

Group Consumer Banking



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As we advance, our commitment to delivering best in class consumer solutions remains steadfast. In focusing on sustainable growth, strategic partnerships and innovation, we aim to enhance customer value and solidify our position in the market by serving the ever-evolving needs of our customers in the communities we operate in.

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Usman Ghouse

Group Chief Consumer Banking

WHO WE ARE AND WHAT WE DO

At MBSB Bank, our Consumer Banking Division operates with a firm commitment to our values of integrity, service and sustainability, consistently placing our customers' needs and interests at the centre of our decision-making.

We are dedicated to delivering a full spectrum of Shariah compliant financial solutions, with offerings that cater to our customers' different life stages — from young professionals starting their careers, families planning for long-term stability to retirement.

Our suite of solutions includes core banking needs such as basic transactional accounts, as well as compelling savings options via competitive Term Deposits and Term Investment Account rates. For our more sophisticated customers, we've prioritised broadening access to wealth creation tools. In collaboration with our strategic partners, we offer unit trusts and advisory based Bancatakaful, and we have introduced PrimeGold which enables customers a low barrier to their gold investment journey, from as little as RM10.

Beyond meeting our customers' general financing needs via Personal Financing and Property Financing, we also offer solutions tailored for first time home buyers, as well as for our customers who are looking for education financing.

A robust digital platform is also important for us at MBSB Bank as it allows for a faster, more seamless banking experience for our customers. We have completed a refresh of our mobile banking UI/UX and improved our QR payments response time significantly.

Underpinning all these efforts is our customer servicing abilities supported by our physical footprint of 47 branches nationwide and dedicated customer service teams. MBSB Bank remains committed to helping every customer make bold and informed financial decisions through a relationship-led banking approach.

Be Bold. Bank Smart.

KEY FOCUS AREAS

Driving Deposit Growth Through CASA Campaigns

- ▶ We continue to attract new and existing customers through compelling Current and Savings Account (CASA) campaigns such as Simpan Berganda Menang Bergaya, anchored by exciting rewards-based incentives. Our CASA propositions are designed to not only retain balances but also reward engagement and transactions.

Tiered CASA with Attractive Profit Rates

- ▶ Our tiered CASA offerings provide customers with competitive profit rates based on deposit bands, rewarding savers with higher returns the more they grow their balance — encouraging long-term engagement and account stickiness.

Widest ATM Accessibility via Visa Debit Card

- ▶ With our innovative Visa Debit Card, customers enjoy seamless transactions and have access to the largest fee-free ATM network through the nationwide MEPS infrastructure — providing convenience, savings, and greater reach without hidden costs.

Elevating Digital Banking via MJOURNEY

- ▶ M Journey, our fully digital and Shariah-compliant mobile banking app, has become the gold standard in customer experience. It boasts high user ratings across the Apple App Store and Google Play Store and continues to evolve with features such as real-time fund transfers, investment placements — all in one intuitive platform.

Comprehensive Financing Solutions

- ▶ Our suite of financing products spans Personal Financing for salaried individuals and Property Financing for home buyers, with flexible tenures and competitive rates. We also introduced a Property Financing Preferential Pricing Programme, enabling customers to benefit from lower profit rates based on tenure, property value, and risk profile. In addition, My 1st Home Scheme provides accessible home ownership to first home buyers.

Expanding Investment Offerings

- ▶ In line with our goal to build wealth for our customers, we launched Tiered Investment Account (TIA) with flexible thresholds and profit rates to match customer preferences. This was complemented by the launch of PrimeGold, a digital gold investment platform allowing customers to invest in 999.9 purity gold from as little as RM10 — anytime, anywhere.

Wealth Management & Unit Trusts

- ▶ Our Wealth Management Suite empowers customers to plan and grow their portfolios through a range of unit trust offerings aligned with risk profiles and long-term goals.

Takaful Offerings with Strong Partnerships

- ▶ We expanded our protection suite with the introduction of M-Shield, a family takaful plan designed to provide financial security in the face of life's uncertainties.

BUSINESS ENVIRONMENT

MBSB Bank operates in a highly competitive retail banking landscape, where larger incumbents dominate with deeper resources and wider networks. Yet, we see this not as a limitation — but as an opportunity to differentiate.

We focus on a clear customer segment - individuals who value financial discipline, purposeful savings, and long-term wealth creation - and we're dedicated to helping them meet their everyday financial needs while working towards their greater aspirations and financial goals.

Guided by our brand promise, Be Bold. Bank Smart, we design products that resonate with people making bold, informed financial decisions. Whether it's a tiered CASA account that rewards saving, a digital gold platform that makes investing accessible, or protection plans that bring peace of mind, our approach is always rooted in empowering financial responsibility.

By focusing on our customers and delivering transparent, fit for purpose value propositions that are transparent and sustainable, we continue to grow in relevance and impact — one smart decision at a time.

STRATEGIC BUSINESS PERFORMANCE REVIEW

Strategic Objectives	Key Initiatives	Outcomes
Drive deposit growth	Running combo campaigns to attract Current Account and Savings Account (CASA) deposits.	Achieved 59% year-on-year (y-o-y) growth in deposit balances.
Drive growth of sustainable financing solutions	<p>Implementing a tiered profit rate strategy to optimise returns for our depositors.</p> <p>Promoting our Term Investment Account (TIA) product.</p> <p>Supporting homebuyers with accessible financing solutions:</p> <ul style="list-style-type: none"> ▶ My 1stHome Scheme and Affordable Home: High-margin financing enabling first-time buyers to purchase homes valued between RM100,000 and RM500,000. ▶ My 1stHome SJKP: Tailored financing for first-time buyers, including those with irregular or selected fixed incomes, with coverage ranging from RM100,000 to RM500,000. ▶ My 1stHome SJKP MADANI: Providing up to 120% financing or RM360,000 for owner-occupied properties, catering to both non-fixed and selected fixed-income earners. <p>Offering green property financing for environmentally certified residential properties, promoting sustainable homeownership.</p> <p>Partnering with Avaland Berhad to offer exclusive financing packages for green re-certified home projects.</p> <p>Offering education financing, covering coursework fees, hostel fees, living allowances, digital learning tools and support for on-the-job training.</p> <p>Rolling out Personal Financing (PF) through a collaboration with RinggitPlus to expand our customer reach.</p>	<p>Over RM560 million of TIA sold in 5 months</p> <p>Grew Property Financing balances by over RM1 billion</p> <p>Maintained Personal Financing balances</p>

BUSINESS REVIEW

Group Consumer Banking

KEY PERFORMANCE & HIGHLIGHTS

Key Financial & Business Highlights

- ▶ Recorded a profit of RM273.3 million, exceeding expectations.
- ▶ Achieved RM1.1 billion growth in property financing, surpassing targets.
- ▶ Secured RM2.8 billion in term deposits (TD), outpacing the set goal.
- ▶ Cost-to-Income Ratio (CIR) of 48.1%, reflecting enhanced operational efficiency.
- ▶ TIA has attracted RM560.9 million in deposits since its launch in August 2024.

Sustainability Highlights

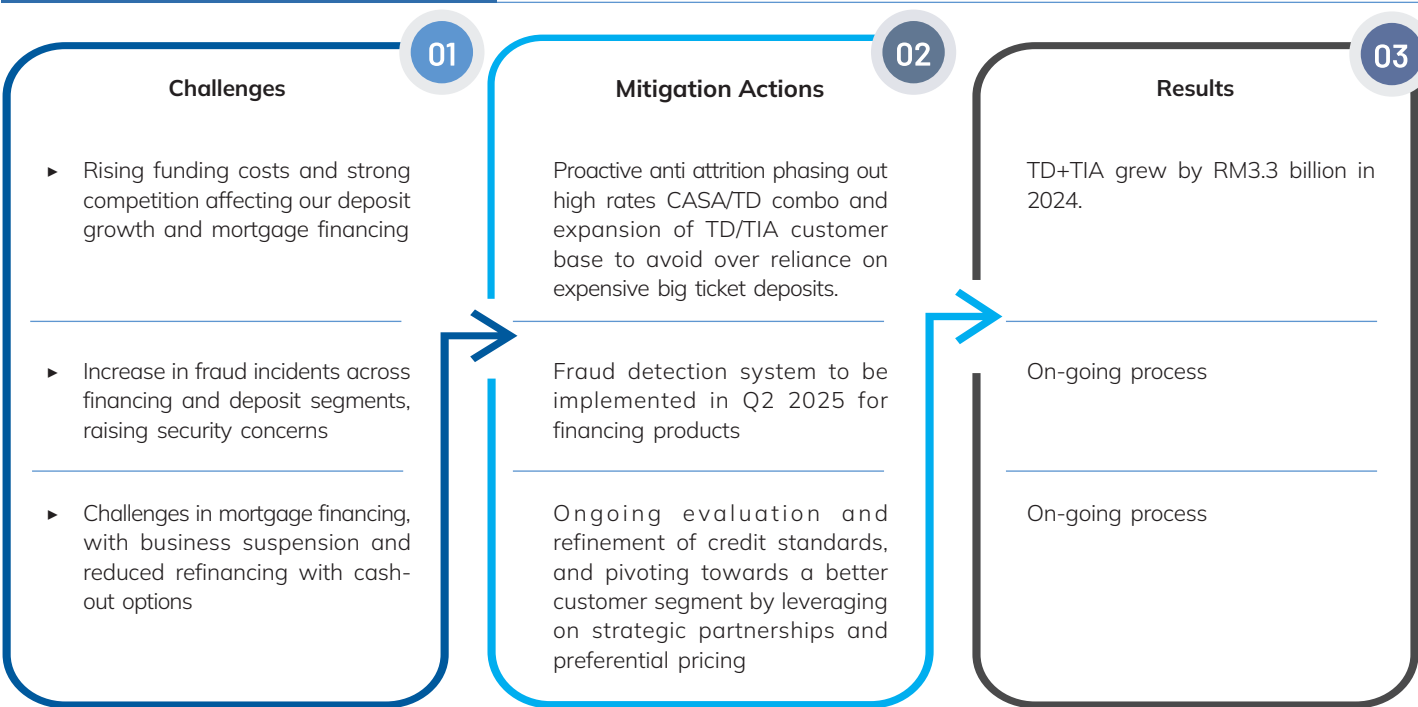
- ▶ Launched My 1st home financing plans to support first-time homebuyers.
- ▶ Expanded our financing for “green” properties through our own products and collaboration with Avaland Berhad.
- ▶ Continued to offer comprehensive education financing to support continuing education and career empowerment.

CUSTOMER TESTIMONIAL

Irene Teh
Term Deposit Customer

“MBSB Bank offered the best profit rate for my business compared to other banks I’ve approached. I frequently visit the PJ branch, and every experience has been pleasant. The staff are friendly, the environment is welcoming, and the branch is easily accessible. It truly makes banking more comfortable and efficient for me.”

KEY CHALLENGES & MITIGATION



OUTLOOK & PROSPECTS

The Malaysian consumer banking sector is poised for stable growth, driven by sustained demand for personal financing, property financing, and auto financing in line with a positive economic environment. As financial needs continue to evolve, Group Consumer Banking will strategically expand its offerings and partnerships to enhance customer value and strengthen its market position.

Key initiatives that will support our division's growth trajectory in the near future include:

- ▶ Expanding strategic partnerships with unit trust platform providers and remittance services, including foreign currency digital funds transfer, to enhance our wealth and international transaction capabilities.
- ▶ Relaunching auto financing to capture new demand and improve accessibility to vehicle ownership.
- ▶ Introducing a payroll proposition to attract salary-crediting customers and deepen engagement through tailored financial solutions.
- ▶ Focusing on the middle 40 income (M40) and mass affluent segments, leveraging targeted products and services to cater to their evolving financial needs.
- ▶ Driving cross-selling and upselling initiatives to maximise customer lifetime value and strengthen relationships across multiple product categories.
- ▶ Proposition-driven base expansion, ensuring that our offerings align with customer needs while delivering enhanced value.



MBSB launched digital gold PrimeGold at Perdana Hotel, Kelantan, 28 November 2024.

BUSINESS REVIEW

Group Commercial Banking



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In 2024, Group Commercial Banking led MBSB's financing growth, supported by a stronger foundation following the integration of MIDF's Development Finance Business. This synergy allows us to deliver broader and deeper SME solutions; from structured financing to development grants, anchored by the strength of our people and the trust of our clients.

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Che Nazari Che Azid

Group Chief Commercial Banking Officer

WHO WE ARE AND WHAT WE DO

Established in October 2022, Commercial Banking expanded into Group Commercial Banking in 2023 following MBSB's merger with MIDF, incorporating MIDF's Development Finance Business.

We drive SME banking growth with a comprehensive suite of financial solutions designed to meet diverse customer needs – including business financing, short-term credit, cash management and digital banking. MIDF Development Finance Business further supports businesses, particularly SMEs, with grants and government financing schemes for sustainable growth.

BUSINESS ENVIRONMENT REVIEW

In 2024, Malaysian SMEs remained optimistic, driven by economic growth, strong sales expectations, expansion plans and increased hiring. This confidence reflected a resilient business landscape, with many businesses positioning themselves for growth.

However, challenges persisted, including rising costs, exchange rate volatility and profitability pressures. These factors influenced business strategies, prompting SMEs to adapt to shifting market conditions.

Despite these challenges, the market experienced steady expansion, supported by rising domestic demand, evolving consumer behaviour and increased digital adoption. Key sectors, including manufacturing, trade and services, continued to grow, with businesses focusing on cost management and operational efficiency to sustain profitability.

KEY FOCUS AREAS

Sustained Focus on Financing Growth

We are committed to aggressively targeting new-to-bank (NTB) customers, while prioritising high-value transactions to significantly expand our customer base and accelerate the growth of our financing portfolio.

Laser Focus on CASA Growth

Continues to be a key area of focus, where we streamline the process through online account opening. In addition, we are actively engaging in strategic initiatives designed to drive robust CASA growth.

Wider Market Reach

New Commercial Business Centres (CBCs) have recently opened in Putrajaya, Shah Alam, Ipoh & Kuala Terengganu and most recently at MATRADE, expanding our nationwide network to a total of 13 centres.

These CBCs not only increase our visibility but also enable us to deliver personalised financial solutions, strengthening our market presence and driving business opportunities across Malaysia.

Continuous Employee Training and Development

We are committed to enhancing and optimising both our existing talent and new talent through initiatives such as the Young Islamic Banker programme, ensuring continuous growth and development within our workforce.

CUSTOMER TESTIMONIAL

Naguib Mohd Nor

President Malaysia
Aerospace Industry
Association (MAIA)

“

Partnering with MBSB Bank has been a strategic step forward for the aerospace industry. Their deep understanding of our sector's needs, coupled with their commitment to innovative financial solutions, has enabled us to accelerate growth and build stronger foundations for local aerospace players. We value MBSB Bank not just as a financial partner, but as a collaborator in driving Malaysia's aerospace ambitions forward.

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BUSINESS PERFORMANCE REVIEW

Strategic Objectives	Key Initiatives	Outcomes
Expand our financing growth	<ul style="list-style-type: none"> ▶ Leverage existing customer relationships while cultivating new ones to drive financing growth 	<ul style="list-style-type: none"> ▶ Emerged as the key driver of financing growth within the Group with financing base expand Y-o-Y by 17%.
Bolster our customer acquisition efforts	<ul style="list-style-type: none"> ▶ Targeting new-to-bank (NTB) customers and prioritising high-value transactions to expand our customer base. 	<ul style="list-style-type: none"> ▶ Group Commercial Banking's NTB customers increased by an impressive 22% y-o-y.
Strengthen our market penetration	<ul style="list-style-type: none"> ▶ Establishing and expanding our Commercial Business Centres (CBCs) across Malaysia to deliver personalised service delivery and support our business growth. 	<ul style="list-style-type: none"> ▶ Group Commercial Banking has expanded its presence with new CBCs in Putrajaya, Shah Alam, Ipoh & Kuala Terengganu and most recently at MATRADE, bringing its nationwide network to 13 centres.
Enhance our existing propositions	<ul style="list-style-type: none"> ▶ Launching tailored financial solutions and market-driven programmes to address specific industry and business needs while supporting our business growth, sustainability and expansion. 	<ul style="list-style-type: none"> ▶ Group Commercial Banking launched several new products and programmes, including: <ul style="list-style-type: none"> ▶ TERAJU Programme: Supports Bumiputera companies in scaling and expanding their businesses, in collaboration with Unit Peneraju Agenda Bumiputera (TERAJU) under the Bumiputera Expansion and Catalyst Fund (BECF). ▶ M-Property Financing: Streamlines financing for property acquisition and refinancing, including green buildings, with additional options for CAPEX and working capital financing. ▶ Prime Business Account – Tiered Rate Current Account: Enhances our PrimeRich Current Account, rewarding customers with higher profit rates based on their deposit amounts. ▶ The Group also introduced the following market-driven offerings: <ul style="list-style-type: none"> ▶ Women (Independent) SME Entrepreneurs ▶ Halal Accreditation & Technology ▶ Future Ready Financing ▶ Sustainable Mobility Biz Financing ▶ SME Transformation Financing ▶ Biotech Commercialisation Fund 3.0 ▶ Aerospace & Electrical & Electronic Ecosystem Investment Fund ▶ Bumiputera Expansion & Catalyst Fund

BUSINESS REVIEW

Group Commercial Banking

Strategic Objectives	Key Initiatives	Outcomes
Enhance customer and stakeholder engagement	<ul style="list-style-type: none">▶ Conducting proactive outreach activities to foster affinity and trust.	<ul style="list-style-type: none">▶ MIDF was appointed by Malaysia's Ministry of Entrepreneur Development & Cooperative (KUSKOP) as the:<ul style="list-style-type: none">▶ Secretariat for a trade mission and vendor development programme to Sydney, Australia, focusing on the food service sector.▶ Co-secretariat for a trade mission to China, focusing on next-generation vehicles and electric vehicles, jointly coordinated by Proton and the Malaysia Automotive, Robotics & IoT Institute (MARii).▶ Joint secretariat for the FOODEX trade mission to Osaka, Japan, supporting 25 SMEs in the food and beverages (F&B) sector under KUSKOP's Geran Inovasi dan Pengkomersilan Vendor.
Strengthen employee capability and development	<ul style="list-style-type: none">▶ Optimising workforce development through training initiatives like the Young Islamic Banker programme.	<ul style="list-style-type: none">▶ Continuous workforce growth and expertise development in Islamic banking.

KEY PERFORMANCE & HIGHLIGHTS

Key Financial & Business Highlights	Sustainability Highlights
<p>Group Commercial Banking delivered record growth, reflected in:</p> <ul style="list-style-type: none">▶ The highest financing growth within the Group.▶ Steady growth in revenue and profitability.▶ Trade business expansion, with trade limits rising by 36% y-o-y.	<p>Group Commercial Banking introduced Women (Independent) SME Entrepreneurs, a groundbreaking sustainability product offering comprehensive financial support to help women-owned SMEs thrive.</p>

KEY CHALLENGES & MITIGATION





MBSB Group joined MAIA as the first banking Core Member, 7 January 2025.

OUTLOOK & PROSPECTS

In alignment with the Flight26 Transformation Programme, Group Commercial Banking will drive CASA growth and financing expansion, with SMEs as the primary catalyst. Strengthening collaborations with SME associations will enable deeper market penetration into emerging industries such as aerospace and automotive, while a stronger emphasis on supply chain financing will foster sustainable business ecosystems and stronger customer relationships.

At the same time, enhancing non-funded income remains a key priority. To support revenue growth, our division will introduce new trade-related products, insurance solutions and competitive foreign exchange offerings. A standout initiative, the Express Bank Guarantee, is set to streamline turnaround times, reinforcing the Group's commitment to an exceptional customer experience.

Group Commercial Banking's focus on digital transformation will see the integration of advanced digital platforms and automation to enhance operational efficiency and customer engagement. At the same time, the Group's commitment to ESG principles will shape our division's financing practices, ensuring that businesses adopt sustainable models while benefiting from innovative financial solutions.

With customer experience at the heart of our division's strategy, Group Commercial Banking will continue investing in personalised service and staff training to uphold the highest standards. By remaining agile and execution-driven, our division is well-positioned to empower businesses, drive long-term success and contribute to sustainable economic growth.

BUSINESS REVIEW

Group Wholesale Banking



“In 2024, Group Wholesale Banking focused on integrated Shariah-compliant and ESG solutions such as green sukuk and Islamic structured products. Stronger collaboration across Corporate Banking, MAIB, and Financial Markets unlocked synergies, optimised funding that is positioning us to deliver long-term value for clients and stakeholders.”

Kuldeep Singh
Group Chief Wholesale Banking

WHO WE ARE AND WHAT WE DO

Group Wholesale Banking comprises three core departments: Corporate Banking, MIDF Amanah Investment Bank (MAIB) and Financial Markets. Together, we provide comprehensive, tailored Islamic financial solutions for Corporate and Institutional clients, supporting business growth and economic sustainability. Our expertise spans corporate financing, treasury management, MAIB and sustainable finance.

BUSINESS ENVIRONMENT REVIEW

The financial sector continued to evolve in 2024 amid global economic uncertainties, rising interest rate volatility, inflationary pressures and geopolitical risks. These factors affected funding costs, liquidity management and investment strategies, creating a more complex operating environment for financial institutions.

KEY FOCUS AREAS	
Corporate Banking	<ul style="list-style-type: none">► Sustainable Balance Sheet & Income Growth Focus on high-value, risk-adjusted financing that reinforces balance sheet strength and supports long-term profitability, thereby expanding our corporate banking portfolio.► Funding & Deposit Optimisation Enhance cost efficiency and competitiveness by refining our funding mix and intensifying deposit mobilisation efforts.► Diversified Income & Business Resilience Driving consistent growth in non-funded income by leveraging our integrated banking ecosystem to seize opportunities across economic cycles.
MAIB	<ul style="list-style-type: none">► Advisory Business Uplift Growing and increasing non-funded income to diversify away from funded income within Wholesale Banking.► Equity Business Turnaround Focus on enhancing operational efficiencies and increasing returns from equity business to increase non-funded income contribution within Wholesale Banking.► Growing Share Margin Financing Continue growing our share margin financing business which provides financing facilities to customers for investments in shares quoted on Bursa Malaysia Securities Berhad.
Financial Markets	<ul style="list-style-type: none">► Liquidity Management Focus on maintaining optimal liquidity levels, ensuring all financial obligations are being met efficiently whilst being able to respond promptly to market conditions ensuring operational stability and resilience throughout the year.► Expanding Non-Funded Income Revenue Strategically focused on expanding the non-funded income revenue through foreign exchange (FX) related activities via enhancement of the FX offerings through competitive rates and tailored solutions.► Investment Portfolio Optimisation Optimising the investment portfolio to maximise returns while managing risk effectively via thorough analyses of market opportunities as an enabler to make informed investment decisions which supported the overall financial growth and contributed to sustainable growth.

BUSINESS PERFORMANCE REVIEW

Strategic Objectives	Key Initiatives	Outcomes
CORPORATE BANKING		
Expand our large-scale corporate financing and enhance balance sheet exposure in national-aligned key growth sectors	<ul style="list-style-type: none"> ▶ Strategic collaboration with other financial institutions for syndicated financing deals. ▶ Enlarge appetite for high quality assets with larger ticket sizes, with additional focus on disbursement of sustainable and sustainability-related financing. 	<ul style="list-style-type: none"> ▶ Financing disbursement grew by 22.8% YoY, the highest ever recorded by Corporate Banking. ▶ Successfully penetrated new sectors and diversified client base, namely in the transportation, integrated waste management, and agriculture sectors where we have managed to build new client relationships with several top players in the market.
Drive CASA growth to optimise CASA mix and achieve a lower cost of funds, allowing us to offer more competitive pricing to target top-tier clients	<ul style="list-style-type: none"> ▶ Capture higher volume of deposits from GLCs, governmental entities, corporates and concession companies. ▶ Strategic CASA bundling when offering financing to potential clients ▶ Launch MY CASA in tiered rates feature, to help drive overall deposit growth. 	<ul style="list-style-type: none"> ▶ YoY Corporate CASA growth of +94.8% ▶ Improvement in CASA ratio by 18.3%.
Increase contribution of non-funded income to total net income for better topline growth	Complement big-ticket deals with value added products and services to unlock synergistic opportunities within Corporate Banking and the wider Wholesale Banking ecosystem.	Delivered strong growth in non-funded income, significantly exceeding our FY2024 target.
MAIB		
Diversify our non-funded income streams	Enhancing our advisory and investment services through structured financing, initial public offering (IPO) underwriting and Sukuk issuance to attract more clients.	<ul style="list-style-type: none"> ▶ Completed three IPOs: <ul style="list-style-type: none"> ▶ Crest Group Berhad (listed on Bursa Malaysia's ACE Market on 9 October 2024). ▶ Life Water Berhad (listed on Bursa Malaysia's Main Market on 13 November 2024). ▶ Metro Healthcare Berhad (Transferred from Bursa Malaysia's LEAP Market to the ACE Market on 15 November 2024). ▶ Completed the issuance of RM185.0 million in Islamic medium-term notes.
Strengthen our equity market strategies	Focusing on share margin financing growth to support investments in Bursa Malaysia-listed equities.	Increased market participation in share margin financing.
Advance sustainable finance initiatives	Spearheading green Sukuk and ESG-linked financing solutions to align with ESG standards.	Increased issuance of sustainable finance instruments.
FINANCIAL MARKETS		
Enhance our cross-market liquidity management	Optimising interbank funding, increasing lower-cost deposits and implementing alternative liquidity management strategies to reduce COF.	Reduced COF and improved asset-liability management.
Optimise our Foreign Exchange (FX) and Sukuk sales	Expanding our FX and Sukuk trading to enhance our market presence and profitability while strengthening relationships with institutional clients for large-ticket FX deals.	<ul style="list-style-type: none"> ▶ Expanded trading relationship with a major international counterparty. ▶ Trading volume grew by more than a quarter over 2023's, on the back of expanded counterparties, and higher limits internally and externally. ▶ FX Sales surged by more than half over 2023's for the central and southern regions. ▶ FX Sales grew by more than half over 2023's for the Corporate segment while SME segment grew more than a third.
Increase investments in ESG Sukuk	Initiating targeted ESG Sukuk investments to strengthen Treasury's role in sustainable finance.	Expanded sustainable investments across various portfolios.
Expand our structured product penetration	Integrating Treasury solutions across business divisions to strengthen our market-aligned, structured product offerings.	Increased product adoption and revenue growth.

BUSINESS REVIEW

Group Wholesale Banking

KEY PERFORMANCE & HIGHLIGHTS

Key Financial & Business Highlights

- Completed 3 IPOs in 2024:
- 1. Crest Group Berhad listed on ACE Market of Bursa Malaysia Securities Berhad on 9 October 2024.
 - 2. Life Water Berhad listed on Main market of Bursa Malaysia Securities Berhad on 13 November 2024.
 - 3. Metro Healthcare Berhad transferred listing from LEAP Market and listed on ACE Market of Bursa Malaysia Securities Berhad on 15 November 2024.
- Completed RM185.0 million ASEAN Sustainability SRI Sukuk Wakalah issuance by SEP Resources (M) Berhad

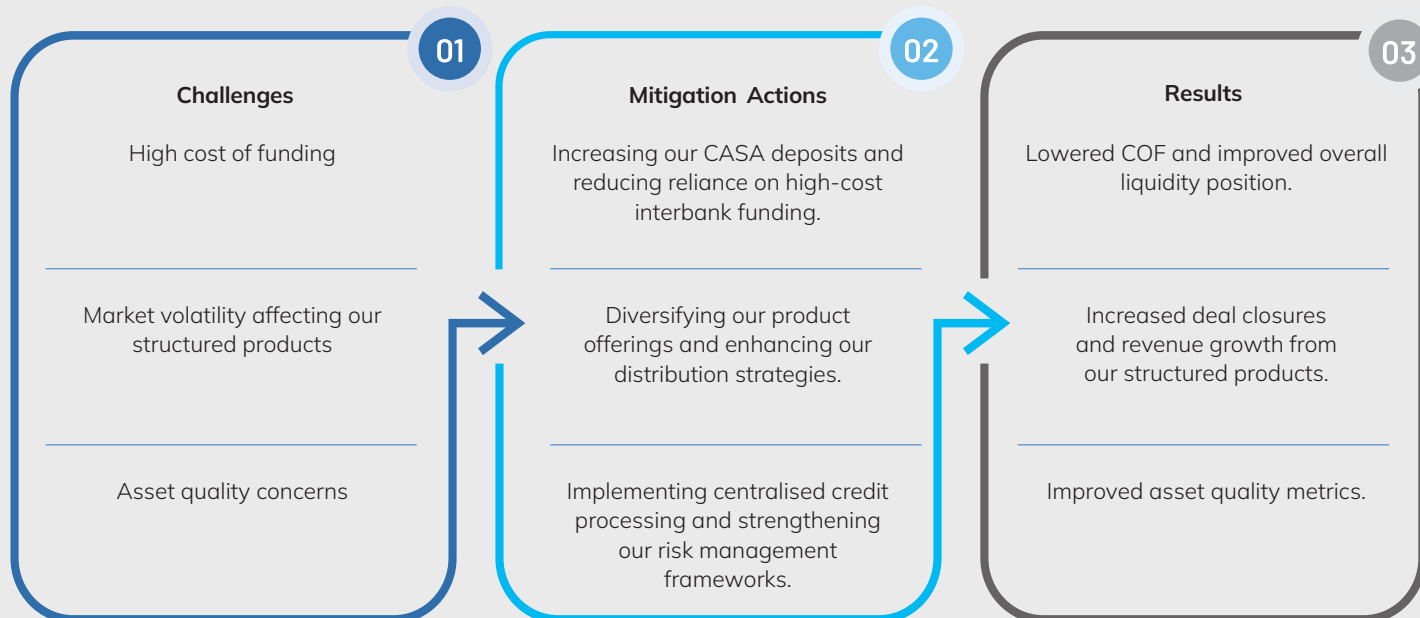
Sustainability Highlights

- Total approval of sustainable and transition financing under Corporate Banking increased by over +800% YoY, showcasing our efforts in advancing the Bank's ESG agenda with notable deals as follows:
- Financing renovation and fit out works for an EV Center and showroom by a reputable technology hub developer, promoting the growth of the nation's Electric Vehicle (EV) industry.
 - Participated in a sukuk issuance by a leading rail company to part-finance its remanufacturing and manufacturing of electrified locomotives and wagons which use greener fuels, allowing the company's transition towards cleaner energy consumption.
 - Facilitated the financing for the acquisition of a strategic green asset by a major local conglomerate, for its maiden venture into the waste management industry.
 - Provided credit facilities for the procurement and capital expenditure requirements relating to social benefits undertaken by the Malaysian government.
- Jointly advised and arranged RM185.0 million ASEAN Sustainable SRI Sukuk Wakalah issuance by SEP Resources (M) Sdn Bhd
- Won two best ASEAN Green SRI Sukuk of the year awards for the RM390.0 million ASEAN Green SRI Sukuk issuance by reNIKOLA Solar II Sdn Bhd which is also the first climate-related sukuk certified by the Climate Bond Initiative in Malaysia and the world.

Industry Recognition & Awards

- Alpha Southeast Asia's 18th Annual Best Deal & Solution Awards 2024
- Best Corporate Sukuk in Southeast Asia
- The Asset Triple A Islamic Finance Awards 2024
- Best ASEAN Green SRI Sukuk – Renewable Energy/Solar
 - Best Sukuk – Digital Infrastructure
 - Best Syndicated Loan – Healthcare
- IFN Awards Deals of the Year 2024
- IFN Tawarruq Deal of the Year 2024

KEY CHALLENGES AND MITIGATION



OUTLOOK & PROSPECTS

Aligned with Flight26 strategies, Group Wholesale Banking will strengthen collaboration within the Group to deliver integrated financial solutions that meet evolving client needs.

We will deepen integration across Corporate Banking, MAIB and Financial Markets to maximise client value through enhanced synergies and cross-selling. At the same time, we aim to optimise our funding structures by reducing reliance on interbank funding while enhancing lower-cost deposit strategies.

To drive sustainable finance growth, we will expand our ESG and Shariah-compliant offerings, focusing on green Sukuk and Islamic structured products. Additionally, we are investing in talent and innovation by advancing Shariah-compliant financial expertise and enhancing digital banking capabilities.

With a clear strategic direction, Group Wholesale Banking is well-positioned to navigate market challenges, drive profitability and deliver long-term value for stakeholders.

CUSTOMER TESTIMONIAL

Loo Chung Fong
CEO Capsule Transit
owned by 40FT Container
Sdn Bhd

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Since launching in 2014, CapsuleTransit has grown from a single airport transit hotel concept into a group of multiple outlets, including our latest flagship, CapsuleTransit MAX. From the beginning, MIDF has been a consistent and trusted partner in our journey.

With MIDF's support, we've been able to expand our presence in key airport terminals, enhance our guest experience, and continue innovating within the travel hospitality space. Their funding has played a vital role in helping us scale sustainably while staying focused on delivering comfort and convenience to modern travelers.

We're truly grateful for MIDF's belief in our vision and continued support throughout our growth.”

Corporate Information

BOARD OF DIRECTORS

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

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

Encik Sazaliza bin Zainuddin
Non-Independent Executive Director

Datuk Yasmin binti Mahmood
Non-Independent Non-Executive Director

Encik Mohamad Abdul Halim bin Ahmad
Independent Non-Executive Director

Dr. Loh Leong Hua
Independent Non-Executive Director

Encik Ho Kwong Hoong
Independent Non-Executive Director

GROUP CHIEF EXECUTIVE OFFICER

Encik Mohamed Rafe Bin Mohamed Haneef

COMPANY SECRETARIES

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

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

SHARE REGISTRAR

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AUDITORS

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50706 Kuala Lumpur

REGISTERED OFFICE

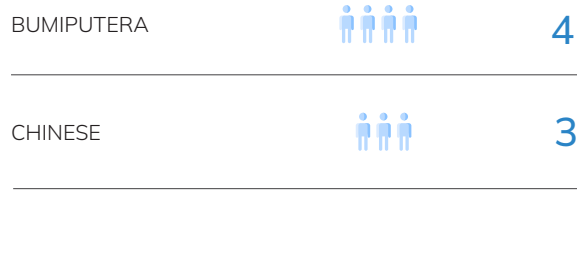
Level 25, Menara MBSB Bank, PJ Sentral
Lot 12, Persiaran Barat, Seksyen 52
46200 Petaling Jaya, Selangor
Tel: 03-2096 3000
Fax: 03-7455 5108
Email: secretarial.division@mbsbbank.com
Website: www.mbsb.com.my

STOCK EXCHANGE LISTING

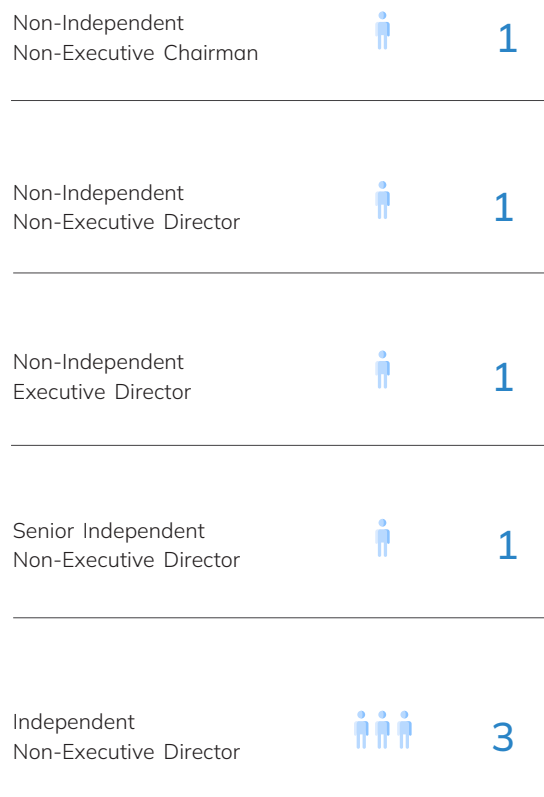
Main Market of Bursa Malaysia Securities Berhad
(Listed since 14 March 1972)
Stock Code: 1171
Stock Name: MBSB

Board at a Glance

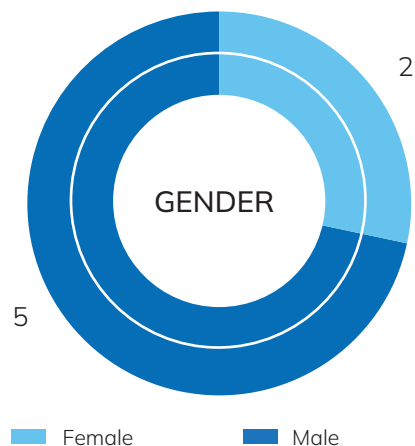
ETHNICITY



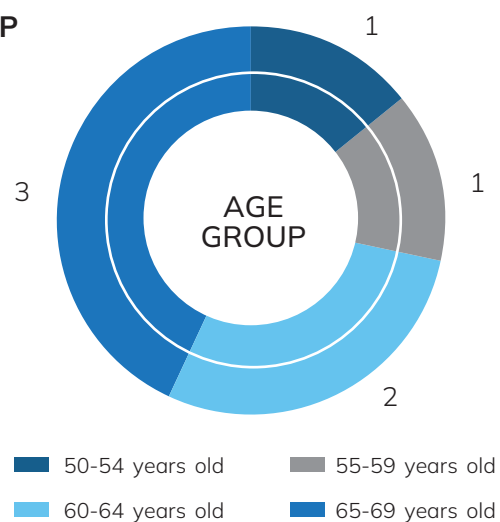
DEMOGRAPHIC



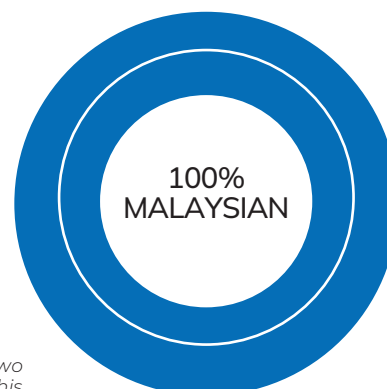
GENDER¹



AGE GROUP



NATIONALITY



¹ The Group Nominating and Remuneration Committee (GNRC) has identified two female candidates for MBSB directorships, subject to regulatory approval in 2025. This will raise female board representation to 44% at MBSB.

Profile of MBSB Board of Directors

DATO' WAN KAMARUZAMAN BIN WAN AHMAD

Chairman/
Non-Independent Non-Executive Director



Age
65



Nationality
Malaysian



Gender
Male

Date of Appointment:
24 January 2024

Board Meetings Attendance in 2024
19 out of 19

ACADEMIC/PROFESSIONAL QUALIFICATION:

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

WORKING EXPERIENCE AND OCCUPATION:

Present Directorships

Other listed entities:

- ▶ Malaysian Resources Corporation Berhad
- ▶ Bermaz Auto Berhad

Other public companies:

- ▶ Chairman, MBSB Bank Berhad

Present Appointment(s)

- ▶ Chairman, Iris Capital Partners Sdn Bhd
- ▶ Chairman, Investment Advisory Panel, Securities Commission.
- ▶ Member, Investment Panel, Employees Provident Fund Board
- ▶ Director, Mudarabah Innovation Fund Investments Ltd
- ▶ Director, Global LNG Sdn Bhd
- ▶ Director, Lembaga Penduduk dan Pembangunan Keluarga Negara
- ▶ Commission Member, Malaysian Aviation Commission

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

- ▶ Chairman, Bank of America Malaysia Berhad (2022-2024)
- ▶ Director, Damansara REIT Managers Sdn Bhd (2020-2024)
- ▶ Director, Bond/Sukuk Information Platform Sdn Bhd (BIX Malaysia) (2017-2023)
- ▶ Board Member, Minority Shareholder Watch Group (2016-2022)
- ▶ Director, Malaysia Convention & Exhibition Bureau (2020-2022)
- ▶ Director, RHL Ventures Advisory Sdn Bhd (2019-2020)

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

CURRENT MEMBERSHIP OF BOARD COMMITTEE(S) IN MBSB

Nil

DECLARATION:

- ▶ Nominee of Employees Provident Fund Board (EPF)
- ▶ No family relationship with any director and major shareholders of MBSB.
- ▶ No conflict of interest or potential conflict of interest, including interest in any competing business with MBSB Group.
- ▶ He has not been convicted for any offences within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2024.

PUAN LYNETTE YEOW SU-YIN

Senior Independent Non-Executive Director



Age
55



Nationality
Malaysian



Gender
Female

Date of Appointment:
22 March 2017

Board Meetings Attendance in 2024
19 out of 19

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

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

WORKING EXPERIENCE AND OCCUPATION

Present Directorship(s)

Other Listed Entity:

- ▶ CTOS Digital Berhad

Other Public Companies:

- ▶ MIDF Amanah Investment Bank Berhad

Present Appointment(s):

- ▶ Director, TNB Power Generation Sdn Bhd
- ▶ Director, SC Shekar Photography Sdn Bhd
- ▶ Director, Beagle Books Sdn Bhd
- ▶ Trustee, The Datai Pledge
- ▶ Consultant, Sanjay Mohan, Advocates & Solicitors

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

- ▶ Board Member, The Securities Commission Malaysia (2021-2023)
- ▶ Director, MBSB Bank Berhad (2018-2021)
- ▶ Director, Themed Attractions Resorts and Hotels Sdn Bhd (2015-2020)
- ▶ Panel of Mediators, Securities Industry Dispute Resolution Center (SIDREC) (2015-2019)

- ▶ Partner, Chua Associates, Advocates & Solicitors (2015-2018)
- ▶ Partner, Kadir Andri & Partners (2011-2015)
- ▶ Partner, Zaid Ibrahim & Co (2002- 2011)
- ▶ Partner, Raslan Loong (2000-2002)

CURRENT MEMBERSHIP OF BOARD COMMITTEE(S) IN MBSB

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

DECLARATION

- ▶ No family relationship with any director and major shareholders of MBSB.
- ▶ No conflict of interest or potential conflict of interest, including interest in any competing business with MBSB Group.
- ▶ She has not been convicted for any offences within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2024.

Profile of MBSB Board of Directors

ENCIK SAZALIZA BIN ZAINUDDIN

Non-Independent Executive Director*



Age
52



Nationality
Malaysian



Gender
Male

Date of Appointment:
1 January 2025

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

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

WORKING EXPERIENCE AND OCCUPATION

Present Directorship(s)

Other Listed Entity:

- ▶ Nil

Other Public Companies:

- ▶ Nil

Present Appointment(s):

- ▶ Chief Operating Officer, Employees Provident Fund

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

- ▶ Chief Financial Officer, Employees Provident Fund (2017– 2021)
- ▶ Director, MBSB Bank Berhad (2018-2021)
- ▶ Director, Malaysia Building Society Berhad (2017-2018), (2021-2024)
- ▶ Director, HSBC Amanah Takaful (Malaysia) Berhad (2013-2017)

CURRENT MEMBERSHIP OF BOARD COMMITTEE(S) IN MBSB

- ▶ Nil

DECLARATION

- ▶ Nominee of Employees Provident Fund Board (EPF).
- ▶ No family relationship with any director and major shareholders of MBSB.
- ▶ No conflict of interest or potential conflict of interest, including interest in any competing business with MBSB Group.
- ▶ He has not been convicted for any offences within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies as at the date of his appointment.

* Note:

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

DATUK YASMIN BINTI MAHMOOD

Non-Independent Non-Executive Director



Age
62



Nationality
Malaysian



Gender
Female

Date of Appointment:
5 December 2023

Board Meetings Attendance in 2024
19 out of 19



ACADEMIC/PROFESSIONAL QUALIFICATION(S)

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

WORKING EXPERIENCE AND OCCUPATION

Present Directorship(s)

Other Listed Entity:

- ▶ Citaglobal Berhad

Other Public Companies:

- ▶ Malaysian Industrial Development Finance Berhad

Present Appointment(s):

- ▶ Managing Partner of FutureReady Consulting Sdn Bhd
- ▶ Chairman, Malaysian Tourism Promotion Board

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

- ▶ Chairman, Skymind Holdings Berhad (2021–2024)
- ▶ Chairman, Heriot-Watt University of Malaysia (2021–2024)
- ▶ Director, UMW Holdings Berhad (2022–2024)
- ▶ Director, Bintulu Port Holdings Berhad (2015–2023)
- ▶ Chairman, POS Malaysia Berhad (2019–2021)
- ▶ Chief Executive Officer, Malaysia Digital Economy Corporation (MDEC) (2014–2019)
- ▶ Executive Director, YTL Communication Sdn. Bhd. (2010–2014)
- ▶ Director, YTL e-Solutions Berhad (2010–2014)

- ▶ Managing Director, Microsoft Malaysia Sdn. Bhd. (2006–2009)
- ▶ Regional Manager, Malaysia, Thailand and Taiwan, Dell Asia Pacific (2005–2006)
- ▶ General Manager, Dell Asia Pacific (1999–2005)
- ▶ General Manager, HP Sales Malaysia (1995–1999)
- ▶ General Manager, Dataprep Retail Sdn. Bhd. (1993–1995)
- ▶ Marketing Manager, HP Sales Malaysia (1988–1993)

CURRENT MEMBERSHIP OF BOARD COMMITTEE(S) IN MBSB

- ▶ Member, Group Nominating and Remuneration Committee

DECLARATION

- ▶ Nominee of Permodalan Nasional Berhad
- ▶ No family relationship with any director and major shareholders of MBSB.
- ▶ No conflict of interest or potential conflict of interest, including interest in any competing business with MBSB Group.
- ▶ She has not been convicted for any offences within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2024.

Profile of MBSB Board of Directors

ENCIK MOHAMAD ABDUL HALIM BIN AHMAD

Independent Non-Executive Director



Age
64



Nationality
Malaysian



Gender
Male

Date of Appointment:
2 March 2020

Board Meetings Attendance in 2024
19 out of 19

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

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

WORKING EXPERIENCE AND OCCUPATION

Present Directorship(s)

Other Listed Entity:

- ▶ S P Setia Berhad

Other Public Companies:

- ▶ Nil

Present Appointment(s):

- ▶ Nil

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

- ▶ Director, Perbadanan Insurans Deposit Berhad (2012-2018)
- ▶ Director, Sime Darby Utilities Sdn Bhd (2011-2017)
- ▶ Director, TMD Berhad (2004-2008)
- ▶ Managing Director, Saujana Consolidated Berhad (1996-2017)
- ▶ Managing Director, Saujana Resort (M) Berhad (1996-2014)
- ▶ Director, Shangri-La Hotel (M) Berhad (1996-2005)
- ▶ Managing Director, Landmarks Berhad (1996-2005)
- ▶ Group Chief Executive, Peremba (Malaysia) Sdn Bhd (1994-2014)
- ▶ Director, Rashid Hussain Berhad (1994-2003)

- ▶ Director, Australian Hospital Care Limited (1994-2001)
- ▶ General Manager of Finance, Landmarks Berhad (1988-1993)
- ▶ Senior Manager of Finance, Amanah Merchant Bank Berhad (1987-1988)
- ▶ Audit Senior, Arthur Andersen & Co (KL) (1986-1987)
- ▶ Audit Trainee/Senior, Arthur Andersen & Co. (London) (1982-1985)

CURRENT MEMBERSHIP OF BOARD COMMITTEE(S) IN MBSB

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

DECLARATION

- ▶ No family relationship with any director and major shareholders of MBSB.
- ▶ No conflict of interest or potential conflict of interest, including interest in any competing business with MBSB Group.
- ▶ He has not been convicted for any offences within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2024.

DR. LOH LEONG HUA

Independent Non-Executive Director



Age
67



Nationality
Malaysian



Gender
Male

Date of Appointment:
10 May 2021

Board Meetings Attendance in 2024
19 out of 19

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

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

WORKING EXPERIENCE AND OCCUPATION

Present Directorship(s)

Other Listed Entity:

- ▶ WTK Holdings Berhad

Other Public Companies:

- ▶ Nil

Present Appointment(s):

- ▶ Nil

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

- ▶ Director, Malaysian Industrial Development Finance Berhad (2023-2024)
- ▶ Director, Pacific & Orient Insurance Co. Berhad (2019-2024)
- ▶ Chairman, Rating Committee, Malaysian Rating Corporation Berhad (2018-2022)
- ▶ Director, MBSB Bank Berhad (2018-2021)
- ▶ Director, Transnational Insurance Brokers (M) Sdn Bhd (2012-2019)
- ▶ Director, Asian Finance Bank Berhad (2017-2018)
- ▶ Director, WTK Holdings Berhad (2014-2018)

- ▶ Member, Board Risk Committee, Sarawak Economic Development Corporation [SEDC] (2013-2017)
- ▶ Director, YKGI Holdings Berhad (2015-2017)
- ▶ Director, YFG Berhad (2012-2015)
- ▶ Senior Director, Kenanga Investment Bank Berhad (2006-2011)
- ▶ Senior Vice President, Affin Merchant Bank Berhad (2006)
- ▶ Head, Commercial Banking, Eon Bank Berhad (2002-2005)
- ▶ Head, Sarawak & Sabah Region, Eon Bank Berhad (1996-2002)

CURRENT MEMBERSHIP OF BOARD COMMITTEE(S) IN MBSB

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

DECLARATION

- ▶ No family relationship with any director and major shareholders of MBSB.
- ▶ No conflict of interest or potential conflict of interest, including interest in any competing business with MBSB Group.
- ▶ He has not been convicted for any offences within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2024.

Profile of MBSB Board of Directors

ENCIK HO KWONG HOONG

Independent Non-Executive Director



Age
66



Nationality
Malaysian



Gender
Male

Date of Appointment:
1 November 2024

Board Meetings Attendance in 2024
3 out of 3 (Meetings held after the date
of his appointment)

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

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

WORKING EXPERIENCE AND OCCUPATION

Present Directorship(s)

Other Listed Entity:

- ▶ Nil

Other Public Companies:

- ▶ MBSB Bank Berhad

Present Appointment(s):

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

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

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

- ▶ General Manager, Treasury Department, RHB Sakura Merchant Bankers Berhad (1984-1998)
- ▶ Officer, United Asian Bank Berhad (1983-1984)

CURRENT MEMBERSHIP OF BOARD COMMITTEE(S) IN MBSB

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

DECLARATION

- ▶ No family relationship with any director and major shareholders of MBSB.
- ▶ No conflict of interest or potential conflict of interest, including interest in any competing business with MBSB Group.
- ▶ He has not been convicted for any offences within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2024.

