

FINANCIAL STATEMENTS

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Directors' Report

for the financial year ended 31 December 2023

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITY

The Bank is principally engaged in Islamic banking business and the provision of related services. The principal activities of the subsidiaries are as stated in Note 13 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

The address of the registered office of the Bank is Level 32, Menara Bank Islam, No 22, Jalan Perak, 50450 Kuala Lumpur.

There was no significant and subsequent event during the financial year ended 31 December 2023.

SUBSIDIARIES

The details of the Bank's subsidiaries are disclosed in Note 13 to the financial statements.

RESULTS

	Group	Bank
	RM'000	RM'000
Profit before zakat and tax	746,829	828,248
Zakat and tax expense	(193,779)	(193,218)
Profit for the year	553,050	635,030

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Bank were as follows:

	RM'000
In respect of the financial year ended 31 December 2022: Second Interim dividend of approximately 3.40 sen per ordinary share paid on 12 May 2023	76,296
In respect of the financial year ended 31 December 2023: First interim dividend of approximately 12.59 sen per ordinary share paid on 12 January 2024	285,349
	361,645



Directors' Report

for the financial year ended 31 December 2023

DIVIDENDS (CONTINUED)

The Directors have proposed a single tier second interim dividend of 4.22 sen per ordinary shares totalling RM95,645,000 for the financial year ended 31 December 2023.

The financial statement for the current financial year ended 31 December 2023 do not reflect this single-tier second interim dividend. Such dividend will be accounted for in the statement of changes in equity as an appropriation of retained profits in the next financial year ending 31 December 2024.

DIRECTORS OF THE BANK

Directors of the Bank who served during the financial year until the date of this report are:

Tan Sri Dr. Ismail Hj. Bakar (Chairman)
 Datuk Bazlan Osman
 Datuk Nik Mohd Hasyudeen Yusoff
 Mohd Yuzaidi Mohd Yusoff
 Mashitah Haji Osman
 Mohd Asri Awang
 Nuraini Ismail
 Dato' Professor Dr. Noor Inayah Yaakub (appointed w.e.f. 7 April 2023)
 Syed Hamadah Syed Othman (appointed w.e.f. 1 January 2024)
 Dato' Sri Khazali Ahmad (retired w.e.f. 2 January 2023)
 Dato' Sri Amrin Awaluddin (retired w.e.f. 5 May 2023)
 Azizan Ahmad (retired w.e.f. 2 January 2024)

DIRECTORS OF THE SUBSIDIARIES

Directors of the subsidiaries who served during the financial year until the date of this report are:

Name of Company	Directors
Al-Wakalah Nominees (Tempatan) Sendirian Berhad	Sazrin Mohd Razak (Chairman) Sarina Mohd Ali
BIMB Investment Management Berhad	Datin Maznah Mahbob (Chairman) Dato' Dr. Mohamad Zabidi Ahmad Sharifah Sarah Syed Mohamed Tahir (appointed w.e.f. 1 March 2023) Mashitah Haji Osman (appointed w.e.f. 1 April 2023) Azdini Nor Azman (appointed w.e.f. 1 August 2023) Azizan Abd Aziz (resigned w.e.f. 1 March 2023) Dr. Mohd Hatta Dagap (resigned w.e.f. 1 April 2023)
Bank Islam Trust Company (Labuan) Ltd.	Nik Azmir Nik Anis (Chairman) (appointed w.e.f. 7 February 2023) Zaharin Mohd Ali Ahmad Haliman Abdul Halim (appointed w.e.f. 22 August 2023) Maria Mat Said (resigned w.e.f. 7 February 2023)

DIRECTORS OF THE SUBSIDIARIES (CONTINUED)

Name of Company	Directors
Subsidiary of Bank Islam Trust Company (Labuan) Ltd.	
BIMB Offshore Company Management Services Sdn. Bhd.	Nik Azmir Nik Anis (Chairman) (appointed w.e.f. 4 January 2023) Zaharin Mohd Ali Maria Mat Said (resigned w.e.f. 5 January 2023)
BIMB Solutions Sdn. Bhd.	Ahmad Haliman Abdul Halim (Chairman) Iskandar Shah Zulkarnain
BIMB Holdings Sdn. Bhd.	Mohamed Iran Moriff Mohd Shariff (Chairman) Mohamad Jamali Haron
BIMB Securities (Holdings) Sdn. Bhd.	Mohamad Jamali Haron Sarina Mohd Ali
Subsidiary of BIMB Securities (Holdings) Sdn. Bhd.	
BIMB Securities Sdn. Bhd.	Dr. Mohd Hatta Dagap (Chairman) Mohd Asri Awang Sharifah Sarah Syed Mohamed Tahir Dr. Normazilah Mahzan (resigned w.e.f. 4 August 2023) Kamaruzaman Abdullah (retired w.e.f. 20 September 2023)
Subsidiaries of BIMB Securities Sdn. Bhd.	
BIMSEC Nominees (Tempatan) Sdn. Bhd.	Adam Abdul Aziz (Chairman)
BIMSEC Nominees (Asing) Sdn. Bhd.	Aida Sharini Abdul Wahab
Syarikat Al-Ijarah Sdn. Bhd.	Mohamad Jamali Haron Mohd Zamri Hassan

None of the Bank and subsidiaries' Directors holding office as at 31 December 2023 had any interest in the ordinary shares of the Bank and of its related corporations during the financial year.



Directors' Report

for the financial year ended 31 December 2023

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Bank has received nor become entitled to receive any benefit, other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors other than as shown below:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Executive Director				
Salaries and other remuneration	806	1,454	-	-
Non-Executive Directors				
Fees	1,738	1,795	1,413	1,509
Other emoluments	1,366	1,688	1,106	1,438
Benefit-in-kind	984	681	984	681
	4,088	4,164	3,503	3,628
	5,090	5,618	3,503	3,628

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries during the financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year ended 31 December 2023, the Group and the Bank increased its issued and paid-up ordinary shares from 2,155,269,114 units to 2,266,473,214 units via:

- (i) Issuance of 88,736,000 new ordinary shares amounting to RM200.5 million arising from the Dividend Reinvestment Plan ("DRP") relating to electable portion of the single-tier interim dividend of 10.40 sen in respect of the financial year ended 31 December 2022, as disclosed in Note 39 to the financial statements; and
- (ii) Issuance of 22,468,100 new ordinary shares amounting to RM43.1 million arising from the Dividend Reinvestment Plan ("DRP") relating to electable portion of the single-tier second interim dividend of 3.40 sen in respect of the financial year ended 31 December 2022, as disclosed in Note 39 to the financial statements.

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Bank during the financial year.

INDEMNITY AND TAKAFUL COSTS

During the financial year, the Bank maintained on group basis, a Directors' and Officers' Liability Takaful of up to an aggregate limit of RM50 million (2022: RM50 million) against any legal liability incurred by the Directors and Officers in the discharge of their duties while holding the office. The Directors and Officers shall not be indemnified by such takaful for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them. The amount of premium paid was RM206,869 (2022: RM206,869) with certain reimbursement made by the Directors and Officers.

OTHER STATUTORY INFORMATION

Bad and doubtful debts and financing

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

At the date of this report, the Directors are not aware of any circumstances that would render the amount written-off for bad financing, or amount of impairment provisions for impaired financing in the financial statements of the Group and of the Bank, inadequate to any substantial extent.

Current assets

Before the financial statements of the Group and of the Bank were made out, the Directors took reasonable steps to ascertain that any current assets, other than financing, which were unlikely to be realised in the ordinary course of business at their values as shown in the accounting records of the Group and of the Bank have been written down to their estimated realisable value.

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

Valuation methods

At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Bank to be 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 Bank which has arisen since the end of the financial year and which secures the liabilities of any other person, or
- (b) any contingent liability in respect of the Group or of the Bank that has arisen since the end of the financial year other than those incurred in the ordinary course of business.

No contingent or other liability of any company in the Group 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 substantially affect the ability of the Group and of the Bank to meet their obligations as and when they fall due.



Directors' Report

for the financial year ended 31 December 2023

OTHER STATUTORY INFORMATION (CONTINUED)

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 which would render any amount stated in the financial statements of the Group and of the Bank misleading.

Items of an unusual nature

The results of the operations of the Group and of the Bank for the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature, likely to affect substantially the results of the operations of the Group or of the Bank for the current financial year in which this report is made.

Compliance with Bank Negara Malaysia's policy document on financial reporting

In the preparation of the financial statements, the Directors have taken reasonable steps to ensure that the preparation of the financial statements of the Group and of the Bank are in compliance with the Bank Negara Malaysia's Policy Documents on Financial Reporting for Islamic Financial Institutions.

2024 BUSINESS PLAN AND OUTLOOK

Business Plan, Strategy and Future Outlook

2023 had been a challenging year amid global shockwaves which saw Malaysian Gross Domestic Product ("GDP") grew moderately by 3.7%. Despite external headwinds, Bank Negara Malaysia (BNM) projects that the economy is well-positioned for a better growth performance, expanding between 4%-5% in 2024. Private consumption activities will continue to be the anchor of growth, owing to strong labour market conditions.

Malaysian banking industry remained resilient despite uncertainty surrounding U.S. banking crisis. Asset quality remained sturdy with Gross Impaired Financing ("GIF") stood at 1.65% in November 2023 given the prudent management and tight asset quality control. Going into 2024, analysts are projecting growth to stay between 4%-5% in 2024 mainly underpinned by strong domestic demand. The National Budget 2024 also lays the foundation to promote sustainable growth that could boost green financing moving forward.

The Bank has placed strong emphasis on its core strengths while empowering environment, as well as prioritising sustainability agenda. This entails partnering with the targeted institutions and introducing advisory products to meet evolving customer demands alongside exploring potential product offerings through Group Retail Banking and Group Institutional Banking. The Bank has also introduced Ihsan Sustainability Investment Account to lead the evolution that advances prosperity for all. On the digital channel front, the exceptional growth in Internet Banking ("IB") and GO is expected to persist. In light of this, the Bank will focus on improving system reliability and enhancing the customer experience for IB and GO in 2024.

In advancing the Bank's sustainability commitments, we have successfully achieved our Shariah-ESG asset target of RM4 billion earlier than expected. Furthermore, the Bank has successfully joined as a Participant of the United Nations Global Compact ("UNGC"). The Bank remains steadfast in our sustainability commitment to support customers in their transition to low carbon target and contribute to Malaysia's net-zero ambitions as part of the Value-Based Intermediation initiatives.

RATINGS ACCORDED BY EXTERNAL RATING AGENCY

During the financial year, the Bank’s rating was re-affirmed as follows:

Rating agency	Date re-affirmed	Ratings
RAM Rating Services Berhad	30 November 2023	Long-term rating: AA3 Short-term rating: P1 Outlook: Stable

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146), have indicated their willingness to accept reappointment.

The auditors’ remuneration of the Group and the Bank are RM2,793,000 and RM2,603,000 respectively. Details of auditors’ remuneration are as disclosed in Note 33 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



Tan Sri Dr. Ismail Hj. Bakar
Director



Datuk Bazlan Osman
Director

Kuala Lumpur,
Date: 19 March 2024



Statement by Directors

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

In the opinion of the Directors, the financial statements set out on pages 266 to 404 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act 2016 in Malaysia, and Shariah requirements so as to give a true and fair view of the financial position of the Group and of the Bank as of 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Tan Sri Dr. Ismail Hj. Bakar
Director

Datuk Bazlan Osman
Director

Kuala Lumpur,
Date: 19 March 2024

Report of the Shariah Supervisory Council

“In the name of Allah, the Most Compassionate, the Most Merciful

All praise is due to Allah, the Lord of the Worlds, and peace and blessings be upon the Prophet Muhammad, whom Allah send as mercy to the universe, which Allah make him a guiding and a rightly guided man, and an illuminating lamp.

And peace and blessing on his family and companions, and those who followed them benevolently until the Day of Judgment and then after.

May Allah's peace, mercy and blessings be upon you.”

‘Salam Sejahtera’

In carrying out the roles and responsibilities of the Shariah Supervisory Council (“SSC”) as prescribed in the Shariah Governance Policy Document (“SGPD”) issued by Bank Negara Malaysia (“BNM”), and in compliance with our letter of appointment, we hereby submit our report for the financial year ended 31 December 2023.

The Bank’s management ensures that its conducts, operations, business, affairs, and activities follow the relevant Shariah rules and principles. Our responsibility is to form an independent opinion based on the review of conduct and businesses of the Bank in producing this report.

We had convened eight (8) meetings during the financial year in which we reviewed, among others, products, transactions, services, processes and documents of the Bank.

In performing our roles and responsibilities, we had obtained all the information and explanations which we considered necessary in providing us with sufficient evidence to give a reasonable assurance that the Bank had complied with the applicable Shariah rules and principles.

At the management level, the Group Chief Shariah Officer (cum Secretary of the SSC), who functionally reports to the SSC, oversees the conduct and effectiveness of Group Shariah Division’s (“GSD”) functions in carrying out the roles and responsibilities related to the Shariah secretariat, research, training and advisory. The internal control functions comprising Shariah Risk Management, Shariah Compliance and Shariah Audit residing respectively in the Group Risk Management Division, Group Compliance Division, and Group Internal Audit Division, and reporting directly to the Group Chief Risk Officer, Group Chief Compliance Officer, and Group Chief Internal Auditor further confirm the reliability of the Bank’s Shariah governance.

The following significant developments that took place during the financial year, were under our purview:

APPROVALS

To ensure smooth and timely execution of the Bank’s business operation, we empowered the Group Chief Shariah Officer (“GCSO”), Senior Manager and Managers of Group Shariah Division as stipulated in the Group Shariah Compliance Policy to approve variations in documents and matters which were not substantially Shariah related. The approvals were then notified to us periodically in our SSC meetings. Concurrently, the GCSO or his representative is also a member in the following committees to advise the Bank on matters relating to Shariah rules and principles:

1. Management Operation Committee;
2. Sadaqa House and Zakat Committee (Vice-Chairman);
3. Management Sustainability Committee;
4. Management Risk Control Committee;
5. Product Development Oversight Steering Committee;
6. Financing Committee A; and
7. Financing Committee B.



Report of the Shariah Supervisory Council

SHARIAH GOVERNANCE

We had approved in our meetings several initiatives undertaken by the Bank in strengthening its Shariah governance, including the review of the Shariah Compliance Policy of Bank Islam Labuan Offshore Branch (“BILOB”), Terms of Reference and Charter of the SSC. Such initiatives aimed, among others, to set out the Shariah governance framework within the Bank to ensure the business operations of the Bank were in line with the Shariah rules and principles.

SHARIAH RISK MANAGEMENT (“SRM”)

We had observed that the Bank continuously implemented appropriate measures in managing its Shariah non-compliance (“SNC”) risks.

One of the significant measures was the implementation of Risk Control Self-Assessment (“RCSA”) which aimed to assess the significance of identified SNC risks and the effectiveness of the controls put in place within the respective functional areas.

Since the introduction of RCSA, a continuous process of identifying and assessing SNC risks at various functional areas has been carried out by all Risk Controllers (“RCs”). The RCs have been also responsible for driving and implementing appropriate controls to mitigate any SNC events while achieving the business objectives of their respective areas. The semi-annual RCSA results, specifically on the SNC risk exposures of the Bank, were duly tabled in the Management Risk Control Committee and then in our SSC meetings for monitoring and oversight purposes.

In addition, the enhancement undertaken for the Operational Risk Integrated System (“ORIS”) which was launched in 2022, encompassing the Shariah compliance elements on top of the Operational Risk and Business Continuity Management. The enhancement made focused on the effectiveness of system application and data completeness to further improve the management of risk profiles for all business and support units, ultimately reducing the probability of SNC or Shariah-related events.

SRM also acknowledges the importance of promoting a strong Shariah compliance risk culture within the Bank, by instilling and promoting compliance with Shariah operations, business, affairs, and activities. On that note, this year SRM had revised the mandatory e-learning modules for better quality and efficiency, together with a refresher program for new and existing staff which focused on SNC Risk Management. The refresher program was made mandatory to all staff of the Bank.

Further to this, the SRM came up with a revised Shariah-Related Complaint Checklist to accommodate more effective identification and assessment of risk by the frontliners. Accordingly, the Key Risk Indicators (“KRI”) Reporting Frequency for Number of Shariah Related Complaints and its threshold was also revised to be in line with the new requirement under BNM ORR Policy Document (effective 1 November 2023).

Finally, during RCSA exercise in 2023, SRM emphasized on the Generic Risk proposed in previous year: Risk of failure to implement latest Shariah decisions or documents approved by SSC/Group Shariah Division which would lead to Shariah non-compliance event. The Generic Risk promoted greater accountability on the Bank’s staff in observing and practicing Shariah requirements and eventually inculcating the Shariah risk culture in a more efficient manner.

SHARIAH REVIEW & SHARIAH AUDIT

The Shariah Review and Shariah Audit functions play a vital role in ensuring Shariah compliance by evaluating and assessing operations, business, affairs and ongoing activities in the Bank. Shariah Review function is performed by the Shariah Compliance Department under Group Compliance Division. The Shariah Compliance Department is responsible to conduct regular assessment and validation on the Bank’s compliance with Shariah requirements in its operations, business, affairs and ongoing activities, including new products and services implementation alongside adherence with relevant regulatory requirements. The Shariah Audit Department is under the Group Internal Audit Division and is responsible to provide an independent assessment on the quality and effectiveness of the Bank’s internal control, risk management systems, governance process, and the overall compliance of the Bank’s operations, business, affairs and activities with Shariah.

Both Shariah Review and Shariah Audit plans for the financial year were reviewed and noted by us for their implementation. Their completed reports were presented and deliberated in our SSC meetings to confirm that the Bank had complied with the applicable rulings issued by the Shariah Advisory Council (“SAC”) of Bank Negara Malaysia, the SAC of Securities Commission (for capital market-related matters) and our decisions. Throughout the year, the Shariah Review and Shariah Audit exercises conducted covered the following entities/areas:

SHARIAH REVIEW & SHARIAH AUDIT (CONTINUED)

Shariah Review	Shariah Audit
1) Review on Compliance with Labuan Financial Services Authority's Guidelines on Shariah Governance for Labuan Islamic Financial Institutions	1) Business Marketing Division
2) Review on Marketing and Distribution of New Third-Party Products/Services owned by Myangkasa Amanah Berhad ("MAAB")	2) Product Management Division
3) Review on Marketing and Distribution of New Third-Party Products/Services owned by Amanah Warisan Berhad ("AWARIS")	3) Wealth Management Division
4) Review on Marketing and Distribution of New Third-Party Products/Services owned by Syarikat Takaful Malaysia Am Berhad ("STMAB"): General Takaful Products	4) Ar Rahnū Department
5) Review on BNM's Guidelines on Late Payment Charges for Islamic Financial Institutions	5) Corporate Client Solutions and Financing Solutions
6) Review on Non-Retail Wakalah-based Products against BNM's Policy Document on Wakalah	6) Credit Administration Department
7) Review on Requirements of BNM's Letter on the Practice of Imposition of Charges for Late Payment in Financing and Breach of Wa'd	7) Bank Islam Labuan Offshore Branch (BILOB)
8) Review on Term Deposit-i Tawarruq against BNM's Policy Document on Tawarruq at Deposit & Cards	8) Bank Islam Trust Company (Labuan) Ltd
9) Review on Term Deposit-i Tawarruq Special against BNM's Policy Document on Tawarruq at Treasury & Markets	9) Card Business Department & Card Operations Department
10) Review on Bai' Al-Sarf-based Products against BNM's Policy Document on Bai' al-Sarf at Treasury & Markets	10) Shariah Risk Management
11) Review on BIMB Investment Management Berhad	11) Shariah Compliance Department
12) Review on Marketing Through Social Media on Instagram ("IG") against BNM's Shariah Governance Policy Document ("SGPD")	12) Group Shariah Division
13) Review on Shariah Compliance Culture and Awareness at Branches against BNM's Shariah Governance Policy Document ("SGPD")	13) Group Financial Inclusion Division
14) Review on Operationalisation of Bank Negara Malaysia's ("BNM's") Shariah Advisory Council's (SAC's) Ruling on Non-Compounding of Profit and Related Issues on Restructuring and Rescheduling ("R&R") of Islamic Financing	14) Group Corporate Communications
15) Review on Non-Retail Non-Trade Tawarruq Financing against BNM's Policy Document on Tawarruq	15) Bank Islam Labuan Offshore Branch (BILOB) ¹
16) Review on Reporting of Shariah- Related Complaints at Branches Against BNM's Policy Document on Operational Risk Integrated Online Network ("ORION")	16) 53 Bank Islam Branches ¹
17) Review on BIMB Securities Sdn. Bhd. ("BIMBSEC")	17) 2 Ar Rahnū Outlets ¹
18) Review on the Business Operations of Bank Islam Trust Company (Labuan) LTD	18) 4 Bureau De Change Outlets ¹

¹ For Shariah Audit, only Shariah related findings were escalated for deliberation and decision of SSC.



Report of the Shariah Supervisory Council

SHARIAH TRAINING & AWARENESS

During the year, various Shariah training and awareness programmes were planned and organised for the SSC members and the Bank's staff nationwide. These included:

- a) Two (2) sessions of Bicara SSC that featured the subsidiaries' Shariah Committee members as the speakers: Dr. Ahmad Zakirullah Mohamed Shaarani (former Shariah Committee member of BIMB Investment) under the topic "Ta'awun Membawa Berkah" and Ustaz Lokmanulhakim Hussain (Shariah Committee member of BIMB Securities) under the topic "Helah & Surriyah Dalam Kewangan Islam");
- b) Two (2) sessions of Bicara Murobbi that featured: Ustaz Hasrizal Abdul Jamil under the topic "Pedagogi Ramadhan" and Ustaz Azhar Idrus under the topic "Kemerdekaan Hakiki & Sesi Soal Jawab");
- c) One (1) session of An In-Depth Study on Sukuk: Structuring and Issues presented by Prof. Dr. Aznan Hasan;
- d) One (1) session Knowledge Enrichment on Financing Prototype with Shariah Contract Diversification featuring Prof. Dr. Aznan Hasan, as well as two (2) SSC members as presenters i.e. Prof. Dato' Dr. Asmadi Mohamed Naim and Dr. Shamsiah Mohamad;
- e) One (1) session of Securities Commission's Briefing: Maqasid Shariah Guidance Document, Islamic Capital Market presented by Dr. Azrul Azlan Iskandar Mirza;
- f) Two (2) sessions of online Shariah training by the GSD personnel to further enhance the Shariah knowledge of staff in addition to Shariah e-learning Modules;
- g) Shariah e-learning consisting of two (2) Modules, conducted once a year, where it is required 90% of the total staff must complete both Modules;
- h) Three (3) Shariah awareness sessions conducted during induction programme for new Bank staff;
- i) Seven (7) Shariah awareness sessions during the onboarding programme for sales personnels;
- j) One (1) Shariah Risk Awareness for Business Support;
- k) Two (2) Complaint Sharing Session for Contact Centre and Customer Care;
- l) Two (2) Knowledge Sharing Session that collaborating Shariah Risk and Group Shariah for SME Banking and Group Social Finance;
- m) One (1) Knowledge Sharing Session for Organisation and Methods Department;
- n) Lesson Learnt: Shariah Non-Compliance Risk & Issues by SRM for Business Support.

The Bank had also continued to support the elevation of our Shariah and Islamic banking knowledge as well as that of relevant staff by engaging relevant professional bodies and training providers such as Islamic Banking & Finance Institute Malaysia ("IBFIM"), Association of Shariah Advisors in Islamic Finance ("ASAS") and Chartered Institute of Islamic Finance Professionals. As SSC members, we and the said relevant staff had attended certification programmes and courses organised by the above-mentioned bodies:

- a) Certified Shariah Advisor ("CSA");
- b) Certified Shariah Practitioner ("CSP");
- c) Certified Qualification in Islamic Finance ("CQIF");

SHARIAH NON-COMPLIANT EVENTS & NON-HALAL INCOME

Throughout 2023, there was nil incidence confirmed as SNC events. However, there was SNC loss materialised from one SNC event which occurred in 2022 (RM7,364.38), where the amount had been disposed to charitable bodies.

We noted that some of the Bank operations might lead to non-halal income, such as interest received, commissions from third party investment product and commissions from SNC merchants of card business. These streams of income had been unavoidable and shall be segregated from Bank's income for the purpose of channeling to charity.

Within this financial year, the Bank had collected Shariah non-compliant income amounting to RM38,479.65 with an additional amount of RM3,384.42 being brought forward from 2022 making the available amount for disposal totaling RM41,864.07. A total of RM39,782.45 from this amount had been purified and disposed of to charitable bodies upon our approval, as noted in Note 25 (Sources and Uses of Charity Fund) of our Financial Statement.

BUSINESS ZAKAT

In this financial year, the Bank had fulfilled its obligation to pay *zakat* on its business to state *zakat* authorities by adopting the capital growth computation method, in compliance with the Banking Zakat Management Manual (*Pengurusan Zakat Perbankan*) issued by the Wakaf, Zakat and Hajj Department (*Jabatan Wakaf, Zakat dan Haji - JAWHAR*). The Bank paid the *zakat* on the Bank's portion namely, shareholders' fund and other funds received by the Bank excluding depositors' fund and Investment Account Holders' fund.

Several *zakat* authorities had mandated the Bank as their agent (*wakil*) to distribute a portion of the *zakat* paid by the Bank to eligible beneficiaries (*asnaf*) as guided by the Business Zakat Guideline of the Bank which we approved.

SAFEGUARDING THE INTEREST OF INVESTMENT ACCOUNT HOLDERS ("IAH")

In ensuring that the interest and rights of IAH were protected, we confirmed that the profit allocation for the IAH was as per Shariah rules and principles where the profit computation formula had been duly presented and approved by us. The performance of the Investment Account had also been disclosed and reported via the issuance of Fund Performance Report ("FPR"), which had been made available on the Bank's website.

SADAQA HOUSE INITIATIVE

In protecting the Sadaqa House fund and the interest of its donors, we confirmed that the fund management and distribution had been implemented as per the applicable Shariah rules and principles. We had approved the revision of Sadaqa House Management Guideline that governed the conduct and management of the Sadaqa House fund to ensure that its operation was in line with Shariah rules and principles. The Sadaqa House and Zakat Committee were both being chaired by the Group Chief Financial Inclusion Officer who had been mandated to execute the Sadaqa House initiatives in accordance with the Sadaqa House Management Guideline.

We had also taken note of the financial statements of the Bank and were not aware of any non-compliance with the applicable Shariah rules and principles.



Report of the Shariah Supervisory Council

SADAQA HOUSE INITIATIVE (CONTINUED)

Based on the above, it is our opinion that;

- 1) The contracts, transactions and dealings entered into by the Bank during the financial year ended 31 December 2023, were in compliance with the applicable Shariah rules and principles;
- 2) The allocation of profits and charging of losses relating to Investment Accounts conformed to the basis that we have approved;
- 3) The computation, payment and distribution of business *zakat* comply with the applicable Shariah rules and principles;
- 4) All earnings realised from sources or by means prohibited by the applicable Shariah rules and principles were either disposed of to charitable bodies or refunded to the deserving counterparties.

On that note, we, the members of the Shariah Supervisory Council of Bank Islam Malaysia Berhad, do hereby confirm that, to the best of our knowledge, the operations of the Bank for the year ended 31 December 2023 had been conducted in conformity with the applicable Shariah rules and principles.

We bear witness only to what we know, and we could not well guard against the unseen! (Surah Yusuf, verse:81)

Allah knows best.

Members of the Council:

Ir. Dr. Muhamad Fuad Abdullah
(Chairman)

Dr. Shamsiah Mohamad

Kuala Lumpur,
Date: 19 March 2024

Statutory Declaration

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

I, **Azizan Abd Aziz**, the officer primarily responsible for the financial management of Bank Islam Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 266 to 404 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named Azizan Abd Aziz, MIA CA (32474) in Kuala Lumpur on 19 March 2024.



Azizan Abd Aziz

Before me,



No. 2-8, 2nd Floor Wisma Konwa
No 40 & 42, Jalan Tun Perak
(Lebuh Ampang)
50050 Kuala Lumpur



Independent Auditors' Report

to the members of Bank Islam Malaysia Berhad
(Incorporated in Malaysia) (Company No. 198301002944 (98127-X))

OUR OPINION

In our opinion, the financial statements of Bank Islam Malaysia Berhad ("the Bank") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2023, 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 Bank, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Bank, and the statements of profit or loss, statements of other comprehensive income, consolidated statement of changes in equity, statement of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information, as set out on pages 266 to 404.

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 Bank 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 Bank. 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 Bank, the accounting processes and controls, and the industry in which the Group and the Bank 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 Bank 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 Bank as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters

How our audit addressed the key audit matters

Impairment of Financing, Advances and Others

Refer to Note 2.5 and 2.10 of the summary of material accounting policies and Notes 8, 29 and 41(b) of the Financial Statements.

We focused on this area due to the size of the carrying value of financing, advances and others, which represented 73.5% of total assets of the Group.

In addition, impairment is a highly subjective area as the Group exercised significant judgement on the following areas:

Timing of identification of Stage 2 and Stage 3 financing, advances and others

- Assessment of objective evidence of impairment of financing, advances and others based on mandatory and judgemental triggers.
- Identification of financing, advances and others that have experienced a significant increase in credit risk.

Individual assessment

Estimates on the amount and timing of futures cash flows based on realisation of collateral or customer's business cash flows.

Collective assessment

Choosing the appropriate collective assessment models and assumptions for the measurement of ECL such as expected future cash flows and forward - looking macroeconomic factors.

We tested the design and operating effectiveness of the controls over impairment of financing, advances and others. These controls covered:

- Identification of financing, advances and others that have experienced significant increase in credit risk or objective evidence of impairment;
- Governance over the impairment processes, including model development, model approval and model validation;
- Data used to determine the allowances for credit losses including the completeness and accuracy of the key inputs and assumptions into respective ECL models; and
- Review and approval of the ECL calculation. Our detailed testing over the financing, advances and others are as follows:

Individual assessment

- Examined a sample of financing, advances and others particularly focused on customers identified by the Group as having lower credit quality, rescheduled and restructured, borrowers in high risk industries and formed our own judgement as to whether there was a significant increase in credit risk or any 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, challenging the assumptions and comparing estimates to external evidence where available. Calculations of the discounted cash flows were also re-performed.

Collective assessment

- Assessed the methodologies inherent within the collective assessment ECL models applied against the requirements of MFRS 9, including the basis used by the management to determine the key assumptions used in respective ECL models;
- Assessed and tested the significant modelling assumptions, including the basis or judgment used for management's overlays;
- Assessed and considered reasonableness of forward-looking forecasts assumptions; and
- Tested the accuracy of data inputs used in ECL models and checked the calculation of ECL amount, on a sample basis. Based on the procedures performed on individual and collective assessment, we did not find any material exceptions to the Group's assessment on impairment of financing, advances and others.



Independent Auditors' Report

to the members of Bank Islam Malaysia Berhad

(Incorporated in Malaysia) (Company No. 198301002944 (98127-X))

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Bank are responsible for the other information. The other information comprises the Directors' Report and Report of the Shariah Supervisory Council, which we obtained prior to the date of this auditors' report, and Integrated 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 Bank and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Group and of the Bank, 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 Bank 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 Bank are responsible for the preparation of the financial statements of the Group and of the Bank 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 Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the Directors are responsible for assessing the Group's and the Bank'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 Bank 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 Bank 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.

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 Bank, 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 Bank's internal control.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- (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 Bank'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 Bank 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 Bank 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 Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance 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 Bank, 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



Ong Ching Chuan
02907/11/2025J
Chartered Accountant

Kuala Lumpur,
19 March 2024



Statements of Financial Position

as at 31 December 2023

	Note	Group		Bank	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
Cash and short-term funds	3	4,714,465	7,145,114	4,678,243	7,128,159
Financial assets at fair value through profit or loss ("FVTPL")	4	1,215,769	299,128	914,246	272,735
Derivative financial assets	5	68,412	123,000	68,412	123,000
Financial assets at fair value through other comprehensive income ("FVOCI")	6	12,520,208	12,093,417	12,521,567	12,094,304
Financial assets at amortised costs ("AC")	7	3,120,230	3,055,256	3,120,230	3,055,256
Financing, advances and others	8	66,817,115	64,901,994	66,817,115	64,901,994
Other financial assets at AC	9	863,813	600,746	763,308	501,471
Statutory deposits with Bank Negara Malaysia	10	989,407	950,508	989,407	950,508
Current tax assets		7,184	7,203	6,662	6,662
Deferred tax assets	11	174,728	212,349	173,756	211,377
Right-of-use assets	12	167,436	184,383	166,624	183,959
Investments in subsidiaries	13	-	-	344,049	100,905
Property and equipment	14	252,753	223,995	250,279	221,835
Intangible assets	15	50,354	54,578	50,354	54,578
Total assets		90,961,874	89,851,671	90,864,252	89,806,743
LIABILITIES AND EQUITY					
Deposits from customers	16	59,016,131	60,707,504	59,042,581	60,821,715
Investment accounts of customers	17	17,073,156	14,461,439	17,092,594	14,564,962
Deposits and placements of banks and other financial institutions	18	351,787	70,068	351,787	70,068
Derivative financial liabilities	5	56,548	137,324	56,548	137,324
Bills and acceptance payable		15,614	22,441	15,614	22,441
Recourse obligations on financing sold to Cagamas	19	2,004,329	3,005,343	2,004,329	3,005,343
Subordinated sukuk and capital securities	20	2,323,540	2,222,092	2,323,540	2,222,092
Other liabilities	21	2,399,093	2,070,964	2,276,009	1,910,462
Lease liabilities	12	281,174	295,585	280,359	295,167
Zakat and taxation	22	40,290	62,668	40,279	62,582
Total liabilities		83,561,662	83,055,428	83,483,640	83,112,156
Equity attributable to equity holders of the Bank					
Share capital	23	3,888,725	3,645,043	3,888,725	3,645,043
Reserves	24	3,511,487	3,151,200	3,491,887	3,049,544
Total liabilities and equity		7,400,212	6,796,243	7,380,612	6,694,587
Total liabilities and equity		90,961,874	89,851,671	90,864,252	89,806,743
Restricted investment accounts managed by the Bank	17	-	43	-	43
Total Islamic banking assets owned and managed by the Bank		90,961,874	89,851,714	90,864,252	89,806,786
Commitments and contingencies	44	21,482,102	18,883,556	21,482,102	18,883,556

The notes on pages 275 to 404 are an integral part of these financial statements.

Statements of Profit or Loss

for the financial year ended 31 December 2023

	Note	Group		Bank	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Income derived from investment of depositors' funds	26	3,263,158	2,585,912	3,263,158	2,585,912
Income derived from investment account funds	27	716,208	587,924	716,208	587,924
Income derived from investment of shareholders' funds	28	549,964	402,459	609,759	378,885
Net allowance for impairment on financing and advances, net of recoveries	29	(175,263)	(140,032)	(175,263)	(140,032)
Net allowance for impairment on other financial assets		(3,698)	959	(8,698)	959
Direct expenses		(18,596)	(11,414)	(18,596)	(11,414)
Total distributable income		4,331,773	3,425,808	4,386,568	3,402,234
Wakalah fees from restricted investment accounts	17	11	59	11	59
Income attributable to depositors	30	(1,701,718)	(1,072,342)	(1,702,071)	(1,072,524)
Income attributable to investment account holders	31	(350,469)	(194,066)	(351,966)	(196,535)
Total net income		2,279,597	2,159,459	2,332,542	2,133,234
Personnel expenses	32	(861,251)	(821,955)	(817,794)	(788,420)
Other overhead expenses	33	(559,968)	(483,467)	(574,967)	(483,266)
Finance cost	36	858,378	854,037	939,781	861,548
		(111,549)	(107,171)	(111,533)	(107,156)
Profit before zakat and tax		746,829	746,866	828,248	754,392
Zakat		(11,544)	(13,682)	(11,432)	(13,622)
Tax expense	37	(182,235)	(241,512)	(181,786)	(240,369)
Profit for the year		553,050	491,672	635,030	500,401
Earnings per share (sen)	38	24.57	22.86		

The notes on pages 275 to 404 are an integral part of these financial statements.



Statements of Other Comprehensive Income

for the financial year ended 31 December 2023

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit for the year	553,050	491,672	635,030	500,401
Other comprehensive income, net of tax:				
Items that are or may be reclassified subsequently to profit or loss				
Currency translation differences in respect of Labuan operations	(2,997)	11,076	(2,578)	11,056
Movement in fair value reserve (debt securities):				
Net change in fair value	274,346	(101,101)	273,874	(101,125)
Changes in expected credit loss (debt securities)	(4,142)	(3,975)	(4,142)	(3,975)
Net amount transferred to profit or loss	(62,731)	(1,181)	(62,731)	(1,181)
Income tax effect relating to components of other comprehensive income	(49,680)	26,171	(49,680)	26,171
	154,796	(69,010)	154,743	(69,054)
Items that will not be reclassified to profit or loss				
Movement in fair value reserve (equity instrument):				
Net change in fair value	13,743	(1,495)	14,215	(1,471)
Other comprehensive income for the year, net of tax	168,539	(70,505)	168,958	(70,525)
Total comprehensive income for the year	721,589	421,167	803,988	429,876

The notes on pages 275 to 404 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2023

Group	Note	Attributable to equity holders of the Bank			
		Share Capital RM'000	Other Reserves RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2023		3,645,043	54,596	3,096,604	6,796,243
Profit for the year		-	-	553,050	553,050
Currency translation difference in respect of Labuan operations		-	(2,997)	-	(2,997)
Fair value reserve (debt instruments):					
- Net change in fair value		-	274,346	-	274,346
- Changes in expected credit loss		-	(4,142)	-	(4,142)
- Net amount transferred to profit or loss		-	(62,731)	-	(62,731)
- Income tax effect relating to components of other comprehensive income		-	(49,680)	-	(49,680)
Fair value reserve (equity instruments):					
- Net change in fair value		-	13,743	-	13,743
Total comprehensive income for the year		-	168,539	553,050	721,589
Transfer to regulatory reserve		-	31,000	(31,000)	-
Effect on predecessor accounting		-	343	-	343
Dividends paid on ordinary shares	39	-	-	(361,645)	(361,645)
Issue of shares pursuant to Dividend Reinvestment Plan		243,682	-	-	243,682
At 31 December 2023		3,888,725	254,478	3,257,009	7,400,212
			Note 24		
At 1 January 2022		3,445,757	(10,899)	2,965,080	6,399,938
Profit for the year		-	-	491,672	491,672
Currency translation difference in respect of Labuan operations		-	11,076	-	11,076
Fair value reserve (debt instruments):					
- Net change in fair value		-	(101,101)	-	(101,101)
- Changes in expected credit loss		-	(3,975)	-	(3,975)
- Net amount transferred to profit or loss		-	(1,181)	-	(1,181)
- Income tax effect relating to components of other comprehensive income		-	26,171	-	26,171
Fair value reserve (equity instruments):					
- Net change in fair value		-	(1,495)	-	(1,495)
Total comprehensive income for the year		-	(70,505)	491,672	421,167
Transfer to regulatory reserve		-	136,000	(136,000)	-
Dividends paid on ordinary shares	39	-	-	(224,148)	(224,148)
Issue of shares pursuant to Dividend Reinvestment Plan		199,286	-	-	199,286
At 31 December 2022		3,645,043	54,596	3,096,604	6,796,243

Note 24

The notes on pages 275 to 404 are an integral part of these financial statements.



Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2023

Bank	Note	Attributable to equity holders of the Bank			
		Share Capital RM'000	Other Reserves RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2023		3,645,043	(56,368)	3,105,912	6,694,587
Profit for the year		-	-	635,030	635,030
Currency translation difference in respect of Labuan operations		-	(2,578)	-	(2,578)
Fair value reserve (debt instruments):					
- Net change in fair value		-	273,874	-	273,874
- Changes in expected credit loss		-	(4,142)	-	(4,142)
- Net amount transferred to profit or loss		-	(62,731)	-	(62,731)
- Income tax effect relating to components of other comprehensive income		-	(49,680)	-	(49,680)
Fair value reserve (equity instruments):					
- Net change in fair value		-	14,215	-	14,215
Total comprehensive income for the year		-	168,958	635,030	803,988
Transfer to regulatory reserve		-	31,000	(31,000)	-
Dividends paid on ordinary shares	39	-	-	(361,645)	(361,645)
Issue of shares pursuant to Dividend Reinvestment Plan		243,682	-	-	243,682
At 31 December 2023		3,888,725	143,590	3,348,297	7,380,612
			Note 24		
At 1 January 2022		3,445,757	(121,843)	2,965,659	6,289,573
Profit for the year		-	-	500,401	500,401
Currency translation difference in respect of Labuan operations		-	11,056	-	11,056
Fair value reserve (debt instruments):					
- Net change in fair value		-	(101,125)	-	(101,125)
- Changes in expected credit loss		-	(3,975)	-	(3,975)
- Net amount transferred to profit or loss		-	(1,181)	-	(1,181)
- Income tax effect relating to components of other comprehensive income		-	26,171	-	26,171
Fair value reserve (equity instruments):					
- Net change in fair value		-	(1,471)	-	(1,471)
Total comprehensive income for the year		-	(70,525)	500,401	429,876
Transfer to regulatory reserve		-	136,000	(136,000)	-
Dividends paid on ordinary shares	39	-	-	(224,148)	(224,148)
Issue of shares pursuant to Dividend Reinvestment Plan		199,286	-	-	199,286
At 31 December 2022		3,645,043	(56,368)	3,105,912	6,694,587

Note 24

The notes on pages 275 to 404 are an integral part of these financial statements.

Statements of Cash Flow

for the financial year ended 31 December 2023

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before zakat and tax	746,829	746,866	828,248	754,392
Adjustments for:				
Depreciation of property and equipment	54,833	59,785	54,007	58,928
Amortisation of intangible assets	16,098	1,024	16,098	1,024
Depreciation of right-of-use assets	18,095	17,198	17,603	16,726
Net gain on disposal of property and equipment	(5)	(68)	-	-
Property and equipment written-off	556	769	516	482
Allowance for impairment on financing, advances and others	272,890	232,478	272,890	232,478
Net allowance for impairment on other financial assets and investment in subsidiaries	3,698	4,330	8,698	4,330
Reversal of allowance for impairment on financial assets at AC	-	(5,289)	-	(5,289)
Net loss/(gain) on sale of financial assets at FVTPL	237	(108)	238	(108)
Net gain on sale of financial assets at FVOCI	(62,731)	(1,181)	(62,731)	(1,181)
Fair value (gain)/loss on FVTPL	(7,723)	16,720	(7,626)	16,780
Dividend from subsidiary	-	-	(80,000)	(3,000)
Dividend from financial assets at FVTPL	(4,088)	(10,065)	(3,380)	(9,598)
Dividend from financial assets at FVOCI	-	(237)	-	(237)
Rebate on investment in unit trust	-	(1,915)	(648)	(1,915)
Net derivative gain	(1)	(3)	(1)	(3)
Finance cost on subordinated sukuk and capital securities	95,336	90,375	95,336	90,375
Profit expense on lease	16,213	16,796	16,197	16,781
Operating profit before changes in assets and liabilities	1,150,237	1,167,475	1,155,445	1,170,965
Changes in assets and liabilities:				
Deposits and placements of banks and other financial institution	281,719	70,068	281,719	70,068
Financing, advances and others	(2,188,011)	(6,980,703)	(2,188,011)	(6,980,703)
Statutory deposits with Bank Negara Malaysia	(38,899)	(686,458)	(38,899)	(686,458)
Bills and other receivables	(201,091)	(410,016)	(237,339)	(366,675)
Deposits from customers	(1,691,373)	3,368,670	(1,779,134)	3,457,789
Investment accounts of customers	2,611,717	4,008,537	2,527,632	4,003,361
Bills and acceptance payable	(6,827)	2,329	(6,827)	2,329
Other liabilities	119,098	620,012	223,578	491,736
Recourse obligation on financing sold to Cagamas	(1,001,014)	1,003,623	(1,001,014)	1,003,623
Cash (used)/generated from operation	(964,444)	2,163,537	(1,062,850)	2,166,035
Zakat paid	(13,825)	(12,234)	(13,630)	(12,218)
Tax paid	(214,586)	(206,763)	(213,969)	(205,881)
Tax refund	214	-	-	-
Net cash (used)/generated from operating activities	(1,192,641)	1,944,540	(1,290,449)	1,947,936

The notes on pages 275 to 404 are an integral part of these financial statements.



Statements of Cash Flow

for the financial year ended 31 December 2023

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(84,147)	(95,485)	(82,962)	(94,887)
Purchase of intangible assets	(11,874)	-	(11,874)	-
Acquisition of subsidiaries, net of cash acquired	(29,239)	-	(243,144)	-
Proceeds from disposal of property and equipment	17	68	-	-
Dividend from subsidiary	-	-	80,000	3,000
Dividend from financial assets at FVTPL	4,088	10,065	3,380	9,598
Dividend from financial assets at FVOCI	-	237	-	237
Income from rebate on investment in unit trust	-	1,915	648	1,915
Net proceeds from disposal/(purchase) of securities	(1,031,433)	(9,159)	(821,020)	(14,644)
Net cash used in investing activities	(1,152,588)	(92,359)	(1,074,972)	(94,781)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of subordinated sukuk and capital securities	400,000	500,000	400,000	500,000
Dividends paid on ordinary shares	(300,444)	(226,893)	(300,444)	(226,893)
Proceeds from issuance of ordinary shares pursuant to Dividend Reinvestment Plan	243,682	199,286	243,682	199,286
Redemption of subordinated sukuk	(300,000)	(300,000)	(300,000)	(300,000)
Finance cost paid on subordinated sukuk and capital securities	(93,888)	(83,132)	(93,888)	(83,132)
Payments of lease liabilities	(31,756)	(30,240)	(31,257)	(29,669)
Net cash (used)/generated from financing activities*	(82,406)	59,021	(81,907)	59,592
Net (decrease)/increase in cash and cash equivalents	(2,427,635)	1,911,202	(2,447,328)	1,912,747
Cash and cash equivalents at 1 January	7,145,114	5,222,848	7,128,159	5,204,364
Exchange difference on translation	(3,014)	11,064	(2,588)	11,048
Cash and cash equivalents at 31 December	4,714,465	7,145,114	4,678,243	7,128,159

* Net cash generated from financing activities are solely attributable to changes from financing cash flows.

The notes on pages 275 to 404 are an integral part of these financial statements.

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Bank's statements of cash flows from financing activities.

Group	Subordinated sukuk and capital securities			
	Nominal RM'000	Finance cost payable RM'000	Lease liabilities RM'000	Total RM'000
At 1.1.2023	2,200,000	22,092	295,585	2,517,677
New acquisition	400,000	-	1,148	401,148
Redemption	(300,000)	-	-	(300,000)
Changes from financing cash flows	-	(93,888)	(31,756)	(125,644)
Finance cost for the year	-	95,336	16,213	111,549
Effects of movement in exchange rates	-	-	(16)	(16)
At 31.12.2023	2,300,000	23,540	281,174	2,604,714
At 1.1.2022	2,000,000	14,849	303,448	2,318,297
New acquisition	500,000	-	5,569	505,569
Redemption	(300,000)	-	-	(300,000)
Changes from financing cash flows	-	(83,132)	(30,240)	(113,372)
Finance cost for the year	-	90,375	16,796	107,171
Effects of movement in exchange rates	-	-	12	12
At 31.12.2022	2,200,000	22,092	295,585	2,517,677

The notes on pages 275 to 404 are an integral part of these financial statements.



Statements of Cash Flow

for the financial year ended 31 December 2023

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

Bank	Subordinated sukuk and ← capital securities →			
	Nominal RM'000	Finance cost payable RM'000	Lease liabilities RM'000	Total RM'000
At 1.1.2023	2,200,000	22,092	295,167	2,517,259
New acquisition	400,000	268	400,268	400,268
Redemption	(300,000)	-	-	(300,000)
Changes from financing cash flows	-	(93,888)	(31,257)	(125,145)
Finance cost for the year	-	95,336	16,197	111,533
Effects of movement in exchange rates	-	-	(16)	(16)
At 31.12.2023	2,300,000	23,540	280,359	2,603,899
At 1.1.2022	2,000,000	14,849	302,984	2,317,833
New acquisition	500,000	-	5,059	505,059
Redemption	(300,000)	-	-	(300,000)
Changes from financing cash flows	-	(83,132)	(29,669)	(112,801)
Finance cost for the year	-	90,375	16,781	107,156
Effects of movement in exchange rates	-	-	12	12
At 31.12.2022	2,200,000	22,092	295,167	2,517,259

The notes on pages 275 to 404 are an integral part of these financial statements.

Notes to the Financial Statements

for the financial year ended 31 December 2023

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Bank is principally engaged in Islamic banking business and the provision of related financial services. The principal activities of its subsidiaries are as disclosed in Note 13 to the financial statements.

The Bank is a public limited liability company, incorporated and domiciled in Malaysia and is 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 32, Menara Bank Islam
No. 22, Jalan Perak,
50450 Kuala Lumpur.

The consolidated financial statements comprise the Bank and its subsidiaries (together referred to as the “Group”).

These financial statements were approved by the Board of Directors on 19 March 2024.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

2.1 Basis of preparation

(a) Statement of compliance

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

On 1 January 2023, the Group and the Bank adopted the following amendments to MFRSs:

- Amendments to MFRS 101, MFRS Practise Statement 2 and MFRS 108 on *Disclosure of Accounting Policies and Definition of Accounting Estimates*.

The amendments to MFRS 101 require companies to disclose material accounting policies rather than significant accounting policies. Entities are expected to make disclosure of accounting policies specific to the entity and not generic disclosures on MFRS applications.

The amendment explains an accounting policy is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

Also, accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Accordingly, immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information.



Notes to the Financial Statements

for the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRS Practise Statement 2 was amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments to MFRS 108, redefined accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. To distinguish from changes in accounting policies, the amendments clarify that effects of a change in an input or measurement technique used to develop an accounting estimate is a change in accounting estimate, if they do not arise from prior period errors.

- Amendments to MFRS 112 on *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*.

The amendments clarify that the initial exemption rule does not apply to transactions where both an asset and liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, companies are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2024.

- Amendments to MFRS 101, *Classification of liabilities as current or non-current (2020 amendments)* and *Non-current Liabilities with Covenants (2022 amendments)*

There are two amendments to MFRS 101, *Presentation of Financial Statements*. The 2020 amendments clarify that a liability is classified as non-current if an entity has the right to defer settlement for at least 12 months after the reporting period. Such a right exists when an entity complies with covenants based on its circumstances at the reporting date, even if compliance with such covenants were tested only within 12 months after that date.

The 2022 amendments were in response to concerns raised on applying the 2020 amendments explained in the preceding paragraph on the current vs non-current classification of liabilities with covenants that would have become effective for annual periods beginning on or after 2023.

The 2020 amendments specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed after the reporting date.

Both amendments are effective for annual reporting periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application of the 2022 amendments is permitted but only if the 2020 amendments are also applied from the same date.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(a) Statement of compliance (continued)

- Amendments to MFRS 16 on *Lease Liability in a Sale and Leaseback*

The amendments specify that the measurement of the lease liability arises in a sale and leaseback transaction which satisfies the requirements in MFRS 15, Revenue from Contract with Customers to be accounted for as a sale. In accordance with the amendments, the seller-lessee shall determine the 'lease payments' or 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use it retains.

The amendments shall be applied retrospectively to sale and leaseback transactions entered into after the date when the seller-lessee initially applied MFRS 16.

- Amendments to MFRS 107 and MFRS 7 on *Supplier Finance Arrangements*

The amendments require entities to disclose both qualitative and quantitative information for supplier finance arrangements (SFAs) to enhance the transparency of SFAs and enable users to assess how these arrangements affect an entity's liabilities, cash flows and exposure to liquidity risk.

The term SFA is not defined in the amendments, instead, the characteristics of SFA are described as arrangements in which one or more finance providers offer to pay amounts an entity owes its suppliers, and the entity agrees to pay according to the terms and conditions of the arrangement at the same date as, or a date later than, suppliers are paid. The arrangements typically provide the entity with extended payment terms, or the entity's suppliers with early payment terms, compared to the related invoice payment due date.

(b) Basis of measurement

The financial statements have been prepared on the historical cost convention except for derivative financial instruments, financial assets at fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVOCI"), which have been measured at fair value.

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Bank's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand (RM'000), unless otherwise stated.

(d) Use of estimates and judgement

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial statements in the period in which the estimates are revised and in any future periods affected.

Significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have significant effect in determining the amount recognised in the financial statements are described in Note 2.10 - Impairment.



Notes to the Financial Statements

for the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Bank. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Bank's statement of financial position at cost less impairment losses, if any. Where there is indication of impairment, the carrying amount of the investment is assessed. A write down is made if the carrying amount exceeds its recoverable amount.

(b) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at proportionate share of the acquiree's identifiable net assets at the acquisition date, determined on a case by case basis. At the end of a reporting period, non-controlling interest consists of the amount calculated on the date of combination and its share of changes in the subsidiary's equity since the date of combination.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (continued)

(b) Business combinations (continued)

The Group applies predecessor accounting to account for business combinations under common control. Under predecessor accounting, assets and liabilities acquired are not restated to their respective fair values. They are recognised at the carrying amounts from the consolidated financial statements of the ultimate holding company of the Group and adjusted to conform with the accounting policies adopted by the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities of the acquired entity is recognised as an adjustment to equity. No additional goodwill is recognised.

The acquired entity's results, assets and liabilities are consolidated from the date on which the business combination between entities under common control occurred. Consequently, the consolidated financial statements do not reflect the results of the acquired entity for the period before the transaction occurred. The comparative information is not restated.

(c) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as a financial asset at FVOCI depending on the level of influence retained.

(d) Transactions eliminated on consolidation

In preparing the consolidated financial statements, intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated.

2.3 Foreign currency

(a) Foreign currency transactions

In preparing the financial statements of the Group entities, transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of FVOCI equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.



Notes to the Financial Statements

for the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Foreign currency (continued)

(b) Foreign operations denominated in functional currencies other than Ringgit Malaysia (“RM”)

The results and financial position of all the Group entities and branch of the Bank (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- the assets and liabilities of operations denominated in functional currencies other than RM, including fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting date;
- the income and expenses of the foreign operations are translated to RM at average exchange rates for the period; and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation and at Bank, exchange differences arising from the translation of any net investment in foreign entities and branch, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group’s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss, as part of the gain or loss on disposal. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group’s ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.4 Cash and cash equivalents

Cash and cash equivalents include cash and short-term funds, and deposits and placements with banks and other financial institutions maturing within three months.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Financial instruments

Financial instruments are classified and measured using accounting policies as mentioned below. The Group and the Bank have considered the impact of the pandemic and there are no changes to the Group's and the Bank's business model for managing the financial instruments.

Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group and the Bank becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Classification and subsequent measurement

On initial recognition, a financial asset is classified and measured at: amortised cost; FVOCI – debt instrument; FVOCI – equity instrument; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group and the Bank change its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

These assets are subsequently measured at amortised cost using effective profit rate method. These assets are stated net of unearned income and any impairment loss.

Included in financial assets measured at amortised cost are financing, advances and others which consist of sale-based contracts (namely Bai' Bithaman Ajil, Bai Al-Inah, Murabahah, Bai Al-Dayn and At-Tawarruq), lease-based contracts (namely Ijarah Muntahiah Bit- Tamleek, construction-based contract (Istisna') and Ar-Rahnu contract.

These financing contracts are recorded in the financial statements as financial assets measured at amortised cost based on concept of 'substance over form' and in accordance with MFRS 9.



Notes to the Financial Statements

for the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Financial instruments (continued)

Classification and subsequent measurement (continued)

(b) Financial assets at FVOCI

FVOCI – debt instrument

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

These assets are subsequently measured at fair value. Any gain or loss arising from a change in the fair value is recognised in the fair value reserve through other comprehensive income except for profit income, impairment losses and foreign exchange gains and losses arising from monetary items which are recognised in profit or loss. On derecognition or disposal, the cumulative gains or losses previously recognised in OCI is reclassified from equity into profit or loss. Profit calculated for a debt instrument using the effective profit method is recognised in the profit or loss.

FVOCI – equity instrument

On initial recognition of an equity instrument that is not held for trading, the Group and the Bank may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividend are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(c) Financial assets at FVTPL

All financial assets not measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group and the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These financial assets are subsequently measured at their fair values and any gain or loss arising from a change in the fair value will be recognised in the profit or loss.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Financial instruments (continued)

Financial assets - Business model assessment

The Group and the Bank make an assessment of the objective of the business model in which a financial asset is held at the portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual profit income, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's and the Bank's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and profit ("SPPI")

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Profit' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, the Group and the Bank consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group and the Bank consider:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).



Notes to the Financial Statements

for the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Financial instruments (continued)

Financial assets - Assessment whether contractual cash flows are solely payments of principal and profit ("SPPI") (continued)

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and profit on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual profit (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Derivative financial instruments

The Group and the Bank hold derivative financial instruments to hedge its foreign currency and profit rate exposures. However, the Group and the Bank elect not to apply hedge accounting. Hence, foreign exchange trading positions, including spot and forward contracts, are revalued at prevailing market rates at statement of financial position date and the resultant gains and losses for the financial year are recognised in the profit or loss.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. In the event of an embedded derivatives, the host contract that is not a financial assets are recognised separately and accounted for in accordance with the policy applicable to the nature of the host contract.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

The financial liabilities measured at amortised cost are deposit from customers, investment accounts of customers, recourse obligations on financing sold to Cagamas, bills and acceptance payables, Subordinated Sukuk Murabahah and other liabilities.

Fair value through profit or loss category comprises financial liabilities that are derivatives or financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Financial instruments (continued)

Financial liabilities (continued)

Investment accounts

Investment accounts are either:

(i) *Unrestricted investment accounts*

An unrestricted investment account ("UA") refers to a type of investment account where the investment account holder ("IAH") provides the Bank with the mandate to make the ultimate decision without specifying any particular restrictions or conditions. The UA is structured under Mudharabah and Wakalah contracts.

Impairment allowances required on the assets for investment accounts are charged to and borne by the investors.

(ii) *Restricted investment accounts*

Restricted investment account ("RA") refers to a type of investment account where the IAH provides a specific investment mandate to the Bank such as purpose, asset class, economic sector and period of investment.

RA is accounted for as off-balance sheet as the Bank has no risk and reward in respect of the assets related to the RA or to the residual cash flows from those assets except for the fee income generated by the Bank for managing the RA. The Bank also has no ability to exercise power over the RA to affect the amount of the Bank's return. The RA is structured under the Wakalah contract whereby the IAH appoints the Bank as the agent to invest the funds provided by IAH to finance customers with a view of earning profits and the Bank receives fees for the agency service provided.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the Group and the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fees and commissions arising from financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- the amount of the allowance for impairment; and
- the premium received on initial recognition less cumulative income recognised in accordance with the principal of MFRS 15.



Notes to the Financial Statements

for the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Financial instruments (continued)

Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.6 Property and equipment

(a) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property and equipment.

Purchased software and management information system under development that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Property and equipment (continued)

(a) Recognition and measurement (continued)

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment and is recognised net within “other income” and “other expenses” respectively in profit or loss.

(b) Subsequent costs

The cost of replacing a component of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and the Bank, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(c) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group and the Bank will obtain ownership by the end of the lease term. Freehold land is not depreciated. Depreciation on management information system under development commences when the assets are ready for their intended use. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The estimated useful lives for the current and comparative periods are as follows:

• Long term leasehold land	50 years
• Building improvement and renovations	10 years
• Furniture, fixtures and fittings	2-10 years
• Office equipment	6 years
• Motor vehicles	5 years
• Computer equipment	5-7 years

Depreciation methods, useful lives and residual values are reassessed at end of the reporting period, and adjusted as appropriate.



Notes to the Financial Statements

for the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets

Computer software

Cost associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group and the Bank are recognised as intangible assets when the following criteria are met:

- (i) it is technically feasible to complete the software product so that it will be available for use;
- (ii) management intends to complete the software product and use or sell it;
- (iii) there is an ability to use or sell the software product;
- (iv) it can be demonstrated how the software product will generate probable future economic benefits;
- (v) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- (vi) the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development, employees costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an expense in a subsequent period.

