at MBSB. Their dedication and insights have significantly enriched our board discussions and strategic decisions. As they move on to new chapters, we thank them for their service and wish them success in their future endeavours.

We are grateful to our shareholders, regulators, business partners, customers, and dedicated employees for their support and commitment to MBSB. The collaborative efforts of all have been crucial to our success.

As we look to the future, let us continue in our united efforts, drawing strength from our shared vision and goals. Together, we stand poised to navigate new challenges and seize opportunities, reinforcing our commitment to excellence and sustained growth. Thank you for being an integral part of our journey.

Dato' Wan Kamaruzaman Wan Ahmad
 Chairman



MBSB continued to make strides forward in 2023. We enhanced our CASA offerings, achieved financing growth that exceeded the industry average and advanced several digitalisation initiatives.



MESSAGE FROM THE **GROUP CHIEF EXECUTIVE OFFICER**

Dear Shareholders,

I am delighted to present our Integrated Annual Report for 2023, which showcases our collective achievements and sets forth our future aspirations. As the Group Chief Executive Officer of MBSB, it is a privilege to contribute to the enduring legacy of an organisation with a rich history spanning over seven decades. Following the acquisition of MIDF, MBSB has expanded its portfolio to include development finance, investment banking and asset management, marking a significant evolution in our capabilities.

I am pleased to welcome Dato' Wan Kamaruzaman Wan Ahmad as our new Chairman, appointed in January 2024. With extensive experience in both the private sector and government-linked agencies, we look forward to Dato' Wan's stewardship in leading MBSB to deliver sustained growth and value to our shareholders. Together with the Board, we recognise that some areas of our business require more focus than others, so we have developed comprehensive strategic and operational plans along with detailed roadmaps to monitor our progress.

Navigating a Challenging Landscape with Optimism

In 2023, the Malaysian banking industry demonstrated remarkable resilience and adaptability amidst economic challenges and rapid technological advancements. It is observed

that significant emphasis was placed on digital transformation, with investments aimed at enhancing customer experiences, streamlining operations, and improving efficiency.

The Overnight Policy Rate (OPR) was raised to 3.00% in 2023, placing additional pressure on the net profit margins of all banks, with no exception to MBSB. This financial strain was compounded by rising inflation, which escalated operational costs and expected credit losses. Additionally, MBSB faced challenges due to a higher cost of funding stemming from a low Current and Savings Account (CASA) ratio.

Despite these challenges, MBSB has continued to make strides forward. We enhanced our CASA offerings, achieved financing growth that exceeded the industry average and advanced several

digitalisation initiatives. This progress is a testament to the resilience and dedication of our team, bolstered by the trust and confidence of our stakeholders.

For the fiscal financial ending 31 December 2023, the Group achieved a profit after tax (PAT) of RM491.8 million, largely attributed to a RM354.4 million one-time gain from the MIDF acquisition. Our total assets increased by 21.3% to RM66.7 billion, also mainly driven by the merger. The Group's financing portfolio expanded by 9.6% year-on-year, fuelled by growth in both the commercial and retail financing sectors.

Strategic Growth and Harmonisation

The recent acquisition of MIDF has further broadened our capabilities, adding development finance, investment banking, and asset management to our service offerings. This strategic move has led to a Group-wide harmonisation, reorganising our business units into Consumer Banking, Commercial Banking, and Wholesale Banking to enhance synergies and leverage our combined strengths.

On the human capital front, we have made significant strides in our integration efforts, uniting the workforces of MBSB Bank and MIDF under one roof. This integration, led by our in-house Integration Team, has fostered a renewed enthusiasm among our staff, contributing to a work environment where everyone feels valued, respected, and empowered.

Introducing FLIGHT26

Looking ahead to 2024, we have developed a three-year strategic plan called 'FLIGHT26'. Inspired by the Chevron Flight Strategy, a flight formation used by migrating birds, this strategy provides birds with aerodynamic advantages for efficient and resilient long-distance travel, reflecting the power of a singular objective, an effective strategy and effective teamwork. We believe that adopting the Chevron Flight Strategy will be advantageous for MBSB, helping us achieve new heights while promoting unity within our organisation.

FLIGHT26 is supported by 30 transformation plans, collectively known as TP30, which include 12 projects in Wholesale Banking, six in Commercial Banking, nine in Consumer Banking, and three in Digital Banking.

Upholding Our Commitment to Sustainability

Our commitment to environmental stewardship, social responsibility, and ethical practices remains steadfast. In 2023, we developed a Net Zero Strategy and a Sustainable and Transition Finance Framework that guide our transition towards environmentally and socially responsible financing and investment activities. MBSB Bank's green financing exceeded RM500 million, and MIDF's green portfolio represented 13% of its total assets. Another notable achievement in 2023 was the issuance by MIDF Amanah Investment Bank Berhad of reNIKOLA



Engagement with stakeholders remain essential to the Group's DNA.

Solar II Sdn. Bhd.'s RM390 million ASEAN Green SRI Sukuk Programme, the world's first climate Sukuk certified by the Climate Bonds Initiative. Moving forward, we plan to further expand our portfolio with sustainable products and services, such as financing for electric vehicles, sustainable deposit accounts, and financial inclusion products.

Ultimately, our goal as a Group is to reduce our environmental footprint and increase our positive impact, committing to the reduction of Scope 1, 2, and 3 emissions and enhancing our environmental efforts through conscious investments, community development, and volunteer hours.

Words of Appreciation

I would like to take this opportunity to extend my heartfelt thanks to all our stakeholders, whose dedication is integral to our progress. The trust of our shareholders fuels our ambition to reach new heights. Our customers, who are at the core of our operations, inspire our pursuit of excellence. The strategic guidance from our Board has been invaluable, and the passion and effort of our team are the driving forces behind MBSB's success. Together, we will continue our journey of excellence, united by our shared commitment for growth.

Rafe Haneef

Group Chief Executive Officer



Total assets for the Group increased by 21.3% or RM11.7 billion from December 2022 to RM66.7 billion as at 31 December 2023. The strong increase was a direct result of the merger which brought into the Group an asset amounting to RM7.3 billion.



MESSAGE FROM THE GROUP CHIEF FINANCIAL OFFICER

As the cornerstone of MBSB Group's financial operations, Finance Division plays a pivotal role in ensuring the integrity, accuracy, and efficiency of the Group's financial activities. Committed to upholding the highest standards of financial management, our division diligently oversees budgeting, financial reporting and strategic financial planning. With a dedicated team of professionals possessing extensive expertise and a commitment to excellence, the Finance Division remains steadfast in its mission to drive the Group's financial success and uphold the trust and confidence of our stakeholders.

Bolstering Market Position and Operational Capabilities

MBSB's Profit After Tax (PAT) for the financial year ended 31 December 2023 rose by 6.9% to RM491.8 million attributed mostly by the one-time gain from the acquisition of MIDF.

The Group's revenue grew by 4.7% to RM2.8 billion, attributed by an expansion of financing by 9.6%, a commendable growth that surpassed the industry average of 4% - 5%. The strong growth is spread across all customer segments, particularly SMEs as the economy rebounded strongly post pandemic.

Our Net Other Income reported a significant increase of RM340 million mainly due to a gain attributable from the acquisition of MIDF. If not for the rebalancing of our Treasury investment which resulted in a realised losses during the financial year, the Net Other Income would have been higher at RM400 million.

Net Profit Margin declined in 2023 primarily due to a higher funding cost resulting from the effect of the OPR hikes in late 2022 and the first half of 2023. Though the margin compression

is an event in almost all banks, we are significantly impacted due to the fact that we do have a sizeable fixed rate portfolio in our book. Efforts are underway to convert the fixed rate portfolios to variable rate in 2024, hence reducing the Group's profit rate risk.

Total assets for the Group increased by 21.5% or RM11.8 billion from December 2022 to RM66.7 billion as at 31 December 2023. The strong increase was a direct result of the merger which brought into the Group an asset amounting to RM7.3 billion. Net asset per share was at RM1.20, with shareholders' equity at RM9.8 billion as at 31 December 2023.

Our customer deposit remains the core source of funding and saw an increase of RM9.8 billion during the reporting year. While the major growth derived from Term Deposit, in an effort to optimise the funding costs, the Group prioritised the expansion of its Current Account and Savings Account (CASA) base from RM2.1 billion to RM2.7 billion, resulting in an enhanced CASA ratio from 6.2% to 7.1% as at 31 December 2023. Our Liquidity Coverage Ratio (LCR) remains sound at 157.3%.

Summary of MBSB's Financial Performance

Profit After Tax	RM491.8 million
Total Assets	RM66.7 billion
Casa Ratio	7.1%
Common Equity Tier-1	19.90%
Total Capital Ratio	23.85%

Implementation of Strategic Initiatives to Enhance Recovery Processes

We remain steadfast in our commitment to ensure a strong asset quality within the Group to weather any potential economic downturns. To achieve this, we have implemented various strategic initiatives aimed at strengthening our asset underwriting standards and enhancing our recovery processes.

These efforts have yielded positive results, however the merger with MIDF and the introduction of Ihsan-i Personal Financing in 2023 led to an increase in impaired financing by RM581 million for the year. This has resulted in an overall increase in our Gross Impaired Financing (GIF) from 6.76% to 7.27%.

The management has put in place a more targeted approach to resolve the impaired Ihsan-i Personal Financing and some significant impaired accounts in order to improve our asset quality to industry level.

Although our Financing Loss Reserve (FLR) stood at 57%, we are comfortable that a large chunk of the impaired financing and loans are over collateralised. We are confident for our FLR to improve significantly closer to 100% upon resolution of these over-collateralised impaired financing and loans by the end of December 2024.

The Group continues to invest in technology infrastructure and human capital aimed at securing its future and this has resulted in a modest increase in its operational expenses. Notably, this increase remains marginal and the Group's cost-to-income ratio settled at 51.15%, reflecting a balanced approach to expenditure management amidst strategic growth initiatives.

The Group remains dedicated in preserving a robust capital position while at the same time striving to maximise returns for shareholders. As at 31 December 2023, our Common Equity Tier-1 (CET-1) and Total Capital Ratios (TCR) stood at 19.90% and 23.85% respectively.

Our strong capital position allows the Group to pursue the expansion of its asset portfolio and value creation for its stakeholders.

The Group paid a dividend of 8.5 sen per share in early 2023 amounting to RM609 million and a final dividend of 3.5 sen per share amounting to RM287.8 million to be paid in 2024. With a strong capital position, we will maximise the dividend pay-out ratio although our policy is to pay a minimum of 30% from the PAT.

The Group paid a dividend of 8.5 sen per share in early 2023 amounting to RM609 million and a final dividend of 3.5 sen per share amounting to RM287.8 million to be paid in 2024. With a strong capital position, we will maximise the dividend pay-out ratio although our policy is to pay a minimum of 30% from the PAT.

Outlook

The global economy is projected to expand by 3% in 2024, propelled by moderate growth across advanced economies and emerging markets. Anticipating a tightening of monetary policies, global inflation is expected to reach 5.2%. Locally, economic growth hinges significantly on the global economy's successful attainment of a soft landing and avoidance of further escalation in geopolitical conflicts. Despite these challenges, economic momentum is poised to recover, with the local economy projected to grow between 4.5% and 5%, accompanied by moderated inflation at 4.5%.

The reactivation of market activities is expected to underpin a rebound in the banking industry. Economic and investment activities will be enhanced with the clarity in economic policy and direction following the implementation of National Energy Transformation Roadmap, New Industrial Master Plan 2030 and Mid-Term Review of the 12th Malaysia Plan. These developments bode well for the Group, as increased demand for financing is anticipated. Supported by a robust and stable capital position, we maintain a positive outlook on the Group's performance in 2024, expecting it to capitalise on the opportunities presented by the evolving economic landscape.

Ramanathan Rajoo
Group Chief Financial Officer

PRODUCTS AND SERVICES

SERVING CUSTOMERS BETTER THROUGH **OUR COMBINED EXPERTISE**

WHAT MBSB BANK OFFERS

Current & Savings Account-i

MBSB Bank VISA Debit Card-i

M JOURNEY Online Banking and Mobile App

DuitNow QR

Term Deposit-i

Personal Financing-i

Property Financing-i

My First Home Scheme
SJKP Madani

M JOURNEY Corporate

Trade Financing

M TRADE Mobile App

MGG-S

Skim CAKNA

Ihsan-i

Wealth Management and Takaful

Leveraging on the strengths of its member companies, MBSB Bank and MIDF, MBSB Group’s visibility is spread across various market segments, from retail, SME as well as corporate banking.

MBSB Bank, which is a full-fledged Islamic Bank focuses on Shariah-compliant banking products while MIDF is committed to moving businesses forward by providing investment and development financing as well as asset management services.

WHAT MIDF OFFERS

Financing for SMEs
& Mid-Tier
Businesses

Financing for
large business

Corporate
Advisory

IPO & Equity
Solution

Money Market
Deposits

Fixed Income
Investment

Private
Investment

Share Trading

Share Margin
Financing

Unit Trusts

Fund
Management

AWARDS AND ACCOLADES

17th Annual Borrower Issuer Awards 2023 -

Alpha Southeast Asia
Best Domestic M&A Deal of
the Year Award 2023

Global Business Outlook 2023

Most Innovative New Shariah
Compliant Personal Financing
Product: Ihsan-i

Chief Procurement Officer (CPO) Asia Summit 2023

Best
Technology
Partner

NACRA Awards 2023

Best Designed Annual Report
- Silver Category



CGC 28th FI/DFI SME Awards 2022

Top Financial Institution
Partner - ESG Category

The Asset Asian Awards 2023

Best Sustainability Sukuk -
300 million Ringgit Dual
Tranche Sustainability Wakala
Sukuk Financial Institution
Malaysia

Global Banking and Finance Awards 2023

Best Mobile Banking
App for Trade Finance
Malaysia

Global Banking and Finance Awards 2023

Best Trade
Finance Bank
Malaysia

**Alpha Southeast Asia's
17th Annual Best Deal
& Solution Awards 2023**

**Best ASEAN Green SRI
Sukuk of the Year**

reNIKOLA ASEAN Green SRI Sukuk Programme of up to RM390.0 million by reNIKOLA Solar II Sdn. Bhd.

**Alpha Southeast Asia's
17th Annual Best Deal
& Solution Awards 2023**

**Best Domestic M&A Deal of
the Year in Malaysia**

RM1,014 million Disposal of PNB Berhad's stake in MIDF to MBSB; & Acquisition of MIDF from PNB; & Merger of MBSB & MIDF

**IFN Awards 2022
Wakalah Deal of the
Year 2022**



**Alpha Southeast Asia's
16th Annual Best Deal &
Solution Awards 2022.**

**Best Syndicated Loan of the
Year 2022**

Multi-Currency Syndicated Facilities by OMS Group Berhad

**20th Annual RAM
League Awards**

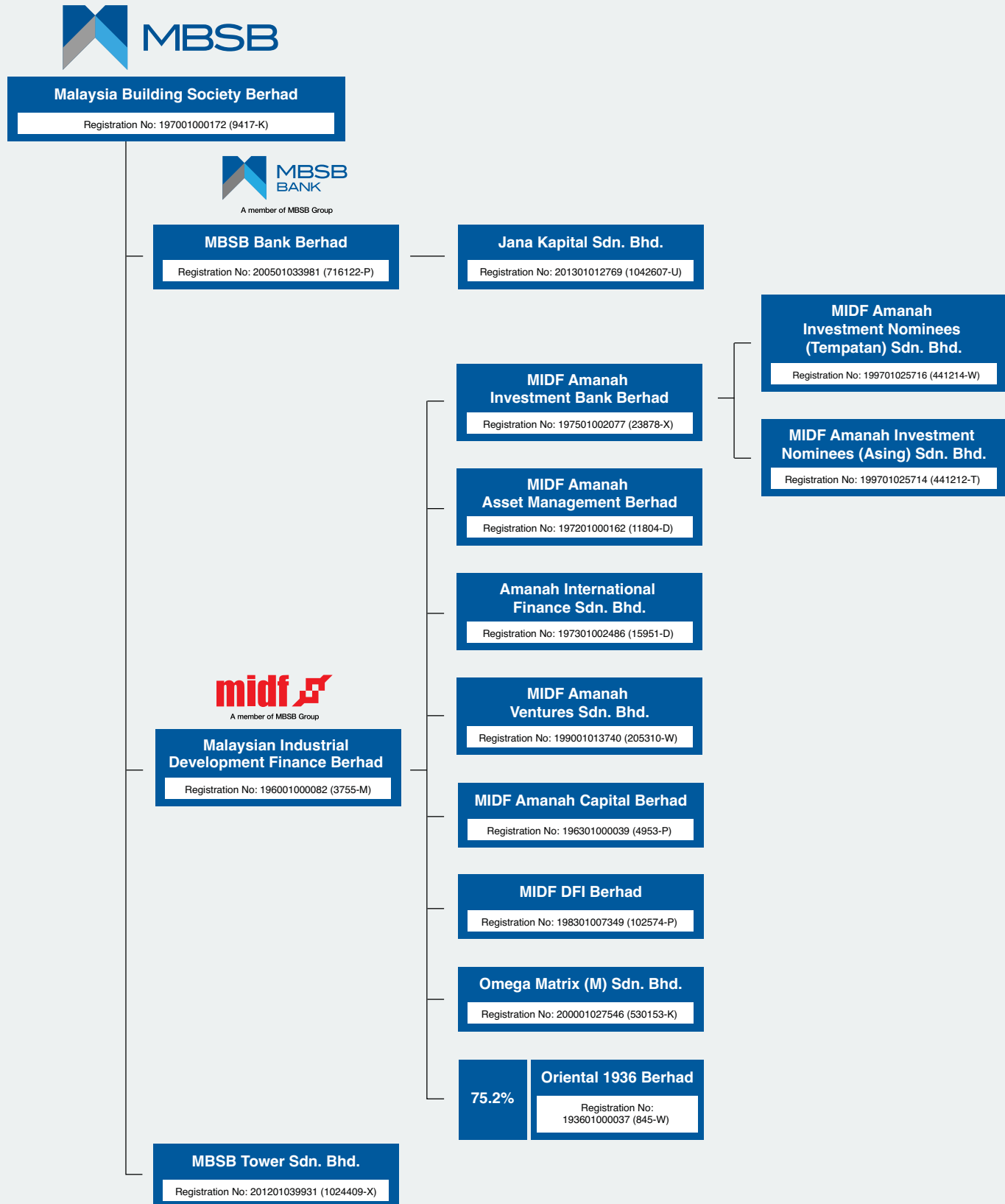
Joint 3rd Place for Lead Manager Award 2022 and Joint 3rd Place for Lead Manager Award (Sukuk) 2022

**The Asset Triple A Islamic
Finance Awards 2023**

Best Islamic Facilities

Multi-Currency Syndicated Facilities by OMS Group Berhad

OUR CORPORATE STRUCTURE



Note:
Unless otherwise mentioned, shareholding is at 100%

OUR CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Wan Kamaruzaman bin Wan Ahmad
Chairman/
Non-Independent Non-Executive Director

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

Encik Sazaliza bin Zainuddin
Non-Independent Executive Director

Tan Sri Abdul Rahman bin Mamat
Independent Non-Executive Director

Encik Mohamad Abdul Halim bin Ahmad
Independent Non-Executive Director

Dr. Loh Leong Hua
Independent Non-Executive Director

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

GROUP CHIEF EXECUTIVE OFFICER

Encik Mohamed Rafe bin Mohamed Haneef

COMPANY SECRETARIES

Koh Ai Hoon (MAICSA 7006997)
Practicing Certificate No.: 202308000225

Pauline Ng Peck Kun (MAICSA 7029550)
Practicing Certificate No.: 201908002573

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03- 2783 9299
Fax : 03- 2783 9222
Email : is.enquiry@my.tricorglobal.com
Website : www.tricorglobal.com

AUDITORS

PricewaterhouseCoopers PLT

LLP0014401-LCA & AF 1146
(Chartered Accountants)
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STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

(Listed since 14 March 1972)
Stock Code : 1171
Stock Name : MBSB

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Our strategy for the year focused on CASA growth, introducing differentiated products, expanding our portfolio, enhancing digitalisation, and enforcing strict cost discipline.

