BPMB
Malaysia Development Bank

PERBANKAN ISLAM

BPMB

50 YEARS OF CREATING IMPACT

FINANCIAL STATEMENTS
2023

50 YEARS OF CREATING IMPACT



50 YEARS OF CREATING IMPACT

Buat bangsal di Pulau Daik
Menahan taut sambil mengilau,
Kalau asal benih yang baik
Jatuh ke laut menjadi pulau"

is a Malay saying that literally means, *"Building a shed at Daik Island, toiling diligently while tethering the boat against the gleaming sea. If the origin of the seed is of essence, when cast into the ocean, it will birth an island"*. The simple message resonates with us at BPMB, that if the intentions are good, with hard work and dedication, we will succeed in creating impact for the nation.

In 2023, BPMB celebrated our 50 years of delivering impact capital for national development. Since inception, we have been one of the driving forces behind Malaysia's economic progress, supporting the nation's development needs and financing national development projects.

We have made our mark in our five-decade long journey. Now, we set our sights on creating meaningful, sustainable and progressive impact for the future.

The theme "50 Years of Creating Impact" reflects our past achievements, as well as outlines the goals, strategies and vision as we continue to be a key partner in Malaysia's development for the next 50 years.

FINANCIAL STATEMENTS

Directors' Report	4
Statement by Directors	11
Statutory Declaration	12
Shariah Committee's Report	13
Independent Auditor's Report	21
Statements of Financial Position	25
Statements of Profit or Loss	29
Statements of Comprehensive Income	31
Consolidated Statement of Changes in Equity	32
Statements of Changes in Equity	34
Statements of Cash Flows	36
Notes to the Financial Statements	40

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2023.

Principal Activities

The Bank is principally engaged to provide medium to long term credit and financing facilities under both Conventional and Islamic financial business to finance infrastructure projects, maritime, oil & gas, technology and capital intensive industries in manufacturing as well as other identified sectors in line with the country's development policy.

Information relating to principal activities of the subsidiaries are disclosed in Note 48 to the financial statements.

Results

	Group RM'000	Bank RM'000
Net profit for the year	400,777	383,832
Attributable to:		
Equity holders of the Bank	402,475	383,832
Non-controlling interests	(1,698)	-
	400,777	383,832

There were no material transfers to or from reserves, allowances or provisions during the financial year other than those disclosed in Notes 7, 8, 9, 12, 24, 39 and 40 to the financial statements and the statements of changes in equity .

In the opinion of the directors, the results of the operations of the Group and of the Bank during the financial year were higher compared to last year mainly due to net gain of RM357.0 million recorded from the completion of one major highway restructuring in 2023.

Dividends

The amount of dividends paid by the Bank since 31 December 2022 were as follows:

Final single tier tax exempt dividend on 3,451,584,988 ordinary shares, amounting to RM85,000,000 (2.46 sen net per ordinary share), in respect of the financial year ended 31 December 2022 was approved on 14 March 2023 and paid on 30 June 2023.

DIRECTORS' REPORT

Dividends (cont'd.)

At the forthcoming Annual General Meeting, a final single tier tax exempt dividend in respect of the financial year ended 31 December 2023, on 3,451,584,988 ordinary shares, amounting to a dividend payable of RM123,000,000 (3.56 sen net per ordinary share) will be proposed for the shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2024.

Directors

The names of the directors of the Bank in office since the beginning of the financial year to the date of this report are:

Dato' Sulaiman bin Mohd Tahir	(appointed on 20 March 2024)
Norazilla binti Md Tahir	
Ts. Othman bin Abdullah	
Tan Sri Datuk Seri Rashpal Singh Randhay	
Imri Dolhadi bin Ab Wahab	(appointed on 20 May 2024)
Datuk Rashidah binti Mohd Sies	(resigned on 26 September 2023 and re-appointed on 13 October 2023)
Rosnah binti Kamarul Zaman	(retired with effect from 16 May 2024)
Tan Sri Mohamed Nazir bin Tun Abdul Razak	(retired with effect from 21 April 2023)
Ariff bin Rozhan	(retired with effect from 10 May 2023)
Meow Yoke Nean	(retired with effect from 2 June 2023)

The names of the directors of the subsidiaries of the Bank since the beginning of the financial year to the date of this report are:

(i) Danajamin Nasional Berhad

Tan Sri Datuk Seri Rashpal Singh Randhay	
Rosnah binti Kamarul Zaman	
Choo Yoo Kwan @ Choo Yee Kwan	(retired with effect from 27 June 2023)
Elakumari Kantilal	(resigned on 27 June 2023)

(ii) Global Maritime Ventures Berhad

Norazilla binti Md Tahir	
Aidil Haznul bin Zulkifli	(appointed on 9 May 2023)
Ariff bin Rozhan	(resigned on 10 May 2023)

DIRECTORS' REPORT

Directors (cont'd.)

(iii) Pembangunan Leasing Corporation Sdn Bhd

Norazilla binti Md Tahir	
Mohamed Nazri bin Omar	
Aidil Haznul bin Zulkifli	(appointed on 10 July 2023)
Zulkeefli bin Mad Karim	(resigned on 23 May 2023)

(iv) SME Growth Acceleration Fund Sdn Bhd

Nik Nor Aini binti Nik Mohamed
Elioskarma bin Abdul Aziz

(v) Emerald Upline Sdn Bhd

Amreen bin Mohamed
Nik Nor Aini binti Nik Mohamed

(vi) Maju Nominees (Tempatan) Sdn Bhd

Elioskarma bin Abdul Aziz
Amreen bin Mohamed

(vii) Ecologitec Sdn Bhd

Tan Sri Datuk Seri Rashpal Singh Randhay	(appointed on 9 August 2023)
Ts. Othman bin Abdullah	(appointed on 9 August 2023)
Hisham bin Zainal Mokhtar	(appointed on 8 December 2023)

Directors' Benefits

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Bank was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors, or the fixed salary of a full time employee of the Bank and the subsidiaries amounting to RM1,031,995 and RM231,800 respectively as disclosed in Note 37) by reason of a contract made by the Bank or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' REPORT

Directors' Interest

According to the register of directors' shareholdings, none of the directors in office at the end of the financial year had any interest in shares in the Bank or its related corporations during the financial year.

Indemnities to Directors or Officers

The Bank maintained on a group basis a Directors' and Officers' Liability Takaful for the purpose of Section 289 of the Companies Act 2016, throughout the year, which provides appropriate takaful cover for any directors and officers of the Group and the Bank.

The total takaful coverage of the Group and the Bank amounts to RM70,000,000 and the annual premium paid amounts to RM853,575 during the financial year. 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.

Rating by External Rating Agencies

Details of the Bank's ratings are as follows:

Rating agency	Date	Rating classification	Rating
RAM Rating	8 December 2023	Financial Institution Ratings	AAA/Stable/ P1
		RM7.0 billion Conventional Medium-Term Notes Programme and/or Islamic Murabahah Medium-Term Notes Programmes	AAA/Stable
MARC Rating	24 November 2023	Financial Institution Ratings	AAA/Stable
		RM5.0 billion Islamic Medium-Term Note (Sukuk Wakalah) Programme	AAA_{IS} /Stable

DIRECTORS' REPORT

Business Outlook

The Malaysian economy expanded by 3.7% in year 2023 following a strong post-pandemic rebound (2022: 8.7%) as the base effect. The Group expects a favourable outlook for several key sectors and sub-sectors related to its current financing portfolio and dedicated schemes.

In particular, the services sector is expected to record better growth following a robust recovery in 2023 namely in Information and Communication Technology, transportation and storage, hotel, electricity and real estate. The recent economic plans as announced by the government, such as the 12th Mid-Term Review Plan, New Industrial Masterplan 2030 and the National Energy Transition Roadmap, are expected to underpin the recovery for the construction sector. Additionally, the strong consumer spending, a pick-up in fixed investment and a modest rebound in exports will further bolster the business outlook for the coming year.

The Group expects to see more opportunities for business growth under its dedicated schemes which were announced in the National Budget 2024. However, the Group remains cautiously optimistic considering geopolitical tensions in the Middle East and the delay in monetary easing in the United States.

Other Statutory Information

(a) Before the statements of profit or loss, statements of comprehensive income and statements of financial position of the Group and of the Bank were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad financing and debts and the making of impairment and allowance for doubtful debts and financing and satisfied themselves that all known bad financing and debts had been written off and that adequate impairment and allowance had been made for doubtful debts and financing; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad financing and debts or the amount of the impairment and allowance for doubtful debts and financing in the financial statements of the Group and of the Bank inadequate to any substantial extent; and

DIRECTORS' REPORT

Other Statutory Information (cont'd.)

(b) At the date of this report, the directors are not aware of any circumstances which would render (cont'd.):

(ii) the values attributed to the current assets in the financial statements of the Group and of the Bank misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Bank which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Bank which has arisen since the end of the financial year other than those arising in the normal course of business of the Group or of the Bank.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Bank to meet their obligations as and when they fall due other than those incurred in the normal course of business; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Bank for the financial year which this report is made.

DIRECTORS' REPORT

Significant Events

The significant events during the financial year are as disclosed in Note 54 to the financial statements.

Subsequent Events

The subsequent events are as disclosed in Note 55 to the financial statements.

Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remunerations for the Bank and the subsidiaries amounting to RM880,000 and RM444,403 respectively as disclosed in Note 36 (iv) to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors dated 31 May 2024.

Datuk Rashidah binti Mohd Sies

Norazila binti Md Tahir

Kuala Lumpur, Malaysia

STATEMENT BY DIRECTORS

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

We, Datuk Rashidah binti Mohd Sies and Norazilla binti Md Tahir, being two of the directors of Bank Pembangunan Malaysia Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 25 to 309 are drawn up in accordance with Malaysian Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia, so as to 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 cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Board of Directors dated 31 May 2024.

Datuk Rashidah binti Mohd Sies

Norazilla binti Md Tahir

Kuala Lumpur, Malaysia

STATUTORY DECLARATION

Pursuant to Section 251 (1) (b) of the Companies Act, 2016 and Section 73 (1) (e) of the Development Financial Institution Act, 2002

We, Norazilla binti Md Tahir and Roni Lihawa bin Abdul Wahab, a Director and the Group Chief Executive Officer, respectively, of the Bank who are primarily being responsible for the financial management of Bank Pembangunan Malaysia Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 25 to 309 are to the best of our knowledge and belief, correct and we 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 abovenamed at Kuala Lumpur in the Federal Territory on 31 May 2024.

Norazilla binti Md Tahir

Roni Lihawa bin Abdul Wahab

Before me,

PESURUHJAYA SUMPAH
W746
ROSLIZAM
BIN RAHIM
01.01.2024 - 31.12.2026
MALAYSIA

No. 1-26, JALAN PANDAN PRIMA 2
DATARAN PANDAN PRIMA
55100 KUALA LUMPUR

SHARIAH COMMITTEE'S REPORT

In the Name of Allah, The Compassionate, The Most Merciful
Praise be to Allah and peace be upon His messenger, his family and his companions.

Assalamualaikum Warahmatullahi Wabarakatuh

To the shareholders, depositors and customers of Bank Pembangunan Malaysia Berhad ("the Bank" or "BPMB"):

INTRODUCTION

In carrying out the roles and the responsibilities of the Shariah Committee ("SC") of the Bank as prescribed in the Shariah Governance Policy Document ("SGPD") issued by Bank Negara Malaysia ("BNM") and in compliance with our terms of appointment, we hereby submit the following report for the financial year ended 31 December 2023.

Management's Responsibility

The Management of the Bank shall at all times be responsible for ensuring that the Bank's aims and operations, business affairs and activities in relation to its Islamic financial business are conducted in accordance with Shariah.

Shariah Committee's Responsibility

The Shariah Committee is mandated by the Board of Directors ("Board") to perform its oversight responsibilities in the implementation of Shariah governance within BPMB Group. This mandate held the Shariah Committee of the Bank responsible to form an objective, sound, and independent opinion, based on our review of the aims and operations, business, affairs, and activities in relation to the Islamic financial business of the Bank and to produce this report.

The Shariah Committee of the Bank is assisted by the Secretariat to the Shariah Committee and the internal control functions which are established to carry out the specified roles under the Bank Shariah governance requirements. The Secretariat to the Shariah Committee is undertaken by Group Shariah Management and this function includes conducting research and studies on Shariah issues, providing Shariah advisory to the Bank based on the rulings of the Shariah Advisory Council ("SAC") of BNM and Securities Commission Malaysia as well the decisions or advice of the Shariah Committee and managing the allocation and distribution of the business zakat for the Bank as advised by the Shariah Committee. Meanwhile, the internal control functions under the Bank Shariah governance are entrusted to Shariah Risk, Shariah Review and Shariah Audit.

SHARIAH COMMITTEE'S REPORT

Shariah Committee's Responsibility (cont'd.)

During the financial year, we had convened a total of thirteen (13) meetings inclusive of one (1) special meeting, in which we reviewed and deliberated on, amongst others; the products and services, transactions, processes, and documents which were presented to us by the Bank. All six (6) members of the Shariah Committee met the minimum 75% attendance requirement for the financial year's meetings, as set by BNM's SGPD. In performing our roles and responsibilities, we had obtained the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance on whether the Bank has complied with Shariah. Accordingly, we have assessed the independent work carried out by Shariah review and Shariah audit for this purpose.

SIGNIFICANT DEVELOPMENTS AND ACTIVITIES

Among the key developments and activities during the financial year are the approvals given for the Islamic FX Hedging Products i.e. FX Spot-i, FX Forward-i, and FX Swap-i, the proposed Kafalah facility agreement for financial guarantee insurance facility (formerly offered by Danajamin Nasional Berhad ("Danajamin")), the Islamic Profit Rate Swap ("IPRS"), the Islamic Repurchase Agreement ("Repo-i") using the Sell and Buy Back Agreement ("SBBA"), and the enhancement of the existing Tawarruq financing form for restructuring and rescheduling ("R&R") to be in line with Shariah Committee and BNM resolutions. The above product approvals indicate that the Bank is now ready to play a role in offering various modes of financing and investment to serve the capital market and treasury activities.

Efforts have been made to foster series of engagement between the Shariah Committee, the Board and the Management through joint participation in series of training and development provided by the Bank, annual Shariah Committee retreat as well as social finance activities conducted by the Bank; to ensure alignment and harmonization of the Bank's strategic decisions with Shariah principles whilst promoting collaboration and transparency across organizational levels.

Post-integration between BPMB and Danajamin, the Shariah Committee has also diligently monitored the financial merger impacts, evaluating the adherence of both Islamic businesses with Shariah and regulatory requirements.

In support of the government and BNM's mandate on the advance value-based finance through Islamic finance leadership Shariah Committee participated in various activities such as a business presentation on waqf project to BPMB, World Forum on Zakat & Waqf, BPMB Suara ALAM Conference and Climate Risk Management Scenario Assessment (CRMSA) Knowledge Sharing.

In those activities, the Shariah Committee together were updated with the sustainability and climate change with regards to the latest trends, challenges, regulatory requirement, and risk management that are relevant to the banking industry.

SHARIAH COMMITTEE'S REPORT

SIGNIFICANT DEVELOPMENTS AND ACTIVITIES (CONT'D.)

Recognising the importance of continuously developing a reasonable understanding of the business and operations of the Bank and keep abreast with relevant market and regulatory developments. The Shariah Committee actively pursued the professional development through Certified Shariah Advisory ("CSA") and Certified Shariah Practitioner ("CSP") programs, participated in various conferences and forums, such as Muzakarah events, Fintech Masterclass, Nadwah of Shariah Advisers in Islamic Capital Market, and more. This initiative ensures the Shariah Committee is well-equipped with the latest knowledge in the areas beyond Islamic finance, such as risk management, cyber security, accounting, and economics.

Demonstrating a deep commitment to social responsibility and Shariah-aligned philanthropy, the Shariah Committee has actively engaged in various community initiatives organized by the Bank. This included personal visits to zakat distribution recipients, visits to birth mother aided under the Birth Mothers Support Program ("BMSP"), and participation in BPMB Award of Group's Undergraduate Scholarship ceremony. This is not only emphasising the Shariah Committee's commitment to social responsibility but also ensures proper utilization of funds in alignment with Shariah principles. This commitment extends to fostering academic collaborations between the Bank and Universiti Teknologi Mara ("UiTM") through research funding with final researches were presented by UiTM in UiTM-BPMB Colloquium held by the Bank.

In conclusion, the Shariah Committee, Board, and Management of BPMB have demonstrated a comprehensive and proactive approach to address key concerns and drive significant developments in Islamic finance. Through continuous learning, community engagement, and strategic initiatives, the Bank remains steadfast in upholding Shariah principles and contributing to the sustainable development of the financial industry.

Additionally, the followings are the other major developments and initiatives in relation to Shariah governance that took place during the financial year:

a. Secretariat to the Shariah Committee

Group Shariah Management undertakes the secretariat function to serve the Shariah Committee and has the responsibility to provide operational support for effective functioning of the Shariah Committee, which includes coordinating communications and disseminating information among the Shariah Committee, the Board of Director and Senior Management; performing research and studies on Shariah issues; providing day-to-day Shariah advisory to relevant parties within the Bank on Shariah matters based on the rulings of the SAC of BNM and Securities Commission Malaysia as well as the decisions or advice of the Shariah Committee.

SHARIAH COMMITTEE'S REPORT

SIGNIFICANT DEVELOPMENTS AND ACTIVITIES (CONT'D.)

a. Secretariat to the Shariah Committee (cont'd.)

This includes providing the preliminary review of Shariah issues that arise from the proposals and documents provided by internal business and support functions prior to submitting for Shariah Committee's approval, deliberation, and information. The proposals and documents include, amongst others; the financing proposals, letter of offers, legal documentation, policies and procedures, internal guidelines, the Bank's annual report and other operational support activities.

For efficiency purposes, Group Shariah Management has also been authorized by the Shariah Committee to provide Shariah endorsement based on the delegated matters specified under the Shariah Committee Authority Matrix.

Group Shariah Management is also responsible for the management of business zakat distribution to ensure the business zakat is properly distributed in timely manner.

b. Shariah Risk Management

During the financial year, we note that the designated Operational Risk Liaison Officers ("ORLOs") at each business and support functions have been executing the relevant tools including reporting of the Shariah Key Risk Indicators ("KRI") on monthly basis and had completed the 2023 Risk & Control Self-Assessment ("RCSA") exercise which includes Shariah non-compliance risks. Both exercises had facilitated the management of Shariah Risk via the identification and assessment of potential Shariah non-compliance risks exposures together with the appropriate risk mitigation measures. Subsequently, the Shariah non-compliance risk exposures were monitored, and action plans were tracked periodically.

During the financial year, further integration of Operational Risk Management tools in the management of Shariah Risk, a Scenario Analysis exercise related to Shariah issue has been implemented. The exercise had supported in identifying and measuring potential occurrence of operational risk events including Shariah non-compliance risk.

As part of the continuous awareness efforts on Shariah non-compliance risk exposures in line with BNM's expectation for a strong Shariah-compliant culture, specific learning activities had been initiated to all staff throughout the year which include of the following:

i) Published module under Shariah Risk Learning Program via infographic email.
ii) Engagement with ORLOs through 2023 ORLOs Retreat program which also covers Shariah Risk Management.

SHARIAH COMMITTEE'S REPORT

SIGNIFICANT DEVELOPMENTS AND ACTIVITIES (CONT'D.)

c. Shariah Review

Group Compliance (via the Compliance Review team) continued to play a vital role in performing regular Shariah compliance reviews in the financial year on BPMB Group's compliance with regulatory requirements including Shariah principles and policy documents/guidelines issued by BNM.

The reviews were performed in relation to the Group's operations, products, business affairs and activities, of the Islamic financial business carried out by the Group and to ensure that the Bank does not contravene with any Shariah and regulatory requirements and improves the overall Shariah compliance to Shariah principles and regulations.

There were four (4) Shariah compliance reviews conducted by Group Compliance in accordance with the approved Shariah Compliance Review Plan as follows:

1. BPMB's Tawarruq financing;
2. Pembangunan Leasing Corporation's ("PLC") Tawarruq financing;
3 PLC's Factoring-i; and
4 PLC's Cash-i.

The outcomes of the Shariah review comprise of areas of concern and enhancement identified, including corrective and preventive measures proposed to the Management, were presented to, deliberated, and approved by the Shariah Committee.

The progress updates of the corrective and preventive measures proposed to the Management were regularly updated to Shariah Committee throughout the financial year. This is to ensure that the Bank has resolved the issues highlighted within the target date and continues to comply with the applicable Shariah and regulatory requirements.

d. Shariah Audit

The Shariah Audit Section resides in Group Internal Audit ("GIA") function and is responsible to support Shariah Committee in providing objective and independent assessment on the adequacy and effectiveness of BPMB's internal controls, risk management systems and governance processes as well as to improve the overall compliance of the organisation's operations, business affairs and activities in accordance to the Shariah requirements of BNM, Securities Commission Malaysia and Shariah Committee resolutions.

SHARIAH COMMITTEE'S REPORT

SIGNIFICANT DEVELOPMENTS AND ACTIVITIES (CONT'D.)

d. Shariah Audit (cont'd.)

Shariah Audit had conducted audit assessments across the functions in BPMB and its subsidiaries which were designed to add value and improve the internal controls. This is to ensure sound Shariah governance and compliance practices in BPMB's management, affairs and business operations are in place. The scope of Shariah Audit is established in line with the areas stipulated in the BNM's SGPD, Shariah Audit Risk-Based Assessment ("RBA") as well as acceptable auditing standards.

During the financial year 2023, there were four (4) Shariah Audits conducted by GIA in accordance with the approved Shariah Audit Plan 2023, as follows:

1. Shariah Audit on Zakat Management Activities;
2. Shariah Audit on Pembangunan Leasing Corporation Sdn Bhd ("PLC"), Hire Purchase-i (HP-i) and Industrial Hire Purchase-i (IHP-i);
3. Shariah Audit on Product Development; and
4. Shariah Audit on the Management of Bank Pembangunan Malaysia Berhad's Sukuk.

Audit findings and areas for improvement highlighted in the audit reports were presented to the Audit Issues Resolution Committee ("AIRC") and deliberated by the Shariah Committee and Board Audit Committee ("BAC") respectively throughout the financial year.

INITIATIVES ON TRAINING AND AWARENESS

In year 2023, a total of 284 staffs had attended various Islamic finance, Shariah-related training programs and internal/external seminars includes among others as follows:

1. Hajah & Darurah: Key Shariah & Operational Issues for Islamic Financial Institutions
2. Shariah Committee Training Daurah Jami' Fiqh
3. Structuring Islamic Product & Legal Documentation
4. Takaful System
5. 18th International Islamic Scholar Forum
6. 18th KLIFF 2023 - Harnessing Islamic Finance and Social Finance for a Sustainable Future
7. ASAS Shariah Officer Forum 2023
8. Fundamental of Shariah
9. Islamic Derivatives and Structure Products
10. Islamic Funds and Investments Products
11. Islamic Treasury Training Programme 2023
12. Kuala Lumpur Islamic Finance Forum ("KLIFF") 2023
13. Nadwah of Shariah Advisers in Islamic Capital Market 2023
14. Shariah Compliance and Shariah Stress Testing for Islamic Financial Institutions

SHARIAH COMMITTEE'S REPORT

INITIATIVES ON TRAINING AND AWARENESS (CONT'D.)

In year 2023, a total of 284 staffs had attended various Islamic finance, Shariah-related training programs and internal/external seminars includes among others as follows (cont'd.):

15. Shariah Non-Compliance Events, Income and Risk Management
16. Shariah Officer Forum 2023
17. Sijil Eksekutif Pengajian Islam Industri Halal
18. World Zakat & Waqf Forum 2023: Towards sustainable global food security
19. 10th Islamic Finance & Investment School ("IFIS")
20. Associate Qualification in Islamic Finance ("AQIF")
21. Ceramah Maulidur Rasul

SHARIAH NON-COMPLIANT EVENTS AND DERECOGNISED INCOME

During the financial year 2023, nothing has come to the Shariah committee's attention that causes the Shariah committee to believe that the operations, business, affairs and activities of the Bank involve any material Shariah non-compliances.

ZAKAT ON BUSINESS

The Bank had fulfilled its obligation to pay zakat on its business which amount has been computed using the capital growth method at the rate of 2.5775%. Throughout the year, the zakat amount paid by the Bank had been distributed to the states' zakat authorities and other eligible beneficiaries (asnaf) under the category of poor, needy, muallaf and fisabilillah as approved by the Shariah Committee.

SHARIAH COMMITTEE'S REPORT

SHARIAH COMMITTEE OPINION

We had also reviewed the audited financial statements of the Group's and the Bank's Islamic financial business for the financial year and confirmed that the financial statements are in compliance with Shariah.

Based on the above, in our opinion:

1. The contracts, transactions and dealings entered into by the Group and the Bank in relation to its Islamic financial business during the financial year ended 31 December 2023 that were reviewed by us, are in compliance with Shariah; and

2. The computation and distribution of zakat fund are in compliance with Shariah.

We, being two (2) of the members of the Shariah Committee of Bank Pembangunan Malaysia Berhad, do hereby confirm that on behalf of the Shariah Committee, to the best of our knowledge and belief, the aims and operations, business, affairs, and activities of the Bank in relation to its Islamic financial business for the financial year ended 31 December 2023 have been conducted in conformity with Shariah.

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

We beg Allah the Almighty to grant us all the Success and Straight-Forwardness and Allah Knows Best.

Signed on behalf of the Shariah Committee in accordance with a resolution of the Shariah Committee dated 31 May 2024.

Prof. Dr. Aznan bin Hasan
Chairman

Mohd Fadhly bin Md Yusoff
Member of the Committee

Kuala Lumpur, Malaysia

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BANK PEMBANGUNAN MALAYSIA BERHAD
(INCORPORATED IN MALAYSIA)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bank Pembangunan Malaysia Berhad, 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 comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the year then ended, and notes to the financial statements, including a material accounting policy information, as set out on pages 25 to 309.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of Bank as at 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

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 audit 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 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.

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 information included in the Directors' Report and the Annual Report but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BANK PEMBANGUNAN MALAYSIA BERHAD
(INCORPORATED IN MALAYSIA)

Information other than the financial statements and auditors' report thereon (cont'd.)

The Annual Report is expected to be made available to us after the date of this auditors' report.

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 the fact. We have nothing to report in this regard on the Directors' Report.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Bank and take appropriate action.

Responsibilities of the directors for the financial statements

The directors of the Bank are responsible for the preparation of financial statements of the Group and of the Bank that give a true and fair view in accordance with Malaysian 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BANK PEMBANGUNAN MALAYSIA BERHAD
(INCORPORATED IN MALAYSIA)

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:

- 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.

- 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 the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- 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 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BANK PEMBANGUNAN MALAYSIA BERHAD
(INCORPORATED IN MALAYSIA)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

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 (cont'd.):

- 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.

- 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.

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.

Ernst & Young PLT
202006000003 (LLP0026760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
31 May 2024

Ahmad Hammami Bin Muhyidin
No. 03313/07/2025 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group 31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Assets				
Cash and short term deposits	4	1,108,807	2,329,329	966,678
Deposits and placements with financial institutions	5	105,844	1,578,985	2,124,567
Financial investments at fair value through profit or loss ("FVTPL")	6	7,495	33,886	14,863
Financial investments at fair value through other comprehensive income ("FVOCI")	7	9,842,666	7,377,899	5,949,928
Financial investments at amortised cost ("AC")	8	61,346	-	-
Loans, financing and advances	9	16,676,511	14,741,004	16,090,226
Guarantee receivables	10	359,468	400,079	426,899
Guarantee recoverable	11	137,683	-	-
Other assets	12	277,979	280,153	361,758
Interest in associates	14	683	638	541
Interest in joint ventures	15	-	-	-
Property, plant and equipment	16	112,864	83,573	84,395
Investment properties	17	307	314	322
Intangible assets	18	30,278	13,255	8,022
Right-of-use assets	19(a)	112	180	846
Deferred tax assets	20	534,345	490,523	364,674
Total assets		29,256,388	27,329,818	26,393,719
Liabilities				
Deposits from customers	21	9,055,121	7,156,123	5,974,752
Deposits and placements from financial institutions	22	787,492	1,852,552	1,031,496
Guarantee deferred income	23	393,545	446,966	469,890
Other liabilities	24	472,671	503,293	462,164
Redeemable notes	25	8,932,140	8,235,159	9,297,853
Borrowings	26	152,520	162,534	152,540
Infrastructure support fund	27	218,613	218,613	303,974
Deferred income	28	170,113	179,423	190,262
Lease liabilities	19(b)	120	192	867
Deferred tax liabilities	20	128	470	2
Total liabilities		20,182,463	18,755,325	17,883,800

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group 31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Equity attributable to equity holders of the Bank				
Share capital	29	4,018,781	4,018,781	4,018,781
Reserves	30	5,043,213	4,540,683	4,478,072
		9,061,994	8,559,464	8,496,853
Non-controlling interests		11,931	15,029	13,066
Total equity		9,073,925	8,574,493	8,509,919
Total equity and liabilities		29,256,388	27,329,818	26,393,719
Commitments and contingencies	44(a)	8,061,739	8,196,107	10,068,149

The accompanying notes form an integral part of the financial statements

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Bank 31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Assets				
Cash and short term deposits	4	907,318	2,144,414	825,847
Deposits and placements with financial institutions	5	-	131,652	258,154
Financial investments at fair value through profit or loss ("FVTPL")	6	7,495	33,886	14,863
Financial investments at fair value through other comprehensive income ("FVOCI")	7	9,842,666	6,594,838	5,215,576
Financial investments at amortised cost ("AC")	8	61,346	-	-
Loans, financing and advances	9	16,448,771	14,593,790	15,880,868
Guarantee receivables	10	359,468	226,092	245,653
Guarantee recoverable	11	137,683	-	-
Other assets	12	279,112	256,289	289,403
Investments in subsidiaries	13	2,095,850	2,112,810	2,168,939
Property, plant and equipment	16	112,346	82,765	83,807
Investment properties	17	307	314	322
Intangible assets	18	30,275	12,796	7,478
Right-of-use assets	19(a)	65	141	236
Deferred tax assets	20	534,046	441,583	327,037
Total assets		30,816,748	26,631,370	25,318,183
Liabilities				
Deposits from customers	21	9,055,121	7,156,123	5,974,752
Deposits and placements from financial institutions	22	787,492	1,852,552	1,031,496
Guarantee deferred income	23	393,545	242,661	260,420
Other liabilities	24	2,256,557	232,686	241,749
Redeemable notes	25	8,932,140	8,235,159	8,792,132
Borrowings	26	152,520	152,500	152,540
Infrastructure support fund	27	218,613	218,613	303,974
Deferred income	28	170,113	179,423	190,262
Lease liabilities	19(b)	71	150	245
Total liabilities		21,966,172	18,269,867	16,947,570

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Bank 31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Equity attributable to equity holders of the Bank				
Share capital	29	4,018,781	4,018,781	4,018,781
Reserves	30	4,831,795	4,342,722	4,351,832
Total equity		8,850,576	8,361,503	8,370,613
Total equity and liabilities		30,816,748	26,631,370	25,318,183
Commitments and contingencies	44(a)	7,779,209	5,050,788	7,122,245

The accompanying notes form an integral part of the financial statements

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Bank	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Interest income	32	163,129	277,041	141,010	192,781
Interest expense	33	(37,881)	(70,267)	(37,878)	(51,969)
Net interest income		125,248	206,774	103,132	140,812
Net income from Islamic financial business	52	1,310,854	693,941	1,290,193	679,855
Non-interest income	34	27,629	56,541	40,479	6,514
Net income		1,463,731	957,256	1,433,804	827,181
Net claim recovered	35	-	11,053	-	-
Overhead expenses	36	(210,344)	(153,557)	(196,135)	(113,040)
(Loss)/gain on deconsolidation of dissolved company	13(b)	(11,018)	68	-	-
Allowance for impairment losses on loans, financing and advances	39	(669,688)	(382,046)	(675,988)	(384,019)
Allowance for impairment losses on other assets	40	(14,819)	(74,143)	(35,374)	(86,677)
Operating profit		557,862	358,631	526,307	243,445
Share of profit of associates and joint ventures		45	97	-	-
Profit before taxation and zakat		557,907	358,728	526,307	243,445
Taxation	41	(146,727)	(157,197)	(132,455)	(127,235)
Zakat		(10,403)	(14,866)	(10,020)	(13,186)
Net profit for the year		400,777	186,665	383,832	103,024

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Bank	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Attributable to:					
Equity holders of the Bank					
Profit for the year attributable to equity holders of the Bank		402,475	184,779	383,832	103,024
Non-controlling interests					
(Loss)/income for the year attributable to non-controlling interests of the Bank		(1,698)	1,886	-	-
		400,777	186,665	383,832	103,024
Earnings per share attributable to the equity holders of the Bank:					
Basic/diluted earnings per share (sen)	43	11.66	5.35		