Board of Operating Subsidiaries

MBSB BANK



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



Datuk Azrulnizam Bin Abdul Aziz
Senior Independent Non-Executive Director



Encik Kamarulzaman Bin Ahmad
Independent Non-Executive Director



Encik Arul Sothy Mylvaganam
Independent Non-Executive Director



Encik Ho Kwong Hoong
Independent Non-Executive Director



Encik Shawn Conrad Campos
Independent Non-Executive Director

MALAYSIAN INDUSTRIAL DEVELOPMENT FINANCE BERHAD



Tan Sri Abdul Rahman Bin Mamat
Non-Independent Non-Executive Director/
Chairman of the Board



Datuk Mohd Nasir Bin Ali
Independent Non-Executive Director



Datuk Yasmin Binti Mahmood
Non-Independent Non-Executive Director



Datuk Azrulnizam Bin Abdul Aziz
Independent Non-Executive Director

Board of Operating Subsidiaries

MIDF AMANAH INVESTMENT BANK BERHAD



Datuk Mohd Nasir Bin Ali
Independent Non-Executive
Director/
Chairman of the Board



**Encik Ahlan Nasri Bin
Mohd Nasir**
Independent Non-Executive
Director



Encik Azlan Bin Abdullah
Independent Non-Executive
Director



Puan Lynette Yeow Su-Yin
Independent Non-Executive
Director



**Puan Norashikin Binti Mohd
Kassim**
Independent Non-Executive
Director

MIDF AMANAH ASSET MANAGEMENT BERHAD



Cik Hasnah Binti Omar
Independent Non-Executive
Director/
Chairman of the Board



Encik Hasman Yusri Bin Yusoff
Independent Non-Executive
Director



Encik Tai Keat Chai
Independent Non-Executive
Director



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

Profile of MBSB Group Management Committee



Date of Appointment:
1 July 2023

RAFE HANEEF

Group Chief Executive Officer, MBSB

Age
55

Nationality
Malaysian

Gender
Male

> ACADEMIC/PROFESSIONAL QUALIFICATION

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

> WORKING EXPERIENCE AND OCCUPATION

Present Directorship

Other listed entities

- Nil

Other Public Companies

- Halal Development Corporation Berhad

Present Appointment:

- Chief Executive Officer (CEO), MBSB Bank Berhad (19 August 2024 – Present)

Past Directorship and/or Appointment

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

Declaration

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



Date of Appointment:
1 June 2024

SHAHNAZ JAMMAL

Group Chief Financial Officer, MBSB

Age
51

Nationality
Malaysian

Gender
Male

> ACADEMIC/PROFESSIONAL QUALIFICATION

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

> WORKING EXPERIENCE AND OCCUPATION

Present Directorship and/or Appointment

- Nil

Past Directorship and/or Appointment

- Group CFO, TIME dotCom Berhad (October 2021-May 2024)
- Chief Executive Officer, Group Wholesale Banking, CIMB Group (January 2019-September 2020)
- Group Chief Financial Officer, CIMB Group (April 2015-December 2018)
- Deputy Group Chief Financial Officer, CIMB Group (July 2012-March 2015)
- Various Roles, CIMB Group (March 2009-June 2012)
- EMEA (Europe, Middle East & Africa) Head of Market Risk, Goldman Sachs, London (April 2004-February 2009)
- Market Risk Manager, Dresdner Kleinwort Wasserstein, London (July 2002-March 2004)
- Trader, ABN AMRO Bank, Malaysia (April 1999-August 2000)
- Bankers Trust, London (September 1996-January 1999)

Declaration

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

Profile of MBSB Group Management Committee



Date of Appointment:
1 September 2024

USMAN GHOUSE

Group Chief Consumer Banking Officer

Age	Nationality	Gender
37	Sri Lankan	Male

> ACADEMIC/PROFESSIONAL QUALIFICATION

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

> WORKING EXPERIENCE AND OCCUPATION

Present Directorship and/or Appointment

- Nil

Past Directorship and/or Appointment

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

Declaration

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



Date of Appointment:
1 September 2024

CHE NAZARI CHE AZID

Group Chief Commercial Banking Officer

Age	Nationality	Gender
51	Malaysian	Male

> ACADEMIC/PROFESSIONAL QUALIFICATION

- Certified Credit Professional (CCP)
- Master of Business Administration (MBA), Cardiff Metropolitan University, Cardiff, Wales
- Bachelor of Accountancy, University Technology MARA, Malaysia
- Diploma in Accountancy, University Technology MARA, Malaysia

> WORKING EXPERIENCE AND OCCUPATION

Present Directorship and/or Appointment

- Nil

Past Directorship and/or Appointment

- Deputy Chief Business Officer, Business Banking Division, Bank Pertanian Malaysia Berhad (Agrobank) (2014-2022)
- Senior Manager, Business Banking Division, Ambank Malaysia Berhad (2008-2014)
- Group Head, Business Centre KL3, CIMB Bank Berhad (1997-2008)
- Credit Officer, Public Bank Berhad (1995-1997)

Declaration

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



Date of Appointment:
1 August 2024

KULDEEP SINGH

Group Chief Wholesale Banking Officer

Age
53

Nationality
Malaysian

Gender
Male

> ACADEMIC/PROFESSIONAL QUALIFICATION

- Master of Business Administration, Imperial College, London, UK
- Bachelor of Science, Medical Electronics, The University of Hertfordshire, Hertfordshire, UK

> WORKING EXPERIENCE AND OCCUPATION

Present Directorship and/or Appointment

- Nil

Past Directorship and/or Appointment

- Head of Markets & Securities Services (ASEAN+), CITI Singapore (April 2015-December 2022)
- Head of Strategic Growth & Investments APAC, CITI Singapore (January 2018-December 2022)
- Global Head of Supervision FXLM (foreign exchange and local markets) CITI Singapore/London, UK/New York, USA (April 2014-April 2015)
- Country Treasurer & Markets Head, CITI Hong Kong (March 2010-March 2014)
- Country Markets Head & Managing Director, Citi (2008-2009)
- Head of Money Markets & Treasurer, Citi (2005-2008)
- Trader roles in Money Markets & FX Options (Malaysia, Indonesia, Singapore), Citi, (2000-2005)
- Management Associate, Citi, (1998-2000)

Declaration

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



Date of Appointment:
18 September 2006

AZIZI MUSTAFA

Chief Executive Officer, MIDF

Age
59

Nationality
Malaysian

Gender
Male

> ACADEMIC/PROFESSIONAL QUALIFICATION

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

> WORKING EXPERIENCE AND OCCUPATION

Present Directorship and/or Appointment

- MIDF Amanah Capital Berhad
- MIDF DFI Bhd.

Past Directorship and/or Appointment

- Chief Business Officer, Development Finance Business (2023)
- Senior Vice President/Head of Development Finance Business, MIDF (2021-2023)
- Head of Development Finance Division, MIDF (2016-2021)
- Chief Operating Officer, Group Corporate Services Division, MIDF Berhad (2006-2016)
- Director of Human Resources & Administration, Kuwait Finance House (2004-2006)
- Vice President of Corporate Services, Malaysia National Insurance Berhad (2001-2004)
- Vice President/Head of Human Resources, Global Corporate & Consumer Bank-Citibank Berhad (1996-2001)
- Quality Assurance and Engineering Manager, Komag USA, Sarawak (1995-1996)
- Quality Systems Section Manager, Advanced Micro Devices Penang (1989-1995)

Declaration

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

Profile of MBSB Group Management Committee



DATO SERI DIRAJA NUR JULIE GWEE ARIFF

Chief Executive Officer, MBSB Amanah Investment Bank Berhad

Age 48	Nationality Malaysian	Gender Female
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> ACADEMIC/PROFESSIONAL QUALIFICATION

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

> WORKING EXPERIENCE AND OCCUPATION

Present Directorship and/or Appointment

- Nil

Past Directorship and/or Appointment

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

Declaration

- No family relationship with any director and major shareholders of MBSB.
- No conflict of interest or potential conflict of interest, including any interest in any competing business with MBSB Group.
- She has not been convicted for any offences within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies as at the date of her appointment.



JESLEIGH JOHARI

Group Chief Operating Officer

Age 42	Nationality Malaysian	Gender Male
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> ACADEMIC/PROFESSIONAL QUALIFICATION

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

> WORKING EXPERIENCE AND OCCUPATION

Present Directorship and/or Appointment

- Director, MBSB Tower Sdn. Bhd.

Past Directorship and/or Appointment

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

Declaration

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



Date of Appointment:
1 May 2021

DATO' AZLAN SHAHRIM
Group Chief Strategy Officer

Age
55

Nationality
Malaysian

Gender
Male

> ACADEMIC/PROFESSIONAL QUALIFICATION

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

> WORKING EXPERIENCE AND OCCUPATION

Present Directorship and/or Appointment

- Nil

Past Directorship and/or Appointment

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

Declaration

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



Date of Appointment:
19 April 2021

MOHD FARID SHAH MOHD BASIR
Group Chief People Officer

Age
55

Nationality
Malaysian

Gender
Male

> ACADEMIC/PROFESSIONAL QUALIFICATION

- Bachelor in Business Studies (Human Resource Management)
- Human Resource Management Professional – Human Resource Certification Institute (HRCI)
- Global Human Resource Professional – Human Resource Certification Institute (HRCI)
- Global Remuneration Professional – World at Work
- Senior Certified Professional – Society for Human Resource Management (SHRM)
- IMD Business School – Executive Education
- Cambridge Judge Business School – Executive Programme
- Oxford Said Business School – Oxford Executive Leadership Programme
- INSEAD – Executive Education
- Bologna Business School – Agile Bank HR: Leaders in a Digital Age

> WORKING EXPERIENCE AND OCCUPATION

Present Directorship and/or Appointment

- MEF Academy Sdn. Bhd. (Malaysia Employers Federations)
- Talent Corporation Malaysia Berhad

Past Directorship and/or Appointment

- CEO & Founder, Potentia, Kuala Lumpur (2021-April 2021)
- Chief Human Capital Officer, Telekom Malaysia (2018-2020)
- Chief Human Capital Officer, Bank Rakyat (2016-2018)
- HR Manager, Nestle Malaysia (2014-2015)
- Leadership & Development Manager, Nestle South Africa (2012-2014)
- HR Business Partner, Nestle Philippines (2009-2012)
- Group HR Manager, Nestle Malaysia/Singapore (2004-2009)
- Principal Consultant, Reid Group (2003-2004)
- Manager, Performance & Rewards Management, MNI Berhad (2001-2003)
- Manager, Human Resource, Telekom Malaysia Berhad (1994-2001)

Declaration

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

Profile of MBSB Group Management Committee



Date of Appointment:
15 March 2022

LAURENCE ONG WOUI KEAT
Group Chief Risk Officer

Age	Nationality	Gender
54	Malaysian	Male

> ACADEMIC/PROFESSIONAL QUALIFICATION

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

> WORKING EXPERIENCE AND OCCUPATION

Present Directorship and/or Appointment

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

Past Directorship and/or Appointment

- Member of Risk Committee, Malaysian Investment Bank Association (MIBA)
- Member of Fraud Risk Committee, Association of Banks in Malaysia (ABM)
- Country Risk Officer/Head, Risk Management, RHB Bank Singapore (2019-2022)
- Senior Vice President, Head, IGNITE Risk Initiative Lead/Head, Group Operational and Technology Risk, RHB Bank Berhad (2014-2019)
- General Manager/Head, Group Operational Risk, Ambank (M) Berhad (2003-2014)
- Vice President, Affin Merchant Bank (2002-2003)
- Manager, Financial Review & Surveillance Division (FRS), Bursa Malaysia Berhad (1999-2002)
- Senior Executive, Bank Regulation Department, Bank Negara Malaysia (1995-1999)

Declaration

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



Date of Appointment:
7 February 2018

TENGKU KHALIZUL TENGKU KHALID
Group Chief Compliance Officer

Age	Nationality	Gender
51	Malaysian	Male

> ACADEMIC/PROFESSIONAL QUALIFICATION

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

> WORKING EXPERIENCE AND OCCUPATION

Present Directorship and/or Appointment

- Nil

Past Directorship and/or Appointment

- Head of Compliance, MBSB (2017)
- Deputy Head of Compliance, MBSB (2014-2016)
- Internal Audit Manager, Kuwait Finance House Malaysia Berhad (2011-2013)
- Control Assurance Manager, Kuwait Finance House Malaysia Berhad (2008-2010)
- Assistant Manager, Internal Audit Division, Public Bank Berhad (2006-2007)
- Team Lead, Internal Audit Division, Public Bank Berhad (2000-2005)
- Senior Officer, Internal Audit Division, Public Finance Berhad (1997-1999)

Declaration

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



Date of Appointment:
1 July 2023

JAINUDDIN BIN ISMAIL

Group Chief Credit Officer

Age
52

Nationality
Malaysian

Gender
Male

> ACADEMIC/PROFESSIONAL QUALIFICATION

- Omega Certification (Professional Credit Certification), CSA International, 2011
- B. Sc. (Hon.) Degree, Accountancy, Northern Arizona University, Flagstaff, Arizona, USA, July 1995

> WORKING EXPERIENCE AND OCCUPATION

Present Directorship and/or Appointment

- Nil

Past Directorship and/or Appointment

- Head/SVP, Watchlist Credit Management Dept, Group Credit Management, RHB Banking Group (July 2022-June 2023)
- Head/SVP, SME & Commercial Credit Management Dept, Group Credit Management, RHB Banking Group (March 2019-July 2022)
- Head/VP, Regional Credit Management 2, SME & Commercial Credit Management Dept, Credit Management Division, RHB Bank Berhad (January 2011-March 2019)
- Senior Credit Manager/AVP, SME/Commercial/Corporate Credit, Credit Management Division, RHB Bank Berhad (February 2005-December 2010)
- Manager, Credit Surveillance (Credit Compliance/Post-Approval) Department, RHB Bank Berhad (April 2004-January 2005)
- Senior Credit Analyst, Credit Department, Credit & Treasury Division, Titan Petrochemical Group (July 2000-March 2004)
- Senior Credit Officer, Credit Evaluation Department, Credit Operation Division, Public Bank Bhd (July 1996-June 2000)

Declaration

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



Date of Appointment:
1 January 2017

ANIZA ZAKARIA

Group Chief Internal Auditor

Age
52

Nationality
Malaysian

Gender
Female

> ACADEMIC/PROFESSIONAL QUALIFICATION

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

> WORKING EXPERIENCE AND OCCUPATION

Present Directorship and/or Appointment

- Nil

Past Directorship and/or Appointment

- Head, Internal Audit Division, MBSB (2017-2018)
- Acting Head, Internal Audit Division, MBSB (2016-2017)
- Assistant Vice President, Internal Audit Division, MBSB (2014-2016)
- Senior Manager Internal Audit, Kuwait Finance House (M) Berhad (2010-2014)
- Head, Credit Risk Management, Risk Management Department, Maybank Investment Bank Berhad (2004-2010)
- Senior Executive, Corporate Banking Department, Maybank Investment Bank Berhad (2002-2004)
- Assistant Manager, Credit Department, KL Main Branch, EON Bank Berhad (1998-2001)
- Senior Officer, Internal Audit, EON Bank Berhad (1997-1998)
- Management Trainee, EON Bank Berhad (1997-1997)

Declaration

- No family relationship with any director and major shareholders of MBSB.
- No conflict of interest or potential conflict of interest, including any interest in any competing business with MBSB Group.
- She has not been convicted for any offences within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies as at the date of her appointment.

Profile of MBSB Group Management Committee



Date of Appointment:
2 February 2021

AMRAN ABDUL LATIP

Group Chief Technology Officer

Age 61	Nationality Malaysian	Gender Male
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> ACADEMIC/PROFESSIONAL QUALIFICATION

- Bachelor of Science In Computer Science, Bishop's University, Sherbrooke, Canada
- Professional Certificate in Islamic Banking, INCEIF – Global University of Islamic Finance

> WORKING EXPERIENCE AND OCCUPATION

Present Directorship and/or Appointment

- Nil

Past Directorship and/or Appointment

- Chief Information Officer at Bank Simpanan Nasional having done migration of their new Core Banking system
- General Manager, IT at Tabung Haji
- Chief Information Officer at Al Rajhi Bank
- Chief Information Officer at RHB Bank and RHB Islamic Bank
- Chief Information Officer at Kuwait Finance House being the pioneer team to setup the Bank from the beginning
- Head of eChannels at Maybank Group having built Maybank2u Internet Banking, Maybank2u Mobile Banking and Maybank Group Call Center etc.
- Head of Computer Operations at KLSE (Bursa Malaysia) managing one of the most critical Data centre in Malaysia and development team member for Central Depository System (CDS)
- Operations Analyst at Esso Malaysia.
- Systems engineer at Fujitsu Malaysia for IBM Mainframes

Declaration

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



Date of Appointment:
1 August 2024

ASHRAF GOMMA ALI

Group Chief Shariah and Sustainability Officer

Age 43	Nationality U.S. Citizen	Gender Male
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> ACADEMIC/PROFESSIONAL QUALIFICATION

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

> WORKING EXPERIENCE AND OCCUPATION

Present Directorship and/or Appointment

- AAOIFI Governance Standards Working Group - Shariah Decision Making Standard

Past Directorship and/or Appointment

- Co-Founder/CFO, Sharia Compliant Blockchain Fintech Startup, Europe (August 2022-July 2024)
- Consultant - Islamic Banking Expert, World Bank/IFC, Washington, DC (February 2022-July 2024)
- Managing Director, Ihsan Advisory Sdn Bhd, Kuala Lumpur, Malaysia (April 2021-July 2024)
- Research Associate and Standards Working Group Member, AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions) (2019-July 2024)
- Director and Regional Head, Shariah Advisory and Governance Department, CIMB Islamic Bank, Kuala Lumpur, Malaysia (April 2017-2021)
- Shariah Supervisory Board Member, University Bank, Ann Arbor, MI (2015-2018)
- Vice President, Shariah Assurance Manager, National Commercial Bank (NCB), Jeddah, Saudi Arabia (2011-April 2017)

Declaration

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



KOH AI HOON

Group Head, Secretarial and Legal

Age
57

Nationality
Malaysian

Gender
Female

> ACADEMIC/PROFESSIONAL QUALIFICATION

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

> WORKING EXPERIENCE AND OCCUPATION

Present Directorship and/or Appointment

- Nil

Past Directorship and/or Appointment

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

Declaration

- No family relationship with any director and major shareholders of MBSB.
- No conflict of interest or potential conflict of interest, including any interest in any competing business with MBSB Group.
- She has not been convicted for any offences within the past 5 years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies as at the date of her appointment.

Profile of MBSB Bank Shariah Advisory Committee

Age 48	Nationality Malaysian	Gender Male
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Appointment to Current Position
07 August 2018



**ENCIK MOHD BAHRODDIN
BIN BADRI**
Chairman,
Shariah Advisory Committee

> QUALIFICATIONS:

- Master's degree in Shariah (Economics), University of Malaya, Malaysia
- Bachelor's degree in Islamic Revealed Knowledge and Heritage (Fiqh and Usul Fiqh), International Islamic University Malaysia (IIUM), Malaysia
- Certified Shariah Advisor (CSA), Association of Shariah Advisors in Islamic Finance (ASAS), Malaysia
- Certified Shariah Advisor and Auditor (CSAA) Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain

> SKILLS AND EXPERIENCE:

Current

- Principal Consultant and Head, Shariah Advisory, International ISRA Consulting (IC)
- Chairman, Shariah Committee, Swiss Re (Retakafu)
- Deputy Chairman, Shariah Supervisory Committee, Siraj Finance UAE

- Shariah Committee Member, EXIM Bank
- Shariah Committee Member, Koperasi Pembiayaan Syariah Angkasa (KOPSYA)

Past

- Researcher, International Shariah Research Academy (ISRA) (2012-2023)
- Shariah Consultant, ISRA Consultancy (ICSB) (2016-2021)
- Deputy Chairman, Shariah Committee, Citibank Malaysia Berhad (2013-2018)
- Shariah Committee Member, Citibank Labuan (2017-2018)
- Lecturer, International Islamic University Malaysia, CFS (IIUM) (2003-2012)
- Tutor, University of Islamic Science Malaysia (USIM) (2008-2012)

Appointment to Current Position:
08 September 2020

Age 50	Nationality Malaysian	Gender Male
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> QUALIFICATIONS:

- Doctor of Philosophy in Islamic Revealed Knowledge and Heritage (Fiqh and Usul al-Fiqh), International Islamic University Malaysia, Malaysia
- Master's degree in Shariah, University of Malaya, Malaysia
- Master's degree in Information Technology, National University of Malaysia
- Bachelor's degree in Hadith, al-Madinah International University, Malaysia
- Bachelor's degree in Accounting, National University of Malaysia
- Diploma in Shariah, Dar al-Hikmah, Malaysia
- Certified Shariah Advisor and Auditor (CSAA) Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain

> SKILLS AND EXPERIENCE:

Current

- Senior Lecturer, Academy of Contemporary Islamic Studies, Universiti Teknologi MARA (UiTM).

- Member of Shariah Advisory Committee, PPZ-MAIWP
- Curriculum Advisor (Islamic Finance), Jabatan Pendidikan Politeknik dan Kolej Komuniti Kementerian Pengajian Tinggi (JPPKK KPT)
- Program Advisor (Islamic Finance), Politeknik Sultan Idris Shah, Selangor

Past

- Waqf Manager, Universiti Teknologi Mara (UiTM) Shah Alam (2019-2021)
- Head of Shariah, MUFG Bank (Malaysia) Berhad (2013-2019)
- AVP, Al Rajhi Banking & Investment Corporation (M) Bhd. Kuala Lumpur (2011-2013)
- Business Analyst (Group Risk), AmBank (M) Berhad Kuala Lumpur (2010-2011)
- Senior Consultant, Infopro Sdn Bhd. Petaling Jaya (2009-2010)
- Senior Executive, Malayan Banking Berhad Kuala Lumpur (2001-2009)



**DR. NASRUN BIN MOHAMAD
GHAZALI**
Deputy Chairman,
Shariah Advisory Committee

Age
56Nationality
MalaysianGender
MaleAppointment to Current Position:
20 January 2020**> QUALIFICATIONS:**

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

> SKILLS AND EXPERIENCE:**Current**

- Mufti, Federal Territory, Malaysia
- Associate Professor, Department of *Fiqh and Usul al-Fiqh*, University of Malaya.
- Member of Group Shariah Committee of MNRB Holding Berhad
- Member of the Shariah Advisory Committee Amanah Raya Berhad
- Member of the Shariah Advisory Committee Yayasan Wakaf Malaysia
- Member of the Shariah Expert Panel of JAKIM
- Wakaf Committee Member, Majlis Agama Islam Wilayah Persekutuan

- Member For Shariah Advisory Council of Kumpulan Perbadanan Kemajuan Iktisad Negeri Kelantan (PKINK)
- Member for Shariah Advisory Committee of Perbadanan Menteri Besar Kelantan

Past

- Lecturer, University of Malaya (2005-2007)
- Senior Lecturer, University of Malaya (2007-2022)
- Syariah Committee Member (Chairman), Bank of Tokyo-Mitsubishi UFJ Malaysia (2008-2019)
- Shariah Committee Member, MAA Takaful (2012-2017)
- Shariah Committee Member Zurich Takaful (2017-2020)
- Member, Jemaah Ulama Majlis Agama Islam dan Adat Istiadat Melayu Kelantan (MAIK) (2012-2020)

Appointment to Current Position:
01 April 2020Age
42Nationality
MalaysianGender
Male**> QUALIFICATIONS:**

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

- Senior Lecturer, Faculty of Islamic Contemporary Studies, UniSZA
- External Academic Advisor, Kolej Universiti Islam Selangor
- External Academic Advisor, Kolej Quran Terengganu

Past

- Head of Shariah Department, Faculty of Islamic Contemporary Studies, UniSZA, (2020-2022)

> SKILLS AND EXPERIENCE:**Current**

- Director, Office of Waqf and Endowments, UniSZA
- Member, Majlis Agama Islam dan Adat Istiadat Terengganu



Profile of MBSB Bank Shariah Advisory Committee

Age 54	Nationality Malaysian	Gender Male
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Appointment to Current Position:
7 May 2024



**ENCIK AHMAD LUTFI BIN
ABDULL MUTALIP @ TALIB**
Member, Shariah Advisory
Committee

> QUALIFICATIONS:

- LLB (Hons)(Second Class Upper), International Islamic University of Malaysia, Malaysia
- Institute of Chartered Secretaries and Administrators, Malaysian Association of Institute of Chartered Secretaries and Administrators (MAICSA), Malaysia

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

> SKILLS AND EXPERIENCE:

Current

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

Past

- Independent Non-Executive Director of Malaysian Industrial Finance Berhad (2016-2025)

Appointment to Current Position:
7 May 2020

Age 46	Nationality Malaysian	Gender Male
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> QUALIFICATIONS:

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

- Fellow, Islamic Finance and Wealth Management Institute (IFWMI), Universiti Sains Islam Malaysia (USIM)
- Fatwa Committee, Pulau Pinang
- Lecturer and Deputy Dean, Faculty of Shariah Law, USIM

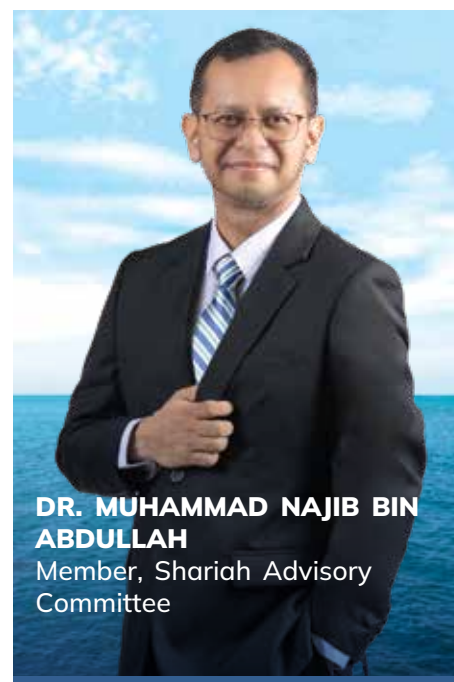
Past

- Chairman, Shariah Committee of MIDF Amanah Investment Bank Berhad (2023-2024)
- Member, Shariah Committee of MIDF Amanah Investment Bank Berhad (2021-2023)

> SKILLS AND EXPERIENCE:

Current

- Member, Group Shariah Committee of Etiqa Takaful
- Shariah Advisory Panel for World Fatwa Management and Research Institute (INFAD)



**DR. MUHAMMAD NAJIB BIN
ABDULLAH**
Member, Shariah Advisory
Committee

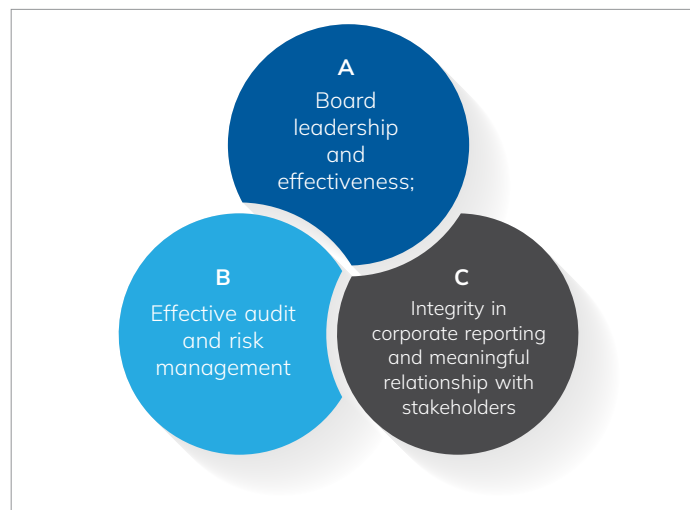
Corporate Governance Overview Statement

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

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

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

The Board is pleased to present our Corporate Governance (“CG”) Overview Statement, which outlines our approach to governance in practice and the key Board activities in 2024. This CG Overview Statement focuses on the following three (3) key CG principles of MCCG:



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

This CG Overview Statement is prepared in compliance with Bursa Malaysia’s MMLR. It is to be read together with the Corporate Governance Report (“CG Report”) 2024 which is available on MBSB’s website at <https://www.mbsb.com.my/ar.html>.

In the latest National Annual Corporate Report Awards (“NACRA”) 2024, MBSB’s Integrated Annual Report 2023 was awarded Silver under the ‘Excellence Awards’ category.

A. BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

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

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

The Board is supported by various Board Committees and Management-led Committees (together identified as the “Committees”). The roles and responsibilities of the respective Committees are clearly outlined in their Terms of Reference (“TOR”) and Group Approving Authority Manual (“GAA Manual”), which require regular review and approval by the Board. Any decisions which are not within the Committees’ authority would be escalated to the Board with the Committees’ recommendation.

Following the completion of the acquisition of Malaysian Industrial Development Berhad (“MIDF”) on 2 October 2023, the Board has established a new Group Operating Model and Governance Framework for the enlarged Group to enhance effective oversight over critical areas with clear accountability and authority over key matters.

The Board has also decided to adopt a new Board Governance Framework to enhance and increase effectiveness of Group oversight.

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

Corporate Governance Overview Statement

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

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

Board Activities

During the year under review, MBSB had in 2024 received a notable recognition from the industry namely 'Industry Excellence Awards' at the Malaysia Industry Awards (Minda) 2024 and 'Highest Growth in Profit After Tax Over Three Years' award at The Edge Billion Ringgit Club.

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

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

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

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

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

For the year under review, the MBSB Group, through its banking subsidiaries, continues to enhance the digital offerings to improve efficiency and offer greater value including enhancing user experience to meet the evolving needs of both customers and merchants.

During the year, several new products were introduced such as gold investing with Prime Gold-i, Term Investment Account, takaful protection with guaranteed acceptance with M Shield and etc. Various collaborations with strategic partners were entered into to provide innovative product offerings to customers to become their preferred banking partner. MBSB Bank continues its efforts to strengthen CASA and retain the Deposit growth base. The digital service suite for SMEs is expanded with the new Online Business Current Account and the Retailer Dashboard, which aim to simplify operations and empowers customers to focus on growth.

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

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

Succession planning of key senior management personnel remains a key area of focus for the Board. The Board was kept informed via the Group People & Culture Division ("GPCD") dashboard reports on the progress of the programs to nurture and groom future talents and also the readiness of the successors for the key management personnel. Succession planning is part of the broader Talent Management Framework, aimed at developing a strong talent pipeline for the Group. Annually, talent classifications and succession nominations are recalibrated to ensure a dynamic organisational culture that aligns with the business strategy and drive sustainable growth.

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

During the year under review, the Board has approved the appointment of Encik Shahnaz Jammal ("Encik Shahnaz") as the new Group Chief Financial Officer on 1 June 2024. Encik Shahnaz was also appointed as Chief Financial Officer of MBSB Bank. Encik Shahnaz has over 20 years of banking experience covering mergers & acquisitions advisory, risk advisory, trading, risk management, corporate and MAIB, capital and balance sheet management and finance.

The Board also approved the appointment of several new key senior management position i.e. Group Chief Shariah and Sustainability Officer ("GCSSO"), Group Chief Consumer Banking Officer, Group Chief Wholesale Banking Officer, Group Chief Commercial Banking Officer and Group Chief Credit Officer.

Encik Ashraf Gomma Ali ("Encik Ashraf"), the GCSSO was appointed on 1 August 2024. The key responsibilities of GCSSO are to provide strategic leadership and direction in matters related to Islamic banking and Shariah compliance including sustainability initiatives for the MBSB Group.

The appointment of Encik Usman Ghouse as Group Chief Consumer Banking Officer, Encik Kuldeep Singh as Group Chief Wholesale Banking Officer, Encik Che Nazari Che Azid as Group Chief Commercial Banking Officer and Encik Jainuddin Bin Ismail as Group Chief Credit Officer will enable stronger oversight, strategic alignment of business strategies and streamline operations of the respective function of the Group.

The Board provide oversight on the management of sustainability matters at MBSB and its Operating Subsidiaries to ensure ESG considerations are incorporated in business plans for the Group. The Group performed a materiality assessment to refresh matters or issues that reflect the Group's significant economic, environmental and social impact and aligns with regulatory requirement. The outcome from the assessment was presented in the Materiality Matrix, which was validated and endorsed by the Board. The materiality assessment process and Materiality Matrix are disclosed in MBSB Sustainability Report 2024.

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

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

Among the topics and strategies reviewed, deliberated and approved by the Board during the financial year 2024 are as follows:-

Areas	Key Topics/Strategies
 <p>Strategy</p>	<ul style="list-style-type: none"> ▶ Budget and Business Plan, business plan initiatives and KPI for year 2025 for MBSB Group ▶ Initiatives on post-acquisition integration of enlarged MBSB Group ▶ Group Organisational Structure ▶ Disposal of non-core assets ▶ Disposal of MBSB's residual asset and liability (loans and non-financial subsidiaries) by way of a scheme of arrangement ▶ Group Capital Strategy ▶ Climate Risk Management and Net Zero Strategy ▶ MBSB Group Sustainability Framework ▶ MBSB Sustainable and Transition Finance Framework ▶ Quarterly Report on Sustainability Initiatives ▶ Monthly Strategy & Business Performance ▶ Monthly Financial Performance ▶ Quarterly Financial Results ▶ Audited Financial Statement ▶ Declaration of Dividend ▶ Change of Name

Corporate Governance Overview Statement

Areas	Key Topics/Strategies
 <p>Risk, Compliance, Oversight</p>	<ul style="list-style-type: none"> ▶ Composite Risk Rating findings and the action plan ▶ Annual Plan for 2024 for Risk, Compliance, Internal Audit and Integrity and Governance Unit (IGU) ▶ Monthly Compliance Report ▶ Monthly Risk Management Report ▶ Monthly Group People & Culture Division Report ▶ Quarterly Internal Audit Report ▶ Quarterly IGU Report ▶ Quarterly Risk Report ▶ Reappointment of external auditors ▶ Related Party Transactions ▶ Recovery Plan ▶ Group Risk Appetite ▶ Group Asset & Liability Declaration Policy ▶ Risk Posture and Group Sector Limit ▶ Director's interest in Shares
 <p>Governance</p>	<ul style="list-style-type: none"> ▶ Board and Board Committees composition of MBSB Group entities ▶ Re-appointment and re-election of directors ▶ Board remuneration ▶ Board Annual Training Plan ▶ Matters Reserved for the Board and Approving Authority Development ▶ Group Governance Framework and Group Operating Framework ▶ Group policy harmonisation post-acquisition. ▶ Performance assessment and rewards 2023 for Key Management Personnel ▶ Board Effectiveness Evaluation for year 2023 ▶ Independent Directors Assessment ▶ Fit and Proper Assessment for Directors for year 2024 ▶ Fit and Proper Assessment for GCEO, C-Suites and Company Secretaries for year 2024 ▶ MBSB Integrated Report 2023, Sustainability Report 2023 and Corporate Governance Report 2023 ▶ Terms of Reference of Board Committees and Management Committees ▶ Appointment of Group Chief Financial Officer ▶ Appointment of Group Chief Shariah and Sustainability Officer ▶ Appointment of Group Chief Wholesale Banking Officer ▶ Appointment of Group Chief Commercial Banking Officer ▶ Appointment of Group Chief Consumer Banking Officer ▶ Appointment of Group Chief Credit Officer ▶ Renewal contract for Key Management Personnel ▶ Succession Planning for Key Management Personnel and Company Secretary ▶ Directors and Officers Liability Takaful Coverage. ▶ Group Term Takaful and Group Personal Accident Takaful Coverage for employees of MBSB Group ▶ Benefit Harmonisation for employees of MBSB Group ▶ Appointment of external consultant for Board Effectiveness Evaluation for 2024 and Board Remuneration Review

Corporate Governance Overview Statement

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

The COEC is to be reviewed every two (2) years or as and when required. The COEC was reviewed in September 2024 as part of the post-merger's policy harmonisation exercise and has been renamed to Group Code of Ethic and Conduct for Employees ("GCOEC").

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

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

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

MBSB Group also adopts No Gift Policy, which is part of the broader Gift, Entertainment and Corporate Hospitality Policy introduced to promote ethical conduct and transparency across all staff, Directors, and Shariah Advisory Committee ("SAC") members. The policy generally prohibits accepting or giving gifts, entertainment, or hospitality that could influence business decisions and maintain Integrity.

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

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

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

The main purpose of IGU is to ensure an honest and high-integrity work culture amongst the employees, including members of Senior Management and the Board, and to combat bribery, corruption, and abuse of power. The IGU Officer has unimpeded access to the respective entity Boards via Group Board Risk and Compliance Committee ("GBRCC")/Board Risk Management and Compliance Committee of Operating Subsidiaries ("BRMCC") on integrity issues and activities relating to adequate procedures. The IGU Officer reports to Group Chief Compliance Officer on matters regarding integrity issues and activities carried out in relation to adequate procedures within the MBSB Group.

The Group Anti-Bribery and Corruption Policy was reviewed in 2024 for adoption by the Group. IGU Procedures were also established to operationalise the Group Anti-Bribery and Corruption Policy and to reaffirm the commitment in upholding the highest standards of integrity, transparency, and accountability.

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

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

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

As part of MBSB Group's ongoing commitment to ethical excellence and corporate integrity, MBSB Group held a "Corporate Integrity Pledge Ceremony" ceremony in November 2024. The pledge recitation was led by the GCEO and the pledge commitment was subsequently signed by GCEO symbolising a commitment to combat corruption. The event was witnessed by KPKPj Samsul Bin Salip, MACC Deputy Director of the Community Division and attended by the esteemed members of Senior Management and staff.

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


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

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

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

The Group has also established the Group Anti-Money Laundering, Countering Financing of Terrorism and Countering Proliferation Financing (AML/CFT/CPF) Policy, which is part of the Group's Compliance policy. The Group is committed to fully cooperate with the relevant local and international authorities and law enforcement agencies in combating Anti-Money Laundering and Counter Financing of Terrorism. Appropriate internal controls and procedures for money laundering prevention are in place. The Group Compliance Division carries out regular checks and training to ensure that employees are fully aware of and committed to discharging their obligations. The Group AML/CFT/CPF Policy and the Group AML/CFT/CPF Procedures were last revised in 2024 and 2022, respectively.

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

 Refer to MBSB CG Report 2024 and Sustainability Report ("Ethics and Integrity" section) for more information on our ethical business conduct.

Roles and Responsibilities of the Chairman and GCEO

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

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

Company Secretary

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

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

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

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The Company Secretaries also assist the GNRC in ensuring the board composition within MBSB Group is in alignment to ensure that strategies and decisions at Group level is communicated effectively to the subsidiary companies.

The Company Secretaries have assisted the Board and the GNRC in reappointment of directors, re-election of directors, board remuneration review, annual training plan and Board and Board Committees' composition review for the Group.

The Company Secretaries also assist the Board and the GNRC in monitoring the Board Skill Matrix and diversity and identify suitable candidates for appointment to ensure smooth transition for retiring directors.

The Company Secretaries assisted the Board and GNRC in the appointment of a new director i.e. Encik Ho Kwong Hoong ("Encik H"). Encik Ho is also a director of MBSB Bank.

During the year, the Company Secretaries facilitated the orientation/induction programmes for the new directors appointed to the MBSB Group. The Company Secretary and the relevant Management team members briefed the directors to familiarise the directors with the business and operations of the Group. In addition, the Company Secretaries also co-ordinated the registration on training programmes for directors.

The Company Secretaries also arranged and ensured that all directors attended the Mandatory Accreditation Programme ("MAP") Part II : Leading for Impact (LIP). As at 31 December 2024, all directors of MBSB had attended the MAP Part II.

In 2024, the Company Secretaries updated the Board with the amendments to the Main Market Listing Requirements in relation to sustainability reporting requirements, general meeting requirements and issuance of new securities.

The Company Secretaries are also involved in organising general meetings to ensure all due processes and proceedings are in place and properly managed. In 2024, the 54th Annual General Meeting was held on 6 June 2024. The Company Secretaries also ensured that the minutes are properly recorded, particularly the questions raised by the shareholders.

Board Composition

As at 31 December 2024, the Board of MBSB consisted of seven (7) Directors:

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

The Board recognise the benefits of having a diverse Board to ensure that the Board can perform effectively by providing the

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

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

As at 31 December 2024, there were two (2) female directors, i.e. Puan Lynette Yeow Su-Yin and Datuk Yasmin Binti Mahmood, out of a total of 7 directors, which constitute 28.5% of the Board. The GNRC has identified two qualified female candidates for appointment as new directors of MBSB. Their appointments are expected to take place in 2025, subject to regulatory approval.

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

A Board Skills Matrix is used to understand the capabilities and personal attributes of the existing Board members and used as a guideline for appointment of new Directors. GNRC would carry out the fit and proper assessment on the candidates prior to making the recommendation to the Board for approval. The process for appointment of new director is disclosed in the explanation on Practice 5.5 of CG Report 2024.

As part of Board succession planning, the GNRC reviewed the composition of the Board and Board Committees of the Group together with the Board Skill Matrix and identified the selection criteria for the appointment of a new directors i.e. banking/finance/compliance/human resource/sustainability and also considered gender diversity for the Board of MBSB.

The GNRC had identified, evaluated and assessed the fit and proper criteria and the suitability of the candidate to be appointed as director of MBSB and had accordingly recommended to appoint Encik Ho to the Board of MBSB. He has more than 37 years of experience in banking, MAIB and risk management. Encik Ho is also an Independent Director at MBSB Bank. The appointment of Encik Ho as a Director of MBSB would facilitate better integration, communication and alignment on the Group's strategy and decision-making.

The GNRC had also deliberated and recommended for Encik Ho to be appointed as a new member of the GNRC to ensure that there would be representation from MBSB Bank at the Committee level.

The GNRC also agreed that Encik Ho is suitable and the right person to fill the role as a member of GBRCC of MBSB. In addition, his position as Chairman of BRMCC of MBSB Bank and his strong background in risk management would bring alignment on risk matters between the Group and MBSB Bank.

Encik Ho was appointed as an Independent Non-Executive Director of MBSB effective 1 November 2024. He was also appointed as member of GBRCC and GNRC effective 1 November 2024.

Tan Sri Abdul Rahman bin Mamat ("Tan Sri Rahman") tenure as an Independent Director of MBSB Group had reached 9 years at the end of December 2024. Tan Sri Rahman was first appointed as a director of MIDF on 1 January 2016. He stepped down as Independent Non-Executive Director of MBSB on 31 December 2024, in line with the MCGG recommendation in limiting the tenure of an independent director to not exceeding a cumulative term limit of 9 years.

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

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

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

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

m. Unethical Financing & Money Laundering search

n. Academic verification

In 2024, the GNRC had conducted a Fit and Proper Review and Assessment on the GCED Group C-Suites, Chief Executive Officers of the Operating Subsidiaries and the Company Secretary of the Group. The GNRC was satisfied that all of the abovesaid fulfilled the requirements under the Group Fit and Proper Requirements Policy.

The list of activities of GNRC in 2024 is disclosed in the explanation on Practice 1.1 of CG Report 2024.

Board Evaluation

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

For the financial year ended 31 December 2024, the Board has undertaken an external Board Effectiveness Evaluation ("BEE") by Deloitte Business Advisory Sdn Bhd ("Deloitte") to assess the effective functioning of the Board. The exercise enabled the Board to evaluate its performance, the Board Committees and individual Directors. in an objective and rigorous manner.

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

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

- ▶ Board governance and oversight
- ▶ Board processes and infrastructure
- ▶ Capabilities and performance of individual Directors
- ▶ Fit and propriety of Directors
- ▶ Objectivity of Independent Directors
- ▶ Board Committees' performance

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

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

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

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

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

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

The Board also reviewed and was satisfied with the meeting attendance records of the Directors. A total of 19 Board meetings were duly convened in year 2024. All the Directors have complied with the minimum Board meeting attendance of 75% under BNM's CG Guidelines and as adopted by MBSB in the Board Charter. The Directors attendance in the Board Committees meetings during the financial year 2024 was commendable as well.

The Board has also conducted an annual assessment on Independent Directors in 2024 and are satisfied that all Independent Directors are independent of management and free of any interest, position, association, or other relationships that might materially influence the Independent Directors' capacity to provide independent judgment and act in the best interests of the Group and its stakeholders.

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

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

A fit and proper assessment for all Directors was conducted in 2024 and the GNRC and the Board are satisfied that all Directors fulfilled all requirements under the Group Fit and Proper Requirements Policy.

The GNRC has also assessed the performance of Directors who were subject to re-election at the Annual General Meeting ("AGM"). The assessment for the re-election of director include

consideration on the service tenure of the directors in accordance with the Board Charter. The recommendations by GNRC were submitted to the respective Board for a decision on the proposed re-election of the Directors for shareholders' approval at the AGM.

Board Remuneration


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

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

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

In 2024, the NRC and the Board had reviewed the Remuneration Framework for Directors and recommended that the directors' fees structure and benefits remain unchanged. The resolutions on Directors' fees structure and benefits payable to Directors were tabled at the 54th AGM on 6 June 2024 in two (2) separate resolutions. Both resolutions were duly passed.

To ensure that the board remuneration structure of the Group commensurate with the Directors' responsibilities and aligned with the industry practices, the GNRC had recommended and the Board had approved the appointment of Deloitte to conduct a board remuneration review for MBSB and its key subsidiaries. The last board remuneration review was conducted in 2019 by KPMG. The GNRC and the Board will consider the recommendation from Deloitte before recommending the Directors' fees structure and benefits payable to Directors to the shareholders for approval at the 55th AGM in 2025.

 Refer to Practice 8.1 of MBSB CG Report 2024 for details of the total remuneration (including benefit-in-kind) of each Director for the financial year 2024.

Board Training

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


The Board through NRC has also evaluated and identified the training requirement for year 2024 based on the feedback received in the Board Effectiveness Evaluation. In-house training programmes focusing on the following themes were conducted in 2024:-

1. ESG/ Sustainability/Climate responsibility
2. Cybersecurity
3. Crisis Management/Crisis Planning
4. Corporate Governance
5. Anti-Corruption and Anti-Money Laundering
6. Key Shariah and Operational Issues for Islamic Institution

The Directors also attended various programmes, conferences, seminars, dialogues focusing on Business Continuity Management, Risk Management, Leadership, Conflict of Interest and Artificial Intelligence.

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

All Directors of MBSB including the newly appointed directors of MBSB i.e. Encik Ho have attended the Mandatory Accreditation Programme ("MAP") Part I and Part II: Leading for Impact (LIP) as required by Bursa Malaysia Securities Berhad.

 Refer to Section B of MBSB CG Report 2024 for details of the list of programmes/conferences/seminars/dialogues attended by the Directors of MBSB.

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committees

As at 31 December 2024, the MBSB's Group Board Audit Committee ("GBAC") comprises of three (3) Independent Non-Executive Directors. The GBAC is chaired by Encik Mohamad Abdul Halim bin Ahmad ("Encik Halim"). Encik Halim is an Associate Member of the Institute of Chartered Accountants England and Wales ("ICAEW") and a member of the MIA.


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

The GBAC is also responsible for reviewing and monitoring external auditors' suitability and independence annually. The Group External Audit Policy and Procedures, and BNM's Guidelines on External Auditors guide both AC on the assessment of external auditors. The assessment covered a wide spectrum of matters such as performance, suitability, independence and objectivity of the external auditors, based on qualifying criteria for the appointment of auditors and terms of audit engagements.

In 2024, the GBAC and the Board have assessed the performance of the external auditor, Messrs. PricewaterhouseCoopers PLT ("PwC") for the financial year 2023. The GBAC and the Board were satisfied with the performance and the quality of the deliverables by PwC. The GBAC and the Board were also satisfied with their review that the non-audit services provided by PwC and its affiliates in financial year 2023, which did not in any way impair their objectivity and independence as external auditors of the Group. On the recommendation by GBAC, the Board has approved the submission of the application to the regulator to reappoint PwC as External Auditors of MBSB and its subsidiaries for financial year 2024.

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

A resolution to reappoint PwC as External Auditors of MBSB was tabled at the 54th AGM on 6 June 2024. The resolution was duly passed.

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

Risk Management and Internal Control Framework

The Board plays a pivotal role in instituting a robust risk management and internal control governance structure. This structure is crucial in setting the tone and culture for effective risk management and internal control throughout the organisation. To enhance its risk and control oversight responsibilities, the Board has established key committees, including the GBRCC and GBAC. These committees are entrusted with overseeing matters related to risk, compliance, and controls, respectively.

The Board regards risk management as an integral part of business operations and confirms that there is an ongoing process of identifying, measuring, controlling, monitoring, and reporting the significant risks that may affect the achievement of the business objectives. The risk control structure and processes that have been instituted throughout the MBSB Group are reviewed and updated from time to time to strengthen and tighten the relevant internal controls, consistent with the MBSB Group and industry practices.

Corporate Governance Overview Statement

The risk strategy of the MBSB Group focuses on the fundamental principles with respect to the MBSB Group's risk appetite while balancing the need for competitive return on equity to improve the capital base. The risk strategies for the year ended 31 December 2024 focused on the following:

- ▶ **Promoting Risk Awareness:** Enhancing risk knowledge of staff, including the Group policies and procedures, by organising engagement sessions and briefings between the Group Risk Management Division (GRMD) and business and support units.
- ▶ **Improve Asset Quality:** Thematic review on the property financing portfolio to identify high risk segments and areas for improvement, enhancement to the retail and corporate credit scorecard, increased integration of climate risk management into the credit assessment process, enhancement on the risk acceptance criteria for more effective risk management.
- ▶ **Continuous Integration of Climate Risk Management:** Ongoing efforts to enhance the incorporation of Climate Risk Management into the MBSB Group's risk appetite, frameworks, policies, and procedures, ensuring alignment with evolving regulatory expectations and best practices.
- ▶ **IT Compliance and Security Strengthening:** Ensuring compliance with regulatory requirements related to Information Technology (IT) infrastructure and enhancing IT security within the MBSB Group.
- ▶ **Enhancing Risk Management Capabilities:** This includes tools, processes, and reports, as well as implementing system and software upgrades to foster both sound risk management practices and effective and efficient risk monitoring.
- ▶ **Review of Internal Policies and Procedures:** Enhancing and updating the Group's risk management policies and procedures to reflect market changes, products, and regulatory environment to ensure that the policies stay relevant, and the risk profile remains prudent and within the risk appetite of the MBSB Group.
- ▶ **Continuous Post-Merger Harmonisation:** Advancing from preliminary efforts to the operational implementation of harmonised risk management processes, ensuring the effective integration of frameworks, policies, and procedures across the merged entities to achieve a unified and cohesive risk management approach.


The Board, through the GBRCC, provides oversight over the risk management activities within the MBSB Group to ensure that the MBSB Group's risk management processes are functioning effectively. The risk governance framework of the MBSB Group is established to promote active involvement from the Board, GBRCC, and relevant Management Committees in the risk management process to ensure effective management of risk within the MBSB Group. A similar risk governance framework is also established at the relevant operating entities within the MBSB Group.

The risk governance framework includes delegation of authority from the Board to the GBRCC and relevant Management Committees, along with the establishment of risk controls for material activities to ensure that the MBSB Group operates within its risk appetite. To support the Board, GBRCC, and the relevant Management Committees in discharging their risk oversight responsibilities, the accountability for addressing and managing risk within the MBSB Group is clearly defined through the "three lines of defence model".

MBSB Group's risk management framework requires robust risk management practices that are integrated in the key strategic, capital, financial planning processes, including new products or new business activities as well as day-to-day business processes across the MBSB Group, thereby ensuring risks are appropriately considered, evaluated, and responded to in a timely manner.

The Board confirms that the system of risk management and internal control, with the key elements highlighted above, was in place during the financial year. The system is subjected to regular reviews, and the Board believes that the system of risk management and internal control is sound and sufficient to safeguard shareholders' investments and the MBSB Group's assets.

The Board had on 1 April 2025 consolidated both the Board Information Technology Oversight Committees of MBSB Bank and MIDF into a single Group Board Information Technology Oversight Committee ("GBITC") under MBSB Bank. The establishment of GBITC is to ensure consistency and synergy, while providing effective governance and oversight of all IT related matters across all entities within the Group.

 Refer to the "Statement on Risk Management and Internal Control" section for more information on our risk management and internal control framework

Shariah Governance

The Group is committed to upholding the highest standards of Shariah governance across its subsidiaries companies. To strengthen this commitment, the Shariah Advisory Committee ("SAC") of MBSB Bank and the Shariah Committee of MIDF Amanah Investment Bank Berhad have been unified into a single SAC under MBSB Bank effective 7 May 2024, serving as the central authority for Shariah compliance across the Group. This ensures the integrity and consistency of Shariah principles across all operations, business activities, and governance frameworks.

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

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

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

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

Shariah Control Functions

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

Composition of SAC

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

As of 31 December 2024, the unified SAC overseeing Shariah governance across the Group comprises seven (7) members with diverse backgrounds, experience, and expertise. Each SAC member is a specialist in areas such as fatwa, Islamic banking, Islamic capital markets, and legal matters. Their combined qualifications and industry experience strengthen the SAC's ability to provide well-informed rulings and decisions, ensuring Shariah compliance across the Group.

Appointment and Reappointment of SAC

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

Resignation and Termination of SAC Members

Where a Shariah committee member resigns or is disqualified pursuant to the relevant sections in SGPD, Sections 33(2) and 34(1) of the IFSA impose obligations on MBSB Bank and SAC member to notify BNM of that fact and its reason immediately or in any cases no later than fourteen (14) days of such circumstance. For the purposes of the termination application, MBSB Bank must provide justifications as well as an assessment of such member's performance to BNM.

Evaluation of SAC

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

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

SAC Meetings

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

From January to December 2024, a total of 15 meetings were held i.e. 11 monthly SAC meetings, 1 Special SAC meetings and 3 Shariah Adviser Meetings.

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

Corporate Governance Overview Statement

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

Training & Development

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

Remuneration of SAC Members

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

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

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

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

The GCEO, alongside the Group Chief Financial Officer, leads a comprehensive program of discussions, dialogues, and briefings targeted at fund managers, financial analysts, and the media.

These interactions are scheduled as necessary, particularly following the release of the Group's quarterly financial results to Bursa Malaysia. This engagement aims to promote a better understanding of the Group's financial performance, operations, and other matters affecting shareholders' interests.

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

To further enhance MBSB's corporate reporting, MBSB has embarked on the Integrated Reporting journey in 2020 and continued the progress in 2024 using the internationally recognised framework – the International Integrated Reporting Council's Integrated Reporting Framework. MBSB aims to demonstrate its commitment to long-term value creation for stakeholders and improve its decision-making process by adopting the "integrated thinking" concept of the <IR> Framework.

MBSB's website, which can be found at <http://www.mbsb.com.my>, provides updated information on the corporate and business aspects of the Group. Media releases, announcements to Bursa Malaysia, analysts' briefings and quarterly results of the Group are also made available on MBSB's website. This helps to promote accessibility of information to MBSB's shareholders and all other market participants. All details of the corporate events carried out by the Group are also available on MBSB's website as well as MBSB Bank and MIDF's website, which can be found at <https://www.mbsbbank.com> and <https://www.midf.com.my> respectively.

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

Stakeholders are welcome and encouraged to drop us an email at enquiry@mbsbbank.com for any inquiries.

 Refer to the Sustainability Report ("Engaging our stakeholders" section) for more information on our stakeholder engagements in 2024 and the list of stakeholders' interests and concerns.

Conduct of General Meeting

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

A total of 1,254 shareholders/ proxies attended the 54th AGM using the RPV facilities.