Computer software development costs recognised as an assets are amortised from the point at which the asset is ready for use over their estimated useful lives of 5 years.

2.8 Leases

Leases are recognised as Right-Of-Use ("ROU") assets and corresponding liabilities at the date at which the leased assets are available for use by the Group and the Bank. The right-of-use assets are depreciated over the lease term on a straight-line basis.

The associated lease liabilities are measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, an incremental borrowing rate is used in determining the discount rate which assumes the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain the asset. The weighted average incremental borrowing rate applied for the Group and the Bank was at 5.7%.

Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of profit on the remaining balance of the liability for each period.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Leases (continued)

Lessee accounting

The Group and the Bank first consider whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition, the Group and the Bank assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group and the Bank;
- the Group and the Bank have the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; or
- the Group and the Bank have the right to direct the use of the identified asset throughout the period of use.

The Group and the Bank assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group and the Bank recognises a right-of-use asset and a lease liability on the statement of financial position. The ROU asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group and the Bank, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group and the Bank depreciates the ROU assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The Group and the Bank also assesses the ROU asset for impairment when such indicators exist.

At the commencement date, the Group and the Bank measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the profit rate implicit in the lease if that rate is readily available or the Group's or Bank's incremental financing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for profit expense. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.



Notes to the Financial Statements

for the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Leases (continued)

Lessee accounting (continued)

Measurement and recognition of leases as a lessee (continued)

When the lease liability is remeasured, the corresponding adjustment is reflected in the ROU asset, or profit and loss if the ROU asset is already reduced to zero.

The Group and the Bank have elected to account for short-term leases using the practical expedients. Instead of recognising a ROU asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Lessor accounting

As a lessor, the Group and the Bank classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

Leases, where the Group and the Bank does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

When the Group and the Bank are an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group and the Bank apply the exemption described above, then it classifies the sublease as an operating lease.

2.9 Bills and other receivables

Bills and other receivables are stated at amortised cost less any allowance for impairment.

2.10 Impairment

Impairment of financial assets

(i) Impairment of financial assets

The Group and the Bank recognise allowance for impairment or allowance for expected credit losses "ECL" on financial assets measured at amortised cost, financial guarantee contracts, financing commitments and debt securities measured at FVOCI, but not to investments in equity instruments.

ECL is recognised and measured according to two approaches, which are general approach/three stage approach or simplified approach.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment (continued)

Impairment of financial assets (continued)

(i) Impairment of financial assets (continued)

General approach/three stage approach

Under collective assessment, the Group and the Bank apply a three-stage approach to measuring ECL on financial assets measured at amortised cost and FVOCI. Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

- i) Stage 1: 12-months ECL ("Stage 1")
For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon recognition, the portion of lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.
- ii) Stage 2: Lifetime ECL – not credit impaired ("Stage 2")
For exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.
- iii) Stage 3: Lifetime ECL – credit impaired ("Stage 3")
Financial assets are assessed as credit impaired when one or more events that have a negative impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised.

Financial instruments that are credit-impaired with exposure more than RM1 million are assessed on individual basis.

The Group and the Bank define a financial instruments that has objective evidence of impairment as default, when it meets one or more of the following criteria;

Quantitative criteria;

- (i) Principal or profit of both is past due for more than 90 days/MIA 3
- (ii) Cross default

Qualitative criteria;

A financing is credit impaired when one or more triggers/criteria that have a detrimental impact on the estimated future cash flow of the financial asset have occurred. The Group and the Bank consider the following obligatory triggers;

- (i) Ceased operation
- (ii) Bankruptcy/wound up
- (iii) Fraud with investigation report duly confirmed as fraud
- (iv) Liquidator/R&M appointed
- (v) Deceased
- (vi) Practice Note 17 ("PN17") classification by Bursa Malaysia and a loss of repayment capability



Notes to the Financial Statements

for the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment (continued)

Impairment of financial assets (continued)

(i) Impairment of financial assets (continued)

General approach/three stage approach (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group and the Bank 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 Bank's historical experience, informed credit assessment and including forward-looking information.

The Group and the Bank assume that the credit risk on a financial asset has increased significantly when it is more than 30 days past due. The Group and the Bank also use its internal credit risk grading system and external risk rating to assess deterioration in credit quality of a financial assets.

The Group and the Bank assess whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar risk characteristics, taking into account the asset type, industry, geographical location, collateral type, past-due status and other relevant factors. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the counterparty's ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Simplified approach

Measures the loss allowance at lifetime expected credit losses without the need to identify significant increase in credit risk.

(ii) Measurement of ECL

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group and the Bank expect to receive).

ECLs are discounted at the effective profit rate of the financial asset.

(iii) Incorporation of forward-looking information

Relevant macroeconomic factors are incorporated in the risk parameters as appropriate. The key macroeconomics variables ("MEV") that are incorporated in determining ECLs include, Consumer Price Index ("CPI"), Gross Domestic Product ("GDP"), House Price Index ("HPI"), and Kuala Lumpur Composite Index ("KLCI").

Forward-looking macroeconomic forecasts are generated by the Group's and the Bank's Economist as part of the ECL process. An economic forecast is accompanied with three economic scenarios: a base case (60%), which is the median scenario, and two less likely scenarios, one upside (30%) and one downside (10%).

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment (continued)

Impairment of financial assets (continued)

(iii) Incorporation of forward-looking information (continued)

Selected MEVs are projected over the forecast period, and they could have a material impact in determining ECLs. Forecasted MEVs are derived by Economist using time series econometrics. The data series are procured from the official source such as Department of Statistics Malaysia ("DOSM"), BNM and other government agencies. Prior to MEV forecast, Economist would gather his or her intelligence from discussion with the policy makers, institutional investors and other news flow (main stream and social media) in order to form an opinion. The opinion may cover the economic policies, business cycle and financial market condition. This will be the main input before embarking MEV forecast exercise.

The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

(iv) Recognition of ECL Overlays

Changed in economic conditions should be reflected in MEVs scenarios and their weightings. If there is an event or situation that cannot be reflected in the MEVs such as emerging risks in the local or global macroeconomic, microeconomic or political events, and natural disasters, post-model or ECL overlays will be considered.

The Group and the Bank have made management overlay for potential deterioration in credit risks of its large customer. The factors associated with potential deterioration in credit risks includes; economic uncertainty due to geopolitical tensions, rising inflation, rapidly increasing profit rates, alongside other factors, which may have potential ramifications to the economy. Additionally, the deterioration in credit profile has yet to be fully reflected in modelling data due to the masking effects of observed defaults owing to various relief assistances to support businesses and individuals, hence management overlay is provided.

(v) Credit impaired financial assets

At each reporting date, the Group and the Bank 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 negative impact on the estimated future cash flows of the financial asset have occurred.

Certain obligatory and judgmental triggers that the Group and the Bank use to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as default or delinquency in profit or principal payments;
- the restructuring of a financing or advance by the Group and the Bank on terms that the Group and the Bank would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- based on external credit assessment institutions rating which indicates high likelihood of default.



Notes to the Financial Statements

for the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment (continued)

Impairment of financial assets (continued)

(vi) Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in other comprehensive income.

(vii) Restructured financing

A financing that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement made on substantially different terms or if the terms of an existing agreement are modified such that the renegotiated financing is a substantially different instrument. Where such financing is derecognised, the renegotiated contract is a new financing and impairment is assessed in accordance with the Group's and the Bank's accounting policy.

Where the renegotiation of such financing is not derecognised, the gross carrying amount is recalculated based on the revised cash flows with gain or loss on modification recognised in profit or loss. Impairment continues to be assessed for significant increases in credit risk compared to the initial origination credit risk rating.

(viii) Write-off

The gross carrying amount of a financial asset is written-off when the Group and the Bank have no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group and the Bank have a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For commercial and corporate customers, the Group and the Bank individually make an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group and the Bank expect no significant recovery from the amount written-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Group's and the Bank's procedures for recovery of amounts due.

Impairment of non-financial assets

The carrying amount of other assets (except for current tax assets and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows 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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment (continued)

Impairment of non-financial assets (continued)

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the profit or loss in the year in which the reversals are recognised.

2.11 Bills and acceptances payable

Bills and acceptances payable represent the Group's and the Bank's own bills and acceptances rediscounted and outstanding in the market.

2.12 Government grants

Grant from the government is recognised at their fair value when there is a reasonable assurance that the grant will be received and the Group and the Bank will comply with all attached conditions.

Government grants relating to costs are recognised in the profit or loss over the periods to match the related costs for which the grants are intended to compensate.

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The loan shall be recognised and measured in accordance with MFRS 9 Financial Instruments. The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined in accordance with MFRS 9 and the proceeds received. The benefit is accounted for in accordance with MFRS 120. The Group and the Bank shall consider the conditions and obligations that have been, or must be, met when identifying the costs for which the benefit of the loan is intended to compensate.

2.13 Provisions

A provision is recognised if, as a result of a past event, the Group and the Bank have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The provisions are reviewed at each reporting date and if it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.



Notes to the Financial Statements

for the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.14 Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group and the Bank, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.15 Contingent assets

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 and the Bank. The Group and the Bank do not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

2.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

2.17 Share Capital

Ordinary shares are classified as equity in the statement of financial position. Cost directly attributable to the issuance of new equity shares are taken to equity as a deduction from the proceeds.

Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period. Distributions to holders of an equity instrument is recognised directly in equity.

2.18 Recognition of income

Financing income

Financing income is recognised in the profit or loss using the effective profit rate method. The effective profit 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 instruments. When calculating the effective profit rate, the Group and the Bank have considered all contractual terms of the financial instruments but do not consider future credit losses. The calculation includes all fees and transaction costs integral to the effective profit rate, as well as premium or discounts.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.18 Recognition of income (continued)

Financing income (continued)

Income from a sale-based contract is recognised on effective profit rate basis over the period of the contract based on the principal amounts outstanding whereas income from Ijarah (lease-based contract) is recognised on effective profit rate basis over the lease term.

For credit-impaired financial assets the effective profit rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance).

Fee and other income recognition

Financing arrangement, management and participation fees, underwriting commissions, brokerage fees and wakalah performance incentive fees are recognised as income based on contractual arrangements. Fees from advisory and corporate finance activities are recognised net of service tax, discounts on satisfaction of performance obligations and completion of each stage of the assignment.

Dividend income from subsidiaries and other investments are recognised when the Group's and the Bank's rights to receive payment is established.

2.19 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.



Notes to the Financial Statements

for the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.20 Zakat

This represents business zakat that is paid on the Bank's portion. It is an obligatory amount payable by the Group and the Bank to comply with the rules and principles of Shariah.

2.21 Employee benefits

Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus and termination benefits if the Group and the Bank have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's and the Bank's contribution to the Employees Provident Fund is charged to the profit or loss in the year to which they relate. Once the contributions have been paid, the Group and the Bank have no further payment obligations.

2.22 Earnings per ordinary shares

The Group presents basic earnings per share data for its ordinary shares ("EPS"). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

2.23 Fair value measurements

'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 in the principal or, in its absence, the most advantageous market to which the Group and the Bank have access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group and the Bank measure the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group and the Bank use valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.23 Fair value measurements (continued)

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group and the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group and the Bank recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3. CASH AND SHORT-TERM FUNDS

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and balances with banks and other financial institutions [^]	936,629	817,436	933,427	816,234
Money at call and interbank placements with maturity not exceeding three months	3,777,836	6,327,678	3,744,816	6,311,925
	4,714,465	7,145,114	4,678,243	7,128,159

[^] Includes Deferred Net Settlement ("DNS") collateral for Retail Payment Settlement in RENTAS amounting to RM30,780,000 (2022: RM Nil). Withdrawal and substitution of DNS Collateral is subject to approval by BNM and Payments Network Malaysia Sdn Bhd ("PayNet").

All bank balances are assessed to have low credit risk as they are held with reputable banking institutions and the identified expected credit loss was immaterial.

Cash and bank balances of the Group includes restricted cash amounting to RM11,660,000 (2022: RM718,000) which is attributed to the creation of units of the funds. Accordingly, amount due to trustee was recognised and disclosed in Note 21 to the financial statements.



Notes to the Financial Statements

for the financial year ended 31 December 2023

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (“FVTPL”)

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysian Government Investment Issues	417,999	-	417,999	-
Unit trust	21,799	244,260	6,997	217,877
Malaysian Islamic Treasury Bills	-	49,847	-	49,847
Bank Negara Monetary Notes	489,246	-	489,246	-
Corporate Sukuk	286,725	5,021	4	5,011
	1,215,769	299,128	914,246	272,735

5. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

The following tables summarise the contractual or underlying principal amounts of derivative financial instruments held at fair value through profit or loss. The principal or contractual amount of these instruments reflects the volume of transactions outstanding at financial position date, and do not represent amounts at risk.

Trading 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 and Bank	2023		
	Notional Amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Forward contracts	8,651,500	68,402	(56,539)
Profit rate swaps	3,343	10	(9)
	8,654,843	68,412	(56,548)

Group and Bank	2022		
	Notional Amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Forward contracts	7,713,420	122,827	(137,223)
Profit rate swaps	42,286	173	(101)
	7,755,706	123,000	(137,324)

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Financial assets at FVOCI:				
(a) Debt instrument	12,430,426	12,017,378	12,430,426	12,017,378
(b) Equity instrument	89,782	76,039	91,141	76,926
	12,520,208	12,093,417	12,521,567	12,094,304

(a) Debt instrument at FVOCI

	Group and Bank	
	2023 RM'000	2022 RM'000
Malaysian Government Investment Issues	4,550,080	4,344,171
Corporate Sukuk	7,320,739	7,357,640
Malaysian Islamic Treasury Bills	-	315,567
Bank Negara Monetary Notes	399,534	-
Islamic Commercial Papers	160,073	-
	12,430,426	12,017,378

Movement of allowance for impairment on financial assets at FVOCI:

	Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2022	237	-	7,000	7,237
Transfer to Stage 2	(21)	21	-	-
Changes in credit risk	6	460	3,500	3,966
Purchases and origination	46	-	-	46
Derecognition and disposal	(37)	-	-	(37)
At 31 December 2022/1 January 2023	231	481	10,500	11,212
Transfer to Stage 1	40	(40)	-	-
Changes in credit risk	(51)	(86)	4,336	4,199
Purchases and origination	86	-	-	86
Derecognition and disposal	(78)	(65)	-	(143)
At 31 December 2023	228	290	14,836	15,354



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6. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVOCI”) (CONTINUED)

(b) Equity instrument at FVOCI

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Quoted Shares				
– outside Malaysia#	6,317	7,000	6,317	7,000
Unquoted Shares				
– in Malaysia*	83,448	69,023	84,807	69,910
– outside Malaysia	17	16	17	16
	83,465	69,039	84,824	69,926
	89,782	76,039	91,141	76,926

The Group and the Bank designated certain investments as equity instrument at FVOCI. The FVOCI designation was made because these instruments are either held for socio-economic purposes or not for trading purposes.

Equity instrument at FVOCI of the Bank mainly comprise the following significant individual investment:

	Fair value		Dividend income	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
# Amana Bank Limited	6,317	7,000	-	237
* Payment Networks Malaysia Sdn Bhd	83,448	69,023	-	-

7. FINANCIAL ASSETS AT AMORTISED COST (“AC”)

	Group and Bank	
	2023 RM'000	2022 RM'000
Debt instrument at amortised cost:		
Malaysian Government Investment Issues	1,875,465	2,288,813
Corporate sukuk	745,458	668,595
Bank Negara negotiable notes	499,307	-
Malaysian Islamic Treasury Bills	-	97,848
	3,120,230	3,055,256

8. FINANCING, ADVANCES AND OTHERS

(a) By type and Shariah contract

Group and Bank 2023	Bai' Bithaman Ajil	Murabahah RM'000	Bai' Al-Dayn	At- Tawarruq RM'000	Ijarah Muntahiah Bit- Tamleek [^]	Istisna' RM'000	Total RM'000
	RM'000		RM'000		RM'000		
Cash line	-	-	-	1,512,926	-	-	1,512,926
Term financing							
House financing	2,449,530	-	-	24,568,611	-	35,525	27,053,666
Syndicated financing	-	-	-	1,049,780	-	-	1,049,780
Leasing financing	-	-	-	-	127,324	-	127,324
Bridging financing	-	-	-	-	-	2,074	2,074
Personal financing	-	-	-	20,284,237	-	-	20,284,237
Other term financing	142,781	1,797,505	-	13,586,508	-	812	15,527,606
Staff financing	29,867	24,074	-	559,185	-	4,756	617,882
Credit cards	-	-	-	544,179	-	-	544,179
Trade bills discounted	-	622,819	69,839	35,244	-	-	727,902
Trust receipts	-	8,003	-	-	-	-	8,003
Pawn broking	-	-	-	169,210	-	-	169,210
	2,622,178	2,452,401	69,839	62,309,880	127,324	43,167	67,624,789
Allowance for impairment on financing, advances and others							
- Stage 1							(302,306)
- Stage 2							(282,324)
- Stage 3							(223,044)
Net financing, advances and others							66,817,115

[^] Assets funded under Ijarah financing are owned by the Bank throughout the tenure of the Ijarah financing and ownership of the assets will be transferred to customer at the end of financing tenure for a token consideration or other amount as specified in the Ijarah financing contract.



Notes to the Financial Statements

for the financial year ended 31 December 2023

8. FINANCING, ADVANCES AND OTHERS (CONTINUED)

(a) By type and Shariah contract (continued)

Group and Bank 2022	Bai' Bithaman Ajil		Bai' Al-Dayn RM'000	Bai' Al-Inah RM'000	At- Tawarruq RM'000	Ijarah Muntahiah Bit- Tamleek [^]		Istisna' RM'000	Total RM'000
	RM'000	Murabahah RM'000				RM'000	RM'000		
Cash line	-	-	-	280	1,436,808	-	-	-	1,437,088
Term financing									
House financing	2,710,203	-	-	-	23,123,198	-	-	38,521	25,871,922
Syndicated financing	-	-	-	-	1,565,789	-	-	-	1,565,789
Leasing financing	-	-	-	-	-	81,238	-	-	81,238
Bridging financing	-	-	-	-	-	-	-	33,031	33,031
Personal financing	-	-	-	2,188	19,834,524	-	-	-	19,836,712
Other term financing	181,798	1,402,239	-	-	13,675,552	-	-	884	15,260,473
Staff financing	35,137	20,709	-	-	482,389	-	-	5,577	543,812
Credit cards	-	-	-	-	508,104	-	-	-	508,104
Trade bills discounted	-	539,190	89,410	-	20,388	-	-	-	648,988
Trust receipts	-	4,565	-	-	-	-	-	-	4,565
Pawn broking	-	-	-	-	150,135	-	-	-	150,135
	2,927,138	1,966,703	89,410	2,468	60,796,887	81,238	-	78,013	65,941,857
Allowance for impairment on financing, advances and others									
- Stage 1									(366,051)
- Stage 2									(224,397)
- Stage 3									(449,415)
Net financing, advances and others									64,901,994

[^] Assets funded under Ijarah financing are owned by the Bank throughout the tenure of the Ijarah financing and ownership of the assets will be transferred to customer at the end of financing tenure for a token consideration or other amount as specified in the Ijarah financing contract.

8. FINANCING, ADVANCES AND OTHERS (CONTINUED)

(a) By type and Shariah contract (continued)

Included in financing, advances and others are house financing and personal financing that are used for the underlying assets of Unrestricted Investment Accounts ("UA") and financing sold to Cagamas with recourse to the Group and the Bank. The details are as follows:

	Note	Group		Bank	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
House financing					
Unrestricted Investment Accounts	17	13,356,777	10,887,549	13,366,496	10,939,310
Sold to Cagamas with recourse	19	2,004,329	3,005,343	2,004,329	3,005,343
		15,361,106	13,892,892	15,370,825	13,944,653
Personal financing					
Unrestricted Investment Accounts	17	3,716,379	3,573,890	3,726,098	3,625,652

(b) By type of customer

	Group and Bank	
	2023 RM'000	2022 RM'000
Domestic banking institutions	200,052	200,741
Domestic non-bank financial institutions	804,182	1,134,114
Domestic business enterprise	11,095,362	11,388,424
Small & medium enterprises	2,739,497	2,515,004
Government & statutory bodies	1,910,528	1,895,508
Individuals	50,718,810	48,636,547
Other domestic entities	18,008	15,991
Foreign entities	138,350	155,528
	67,624,789	65,941,857

(c) By profit rate sensitivity

	Group and Bank	
	2023 RM'000	2022 RM'000
Fixed rate		
House financing	940,957	960,743
Others	6,299,591	4,578,040
Floating rate		
House financing	26,802,712	25,607,476
Others	33,581,529	34,795,598
	67,624,789	65,941,857



Notes to the Financial Statements

for the financial year ended 31 December 2023

8. FINANCING, ADVANCES AND OTHERS (CONTINUED)

(d) By remaining contractual maturity

	Group and Bank	
	2023 RM'000	2022 RM'000
Maturity within one year	6,895,986	5,683,188
More than one year to three years	1,772,141	2,353,259
More than three years to five years	3,865,750	3,886,072
More than five years	55,090,912	54,019,338
	67,624,789	65,941,857

(e) By geographical distribution

	Group and Bank	
	2023 RM'000	2022 RM'000
Central Region	31,685,138	30,904,086
Eastern Region	10,201,039	9,980,174
Northern Region	9,175,037	8,825,148
Southern Region	11,468,449	11,281,525
East Malaysia Region	5,095,126	4,950,924
	67,624,789	65,941,857

(f) By sector

	Group and Bank	
	2023 RM'000	2022 RM'000
Primary agriculture	842,037	876,964
Mining and quarrying	127,543	371,447
Manufacturing (including agro-based)	607,523	615,475
Electricity, gas and water supply	2,358,054	2,226,137
Wholesale & retail trade, and restaurants & hotels	1,257,455	1,208,104
Construction	1,470,233	1,967,534
Transport, storage and communications	2,801,628	2,829,640
Finance, insurance, real estate and business activities	5,804,729	4,724,887
Education, health and others	1,630,380	2,479,672
Household sectors	50,725,207	48,641,997
	67,624,789	65,941,857

8. FINANCING, ADVANCES AND OTHERS (CONTINUED)

(g) By stages

	Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2022	56,543,861	2,105,491	568,383	59,217,735
Transfer to Stage 1	277,301	(255,450)	(21,851)	-
Transfer to Stage 2	(1,479,726)	1,493,362	(13,636)	-
Transfer to Stage 3	(169,257)	(152,802)	322,059	-
Financial assets that have been derecognised	(7,066,711)	(260,725)	(29,224)	(7,356,660)
New financial assets originated or purchased	16,640,000	451,603	81,077	17,172,680
Modification of contractual cash flows	(2,677,231)	(355,323)	180,045	(2,852,509)
Write-offs	-	-	(251,621)	(251,621)
Exchange differences	12,232	-	-	12,232
At 31 December 2022/1 January 2023	62,080,469	3,026,156	835,232	65,941,857
Transfer to Stage 1	641,401	(599,756)	(41,645)	-
Transfer to Stage 2	(1,572,642)	1,623,696	(51,054)	-
Transfer to Stage 3	(140,958)	(147,491)	288,449	-
Financial assets that have been derecognised	(9,790,554)	(596,302)	99,444	(10,287,412)
New financial assets originated or purchased	14,722,959	706,312	33,971	15,463,242
Modification of contractual cash flows	(2,725,564)	(245,581)	(21,731)	(2,992,876)
Write-offs	-	-	(506,700)	(506,700)
Exchange differences	6,678	-	-	6,678
At 31 December 2023	63,221,789	3,767,034	635,966	67,624,789

(h) Movement in impaired financing and advances ("impaired financing")

	Group and Bank	
	2023 RM'000	2022 RM'000
At 1 January	835,232	568,383
Classified as impaired during the year	909,473	916,357
Reclassified as not impaired during the year	(475,758)	(290,419)
Amount repaid	(126,281)	(107,468)
Amount written-off	(506,700)	(251,621)
At 31 December	635,966	835,232
Gross impaired financing as a percentage of gross financing, advances and others	0.94%	1.27%

The contractual amount outstanding on financing and advances that were written-off during the year are still subject to enforcement activity.



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for the financial year ended 31 December 2023

8. FINANCING, ADVANCES AND OTHERS (CONTINUED)

(i) Impaired financing by geographical distribution

	Group and Bank	
	2023 RM'000	2022 RM'000
Central Region	255,845	510,998
Eastern Region	123,232	95,756
Northern Region	152,661	146,491
Southern Region	73,459	55,567
East Malaysia Region	30,769	26,420
	635,966	835,232

(j) Impaired financing by sector

	Group and Bank	
	2023 RM'000	2022 RM'000
Primary agriculture	815	-
Mining and quarrying	106	257,925
Manufacturing (including agro-based)	36,476	37,452
Electricity, gas and water supply	2,415	467
Wholesale & retail trade, and hotels & restaurants	88,658	75,788
Construction	34,675	32,449
Transport, storage and communications	7,286	20,222
Finance, insurance, real estate and business activities	52,966	37,872
Education, health & others	7,633	2,158
Household sectors	404,936	370,899
	635,966	835,232

8. FINANCING, ADVANCES AND OTHERS (CONTINUED)

(k) Movement of allowance for impairment on financing, advances and others

	Group and Bank			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2022	487,308	303,998	272,660	1,063,966
Transfer to Stage 1	1,336	(1,194)	(142)	-
Transfer to Stage 2	(12,582)	13,174	(592)	-
Transfer to Stage 3	(1,753)	(16,769)	18,522	-
Changes in credit risk	(149,026)	(56,960)	443,813	237,827
New financial assets originated or purchased	87,852	8,033	1,572	97,457
Financial assets that have been derecognised	(42,124)	(25,885)	(34,797)	(102,806)
Write-offs	-	-	(251,621)	(251,621)
Exchange differences	(4,960)	-	-	(4,960)
At 31 December 2022/1 January 2023	366,051	224,397	449,415	1,039,863
Transfer to Stage 1	5,248	(4,869)	(379)	-
Transfer to Stage 2	(15,402)	18,391	(2,989)	-
Transfer to Stage 3	(1,109)	(13,217)	14,326	-
Changes in credit risk	(101,889)	62,188	283,606	243,905
New financial assets originated or purchased	98,761	10,256	1,971	110,988
Financial assets that have been derecognised	(50,975)	(14,822)	(16,206)	(82,003)
Write-offs	-	-	(506,700)	(506,700)
Exchange differences	1,621	-	-	1,621
At 31 December 2023	302,306	282,324	223,044	807,674

(l) Effect of modifications on the measurement of allowance for impaired financing, advances and others

The following table discloses information on financing and advances that were modified but not derecognised during the year, for which the allowance for impaired financing, advances and others were measured at a lifetime ECL at the beginning of the year, and at the end of the year had changed to a 12-months ECL:

	Group and Bank	
	2023 RM'000	2022 RM'000
Amortised cost before the modification	11,755	3,400
Net modification loss	27	133



Notes to the Financial Statements

for the financial year ended 31 December 2023

9. OTHER FINANCIAL ASSETS AT AC

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other receivables	797,740	550,417	702,631	458,443
Deposit and prepayments	68,579	53,241	61,563	45,939
Related companies*	1,136	1,174	2,756	1,175
	867,455	604,832	766,950	505,557
Less: Allowance for impairment Stage 3				
- Other receivables	(3,642)	(4,086)	(3,642)	(4,086)
	863,813	600,746	763,308	501,471

* This relates to amounts due from subsidiaries and related companies that are unsecured, not subject to compensation charges for late payment and repayment is neither fixed nor expected.

10. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Section 26(2) (c) of the Central Bank of Malaysia Act, 2009, the amount of which are determined as set percentages of total eligible liabilities.

11. DEFERRED TAX ASSETS

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

The components of deferred tax assets and liabilities during the financial year are as follows:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deferred tax assets	174,728	212,349	173,756	211,377
Deferred tax liabilities	-	-	-	-
	174,728	212,349	173,756	211,377
Deferred tax assets:				
Provisions for expenses	18,879	23,253	18,879	23,253
Financing, advances and others	113,019	104,820	113,019	104,820
Lease liabilities	27,296	26,689	27,296	26,689
FVOCI Reserves	22,783	72,463	22,783	72,463
Tax losses	995	995	-	-
Offsetting	(8,244)	(15,871)	(8,221)	(15,848)
Total deferred tax assets	174,728	212,349	173,756	211,377
Deferred tax liabilities:				
Property and equipment	(8,244)	(15,871)	(8,221)	(15,848)
Offsetting	8,244	15,871	8,221	15,848
Total deferred tax liabilities	-	-	-	-



Notes to the Financial Statements

for the financial year ended 31 December 2023

11. DEFERRED TAX ASSETS (CONTINUED)

The movement in temporary differences during the year are as follows:

	Provision for expenses RM'000	Financing, advances and others RM'000	Lease liabilities RM'000	Unabsorbed Capital Allowances RM'000	Tax losses RM'000	Property and equipment RM'000	FVOCI Reserves RM'000	Total RM'000
Group								
At 1 January 2022	26,301	104,763	25,795	10	1,510	(11,457)	46,292	193,214
Recognised in profit or loss	(3,048)	57	894	(10)	(515)	(4,414)	-	(7,036)
Recognised in other comprehensive income	-	-	-	-	-	-	26,171	26,171
At 31 December 2022/ 1 January 2023	23,253	104,820	26,689	-	995	(15,871)	72,463	212,349
Recognised in profit or loss	(4,374)	8,199	607	-	-	7,627	-	12,059
Recognised in other comprehensive income	-	-	-	-	-	-	(49,680)	(49,680)
At 31 December 2023	18,879	113,019	27,296	-	995	(8,244)	22,783	174,728
Bank								
At 1 January 2022	26,393	104,763	25,768	-	-	(11,443)	46,292	191,773
Recognised in profit or loss	(3,140)	57	921	-	-	(4,405)	-	(6,567)
Recognised in other comprehensive income	-	-	-	-	-	-	26,171	26,171
At 31 December 2022/ 1 January 2023	23,253	104,820	26,689	-	-	(15,848)	72,463	211,377
Recognised in profit or loss	(4,374)	8,199	607	-	-	7,627	-	12,059
Recognised in other comprehensive income	-	-	-	-	-	-	(49,680)	(49,680)
At 31 December 2023	18,879	113,019	27,296	-	-	(8,221)	22,783	173,756

11. DEFERRED TAX ASSETS (CONTINUED)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unabsorbed capital allowance	131,784	131,784	131,784	131,784
Unutilised tax losses	2,885	2,885	-	-
	134,669	134,669	131,784	131,784

Under the current tax legislation, the unutilised tax losses will expire in year 2025 where the unutilised capital allowance do not expire.

The Bank's unabsorbed capital allowances of RM131,784,000 (2022: RM131,784,000) is in respect of its leasing business, whereby management considered it is uncertain whether the Bank is able to utilise the benefits in the future. As such, deferred tax assets have not been recognised.

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The statement of financial position shows the following amounts relating to leases:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Right-of-use assets (Buildings)				
As at 1 January	184,383	196,000	183,959	195,614
Addition	1,148	5,569	268	5,059
Depreciation	(18,095)	(17,198)	(17,603)	(16,726)
Effects of movement in exchange rates	-	12	-	12
As at 31 December	167,436	184,383	166,624	183,959
Lease liabilities				
As at 1 January	295,585	303,448	295,167	302,984
Addition	1,148	5,569	268	5,059
Payments of lease liabilities	(31,756)	(30,240)	(31,257)	(29,669)
Finance cost	16,213	16,796	16,197	16,781
Effects of movement in exchange rates	(16)	12	(16)	12
As at 31 December	281,174	295,585	280,359	295,167

The net carrying amount of right-of-use assets including leasehold land for the Group and the Bank as disclosed in Note 14 as at 31 December 2023 are RM179,362,000 (2022: RM196,483,000) and RM178,550,000 (2022: RM196,059,000) respectively.



Notes to the Financial Statements

for the financial year ended 31 December 2023

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

The statement of profit or loss shows the following amounts relating to leases:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Expenses relating to short-term leases (included in other overhead expenses)	35,506	34,863	35,267	34,518
Total cash outflow of leases (including short-term leases)	67,262	65,103	66,524	64,187

The nature of the Group's and the Bank's leasing activities recognised in the statement of financial position are described as below:

Right-of-use assets	No. of leases	Range of remaining terms	Average remaining lease terms	No. of leases with termination option
Buildings	8	1.0-12.4 years	8.8 years	8

Future minimum lease payments are as follows:

	Minimum lease payment due			
	Within 1 year RM'000	1-5 years RM'000	> 5 years RM'000	Total RM'000
Group				
31 December 2023				
Lease payment	30,773	147,245	218,815	396,833
Finance cost	15,416	64,313	35,930	115,659
Net present value	15,357	82,932	182,885	281,174
31 December 2022				
Lease payment	31,649	116,166	279,579	427,394
Finance cost	16,202	56,811	58,796	131,809
Net present value	15,447	59,355	220,783	295,585
Bank				
31 December 2023				
Lease payment	30,344	146,816	218,815	395,975
Finance cost	15,384	64,302	35,930	115,616
Net present value	14,960	82,514	182,885	280,359
31 December 2022				
Lease payment	31,222	116,166	279,579	426,967
Finance cost	16,193	56,811	58,796	131,800
Net present value	15,029	59,355	220,783	295,167

13. INVESTMENTS IN SUBSIDIARIES

	Bank	
	2023 RM'000	2022 RM'000
At cost		
Unquoted shares in Malaysia	349,971	101,827
Less: Accumulated impairment loss	(5,922)	(922)
	344,049	100,905

The principal place of business and country of incorporation of the subsidiaries is Malaysia unless stated otherwise. Details of subsidiaries are as follows:

Name of Company	Principal activities	Effective ownership interest	
		2023 %	2022 %
Al-Wakalah Nominees (Tempatan) Sdn. Bhd.	Provides nominee services	100	100
BIMB Investment Management Berhad	Manages Islamic Unit Trust Funds	100	100
Bank Islam Trust Company (Labuan) Ltd. and its subsidiary:	Provides services as a Labuan registered trust company	100	100
BIMB Offshore Company Management Services Sdn. Bhd.	Dormant	100	100
BIMB Solutions Sdn. Bhd. (formerly known as Farihan Corporation Sdn. Bhd.)	Provides manpower services to the Bank	100	100
BIMB Holdings Sdn. Bhd.	Dormant	100	100
BIMB Securities (Holdings) Sdn. Bhd. and its subsidiary:	Investment holding	100	100
BIMB Securities Sdn. Bhd. and its subsidiaries:	Stockbroking	100	100
BIMSEC Nominees (Tempatan) Sdn. Bhd.	Provides nominee services	100	100
BIMSEC Nominees (Asing) Sdn. Bhd.	Provides nominee services	100	100
Syarikat Al-Ijarah Sdn. Bhd.	Leasing of assets	100	100
BIMB ESG Sukuk Fund - Class D	Wholesale unit trust fund [^]	79	-
BIMB Shariah IncomePlus Fund	Wholesale unit trust fund [^]	75	-
BIMB-Arabesque Global Shariah Sustainable Equity	Wholesale unit trust fund [^]	61	-

[^] The Fund is consolidated as the Group controls the fund in accordance with MFRS 10, Consolidated Financial Statements.



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for the financial year ended 31 December 2023

14. PROPERTY AND EQUIPMENT

Group	Long term leasehold land [^] RM'000	Freehold land RM'000	Freehold building RM'000	Building improvements and renovations RM'000	Furniture, fixtures and fittings RM'000	Office equipment RM'000	Computer equipment RM'000	Motor vehicles RM'000	Renovation work-in-progress RM'000	Management information system under development RM'000	Total RM'000
Cost											
At 1 January 2023	14,796	143	481	35,470	142,176	104,101	498,775	454	6,135	88,531	891,062
Additions	-	-	-	1,715	3,945	7,420	22,652	-	2,208	46,207	84,147
Reclassifications	-	-	-	-	-	7	8,069	-	(325)	(7,751)	-
Disposals	-	-	-	(50)	(155)	-	-	-	-	(205)	-
Written-off	-	-	-	(23,736)	(88,087)	(60,159)	(198,054)	(399)	-	-	(370,435)
Exchange difference	-	-	-	1	14	22	15	-	-	-	52
At 31 December 2023	14,796	143	481	13,450	57,998	51,236	331,457	55	8,018	126,987	604,621
Accumulated depreciation											
At 1 January 2023	2,696	-	46	30,745	119,917	93,035	420,176	452	-	-	667,067
Depreciation for the year	174	-	35	1,338	5,033	5,069	43,184	-	-	-	54,833
Disposals	-	-	-	-	(50)	(143)	-	-	-	-	(193)
Written-off	-	-	-	(23,646)	(87,869)	(60,086)	(197,879)	(399)	-	-	(369,879)
Exchange difference	-	-	-	-	14	14	12	-	-	-	40
At 31 December 2023	2,870	-	81	8,437	37,045	37,889	265,493	53	-	-	351,868
Net carrying amount											
At 31 December 2023	11,926	143	400	5,013	20,953	13,347	65,964	2	8,018	126,987	252,753

[^] The leasehold land identified as right-of-use assets for the Group and the Bank as disclosed in Note 12.

14. PROPERTY AND EQUIPMENT (CONTINUED)

Group	Long term leasehold land [^] RM'000	Freehold land RM'000	Freehold building RM'000	Building improvements and renovations RM'000	Furniture, fixtures and fittings RM'000	Office equipment RM'000	Computer equipment RM'000	Motor vehicles RM'000	Renovation work-in-progress RM'000	Management information system under development RM'000	Total RM'000
Cost											
At 1 January 2022	14,784	143	481	36,630	138,260	99,975	503,689	869	5,266	70,689	870,786
Additions	12	-	-	493	5,301	5,686	25,406	-	2,243	24,867	64,008
Reclassifications	-	-	-	78	828	105	7,207	-	(1,193)	(7,025)	-
Reclassification to intangible assets	-	-	-	-	-	-	(33,454)	-	-	-	(33,454)
Disposals	-	-	-	(51)	(1,058)	(153)	(418)	(415)	-	-	(2,095)
Written-off	-	-	-	(1,680)	(1,171)	(1,537)	(3,671)	-	(181)	-	(8,240)
Exchange difference	-	-	-	-	16	25	16	-	-	-	57
At 31 December 2022	14,796	143	481	35,470	142,176	104,101	498,775	454	6,135	88,531	891,062
Accumulated depreciation											
At 1 January 2022	2,522	-	12	30,780	115,784	90,347	385,775	813	-	-	626,033
Depreciation for the year	174	-	34	1,541	6,024	4,289	47,669	54	-	-	59,785
Reclassification to intangible assets	-	-	-	-	-	-	(9,329)	-	-	-	(9,329)
Disposals	-	-	-	(26)	(1,058)	(144)	(353)	(415)	-	-	(1,996)
Written-off	-	-	-	(1,550)	(849)	(1,470)	(3,602)	-	-	-	(7,471)
Exchange difference	-	-	-	-	16	13	16	-	-	-	45
At 31 December 2022	2,696	-	46	30,745	119,917	93,035	420,176	452	-	-	667,067
Net carrying amount											
At 31 December 2022	12,100	143	435	4,725	22,259	11,066	78,599	2	6,135	88,531	223,995

[^] The leasehold land identified as right-of-use assets for the Group and the Bank as disclosed in Note 12.



Notes to the Financial Statements

for the financial year ended 31 December 2023

14. PROPERTY AND EQUIPMENT (CONTINUED)

Bank	Long term leasehold land [^] RM'000	Building improvements and renovations RM'000	Furniture, fixtures and fittings RM'000	Office equipment RM'000	Computer equipment RM'000	Motor vehicles RM'000	Renovation work-in-progress RM'000	Management information system under development RM'000	Total RM'000
Cost									
At 1 January 2023	14,796	36,445	143,187	103,928	495,837	869	5,713	88,531	889,306
Additions	-	908	3,944	7,373	22,384	-	2,146	46,207	82,962
Reclassifications	-	-	-	-	7,751	-	-	(7,751)	-
Disposals	-	-	-	-	-	-	-	-	-
Written-off	-	(22,227)	(88,087)	(60,159)	(198,044)	(399)	-	-	(368,966)
Exchange difference	-	1	14	14	5	-	-	-	34
At 31 December 2023	14,796	15,077	59,058	51,156	327,933	470	7,859	126,987	603,336
Accumulated depreciation									
At 1 January 2023	2,696	31,819	120,934	92,998	418,157	867	-	-	667,471
Depreciation for the year	174	1,232	5,031	5,031	42,539	-	-	-	54,007
Disposals	-	-	-	-	-	-	-	-	-
Written-off	-	(22,227)	(87,869)	(60,086)	(197,869)	(399)	-	-	(368,450)
Exchange difference	-	-	14	11	4	-	-	-	29
At 31 December 2023	2,870	10,824	38,110	37,954	262,831	468	-	-	353,057
Net carrying amount									
At 31 December 2023	11,926	4,253	20,948	13,202	65,102	2	7,859	126,987	250,279

[^] The leasehold land identified as right-of-use assets for the Group and the Bank as disclosed in Note 12.

14. PROPERTY AND EQUIPMENT (CONTINUED)

Bank	Long term leasehold land [^] RM'000	Building improvements and renovations RM'000	Furniture, fixtures and fittings RM'000	Office equipment RM'000	Computer equipment RM'000	Motor vehicles RM'000	Renovation work-in-progress RM'000	Management information system under development RM'000	Total RM'000
Cost									
At 1 January 2022	14,784	36,119	138,172	99,586	500,207	869	4,739	70,689	865,165
Additions	12	461	5,301	5,653	25,131	-	1,985	24,867	63,410
Reclassifications	-	78	828	105	7,025	-	(1,011)	(7,025)	-
Reclassification to intangible assets	-	-	-	-	(33,454)	-	-	-	(33,454)
Disposals	-	-	-	-	-	-	-	-	-
Written-off	-	(213)	(1,130)	(1,434)	(3,075)	-	-	-	(5,852)
Exchange difference	-	-	16	18	3	-	-	-	37
At 31 December 2022	14,796	36,445	143,187	103,928	495,837	869	5,713	88,531	889,306
Accumulated depreciation									
At 1 January 2022	2,522	30,513	115,706	90,106	383,553	813	-	-	623,213
Depreciation for the year	174	1,435	6,021	4,249	46,995	54	-	-	58,928
Reclassification to intangible assets	-	-	-	-	(9,329)	-	-	-	(9,329)
Disposals	-	-	-	-	-	-	-	-	-
Written-off	-	(129)	(809)	(1,367)	(3,065)	-	-	-	(5,370)
Exchange difference	-	-	16	10	3	-	-	-	29
At 31 December 2022	2,696	31,819	120,934	92,998	418,157	867	-	-	667,471
Net carrying amount									
At 31 December 2022	12,100	4,626	22,253	10,930	77,680	2	5,713	88,531	221,835

[^] The leasehold land identified as right-of-use assets for the Group and the Bank as disclosed in Note 12.



Notes to the Financial Statements

for the financial year ended 31 December 2023

15. INTANGIBLE ASSETS

	Group and Bank Computer software
	RM'000
Cost	
At 1 January 2022	-
Additions	31,477
Transferred from property and equipment	33,454
At 31 December 2022/1 January 2023	64,931
Additions	11,874
At 31 December 2023	76,805
Accumulated amortisation and impairment	
At 1 January 2022	-
Amortisation for the year	1,024
Transferred from property and equipment	9,329
At 31 December 2022/1 January 2023	10,353
Amortisation for the year	16,098
At 31 December 2023	26,451
Net Book Value as at 31 December 2023	50,354
Net Book Value as at 31 December 2022	54,578

16. DEPOSITS FROM CUSTOMERS

(a) By type of deposit

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Savings Deposit				
<i>Qard</i>	6,335,945	6,646,714	6,335,945	6,646,714
Demand Deposit				
<i>Qard</i>	14,409,951	13,724,699	14,427,425	13,830,033
Term Deposit	38,154,123	40,220,734	38,163,099	40,229,611
General Investment Deposit				
<i>Mudharabah</i>	98,453	118,094	98,453	118,094
Term Deposit-i				
<i>Tawarruq</i>	37,586,078	39,982,616	37,595,054	39,991,493
Negotiable Islamic Debt Certificates (NIDC)	469,592	120,024	469,592	120,024
Others	116,112	115,357	116,112	115,357
Total Deposits	59,016,131	60,707,504	59,042,581	60,821,715

16. DEPOSITS FROM CUSTOMERS (CONTINUED)**(b) Maturity structure of term deposits are as follows:**

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Due within six months	18,671,414	27,734,736	18,672,999	27,736,556
More than six months to one year	9,079,915	7,680,524	9,086,529	7,685,806
More than one year to three years	7,945,453	2,074,887	7,946,230	2,076,662
More than three years to five years	2,457,341	2,730,587	2,457,341	2,730,587
	38,154,123	40,220,734	38,163,099	40,229,611

(c) By type of customers

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Domestic non-bank financial institutions	8,588,760	6,590,672	8,615,210	6,704,883
Business enterprises	19,003,287	21,229,580	19,003,287	21,229,580
Government and statutory Bodies	17,652,496	20,848,877	17,652,496	20,848,877
Individuals	9,964,048	8,748,143	9,964,048	8,748,143
Domestic banking Institutions	151,135	349,296	151,135	349,296
Others	3,656,405	2,940,936	3,656,405	2,940,936
	59,016,131	60,707,504	59,042,581	60,821,715



Notes to the Financial Statements

for the financial year ended 31 December 2023

17. INVESTMENT ACCOUNTS OF CUSTOMERS

(a) By type and Shariah contract

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unrestricted investment accounts				
Without maturity:				
<i>Mudharabah</i>	9,640,398	7,313,658	9,640,398	7,313,658
- <i>Savings</i>	4,988,665	5,086,821	4,988,665	5,086,821
- <i>Demand</i>	4,651,733	2,226,837	4,651,733	2,226,837
With maturity:				
<i>Wakalah</i>	7,432,758	7,147,781	7,452,196	7,251,304
	17,073,156	14,461,439	17,092,594	14,564,962
Restricted investment accounts ("RA") managed by the Bank[^]				
With maturity:				
<i>Wakalah</i>	-	43	-	43

[^] Included in RA managed by the Bank is an arrangement between the Bank and Lembaga Tabung Haji where the Bank acts as an investment agent to manage and administer the RA, with underlying assets amounting to RM Nil (2022: RM43,000).

(b) By type of customers

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Individuals	5,307,749	5,390,121	5,307,749	5,390,121
Government and statutory Bodies	7,144,465	5,359,249	7,144,465	5,359,249
Business enterprises	2,390,058	2,561,251	2,390,058	2,561,251
Non-bank financial Institutions	2,067,393	971,742	2,086,831	1,075,265
International Islamic Bank	-	11,005	-	11,005
Others	163,491	168,071	163,491	168,071
	17,073,156	14,461,439	17,092,594	14,564,962

17. INVESTMENT ACCOUNTS OF CUSTOMERS (CONTINUED)

(c) Movement of investment accounts of customers

Group	Unrestricted investment accounts			Restricted investment accounts
	Mudharabah RM'000	Wakalah RM'000	Total RM'000	Wakalah RM'000
As at 1 January 2022	6,655,637	3,797,265	10,452,902	849
<i>Funding inflows/outflows:</i>				
Net movement	633,857	-	633,857	-
New placement	-	10,013,370	10,013,370	-
Redemption/Principal repayment	-	(6,834,176)	(6,834,176)	(747)
Income from investment	265,087	313,900	578,987	-
<i>Bank's share of profit:</i>				
Profit distributed to Mudharib	(240,923)	-	(240,923)	-
Wakalah fees	-	(142,578)	(142,578)	(59)
As at 31 December 2022/1 January 2023	7,313,658	7,147,781	14,461,439	43
<i>Funding inflows/outflows:</i>				
Net movement	2,214,072	-	2,214,072	-
New placement	-	7,128,611	7,128,611	-
Redemption/Principal repayment	-	(7,084,250)	(7,084,250)	(32)
Income from investment	413,802	320,027	733,829	-
<i>Bank's share of profit:</i>				
Profit distributed to Mudharib	(301,134)	-	(301,134)	-
Wakalah fees	-	(79,411)	(79,411)	(11)
As at 31 December 2023	9,640,398	7,432,758	17,073,156	-



Notes to the Financial Statements

for the financial year ended 31 December 2023

17. INVESTMENT ACCOUNTS OF CUSTOMERS (CONTINUED)

(c) Movement of investment accounts of customers (continued)

Bank	Unrestricted investment accounts			Restricted investment accounts
	Mudharabah RM'000	Wakalah RM'000	Total RM'000	Wakalah RM'000
As at 1 January 2022	6,655,637	3,905,964	10,561,601	849
<i>Funding inflows/outflows:</i>				
Net movement	633,857	-	633,857	-
New placement	-	10,500,225	10,500,225	-
Redemption/Principal repayment	-	(7,327,256)	(7,327,256)	(747)
Income from investment	265,087	314,949	580,036	-
<i>Bank's share of profit:</i>				
Profit distributed to Mudharib	(240,923)	-	(240,923)	-
Wakalah fees	-	(142,578)	(142,578)	(59)
As at 31 December 2022/1 January 2023	7,313,658	7,251,304	14,564,962	43
<i>Funding inflows/outflows:</i>				
Net movement	2,214,072	-	2,214,072	-
New placement	-	7,518,676	7,518,676	-
Redemption/Principal repayment	-	(7,557,081)	(7,557,081)	(32)
Income from investment	413,802	318,708	732,510	-
<i>Bank's share of profit:</i>				
Profit distributed to Mudharib	(301,134)	-	(301,134)	-
Wakalah fees	-	(79,411)	(79,411)	(11)
As at 31 December 2023	9,640,398	7,452,196	17,092,594	-

17. INVESTMENT ACCOUNTS OF CUSTOMERS (CONTINUED)

(c) Movement of investment accounts of customers (continued)

	Unrestricted investment accounts			Restricted investment accounts
	Mudharabah RM'000	Wakalah RM'000	Total RM'000	Wakalah RM'000
Group				
<i>Investment portfolio:</i>				
2023				
House financing	9,640,398	3,716,379	13,356,777	-
Personal financing	-	3,716,379	3,716,379	-
Other term financing	-	-	-	-
	9,640,398	7,432,758	17,073,156	-
2022				
House financing	7,313,658	3,573,891	10,887,549	-
Personal financing	-	3,573,890	3,573,890	-
Other term financing	-	-	-	43
	7,313,658	7,147,781	14,461,439	43
Bank				
<i>Investment portfolio:</i>				
2023				
House financing	9,640,398	3,726,098	13,366,496	-
Personal financing	-	3,726,098	3,726,098	-
Other term financing	-	-	-	-
	9,640,398	7,452,196	17,092,594	-
2022				
House financing	7,313,658	3,625,652	10,939,310	-
Personal financing	-	3,625,652	3,625,652	-
Other term financing	-	-	-	43
	7,313,658	7,251,304	14,564,962	43



Notes to the Financial Statements

for the financial year ended 31 December 2023

17. INVESTMENT ACCOUNTS OF CUSTOMERS (CONTINUED)

(d) By maturity structures, profit sharing ratio and rate of return

Group	Total amount RM'000	Investment account holders		
		Average profit sharing ratio (%)	Average rate of return (%)	Bank's wakalah fee (%)
2023				
Unrestricted investment accounts:				
<i>Less than 3 months</i>				
- Mudharabah	9,640,398	2	0.36	-
- Wakalah	2,679,528	-	3.57	1.17
	12,319,926			
<i>Between 3 to 12 months</i>				
- Wakalah	3,609,364	-	3.78	0.96
<i>Between 1 to 2 years</i>				
- Wakalah	1,143,866	-	2.73	2.01
	4,753,230			
	17,073,156			
Restricted investment accounts:				
<i>Between 2 to 5 years</i>	-	-	-	-
2022				
Unrestricted investment accounts:				
<i>Less than 3 months</i>				
- Mudharabah	7,313,658	2	0.36	-
- Wakalah	1,872,865	-	2.44	1.78
	9,186,523			
<i>Between 3 to 12 months</i>				
- Wakalah	5,266,992	-	2.63	1.60
<i>Between 1 to 2 years</i>				
- Wakalah	7,924	-	2.20	2.03
	5,274,916			
	14,461,439			
Restricted investment accounts:				
<i>Between 2 to 5 years</i>	43	-	0.81	10.50

17. INVESTMENT ACCOUNTS OF CUSTOMERS (CONTINUED)

(d) By maturity structures, profit sharing ratio and rate of return (continued)

Bank	Investment account holders			
	Total amount RM'000	Average profit sharing ratio (%)	Average rate of return (%)	Bank's wakalah fee (%)
2023				
Unrestricted investment accounts:				
<i>Less than 3 months</i>				
- Mudharabah	9,640,398	2	0.36	-
- Wakalah	2,696,293	-	3.57	1.17
	12,336,691			
<i>Between 3 to 12 months</i>				
- Wakalah	3,609,393	-	3.78	0.96
<i>Between 1 to 2 years</i>				
- Wakalah	1,146,510	-	2.73	2.01
	4,755,903			
	17,092,594			
Restricted investment accounts:				
<i>Between 2 to 5 years</i>	-	-	-	-
2022				
Unrestricted investment accounts:				
<i>Less than 3 months</i>				
- Mudharabah	7,313,658	2	0.36	-
- Wakalah	1,896,394	-	2.44	1.78
	9,210,052			
<i>Between 3 to 12 months</i>				
- Wakalah	5,268,928	-	2.63	1.60
<i>Between 1 to 2 years</i>				
- Wakalah	85,982	-	2.20	2.03
	5,354,910			
	14,564,962			
Restricted investment accounts:				
<i>Between 2 to 5 years</i>	43	-	0.81	10.50



Notes to the Financial Statements

for the financial year ended 31 December 2023

18. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank	
	2023 RM'000	2022 RM'000
Licensed investment bank	50,305	50,048
Development financial institution	301,482	20,020
	351,787	70,068

19. RECOURSE OBLIGATIONS ON FINANCING SOLD TO CAGAMAS

Recourse obligations on financing sold to Cagamas represents house financing accounts that are sold to Cagamas with recourse. Under the agreement, the Bank undertakes to administer the financing on behalf of Cagamas and to buy back any financing which are regarded as defective based on pre-determined and agreed-upon prudential criteria with recourse against the Bank. Such financing transactions and the obligation to buy back the financing are reflected as a liability on the statements of financial position. The financing is not de-recognised and is analysed in Note 8. The details are as follows:

Note	Nominal value RM'000	Issue date	Maturity Date	Profit rate (% p.a.)
(a)	500,000	18 May 2021	18 May 2024	2.95
(b)	1,000,000	4 November 2022	4 November 2027	4.83
(c)	500,000	28 June 2023	28 June 2028	4.16

20. SUBORDINATED SUKUK AND CAPITAL SECURITIES

	Note	Group and Bank	
		2023 RM'000	2022 RM'000
Subordinated sukuk			
<i>Issued under the RM10.0 billion Programme</i>			
First tranche	(a)	-	302,328
Second tranche	(b)	403,986	403,986
Third tranche	(c)	704,833	704,971
Fourth tranche	(d)	301,617	301,618
Fifth tranche	(e)	403,915	-
		1,814,351	1,712,903
Capital securities			
	(f)	509,189	509,189
		2,323,540	2,222,092
Finance cost on subordinated sukuk and capital securities		95,336	90,375

20. SUBORDINATED SUKUK AND CAPITAL SECURITIES (CONTINUED)

Note	Nominal value	Issue date	First call date*	Maturity Date	Profit rate (% p.a.)#
	RM'000				
(a)	300,000	7 November 2018	7 December 2023	7 November 2028	5.15
(b)	400,000	26 March 2020	26 March 2025	26 March 2030	3.75
(c)	700,000	21 October 2020	21 October 2025	21 October 2030	3.60
(d)	300,000	12 November 2021	12 November 2026	12 November 2031	4.10
(e)	400,000	17 October 2023	17 October 2028	17 October 2033	4.70
(f)	500,000	24 August 2022	24 August 2027	Perpetual	5.16

* Optional redemption date or any periodic payment date thereafter.

Accrued and payable semi-annually in arrears.

The Subordinated Sukuk Murabahah qualifies as Tier II capital for the computation of the regulatory capital of the Bank in accordance with the Capital Adequacy Framework (Capital Components) for Islamic Banks issued by BNM.

21. OTHER LIABILITIES

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other payables	1,398,449	1,126,596	1,340,407	968,098
Dividend payable	285,349	224,148	285,349	224,148
Advance payment	555,746	580,612	555,596	580,433
Accruals	95,924	139,608	94,657	137,783
Other liabilities due to third party investors	63,625	-	-	-
	2,399,093	2,070,964	2,276,009	1,910,462

Included in other payables is amount due to trustee amounting to RM11,660,000 (2022: RM718,000) attributed to the creation of unit trust funds.

Other payables also include funds received by the Bank under various government funding schemes as part of government support measure in response to COVID-19 pandemic for specific financing purposes amounting to RM377,590,000 (2022: RM384,045,000) at concession rate.

Other liabilities due to third party investors relate to the net asset value of units held by the third party investors of unit trust funds deemed as subsidiary company pursuant to MFRS 10 "Consolidated Financial Statement".



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for the financial year ended 31 December 2023

22. ZAKAT AND TAXATION

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Zakat	11,444	13,717	11,442	13,632
Taxation	28,846	48,951	28,837	48,950
	40,290	62,668	40,279	62,582

23. SHARE CAPITAL

Group and Bank	Number of shares (units)		Amount	
	2023 '000	2022 '000	2023 RM'000	2022 RM'000
Issued and fully paid				
Ordinary shares				
At 1 January	2,155,269	2,075,873	3,645,043	3,445,757
Allotment of new ordinary shares	111,204	79,396	243,682	199,286
At 31 December	2,266,473	2,155,269	3,888,725	3,645,043

24. RESERVES

	Note	Group		Bank	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
FVOCI reserve	(a)	(11,333)	(182,869)	(11,333)	(182,869)
Translation reserve	(b)	(12,719)	(9,722)	(12,077)	(9,499)
Regulatory reserve	(c)	167,000	136,000	167,000	136,000
Merger reserve	(d)	111,187	111,187	-	-
Other reserve		343	-	-	-
		254,478	54,596	143,590	(56,368)
Retained earnings		3,257,009	3,096,604	3,348,297	3,105,912
		3,511,487	3,151,200	3,491,887	3,049,544

24. RESERVES (CONTINUED)

- (a) The FVOCI reserve includes the cumulative net change in the fair value of financial assets FVOCI until the financial asset is derecognised.
- (b) The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the offshore banking operations in the Federal Territory of Labuan.
- (c) The regulatory reserve represents the Bank's compliance with BNM's Guideline on Financial Reporting for Islamic Banking Institution to maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.
- (d) Merger reserve arising from the Proposed Internal Reorganisation and acquisition of two (2) new BIMB Holdings Sdn. Bhd. ordinary shares.