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MESSAGE FROM THE CHIEF EXECUTIVE OFFICER MBSB BANK BERHAD

Despite facing significant challenges in the banking industry in 2023, MBSB Bank actively pursued a transformation plan aimed at sustainably increasing our revenue and margins. Our strategy for the year focused on CASA growth, introducing differentiated products, expanding our portfolio, enhancing digitalisation, and enforcing strict cost discipline.

MBSB Bank registered a profit before tax of RM272.5 million for the year, with total assets of RM60.3 billion, gross financing and advances of RM39.6 billion, total deposits of RM42.1 billion and shareholders' equity of RM7.9 billion as at 31 December 2023. The financing and advances grew by 4.4% for the year, supported by Consumer and Commercial financing.

Strong Focus on Deposits

We recognise that a strong performance in deposits is mission-critical for growth. Our efforts are championed by market-leading term deposits and our signature Current and Savings Account CASA-i campaign, the SIMPAN BERGANDA MENANG BERGAYA (SBMB) series. The second instalment, SBMB 2.0, received a strong reception with over 50,000 entries, and we have continued the momentum with SBMB 3.0 to maintain the excitement in banking with us.

In the second quarter of 2023, we introduced the 'WINNERS ARE DREAMERS' Campaign, which offers customers a chance to win an all-expenses-paid trip to England for an English Premier League (EPL) match. Open to individuals holding any MBSB Bank product, including Term Deposit-i, Junior Term Deposit-i, and various financing options, this campaign promotes financial literacy and combines the thrill of football to inspire big dreams. It strengthens the bond between MBSB Bank, the sport, and the community.

Alongside these campaigns, MBSB Bank has launched a limited-edition debit card - the MBSB Bank Championship VISA Debit Card-i, specially designed for customers who are football enthusiasts.

Innovations in Financing

We have seen robust growth in financing, particularly in personal financing supported by EPF's Account 2 financing and property financing, notably first home financing, reaffirming MBSB Bank's role as Malaysia's key home financier.

The PF-i X Change campaign, offered 24-hour approval, credit consolidation, and no security deposit, attracted numerous applications through MBSB Bank's M FAST platform, contributing to increase in our personal financing from the previous year.

Ihsan-i was also introduced to enable customers to use the balance in their EPF Account 2 to facilitate personal financing, disbursing RM1.1 billion of financing. It also received recognition by the industry and was awarded the 'Most Innovative New Shariah-Compliant Personal Financing Product' by Global Business Outlook Awards 2023.

Assisting First-Time Home Buyers

MBSB Bank is committed to making the home buying process more accessible and manageable for individuals across all income groups. We view supporting first-time buyers as a form of community empowerment that also positively impacts economic growth. In 2023, the Bank approved RM373.0 million in financing for this purpose. Our total property financing disbursement for the year was RM1.7 billion, contributing 14.7% to the Bank's overall financing growth.

MBSB Bank's Digital Milestones and Innovations

MBSB Bank's digital transformation marks a significant progression for us, reshaping our interactions with customers and stakeholders. With upgraded digital platforms, including the M JOURNEY suite and the introduction of new financial tools, we saw substantial growth in digital onboarding and transaction volumes. This shift underscores a growing preference for our convenient and secure digital options. Notably, the M JOURNEY Mobile App has tripled user engagement, recording RM1.7 million transactions totalling RM2.0 billion. New digital offerings, including M JOURNEY Corporate and M TRADE Mobile App, have strengthened our online banking and trade finance services. Our digital-first approach to personal finance is exemplified by Ihsan-i, which enhances customer support and engagement. We also digitised our Human Resource Talent Assessment process enabling our managers to make faster and better decisions.

Branch Transformation

In 2023, MBSB Bank relocated several branches in Selangor (Wangsa Maju Branch), Kelantan (Kota Bharu Branch), Sabah (Sandakan Branch), and Putrajaya, to high-traffic areas to enhance accessibility. This branch transformation programme streamlined processes, reduced waiting times, and improved overall operational efficiency.

Additionally, MBSB Bank branches have integrated digital technology into operations, including self-service kiosks, mobile banking options, and digital advisory services, demonstrating our commitment to staying relevant in the digital age.

In addition to technological upgrades, these branches now emphasise providing personalised service and seamless interactions with customers. Furthermore, our branches actively participate in their local communities through events, sponsorships, and outreach programmes, underscoring our commitment to fostering strong relationships beyond traditional banking transactions.

Human Resource

MBSB Bank's People & Culture Division is deeply committed to fostering an environment that supports the continuous development and well-being of its employees. Among the key initiatives are

impactful programmes such as 'Psychological Safety for Team Success' and the 'High Performance Leadership Masterclass' designed to unlock employees' leadership potential by nurturing emotional intelligence and enhancing team dynamics.

In parallel, the Graduate Employability Trainee programme (GEM) welcomed 42 exceptional new graduates in 2023, strengthening our talent pool.

A standout initiative in our training framework is the Young Islamic Banker (YIB) Programme. YIB targets budding professionals interested in Islamic banking, providing them with in-depth, practical training in Shariah-compliant financial services, where participants gain valuable industry insights and hands-on experience. This will prepare them to become the next generation of Islamic banking leaders, in support of the broader development of the Islamic banking sector.

Sustainability

In 2023, MBSB Bank significantly impacted various communities through its CSR initiatives, with a strong focus on economic development, education, and environmental rehabilitation.

The Bank's most notable community impact involved allocating RM128 million to SME Financing through the BNM Fund to support local economic growth. Additionally, the Growth Entrepreneurship Assistance Programme (GRAP) dedicated RM818,300 to support 50 micro entrepreneurs, reinforcing the Bank's commitment to fostering entrepreneurship and community development.

The Box of Care programme, involving six Projek Perumahan Rakyat, various charitable homes, six schools, members of the community surrounding our 47 branches, received RM574,419 worth of groceries highlighting the Bank's commitment to community welfare.

Environmental initiatives included a tree planting collaboration with Langkawi Development Authority (LADA), with 1,000 trees saplings planted, and a fabric recycling project that collected 75,000 kg of fabric, showcasing the Bank's dedication to environmental conservation. These efforts, coupled with disaster relief and support programmes, underscore MBSB Bank's strong focus on CSR, leveraging significant resources to make a substantial impact.

Words of Appreciation

I would like to extend my sincere gratitude to the members of the Board for their invaluable contributions and guidance, to our customers, for their continued trust and loyalty, our business partners for their steadfast support, and our shareholders for their enduring confidence and investment in our vision. Last but not least, I thank Warga MBSB for their unwavering commitment and hard work. Each of you plays a crucial role in our continued success and growth.

Datuk Nor Azam M. Taib
Chief Executive Officer

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Our longstanding partnerships with SMEs have been a fundamental element of our success. We are committed to fostering the growth of SMEs by providing customised financing solutions, comprehensive capacity-building programmes, and enhanced market access opportunities.

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MESSAGE FROM THE **CHIEF EXECUTIVE OFFICER MIDF BERHAD**

Since MIDF's inception in 1960, we have evolved from focusing primarily on Development Finance to encompassing a broad spectrum of financial services, including Investment Banking and Asset Management. This diversification enables us to offer a more comprehensive range of services tailored to the needs of corporate clients and high-net-worth individuals.

Joining the MBSB family in October 2023 marked the beginning of an exciting chapter in our journey, allowing us to significantly enhance our role in reshaping Malaysia's industrial development landscape. Our goal is clear: to provide robust financing solutions that foster broad-based industrial growth.

Highlights of 2023: Strengthening Partnerships

In our Investment Banking business, we continued to forge and strengthen strategic partnerships, delivering bespoke, innovative solutions that empower businesses and agencies. Our commitment to excellence in debt and equity transactions has been consistently recognised within the industry, reinforcing our reputation for creativity and effective execution that delivers substantial value to our clients.

A standout example of our innovative approach last year was winning the "Best ASEAN Green SRI Sukuk of the Year" award for ASEAN Green SRI Sukuk Programme. Certified by the Climate Bonds Initiative, this transaction underscores MIDF Investment Bank's commitment to advancing Islamic finance while promoting environmental sustainability. Through such initiatives, we are not only meeting the financial objectives of our clients but also contributing to a sustainable future, demonstrating our leadership in integrating ethical finance solutions with impactful environmental stewardship.

Our longstanding partnerships with SMEs have been a fundamental element of our success. We are committed to fostering the growth of SMEs by providing customised financing solutions, comprehensive capacity-building programmes, and enhanced market access opportunities. We aim to equip SMEs with the tools they need to thrive in a dynamic and competitive environment, ultimately

“The merger with MBSB has fortified our financial base, enabling us to undertake larger and more ambitious projects while adhering to stringent risk management practices.”

strengthening economic resilience and stimulating job creation. By empowering these vital businesses, we not only fuel their success but also contribute significantly to the broader economic landscape.

In our Development Finance division, we launched a dedicated financing plan for women, designed to empower and uplift the economic contributions of women entrepreneurs. The SME Self-Employed Women Entrepreneurs (M-WiSE) programme, supported by MBSB Bank, offers more than just financial assistance; it provides comprehensive support to enhance the operational, financial, and strategic facets of women-owned SMEs to address their unique challenges in securing financing and growing their businesses.

In Asset Management, we made strides with innovative products such as the Tokio Marine Total Return Finite Fund -1 (MIDF TM TR Finite 1) and the MIDF Amanah Low Risk Sukuk Fund. The former, a targeted three-year closed-ended wholesale fund, offers sophisticated investors the opportunity for capital growth through active medium-term investment strategies. The latter broadens our portfolio with access to high-grade, liquid fixed income securities, meeting the evolving demands of our investors.

Strengthened by Our Merger with MBSB

The merger with MBSB has fortified our financial base, enabling us to undertake larger and more ambitious projects while adhering to stringent risk management practices. It has also expanded our network through MBSB Bank's extensive branches, enhancing our reach and effectiveness, particularly in the Development Finance sector.

Looking Forward

As we move forward, MIDF is poised for a future characterised by heightened synergy, innovation, and sustainable growth. Our integrated approach, combined with the robust backing of our stakeholders, positions us to drive forward Malaysia's industrial development agenda.

Customer's Testimonial

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As a premier manufacturer specialising in poultry plucking fingers, fostering robust partnerships with reputable financial institutions is paramount to our success. At C-Tech Rubber (M) Sdn. Bhd. , we recognise the pivotal role that MIDF plays in facilitating our journey towards becoming a prominent global supplier of top-tier, food-grade rubber plucking fingers for cutting-edge poultry processing facilities.

Through MIDF's comprehensive suite of financial solutions, we have been empowered to realise our expansion aspirations and strategically invest in upgrading our equipment. This steadfast support enables us to meet the growing demand for our superior products efficiently and effectively.

At C-Tech Rubber, we are committed to upholding the highest standards of quality and innovation in our industry. With MIDF as our trusted financial partner, we are poised to continue our trajectory of growth and excellence, delivering unparalleled value to our customers worldwide. Together, we are forging a path towards sustained success as a leading vendor in the global poultry processing industry.

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Puan Dewi Adam

Managing Director
C-Tech Rubber (M) Sdn. Bhd.



Acknowledgments

I extend my heartfelt gratitude to our Board members for their invaluable advice, to our clients for their continued trust, to our partners for their steadfast support, and to our investors for believing in our vision. A special thank you to the entire MIDF team, whose dedication and teamwork are the backbone of our success. Together, we are setting new benchmarks in Malaysia's financial landscape, and I am thrilled about what we can achieve together in the years to come.

Azizi Mustafa

Chief Executive Officer



Our focus remains steadfast on our strategic transformation plans, which include reshaping our portfolio, investing in key growth areas, maintaining stringent cost control, and strengthening risk management and system resilience.



BUSINESS REVIEW: **GROUP CONSUMER**

At our Consumer Banking Division, we offer comprehensive Shariah-compliant banking solutions tailored for individual customers. Our product suite includes deposit accounts, various financing options such as personal and property financing, wealth management and investments, bancassurance, and foreign exchange services. Customers can access these offerings through a variety of delivery channels, including branch counters, online and mobile banking, and self-service through ATM/CRM terminals, facilitating seamless financial transactions.

Overview

Despite a challenging post-pandemic economic environment marked by headwinds and inflationary pressures, we achieved our targeted revenue and profit. In 2023, we recorded a revenue of RM460.30 million and a Profit Before Tax (PBT) of RM37.70 million. Our performance was primarily driven by robust growth in financing, particularly in personal financing supported by EPF Account 2 financing and property financing, notably first home financing, reaffirming MBSB's role as Malaysia's premier home financier.

A strong proposition in deposits was instrumental to our growth, and this was led by market-leading term deposits and our signature CASA-i campaign, SIMPAN BERGANDA MENANG BERGAYA (SBMB) series.

Branch Transformation and Distribution Network

We have embarked on a Branch Transformation plan which enhances the banking experience by upgrading the design of our branches and relocating some to high-traffic areas to improve accessibility. Our strong sales team and dedicated front-liners were key to our growth in 2023.

Challenges and Strategic Focus

The overall business performance faced challenges from both external economic factors and internal issues such as Fund Transfer Pricing (FTP) cost allocation, increased operational costs due to resource reallocation and a rise in Expected Credit Losses (ECL), which impacted our PBT despite a stable topline number. We are committed to strengthening our product offerings, acquiring quality customers, and enhancing operational efficiency to drive business growth and deliver value to our customers and shareholders.



One of MBSB Bank's most effective CASA-i campaigns would be SIMPAN BERGANDA MENANG BERGAYA. Here, Encik Lai Thong Fat from Tebrau, Johor Bahru brought home a Mercedes Benz GLC 300 Coupe after winning the SBMB 2.0 grand draw prize.

As part of a three-year strategic plan, we aim to lower costs, increase the CASA ratio, achieve financing growth, and generate higher non-funded income, which will contribute positively to an improved Return On Equity (ROE). The merger with MIDF presents additional opportunities for consumer banking to capitalise on new products and services and facilitate cross-selling.

Industry Recognition

In 2023, we were honoured with the Global Business Outlook Award for the Most Innovative New Shariah-Compliant Personal Financing Product (Ihsan-i), underscoring our commitment to innovation in Islamic financing.

2024 Outlook

The gradual economic improvement in 2023 has bolstered customer spending and is expected to continue propelling growth across all key segments in 2024. However, the current environment calls for caution due to persistent uncertainties from geopolitical tensions and ongoing inflationary pressures.

Our focus remains steadfast on our strategic transformation plans, which include reshaping our portfolio, investing in key growth areas, maintaining stringent cost control, and strengthening risk management and system resilience. We are committed to driving growth in financing, sustainable deposits, and fee income, optimising Risk-Adjusted Return On Capital (RAROC), expanding our affluent and wealth management services, and enhancing digital offerings and customer acquisition. Ultimately, our goal is to achieve sustainable growth and improved profitability through efficient cost management and continuous process improvement.

Usman Ghouse

Head, Group Consumer



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In 2023, our total financing approvals amounted to RM4.2 billion, marking a significant milestone for our division. Enterprise Banking exhibited remarkable growth, securing financing approvals of RM1.8 billion compared to RM473.0 million in 2022.

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BUSINESS REVIEW: GROUP COMMERCIAL

As the Group Head of Commercial at MBSB, I am proud to acknowledge the pivotal role our division played in achieving remarkable milestones and navigating challenges throughout 2023. Despite encountering hurdles and undergoing a reshuffle within our business unit, including the official transfer of Trade Business to Commercial Banking in November 2023, we remained resilient and unwavering in our commitment to success.

Through our relationship managers, we connect businesses to opportunities by providing a range of financial solutions tailored to meet our customers' needs including facilities and schemes for Term Financing, Working Capital, Trade, Industrial Hire Purchase, Contract Financing and Commercial Property. Additionally, we support our customers in becoming more sustainable and grant them access to products and services offered by other parts of the Group.

In 2023, our total financing approvals amounted to RM4.2 billion, marking a significant milestone for our division. Enterprise Banking exhibited remarkable growth, securing financing approvals of RM1.8 billion compared to RM473.0 million in 2022. Furthermore, Equipment Financing continued to demonstrate resilience, achieving commendable financing approvals totaling RM699 million. Notably, Trade Business, which became part of Commercial Banking in November 2023, made a substantial contribution, registering impressive approvals amounting to RM1.6 billion. These achievements underscore our commitment to delivering exceptional financial solutions and fostering growth opportunities for our customers.

Our division closed the year with a robust financing stock, boasting a total of RM2.3 billion providing a solid foundation for 2024, aligning with Commercial Banking's target net growth of RM1.7 billion.

Introduction of M-Government Guarantee Scheme (M-GGS)

We introduced M-Government Guarantee Scheme (M-GGS) in May 2023 to Small and Medium Enterprises (SMEs) and Mid-Sized Companies (MSCs). This scheme, established through an agreement with Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP), aims to support the development of SMEs and MSCs by assisting them in managing working capital and investing in capital expenditure. M-GGS enhances the growth agenda for these businesses, recognising their significant contribution to the economy. The introduction of the programme has further demonstrated our commitment to facilitating financial success. By offering accessible and well-structured financing options, we have supported various projects, contributing to economic vibrancy.

As at 31 December 2023, M-GGS achieved RM304 million in approvals, securing 141 new customers for the Bank. Impressively, all financing remains performing.

Post-Merger Evolution

The evolution of our division’s role has been transformative, positioning us as a pivotal force within the newly enlarged entity. Notably, our role has expanded to encompass Group Commercial Banking, overseeing the Development Finance Business of MIDF. This strategic shift signifies a comprehensive approach to commercial banking that extends beyond our traditional boundaries. As Group Commercial Banking, our responsibilities have now extended to a broader spectrum, integrating the unique strengths and capabilities of both entities. The merger has allowed us to leverage synergies and create a more robust platform to serve our customers and stakeholders. We are not only shaping the financial landscape but actively contributing to the developmental finance sector through overseeing MIDF’s development business.

The amalgamation of resources, expertise, and market presence strategically enables us to deliver more comprehensive solutions to our clients. With a combined customer database now reaching close to 15,000, we are poised to foster growth and resilience in an ever-evolving economic environment.

Moreover, the expansion of our role into the Development Finance Business underscores our commitment to driving economic development and supporting key sectors that are instrumental in nation-building. By operating in this domain, we are better equipped to facilitate and provide financial solutions to projects that contribute to sustainable growth and address developmental needs in various industries.

The merger has allowed us to actively contribute to development initiatives by overseeing MIDF’s Development Finance Business and its projects in targeted sectors such as Aerospace, Retail, Manufacturing, High-tech and Renewable energy, and Agrofood, we are playing a role in building a sustainable and thriving economy.

In addition to our financial accomplishments, our division successfully completed the splitting exercise, and revised the policies and procedures for Islamic Contract Financing, Early Care, Watchlist, and Impairment Classification.

Diversification of Non-Funded Income

In 2024, our division is poised to achieve significant milestones and contribute to the Group’s overarching goals. Targeting growth in Net Funded Income (NFI), we aim to strengthen our revenue streams by 2% - 3% in 2024. Focusing on expanding our NFI sources, we plan to enhance fee-based services, and other NFI

avenues through trade-based initiatives and non-trade-based finance business. This strategy aims to create a more balanced and resilient income portfolio for Group Commercial Banking.

Our division aspires to contribute significantly to the Bank’s overall new sustainable and transition finance growth targets by 20% - 25%.

Overseeing the Development Finance Business of MIDF, we plan to expand our path in development financing. This involves financing projects that contribute to economic development and sustainability. These milestones reflect our commitment to growth. By achieving these goals, we aim to not only elevate our division’s performance but also contribute significantly to the overall success and positive impact of the Group in 2024 and beyond.

Che Nazari Che Azid
Head, Group Commercial

Customer’s Testimonial



As a valued customer of MBSB Bank, we have had a truly remarkable experience. The clear communication channels established have been exceptional, ensuring every query is promptly and completely addressed.

Moreover, the swift processing of transactions has significantly enhanced the efficiency of my/our business operations. The teams at MBSB Bank demonstrate remarkable professionalism and dedication, fostering a cohesive environment where every member works as one.

These efforts greatly support our capital-intensive operations at Juara Partners, allowing us to provide purpose-driven financing quickly and effectively, with the aim of uplifting the lives of our deserving customers.

MBSB Bank’s commitment to excellence stands out, making our banking experience truly remarkable and satisfying.



