



INTEGRATED ANNUAL REPORT **2024**

BE BOLD. BANK SMART.

Be Bold. Bank Smart.

Our tagline, Be Bold. Bank Smart, reflects our customer-focused ethos, anchored by the combined strength of MBSB Bank and MIDF. Together, we form a comprehensive financial partner for customers across all segments. From daily banking to long-term financing, we offer a full suite of solutions designed to unlock progress and fuel ambition.

FLIGHT26 is our compass. It aligns the Group around a single direction, one that is faster, sharper, and built for impact. Like a fleet of ships aligned, we move as one. It is how we turn scale into speed, structure into synergy, and intent into measurable outcomes.

This is more than just a theme, it is a mindset. A call for bold, smart moves for those ready to rise higher.

In our commitment to sustainability, we are reducing the environmental impact of our reports by encouraging the use of digital copies. However, we understand that some stakeholders may still prefer physical versions, and we are happy to accommodate such requests. All physical copies are printed on Forest Stewardship Council® (FSC®) certified paper. FSC® is an international non-profit organisation that promotes the responsible management of the world's forests. FSC® certification ensures that the paper used in this report is sourced from sustainably managed forests that meet strict environmental and social standards.



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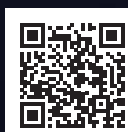
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ACCESS IT

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

MBSB Berhad (MBSB or the Group) is pleased to present our Integrated Annual Report 2024 (IAR 2024 or Report) for the year ended 31 December 2024 (FY2024), prepared with reference to the International Integrated Reporting Council's (IIRC) Integrated Reporting (IR) Framework.

Through this Report, we aim to illustrate how we drive business growth and create value for our stakeholders over the short, medium and long term through our strategies, initiatives and operational processes.

OUR REPORTING SUITE

Our 2024 reporting suite includes:

- ▶ IAR 2024: Our primary report, which provides an overview of our integrated business activities and financial and non-financial performance during FY2024
- ▶ Corporate Governance Report 2024: An overview of our governance structures, principles and practices that support sustainable value creation
- ▶ Sustainability Report (SR) 2024: A detailed account of our sustainability strategy and performance on issues that are material to our business and stakeholders

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

REPORTING SCOPE & BOUNDARY

This Report covers the business operations of the Group, including MBSB Bank Berhad (MBSB Bank or the Bank), Malaysian Industrial Development Finance Berhad (MIDF), MIDF Amanah Investment Bank Berhad (MAIB) and all other MBSB subsidiaries.

REPORTING FRAMEWORKS

This Report marks our fifth year adopting the IIRC's IR Framework, reinforcing our commitment to enhanced disclosure and transparency.

In addition, our IAR 2024 adheres to the following standards and guidelines:

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

MATERIALITY & MATERIAL MATTERS

Materiality shapes our approach to value creation, helping us identify and prioritise the most significant issues affecting our business and stakeholders. This sharpens our focus on areas where we can drive the greatest impact and enhance value creation.

At the core of this approach is our materiality assessment, which evaluates matters of importance to both our business and stakeholders, identifying shared priorities. These include key environmental, social and governance (ESG) areas.

Read the Material Matters section from pages 40 to 46 for more.

ALIGNMENT WITH THE GLOBAL SUSTAINABILITY AGENDA

As part of our efforts to ensure a positive environmental, social and economic impact, we have aligned our business strategy with the following UN SDGs:

- ▶ Goal 8: Decent Work and Economic Growth
- ▶ Goal 12: Responsible Consumption and Production
- ▶ Goal 13: Climate Action
- ▶ Goal 17: Partnerships for the Goals

FORWARD-LOOKING STATEMENTS

This Report includes forward-looking statements about our future performance and prospects. These statements are based on current assessments but may change as circumstances evolve. Various factors, including emerging risks, could cause actual results to differ materially from those expressed or implied. Therefore, they should not be considered guarantees of future performance.

STATEMENT OF ASSURANCE

This Report has been produced in line with strict internal controls and governance protocols. Our Internal Audit has team thoroughly reviewed and validated all non-financial data before it was approved by our Board of Directors (Board). Meanwhile, [name of auditor] has provided external assurance for:

- ▶ Financial Statements: Audited by independent auditors (see pages 159 to 163 of this Report)
- ▶ Selected non-financial information: Subject to limited assurance (see pages 88 to 93 of our SR 2024)

OUR 2024 REPORTING SUITE



INTEGRATED ANNUAL REPORT (IAR) 2024

MBSB IAR has been produced with the primary objective of providing our stakeholders a comprehensive overview and a balanced assessment of our financial and non-financial performance.

Reading the report, our stakeholders are informed of our strategy, businesses and performance, our approach to governance and risks as well as our future goals. The report demonstrates our accountability and seeks to strengthen the confidence of our stakeholders.

The governance section presents detailed reporting of Corporate Governance Statements, including expanded information of our Corporate Governance Overview Statement, Audit Committee's Report, Statement on Risk Management and Internal Control, Shariah Advisory Committee's Report.



SUSTAINABILITY REPORT (SR) 2024

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

FEEDBACK

We value continuous engagement with our stakeholders to enhance our reporting and sustainability practices. For feedback or enquiries about our IAR 2024, please contact: enquiry@mbsb.com.

NAVIGATION ICONS

To improve readability, this Report includes icons and cross-references to help readers navigate key sections:

HOW TO NAVIGATE OUR REPORT

OUR CAPITALS

 Financial Capital	 Manufactured Capital	 Intellectual Capital
 Social & Relationship Capital	 Human Capital	 Natural Capital







STAKEHOLDERS

 Shareholders	 Employees	 Regulators
 Customers	 Communities	













OUR STRATEGIC TRUST

 Operational Excellence	 Commercial Excellence	 Growth Delivery Excellence
--	---	--

KEY RISKS

 Credit Risk	 Market and Liquidity Risk	 Shariah Risk
 Operational Risk	 Technology and Cyber Security Risk	 Environmental, Social and Governance (ESG) Risk

MATERIAL MATTERS

 Sustainable Procurement	 Diversity and Equal Opportunity	 Competent Workforce
 Serving the Communities	 Sustainable Financing	 Customer Experience and Satisfaction
 Employee Health and Well-being	 Data Privacy and Cybersecurity	 Ethics and Integrity
 Environmental Stewardship	 Innovation and Technology	 Economic Performance

A Bold New Chapter

2024 was an important year for MBSB. We launched our 3-year FLIGHT26 strategy (2024-2026), successfully integrated MIDF into the MBSB family, and sharpened our capabilities to uplift the Group's long-term performance.

We are building more than a bank. We are creating an integrated financial platform that supports individuals, businesses and industries across the country. The combined strengths of MBSB Bank and MIDF have expanded our reach, deepened our solutions and enhanced our ability to deliver meaningful outcomes for our stakeholders.

For individuals, we are providing access to better savings and wealth-building tools. From tiered-rate CASA accounts to PrimeGold and Term Investment Account, we enable clients to grow their wealth through accessible, Shariah-compliant solutions and a seamless digital experience.

For businesses, we are providing more than capital. We deliver comprehensive support such as grants, financing, advisory and automation tools, backed by sector expertise and execution strength. The expansion of our Commercial Business Centres reinforces our intent to be close to our clients and fully invested in their growth.

Our purpose is grounded in action. Through MyPledge culture transformation, we are embedding trust, service, and accountability across the organisation; from how we support regulators to how we empower employees and drive impact in our communities.

Looking ahead, our
priorities are clear.
Execute with
discipline. Grow with
purpose. Deliver for
our customers and
stakeholders.

Be Bold. Bank Smart.



Fostering a Culture of Excellence Through myPledge

At MBSB, it's not just about what we do — it's about **how** we do it. myPledge is our commitment to our customers, employees, shareholders, communities, and regulators. It is more than just words; it is **action, behaviour, and a shared foundation** that drives everything we achieve together.

Introduced by the Group People and Culture Division, myPledge is a structured framework that integrates key cultural values into our daily operations. It is built upon five core commitments:



Group Finance's MyPledge Teambuilding Retreat at Avillion Port Dickson, Negeri Sembilan.



By embedding these principles into our way of working — supported by tools like the **Results Pyramid** and the **MBSB Way of Working** — we are cultivating a work environment that drives business resilience, operational excellence, and long-term value creation.

The **myPledge Culture House** aligns with our strategic aspiration of achieving an **8% Return on Equity (ROE) by 2026**. Beyond financial performance, this initiative underscores our commitment to building an engaged workforce, strengthening stakeholder confidence, and positioning MBSB as a leading force in the financial industry.

As we move forward, **myPledge** will continue to serve as a catalyst for growth, ensuring that our culture remains a key driver of our corporate vision and business sustainability.



Shareholders



- Grow Sustainably
- Deliver Optimal Results



Employees



- Collaborate Internally
- Compete Externally



Customers



- Respond Swiftly
- Deliver Comprehensively



Communities



- Embrace Diversity
- Promote Unity



Regulators



- Comply Diligently
- Innovate Responsibly



Empowering Your Growth, Wherever You Are

Access shouldn't be complicated. At MBSB, we've built a network that brings banking closer to you — whether you're an individual managing your finances or a business owner building something bigger.

With **47 MBSB Bank branches**, **5 MIDF Regional Offices**, and **13 Commercial Banking Centres** across **14 states**, you're never far from support. Our reach is wide because your ambition shouldn't wait.

For Individuals

Bank anytime, anywhere with MJOURNEY — our highly rated digital platform designed for simple, secure transactions on the go. And when you need cash, enjoy fee-free access to any ATM on the MEPS network nationwide.

For Businesses

We've strengthened our support for SMEs with 13 Commercial Banking Centres at key business hubs. From financing to trade services, these centres act as a one-stop solution designed to help you operate and grow with confidence.

We're Not Just a Bank

We're your partner in progress. A platform that connects you to the tools, people, and platforms you need — so you can move faster, smarter, and bolder.

Nationwide Reach, Anytime Access

47 MBSB Bank Branches **5** MIDF Regional Offices

With 65 strategic touchpoints nationwide and a growing suite of digital platforms, MBSB Group is redefining accessibility by empowering individuals, SMEs, and corporates with trusted financial, trade, and advisory solutions to move forward with confidence.



located in all
14 states

13 Commercial Banking Centres (CBCs) are strategically located in key business hubs to serve the growing needs of SMEs by offering tailored support, financial solutions, and advisory services to help businesses grow locally and expand globally.



Scan the QR code for the details of our
BRANCH NETWORK
<https://www.mbsbbank.com>

MBSB BANK DIGITAL SOLUTIONS

From individuals to enterprises, our digital ecosystem is built to simplify complexity, supercharge productivity, and put control back in your hands, all in a secure and intuitive way.

MFAST

MFAST

Customers can open a Current and Savings account and submit a Personal Financing application online, anytime. Fast and easy!

MJOURNEY

MJOURNEY

A highly rated digital banking app that gives individuals and businesses easy access to high-rate CASA, fixed deposits, term investments and even gold. Everything you need, right at your fingertips.

Online Business Current Account (OBICA)



Get your business account up and running in just one day. Apply online, skip the branch visit, and start earning high CASA returns while managing your cash flow seamlessly.

MCORPORATE

MCORPORATE

A business banking platform that simplifies cash management. Approve transactions by set limits, process bulk payments efficiently, and gain full oversight of every move — all in real time.

MTRADE

MTRADE

Trade finance made effortless. Submit documents, track progress and manage your trade facilities from anywhere, with zero paperwork and full visibility.

MRETAIL

MRETAIL

A digital solution built for merchants to track transactions, manage collections and monitor business performance. All from the palm of their hand, anytime with total control.

2024 Performance Snapshots

Financial Highlights



Revenue

RM3.7 
billion

2023: RM2.8 billion



Profit Before Tax

RM586 
million

2023: RM560 million



CASA ratio

11.1% 

2023: 6.2%

Business Highlights

Significantly Enhanced Consumer Deposit & Wealth Offerings

Launched Multi-Tiered CASA, Term Investment Account, Prime Gold

Introduced Innovative SME Deposit & Financing Suite

Introduced Preferential Pricing for SME Owners, Multi-Tiered SME CASA, M-Property Financing, Online Business Current Account, Halal Accreditation and Technology Improvement Financing (HATI), Future-Ready Financing.

MIDF Amanah Investment Bank Delivered 3 IPOs

Life Water, Metro Healthcare and CREST Group

Awarded Highest PAT Growth Award

Financial Institutions Under RM10 billion market cap by the Edge Billion Ringgit Club



Relaunched a superior M Journey

4.6 ratings in App Store,

4.1 rating in Google PlayStore



★★★★★



★★★★★





Net Profit Margin

2.4% 

2023: 1.8%



Gross Impaired
Financing Ratio

5.3% 

2023: 7.3%



Dividend

4.55 

sen per share

2023: 3.50 sen per share

Sustainability Highlights



Operationalised the
**Sustainable and
Transition Finance
Framework**

to guide eligibility and impact
classification



Facilitated
SME Growth and ESG Integration
through **Blended and
Targeted Financing
Schemes**



Invested over **RM9
million**, a **28%
increase** from 2023, in
employee training and
development, achieving over
90,000 hours of training



Achieved a

12% reduction in energy usage
at Menara MBSB Bank compared
to 2023



Invested over
**RM6.7 million in CSR
and zakat** initiatives,
marking a **59% increase**
from 2023



Calculated
**Scope 3 Financed
Emissions**,

recording a total of over 800,000
tCO₂e and 24.13 tCO₂e/RM million
intensity

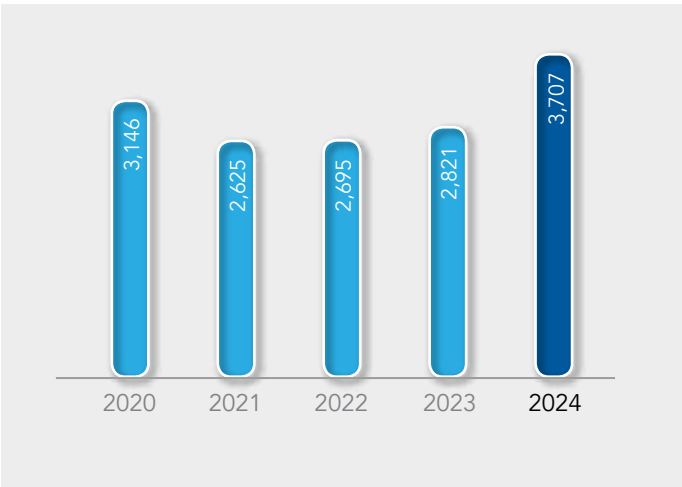


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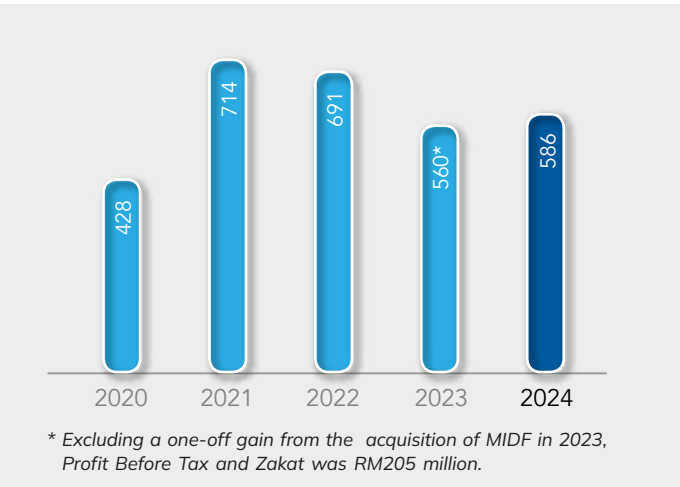
6,000 volunteer hours
across employee-driven and
community-led initiatives, a **33%
increase** from 2023

5-Year Group Financial Highlights

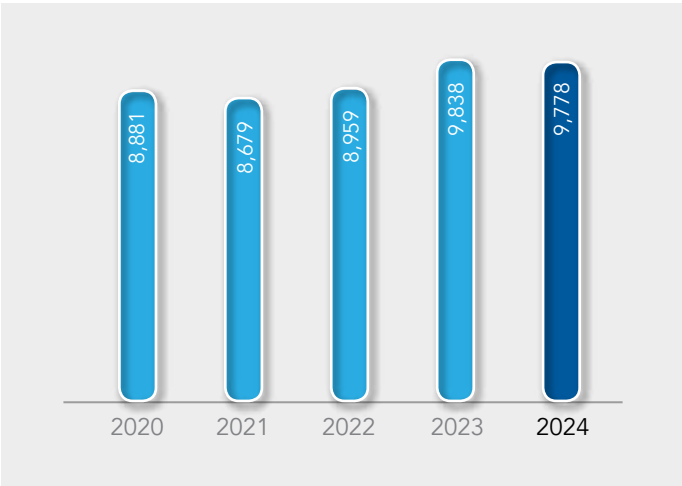
Revenue (RM Million)



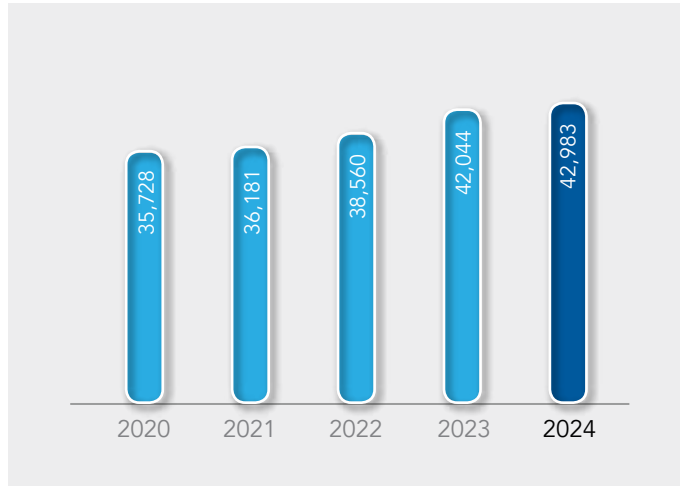
Profit before Tax and Zakat (RM Million)



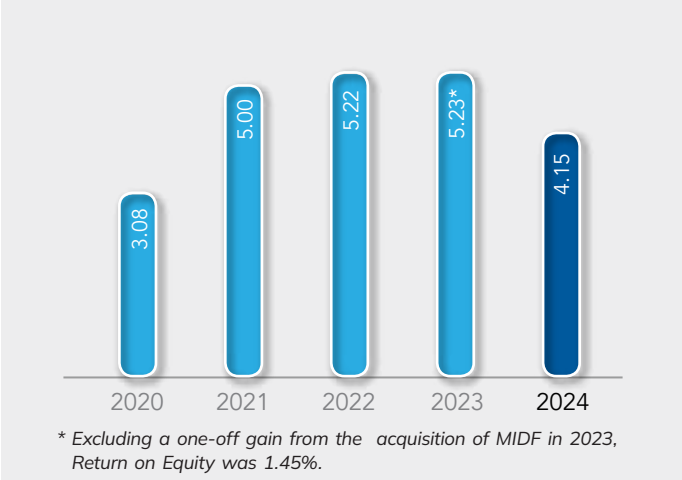
Shareholders' Equity (RM Million)



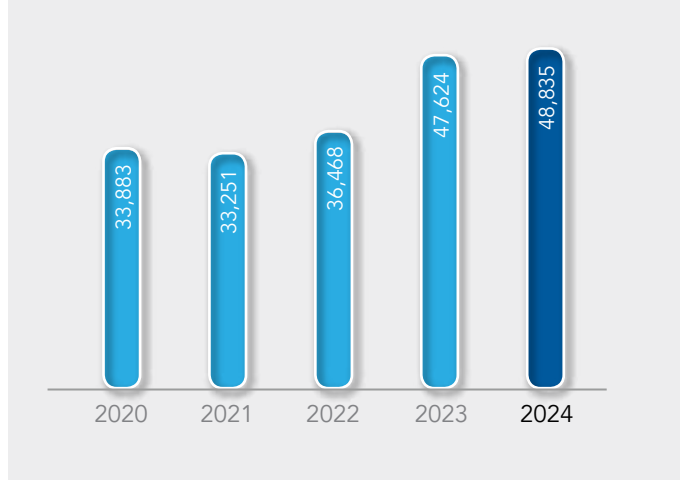
Gross loans, financing and advances (RM Million)



Return on Equity (%)



Deposits (RM Million)



5-Year Group Financial Summary

5-YEAR FINANCIAL REVIEW OF THE GROUP	2024	2023	2022	2021	2020
TOTAL ASSETS (RM Million)	64,264.01	66,663.29	54,948.31	50,681.29	48,438.49
Cash and Bank Balances	2,033.38	6,357.13	2,803.70	1,498.70	1,864.39
Financial investment	17,794.19	17,529.16	13,258.93	12,681.66	10,680.37
Net Loans, financing and advances	42,136.10	40,491.53	36,933.66	34,503.10	33,762.46
– Gross loans, financing and advances	42,982.62	42,044.31	38,559.69	36,180.61	35,728.22
Property, Plant and Equipment	316.57	324.83	321.23	347.29	366.85
Other Receivables	1,983.78	1,960.64	1,630.80	1,650.55	1,764.42
TOTAL LIABILITIES (RM Million)	54,485.93	56,825.02	45,989.11	42,001.96	39,557.32
Deposit from customers	39,778.85	38,800.07	28,957.14	24,601.75	24,353.44
Deposits and placements of bank and other Financial Institutions	9,056.29	8,823.57	7,511.34	8,649.58	9,529.31
Total deposits	48,835.14	47,623.63	36,468.47	33,251.33	33,882.74
Investment accounts of customers	560.93	–	2,080.77	2,094.91	–
Islamic Repurchase Agreement	568.51	2,005.20	–	–	–
Sukuk & Cagamas	3,415.77	6,229.16	6,786.13	5,508.53	4,922.43
Borrowings	174.80	203.84	–	–	–
Other Payables	930.78	763.18	653.75	1,147.19	752.15
SHAREHOLDERS' EQUITY (RM Million)	9,778.08	9,838.27	8,959.19	8,679.33	8,881.17
Share Capital	7,970.43	7,970.43	7,198.07	7,198.07	7,088.26
Other Reserves	188.62	(9.26)	(341.37)	(161.05)	234.67
Retained Profits	1,618.80	1,876.87	2,102.49	1,642.30	1,558.25
Non-Controlling Interest	0.23	0.24	–	–	–
TOTAL EQUITY AND LIABILITIES	64,264.01	66,663.29	54,948.31	50,681.29	48,438.49



Awards and Recognition

- | | |
|---|---|
| <p>① The Edge Billion Ringgit Club
Highest PAT Growth - Financial Institutions under RM10 billion market cap</p> | <p>② Alpha Southeast Asia Awards
Best Domestic M&A Deal for MBSB's acquisition of MIDF</p> |
| <p>③ The Edge Malaysia ESG Awards 2024 for the MIDF ESG Fund</p> | <p>④ NACRA 2024
Excellence Awards (Silver) for Companies with RM2 billion to RM10 billion in Market Capitalisation</p> |
| <p>⑤ 1st STP Award from Standard Chartered for 95.8% efficiency in Islamic USD NOSTRO transfers</p> | <p>⑥ MINDA Awards 2024
Excellence in Islamic Financial Services under the Industry Excellence Awards category</p> |

What We Do: Core Business Segments



Consumer Banking: Financial Empowerment Throughout the Life Cycle of Our Customers



Proposition-led solutions remain at the core of our product suites — from first home mortgages, personal financing, to tiered-rate savings accounts, all readily available on shelf. We have broadened our wealth-building suite to include gold and term investment accounts, along with expanded takaful offerings across life stages. At the centre is MJOURNEY — our refreshed mobile app that delivers a superior digital banking experience designed for speed, ease, and control.