The accompanying notes form an integral part of the financial statements

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Net profit for the year	400,777	186,665	383,832	103,024
Other comprehensive income/(loss)				
Items that will not be reclassified to profit or loss:				
Net change in revaluation of equity instruments at fair value through other comprehensive income	1,193	(979)	1,193	(979)
Items that may be reclassified to profit or loss:				
Translation differences in respect of foreign operations	5,858	261	-	-
Debt instruments at fair value through other comprehensive income:				
- Net change in fair value during the year	187,673	(112,297)	180,973	(102,607)
- Net gain transferred to profit or loss upon disposal	-	(1,306)	-	-
- Changes in allowance for expected credit losses	38,614	41,808	38,852	41,826
	233,338	(72,513)	221,018	(61,760)
Income tax effect (Note 20)	(49,683)	27,269	(48,168)	24,626
	(49,683)	27,269	(48,168)	24,626
Other comprehensive income/(loss) for the year, net of tax	183,655	(45,244)	172,850	(37,134)
Total comprehensive income for the year	584,432	141,421	556,682	65,890
Total comprehensive income attributable to:				
Equity holders of the Bank	587,530	139,458	556,682	65,890
Non-controlling interests	(3,098)	1,963	-	-
	584,432	141,421	556,682	65,890

The accompanying notes form an integral part of the financial statements

CONSOLIDATED OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		<---------- Attributable to equity holders of the Bank ---------->									
		<---------- Non-distributable ---------->									
Group	**Note**	**Share capital RM'000**	**Capital reserve RM'000**	**Statutory reserve RM'000**	**Merger deficit RM'000**	**Unrealised FVOCI reserve RM'000**	**Exchange translation reserve RM'000**	**Distributable retained profits RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2023, as previously stated		4,018,781	1,000	2,171,475	(20,188)	20,597	(6,669)	2,660,236	8,845,232	15,029	8,860,261
Effect of Modified Reporting Framework	51	-	-	-	-	-	-	(156,336)	(156,336)	-	(156,336)
Effect of harmonisation of MFRS 9	51	-	-	-	-	1,140	-	(130,572)	(129,432)	-	(129,432)
Effect of transfer from statutory reserve		-	-	(24,116)	-	-	-	24,116	-	-	-
At 1 January 2023, as restated		4,018,781	1,000	2,147,359	(20,188)	21,737	(6,669)	2,397,444	8,559,464	15,029	8,574,493
Profit/(loss) for the year		-	-	-	-	-	-	402,475	402,475	(1,698)	400,777
Other comprehensive income/(loss) for the year		-	-	-	-	177,797	7,258	-	185,055	(1,400)	183,655
Total comprehensive income/(loss) for the year		-	-	-	-	177,797	7,258	402,475	587,530	(3,098)	584,432
Transfer to retained profits on the disposal of equity instruments at FVOCI		-	-	-	-	(214)	-	214	-	-	-
Transfer to statutory reserve		-	-	95,958	-	-	-	(95,958)	-	-	-
Dividend paid	42	-	-	-	-	-	-	(85,000)	(85,000)	-	(85,000)
At 31 December 2023		4,018,781	1,000	2,243,317	(20,188)	199,320	589	2,619,175	9,061,994	11,931	9,073,925

The accompanying notes form an integral part of the financial statements

CONSOLIDATED OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		<---------- Attributable to equity holders of the Bank ---------->									
		<---------- Non-distributable ---------->									
Group	**Note**	**Share capital RM'000**	**Capital reserve RM'000**	**Statutory reserve RM'000**	**Merger deficit RM'000**	**Unrealised FVOCI reserve RM'000**	**Exchange translation reserve RM'000**	**Distributable retained profits RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2022, as previously stated		4,018,781	1,000	2,134,987	(18,341)	66,102	(6,853)	2,561,902	8,757,578	13,066	8,770,644
Effect of Modified Reporting Framework	51	-	-	-	-	-	-	(162,930)	(162,930)	-	(162,930)
Effect of harmonisation of MFRS 9	51	-	-	-	-	1,140	-	(98,935)	(97,795)	-	(97,795)
Effect of transfer from statutory reserve		-	-	(13,384)	-	-	-	13,384	-	-	-
At 1 January 2022, as restated		4,018,781	1,000	2,121,603	(18,341)	67,242	(6,853)	2,313,421	8,496,853	13,066	8,509,919
Profit for the year		-	-	-	-	-	-	184,779	184,779	1,886	186,665
Other comprehensive (loss)/income for the year		-	-	-	-	(45,505)	184	-	(45,321)	77	(45,244)
Total comprehensive (loss)/income for the year		-	-	-	-	(45,505)	184	184,779	139,458	1,963	141,421
Arising from acquisition of a subsidiary		-	-	-	(1,847)	-	-	-	(1,847)	-	(1,847)
Transfer to statutory reserve		-	-	25,756	-	-	-	(25,756)	-	-	-
Dividend paid	42	-	-	-	-	-	-	(75,000)	(75,000)	-	(75,000)
At 31 December 2022		4,018,781	1,000	2,147,359	(20,188)	21,737	(6,669)	2,397,444	8,559,464	15,029	8,574,493

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		<----------Non-distributable ---------->				
Bank	**Note**	**Share capital RM'000**	**Statutory reserve RM'000**	**Unrealised FVOCI reserve RM'000**	**Distributable retained profits RM'000**	**Total RM'000**
At 1 January 2023, as previously stated		4,018,781	2,171,475	26,801	2,357,056	8,574,113
Effect of Modified Reporting Framework	51	-	-	-	(157,051)	(157,051)
Effect of harmonisation of MFRS 9	51	-	-	-	26,341	26,341
Effect of impairment in subsidiary	51	-	-	-	(81,900)	(81,900)
Effect of transfer from statutory reserve		-	(24,116)	-	24,116	-
At 1 January 2023, as restated		4,018,781	2,147,359	26,801	2,168,562	8,361,503
Profit for the year		-	-	-	383,832	383,832
Other comprehensive income for the year		-	-	172,850	-	172,850
Total comprehensive income for the year		-	-	172,850	383,832	556,682
Effect of Business Transfer Scheme		-	-	17,391	-	17,391
Transfer to retained profits on the disposal of equity instruments at FVOCI		-	-	(214)	214	-
Transfer to statutory reserve		-	95,958	-	(95,958)	-
Dividend paid	42	-	-	-	(85,000)	(85,000)
At 31 December 2023		4,018,781	2,243,317	216,828	2,371,650	8,850,576

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		<----------Non-distributable ---------->				
Bank	**Note**	**Share capital RM'000**	**Statutory reserve RM'000**	**Unrealised FVOCI reserve RM'000**	**Distributable retained profits RM'000**	**Total RM'000**
At 1 January 2022, as previously stated		4,018,781	2,134,987	63,935	2,322,592	8,540,295
Effect of Modified Reporting Framework	51	-	-	-	(162,642)	(162,642)
Effect of harmonisation of MFRS 9	51	-	-	-	(7,040)	(7,040)
Effect of transfer from statutory reserve		-	(13,384)	-	13,384	-
At 1 January 2022, as restated		4,018,781	2,121,603	63,935	2,166,294	8,370,613
Profit for the year		-	-	-	103,024	103,024
Other comprehensive loss for the year		-	-	(37,134)	-	(37,134)
Total comprehensive (loss)/income for the year		-	-	(37,134)	103,024	65,890
Transfer to statutory reserve		-	25,756	-	(25,756)	-
Dividend paid	42	-	-	-	(75,000)	(75,000)
At 31 December 2022		4,018,781	2,147,359	26,801	2,168,562	8,361,503

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Cash flows from operating activities				
Profit before taxation and zakat	557,907	358,728	526,307	243,445
Adjustments for:				
Share of profit of associates and joint ventures	(45)	(97)	-	-
Depreciation of property, plant and equipment (Note 36(ii))	6,357	5,454	6,189	5,108
Depreciation of investment properties (Note 36(ii))	7	8	7	8
Amortisation of intangible assets (Note 36(ii))	4,401	2,943	4,349	2,550
Depreciation of right-of-use assets (Note 36(ii))	120	885	76	95
Property, plant and equipment written off (Note 36(iv))	5	21	5	-
Loss on disposal of property, plant and equipment (Note 52(q))	72	5	8	5
Gain on redemption of financial investments at FVTPL (Note 52(q))	(600,177)	-	(600,177)	-
Net gain on disposal of financial investments at FVOCI (Note 52(q))	(1,111)	(2,479)	(1,111)	(1,173)
Dividend income from subsidiaries (Note 34(a))	-	-	(24,600)	(6,200)
Accretion of discount less amortisation of premium of financial investments (Note 32 and 52(q))	27,494	27,652	27,633	28,281
Impairment allowance for:				
Financial investments at FVOCI (Note 40)	36,665	41,808	36,903	41,826
Financial investments at AC (Note 40)	1,949	-	1,949	-
Loss on corporate guarantees (Note 40)	57	362	-	-
Investments in subsidiaries (Note 40)	-	-	16,833	56,376
Allowance for impairment losses on loans, financing and advances, net (Note 39)	676,075	416,687	681,534	415,728
Balance carried forward	709,776	851,977	675,905	786,049

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Cash flows from operating activities (cont'd.)				
Balance brought forward	709,776	851,977	675,905	786,049
Allowance for impairment losses on financial guarantee recoverable (Note 40)	61,591	-	61,591	-
(Write back of)/allowances for impairment losses on financial guarantee (Note 40)	(85,941)	31,917	(82,400)	(11,621)
Impaired loans/financing assets written off (Note 39)	27,721	11,468	27,679	11,280
(Write back of)/allowance for ex-staff loan/financing (Note 40)	(439)	96	(439)	96
Allowance for impairment on intangible assets (Note 18)	937	-	937	-
Gain due to debt/financing modification (Note 32, 52(p) and 52(q))	(9,096)	(276)	(9,084)	(276)
Unrealised loss/(gain) on financial investments at FVTPL (Note 52(q))	26,391	(19,023)	26,391	(19,023)
Capital distribution	(641)	-	(588)	-
Compensation from the Government (Note 52(q))	(110,661)	(113,227)	(110,661)	(113,227)
Finance cost/interest expense on lease liabilities (Note 19(c))	9	31	7	12
Gain on deconsolidation of dissolved subsidiary (Note 13(b))	11,018	(68)	-	-
Operating cash flows before working capital changes	630,665	762,895	589,338	653,290
Decrease/(increase) in operating assets:				
Deposits and placements with financial institutions	1,473,141	545,582	131,652	126,502
Loans, financing and advances	(2,630,207)	921,343	(2,555,110)	860,346
Guarantee receivables	126,552	(5,097)	(50,976)	31,182
Guarantee recoverable	(199,274)	-	(199,274)	-
Other assets	868,264	124,399	81,559	(8,716)
	(361,524)	1,586,227	(2,592,149)	1,009,314

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Cash flows from operating activities (cont'd.)				
Increase in operating liabilities:				
Deposits from customers	1,898,998	1,181,371	1,898,998	1,181,371
Deposit and placements from financial institutions	(1,065,060)	821,056	(1,065,060)	821,056
Guarantee deferred income	(53,419)	(22,924)	150,884	(17,759)
Other liabilities	(27,045)	(108,654)	1,963,502	(25,822)
	753,474	1,870,849	2,948,324	1,958,846
Cash generated from operating activities	1,022,615	4,219,971	945,513	3,621,450
Proceeds from Government compensation	99,261	50,286	99,261	50,286
Finance cost/interest expense on lease liabilities (Note 19(c))	(9)	(31)	(7)	(12)
Income taxes paid	(231,468)	(188,340)	(206,975)	(196,208)
Zakat paid	(13,318)	(8,904)	(13,318)	(8,904)
Net cash generated from operating activities	877,081	4,072,982	824,474	3,466,612
Cash flows from investing activities				
Acquisition of a subsidiary, net cash paid (Note 13)	-	(1,847)	-	-
Deferred consideration of a subsidiary (Note 13)	-	-	-	(1,847)
Capital reduction (Note 13)	-	-	715	1,600
Dividend income from subsidiaries (Note 34(a))	-	-	24,600	6,200
Purchase of financial investments at FVOCI	(3,367,287)	(1,761,087)	(3,367,287)	(1,608,327)
Purchase of financial investments at AC	(61,346)	-	(61,346)	-
Purchase of property, plant and equipment (Note 16)	(35,937)	(7,256)	(35,786)	(6,662)
Purchase of intangible assets (Note 18)	(22,765)	(5,599)	(22,765)	(5,291)
Proceeds from disposal of financial investments at FVOCI	785,375	119,667	785,375	98,376
Proceeds from maturity of financial investments at FVOCI	-	75,000	-	-
Proceeds from disposal of property, plant and equipment	3	21	3	14
Net cash outflow on dissolution of subsidiary (Note 13(b))	(522)	(636)	-	-
Net cash used in investing activities	(2,702,479)	(1,581,737)	(2,676,491)	(1,515,937)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Cash flows from financing activities				
Net payment/repayment of Sukuk/ redeemable notes (Note 25)	(300,000)	(1,062,694)	(300,000)	(556,973)
Payment of borrowing - interest	-	(40)	-	(40)
Sukuk issuance (Note 25)	1,000,000	-	1,000,000	-
Revolving credit-i from financial institution (Note 26)	(10,000)	10,034	-	-
Payment of principal portion of lease liabilities	(124)	(894)	(79)	(95)
Dividend paid (Note 42)	(85,000)	(75,000)	(85,000)	(75,000)
Net cash generated/(used in) from financing activities	604,876	(1,128,594)	614,921	(632,108)
Net (decrease)/increase in cash and cash equivalents	(1,220,522)	1,362,651	(1,237,096)	1,318,567
Cash and cash equivalents at beginning of the year	2,329,329	966,678	2,144,414	825,847
Cash and cash equivalents at end of the year	1,108,807	2,329,329	907,318	2,144,414
Cash and cash equivalents comprise:				
Cash and short term deposits (Note 4)	1,108,807	2,329,329	907,318	2,144,414

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

1. Corporate Information

Bank Pembangunan Malaysia Berhad ("the Bank") is a public limited liability company, incorporated and domiciled in Malaysia.

The registered office of the Bank is located at Level 16, Menara Bank Pembangunan, Bandar Wawasan, No. 1016, Jalan Sultan Ismail, 50250 Kuala Lumpur.

The holding company of the Bank is the Minister of Finance (Incorporated) ("MOF (Inc.)") a corporate body established under the Minister of Finance (Incorporation) Act 1957 in Malaysia.

The Bank is principally engaged to provide medium to long term credit and financing facilities under both Conventional and Islamic Financial Business principles to finance infrastructure projects, maritime, oil & gas, technology and capital intensive industries in manufacturing as well as other identified sectors in line with the country's development policy. The principal activities of the subsidiary companies are as disclosed in Note 48.

There have been no significant changes in the nature of the principal activities of the Bank and the subsidiaries during the financial year other than those disclosed in Note 48 to the financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors on 31 May 2024.

2. Accounting Policies

2.1 Statement of Compliance and Basis of Preparation

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

The financial statements incorporate those activities relating to Islamic Financial Business, which have been undertaken by the Group. Islamic Financial Business refers generally to the business activities in accordance with Shariah principles.

The Group and the Bank present the statements of financial position in order of liquidity. An analysis regarding the recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 49(c).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.1 Statement of Compliance and Basis of Preparation (cont'd.)

The financial statements of the Group and of the Bank have been prepared under the historical cost basis unless otherwise indicated in the summary of significant accounting policies below. The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except where otherwise indicated.

2.2 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2023, the Group and the Bank adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2023.

Description	Effective for annual period beginning on or after
MFRS 17 Insurance Contract and amendments to MFRS 17 Insurance Contract	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108)	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 and MFRS Practice Statement 2)	1 January 2023
International Tax Reform - Pillar Two Model Rules (Amendments to MFRS 112)	1 January 2023

The adoption of the MFRSs and amendment to MFRSs above did not have any significant impact on the financial statements of the Group and of the Bank in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.3 Standards Issued but not yet Effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group and of the Bank financial statements are disclosed below. The Group and the Bank intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual period beginning on or after
Lease Liabilities in a Sale and Leaseback (Amendments to MFRS 16 Leases)	1 January 2024
Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2024
Supplier Finance Arrangements (Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures)	1 January 2024
Lack of Exchangeability (Amendments to MFRS 121)	1 January 2025
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	Deferred

These standards are not expected to have a significant impact on the Group and the Bank financial statements.

2.4 Summary of Material Accounting Policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee i.e. existing rights that give the current ability to direct the relevant activities of the investee;

- Exposure, or rights, to variable returns from its involvement with the investee; and

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(a) Subsidiaries and basis of consolidation (cont'd.)

(i) Subsidiaries (cont'd.)

Subsidiaries are entities over which the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has (cont'd.):

- The ability to use its power over the investee to affect its return.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether Group has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. In the Bank separate financial statements, investments in subsidiaries are stated at cost less any impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(a)(ii) and 3(b)(i). On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is included in the statements of profit or loss. Dividends received from subsidiaries are recorded as a component of revenue in the Bank separate statement of profit or loss.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at the reporting date. The financial statements of the subsidiaries are prepared for the same reporting date as the Bank.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(a) Subsidiaries and basis of consolidation (cont'd.)

(ii) Basis of consolidation (cont'd.)

Non-controlling interests ("NCI") represent the portion of profit or loss and net assets in subsidiaries not owned, directly or indirectly by the Bank. NCI are presented separately in the consolidated statement of profit or loss and statement of comprehensive income and within equity in the consolidated statement of financial position, but separate from parent shareholders' equity.

Total profit or loss and other comprehensive income is allocated against the interest of NCI, even if this results in a deficit balance. Acquisition of NCI are accounted for using the parent entity extension method, whereby the difference between the consideration and the fair value of the share of the net assets acquired is recognised as equity.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts;
- Derecognises the carrying amount of any non-controlling interest in the former subsidiary;
- Derecognises the cumulative foreign exchange translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained in the former subsidiary;
- Recognises any surplus or deficit in the profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, if required in accordance with other MFRSs.

All of the above will be accounted for from the date when control is lost.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(a) Subsidiaries and basis of consolidation (cont'd.)

(iii) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent considerations to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments ("MFRS 9") is measured at fair value with changes in fair value recognised either in the statements of profit or loss or statements of comprehensive income in accordance with MFRS 9. Other contingent considerations that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the statements of profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for NCI, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(a) Subsidiaries and basis of consolidation (cont'd.)

(iii) Business combinations and goodwill (cont'd.)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(iv) Merger Accounting for Common Control Business Combinations

Acquisitions which result in a business combination involving common control entities, are outside the scope of MFRS 3. Accordingly, merger accounting has been used by the Group to account for such common control business combinations.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. The results of the subsidiaries are accounted and presented from the acquisition date onwards.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the acquiree at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the carrying value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the interests of the controlling party or parties.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(a) Subsidiaries and basis of consolidation (cont'd.)

(iv) Merger Accounting for Common Control Business Combinations (cont'd.)

When the merger method is used, the cost of investment in the subsidiary is recorded at the nominal value of shares issued, cash and deferred consideration. The difference between the cost of investment in the subsidiary and the carrying value of the net tangible assets of the subsidiary at acquisition date is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included from the acquisition date onwards.

(b) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture ("JV") is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the JV. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group has interests in JV that is disclosed in Note 15.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group’s investments in its associate and JV are accounted for using the equity method.

Under the equity method, the investment in an associate or a JV is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group’s share of net assets of the associate or JV since the acquisition date. Goodwill relating to the associate or JV is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(b) Investment in associates and joint ventures (cont'd.)

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate or JV. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or JV, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or JV are eliminated to the extent of the interest in the associate or JV.

The aggregate of the Group's share of profit or loss of an associate and a JV is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or JV.

The financial statements of the associate or JV are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or JV.

At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or JV is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or JV and its carrying value, then recognises the loss as share of loss of an associate or JV.

Upon loss of significant influence over the associate or joint control over the JV, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or JV upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(c) Foreign currency transactions

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Bank's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Group and the Bank and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translation of monetary items at the reporting date are recognised in the statements of profit or loss except for exchange differences arising on monetary items that form part of the Group’s net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the statement of profit or loss of the Group and on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the statements of profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(c) Foreign currency transactions (cont'd.)

(iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to OCI. On disposal of a foreign operation, the cumulative amount recognised in OCI and accumulated in the separate component of equity, is reclassified from equity to profit or loss (as a reclassification) when the gain or loss on disposal is recognised.

(d) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The policy for recognition and measurement of impairment is in accordance with Note 3(a)(iv), below. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Bank recognise such parts as individual assets with specific useful lives and depreciation, respectively.

Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statements of profit or loss as incurred.

The carrying values of property, plant and equipment are reviewed for impairment when events or change in circumstances indicate that the carrying value may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(d) Property, plant and equipment (cont'd.)

Freehold land has an unlimited useful life and therefore is not depreciated. Building-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis over the estimated useful life, as follows:

Leasehold land and buildings	19 - 50 years
Vessels	5 - 30 years
Furniture and equipment	3 - 10 years
Partitioning, installation and renovations	3 - 20 years
Motor vehicles	5 - 8 years

The residual values, useful life and depreciation method are reviewed at each financial year end and adjusted prospectively if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the statements of profit or loss.

(e) Investment properties

Investment properties principally comprise properties held for long term rental yields or capital appreciation or both and which are not occupied by the Group and the Bank. Investment property is carried at cost less accumulated depreciation and any impairment losses. The policy for recognition and measurement of impairment is in accordance with Note 3(a)(iv), below.

Freehold land is not depreciated. Freehold building is depreciated at an annual rate of 2%, calculated on a straight line basis to write off the cost of each building over the estimated useful life.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria is met and excludes the cost of day-to-day servicing of that property.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(e) Investment properties (cont'd.)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statements of profit or loss in the year in which they arise.

(f) Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible asset are assessed to be either finite or infinite. Intangible assets with finite lives are amortised on straight line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The amortisation expense on intangible asset with finite lives is recognised in statements of profit or loss in the expense category consistent with the function of the intangible asset.

Computer softwares were acquired separately and are amortised on a straight line basis over the useful lives of 3 - 5 years.

(g) Leases

The Group and the Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(g) Leases (cont'd.)

(i) Right-of-use assets

The Group and the Bank recognises right-of-use ("ROU") assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Properties	3 years
Other equipment	5 years

If ownership of the leased asset transfers to the Group and the Bank at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(g) Leases (cont'd.)

(ii) Lease liabilities (cont'd.)

In calculating the present value of lease payments, the Group and the Bank uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group and the Bank applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(iv) Operating lease - the Group as lessor

Assets leased out under operating leases are presented on the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(h) Financial assets

Financial assets and liabilities are recognised in the statements of financial position when the Group and the Bank has become a party to the contractual provisions of the instruments.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(h) Financial assets (cont'd.)

All regular way purchases and sales of financial assets that require delivery within the period generally established by regulation or market convention are recognised or derecognised on the trade date.

When financial assets or financial liabilities are recognised initially, they are measured at fair value, plus, in the case of financial assets or financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities, such as fees and commissions. Transaction costs of financial assets or financial liabilities carried at fair value through profit or loss ("FVTPL") are expensed in profit or loss.

Immediately after initial recognition, expected credit loss ("ECL") is recognised for financial assets measured at amortised cost and debt instruments measured at fair value through other comprehensive income ("FVOCI"), which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

Classification and subsequent measurement

Financial assets

The Group and the Bank determines the classification of their financial assets at initial recognition based on the following measurement categories:

- FVTPL;
- FVOCI; or
- Amortised cost.

To determine their classification and measurement category, the financial assets, except equity instruments and derivatives, is assessed based on a combination of the Bank business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment

The Group and the Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(h) Financial assets (cont'd.)

Classification and subsequent measurement (cont'd.)

Financial assets (cont'd.)

Business model assessment (cont'd.)

(a) Business model 1 - Hold to Collect (Amortised cost)
Business objective is to collect contractual cash flows over the life of the financial assets. Sales should be insignificant in value or infrequent.

(b) Business model 2 - Hold to Collect and Sell (FVOCI)
Business objective is both to collect contractual cash flows and sell financial assets. Debt instruments under this business model are mainly those with the objectives to:

(i) Manage everyday liquidity needs e.g. frequent sales activity of significant value to demonstrate liquidity or to cover everyday liquidity needs, without the intention of short-term profit taking;
(ii) Maintain a particular interest/profit yield profile e.g. active management of the portfolio on an opportunistic basis to increase return by reinvesting in higher yielding financial assets; and
(iii) Match the duration of the financial assets to the duration of the liabilities which funds those assets.

(c) Business Model 3 - FVTPL
Business objective is neither Business Model 1 nor Business Model 2. Debt instruments are mainly held for trading and managed on a fair value basis.

Solely Payments of Principal and Interest/Profit ("SPPI/SPPP") test

As a second step, SPPI/SPPP test must be carried out for all financial assets to identify if contractual cash flows are ‘solely payment of principal and interest/profit on the principal amount outstanding’ which is consistent with a ‘basic lending/financing arrangement’.

‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(h) Financial assets (cont'd.)

Classification and subsequent measurement (cont'd.)

Financial assets (cont'd.)

Solely Payments of Principal and Interest/Profit ("SPPI/SPPP") test (cont'd.)

The most significant elements of interest/profit within a lending/financing arrangement are typically the consideration for the time value of money, credit risk, other basic lending/financing risks and a profit margin that is consistent with a basic lending/financing arrangement. To perform the SPPI/SPPP assessment, the Group and the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest/profit rate is set.

In contrast, contractual terms that introduce a more than *de minimis* exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending/financing arrangement do not give rise to contractual cash flows that are solely payments of principal and interest/profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest/profit.

The Group and the Bank reclassified debt instruments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occured during the period.

Financial assets - Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI/SPPP, and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit allowance recognised and measured. Interest/finance income from these financial assets is measured using the effective interest/profit rate method.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(h) Financial assets (cont'd.)

Classification and subsequent measurement (cont'd.)

Financial assets - Amortised cost (cont'd.)

Financing and advances

Financing and advances consist of *Murabahah, Tawarruq, Ijarah (includes Ijarah Muntahiyah bi Tamlik), Istisna', Kafalah* and *Bai' Bithaman Ajil*. These contracts, except for *Kafalah*, are recognised at amortised cost, including direct and incremental transaction costs using effective profit method. These contracts are stated at net of unearned income and any amounts written off and/or impaired.

Definition of Shariah concept:

(a) *Murabahah*: It refers to a sale and purchase of an asset where the acquisition cost and the mark-up are disclosed to the purchaser. The sale price is payable by the purchaser usually on deferred terms.

(b) *Tawarruq*: It basically consists of two sale and purchase contracts. The first involves the sale of an asset by a seller to a purchaser on a deferred basis. Subsequently, the purchaser of the first sale will sell the same asset to a third party on a cash and spot basis.

(c) *Istisna'*: It refers to a contract which a seller sells to a purchaser an asset which is yet to be constructed, built or manufactured according to agreed specifications and delivered on an agreed specified future date at an agreed pre-determined sale price.

(d) *Ijarah*: It refers to a contract that transfers ownership of a permitted usufruct and/or service for a specified period in exchange for a specified consideration. It includes variations of this contract i.e. Ijarah Muntahiyah bi Tamlik, where it is accompanied with an option to transfer the ownership of the leased asset to the lessee at the end of the lease period via acceptable means of ownership transfer. For financial reporting purpose the Ijarah contract meets the definition of finance lease.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(h) Financial assets (cont'd.)

Classification and subsequent measurement (cont'd.)

Financial assets - Amortised cost (cont'd.)

Financing and advances (cont'd.)

Definition of Shariah concept (cont'd.):

(e) *Kafalah* : It refers to a contract where the guarantor conjoins the guaranteed party in assuming the latter's specified liability for a specified period.

(f) *Bai' Bithaman Ajil* : It refers to a sale contract based on deferred payment at certain price.

Debt instruments at FVOCI

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest/profit, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest/finance revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the debt instrument is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "Net gain on disposal". Interest/finance income from these financial assets is measured using the effective interest/profit rate method.

Financial assets at FVTPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a financial investment that is substantially measured at FVTPL and is not part of hedging relationship is recognised in profit or loss and presented in the profit or loss statement within "Net investment income" in the period in which it arises. Interest/finance income from these financial assets is measured using the effective interest/profit rate method.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(h) Financial assets (cont'd.)

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group and the Bank measures all equity investments at FVTPL, except where the Group and the Bank has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI (with no recycling) provided that is neither held for trading nor a contingent consideration recognised by acquirer in a business combination.

For equity instruments elected on FVOCI (with no recycling), gain or loss on disposal is recognised in equity and dividends are recognised in profit or loss.

Impairment

The Group and the Bank assesses on a forward-looking basis the ECL associated with its financial assets carried at amortised cost and FVOCI. Equity instruments are not subject to impairment assessment.

The allowance is based on the ECL associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination.

The ECL model also applies to contract assets under MFRS 15 Revenue from Contracts with Customers and lease receivables under MFRS 16 Leases. The Group and the Bank will be generally required to apply a three-stage approach based on the change in credit quality since initial recognition:

- Stage 1: 12-month ECL

  For exposures where there has not been a significant increase in credit risk since initial recognition or where credit risk has improved and that are not credit impaired upon origination, the ECL associated with the probability of default events occurring within next 12 months will be recognised.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(h) Financial assets (cont'd.)

Impairment (cont'd.)

The ECL model also applies to contract assets under MFRS 15 Revenue from Contracts with Customers and lease receivables under MFRS 16 Leases. The Group and the Bank will be generally required to apply a three-stage approach based on the change in credit quality since initial recognition (cont'd.):

- Stage 2: Lifetime ECL – non-credit impaired

  For exposures where there has been a significant increase in credit risk since initial recognition but that are non-credit impaired, the lifetime ECL will be recognised.

- Stage 3: Lifetime ECL – credit impaired

  Financial assets are assessed as credit impaired when one or more events that have detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that are credit impaired, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow.

The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

Both 12-month ECL and life time ECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The calculation of ECL

The Group and the Bank calculates ECL to measure the expected cash shortfalls, discounted at an approximation to the Effective Interest Rate/Profit Rate ("EIR/EPR"). A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(h) Financial assets (cont'd.)

Impairment (cont'd.)

The calculation of ECL (cont'd.)

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- Probability of Default ("PD")

  The PD is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

- Exposure at Default ("EAD")

  The EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest/profit, whether scheduled by contract or otherwise, expected draw downs on committed facilities.

- Loss Given Default ("LGD")

  The LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender/financier would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The mechanics of the ECL methods are summarised below:

- Stage 1

  The 12-month ECL is calculated as the portion of life time ECL that represent the ECL that result from default events on a financial instrument that are possible within the 12-month after the reporting date. The Group and the Bank calculates the 12-month ECL allowance based on the expectation of a default occurring in the 12-month following the reporting date. This expected 12-month default probability is applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR/EPR.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(h) Financial assets (cont'd.)

Impairment (cont'd.)

The calculation of ECL (cont'd.)

The mechanics of the ECL methods are summarised below (cont'd.):

- Stage 2

  When a financial asset has shown a significant increase in credit risk since origination, the Group and the Bank records an allowance for the lifetime ECL. The mechanics are similar to those explained above, but PD and LGD are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR/EPR.

- Stage 3

  If the financial asset is credit impaired, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statements of profit or loss. Where appropriate, the calculation of the present value of the estimated future cash flows of a collateralised loans/financing or receivable reflect the cash flows that may result from foreclosure less costs of obtaining and selling the collateral, whether or not foreclosure is probable. Interest/finance income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest/profit used to discount the future cash flows for the purpose of measuring the impairment loss. The interest/finance income is recorded as part of 'interest/finance income' in the statements of profit or loss.

- Loan, financing and advances commitments and letters of credit

  When estimating life time ECL for undrawn loan, financing and advances commitments, the Group and the Bank estimates the expected portion of the loan, financing and advances commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan, financing and advances is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR/EPR on the instrument.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(h) Financial assets (cont'd.)

Impairment (cont'd.)

The calculation of ECL (cont'd.)

- Financial guarantee contracts

  The Group and the Bank liability under each guarantee is measured at the higher of the amount initially recognised less the ECL provision. For this purpose, the Bank estimates ECL based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest/profit rate relevant to the exposure. The ECL related to financial guarantee contracts are recognised within provisions.

- Other financial assets

  The Group and the Bank apply a simplified approach to assess the ECL for other financial assets. The simplified approach eliminates the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred. The loss allowance should be measured at initial recognition and throughout the life of the other financial assets at an amount equal to lifetime ECL. The simplified approach adopted for the Group and the Bank is based on weighted average of the historical loss experience.

Debt instruments measured at FVOCI

The ECL for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statements of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI reserve as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI reserve is recycled to the profit or loss upon derecognition of the assets.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(h) Financial assets (cont'd.)

Fair value determination

For financial instruments measured at fair value, the fair value is determined by reference to quoted market prices or by using valuation models. The fair value of financial instruments traded in active markets are based on quoted market price or dealer price quotation.

For all other financial assets, fair value is determined using appropriate valuation techniques. In such cases, the fair values are estimated using discounted cash flow models, based on observable data in respect of similar financial instruments and using inputs (such as yield curve) existing at the reporting date.

Derecognition

Financial instruments are derecognised when the risks and rewards associated with the instruments are substantially transferred, cancelled or expired. Upon derecognition, the difference between the carrying amount of the instruments and the consideration received/paid, less the cumulative gain or loss that has been recognised in the equity are taken to the statements of profit or loss.

(i) Guarantee fee and security

The Group and the Bank provides financial guarantee insurance over private debt securities and financing facilities for companies incorporated in Malaysia.

Bond issuers and/or obligors will pay a guarantee fee to the Group and the Bank in return for guarantee to cover the oustanding amounts upon a default. The guarantee fee is calculated based on a percentage of the nominal value of the oustanding issue guaranteed amounts and is paid annually in advance.