25. SOURCES AND USES OF CHARITY FUNDS

Movement of sources and uses of charity funds are as follows:

	Group and Bank	
	2023 RM'000	2022 RM'000
Undistributed funds as at the beginning of the financial year	3	12
Shariah non-compliance income: <i>Funds collected/received during the year</i>	39	39
Uses of funds during the year: <i>Contribution to Public Benefit</i>	(40)	(48)
Undistributed funds as at the end of the financial year	2	3

26. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

	Group and Bank	
	2023 RM'000	2022 RM'000
Income derived from investment of:		
(i) General investment deposits	7,169	7,342
(ii) Term deposit-i	2,172,932	1,667,444
(iii) Savings and demand deposits	1,049,049	886,740
(iv) Other deposits	34,008	24,386
	3,263,158	2,585,912



Notes to the Financial Statements

for the financial year ended 31 December 2023

26. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS (CONTINUED)

(i) Income derived from investment of general investment deposits

	Group and Bank	
	2023 RM'000	2022 RM'000
Finance income and hibah		
Financing, advances and others	6,258	6,454
Financial assets at:		
- FVTPL	58	8
- FVOCI	365	384
- AC	186	140
Money at call and deposits with financial institutions	187	311
	7,054	7,297
Other dealing income		
Net loss from sale of financial assets at FVTPL	-	(1)
Net gain on revaluation of financial assets at FVTPL	-	43
	-	42
Other operating income		
Net gain from sale of financial assets at FVOCI	115	3
	7,169	7,342
<i>of which</i>		
<i>Financing income earned on impaired financing</i>	112	101
<i>Unwinding of net modification loss</i>	41	68

26. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS (CONTINUED)**(ii) Income derived from investment of term deposit-i**

	Group and Bank	
	2023 RM'000	2022 RM'000
Finance income and hibah		
Financing, advances and others	1,837,166	1,418,850
Financial assets at:		
- FVTPL	21,586	2,445
- FVOCI	134,920	105,252
- AC	68,706	40,743
Money at call and deposits with financial institutions	68,822	87,530
	2,131,200	1,654,820
Other dealing income		
Net (loss)/ gain from sale of financial assets at FVTPL	(258)	94
Net gain on revaluation of financial assets at FVTPL	272	11,775
	14	11,869
Other operating income		
Net gain from sale of financial assets at FVOCI	41,718	755
	2,172,932	1,667,444
<i>of which,</i>		
<i>Financing income earned on impaired financing</i>	41,464	28,060
<i>Unwinding of net modification loss</i>	15,156	18,751



Notes to the Financial Statements

for the financial year ended 31 December 2023

26. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS (CONTINUED)

(iii) Income derived from investment of savings and demand deposits

	Group and Bank	
	2023 RM'000	2022 RM'000
Finance income and hibah		
Financing, advances and others	886,477	755,503
Financial assets at:		
- FVTPL	10,348	1,251
- FVOCI	65,198	56,550
- AC	33,157	21,153
Money at call and deposits with financial institutions	33,481	45,621
	1,028,661	880,078
Other dealing income		
Net gain from sale of financial assets at FVTPL	13	1
Net gain on revaluation of financial assets at FVTPL	104	6,252
	117	6,253
Other operating income		
Net gain from sale of financial assets at FVOCI	20,271	409
	1,049,049	886,740
<i>of which,</i>		
<i>Financing income earned on impaired financing</i>	19,912	14,996
<i>Unwinding of net modification loss</i>	7,320	10,000

26. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS (CONTINUED)**(iv) Income derived from investment of other deposits**

	Group and Bank	
	2023 RM'000	2022 RM'000
Finance income and hibah		
Financing, advances and others	28,742	21,089
Financial assets at:		
- FVTPL	358	24
- FVOCI	2,108	1,725
- AC	1,094	426
Money at call and deposits with financial institutions	1,086	945
	33,388	24,209
Other dealing income		
Net gain from sale of financial assets at FVTPL	7	14
Net (loss)/gain on revaluation of financial assets at FVTPL	(14)	149
	(7)	163
Other operating income		
Net gain from sale of financial assets at FVOCI	627	14
	34,008	24,386
<i>of which,</i>		
<i>Financing income earned on impaired financing</i>	690	422
<i>Unwinding of net modification loss</i>	233	292

27. INCOME DERIVED FROM INVESTMENT ACCOUNT FUNDS

	Group and Bank	
	2023 RM'000	2022 RM'000
Finance income		
Unrestricted investment accounts		
- <i>Mudharabah</i>	413,613	264,924
- <i>Wakalah</i>	296,603	314,792
Unwinding of net modification loss	5,992	8,208
	716,208	587,924



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for the financial year ended 31 December 2023

28. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Finance income and hibah				
Financing, advances and others	14,001	13,308	14,001	13,308
Financial assets at FVOCI	191,950	177,266	191,950	177,266
Money at call and deposits with financial institutions	250	325	4	3
	206,201	190,899	205,955	190,577
Other dealing income				
Net gain/(loss) from foreign exchange transactions	77,959	(14,891)	77,951	(14,875)
Net derivatives gain	1	3	1	3
Net gain from sale of financial assets at FVTPL	1	-	-	-
Net gain/(loss) on revaluation of financial assets at FVTPL	7,361	(34,939)	7,264	(34,999)
	85,322	(49,827)	85,216	(49,871)
Other operating income				
Dividend from financial assets at FVTPL	4,088	10,065	3,380	9,598
Dividend from financial assets at FVOCI	-	237	-	237
Dividend from subsidiary	-	-	80,000	3,000
Rebate on investment in unit trust	-	1,915	648	1,915
	4,088	12,217	84,028	14,750
Fees and commission				
Card fees and commission	87,486	83,402	87,486	83,402
Takaful service fees and commission	47,465	40,769	47,465	40,769
Financing fees	27,760	22,597	27,760	22,597
Sales charges on unit trust	4,162	7,091	-	-
Unit trust management fees	7,896	13,361	-	-
Commission on MEPS	26,625	28,025	26,625	28,025
Mobile banking fees	5,300	7,422	5,300	7,422
Corporate advisory fees	15,050	9,419	14,433	8,877
Deposit and payment service fees	4,466	4,308	4,466	4,308
Processing fees	2,244	5,866	2,234	5,856
Commission on bills payment system	294	1,060	294	1,060
Commission from wealth management services	753	128	3,404	4,594
Ta'widi Charges	1,277	1,435	1,276	1,431
Others	22,717	23,053	12,572	13,551
	253,495	247,936	233,315	221,892

28. INCOME DERIVED FROM INVESTMENT OF SHAREHOLDERS' FUNDS (CONTINUED)

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other income				
Rental income	739	751	1,152	1,259
Net gain on disposal of property and equipment	5	68	-	-
Other income	114	415	93	278
	858	1,234	1,245	1,537
	549,964	402,459	609,759	378,885

29. NET ALLOWANCE FOR IMPAIRMENT ON FINANCING AND ADVANCES

	Group and Bank	
	2023 RM'000	2022 RM'000
Net allowance for impairment on financing, advances and others:		
- Stage 1	(54,103)	(103,299)
- Stage 2	57,622	(74,812)
- Stage 3	269,371	410,589
Bad debts and financing recovered	(97,627)	(92,446)
	175,263	140,032

30. INCOME ATTRIBUTABLE TO DEPOSITORS

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits from customers:				
- Mudharabah fund	1,023	1,217	1,023	1,217
- Non-Mudharabah fund	1,584,733	973,642	1,585,086	973,824
Deposits and placements of banks and other financial institutions				
- Mudharabah fund	-	6	-	6
- Non-Mudharabah fund	14,294	4,554	14,294	4,554
Recourse obligation on financing sold to Cagamas	101,668	92,923	101,668	92,923
	1,701,718	1,072,342	1,702,071	1,072,524



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for the financial year ended 31 December 2023

31. INCOME ATTRIBUTABLE TO INVESTMENT ACCOUNT HOLDERS

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unrestricted investment accounts				
- Mudharabah	112,669	24,164	112,669	24,164
- Wakalah	237,800	169,902	239,297	172,371
	350,469	194,066	351,966	196,535

32. PERSONNEL EXPENSES

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Salaries and wages	537,345	495,679	511,776	476,532
Allowances and bonuses	127,286	134,878	119,431	128,328
Employees' Provident Fund	94,845	87,541	90,200	83,899
Directors and Shariah Supervisory Council				
Members' remuneration	8,185	9,193	6,447	6,941
Medical benefits	43,873	36,579	43,272	35,986
Staff sales commission	13,145	30,546	13,145	30,546
Others	36,572	27,539	33,523	26,188
	861,251	821,955	817,794	788,420

33. OTHER OVERHEAD EXPENSES

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Promotion				
Credit and debit card expenses	75,713	56,674	75,713	56,674
Advertisement and publicity	28,351	20,026	27,929	19,252
Others	31,779	34,133	27,513	25,797
	135,843	110,833	131,155	101,723
Establishment				
Depreciation of property and equipment	54,833	59,785	54,007	58,928
Amortisation of intangible assets	16,098	1,024	16,098	1,024
Depreciation of right-of-use assets	18,095	17,198	17,603	16,726
Office rental	29,225	28,288	29,153	28,196
Information technology expenses	109,826	88,825	108,898	87,976
Guarantee fees	8,330	6,711	8,330	6,711
Security services	9,789	9,211	9,789	9,211
Utilities	12,944	11,063	12,702	10,806
Office maintenance	11,757	10,403	10,800	9,994
Rental of equipment	6,281	6,575	6,114	6,322
Takaful	12,681	12,403	12,625	12,341
Others	321	320	321	320
	290,180	251,806	286,440	248,555
General expenses				
Outsourcing fees				
- Management of self-service terminal	14,033	11,350	14,033	11,350
- Credit recovery	-	-	7,753	6,209
- Others	6,919	4,116	6,919	4,116
Recruitment expenses	8,594	5,611	8,594	5,611
Postage	8,130	12,347	8,100	12,270
Office supplies	6,191	7,657	6,118	7,582
Travelling	6,559	5,681	6,296	5,514
Storage expenses	3,096	2,705	3,074	2,684
Subscription fees	12,359	14,152	10,280	12,480
SMS service charges	21,777	17,805	21,777	17,805
Security services for cash in transit	5,131	4,606	5,131	4,606
Professional fees	10,803	8,997	10,289	8,243
Mobile banking expenses	8,530	7,095	8,530	7,095
Licenses	2,015	2,101	1,867	1,889
General expenses	1,212	864	1,212	864
Management fees	1,683	2,528	21,190	13,908
Auditors' remuneration				
- Statutory audit	2,002	1,664	1,812	1,489
- Regulatory related	591	282	591	282
- Non-audit	200	438	200	438
Processing charges	1,885	2,033	1,885	2,033
Bank and service charges	5,218	4,201	5,188	4,183
Property and equipment written-off	556	769	516	482
Ta'wid and waiver	2,622	1,656	2,622	1,656
Others	3,839	2,170	3,395	199
	133,945	120,828	157,372	132,988
	559,968	483,467	574,967	483,266



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34. CHIEF EXECUTIVE OFFICER, DIRECTORS AND SHARIAH SUPERVISORY COUNCIL MEMBERS' REMUNERATION

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<i>Chief Executive Officer:</i>				
Salaries and other remuneration, including meeting allowances:	3,200	3,268	3,200	3,268
Benefits-in-kind	32	34	32	34
	3,232	3,302	3,232	3,302
<i>Non-Executive Directors:</i>				
Fee	1,476	1,588	1,413	1,509
Other emoluments	1,163	1,478	1,106	1,438
Benefits-in-kind	984	681	984	681
	3,623	3,747	3,503	3,628
Chief Executive Officer and Directors of subsidiaries				
<i>Chief Executive Officer:</i>				
Salaries and other remuneration, including meeting allowances	196	-	-	-
<i>Executive Director:</i>				
Salaries and other remuneration, including meeting allowances	806	1,454	-	-
<i>Non-Executive Directors:</i>				
Fees	262	207	-	-
Other emoluments	203	210	-	-
	465	417	-	-
Total	8,322	8,920	6,735	6,930
Members of Shariah Supervisory Council (SSC)				
SSC of the Bank	800	939	728	726
SSC of a subsidiary	79	49	-	-
Total	879	988	728	726
Grand total (excluding benefits-in-kind)	8,185	9,193	6,447	6,941

34. CHIEF EXECUTIVE OFFICER, DIRECTORS AND SHARIAH SUPERVISORY COUNCIL MEMBERS' REMUNERATION (CONTINUED)

The total remuneration (including benefits-in-kind) of the Chief Executive Officer, Directors of the Bank is as follows:

	Remuneration received from the Bank				Bank Total RM'000	Remuneration received from subsidiaries		Group Total RM'000
	Salary and Bonus RM'000	Fees RM'000	Other Emoluments RM'000	Benefits-in-kind RM'000		Fees RM'000	Others RM'000	
31 December 2023								
<i>Chief Executive Officer:</i> Mohd Muazzam Mohamed	2,627	-	573	32	3,232	-	-	3,232
<i>Non-Executive Directors:</i>								
Tan Sri Dr. Ismail Hj. Bakar	-	200	65	200	465	-	-	465
Azizan Ahmad	-	222	191	74	487	-	-	487
Datuk Nik Mohd Hasyudeen Yusoff	-	181	188	75	444	-	-	444
Mohd Yuzaidi Mohd Yusoff	-	181	155	109	445	-	-	445
Mashitah Haji Osman	-	99	123	65	287	27	22	336
Dato' Sri Amrin Awaluddin	-	24	12	65	101	-	-	101
Mohd Asri Awang	-	154	123	65	342	36	35	413
Datuk Bazlan Osman	-	141	123	61	325	-	-	325
Nuraini Ismail	-	120	66	65	251	-	-	251
Dato' Professor Dr. Noor Inayah Yaákub	-	91	60	25	176	-	-	176
Dato' Sri Khazali Ahmad	-	-	-	80	80	-	-	80
Mohamed Ridza Mohamed Abdulla	-	-	-	100	100	-	-	100
	-	1,413	1,106	984	3,503	63	57	3,623
	2,627	1,413	1,679	1,016	6,735	63	57	6,855



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34. CHIEF EXECUTIVE OFFICER, DIRECTORS AND SHARIAH SUPERVISORY COUNCIL MEMBERS' REMUNERATION (CONTINUED)

The total remuneration (including benefits-in-kind) of the Chief Executive Officer, Directors of the Bank is as follows (continued):

31 December 2022	Remuneration received from the Bank				Bank Total RM'000	Remuneration received from subsidiaries		Group Total RM'000
	Salary and Bonus RM'000	Fees RM'000	Other Emoluments RM'000	Benefits-in-kind RM'000		Fees RM'000	Others RM'000	
<i>Chief Executive Officer:</i> Mohd Muazzam Mohamed	2,590	-	678	34	3,302	-	-	3,302
<i>Non-Executive Directors:</i> Tan Sri Dr. Ismail Hj. Bakar	-	144	185	80	409	-	-	409
Azizan Ahmad	-	216	195	75	486	-	-	486
Datuk Nik Mohd Hasyudeen Yusoff	-	156	189	100	445	-	-	445
Mohd Yuzaidi Mohd Yusoff	-	180	167	64	411	-	-	411
Mashitah Haji Osman	-	144	141	65	350	-	-	350
Dato' Sri Amrin Awaluddin	-	72	36	25	133	-	-	133
Mohd Asri Awang	-	144	120	35	299	24	13	336
Datuk Bazlan Osman	-	120	81	25	226	-	-	226
Nuraini Ismail	-	108	63	25	196	-	-	196
Dato' Sri Khazali Ahmad	-	126	124	82	332	-	-	332
Mohamed Ridza Mohamed Abdulla	-	99	137	105	341	55	27	423
	-	1,509	1,438	681	3,628	79	40	3,747
	2,590	1,509	2,116	715	6,930	79	40	7,049

34. CHIEF EXECUTIVE OFFICER, DIRECTORS AND SHARIAH SUPERVISORY COUNCIL MEMBERS' REMUNERATION (CONTINUED)

The total remuneration of the members of the Shariah Supervisory Council of the Bank is as follows:

	Remuneration received from the Bank		Bank Total RM'000	Remuneration received from subsidiary	
	Fees RM'000	Other Emoluments RM'000		Fees RM'000	Group Total RM'000
31 December 2023					
Ir. Dr. Muhamad Fuad Abdullah	71	75	146	39	185
Associate Professor Dr. Yasmin Hanani Mohd Safian	66	36	102	14	116
Professor Dato' Dr. Asmadi Mohamed Naim	66	36	102	8	110
Dr. Shamsiah Mohamad	66	78	144	11	155
Sahibus Samahah Datu Hj. Kipli Hj. Yassin	66	79	145	-	145
Professor Dato' Dr. Ahmad Hidayat Buang	18	71	89	-	89
	353	375	728	72	800
31 December 2022					
Professor Dato' Dr. Ahmad Hidayat Buang	72	99	171	-	171
Associate Professor Dr. Yasmin Hanani Mohd Safian	66	38	104	23	127
Ir. Dr. Muhamad Fuad Abdullah	50	17	67	79	146
Professor Dato' Dr. Asmadi Mohamed Naim	66	71	137	31	168
Dr. Shamsiah Mohamad	66	77	143	80	223
Sahibus Samahah Datu Hj. Kipli Hj. Yassin	66	38	104	-	104
	386	340	726	213	939



Notes to the Financial Statements

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35. KEY MANAGEMENT PERSONNEL

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain management members of the Group. The compensation for key management personnel other than the Directors' remuneration is as follows:

	Group and Bank	
	2023 RM'000	2022 RM'000
Other key management personnel:		
Short-term employee benefits	19,460	18,382

Number of employees categorised as key management personnel as at 31 December 2023 was 17 (2022: 19).

36. FINANCE COST

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Finance cost:				
Subordinated Sukuk and capital securities	95,336	90,375	95,336	90,375
Profit expense on lease	16,213	16,796	16,197	16,781
	111,549	107,171	111,533	107,156

37. TAX EXPENSE

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysian income tax:				
Current year	188,737	234,758	188,232	234,063
Under/(Over) provision in prior year	5,596	(282)	5,613	(261)
	194,333	234,476	193,845	233,802
Deferred tax expense relating to origination and reversal of temporary differences arising from:				
Current year	(8,630)	6,567	(8,630)	6,567
(Over)/Under provision in prior year	(3,468)	469	(3,429)	-
	(12,098)	7,036	(12,059)	6,567
	182,235	241,512	181,786	240,369

37. TAX EXPENSE (CONTINUED)

As per Finance Act 2021 gazetted on 31 December 2021, effective for Year of Assessment ("YA") 2022, a special one-off tax ("Cukai Makmur") was introduced on companies with chargeable income in excess of RM100.0 million. The excess is taxed at a rate of 33% (first RM100.0 million of chargeable income will be taxed at 24%). Tax expenses for YA 2022 above have been computed based on tax rates as described accordingly.

A reconciliation of effective tax expense for the Group and the Bank are as follows:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before tax	746,829	746,866	828,248	754,392
Income tax calculated using Malaysian tax rate of 24%	179,239	179,248	198,780	181,054
Income not subject to tax	(2,921)	(5,154)	(21,805)	(4,897)
Non-deductible expenses	6,858	6,355	5,800	3,852
Impact of Cukai Makmur	-	63,818	-	63,818
Zakat	(3,200)	(3,191)	(3,173)	(3,197)
Deferred tax assets not recognised	131	249	-	-
Under/(Over) provision in prior years	2,128	187	2,184	(261)
	182,235	241,512	181,786	240,369

38. EARNINGS PER SHARE

Basic earnings per share are calculated based on the net profit attributable to equity holders of the Group of RM553,050,000 (2022: RM491,672,000) and the weighted average number of ordinary shares outstanding during the year of 2,250,931,281 (2022: 2,150,918,615). The Group has no dilution in its earnings per ordinary shares in the current and previous financial year as there are no dilutive potential ordinary shares.



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39. DIVIDEND

Dividend paid by the Bank:

	Sen per share	Total Amount RM'000	Date of payment
2023			
First Interim 2023	12.59	285,349	12 January 2024
Second Interim 2022	3.40	76,296	12 May 2023
		361,645	
2022			
First Interim 2022	10.40	224,148	30 January 2023

40. OPERATING SEGMENTS

The Group's reportable segments, as described below, can be classified into four segments. Each segment offers different products and services. The following summary describes the operations in each of the segments:

- Consumer Banking Includes financing, deposits and other transactions and balances with retail customers
- Corporate and Commercial Banking Includes corporate finance activities, financing, deposits and other transactions and balances with corporate customers, commercial customers and small & medium enterprises
- Treasury Undertakes funding activities through borrowings and investing in liquid assets such as short-term placements and corporate and government debt securities
- Shareholders unit Operates shareholders' funds

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before allocation of overheads and income tax.

40. OPERATING SEGMENTS (CONTINUED)

		Consumer Banking RM'000	Corporate and Commercial Banking RM'000	Treasury RM'000	Shareholders unit RM'000	Elimination RM'000	Group Total RM'000
2023							
Total Revenue	(a)	2,798,537	922,334	774,887	147,061	(113,478)	4,529,341
Net fund based income	(b)	1,177,592	583,878	84,969	224,086	-	2,070,525
Non-fund based income	(c)	186,452	45,565	141,275	144,965	(111,628)	406,629
Net income		1,364,044	629,443	226,244	369,051	(111,628)	2,477,154
Net allowance for impairment on financial assets		(164,755)	(10,508)	(4,142)	444	-	(178,961)
Profit before overheads, zakat and tax		1,199,289	618,935	222,102	369,495	(111,628)	2,298,193
Operating expense, direct expense and finance cost							(1,551,364)
Profit before zakat and tax							746,829
Segment assets		50,229,853	16,587,262	20,482,625	455,488	(447,144)	87,308,084
Unallocated assets							3,653,790
Total assets							90,961,874

- (a) Included in total revenue are income derived from investment of depositors' funds, investment account funds, investment of shareholders' funds, loss on modification of financial assets, and wakalah fees from restricted investment accounts.
- (b) Net fund based income is derived after deducting the income attributable to depositors and income attributable to investment account holders.
- (c) Included in non-fund based income are fee and commission income that amounted to RM253,495,000 and investment income of RM62,856,000.



Notes to the Financial Statements

for the financial year ended 31 December 2023

40. OPERATING SEGMENTS (CONTINUED)

2022		Corporate and				Elimination RM'000	Group Total RM'000
		Consumer Banking RM'000	Commercial Banking RM'000	Treasury RM'000	Shareholders unit RM'000		
Total Revenue	(a)	2,355,432	668,568	512,032	69,360	(29,038)	3,576,354
Net fund based income	(b)	1,194,710	494,038	73,457	316,614	-	2,078,819
Non-fund based income	(c)	183,078	37,792	(29,743)	66,387	(26,387)	231,127
Net income		1,377,788	531,830	43,714	383,001	(26,387)	2,309,946
Net allowance for impairment on financial assets		(84,853)	(55,179)	1,314	(355)	-	(139,073)
Profit before overheads, zakat and tax		1,292,935	476,651	45,028	382,646	(26,387)	2,170,873
Operating expense, direct expense and finance cost							(1,424,007)
Profit before zakat and tax							746,866
Segment assets		48,171,809	16,730,185	21,857,219	504,693	(358,859)	86,905,047
Unallocated assets							2,946,624
Total assets							89,851,671

- (a) Included in total revenue are income derived from investment of depositors' funds, investment account funds, investment of shareholders' funds, loss on modification of financial assets, and wakalah fees from restricted investment accounts.
- (b) Net fund based income is derived after deducting the income attributable to depositors and income attributable to investment account holders.
- (c) Included in non-fund based income are fee and commission income that amounted to RM247,936,000 and investment income of RM19,751,000.

41. FINANCIAL RISK MANAGEMENT

Overview

The Group's and the Bank's business activities involve the use of financial instruments which expose the Group and the Bank to various financial risks, namely credit risk, market risk and liquidity risk.

The Group's and the Bank's financial risk management is guided by the Group's Risk Appetite Statement and Risk Management Policies/Guidelines and subject to the oversight by the Board of Directors ("Board") via the Board Risk Committee ("BRC").

The BRC is assisted by the specific Risk Management Committees namely the Management Risk Control Committee ("MRCC") and the Asset & Liability Management Committee ("ALCO").

4.1. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial instruments by categories

The table in subsequent pages provides an analysis of financial instruments categorised as follows:

- Fair value through profit or loss ("FVTPL")
- Financial assets at fair value through other comprehensive income ("FVOCI")
- Other financial assets at amortised cost ("AC")
- Financial liabilities measured at amortised cost ("FL")

Group	Carrying amount RM'000	FVTPL RM'000	FVOCI RM'000	AC/FL RM'000
31 December 2023				
<u>Financial assets</u>				
Cash and short-term funds and deposits and placements with financial institutions	4,714,465	-	-	4,714,465
Financial assets at FVTPL	1,215,769	1,215,769	-	-
Derivative financial assets	68,412	68,412	-	-
Financial assets at FVOCI	12,520,208	-	12,520,208	-
Financial assets at AC	3,120,230	-	-	3,120,230
Financing, advances and others	66,817,115	-	-	66,817,115
Other financial assets at AC*	826,056	-	-	826,056
Statutory deposits with Bank Negara Malaysia	989,407	-	-	989,407
	90,271,662	1,284,181	12,520,208	76,467,273
<u>Financial liabilities</u>				
Deposits from customers	59,016,131	-	-	59,016,131
Investment accounts of customers	17,073,156	-	-	17,073,156
Deposits and placements of banks and other financial institutions	351,787	-	-	351,787
Derivative financial liabilities	56,548	56,548	-	-
Bills and acceptance payable	15,614	-	-	15,614
Recourse obligations on financing sold to Cagamas	2,004,329	-	-	2,004,329
Subordinated sukuk and capital securities	2,323,540	-	-	2,323,540
Other liabilities	2,399,093	-	-	2,399,093
Lease liabilities	281,174	-	-	281,174
	83,521,372	56,548	-	83,464,824

* Excludes prepayment



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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial instruments by categories (continued)

Group	Carrying amount RM'000	FVTPL RM'000	FVOCI RM'000	AC/FL RM'000
31 December 2022				
<u>Financial assets</u>				
Cash and short-term funds and deposits and placements with financial institutions	7,145,114	-	-	7,145,114
Financial assets at FVTPL	299,128	299,128	-	-
Derivative financial assets	123,000	123,000	-	-
Financial assets at FVOCI	12,093,417	-	12,093,417	-
Financial assets at AC	3,055,256	-	-	3,055,256
Financing, advances and others	64,901,994	-	-	64,901,994
Other financial assets at AC*	578,615	-	-	578,615
Statutory deposits with Bank Negara Malaysia	950,508	-	-	950,508
	89,147,032	422,128	12,093,417	76,631,487
<u>Financial liabilities</u>				
Deposits from customers	60,707,504	-	-	60,707,504
Investment accounts of customers	14,461,439	-	-	14,461,439
Deposits and placements on banks and other financial institutions	70,068	-	-	70,068
Derivatives financial liabilities	137,324	137,324	-	-
Bills and acceptance payable	22,441	-	-	22,441
Recourse obligations on financing sold to Cagamas	3,005,343	-	-	3,005,343
Subordinated sukuk and capital securities	2,222,092	-	-	2,222,092
Other liabilities	2,070,964	-	-	2,070,964
Lease liabilities	295,585	-	-	295,585
	82,992,760	137,324	-	82,855,436

* Excludes prepayment

4.1. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial instruments by categories (continued)

Bank	Carrying amount RM'000	FVTPL RM'000	FVOCI RM'000	AC/FL RM'000
31 December 2023				
<u>Financial assets</u>				
Cash and short-term funds and deposits and placements with financial institutions	4,678,243	-		4,678,243
Financial assets at FVTPL	914,246	914,246	-	-
Derivative financial assets	68,412	68,412	-	-
Financial assets at FVOCI	12,521,567	-	12,521,567	-
Financial assets at AC	3,120,230	-	-	3,120,230
Financing, advances and others	66,817,115	-	-	66,817,115
Other financial assets at AC*	726,892	-	-	726,892
Statutory deposits with Bank Negara Malaysia	989,407	-	-	989,407
	89,836,112	982,658	12,521,567	76,331,887
<u>Financial liabilities</u>				
Deposits from customers	59,042,581	-	-	59,042,581
Investment accounts of customers	17,092,594	-	-	17,092,594
Deposits and placements of banks and other financial institutions	351,787	-	-	351,787
Derivative financial liabilities	56,548	56,548	-	-
Bills and acceptance payable	15,614	-	-	15,614
Recourse obligations on financing sold to Cagamas	2,004,329	-	-	2,004,329
Subordinated sukuk and capital securities	2,323,540	-	-	2,323,540
Other liabilities	2,276,009	-	-	2,276,009
Lease liabilities	280,359	-	-	280,359
	83,443,361	56,548	-	83,386,813

* Excludes prepayment



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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial instruments by categories (continued)

Bank	Carrying amount RM'000	FVTPL RM'000	FVOCI RM'000	AC/FL RM'000
31 December 2022				
<u>Financial assets</u>				
Cash and short-term funds and deposits and placements with financial institutions	7,128,159	-	-	7,128,159
Financial assets at FVTPL	272,735	272,735	-	-
Derivative financial assets	123,000	123,000	-	-
Financial assets at FVOCI	12,094,304	-	12,094,304	-
Financial assets at AC	3,055,256	-	-	3,055,256
Financing, advances and others	64,901,994	-	-	64,901,994
Other financial assets at AC*	480,595	-	-	480,595
Statutory deposits with Bank Negara Malaysia	950,508	-	-	950,508
	89,006,551	395,735	12,094,304	76,516,512
<u>Financial liabilities</u>				
Deposits from customers	60,821,715	-	-	60,821,715
Investment accounts of customers	14,564,962	-	-	14,564,962
Deposits and placements of banks and other financial institutions	70,068	-	-	70,068
Derivative financial liabilities	137,324	137,324	-	-
Bills and acceptance payable	22,441	-	-	22,441
Recourse obligations on financing sold to Cagamas	3,005,343	-	-	3,005,343
Subordinated sukuk and capital securities	2,222,092	-	-	2,222,092
Other liabilities	1,910,462	-	-	1,910,462
Lease liabilities	295,167	-	-	295,167
	83,049,574	137,324	-	82,912,250

* Excludes prepayment

4.1. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Overview

Credit risk is the risk of a customer or counterparty failing to perform its obligations. It arises from all transactions that could lead to actual, contingent or potential claims against any party, customer or obligor. The types of credit risks that the Group and the Bank considers to be material include: Default Risk, Counterparty Risk, Credit Concentration Risk, Residual/ Credit Mitigation Risk, and Migration Risk.

Credit risk governance

The management of credit risk is principally carried out by using sets of policies and guidelines approved by the MRCC and/or BRC, guided by the Board of Directors' approved Group Risk Appetite Statement.

The Group and the Bank have instituted two (2) levels of Financing Committees, which assess and approve credits at their specified authority levels.

The MRCC is responsible under the authority delegated by the BRC for managing credit risk at strategic level. The MRCC reviews the Group's and the Bank's credit risk policies and guidelines, aligns credit risk management with business strategies and planning, reviews credit profile of the credit portfolios and recommends necessary actions to ensure that the credit risk remains within established risk tolerance levels.

The Group's and the Bank's credit risk management governance includes the establishment of detailed credit risk policies, guidelines and procedures which document the Group's and the Bank's financing standards, discretionary powers for financing approval, credit risk ratings methodologies and models, acceptable collaterals and valuation, and the review, rehabilitation and restructuring of problematic and delinquent financing.

Management of credit risk

The management of credit risk is being performed by Group Credit Management Division ("GCMD") and Group Risk Management Division ("GRMD"), and two other units outside of the GCMD and GRMD domain, namely, Credit Administration Department and Recovery & Rehabilitation Division. The combined objectives are, amongst others:

- To build a high quality credit portfolio in line with the Group's and the Bank's overall strategy and risk appetite;
- To ensure that the Group and the Bank is compensated for the risk taken, balancing/optimising the risk/return relationship;
- To develop an increasing ability to recognise, measure and avoid or mitigate potential credit risk problem areas; and
- To conform with statutory, regulatory and internal credit requirements.

The Group and the Bank monitors its credit exposures either on a portfolio or individual basis through annual reviews. Credit risk is proactively monitored through a set of early warning signals that could trigger immediate reviews of (certain parts of) the portfolio. The affected portfolio or financing is placed on a watchlist to enforce close monitoring and prevent financing from turning impaired and to increase chances of full recovery.



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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Management of credit risk (continued)

A detailed limit structure is in place to ensure that risks taken are within the risk appetite as set by the Board and to avoid credit risk concentration on a single customer, sector, product, Shariah contract, etc.

Credit risk arising from dealing and investing activities are managed by the establishment of limits which include counterparty limits and permissible acquisition of private debt securities, subject to a specified minimum rating threshold. Furthermore, the dealing and investing activities are monitored by an independent middle office unit.

Maximum exposure to credit risk

The following table presents the Group's and Bank's maximum exposure to credit risk of on-balance sheet and off-balance sheet financial instruments, without taking into account any collateral held or other credit enhancements. For on-balance sheet assets, the exposure to credit risk equals their carrying amount. For financial guarantee contracts, the maximum exposure to credit risk is the maximum amount that the Group and the Bank would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

	Note	Group	
		2023 RM'000	2022 RM'000
Cash and short-term funds and deposits and placements with financial institutions		4,714,465	7,145,114
Financial assets at FVTPL*		1,193,970	54,868
Derivative financial assets	(a)	68,412	123,000
Financial assets at FVOCI^		12,430,426	12,017,378
Financial assets at AC		3,120,230	3,055,256
Financing, advances and others	(b)	66,817,115	64,901,994
Other financial assets at AC@		826,056	578,615
Sub-total		89,170,674	87,876,225
Credit related obligation:			
Financial guarantee contracts	(c)	2,034,712	1,926,256
Financing commitments#	(d)	10,792,547	9,201,594
Sub-total		12,827,259	11,127,850
Total credit exposures		101,997,933	99,004,075

4.1. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Maximum exposure to credit risk (continued)

	Note	Bank	
		2023 RM'000	2022 RM'000
Cash and short-term funds and deposits and placements with financial institutions		4,678,243	7,128,159
Financial assets at FVTPL*		907,249	54,858
Derivative financial assets	(a)	68,412	123,000
Financial assets at FVOCI^		12,430,426	12,017,378
Financial assets at AC		3,120,230	3,055,256
Financing, advances and others	(b)	66,817,115	64,901,994
Other financial assets at AC@		726,892	480,595
Sub-total		88,748,567	87,761,240
Credit related obligation:			
Financial guarantee contracts	(c)	2,034,712	1,926,256
Financing commitments#	(d)	10,792,547	9,201,594
Sub-total		12,827,259	11,127,850
Total credit exposures		101,575,826	98,889,090

* Excludes unit trust

^ Excludes equity instruments

@ Excludes prepayment

Excludes derivative financial instruments

(a) Derivative financial assets

In mitigating the counterparty credit risks from foreign exchange and derivatives transactions, the Group and the Bank enter into master agreements that provide for closeout netting with counterparties, whenever possible. A master agreement that governs all transactions between two parties, creates the greater legal certainty that the netting of outstanding obligations can be enforced upon termination of outstanding transactions if an event of default occurs.

(b) Financing, advances and others

Business and retail

Financing, advances and others will have levels of collateralisation depending on the nature of the product. The general creditworthiness of a corporate and commercial customer tends to be the most relevant indicator of credit quality of a financing extended to it.

The Group and the Bank manage its exposures to these customers by completing a credit evaluation to assess the customer's character, industry, business model and capacity to meet their commitments in a timely manner. The Group and the Bank may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees.



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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Maximum exposure to credit risk (continued)

(b) Financing, advances and others (continued)

Business and retail (continued)

The Group and the Bank routinely update the valuation of collateral held against all financing as it adopts an annual internal valuation policy and a 2 years external valuation policy.

At 31 December 2023, the gross exposure of credit-impaired financing and advances to business customers amounted to RM230,980,000 (2022: RM464,334,000) and the forced sales value of collateral held against those financing and advances amounted to RM443,082,000 (2022: RM526,060,000).

House financing

The following table presents credit exposures from financing and advances that are credit impaired by ranges of financing-to-value ("FTV") ratio. FTV is calculated as the ratio of the gross amount of the financing, or the amount committed for financing commitments - to the value of the collateral.

FTV ratio	Group and Bank	
	2023 RM'000	2022 RM'000
<i>Credit-impaired financing</i>		
Less than 51%	9,956	25,773
51-70%	12,473	17,930
More than 70%	228,230	186,682
Total	250,659	230,385

(c) Financial guarantee contracts ("FGC")

FGCs mainly comprise guarantees to customers, standby or documentary letters of credit and performance related contingencies. The Group and the Bank will typically have recourse to specific assets pledged as collateral in the event of a default by a party for which the Group and the Bank have guaranteed its obligations to a third party.

(d) Financing commitments

Financing commitments mainly comprise irrevocable financing commitments to finance a customer provided there is no breach of any condition established in the contract. If such financing commitments are drawn down by the customer there will typically be specific collateral requirements that will need to be satisfied by the customer in order to access to credit facilities.

4.1. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Concentration of credit risk for Group and Bank

Group 2023	Cash and short-term funds and deposits and placements with financial institutions	Financial assets at FVTPL	Derivative financial assets	Financial assets at FVOCI	Financial assets at AC	Financing, advances and others	Other financial assets at AC	On-Balance Sheet Total	Financial guarantee contracts	Financing commitments*
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Primary agriculture	-	-	-	15,293	-	831,056	-	846,349	3,382	89,086
Mining and quarrying	-	-	-	52,836	-	124,002	-	176,838	8,156	55,319
Manufacturing (including agro-based)	-	-	354	20,403	-	591,500	-	612,257	114,405	490,968
Electricity, gas and water	-	-	-	670,286	25,124	2,314,313	-	3,009,723	53,452	158,365
Wholesale & retail trade and hotels & restaurants	-	-	34,681	-	-	1,203,418	-	1,238,099	149,074	260,793
Construction	-	13,801	-	1,523,938	245,705	1,419,746	-	3,203,190	427,358	1,443,611
Transport, storage and communications	-	9,641	5	1,217,136	39,847	2,779,934	-	4,046,563	106,752	801,402
Finance, insurance, real estate and business activities	4,714,465	678,384	8,485	2,647,834	889,522	5,720,486	826,056	15,485,232	269,414	1,619,124
Education, health and others	-	417,999	11,394	4,771,120	1,875,465	1,608,716	-	8,684,694	290,207	1,649,259
Household sectors	-	-	-	-	-	50,223,944	-	50,223,944	6,572	2,086,437
Other sectors	-	74,145	13,493	1,511,580	44,567	-	-	1,643,785	605,940	2,138,183
	4,714,465	1,193,970	68,412	12,430,426	3,120,230	66,817,115	826,056	89,170,674	2,034,712	10,792,547

* Financing commitments excluding derivative financial assets



Notes to the Financial Statements

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Concentration of credit risk for Group and Bank (continued)

Group 2022	Cash and short-term funds and deposits and placements with financial institutions RM'000	Financial assets at FVTPL RM'000	Derivative financial assets RM'000	Financial assets at FVOCI RM'000	Financial assets at AC RM'000	Financing, advances, and others RM'000	Other	On-Balance Sheet Total RM'000	Financial guarantee contracts RM'000	Financing commitments [*] RM'000
							financial assets at AC RM'000			
Primary agriculture	-	1	-	70,348	-	867,280	-	937,629	2,617	88,331
Mining and quarrying	-	-	-	-	-	110,359	-	110,359	11,187	97,809
Manufacturing (including agro-based)	-	-	41	35,704	-	595,433	-	631,178	97,623	744,130
Electricity, gas and water	-	-	-	342,004	127,100	2,180,055	-	2,649,159	77,063	242,456
Wholesale & retail trade and hotels & restaurants	-	-	102,892	-	-	1,158,408	-	1,261,300	172,370	278,370
Construction	-	-	-	991,318	216,897	1,914,249	-	3,122,464	576,307	1,350,187
Transport, storage and communications	-	-	9	1,260,553	45,663	2,793,909	-	4,100,134	118,464	377,962
Finance, insurance, real estate and business activities	7,145,114	54,857	1,625	6,657,638	2,538,921	4,645,665	578,615	21,622,435	212,113	1,478,871
Education, health and others	-	-	3,902	817,133	10,111	2,465,138	-	3,296,284	352,927	1,814,482
Household sectors	-	-	-	-	-	48,171,498	-	48,171,498	-	2,366,077
Other sectors	-	10	14,531	1,842,680	116,564	-	-	1,973,785	305,585	362,919
	7,145,114	54,868	123,000	12,017,378	3,055,256	64,901,994	578,615	87,876,225	1,926,256	9,201,594

* Financing commitments excluding derivative financial assets

4.1. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Concentration of credit risk for Group and Bank (continued)

Bank 2023	Cash and short-term funds and deposits and placements with financial institutions RM'000	Financial assets at FVTPL RM'000	Derivative financial assets RM'000	Financial assets at FVOCI RM'000	Financial assets at AC RM'000	Financing, advances and others RM'000	Other financial assets at AC RM'000	On-Balance Sheet Total RM'000	Financial guarantee contracts RM'000	Financing commitments* RM'000
	Primary agriculture	-	-	-	15,293	-	831,056	-	846,349	3,382
Mining and quarrying	-	-	-	52,836	-	124,002	-	176,838	8,156	55,319
Manufacturing (including agro-based)	-	-	354	20,403	-	591,500	-	612,257	114,405	490,968
Electricity, gas and water	-	-	-	670,286	25,124	2,314,313	-	3,009,723	53,452	158,365
Wholesale & retail trade and hotels & restaurants	-	-	34,681	-	-	1,203,418	-	1,238,099	149,074	260,793
Construction	-	-	-	1,523,938	245,705	1,419,746	-	3,189,389	427,358	1,443,611
Transport, storage and communications	-	-	5	1,217,136	39,847	2,779,934	-	4,036,922	106,752	801,402
Finance, insurance, real estate and business activities	4,678,243	489,250	8,485	2,647,834	889,522	5,720,486	726,892	15,160,712	269,414	1,619,124
Education, health and others	-	417,999	11,394	4,771,120	1,875,465	1,608,716	-	8,684,694	290,207	1,649,259
Household sectors	-	-	-	-	-	50,223,944	-	50,223,944	6,572	2,086,437
Other sectors	-	-	13,493	1,511,580	44,567	-	-	1,569,640	605,940	2,138,183
	4,678,243	907,249	68,412	12,430,426	3,120,230	66,817,115	726,892	88,748,567	2,034,712	10,792,547

* Financing commitments excluding derivative financial assets



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for the financial year ended 31 December 2023

41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Concentration of credit risk for Group and Bank (continued)

Bank 2022	Cash and short-term funds and deposits and placements with financial institutions RM'000	Financial assets at FVTPL RM'000	Derivative financial assets RM'000	Financial assets at FVOCI RM'000	Financial assets at AC RM'000	Financing, advances and others RM'000	Other	On-Balance Sheet Total RM'000	Financial guarantee contracts RM'000	Financing commitments [*] RM'000
							financial assets at AC RM'000			
Primary agriculture	-	1	-	70,348	-	867,280	-	937,629	2,617	88,331
Mining and quarrying	-	-	-	-	-	110,359	-	110,359	11,187	97,809
Manufacturing (including agro-based)	-	-	41	35,704	-	595,433	-	631,178	97,623	744,130
Electricity, gas and water	-	-	-	342,004	127,100	2,180,055	-	2,649,159	77,063	242,456
Wholesale & retail trade and hotels & restaurants	-	-	102,892	-	-	1,158,408	-	1,261,300	172,370	278,370
Construction	-	-	-	991,318	216,897	1,914,249	-	3,122,464	576,307	1,350,187
Transport, storage and communications	-	-	9	1,260,553	45,663	2,793,909	-	4,100,134	118,464	377,962
Finance, insurance, real estate and business activities	7,128,159	54,857	1,625	6,657,638	2,538,921	4,645,665	480,595	21,507,460	212,113	1,478,871
Education, health and others	-	-	3,902	817,133	10,111	2,465,138	-	3,296,284	352,927	1,814,482
Household sectors	-	-	-	-	-	48,171,498	-	48,171,498	-	2,366,077
Other sectors	-	-	14,531	1,842,680	116,564	-	-	1,973,775	305,585	362,919
	7,128,159	54,858	123,000	12,017,378	3,055,256	64,901,994	480,595	87,761,240	1,926,256	9,201,594

* Financing commitments excluding derivative financial assets

Collateral

The main types of collateral obtained by the Bank to mitigate the credit risk are as follows:

- For residential mortgages – charges over residential properties
- For commercial property financing – charges over the properties being financed
- For vehicle financing under Ijarah Thumma Al-Bai – ownership claims over the vehicles financed
- For other financing and advances – charges over business assets such as premises, inventories, trade receivables and/or cash deposits

As at 31 December 2023 and 31 December 2022, there were no assets repossessed by the Bank as a result of taking possession of collateral held as security, or by calling upon other credit enhancements.

4.1. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Credit quality of financing, advances and others

The credit quality of the Bank's financing, advances and others are summarised as follows:

Group and Bank 2023	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Financing, advances and others				
Neither past due nor impaired ("NPDNI"):				
- Excellent	58,136,811	1,634,677	-	59,771,488
- Satisfactory	4,843,676	1,267,175	-	6,110,851
- Fair	241,302	154,416	-	395,718
	63,221,789	3,056,268	-	66,278,057
Past due but not impaired ("PDNI")	-	710,766	-	710,766
Impaired	-	-	635,966	635,966
Gross carrying amount	63,221,789	3,767,034	635,966	67,624,789
Financing commitments				
NPDNI:				
- Excellent	8,724,212	161,760	-	8,885,972
- Satisfactory	1,571,539	239,123	-	1,810,662
- Fair	55,387	17,266	-	72,653
	10,351,138	418,149	-	10,769,287
PDNI	-	9,155	-	9,155
Impaired	-	-	14,105	14,105
Gross exposure	10,351,138	427,304	14,105	10,792,547
Impairment allowances	(279,609)	(280,348)	(222,916)	(782,873)
Net exposure	73,293,318	3,913,990	427,155	77,634,463
Financial guarantee contracts				
NPDNI:				
- Excellent	1,245,589	15,045	-	1,260,634
- Satisfactory	615,375	156,361	-	771,736
- Fair	1,131	802	-	1,933
	1,862,095	172,208	-	2,034,303
PDNI	-	-	-	-
Impaired	-	-	409	409
Gross exposure	1,862,095	172,208	409	2,034,712
Impairment allowances	(22,697)	(1,976)	(128)	(24,801)
Net exposure	1,839,398	170,232	281	2,009,911



Notes to the Financial Statements

for the financial year ended 31 December 2023

41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Credit quality of financing, advances and others (continued)

The credit quality of the Bank's financing, advances and others are summarised as follows (continued):

Group and Bank 2022	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Financing, advances and others				
Neither past due nor impaired ("NPDNI"):				
- Excellent	56,362,010	1,249,542	-	57,611,552
- Satisfactory	5,492,711	993,602	-	6,486,313
- Fair	225,748	114,210	-	339,958
	62,080,469	2,357,354	-	64,437,823
Past due but not impaired ("PDNI")	-	668,802	-	668,802
Impaired	-	-	835,232	835,232
Gross carrying amount	62,080,469	3,026,156	835,232	65,941,857
Financing commitments				
NPDNI:				
- Excellent	6,230,780	137,500	-	6,368,280
- Satisfactory	2,544,577	189,731	-	2,734,308
- Fair	52,339	4,715	-	57,054
	8,827,696	331,946	-	9,159,642
PDNI	-	10,087	-	10,087
Impaired	-	-	31,865	31,865
Gross exposure	8,827,696	342,033	31,865	9,201,594
Impairment allowances	(343,543)	(222,838)	(449,263)	(1,015,644)
Net exposure	70,564,622	3,145,351	417,834	74,127,807
Financial guarantee contracts				
NPDNI:				
- Excellent	1,078,020	23,571	-	1,101,591
- Satisfactory	681,327	141,151	-	822,478
- Fair	647	941	-	1,588
	1,759,994	165,663	-	1,925,657
PDNI	-	-	-	-
Impaired	-	-	599	599
Gross exposure	1,759,994	165,663	599	1,926,256
Impairment allowances	(22,508)	(1,559)	(152)	(24,219)
Net exposure	1,737,486	164,104	447	1,902,037

4.1. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Credit quality of financing, advances and others (continued)

No significant changes to estimation techniques or assumptions were made during the year.

Internal rating definition:-

Excellent to Good : Sound financial position with no difficulty in meeting its obligations.

Satisfactory : Adequate safety of meeting its current obligations but more time is required to meet the entire obligation in full.

Fair : Higher risks on payment obligations. Financial performance may continue to deteriorate.

Classification of financing, advances and others:-

- **Neither past due nor impaired financing**

Financing for which the customer has not missed a contractual payment (profit or principal) when contractually due and is not impaired and there is no objective evidence of impairment.

- **Past due but not impaired financing**

Financing for which its contractual profit or principal payments are past due, but the Group and the Bank believe that impairment is not appropriate on the basis of the level of collateral available and/or the stage of collection amounts owed to the Group and the Bank.

- **Impaired financing**

In addition to Note 2.1(a)(ii), financing is classified as impaired/defaulted:

- where the principal or profit or both are past due for three months or more;
- in the case of revolving credit facilities, where the outstanding amount has remained in excess of the approved limit for a period of three months or more;
- where the amount is past due or the outstanding amount has been in excess of the approved limit for three months or less and the financing exhibits indications of significant credit weakness;
- as soon as default occurs where the principal and/or profit repayments are schedule on intervals of 3 months or longer.

Past due but not impaired financing

	Group and Bank			
	2023		2022	
	RM'000	% to gross financing	RM'000	% to gross financing
By ageing				
Month-in-arrears 1	481,274	0.71	452,425	0.69
Month-in-arrears 2	229,492	0.34	216,377	0.33
	710,766	1.05	668,802	1.02



Notes to the Financial Statements

for the financial year ended 31 December 2023

41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Credit quality of financing, advances and others (continued)

Impaired financing

	Group and Bank	
	2023 RM'000	2022 RM'000
By ageing		
Month-in-arrears 0	65,937	83,572
Month-in-arrears 1	26,219	11,124
Month-in-arrears 2	9,547	6,102
Month-in-arrears 3 and above	534,263	734,434
	635,966	835,232

Impaired financing of which rescheduled and restructured financing

	Group and Bank	
	2023 RM'000	2022 RM'000
Consumer	107,681	40,756
Business	72,160	69,211
	179,841	109,967

Rescheduled or restructured financings are financings that have been rescheduled or restructured due to deterioration in the customers' financial positions and the Bank has made concessions that it would not otherwise consider. Once the financing is rescheduled or restructured, its satisfactory performance is monitored for a period of six months before it can be reclassified to performing.

4.1. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Credit quality of financing, advances and others (continued)

Key macroeconomic variables

The following table shows certain key macroeconomic variables (“MEV”) used in modelling the allowance for credit losses for Stages 1 and 2. For the base, upside and downside scenarios, the projections are provided for the next 12 months and for the remaining forecast period, which represents a medium-term view.

	Base scenario		Upside scenario		Downside scenario	
	Next 12 months (2024)	Remaining forecast period (2025)	Next 12 months (2024)	Remaining forecast period (2025)	Next 12 months (2024)	Remaining forecast period (2025)
Consumer Price Index (“CPI”)	2.28%	2.15%	3.08%	2.95%	1.23%	1.15%
Gross Domestic Production (“GDP”)	4.70%	4.95%	6.10%	6.37%	-1.53%	-1.21%
House Price Index (“HPI”)	2.14%	2.27%	2.84%	2.98%	1.43%	1.46%
Kuala Lumpur Composite Index (“KLCI”)	1700.00	1800.00	1800.85	1900.85	1088.00	1152.00

An increase in unemployment rate or CPI will generally correlate with higher allowances for credit losses, whereas an increase in the other macroeconomic factors (KLCI, HPI and GDP) will generally correlate with lower allowances for credit losses.



Notes to the Financial Statements

for the financial year ended 31 December 2023

41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Credit quality of other financial assets excluding cash, short-term funds and deposits

Credit quality of other financial assets by external rating is as follows:

Group 2023	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Financial assets at FVOCI				
<i>Debt instrument</i>				
Government bonds and GG	7,909,585	-	-	7,909,585
Sukuk:				
Rated AAA	3,305,521	-	-	3,305,521
Rated AA1 to AA3	1,104,404	71,713	-	1,176,117
Lower than A	-	24,366	14,837	39,203
Gross carrying amount	12,319,510	96,079	14,837	12,430,426
Impairment allowances [^]	(228)	(290)	(14,836)	(15,354)
Derivative financial assets				
Bank and financial institution counterparties				61,265
Corporate				7,147
				68,412
Financial assets at FVTPL				
Government bonds and GG				907,246
Sukuk:				
Rated AAA				79,026
Rated AA1 to AA3				165,068
Rated A1 to A3				23,828
Unrated				18,802
				1,193,970
Financial assets at AC				
Government bonds and GG	2,654,858	-	-	2,654,858
Sukuk:				
Rated AAA	465,372	-	-	465,372
Net carrying amount	3,120,230	-	-	3,120,230
Other financial assets at AC				
Other unrated financial assets	826,056	-	3,642	829,698
Impairment allowances	-	-	(3,642)	(3,642)
Net carrying amount	826,056	-	-	826,056

[^] The impairment allowances are recognised in OCI reserve.

4.1. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Credit quality of other financial assets excluding cash, short-term funds and deposits (continued)

Credit quality of other financial assets by external rating is as follows (continued):

Group 2022	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Financial assets at FVOCI				
<i>Debt instrument</i>				
Government bonds and GG	8,361,333	-	-	8,361,333
Sukuk:				
Rated AAA	2,299,242	-	-	2,299,242
Rated AA1 to AA3	1,140,139	151,530	-	1,291,669
Lower than A	-	50,298	14,836	65,134
Gross carrying amount	11,800,714	201,828	14,836	12,017,378
Impairment allowances [^]	(231)	(481)	(10,500)	(11,212)
Derivative financial assets				
Bank and financial institution counterparties				122,144
Corporate				856
				123,000
Financial assets at FVTPL				
Government bonds and GG				49,847
Sukuk:				
Rated AA1 to AA3				5,021
				54,868
Financial assets at AC				
Government bonds and GG	2,934,910	-	-	2,934,910
Sukuk:				
Rated AAA	120,346	-	-	120,346
Impairment allowances	-	-	-	-
Net carrying amount	3,055,256	-	-	3,055,256
Other financial assets at AC				
Other unrated financial assets	578,615	-	4,086	582,701
Impairment allowances	-	-	(4,086)	(4,086)
Net carrying amount	578,615	-	-	578,615

[^] The impairment allowances are recognised in OCI reserve.



Notes to the Financial Statements

for the financial year ended 31 December 2023

41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Credit quality of other financial assets excluding cash, short-term funds and deposits (continued)

Credit quality of other financial assets by external rating is as follows (continued):

Bank 2023	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Financial assets at FVOCI				
<i>Debt instrument</i>				
Government bonds and GG	7,909,585	-	-	7,909,585
Sukuk:				
Rated AAA	3,305,521	-	-	3,305,521
Rated AA1 to AA3	1,104,404	71,713	-	1,176,117
Lower than A	-	24,366	14,837	39,203
Gross carrying amount	12,319,510	96,079	14,837	12,430,426
Impairment allowances [^]	(228)	(290)	(14,836)	(15,354)
Derivative financial assets				
Bank and financial institution counterparties				61,265
Corporate				7,147
				68,412
Financial assets at FVTPL				
Government bonds and treasury bills				907,245
Sukuk:				
Rated AA1 to AA3				4
				907,249
Financial assets at AC				
Government bonds and GG	2,654,858	-	-	2,654,858
Sukuk:				
Rated AAA	465,372	-	-	465,372
Net carrying amount	3,120,230	-	-	3,120,230
Other financial assets at AC				
Other unrated financial assets	726,892	-	3,642	730,534
Impairment allowances	-	-	(3,642)	(3,642)
Net carrying amount	726,892	-	-	726,892

[^] The impairment allowances are recognised in OCI reserve.

4.1. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Credit quality of other financial assets excluding cash, short-term funds and deposits (continued)

Credit quality of other financial assets by external rating is as follows (continued):

Bank 2022	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Financial assets at FVOCI				
<i>Debt instrument</i>				
Government bonds and CG	8,361,333	-	-	8,361,333
Sukuk:				
Rated AAA	2,299,242	-	-	2,299,242
Rated AA1 to AA3	1,140,139	151,530	-	1,291,669
Lower than A	-	50,298	14,836	65,134
Gross carrying amount	11,800,714	201,828	14,836	12,017,378
Impairment allowances [^]	(231)	(481)	(10,500)	(11,212)
Derivative financial assets				
Bank and financial institution counterparties				122,144
Corporate				856
				123,000
Financial assets at FVTPL				
Government bonds and treasury bills				49,847
Sukuk:				
Rated AA1 to AA3				5,011
				54,858
Financial assets at AC				
Government bonds and CG	2,934,910	-	-	2,934,910
Sukuk:				
Rated AAA	120,346	-	-	120,346
Impairment allowances	-	-	-	-
Net carrying amount	3,055,256	-	-	3,055,256
Other financial assets at AC				
Other unrated financial assets	480,595	-	4,086	484,681
Impairment allowances	-	-	(4,086)	(4,086)
Net carrying amount	480,595	-	-	480,595

[^] The impairment allowances are recognised in OCI reserve.



Notes to the Financial Statements

for the financial year ended 31 December 2023

41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk

Overview

Market risk is the risk of adverse impact to the Group's and the Bank's arises from fluctuations of market prices and rates. The following are the main market risk factors that the Group and the Bank are exposed to:

- **Profit Rate Risk:** also known as the Rate of Return Risk, is the potential impact on the Group's and the Bank's profitability caused by changes in the rate of return due to general market movements or issuer/customer specific reasons;
- **Foreign Exchange Risk:** the impact of exchange rate movements on the Group's and the Bank's currency positions; and
- **Equity Instrument Risk:** the profitability impact on the Group's and the Bank's equity positions or investments caused by changes in equity prices or values.

The Group and the Bank separates the market risk exposures into either trading book or banking book portfolios. Trading book portfolios include those positions arising from market making, proprietary position taking and other marked-to-market positions as per the Board-approved Trading Book Policy Statements. Banking book portfolios primarily arise from the Group's and the Bank's profit rate management of the Bank's assets and liabilities and investment portfolio mainly for liquidity management.

Market risk governance

The management of market risk is principally carried out by using sets of policies and guidelines approved by the ALCO and/or BRC, guided by the Board-approved Risk Appetite Statement.

The ALCO is responsible under the authority delegated by the BRC for managing market risk at strategic level.

Management of market risk

The objective is to manage market risk exposures in order to optimise return on risk while maintaining a market risk profile consistent with the Group's and the Bank's approved risk appetite.

All market risk exposures are managed by Treasury, who has the necessary skills, tools, management and governance to manage such risks. The management of market risk is guided by comprehensive limits, policies and guidelines which are periodically reviewed.

The Market Risk Management Department ("MRMD") is the independent risk control function that is responsible for the implementation of market risk management framework. MRMD is also responsible for developing and reviewing the Group's and the Bank's market risk management guidelines and policies, monitoring tools, behavioural assumptions and limit setting methodologies. Escalation procedures are documented and approved by the ALCO and/or BRC. In addition, the market risk exposures and limits are reported to the ALCO and the BRC.

Other controls to ensure that market risk exposures remain within tolerable levels include regular stress testing, adhoc simulations and rigorous new product approval procedures. Stress test results are produced regularly to determine the impact of changes in profit rates, foreign exchange rates and other risk factors on the Group's and the Bank's profitability, capital adequacy and liquidity. The stress test provides the Management and the BRC with an assessment of the financial impact of identified extreme events on the market risk exposures of the Group and the Bank.

4.1. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

Profit rate risk

The table below summarises the Group's and the Bank's exposure to profit rate risk. The table indicates average profit rates at the reporting date and the periods in which the financial instruments are repriced or mature, whichever is earlier.

Group 2023	Banking book						Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000			
Assets									
Cash and short-term funds and deposits and placements with financial institutions	3,777,836	-	-	-	-	936,629	-	4,714,465	2.41
Financial assets at FVTPL	-	-	-	-	-	-	1,215,769	1,215,769	3.55
Derivative financial assets	-	-	-	-	-	-	68,412	68,412	0.79
Financial assets at FVOCI	534,861	312,224	2,472,447	5,494,084	3,706,592	-	-	12,520,208	3.73
Financial assets at amortised cost	499,307	-	252,905	1,921,795	446,223	-	-	3,120,230	3.23
Financing, advances and others									
- non-impaired	53,737,608	4,870,253	969,948	1,751,816	5,176,220	482,978	-	66,988,823	5.31
- impaired net of allowances*	-	-	-	-	-	(171,708)	-	(171,708)	
Other financial assets at amortised cost	-	-	-	-	-	826,056	-	826,056	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	989,407	-	989,407	
Total assets	58,549,612	5,182,477	3,695,300	9,167,695	9,329,035	3,063,362	1,284,181	90,271,662	

* This is arrived at after deducting impairment allowances from the outstanding gross impaired financing.