Deposit | Financing | Wealth Management | Investment | Digital Banking



Commercial Banking: Supporting Your Business Growth



We combine the complementary strengths of MBSB Bank and MIDF to deliver a powerful blend of concessionary financing, government-backed grants, and competitive profit rates for SMEs. Our solutions support micro to large enterprises with working capital, asset financing, and trade facilities. With digital onboarding, business tools, and market-leading deposit rates, we help entrepreneurs grow with greater value and speed.

Deposit | Financing | Wealth Management | Hire-prurchase | Financial Assistance | Investment | Digital Banking



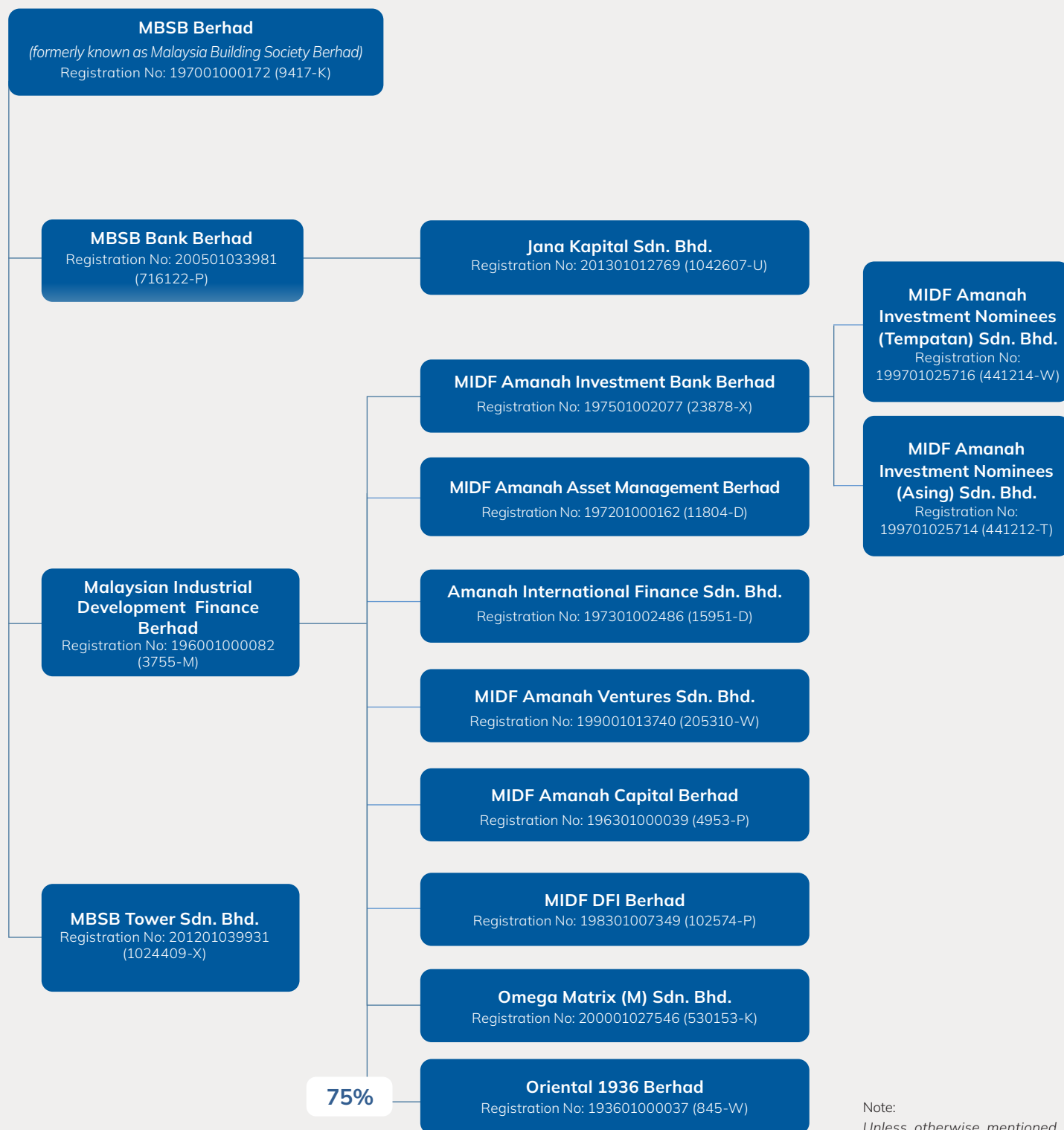
Wholesale Banking: Financing Impact at Scale



We offer a full spectrum of services across investment banking, financial markets, corporate banking, and asset management. From sukuk structuring and capital advisory to fund management and treasury solutions, we support corporates and institutions raise capital, manage risks, and access markets. With deep expertise and a commitment to innovation and ethical finance, we help shape strategies that deliver sustainable, real-world impact.

Deposit | Financing | Investment | Digital Banking

Group Corporate Structure



Our Digital Accomplishments

MBSB continues to drive digital transformation, enhancing banking convenience, efficiency, and accessibility for individuals and businesses. Our key digital achievements include:

Digital Innovation That Empowers

Experience seamless technology solutions

That saves time, enhances earning potential, and simplifies money management so you can focus on life or business.



Retail Customers: Unlock Better Rates, Build Your Wealth

Bank Anytime, Anywhere

Upgraded MJOURNEY app, highly rated on App Store and Google Play, makes everyday banking a delight.

All-in-one seamless platform

Secure high deposit rates, invest in gold, or subscribe to term investments



SMEs: Run Your Business, Accelerate Your Growth

Open Accounts Effortlessly

Streamline your operations from day one with Online Business Current Account.

Automate Your Recurring Payments

Simplify your payment processes with seamless automation for faster transactions and improved cash flow.

Optimise Liquidity

Stay agile with enhanced Retailer Dashboard, offering real-time insights to cash management with significant cost savings!



Our Strengths: Leadership, Synergy and Driving Innovation

A One-Stop Financial Solutions Provider

With MIDF part of the MBSB Group, we offer a combined expertise across Islamic banking, development finance, and MAIB. Operating as one Group, we offer individuals, SMEs, and corporates a seamless and integrated financial ecosystem.

Dynamic Leadership

Our Board of Directors and senior management team bring deep industry knowledge, emphasising sustainable growth, operational excellence, and forward-thinking strategies. Their collective vision enables MBSB Group to deliver truly customer-focused solutions while empowering our people to achieve organisational goals.

Attractive Portfolio Offerings

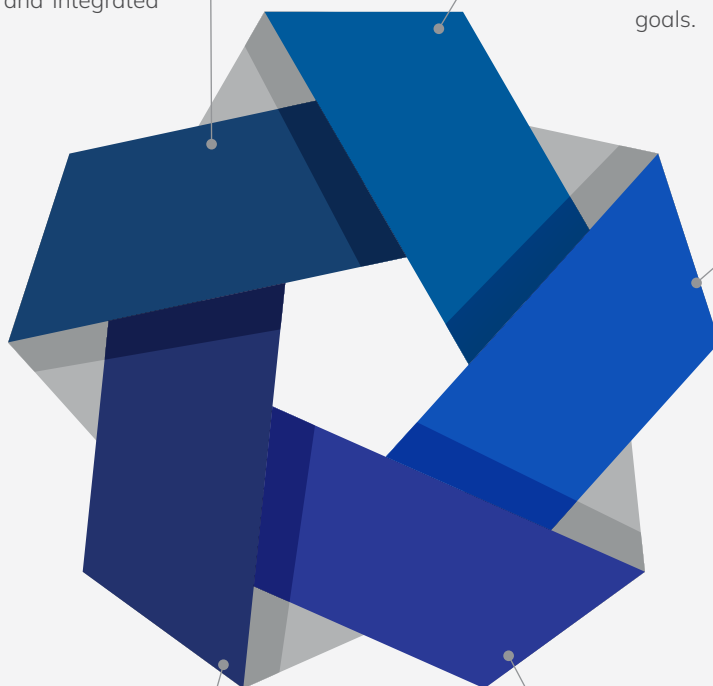
To accelerate growth, our portfolio is tailored with value-based pricing such as multi-tier CASA and a sharpened segment focus. By integrating MBSB Bank and MIDF offerings, we deliver a distinctive "sweet and spicy" proposition for SMEs which offer compelling value and a wide range of solutions.

Strategic Clarity

Through FLIGHT26, our three-year transformation plan for 2024 to 2026, we prioritise deposit growth, expand non-funded income streams, focus on high-impact financing sectors, deepen key partnerships, and optimise efficiency to maximise returns.

Innovative Digital Banking Solutions

MBSB's award-winning digital banking platform offers a seamless, accessible, and innovative experience for both retail and business customers. For businesses, we provide cost-effective, smart digital tools, including Virtual Accounts for streamlined collections and reconciliations, along with a Retailer Dashboard that delivers real-time cash flow insights.



Significant Events in 2024

20 January 2024

Simpan Berganda Menang Bergaya (SBMB) 3.0 Launch

Kuala Lumpur

- MBSB Bank launched the SBMB 3.0 campaign with a refreshed look and stronger customer appeal
- Rewarding customers through meaningful savings initiatives and long-term customer engagement.



15 February 2024

MIDF Back-to-School Programme

TenTen Retail, Johor Bahru

- MIDF continued its Back-to-School initiative in collaboration with Jiwa Amal Malaysia (JIWA)
- Flood-affected communities in Kota Tinggi
- RM30,000 was contributed to Tabung JIWA to aid students and families in need

25 April 2024

MBSB Group Raya Open House

Kuala Lumpur

- Hosted at Sime Darby Convention Centre, welcomed over 3,000 guests including clients, partners, regulators, and board members.
- Led by Group Chairman Dato' Wan Kamaruzaman and Group CEO Rafe Haneef.
- Reflected the Group's values of togetherness, gratitude, and stakeholder appreciation.



6 May 2024

MIDF Luncheon Talk

Kuala Lumpur

- Luncheon talk attended by over 100 participants from government and corporate sectors
- Focused on the outlook of Malaysia's construction industry
- Aimed to help clients and stakeholders better understand policy directions
- Featured a keynote address by Deputy Minister of Works, YB Datuk Seri Ahmad Maslan



28-29 May 2024

Global Forum on Islamic Economics and Finance (GFIEF)

Kuala Lumpur

- MBSB Group participated as a strategic partner, in support of the forum.
- Organised by BNM, focused on Islamic economics and values-based reforms for shared prosperity.
- Officiated by the Prime Minister and attended by global policymakers, regulators, and business leaders.

6 June 2024

54th Annual General Meeting

Menara MBSB Bank, Petaling Jaya

- Held 54th AGM with full shareholder quorum and support.
- All proposed resolutions were passed, including the approval to rename the company as MBSB Berhad.
- A key highlight was the unveiling of FLIGHT26 — a three-year transformation roadmap.



22 June 2024

Mangrove Tree Planting Programme

Sabak Bernam, Selangor

- The mangrove planting programme, launched in 2021, is part of MBSB's ongoing environmental sustainability efforts.
- Collaborating with Malaysian Nature Society, 40 MBSB employees volunteered.
- 200 saplings were planted contributing to total 6000 saplings in the year.



15 July 2024

Halal Accreditation Technology Improvement (HATI)

Kuala Lumpur

- MIDF launched the RM100 million HATI financing initiative to strengthen halal sector through technology and certification upgrades.
- Targets modernisation and global competitiveness for SMEs in halal manufacturing.
- In partnership with Halal Development Corporation (HDC) and JAKIM.



5-6 August 2024

Persidangan Akauntan Sektor Awam Kebangsaan (NAPSAC)

Melaka

- MBSB was a corporate sponsor, contributing RM25,000 in support of the event.
- Event gathered 598 public sector accountants from across Malaysia.
- Officiated by Deputy Finance Minister YB Puan Lim Hui Ying.
- Key themes: sustainability, digitalisation, and enhancing public financial governance.

8 August 2024

Malaysia Industry Awards (MINDA)

Bangsar, Kuala Lumpur

- MBSB Group Chief Executive Officer received the Excellence in Finance Industry Award.
- Awards were presented by Deputy Prime Minister YAB Dato' Sri Fadillah Yusof.
- The recognition underscores the Group's leadership in driving inclusive, Shariah-compliant financial solutions.
- The event served as a strategic networking platform with key business associations and industry leaders.

20 May 2024

TERAJU Financing Initiative for Bumiputera Companies

Cyberjaya

- MBSB supports TERAJU program as it unveiled a RM1 billion financing initiative to empower 1,000 Bumiputera companies by 2030.
- The aim is to build a self-sustaining ecosystem with increased private sector collaboration.



Significant Events in 2024

21 August 2024 Crest Group IPO Signing Ceremony

Menara MBSB Bank, Petaling Jaya

- MIDF Amanah Investment Bank Berhad signed an underwriting agreement with Crest Group Berhad for its IPO on Bursa Malaysia's ACE Market.
- IPO proceeds will support Crest Group's regional expansion into China, Thailand, and Vietnam.
- The event marks another milestone in MIDF's capital market capabilities.

23 August 2024 The Edge Billion Ringgit Club (BRC) Awards

Kuala Lumpur

- MBSB received the Highest PAT Growth Award in the financial institutions category (under RM10 billion market cap).
- Award recognises performance from 2020 to 2023
- A proud milestone as we continue to deliver on our FLIGHT26 transformation roadmap.

27 September 2024 Metro Healthcare Berhad IPO Signing Ceremony

Menara MBSB Bank, Petaling Jaya

- MIDF Investment acted as Principal Adviser, Sponsor, Underwriter, and Placement Agent for Metro Healthcare Berhad's IPO.
- Public portion was oversubscribed by 38.60 times, reflecting strong investor confidence.
- Another milestone in MIDF's capital market leadership.

30 September 2024 MIDF Youngpreneurship Program

Pahang

- MIDF launched a programme to engage Bentong's rural Form 4 students for hands-on entrepreneurial learning.
- Reflects MIDF's commitment to youth development and financial literacy CSR.
- Part of a broader initiative to empower the next generation of Malaysian entrepreneurs.



1 October 2024 Life Water Berhad IPO Signing Ceremony

Kota Kinabalu, Sabah

- Event was organised by MIDF Investment to mark Life Water Berhad's proposed IPO on Bursa Malaysia's Main Market.
- The IPO aims to raise RM63.42 million for growth initiatives.
- Reinforces MIDF and MBSB Group's role in empowering sustainable sectors.



24 October 2024

Money Smart, Future Ready! Financial Literacy Forum**Menara MBSB Bank, Petaling Jaya**

- Hosted at Menara MBSB, the forum attracted 200 students from UiTM, following an awareness-driven digital campaign.
- Featured industry thought leaders: Faiz Azmi, Datuk Yasmin Mahmood, Azharuddin Anwar, and Imran Yassin.
- Reinforces MBSB's commitment to financial literacy and youth empowerment.



24 October 2024

Metro Healthcare Berhad IPO Prospectus Launch**Kuala Lumpur**

- Organised by MIDF Investment as Principal Adviser, Sponsor, Underwriter, and Placement Agent.
- Marked Metro Healthcare Berhad's transfer from the LEAP Market to the ACE Market of Bursa Malaysia.
- Reinforces MIDF Investment's role in empowering high-growth sectors, especially in healthcare.

4 November 2024

Future Ready Financing (FRF) Programme Launch**Kuala Lumpur**

- MIDF, in collaboration with MITI, launched the Future Ready Financing (FRF) Programme.
- Allocates RM200 million by 2027 to support 100 SMEs in adopting IR4.0 technologies and AI.
- Reinforces MIDF's commitment to industrial transformation and SME competitiveness.



21 November 2024

MBSB x Curlec MoU Signing Ceremony**Menara MBSB Bank, Petaling Jaya**

- MBSB Bank signed a Memorandum of Understanding with fintech partner Curlec.
- The collaboration will enhance digital payment solutions tailored for SMEs.
- Supports broader digitalisation agenda and commitment to SMEs' empowerment.



5 November 2024

Kuala Lumpur Islamic Finance Forum (KLIFF)**Kuala Lumpur**

- MBSB co-sponsored KLIFF which reinforces MBSB Bank's strategic thought leadership role in the Islamic finance ecosystem
- Discussions centred around Islamic finance as driver for economic growth and liquidity challenges in evolving market conditions.



Chairman's Statement



DATO' WAN
KAMARUZAMAN
WAN AHMAD
Chairman

2024 marked a reset of our strategic direction. Under our three-year roadmap, FLIGHT26 (2024 to 2026), and guided by the ethos “Be Bold. Bank Smart,” we committed to strengthening customer experience, reinforcing our financial fundamentals, and accelerating our transformation.

Charting a New Bold Course for Growth

DEAR VALUED SHAREHOLDERS,

I am pleased to present the MBSB Integrated Annual Report 2024.

The global economic outlook has entered a more cautious phase. New US tariffs and rising trade frictions, particularly between the world's largest economies, have unsettled markets and weakened sentiment across borders. The World Trade Organization now expects global merchandise trade to shrink by 0.2% in 2025, a sharp reversal from the 3.3% growth estimated for 2024. Meanwhile, the International Monetary Fund forecasts a concerning decline in global growth to 2.8% for 2025, a sharp downgrade from 3.3% projected at the beginning of the year, driven by policy shifts and rising uncertainties.

Malaysia's economy grew by a robust 5.1% in 2024, but economists are becoming increasingly cautious on the outlook for 2025, citing possible spillover effects on trade, investment, and domestic demand. For businesses and households, this may point to a more uncertain environment where investment and consumer spending could slow in the near term.

Yet within these uncertainties lie emerging opportunities such as supply chain diversification, evolving consumption patterns, and the growing need for smarter financial solutions. In this setting, MBSB continues to prioritise financial resilience and customer-focused innovation, staying adaptable to the evolving needs of our clients.