The Group and the Bank mitigates the risks associated with its provision of financial guarantee insurance by:

- Securing its exposures against tangible security to be provided by the obligor where possible;
- Establishing designated accounts with specific disbursement conditions which are controlled by Facility/Security Agents; and/or
- Imposing various financial and non-financial covenants on the obligor in ensuring financial discipline.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(i) Guarantee fee and security (cont'd.)

The Group and the Bank is also able to impose additional conditions as it deems fit upon the occurrence of a breach in covenant or a material adverse event.

(j) Annual service fees for Danajamin PRIHATIN Guarantee Scheme ("DPGS")

The Group has been appointed by Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP") to manage the DPGS on behalf of the Government of Malaysia. In managing the DPGS, the Group charges one time processing fee and annual monitoring fee. The one time processing fee is fully recognised upfront upon the financial institution’s acceptance of the letter of approval issued by the Group for the relevant financing facility to be admitted into the DPGS and the issuance of the guarantee certificate by SJPP. The processing fee is charged for the various work performed for deal assessments prior to issuance of the letter of approval. The Group also charges annual monitoring fee for each approved and accepted offer. The monitoring fee is charged annually up to the maturity of the guarantee issued pursuant to the DPGS and is recognised as deferred income. This annual monitoring fee is recognised upon the guarantee commencement date in certificate issued by SJPP and up to the maturity of the guarantee.

(k) Guarantee fee receivables

Guarantee fee receivables are amounts due from obligors for services rendered in the ordinary course of business. Fee receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest/profit method, less allowance for impairment.

Guarantee fee receivables met the requirements of a significant financing component. As such, the transaction price for the contracts is discounted using the interest/profit rate implicit in the contract. This rate is commensurate with the rate that would be reflected in a separate financing transaction between the Group and the Bank with customer at contract inception.

If there has been a significant increase in credit risk for the guarantee fee receivables, the Group and the Bank reduces the carrying amount of the premium receivable accordingly and recognises that impairment loss in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(l) Financial guarantee liabilities

FGI liabilities are recognised when contracts are entered into and premium are charged. The FGI liabilities refer to deferred income and provision for ECL.

FGI liabilities are initially recognised at fair value on the date the guarantee was issued. Subsequent to initial recognition, the received premium is amortised over the life of the financial guarantee. The guarantee liability (the notional amount) is subsequently recognised at the higher of this amortised amount and the any loss allowance determined.

The unamortised premium received on these financial guarantees is included within ‘deferred income’ and any additional loss allowance determined is included within ‘provision for ECL’ in the statements of financial position.

(m) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Bank become a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised at amortised cost. Financial liabilities measured at amortised cost include deposits from customers, debt securities/sukuk issued and other borrowed funds. Financial liabilities are derecognised when they are redeemed or extinguished.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(n) Equity instruments

An equity instrument is any contract that evidences a residual interest/profit in the assets of the Group and the Bank after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(o) 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 provision is recognised for the amount expected to be paid under short term cash bonus 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 ("EPF") are charged to the statements of 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.

(p) Government grants

Government grants are recognised at their fair value in the statements of financial position where there is a reasonable assurance that the grants will be received and all attaching conditions will be complied with. The Government grants are presented in the statements of financial position as “Infrastructure Support Fund” ("ISF") and “deferred income”.

ISF relates to fund received from the Government to cover the potential risk of loan/financing default, any allowance for impairment losses, write-off and other liquidity requirements that may arise. It is also to cover the contingent liabilities of the Bank i.e. guarantees, standby credits and performance bonds.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(p) Government grants (cont'd.)

Deferred income comprises claims received in relation to profit rate differentials on financing of Government infrastructure project.

Grants that compensate the Group and the Bank for expenses incurred are recognised as income over the period necessary to match the grants on a systematic basis to the costs that it is intended to compensate.

(q) Provisions

Provisions are recognised when the Group and the Bank have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(r) Contingent liabilities

Contingent liabilities consist of secured guarantees given to third parties on behalf of borrowers/customers and litigation cases against the Group and the Bank. Contingent liabilities are disclosed in the notes to the accounts, unless the possibility of an outflow of resources embodying economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(s) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Bank and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Interest/finance income and similar income

For all financial instruments measured at amortised cost, interest/profit bearing financial assets classified as FVOCI and financial instruments designated at FVTPL, interest/finance income is recorded using the effective interest/profit rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, repayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest/profit rate, but not future credit losses.

For impaired financial assets where the value of the financial asset have been written down as a result of an impairment loss, interest/finance income continues to be recognised using the rate of interest/profit used to discount the future cash flows for the purpose of measuring the impairment loss.

(ii) Islamic Financial Business income recognition

Income from financing and receivables is recognised in the statements of profit or loss using the effective profit method. The effective profit rate is the rate that discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability. The calculation of the effective profit rate includes all contractual terms of the financial instruments and includes any fees incremental costs that are directly attributable to the instruments and are an integral part of the effective profit rate.

Sale-based Financing *(Murabahah, Tawarruq, Istisna'* and *Bai' Bithaman Ajil*)

Income are accrued on monthly basis on the cost outstanding at the prevailing effective profit rate over the duration of the financing.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(s) Revenue (cont'd.)

(ii) Islamic Financial Business income recognition (cont'd.)

Lease-based Financing (*Ijarah and Ijarah Muntahiyah bi Tamlik*)

Finance income is recognised on the effective profit rate of the cost of the leased asset over the lease period.

Fee income

Fee-based income from charging administrative fees such as processing fee, arrangement fee and facility fee is recognised upon satisfaction of performance obligation. Fee-based income is also derived from provision of guarantee based on *kafalah* contract.

(iii) Income recognition for leasing, hire purchase financing, pre-factoring and factoring

Income earned on leasing, hire purchase, pre-factoring and factoring financing is recognised based on the effective interest/profit method.

(iv) Other revenue recognition

The Group and the Bank charges other guarantee related fees such as upfront fees and processing fees arising from FGI contracts separately from the guarantee premium.

Upfront fee is charged by the Group and the Bank on various work performed for deal assessments prior to new issuance of FGI contract. Upfront fee is recognised upon the Group committing to provide financial guarantee contract and obligors accepting the Group and the Bank offer to provide such commitment. The upfront fee is recognised over the period which the Group and the Bank is committed to provide the FGI contract, and is based on the earlier of validity period of the Group and the Bank commitment or expected drawdown/issuance of debt facilities. The upfront fee is non-refundable. There is no element of significant financing as the period of commitment is wholly upon the discretion of the obligors.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(v) Dividend income

Dividend income is recognised when the Group and the Bank is right to receive payment is established.

(t) Income Taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in the statements of profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affect neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future, and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

2. Accounting Policies (cont'd.)

2.4 Summary of Material Accounting Policies (cont'd.)

(t) Income Taxes (cont'd.)

(ii) Deferred tax (cont'd.)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Deferred tax relating to items recognised outside the statements of profit or loss is recognised outside the statements of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(u) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposit placements with original maturity of less than one month held for the purpose of meeting short term commitments and readily convertible into cash without significant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

3. Significant Accounting Judgements and Estimates

The preparation of financial statements involved making certain judgements and estimates, that affect the accounting policies applied 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 on-going basis. Revisions to accounting estimates are recognised in the financial statements in the period of which the estimate is revised and in any future periods affected. Significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have significant effect on amount recognised in the financial statements include the following:

(a) Judgements

In the process of applying the Group and the Bank accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements.

(i) Impairment of financial investments portfolio (Note 7, Note 8 and Note 40)

The Group and the Bank review the debt instruments at FVOCI and financial investments at amortised cost under MFRS 9 which requires the recognition of ECL at each reporting date to reflect changes in credit risk of the financial investments not at FVTPL. MFRS 9 incorporates forward-looking and historical, current and forecasted information into ECL estimation.

In carrying out the review, the following management's judgment are required:

(i) Determination whether the investment is impaired or has significant increase in credit risk based on certain indicators such as, amongst others, prolonged decline in fair value, significant financial difficulties of the issuer or obligors, the disappearance of an active trading market and deterioration of the credit quality of the issuers or obligors; and

(ii) Determination of ECL that reflect:

(a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

(b) The time value of money; and

(c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

3. Significant Accounting Judgements and Estimates (cont'd.)

(a) Judgements (cont'd.)

(ii) Impairment of loans, financing and advances (Note 9 and Note 39)

The Group and the Bank make certain judgement in determining the ECL to be recognised on loans, financing and advances. The Group and the Bank ECL calculations under MFRS 9 are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

(i) Internal credit grading model, which assigns PD to the individual grades;

(ii) Criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Lifetime ECL basis and the qualitative assessment;

(iii) The segmentation of financial assets when their ECL is assessed on a collective basis;

(iv) Development of ECL models, including the various formulas and the choice of inputs;

(v) Determination of associations between macroeconomic scenarios and, economic inputs, such as oil price forecast, USD exchange rate and the effect on PD, EAD and LGD, including assessing for potential impact from the deterioration in oil price and the COVID-19 pandemic;

(vi) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models; and

(vii) The net realisable value of collateral.

ECL overlay and adjustments

As the current MFRS 9 models are not expected to generate levels of ECL with sufficient reliability yet in view of remaining COVID-19 uncertainties and emerging risks, overlays and post-model adjustments have been applied to determine a sufficient overall level of ECL for the year ended and as at 31 December 2023.

These overlays and post-model adjustments were taken to reflect the latest macroeconomic outlook not captured in the modelled outcome and the potential impact to delinquencies and defaults.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

3. Significant Accounting Judgements and Estimates (cont'd.)

(a) Judgements (cont'd.)

(ii) Impairment of loans, financing and advances (Note 9 and Note 39) (cont'd.)

ECL overlay and adjustments (cont'd.)

The overlays or post-model adjustments involved significant level of judgement and reflect the management's views of possible paths of recovery in the forward looking assessment for ECL estimation purposes.

The overlays were generally made at individual customer level in determining the sufficient level of ECL.

The impact of these overlays were estimated at portfolio level, remain outside the core MFRS 9 process and amounts to RM1,108.5 million (2022: RM706.1 million) represent 27.8% (2022: 20.7%) of total ECL of the Bank as at 31 December 2023. Overlays made amounting to RM1,539.5 million (2022: RM707.5 million) representing 27.6% (2022: 20.5%) of total ECL of the Group as at 31 December 2023.

(iii) Impairment of investment in subsidiaries (Note 13), interest in associates (Note 14) and JV (Note 15)

The Group and the Bank assess whether there is any indication that an investment in subsidiaries, interest in associates and JV may be impaired at each reporting date.

If indicators are present, these investments are subjected to impairment review which comprises a comparison of the carrying amount of the investment and the investment's estimated recoverable amount.

Judgments made by management in the process of applying the Group's accounting policies in respect of investment in subsidiaries, interest in an associates and JV are as follows:

(i) The Group and the Bank determine whether the investments are impaired following certain indications of impairment such as, amongst others, significant changes with adverse effects on the investment and deteriorating financial performance of the investment due to observed changes in the economic environment; and

(ii) Depending on their nature and the location in which the investments relate to, judgments are made by management to select suitable methods of valuation such as, amongst others, discounted future cash flows or estimated fair value based on quoted market price of the most recent transactions.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

3. Significant Accounting Judgements and Estimates (cont'd.)

(a) Judgements (cont'd.)

(iv) Impairment of non-financial assets (Note 16, Note 18 and Note 19(a))

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is such indication or when annual impairment testing for an asset is required, the Group and the Bank estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value-in-use ("VIU"). When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Group and the Bank bases its VIU calculation on detailed budgets and forecast calculations. In assessing VIU, 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. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an apropriate valuation model is used.

(b) Estimates

Estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognised in the financial statements in the period in which the estimate is revised and in any future period affected. Significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have significant effect on the amount recognised in the financial statements include the following:

(i) Allowance for impairment of investment in subsidiaries (Note 13), interest in associates (Note 14) and JV (Note 15)

Once a suitable method of valuation is selected, management makes certain assumptions concerning the future to estimate the recoverable amount of the specific individual investment. These assumptions and other key sources of estimation uncertainty at the reporting date, may have a significant risk of causing a material adjustment to the carrying amounts of the investments within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

3. Significant Accounting Judgements and Estimates (cont'd.)

(b) Estimates (cont'd.)

(i) Allowance for impairment of investment in subsidiaries (Note 13), interest in associates (Note 14) and JV (Note 15) (cont'd.)

Depending on the specific individual investment, assumptions made by management may include, amongst others, assumptions on expected future cash flows, revenue growth, terminal value, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks and expected future outcome based on certain past trends.

(ii) Income taxes (Note 41)

Significant judgment is required in estimating the provision for income taxes. There are many transactions and interpretations of tax law for which the final outcome will not be established until some time later. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking advice on the tax treatments where appropriate. Where the final liability for taxation is different from the amounts that were initially recorded, the differences will affect the income tax and deferred tax provisions in the period in which the estimate is revised or the final liability is established.

(iii) Leases (Note 19) - Estimating the incremental borrowing rate

The Group and the Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group and the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group and the Bank 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group and the Bank estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

4. Cash and Short Term Deposits

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and balances with other financial institutions	11,091	29,248	1,972	1,309
Money at call and deposit placements maturing within one month	1,097,716	2,300,081	905,346	2,143,105
	1,108,807	2,329,329	907,318	2,144,414

5. Deposits and Placements with Financial Institutions

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Licensed banks	105,844	1,578,985	-	131,652

The weighted average effective interest rates ("WAEIR") of deposits and the average maturity of deposits of the Group and the Bank at the reporting date were as follows:

	Group		Bank	
	2023	2022	2023	2022
WAEIR (%)	3.25	3.00	3.23	3.01
Average maturity (Days)	125	98	40	18

6. Financial Investments at FVTPL

	Group and Bank	
	31 December 2023 RM'000	31 December 2022 RM'000 Restated
At fair value		
Equity Securities:		
Unquoted shares	7,495	33,886
Total financial investments at FVTPL	7,495	33,886

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

7. Financial Investments at FVOCI

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At fair value				
Debt Instruments:				
Money market instruments:				
Malaysia government securities	-	20,226	-	-
Government investment issues	4,745,885	3,130,358	4,745,885	2,894,707
Cagamas	-	4,963	-	4,963
	4,745,885	3,155,547	4,745,885	2,899,670
Unquoted securities:				
Corporate bonds and sukuk	5,096,781	4,213,051	5,096,781	3,685,867
	5,096,781	4,213,051	5,096,781	3,685,867
Equity Securities:				
Quoted shares	-	9,301	-	9,301
	-	9,301	-	9,301
Total financial investments at FVOCI	9,842,666	7,377,899	9,842,666	6,594,838

During the year, a total unrealised gain for the Group and the Bank amounting to RM1,193,000 was recognised in other comprehensive income compared to unrealised loss of RM979,000 incurred in 2022. Upon sale, the Group and the Bank recognised a gain of RM1,111,000 (2022: RM2,479,000) and RM1,111,000 (2022: RM1,173,000) respectively to the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

7. Financial Investments at FVOCI (cont'd.)

Movements in allowances for impairment which reflect the ECL allowance are as follows:

Group		Lifetime ECL		
	12-Month ECL Stage 1	Not Credit Impaired Stage 2	Credit Impaired Stage 3	Total
2023	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January	1,487	158,708	-	160,195
Net allowance made	684	35,981	-	36,665
New financial investments purchased	970	40,335	-	41,305
Net write back	(286)	(4,354)	-	(4,640)
At 31 December	2,171	194,689	-	196,860
2022				
At 1 January	1,367	117,020	-	118,387
Net allowance made	120	41,688	-	41,808
New financial investments purchased	197	42,533	-	42,730
Net write back	(77)	(845)	-	(922)
At 31 December	1,487	158,708	-	160,195

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

7. Financial Investments at FVOCI (cont'd.)

Movements in allowances for impairment which reflect the ECL allowance are as follows (cont'd.):

Bank		Lifetime ECL		
	12-Month ECL Stage 1	Not Credit Impaired Stage 2	Credit Impaired Stage 3	Total
2023	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January	365	158,708	-	159,073
Effect of Business Transfer Scheme (Note 54)	884	-	-	884
Net allowance made	922	35,981	-	36,903
New financial investments purchased	970	40,335	-	41,305
Net write back	(48)	(4,354)	-	(4,402)
At 31 December	2,171	194,689	-	196,860
2022				
At 1 January	227	117,020	-	117,247
Net allowance made	138	41,688	-	41,826
New financial investments purchased	197	42,533	-	42,730
Net write back	(59)	(845)	-	(904)
At 31 December	365	158,708	-	159,073

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

8. Financial Investments at AC

	Group and Bank	
	31 December 2023 RM'000	31 December 2022 RM'000
At amortised cost		
Debt Instruments:		
Unquoted securities:		
Sukuk	61,346	-
Total financial investments at AC	61,346	-

Movements in allowances for impairment which reflect the ECL allowance are as follows:

Group and Bank		**Lifetime ECL**		
2023	**12-Month ECL Stage 1 RM'000**	**Not Credit Impaired Stage 2 RM'000**	**Credit Impaired Stage 3 RM'000**	**Total RM'000**
At 1 January	-	-	-	-
Net allowance made	1,949	-	-	1,949
New financial investments purchased	1,949	-	-	1,949
At 31 December	1,949	-	-	1,949

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

9. Loans, Financing and Advances

	Group		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
At amortised cost			
Loans, financing and advances to industries	20,780,371	18,194,279	19,270,399
Loans, financing and advances to others:			
Staff loan/financing	2,197	2,764	3,745
	2,197	2,764	3,745
Gross loans, financing and advances	20,782,568	18,197,043	19,274,144
Allowance for impairment on loans, financing and advances			
- Stage 1: 12-Month ECL	(1,610,534)	(1,027,416)	(1,307,455)
- Stage 2: Lifetime ECL not credit impaired	(1,359,850)	(1,254,465)	(567,912)
- Stage 3: Lifetime ECL credit impaired	(1,135,673)	(1,174,158)	(1,308,551)
	(4,106,057)	(3,456,039)	(3,183,918)
Net loans, financing and advances	16,676,511	14,741,004	16,090,226

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

9. Loans, Financing and Advances

	Bank		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
At amortised cost			
Loans, financing and advances to industries	20,517,437	18,006,412	19,018,898
Loans, financing and advances to others:			
Staff loan/financing	2,197	2,764	3,745
	2,197	2,764	3,745
Gross loans, financing and advances	20,519,634	18,009,176	19,022,643
Allowance for impairment on loans, financing and advances			
- Stage 1: 12-Month ECL	(1,605,603)	(1,022,616)	(1,301,193)
- Stage 2: Lifetime ECL not credit impaired	(1,356,781)	(1,252,852)	(565,683)
- Stage 3: Lifetime ECL credit impaired	(1,108,479)	(1,139,918)	(1,274,899)
	(4,070,863)	(3,415,386)	(3,141,775)
Net loans, financing and advances	16,448,771	14,593,790	15,880,868

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

9. Loans, Financing and Advances (cont'd.)

(i) Loans, financing and advances analysed by type are as follows:

	Group		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Bai' Bithaman Ajil	256	718	8,421
Istisna'	897,491	1,084,648	1,317,871
Ijarah Muntahiyah bi Tamlik	70,072	75,135	96,063
Tawarruq financing asset	17,183,220	14,320,746	13,599,016
Tawarruq financing working capital	384,927	380,976	392,646
Tawarruq revolving working capital	94,585	115,109	130,341
Factoring-i	54,461	30,650	36,359
Hire purchase-i	106,354	23,715	10,942
Term loan	1,966,833	2,117,103	3,582,745
Revolving working capital	2,300	2,252	2,127
Factoring	5,226	11,427	45,090
Hire purchase	14,603	31,757	48,586
Leasing	43	43	192
Staff loan/financing	2,197	2,764	3,745
Gross loans, financing and advances	20,782,568	18,197,043	19,274,144
Allowance for impairment on loans, financing and advances:			
- Stage 1: 12-Month ECL	(1,610,534)	(1,027,416)	(1,307,455)
- Stage 2: Lifetime ECL not credit impaired	(1,359,850)	(1,254,465)	(567,912)
- Stage 3: Lifetime ECL credit impaired	(1,135,673)	(1,174,158)	(1,308,551)
	(4,106,057)	(3,456,039)	(3,183,918)
Net loans, financing and advances	16,676,511	14,741,004	16,090,226

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

9. Loans, Financing and Advances (cont'd.)

(i) Loans, financing and advances analysed by type are as follows (cont'd.):

	Bank		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Bai' Bithaman Ajil	-	449	7,291
Istisna'	897,491	1,084,648	1,317,871
Ijarah Muntahiyah bi Tamlik	1,313	1,226	1,226
Tawarruq financing asset	17,171,888	14,307,269	13,585,725
Tawarruq financing working capital	384,927	380,976	392,646
Tawarruq revolving working capital	94,585	115,109	130,341
Term loan	1,964,933	2,114,483	3,581,671
Revolving working capital	2,300	2,252	2,127
Staff loan/financing	2,197	2,764	3,745
Gross loans, financing and advances	20,519,634	18,009,176	19,022,643
Allowance for impairment on loans, financing and advances:			
- Stage 1: 12-Month ECL	(1,605,603)	(1,022,616)	(1,301,193)
- Stage 2: Lifetime ECL not credit impaired	(1,356,781)	(1,252,852)	(565,683)
- Stage 3: Lifetime ECL credit impaired	(1,108,479)	(1,139,918)	(1,274,899)
	(4,070,863)	(3,415,386)	(3,141,775)
Net loans, financing and advances	16,448,771	14,593,790	15,880,868

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

9. Loans, Financing and Advances (cont'd.)

(ii) Loans, financing and advances analysed by type of borrowers/customers are as follows:

	Group		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Domestic business enterprises	20,780,371	18,194,279	19,270,399
Individuals	2,197	2,764	3,745
	20,782,568	18,197,043	19,274,144

	Bank		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Domestic business enterprises	20,517,437	18,006,412	19,018,898
Individuals	2,197	2,764	3,745
	20,519,634	18,009,176	19,022,643

(iii) Loans, financing and advances analysed by interest/profit rate sensitivity are as follows:

	Group		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Fixed rate:			
Housing loans/financing	2,197	2,764	3,745
Hire purchase receivables	120,957	56,130	59,528
Other fixed rate loans/ financing	8,107,599	8,724,421	10,289,745
Variable rate:			
Cost plus	3,220,868	3,151,972	3,487,045
Other variable rates	9,330,947	6,261,756	5,434,081
	20,782,568	18,197,043	19,274,144

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

9. Loans, Financing and Advances (cont'd.)

(iii) Loans, financing and advances analysed by interest/profit rate sensitivity are as follows (cont'd.):

	Bank		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Fixed rate:			
Housing loans/financing	2,197	2,764	3,745
Other fixed rate loans/ financing	7,965,622	8,592,684	10,097,772
Variable rate:			
Cost plus	3,220,868	3,151,972	3,487,045
Other variable rates	9,330,947	6,261,756	5,434,081
	20,519,634	18,009,176	19,022,643

(iv) Loans, financing and advances analysed by industry are as follows:

	Group		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Construction	2,711,432	3,059,830	3,132,816
Electricity, gas and water supply	1,283,750	1,254,729	1,105,952
Finance, insurance/takaful and business	8,452	116,858	121,692
Hotel and restaurants	1,650,299	1,632,168	1,659,679
Housing	2,197	3,893	3,745
Infrastucture	9,208,705	6,150,856	7,082,958
Manufacturing	725,927	795,791	786,588
Other community, social and personal service activities	373,980	295,810	539,227
Real estate, renting and business activities	1,903,625	1,876,800	1,819,317
Transport, storage and communication	2,914,201	3,010,308	3,022,170
	20,782,568	18,197,043	19,274,144

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

9. Loans, Financing and Advances (cont'd.)

(iv) Loans, financing and advances analysed by industry are as follows (cont'd.):

	Bank		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Construction	2,686,562	3,059,830	3,132,816
Electricity, gas and water supply	1,281,917	1,247,110	1,099,317
Finance, insurance/takaful and business	-	46,064	49,000
Hotel and restaurants	1,646,303	1,578,542	1,589,937
Housing	2,197	2,764	3,745
Infrastucture	9,208,705	6,150,856	7,082,958
Manufacturing	703,931	795,649	786,588
Other community, social and personal service activities	226,074	276,081	482,293
Real estate, renting and business activities	1,891,308	1,876,800	1,819,317
Transport, storage and communication	2,872,637	2,975,480	2,976,672
	20,519,634	18,009,176	19,022,643

(v) The maturity structure of loans, financing and advances is as follows:

	Group		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Maturity within one year	1,990,613	2,155,680	1,953,933
One year to three years	3,149,649	2,231,851	2,677,564
Three years to five years	2,481,303	3,222,648	3,277,967
Over five years	13,161,003	10,586,864	11,364,680
	20,782,568	18,197,043	19,274,144

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

9. Loans, Financing and Advances (cont'd.)

(v) The maturity structure of loans, financing and advances is as follows (cont'd.):

	Bank		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Maturity within one year	1,916,930	2,078,041	1,846,387
One year to three years	3,118,947	2,196,281	2,607,382
Three years to five years	2,322,754	3,147,990	3,204,194
Over five years	13,161,003	10,586,864	11,364,680
	20,519,634	18,009,176	19,022,643

(vi) Loans, financing and advances analysed by geographical distribution are as follows:

	Group		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Within Malaysia	20,782,568	18,197,043	19,274,144

	Bank		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Within Malaysia	20,519,634	18,009,176	19,022,643

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

9. Loans, Financing and Advances (cont'd.)

(vii) Movements in gross loans, financing and advances are as follows:

Group 2023	12-Month ECL Stage 1 RM'000	Lifetime ECL Not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At 1 January				
- as previously stated	11,312,170	5,072,520	2,093,353	18,478,043
- effect of modified reporting framework	(66,451)	(196,414)	(18,135)	(281,000)
At 1 January 2023, as restated	11,245,719	4,876,106	2,075,218	18,197,043
- Transfer to 12-month ECL (Stage 1)	1,200,150	(1,200,099)	(51)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(460,578)	460,578	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	(134,785)	134,785	-
Remeasurement, net	456,414	60,972	(20,881)	496,505
New accounts	3,557,481	-	388	3,557,869
Matured accounts	(1,338,704)	(8,186)	(68,223)	(1,415,113)
Written-off	-	-	(53,736)	(53,736)
At 31 December	14,660,482	4,054,586	2,067,500	20,782,568

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

9. Loans, Financing and Advances (cont'd.)

(vii) Movements in gross loans, financing and advances are as follows (cont'd.):

Group 2022	12-Month ECL Stage 1 RM'000	Lifetime ECL Not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At 1 January				
- as previously stated	15,299,317	2,203,617	2,059,597	19,562,531
- effect of modified reporting framework	23,200	(100,084)	(211,503)	(288,387)
At 1 January 2022, as restated	15,322,517	2,103,533	1,848,094	19,274,144
- Transfer to 12-month ECL (Stage 1)	6,631	(6,631)	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(2,912,861)	2,912,861	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(367,282)	(120,496)	487,778	-
Remeasurement, net	658,777	(23,663)	(53,405)	581,709
New accounts	295,557	15,084	-	310,641
Matured accounts	(1,757,620)	(4,582)	(51,404)	(1,813,606)
Written-off	-	-	(155,845)	(155,845)
At 31 December	11,245,719	4,876,106	2,075,218	18,197,043

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

9. Loans, Financing and Advances (cont'd.)

(vii) Movements in gross loans, financing and advances are as follows (cont'd.):

Bank 2023	12-Month ECL Stage 1 RM'000	Lifetime ECL Not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At 1 January				
- as previously stated	11,166,629	5,065,154	2,059,113	18,290,896
- effect of modified reporting framework	(67,669)	(195,916)	(18,135)	(281,720)
At 1 January 2023, as restated	11,098,960	4,869,238	2,040,978	18,009,176
- Transfer to 12-month ECL (Stage 1)	1,200,099	(1,200,099)	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(453,316)	453,316	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	(134,785)	134,785	-
Remeasurement, net	109,935	61,451	(15,254)	156,132
New accounts	3,382,496	-	-	3,382,496
Matured accounts	(899,781)	(8,186)	(66,467)	(974,434)
Written-off	-	-	(53,736)	(53,736)
At 31 December	14,438,393	4,040,935	2,040,306	20,519,634

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

9. Loans, Financing and Advances (cont'd.)

(vii) Movements in gross loans, financing and advances are as follows (cont'd.):

Bank 2022	12-Month ECL Stage 1 RM'000	Lifetime ECL Not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At 1 January				
- as previously stated	15,091,198	2,193,597	2,025,947	19,310,742
- effect of modified reporting framework	22,990	(99,586)	(211,503)	(288,099)
At 1 January 2022, as restated	15,114,188	2,094,011	1,814,444	19,022,643
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(2,912,861)	2,912,861	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(362,075)	(120,369)	482,444	-
Remeasurement, net	506,683	(32,349)	(55,192)	419,142
New accounts	75,649	15,084	-	90,733
Matured accounts	(1,322,624)	-	(47,320)	(1,369,944)
Written-off	-	-	(153,398)	(153,398)
At 31 December	11,098,960	4,869,238	2,040,978	18,009,176

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

9. Loans, Financing and Advances (cont'd.)

(viii) Impaired loans, financing and advances analysed by industry are as follows:

	Group		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Construction	411,088	375,766	23,829
Electricity, gas and water supply	325,262	427,305	350,692
Finance, insurance/takaful and business	7,960	-	-
Hotel and restaurants	557,410	567,352	634,457
Infrastructure	287,059	289,873	292,483
Manufacturing	13,899	38,373	44,819
Other community, social and personal service activities	82,129	82,494	130,412
Real estate, renting and business activities	199,885	97,185	101,361
Transport, storage and communication	182,808	196,870	270,041
	2,067,500	2,075,218	1,848,094
Gross impaired loans, financing and advances as a % of gross loans, financing and advances	9.95%	11.40%	9.59%

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

9. Loans, Financing and Advances (cont'd.)

(viii) Impaired loans, financing and advances analysed by industry are as follows (cont'd.):

	Bank		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Construction	411,088	375,766	23,829
Electricity, gas and water supply	323,891	422,603	350,692
Hotel and restaurants	557,335	558,109	615,688
Infrastructure	287,059	289,873	292,483
Manufacturing	13,735	38,373	44,819
Other community, social and personal service activities	72,149	72,364	127,215
Real estate, renting and business activities	199,885	97,185	101,361
Transport, storage and communication	175,164	186,705	258,357
	2,040,306	2,040,978	1,814,444
Gross impaired loans, financing and advances as a % of gross loans, financing and advances	9.94%	11.33%	9.54%

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

9. Loans, Financing and Advances (cont'd.)

(ix) Movements in the allowance for impairment of loans, financing and advances are as follows:

Group 2023	12-Month ECL Stage 1 RM'000	Lifetime ECL Not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At 1 January				
- as previously stated	1,149,596	1,454,468	1,193,636	3,797,700
- reclassification to other liabilities (Note 24)	(86,149)	(163,285)	-	(249,434)
- effect of Modified Reporting Framework	(36,031)	(36,718)	(19,478)	(92,227)
At 1 January 2023, as restated	1,027,416	1,254,465	1,174,158	3,456,039
- Transfer to 12-month ECL (Stage 1)	280,077	(280,077)	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(239,234)	239,234	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	(47,538)	47,538	-
Remeasurement, net	542,275	193,766	(59,966)	676,075
Amount written off	-	-	(26,057)	(26,057)
At 31 December	1,610,534	1,359,850	1,135,673	4,106,057

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

9. Loans, Financing and Advances (cont'd.)

(ix) Movements in the allowance for impairment of loans, financing and advances are as follows (cont'd.):

Group 2022	12-Month ECL Stage 1 RM'000	Lifetime ECL Not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At 1 January				
- as previously stated	1,479,435	686,144	1,322,343	3,487,922
- reclassification to other liabilities (Note 24)	(149,750)	(66,372)	-	(216,122)
- effect of Modified Reporting Framework	(22,230)	(51,860)	(13,792)	(87,882)
At 1 January 2022, as restated	1,307,455	567,912	1,308,551	3,183,918
- Transfer to 12-month ECL (Stage 1)	459,941	(432,329)	(27,612)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(887,987)	925,696	(37,709)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(59,729)	(7,666)	67,395	-
Remeasurement, net	207,736	200,852	8,099	416,687
Amount written off	-	-	(144,566)	(144,566)
At 31 December	1,027,416	1,254,465	1,174,158	3,456,039

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

9. Loans, Financing and Advances (cont'd.)

(ix) Movements in the allowance for impairment of loans, financing and advances are as follows (cont'd.):

Bank 2023	12-Month ECL Stage 1 RM'000	Lifetime ECL Not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At 1 January				
- as previously stated	1,144,796	1,452,855	1,159,396	3,757,047
- reclassification to other liabilities (Note 24)	(86,149)	(163,285)	-	(249,434)
- effect of Modified Reporting Framework	(36,031)	(36,718)	(19,478)	(92,227)
At 1 January 2023, as restated	1,022,616	1,252,852	1,139,918	3,415,386
- Transfer to 12-month ECL (Stage 1)	280,077	(280,077)	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(237,931)	237,931	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	(47,538)	47,538	-
Remeasurement, net	540,841	193,613	(52,920)	681,534
Amount written off	-	-	(26,057)	(26,057)
At 31 December	1,605,603	1,356,781	1,108,479	4,070,863

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

9. Loans, Financing and Advances (cont'd.)

(ix) Movements in the allowance for impairment of loans, financing and advances are as follows (cont'd.):

Bank 2022	12-Month ECL Stage 1 RM'000	Lifetime ECL Not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At 1 January				
- as previously stated	1,473,173	683,915	1,288,691	3,445,779
- reclassification to other liabilities (Note 24)	(149,750)	(66,372)	-	(216,122)
- effect of Modified Reporting Framework	(22,230)	(51,860)	(13,792)	(87,882)
At 1 January 2022, as restated	1,301,193	565,683	1,274,899	3,141,775
- Transfer to 12-month ECL (Stage 1)	459,266	(431,654)	(27,612)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(887,987)	925,696	(37,709)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(54,522)	(7,539)	62,061	-
Remeasurement, net	204,666	200,666	10,396	415,728
Amount written off	-	-	(142,117)	(142,117)
At 31 December	1,022,616	1,252,852	1,139,918	3,415,386

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

10. Guarantee Receivables

	Group		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Guarantee receivables	359,468	400,079	426,899
Receivable within 12 months	50,382	53,294	118,658
Receivable after 12 months	309,086	346,785	308,241
	359,468	400,079	426,899

	Bank		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Guarantee receivables	359,468	226,092	245,653
Receivable within 12 months	50,382	19,963	19,560
Receivable after 12 months	309,086	206,129	226,093
	359,468	226,092	245,653

11. Guarantee Recoverable

	Group and Bank	
	31 December 2023 RM'000	31 December 2022 RM'000 Restated
At 1 January	-	-
Financial guarantee exposure	199,274	-
Allowance for impairment		
- Stage 3: Lifetime ECL credit impaired (Note 40)	(61,591)	-
	137,683	-

The Group and the Bank recognise guarantee recoverable amounting to RM199,274,049 for the year ended 31 December 2023, representing the full exposure on defaulted obligors. The Trustees have declared an Event of Default and execute the Notice of Claim to the Group and the Bank and subsequently the Group and the Bank have fully paid out the claim during the year.