Encik Aniljit Singh A/L Hari Singh
Director
Juara Partners Sdn. Bhd.



Our financial performance in 2023 underscores our dedication to exploring innovative opportunities, seamlessly integrating them into the Group's strategic direction.



BUSINESS REVIEW: GROUP WHOLESALE

MBSB's Wholesale Banking encompasses MBSB Bank's Corporate Banking Division, MIDF Investment Bank, MIDF Asset Management and respective treasury divisions. These entities offer diversified financial services to corporate and institutional clients across various sectors and geographic locations.

In 2023, our Corporate Banking team disbursed RM2.08 billion in financing, marking the first instance of our financing portfolio extending beyond Malaysia with projects in the United Kingdom (UK) and Australia. During the review period, the division generated a total PBT of RM151 million.

Our financial performance in 2023 underscores our dedication to exploring innovative opportunities, seamlessly integrating them into the Group's strategic direction. Simultaneously, the team prioritised fostering relationships with key industry players, including Government-linked investment companies (GLICs) and Government-linked companies (GLCs). In 2023, the Corporate Banking team initiated a strategic financing collaboration with Mass Rapid Transit Corporation Sdn Bhd (MRT Corp) to provide financing facilities for its Bumiputera vendors under a vendor financing programme.

Key transactions for Corporate Banking in 2023 include:

1. Two cross-border real estate transactions for clients of MBSB Bank with a combined value in excess of RM1.25 billion with a GLIC in United Kingdom
2. Cross-border financing for residential apartment construction by a GLC in Australia, valued at approximately RM680 million.
3. Project financing for a real estate development in the heart of Kuala Lumpur, valued at RM200 million.
4. RM400 million worth of working capital financing for a major infrastructure operator.
5. Unrated Sukuk programme to partially finance a receivables backed transaction valued at RM30 million.

Additionally, MBSB Bank participated in the CAKNA scheme, a non-debt-based facility introduced by BNM to provide quick liquidity to Government vendors for financing supply and service contracts. Over the past two years, the Bank has been a prominent contributor to the programme, accounting for over 60% of the total CAKNA portfolio in the market.



MBSB Bank Berhad together with Bank Islam Malaysia Berhad signed a memorandum of understanding (MoU) with 59 Inc. Sdn. Bhd. to offer property and bridging financing for the first phase of Kota Semarak Galleria in Kuala Lumpur.

The expansion of our Investment Banking

MIDF Amanah Investment Bank Berhad (MAIB) is known for its comprehensive investment-banking related services, impeccable structuring and execution prowess, and unparalleled relationship networks. As a leading mid-size investment bank, MAIB serves as a strategic partner, empowering businesses, agencies, and organizations with tailored innovative solutions.

Its accolades in debt and equity deals underscore its ability to innovate and execute transactions that create tangible value for clients. Notably, a Sukuk transaction originated and co-led by MAIB for a renewable energy client was awarded the 'Best Asian Green SRI Sukuk of the Year' 2023. This landmark transaction, certified by the Climate Bonds Initiative, highlights MAIB's commitment to promoting Islamic finance and environmental sustainability.

By delivering innovative financial solutions, MAIB addresses global challenges such as climate change while driving value for its clients. Central to its proposition is MAIB's strong structuring and execution capability, backed by seasoned professionals with deep industry insights. Whether structuring complex debt instruments or executing equity deals, MAIB's track record speaks volumes about its ability to deliver results efficiently.

Fund Management Services through MIDF Amanah Asset Management

In 2023, MIDF Amanah Asset Management Berhad successfully launched 2 products namely the MIDF-TM TR Finite Fund-1 (MTTFF1) and the MIDF Amanah LR Sukuk Fund (MALRSF). MTTFF1 is a three-year closed ended global equity wholesale fund. The fund is a joint collaboration with Tokio Marine Asset Management International Pte. Ltd. MTTFF1 is catered to sophisticated investors who seek targeted capital growth via active investment strategies in medium-term period. Meanwhile, the MALRSF provides investors with a low-risk investment fund that invests in liquid high grade fixed income securities.

Notable achievements from MBSB Bank's Financial Markets Division

MBSB Bank's Financial Markets Division not only met but exceeded its PBT target by achieving 102.93% against the target. Additionally, they successfully launched innovative financial products such as Islamic Profit Rate Swap, Islamic Cross Currency Swap, Islamic Callable Range Accruals (ICRA). Notably, the division also made significant stride through its first foreign Sell Buy Back Agreement (SBBA) and Collateralised Commodity Murabahah (CCM) for GBP100 million funding, showcasing their prowess in the financial market.

Rafe Haneef

Acting Head, Group Wholesale

CALENDAR OF EVENTS

JANUARY

► 15 January

Signing Ceremony Between MBSB Bank and 59 Inc. Sdn. Bhd.

MBSB Bank entered into a Memorandum of Understanding (MoU) with 59 Inc. Sdn. Bhd., a joint venture property development company owned by TH Properties Sdn. Bhd. and Malaysian Resources Corporation Berhad.

► 26 January

Signing Ceremony Between MBSB Bank and CelcomDigi



MBSB Bank signed a MoU with CelcomDigi as part of its continuous digitalisation journey to future-proof its banking operations and enrich customers' experiences. It was officialised by Datuk Nor Azam M. Taib, Chief Executive Officer of MBSB Bank and Datuk Idham Nawawi, Chief Executive Officer of CelcomDigi.

► 31 January

MBSB Bank Reinforces its Integrity Pledge



MBSB Bank has reinforced its commitment to maintaining a high level of accountability and transparency by signing the Corporate Integrity Pledge. The Bank pledges its support for Anti-Corruption Principles for Corporations in Malaysia and upholds a Zero Tolerance Policy on Corruption. The ceremony was witnessed by Datuk Wan Suraya Wan Mohd Radzi, Chief Executive Officer of Malaysian Integrity Institute.

FEBRUARY

► 9 February

MBSB Bank Health Screening and Blood Donation Drive



In ensuring the well-being of its employees, MBSB Bank organised a health screening and blood donation drive at Menara MBSB Bank where 190 employees participated.

► 13 February

MBSB Bank Mangrove Tree Planting in Kedah

MBSB Bank sponsored the planting of 1,000 tree saplings in Kilim Mangrove Sanctuary, Langkawi, which was led by the MBSB Bank Langkawi Branch in collaboration with Langkawi Development Authority (LADA) and Pejabat Pendidikan Daerah Langkawi, involving various schools and students as volunteers.

FEBRUARY► **15 February****Signing Ceremony Between MBSB Bank and UiTM**

MBSB Bank and Universiti Teknologi MARA (UiTM) have signed a MoU to enhance financial education for students through learning programmes and financial management initiatives, aimed at fostering academic and business development. It was officialised by Datuk Nor Azam M. Taib, Chief Executive Officer of MBSB Bank and Prof. Ts. Dr. Hajah Roziah Mohd Janor, Vice Chancellor of UiTM.

► **9 March****Official Opening of MBSB Bank Kota Bharu Branch**

The opening of MBSB Bank Kota Bharu Branch remains significant, as some customers still prefer face-to-face interactions for detailed financial advice, despite the growth of digital banking. It was officiated by Dato' Azlan Shahrin, Chief Strategy Officer of MBSB Bank.

► **17 March****MBSB Bank Soup Kitchen**

MBSB Bank's employees volunteered to distribute 250 food packs to those in need at Pusat Transit Gelandangan, Kuala Lumpur.

MARCH► **3 March****Signing Ceremony Between MBSB Bank and PREC**

MBSB Bank and PKNS Real Estate Sdn. Bhd. (PREC) have inked a MoU to collaborate on driving cashless transactions and empowering SMEs. The signing was done by Datuk Nor Azam M. Taib, Chief Executive Officer of MBSB Bank and Sr. Fakru Radzi Ab Ghani, Chief Executive Officer of PREC.

► **7 March****Signing Ceremony Between MBSB Bank and MYDIN**

The signing of Memorandum of Agreement between MBSB Bank and MYDIN mobilised targeted campaigns throughout the year. It also involved joint branding efforts through the opening of MBSB Bank's Pop-Up Branches at selected MYDIN outlets nationwide and activation of customer engagements and acquisition initiatives. It was officialised by Datuk Nor Azam M. Taib, Chief Executive Officer and Datuk Wira (Dr.) Haji Ameer Ali Mydin, Managing Director of Mydin Mohamed Holdings Berhad.

► **11 March****SBMB 2.0 First Quarter Draw Prize Giving Ceremony**

MBSB Bank organised a prize-giving ceremony for the SIMPAN BERGAYA MENANG BERGAYA CASA-i campaign's first-quarter draw, which took place at MYDIN Supermarket in Tunjong, Kota Bharu. Prizes were awarded to the winners of the Main Draw Category and the Regional High Savings Draw Category in the East Coast Region. The lucky winner of the category was Mohamad Jefri Mohamad from Kuala Terengganu, who took home a Mercedes Benz A 200. The prize was presented by MBSB Bank's Chief Operating Officer, Encik Jesleigh Johari.

CALENDAR OF EVENTS

MARCH

► 18 March

MBSB Bank Upcycling Workshop



In conjunction with World Recycling Day, MBSB Bank organised a session where 20 employees participated in an upcycling workshop that taught how to turn T-shirts into tote bags.

► 18 March

Signing Ceremony Between MBSB Bank and AFL



Through the Sponsorship Agreement signed between MBSB Bank and the Amateur Football League (AFL), the operator of semi-professional leagues in the country, Liga M3 was branded as the MBSB Bank Championship.

► 21 March

Launch of M TRADE Mobile App



MBSB Bank launched its trade finance mobile application named 'M TRADE Mobile App,' providing greater convenience through a one-stop solution. The app offers mobile trade finance features such as instant online requests via scan upload, document pick-up, and real-time information on facility limits and transaction status.

► 25 March

MBSB Bank Box of Care Distribution Through Kelab Ibu Prihatin



MBSB Bank distributed basic food items to 50 families who were registered with Kelab Ibu Prihatin, a non-governmental Organisation located in Ampang, Selangor that is dedicated to assisting the under privileged groups.

APRIL

► 11 April

Signing Ceremony between MBSB Bank and MRT Corp



MBSB Bank offers a specially designed financing programme to contractors and vendors involved in current and future projects by Mass Rapid Transit Corporation Sdn. Bhd. (MRT Corp) including the Rapid Transit System Link Project between Johor Bahru and Singapore. The MoU was signed by Datuk Nor Azam M. Taib, Chief Executive Officer of MBSB Bank and Datuk Mohd Zarif Hashim, Chief Executive Officer of MRT Corp.

► 14 April

MBSB Bank Contributes to Earthquake Victims in Turkiye and Syria



MBSB Bank contributed RM200,000 to support the earthquake victims in Turkey and Syria. It was channelled through Islamic Relief Malaysia (IR Malaysia), leveraging their extensive CSR network to ensure effective aid distribution. The contribution was presented by Dato' Azlan Shahrim, Chief Strategy Officer of MBSB Bank to Encik Mohd Shukor Tahir, Chief Executive Officer of IR Malaysia.

MAY

► 16 May

Gegar Raya MBSB Bank



In fostering inclusivity and bringing employees together, MBSB Bank organised a Hari Raya Open House at Menara MBSB Bank, PJ Sentral.

► 22 May

SBMB 2.0 Second Quarter Draw Prize Giving Ceremony



In rewarding its loyal customers, MBSB Bank organised a prize giving ceremony for the SIMPAN BERGANDA MENANG BERGAYA CASA-i campaign's second quarter draw which took place at MYDIN Supermarket in Bukit Mertajam, Penang. Encik Ramanathan Rajoo, Chief Financial Officer of MBSB Bank presented the prize to the lucky winner, Mr. Ong Chin Eng who drove home a brand new Mercedes Benz C200.

CALENDAR OF EVENTS

JUNE

▶ 13 June

MBSB Bank contributes to MyHaus Initiative by Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM)

MBSB Bank contributed RM150,000 to two charitable homes registered under YaPEIM with the aims to develop homes for the needy.

▶ 22 June

Launch of GRAP 2.0

MBSB Bank extends its Growth Entrepreneurship Assistance Programme (GRAP) that serves to promote sustainable income. GRAP 2.0 provides business capital, equipment and business management training to targeted micro entrepreneurs from Bangi, Kajang and Semenyih in Selangor.

▶ 28 June

MBSB 53rd Annual General Meeting



MBSB organised its 53rd AGM where all resolutions were approved by shareholders through online voting and the Group reported RM460.19 million in Profit After Tax (PAT).

JULY

▶ 1 July

Appointment of MBSB GCEO and MBSB Bank CEO



MBSB welcomed Encik Rafe Haneef as Group Chief Executive Officer and Datuk Nor Azam M. Taib was appointed as Chief Executive Officer of MBSB Bank.

JULY

► 7 July

International Social Wellbeing Conference 2023 (ISWC)



MBSB Bank was the platinum sponsor for ISWC which is an annual conference that serves as a knowledge platform for a broad spectrum of promoting greater awareness and spark discussions on social wellbeing among leaders, policy makers, private practitioners, as well as the public.

► 12 July

Hybrid Townhall with GCEO



During a hybrid townhall session, Group Chief Executive Officer, Encik Rafe Haneef connected with the employees and kept them inspired by sharing the transformation plan as the Group's goals.

► 11 July

MBSB Bank Mangrove Planting in Banting, Selangor

MBSB Bank initiated a mangrove tree planting activity to help improve the mangrove ecosystem in Banting, Selangor. The Bank planted 100 mangrove saplings through 53 volunteers contributing 265 hours into the 'Volunteer Hours' register.

► 14 July

MBSB Bank Signing Ceremony with PR1MA



MBSB Bank has signed two MoUs with PR1MA Corporation (PR1MA) and Syarikat Jaminan Kredit Perumahan Berhad (SJKP) to increase the rate of home ownership among Malaysians.

► 22 July

MBSB Bank Mangrove Tree Planting in Sabah



MBSB Bank's Tree Planting Programme headed to Sabah, where 30 employees from the Sabah region participated as volunteers. A total of 100 mangrove saplings were planted to aid in the rehabilitation and conservation of the area. This activity also contributed to 240 volunteer hours. Additionally, an upcycling workshop was organised, during which participants learned how to turn plastic containers into keychains.

CALENDAR OF EVENTS

JULY

► 28 July

Extraordinary General Meeting (EGM)



MBSB held its Extraordinary General Meeting (EGM), during which shareholders approved the proposed acquisition of the entire equity interest of Malaysian Industrial Development Finance Berhad (MIDF) from Permodalan Nasional Berhad (PNB). The meeting was chaired by Senior Independent Non-Executive Director, Puan Lynette Yeow Su-Yin.

AUGUST

16 August

Launch of WINNERS ARE DREAMERS and DARE TO DREAM CAMPAIGN



In conjunction with the MBSB Bank Championship, MBSB Bank kick-started the 'WINNERS ARE DREAMERS' campaign, offering participants the opportunity of a lifetime to win an all-expenses-paid trip to England to watch the English Premier League (EPL). Additionally, the 'DARE TO DREAM' campaign was crafted especially for young customers, providing them with the chance to train with Wolverhampton Wanderers.

AUGUST

► 30 August

MBSB Bank Education Excellence and High Education Award

MBSB Bank has always been an advocate for academic excellence and takes great pride in its employees who have successfully completed higher education. Demonstrating its commitment to rewarding hard work and dedication, the Bank presented cash prizes to those who attained academic excellence. Furthermore, the Bank also recognised the children of MBSB Bank employees who excelled in their national examinations.

SEPTEMBER

► 7 September

Relocation of MBSB Bank Wangsa Maju branch



In driving operational efficiencies and enhancing customer experience, MBSB Bank transformed the Wangsa Maju branch, aligning with the Bank's objective to strengthen its branch network and foster relationships with local communities. The event was attended by MBSB's GCEO, Encik Rafe Haneef, MBSB Bank's CEO, Datuk Nor Azam M. Taib, and senior leadership of MBSB Bank.

SEPTEMBER

► 7 September

Launch of M JOURNEY Corporate



MBSB Bank launched M JOURNEY Corporate, a platform that provides its corporate customers with digital transaction banking and offers new full-suite Cash Management Solutions to service businesses.

► 23 September

SBMB 2.0 Third Quarter Draw Prize Giving Ceremony



A total of 17 lucky winners were awarded at the SIMPAN BERGANDA MENANG BERGAYA CASA-i 2.0 campaign (SBMB 2.0) second quarter prize presentation ceremony at MYDIN Mall, Mutiara Rini, Johor Bahru. Among the winners, Encik Lai Thong Fat from Tebrau, Johor Bahru, drove home a Mercedes Benz GLC 300 Coupe.

► 26 September

MBSB Bank Mangrove Tree Planting Pantai in Baging, Kuantan, Pahang

35 volunteers from MBSB Bank's East Coast Regional Office planted 100 tree saplings at Pantai Baging in Balok, Kuantan. Following the tree planting activity, an upcycling workshop was also conducted.

OCTOBER

► 3 October

MIDF-AKPK Collaboration Provides Financial Lifeline to Targeted SMEs



MIDF and Agensi Kaunseling dan Pengurusan Kredit (AKPK) exchanged a MoU, marking a collaboration in providing assistance to businesses facing challenges and financial difficulties, particularly SMEs. The exchange was carried out between Encik Azizi Mustafa, Chief Executive Officer of MIDF and Encik Azaddin Ngah Tasir, Chief Executive Officer of AKPK. It was witnessed by YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, the Minister of Investment, Trade, and Industry.

30 SEPTEMBER TO 7 OCTOBER

► 30 September - 7 October

Minggu Amanah Saham Malaysia (MSAM 2023)



MIDF was a strategic partner of Minggu Saham Amanah Malaysia 2023 (MSAM 2023), which was held from 30 September until 7 October in Bertam, Pulau Pinang. Organised by Permodalan Nasional Berhad, the event focused on investment education delivered in an interactive and entertaining manner, aiming to educate and empower Malaysians with knowledge on investment and financial planning.

CALENDAR OF EVENTS

OCTOBER

► 11 October

MBSB Bank Mangrove Tree Planting in Sarawak



It was an impactful and productive final leg of MBSB Bank's Mangrove Tree Planting, joined by 32 employees from the Sarawak region. A total of 105 mangrove saplings were planted, which are essential to help combat climate change, improve air quality, and preserve biodiversity. Additionally, an upcycling workshop was conducted where employees learned how to transform wood pieces and plastic bottles into hand-held brooms. The activity contributed 214 volunteer hours and was aligned with the United Nations Sustainable Development Goal (UNSDG) #13, Climate Action.

► 11 October

MIDF Roundtable Dialogue Session: Laying the Tracks of Tomorrow:



The first event of the series featured YB Anthony Loke Siew Fook, Minister of Transport. The event was held in Kuala Lumpur and attended by more than 200 guests. During the event, the Transport Minister discussed and answered questions on the vital role of transportation in driving Malaysia's economic development.

► 12 October

MBSB Hybrid Townhall with MBSB Bank and MIDF



A hybrid townhall session was organised to welcome MIDF, now part of the extended family of MBSB Group. Led by Encik Rafe Haneef, Group Chief Executive Officer of MBSB, it was joined by more than 1,000 employees of the Group via online streaming, in addition to the 150 employees present physically at the Auditorium in Menara MBSB Bank, PJ Sentral.

► 11 October

MBSB Bank - Perlis Amateur Open 2023

MBSB Bank served as the main sponsor for the inaugural golf tournament, which aimed to bring together strategic business partners for networking while simultaneously accelerating economic activities and enhancing the business landscape in Perlis state.

► 12 October

MIDF Sabah Branch New Office Opening Ceremony and MIDF Automation & Digital Forum



MIDF launched its new Sabah branch office, with the ceremony graced by YB Datuk Phoong Jin Zhe, the State Minister of Industrial Development and Entrepreneurship of Sabah. Subsequently, YB Datuk Phoong proceeded to Le Meridien, Kota Kinabalu, to deliver the keynote address at MIDF's Sabah edition of the Automation & Digital Forum Series, themed 'Driving Business Through Digitalisation and Automation - THE JOURNEY TOGETHER'.

OCTOBER

► 12 October

MyGEN Launch at SMK Bandar Rinching

MBSB Bank Adopted School Programme has six adopted schools located across the country. In enhancing the academic performance of students, the Bank partnered with Universiti Teknologi MARA (UiTM) to organise MyGEN programme comprising financial literacy, academic planning and examination preparation methods benefiting more than 500 students.