STRONGER FINANCIAL PERFORMANCE

This resilient economic context underpins our achievements this year. We strengthened our financial position, expanded our Shariah-compliant offerings, and enhanced our banking capabilities to ensure greater accessibility. Our focus on customer-centric solutions, disciplined risk management, and operational efficiency resulted in a significant increase in core Profit Before Tax, which grew by 185.6% from RM205.3 million to RM586.3 million, excluding one-off gains in FY2023. Group revenue improved by 31.4%, reaching RM3.7 billion from RM2.8 billion in the previous year. Our deposit franchise also strengthened, with the CASA ratio rising from 6.2%

to 11.1%, reflecting our ability to attract and retain customers through differentiated savings propositions. These results enabled us to declare a dividend payout ratio of 90%, delivering a dividend yield of 6.2% and total shareholder returns of 10.6%. We have also reinvested in initiatives that directly enhance the banking experience, delivering greater convenience, faster service, and more relevant financial solutions for our customers.

STRATEGIC RESET UNDER FLIGHT26

2024 marked a reset of our strategic direction. Under our three-year roadmap, FLIGHT26 (2024 to 2026), and guided by the ethos "Be Bold. Bank Smart," we committed to strengthening customer experience, reinforcing our financial fundamentals, and accelerating our transformation. The integration of MBSB Bank and MIDF expanded our reach and sharpened our value proposition across commercial, retail, and wholesale banking segments.

DIGITAL INNOVATION AND ENHANCED CUSTOMER EXPERIENCE

In a competitive landscape, innovation remains central to our strategy, enabling us to deliver tangible value while strengthening our core business. We improved the MJOURNEY retail banking experience with better accessibility and user experience. We also introduced offerings such as PrimeGold and the Term Investment Account, enabling customers to grow and preserve wealth through Shariah-compliant instruments aligned with evolving financial goals. For SME clients, we enhanced operational tools including the Online Business Current Account, Virtual Account services, and the Retailer Dashboard designed to spur entrepreneurs in managing liquidity and scale with confidence.

EMPOWERING MALAYSIA'S GROWTH ENGINES

Small and medium-sized enterprises continue to be the bedrock of Malaysia's economic development. In 2024, we took significant steps to strengthen our support for this vital segment by deepening the integration between MBSB Bank and MIDF. This deliberate alignment has allowed us to offer a more comprehensive suite of SME solutions combining financing, grant facilitation, advisory services, and structured

programmes under one cohesive commercial vertical. Our collaboration with the Ministry of Investment, Trade and Industry (MITI) and Halal Development Corporation (HDC) led to the launch of the Halal Accreditation and Technology Improvement Financing (HATIF) initiative by MIDF. This reflects our commitment to helping SMEs unlock greater value through certification, process enhancement, and capacity building. We also expanded our physical presence with four new Commercial Business Centres, now totalling 13 nationwide. The latest, launched at MATRADE, demonstrates our intent to partner with high-impact industry stakeholders and reaffirms our role as a long-term financial partner to Malaysia's most enterprising, export-oriented, and future-focused businesses.

INDUSTRY AND THOUGHT LEADERSHIP

Our commitment extends beyond financial performance. We are proud to contribute to industry dialogue and policy shaping. Our participation in the Global Ethical Finance Initiative in Scotland and its Kuala Lumpur chapter reaffirmed our belief in responsible finance. Our co-sponsorship of the Kuala Lumpur Islamic Finance Forum and Forum Ekonomi Malaysia, alongside institutions such as Maybank, Bursa, and CGC under the Ministry of Economy, underscores our readiness to collaborate for the country's advancement.

PEOPLE AND CORPORATE CULTURE

At the heart of MBSB's journey is our dedicated and diverse workforce. Through programmes like Young Islamic Banker, the MBSB Way of Working, and continued investment in learning and leadership development, we are building a culture of excellence and adaptability. With the introduction of MyPledge, we are deepening our commitment to shared values, collaboration, and trust across all levels of the Group. We also introduced enhanced and streamlined benefits that better align with employee wellbeing and performance, fostering a culture of accountability and care.

On behalf of the Board, I would like to extend our sincere appreciation to Tan Sri Abdul Rahman Mamat for his invaluable service to the Board. His deep expertise, extensive experience in both public service



Dividend Yield of
6.2%



Launch of MBSB Commercial Banking Centre at MATRADE.

and the private sector, and steadfast commitment to growing Malaysia's SME ecosystem have greatly contributed to our journey. He will continue to lead MIDF in his capacity as Chairman, and we look forward to continued collaboration across the Group.

LOOKING FORWARD

Looking ahead, we remain focused on disciplined execution and measurable progress in realising our FLIGHT26 mandate, with the target of achieving an 8% ROE. As we mark 75 years of MBSB with the tagline "Be Bold. Bank Smart," we reaffirm our ambition to push boundaries and support Malaysian's financial aspirations.

I extend my deepest gratitude to my fellow Board members, our regulators, business partners, and shareholders for their steadfast support and above all, to our people across the MBSB Group, whose commitment continues to drive us forward.

Together, we will navigate new challenges and seize the opportunities ahead to deliver long-term value for all.

Group Chief Executive Officer's Overview



RAFE HANEEF
Group Chief
Executive Officer

MBSB delivered a robust financial performance in 2024, achieving a Profit Before Tax (PBT) of RM586 million, a 185% increase over the previous year's core PBT of RM205 million, excluding the one-off gain from the acquisition of MIDF in 2023.

From Merger to Momentum: Building a Bolder MBSB

DEAR VALUED STAKEHOLDERS,

2024 marked a defining chapter in MBSB Group's journey — for two pivotal reasons. It was the inaugural year of FLIGHT26, our three-year transformation roadmap designed to drive sustainable growth, operational excellence, and long-term value creation. It was also the first full year with MIDF as part of our Group, following the successful completion of the merger in October 2023. Together, these milestones signified the beginning of a bold new era — one that brings sharper strategic focus, deeper synergies, and an expanded capability to serve a broader spectrum of customers.

Throughout the year, we advanced with discipline, agility, and a clear strategic direction, navigating a rapidly evolving financial landscape while integrating teams, aligning processes, and harmonising cultures across the enlarged Group. Guided by our FLIGHT26 roadmap, we strengthened our core businesses and laid the foundation for future growth. Central to this journey is our Chevron Flight Strategy, inspired by the precision and efficiency of migratory birds flying in formation. It reflects our belief that strategic alignment, shared direction, and collective momentum are essential to delivering on our financial, operational, and societal goals.

INTEGRATION. TRANSFORMATION PROGRESS.

Post-merger, the Group focused on aligning core systems, unifying processes, and embedding a shared culture across all entities. Despite the complexity of the integration, our leadership remained focused and deliberate, ensuring that we concluded the year on a strong operational and financial footing. Notably, we rolled out 30 of 38 initiatives under our Transformation Program (TP 30), with the remaining initiatives progressing as planned within targeted timelines. Meanwhile, 24 of 27 post-merger integration initiatives were successfully completed within a year of the merger, with the remaining advancing under our rationalisation programme.



Catalysed

RM4.7

billion

in sustainable financing

SOLID FINANCIAL PERFORMANCE ANCHORED IN STRATEGIC EXECUTION

In 2024, MBSB delivered a robust financial performance, recording a Profit Before Tax (PBT) of RM586 million, a 185% increase over the previous year's core PBT of RM205 million, excluding the one-off gain from the acquisition of MIDF in 2023. Including the one-off gain, MBSB's PBT of RM586 million represents a 4.6% year-on-year increase. Our profit margin improved from 1.8% to 2.4%.

Group revenue rose by 31.4% to RM3.7 billion, driven by a 27% funded income growth and a 128% year-on-year increase in non-funded income, mainly attributed by MIDF's full year contribution. Our financing portfolio reached RM43 billion, slightly below target due to strategic portfolio recalibrations and non-performing financing (NPF) write-offs.

Our deposit franchise improved considerably, with CASA ratio rising from 6.2% to 11.1%. We remain focused on strengthening our CASA base, optimising capital, enhancing operational efficiency, and ensuring approved financing swiftly translates into actual disbursement and portfolio growth.

ELEVATING CUSTOMER VALUE THROUGH INNOVATION AND INCLUSION

In line with our refreshed brand philosophy, "Be Bold. Bank Smart", we continue to create bold and customer-focused solutions, including:

- ▶ Multi-tiered rate CASA for individuals, commercial and corporate customers.
- ▶ M Shield, takaful protection with guaranteed acceptance.
- ▶ Expansion of our wealth management suite with Prime Gold and Term Investment Account, and a strategic collaboration with iFAST wealth management platform, broadening access to diverse asset classes.

These offerings reflect our commitment to inclusivity, innovation, and financial empowerment.

POWERING SMES AND ENTREPRENEURS WITH TARGETED SOLUTIONS

We also deepened our support for SMEs. We rolled out preferential mortgage pricing that integrates personal and business banking needs for SME owners. The Halal Accreditation & Technology Improvement Financing (HATI) programme supports businesses pursuing halal certification and digital upgrades and automation.

Additionally, our Online Business Current Account (OBICA) enables companies to open business accounts entirely online — without the need to visit a branch — significantly enhancing convenience and digital accessibility. Complementing this, the newly launched Retailer Dashboard provides SMEs with the ease of reconciling payments received across multiple channels, not just from credit cards but also newer digital methods such as QR codes and various digital wallets. Together, these innovations support greater operational efficiency and financial visibility for our SME clients. In tandem, the opening of four new Commercial Business Centres (CBCs) in 2024 — bringing the total to 13 — has further strengthened our commercial banking footprint and deepened our support for the SME ecosystem.

DRIVING SUSTAINABILITY AS A CORE BUSINESS PILLAR

Sustainability is part of our business strategy. We achieved a 12% reduction in energy consumption as part of our 2030 emissions target (Scope 1 and 2) and mobilised RM4.7 billion in sustainable financing, close to halfway toward our RM10 billion goal by 2026.

Our commitment extends to helping clients transition to greener practices. We engage high-emitting customers, aligning with our ambition to achieve Net Zero by 2050. Social responsibility remains paramount: MBSB staff collectively clocked 6,023 volunteer hours in 2024, surpassing our annual target and reinforcing our ambition to reach cumulative 50,000 hours by 2030.

CHAMPIONING ISLAMIC AND ETHICAL FINANCE

We remain steadfast in positioning MBSB as a global voice for Islamic and ethical finance. In 2024, we:

- ▶ Delivered Keynote Speech and shared insights at the Global Ethical Finance Initiative (GEFI) in Scotland.

- ▶ Actively engaged in KLIF (Kuala Lumpur Islamic Finance Forum) to shape forward-looking Shariah-compliant strategies.
- ▶ Became the only bank admitted as a member of the Malaysian Aerospace Industry Association (MAIA), a strategic move to support national industries and high-impact sectors.

These engagement highlight our role as both a thought leader and a strategic enabler of Malaysia's economic transformation.

FOCUSED EXECUTION FOR A STRONGER FUTURE

As we enter the second year of FLIGHT26, our priorities are clear: disciplined execution, strategic agility, and sustainable performance. We are embedding a more thorough business tracking for higher productivity and better decisions, optimising compliance and risk management, and streamlining operations to reduce friction without compromising rigour.

Our efforts to reduce our NPF rate (currently at 5%) remain ongoing and are critical to strengthening asset quality. By instilling a high-performance culture, enhancing credit governance, and elevating customer experience, we are building an organisation that is not only more efficient, but also more resilient.

ACCELERATING FORWARD

MBSB stands at an inflection point. The foundational work we have laid is now translating into momentum. We are moving from integration to acceleration, with a clear strategy, capable leadership, and unwavering stakeholders' support.

On behalf of the entire MBSB Group, I thank our Board, management, employees, customers, and partners for their continued trust and commitment. Together, we are building a bold, smart, and sustainable financial group — one that delivers lasting value for all.

Be Bold. Bank Smart.

Group Chief Financial Officer's Review



SHAHNAZ JAMMAL

Group Chief
Financial Officer

We declared two single-tier interim dividends totalling 4.55 sen per share or RM374 million for FY2024, representing a payout ratio of 90%, an increase from 67% in FY2023 and significantly above our dividend policy of a minimum 30% payout of PAT. This translates to a dividend yield of 6.2%, contributing to a Total Shareholder Return (TSR) of 10.6% for the year.

Building Financial Strength, Unlocking Synergies

DEAR VALUED SHAREHOLDERS,

Group Finance Division underpins MBSB Group's financial stewardship through rigorous governance, robust accountability, and disciplined oversight. By managing budgeting, financial reporting, and capital planning, Group Finance ensures that every decision is informed by precise analytics and prudent risk management. During the year, we embarked on harmonising the Group Finance function with MIDF, while also overseeing the capital and balance sheet management functions, which plays a pivotal role in optimising the capital structure, funding strategy, and liquidity position of MBSB Group. This steadfast commitment to continuous improvement, innovation, and transparency drives sustainable growth and solidifies stakeholder trust. Guided by forward-looking principles, Group Finance remains focused on delivering measurable value and upholding the confidence placed in MBSB Group.

2024 FINANCIAL PERFORMANCE

MBSB Group sustained strong financial performance momentum in 2024, with Profit Before Tax (PBT) for the financial year ended 31 December 2024 rising by 4.6% to RM586.3 million, reflecting robust performance and operational resilience. Excluding the one-off gain from the MIDF acquisition in 2023, the Group's core Profit After Tax (PAT) surged by 196.1%, increasing from RM137.4 million to RM406.8 million, highlighting the solid momentum in our core businesses.

The Group's revenue grew significantly by 31.4% to RM3.7 billion, driven by a 27.2% rise in funded income and a 73.0% increase in non-funded income. This performance was broad-based, notably among SMEs, amid rebounding economic activity. Treasury rebalancing augmented these gains, contributing to the overall improvement in Net Other Income.

Our Net Profit Margin increased from 1.8% to 2.4%, underscoring resilience in our asset yields, coupled with efforts to optimise our funding costs. To mitigate profit rate risk, we are restructuring our fixed-rate portfolios to variable-rate instruments.

The Group's customer deposits continued to grow, supported by a 4.9% expansion in our Current Accounts and Savings Accounts (CASA) Ratio, which reached 11.1% at the end of 2024, compared to 6.2% at the end of 2023. This growth in deposits reflects the Group's ongoing focus on strengthening the CASA franchise. The Liquidity Coverage Ratio (LCR) remains sound, in line with prudent balance sheet management, and well above internal targets and regulatory requirements.

In anticipation of economic headwinds, we proactively refined our underwriting standards and reinforced our recovery processes. These strategic initiatives contributed to a significant improvement in the Gross Impaired Financing (GIF) Ratio, which decreased from 7.3% in FY2023 to 5.3% in FY2024. Additionally, we have continued to implement a more targeted approach to address and resolve legacy corporate impaired accounts, further enhancing asset quality and positioning the Group for greater financial stability moving forward.

Our Cost-to-Income Ratio remains well-managed at 54.9%, reflecting the Group's disciplined approach to cost control. The Group continues to make strategic investments in technology infrastructure and human capital, focusing on enhancing our digital capabilities and improving operational efficiency. These efforts are aimed at driving long-term value, streamlining processes, and positioning the Group for sustainable growth in an increasingly digital landscape.

We remain committed to maintaining a robust capital position and maximising returns on shareholders' equity via strategic capital management. Key capital management initiatives undertaken by the Group during the year included:

- ▶ The adoption of the Risk-Adjusted Return on Capital (RAROC) Framework to measure business performance based on capital allocation;
- ▶ The redemption of Tranche 1 of the Tier-2 Sukuk Wakalah amounting to RM650 million to optimise capital ratios and funding cost; and
- ▶ The implementation of the Group's Recovery Plan Framework, incorporating MIDF Group, to ensure effective resolution of extreme stress while safeguarding operational continuity and the financial system.

As at 31 December 2024, the Group's Common Equity Tier-1 (CET-1) and Total Capital Ratio (TCR) Ratios stood at 19.2% and 21.7% respectively, underscoring our growth ambitions and financial resilience. The Group will continue to maintain capital at optimal levels to meet regulatory requirements and align with shareholder expectations.

Shareholders remain at the heart of our strategy. We declared two single-tier interim dividends totalling 4.55 sen per share or RM374 million for FY2024, representing a payout ratio of 90%, an increase from 67% in FY2023 and significantly above our dividend policy of a minimum 30% payout of PAT. This translates to a dividend yield of 6.2%, contributing to a Total Shareholder Return (TSR) of 10.6% for the year. These results reflect disciplined capital management and demonstrate a clear commitment to shareholder value.

OUTLOOK

Marking 75 years of service, MBSB is dedicated to nurturing synergies across the Group, particularly through closer collaboration between MBSB Bank and MIDF, to deliver exceptional value to our customers. Although global economic challenges persist, a robust domestic economy, stable political climate, and well-managed fiscal and monetary policies provide a conducive environment for financing growth. By taking an integrated yet measured approach, we aim to optimise operational efficiencies, broaden our fee-based revenue streams, and pursue responsible growth in alignment with the New Industrial Master Plan 2030 and the 12th Malaysia Plan. Through ongoing innovation and a focus on sustainable financial solutions, MBSB aspires to create enduring value for all stakeholders.



Revenue

RM3.7 
billion

2023: 2.8 billion



Profit Before Tax

RM586 
million

2023: 560 million



CASA Ratio

11.1% 

2023: 6.2%



Net Profit Margin

2.4% 

2023: 1.8%



Gross Impaired
Financing Ratio

5.3% 

2023: 7.3%



Dividend

4.55 
sen per share

2023: 3.50 sen per share

Our Integrated Approach to Value Creation

1. Assessing and Evaluating Our Operating Context

See page  49

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

2. Identifying Risks and Opportunities

See page  56

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

KEY RISKS

-  R1 Credit Risk
-  R2 Market and Liquidity Risk
-  R3 Shariah Risk
-  R4 Operational Risk
-  R5 Technology and Cyber Security Risk
-  R6 Environmental, Social and Governance (ESG) Risk

3. Strengthening Stakeholder Relationships













See page  36

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

STAKEHOLDERS

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

4. Identifying, Prioritising, and Managing Material Matter




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

See page  40

5. Embedding Sustainability in Our Business Operations

See our 2024 Sustainability Report 

Our material priorities shape our ESG commitments and three sustainability pillars, guiding us in integrating sustainable practices across our operations while balancing business performance with environmental and social responsibility.

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

6. Formulating Our Strategy

See page  58

Flight26, our three-year strategic plan inspired by the Chevron Flight Strategy, and driven by our Transformation Programme 30 (TP30) initiatives, positions us to soar to new heights while strengthening unity within our organisation.

Our strategy rests on four key missions:

- **Mission 1:** To achieve CASA ratio of 20% and reduce cost of funds to 3%
- **Mission 2:** To achieve financing of RM50 billion
- **Mission 3:** To achieve non-funded income ratio of 15% from total net revenue
- **Mission 4:** To lower cost-to-income ratio to 50%

7. Resource Allocations

See page  32

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

OUR CAPITALS

FC

Financial Capital

MC

Manufactured Capital

IC

Intellectual Capital

SC

Social & Relationship Capital

HC

Human Capital

NC

Natural Capital

8. Integrate Into Our Business Model

See page  34

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



9. Delivering Positive Impact Through Value Creation

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

VALUE, FOR US, MEANS ACHIEVING OUR STAKEHOLDER GOALS

A source of sustained growth in total returns for investors and funders

An employer of choice for employees

A differentiated provider of quality products for our customers

A preferred business partner for vendors and suppliers

A responsible community partner

Key Capitals

Financial Capital

FC



The financial resources we source from our equity, debt, grants, income and investments to support our operations, financing activities and strategic growth.

• Total Assets
RM64.26 billion

• Shareholder Capital
RM7.97 billion

• Cost-to-Income Ratio
54.9%

• Return on Equity
4.2%

Manufactured Capital

MC



Our network of branches, touchpoints and digital infrastructure that enable the delivery of services which meet the needs of key stakeholders across Malaysia.

• **47** MBSB Bank Branches
5 MIDF Regional Offices
13 Commercial Business Centres

• **Diversified portfolio** for business lines by region and size

• **Enhanced** suite of **products and services offerings**

Intellectual Capital

IC



Our intangible assets – encompassing brand reputation, management systems, digital capabilities and intellectual property – which strengthen our competitive edge and drive innovation.

• Invested in Cyber Security Enhancement:
RM12 million

• Net Promoter Score: **63%**
Industry benchmark: 61%

• **92%** Customer Satisfaction Index

Human Capital

HC



Our employees' skills, experience and commitment to ethics, good governance and risk management, which collectively drive our strategy, enhance our processes and foster service excellence.