During the 54th AGM, the GCEO, Encik Rafe Haneef, presented the Group's financial performance review for 2023, FLIGHT26 strategy and sustainability commitment of the Group to the shareholders before proceeding with the business of the meeting. The GCEO then presented the responses to questions submitted in advance of the AGM by the Minority Shareholder Watch Group ("MSWG") and responded to a total of 34 questions submitted by the shareholders in advance.

The Chairman of the Meeting also invited remote participants to submit live questions using the query box via RPV during the AGM to give opportunities for remote participants to enquire on MBSB's financial statements, proposed resolutions and other items to promote better understanding of the Group's financial performance, operations and other matters affecting shareholders' interests before proceeding with the voting of the resolutions. The Question and Answer session was about 40 minutes and the Management and the Board responded to 96 live questions submitted by remote participants during the AGM. In addition, the senior management, external auditors, and other advisors were available to provide answers and clarifications to shareholders. All questions submitted by the shareholders were made visible to all meeting participants.

Due to time constraints, not all questions could be answered during the AGM. For questions that were not answered in the AGM, the Management e-mailed the responses to the respective shareholders after the AGM.

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

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

The notice and agenda of AGM together with the proxy form were given to shareholders in line with the regulatory requirements to allow shareholders sufficient time to attend the AGM remotely or by proxy. Each item of special business included in the notice of AGM was accompanied by an explanatory statement on the effects of a proposed resolution.

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

D. KEY FOCUS AREAS AND FUTURE PRIORITIES

Guided by the Group's overarching sustainability strategy and its four core sustainability commitments, MBSB Group has established well-defined sustainability goals across short, medium and long-term. For short term (2024–2026), MBSB Group is actively working to catalyze RM10 billion in sustainable and transition financing and generate 50,000 volunteer hours for community and environmental initiatives. The medium term focus (2027–2030) includes achieving carbon neutrality for Scope 1 and Scope 2 emissions (Scope 1 & 2) and reducing financed emissions in priority sectors by 27% compared to the 2022 baseline. The Group's long-term vision (2031–2050) targets a substantial 96% reduction in financed emissions within these key sectors. These goals are embedded within MBSB Group's sustainability strategy, reflecting the Group's commitment to long-term value creation and contributing meaningfully to Malaysia's national decarbonisation agenda.

The following matters are identified as key focus areas for the Board going forward, and will be addressed and/or implemented in 2025:-

1. Enhance profitability by focusing to achieve FLIGHT26 initiatives.
2. Review the composition of the Board of MBSB with primary focus to achieve 30% target for female directors on the Board.
3. Review the Board remuneration framework of MBSB Group.

This CG Overview Statement and CG Report 2024 were approved by the Board of Directors of MBSB on 22 April 2025.

Audit Committee's Report

The establishment of the MBSB Berhad (formerly known as Malaysia Building Society Berhad) Group Board Audit Committee ("GBAC") is to assist the MBSB Berhad's Group Board of Directors ("MBSB Group Board") in:

- ▶ Providing independent oversight on the financial reporting, risk management and internal control systems and ensure appropriate method and procedure are in place to provide the level of assurance required by each Board; and
- ▶ Serving as an independent party to objectively review the financial information of MBSB and its subsidiaries ("MBSB Group").

COMPOSITION OF THE GBAC

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

The Chairman of the GBAC, Encik Mohamad Abdul Halim Ahmad is an Associate Member of ICAEW and a member of MIA.

In 2024, a total of 14 meetings were held. The composition of the GBAC members and attendance of each member at the Committee meetings held during the financial year are as follows:-

Committee Member	Attendance
Encik Mohamad Abdul Halim Ahmad (Chairman/Independent Non-Executive Director)	14/14 (100%)
Dr Loh Leong Hua (Member/Independent Non-Executive Director)	14/14 (100%)
Puan Lynette Yeow Su-Yin (Member/Senior Independent Non-Executive Director – Appointed on 24 January 2024)	14/14 (100%)
Datin Hoi Lai Ping (Member/Independent Non-Executive Director – Resigned on 24 January 2024)	–

AUTHORITY OF THE GBAC

The GBAC, in discharging their duties, have explicit authority to investigate any matters within their Terms of Reference ("TOR") and have full access to and co-operation from the Management. The GBAC meetings were also attended by the Group Chief Executive Officer ("GCEO"), Group Chief Financial Officer ("GCFO"), Group Chief Risk Officer ("GCRO"), Group Chief Internal Auditor ("GCIA") together with the Audit Department Heads while the attendance of other Senior Management staff and external auditor were by invitation depending on the matters being deliberated.

The GBAC shall have the right to obtain the necessary resources to enable them to perform their duties and provide independent professional advice, if necessary, with any expenses related thereto to be borne by the Group.

The Group Nomination and Remuneration Committee of MBSB Berhad ("GNRC") ensures that the GBAC comprised of Directors who have the appropriate level of expertise and experience with a strong understanding of MBSB Group's business to maintain an independent and effective GBAC.

The Chairman of the GBAC reports to the Board on matters deliberated during the GBAC meetings via Chairman's Report. GBAC minutes of each meeting were also distributed to the Group Board. Chairman's Report is presented at all Group Board meetings highlighting key matters discussed and deliberated at the GBAC meetings.

ACTIVITIES OF THE GBAC IN 2024

The summary of the activities undertaken by GBAC for the financial year ended 31 December 2024 are detailed below.

FINANCIAL REPORTING

- a. Assisted the Board in ensuring the accounting treatment, financial reporting and disclosures in the Annual Audited Financial Statement of MBSB Berhad and its subsidiaries ("MBSB Group") for the financial year ended 31 December 2024, comply with:
 - ▶ Provisions of the Companies Act, 2016;
 - ▶ Bursa Malaysia's Main Market Listing Requirement ("MMLR");
 - ▶ Applicable approved accounting standards in Malaysia and adoption of new accounting standards as well as the accounting treatments used in the financial statements;
 - ▶ Applicable standards and guidelines issued by Bank Negara Malaysia; and
 - ▶ Other legal and regulatory requirements (e.g. taxation matters).
- b. Reviewed the quarterly unaudited financial results of MBSB Group and discussed with the Management before recommending to the respective Group Boards for approval prior to submission to relevant regulatory authorities.
- c. Reviewed and recommended the audited financial statement for Group Board's approval.
- d. Reviewed and recommended the Basel II Pillar 3 Disclosure for Group Board's approval.
- e. Reviewed and recommended the Limited Review for the financial period ending 30 September 2024 for Group Board's approval.
- f. Reviewed and recommended the appointment of External Auditor for MIDF Group to align with MBSB Group for Group Board's approval.
- g. Reviewed and recommended the Interim Dividend proposal for Group Board's approval.
- h. Reviewed year-end submission to regulator for MBSB Berhad and its subsidiaries.

Audit Committee's Report

EXTERNAL AUDITOR

- a. Reviewed with the external auditor on the following:
- ▶ Audit planning memorandum for the year ended 31 December 2024 comprising their audit plan, audit approach, audit strategy and scope of work for the year;
 - ▶ Audit Committee Report issued by the external auditor;
 - ▶ Audit findings together with Management's response to the findings of the external auditors;
 - ▶ Transparency Report; and
 - ▶ Updates of new developments on the Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board and other regulatory requirements.
- b. In compliance with the MMLR, met the representatives of the external auditor twice a year for discussion without the presence of the Management, to discuss any issues of concern of the external auditor arising from their audits, including the level of cooperation provided by the MBSB Group's employees to the external auditor. Other officers of the MBSB Group are also invited to the GBAC meetings during the deliberation of matters related to them as and when necessary;
- c. Evaluated the performance and effectiveness of the external auditor based on the following criteria:
- ▶ Performance, quality of services and sufficiency of resources provided by the external auditor;
 - ▶ Communication and interaction with the external auditor; and
 - ▶ Auditor's independence and objectivity by reviewing the provision of non-audit services and evaluating whether such non-audit services would impair their independence. GBAC have obtained written declaration from the audit engagement team which confirms they have no relationship and conflict of interest in performing their work for MBSB Group.
- d. Made recommendations to each Board of Directors on their audit fees and their reappointment to hold office until the conclusion of the next Annual General Meeting ("AGM").
- e. The total non-audit fees incurred for MBSB Group FY2024 is RM864,000 or 19% of total audit fees. This is below our threshold policy of 35%.
- f. On 8 February 2024 and 23 January 2025, the external auditor held private sessions with the GBAC, which was conducted without the presence of Management.

INTERNAL AUDIT

The GBAC activities related to the Group Internal Audit Division ("GIAD") are further deliberated in the "Statement on Internal Audit Function" and the "Group Internal Audit Division Activities in 2024" section in this Report.

INTEGRATED ANNUAL REPORT

1

Reviewed and recommended the Report of the Audit Committee for Board's approval for inclusion in the Integrated Annual Report for the FY2024.

2

Reviewed and recommended the Statement on Risk Management and Internal Control (SORMIC) for Board's approval.

3

Reviewed and recommended the Corporate Governance Overview Statement, Corporate Governance Report for Board's approval.

RELATED PARTY TRANSACTIONS

Reviewed Related Party Transactions entered by MBSB and its subsidiaries for Group Board's approval covering the nature and amount of the transactions to ensure that related party transactions are undertaken on an arm's length basis, on normal commercial terms and on terms that are not more favourable to the related parties than those generally available to the non-related parties. On annual basis, the GBAC reviewed the related party disclosures to ensure it is in compliance with MFRS124 Related Party Disclosures, Main Market Listing Requirement (MMLR), and MBSB Group's Policy.

CONFLICT OF INTEREST

The GBAC recognises the importance of maintaining strong governance measures to manage Conflict of Interest ("COI") risks within MBSB Group. In line with our commitment to transparency, accountability, and regulatory compliance, the Group has established MBSB Group COI Policy for Directors and Key Senior Management, Group Related Party Transaction Policy, Group Credit Transactions and Exposures with Connected Parties Policy and Code of Conduct and Ethics for all employees which provide a foundation in managing situation of conflict of interest within a Group.

For FY2024, the GBAC confirms that there is no COI reported for review (excluding the transaction entered by MBSB Group involving related parties).

DIRECTORS' TRAINING

During the year, the members of each Committee have attended the relevant training programmes, Conferences and seminars as disclosed in MBSB Corporate Governance ("CG") Report 2024.

STATEMENT ON INTERNAL AUDIT FUNCTION FOR THE GBAC

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

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

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

Audit Committee’s Report

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



GROUP INTERNAL AUDIT DIVISION ACTIVITIES IN 2024

The Group Internal Audit Division (“GIAD”) activities were performed by internal auditors of MBSB Group. GIAD activities in 2024 are summarised below:

a.	Presented its group annual risk-based audit plan and changes to the plan which includes audit objectives, budget and scope of work to the relevant Audit Committees at each entity.
b.	Conducted scheduled audits as per approved audit plan, ad-hoc audit assignments and investigations as instructed by the relevant Audit Committees at each entity.
c.	Conducted audit of Conflicts of Interest.
d.	Conducted audit of Related Party Transactions and connected parties for credit transactions and exposures.
e.	Conducted the verification of MBSB’s Group Recovery Planning.
f.	Provided quarterly reports on the status of internal audit activities to the GBAC and Group Board which include follow-up on unresolved audit findings and completion of management action plans.
g.	The key audit areas include Corporate and Retail Credit end to end process, MAIB, Asset Management, Development Finance Business, Treasury Operations covering Front Office, Middle Office and Back Office, Head Office Operations, selected Branches, Information System and Outsourcing vendors.
h.	Conducted relevant regulatory audit on BNM, PIDM guidelines and requirements, Bursa, Securities Commission (“SC”) and Federation of Investment Managers Malaysia (“FIMM”) guidelines and requirements.

i.	Shariah Audit ("SA") apart from embedded in the respective audit assignments planned, SA conducted specific and shariah audit assignments and all shariah audit findings, recommendations and the reports issued in 2024 were presented to relevant committees at each entity.
j.	Reviewed the quality of credit risk assessment as well as scope and effectiveness of credit risk monitoring activities under the post approval reviews.
k.	Conducted Disaster Recovery Plan testing on quarterly basis to ensure compliance with BNM's Guidelines on Business Continuity Management.
l.	Conducted post-mortem/special reviews on non-performing Corporate and Commercial Accounts, Retail Personal Financing and Property Financing, MAIB and Development Finance Business Financing which areas for improvement on credit assessment, facility structuring, credit administration and monitoring processes were noted.
m.	The GCIA was invited to attend Group Management Committee meeting as a member/observer in a consultative capacity to provide independent feedback on internal controls and governance aspects.
n.	In 2024, the Group Board has approved Group Internal Audit Charter, Group Internal Audit Methodology and Group Internal Audit Rating.

INTERNAL AUDIT QUALITY ASSURANCE REVIEW

A quality assurance and improvement program ("QAIP") is designed to enable an evaluation of the Internal Audit activity's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether Internal Auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the Internal Audit activity and identifies opportunities for improvement. The annual internal assessment is performed by the Internal Assurance Team within GIAD, while the external assessment is conducted once every five (5) years by a qualified external assessor. The internal Quality Assurance Review was conducted in December 2024 and the external assessment will be conducted in 2026.

INTERNAL AUDIT RESOURCES, PROFESSIONAL PROFICIENCY AND COST

The overall costs incurred for maintaining IA function in MBSB Group for FY2024 was approximately RM12.7 million. The internal auditors are suitably qualified and have the necessary knowledge and skills to perform their roles and responsibilities and will continue to pursue the relevant certifications to achieve the desired level of proficiency and competency.

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

CONCLUSION

In the annual assessment of the effectiveness of the Board Committees for FY2024, each Board is satisfied that the GBAC members have discharged their function, duties and responsibilities in accordance with the TOR to provide independent oversight of the Group's internal and external audit functions, internal controls and ensuring checks and balances within the Group.

Additional Compliance Statement

UTILISATION OF PROCEEDS RAISED FROM ANY CORPORATE PROPOSAL

There was no proceeds raised from any corporate proposal in the financial year ended 31 December 2024.

AUDIT AND NON-AUDIT FEES

Apart from the annual audit fees, the Group has incurred other assurance related fees and non-audit fees paid or payable to external auditors of the Company, Messrs PricewaterhouseCoopers PLT or its affiliates for the financial year ended 31 December 2024.

	Group (RM'000)	Company (RM'000)
Fees paid/payable to PricewaterhouseCoopers PLT		
Audit fees	3,469	726
Regulatory related		
– Limited financial review for 9-months period ended 30 September 2024	297	55
– Review of Statement on Risk Management and Internal Control.	12	12
Sub-total (Audit fees)	3,778	793
Non audit fees		
– Recovery plan	333	48
– Consultancy on Integrated Crisis Simulation Exercise	248	–
– Tax compliance	168	14
– Tax due diligence	90	90
– Agreed upon procedure on fund management	25	–
Sub-total (Non-Audit fees)	864	152
Grand Total	4,642	945

MATERIAL CONTRACTS WITH RELATED PARTIES

Save as disclosed in Note 42 to the financial statements, there was no other material contracts subsisting at the end of the financial year or entered into since the end of the previous financial year by the Company and its subsidiaries which involve interests of the Directors, Group CEO and major shareholders.

DIVIDEND PAYMENT POLICY

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

Statement on Risk Management and Internal Control

The Board of Directors (the Board) of MBSB Berhad (MBSB or the Company) and its subsidiaries (MBSB Group or the Group) is pleased to present the following Statement on Risk Management and Internal Control (SORMIC) which outlines the key features of MBSB Group's risk management and internal control system during the year under review.

The SORMIC is prepared in accordance with the Malaysian Code on Corporate Governance (MCCG), paragraph 15.26(b) of the Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad (Bursa), guided by the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

RISK OVERVIEW

The risk strategy of MBSB Group focuses on the fundamental principles with respect to MBSB Group's risk appetite while balancing the need for competitive return on equity to improve the capital base. The risk strategies for the year ended 31 December 2024 focused on the following:



- ▶ **Promoting Risk Awareness:** Enhancing risk knowledge of staff, including the Group policies and procedures, by organising engagement sessions and briefings between the Group Risk Management Division (GRMD) and business and support units.
- ▶ **Enhancing Risk Management Capabilities:** This includes tools, processes, and reports, as well as implementing system and software upgrades to foster both sound risk management practices and effective and efficient risk monitoring.
- ▶ **Improve Asset Quality:** Thematic review on the property financing portfolio to identify high risk segments and areas for improvement, enhancement to the retail and corporate credit scorecard, increased integration of climate risk management into the credit assessment process, enhancement on the risk acceptance criteria for more effective risk management.
- ▶ **Review of Internal Policies and Procedures:** Enhancing and updating the Group's risk management policies and procedures to reflect market changes, products, and regulatory environment to ensure that the policies stay relevant, and our risk profile remains prudent and within the risk appetite of MBSB Group.
- ▶ **Continuous Integration of Climate Risk Management:** Ongoing efforts to enhance the incorporation of Climate Risk Management into MBSB Group's risk appetite, frameworks, policies, and procedures, ensuring alignment with evolving regulatory expectations and best practices.
- ▶ **Continuous Post-Merger Harmonisation:** Advancing from preliminary efforts to the operational implementation of harmonised risk management processes, ensuring the effective integration of frameworks, policies, and procedures across the merged entities to achieve a unified and cohesive risk management approach.
- ▶ **IT Compliance and Security Strengthening:** Ensuring compliance with regulatory requirements related to Information Technology (IT) infrastructure and enhancing IT security within MBSB Group.

Statement on Risk Management and Internal Control

RISK GOVERNANCE

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

BOARD RESPONSIBILITY

The Board affirms its commitment to establishing and maintaining a robust risk management and internal control system within MBSB Group. It acknowledges its overarching responsibility for regularly reviewing the adequacy and effectiveness of the risk management and internal controls systems, ensuring they identify, assess, and address risks that may impede the achievement of MBSB Group's objectives.

One of the Board's key responsibilities is the establishment of MBSB Group's risk appetite, defining the types and levels of risks MBSB Group is willing to accept in pursuit of its business and strategic goals. Actively engaged in MBSB Group's strategic endeavours, the Board ensures that corresponding risks are meticulously mitigated within the approved risk appetite.

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

The Board plays a pivotal role in instituting a robust risk management and internal control governance structure. This structure is crucial in setting the tone and culture for effective risk management and internal control throughout the organisation. To enhance its risk and control oversight responsibilities, the Board has established key committees, including the Group Board Risk and Compliance Committee (GBRCC), and the Group Board Audit Committee (GBAC). These committees are entrusted with overseeing matters related to risk, compliance, and controls, respectively.

Additionally, a parallel risk governance framework exists within the relevant operating entities of MBSB Group. Any reference to these committees at MBSB Group level equally applies to their counterparts at individual operating entities within MBSB Group. This ensures a unified and aligned approach to risk management across the entire MBSB Group.

The Board Committees diligently update the Board on a periodic basis, providing comprehensive insights into their work, key deliberations, and decisions on delegated matters. This collaborative approach ensures a well-informed and proactive stance, reinforcing the commitment to a culture of effective risk management and internal control within MBSB Group.



Refer to Part B of the CG Report 2024 for further details on the various Board Committees and the attendance of meetings held during the year and refer to the CG Overview Statement for the Leadership and Governance Structure.

MANAGEMENT RESPONSIBILITY

The Management is accountable to the Board and is overall responsible for implementing MBSB Group's policies and processes to identify, measure, control, monitor, and report on risks, and ascertain the effectiveness of internal control systems, taking the appropriate and timely remedial action as required. The role of the Management includes:

► **Identifying and Evaluating Risks:**

Assessing risks relevant to MBSB Group's business, along with the pursuit of business objectives and strategies.

► **Formulating Policies and Procedures:**

Creating relevant policies and procedures to manage these risks in alignment with MBSB Group's strategic vision and overall risk appetite.

► **Designing, Implementing, and Monitoring Systems:**

Developing, executing, and overseeing an effective risk management and internal control system.

► **Implementing Remedial Actions:**

Addressing compliance deficiencies as directed by the Board.

► **Timely Reporting to the Board:**

Reporting promptly to the Board about changes to risks or emerging risks and the corresponding corrective and mitigation actions taken.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

RISK MANAGEMENT

Overview

The Board regards risk management as an integral part of business operations and confirm that there is an ongoing process of identifying, measuring, controlling, monitoring, and reporting the significant risks that may affect the achievement of the business objectives. The risk control structure and processes that have been instituted throughout MBSB Group are reviewed and updated from time to time to strengthen and tighten the relevant internal controls, consistent with MBSB Group and industry practices.

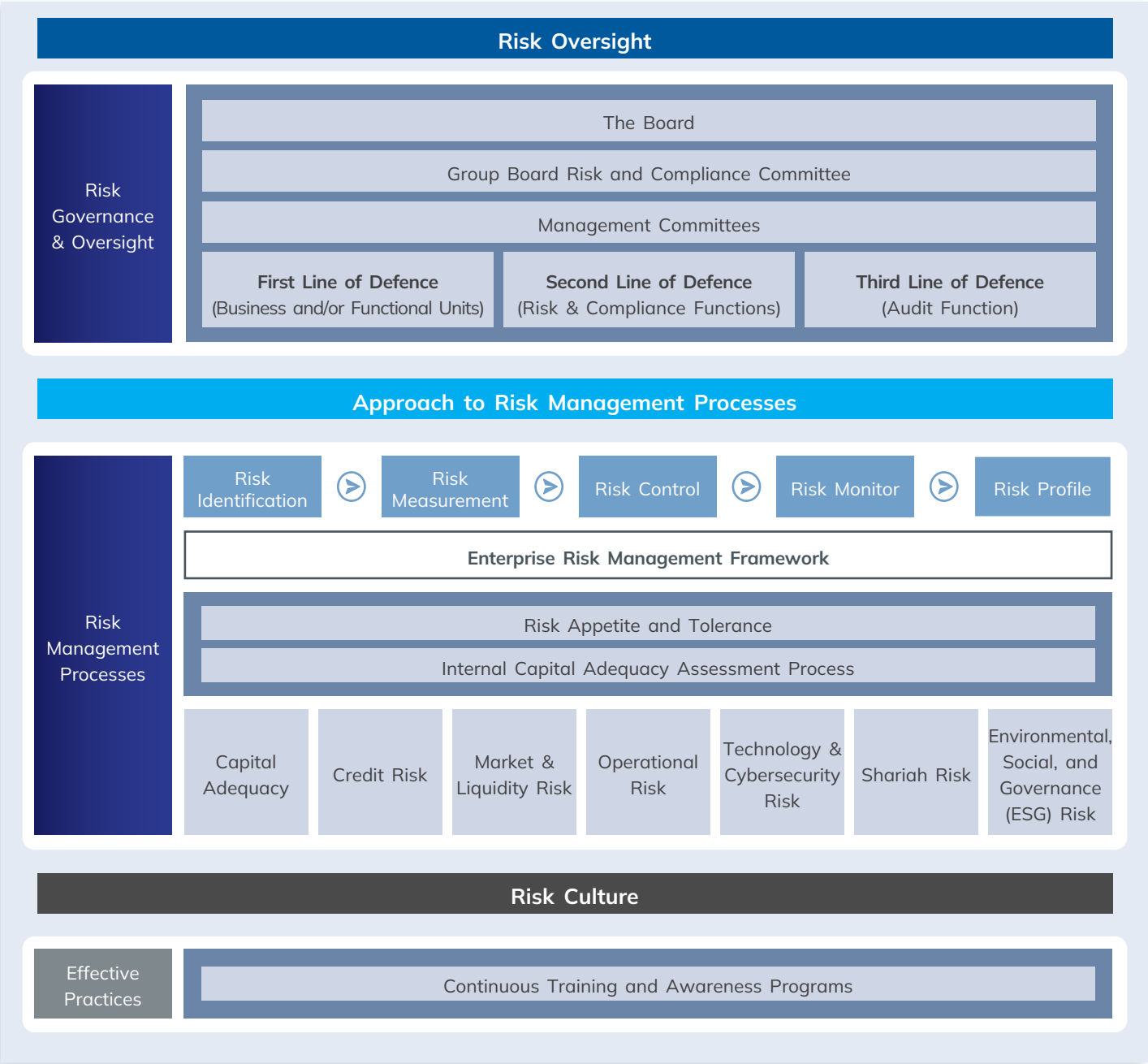
MBSB Group has a well-defined organisational structure with clearly delineated lines of accountability, authority, and responsibility to the Board, its committees, and operating units. Key processes have been established in reviewing the adequacy and effectiveness of the risk management and internal control system.

Statement on Risk Management and Internal Control

Risk Management Framework

Risk management is a cornerstone of MBSB Group’s annual strategic, capital, and financial planning processes. As an integral part of the control functions in providing the check and balance to the strategic planning and business processes, a risk management framework (Figure 1) has been put in place to drive a strong risk management culture, practices, and processes.

Figure 1: Risk Management Framework



RISK GOVERNANCE AND OVERSIGHT

The Board, through the GBRCC, provides oversight over the risk management activities within MBSB Group to ensure that MBSB Group's risk management processes are functioning effectively. The risk governance framework of MBSB Group is established to promote active involvement from the Board, GBRCC, and relevant Management Committees in the risk management process to ensure effective management of risk within MBSB Group. A similar risk governance framework is also established at the relevant operating entities within MBSB Group.

In addition to the Group-level governance framework, certain Board Committees are established within specific operating entities to oversee entity-specific risks that require a more focused approach. This ensures that risk management practices remain relevant and responsive to the unique operational, regulatory, and market conditions faced by each entity within MBSB Group.

The risk governance framework includes delegation of authority from the Board to the GBRCC and relevant Management Committees, along with the establishment of risk controls for material activities to ensure that MBSB Group operates within its risk appetite. To support the Board, GBRCC, and the relevant Management Committees in discharging their risk oversight responsibilities, the accountability for addressing and managing risk within MBSB Group is clearly defined through the "three lines of defence model" (Figure 1).

MBSB Group's risk governance model establishes a structured, transparent, and effective framework, promoting active participation from the Board, Board Committees and Management Committees in the risk management process. This ensures a cohesive perspective on risks within MBSB Group, fostering a unified and comprehensive understanding across every facet of MBSB Group.

MBSB Group's overall governance structure for risk is summarised below, where the equivalent relevant risk governance structure is established at the relevant operating entities within MBSB Group:

Board and Board Committees:

- ▶ **Board:** The Board of Directors of MBSB, being the MBSB Group's ultimate governing body with overall risk oversight responsibility including defining the appropriate governance structure and risk appetite.
- ▶ **GBRCC:** The Board Committee which oversees risk exposures and provides oversight on the effective implementation of risk management strategies, risk appetite, frameworks, policies, and procedures related to credit risk, market risk, liquidity risk, technology & cybersecurity risk, operational risk, ESG risk, compliance risk as well as legal and other material risks.
- ▶ **Shariah Advisory Committee (SAC):** The SAC provides oversight of MBSB Group's Shariah matters, ensuring compliance of the Islamic business activities with Shariah requirements.
- ▶ **Similar Board and Board Committees** have been established at the **relevant** operating entities within MBSB Group to oversee risk management and compliance matters.

Management Committees:

- ▶ **Group Management Committee (GMC):** Provides the direction in the implementation of strategies and policies approved by the Board and key management account.
- ▶ **Group Asset Liability Committee (GALCO):** Provides strategic direction for MBSB Group in managing market risk, liquidity risk, capital management, and balance sheet optimisation. The committee oversees the implementation of asset and liability management strategies, ensures compliance with regulatory requirements, and supports business sustainability through effective risk oversight and recovery planning.
- ▶ **Group Management Investment and Credit Committee (GMICC):** Deliberates and approves identified credit facilities and commitments that are within the Group's strategy and risk appetite. GMICC plays a key role in managing risk by adhering to regulatory requirements and internal policies while optimising capital allocation for growth.
- ▶ **Group Management Risk and Compliance Committee (GMRCC):** The GMRCC is a key management committee within MBSB Group, responsible for overseeing risk and compliance functions. It reviews and recommends risk management policies, frameworks, and strategies to the GBRCC, ensuring alignment with regulatory requirements and the Group's strategic objectives.

Statement on Risk Management and Internal Control

- ▶ **Group Management Information Technology Committee (GMITC):** Oversees MBSB Group's technology-related strategies, ensuring alignment with business objectives and regulatory requirements. The committee provides governance and oversight on IT risk management, cybersecurity, technology investments, and operational efficiency. It also reviews and approves IT policies, strategic initiatives, and technology-related expenditures, while ensuring continuous improvement in IT service delivery and cybersecurity resilience. The GMITC acts as a key platform for discussing and resolving IT matters, driving digital transformation, and enhancing the Group's overall technology posture.
- ▶ **Group Management Transformation Committee (GMTC):** Provides leadership and strategic oversight in driving MBSB Group's transformation initiatives. The committee ensures alignment of transformation activities with the Group's strategic objectives by reviewing key deliverables, monitoring risks, and tracking benefits realisation. GMTC acts as a governance body to oversee the implementation of transformation programs, ensuring adherence to timelines, resource allocation, and return on investment while providing recommendations to the Board on areas requiring action or improvement.

Three Lines of Defence:

First Line of Defence: Responsible for owning and managing day-to-day risks inherent in business and activities, including risk-taking and ensures the business operates within established risk strategies, tolerance, appetite, frameworks, policies, and procedures.

Second Line of Defence: Tasks include establishing frameworks, policies, and procedures, providing overall risk governance and independent risk oversight, ensuring compliance with applicable laws, regulations, and established policies and procedures.

Third Line of Defence: The third line of defence provides assurance through independent assessment, review, and validation. This involves examining the risk management framework, policies, and tools to ensure their robustness and alignment with both internal and external standards. Additionally, the third line assesses the adequacy of controls designed to mitigate risks. It also ensures that there is sufficient oversight by the second line of defence over the activities of the first line of defence.

Internal Capital Adequacy Assessment Process Framework

The Group Internal Capital Adequacy Assessment Process Framework (GICAAPF) ensures that all material risks are identified, measured, and reported, and that adequate capital levels consistent with the risk profiles, including capital buffers, are maintained to support the current and projected demand for capital under existing and stressed conditions. For non-measurable risks, a qualitative approach is used, and normally, this type of risk is labelled as potentially material where the Management's experience and judgement is being relied upon in assessing if such risk could threaten MBSB Group and its relevant operating entities.

Risk Appetite

Risk Appetite is defined in the GICAAPF as the amount, types, nature and level of risk that MBSB Group can and is willing to accept in pursuit of its strategic and business objectives. The development of the risk appetite is integrated into the annual strategic planning process and is adaptable to the changing business and market conditions. As the risk appetite is dynamic, it is set based on the business and financial targets while incorporating external factors such as macroeconomic factors and the global economic outlook. The Board considers the actual and targeted risk profile proposed by the Senior Management and business and/or functional units when setting the risk appetite. The risk appetite is reviewed annually as part of the strategic planning process or as and when required due to changing business and market conditions and is approved by the Board. Regular monitoring ensures compliance, and any deviations are reported to the Board periodically, reinforcing the commitment to effective risk management and strategic alignment.

Risk Management Processes

MBSB Group's risk management framework requires robust risk management practices that are integrated in the key strategic, capital, financial planning processes, including new products or new business activities as well as day-to-day business processes across MBSB Group, thereby ensuring risks are appropriately considered, evaluated, and responded to in a timely manner.

As risk owners within MBSB Group, the business and functional units are required to identify, assess, mitigate, monitor, report, and document the controls and processes for managing the risks arising from their business activities and operations, as well as to assess the effectiveness thereof to ensure that the risks identified are adequately managed and mitigated.

MBSB Group employs an effective risk management process: Identify, Measure, Control and Monitor as part of MBSB Group's day-to-day activities.

- ▶ **Risk Identification:** Risks are identified by applying the Group Enterprise Risk Management Framework (GERMF) and other relevant risk-related policies and procedures. For effective risk management, risks must be clearly defined and proactively identified. Proper risk identification focuses on recognising and understanding all key risks inherent in the business activities and risks that may arise from business initiatives or external factors. Risk identification is an ongoing process occurring at both the individual transaction and portfolio level to ensure risks are managed and controlled within the risk appetite of MBSB Group.
- ▶ **Risk Measurement:** Risk is measured (qualitative and/or quantitative) at various levels including, but not limited to, risk type, front line unit and on an aggregate basis. These metrics are used to assess MBSB Group's risk profile and adherence to MBSB Group's risk appetite.
- ▶ **Risk Control:** Risk controls are established and communicated through policies, standards, procedures, and processes that define responsibility and authority for risk-taking. The risk controls can be adjusted by the Board, Board Committees or Management Committees when conditions or risk tolerances warrant. The lines of business are held accountable to perform within the established risk controls which are established to manage risk exposures within MBSB Group's risk appetite.
- ▶ **Risk Monitor:** Risk levels, key risk indicators (KRIs) and early warning signals are monitored regularly to track adherence to risk appetites, policies, standards, procedures, and processes. Through monitoring, the level of risk can be assessed relative to limits and appropriate action can be taken in a timely manner. Any exceptions will be identified, and processes are in place to appropriately report and escalate such exceptions. This includes immediate requests for approval from the relevant approving authority and alerts to the Senior Management, Management Committees, or the Board (directly or through an appropriate committee).

Resources and Infrastructure

Effective risk data aggregation and reporting is critical to provide a clear understanding of current and emerging risks and enabling proactive and effective management of risk within MBSB Group. Transparency is achieved in MBSB Group's risk reporting by understanding the risk profile (leveraging data, information, and analytics) and by reporting actionable insights and recommendations to appropriate levels of MBSB Group. There is an ongoing effort to improve MBSB Group's risk data aggregation capabilities and reporting practices in order to provide accurate, comprehensive, and clear risk information to the intended audience, which includes but not limited to, the relevant Management and Board Committees at the relevant operating entities within MBSB Group, at the right time to highlight key risks across MBSB Group within the parameters of the overall risk appetite and to support decision making.

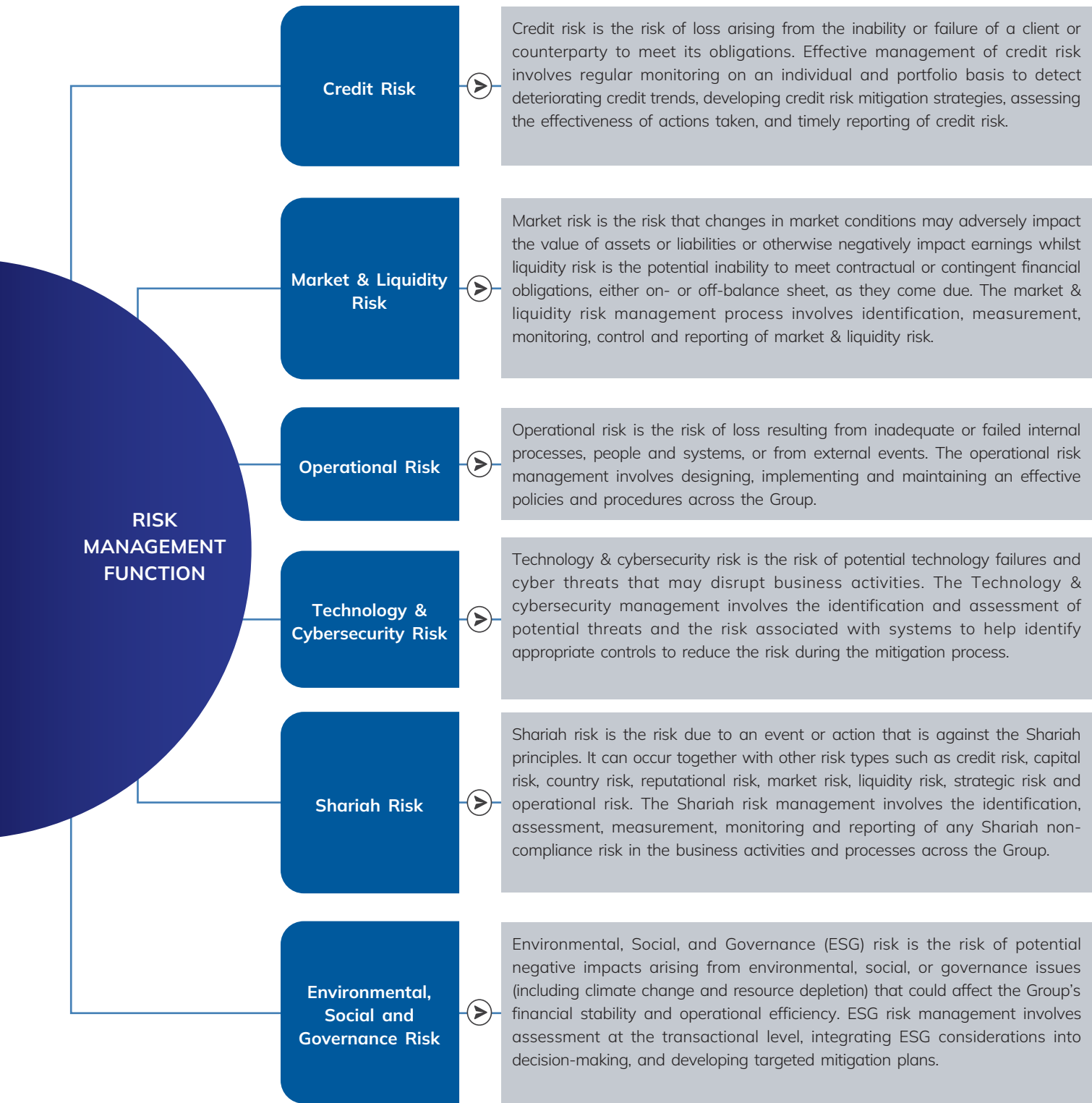
RISK CULTURE

A strong risk culture fosters the mindset and behaviour needed for effective risk management and prudent risk-taking within MBSB Group's defined risk appetite. MBSB Group continuously enhances the risk culture through ongoing training, awareness programme, and communications, fostering risk awareness and building skills across MBSB Group.

In addition, Business Risk and Compliance Specialists (BRiCS) and Designated Compliance and Risk Officers (DCOROs) are appointed at relevant operating entities within MBSB Group to cultivate proactive risk and compliance management and to establish a robust risk culture. BRiCS operate as full-time first-line-of-defence personnel within their respective regions and selected business and support units across the relevant operating entities. They are tasked with overseeing risk and compliance functions, representing an enhanced role compared to the current DCOROs.

Statement on Risk Management and Internal Control

Group Risk Management Division



The GRMD reports functionally to the GBRCC of MBSB Group and administratively to the GCEO. A similar reporting structure is also established at the relevant operating entities of MBSB Group. The GRMD carries out the risk management function and is headed by the GCRO where GRMD is responsible for communicating the material risks that MBSB Group encounters, the risk controls in place and plans to manage the risks to the relevant committees at the relevant operating entities within MBSB Group.

The GRMD provides advice and guidance on the credit, market & liquidity, operational, technology & cybersecurity, Shariah, ESG and general business risks. The scope of advice serves to manage and control significant risk exposures inherent to MBSB Group's business operations and covers the identification of significant risks. The GRMD is involved in all aspects of MBSB Group's activities, including new product approvals, credit and limit monitoring, outsourcing process and reviews of process workflows and policies and procedures.

The GRMD reviews MBSB Group's compliance to risk limits and identifies emerging risk issues and provides reports to the relevant Board Committees and Management Committees at the relevant operating entities within MBSB Group according to the committees' requirements and the changing business environment.

The GRMD submits the risk management reports addressing MBSB Group's risk exposure, risk portfolio composition and risk management activities to relevant committees at the relevant operating entities within MBSB Group for their review regularly.

Group Information Technology Risk Management Framework

MBSB Group endeavours to adopt sound Group Information Technology Risk Management (GITRM) practices based on industry best practices. The Group ITRM Framework is implemented with the following objectives:

- ▶ Articulate the overall vision, principles, philosophy, objectives, and goals of GITRM;
- ▶ Provide greater clarity of roles and responsibilities for GITRM across the organisation;
- ▶ Define a policy for effective management and supervision of IT risk;
- ▶ Define a policy for IT risk identification, assessment, treatment, and monitoring and reporting;
- ▶ Integrate and align the management of IT Risk with the Operational Risk Management Framework, as well as other relevant guidelines, thus allowing well-informed decisions to be made about the extent of the risk;
- ▶ Promote IT risk awareness and culture and ensure that a commitment to IT risk management exists across the organisation;
- ▶ Foster an organisational climate where information security risk is considered within the context of the design of business processes, enterprise system architecture and system development life cycle;
- ▶ Ensure that adequate security controls are implemented to protect information assets (confidentiality, integrity, availability); and
- ▶ Reduce exposure to unexpected losses caused by IT risk.

Employees at all levels must understand their responsibilities and are held accountable for managing IT risk, that is, the risk associated with the operation and use of information systems that support the missions and business functions of MBSB Group.

Shariah Governance Framework

The established Group Shariah Governance Policy at the licensed banking entity within MBSB Group sets out the expectations for the effective Shariah governance structures, processes and arrangements of all business and functions within the relevant operating entities within MBSB Group.

The Group Shariah Governance Policy reflects the responsibility of the Board of Directors, Management, SAC and Shariah functions at the relevant operating entities within MBSB Group to ensure effective management of Shariah Non-Compliance risks. The end-to-end Shariah-compliant governance mechanism is executed through the three lines of defence model that cater to both pre-execution and post-execution. The three lines of defence under the Group Shariah Governance Policy are as follows:

- ▶ First Line of Defence: Business and/or Functional Support Unit and Shariah Division;
- ▶ Second Line of Defence: Shariah Risk Department and Shariah Compliance Review; and
- ▶ Third Line of Defence: Shariah Audit.

Shariah Non-Compliance Risk

Shariah Non-Compliance risk refers to the risk of legal or regulatory sanctions, financial loss or non-financial implications, including reputational damage, which the relevant operating entities within MBSB Group may suffer arising from the failure to comply with the rulings of the Shariah Advisory Council of BNM, Shariah Advisory Council of Securities Commission (on capital market matters), standards on Shariah matters issued by BNM pursuant to section 29(1) of the Islamic Financial Services Act (IFSA), and section 15(2) of Financial Service Act (FSA) or decisions or advice of MBSB Bank's SAC.

Statement on Risk Management and Internal Control

Various controls and initiatives have been implemented to ensure Shariah compliance, create Shariah awareness, educate employees on the importance of Shariah requirements and compliance surveillance. Such controls and initiatives include, but not limited to:

- ▶ On-going identification, assessment, monitoring and controlling of Shariah Non-Compliance risk as set out in the Group Shariah Governance Policy as well as other policies and procedures to ensure operations and business activities comply with Shariah requirements;
- ▶ Using Operational Risk Management tools for monitoring of Shariah Non-Compliance risk exposures and effectiveness of risk controls;
- ▶ Subjecting new Islamic products or services introduced as well as variations to a vigorous product evaluation process which assesses the potential Shariah Non-Compliance risk as well as the readiness to introduce the products or services;
- ▶ Conducting a periodic review of the potential risks and issues relating to the Islamic concepts and/or contracts of Islamic products and services to ensure the potential issues are managed and the products and services are Shariah-compliant;
- ▶ Sponsoring employees to acquire Shariah certification to enhance knowledge and upgrade skills on Shariah matters; and
- ▶ Continuous training and awareness on the Shariah principles and potential Shariah Non-Compliance risks provided by Shariah Division, Shariah Risk Department and Shariah Compliance Review Department at the relevant operating entities within MBSB Group.

Environmental, Social, and Governance

The Group ESG Risk Framework and the Group Climate Risk Management Policy are the main reference points to understand the importance of ESG risk and its impact to MBSB Group.

The Group ESG Risk Framework identifies, assesses, and manages risks arising from corporate financing customers and sukuk issuers, especially in sectors that are most vulnerable to environmental and social risks, and those with high activities with high potential adverse impacts on the environment and society.

The Group ESG Risk Framework puts in place risk assessment tools to improve the understanding of and preparedness against existing and emerging ESG risks, ensures due diligence and assessment of ESG risk impacts and cultivates a risk management culture through the three lines of defence as well.

The key principles of managing Climate Risk were established within MBSB Group under the Group Climate Risk Management Policy which comprises of the governing policies on managing climate related risks. The Group Climate Risk Management Policy encompasses the following:

- a. Core requirements for effective climate risk management with the MBSB Group;
- b. The risk governance structure with regards to Climate Risk Management which ensures oversight across three lines of defence and accountability for managing climate risk;
- c. Clear definitions of climate-related risks and descriptions of climate risk transmission channels;
- d. Climate Risk Strategy in terms of strategy development, monitoring, and communication;
- e. Climate Risk Appetite thresholds to manage concentration to customers with high climate risk; and
- f. Climate Risk Management encompassing risk identification, measurement, monitoring, and control.

GROUP COMPLIANCE DIVISION

Compliance is an integral part of a strong business culture, touching every aspect of MBSB Group's activities and functions. Within MBSB Group, compliance is not just a process - it is a fundamental way of conducting business, with every employee sharing the responsibility to manage compliance risks effectively. To achieve this, it necessitates a comprehensive commitment across all levels of the organisation, extending beyond the Group Compliance Division alone. It requires active involvement of the Board, Senior Management, and all staff across MBSB Group, supported by a systematic and coordinated approach to ensure its effectiveness.

While compliance is a collective responsibility, the Group Compliance Division plays a central role in ensuring MBSB Group maintains robust regulatory oversight and advisory support. To achieve this, the Division is structured around several key roles, each contributing to identifying, monitoring, and mitigating compliance risks across the Group's operations. Collectively, these roles empower Group Compliance Division to drive the compliance agenda across MBSB Group. By systematically managing compliance risks, Group Compliance Division ensures effective oversight and alignment with regulatory expectations across all levels. To uphold its independence and objectivity, Group Compliance Division reports functionally to the Board and administratively to the GCEO, with compliance-related matters reviewed and deliberated at relevant committees.

These structured roles not only strengthen governance, safeguard MBSB Group's integrity, and reinforce stakeholders' trust, but also establish a foundation for enhancements across all lines of defence. As part of these efforts, MBSB Group has strengthened the first line of defence by introducing BRiCS, whose role will be supplemented by DCOROs.

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

Designated Compliance and Risk Officers (DCOROs)

DCOROs act as vital links between their respective Business Support Units (BSUs) and Group Compliance Division. Their key responsibilities include:

- ▶ Driving effective compliance risk management.
- ▶ Assessing and managing operational risks.
- ▶ Implementing compliance initiatives within unit processes and procedures.

In their roles, DCOROs promote compliance awareness, monitor risk control measures, and ensure clear understanding and execution of compliance requirements across their respective BSUs.

Business Risk and Compliance Specialists (BRiCS)

Effective 1 November 2024, MBSB Group introduced BRiCS to further enhance the compliance framework. Building upon the foundation set by DCOROs, BRiCS carry expanded responsibilities, with a focus on:

- ▶ Fostering a stronger risk and compliance culture.
- ▶ Enhancing accountability within BSUs.
- ▶ Addressing growing regulatory expectations with specialised expertise.

BRiCS serve as dedicated points of contact for risk and compliance matters within selected BSUs, strengthening the first line of defence by promoting proactive risk management and ensuring compliance requirements are met effectively.

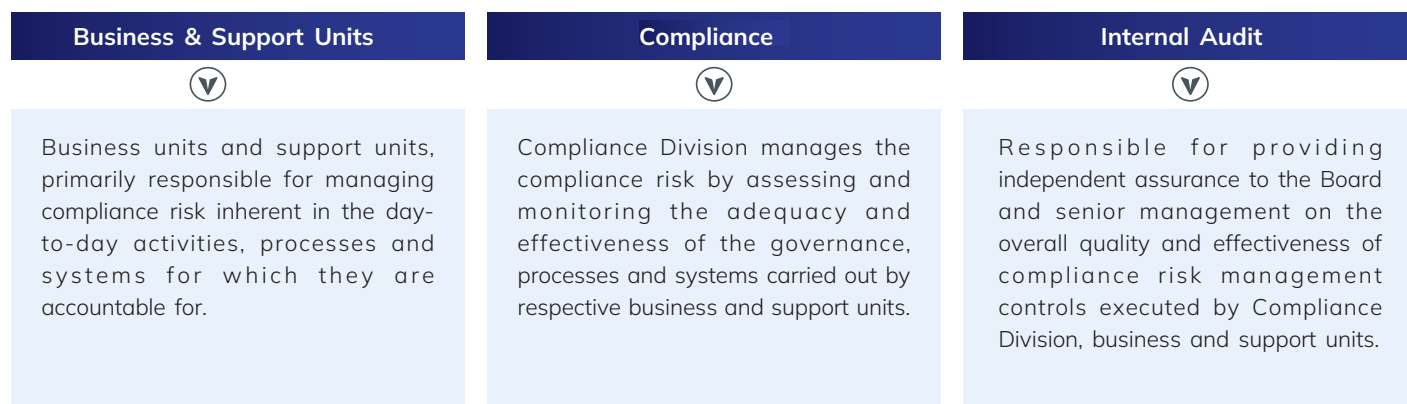
Collaboration Between DCOROs and BRiCS

DCOROs work in close collaboration with BRiCS to ensure compliance responsibilities are managed efficiently. This partnership fosters a unified and systematic approach to risk and compliance management, enabling MBSB Group to uphold its commitment to governance excellence, regulatory integrity, and a robust compliance culture.

MBSB Group's commitment towards compliance is embodied in its Compliance Charter as follows:

- ▶ Preserve the integrity and reputation of MBSB Group by adherence to applicable laws, regulations and ethical standards in all markets and jurisdictions in which it operates.
- ▶ Improve the corporate image of MBSB Group as a respectable organisation with regards to compliance, including Shariah rulings and Anti-Money Laundering & Counter Financing Terrorism (AML/CFT) risks.
- ▶ Fully cooperate with the relevant local and international competent authorities and law enforcement agencies in combating money laundering, counter financing of terrorism, and proliferation financing.
- ▶ Ensure MBSB Group and all employees comply and operate according to regulatory requirements related to Foreign Exchange Notices.

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



Statement on Risk Management and Internal Control

In addition, the Group Compliance Division provides ongoing oversight and assurance in the following key control activities and functions:

- ▶ **Regulatory and Shariah Compliance Reviews:** The Regulatory, including technology related and Shariah Compliance Reviews are developed based on mandatory requirements stipulated in applicable regulations issued by BNM as well as based on the outcomes of the compliance and Shariah risk assessments. To ensure adequacy of regulatory control requirements and adherence to the overarching Shariah principles, the Compliance Thematic and Shariah Compliance reviews are periodically conducted to monitor MBSB Group's activities and comply with the applicable regulations and Shariah rulings, respectively. Additionally, Compliance Branch Reviewers (CBRs) are also responsible for performing thematic reviews on branches. Reports on the outcomes of compliance reviews are tabled to the relevant operating entities within MBSB Group including SAC for Shariah reviews. Subsequently, the progress of rectification action plans would be tracked and monitored until full resolution.
- ▶ **Gap Analysis Exercise:** Gap analysis is performed on new and revised regulatory requirements against the internal policies and procedures to identify the difference between the current practices and regulatory requirements, including technology related. Action plans are formulated by the relevant process owners and tracked for implementation and closure by the Group Compliance Division.
- ▶ **AML/CFT Compliance Programme:** Group Compliance Division undertakes several initiatives to ensure continuous compliance with BNM's Guidelines on Anti-Money Laundering/Countering Financing of Terrorism and Targeted Financial Sanctions for Financial Institutions (AML/CFT and TFS for FIs) covering, inter-alia, continuous process and system related enhancements, transactions monitoring via AML/CFT screening database, training and awareness to improve staff understanding and knowledge on relevant requirements. Additionally, the Group Compliance Division also provides advisory support on AML/CFT matters associated with MBSB Group's business initiatives affecting new and revised products, services, and delivery channels.
- ▶ **Advisory Support and Compliance Risk Assessment:** Group Compliance Division proactively minimises compliance risks, including technology risks, by providing compliance advisory support to business and support units. Additionally, Group Compliance Division actively participates in the Project Steering Committee (PSC) and Project Working Group (PWG) for all newly implemented banking products and services and conducts proactive compliance risk

assessments on all MBSB Group's projects and initiatives to comply with applicable laws and regulatory requirements.