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for the financial year ended 31 December 2023

41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

Profit rate risk (continued)

Group 2023	Banking book						Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000			
Liabilities									
Deposits from customers	10,475,967	9,051,319	16,849,829	1,659,296	117,712	20,862,008	-	59,016,131	2.70
Investment accounts of customers	1,913,504	2,726,428	1,655,138	1,137,688	-	9,640,398	-	17,073,156	2.23
Deposits from banks and other financial institutions	-	351,787	-	-	-	-	-	351,787	
Derivative financial liabilities	-	-	-	-	-	-	56,548	56,548	0.65
Bills and acceptance payable	-	-	-	-	-	15,614	-	15,614	
Recourse obligations on financing sold to Cagamas	-	-	500,000	1,500,000	-	4,329	-	2,004,329	4.43
Subordinated Sukuk Murabahah	-	-	-	2,300,000	-	23,540	-	2,323,540	4.19
Other liabilities	-	-	-	-	-	2,399,093	-	2,399,093	
Lease liabilities	1,354	2,733	11,270	82,933	182,884	-	-	281,174	5.70
Total liabilities	12,390,825	12,132,267	19,016,237	6,679,917	300,596	32,944,982	56,548	83,521,372	
On-balance sheet profit sensitivity gap	46,158,787	(6,949,790)	(15,320,937)	2,487,778	9,028,439	(29,881,620)	1,227,633	6,750,290	
Off-balance sheet profit sensitivity gap (profit rate swaps)	3,343	-	-	-	-	-	-	3,343	
Total profit sensitivity gap	46,162,130	(6,949,790)	(15,320,937)	2,487,778	9,028,439	(29,881,620)	1,227,633	6,753,633	

4.1. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

Profit rate risk (continued)

Group 2022	Banking book						Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000			
Assets									
Cash and short-term funds and deposits and placements with financial institutions	6,327,678	-	-	-	-	817,436	-	7,145,114	2.04
Financial assets at FVTPL	-	-	-	-	-	-	299,128	299,128	-0.07
Derivative financial assets	-	-	-	-	-	-	123,000	123,000	1.66
Financial assets at FVOCI	246,611	317,855	1,798,666	6,783,979	2,946,306	-	-	12,093,417	2.92
Financial assets at amortised cost	-	208,783	966,785	1,190,089	689,599	-	-	3,055,256	2.65
Financing, advances and others									
- non-impaired	52,476,405	4,998,646	1,223,793	1,455,143	4,659,256	293,383	-	65,106,626	4.65
- impaired net of allowances*	-	-	-	-	-	(204,632)	-	(204,632)	-
Other financial assets at amortised cost	-	-	-	-	-	578,615	-	578,615	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	950,508	-	950,508	-
Total assets	59,050,694	5,525,284	3,989,244	9,429,211	8,295,161	2,435,310	422,128	89,147,032	

* This is arrived at after deducting impairment allowances from the outstanding gross impaired financing.



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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

Profit rate risk (continued)

Group 2022	Banking book						Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000			
Liabilities									
Deposits from customers	13,315,612	13,738,264	10,503,444	2,571,806	91,608	20,486,770	-	60,707,504	1.72
Investment accounts of customers	2,459,970	1,429,276	3,256,789	1,746	-	7,313,658	-	14,461,439	1.40
Deposits from banks and other financial institutions	-	70,068	-	-	-	-	-	70,068	-
Derivative financial liabilities	-	-	-	-	-	-	137,324	137,324	1.85
Bills and acceptance payable	-	-	-	-	-	22,441	-	22,441	-
Recourse obligations on financing sold to Cagamas	-	-	1,500,000	1,500,000	-	5,343	-	3,005,343	4.28
Subordinated Sukuk Murabahah	-	-	-	-	2,200,000	22,092	-	2,222,092	4.14
Other liabilities	-	-	-	-	-	2,070,964	-	2,070,964	-
Lease liabilities	1,175	2,362	11,910	59,355	220,783	-	-	295,585	-
Total liabilities	15,776,757	15,239,970	15,272,143	4,132,907	2,512,391	29,921,268	137,324	82,992,760	
On-balance sheet profit sensitivity gap	43,273,937	(9,714,686)	(11,282,899)	5,296,304	5,782,770	(27,485,958)	284,804	6,154,272	
Off-balance sheet profit sensitivity gap (profit rate swaps)	-	-	-	42,286	-	-	-	42,286	
Total profit sensitivity gap	43,273,937	(9,714,686)	(11,282,899)	5,338,590	5,782,770	(27,485,958)	284,804	6,196,558	

4.1. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

Profit rate risk (continued)

Bank 2023	Banking book						Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000			
Assets									
Cash and short-term funds and deposits and placements with financial institutions	3,744,816	-	-	-	-	933,427	-	4,678,243	2.41
Financial assets at FVTPL	-	-	-	-	-	-	914,246	914,246	3.63
Derivative financial assets	-	-	-	-	-	-	68,412	68,412	0.79
Financial assets at FVOCI	536,220	312,224	2,472,447	5,494,084	3,706,592	-	-	12,521,567	3.73
Financial assets at amortised cost	499,307	-	252,905	1,921,795	446,223	-	-	3,120,230	3.23
Financing, advances and others									
- non-impaired	53,737,608	4,870,253	969,948	1,751,816	5,176,220	482,978	-	66,988,823	5.31
- impaired net of allowances*	-	-	-	-	-	(171,708)	-	(171,708)	
Other financial assets at amortised cost	-	-	-	-	-	726,892	-	726,892	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	989,407	-	989,407	
Total assets	58,517,951	5,182,477	3,695,300	9,167,695	9,329,035	2,960,996	982,658	89,836,112	

* This is arrived at after deducting impairment allowances from the outstanding gross impaired financing.



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for the financial year ended 31 December 2023

41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

Profit rate risk (continued)

Bank 2023	Banking book						Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000			
Liabilities									
Deposits from customers	10,477,031	9,053,395	16,855,665	1,659,296	117,712	20,879,482	-	59,042,581	2.70
Investment accounts of customers	1,930,298	2,726,428	1,657,511	1,137,959	-	9,640,398	-	17,092,594	2.23
Deposits from banks and financial institutions	-	351,787	-	-	-	-	-	351,787	3.02
Derivative financial liabilities	-	-	-	-	-	-	56,548	56,548	0.65
Bills and acceptance payable	-	-	-	-	-	15,614	-	15,614	
Recourse obligations on financing sold to Cagamas	-	-	500,000	1,500,000	-	4,329	-	2,004,329	4.43
Subordinated Sukuk Murabahah	-	-	-	2,300,000	-	23,540	-	2,323,540	4.19
Other liabilities	-	-	-	-	-	2,276,009	-	2,276,009	
Lease liabilities	1,322	2,668	10,970	82,515	182,884	-	-	280,359	5.70
Total liabilities	12,408,651	12,134,278	19,024,146	6,679,770	300,596	32,839,372	56,548	83,443,361	
On-balance sheet profit sensitivity gap	46,109,300	(6,951,801)	(15,328,846)	2,487,925	9,028,439	(29,878,376)	926,110	6,392,751	
Off-balance sheet profit sensitivity gap (profit rate swaps)	3,343	-	-	-	-	-	-	3,343	
Total profit sensitivity gap	46,112,643	(6,951,801)	(15,328,846)	2,487,925	9,028,439	(29,878,376)	926,110	6,396,094	

4.1. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

Profit rate risk (continued)

Bank 2022	Banking book						Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000			
Assets									
Cash and short-term funds and deposits and placements with financial institutions	6,311,925	-	-	-	-	816,234	-	7,128,159	2.04
Financial assets at FVTPL	-	-	-	-	-	-	272,735	272,735	-0.12
Derivative financial assets	-	-	-	-	-	-	123,000	123,000	1.66
Financial assets at FVOCI	247,498	317,855	1,798,666	6,783,979	2,946,306	-	-	12,094,304	2.92
Financial assets at amortised cost	-	208,783	966,785	1,190,089	689,599	-	-	3,055,256	2.65
Financing, advances and others									
- non-impaired	52,476,405	4,998,646	1,223,793	1,455,143	4,659,256	293,383	-	65,106,626	4.65
- impaired net of allowances*	-	-	-	-	-	(204,632)	-	(204,632)	-
Other financial assets at amortised cost	-	-	-	-	-	480,595	-	480,595	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	950,508	-	950,508	-
Total assets	59,035,828	5,525,284	3,989,244	9,429,211	8,295,161	2,336,088	395,735	89,006,551	

* This is arrived at after deducting impairment allowances from the outstanding gross impaired financing.



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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

Profit rate risk (continued)

Bank 2022	Banking book						Trading book RM'000	Total RM'000	Effective profit rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non-profit sensitive RM'000			
Liabilities									
Deposits from customers	13,316,727	13,739,569	10,509,901	2,571,806	91,608	20,592,104	-	60,821,715	1.72
Investment accounts of customers	2,483,432	1,508,975	3,257,151	1,746	-	7,313,658	-	14,564,962	1.40
Deposits from banks and other financial institutions	-	70,068	-	-	-	-	-	70,068	-
Derivative financial liabilities	-	-	-	-	-	-	137,324	137,324	1.85
Bills and acceptance payable	-	-	-	-	-	22,441	-	22,441	-
Recourse obligations on financing sold to Cagamas	-	-	1,500,000	1,500,000	-	5,343	-	3,005,343	4.28
Subordinated Sukuk Murabahah	-	-	-	-	2,200,000	22,092	-	2,222,092	4.14
Other liabilities	-	-	-	-	-	1,910,462	-	1,910,462	-
Lease liabilities	1,129	2,270	11,630	59,355	220,783	-	-	295,167	5.70
Total liabilities	15,801,288	15,320,882	15,278,682	4,132,907	2,512,391	29,866,100	137,324	83,049,574	
On-balance sheet profit sensitivity gap	43,234,540	(9,795,598)	(11,289,438)	5,296,304	5,782,770	(27,530,012)	258,411	5,956,977	
Off-balance sheet profit sensitivity gap (profit rate swaps)	-	-	-	42,286	-	-	-	42,286	
Total profit sensitivity gap	43,234,540	(9,795,598)	(11,289,438)	5,338,590	5,782,770	(27,530,012)	258,411	5,999,263	

4.1. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

Profit rate risk (continued)

Profit rate risk in the banking book portfolio

Profit rate risk in the banking book also known as Rate of Return Risk in the Banking Book (“RORBB”) is the current and potential risk to the Group’s earnings and economic value arising from movements in profit rates. The profit rate risk in the banking book portfolio is measured and managed using measurement techniques known as Earnings at Risk (“EaR”) and Economic Value of Equity (“EVE”), to ensure the risk is managed within the Group’s risk appetite.

The Group and the Bank monitor the sensitivity of EaR and EVE under varying profit rate scenarios and also incorporates internal behavioural assumptions. These scenarios assume no management action and hence, it does not incorporate actions that would be taken by Treasury to mitigate the impact of the profit rate risk. In reality, depending on the view on future market movements, Treasury would proactively manage and strategise to change the profit rate exposure profile to minimise losses and to optimise net revenues. The Bank’s hedging and risk mitigation strategies range from the use of derivative financial instruments, such as profit rate swaps, to more intricate hedging strategies to address inordinate profit rate risk exposures.

The table below shows the Group’s and the Bank’s profit rate sensitivity to a 150 basis points parallel shift as at reporting date.

	Group		Bank	
	-150bps RM million	+150bps RM million	-150bps RM million	+150bps RM million
2023				
Impact on EaR before tax	(224.3)	224.3	(223.4)	223.4
Impact on EaR after tax @24%	(170.5)	170.5	(169.8)	(169.8)
2022				
Impact on EaR before tax	(194.6)	194.6	(192.3)	192.0
Impact on EaR after tax @24%	(147.9)	194.6	(146.1)	146.1
2023				
Impact on EVE	419.4	(419.4)	418.9	(418.9)
2022				
Impact on EVE	381.7	(381.7)	380.0	(380.0)

Control to manage the profit rate risk in the banking book portfolio includes present value of 1 basis point change (“PV01”) which measures the banking book fair value to comprehensive income securities (“FVOCI”) portfolio’s sensitivity to market rates movement.



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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

Market risk in the trading book portfolio

Market risk in the trading book portfolio is monitored and controlled using Value-at-Risk ("VaR"). It is a technique that estimates the potential losses that could occur on risk positions as a result of movements in market rates over a specified time horizon and to a given level of confidence. The VaR model used by the Bank are based on historical simulation which derives plausible future scenarios from past series of recorded market rates and prices. The historical simulation model used by the Bank incorporates the following features:

- Potential market movements are calculated with reference to data from the past two years;
- Historical market rates and prices are calculated with reference to foreign exchange rates and profit rates; and
- VaR is calculated using a 99 per cent confidence level and for a one-day holding period.

A summary of the VaR position of the Bank's trading book portfolios at the reporting date is as follows:

Bank	VaR as at	1.1.2023 to 31.12.2023		
	31.12.2023 RM million	Average RM million	Maximum RM million	Minimum RM million
Profit rate risk	2.21	2.49	3.88	0.01
Foreign exchange risk	0.16	0.36	0.66	0.16
Overall	2.37	2.85	4.30	0.21

Bank	VaR as at	1.1.2022 to 31.12.2022		
	31.12.2022 RM million	Average RM million	Maximum RM million	Minimum RM million
Profit rate risk	0.004	0.58	1.66	0.004
Foreign exchange risk	0.19	1.58	3.35	0.19
Overall	0.20	2.15	4.49	0.20

In addition to VaR, the Bank has put in place the maximum loss limits, position limits, tenor limits and PV01 limits in monitoring the trading book portfolio.

Foreign exchange risk

The Bank manages and controls the trading book portfolio's foreign exchange risk by limiting the net open exposure to individual currencies and on an aggregate basis. The Bank also has in place the sensitivity limit. For the Bank-wide (trading book and banking book portfolios) foreign exchange risk, the Bank manage and control by limiting the net open exposure on an aggregate basis.

4.1. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

Foreign exchange risk (continued)

Sensitivity Analysis

Assuming that other risk variables remain constant, the foreign currency revaluation sensitivity for the Bank as at reporting date is summarised as follows (only net open position for major currencies are shown in its specific currency in the table below. For other currencies, these exposures are grouped as 'Others'):

	Sensitivity analysis on profit after tax-Increase/(Decrease)			
	2023		2022	
	-1% Depreciation RM'000	+1% Appreciation RM'000	-1% Depreciation RM'000	+1% Appreciation RM'000
Bank				
US Dollar vs RM	(4,195)	4,195	(4,805)	4,805
Euro vs RM	5,122	(5,122)	4,348	(4,348)
Others vs RM	(318)	318	(143)	143

(d) Liquidity risk

Overview

Liquidity risk is the potential inability of the Group and the Bank to meet its funding needs and regulatory obligation when they fall due, or will have to do it at excessive cost. This risk can arise from mismatches in the timing of cash flows.

The Group and the Bank maintains a diversified and stable funding base comprising of retail and corporate customer deposits. This is augmented by wholesale funding and highly liquid assets portfolios.

The objective of the Group's and the Bank's liquidity management is to ensure that all foreseeable funding commitments and deposit withdrawals can be met when due and that wholesale market remains accessible and cost effective.

Savings account, current account, investment accounts (IA) and term deposits form a critical part of the Group's and the Bank's funding profile and the Group and the Bank place considerable importance on maintaining their stability. The stability depends upon preserving depositor confidence in the Group and the Bank and the Group's and the Bank's capital strength and liquidity, and on competitive and transparent pricing.



Notes to the Financial Statements

for the financial year ended 31 December 2023

41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

Overview (continued)

The Group's and the Bank's liquidity management is primarily carried out in accordance with Bank Negara Malaysia's requirements and the internal limits are approved by the ALCO and/or BRC. The Group and the Bank have adopted BNM's liquidity standard on Liquidity Coverage Ratio ("LCR") to ensure maintenance of adequate stock of unencumbered high-quality liquid assets ("HQLA") to survive the liquidity needs for 30 calendar days under liquidity stress condition and Net Stable Funding Ratio ("NSFR") that aims to strengthen the funding maturity profile to reduce funding risk over a longer time horizon. The limits vary to take account of the depth and liquidity of the local market in which the Group and the Bank operate. The Group and the Bank maintain a strong liquidity position and manage the liquidity profile of its assets, liabilities and commitments to ensure that cash flows are appropriately balanced and all obligations are met when due. The management of liquidity risk is principally carried out by using sets of policies and guidelines approved by ALCO and/or BRC, guided by the Board's approved Risk Appetite Statement. The ALCO is responsible under the authority delegated by the BRC for managing liquidity risk at strategic level.

Management of liquidity risk

The day-to-day responsibility for all liquidity risk exposures are managed by Treasury, who has the necessary skills, tools, management and governance to manage such risks. Limits and other risk controls are set to meet the following objectives:

- Maintaining sufficient liquidity surplus and reserves to sustain a sudden liquidity shock;
- Ensuring cash flows are relatively diversified across all maturities;
- Ensuring deposit base is diversified and not overly concentrated to a relatively small number of depositors;
- Maintaining sufficient borrowing capacity in the Interbank market
- Maintain sufficient highly liquid financial assets;
- Not over-extending financing activities relative to the deposit base; and
- Not over-relying on non-Ringggit liabilities to fund Ringggit assets.

MRMD is also responsible for the implementation of liquidity risk management framework. It develops the Group's and the Bank's liquidity risk management guidelines, monitoring tools, behavioural assumptions and limit setting methodologies. Escalation procedures are documented and approved by the ALCO and/or BRC, with proper authorities to ratify or approve any excess. In addition, the liquidity risk exposures and limits are reported to the ALCO and the BRC. Stress testing and scenario analysis are important tools used by the Group and the Bank to manage the liquidity risk. Stress test results are produced regularly to determine the impact of a sudden liquidity shock. The stress testing provides the Management and the BRC with an assessment of the financial impact of identified extreme events on the liquidity and funding risk exposures of the Group and the Bank. Another key control feature of the Group's and the Bank's liquidity risk management is the liquidity contingency management plans. These plans identify the pre-emptive quantitative and qualitative indicators of stress conditions arising from systemic or other crises and provide guidance on the actions to be taken in order to minimise the adverse implications to the Group and the Bank.

4.1. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

Maturity analysis

The table below analyses assets and liabilities of the Group and the Bank based on the remaining period at the end of the reporting period to the contractual maturity date in accordance with the requirement of Bank Negara Malaysia Guidelines:

Group As at 31 December 2023	On demand/ no specific maturity date RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	Over 1 year RM'000	Total RM'000
Assets							
Cash and short-term funds and deposits and placements with financial institutions	936,629	3,777,836	-	-	-	-	4,714,465
Financial assets at FVTPL	-	797,766	-	-	-	418,003	1,215,769
Derivative financial assets	-	40,263	77,540	4,949	75	173	123,000
Financial assets at FVOCI	-	534,861	312,224	307,832	2,164,615	9,200,676	12,520,208
Financial assets at amortised cost	-	499,307	-	40,256	212,649	2,368,018	3,120,230
Financing, advances and others	-	4,255,592	1,837,992	725,258	598,198	59,400,075	66,817,115
Other financial assets at amortised cost	826,056	-	-	-	-	-	826,056
Statutory deposits with Bank Negara Malaysia	989,407	-	-	-	-	-	989,407
Total assets	2,752,092	9,875,005	2,195,398	1,086,933	2,975,462	71,386,772	90,271,662
Liabilities							
Deposits from customers	20,862,008	10,475,967	9,051,319	9,487,835	7,361,994	1,777,008	59,016,131
Investment accounts of customers	9,640,398	1,913,504	2,726,428	1,364,439	290,699	1,137,688	17,073,156
Deposits from banks and other financial institutions	-	-	351,787	-	-	-	351,787
Derivative financial liabilities	-	7,130	28,480	20,938	-	-	56,548
Bills and acceptance payable	15,614	-	-	-	-	-	15,614
Recourse obligations on financing sold to Cagamas	-	-	-	500,000	-	1,504,329	2,004,329
Subordinated sukuk and capital securities	-	-	13,175	10,365	-	2,300,000	2,323,540
Other liabilities	2,399,093	-	-	-	-	-	2,399,093
Lease liabilities	-	1,354	2,733	4,145	7,125	265,817	281,174
Total liabilities	32,917,113	12,397,955	12,173,922	11,387,722	7,659,818	6,984,842	83,521,372
Net liquidity gap on statement of financial position	(30,165,021)	(2,522,950)	(9,978,524)	(10,300,789)	(4,684,356)	64,401,930	6,750,290



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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

Maturity analysis (continued)

Group As at 31 December 2022	On demand/ no specific maturity date RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	Over 1 year RM'000	Total RM'000
Assets							
Cash and short-term funds and deposits and placements with financial institutions	817,436	6,327,678	-	-	-	-	7,145,114
Financial assets at FVTPL	-	244,270	49,845	5,010	-	3	299,128
Derivative financial assets	40,263	77,540	4,949	75	173	123,000	
Financial assets at FVOCI	-	246,611	317,855	376,002	1,422,664	9,730,285	12,093,417
Financial assets at amortised cost	-	-	208,783	20,292	946,493	1,879,688	3,055,256
Financing, advances and others	-	4,027,871	1,391,930	584,178	585,384	58,312,631	64,901,994
Other financial assets at amortised cost	578,615	-	-	-	-	-	578,615
Statutory deposits with Bank Negara Malaysia	950,508	-	-	-	-	-	950,508
Total assets	2,346,559	10,886,693	2,045,953	990,431	2,954,616	69,922,780	89,147,032
Liabilities							
Deposits from customers	20,486,770	13,315,612	13,738,264	6,667,213	3,836,231	2,663,414	60,707,504
Investment accounts of customers	7,313,658	2,459,970	1,429,276	3,059,148	197,641	1,746	14,461,439
Deposits from banks and other financial institutions	-	-	70,068	-	-	-	70,068
Derivative financial liabilities	-	41,938	77,808	17,477	-	101	137,324
Bills and acceptance payable	22,441	-	-	-	-	-	22,441
Recourse obligations on financing sold to Cagamas	-	-	-	1,500,000	-	1,505,343	3,005,343
Subordinated sukuk and capital securities	-	-	13,175	8,917	-	2,200,000	2,222,092
Other liabilities	2,070,964	-	-	-	-	-	2,070,964
Lease liabilities	-	1,175	2,362	3,752	8,158	280,138	295,585
Total liabilities	29,893,833	15,818,695	15,330,953	11,256,507	4,042,030	6,650,742	82,992,760
Net liquidity gap on statement of financial position	(27,547,274)	(4,932,002)	(13,285,000)	(10,266,076)	(1,087,414)	63,272,038	6,154,272

4.1. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

Maturity analysis (continued)

Bank As at 31 December 2023	On demand/ no specific maturity date RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	Over 1 year RM'000	Total RM'000
Assets							
Cash and short-term funds and deposits and placements with financial institutions	933,427	3,744,816	-	-	-	-	4,678,243
Financial assets at FVTPL	-	496,243	-	-	-	418,003	914,246
Derivative financial assets	-	9,643	45,182	13,587	-	-	68,412
Financial assets at FVOCI	-	536,220	312,224	307,832	2,164,615	9,200,676	12,521,567
Financial assets at amortised cost	-	499,307	-	40,256	212,649	2,368,018	3,120,230
Financing, advances and others	-	4,255,592	1,837,992	725,258	598,198	59,400,075	66,817,115
Other financial assets at amortised cost	726,892	-	-	-	-	-	726,892
Statutory deposits with Bank Negara Malaysia	989,407	-	-	-	-	-	989,407
Total assets	2,649,726	9,541,821	2,195,398	1,086,933	2,975,462	71,386,772	89,836,112
Liabilities							
Deposits from customers	20,879,482	10,477,031	9,053,395	9,489,136	7,366,529	1,777,008	59,042,581
Investment accounts of customers	9,640,398	1,930,298	2,726,428	1,366,456	291,055	1,137,959	17,092,594
Deposits from banks and other financial institutions	-	-	351,787	-	-	-	351,787
Derivative financial liabilities	-	7,130	28,480	20,938	-	-	56,548
Bills and acceptance payable	15,614	-	-	-	-	-	15,614
Recourse obligations on financing sold to Cagamas	-	-	-	500,000	-	1,504,329	2,004,329
Subordinated sukuk and capital securities	-	-	13,175	10,365	-	2,300,000	2,323,540
Other liabilities	2,276,009	-	-	-	-	-	2,276,009
Lease liabilities	-	1,322	2,668	4,046	6,924	265,399	280,359
Total liabilities	32,811,503	12,415,781	12,175,933	11,390,941	7,664,508	6,984,695	83,443,361
Net liquidity gap on statement of financial position	(30,161,777)	(2,873,960)	(9,980,535)	(10,304,008)	(4,689,046)	64,402,077	6,392,751



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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

Maturity analysis (continued)

Bank As at 31 December 2022	On demand/ no specific maturity date RM'000	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	Over 1 year RM'000	Total RM'000
Assets							
Cash and short-term funds and deposits and placements with financial institutions	816,234	6,311,925	-	-	-	-	7,128,159
Financial assets at FVTPL	-	217,877	49,845	5,010	-	3	272,735
Derivative financial assets	-	40,263	77,540	4,949	75	173	123,000
Financial assets at FVOCI	-	247,498	317,855	376,002	1,422,664	9,730,285	12,094,304
Financial assets at amortised cost	-	-	208,783	20,292	946,493	1,879,688	3,055,256
Financing, advances and others	-	4,027,871	1,391,930	584,178	585,384	58,312,631	64,901,994
Other financial assets at amortised cost	480,595	-	-	-	-	-	480,595
Statutory deposits with Bank Negara Malaysia	950,508	-	-	-	-	-	950,508
Total assets	2,247,337	10,845,434	2,045,953	990,431	2,954,616	69,922,780	89,006,551
Liabilities							
Deposits from customers	20,592,104	13,316,727	13,739,569	6,670,552	3,839,349	2,663,414	60,821,715
Investment accounts of customers	7,313,658	2,483,432	1,508,975	3,059,370	197,781	1,746	14,564,962
Deposits from banks and other financial institutions	-	-	70,068	-	-	-	70,068
Derivative financial liabilities	-	41,938	77,808	17,477	-	101	137,324
Bills and acceptance payable	22,441	-	-	-	-	-	22,441
Recourse obligations on financing sold to Cagamas	-	-	-	1,500,000	-	1,505,343	3,005,343
Subordinated sukuk and capital securities	-	-	13,175	8,917	-	2,200,000	2,222,092
Other liabilities	1,910,462	-	-	-	-	-	1,910,462
Lease liabilities	-	1,129	2,270	3,613	8,017	280,138	295,167
Total liabilities	29,838,665	15,843,226	15,411,865	11,259,929	4,045,147	6,650,742	83,049,574
Net liquidity gap on statement of financial position	(27,591,328)	(4,997,792)	(13,365,912)	(10,269,498)	(1,090,531)	63,272,038	5,956,977

4.1. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

Contractual maturity of financial liabilities on an undiscounted basis

The table below present the cash flows payable by the Group and Bank under financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flows:

Group As at 31 December 2023	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	Over 1 year RM'000	Total RM'000
Financial Liabilities						
Deposits from customers	30,796,494	9,550,307	9,643,744	7,593,248	2,133,996	59,717,789
Investment accounts of customers	11,575,586	2,853,945	1,382,441	302,665	1,238,377	17,353,014
Deposits and placements of bank and other financial institutions	-	353,323	-	-	-	353,323
Derivative financial liabilities	6,692	28,914	20,938	-	-	56,544
<i>Forward contract</i>	6,686	28,914	20,938	-	-	56,538
<i>Islamic Profit Rate Swap</i>	6	-	-	-	-	6
Bills and acceptance payable	15,614	-	-	-	-	15,614
Recourse obligations on financing sold to Cagamas	11,179	22,353	532,301	59,698	1,888,382	2,513,913
Subordinated sukuk and capital securities	-	20,627	35,828	56,373	3,228,286	3,341,114
Other liabilities	2,018,973	-	-	-	380,120	2,399,093
Lease liabilities	2,627	5,254	7,881	15,011	366,060	396,833
	44,427,165	12,834,723	11,623,133	8,026,995	9,235,221	86,147,237
Commitments and Contingencies						
Financial guarantee contracts	129,830	322,752	274,397	560,765	746,968	2,034,712
	129,830	322,752	274,397	560,765	746,968	2,034,712



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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

Contractual maturity of financial liabilities on an undiscounted basis (continued)

Group As at 31 December 2022	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	Over 1 year RM'000	Total RM'000
Financial Liabilities						
Deposits from customers	33,061,779	14,473,079	6,511,528	4,209,466	3,124,189	61,380,041
Investment accounts of customers	9,749,120	1,501,789	3,094,246	208,390	1,807	14,555,352
Deposits and placements of bank and other financial institutions	-	70,690	-	-	-	70,690
Derivative financial liabilities	41,876	78,568	19,641	8,792	2,045	150,922
<i>Forward contract</i>	41,806	77,940	17,477	-	-	137,223
<i>Islamic Profit Rate Swap</i>	70	628	2,164	8,792	2,045	13,699
Bills and acceptance payable	22,441	-	-	-	-	22,441
Recourse obligations on financing sold to Cagamas	11,110	22,222	1,527,473	31,507	1,695,306	3,287,618
Subordinated sukuk and capital securities	-	20,485	26,301	47,068	2,752,960	2,846,814
Other liabilities	1,695,964	-	-	-	375,000	2,070,964
Lease liabilities	2,550	5,081	7,792	16,121	395,745	427,289
	44,584,840	16,171,914	11,186,981	4,521,344	8,347,052	84,812,131
Commitments and Contingencies						
Financial guarantee contracts	148,283	221,488	187,671	487,916	880,898	1,926,256
	148,283	221,488	187,671	487,916	880,898	1,926,256

4.1. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

Contractual maturity of financial liabilities on an undiscounted basis (continued)

Bank	Up to 1 month RM'000	>1 to 3 months RM'000	>3 to 6 months RM'000	>6 to 12 months RM'000	Over 1 year RM'000	Total RM'000
As at 31 December 2023						
Financial Liabilities						
Deposits from customers	30,815,035	9,552,396	9,645,060	7,597,925	2,133,996	59,744,412
Investment accounts of customers	11,592,383	2,853,945	1,384,355	303,154	1,238,665	17,372,502
Deposits and placements of bank and other financial institutions	-	353,323	-	-	-	353,323
Derivative financial liabilities	6,692	28,914	20,938	-	-	56,544
<i>Forward contract</i>	6,686	28,914	20,938	-	-	56,538
<i>Islamic Profit Rate Swap</i>	6	-	-	-	-	6
Bills and acceptance payable	15,614	-	-	-	-	15,614
Recourse obligations on financing sold to Cagamas	11,179	22,353	532,301	59,698	1,888,382	2,513,913
Subordinated sukuk and capital securities	-	20,627	35,828	56,373	3,228,286	3,341,114
Other liabilities	1,907,439	-	-	-	368,570	2,276,009
Lease liabilities	2,627	5,254	7,881	14,582	365,631	395,975
	44,350,969	12,836,812	11,626,363	8,031,732	9,223,530	86,069,406
Commitments and Contingencies						
Financial guarantee contracts	129,830	322,752	274,397	560,765	746,968	2,034,712
	129,830	322,752	274,397	560,765	746,968	2,034,712
As at 31 December 2022						
Financial Liabilities						
Deposits from customers	33,168,234	14,474,390	6,514,897	4,212,654	3,124,189	61,494,364
Investment accounts of customers	9,767,598	1,586,919	3,094,470	208,534	1,807	14,659,328
Deposits and placements of bank and other financial institutions	-	70,690	-	-	-	70,690
Derivative financial liabilities	41,876	78,568	19,641	8,792	2,045	150,922
<i>Forward contract</i>	41,806	77,940	17,477	-	-	137,223
<i>Islamic Profit Rate Swap</i>	70	628	2,164	8,792	2,045	13,699
Bills and acceptance payable	22,441	-	-	-	-	22,441
Recourse obligations on financing sold to Cagamas	11,110	22,222	1,527,473	31,507	1,695,306	3,287,618
Subordinated sukuk and capital securities	-	20,485	26,301	47,068	2,752,960	2,846,814
Other liabilities	1,535,462	-	-	-	375,000	1,910,462
Lease liabilities	2,495	4,989	7,653	15,980	395,745	426,862
	44,549,216	16,258,263	11,190,435	4,524,535	8,347,052	84,869,501
Commitments and Contingencies						
Financial guarantee contracts	148,283	221,488	187,671	487,916	880,898	1,926,256
	148,283	221,488	187,671	487,916	880,898	1,926,256



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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Operational Risk

Overview

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.

Management of operational risk

The Group and the Bank recognises and emphasises the importance of operational risk management (“ORM”) 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 and the Bank’s overall governance approach in managing operational risk is premised on the Three Lines of Defence Approach:

- **1st line of defence** – The risk owner or risk taking unit i.e. Business or Support Unit is accountable for putting in place a robust control environment within their respective units. They are responsible for the day-to-day management of operational risk. Head of Division/Department (“HOD”) are accountable for effective management of operational risk within their respective divisions.

To reinforce accountability and ownership of risk and control, a Risk Controller for each risk taking unit is appointed to assist in driving the risk and control programme for the Group and the Bank.

In addition, an Embedded Risk & Compliance Unit (“ERU”) has been established within the significant business and support units (“BU/SU”). The ERU would assist in implementing and monitoring the ORM activities within the BU/SU. The ERU’s relationship and knowledge of the business allow for a more focused implementation and effective oversight of ORM within the BU/SU.

- **2nd line of defence** – Operational Risk Management Department (“ORMD”) is responsible for establishing and maintaining the ORM Framework, developing various ORM tools to facilitate the management of operational risk, monitoring the effectiveness of ORM via an integrated operational risk management system, assessing operational risk issues from the risk owner and escalating the issues to the relevant governance level with recommendations on appropriate risk mitigation strategies. In creating a strong risk culture, ORMD is also responsible to promote risk awareness across the Group and the Bank.
- **2nd line of defence** – Shariah Risk Management (“SRM”) Unit of ORMD, Group Compliance Division which includes Shariah Compliance Department (“SCD”) and Group Information Security Governance (“GISGD”) complement the role of ORMD as the second line of defence. SRM is responsible for managing the Shariah compliance risk (“SCR”) by establishing and maintaining appropriate SRM guidelines, facilitating the process of identifying, assessing, controlling and monitoring SCR and promoting SCR awareness.

Business Continuity Management (“BCM”) Unit of ORMD role is crucial for maintaining organisational resilience, protecting assets, and ensuring the continuity of critical business functions during unexpected events. This is done by minimising the impact of disruptions through rapid recovery, thereby safeguarding long-term viability.

4.1. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Operational Risk (continued)

Management of operational risk (continued)

Group Compliance Division is responsible for ensuring effective oversight on compliance-related risks such as regulatory compliance risk, compliance risk as well as money laundering and terrorism financing risks through proper classification of risks and develops, reviews and enhances compliance-related training programmes as well as conducts training that promotes awareness creation.

SCD of Group Compliance Division, is responsible for reviewing and monitoring Shariah compliance of the Group's operations, activities and services at BU/ SU level.

GISGD is responsible in managing technology risk by establishing, maintaining and enforcing technology risk policies and guidelines, as well as promoting Group-wide awareness on technology risk. It also works closely with Group Digital Division ("GDD") in identifying, assessing, mitigating and monitoring of technology risk in the Group and the Bank.

- **3rd line of defence** - Group Internal Audit provides independent assurance to the Board and management on the effectiveness of the ORM process.

(f) Offsetting Financial Assets and Financial Liabilities

The Group and the Bank report financial assets and financial liabilities on a net basis on the balance sheet only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts of recognised financial assets in the statement of financial position RM'000	Gross amounts of recognised financial liabilities in the statement of financial position RM'000	Net amount presented in statement of financial position RM'000	Related amounts not set off in the statements of financial position		Net amount RM'000
				Financial instruments RM'000	Financial collateral received RM'000	
2023						
Derivatives assets	68,412	-	68,412	(42,230)	(130)	26,052
Derivatives liabilities	-	56,548	56,548	(42,230)	(130)	14,188
2022						
Derivatives assets	123,000	-	123,000	(62,402)	(130)	60,468
Derivatives liabilities	-	137,324	137,324	(62,402)	(130)	74,792



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42. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets, financial liabilities and off-balance sheet instruments. Fair value is the amount at which the financial assets could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the estimates of fair values as at the financial position date.

Quoted and observable market prices where available, are used as the measure of fair values. Where such quoted and observable market prices are not available, fair values are estimated based on a range of methodologies and assumptions regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors. Changes in the assumptions could materially affect these estimates and the corresponding fair values.

Fair value information for non-financial assets and liabilities such as investments in subsidiaries and taxation are excluded, as they do not fall within the scope of MFRS 7, Financial Instruments: Disclosure and Presentation which requires the fair value information to be disclosed.

The fair values are based on the following methodologies and assumptions:

Deposits and placements with banks and other financial institutions

For deposits and placements with financial instruments with maturities of less than six months, the carrying value is a reasonable estimate of fair values. For deposits and placements with maturities six months and above, the estimated fair values are based on discounted cash flows using prevailing Islamic money market profit rates at which similar deposits and placements would be made with financial instruments of similar credit risk and remaining period to maturity.

Financial assets measured at FVTPL and FVOCI

The estimated fair values are generally based on quoted and observable market prices. Where there is no ready market in certain securities, fair values have been estimated by reference to market indicative yields or net tangible asset backing of the investee.

Financing, advances and others

The fair values are estimated by discounting the estimated future cash flows using the prevailing market rates of financing with similar credit risks and maturities.

Deposits from customers and investment accounts of customers

The fair values of deposits and investment accounts are deemed to approximate their carrying amounts as rate of returns are determined at the end of their holding periods based on the profit generated from the assets invested.

Deposits and placements of banks and other financial institutions

The estimated fair values of deposits and placements of banks and other financial institutions with maturities of less than six months approximate the carrying values. For deposits and placements with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing money market profit rates for deposits and placements with similar remaining period to maturities.

4.2. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Bills and acceptance payable

The estimated fair values of bills and acceptance payables with maturity of less than six months approximate their carrying values. For bills and acceptance payable with maturities of six months or more, the fair values are estimated based on discounted cash flows using prevailing market rates for borrowings with similar risk profiles.

Fair value hierarchy

MFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources and unobservable inputs reflect the Group's market assumptions. The fair value hierarchy is as follows:

- Level 1 - Quoted price (unadjusted) in active markets for the identical assets or liabilities. This level includes listed equity securities and debt instruments.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This level includes profit rate swaps and structured debt. The sources of input parameters include BNM indicative yields or counterparty credit risk.
- Level 3 - Inputs for asset or liability that are not based on observable market data (unobservable inputs). This level includes equity instruments and debt instruments with significant unobservable components.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. The table does not include those short-term/on demand financial assets and financial liabilities where the carrying amounts are reasonable approximation of their fair values.

Group 31 December 2023	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value Level 3	Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total			
RM'000							
Financial assets							
Financial assets at FVTPL	-	1,215,769	-	1,215,769	-	1,215,769	1,215,769
Derivative financial assets	-	68,412	-	68,412	-	68,412	68,412
Financial assets at FVOCI	6,317	12,430,426	83,465	12,520,208	-	12,520,208	12,520,208
Financial assets at AC	-	-	-	-	3,107,799	3,107,799	3,120,230
Financing, advances and others	-	-	-	-	70,406,543	70,406,543	66,817,115
Financial liabilities							
Derivative financial liabilities	-	56,548	-	56,548	-	56,548	56,548
Recourse obligations on financing sold to Cagamas	-	-	-	-	2,029,840	2,029,840	2,004,329
Subordinated sukuk and capital securities	-	-	-	-	2,306,829	2,306,829	2,323,540



Notes to the Financial Statements

for the financial year ended 31 December 2023

42. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Group 31 December 2022	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value Level 3	Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total			
RM'000							
Financial assets							
Financial assets at FVTPL	-	299,128	-	299,128	-	299,128	299,128
Derivative financial assets	-	123,000	-	123,000	-	123,000	123,000
Financial assets at FVOCI	7,000	12,017,378	69,039	12,093,417	-	12,093,417	12,093,417
Financial assets at AC	-	-	-	-	3,008,360	3,008,360	3,055,256
Financing, advances and others	-	-	-	-	68,151,645	68,151,645	64,901,994
Financial liabilities							
Derivative financial liabilities	-	137,324	-	137,324	-	137,324	137,324
Recourse obligations on financing sold to Cagamas	-	-	-	-	3,011,090	3,011,090	3,005,343
Subordinated sukuk and capital securities	-	-	-	-	2,181,013	2,181,013	2,222,092

Bank 31 December 2023	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value Level 3	Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total			
RM'000							
Financial assets							
Financial assets at FVTPL	-	914,246	-	914,246	-	914,246	914,246
Derivative financial assets	-	68,412	-	68,412	-	68,412	68,412
Financial assets at FVOCI	6,317	12,430,426	84,824	12,521,567	-	12,521,567	12,521,567
Financial assets at AC	-	-	-	-	3,107,799	3,107,799	3,120,230
Financing, advances and others	-	-	-	-	70,406,543	70,406,543	66,817,115
Financial liabilities							
Derivative financial liabilities	-	56,548	-	56,548	-	56,548	56,548
Recourse obligations on financing sold to Cagamas	-	-	-	-	2,029,840	2,029,840	2,004,329
Subordinated sukuk and capital securities	-	-	-	-	2,306,829	2,306,829	2,323,540

4.2. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Bank 31 December 2022	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value Level 3	Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total			
RM'000							
Financial assets							
Financial assets at FVTPL	-	272,735	-	272,735	-	272,735	272,735
Derivative financial assets	-	123,000	-	123,000	-	123,000	123,000
Financial assets at FVOCI	7,000	12,017,378	69,926	12,094,304	-	12,094,304	12,094,304
Financial assets at AC	-	-	-	-	3,008,360	3,008,360	3,055,256
Financing, advances and others	-	-	-	-	68,151,645	68,151,645	64,901,994
Financial liabilities							
Derivative financial liabilities	-	137,324	-	137,324	-	137,324	137,324
Recourse obligations on financing sold to Cagamas	-	-	-	-	3,011,090	3,011,090	3,005,343
Subordinated sukuk and capital securities	-	-	-	-	2,181,013	2,181,013	2,222,092

Unobservable inputs used in measuring fair value

The following tables show the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

(a) Financial instruments carried at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at FVOCI	Net tangible assets	Net tangible assets	Higher net tangible assets results in higher fair value



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42. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Unobservable inputs used in measuring fair value (continued)

(b) Financial instruments not carried at fair value

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Other financial assets at amortised cost

The fair values of securities that are actively traded is determined by quoted mid prices. For non-actively traded securities, the fair values are estimated using valuation techniques such as discounted cash flows analysis. Where discounted cash flows technique is used, the estimated future cash flows are discounted using applicable prevailing market or indicative rates of similar instruments at the reporting date.

(ii) Financing and advances

The fair values of variable rate financing are estimated to approximate their carrying values. For fixed rate financing, the fair values are estimated based on expected future cash flows of contractual instalment payments, discounted at applicable and prevailing rates at reporting date offered for similar facilities to new borrowers with similar credit profiles. In respect of impaired financing, the fair values are deemed to approximate the carrying values which are net of impairment allowances.

(iii) Subordinated Sukuk Murabahah and Recourse obligations on financing sold to Cagamas

The fair values of subordinated obligations are estimated by discounting the expected future cash flows using the applicable prevailing profit rates for borrowings with similar risk profiles.

43. CAPITAL COMMITMENTS

	Group and Bank	
	2023 RM'000	2022 RM'000
Property and equipment Contracted but not provided for in the financial statements	237,649	277,699

44. COMMITMENTS AND CONTINGENCIES

(a) Commitment and contingencies

The off-Balance Sheet and counterparties credit risk for the Group and the Bank are as follows:

31 December 2023 Nature of item	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
Credit related exposures			
Direct credit substitutes	565,760	565,760	624,984
Transaction related contingent items	1,155,677	577,839	621,457
Short-term self-liquidating trade related contingencies	313,275	62,655	65,329
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:			
- exceeding one year	1,074,826	537,413	451,996
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	9,717,721	-	-
	12,827,259	1,743,667	1,763,766
Derivative Financial Instruments			
Foreign exchange related contracts			
- less than one year	8,651,500	68,402	177,339
Profit rate related contracts			
- less than one year	3,343	10	5
	8,654,843	68,412	177,344
Total	21,482,102	68,412	1,921,011



Notes to the Financial Statements

for the financial year ended 31 December 2023

44. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(a) Commitment and contingencies (continued)

The off-Balance Sheet and counterparties credit risk for the Group and the Bank are as follows:

31 December 2022 Nature of item	Principal Amount RM'000		Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
Credit related exposures				
Direct credit substitutes	533,884		533,884	578,339
Transaction related contingent items	985,002		492,501	483,516
Short-term self-liquidating trade related contingencies	407,370		81,474	80,143
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	1,392,315		696,158	575,432
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	7,809,279		-	-
	11,127,850		1,804,017	1,717,430
Derivative Financial Instruments				
Foreign exchange related contracts				
- less than one year	7,713,420	122,827	212,579	78,664
Profit rate related contracts				
- less than one year	42,286	173	501	325
	7,755,706	123,000	213,080	78,989
Total	18,883,556	123,000	2,017,097	1,796,419

44. COMMITMENTS AND CONTINGENCIES (CONTINUED)

b) Contingent liabilities

On 18 October 2021, Perbadanan Harta Intelek Malaysia ("Plaintiff") filed a civil suit against BIMB Investment Management Berhad ("First Defendant"), a wholly owned subsidiary of the Bank and Ahmad Azwan Bin Aboo Mansor ("Second Defendant").

Plaintiff pleaded that the Defendants are liable for loss and damage caused by the Defendants fraudulent misrepresentation, negligent misrepresentation, negligence and breach of statutory duty on the placement of deposit in the sum of RM85,530,000.00 by Plaintiff to First Defendant upon representation made by Second Defendant to Plaintiff.

The sealed Writ and Statement of Claim dated 18 October 2021 was served to Messrs Ganesan & Irmohizam ("First Defendant's Solicitors") on 25 October 2021.

The Plaintiff claimed for the following:

- 1) RM43,958,509.29 being the difference between the balance sum and total principal sum deposited;
- 2) RM15,910,619.62 for loss of profit on deposit sum;
- 3) Alternatively, RM11,443,914.00 for lost of profit on deposit sum;
- 4) General damages;
- 5) Exemplary damages; and
- 6) Interest.

The First Defendants Solicitors had entered Appearance on 8 November 2021 and has requested for an extension of two weeks from 24 November 2021 to file Defence. The Court fixed for next Case Management on 24 November 2021. On 24 November 2021, the Court directed First Defendant to file Defence on 8 December 2021 and Plaintiff to file Reply to Defence by 5 January 2022.

During the case management held on 18 July 2022, the Court made the following directions in relation to Enclosure 32 (First Defendant's Notice of Application seeking original documents for forensic examination):

- 1) Plaintiff shall file and serve its Affidavit in Reply on or before 29 July 2022;
- 2) First Defendant shall file and serve its Affidavit in Reply on or before 12 August 2022;
- 3) Both Parties shall file respective written submissions simultaneously on or before 23 August 2022;
- 4) Both Parties shall file respective written submissions in reply simultaneously on or before 30 August 2022.

The next Case Management is fixed on 26 April 2024, where the full trial of this suit has been scheduled on 27th, 28th and 29th of May 2024.

The potential liability of BIMB Invest if there was an adverse decision related to the claim is estimated to be approximately RM59.8 million.

The possible obligation towards BIMB Invest to settle the litigation claim are subject to decision by the court and as the case are still preliminary, the settlement to the litigation claim may not be probable at this juncture and therefore no provision is recognised in the financial statements.



Notes to the Financial Statements

for the financial year ended 31 December 2023

45. CAPITAL ADEQUACY

Total capital and capital adequacy ratios of the Group and the Bank have been computed based on Bank Negara Malaysia (“BNM”)s Capital Adequacy Framework for Islamic Banks (Capital Components) issued on 15 December 2023 and Capital Adequacy Framework for Islamic Banks (Risk-Weighted Assets) issued on 18 December 2023. The Group and the Bank is required to meet minimum Common Equity Tier I (“CET I”), Tier I and Total Capital adequacy ratios of 4.5%, 6.0% and 8.0% respectively.

To ensure that banks build up adequate capital buffer outside period of stress, a Capital Conservation Buffer (“CCB”) of 2.5% above the minimum capital adequacy was introduced by BNM. The CCB is maintained in the form of CET I Capital above the minimum CET I Capital, Tier I Capital and Total Capital adequacy at 2.5% starting 1 January 2019 onwards.

Therefore, the minimum regulatory capital adequacy ratios requirement for CET I capital ratio, Tier I capital ratio and Total Capital ratio are 7.0%, 8.5% and 10.5% respectively starting year 2019 onwards. The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk.

The capital adequacy ratios of the Group and the Bank are set out below:

	Group		Bank	
	2023	2022	2023	2022
Common Equity Tier I (“CET I”) Capital Ratio	14.124%	13.578%	13.530%	13.230%
Tier I Capital Ratio	15.132%	14.640%	14.548%	14.298%
Total Capital Ratio	19.893%	19.392%	19.347%	19.074%

The components of CET I, Tier I and Tier II capital:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Paid-up share capital	3,888,725	3,645,043	3,888,725	3,645,043
Retained earnings	3,257,009	3,096,604	3,348,297	3,105,912
Other reserves	254,478	54,596	143,590	(56,368)
Less:				
Deferred tax assets	(174,728)	(212,349)	(173,756)	(211,377)
Regulatory reserves	(167,000)	(136,000)	(167,000)	(136,000)
Investment in subsidiaries	-	-	(344,049)	(100,905)
Intangible assets	(50,354)	(54,578)	(50,354)	(54,578)
Total CET I	7,008,130	6,393,316	6,645,453	6,191,727
Capital securities	500,000	500,000	500,000	500,000
Total Tier I Capital	7,508,130	6,893,316	7,145,453	6,691,727
Sukuk Murabahah	1,800,000	1,700,000	1,800,000	1,700,000
Loss provisions [^]	562,500	537,883	557,168	535,095
Total Tier II Capital	2,362,500	2,237,883	2,357,168	2,235,095
Total Capital	9,870,630	9,131,199	9,502,621	8,926,822

[^] Impairment allowances on non-impaired financing and regulatory reserve, subject to maximum of 1.25% of total credit risk-weighted assets less credit absorbed by unrestricted investment accounts.

45. CAPITAL ADEQUACY (CONTINUED)

The breakdown of risk-weighted assets in the various categories of risk-weights are as follows:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Credit risk	56,803,773	53,650,821	56,390,694	53,513,221
Less: Credit risk absorbed by unrestricted investment accounts	(11,803,750)	(10,620,157)	(11,817,298)	(10,705,652)
	45,000,023	43,030,664	44,573,396	42,807,569
Market risk	392,042	84,876	392,042	84,876
Operational risk	4,225,384	3,971,313	4,150,406	3,909,361
	49,617,449	47,086,853	49,115,844	46,801,806

46. RELATED PARTY TRANSACTIONS

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties that have material transactions and their relationship with the Group and the Bank are as follows:

Parties	Relationship
Lembaga Tabung Haji	Major shareholder
Subsidiaries of Bank Islam Malaysia Berhad as disclosed in Note 13	Subsidiaries
Subsidiaries of Lembaga Tabung Haji	Other related companies
Koperasi Kakitangan Kumpulan BIMB Holdings Malaysia Berhad	Co-operative society in which the employees have interest

Related party transactions have been entered into in the normal course of business under normal trade terms.



Notes to the Financial Statements

for the financial year ended 31 December 2023

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) The related party transactions of the Bank, other than key management personnel compensation, are as follows

	Transaction amount for			
	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Major shareholder				
<u>Income</u>				
Wakalah fee	11	59	11	59
Office rental	32	68	32	68
Fees and commission	504	401	-	-
<u>Expenses</u>				
Income attributable to depositors	57,658	40,164	57,658	40,164
Income attributable to investment account holders	5,868	12,074	5,868	12,074
Finance cost on subordinated sukuk and capital securities	5,579	4,318	5,579	4,318
Office rental	1,107	1,250	1,107	1,250
Depreciation of right-of-use assets	13,193	13,193	13,193	13,193
Profit expense on lease	16,006	16,550	16,006	16,550
Other rental	341	359	341	359
Subsidiaries				
<u>Income</u>				
Fees and commission	-	-	3,298	4,466
Office rental	-	-	468	563
Dividend	-	-	80,000	3,000
Others	-	-	111	30
<u>Expenses</u>				
Fees and commission	-	-	29,551	17,618
Income attributable to depositors	-	-	353	181
Income attributable to investment account holders	-	-	1,497	2,469
Office rental	-	-	216	196
Other related companies				
<u>Income</u>				
Income from financing, advances and others	16,995	608	16,995	608
Fees and commission income	867	34	867	34
<u>Expenses</u>				
Fees and commission	65	-	65	-
Income attributable to depositors	6,776	3,976	6,776	3,976
Income attributable to investment account holders	321	403	321	403
Office rental	72	-	-	-

46. RELATED PARTY TRANSACTIONS (CONTINUED)

- (a) The related party transactions of the Bank, other than key management personnel compensation, are as follows (continued)

	Group and Bank	
	2023 RM'000	2022 RM'000
Co-operative society in which the employees have interest		
<u>Income</u>		
Income from financing, advances and others	2,501	2,562
<u>Expenses</u>		
Income attributable to depositors	1	4
Income attributable investment account holders	-	18
Others	90	183

The inter-company charge with related parties were mainly transacted in Central region.

- (b) The outstanding balances of the Bank with related parties, are as follows:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Major shareholder				
Amount due from				
Financing, advances and others	-	10	-	10
Amount due to				
Deposits from customers	1,685,296	2,156,712	1,685,296	2,156,712
Investment account of customers	1,000,000	400,000	1,000,000	400,000
Income payable to depositors	1,382	2,815	1,382	2,815
Income payable to investment account holders	2,096	8,252	2,096	8,252
Subordinated sukuk and capital securities	145,000	135,000	145,000	135,000
Finance cost payable on subordinated sukuk and capital Securities	1,409	1,328	1,409	1,328
Subsidiaries				
Amount due from				
Other receivables	-	-	1,613	12
Amount due to				
Deposits from customers	-	-	23,634	112,203
Investment account of customers	-	-	19,378	102,144
Income payable to depositor	-	-	117	64
Income payable to investment account holders	-	-	59	1,379
Other payables	-	-	2,335	2,688



Notes to the Financial Statements

for the financial year ended 31 December 2023

46. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) The outstanding balances of the Bank with related parties, are as follows (continued):

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other related companies				
Amount due from				
Financing, advances and others	631,906	20,866	631,906	20,866
Amount due to				
Deposits from customers	474,101	281,560	474,101	281,560
Investment account of customers	24,608	26,186	24,608	26,186
Income payable to depositors	265	227	265	227
Income payable to investment account holders	12	6	12	6
Commitments and contingencies	34,625	12,418	34,625	12,418
Co-operative society in which the employees have interest				
Amount due from				
Financing, advances and others	42,195	53,075	42,195	53,075
Amount due to				
Deposits from customers	1,159	147	1,159	147
Income payable to depositors	-	1	-	1

47. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

Credit exposures with connected parties as per BNM's revised Guidelines on Credit Transactions and Exposures with Connected Parties are as follows:

	Group and Bank	
	2023 RM'000	2022 RM'000
Outstanding credit exposures with connected parties	2,121,567	1,952,597
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures	5.72%	2.69%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	0.00%	0.00%

The above disclosure on Credit Transaction and Exposures with Connected Parties is presented in accordance with Para 9.1 of Bank Negara Malaysia's Revised Guidelines on Credit Transaction and Exposures with Connected Parties.

Pillar 3 Disclosure

as at 31 December 2023

OVERVIEW

The Pillar 3 Disclosure for financial year ended 31 December 2023 for Bank Islam Malaysia Berhad (“the Bank”) and its subsidiaries (“the Group”) describes the risk profile, risk management practices and capital adequacy position in accordance with the disclosure requirements governed by Bank Negara Malaysia’s (“BNM”) “Capital Adequacy Framework for Islamic Banks (CAFIB) – Disclosure Requirements (Pillar 3)”.

The Group adopts the following approaches in determining the capital requirements of Pillar 1 in accordance with BNM’s Guidelines on CAFIB (Basel II – Risk Weighted Assets (“RWA”)) since January 2008:

- Credit and Market Risk – the Standardised Approach (“SA”); and
- Operational Risk – the Basic Indicator Approach (“BIA”).

Under the Standardised Approach, standard risk weights are used to assess the capital requirements whilst under the Basic Indicator Approach, the capital requirements are computed based on a fixed percentage over the Group’s average gross income for a fixed number of quarterly periods.

As required under Pillar 2, the Group has also developed an Internal Capital Adequacy Assessment Process (“ICAAP”) framework which closely integrates the risk and capital assessment processes and ensures that adequate levels of capital are maintained to support the Group’s current and projected demand for capital under expected and stressed conditions. The ICAAP was adopted in 2012 and has been fully implemented since 2013. The ICAAP is updated and approved on an annual basis by the Management Committee, Board Risk Committee (“BRC”) and Board of Directors (“Board”).

BASIS OF DISCLOSURE

The Pillar 3 Disclosure is prepared in accordance with BNM’s Pillar 3 Disclosure Guidelines issued in July 2010 and the Group’s internal policy on Pillar 3 Disclosure, which aims to enhance transparency on the risk management practices and capital adequacy of the Bank and the Group. The disclosures include both qualitative and quantitative disclosures with respect to capital adequacy, credit risk, market risk, liquidity risk, operational risk, shariah governance, climate risk and management of Investment Account (IA).

Whilst this document discloses the Group’s assets both in terms of exposures and capital requirements, the information disclosed herein may not be directly comparable with the information in the Full-Year Financial Statements 2023 published by the Group.

These disclosures have been reviewed and verified by the Group Internal Auditor and attested by the Group Chief Executive Officer.

MEDIUM AND LOCATION OF DISCLOSURE

The Group’s Pillar 3 Disclosure is made available at www.bankislam.com.



Pillar 3 Disclosure

as at 31 December 2023

MINIMUM REGULATORY CAPITAL REQUIREMENTS

The Group's main activity is Islamic banking business which focuses on retail banking and financing operations. The following tables show the minimum regulatory capital requirement to support the Group's and the Bank's risk weighted assets.

Group	31.12.2023		31.12.2022	
	Risk-Weighted Assets RM'000	Minimum Capital Requirement At 8% RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirement At 8% RM'000
Credit Risk	56,803,773	4,544,302	53,650,821	4,292,066
Less: Credit Risk absorbed by IA	(11,803,750)	(944,300)	(10,620,157)	(849,613)
Market Risk	392,042	31,363	84,876	6,790
Operational Risk	4,225,384	338,031	3,971,313	317,705
Total	49,617,449	3,969,396	47,086,853	3,766,948

Bank	31.12.2023		31.12.2022	
	Risk-Weighted Assets RM'000	Minimum Capital Requirement At 8% RM'000	Risk-Weighted Assets RM'000	Minimum Capital Requirement At 8% RM'000
Credit Risk	56,390,695	4,511,256	53,513,221	4,281,058
Less: Credit Risk absorbed by IA	(11,817,298)	(945,384)	(10,705,652)	(856,452)
Market Risk	392,042	31,363	84,876	6,790
Operational Risk	4,150,406	332,032	3,909,361	312,749
Total	49,115,845	3,929,267	46,801,806	3,744,145

The Group does not have any capital requirement for Large Exposure Risk as there is no amount in excess of the lowest threshold arising from equity holdings as specified in BNM's CAFIB (Risk-Weighted Assets) Guideline.

1. SCOPE OF APPLICATION

The Pillar 3 Disclosure is prepared on a consolidated basis and comprises information on the Bank (including the offshore banking operations in the Federal Territory of Labuan) and its subsidiaries.