• Total No. of Employees
3,041

• **35%**
Female representation in leadership roles
2023: 29%

• Turnover Rate
10.3%
2023: 8.4%

Natural Capital

NC



Our responsible and sustainable use of renewable and non-renewable natural resources across our value chain to protect our environment and planet.

• Net Zero Strategy
• Carbon Neutrality for Scope 1 and 2 by 2030
• Net Zero by 2050

• Total GHG Emissions (Scope 1 - 3): 23,862 tCO₂e

Scope 1: **130 tCO₂e**
Direct Emissions: Petrol & Diesel Consumption

Scope 2: **10,673 tCO₂e**
Indirect Emissions: Electricity Consumption

Scope 3: **13,059 tCO₂e**
Indirect Emissions: Business Travel (191 tCO₂e) & Employee Commute (12,868)

Social and Relationship Capital

SC



Our relationships with key stakeholders and communities that foster trust, collaboration and knowledge exchange, supporting a thriving financial and social ecosystem.

• Supporting SMEs through **financially inclusive products and schemes**

• Total Volunteer Hours among employees: **6,023**
(2023: 4,504)

• **71,160** beneficiaries from Communities Development Programmes.
(2023: 55,534)

Our Value Creating Business Model

OUR CAPITALS ...

... ENABLE VALUE-ADDING

Input

FC FINANCIAL

- ▶ Total Assets: **RM64.2 billion**
- ▶ Gross Financing: **RM43.0 billion**
- ▶ Shareholder Capital: **RM8.0 billion**
- ▶ Deposits and Placements from Customers, Banks and other Financial Institutions: **RM48.8 billion**

MC MANUFACTURED

- ▶ Branches across Malaysia: **52**
 - ▶ MBSB Bank Branches: **47**
 - ▶ MIDF Branches: **5**
- ▶ Digital Platforms
- ▶ Commercial Banking Centres: **13**

HC HUMAN

- ▶ **3,038** total number of Employees
- ▶ **35%** Female representation in leadership roles (2023: 29%)
- ▶ Competitive Benefits with Focus on Employees' Health and Well-being
- ▶ Encouraged employees to attend various capacity-building programmes
- ▶ Established Annual Occupational Safety and Health Plan

IC INTELLECTUAL

- ▶ Invested in cybersecurity enhancement: **RM12 million**
- ▶ Values, Principles, Standards and Norms of Behaviour
- ▶ Risk Management Framework, System, Process and Policies
- ▶ Strategic Partnership to Enhance Digitalisation

SC SOCIAL & RELATIONSHIP

- ▶ Community Outreach Initiatives and Financial Literacy Programmes
- ▶ Supporting SMEs through Financially Inclusive Products and Schemes
- ▶ Developed Sustainable Procurement Policy and Supply Chain Due Diligence Framework
- ▶ Engaged **98%** Local Suppliers and Vendors

NC NATURAL

- ▶ Energy and Water Efficiency Initiatives to Reduce Environmental Footprint
- ▶ Energy Consumption: **50,714,513 MJ**

OUR STRATEGY

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

Mission 1: To achieve CASA ratio of 20% and reduce cost of funds to **3%**

Mission 2: To achieve financing of **RM50 billion**

Mission 3: To achieve non-funded income ratio of **15%** from total net revenue

Mission 4: To lower cost-to-income ratio to **50%**

KEY RISKS

- | | | |
|----------------------------|--|---|
| R1 Credit Risk | R2 Market and Liquidity Risk | R3 Shariah Risk |
| R4 Operational Risk | R5 Technology and Cyber Security Risk | R6 Environmental, Social and Governance (ESG) Risk |

MATERIAL MATTERS

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

KEY MARKET TRENDS

- ▶ Growing Mobile Market Share and Digital Payment Solution Adoption
- ▶ Competitive Landscape
- ▶ Evolving Customer Needs and Preference
- ▶ Digital Acceleration and Technology Transformation
- ▶ Growing ESG Influence
- ▶ Heightened Demands on Governance, Legal/Compliance and Regulatory Landscape

SUSTAINABILITY PILLARS

Innovating
and Creating
Value

Operating
Sustainably

Empowering a
Sustainable
Culture

ACTIVITIES THAT CREATE ...

... VALUE FOR OUR STAKEHOLDERS.

OUTPUTS

Gross loans, financing and advances:
RM43.0 billion
(up 2.2% y-o-y)

Customer funding base:
RM40.3 billion
(up 4.0% y-o-y)

Group PBT:
RM586 million
(up 4.6% y-o-y)

Group non-funded income:
RM111 million
(up 73.0% y-o-y)

OUTCOMES

FC FINANCIAL

- Revenue of **RM3.7 billion** (2023: RM2.8 billion)
- Profit Before Tax and Zakat of **RM586 million** (2023: RM560 million)
- Liquidity Coverage: **184%** (average for 2024: 200%)
- Profit After Tax (PAT): **RM407 million** (2023: RM492 million)
- Cost-to-Income Ratio: **54.9%** (2023: 51.1%)
- Return of Equity: **4.2%** (2023: 5.2%)

MC MANUFACTURED

- Diversified Portfolio for Business Lines by Region and Size
- Transformation Programme
- CASA Account Opened via Online Application: 22,255

HC HUMAN

- **10.3%** Turnover Rate (2023: 8.4%)
- **35%** Female representation in leadership roles (2023: 29%)
- Total Wages and Benefits: **RM411 million** (2023: RM287 million)
- Employees received trainings on anti-corruption: **100%** (2023: 88%)
- Zero fatality
- Lost Time Incident Rate (LTIR): **0.67**
- Total employees and contractors participated in Health and Safety Training Programmes: **1,752**

IC INTELLECTUAL

- Zero Substantiated Complaints concerning breaches of customer privacy and losses of customer data
- Relunched a Superior MJOURNEY app
- Customer Satisfaction Index: **90%** (2023: 89%)
- Net Promoter Score: **63%** industry benchmark: 61%
- Reduction in Customer Complaints: **11%** (2023: 51%)

SC SOCIAL & RELATIONSHIP

- Total Volunteer Hours among Employees: **6,023** (2023: 4,504)
- Continued offering of sustainable products and services
- Reached more than **71,160** beneficiaries from our Community Development Programmes (2023: 55,534 beneficiaries)
- Total project financed by Sustainability Sukuk Wakalah worth over **RM300 million** (2023: RM667 million)

NC NATURAL

- Total GHG Emissions (Scope 1 - 3): 23,862 tCO₂e Scope 1: **130 tCO₂e**, Direct Emissions: Petrol & Diesel Consumption Scope 2: **10,673 tCO₂e**, Indirect Emissions: Electricity Consumption Scope 3: **13,059 tCO₂e**, Indirect Emissions: Business Travel (191 tCO₂e) & Employee Commute (12,868 tCO₂e)
- Issuance of reNIKOLA II ASEAN Green SRI Sukuk to refinance Solar Plants
- Establishment of a Net Zero Strategy
- Initiated Scope 3 Measurement for Business Travel and Employee commuting category for MBSB Bank

➤ Value created ➤ Value eroded ➤ Value preserved

ACTIONS TO ENHANCE OUTCOMES

FINANCIAL CAPITAL

- Strengthen asset quality and portfolio diversification to enhance risk resilience.
- Expand Shariah-compliant financing solutions to attract new market segments.
- Optimise capital allocation to support high-growth sectors and sustainability initiatives.

MANUFACTURED CAPITAL

- Modernise core banking infrastructure to improve operational efficiency and service delivery.
- Expand branchless banking initiatives to reach underserved communities via digital channels.
- Improve cybersecurity frameworks to protect customer data and ensure seamless transactions.

HUMAN CAPITAL

- Implement upskilling programs to build Shariah-compliance expertise within the workforce.
- Foster an inclusive and high-performance work culture through leadership development.
- Introduce flexible work arrangements and employee well-being programs.

INTELLECTUAL CAPITAL

- Invest in innovative financial products aligned with evolving customer needs, particularly Islamic banking and ESG financing.
- Enhance data analytics capabilities to drive smarter risk management and decision-making.
- Strengthen digital literacy and financial education programs to increase digital banking adoption.

SOCIAL & RELATIONSHIP CAPITAL

- Strengthen SME partnerships with tailored financial solutions and advisory services.
- Enhance corporate social responsibility (CSR) programs focusing on financial literacy and community well-being.
- Improve customer experience through AI-driven chatbots and personalised digital engagement.

NATURAL CAPITAL

- Expand sustainable financing initiatives, including green sukuk and renewable energy projects.
- Enhance ESG reporting and transparency to align with regulatory expectations and investor priorities.
- Promote paperless banking and eco-friendly operations.

STAKEHOLDERS UNSDG

TRADE-OFFS

- A cautious lending approach improves financial stability but may limit faster expansion into high-risk, high-reward markets.
- Prioritising sustainability initiatives may require longer return-on-investment (ROI) periods, impacting short-term profitability.

- Investing in tech infrastructure enhances long-term efficiency but requires high upfront costs.
- Implementing stronger cybersecurity measures may add extra authentication steps, slightly reducing user convenience.

- Flexibility enhances well-being but requires structured engagement to maintain productivity.
- Investing in leadership programs may divert resources from short-term business goals.

- Rapid innovation requires substantial investment, which may strain short-term operational budgets.
- Enhancing digital adoption may reduce the reliance on traditional banking methods, potentially alienating less tech-savvy customers.

- Investing in CSR builds brand loyalty but may impact immediate revenue growth.
- AI-driven services improve efficiency but may lack the emotional connection of human interaction.

- Committing to sustainable financing may limit high-margin opportunities in non-green sectors.
- Transitioning to eco-friendly operations requires upfront investment but leads to long-term cost savings.

Stakeholder Engagement & Value Creation

We recognise that as an organisation with a significant influence on society and the economy, understanding and addressing stakeholder concerns is essential to our sustainability journey. While we engage with a broader network of stakeholders across various sectors, this report focuses on our five key stakeholder groups: shareholders, customers, employees, communities, and regulators. These groups have been identified as central to our operations and sustainability objectives due to their significant influence on, and impact from, our business activities.

This report reflects our commitment to transparency as we look to delve deeper into the concerns identified through these engagements and highlight the actions we took in 2024 to address them effectively. Through regular consultations, feedback sessions, and collaborative initiatives, MBSB ensures stakeholder insights are continuously integrated into our decision-making. This approach underscores our dedication to fostering strong relationships and contributing positively to the markets and communities we serve.

QUALITY OF ENGAGEMENT

- No existing relationship
- Relationship established, but much work to be done to improve quality of relationship
- Relationship established, value-generating connection, but with some room for improvement
- Good-quality, mutually beneficial relationship, with some room for improvement
- Strong relationship of mutual benefit

FREQUENCY OF ENGAGEMENT

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

S1 SHAREHOLDERS

Quality of Engagement: ●●●●●

How we engaged them:

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

Topics Raised

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

Material Matters

- ▶ Economic Performance
- ▶ Sustainable Financing
- ▶ Environmental Stewardship
- ▶ Ethics and Integrity
- ▶ Data Privacy and Cybersecurity
- ▶ Innovation and Technology
- ▶ Competent Workforce
- ▶ Diversity and Equal Opportunity

Our Responses

- ▶ 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 practices

Capitals: **FC** **IC** **SC**

Material Matters: **M12** **M4** **M5** **M6** **M11** **M7** **M8** **M9**

SDGs:



CUSTOMER TESTIMONIAL

Mr. Ding Hong Sing
Founder & Managing
Director, P.A. Food Sdn. Bhd.

“Today, our products are trusted by renowned international brands and even Michelin-starred restaurants. None of this would have been possible without the invaluable support of MIDF. Their belief in our vision and consistent financial assistance have allowed us to expand, innovate, and bring authentic Malaysian flavours to a global audience.

Our partnership with MIDF has been a key part of our success story. Their unwavering support has helped transform our dreams into reality. We extend our deepest gratitude to MIDF for standing by us through the years. Thank you for being such an essential part of our journey.”

S2 CUSTOMERS

Quality of Engagement: ●●●●●

How we engaged them:

- ▶ Surveys (e.g.: Customer Satisfaction Survey, Post-Transaction Survey) **A**
- ▶ Call centre, email, WhatsApp for Business, and social media channels **D**
- ▶ Physical and virtual branches, transaction banking centres and self service terminals (e.g.: ATM) **D**
- ▶ Relationship Managers **A**
- ▶ Digital touchpoints and platforms (e.g.: MJOURNEY) **R**
- ▶ Marketing campaigns and events **R**

Topics Raised

- ▶ Superior customer experience
- ▶ Performance reliability of digital platforms
- ▶ Customers' data privacy and security
- ▶ Products and services offered by MBSB Group
- ▶ Sustainable financing

Material Matters

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

Our Responses

- ▶ Enhance the stability of digital platforms
- ▶ 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

Capitals:



Material Matters:



SDGs:



S3 EMPLOYEES

Quality of Engagement: ●●●●●

How we engaged them:

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

Topics Raised

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

Material Matters

- ▶ Economic Performance
- ▶ Innovation and Technology
- ▶ Data Privacy and Cybersecurity
- ▶ Sustainable Financing
- ▶ Ethics and Integrity
- ▶ Competent Workforce
- ▶ Employee Health and Wellbeing
- ▶ Diversity and Equal Opportunity

Our Responses

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

Capitals:



Material Matters:



SDGs:



Our Stakeholder Engagement & Value Creation

S4 COMMUNITIES

Quality of Engagement: ●●●●●●●●

How we engaged them:

- ▶ Meetings **R**
- ▶ Graduate programmes **R**
- ▶ Community development initiatives **R**
- ▶ Events and engagements **R**
- ▶ Regular announcements via our website **R**
- ▶ Vendor assessment/performance evaluations **A**

Topics Raised

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

Material Matters

- ▶ Sustainable Financing
- ▶ Environmental Stewardship
- ▶ Sustainable Procurement
- ▶ Diversity and Equal Opportunity

Our Responses

- ▶ Zakat contribution
- ▶ Financial literacy programmes
- ▶ Community partnerships and outreach programmes
- ▶ Donations and sponsorships
- ▶ Employee volunteerism activities

Capitals: **SC** **NC**

Material Matters: **M2** **M4** **M6** **M5**

SDGs:



S5 REGULATORS

Quality of Engagement: ●●●●●●●●

How we engaged them:

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

Topics Raised

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

Material Matters

- ▶ Sustainable Financing
- ▶ Serving the Communities
- ▶ Ethics and Integrity
- ▶ Environmental Stewardship
- ▶ Data Privacy and Cybersecurity
- ▶ Sustainable Procurement
- ▶ Diversity and Equal Opportunity
- ▶ Customer Experience and Satisfaction
- ▶ Employee Health and Well-being

Our Responses

- ▶ 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 finance offering

Capitals: **IC** **HC**

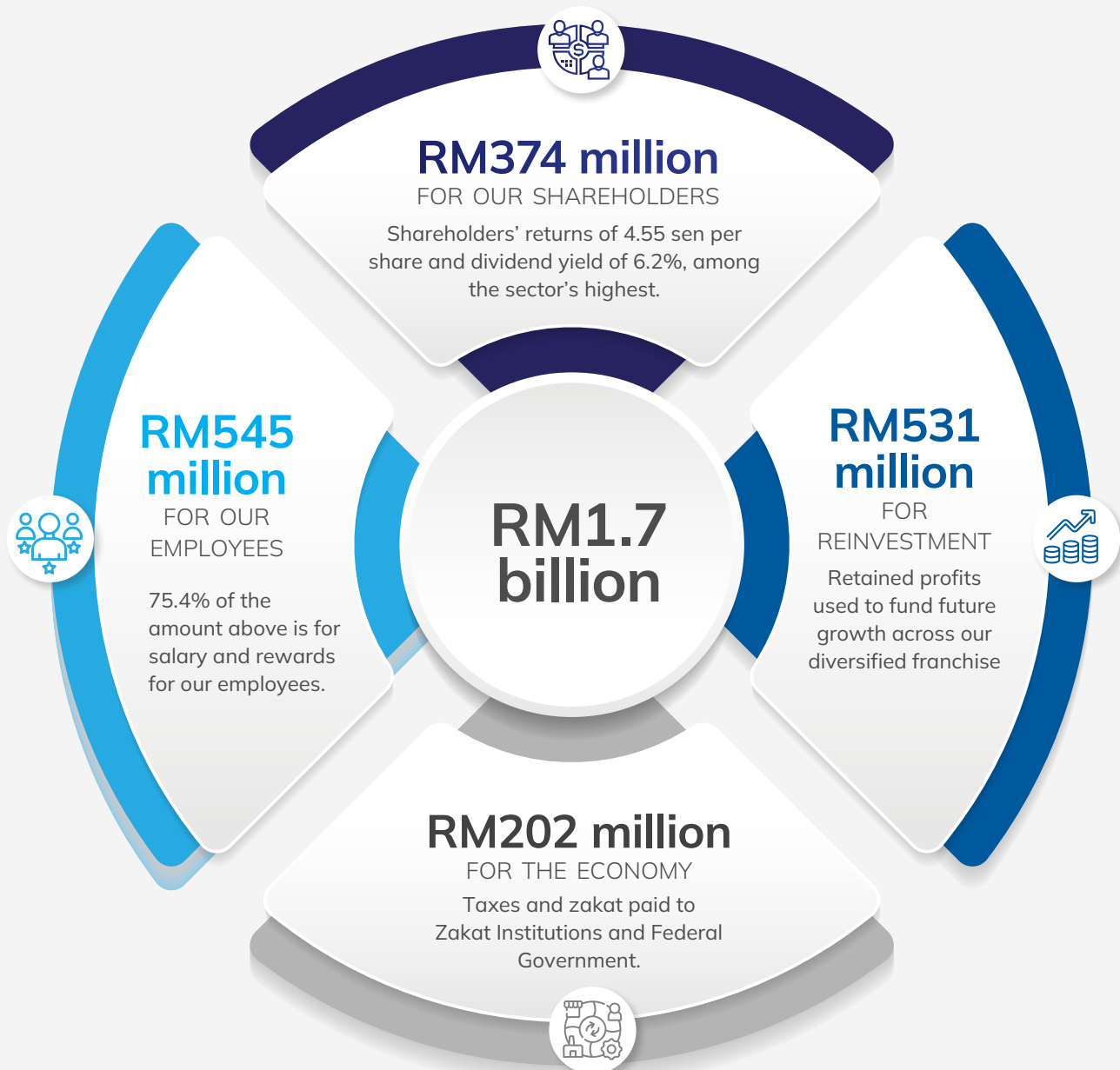
Material Matters: **M11** **M7** **M1** **M6** **M2** **M5** **M3** **M10** **M4**

SDGs:



How We Distribute Value

In fulfilling our promise to our stakeholders, MBSB distributes value created in relevant and meaningful ways – and for some stakeholder groups, beyond financial means. Stakeholders receive intangible benefits ranging from employee upskilling programmes to diverse community initiatives, in our effort to enable a more sustainable future. Value created in 2024 was distributed as follows:



STRATEGIC REVIEW

Material Matters

The materiality assessment process is central to MBSB’s commitment to aligning our sustainability efforts with the expectations of our stakeholders and the strategic priorities of our organisation. By identifying and prioritising the issues that matter most, we ensure our resources are focused on creating the greatest impact for both our stakeholders and the environment.

In 2023, we conducted a comprehensive materiality assessment to establish a baseline for identifying key ESG priorities. This was followed by a review in 2024 to refine our focus areas and ensure alignment with evolving stakeholder expectations, regulatory developments, and market trends. These efforts reflect our dedication to remaining responsive and adaptive in our sustainability journey, enabling us to deliver meaningful and lasting value.

MATERIALITY MATRIX



SUSTAINABILITY PILLARS

Innovating and Creating Value	Operating Sustainably	Empowering a Sustainable Culture
<div><div>Sustainable Financing</div><div>M6</div></div>	<div><div>Serving the Communities</div><div>M2</div></div>	<div><div>Diversity and Equal Opportunity</div><div>M5</div></div>
<div><div>Data Privacy and Cybersecurity</div><div>M7</div></div>	<div><div>Environmental Stewardship</div><div>M4</div></div>	<div><div>Employee Health and Wellbeing</div><div>M3</div></div>
<div><div>Innovation and Technology</div><div>M8</div></div>	<div><div>Sustainable Procurement</div><div>M1</div></div>	<div><div>Competent Workforce</div><div>M9</div></div>
<div><div>Customer Experience and Satisfaction</div><div>M10</div></div>		<div><div>Ethics and Integrity</div><div>M11</div></div>
<div><div>Economic Performance</div><div>M12</div></div>		

INNOVATING AND CREATING VALUE

M6 — SUSTAINABLE FINANCING

SDGs:    

Description

MBSB's investments, and financing toward environmentally and socially responsible projects, prioritising long-term benefits over short-term gains. This includes efforts in championing financial inclusion, responsible and transition financing.