- ▶ **Compliance Healthcheck:** Healthcheck is developed to serve as a self-assessment tool for branches and selected business and support units to periodically assess key compliance controls, including Shariah, and to allow prompt addressing of self-identified gaps. The assessment includes key regulatory requirements on AML/CFT, Personal Data Protection Act (PDPA), Foreign Account Tax Compliance Act (FATCA), Common Reporting Standard (CRS), Foreign Exchange Notices and Shariah contracts. Group Compliance Division validates the completed healthchecks periodically to ensure objectivity and improve the effectiveness of the exercise.
- ▶ **Compliance Training:** Compliance training activities are structured to ensure continuous adherence to relevant regulatory requirements issued by the regulatory bodies. The training also aims to update MBSB Group's staff with the latest and new developments in terms of regulatory requirements. In addition, instances of non-compliance highlighted during the thematic and external regulatory reviews are also shared with the staff to prevent recurrence. Selected staff members from branches and head office departments are also offered to enrol in the Certified Anti Money Laundering/Counter Financing of Terrorism & Regulatory Compliance Officer (CCO) Program as a platform to elevate their expertise in these critical areas and be better equipped with the required competencies to manage AML/CFT risks at branch or departmental level.
- ▶ **Compliance Awareness Campaigns:** Another platform that strengthens the staff learning exposure in MBSB Group is via the various compliance awareness initiatives such as quarterly quiz, monthly compliance bulletin and bi-monthly posters on key regulatory requirements. These communication channels are intended to reinforce the level of comprehension on key compliance areas such as Shariah governance, management of customer information and data privacy as well as customer fair treatment while demonstrating MBSB Group's continued commitment to alleviate compliance culture amongst the employees of MBSB Group.
- ▶ **Review of Internal Policies and Procedures:** Group Compliance Division participates in MBSB Group's review of new and revised policies and procedures via a working group. This role is instrumental in ensuring all regulatory requirements are embedded and harmonised into the internal policies and procedures to ensure compliance gaps are adequately addressed.

- **Regulatory Liaison:** Group Compliance Division is the key contact point for MBSB Group in its engagement and liaison with the regulators and Law Enforcement Agencies for compliance related matters, including technology compliance related. The liaison roles include coordinating the information and communication with authority bodies in a systematic manner.
- **Integrity Governance Unit (IGU):** Founded upon strong morals and ethics to combat bribery, corruption, and abuse of power, IGU is established to promote and maintain an integrity culture amongst all employees, including the Senior Management and the Board. This function includes regular liaison with Malaysian Anti-Corruption Commission (MACC) while managing the organisation's Adequate Procedures initiatives through emplacement of governance, integrity enhancement, complaints management, verification, and detection of corruption related matters.

In addition to the above key activities and functions, Group Compliance Division also circulates an Annual Statement of Compliance Certification to all business units, support functions and branches for their self-certification. This self-certification aims to attest the state of compliance with regulatory requirements, Shariah requirements, and internal policies and procedures surrounding the key business activities and operations at respective business and/or functional and support units.

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

GROUP INTERNAL AUDIT

The Group Internal Audit Division (GIAD) reports functionally to the GBAC of MBSB Group and administratively to the GCEO, including at its equivalent within the operating entities of MBSB Group. The main responsibility of GIAD is to provide an objective and independent appraisal on the adequacy and effectiveness of MBSB Group's risk management, internal controls, and governance processes.

The GIAD performs systematic and periodic reviews of products and/or services including outsourcing activities undertaken by MBSB Group as per the approved risk-based audit plan with the objectives to assess the effectiveness, adequacy and integrity of internal controls, risk management, governance and compliance to the policies and procedures.

In addition, the GIAD conducts ad-hoc assignments, post-mortem reviews, and investigations as mandated by the Senior Management, Management Committees, Board Committees, or the Board of MBSB Group and its equivalent at the relevant operating entities of MBSB Group.

The GIAD highlights findings, improvement areas, and proposed action plans, along with agreed timelines for implementation to the Senior Management, GBAC, and SAC of MBSB Group, as well as their equivalents at the relevant operating entities of MBSB Group. Periodic follow-up is conducted by GIAD on actions taken until closure. All key audit findings are reported to the Board through the Chairman of GBAC of MBSB Group and their equivalents at the relevant operating entities of MBSB Group. Audit reports and the status of follow up reviews are presented to the GBAC and the Board of MBSB Group and its equivalents at the relevant operating entities of MBSB Group on a quarterly basis.



Refer to the Report of the Audit Committee on page 145 of this Integrated Annual Report for further details on the internal audit function

INDEPENDENT CREDIT REVIEW DEPARTMENT

The Independent Credit Review (ICR) Department ensures that credit decision-making remains consistent with the overall credit risk management objectives of MBSB Bank and its relevant operating entities within the MBSB Group. The findings of the ICR reviews are reported to MBSB Bank's BAC, BRMCC, BICC, and the Board as well as the equivalent committees within other operating entities of MBSB Group. As part of the ICR reviews, the following areas are assessed:

- Quality of credit risk assessment and rigour of credit approval processes, including in respect of the scope of information obtained for credit decisions;
- Whether credit decisions are in accordance with the credit risk strategy, credit risk policy, and relevant legal and regulatory requirements;
- Scope, effectiveness, and timeliness of credit risk monitoring activities;
- Accuracy and timeliness of ratings assigned to counterparties; and
- Appropriateness of credit classifications and provisioning levels.

Statement on Risk Management and Internal Control

KEY ELEMENTS OF INTERNAL CONTROL SYSTEM

MBSB Group's internal control system is designed to manage and reduce risks that will hinder MBSB Group from achieving its strategic and business objectives. The other key elements of the internal control system established by the Board that provides effective governance and oversight of internal controls include:

Control Environment and Activities

Organisation Structure: A formal organisational structure of MBSB Group with clearly defined lines of accountability and responsibility, authority limits, and reporting is established for the purpose of achieving and maintaining a strong control environment within MBSB Group.

Policies and Procedures: Policies, procedures, and processes governing MBSB Group's businesses and operations are documented, communicated, and are made available to all employees through MBSB Group's intranet portal. The policies, procedures, and processes are reviewed and updated regularly to ensure relevance to the current business, operational, and applicable regulatory environments.

Business Planning and Budgeting Process: A robust and integrated budgeting process is established where the annual budgets, business plans, and strategic initiatives, taking into account the risk appetite, are deliberated, and approved by the Board.

In addition, the Board reviews the operational and financial performance of MBSB Group where the relevant management reports on the financial performance and risk exposure are presented to the Board. This enables the Board to oversee and monitor MBSB Group's overall performance objectives, key initiatives, financial plans, and annual budget effectively.

Human Resource Policies and Guidelines: MBSB Group has in place policies and procedures that govern the recruitment, appointment, performance management, and rewards as well as matters relating to discipline, termination, and dismissal. In addition, various initiatives are implemented within MBSB Group focusing on human capital development, talent management, and succession planning.

Core Values and Code of Ethics and Conduct: MBSB Group has established guidelines on the Code of Ethics and Conduct for Directors and Employees, which sets out MBSB Group's directors and employees' responsibilities in observing the principles and upholding the corresponding conduct to achieve professionalism and ethics in the conduct of MBSB Group's business and professional activities.

Whistleblowing Policy: Whistleblowing Policy and Procedures are in place to address the avenues for individuals to report suspected breaches of law or regulations or other improprieties. All employees are accorded the opportunity to report via the whistleblowing mechanism with the assurance that it shall be dealt with confidentiality and that the complainant's identity is protected.

AML/CFT: MBSB Group is committed to fight against financial crime and ensuring effective implementation of measures in the areas of AML/CFT. The AML/CFT framework and policies are established, reviewed, and updated on an ongoing basis to combat money laundering and financing of terrorism activities as well as to meet regulatory requirements. All employees are expected to carry out their functions with ethical and professional standards and continuously be vigilant of MBSB Group's exposure to money laundering, including terrorist financing activities.

Fraud Management: Group Fraud Risk Management Policy have been disseminated to all employees to ensure the Policy requirements are implemented and expected to be strictly followed. Group Fraud Risk Management Policy are implemented to provide broad principles, strategy, and policies related to fraud to promote high standards of integrity. The policies establish programmes and controls, including a periodic review of the fraud controls and highlight the roles and responsibilities at every level for preventing and responding to fraud, where the fraud risk is assessed via RCSA and during product development.

Management of Information Assets: Confidentiality, integrity and availability of information are critical to the day-to-day operations and to facilitate management decision-making. All information must be properly managed, controlled, and protected as guided by these information handling rules which also cover cyber and technology risk considerations.

With the increased adoption of technology capabilities and the increasing risk of cyber threats, information security has been among our key focus areas. The technology infrastructure and security controls within MBSB Group continue to be strengthened and monitored.

Business Continuity Management (BCM): The BCM policies have been established at the relevant operating entities within MBSB Group to build organisational resilience and an effective response and recovery mechanism to safeguard the interest of key stakeholders, reputation, and brand. A sound BCM programme has been implemented at the relevant operating entities within MBSB Group where critical business functions are recovered within the required time frame and minimises the cost of damages and interruptions in the event of any disruption.

Reviews, assessments, updates, and testing of the BCM plans are conducted regularly to ensure adequacy, effectiveness, and relevance of the business recoveries. Test exercises are conducted to familiarise and equip employees with the skills and processes required to ensure that in the event of any disruption, critical business processes can continue or be recovered in a timely manner.

Risk and Control Self-Assessment (RCSA): RCSA serves as a tool for the risk owners to perform risk analyses on their business operations. The RCSA allows risk owners to identify, assess, mitigate, monitor, and report operational risk at their activities and key processes level. The objective is to ensure that processes become inherently stronger, in their effort to reduce residual risk and the number of lapses in the processes.

Information and Communication

The financial performance of MBSB Group is presented and reported to the Management Committees, the Board Committees and the Board of the relevant operating entities within MBSB Group on a periodical basis where the financial performance is monitored against the strategic business plan, budget, and risk appetite approved by the Board of the relevant operating entities within MBSB Group.

REVIEW OF SORMIC BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in the Audit and Assurance Practice Guide 3 (AAPG 3), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants (MIA) for inclusion in the Integrated Annual Report of the MBSB for the financial year ended 31 December 2024.

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

CONCLUSION

The Board confirms that the system of risk management and internal control, with the key elements highlighted above, was in place during the financial year. The system is subjected to regular reviews, and the Board believes that the system of risk management and internal control is sound and sufficient to safeguard shareholders' investments and MBSB Group's assets.

The SORMIC was approved by the Board of Directors on 28 February 2025.

Shariah Advisory Committee's Report

IN THE NAME OF ALLAH, THE MOST GRACIOUS, THE MOST MERCIFUL.

All the praises and thanks be to Allah, blessing and peace be upon the Allah's Prophet Muhammad, and be upon his kin, companions and followers.

SHARIAH GOVERNANCE, DUTIES, RESPONSIBILITIES AND ACCOUNTABILITIES

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

The SAC is required to report to the respective Boards as it performs its duties in overseeing Shariah matters across the entire financial group. Should the SAC have reason to believe that any Shariah issue or matter may affect the safety and soundness of any entity within the Group, it shall immediately update the relevant Board accordingly.

The roles and responsibilities of the SAC in monitoring Shariah compliance across the Group's activities include, but are not limited to, the following:

- a) Providing decisions or advice on the application of rulings issued by the Shariah Advisory Council of Bank Negara Malaysia ("SAC of BNM"), or other relevant regulatory Shariah standards, as applicable to the operations, businesses, affairs, and activities of the Bank and other entities within the Group;
- b) Providing decisions or advice on matters that require referral to the SAC of BNM or any other relevant Shariah authority, based on the applicable regulatory framework;
- c) Providing decisions or advice on the operations, businesses, affairs, and activities across the Group which may potentially give rise to a Shariah non-compliance event;
- d) Deliberating and affirming any Shariah non-compliance findings identified by relevant functions across the Group; and
- e) Endorsing appropriate rectification measures to address Shariah non-compliance events, taking into account the applicable regulatory requirements for each entity within the Group.

OPINION ON THE STATE OF SHARIAH COMPLIANCE WITHIN THE GROUP

In carrying out our roles and responsibilities as prescribed in the Shariah Governance Policy Document ("SGPD") issued by Bank Negara Malaysia, the SAC Terms of Reference, and our respective letters of appointment, we are pleased to present this report for the financial year ended 31 December 2024:

We have reviewed the principles and contracts associated with various transactions, products, and applications introduced by entities within the Group. We have also conducted our review to form an opinion as to whether the Bank and other entities within the Group has complied with the Shariah principles and with the Shariah rulings issued by the SAC of BNM, or other relevant regulatory Shariah standards, as well as Shariah decisions made by us.

While the responsibility for ensuring day-to-day Shariah compliance rests with the management of each respective entity, the SAC provides independent oversight, guidance, and decisions to uphold effective Shariah governance across the Group.

We have assessed the work carried out by the Shariah compliance review, Shariah risk and Shariah audit which included examining, on a test basis, each type of transaction, the relevant documentation and procedures adopted by the Bank and other entities within the Group.

We planned and performed our review to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that entities across the Group did not violate Shariah principles.

We, members of the SAC of the Bank to the best of our knowledge based on material evidences presented to us, do hereby confirm that:

- 1) The overall operations, business, affairs and activities of the entities within the Group during the financial year ended 31 December 2024 are in compliance with Shariah, but it has come to the SAC's attention that a Shariah non-compliance events have occurred and these have been rectified as follows:

No.	Entity	Actual Shariah non-compliance event	Rectification Measure
1	MBSB Bank	Absence of Evidence on Acceptance of Aqad Prior to Personal Financing Disbursement	Offsetting the profits accrued against the principal amount, requiring the customer to settle only the remaining difference in principal.
2	MIDF Amanah Investment Bank Berhad	The execution of the one SNC securities in market order.	The rectification plan to prevent a recurrence of the incident has been in place with establishment of procedures and notification clause in client emails to ensure transparency regarding stock reclassification.

- 2) No gharamah or earnings that are not recognised as an income by Shariah were recorded during the financial year ended 31 December 2024 and residual balances from prior years have been fully purified in accordance with Shariah requirements; and
- 3) the calculation and disbursement of zakat are in compliance with Shariah principles.

We have performed our review and provided our advice based on material evidences, information and explanations provided to us, which in turn allow us to give reasonable assurance that the Bank and other entities within the Group complies with Shariah rules and principles.

SHARIAH ADVISORY COMMITTEE MEETINGS

During the financial year ended 31 December 2024, a total of 15 meetings were held i.e. 11 monthly SAC meetings, 1 Special SAC meetings and 3 Shariah Adviser meetings. The SAC comprises the following members and the number of attendances of each member at the meetings held during the financial year is as follows:

No.	Members	Attendance to Monthly SAC meetings	Attendance to Special SAC meetings	Attendance to Shariah Adviser meetings
1	Tn. Hj. Mohd Bahroddin Bin Badri (Chairman)	11/11	1/1	3/3
2	Dr. Nasrun Bin Mohamad @ Ghazali (Deputy Chairman)	11/11	1/1	3/3
3	Sahibus Samahah Datuk Dr. Luqman Bin Haji Abdullah	10/11	1/1	2/3
4	Dr. Ahmad Faizol Bin Ismail	11/11	1/1	3/3
5	Tn. Hj. Mohd Nasiruddin Bin Mohd Kamaruddin (Retired on 6 February 2024)	1/1	NA	NA
6	Pn. Apnizan Binti Abdullah	11/11	1/1	3/3
7	Dr. Muhammad Najib Bin Abdullah (Appointed on 7 May 2024)	8/8	1/1	2/3
8	En. Ahmad Lutfi Abdull Motalip@Talib (Appointed on 7 May 2024)	7/8	1/1	3/3

Allah the Almighty knows best. We pray to Him to grant us success and the right path of straightforwardness.

Financial Statements

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Directors' Responsibility Statement

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

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

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

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

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

Directors' Report

for the financial year ended 31 December 2024

The Directors have pleasure in presenting their report together with the audited financial statements of MBSB Berhad ("the Company") and its subsidiaries (together referred to as "the Group") for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	406,776	417,019

DIVIDENDS

The dividends on ordinary shares paid or declared by the Company since 31 December 2023 were as follows:

	RM'000
In respect of the financial year ended 31 December 2024:	
– single-tier interim dividend of 2.75 sen per ordinary share on 8,222,312,432 ordinary shares declared on 10 December 2024 and paid on 6 January 2025	226,114
In respect of the financial year ended 31 December 2023:	
– single-tier interim dividend of 3.50 sen per ordinary share on 8,222,312,432 ordinary shares declared on 18 April 2024 and paid on 4 July 2024	287,781
	513,895

On 3 March 2025, the Company announced a single-tier interim dividend of 1.80 sen per ordinary share in respect of the financial year ended 31 December 2024. Based on the number of shares in issue of 8,222,312,432 ordinary shares as at 31 December 2024, the dividend payable would be RM148,001,624.

The financial statements for the current financial year do not reflect the interim dividend. The dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2025.

RESERVES, PROVISIONS AND ALLOWANCES

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

ISSUE OF SHARES AND DEBENTURES

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

BAD AND DOUBTFUL DEBTS AND FINANCING

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2024, have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Directors' Report

for the financial year ended 31 December 2024

DIRECTORS

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

Dato' Wan Kamaruzaman bin Wan Ahmad	(appointed on 24 January 2024)
Puan Lynette Yeow Su-Yin	
Encik Mohamad Abdul Halim bin Ahmad	
Dr. Loh Leong Hua	
Datuk (Dr.) Yasmin binti Mahmood	
Encik Szalizi bin Zainuddin	(resigned on 9 May 2024, re-appointed on 1 January 2025)
Encik Ho Kwong Hoong	(appointed on 1 November 2024)
Tan Sri Abdul Rahman bin Mamat	(resigned on 31 December 2024)
Ir. Moslim bin Othman	(resigned on 6 February 2024)
Datin Hoi Lai Ping	(resigned on 24 January 2024)

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

Datuk Azrulnizam bin Abdul Aziz	
Encik Kamarulzaman bin Ahmad	
Encik Arul Sothy Mylvaganam	
Cik Hasnah binti Omar	
Encik Ahmad Lutfi bin Abdul Mutalip @ Talib	
Datuk Mohd Nasir bin Ali	
Encik Ahlan Nasri bin Mohd Nazir @ Nasir	
Encik Azlan bin Abdullah	
Mr. Tai Keat Chai	
Encik Hasman Yusri bin Yusoff	
Encik Shan Kamahl bin Mohammad	
Mr. Johnson Rudd a/l Sunny Rudd	
Encik Azizi bin Mustafa	
Encik Sheikh Shahrudin bin Sheikh Salim	
Mr. Chia Ku Tang	
Encik Kheirul Anwar bin Mohamed	
Dato' Seri Diraja Nur Julie Gwee Ariff	
Encik Asrul Hazli Salleh	
Ms. Ng Jui Shan	
Encik Jesleigh bin Johari	
Tan Sri Abdul Rahman bin Mamat	(redesignated on 1 January 2025)
Encik Aqeel bin Mokhtar	(appointed on 7 January 2025)
Encik Chong Yiow Loong	(appointed on 27 September 2024)
Encik Shawn Conrad Campos	(appointed on 1 September 2024)
Norashikin binti Mohd Kassim	(appointed on 1 August 2024)
Ms. Sim Fen Nee	(appointed 5 March 2024)
Ms. Rupavathy a/p A.V. Govindasamy	(resigned on 7 January 2025)
Encik Hazim bin Yahya	(resigned 27 September 2024)
Dato' Azlan bin Shahrim	(resigned on 15 July 2024)
Encik Ahmad Farouk bin Mohamed	(resigned on 3 March 2024)
Dato' Kaziah binti Abd Kadir	(retired on 31 December 2024)
Datuk Johar bin Che Mat	(retired on 14 June 2024)
Mohamed Rafe bin Mohamed Haneef	(appointed on 1 February 2024 and resigned on 19 August 2024)

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS

According to the Register of Directors' shareholdings, the interests of the Directors in office at the end of the financial year in the shares and options over shares of the Company and its related corporations during the financial year were as follows:

Name of Directors	Number of ordinary shares			
	01.01.2024	Granted/ acquired	Disposed	31.12.2024
<i>Indirect interest:</i>				
Ordinary shares of MBSB Berhad				
Tan Sri Abdul Rahman bin Mamat #	148,400	–	(148,400)	–

Indirect interest via shareholding held by his son. Tan Sri Abdul Rahman bin Mahat, by virtue of his total indirect interest of 148,400 shares in the Company, is deemed to have an interest in the shares of all of the Company's subsidiaries to the extent that the Company has interest.

Other than as disclosed above, the Directors in office at the end of the financial year did not hold any interest in shares and options over shares in the Company and its related corporations during the financial year.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received, nor become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 37 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

INDEMNITY AND TAKAFUL COST

The Directors and Officers of the Group and of the Company are covered by Directors' and Officers' Liability Takaful. The annual takaful cost that is payable by the Group and the Company amount to RM215,550 (2023: RM217,410) and RM71,850 (2023: RM135,000) respectively.

ULTIMATE HOLDING BODY

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

SUBSIDIARIES

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

Directors' Report

for the financial year ended 31 December 2024

DIRECTORS' REMUNERATION

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

	Group RM'000	Company RM'000
Directors' fees	3,254	1,036
Directors' other emoluments	2,016	583

AUDITORS' REMUNERATION

Auditors' remuneration of the Group and the Company are RM4,642,000 (2023: RM2,921,000) and RM945,000 (2023: RM702,000) respectively. Details of auditors' remuneration are as set out in Note 36 to the financial statements.

Other auditors' remuneration of the Group is RMnil (2023: RM1,008,000). Details of auditors' remuneration are as set out in Note 36 to the financial statements.

BUSINESS REVIEW FOR 2024

The Group registered a profit before taxation and zakat of RM586 million for 2024 as compared to a profit before taxation and zakat of RM560 million in the prior year. As at 31 December 2024, the Group had assets of RM64,264 million (2023: RM66,663 million), gross loans, financing and advances of RM42,983 million (2023: RM42,044 million), total deposits of RM48,835 million (2023: RM47,624 million) and shareholders' equity of RM9,778 million (2023: RM9,838 million).

The Group's gross loans, financing and advances grew by 2.2% for the year to RM43 billion, from both consumer and corporate/commercial financing. Consumer Banking, which accounts for 68.4% of the total gross financing portfolio, grew by 0.8%, led by mortgage and property Islamic financing which grew by 11.5%. Corporate/commercial gross financing grew by 5.6% contributed mainly by trade finance.

OUTLOOK FOR 2025

The global economy is expected to remain stable in 2025, supported by monetary policy easing, positive labour market conditions and moderating inflation. Global trade growth is expected to recover further, supported by the strength in electrical and electronics ("E&E") and non-E&E goods. Based on the World Bank's forecast, global growth is projected at 3.3%, a slight increase from 3.2% expected for 2024. The growth outlook remains subject to downside risks, mainly from escalation of geopolitical tensions, trade policies in major economies, and heightened volatility in global financial markets.

According to Bank Negara Malaysia ("BNM") the Malaysian economy is expected to be driven by robust expansion in investment activity, strong exports and resilient household spending. Employment and wage growth, as well as policy measures would remain supportive of household spending. The Ministry of Finance projected Gross Domestic Product expansion of 4.5%-5.5% in 2025, compared to 2024's expected expansion of 5.0%.

The Group's business plan for 2025 will be driven by our FLIGHT26 strategy. Introduced in early 2024, FLIGHT26 is a 3-year strategy that targets improvement and optimisation in 4 key areas, namely our cost of fund, financing growth, operating expenditure, and higher proportion of fee-based income. The Group will strive to deliver excellent customer service and higher value proposition via new products and digital channels, as well as superior customer experience offerings.

The Group also aims to realise further synergies with its subsidiary, Malaysian Industrial Development Finance Berhad ("MIDF") particularly in the commercial segment, which includes the vibrant small, medium enterprises, and in the growing wealth segment.

STATEMENT OF CORPORATE GOVERNANCE

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

STATEMENT OF SHARIAH GOVERNANCE

MBSB Berhad Group

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

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

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

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

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed respectively in Note 53 of the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 21 March 2025.



Dato' Wan Kamaruzaman bin Wan Ahmad
Director



Mohamad Abdul Halim bin Ahmad
Director

Statement by Directors

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

We, Dato' Wan Kamaruzaman bin Wan Ahmad and Mohamad Abdul Halim bin Ahmad, being two of the Directors of MBSB Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 164 to 321 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and of the financial performance and cash flows of the Group and of the Company for the year then ended, in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 21 March 2025.



Dato' Wan Kamaruzaman bin Wan Ahmad
Director



Mohamad Abdul Halim bin Ahmad
Director

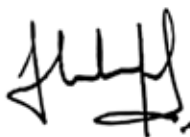
Petaling Jaya, Malaysia

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Shahnaz Farouque bin Jammal Ahmad, being the officer primarily responsible for the financial management of MBSB Berhad, do solemnly and sincerely declare that the financial statements set out on pages 164 to 321 are to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the declaration to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed Shahnaz Farouque bin)
Jammal Ahmad at Petaling Jaya)
in the State of Selangor Darul Ehsan on)
21 March 2025.)



Shahnaz Farouque bin Jammal Ahmad

Before me,



No. 43, Kompleks Emporium
Makan Sek 52, Jalan Sultan
46200 Petaling Jaya, Selangor

Independent Auditors' Report

To the members of MBSB Berhad (Formerly known as Malaysia Building Society Berhad)
(Incorporated in Malaysia) Registration No. 197001000172 (9417-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of MBSB Berhad ("the Company") (formerly known as Malaysia Building Society Berhad) and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 162 to 319.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report

To the members of MBSB Berhad (Formerly known as Malaysia Building Society Berhad)
(Incorporated in Malaysia) Registration No. 197001000172 (9417-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p>Expected credit losses for loans, financing and advances</p> <p>Refer to accounting policy 2(g) and notes 8, 22(b), 34 and 54(a) of the financial statements.</p> <p>We focused on this area due to the size of the carrying value of the loans, financing and advances.</p> <p>The expected credit loss ("ECL") impairment model under MFRS 9 "Financial Instruments" requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.</p> <p>The significant judgements in applying the accounting requirements for measuring ECL include the following:</p> <ul style="list-style-type: none"> • Identification of loans, advances and financing that have experienced a significant increase in credit risk; • The ECL models are inherently complex and judgement is applied in determining the appropriate construct of the model; and • Assumptions used in the ECL models such as expected future cash flows, forward-looking macroeconomic factors, probability weighted multiple scenarios and ECL overlay adjustments made, given the economic uncertainty that may impact ECL. 	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> • Understood and tested management's controls over identification of loans, advances and financing that have experienced significant increase in credit risk or objective evidence of impairment in accordance with the Group's policy and procedures, and the calculation of ECL provisions. • Examined a sample of loans, advances and financing with focus on loans, financing and advances identified by the Group as having lower credit quality, rescheduled and restructured, borrowers in high risk industries and formed our judgement as to whether there was a significant increase in credit risk or objective evidence of impairment. • Where objective evidence of impairment was identified by the Group and impairment loss was individually calculated, we examined both the quantum and timing of future cash flows used by the Group in the impairment loss calculation, challenged the assumptions and compared the assumptions to external evidence where available. Calculations of the discounted cash flows were also re-performed. • Assessed and tested the methodologies and significant assumptions inherent within the ECL models applied against the requirements of MFRS 9. • Tested the design and operating effectiveness of the controls relating to: <ul style="list-style-type: none"> • Governance over ECL model development and model refinements, including model build, model approval, model monitoring and model validation; and • Data used to determine the allowances for credit losses. • Assessed and considered reasonableness of forward-looking forecasts assumptions; • Checked the accuracy of data and calculation of the ECL amount, on a sample basis; and • Involved our financial risk modelling experts in areas such as reviewing appropriateness of the ECL models. <p>The assessment and conclusion on the more judgemental interpretations made by management were discussed with the Group Board Audit Committee.</p> <p>There were instances where the quantum of impairment required was different from that determined by management due to variance in the inputs used for ECL calculation purposes.</p> <p>Based on the procedures performed, we did not find any material exceptions to the Group's assessment on impairment of loans, advances and financing.</p>

We have determined that there are no key audit matters to report for the Company.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditors' report, and Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditors' Report

To the members of MBSB Berhad (Formerly known as Malaysia Building Society Berhad)
(Incorporated in Malaysia) Registration No. 197001000172 (9417-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants



WILLIAM MAH
03085/07/2025 J
Chartered Accountant

Kuala Lumpur
21 March 2025

Statements of Financial Position

As at 31 December 2024

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
ASSETS					
Cash and short-term funds	3(a)	1,263,035	5,607,314	318,778	9,642
Deposits and placements with banks and other financial institutions	3(b)	770,343	749,812	–	65,078
Financial assets at fair value through profit or loss	4	883,146	283,054	–	–
Financial investments at fair value through other comprehensive income	5	12,758,557	12,637,634	–	–
Financial investments at amortised cost	6	4,152,486	4,608,470	–	–
Derivative financial assets	7	5,627	40,080	–	–
Loans, financing and advances	8	42,136,099	40,491,527	248,620	272,225
Other receivables	9	525,490	344,217	5,136	37,194
Tax recoverable		146,291	259,283	95,361	149,468
Deferred tax assets	10	101,745	95,220	3,396	–
Statutory deposits with Bank Negara Malaysia	11	853,317	822,661	–	–
Investments in subsidiaries	12	–	–	7,530,795	7,530,795
Property and equipment	13	316,566	324,833	22,058	22,524
Right-of-use assets	14	32,317	29,885	–	–
Investment properties	15	6,093	3,092	–	–
Goodwill	16	148,031	148,031	–	–
Intangible assets	17	164,871	161,126	4	2
Non-current assets held for sale	18	–	57,047	–	–
Total assets		64,264,014	66,663,286	8,224,148	8,086,928

The accompanying notes form an integral part of the financial statements.

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from customers	19	39,778,852	38,800,067	–	–
Deposits and placements of banks and other financial institutions	20	9,056,291	8,823,566	–	–
Investment accounts of customers	21	560,928	–	–	–
Islamic repurchase agreement		568,513	2,005,199	–	–
Derivative financial liabilities	7	6,768	5,158	–	–
Other payables	22	852,284	680,544	240,221	5,951
Lease liabilities	23	32,618	29,964	–	–
Recourse obligation on financing sold	24	2,090,032	4,031,732	–	–
Provision for taxation and zakat		26,991	35,945	–	–
Deferred tax liabilities	10	12,116	11,571	–	174
Sukuk	25	1,325,738	2,197,432	–	–
Borrowings and government grant	26	174,803	203,842	–	–
Total liabilities		54,485,934	56,825,020	240,221	6,125
Ordinary share capital	27	7,970,427	7,970,427	7,970,427	7,970,427
Regulatory reserve	28	258,081	106,644	–	–
Fair value reserves	29	(69,466)	(115,908)	–	–
Retained earnings		1,618,804	1,876,865	13,500	110,376
		9,777,846	9,838,028	7,983,927	8,080,803
Non-controlling interests		234	238	–	–
Total equity		9,778,080	9,838,266	7,983,927	8,080,803
Total liabilities and shareholders' equity		64,264,014	66,663,286	8,224,148	8,086,928
Commitments and contingencies	44	7,620,580	7,316,685	–	–

The accompanying notes form an integral part of the financial statements.

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	30	3,706,807	2,821,280	461,350	449,589
Income derived from investment of deposits and Islamic capital funds	31	3,457,264	2,783,152	–	–
Income attributable to depositors		(1,724,644)	(1,465,779)	–	–
Income attributable to securitisation		(136,186)	(159,961)	–	–
Income attributable to sukuk and other borrowing		(155,021)	(142,377)	–	–
Income attributable to unrestricted investment account		(5,384)	(31,473)	–	–
Net income from Islamic operations		1,436,029	983,562	–	–
Interest income	32	121,123	30,980	2,411	7,737
Interest expense	33	(63,769)	(16,470)	–	–
Net interest income		57,354	14,510	2,411	7,737
Expected credit losses on loans, financing and advances and other impairment	34	(158,789)	(120,085)	(22,558)	(31,274)
Operating income		1,334,594	877,987	(20,147)	(23,537)
Net other income	35	159,082	393,431	482,145	470,021
Net income		1,493,676	1,271,418	461,998	446,484
Operating expenses	36	(907,327)	(711,695)	(48,549)	(22,268)
Profit before taxation and zakat		586,349	559,723	413,449	424,216
Taxation	38	(172,469)	(59,522)	3,570	3,374
Zakat		(7,104)	(8,392)	–	–
Profit for the year		406,776	491,809	417,019	427,590
Attributable to:					
Shareholders of the Company		406,780	491,809	417,019	427,590
Non-controlling interests		(4)	–	–	–
Profit for the financial year		406,776	491,809	417,019	427,590
Earnings per ordinary share attributable to shareholders of the Company (sen):					
Basic	39	4.95	6.62		

The accompanying notes form an integral part of the financial statements.

Note	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
– Net gain from change in fair values	74,032	246,457	–	–
– Realised (gain)/loss transferred to statements of income on disposal	(12,022)	50,111	–	–
– Income tax relating to net gain on financial investments at FVOCI	(15,568)	(71,110)	–	–
Other comprehensive income, net of tax:	46,442	225,458	–	–
Other comprehensive income/(expense) not to be reclassified to profit or loss in subsequent periods:				
– Re-measurement loss on defined benefit plans	403	(1,028)	–	–
– Income tax relating to re-measurement loss on defined benefit plans	88	(187)	–	–
Other comprehensive income/(expense), net of tax:	491	(1,215)	–	–
Other comprehensive income for the financial year, net of tax	46,933	224,243	–	–
Total comprehensive income for the financial year	453,709	716,052	417,019	427,590
Total comprehensive income for the financial year attributable to:				
Shareholders of the Company	453,713	716,052	417,019	427,590
Non-controlling interests	(4)	–	–	–
	453,709	716,052	417,019	427,590

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity

for the year ended 31 December 2024

	<----- Share capital		Non-distributable		-----> Fair value reserves		Distributable Retained earnings		Total		Non-controlling interests		Total equity	
	RM'000	RM'000	Regulatory reserves	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Group														
At 1 January 2024	7,970,427		106,644	(115,908)		1,876,865		9,838,028		238		9,838,266		
Profit/(loss) for the year	-		-	-		406,780		406,780		(4)		406,776		
Other comprehensive income/(expense) for the year:														
- net changes in fair value	-		-	74,032		-		74,032		-		74,032		
- realised gain transferred to statements of income on disposal	-		-	(12,022)		-		(12,022)		-		(12,022)		
- re-measurement loss on defined benefit plans	-		-	-		403		403		-		403		
- income tax relating to component of other comprehensive income	-		-	(15,568)		88		(15,480)		-		(15,480)		
Transfer of retained profits to regulatory reserve	-		-	46,442		491		46,933		-		46,933		
Dividends to owners of the Company (Note 40)	-		151,437	-		(151,437)		-		-		-		
	-		-	-		(513,895)		(513,895)		-		(513,895)		
At 31 December 2024	7,970,427		258,081	(69,466)		1,618,804		9,777,846		234		9,778,080		
At 1 January 2023	7,198,068		-	(341,366)		2,102,491		8,959,193		-		8,959,193		
Profit for the year	-		-	-		491,809		491,809		-		491,809		
Other comprehensive income/(expense) for the year:														
- net changes in fair value	-		-	246,457		-		246,457		-		246,457		
- realised loss transferred to statements of income on disposal	-		-	50,111		-		50,111		-		50,111		
- re-measurement loss on defined benefit plans	-		-	-		(1,028)		(1,028)		-		(1,028)		
- income tax relating to component of other comprehensive income	-		-	(71,110)		(187)		(71,297)		-		(71,297)		
Transfer of retained profits to regulatory reserve	-		-	225,458		(1,215)		224,243		-		224,243		
Dividends to owners of the Company (Note 40)	-		106,644	-		(106,644)		-		-		-		
Acquisition of MIDF	-		-	-		(609,576)		(609,576)		-		(609,576)		
Issuance of shares for acquisition of MIDF (Note 27)	772,359		-	-		-		-		238		238		
			-	-		-		772,359		-		772,359		
At 31 December 2023	7,970,427		106,644	(115,908)		1,876,865		9,838,028		238		9,838,266		

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity

for the year ended 31 December 2024

	Non-distributable Share capital	Distributable Retained earnings	Total
Company	RM'000	RM'000	RM'000
At 1 January 2024	7,970,427	110,376	8,080,803
Profit for the year	–	417,019	417,019
Dividends to owners of the Company (Note 40)	–	(513,895)	(513,895)
At 31 December 2024	7,970,427	13,500	7,983,927

	Non-distributable Share capital	Distributable Retained earnings	Total
Company	RM'000	RM'000	RM'000
At 1 January 2023	7,198,068	292,362	7,490,430
Profit for the year	–	427,590	427,590
Dividends to owners of the Company (Note 40)	–	(609,576)	(609,576)
Issuance of shares for acquisition of MIDF (Note 27)	772,359	–	772,359
At 31 December 2023	7,970,427	110,376	8,080,803

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

for the year ended 31 December 2024

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation and zakat	586,349	559,723	413,449	424,216
Adjustments for:				
Depreciation of property and equipment	38,623	39,731	466	465
Amortisation of intangible assets	41,186	41,669	–	–
Depreciation of right-of-use asset	18,924	26,124	–	–
Depreciation of investment properties	250	22	–	–
Lease profit expense	1,061	917	–	–
Loss on sale of loans, financing and advances	–	21,322	–	21,322
(Gain)/loss on disposal of:				
– property and equipment	(1,887)	163	–	–
– foreclosed properties	–	(3,980)	–	(3,980)
– non-current assets held for sale	(493)	(1,331)	–	–
(Gain)/loss on sale of:				
– financial assets at FVTPL	(6,404)	9,867	–	–
– financial investments at FVOCI	(12,022)	50,111	–	–
– financial investments at amortised cost	(45)	(16)	–	–
Gain on financial assets at FVTPL	(1,773)	(4,217)	–	–
Loss on derivatives	3,575	980	–	–
(Gain)/loss on foreign exchange transaction	(32)	13,276	–	–
Dividend income	(941)	–	(458,861)	–
Gain from acquisition of MIDF	(3,187)	(354,383)	–	–
Allowance for impairment	158,789	98,763	22,558	9,952
Profit/interest adjustments:				
– financial assets at FVTPL	–	(24,775)	–	–
– financial investments at FVOCI	(453,318)	(388,537)	–	–
– financial investments at amortised cost	(200,796)	(118,997)	–	–
– Investment accounts of customers	5,384	–	–	–
– Islamic repurchase agreement	43,992	21,732	–	–
– recourse obligation on financing sold	136,186	159,961	–	–
– sukuk	110,676	120,645	–	–
– borrowings and government grant	2,883	750	–	–
Operating profit before working capital changes	466,980	269,520	(22,388)	451,975

The accompanying notes form an integral part of the financial statements.

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Working capital changes:				
(Increase)/decrease in deposits with financial institutions with maturity of more than three months	(113,101)	(14,826)	50,061	49,971
Increase in statutory deposits with Bank Negara Malaysia	(30,656)	(108,760)	–	–
Increase in financial assets at FVTPL	(572,284)	–	–	–
(Increase)/decrease in loans, financing and advances	(1,905,329)	(1,804,663)	1,047	44,574
Decrease/(increase) in derivative assets	27,149	(31,085)	–	–
Decrease/(increase) in other receivables	(195,552)	(34,180)	96,240	(213,313)
Increase in deposits from customers, banks and other financial institutions	1,260,678	5,414,631	–	–
Increase/(decrease) in investment accounts	555,544	(2,080,767)	–	–
Increase/(decrease) in derivative liabilities	1,610	(18,312)	–	–
Increase/(decrease) in other payables	102,497	(102,207)	7,982	(46,493)
Cash generated from operations	(402,464)	1,489,351	132,942	286,714
Net tax (paid)/refund	(89,437)	33,166	(9,900)	15,306
Zakat paid	(6,284)	(10,008)	–	–
Net cash (used in)/generated from operating activities	(498,185)	1,512,509	123,042	302,020
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of MIDF	–	722,725	–	–
Increase in investment in subsidiaries	–	–	–	(200,000)
Purchase of property and equipment	(31,744)	(39,840)	–	(14)
Purchase of intangible assets	(44,953)	(43,253)	(2)	(2)
Proceeds from disposal of shares	1,353	–	–	–
Proceeds on sale of loans, financing and advances	–	22,176	–	22,175
Proceeds from disposal of non-current assets held for sale	55,902	2,024	–	–
Proceeds from disposal of foreclosed properties	–	9,591	–	9,591
Proceeds from disposal of property and equipment	2,346	170	–	–
Profit income from:				
– financial assets at FVTPL	–	26,579	–	–
– financial investments at FVOCI	501,318	446,154	–	–
– financial investments at amortised cost	202,975	127,514	–	–
Net sale/(purchase) of:				
– financial assets at FVTPL	–	121,103	–	–
– financial investments at FVOCI	–	755,452	–	–
– financial investments at amortised cost	–	(656,034)	–	–
Purchase of:				
– financial investments at FVOCI	(7,790,597)	–	–	–
– financial investments at amortised cost	(207,548)	–	–	–
Redemption or disposal from:				
– financial investments at FVOCI	7,624,880	–	–	–
– financial investments at amortised cost	626,697	–	–	–
Dividend received	941	–	458,861	440,828
Net cash generated from investing activities	941,570	1,494,361	458,859	272,578

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

for the year ended 31 December 2024

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Net (repayment)/issuance of:				
– Islamic repurchase agreement	(1,428,321)	1,999,658	–	–
– recourse obligation on financing sold	(1,937,299)	(322,255)	–	–
Repayment of:				
– sukuk	(869,393)	(232,871)	–	–
– borrowings and government grant	(31,922)	(22,000)	–	–
Profit expense paid on:				
– Islamic repurchase agreement	(52,357)	(16,191)	–	–
– recourse obligation on financing sold	(140,587)	(161,382)	–	–
– sukuk	(112,977)	(121,059)	–	–
Payment of lease liabilities	(19,599)	(27,290)	–	–
Dividends paid on ordinary shares	(287,781)	(609,576)	(287,781)	(609,576)
Net cash (used in)/generated from financing activities	(4,880,236)	487,034	(287,781)	(609,576)
Net (decrease)/increase in cash and cash equivalents	(4,436,851)	3,493,904	294,120	(34,978)
Cash and cash equivalents at 1 January	5,699,886	2,205,982	24,658	59,636
Cash and cash equivalents at 31 December	1,263,035	5,699,886	318,778	24,658
Cash and cash equivalents is represented by:				
Cash and short-term funds (Note 3(a))	1,263,035	5,607,314	318,778	9,642
Deposits and placements with banks and other financial institutions (Note 3(b))	770,343	749,812	–	65,078
	2,033,378	6,357,126	318,778	74,720
Less:				
Deposits and placements with banks and other financial institutions with original maturity of more than three months	(770,343)	(657,240)	–	(50,062)
Cash and cash equivalents at 31 December	1,263,035	5,699,886	318,778	24,658

The accompanying notes form an integral part of the financial statements.

An analysis of changes in liabilities arising from financing activities for the financial year is as follows:

	Islamic repurchase agreement	Lease liabilities	Recourse obligation on financing sold	Sukuk	Borrowings and government grant	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2024	2,005,199	29,964	4,031,732	2,197,432	203,842	8,468,169
Profit expense during the year	43,992	1,061	136,186	110,676	2,883	294,798
Profit paid during the year	(52,357)	–	(140,587)	(112,977)	–	(305,921)
Additions	–	22,111	–	–	–	22,111
Modification	–	(919)	–	–	–	(919)
Repayment and redemption	(1,428,321)	(19,599)	(1,937,299)	(869,393)	(31,922)	(4,286,534)
At 31 December 2024	568,513	32,618	2,090,032	1,325,738	174,803	4,191,704
At 1 January 2023	–	27,334	4,355,408	2,430,717	–	6,813,459
Addition from acquisition of MIDF	–	1,963	–	–	225,092	227,055
Profit expense during the year	21,732	917	159,961	120,645	750	304,005
Profit paid during the year	(16,191)	–	(161,382)	(121,059)	–	(298,632)
Additions	1,999,658	27,040	–	–	–	2,026,698
Repayment and redemption	–	(27,290)	(322,255)	(232,871)	(22,000)	(604,416)
At 31 December 2023	2,005,199	29,964	4,031,732	2,197,432	203,842	8,468,169

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

for the financial year ended 31 December 2024

CORPORATE INFORMATION

The Company is a public limited liability company, incorporated under the Companies Act 2016 in Malaysia, domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follows:

Level 25, Menara MBSB Bank,
PJ Sentral,
Lot 12, Persiaran Barat, Seksyen 52,
46200 Petaling Jaya,
Selangor

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are described in Note 12. There have been no significant changes in the nature of the principal activities of the subsidiaries during the financial year.

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

The consolidated financial statements of the Group as at and for the financial year ended 31 December 2024 comprise the Company and its subsidiaries.

These financial statements were approved by the Board of Directors on 21 March 2025.

1. BASIS OF PREPARATION

The financial statements of the Group and the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, financial investments at fair value through other comprehensive income, derivatives financial instruments, non-current assets held for sale and deposits of banks and other financial institutions at fair value through profit or loss.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reported period. It also requires the Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 53.

(A) Standards, amendments to published standards and interpretation that are effective

The Group and the Company have applied the following standards and amendments for the first time for the financial year beginning on 1 January 2024:

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' and 'Non-current Liabilities with Covenants'
- Amendments to MFRS 107 and MFRS 7 'Supplier Finance Arrangements'
- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback'

1. BASIS OF PREPARATION (CONTINUED)

(A) Standards, amendments to published standards and interpretation that are effective (continued)

The adoption of Amendments to MFRS 101 'Classification of liabilities as current or non-current' and 'Non-current Liabilities with Covenants' and Amendments to MFRS 107 and MFRS 7 'Supplier Finance Arrangements' did not result in changes in accounting policies.

The adoption of Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback' did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Amendments to MFRS 101 'Classification of liabilities as current or non-current' and 'Non-current Liabilities with Covenants'
Amendments to MFRS 101 'Classification of liabilities as current or non-current' clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. The classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant that an entity is required to comply with only after the reporting period).

The amendments 'Non-current Liabilities with Covenants' specify that covenants of financing arrangements which an entity must comply with after the reporting date would not affect classification of a liability at the reporting date.

The adoption of the amendments to MFRS 101 did not require the Group and the Company to change its classification of borrowings.

Amendments to MFRS 107 and MFRS 7 'Supplier Finance Arrangements'

The amendments require new disclosures about the supplier finance arrangements ("SFA") that enable the users to understand the effects of SFA on the Group and the Company's liabilities, cash flows and exposure to liquidity risk.

The adoption of the amendments did not give rise to material financial impact to the Group and the Company.

(B) IFRIC agenda decisions that are concluded and published

In view that MFRS is fully converged with IFRS Accounting Standards, the Group and the Company consider all agenda decisions published by the IFRS Interpretations Committee. Where relevant, the Group and the Company may change its accounting policy to be aligned with the agenda decision.

During the year, the Group and the Company have assessed the implication of the IFRIC agenda decision on disclosure of revenues and expenses for reportable segments (MFRS 8 Operating segments).

The IFRIC agenda decisions do not give rise to any material financial impact to the Group and the Company.

Notes to the Financial Statements

for the financial year ended 31 December 2024

1. BASIS OF PREPARATION (CONTINUED)

(C) Standards and amendments that have been issued but not yet effective

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning after 1 January 2024. The Group and the Company have not early adopted these new standards and amendments. None of these is expected to have a significant effect on the consolidated financial statements of the Group and the Company, except for the following:

- MFRS 18 'Presentation and Disclosure in Financial Statements' (effective 1 January 2027) replaces MFRS 101 'Presentation of Financial Statements'.

The new MFRS introduces a new structure of profit or loss statement.

(a) Income and expenses are classified into 3 new main categories:

- Operating category which typically includes results from the main business activities;
- Investing category that presents the results of investments in associates and joint ventures and other assets that generate a return largely independently of resources; and
- Financing category that presents income and expenses from financing liabilities.

(b) Entities are required to present two new specified subtotals: 'Operating profit or loss' and 'Profit or loss before financing and income taxes'.

Management-defined performance measures are disclosed in a single note and reconciled to the most similar specified subtotal in MFRS Accounting Standards.

Changes to the guidance on aggregation and disaggregation which focus on grouping items based on their shared characteristics.

- Amendments to MFRS 9 and MFRS 7 'Amendments to the Classification and Measurement of Financial Instruments' (effective 1 January 2026):
 - require financial assets to be derecognised on the date the contractual rights to the cash flows expire and financial liabilities to be derecognised when obligation under the contract is discharged (i.e. the settlement date). In addition, there is an optional exception to derecognise financial liabilities before the settlement date for settlement using electronic payment systems (if specified criteria are met);
 - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and profit/interest criterion;
 - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
 - update the disclosures for equity instruments designated at fair value through other comprehensive income.

The Group and the Company have not early adopted the above standards and amendments to existing standards and is in the process of assessing the impact of initial application when it becomes effective.

1. BASIS OF PREPARATION (CONTINUED)

(C) Standards and amendments that have been issued but not yet effective (continued)

The following amendments are not expected to have a significant impact on the consolidated financial statements of the Group and the Company:

- Amendments to MFRS 121 'Lack of Exchangeability'
- MFRS 19 'Subsidiaries without Public Accountability: Disclosures'
- Annual Improvements to MFRS Accounting Standards for enhanced consistency

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

A subsidiary is an entity over which the Company has all of the following:

- power over the investee;
- exposure or rights to variable returns from its involvement with the investee; and
- the ability to use its power to affect those returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(n) below. On disposal of such investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss. Dividend income received from a subsidiary is recognised in profit or loss on the date that the Company's right to receive payment is established.

(ii) Business combination

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The assessment of control is performed continuously to determine if control exists or continues to exist over an entity. Acquisitions of subsidiaries are accounted for using the acquisition method of accounting when the acquired sets of activities and assets meet the definition of a business. The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The identifiable assets acquired and the liabilities assumed, with limited exceptions, are measured at their fair values at the acquisition date. Acquisition costs are expensed as incurred and included in administrative expenses.

The difference between these fair values and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or discount on acquisition. Discount on acquisition which represents gain on bargain purchase is recognised immediately in profit or loss.

In business combinations achieved in stages, previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Notes to the Financial Statements

for the financial year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(ii) Business combination (continued)

For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at the acquisition date either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Changes in the Group's equity interest in a subsidiary that does not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their respective interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in Group's reserves.

If the Group loses control over a subsidiary, at the date the Group loses control, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary at their respective carrying amounts;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration or distribution received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Transactions eliminated on consolidation

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

(b) Currency translations

(i) Functional and presentation currency

Items included in the financial statements of the Group and the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Group and the Company's functional and presentation currency and has been rounded to the nearest thousand ("RM'000") except when otherwise indicated.

(ii) Foreign currency transactions and balances

Foreign currency transactions are translated to the respective functional currencies using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within net other income. All other foreign exchange gains and losses are presented in profit or loss on a net basis.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Cash and cash equivalents

Cash and short-term funds in the statements of financial position consist of cash and balances with banks and other financial institutions, money at call and deposit placements with banks and other financial institutions with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statements of cash flows, cash and cash equivalents consist of cash and short-term funds as defined above.

(d) Financial assets

(i) Classification

The Group classifies their financial assets into the following measurement categories:

- Fair value (either through other comprehensive income ("OCI"), or through profit or loss), and
- Amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

(a) Business model assessment

The Group conducts assessment of the objective of a business model to align with how an asset held within a portfolio is being managed. Factors that are being considered include the key objectives of a portfolio whether the business strategy is to earn contractual interest revenue, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising a portfolio through sale of assets. Other factors considered also include the frequency and volume of sales in prior periods, how the asset's performance is evaluated and reported to key management personnel.

(b) Assessment whether contractual cash flows are solely payments of principal and profit/interest ("SPPI")

Where the business model is to hold the financial assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Group and the Company assess whether the financial assets' contractual cash flows represent solely payment of principal and profit/interest. In applying the SPPI test, the Group and the Company consider whether the contractual cash flows are consistent with a basic lending arrangement, i.e. profit includes only consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and profit/interest.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, it is determined by the irrevocable election at the time of initial recognition to account for the equity investments at fair value through OCI by the Group and the Company.

Notes to the Financial Statements

for the financial year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Financial assets (continued)

(i) Classification (continued)

(b) Assessment whether contractual cash flows are solely payments of principal and profit/interest ("SPPI") (continued)

(i) *Financial assets at fair value through OCI comprise of:*

- Equity securities which are not held for trading, and for which the Group and the Company have made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss, and
- Debt securities where the contractual cash flows are solely principal and profit and the objective of the Group's and the Company's business model is achieved both by collecting contractual cash flows and selling financial assets.

(ii) *The Group and the Company classify their financial assets at amortised cost only if both of the following criteria are met:*

- The asset is held within a business model with the objective of collecting the contractual cash flows, and
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal outstanding.

(iii) *The Group and the Company classify the following financial assets at fair value through profit or loss:*

- Debt investments that do not qualify for measurement at either amortised cost or fair value through other comprehensive income;
- Equity investments that are held for trading, and
- Equity investments for which the entity has not elected to recognise at fair value through other comprehensive income.

(ii) Recognition and initial measurement

A financial asset is recognised in the statement of financial position when the Group and the Company become parties to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group and the Company commit to purchase and sell the assets.

At initial recognition, the Group and the Company measure financial assets at their fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Financial assets (continued)

(iii) Subsequent measurement

(a) Debt instrument

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories in which the Group and the Company classify their debt instruments.