There are no significant restrictions or impediments on the transfer of funds or regulatory capital within the Group. There were no capital deficiencies in any of the subsidiary companies of the Group as at the financial year end.

2. CAPITAL ADEQUACY

2.1 Capital Management

The Group's primary objectives when managing capital are to maintain a strong capital position to support business growth and to maintain investors, depositors, customers, and market confidence. In line with this, the Group manages its capital actively and ensures that the capital adequacy ratios which take into account the risk profile of the Group, are above the regulatory minimum requirement.

To ensure that the Group has sufficient capital to support all its business and risk-taking activities, the Group has implemented a sound capital management process in its management systems and processes. A comprehensive capital management framework has been adopted by the Group as a key enabler for value creation which is important to the long-term survival of the Group. This comprehensive capital management process includes thorough risk assessment and risk management techniques that are embedded within the Group's risk governance.

The assessment is based on the approved business plan, its estimation of current risks inherent in the Group and the impact of capital stress tests on the Group's capital plan. The Group aims to achieve the following capital management objectives:

- Meeting regulatory capital requirements;
- Optimising returns to shareholders;
- Maintaining adequate levels and an optimum mix of different sources of capital to support the underlying risks of its business;
- Ensuring adequate capital to withstand shocks and stress;
- Ensuring sufficient capital to expand its business ventures and inorganic growth; and
- Allocating an appropriate amount of capital to business units to optimise return on capital.

The Group's capital management is guided by the Capital Management Plan, approved by the Board, to ensure the management of capital is consistent and aligned with the Group's Risk Appetite Statement and ICAAP Document Policy.

The Group's capital management processes comprise:

- Capital Structuring – ensuring that the amount of regulatory and statutory capital available is consistent with the Group's growth plan, risk appetite, and desired level of capital adequacy. Capital structuring focuses on selecting appropriate, most cost-effective mix of capital instruments;
- Capital Allocation – ensuring that the capital is employed efficiently across the Group based on risk-adjusted return on capital; and
- Capital Optimisation – seeking an optimal level of capital by facilitating the optimisation of the risk profile of the balance sheet. This will be done through:
 - reshaping of the balance sheet;
 - capital planning, allocation and optimisation; and
 - a sound management of the capital buffer.



Pillar 3 Disclosure

as at 31 December 2023

2. CAPITAL ADEQUACY (CONTINUED)

2.1 Capital Management (continued)

As such, the four fundamental components of a sound capital planning process include:

- Internal control and governance;
- Capital policy and risk capture;
- Forward-looking view; and
- Management framework for preserving capital.

The Group's Capital Management Plan is updated annually and approved by the Board for implementation at the beginning of each financial year. The capital plan is drawn up to cover at least a three-year horizon and takes into account, amongst others, the Group's strategic objectives and business plans, regulatory capital requirements, capital benchmarking against the industry, available supply of capital and capital raising options, performance of business sectors based on a Risk Adjusted Return on Capital ("RAROC") approach, as well as ICAAP and stress testing results.

The Group has fully issued Subordinated Sukuk Murabahah under its Subordinated Sukuk Murabahah Programme of up to RM1.0 billion in nominal value ("Subordinated Sukuk Murabahah Programme") which was approved by the Securities Commission Malaysia ("SC") on 7 October 2014. On 6 September 2018, the Group successfully lodged with SC under Lodge and Launch Framework, a Sukuk Murabahah Programme of up to RM10.0 billion in nominal value, which allows issuances of Subordinated Sukuk Murabahah and Senior Sukuk Murabahah. The purpose of the Subordinated Sukuk Murabahah issuance under both programmes is to enhance the capital adequacy of the Group, in line with the requirements under the Basel III capital framework. Both programmes are qualified as Tier 2 regulatory capital of the Bank and the Group in accordance with BNM's CAFIB (Capital Components) Guideline.

Additionally, on 27 June 2022, the Group successfully lodged with SC under Lodge and Launch Framework, a Sukuk Wakalah Programme of up to RM5.0 Billion in nominal value, for the issuances of Additional Tier-1 Capital Sukuk Wakalah. Subsequently, on 24 August 2022, the Group issued RM500 million Additional Tier 1 Sukuk Wakalah under the RM5.0 billion Sukuk Wakalah Programme. This shall qualify as Tier 1 regulatory capital of the Bank and the Group.

For 2023, the Group had on 17 October 2023 issued RM400mil Additional Tier 2 Subordinated Sukuk Murabahah under the RM10.0billion Sukuk Murabahah Programme. This shall qualify as Tier 2 regulatory capital of the Bank and the Group in accordance with BNM's CAFIB (Capital Components) Guideline.

2. CAPITAL ADEQUACY (CONTINUED)

2.1 Capital Management (continued)

Table below depicts a summary of the Subordinated Sukuk Murabahah and Sukuk Wakalah Programme of the Group:

Capital Instrument	Capital Component	Main Features
<p>1) Subordinated Sukuk Murabahah Programme of up to RM1.0 billion (Programme 1)</p> <p>a) Tranche 1: RM300 million at 5.75%</p> <ul style="list-style-type: none"> Issued on 22 April 2015 Mature on 22 April 2025 <p><i>Note: Tranche 1 was called on 22 April 2020</i></p> <p>b) Tranche 2: RM400 million at 5.50%</p> <ul style="list-style-type: none"> Issued on 15 December 2015 Mature on 15 December 2025 <p><i>Note: Tranche 2 was called on 15 December 2020</i></p> <p>c) Tranche 3: RM300 million at 5.08%</p> <ul style="list-style-type: none"> Issued on 13 November 2017 Mature on 12 November 2027 <p><i>Note: Tranche 3 was called on 14 November 2022</i></p>	<p>Tier 2 Capital</p>	<ul style="list-style-type: none"> The tenure of both programmes are as follows: <ol style="list-style-type: none"> Programme 1 - up to thirty (30) years from the date of the first issue under the Subordinated Sukuk Murabahah Programme. Programme 2 - perpetual. The tenure of each issuance of the Subordinated Sukuk Murabahah under both programmes are as follows: <ol style="list-style-type: none"> Programme 1 - shall be not less than five (5) years and up to thirty (30) years from the issue date and provided that the Subordinated Sukuk Murabahah matures on or prior to the expiry of the tenure of the Subordinated Sukuk Murabahah Programme. Programme 2 - shall be not less than five (5) years from the issue date. Each of the Subordinated Sukuk Murabahah may have a call option to allow the Bank to redeem the relevant tranche of the Subordinated Sukuk Murabahah (in whole or in part) on any periodic profit payment date after a minimum period of five (5) years from the issue date of that tranche, subject to the relevant early redemption conditions being satisfied. Unsecured.



Pillar 3 Disclosure

as at 31 December 2023

2. CAPITAL ADEQUACY (CONTINUED)

2.1 Capital Management (continued)

Table below depicts a summary of the Subordinated Sukuk Murabahah and Sukuk Wakalah Programme of the Group (continued):

Capital Instrument	Capital Component	Main Features
2) Sukuk Murabahah Programme of up to RM10.0 billion (Programme 2)		
a) Tranche 1: RM300 million at 5.15% <ul style="list-style-type: none"> • Type: Subordinated Sukuk Murabahah • Issued on 7 November 2018 • Mature on 7 November 2028 <p><i>Note: Tranche 1 was called on 7 November 2023</i></p>	Tier 2 Capital	<ul style="list-style-type: none"> • Subordinated Sukuk Murabahah shall be utilised to finance the Group's Islamic banking activities, working capital requirements and other corporate purposes and/or, if required, to redeem any outstanding Sukuk Murabahah issued under both programmes. All utilisations shall be Shariah Compliant. • Upon the occurrence of a Non-Viability Event, BNM, jointly with PIDM, shall have the option to require the entire or part of the nominal value of the outstanding Subordinated Sukuk Murabahah, and all other amounts owing under the Subordinated Sukuk Murabahah, to be written off. • No Conversion into Equity.
b) Tranche 2: RM400 million at 3.75% <ul style="list-style-type: none"> • Type: Subordinated Sukuk Murabahah • Issued on 26 March 2020 • Mature on 26 March 2030 		
c) Tranche 3: RM700 million at 3.60% <ul style="list-style-type: none"> • Type: Subordinated Sukuk Murabahah • Issued on 21 October 2020 • Mature on 21 October 2030 		
d) Tranche 4: RM300 million at 4.10% <ul style="list-style-type: none"> • Type: Subordinated Sukuk Murabahah • Issued on 12 November 2021 • Mature on 12 November 2031 		
e) Tranche 5: RM400 million at 4.70% <ul style="list-style-type: none"> • Type: Subordinated Sukuk Murabahah • Issued on 17 October 2023 • Mature on 17 October 2033 		

2. CAPITAL ADEQUACY (CONTINUED)

2.1 Capital Management (continued)

Table below depicts a summary of the Subordinated Sukuk Murabahah and Sukuk Wakalah Programme of the Group (continued):

Capital Instrument	Capital Component	Main Features
<p>3) Additional Tier 1 Capital Sukuk Wakalah Programme of up to RM5.0 billion</p> <p>RM500 million at 5.16%</p> <ul style="list-style-type: none"> Issued on 24 August 2022 Mature on 22 August 2121 (perpetual) 	Tier 1 Capital	<ul style="list-style-type: none"> Tenure of the Sukuk Wakalah is perpetual, subject to the Call Option (where applicable). Each Series of the Sukuk Wakalah issued under the Sukuk Wakalah Programme may have a call option (to be determined prior to the relevant issue date) to allow the Issuer, at its option, to redeem (in whole or in part) that Series of the Sukuk Wakalah on any Periodic Distribution Date on or after the fifth (5th) anniversary of the issue date of that Series of the Sukuk Wakalah at the Dissolution Distribution Amount. Unsecured. The proceeds from the Sukuk Wakalah Programme shall be utilised by the Issuer as to finance its general banking working capital requirements and/or other general corporate purposes and to defray fees and expenses related to the Sukuk Wakalah Programme. It may also be utilised to refinance/for redemption of any earlier issuance of Sukuk Wakalah under the Sukuk Wakalah Programme. All utilisations shall be Shariah Compliant. Upon the occurrence of a Non-Viability Event, the Issuer shall irrevocably, without the need for the consent of the Sukuk Trustee or the Sukukholders, write-off the Sukuk Wakalah (in whole or in part) if so required by BNM and/or PIDM at their full discretion. No Conversion into Equity. Non-Convertible and non-Exchangeable.

Total outstanding Subordinated Sukuk Murabahah and Sukuk Wakalah issued under all programmes which are qualified as Tier 1 and Tier 2 regulatory capital of the Bank and the Group as of 31 December 2023 is RM2.3 billion.

2.2 Internal Capital Adequacy Assessment Process (“ICAAP”)

The Group has carried out the internal assessment process on capital as prescribed in BNM’s CAFIB - ICAAP (“Pillar 2”) to complement its current capital management practices. The first ICAAP Document Policy was formalised and approved by the Board in March 2013 and is being reviewed on an annual basis. The Group’s ICAAP process evaluates and sets the minimum internal capital requirement for its current and future business strategies and financial plans for the next 3 years via a comprehensive risk assessment process on its portfolio risk exposures, its risk management practices towards its material risks and potential capital planning buffer required in the event of stress.

Pillar 3 Disclosure

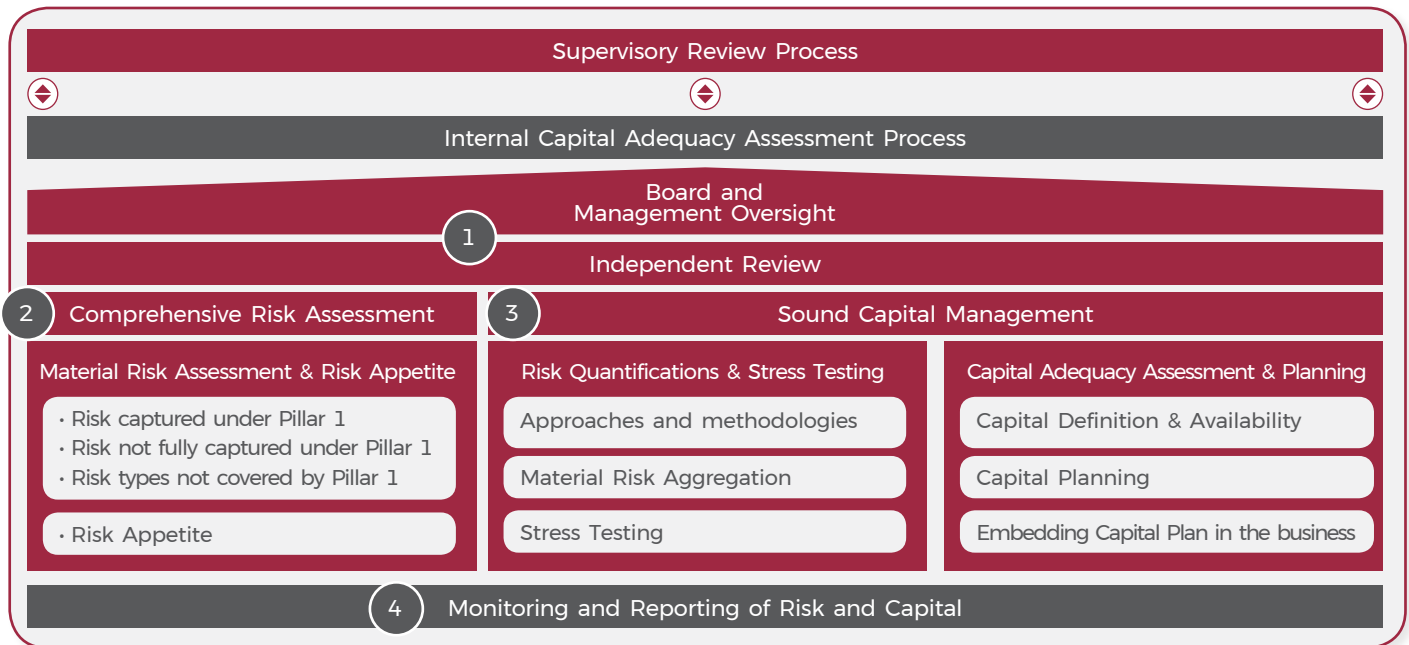
as at 31 December 2023

2. CAPITAL ADEQUACY (CONTINUED)

2.2 Internal Capital Adequacy Assessment Process (“ICAAP”)

The Group has adopted a 4M’s Approach for its Material Risk Assessment under ICAAP. The 4M’s approach includes assessing the materiality of the risks, how the risks are being managed, measured and mitigated. The materiality of the identified risks is analysed using a quantitative and/or qualitative approach. The Group ensures that there is appropriate management and mitigation practices set in place for all its material risks.

Overall ICAAP framework for the Group summarised as below:



Under ICAAP, the following risk types are identified and measured:

- Risks captured under Pillar 1 (i.e., Credit Risk, Market Risk, and Operational Risk);
- Risk not fully captured under Pillar 1 (e.g., Migration and Residual Risk); and
- Risk not covered under Pillar 1 (e.g., Credit Concentration Risk, Rate of Return in the Banking Book, Shariah Non-Compliance Risk, Regulatory/Compliance Risk, Contagion Risk, and IT Risk (including Cybersecurity Risk) amongst others).

2.3 Stress Testing

Regular stress testing (including reverse stress testing) is performed to assess the Group’s ability to maintain adequate capital under both normal business cycle and unfavourable economic conditions. The stress testing is embedded within the risk and capital management process of the Group and is a key function of capital planning and business planning processes. Stress Testing also plays an important role in:

- Identifying the possible events or future changes in the financial and economic conditions of the country and globally that could potentially have unfavourable effects on the Group’s exposures;
- Identifying the different portfolios response to changes in key economic variables (profit rate, foreign exchange rate, GDP, etc);
- Evaluating the Group’s ability to withstand such changes, i.e., its capacity in terms of its capital and earnings, to absorb potentially significant losses; and
- Analysing the Group’s ability to meet the minimum regulatory capital requirement at all times throughout a reasonably severe economic crisis.

2. CAPITAL ADEQUACY (CONTINUED)

2.3 Stress Testing (continued)

The Group has put in place a stress testing programme (including reverse stress testing) which has taken into account all risks deemed material to the Group, namely credit risk, market risk, liquidity risk and operational risk including Shariah non-compliance risk, regulatory compliance risk, contagion risk and IT risk.

In line with the Group's Stress Testing Policy, the Group has taken into consideration the current economic environment and potential customer's credit deterioration due to adverse economic scenario by reviewing the potential affected financing retail customers. Whilst the treatment for non-retail additional stressed areas has been carried out as part of watchlist assessment. Ad-hoc stress testing has also been conducted to assess the impact of deterioration on specific risk areas, in line with stressed macroeconomic variables. These impacts have been assessed to ensure the Group's ability to maintain adequate capital under stressed condition.

2.4 Capital Adequacy Ratios

The Group is required to comply with the Common Equity Tier 1 ("CET 1") Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio ("TCR") as prescribed by BNM. The Group has been in compliance with all prescribed capital adequacy ratios throughout the period.

Total capital and capital adequacy ratios of the Group have been computed based on the updated BNM's CAFIB - Capital Components Guideline issued on 15 December 2023 and BNM's CAFIB - RWA Guideline issued on 18 December 2023. The minimum regulatory capital adequacy ratios requirement for CET 1 capital ratio, Tier 1 capital ratio and TCR including capital buffers i.e., Capital Conservation Buffers ("CCB") are 7.0%, 8.5% and 10.5% respectively.

The CCB is intended to encourage the build-up of capital buffers by individual Islamic banking institutions during normal times that can be drawn down during stress periods.

The table below shows the composition of the regulatory capital and capital adequacy ratios as of 31 December 2023, determined by the requirements of the CAFIB. The capital adequacy ratios of the Group and Bank are set as per below:

(a) The capital adequacy ratios of the Group and of the Bank:

	Group		Bank	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Before effect of IA				
Before deducting proposed dividends				
CET 1 Capital Ratio	11.41%	11.08%	10.91%	10.77%
Tier 1 Capital Ratio	12.22%	11.95%	11.73%	11.64%
Total Capital Ratio	16.12%	16.05%	15.66%	15.76%
After deducting proposed dividends				
CET 1 Capital Ratio	11.00%	10.73%	10.49%	10.41%
Tier 1 Capital Ratio	11.81%	11.60%	11.31%	11.28%
Total Capital Ratio	15.71%	15.70%	15.24%	15.40%



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as at 31 December 2023

2. CAPITAL ADEQUACY (CONTINUED)

2.4 Capital Adequacy Ratios (continued)

(a) The capital adequacy ratios of the Group and of the Bank (continued):

	Group		Bank	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
After effect of IA				
Before deducting proposed dividends				
CET 1 Capital Ratio	14.12%	13.58%	13.53%	13.23%
Tier 1 Capital Ratio	15.13%	14.64%	14.55%	14.30%
Total Capital Ratio	19.89%	19.39%	19.35%	19.07%
After deducting proposed dividends				
CET 1 Capital Ratio	13.61%	13.15%	13.01%	12.80%
Tier 1 Capital Ratio	14.62%	14.21%	14.03%	13.86%
Total Capital Ratio	19.38%	18.96%	18.83%	18.64%

(b) CET I, Tier I and Tier II capital components of the Group and of the Bank:

	31.12.2023	
	Group RM'000	Bank RM'000
Tier I Capital		
Paid-up share capital	3,888,725	3,888,725
Share Premium	-	-
Retained earnings	3,257,009	3,348,297
Other reserves	254,478	143,590
Less: Deferred tax assets	(174,728)	(173,756)
Less: 55% of fair value	-	-
Less: Regulatory reserve attributable to financing	(167,000)	(167,000)
Less: Investment in subsidiaries	-	(344,049)
Less: Intangible Assets	(50,354)	(50,354)
Total Common Equity Tier I Capital	7,008,130	6,645,454
Total Additional Tier I Capital	500,000	500,000
Total Tier I Capital	7,508,130	7,145,454
Subordinated Sukuk	1,800,000	1,800,000
Collective assessment allowance [^]	562,500	557,167
Total Tier II Capital	2,362,500	2,357,167
Total Capital	9,870,630	9,502,621

[^] Collective assessment allowance on non-impaired financing and regulatory reserve, subject to maximum of 1.25% of total credit risk-weighted assets after deducting IA as Risk Absorbent.

2. CAPITAL ADEQUACY (CONTINUED)

2.4 Capital Adequacy Ratios (continued)

(b) CET I, Tier I and Tier II capital components of the Group and of the Bank (continued):

	31.12.2022	
	Group RM'000	Bank RM'000
Tier I Capital		
Paid-up share capital	3,645,043	3,645,043
Share Premium	-	-
Retained earnings	3,096,604	3,105,912
Other reserves	54,596	(56,368)
Less: Deferred tax assets	(212,349)	(211,377)
Less: 55% of fair value	-	-
Less: Regulatory reserve attributable to financing	(136,000)	(136,000)
Less: Investment in subsidiaries	-	(100,905)
Less: Intangible Assets	(54,578)	(54,578)
Total Common Equity Tier I Capital	6,393,316	6,191,727
Total Additional Tier I Capital	500,000	500,000
Total Tier I Capital	6,893,316	6,691,727
Subordinated Sukuk	1,700,000	1,700,000
Collective assessment allowance [^]	537,883	535,095
Total Tier II Capital	2,237,883	2,235,095
Total Capital	9,131,199	8,926,822

[^] Collective assessment allowance on non-impaired financing and regulatory reserve subject to maximum of 1.25% of total credit risk-weighted assets after deducting IA as Risk Absorbent.



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as at 31 December 2023

2. CAPITAL ADEQUACY (CONTINUED)

2.4 Capital Adequacy Ratios (continued)

(c) The breakdown of risk-weighted assets by exposures in each major risk category is as follows:

(i) Group

31 December 2023 Exposure Class	Gross Exposure RM'000	Net Exposure RM'000	Risk- Weighted Asset RM'000	Minimum Capital Requirement At 8% RM'000
Credit Risk				
On-Balance Sheet Exposures				
Sovereign/Central Banks	10,662,724	10,662,724	-	-
Public Sector Entities	1,286,319	1,247,035	547,207	43,777
Banks, Developments Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	844,978	844,978	168,996	13,520
Corporate	20,599,807	20,228,826	9,578,504	766,280
Regulatory Retail	26,648,442	26,356,218	24,835,348	1,986,828
Residential Mortgages	24,350,408	24,345,473	16,036,355	1,282,908
Higher Risk Assets	-	-	-	-
Other Assets	3,491,891	3,491,891	1,619,133	129,531
Defaulted Exposures	2,494,124	2,400,261	2,172,267	173,781
Total for On-Balance Sheet Exposures	90,378,693	89,577,407	54,957,809	4,396,625
Off-Balance Sheet Exposures				
Credit-related Exposures	1,479,473	1,476,622	1,374,593	109,967
Derivative Financial Instruments	177,278	177,278	82,100	6,568
Defaulted Exposures	264,260	264,162	389,271	31,142
Total for Off-Balance Sheet Exposures	1,921,011	1,918,062	1,845,965	147,677
Total On and Off-Balance Sheet Exposures	92,299,705	91,495,469	56,803,773	4,544,302
Less: Credit Risk absorbed by IA			(11,803,750)	(944,300)
			49,617,449	3,969,396
Market Risk				
Benchmark Rate Risk	9,558,749	(8,651,515)	907,234	258,683
Foreign Exchange Risk	133,359	(471)	132,888	10,669
Inventory Risk				
Total Market Risk	9,692,108	(8,651,986)	1,040,122	392,042
Operational Risk			4,225,384	338,031
Total RWA and Capital Requirements			49,617,449	3,969,396

Note: As at 31 December 2023, the Group did not have any exposures under securitisation.

2. CAPITAL ADEQUACY (CONTINUED)

2.4 Capital Adequacy Ratios (continued)

(c) The breakdown of risk-weighted assets by exposures in each major risk category is as follows (continued):

(i) Group (continued)

31 December 2022 Exposure Class	Gross Exposure RM'000	Net Exposure RM'000	Risk- Weighted Asset RM'000	Minimum Capital Requirement At 8% RM'000	
Credit Risk					
On-Balance Sheet Exposures					
Sovereign/Central Banks	12,113,373	12,113,373	-	-	
Public Sector Entities	2,958,245	2,936,320	591,451	47,316	
Banks, Developments Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	1,694,857	1,694,857	338,972	27,118	
Corporate	19,498,516	19,032,779	9,608,732	768,699	
Regulatory Retail	22,618,237	22,581,227	21,781,936	1,742,555	
Residential Mortgages	25,971,590	25,965,665	16,961,580	1,356,926	
Higher Risk Assets	2,538	2,538	3,807	305	
Other Assets	2,947,702	2,947,702	1,248,192	99,855	
Defaulted Exposures	1,601,818	1,541,551	1,319,732	105,579	
Total for On-Balance Sheet Exposures	89,406,876	88,816,012	51,854,402	4,148,352	
Off-Balance Sheet Exposures					
Credit-related Exposures	1,646,533	1,645,018	1,484,364	118,749	
Derivative Financial Instruments	213,080	213,080	78,989	6,319	
Defaulted Exposures	157,484	157,343	233,066	18,645	
Total for Off-Balance Sheet Exposures	2,017,097	2,015,441	1,796,419	143,714	
Total On and Off-Balance Sheet Exposures	91,423,973	90,831,453	53,650,821	4,292,066	
Less: Credit Risk absorbed by IA			(10,620,157)	(849,613)	
		Long Position	Short Position		
Market Risk					
Benchmark Rate Risk	7,768,278	(7,713,549)	54,729	55,377	4,430
Foreign Exchange Risk	29,500	(272)	29,228	29,500	2,360
Inventory Risk	-	-	-	-	-
Total Market Risk	7,797,778	(7,713,821)	83,957	84,877	6,790
Operational Risk				3,971,313	317,705
Total RWA and Capital Requirements				47,086,854	3,766,948

Note: As at 31 December 2022, the Group did not have any exposures under securitisation.



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2. CAPITAL ADEQUACY (CONTINUED)

2.4 Capital Adequacy Ratios (continued)

(c) The breakdown of risk-weighted assets by exposures in each major risk category is as follows (continued):

(ii) *Bank*

31 December 2023 Exposure Class	Gross Exposure RM'000	Net Exposure RM'000	Risk- Weighted Asset RM'000	Minimum Capital Requirement At 8% RM'000
Credit Risk				
On-Balance Sheet Exposures				
Sovereign/Central Banks	10,662,724	10,662,724	-	-
Public Sector Entities	1,286,319	1,247,035	547,207	43,777
Banks, Developments Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	808,755	808,755	161,751	12,940
Corporate	20,599,807	20,228,826	9,578,504	766,280
Regulatory Retail	26,648,442	26,356,218	24,835,348	1,986,828
Residential Mortgages	24,350,408	24,345,473	16,036,355	1,282,908
Higher Risk Assets	-	-	-	-
Other Assets	3,087,415	3,087,415	1,213,299	97,064
Defaulted Exposures	2,494,124	2,400,261	2,172,267	173,781
Total for On-Balance Sheet Exposures	89,937,994	89,136,708	54,544,730	4,363,578
Off-Balance Sheet Exposures				
Credit-related Exposures	1,479,473	1,476,622	1,374,593	109,967
Derivative Financial Instruments	177,278	177,278	82,100	6,568
Defaulted Exposures	264,260	264,162	389,271	31,142
Total for Off-Balance Sheet Exposures	1,921,011	1,918,062	1,845,965	147,677
Total On and Off-Balance Sheet Exposures	91,859,006	91,054,770	56,390,695	4,511,256
Less: Credit Risk absorbed by IA			(11,817,298)	(945,384)
			Long Position	Short Position
Market Risk				
Benchmark Rate Risk	9,558,749	(8,651,515)	907,234	258,683
Foreign Exchange Risk	133,359	(471)	132,888	133,359
Inventory Risk				
Total Market Risk	9,692,108	(8,651,986)	1,040,122	392,042
Operational Risk			4,150,406	332,032
Total RWA and Capital Requirements			49,115,844	3,929,268

Note: As at 31 December 2023, the Bank did not have any exposures under securitisation.

2. CAPITAL ADEQUACY (CONTINUED)

2.4 Capital Adequacy Ratios (continued)

(c) The breakdown of risk-weighted assets by exposures in each major risk category is as follows (continued):

(ii) Bank (continued)

31 December 2023 Exposure Class	Gross Exposure RM'000	Net Exposure RM'000	Risk- Weighted Asset RM'000	Minimum Capital Requirement At 8% RM'000
Credit Risk				
On-Balance Sheet Exposures				
Sovereign/Central Banks	12,113,373	12,113,373	-	-
Public Sector Entities	2,958,245	2,936,320	591,451	47,316
Banks, Developments Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	1,677,905	1,677,905	335,581	26,846
Corporate	19,498,516	19,032,779	9,608,732	768,699
Regulatory Retail	22,618,237	22,581,227	21,781,936	1,742,555
Residential Mortgages	25,971,590	25,965,665	16,961,580	1,356,926
Higher Risk Assets	2,538	2,538	3,807	305
Other Assets	2,819,804	2,819,804	1,113,983	89,119
Defaulted Exposures	1,601,818	1,541,551	1,319,732	105,579
Total for On-Balance Sheet Exposures	89,262,025	88,671,160	51,716,802	4,137,344
Off-Balance Sheet Exposures				
Credit-related Exposures	1,646,533	1,645,018	1,484,364	118,749
Derivative Financial Instruments	213,080	213,080	78,989	6,319
Defaulted Exposures	157,484	157,343	233,066	18,645
Total for Off-Balance Sheet Exposures	2,017,097	2,015,441	1,796,419	143,714
Total On and Off-Balance Sheet Exposures	91,279,122	90,686,601	53,513,221	4,281,058
Less: Credit Risk absorbed by IA			(10,705,652)	(856,452)
	Long Position	Short Position		
Market Risk				
Benchmark Rate Risk	7,768,278	(7,713,549)	54,729	55,377
Foreign Exchange Risk	29,500	(272)	29,228	2,360
Inventory Risk	-	-	-	-
Total Market Risk	7,797,778	(7,713,821)	83,957	84,877
Operational Risk			3,909,361	312,749
Total RWA and Capital Requirements			46,801,807	3,744,144

Note: As at 31 December 2022, the Bank did not have any exposures under securitisation.

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3. RISK MANAGEMENT

3.1 Overview

The Group's mission, with respect to risk management is to advance its risk management capabilities, culture and practices so as to be in line with internationally accepted standards and practices.

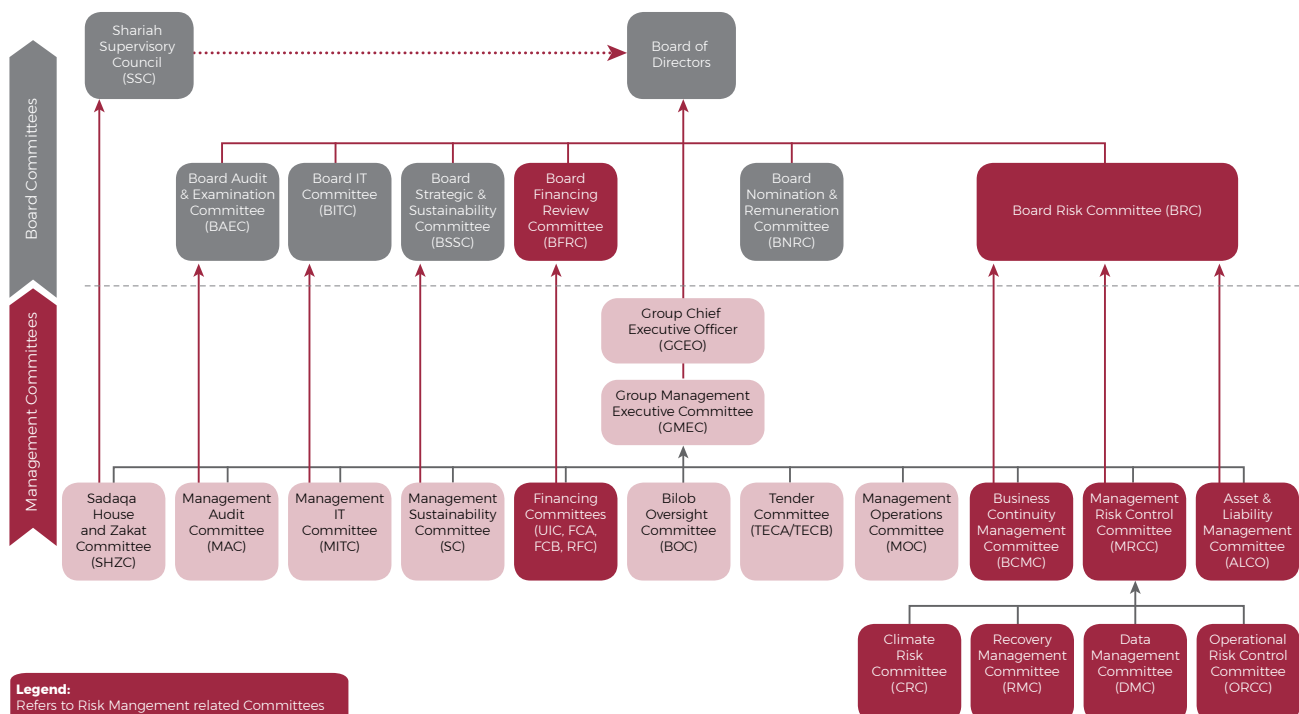
In that regard, the specific objectives of managing risk are to:

- Inculcate a risk-awareness culture throughout the Group;
- Establish a standard approach and methodology in managing risks namely credit, market, liquidity, operational, IT & cyber risk, compliance risks and contagion risk across the Group;
- Clarify functional structures including objectives, roles and responsibilities;
- Implement and use a risk management information system that meets the international standards on confidentiality, integrity and its availability;
- Develop and use tools, such as economic capital, value at risk, and stress testing to support the measurement of risks and enhance risk-based decisions;
- Ensure that risk policies and overall risk appetite are in line with business targets; and
- Ensure that the Group's capital can support current and planned business needs in terms of risk exposures.

3.2 Risk Management Functional and Governance Structure

The Group has aligned its organisational responsibilities with the objective of ensuring a common view of risks across the Group. As a matter of prudence and good governance, the Group's core risk management functions, which report to the Board Risk Committee ("BRC"), are independent and segregated from the business divisions and centralised at head office.

The following illustrates the Group's governance structure:



3. RISK MANAGEMENT (CONTINUED)

3.2 Risk Management Functional and Governance Structure (continued)

The Group recognises the fact that the essence of banking and financial services is centred on risk taking activities. The Group therefore:

- Recognises that it has to manage risks effectively to achieve its business targets;
- Reaches an optimum level of risk-return in order to maximise stakeholders' value; and
- Ensures effective and integrated risk management processes that are commensurate with the size and complexity of the current and future operations of the Group within its risk appetite and tolerance.

The Group has established the Group Risk Appetite Statement Policy that forms an integral part of the Group's strategy and business plans. Risk appetite is an expression of the maximum level of risk that the Group is prepared to accept in support of a stated strategy, impacting all businesses from a credit, market and operational risk viewpoint.

4. CREDIT RISK

4.1 Overview

Credit risk is the risk of potential losses to the Group arising from inability of our customers to fulfil or repay their obligations under facilities granted by the Bank. It arises from all transactions that could lead to actual, contingent or potential claims against any party, customer or obligor (collectively referred to as counterparties). The types of credit risks that the Group considers to be material include: Default Risk, Counterparty Risk, Credit Concentration Risk, Residual/Credit Mitigation Risk and Migration Risk.

4.2 Credit Risk Governance

The management of credit risk is principally carried out by using sets of policies and guidelines approved by the Management Risk Control Committee ("MRCC") and/or BRC, guided by the Boards' approved Group Risk Appetite Statement Policy.

The Group has several levels of Financing Committees, which assess and approve credits at their specified authority levels.

MRCC is responsible under the authority delegated by BRC for managing credit risk at strategic level. MRCC reviews the Group's credit risk policies and guidelines, aligns credit risk management with business strategies and planning, reviews credit profile of the credit portfolios and recommends necessary actions to ensure that the credit risk remains within established risk tolerance levels.

The Group's credit risk management governance includes the establishment of detailed credit risk policies, guidelines and procedures which document the Group's financing standards, discretionary powers for financing approval, credit risk ratings methodologies and models, acceptable collaterals and valuation, and the review, rehabilitation and restructuring of problematic and delinquent financing.



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4. CREDIT RISK (CONTINUED)

4.3 Management of Credit Risk

The management of credit risk is being performed by the Group Credit Management Division (“CMD”) and Group Risk Management Division (“RMD”) and one other unit outside of CMD and RMD domain i.e., Credit Administration Department. The combined objectives are, amongst others:

- To build a high quality credit portfolio which is in line with the Group’s overall strategy and risk appetite;
- To ensure that the Group is compensated for the risk taken, balancing/optimising the risk/return relationship;
- To develop an increasing ability to recognise, measure and avoid or mitigate potential credit risk problem areas; and
- To conform with statutory, regulatory and internal credit requirements.

The Group monitors its credit exposures either on a portfolio basis or individual basis through annual reviews. Credit risk is proactively monitored through a set of early warning signals that could trigger immediate reviews of (a certain part of) the portfolio. The affected portfolio or financing is placed on a watchlist to enforce close monitoring and prevent financing from turning impaired and to increase chances of full recovery.

A detailed limit structure is in place to ensure that risks taken are within the risk appetite as set by the Board and to avoid credit risk concentration on a single customer, sector, product, etc.

Credit risk arising from dealing and investing activities are managed by the establishment of limits which include counterparty limits and permissible acquisition of private entities’ instruments, subject to a specified minimum rating threshold. Furthermore, the dealing and investing activities are monitored by an independent middle office unit.

4.4 Capital Treatment for Credit Risk

The Group adopts the Standardised Approach to compute the credit risk capital requirement under BNM’s CAFIB.

4.5 Credit Quality of Gross Financing and Advances

The table below presents the Group’s and the Bank’s gross financing and advances analysed by credit quality:

	Group and Bank	
	31.12.2023 RM’000	31.12.2022 RM’000
Neither past due nor impaired	66,278,057	64,437,823
Past due but not impaired	710,766	668,802
Impaired	635,966	835,232
	67,624,789	65,941,857
Gross Impaired Financing as a percentage of Gross Financing and Advances	0.94%	1.27%

4. CREDIT RISK (CONTINUED)

4.5 Credit Quality of Gross Financing and Advances (continued)

(a) Neither Past Due nor Impaired

Financings classified as neither past due nor impaired are financings of which the customers have not missed contractual payments (profit or principal) when contractually due and are not impaired as there is no objective evidence of impairment.

The credit quality of gross financing and advances which are neither past due nor impaired is as follows:

	Group and Bank	
	31.12.2023 RM'000	31.12.2022 RM'000
Excellent to Good	59,771,488	57,611,552
Satisfactory	6,110,851	6,486,313
Fair	395,718	339,958
	66,278,057	64,437,823

Internal rating definition:

- **Excellent to Good:** Sound financial position with no difficulty in meeting its obligations.
- **Satisfactory:** Adequate safety of meeting its current obligations but more time is required to meet the entire obligations in full.
- **Fair:** High risks on payment obligations. Financial performance may continue to deteriorate.

(b) Past Due but Not Impaired

Financings classified as past due but not impaired are financings of which its contractual profit or principal payments are past due, but the Group and the Bank believe that impairment is not appropriate on the basis of the level of collateral available and/or the stage of collection amounts owed to the Group and the Bank.

Analysis of the past due but not impaired financing and advances by ageing:

By ageing	Group and Bank	
	31.12.2023 RM'000	31.12.2022 RM'000
Month-in-arrears 1	481,274	452,425
Month-in-arrears 2	229,492	216,377
	710,766	668,802



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4. CREDIT RISK (CONTINUED)

4.5 Credit Quality of Gross Financing and Advances (continued)

(b) Past Due but Not Impaired (continued)

Analysis of the past due but not impaired financing and advances by sector:

	Group and Bank	
	31.12.2023 RM'000	31.12.2022 RM'000
Primary agriculture	-	139
Mining and quarrying	-	-
Manufacturing (including agro-based)	1,718	4,229
Electricity, gas and water	105	-
Wholesale & retail trade, and hotels & restaurants	11,819	5,033
Construction	9,159	8,880
Real estate	529	19
Transport, storage and communications	2,081	1,102
Finance, insurance and business activities	3,797	798
Education, health and others	6,725	922
Household sectors	674,833	647,681
Other sectors	-	-
	710,766	668,802

(c) Impaired Financing and Advances

A financing is classified as impaired when the principal or profit or both are past due for three months or more, or where a financing is in arrears for less than three months, but the financing exhibits indications of significant credit weakness.

The financing or group of financings is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the financing (a 'loss event') and that the loss event has an impact on the estimated future cash flows of the financing or group of financings that can be reliably estimated.

The Group and the Bank first assess individually whether the objective evidence of impairment exists individually for financings which are individually significant, and collectively for financings which are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financing, the financing is included in a group of financings with similar credit risk characteristic and collectively assessed for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the financing's carrying amount and the present value of the estimated future cash flows. The carrying amount of the financing is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss.

4. CREDIT RISK (CONTINUED)

4.5 Credit Quality of Gross Financing and Advances (continued)

(c) Impaired Financing and Advances (continued)

Impaired financing by assessment type:

	Group and Bank	
	31.12.2023 RM'000	31.12.2022 RM'000
Individually Assessed	241,246	516,711
of which:		
Month-in-Arrears 0	29,164	64,818
Month-in-Arrears 1	16,803	5,544
Month-in-Arrears 2	2,943	3,701
Month-in-Arrears 3 and above	192,336	442,648
Collectively Assessed	394,720	318,521
	635,966	835,232

31 December 2023 RM'000	Individual Assessment Allowance				Individual Assessment As At 31.12.2023	Collective Assessment Allowance At 31.12.2023	Total Impairment Allowances For Financing At 31.12.2023
	Impaired Financing At 31.12.2023	Individual Assessment As At 01.01.2023	Net Charge For The Financial Year	Amounts Written Off/Other Movements			
Primary Agriculture	815	-	(1,724)	1,724	-	10,981	10,981
Mining and Quarrying	106	256,996	(518,021)	261,025	-	3,541	3,541
Manufacturing (including Agro-based)	36,476	3,728	(987)	730	3,471	12,551	16,022
Electricity, Gas and Water	2,415	-	1,414	-	1,414	42,327	43,741
Wholesale & Retail Trade and Restaurants & Hotels	88,658	2,018	(1,185)	430	1,263	52,774	54,037
Construction	34,675	3,903	(1,487)	3,913	6,329	44,159	50,488
Real Estate	-	-	-	-	-	-	-
Transport, Storage and Communication	7,286	6,352	(7,573)	1,407	186	21,508	21,694
Finance, Insurance and Business Services	52,966	1,021	11,518	-	12,539	71,704	84,243
Education, Health and Others	7,633	-	-	-	-	21,664	21,664
Household Sectors	404,936	28,878	(5,690)	745	23,933	477,331	501,264
Other Sectors	-	-	-	-	-	-	-
Total	635,966	302,896	(523,735)	269,974	49,135	758,540	807,675



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4. CREDIT RISK (CONTINUED)

4.5 Credit Quality of Gross Financing and Advances (continued)

(c) Impaired Financing and Advances (continued)

31 December 2022 RM'000	Individual Assessment Allowance				Individual Assessment As At 31.12.2022	Collective Assessment Allowance At 31.12.2022	Total Impairment Allowances For Financing At 31.12.2022
	Impaired Financing At 31.12.2022	Individual Assessment As At 01.01.2022	Net Charge For The Financial Year	Amounts Written Off/Other Movements			
Primary Agriculture	-	-	-	-	-	9,684	9,684
Mining and Quarrying	257,925	185,000	75,830	(3,834)	256,996	4,092	261,088
Manufacturing (including Agro-based)	37,452	1,914	130,568	(128,754)	3,728	16,315	20,043
Electricity, Gas and Water	467	-	-	-	-	46,082	46,082
Wholesale & Retail Trade and Restaurants & Hotels	75,788	6,831	2,016	(6,829)	2,018	47,677	49,695
Construction	32,449	11,344	(3,959)	(3,482)	3,903	49,382	53,285
Real Estate	-	-	-	-	-	-	-
Transport, Storage and Communication	20,222	888	5,464	-	6,352	29,379	35,731
Finance, Insurance and Business Services	37,872	-	1,021	-	1,021	78,201	79,222
Education, Health and Others	2,158	361	(361)	-	-	14,534	14,534
Household Sectors	370,899	14,616	14,262	-	28,878	441,621	470,499
Other Sectors	-	-	-	-	-	-	-
Total	835,232	220,954	224,841	(142,899)	302,896	736,967	1,039,863

(d) Gross Financing and Advances - Exposures by Geographical Areas

31 December 2023 RM'000	Of Which:				
	Gross Financing	Past Due But Not Impaired Financing	Impaired Financing	Individual Allowances	Collective Allowances
Central Region	31,685,138	342,545	255,845	21,232	446,073
Eastern Region	10,201,039	93,164	123,232	22,830	77,897
Northern Region	9,175,037	97,586	152,661	-	81,501
Southern Region	11,468,449	120,922	73,459	3,625	98,906
East Malaysia Region	5,095,126	56,549	30,769	1,448	54,163
Grand Total	67,624,789	710,766	635,966	49,135	758,540

4. CREDIT RISK (CONTINUED)

4.5 Credit Quality of Gross Financing and Advances (continued)

(d) Gross Financing and Advances - Exposures by Geographical Areas (continued)

31 December 2022 RM'000	Of Which:				Collective Allowances
	Gross Financing	Past Due But Not Impaired Financing	Impaired Financing	Individual Allowances	
Central Region	30,904,086	306,748	510,998	290,032	422,768
Eastern Region	9,980,174	93,516	95,756	8,580	77,717
Northern Region	8,825,148	90,902	146,491	-	88,023
Southern Region	11,281,525	118,043	55,567	4,005	96,403
East Malaysia Region	4,950,924	59,593	26,420	279	52,056
Grand Total	65,941,857	668,802	835,232	302,896	736,967

4.6 Gross Credit Exposures

(a) Geographic Distribution of Credit Exposures

(i) Group

31 December 2023 Exposure Class	Central Region RM'000	Eastern Region RM'000	Northern Region RM'000	Southern Region RM'000	East Malaysia Region RM'000	Total RM'000
Credit Risk						
On-Balance Sheet Exposures						
Sovereign/Central Banks	10,662,724	-	-	-	-	10,662,724
Public Sector Entities	736,601	103,061	51,956	402,699	22,369	1,316,687
Banks, Developments Financial Institutions and Multilateral Development Banks	844,978	-	-	-	-	844,978
Corporate	19,053,904	941,025	876,003	1,174,168	638,177	22,683,276
Regulatory Retail	10,869,098	4,696,240	4,138,004	4,212,947	3,082,847	26,999,136
Residential Mortgages	8,870,580	4,425,630	4,088,685	5,653,467	1,337,431	24,375,792
Higher Risk Assets	1,667	730	1,218	426	168	4,209
Other Assets	3,243,286	-	-	-	248,605	3,491,891
Total for On-Balance Sheet Exposures	54,282,838	10,166,686	9,155,866	11,443,705	5,329,597	90,378,693
Off-Balance Sheet Exposures						
Credit-related Exposures	331,299	1,367,351	42,569	-	2,448	1,743,667
Derivative Financial Instruments	177,344	-	-	-	-	177,344
Total for Off-Balance Sheet Exposures	508,643	1,367,351	42,569	-	2,448	1,921,011
Total On and Off-Balance Sheet Exposures	54,791,481	11,534,037	9,198,435	11,443,705	5,332,045	92,299,705



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4. CREDIT RISK (CONTINUED)

4.6 Gross Credit Exposures (continued)

(a) Geographic Distribution of Credit Exposures (continued)

(i) Group (continued)

31 December 2022 Exposure Class	Central Region RM'000	Eastern Region RM'000	Northern Region RM'000	Southern Region RM'000	East Malaysia Region RM'000	Total RM'000
Credit Risk						
On-Balance Sheet Exposures						
Sovereign/Central Banks	12,113,373	-	-	-	-	12,113,373
Public Sector Entities	2,391,846	125,988	55,417	360,841	27,466	2,961,558
Banks, Developments Financial Institutions and Multilateral Development Banks	1,694,858	-	-	-	-	1,694,858
Corporate	16,881,638	1,017,194	795,619	1,445,454	679,693	20,819,598
Regulatory Retail	8,900,694	4,070,123	3,642,169	3,606,221	2,544,262	22,763,469
Residential Mortgages	9,501,123	4,741,727	4,294,956	5,866,906	1,699,066	26,103,778
Higher Risk Assets	942	857	315	321	106	2,541
Other Assets	2,874,903	-	-	-	72,799	2,947,702
Total for On-Balance Sheet Exposures	54,359,377	9,955,889	8,788,476	11,279,743	5,023,392	89,406,877
Off-Balance Sheet Exposures						
Credit-related Exposures	1,389,368	64,284	115,307	84,268	150,789	1,804,016
Derivative Financial Instruments	213,080	-	-	-	-	213,080
Total for Off-Balance Sheet Exposures	1,602,448	64,284	115,307	84,268	150,789	2,017,096
Total On and Off-Balance Sheet Exposures	55,961,825	10,020,173	8,903,783	11,364,011	5,174,181	91,423,973

4. CREDIT RISK (CONTINUED)

4.6 Gross Credit Exposures (continued)

(a) Geographic Distribution of Credit Exposures (continued)

(ii) Bank

31 December 2023 Exposure Class	Central Region RM'000	Eastern Region RM'000	Northern Region RM'000	Southern Region RM'000	East Malaysia Region RM'000	Total RM'000
Credit Risk						
On-Balance Sheet Exposures						
Sovereign/Central Banks	10,662,724	-	-	-	-	10,662,724
Public Sector Entities	736,601	103,061	51,956	402,699	22,369	1,316,687
Banks, Developments Financial Institutions and Multilateral Development Banks	808,755	0	-	-	-	808,755
Corporate	19,053,904	941,025	876,003	1,174,168	638,177	22,683,276
Regulatory Retail	10,869,098	4,696,240	4,138,004	4,212,947	3,082,847	26,999,136
Residential Mortgages	8,870,580	4,425,630	4,088,685	5,653,467	1,337,431	24,375,792
Higher Risk Assets	1,667	730	1,218	426	168	4,209
Other Assets	2,838,810	-	-	-	248,605	3,087,415
Total for On-Balance Sheet Exposures	53,842,140	10,166,686	9,155,866	11,443,705	5,329,597	89,937,994
Off-Balance Sheet Exposures						
Credit-related Exposures	331,299	1,367,351	42,569	-	2,448	1,743,667
Derivative Financial Instruments	177,344	-	-	-	-	177,344
Total for Off-Balance Sheet Exposures	508,643	1,367,351	42,569	-	2,448	1,921,011
Total On and Off-Balance Sheet Exposures	54,350,782	11,534,037	9,198,435	11,443,705	5,332,045	91,859,006



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4. CREDIT RISK (CONTINUED)

4.6 Gross Credit Exposures (continued)

(a) Geographic Distribution of Credit Exposures (continued)

(ii) Bank (continued)

31 December 2022 Exposure Class	Central Region RM'000	Eastern Region RM'000	Northern Region RM'000	Southern Region RM'000	East Malaysia Region RM'000	Total RM'000
Credit Risk						
On-Balance Sheet Exposures						
Sovereign/Central Banks	12,113,373	-	-	-	-	12,113,373
Public Sector Entities	2,391,846	125,987	55,417	360,841	27,466	2,961,557
Banks, Developments Financial Institutions and Multilateral Development Banks	1,677,905	-	-	-	-	1,677,905
Corporate	16,881,638	1,017,194	795,619	1,445,454	679,693	20,819,598
Regulatory Retail	8,900,694	4,070,123	3,642,169	3,606,221	2,544,262	22,763,469
Residential Mortgages	9,501,123	4,741,727	4,294,956	5,866,906	1,699,066	26,103,778
Higher Risk Assets	942	857	315	321	106	2,541
Other Assets	2,747,005	-	-	-	72,799	2,819,804
Total for On-Balance Sheet Exposures	54,214,526	9,955,888	8,788,476	11,279,743	5,023,392	89,262,025
Off-Balance Sheet Exposures						
Credit-related Exposures	1,389,368	64,284	115,307	84,268	150,789	1,804,016
Derivative Financial Instruments	213,080	-	-	-	-	213,080
Total for Off-Balance Sheet Exposures	1,602,448	64,284	115,307	84,268	150,789	2,017,096
Total On and Off-Balance Sheet Exposures	55,816,974	10,020,172	8,903,783	11,364,011	5,174,181	91,279,121

4. CREDIT RISK (CONTINUED)

4.6 Gross Credit Exposures (continued)

(b) Distribution of Credit Exposures by Sector

(i) Group

31 December 2023 Exposure Class	Primary Agriculture RM'000	Mining and Quarrying RM'000	Manu- facturing RM'000	Electricity, Gas and Water RM'000	Wholesale & Retail Trade and Restaurant & Hotels RM'000	Construction RM'000	Real Estate RM'000	Transport, Storage & Communi- cation RM'000	Finance, Insurance and Business Services RM'000	Education, Health and Others RM'000	Household Sector RM'000	Other Sectors RM'000	Total RM'000
Credit Risk													
On-Balance Sheet Exposures													
Sovereign/Central Banks	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Sector Entities	1,466	-	-	-	-	102,700	27,223	-	238,205	946,932	160	-	1,316,687
Banks, Developments Financial Institutions and Multilateral Development Banks	-	-	-	-	-	-	-	-	844,978	-	-	-	844,978
Corporate	852,717	95,815	674,077	2,840,104	931,054	3,152,442	3,020,336	4,017,966	3,929,665	812,598	36,040	2,320,462	22,683,276
Regulatory Retail	10,755	4,872	54,657	2,437	236,187	133,035	14,385	17,761	78,602	42,982	26,205,426	198,038	26,999,136
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	24,375,792	-	24,375,792
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	4,209	-	4,209
Other Assets	-	-	-	-	-	-	-	-	-	-	-	3,491,891	3,491,891
Total for On-Balance Sheet Exposures	864,939	100,686	728,733	2,842,541	1,167,241	3,388,177	3,061,944	4,035,727	9,328,650	8,228,056	50,621,627	6,010,392	90,378,693
Off-Balance Sheet Exposures													
Credit-related Exposures	2,457	6,239	81,263	225,694	88,414	352,994	160,079	70,082	109,065	133,250	301,442	212,710	1,743,667
Derivative Financial Instruments	-	-	787	-	64,106	-	-	5	41,646	70,799	-	-	177,344
Total for Off-Balance Sheet Exposures	2,457	6,239	82,050	225,694	152,520	352,994	160,079	70,086	150,711	204,028	301,442	212,710	1,921,011
Total On and Off-Balance Sheet Exposures	867,395	106,925	810,783	3,068,235	1,319,761	3,741,171	3,222,023	4,105,813	9,479,341	8,432,085	50,923,069	6,223,102	92,299,705



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4. CREDIT RISK (CONTINUED)

4.6 Gross Credit Exposures (continued)

(b) Distribution of Credit Exposures by Sector (continued)

(i) Group (continued)

31 December 2022 Exposure Class	Primary Agriculture RM'000	Mining and Quarrying RM'000	Manu- facturing RM'000	Electricity, Gas and Water RM'000	Wholesale & Retail Trade and Restaurant & Hotels Construction RM'000	Real Estate RM'000	Transport, Storage & Communi- cation RM'000	Finance, Insurance and Business Services RM'000	Education, Health and Others RM'000	Household Sector RM'000	Other Sectors RM'000	Total RM'000
Credit Risk												
On-Balance Sheet Exposures												
Sovereign/Central												
Banks								5,066,974			7,046,399	12,113,373
Public Sector Entities	1,087				68,478	23,260		296,354	2,572,172	206		2,961,557
Banks, Developments Financial Institutions and Multilateral Development Banks								1,616,853			78,005	1,694,858
Corporate	950,160	57,811	685,073	2,443,393	836,658	1,878,143	4,084,110	4,100,132	544,740	193,302	1,773,088	20,819,598
Regulatory Retail	5,755	5,193	59,533	2,878	301,287	43,218	36,356	123,176	65,852	21,973,514	5,899	22,763,469
Residential Mortgages										26,103,778		26,103,778
Higher Risk Assets										2,542		2,542
Other Assets											2,947,702	2,947,702
Total for On-Balance Sheet Exposures	957,002	63,004	744,606	2,446,271	1,137,945	1,944,621	4,120,466	11,203,489	3,182,764	48,273,342	11,851,093	89,406,877
Off-Balance Sheet Exposures												
Credit-related Exposures	2,098	5,688	165,008	97,426	102,407	12,300	102,594	141,396	122,381	438,449	180,420	1,804,016
Derivative Financial Instruments					105		9	147,800	44,319		20,179	213,080
Total for Off-Balance Sheet Exposures	2,098	5,688	165,676	97,426	102,512	12,300	102,603	289,196	166,700	438,449	200,599	2,017,096
Total On and Off-Balance Sheet Exposures	959,100	68,692	910,282	2,543,697	1,240,457	1,956,921	4,223,069	11,492,685	3,349,464	48,711,791	12,051,692	91,423,973

4. CREDIT RISK (CONTINUED)

4.6 Gross Credit Exposures (continued)

(b) Distribution of Credit Exposures by Sector

(ii) Bank

31 December 2023 Exposure Class	Primary Agriculture RM'000	Mining and Quarrying RM'000	Manu- facturing RM'000	Electricity, Gas and Water RM'000	Wholesale & Retail Trade and Restaurant & Hotels RM'000	Construction RM'000	Real Estate RM'000	Transport, Storage & Communi- cation RM'000	Finance, Insurance and Business Services RM'000	Education, Health and Others RM'000	Household Sector RM'000	Other Sectors RM'000	Total RM'000
Credit Risk													
On-Balance Sheet Exposures													
Sovereign/Central Banks	-	-	-	-	-	-	-	-	4,237,180	6,425,545	-	-	10,662,724
Public Sector Entities Banks, Developments Financial Institutions and Multilateral Development Banks	1,466	-	-	-	-	102,700	27,223	-	238,205	946,932	160	-	1,316,687
Corporate	852,717	95,815	674,077	2,840,104	931,054	3,152,442	3,020,336	4,017,966	3,929,665	812,598	36,040	2,320,462	22,683,276
Regulatory Retail	10,755	4,872	54,657	2,437	236,187	133,035	14,385	17,761	78,602	42,982	26,205,426	198,038	26,999,136
Residential Mortgages	-	-	-	-	-	-	-	-	-	-	24,375,792	-	24,375,792
Higher Risk Assets	-	-	-	-	-	-	-	-	-	-	4,209	-	4,209
Other Assets	-	-	-	-	-	-	-	-	-	-	-	3,087,415	3,087,415
Total for On-Balance Sheet Exposures	864,939	100,686	728,733	2,842,541	1,167,241	3,388,177	3,061,944	4,035,727	9,292,407	8,228,056	50,621,627	5,605,916	89,937,994
Off-Balance Sheet Exposures													
Credit-related Exposures	2,457	6,239	81,263	225,694	88,414	352,994	160,079	70,082	109,065	133,250	301,442	212,710	1,743,667
Derivative Financial Instruments	-	-	787	-	64,106	-	-	5	41,646	70,799	-	-	177,344
Total for Off-Balance Sheet Exposures	2,457	6,239	82,050	225,694	152,520	352,994	160,079	70,086	150,711	204,028	301,442	212,710	1,921,011
Total On and Off-Balance Sheet Exposures	867,395	106,925	810,783	3,068,235	1,319,761	3,741,171	3,222,023	4,105,813	9,443,118	8,432,085	50,923,069	5,818,626	91,859,006



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4. CREDIT RISK (CONTINUED)

4.6 Gross Credit Exposures (continued)

(b) Distribution of Credit Exposures by Sector (continued)

(ii) Bank (continued)