Capitals:



Stakeholders:



Our Strategies:



Why It Is Important

Aligns with national sustainability objectives while creating long-term economic value.

Response/Approach

- ▶ Implementing the Sustainable & Transition Finance Framework (STFF)
- ▶ Allocating financing towards renewable energy, green buildings, and social impact initiatives
- ▶ Developing new ESG-aligned financial products

Risks

- ▶ Greenwashing concerns affecting credibility
- ▶ Limited availability of green and ESG-aligned projects
- ▶ Evolving regulatory requirements for sustainable finance
- ▶ Market risks affecting investment returns on green projects

Opportunities

- ▶ Expansion of sustainable and transition finance offerings
- ▶ Strengthening ESG integration across financing decisions
- ▶ Attracting sustainability-conscious investors and customers

 Read more on Sustainability Report 2024 on pages 16 to 17 with performance indicators on page 33

M7 — DATA PRIVACY AND CYBERSECURITY

SDGs:    

Description

Securely managing sensitive customer data and privacy rights from leaks and cyberattacks.

Capitals:



Stakeholders:



Our Strategies:



Why It Is Important

Builds customer trust, ensures regulatory compliance, and protects financial stability.

How we Responded

- ▶ Implementing robust cybersecurity policies and frameworks
- ▶ Conducting regular security audits and vulnerability assessments
- ▶ Providing continuous training on cybersecurity awareness

Risks

- ▶ Data breaches and cyberattacks compromising customer information
- ▶ Non-compliance with evolving regulatory requirements
- ▶ Reputation damage due to security incidents
- ▶ Increased sophistication of cyber threats requiring constant adaptation

Opportunities

- ▶ Investing in next-generation cybersecurity technologies
- ▶ Educating customers on secure banking practices
- ▶ Enhancing fraud detection systems through AI-driven monitoring

 Read more on Sustainability Report 2024 on pages 16 to 17 with performance indicators on page 78

STRATEGIC REVIEW

Material Matters

M8 INNOVATION AND TECHNOLOGY

SDGs:    

Description

The pivotal role of innovation and technology in elevating MBSB's business, products, and services through digitalisation.

Why It Is Important

Enables the Group to remain competitive, improve service delivery, and ensure long-term operational sustainability.

How we Responded

- ▶ Investing in digital banking infrastructure and cybersecurity enhancements
- ▶ Partnering with fintechs to drive innovation and service modernisation
- ▶ Streamlining processes through automation and data analytics

Capitals:



Stakeholders:



Our Strategies:



Risks

- ▶ High cost of technology implementation
- ▶ Cybersecurity vulnerabilities and data breaches
- ▶ Slow adoption of digital tools among customers
- ▶ Regulatory and compliance challenges in digital banking

Opportunities

- ▶ Expansion of digital financial services for greater accessibility
- ▶ Process automation for improved efficiency and cost reduction
- ▶ Strengthening cybersecurity frameworks for data protection

 Read more on Sustainability Report 2024 on pages 16 to 17 with performance indicators on page 43

M10 CUSTOMER EXPERIENCE AND SATISFACTION

SDGs:    

Description

Delivery of superior customer satisfaction services throughout all products and services offered by MBSB.

Why It Is Important

Customer satisfaction drives retention, strengthens brand reputation, and improves business sustainability.

Response/Approach

- ▶ Enhancing digital banking through MJOURNEY and Virtual Branch services
- ▶ Implementing customer feedback mechanisms for service improvements
- ▶ Providing training for frontline employees to elevate service quality

Capitals:



Stakeholders:



Our Strategies:



Risks

- ▶ Declining service standards impacting customer trust
- ▶ Cybersecurity breaches affecting customer confidence
- ▶ Inefficiencies in digital and physical service channels
- ▶ Changing customer preferences leading to service gaps

Opportunities

- ▶ Strengthening digital platforms for seamless customer experience
- ▶ Personalising financial solutions to meet diverse customer needs
- ▶ Expanding accessibility of services for underserved communities

 Read more on Sustainability Report 2024 on pages 16 to 17 with performance indicators on page 45

M12 ECONOMIC PERFORMANCE

SDGs:    

Description

MBSB's economic impact involves generating and distributing value through revenue and dividends. This also extends to our contribution to local economic development in areas or communities where we operate.

Capitals:



Stakeholders:



Our Strategies:



Why It Is Important

Ensuring financial stability and profitability supports long-term growth, enhances shareholder confidence, and allows for reinvestment in sustainability initiatives.

Response/Approach

- ▶ Strengthening business resilience through diversification of financing and investment portfolios
- ▶ Integrating ESG considerations into financial decision-making to align with responsible banking principles
- ▶ Driving innovation in financial products to enhance customer value

Risks

- ▶ Market volatility and economic downturns
- ▶ Regulatory and policy changes impacting financial performance
- ▶ Rising operational costs and inflation
- ▶ Competitive pressures from financial institutions

Opportunities

- ▶ Expansion into new market segments
- ▶ Sustainable financing growth to tap into ESG-driven investments
- ▶ Strengthening partnerships for financial inclusion initiatives
- ▶ Enhancing operational efficiency through technology adoption

 Read more on Sustainability Report 2024 on pages 16 to 17 with performance indicators on page 20

OPERATING SUSTAINABLY

M2 SERVING THE COMMUNITIES

SDGs:    

Description

Foster meaningful interactions and relationships with the people and communities surrounding our operations through local community development initiatives and outreach programmes.

Capitals:



Stakeholders:



Our Strategies:



Why It Is Important

Strengthens the Group's role in national development while fostering social well-being and financial resilience.

How we Responded

- ▶ Implementing financial literacy and inclusion programs
- ▶ Supporting housing and SME development initiatives
- ▶ Strengthening engagement through community outreach programs

Risks

- ▶ Limited reach of financial inclusion initiatives
- ▶ Misalignment of CSR efforts with community needs
- ▶ Public perception risks if community engagement is insufficient

Opportunities

- ▶ Expanding financial literacy programs for underserved communities
- ▶ Developing community-focused financing solutions
- ▶ Enhancing digital financial services for greater accessibility

 Read more on Sustainability Report 2024 on pages 16 to 17 with performance indicators on page 65

STRATEGIC REVIEW

Material Matters

M4

ENVIRONMENTAL STEWARDSHIP

SDGs:    

Description

Efforts to proactively manage our environmental footprint, addressing pertinent issues and adopting best practices related to climate change, energy, water management, and waste management.

Capitals:



Stakeholders:



Our Strategies:



Why It Is Important

Supports long-term environmental sustainability while aligning with regulatory expectations.

Response/Approach

- ▶ Reducing carbon emissions through net zero commitments
- ▶ Implementing energy-efficient and sustainable office initiatives
- ▶ Enhancing environmental impact assessments for business decisions

Risks

- ▶ Rising regulatory requirements on environmental compliance
- ▶ Increased operational costs from energy and resource inefficiencies
- ▶ Reputational risks from unsustainable business practices
- ▶ Physical risks related to climate change impacts

Opportunities

- ▶ Implementing energy-efficient operations for cost savings
- ▶ Expanding financing for climate-friendly projects
- ▶ Strengthening sustainability credentials to attract green investors
- ▶ Driving awareness and education on climate change

 Read more on Sustainability Report 2024 on pages 16 to 17 with performance indicators on page 70

M1

SUSTAINABLE PROCUREMENT

SDGs:    

Description

Efforts to support local suppliers while ensuring responsible sourcing through adherence to social and environmental criteria and best practices in supply chain.

Capitals:



Stakeholders:



Our Strategies:



Why It Is Important

Strengthens business resilience while supporting local suppliers and responsible sourcing.

Response/Approach

- ▶ Embedding sustainability criteria in procurement policies
- ▶ Supporting SMEs and local businesses in the supply chain
- ▶ Monitoring supplier ESG performance

Risks

- ▶ Supply chain disruptions due to ESG non-compliance
- ▶ Reputational risks from unethical sourcing practices
- ▶ Regulatory scrutiny on procurement standards
- ▶ Limited availability of sustainable suppliers

Opportunities

- ▶ Enhancing supplier screening and ESG criteria in procurement
- ▶ Expanding partnerships with sustainable vendors
- ▶ Strengthening due diligence on procurement decisions
- ▶ Reducing environmental footprint through responsible sourcing

 Read more on Sustainability Report 2024 on pages 16 to 17 with performance indicators on page 81

EMPOWERING A SUSTAINABLE CULTURE

M5

DIVERSITY AND EQUAL OPPORTUNITY

SDGs:



Description

Ensuring a diverse and inclusive workplace that values and practices non-discrimination, and provides equal opportunities for all, irrespective of background, gender, ethnicity, religion, etc.

Capitals:



Stakeholders:



Our Strategies:



Why It Is Important

Supports talent attraction and retention, fosters innovation, and ensures a respectful and inclusive corporate culture.

How we Responded

- ▶ Strengthening workplace policies on diversity, equity, and inclusion
- ▶ Enhancing leadership representation for women and minority groups
- ▶ Conducting diversity awareness training and programs

Risks

- ▶ Workplace discrimination or unconscious bias affecting team dynamics
- ▶ Limited representation of diverse talent in leadership roles
- ▶ Challenges in ensuring equal opportunities across all workforce segments
- ▶ Non-compliance with diversity and inclusion regulatory standards

Opportunities

- ▶ Strengthening inclusive hiring and talent development practices
- ▶ Enhancing representation of women and minorities in leadership
- ▶ Promoting cultural and generational diversity within the workforce
- ▶ Implementing inclusive workplace policies and awareness initiatives

Read more on Sustainability Report 2024 on pages 16 to 17 with performance indicators on page 62

M3

EMPLOYEE HEALTH AND WELL-BEING

SDGs:



Description

Managing the health, and wellbeing of our workforce while promoting a safe workplace that enhances work-life balance.

Capitals:



Stakeholders:



Our Strategies:



Why It Is Important

Contributes to a productive workforce, reduces absenteeism, and fosters a supportive work environment.

How we Responded

- ▶ Expanding employee wellness programs, including mental health initiatives
- ▶ Providing comprehensive health benefits and support services
- ▶ Encouraging a work-life balance through flexible policies

Risks

- ▶ Increased health-related absenteeism impacting productivity
- ▶ Workplace stress leading to lower employee engagement
- ▶ Rising healthcare costs for employees and the organisation
- ▶ Difficulty in maintaining a work-life balance culture

Opportunities

- ▶ Implementing holistic wellness programs for employees
- ▶ Strengthening mental health and stress management support
- ▶ Enhancing flexible work arrangements for better work-life integration
- ▶ Promoting a culture of well-being through leadership initiatives

Read more on Sustainability Report 2024 on pages 16 to 17 with performance indicators on page 58

STRATEGIC REVIEW

Material Matters

M9

COMPETENT WORKFORCE

SDGs:    

Description

Support the growth of our employees through upskilling, career support, good recruitment and retention practices, and comprehensive human capital management at MBSB.

Capitals:



Stakeholders:



Our Strategies:



Why It Is Important

Supports career growth, enhances productivity, and ensures the organisation remains competitive in a rapidly evolving industry.

Response/Approach

- ▶ Implementing structured training and development programs
- ▶ Investing in upskilling and reskilling initiatives
- ▶ Strengthening talent retention through career growth opportunities

Risks

- ▶ Skills gaps due to rapid technological advancements
- ▶ Difficulty in attracting and retaining top talent
- ▶ Employee disengagement due to lack of career growth opportunities
- ▶ Increased competition for talent in the financial sector

Opportunities

- ▶ Enhancing digital and ESG skills training programs
- ▶ Strengthening internal career progression frameworks
- ▶ Expanding leadership and professional development initiatives

 Read more on Sustainability Report 2024 on pages 16 to 17 with performance indicators on page 46

M11

ETHICS AND INTEGRITY

SDGs:    

Description

Ensure the highest levels of transparency, ethical behaviour, and integrity across MBSB's activities and behaviour. This encompasses adherence to applicable laws, regulations, and guidelines wherever we operate.

Capitals:



Stakeholders:



Our Strategies:



Why It Is Important

Protects the Group's reputation, fosters transparency, and ensures compliance.

Response/Approach

- ▶ Strengthening governance structures and compliance processes
- ▶ Conducting regular ethics and compliance training
- ▶ Upholding a zero-tolerance policy for corruption

Risks

- ▶ Regulatory penalties for non-compliance
- ▶ Loss of stakeholder trust due to unethical practices
- ▶ Increased scrutiny from investors and regulators

Opportunities

- ▶ Strengthening governance frameworks for ethical conduct
- ▶ Enhancing transparency through ESG disclosures
- ▶ Conducting ethics training and awareness programs
- ▶ Building long-term trust with stakeholders

 Read more on Sustainability Report 2024 on pages 16 to 17 with performance indicators on page 75

2024 Economic Review

GLOBAL ECONOMY OUTPERFORMED AMID VOLATILITY

Despite persistent headwinds from geopolitical conflicts, energy disruptions, and trade tensions, global growth held steady at 3.2% in 2024. Markets stabilised in the second half of the year, buoyed by easing inflation and monetary policy shifts. Notably, the US Federal Reserve cut interest rates from 5.5% to 4.5%, bolstering global business sentiment.

DOMESTIC GROWTH REGAINED MOMENTUM

Malaysia's economy remained resilient, expanding by an estimated 5.1% in 2024. This growth was underpinned by strong private consumption, rising investment activity, and a rebound in global trade.

Momentum in data centre investments and infrastructure projects further lifted business confidence and capital formation.

TRADE AND EXPORTS STRENGTHENED

Malaysia's strategic and diversified trade relations with the US and China supported sustained export performance:

- ▶ RM378.5 billion in approved investments, up 14.9% year-on-year.
- ▶ Foreign investments contributing 45%, or RM170.4 billion, led by the electrical & electronics (E&E) sector.
- ▶ Accelerated adoption of Industry 4.0, fuelling E&E demand. Gross exports rose by 6%, driven by a strong recovery in technology and agriculture:

Manufactured exports surpassed RM1 trillion for the fourth consecutive year.

- ▶ E&E remained the key engine, supported by global demand for integrated circuits.
- ▶ Palm oil exports surged, while mining exports declined due to reduced petroleum shipments, partially offset by increased LNG volumes.

INFLATION MODERATED, FISCAL DISCIPLINE IMPROVED

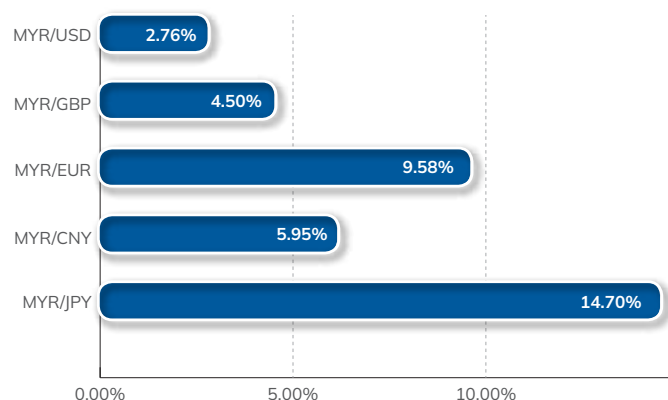
Inflation eased to 1.8%, reflecting softer global commodity prices and the government's targeted approach to subsidy rationalisation.

Meanwhile, fiscal management improved with budget deficit narrowed to 4.1% of GDP, outperforming the official forecast of 4.3%.

RINGGIT STRENGTHENED ACROSS MAJOR CURRENCIES

The Ringgit appreciated by 2.7% against the US Dollar, driven by favourable interest rate differentials, healthy trade surpluses, and sustained capital inflows.

Annual Percentage Change in Currency Pairs (2024)



Source: Exchange-Rates.org

Gains extended beyond the USD as the Ringgit also strengthened against the Euro, Yen, Pound, and Yuan, signalling confidence in Malaysia's stabilising political climate and macroeconomic fundamentals.

CAPITAL MARKETS REMAINED STABLE

Despite some foreign exchange volatility in the latter half of the year due to global rate movements, Malaysia's capital markets remained resilient.

Liquidity remained ample, and the external debt position stayed within prudent levels, underscoring the country's financial stability.

OUTLOOK FOR 2025: STEADY GROWTH AMID UNCERTAINTY

Malaysia's economy is projected to grow between 4.5% and 5.5% in 2025, supported by:

- ▶ Resilient household spending,
- ▶ Expanding private sector investments,
- ▶ Ongoing public infrastructure development.

Growth sectors are expected to include manufacturing, logistics, renewable energy, and construction.

Inflation is anticipated to remain within a manageable 2.0%–3.5% range, while the Overnight Policy Rate is expected to hold steady, supporting a stable monetary environment for consumers and businesses alike.

Malaysia enters 2025 on solid footing as it's backed by a resilient financial system, a well-capitalised banking sector, and disciplined fiscal management. While external risks persist, the country's strong fundamentals continue to anchor confidence and stability.

STRATEGIC REVIEW

Banking Sector Review

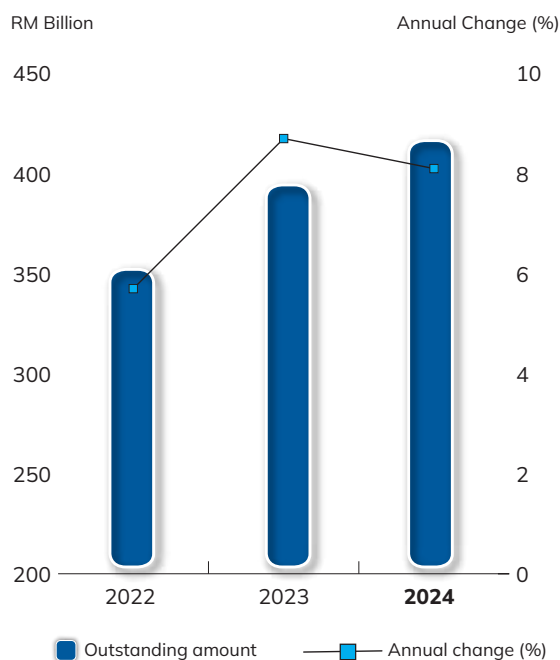
FAVOURABLE FINANCING CONDITIONS SUPPORTED GROWTH

Financing conditions remained supportive of economic activity, with continued credit expansion to the private non-financial sector. Household and business loans grew steadily, while borrowers' repayment capacity stayed firm, backed by rising household incomes and improved business performance.

SMES BENEFITED FROM CONSISTENT CREDIT ACCESS

Banks continued to provide strong support for SMEs, with steady growth in SME financing volumes complemented by approval rates in excess of 80% – indicating sustained and healthy access to credit for smaller businesses.

SME Financing: Outstanding



Source: BNM

DIGITAL PAYMENT SECURITY AND CONSUMER TRUST STRENGTHENED

Significant strides were made in securing digital payment systems, with initiatives to combat scams and unauthorised transactions enhancing consumer protection. These efforts have bolstered public trust, driving greater adoption of digital payment channels.

At the same time, the introduction of new digital banking licenses, has reinforced regulatory confidence, promoted financial inclusion and spurred innovation in the banking sector. Meanwhile, the growth of QR payments has further improved transaction security and convenience, contributing to the development of a secure, cashless economy.



OUTLOOK FOR 2025

Malaysia's banking sector is poised to sustain its growth momentum in 2025, supported by accommodative financing conditions, resilient credit demand and sound borrower fundamentals³. Loan growth across both household and business segments is expected to continue, driven by favourable interest rates and the sector's strong capital and liquidity positions.

Looking ahead, banks will sharpen their focus on strengthening digital trust and supporting the climate transition. Future growth will be increasingly defined by green financing, ESG-linked lending and digital innovation – aligning the sector with Malaysia's broader ambition for a low-carbon, technology-driven economy.

3. BNM, Annual Report 2024 press conference slides, https://www.bnm.gov.my/documents/20124/17493532/ar2024_slides.pdf

Key Market Trends

GROWING MOBILE MARKET SHARE & DIGITAL PAYMENT SOLUTION ADOPTION

DESCRIPTION

The rise of mobile penetration and digital payments is transforming Malaysia's financial landscape, driven by fintech innovation, regulatory support and evolving consumer preferences. With 97% smartphone penetration and 89% adoption of mobile banking and e-wallets, digital transactions are becoming the norm, pushing the market toward USD31.6 billion by 2027 at a compound annual growth rate (CAGR) of 12.98% (Statista, 2024).