(i) *Amortised cost*

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit/interest, and that are not designated at fair value through profit or loss are measured at amortised cost using the effective profit/interest method. Any gain or loss on a debt investment measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Profit/interest income from these financial assets is included in profit/finance income using the effective profit/interest rate method.

(ii) *Fair value through other comprehensive income ("FVOCI")*

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and profit/interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment losses or reversal of impairment losses, profit/interest income and foreign exchange gains and losses which are recognised in profit and loss.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in non-interest income. Profit/interest income from these financial assets is included in profit/finance income using the effective profit/interest rate method.

(iii) *Fair value through profit or loss ("FVTPL")*

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes are recognised in profit or loss and presented net within non-interest income in the period which it arises.

(b) Equity instrument

The Group and the Company subsequently measure all equity investments at fair value except where the management has elected, at initial recognitions to irrevocably designate the equity instrument at FVOCI. Where the Group's and the Company's management have elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Company's right to receive payments is established.

Changes in the fair value of financial investments at FVTPL are recognised in non-interest income in the statement of income as applicable.

Notes to the Financial Statements

for the financial year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Financial assets (continued)

(iv) Reclassification of financial assets

The Group and the Company reclassify financial assets when and only when their business model for managing those assets changes. In such cases, the Group and the Company are required to reclassify all affected financial assets. However, it will be inappropriate to reclassify financial assets that have been designated at FVTPL, or equity instruments that have been designated at FVOCI even when there is a change in business model. Such designations are irrevocable.

(v) Modification of financing

The Group and the Company may renegotiate or otherwise modify the contractual cash flows of financing to customers. When this happens, the Group and the Company assess whether or not the new terms are substantially different to the original terms. The Group and the Company do this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the financing.
- Significant extension of the financing term when the borrower is not in financial difficulty.
- Significant change in the profit/interest rate.
- Change in the currency the loan/financing is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the financing.

If the terms are substantially different, the Group and the Company derecognise the original financial asset and recognises a "new" asset at fair value and recalculates a new effective profit/interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group and the Company also assess whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in statements of profit or loss and other comprehensive income as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group and the Company recalculate the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in statements of profit or loss and other comprehensive income. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective profit rate (or credit-adjusted effective profit rate for purchased or originated credit-impaired financial assets).

(e) Financial liabilities

Financial liabilities are measured at amortised cost, except for trading liabilities and liabilities designated at fair value, which are held at fair value through profit or loss. Financial liabilities are initially recognised at fair value less transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in statement of profit or loss and other comprehensive income. Financial liabilities are derecognised when extinguished.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Financial liabilities (continued)

(i) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments.

The financial liabilities measured at fair value through profit and loss upon initial recognition are trading derivatives and financial liabilities designated at fair value.

Financial liabilities, other than those held for trading, are classified as financial liabilities designated at fair value through profit or loss if they meet one or more of the criteria set out below, and are so designated by management.

The Group and the Company may designate financial liabilities at fair value through profit or loss when the designation:

- Eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise from measuring financial assets or financial liabilities, or recognising gains and losses on them, on different bases;
- Applies to groups of financial liabilities that are managed, and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy; and
- Relates to financial liabilities containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments.

The fair value designation, once made, is irrevocable. Designated financial liabilities are recognised when the Group and the Company enter into the contractual provisions of the arrangements with counterparties, which is generally on trade date, and are normally derecognised when the financial liabilities are extinguished. Measurement is initially at fair value, with transaction costs taken to the statements of income. Subsequently, the fair values are remeasured, and gains and losses from changes therein are recognised in the statements of income.

The component of fair value changes relating to the Group and the Company's own credit risk is recognised in OCI. Amounts recorded in OCI related to credit risk are not subject to recycling to profit or loss, but are transferred to retained earnings when realised.

The Group and the Company determine the amount of fair value changes which are attributable to credit risk, by first determining the changes due to market conditions which give rise to market risk, and then deducting those changes from the total change in fair value of financial liabilities at FVTPL. Market conditions which give rise to market risk include changes in the benchmark interest rate. Fair value movements on the conversion option embedded derivative are excluded from the assessment of market risk fair value changes. The Group and the Company believe that this approach most faithfully represents the amount of change in fair value due to the Group's and the Company's own credit risk, as the changes in factors contributing to the fair value of the items other than the changes in the benchmark interest rate are not deemed to be significant.

Notes to the Financial Statements

for the financial year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Financial liabilities (continued)

(i) Financial liabilities at fair value through profit or loss (continued)

The Group designated certain structured deposits at fair value through profit or loss as permitted under MFRS 9 'Financial Instruments' as it significantly reduces accounting mismatch that would otherwise arise from measuring the corresponding assets and liabilities on different basis. The fair value changes of the structured deposits which are linked to profit rate derivatives that are attributable to the changes in own credit risk are not significant. Financial liability measured at FVTPL is structured deposits linked to profit rate derivatives within the deposits of banks and other financial institutions.

(ii) Financial liabilities at amortised cost

Financial liabilities that are not classified as fair value through profit or loss fall into this category and are measured at amortised cost.

Financial liabilities measured at amortised cost are deposits from customers, deposits and placements of banks and other financial institutions (other than those designated as FVTPL), investment accounts of customers, Islamic repurchase agreement, other payables, lease liabilities, recourse obligation on financing sold, sukuk and borrowings and government grant.

(f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of defaults, insolvency or bankruptcy.

(g) Impairment of financial assets

The Group and the Company assess on a forward-looking basis the ECL associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and the Company assess whether the credit risk on an exposure has increased significantly on an individual or collective basis. The Group and the Company first assess whether objective evidence of impairment exists for financial assets which are individually significant. If the Group and the Company determine the objective evidence of impairment exists, i.e. credit-impaired for an individually assessed financial asset, a lifetime ECL will be recognised for impairment loss. Financial assets which are collectively assessed are grouped on the basis of similar credit risk characteristics.

The Group and the Company have adopted the general approach for ECL.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of financial assets (continued)

Measurement

The Group and the Company recognise loss allowances for ECL on financial assets measured at amortised cost and financial investments measured at FVOCI (debt securities), but not on investments in equity instruments. ECL are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime ECL except for debt securities that are determined to have low credit risk at the reporting date and other financial instruments of which credit risk has not increased significantly since initial recognition, which are measured at 12-month ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default ("PD");
- loss given default ("LGD"); and
- exposure at default ("EAD").

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

PD provides an estimate of the likelihood that a customer will be unable to meet its debt obligation or default over a particular time horizon, usually in the course of 1 year.

LGD is the magnitude of the likely loss if there is a default. The Group and the Company estimate LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

EAD represents the expected exposure in the event of a default. The Group and the Company derive the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Group and the Company measure ECL considering the risk of default over the maximum contractual period (including any customer's extension options) over which they are exposed to credit risk, even if, for credit risk management purposes, the Group and the Company consider a longer period. The maximum contractual period extends to the date at which the Group and the Company have the right to require repayment of an advance or terminate a financing commitment or guarantee.

Notes to the Financial Statements

for the financial year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of financial assets (continued)

Measurement (continued)

However, for facilities that include both a financing and an undrawn commitment component, the Group and the Company measure ECL over a period longer than the maximum contractual period if the Group's and the Company's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's and the Company's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure. The Group and the Company can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Group and the Company become aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group and the Company expect to take, and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a financing with fixed repayment terms.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include but not limited to:

- instrument type;
- credit risk gradings;
- collateral type;
- financing-to-value ("FTV") ratio for retail property financing;
- date of initial recognition;
- remaining term to maturity;
- industry; and
- geographic location of the customer.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous. For portfolios in respect of which the Group has limited historical data, external benchmark information is used to supplement the internally available data.

Recognition

Lifetime ECL is the ECL that results from all possible default events over the expected life of the asset, while 12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating ECL is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Financial assets are segregated into 3 stages depending on the changes in credit quality since initial recognition.

Stage 1 includes financial assets that do not have a significant increase in credit risk since initial recognition or those that have low credit risk at reporting date. For these assets, 12-month ECL are recognised and profit income is calculated on the gross carrying amount of the assets.

Stage 2 includes financial assets that have a significant increase in credit risk since initial recognition but do not have objective evidence of impairment. For those assets, lifetime ECL is recognised and profit income is still calculated on the gross carrying amount of the asset.

Stage 3 includes financial assets that have objective evidence of impairment at reporting date. For these assets, lifetime ECL is recognised and profit income is calculated on the net carrying amount.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of financial assets (continued)

Significant increase in credit risk ("SICR")

Obligatory triggers applied by the Group and the Company in determining whether there has been a significant increase in credit risk is where the principal or profit or both of the financing assets are overdue for more than 30 days, but less than 91 days or hit any of the qualitative indicators but not limited to increase in internal credit spread of an existing facility, breach of covenants and decrease in securities prices.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Group's and the Company's credit risk management processes. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watchlist. Such qualitative factors are based on the management's expert judgement and relevant historical experiences.

The Group and the Company determine days past due by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on a financial asset returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Group and the Company determine a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a financing have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

Credit-impaired (Default)

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group and the Company consider a financial asset to be in default when:

(a) Payment conduct

- Where the principal or profit or both of the financing is past due for more than 90 days or 3 months; or
- In the case of revolving facilities (e.g. revolving working capital or overdraft facilities), notwithstanding the first trigger above, where the outstanding amount has remained in excess of the approved limit for a period of more than 90 days or 3 months; or
- Where payments are scheduled on intervals of 3 months or longer, the account shall be classified as impaired as soon as a default occurs (i.e. when the customer is unable to meet the contractual payment terms), unless it does not exhibit any weakness that would render it classified as impaired according to the Group's and the Company's credit risk grading framework.

(b) Restructured and rescheduled ("R&R") financing; or

(c) Customer/Issuer is declared bankrupt/wound up.

Notes to the Financial Statements

for the financial year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of financial assets (continued)

Credit-impaired (Default)

In assessing whether a customer is in default, the Group and the Company consider indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Group or the Company; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial asset is in default and their significance may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Group and the Company for regulatory capital purposes.

ECL against credit-impaired financial assets are determined based on an assessment of the recoverable cash flows, including the realisation of any collateral held where appropriate. The ECL held represent the difference between the present value of the cash flows expected to be recovered, discounted at the instrument's original effective profit rate, and the gross carrying value of the instrument prior to any credit impairment.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the customer, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective profit/interest rate of the existing financial asset.

ECL for restructured financial assets that are not considered to be credit-impaired will be recognised on 12-month basis. However, if there is a significant increase in credit risk, the ECL will be recognised on a lifetime basis.

Incorporation of forward-looking information

MFRS 9 specifically requires measurement of ECL using not only past and current information, but also including forecast information. Hence, the ECL calculations include forward-looking adjustment according to the expected future macroeconomic conditions. Forward-looking adjustment incorporated within the ECL model is a combination of statistical analysis and expert judgements based on the availability of detailed information. External information considered includes economic data and forecasts published by external rating agencies.

Key macroeconomic variables ("MEV") that are incorporated into the ECL calculations include, but not limited to House Price Index ("HPI") and Consumer Price Index ("CPI"). Forward-looking MEVs are supported with 3 economic scenarios i.e. baseline, best and worst case scenarios based on the available forecasts.

Methodology and assumptions including forecasts of future economic conditions are reviewed regularly.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of financial assets (continued)

Write-down/write-off

Financial assets and related impairment allowances are normally written down/written off, either partially or in full, when there is no realistic prospect of recovery of the financial assets. This is generally the case when the Group and the Company determine that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-down/write-off. This assessment is carried out at the individual asset level. Where financial assets are secured, the write-down/write-off is normally done after receipt of any proceeds from the realisation of security.

Financial assets that are written down/written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery of amounts due.

(h) Foreclosed assets

Foreclosed assets are stated at the lower of carrying amount and fair value less costs to sell and reported within "Other receivables".

(i) Fiduciary assets

The Group provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in fiduciary capacity are not recognised as the assets of the Group.

(j) Property and equipment and depreciation

All items of property and equipment are initially recorded at cost. The cost of an item of property and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses. When significant parts of property and equipment are required to be replaced, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of property and equipment is provided for on a straight-line basis to write down the cost of each asset to its residual value over the estimated useful life from the date they are available for use. The estimated useful life is as follows:

Work in progress	*
Buildings	40 years
Building renovation	5 years
Furniture and equipment	5 years
Motor vehicles	5 years
Data processing equipment	5 years

* Property and equipment in progress will not be depreciated until they become ready for use.

Notes to the Financial Statements

for the financial year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Property and equipment and depreciation (continued)

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

The residual values, useful lives and depreciation methods are reviewed at end of the reporting period, and adjusted prospectively, if appropriate.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

Freehold land has unlimited useful life and therefore is not depreciated.

(k) Leases

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group and the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Company allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

(i) Lease term

In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group, and affect whether the Group and the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

(ii) ROU assets

ROU assets are initially measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentive received;
- any initial direct costs; and
- decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company are reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Leases (continued)

(iii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Amounts expected to be payable by the Group and the Company under residual value guarantees;
- The exercise price of a purchase and extension options if the Group and the Company are reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

Lease payments are discounted using the profit rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Company, an incremental borrowing rate is used in determining the discount rate which assumes the profit/interest rate that the Group and the Company would have to pay to borrow over a similar term, the funds necessary to obtain the asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to statements of income over the lease period so as to produce a constant periodic rate of profit/interest on the remaining balance of the liability for each period.

The Group and the Company present the lease liabilities as a separate line item in the statements of financial position. Profit/interest expense on the lease liability is presented within the operating expenses in the statements of profit or loss and other comprehensive income.

(iv) Short term leases and leases of low value assets

The Group and the Company elect to apply MFRS 16 recognition exemption such as short-term leases and leases for which the underlying asset is of low value. Short-term leases are leases with a lease term of 12 months or less with no purchase option. Low-value assets comprise small items of office furniture. Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in the statements of profit or loss and other comprehensive income.

(l) Investment properties

Investment properties, which is a freehold parcel of land and a building, is owned for capital appreciation and is not occupied by the Group.

The investment properties are initially recognised at cost and subsequently at cost less any accumulated impairment losses. The carrying amount of the investment properties are reviewed at the end of each reporting period to determine whether there are any indication of impairment based on market value determined by independent qualified valuers. Right-of-use assets held under a lease contract that meets the definition of investment properties are initially measured similarly as other right-of-use assets.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between net disposal proceeds and the carrying amount are recognised in profit or loss in the period in which the item are derecognised."

For building classified as investment property, depreciation is charged to profit or loss on a straight-line basis over the estimated useful life of 40 years.

Notes to the Financial Statements

for the financial year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Intangible assets and amortisation

(i) Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in profit or loss.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units ("CGU") that are expected to benefit from the synergies of the combination in which goodwill arose, identified according to operating segment.

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses.

The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Software and license

Computer software development costs recognised as assets are amortised from the point at which the asset is ready for use over their estimated useful lives. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

The useful life of software and license is assessed to be finite and is amortised on a straight-line basis over 5 years.

(iii) Other intangible assets

Intangible assets other than goodwill, software and licenses that are acquired are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, these intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Other intangible assets in the Group are as follows:

Banking license

Banking license was acquired from acquisition of banking subsidiary, MBSB Bank. The useful life of banking license is assessed to be infinite and are assessed for impairment annually.

Core deposits

Core deposits represent the current account deposits and saving account deposits that were acquired from acquisition of MBSB Bank Berhad. Core deposits are amortised over the expected economic benefit period of 6 years.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Intangible assets and amortisation (continued)

(iv) Amortisation

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Goodwill and intangible assets with indefinite useful lives, or which are not yet available for use, are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the CGU level. Such goodwill and intangible assets are not amortised. The useful life of a goodwill and intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(n) Impairment of non-financial assets

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have an indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each period at the same time.

An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purpose of assessing impairment, assets are grouped at the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGU to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of CGU that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost of disposal. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

An impairment loss is recognised in profit or loss if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGU) and then to reduce the carrying amounts of the other assets in the CGU (groups of CGU) on a pro-rata basis.

Notes to the Financial Statements

for the financial year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Impairment of non-financial assets (continued)

An assessment is made at the end of each reporting period as to whether there is any indication that a previously recognised impairment loss may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation and/or amortisation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

(o) Non-current assets held for sale

Non-current assets are classified as assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell and an impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

(p) Islamic repurchase agreements

Obligations on securities sold/transferred under Islamic repurchase agreements are securities which the Group and the Company had sold/transferred from its portfolio, with a commitment to repurchase/transfer back at future dates. Such financing transactions and the obligation to repurchase/transfer back the securities are reflected as a liability on the statements of financial position.

The difference between purchase and resale price is treated as profit and accrued over the life of the repurchase agreement using the effective yield method.

(q) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(r) Share capital

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised as a liability and deducted from equity in the period in which all relevant approvals have been obtained.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(s) Recognition of profit/interest income and profit/interest expense

Profit/interest income and expense for all profit/interest bearing financial instruments are recognised within interest income and interest expense and income from Islamic operations in the statements of profit or loss and other comprehensive income using the effective profit/interest method. Profit/interest income from financial assets at fair value through profit or loss is disclosed as separate line item in statements of profit or loss and other comprehensive income.

The effective profit/interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the profit/interest income or profit/interest expense over the relevant period. The effective profit/interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Profit/interest income is calculated by applying the effective profit/interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective profit/interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(t) Government grant

The benefit of a government loan at a below-market rate of interest is treated as a government grant. Government grant is recognised when there is a reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. The Group has elected to present such grant as a deduction against the related costs.

When the grant relates to an asset, the Group has elected to present such grant as deferred income, which is recognised in profit or loss as income in equal amounts over the expected useful life of the related asset.

Notes to the Financial Statements

for the financial year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) Recognition of fees and other income

- (i) The Group earns fee and commission income from a diverse range of products and services provided to its customers. Fee and commission income are recognised when the Group has satisfied its performance obligation in providing the promised products and services to the customer, and are recognised based on contractual rates or amount agreed with customers, and net of expenses directly related to it. The Group generally satisfies its performance obligation and recognises the fee and commission income on the following basis:
- Transaction-based fee and commission income is recognised on the completion of the transaction. Such fees include fees related to the completion of corporate advisory transactions, commissions, service charges and fees and fees on loans, advances and financing. These fees constitute a single performance obligation.
 - For a service that is provided over a period of time, fee and commission income is recognised over the period during which the related service is provided or credit risk is undertaken. This basis of recognition most appropriately reflects the nature and pattern of provision of these services to the customers over time. Fees for these services will be billed periodically over time. Such fees include guarantee fees and commitment fees.

The Group does not provide any significant credit terms to customers for the above products and services.

Directly related expenses typically include sales commissions, but do not include expenses for services delivered over a period (such as service contracts) and other expenses that are not specifically related to fee and commission income transactions.

- (ii) Income from Government Scheme Funds is in relation to management fees derived from managing and distributing the funds under the respective schemes. The fees are variable consideration. The Group estimates the amount to which it will be entitled, but constrains that amount until it is highly probable that including the estimated fee in the transaction price will not result in a significant reversal of revenue.
- (iii) Dividends are recognised when the right to receive payment is established. This applies even if they are paid out of preacquisition profits. However, the investment may need to be tested for impairment as a consequence. Dividend income received from subsidiary companies, financial assets at fair value through profit or loss and financial investments at fair value through other comprehensive income are recognised as non-interest income in statements of profit or loss and other comprehensive income. Dividends that clearly represent a recovery of part of the cost of investment is recognised in other comprehensive income if it relates to an investment in equity instruments measured at fair value through other comprehensive income.
- (iv) Net gain or loss from disposal of financial assets at fair value through profit or loss and debt instruments at fair value through other comprehensive income are recognised in statements of profit or loss and other comprehensive income upon disposal of the securities, as the difference between net disposal proceeds and the carrying amount of the securities.
- (v) Brokerage income is recognised when contracts are executed. Fees that constitute single performance obligation is recognised upon completion of transactions such as rollover fees, nominees services and handling charges.
- (vi) Corporate advisory fees are recognised as income after fulfilling each of the performance obligation.
- (vii) Rental income is recognised on an overtime basis.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(v) Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are measured on an undiscounted basis and are expensed of in the year in which the associated services are rendered by employees of the Group and the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the EPF, a defined contribution pension scheme. Such contributions are recognised as an expense in profit or loss when incurred.

(iii) Defined benefit plans

The MIDF and its subsidiaries ("MIDF Group") operates an unfunded, defined Retirement Benefit Scheme ("the Scheme") for their eligible employees. The Scheme is no longer available to employees who joined after June 2006. The MIDF Group's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior financial years is estimated. That benefit is discounted in order to determine its present value. Re-measurements, comprising of actuarial gains and losses are recognised immediately in the statements of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the MIDF Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability. The MIDF Group recognises the following changes in the net defined benefit obligation under "staff costs" in the statements of profit or loss;

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

(w) Current and deferred taxes

The tax expense for the period comprises current and deferred income tax. Tax is recognised in statement of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable profits.

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences and unused tax losses can be utilised.

Notes to the Financial Statements

for the financial year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(w) Current and deferred taxes (continued)

Deferred income tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax related to the fair value re-measurement of debt instruments at FVOCI and equity instruments at FVOCI, which is charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the statement of income together with deferred gain or loss.

Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the statements of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(x) Zakat

This represents business zakat that is paid on the Group's portion. It is an obligatory amount payable by the Group to comply with the rules and principles of Shariah. The zakat is computed based on working capital method at a rate of 2.5%. The zakat amount shall be distributed to individuals or groups that fall into any of the eight (8) categories of eligible recipients (asnaf):

- (i) *Al-Fuqara* – the poor
- (ii) *Al-Masakin* – the needy
- (iii) *Al-'Amil* – the zakat collector
- (iv) *Al-Muallaf* – those whose hearts are inclined to Islam
- (v) *Al-Riqab* – slave or captive (prisoner of war)
- (vi) *Al-Gharimin* – insolvent debtor
- (vii) *Fi Sabilillah* – in the path of Allah
- (viii) *Ibnu al-Sabil* – a traveler without provisions

The obligation and responsibility of specific payment of zakat on deposit fund lies with the muslim depositors. As such, no accrual of zakat expenses is recognised in the financial statements of the Group.

(y) Earnings per ordinary share

The Group and the Company present the basic earnings per share ("EPS") data for their ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group and the Company by the weighted average number of ordinary shares outstanding during the year.

(z) Commitments and contingencies

The Group and the Company issue financial guarantees, letter of credit and financing commitments but the nominal values of these instruments are not recorded in the statement of financial position. The same assessment criteria are used by the Group and the Company in making commitments and conditional obligations for off-balance sheet risks as it does for on-balance sheet financing assets.

The measurement of credit loss for these irrecoverable off-balance sheet assets is based on a three-stage ECL model as described in Note 2(g).

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(aa) Financial guarantee contracts

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value. The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Subsequent to initial recognition, financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 "Financial instruments" and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 "Revenue from Contracts with Customers", where appropriate.

Any increase in the liability relating to guarantees is reported in the statement of profit or loss and other comprehensive income within ECL for commitments and contingencies.

(ab) Contingent assets and liabilities

The Group does not recognise contingent assets and liabilities other than those arising from business combinations, but discloses its existence in the financial statements.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

Financial guarantee contracts are contracts that require the Group and the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

(ac) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Notes to the Financial Statements

for the financial year ended 31 December 2024

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ac) Fair value measurement (continued)

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the Group can access at the measurement date;

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(ad) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources and assesses the performance of the operating segments of an entity. The Group has determined the Group Management Committee as the collective body of chief operating decision makers.

Segment revenue, expense, assets and liabilities are those amount resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

3. CASH AND SHORT-TERM FUNDS AND DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(a) Cash and short-term funds:				
Cash and balances with banks and other financial institutions	688,594	589,749	1,061	3,833
Money at call and deposit placements maturing within 1 month	574,441	5,017,565	317,717	5,809
	1,263,035	5,607,314	318,778	9,642
(b) Deposits and placements with banks and other financial institutions with original maturity of more than 1 month	770,343	749,812	–	65,078
	2,033,378	6,357,126	318,778	74,720

The ECL for cash and short-term funds and deposits and placements above is nil (2023: nil).

As at reporting date, the dealer's representatives' and clients' monies held in trust by the Group amounted to approximately RM29,315,000 (2023: RM16,994,000). These amounts are excluded from the cash and short-term funds of the Group.

4. FINANCIAL ASSETS AT FVTPL

	Group	
	2024 RM'000	2023 RM'000
Money Market Instruments		
<u>In Malaysia</u>		
Private mandate investments	130,193	240,357
Malaysian Government Investment Issues	701,143	10,368
	831,336	250,725
Equity instruments		
Quoted securities:		
<u>In Malaysia</u>		
Shares	8,297	–
Unquoted securities:		
<u>In Malaysia</u>		
Redeemable convertible preference shares	11,334	–
Unit trusts	32,179	32,329
	51,810	32,329
	883,146	283,054

Notes to the Financial Statements

for the financial year ended 31 December 2024

5. FINANCIAL INVESTMENTS AT FVOCI

	Group	
	2024 RM'000	2023 RM'000
Money Market Instruments		
Malaysian Government Investment Issues	8,620,857	8,326,803
Debt securities		
<u>In Malaysia</u>		
Private and Islamic debt securities	2,948,434	2,597,651
Government Guaranteed debt securities	1,134,041	1,637,112
Corporate bonds	53,839	74,661
	4,136,314	4,309,424
Equity instruments		
Unquoted securities:		
<u>In Malaysia</u>		
Shares	1,386	1,407
	12,758,557	12,637,634

During the year, a total gain amounting to RM74,193,000 (2023: gain of RM246,248,000) was recognised in other comprehensive income. Upon sale of the financial investments, the Group recognised a gain of RM12,022,000 (2023: loss of RM50,111,000) to the profit and loss.

The carrying amount of financial investments measured at FVOCI is its fair value. Accordingly, the recognition of an impairment loss does not affect the carrying amount of those assets, but is reflected as a debit to profit or loss or retained earnings, and credit to other comprehensive income.

The Group designated the share investment under equity securities as FVOCI. The FVOCI designation was made as the investment is held for socio-economic purposes and not for trading. The dividend income recognised during the financial year is nil (2023: nil).

5. FINANCIAL INVESTMENTS AT FVOCI (CONTINUED)

Movement of allowance for credit losses recognised in FVOCI reserve:

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2024	577	–	20,960	21,537
Total (reversal)/charge during the year	(192)	31	–	(161)
Due to transfer within stages:				
– Transfer to Stage 2	(31)	31	–	–
New financial investments purchased during the year	358	–	–	358
Financial investments derecognised and repayment during the year	(352)	–	–	(352)
Changes in credit risk parameters	(220)	–	–	(220)
Others	53	–	–	53
Written off	(53)	–	(14,234)	(14,287)
At 31 December 2024	332	31	6,726	7,089

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2023	10	–	–	10
Acquisition of MIDF	358	–	20,960	21,318
Total charge during the year:	209	–	–	209
New financial investments purchased during the year	176	–	–	176
Financial investments derecognised and repayment during the year	(14)	–	–	(14)
Changes in credit risk parameters	47	–	–	47
At 31 December 2023	577	–	20,960	21,537

Notes to the Financial Statements

for the financial year ended 31 December 2024

6. FINANCIAL INVESTMENTS AT AMORTISED COST

	Group	
	2024 RM'000	2023 RM'000
Money Market Instruments		
Malaysian Government Investment Issues	1,115,408	1,262,183
Debt securities		
<u>In Malaysia</u>		
Private and Islamic debt securities	2,856,093	3,097,186
Government Guaranteed corporate sukuk	75,785	75,684
Corporate bonds	106,402	175,269
	4,153,688	4,610,322
Less: ECL	(1,202)	(1,852)
	4,152,486	4,608,470

ECL movement for financial investments at amortised cost:

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2024	1,705	147	–	1,852
Total reversal during the year:	(574)	(76)	–	(650)
New financial investments purchased during the year	59	–	–	59
Financial investments derecognised and repayment during the year	(471)	–	–	(471)
Changes in credit risk parameters	(162)	(76)	–	(238)
At 31 December 2024	1,131	71	–	1,202

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2023	868	239	–	1,107
Acquisition of MIDF	1,011	–	–	1,011
Total reversal during the year:	(174)	(92)	–	(266)
New financial investments purchased during the year	84	–	–	84
Financial investments derecognised and repayment during the year	(32)	–	–	(32)
Changes in credit risk parameters	(226)	(92)	–	(318)
At 31 December 2023	1,705	147	–	1,852

7. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

The following table summarises the contractual or underlying notional amounts of derivative financial instruments held at fair value through profit or loss. The notional or contractual amount of these instruments reflects the volume of transactions outstanding at financial position date and do not represent amounts at risk.

Derivative financial instruments are revalued on a gross position and the unrealised gains or losses are reflected as derivative financial assets and liabilities respectively.

	Group		
	Notional amount RM'000	Fair value Assets RM'000	Liabilities RM'000
2024			
Derivatives			
<u>Foreign exchange contracts:</u>			
Currency forward			
– Less than one year	1,628,074	1,657	(6,152)
Cross currency swaps			
– Less than one year	36,941	3,970	–
<u>Profit/interest rate related contracts:</u>			
Profit/interest rate swaps			
– One to five years	50,000	–	(616)
	1,715,015	5,627	(6,768)

	Group		
	Notional amount RM'000	Fair value Assets RM'000	Liabilities RM'000
2023			
Derivatives			
<u>Foreign exchange contracts:</u>			
Currency forward			
– Less than one year	2,820,048	32,805	(5,158)
<u>Profit/interest rate related contracts:</u>			
Interest/profit rate swaps			
– Less than one year	300,000	7,275	–
	3,120,048	40,080	(5,158)

Notes to the Financial Statements

for the financial year ended 31 December 2024

8. LOANS, FINANCING AND ADVANCES

(i) By type

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At amortised cost				
Term loans/financing				
– Personal financing	18,589,281	19,467,482	–	–
– Housing loans/financing	10,752,027	9,636,637	–	–
– Industrial hire purchase	689,790	764,085	–	–
– Bridging loans/financing	442,536	652,400	106,711	179,819
– Auto financing	8,834	22,667	–	–
– Other term loans/financing	5,316,647	5,505,197	165,306	352,342
– Syndicated term loans/financing	1,908,884	2,018,478	–	–
Revolving credit	413,644	113,356	–	–
Trade finance	3,424,344	2,637,621	–	–
Margin accounts	1,107,529	1,003,996	–	–
Cashline	300,270	193,585	–	–
Staff loans/financing	28,832	28,807	–	–
Gross loans, financing and advances	42,982,618	42,044,311	272,017	532,161
Less: ECL	(846,519)	(1,552,784)	(23,397)	(259,936)
Net loans, financing and advances	42,136,099	40,491,527	248,620	272,225

Included in personal financing and house financing are net financing that have been assigned as security for financing facilities granted to the Group as shown below:

	Group	
	2024 RM'000	2023 RM'000
Islamic financing facility granted by:		
(i) Cagamas Berhad – recourse obligation on financing sold (Note 24)	2,223,476	4,382,769
(ii) Sukuk (Note 25)	1,249,789	1,502,126

The loans and advances under the Company have been disposed to Emerald Unity Sdn Bhd (“EUSB”) on 31 January 2024, a special purpose vehicle managing the identified assets and liabilities of the Company. Notwithstanding the disposal, pursuant to MFRS 9 ‘Financial Instruments’ the Company continues to recognise the loans and advances in the balance sheet as its exposure to the variability of the disposed assets’ cash flows did not change significantly after the disposal. The Company is regarded to have retained the risks and rewards of the loans and advances until they are sold or settled with external parties.

8. LOANS, FINANCING AND ADVANCES (CONTINUED)

(ii) By residual contractual maturity

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Maturing within one year	7,008,301	5,938,507	196,726	295,922
One year to three years	2,153,025	1,978,062	–	–
Three years to five years	2,727,476	2,591,709	–	–
Over five years	31,093,816	31,536,033	75,291	236,239
	42,982,618	42,044,311	272,017	532,161

(iii) By type of customers

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Individuals:				
– Malaysian nationals	30,163,185	29,902,325	–	–
Domestic business enterprises:				
– Small medium enterprises	4,381,773	4,552,390	248,290	437,066
– Non-bank financial institutions	1,496,327	718,567	–	–
– Others	6,235,911	6,096,186	23,727	95,095
Foreign nationals	705,422	774,843	–	–
	42,982,618	42,044,311	272,017	532,161

(iv) By sector

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Household sectors	30,162,912	29,901,885	–	–
Construction	3,289,690	3,628,043	196,727	295,922
Finance, insurance, real estate and business services	3,150,447	3,104,470	–	–
Wholesale & retail trade and restaurants & hotels	2,245,367	1,584,976	–	–
Manufacturing	2,054,026	1,668,415	–	–
Education, health and others	855,694	1,134,669	75,290	236,239
Transport, storage and communications	650,258	505,549	–	–
Electricity, gas and water	164,671	215,901	–	–
Agriculture	328,372	202,602	–	–
Mining and quarrying	81,181	97,801	–	–
	42,982,618	42,044,311	272,017	532,161

Notes to the Financial Statements

for the financial year ended 31 December 2024

8. LOANS, FINANCING AND ADVANCES (CONTINUED)

(v) By profit rate sensitivity

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Fixed rate:				
Personal financing	5,610,034	13,109,750	–	–
Bridging, structured and term loans and financing	2,040,096	1,939,089	–	–
Mortgage and property				
Islamic	316,822	345,749	–	–
Auto financing	10,327	24,427	–	–
Variable rate:				
Personal financing	13,032,873	6,358,297	–	–
Bridging, structured and term loans and financing	11,510,307	10,949,629	272,017	532,161
Mortgage and property Islamic	10,462,159	9,317,370	–	–
	42,982,618	42,044,311	272,017	532,161

(vi) By geographical distribution

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Malaysia	42,234,549	42,044,311	272,017	532,161
Outside Malaysia	748,069	–	–	–
	42,982,618	42,044,311	272,017	532,161

(vii) Movement of gross loans, financing and advances

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
As at 1 January	37,244,052	1,744,545	3,055,714	42,044,311
Transfer to Stage 1	496,880	(470,306)	(26,574)	–
Transfer to Stage 2	(1,367,170)	1,697,826	(330,656)	–
Transfer to Stage 3	(338,171)	(118,161)	456,332	–
New financing/disbursement during the year	11,571,758	200,449	72,238	11,844,445
Repayment during the year	(9,541,630)	(440,527)	(275,663)	(10,257,820)
Other movements	35,675	(23,140)	229,576	242,111
Write-offs	(26)	(94)	(890,309)	(890,429)
As at 31 December	38,101,368	2,590,592	2,290,658	42,982,618

8. LOANS, FINANCING AND ADVANCES (CONTINUED)

(vii) Movement of gross loans, financing and advances (continued)

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2023				
As at 1 January	33,407,228	2,545,236	2,607,227	38,559,691
Acquisition of MIDF	1,646,040	74,285	288,598	2,008,923
Transfer to Stage 1	1,108,840	(1,032,060)	(76,780)	–
Transfer to Stage 2	(541,739)	621,480	(79,741)	–
Transfer to Stage 3	(168,120)	(376,845)	544,965	–
New financing/disbursement during the year	10,122,453	535,537	406,125	11,064,115
Repayment during the year	(8,388,509)	(568,370)	(412,152)	(9,369,031)
Other movements	95,344	(45,829)	166,537	216,052
Derecognition of credit impaired financial asset	–	–	(44,200)	(44,200)
Reclassification from non-current assets held for sale	–	–	1,403	1,403
Write-offs	(791)	(903)	(328,633)	(330,327)
Derecognition due to debt sale	(36,694)	(7,986)	(17,635)	(62,315)
As at 31 December	37,244,052	1,744,545	3,055,714	42,044,311

	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
As at 1 January	–	–	532,161	532,161
Repayment during the year	–	–	(30,125)	(30,125)
Other movements	–	–	30,353	30,353
Write-offs	–	–	(260,372)	(260,372)
As at 31 December	–	–	272,017	272,017

	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2023				
As at 1 January	36,972	54,471	537,623	629,066
Transfer to Stage 1	33	(33)	–	–
Repayment during the year	(269)	(46,452)	(49)	(46,770)
Other movements	–	–	12,722	12,722
Refinancing to MBSB Bank	(42)	–	(251)	(293)
Write-offs	–	–	(249)	(249)
Derecognition due to debt sale	(36,694)	(7,986)	(17,635)	(62,315)
As at 31 December	–	–	532,161	532,161

Notes to the Financial Statements

for the financial year ended 31 December 2024

8. LOANS, FINANCING AND ADVANCES (CONTINUED)

(viii) Movement of ECL for loan, financing and advances

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
As at 1 January	344,317	80,059	1,128,408	1,552,784
(Reversal)/charged to profit or loss (Note 34)	(211,322)	136,263	254,116	179,057
Changes in the ECL due to transfer within stages:				
– Transfer to Stage 1	34,219	(24,766)	(9,453)	–
– Transfer to Stage 2	(9,766)	145,599	(135,833)	–
– Transfer to Stage 3	(3,980)	(8,650)	12,630	–
New financing/disbursement during the year	72,510	8,544	24,799	105,853
Repayment during the year	(129,996)	16,700	(26,032)	(139,328)
Changes in credit risk parameters #	(65,462)	14,434	388,005	336,977
Changes to model assumptions and methodologies @	(108,847)	(15,598)	–	(124,445)
Write-offs	(26)	(9)	(883,807)	(883,842)
Others	604	(604)	(1,480)	(1,480)
As at 31 December	133,573	215,709	497,237	846,519

The changes in credit risk parameters include impact of forward-looking on key macroeconomic variables ("MEV") and changes to loss rate for the ECL model.

@ The changes to model assumptions and methodologies were in relation to incorporation of MEV factors with more intuitive trends.

8. LOANS, FINANCING AND ADVANCES (CONTINUED)

(viii) Movement of ECL for loan, financing and advances (continued)

2023	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 1 January	293,979	337,893	994,161	1,626,033
Acquisition of MIDF	4,857	2,284	155,692	162,833
Charged/(reversal) to profit or loss (Note 34)	46,554	(258,530)	319,493	107,517
Changes in the ECL due to transfer within stages:				
– Transfer to Stage 1	145,683	(91,777)	(53,906)	–
– Transfer to Stage 2	(4,752)	34,332	(29,580)	–
– Transfer to Stage 3	(2,418)	(80,799)	83,217	–
New financing/disbursement during the year	107,226	10,519	10,536	128,281
Repayment during the year	(206,744)	(104,370)	(49,756)	(360,870)
Refinancing (to)/from MBSB Bank	–	–	–	–
Changes in credit risk parameters [#]	17,313	(26,310)	378,202	369,205
Changes to model assumptions and methodologies [^]	(9,754)	(125)	25	(9,854)
Derecognition of credit impaired financial asset	–	–	(19,245)	(19,245)
Reclassification from non-current assets held for sale	–	–	1,417	1,417
Write-offs	–	–	(326,371)	(326,371)
Derecognition due to debt sale	(1,073)	(1,588)	(15,701)	(18,362)
Others	–	–	(283)	(283)
As at 31 December	344,317	80,059	1,128,408	1,552,784

[#] The changes in credit risk parameters include impact of forward-looking on key MEV and changes to loss rate for the ECL model.

[^] The changes to model assumptions and methodologies were in relation to incorporation of MEV factors with more intuitive trends, revision to Probability of Default ("PD") and Loss Given Default ("LGD") modelling and revisions to management overlay assumptions.

Notes to the Financial Statements

for the financial year ended 31 December 2024

8. LOANS, FINANCING AND ADVANCES (CONTINUED)

(viii) Movement of ECL for loan, financing and advances (continued)

	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
As at 1 January	–	–	259,936	259,936
Charged to profit or loss (Note 34)	–	–	23,833	23,833
Repayment during the year	–	–	(10,593)	(10,593)
Changes in credit risk parameters	–	–	34,426	34,426
Write-offs	–	–	(260,372)	(260,372)
As at 31 December	–	–	23,397	23,397

	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2023				
As at 1 January	1,222	3,493	255,900	260,615
(Reversal)/charged to profit or loss (Note 34)	(149)	(1,905)	19,737	17,683
Changes in the ECL due to transfer within stages:				
– Transfer to Stage 1	2	(2)	–	–
Repayment during the year	(150)	(1,903)	(344)	(2,397)
Changes in credit risk parameters	–	–	20,224	20,224
Refinancing to MBSB Bank	(1)	–	(143)	(144)
Derecognition due to debt sale	(1,073)	(1,588)	(15,701)	(18,362)
As at 31 December	–	–	259,936	259,936

8. LOANS, FINANCING AND ADVANCES (CONTINUED)

(ix) Movements of impaired loans, financing and advances

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Balance as at 1 January	3,055,714	2,607,227	532,161	537,623
Acquisition of MIDF	–	288,598	–	–
Classified as impaired during the year	528,570	951,090	–	–
Reclassified as non-impaired	(357,230)	(156,521)	–	–
Repayment during the year	(275,663)	(412,152)	(30,125)	(49)
Other movements	229,576	166,537	30,353	12,722
Derecognition of credit impaired financial asset	–	(44,200)	–	–
Refinancing to MBSB Bank	–	–	–	(251)
Reclassification from non-current assets held for sale	–	1,403	–	–
Amount written off	(890,309)	(328,633)	(260,372)	(249)
Derecognition due to debt sale	–	(17,635)	–	(17,635)
Balance as at 31 December	2,290,658	3,055,714	272,017	532,161
Less: ECL	(497,237)	(1,128,408)	(23,397)	(259,936)
Net impaired loans, advances and financing	1,793,421	1,927,306	248,620	272,225
Net impaired as a percentage of net loans, financing and advances	4.26%	4.76%	100.00%	100.00%
Gross impaired as a percentage of gross loans, financing and advances	5.33%	7.27%	100.00%	100.00%

(x) Impaired loans, financing and advances by sector

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Household sector	740,185	691,906	–	–
Construction	695,924	1,096,024	196,727	295,922
Education, health and others	87,125	380,141	75,290	236,239
Finance, insurance, real estate and business services	279,377	344,635	–	–
Manufacturing	86,345	183,692	–	–
Wholesale & retail trade and restaurants & hotels	348,099	306,563	–	–
Transport, storage and communication	4,049	4,253	–	–
Mining and quarrying	48,500	48,500	–	–
Electricity, gas and water	1,054	–	–	–
	2,290,658	3,055,714	272,017	532,161

Notes to the Financial Statements

for the financial year ended 31 December 2024

8. LOANS, FINANCING AND ADVANCES (CONTINUED)

(xi) Impaired loans, financing and advances by geographical distribution

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Malaysia	2,149,509	3,055,714	272,017	532,161
Outside Malaysia	141,149	–	–	–
	2,290,658	3,055,714	272,017	532,161

9. OTHER RECEIVABLES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Amount due from MBSB Bank	–	–	206	35,619
Amount due from other subsidiaries	–	–	3,069	–
Foreclosed properties (a)	36,580	36,580	309	309
Prepayments and deposits	52,703	32,530	527	–
Fee receivables	50,864	63,800	–	–
Sundry receivables	289,014	153,685	1,025	1,266
Deferred expenses	66,089	60,849	–	–
Amount due from brokers and clients (b)	33,722	20,249	–	–
	528,972	367,693	5,136	37,194
Less: ECL	(3,482)	(23,476)	–	–
	525,490	344,217	5,136	37,194

Movement in ECL for other assets is as follows:

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
As at 1 January	–	–	23,476	23,476
Total charged to profit or loss	–	–	(155)	(155)
Other receivables	–	–	(155)	(155)
Derecognition of credit impaired financial asset	–	–	(19,245)	(19,245)
Write-off	–	–	(594)	(594)
	–	–	3,482	3,482

9. OTHER RECEIVABLES (CONTINUED)

Movement in ECL for other assets is as follows (continued):

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2023				
As at 1 January	–	–	191	191
Addition from acquisition of MIDF	–	–	101,082	101,082
Total charged to profit or loss	–	–	19,305	19,305
Other receivables	–	–	60	60
Recognition of credit impaired financial asset	–	–	19,245	19,245
Write-off	–	–	(97,102)	(97,102)
	–	–	23,476	23,476

(a) Foreclosed properties

Foreclosed properties are stated at the lower of carrying amount and fair value less costs to sell. Independent valuations of the foreclosed properties were performed by valuers to determine the fair value of the foreclosed properties as at 31 December 2024. The fair values are within Level 2 of the fair value hierarchy. The fair values have been derived using the comparison method.

Movements of allowance on impairment for foreclosed properties during the financial year are as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Balance as at 1 January	2,972	10,717	558	10,717
Allowance made during the financial year	–	202	–	109
Disposal made during the financial year	–	(7,947)	–	(7,947)
Transfer to MBSB Bank	–	–	–	(2,321)
Balance as at 31 December	2,972	2,972	558	558

(b) Amount due from brokers and clients

Clients' and brokers' debit balances arose from trading of securities, through the investment banking subsidiary, which are not yet due for settlement as at the reporting date.

Notes to the Financial Statements

for the financial year ended 31 December 2024

10. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At 1 January	83,649	93,634	(174)	(1,960)
Addition from acquisition of MIDF	–	14,417	–	–
Arising from the completion of purchase price allocation ("PPA") from the acquisition of MIDF	(1,006)	–	–	–
Recognised in profit or loss (Note 38)	22,466	46,895	3,570	1,786
Recognised in other comprehensive income (Note 38)	(15,480)	(71,297)	–	–
At 31 December	89,629	83,649	3,396	(174)
Presented, after appropriate offsetting, as follows:				
Deferred tax assets	101,745	95,220	3,396	–
Deferred tax liabilities	(12,116)	(11,571)	–	(174)
	89,629	83,649	3,396	(174)

The components of deferred tax assets and liabilities during the financial year prior to offsetting of balances within the same tax jurisdiction are as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Deferred tax assets (before offsetting)				
Accelerated capital allowances	–	–	623	522
Fair value reserve of financial investment at FVOCI	25,134	40,702	–	–
Impairment allowance	68,994	50,892	–	–
Others	12,670	12,674	2,796	124
	106,798	104,268	3,419	646
Offsetting	(5,053)	(9,048)	(23)	(646)
	101,745	95,220	3,396	–
Deferred tax liabilities (before offsetting)				
Accelerated capital allowances	(7,914)	(5,838)	–	–
Impairment allowances	–	–	(23)	(820)
Others	(9,255)	(14,781)	–	–
	(17,169)	(20,619)	(23)	(820)
Offsetting	5,053	9,048	23	646
	(12,116)	(11,571)	–	(174)

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The components and movements of deferred tax assets and liabilities during the year prior to offsetting were as follows:

	Fair value reserve of financial investments at FVOCI	Accelerated capital allowances	Impairment allowances	Others	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000
Deferred tax assets/(liabilities)					
At 1 January 2024	40,702	(5,838)	50,892	(2,107)	83,649
Arising from the completion of PPA from the acquisition of MIDF	–	–	–	(1,006)	(1,006)
Recognised in profit or loss (Note 38)	–	(2,076)	18,102	6,440	22,466
Recognised in other comprehensive income	(15,568)	–	–	88	(15,480)
At 31 December 2024	25,134	(7,914)	68,994	3,415	89,629
At 1 January 2023	107,816	(27,391)	(1,545)	14,754	93,634
Addition from acquisition of MIDF	3,996	(655)	1,979	9,097	14,417
Recognised in profit or loss (Note 38)	–	22,208	50,458	(25,771)	46,895
Recognised in other comprehensive income	(71,110)	–	–	(187)	(71,297)
At 31 December 2023	40,702	(5,838)	50,892	(2,107)	83,649

	Accelerated capital allowances	Impairment allowances	Others	Total
Company	RM'000	RM'000	RM'000	RM'000
Deferred tax assets/(liabilities)				
At 1 January 2024	522	(820)	124	(174)
Recognised in profit or loss (Note 38)	101	797	2,672	3,570
At 31 December 2024	623	(23)	2,796	3,396
At 1 January 2023	(2,606)	(2,910)	3,556	(1,960)
Recognised in profit or loss (Note 38)	3,128	2,090	(3,432)	1,786
At 31 December 2023	522	(820)	124	(174)

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for the financial year ended 31 December 2024

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2024 RM'000	2023 RM'000
Unutilised tax losses	603,172	554,212
Unabsorbed capital allowances	197	201
Others	–	–

The unutilised tax losses of the Group are available for offsetting against future taxable profits of the respective entities within the Group for another 10 consecutive years effective from Year of Assessment 2019. The unabsorbed capital allowances of the Group are not subject to 7 year limitation period and available indefinitely for offsetting against future taxable profits of the respective entities within the Group.

This utilisation of carry forward of tax losses and allowances are also subject to no substantial change in shareholdings of those entities under Income Tax Act, 1967 and guidelines issued by the tax authority.

The expiry of unutilised tax losses:

	Group	
	2024 RM'000	2023 RM'000
Expiring 2028	476,971	477,394
Expiring 2029	306	306
Expiring 2030	52	52
Expiring 2031	10,748	10,748
Expiring 2032	22,889	22,889
Expiring 2033	42,474	42,823
Expiring 2034	49,732	–
	603,172	554,212

11. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposits maintained with Bank Negara Malaysia are in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009 to satisfy the Statutory Reserve Requirement ("SRR"), which is determined at a set percentages of total eligible liabilities.

12. INVESTMENTS IN SUBSIDIARIES

	Company	
	2024 RM'000	2023 RM'000
Unquoted shares at cost	7,530,795	7,567,399
Less: Accumulated impairment losses	–	(36,604)
	7,530,795	7,530,795

Movements in the cost of investment in subsidiaries are as follows:

	Company	
	2024 RM'000	2023 RM'000
Balance as at 1 January	7,567,399	6,595,040
Acquisition of MIDF	–	772,359
Subscription of shares in MBSB Bank	–	200,000
Investment in EUSB	–	*
Disposal of EUSB	*	–
Transfer to EUSB	(36,604)	–
	7,530,795	7,567,399

* On 30 March 2023, the Company incorporated EUSB with investment of RM1. EUSB was subsequently disposed on 2 January 2024.

(a) The details of the subsidiaries are as follows:

Name of subsidiaries	Effective interest held (%)		Principal activities
	2024	2023	
MBSB Bank Berhad	100	100	Islamic banking and related financial services
Malaysian Industrial Development Finance Berhad ("MIDF")	100	100	Investment holding
Emerald Unity Sdn Bhd ("EUSB") ¹	–	100	Special purpose vehicle
MBSB Tower Sdn. Bhd.	100	100	Property development
<u>Subsidiary of MBSB Bank</u>			
Jana Kapital Sdn. Bhd.	100	100	Investment holding

Notes to the Financial Statements

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12. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) The details of the subsidiaries are as follows:

	Effective interest held (%)		
Name of subsidiaries	2024	2023	Principal activities
<u>Subsidiaries of MIDF</u>			
MIDF Amanah Investment Bank Berhad	100	100	Investment banking and related financial services
MIDF Amanah Asset Management Berhad	100	100	Fund management and investment advisory
MIDF Amanah Capital Berhad	100	100	Investment and property holding
MIDF DFI Bhd	100	100	Dormant
Amanah International Finance Sdn. Bhd.	100	100	Provision of real estate
MIDF Amanah Ventures Sdn. Bhd.	100	100	Venture capital
Omega Matrix (M) Sdn. Bhd.	100	100	Loan management
Oriental 1936 Berhad	75.2	75.2	Dormant
<u>Subsidiaries of MIDF Amanah Investment Bank Berhad</u>			
MIDF Amanah Investment Nominees (Asing) Sdn. Bhd.	100	100	Investment banking and related financial services
MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd.	100	100	Investment banking and related financial services
<u>Subsidiaries of EUSB</u>			
MBSB Properties Sdn. Bhd. ^{2 3}	–	100	Leasing of real property
MBSB Development Sdn. Bhd. ^{2 3}	–	100	Property development
Definite Pure Sdn. Bhd. ^{2 3}	–	100	Property development
88 Legacy Sdn. Bhd. ^{2 3}	–	100	Property development
<u>Subsidiary of MBSB Development Sdn Bhd</u>			
Prudent Legacy Sdn. Bhd. ^{2 4}	–	92	In liquidation

12. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) The details of the subsidiaries are as follows: (continued)

¹ The Company disposed EUSB to a corporate share trustee on 2 January 2024 at a consideration of RM10.00 as per a scheme of arrangement pursuant to Sections 366 and 370 of the Companies Act 2016. The Company does not have legal or beneficial ownership over EUSB, however one of the Company's subsidiaries (Amanah International Finance Sdn. Bhd.) was appointed by EUSB as a servicing agent to manage and supervise the litigation of the Company's loans and advances that were disposed to EUSB. The Company thus continues to consolidate EUSB as it meets the following criteria of control as per the MFRS 10 'Consolidated Financial Statements':

- a) The Company has power over EUSB;
- b) The Company has exposure, or rights, to variable returns from its involvement with EUSB; and
- c) The Company has the ability to use its power over the investee to affect the amount of the investor's returns.

² Dormant entity.