The Group and the Bank has assessed the recovery from the expected sale of collateral pledged by the obligors against the claim which the Group and the Bank has fully settled during the year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

12. Other Assets

	Note	Group 31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Sundry receivables, deposit and prepayments	(i)	295,734	302,441	308,799
Less: Allowance for doubtful debts	(ii)	(283,044)	(283,483)	(283,427)
		12,690	18,958	25,372
Amount receivable from Government in respect of compensation for:				
Infrastructure projects and Dedicated Schemes		247,748	244,395	196,207
Foreign exchange differences		-	-	85,361
Claim recoverable		-	-	27,303
Tax recoverable		17,541	16,800	27,515
		277,979	280,153	361,758

	Note	Bank 31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Sundry receivables, deposit and prepayments		7,829	7,058	8,145
Less: Allowance for doubtful debts	(ii)	(219)	(658)	(562)
		7,610	6,400	7,583
Amount due from subsidiaries		23,754	5,494	252
Amount receivable from Government in respect of compensation for:				
Infrastructure projects and Dedicated Schemes		247,748	244,395	196,207
Foreign exchange differences		-	-	85,361
		279,112	256,289	289,403

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

12. Other Assets (cont'd.)

(i) Included in the sundry receivables, deposits and prepayments of the Group is an amount due from Syarikat Borcos Shipping Sdn Bhd ("Borcos"), a former subsidiary of Global Maritime Ventures Berhad ("GMVB") amounting to RM280,185,000 (2022: RM280,185,000).

(ii) Allowance for doubtful debts

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	283,483	283,427	658	562
(Write back of)/allowance for ex-staff loan/financing:				
Stage 1 - 12-month ECL, net	-	(1)	-	(1)
Stage 3 - Lifetime ECL credit impaired, net	(439)	97	(439)	97
Recovered during the financial year:				
- Factoring	-	(40)	-	-
At 31 December	283,044	283,483	219	658

13. Investments in Subsidiaries

	Bank	
	2023 RM'000	2022 RM'000 Restated
Unquoted shares, at cost	2,830,603	2,830,356
Additional capital contribution due to waiver of debt	68,750	68,750
Additional deferred consideration of a subsidiary	-	1,847
Capital reduction	(127)	(1,600)
	2,899,226	2,899,353
Less: Allowance for impairment on investments in subsidiaries	(803,376)	(786,543)
	2,095,850	2,112,810

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

13. Investments in Subsidiaries (cont'd.)

	Bank	
	2023	**2022**
	RM'000	**RM'000**
		Restated
Movement of allowance for impairment:		
As at 1 January		
- as previously stated	704,643	730,167
- effect of harmonisation of MFRS 9	81,900	-
At 1 January, as restated	786,543	730,167
Allowance made during the year	16,833	56,376
At 31 December	803,376	786,543

* Refer to Note 48 for the list of subsidiaries.

In the prior year, the Bank made a final settlement for deferred consideration amounting to RM29,149,961 for the purchase of Danajamin Berhad.

	2022
	RM'000
Final consideration paid	(29,150)
Deferred consideration	27,303
Additional purchase consideration	(1,847)

	2022
	RM'000
Impact to merger deficit:	
Balance brought forward	(20,188)
Additional purchase consideration	(1,847)
Merger deficit as at 31 December	(22,035)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

13. Investments in Subsidiaries (cont'd.)

(a) Subsidiary with significant non-controlling interest

The summarised financial information of Global Maritime Ventures Berhad ("GMVB") which have significant non-controlling interests to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination:

(i) Summarised statement of financial position

	GMVB	
	2023	**2022**
	RM'000	**RM'000**
Non current assets	5,866	5,549
Current assets	107,798	111,997
Total assets	113,664	117,546
Current liabilities	8,448	8,278
Total liabilities	8,448	8,278
Net assets	105,216	109,268
Equity attributable to the owners of the company	103,650	106,344
Carrying value of non-controlling interests	1,566	2,924

(ii) Summarised statement of comprehensive income

	GMVB	
	2023	**2022**
	RM'000	**RM'000**
Other income	3,643	5,993
Administrative expenses	(1,491)	(1,647)
Share of profit of joint ventures and associates	45	97
(Loss)/gain on deconsolidation of dissolve companies	(11,018)	68
(Loss)/profit before taxation	(8,821)	4,511
Taxation	(1,080)	(538)
Zakat	(10)	-
Net (loss)/profit for the year	(9,911)	3,973
Other comprehensive income:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Foreign currency translation reserve	7,318	262
	7,318	262
Total comprehensive (loss)/income for the year	(2,593)	4,235

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

13. Investments in Subsidiaries (cont'd.)

(a) Subsidiary with significant non-controlling interest (cont'd.)

(ii) Summarised statement of comprehensive income (cont'd.)

	GMVB	
	2023	2022
	RM'000	RM'000
(Loss)/profit for the year attributable to:		
Equity holders of the parent	(9,952)	3,974
Non-controlling interest	41	(1)
	(9,911)	3,973
Total comprehensive (loss)/income attributable to:		
Equity holders of the parent	(2,694)	4,158
Non-controlling interest	101	77
	(2,593)	4,235

(iii) Summarised statement of cash flows

	GMVB	
	2023	2022
	RM'000	RM'000
Net cash generated from operating activities	843	2,767
Net cash used in investing activities	(786)	(18,294)
Net increase/(decrease) in cash and cash equivalents	57	(15,527)
Cash and cash equivalents at beginning of the year	1,066	16,593
Cash and cash equivalents at the end of the the year	1,123	1,066

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

13. Investments in Subsidiaries (cont'd.)

(b) Dissolution of subsidiaries

During the financial year, GMV-Global, GMV-Gagasan, GMV-Efogen and two companies under Wawasan Group, namely Sari Navigation and Nilam Navigation had been dissolved and deconsolidated on 16 March 2023, 24 October 2023, 24 October 2023, 9 January 2023 and 1 March 2023 respectively.

Details of the deconsolidation of the subsidiaries as at the date of dissolution were as follows:

	Total RM'000
Assets	
Tax recoverable	46
Other receivables	17
Cash and bank balances	522
Amount due from holding	356
Amount due from related parties	4,909
	5,850
Liabilities	
Payable and accruals	493
	493
Net assets	5,357

	At the date of dissolution RM'000
Net identifiable assets disposed @ 100%	(5,357)
Transfer from foreign exchange reserves	(7,120)
Transfer from non-controlling interest	1,459
Loss on deconsolidation	(11,018)

The effect of the disposal on cash flows is as follows:

Cash outflow to the Group on dissolution	(522)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

13. Investments in Subsidiaries (cont'd.)

(b) Dissolution of subsidiaries (cont'd.)

In the prior year, Bahtera Berlian Sdn Bhd was dissolved and deconsolidated on 14 December 2022.

Details of the deconsolidation of the subsidiary as at the date of dissolution were as follows:

	Total RM'000
Assets	
Tax recoverable	5
Cash and bank balances	636
	641
Liabilities	
Payable and accruals	51
	51
Net assets	590

	At the date of dissolution RM'000
Capital distribution received	658
Net identifiable assets disposed @ 100%	(590)
Gain on deconsolidation	68

The effect of the disposal on cash flows is as follows:

Cash outflow to the Group on dissolution	(636)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

14. Interest in Associates

	Group	
	2023 RM'000	2022 RM'000
At cost:		
Unquoted ordinary shares	300	300
Group's share of post acquisition reserve	383	338
	683	638

Details of the associates incorporated in Malaysia are as follows:

Name of Associates (incorporated in Malaysia)	Effective interest held by the Group		Principal Activities
	2023 %	2022 %	
Held through GMVB, a subsidiary:			
Wawasan Bulk Services Sdn Bhd	27.0	27.0	Ship management
Held through SME Growth Acceleration Fund Sdn Bhd ("SME GAF"), a subsidiary:			
Ambang Wibawa Sdn Bhd *	26.0	26.0	Dormant
Cantuman Wawasan Sdn Bhd *	-	26.0	Dormant
MS Time Ventures Sdn Bhd *	26.0	26.0	Dormant
Profound Kestrel Laboratories Sdn Bhd *	49.0	49.0	Dormant

* Audited by firms of auditors other than Ernst & Young PLT, Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

14. Interest in Associates (cont'd.)

The summarised financial statements of the associates not adjusted for the proportion of ownership interest held by the Group are as follows:

(a) Summarised statement of financial position

	Group	
	2023	**2022**
	RM'000	**RM'000**
Total assets	2,281	2,141
Total liabilities	6	16

(b) Summarised statement of profit or loss

Revenue	-	-
Profit for the year	149	96

(c) Reconciliation of the summarised financial information

Net assets at 1 January	2,125	1,804
Profit for the financial year	149	96
Other comprehensive income	1	225
Net assets at 31 December	2,275	2,125
Interest in associates	30%	30%
Carrying value of Group's interest in associates	683	638

15. Interest in Joint Ventures

	Group	
	2023	**2022**
	RM'000	**RM'000**
At cost:		
Unquoted ordinary shares	11,274	11,274
Group’s share of post acquisition deficit	(11,274)	(11,274)
	-	-
Advances to JV:		
Within 1 year	8,412	8,412
Less: Allowance for doubtful debts	(8,412)	(8,412)
	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

15. Interest in Joint Ventures (cont'd.)

The advances to JV bear an interest of 5% (2022: 5%) per annum and are repayable on a quarterly basis over a period of 1 year.

Details of the JV are as follows:

Name of JV (incorporated in Malaysia)	Effective interest held by the Group		Principal Activities
	2023 %	2022 %	
Held through GMVB, a subsidiary:			
Alam Eksplorasi (M) Sdn Bhd ^	36.00	36.00	Ship-owning, ship operator, ship agency, chartering and other related to shipping industry
Alam Synergy I (L) Inc ^	36.00	36.00	Ship-owning, ship operator and charter hire of vessel
Alam Synergy II (L) Inc ^	36.00	36.00	Ship-owning, ship operator and charter hire of vessel
Alam Synergy III (L) Inc ^	36.00	36.00	Ship-owning, ship operator and charter hire of vessel

^ Collectively known as Alam Group

The aggregate current assets, current liabilities and result of the JV are as follows:

(a) Summarised statement of financial position

	2023 RM'000	2022 RM'000
Assets:		
Current assets	457	5,683
Total assets	457	5,683
Liabilities:		
Current liabilities	45,001	49,909
Total liabilities	45,001	49,909
Net liabilities	(44,544)	(44,226)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

15. Interest in Joint Ventures (cont'd.)

The aggregate current assets, current liabilities and result of the JV are as follows (cont'd.):

(b) Summarised statement of profit or loss

	2023 RM'000	2022 RM'000
Revenue	-	-
Cost of sales	7	(136)
Gross profit/(loss)	7	(136)
Other income	16	716
Operating expenses	(120)	(1,858)
Loss from operations	(97)	(1,278)
Finance costs	(221)	(209)
Loss before taxation	(318)	(1,487)
Taxation	-	-
Net loss for the year	(318)	(1,487)

(c) Reconciliation of the summarised financial information

	2023 RM'000	2022 RM'000
Net liabilities at 1 January	(44,226)	(42,739)
Loss for the year	(318)	(1,487)
Net liabilities at 31 December	(44,544)	(44,226)
Interests in joint ventures	26,728	26,535
Carrying value of Group's interest in joint ventures	(17,816)	(17,691)
Less: Cumulative unrecognised losses b/f	17,691	17,096
Share of unrecognised losses for the year	125	595
Net carrying value of Group's interest in joint ventures	-	-

16. Property, Plant and Equipment

Group	Freehold land RM'000	Leasehold land and buildings RM'000	Furniture and equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Mechanical and electricals RM'000	Capital work-in-progress RM'000	Total RM'000
2023								
Cost								
At 1 January	17,973	71,617	38,026	2,349	2,981	51,064	262	184,272
Additions	-	-	24,931	18	-	10,788	200	35,937
Transfer to mechanical and electricals	-	-	-	-	-	204	(204)	-
Disposals/write-off	-	-	(4,412)	(301)	-	-	-	(4,713)
Transfer to intangible assets (Note 18)	-	-	-	-	-	-	(149)	(149)
At 31 December	17,973	71,617	58,545	2,066	2,981	62,056	109	215,347
Accumulated depreciation								
At 1 January	-	21,015	28,200	1,874	2,978	46,632	-	100,699
Charge for the year	-	1,433	3,051	207	1	1,665	-	6,357
Disposals/write-off	-	-	(4,272)	(301)	-	-	-	(4,573)
At 31 December	-	22,448	26,979	1,780	2,979	48,297	-	102,483
Net carrying amount	17,973	49,169	31,566	286	2	13,759	109	112,864

16. Property, Plant and Equipment (cont'd.)

Group	Freehold land RM'000	Leasehold land and buildings RM'000	Furniture and equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Mechanical and electricals RM'000	Capital work-in-progress RM'000	Total RM'000
2022								
Cost								
At 1 January	17,973	71,617	36,927	2,121	5,438	50,694	282	185,052
Additions	-	-	3,593	233	3	370	3,057	7,256
Transfer to furniture and equipment	-	-	500	-	-	-	(500)	-
Disposals/write-off	-	-	(2,994)	(5)	(2,460)	-	-	(5,459)
Transfer to intangible assets (Note 18)	-	-	-	-	-	-	(2,577)	(2,577)
At 31 December	17,973	71,617	38,026	2,349	2,981	51,064	262	184,272
Accumulated depreciation								
At 1 January	-	19,582	28,674	1,531	5,431	45,439	-	100,657
Charge for the year	-	1,433	2,478	348	2	1,193	-	5,454
Disposals/write-off	-	-	(2,952)	(5)	(2,455)	-	-	(5,412)
At 31 December	-	21,015	28,200	1,874	2,978	46,632	-	100,699
Net carrying amount	17,973	50,602	9,826	475	3	4,432	262	83,573

16. Property, Plant and Equipment (cont'd.)

Bank	Freehold land RM'000	Buildings RM'000	Furniture and equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Mechanical and electricals RM'000	Capital work-in-progress RM'000	Total RM'000
2023								
Cost								
At 1 January	17,973	71,617	34,849	1,749	2,952	47,123	262	176,525
Additions	-	-	24,929	18	-	10,788	200	35,935
Transfer to mechanical and electricals	-	-	-	-	-	204	(204)	-
Disposals/write off	-	-	(1,074)	-	-	-	-	(1,074)
Transfer to intangible assets (Note 18)	-	-	-	-	-	-	(149)	(149)
At 31 December	17,973	71,617	58,704	1,767	2,952	58,115	109	211,237
Accumulated depreciation								
At 1 January	-	21,015	25,364	1,509	2,949	42,923	-	93,760
Charge for the year	-	1,433	2,915	175	1	1,665	-	6,189
Disposals/write off	-	-	(1,058)	-	-	-	-	(1,058)
At 31 December	-	22,448	27,221	1,684	2,950	44,588	-	98,891
Net carrying amount	17,973	49,169	31,483	83	2	13,527	109	112,346

16. Property, Plant and Equipment (cont'd.)

Bank	Freehold land RM'000	Buildings RM'000	Furniture and equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Mechanical and electricals RM'000	Capital work-in-progress RM'000	Total RM'000
2022								
Cost								
At 1 January	17,973	71,617	31,256	1,749	2,949	46,753	282	172,579
Additions	-	-	3,232	-	3	370	3,057	6,662
Transfer to furniture and equipment	-	-	500	-	-	-	(500)	-
Disposals/write off	-	-	(139)	-	-	-	-	(139)
Transfer to intangible assets (Note 18)	-	-	-	-	-	-	(2,577)	(2,577)
At 31 December	17,973	71,617	34,849	1,749	2,952	47,123	262	176,525
Accumulated depreciation								
At 1 January	-	19,582	23,349	1,162	2,949	41,730	-	88,772
Charge for the year	-	1,433	2,135	347	-	1,193	-	5,108
Disposals/write off	-	-	(120)	-	-	-	-	(120)
At 31 December	-	21,015	25,364	1,509	2,949	42,923	-	93,760
Net carrying amount	17,973	50,602	9,485	240	3	4,200	262	82,765

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

17. Investment Properties

	Group and Bank	
	2023	2022
	RM'000	RM'000
Cost		
At 1 January	382	382
At 31 December	382	382
Depreciation		
At 1 January	68	60
Charge for the year	7	8
At 31 December	75	68
Carrying amount	307	314

	Group and Bank	
	2023	2022
	RM'000	RM'000
Included in the above are:		
Buildings	307	314
	307	314

(i) The directors of the Group and the Bank estimated the fair values of the investment properties of the Group and the Bank to be RM370,000 (2022: RM560,000) which have been determined by an accredited independent valuer.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

18. Intangible Assets

	Computer software			
	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cost				
At 1 January	54,023	47,517	43,576	35,708
Addition	22,616	5,599	22,616	5,291
Disposals/write-off	(6,353)	(1,670)	-	-
Transfer from property, plant and equipment (Note 16)	149	2,577	149	2,577
At 31 December	70,435	54,023	66,341	43,576
Amortisation				
At 1 January	40,768	39,495	30,780	28,230
Amortisation charged	4,401	2,943	4,349	2,550
Disposals/write-off	(5,949)	(1,670)	-	-
Impairment	937	-	937	-
At 31 December	40,157	40,768	36,066	30,780
Carrying amount	30,278	13,255	30,275	12,796

19. Leases

(a) The carrying amounts of right-of-use assets recognised and the movements during the year:

Group			
2023	**Properties RM'000**	**Other equipment RM'000**	**Total RM'000**
Cost			
At 1 January	4,586	378	4,964
Addition	-	52	52
Matured	(4,586)	(56)	(4,642)
At 31 December	-	374	374

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

19. Leases (cont'd.)

(a) The carrying amounts of right-of-use assets recognised and the movements during the year (cont'd.):

Group 2023	Properties RM'000	Other equipment RM'000	Total RM'000
Depreciation			
At 1 January	4,550	234	4,784
Charge for the year	36	84	120
Matured for the year	(4,586)	(56)	(4,642)
At 31 December	-	262	262
Carrying amount	-	112	112

2022	Properties RM'000	Other equipment RM'000	Total RM'000
Cost			
At 1 January	4,367	509	4,876
Addition	219	-	219
Matured	-	(131)	(131)
At 31 December	4,586	378	4,964
Depreciation			
At 1 January	3,774	256	4,030
Charge for the year	776	109	885
Matured for the year	-	(131)	(131)
At 31 December	4,550	234	4,784
Carrying amount	36	144	180

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

19. Leases (cont'd.)

(a) The carrying amounts of right-of-use assets recognised and the movements during the year (cont'd.):

Bank	Other equipment 2023 RM'000	2022 RM'000
Cost		
At 1 January	322	453
Addition	-	-
Matured	-	(131)
At 31 December	322	322
Depreciation		
At 1 January	181	217
Charge for the year	76	95
Matured for the year	-	(131)
At 31 December	257	181
Carrying amount	65	141

(b) The carrying amounts of lease liabilities and the movements during the year:

Group 2023	Properties RM'000	Other equipment RM'000	Total RM'000
At 1 January	37	155	192
Addition during the year	-	52	52
Accretion of interest	-	9	9
Payments	(37)	(96)	(133)
At 31 December	-	120	120
Current	-	49	49
Non-current	-	71	71
	-	120	120

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

19. Leases (cont'd.)

(b) The carrying amounts of lease liabilities and the movements during the year (cont'd.):

Group 2022	Properties RM'000	Other equipment RM'000	Total RM'000
At 1 January	604	263	867
Addition during the year	219	-	219
Accretion of interest	17	14	31
Payments	(803)	(122)	(925)
At 31 December	37	155	192
Current	37	86	123
Non-current	-	69	69
	37	155	192

Bank	Other equipment 2023 RM'000	 2022 RM'000
At 1 January	150	245
Addition during the year	-	-
Accretion of interest	7	12
Payments	(86)	(107)
At 31 December	71	150
Current	42	86
Non-current	29	64
	71	150

The maturity analysis of lease liabilities are disclosed in Note 49 c(i).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

19. Leases (cont'd.)

(c) The following are the amounts recognised in profit or loss:

Group 2023	Properties RM'000	Other equipment RM'000	Total RM'000
Depreciation expense of right-of-use assets	36	84	120
Finance cost on lease liabilities (Note 52(u))	-	9	9
Expense relating to leases of low-value assets (included in overhead expenses)	-	294	294
Total amount recognised in profit or loss	36	387	423

2022	Properties RM'000	Other equipment RM'000	Total RM'000
Depreciation expense of right-of-use assets	776	109	885
Interest expense on lease liabilities (Note 33)	17	2	19
Finance cost on lease liabilities (Note 52(u))	-	12	12
Expense relating to leases of low-value assets (included in overhead expenses)	-	208	208
Total amount recognised in profit or loss	793	331	1,124

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

19. Leases (cont'd.)

(c) The following are the amounts recognised in profit or loss (cont'd.):

Bank	Other equipment 2023 RM'000	Other equipment 2022 RM'000
Depreciation expense of right-of-use assets	76	95
Finance cost on lease liabilities (Note 52(u))	7	12
Expense relating to leases of low-value assets (included in overhead expenses)	294	208
Total amount recognised in profit or loss	377	315

20. Deferred Tax Assets/(Liabilities)

	Group 2023 RM'000	Group 2022 RM'000 Restated	Group 2021 RM'000 Restated
At 1 January			
- as previously stated	414,456	291,452	116,343
- effect of Modified Reporting Framework	32,437	37,575	12,476
- effect of harmonisation of MFRS 9	43,160	35,645	40,945
At 1 January, as restated	490,053	364,672	169,764
Recognised in statement of profit or loss	93,847	98,112	110,444
Recognised in other comprehensive income	(49,683)	27,269	90,274
Acquisition of a subsidiary	-	-	(5,810)
At 31 December	534,217	490,053	364,672

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

20. Deferred Tax Assets/(Liabilities) (cont'd.)

	Bank		
	2023 RM'000	2022 RM'000 Restated	2021 RM'000 Restated
At 1 January			
- as previously stated	417,371	294,762	114,787
- effect of Modified Reporting Framework	32,442	37,575	36,178
- effect of harmonisation of MFRS 9	(8,230)	(5,300)	(7,669)
At 1 January, as restated	441,583	327,037	143,296
Effect of Business Transfer Scheme (Note 54)	45,339	-	-
Recognised in statement of profit or loss	95,292	89,920	93,884
Recognised in other comprehensive income	(48,168)	24,626	89,857
At 31 December	534,046	441,583	327,037

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 income taxes relate to the same fiscal authority. The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsettings are as follows:

	Group		
	2023 RM'000	2022 RM'000 Restated	2021 RM'000 Restated
Deferred tax assets	534,345	490,523	364,674
Deferred tax liabilities	(128)	(470)	(2)
	534,217	490,053	364,672

	Bank		
	2023 RM'000	2022 RM'000 Restated	2021 RM'000 Restated
Deferred tax assets	534,046	441,583	327,037
Deferred tax liabilities	-	-	-
	534,046	441,583	327,037

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

20. Deferred Tax Assets/(Liabilities) (cont'd.)

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

	Group		
	2023 RM'000	2022 RM'000 Restated	2021 RM'000 Restated
Deferred tax assets	535,462	494,228	371,132
Deferred tax liabilities	(1,245)	(4,175)	(6,460)
	534,217	490,053	364,672

	Bank		
	2023 RM'000	2022 RM'000 Restated	2021 RM'000 Restated
Deferred tax assets	535,163	442,013	327,577
Deferred tax liabilities	(1,117)	(430)	(540)
	534,046	441,583	327,037

20. Deferred Tax Assets/(Liabilities) (cont'd.)

The components and movements of deferred tax assets and liabilities during the year prior to offsetting are as follows:

Deferred tax assets

Group	Loan/ financing loss and allowances RM'000	Financial guarantee RM'000	Unrealised FVOCI reserve RM'000	Property, plant and equipment RM'000	Provisions and other temporary differences RM'000	Total RM'000
At 1 January 2023						
- as previously stated	352,812	-	60,598	313	4,908	418,631
- effect of Modified Reporting Framework	(13,037)	-	-	-	45,474	32,437
- effect of harmonisation of MFRS 9	(23,866)	66,756	-	-	270	43,160
At 1 January 2023, as restated	315,909	66,756	60,598	313	50,652	494,228
Recognised in statement of profit or loss	148,553	(16,940)	4,314	(313)	(41,482)	94,132
Recognised in other comprehensive income	-	-	(48,168)	-	-	(48,168)
Reclassification from deferred tax liabilities	-	-	(4,730)	-	-	(4,730)
At 31 December 2023	464,462	49,816	12,014	-	9,170	535,462
At 1 January 2022						
- as previously stated	260,557	-	30,878	2,100	4,377	297,912
- effect of Modified Reporting Framework	(10,569)	-	-	-	48,144	37,575
- effect of harmonisation of MFRS 9	(18,475)	53,846	-	-	274	35,645
At 1 January 2022, as restated	231,513	53,846	30,878	2,100	52,795	371,132
Recognised in statement of profit or loss	84,396	12,910	5,094	(1,787)	(2,143)	98,470
Recognised in other comprehensive income	-	-	24,626	-	-	24,626
At 31 December 2022	315,909	66,756	60,598	313	50,652	494,228

20. Deferred Tax Assets/(Liabilities) (cont'd.)

The components and movements of deferred tax assets and liabilities during the year prior to offsetting are as follows (cont'd.):

Deferred tax liabilities

Group	Loan/ financing loss and allowances RM'000	Unrealised FVOCI reserve RM'000	Property, plant and equipment RM'000	Total RM'000
At 1 January 2023	(257)	(3,215)	(703)	(4,175)
Recognised in statement of profit or loss	201	-	(486)	(285)
Recognised in other comprehensive income	-	(1,515)	-	(1,515)
Reclassification to deferred tax assets	-	4,730	-	4,730
At 31 December 2023	(56)	-	(1,189)	(1,245)
At 1 January 2022	128	(5,858)	(730)	(6,460)
Recognised in statement of profit or loss	(385)	-	27	(358)
Recognised in other comprehensive income	-	2,643	-	2,643
At 31 December 2022	(257)	(3,215)	(703)	(4,175)

20. Deferred Tax Assets/(Liabilities) (cont'd.)

The components and movements of deferred tax assets and liabilities during the year prior to offsetting are as follows (cont'd.):

Deferred tax assets

Bank	Loan/ financing loss and allowances RM'000	Financial guarantee RM'000	Unrealised FVOCI reserve RM'000	Provisions and other temporary differences RM'000	Total RM'000
At 1 January 2023					
- as previously stated	353,288	-	60,598	3,915	417,801
- effect of Modified Reporting Framework	(13,037)	-	-	45,479	32,442
- effect of harmonisation of MFRS 9	(23,866)	15,636	-	-	(8,230)
At 1 January 2023, as restated	316,385	15,636	60,598	49,394	442,013
Recognised in statement of profit or loss	148,077	(16,090)	4,317	(40,360)	95,944
Recognised in other comprehensive income	-	-	(48,168)	-	(48,168)
Effect of Business Transfer Scheme (Note 54)	-	50,270	(4,733)	(163)	45,374
At 31 December 2023	464,462	49,816	12,014	8,871	535,163
At 1 January 2022					
- as previously stated	261,009	-	30,878	3,415	295,302
- effect of Modified Reporting Framework	(10,569)	-	-	48,144	37,575
- effect of harmonisation of MFRS 9	(18,475)	13,175	-	-	(5,300)
At 1 January 2022, as restated	231,965	13,175	30,878	51,559	327,577
Recognised in statement of profit or loss	84,420	2,461	5,094	(2,165)	89,810
Recognised in other comprehensive income	-	-	24,626	-	24,626
At 31 December 2022	316,385	15,636	60,598	49,394	442,013

20. Deferred Tax Assets/(Liabilities) (cont'd.)

The components and movements of deferred tax assets and liabilities during the year prior to offsetting are as follows (cont'd.):

Deferred tax liabilities

Bank	Property, plant and equipment RM'000	Total RM'000
At 1 January 2023	(430)	(430)
Recognised in statement of profit or loss	(652)	(652)
Effect of Business Transfer Scheme	(35)	(35)
At 31 December 2023	(1,117)	(1,117)
At 1 January 2022	(540)	(540)
Recognised in statement of profit or loss	110	110
At 31 December 2022	(430)	(430)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

21. Deposits from Customers

	Group and Bank	
	2023 RM'000	2022 RM'000
At amortised cost		
Fixed deposits and negotiable instruments of deposits	9,055,121	7,156,123
(a) The deposits are sourced from the following types of deposit:		
Tawarruq	9,055,121	7,156,123
(b) The deposits are sourced from the following types of customers:		
Business enterprises	5,263,035	3,760,974
Government and statutory bodies	3,792,086	3,395,149
	9,055,121	7,156,123
(c) The deposits maturity structure are as follows:		
Less than six months	8,220,643	6,201,706
Six months to one year	751,491	672,163
One year to three years	82,987	282,254
	9,055,121	7,156,123

22. Deposits and Placements from Financial Institutions

	Group and Bank	
	2023 RM'000	2022 RM'000
At amortised cost		
Licensed banks	787,492	1,852,552
(a) The deposits maturity structure are as follows:		
Less than six months	787,492	1,852,552

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

23. Guarantee Deferred Income

	Note	Group 31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Deferred financial guarantee fee income	(i)	393,164	446,073	468,745
Deferred income from Danajamin Prihatin Guarantee Scheme	(ii)	351	576	773
Deferred income from upfront fee income		30	317	372
		393,545	446,966	469,890

(i) Movement of deferred financial guarantee fee income:

	31 December 2023 RM'000	31 December 2022 RM'000 Restated
At 1 January	446,073	468,745
Guarantee fee written	20,674	38,788
Guarantee fee earned	(60,679)	(19,194)
Guarantee fee early redeemed	(3,276)	(42,266)
Guarantee fee for event of default	(9,628)	-
At 31 December	393,164	446,073

(ii) Movement of deferred income from Danajamin Prihatin Guarantee Scheme:

	31 December 2023 RM'000	31 December 2022 RM'000
At 1 January	576	773
Guarantee fee written	586	701
Guarantee fee earned	(811)	(898)
At 31 December	351	576

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

23. Guarantee Deferred Income (cont'd)

	Note	Bank 31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Deferred financial guarantee fee income	(i)	393,164	242,661	260,420
Deferred income from Danajamin Prihatin Guarantee Scheme	(ii)	351	-	-
Deferred income from upfront fee income		30	-	-
		393,545	242,661	260,420

(i) Movement of deferred financial guarantee fee income:

	31 December 2023 RM'000	31 December 2022 RM'000 Restated
At 1 January	242,661	260,420
Guarantee fee written	20,674	-
Guarantee fee earned	(53,528)	(17,759)
Guarantee fee early redeemed	(3,276)	-
Guarantee fee for event of default	(9,628)	-
Business Transfer Scheme (Note 54)	196,261	-
At 31 December	393,164	242,661

(ii) Movement of deferred income from Danajamin Prihatin Guarantee Scheme:

	31 December 2023 RM'000	31 December 2022 RM'000
At 1 January	-	-
Guarantee fee written	487	-
Guarantee fee earned	(669)	-
Business Transfer Scheme (Note 54)	533	-
At 31 December	351	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

24. Other Liabilities

	Group		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Provision for taxation	90,409	82,332	48,689
Zakat payables	12,019	15,673	12,277
Bank guarantee/Kafalah fees received in advance	10,368	10,924	16,822
Trade creditors	166	389	1,171
Security deposits	21,161	20,201	18,058
Sundry creditors and accruals	117,151	66,436	62,423
Allowances for impairment losses on financial guarantee (Note 24(a))	221,397	307,338	275,421
Deferred consideration for acquisition of a subsidiary (Note 13)	-	-	27,303
	472,671	503,293	462,164

	Bank		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Provision for taxation	90,409	69,634	48,689
Zakat payables	11,636	13,992	10,991
Bank guarantee/Kafalah fees received in advance	10,368	10,032	15,677
Sundry creditors and accruals	95,053	44,690	33,130
Amount due to subsidiary	1,827,694	-	-
Allowances for impairment losses on financial guarantee (Note 24(a))	221,397	94,338	105,959
Deferred consideration for acquisition of a subsidiary (Note 13)	-	-	27,303
	2,256,557	232,686	241,749

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

24. Other Liabilities (cont'd.)

(a) Movements in the allowance for impairment losses on financial guarantee are as follows (cont'd) :

Group 2023	12-Month ECL Stage 1 RM'000	Lifetime ECL Not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At 1 January				
- as previously stated	-	-	-	-
- reclassification from loans financing and advances (Note 9)	86,149	163,285	-	249,434
- effect of harmonisation of MFRS 9	68,883	(10,979)	-	57,904
At 1 January, as restated	155,032	152,306	-	307,338
Remeasurement, net	(53,129)	(32,812)	-	(85,941)
At 31 December	101,903	119,494	-	221,397

2022	12-Month ECL Stage 1 RM'000	Lifetime ECL Not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At 1 January				
- as previously stated	-	-	-	-
- reclassification from loans financing and advances (Note 9)	149,750	66,372	-	216,122
- effect of harmonisation of MFRS 9	52,845	6,454	-	59,299
At 1 January, as restated	202,595	72,826	-	275,421
Remeasurement, net	(47,563)	79,480	-	31,917
At 31 December	155,032	152,306	-	307,338

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

24. Other Liabilities (cont'd.)

(a) Movements in the allowance for impairment losses on financial guarantee are as follows (cont'd.):

Bank 2023	12-Month ECL Stage 1 RM'000	Lifetime ECL Not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At 1 January				
- as previously stated	-	-	-	-
- reclassification from loans financing and advances (Note 9)	86,149	163,285	-	249,434
- effect of harmonisation of MFRS 9	(43,791)	(111,305)	-	(155,096)
At 1 January, as restated	42,358	51,980	-	94,338
Effect of Business Transfer Scheme	109,965	99,494	-	209,459
Remeasurement, net	(51,680)	(30,720)	-	(82,400)
At 31 December	100,643	120,754	-	221,397

2022	12-Month ECL Stage 1 RM'000	Lifetime ECL Not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At 1 January				
- as previously stated	-	-	-	-
- reclassification from loans financing and advances (Note 9)	149,750	66,372	-	216,122
- effect of harmonisation of MFRS 9	(43,791)	(66,372)	-	(110,163)
At 1 January, as restated	105,959	-	-	105,959
Remeasurement, net	(63,601)	51,980	-	(11,621)
At 31 December	42,358	51,980	-	94,338

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

25. Redeemable Notes

	Note	Group and Bank 2023 RM'000	2022 RM'000
Redeemable non-guaranteed notes			
Sukuk Murabahah	(i)	2,526,661	2,527,507
Sukuk Wakalah	(ii)	2,259,738	2,259,654
Sustainable Development Sukuk Wakalah	(iii)	453,311	453,311
Sustainable Sukuk Wakalah	(iv)	1,003,343	-
		6,243,053	5,240,472
Redeemable guaranteed notes			
Medium term notes	(v)	255,602	510,718
Sukuk Murabahah	(vi)	2,332,935	2,333,208
		2,588,537	2,843,926
Infrastructure notes - nominal value	(vii)	101,294	151,911
Less: Unaccreted discount		(744)	(1,150)
		100,550	150,761
		8,932,140	8,235,159

(i) These sukuk carry profit rates ranging between 4.50% to 4.98% per annum and for tenures of 10 years to 19 years. These sukuk will mature in March 2027, 2032 and November 2026, 2031 and 2035 respectively.