The widespread use of DuitNow QR, contactless payments and near-field communication (NFC) technology, along with super apps like GrabPay, Touch 'n Go and Boost, is intensifying competition and reshaping the industry. In response, BNM is advancing financial inclusion and real-time payments, reinforcing the shift to a cashless economy. Rising demand for security and convenience, meanwhile, is accelerating innovation in biometrics, blockchain and AI-powered fraud detection.

As digital-first banking grows, banks, fintechs and payment integrators are adapting to capture market share, marking a shift in financial behaviour.

RISK	OPPORTUNITIES
<ul style="list-style-type: none">▶ Intensifying competition from fintechs and non-bank players driving both disintermediation and market fragmentation, eroding our market share and revenue streams.▶ Financial pressures from shrinking margins and rising costs – driven by declining interchange fees and increasing technology and infrastructure investments – constraining our profitability and scalability.▶ Increasing security, compliance and regulatory challenges, including stricter regulations and escalating cyber threats, raising our compliance burdens and risk exposure.	<ul style="list-style-type: none">▶ Leveraging new business models in embedded finance to unlock additional revenue streams.▶ Expanding our digital payment ecosystem to create new growth avenues.▶ Adopting personalised and Artificial Intelligence (AI)-driven payment solutions to enhance the user experience.▶ Innovating cross-border payments to improve transaction speed and efficiency.▶ Aligning with ESG and financial inclusion goals to strengthen our market position.

OUR RESPONSE

To stay competitive, MBSB should adopt a strategic, technology-driven approach to digital payment expansion:

1. Strengthening digital payment infrastructure
 - ▶ Expand real-time payment capabilities (e.g., fraud prevention)
2. Strengthening partnerships & ecosystem expansion
 - ▶ Collaborate with fintech players, e-commerce solutions, and SMEs to integrate digital banking solutions
3. Investing cybersecurity & regulatory compliance
 - ▶ Strengthen AML and fraud detection frameworks
 - ▶ Ensure compliance with BNM governance and regulations, and PDPA

OUTLOOK

The digital payments landscape will continue evolving, requiring banks to adopt new business models and technological advancements to remain competitive. Specifically:

- ▶ Mobile payment adoption is projected to exceed 70% of total transactions in Malaysia by 2027, accelerating the shift towards a cashless economy.
- ▶ AI and machine learning will play a critical role in fraud prevention, with AI-driven risk management becoming essential in mitigating cyber threats and enhancing transaction security.
- ▶ Competition from non-bank financial players will intensify as super apps, Buy Now, Pay Later (BNPL) providers and embedded finance solutions reshape market dynamics.
- ▶ The expansion of real-time payment systems, including Malaysia's DuitNow and cross-border frameworks, will improve transaction speed and accessibility.
- ▶ With digital payments becoming more widespread, BNM is expected to tighten security measures, consumer protection and anti-money laundering requirements.
- ▶ The adoption of digital identification and biometric authentication, including electronic know your customer (e-KYC), facial recognition and blockchain-powered identity verification, will enhance security and streamline digital onboarding.

Links

STRATEGIC REVIEW

Key Market Trends

COMPETITIVE LANDSCAPE

DESCRIPTION

The competitive landscape in Malaysia’s financial industry is intensifying as traditional banks, fintechs and new entrants compete across key areas such as transactional fees, small and medium-sized enterprise (SME) banking and payment integration. To attract customers, banks and fintechs are driving down transactional fees while expanding specialised financial products tailored to SMEs, a rapidly growing market segment.

The rise of payment integrators is further transforming the industry by streamlining transactions, enhancing customer experience and improving operational efficiency. At the same time, fintech innovations are challenging traditional banking models with more agile, user-centric solutions, reshaping the way financial services are delivered.

RISK	OPPORTUNITIES
<ul style="list-style-type: none">▶ Intensifying competition and margin erosion from fintechs and non-bank players, along with lower fees and alternative lending models, reducing traditional banking dominance and putting pressure on our revenue streams.▶ Rising regulatory and compliance burdens from stricter requirements increasing operational complexity, costs and risks, coupled with uncertainty and potential business constraints due to dependence on regulatory interventions.▶ Technological and cybersecurity challenges, including the need for continuous investment to remain competitive and rising cybersecurity and fraud risks, threatening data security and consumer trust.	<ul style="list-style-type: none">▶ Collaborating with fintechs and engaging in mergers and acquisitions (M&A) to strengthen our digital capabilities and expand our market reach.▶ Monetising embedded finance and application programming interface (API) to create new revenue streams through seamless financial service integrations.▶ Leveraging AI and data analytics to enable hyper-personalised financial solutions, enhancing customer engagement and retention.▶ Expanding sustainable and ESG financing to meet the growing demand for responsible financial products and unlock new investment opportunities.▶ Developing SME and gig economy solutions to broaden our financial access and drive growth in underserved markets.

OUTLOOK

The competitive intensity in Malaysia’s financial industry will continue to grow as fintechs, digital banks and tech-driven solutions redefine the market. Between 2025 and 2030, the following key trends will accelerate this transformation:

- ▶ Adoption of digital-only banks expanding as more consumers and SMEs embrace digital-first financial solutions.
- ▶ Growth of open banking and the API economy fostering collaboration between banks, fintechs and third-party providers for a more integrated financial ecosystem.
- ▶ AI and automation enhancing efficiency in credit scoring, fraud detection and customer interactions, reducing costs and improving service delivery.
- ▶ Embedded and invisible banking integrating financial services into non-financial platforms, making transactions more seamless.
- ▶ Regulatory and cybersecurity measures tightening as BNM strengthens digital banking oversight, data protection and fraud prevention.

OUR RESPONSE

1. Strengthen mobile-first strategies with enhanced app features, biometric security, and instant transactions.

2. Expand cloud-native core banking infrastructure for agility and scalability.

3. Establish strategic partnerships with fintechs, e-commerce, and payment platforms to drive innovation.

4. Develop Banking-as-a-service (Baas) and API-driven models for third party integrations.

5. Explore embedded finance opportunities in retail, logistics, and digital marketplaces.
6. Leverage AI-driven credit underwriting to expand digital SME lending.

7. Offer supply chain financing and cashflow-based lending for micro-SMEs and gig economy workers.

8. Introduce block-chain powered trade finance solutions for greater transparency and efficiency.

9. Strengthen digital identity verification (eKYC) and authentication protocols to enhance security

10. Develop subscription-based financial services (e.g., premium digital banking features, AI-driven wealth management)

Links

EVOLVING CUSTOMER NEEDS & PREFERENCES

DESCRIPTION

The banking industry is undergoing a major transformation as customer preferences shift toward a digital-first experience. Mobile banking, AI-powered chatbots and real-time transactions are becoming standard while hyper-personalisation is driving demand for tailored financial products powered by data analytics and AI. The rise of embedded finance is further integrating banking services into non-banking platforms such as e-commerce and fintech, enhancing accessibility and convenience.

At the same time, sustainability and ESG considerations are gaining prominence, with increasing demand for ethical banking, sustainable investments and green financing. Financial inclusion also remains a priority, as banks leverage digital solutions to serve underbanked and unbanked populations with more accessible financial products.

RISK	OPPORTUNITIES	OUTLOOK
<ul style="list-style-type: none">▶ Intensified competition and market disruption putting pressure on our market share, pricing and customer retention due to fintechs, Big Tech and shifting preferences.▶ Rising technology and compliance costs increasing our investment needs in technology, cybersecurity and regulatory compliance, impacting our profitability and scalability.▶ Heightened security and privacy risks from cybersecurity breaches, fraud and evolving regulatory expectations requiring stronger protections.	<ul style="list-style-type: none">▶ Monetising open banking and APIs to create new revenue streams.▶ Leading digital transformation to enhance efficiency and customer experience.▶ Expanding partnerships with fintechs to drive innovation and cement our market reach.▶ Leveraging the growing demand for green financing and sustainable investments to advance ESG initiatives.▶ Advancing financial inclusion to serve underbanked and unbanked populations.	<p>The evolution of customer needs and preferences will continue shaping the banking landscape, driving significant changes by 2030. Specifically:</p> <ul style="list-style-type: none">▶ AI-driven banking will become standard, with predictive analytics and automation enhancing decision-making and operational efficiency.▶ Embedded finance will redefine banking by integrating financial services seamlessly into digital ecosystems, making transactions more frictionless.▶ Regulatory requirements will increase, focusing on data privacy, digital assets and ESG compliance, requiring banks to adapt to evolving standards.▶ Hyper-personalisation will become the norm, leveraging behavioural data to deliver tailored financial services and improve customer engagement.▶ Sustainable finance will become a core focus, with banks prioritising green bonds, ESG-aligned lending and impact investing to meet the growing demand for responsible banking.

OUR RESPONSE

1. Digital first and omnichannel banking by investing in Ai-driven customer engagement (e.g., chatbots, robo-advisors, voice banking)

2. Enhance CRM systems to improve relationship management and cross-selling

3. Develop API-driven open banking platforms to integrate with third-party applications

4. Explore BNPL (Buy Now Pay Later), digital wallets, and DEFI (Decentralized Finance) partnerships

5. Ensure compliance with open banking, AI ethics, and data protection regulations
6. Expand ESG-focused products such as green bonds and sustainable investment funds

7. Promote financial inclusion initiatives, offering microfinance and digital banking for underserved communities

8. Implement carbon footprint tracking for customers to align with eco-conscious banking

9. Enhance employee training in digital skills to support transformation efforts

Links

Key Capitals:

FC

IC

SC

Material Matters:

M12

M8

M6

Key Risks:

R2

Stakeholders:

S1

S2

S3

S5

STRATEGIC REVIEW

Key Market Trends

DIGITAL ACCELERATION & TECHNOLOGY TRANSFORMATION

DESCRIPTION

The global banking industry is undergoing a rapid digital transformation, reshaping financial services and intensifying competition. Advances in AI, cloud computing, blockchain and open banking are driving innovation, while the COVID-19 pandemic accelerated digital adoption, pushing banks to prioritise mobile-first banking, automation, cybersecurity and data-driven decision-making.

Key trends include AI and machine learning improving customer interactions, fraud detection and predictive analytics, while cloud computing and Banking-as-a-Service (BaaS) enable more agile and scalable operations. Blockchain and digital assets are streamlining cross-border payments and identity verification, while cybersecurity advancements reinforce fraud prevention and compliance. Meanwhile, 5G and IoT are enhancing real-time transactions and contactless banking.

As banks adopt these innovations, they must balance technological advancements with regulatory demands and rising competition.

RISK	OPPORTUNITIES
<ul style="list-style-type: none">▶ Intensified competition and market disruption impacting our market share, pricing power and customer retention efforts.▶ Rising technology and compliance demands increasing our costs, operational risks and reliance on third-party providers.▶ Heightened security and regulatory pressures requiring stronger protections, agility and risk management.	<ul style="list-style-type: none">▶ Leveraging AI-powered hyper-personalisation to enhance customer engagement and service customisation.▶ Expanding our open banking and API ecosystems to enable seamless financial integrations.▶ Advancing financial inclusion and digital lending to expand access for underserved markets and drive growth.▶ Utilising cloud automation to reduce our expenses and enhance scalability.▶ Integrating blockchain and digital assets to improve our security, transparency and transaction efficiency.▶ Strengthening our cybersecurity and digital trust to enhance our fraud prevention and regulatory compliance.

OUTLOOK

The banking industry will experience accelerated digitalisation, driven by AI, open banking and cloud-native solutions. By 2025-2030, several key developments will define the next phase of transformation:

- ▶ AI-driven financial services will dominate, automating everything from customer interactions to risk management.
- ▶ Digital-only banks and super apps will push banks to either compete with or integrate into fintech ecosystems offering seamless multi-service platforms.
- ▶ Increased investment in fraud prevention, biometric authentication and AI-powered compliance tools will strengthen cybersecurity and regulatory frameworks.
- ▶ More banks will offer financial products through non-banking platforms such as ride-hailing, retail and e-commerce, expanding embedded finance.
- ▶ Carbon-neutral banking, digital ESG reporting and sustainable finance initiatives will gain prominence as sustainability becomes a core focus.
- ▶ The adoption of central bank digital currencies (CBDCs) and stablecoins will transform cross-border transactions and financial settlements.

OUR RESPONSE

1. Enhance predictive analytics for fraud detection, risk management, and customer insights.
 2. Strengthen cross-sector partnerships (e.g., e-commerce, ride-hailing, digital wallets)
 3. Ensure compliance with BNM's digital banking, data protection and AI governance regulations.
4. Invest in quantum computing-resistant encryption for long-term security.
 5. Invest in talent digital upskilling (e.g., AI, cloud computing, and cybersecurity training)

Links

Key Capitals: FC MC IC Material Matters: M12 M10 M8 M6 M4 Key Risks: R2 R3 R4 R6 Stakeholders: S1 S2 S3 S4 S5

GROWING ESG INFLUENCE

DESCRIPTION

ESG considerations are now a core strategic priority for financial institutions, driven by regulatory mandates, investor expectations and changing consumer preferences. Banks are aligning with sustainable finance principles by integrating green financing, ethical investing and corporate governance transparency into their business models. Regulatory bodies, such as BNM and the EU, are enforcing compliance frameworks that shape lending, investment and disclosure practices, pushing banks to embed sustainability into their operations.

Key ESG trends include the expansion of green financing and climate risk management, with banks prioritising initiatives like green bonds, sustainability-linked loans and renewable energy financing. Social and financial inclusion commitments are also growing, with a focus on expanding access to underserved communities and promoting diversity in banking. Meanwhile, investor and stakeholder expectations are influencing market positioning, as ESG scores become a critical factor in capital flows.

As ESG-driven strategies gain traction, banks that adopt sustainable financial products and transparent policies will strengthen their reputation, attract ESG-conscious investors and mitigate long-term risks.

RISK	OPPORTUNITIES	OUTLOOK
<ul style="list-style-type: none"> ▶ Regulatory and compliance challenges increasing our legal exposure, operational complexity and ESG scrutiny. ▶ Rising costs and short-term profitability trade-offs affecting our financial performance during ESG transitions. ▶ Data and transparency gaps limiting our ESG reporting accuracy, risk assessment and strategic decision-making. 	<ul style="list-style-type: none"> ▶ Enhancing our risk management through ESG integration to improve our resilience and compliance. ▶ Advancing sustainable digital transformation to optimise our operations and ESG reporting. ▶ Expanding our green and sustainable finance products to create new revenue streams. ▶ Strengthening our corporate governance and investor appeal to drive long-term value. ▶ Gaining an early-mover advantage in carbon markets to enhance our competitive positioning. 	<p>The impact of ESG on banking will continue to expand, driving a stronger focus on sustainability, ethical governance and financial inclusion with key industry shifts emerging by 2025-2030:</p> <ul style="list-style-type: none"> ▶ Regulators will enforce mandatory climate risk disclosures, standardising climate stress testing, ESG risk reporting and carbon footprint assessments. ▶ The expansion of green and transition finance will reshape financial portfolios through sustainability-linked bonds, ESG-themed private equity and impact-driven lending. ▶ The rise of ESG-centric fintechs will drive innovation in green financial services, including carbon footprint calculators and AI-powered ESG scoring models. ▶ Financial inclusion as a strategic priority will see banks leveraging AI-driven credit assessments, mobile banking and microfinance to support underserved communities. ▶ Increased shareholder activism and ESG ratings influence will push institutional investors to demand greater accountability, making ESG performance a key factor in capital allocation.

OUR RESPONSE

To align with growing ESG expectations, MBSB should implement a comprehensive sustainability strategy focused on:

- ESG-aligned lending and investment policies
 - ▶ Develop sector specific ESG screening frameworks to assess environmental and social risks in lending portfolios
 - ▶ Gradually reduce exposure to high-carbon industries
- Enhanced ESG data & reporting frameworks
 - ▶ Adopt international ESG reporting standards for universal approach, but align with BNM requirements
- Sustainable digital banking initiatives
 - ▶ Deploy fintech partnerships to offer ESG-focused digital wealth management and sustainable investment options
- Strengthened corporate governance & ethical practices
 - ▶ Develop ESG-linked executive compensation models to align leadership incentives with sustainability goals
- Customer & stakeholder engagement on ESG goals
 - ▶ Launch customer-facing ESG awareness campaigns, educating customers on sustainable investment
 - ▶ Integrate personalised ESG insights into banking apps enabling users to track their own carbon footprint and ESG investment impact
 - ▶ Collaborate with NGOs, regulators, and impact driven enterprises to support socially responsible banking initiatives

Links

Key Capitals: **FC** **NC** Material Matters: **M12** **M3** **M1** **M11** Key Risks: **R1** **R2** **R4** **R6** Stakeholders: **S1** **S2** **S3** **S4** **S5**

STRATEGIC REVIEW

Key Market Trends

HEIGHTENED DEMAND ON GOVERNANCE, LEGAL/ COMPLIANCE & REGULATORY LANDSCAPE

DESCRIPTION

The financial industry faces increasing regulatory scrutiny as authorities tighten oversight on financial crime, data protection, ESG compliance and digital banking risks. In Malaysia, BNM, the Securities Commission (SC) and Bursa Malaysia are reinforcing AML/CFT measures, risk management frameworks and digital banking governance to address these evolving challenges.

Key regulatory shifts include stricter anti-financial crime measures to combat money laundering, enhanced digital banking and fintech oversight to strengthen consumer protection and cybersecurity, and expanded ESG compliance mandates driving sustainable finance regulations.

Additionally, data protection and cybersecurity standards are being reinforced through updates to Malaysia's PDPA, while consumer protection and transparency requirements are raising expectations for fair lending and responsible AI usage.

As banks adopt these innovations, they must balance technological advancements with regulatory demands and rising competition.

RISK	OPPORTUNITIES	OUTLOOK
<ul style="list-style-type: none">▶ Rising compliance and regulatory burdens increasing costs, operational complexity and legal risks.▶ Stricter AML/CFT, KYC and ESG requirements creating onboarding, disclosure and compliance challenges.▶ Cybersecurity and data privacy risks heightening our exposure to fraud, breaches and regulatory scrutiny.	<ul style="list-style-type: none">▶ Advancing regulatory technology and AI-driven compliance innovation to improve efficiency and risk management.▶ Expanding our ESG and sustainable finance offerings to create new revenue streams.▶ Developing digital identity and secure banking innovations to enhance customer security and authentication.▶ Enhancing regulatory collaboration and public-private partnerships to drive industry-wide improvements.▶ Strengthening our market position through compliance leadership to enhance trust and credibility.	<p>The regulatory and compliance landscape will continue evolving, requiring financial institutions to proactively adapt to emerging governance expectations. Specifically:</p> <ul style="list-style-type: none">▶ Stronger AML/CFT and cybersecurity mandates will see BNM and global regulators tightening compliance requirements on fraud detection, transaction monitoring and risk controls.▶ Expansion of ESG-related regulatory frameworks will require banks to report on climate-related risks, green finance portfolios and carbon impact in line with global ESG standards.▶ Increased scrutiny on digital banking and AI-powered financial services will lead to stricter enforcement of fair AI usage, data privacy measures and responsible lending practices.▶ Regulatory compliance will shift from a reactive process to a strategic imperative, requiring ongoing investment in governance, technology and risk management frameworks.

OUR RESPONSE

To address the growing regulatory and compliance demands, MBSB should adopt a proactive, technology-driven governance strategy:

1. Strengthening governance & compliance frameworks
 - ▶ Enhance AML/CFT, fraud detection, and transaction monitoring systems to mitigate financial crime risks
 - ▶ Strengthen board oversight, internal audit functions, and corporate governance policies
 - ▶ Implement continuous regulatory training programs to ensure staff compliance awareness
2. ESG & sustainability integration into banking operations
 - ▶ Develop sustainability-linked financial products and ESG investment frameworks
 - ▶ Align with BNM's Value-Based Intermediation (VBI) and green finance initiatives
 - ▶ Establish robust ESG data collection and disclosure mechanisms to ensure regulatory compliance
3. Regulatory collaboration & industry engagement
 - ▶ Actively engage with regulators, industry bodies, and fintech ecosystems to shape policy frameworks
 - ▶ Participate in BNM-led digital banking regulatory sandboxes and compliance innovation programs

Links

Key Capitals:

FC

SC

Material Matters:

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Key Risks:

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Stakeholders:

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WORKFORCE CHALLENGES

DESCRIPTION

The financial sector is undergoing a major workforce transformation as digitalisation, evolving employee expectations and global labour trends reshape talent demands. Banks are accelerating AI integration, automation and technology adoption, creating a growing need for specialised skills in data science, cybersecurity, risk management and digital banking. At the same time, remote and hybrid work models are becoming the norm, redefining employment structures and workplace dynamics.

Key challenges include rising demand for digital and tech-driven expertise, particularly in AI, machine learning, blockchain and cloud computing amid increasing talent shortages and workforce attrition as fintechs and global banks compete for skilled professionals.