► 22 October

Program Anak Celik Kewangan KWSP

MBSB Bank was invited by the Employees Provident Fund (EPF) to organise a financial literacy programme benefiting school children during the holidays. The programme aims to inculcate long-term savings plans and investment knowledge.

► 16 October

MIDF Roundtable Dialogue

MIDF held a Roundtable Dialogue to discuss the NIMP 2030: Curating Malaysia's Sustainable Investments and Growth. The event was officiated by YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, Minister of Investment, Trade and Industry. The panel session was moderated by Encik Azizi Mustafa, Chief Executive Officer of MIDF.

► 25 October

Joint Committee On Climate Change (JC3) Summit

The JC3 Journey for Zero Conference was a three-day event organised by the Joint Committee on Climate Change, co-chaired by Bank Negara Malaysia (BNM) and the Securities Commission Malaysia (SC). This hybrid conference brought together leading policymakers, regulators, and experts in sustainability and climate. Encik Rafe Haneef, MBSB's Group Chief Executive Officer participated in the panel session and shared on the Group's sustainability plan.

► 18 October

Hari Bersama-sama MBSB Bank

MBSB Bank collaborated with Koperasi Peniaga Pasar Malam Langkawi (KOSALAM) to conduct the DuitNow QR merchant onboarding programme. The initiative aims to encourage micro-businesses to embrace digitalisation.

► 19 October

MBSB Bank's Breast Cancer Awareness Day

In conjunction with Breast Cancer Awareness Month, MBSB Bank organised an awareness campaign featuring health talks and fun activities to educate employees on early detection.

► 27 October

Imigresen FC Emerged As MBSB Bank Championship Winner

Imigresen FC was celebrated at a special ceremony at Menara MBSB Bank, PJ Sentral, where they received a championship trophy, medals, and RM100,000. The championship, which started on 4 March 2023 and ended on 21 October 2023, comprised 165 matches and was conducted in a league format with at least six matches per week.

CALENDAR OF EVENTS

OCTOBER

► 27 October

7th Edition of Youth Economic Forum



MIDF took part in the 7th Edition of the Youth Economic Forum (YEF), which delved into the complexities of the modern world and explored ways to achieve sustainable and inclusive prosperity. Focusing on five critical agendas - economics, global issues, business, education, and politics - the primary goals of the forum were to facilitate intergenerational and cross-industry dialogue, promote comprehensive collaboration, and support innovative solutions that transcend boundaries and bridge divides.

NOVEMBER

► 8 November

Underwriting Agreement between MIDF Amanah Investment Bank Berhad and Critical Holdings Berhad



MIDF Amanah Investment Bank Berhad (MIDF Investment) entered into an underwriting agreement with Critical Holdings Berhad for the Company's Initial Public Offering (IPO) on the ACE Market of Bursa Malaysia Securities Berhad. MIDF Investment, besides being the sole underwriter of Critical Holdings' IPO, is also the Principal Adviser, Sponsor and Placement Agent to Critical Holdings for this listing exercise.

NOVEMBER

► 3 November

MBSB Bank's Strategic Alliance with Perlis Digital Sdn. Bhd.

MBSB Bank is the first financial institution to form a strategic alliance with Perlis Digital Sdn. Bhd. (Perlis Digital), a statutory body established to support the Perlis State Development Strategic Plan. Perlis Digital, facilitated by Perbadanan Ekonomi Negeri Perlis (PKENPs) and Infinity Wave Sdn. Bhd. is expected to transform the business operations of micro, small, and medium enterprises.

► 7 November

Driving Business Through Digitalisation and Automation - THE JOURNEY TOGETHER



MIDF held the Sarawak edition of its Automation & Digital Forum Series titled 'Driving Business Through Digitalisation and Automation - THE JOURNEY TOGETHER.' The keynote address was delivered by YB Datuk Dr. Malcolm Mussen Lamoh, Deputy Minister of International Trade, Industry, and Investment of Sarawak. Chief Executive Officer of MIDF, Encik Azizi Mustafa, participated as one of the panelists.

► 16 November

MBSB Bank's Box of Care Programme

MBSB Bank distributed Box of Care containing basic food items to 720 residents of Projek Perumahan Rakyat (PPR) across Klang Valley. The initiative, which is part of the Bank's annual CSR programme is in line with United Nations Sustainable Development Goals (UNSDG) #2-Zero Hunger.

NOVEMBER

▶ 29 November

MIDF Biz Talk & Forum



MIDF, in collaboration with MIDA and BizSphere, successfully organised the Malaysia Smart Manufacturing Award 2023 Biz Talk & Forum titled Tech Up for Smart Manufacturing. Hosted by Malaysian Investment Development Authority - MIDA at MIDA Sentral, the aim of the forum was to highlight the integration of technology and digitalisation under Mission 2 of the New Industrial Master Plan 2023.

DECEMBER

▶ 7 December

2024 MIDF Market Outlook - Cruising Along



MIDF Research shared its views on economic and equities market growth prospects for 2024 with analysts.

▶ 28 December

Box Of Care for MBSB Bank Adopted Schools

To reduce the plight of families from underserved groups, MBSB Bank carried out a CSR initiative by assisting in providing basic food items. MBSB Bank's Box Of Care Programme has contributed basic food items to 1,300 students from MBSB Bank's six adopted schools namely, SMK Bandar Rinching, Semenyih, Selangor; SMK Ulu Kinta, Perak; SMK Lepar Hilir, Gambang, Pahang; SMK Dangi, Negeri Sembilan; SMK Demak Baru, Kuching, Sarawak and SMK Bongawan, Sabah.

JANUARY 2024

▶ 4 January

MBSB Announces New Logo



Current Logo



New Logo

MBSB's new logo embodies the alphabet 'M' representing the word "Malaysia", the first word in the Company's name, followed by an abbreviation of MBSB. The geometric shape of the logo, emblematic of the organisation's DNA, is refreshingly sharper with a modern feel. It signifies the Group's commitment towards growth, strategic intent, innovation and change in a dynamic market.

▶ 24 January

Appointment of New Chairman



Datuk Wan Kamaruzaman Wan Ahmad was appointed as MBSB's Chairman and Non-Independent Non-Executive Director.

OUR APPROACH TO VALUE CREATION

We are committed to creating value for our stakeholders, and achieving this necessitates an integrated approach in our decision-making processes, ensuring maximum value creation at every turn.

Assessing and Evaluating Our Operating Environment

We continuously monitor and evaluate our operating environment and market landscape to understand the context in which we operate. This involves staying updated on regulatory requirements and global trends, including geopolitical shifts, socio-economic challenges, supply and demand disruptions, and advancements in digitalisation and technology. These factors, whether direct or indirect, can significantly impact our capacity to create value for our stakeholders.



Please refer to page 71 for more details

Strengthening Stakeholder Relationships

We foster strong relationships with our stakeholders through regular and meaningful engagement. This enables us to understand their needs and concerns, aligning their expectations and interests with our business priorities.



Please refer to page 48 for more details

Identifying Risks and Opportunities

We identify, monitor and manage risks across our various business segments and stakeholder groups. Through comprehensive risk management practices, we are able to mitigate these risks to safeguard our operations and enhance value creation.



Please refer to page 56 for more details

Identifying, Prioritising, and Managing Material Matter


Material matters, defined as issues with significant impact to the organisation as well as on our value creation ability, are identified through a comprehensive materiality assessment involving both internal and external stakeholders. This process ensures that our focus remains on crucial issues for sustainable value creation.



Please refer to page 53 for more details


Embedding Sustainability in Our Business Operations

Through our enhanced sustainability framework, we actively integrate and promote sustainable practices throughout our organisation. The three sustainability pillars of Innovating and Creating Value, Operating Sustainably, and Empowering a Sustainable Culture, each with dedicated goals, serve as guidance, enabling us to contribute to and invest in society and the environment.

 Please refer to page 78 of this Report, and page 6 of Sustainability Report for more details

Formulating Our Strategy

Our Chevron Flight Strategy, supported by the FLIGHT26 blueprint and Transformation Programme 30 (TP30) initiatives, will continue to drive our growth and strengthen our financial resilience as we move forward.

 Please refer to page 76 for more details

Resource Allocations

We recognise six capital elements as our resources, and through strategic management and utilisation of these capitals, we maximise stakeholder value creation.

OUR SIX CAPITALS

Financial Capital

Funds available for MBSB Group to use in the provision of services obtained via financing such as equity, debt or grants, or money generated through business operations or investments

Intellectual Capital

Our knowledge-based intangibles include brand and reputation, management systems and procedures, digital capabilities and intellectual property

Manufactured Capital

An established network of bank branches and touch points across Malaysia to provide services that meet the needs of key stakeholders

Social and Relationship Capital

The relationships MBSB Group has built with the community and key stakeholders that allow knowledge exchange to enhance individuals and collective well-being

Human Capital

Employees' competencies, capabilities and experience and how they align with and support MBSB Group's governance, risk management, ethical values and strategy. This also includes their loyalty, motivation, and dedication to leading, managing, and collaborating, as well as enhancing processes, products, and services within the organisation

Natural Capital


Use of natural resources (renewable and non-renewable) by MBSB Group throughout our value chain, and how we drive progress in environmental sustainability

Delivering Positive Impact Through Value Creation

We ensure that our business activities are always governed by good governance and strong leadership, allowing us to effectively drive and maximise value for our stakeholders through our outputs.


OUR VALUE CREATION MODEL

KEY INPUTS




Financial Capital

- RM66.7 billion total assets
- RM7.97 billion of shareholder capital
- RM47.6 billion deposits and placements from customers, banks and other financial institutions
- Return of Equity of 5.23%




Manufactured Capital

- 52 branches across Malaysia
 - 47 MBSB Bank branches
 - 5 MIDF branches
- 29,953 CASA-i account opened via online application




Intellectual Capital

- Values, principles, standards, and norms of behaviour
- Risk management framework, system, process and policies
- Digital platforms
- Strategic partnership to enhance digitalisation
- RM15 million invested in cyber security enhancement




Human Capital

- 3,032 total number of employees
- RM7 million invested in employee's learning and development
- Competitive benefits with focus on employees' health and well-being



Natural Capital

- Net Zero Strategy
- Energy and water efficiency initiatives to reduce environmental footprint
- RM667 million total worth of projects financed by Sustainability Sukuk Wakalah




Social and Relationship Capital

- RM4.2 million total spend on community investment
- Community outreach initiatives and financial literacy programmes
- Supporting SMEs through financially inclusive products and schemes

OUR BUSINESS MODEL

Supported by good governance and robust risk management



Leveraging business synergies within the Group

MBSB Bank ● **MIDF** ●

Enablers

- Innovative Products and Solutions
- Continuous Process Improvement
- Digitalisation
- High Performing Talent
- Excellent Customer Service
- Sustainability

Sustainability Pillars

- Innovating and Creating Value
- Operating Sustainably
- Empowering a Sustainable Culture

OUTPUT



Financial Capital

- Revenue of RM2.8 billion
- Profit before tax and zakat of RM0.56 billion
- 51% cost-to-income ratio



Manufactured Capital

- Diversified portfolio for business lines by region and size
- Branch Transformation Programme



Intellectual Capital

- 89% Customer Satisfaction Index
- 64 Net Promoter Score
- 51% reduction in customer complaints
- Zero substantiated complaints concerning breaches of customer privacy and losses of customer data



Human Capital

- RM0.29 billion total wages and benefits expenses
- 100% local workforce
- 8.4% turnover rate and 12% new hires rate



Natural Capital

- 9,526 tCO₂e total emissions for Scope 1, Scope 2 and selected Scope 3
- 28,341,967 MJ energy consumption
- 7,525 MWh electricity consumption



Social and Relationship Capital

- Reached more than 55,534 beneficiaries from our community development programmes
- 4,504 total volunteer hours among employees

VALUE FOR STAKEHOLDERS



Board of Directors

- Continuous strong governance and leadership
- Reliable management and systems



Shariah Advisory Committee

- Adherence to Shariah principles in business practices and products offerings



Employees

- Talented, capable and committed employees
- Positive work culture with diverse workforce
- Conducive and safe working environment



Shareholders

- RM288 million in dividends declared and paid
- RM5.8 billion market capitalisation
- RM2.8 billion in economic value distributed
- Continuous confidence among investors for funds



Media

- Enhanced brand awareness and recognition



Analysts

- Provided transparent and reliable information to develop informed opinions and valuation for wider audience



Partners and Alliances

- 98% of total procurement spent on local vendors
- Supporting vendors towards sustainable procurement practices



Government and Regulators

- RM106 million of government taxes
- Contributed to local economy
- Supported national agenda and initiatives
- In compliance with relevant regulations and standards
- Actively participate and contribute on dialogue and working forums with regulatory bodies



Customers

- Enhanced suite of products and services offerings
- Convenient digital services for better customer experience



Society and NGOs

- Improved socio-economic welfare
- Aided the development of surrounding communities through provision of financial aid, education and financial literacy

ENGAGING OUR STAKEHOLDERS

We prioritise clear and responsive communication with our stakeholders. To foster strong relationships and better understanding, we engage with them through various formal and informal channels and respond effectively to their needs and feedback. In 2023, our key stakeholder groups includes the board of directors, Shariah Advisory Committee, employees, shareholders, partners and alliances, government and regulators, customers, media, analysts, and society and NGOs.

Engagement Frequency

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

Sustainability Pillars

- Innovating and Creating Value
 ● Operating Sustainably
 ● Empowering a Sustainable Culture

BOARD OF DIRECTORS

- A Annual General Meeting
 M Board meetings
 D Board training and forums

Topics Raised	<ul style="list-style-type: none"> Business strategy and performance Growth opportunities Good governance Risk management Employee wellbeing and remuneration Sustainability considerations in financing and investment practices 	Our Response	<ul style="list-style-type: none"> Effective implementation of strategies and initiatives Provide transparent and accurate disclosure of financial performance Uphold good governance practices across the Group Enhance our sustainable finance products and services 	Material Matters	<ul style="list-style-type: none"> Economic Performance Innovation and Technology Data Privacy and Cyber Security Sustainable Financing Ethics and Integrity Competent Workforce
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SHARIAH ADVISORY COMMITTEE

- A Annual General Meeting
 M Board meetings
 D Board training and forums

Topics Raised	<ul style="list-style-type: none"> Business strategy and performance Shariah-compliant products and services Business affairs, operations and activities Good governance 	Our Response	<ul style="list-style-type: none"> Pursue sustainable earnings through profitable growth Integrate VBI considerations into SAC decision-making process Uphold good governance practices across the Group 	Material Matters	<ul style="list-style-type: none"> Economic Performance Sustainable Financing Ethics and Integrity
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EMPLOYEES

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

<p style="writing-mode: vertical-rl; transform: rotate(180deg); background-color: #0056b3; color: white; padding: 5px; font-weight: bold;">Topics Raised</p> <ul style="list-style-type: none"> Career development Diversity and equal opportunities Health, safety and wellbeing Benefits and remunerations 	<p style="writing-mode: vertical-rl; transform: rotate(180deg); background-color: #0056b3; color: white; padding: 5px; font-weight: bold;">Our Response</p> <ul style="list-style-type: none"> Support employee growth through capability-building efforts and trainings Provide clear guidance on career development paths Provide a safe, conducive and discrimination-free workplace Offer attractive benefits and performance-based remuneration 	<p style="writing-mode: vertical-rl; transform: rotate(180deg); background-color: #0056b3; color: white; padding: 5px; font-weight: bold;">Material Matters</p> <ul style="list-style-type: none"> ● Economic Performance ● Innovation and Technology ● Data Privacy and Cyber Security ● Sustainable Financing ● Ethics and Integrity ● Competent Workforce
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SHAREHOLDERS

- A Annual General Meeting
Q Quarterly Financial Reports
R Extraordinary General Meetings
R Regular Announcements via our website
A Integrated Annual Report and Sustainability Reports

<p style="writing-mode: vertical-rl; transform: rotate(180deg); background-color: #0056b3; color: white; padding: 5px; font-weight: bold;">Topics Raised</p> <ul style="list-style-type: none"> Business strategy and performance Good governance practices Risk management Sustainability considerations in financing and investment practices 	<p style="writing-mode: vertical-rl; transform: rotate(180deg); background-color: #0056b3; color: white; padding: 5px; font-weight: bold;">Our Response</p> <ul style="list-style-type: none"> Pursue sustainable earnings, maintain a stable dividend stream, and achieve profitable growth Uphold good governance practices across the Group Effective management of risk and opportunities Preserve ethical financial practices Integrate sustainability considerations into financing and investment 	<p style="writing-mode: vertical-rl; transform: rotate(180deg); background-color: #0056b3; color: white; padding: 5px; font-weight: bold;">Material Matters</p> <ul style="list-style-type: none"> ● Economic Performance ● Sustainable Financing ● Environmental Stewardship ● Ethics and Integrity
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MEDIA

- R Media releases
R Press conferences
R Interviews
R Events and engagements

<p style="writing-mode: vertical-rl; transform: rotate(180deg); background-color: #0056b3; color: white; padding: 5px; font-weight: bold;">Topics Raised</p> <ul style="list-style-type: none"> Accurate, factual and transparent information Sustainable financing CSR investments 	<p style="writing-mode: vertical-rl; transform: rotate(180deg); background-color: #0056b3; color: white; padding: 5px; font-weight: bold;">Our Response</p> <ul style="list-style-type: none"> Transparent disclosure of MBSB Group performance in publicly available reports Maintain regular engagement with media for updates relevant to MBSB Group 	<p style="writing-mode: vertical-rl; transform: rotate(180deg); background-color: #0056b3; color: white; padding: 5px; font-weight: bold;">Material Matters</p> <ul style="list-style-type: none"> ● Sustainable Financing ● Environmental Stewardship ● Serving the Communities
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ENGAGING OUR STAKEHOLDERS

ANALYSTS

- Q** Analyst briefing
- Q** Quarterly Financial Reports
- R** One-on-one meeting
- R** Regular Announcements via our website
- A** Integrated Annual Report and Sustainability Reports

Topics Raised

- Economic performance
- Market presence
- Good governance
- Risk management
- Sustainable financing
- Good governance

Our Response

- Stable business performance through sustainable growth
- Effective implementation of strategies and initiatives
- Uphold good governance practices across the Group
- Integrate sustainability considerations into lending and investment practices

Material Matters

- Economic Performance
- Sustainable Financing
- Ethics and Integrity

PARTNERS AND ALLIANCES

- R** Meetings
- R** Associations
- A** Vendor assessment/ Performance evaluations
- R** Supplier training and engagement session

Topics Raised

- Seamless procurement system
- Supplier code of conduct (SCOC)
- Sustainable procurement
- Partnership for growth

Our Response

- Launch e-procurement system
- In progress for ISO 20400:2017 certification
- Develop sustainable procurement policy and implement SCOC as requirement for supplier
- Conduct supplier training and engagement sessions
- Capacity building for internal sustainable procurement team

Material Matters

- Sustainable Procurement

GOVERNMENT AND REGULATORS

- R** Dialogues
- R** Conferences and webinars
- R** Online briefing
- R** Internet Banking Task Force (IBTF)
- Q** Industry engagement
- R** Meetings

Topics Raised

- Compliance to local regulations and requirements
- Affordable housing financing
- Supporting national agenda on green initiatives, schemes and funds
- Sustainable financing

Our Response

- Ensure full compliance to local regulations and requirements
- Active engagement in government-related financing initiatives, schemes and funds to support sustainability-driven economy
- Expand and enhance sustainable and finance offering

Material Matters

- Sustainable Financing
- Serving the Communities
- Ethics and Integrity

CUSTOMERS

- | | | |
|-----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>A Surveys (e.g.: Customer Satisfaction Survey, Post-Transaction Survey)</p> <p>A Relationship Managers</p> | <p>D Call centre, email, WhatsApp for Business, and social media channels</p> <p>R Digital touchpoints and platforms (e.g: M Journey, MIDF Invest)</p> | <p>D Physical and virtual branches, transaction banking centres and self service terminals (e.g: ATM)</p> <p>R Marketing campaigns and events</p> |
|-----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|

Topics Raised	<ul style="list-style-type: none"> Superior customer experience Performance reliability of digital platforms Customer's data privacy and security Products and services offered by MBSB Group Sustainable financing 	Our Response	<ul style="list-style-type: none"> Enhance the stability of MBSB Bank and MIDF digital platforms (i.e., online apps) Introduce new hotline and subscribe to Whatsapp broadcasting for better customer experience Address customers' complaints in a timely manner Vigilantly safeguard customers' data and privacy Broaden accessibility of current financial literacy programmes Expand and enhance sustainable finance offerings 	Material Matters	<ul style="list-style-type: none"> ● Customer Experience and Satisfaction ● Data Privacy and Cyber Security ● Sustainable Financing
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SOCIETY AND NGOS

- | | | |
|--------------------------|-------------------------------------|---------------------------------|
| <p>R Meetings</p> | <p>R Graduate programmes</p> | <p>R CSR initiatives</p> |
|--------------------------|-------------------------------------|---------------------------------|

Topics Raised	<ul style="list-style-type: none"> Financial literacy CSR activities Sustainable financing 	Our Response	<ul style="list-style-type: none"> Zakat contributions Financial literacy programmes Community partnerships and outreach programmes Donations and sponsorships Employee volunteerism activities 	Material Matters	<ul style="list-style-type: none"> ● Sustainable Financing ● Environmental Stewardship ● Serving the Communities
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OUR APPROACH TO MATERIALITY

Materiality Assessment Process

With the acquisition of MIDF, we undertook a full materiality assessment to evaluate and refine our key sustainability priorities as MBSB Group. The refreshed materiality assessment in 2023 ensures we capture the diverse views of our key stakeholders. As part of this assessment, a stakeholder engagement survey was launched, seeking insights from both internal and external stakeholders of MBSB Bank and MIDF to better understand their key concerns.