(ii) These sukuk carry profit rates ranging between 2.80% to 4.05% per annum and for tenures of 5 years to 10 years. These sukuk will mature in June 2026, 2028, 2031 and October 2025, 2027 and 2030 respectively.

(iii) This sukuk carries a profit rate of 3.95% with a tenure of 7 years. This sukuk will mature in October 2028.

(iv) These sukuk carry profit rates ranging between 3.81% to 4.02% per annum and for tenures of 2 years to 5 years. These sukuk will mature in December 2025 and 2028 respectively.

(v) This notes carry a coupon rates of 5.08% per annum with a tenure of 15 years. This notes will mature in January 2031.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

25. Redeemable Notes (cont'd.)

(vi) These sukuk carry profit rates ranging between 4.38% to 4.85% per annum and for tenures of 10 to 20 years. These sukuk will mature in September 2024, 2029 and 2034 respectively.

(vii) This note has a maturity of 25 years with nominal value of RM100,000,000 (2022: RM150,000,000), which carries a coupon rate of 7.50% (2022: 7.50%) per annum. The note will mature in October 2025.

The movements in the redeemable notes are as follows:

	Murabahah		Wakalah	
	2023	2022	2023	2022
Group and Bank	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Redeemable non-guaranteed notes				
Principal				
At 1 January	2,500,000	3,000,000	2,250,000	2,250,000
Payment during the year	-	(500,000)	-	-
At 31 December	2,500,000	2,500,000	2,250,000	2,250,000
Accrued interest/profit payable				
At 1 January	27,507	34,467	9,654	9,654
Charge for the year	117,918	122,505	76,287	76,204
Payment during the year	(118,764)	(129,465)	(76,203)	(76,204)
At 31 December	26,661	27,507	9,738	9,654
	2,526,661	2,527,507	2,259,738	2,259,654

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

25. Redeemable Notes (cont'd.)

The movements in the redeemable notes are as follows (cont'd.):

Group and Bank	Sustainable Development Wakalah 2023 RM'000	Sustainable Development Wakalah 2022 RM'000	Sustainable Wakalah 2023 RM'000	Sustainable Wakalah 2022 RM'000
Redeemable non-guaranteed notes				
Principal				
At 1 January	450,000	450,000	-	-
Issued during the year	-	-	1,000,000	-
At 31 December	450,000	450,000	1,000,000	-
Accrued profit payable				
At 1 January	3,311	3,311	-	-
Charge for the year	17,775	17,775	3,343	-
Payment during the year	(17,775)	(17,775)	-	-
At 31 December	3,311	3,311	3,343	-
	453,311	453,311	1,003,343	-

Group and Bank	Non-Murabahah 2023 RM'000	Non-Murabahah 2022 RM'000	Murabahah 2023 RM'000	Murabahah 2022 RM'000
Redeemable guaranteed notes				
Principal				
At 1 January	500,000	500,000	2,300,000	2,300,000
Payment during the year	(250,000)	-	-	-
At 31 December	250,000	500,000	2,300,000	2,300,000
Accrued interest/profit payable				
At 1 January	10,718	10,718	33,208	32,909
Charge for the year	13,288	24,000	108,027	108,599
Payment during the year	(18,404)	(24,000)	(108,300)	(108,300)
At 31 December	5,602	10,718	32,935	33,208
	255,602	510,718	2,332,935	2,333,208

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

25. Redeemable Notes (cont'd.)

The movements in the redeemable notes are as follows (cont'd.):

Group and Bank	2023 RM'000	2022 RM'000
Infrastructure notes		
Principal		
At 1 January	150,000	200,000
Repayment during the year	(50,000)	(50,000)
At 31 December	100,000	150,000
Unaccreted discount		
At 1 January	(1,150)	(1,557)
Accreted discount during the year	406	407
At 31 December	(744)	(1,150)
Accrued interest payable		
At 1 January	1,911	2,630
Charge for the year	10,602	14,363
Repayment during the year	(11,219)	(15,082)
At 31 December	1,294	1,911
	100,550	150,761

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

26. Borrowings

Group		31 December 2023 Due after twelve months RM'000	31 December 2023 Due within twelve months RM'000	31 December 2022 Due after twelve months RM'000	31 December 2022 Due within twelve months RM'000
Loans from Employees Provident Fund ("EPF")					
Unsecured:	26 (a)				
Principal		150,000	-	150,000	-
Interest		-	2,520	-	2,500
		150,000	2,520	150,000	2,500
Other financing					
Unsecured:	26 (b)				
Principal		-	-	-	10,000
Profit		-	-	-	34
		-	-	-	10,034
Total borrowings			152,520		162,534
Bank					
Loans from Employees Provident Fund ("EPF")					
Unsecured:	26 (a)				
Principal		150,000	-	150,000	-
Interest		-	2,520	-	2,500
		150,000	2,520	150,000	2,500
Total borrowings			152,520		152,500

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

26. Borrowings (cont'd.)

The movements in borrowings are as follows:

	Group			
	Other financing - unsecured		Group and Bank Loans from EPF	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unsecured:				
Principal				
At 1 January	10,000	-	150,000	150,000
Issued during the year	-	10,000	-	-
Repayment during the year	(10,000)	-	-	-
At 31 December	-	10,000	150,000	150,000
Accrued profit/interest payable				
At 1 January	34	-	2,500	2,540
Charge for the year	-	34	7,299	7,299
Repayment during the year	(34)	-	(7,279)	(7,339)
At 31 December	-	34	2,520	2,500
Total borrowings	-	10,034	152,520	152,500

(a) Loan from EPF

	Group and Bank Principal	
	2023 RM'000	2022 RM'000
Loan	150,000	150,000
	150,000	150,000

The above loan which is guaranteed by the Government of Malaysia was drawn in different tranches and bear different interest rates ranging from 4.60% to 5.23% (2022: 4.60% to 5.23%) per annum. The loan is repayable in 3 instalments over a period of 2 years, commencing 2028.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

26. Borrowings (cont'd.)

(b) Other financing - unsecured

	Group Principal	
	2023 RM'000	2022 RM'000
Bank Islam Malaysia Berhad ("BIMB")	-	10,000
	-	10,000

The revolving credit-i facility from BIMB with profit rate of 4.19% per annum.

27. Infrastructure Support Fund ("ISF")

	Note	Group and Bank 2023 RM'000	2022 RM'000
ISF - Novated loans			
At 1 January	(i)	218,613	303,974
Amount receivable from Government in respect of compensation for foreign exchange differences utilised against ISF - Novated loans (Note 12)		-	(85,361)
At 31 December		218,613	218,613

(i) The amount relates to financial assistance given by the Government of Malaysia upon novation of loans and the related borrowing to finance the loans to the Bank. The Fund will be utilised to cover any future losses, costs and expenses incurred by the Bank upon the final settlement of the loans.

28. Deferred Income

	Group and Bank 2023 RM'000	2022 RM'000
At 1 January	179,423	190,262
Received from Government during the year	5,443	3,914
Utilised during the year	(14,753)	(14,753)
At 31 December	170,113	179,423

Deferred income relates to amount received from the government for profit rate differentials on a financing given for a government infrastructure project.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

29. Share Capital

Group and Bank	Number of ordinary shares 2023 '000	Number of ordinary shares 2022 '000	Amount 2023 RM'000	Amount 2022 RM'000
Issued and fully paid	3,451,585	3,451,585	4,018,781	4,018,781

30. Reserves

	Note	Group 31 December 2023 RM'000	Group 31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Non-distributable:				
Capital reserve	30 (i)	1,000	1,000	1,000
Statutory reserve	30 (ii)	2,243,317	2,147,359	2,121,603
Merger deficit	30 (iii)	(20,188)	(20,188)	(18,341)
Unrealised FVOCI reserve	30 (iv)	199,320	21,737	67,242
Exchange translation deficit	30 (v)	589	(6,669)	(6,853)
		2,424,038	2,143,239	2,164,651
Distributable:				
Retained profits	31	2,619,175	2,397,444	2,313,421
		5,043,213	4,540,683	4,478,072

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

30. Reserves (cont'd.)

	Note	Bank 31 December 2023 RM'000	Bank 31 December 2022 RM'000 Restated	Bank 1 January 2022 RM'000 Restated
Non-distributable:				
Statutory reserve	30 (ii)	2,243,317	2,147,359	2,121,603
Unrealised FVOCI reserve	30 (iv)	216,828	26,801	63,935
		2,460,145	2,174,160	2,185,538
Distributable:				
Retained profits	31	2,371,650	2,168,562	2,166,294
		4,831,795	4,342,722	4,351,832

(i) The capital reserve of the Group arose from the capitalisation of bonus issue in certain subsidiaries in previous financial years.

(ii) The statutory reserves are maintained in compliance with the requirements of Section 39 of Development Financial Institution Act 2002 ("the Act") and are not distributable as cash dividends. Under the Act, the Bank is required to transfer at least 25% of its profit after tax, as the statutory reserves is more than 50% but less than 100% of its paid up capital.

(iii) Merger deficit represents the difference between the consideration given and the carrying value of net asset value of a subsidiary acquired during the year under the merger accounting principle.

(iv) Unrealised FVOCI reserve represents the cumulative fair value changes and allowance for expected credit loss, net of tax, of FVOCI financial assets until they are disposed of.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

30. Reserves (cont'd.)

(iv) Unrealised FVOCI reserve represents the cumulative fair value changes and allowance for expected credit loss, net of tax, of FVOCI financial assets until they are disposed of (cont'd.).

Movements of the FVOCI reserve are as follows:

	Group		Bank	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
At 1 January, as previously stated	20,597	66,102	26,801	63,935
Effect of harmonisation of MFRS 9	1,140	1,140	-	-
At 1 January, as restated	21,737	67,242	26,801	63,935
Unrealised gain/(loss) on fair value changes	188,866	(113,276)	182,166	(103,586)
Net gain transferred to profit or loss upon disposal	-	(1,306)	-	-
Changes in allowance for expected credit losses	38,614	41,808	38,852	41,826
Transfer to retained profits on the disposal of equity instruments at FVOCI	(214)	-	(214)	-
Effect of Business Transfer Scheme (Note 54)	-	-	17,391	-
Transfer to deferred tax	(49,683)	27,269	(48,168)	24,626
At 31 December	199,320	21,737	216,828	26,801

(v) The exchange translation deficit represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

31. Retained Profits

The retained profits of the Bank can be distributed as dividends under the single-tier system.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

32. Interest Income

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Loans and advances	91,249	168,119	87,606	162,479
Gain on loans modification	750	1,444	767	1,444
Money at call and deposit placements with financial institutions #	20,448	48,307	7,794	5,165
Financial investments at FVOCI #	59,723	69,119	54,023	34,270
	172,170	286,989	150,190	203,358
Accretion of discount less amortisation of premium	(9,041)	(9,948)	(9,180)	(10,577)
	163,129	277,041	141,010	192,781
Of which:				
Interest income earned on impaired loans and advances	4,311	(3,956)	4,310	(3,955)

These include Islamic deposit placements and financial investments at FVOCI purchased using conventional funds.

33. Interest Expense

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits and placements from financial institutions	6,283	5,900	6,282	5,900
Borrowings	7,299	7,299	7,299	7,299
Redeemable notes	24,297	57,049	24,297	38,770
Lease	2	19	-	-
	37,881	70,267	37,878	51,969

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

34. Non-Interest Income

		Group		Bank	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(a)	Investment income:				
	Net gain arising on financial investment at FVOCI:				
	- net gain on disposal	-	1,306	-	-
	Gross dividend income from subsidiaries	-	-	24,600	6,200
		-	1,306	24,600	6,200
(b)	Other income:				
	Fee income	24,408	51,363	15,291	430
	Rental income:				
	- Others	-	(116)	-	(116)
	Gain on disposal of property, plant and equipment	64	-	-	-
	Capital distribution	641	3,195	588	-
	Reversal of provision for liquidation	-	530	-	-
	Others	2,516	263	-	-
		27,629	55,235	15,879	314
	Total non-interest income	27,629	56,541	40,479	6,514

35. Net Claim Recovered

	Group	
	2023 RM'000	2022 RM'000
Gross/net claim recovered during the year	-	11,053
Gross/net claim recovered	-	11,053

In prior year, the Group recognised claim recoverable/recovery amounting to RM11,052,616 representing recovery from the sale of the collaterals pledge by obligor againts the claim relating to financial guarantee contract issued by the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

36. Overhead Expenses

	Note	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
Personnel costs	(i)	139,310	108,071	130,174	78,659
Establishment related expenses	(ii)	24,562	21,342	22,621	16,931
Promotion and marketing expenses	(iii)	4,830	2,225	4,817	2,217
General administrative expenses	(iv)	41,642	21,919	39,561	16,724
		210,344	153,557	197,173	114,531
Overhead expenses charged to subsidiaries via Service Level Agreements ("SLA")		-	-	(1,038)	(1,491)
		210,344	153,557	196,135	113,040

	Group 2023 RM'000	Group 2022 RM'000	Bank 2023 RM'000	Bank 2022 RM'000
(i) Personnel costs				
Salaries, allowances and bonuses	107,075	82,738	99,091	60,832
Non-executive directors' fees and remuneration	1,264	1,702	1,032	1,227
Shariah Committees' fees and remuneration	406	387	406	387
Social security cost	625	521	567	396
Pension costs - Defined contribution plan	12,364	11,771	11,382	8,076
Other staff related expenses	17,576	10,952	17,696	7,741
	139,310	108,071	130,174	78,659

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

36. Overhead Expenses (cont'd.)

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(ii) Establishment related expenses				
Depreciation:				
Property, plant and equipment	6,357	5,454	6,189	5,108
Investment properties	7	8	7	8
Right-of-use assets	120	885	76	95
Amortisation of intangible assets	4,401	2,943	4,349	2,550
Repairs and maintenance of property, plant and equipment	2,442	4,177	1,825	2,362
Information technology expenses	11,235	7,875	10,175	6,808
	24,562	21,342	22,621	16,931
(iii) Promotion and marketing expenses				
Advertisement and publicity	4,830	2,225	4,817	2,217
(iv) General administrative expenses				
General administrative expenses	40,240	20,410	38,650	15,923
Auditors' remuneration:				
- Statutory audit				
- Current year	1,324	1,415	880	775
- Non-audit services				
- regulatory related services	73	73	26	26
Property, plant and equipment written off	5	21	5	-
	41,642	21,919	39,561	16,724

37. Group Chief Executive Officer, Directors' and Shariah Committees' Fees and Remuneration

The total remuneration (including benefits-in-kind) of the Group Chief Executive Officer, Directors' and Shariah Committees Members of the Bank are as follows:

	Remuneration received and receivable from the Bank							Remuneration received and receivable from Subsidiary Companies			
2023	Salary RM'000	Fees RM'000	Bonus RM'000	Pension cost RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Bank total RM'000	Fees RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Group total RM'000
Group Chief Executive Officer											
Roni Lihawa bin Abdul Wahab	1,140	-	-	226	269	-	1,635	-	-	-	1,635
	1,140	-	-	226	269	-	1,635	-	-	-	1,635
Non-Executive Directors:											
Tan Sri Mohamed Nazir bin Abdul Razak	-	70	-	-	24	-	94	-	-	-	94
Ariff bin Rozhan	-	17	-	-	54	-	71	-	4	-	75
Norazilla binti Md Tahir	-	48	-	-	129	-	177	-	34	-	211
Meow Yoke Nean	-	20	-	-	62	-	82	-	-	-	82
Datuk Rashidah binti Mohd Sies	-	48	-	-	54	-	102	-	-	-	102
Ts. Othman bin Abdullah	-	48	-	-	99	-	147	-	2	-	149
Tan Sri Datuk Seri Rashpal Singh Randhay	-	48	-	-	121	-	169	72	22	-	263
Rosnah binti Kamarul Zaman	-	48	-	-	142	-	190	72	26	-	288
	-	347	-	-	685	-	1,032	144	88	-	1,264

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

37. Group Chief Executive Officer, Directors' and Shariah Committees' Fees and Remuneration (cont'd.)

The total remuneration (including benefits-in-kind) of the Group Chief Executive Officer, Directors' and Shariah Committees Members of the Bank are as follows (cont'd.):

	Remuneration received and receivable from the Bank							Remuneration received and receivable from Subsidiary Companies			
2023	**Salary RM'000**	**Fees RM'000**	**Bonus RM'000**	**Pension cost RM'000**	**Other emoluments RM'000**	**Benefits-in-kind RM'000**	**Bank total RM'000**	**Fees RM'000**	**Other emoluments RM'000**	**Benefits-in-kind RM'000**	**Group total RM'000**
Shariah Committees:											
Prof. Dr. Aznan bin Hasan	-	60	-	-	48	-	108	-	-	-	108
Mohd Fadhly bin Md Yusoff	-	36	-	-	24	-	60	-	-	-	60
Prof. Dr. Zurina binti Shafii	-	36	-	-	24	-	60	-	-	-	60
Prof. Dr. Salina binti Kassim	-	36	-	-	22	-	58	-	-	-	58
Assoc. Prof. Dr. Yasmin Hanani binti Mohd Safian	-	36	-	-	24	-	60	-	-	-	60
Ustaz Lokmanulhakim bin Hussain	-	36	-	-	24	-	60	-	-	-	60
	-	240	-	-	166	-	406	-	-	-	406
Total	1,140	587	-	226	1,120	-	3,073	144	88	-	3,305

37. President/Group Chief Executive Officer, Directors' and Shariah Committees' Fees and Remuneration (cont'd.)

The total remuneration (including benefits-in-kind) of the President/Group Chief Executive Officer, Directors and Shariah Committee Members of the Bank are as follows (cont'd.):

	Remuneration received and receivable from the Bank							Remuneration received and receivable from Subsidiary Companies			
2022	**Salary RM'000**	**Fees RM'000**	**Bonus RM'000**	**Pension cost RM'000**	**Other emoluments RM'000**	**Benefits-in-kind RM'000**	**Bank total RM'000**	**Fees RM'000**	**Other emoluments RM'000**	**Benefits-in-kind RM'000**	**Group total RM'000**
President/Group Chief Executive Officer											
Arshad bin Mohamed Ismail	245	-	-	77	265	-	587	-	-	-	587
Roni Lihawa bin Abdul Wahab	833	-	-	133	-	7	973	-	-	-	973
	1,078	-	-	210	265	7	1,560	-	-	-	1,560
Non-Executive Directors:											
Tan Sri Mohamed Nazir bin Abdul Razak	-	244	-	-	60	-	304	-	-	-	304
Ariff bin Rozhan	-	48	-	-	117	-	165	-	20	-	185
Norazilla binti Md Tahir	-	48	-	-	134	-	182	-	40	-	222
Meow Yoke Nean	-	48	-	-	126	-	174	-	-	-	174
Datuk Rashidah binti Mohd Sies	-	48	-	-	34	-	82	-	-	-	82
Ts. Othman bin Abdullah	-	48	-	-	84	-	132	-	-	-	132
Tan Sri Datuk Seri Rashpal Singh Randhay	-	32	-	-	71	-	103	72	101	-	276
Rosnah binti Kamarul Zaman	-	30	-	-	55	-	85	72	170	-	327
	-	546	-	-	681	-	1,227	144	331	-	1,702

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

37. President/Group Chief Executive Officer, Directors' and Shariah Committees' Fees and Remuneration (cont'd.)

The total remuneration (including benefits-in-kind) of the President/Group Chief Executive Officer, Directors and Shariah Committee Members of the Bank are as follows (cont'd.):

	Remuneration received and receivable from the Bank							Remuneration received and receivable from Subsidiary Companies			
2022	**Salary RM'000**	**Fees RM'000**	**Bonus RM'000**	**Pension cost RM'000**	**Other emoluments RM'000**	**Benefits-in-kind RM'000**	**Bank total RM'000**	**Fees RM'000**	**Other emoluments RM'000**	**Benefits-in-kind RM'000**	**Group total RM'000**
Shariah Committees:											
Prof. Dr. Aznan bin Hasan	-	60	-	-	48	-	108	-	-	-	108
Dr. Ahmad Basri bin Ibrahim	-	36	-	-	24	-	60	-	-	-	60
Mohd Fadhly bin Md Yusoff	-	36	-	-	24	-	60	-	-	-	60
Prof. Dr. Zurina binti Shafii	-	36	-	-	24	-	60	-	-	-	60
Dr. Syahnaz binti Sulaiman	-	9	-	-	6	-	15	-	-	-	15
Prof. Dr. Salina binti Kassim	-	16	-	-	12	-	28	-	-	-	28
Assoc. Prof. Dr. Yasmin Hanani binti Mohd Safian	-	16	-	-	12	-	28	-	-	-	28
Ustaz Lokmanulhakim bin Hussain	-	16	-	-	12	-	28	-	-	-	28
	-	225	-	-	162	-	387	-	-	-	387
Total	1,078	771	-	210	1,108	7	3,174	144	331	-	3,649

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

38. Compensation to Key Management Personnel

Key management personnel are defined as President/Group Chief Executive Officer and directors of the Bank, executive and non-executive having authority and responsibility for planning, directing and controlling the activities of the Group and the Bank directly or indirectly. The remuneration and compensation of the President/Group Chief Executive Officer and directors of the Group and the Bank during the financial year are as follows:

	Note	Group		Bank	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short term employee benefits' (excluding benefits-in-kind)	37	3,305	3,642	3,073	3,167
Included in the above are:					
President/Group Chief Executive Officer and Executive Director's remuneration (excluding benefits-in-kind)	37	1,635	1,553	1,635	1,553

39. Allowance for Impairment Losses on Loans, Financing and Advances

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Stage 1 - 12-month ECL, net	583,118	(280,033)	582,987	(278,571)
Stage 2 - Lifetime ECL not credit impaired, net	105,385	686,553	103,929	687,169
Stage 3 - Lifetime ECL credit impaired, net	(12,428)	10,173	(5,382)	7,136
Staff loans/financing:				
Stage 1 - 12-month ECL, net	-	(6)	-	(6)
Impaired loans/financing:				
Written-off	27,721	11,468	27,679	11,280
Recovered	(34,108)	(46,109)	(33,225)	(42,989)
	669,688	382,046	675,988	384,019

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

40. Allowances for Impairment Losses on Other Assets

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Financial investments at FVOCI	36,665	41,808	36,903	41,826
Financial investments at AC	1,949	-	1,949	-
Financial guarantee	(85,941)	31,917	(82,400)	(11,621)
Financial guarantee recoverable	61,591	-	61,591	-
Investments in subsidiaries	-	-	16,833	56,376
Impairment on intangible assets	937	-	937	-
Loss on corporate guarantees	57	362	-	-
Write back for factoring	-	(40)	-	-
(Write back)/allowance for ex-staff loan/financing:				
Stage 1 - 12-month ECL, net	-	(1)	-	(1)
Stage 3 - Lifetime ECL credit impaired, net	(439)	97	(439)	97
	14,819	74,143	35,374	86,677

41. Taxation

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Income tax expense:				
Current income tax	240,466	249,525	228,935	209,949
Under/(over) provision in prior years	108	5,784	(1,188)	7,206
	240,574	255,309	227,747	217,155
Deferred tax expense:				
Reversal of temporary differences	(94,656)	(100,278)	(96,100)	(90,364)
Under provision in prior years	809	2,166	808	444
	(93,847)	(98,112)	(95,292)	(89,920)
	146,727	157,197	132,455	127,235

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

41. Taxation (cont'd.)

In accordance with the Finance Act 2021 which was gazetted on 31 December 2021, companies with chargeable income exceeding RM100 million in Year of Assessment 2022 will be subject to a one off Cukai Makmur of 33%.

A reconciliation of income tax expense applicable to profit before taxation and zakat at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Bank are as follows:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before taxation and zakat	557,907	358,728	526,307	243,445
Tax using Malaysian tax rate of 24% (2022: 24%)	133,898	86,095	126,314	58,427
Income not subject to tax	(7,918)	(12,926)	(7,361)	(11,636)
Non-deductible expenses	19,830	24,549	13,882	22,083
Impact on Cukai Makmur	-	52,317	-	50,711
Utilisation of previously unrecognised tax losses	-	(788)	-	-
Under provision of deferred tax in prior years	809	2,166	808	444
Under/(over) provision of income tax in prior years	108	5,784	(1,188)	7,206
Taxation	146,727	157,197	132,455	127,235

42. Dividends

Dividends recognised in the current year by the Bank are:

	2023		2022	
	Sen per share	Total amount RM'000	Sen per share	Total amount RM'000
Final 2022 ordinary, net of tax	2.46	85,000	-	-
Final 2021 ordinary, net of tax	-	-	2.17	75,000
	2.46	85,000	2.17	75,000

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

42. Dividends (cont'd.)

At the forthcoming Annual General Meeting, a final single tier tax exempt dividend in respect of the financial year ended 31 December 2023, on 3,451,584,988 ordinary shares, amounting to a dividend payable of RM123,000,000 (3.56 sen net per ordinary share) will be proposed for the shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2024.

43. Earnings Per Share ("EPS")

The basic/diluted EPS of the Group are calculated by dividing the net profit for the financial year attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2023	**2022**
Profit attributable to equity holders of the Bank (RM'000)		
- operations	402,475	184,779
Weighted average number of ordinary shares in issue ('000)	3,451,585	3,451,585
Basic/diluted EPS (sen):	11.66	5.35

44. Commitments and Contingencies

(a) Loan and financing related commitments and contingencies of the Group and the Bank which are not included in these financial statements are as follows:

	Group		Bank	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Disbursement of loans/ financing to industries	3,863,480	3,475,598	3,580,950	3,100,433
Secured guarantees on behalf of borrowers/ customers given to third parties	4,198,259	4,720,509	4,198,259	1,950,355
	8,061,739	8,196,107	7,779,209	5,050,788

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

44. Commitments and Contingencies (cont'd.)

(b) Capital commitments of the Group and the Bank which are not included in these financial statements are as follows:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Capital expenditure:				
Approved but not contracted for	19,253	12,805	18,546	12,566
Contribution to Non-Profit Organization	800	800	800	800

45. Capital Adequacy

Capital management

Capital policy

The overall objective of capital management is to maintain adequate and strong capital position in ensuring sustainability and to undertake business activities in supporting its mandated roles.

Regulatory capital

In order to support its mandated roles, the Bank must have strong and adequate capital to support its business activities on an on-going basis. In line with this objective, Bank Negara Malaysia ("BNM") has imposed several regulatory capital requirements whereby, the Bank must have an absolute minimum capital of RM300,000,000 and a minimum Risk Weighted Capital Ratio ("RWCR") of 8% at all times as per BNM's Capital Framework for Development Financial Institutions. The minimum capital funds refer to paid-up capital and reserves as defined in Section 3 of Development Financial Institution Act 2002.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

45. Capital Adequacy (cont'd.)

Capital management (cont'd.)

Regulatory capital (cont'd.)

The following table sets forth capital resources and capital adequacy for the Bank as at reporting date.

	Bank	
	2023 RM'000	2022 RM'000 Restated
Tier 1 capital		
Paid-up share capital	4,018,781	4,018,781
Other reserves	4,831,795	4,342,722
Less: Deferred tax asset	(534,046)	(441,583)
Total Tier 1 capital	8,316,530	7,919,920
Tier 2 capital		
Government support funds	388,726	398,036
Stage 1 and Stage 2 ECL	3,183,781	2,369,806
Total Tier 2 capital	3,572,507	2,767,842
Total capital	11,889,037	10,687,762
Less: Investment in subsidiaries	(2,095,850)	(2,112,810)
Total capital base	9,793,187	8,574,952

Breakdown of risk-weighted assets in the various categories of risk-weights:

	Bank	
	2023 RM'000	2022 RM'000 Restated
20%	275,077	517,332
50%	1,092,016	965,748
100%	26,438,317	20,256,020
	27,805,410	21,739,100

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

45. Capital Adequacy (cont'd.)

Capital management (cont'd.)

Regulatory capital (cont'd.)

Without deducting proposed dividend:

	Bank	
	2023	**2022**
	%	**%**
		Restated
Core capital ratio	29.910	36.432
RWCR	35.220	39.445

After deducting proposed dividend:

	Bank	
	2023	**2022**
	%	**%**
		Restated
Core capital ratio	29.467	36.041
RWCR	34.778	39.054

Capital monitoring

The Bank's capital is closely monitored and actively managed. Besides the regulatory capital requirement of 8%, the Bank sets an internal capital requirement limit that would act as a buffer to the regulatory capital and as an indicator that affords the Bank a "well capitalised" status. Internal capital limit and regulatory capital requirement shall be closely monitored, regularly reviewed and reported to management and Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

45. Capital Adequacy (cont'd.)

BNM Policy Document on Transitional Arrangement for Regulatory Capital Treatments of Accounting Provisions for DFI

On 11 December 2020, the Bank elected to apply the BNM Policy Document on Transitional Arrangement for Regulatory Capital Treatments of Accounting Provisions for DFI issued on 9 December 2020. The Policy Document was applied by the Bank in its financial statements for the financial year ended 31 December 2020 and will be applied for the next three financial years up to 31 December 2023.