31 December 2023 Exposure Class	Primary Agriculture RM'000	Mining and Quarrying RM'000	Manu- facturing RM'000	Electricity, Gas and Water RM'000	Wholesale & Retail Trade and Restaurant & Hotels Construction RM'000	Real Estate RM'000	Transport, Storage & Commu- nication RM'000	Finance, Insurance and Business Services RM'000	Education, Health and Others RM'000	Household Sector RM'000	Other Sectors RM'000	Total RM'000
Credit Risk												
On-Balance Sheet Exposures												
Sovereign/Central												
Banks	-	-	-	-	-	-	-	5,066,974	-	-	7,046,399	12,113,373
Public Sector Entities	1,087	-	-	-	68,478	23,260	-	296,354	2,572,172	206	-	2,961,557
Banks, Developments Financial Institutions and Multilateral Development Banks	-	-	-	-	-	-	-	1,616,853	-	-	61,052	1,677,905
Corporate	950,160	57,811	685,073	2,443,393	836,658	1,878,143	4,084,110	4,100,132	544,740	193,302	1,773,088	20,819,598
Regulatory Retail	5,755	5,193	59,533	2,877	301,287	43,218	36,356	123,176	65,852	21,973,514	5,899	22,763,468
Residential Mortgages	-	-	-	-	-	-	-	-	-	26,103,778	-	26,103,778
Higher Risk Assets	-	-	-	-	-	-	-	-	-	2,542	-	2,542
Other Assets	-	-	-	-	-	-	-	-	-	-	2,819,804	2,819,804
Total for On-Balance Sheet Exposures	957,002	63,004	744,606	2,446,270	1,137,945	1,944,621	4,120,466	11,203,489	3,182,764	48,273,342	11,706,242	89,262,025
Off-Balance Sheet Exposures												
Credit-related Exposures	2,098	5,688	165,008	97,426	102,407	12,300	102,594	141,396	122,381	438,449	180,420	1,804,016
Derivative Financial Instruments	-	-	668	-	105	-	9	147,800	44,319	-	20,179	213,080
Total for Off-Balance Sheet Exposures	2,098	5,688	165,676	97,426	102,512	12,300	102,603	289,196	166,700	438,449	200,599	2,017,096
Total On and Off-Balance Sheet Exposures	959,100	68,692	910,282	2,543,696	1,240,457	1,956,921	4,223,069	11,492,685	3,349,464	48,711,791	11,906,841	91,279,121

4. CREDIT RISK (CONTINUED)

4.6 Gross Credit Exposures (continued)

(c) Residual Contractual Maturity Breakdown

(i) Group

31 December 2023 Exposure Class	Up To 1 Year RM'000	> 1 - 5 Years RM'000	Over 5 Years RM'000	Total RM'000
Credit Risk				
On-Balance Sheet Exposures				
Sovereign/Central Banks	5,291,458	3,197,730	2,173,537	10,662,724
Public Sector Entities	263,720	330,078	722,888	1,316,687
Banks, Developments Financial Institutions and Multilateral Development Banks	844,978	-	-	844,978
Corporate	7,313,394	6,155,178	9,214,704	22,683,276
Regulatory Retail	494,500	3,633,507	22,871,129	26,999,136
Residential Mortgages	9,808	145,388	24,220,596	24,375,792
Higher Risk Assets	-	201	4,008	4,209
Other Assets	1,748,618	-	1,743,273	3,491,891
Total for On-Balance Sheet Exposures	15,966,475	13,462,082	60,950,136	90,378,693
Off-Balance Sheet Exposures				
Credit-related Exposures	782,689	402,897	558,082	1,743,667
Derivative Financial Instruments	177,344	-	-	177,344
Total for Off-Balance Sheet Exposures	960,032	402,897	558,082	1,921,011
Total On and Off-Balance Sheet Exposures	16,926,508	13,864,978	61,508,219	92,299,705



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4. CREDIT RISK (CONTINUED)

4.6 Gross Credit Exposures (continued)

(c) Residual Contractual Maturity Breakdown (continued)

(i) Group (continued)

31 December 2022 Exposure Class	Up To 1 Year RM'000	> 1 - 5 Years RM'000	Over 5 Years RM'000	Total RM'000
Credit Risk				
On-Balance Sheet Exposures				
Sovereign/Central Banks	6,612,283	2,713,450	2,787,640	12,113,373
Public Sector Entities	843,501	344,240	1,773,816	2,961,557
Banks, Developments Financial Institutions and Multilateral Development Banks	1,494,131	200,727	-	1,694,858
Corporate	5,711,877	7,526,468	7,581,253	20,819,598
Regulatory Retail	103,854	3,201,349	19,458,266	22,763,469
Residential Mortgages	28,135	145,653	25,929,990	26,103,778
Higher Risk Assets	-	188	2,353	2,541
Other Assets	1,424,346	-	1,523,357	2,947,703
Total for On-Balance Sheet Exposures	16,218,127	14,132,075	59,056,675	89,406,877
Off-Balance Sheet Exposures				
Credit-related Exposures	799,082	399,012	605,922	1,804,016
Derivative Financial Instruments	212,579	501	-	213,080
Total for Off-Balance Sheet Exposures	1,011,661	399,513	605,922	2,017,096
Total On and Off-Balance Sheet Exposures	17,229,788	14,531,588	59,662,597	91,423,973

4. CREDIT RISK (CONTINUED)

4.6 Gross Credit Exposures (continued)

(c) Residual Contractual Maturity Breakdown (continued)

(ii) Bank

31 December 2023 Exposure Class	Up To 1 Year RM'000	> 1 - 5 Years RM'000	Over 5 Years RM'000	Total RM'000
Credit Risk				
On-Balance Sheet Exposures				
Sovereign/Central Banks	5,291,458	3,197,730	2,173,537	10,662,724
Public Sector Entities	263,720	330,078	722,888	1,316,687
Banks, Developments Financial Institutions and Multilateral Development Banks	808,755	-	-	808,755
Corporate	7,313,394	6,155,178	9,214,704	22,683,276
Regulatory Retail	494,500	3,633,507	22,871,129	26,999,136
Residential Mortgages	9,808	145,388	24,220,596	24,375,792
Higher Risk Assets	-	201	4,008	4,209
Other Assets	1,344,142	-	1,743,273	3,087,415
Total for On-Balance Sheet Exposures	15,525,776	13,462,082	60,950,136	89,937,994
Off-Balance Sheet Exposures				
Credit-related Exposures	782,689	402,897	558,082	1,743,667
Derivative Financial Instruments	177,344	-	-	177,344
Total for Off-Balance Sheet Exposures	960,032	402,897	558,082	1,921,011
Total On and Off-Balance Sheet Exposures	16,485,809	13,864,978	61,508,219	91,859,006

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4. CREDIT RISK (CONTINUED)

4.6 Gross Credit Exposures (continued)

(c) Residual Contractual Maturity Breakdown (continued)

(ii) Bank (continued)

31 December 2022 Exposure Class	Up To 1 Year RM'000	> 1 - 5 Years RM'000	Over 5 Years RM'000	Total RM'000
Credit Risk				
On-Balance Sheet Exposures				
Sovereign/Central Banks	6,612,283	2,713,450	2,787,640	12,113,373
Public Sector Entities	843,501	344,240	1,773,816	2,961,557
Banks, Developments Financial Institutions and Multilateral Development Banks	1,477,178	200,727	-	1,677,905
Corporate	5,711,877	7,526,468	7,581,253	20,819,598
Regulatory Retail	103,854	3,201,349	19,458,266	22,763,469
Residential Mortgages	28,135	145,653	25,929,990	26,103,778
Higher Risk Assets	-	188	2,353	2,541
Other Assets	1,296,448	-	1,523,356	2,819,804
Total for On-Balance Sheet Exposures	16,073,276	14,132,075	59,056,674	89,262,025
Off-Balance Sheet Exposures				
Credit-related Exposures	799,082	399,012	605,922	1,804,016
Derivative Financial Instruments	212,579	501	-	213,080
Total for Off-Balance Sheet Exposures	1,011,661	399,513	605,922	2,017,096
Total On and Off-Balance Sheet Exposures	17,084,937	14,531,588	59,662,596	91,279,121

4.7 Assignment of Risk Weights for Portfolios Under the Standardised Approach

Under the Standardised Approach, the Group makes use of credit ratings assigned by credit rating agencies in the calculation of credit risk-weighted assets. The following are the rating agencies or External Credit Assessment Institutions ("ECAI") ratings used by the Group and are recognised by BNM as per the CAFIB Guideline:

- Standard & Poor's ("S&P")
- Moody's Investors Services ("MOODY'S")
- Fitch Ratings ("FITCH")
- Rating Agency Malaysia Berhad ("RAM")
- Malaysian Rating Corporation Berhad ("MARC")

The ECAI ratings accorded to the following counterparty exposure classes are used in the calculation of risk-weighted assets for capital adequacy purposes:

- Sovereigns and central banks
- Banking institutions
- Corporates

4. CREDIT RISK (CONTINUED)

4.7 Assignment of Risk Weights for Portfolios Under the Standardised Approach (continued)

Unrated and Rated Counterparties

As a general rule, the rating specific to the credit exposure is used, i.e., the issue rating. Where no specific rating exists, the credit rating assigned to the issuer or counterparty of that particular credit exposure is used. In cases where an exposure has neither an issue nor an issuer rating, it is deemed as unrated or the rating of another rated obligation of the same counterparty may be used if the exposure is ranked at least pari passu with the obligation that is rated, as stipulated in the CAFIB Guideline.

Where a counterparty or an exposure is rated by more than one ECAI, the second highest rating is used to determine the risk weight. In cases where the credit exposures are secured by guarantees issued by eligible or rated guarantors, the risk weights similar to that of the guarantor are assigned.

The below table summarises the rules governing the assignment of risk weights under the Standardised Approach:

Rating Category	S & P	MOODY'S	FITCH	RAM	MARC
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA3	AAA to AA-
2	A+ to A-	A1 to A3	A+ to A-	A1 to A3	A+ to A-
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBB1 to BBB3	BBB+ to BBB-
4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	BB1 to BB3	BB+ to BB-
5	B+ to B-	B1 to B3	B+ to B-	B1 to B3	B+ to B-
6	CCC+ and below	Caa1 and below	CCC+ and below	C1 and below	C+ and below

The below table summarises risk weight mapping matrix for each credit quality rating category:

Rating Category	Risk Weights Based on Credit Rating of the Counterparty Exposure Class				
	Sovereign and Central Banks	Corporate	Banking Institutions		
			Maturity > 6 month	Maturity <= 6 month	Maturity <= 3month
1	0%	20%	20%	20%	20%
2	20%	50%	50%	20%	
3	50%	100%	50%	20%	
4	100%	100%	100%	50%	
5	100%	150%	100%	50%	
6	150%	150%	150%	150%	
Unrated	100%	100%	50%	20%	

Under CAFIB, exposures to and/or guaranteed by the Federal Government of Malaysia and Bank Negara Malaysia are accorded a preferential sovereign risk weight of 0%.

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4. CREDIT RISK (CONTINUED)

4.7 Assignment of Risk Weights for Portfolios Under the Standardised Approach (continued)

The following presents the credit exposures by risk weights after the effect of credit risk mitigation of the Group:

(i) As at 31 December 2023

Risk Weights	Exposures After Netting & Credit Risk Mitigation (CRM)										Total Exposures After Netting & CRM RM'000	Total Risk Weighted Asset RM'000
	Sovereigns/ Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIS & MDBS RM'000	Corporate RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000				
0%	10,662,724	238,205	-	6,022,773	418,804	-	-	1,872,758	19,215,265	-	-	-
20%	-	256,303	966,644	4,523,191	28	-	-	-	5,746,165	1,137,224	1,137,224	1,137,224
35%	-	-	-	-	554	8,383,649	-	-	8,384,203	2,934,471	2,934,471	2,934,471
50%	-	524,983	814	3,247,435	428,772	5,643,962	-	-	9,845,967	4,922,983	4,922,983	4,922,983
75%	-	-	-	63,854	4,226,123	180,902	-	-	4,470,879	3,304,721	3,304,721	3,304,721
100%	-	264,709	-	8,741,336	21,825,223	10,160,717	-	1,619,133	42,611,117	42,647,049	42,647,049	42,647,049
150%	-	20,673	-	1,108,438	79,516	894	-	-	1,221,873	1,857,325	1,857,325	1,857,325
Total Exposures	10,662,724	1,304,873	967,458	23,707,026	26,979,020	24,370,124	12,353	3,491,891	91,495,469	56,803,773	56,803,773	56,803,773
RWA by Exposures	-	609,471	193,736	12,980,238	25,328,674	16,053,992	18,529	1,619,133	56,803,773	-	-	-
Average Risk Weight	0%	47%	20%	55%	94%	66%	150%	46%	62%	-	-	-
Deduction from Capital Base												

4. CREDIT RISK (CONTINUED)

4.7 Assignment of Risk Weights for Portfolios Under the Standardised Approach (continued)

The following presents the credit exposures by risk weights after the effect of credit risk mitigation of the Group (continued):

(ii) As at 31 December 2022

Risk Weights	Exposures After Netting & Credit Risk Mitigation (CRM)											Total Exposures After Netting & CRM RM'000	Total Risk Weighted Asset RM'000
	Sovereigns/ Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIS & MDBS RM'000	Corporate RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000					
0%	12,113,373	1,890,688	-	5,275,289	373,678	-	-	1,699,510	21,352,538	-	-	-	-
20%	-	252,932	1,863,619	3,544,125	60	-	-	-	5,660,736	1,132,147	-	-	1,132,147
35%	-	-	-	-	-	7,367,798	-	-	7,367,798	2,578,729	-	-	2,578,729
50%	-	507,004	1,221	3,311,106	366,153	4,907,979	-	-	9,093,464	4,546,732	-	-	4,546,732
75%	-	-	-	572,678	1,144,318	7,468,822	-	-	9,185,817	6,889,363	-	-	6,889,363
100%	-	354,619	-	8,462,662	20,775,534	6,664,591	-	1,248,192	37,505,598	37,505,598	-	-	37,505,598
150%	-	-	-	478,981	67,256	110,597	8,667	-	665,501	998,252	-	-	998,252
Total Exposures	12,113,373	3,005,243	1,864,840	21,644,841	22,726,999	26,519,787	8,667	2,947,702	90,831,452	53,650,821	-	-	53,650,821
RWA by Exposures	-	658,707	373,334	11,975,020	21,917,745	17,464,822	13,001	1,248,192	53,650,821	-	-	-	-
Average Risk Weight	0.0%	21.9%	20.0%	55.3%	96.4%	65.9%	150.0%	42.3%	59.1%	-	-	-	-
Deduction from Capital Base													

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4. CREDIT RISK (CONTINUED)

4.7 Assignment of Risk Weights for Portfolios Under the Standardised Approach (continued)

The following presents the credit exposures by risk weights after the effect of credit risk mitigation of the Bank:

(i) As at 31 December 2023

Risk Weights	Exposures After Netting & Credit Risk Mitigation (CRM)										Total Exposures After Netting & CRM RM'000	Total Risk Weighted Asset RM'000
	Sovereigns/ Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIS & MDBS RM'000	Corporate RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000				
0%	10,662,724	238,205	-	6,022,773	418,804	-	-	1,874,116	19,216,624	-	-	-
20%	-	256,303	930,421	4,523,191	28	-	-	-	5,709,942	1,129,979	1,129,979	1,129,979
35%	-	-	-	-	554	8,383,649	-	-	8,384,203	2,934,471	2,934,471	2,934,471
50%	-	524,983	814	3,247,435	428,772	5,643,962	-	-	9,845,967	4,922,983	4,922,983	4,922,983
75%	-	-	-	63,854	4,226,123	180,902	-	-	4,470,879	3,304,721	3,304,721	3,304,721
100%	-	264,709	-	8,741,336	21,825,223	10,160,717	-	1,213,299	42,205,283	42,241,215	42,241,215	42,241,215
150%	-	20,673	-	1,108,438	79,516	894	-	-	1,221,873	1,857,325	1,857,325	1,857,325
Total Exposures	10,662,724	1,304,873	931,235	23,707,026	26,979,020	24,370,124	12,353	3,087,415	91,054,770	56,390,695	56,390,695	56,390,695
RWA by Exposures	-	609,471	186,491	12,980,238	25,328,674	16,053,992	18,529	1,213,299	56,390,695			
Average Risk Weight	0%	47%	20%	55%	94%	66%	150%	39%	62%			
Deduction from Capital Base												

4. CREDIT RISK (CONTINUED)

4.7 Assignment of Risk Weights for Portfolios Under the Standardised Approach (continued)

The following presents the credit exposures by risk weights after the effect of credit risk mitigation of the Bank (continued):

(ii) As at 31 December 2022

Risk Weights	Exposures After Netting & Credit Risk Mitigation (CRM)											Total Exposures After Netting & CRM RM'000	Total Risk Weighted Asset RM'000
	Sovereigns/ Central Banks RM'000	Public Sector Entities RM'000	Banks, DFIS & MDBS RM'000	Corporate RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Higher Risk Assets RM'000	Other Assets RM'000					
0%	12,113,373	1,890,688	-	5,275,289	373,678	-	-	1,705,821	21,358,849	-	-	-	-
20%	-	252,932	1,846,666	3,544,125	60	-	-	-	5,643,783	-	-	-	1,128,757
35%	-	-	-	-	-	7,367,798	-	-	7,367,798	-	-	-	2,578,729
50%	-	507,004	1,221	3,311,106	366,153	4,907,979	-	-	9,093,464	-	-	-	4,546,732
75%	-	-	-	572,678	1,144,318	7,468,822	-	-	9,185,817	-	-	-	6,889,363
100%	-	354,619	-	8,462,662	20,775,534	6,664,591	-	1,113,983	37,371,389	-	-	-	37,371,388
150%	-	-	-	478,981	67,256	110,597	8,667	-	665,501	-	-	-	998,252
Total Exposures	12,113,373	3,005,243	1,847,887	21,644,841	22,726,999	26,519,787	8,667	2,819,804	90,686,601	53,513,222			
RWA by Exposures	-	658,707	369,944	11,975,020	21,917,745	17,464,822	13,001	1,113,983	53,513,222				
Average Risk Weight	0.0%	21.9%	20.0%	55.3%	96.4%	65.9%	150.0%	39.5%	59.0%				
Deduction from Capital Base													



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4. CREDIT RISK (CONTINUED)

4.8 Disclosures of Rated and Unrated Exposures According to Ratings by ECAI of the Group

a) Ratings of Sovereigns and Central Banks by Approved ECAIs

31 December 2023 Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
On and Off Balance- Sheet Credit Exposures							
Sovereign and Central Banks*		-	10,662,724	-	-	-	-
Total		-	10,662,724	-	-	-	-

31 December 2022 Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
On and Off Balance- Sheet Credit Exposures							
Sovereign and Central Banks*		-	12,113,373	-	-	-	-
Total		-	12,113,373	-	-	-	-

* These exposures refer to exposures to Federal Government of Malaysia and Bank Negara Malaysia which are accorded a preferential sovereign risk weight of 0%.

b) Ratings of Corporate by Approved ECAIs

31 December 2023 Exposure Class	Ratings of Corporate by Approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	B+ to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAMs	AAA to AA3	A to A3	BBB to BB	B to D	Unrated
On and Off Balance-Sheet Credit Exposures						
Public Sector Entities		256,303	-	-	-	1,048,570
Insurance Cos, Securities Firms & Fund Manager						
Corporate		4,531,025	19,968	87,256	24,366	19,044,411
Total		4,787,328	19,968	87,256	24,366	20,092,981

4. CREDIT RISK (CONTINUED)

4.8 Disclosures of Rated and Unrated Exposures According to Ratings by ECAI of the Group (continued)

b) Ratings of Corporate by Approved ECAIs (continued)

31 December 2022 Exposure Class	Ratings of Corporate by Approved ECAIs					
	Moody's S&P Fitch RAMs MARC	Aaa to Aa3 AAA to AA-	A1 to A3 A+ to A-	Baa1 to Baa3 BBB+ to BB-	B+ to C B+ to D B+ to D B to D B+ to D	Unrated Unrated Unrated Unrated Unrated
On and Off Balance-Sheet Credit Exposures						
Public Sector Entities		252,932	-	-	-	2,752,311
Insurance Cos, Securities Firms & Fund Manager						
Corporate		3,459,814	51,646	153,258	-	17,980,124
Total		3,712,746	51,646	153,258	-	20,732,435

c) Ratings of Banking Institutions by Approved ECAIs

31 December 2023 Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	Moody's S&P Fitch RAMs MARC	Aaa to Aa3 AAA to AA-	A1 to A3 A+ to A-	Baa1 to Baa3 BBB+ to BB-	Ba1+ to B3 BB+ to B-	Caa1 to C CCC+ to D CCC+ to D C1 to D C+ to D	Unrated Unrated Unrated Unrated Unrated
On and Off Balance- Sheet Credit Exposures							
Banks, MDBs, and DFIs		575,328	173,259	-	-	-	218,871
Total		575,328	173,259	-	-	-	218,871

31 December 2022 Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	Moody's S&P Fitch RAMs MARC	Aaa to Aa3 AAA to AA-	A1 to A3 A+ to A-	Baa1 to Baa3 BBB+ to BB-	Ba1+ to B3 BB+ to B-	Caa1 to C CCC+ to D CCC+ to D C1 to D C+ to D	Unrated Unrated Unrated Unrated Unrated
On and Off Balance- Sheet Credit Exposures							
Banks, MDBs, and DFIs		1,207,092	262,483	-	-	-	395,265
Total		1,207,092	262,483	-	-	-	395,265

Note: There are no exposures under Short-term ratings for the period under review.



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4. CREDIT RISK (CONTINUED)

4.8 Disclosures of Rated and Unrated Exposures According to Ratings by ECAI of the Bank

d) Ratings of Sovereigns and Central Banks by Approved ECAIs

31 December 2023 Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
On and Off Balance- Sheet Credit Exposures	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
Sovereign and Central Banks*		-	10,662,724	-	-	-	-
Total		-	10,662,724	-	-	-	-

31 December 2022 Exposure Class	Ratings of Sovereigns and Central Banks by Approved ECAIs						
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to B3	Caa1 to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
On and Off Balance- Sheet Credit Exposures	Fitch	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	CCC+ to D	Unrated
Sovereign and Central Banks*		-	12,113,373	-	-	-	-
Total		-	12,113,373	-	-	-	-

* These exposures refer to exposures to Federal Government of Malaysia and Bank Negara Malaysia which are accorded a preferential sovereign risk weight of 0%.

e) Ratings of Corporate by Approved ECAIs

31 December 2023 Exposure Class	Ratings of Corporate by Approved ECAIs					
	Moody's	Aaa to Aa3	A1 to A3	Baa1 to Baa3	B+ to C	Unrated
	S&P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
On and Off Balance-Sheet Credit Exposures	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Public Sector Entities	RAMs	AAA to AA3	A to A3	BBB to BB	B to D	Unrated
Insurance Cos, Securities Firms & Fund Manager	MARC	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
Corporate		256,303	-	-	-	1,048,570
Total		4,531,025	19,968	87,256	24,366	19,044,411
Total		4,787,328	19,968	87,256	24,366	20,092,981

4. CREDIT RISK (CONTINUED)

4.8 Disclosures of Rated and Unrated Exposures According to Ratings by ECAI of the Bank (continued)

e) Ratings of Corporate by Approved ECAIs (continued)

31 December 2022 Exposure Class	Ratings of Corporate by Approved ECAIs					
	Moody's S&P Fitch RAMs MARC	Aaa to Aa3 AAA to AA- AAA to AA- AAA to AA3 AAA to AA-	A1 to A3 A+ to A- A+ to A- A to A3 A+ to A-	Baa1 to Baa3 BBB+ to BB- BBB+ to BB- BBB to BB BBB+ to BB-	B+ to C B+ to D B+ to D B to D B+ to D	Unrated Unrated Unrated Unrated Unrated
On and Off Balance-Sheet Credit Exposures						
Public Sector Entities		252,932	-	-	-	2,752,311
Insurance Cos, Securities Firms & Fund Manager						
Corporate		3,459,814	51,646	153,258	-	17,980,124
Total		3,712,746	51,646	153,258	-	20,732,435

f) Ratings of Banking Institutions by Approved ECAIs

31 December 2023 Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	Moody's S&P Fitch RAMs MARC	Aaa to Aa3 AAA to AA- AAA to AA- AAA to AA3 AAA to AA-	A1 to A3 A+ to A- A+ to A- A to A3 A+ to A-	Baa1 to Baa3 BBB+ to BB- BBB+ to BBB- BBB1 to BBB3 BBB+ to BBB-	Ba1+ to B3 BB+ to B- BB+ to B- BB1 to B3 BB+ to B-	Caa1 to C CCC+ to D CCC+ to D C1 to D C+ to D	Unrated Unrated Unrated Unrated Unrated
On and Off Balance- Sheet Credit Exposures							
Banks, MDBs, and DFIs		569,804	142,560	-	-	-	218,871
Total		569,804	142,560	-	-	-	218,871

31 December 2022 Exposure Class	Ratings of Banking Institutions by Approved ECAIs						
	Moody's S&P Fitch RAMs MARC	Aaa to Aa3 AAA to AA- AAA to AA- AAA to AA3 AAA to AA-	A1 to A3 A+ to A- A+ to A- A to A3 A+ to A-	Baa1 to Baa3 BBB+ to BB- BBB+ to BBB- BBB1 to BBB3 BBB+ to BBB-	Ba1+ to B3 BB+ to B- BB+ to B- BB1 to B3 BB+ to B-	Caa1 to C CCC+ to D CCC+ to D C1 to D C+ to D	Unrated Unrated Unrated Unrated Unrated
On and Off Balance- Sheet Credit Exposures							
Banks, MDBs, and DFIs		1,207,092	262,483	-	-	-	378,312
Total		1,207,092	262,483	-	-	-	378,312

Note: There are no exposures under Short-term ratings for the period under review.



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4. CREDIT RISK (CONTINUED)

4.9 Credit Risk Mitigation (CRM)

As a first way out, the assessment of credit when granting a financing facility is based on a particular customer's cash flow as the main source of payment and not on the collateral offered. However, the acceptance of tangible security as collateral would offer a second way out in the event of business failure thereby improving recovery rates.

The types of collaterals accepted by the Group would have an impact on the calculation of the Group's capital adequacy as the quality and the type of collaterals determine whether the Group is able to obtain capital relief and the extent of such relief. Capital relief is defined as the assignment of a lower or zero risk weight to the counterparty exposure by setting off or reducing the counterparty exposure against the collateral value.

The main types of collaterals obtained by the Group to mitigate credit risks are as follows:

- (a) Cash on lien
- (b) Landed property
- (c) Shariah compliant quoted shares and unit trusts
- (d) Malaysian Federal Government Securities
- (e) Rated/Unrated Islamic Securities/Sukuk
- (f) Guarantee

The reliance that can be placed on CRM is carefully assessed in light of issues such as compliance with Shariah rules and principles, legal enforceability, market value and counterparty credit risk of the guarantor. The Group has put in place policies and procedures which govern the determination of eligibility of various collaterals to protect the Group's position from the onset of a customer relationship on the CRM, for instance, in requiring standard terms and conditions or specifically agreed upon documentation to ensure the legal enforceability of the credit risk mitigants.

In order to obtain a fair assessment of collateral securing the financing facility, a valuation is performed periodically ranging from weekly to annually, depending on the type, liquidity and volatility of the collateral value.

In mitigating the counterparty credit risks arising from foreign exchange and derivatives transactions, the Group enters into master agreements that provide for closeout netting with counterparties, whenever possible. A master agreement that governs all transactions between the two parties, creates a greater legal certainty that the netting of outstanding obligations can be enforced upon termination of outstanding transactions if an event of default occurs.

4. CREDIT RISK (CONTINUED)

4.9 Credit Risk Mitigation (CRM) (continued)

(i) Group

The Group manages its credit risk concentrations by diversifying its portfolios through several measures. The Group monitors credit risk limits via, among others, sector limits, program limits, deviation limits and Single Counterparty Exposure Limits (SCEL). The following tables disclose the extent to which exposures are covered by eligible credit risk mitigants.

Disclosure of Credit Risk Mitigation (CRM):

31 December 2023 Exposure Class	Exposures	Exposures	Exposures
	Before CRM RM'000	Covered by Guarantees RM'000	Financial and Non-Financial Collateral RM'000
On-Balance Sheet Exposures			
Sovereign/Central Banks	10,662,724	-	-
Public Sector Entities	1,286,319	-	138,271
Banks, DFIs and MDBs	844,978	-	-
Corporates	20,599,807	2,211,261	1,210,643
Regulatory Retail	26,648,442	374,887	405,553
Residential Mortgages	24,350,408	185	74,062
Higher Risk Assets	-	-	-
Other Assets	3,491,891	-	-
Defaulted Exposures	2,494,124	125,472	245,546
Total for On-Balance Sheet Exposures	90,378,693	2,711,805	2,074,075
Off-Balance Sheet Exposures			
Credit-related Exposures	1,479,473	2,261	27,291
Derivative Financial Instruments	177,278	-	-
Defaulted Exposures	264,260	-	418
Total for Off-Balance Sheet Exposures	1,921,011	2,261	27,708
Total On and Off-Balance Sheet Exposures	92,299,705	2,714,066	2,101,784



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4. CREDIT RISK (CONTINUED)

4.9 Credit Risk Mitigation (CRM) (continued)

(i) Group (continued)

Disclosure of Credit Risk Mitigation (CRM) (continued):

31 December 2022			
Exposure Class	Exposures Before CRM RM'000	Exposures Covered by Guarantees RM'000	Exposures Covered by Eligible Financial and Non-Financial Collateral RM'000
On-Balance Sheet Exposures			
Sovereign/Central Banks	12,113,373	-	-
Public Sector Entities	2,958,245	-	92,495
Banks, DFIs and MDBs	1,694,858	-	-
Corporates	19,498,516	2,533,329	1,281,624
Regulatory Retail	22,618,237	355,970	221,676
Residential Mortgages	25,971,590	447	94,862
Higher Risk Assets	2,538	-	-
Other Assets	2,947,702	-	-
Defaulted Exposures	1,601,818	290,778	118,332
Total for On-Balance Sheet Exposures	89,406,877	3,180,524	1,808,989
Off-Balance Sheet Exposures			
Credit-related Exposures	1,646,532	115	31,946
Derivative Financial Instruments	213,080	-	-
Defaulted Exposures	157,484	4,571	418
Total for Off-Balance Sheet Exposures	2,017,096	4,686	32,364
Total On and Off-Balance Sheet Exposures	91,423,973	3,185,210	1,841,353

4. CREDIT RISK (CONTINUED)

4.9 Credit Risk Mitigation (CRM) (continued)

(ii) Bank

Disclosure of Credit Risk Mitigation (CRM):

31 December 2023	Exposures Covered by Eligible Financial and Non-Financial Collateral		
Exposure Class	Exposures Before CRM RM'000	Exposures Covered by Guarantees RM'000	RM'000
On-Balance Sheet Exposures			
Sovereign/Central Banks	10,662,724	-	-
Public Sector Entities	1,286,319	-	138,271
Banks, DFIs and MDBs	808,755	-	-
Corporates	20,599,807	2,211,261	1,210,643
Regulatory Retail	26,648,442	374,887	405,553
Residential Mortgages	24,350,408	185	74,062
Higher Risk Assets	-	-	-
Other Assets	3,087,415	-	-
Defaulted Exposures	2,494,124	125,472	245,546
Total for On-Balance Sheet Exposures	89,937,994	2,711,805	2,074,075
Off-Balance Sheet Exposures			
Credit-related Exposures	1,479,473	2,261	27,291
Derivative Financial Instruments	177,278	-	-
Defaulted Exposures	264,260	-	418
Total for Off-Balance Sheet Exposures	1,921,011	2,261	27,708
Total On and Off-Balance Sheet Exposures	91,859,006	2,714,066	2,101,784



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4. CREDIT RISK (CONTINUED)

4.9 Credit Risk Mitigation (CRM) (continued)

(ii) Bank (continued)

Disclosure of Credit Risk Mitigation (CRM) (continued):

31 December 2022			
Exposure Class	Exposures Before CRM RM'000	Exposures Covered by Guarantees RM'000	Exposures Covered by Eligible Financial and Non-Financial Collateral RM'000
On-Balance Sheet Exposures			
Sovereign/Central Banks	12,113,373	-	-
Public Sector Entities	2,958,245	-	92,495
Banks, DFIs and MDBs	1,677,905	-	-
Corporates	19,498,516	2,533,329	1,281,624
Regulatory Retail	22,618,237	355,970	221,676
Residential Mortgages	25,971,590	447	94,862
Higher Risk Assets	2,538	-	-
Other Assets	2,819,804	-	-
Defaulted Exposures	1,601,818	290,778	118,332
Total for On-Balance Sheet Exposures	89,262,026	3,180,524	1,808,989
Off-Balance Sheet Exposures			
Credit-related Exposures	1,646,532	115	31,946
Derivative Financial Instruments	213,080	-	-
Defaulted Exposures	157,484	4,571	418
Total for Off-Balance Sheet Exposures	2,017,096	4,686	32,364
Total On and Off-Balance Sheet Exposures	91,279,122	3,185,210	1,841,353

4. CREDIT RISK (CONTINUED)

4.10 Off-Balance Sheet and Counterparties Credit Risk for the Group and the Bank

(i) As at 31 December 2023

Nature of Item	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
Credit related Exposures				
Direct credit substitutes	565,760		565,760	624,984
Assets sold with recourse	-		-	-
Transaction related contingent items	1,155,678	-	577,839	621,457
Short term self-liquidating trade related contingencies	313,275	-	62,655	65,329
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	-	-	-	-
- exceeding one year	1,074,826	-	537,413	451,995
Unutilised credit card lines	-	-	-	-
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a customer's creditworthiness	9,717,721	-	-	-
	12,827,260		1,743,667	1,763,765
Derivative Financial Instruments				
Foreign exchange related contracts				
- less than one year	8,651,500	68,402	177,339	82,196
- one year to less than five years	-	-	-	-
- Five years and above	3,343	-	5	3
Profit rate related contracts				
- less than one year	-	-	-	-
- one year to less than five years	-	10	-	-
- five years and above	-	-	-	-
Equity related contracts				
- less than one year	-	-	-	-
- one year to less than five years	-	-	-	-
- Five years and above	-	-	-	-
	8,654,843	68,412	177,344	82,199
Total	21,482,103	68,412	1,921,011	1,845,964



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as at 31 December 2023

4. CREDIT RISK (CONTINUED)

4.10 Off-Balance Sheet and Counterparties Credit Risk for the Group and the Bank (continued)

(ii) As at 31 December 2022

Nature of Item	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Asset RM'000
Credit related Exposures				
Direct credit substitutes	533,884		533,884	578,339
Assets sold with recourse	-		-	-
Transaction related contingent items	985,002		492,501	483,516
Short term self-liquidating trade related contingencies	407,370		81,474	80,143
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- not exceeding one year	-		-	-
- exceeding one year	1,392,315		696,158	575,432
Unutilised credit card lines	-		-	-
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a customer's creditworthiness	7,809,279		-	-
	11,127,850		1,804,017	1,717,430
Derivative Financial Instruments				
Foreign exchange related contracts				
- less than one year	7,713,420	122,827	212,579	78,664
- one year to less than five years				
- Five years and above	-	-	-	-
Profit rate related contracts				
- less than one year	-	-	-	-
- one year to less than five years	42,286	173	501	325
- five years and above	-	-	-	-
Equity related contracts				
- less than one year	-	-	-	-
- one year to less than five years	-	-	-	-
- Five years and above	-	-	-	-
	7,755,706	123,000	213,080	78,989
Total	18,883,556	123,000	2,017,097	1,796,419

5. MARKET RISK

5.1 Overview

All the Group's financial instruments are subject to the risk that market prices and rates will move, resulting in profit or losses to the Group. The following are the main market risk factors that the Group is exposed to:

- **Profit Rate Risk:** also known as the Rate of Return Risk is the potential impact on the Group's profitability and capital caused by changes in the rate of return, due to general market movements or issuer/customer specific reasons.
- **Foreign Exchange Risk:** the impact of exchange rate movements on the Group's currency positions.
- **Equity Investment Risk:** the profitability impact on the Group's equity positions or investments caused by changes in equity prices or values.

The Group separates the market risk exposures into either trading book or banking book portfolios. Trading book portfolios include those positions arising from market making, proprietary position taking and other marked-to-market positions as per the Board approved Trading Book Policy Statements. Banking book portfolios primarily arise from the Group's profit rate management of the Group's asset & liabilities and investment portfolio mainly for liquidity management.

5.2 Market Risk Governance

The management of market risk is principally carried out by using sets of policies and guidelines approved by Asset & Liability Committee ("ALCO") and/or BRC, guided by the Board's approved Group Risk Appetite Statement Policy.

ALCO is responsible under the authority delegated by BRC for managing market risk at strategic level.

5.3 Management of Market Risk

The objective is to manage market risk exposures in order to optimise return on risk while maintaining a market risk profile consistent with the Group's approved risk appetite.

All market risk exposures are managed by Treasury, who has the necessary skills, tools, management and governance to manage such risks. The management of market risk is guided by comprehensive limits, policies and guidelines which are periodically reviewed.

Market Risk Management Department ("MRMD") is an independent risk control function and is responsible for ensuring effective implementation of market risk management framework. MRMD is also responsible for developing and reviewing the Group's market risk management guidelines and policies, monitoring tools, behavioural assumptions and limit setting methodologies. Strict escalation procedures are documented and approved by ALCO and/or BRC. In addition, the market risk exposures and limits are regularly reported to ALCO and BRC.



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5. MARKET RISK (CONTINUED)

5.3 Management of Market Risk (continued)

Other controls to ensure that market risk exposures remain within tolerable levels include regular stress testing, ad-hoc simulations, and rigorous new product approval procedures. Stress test results are produced regularly to determine the impact of changes in profit rates, foreign exchange rates and other risk factors on the Group's profitability, capital adequacy and liquidity. The stress test provides the Management and BRC with an assessment of the financial impact of identified extreme events on the market risk exposures of the Group.

a) Profit rate risk in the banking book portfolio

Profit rate risk in the banking book also known as Rate of Return Risk in the Banking Book ("RORBB") is the current and potential risk to the Group's earnings and economic value arising from movements in profit rates. The profit rate risk in the banking book portfolio is measured and managed using measurement techniques known as Earnings-at-Risk ("EaR") and Economic Value of Equity ("EVE"), to ensure the risk is managed within the Group's risk appetite.

The Group monitors the sensitivity of EaR and EVE under varying profit rate scenarios and also incorporates internal behavioural assumptions. These scenarios assume no management action and hence, it does not incorporate actions that would be taken by Treasury to mitigate the impact of the profit rate risk. In reality, depending on the view on future market movements, Treasury would proactively manage and strategise to change the profit rate exposure profile to minimise losses and to optimise net revenues. The Bank's hedging and risk mitigation strategies range from the use of derivative financial instruments, such as profit rate swaps, to more intricate hedging strategies to address inordinate profit rate risk exposures.

The table below shows the Group's profit rate sensitivity to a 150 basis points parallel shift as at reporting date.

Group Impact on EaR	31 December 2023 Increase/(Decline)		31 December 2022 Increase/(Decline)	
	+150bps RM million	-150bps RM million	+150bps RM million	-150bps RM million
Currency				
MYR	225.6	(225.6)	197.6	(197.6)
USD	(0.8)	0.8	(2.5)	2.5
OTHERS*	(0.5)	0.5	(0.5)	0.5
TOTAL	224.3	(224.3)	194.6	(194.6)

Note:

1. *Inclusive of all other currencies except MYR and USD

5. MARKET RISK (CONTINUED)

5.3 Management of Market Risk (continued)

a) Profit rate risk in the banking book portfolio (continued)

Group Impact on EVE	31 December 2023 Increase/(Decline)		31 December 2022 Increase/(Decline)	
	+150bps RM million	-150bps RM million	+150bps RM million	-150bps RM million
Currency				
MYR	(423.3)	423.3	(392.7)	392.7
USD	2.2	(2.2)	9.4	(9.4)
OTHERS*	1.6	(1.6)	1.6	(1.6)
TOTAL	(419.4)	419.4	(381.7)	381.7

The table below shows the Bank's profit rate sensitivity to a 150 basis points parallel shift as at reporting date.

Bank Impact on EaR	31 December 2023 Increase/(Decline)		31 December 2022 Increase/(Decline)	
	+150bps RM million	-150bps RM million	+150bps RM million	-150bps RM million
Currency				
MYR	224.7	(224.7)	195.4	(195.4)
USD	(0.8)	0.8	(2.5)	2.5
OTHERS*	(0.5)	0.5	(0.5)	0.5
TOTAL	223.4	(223.4)	192.3	(192.3)

Bank Impact on EVE	31 December 2023 Increase/(Decline)		31 December 2022 Increase/(Decline)	
	+150bps RM million	-150bps RM million	+150bps RM million	-150bps RM million
Currency				
MYR	(422.8)	422.8	(391.0)	391.0
USD	2.2	(2.2)	9.4	(9.4)
OTHERS*	1.6	(1.6)	1.6	(1.6)
TOTAL	(418.9)	418.9	(380.0)	380.0

Note:

1. *Inclusive of all other currencies except MYR and USD

Other controls to manage the profit rate risk in the banking book portfolio includes present value of 1 basis point change ("PV01") which measures the banking book fair value to comprehensive income securities ("FVOCI") portfolio's sensitivity to market rates movement.



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5. MARKET RISK (CONTINUED)

5.3 Management of Market Risk (continued)

b) Market Risk in the trading book portfolio

Market risk in the trading book portfolio is monitored and managed using Value-at-Risk ("VaR"). It is a technique that estimates the potential losses that could occur as a result of market rates movements over a specified time horizon and to a given level of confidence. The VaR model used by the Bank is based on historical simulation which derives plausible future scenarios from the past series of recorded market rates and prices. The historical simulation model used by the Bank incorporates the following features:

- Potential market movements are calculated with reference to data from the past two years;
- Historical market rates are calculated with reference to foreign exchange rates and profit rates; and
- VaR is calculated using a 99 per cent confidence level and for a one-day holding period.

A summary of the VaR position of the Bank's trading book portfolios as at the reporting date is as follows:

	As at			
	31.12.2023	1.1.2023 to 31.12.2023		
Bank	RM million	Average RM million	Maximum RM million	Minimum RM million
Profit Rate Risk	2.21	2.49	3.88	0.01
Foreign Exchange Risk	0.16	0.36	0.66	0.16
Overall	2.37	2.85	4.30	0.21

	As at			
	31.12.2022	1.1.2023 to 31.12.2022		
Bank	RM million	Average RM million	Maximum RM million	Minimum RM million
Profit Rate Risk	0.004	0.58	1.66	0.004
Foreign Exchange Risk	0.19	1.58	3.35	0.19
Overall	0.20	2.15	4.49	0.20

5. MARKET RISK (CONTINUED)

5.3 Management of Market Risk (continued)

c) Foreign Exchange Risk

The Bank manages and controls the trading book portfolio's foreign exchange risk by limiting the net open exposure to individual currencies and on an aggregate basis. For the Bank-wide (trading and banking portfolios) foreign exchange risk, the Bank manages and controls by limiting the net open exposure on an aggregate basis.

Sensitivity Analysis

The Bank has a sensitivity limit for managing the foreign exchange risk in place. The foreign currency revaluation sensitivity for the Bank as at reporting date is summarised as follows (only net open position for major currencies are shown in its specific currency in the table below. For other currencies, these exposures are grouped as "Others"):

	31 December 2023		31 December 2022	
	-1% Depreciation RM'000	+1% Appreciation RM'000	-1% Depreciation RM'000	+1% Appreciation RM'000
Bank				
US Dollar	(4,195)	4,195	(4,805)	4,805
Euro	5,122	(5,122)	4,348	(4,348)
Others	(318)	318	(143)	143

5.4 Capital Treatment for Market Risk

The Group adopts the Standardised Approach to compute the market risk capital requirement under BNM's CAFIB.

6. LIQUIDITY RISK

6.1 Overview

Liquidity risk is the risk of adverse impact to the financial condition of the Group, or the soundness of the Group being adversely affected by an inability (or perceived inability) to meet its contractual obligations. This risk can arise from mismatches in the timing of cash flows.

The Group maintains a diversified and stable funding base comprising retail and corporate customer deposits. This is augmented by wholesale funding and highly liquid assets portfolios.

The objectives of the Group's liquidity management are to ensure that all foreseeable funding commitments and deposit withdrawals can be met when due and that wholesale market access remains accessible and cost effective.

Savings accounts, current accounts, investment accounts (IA) and term deposits form a critical part of the Group's funding profile and the Group places considerable importance on maintaining their stability. The stability depends upon preserving depositors' confidence in the Group and the Group's capital strength and liquidity, and on competitive and transparent pricing.



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6. LIQUIDITY RISK (CONTINUED)

6.1 Overview (continued)

The Group's liquidity management is primarily carried out in accordance with Bank Negara Malaysia's requirements and the internal limits approved by ALCO and/or BRC. The limits vary, taking into account the depth and liquidity of the market in which the Group operates. The Group maintains a strong liquidity position and manages the liquidity profile of its assets, liabilities, and commitments to ensure that cash flows are appropriately balanced, and all obligations are met when due.

The Group's liquidity management process includes:

- Daily projection of cash flows and ensuring that the Group has sufficient liquidity surplus and reserves to sustain a sudden liquidity shock;
- Projecting cash flows and considering the level of liquid assets necessary in relation thereto;
- Maintaining liabilities of appropriate term relative to the asset base;
- Maintaining a diverse range of funding sources with adequate back-up facilities;
- Monitoring depositor concentration in order to avoid undue reliance on large individual depositors and ensure a satisfactory overall funding mix; and
- Managing the maturities and diversifying funding liabilities across products and counterparties.

6.2 Liquidity Risk Governance

The management of liquidity risk is principally carried out by using sets of policies and guidelines approved by ALCO and/or BRC, guided by the Board's approved Group Risk Appetite Statement Policy. ALCO is responsible under the authority delegated by BRC for managing liquidity risk at strategic level.

6.3 Management of Liquidity Risk

All liquidity risk exposures are managed by Treasury, who has the necessary skills, tools, management and governance to manage such risks. Limits and triggers are set to meet the following objectives:

- Maintaining sufficient liquidity surplus and reserves to sustain a sudden liquidity shock;
- Ensuring that cash flows are relatively diversified across all maturities;
- Ensuring that the deposit base is not overly concentrated on a relatively small number of depositors;
- Maintaining sufficient borrowing capacity in the Interbank market and highly liquid financial assets to back it up; and
- Not over-extending financing activities relative to the deposit base.

MRMD is an independent risk control function and is responsible for ensuring efficient implementation of liquidity risk framework. It is also responsible for developing the Group's liquidity risk management guidelines, monitoring tools, behavioural assumptions and limit setting methodologies. Strict escalation procedures are documented and approved by ALCO and/or BRC, with proper authorities to ratify or approve the excess. In addition, the liquidity risk exposures and limits are regularly reported to ALCO and BRC.

6. LIQUIDITY RISK (CONTINUED)

6.3 Management of Liquidity Risk (continued)

Stress testing and scenario analysis are important tools used by the Group to manage the liquidity risk. Stress test results are produced regularly to determine the impact of a sudden liquidity shock. The stress-testing provides the Management and BRC with an assessment of the financial impact of identified extreme events on the liquidity and funding risk exposures of the Group.

Another key control feature of the Group's liquidity risk management is the liquidity contingency management plans. These plans identify the pre-emptive quantitative and qualitative indicators of stress conditions arising from systemic or other crises and provide guidance on actions to be taken in order to minimise the adverse implications to the Group.

7. OPERATIONAL RISK

7.1 Overview

Operational Risk is defined as the "risk of loss resulting from inadequate or failed internal processes, people, and systems, as well as from external events which may negatively impact the Group's financial performance and reputation".

It is inherent in all banking products, activities, processes and systems and the effective management of operational risk has always been a fundamental element of a bank's risk management programme.

7.2 Operational Risk Governance

The Group's operational risk management ("ORM") is guided by its ORM Policy, Guideline and Group Enterprise-Wide Risk Management Policy, as well as its Group Risk Appetite Statement Policy which are designed to provide a sound and well-controlled operational environment within the Group.

BRC is a committee of Board to oversee the Management's activities in managing risks for the Group, including operational risk. Its roles, with regard to ORM, include reviewing and recommending ORM Policy, strategies and risk appetite for Board's approval.

MRCC, under the authority delegated by BRC is responsible to perform the oversight function and to ensure effective management of issues relating to operational risk at strategic level. Operational Risk Control Committee ("ORCC") which is a sub-committee of MRCC is primarily responsible in ensuring effective implementation and maintenance of policies, processes, and systems for managing operational risk for the Group.

Notwithstanding the above, the various Business & Support Units ("BU/SU") are responsible for managing operational risk within their respective domains on a day-to-day basis and ensuring that their business & operational activities are carried out within the established ORM policies, guidelines, procedures and limits. To reinforce accountability and ownership of risk & control at BU/SU level, a Risk Controller ("RC") for each BU/SU is appointed and Embedded Risk and Compliance Unit ("ERU") is established at selected BU/SU to assist in driving the risk & control programme for the Group.

Ultimately, all staff of the Group are to ensure they properly discharge their day-to-day responsibilities and are well-equipped with the necessary knowledge including the policies and procedures in executing their job functions. This is in line with our Risk Management Tagline, i.e., "Managing Risk is Everyone's Business".



Pillar 3 Disclosure

as at 31 December 2023

7. OPERATIONAL RISK (CONTINUED)

7.3 Management of Operational Risk

The Group recognises and emphasises the importance of ORM 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 ORM policies, guidelines, procedures, and limits.

The Group's overall governance approach in managing operational risk is premised on the Three Lines of Defence Approach:

- a) **1st Line of Defence** – The risk owner or risk-taking unit i.e., BU/SU is accountable for putting in place a robust control environment within their respective units. They are responsible for the day-to-day management of operational risk. To reinforce accountability and ownership of risk and control within 1st Line of Defence, the RC is appointed at each BU/SU and ERU is established at selected BU/SU.

2nd Line of Defence – Operational Risk Management Department (“ORMD”) is responsible for establishing and maintaining the ORM Policy and its supporting guidelines/manuals, developing methodologies and various ORM tools to facilitate the management of operational risk, monitoring the effectiveness of ORM, assessing operational risk issues from the risk owner and escalating operational risk issues to the relevant governance level with recommendations on appropriate risk mitigation strategies. In creating a strong risk culture, ORMD is also responsible to promote risk awareness across the Group. Shariah Risk Management Unit (“SRMU”), which forms part of ORMD, is responsible for managing the Shariah non-compliance risk (“SNCR”) by establishing and maintaining appropriate guidelines on Shariah Risk Management (SRM) by facilitating the process of identifying, assessing, controlling, and monitoring SNCR and promoting SNCR awareness.

Group Compliance Division, which includes Shariah Compliance Department and Group Information Security & Governance Division (“ISGD”) complement the role of ORMD as the 2nd Line of Defence.

Group Compliance Division is responsible for ensuring effective oversight on compliance-related risks such as regulatory compliance risk, compliance risk, corruption risk, money laundering and terrorism financing risks through proper classification of risks and developing, reviewing, and enhancing compliance-related training programmes, as well as conducting trainings that promote awareness creation. Shariah Compliance Department under Group Compliance Division is responsible for reviewing and monitoring Shariah compliance of the Group's operations, activities, and services at BU/SU level.

ISGD is responsible in managing information technology risk by establishing, maintaining, and enforcing information technology risk policies/guidelines and it works closely with Group Technology Division in identifying, assessing, mitigating, and monitoring of information technology risk in the Group.

- b) **3rd Line of Defence** – Group Internal Audit including Shariah Audit Department provides independent assurance to the Board and management on the effectiveness of the ORM and SRM process.

7. OPERATIONAL RISK (CONTINUED)

7.4 ORM Tools & Mitigation Strategies

The Group employs ORM tools comprising proactive and reactive tools which are in line with the best practices in managing and mitigating operational risks, namely:

Overview of ORM Tools				
Proactive Tools				Reactive Tools
Risk Control Self-Assessment	Key Risk Indicator	Operational Risk Review	New Product Services Approval Process	Risk Loss Event Management & Reporting
<ul style="list-style-type: none"> Self-assessment to identify and assess operational risks by Risk Owners; The tool creates ownership and increases operational risk awareness. 	<ul style="list-style-type: none"> A forward-looking tool to identify potential risks and to enable counter measures and risk mitigation actions before an incident occurs (early warning system); To assist management to focus on high-risk issues. 	<ul style="list-style-type: none"> End-to-end review of activities to identify risks and ensure appropriate controls are in place and are effective; To ensure controls are aligned with RCSA and able to mitigate the identified risk. 	<ul style="list-style-type: none"> To ensure risks are identified and adequate controls are in place prior to launching of new product/ services. 	<ul style="list-style-type: none"> Centralised group-wide loss database which provides line of business loss reporting overview, tracks frequency of events and facilitates detailed reviews of the incident and its impact.
<p>Risk Analysis & Reporting</p> <ul style="list-style-type: none"> Analysis and reporting of qualitative and quantitative results from various ORM tools. 				
<p>Scenario Analysis</p> <ul style="list-style-type: none"> A systematic and forward-looking tool of obtaining expert opinions to derive new risks, test the efficiency of existing controls and highlights unexpected risks. 				

In addition, a comprehensive Business Continuity Management (“BCM”) function has been established within the Group to ensure that in the event of material disruptions from internal or external events, critical business functions can be maintained or restored in a timely manner. This ensures minimal adverse impact on customers, staff and products and services. BCM constitutes an essential component of the Group’s risk management process by providing a controlled response to potential operational risk that could have a significant impact on the Group’s critical processes and revenue streams. The Group is also continuously reviewing its critical business operations’ resilience through regular testing and dependencies assessment on its assets (systems, data, third parties, facilities, processes and people) in order to ensure it has the required capability and resources to effectively prepare for different disruption events.



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as at 31 December 2023

7. OPERATIONAL RISK (CONTINUED)

7.4 ORM Tools & Mitigation Strategies (continued)

As part of the risk transfer strategy, the Group obtains a 3rd party Takaful coverage to cover for the Group's high impact loss events.

The Group also ensures that the group-wide Operational Risk awareness programme is conducted on an ongoing basis. This training programme emphasises on inculcating an operational risk culture among staff, effective implementation of ORM tools, fraud awareness, BCM and other aspects of ORM.

7.5 Capital Treatment for Operational Risk

Operational Risk capital charge is calculated using the BIA as per BNM's CAFIB. The BIA for operational risk capital charge calculation applies an alpha (15%) to the average of positive gross income that was achieved over the previous three years by the Group. The RWA amount is computed by multiplying the minimum capital required with a multiplier of 12.5 (reciprocal of 8%).

8. SHARIAH GOVERNANCE

8.1 Overview

By virtue of BNM's Shariah Governance Policy Document ("SGPD"), the Group has established a sound and robust Shariah governance framework with the emphasis placed on the roles of its key functionalities, which include having in place an effective and responsible Board and Management and an independent Shariah Supervisory Council ("SSC") that is supported by strong and competent internal Shariah functions.

As part of the robust Shariah governance framework, to date, the Group has put in place the Group Shariah Compliance Policy, Shariah Compliance Guideline, Shariah Compliance Marketing Guideline, Business Zakat Guideline and Charity Fund Management Guideline. These help to ensure the Group's business activities and behaviors are in compliance with Shariah rules and principles, provisions of the Islamic Financial Services Act ("IFSA") 2013, BNM's SGPD and its other rules and regulations, and the resolutions of BNM, Securities Commission ("SC") and Labuan Financial Services Authority ("LFSA")'s Shariah Advisory Council and the SSC.

8.2 Shariah Risk Management

The Group's Shariah risk management as part of operational risk management is guided by Operational Risk Management ("ORM") Policy and Guidelines which set out the high-level framework supporting the Shariah Compliance Policy and detail out the Shariah risk management processes and tools. The policy and guidelines serve to provide a consistent group-wide framework for managing SNCR across the Group.

In addition, the Group Risk Loss Event Management and Reporting ("RLEMR") Guideline provides sound mechanism on Shariah non-compliance ("SNC") management and reporting, in order to ensure the Group strictly complies with Shariah rules and principles, as well as the regulatory requirements. The guideline has been established to be in line with the mechanism set out by BNM Operational Reporting Requirement (ORR) Policy Document (effective 1 November 2023) and to ensure compliance with section 28(3) of the IFSA 2013 which requires any SNC event to be immediately reported to BNM. Pursuant to this guideline, any actual SNC events caused by operational lapses including negligence, breach of policies and lack of due care by staff may be subject to disciplinary action.

8. SHARIAH GOVERNANCE (CONTINUED)

8.2 Shariah Risk Management (continued)

Being part of operational risk, Shariah risk management leverages on the same ORM principles, processes, and tools. The responsibility of managing SNCR is spearheaded by the Group’s Shariah Risk Management Unit (“SRMU”). In general, all ORM tools are extended to the process of managing SNCR. However, the tools are modified to suit the regulatory requirements on Shariah governance in order to provide a robust and consistent approach in managing SNCR.

Extensive and continuous Shariah risk awareness initiatives have been conducted for the Group’s staff and Risk Controllers (“RC”) to ensure understanding towards Shariah requirements/rulings, effective identification of SNC risks, establishment of controls to prevent SNC event, and to keep updated on the latest Shariah requirements/rulings issued by Shariah Division, SSC and regulators, and any occurrence of Shariah non - compliance event. In the year 2023, six (6) Shariah risk awareness sessions were conducted involving Group’s staff from HQ and branches. In addition, it is compulsory for all staff to participate in Shariah training via e-Learning as a refresher course.

8.3 Shariah Non-Compliance (“SNC”) Events

An SNC event is a result of the Group’s failure to comply with the Shariah rules and principles as determined by the Bank’s Shariah Supervisory Council, as well as other relevant body or institution such as the Shariah Advisory Council of BNM, Securities Commission and Labuan Financial Services Authority.

Throughout the year 2023, nil incidence confirmed by the SSC as SNC events.

8.4 Shariah Non-Compliant Income

31 December 2023	31 December 2022
RM38,479.65	RM39,312.59

The main contributors of the SNC income for 2023 were commissions from SNC merchants of card business (RM22,392.92) and commissions from third party investment product offering (RM7,878.49). The amount was disposed to charitable causes upon SSC’s approval.

9. INVESTMENT ACCOUNT

9.1 Overview

Islamic Financial Services Act 2013 (“IFSA”) distinguishes Investment Account (IA) from Islamic deposits, where Shariah contracts that need to be applied for IA products are non-principal guaranteed, while Shariah contracts for deposit products are principal guaranteed.

In line with the implementation of the IFSA, the Group has developed investment account products based on Mudarabah and Wakalah contracts.



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as at 31 December 2023

9. INVESTMENT ACCOUNT (CONTINUED)

9.1 Overview (continued)

Mudarabah is a contract between a customer as capital provider and the Group as an entrepreneur under which the customer provides capital to be managed by the Group and any profit generated is shared according to a mutually agreed profit-sharing ratio (PSR) whilst financial losses are borne by the customer provided that such losses are not due to the Group's misconduct, negligence or breach of specified terms.

Wakalah refers to a contract where a customer, as the principal, authorises the Group as his agent to perform a particular task on matters that may be delegated i.e., investment, with or without imposition of a fee. In this context, the Shariah contract applied is Wakalah bi al-Istithmar (Wakalah for the purpose of investment).

In terms of offering, the Group currently has Unrestricted Investment Account:

Unrestricted Investment Account (UA)

Unrestricted Investment Account refers to a type of IA where the customer/Investment Account Holder (IAH) provides the Group with the mandate to make the ultimate investment decision without specifying any particular restrictions or conditions.

The Group will apply risk management controls over portfolio, legal and operational activities, including asset allocation, liquidity adherence to investment objective and parameters, valuation, monitoring performance, Shariah compliance and others as per guided in the BNM's Investment Account Policy. Notwithstanding the above, in times of adversity in the markets, the Group may manage its asset allocation to safeguard the investment portfolio provided that such investment is within the investment objectives of the fund.