OVERVIEW OF THE MATERIALITY ASSESSMENT PROCESS

PHASE 1

Identification of Material Topics

- Key stakeholders and material topics were identified through a comprehensive analysis of global trends, GRI Standards, and the Bursa Malaysia Sustainability Reporting Guide (3rd)
- A survey was conducted to gather evaluations and ratings from stakeholders on the most impactful material matters for MBSB Group

PHASE 2

Stakeholders Engagement

- More than 2,000 internal and external stakeholders' views were captured via online surveys
- Subsequently, a materiality assessment workshop with MBSB Bank and MIDF senior management was conducted to prioritise the material matters
- This led to the development of a preliminary materiality matrix

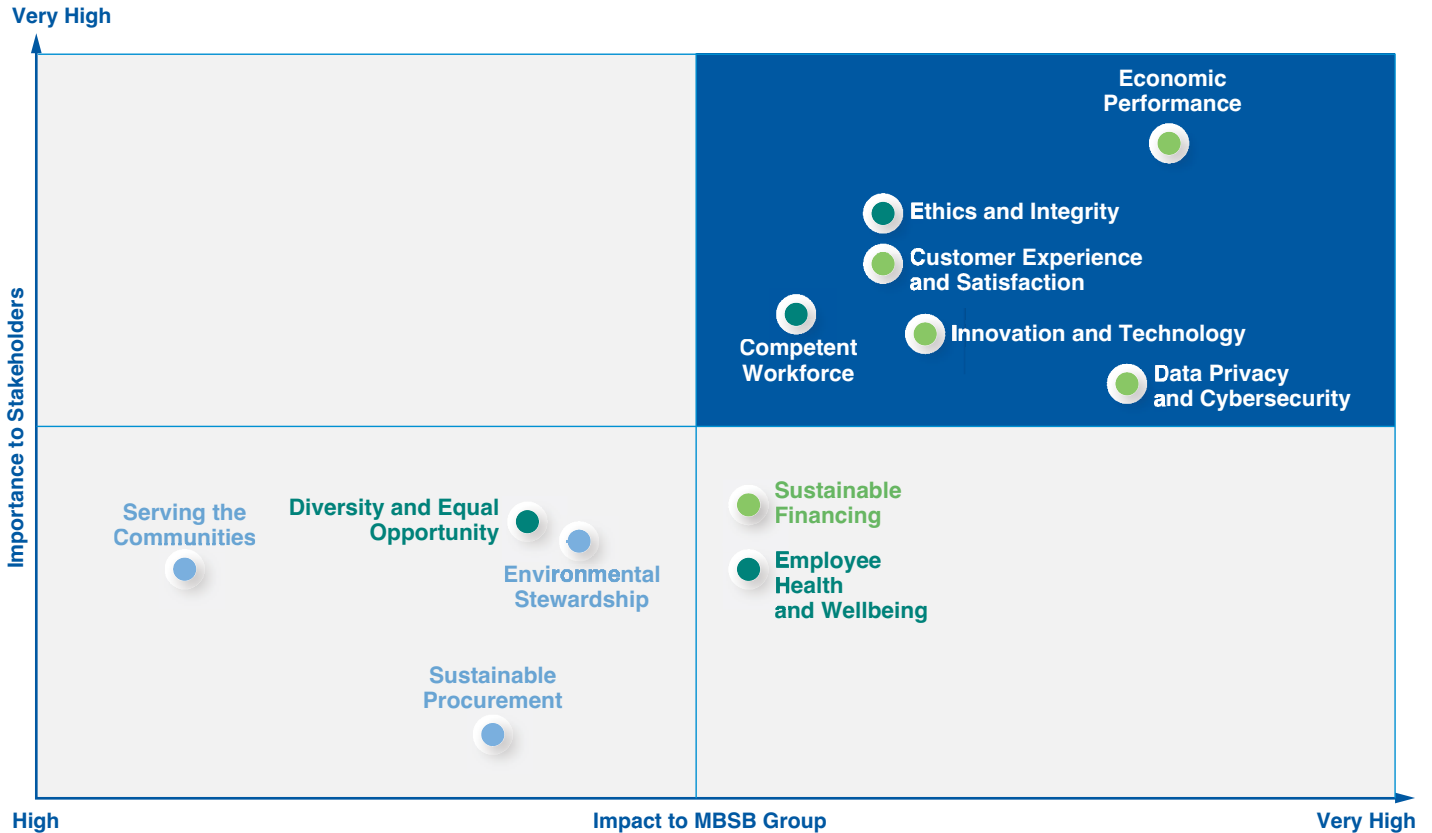
PHASE 3

Validation of Materiality Results

- The preliminary materiality matrix was reviewed and validated by our Management Committee, respective Committees including SAC and subsequently approved by our Board of Directors

Our Materiality Matrix

Based on the materiality assessment exercise, we have identified 12 material matters as our priorities in 2023.



Our 2023 Materiality Matrix reveals six (6) material matters as our top priority, namely

- Economic Performance
- Customer Experience and Satisfaction
- Innovation and Technology
- Ethics and Integrity
- Competent Workforce
- Data Privacy and Cybersecurity

Sustainability Pillars

- Innovating and Creating Value
- Operating Sustainably
- Empowering a Sustainable Culture

The materiality assessment exercise consolidated some of last year’s standalone material matters to provide better focus: Financial Inclusion, Responsible Financing, and Sustainable Financing were combined into a single material matter named “Sustainable Financing”. Besides that, to better reflect our commitment in managing our environmental footprint, we renamed Climate Change to “Environmental Stewardship”.

Economic Performance is our top material matter, reflecting the Group’s focus on improving our financial performance, and enhancing shareholders value.



“ Amid rising interest rates, we maintained steadfast focus on market and liquidity risk management. Prioritising active portfolio rebalancing, we ensured alignment with risk tolerance and return objectives, seizing emerging market opportunities while mitigating downside risks. ”

GROUP CHIEF RISK OFFICER'S REVIEW

As we navigate through the complexities of the modern financial landscape, our commitment to safeguarding the Group's integrity, stakeholder value, and customers' trust has never been more paramount. The role of the Risk Management Division (RMD) at MBSB is instrumental in steering our Group through turbulent waters, ensuring that we not only survive but thrive amidst challenges.

Top Emerging Risks

The year 2023 was marked by several emerging risks that required our immediate attention and strategic response.

Firstly, the digital transformation across the banking sector introduced cybersecurity and data privacy risks, necessitating robust cyber defense mechanisms. Secondly, the economic uncertainties stemming from global geopolitical tensions and the aftermath of the pandemic underscored the importance of Liquidity Risk Management. Climate change also emerged as a critical non-financial risk, prompting us to integrate sustainability and climate risk considerations into our risk assessment frameworks. Lastly, the regulatory landscape continued to evolve, presenting compliance risks that demanded our ongoing vigilance and adaptability.

Overview of the Risk Management Division's Role in MBSB, Key Achievements, and Challenges in 2023

RMD has always been at the forefront of safeguarding the Group's integrity and financial health, by identifying and monitoring the key risks to the Group, including Credit Risk, Market and Liquidity risk, Technology and Cyber Risk, Operational Risk, Shariah Risk, and Environmental, Social and Governance Risk.

Credit Risk

In 2023, BNM's monetary policy adjustments, particularly in response to inflationary pressures and global economic conditions, saw fluctuations in the Group's profit rates. These adjustments were aimed at stabilising the national economy but also affected financing affordability and customers' repayment capacities, influencing credit risk for the Group.

To maintain vigilant oversight of the effects on our financing portfolios, we carried out thematic assessments of our consumer financing portfolios to pinpoint customer segments at risk and to assess the repercussions of increased profit rates.

In enhancing our risk management practices, we continuously review and update our credit underwriting policies to address potential obstacles in light of evolving economic conditions. The Group's Risk Posture provides guidance to our Business Divisions regarding sectors anticipated to encounter a downturn or foreseeable difficulties in the future.

Market and Liquidity Risk

Amid rising interest rates, we maintained steadfast focus on market and liquidity risk management. Prioritising active portfolio rebalancing, we ensured alignment with risk tolerance and return objectives, seizing emerging market opportunities while mitigating downside risks. Additionally, we continuously

assessed funding stability, emphasising the importance of a diversified deposit base, with a focus on the retail segment. Efforts to broaden funding sources bolstered resilience against adverse scenarios, ensuring sustained liquidity.

Moreover, significant enhancements to market and liquidity risk policies were made to align with evolving business models, strengthening our risk management frameworks. As we anticipate BNM's Liquidity Risk Policy release and post-merger harmonisation, we intensify efforts to enhance liquidity risk management in 2024. These strategic initiatives underscore our commitment to prudent risk practices and proactive adaptation to market dynamics.

Technology and Cyber Security Risk

The financial industry is faced with increased risk of cyber threats as geopolitical tensions remain escalated and financial gains from successful ransomware attacks grow. Cyber threats are evolving to be more complex and sophisticated as perpetrators are leveraging on the power of Artificial Intelligence (AI) in carrying out their attacks.

To mitigate these threats, we have enhanced our control processes and cyber security systems to protect the Group's information systems and to safeguard customers' information. The Group has continuous engagements and good partnerships with regulators and other cyber intelligence communities to keep up to date on emerging cyber threats.

We have increased our efforts and focus on risk and security awareness campaigns for our staff and customers. By providing them with the knowledge and skills to identify potential scams and cyber threats, we can significantly reduce the likelihood of our staff or customers falling victim to an attack.

Operational Risk

In 2023, our Group navigated a complex landscape of operational risks, marked by evolving regulatory requirements, the enduring impacts of global events, and the internal challenges of managing a diversified and expanding service portfolio. The dynamic regulatory environment continued to pose challenges, with new guidelines emerging in response to global economic shifts and local market developments. Adapting to these changes required agility and foresight, ensuring compliance while maintaining operational efficiency.

To improve the monitoring of operational risk, we made investments in an Operational Risk Management System that enables our Group to conduct close monitoring of emerging risks that have the potential to significantly affect our operations.

Furthermore, we have strengthened our Business Continuity Management framework to take a proactive stance in preparing for a range of scenarios, encompassing natural disasters, cyberattacks, pandemics, and other unforeseen events. The Group also actively participated in the industry-wide crisis simulation exercise which serves to enhance the Group's collective resilience and preparedness for managing and mitigating the impacts of potential financial crises through

improved coordination, identification of vulnerabilities, and testing of response strategies.

Shariah Risk

In 2023, we conducted independent risk assessments pertaining to Shariah matters to pinpoint potential areas of weakness and implemented mitigating controls to reduce Shariah noncompliance risk. Throughout the year, no actual instances of Shariah non-compliance were reported, as confirmed by the resolutions of our Shariah Advisory Committee.

As the Group expands its business into new segments following the merger, the ongoing integration and harmonisation of Shariah noncompliance risk tools, activities, and policies will ensure a seamless transition into an environment and culture of Shariah compliance.

Environmental, Social and Governance (ESG) Risk

In 2023, we integrated environmental risk considerations into our Risk Appetite Statement and risk policies, and developed a specific Group Climate Risk Management Policy, aimed at managing our portfolio's exposure to significant climate transition and physical risks. RMD is also a member of the Joint Committee on Climate Change (JC3), which is a regulator-industry platform working collaboratively to build climate resilience within the Malaysian financial sector.

Moreover, we conducted training programs, including specific modules on climate risk, to cultivate Group-wide expertise and enhance our understanding in this area.

Evolution Post-Merger

The merger heralded a transformative phase for our division, expanding our responsibilities and scale of operations. We have evolved to manage a more diversified portfolio, necessitating the adoption of enhanced risk management frameworks.

As the integration and policy harmonisation process continues, we do not anticipate any re-rationalisation of current business activities. Instead, we expect to provide our customers with an expanded array of products and services, as the offerings of both entities complement each other.

RMD will continue to play a critical role in integrating risk management cultures from the merging entities, fostering a unified approach towards risk awareness and mitigation across the Group.

Conclusion

Through our risk management practices, we have been able to offer more competitive and accessible financing products. Our focus on understanding and mitigating risks has allowed us to design products that meet our customers' needs while ensuring their financial stability and success.

Laurence Ong Wooi Keat
Group Chief Risk Officer

KEY RISKS AND MITIGATION

We diligently monitor key risks that may impact our business operations and strategies, which are essential for driving sustainable growth and enhancing shareholder value. In 2023, we demonstrated resilience in managing and mitigating emerging risks across the Group, aligning with our risk appetite.

Credit Risks

The risk of loss arising from the inability or failure of a client or counterparty to meet its obligations.

Key Mitigation Actions Implemented in 2023

- Conducted thematic assessments of our consumer financing portfolios to identify customer segments at risk and evaluate the impacts of rising profit rates.
- Regularly reviewed and updated our credit underwriting frameworks, policies and procedures to address potential challenges arising from economic conditions.
- Enhanced the Group's Risk Posture to provide guidance to our Business Divisions on sectors expected to face downturns or foreseeable difficulties in the future.

Related Capitals

- Financial Capital

Related Stakeholders

- Customers
- Shareholders
- Board of Directors
- Government and Regulators

Related Material Matters

- Sustainable Financing
- Economic Performance

Market and Liquidity Risks

- Market risk is the risk that changes in market conditions may adversely impact the value of assets or liabilities or otherwise negatively impact earnings.
- Liquidity risk is the potential inability to meet contractual or contingent financial obligations, either on-or-off balance sheet, as they come due.

Key Mitigation Actions Implemented in 2023

- Ensured alignment with risk tolerance and return objectives, seizing emerging market opportunities while mitigating downside risks.
- Continuously assessed funding stability, emphasising the importance of a diversified deposit base, with a focus on the retail segment.
- Broadened funding sources to strengthen resilience against adverse scenarios, ensuring sustained liquidity.
- Enhanced market and liquidity risk policies to align with evolving business models, thereby strengthening our risk management frameworks.

Related Capitals

- Financial Capital

Related Stakeholders

- Customers
- Shareholders
- Government and Regulators
- Board of Directors

Related Material Matters

- Sustainable Financing
- Economic Performance

Shariah Risks

The risk due to an event or action that is against the Shariah principles, resulting from inadequate or failed internal processes, people and systems, or from external.

Key Mitigation Actions Implemented in 2023

- Conducted independent risk assessments related to Shariah matters to identify potential areas of weakness.
- Implemented mitigating controls to reduce the risk of Shariah non-compliance.

Related Capitals

- Financial Capital
- Human Capital
- Manufactured Capital
- Intellectual Capital

Related Stakeholders

- Customers
- Shariah Advisory Committee
- Board of Directors
- Government and Regulators
- Employees
- Partners and Alliances
- Shareholders

Related Material Matters

- Ethics and Integrity
- Sustainable Financing
- Economic Performance

Operational Risks

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

Key Mitigation Actions Implemented in 2023

- Invested in our Operational Risk Management System to closely monitor emerging risks.
- Strengthened our Business Continuity Management Framework to proactively prepare for a variety of scenarios and unforeseen events.
- Actively participated in an industry-wide crisis simulation exercise to enhance resilience and preparedness for managing and mitigating the impacts of potential financial crises.

Related Capitals

- Financial Capital
- Human Capital
- Manufactured Capital

Related Stakeholders

- Employees
- Shareholders
- Partners and Alliances
- Customers
- Board of Directors

Related Material Matters

- Economic Performance
- Customer Experience and Satisfaction
- Data Privacy and Cyber Security
- Sustainable Procurement
- Ethics and Integrity
- Competent Workforce
- Employee Health and Well-being
- Environmental Stewardship

KEY RISKS AND MITIGATION

Technology and Cyber Risks

The risk of potential technology failures and cyber threats that may disrupt business activities.

Key Mitigation Actions Implemented in 2023

- Strengthened our control processes and cyber security systems to safeguard the Group's information systems and customers' data.
- Maintained continuous engagement and strong partnerships with regulators and cyber intelligence communities to stay updated on emerging cyber threats.
- Increased efforts and focus on risk and security awareness campaigns for employees and customers.
- Provided knowledge on potential scam and cyber security attacks to employees and customers.

Related Capitals

- Financial Capital
- Intellectual Capital
- Manufactured Capital

Related Stakeholders

- Employees
- Customers
- Partners and Alliances
- Government and Regulators
- Board of Directors

Related Material Matters

- Innovation and Technology
- Data Privacy and Cyber Security
- Ethics and Integrity
- Economic Performance

ESG Risks

The risks posed from exposure to activities that may potentially cause or be affected by environmental degradation and the loss of ecosystem services, including climate change.

Key Mitigation Actions Implemented in 2023

- Integrated environmental risk considerations into our Risk Appetite Statement and risk policies, and developed a specific Group Climate Risk Management Policy, which facilitates the identification, measurement, monitoring and control of potential climate-related risks.
- Conducted climate risk training to cultivate Group-wide expertise and enhance understanding of ESG risk.

Related Capitals

- Natural Capital

Related Stakeholders

- Customers
- Shareholders
- Employee
- Government and Regulators
- Partners and Alliances

Related Stakeholders

- Environmental Stewardship
- Sustainable Procurement

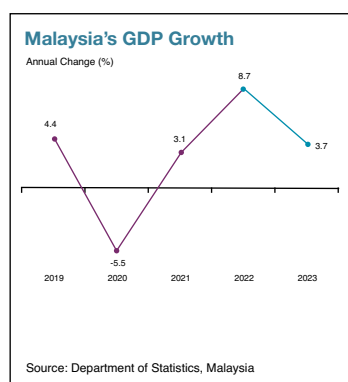
MARKET LANDSCAPE AND OUTLOOK

Market Landscape in 2023

Globally, there were several unprecedented challenges and trends faced, that posed significant economic impact. As the year ended, economies were shaken by the threat of geopolitical instability and conflicts. With geopolitical tensions remaining elevated, significant impacts were seen on the landscape of global trade, supply chains and channeling of investments across economies. Key conflicts such as strained ties between the United States and China over Russia's invasion of Ukraine have persisted in recent years, presenting risks of financial fragmentation and negative impacts on cross-border investment. Financial institutions, governing bodies and regulators are keeping a close eye on the risks posed by financial instability stemming from potential geopolitical tensions to mitigate threats and their impacts. Global inflationary pressures endure on as factors such as rising energy prices, reopening of economies leading to increased demand and supply chain bottle necks occurred.

Malaysia experienced a significant slowdown in economic expansion, with GDP growth declining from 8.7% in 2022 to 3.7% in 2023. This decline underscores the profound impact of global dynamics on Malaysia's economic performance, highlighting the need for adaptive and resilient economic policies to navigate through uncertain times.