Financial impact analysis based on the Policy Document is tabulated below:

	Bank Exposures Amount RM'000
Add-back	1,024,352
Total Stage 1 and Stage 2 ECL as at reporting date	3,183,781
Total Stage 1 and Stage 2 ECL as at beginning of the year on the year of election	1,135,077
Add-back factor as at reporting date during the year	50%

	Bank	
	Before Transitional Arrangement RM'000	After Transitional Arrangement RM'000
Total Tier 1 Capital	**8,316,530**	**9,340,882**
of which: Total Add-back	-	1,024,352
Total Additional Tier 1 Capital	**-**	**1,024,352**
Total Tier 2 Capital	**3,572,507**	**2,548,155**
of which: Loss provisions	3,183,781	1,135,077
Total RWA	**27,805,410**	**27,805,410**

	Bank	
	Before Transitional Arrangement Ratio (%)	After Transitional Arrangement Ratio (%)
Tier 1 Capital	**29.910**	**33.594**
Total Capital	**35.220**	**35.220**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

46. Significant Related Party Transactions and Balances

For the purpose of these financial statements, parties are considered to be related to the Group if the Group or the Bank 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 or the Bank and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Government of Malaysia ("GOM") is a shareholder with significant influence on the Bank, with direct shareholding of 99.99% (2022: 99.99%). GOM and entities directly controlled by GOM are collectively referred to as government-related entities to the Group and the Bank.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Bank either directly or indirectly. The key management personnel includes all the directors of the Bank as disclosed in Note 38.

The Group has related party relationships with its substantial shareholders, subsidiaries, associates and key management personnel.

Related party transactions have been entered into in the normal course of business under normal trade terms. The Group established credit policies, pricing strategy and approval process for loans/financing, which are independent of whether the counter parties are government-related entities or not. The significant related party transactions and balances of the Group and the Bank are as follows:

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

46. Significant Related Party Transactions and Balances (cont'd.)

46.1 Significant balances and transactions with a significant shareholder

(a) Significant balances with a significant shareholder

	Group and Bank	
	2023 RM'000	2022 RM'000
Other assets		
Amount receivable from Government in respect of compensation for:		
Infrastructure projects	247,748	244,395

(b) Significant transactions with a significant shareholder

	Group and Bank	
	2023 RM'000	2022 RM'000
Islamic		
Fee income from Unit Kerjasama Awam Swasta ("UKAS")	128	186

46.2 Significant balances and transactions with a significant shareholder's linked companies and bodies

(a) Significant balances with a significant shareholder's linked companies and bodies

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Assets				
Short term deposits	1,097,716	2,109,985	905,346	1,953,009
Deposits and placements with financial institution	105,844	1,578,985	-	131,652
Financial investments at FVOCI	9,841,247	7,376,902	9,841,247	6,593,841

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

46. Significant Related Party Transactions and Balances (cont'd.)

46.2 Significant balances and transactions with a significant shareholder's linked companies and bodies (cont'd.)

(a) Significant balances with a significant shareholder's linked companies and bodies (cont'd.)

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Liabilities				
Deposits from customers	9,036,386	7,133,101	9,036,386	7,133,101
Deposits and placements from financial institutions	737,230	1,551,760	737,230	1,551,760
Redeemable notes	8,932,140	8,235,159	8,932,140	8,235,159
Borrowings	152,520	162,534	152,520	152,500
ISF	218,613	218,613	218,613	218,613
Deferred income	170,113	179,423	170,113	179,423

(b) Significant transactions with a significant shareholder's linked companies and bodies

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Conventional				
Income				
Money at call and deposit placements with financial institutions	20,110	48,018	7,456	4,876
Financial investments at FVOCI	59,723	69,119	54,023	34,270
Amortisation of premium less accretion of discount	(9,041)	(9,948)	(9,180)	(10,577)
Dividend from subsidiaries	-	-	24,600	6,200
Rental income	-	(116)	-	(116)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

46. Significant Related Party Transactions and Balances (cont'd.)

46.2 Significant balances and transactions with a significant shareholder's linked companies and bodies (cont'd.)

(b) Significant transactions with a significant shareholder's linked companies and bodies (cont'd.)

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Conventional				
Expenses				
Interest expense on:				
Deposits from customers and financial institutions	(6,282)	(5,882)	(6,282)	(5,882)
Borrowings	(7,299)	(7,299)	(7,299)	(7,299)
Redeemable notes	(24,297)	(57,049)	(24,297)	(38,770)
Islamic				
Income				
Finance income from deposits and placements with financial institutions	54,727	21,552	51,982	19,496
Financial investments at FVOCI	295,229	189,475	295,229	189,475
Accretion of discount less amortisation of premium	(18,453)	(17,704)	(18,453)	(17,704)
Rental income	1,656	1,452	2,034	1,830
Expenses				
Income attributable to the depositors:				
Deposits from customers and financial institutions	(333,479)	(204,482)	(333,479)	(204,482)
Sukuk	(323,350)	(325,084)	(323,350)	(325,084)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

46. Significant Related Party Transactions and Balances (cont'd.)

46.3 Significant balances and transactions with subsidiaries, associates and JVs

(a) Significant balances with subsidiaries, associates and JVs

	Bank	
	2023 RM'000	2022 RM'000
Conventional		
Loans to subsidiaries	72	65
Payment on behalf of subsidiary	23,681	329
Amount due to subsidiary	1,827,694	-

(b) Significant transactions with subsidiaries, associates and JVs

	Bank	
	2023 RM'000	2022 RM'000
Conventional		
Income		
Rental income from subsidiaries	378	378
Fee Income from subsidiaries	1,038	1,558
Expenses		
Management fee expense from subsidiaries	(12)	(12)

	Group	
	2023 RM'000	2022 RM'000
Key management personnel's remunerations		
Salaries and benefits	1,765	2,099
Employer's EPF contributions	276	910
Director remuneration	1,369	2,457

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

46. Significant Related Party Transactions and Balances (cont'd.)

46.4 Significant balances and transactions with Group's related parties

(a) Significant balances with the Group's related parties

	Group 2023 RM'000	2022 RM'000
Other assets		
Trade receivables due from related parties	5,199	9,812
Other liabilities		
Trade payables due to related parties	(5)	-

The credit exposures above are based on paragraph 9.1 of BNM revised Guidelines on Credit Transactions and Exposures with related parties as follows:

(i) Directors of the Bank and their close relatives;

(ii) Controlling shareholder of the Bank and his close relatives;

(iii) Executive officer, being a member of management having authority and responsibility for planning, directing and/or controlling activities of the Bank and his close relatives;

(iv) Officers who are responsible for or have authority to appraise and/or approve credit transactions or review the status of existing credit transactions, either as a member of a committee or individually and their close relatives;

(v) Firms, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) to (iv) above, or in which they have an interest, as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;

(vi) Any person for whom the persons listed in (i) to (iv) above is a guarantor; and

(vii) Subsidiary of an entity controlled by the Bank and its connected parties.

Credit transactions and exposures to connected parties as disclosed above include the extension of credit facilities and/or off-balance sheet credit exposures such as guarantees, trade-related facilities and loan/financing commitments.

47. Loans/Financing Facilities with Connected Parties

	Group and Bank			
	2023		2022	
	Total Exposure RM'000	Impaired RM'000	Total Exposure RM'000	Impaired RM'000
Credit facility and leasing (except guarantee)	2,778,865	276,883	2,324,829	274,341
Equities and private debt securities ("PDS") held	625,605	-	555,859	-
Total	**3,404,470**	**276,883**	**2,880,688**	**274,341**
Total exposure to connected parties as % of total capital	**31%**	**2%**	**33%**	**3%**
Total exposure to connected parties as % of total outstanding financial exposure	**9%**	**1%**	**8%**	**1%**

The above disclosure on loans/financing facilities with connected parties is presented in accordance with para 14.1 as per BNM's policy on loans/financing facilities with connected parties, which became effective on 13 July 2016.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

48. Companies in the Group

(a) The subsidiaries, all incorporated in Malaysia, are as follows:

Subsidiary	Effective interest held by the Bank 2023 %	2022 %	Principal activities
BPMB Urus Harta Sdn Bhd @	100.00	100.00	Dormant
Emerald Upline Sdn Bhd	100.00	100.00	Dormant
Global Maritime Ventures Berhad	90.00	90.00	Venture capital investment
Maju Nominees (Tempatan) Sdn Bhd	100.00	100.00	Nominee for the holding company
Pembangunan Leasing Corporation Sdn Bhd	100.00	100.00	Leasing and investment holding
SME Growth Acceleration Fund Sdn Bhd	100.00	100.00	Dormant
Danajamin Nasional Berhad [1]	100.00	100.00	Dormant
Ecologitec Sdn Bhd	100.00	-	Investment holding

Note:

1. The Company was principally engaged in the business of providing financial guarantee insurance and upon Business Transfer Scheme on 1 March 2023, has surrendered its insurance license to BNM. Subsequent to that the Company is a dormant entity.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

48. Companies in the Group (cont'd.)

(b) Details of subsidiary companies of Global Maritime Ventures Berhad, all of which are incorporated in Malaysia, are as follows (cont'd.):

Subsidiary	Effective interest held by the Bank 2023 %	2022 %	Principal activities
Nilam Navigation Sdn Bhd ^*	63.00	63.00	Dormant
Sari Navigation Sdn Bhd ^*	63.00	63.00	Dormant
Glory Incentive Sdn Bhd	90.00	90.00	Investment holding
GMV-Alam Sdn Bhd	90.00	90.00	Investment holding
GMV-Bahtera Sdn Bhd	90.00	90.00	Investment holding
GMV-Borcos Sdn Bhd #	90.00	90.00	Investment holding
GMV-Gagasan Sdn Bhd ^	-	90.00	Investment holding
GMV-Global Sdn Bhd ^	-	90.00	Investment holding
GMV-Efogen Sdn Bhd ^	-	90.00	Investment holding
GMV-Regional Sdn Bhd	90.00	90.00	Dormant
GMV-Offshore Sdn Bhd	90.00	90.00	Investment holding

(c) Details of subsidiary companies of Glory Incentive Sdn Bhd ("GISB"), all of which are incorporated in Malaysia, are as follows:

Subsidiary	Effective interest held by the Bank 2023 %	2022 %	Principal activities
Ayu Navigation Sdn Bhd	63.00	63.00	Dormant

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

48. Companies in the Group (cont'd.)

(d) Details of subsidiary companies of Pembangunan Leasing Corporation Sdn Bhd ("PLC"), all of which are incorporated in Malaysia, are as follows:

Subsidiary	Effective interest held by the Bank 2023 %	2022 %	Principal activities
PLC Credit & Factoring Sdn Bhd	100.00	100.00	Hire purchase financing, confirming factoring, insurance agency and letting out properties
BI Credit & Leasing Berhad	100.00	100.00	Credit and leasing

@ Placed under members' voluntary liquidation.
Placed under creditors voluntary liquidation.
^ Represent companies dissolved during the year.
* Represents companies under Wawasan Group.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

49. Financial Instruments Risk

Financial risk management objectives and policies

The Group's and the Bank's financial risk management policies seek to enhance shareholders' value. The Group and the Bank focus on the enterprise wide risk exposure, which include credit, market, liquidity and operational risk and seek to minimise potential adverse effects on the financial performance of the Group and the Bank. As part of the Group's and the Bank's strategy to integrate the management and control of risks across the various risk segments, a dedicated function known as the Group Risk Management had been established.

Financial risk management is carried out through risk assessment and reviews, internal control systems and adherence to Group financial risk management policies, which are reported to and approved by the Board of Directors ("BOD"). The BOD also approves the treasury policies, which cover the management of these risks.

The main areas of financial risks faced by the Group are set out as follows:

(a) Credit risk

Credit risk is the potential loss of revenue, either principal or profit or both, arising from customers or counterparties' failure or unwillingness to honour their contractual financial obligations in accordance with the agreed terms. It arises primarily from financing activities through financing as well as commitments to support customers' obligations to third parties i.e. guarantee. Trading and investing the surplus funds of the Group and the Bank, such as trading or holding of debt securities and deposit placements also expose the Group and the Bank to credit risk.

Credit risk management activities conducted by the Bank are within Credit Risk Management policy approved by the Board of Directors, which entails the entire credit value chain starting from credit risk assessment, credit approval, credit risk measurement, credit risk monitoring, credit concentration, problem credits, credit risk reporting and independent review.

Credit risk is principally managed through the establishment of financing directions, internal controls, risk appetite, policies and guidelines to enhance financing asset quality. Credit processes are structured to ensure adherence to credit policies and to establish impartiality in financing origination, approval, documentation, disbursement and settlement. The Bank has been proactively managing its credit risk exposures within acceptable parameters to enable the Bank to pursue its business directions sustainably.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

49. Financial Instruments Risk (cont'd.)

Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

All credit proposals are rated using an internal two dimensional credit rating system, which include the estimate of PD, LGD and EAD for all credit exposures to measure each customer's risk of default and facility risk. The Bank's internal credit rating scorecards have been periodically updated, with the latest review concluded in 2020, so as to ensure that the credit rating model remained robust and relevant with the changing business environment. The Bank embraces prudent credit decision making and only viable financing proposals with well-mitigated risk are considered for financing.

Credit reviews on existing customers are performed at least once a year and more frequent on watch-list accounts to proactively manage any delinquencies, maximise recoveries and to ensure timely recognition of asset impairment and/or provisions. The staging of accounts are assessed according to the established triggers for MFRS 9 accounting standard in identifying significant increase in customer's credit risk.

In addition, the Bank has in place the Early Warning Signal ("EWS") guidelines which serve as an overarching document/process for assessing and monitoring credit risk to safeguard the Bank's assets.

Prudential limits are established according to various categories such as customer and industry sector to minimise concentration risk. Single Customer Limit ("SCL") captures Group exposure to manage the Bank's and subsidiaries' concentration risk to common group of customers at group level.

Sector limit for commercial financing is being observed to monitor undesirable concentration which could expose the Bank to higher risk of financing. Meanwhile, counterparty limits are in place to control over exposure to a single financial institution.

Collateral is taken whenever possible to reduce exposure at default. The value of collateral is monitored periodically through updated valuation. Policies and processes are in place to monitor collateral value.

The overall credit risk management is subject to an ongoing process for reviewing and enhancement from time to time so as to be in line with regulatory requirements. Audit is periodically performed by the Group Internal Audit to ensure that credit policies and procedures are complied with.

Credit oversight is provided by the Board Credit Committee ("BCC") while credit risk oversight is provided by the Board Risk Management Committee ("BRMC"). For application of financing for connected parties, such application is subject to the approval from the BOD.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

49. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(i) Credit exposure

	Note	Group 2023 RM'000	Group 2022 RM'000 Restated	Bank 2023 RM'000	Bank 2022 RM'000 Restated
On balance sheet:					
Cash and short term deposits	4	1,108,807	2,329,329	907,318	2,144,414
Deposits and placements with financial institutions	5	105,844	1,578,985	-	131,652
Financial investments at FVTPL	6	7,495	33,886	7,495	33,886
Financial investments at FVOCI	7	9,842,666	7,368,598	9,842,666	6,585,537
Financial investment at AC	8	61,346	-	61,346	-
Loans, financing and advances	9	16,676,511	14,741,004	16,448,771	14,593,790
Guarantee receivables	10	359,468	400,079	359,468	226,092
Guarantee recoverable	11	137,683	-	137,683	-
Other assets	12	277,979	280,153	279,112	256,289
		28,577,799	26,732,034	28,043,859	23,971,660
Other assets not subject to credit risk		678,589	597,784	2,772,889	2,659,710
		29,256,388	27,329,818	30,816,748	26,631,370
Off balance sheet:					
Commitments and Contingencies	44(a)	8,061,739	8,196,107	7,779,209	5,050,788
		37,318,127	35,525,925	38,595,957	31,682,158

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

49. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(ii) The following table sets out the credit risk concentration by economic sectors:

Group 2023	Short-term deposits, and placements with financial institutions RM'000	Financial investments at amortised cost RM'000	Financial investments at FVTPL RM'000	Financial investments at FVOCI RM'000	Loans, financing and advances RM'000	Guarantee receivables RM'000	Guarantee Recoverable RM'000
Agriculture, hunting and forestry	-	-	-	49,862	-	-	-
Construction	-	-	-	25,329	2,381,850	822	-
Electrical, gas and water supply	-	-	-	144,428	881,771	20,049	-
Finance, insurance/takaful and business	1,214,651	61,346	-	7,374,423	12,809	12,490	-
Hotel and restaurants	-	-	-	-	1,002,401	-	-
Housing	-	-	-	-	2,180	-	-
Infrastructure	-	-	-	955,220	7,563,486	299,642	-
Manufacturing	-	-	-	71,051	511,020	331	-
Other community, social and personal service activities	-	-	-	217,565	297,819	-	137,683
Real estate, renting and business activities	-	-	-	973,151	1,728,852	26,134	-
Shipping	-	-	7,495	-	-	-	-
Transport, storage and communications	-	-	-	31,637	2,294,323	-	-
Others	-	-	-	-	-	-	-
	1,214,651	61,346	7,495	9,842,666	16,676,511	359,468	137,683
Other assets not subject to credit risk	-	-	-	-	-	-	-
	1,214,651	61,346	7,495	9,842,666	16,676,511	359,468	137,683

49. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(ii) The following table sets out the credit risk concentration by economic sectors (cont'd.):

Group 2023	Other assets RM'000	Total RM'000	Commitments and contingencies RM'000
Agriculture, hunting and forestry	-	49,862	-
Construction	-	2,408,001	2,178,883
Electrical, gas and water supply	-	1,046,248	626,792
Finance, insurance/takaful and business	-	8,675,719	369,582
Hotel and restaurants	-	1,002,401	442,330
Housing	-	2,180	-
Infrastructure		8,818,348	2,463,448
Manufacturing	-	582,402	78,226
Other community, social and personal service activities	-	653,067	276,099
Real estate, renting and business activities	-	2,728,137	838,939
Shipping	-	7,495	-
Transport, storage and communications	-	2,325,960	787,440
Others	277,979	277,979	-
	277,979	28,577,799	8,061,739
	678,589	678,589	-
	956,568	29,256,388	8,061,739

Other assets not subject to credit risk

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

49. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(ii) The following table sets out the credit risk concentration by economic sectors (cont'd.):

Group 2022	Short-term deposits, and placements with financial institutions RM'000	Financial investments at FVTPL RM'000	Financial investments at FVOCI RM'000	Loans, financing and advances RM'000	Guarantee receivables RM'000	Other assets RM'000	Total RM'000	Commitments and contingencies RM'000
Agriculture, hunting and forestry	-	-	48,992	-	-	-	48,992	-
Construction	-	-	19,272	2,691,842	1,699	-	2,712,813	3,211,655
Education	-	-	-	-	-	-	-	255,000
Electrical, gas and water supply	-	-	774,864	630,338	14,764	-	1,419,966	931,377
Finance, insurance/takaful and business	3,908,314	-	5,452,134	91,921	14,456	-	9,466,825	-
Hotel and restaurants	-	-	-	1,008,137	1,023	-	1,009,160	663,023
Housing	-	-	-	2,746	-	-	2,746	380,509
Infrastructure	-	-	-	5,442,534	324,189	-	5,766,723	1,428,895
Manufacturing	-	-	54,552	516,604	693	-	571,849	75,343
Other community, social and personal service activities	-	-	-	226,014	-	-	226,014	229,855
Real estate, renting and business activities	-	-	988,239	1,689,947	32,091	-	2,710,277	661,170
Shipping	-	33,886	-	-	-	-	33,886	-
Transport, storage and communications	-	-	30,545	2,440,921	-	-	2,471,466	209,280
Others	-	-	-	-	11,164	280,153	291,317	150,000
	3,908,314	33,886	7,368,598	14,741,004	400,079	280,153	26,732,034	8,196,107
Other assets not subject to credit risk	-	-	-	-	-	597,784	597,784	-
	3,908,314	33,886	7,368,598	14,741,004	400,079	877,937	27,329,818	8,196,107

49. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(ii) The following table sets out the credit risk concentration by economic sectors (cont'd.):

Group 1 January 2022	Short-term deposits, and placements with financial institutions RM'000	Financial investments at FVTPL RM'000	Financial investments at FVOCI RM'000	Loans, financing and advances RM'000	Guarantee receivables RM'000	Other assets RM'000	Total RM'000	Commitments and contingencies RM'000
Agriculture, hunting and forestry	-	-	49,768	-	-	-	49,768	-
Construction	-	-	-	2,982,781	2,880	-	2,985,661	4,082,082
Education	-	-	-	-	-	-	-	280,000
Electrical, gas and water supply	-	-	40,254	488,580	19,745	-	548,579	1,225,192
Finance, insurance/takaful and business	3,091,245	-	4,589,653	112,281	-	-	7,793,179	-
Hotel and restaurants	-	-	-	1,106,636	3,044	-	1,109,680	668,831
Housing	-	-	-	3,720	-	-	3,720	370,000
Infrastructure	-	-	429,121	5,292,355	358,313	-	6,079,789	1,518,538
Manufacturing	-	-	24,869	532,425	1,402	-	558,696	308,230
Other community, social and personal service activities	-	-	-	320,457	-	-	320,457	386,563
Real estate, renting and business activities	-	-	794,963	1,631,927	27,343	-	2,454,233	376,504
Shipping	-	14,863	-	-	-	-	14,863	-
Transport, storage and communications	-	-	11,020	3,619,064	-	-	3,630,084	627,209
Others	-	-	-	-	14,172	361,758	375,930	225,000
	3,091,245	14,863	5,939,648	16,090,226	426,899	361,758	25,924,639	10,068,149
Other assets not subject to credit risk	-	-	-	-	-	469,080	469,080	-
	3,091,245	14,863	5,939,648	16,090,226	426,899	830,838	26,393,719	10,068,149

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

49. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(ii) The following table sets out the credit risk concentration by economic sectors (cont'd.):

Bank 2023	Short-term deposits, and placements with financial institutions RM'000	Financial investments at amortised cost RM'000	Financial investments at FVTPL RM'000	Financial investments at FVOCI RM'000	Loans, financing and advances RM'000	Guarantee receivables RM'000	Guarantee Recoverable RM'000
Agriculture, hunting and forestry	-	-	-	49,862	-	-	-
Construction	-	-	-	25,329	2,356,980	822	-
Electrical, gas and water supply	-	-	-	144,428	881,310	20,049	-
Finance, insurance/takaful and business	907,318	61,346	-	7,374,423	-	12,490	-
Hotel and restaurants	-	-	-	-	998,480	-	-
Housing	-	-	-	-	2,180	-	-
Infrastructure	-	-	-	955,220	7,563,486	299,642	-
Manufacturing	-	-	-	71,051	489,188	331	-
Other community, social and personal service activities	-	-	-	217,565	168,965	-	137,683
Real estate, renting and business activities	-	-	-	973,151	1,728,852	26,134	-
Shipping	-	-	7,495	-	-	-	-
Transport, storage and communications	-	-	-	31,637	2,259,330	-	-
Others	-	-	-	-	-	-	-
	907,318	61,346	7,495	9,842,666	16,448,771	359,468	137,683
Other assets not subject to credit risk	-	-	-	-	-	-	-
	907,318	61,346	7,495	9,842,666	16,448,771	359,468	137,683

49. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(ii) The following table sets out the credit risk concentration by economic sectors (cont'd.):

Bank 2023	Other assets RM'000	Total RM'000	Commitments and contingencies RM'000
Agriculture, hunting and forestry	-	49,862	-
Construction	-	2,383,131	2,128,135
Education	-	-	-
Electrical, gas and water supply	-	1,045,787	626,792
Finance, insurance/takaful and business	-	8,355,577	210,000
Hotel and restaurants	-	998,480	442,330
Housing	-	2,180	-
Infrastructure		8,818,348	2,463,448
Manufacturing	-	560,570	53,338
Marine related	-	-	-
Medical and pharmaceuticals	-	-	-
Other community, social and personal service activities	-	524,213	229,938
Real estate, renting and business activities	-	-	838,939
Shipping	-	2,728,137	-
Shipyard	-	7,495	-
Transport, storage and communications	-	-	786,289
Others	279,112	2,570,079	-
	279,112	28,043,859	7,779,209
Other assets not subject to credit risk	2,772,889	2,772,889	-
	3,052,001	30,816,748	7,779,209

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

49. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(ii) The following table sets out the credit risk concentration by economic sectors (cont'd.):

Bank 2022	Short-term deposits, and placements with financial institutions RM'000	Financial investments at FVTPL RM'000	Financial investments at FVOCI RM'000	Loans, financing and advances RM'000	Guarantee receivables RM'000	Other assets RM'000	Total RM'000	Commitments and contingencies RM'000
Agriculture, hunting and forestry	-	-	48,992	-	-	-	48,992	-
Construction	-	-	19,272	2,690,679	-	-	2,709,951	2,227,902
Electrical, gas and water supply	-	-	745,658	628,230	-	-	1,373,888	433,712
Finance, insurance/takaful and business	2,276,066	-	4,728,824	42,739	-	-	7,047,629	-
Hotel and restaurants	-	-	-	959,356	-	-	959,356	516,720
Housing	-	-	-	2,746	-	-	2,746	-
Infrastructure	-	-	-	5,442,534	226,092	-	5,668,626	1,428,895
Manufacturing	-	-	54,552	516,604	-	-	571,156	13,816
Other community, social and personal service activities	-	-	-	213,096	-	-	213,096	223,100
Real estate, renting and business activities	-	-	988,239	1,689,947	-	-	2,678,186	106,170
Shipping	-	33,886	-	-	-	-	33,886	-
Transport, storage and communications	-	-	-	2,407,859	-	-	2,407,859	100,473
Others	-	-	-	-	-	256,289	256,289	-
	2,276,066	33,886	6,585,537	14,593,790	226,092	256,289	23,971,660	5,050,788
Other assets not subject to credit risk	-	-	-	-	-	2,659,710	2,659,710	-
	2,276,066	33,886	6,585,537	14,593,790	226,092	2,915,999	26,631,370	5,050,788

49. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(ii) The following table sets out the credit risk concentration by economic sectors (cont'd.):

Bank 1 January 2022	Short-term deposits, and placements with financial institutions RM'000	Financial investments at FVTPL RM'000	Financial investments at FVOCI RM'000	Loans, financing and advances RM'000	Guarantee receivables RM'000	Other assets RM'000	Total RM'000	Commitments and contingencies RM'000
Agriculture, hunting and forestry	-	-	49,768	-	-	-	49,768	-
Construction	-	-	-	2,982,781	-	-	2,982,781	3,100,143
Electrical, gas and water supply	-	-	10,007	482,004	-	-	492,011	712,792
Finance, insurance/takaful and business	1,084,001	-	3,896,568	45,441	-	-	5,026,010	-
Hotel and restaurants	-	-	-	1,045,196	-	-	1,045,196	518,553
Housing	-	-	-	3,720	-	-	3,720	-
Infrastructure	-	-	429,121	5,292,355	245,653	-	5,967,129	1,518,538
Manufacturing	-	-	24,869	532,425	-	-	557,294	245,016
Other community, social and personal service activities	-	-	-	276,947	-	-	276,947	372,062
Real estate, renting and business activities	-	-	794,963	1,631,927	-	-	2,426,890	149,504
Shipping	-	14,863	-	-	-	-	14,863	-
Transport, storage and communications	-	-	-	3,588,072	-	-	3,588,072	505,637
Others	-	-	-	-	-	289,403	289,403	-
	1,084,001	14,863	5,205,296	15,880,868	245,653	289,403	22,720,084	7,122,245
Other assets not subject to credit risk	-	-	-	-	-	2,598,099	2,598,099	-
	1,084,001	14,863	5,205,296	15,880,868	245,653	2,887,502	25,318,183	7,122,245

49. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(iii) Gross loans, financing and advances are rated based on internal rating by the Bank:

	2023				2022			
Group	**Neither past due nor impaired RM'000**	**Past due but not impaired RM'000**	**Impaired RM'000**	**Total RM'000**	**Neither past due nor impaired RM'000**	**Past due but not impaired RM'000**	**Impaired RM'000**	**Total RM'000**
Upper-medium grade	11,697	-	-	11,697	136,707	-	-	136,707
Medium grade	3,537,922	-	-	3,537,922	4,272,809	11,258	-	4,284,067
Speculative	7,149,783	112,674	-	7,262,457	6,037,521	2,138	-	6,039,659
Considered speculative	7,624,965	93,995	-	7,718,960	5,519,008	-	-	5,519,008
Poor standing	184,032	-	-	184,032	142,384	-	-	142,384
Impaired	-	-	2,067,500	2,067,500	-	-	2,075,218	2,075,218
	18,508,399	206,669	2,067,500	20,782,568	16,108,429	13,396	2,075,218	18,197,043
Bank								
Upper-medium grade	2,197	-	-	2,197	2,764	-	-	2,764
Medium grade	3,458,748	-	-	3,458,748	4,261,503	10,576	-	4,272,079
Speculative	7,013,749	112,073	-	7,125,822	6,031,963	-	-	6,031,963
Considered speculative	7,624,965	83,564	-	7,708,529	5,519,008	-	-	5,519,008
Poor standing	184,032	-	-	184,032	142,384	-	-	142,384
Impaired	-	-	2,040,306	2,040,306	-	-	2,040,978	2,040,978
	18,283,691	195,637	2,040,306	20,519,634	15,957,622	10,576	2,040,978	18,009,176

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

49. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(iv) Aging analysis of impaired and past due but not impaired loans, financing and advances

Analysis of loans, financing and advances that are impaired and past due but not impaired based on the Group's and the Bank's internal credit rating system are as follows:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Impaired:				
0 month overdue	393,001	358,297	393,001	358,297
1 month overdue	-	190,067	-	190,067
2 months overdue	-	-	-	-
3 months overdue	134,785	-	134,785	-
> 3 months overdue	1,539,714	1,526,854	1,512,520	1,492,614
	2,067,500	2,075,218	2,040,306	2,040,978
Past due but not impaired:				
1 Month Overdue	193,917	12,432	185,577	10,576
2 Months Overdue	12,349	964	10,060	-
3 Months Overdue	403	-	-	-
	206,669	13,396	195,637	10,576

(v) The table below provides information regarding the credit risk exposure of Danajamin by classifying assets according to Danajamin's credit ratings of counterparties.

2023	Neither past due nor impaired RM'000	Impaired RM'000	Total RM'000
Financial investments at FVOCI			
Malaysian Government Securities	-	-	-
Government investment issues	-	-	-
Corporate debt securities	-	-	-
Deposits and placements with licensed banks	-	-	-
Insurance receivables	-	-	-
Other assets	-	-	-
Cash and cash equivalents	-	-	-
	-	-	-

All assets were transferred via BTS from Danajamin to the Bank during the year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

49. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(v) The table below provides information regarding the credit risk exposure of Danajamin by classifying assets according to Danajamin's credit ratings of counterparties (cont'd.).

2022	Neither past due nor impaired RM'000	Impaired RM'000	Total RM'000
Financial investments at FVOCI			
Malaysian Government Securities	20,226	-	20,226
Government investment issues	235,651	-	235,651
Corporate debt securities	527,184	-	527,184
Deposits and placements with licensed banks	1,252,197	-	1,252,197
Insurance receivables	187,411	-	187,411
Other assets*	1,164	-	1,164
Cash and cash equivalents	6,337	-	6,337
	2,230,170	-	2,230,170

*Exclude prepayments

(vi) Collateral and credit enhancement for loans, financing and advances

Collateral represents the asset pledged by a borrower/customer and/or a third party on behalf of the borrower/customer, in whole or in part, to secure a credit exposure and/or potential credit exposure with the Group and the Bank, and subject to seizure in the event of default. Collateral provides the Bank with a secondary repayment/payment source, i.e. a source of fund to help recover its investment if the borrower/customer is unable to repay/pay the facility obtained from the Group and the Bank.

The Group and the Bank would consider accepting the collateral based on its marketability, measurability, stability, transferability, speed in realising the collateral value, enforceability and free from encumbrances. The collateral amounts and types held by the Group and the Bank are as in the next page:

49. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(vi) Collateral and credit enhancement for loans, financing and advances (cont'd.)

Collateral by amount

	2023				2022			
Group	**Secured RM'000**	**Unsecured RM'000**	**Total RM'000**	**Total Estimated fair value of collateral RM'000**	**Secured RM'000**	**Unsecured RM'000**	**Total RM'000**	**Total Estimated fair value of collateral RM'000**
Past due but not impaired	157,830	48,839	206,669	-	-	13,396	13,396	-
Impaired	1,023,703	1,043,797	2,067,500	2,230,769	1,058,806	1,016,412	2,075,218	2,681,925
	1,181,533	1,092,636	2,274,169	2,230,769	1,058,806	1,029,808	2,088,614	2,681,925
Bank								
Past due but not impaired	157,830	37,807	195,637	-	-	10,576	10,576	-
Impaired	1,023,703	1,016,603	2,040,306	2,230,769	1,058,806	982,172	2,040,978	2,681,925
	1,181,533	1,054,410	2,235,943	2,230,769	1,058,806	992,748	2,051,554	2,681,925

49. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(vi) Collateral and credit enhancement for loans, financing and advances (cont'd.)

Collateral by type

	2023				2022			
Group	**Guarantee by CGC RM'000**	**Properties and equipment RM'000**	**Vessels RM'000**	**Total RM'000**	**Guarantee by CGC RM'000**	**Properties and equipment RM'000**	**Vessels RM'000**	**Total RM'000**
Impaired	77,945	1,787,269	365,555	2,230,769	5,166	2,221,780	454,979	2,681,925
	77,945	1,787,269	365,555	2,230,769	5,166	2,221,780	454,979	2,681,925
Bank								
Impaired	77,945	1,787,269	365,555	2,230,769	5,166	2,221,780	454,979	2,681,925
	77,945	1,787,269	365,555	2,230,769	5,166	2,221,780	454,979	2,681,925

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

49. Financial Instruments Risk (cont'd.)

(a) Credit risk (cont'd.)