Changing employee expectations are also driving the shift towards hybrid work models and flexible arrangements, while diversity, equity and inclusion (DEI) initiatives are gaining importance, with a stronger emphasis on gender diversity, financial inclusion and equitable workplace policies to attract and retain top talent.

RISK	OPPORTUNITIES	OUTLOOK
<ul style="list-style-type: none"> ▶ Talent shortages and skills gaps increasing our hiring costs, turnover and workforce instability. ▶ Challenges in hybrid and remote work models adding complexity to coordination, compliance and team dynamics. ▶ Intensified competition for skilled professionals limiting innovation, digital transformation and operational efficiency. 	<ul style="list-style-type: none"> ▶ Leveraging digital HR and talent management solutions to improve our recruitment, retention and employee engagement. ▶ Expanding cross-industry collaborations for workforce development to build a larger, more skilled talent pool. ▶ Enhancing remote and hybrid work flexibility to attract and retain top talent as a competitive advantage. ▶ Strengthening upskilling and reskilling initiatives to improve workforce competitiveness and adaptability. 	<p>The evolving workforce landscape in banking, reflected by the following trends, will require banks to refine talent management strategies and adopt digital workforce solutions:</p> <ul style="list-style-type: none"> ▶ Banks will need to recruit more cybersecurity experts, AI specialists, ESG finance professionals and cloud computing engineers to meet the rising demand for digital banking and AI-driven skills. ▶ Competition for skilled talent between banks and fintechs will intensify as global financial players expand hiring efforts. ▶ As hybrid and remote work models become the norm, banks will need to invest in digital collaboration tools, cybersecurity frameworks and virtual performance management to maintain efficiency. ▶ Reskilling and upskilling will become essential, with AI-powered training and continuous learning helping employees adapt to digital finance demands.


OUR RESPONSE



To navigate workforce challenges and strengthen talent competitiveness, MBSB should adopt a proactive talent development, digital workforce, and inclusive leadership strategy:

1. Talent development & digital upskilling
 - ▶ Establish future-ready training programs (e.g., AI, blockchain, cybersecurity, ESG finance)
 - ▶ Partner with local universities, fintech firms, and regulatory bodies to co-develop financial technology certifications
2. Digital HR transformation & talent analytics (e.g., workforce planning solutions)
3. Strengthening DEI & employee engagement initiatives
 - ▶ Expand leadership diversity and mentorship programs
 - ▶ Implement employee well-being programs to drive workforce satisfaction
4. Workforce retention & employer branding
 - ▶ Strengthen employee well-being programs, mental health initiatives, and financial wellness support
 - ▶ Leverage digital branding strategies to position the bank as an employer of choice

Links

Key Capitals:  

Material Matters:   

Key Risks:  

Stakeholders: 

STRATEGIC REVIEW

Key Risks and Mitigation



“We remain committed to strengthening our risk management frameworks, reinforcing financial resilience, and promoting asset growth. By continuously refining our strategies and fostering a culture of proactive risk governance, we stay agile and well-positioned to navigate uncertainties while creating value for our stakeholders.”

Laurence Ong
Group Chief Risk Officer

R1

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 2024

► Regularly reviewed and updated credit frameworks, policies, and procedures to proactively address potential challenges arising from evolving economic conditions.

► Conducted a thematic review for the Corporate and Commercial Financing portfolio to identify segments at risk and assess emerging trends, including asset concentration and deteriorating credit quality.

► Strengthened the process for identifying problematic financing accounts to ensure timely intervention and mitigating measures.

► Updated the Group's risk posture, incorporating strategic considerations, sector performance trends, and external market insights to align with the Group's overall risk strategy.

► Enhanced the Retail Financing Scorecards to improve the assessment of customer credit worthiness during the onboarding process, enhancing risk-based decision-making.

Capitals

FC

Stakeholders

S1

S2

S4

S5

Material Matters

M6

M12

R2

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 2024

► Actively monitored and adjusted asset and liability portfolios to maintain alignment with the Group's risk tolerance and return objectives, optimising risk-return balance amid evolving market conditions.

► Expanded and diversified funding sources to enhance liquidity stability, focusing on broadening the deposit base and wholesale funding options to mitigate concentration risks.

► Strengthened market & liquidity risk management frameworks to enhance risk oversight, including contingency funding strategies and crisis preparedness. Regular stress testing and scenario analysis were also conducted to ensure resilience, with insights from crisis simulations integrated into risk management practices for proactive risk mitigation.

Capitals

FC

Stakeholders

S1

S2

S5

Material Matters

M6

M12

R3 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 2024

- ▶ 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.

Capitals **FC** **HC** **MC** **IC**

Stakeholders **ALL**

Material Matters **M6** **M12** **M11**

R4 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 2024

- ▶ Operational Risk Event (ORE) reporting via Operational Risk Management System (ORMS) was deployed to production successfully to closely monitor and manage emerging risks. It will be followed by Risk Control Self-Assessment (RCSA), Key Risk Indicator (KRI), Key Control Testing (KCT) and Business Continuity Management (BCM).
- ▶ Strengthened our Crisis Management Plan (CMP) to proactively prepare for a variety of operational disruptions and unexpected events.
- ▶ Directly involved and participated in cultivating a strong risk awareness culture for branches nationwide. This is to enhance business resilience and preparedness for managing and mitigating the impacts of potential financial crises.

Capitals **FC** **HC** **IC**

Stakeholders **ALL**

Material Matters **M12** **M11** **M7** **M1** **M10** **M9** **M3**

R5 TECHNOLOGY AND CYBER RISKS

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

Key Mitigation Actions Implemented in 2024

- ▶ Enhanced IT risk governance with robust frameworks, policies, and procedures for comprehensive oversight to manage and monitor technology and cyber risk.
- ▶ Strengthened and expanded cyber security systems to safeguard the Group's information systems and customers' data and to withstand sophisticated cyberattacks.
- ▶ 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 about potential scams and cyber security attacks.

Capitals **FC** **MC** **IC**

Stakeholders **S1** **S2** **S3** **S5**

Material Matters **M12** **M11** **M7** **M8**

R6 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 2024

- ▶ Expanded the Group's Risk Appetite Statement to further incorporate climate risk considerations, promoting the onboarding of credit exposures that align with climate change and environmental objectives.
- ▶ Strengthened the credit application process by embedding climate risk assessments into onboarding, ensuring a more comprehensive evaluation of environmental risk factors.
- ▶ Established a dedicated Climate Risk Dashboard to provide Management and the Board with regular updates on the identification, measurement, monitoring, and control of climate-related risks.
- ▶ Conducted climate risk training to cultivate Group-wide expertise and enhance understanding of climate risk.

Capitals **NC** **SC**

Stakeholders **ALL**

Material Matters **M1** **M6** **M4**

STRATEGIC REVIEW

Strategic Performance Review



2024 was a pivotal year of laying a strong groundwork following the acquisition of MIDF in October 2023. Leveraging largely on internal expertise, we completed the integration exercise within 11 months, establishing essential governance frameworks whilst uniting our people towards a shared vision for the enlarged group.

We also launched our three-year strategy, known as FLIGHT26, focused on driving sustainable growth, improving asset quality and delivering stronger returns for our shareholders. MBSB today is more agile and better equipped to serve the dynamic needs of individuals, SMEs, and corporations, supporting their growth with a full suite of financial solutions.



Dato' Azlan Shahrin
Group Chief Strategy Officer

As we were nearing the completion of the acquisition, we identified 8 integration areas with a total of 27 initiatives, where 24 were successfully completed in FY2024, and the remaining three initiatives, related mostly to systems harmonisation, continuing into 2025.



Post-integration, we have established the following key building blocks:

<ul style="list-style-type: none">► All headquarter's employees of MBSB Bank and MIDF working under one roof.► Robust governance framework and operating model to guide operational efficiencies.► Integration of functions between MBSB Bank and MIDF.	<ul style="list-style-type: none">► Harmonised financial reporting to regulators.► Aligning sustainability efforts via a Common Corporate Social Responsibility Framework for the enlarged group.► Harmonised remuneration and benefits for employees.	<ul style="list-style-type: none">► Improved internal communication with amongst others, a newly launched monthly digital magazine, MJOURNAL.► Unified brand strategy and brand identity.► Improved credit rating (A+) by MARC, one notch higher than RAM's A2.
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As part of the culture integration exercise, MBSB launched its cultural brand identity, MyPledge on 24 August 2024, where we adopted a new set of MBSB core actions and behaviours that support five different stakeholders – customers, employees, shareholders, communities and regulators.

In parallel with the integration exercise, we developed a three-year strategic plan known as 'FLIGHT26', which was inspired by the Chevron Flight Strategy – a formation used by migrating birds to maximise aerodynamic efficiency for long-distance travel. Much like this formation, FLIGHT26 embodies the strength of a unified objective, a clear strategy and a collaborative teamwork for achieving sustainable success.

FLIGHT26 JOURNEY

2024 Strengthen the Base

- ▶ Enhance product offerings and features
- ▶ Introduce attractive campaigns
- ▶ Establish attractive business tools ie. digital platforms

2025 Expand Market Reach

- ▶ Diversify product portfolio offerings
- ▶ Strengthen brand positioning
- ▶ Targeted marketing
- ▶ Institutionalise cross-selling culture
- ▶ Leverage on partnerships
- ▶ Upskill frontliners / salespersons

2026 Maximise Returns

- ▶ Increase product holding ratio
- ▶ Improve customer loyalty
- ▶ Enhance customer satisfaction
- ▶ High quality asset growth

STRATEGIC REVIEW

Our Strategic Roadmap

FLIGHT26 2024 – 2026

TRANSFORMATION PROGRAMMES

38 INITIATIVES IDENTIFIED
FOR FY2024

MISSION 1



- ▶ To achieve CASA ratio of 20% and Reduce Cost of Funds to 3%

14 Consumer Banking

MISSION 2



- ▶ To achieve financing of RM50 billion

7 Commercial Banking

MISSION 3



- ▶ To achieve non-funded income ratio of 15% from total net revenue

14 Wholesale Banking

MISSION 4



- ▶ To lower cost-to-income ratio to 50%

3 Digital Banking

To achieve
ROE of 8%

ENABLERS

People & Culture

Branding and Marketing

Physical and Digital Channels

2024 KEY INITIATIVES

- ▶ Launched Simpan Berganda Menang Bergaya 3.0 to grow CASA.
 - ▶ Offered multi-tiered profit rates for CASA to attract new-to-bank customers.
 - ▶ Enhanced MJOURNEY mobile application to improve user experience.
 - ▶ Introduced Online Business Current Account and Virtual Account-based Liquidity Management Services for companies.
-
- ▶ Introduced preferential pricing for property financing to high net worth customers.
 - ▶ Accelerated financing for SMEs via competitive financing products ie. M-Government Guaranteed Schemes and M-Property Financing ; and MIDF's development finance offerings ie Future Ready Financing and Halal Accreditation and Technology Improvement Programme.
 - ▶ Widened SMEs' access to financing with 4 new Commercial Banking Centres, bringing the total to 13 nationwide.
-
- ▶ Launched PrimeGold, a digital gold investment platform for retail customers.
 - ▶ Introduced MShield, a takaful product with guaranteed acceptance.
 - ▶ Secured RM275 million in new share margin financing business.
 - ▶ Optimised treasury operations for capital efficiency and better returns.
 - ▶ Completed three IPO listings.
 - ▶ Equity Markets business expanded into non-GLIC segment with 4 foreign broker partnerships.
-
- ▶ Higher revenue via new products, innovative campaigns and improved digital presence.
 - ▶ Reduced costs via adoption of technologies and digitisation; relocation of MIDF staff to Menara MBSB Bank; and limit hiring on need-to basis.

ACHIEVEMENTS IN FY2024

- ▶ CASA increased by **RM2.4 billion** in 2024, which improved CASA ratio YoY to 11% from 6% previously.
- ▶ Growth in net financing by **RM938 million** YoY, reaching **RM43 billion**.
- ▶ Non-funded income over total net revenue increased to **RM159 million** YoY from RM38 million a year ago.
- ▶ Ratio of non-funded income over total nett revenue **improved to 10%** from 3% previously.
- ▶ Net operating income **increased by 18.7%** YoY.
- ▶ Cost-to-income ratio stood at **55%** in FY2024, below the budget of 59%.

Process
Improvements

Sustainability

Shariah
Innovation

Moving into FY2025, the Group remains steadfast and focused on continuing the FLIGHT26 strategy, with 22 transformation programme initiatives identified for execution.

STRATEGIC REVIEW

Digital Transformation Review



“

As we continue to navigate an ever-evolving digital landscape, we remain committed to driving innovation, enhancing customer experiences, and ensuring regulatory compliance. By embracing emerging technologies, we are empowering individuals and businesses with secure, efficient, and future-ready financial solutions.

”

Jesleigh Johari
Group Chief Operating Officer

In FY2024, we strategically focused on key areas such as customer-centricity, regulatory compliance and digital transformation to adapt to the evolving financial landscape. Our commitment to innovation, seamless customer experiences, and operational efficiency has positioned us to meet the demands of today's market while laying the groundwork for future growth and value creation.

OUR KEY OBJECTIVES

In 2024, our digital transformation efforts were shaped by three strategic priorities enhancing customer experience, driving innovation, and ensuring regulatory compliance. These pillars form the foundation of our commitment to building a more agile, inclusive and future-ready bank.

- ▶ **Customer-Centric Digital Experiences**
We enhanced our mobile and online banking platforms, along with host-to-host integrations, to deliver secure and seamless experiences. Streamlining internal processes further reduced turnaround times and improved satisfaction.
- ▶ **Innovation as a Growth Driver**
We introduced new digital products and service models including cash management solutions, virtual accounts and retailer dashboards. We adopted emerging technologies to boost competitiveness and drive deposit growth, particularly in current and savings accounts (CASA).
- ▶ **Embedding Compliance in Our Digital DNA**
All digital initiatives were developed with strong governance and oversight, ensuring regulatory alignment and operational resilience across our expanding digital footprint.

We are also enabling inclusion and expanding reach. This is done through our digital solutions and strategic use of our branch network as we extend access to individuals and business entities including SMEs and government-linked agencies.

HOW WE DRIVE DIGITAL TRANSFORMATION

Our digital transformation is guided by a structured governance framework and an organisational model that ensure alignment with the Group's strategic objectives. This agenda is driven through the Flight26 Programme, with direct oversight from the Group CEO and senior leadership.

Strategic Foundations

We anchor our digital initiatives on three core pillars:

- ▶ Customer Experience – Delivering seamless, intuitive digital journeys.
- ▶ Innovation – Embracing emerging technologies to drive agility and service excellence.
- ▶ Regulatory Compliance – Embedding security, integrity, and trust across all digital touchpoints.

Governance and Oversight

Our multi-tiered governance framework ensures strong oversight and risk mitigation:

- ▶ The Digital team leads strategy and execution, with Management providing guidance, direction and monitoring.
- ▶ The Board provides oversight of executive leadership to ensure strategic alignment.
- ▶ Risk functions offer advisory support and assurance, while IT Security & Compliance safeguard infrastructure and enforce regulatory standards.

Organisational Model

Our digital capabilities are built for scale:

- ▶ Digital Consumer Banking enhances digital services for individual customers.
- ▶ Digital Commercial (Business) Banking delivers advanced transaction solutions for business clients, supported by:
 - ▶ Digital Transaction Banking – Focused on system development and execution.
 - ▶ Client Strategic Delivery – Driving onboarding and digital adoption among corporate clients.

Technology Enablers

In 2024, we invested in key digital capabilities to support scalable growth. Enhancements to our mobile platforms, onboarding processes, and transaction banking tools enabled faster, more seamless customer experiences while maintaining resilience.

INITIATIVES & IMPACT IN 2024

CUSTOMER CENTRIC DIGITAL EXPERIENCES

Objectives	Actions	Outcomes
Deliver seamless, secure, and intuitive digital banking journeys.	Enhanced the MJOURNEY mobile app by re-skinning the interface, introducing a new dashboard, implementing stronger security features like identity verification for registrations.	Increased app ratings, from 3.0 to 4.8 on iOS and 2.3 to 4.1 on Android, improving user confidence.
	Improved MCORPORATE app with transaction approval workflows and real-time cash visibility.	Strengthened the bank's ability to meet evolving customer expectations for speed, convenience and security.
	Launched the Online Business Current Account (OBICA), enabling businesses to open accounts online with eKYC integration for a smoother, branchless experience.	Reduced onboarding time by 60%, with more than 200 applications onboarded in 3 months.
	Introduced the Online Term Investment Account (e-TIA), allowing online investments without in-person transactions.	Exceeded the bank's TIA target for 2024 with 19% of the total transactions happening online.
	Launched new digital wealth product - PrimeGold.	Seamless digital account opening and transactions via online platform for Gold product.

INNOVATION AS A GROWTH DRIVER

Objectives	Actions	Outcomes
Embrace emerging technologies to drive growth and operational efficiency.	Developed a Liquidity Management System (LMS), automating cash flow visibility and fund optimisation for multi-account management.	Optimised liquidity operations, with automated fund sweeps and real time visibility of cash positions. This has attracted interest from more than 15 clients within few months.
	Launched a Virtual Account (VA) solution to streamline receivables reconciliation for corporate clients.	Enhanced cash flow visibility and reconciliation accuracy readily available for more than 150 corporate clients.
	Launched Retailer Dashboard to improve transaction monitoring for retail clients.	Simplified reconciliation across client branches, eliminated the need for manual comparison of Point of Sales vs bank statements and provided visibility of daily sales and collections. Identified around 30 prospects for the solution.
	Launched a fintech accelerator program for fintech startups focusing on corporate banking solutions	Over 150 corporate clients now benefit from enhanced reconciliation and cash management capabilities.
	Launched a fintech accelerator program for fintech startups focusing on corporate banking solutions.	Formed 3 strategic partnerships including a fintech collaboration with Curlec (by RazorPay) for enhanced payment solutions.

STRATEGIC REVIEW

Digital Transformation Review

EMBEDDING COMPLIANCE IN OUR DIGITAL DNA

Objectives	Actions	Outcomes
Ensure digital initiatives adhere to regulatory standards and cybersecurity best practices.	Adhered to digital banking and cybersecurity regulatory standards.	Met regulatory deadlines, ensuring compliance with BNM mandates, such as SMS OTP removal (for business) and LHDN API integration.
	Implemented Multi-Factor Authentication (MFA) for secure customer logins.	Successfully deployed MFA security protocols across all digital banking channels, strengthening the authentication framework for customer accounts.

ACHIEVEMENTS SUPPORTED BY DIGITAL IN FY2024

- ▶ 19% of total Term Investment Account (TIA) placements now comes from the online channel (e-TIA).
- ▶ Significant improvements in mobile app ratings after the deployment of a refreshed look (from 3.0 to 4.8 on iOS and 2.3 to 4.1 on Android).
- ▶ 208% growth in corporate CASA, reflecting strong demand for digital banking.
- ▶ 64% increase in client onboarding, accelerating digital adoption.
- ▶ 10 major Digital Commercial (Business) Banking projects completed, aligning its systems with market standards.

CHALLENGES & OPPORTUNITIES IN FY2024

The evolving financial landscape in FY2024 presented both strategic and operational complexities; from regulatory transitions to technology adoption. Yet, these challenges served as catalysts for innovation, elevating our customer experience, enhancing compliance and future-proofing our digital capabilities.

Challenges	Opportunities
Meeting rigorous compliance requirements for our first cloud-native platform – Online Business Current Account (OBCA).	Strengthening governance frameworks positions us to expand into new segments, improve onboarding efficiency, and accelerate secure digital offerings.
Limited availability of specialised talent in cloud technologies and fintech innovation.	Deepening fintech and Enterprise Resource Planning (ERP) collaborations through our Digital Transaction Banking (DTB) platform enables knowledge transfer and builds a future-ready digital workforce.
Integrating new digital platforms with existing legacy systems introduced complexity in ensuring consistent service delivery.	Embedding solutions like the Retailer Dashboard and payment integrations helps improve system interoperability and customer experience while supporting CASA growth.
Internal approval cycles and vendor dependencies occasionally slowed the execution of digital initiatives.	Enhancing project delivery enables faster time-to-market, streamlined coordination and improved execution.
Rising focus on environmental sustainability in banking operations.	Expanding paperless processes and eco-conscious solutions reinforces our ESG commitments.

FUTURE OUTLOOK

In the coming years, we aim to enhance both digital consumer and commercial banking capabilities. On the consumer side, we are exploring the need to refresh MJOURNEY, that could be leveraging microservices to improve personalisation and user experience, alongside expanding our digital wealth offerings. We will be looking at new and modern remittance solutions for international money transfers and introducing Request to Pay (RTP) solutions too.