Over the past three years since the onset of the COVID-19 pandemic, we have observed a gradual reduction in economic constraints. This is evident in the consistent decline of the unemployment rate to pre-pandemic levels. In 2023, domestic workforce reached a historic high, with an unemployment rate of 3.4%, down from 3.8% in 2022. The continued recovery in economic activity and labour market conditions, supported by policy to open the economy has fostered economic stability and growth. Domestic demand acts a driving force of growth for the Malaysian economy despite challenging environments and increasing external uncertainties. The improved labour market condition has helped increase household spending, coupled with spike in domestic tourism spending and sustained investment activities, contributed to the positive GDP growth for the year.



Sector	2022	2023
GDP	8.7	3.7
Services	10.9	5.3
Mining & Quarrying	2.6	1.0
Construction	5.0	6.1
Agriculture	0.1	0.7
Manufacturing	8.1	0.7

In terms of the performance of the ringgit, the exchange rate development fluctuated significantly, driven by evolving financial market expectations due to global monetary policy path. At a global level, monetary policy resumes its normalisation path in 2023. The surprise rate cuts by the People's Bank of China and weakened renminbi ultimately impacted the closely allied ringgit. China's slower-than-anticipated economic growth and moderate commodity prices lead to a significant slowdown in

exports for Malaysia with the global economic and trade decrease. The US dollar still emerged as a favourable currency among global investors and traders. The US dollar was also spurred further due to significant adjustments in US interest rates and expected increases in future policy rates. Against this landscape and changes, the ringgit continued to depreciate against the US dollar throughout the year, consistent with other regional currencies.

Amidst a significantly challenging operational environment, the Malaysian banking sector remained steady in performance and withheld a strong capital position to withstand shocks and macro-economic trends. The excess capital buffers stood at RM142.6 billion as at end-December 2023 while banks exhibited sufficient liquidity with a Liquidity Coverage Ratio of 160.9%, supportive of credit intermediation activities with a stable aggregate loan-to-deposit ratio of 81.8%.

The banking sector performed well in enabling lending activities despite tighter financial conditions in the first seven months of the year due to higher cost of funds and non-performing loans. In recent years, Bank Negara Malaysia (BNM) has revised the Overnight Policy Rate (OPR) as economies have reopened and begun to recover from the initial market slowdown during the pandemic. We have observed a steady increase in the OPR since May 2022. At the current stage, rates have been brought to pre-pandemic levels of 3% in May 2023 and has maintained throughout the year.

The increase in OPR is supported by stable domestic inflation and growth outlook. Malaysian banks are benefitting from a supportive real-estate market that provides steady growth opportunities against manageable credit risks. Loan growth in Malaysia saw an increase of 4.3% in 2023, supported by more demand in household and non-household loans. Ratings agencies also cite a healthy job market as a supporting factor to asset-quality

MARKET LANDSCAPE AND OUTLOOK

performance of household loans, which account for about 60% of the total system lending. Financing for SMEs grew steadily, peaking at 8.2% in 2023 as compared to 5.7% in 2022. This is attributed by the availability of finance services and offerings by banks and financial institutions to support their growth. SME financing accounted for a total of RM385 billion, representing approximately 55% of the total loans outstanding within the business segment.

Outlook for 2024

Global growth is projected to fall from 3.3% in 2023 to 2.8% in 2024. The International Monetary Fund (IMF) attributes the weak growth by historical standards to the rise in central bank policy rates to fight inflation, causing dampened economic activity. Balancing risks to global growth remain a challenge, inflation could continue to rise if further shocks occur from unprecedented factors such as intensification of wars or geopolitical conflicts and extreme climate catastrophes, events like these could trigger more restrictive monetary policy. In most economies globally, the priority remains to achieve sustained disinflation whilst maintaining financial stability.

Tightening of monetary policies by central banks globally are anticipated to persist following measures to combat inflationary pressures, ultimately impeding a complete global economic recovery. As the global landscape continues to evolve, there will be impacts felt for economies of all sizes. It is likely that global trade flows will remain hindered in a cautious economic growth environment, resulting in the high likelihood that services may outpace merchandise trade. With no signs of geopolitical tension slowing down, financial fragmentation remains a hinderance on the cyclical and structural economic outlook.

Despite an economically challenging financial landscape, projections for the Malaysian economy remain stable and even resilient. The National GDP is forecasted to expand by approximately 4% to 5% in 2024 whereby the Malaysian government aims to propel economic prosperity through robust domestic demand and through transformative measures such as the National Energy Transition Roadmap (NETR), New-Industrial Master Plan (NIMP 2030) and the Mid-Term Review of the Twelfth Malaysia Plan (MTR of the Twelfth Plan). Under the initiatives of these strategic plans, infrastructure development projects are expected to grow across various public and private sectors, including renewable energy, manufacturing, and technology. Financial institutions can capitalise on these opportunities by providing financing for large-scale projects, thereby expanding their loan portfolios and revenue streams. Consequently, loan growth is projected to hover around 5.0-5.5%, due to conducive economic policies and resilient domestic demand.

As the domestic market stabilises following recovery post-COVID, BNM is expected to maintain the OPR at 3.00 points throughout the year. It is predicted that in the year to come, Malaysia's economy will continue to improve due to resilient domestic expenditure and improvement in external demand. In terms of domestic spending and economic contribution, household spending will continue to be supported by continued employment and wage growth as Malaysia's unemployment rate is expected to decline further to 3.4% in 2024. Continued activity in private sector expenditure in 2024 will remain a strong contributor to driving local economic activity and stronger domestic. This goes hand in hand with government initiatives to support household spending through cash incentives to targeted income groups and support through social commerce platforms.

Industries on the supply side are pinpointed to be an engine of growth for the Malaysian economy in 2024. Supply channels such as manufacturing, tourism, agriculture and mining remain key industries to managing and drive growth. With growing industries such as tech upcycle, and improvement in existing sectors such as tourism, there is substantial support to Malaysia's exports. Improvement in tourist arrivals and spending are expected to continue in the year to come. In 2024, inflation is expected to remain at controlled levels, averaging around 2.05% to 3.50%. This reflects stable demand conditions, continued employment and wage growth, coupled with tax rate hike and planned subsidy rationalisation efforts. This outlook, however, is highly subject to changes in domestic monetary and subsidy policy, as well as global commodity prices and financial market developments.

While these initiatives present growth opportunities, they come with inherent risks, including regulatory changes, market volatility, sustainability and project execution risks. Financial institutions will need to enhance their risk management frameworks to effectively assess and mitigate these risks, ensuring the sustainability of their lending activities and overall business operations.

Overall, the changes in global economic growth have underscored the need for Malaysian financial institutions to be agile, adaptive, and forward-thinking in responding to evolving market conditions and regulatory requirements. Embracing innovation, strengthening risk management capabilities, and prioritizing sustainability are key imperatives for navigating the challenges and opportunities in the global economy.

STRATEGIC REVIEW

FINANCIAL CAPITAL

We reflect our performance in 2023 through the lens of our six capitals, enabling us to effectively monitor our value creation.



Financial Capital

Definition

Funds available for MBSB Group to use in the provision of services obtained via financing, such as equity, debt or grants, or money generated through business operations or investments.

Highlights



Revenue

RM2.8 Billion

4% increase compared to 2022



Profit After Tax (PAT)

RM492 Million

5% increase compared to 2022



Gross Financing

RM42 Billion

9% increase compared to 2022



Customer Deposit

RM38.8 Billion

34% increase compared to 2022



Liquidity Coverage

184%

Key challenges

Operating environment: Malaysia's GDP growth slowed to 3.7%. Cautious spending and investment approaches by businesses and individuals have adversely affected the financial services sector.

Increasing competition: There are multifaceted competition from traditional and non-traditional financial services players and fintech companies, among many others. This dynamic landscape necessitates continuous innovation, adaptation, and differentiation to maintain competitiveness.

Our Approach and Performance In 2023

Leverage on competitive advantage to improve profitability

In 2023, we achieved a total revenue of RM2.8 billion, marking an increase from RM2.7 billion in the preceding year, primarily driven by growth in our financing portfolio. Our Profit After Tax (PAT) reached RM492 million, up from RM460 million in 2022. This improvement in PAT can be attributed to a one-time acquisition gain from MIDF, totaling RM355.3 million.

Our financing witnessed a growth of 9% in 2023, outpacing the industry average of 5%. This growth was fueled by various factors, including a RM1.2 billion expansion in property financing. Additionally, commercial financing experienced a RM1.1 billion uptick, driven by increased exposure in the agrofood industry, utilisation of the Skim Jaminan Pembiayaan Perniagaan (SJPP), and the expansion of contract financing facilities. Moreover, the acquisition of MIDF contributed to an inorganic growth of RM1.9 billion, equivalent to 4.9% of the total MBSB financing portfolio.

STRATEGIC REVIEW

HUMAN CAPITAL

Customer's Testimonial

“ Established in 1985, PA Food is an independent family business founded by Mr. Ding Hong Sing, known for the creation of Malaysia’s first halal steam bun. From selling door-to-door from the humble ‘Pau Van’ to exporting globally.

Thanks to invaluable MIDF support, our expansion and modernisation were possible, enabling us to serve renowned brands and Michelin-starred restaurants across 20+ countries. We extend our deepest gratitude for MIDF’s partnership and belief in our vision.

We’re committed to sharing authentic Malaysian tastes worldwide. Our nearly 20-year history of applying for MIDF loans showcases our enduring partnership and support. Thank you, MIDF, for being essential to our journey.

”



Encik Ding Hong Sing
 Founder and Managing Director
 PA Food Sdn. Bhd.



Human Capital

Definition

Employees’ competencies, capabilities and experience, as well as how they align with and support MBSB Group’s governance, risk management, ethical values and strategy. This also includes their loyalty, motivation, and dedication to leading, managing, and collaborating, as well as enhancing processes, products, and services within the organisation.

Highlights



3,032
 100% local employees



RM7 Million
Invested for employee training and education
 17% increase compared to 2022



Training Hours
118,346 Hours
 42% increase compared to 2022

Key challenges

Capability and skill gaps: Significant efforts are needed to ensure our employees are equipped with diverse and on-demand skill sets required to meet rapid technological advancements and evolving customer preferences.

Talent management and retention: Challenges in retaining and attracting top talent, coupled with disengaged workforce resulting from decreased motivation and satisfaction, become among the hurdles to implementing effective succession planning strategies.

Our approach and performance in 2023

Intensify investment in employee training and development

We are committed to tailoring our learning and development initiatives to equip our workforce with relevant and on-demand skills in the industry. In 2023, our investment in employee development increased, with RM7 million dedicated to training and education, up from RM6 million in 2022. This resulted in a substantial uptick in training hours, totaling 118,346 compared to 83,081 hours for the previous year.

Among the key employee development programmes conducted in 2023 included the following:

- | | |
|----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| 1. Climate Risk Training for Relationship Managers | 6. High Performance Leadership Masterclass |
| 2. ESG-focused learning via the UNGC Academy | 7. Psychological Safety for Team Success |
| 3. Sustainable Procurement Workshop | 8. Nationwide Risk & Compliance Roadshow |
| 4. Information and Cybersecurity e-learning Module | 9. Certified Anti Money Laundering/Counter Financing of Terrorism & Regulatory Compliance Officer (CCO) Certification Programme |
| 5. Lean Six Sigma Green Belt Certification | |

In addition, MIDF is partnering with the Securities Commission on two training programmes: the InvestED Leadership Programme and the Islamic Capital Market Talent Development (ICMTD) programme, facilitated by the Securities Industry Development Corporation (SIDC).



For more details, please refer to our 'Competent Workforce' section, pages 44 to 48 of our Sustainability Report.

Enhance talent management and retention

Retaining our top talent remains a key focus area for MBSB Group. In 2023, we recorded 308 turnovers, equivalent to a 8.4% overall turnover rate, marking a 2% reduction compared to previous year's turnover rate of 10.4%. As for our new hires, in comparison to 489 new hires in 2022, we hired a total of 370 new employees in 2023, reflecting a 12% new hire rate.

We welcome talented new hires that bring diverse skill sets, new ideas, and fresh perspectives to drive our organisation towards success. In 2023, a total of 66 youth participated in 5 of our graduate programmes, which are as follows:

1. Graduate Employability @ MBSB Bank (GEM)
2. MIDF Graduate Apprentice Programme (GAP)
3. MIDF Management Associates Programme (MAP)
4. Khazanah Youth Development Programme (KYDP) - Graduate Employability
5. Young Islamic Banker (YIP) Programme

We believe in the impact of building the right partnerships to attract top talents and build a robust talent pipeline for our organisation. Continuing our efforts from the previous year, we participated in a total of 8 career fairs and conducted our MBSB Bank University Career Kick-Start (MBUCK) talks across 5 universities and educational institutions across Malaysia. MIDF partnered with three esteemed local universities, namely Universiti Malaya (UM), Universiti Kebangsaan Malaysia (UKM), and Universiti Malaysia Sarawak (UNIMAS), for the MIDF Award for Mathematics and Economics Excellence Programme spanning from 2022 to 2024. Under this initiative, two exceptional students from each university were selected to participate in an internship programme at MIDF, with each participant receiving an allowance of RM8,000 for the ten-week duration of the internship.



For more details, please refer to our 'Competent Workforce' section, pages 44 to 48 of our Sustainability Report.



“
In the transformative year of 2023, GPCD orchestrated a series of strategic initiatives that significantly impacted various facets of the organisation. These achievements exemplify the division's unwavering commitment to innovation, efficiency, and sustainability, aligning seamlessly with the broader goals of the Group.
 ”

GROUP CHIEF PEOPLE OFFICER'S REVIEW

At the Group People & Culture Division (GPCD), our mission is to unlock the potential of our greatest asset - our People. We believe that positive employees at the workplace contribute to a productive organisation which is why despite facing challenges and uncertainties, MBSB has consistently relied on a resilient workforce that adapts and emerges stronger from any challenges.

In the transformative year of 2023, GPCD orchestrated a series of strategic initiatives that significantly impacted various facets of the organisation. These achievements exemplify the division's unwavering commitment to innovation, efficiency, and sustainability, aligning seamlessly with the broader goals of the Group.

Igniting Excitement at the Workplace

GPCD has made significant strides in cultivating a positive work culture and fostering a sense of belonging among employees through various engagement activities.

Organising employee engagement activities is paramount for creating a positive workplace environment and ultimately achieving organisational success. Engaged employees are inherently more motivated, productive, and committed to their work, leading to higher levels of job satisfaction and improved retention rates.

In our commitment to promoting overall well-being among our employees, the 360 WellBeing initiative is at the forefront, emphasising a holistic approach to wellbeing. Actively engaging in health-promoting activities such as Wellness Day 2.0, health talks, and on-site basic health screenings.

MFlex Programme: Enhancing Workplace Flexibility

We are proud to introduce the MFlex Programme, a new initiative aimed at providing flexible work arrangements to eligible employees. By offering flexible work options, we aim to accommodate employees' diverse work responsibilities and life goals, which are crucial for fostering a high-performing culture and retaining top talent within the Group.

Flexible working arrangements, such as those offered through the MFlex Programme, contribute to employee satisfaction by allowing individuals to better balance their work and personal commitments, leading to increased morale and motivation.

Inculcating Life-Long Learning

High-impact training and development initiatives stand as integral components of organisational success. These programmes not only enhance the knowledge and skills of our employees but also provide them opportunities to explore innovative concepts and tools which are essential to ensure adaptability in a dynamic environment. Investing in our employees' professional growth elevates the organisation's overall competence in driving strategic goals, enhances our competitive position and drives talent retention and engagement.

Initiatives:
<p>Nationwide Risk & Compliance Roadshow: Reinforces a culture of risk and compliance throughout the bank, enhancing employee skills, fostering innovation, and ensuring adaptability.</p>
<p>ESG-focused Learning via the UNGC Academy: Achieved a commendable 94% completion rate of e-learning initiatives, instilling a culture of sustainability within the Group.</p>
<p>Certified Anti Money Laundering/Counter Financing of Terrorism & Regulatory Compliance Officer (CCO) Certification Programme: Offers comprehensive coverage of AML/CFT and regulatory compliance requirements, ensuring ethical practices within the Group.</p>

By providing line managers with people management skills, we promote improved communication, and the capacity to address HR-related challenges promptly. Our in-house programme, "People Managers Lifecycle Training," has played a pivotal role in this endeavour, achieving an impressive coverage of 90%, with 298 out of 330 people managers actively participating. This initiative reflects our commitment to nurturing skilled and knowledgeable line managers who contribute significantly to the positive transformation and success of MBSB.

Enhancing Administrative Processes Through Digitisation

HR digitisation involves the comprehensive transformation of traditional HR processes into digital, technology-driven systems. This evolution encompasses the integration of digital tools and platforms for various tasks, including recruitment, onboarding, performance management, payroll, and employee engagement. The significance of 31 HR digitisation initiatives in 2023 lies in its ability to streamline and automate time-consuming processes, reduce administrative burdens, and enhance overall efficiency and enabling the Group to adapt to evolving business needs and maintain a competitive edge in today's digital era.

Initiatives
<p>e-Rewards Digitisation Initiative: Streamlines reward distribution, eliminating manual interventions, promoting sustainability, and ensuring secure and efficient delivery of reward letters to employees.</p>
<p>Talent Interview Assessment (e-TIA) Digitisation: Transforms assessment processes, accelerating hiring decisions, enhancing assessment quality, and improving the employee experience.</p>

Navigating Success with Competency Compass

Competency Compass is an initiative centred around a robust competency framework, comprising a comprehensive collection of key behaviors, skills, and abilities crucial for success in specific roles or across the entire organisation.

Competency Compass provides a standardised and objective means to evaluate and measure the capabilities of individuals within an organisation. This approach facilitates effective talent management and strategic workforce planning. In 2023, we achieved a significant milestone by completing the competency framework for 16 divisions across the Bank.

Unlocking Potential Through Talent Management

Effective talent management is a cornerstone of an organisation's continuity. By attracting and retaining top-tier professionals, an organisation is capable of achieving its strategic objectives.

Initiatives
<p>Talent Management Framework Introduction: The introduction of the Talent Management Framework fosters self-driven training needs and boosts external training applications through MGrow, with 742 applications in 2023.</p>
<p>Key Talent Development Programmes: Programmes such as 'Psychological Safety for Team Success' and the 'High Performance Leadership Masterclass' to unlock leadership potential through emotional intelligence.</p>
<p>Graduate Employability Trainee Programme (GEM): Onboarded 42 GEMs that significantly contribute to building a pipeline of fresh talent, aligning with national initiatives, and fulfilling shareholder obligations.</p>

Fostering Industrial Harmony Through Trade Union Recognition

The Bank's recognition of Kesatuan Eksekutif MBSB Bank (KESEK) as an official representative of employees to negotiate terms and conditions of employment not only aligns with Article 10 of the Federal Constitution but it is a promulgation of our endeavour to foster industrial harmony at the workplace. This recognition fortifies and reaffirms our dedication to upholding employee rights and promoting fair labour practices which will be a catalyst for fostering a greater camaraderie in the workplace.

Attracting and Retaining the right talent

Having the right talent on board is the game changer in accelerating transformation. Positioning our brand strategically in the employee market through eight career fairs and five university engagements nationwide, along with positive exposure on social media platforms has seen encouraging reactions towards becoming the Employer of Choice. This is also driven through the successful implementation of the internal mobility programme which refers to the movement of employees within the organisation from one role to another. This programme was designed to offer employees opportunities for career advancement, skill development, and personal growth. This programme includes job rotations, promotions, transfers, and lateral moves to align employees' skills and aspirations with organisational needs.

Conclusion

In essence, we are continually exploring innovative and efficient methods to implement creative programmes aimed at engaging our existing employees to retain them, while also attracting new talent. This objective can be realised through strategic initiatives that foster positivity across various aspects of our workplace, creating an environment where everyone can collaborate effectively and thrive together.

Farid Basir
Group Chief People Officer

STRATEGIC REVIEW






INTELLECTUAL CAPITAL

Intellectual Capital

Definition

Our knowledge-based intangibles including brand and reputation, management systems and procedures, digital capabilities and intellectual property.