(vii) Restructured loans/financing

Restructured loans/financing refer to the financial assets that would otherwise be past due or impaired where there are fundamental revision in the principal terms and conditions of the facilities. Restructuring shall be considered when the customer's business is still viable and is expected to remain viable after the restructuring. The total restructured loans/financing held by the Group and the Bank stood at RM7,266.0 million (2022: RM7,983.1 million).

(viii) Credit quality for treasury credit risk exposures

The table below shows treasury credit risk exposures by the current counterparties' rating:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Financial investments at FVOCI				
Sovereign	6,913,899	5,105,677	6,913,899	4,725,706
AAA	1,584,747	1,001,723	1,584,747	972,517
AA	303,360	433,945	303,360	227,379
A	166,934	167,318	166,934	-
BB	-	-	-	-
Non-rated	873,726	659,935	873,726	659,935
	9,842,666	7,368,598	9,842,666	6,585,537

	Group and Bank	
	2023 RM'000	2022 RM'000
Financial investments at AC		
Non-rated	61,346	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

49. Financial Instruments Risk (cont'd.)

(b) Market risk

(i) Interest/profit rate risk

Interest/profit rate risk is the impact to earnings and economic value of the Group and the Bank due to fluctuations in interest/profit rates.

Interest/profit rate exposure arises from the differences in the maturities and repricing dates of assets, liabilities and off-balance sheet items. These mismatches are actively monitored and managed as part of the overall interest/profit rate risk management process which is conducted in accordance with the Group's policies as approved by the BOD.

The table below shows the Group's and the Bank's net interest/finance income sensitivity based on possible parallel shift in interest/profit rate.

	Group			
	Impact on interest/ profit 2023 RM'000	**Impact on interest/ profit 2022 RM'000**	**Impact on equity 2023 RM'000**	**Impact on equity 2022 RM'000**
Interest/profit rate				
- parallel shift				
+ 50 basis points	15,761	9,175	(226,372)	(177,085)
- 50 basis points	(15,761)	(9,175)	226,372	177,303

	Bank			
	Impact on interest/ profit 2023 RM'000	**Impact on interest/ profit 2022 RM'000**	**Impact on equity 2023 RM'000**	**Impact on equity 2022 RM'000**
Interest/profit rate				
- parallel shift				
+ 50 basis points	15,761	9,175	(226,372)	(162,358)
- 50 basis points	(15,761)	(9,175)	226,372	162,358

49. Financial Instruments Risk (cont'd.)

(b) Market risk (cont'd.)

(i) Interest/profit rate risk (cont'd.)

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

	<---------- Non-trading book ---------->							
Group 2023	**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-interest/profit sensitive RM'000**	**Total RM'000**	**Effective interest/ profit rate %**
Assets								
Cash and short term deposits	1,097,716	-	-	-	-	11,091	1,108,807	-
Deposits and placements with financial institutions	-	105,844	-	-	-	-	105,844	3.25
Financial investments at FVTPL	-	-	-	-	-	7,495	7,495	-
Financial investments at FVOCI	151,081	50,156	391,746	3,898,363	5,351,320	-	9,842,666	4.32
Financial investments at AC	1,346	-	-	-	60,000	-	61,346	6.50
Loans, financing and advances								
- non-impaired	1,669,640	183,510	664,601	5,145,157	11,324,415	(272,255)	18,715,068	5.91
- impaired *	-	-	-	-	-	(2,038,557)	(2,038,557)	-
Guarantee receivables	42,163	997	35,104	146,580	134,624	-	359,468	-
Guarantee recoverable	-	-	-	-	-	137,683	137,683	-
Other assets	-	-	-	-	-	277,979	277,979	-
Total assets	2,961,946	340,507	1,091,451	9,190,100	16,870,359	(1,876,564)	28,577,799	

* This is arrived at after deducting Stage 1, Stage 2 and Stage 3 ECL from the outstanding gross impaired loans/financing.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

49. Financial Instruments Risk (cont'd.)

(b) Market risk (cont'd.)

(i) Interest/profit rate risk (cont'd.)

	<---------- Non-trading book ---------->							
Group 2023 (cont'd.)	**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-interest/profit sensitive RM'000**	**Total RM'000**	**Effective interest/ profit rate %**
Equity and liabilities								
Deposits from customers	3,805,320	2,625,096	2,542,739	81,966	-	-	9,055,121	3.98
Deposits and placements from financial institutions	737,492	50,000	-	-	-	-	787,492	3.39
Guarantee deferred income	-	-	-	-	-	393,545	393,545	-
Other liabilities	-	-	-	-	-	472,671	472,671	-
Redeemable notes/Sukuk	82,884	-	500,000	4,189,256	4,160,000	-	8,932,140	4.30
Borrowings	-	2,520	-	150,000	-	-	152,520	4.87
Infrastructure support fund	-	-	-	-	-	218,613	218,613	-
Deferred income	-	-	-	-	-	170,113	170,113	-
Lease liabilities	-	-	-	-	-	120	120	-
Total liabilities	4,625,696	2,677,616	3,042,739	4,421,222	4,160,000	1,255,062	20,182,335	
Total interest/profit sensitivity gap	(1,663,750)	(2,337,109)	(1,951,288)	4,768,878	12,710,359	(3,131,626)	8,395,464	

49. Financial Instruments Risk (cont'd.)

(b) Market risk (cont'd.)

(i) Interest/profit rate risk (cont'd.)

	<---------- Non-trading book ---------->							
Group 2022	**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-interest/profit sensitive RM'000**	**Total RM'000**	**Effective interest/ profit rate %**
Assets								
Cash and short term deposits	2,300,081	-	-	-	-	29,248	2,329,329	-
Deposits and placements with financial institutions	4,501	751,034	823,450	-	-	-	1,578,985	3.00
Financial investments at FVTPL	-	-	-	-	-	33,886	33,886	-
Financial investments at FVOCI	66,032	45,033	783,625	3,357,089	3,116,819	9,301	7,377,899	4.21
Loans, financing and advances								
- non-impaired	1,577,075	104,035	787,603	5,022,408	8,936,409	(305,705)	16,121,825	6.00
- impaired *	-	-	-	-	-	(1,380,821)	(1,380,821)	-
Guarantee receivables	61,662	394	32,575	149,026	156,422	-	400,079	-
Other assets	-	-	-	-	-	280,153	280,153	-
Total assets	4,009,351	900,496	2,427,253	8,528,523	12,209,650	(1,333,938)	26,741,335	

* This is arrived at after deducting Stage 1, Stage 2 and Stage 3 ECL from the outstanding gross impaired loans/financing.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

49. Financial Instruments Risk (cont'd.)

(b) Market risk (cont'd.)

(i) Interest/profit rate risk (cont'd.)

	<---------- Non-trading book ---------->							
Group 2022 (cont'd.)	**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-interest/profit sensitive RM'000**	**Total RM'000**	**Effective interest/ profit rate %**
Equity and liabilities								
Deposits from customers	2,573,718	2,657,970	1,623,449	300,986	-	-	7,156,123	3.61
Deposits and placements from financial institutions	1,650,925	201,627	-	-	-	-	1,852,552	3.26
Guarantee deferred income	-	-	-	-	-	446,966	446,966	-
Other liabilities	-	-	-	-	-	503,293	503,293	-
Redeemable notes/Sukuk	336,310	-	-	3,218,849	4,680,000	-	8,235,159	4.37
Borrowings	12,534	-	-	-	150,000	-	162,534	4.87
Infrastructure support fund	-	-	-	-	-	218,613	218,613	-
Deferred income	-	-	-	-	-	179,423	179,423	-
Lease liabilities	-	-	-	-	-	192	192	-
Total liabilities	4,573,487	2,859,597	1,623,449	3,519,835	4,830,000	1,348,487	18,754,855	
Total interest/profit sensitivity gap	(564,136)	(1,959,101)	803,804	5,008,688	7,379,650	(2,682,425)	7,986,480	

49. Financial Instruments Risk (cont'd.)

(b) Market risk (cont'd.)

(i) Interest/profit rate risk (cont'd.)

	<---------- Non-trading book ---------->							
Group 1 January 2022	**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-interest/profit sensitive RM'000**	**Total RM'000**	**Effective interest/ profit rate %**
Assets								
Cash and short term deposits	950,458	-	-	-	-	16,220	966,678	-
Deposits and placements with financial institutions	-	461,731	1,662,836	-	-	-	2,124,567	1.97
Financial investments at FVTPL	-	-	-	-	-	14,863	14,863	-
Financial investments at FVOCI	50,945	10,050	131,774	2,792,205	2,954,674	10,280	5,949,928	4.21
Loans, financing and advances								
- non-impaired	1,284,017	124,054	757,903	5,588,664	9,977,603	(306,191)	17,426,050	5.62
- impaired *	-	-	-	-	-	(1,335,824)	(1,335,824)	-
Guarantee receivables	43,146	1,007	40,031	157,849	184,866	-	426,899	-
Other assets	-	-	-	-	-	361,758	361,758	-
Total assets	2,328,566	596,842	2,592,544	8,538,718	13,117,143	(1,238,894)	25,934,919	

* This is arrived at after deducting Stage 1, Stage 2 and Stage 3 ECL from the outstanding gross impaired loans/financing.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

49. Financial Instruments Risk (cont'd.)

(b) Market risk (cont'd.)

(i) Interest/profit rate risk (cont'd.)

	<---------- Non-trading book ---------->							
Group 1 January 2022 (cont'd.)	**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-interest/profit sensitive RM'000**	**Total RM'000**	**Effective interest/ profit rate %**
Equity and liabilities								
Deposits from customers	1,548,963	1,975,323	2,062,598	387,868	-	-	5,974,752	2.26
Deposits and placements from financial institutions	1,031,496	-	-	-	-	-	1,031,496	1.88
Guarantee deferred income	-	-	-	-	-	469,890	469,890	-
Other liabilities	-	-	-	-	-	462,164	462,164	-
Redeemable notes/Sukuk	93,689	500,000	505,721	2,883,443	5,315,000	-	9,297,853	4.40
Borrowings	-	2,540	-	-	150,000	-	152,540	4.87
Infrastructure support fund	-	-	-	-	-	303,974	303,974	-
Deferred income	-	-	-	-	-	190,262	190,262	-
Lease liabilities	-	-	-	-	-	867	867	-
Total liabilities	2,674,148	2,477,863	2,568,319	3,271,311	5,465,000	1,427,157	17,883,798	
Total interest/profit sensitivity gap	(345,582)	(1,881,021)	24,225	5,267,407	7,652,143	(2,666,051)	8,051,121	

49. Financial Instruments Risk (cont'd.)

(b) Market risk (cont'd.)

(i) Interest/profit rate risk (cont'd.)

	<---------- Non-trading book ---------->							
Bank 2023	**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-interest/profit sensitive RM'000**	**Total RM'000**	**Effective interest/ profit rate %**
Assets								
Cash and short term deposits	905,346	-	-	-	-	1,972	907,318	3.23
Financial investments at FVTPL	-	-	-	-	-	7,495	7,495	-
Financial investments at FVOCI	151,081	50,156	391,746	3,898,363	5,351,320	-	9,842,666	4.32
Financial investments at AC	1,346	-	-	-	60,000	-	61,346	6.50
Loans, financing and advances								
- non-impaired	1,669,640	123,823	650,705	5,065,401	11,242,014	(272,255)	18,479,328	5.87
- impaired *	-	-	-	-	-	(2,030,557)	(2,030,557)	-
Guarantee receivables	42,163	997	35,104	146,580	134,624	-	359,468	-
Guarantee recoverable	-	-	-	-	-	137,683	137,683	-
Other assets	-	-	-	-	-	279,112	279,112	-
Total assets	2,769,576	174,976	1,077,555	9,110,344	16,787,958	(1,876,550)	28,043,859	

* This is arrived at after deducting Stage 1, Stage 2 and Stage 3 ECL from the outstanding gross impaired loans/financing.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

49. Financial Instruments Risk (cont'd.)

(b) Market risk (cont'd.)

(i) Interest/profit rate risk (cont'd.)

	<---------- Non-trading book ---------->							
Bank 2023 (cont'd.)	**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-interest/profit sensitive RM'000**	**Total RM'000**	**Effective interest/ profit rate %**
Equity and liabilities								
Deposits from customers	3,805,320	2,625,096	2,542,739	81,966	-	-	9,055,121	3.98
Deposits and placements from financial institutions	737,492	50,000	-	-	-	-	787,492	3.39
Guarantee deferred income	-	-	-	-	-	393,545	393,545	-
Other liabilities	-	-	-	-	-	2,256,557	2,256,557	-
Redeemable notes/Sukuk	82,884	-	500,000	4,189,256	4,160,000	-	8,932,140	4.30
Borrowings	-	2,520	-	150,000	-	-	152,520	4.87
Infrastructure support fund	-	-	-	-	-	218,613	218,613	-
Deferred income	-	-	-	-	-	170,113	170,113	-
Lease liabilities	-	-	-	-	-	71	71	-
Total liabilities	4,625,696	2,677,616	3,042,739	4,421,222	4,160,000	3,038,899	21,966,172	
Total interest/profit sensitivity gap	(1,856,120)	(2,502,640)	(1,965,184)	4,689,122	12,627,958	(4,915,449)	6,077,687	

49. Financial Instruments Risk (cont'd.)

(b) Market risk (cont'd.)

(i) Interest/profit rate risk (cont'd.)

	<---------- Non-trading book ---------->							
Bank 2022	**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-interest/profit sensitive RM'000**	**Total RM'000**	**Effective interest/ profit rate %**
Assets								
Cash and short term deposits	2,143,105	-	-	-	-	1,309	2,144,414	-
Deposits and placements with financial institutions	-	131,652	-	-	-	-	131,652	3.01
Financial investments at FVTPL	-	-	-	-	-	33,886	33,886	-
Financial investments at FVOCI	66,032	45,033	566,848	3,119,475	2,788,149	9,301	6,594,838	4.15
Loans, financing and advances								
- non-impaired	1,556,899	97,857	766,315	4,922,836	8,929,996	(305,705)	15,968,198	5.97
- impaired *	-	-	-	-	-	(1,374,408)	(1,374,408)	-
Guarantee receivables	21,931	-	9,210	78,095	116,856	-	226,092	-
Other assets	-	-	-	-	-	256,289	256,289	-
Total assets	3,787,967	274,542	1,342,373	8,120,406	11,835,001	(1,379,328)	23,980,961	

* This is arrived at after deducting Stage 1, Stage 2 and Stage 3 ECL from the outstanding gross impaired loans/financing.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

49. Financial Instruments Risk (cont'd.)

(b) Market risk (cont'd.)

(i) Interest/profit rate risk (cont'd.)

	<---------- Non-trading book ---------->							
Bank 2022 (cont'd.)	**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-interest/profit sensitive RM'000**	**Total RM'000**	**Effective interest/ profit rate %**
Equity and liabilities								
Deposits from customers	2,573,718	2,657,970	1,623,449	300,986	-	-	7,156,123	3.61
Deposits and placements from financial institutions	1,650,925	201,627	-	-	-	-	1,852,552	3.26
Guarantee deferred income	-	-	-	-	-	242,661	242,661	-
Other liabilities	-	-	-	-	-	232,686	232,686	-
Redeemable notes/Sukuk	336,310	-	-	3,218,849	4,680,000	-	8,235,159	4.37
Borrowings	2,500	-	-	-	150,000	-	152,500	4.87
Infrastructure support fund	-	-	-	-	-	218,613	218,613	-
Deferred income	-	-	-	-	-	179,423	179,423	-
Lease liabilities	-	-	-	-	-	150	150	-
Total liabilities	4,563,453	2,859,597	1,623,449	3,519,835	4,830,000	873,533	18,269,867	
Total interest/profit sensitivity gap	(775,486)	(2,585,055)	(281,076)	4,600,571	7,005,001	(2,252,861)	5,711,094	

49. Financial Instruments Risk (cont'd.)

(b) Market risk (cont'd.)

(i) Interest/profit rate risk (cont'd.)

	<---------- Non-trading book ---------->							
Bank 1 January 2022	**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-interest/profit sensitive RM'000**	**Total RM'000**	**Effective interest/ profit rate %**
Assets								
Cash and short term deposits	822,346	-	-	-	-	3,501	825,847	-
Deposits and placements with financial institutions	-	258,154	-	-	-	-	258,154	1.54
Financial investments at FVTPL	-	-	-	-	-	14,863	14,863	-
Financial investments at FVOCI	50,945	10,050	55,528	2,347,568	2,741,205	10,280	5,215,576	4.13
Loans, financing and advances								
- non-impaired	1,238,410	111,661	734,709	5,460,501	9,969,109	(306,191)	17,208,199	5.58
- impaired *	-	-	-	-	-	(1,327,331)	(1,327,331)	-
Guarantee receivables	24,402	-	8,733	76,577	135,941	-	245,653	-
Other assets	-	-	-	-	-	289,403	289,403	-
Total assets	2,136,103	379,865	798,970	7,884,646	12,846,255	(1,315,475)	22,730,364	

* This is arrived at after deducting Stage 1, Stage 2 and Stage 3 ECL from the outstanding gross impaired loans/financing.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

49. Financial Instruments Risk (cont'd.)

(b) Market risk (cont'd.)

(i) Interest/profit rate risk (cont'd.)

	<---------- Non-trading book ---------->							
Bank 1 January 2022 (cont'd.)	**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-interest/profit sensitive RM'000**	**Total RM'000**	**Effective interest/ profit rate %**
Equity and liabilities								
Deposits from customers	1,548,963	1,975,323	2,062,598	387,868	-	-	5,974,752	2.26
Deposits and placements from financial institutions	1,031,496	-	-	-	-	-	1,031,496	1.88
Guarantee deferred income	-	-	-	-	-	260,420	260,420	-
Other liabilities	-	-	-	-	-	241,749	241,749	-
Redeemable notes/Sukuk	93,689	500,000	-	2,883,443	5,315,000	-	8,792,132	4.38
Borrowings	-	2,540	-	-	150,000	-	152,540	4.87
Infrastructure support fund	-	-	-	-	-	303,974	303,974	-
Deferred income	-	-	-	-	-	190,262	190,262	-
Lease liabilities	-	-	-	-	-	245	245	-
Total liabilities	2,674,148	2,477,863	2,062,598	3,271,311	5,465,000	996,650	16,947,570	
Total interest/profit sensitivity gap	(538,045)	(2,097,998)	(1,263,628)	4,613,335	7,381,255	(2,312,125)	5,782,794	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

49. Financial Instruments Risk (cont'd.)

(c) Liquidity risk

Liquidity risk is the risk that the Group and the Bank will encounter difficulty in raising funds to meet its current and future payment obligations associated with financial obligations when they fall due. The liquidity and cash flow risks are managed by maintaining a diversity of funding sources and spreading debt repayments/financing payment over a range of maturities.

The Group and the Bank manage their liquidity requirement on a day-to-day basis to ensure that funds are readily available for its operational needs, withdrawals of deposits and repayments/payments to fund providers. The Group and the Bank may raise funds locally and globally either through government-to-government arrangements or direct negotiations. Other sources of funding through the capital market are being explored on an on-going basis to ensure a diversity of funding source.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

49. Financial Instruments Risk (cont'd.)

(c) Liquidity risk (cont'd.)

(i) Contractual maturity of total assets and liabilities

The following table shows the maturity analysis of the Group's and the Bank's assets and liabilities based on remaining contractual maturities. The contractual maturity profile often does not reflect the actual behavioural patterns. In particular, the Group and the Bank have a significant amount of "core deposits" of non-bank customers which are contractually at call (included in the "Up to 3 months" time band) but historically a stable source of long-term funding for the Group and the Bank.

	<---------- Non-trading book ---------->						
Group 2023	**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-specific maturity RM'000**	**Total RM'000**
Assets							
Cash and short term deposits	1,108,807	-	-	-	-	-	1,108,807
Deposits and placements with financial institutions	-	105,844	-	-	-	-	105,844
Financial investments at FVTPL	-	-	-	-	-	7,495	7,495
Financial investments at FVOCI	57,620	50,765	394,409	3,934,859	5,405,013	-	9,842,666
Financial investment at AC	-	-	-	-	61,346	-	61,346
Loans, financing and advances							
- non-impaired	274,296	183,510	666,385	5,150,039	12,713,093	(272,255)	18,715,068
- impaired *	-	-	-	-	-	(2,038,557)	(2,038,557)
Guarantee receivables	10,310	1,186	38,886	164,934	144,152	-	359,468
Guarantee recoverable	-	-	-	-	-	137,683	137,683
Other assets	-	-	-	-	-	277,979	277,979
Total assets	1,451,033	341,305	1,099,680	9,249,832	18,323,604	(1,887,655)	28,577,799

* This is arrived at after deducting Stage 1, Stage 2 and Stage 3 ECL from the outstanding gross impaired loans/financing.

49. Financial Instruments Risk (cont'd.)

(c) Liquidity risk (cont'd.)

(i) Contractual maturity of total assets and liabilities (cont'd.)

	<---------- Non-trading book ---------->						
Group 2023 (cont'd.)	**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-specific maturity RM'000**	**Total RM'000**
Equity and liabilities							
Deposits from customers	3,747,312	2,651,864	2,572,959	82,986	-	-	9,055,121
Deposits and placements from financial institutions	737,230	50,262	-	-	-	-	787,492
Guarantee deferred income	-	-	-	-	-	393,545	393,545
Other liabilities	-	-	-	-	-	472,671	472,671
Redeemable notes/Sukuk	-	-	506,660	4,214,320	4,211,160	-	8,932,140
Borrowings	-	2,520	-	150,000	-	-	152,520
Infrastructure support fund	-	-	-	-	-	218,613	218,613
Deferred income	-	-	-	-	-	170,113	170,113
Lease liabilities	-	-	49	71	-	-	120
Total liabilities	4,484,542	2,704,646	3,079,668	4,447,377	4,211,160	1,254,942	20,182,335
Net maturity mismatches	(3,033,509)	(2,363,341)	(1,979,988)	4,802,455	14,112,444	(3,142,597)	8,395,464

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

49. Financial Instruments Risk (cont'd.)

(c) Liquidity risk (cont'd.)

(i) Contractual maturity of total assets and liabilities (cont'd.)

	<---------- Non-trading book ---------->						
Group 2022	**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-specific maturity RM'000**	**Total RM'000**
Assets							
Cash and short term deposits	2,298,475	-	-	-	-	30,854	2,329,329
Deposits and placements with financial institutions	4,501	751,034	823,450	-	-	-	1,578,985
Financial investments at FVTPL	-	-	-	-	-	33,886	33,886
Financial investments at FVOCI	-	45,847	789,730	3,388,040	3,144,981	9,301	7,377,899
Loans, financing and advances							
- non-impaired	361,751	104,035	787,922	5,024,083	10,149,739	(305,705)	16,121,825
- impaired *	-	-	-	-	-	(1,380,821)	(1,380,821)
Guarantee receivables	-	1,977	42,960	184,959	170,183	-	400,079
Other assets	-	-	-	-	-	280,153	280,153
Total assets	2,664,727	902,893	2,444,062	8,597,082	13,464,903	(1,332,332)	26,741,335

* This is arrived at after deducting Stage 1, Stage 2 and Stage 3 ECL from the outstanding gross impaired loans/financing.

49. Financial Instruments Risk (cont'd.)

(c) Liquidity risk (cont'd.)

(i) Contractual maturity of total assets and liabilities (cont'd.)

	<---------- Non-trading book ---------->						
Group 2022 (cont'd.)	**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-specific maturity RM'000**	**Total RM'000**
Equity and liabilities							
Deposits from customers	2,637,084	2,640,850	1,595,935	282,254	-	-	7,156,123
Deposits and placements from financial institutions	1,652,225	200,327	-	-	-	-	1,852,552
Guarantee deferred income	-	-	-	-	-	446,966	446,966
Other liabilities	-	-	-	-	-	503,293	503,293
Redeemable notes/Sukuk	255,046	-	-	3,547,362	4,432,751	-	8,235,159
Borrowings	12,534	-	-	-	150,000	-	162,534
Infrastructure support fund	-	-	-	-	-	218,613	218,613
Deferred income	-	-	-	-	-	179,423	179,423
Lease liabilities	44	14	65	69	-	-	192
Total liabilities	4,556,933	2,841,191	1,596,000	3,829,685	4,582,751	1,348,295	18,754,855
Net maturity mismatches	(1,892,206)	(1,938,298)	848,062	4,767,397	8,882,152	(2,680,627)	7,986,480

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

49. Financial Instruments Risk (cont'd.)

(c) Liquidity risk (cont'd.)

(i) Contractual maturity of total assets and liabilities (cont'd.)

	<---------- Non-trading book ---------->						
Group	**Up to 1 month**	**>1 - 3 months**	**>3 - 12 months**	**>1 - 5 years**	**Over 5 years**	**Non-specific maturity**	**Total**
1 January 2022	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Assets							
Cash and short term deposits	966,678	-	-	-	-	-	966,678
Deposits and placements with financial institutions	-	461,731	1,662,836	-	-	-	2,124,567
Financial investments at FVTPL	-	-	-	-	-	14,863	14,863
Financial investments at FVOCI	-	10,173	131,981	2,816,035	2,981,459	10,280	5,949,928
Loans, financing and advances							
- non-impaired	339,718	124,054	758,671	5,591,411	10,918,387	(306,191)	17,426,050
- impaired *	-	-	-	-	-	(1,335,824)	(1,335,824)
Guarantee receivables	-	2,486	44,592	182,198	197,623	-	426,899
Other assets	-	-	-	-	-	361,758	361,758
Total assets	1,306,396	598,444	2,598,080	8,589,644	14,097,469	(1,255,114)	25,934,919

* This is arrived at after deducting Stage 1, Stage 2 and Stage 3 ECL from the outstanding gross impaired loans/financing.

49. Financial Instruments Risk (cont'd.)

(c) Liquidity risk (cont'd.)

(i) Contractual maturity of total assets and liabilities (cont'd.)

	<---------- Non-trading book ---------->						
Group	**Up to 1 month**	**>1 - 3 months**	**>3 - 12 months**	**>1 - 5 years**	**Over 5 years**	**Non-specific maturity**	**Total**
1 January 2022 (cont'd)	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Equity and liabilities							
Deposits from customers	1,612,801	1,967,846	2,042,933	351,172	-	-	5,974,752
Deposits and placements from financial institutions	1,031,496	-	-	-	-	-	1,031,496
Guarantee deferred income	-	-	-	-	-	469,890	469,890
Other liabilities	-	-	-	-	-	462,164	462,164
Redeemable notes/Sukuk	-	507,153	505,721	2,908,053	5,376,926	-	9,297,853
Borrowings	-	2,540	-	-	150,000	-	152,540
Infrastructure support fund	-	-	-	-	-	303,974	303,974
Deferred income	-	-	-	-	-	190,262	190,262
Lease liabilities	115	213	373	166	-	-	867
Total liabilities	2,644,412	2,477,752	2,549,027	3,259,391	5,526,926	1,426,290	17,883,798
Net maturity mismatches	(1,338,016)	(1,879,308)	49,053	5,330,253	8,570,543	(2,681,404)	8,051,121

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

49. Financial Instruments Risk (cont'd.)

(c) Liquidity risk (cont'd.)

(i) Contractual maturity of total assets and liabilities (cont'd.)

	<---------- Non-trading book ---------->						
Bank 2023	**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-specific maturity RM'000**	**Total RM'000**
Assets							
Cash and short term deposits	907,318	-	-	-	-	-	907,318
Financial investments at FVTPL	-	-	-	-	-	7,495	7,495
Financial investments at FVOCI	57,620	50,765	394,409	3,934,859	5,405,013	-	9,842,666
Financial investments at AC	-	-	-	-	61,346	-	61,346
Loans, financing and advances							
- non-impaired	274,296	123,823	652,489	5,070,283	12,630,692	(272,255)	18,479,328
- impaired *	-	-	-	-	-	(2,030,557)	(2,030,557)
Guarantee receivables	10,310	1,186	38,886	164,934	144,152	-	359,468
Guarantee recoverable	-	-	-	-	-	137,683	137,683
Other assets	-	-	-	-	-	279,112	279,112
Total assets	1,249,544	175,774	1,085,784	9,170,076	18,241,203	(1,878,522)	28,043,859

* This is arrived at after deducting Stage 1, Stage 2 and Stage 3 ECL from the outstanding gross impaired loans/financing.

49. Financial Instruments Risk (cont'd.)

(c) Liquidity risk (cont'd.)

(i) Contractual maturity of total assets and liabilities (cont'd.)

	<---------- Non-trading book ---------->						
Bank 2023 (cont'd.)	**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-specific maturity RM'000**	**Total RM'000**
Equity and liabilities							
Deposits from customers	3,747,312	2,651,864	2,572,959	82,986	-	-	9,055,121
Deposits and placements from financial institutions	737,230	50,262	-	-	-	-	787,492
Guarantee deferred income	-	-	-	-	-	393,545	393,545
Other liabilities	-	-	-	-	-	2,256,557	2,256,557
Redeemable notes/Sukuk	-	-	506,660	4,214,320	4,211,160	-	8,932,140
Borrowings	-	2,520	-	150,000	-	-	152,520
Infrastructure support fund	-	-	-	-	-	218,613	218,613
Deferred income	-	-	-	-	-	170,113	170,113
Lease liabilities	-	-	42	29	-	-	71
Total liabilities	4,484,542	2,704,646	3,079,661	4,447,335	4,211,160	3,038,828	21,966,172
Net maturity mismatches	(3,234,998)	(2,528,872)	(1,993,877)	4,722,741	14,030,043	(4,917,350)	6,077,687

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

49. Financial Instruments Risk (cont'd.)

(c) Liquidity risk (cont'd.)

(i) Contractual maturity of total assets and liabilities (cont'd.)

	<---------- Non-trading book ---------->						
Bank 2022	**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-specific maturity RM'000**	**Total RM'000**
Assets							
Cash and short term deposits	2,144,414	-	-	-	-	-	2,144,414
Deposits and placements with financial institutions	-	131,652	-	-	-	-	131,652
Financial investments at FVTPL	-	-	-	-	-	33,886	33,886
Financial investments at FVOCI	-	45,849	572,953	3,150,427	2,816,308	9,301	6,594,838
Loans, financing and advances							
- non-impaired	341,575	97,857	766,634	4,924,511	10,143,326	(305,705)	15,968,198
- impaired *	-	-	-	-	-	(1,374,408)	(1,374,408)
Guarantee receivables	-	-	11,607	87,779	126,706	-	226,092
Other assets	-	-	-	-	-	256,289	256,289
Total assets	2,485,989	275,358	1,351,194	8,162,717	13,086,340	(1,380,637)	23,980,961

* This is arrived at after deducting Stage 1, Stage 2 and Stage 3 ECL from the outstanding gross impaired loans/financing.

49. Financial Instruments Risk (cont'd.)

(c) Liquidity risk (cont'd.)

(i) Contractual maturity of total assets and liabilities (cont'd.)

	<---------- Non-trading book ---------->						
Bank 2022 (cont'd.)	**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-specific maturity RM'000**	**Total RM'000**
Equity and liabilities							
Deposits from customers	2,637,084	2,640,850	1,595,935	282,254	-	-	7,156,123
Deposits and placements from financial institutions	1,652,225	200,327	-	-	-	-	1,852,552
Guarantee Deferred Income	-	-	-	-	-	242,661	242,661
Other liabilities	-	-	-	-	-	232,686	232,686
Redeemable notes/Sukuk	255,046	-	-	3,547,362	4,432,751	-	8,235,159
Borrowings	2,500	-	-	-	150,000	-	152,500
Infrastructure support fund	-	-	-	-	-	218,613	218,613
Deferred income	-	-	-	-	-	179,423	179,423
Lease liabilities	7	14	65	64	-	-	150
Total liabilities	4,546,862	2,841,191	1,596,000	3,829,680	4,582,751	873,383	18,269,867
Net maturity mismatches	(2,060,873)	(2,565,833)	(244,806)	4,333,037	8,503,589	(2,254,020)	5,711,094

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

49. Financial Instruments Risk (cont'd.)

(c) Liquidity risk (cont'd.)

(i) Contractual maturity of total assets and liabilities (cont'd.)

	<---------- Non-trading book ---------->						
Bank 1 January 2022	**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-specific maturity RM'000**	**Total RM'000**
Assets							
Cash and short term deposits	825,847	-	-	-	-	-	825,847
Deposits and placements with financial institutions	-	258,154	-	-	-	-	258,154
Financial investments at FVTPL	-	-	-	-	-	14,863	14,863
Financial investments at FVOCI	-	10,173	55,735	2,371,398	2,767,990	10,280	5,215,576
Loans, financing and advances							
- non-impaired	294,110	111,661	735,476	5,463,248	10,909,895	(306,191)	17,208,199
- impaired *	-	-	-	-	-	(1,327,331)	(1,327,331)
Guarantee receivables	-	-	11,368	85,586	148,699	-	245,653
Other assets	-	-	-	-	-	289,403	289,403
Total assets	1,119,957	379,988	802,579	7,920,232	13,826,584	(1,318,976)	22,730,364

* This is arrived at after deducting Stage 1, Stage 2 and Stage 3 ECL from the outstanding gross impaired loans/financing.