For the commercial (business) banking side, we will introduce new dashboards to improve transaction visibility and streamline operations. In addition, we will have a SME-focused digital transformation initiative to enable straight-through, seamless financing origination and onboarding process.



Across both segments, we're investing in AI and analytics to enhance the customer journey. We are also looking to enable an open API ecosystem through our Enterprise API Gateway.

Globally, the financial services industry is accelerating its digital transformation, focusing on automation, personalisation and data-driven insights. We're committed to staying ahead of these trends to meet evolving customer expectations and drive growth.

Online Business Current Account-i

**YOUR BUSINESS NEVER SLEEP
NEITHER SHOULD YOUR BANK**

- ✓ Fully Online Application
- ✓ 24/7 Access

  Member of PIDM.
Current Account-i is protected by PIDM
up to RM250,000 for each depositor

STRATEGIC REVIEW

Talent Development Review



“Aligned with our Flight26 roadmap, we are building a future-ready workforce through leadership alignment, cultural transformation, workforce integration and targeted upskilling. This approach unlocks our people’s full potential to drive innovation and meet evolving customer needs.”

Farid Basir,
Group Chief People Officer

WHY TALENT DEVELOPMENT MATTERS

We seek to holistically develop our talent to drive innovation and meet evolving customer demands, in line with our Flight26 strategic roadmap. By leveraging a multi-pronged approach that combines leadership and workforce alignment, cultural transformation, workforce integration and targeted upskilling initiatives, we aim to unlock the full potential of our workforce.

OUR KEY OBJECTIVES

1 > Driving cohesive leadership and a unified workforce post-merger with MIDF.

2 > Transforming our culture with myPledge, guided by Adab and Amanah to instil core actions and behaviours.

3 > Ensuring a future-ready workforce with minimal redundancies through training and upskilling.

4 > Aligning our employment policies across the post-merger organisation.

5 > Ensuring equitable and competitive total rewards for all staff that incentivises performance.

6 > Ensuring a future-ready workforce with minimal redundancies through training and upskilling.

INITIATIVES & IMPACT IN FY2024

Leadership Development & Cultural Alignment

Our cultural transformation is driven by our senior leadership, particularly during this critical post-merger period. Hence, we prioritised embedding our culture and values within our leadership team, while advancing culture-based engagement among our employees to ensure alignment.

Objectives	Actions	Outcomes
<ul style="list-style-type: none">Accelerate synergy across our senior leadership, and ensure alignment with our corporate values and Flight26 strategy.Strengthen cross-functional collaboration between teams, while deepening cultural alignment with myPledge transformation programme.	Partnered with the Asia School of Business (ASB) and Islamic Banking and Finance Institute Malaysia (IBFIM) for our executive leadership immersion programmes.	Three programmes in total were conducted, covering the following areas: *Collaborative Leadership & Team Synergy *Collaboration & Problem Solving *Deepening Team Knowledge & Strategic Acting Planning
	Launched myPledge team-building sessions for our employees.	Three cohorts were completed, with 11 more scheduled for 2025.

UPSKILLING & RESKILLING INITIATIVES

Upskilling our workforce is crucial to ensure the future-proofing of our organisation. Consequently, we invested RM9.87 million in 2024 to accelerate learning and development, ensuring our employees are equipped with the latest skills and knowledge to advance their careers and drive our strategic objectives.

Objectives	Actions	Outcomes
<ul style="list-style-type: none"> ▶ Empower employees to lead their self-directed learning journey. ▶ Reinforce our staff's commitment to sustainability, compliance and ethical practices. ▶ Enable our workforce with increased digital capabilities and future-ready skills. ▶ Improve our customer experience through better, more knowledgeable customer interactions, including customers seeking Shariah-compliant financial solutions. 	Implemented LinkedIn Learning across the organisation.	Achieved a 30% activation rate within three months.
	Conducted sustainability training for employees.	74% of employees have completed at least one ESG module.
	Initiated a Digital Awareness Programme for all staff.	Delivered 2,715 learning hours covering AI, generative finance, data analytics and financial literacy.
	Engaged our sales staff in a Sales Mastery Programme.	Trained 265 frontline staff in advanced sales techniques.
	Conducted an Islamic Banking Awareness Programme for branch employees.	Educated 146 branch employees in Islamic banking principles.
	Initiated the Acet Programme to increase regulatory compliance.	174 non-executive employees participated in the programme, covering AML/CFT, Banking Secrecy, anti-bribery, PIDM and Basic Operational requirements.

EMPLOYEE ENGAGEMENT & WELL-BEING

A healthy, engaged workforce is critical to our success, driving productivity, innovation and long-term growth. Our engagement and well-being programmes are thus geared towards creating an environment where employees feel valued, empowered and committed to our shared goals.

Objectives	Actions	Outcomes
<ul style="list-style-type: none"> ▶ Reinforce our organisational cohesion and togetherness. ▶ Strengthen trust and transparency through direct engagement with leadership. ▶ Ensure the mental and physical well-being of our employees. ▶ Engage our employees for enhanced job satisfaction and higher productivity. 	Conducted town halls and festival celebrations.	<p>Town Halls: We held five town halls throughout the year with a 66% average attendance (online and in-person), creating space for open dialogue, leadership connection, and key updates.</p> <p>Festival Celebrations: Four festive events —Aqihan Bubur Lambuk, Gagar Raya 3.0, Majlis Kepulungan Dhuyuf Ar-Rahman, and the Merdeka-Malaysia Day celebration — brought employees together to strengthen unity and cultural appreciation.</p>
	Implemented wellness initiatives at our workplace (Wellness@Work) to actively promote both mental and physical health in the workplace. Some of the wellness topics we covered include: <ul style="list-style-type: none"> ▶ Mental Health Awareness ▶ Healthy Eating & Lifestyle Habits ▶ Preventive Health Screenings 	<p>Staff Engagement & Well-being: In 2024, we curated a diverse lineup of activities to promote engagement and well-being across the organisation. These included leadership sessions (e.g. roadshows, GCEO meet-and-greets), wellness and community initiatives (e.g. MAIWP Run, Breast Cancer Awareness), educational webinars (e.g. stress and emergency preparedness), cultural events (e.g. International Women's Day, Merdeka), and health talks on both physical and mental well-being.</p>
	Organised MBSB Sports Day involving all of our staff.	509 employees participated, totalling 4,072 participation hours.

STRATEGIC REVIEW

Talent Development Review

HIGH-POTENTIAL TALENT & SUCCESSION PLANNING

We nurture our high-potential (HiPo) talent and star performers to foster innovation, strengthen leadership capabilities and create a culture of growth and performance. With this, we are also able to ensure business continuity and resilience through a seamless succession plan.

Objectives	Actions	Outcomes
<ul style="list-style-type: none"> Provide employees and managers with concrete actions to further drive performance. Secure our succession planning talent pipeline. 	Initiated career conversations and individual development plans (IDPs) with employees.	Implemented IDPs for 2,366 employees to drive personalised growth pathways.
	Identified high-performers in the organisation.	22% of our employees were categorised as HiPo, with 5% identified as Star Talents to be further groomed for leadership.

PERFORMANCE MANAGEMENT & COMPENSATION HARMONISATION

A well-structured performance framework, supported by fair compensation fosters accountability, enhances productivity and encourages continuous improvement. Hence, we drive clear performance metrics and equitable remuneration to cultivate a high-performance culture.

Objectives	Actions	Outcomes
<ul style="list-style-type: none"> Align KPIs and metrics across the organisation, from the C-suite to frontline employees through digitalisation. Ensure our staff are fairly and adequately compensated according to their role, experience, and performance. Strengthen our commitment to fair, non-discriminatory pay regardless of gender, age, and other demographics. 	Rolled out MPerform, an enhanced performance management system organisation-wide.	Embedded SMARTx2 objectives across three performance reviews conducted across the organisation.
	Finalised a unified compensation and benefits structure across MBSB.	Aligned remuneration and benefits according to Malaysia's Employment Act and fair wage policies, while benchmarking salary ranges against industry peers.

LABOUR RELATIONS & ORGANISATIONAL CULTURE

To shape a cohesive, motivated and high-performing workforce, we continuously build harmonious labour relations and a positive organisational culture. Additionally, we benchmark our culture-building efforts against other global organisations to create an environment where employees feel truly valued and empowered.

Objectives	Actions	Outcomes
<ul style="list-style-type: none"> Reaffirm our dedication to employee rights and fair labour practices. Enable actionable insights with meaningful employee input into our culture and leadership. Continuously measure our employee satisfaction and engagement. 	Finalised a Collective Agreement with Kesatuan Eksekutif MBSB Bank (KESEK).	Concluded negotiations with the official union representative of employees with a performance-driven agreement.
	Launched the Denison Organisational Culture Survey (DOCS) to measure our cultural drivers.	Achieved a 90% participation rate, benchmarking our performance and culture against a global database of over 1,000 organisations.
	Initiated an employee pulse survey.	Our latest survey conducted in January 2025 achieved significant improvements: <ul style="list-style-type: none"> Authority delegation improved from 22% to 47%. Goal-setting realism improved from 34% to 69%. Values alignment improved from 35% to 58%.

CHALLENGES & OPPORTUNITIES IN FY2024

Amidst our organisational transformation, our talent development process encountered several challenges and opportunities. We addressed these with our Talent Development Roadmap, a structured, data-driven approach which is aligned with our broader business strategies. Furthermore, we used people-related KPIs and metrics to track the effectiveness of our talent development strategies

Challenges	Opportunities
Ensuring equitable access to learning, especially given our geographically diverse workforce.	Utilising digital learning platforms, such as LinkedIn Learning to drive self-paced learning regardless of employee location.
Improving employee engagement and satisfaction amidst an organisational transformation.	Driving our cultural shift by aligning leadership and employees, fostering greater trust.
Aligning our performance metrics with business objectives.	Gauging performance with regular surveys, benchmarks, and people analytics platforms to drive accountability.
Inculcating the right culture to achieve our organisational purpose and successfully deliver our transformation plan.	Leveraging myPledge, our core set of actions and behaviours, to embed a unified culture that drives alignment, engagement, and transformational success..
Developing a sustainable talent pipeline for leadership positions.	Implementing leadership training initiatives and establishing management career tracks.

FUTURE OUTLOOK

Our people remain the foundation of MBSB's success, and nurturing talent is a continuous priority to build a resilient organisation poised for long-term growth. Going forward, our talent strategy is anchored on three core pillars that will foster a dynamic, agile, and future-ready workforce aligned with MBSB's **FLIGHT26** ambitions:

► Building a Sustainable Talent

Pipeline: We will further strengthen our management trainee programmes and accelerate high-potential leadership development tracks to nurture future leaders from within the organisation.

► Fostering a High-Performance

Culture: We will reinforce a fair, meritocratic system that rewards sustained performance and supports the growth of high-potential talent.

► Leveraging Technology for Talent

Enablement: We will expand the use of AI-driven learning platforms, digital academies, and predictive analytics to future-proof our workforce and enhance our talent development pipeline.

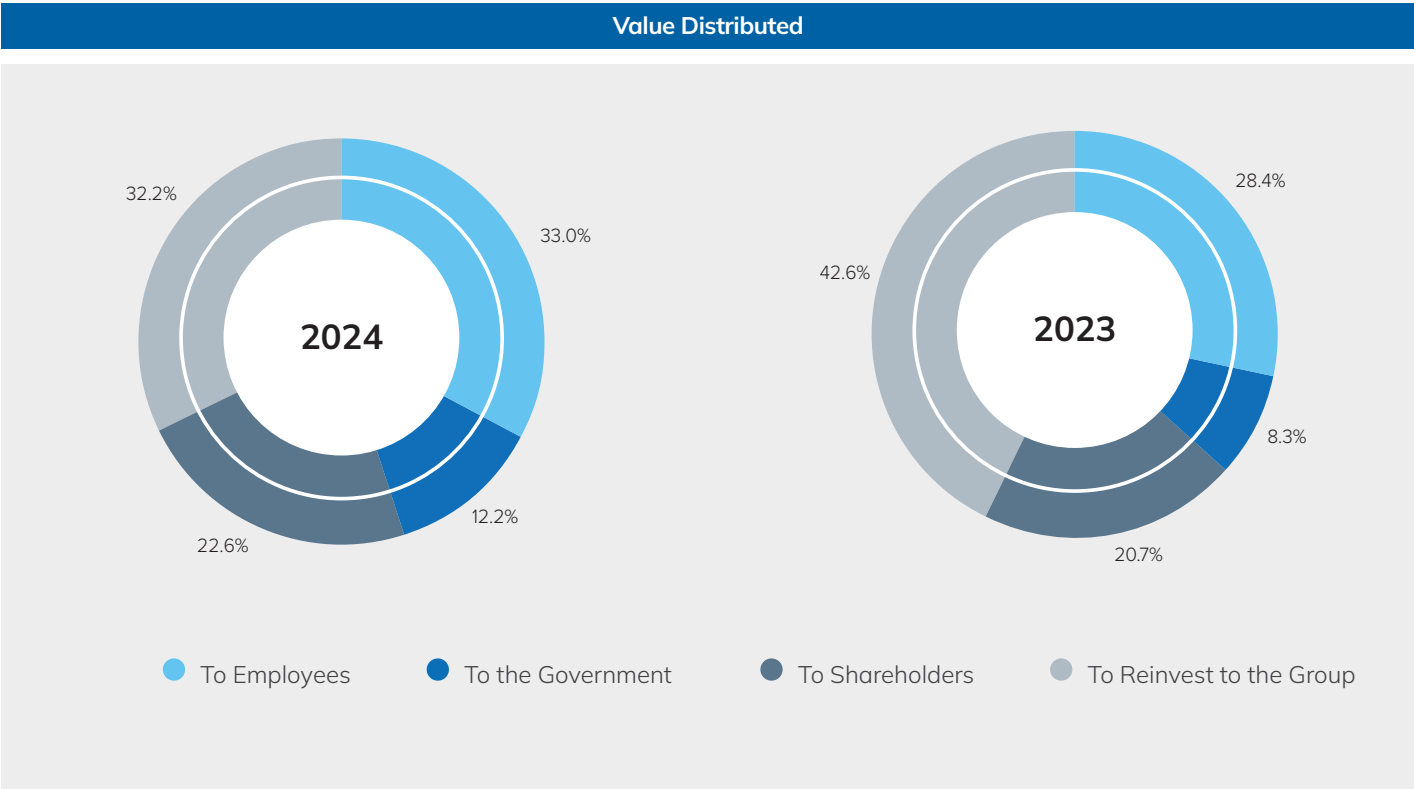


MBSB Learning Day with LinkedIn at Menara MBSB on November 14, 2024

PERFORMANCE REVIEW

Statement of Value Added & Distribution

	2024 RM'000	2023 RM'000
VALUE ADDED		
Revenue	3,706,807	2,821,280
Finance cost to providers of funding	(2,085,004)	(1,816,060)
Value added by the Group	1,621,803	1,005,220
Other income (that did not form part of revenue)	30,662	386,283
Value added available for distribution	1,652,465	1,391,503
DISTRIBUTION		
To Employees		
Staff costs	544,764	395,723
To the Government		
Taxation and Zakat	202,039	114,809
To Shareholders		
Dividend	374,116	287,781
To Reinvest to the Group		
Depreciation/amortisation of PPE and other intangible assets	98,983	107,546
Operating costs	263,580	208,426
Retain for future growth	168,983	277,218
	1,652,465	1,391,503



Group Quarterly Performance

2024				
RM'000	Q1	Q2	Q3	Q4
Revenue	893,447	960,851	947,500	905,009
Finance cost to providers of funding	(529,344)	(529,089)	(520,366)	(506,204)
Other Income	666	4,156	9,756	16,082
Operating Expenses	(214,209)	(241,734)	(230,169)	(221,215)
Operating Profit	150,560	194,184	206,720	193,673
Profit before Tax and Zakat	105,945	95,674	164,504	220,224
Profit Attributable to Owners of The Parent	78,342	54,822	122,085	151,525
Earnings Per Share (sen)	0.95	0.67	1.48	1.84
Return on Equity (%)	0.80	0.56	1.24	1.54

2023				
RM'000	Q1	Q2	Q3	Q4
Revenue	665,492	711,534	746,200	698,054
Finance cost to providers of funding	(408,842)	(434,114)	(465,722)	(507,383)
Other Income	11,575	7,154	(1,705)	369,259
Operating Expenses	(127,006)	(181,396)	(170,614)	(232,679)
Operating Profit	141,219	103,179	108,178	327,232
Profit before Tax and Zakat	84,431	154,986	23,043	297,262
Profit Attributable to Owners of The Parent	74,127	83,695	32,840	301,147
Earnings Per Share (sen)	1.03	1.17	0.46	3.96
Return on Equity (%)	0.79	0.89	0.35	3.20

PERFORMANCE REVIEW

Investor Relations

We maintain regular and meaningful engagements with the investment community to build confidence and trust in our business. Through an active calendar of investor relations events, we communicate our activities, strategies, financial performance, sustainability initiatives, and future plans, supporting coverage of the Group by analysts and driving greater awareness amongst investors.

Key Events in FY2024

During the year, we executed the following IR activities:

- ▶ Organised analysts meetings, including exclusive sessions with senior management of MBSB
- ▶ Held three non-deal roadshows as well as various one-on-one meetings with fund managers to discuss our progress, plans, and other topics of interest, with the aim of strengthening investor relationships.
- ▶ Participated in two retail investment webinars, where we contributed to discussions on key issues facing investors and the industry
- ▶ Organised our annual MBSB Investor Day on 15 May 2025

FINANCIAL CALENDAR

28.2.24 — FY23 Financial Results: Briefing of Analysts & Fund Managers

31.5.24 — 1Q24 Financial Results: Briefing of Analysts & Fund Managers

6.6.24 — 54th Annual General Meeting

28.8.24 — 2Q24 Financial Results: Briefing of Analysts & Fund Managers

27.11.24 — 3Q24 Financial Results: Briefing of Analysts & Fund Managers

SUMMARY OF INVESTOR INTERESTS

The key area of interests discussed with investors are detailed below:

Progress of the Flight26 Strategic Business Plan

Successfully rolled out 30 out of 38 transformation programmes under FLIGHT26

Updates on Post Merger Integration

Successfully rolled out 24 out of 27 post-merger integration initiatives, contributing to enhanced efficiency and long-term value creation.

Balance Sheet Optimisation: CASA Ratio

Increased our CASA ratio from 6.2% to 11.1%, driving improved deposit stability and lower funding costs.

Asset Quality

Delivered a significant GIFR reduction from 7.3% to 5.3%, indicating better management of credit risks and improved asset quality.

CUSTOMER TESTIMONIAL

**Mohd Sirajuddean
Ab Rahim**
Ingress Technology Sdn Bhd

“MIDF has been an instrumental partner in our growth journey. Their unwavering support has provided a solid foundation for our continued progress and success. We extend our sincere and deepest gratitude to MIDF for their long-standing partnership and trust over the years.”

CREDIT RATINGS

In FY2024, RAM Ratings withdrew MBSB Bank's rating at the bank's request, following its decision to streamline credit rating coverage with MARC.

▶ Rating Agency	▶ Rating Classification	▶ Rating	▶ Outlook
MBSB Berhad Rating	Long-term/short-term corporate credit ratings	A+/MARC-1	Stable
MBSB Bank Rating	Financial institution (FI) rating	A+	Stable
Malaysian Industrial Development Finance Berhad (MIDF)	Corporate Credit Ratings	A+/MARC-1	Stable
MIDF Amanah Investment Bank Berhad (MAIB)	Financial institution ratings	A+/MARC-1	Stable

The Financial Institution (FI) rating considers MBSB Bank's established track record in banking and financing — particularly in personal financing — its healthy capitalisation, and the strong shareholder support from its ultimate owner, the Employees Provident Fund (EPF). However, the rating is moderated by the bank's asset quality metrics, which remain weaker than the industry average.

RESEARCH COVERAGE AND RECOMMENDATION

In November 2024, Bank Islam Securities (BIMB) initiated coverage on MBSB with a target price (TP) of RM0.80. At that time, MBSB's share price was RM0.74, indicating an 8% upside potential. Currently, MBSB is covered by three active analysts – BIMB, Kenanga and AMInvest.

MBSB's FY2024 total shareholder return (TSR) reached 10.6%, largely driven by a 4.55 sen dividend, which represents a 90% payout ratio. Following MBSB's better-than-expected FY2024 net profit, Kenanga upgraded their recommendation and target price to RM0.72 (previously RM0.60), raising the consensus target price to RM0.76 (previously RM0.71).

Research House	Target Price (RM)	Recommendation	Change
Kenanga	0.72	Hold	Upgraded
BIMB	0.80	Hold	Maintained
AMInvest	0.75	Hold	Maintained
Average	0.76	Hold	