Highlights

 RM15 Million invested in cybersecurity enhancement <small>50% increase from 2022</small>	 Zero Substantiated complaints concerning breaches of customer privacy and losses of customer data	 51% reduction in customer complaints
 89% Customer Satisfaction Index <small>19% increase compared to 2022</small>	 64 Net Promoter Score <small>Rose by 36 points compared to 2022</small>	

Key challenges

Demand for innovation and digitalisation: Embedding digitalisation into all aspects of our products and services is crucial to ensure we could provide our customers a speedy and seamless products and services.

Ever-changing nature of cyber threats: Continuous and evolving efforts are essential to safeguard the integrity of our operations and data privacy, as cybercriminals employ new techniques to exploit system vulnerabilities.

Shifting customer preferences: Adapting to the changing needs of customers' to enhance an end-to-end customer journey. This includes personalised customer experiences across all touchpoints, including branches, online platforms, and mobile applications.

Our approach and performance in 2023

Launch innovative products and services


In 2023, we continued to innovate and digitalise our products and services through the introduction of the following:

M JOURNEY Corporate	M JOURNEY - Virtual Branch	M JOURNEY Mobile Application	MIDF Invest
A Digital Transaction Banking (DTB) platform offering integrated banking services for corporate and commercial customers.	Online portal enables users to conduct transactions without visiting a physical branch.	In 2023, active users surged by 186% to 118,743, from 41,567 in 2022, indicating substantial growth.	A digital stockbroking product from MIDF Amanah Investment Bank Berhad

In 2023, MBSB Bank signed an MoU with CelcomDigi to enhance our digital banking and explore new ideas such as smart banking solutions, retail financing, and cloud technology.

 For more details, please refer to our 'Innovation and Technology' section, page 20 of our Sustainability Report.

Customer's Testimonial



“ MBSB Bank offers a wide array of financial products and services tailored to both individual and corporate clients which have led to meet the needs of DAR Energy Sdn Bhd. MBSB Bank has consistently earned praise for its customer-centric approach and we are pleased for its responsive customer service, streamlined processes, and user-friendly digital banking platforms. Whether through online banking, mobile apps, or in-branch services, MBSB Bank ensures accessibility and convenience for its customers.

As a satisfied customer of MBSB Bank, we wish to express our genuine desire for a long-term relationship with the bank. Over the course of our interactions with MBSB Bank, we have experienced firsthand the professionalism, reliability, and dedication of the bank's team in delivering exceptional service and value. We earnestly hope to cultivate a lasting partnership with MBSB Bank, built on trust, transparency, and mutual respect.

Here's to a prosperous and enduring relationship with MBSB Bank! ”

Ir. Rozali Ahmad
 Director
 DAR Energy Sdn. Bhd.

Enhancing data privacy and cybersecurity measures

In 2023, we spent a total of RM15 million to upgrade and enhance our cybersecurity measures in comparison to RM10 million in 2022. This allows us to maintain zero substantiated complaints for data privacy breaches similar to last year.

In addition to comprehensive internal policies and procedures, we initiated several systems to enhance our data privacy and cybersecurity measures in 2023, which includes:

1. Enterprise Mobile Management (EMM)
2. File Integrity Management (FIM)
3. Security Information and Event Management (SIEM) Enhancements
4. Security Posture Assessment (SPA)
5. Data Leakage Prevention (DLP) System


 For more details, please refer to our 'Data Privacy and Cybersecurity' section, pages 21 to 23 of our Sustainability Report.

Managing customer experience and satisfaction

In 2023, we established a new hotline call centre dedicated to Ihsan-i FSA2, and uplift in-branch experience through continuous process improvements initiatives.

Our efforts to providing exceptional customer experience and satisfaction were translated into notable achievements in 2023:

Total number of complaints	<ul style="list-style-type: none"> • Received 530 customer complaints through various channels, marking a remarkable 51% reduction compared to 2022 when there were 1,075 complaints.
Customer Satisfaction Index	<ul style="list-style-type: none"> • Achieved a Customer Satisfaction Index of 89%, a significant improvement from 75% in 2022. • This improvement is attributed to enhanced product offerings, streamlined processes, and improved customer service.
Net Promoter Score	<ul style="list-style-type: none"> • Net Promoter Score (NPS) rose to 64 from 28 in 2022, surpassing the industry benchmark of 61. • Factors contributing to this improvement include the ease of applications, competitive interest rates, and efficient services.

 For more details, please refer to our 'Customer Experience and Satisfaction' section, pages 17 to 19 of our Sustainability Report.



“

As we look to the horizon, MBSB's transformation plan is about pioneering an ecosystem that seamlessly integrates with our clients' lifestyles, empowering them to manage their finances with unparalleled ease and security.

”

GROUP CHIEF STRATEGY OFFICER'S DIGITAL TRANSFORMATION REVIEW

MBSB's digital journey is a significant step in evolving our banking services, aiming to improve how we connect with customers and stakeholders. Our strategy utilizes data and advanced technology to innovate and refine our offerings. The M JOURNEY suite and our latest financial tools have driven an increase in digital onboarding and transactions, indicating a shift towards our user-friendly and secure digital solutions. This growth in usage and transactions underscores our focus on enhancing customer experiences and boosting our operational efficiency through smart technology.

Digital Milestones and innovations	Digitalisation in Action
<ul style="list-style-type: none"> M JOURNEY Mobile App: Tripled user engagement with 1.74 million transactions, totaling RM1.95 billion. 	<ul style="list-style-type: none"> M TRADE Mobile App: Simplified trade finance, adding 188 users and processing transactions worth RM420 million.
<ul style="list-style-type: none"> M JOURNEY Retail Internet Banking (https://mjourney.mbsbbank.com/): Welcomed over 147,000 new users. 	<ul style="list-style-type: none"> Ihsan-i for EPF's Fasiliti Sokongan Akaun 2: A digital-first approach to personal finance, developed within one month and launched in April 2023, enhancing customer support and engagement.
<ul style="list-style-type: none"> New Digital Products: Unveiled five trailblazing tools, including M JOURNEY Corporate and M TRADE Mobile App, strengthening online banking and trade finance. 	<ul style="list-style-type: none"> DuitNow QR Payments: Streamlined the transition for SMEs, boosting convenience and security.
	<ul style="list-style-type: none"> DuitNow Online Banking Wallet (OBW) for online purchases at merchants.



MBSB Bank launched M TRADE Mobile App where it allows businesses to manage their trade finance transactions seamlessly with fingerprint and facial identification interface

Operational Efficiencies	Future Initiatives
<ul style="list-style-type: none"> • M PROCURE: Transformed vendor management through SAP Ariba integration, cutting costs and increasing transparency. 	<ul style="list-style-type: none"> • Online Business Account with e-KYB: Launching in Q3 2024 to eliminate physical branch visits for SMEs. • Cyber Security: Fortified online banking defenses, eliminating SMS OTP/TAC for transactions. • M JOURNEY Mobile App: To receive further enhancements with refreshed customer journey, ensuring 'mobile-first' banking leadership. • M JOURNEY CORPORATE DuitNow Bulk Payment: Instant and seamless bulk transactions processing for supplier payments readily available in Q4 2024.
<ul style="list-style-type: none"> • Talent Assessment: Digitised hiring, enhancing decision speed and quality. 	
<ul style="list-style-type: none"> • Project Philly: Advanced MIDF's financing processes, reducing approval times and optimising financial transactions. 	
<ul style="list-style-type: none"> • MIDF Invest updated website for enhanced trading experience beyond mobile. 	
<ul style="list-style-type: none"> • MIDF adoption of e-approval: internal approvals automation for real-time tracking 	
<ul style="list-style-type: none"> • Antares System Upgrade: Trade Order Management System for fund managers to manage trade orders. 	

As we look to the horizon, MBSB's transformation plan is about pioneering an ecosystem that seamlessly integrates with our clients' lifestyle, empowering them to manage their finances with unparalleled ease and security.

Our forthcoming initiatives, like the revolutionary e-Know Your Business (e-KYB) system for SMEs, are set to launch a new era of banking accessibility in Q3 2024. With every step, we are ensuring that our cyber security measures are robust, safeguarding our customers' trust. In the dynamic digital era, our aim is to offer a banking experience that's secure, efficient, intuitive, and forward-thinking, designed to align with our customers' lifestyle and life stages.

Dato' Azlan Shahrin
Group Chief Strategy Officer

STRATEGIC REVIEW

MANUFACTURED CAPITAL

Manufactured Capital

Definition

An established network of bank branches and touch points across Malaysia to provide services that meet the needs of key stakeholders.

Highlights



47

MBSB Bank Branches



5

MIDF Regional Offices

Key challenges

Balancing between digitalisation and traditional branch operations: While integrating digital technologies and self-service options into our branches enhances efficiency, we must also prioritise the human touch and relationship-building aspects that are vital in our branch settings.

Our approach and performance in 2023

Continue Branch Transformation Programme

As a key initiative to expand our Consumer Banking arm, our Branch Transformation programme aims to redesign our branch model from being operations-oriented to being sales-centric and customer-focused. This is done to ensure enhanced efficiency, digitalisation, customer satisfaction, and overall business growth and success. The programme comprises three pillars: People, Platform, and Process.

People	<ul style="list-style-type: none"> Improvement of our sales to operations staff ratio from 24:76 in 2021 to 41:59 in 2023 has provided more resources for customer-facing activities such as sales, customer service, and relationship management. Investment in a series of training and development programmes to equip branch staff with the necessary skills and knowledge. Introduction of Branch Manager Profiling via Online Harrison Assessment to identify candidates who possess the qualities and competencies needed to excel as Branch Managers.
Platform	<ul style="list-style-type: none"> Physical branch transformation through relocation and upgrading Setting up new Commercial Banking Centres which provides support to local SME operators by offering financing solutions and strategic advice.
Process	<ul style="list-style-type: none"> Improve the digital adoption level by providing tablets and self-service terminals (ATM/CRM) at branches. Improve service delivery at branches via the Queue Management System (QMS). Set up the Branch Operations Helpdesk for branches to reach out to subject matter experts and promptly address branch and customer issues. Implement a continuous improvement programme through the Branch Operations Excellence (BOE) programme, aiming to optimise operational efficiency and streamline workflows Introduce the 'Anywhere Banking' concept by removing restrictions of Home-Branch, providing greater flexibility, accessibility, and convenience to customers.

For more details, please refer to our 'Economic Performance' section, pages 15 to 16 of our Sustainability Report.

STRATEGIC REVIEW NATURAL CAPITAL

Natural Capital

Definition

Use of natural resources (renewable and non-renewable) by MBSB Group throughout our value chain, and how we drive progress in environmental sustainability.

Highlights



Embarked on

Scope 3

measurement for business travel and employee commuting category, for MBSB Bank



Introduced

Net Zero

Strategy

with short-term and long-term targets



RM667 Million

total worth of projects financed by Sustainability Sukuk Wakalah



Issuance of

reNIKOLA II ASEAN Green SRI Sukuk

to refinance two 30MW solar plants

Key challenges

Evolving environmental regulations:

Keeping update with industry regulations is crucial, especially as standards, reporting, and disclosure requirements become more stringent.

Transitioning to a low-carbon economy:

Navigating the shift toward a low-carbon economy is crucial yet challenging, especially in managing our high-emitting sectors.

Managing our carbon footprint:

Tracking and reducing greenhouse gas emissions (GHG) associated with operations while implementing initiatives for managing natural resources.

Promoting sustainable finance:

There is a growing demand for green and sustainable financing, necessitates strategic planning

Our approach and performance in 2023

Meeting environmental requirements

We ensured compliance with relevant laws and regulations issued by the government and regulators. This includes compliance against Bursa Malaysia Sustainability Reporting Guide (3rd Edition) and BNM's policy document on Climate Risk Management and Scenario Analysis (CRMSA). Through the CRSMA exercise conducted throughout the year, our climate change management and disclosures have been significantly improved. This includes enhancement for sustainability governance, integration of climate risk management, and development a climate risk management framework and policy, among other initiatives.

Introduce Net Zero Strategy

We tracked Scope 3 emissions for the financed emissions category for both MBSB Bank and MIDF using the Partnership for Carbon Accounting Financials (PCAF) methodology, which forms the basis of our decarbonisation strategies.

In 2023, we formulated our inaugural Net Zero Strategy to strengthen our resilience against climate-related risks and facilitate a structured transition to a low-carbon economy. Our Net Zero Strategy outlines short-term and long-term (2030 and 2050) targets for our high-emitting sectors, namely:

1. Utilities
2. Agricultural Products, Packaged Food and Meats
3. Energy

STRATEGIC REVIEW

NATURAL CAPITAL

Managing emissions and resources

We closely monitor our Scope 1 and Scope 2 emissions across all our offices and branches. In 2023, we embarked on Scope 3 emissions measurement for the business travel and employee commuting category by MBSB Bank. MIDF is expected to commence monitoring the same category of Scope 3 emissions in 2024. In 2023, our total emissions for Scope 1, Scope 2, and Scope 3 (business travel and employee commuting category) amounted to 9,526 tCO₂e.

Due to the acquisition of MIDF and the expansion of our scope and boundaries in 2023, the majority of our environmental metrics

Scope 1	Scope 1 emissions increased by 67% compared to the previous year, reaching 41 tCO ₂ e in 2023 compared to 24 tCO ₂ e in 2022
Scope 2	Scope 2 emissions saw a 6% increase in 2023, totalling 5,480 tCO ₂ e compared to 5,161 tCO ₂ e in 2022
Electricity consumption	Our electricity consumption saw a 7% uptick with 7,525 MWh, compared to 7,044 MWh in 2022.
Energy consumption	Our energy consumption rose from 25,693,276 MJ in 2022 to 28,341,967 MJ in 2023, equivalent to a 10% increase

We remain committed to implementing emission reduction measures such as energy-saving and water-saving initiatives, which includes the installation of inverter air-conditioners, LED lighting, dual flush systems and self-closing taps at our branches in 2023.

Additionally, we are actively digitising our banking processes to reduce paper usage, through e-statement adoption and electronic signatures in 2023.



For more details, please refer to our 'Environmental Stewardship' section, pages 27 to 33 of our Sustainability Report.

Continuous sustainable financing offerings

Our commitment to sustainable and green financing is evident in our offerings such as the reNIKOLA II ASEAN Green SRI Sukuk, MIDF Amanah ESG Mustadamah fund, and Sustainability Sukuk Wakalah, among others.

In 2023, through the Sustainability Sukuk Wakalah, MBSB Bank has allocated RM161 million for solar, RM10 million for biogas, and RM496 million for public infrastructure projects.



For more details, please refer to our 'Sustainable Financing' section, pages 24 to 27 of our Sustainability Report.

STRATEGIC REVIEW

SOCIAL AND RELATIONSHIP CAPITAL

Social and Relationship Capital

Definition

The relationships MBSB Group has built with its community and key stakeholders that allow knowledge exchange to enhance individuals and collective well-being.

Highlights



RM4.2 Million

Spent for community investment

40% increase compared to 2022



more than
55,534

Beneficiaries from our community development programmes



4,504 Hours

Total volunteer hours

677% increase compared to 2022

Key challenges

Measuring impact: Making a lasting, sustainable impact remain as an important component of our community investment programmes. It is crucial yet complex to establish clear metrics and evaluation criteria to track effectiveness and long-term benefits.


Financial inclusion: it is our responsibility to promote inclusive growth, provide adequate support and create positive socioeconomic impacts by providing access to affordable products and services to SMEs and microentrepreneurs for their long-term business growth.

Our approach and performance in 2023

Serving the communities through community development programmes

In 2023, we saw an increase in our community investments where we spent RM4.2 million, compared to RM3 million in 2022, benefiting more than 55,534 beneficiaries. Moreover, our volunteer hours surged by over 600%, from 580 hours in 2022 to 4,504 hours in 2023.

We believe that long-term programmes could create a more sustainable impact on society. Hence, in 2023, we continued to prioritise our flagship programmes, such as the Growth Entrepreneurship Assistance Programme (GRAP) 2.0, Box of Care initiatives, MyGEN programme, KWSP's financial literacy workshops, and FINCO's outreach programme, among many others.

 For more details, please refer to our 'Serving the Communities' section, pages 36 to 39 of our Sustainability Report.

Supporting SMEs through financial inclusion

We empower SMEs to expand their operations and contribute to the economy by granting them access to financial assistance and financially inclusive products.

Our support includes initiatives such as M-Government Guarantee Scheme (M-GGS), Skim Jaminan Pembiayaan Perniagaan (SJPP), MIDF Sustainable and Green Biz Financing, Skim Jaminan Kredit Perumahan (SJKP), MIDF Second Chance Financing (2CF), MIDF SME Revitalisation Financing and various housing mortgage assistance.

Similar to previous year, we continue to offer BNM funds to SMEs which includes the SME Automation and Digitalisation Facility (ADF), Agrofood Facility (AF), High Tech and Green Facility (HTG), and All Economic Sectors (AES).

 For more details, please refer to our 'Sustainable Financing' section, pages 24 to 27 of our Sustainability Report

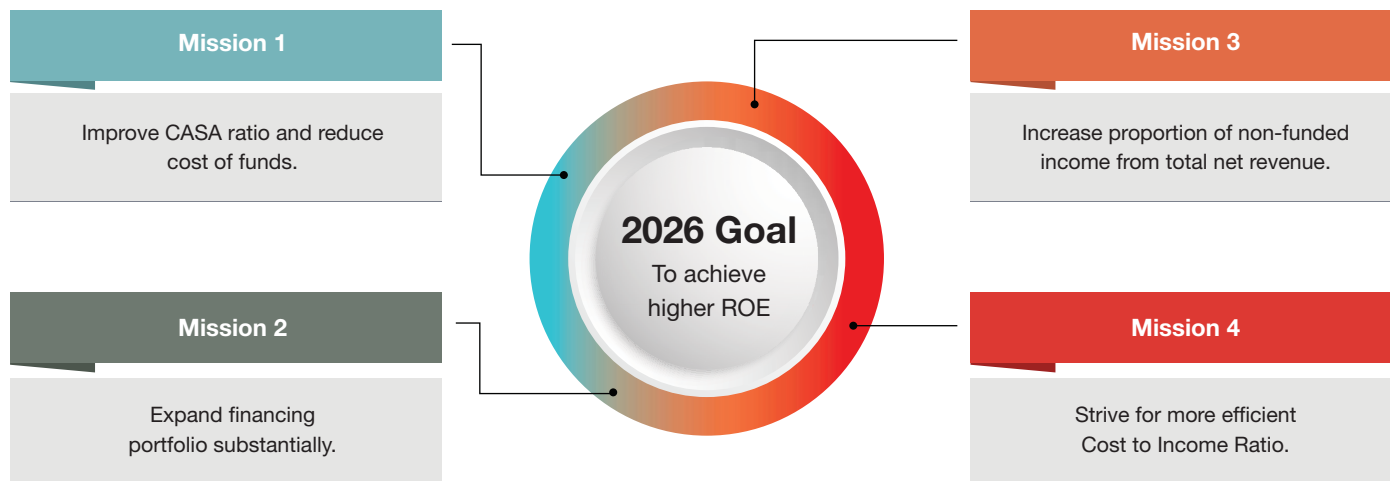
FIVE-YEAR FINANCIAL HIGHLIGHTS

	2019	2020	2021	2022	2023
MBSB Group					
Revenue (RM million)	3,012.0	3,145.5	2,624.7	2,694.5	2,821.3
Profit before Tax (RM million)	897.4	427.6	714.1	691.3	559.7
Total Assets (RM million)	50,709.7	48,438.5	50,681.3	54,948.3	66,663.3
Net Assets per Share (sen)	127.9	127.0	121.0	124.9	119.7
Basic Earnings per Share (sen)	11.0	4.0	6.2	6.4	6.6
Cost-to-Income Ratio (%)	28.4	24.4	32.8	42.8	51.2
Deposits (RM million)	35,893.7	33,882.7	33,251.3	36,468.5	47,623.6
MBSB Bank					
Revenue (RM million)	2,941.8	3,070.8	2,759.7	2,804.2	2,829.3
Profit before Tax (RM million)	663.7	354.3	655.0	636.1	272.5
Total Assets (RM million)	50,348.4	48,248.5	51,259.7	55,537.6	60,285.2
Shareholder's Equity (RM million)	6,048.8	6,432.6	6,514.5	7,642.0	7,897.8
Cost-to-Income Ratio (%)	29.9	25.9	32.7	39.4	64.6
Deposits (RM million)	35,893.7	33,882.7	34,068.0	36,624.0	42,061.6