³ The subsidiaries were transferred to EUSB on 31 January 2024 as disclosed in Note 53(b).

⁴ In liquidation and did not give rise significant impact to the result of the Group and the Company.

All the above subsidiaries were incorporated in Malaysia.

Notes to the Financial Statements

for the financial year ended 31 December 2024

13. PROPERTY AND EQUIPMENT

Group	Freehold land	Buildings	Building renovation	Furniture and equipment	Motor vehicles	Data processing equipment	Work in progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost								
At 1 January 2024	5,933	260,614	128,385	39,268	3,970	131,951	3,021	573,142
Additions	-	-	19,987	1,639	51	5,306	4,761	31,744
Disposal	-	(1,488)	(537)	(227)	(1,031)	-	-	(3,283)
Reclassification	-	-	-	-	-	1,987	(1,987)	-
Written off	-	-	(6,487)	(10,608)	-	(12,599)	-	(29,694)
At 31 December 2024	5,933	259,126	141,348	30,072	2,990	126,645	5,795	571,909
Accumulated depreciation and impairment losses								
At 1 January 2024:								
Accumulated depreciation	-	33,462	78,922	32,810	3,104	99,734	-	248,032
Accumulated impairment losses	-	277	-	-	-	-	-	277
Depreciation charge for the year (Note 36)	-	33,739	78,922	32,810	3,104	99,734	-	248,309
Disposal	-	1,890	20,900	2,139	371	13,323	-	38,623
Reclassification	-	(109)	(537)	(226)	(1,030)	-	-	(1,902)
Written off	-	-	-	30	(30)	-	-	-
	-	-	(6,486)	(10,602)	-	(12,599)	-	(29,687)
At 31 December 2024	-	35,520	92,799	24,151	2,415	100,458	-	255,343
Analysed as:								
Accumulated depreciation	-	35,243	92,799	24,151	2,415	100,458	-	255,066
Accumulated impairment losses	-	277	-	-	-	-	-	277
	-	35,520	92,799	24,151	2,415	100,458	-	255,343
Net book value								
At 31 December 2024	5,933	223,606	48,549	5,921	575	26,187	5,795	316,566

13. PROPERTY AND EQUIPMENT (CONTINUED)

Group	Freehold land	Buildings	Building renovation	Furniture and equipment	Motor vehicles	Data processing equipment	Work in progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost								
At 1 January 2023	5,933	259,242	94,765	22,412	1,674	108,060	525	492,611
Addition from acquisition of MIDF	-	2,166	8,099	11,509	2,850	18,619	470	43,713
Additions	-	-	21,036	5,400	-	4,407	8,339	39,182
Transfer to non-current assets held for sale (Note 18)	-	(794)	(951)	-	-	-	-	(1,745)
Transfer from intangible assets (Note 17)	-	-	-	-	-	-	831	831
Disposals	-	-	-	-	(554)	-	-	(554)
Reclassification	-	-	5,578	-	-	1,566	(7,144)	-
Written off	-	-	(142)	(53)	-	(701)	-	(896)
At 31 December 2023	5,933	260,614	128,385	39,268	3,970	131,951	3,021	573,142
Accumulated depreciation and impairment losses								
At 1 January 2023:								
Accumulated depreciation	-	24,037	56,597	19,802	1,104	69,568	-	171,108
Accumulated impairment losses	-	277	-	-	-	-	-	277
Addition from acquisition of MIDF	-	24,314	56,597	19,802	1,104	69,568	-	171,385
Depreciation charge for the year (Note 36)	-	1,635	7,526	11,352	1,960	17,409	-	39,882
Transfer to non-current assets held for sale (Note 18)	-	8,382	15,891	1,713	289	13,456	-	39,731
Disposals	-	(592)	(952)	-	-	-	-	(1,544)
Reclassification	-	-	-	-	(249)	-	-	(249)
Written off	-	-	2	(4)	-	2	-	-
	-	-	(142)	(53)	-	(701)	-	(896)
At 31 December 2023	-	33,739	78,922	32,810	3,104	99,734	-	248,309
Analysed as:								
Accumulated depreciation	-	33,462	78,922	32,810	3,104	99,734	-	248,032
Accumulated impairment losses	-	277	-	-	-	-	-	277
At 31 December 2023	-	33,739	78,922	32,810	3,104	99,734	-	248,309
Net book value								
At 31 December 2023	5,933	226,875	49,463	6,458	866	32,217	3,021	324,833

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for the financial year ended 31 December 2024

13. PROPERTY AND EQUIPMENT (CONTINUED)

	Freehold land	Buildings	Furniture and equipment	Data processing equipment	Total
Company	RM'000	RM'000	RM'000	RM'000	RM'000
Cost					
At 1 January 2024/31 December 2024	9,968	18,579	7	7	28,561
Accumulated depreciation					
At 1 January 2024	–	6,037	–	–	6,037
Depreciation charge for the year (Note 36)	–	464	2	–	466
At 31 December 2024	–	6,501	2	–	6,503
Net book value					
At 31 December 2024	9,968	12,078	5	7	22,058
Cost					
At 1 January 2023	9,968	18,579	–	–	28,547
Additions	–	–	7	7	14
	9,968	18,579	7	7	28,561
Accumulated depreciation					
At 1 January 2023	–	5,572	–	–	5,572
Depreciation charge for the year (Note 36)	–	465	–	–	465
At 31 December 2023	–	6,037	–	–	6,037
Net book value					
At 31 December 2023	9,968	12,542	7	7	22,524

14. RIGHT-OF-USE ASSETS

Carrying amount of right-of-use assets by class of underlying assets are as follows:

	Group	
	2024 RM'000	2023 RM'000
Office equipment	78	320
Buildings	32,003	27,113
Land use rights	236	246
Network and security	–	2,206
	32,317	29,885

14. RIGHT-OF-USE ASSETS (CONTINUED)

Additions to the right-of-use assets and depreciation charge during the financial year for the Group is as follows:

	Office equipment	Buildings	Land- use rights	Network and security	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2024					
At 1 January	320	27,113	246	2,206	29,885
Charge for the financial year (Note 36)	(243)	(16,464)	(11)	(2,206)	(18,924)
Additions	–	22,199	–	–	22,199
Modification	–	(843)	–	–	(843)
At 31 December	77	32,005	235	–	32,317
2023					
At 1 January	436	15,279	–	11,028	26,743
Addition from acquisition of MIDF	–	1,862	250	–	2,112
Charge for the financial year (Note 36)	(341)	(16,957)	(4)	(8,822)	(26,124)
Additions	225	26,929	–	–	27,154
At 31 December	320	27,113	246	2,206	29,885

15. INVESTMENT PROPERTIES

	Freehold land	Buildings	Total
	RM'000	RM'000	RM'000
Group			
Cost			
At 1 January 2024	820	4,442	5,262
Adjustment arising from completion of purchase price allocation from the acquisition of MIDF	–	3,251	3,251
At 31 December 2024	820	7,693	8,513
Accumulated depreciation			
At 1 January 2024	–	2,170	2,170
Depreciation charge for the year (Note 36)	–	250	250
At 31 December 2024	–	2,420	2,420
Net book value	820	5,273	6,093

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15. INVESTMENT PROPERTIES (CONTINUED)

	Freehold land	Buildings	Total
Group	RM'000	RM'000	RM'000
Cost			
At 1 January 2023	820	4,442	5,262
Accumulated depreciation			
At 1 January	–	–	–
Addition from acquisition of MIDF	–	2,148	2,148
Depreciation charge for the year (Note 36)	–	22	22
At 31 December 2023	–	2,170	2,170
Net book value	820	2,272	3,092

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Had these buildings been carried at fair value, the carrying amounts, by class, that would have been included in the financial statements of the group are as follows:

	Group	
	2024 RM'000	2023 RM'000
Investment properties		
Freehold land	1,050	1,300
Buildings	7,853	8,608

The fair value of the investment property of RM8,903,000 (2023: RM9,908,000) which is categorised under Level 3 fair value has been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

16. GOODWILL

	Group	
	2024 RM'000	2023 RM'000
Goodwill	148,031	148,031
	148,031	148,031
The aggregate carrying amounts of goodwill allocated for each CGU are as follows:		
Corporate Banking	146,256	146,256
Retail Banking	1,775	1,775
	148,031	148,031

Goodwill arose from the acquisition of MBSB Bank in the year 2018.

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Impairment testing for CGU containing goodwill

The recoverable amount of CGUs is determined based on value-in-use ("VIU") calculations. VIU is the present value of the future cash flows expected to be derived from the CGUs or groups of CGUs. This calculation uses pre-tax cash flow projections based on the 2025 financial budget, which is approved by the Board of Directors with a further projection of 2 years (2023: 2 years). Cash flows beyond the 3 years period are extrapolated using an estimated growth rate of 4.0% (2023: 4.0%) representing the forecasted Gross Domestic Product growth rate of the country for all CGUs.

The cash flow projections are derived based on a number of key factors including past performance and management's expectation of market developments. The discount rates used are pre-tax and reflect specific risks relating to the CGUs.

In addition, the recoverable amount is assessed by incorporating multiple scenarios with variation in the assumptions used including discount rate and growth rates to estimate the expected cash flow, to allow assessment on the sensitivity of goodwill recoverable amount taking into consideration assumed probabilities of different future events and/or scenarios, in view of the uncertain economic conditions.

The estimated terminal growth rates and discount rates used for VIU calculations are as follows:

	Terminal Growth rate		Discount rate	
	2024	2023	2024	2023
Corporate Banking	4.0%	4.0%	8.6%	10.1%
Retail Banking	4.0%	4.0%	8.5%	10.3%

Based on the impairment test performed, management believes that no reasonable possible change in any of the key assumptions would cause the carrying value of any CGU to exceed its recoverable amount.

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17. INTANGIBLE ASSETS

	Software license	Working progress	Banking license	Core deposits	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000
Cost					
At 1 January 2024	393,484	22,036	47,415	6,216	469,151
Additions	25,029	19,924	–	–	44,953
Reclassification	28,902	(28,902)	–	–	–
Written off	(3,652)	–	–	–	(3,652)
At 31 December 2024	443,763	13,058	47,415	6,216	510,452
Accumulated amortisation					
At 1 January 2024	301,895	–	–	6,130	308,025
Amortisation charge for the year (Note 36)	41,100	–	–	86	41,186
Written off	(3,630)	–	–	–	(3,630)
At 31 December 2024	339,365	–	–	6,216	345,581
Net book value					
At 31 December 2024	104,398	13,058	47,415	–	164,871
			Note(a)	Note(b)	
Cost					
At 1 January 2023	324,662	7,004	47,415	6,216	385,297
Addition from acquisition of MIDF	33,415	7,186	–	–	40,601
Additions	19,689	24,395	–	–	44,084
Reclassification	15,718	(15,718)	–	–	–
Transfer to property and equipment (Note 13)	–	(831)	–	–	(831)
At 31 December 2023	393,484	22,036	47,415	6,216	469,151
Accumulated amortisation					
At 1 January 2023	235,509	–	–	5,094	240,603
Addition from acquisition of MIDF	25,753	–	–	–	25,753
Amortisation charge for the year (Note 36)	40,633	–	–	1,036	41,669
At 31 December 2023	301,895	–	–	6,130	308,025
Net book value					
At 31 December 2023	91,589	22,036	47,415	86	161,126
			Note(a)	Note(b)	

17. INTANGIBLE ASSETS (CONTINUED)

	Work in progress	Total
Company	RM'000	RM'000
Cost		
At 31 January 2024	2	2
Additions	2	2
At 31 December 2024	4	4
Cost		
At 1 January/31 December 2023	2	2

(a) Banking license

	Group	
	2024	2023
Allocation of banking license to cash-generating units ("CGUs")		
Corporate Banking	46,846	46,846
Retail Banking	569	569
	47,415	47,415

Banking license represents an intangible asset arising from legal rights to operate MBSB Bank as a banking institution. Banking license has indefinite useful life and has been assessed for impairment. The recoverable amount is determined based on the VIU calculations derived from the same cash flow projections and assumptions that are used to determine the recoverable amount of goodwill in Note 16. As the recoverable amount was in excess of the carrying amount, no impairment was required.

(b) Core deposits

Core deposits represent the current account and saving account deposits that were acquired from the acquisition of MBSB Bank. Core deposits were fully amortised during the year.

18. NON-CURRENT ASSETS HELD FOR SALE

	Group	
	2024 RM'000	2023 RM'000
Lands and office units	–	56,846
Property and equipment	–	201
	–	57,047

The non-current assets held for sale were disposed during the financial year 2024.

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for the financial year ended 31 December 2024

19. DEPOSITS FROM CUSTOMERS

(i) By type of deposit:

	Group	
	2024 RM'000	2023 RM'000
Term Deposits	35,047,924	36,025,662
Demand deposits	4,084,414	2,021,453
Savings deposits	646,514	752,952
	39,778,852	38,800,067

(ii) Maturity of term deposits from customers:

	Group	
	2024 RM'000	2023 RM'000
Due within six months	25,202,575	27,151,261
More than six months to one year	7,454,285	6,199,332
More than one year to three years	1,368,995	482,298
More than three years	1,022,069	2,192,771
	35,047,924	36,025,662

(iii) By type of customers:

	Group	
	2024 RM'000	2023 RM'000
Government and statutory bodies	16,632,286	19,306,461
Business enterprises	14,945,998	14,186,512
Individuals	8,200,568	5,307,094
	39,778,852	38,800,067

20. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	2024 RM'000	2023 RM'000
Amortised cost		
Licensed investment banks	290,775	29,271
Licensed commercial banks	36,205	921
Licensed islamic banks	645,874	1,201,820
Other financial institutions	8,032,891	7,591,554
	9,005,745	8,823,566
At fair value through profit and loss		
Structured deposits linked to profit rate derivatives	50,565	–
Fair value changes arising from designation at fair value through profit or loss*	(19)	–
	50,546	–
	9,056,291	8,823,566

* The Group issued structured deposits which are linked to profit rate derivatives and designated them at FVTPL. This designation is permitted under MFRS 9 as it significantly reduces the accounting mismatch. These instruments are managed by the Group on the basis of fair value and includes terms that have substantive derivative characteristics.

The fair value changes of the structured deposits which are linked to profit rate derivatives that are attributable to the changes in own credit risk are not significant.

The maturity structure of deposits and placements of banks and other financial institutions is as follows:

	Group	
	2024 RM'000	2023 RM'000
Due within six months	8,918,171	7,527,190
More than six months to one year	87,513	493,665
More than one year to three years	50,607	802,711
	9,056,291	8,823,566

21. INVESTMENT ACCOUNTS OF CUSTOMERS

	Group	
	2024 RM'000	2023 RM'000
Mudharabah unrestricted investment account	560,928	–

The investment account placements were used to fund personal financing.

Notes to the Financial Statements

for the financial year ended 31 December 2024

21. INVESTMENT ACCOUNTS OF CUSTOMERS (CONTINUED)

(i) By type of customers

	Group	
	2024 RM'000	2023 RM'000
Individuals	560,928	–
	560,928	–

(ii) Movement of investment accounts of customers

	Group	
	2024 RM'000	2023 RM'000
Balance as at 1 January	–	2,080,767
New placements during the year	612,572	2,526,300
Redemption	(56,826)	(4,592,220)
Finance expense	5,384	31,473
Profit distributed	(202)	(46,320)
Balance as at 31 December	560,928	–

The unrestricted investment accounts which were fully redeemed during the year 2023 were under the Islamic concept Wakalah.

(iii) By maturity

	Group	
	2024 RM'000	2023 RM'000
Due within three months	13,740	–
More than three months to one year	540,911	–
More than one year to two years	6,277	–
	560,928	–

21. INVESTMENT ACCOUNTS OF CUSTOMERS (CONTINUED)

(iv) Rate of Return ("ROR") and Profit sharing ratio based on residual maturity

	Investment Account Holder Average ROR	Average profit sharing ratio
2024	%	%
Unrestricted investment accounts:		
Due within three months	4.59	58.88
More than three months to one year	5.48	70.29
More than one year to two years	5.51	70.69

22. OTHER PAYABLES

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Amount due to brokers and clients	(a)	33,479	20,156	–	–
Amount due to Government Scheme Funds ("GSF")		103,188	83,019	–	–
Dividend payable		226,114	–	226,114	–
Sundry creditors		297,806	267,056	2,445	5,432
Al-Mudharabah security funds		–	117,885	–	–
Expected credit losses for commitments and contingencies and financial guarantees	(b)	19,511	35,250	–	–
Employee benefits	(c)	14,204	13,970	–	–
Deferred income		17,384	5,243	–	–
Other provisions and accruals		140,598	137,965	11,662	519
		852,284	680,544	240,221	5,951

(a) Amount due to brokers and clients

	Group	
	2024 RM'000	2023 RM'000
Brokers	20,241	10,237
Clients	13,238	9,919
	33,479	20,156

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for the financial year ended 31 December 2024

22. OTHER PAYABLES (CONTINUED)

(b) Expected credit losses for commitments and contingencies and financial guarantees

Movement of expected credit losses for commitments and contingencies and financial guarantees are as follows:

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
As at 1 January	28,221	5,179	1,850	35,250
Total reversal to profit or loss (Note 34)	(12,781)	(2,579)	(372)	(15,732)
Changes in ECL due to transfer within stages:				
– Transfer to Stage 1	309	(260)	(49)	–
– Transfer to Stage 2	(1,363)	1,524	(161)	–
– Transfer to Stage 3	(1,414)	(47)	1,461	–
New financing during the year	10,604	101	–	10,705
Derecognised/converted to loans/financing during the year (other than write-offs)	(9,088)	(2,630)	(395)	(12,113)
Changes in credit risk parameters #	6,792	890	(1,228)	6,454
Changes to model assumptions and methodologies @	(18,621)	(2,157)	–	(20,778)
Write-offs	–	–	(7)	(7)
As at 31 December	15,440	2,600	1,471	19,511

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2023				
As at 1 January	15,277	32,440	5,055	52,772
Acquisition of MIDF	1,307	–	–	1,307
Total charge/(reversal) to profit or loss (Note 34)	11,709	(27,160)	(2,910)	(18,361)
Changes in ECL due to transfer within stages:				
– Transfer to Stage 1	1,948	(1,935)	(13)	–
– Transfer to Stage 2	(913)	950	(37)	–
– Transfer to Stage 3	(8)	(356)	364	–
New financing during the year	12,223	255	68	12,546
Derecognised/converted to loans/financing during the year (other than write-offs)	(3,743)	(8,937)	(3,963)	(16,643)
Changes in credit risk parameters #	2,202	(17,137)	671	(14,264)
Derecognition due to debt sale	(72)	(101)	(283)	(456)
Write-offs	–	–	(12)	(12)
As at 31 December	28,221	5,179	1,850	35,250

The changes in credit risk parameters includes the impact of forward-looking on key MEV and changes to loss rate for the ECL model.

@ The changes to model assumptions and methodologies were in relation to incorporation of MEV factors with more intuitive trends.

22. OTHER PAYABLES (CONTINUED)

(c) Employee benefits

MIDF Group operates an unfunded, defined Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Scheme is a final salary plan and the level of benefits provided depends on the employees' length of service and salary at retirement age.

Under the retirement benefit scheme, eligible employees are entitled to retirement benefits based on the length of service and last drawn salary. Retirement benefits are payable only to eligible employees who have completed at least five years of service with the Group at the time of their retirement.

The amount of employee benefits recognised in the statements of financial position is determined as follows:

	Group	
	2024 RM'000	2023 RM'000
Presented value of unfunded defined benefit obligations	14,204	13,970
Present value of net obligations	14,204	13,970
Analysed as:		
Non-current		
Later than 2 years but not later than 5 years	1,168	1,037
Later than 5 years	13,036	12,933
	14,204	13,970

Movement in the net defined benefit liability recognised in the statements of financial position are as follows:

	Group	
	2024 RM'000	2023 RM'000
As at 1 January	13,970	–
Acquisition of MIDF	–	12,971
Benefits paid	(1,295)	(394)
	12,675	12,577
Total charge to profit or loss (Note 36):		
Current cost and interest cost	1,141	365
	1,141	365

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22. OTHER PAYABLES (CONTINUED)

(c) Employee benefits (continued)

Movement in the net defined benefit liability recognised in the statements of financial position are as follows (continued):

	Group	
	2024 RM'000	2023 RM'000
Recognised in other comprehensive income:		
Remeasurement of the net defined benefit liability:		
– Actual loss arising from plan experience	271	492
– Actual gain arising from changes in financial assumptions	117	536
	388	1,028
At 31 December	14,204	13,970

Principal actuarial assumptions used are as follows:

	Group	
	2024	2023
Discount rate	4.15%	4.40%
Expected rate of salary increase	5.00%	5.00%
Mortality rate	0.01% – 0.70%	0.02% – 0.70%

A quantitative sensitivity analysis for significant assumptions above is as shown below:

Assumptions	Discount rate		Future salary increase	
	0.5% increase RM'000	0.5% decrease RM'000	0.5% increase RM'000	0.5% decrease RM'000
Sensitivity analysis				

(Decrease)/increase in the net defined benefit obligation:

Group

	(441)	463	457	(440)
2024				
2023	(1,279)	(407)	(410)	1,281

The sensitivity analysis above has been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

23. LEASE LIABILITIES

	Group	
	2024 RM'000	2023 RM'000
Non-current		
Lease liabilities	25,404	25,593
Current		
Lease liabilities	7,214	4,371
	32,618	29,964

The movement of lease liabilities during the financial year is as follows:

	Group	
	2024 RM'000	2023 RM'000
At 1 January	29,964	27,334
Addition from acquisition of MIDF	–	1,963
Additions	22,111	27,040
Modification	(919)	–
Profit/interest expense on leases	1,061	917
Lease payments	(19,599)	(27,290)
At 31 December	32,618	29,964

Amount recognised in the statement of cash flows:

	Group	
	2024 RM'000	2023 RM'000
Included in net cash from financing activities		
Profit/interest expense on lease liabilities (Note 36)	1,061	917
Payment of lease liabilities	(19,599)	(27,290)
Total cash outflow for leases	(18,538)	(26,373)

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24. RECOURSE OBLIGATION ON FINANCING SOLD

	Group	
	2024 RM'000	2023 RM'000
Repayments due within 12 months	1,663,542	1,952,477
Repayments due after 12 months	426,490	2,079,255
	2,090,032	4,031,732

These amounts relate to proceeds received from the sale of Islamic house and personal financing to Cagamas Berhad with recourse to MBSB Bank. Under the agreement, MBSB Bank undertakes to administer the financing on behalf of Cagamas Berhad and to buy back any financing which are regarded as defective based on a set of pre-determined criteria.

The recourse obligation on financing sold facilities granted by Cagamas Berhad are secured on a portfolio of property and personal islamic financing amounting to RM2,223,476,000 (2023: RM4,382,769,000) as disclosed in Note 8(i).

25. SUKUK

	Note	Group	
		2024 RM'000	2023 RM'000
Sukuk – MBSB Structured Covered (“SC”) Murabahah	(a)	375,347	599,506
Tier-2 Sukuk Wakalah	(b)	648,032	1,295,819
Sustainability Sukuk Wakalah	(c)	302,359	302,107
		1,325,738	2,197,432

(a) Sukuk – MBSB Structured Covered (“SC”) Murabahah

	Group	
	2024 RM'000	2023 RM'000
Maturity of Sukuk – MBSB SC Murabahah:		
Within one year	162,707	228,351
More than one year	212,640	371,155
	375,347	599,506

25. SUKUK (CONTINUED)

(a) Sukuk – MBSB Structured Covered (“SC”) Murabahah (continued)

On 25 October 2013, MBSB’s Sukuk – MBSB SC Murabahah programme (“the Programme”) was approved by the Securities Commission of Malaysia. The salient terms of the Programme as prescribed in its Principal Terms and Conditions are as follows:

- (i) The Programme is available for issue within a period of 5 years from the first issuance date and is issued in tranches (“Tranche”) from time to time, at the discretion of MBSB;
- (ii) Each Tranche will consist of multiple series of Sukuk with different maturities;
- (iii) Each Tranche will be backed by an identified pool of Financing Receivables (“Tranche Cover Assets”) held by the Company’s Special Purpose Vehicle (“SPV”), Jana Kapital Sdn. Bhd. (“JKSB”); JKSB who will issue an unconditional and irrecoverable Covered Sukuk Guarantee to the holders of the Sukuk – MBSB SC Murabahah;
- (iv) Tranche Cover Assets are pledged by JKSB as security for the Covered Sukuk Guarantee. These Tranche Cover Assets are assigned to the Sukuk Trustee for this purpose;
- (v) In the event of default as defined in the Principal Terms and Conditions, the Tranche Cover Assets will be liquidated by the Sukuk Trustee in favour of the holders of the Sukuk – sMBSB SC Murabahah; and
- (vi) From time to time, additional Tranche Cover Assets will be purchased by JKSB in line with additional Tranches drawdown by MBSB.

As at 31 December 2024, the carrying amount of financing receivables identified to back the outstanding Sukuk – MBSB SC Murabahah amounted to RM1,249,789,000 (2023: RM1,502,126,000) as disclosed in Note 8(i).

(b) Tier-2 Sukuk Wakalah

	Group	
	2024 RM'000	2023 RM'000
Maturity of Tier-2 Sukuk Wakalah:		
Within one year	1,122	2,201
More than one year	646,910	1,293,618
	648,032	1,295,819

MBSB Bank’s Sukuk Wakalah Programme of up to RM10 billion nominal value was approved by Bank Negara Malaysia and endorsed by the Securities Commission in November 2019. The Sukuk Wakalah Programme comprises:

- (i) Senior Sukuk Wakalah, and/or
- (ii) Tier-2 Sukuk Wakalah, and/or
- (iii) Additional Tier-1 Sukuk Wakalah

In December 2019, MBSB Bank issued Tier-2 Sukuk Wakalah in nominal value of RM1,300 million, comprising RM650 million at 5.05% p.a. and RM650 million at 5.25% p.a. The salient terms of the Tier-2 Sukuk Wakalah are as follows:

- (i) subject to call option, with minimum tenure of at least 5 years
- (ii) not pledged to any security
- (iii) non convertible

The RM650 million Tier-2 Sukuk Wakalah at 5.05% was fully redeemed on 20 December 2024.

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25. SUKUK (CONTINUED)

(c) Sustainability Sukuk Wakalah

	Group	
	2024 RM'000	2023 RM'000
Maturity of Sustainability Sukuk Wakalah:		
Within one year	2,874	2,837
More than one year	299,485	299,270
	302,359	302,107

In April 2022, the Bank issued Sustainability Sukuk Wakalah in nominal value of RM300 million, comprising a 5-year RM200 million at 4.36% p.a. and a 7-year RM100 million at 4.73% p.a. The salient terms of the Sustainability Sukuk Wakalah are as follows:

- (i) not pledged to any security
- (ii) non convertible

26. BORROWINGS AND GOVERNMENT GRANT

	Note	Group	
		2024 RM'000	2023 RM'000
Borrowings			
Loan from JBIC-FSMI	(a)	102,053	109,092
Loan from MITI	(b)	59,013	77,191
		161,066	186,283
Government grant			
Loan from MITI	(b)	13,737	17,559
Total borrowing and government grant		174,803	203,842

(a) Loan from Japan Bank of International Cooperation Fund for Small and Medium Industries ("JBIC-FSMI")

	Group	
	2024 RM'000	2023 RM'000
At 1 January	109,092	–
Addition from acquisition of MIDF	–	108,342
Interest expense (Note 33)	2,883	750
Repayment	(9,922)	–
At 31 December	102,053	109,092

26. BORROWINGS AND GOVERNMENT GRANT (CONTINUED)

- (a) Loan from Japan Bank of International Cooperation Fund for Small and Medium Industries ("JBIC-FSMI") (continued)

The details of the loan from JBIC-FSMI are as follows:

- | | |
|----------------------|---|
| (i) Repayment terms: | First instalment – RM3,492,287 on 20 March 2009
60 half yearly instalments – RM3,492,249 up to 20 March 2039 |
| (ii) Security: | Unsecured |
| (iii) Interest rate: | 2.75% per annum |

There is no foreign exchange risk as the loan is provided in Ringgit Malaysia.

- (b) Loan from Soft Loan Scheme for Services Sector ("SLSSS") provided by Ministry of International Trade and Industry ("MITI")

	Group	
	2024 RM'000	2023 RM'000
Borrowings		
At 1 January	77,191	–
Addition from acquisition of MIDF	–	97,998
Repayment	(22,000)	(22,000)
Profit expense*	3,822	1,193
At 31 December	59,013	77,191
Government grant		
At 1 January	17,559	–
Addition from acquisition of MIDF	–	18,752
Amortisation*	(3,822)	(1,193)
At 31 December	13,737	17,559
	72,750	94,750

* Grant income is deducted against the profit expense in profit or loss.

The details of the loan from MITI and repayment term has been revised during the year as follows:

- | | |
|----------------------|---|
| (i) Repayment terms: | 5 annual instalments of RM22,000,000 each and the last installments of RM50,000,000.
Repayable at the end of nineteen years (including a grace period of 10 years) from the date of first drawdown (31 December 2011). |
| (ii) Security: | Unsecured |
| (iii) Interest rate: | Nil [#] |

[#] The facility of RM200 million with MITI is based on the Shariah financing concept of Al-Qardhul Hassan.

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for the financial year ended 31 December 2024

27. ORDINARY SHARE CAPITAL

	Company			
	Number of shares		Amount	
	2024 Units '000	2023 Units '000	2024 RM'000	2023 RM'000
Ordinary shares				
Issued and fully paid:				
At 1 January	8,222,312	7,171,483	7,970,427	7,198,068
Issuance of shares for acquisition of MIDF	–	1,050,829	–	772,359
At 31 December	8,222,312	8,222,312	7,970,427	7,970,427

The holders of ordinary shares are entitled to receive dividends from time to time, as and when declared by the Company, after obtaining the regulatory approval from Bank Negara Malaysia prior to the declaration of dividends.

All ordinary shares are entitled to one vote per share at meetings of the Company.

28. REGULATORY RESERVE

Regulatory reserve of the Group is maintained by the subsidiaries, which is transferred from the retained earnings, as an additional credit risk absorbent to ensure robustness on the loans/financing impairment assessment methodology.

BNM Guidelines on Financial Reporting/Financial Reporting for Islamic Banking Institutions requires institutions to maintain in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserve of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

As at 31 December 2024, the regulatory reserve is maintained to meet the local regulatory requirement.

29. FAIR VALUE RESERVE

The fair value reserve includes the cumulative net changes in the fair value of financial investments at FVOCI and the ECL arising from financial investments at FVOCI, until the financial investments are derecognised.

30. REVENUE

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit/interest income from:				
Loans, financing and advances	2,817,313	2,225,412	–	3,473
Financial investments at FVOCI	453,318	388,537	–	–
Financial investments at amortised cost	200,796	118,997	–	–
Financial assets at FVTPL	15,469	24,775	–	–
Deposits and placements with banks and other financial institutions	87,747	56,411	2,411	4,264
Derivative instruments	3,743	–	–	–
Fee income				
Net financing processing fees	1,119	731	–	–
Facility fees	7,264	6,243	78	1,015
Management fees	7,628	–	–	–
Underwriting fees	1,279	195	–	–
Corporate advisory fees	13,088	6,006	–	–
Income from Government Scheme Funds	53,699	15,701	–	–
Brokerage fees	16,605	1,780	–	–
Other fee income	13,557	4,980	–	–
Commission				
Net commission	(7,003)	27,257	–	9
Gross dividend income				
Dividend income	941	–	458,861	440,828
Investment income				
Net (loss)/gain on realisation of:				
– financial assets at FVTPL	6,404	(9,867)	–	–
– financial investments at FVOCI	12,022	(50,111)	–	–
– financial investments at amortised cost	45	16	–	–
Net unrealised gain on revaluation of:				
– financial assets at FVTPL	1,773	4,217	–	–
	3,706,807	2,821,280	461,350	449,589

Notes to the Financial Statements

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31. INCOME DERIVED FROM INVESTMENT OF DEPOSITS AND ISLAMIC CAPITAL FUNDS

	Group	
	2024 RM'000	2023 RM'000
Financing and advances	2,721,817	2,200,915
Financial investments at FVOCI	446,856	386,355
Financial investments at amortised cost	193,977	116,870
Financial assets at FVTPL	15,469	24,775
Deposits and placements with banks and other financial institutions	78,966	54,237
Derivative instruments	179	–
	3,457,264	2,783,152

The amounts reported above include finance income and hibah calculated using the effective profit rate method that relates to the following:

	Group	
	2024 RM'000	2023 RM'000
Financial investments at amortised cost	2,994,760	2,372,022
Financial investments at FVOCI	446,856	386,355
Finance income and hibah from financial assets not measured at FVTPL	3,441,616	2,758,377

32. INTEREST INCOME

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Interest income from:				
Loans and advances	95,495	24,497	–	3,473
Deposits and placements with banks and other financial institutions	8,783	2,174	2,411	4,264
Financial investments at FVOCI	6,462	2,182	–	–
Financial investments at amortised cost	6,819	2,127	–	–
Derivative instruments	3,564	–	–	–
	121,123	30,980	2,411	7,737

33. INTEREST EXPENSE

	Group	
	2024 RM'000	2023 RM'000
Deposits from customers	60,125	15,651
Deposits and placements with banks and other financial institutions	233	69
Borrowings and government grant	2,883	750
Derivative instruments	528	–
	63,769	16,470

34. EXPECTED CREDIT LOSSES ON LOANS, FINANCING AND ADVANCES AND OTHER IMPAIRMENT

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<u>Expected credit losses on loans, financing and advances made/(written back)</u>				
Loans, financing and advances (Note 8(viii))				
– Stage 1	(211,322)	46,554	–	(149)
– Stage 2	136,263	(258,530)	–	(1,905)
– Stage 3	254,116	319,493	23,833	19,737
Credit impaired loans, financing and advances:				
– Write-off	4,266	3,956	27	249
– Recovered	(11,871)	(13,799)	(1,302)	(9,777)
Loss on sale of loans, financing and advances	–	21,322	–	21,322
	171,452	118,996	22,558	29,477
<u>Expected credit losses on financial investments made/(written back):</u>				
Financial investments at FVOCI (Note 5)	(161)	209	–	–
Financial investments at amortised cost (Note 6)	(650)	(266)	–	–
	(811)	(57)	–	–
<u>Other expected credit losses and impairment allowances made/(written back):</u>				
Other receivables	3,880	19,305	–	–
Foreclosed properties	–	202	–	109
Amount due from subsidiaries (Note 9)	–	–	–	1,654
Financing commitments and financial guarantees (Note 22)	(15,732)	(18,361)	–	34
	(11,852)	1,146	–	1,797
	158,789	120,085	22,558	31,274

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for the financial year ended 31 December 2024

35. NET OTHER INCOME

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Gain on acquisition				
Acquisition of MIDF	3,187	354,383	–	–
	3,187	354,383	–	–
Rental				
Rental income	491	174	3,812	3,817
	491	174	3,812	3,817
Fee income				
Net financing processing fees	1,119	731	–	–
Facility fees	7,264	6,243	78	1,015
Management fees	7,628	–	–	–
Underwriting fees	1,279	195	–	–
Corporate advisory fees	13,088	6,006	–	–
Income from Government Scheme Funds	53,699	15,701	–	–
Brokerage fees	16,605	1,780	–	–
Other fee income	17,652	6,431	–	–
	118,334	37,087	78	1,015
Net commission				
Commission income	27,356	27,257	–	9
Commission expense	(34,359)	–	–	–
	(7,003)	27,257	–	9
Investment income				
Net gain/(loss) on realisation of:				
– financial assets at FVTPL	6,404	(9,867)	–	–
– financial investments at FVOCI	12,022	(50,111)	–	–
– financial investments at amortised cost	45	16	–	–
Net unrealised gain/(loss) on revaluation of:				
– financial assets at FVTPL	1,773	4,217	–	–
– derivatives instruments	(3,575)	(980)	–	–
Net gain/(loss) on foreign exchange transactions	32	(13,276)	–	–
	16,701	(70,001)	–	–
Gross dividend income				
Dividend income	941	–	458,861	440,828
	941	–	458,861	440,828

35. NET OTHER INCOME (CONTINUED)

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Other income				
Ta'widh/penalty	12,398	20,941	–	10,783
Management fees	–	–	18,555	–
Sundry income	11,653	18,442	839	9,589
Gain/(loss) from disposal of:				
Property and equipment	1,887	(163)	–	–
Non-current assets held for sale	493	1,331	–	–
Foreclosed properties	–	3,980	–	3,980
	26,431	44,531	19,394	24,352
	159,082	393,431	482,145	470,021

36. OPERATING EXPENSES

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Personnel expenses (a)	544,764	395,723	32,853	4,294
Establishment related expenses	220,072	188,971	1,712	1,101
Promotion and marketing related expenses	13,491	14,631	35	–
General administrative expenses	129,000	112,370	13,949	16,873
	907,327	711,695	48,549	22,268

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
(a) Personnel expenses				
Wages and salaries	410,884	286,644	27,091	1,908
Contributions to Employees				
Provident Fund and				
Social security costs	59,120	46,360	2,569	234
Directors fees (Note 37)	5,270	4,006	1,619	1,716
Employees' benefits (Note 22)	1,141	365	–	–
Shariah Committee remuneration	643	646	–	–
Staff medical	28,480	24,280	15	30
Training courses	14,091	10,406	930	57
Other staff related expenses	25,135	23,016	629	349
	544,764	395,723	32,853	4,294

Notes to the Financial Statements

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36. OPERATING EXPENSES (CONTINUED)

Included in operating expenses are the following:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Auditors' remuneration:				
– Statutory audit	3,469	1,964	726	483
– Regulatory related services	309	486	67	56
– Non-audit fees	864	471	152	163
Other auditors' remuneration:				
– Statutory audit	–	986	–	–
– Regulatory related services	–	22	–	–
Professional fees	23,459	28,070	–	–
Depreciation:				
– property and equipment (Note 13)	38,623	39,731	466	465
– right-of-use asset (Note 14)	18,924	26,124	–	–
– investment properties (Note 15)	250	22	–	–
Lease profit expenses (Note 23)	1,061	917	–	–
Amortisation of intangible assets (Note 17)	41,186	41,669	–	–
Directors' remuneration (Note 37)	5,270	4,006	1,619	1,716

37. DIRECTORS' REMUNERATION

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Directors of the Group and Company				
Non-Executive:				
Fees	3,254	2,247	1,036	939
Other emoluments	2,016	1,759	583	777
	5,270	4,006	1,619	1,716

37. DIRECTORS' REMUNERATION (CONTINUED)

Details of the Directors' remuneration of each director during the financial year ended 31 December 2024 are as follows:

Group

31 December 2024

	Director fees	Allowance	Benefits in kind	Total
Directors	RM'000	RM'000	RM'000	RM'000
Dato' Wan Kamaruzaman bin Wan Ahmad	310	105	31	446
Puan Lynette Yeow Su-Yin	161	116	–	277
Encik Mohamad Abdul Halim bin Ahmad	177	128	–	305
Dr. Loh Leong Hua	228	124	–	352
Datuk (Dr.) Yasmin binti Mahmood	258	129	–	387
Encik Sazaliza bin Zainuddin	104*	53	–	157
Encik Ho Kwong Hoong	207	167	–	374
Tan Sri Abdul Rahman bin Mamat	265	118	–	383
Ir. Moslim bin Othman	27	7	–	34
Datin Hoi Lai Ping	13	2	–	15
	1,750	949	31	2,730
Directors of subsidiaries	1,504	1,031	5	2,540
Total directors remuneration	3,254	1,980	36	5,270

Company

31 December 2024

	Director fees	Allowance	Total
Directors	RM'000	RM'000	RM'000
Dato' Wan Kamaruzaman bin Wan Ahmad	155	42	197
Puan Lynette Yeow Su-Yin	161	116	277
Encik Mohamad Abdul Halim bin Ahmad	177	128	305
Dr. Loh Leong Hua	165	102	267
Datuk (Dr.) Yasmin binti Mahmood	135	72	207
Encik Sazaliza bin Zainuddin	48*	18	66
Encik Ho Kwong Hoong	25	14	39
Tan Sri Abdul Rahman bin Mamat	130	82	212
Ir. Moslim bin Othman	27	7	34
Datin Hoi Lai Ping	13	2	15
	1,036	583	1,619

* 50% of the Directors' fees are paid to the organisation to whom the director represents.

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37. DIRECTORS' REMUNERATION (CONTINUED)

Details of the Directors' remuneration of each director during the financial year ended 31 December 2023 are as follows:

Group

31 December 2023

	Director fees	Allowance	Benefits in kind	Total
Directors	RM'000	RM'000	RM'000	RM'000
Tan Sri Azlan bin Mohd Zainol	24	–	3	27
Encik Mohamad Abdul Halim bin Ahmad	172	155	–	327
Ir. Moslim bin Othman	152	126	–	278
Puan Lynette Yeow Su-Yin	151	152	–	303
Encik Sazaliza bin Zainuddin	251*	186	–	437
Dr. Loh Leong Hua	179	132	–	311
Datin Hoi Lai Ping	147	119	–	266
Tan Sri Abdul Rahman bin Mamat	47	15	8	70
Datuk (Dr.) Yasmin binti Mahmood	43	15	–	58
	1,166	900	11	2,077
Directors of subsidiaries	1,081	834	14	1,929
Total directors remuneration	2,247	1,734	25	4,006

Company

31 December 2023

	Director fees	Allowance	Total
Directors	RM'000	RM'000	RM'000
Tan Sri Azlan bin Mohd Zainol	12	–	12
Encik Mohamad Abdul Halim bin Ahmad	172	155	327
Ir. Moslim bin Othman	152	126	278
Puan Lynette Yeow Su-Yin	151	152	303
Encik Sazaliza bin Zainuddin	123*	81	204
Dr. Loh Leong Hua	162	132	294
Datin Hoi Lai Ping	147	119	266
Tan Sri Abdul Rahman bin Mamat	10	6	16
Datuk Yasmin binti Mahmood	10	6	16
	939	777	1,716

* 50% of the Directors' fees are paid to the organisation to whom the director represents.

38. TAXATION

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Malaysian income tax:				
Current income tax	180,025	54,929	–	–
Under/(over) provision in prior year	14,910	51,488	–	(1,588)
	194,935	106,417	–	(1,588)
Deferred tax (Note 10)				
Current deferred tax	(22,466)	(46,895)	(3,570)	(1,786)
	(22,466)	(46,895)	(3,570)	(1,786)
Total income tax expense for the year	172,469	59,522	(3,570)	(3,374)
Tax recognised directly in equity:				
Fair value reserve (Note 10)	(15,480)	(71,297)	–	–

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit before taxation and zakat	586,349	559,723	413,449	424,216
Taxation at Malaysian statutory tax rate of 24% (2023: 24%)	140,724	134,334	99,228	101,812
Effect of income not subject to tax	(16,918)	(101,386)	(110,127)	(105,799)
Effect of expenses not deductible for tax purposes	35,804	26,556	10,899	3,863
Deferred tax assets recognised	(2,208)	–	(3,570)	–
Reversal of deferred tax assets not previously recognised	(623)	–	–	–
Temporary differences not recognised	780	(51,470)	–	(1,662)
Under/(over) provision of income tax in prior years	14,910	51,488	–	(1,588)
Tax expense for the year	172,469	59,522	(3,570)	(3,374)

Notes to the Financial Statements

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39. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	2024	2023
Net profit for the year (RM'000)	406,776	491,809
Weighted average number of ordinary shares in issue ('000)	8,222,312	7,433,471
Basic earnings per share (sen)	4.95	6.62

The Group has no dilution in their earnings per ordinary share in the current and previous financial years as there are no dilutive ordinary shares.

40. DIVIDENDS

Dividend paid by the Group and the Company:

	2024		2023	
	Gross dividend per share sen	Amount of dividends net of tax RM'000	Gross dividend per share sen	Amount of dividends net of tax RM'000
Interim dividend paid				
– for financial year ended 2024	2.75	226,114	–	–
– for financial year ended 2022	–	–	8.50	609,576
Final dividend paid				
– for financial year ended 2023	3.50	287,781	–	–

On 3 March 2025, the Company announced a single-tier interim dividend of 1.80 sen per ordinary share in respect of the financial year ended 31 December 2024. Based on the number of shares in issue of 8,222,312,432 ordinary shares as at 31 December 2024, the dividend payable would be RM148,001,624.

The financial statements for the current financial year do not reflect the interim dividend. The dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2025.

41. CAPITAL ADEQUACY

The Group has complied and computed the capital adequacy ratios in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components) and Capital Adequacy Framework for Islamic Banks (Capital Components).

The total risk-weighted assets are computed based on the following approaches in determining the capital requirements in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Basel II – Risk Weighted Assets) and Capital Adequacy Framework for Islamic Banks (Basel II – Risk Weighted Assets):

- Credit Risk – Standardised Approach
- Market Risk – Standardised Approach
- Operational Risk – Basic Indicator Approach

	Group	
	2024 RM'000	2023 RM'000
<u>Common Equity Tier 1 ("CET1") Capital</u>		
Ordinary share capital	7,970,427	7,970,427
Retained earnings exclude merger reserve	1,618,800	1,876,865
Other reserves	188,615	(9,264)
	9,777,842	9,838,028
Less: Regulatory adjustments		
Goodwill	(148,031)	(148,031)
Deferred tax assets	(101,745)	(95,220)
Cumulative gains of financial investments at FVOCI	(21,079)	(22,274)
Intangible assets	(164,871)	(161,126)
Regulatory reserve attributable to financing	(258,081)	(106,644)
Total CET1 Capital	9,084,035	9,304,733
<u>Tier 1 Capital</u>		
Additional Tier 1 capital instruments	–	–
Less: Tier 1 regulatory adjustments	–	–
Total Tier 1 capital	9,084,035	9,304,733
<u>Tier 2 Capital</u>		
Stage 1 and Stage 2 ECL allowances	550,965	545,294
Tier 2 capital instruments	650,000	1,300,000
Total Tier 2 capital	1,200,965	1,845,294
Total capital base	10,285,000	11,150,027

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41. CAPITAL ADEQUACY (CONTINUED)

Breakdown of risk weighted assets in various categories of risk weights are as follows:

	Group	
	2024 RM'000	2023 RM'000
Total risk weighted assets ("RWA")		
– Credit risk	44,077,190	43,623,502
– Market risk	450,536	323,809
– Operational risk	2,892,732	2,795,170
Total RWA	47,420,458	46,742,481
Capital adequacy ratios		
CET1 capital ratio	19.156%	19.906%
Tier 1 capital ratio	19.156%	19.906%
Total capital ratio	21.689%	23.854%

The capital ratios after the proposed single-tier interim dividend of 1.80 sen per ordinary share in respect of financial year ended 31 December 2024 amounting to RM148,001,624 (31 December 2023: single-tier final dividend of 3.5 sen per ordinary share amounting to RM287,780,900) are as follows:

	Group	
	2024 RM'000	2023 RM'000
Capital ratios (after proposed dividend)		
CET 1 capital ratio	18.844%	19.291%
Tier 1 capital ratio	18.844%	19.291%
Total capital ratio	21.377%	23.238%

In accordance with BNM's Guidelines on Investment Account paragraph 31.1, the credit and market risk weighted assets funded by Unrestricted Investment Accounts ("URIA") shall be recognised as risk absorbent and excluded from the calculation of capital adequacy ratio. As at 31 December 2024, URIA risk weighted assets excluded from the Total Capital Ratio calculation amounted to RM548.6 million (31 December 2023: nil).

42. SIGNIFICANT RELATED PARTY TRANSACTIONS/BALANCES

For the purpose of disclosures in the financial statements, parties (both companies and key management personnel) are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence.

(a) The related parties of, and their relationship with the Company, are as follows:

Related parties	Relationship
Employees Provident Fund ("EPF")	Ultimate holding body
Other companies	Other companies consist of: <ul style="list-style-type: none"> – Subsidiaries of EPF – Associate companies of EPF – Joint venture companies with EPF – Companies in which directors of the Company and subsidiaries of the Company hold directorship.
Key management personnel	Those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel of the Group and the Company include Directors of the Company, Directors of subsidiaries of the Company and employees of the Group who make certain critical decisions in relation to the strategic direction of the Group.
Subsidiaries	Subsidiaries of the Company

Notes to the Financial Statements

for the financial year ended 31 December 2024

42. SIGNIFICANT RELATED PARTY TRANSACTIONS/BALANCES (CONTINUED)

(b) Related party transactions

In addition to the related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related parties transactions.

Related party transactions	EPF		Other companies		Subsidiaries		Key management personnel	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Group								
Income earned								
Profit/interest on deposits and placements with banks and other financial institutions	-	-	1	1	-	-	-	-
Profit/interest on financial investment at:								
– FVOCI	-	-	3,313	3,615	-	-	-	-
– Amortised cost	-	-	1,259	1,008	-	-	-	-
Profit/interest on loans, financing and advances	-	-	-	197	-	-	23	28
Brokerage fee	6,144	492	444	219	-	-	-	-
Expenditure incurred								
Profit on deposits from customers	88,587	52,808	28,158	17,771	-	-	75	62
Profit on sukuk	32,590	39,521	-	-	-	-	-	-
Rental expenses	-	22	-	-	-	-	-	-
Other expenses [^]	-	-	9,891	3,235	-	-	-	-
Company								
Income earned								
Interest on deposits and placements	-	-	-	-	2,411	4,264	-	-
Interest on loans and advances	-	-	-	-	-	1,782	-	-
Rental income	-	-	-	-	3,796	3,796	-	-
Management services	-	-	-	-	18,555	-	-	-
Expenditure incurred								
Management services	-	-	-	-	5,908	3,930	-	-
Agency fees expenses	-	-	-	-	880	-	-	-
Corporate advisory fee expenses	-	-	-	-	100	-	-	-
Other expenses [^]	-	-	571	-	-	-	-	-

[^] Other expenses include transactions for services provided by related entities such as takaful expenses.

42. SIGNIFICANT RELATED PARTY TRANSACTIONS/BALANCES (CONTINUED)

(c) Related party balances

	EPF		Other companies		Subsidiaries		Key management personnel	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Related party balances								
Group								
Amount due from								
Cash and short-term funds	-	-	25,784	24,477	-	-	-	-
Deposits and placements with banks and other financial institutions	-	-	32	32	-	-	-	-
Financial investments at:								
– FVOCI	-	-	98,830	103,494	-	-	-	-
– Amortised cost	-	-	30,814	30,912	-	-	-	-
Loans, financing and advances	-	-	-	7,449	-	-	724	885
Amount due to								
Deposits from customers	2,452,459	2,370,709	670,612	400,967	-	-	6,528	4,470
Deposits and placements of banks and other financial institutions	-	-	91,167	801,352	-	-	-	-
Other payables	-	-	42	-	-	-	-	-
Sukuk	510,106	665,063	-	-	-	-	-	-
Company								
Amount due from								
Cash and short-term funds	-	-	-	-	317,717	5,809	-	-
Deposits and placements with banks and other financial institutions	-	-	-	-	-	65,077	-	-
Amount due from subsidiaries	-	-	-	-	3,069	35,619	-	-

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for the financial year ended 31 December 2024

42. SIGNIFICANT RELATED PARTY TRANSACTIONS/BALANCES (CONTINUED)

(d) Key management personnel compensation

The remuneration of Directors and other members of key management during the year is as follows:

	Group	
	2024 RM'000	2023 RM'000
Short-term employee benefits	48,285	42,928
Pension costs	5,662	4,896
	53,947	47,824

Included in the total key management personnel are:

	Group	
	2024 RM'000	2023 RM'000
Remuneration comprising salary, bonus, allowances and other emoluments of:		
Group Chief Executive Officer	5,313	2,657
Former Group Chief Executive Officer	–	708
	5,313	3,365

43. CREDIT EXPOSURES ARISING FROM TRANSACTIONS WITH CONNECTED PARTIES

	Group	
	2024 RM'000	2023 RM'000 (Restated)*
Outstanding credit exposures with connected parties	2,016,325	1,409,690
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	2.961%	2.116%
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	0.003%	0.083%

The credit exposures above are derived based on BNM's revised Guidelines on Credit Transactions and Exposures with Connected Parties.

* Credit exposures as at 31 December 2023 were restated to include additional connected parties identified by the Group.

44. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

	Group		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
2024			
Direct credit substitutes	112,516	112,516	113,016
Trade-related contingencies	137,735	68,868	67,106
Short term self liquidating trade related contingencies	94,406	18,881	18,881
Irrevocable commitments to extend credit:			
– one year or less	2,525,296	505,059	463,416
– over one year to five years	2,243,115	1,121,558	1,091,219
– over five years	792,497	394,776	331,936
Foreign exchange related contracts [#]			
– one year or less	1,665,015	26,669	13,490
Profit/interest rate related contracts			
– over one year to five years	50,000	1,000	200
	7,620,580	2,249,327	2,099,264

	Group		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
2023			
Direct credit substitutes	80,589	80,589	80,589
Trade-related contingencies	69,139	34,569	34,569
Short term self liquidating trade related contingencies	56,657	11,331	11,331
Irrevocable commitments to extend credit:			
– one year or less	1,789,696	357,929	357,929
– over one year to five years	1,839,478	917,899	826,677
– over five years	361,078	180,539	180,539
Foreign exchange related contracts [#]			
– one year or less	2,820,048	75,103	20,251
Profit/interest rate related contracts			
– over one year to five years	300,000	10,275	2,055
	7,316,685	1,668,234	1,513,940

[#] Foreign related contracts represents the notional amount of the derivative financial instruments recognised as derivative assets/liabilities.