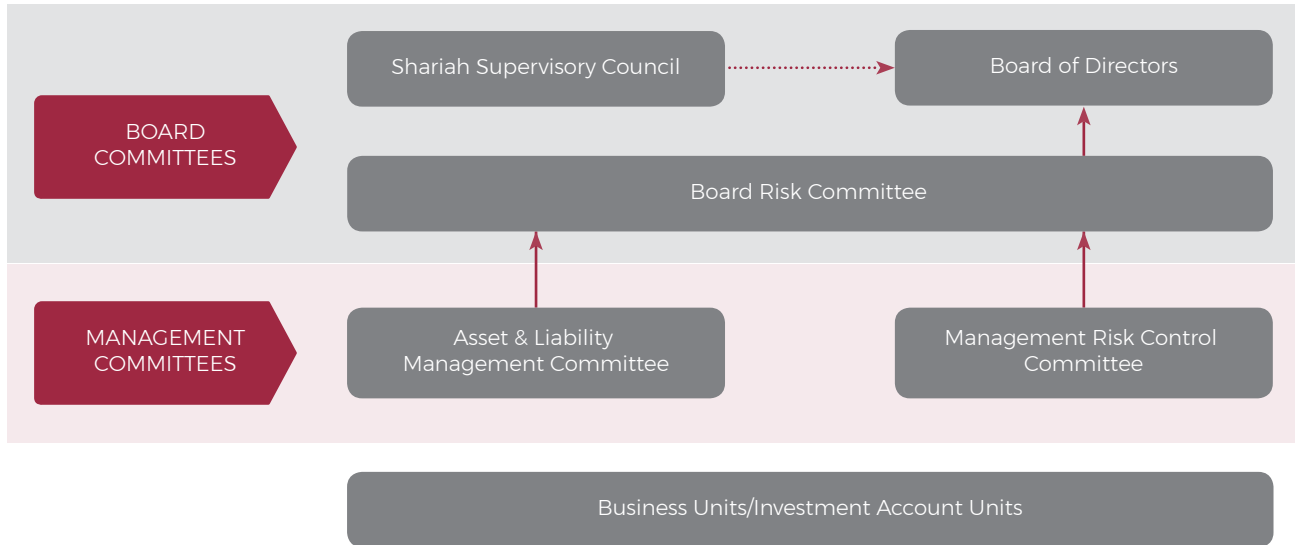
IA product is not capital guaranteed and is not protected by the Perbadanan Insurans Deposit Malaysia (PIDM). Among the risks associated with IA include but not limited to the following:

- (a) Risk of Capital Loss – refers to the potential decrease in the value of the original investment amount.
- (b) Market Risk – refers to the potential impact of adverse price on the economic value of an asset.
- (c) Liquidity Risk – refers to the potential inability of the Group to meet short term withdrawal demands from the IAH.
- (d) Credit Risk – refers to the potential event that may arise when substantial amount of assets for the fund goes into default.
- (e) Legal Risk – IAH should ensure that, in entering into this investment it is not in breach of any laws, regulations, contractual or any other legal limitations that may apply to investors. This investment is issued subject to all applicable laws, regulations and guidelines. In the event of change in such laws, regulations or guidelines, Bank Islam may be obliged to change some or all the terms and conditions of the investment, including the possibility of an early termination.
- (f) Shariah Non-Compliance Risk – refers to the possible failures to comply with the rulings of BNM's SAC and standards issued by BNM or decisions or advice of Bank Islam's Shariah Supervisory Council.

9. INVESTMENT ACCOUNT (CONTINUED)

9.2 Governance Structure

To safeguard the IAH's interest, the investment mandate, strategies and parameters are carried out in accordance with the Group's governance set-up. The IA governance structure adopted by the Group is as depicted in the following diagram:





Pillar 3 Disclosure

as at 31 December 2023

9. INVESTMENT ACCOUNT (CONTINUED)

9.2 Governance Structure (continued)

The roles and responsibilities of the above respective committees are as follows:

Committee	Responsibility
Board of Directors (Board)	Responsible to establish an effective governance arrangement to facilitate effective monitoring and control of the overall management and conduct of the IA. The adequacy of the governance arrangement shall be commensurate with the nature, scale, complexity, and risk profile associated with the conduct of the IA.
Board Risk Committee (BRC)	Assists the Board in performing independent oversight and provides recommendations in respect of the management, operations, and performance of the IA, as well as to play the role of Board Investment Committee.
Shariah Supervisory Council	Advises and provides clarification on relevant Shariah rulings, decisions, or policies on Shariah matters and endorses the terms and conditions stipulated in IA documentation and ensures that information published is in compliance with Shariah.
Management Risk Control Committee	Assists BRC in performing independent oversight and provides recommendations in respect of the management, operations, and performance of the IA.
Asset & Liability Management Committee	<ul style="list-style-type: none"> Responsible to perform the oversight function and to deliberate key issues related to the Bank's asset and liability management and market risk. Approves and reviews proposals with regard to acquisition, allocation and management of funds to be consistent with the regulatory requirements, liquidity needs and market factors, and also other matters which are market and liquidity risk related and where necessary making recommendations to the Board Risk Committee and/or the Board.

9. INVESTMENT ACCOUNT (CONTINUED)

9.3 IA Performance

	31 December 2023	31 December 2022
Gross Exposure: Financing funded by UA	RM17,092,594,284	RM14,564,961,538
	%	%
Return on Assets ("ROA")	4.72%	4.23%
Average Net Distributable Income	4.62%	4.08%
Average/Proportion Net Distributable Income Attributable to the IAH	2.27%	1.43%
Average Profit-Sharing Ratio/Return to the IAH	49.12%	35.16%
	RM'000	RM'000
Impaired assets/financing funded by UA (Group-wide)	635,966	835,232
Total allowance for UA	16,039	20,993

GROUP CHIEF EXECUTIVE OFFICER ATTESTATION

In accordance with BNM's CAFIB Disclosure Requirements (Pillar 3), I hereby attest that to the best of my knowledge, the disclosures contained in Bank Islam Malaysia Berhad's Pillar 3 Disclosure report for the financial year ended 31 December 2023 are consistent with the manner in which the Group and the Bank assesses and manages its risk, and are not misleading in any particular way.



Dato' Mohd Muazzam Mohamed

Group Chief Executive Officer, Bank Islam Malaysia Berhad



Shareholdings' Analysis

as of 29 March 2024

ANALYSIS OF SHAREHOLDINGS (MALAYSIAN & FOREIGN)

(ACCORDING TO THE RECORD OF DEPOSITORS AS OF 29 MARCH 2024)

Size of Shareholdings	No. of Shareholders		No. of Shares		%	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1-99	691	14	7,094	166	-	-
100-1,000	3,208	42	1,955,300	27,671	0.09	-
1,001-10,000	5,858	76	24,493,658	341,645	1.08	0.01
10,001-100,000	1,694	85	47,278,173	3,822,962	2.09	0.17
100,001-113,323,660 (*)	241	86	606,630,544	101,952,334	26.76	4.50
113,323,661 and above (**)	3	-	1,479,963,667	-	65.30	-
Directors' shareholdings	-	-	-	-	-	-
Total	11,695	303	2,160,328,436	106,144,778	95.32	4.68
Grand Total	11,998		2,266,473,214		100.00	

Notes:

* Less than 5% of issued shareholdings

** 5% and above of issued shareholdings

DISTRIBUTION TABLE ACCORDING TO CATEGORY OF SHAREHOLDERS

(ACCORDING TO THE RECORD OF DEPOSITORS AS OF 29 MARCH 2024)

Category of Shareholders	No. of Shareholders			No. of Shares			%		
	Malaysian		Foreign	Malaysian		Foreign	Malaysian		Foreign
	Bumi	Non-Bumi		Bumi	Non-Bumi		Bumi	Non-Bumi	
1. Individual	2,238	6,862	97	10,177,325	65,247,262	934,338	0.45	2.88	0.04
2. Body Corporate									
A. Banks/Finance Companies	32	2	-	1,504,155,923	732,000	-	66.37	0.03	-
B. Investments Trusts/ Foundation/ Charities	14	2	-	9,256,326	13,000	-	0.41	-	-
C. Industrial and Commercial Companies	37	62	-	6,119,150	5,401,159	-	0.27	0.24	-
3. Government Agencies/ Institutions	14	-	-	64,469,007	-	-	2.84	-	-
4. Nominees	1,602	828	206	32,672,662	461,984,612	105,210,440	1.44	20.39	4.64
5. Others	-	2	-	-	100,010	-	-	-	-
Total	3,937	7,758	303	1,626,850,393	533,478,043	106,144,778	71.78	23.54	4.68
Grand Total	11,998			2,266,473,214			100.00		

DIRECTORS' SHAREHOLDINGS

(ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS OF 29 MARCH 2024)

Name of Director	No. of Shares Held Through Own Name	No. of Shares Held Through Nominees	Total Shares	%
Tan Sri Dr Ismail Haji Bakar	-	-	-	-
Datuk Nik Mohd Hasyudeen Yusoff	-	-	-	-
Azizan Ahmad*	-	-	-	-
Mohamed Ridza Mohamed Abdulla**	-	-	-	-
Mohd Yuzaidi Mohd Yusoff	-	-	-	-
Mashitah Haji Osman	-	-	-	-
Dato' Sri Amrin Awaluddin***	-	-	-	-
Mohd Asri Awang	-	-	-	-
Datuk Bazlan Osman	-	-	-	-
Nuraini Ismail	-	-	-	-
Dato' Professor Dr Noor Inayah Ya'akub****	-	-	-	-
Dato' Sri Khazali Ahmad*****	-	-	-	-
Total	-	-	-	-

Notes:

* Retired as an Independent Non-Executive Director on 2 January 2024

** Retired as a Non-Independent Non-Executive Director on 1 December 2022

*** Resigned as a Non-Independent Non-Executive Director on 5 May 2023

**** Appointed as an Independent Non-Executive Director on 7 April 2023

***** Retired as an Independent Non-Executive Director on 2 January 2023

SUBSTANTIAL SHAREHOLDERS HOLDINGS OF 5% AND ABOVE

(ACCORDING TO THE RECORD OF DEPOSITORS AS OF 29 MARCH 2024)

No.	Name	NRIC/ Regn. No.	Shareholdings	Total Shareholdings	%
1.	Lembaga Tabung Haji	ACT5351995	1,107,690,900	1,107,690,900	48.87
2.	Citigroup Nominees (Tempatan) Sdn Bhd	199301012273		384,416,776	16.96
	Employees Provident Fund Board				
	Employees Provident Fund Board (AMUNDI)		5,705,700		
	Employees Provident Fund Board (AM INV)		3,617,800		
	Employees Provident Fund Board (PHEIM)		2,836,100		
	Employees Provident Fund Board		229,286,667		
	Employees Provident Fund Board (ASIANISLAMIC)		10,542,800		
	Employees Provident Fund Board (RHBISLAMIC)		4,578,000		
	Employees Provident Fund Board (F.TEMISLAMIC)		1,761,100		
	Employees Provident Fund Board (ABERISLAMIC)		702,500		
	Employees Provident Fund Board (BNP NAJMAH EQ)		6,132,800		
	Employees Provident Fund Board (CPIAM EQ)		3,400,000		
	Employees Provident Fund Board (NIAM EQ)		5,164,800		
	Employees Provident Fund Board (ISLAMIC)	110,688,509			
3.	Amanahraya Trustees Berhad Amanah Saham Bumiputera	200701008892	142,986,100	142,986,100	6.31
Total		-	-	1,635,093,776	72.14



Shareholdings' Analysis

as of 29 March 2024

TOP 30 SHAREHOLDERS

(ACCORDING TO THE RECORD OF DEPOSITORS AT 29 MARCH 2024)

No.	Name	Total Shareholdings	%
1.	LEMBAGA TABUNG HAJI	1,107,690,900	48.87
2.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	229,286,667	10.12
3.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	142,986,100	6.31
4.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ISLAMIC)	110,688,509	4.88
5.	PERMODALAN NASIONAL BERHAD	87,309,506	3.85
6.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	75,090,480	3.31
7.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 2	26,934,202	1.19
8.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (2)	19,117,911	0.84
9.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	16,371,700	0.72
10.	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	12,673,100	0.56
11.	MAJLIS UGAMA ISLAM SABAH	11,717,299	0.52
12.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEND FUND	11,675,400	0.52
13.	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	11,454,000	0.51
14.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PBTB FOR TAKAFULINK DANA EKUITI	11,019,330	0.49
15.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 3	10,799,171	0.48
16.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC)	10,542,800	0.47
17.	PERTUBUHAN KESELAMATAN SOSIAL	10,514,900	0.46
18.	MAJLIS UGAMA ISLAM SABAH	10,421,700	0.46
19.	LEMBAGA TABUNG ANGKATAN TENTERA	8,922,352	0.39
20.	AMIN BAITULMAL JOHOR	8,316,000	0.37
21.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA	8,138,800	0.36
22.	AMANAH RAYA BERHAD KUMPULAN WANG BERSAMA SYARIAH	7,166,500	0.32
23.	MAJLIS AGAMA ISLAM SELANGOR	6,573,488	0.29
24.	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND WTAU FOR WISDOMTREE EMERGING MARKETS SMALLCAP DIVIDEND FUND	6,480,200	0.29
25.	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD FIDUCIARY TRUST COMPANY INSTITUTIONAL TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST II	6,395,000	0.28
26.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (BNP NAJMAH EQ)	6,132,800	0.27
27.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 3 - DIDIK	5,717,364	0.25
28.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AMUNDI)	5,705,700	0.25
29.	MAJLIS AGAMA ISLAM NEGERI PULAU PINANG	5,544,000	0.24
30.	MAJLIS AMANAH RAKYAT	5,544,000	0.24
	TOTAL	1,996,929,879	88.11

Properties Owned by Bank Islam

PROPERTY LISTING FOR BANK ISLAM MALAYSIA BERHAD

Location	Description of Existing Use	Tenure	Age of Building (years)	Land, Built-up Area (square metre)	Net Book Value as of 31.12.2023 (RM)	Date of Acquisition
HS (D) 80625 Lot 147, Seksyen 87 Jalan Tun Razak 50750 Kuala Lumpur	Building site	Leasehold for 99 years expiring on 29.12.2093	NA	6,410	11,343,878	30.12.1994
H S (M) 2660 & 2661 Lot 50624 & 50625 Batu 5 1/2 Jalan Cheras 56100 Kuala Lumpur	Vacant land	Leasehold for 99 years expiring on 02.04.2085	NA	Lot 50624 - 171 Lot 50625 - 403	55,440	03.04.1986
Lot No. PT 805-HSD 1323 Mukim Bagan Nakhoda Omar, Sabak Bernam, Selangor	Vacant land	Leasehold for 99 years expiring on 03.02.2101	NA	405,000	518,988	07.03.2007

PROPERTY LISTING FOR SYARIKAT AL-IJARAH SDN BHD

Location	Description of Existing Use	Tenure	Age of Building (years)	Land, Built-up Area (square metre)	Net Book Value as of 31.12.2023 (RM)	Date of Acquisition
No. PT Lot 002600 & 002601 No. HS (D) 815 & 816 No. 71 & 73, Jalan Taman Selat Off Jalan Bagan Luar 12720 Butterworth Pulau Pinang	4-storey shophouse/ office for Bank Islam Operation	Freehold	38	Lot 002600 - 171 Lot 002601 - 273	542,970	30.09.1985



Directory of Main and Regional Offices

Central Region

- | | | |
|---|---|--|
| <p>01 Level 28
Menara Bank Islam
No. 22, Jalan Perak
50450 Kuala Lumpur
Tel : 03 2707 8563</p> | <p>02 2 & 4, Jalan 6C/7
Seksyen 16
43650 Bandar Baru Bangi
Selangor
Tel : 03 8655 9280</p> | <p>03 1st Floor, No. 1
Jalan Elektron EU16/E
Seksyen U16, Denai Alam
40160 Shah Alam, Selangor
Tel : 03 5021 1595</p> |
|---|---|--|

W.P. KUALA LUMPUR

- **Bandar Tasik Permaisuri**
Tel : 03 9764 9966
Fax : NA
- **Bandar Wawasan**
Tel : 03 2705 2939
Fax : 03 2705 2938
- **Bukit Damansara**
Tel : 03 2708 4988
Fax : 03 2708 4989
- **Jalan Tun Razak**
Tel : 03 2706 2900
Fax : 03 2706 2909
- **KL Sentral**
Tel : 03 2706 9999
Fax : 03 2706 9998
- **Medan Mara**
Tel : 03 2707 2900
Fax : 03 2707 2909
- **Menara Bank Islam**
Tel : 03 2705 2979
Fax : 03 2705 2978
- **Menara TM**
Tel : 03 2706 2910
Fax : 03 2706 2919

Selayang

- Tel : 03 6414 9933
Fax : 03 6414 9939
- **Semarak**
Tel : 03 2708 4979
Fax : 03 2708 4978
- **Seri Petaling**
Tel : 03 9764 2000
Fax : 03 9764 2009
- **Taman Melawati**
Tel : 03 4815 9955
Fax : 03 4815 9959
- **Taman Tun Dr Ismail**
Tel : 03 7612 8000
Fax : 03 7612 8009
- **UIA Gombak**
Tel : 03 6413 8010
Fax : 03 6413 8016
- **UM KL**
Tel : 03 7669 9397
Fax : 03 7669 9396
- **Wangsa Maju**
Tel : 03 4810 7999
Fax : NA

SELANGOR

- **Ampang**
Tel : 03 4810 0030
Fax : 03 4810 0039
- **Ara Damansara**
Tel : 03 7680 0930
Fax : 03 7680 0938
- **Bandar Baru Bangi**
Tel : 03 8691 0022
Fax : 03 8691 0029
- **Bandar Botanic Klang**
Tel : 03 3000 8400
Fax : 03 3000 8409
- **Bandar Kinrara**
Tel : 03 8600 3939
Fax : 03 8600 3935
- **Banting**
Tel : 03 3008 2100
Fax : 03 3008 2109
- **Bukit Jelutong**
Tel : 03 5021 0140
Fax : 03 5021 0149
- **Cyberjaya**
Tel : 03 8688 0999
Fax : NA

Denai Alam

- Tel : 03 5036 1080
Fax : 03 5036 1089
- **Kajang**
Tel : 03 8691 9988
Fax : 03 8691 9989
- **Kelana Jaya**
Tel : 03 7688 1020
Fax : 03 7688 1029
- **Klang**
Tel : 03 3050 9090
Fax : 03 3050 9099
- **Kota Damansara**
Tel : 03 6414 9988
Fax : 03 6414 9989
- **Petaling Jaya**
Tel : 03 7650 2929
Fax : 03 7650 2928
- **PJ New Town**
Tel : 03 7613 8000
Fax : 03 7613 8009
- **Putra Heights**
Tel : 03 8603 3140
Fax : 03 8603 3149
- **Rawang**
Tel : 03 6420 2010
Fax : 03 6420 2019

- **Saujana Utama**
Tel : 03 6414 9977
Fax : NA
- **Seksyen 18, Shah Alam**
Tel : 03 5022 2410
Fax : 03 5022 2419
- **Semenyih**
Tel : 03 8690 1133
Fax : NA
- **Setia Alam**
Tel : 03 5036 1070
Fax : 03 5036 1079
- **Shah Alam**
Tel : 03 5040 7999
Fax : 03 5040 7998
- **Sri Gombak**
Tel : 03 6414 9966
Fax : 03 6414 9969
- **Subang Jaya**
Tel : 03 8603 3120
Fax : 03 8603 3129
- **Sungai Besar**
Tel : 03 3006 1999
Fax : 03 3006 1998
- **Sungai Buloh**
Tel : 03 6413 8070
Fax : 03 6413 8079
- **Tanjung Karang**
Tel : 03 3007 1999
Fax : 03 3007 1998
- **UiTM Shah Alam**
Tel : 03 5021 0130
Fax : 03 5021 0139

W.P. PUTRAJAYA

- **Putrajaya**
Tel : 03 8682 1111
Fax : 03 8682 1119

Northern Region

01 1st Floor, No. 3009
Bangunan KWSP Seberang Jaya
Lebuh Tenggiri 2
13700 Seberang Jaya
Pulau Pinang
Tel : 04 382 9100

02 1st Floor, 21 & 23
Jalan Taman Meru
Utama A1
Medan Meru Utama
Meru Raya, 30020 Ipoh, Perak
Tel : 05 236 9740

PERLIS

- **Kangar**
Tel : 04 908 9988
Fax : 04 908 9989

KEDAH

- **Alor Setar**
Tel : 04 776 9999
Fax : 04 776 9998
- **Alor Setar 2**
Tel : 04 702 0011
Fax : 04 702 0018
- **Baling**
Tel : 04 449 1999
Fax : 04 449 1998
- **Guar Chempedak**
Tel : 04 454 9988
Fax : 04 454 9989
- **Jitra**
Tel : 04 901 9999
Fax : 04 901 9998
- **Kulim**
Tel : 04 481 9595
Fax : 04 481 9599
- **Langkawi**
Tel : 04 933 1000
Fax : 04 933 1009

Pokok Sena

- Tel : 04 704 0990
Fax : 04 704 0999

Sik

- Tel : 04 454 9977
Fax : 04 454 9979

Sungai Petani

- Tel : 04 454 9999
Fax : 04 454 9998

Universiti Utara Malaysia

- Tel : 04 901 9988
Fax : 04 901 9989

PULAU PINANG

- **Bandar Baru Perda**
Tel : 04 372 4979
Fax : 04 372 4978
- **Bayan Baru**
Tel : 04 371 9898
Fax : 04 371 9899
- **Butterworth**
Tel : 04 372 4989
Fax : 04 372 4988
- **Georgetown**
Tel : 04 286 4199
Fax : 04 286 4198
- **Kepala Batas**
Tel : 04 565 1909
Fax : 04 565 1908

PERAK

- **Bagan Serai**
Tel : 05 732 9988
Fax : 05 732 9989
- **Ipoh**
Tel : 05 220 7699
Fax : NA
- **Meru Raya**
Tel : 05 220 0500
Fax : 05 220 0509
- **Parit Buntar**
Tel : 05 732 9999
Fax : 05 732 9998
- **Seri Iskandar**
Tel : 05 348 1999
Fax : 05 348 1998
- **Sri Manjung**
Tel : 05 617 9988
Fax : 05 617 9989
- **Taiping**
Tel : 05 834 1000
Fax : 05 834 1009
- **Tanjung Malim**
Tel : 05 481 5999
Fax : 05 481 5998
- **Teluk Intan**
Tel : 05 617 9979
Fax : NA



Directory of Main and Regional Offices

Eastern Region

- 01** No. 8033, 2nd Floor
Bandar Satelit Pasir Tumboh
16150 Kota Bharu
Kelantan
Tel : 09 949 0999
- 02** 2nd Floor, Putra Square Branch
25200 Kuantan
Pahang
Tel : 09 520 9970
- 03** 3rd & 4th Floor, Lot 35308
Dataran Austin, Gong Badak
Mukim Kuala Nerus
20200 Kuala Terengganu
Terengganu
Tel : 09 637 9999

KELANTAN

- **Bandar Baru Tunjung**
Tel : 09 708 2000
Fax : 09 708 2009
- **Gua Musang**
Tel : 09 918 1000
Fax : NA
- **Kota Bharu**
Tel : 09 706 1540
Fax : 09 706 1549
- **Kuala Krai**
Tel : 09 978 1999
Fax : 09 978 1998
- **Kubang Kerian**
Tel : 09 706 7999
Fax : 09 706 7998
- **Machang**
Tel : 09 979 9988
Fax : 09 979 9989

- **Padang Garong**
Tel : 09 706 7980
Fax : 09 706 7989
- **Pasir Mas**
Tel : 09 707 2990
Fax : NA
- **Pasir Puteh**
Tel : 09 759 0420
Fax : 09 759 0429
- **Pasir Tumboh**
Tel : 09 706 1555
Fax : 09 706 1559
- **Tanah Merah**
Tel : 09 949 0999
Fax : 09 949 0998
- **Wakaf Bharu**
Tel : 09 706 7979
Fax : 09 706 7978

PAHANG

- **Jengka**
Tel : 09 592 0999
Fax : NA
- **Jerantut**
Tel : 09 380 2906
Fax : NA
- **Kuala Rompin**
Tel : 09 408 0020
Fax : 09 408 0021
- **Kuantan**
Tel : 09 520 9999
Fax : NA
- **Muadzam Shah**
Tel : 09 431 2090
Fax : 09 431 2099
- **Pekan**
Tel : 09 431 2020
Fax : NA
- **Putra Square**
Tel : 09 556 0820
Fax : 09 556 0829
- **Raub**
Tel : 09 345 0120
Fax : 09 345 0129

• Temerloh

Tel : 09 285 0084
Fax : 09 285 0088

TERENGGANU

- **Chukai**
Tel : 09 856 9988
Fax : 09 856 9989
- **Dungun**
Tel : 09 817 9980
Fax : NA
- **Jerteh**
Tel : 09 650 2000
Fax : NA
- **Kuala Nerus**
Tel : 09 637 6380
Fax : NA
- **Kuala Terengganu**
Tel : 09 637 6390
Fax : 09 637 6399
- **Padang Hiliran**
Tel : 09 637 5180
Fax : NA

Southern Region

- 01** 15th Floor, Menara TH
Jalan Ayer Molek
80000 Johor Bahru
Johor
Tel : 07 266 8950
- 02** JC 526 & 527, Tingkat 1
Jalan Bestari 5
77200 Jasin
Melaka
Tel : 06 221 9055

JOHOR

- **Austin Height**
Tel : 07 266 9080
Fax : 07 266 9089
- **Bandar Penawar**
Tel : 07 838 0011
Fax : 07 838 0019
- **Batu Pahat**
Tel : 07 447 9988
Fax : NA
- **Johor Bahru**
Tel : 07 266 9090
Fax : 07 266 9099
- **Kluang**
Tel : 07 707 2000
Fax : 07 707 2009
- **Kota Tinggi**
Tel : 07 878 7700
Fax : 07 878 7709
- **Kulai Jaya**
Tel : 07 668 1010
Fax : NA
- **Mersing**
Tel : 07 722 6999
Fax : 07 722 6998
- **Muar**
Tel : 06 906 0880
Fax : 06 906 0889
- **Pasir Gudang**
Tel : 07 266 8999
Fax : NA
- **Pontian**
Tel : 07 685 1000
Fax : 07 685 1009
- **Segamat**
Tel : 07 961 5999
Fax : 07 961 5998
- **Taman Bukit Indah**
Tel : 07 266 1470
Fax : 07 266 1479

• **Tampoi**

Tel : 07 267 9280
Fax : 07 267 9289

MELAKA

- **Ayer Keroh**
Tel : 06 221 9080
Fax : 06 221 9089
- **Bandar Melaka**
Tel : 06 221 9090
Fax : 06 221 9099
- **Jasin**
Tel : 06 527 9988
Fax : NA
- **Masjid Tanah**
Tel : 06 228 1100
Fax : 06 228 1109

NEGERI SEMBILAN

- **Bandar Baru Nilai**
Tel : 06 726 9988
Fax : 06 726 9989
- **Kuala Pilah**
Tel : 06 428 0990
Fax : 06 428 0999
- **Port Dickson**
Tel : 06 644 1000
Fax : 06 644 1009
- **Senawang**
Tel : 06 726 0232
Fax : 06 726 0239
- **Seremban**
Tel : 06 726 9999
Fax : 06 726 9998
- **Tampin**
Tel : 06 425 0990
Fax : 06 425 0999

East Malaysia Region

01 1st Floor, UMNO Building
Jalan Kemajuan
88500 Kota Kinabalu
Sabah
Tel : 088 361 799

02 Lot 423 – 426, Bangunan Aiman
Jalan Kulas Barat
Section 5
93400 Kuching Sarawak
Tel : 082 229 999

SABAH

- **Alamesra**
Tel : 088 360 170
Fax : 088 360 179
- **Keningau**
Tel : 08 7250 980
Fax : 08 7250 989
- **Kota Kinabalu**
Tel : 08 8360 450
Fax : 08 8360 469
- **Lahad Datu**
Tel : 08 9805 500
Fax : 08 9805 509
- **Sandakan**
Tel : 089 290 800
Fax : 089 290 809
- **Tawau**
Tel : 08 9730 986
Fax : 08 9730 987

• **Kota Samarahan**

Tel : 08 2707 910
Fax : 08 2707 919

• **Kuching**

Tel : 08 2229 050
Fax : 08 2229 059

• **Miri**

Tel : 08 5540 999
Fax : 08 5540 998

• **Sibu**

Tel : 084 480 040
Fax : 084 480 049

• **Simpang Tiga, Kuching**

Tel : 08 2262 520
Fax : 08 2262 529

W.P. LABUAN

- **Labuan**
Tel : 08 7436 999
Fax : 08 7436 998

SARAWAK

- **Bintulu**
Tel : 08 6350 290
Fax : 08 6350 299



Ar-Rahnu Branches

KOTA BHARU

- No. 1154 & 1155, Seksyen 11
Lorong Medan MARA
15000 Kota Bharu
Kelantan
Tel : 09 979 9971 / 09 706 7960

PASIR MAS

- Lot 319, Seksyen 1
17000 Pasir Mas
Kelantan
Tel : 09 706 7961 / 09 759 4991

KUALA TERENGGANU

- MBKT-No 19
Pusat Niaga Paya Keladi
20200 Kuala Terengganu
Terengganu
Tel : 09 637 6375 / 09 637 6377

KUANTAN

- No. G-11, Ground Floor
Mahkota Square, Jalan Mahkota
25000 Kuantan
Pahang
Tel : 09 520 9966 / 09 637 6376

KUBANG KERIAN

- Ground Floor, Lot PT 816
Jalan Raja Perempuan Zainab II
Bandar Baru Kubang Kerian
16150 Kota Bharu
Kelantan
Tel : 09 706 7962 / 09 709 7964

ALOR SETAR

- Lot 2024
Jalan Langgar
05000 Alor Setar
Kedah
Tel : 04 702 1569 / 04 702 1568

SUNGAI PETANI

- 21-B, Jalan Ibrahim
08000 Sungai Petani
Kedah
Tel : 04 454 9965 / 04 454 9967

Ar-Rahnu Counters at BIMB Branch

CENTRAL REGION

- **BANDAR BARU BANGI**
Bank Islam Malaysia Berhad
No. 2 & 4, Jalan 6C/7
43650 Bandar Baru Bangi, Selangor
Tel : 03 8691 0022
Fax : 03 8691 0029

- **PETALING JAYA**
Bank Islam Malaysia Berhad
Ground & First Floor No. 2 & 4
Jalan 14/22, Section 14
46100 Petaling Jaya, Selangor
Tel : 03 5021 1585
Fax : 03 7650 2928

- **SEKSYEN 18, SHAH ALAM**
Bank Islam Malaysia Berhad
No. 18 & 20
Jalan Pinang G 18/G, Section 18
40200 Shah Alam, Selangor
Tel : 03 5541 0250 /
03 5541 0255
Fax : 03 5541 0259

- **KAJANG**
Bank Islam Malaysia Berhad
No. 20 & 21, Jalan Jeloh 3
43000 Kajang, Selangor
Tel : 03 8691 9988
Fax : 03 8691 9989

DENAI ALAM

Bank Islam Malaysia Berhad
No. 1, Jalan Elektron E U16/E
Seksyen U16 Denai Alam
40160 Shah Alam, Selangor
Tel : 03 5036 1080
Fax : 03 5036 1089

SETIA ALAM

Bank Islam Malaysia Berhad
Lot 106, 106-1 & 108
Jalan Setia Gemilang
BJ/U13 Setia Alam, Seksyen U13
40170 Shah Alam, Selangor
Tel : 03 3358 1359
Fax : 03 3362 3216

NORTHERN

- **GUAR CHEMPEDAK**
Bank Islam Malaysia Berhad
Lot No. 00681, Jalan Besar
Bangunan Tabung Haji
08800 Guar Chempedak, Kedah
Tel : 04 454 9988
Fax : 04 454 9989

- **BANDAR BARU PERDA**
Bank Islam Malaysia Berhad
No. 32 & 34, Tingkat Bawah
Jalan Perda Selatan, Bandar Perda
14000 Bukit Mertajam
Pulau Pinang
Tel : 04 372 4979
Fax : 04 372 4978

- **SERI ISKANDAR**
Bank Islam Malaysia Berhad
No. 21 & 22, Ground Floor
Persiaran SIBC 2
32610 Bandar Seri Iskandar, Perak
Tel : 05 348 1999
Fax : 05 348 1998

- **PARIT BUNTAR**

Bank Islam Malaysia Berhad
No. 1 & 2, Bangunan YPEIM
Jalan Kelichap
Pekan Baru Parit Buntar
34200 Parit Buntar, Perak
Tel : 05 732 9999
Fax : 05 732 9999

- **TAIPING**

Bank Islam Malaysia Berhad
Tingkat Bawah & Satu
Lot 29 & 30
Pusat Perniagaan Tupai
34000 Taiping, Perak
Tel : 05 834 1000
Fax : 05 834 1009

- **IPOH**

Bank Islam Malaysia Berhad
Tingkat Bawah
Kompleks Islam Darul Ridzuan
Jalan Panglima Bukit Gantang
Wahab
P.O.Box 671
30770 Ipoh, Perak
Tel : 05 255 3866
Fax : 05 255 3867

EASTERN

- **PASIR PUTEH**

Lot No. 493, Section 1
16800 Pasir Puteh
Kelantan
Tel : 09 759 0420
Fax : 09 759 0429

- **TANAH MERAH**

Lot 4142 Jalan Tasik
17500 Tanah Merah
Kelantan
Tel : 09 949 0999
Fax : 09 949 0998

- **MACHANG**

Bank Islam Malaysia Berhad
No. 26 & 27
Jalan Tanjung, Pasar Baru
18500 Machang, Kelantan
Tel : 09 979 9988
Fax : 09 979 9989

- **DUNGUN**

Bank Islam Malaysia Berhad
Ground & First Floor
Lot 7928 & 7929
Jalan Baru Pak Sabah
23000 Dungun, Terengganu
Tel : 09 848 5498
Fax : 09 848 5502

- **TEMERLOH**

Bank Islam Malaysia Berhad
Lot 86 & 88
Persiaran Damai 1, Damai Court
28000 Temerloh, Pahang
Tel : 09 285 0084
Fax : 09 285 0088

SOUTHERN

- **TAMPIN**

Bank Islam Malaysia Berhad
Lot 40 & 41, Jalan Besar
73000 Tampin
Negeri Sembilan
Tel : 06 441 4131
Fax : 06 441 7479

- **BANDAR BARU NILAI**

Bank Islam Malaysia Berhad
Ground Floor PT7183 & PT7184
Jalan BBN 1/2E, Bandar Baru Nilai
71800 Nilai, Negeri Sembilan
Tel : 06 726 9988
Fax : 06 726 9989

- **MUAR**

Bank Islam Malaysia Berhad
Tingkat Bawah & Mezanin
No. 75-4 & 75-5, Jalan Arab
8400 Muar, Johor
Tel : 06 982 5301
Fax : 06 952 8304

- **KOTA TINGGI**

Bank Islam Malaysia Berhad
No. 14C & 14D
Jalan Tun Habab
81900 Kota Tinggi, Johor
Tel : 07 883 8800
Fax : 07 882 4485

- **BANDAR PENAWAR**

Bank Islam Malaysia Berhad
No. 43 & 45, Jalan Kempas 3
Taman Desaru Utama
81930 Bandar Penawar, Johor
Tel : 07 838 0011
Fax : 07 838 0019



SME Hubs

◀ ▶
☰

Headquarters

- Level 29, Menara Bank Islam
No. 22, Jalan Perak
50450 Kuala Lumpur
Tel : 03 2726 7880

CENTRAL REGION

- **SME Banking Shah Alam**
Tingkat Bawah, Wisma PKPS
Seksyen 14, Persiaran Perbandaran
40675 Shah Alam
Selangor
General Line : 03 5040 7993 /
03 5510 0018 /
03 2707 8131
- **SME Banking Bangi**
Bank Islam Bandar Baru Bangi
No. 2 & 4, Jalan 6C/7
43650 Bandar Baru Bangi
Selangor
General Line : 03 8655 9291
- **SME Banking Sri Gombak**
Lot No. 120 & 121, Jalan Prima Sg 5
Prima Sri Gombak
68100 Batu Caves
Selangor
General Line : 03 6185 9655
- **SME Banking Sri Petaling**
No. 1
Jalan Radin Bagus
Bandar Baru Seri Petaling
57100 Kuala Lumpur
General Line : 03 9764 9993

EASTERN REGION

- **SME Banking Kelantan State**
Tingkat 2, PT 1540, 1541 & 1542
Persiaran KK6, Jalan Raja
Perempuan Zainab II
Bandar Baru Kubang Kerian
16150 Kota Bharu
Kelantan
General Line : 09 764 1049

- **SME Banking Terengganu State**
Tingkat 2 & 3, PT 35308 & PT 35309
Dataran Austin, Mukim Kuala Nerus
21300 Kuala Terengganu
Terengganu
Tel : 09 637 9989 / 9990
- **SME Banking Pahang State**
Bank Islam Putra Square
No. 1 & 3, Tingkat 2
Jalan Putra Square 2
25200 Kuantan
Pahang
General Line : 09 517 3491
Fax : 09 517 3605

SOUTHERN REGION

- **SME Banking Johor State**
Tingkat 15, Menara Tabung Haji
Jalan Ayer Molek
80000 Johor Bahru
Johor
General Line : 07 266 9079
- **SME Banking Ayer Keroh**
First Floor, No. 1 & 3, Jalan KF4
Kota Fesyen-MITC, Hang Tuah Jaya
75450 Ayer Keroh
Melaka
General Line : 06 232 6216
Fax : 06 232 6494

NORTHERN REGION

- **SME Banking Kedah/Perlis State**
No. 212 & 213, Kompleks
Perniagaan Sultan Abdul Hamid
Persiaran Sultan Abdul Hamid
05050 Alor Setar
Kedah
General Line : 04 702 1579
- **SME Banking Sg Petani**
Lot 71 & 72
Jalan Lagenda 1
Lagenda Height
08000 Sungai Petani
Kedah
Tel : 04 422 0620

- **SME Banking Pulau Pinang State**
Tingkat 1 (Mezzanine)
Bangunan KWSP, Seberang Jaya
No. 3009, Lebuhr Tenggiri 2
13700 Seberang Jaya
Pulau Pinang
General Line : 04 382 9100
Fax : 04 382 9166
- **SME Banking Georgetown**
Ground Floor
Wisma Great Eastern
Light Street
Peti Surat 1204
10200 Georgetown
Pulau Pinang
General Line : 04 286 4199 / 4191
- **SME Banking Perak State**
No. 21 & 23
Jalan Taman Meru Utama A1
Medan Meru Utama
30020 Ipoh
Perak
General Line : 05 527 2125
- **SME Banking Sri Manjung**
Ground & First Floor
No. 2408, Taman Samudera
32040 Sri Manjung
Perak
General Line : 05 688 1227 / 9071

EAST MALAYSIA

- **SME Banking Sarawak State**
Lot 10898 & 10900, Section 64
KTLD, Jalan Tun Jugah
93350 Kuching
Sarawak
Tel : 082 453 716 / 726 /
736 (Ext 212)
- **SME Banking Sabah State**
Ground & First Floor
UMNO Building
Jalan Kemajuan Karamunsing
88850 Kota Kinabalu
Sabah
General Line : 088 360 172

Bureau de Change

KLIA ARRIVAL LANDSIDE

- Lot No. MTB-3-L11
Level 3, Arrival Hall
Main Terminal Building
Kuala Lumpur International Airport
64000 Sepang
Selangor
Tel : 03 8661 9966

KLIA CONTACT PIER

- Lot No. CPI-4-A02
Contact Pier International
Kuala Lumpur International Airport
64000 Sepang
Selangor
Tel : 03 8661 9967

KLIA IMMIGRATION

- Lot No. MTB-3-A21
Arrival Hall (Immigration)
Kuala Lumpur International Airport
64000 Sepang
Selangor
Tel : 03 8661 9960

KLIA SATELLITE

- Lot No. SAT-P-A41
Passenger Level, Satellite Building
Kuala Lumpur International Airport
64000 Sepang
Selangor
Tel : 03 8661 9963

KLIA2 LANDSIDE

- Lot L2-24A
Gateway KLIA2
Terminal Kuala Lumpur International Airport 2
Jalan KLIA2 2/1
64000 Sepang
Selangor
Tel : 03 8661 9955

KOTA KINABALU INTERNATIONAL AIRPORT

- Lot No. L1L01 (C7)
Level 1, Arrival Hall (Landside)
88740 Kota Kinabalu
International Airport
Sabah
Tel : 088 360 939

PENANG INTERNATIONAL AIRPORT

- Lot No. L1AS14
Level 1, International Arrival (Airside)
Penang International Airport
11900 Bayan Lepas
Pulau Pinang
Tel : 04 286 4180



Vehicle Financing Sales Hubs

CENTRAL REGION

• Kuala Lumpur

3rd Floor, Wisma RKT
No. 10, Block E
Jalan Raja Abdullah
Off Jalan Sultan Ismail
50300 Kuala Lumpur
GL : 03 2708 4960 / 4962
Fax : 03 2698 8636

• Shah Alam

Ground Floor, Wisma PKPS
Section 14
Persiaran Perbandaran
40675 Shah Alam
Selangor
GL : 03 5021 1584 / 1582
Fax : 03 5519 6188

• Seri Petaling

D/A Bank Islam Malaysia Berhad
No. 1, Jalan Radin Bagus
Bandar Baru Seri Petaling
57100 Kuala Lumpur
GL : 03 9764 9990 / 2006
Fax : 03 9056 2982

• Petaling Jaya

D/A Bank Islam Malaysia Berhad
First Floor
No. 2 & 4
Jalan 14/22, Section 14
46100 Petaling Jaya
Selangor
GL : 03 7680 0939 /
03 7612 8007
Fax : 03 7957 4141

• Kajang

D/A Bank Islam Malaysia Berhad
No. 20 & 21
Jalan Jeloh 3
43000 Kajang
Selangor
GL : 03 2708 4960 /
03 8661 9953
Fax : 03 8736 2362

NORTHERN REGION

• Butterworth

D/A Bank Islam Malaysia Berhad
1st & 2nd Floor
No. 71 & 73, Jalan Taman Selat
Off Jalan Bagan Luar
P.O. Box 303, 12720 Butterworth
Pulau Pinang
GL : 04 372 4994 / 4995
Fax : 04 333 4477

• Georgetown

D/A Bank Islam Malaysia Berhad
Ground Floor, Wisma Great Eastern
Light Street, Peti Surat 1204
10200 Georgetown
Pulau Pinang
GL : 04 286 4181 / 4182
Fax : 04 262 2594

• Sungai Petani

D/A Bank Islam Malaysia Berhad
Lot 71 & 72
Jalan Lagenda 1
Lagenda Height
08000 Sungai Petani
Kedah
GL : 04 454 9968 / 9967
Fax : 04 421 3912

• Alor Setar

D/A Bank Islam Malaysia Berhad
First Floor
No. 1, Kompleks Perniagaan Utama
Jalan Sultanah Sambungan
05150 Alor Setar
Kedah
GL : 04 702 1575 / 1569
Fax : 04 735 1002

• Meru Raya

D/A Bank Islam Malaysia Berhad
Ground Floor
No. 19, Jalan Taman Meru Utama A1
Medan Meru Utama
30020 Ipoh, Perak
GL : 05 220 7680 / 7682
Fax : 05 527 7751

EASTERN REGION

• Kuala Terengganu

D/A Bank Islam Malaysia Berhad
First Floor
Lot 1128, Bangunan Majlis Agama
Islam & Adat Melayu Terengganu
Jalan Banggol
20720 Kuala Terengganu
Terengganu
GL : 09 637 6360 / 5183
Fax : 09 631 5455

• Kota Bharu

D/A Bank Islam Malaysia Berhad
1st Floor
No. 72, Jalan Sultan Yahya Petra
Section 25
15720 Kota Bharu
Kelantan
GL : 09 706 7937 / 1566
Fax : 09 747 3491

- **Kuantan**

D/A Bank Islam Malaysia Berhad
Lot 1-06 & 1-07
1st Floor, Mahkota Square
Jalan Mahkota
25000 Kuantan, Pahang
GL : 09 520 9980 / 9981
Fax : 09 515 8623

- **Temerloh**

D/A Bank Islam Malaysia Berhad
Lot 86 & Lot 88, First Floor
Persiaran Damai 1
Damai Court
28000 Temerloh
Pahang
GL : 09 520 9967
Fax : 09 296 5300

SOUTHERN REGION

- **Johor Bahru**

D/A Bank Islam Malaysia Berhad
No. 8-01, Jalan Padi Emas 5/2
Bandar Baru Uda
81200 Johor Bahru
Johor
GL : 07 266 8388 / 8387
Fax : 07 237 9166

- **Austin Height**

D/A Bank Islam Malaysia Berhad
No. 22A, First Floor
Jalan Austin Height 8/9
Taman Mount Austin
81100 Johor Bahru
Johor
GL : 07 266 9077 / 9078
Fax : 07 678 2734

- **Ayer Keroh**

D/A Bank Islam Malaysia Berhad
First Floor, No. 1 & 3, Jalan KF4
Kota Fesyen - MITC, Hang Tuah Jaya
75450 Ayer Keroh
Melaka
GL : 06 221 9077 / 9079
Fax : 06 232 6494

- **Senawang**

D/A Bank Islam Malaysia Berhad
No. 554, First Floor
Jalan Bandar Senawang 16
Pusat Bandar Senawang
70450 Seremban
Negeri Sembilan
GL : 06 726 9977 / 9971
Fax : 06 678 2734

- **Batu Pahat**

D/A Bank Islam Malaysia Berhad
No. 91-5 & 91-6
Jalan Rahmat
83000 Batu Pahat
Johor
GL : 07 447 9987 / 9989
Fax : 07 431 9351

EAST MALAYSIA REGION

- **Kota Kinabalu**

D/A Bank Islam Malaysia Berhad
First Floor, Bangunan UMNO Sabah
Jalan Kemajuan, Karamunsing
88000 Kota Kinabalu
Sabah
GL : 088 361 799 / 088 360 464
Fax : 088 447 305

- **Kuching**

D/A Bank Islam Malaysia Berhad
Lot 433, 434 & 435
Section 11, KTLD
Bangunan Tunku Muhammad
Al-Idrus
Jalan Kulas
93400 Kuching
Sarawak
GL : 082 264 595 / 594
Fax : 082 410 446



Subsidiaries of Bank Islam

BIMB INVESTMENT MANAGEMENT BERHAD

- 19th Floor, Menara Bank Islam
No. 22, Jalan Perak
50450 Kuala Lumpur
Tel : 03 2161 2524 / 2924
Toll Free : 1800 88 1196
Fax : 03 2161 2464
Website : www.bimbinvestment.com.my

BANK ISLAM TRUST COMPANY (LABUAN) LTD & BIMB OFFSHORE COMPANY MANAGEMENT SERVICES SDN BHD

- Level 15 (A), Main Office Tower
Financial Park Complex
Jalan Merdeka
87000 F.T. Labuan
Tel : 087 451 806
Fax : 087 451 808
Website : www.bankislamtrust.com.my

BIMB SOLUTIONS SDN BHD

- 19th Floor, Menara Bank Islam
No. 22, Jalan Perak
50450 Kuala Lumpur
Tel : 03 2708 2770
Fax : 03 2782 1355

AL-WAKALAH NOMINEES (TEMPATAN) SDN BHD

- 21st Floor, Menara Bank Islam
No. 22, Jalan Perak
50450 Kuala Lumpur
Tel : 03 2707 8583

BIMB HOLDINGS SDN BHD

- 32nd Floor, Menara Bank Islam
No. 22, Jalan Perak
50450 Kuala Lumpur

BIMB SECURITIES SDN BHD

- 34th Floor, Menara Bank Islam
No. 22, Jalan Perak
50450 Kuala Lumpur
Tel : 03 2613 1600
Fax : 03 2613 1799
Website : www.bimbsec.com.my
Online trading : www.bisonline.com.my

BIMSEC NOMINEES (TEMPATAN) SDN BHD

- 34th Floor, Menara Bank Islam
No. 22, Jalan Perak
50450 Kuala Lumpur
Tel : 03 2613 1600
Fax : 03 2613 1799

BIMSEC NOMINEES (ASING) SDN BHD

- 34th Floor, Menara Bank Islam
No. 22, Jalan Perak
50450 Kuala Lumpur
Tel : 03 2613 1600
Fax : 03 2613 1799

SYARIKAT AL-IJARAH SDN BHD

- 32nd Floor, Menara Bank Islam
No. 22, Jalan Perak
50450 Kuala Lumpur

BIMB SECURITIES (HOLDINGS) SDN BHD

- 32nd Floor, Menara Bank Islam
No. 22, Jalan Perak
50450 Kuala Lumpur

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GRI	Disclosure	Reference Page
GRI 2: General disclosures	2-1 Organisational Details	Overview of Bank Islam, page 4
	2-2 Entities included in the organisation's sustainability reporting	About Our Report
	2-3 Reporting period, frequency and contact point	About Our Report
	2-4 Restatements of information	About Our Report
	2-5 External assurance	About Our Report
	2-6 Activities, value chain and other business relationships	Business Review, page 77
	2-7 Employees	Social Impact: Talent and Development, pages 130-138 Social Impact: Diversity and Inclusion, pages 138-143
	2-9 Governance structure and composition	Sustainability Governance: Governance Structure, page 196
	2-10 Nomination and selection of the highest governance body	Sustainability Governance: Governance Structure, page 212
	2-11 Chair of the highest governance body	Sustainability Governance: Governance Structure, page 197
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Governance: Governance Structure, page 200
	2-13 Delegation of responsibility for managing impacts	Sustainability Governance: Governance Structure, page 203
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Governance: Governance Structure, pages 106-107
	2-17 Collective knowledge of the highest governance body	Leadership: Board of Directors' Profile, pages 175-183
	2-18 Evaluation of the performance of the highest governance body	Accountability: Corporate Governance Overview Statement pages 197-223
	2-19 Remuneration policies	Accountability: Corporate Governance Overview Statement, pages 218-220
	2-20 Process to determine remuneration	Accountability: Corporate Governance Overview Statement, page 220
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2-27 Compliance with laws and regulations	Corporate Governance Overview Statement, page 197	
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	3-2 List of material topics	Sustainability at Bank Islam: Sustainability Strategy, page 48
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GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Environment Impact: Emissions and Environmental Impact, page 121
GRI 303: Water and Effluents 2018	303-2 Management of water discharge related impacts	Environment Impact: Emissions and Environmental Impact, page 121
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Environment Impact: Emissions and Environmental Impact, page 121
	305-2 Energy indirect (Scope 2) GHG emissions	Environment Impact: Emissions and Environmental Impact, page 121
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GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Environment Impact: Emissions and Environmental Impact, pages 118-120
	306-2 Management of significant waste related impacts	Environment Impact: Emissions and Environmental Impact, pages 118-120
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GRI 3: Material topics 2021	3-3 Management of material topics	Social Impact: Employee Well-Being, Health, and Safety, pages 122-129
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Social Impact: Employee Well-Being, Health, and Safety, page 129 Social Impact: Diversity & Inclusion, pages 142-143
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	403-2	Hazard identification, risk assessment, and incident investigation	Social Impact: Employee Well-Being, Health, and Safety, page 123
	403-3	Occupational health services	Social Impact: Employee Well-Being, Health, and Safety, pages 122-123
	403-4	Worker participation, consultation, and communication on occupational health and safety	Social Impact: Employee Well-Being, Health, and Safety, page 123
	403-5	Worker training on occupational health and safety	Social Impact: Employee Well-Being, Health, and Safety, page 128
	403-9	Work-related injuries	Social Impact: Employee Well-Being, Health, and Safety, page 129
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GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Social Impact: Employee Well-Being, Health, and Safety, page 129
Talent and Development			
GRI 3: Material topics 2021	3-3	Management of material topics	Social Impact: Talent and Development: pages 130-138
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	Social Impact: Talent and Development: page 136
	404-2	Programmes for upgrading employee skills and transition assistance programmes	Social Impact: Talent and Development: pages 131-135
Diversity and Inclusion			
GRI 3: Material topics 2021	3-3	Management of material topics	Social Impact: Diversity and Inclusion: pages 138-143
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	Social Impact: Diversity and Inclusion: pages 140-142 Board Composition: page 174
Community Empowerment and Social Finance			
GRI 3: Material topics 2021	3-3	Management of material topics	Social Impact: Community Empowerment and Social Finance, pages 144-151
GRI 203: Indirect economic impacts 2016	203-1	Infrastructure investments and services supported	Social Impact: Community Empowerment and Social Finance, page 150
	203-2	Significant indirect economic impact	Social Impact: Community Empowerment and Social Finance, pages 145-151



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Sustainable Supply Chain		
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Good Governance and Conduct		
GRI 3: Material topics 2021	3-3 Management of material topics	Governance: Good Governance and Conduct, pages 155-158
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Governance: Good Governance and Conduct, page 158
	205-2 Communication and training about anti-corruption policies and procedures	Governance: Good Governance and Conduct, page 157
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GRI 3: Material topics 2021	3-3 Management of material topics	Governance: Data Privacy and Security, pages 159-161
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GRI 3: Material topics 2021	3-3 Management of material topics	Governance: Climate Risks and Opportunities pages 161-169

TCFD Index

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Basic	G1: Board Oversight of Sustainability and Climate-related Matters	Climate Risks and Opportunities: Governance, page 162
	G2: Sustainability Governance Structure Including Climate-Related Matters at the Management Level	Climate Risks and Opportunities: Governance, page 162
	G3: Sustainability and Climate-related Board Credentials	Not yet reported
	G4: Sustainability and Climate-Related Training	Climate Risks and Opportunities: Governance, page 164
	G5: Sustainability and Climate-related Discussions in Board Meetings	Climate Risks and Opportunities: Governance, page 163
	G6: Sustainability/Climate-linked Remuneration	Climate Risks and Opportunities: Governance, page 165
Stretch	G7: Separate Committee on Sustainability and Climate-related Matters	Climate Risks and Opportunities: Governance, page 162 Corporate Governance Overview Statement: page 208
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	S2: Impact of Climate-related Risks and Opportunities	Climate Strategy, page 165 and Climate Risk Management, page 166
	S3: Strategy and Risk Appetite on Climate Change Related Risks and Sustainability Measures	Climate Strategy, page 165 and Climate Risk Management, page 166
Stretch	S4: Scenario Analysis as an Opportunity to Improve Strategic Resilience and Explore Climate Vulnerabilities	Not yet reported
Risk Management		
Basic	R1: Process for Identifying and Assessing Climate-related Risks	Climate Risks and Opportunities: Climate Risk Management, pages 167-168
	R2: Process for Managing Climate related Risks	Climate Risks and Opportunities: Climate Governance, page 162 and Climate Risk Management, pages 166-168
	R3: Process for Integrating (i) Process for Identifying and Assessing Climate-related Risks and (ii) Process for Managing Climate-related Risks; into Overall Risk Management	Climate Risks and Opportunities: Climate Risk Management, pages 168-169
Stretch	R4: Process for Identifying and Assessing Climate-related Risks	Not yet reported
	R5: Process for Managing Climate-related Risks	Not yet reported
	R6: Process for Integrating (i) Process for Identifying and Assessing Climate-related Risks and (ii) Process for Managing Climate-related Risks into Overall Risk Management	Not yet reported
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Basic	M1: Key Climate-related Metrics	Climate Risks and Opportunities: Metrics and Targets, page 169
Stretch	M2: Key Climate-related Metrics	Not yet reported
	M3: Key Climate-related Metrics	Not yet reported

Note: Some recommendations are currently not yet reported in the Index as the information is currently unavailable. As the Bank progresses along its climate journey and CRMSA capacity building, this information will be disclosed as they become available.



Notice of the 41st Annual General Meeting

NOTICE IS HEREBY GIVEN that the 41st Annual General Meeting (“41st AGM”) of Bank Islam Malaysia Berhad (“Bank Islam” or “the Company”) will be held virtually at the broadcast venue at Level 10, Menara Bank Islam, No. 22 Jalan Perak, 50450 Kuala Lumpur on Thursday, 16 May 2024 at 10.00 a.m. for the following purposes:

ORDINARY BUSINESS

- To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon.
- To re-elect the following Directors, each of whom is retiring by rotation in accordance with Clause 133 of the Company’s Constitution and being eligible, has offered himself/herself for re-election:
 - Datuk Bazlan Osman
 - Encik Mohd Yuzaidi Mohd Yusoff
 - Puan Nuraini Ismail
- To re-elect Tuan Syed Hamadah Syed Othman, who is retiring in accordance with Clause 142 of the Company’s Constitution and being eligible, has offered himself for re-election.
- To approve the payment of the following fees to each Non-Executive Directors for the period from the 41st AGM to the 42nd AGM of the Company.

	Total Amount (per annum) (RM)						
	BOARD	BRC	BAEC	BNRC	BFRC	BITC	BSSC
Chairman	240,000.00	90,000.00	48,000.00	18,000.00	24,000.00	24,000.00	24,000.00
Member	72,000.00	72,000.00	36,000.00	12,000.00	18,000.00	18,000.00	18,000.00

Sitting Fee (per meeting) (RM)	
Chairman	Member
5,000.00	3,000.00

- To approve the payment of benefits of up to RM1,108,856.00 to eligible Non-Executive Directors for the period from the 41st AGM to the 42nd AGM of the Company.
- To re-appoint Messrs. PricewaterhouseCoopers PLT as the External Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Directors to fix their remuneration.

(Please refer to Note 1)

(Ordinary Resolution 1)

(Ordinary Resolution 2)

(Ordinary Resolution 3)

(Ordinary Resolution 4)

(Ordinary Resolution 5)

(Ordinary Resolution 6)

(Ordinary Resolution 7)

SPECIAL BUSINESS

To consider, and if thought fit, to pass the following Ordinary Resolutions:

7. **AUTHORITY TO ALLOT AND ISSUE NEW ORDINARY SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

“**THAT** subject always to the Companies Act 2016, the Company’s Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia) and approval of the relevant government/regulatory authorities, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Act, to allot shares at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be allotted pursuant to the said allotment does not exceed ten percent (10%) of the total number of issued shares of the Company as at the date of such allotment, and that the Directors be and are hereby authorised to obtain all necessary approvals from relevant authorities for the allotment, listing and quotation of the additional shares so allotted on Bursa Malaysia, and that such authority to allot shares shall continue to be in force until the conclusion of the next AGM of the Company.”

(Ordinary Resolution 8)

8. **RENEWAL OF AUTHORITY FOR THE DIRECTORS TO ALLOT AND ISSUE NEW ORDINARY SHARES IN RESPECT OF THE DIVIDEND REINVESTMENT PLAN (“DRP”)**

“**THAT** pursuant to the DRP as approved by the Shareholders at the Extraordinary General Meeting held on 19 November 2021 and subject to the approval of the relevant regulatory authority (if any), approval be and is hereby given to the Company to allot and issue such number of new Bank Islam Shares from time to time as may be required to be allotted and issued pursuant to the DRP until the conclusion of the next Annual General Meeting upon such terms and conditions and to such persons as the Directors of the Company at their sole and absolute discretion, deem fit and in the interest of the Company **PROVIDED THAT** the issue price of the said new Bank Islam Shares shall be fixed by the Directors based on the adjusted five (5) market days volume weighted average market price (“**VWAP**”) of Bank Islam Shares immediately prior to the price-fixing date after applying a discount of not more than 10%, of which the VWAP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price;

(Ordinary Resolution 9)

AND THAT the Directors and the Secretary of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements, deeds, undertakings and documents as may be necessary or expedient in order to give full effect to the DRP with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed or agreed to by any relevant authorities (if any) or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, by the Directors as they, in their absolute discretion, deem fit and in the best interest of the Company.”

9. To transact any other ordinary business of which due notice shall have been given in accordance with the Companies Act 2016.