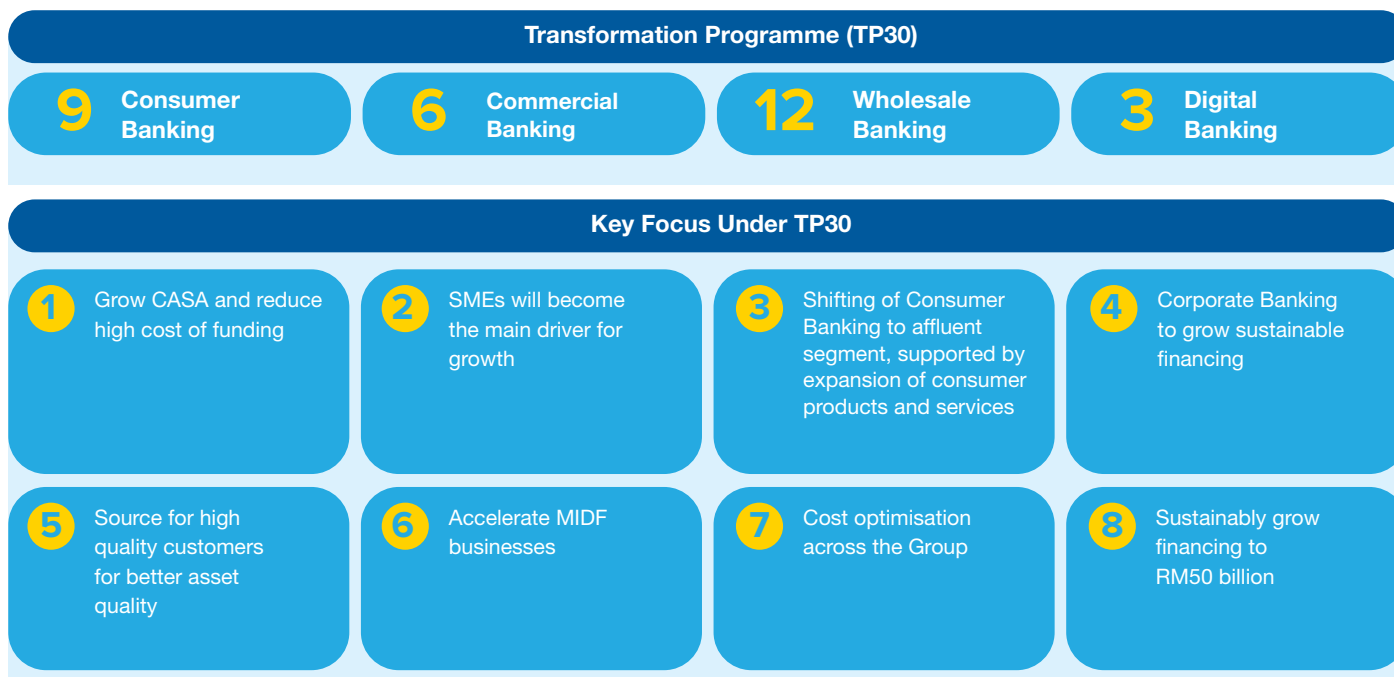
OUR STRATEGY

FLIGHT26

Our strategy rests on four key missions: elevating our CASA, expanding our financing, increasing non-funded income, achieving optimum Cost to Income Ratio and boosting our Return on Equity (ROE).

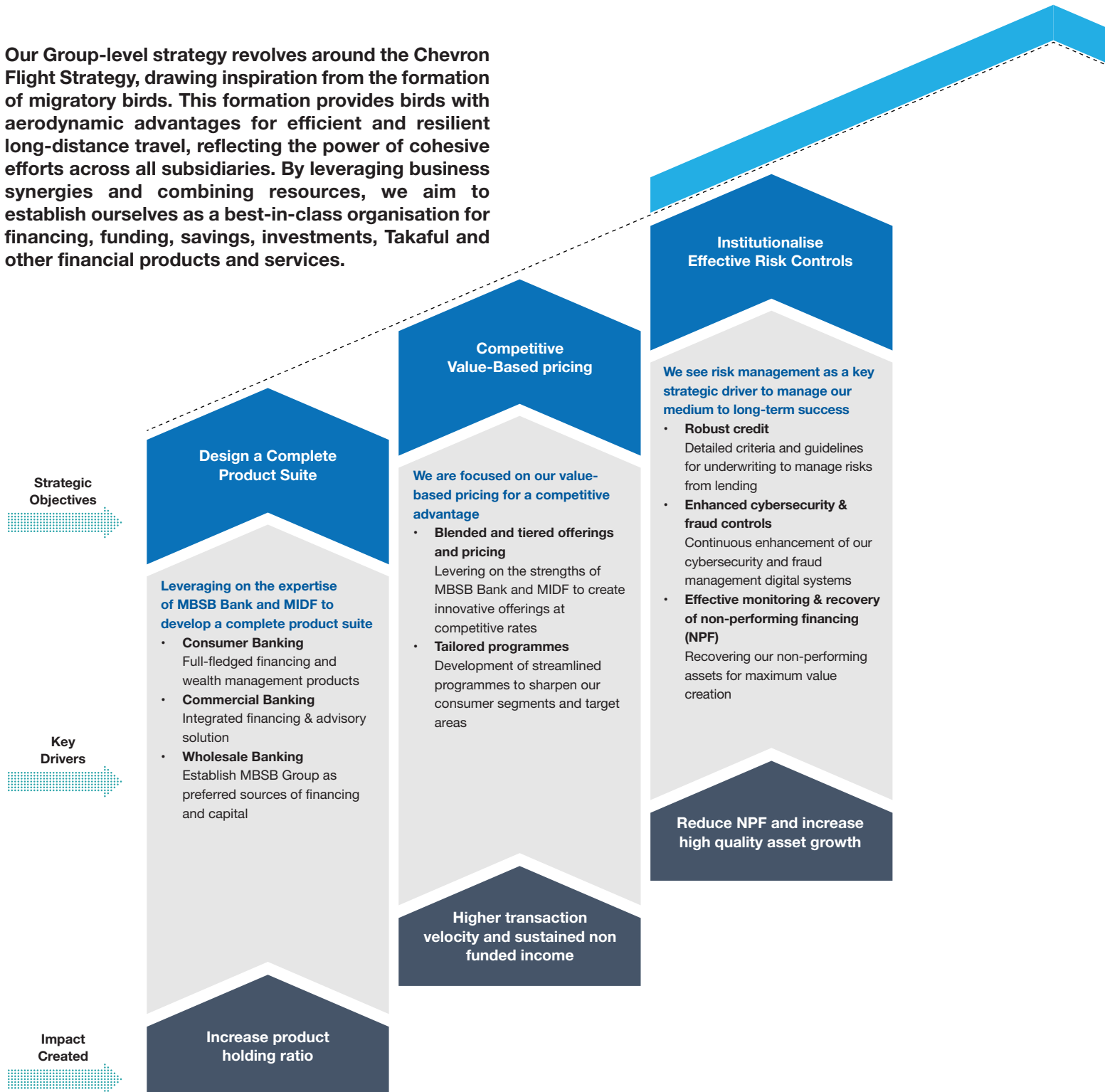


The FLIGHT26 will further be supported by our Transformation Programme, known as TP30, which detailed out specific projects from across our business segments.



OUR STRATEGY

Our Group-level strategy revolves around the Chevron Flight Strategy, drawing inspiration from the formation of migratory birds. This formation provides birds with aerodynamic advantages for efficient and resilient long-distance travel, reflecting the power of cohesive efforts across all subsidiaries. By leveraging business synergies and combining resources, we aim to establish ourselves as a best-in-class organisation for financing, funding, savings, investments, Takaful and other financial products and services.





SUSTAINABILITY REVIEW: ACCELERATING SUSTAINABILITY AT MBSB

We take great pride in infusing sustainability into our business operations and services, wherever possible, making it an integral part of our identity.

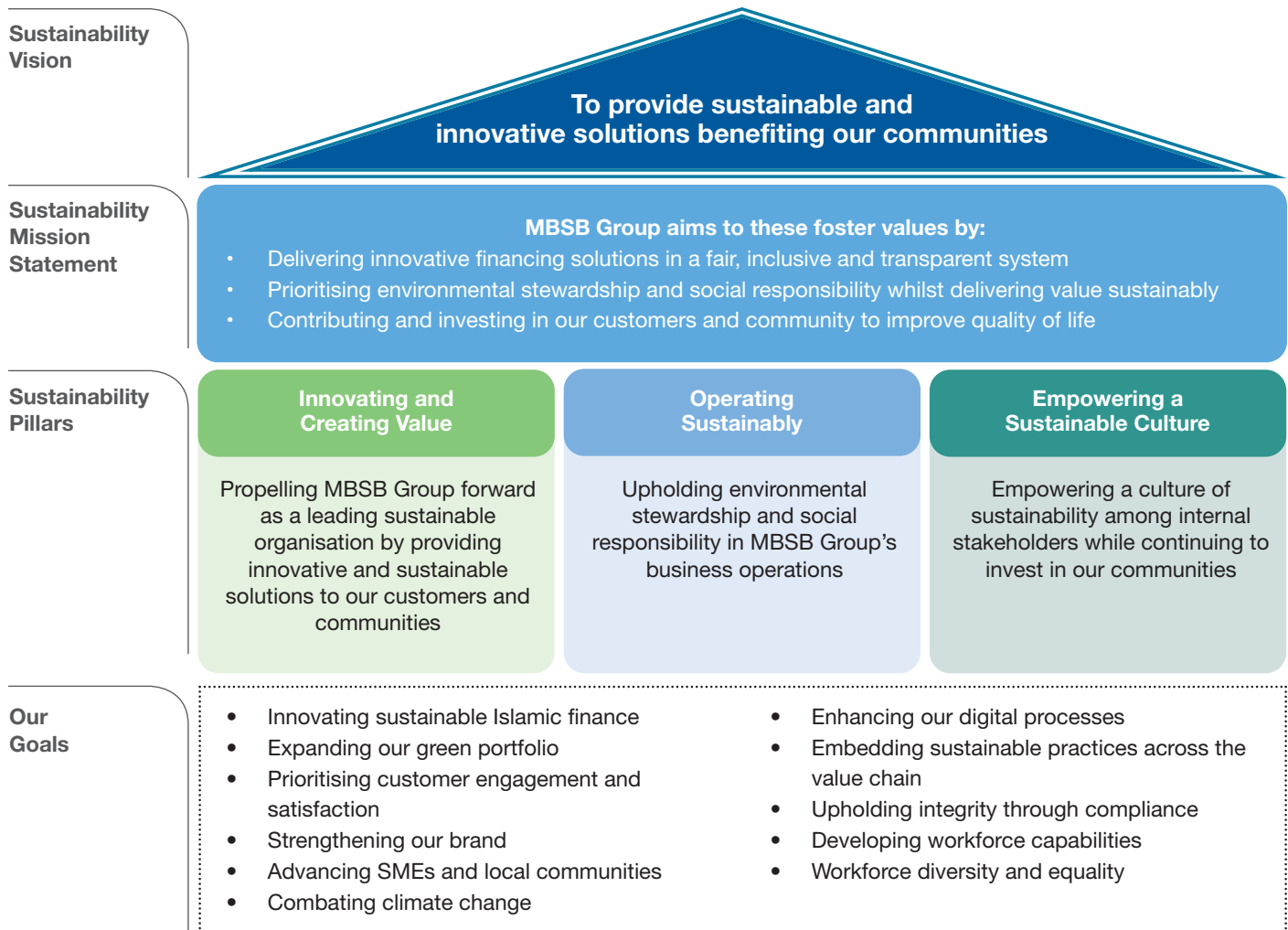
Throughout 2023, we have dedicated significant efforts to establish policies and processes aimed at effectively managing our sustainability-related risks and addressing sustainability material matters. A comprehensive account of our sustainability progress and performance, accompanied by quantitative and qualitative data, is presented in our Sustainability Report 2023.

Refined Sustainability Framework

In 2023, we refined our Sustainability Framework to strengthen our commitment to sustainability. This comprehensive framework integrates ESG considerations into our operations, delivering innovative financing solutions and drive the organisation towards a sustainable culture.



Please scan the QR code to read our Sustainability Report 2023



Advancing Sustainable Development Goals (SDGs)

We remain vigilant in monitoring our contribution to the 10 identified UN SDGs, reflecting our dedication to the broader global targets and ambitions. Our commitment lies in fostering sustainable long-term growth through enhanced business performance, environmental preservation, and comprehensive community support.

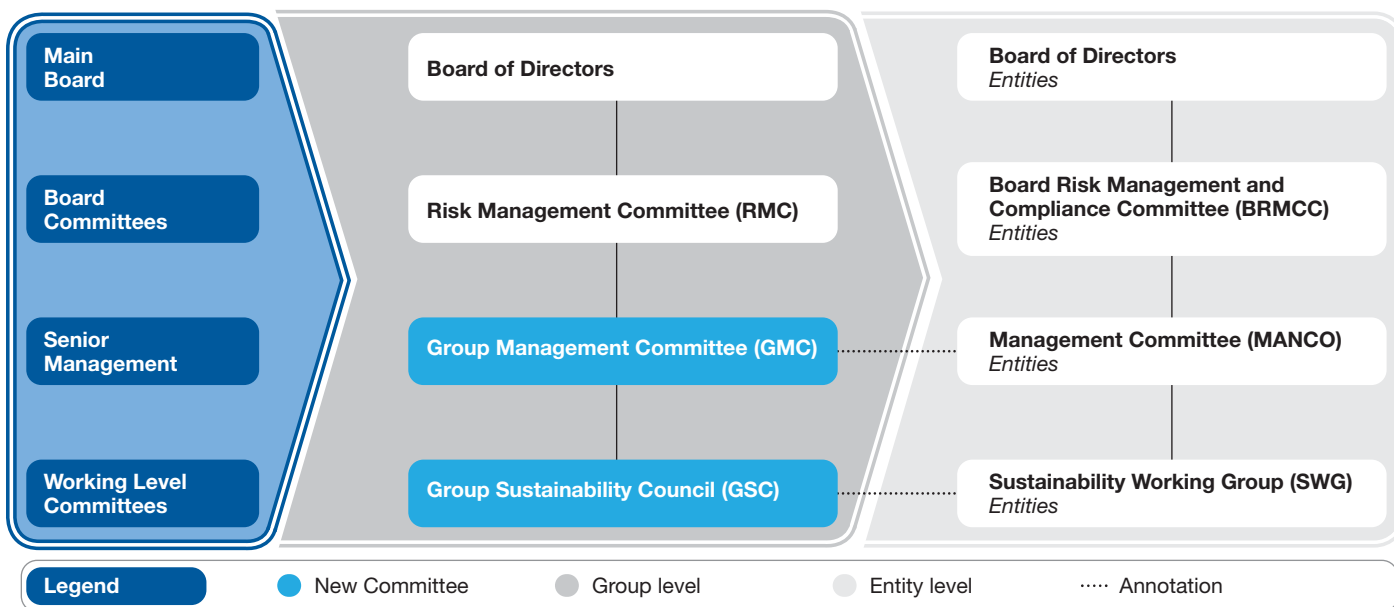


For more details on our contribution to the UN SDGs, please refer to the “UN SDG Index” section in the Sustainability Report, pages 56 to 57.

Enhanced Sustainability Governance Structure

In 2023, we implemented structural enhancements to our sustainability governance to accommodate the expanded MBSB Group, which comprises both MBSB Bank and MIDF. Key enhancements include:


- Establishment of the Group Sustainability Council
- Formation of the Group Management Committee
- Expansion of the Board's role at both the group and entity level



SUSTAINABILITY REVIEW: ACCELERATING SUSTAINABILITY AT MBSB

Implementing a top-down approach focused on accountability, the Board, as the highest governing body, holds ultimate responsibility for overseeing and managing sustainability and climate risk matters. Assisting the Board are the board committees, namely the RMC and BRMCC, alongside management committees at both the group and entity level. At the working level, the Group Sustainability Council, aided by the Sustainability Working Group, monitors the implementation of sustainability and climate risk efforts and initiatives.

We have integrated climate risk management into our enhanced sustainability governance structure with consideration of the three lines of defense. As of 2023, we are still in the process of implementing our enhanced governance structure, with full implementation expected by 2024.

 Detailed information on our enhanced sustainability governance structure, please refer to “Our Sustainability Governance” section in our Sustainability Report, pages 7 to 8.

Net Zero Strategy

In 2023, we introduced our inaugural Net Zero Strategy to fortify our resilience against climate-related risks and facilitate a structured transition to a low-carbon economy. This strategy was developed in alignment with key regulators and government policies, including BNM's CRMSA policy document and supplemental guidance, as well as the Climate Change and Principle-based Taxonomy (CCPT), among many others. Our Net Zero Strategy establishes both short-term and long-term targets for Scope 3 financed emissions. These targets aim for a reduction of 27% by 2030 and a reduction of 96% by 2050 from the baseline set in 2022.

2023 Sustainability Highlights

Pillar 1 Innovating and Creating Value



Economic Performance

- Total value generated of RM2.8 billion
- Total value distributed of RM2.8 billion



Customer Experience & Satisfaction

- Achieved 89% Customer Satisfaction Index
- 51% reduction in total customer complaints
- Achieved 64 for Net Promoter Score
- Establishment of new hotline call for Ihsan-i FSA 2



Innovation and Technology

- Launched M JOURNEY Corporate and M JOURNEY Virtual Branch
- Signed Memorandum of Understanding with CelcomDigi for digitalisation effort



Data Privacy & Cybersecurity

- Zero substantiated complaints concerning breaches of customer privacy and losses of customer data
- RM15 million invested in cybersecurity enhancement



Sustainable Financing

- Total projects financed by Sustainability Sukuk Wakalah worth RM667 million
- Issuance of reNIKOLA II ASEAN Green SRI Sukuk to refinance solar plants
- Continued offering of sustainable, including products and services

2023 Sustainability Highlights

Pillar 2 Operating Sustainably

<div style="background-color: #008080; color: white; padding: 5px; border-radius: 10px 10px 0 0;"> Environmental Stewardship </div> <ul style="list-style-type: none"> Established Net Zero Strategy Initiated Scope 3 measurement for business travel and employee commuting category for MBSB Bank Total emissions of 9,526 tCO₂e for Scope 1, Scope 2 and selected Scope 3 	<div style="background-color: #008080; color: white; padding: 5px; border-radius: 10px 10px 0 0;"> Sustainable Procurement </div> <ul style="list-style-type: none"> Developed Sustainable Procurement Policy and Supply Chain Due Diligence Framework Engaged 98% local suppliers and vendors Received 295 responses from Supplier Sustainability Survey 	<div style="background-color: #008080; color: white; padding: 5px; border-radius: 10px 10px 0 0;"> Serving the Community </div> <ul style="list-style-type: none"> Contributed RM4.2 million in community development programmes Achieved 4,504 volunteer hours Reached more than 55,534 beneficiaries
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Pillar 3 Empowering a Sustainable Culture

<div style="background-color: #008080; color: white; padding: 5px; border-radius: 10px 10px 0 0;"> Ethics and Integrity </div> <ul style="list-style-type: none"> 100% of our operations has been assessed for corruption-related risks 88% employees received trainings on anti-corruption 	<div style="background-color: #008080; color: white; padding: 5px; border-radius: 10px 10px 0 0;"> Competent Workforce </div> <ul style="list-style-type: none"> Encouraged employees to attend various capacity-building programmes Invested RM7 million towards employee training and education, with 118,346 training hours 8.4% overall turnover rate, and 12% overall new hire rate
<div style="background-color: #008080; color: white; padding: 5px; border-radius: 10px 10px 0 0;"> Employee Health and Wellbeing </div> <ul style="list-style-type: none"> Established Annual Occupational Safety and Health Plan Zero fatality with 0.15 Lost Time Incident Rate (LTIR) 1,017 total employees and contractors participated in health and safety training programmes 	<div style="background-color: #008080; color: white; padding: 5px; border-radius: 10px 10px 0 0;"> Diversity and Equal Opportunity </div> <ul style="list-style-type: none"> 100% Malaysian workforce In line with empowering people with disabilities (PWD) initiative, we partner with educational institutions to expand our outreach