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45. CAPITAL COMMITMENTS

	Group	
	2024 RM'000	2023 RM'000
Property and equipment/intangible assets: Contracted but not provided for	42,949	58,673

46. CONTINGENT LIABILITIES

Megah Berkat Sdn Bhd & 2 Ors ("Plaintiffs") vs MBSB Bank Berhad

The Plaintiffs commenced an action against MBSB Bank for alleged breach of contract and fiduciary duty and negligence for failure to issue the Performance Guarantee as per their request. The Plaintiffs' claim, amongst others, is for a return of all money received from the 1st Plaintiff, special damages and other claims amounting to a total amount of approximately RM40.35 million.

MBSB Bank filed an application to strike out the Plaintiffs' Writ and Statement of Claim on 2 December 2021. The striking out application was allowed by the KL High Court on 13 June 2022.

The Plaintiffs filed an appeal against the Court's decision on 7 July 2022. On 5 May 2023, the Court of Appeal allowed the appeal. Accordingly, the matter was returned to the Court for full trial and the Court fixed the matter for full trial on 6 May 2024 to 10 May 2024.

The following trial ended on 14 January 2025 and during case management on 18 February 2025, the court fixed oral submissions to be made by parties on 16 May 2025.

The solicitor is of the view that MBSB Bank has a good chance of success in its defence of the action.

47. FINANCIAL RISK MANAGEMENT

The Group and the Company have exposure to one or more of the following risks:

(i) Credit risk

Arising from the possibility of losses due to an obligor, market counterparty or issuer of securities or other instruments held, having failed to perform its contractual obligations to the Group;

(ii) Market risk

Arising from the potential for loss or adverse impact on earnings or capital due to movements in market rates or prices, including profit/interest rates, foreign exchange rates, commodity prices, and equity prices.

(iii) Liquidity risk

Arising from the risk that the Group will not have sufficient financial resources available to fulfil its obligations and commitments or will only be able to access these financial resources at an unreasonable cost. Liquidity risk can adversely impact the Group's financial condition or overall stability of the Group due to the inability or perceived inability, to meet its obligations or commitments as they become due.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group and the Company have exposure to one or more of the following risks (continued):

(iv) Operational risk

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

(v) Capital risk

Arising from failure to meet the minimum regulatory and internal requirements; and

(vi) Shariah Non Compliance risk

Arising from possible failure to comply with the Shariah requirements as determined by SAC of BNM and Securities Commission ("SC"), SAC within the Group and other Shariah regulatory authorities.

(a) Financial risk management objectives and policies

Risk management forms an integral part of the Group and the Company's activities and remains an important feature in all their business, operations, delivery channels and decision-making processes. The extent to which the Group and the Company are able to identify, assess, monitor, manage and report each of the various types of risk is critical to its strength, soundness and profitability. The Group's and the Company's risk management function is independent of their operating units. All new businesses, introduction of new products, engagement in new activities or entrance into new strategic alliances are subject to endorsement by the Group Risk Management Division ("GRMD") and submitted to the Group Management Risk and Compliance Committee ("GMRCC"), Group Board Risk and Compliance Committee ("GBRCC") and/or the Board for approval.

In essence, the objectives of the Group and the Company's risk management activities are to:

- (i) Identify and monitor the various risk exposures and risk requirements;
- (ii) Ensure risk-taking activities are consistent with the approved policies and the aggregated risk positions are within the risk appetite as approved by the Board; and
- (iii) Help create shareholder value through proper allocation of risk and the facilitation of independent risk assessments of new business and products.

(b) Risk management framework

The Group and the Company employ an Enterprise-wide Risk Management Framework to manage its risks effectively. The framework involves an on-going process of identifying, evaluating, monitoring, managing and reporting significant risks affecting the Group and the Company which is implemented through a number of committees established by the Board. This framework provides the Board and the management with a tool to anticipate and manage both existing and potential risks, taking into consideration dynamic risk profiles as dictated by changes in business strategies, regulatory environment and functional activities throughout the year.

Notes to the Financial Statements

for the financial year ended 31 December 2024

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Risk management framework (continued)

Key features of the Risk Management Framework include:

(i) Governance and Organisation

The risk governance framework of the Group is established to promote active involvement from the Board, GBRCC, and relevant Management Committees in the risk management process to ensure effective management of risk within the Group. A similar risk governance framework is also established at the relevant operating entities within the Group.

The risk governance framework includes delegation of authority from the Board to Management Committees as well as risk controls established for material activities to Group operates within the risk appetite. To support the Board, GBRCC, and the relevant Management Committees in discharging their oversight over risk, the responsibility within the Group in addressing and managing the risk is clearly assigned through the "Three Lines of Defence" model.

The Group's risk governance model establishes a structured, transparent and effective framework, promoting active participation from both the Board and Senior Management in the risk management process. This ensures a cohesive perspective on risks within the Group, fostering a unified and comprehensive understanding across every facet of the Group.

(ii) Internal Capital Adequacy Assessment Process ("ICAAP")

The Group's and the Company's ICAAP framework ensures that all material risks are identified, measured and reported, and that adequate capital levels consistent with the risk profiles, including capital buffers, are maintained to support the current and projected demand for capital, under existing and stressed conditions. For non-measurable risks, a qualitative approach is used and normally, this type of risk is labelled as potentially material where the Management's experience and judgement is being relied upon in assessing if such risk could threaten the Group and its relevant operating entities.

(iii) Risk Appetite

It is defined as the amount and types of risk that the Group and the Company is able and willing to accept in pursuit of its strategic and business objectives. The development of the risk appetite is integrated into the annual strategic planning process and is adaptable to changing business and market conditions. As the risk appetite is dynamic, it is set based on the business and financial targets, while incorporating macroeconomic and global outlook. The Board also considers the actual and targeted risk profile of the Group and the Company proposed by senior management and business units when setting the risk appetite. The risk appetite is reviewed annually or as and when its required.

(iv) Risk Management Process

- **Risk Identification:** Risks are systematically identified through the robust application of the Group's and the Company's Risk Management Framework, policies and procedures. Proper risk identification focuses on recognising and understanding all key risks inherent in the business activities and risks that may arise from business initiative or external factors. Risk identification is an ongoing process occurring at both the individual transaction and portfolio level to ensure risks are managed and controlled within the risk appetite of the Group.
- **Risk Measurement:** Risk is measured (qualitative and/or quantitative) at various levels including, but not limited to risk type, front line unit and on an aggregate basis. These metrics are used to assess the Group's risk profile and adherence to the Group's risk appetite.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Risk management framework (continued)

(iv) Risk Management Process (continued)

- **Risk Control:** Risk controls are established and communicated through policies, standards, procedures and processes that define responsibility and authority for risk-taking. The risk controls can be adjusted by the Board when conditions or risk tolerances warrant. The lines of business are held accountable to perform within the established risk controls which are established to manage risk exposures within the Group's risk appetite.
- **Risk Monitor:** Through monitoring, the level of risk can be assessed relative to limits and appropriate action can be taken in a timely manner. Any exceptions will be identified, and processes are in place to appropriately report and escalate such exceptions. This includes immediate requests for approval from the relevant approving authority and alerts to the Senior Management, Management Committees, or the Board (directly or through an appropriate committee).

(v) Risk Management Infrastructure

- **Risk Policies, Procedures and Methodologies:** Well-defined risk policies by risk type provide the principles by which the Group and the Company manages its risks. Procedures provide guidance for day-to-day risk-taking activities. Methodologies provide specific requirements, rules or criteria that must be met to comply with the policy.
- **People:** Attracting the right talent and skills are the key to ensuring a well-functioning risk management framework. The organisation continuously evolves and proactively responds to the increasing complexity of the Group and the Company as well as the economic and regulatory environment.
- **Technology and Data:** Appropriate technology and sound data management are enablers to support risk management activities.

(vi) Risk Culture

A strong risk culture fosters the mindset and behaviour needed for effective risk management and prudent risk-taking within the Group's defined risk appetite. The Group continuously enhances the risk culture through ongoing training, awareness programme, and communications, fostering risk awareness and building skills across the Group.

In addition, the Group and the Company have implemented the Business Risk and Compliance Specialist ("BRiCS") and Designated Compliance and Risk Officers ("DCOROs") to cultivate proactive risk and compliance management and to establish a robust risk culture.

BRiCS operate as full-time first-line-of-defense personnel within their respective regions and selected business and support units (BSU) across MBSB Bank. They are tasked with overseeing risk and compliance functions, representing an enhanced role compared to the current DCOROs.

The DCOROs are appointed at the respective branches, business and functional units across the Group and the Company to provide real time advisory on risk and compliance matters.

Notes to the Financial Statements

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Risk organisation

At the apex of the Group and the Company's risk management structure is the Board, which comprises Non-Executive Directors. In line with best practices, the Board determines the risk policy objectives for the Group and the Company, and assumes responsibility for the supervision of risk management.

The day-to-day responsibility for risk management and control is delegated to the GBRCC which undertakes the oversight function for overall risk limits of the Group and the Company to ensure that they are within risk appetites established by the Board. Other than the GBRCC, the Board is also supported by specialised and supervisory committees, the details of which are as follows:

- (i) Group Asset Liability Committee ("GALCO"): The GALCO provides strategic direction in managing the Group's capital, assets and liabilities to optimise financial performance. GALCO oversees market, liquidity and capital risks while ensuring effective balance sheet and capital management. GALCO reviews asset-liability strategies, recovery planning and stress test results ensuring compliance with prudential ratios and regulatory requirements to maintain financial stability.
- (ii) Group Management Investment and Credit Committee ("GMICC"): The GMICC oversees and approves significant investments, financing, and credit exposures to ensure alignment with the Group's strategy and risk appetite. GMICC plays a key role in managing risk by adhering to regulatory requirements and internal policies while optimising capital allocation for growth.
- (iii) Group Management Risk and Compliance Committee ("GMRCC"): The GMRCC oversees risk management and compliance activities, including the development and monitoring of policy frameworks risk appetite and regulatory compliance. GMRCC actively manages enterprise risks across credit, market, liquidity, operational, shariah, technology, ESG and other domains, ensuring robust controls and risk culture throughout the organisation. The committee also monitors adherence to laws and regulations and plays a pivotal role in supporting the Group's recovery planning and sustainability initiatives.

The Group's and the Company's risk management approach is based on the 'Three Lines of Defence' model.

First Line of Defence: Responsible for owning and managing day-to-day risks inherent in business and/or activities, including risk-taking and ensures the business operates within established risk strategies, tolerance, appetite, frameworks, policies, and procedures.

Second Line of Defence: Tasks include establishing frameworks, policies, and procedures, providing overall risk governance and independent risk oversight, ensuring compliance with applicable laws, regulations, and established policies and procedures.

Third Line of Defence: The third line of defence provides assurance through independent assessment, review, and validation. This involves examining the risk management framework, policies, and tools to ensure their robustness and alignment with both internal and external standards. Additionally, the third line assesses the adequacy of controls designed to mitigate risks.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.1 Credit risk

Credit risk is the risk of loss to the Group and the Company due to the deterioration in credit worthiness of its customers and, consequently, their ability to discharge their contractual obligations to the Group and the Company. Credit risk remains the most significant risk to which the Group and the Company are exposed. The purpose of credit risk management is to maintain credit risk exposure at an acceptable level in line with the Group and the Company's risk appetite and to ensure that returns are commensurate with the risk underwritten.

The primary objective of the Group and the Company's credit platform is to enhance the efficiency and effectiveness of the credit oversight and credit approval processes for all retail and corporate financing. Credit proposals are submitted to Credit Management Division for independent assessment, and are subsequently submitted to the relevant credit committees for approval or concurrence. Credit exposures are evaluated by the GRMD and are monitored against approved limits on a periodic basis on a portfolio basis.

(i) Credit risk reporting and monitoring

The Group's credit portfolios are monitored through early alert reporting to ensure credit deterioration is promptly detected and mitigated through the implementation of risk remediation strategies. All business units undertake regular and comprehensive analyses of their credit portfolios and report to the relevant committees and are overseen by the GRMD. The GRMD provides independent review and recommendation to the business units and the Board to ensure independence in relation to the prompt identification and communication of emerging credit issues of the Group to the Board.

(ii) Credit risk mitigation

All credit facilities are granted based on the credit standing of the customer, source of repayment, debt servicing ability and the collateral provided. The valuation of the collateral is conducted periodically. The main types of collateral taken by the Group and the Company are marketable securities, real estate, inventory and receivables. Personal guarantees are also taken as a part of the collateral to support moral commitment from the principal shareholders and directors. Corporate guarantees are often obtained when the customer's credit worthiness is insufficient to justify the granting of credit facilities.

(iii) Maximum exposure to credit risk

The maximum exposure to credit risk at the statements of financial position are the amounts on the statements of financial position as well as off-balance sheet financial instruments, without taking into account any collateral held or other credit enhancements. For financial assets reflected in the statement of financial position, the exposure to credit risk equals their carrying amount. For financial guarantees and similar contracts granted, it is the maximum amount that the Group and the Company would have to pay if the guarantees were called upon. For credit related commitments and contingencies that are irrevocable over the life of the respective facilities, it is generally the full amount of the committed facilities. All financial assets of the Group and the Company are subject to credit risk except for cash in hand, foreclosed properties, prepayments, deferred expenses, statutory deposits with Bank Negara Malaysia, equity instruments as well as non-financial assets.

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.1 Credit risk (continued)

(iii) Maximum exposure to credit risk (continued)

The table below shows the maximum exposure to credit risk for the Group and the Company.

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Credit risk exposure relating to on-balance sheet assets				
Cash and short-term funds*	1,240,679	4,997,499	318,778	5,809
Deposits and placements with banks and other financial institutions	770,343	749,812	–	65,078
Financial assets at FVTPL@	863,515	283,054	–	–
Financial investments at FVOCI	12,758,557	12,637,634	–	–
Financial investments at amortised cost	4,152,486	4,608,470	–	–
Derivative financial assets	5,627	40,080	–	–
Loans, financing and advances	42,136,099	40,491,527	248,620	272,225
Other financial assets ^	389,997	222,657	4,300	1,266
	62,317,303	64,030,733	571,698	344,378
Credit risk exposure relating to off-balance sheet assets				
Direct credit substitutes	112,516	80,589	–	–
Trade-related contingencies	137,735	69,139	–	–
Short term self-liquidating trade-related contingencies	94,406	56,657	–	–
Irrevocable commitments	5,560,908	3,990,252	–	–
Profit/interest rate related contracts	–	300,000	–	–
	5,905,565	4,496,637	–	–
Total maximum exposure to credit risk	68,222,868	68,527,370	571,698	344,378

* Cash and short-term funds exclude cash in hand

@ Financial assets at FVTPL excludes shares

^ Other financial assets exclude foreclosed properties, prepayments and deferred expenses.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.1 Credit risk (continued)

(iv) Credit quality

The credit mapping table below provides information to users of financial statements in understanding the Group and the Company's risk management practices and evaluating the nature of risks arising from financial instruments. The Group and the Company's internal rating scale and mapping of external ratings are set out below:

Credit rating mapping table for loans, financing and advances, financing commitments and financial guarantees

Risk Level	Description
Strong	Strong capability for payment of financial commitments.
Good	Good capacity to meet financial obligations and are resilient against adverse changes in circumstances, economic conditions and/or operating environments.
Average	Moderate capacity to meet financial obligations and is more likely to be weakened by adverse changes in circumstances, economic conditions and/or operating environments than those in higher-rated categories.
Below Average	Weak capacity to meet financial obligations and is highly vulnerable to adverse changes in circumstances, economic conditions and/or operating environments.
Poor	High likelihood of defaulting on its financial obligations and highly dependent on favourable changes in circumstances, economic conditions and/or operating environments, the lack of which would likely result in defaulting on its financial obligations.
Unrated	Refers to financial asset which are currently not assigned with ratings due to unavailability of rating models.
Impaired	Refers to financial assets in respect of loans, financing and advances for which exposures are assessed individually and considered impaired based on the Group and the Company's policies.

Credit rating mapping table for other financial assets

Rating for disclosures in the financial statements	RAM Ratings	MARC	Moody's/ Fitch/S&P
AAA	AAA	AAA	Aaa
AA and below	BBB3 to AA1	BBB- to AA+	Baa3 to Aa1

Notes to the Financial Statements

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.1 Credit risk (continued)

(iv) Credit quality (continued)

(a) Loans, financing and advances

The credit quality of the Group and the Company's loans, financing and advances are summarised as follows:

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
Strong	444,267	23,889	–	468,156
Good	2,649,003	128,444	–	2,777,447
Average	7,393,110	319,929	–	7,713,039
Below Average	596,020	121,979	–	717,999
Poor	22,365	35,633	–	57,998
Unrated	26,996,603	1,960,718	–	28,957,321
Impaired	–	–	2,290,658	2,290,658
Gross loans, financing and advances (Note 8(vii))	38,101,368	2,590,592	2,290,658	42,982,618
Less: ECL (Note 8 (viii))	(133,573)	(215,709)	(497,237)	(846,519)
Net loans, financing and advances	37,967,795	2,374,883	1,793,421	42,136,099

	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
Impaired	–	–	272,017	272,017
Gross loans and advances (Note 8(vii))	–	–	272,017	272,017
Less: ECL (Note 8 (viii))	–	–	(23,397)	(23,397)
Net loans and advances	–	–	248,620	248,620

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.1 Credit risk (continued)

(iv) Credit quality (continued)

(a) Loans, financing and advances (continued)

The credit quality of the Group and the Company's loans, financing and advances are summarised as follows (continued):

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2023				
Strong	147,319	541	–	147,860
Good	3,427,968	11,512	–	3,439,480
Average	5,808,573	434,038	–	6,242,611
Below Average	526,313	62,476	–	588,789
Poor	6,441	13,654	–	20,095
Unrated	27,327,438	1,222,324	–	28,549,762
Impaired	–	–	3,055,714	3,055,714
Gross loans, financing and advances (Note 8(vii))	37,244,052	1,744,545	3,055,714	42,044,311
Less: ECL (Note 8 (viii))	(344,317)	(80,059)	(1,128,408)	(1,552,784)
Net loans, financing and advances	36,899,735	1,664,486	1,927,306	40,491,527

	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2023				
Impaired	–	–	532,161	532,161
Gross loans and advances (Note 8(vii))	–	–	532,161	532,161
Less: ECL (Note 8 (viii))	–	–	(259,936)	(259,936)
Net loans and advances	–	–	272,225	272,225

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for the financial year ended 31 December 2024

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.1 Credit risk (continued)

(iv) Credit quality (continued)

(a) Loans, financing and advances (continued)

The credit quality of the Group's commitments and financial guarantees are summarised as follows (continued):

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
Financing commitments				
Strong	77,384	6,573	–	83,957
Good	828,526	7,111	–	835,637
Average	2,542,881	106,728	–	2,649,609
Below Average	1,047,439	89,013	–	1,136,452
Poor	–	–	106,908	106,908
Unrated	744,882	27,452	9,511	781,845
Gross financing commitments	5,241,112	236,877	116,419	5,594,408
Less: ECL (Note 22(b))	(14,085)	(2,596)	(1,471)	(18,152)
Net financing commitments	5,227,027	234,281	114,948	5,576,256
Financial guarantees				
Good	61,931	–	–	61,931
Average	223,854	306	–	224,160
Below Average	4,440	–	–	4,440
Poor	–	–	1,000	1,000
Unrated	19,626	–	–	19,626
Gross financial guarantees	309,851	306	1,000	311,157
Less: ECL (Note 22(b))	(1,355)	(4)	–	(1,359)
Net financial guarantees	308,496	302	1,000	309,798

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.1 Credit risk (continued)

(iv) Credit quality (continued)

(a) Loans, financing and advances (continued)

The credit quality of the Group's commitments and financial guarantees are summarised as follows (continued):

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2023				
Financing commitments				
Strong	362,521	–	–	362,521
Good	955,382	322	–	955,704
Average	1,743,486	276,424	–	2,019,910
Below Average	183,618	15,582	–	199,200
Poor	–	–	89	89
Unrated	724,168	18,341	10,319	752,828
Gross financing commitments	3,969,175	310,669	10,408	4,290,252
Less: ECL (Note 22(b))	(26,213)	(5,051)	(1,850)	(33,114)
Net financing commitments	3,942,962	305,618	8,558	4,257,138
Financial guarantees				
Good	84,253	–	–	84,253
Average	106,119	400	–	106,519
Below Average	2,413	3,050	–	5,463
Unrated	10,150	–	–	10,150
Gross financial guarantees	202,935	3,450	–	206,385
Less: ECL (Note 22(b))	(2,008)	(128)	–	(2,136)
Net financial guarantees	200,927	3,322	–	204,249

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for the financial year ended 31 December 2024

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.1 Credit risk (continued)

(iv) Credit quality (continued)

(b) Other financial assets

The credit quality of the Group and the Company's other financial assets are summarised as follows:

2024	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Cash and short-term funds				
AAA	805,130	–	–	805,130
AA and below	344,167	–	–	344,167
Unrated*	91,382	–	–	91,382
	1,240,679	–	–	1,240,679
Deposits and placements with banks and other financial institutions				
AAA	770,311	–	–	770,311
AA and below	32	–	–	32
	770,343	–	–	770,343
Financial assets and investments portfolios				
AAA	2,650,429	–	–	2,650,429
AA and below	2,104,538	61,570	–	2,166,108
Unrated*	12,753,215	204,804	2	12,958,021
	17,508,182	266,374	2	17,774,558
Other financial assets				
Unrated	389,984	–	13	389,997
	389,984	–	13	389,997

* Unrated debt investments for the Group include government guaranteed securities of RM10,946,091,000 (2023: RM11,301,782,000)

2024	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Cash and short-term funds				
AA and below	318,778	–	–	318,778
	318,778	–	–	318,778
Other financial assets				
Unrated	4,300	–	–	4,300
	4,300	–	–	4,300

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.1 Credit risk (continued)

(iv) Credit quality (continued)

(b) Other financial assets (continued)

The credit quality of the Group and the Company's other financial assets are summarised as follows (continued):

	Group			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2023				
Cash and short-term funds				
AAA	4,783,106	–	–	4,783,106
AA and below	214,307	–	–	214,307
Unrated*	86	–	–	86
	4,997,499	–	–	4,997,499
Deposits and placements with banks and other financial institutions				
AAA	749,780	–	–	749,780
AA and below	32	–	–	32
	749,812	–	–	749,812
Financial assets and investments portfolios				
AAA	2,885,270	–	–	2,885,270
AA and below	1,794,312	–	–	1,794,312
Unrated*	12,644,490	205,086	–	12,849,576
	17,324,072	205,086	–	17,529,158
Other financial assets				
Unrated	222,657	–	–	222,657
	222,657	–	–	222,657

* Unrated debt investments for the Group include government guaranteed securities of RM10,946,091,000 (2023: RM11,301,782,000)

Notes to the Financial Statements

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.1 Credit risk (continued)

(iv) Credit quality (continued)

(b) Other financial assets (continued)

The credit quality of the Group and the Company's other financial assets are summarised as follows (continued):

2023	Company			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Cash and short-term funds				
AA and below	5,809	–	–	5,809
	5,809	–	–	5,809
Deposits and placements with banks and other financial institutions				
AA and below	65,078	–	–	65,078
	65,078	–	–	65,078
Other financial assets				
Unrated	1,266	–	–	1,266
	1,266	–	–	1,266

(v) Concentration of credit risk

Concentration of credit risk arises when several customers are engaged in similar business activities or activities within the same geographic region, or when they have similar risk characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Group and the Company monitor their portfolios to identify and assess risk concentrations. The credit portfolios are monitored and periodically reviewed to identify, assess and guard against unacceptable risk concentrations. GRMD also applies single counterparty exposure limits to protect against unacceptably large exposures to a single group of customers. GRMD conducts analysis and reports concentration risk to the Board on a quarterly basis.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.1 Credit risk (continued)

(v) Concentration of credit risk (continued)

	Cash and short-term funds and deposits and placements with financial institutions*	Financial assets at FVTPL [@]	Financial investments at FVOCI	Financial investments at amortised cost	Derivative financial assets	Loans, financing advances and	Other financial assets	On balance sheet total	Financial guarantees	Commitment and contingencies [^]
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2024										
Government and central banks	1,240,679	701,143	693,835	455,065	-	-	-	3,090,722	-	-
Household sectors	-	-	-	-	-	29,030,685	-	29,030,685	-	513,011
Agriculture	-	-	20,125	-	-	284,501	-	304,626	580	132,004
Mining and quarrying	-	-	80,300	96,536	-	32,324	-	209,160	-	11,544
Manufacturing	-	-	394,961	40,723	1,065	2,029,193	-	2,465,942	64,054	816,096
Electricity, gas and water	-	-	482,960	146,555	-	113,139	-	742,654	-	6,304
Construction	-	-	524,592	192,831	-	2,840,652	-	3,558,075	104,136	1,702,886
Wholesale & retail trade and restaurants & hotels	-	-	-	-	536	2,064,497	-	2,065,033	26,694	636,640
Transport, storage and communication	-	-	115,832	34,924	-	643,726	-	794,482	100,690	66,175
Finance, insurance, real estate, and business services	770,343	162,372	9,640,389	2,598,360	4,026	3,063,696	-	16,239,186	12,305	1,001,555
Education, health and others	-	-	269,144	20,397	-	125,635	-	415,176	2,698	219,859
Others	-	-	536,419	567,096	-	1,908,050	389,997	3,401,562	-	488,334
	2,011,022	863,515	12,758,557	4,152,487	5,627	42,136,098	389,997	62,317,303	311,157	5,594,408

* Cash and short-term funds and deposit placements with banks and other financial institutions exclude cash in hand.

[@] Financial assets at FVTPL excludes shares[^] Commitments and contingencies exclude foreign exchange related contracts.

Notes to the Financial Statements

for the financial year ended 31 December 2024

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.1 Credit risk (continued)

(v) Concentration of credit risk (continued)

Group	Cash and short-term funds and deposits and placements with financial institutions*										On balance sheet total	Financial guarantees	Commitment and contingencies [^]
	RM'000	Financial assets at FVTPL	Financial investments at FVOCI	Financial investments at amortised cost	Derivative financial assets	Loans, financing and advances	Other financial assets	RM'000	RM'000	RM'000			
2023													
Government and central banks	3,944,134	10,368	8,326,802	1,262,183	-	-	-	13,543,487	-	-	-	-	-
Household sectors	-	-	-	-	-	28,762,122	-	28,762,122	-	-	-	-	1,066,929
Agriculture	-	-	20,091	-	-	198,552	-	218,643	110	-	110	-	107,175
Mining and quarrying	-	-	115,389	96,519	-	47,397	-	259,305	-	-	-	-	13,718
Manufacturing	-	-	139,336	40,767	223	1,536,133	-	1,716,459	-	-	-	-	707,714
Electricity, gas and water	-	-	550,694	146,524	-	176,292	-	873,510	24,693	-	24,693	-	6,020
Construction	-	-	596,969	198,104	-	2,978,320	-	3,773,393	57,500	-	57,500	-	800,226
Wholesale & retail trade and restaurants & hotels	-	-	-	-	1,347	1,491,132	-	1,492,479	14,253	-	14,253	-	622,615
Transport, storage and communication	-	-	100,581	34,717	-	384,932	-	520,230	56,339	-	56,339	-	72,386
Finance, insurance, real estate, and business services	1,803,177	272,686	1,903,823	2,036,434	38,510	2,921,832	-	8,976,462	10,420	-	10,420	-	837,355
Education, health and others	-	-	346,579	20,425	-	183,673	-	550,677	2,625	-	2,625	-	55,114
Others	-	-	537,370	772,797	-	1,811,142	-	3,343,966	222,657	-	222,657	-	1,000
	5,747,311	283,054	12,637,634	4,608,470	40,080	40,491,527	222,657	64,030,733	206,385	-	206,385	-	4,290,252

* Cash and short-term funds and deposit placements with banks and other financial institutions exclude cash in hand.

[^] Commitments and contingencies exclude foreign exchange related contracts.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.1 Credit risk (continued)

(v) Concentration of credit risk (continued)

	Cash and short-term funds and deposits and placements with financial institutions*	Loans and advances	Other financial assets	On balance sheet total	Commitment and contingencies [^]
Company	RM'000	RM'000	RM'000	RM'000	RM'000
2024					
Construction	–	173,330	–	173,330	–
Finance, insurance and business services	318,778	–	–	318,778	–
Education, health and others	–	75,290	–	75,290	–
Others	–	–	4,300	4,300	–
	318,778	248,620	4,300	571,698	–

	Cash and short-term funds and deposits and placements with financial institutions*	Loans and advances	Other financial assets	On balance sheet total	Commitment and contingencies [^]
Company	RM'000	RM'000	RM'000	RM'000	RM'000
2023					
Construction	–	207,585	–	207,585	–
Finance, insurance and business services	70,887	–	–	70,887	–
Education, health and others	–	64,640	–	64,640	–
Others	–	–	1,266	1,266	–
	70,887	272,225	1,266	344,378	–

* Cash and short-term funds and deposit placements with banks and other financial institutions exclude cash in hand.

[^] Commitments and contingencies exclude foreign exchange related contracts.

Notes to the Financial Statements

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.1 Credit risk (continued)

(vi) Collateral

The credit risk of financial assets of the Group and the Company is mitigated by the collateral in respect of financial assets.

The collateral mitigates credit risk and would reduce the extent of impairment losses for assets subject to impairment review.

The main types of collateral obtained by the Group and the Company to mitigate credit risk are as follows:

- For Islamic property financing – charge over properties;
- For auto financing – ownership claims over vehicles financed;
- For project loans and financing – charges over projects being financed; and
- For other advances and financing – charges over business assets such as premises, inventories, marketable securities, real estate, and trade receivables or deposits.

The financial effect of collateral (quantification to the extent to which collateral and other credit enhancements mitigate credit risk) held for net loans, financing and advances for the Group is 68.27% (2023: 83.64%) and the Company is at 100% (2023: 98.26%). The financial effect of collateral held for the remaining financial assets are not significant.

(vii) Key macroeconomic variables

In computing the ECL of loans, financing and advances, the Group incorporates the impact of forward-looking key MEV according to respective portfolio. The Group performed statistical analysis based on historical experience and identified the MEV impacting credit risk and ECL for each portfolio. The relationship of the MEV on the components of ECL has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and the components. Sources of forecasts of the MEVs are internal research house.

The MEV incorporated into the ECL calculations are supported with 3 economic scenarios i.e. baseline, best and worst case scenarios. The following table shows the MEV applied but not limited to by the Group in the ECL models.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.1 Credit risk (continued)

(vii) Key macroeconomic variables (continued)

Macro-economic Variables ("MEVs")	Base scenario		Best scenario		Worst scenario	
	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period	Next 12 months	Remaining forecast period
2024						
Unemployment Rate (%)	3.36	3.33	2.91	2.10	5.36	3.71
Consumer Price Index ("CPI")	137.83	143.70	136.49	137.68	139.91	147.23
2023						
Private Consumption (in Billion)	1,005.73	1,112.93	1,023.83	1,129.54	987.27	1,102.00
Unemployment Rate (%)	3.19	3.19	3.05	3.06	4.03	3.55
Consumer Price Index ("CPI")	133.72	140.78	134.35	142.35	132.04	138.84

47.2 Market risk

Market risk is defined as the risk of potential loss or adverse impact on earnings or capital due to movements in market rates or prices, including interest rates/profit rates, foreign exchange rates, commodity prices, and equity prices. Market risk is differentiated into two categories: Traded Market Risk (TMR), which pertains to trading book activities, and Non-Traded Market Risk (NTMR), which pertains to banking book activities.

The Group manages market risk for both its trading book and banking book activities by employing a variety of measurement techniques and controls. These methods are designed to monitor, assess, and mitigate the potential negative effects of market fluctuations on the Group's financial health and performance.

Traded Market Risk

The Group's market risk exposures in the trading book primarily originate from trading activities in the financial markets. The objectives of TMR management are to identify, assess, measure, and collaborate with the Business Units (BUs) to ensure TMR exposures align within the Board-approved risk appetite. Governance of the trading book activities is guided by market risk policies, encompassing various quantitative and qualitative controls such as loss controls, position controls, risk sensitivity controls, and concentration controls. These controls are implemented through rigorous risk controls setting, measurement, monitoring, and collaboration with BUs.

To manage portfolio sensitivity to market interest/profit rate movements, the Group employs risk sensitivity measures such as the price value of one basis point (PV01), alongside net open position control for managing foreign currency exposure. These risk metrics provide detailed insights into the Group's market risk exposures, crucial for monitoring, control, and analytical purposes. TMR exposures are independently monitored against relevant risk controls on a daily basis, with reports submitted to the GALCO, GMRCC, Board Risk Management and Compliance Committee, and the Board. Additionally, policies and procedures are in place to ensure prompt action is taken in the event of non-adherence to TMR controls. BUs undertaking trading book activities are mandated to maintain TMR exposures within the approved risk appetite and provide explanations for any non-adherence events, along with action plans, to Senior Management.

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.2 Market risk (continued)

Market Risk Capital Charge

The Group adopts the Standardised Approach (SA) for market risk capital charge computation as per BNM's Guidelines on Capital Adequacy Framework (Basel II – Risk Weighted Assets) and CAFIB (Basel II – Risk Weighted Assets).

Non-Traded Market Risk

The Group's NTMR encompasses inherent risks primarily arising from banking book activities where the main risk is interest rate risk/rate of return risk in the banking book.

Sensitivity analysis for profit/interest rate risk

At the reporting date, if profit/interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group and the Company's net profit and shareholders' equity would have been as per the following table, arising mainly as a result of changes in profit/interest expenses from floating rate borrowings and fixed deposits placed by customers and profit/interest income from floating rate loans, financing and advances.

	Group		Company	
	+100 basis points RM'000	-100 basis points RM'000	+100 basis points RM'000	-100 basis points RM'000
2024				
Impact to profit after tax	(62,157)	150,041	7	(7)
Impact on equity	587,098	(644,943)	–	–
2023				
Impact to profit after tax	(25,585)	98,591	17	(17)
Impact on equity	430,547	(562,427)	–	–

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.2 Market risk (continued)

Profit/interest rate risk

The tables below summarise the Group and Company's exposure to profit/interest rate risk. As profit/interest rates and yield curves change over time, the Group and the Company may be exposed to loss in earnings due to the effects of profit/interest rates on the structure of the statement of financial position. Sensitivity to profit/interest rate arises from mismatches in the repricing dates, cash flows and other characteristics of the financial assets and their corresponding financial liabilities.

Group	<----- Within 1 year ----->						Non-profit/ interest sensitive	Trading book	Total
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	RM'000			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2024									
Financial Assets									
Cash and short-term funds	911,927	-	-	-	-	351,108	-	-	1,263,035
Deposits and placements with banks and other financial institutions	32	41,700	725,516	-	-	3,095	-	-	770,343
Financial assets at FVTPL	-	-	-	-	-	19,631	863,515	-	883,146
Financial investments at FVOCI	15,005	-	327,163	5,847,568	6,458,057	110,764	-	-	12,758,557
Financial investments at amortised cost	10,254	10,018	600,035	2,328,175	1,180,416	23,588	-	-	4,152,486
Derivative financial assets	-	-	3,970	-	-	1,657	-	-	5,627
Loans, financing and advances*	27,743,525	1,497,181	4,023,074	1,227,136	5,863,375	1,781,808	-	-	42,136,099
Other financial assets	-	-	-	-	-	389,997	-	-	389,997
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	853,317	-	-	853,317
Total financial assets	28,680,743	1,548,899	5,679,758	9,402,879	13,501,848	3,534,965	863,515	863,515	63,212,607

* This is arrived after deducting impairment allowances from gross impaired loans, financing and advances.

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for the financial year ended 31 December 2024

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.2 Market risk (continued)

Profit/interest rate risk (continued)

Group	<----- Within 1 year ----->						Non-profit/ interest sensitive	Trading book	Total
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	RM'000	RM'000	RM'000	RM'000
2024									
Financial Liabilities									
Deposits from customers	9,803,762	7,790,595	14,971,468	2,383,496	7,568	4,821,963	-	-	39,778,852
Deposits and placements of banks and other financial institutions	4,882,296	2,193,231	1,233,132	50,608	-	697,024	-	-	9,056,291
Investment accounts of customers	17,863	15,373	522,510	-	-	5,182	-	-	560,928
Islamic repurchase agreement	-	568,513	-	-	-	-	-	-	568,513
Derivative financial liabilities	-	-	-	616	-	6,152	-	-	6,768
Other financial liabilities	-	-	-	-	-	820,696	-	-	820,696
Lease liabilities	1,467	4,338	11,517	15,296	-	-	-	-	32,618
Recourse obligation on financing sold	-	796,183	858,559	426,490	-	8,800	-	-	2,090,032
Sukuk	-	-	159,275	512,640	646,395	7,428	-	-	1,325,738
Borrowings and government grant	-	-	-	-	161,066	13,737	-	-	174,803
Total financial liabilities	14,705,388	11,368,233	17,756,461	3,389,146	815,029	6,380,982	-	-	54,415,239
Total profit/interest sensitivity gap	13,975,355	(9,819,334)	(12,076,703)	6,013,733	12,686,819	(2,846,017)	863,515	863,515	8,797,368

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.2 Market risk (continued)

Profit/interest rate risk (continued)

Group	<----- Within 1 year ----->						Non-profit/ interest sensitive	Trading book	Total
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	RM'000	RM'000	RM'000	RM'000
2023									
Financial Assets									
Cash and short-term funds	5,016,539	-	-	-	-	-	590,775	-	5,607,314
Deposits and placements with banks and other financial institutions	32	91,812	654,552	-	-	-	3,416	-	749,812
Financial assets at FVTPL	-	-	-	-	-	-	-	283,054	283,054
Financial investments at FVOCI	55,046	301,939	1,029,362	5,976,727	5,158,144	-	116,416	-	12,637,634
Financial investments at amortised cost	7,696	-	699,104	2,547,383	1,331,479	-	22,808	-	4,608,470
Derivative financial assets	23,925	8,874	6	-	-	-	-	7,275	40,080
Loans, financing and advances*	19,647,244	1,617,956	2,715,346	1,582,375	13,007,523	-	1,921,083	-	40,491,527
Other financial assets	-	-	-	-	-	-	222,657	-	222,657
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	822,661	-	822,661
Non-current assets held for sale	-	-	-	-	-	-	57,047	-	57,047
Total financial assets	24,750,482	2,020,581	5,098,370	10,106,485	19,497,146	3,756,863	290,329	65,520,256	

* This is arrived after deducting impairment allowances from gross impaired loans, financing and advances.

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.2 Market risk (continued)

Profit/interest rate risk (continued)

Group	<----- Within 1 year ----->						Non-profit/ interest sensitive	Trading book	Total
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000
2023									
Financial Liabilities									
Deposits from customers	13,783,690	7,585,958	11,917,279	2,666,380	8,690	2,838,070	-	-	38,800,067
Deposits and placements of banks and other financial institutions	4,780,699	2,524,017	493,665	802,711	-	222,474	-	-	8,823,566
Islamic repurchase agreement	-	1,410,830	594,369	-	-	-	-	-	2,005,199
Derivative financial liabilities	4,328	830	-	-	-	-	-	-	5,158
Other financial liabilities	-	-	-	-	-	675,301	-	-	675,301
Lease liabilities	1,996	3,904	8,823	15,241	-	-	-	-	29,964
Recourse obligation on financing sold	5,179	61,721	1,872,376	2,079,255	-	13,201	-	-	4,031,732
Sukuk	-	-	223,659	571,156	1,392,887	9,730	-	-	2,197,432
Borrowings and government grant	-	-	-	-	186,283	17,559	-	-	203,842
Total financial liabilities	18,575,892	11,587,260	15,110,171	6,134,743	1,587,860	3,776,335	-	-	56,772,261
Total profit/interest sensitivity gap	6,174,590	(9,566,679)	(10,011,801)	3,971,742	17,909,286	(19,472)	290,329	-	8,747,995

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.2 Market risk (continued)

Profit/interest rate risk (continued)

Company	<----- Within 1 year ----->							Non interest sensitive	Trading book	Total
	Up to 1 month	>1-3 months	>3-12 months	>1-5 years	Over 5 years	RM'000	RM'000			
2024										
Financial Assets										
Cash and short-term funds	317,694	-	-	-	-		1,084	-	-	318,778
Loans and advances*	-	-	-	-	-		248,620	-	-	248,620
Other financial assets	-	-	-	-	-		4,300	-	-	4,300
Total financial assets	317,694	-	-	-	-		254,004	-	-	571,698
Financial Liabilities										
Other financial liabilities	-	-	-	-	-		240,221	-	-	240,221
Total financial liabilities	-	-	-	-	-		240,221	-	-	240,221
Total interest sensitivity gap	317,694	-	-	-	-		13,783	-	-	331,477
2023										
Financial Assets										
Cash and short-term funds	5,809	-	-	-	-		3,833	-	-	9,642
Deposits and placements with banks and other financial institutions	-	15,000	-	50,000	-		78	-	-	65,078
Loans and advances *	-	-	-	-	-		272,225	-	-	272,225
Other financial assets	-	-	-	-	-		1,266	-	-	1,266
Total financial assets	5,809	15,000	-	50,000	-		277,402	-	-	348,211
Financial Liabilities										
Other financial liabilities	-	-	-	-	-		5,951	-	-	5,951
Total financial liabilities	-	-	-	-	-		5,951	-	-	5,951
Total interest sensitivity gap	5,809	15,000	-	50,000	-		271,451	-	-	342,260

* This is arrived after deducting impairment allowances from gross impaired loans and advances.

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.2 Market risk (continued)

Foreign Exchange Risk

The Group is exposed to transactional foreign exchange exposures which are exposures on assets and liabilities denominated in currencies other than the functional currency of the transacting entity.

The Group takes minimal exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group and the Company manage its exposure to foreign exchange currencies at each entity level.

Sensitivity Analysis

The table below shows sensitivity of the Group's profit and reserves to movement in foreign exchange rates. The Company's profit and reserves are not exposed to foreign exchange risk.

	Group	
	2024 RM'000	2023 RM'000
+1%	(4,705)	(12,948)
-1%	4,705	12,948

	MYR	USD	GBP	Others	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000
2024					
Assets					
Cash and short-term funds	811,267	324,535	36,446	90,787	1,263,035
Deposits and placements with banks and other financial institutions	770,343	–	–	–	770,343
Financial assets at FVTPL	883,146	–	–	–	883,146
Financial investments at FVOCI	12,758,557	–	–	–	12,758,557
Financial assets at amortised cost	4,152,486	–	–	–	4,152,486
Derivative financial assets	5,627	–	–	–	5,627
Loans, financing and advances	39,883,808	1,651,317	564,227	36,747	42,136,099
Other financial assets	389,997	–	–	–	389,997
Statutory deposits with Bank Negara Malaysia	853,317	–	–	–	853,317
Total assets	60,508,548	1,975,852	600,673	127,534	63,212,607

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.2 Market risk (continued)

Foreign Exchange Risk (continued)

Sensitivity Analysis (continued)

	MYR	USD	GBP	Others	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000
2024					
Liabilities					
Deposits from customers	39,290,179	341,426	40,141	107,106	39,778,852
Deposits and placements of banks and other financial institutions	8,028,489	1,027,802	–	–	9,056,291
Investment accounts of customers	560,928	–	–	–	560,928
Islamic repurchase agreement	–	–	568,513	–	568,513
Derivative financial liabilities	6,768	–	–	–	6,768
Other financial liabilities	820,696	–	–	–	820,696
Lease liabilities	32,618	–	–	–	32,618
Recourse obligation on financing sold	2,090,032	–	–	–	2,090,032
Sukuk	1,325,738	–	–	–	1,325,738
Borrowings and government grant	174,803	–	–	–	174,803
Total liabilities	52,330,251	1,369,228	608,654	107,106	54,415,239
Net on-balance sheet financial position	8,178,297	606,624	(7,981)	20,428	8,797,368

	MYR	USD	GBP	Others	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000
2023					
Assets					
Cash and short-term funds	5,204,616	346,800	5,077	50,821	5,607,314
Deposits and placements with banks and other financial institutions	657,272	92,540	–	–	749,812
Financial investments at FVOCI	283,054	–	–	–	283,054
Financial assets at amortised cost	12,637,634	–	–	–	12,637,634
Derivative financial assets	4,608,470	–	–	–	4,608,470
Loans, financing and advances	40,080	–	–	–	40,080
Other financial assets	38,557,717	1,372,577	561,233	–	40,491,527
Statutory deposits with Bank Negara Malaysia	222,657	–	–	–	222,657
Non-current assets held for sale	822,661	–	–	–	822,661
Total assets	63,034,161	1,811,917	566,310	50,821	65,463,209

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for the financial year ended 31 December 2024

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.2 Market risk (continued)

Foreign Exchange Risk (continued)

Sensitivity Analysis (continued)

	MYR	USD	GBP	Others	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000
2023					
Liabilities					
Deposits from customers	38,698,489	91,875	199	9,504	38,800,067
Deposits and placements of banks and other financial institutions	8,794,117	16,199	–	13,250	8,823,566
Islamic repurchase agreement	1,410,924	–	594,275	–	2,005,199
Derivative financial liabilities	5,158	–	–	–	5,158
Other financial liabilities	675,301	–	–	–	675,301
Lease liabilities	29,964	–	–	–	29,964
Recourse obligation on financing sold	4,031,732	–	–	–	4,031,732
Sukuk	2,197,432	–	–	–	2,197,432
Borrowings and government grant	203,842	–	–	–	203,842
Total liabilities	56,046,959	108,074	594,474	22,754	56,772,261
Net on-balance sheet financial position	6,987,202	1,703,843	(28,164)	28,067	8,690,948

47.3 Liquidity risk

Liquidity risk is the risk of adverse impacts on the financial condition or overall safety and soundness of the Group due to its inability, or perceived inability, to meet its obligations or commitments as they become due. This risk arises from either having insufficient financial resources available to fulfil these obligations or being able to access these resources only at an unreasonable cost.

The primary objective of the Group's liquidity risk management is to ensure the availability of sufficient funds at a reasonable cost to honor all financial commitments when they fall due. Various liquidity measurements, including the Liquidity Coverage Ratio ("LCR"), Net Stable Funding Ratio ("NSFR"), and Top Depositor Concentration ratios, have been implemented to support this strategic objective. Simultaneously, the Group aims to ensure an optimal funding structure and to balance key liquidity risk management objectives, including diversification of funding sources, customer base, and maturity period.

In line with BNM requirements on LCR and NSFR, the Group ensures that these ratios remain above the specified regulatory minimum requirements. LCR is a short-term resilience assessment, measuring the adequacy of High-Quality Liquid Assets ("HQLAs") to withstand an acute liquidity stress scenario over a 30-day horizon. HQLAs are liquid assets that can be easily and immediately converted into cash at little or no loss of value. NSFR promotes long-term structural funding of the Group's balance sheet and strengthens the long-term resilience of the liquidity risk profile, ensuring that the Group maintains sufficient stable funds to support its asset growth over the medium to long-term horizon.

Additionally, a Contingency Funding Plan ("CFP") is in place, which outlines strategies for addressing liquidity shortfalls based on the severity of emergency situations, ensuring the orderly execution of procedures to restore liquidity and confidence across the Group. It includes a set of early warning indicators designed to identify potential liquidity issues. An annual CFP testing is conducted to ensure the readiness and knowledge of relevant departments in managing liquidity incidents effectively.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.3 Liquidity risk (continued)

The table below summarises the maturity profile of the Group and the Company's financial assets and liabilities at the reporting date based on contractual repayment obligations.

(a) Maturity analysis

	On demand or within one year	One to five years	Over five years	No specific maturity	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000
2024					
Financial Assets					
Cash and short-term funds	911,927	–	–	351,108	1,263,035
Deposits and placements with banks and other financial institutions	767,248	–	–	3,095	770,343
Financial assets at FVTPL	–	863,515	–	19,631	883,146
Financial investments at FVOCI	452,932	5,847,568	6,458,057	–	12,758,557
Financial investments at amortised cost	643,895	2,328,175	1,180,416	–	4,152,486
Derivative financial assets	5,627	–	–	–	5,627
Loans, financing and advances*	35,045,588	1,227,136	5,863,375	–	42,136,099
Other financial assets	389,997	–	–	–	389,997
Statutory deposits with Bank Negara Malaysia	–	–	–	853,317	853,317
Total financial assets	38,217,214	10,266,394	13,501,848	1,227,151	63,212,607
Financial liabilities					
Deposits from customers	37,387,788	2,383,496	7,568	–	39,778,852
Deposits and placements of banks and other financial institutions	9,005,683	50,608	–	–	9,056,291
Investment accounts of customers	560,928	–	–	–	560,928
Islamic repurchase agreement	568,513	–	–	–	568,513
Derivative financial liabilities	6,152	616	–	–	6,768
Other financial liabilities	820,696	–	–	–	820,696
Lease liabilities	17,322	15,296	–	–	32,618
Recourse obligation on financing sold	1,663,542	426,490	–	–	2,090,032
Sukuk	166,703	512,640	646,395	–	1,325,738
Borrowings and government grant	13,737	–	161,066	–	174,803
Total financial liabilities	50,211,064	3,389,146	815,029	–	54,415,239
Net liquidity gap on Statement of Financial Position	(11,993,850)	6,877,248	12,686,819	1,227,151	8,797,368
Commitments and contingencies [@]	(2,791,293)	(2,311,681)	(802,591)	–	(5,905,565)
Net liquidity gap	(14,785,143)	4,565,567	11,884,228	1,227,151	2,891,803

* This is arrived after deducting impairment allowances from gross impaired loans, financing and advances.

@ Commitments and contingencies exclude foreign exchange related contracts.

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.3 Liquidity risk (continued)

(a) Maturity analysis (continued)

Group	On demand or within one year	One to five years	Over five years	No specific maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2023					
Financial Assets					
Cash and short-term funds	5,017,565	–	–	589,749	5,607,314
Deposits and placements with banks and other financial institutions	749,812	–	–	–	749,812
Financial assets at FVTPL	–	283,054	–	–	283,054
Financial investments at FVOCI	1,502,763	5,976,727	5,158,144	–	12,637,634
Financial investments at amortised cost	729,608	2,547,383	1,331,479	–	4,608,470
Derivative financial assets	32,805	7,275	–	–	40,080
Loans, financing and advances*	25,901,629	1,582,375	13,007,523	–	40,491,527
Other financial assets	222,657	–	–	–	222,657
Statutory deposits with Bank Negara Malaysia	–	–	–	822,661	822,661
Non-current assets held for sale	57,047	–	–	–	57,047
Total financial assets	34,213,886	10,396,814	19,497,146	1,412,410	65,520,256
Financial Liabilities					
Deposits from customers	36,124,997	2,666,380	8,690	–	38,800,067
Deposits and placements of banks and other financial institutions	8,020,855	802,711	–	–	8,823,566
Investment accounts of customers	2,005,199	–	–	–	2,005,199
Derivative financial liabilities	5,158	–	–	–	5,158
Other financial liabilities	675,301	–	–	–	675,301
Lease liabilities	14,723	15,241	–	–	29,964
Recourse obligation on financing sold	1,952,477	2,079,255	–	–	4,031,732
Sukuk	233,389	571,156	1,392,887	–	2,197,432
Borrowings and government grant	17,559	–	186,283	–	203,842
Total financial liabilities	49,049,658	6,134,743	1,587,860	–	56,772,261
Net liquidity gap on Statement of Financial Position	(14,835,772)	4,262,071	17,909,286	1,412,410	8,747,995
Commitments and contingencies [@]	(1,968,753)	(2,162,816)	(365,068)	–	(4,496,637)
Net liquidity gap	(16,804,525)	2,099,255	17,544,218	1,412,410	4,251,358

* This is arrived after deducting impairment allowances from gross impaired loans, financing and advances.