By Order of the Board

MARIA MAT SAID

Company Secretary

LS 0009400

SSM Practicing Certificate No. 202008002449

Kuala Lumpur

16 April 2024



Notice of the 41st Annual General Meeting

EXPLANATORY NOTES:

1. AUDITED FINANCIAL STATEMENTS

The Audited Financial Statements laid at this meeting pursuant to Section 340(1)(a) of the Companies Act 2016 are meant for the shareholders' information and discussion only. It does not require the shareholders' approval and therefore the Audited Financial Statements are not put forward for voting.

2. RE-ELECTION OF DIRECTORS

Ordinary Resolutions 1, 2, 3 and 4

Clause 133 of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being, or if their number is not three (3) or a multiple of three (3), then the nearest one-third (1/3) shall retire from office, provided that all Directors shall retire from office at least once in three (3) years but shall be eligible for re-election.

Clause 142 of the Company's Constitution provides that the Directors shall have power at any time and from time to time to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election but shall not be considered in determining the Directors who are to retire by rotation at that meeting.

Based on the number of Directors who are subject to retirement by rotation under Clause 133 of the Company's Constitution, three (3) out of eight (8) Directors shall retire at this 41st AGM. Datuk Bazlan Osman, Encik Mohd Yuzaidi Mohd Yusoff and Puan Nuraini Ismail will retire by rotation at this 41st AGM and being eligible, have offered themselves for re-election as Directors of the Company.

During the year under review, there was one (1) new Director being appointed to the Company. According to Clause 142 of the Company's Constitution, the newly appointed Director, namely, Tuan Syed Hamadah Syed Othman (appointed on 1 January 2024) will retire at this 41st AGM and being eligible, has offered himself for re-election as a Director of the Company.

The Board Nomination and Remuneration Committee ("BNRC") of the Company has on 26 February 2024, considered the performance and contribution of each retiring Director and has also assessed the independence of the Independent Non-Executive Directors seeking re-election.

Based on the result of the Board Effectiveness Evaluation ("BEE") conducted for the financial year ended 31 December 2023, the performance of the retiring Directors was satisfactory as evidenced by the evaluation result where they were rated between 86% to 92% in terms of their contribution and performance as well as calibre and personality. The BEE did not include assessment on Tuan Syed Hamadah who was newly appointed on the Board on 1 January 2024. Thus, the Company has conducted limited assessment to review on his performance. It was observed that Tuan Syed Hamadah does participate and contribute in the deliberation of matters at the Board meetings. His attendance record has been maintained at 100%. In fact, all the retiring directors have played an active role in providing guidance and constructive feedback in addressing issues concerning the Company.

In term of the assessment on fit and proper, all retiring directors have met with requirements of fit and proper criteria set by the Company. This includes Tuan Syed Hamadah where he was evaluated separately during the appointment process. All the retiring Directors have no record of adverse finding under MACC Act 2009, Lexis Nexis, Insolvency Act or any mismanagement that could adversely affect the performance and reputation of the Company. The retiring Independent Non-Executive Directors have also fulfilled the independence criteria as set out in the BNM CG policy, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as well as the Company's Board Charter.

The Board has endorsed the BNRC's recommendation on the re-election of the retiring Directors. The retiring Directors had abstained from deliberation and decisions on their re-election at the BNRC and Board meetings.

The Board is of the collective view that all of the said Directors who are retiring at this 41st AGM have satisfactorily discharged their roles and responsibilities to act in the best interest of the Company. The Board is satisfied that considering the wealth of expertise and experience that the retiring Directors possessed and brought to the Board create diversity which shall further strengthen the Board's composition and dynamic.

The profiles of the Directors seeking for re-election are set out in the Statement Accompanying Notice of the 41st Annual General Meeting section of the Company's Integrated Annual Report.

3. DIRECTORS' FEES AND BENEFITS

Ordinary Resolutions 5 and 6 – Payment of Directors' Fees, allowances and benefits to the Non-Executive Directors.

The proposed fees and benefits to be paid to Non-Executive Directors from this AGM to the next AGM of the Company is based on the following fee structure which has not changed since 40th AGM.

A. Retainer and Sitting Fees

	Total Amount (per annum) (RM)						
	BOARD	BRC	BAEC	BNRC	BFRC	BITC	BSSC
Chairman	240,000.00	90,000.00	48,000.00	18,000.00	24,000.00	24,000.00	24,000.00
Member	72,000.00	72,000.00	36,000.00	12,000.00	18,000.00	18,000.00	18,000.00

Sitting Fee (per meeting) (RM)	
Chairman	Member
5,000.00	3,000.00

B. Benefits

The benefits payable to Non-Executive Directors comprise allowances, benefits-in-kind and other emoluments payable to them, details of which are as follows:-

- I) Car Allowance
 - Chairman - RM10,000 per month
- II) Senior Independent Allowance
 - RM2,000 per month
- III) Other Benefits
 - Includes benefits that are claimable or otherwise such as leave passage, medical and insurance benefits and other facilities made available by the Company to eligible Non-Executive Directors.

For the shareholders' ease of reference, the details on the fees and benefits to be paid to the Non-Executive Directors are as follows:-

1. Retainer Fees	RM1,767,360.00
2. Sitting Allowances	RM1,338,120.00
3. Other Benefits	RM1,108,856.00
Total	RM4,214,336.00

Based on the above computation, the total fees and benefits will be RM4,214,336.00, an increase of 5.07% from the amount approved by the shareholder of RM4,011,000.00 at the 40th AGM on 26 May 2023. There is no change in the directors' fees. The increase is mainly attributed to higher SST rate of 8% and higher contribution amount to be paid for the Group Term Family Takaful Plan for the Non-Executive Directors.

The Company viewed that the amount proposed is reasonable taking into consideration the Company's financial health and performance.

If the proposed Ordinary Resolutions 5 and 6 are passed at the 41st AGM of the Company, it will be fair and reasonable that the Non-Executive Directors to be paid the Directors' remuneration on a monthly basis and/or as and when claimed or incurred as the Directors have discharged their responsibilities and rendered their services to the Company throughout the relevant period.



Notice of the 41st Annual General Meeting

4. RE-APPOINTMENT OF AUDITORS

Ordinary Resolution 7

The Board, through the Board Audit and Examination Committee (“BAEC”) had, on 29 January 2024, completed its annual assessment on the external auditors, i.e., Messrs. PricewaterhouseCoopers PLT (“PwC”) in accordance with BNM CG Policy for the appointment/re-appointment of external auditors. The assessment covered the following aspects:

- i. Level of knowledge, capabilities, experience and quality of previous work;
- ii. Level of engagement with the BAEC and the Management;
- iii. Ability to provide constructive observations, implications and recommendations in areas requiring improvements;
- iv. Adequacy in audit coverage, effectiveness in planning and conduct of audit;
- v. Ability to perform audit work within agreed timeframe;
- vi. Non-audit services rendered by the external auditors did not impede independence; and
- vii. The external auditors demonstrated unbiased stance when interpreting standards/policies adopted by the Company.

Being satisfied with PwC’s performance in 2023, their technical competency and audit independence as well as fulfillment of the criteria set out in BNM’s Guideline for the Appointment/Re-appointment of External Auditors, the Board, at its meeting held on 30 January 2024, had resolved on the re-appointment of PwC as the external auditors of the Company for the financial year ending 31 December 2024 subject to the shareholders’ approval.

5. AUTHORITY TO ALLOT AND ISSUE NEW ORDINARY SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

Ordinary Resolution 8

The proposed Ordinary Resolution 8 is a general mandate to be obtained from the shareholders of the Company at this AGM and if passed, will empower the Directors pursuant to Sections 75 and 76 of the Companies Act 2016 to allot shares of up to an aggregate amount not exceeding ten percent (10%) of the issued share capital of the Company as at the date of such allotment of shares, without having to convene a general meeting. The exercise of the mandate is only to be undertaken if the Board considers it to be in the best interest of the Company. This general mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The proposed Ordinary Resolution 8 is to be in line with Bank Islam’s Recovery Plan submitted to Bank Negara Malaysia in June 2023 where it will allow Bank Islam to consider increasing the share capital as one (1) of its recovery options in the event of crisis. This is also in line with Bank Negara Malaysia’s Policy Document on Recovery Planning (“BNM PD”) issued on 28 July 2021.

Thus far, Bank Islam has not issued any new shares pursuant to Sections 75 and 76 of the Companies Act 2016.

6. RENEWAL OF AUTHORITY FOR THE DIRECTORS TO ALLOT AND ISSUE NEW ORDINARY SHARES IN RESPECT OF THE DIVIDEND REINVESTMENT PLAN (“DRP”)

Ordinary Resolution 9

If passed, this Resolution will give authority to the Directors to allot and issue new ordinary shares in respect of dividends to be declared until the next Annual General Meeting to be applied towards the DRP. A renewal of this authority will be sought at the next Annual General Meeting.

NOTES ON ABSTENTION FROM VOTING

Any Director referred to in Ordinary Resolutions 1, 2, 3 and 4, who is a Shareholder of the Company will abstain from voting on the resolutions in respect of his/her re-election at this AGM.

All Directors who are Shareholders of the Company will abstain from voting on Ordinary Resolutions 5 and 6 concerning Directors’ remuneration at this AGM.

For the record, none of the Directors holds any shares in the Company.

NOTES ON VIRTUAL AGM, VOTING RIGHTS AND PROCEDURES

- 1) The 41st AGM of the Company will be conducted **on a virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting facilities (“RPEV”)**. The Virtual Meeting via RPEV will be available at <https://meeting.boardroomlimited.my>. Please follow the procedures provided in the Administrative Guide for the 41st AGM in order to register, participate and vote remotely.
- 2) The venue of the 41st AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 96 of the Company’s Constitution which requires the Chairman of the meeting to be

present at the main venue of the meeting. The notification of the venue of the 41st AGM is to inform shareholders where the electronic AGM production and streaming will be conducted. No shareholders/proxies from the public will be physically allowed at the meeting venue.

- 3) In accordance with Clause 109 of the Company's Constitution, each member of the Company ("Member") shall be entitled to be present and to vote at any general meeting of the Company, either personally or by proxy or by attorney and to be reckoned in a quorum in respect of shares fully paid and in respect of partially paid shares where calls are not due and unpaid. Members may exercise their rights to participate (including pose questions via the RPEV) during the 41st AGM.
- 4) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice of the 41st AGM will be conducted by way of a poll.
- 5) The Company has appointed its share registrar, i.e., Boardroom Share Registrars Sdn Bhd ("Boardroom") as a poll administrator to conduct the poll by way of electronic voting ("e-Voting") and SKY Corporate Services Sdn Bhd as the Independent Scrutineers to verify the poll results.

NOTES ON APPOINTMENT OF PROXY

- 1) In accordance with Clause 94 of the Company's Constitution, a Member entitled to attend and vote at a meeting of the Company is entitled to appoint one (1) or more proxies to exercise all or any of his/her rights to attend, participate, speak and vote for him/her subject to the following provisions:-
 - a) save as provided for in Note (2) below, Clause 113 of the Company's Constitution and the Companies Act 2016, each member shall not be permitted to appoint more than two (2) proxies to attend the same meeting; and
 - b) where a Member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
- 2) For the avoidance of doubt and subject always to Note (1)(b) above, the Company's Constitution and the Companies Act 2016:
 - a) where a Member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which an exempt authorised

nominee may appoint in respect of each omnibus account it holds; and

- b) where a Member is an authorised nominee, he/she may appoint at least one (1) proxy in respect of each securities account it holds to which ordinary shares in the Company are credited. Each appointment of proxy by an authorised nominee may be made separately or in one (1) instrument of proxy, should specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting.
- 3) There shall be no restriction as to the qualification of the proxy. Hence, a proxy may not need to be a Member.
- 4) The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if such appointer is a corporation, under its Seal or the hand of its attorney.
- 5) The instrument appointing a proxy ("Form of Proxy") must be deposited at the Registrar's office in the following manner:
 - a) by electronic means through the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> by logging in and selecting "Submit eProxy Form"; or
 - b) by hand or post to Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia, not less than forty-eight (48) hours before the time appointed for holding the meeting which is no later than 10.00 a.m. on Tuesday, 14 May 2024.
- 6) The lodgment of a completed Form of Proxy does not preclude a Member from attending and voting should the Member decided to do so. If the Member subsequently decided to attend the 41st AGM, the Member is requested to revoke the earlier appointment of proxy by notifying Boardroom in writing, no later than 10.00 a.m. on Tuesday, 14 May 2024.

MEMBERS ENTITLED TO ATTEND THE VIRTUAL AGM

For the purpose of determining a Member who is entitled to attend the virtual 41st AGM, the Company will request Bursa Malaysia Depository Sdn Bhd, in accordance with Clause 95 of the Company's Constitution, to issue a Record of Depositor ("ROD") as at 9 May 2024. Only Depositors whose name appear on the ROD as at 9 May 2024 shall be entitled to attend the meeting or appoint a proxy(ies) to attend and/or vote on his/her behalf.



Statement Accompanying Notice of the 41st Annual General Meeting

DIRECTORS WHO ARE STANDING FOR RE-ELECTION AT THE 41ST ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Bank Islam Malaysia Berhad wishes to highlight the Directors who are standing for re-election pursuant to Clause 133 and Clause 142 of the Company's Constitution at the 41st Annual General Meeting of the Company are as follows:

1. Clause 133 of the Company's Constitution

Ordinary Resolution 1 - Re-election of Datuk Bazlan Osman	
Datuk Bazlan Osman Senior Independent Non-Executive Director	
Nationality/Age/ Gender:	Malaysian/60/Male
Date of Appointment:	7 January 2022
Academic/Professional Qualification/ Membership(s):	<ul style="list-style-type: none"> • Fellow, Association of Chartered Certified Accountants (ACCA), United Kingdom • Member, Malaysian Institute of Accountants (MIA) • Diploma in Accounting, Polytechnic of North London, United Kingdom
Areas of Expertise:	<ul style="list-style-type: none"> • Finance, Accounting and Governance
Membership(s) of Board Committees:	<ul style="list-style-type: none"> • Chairman, Board Audit and Examination Committee • Chairman, Board Nomination and Remuneration Committee (Appointed w.e.f 2 January 2024) • Member, Board Information Technology Committee
Present Directorship(s) and/or Appointment(s):	<p>Listed Entity/Entities (Other than Bank Islam):</p> <ul style="list-style-type: none"> • Independent Non-Executive Director, Bursa Malaysia Berhad • Independent Non-Executive Director, Syarikat Takaful Malaysia Keluarga Berhad • Chairman/Independent Non-Executive Director, FIMA Corporation Berhad <p>Other Public Company/Companies:</p> <ul style="list-style-type: none"> • Nil <p>Appointment(s):</p> <ul style="list-style-type: none"> • Nil
Past Directorship(s) and/or Appointment(s):	<ul style="list-style-type: none"> • Director, Malaysia Professional Accountancy Centre • President, Malaysia Institute of Accountants • Chair, ACCA Malaysia Advisory Committee • Ex-Officio, Financial Reporting Foundation • Director, Glomac Berhad • Chairman, GITN Sdn Bhd (wholly-owned subsidiary of Telekom Malaysia Berhad) • Director, Citibank Berhad • Board Member, Universiti Utara Malaysia • Executive Director, Telekom Malaysia Berhad • Acting Group Chief Executive Officer, Telekom Malaysia Berhad • Deputy Group Chief Executive Officer, Telekom Malaysia Berhad • Group Chief Financial Officer, Telekom Malaysia Berhad • Director, Malaysia Digital Economy Corporation Sdn Bhd • Director, Labuan Reinsurance (L) Ltd • Board Commissioner, PT XL Axiata Tbk • Chief Financial Officer, Celcom Malaysia Berhad • Senior Vice President, Corporate Finance & Treasury, Celcom Malaysia Berhad • Director, Nationwide Express Holdings Berhad • Senior Vice President, Finance and Company Secretary, Kumpulan Fima Berhad • Manager, Accounting & Financial Control, American Express (M) Sdn Bhd • Finance at Corporate Office, Kuala Lumpur, Melaka and Singapore, Sime Darby Group • Auditor, Messrs. Hanafiah Raslan & Mohamad

Ordinary Resolution 2 - Re-election of Encik Mohd Yuzaidi Mohd Yusoff	
Encik Mohd Yuzaidi Mohd Yusoff Independent Non-Executive Director	
Nationality/Age/ Gender:	Malaysian/61/Male
Date of Appointment:	1 July 2019
Academic/Professional Qualification/ Membership(s):	<ul style="list-style-type: none"> • Master of Science, Business Administration, San Diego State University, United States of America • Bachelor of Science, Computer Science, Northern Illinois University, United States of America
Areas of Expertise:	<ul style="list-style-type: none"> • Information Technology/Digital • Strategic Planning • Risk and Quality Management • Business Process Management
Membership(s) of Board Committees:	<ul style="list-style-type: none"> • Chairman, Board Risk Committee (Re-designated as Chairman w.e.f. 2 January 2024) • Chairman, Board Information Technology Committee • Member, Board Strategic and Sustainability Committee
Present Directorship(s) and/or Appointment(s):	<p>Listed Entity/Entities (Other than Bank Islam):</p> <ul style="list-style-type: none"> • Independent Non-Executive Director, PETRONAS Dagangan Berhad <p>Other Public Company/Companies:</p> <ul style="list-style-type: none"> • Independent Non-Executive Director, Prudential Assurance Malaysia Berhad • Director, Muslim Professionals Forum Berhad <p>Appointment(s):</p> <ul style="list-style-type: none"> • Member, ICDM
Past Directorship(s) and/or Appointment(s):	<ul style="list-style-type: none"> • Board of Trustee, PADU Corporation • Independent Non-Executive Director, Malaysia Digital Economy Corporation Sdn Bhd • Group Chief Strategy and Corporate Governance Officer, PST Ventures Sdn Bhd • Co-Founder and Managing Director, Clear Minds Sdn Bhd • Senior Manager, Accenture



Statement Accompanying Notice of the 41st Annual General Meeting

Ordinary Resolution 3 – Re-election of Puan Nuraini Ismail	
Puan Nuraini Ismail Independent Non-Executive Director	
Nationality/Age/ Gender:	Malaysian/61/Female
Date of Appointment:	7 January 2022
Academic/Professional Qualification/ Membership(s):	<ul style="list-style-type: none"> • Fellow of the Association of Chartered Certified Accountants, United Kingdom • Member, Malaysian Institute of Accountants (MIA)
Areas of Expertise:	<ul style="list-style-type: none"> • Finance • Corporate Finance • Audit and Governance • Financial Risk Management • Treasury
Membership(s) of Board Committees:	<ul style="list-style-type: none"> • Member, Board Audit and Examination Committee • Member, Board Nomination and Remuneration Committee
Present Directorship(s) and/or Appointment(s):	<p>Listed Entity/Entities (Other than Bank Islam):</p> <ul style="list-style-type: none"> • Independent Non-Executive Director, GDEX Berhad • Independent Non-Executive Director, LBS Bina Group Berhad <p>Other Public Company/Companies:</p> <ul style="list-style-type: none"> • Independent Non-Executive Director, MCIS Insurance Berhad <p>Appointment(s):</p> <ul style="list-style-type: none"> • Director, IIUM Holdings Sdn Bhd • Chairman, IIUM Educare Sdn Bhd • Director, Daya Bersih Sdn Bhd
Past Directorship(s) and/or Appointment(s):	<ul style="list-style-type: none"> • Vice President Treasury, Finance, PETRONAS • Senior General Manager, Group Treasury, PETRONAS • General Manager, Finance and Accounts Services, Malaysian International Trading Company • General Manager, Commercial Services, Malaysian International Trading Company • Senior Manager Finance and Accounts Services, Malaysian International Trading Company • Manager Value Based Management, PETRONAS • Manager Planning and Budgeting, PETRONAS • Manager Group Budget, PETRONAS • Manager Accounts Services, PETRONAS • Senior Executive, Accounts Services, PETRONAS • Corporate Planning Executive, Mayban Finance • Loans Rehabilitation Executive, Bank Bumiputera Berhad • Corporate Finance Executive, Bumiputera Merchant Bankers • Audit Team Leader, Azman Wong & Salleh • Executive, Accountants General Office

2. Clause 142 of the Company's Constitution

Ordinary Resolution 4 - Re-election of Tuan Syed Hamadah Syed Othman	
Tuan Syed Hamadah Syed Othman Non-Independent Non-Executive Director	
Nationality/Age/ Gender:	Malaysian/53/Male
Date of Appointment:	1 January 2024
Academic/Professional Qualification/ Membership(s):	<ul style="list-style-type: none"> Fellow of the Faculty and Institute of Actuaries, United Kingdom Fellow of the Actuarial Society, Malaysia Bachelor of Science, Actuarial Mathematics & Statistic, Heriot-Watt University, Edinburgh, United Kingdom Scottish Higher Education Certificate, Clydebank College, United Kingdom
Areas of Expertise:	<ul style="list-style-type: none"> Risk Management Investment, Insurance and Takaful
Membership(s) of Board Committees:	<ul style="list-style-type: none"> Nil
Present Directorship(s) and/or Appointment(s):	<p>Listed Entity/Entities (Other than Bank Islam):</p> <ul style="list-style-type: none"> Non-Independent Non-Executive Director, TH Plantations Berhad <p>Other Public Company/Companies:</p> <ul style="list-style-type: none"> Nil <p>Appointment(s):</p> <ul style="list-style-type: none"> Group Managing Director & Chief Executive Officer of Lembaga Tabung Haji Board of Trustee, Yayasan Tabung Haji Director, TH Properties Sdn Bhd Board, Private Pension Administrator Malaysia Director and Senior Partner of Actuarial Partners Consulting Sdn Bhd
Past Directorship(s) and/or Appointment(s):	<ul style="list-style-type: none"> Chief Executive Officer, Retirement Fund Inc. (KWAP) Senior Partner, Actuarial Partners Consulting Sdn Bhd Consulting Actuary, Mercer Zainal Consulting Sdn Bhd Technical Analyst, PETRONAS Trading Corporation Sdn Bhd

AUTHORITY TO DIRECTORS TO ISSUE AND ALLOT NEW ORDINARY SHARES

Details on the authority to issue and allot new ordinary shares in Bank Islam pursuant to Sections 75 and 76 of the Companies Act, 2016 are provided under the explanatory notes on special businesses in the Notice of the 41st AGM.

DATE, TIME AND PLACE OF THE 41ST ANNUAL GENERAL MEETING

The 41st Annual General Meeting of Bank Islam will be held as follows:

Day and Date : Thursday, 16 May 2024
 Time : 10.00 a.m.
 Online Meeting Platform : Boardroom's website at <https://meeting.boardroomlimited.my> with RPEV facilities
 Broadcast Venue : Level 10, Menara Bank Islam, No. 22 Jalan Perak, 50450 Kuala Lumpur, Malaysia.



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for the 41st Annual General Meeting (“41st AGM”)

Day and Date	: Thursday, 16 May 2024
Time	: 10.00 a.m.
Online Meeting Platform	: Boardroom Share Registrars Sdn Bhd (“Boardroom”)’s website at https://meeting.boardroomlimited.my with Remote Participation and Electronic Voting (“RPEV”) facilities
Broadcast Venue	: Level 10, Menara Bank Islam, No. 22 Jalan Perak, 50450 Kuala Lumpur, Malaysia
Mode of Communication	: 1. Shareholders may pose questions one (1) hour before and during live streaming at https://meeting.boardroomlimited.my , which is from 9.00 a.m. on Thursday, 16 May 2024. 2. Shareholders may submit questions in advance commencing from Tuesday, 16 April 2024 and in any event no later than 10.00 a.m., Tuesday, 14 May 2024 via Boardroom’s website at https://investor.boardroomlimited.com using the same user ID and password provided in Step 2 under Annexure on the Voting Procedure, and select “SUBMIT QUESTION” to pose questions.

DEAR SHAREHOLDERS,

With reference to the revised ‘Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers’ issued by the Securities Commission Malaysia (SC’s Guidance) on 7 April 2022, listed issuers are encouraged to continue leveraging technology in conducting general meetings to promote shareholders participation.

Through the RPEV facilities, you may exercise your right as a member of the Company to participate remotely (including pose questions to the Board of Directors and/or Management of the Company) and vote via electronic voting at the 41st AGM. Furthermore, the proposed virtual meeting aligns with Bank Islam’s ESG efforts to reduce carbon emissions.

Kindly ensure that you are connected to the internet at all times in order to participate and vote when the 41st AGM has commenced. Therefore, it is your responsibility to ensure that connectivity for the duration of the meeting is maintained. The quality of the live webcast is dependent on the bandwidth and stability of the internet connection of the participants.

INTEGRATED ANNUAL REPORT 2023

As part of our commitment to sustainable practices, the Integrated Annual Report (“IAR”) 2023 and the following documents are available on Bursa Malaysia Berhad’s website at www.bursamalaysia.com under Company Announcements of Bank Islam Malaysia Berhad and also at the Company’s website at www.bankislam.com

- i. EBook;
- ii. Corporate Book;
- iii. Audited Financial Statements for Financial Year Ended 31 December 2023;
- iv. Corporate Governance Report 2023;
- v. Notice of the 41st AGM;
- vi. Form of Proxy;
- vii. IAR2023 Hardcopy Request form; and
- viii. Administrative Guide for the 41st AGM.

NO VOUCHERS/DOOR GIFTS

There will be no voucher(s) or any door gift(s) for shareholders/proxies who participate in the 41st AGM.

VIRTUAL 41ST AGM

1. The virtual 41st AGM will be conducted online from the Broadcast Venue, and shareholders will participate via the RPEV facilities with audio and/or video capabilities.
2. The Company invites shareholders to participate in the 41st AGM from their home or office and follow the entire proceedings as the 41st AGM will be conducted via RPEV. With the RPEV facilities, you may exercise your right as a member of the Company to participate and vote at the 41st AGM. The RPEV is also in line with Practices 12.1

and 13.3 of the Malaysian Code on Corporate Governance 2021. The Broadcast Venue was decided pursuant to Section 327 of the Companies Act 2016 (“the **Act**”) and Clause 96 of the Company’s Constitution.

3. The broadcast venue is strictly for the purpose of complying with Section 327 (2) of the Act and Clause 96 of the Company’s Constitution that requires the Chairman of the meeting to be present at the main venue of the meeting. No shareholders/proxies from the public will be physically allowed at the meeting venue as it is only a place where the meeting is broadcasted for transmission online in the presence of Chairman, Directors, Group Chief Executive Officer, Auditors, Company Secretary and Management. All members are urged to attend the 41st AGM remotely via meeting platform available on the designated link at <https://meeting.boardroomlimited.my>
4. Shareholders can participate in our virtual 41st AGM by registering online via Boardroom Smart Investor Portal (“BSIP”) at <https://meeting.boardroomlimited.my>

PROCEDURE OF THE 41ST AGM TO REMOTE PARTICIPATION

1. The Login User Guide for participation, posing questions and voting guide at the 41st AGM, will be emailed to you together with your remote access user ID and password once your registration for 41st AGM has been approved.
2. The Chairman and the Board of Directors will endeavour their best to respond to the questions submitted by the Shareholders which are related to the resolutions to be tabled at the live streaming of the 41st AGM, as well as financial performance/prospect of the Company.
3. The 41st AGM will start promptly at 10.00 a.m.
4. The resolutions set out in the Notice of the 41st AGM will be considered at the 41st AGM and you will vote on these resolutions. You are able to view the Company’s presentation slides via the live streaming.

5. Shareholders may proceed to cast votes on each of the proposed resolutions, to be tabled at the live streaming of the 41st AGM, after the Chairman has announced the opening of the poll on the resolutions. Shareholders are reminded to cast their votes before the poll is closed.
6. No recording or photography of the live streaming of the 41st AGM proceedings is allowed without the prior written permission of the Company.
7. You must ensure that you are connected to the internet at all times in order to participate and vote when live streaming of the 41st AGM has commenced. Kindly note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at the location of the remote participants.

ENTITLEMENT TO PARTICIPATE AND VOTE

In respect of deposited securities, only members whose names appear on the Record of Depositors on 9 May 2024 (General Meeting Record of Depositors) shall be eligible to participate the Meeting or appoint proxy(ies) to participate on his/her behalf.

APPOINTMENT OF PROXY

1. Shareholders entitled to participate and vote at the 41st AGM is entitled to appoint proxy(ies) to participate and vote in his/her stead. If you are not able to participate in the 41st AGM remotely, you are encouraged to appoint the Chairman of the Meeting as your proxy and indicate the voting instruction in the Form of Proxy.
2. If you wish to attend the 41st AGM yourself, please do not submit any Proxy Form. You will not be allowed to attend the 41st AGM together with a proxy appointed by you.
3. You may download the Form of Proxy from our website at www.bankislam.com



Administrative Guide

for the 41st Annual General Meeting (“41st AGM”)

4. The Form of Proxy and/or documents relating to the appointment of proxy for the 41st AGM shall be deposited or submitted in the following manner not less than forty-eight (48) hours before the time for holding the 41st AGM or no later than 10.00 a.m., Tuesday, 14 May 2024, in accordance with the Company’s Constitution:

(i) In hard copy form

The Form of Proxy, Corporate Representative, Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority shall be deposited at the office of the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or by fax to +603-7890 4670.

(ii) By Boardroom Smart Investor Portal

Online via the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>, which is free and available to all individual Depositors.

REVOCAION OF PROXY

If you have submitted your Form of Proxy prior to the AGM and subsequently decide to appoint another person or wish to participate in the live streaming of the 41st AGM by yourself, please write in to bsr.helpdesk@boardroomlimited.com to revoke the earlier appointed proxy not less than forty-eight (48) hours before the time for holding the 41st AGM or no later than 10.00 a.m., Tuesday, 14 May 2024. Upon the revocation, your proxy(ies) will not be allowed to participate in the 41st AGM. In such an event, you should advise your proxy(ies) accordingly.

LODGE MENT OF FORM OF PROXY VIA BOARDROOM SMART INVESTOR PORTAL

Step 1 - Register Online with Boardroom Smart Investor Online Portal (for first-time registration only)

- Access website <https://investor.boardroomlimited.com>
- Click Register to sign up as a user.
- Complete the registration and upload a softcopy of your MyKAD (for Malaysian) front and back or Passport (for non-Malaysian) in JPEG, PNG or PDF format.
- Please enter a valid email address and wait for Boardroom’s email verification.
- Once your email address is verified, you will be re-directed to BSIP Online for verification of mobile number. Click on **“Request OTP Code”** and an OTP code will be sent to the registered mobile number. You will need to enter the OTP Code and click **“Enter”** to complete the process.
- Your registration will be verified and approved within one (1) business day and an email notification will be provided.

Step 2 - eProxy Lodgement

- Login to <https://investor.boardroomlimited.com> using your User ID and Password above.
- Select and click on Corporate Meeting Go to **“BANK ISLAM 41ST VIRTUAL ANNUAL GENERAL MEETING”** and click **“Enter”**.
- Go to **“PROXY”** and click on **“Submit eProxy Form”**.
- Read and agree to the Terms & Conditions.
- Enter your CDS account number and insert the number of securities.
- Appoint your proxy(ies) or the Chairman of the AGM and enter the required particulars for your proxy(ies).
- Indicate your voting instructions – For, Against or Abstain, otherwise your proxy(ies) will decide your votes.
- Review and confirm your proxy(ies) appointment.
- Click **“Submit”**.
- Download or print the eProxy form acknowledgment.

VOTING PROCEDURE

Please refer to the Annexure on the Voting Procedure prepared by Boardroom together with this Administrative Details.

COMMUNICATION GUIDANCE

Shareholders are also reminded to refer to the Company's website and announcements at www.bankislam.com for any changes to the arrangements of the live streaming of the 41st AGM.

ENQUIRIES FOR 41ST AGM

If you have any enquiry relating to RPEV, please contact Boardroom Helpdesk from Monday to Friday (except Public Holidays) between 8.30 a.m. to 5.30 p.m.:

Boardroom Share Registrars Sdn Bhd

Office Helpdesk : 03-7890 4700

Cik Nursyahirah : 03-7890 4754

Che Rahimi

Facsimile No. : 03-7890 4670

Email : bsr.helpdesk@boardroomlimited.com

: nursyahirah.cherahimi@boardroomlimited.com

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate and vote at the live streaming of the 41st AGM and/or any adjournment thereof, a member of the Company:

- i. consents to the processing of the member's personal data by the Company for:
 - processing and administration of proxies and representatives appointed for the live streaming of the 41st AGM;
 - preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (which includes any adjournments thereto); and
 - the Company's compliance with any applicable laws, listing rules, regulations, codes and/or guidelines (collectively, the "Purposes").

- ii. undertakes and warrants that he or she has obtained such proxy(ies)' and/or representative(s)' prior consent for the Company's processing of such proxy(ies)' and/or representative(s)' personal data for the Purposes.

Note:

The term "processing" and "personal data" shall have the meaning as defined in the Personal Data Protection Act 2010.

ANNEXURE ON THE VOTING PROCEDURE

POLL VOTING

1. The voting will be conducted by poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Boardroom as Poll Administrator to conduct the poll by way of electronic voting ("e-Voting") and SKY Corporate Services Sdn Bhd as Scrutineers to verify the poll results.
2. During the 41st AGM, the Chairman will invite the Poll Administrator to brief on the e-Voting housekeeping rules.
3. For the purposes of the 41st AGM, the RPEV facilities will be carried out via the following voting devices:
 - i. Personal smart mobile phones;
 - ii. Tablets; or
 - iii. Laptops.
4. There are two (2) methods for members and proxies to vote:
 - i. Use the QR Scanner Code provided in the email notification; or
 - ii. Access using the website URL <https://meeting.boardroomlimited.my>
5. Members and proxies can login immediately after registering their attendance, but polling will only commence after the Chairman announces opening of the polls and will remain open until such time when the Chairman announces the closure of the poll.
6. Once voting has been opened, the polling icon will appear with the resolutions and your voting choices.



Administrative Guide

for the 41st Annual General Meeting (“41st AGM”)

7. To vote simply select your voting direction from the options provided. A confirmation message will appear to show your vote has been received.
8. To change your vote, simply select another voting direction.
9. If you wish to cancel your vote, please press “Cancel”.
10. The Scrutineers will verify the poll result reports upon closing of the poll voting session by the Chairman. The Scrutineers will pass the poll results to the Chairman thereafter and the Chairman will declare whether the resolutions put to vote were successfully carried or not.

REMOTE PARTICIPATION AND ELECTRONIC VOTING (“RPEV”)

1. Please note that the RPEV facilities are available to:
 - i. Individual member;
 - ii. Corporate shareholder;
 - iii. Authorised Nominee; and
 - iv. Exempt Authorised Nominee
2. You will be able to view a live webcast of the 41st AGM proceedings, pose questions to the Board of Directors, and submit your votes in real-time whilst the meeting is in progress.
3. Kindly follow the steps below on how to request for login ID and password.

Step 1 - Register Online with Boardroom Smart Investor Online Portal (for first-time registration only)

- Access website <https://investor.boardroomlimited.com>
- Click Register to sign up as a user.
- Complete the registration and upload a softcopy of your MyKAD (for Malaysian) front and back or Passport (for non-Malaysian) in JPEG, PNG or PDF format.
- Please enter a valid email address and wait for Boardroom’s email verification.
- Once your email address is verified, you will be re-directed to BSIP Online for verification of mobile number. Click on “**Request OTP Code**” and an OTP code will be sent to the registered mobile number. You will need to enter the OTP Code and click “**Enter**” to complete the process.
- Your registration will be verified and approved within one (1) business day and an email notification will be provided.

Note:

Please ignore Step 1 and proceed to Step 2 on eProxy Lodgement if you have signed up with Boardroom Smart Investor Online Portal. Submit a request for Remote Participation user ID and password.

Step 2 - Submit Request for Remote Participation User ID and Password

Individual Members

- Login to <https://investor.boardroomlimited.com> using your user ID and password above.
- Select and click on “**BANK ISLAM 41ST VIRTUAL ANNUAL GENERAL MEETING**” from the list of Corporate Meetings and click “**Enter**”.
- Click on “**Register for RPEV**”.
- Read and agree to the Terms & Conditions.
- Enter your CDS Account and thereafter submit your request.

Corporate Shareholders, Authorised Nominee and Exempt Authorised Nominee

- Write in to bsr.helpdesk@boardroomlimited.com by providing the name of Member, CDS Account Number accompanied with the Certificate of the Appointment of Corporate Representative or Form of Proxy to submit the request.
- Please provide a copy of the Corporate Representative's MyKad (front and back) or Passport in JPEG, PNG or PDF as well as his/her email address.
 - a) You will receive a notification from the Boardroom that your request has been received and is being verified.
 - b) Upon system verification against the General Meeting Record of Depositors as at 9 May 2024 you will receive an email from Boardroom either approving or rejecting your registration for remote participation.
 - c) You will also receive your remote access user ID and password along with the email from Boardroom if your registration is approved.
 - d) Please note that the closing time to submit your request is by Tuesday, 14 May 2024 at 10.00 a.m. (48 hours before the 41st AGM).

Note:

The registration for remote access will be opened on Tuesday, 16 April 2024.

Step 3 - Login to Virtual Meeting Portal

- a) The Virtual Meeting Portal will be open for login starting an hour (1 hour) before the commencement of the 41st AGM at 10.00 a.m. on Thursday, 16 May 2024.
- b) Follow the steps given to you in the email along with your remote access user ID and password to login to the Virtual Meeting portal. (Refer to Step 2 above).
- c) The steps will also guide you on how to view the live webcast, ask questions and vote.
- d) The live webcast will end and the Messaging window will be disabled upon announcement by the Chairman on the closure of the 41st AGM.
- e) You can now logout from Virtual Meeting Portal.

Note:

Please note that the quality of the connectivity to Virtual Meeting Portal for live webcast as well as for remote online voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users.

Note:

Questions submitted online will be moderated before being sent to the Chairman to avoid repetition. All questions and messages will be presented during the live streaming with the full name and identity of the participant raising the question. Shareholders may submit questions in advance commencing from Tuesday, 16 April 2024 and in any event no later than 10.00 a.m., Tuesday, 14 May 2024 via Boardroom's website at <http://investor.boardroomlimited.com> using the same user ID and password provided in Step 2 above, click "Submit Question" to pose your questions (Pre-AGM Meeting Questions).

- i. If you would like to view the live webcast, select the broadcast icon.
- ii. If you would like to ask a question during the 41st AGM, select the messaging icon.
- iii. Type your message within the chatbox, once completed click the send button.

Shareholders may proceed to cast votes on the proposed resolution to be tabled at the 41st AGM, immediately after the Chairman announced the commencement of the poll voting session. Shareholders are reminded to cast their votes before the poll is closed.



Abbreviation

ABC	Anti-Bribery and Corruption	CIIF	Certified Islamic Insurance Foundation
ABMS	Anti-Bribery Management System	CISA	Certified Information System Auditor
ABS	Asian Banking School	CoE	Centre of Excellence
ACCA	Association of Chartered Certified Accountants	COI	Conflict of Interest
AGM	Annual General Meeting	COP28	UN Climate Change Conference
AIBIM	Association of Islamic Banks in Malaysia	CPIF	Chartered Professional in Islamic Finance
AKPK	Agensi Kaunseling dan Pengurusan Kredit	CRA	Compliance Risk Assessment
ALCO	Asset & Liability Management Committee	CRC	Climate Risk Committee
AML	Anti Money Laundering	CRISP	Credit Risk Solution Platform
ATM	Automated Teller Machines	CRM	Corruption Risk Management
ATM	Malaysian Armed Forces	CRR	Composite Risk Rating
BAEC	Board Audit and Examination Committee	CRST	Climate Risk Stress Testing
BAU	Business-As-Usual	CSAT	Customer Satisfaction
BBG	BangKIT Business Grant	CX	Customer Experience
BCM	Business Continuity Management	DEI	Diversity, Equity, and Inclusion
BCMC	Business Continuity Management Committee	DIC	Drug Intervention Community
BFRC	Board Financing Review Committee	DMC	Data Management Committee
BGSEAIT	BIMBARabesque Shariah-ESG AI Technology Fund	DME	Deposit Marketing Executive
BILAD	Bank Islam Leadership Acumen Development	DMP	Disciplinary Management Policy
BITC	Board Information Technology Committee	DOSH	Department of Occupational Safety and Health
BNM CG Policy	Bank Negara Malaysia's Corporate Governance Policy	DPA	Deferred Prosecution Agreement
BNRC	Board Nomination and Remuneration Committee	eKYC	Electronic Know Your Customer
BRC	Board Risk Committee	EPF	Employees Provident Fund
BSSC	Board Strategic and Sustainability Committee	EPS	Earnings Per Share
C3e	Community Economic Empowerment Ecosystem	ESG	Environmental, Social, and Governance
CA 2016	Companies Act 2016	EWP	Ethical Wall Policy
CAPS	Compliance Academy, Policy & Strategy	FAM	Football Association Malaysia
CASATIA	Current, Savings and Transactional Investment Accounts	FAST	Financing Assistant
CBA	Certification for Bank Auditors	FBI	Fund-Based Income
CCPT	Climate Change Principles-based Taxonomy	FCC	Financial Crime Compliance
CDX	Centre of Digital Experience	FDS	Fraud Detection System
CFT	Countering Financing of Terrorism	FPX	Financial Process Exchange
CG Guide	Corporate Governance Guide 3rd Edition	FTE	Full Time Equivalent
CIBAFI	Council for Islamic Banks and Financial Institutions	FWA	Flexible Working Arrangement
		GABCP	Group Anti-Bribery and Corruption Policy
		GBACOC	Group Business Associates Code of Conduct Guideline

GCDO	Group Chief Digital Officer	IQAR	Internal Quality Assessment Review
GCEO	Group Chief Executive Officer	ISIA	Ihsan Sustainable Investment Account
GCHRO	Group Chief Human Resources Officer	JC3	Joint Committee on Climate Change
GCIA	Group Chief Internal Auditor	JLM	Joint Lead Manager
GCIIG	Group Chief Integrity & Governance Officer	KPIs	Key Performance Indicators
GCOO	Group Chief Operating Officer	KRI	Key Risk Indicators
GCRMP	Group Corruption Risk Management Policy	LCTF	Low Carbon Transition Facility
GDP	Gross Domestic Product	LSSBB	Lean Six Sigma Black Belt
GGP	Group Gift Policy	LSSGB	Lean Six Sigma Green Belt
GHG	Greenhouse Gas	MACC	Malaysian Anti-Corruption Commission
GIAD	Group Internal Audit Division	MAP	Mandatory Accreditation Programme
GIB	Group Institutional Banking	MATRADE	Malaysia External Trade Development Corporation
GISGD	Group Information Security & Governance Division	MCCG	Malaysian Code on Corporate Governance
GLCMP	Group Liquidity Crisis Management Plan	MFRS	Malaysian Financial Reporting Standards
GMEC	Group Management Executive Committee	MIA	Malaysian Institute of Accountants
GRB	Group Retail Banking	MIDA	Malaysian Investment Development Authority
GRI	Global Reporting Initiative	MINDEF	Ministry of Defense
GSCCP	Group System Criticality Classification Policy	MIS	Management Information System
GSCEL	Group Single Counterparty Exposure Limit	MMLR	Main Market Listing Requirements
GTRMF	Group Technology Risk Management Framework	MNPI	Material Non-Public Information
CWBP	Group Whistleblowing Policy	MNS	Malaysian Nature Society
HDC	Halal Development Corporation	MoA	Memorandum of Agreement
HEV	Hybrid Electric Vehicle	MoU	Memorandum of Understanding
HFA	Home Financing and Assets	MRCC	Management Risk & Control Committee
HFM	Halal Food Master	MSC	Management Sustainability Committee
HIS	Halal International Selangor	MSWG	Minority Shareholders Watch Group
HNWI	High-Net-Worth Individual	MWF	Makmur myWakaf Fund
IA	Investment Account	MyPAC	Malaysia Professional Accountancy Centre
IAR	Integrated Annual Report	NACP	National Anti-Corruption Plan
IBFIM	Islamic Banking and Finance Institute Malaysia	NACS	National Anti-Corruption Strategy
ICAAP	Internal Capital Adequacy Assessment Process	NDCs	Nationally Determined Contributions
ICDM	Institute of Corporate Directors of Malaysia	NED	Non-Executive Director
IDPs	Individual Development Plans	NETR	National Energy Transition Roadmap
IIUM	International Islamic University Malaysia	NFBI	Non-Fund-Based Income
IPCC	Intergovernmental Panel on Climate Change	NGFS	Network for Greening the Financial System
IPOs	Initial Public Offerings	NGOs	Non-Governmental Organisations



Abbreviation

NIM	Net Income Margin	SDGs	Sustainable Development Goals
NIMP	New Industrial Master Plan	SE	Sales Executive
NPS	Net Promoter Score	SEMy2030	Social Entrepreneurship Action Framework 2030
NSRC	National Scam Response Centre	SGPD	BNM Shariah Governance Policy Document
OACP	Organisational Anti-Corruption Plan	SIA	System Impact Analysis
OPR	Overnight Policy Rate	SIU	Special Investigation Unit
ORCC	Operational Risk Control Committee	SJKP	Syarikat Jaminan Kredit Perumahan Berhad
ORM	Operational Risk Management	SME	Small and Medium Enterprise
OSH	Occupational Safety and Health	SNC	Shariah Non-Compliance
OSHA	Occupational Safety and Health Act	SOCISO	Social Security Organisation
OSP	Outsourcing Service Providers	SOSEA	Sabah Social Entrepreneurs Association
PAZT	Profit After Zakat & Tax	SRE	Sales Response Executive
PBZT	Profit Before Zakat & Tax	SRI	Sustainable and Responsible Investment
PDNI	Past due but not impaired	SSPN	Skim Simpanan Pendidikan Nasional
PDPA	Personal Data Protection Act	SST	Self-service Terminals
PFE	Personal Financing Executive	SWADD	Surau Wakaf Ahmad Dawjee Dadabhoy
PLCs	Public Listed Companies	TCFD	Task Force on Climate-Related Financial Disclosures
PPAM	Perumahan Penjawat Awam Malaysia	tCO ₂ e	Total Carbon Emissions
PR1MA	Skim Perumahan Rakyat 1Malaysia	TDT	Term Deposit Tawarruq
RAC	Risk Acceptance Criteria	TH	Tabung Haji
RAS	Risk Appetite Statement	TOM	Target Operating Model
RBD	Retail Banking Distribution's	TOR	Terms of Reference
RCP	Representative Concentration Pathways	UMCP	Upward Mobility Certification Programme
RCSA	Risk and Control-Self Assessment	UNFCCC	United Nations Framework Convention on Climate Change
REA	Real Estate Agents	UNGCMYB	United Nations Global Compact Malaysia and Brunei
REN	Real Estate Negotiators	UniPSAS	University Islam Pahang Sultan Ahmad Shah
REVEX	Revenue Vendor Expenditure	UNSDGs	United Nations Sustainable Development Goals
RMC	Recovery Management Committee	VAO	Virtual Account Opening
ROA	Return on Assets	VBI	Value-based Intermediation
ROE	Return on Equity	VBIAF	Value-based Intermediation Financing and Investment Impact Assessment Framework
RPA	Robotic Process Automation	VRF	Value Reporting Foundation
RPT	Related Party Transactions	WACI	Weighted Average Carbon Intensity
SAC	Shariah Advisory Council	WC	Wealth Consultant
SakeenaHOPE	Sakeenah Home Ownership Programme	YoY	Year on Year
SC	Securities Commission Malaysia	YSM	Youth Single Mother
SCC	Sustainability & Climate Champion's		

Glossary

A

Assets: Resources owned by the Group including cash, investments, financings and physical properties.

Al-Awfar: A low-risk, innovative investment account based on the concept of Mudharabah. It invests in Bank Islam's House Finance and Fixed Asset portfolio for sustainability.

Asnaf: Recipients eligible to receive zakat (tithe) assistance.

Ar-Rahnu: A short-term financing where customers pledge gold as collateral for the financing facility provided.

B

Bai' Bithaman Ajil: Sale contract based on deferred payment at a certain price.

Bai' Al-Dayn: Sale of debt.

B40: Represents the 40% of households nationwide with a net income of below RM4,850 per month.

Be U by Bank Islam: A fully cloud-native digital banking app for seamless banking transactions, targeting the digital-native, younger generation to broaden financial inclusivity.

BEST app: An online unit trust investing platform by BIMB Securities.

BISonline: An Islamic mobile trading platform by BIMB Securities.

BITIZEN: A term representing Bank Islam citizens, comprising the Group's employees.

C

Capital: Stocks of value that are increased, decreased, or transformed through the activities and outputs of the organisation.

E

Environmental, Social and Governance (ESG): A framework that helps stakeholders understand how an organisation is managing risks and opportunities associated with environmental, social, and governance criteria.

F

FTSE4Good Bursa Malaysia (F4GBM) Index: Launched in December 2014, it evaluates publicly listed companies' ESG performance. Constituents are selected from the FTSE Bursa Malaysia Emas Index and are reviewed every June and December against international benchmarks developed in collaboration with FTSE Russell.

FTSE4Good Bursa Malaysia Shariah (F4GBMS) Index: An ESG-themed index designed to track constituents in the F4GBM Index that comply with the Shariah principles, according to the Securities Commission Malaysia Shariah Advisory Council screening methodology.

G

Global Reporting Initiative (GRI) Standards: The first global standards for sustainability with a modular and interrelated structure, setting the benchmark for reporting economic, environmental, and social impacts.

GO by Bank Islam: A mobile banking app that empowers Bank Islam customers access to their accounts and perform various banking transactions quickly and securely on their mobile devices, anytime and anywhere.

GO Biz by Bank Islam: A mobile banking app for Bank Islam's SME and microenterprises customers, enabling merchants to manage their business securely and efficiently from their mobile devices. Equipped with DuitNow QR services for seamless payment via DuitNow QR code.

I

Ihsan Sustainability Investment Account (ISIA): An investment fund designed to enable clients to foster a nature-positive economy to enhance the resilience of the environment and ensure inclusive growth across society.

Ijarah Muntahiah Bit-Tamleek: Lease contract which ends with the acquisition of ownership of the asset by the lessee.

Islamic Social Finance: Refers to financial modes deeply rooted in Islamic principles, intended for social welfare and benefit.

Istisna': Sale contract by way of order for certain products with certain specifications and a certain mode of delivery and payment (either in cash or deferred).

iTEKAD BangKIT: Supporting underbanked B40 microentrepreneurs and asnaf group by providing funding for working capital and/or capital expenses.

iTEKAD Maju: Providing financial support to eligible B40 and asnaf microentrepreneurs for their working capital and/or capital expenses to recover their business post-Movement Control Order (MCO).

L

LEAP25: Bank Islam's five-year business strategy with aspirations to achieve leadership in Shariah-ESG total financing solutions with leadership in digital banking and social finance.



Glossary

M

Main Market: A prime market for listing established companies that have achieved a certain minimum profit track record or size. It is also a platform to list other capital market products such as debt securities, ETFs, REITs and structured warrants.

Maqasid Syariah: The fundamental framework in deciding the underlying values, moral compass and goals in Islamic finance.

Market Capitalisation: The total value of a listed company's shares based on the current market price.

Material Matters: Refers to matters that are of most importance to Bank Islam, based on our significant economic, environmental, and social impacts and which substantively influence the assessments and decisions of our key stakeholders. They are also determined based on how they impact or are impacted by our value-creation activities.

Monetary policy: A set of tools used by the central bank to manage the money supply and foster economic growth and employ strategies such as revising interest rates and altering bank reserve requirements.

Mudarabah: Profit sharing contract.

Murabahah: An Islamic financing structure referring to a sale contract with a disclosure of the asset cost price and profit margin to the buyer.

N

Net Promoter Score (NPS): A metric used to measure customers' loyalty, satisfaction and enthusiasm with a company.

Q

Qardhul Hassan: A benevolent financing concept that offers profit-free financial assistance.

S

Sadaqah: Voluntary charity to help those in need through generosity, love, compassion or faith. These are not always physical or monetary, carried out with Allah SWT in mind.

Sadaqa House: Bank Islam's charity crowdfunding platform connects donors with charity projects. It collects, manages, and distributes donations and channelling funds to identified projects, benefitting underserved communities in selected sectors.

Sukuk: A financial instrument that complies with Islamic principles and represents ownership in underlying assets or projects.

Sustainable Development Goals (SDGs): The United Nations (UN) SDGs provide a blueprint for a better and sustainable future, addressing global challenges such as poverty, inequality, climate change, environmental degradation, prosperity, peace, and justice.

Sustainable and Responsible Investment (SRI): An approach to investing that aims to incorporate ESG factors into investment decisions, to better manage risk and generate sustainable, long-term returns.

T

TAAT: Bank Islam's core values of "Think Customer, Act with Integrity, Advance Beyond and Take Charge" (TAAT).

Task Force on Climate-related Financial Disclosures (TCFD):

Aims to develop recommendations for voluntary climate-related financial disclosures that are consistent, comparable, reliable, clear, and efficient, and provide decision-useful information to lenders, insurers, and investors.

Tawarruq: An Islamic financing structure involves purchasing a commodity at a deferred price, either in the form of Murabahah or Musawamah and later selling it to a third party to obtain cash.

TruPoints: A component of Bank Islam TruRewards Royalty Programme, enables cardmembers to redeem TruPoints collected when they spend on retail transactions using their Bank Islam Card-i for the latest lifestyle appliances or Sadaqa House contributions.

V

Value-based Intermediation (VBI): An Islamic finance business model that aims towards realising the objective of Shariah that generates a positive and sustainable impact on the economy, community, and environment through practices, processes, offerings and conduct.

W

Waqf: A form of charitable endowment in which property or assets are donated for the use and benefits of the public. The endowment is intended to be perpetual with the assets held in trust, and the income generated from the assets is used for charitable purposes.

Z

Zakat: One of the fundamental obligations in Islam intended for socio-economic growth and spiritual purification. Zakat is vital for uplifting the living standards of the poor and bolstering public revenue in developing nations, promoting socio-economic justice.

Form of Proxy

For the 41st Annual General Meeting

BANK ISLAM

BANK ISLAM MALAYSIA BERHAD

Registration No. 198301002944 (98127-X)
(Incorporated in Malaysia under the Companies Act,
1965 and deemed registered under the Companies Act, 2016)

No. of Shares held	CDS Account No.

*I/We _____
(Name in Full)

*NRIC/Passport/Registration No. _____

of _____

and telephone no./email address _____ being a *member/members of Bank Islam Malaysia Berhad ("Bank Islam" or "the Company"), hereby appoint:

Proxy 1: Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholdings
Email Address		Tel No.	

*and/or

Proxy 2: Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholdings
Email Address		Tel No.	

or failing *him/her, the Chairman of the meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the 41st Annual General Meeting of the Company to be held virtually at the broadcast venue at Level 10, Menara Bank Islam, No. 22 Jalan Perak, 50450 Kuala Lumpur on Thursday, 16 May 2024 at 10.00 a.m. or any adjournment thereof.

This proxy is to vote on the resolutions set out in the Notice of the Meeting, as indicated with an "X" in the appropriate space(s) below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

No.	Ordinary Resolution	For	Against
1	To re-elect Datuk Bazlan Osman as Director who is to retire pursuant to Clause 133 of the Company's Constitution.		
2	To re-elect Encik Mohd Yuzaidi Mohd Yusoff as Director who is to retire pursuant to Clause 133 of the Company's Constitution.		
3	To re-elect Puan Nuraini Ismail as Director who is to retire pursuant to Clause 133 of the Company's Constitution.		
4	To re-elect Tuan Syed Hamadah Syed Othman as Director who is to retire pursuant to Clause 142 of the Company's Constitution.		
5	To approve the payment of directors' fees and board committees' allowances to the Non-Executive Directors for the period from the 41 st AGM to the 42 nd AGM of the Company.		
6	To approve the payment of benefits of up to RM1,108,856.00 to eligible Non-Executive Directors for the period from the 41 st AGM to the 42 nd AGM of the Company.		
7	To re-appoint Messrs. PricewaterhouseCoopers PLT as the External Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Directors to fix their remuneration.		
Special Business			
8	Authority for Directors to issue and allot new ordinary shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
9	Proposed renewal of the authority for Directors to allot and issue new ordinary shares of Bank Islam, for the purpose of the Company's Dividend Reinvestment Plan ("DRP") that provides the shareholders of Bank Islam the option to elect to reinvest their cash dividend in new Bank Islam Shares.		

Signed this _____ day of _____, 2024.



Signature of Member/Common Seal of Shareholder

* Strike out whichever is not relevant.

Notes:

1. The 41st AGM of the Company will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting facilities ("**RPEV**"). The Virtual Meeting via RPEV will be available at <https://meeting.boardroomlimited.my>. Please follow the procedures provided in the Administrative Guide for the 41st AGM in order to register, participate and vote remotely.
2. The venue of the 41st AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 96 of the Company's Constitution which requires the Chairman of the meeting to be present at the main venue of the meeting. The notification of the venue of the 41st AGM is to inform shareholders where the electronic AGM production and streaming will be conducted. No shareholders/proxies from the public will be physically allowed at the meeting venue.
3. In accordance with Clause 109 of the Company's Constitution, each member of the Company ("**Member**") shall be entitled to be present and to vote at any general meeting of the Company, either personally or by proxy or by attorney and to be reckoned in a quorum in respect of shares fully paid and in respect of partially paid shares where calls are not due and unpaid. Members may exercise their rights to participate (including pose questions via the RPEV) during the 41st AGM.
4. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice of the 41st AGM will be conducted by way of a poll.
5. The Company has appointed its share registrar, i.e., Boardroom Share Registrars Sdn. Bhd. ("**Boardroom**" or "**Registrar**") as the poll administrator to conduct the poll by way of electronic voting ("**e-Voting**") and SKY Corporate Services Sdn. Bhd. as the Independent Scrutineers to verify the poll results.
6. For the purpose of determining a Member who is entitled to attend the virtual 41st AGM, the Company will request Bursa Malaysia Depository Sdn. Bhd., in accordance with Clause 95 of the Company's Constitution, to issue a Record of Depositor ("**ROD**") as at 9 May 2024. Only Members whose names appears on the ROD as at 9 May 2024 shall be entitled to attend the meeting or appoint a proxy(ies) to attend and/or vote on his/her behalf.
7. Notes on Appointment of Proxy:
 - (a) In accordance with Clause 94 of the Company's Constitution, a Member entitled to attend and vote at a meeting of the Company is entitled to appoint one (1) or more proxies to exercise all or any of his/her rights to attend, participate, speak and vote for him/her subject to the following provisions:
 - (i) save as provided under Note (b) below, Clause 113 of the Company's Constitution and the Companies Act 2016, each Member shall not be permitted to appoint more than two (2) proxies to attend the same meeting; and
 - (ii) where a Member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
 - (b) For the avoidance of doubt and subject always to Note (a)(ii) above, the Company's Constitution and the Companies Act 2016:
 - (i) where a Member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which an exempt authorised nominee may appoint in respect of each omnibus account it holds; and
 - (ii) where a Member is an authorised nominee, he/she may appoint at least one (1) proxy in respect of each securities account it holds to which ordinary shares in the Company are credited. Each appointment of proxy by an authorised nominee may be made separately or in one (1) instrument of proxy should specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting.
 - (c) There shall be no restriction as to the qualification of the proxy. Hence, a proxy may not need to be a Member.
 - (d) The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if such appointer is a corporation, under its Seal or the hand of its attorney.
 - (e) The instrument appointing a proxy ("**Form of Proxy**") must be deposited at the Registrar's office in the following manner:
 - (i) by electronic means through the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> by logging in and selecting "**Submit eProxy Form**"; or
 - (ii) by hand or post to Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time appointed for holding the meeting which is no later than 10.00 a.m. on Tuesday, 14 May 2024.
 - (f) The lodgement of a completed Form of Proxy does not preclude a Member from attending and voting should the Member decides to do so. If the Member subsequently decided to attend the 41st AGM, the Member is requested to revoke the earlier appointment of proxy by notifying Boardroom in writing, no later than Tuesday, 14 May 2024 at 10.00 a.m.

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BOARDROOM SHARE REGISTRARS SDN BHD

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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BANK ISLAM MALAYSIA BERHAD [198301002944 (98127-X)]

Level 32, Menara Bank Islam, No. 22, Jalan Perak, 50450 Kuala Lumpur

Tel: 603 2707 8000

www.bankislam.com