@ Commitments and contingencies exclude foreign exchange related contracts.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.3 Liquidity risk (continued)

(a) Maturity analysis (continued)

	On demand or within one year	One to five years	Over five years	No specific maturity	Total
Company	RM'000	RM'000	RM'000	RM'000	RM'000
2024					
Financial assets					
Cash and short-term funds	317,694	–	–	1,084	318,778
Loans and advances*	248,620	–	–	–	248,620
Other financial assets	4,300	–	–	–	4,300
Total financial assets	570,614	–	–	1,084	571,698
Financial liabilities					
Other financial liabilities	240,221	–	–	–	240,221
Total financial liabilities	240,221	–	–	–	240,221
Net liquidity gap on Statement of Financial Position	330,393	–	–	1,084	331,477
Net liquidity gap	330,393	–	–	1,084	331,477
2023					
Financial assets					
Cash and short-term funds	5,809	–	–	3,833	9,642
Deposits and placements with banks and other financial institutions	15,015	50,063	–	–	65,078
Loans and advances*	–	–	–	272,225	272,225
Other financial assets	1,266	–	–	–	1,266
Total financial assets	22,090	50,063	–	276,058	348,211
Financial liabilities					
Other financial liabilities	5,951	–	–	–	5,951
Total financial liabilities	5,951	–	–	–	5,951
Net liquidity gap on Statement of Financial Position	16,139	50,063	–	276,058	342,260
Net liquidity gap	16,139	50,063	–	276,058	342,260

* This is arrived after deducting impairment allowances from gross impaired loans and advances.

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.3 Liquidity risk (continued)

The tables below show the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturities. The balances in the tables below will not agree to the balances reported in the statements of financial position as the tables incorporate all contractual cash flows, on an undiscounted basis, relating to both principal and profit/interest payments. The contractual maturity profile does not necessarily reflect the behavioural cash flows.

(b) Contractual maturity of financial liabilities on an undiscounted basis

Group	On demand or within one year	One to five years	Over five years	No specific maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2024					
Financial liabilities					
Deposits from customers	37,967,685	2,930,885	10,436	–	40,909,006
Deposits and placements of banks and other financial institutions	9,102,943	57,984	–	–	9,160,927
Investment accounts of customers	578,278	–	–	–	578,278
Islamic repurchase agreement	584,714	–	–	–	584,714
Derivative financial liabilities:					
Gross settled derivatives					
– Inflow	(1,242,749)	(565)	–	–	(1,243,314)
– Outflow	1,249,197	478	–	–	1,249,675
Other financial liabilities	820,696	–	–	–	820,696
Lease liabilities	17,202	16,761	–	–	33,963
Recourse obligation on financing sold	1,703,618	438,143	–	–	2,141,761
Sukuk	223,163	698,712	718,157	–	1,640,032
Borrowings and government grant	28,984	84,922	59,368	–	173,274
	51,033,731	4,227,320	787,961	–	56,049,012
Commitments and contingencies[@]					
Direct credit substitutes	110,280	2,236	–	–	112,516
Trade-related contingencies	61,311	66,329	10,095	–	137,735
Short term self-liquidating trade- related contingencies	94,406	–	–	–	94,406
Irrevocable commitments	2,525,296	2,243,116	792,496	–	5,560,908
	2,791,293	2,311,681	802,591	–	5,905,565

[@] Commitments and contingencies exclude foreign exchange related contracts.

47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.3 Liquidity risk (continued)

(b) Contractual maturity of financial liabilities on an undiscounted basis (continued)

Group	On demand or within one year	One to five years	Over five years	No specific maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2023					
Financial liabilities					
Deposits from customers	36,710,678	3,241,168	12,258	–	39,964,104
Deposits and placements of banks and other financial institutions	8,085,754	871,457	–	–	8,957,211
Islamic repurchase agreement	2,028,806	–	–	–	2,028,806
Derivative financial liabilities:					
Gross settled derivatives					
– Inflow	(784,790)	–	–	–	(784,790)
– Outflow	789,630	–	–	–	789,630
Other financial liabilities	675,301	–	–	–	675,301
Lease liabilities	15,247	16,043	–	–	31,290
Recourse obligation on financing sold	2,067,722	2,127,359	–	–	4,195,081
Sukuk	332,607	916,832	1,537,426	–	2,786,865
Borrowings and government grant	28,984	56,922	116,353	–	202,259
	49,949,939	7,229,781	1,666,037	–	58,845,757
Commitments and contingencies[@]					
Direct credit substitutes	79,955	634	–	–	80,589
Trade-related contingencies	42,445	22,704	3,990	–	69,139
Short term self-liquidating trade- related contingencies	56,657	–	–	–	56,657
Irrevocable commitments	1,789,696	1,839,478	361,078	–	3,990,252
Profit/interest rate related contracts	–	300,000	–	–	300,000
	1,968,753	2,162,816	365,068	–	4,496,637

[@] Commitments and contingencies exclude foreign exchange related contracts.

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47. FINANCIAL RISK MANAGEMENT (CONTINUED)

47.3 Liquidity risk (continued)

(b) Contractual maturity of financial liabilities on an undiscounted basis (continued)

	On demand or within one year	One to five years	Over five years	No specific maturity	Total
Company	RM'000	RM'000	RM'000	RM'000	RM'000
2024					
Financial liabilities					
Other financial liabilities	240,221	–	–	–	240,221
	240,221	–	–	–	240,221

	On demand or within one year	One to five years	Over five years	No specific maturity	Total
Company	RM'000	RM'000	RM'000	RM'000	RM'000
2023					
Financial liabilities					
Other financial liabilities	5,951	–	–	–	5,951
	5,951	–	–	–	5,951

47.4 Operational risk

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, people and systems and external events, which includes legal risk and Shariah compliance risk but excludes strategic and reputational risk. The Group recognises and emphasises the importance of operational risk management and manages this risk through a control-based environment where processes are documented, authorisation is independent, transactions are reconciled and monitored and business activities are carried out within the established guidelines, procedures and limits. The Group's governance approach in managing operational risk is premised on the Three Lines of Defense Approach as discussed under Note 47(c).

48. CAPITAL MANAGEMENT

The primary objective of the Group and the Company's capital management is to ensure that a strong credit rating and healthy capital ratios are maintained in order to support their business and maximise shareholder value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2024.

The Group monitors their capital using both leverage ratio (which is computed using Common Equity Tier 1 capital divided by total assets including off-balance sheet commitments) and risk-weighted capital adequacy ratio ("RWCR") (which is computed using capital base divided by total risk-weighted assets) as prescribed by Bank Negara Malaysia for licensed financial institutions in Malaysia. The Group's capital adequacy ratios have been disclosed in Note 41.

49. FAIR VALUES

The fair values of the financial instruments not measured at fair value are based on the following methodologies and assumptions:

(i) Financial investments at amortised cost

The estimated fair value is generally based on the quoted and observable market prices. Where there is no ready market in certain securities, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

(ii) Loans, financing and advances

The fair value of fixed rate financing with remaining maturities of less than one year and variable rate financing are estimated to approximate the carrying amount. For fixed rate financing with maturities of more than one year, the fair values are estimated based on expected future cash flows of contractual instalment payments, discounted at prevailing rates offered for similar financing to new customers with similar credit profiles as at the reporting date.

The fair value of impaired fixed and variable rate financing is represented by their carrying amount, which are net of impairment allowances.

(iii) Deposits from customers, deposits and placements of banks and other financial institutions and wakalah investment accounts

Deposits, placements and obligations which mature or reprice after one year are grouped by residual maturity. Fair value is estimated using discounted cash flows, applying either market rates, where applicable, or current rates offered for deposits of similar remaining maturities. The fair values of deposits repayable on demand and deposits and placements with remaining maturities of less than one year are approximated by their carrying values due to the relatively short maturity of these instruments.

(iv) Islamic repurchase agreement

The estimated fair values of repurchase agreements with maturities of less than six months approximate the carrying values. For Islamic repurchase agreements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturity.

(v) Recourse obligation on financing sold

The fair values for recourse obligation on financing sold to Cagamas Berhad are determined based on discounted cash flows of future instalment payments at prevailing rates quoted by Cagamas Berhad as at reporting date.

(vi) Sukuk-MBSB SC Murabahah and Sukuk Wakalah

The fair value of Sukuk-MBSB SC Murabahah and Sukuk Wakalah are based on market prices.

(vii) Borrowings and government grant

The fair values of borrowings and government grant are derived using discounted cash flow method.

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49. FAIR VALUES (CONTINUED)

The carrying amount of cash and short-term funds, deposits and placements with financial institutions, non-current assets held for sale, other receivables (excluding prepayments and deposits) and other payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The tables below analyse other financial instruments at fair value.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group										
2024										
Financial Assets										
Financial assets at FVTPL	-	871,812	11,334	883,146	-	-	-	-	883,146	883,146
Financial investments at FVOCI	-	12,758,557	-	12,758,557	-	-	-	-	12,758,557	12,758,557
Financial investments at amortised cost	-	-	-	-	-	4,190,394	-	4,190,394	4,190,394	4,152,486
Derivative financial assets	-	5,627	-	5,627	-	-	-	-	5,627	5,627
Loans, financing and advances	-	-	-	-	-	-	39,906,005	39,906,005	39,906,005	42,136,099
	-	13,635,996	11,334	13,647,330	-	4,190,394	39,906,005	44,096,399	57,743,729	59,935,915
Financial liabilities										
Deposits from customers	-	-	-	-	-	40,094,113	-	40,094,113	40,094,113	39,778,852
Deposits and placements of banks and other financial institutions	-	50,546	-	50,546	-	9,005,769	-	9,005,769	9,056,315	9,056,291
Investment accounts of customers	-	-	-	-	-	560,928	-	560,928	560,928	560,928
Islamic repurchase agreement	-	-	-	-	-	-	567,858	567,858	567,858	568,513
Derivative financial liabilities	-	6,768	-	6,768	-	-	-	-	6,768	6,768
Recourse obligation on financing sold	-	-	-	-	-	-	2,063,931	2,063,931	2,063,931	2,090,032
Sukuk	-	-	-	-	-	1,357,609	-	1,357,609	1,357,609	1,325,738
Borrowings and government grant	-	-	-	-	-	141,230	-	141,230	141,230	174,803
	-	57,314	-	57,314	-	51,159,649	2,631,789	53,791,438	53,848,752	53,561,925
Company										
Financial assets										
Loans and advances	-	-	-	-	-	-	248,620	248,620	248,620	248,620
	-	-	-	-	-	-	248,620	248,620	248,620	248,620

49. FAIR VALUES (CONTINUED)

The tables below analyse other financial instruments at fair value (continued).

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group										
2023										
Financial Assets										
Financial assets at FVTPL	-	283,054	-	283,054	-	-	-	-	283,054	283,054
Financial investments at FVOCI	-	12,636,227	1,407	12,637,634	-	-	-	-	12,637,634	12,637,634
Financial investments at amortised cost	-	-	-	-	-	4,650,051	-	-	4,650,051	4,608,470
Derivative financial assets	-	40,080	-	40,080	-	-	-	-	40,080	40,080
Loans and advances	-	-	-	-	-	-	-	38,648,120	38,648,120	40,491,527
	-	12,959,361	1,407	12,960,768	-	4,650,051	-	38,648,120	56,258,939	58,060,765
Financial liabilities										
Deposits from customers	-	-	-	-	-	38,955,769	-	-	38,955,769	38,800,067
Deposits and placements of banks and other financial institutions	-	-	-	-	-	8,850,150	-	-	8,850,150	8,823,566
Islamic repurchase agreement	-	-	-	-	-	-	2,004,961	-	2,004,961	2,005,199
Derivative financial liabilities	-	5,158	-	5,158	-	-	-	-	5,158	5,158
Recourse obligation on financing sold	-	-	-	-	-	-	4,046,713	-	4,046,713	4,031,732
Sukuk	-	-	-	-	-	2,236,714	-	-	2,236,714	2,197,432
Borrowings and government grant	-	-	-	-	-	138,926	-	-	138,926	203,842
	-	5,158	-	5,158	-	50,181,559	6,051,674	-	56,233,233	56,066,996
Company										
Financial assets										
Loans and advances	-	-	-	-	-	-	-	272,225	272,225	272,225
	-	-	-	-	-	-	-	272,225	272,225	272,225

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50. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows:

Group	Related amount not set off in the statement of financial position					
	Gross amount of recognised financial assets/ financial liabilities	Gross amount set off in the statements of financial	Net amount presented in the statements of financial	Amount related to recognised financial instruments	Amount related to financial collateral	Net amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2024						
Other assets	540,517	(15,027)	525,490	–	–	525,490
Other liabilities	861,396	(9,112)	852,284	–	–	852,284
2023						
Other assets	347,426	(3,209)	344,217	–	–	344,217
Other liabilities	685,855	(5,311)	680,544	–	–	680,544
Derivative assets	7,275	–	7,275	(7,275)	–	–

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

The amount not set off in the statement of financial position relate to transactions where:

- (i) the counterparty has an offsetting exposure with the Group and the Bank and a master netting or similar arrangements is in place with a right to set off only in the event of default, insolvency or bankruptcy; and
- (ii) cash or securities are received or cash pledged in respect of the transaction described above.

51. OPERATING SEGMENTS

Segment information is presented in respect of the Group's business segments and the Group's reportable segments, as described below, can be classified into five segments where each segment offers different products and services, and managed separately with different technology and marketing strategies. For each operating segment, the Group Management Committee (the chief operating decision making body) reviews the internal management reports monthly in order to assess their performance.

- | | |
|------------------------|--|
| (i) Consumer Banking | Includes consumer financing such as property financing, personal financing and wealth management services with individual customers in Malaysia. |
| (ii) Corporate Banking | Includes corporate financing, wholesale financing, contract financing and commercial property financing with business customers. |
| (iii) Global Markets | Includes saving accounts, current accounts, term deposits, investment accounts, treasury activities including money market, sukuk, derivatives and trading of capital market securities. |
| (iv) Investment | Refers to the operations of investment banking, asset management and all other related financial services of MIDF Group. |
| (iv) Others | Includes rental, property development, intercompany financing and operations at subsidiaries. |

The Group operates predominantly in Malaysia and hence information by geographical location is not presented.

51. OPERATING SEGMENTS (CONTINUED)

(a) Business segments

	Consumer Banking				Corporate Banking		Global Markets		Investment		Others		Inter-segment elimination			Total	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000
Revenue and expenses																	
Extend:																	
Fund based income	1,996,456 (13,327)	1,543,814 238,48	7,48,898 14,768	677,745 10,652	489,637 7,316	495,846 (49,061)	321,238 110,207	78,028 21,746	22,156 459,091	18,699 440,828	- (449,633)	- (440,865)	3,578,385 128,422	- (7,148)	2,814,132 7,148		
Non-fund based income																	
inter-segment																	
Fund based income	-	-	-	-	2,411	4,264	-	-	-	-	(2,411)	(4,264)	-	-	-	-	-
Total revenue	1,983,129	1,567,662	7,63,666	688,397	499,364	451,049	431,445	99,774	481,247	459,527	(452,044)	(445,129)	3,706,807	(445,129)	2,821,280		
Net fund based income	1,598,732 (11,482)	974,821 27,072	422,508 29,073	473,014 41,342	(494,598) 14,352	(495,878) (70,335)	123,765 112,548	27,032 20,986	(155,660) 515,659	41,636 481,695	(1,364) (501,068)	(22,553) (107,329)	1,493,383 159,082	(22,553) (107,329)	998,072 393,431		
Non-fund based income																	
Net income	1,587,250 (229,351)	1,001,893 (69,648)	451,581 93,008	514,356 (20,730)	(480,246) 367	(566,213) 329	236,313 (21,337)	48,018 (1,431)	359,999 (1,476)	523,331 (28,605)	(502,432) (158,789)	(129,882) (-)	1,652,465 (158,789)	(129,882) (-)	1,391,503 (120,085)		
Net allowance for impairment																	
Profit before overheads, zakat and tax	1,357,899 (496,903)	932,245 (375,238)	544,589 (217,478)	493,626 (160,267)	(479,879) (54,202)	(565,884) (132,836)	214,976 (185,881)	46,587 (42,986)	358,523 47,137	494,726 (368)	(502,432) (907,327)	(129,882) (-)	1,493,676 (907,327)	(129,882) (-)	1,271,418 (711,695)		
Operating expenses																	
Overheads of which:																	
- Depreciation of property and equipment	(10,188)	(24,753)	(17,373)	(8,697)	(10,745)	(5,965)	-	-	(317)	(316)	-	-	(38,623)	-	(39,731)		
- Depreciation of right-of-use asset	(4,992)	(16,275)	(8,513)	(5,718)	(5,265)	(3,922)	-	-	(154)	(209)	-	-	(18,924)	-	(26,124)		
- Amortisation of intangible assets	(10,864)	(25,961)	(18,528)	(9,121)	(11,458)	(6,256)	-	-	(336)	(331)	-	-	(41,186)	-	(41,669)		
Profit before tax and zakat	860,996	557,007	327,111	333,359	(534,081)	(698,720)	29,095	3,601	405,660	494,358	(502,432)	(129,882)	586,349 (172,469)	(129,882)	559,723 (59,522)		
Taxation																	
Zakat																	
Net profit for the year													406,776	(7,104)	491,809 (8,392)		

51. OPERATING SEGMENTS (CONTINUED)

(a) Business segments (continued)

	Consumer Banking		Corporate Banking		Global Markets		Investment		Others		Inter-segment elimination		Total	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Assets														
Segment assets	29,082,777	28,817,761	11,846,093	10,456,346	14,542,098	17,562,485	6,113,971	6,900,420	384,354	680,879	-	-	61,969,293	64,417,891
Tax recoverable													146,291	259,283
Deferred tax assets													101,745	95,220
Unallocated assets													2,046,685	1,890,892
Total assets													64,264,014	66,663,286
Liabilities														
Segment liabilities	25,836,679	25,175,669	10,483,970	9,750,482	11,858,008	15,033,724	5,025,368	6,048,058	357,900	59,063	-	-	53,561,925	56,066,996
Provision for taxation and zakat													26,991	35,945
Deferred tax liabilities													12,116	11,571
Unallocated liabilities													884,902	710,508
Total liabilities													54,485,934	56,825,020
Other Information														
Capital expenditure	-	-	-	-	-	-	-	-	76,697	83,065	-	-	76,697	83,065

(b) Geographical Segments

The Group's activities are in Malaysia, therefore segmental reporting is not analysed by geographical locations.

Notes to the Financial Statements

for the financial year ended 31 December 2024

52. THE OPERATIONS OF ISLAMIC BANKING

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

		Islamic Banking	
	Note	2024 RM'000	2023 RM'000
ASSETS			
Cash and short-term funds	(a)	1,122,530	5,148,136
Deposits and placements with banks and other financial institutions	(a)	770,343	749,812
Financial assets at fair value through profit or loss	(b)	850,967	250,725
Financial investments at fair value through other comprehensive income	(c)	12,589,878	12,460,030
Financial investments at amortised cost	(d)	4,025,804	4,412,893
Derivative financial assets		5,627	32,805
Financing and advances	(e)	40,729,292	39,145,649
Other receivables	(f)	859,140	735,986
Tax recoverable		23,152	90,297
Deferred tax assets		95,050	88,470
Statutory deposits with Bank Negara Malaysia		763,000	720,000
Property and equipment		75,262	96,635
Right-of-use assets		49,013	63,711
Investment properties		820	820
Intangible assets		98,455	88,167
Total assets		62,058,333	64,084,136
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits from customers	(g)	38,988,949	37,535,320
Deposits and placements of banks and other financial institutions	(h)	8,615,662	8,349,096
Investment accounts of customers	(i)	560,928	-
Islamic repurchase agreement		568,513	2,005,199
Derivative financial liabilities		6,768	5,158
Other payables	(j)	770,338	823,299
Lease liabilities		50,155	64,560
Recourse obligation on financing sold		2,090,032	4,031,732
Provision for taxation and zakat		26,968	35,935
Sukuk		1,325,738	2,197,432
Borrowings and government grant		72,574	94,573
Total liabilities		53,076,625	55,142,304
Ordinary share capital		7,129,572	7,129,572
Regulatory reserve		241,651	90,557
Fair value reserves		(79,500)	(128,207)
Retained earnings		1,689,985	1,849,910
Total equity		8,981,708	8,941,832
Total liabilities and shareholders' equity		62,058,333	64,084,136

The accompanying notes form an integral part of the financial statements.

52. THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Islamic Banking	
	2024 RM'000	2023 RM'000
Income derived from investment of depositors' funds	2,984,275	2,325,463
Income derived from investment of shareholders' funds	607,843	444,014
Income derived from investment of investment accounts' funds	12,371	47,999
Expected credit losses on financing and advances and other impairment	(123,173)	(84,347)
Total distributable income	3,481,316	2,733,129
Income attributable to depositors and others	(2,024,813)	(1,804,236)
Total net income	1,456,503	928,893
Operating expenses	(811,418)	(667,055)
Profit before taxation and zakat	645,085	261,838
Taxation	(174,051)	(25,418)
Zakat	(7,025)	(8,392)
Profit for the year	464,009	228,028
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods:		
– Net profit/(loss) from change in fair values	73,156	247,114
– Realised loss transferred to statements of income on disposal	(8,999)	50,184
– Transfer from deferred tax	(15,450)	(71,528)
Net other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods:	48,707	225,770
Total comprehensive income/(expense) for the financial year	512,716	453,798

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

for the financial year ended 31 December 2024

52. THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(a) Cash and short-term funds and deposits and placements with banks and other financial institutions

	Islamic Banking	
	2024 RM'000	2023 RM'000
(i) Cash and balances with banks and other financial institutions	654,958	560,142
Money at call and deposit placements maturing within 1 month	467,572	4,587,994
	1,122,530	5,148,136
(ii) Deposits and placements with banks and other financial institutions with original maturity of more than 1 month	770,343	749,812
	1,892,873	5,897,948

(b) Financial assets at FVTPL

	Islamic Banking	
	2024 RM'000	2023 RM'000
Money Market Instruments		
<u>In Malaysia</u>		
Private mandate investments	130,193	240,357
Malaysian Government Investment Issues	701,143	10,368
	831,336	250,725
Equity instruments		
Quoted securities:		
<u>In Malaysia</u>		
Shares	8,297	–
Unquoted securities:		
<u>In Malaysia</u>		
Redeemable convertible preference shares	11,334	–
	19,631	–
	850,967	250,725

52. THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(c) Financial investments at FVOCI

	Islamic Banking	
	2024 RM'000	2023 RM'000
Money Market Instruments		
Malaysian Government Investment Issues	8,507,403	8,225,267
Debt securities		
<u>In Malaysia</u>		
Private and Islamic debt securities	2,948,434	2,597,651
Government Guaranteed debt securities	1,134,041	1,637,112
	12,589,878	12,460,030

Movement of allowance for credit losses recognised in FVOCI reserve:

	Islamic Banking			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2024	512	–	8,112	8,624
Total (reversal)/charged to profit or loss	(249)	31	–	(218)
Due to transfer within stages:				
– Transfer to Stage 2	(31)	31	–	–
New financial investments purchased during the year	357	–	–	357
Financial investments derecognised and repayment during the year	(339)	–	–	(339)
Change in credit risk	(236)	–	–	(236)
Written off	–	–	(8,112)	(8,112)
At 31 December 2024	263	31	–	294

	Islamic Banking			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2023	10	–	–	10
Acquisition of MIDF	328	–	8,112	8,440
Total charged to profit or loss:	174	–	–	174
New financial investments purchased during the year	176	–	–	176
Financial investments derecognised and repayment during the year	(14)	–	–	(14)
Change in credit risk	12	–	–	12
At 31 December 2023	512	–	8,112	8,624

Notes to the Financial Statements

for the financial year ended 31 December 2024

52. THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(d) Financial investments at amortised cost

	Islamic Banking	
	2024 RM'000	2023 RM'000
At amortised cost		
Money Market Instruments		
Malaysian Government Investment Issues	1,095,062	1,241,716
In Malaysia		
Private and Islamic debt securities	2,856,093	3,097,186
Government Guaranteed corporate sukuk	75,785	75,684
	4,026,940	4,414,586
Less: ECL	(1,136)	(1,693)
	4,025,804	4,412,893

ECL movement for financial investments at amortised cost:

	Islamic Banking			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2024	1,546	147	–	1,693
Total reversal to profit or loss:	(481)	(76)	–	(557)
New financial investments purchased during the year	59	–	–	59
Financial investments derecognised and repayment during the year	(369)	–	–	(369)
Changes in credit risk	(171)	(76)	–	(247)
At 31 December 2024	1,065	71	–	1,136

	Islamic Banking			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2023	868	239	–	1,107
Acquisition of MIDF	871	–	–	871
Total reversal to profit or loss:	(193)	(92)	–	(285)
New financial investments purchased during the year	86	–	–	86
Financial investments derecognised and repayment during the year	(31)	–	–	(31)
Changes in credit risk	(248)	(92)	–	(340)
At 31 December 2023	1,546	147	–	1,693

52. THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(e) Financing and advances

(i) By type and Shariah contract

	Islamic Banking				Total financing and advances
	Sale-based contract			Lease-based contract	
	Tawarruq	Bai' Bithaman Ajil	Commodity Murabahah	Al-Ijarah Thumma Al-Bai	
2024	RM'000	RM'000	RM'000	RM'000	RM'000
At amortised cost					
Term financing	34,058,138	1,559,555	686,475	1,059,722	37,363,890
– Personal financing	18,589,203	78	–	–	18,589,281
– Property financing	9,242,737	1,509,290	–	–	10,752,027
– Islamic industrial hire purchase	–	–	–	689,790	689,790
– Bridging financing	335,825	–	–	–	335,825
– Auto financing	–	–	–	8,833	8,833
– Other term financing	4,312,099	50,187	–	361,099	4,723,385
– Syndicated term financing	1,578,274	–	686,475	–	2,264,749
Revolving credit	413,644	–	–	–	413,644
Trade finance	3,424,344	–	–	–	3,424,344
Cashline	300,270	–	–	–	300,270
Staff financing	26,954	–	55	1,493	28,502
Gross financing and advances	38,223,350	1,559,555	686,530	1,061,215	41,530,650
Less: ECL					(801,358)
Net financing and advances					40,729,292

Notes to the Financial Statements

for the financial year ended 31 December 2024

52. THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(e) Financing and advances (continued)

(i) By type and Shariah contract (continued)

	Islamic Banking				Total financing and advances
	Sale-based contract			Lease-based contract	
	Tawarruq	Bai' Bithaman Ajil	Commodity Murabahah	Al-Ijarah Thumma Al-Bai	
	RM'000	RM'000	RM'000	RM'000	RM'000
2023					
At amortised cost					
Term financing	33,094,530	2,375,371	711,186	1,213,851	37,394,938
– Personal financing	19,467,390	92	–	–	19,467,482
– Property financing	7,396,217	2,240,420	–	–	9,636,637
– Islamic industrial hire purchase	–	–	–	763,196	763,196
– Bridging financing	472,581	–	–	–	472,581
– Auto financing	–	–	–	22,667	22,667
– Other term financing	4,242,581	134,859	–	427,988	4,805,428
– Syndicated term financing	1,515,761	–	711,186	–	2,226,947
Revolving credit	113,356	–	–	–	113,356
Trade finance	2,637,621	–	–	–	2,637,621
Cashline	193,585	–	–	–	193,585
Staff financing	26,481	–	30	1,760	28,271
Gross financing and advances	36,065,573	2,375,371	711,216	1,215,611	40,367,771
Less: ECL					(1,222,122)
Net financing and advances					39,145,649

52. THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(e) Financing and advances (continued)

(ii) By residual contractual maturity

	Islamic Banking	
	2024 RM'000	2023 RM'000
Maturing within one year	5,509,255	4,508,722
One year to three years	2,279,160	1,973,807
Three years to five years	2,706,099	2,589,579
Over five years	31,036,136	31,295,663
	41,530,650	40,367,771

(iii) By type of customers

	Islamic Banking	
	2024 RM'000	2023 RM'000
Individuals:		
– Malaysian nationals	29,326,129	29,098,648
Foreign nationals	705,422	774,843
Domestic business enterprises:		
– Small medium enterprises	3,906,980	3,848,169
– Non-bank financial institutions	1,527,692	756,747
– Others	6,064,427	5,889,364
	41,530,650	40,367,771

(iv) By sector

	Islamic Banking	
	2024 RM'000	2023 RM'000
Household sectors	29,328,719	29,101,187
Construction	3,092,963	3,332,122
Finance, insurance, real estate and business services	2,831,430	2,794,199
Wholesale & retail trade and restaurants & hotels	2,231,758	1,570,564
Manufacturing	2,046,266	1,654,025
Education, health and others	776,601	895,315
Transport, storage and communications	648,689	504,055
Mining and quarrying	81,181	97,801
Electricity, gas and water	164,671	215,901
Agriculture	328,372	202,602
	41,530,650	40,367,771

Notes to the Financial Statements

for the financial year ended 31 December 2024

52. THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(e) Financing and advances (continued)

(v) By profit rate sensitivity

	Islamic Banking	
	2024 RM'000	2023 RM'000
Fixed rate:		
Personal financing	5,609,705	13,109,215
Bridging, structured and term financing	916,454	847,520
Property financing	316,822	349,683
Auto financing	10,327	24,427
Variable rate:		
Bridging, structured and term financing	11,235,552	10,361,259
Property financing	10,462,159	9,317,370
Personal financing	12,979,631	6,358,297
	41,530,650	40,367,771

(vi) By geographical distribution

	Islamic Banking	
	2024 RM'000	2023 RM'000
Malaysia	40,782,581	40,367,771
Outside Malaysia	748,069	–
	41,530,650	40,367,771

52. THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(e) Financing and advances (continued)

(vii) Movement of gross financing and advances

	Islamic Banking			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
As at 1 January	36,236,861	1,744,551	2,386,359	40,367,771
Transfer to Stage 1	496,880	(470,306)	(26,574)	–
Transfer to Stage 2	(1,365,687)	1,696,343	(330,656)	–
Transfer to Stage 3	(327,140)	(118,161)	445,301	–
New financing/disbursement during the year	11,086,427	190,057	71,054	11,347,538
Repayment during the year	(9,159,908)	(439,397)	(241,412)	(9,840,717)
Other movements	39,279	(14,737)	200,407	224,949
Write-offs	(26)	(94)	(568,771)	(568,891)
As at 31 December	37,006,686	2,588,256	1,935,708	41,530,650
	Islamic Banking			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2023				
As at 1 January	33,370,254	2,490,767	2,069,604	37,930,625
Acquisition of MIDF	609,081	74,710	144,940	828,731
Transfer to Stage 1	1,108,615	(1,031,835)	(76,780)	–
Transfer to Stage 2	(541,739)	621,480	(79,241)	500
Transfer to Stage 3	(168,120)	(382,004)	550,124	–
New financing/disbursement during the year	10,183,016	535,541	324,027	11,042,584
Repayment during the year	(8,418,841)	(517,377)	(331,701)	(9,267,919)
Other movements	95,343	(45,828)	153,814	203,329
Derecognition of credit impaired financial asset	–	–	(44,200)	(44,200)
Refinancing from MBSB	42	–	251	293
Reclassification from non-current assets held for sale	–	–	1,403	1,403
Write-offs	(790)	(903)	(325,882)	(327,575)
As at 31 December	36,236,861	1,744,551	2,386,359	40,367,771

Notes to the Financial Statements

for the financial year ended 31 December 2024

52. THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(e) Financing and advances (continued)

(viii) Movement of ECL for financing and advances

	Islamic Banking			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
As at 1 January	344,295	80,058	797,769	1,222,122
Total (reversal)/charged to profit or loss	(210,718)	135,656	215,906	140,844
Changes in the ECL due to transfer within stages:				
– Transfer to Stage 1	34,047	(24,594)	(9,453)	–
– Transfer to Stage 2	(9,029)	144,862	(135,833)	–
– Transfer to Stage 3	(3,980)	(7,037)	11,017	–
New financing/disbursement during the year	72,706	11,601	25,701	110,008
Repayment during the year	(130,000)	15,156	(6,921)	(121,765)
Changes in credit risk parameters [#]	(65,615)	11,266	331,395	277,046
Changes to model assumptions and methodologies [@]	(108,847)	(15,598)	–	(124,445)
Write-offs	(26)	(9)	(560,997)	(561,032)
Others	–	–	(576)	(576)
As at 31 December	133,551	215,705	452,102	801,358

	Islamic Banking			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2023				
As at 1 January	292,757	334,400	738,261	1,365,418
Acquisition of MIDF	4,137	2,284	81,424	87,845
Total charged/(reversal) to profit or loss	47,401	(256,626)	300,990	91,765
Changes in the ECL due to transfer within stages:				
– Transfer to Stage 1	145,681	(91,775)	(53,906)	–
– Transfer to Stage 2	(4,752)	34,332	(29,580)	–
– Transfer to Stage 3	(2,418)	(80,799)	82,377	(840)
New financing/disbursement during the year	107,226	10,519	10,463	128,208
Repayment during the year	(206,340)	(102,467)	(48,373)	(357,180)
Changes in credit risk parameters [#]	17,757	(26,311)	359,086	350,532
Changes to model assumptions and methodologies [^]	(9,754)	(125)	25	(9,854)
Derecognition of credit impaired financial asset	–	–	(19,245)	(19,245)
Refinancing from MBSB	1	–	143	144
Reclassification from non-current assets held for sale	–	–	1,417	1,417
Write-offs	–	–	(324,093)	(324,093)
Others	–	–	(230)	(230)
As at 31 December	344,295	80,058	797,769	1,222,122

[#] The changes in credit risk parameters include impact of forward-looking on key MEV and changes to loss rate for the ECL model.

[@] The changes to model assumptions and methodologies were in relation to incorporation of MEV factors with more intuitive trends.

[^] The changes to model assumptions and methodologies were in relation to incorporation of MEV factors with more intuitive trends, revision to PD and LGD modelling and revisions to management overlay assumptions.

52. THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(e) Financing and advances (continued)

(ix) Movement of impaired financing and advances

	Islamic Banking	
	2024 RM'000	2023 RM'000
Balance as at 1 January	2,386,359	2,069,604
Acquisition of MIDF	–	144,940
Classified as impaired during the year	516,355	874,151
Reclassified as non-impaired	(357,230)	(156,021)
Amount recovered	(241,412)	(331,701)
Other movements	200,407	153,814
Derecognition of credit impaired financial asset	–	(44,200)
Refinancing from MBSB	–	251
Reclassification from non-current assets held for sale	–	1,403
Amount written off	(568,771)	(325,882)
Balance as at 31 December	1,935,708	2,386,359
Less: ECL	(452,102)	(797,769)
	1,483,606	1,588,590
Net impaired as a percentage of net financing and advances	3.64%	4.06%
Gross impaired as a percentage of gross financing and advances	4.66%	5.91%

(f) Other receivables

	Islamic Banking	
	2024 RM'000	2023 RM'000
Financing to related companies	362,867	403,211
Foreclosed properties	36,271	36,271
Prepayments and deposits	37,608	28,804
Fee receivables	43,589	52,370
Sundry receivables	287,858	144,277
Deferred expenses	66,089	60,849
Amount due from brokers and clients	9,389	10,911
Amount due from MIDF	6,212	12,412
Amount due from borrowing and government grant	13,233	12,003
	863,116	761,108
Less: ECL	(3,976)	(25,122)
	859,140	735,986

Notes to the Financial Statements

for the financial year ended 31 December 2024

52. THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(g) Deposits from customers

(i) By type of deposit:

	Islamic Banking	
	2024 RM'000	2023 RM'000
Commodity Murabahah Term Deposits	34,225,721	34,760,348
Demand deposits	4,116,714	2,022,020
Savings deposits	646,514	752,952
	38,988,949	37,535,320

(ii) Maturity structure of term deposits are as follows:

	Islamic Banking	
	2024 RM'000	2023 RM'000
Due within six months	24,391,535	25,839,368
More than six months to one year	7,443,122	6,195,849
More than one year to three years	1,368,995	532,360
More than three years	1,022,069	2,192,771
	34,225,721	34,760,348

(iii) By type of customers:

	Islamic Banking	
	2024 RM'000	2023 RM'000
Government and statutory bodies	16,532,266	18,881,570
Business enterprises	14,259,121	13,349,550
Individuals	8,197,562	5,304,200
	38,988,949	37,535,320

52. THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(h) Deposits and placements of banks and other financial institutions

	Islamic Banking	
	2024 RM'000	2023 RM'000
Licensed investment banks	290,775	29,271
Licensed commercial banks	12,204	921
Licensed islamic banks	645,874	1,201,820
Other financial institutions	7,616,263	7,117,084
	8,565,116	8,349,096
At fair value through profit and loss		
Structured deposits linked to profit rate derivatives	50,565	–
Fair value changes arising from designation at fair value through profit or loss*	(19)	–
	50,546	–
	8,615,662	8,349,096

- * The Group issued structured deposits which are linked to profit rate derivatives and designated them at FVTPL. This designation is permitted under MFRS 9 as it significantly reduces accounting mismatch. These instruments are managed by the Group on the basis of fair value and includes terms that have substantive derivative characteristics.

The fair value changes of the structured deposits which are linked to profit rate derivatives that are attributable to the changes in own credit risk are not significant.

The maturity structure of deposits and placements of banks and other financial institutions is as follows:

	Islamic Banking	
	2024 RM'000	2023 RM'000
Due within six months	8,479,116	7,233,768
More than six months to one year	85,939	311,375
More than one year to three years	50,607	803,953
	8,615,662	8,349,096

Notes to the Financial Statements

for the financial year ended 31 December 2024

52. THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(i) Investment accounts of customers

	Islamic Banking	
	2024 RM'000	2023 RM'000
Mudharabah unrestricted investment account	560,928	–

The investment account placements were used to fund personal financing.

(i) By type of customers

	Islamic Banking	
	2024 RM'000	2023 RM'000
Individual	560,928	–
	560,928	–

(ii) Movement of investment accounts of customers:

	Islamic Banking	
	2024 RM'000	2023 RM'000
At beginning of the financial year	–	2,080,767
New placements during the financial year	612,572	2,526,300
Redemption during the financial year	(56,826)	(4,592,220)
Finance expense	5,384	31,473
Profit distributed	(202)	(46,320)
At end of financial year	560,928	–

The unrestricted investment accounts which were fully redeemed during the year 2023 was under the Islamic concept Wakalah.

(iii) By maturity

	Islamic Banking	
	2024 RM'000	2023 RM'000
Due within six months	13,740	–
More than six months to one year	540,911	–
More than one year to two years	6,277	–
	560,928	–

52. THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(i) Investment accounts of customers (continued)

(iv) Rate of Return ("ROR") and Profit sharing ratio based on residual maturity

	Investment Account Holder Average ROR	Average profit sharing ratio
2024	%	%
Unrestricted investment accounts:		
Due within three months	4.59	58.88
More than three months to one year	5.48	70.29
More than one year to two years	5.51	70.69

(j) Other payables

	Islamic Banking	
	2024 RM'000	2023 RM'000
Amount due to related entities	241,153	234,709
Amount due to holding company	206	–
Amount due to brokers and clients	9,373	10,854
Amount due to GSF	84,761	71,132
Sundry creditors	297,236	271,783
Al-Mudharabah security funds	–	117,885
ECL for commitments and contingencies and financial guarantees	19,511	35,213
Deferred income	17,384	5,243
Other provisions and accruals	100,714	76,480
	770,338	823,299

Notes to the Financial Statements

for the financial year ended 31 December 2024

52. THE OPERATIONS OF ISLAMIC BANKING (CONTINUED)

(j) Other payables (continued)

(i) ECL for commitments and contingencies and financial guarantees

Movement of ECL for commitments and contingencies and financial guarantees are as follows:

	Islamic Banking			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2024				
As at 1 January	28,183	5,177	1,853	35,213
Total reversal to profit or loss	(12,744)	(2,579)	(372)	(15,695)
Changes in ECL due to transfer within stages:				
– Transfer to Stage 1	332	(283)	(49)	–
– Transfer to Stage 2	(1,386)	1,547	(161)	–
– Transfer to Stage 3	(1,414)	(47)	1,461	–
New financing/disbursement during the year	10,604	101	–	10,705
Derecognised/converted to financing during the year (other than write-offs)	(9,049)	(2,630)	(395)	(12,074)
Changes in credit risk parameters [#]	6,790	890	(1,228)	6,452
Changes to model assumptions and methodologies [@]	(18,621)	(2,157)	–	(20,778)
Write-offs	–	–	(7)	(7)
As at 31 December	15,439	2,598	1,474	19,511

	Islamic Banking			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
2023				
As at 1 January	15,146	32,369	4,836	52,351
Acquisition of MIDF	1211	–	–	1,211
Total charged/(reversal) to profit or loss	11,826	(27,192)	(2,971)	(18,337)
Changes in ECL due to transfer within stages:				
– Transfer to Stage 1	1,945	(1,933)	(12)	–
– Transfer to Stage 2	(895)	919	(24)	–
– Transfer to Stage 3	(8)	(314)	322	–
New financing/disbursement during the year	12,224	255	68	12,547
Derecognised/converted to financing during the year (other than write-offs)	(3,696)	(8,937)	(3,963)	(16,596)
Changes in credit risk parameters [#]	2,256	(17,182)	638	(14,288)
Write-offs	–	–	(12)	(12)
As at 31 December	28,183	5,177	1,853	35,213

[#] The changes in credit risk parameters includes the impact of forward-looking key MEV and changes to loss rate for the ECL model.

[@] The changes to model assumptions and methodologies were in relation to incorporation of MEV factors with more intuitive trends.

53. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Completion of the purchase price allocation ("PPA") from the acquisition of MIDF

On 2 October 2023, the Company completed the acquisition of MIDF following the issuance of shares to Permodalan Nasional Berhad ("PNB"). As allowed by MFRS 3 'Business Combinations', the Group had previously accounted the acquisition of MIDF using the provisional fair values on the acquisition date.

During the year, the Group completed its allocation of the assets acquired and liabilities assumed. The fair value adjustments and intangible assets identified on the acquisition were based on finalised purchase price allocation ("PPA") and fair value exercise.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Fair value
	RM'000
Cash and short-term funds	722,725
Deposits and placements with banks and other financial institutions	44,700
Financial assets at fair value through profit or loss	171,254
Financial investments at fair value through other comprehensive income	1,812,803
Financial investments at amortised cost	2,334,879
Loans, financing and advances	1,846,090
Statutory deposits with Bank Negara Malaysia	103,901
Other receivables	198,702
Investment properties	5,545
Deposits from customers	(4,395,923)
Deposits and placements of banks and other financial institutions	(1,305,418)
Borrowings and government grant	(224,260)
Other liabilities	(184,831)
Net assets	1,130,167
Less: Non-controlling interests	(238)
Net assets acquired	1,129,929
Gain on acquisition of MIDF recognised in the year 2023 (Note 35)	(354,383)
Gain on acquisition of MIDF recognised upon completion of PPA (Note 35)	(3,187)
Purchase consideration satisfied via issuance of consideration shares at market value on 2 October 2023 of RM0.735 per share	772,359

Notes to the Financial Statements

for the financial year ended 31 December 2024

53. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(b) Completion of scheme of arrangement to transfer shareholding of EUSB and disposal of residual assets and liabilities to EUSB

On 31 January 2024, the Company completed a scheme of arrangement pursuant to Sections 366 and 370 of the Companies Act 2016 to transfer the Company's entire shareholding in EUSB to a corporate share trustee to hold the same for the benefit of an identified nominated charity, and disposed of and transferred its residual assets to EUSB for the following consideration:

- i) For all the subject loans and advances which remained in the Company, at a consideration based on net book value as at 31 December 2023; and
- ii) For the shares of the four subsidiaries (MBSB Properties Sdn. Bhd., MBSB Development Sdn. Bhd., Definite Pure Sdn. Bhd. and 88 Legacy Sdn. Bhd.), at a nominal sum of RM2.00 for each of the subsidiaries.

The rationale of the scheme was to enable the Company to be a pure investment holding company with no loans and no direct interest in companies which are not involved in financial services.

The Group retains the risks and rewards over the loans and advances and as such pursuant to MFRS 9 'Financial Instruments', the Company continues recognising the loans and advances in the balance sheet. The Company does not have legal or beneficial ownership over EUSB, however one of the Company's subsidiaries (Amanah International Finance Sdn. Bhd.) was appointed by EUSB as a servicing agent to manage and supervise the litigation of the Company's loans and advances that were disposed to EUSB. The Company thus continues to consolidate EUSB as it meets the following criteria of control as per the MFRS 10 'Consolidated Financial Statements':

- a) The Company has power over EUSB;
- b) The Company has exposure, or rights, to variable returns from its involvement with EUSB; and
- c) The Company has the ability to use its power over the investee to affect the amount of the investor's returns

54. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below:

(a) Allowance for ECL

The measurement of the ECL for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

MFRS 9 introduces the use of macroeconomic factors which include, but is not limited to, private consumption, unemployment rate and consumer price index. Incorporating forward looking information increases the level of judgement as to how changes in these macroeconomic factors will affect ECL. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

54. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

(a) Allowance for ECL (continued)

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Criteria that determine if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- Internal credit grading model, which assigns PDs to the individual grades;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL

The sensitivity effect on the macroeconomic factors are further disclosed in Note 47.1(vii) to the financial statements.

The calculation of credit impairment provisions also involves expert credit judgements to be applied by the credit risk management team based upon counterparty information from various sources including relationship managers and external market information.

(b) Impairment assessment of goodwill

Goodwill arising from consolidation represents the excess of the purchase consideration and the fair value of the net identifiable assets of MBSB Bank acquired on 7 February 2018.

Goodwill is not amortised but tested for impairment annually based on the recoverable amount of the investment with VIU calculations. VIU is calculated with cash flow projections based on the 2025 financial budget, which is approved by the Board of Directors with a further projection of 2 years (2023: 2 years). Cash flows beyond the 3 years period are extrapolated using an estimated growth rate of 4.0% (2023: 4.0%) representing the forecasted Gross Domestic Product growth rate of the country for all CGUs. The cash flows are then discounted using the Weighted Average Cost of Capital ("WACC") rates.

Schedule of Properties

No.	Location	Tenure	No. of years	Expiry Date	Land Area (Sq. Metres)	Description	Ages of Building (Years)	Book Value (RM'000)	Date of Revaluation
1	Menara MBSB Bank, PJ Sentral, Lot 12, Persiaran Barat, Seksyen 52, 46200 Petaling Jaya	Leasehold	99	09.02.2108	281,455.00	Office Building	3	222,517	December 2023
2	a) Lot No. 3077 Title Pajakan Negeri No. 32340, Mukim Pegoh, Alor Gajah, Melaka (phase 2C, A'Famosa resort) b) 65 undeveloped detached house plots of land, Part of Phase 12, A' Famosa Resort Malaysia, Jalan Kemus, Simpang Ampat, Melaka c) 62 undeveloped detached house plots of land, Part of Phase 8, A'Famosa Resort Malaysia, Jalan Kemus, Simpang Ampat, Melaka	Leasehold	99	18.12.2094	161,106.01	Vacant Land	Nil	33,763	January 2023
3	No. 48, Jalan Dungun, Damansara Heights, Kuala Lumpur	Freehold	Nil	Nil	1,595.28	Office Building	34	6,900	December 2023
4	Unit No. 7-3A-4 & 7-12-4, Kirana Residence, No. 7, Jalan Pinang, Kuala Lumpur	Freehold	Nil	Nil	Nil	Residential Unit	25	3,801	August 2024
5	4 units shop office known as unit no. 11-1, 11-2, 11-3 and 11-16 Port Tech Tower, Klang	Leasehold	99	08.05.2093	Nil	Office unit	10	1,729	October 2024

No.	Location	Tenure	No. of years	Expiry Date	Land Area (Sq. Metres)	Description	Ages of Building (Years)	Book Value (RM'000)	Date of Revaluation
6	Title No. PN 69, Lot No. 113, Seksyen 5, Bandar Alor Setar, Kota Setar, Kedah	Leasehold	99	29.02.2076	130.06	Office Building	>15	857	August 2024
7	Lot No. 4114 Title Geran No. 108858 Pekan Senawang, Seremban, Negeri Sembilan	Freehold	N/A	N/A	4,200	Vacant Land	Nil	820	January 2023
8	Three (3) completed units of office space: No. 13-3A, 13-5,13-6, 13th Floor, Port Tech Tower, Jalan Tiara 3KU/01, Bandar Baru Klang, Selangor	Leasehold	99	08.05.2093	Nil	Office unit	9	779	January 2023
9	No. 203 & 204 Jalan Melaka Raya 1, Taman Melaka Raya, 75000 Melaka	Leasehold	99	19.08.2075	298	Office Building	>20	268	December 2023
10	Nos A157 & A159, Jalan Tun Ismail, Kuantan, Pahang	Freehold	Nil	Nil	266	Office Building	> 25	181	January 2024

Analysis of Shareholdings

(As at 28 March 2025)

Total number of Issued Shares : 8,222,312,432 Ordinary Shares

Voting Rights : One Vote per Ordinary Share

ANALYSIS OF ORDINARY SHAREHOLDING (as per the Record of Depositors)

Size of Shareholding	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 – 99	2,727	5.277	100,684	0.001
100 – 1,000	7,420	14.360	5,284,350	0.064
1,001 – 10,000	21,085	40.807	112,970,367	1.373
10,001 – 100,000	17,015	32.930	567,215,912	6.898
100,001 – 411,115,620 (*)	3,420	6.618	1,882,936,443	22.900
411,115,621 and Above (**)	3	0.005	5,653,804,676	68.761
TOTAL	51,670	100.000	8,222,312,432	100.000

Remark:

* Less than 5% of Issued Shares

** 5% and above of Issued Shares

THIRTY LARGEST SHAREHOLDERS (as per the Record of Depositors)

No.	Name	No. of Shares	% of Shares
1	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	3,146,392,698	38.266
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ISLAMIC)	1,456,583,349	17.715
3	PERMODALAN NASIONAL BERHAD	1,050,828,629	12.780
4	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR HSBC PRIVATE BANK (SUISSE) SA (CLIENT ASSETS)	131,062,931	1.593
5	FONG SILING	52,000,000	0.632
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CGS CIMB)	41,111,000	0.499
7	DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	37,987,700	0.462
8	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	34,198,984	0.415
9	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD MALAYAN BANKING BERHAD (MBB1 OTC-M)	33,004,300	0.401
10	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	32,367,600	0.393
11	B-OK SDN BHD	22,700,019	0.276

No.	Name	No. of Shares	% of Shares
12	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIAO CHOON PING	22,610,000	0.274
13	CARTABAN NOMINEES (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR WISDOMTREE EMERGING MARKETS SMALLCAP DIVIDEND FUND	19,712,728	0.239
14	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD FIDUCIARY TRUST COMPANY INSTITUTIONAL TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST II	18,775,300	0.228
15	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	15,223,340	0.185
16	KENANGA NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT)	12,019,696	0.146
17	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	11,694,137	0.142
18	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HENG TENG KUANG	11,571,700	0.140
19	LKK REALTY SDN. BHD.	10,203,000	0.124
20	YEAP AH KAU @ YEAP CHAN TOOI	8,999,600	0.109
21	CARTABAN NOMINEES (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR VANGUARD FTSE ALL-WORLD EX-US SMALL- CAP INDEX FUND	8,688,000	0.105
22	CARTABAN NOMINEES (ASING) SDN BHD BNYM SA/NV FOR ISHARES PUBLIC LIMITED COMPANY	8,397,600	0.102
23	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)	8,064,753	0.098
24	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG DANA MAKMUR	8,000,000	0.097
25	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR EMERGING MARKETS SMALL CAPITALISATION EQUITY INDEX NONLENDABLE FUND	7,986,485	0.097
26	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS SWITZERLAND AG (CLIENTS ASSETS)	7,374,187	0.089
27	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND ZVTG FOR STATE STREET GLOBAL ADVISORS TRUST COMPANY INVESTMENT FUNDS FOR TAX EXEMPT RETIREMENT PLANS	7,170,775	0.087
28	POSEIDON SENDIRIAN BERHAD	7,125,246	0.086
29	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB BANK BERHAD (EDP 2)	7,067,512	0.085
30	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD (SBL/PB)	6,852,277	0.083
TOTAL SHAREHOLDING OF THE THIRTY LARGEST SHAREHOLDERS		6,245,773,546	75.961

Analysis of Shareholdings

as at 28 March 2025

SUBSTANTIAL SHAREHOLDERS (As per the Register of Substantial Shareholders)

Name	Nature of Interest	No. of Shares	% of Issued Shares
Employees Provident Fund Board	Direct	4,643,848,290	56.479
Permodalan Nasional Berhad	Direct	1,050,828,629	12.780
Yayasan Pelaburan Bumiputra	Indirect	1,050,828,629	12.780

Notes:

- 1) Total direct interest of EPF held under Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board, Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board - IC, Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (CGS CIMB-SBL)
- 2) Yayasan Pelaburan Bumiputra is deemed to have indirect interest through its shareholding of 100% less one (1) share of Permodalan Nasional Berhad by virtue of Section 8(4) of the Companies Act, 2016

DIRECTORS' DIRECT AND INDIRECT INTERESTS IN SHARES IN THE COMPANY

None of the director has any direct or indirect interests in shares in the Company.

GROUP CHIEF EXECUTIVE OFFICER'S DIRECT AND INDIRECT INTERESTS IN SHARES IN THE COMPANY

The Group Chief Executive Officer, Encik Mohamed Rafe bin Mohamed Haneef does not hold any direct or indirect interests in shares in the Company.

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MBSB BERHAD

(Formerly known as Malaysia Building Society Berhad)

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