49. Financial Instruments Risk (cont'd.)

(c) Liquidity risk (cont'd.)

(i) Contractual maturity of total assets and liabilities (cont'd.)

	<---------- Non-trading book ---------->						
Bank 1 January 2022 (cont'd)	**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-specific maturity RM'000**	**Total RM'000**
Equity and liabilities							
Deposits from customers	1,612,801	1,967,846	2,042,933	351,172	-	-	5,974,752
Deposits and placements from financial institutions	1,031,496	-	-	-	-	-	1,031,496
Guarantee Deferred Income	-	-	-	-	-	260,420	260,420
Other liabilities	-	-	-	-	-	241,749	241,749
Redeemable notes/Sukuk	-	507,153	-	2,908,053	5,376,926	-	8,792,132
Borrowings	-	2,540	-	-	150,000	-	152,540
Infrastructure support fund	-	-	-	-	-	303,974	303,974
Deferred income	-	-	-	-	-	190,262	190,262
Lease liabilities	2	4	90	149	-	-	245
Total liabilities	2,644,299	2,477,543	2,043,023	3,259,374	5,526,926	996,405	16,947,570
Net maturity mismatches	(1,524,342)	(2,097,555)	(1,240,444)	4,660,858	8,299,658	(2,315,381)	5,782,794

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

49. Financial Instruments Risk (cont'd.)

(c) Liquidity risk (cont'd.)

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

The tables below present the cash flows payable by the Group and the Bank under financial liabilities by remaining contractual maturities as at 31 December 2023 and 31 December 2022. The amounts disclosed in the table will not agree to the carrying amounts reported in the statements of financial positions as the amounts incorporated all contractual cash flows, on an undiscounted basis, relating to both principal and interest/profit analysis. The Group and the Bank manage interest liquidity risk based on discounted expected cash flows.

	<---------- Non-trading book ---------->						
Group 2023	**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-specific maturity RM'000**	**Total RM'000**
Liabilities							
Deposits from customers	3,752,182	2,668,989	2,622,373	85,616	-	-	9,129,160
Deposits and placements from financial institutions	738,062	50,479	-	-	-	-	788,541
Guarantee deferred income	-	-	-	-	-	393,545	393,545
Other liabilities	-	-	-	-	-	472,671	472,671
Redeemable notes/Sukuk	-	-	521,900	4,832,206	5,844,558	-	11,198,664
Borrowings	-	3,679	3,640	179,125	-	-	186,444
Lease liabilities	1	2	93	90	-	-	186
Total liabilities	4,490,245	2,723,149	3,148,006	5,097,037	5,844,558	866,216	22,169,211

49. Financial Instruments Risk (cont'd.)

(c) Liquidity risk (cont'd.)

(ii) Contractual maturity of financial liabilities on an undiscounted basis (cont'd.)

	<---------- Non-trading book ---------->						
Group 2022	**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-specific maturity RM'000**	**Total RM'000**
Liabilities							
Deposits from customers	2,641,545	2,657,970	1,619,817	288,684	-	-	7,208,016
Deposits and placements from financial institutions	1,654,749	201,626	-	-	-	-	1,856,375
Guarantee deferred income	-	-	-	-	-	446,966	446,966
Other liabilities	-	-	-	-	-	503,293	503,293
Redeemable notes/Sukuk	255,046	-	-	3,547,362	4,432,751	-	8,235,159
Borrowings	-	3,679	3,620	29,216	157,228	-	193,743
Lease liabilities	44	14	65	69	-	-	192
Total liabilities	4,551,384	2,863,289	1,623,502	3,865,331	4,589,979	950,259	18,443,744
1 January 2022							
Liabilities							
Deposits from customers	1,614,295	1,975,323	2,062,598	359,745	-	-	6,011,961
Deposits and placements from financial institutions	1,032,182	-	-	-	-	-	1,032,182
Guarantee deferred income	-	-	-	-	-	469,890	469,890
Other liabilities	55	156	1,076	286	-	460,591	462,164
Redeemable notes/Sukuk	-	521,400	523,934	3,379,863	7,704,001	-	12,129,198
Borrowings	-	3,679	3,620	29,216	164,527	-	201,042
Lease liabilities	130	240	428	272	-	-	1,070
Total liabilities	2,646,662	2,500,798	2,591,656	3,769,382	7,868,528	930,481	20,307,507

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

49. Financial Instruments Risk (cont'd.)

(c) Liquidity risk (cont'd.)

(ii) Contractual maturity of financial liabilities on an undiscounted basis (cont'd.)

	<---------- Non-trading book ---------->						
Bank	**Up to 1 month**	**>1 - 3 months**	**>3 - 12 months**	**>1 - 5 years**	**Over 5 years**	**Non-specific maturity**	**Total**
2023	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Liabilities							
Deposits from customers	3,752,182	2,668,989	2,622,373	85,616	-	-	9,129,160
Deposits and placements from financial institutions	738,062	50,479	-	-	-	-	788,541
Guarantee deferred income	-	-	-	-	-	393,545	393,545
Other liabilities	-	-	-	-	-	2,256,557	2,256,557
Redeemable notes/Sukuk	-	-	521,900	4,832,206	5,844,558	-	11,198,664
Borrowings	-	3,679	3,640	179,125	-	-	186,444
Lease liabilities	-	-	85	58	-	-	143
Total liabilities	4,490,244	2,723,147	3,147,998	5,097,005	5,844,558	2,650,102	23,953,054
2022							
Liabilities							
Deposits from customers	2,641,545	2,657,970	1,619,817	288,684	-	-	7,208,016
Deposits and placements from financial institutions	1,654,749	201,626	-	-	-	-	1,856,375
Guarantee Deferred Income	-	-	-	-	-	242,661	242,661
Other liabilities	-	-	-	-	-	232,686	232,686
Redeemable notes/Sukuk	255,046	-	-	3,547,362	4,432,751	-	8,235,159
Borrowings	-	3,679	3,620	29,216	157,228	-	193,743
Lease liabilities	7	14	65	64	-	-	150
Total liabilities	4,551,347	2,863,289	1,623,502	3,865,326	4,589,979	475,347	17,968,790

49. Financial Instruments Risk (cont'd.)

(c) Liquidity risk (cont'd.)

(ii) Contractual maturity of financial liabilities on an undiscounted basis (cont'd.)

	<---------- Non-trading book ---------->						
Bank 1 January 2022	**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-specific maturity RM'000**	**Total RM'000**
Liabilities							
Deposits from customers	1,614,295	1,975,323	2,062,598	359,745	-	-	6,011,961
Deposits and placements from financial institutions	1,032,182	-	-	-	-	-	1,032,182
Guarantee deferred income	-	-	-	-	-	260,420	260,420
Other liabilities	-	-	-	-	-	241,749	241,749
Redeemable notes/Sukuk	-	521,400	-	3,379,863	7,704,001	-	11,605,264
Borrowings	-	3,679	3,620	29,216	164,527	-	201,042
Lease liabilities	14	29	128	268	-	-	439
Total liabilities	2,646,491	2,500,431	2,066,346	3,769,092	7,868,528	502,169	19,353,057

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

50. Fair Values Measurements

(a) Financial assets and liabilities measured at fair value

Determination of fair value and the fair value hierarchy

Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction.

The Group and the Bank classify their financial assets and financial liabilities which are measured at fair value according to the following hierarchy, reflecting the significance of inputs used in making the fair value measurements:

Level 1 - Quoted market prices: quoted prices (unadjusted) in active markets for identical assets and liabilities instruments;

Level 2 - Valuation techniques based on observable inputs: inputs other than quoted prices included within Level 1 that are observable for the instrument, whether directly (i.e. prices) or indirectly (i.e. derived from prices), are used; and

Level 3 - Valuation techniques using significant unobservable inputs: inputs used are not based on observable market data and the unobservable inputs have a significant impact on the valuation of the financial instruments and non-financial assets.

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities and actively exchange-traded derivatives.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include certain government sukuk and corporate sukuk, financing, derivatives and investment properties.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical.

50. Fair Values Measurements (cont'd.)

(a) Financial assets and liabilities measured at fair value (cont'd.)

Determination of fair value and the fair value hierarchy (cont'd.)

The following table provides the fair value measurement hierarchy of the Group's and the Bank's assets and liabilities.

	2023				2022			
Group	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
						Restated		
Assets measured at fair value:								
Financial investments at FVTPL	-	7,495	-	7,495	-	33,886	-	33,886
Financial investments at FVOCI	-	9,842,666	-	9,842,666	9,301	7,368,598	-	7,377,899
Total financial assets carried at fair value				9,850,161				7,411,785
Assets for which fair values are disclosed (Note 50(b)):								
Financial investments at AC	-	61,370	-	61,370	-	-	-	-
Loans, financing and advances	-	-	17,014,736	17,014,736	-	-	15,195,862	15,195,862
Liabilities for which fair values are disclosed (Note 50(b)):								
Redeemable notes/Sukuk	-	-	9,071,295	9,071,295	-	-	8,408,966	8,408,966
Borrowings	-	-	159,079	159,079	-	-	159,921	159,921

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

50. Fair Values Measurements (cont'd.)

(a) Financial assets and liabilities measured at fair value (cont'd.)

Determination of fair value and the fair value hierarchy (cont'd.)

The following table provides the fair value measurement hierarchy of the Group's and the Bank's assets and liabilities. (cont'd.)

	1 January 2022			
Group	**Level 1**	**Level 2**	**Level 3**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated		
Assets measured at fair value:				
Financial investments at FVTPL	-	14,863	-	14,863
Financial investments at FVOCI	10,280	5,939,648	-	5,949,928
Total financial assets carried at fair value				5,964,791
Assets for which fair values are disclosed (Note 50(b)):				
Loans, financing and advances	-	-	16,643,039	16,643,039
Liabilities for which fair values are disclosed (Note 50(b)):				
Redeemable notes/Sukuk	-	-	9,507,093	9,507,093
Borrowings	-	-	160,478	160,478

50. Fair Values Measurements (cont'd.)

(a) Financial assets and liabilities measured at fair value (cont'd.)

Determination of fair value and the fair value hierarchy (cont'd.)

The following table provides the fair value measurement hierarchy of the Group's and the Bank's assets and liabilities. (cont'd.)

	2023				2022			
Bank	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
						Restated		
Assets measured at fair value:								
Financial investments at FVTPL	-	7,495	-	7,495	-	33,886	-	33,886
Financial investments at FVOCI	-	9,842,666	-	9,842,666	9,301	6,585,537	-	6,594,838
Total financial assets carried at fair value				9,850,161				6,628,724
Assets for which fair values are disclosed (Note 50(b)):								
Financial investments at AC	-	61,370	-	61,370	-	-	-	-
Loans, financing and advances	-	-	16,739,718	16,739,718	-	-	15,003,502	15,003,502
Liabilities for which fair values are disclosed (Note 50(b)):								
Redeemable notes/Sukuk	-	-	9,071,295	9,071,295	-	-	8,408,966	8,408,966
Borrowings	-	-	159,079	159,079	-	-	159,921	159,921

50. Fair Values Measurements (cont'd.)

(a) Financial assets and liabilities measured at fair value (cont'd.)

Determination of fair value and the fair value hierarchy (cont'd.)

The following table provides the fair value measurement hierarchy of the Group's and the Bank's assets and liabilities. (cont'd.)

	1 January 2022			
Bank	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
		Restated		
Assets measured at fair value:				
Financial investments at FVTPL	-	14,863	-	14,863
Financial investments at FVOCI	10,280	5,205,296	-	5,215,576
Total financial assets carried at fair value				5,230,439
Assets for which fair values are disclosed (Note 50(b)):				
Loans, financing and advances	-	-	16,383,320	16,383,320
Liabilities for which fair values are disclosed (Note 50(b)):				
Redeemable notes/Sukuk	-	-	8,999,153	8,999,153
Borrowings	-	-	160,478	160,478

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

50. Fair Values Measurements (cont'd.)

(a) Financial assets and liabilities measured at fair value (cont'd.)

Determination of fair value and the fair value hierarchy (cont'd.)

There have been no transfer between Level 1 and Level 2 during the financial year. The fair value of loans, financing and advances that are valued at Level 3 is estimated by discounting the estimated future cash flows at a discount rate between 2.37% to 5.92% (2022: 2.37% to 5.92%) whilst the fair value of redeemable notes/sukuk and term loans that are valued at Level 3 is estimated by discounting the estimated future cash flows at a discount rate between 2.80% to 6.30% (2022: 2.80% to 6.30%).

(b) Financial assets and liabilities not carried at fair value

The following table summarises the carrying amounts and the estimated fair values of those financial assets not presented on the Group's and the Bank's statements of financial position at their fair value.

	Group		Bank	
2023	**Carrying value RM'000**	**Fair value RM'000**	**Carrying value RM'000**	**Fair value RM'000**
Financial assets				
Financial investments at AC	61,346	61,370	61,346	61,370
Loans, financing and advances	16,676,511	17,014,736	16,448,771	16,739,718
Financial liabilities				
Redeemable notes/Sukuk	8,932,140	9,071,295	8,932,140	9,071,295
Borrowings	152,520	159,079	152,520	159,079
2022 Restated				
Financial assets				
Loans, financing and advances	14,741,004	15,195,862	14,593,790	15,003,502
Financial liabilities				
Redeemable notes/Sukuk	8,235,159	8,408,966	8,235,159	8,408,966
Borrowings	162,534	159,921	152,500	159,921

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

50. Fair Values Measurements (cont'd.)

(b) Financial assets and liabilities not carried at fair value (cont'd.)

The following table summarises the carrying amounts and the estimated fair values of those financial assets not presented on the Group's and the Bank's statements of financial position at their fair value (cont'd.).

	Group		Bank	
1 January 2022 Restated	**Carrying value RM'000**	**Fair value RM'000**	**Carrying value RM'000**	**Fair value RM'000**
Financial assets				
Loans, financing and advances	16,090,226	16,643,039	15,880,868	16,383,320
Financial liabilities				
Redeemable notes/Sukuk	9,297,853	9,507,093	8,792,132	8,999,153
Borrowings	152,540	160,478	152,540	160,478

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(i) Financial investments - Amortised Cost

Fair values of securities that are actively traded is determined by quoted bid prices. For non-actively traded securities, independent broker quotations are obtained. Fair values of equity securities are estimated using a number of methods, including earning multiples and 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

50. Fair Values Measurements (cont'd.)

(b) Financial assets and liabilities not carried at fair value (cont'd.)

(ii) Loans, financing and advances

Loans, financing and advances to borrowers/customers, where such market prices are not available, various methodologies have been used to estimate the approximate fair values of such instruments. These methodologies are significantly affected by the assumptions used and judgments made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experience and other factors. Changes in the assumptions could significantly affect these estimates and the resulting fair value estimates. Therefore, for a significant portion of the Group's and the Bank's financial instruments, including loans, financing and advances to customers, their respective fair value estimates do not purport to represent, nor should they be construed to represent, the amount that the Group and the Bank could realise in a sale transaction at the reporting date.

The fair values of variable rate loans/financing are estimated to approximate their carrying values. For fixed rate loans/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/customers with similar credit profiles. In respect of impaired loans/financing, the fair values are deemed to approximate the carrying values which are net of impairment allowances.

(iii) Redeemable notes/Sukuk and borrowings

The fair values of capital securities are estimated by discounting the expected future cash flows using the applicable prevailing interest/profit rates for securities as at reporting date.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

51. Prior Year Adjustments and Effect of Changes in Accounting Policies

During the current financial year, the Group and the Bank have made restatement of comparatives as follows:

PYA 1. Expiry of BNM Modified Reporting Framework (“MRF”)

The Group and the Bank adopted the BNM MRF for DFI's in financial year 2020 which allows BPMB to defer the Day 1 modified loss that would have resulted from moratoriums and Rescheduling and Restructuring ("R&R") exercises provided to customers from financial year 2020 to 2022. Upon expiry of MRF on 1 January 2023, the Group and the Bank is required to restate its comparative figures to reflect:

(i) The treatment of modification loss in accordance with MFRS 9;
(ii) The adjustments to profit/interest income in the period subsequent to the recognition of modification loss; and
(iii) The consequential writeback of Expected Credit Loss ("ECL") from the lower loans, financing and advances balances carrying amount due to the modification loss.

PYA 2. Harmonisation of Accounting Policies under MFRS 9

PYA 2.1. Effective 1 January 2023, the Group has opted for Danajamin's financial guarantee contracts which are previously accounted for under MFRS 4 to be accounted for under MFRS 9 as allowed under MFRS 17 which became effective on 1 January 2023. The Group has made a retrospective change in classification and measurement of the affected line items from the change in accounting policy above.

PYA 2.2. In compliance with MFRS 9, the Bank has revisited its accounting treatment for the Bank's financial guarantee contracts.

PYA 3. Impairment of investment in subsidiary

The Bank has made a reassessment of its impairment for investment in subsidiary and noted that an impairment is required to be made during the financial year ended 31 December 2022 for the Bank's investment in Danajamin.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

51. Prior Year Adjustments and Effect of Changes in Accounting Policies (cont'd.)

Statements of Financial Position

	As previously stated 31 December 2022 RM'000	PYA 1 RM'000	PYA 2.1 RM'000	PYA 2.2 RM'000	Restated 31 December 2022 RM'000
Assets					
Cash and short term deposits	2,329,329	-	-	-	2,329,329
Deposits and placements with financial institutions	1,578,985	-	-	-	1,578,985
Financial investments at FVTPL	33,886	-	-	-	33,886
Financial investments at FVOCI	7,377,899	-	-	-	7,377,899
Loans, financing and advances	14,680,343	(188,773)	-	249,434	14,741,004
Insurance receivables	187,411	-	(187,411)	-	-
Guarantee receivables	-	-	173,987	226,092	400,079
Reinsurance assets	393	-	(393)	-	-
Other assets	314,080	-	395	(34,322)	280,153
Interest in associates	638	-	-	-	638
Property, plant and equipment	83,573	-	-	-	83,573
Investment properties	314	-	-	-	314
Intangible assets	13,255	-	-	-	13,255
Right-of-use assets	180	-	-	-	180
Deferred tax assets	417,587	32,437	48,729	(8,230)	490,523
Total assets	27,017,873	(156,336)	35,307	432,974	27,329,818
Liabilities					
Deposits from customers	7,156,123	-	-	-	7,156,123
Deposits and placements from financial institutions	1,852,552	-	-	-	1,852,552
Premium liabilities	222,668	-	(222,668)	-	-
Guarantee deferred income	-	-	204,305	242,661	446,966
Other liabilities	127,217	-	199,406	94,338	420,961
Provision for taxation	-	-	12,698	69,634	82,332
Redeemable notes	8,235,159	-	-	-	8,235,159
Borrowings	162,534	-	-	-	162,534
Infrastructure support fund	218,613	-	-	-	218,613
Deferred income	179,423	-	-	-	179,423
Lease liabilities	192	-	-	-	192
Deferred tax liabilities	3,131	-	(2,661)	-	470
Total liabilities	18,157,612	-	191,080	406,633	18,755,325
Equity attributable to equity holders of the Bank					
Share capital	4,018,781	-	-	-	4,018,781
Reserves	4,826,451	(156,336)	(155,773)	26,341	4,540,683
	8,845,232	(156,336)	(155,773)	26,341	8,559,464
Non-controlling interests	15,029	-	-	-	15,029
Total equity	8,860,261	(156,336)	(155,773)	26,341	8,574,493
Total equity and liabilities	27,017,873	(156,336)	35,307	432,974	27,329,818

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

51. Prior Year Adjustments and Effect of Changes in Accounting Policies (cont'd.)

Statements of Financial Position

	As previously stated 1 January 2022 RM'000	PYA 1 RM'000	PYA 2.1 RM'000	PYA 2.2 RM'000	Restated 1 January 2022 RM'000
Assets					
Cash and short term deposits	966,678	-	-	-	966,678
Deposits and placements with financial institutions	2,124,567	-	-	-	2,124,567
Financial investments at FVTPL	14,863	-	-	-	14,863
Financial investments at FVOCI	5,949,928	-	-	-	5,949,928
Loans, financing and advances	16,074,609	(200,505)	-	216,122	16,090,226
Insurance receivables	196,759	-	(196,759)	-	-
Guarantee receivables	-	-	181,246	245,653	426,899
Reinsurance assets	642	-	(642)	-	-
Other assets	409,563	-	642	(48,447)	361,758
Interest in associates	541	-	-	-	541
Property, plant and equipment	84,395	-	-	-	84,395
Investment properties	322	-	-	-	322
Intangible assets	8,022	-	-	-	8,022
Right-of-use assets	846	-	-	-	846
Deferred tax assets	296,638	37,575	35,761	(5,300)	364,674
Total assets	26,128,373	(162,930)	20,248	408,028	26,393,719
Liabilities					
Deposits from customers	5,974,752	-	-	-	5,974,752
Deposits and placements from financial institutions	1,031,496	-	-	-	1,031,496
Premium liabilities	261,598	-	(261,598)	-	-
Guarantee deferred income	-	-	209,470	260,420	469,890
Insurance payables	427	-	(427)	-	-
Other liabilities	138,774	-	168,742	105,959	413,475
Provision for taxation	-	-		48,689	48,689
Redeemable notes	9,297,853	-	-	-	9,297,853
Borrowings	152,540	-	-	-	152,540
Infrastructure support fund	303,974	-	-	-	303,974
Deferred income	190,262	-	-	-	190,262
Lease liabilities	867	-	-	-	867
Deferred tax liabilities	5,186	-	(5,184)	-	2
Total liabilities	17,357,729	-	111,003	415,068	17,883,800
Equity attributable to equity holders of the Bank					
Share capital	4,018,781	-	-	-	4,018,781
Reserves	4,738,797	(162,930)	(90,755)	(7,040)	4,478,072
	8,757,578	(162,930)	(90,755)	(7,040)	8,496,853
Non-controlling interests	13,066	-	-	-	13,066
Total equity	8,770,644	(162,930)	(90,755)	(7,040)	8,509,919
Total equity and liabilities	26,128,373	(162,930)	20,248	408,028	26,393,719

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

51. Prior Year Adjustments and Effect of Changes in Accounting Policies (cont'd.)

Statements of Financial Position

	As previously stated 31 December 2022 RM'000	PYA 1 RM'000	PYA 2.2 RM'000	PYA 3 RM'000	Restated 31 December 2022 RM'000
Assets					
Cash and short term deposits	2,144,414	-	-	-	2,144,414
Deposits and placements with financial institutions	131,652	-	-	-	131,652
Financial investments at FVTPL	33,886	-	-	-	33,886
Financial investments at FVOCI	6,594,838	-	-	-	6,594,838
Loans, financing and advances	14,533,849	(189,493)	249,434	-	14,593,790
Guarantee receivables	-	-	226,092	-	226,092
Other assets	290,611		(34,322)	-	256,289
Investments in subsidiaries	2,194,710	-	-	(81,900)	2,112,810
Property, plant and equipment	82,765	-	-	-	82,765
Investment properties	314	-	-	-	314
Intangible assets	12,796	-	-	-	12,796
Right-of-use assets	141	-	-	-	141
Deferred tax assets	417,371	32,442	(8,230)	-	441,583
Total assets	26,437,347	(157,051)	432,974	(81,900)	26,631,370
Liabilities					
Deposits from customers	7,156,123	-	-	-	7,156,123
Deposits and placements from financial institutions	1,852,552	-	-	-	1,852,552
Guarantee deferred income	-	-	242,661	-	242,661
Other liabilities	68,714		94,338	-	163,052
Provision for taxation	-	-	69,634	-	69,634
Redeemable notes	8,235,159	-	-	-	8,235,159
Borrowings	152,500	-	-	-	152,500
Infrastructure support fund	218,613	-	-	-	218,613
Deferred income	179,423	-	-	-	179,423
Lease liabilities	150	-	-	-	150
Total liabilities	17,863,234	-	406,633	-	18,269,867
Equity attributable to equity holders of the Bank					
Share capital	4,018,781	-	-	-	4,018,781
Reserves	4,555,332	(157,051)	26,341	(81,900)	4,342,722
Total equity	8,574,113	(157,051)	26,341	(81,900)	8,361,503
Total equity and liabilities	26,437,347	(157,051)	432,974	(81,900)	26,631,370

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

51. Prior Year Adjustments and Effect of Changes in Accounting Policies (cont'd.)

Statements of Financial Position

	As previously stated 1 January 2022 RM'000	PYA 1 RM'000	PYA 2.2 RM'000	Restated 1 January 2022 RM'000
Assets				
Cash and short term deposits	825,847	-	-	825,847
Deposits and placements with financial institutions	258,154	-	-	258,154
Financial investments at FVTPL	14,863	-	-	14,863
Financial investments at FVOCI	5,215,576	-	-	5,215,576
Loans, financing and advances	15,864,963	(200,217)	216,122	15,880,868
Guarantee receivables	-	-	245,653	245,653
Other assets	337,850		(48,447)	289,403
Investments in subsidiaries	2,168,939	-	-	2,168,939
Property, plant and equipment	83,807	-	-	83,807
Investment properties	322	-	-	322
Intangible assets	7,478	-	-	7,478
Right-of-use assets	236	-	-	236
Deferred tax assets	294,762	37,575	(5,300)	327,037
Total assets	25,072,797	(162,642)	408,028	25,318,183
Liabilities				
Deposits from customers	5,974,752	-	-	5,974,752
Deposits and placements from financial institutions	1,031,496	-	-	1,031,496
Guarantee deferred income	-	-	260,420	260,420
Other liabilities	87,101	-	105,959	193,060
Provision for taxation	-	-	48,689	48,689
Redeemable notes	8,792,132	-	-	8,792,132
Borrowings	152,540	-	-	152,540
Infrastructure support fund	303,974	-	-	303,974
Deferred income	190,262	-	-	190,262
Lease liabilities	245	-	-	245
Total liabilities	16,532,502	-	415,068	16,947,570
Equity attributable to equity holders of the Bank				
Share capital	4,018,781	-	-	4,018,781
Reserves	4,521,514	(162,642)	(7,040)	4,351,832
Total equity	8,540,295	(162,642)	(7,040)	8,370,613
Total equity and liabilities	25,072,797	(162,642)	408,028	25,318,183

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

51. Prior Year Adjustments and Effect of Changes in Accounting Policies (cont'd.)

Statements of Profit or Loss
For the Financial Year Ended 31 December 2022

	Group				
	As previously stated 31 December 2022 RM'000	PYA 1 RM'000	PYA 2.1 RM'000	PYA 2.2 RM'000	Restated 31 December 2022 RM'000
Interest income	274,094	2,947	-	-	277,041
Interest expense	(70,267)	-	-	-	(70,267)
Net interest income	203,827	2,947	-	-	206,774
Net income from Islamic financial business	691,303	4,440	-	(1,802)	693,941
Net earned premium	77,195	-	(77,195)	-	-
Non-interest income	11,025	-	45,516	-	56,541
Net income	983,350	7,387	(31,679)	(1,802)	957,256
Net claim recovered	11,053	-	-	-	11,053
Overhead expenses	(153,307)	-	(250)	-	(153,557)
Gain on deconsolidation of dissolved company	68	-	-	-	68
Allowance for impairment losses of loans, financing and advances	(419,703)	4,345	-	33,312	(382,046)
Allowance for impairment losses losses on other assets	(42,226)	-	(43,538)	11,621	(74,143)
Operating profit	379,235	11,732	(75,467)	43,131	358,631
Share of profit of associates and joint ventures	97	-	-	-	97
Profit before taxation and zakat	379,332	11,732	(75,467)	43,131	358,728
(Taxation)/tax credit	(152,758)	(5,138)	10,449	(9,750)	(157,197)
Zakat	(14,866)	-	-	-	(14,866)
Net profit for the year	211,708	6,594	(65,018)	33,381	186,665

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

51. Prior Year Adjustments and Effect of Changes in Accounting Policies (cont'd.)

Statements of Profit or Loss
For the Financial Year Ended 31 December 2022

		Bank			
	As previously stated 31 December 2022 RM'000	PYA 1 RM'000	PYA 2.2 RM'000	PYA 3 RM'000	Restated 31 December 2022 RM'000
Interest income	190,734	2,047	-	-	192,781
Interest expense	(51,969)	-	-	-	(51,969)
Net interest income	138,765	2,047	-	-	140,812
Net income from Islamic financial business	677,324	4,333	(1,802)	-	679,855
Non-interest income	6,514	-	-	-	6,514
Net income	822,603	6,380	(1,802)	-	827,181
Overhead expenses	(113,040)				(113,040)
Allowance for impairment losses of loans, financing and advances	(421,676)	4,345	33,312	-	(384,019)
Allowance for impairment losses losses on other assets	(16,398)	-	11,621	(81,900)	(86,677)
Profit before taxation and zakat	271,489	10,725	43,131	(81,900)	243,445
Taxation	(112,351)	(5,134)	(9,750)	-	(127,235)
Zakat	(13,186)	-	-	-	(13,186)
Net profit for the year	145,952	5,591	33,381	(81,900)	103,024

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

51. Prior Year Adjustments and Effect of Changes in Accounting Policies (cont'd.)

Statements of Cash Flows

	Group				
	As previously stated 31 December 2022 RM'000	PYA 1 RM'000	PYA 2.1 RM'000	PYA 2.2 RM'000	Restated 31 December 2022 RM'000
Cash flows from operating activities					
Profit before taxation and zakat	379,332	11,730	(75,466)	43,132	358,728
Adjustments for:					
Share of profit of associates and joint ventures	(97)	-	-	-	(97)
Depreciation of property, plant and equipment	5,454	-	-	-	5,454
Depreciation of investment properties	8	-	-	-	8
Amortisation of intangible assets	2,943	-	-	-	2,943
Depreciation of right-of-use assets	885	-	-	-	885
Fixed asset written off	21	-	-	-	21
Loss on disposal of property, plant and equipment	5	-	-	-	5
Net gain on disposal of financial investments at FVOCI	(2,479)	-	-	-	(2,479)
Accretion of discount less amortisation of premium of financial investments	27,652	-	-	-	27,652
Impairment allowance for:					
Financial investments at FVOCI	41,808	-	-	-	41,808
Loss on corporate guarantees	362	-	-	-	362
Allowance for impairment losses on loans, financing and advances, net	454,344	(4,345)	-	(33,312)	416,687
Allowances for/(write back of) impairment losses on financial guarantee	-	-	43,538	(11,621)	31,917
Impaired loans/financing and other assets written off	11,468	-	-	-	11,468
(Write back of)/allowance for ex-staff					
Allowance for ex-staff loan/financing	96	-	-	-	96
Gain due to debt/financing modification	2,738	(3,014)	-	-	(276)
Unrealised gain on financial investments at FVTPL	(19,023)	-	-	-	(19,023)
Compensation from the Government	(113,227)	-	-	-	(113,227)
Finance cost/interest expense on lease liabilities	31	-	-	-	31
Gain on deconsolidation of dissolved subsidiary	(68)	-	-	-	(68)
Operating cash flows before working capital changes	792,253	4,371	(31,928)	(1,801)	762,895

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

51. Prior Year Adjustments and Effect of Changes in Accounting Policies (cont'd.)

Statements of Cash Flows

	Group				
	As previously stated 31 December 2022 RM'000	PYA 1 RM'000	PYA 2.1 RM'000	PYA 2.2 RM'000	Restated 31 December 2022 RM'000
Cash flows from operating activities (cont'd.)					
Decrease/(increase) in operating assets:					
Deposits and placements with financial institutions	545,582	-	-	-	545,582
Loans, financing and advances	925,620	(4,277)	-	-	921,343
Insurance receivables	9,348	-	(9,348)	-	-
Reinsurance asset	249	-	(249)	-	-
Guarantee receivables	-	-	(36,279)	31,182	(5,097)
Other assets	51,654	-	131,596	(58,851)	124,399
	1,532,453	(4,277)	85,720	(27,669)	1,586,227
Increase in operating liabilities:					
Deposits from customers	1,181,371	-	-	-	1,181,371
Deposit and placements from financial institutions	821,056	-	-	-	821,056
Premium liabilities	(38,930)	-	38,930	-	-
Insurance payable	(427)	-	427	-	-
Guarantee deferred income	-	-	(5,165)	(17,759)	(22,924)
Other liabilities	(67,805)	-	(87,982)	47,133	(108,654)
	1,895,265	-	(53,790)	29,374	1,870,849
Cash generated from operating activities	4,219,971	94	2	(96)	4,219,971
Proceeds from Government compensation	50,286	-	-	-	50,286
Finance cost/interest expense on lease liabilities	(31)	-	-	-	(31)
Income taxes paid	(188,340)	-	-	-	(188,340)
Zakat paid	(8,904)	-	-	-	(8,904)
Net cash generated from operating activities	4,072,982	94	2	(96)	4,072,982
Cash flows from investing activities					
Acquisition of a subsidiary, net cash	(1,847)	-	-	-	(1,847)
Purchase of financial investments at FVOCI	(1,761,087)	-	-	-	(1,761,087)
Purchase of property, plant and equipment	(7,256)	-	-	-	(7,256)
Purchase of intangible assets	(5,599)	-	-	-	(5,599)
Proceeds from disposal of financial investments at FVOCI	119,667	-	-	-	119,667
Proceeds from maturity of financial investments at FVOCI	75,000	-	-	-	75,000
Proceeds from disposal of property, plant and equipment	21	-	-	-	21
Net cash outflow on dissolution of subsidiary	(636)	-	-	-	(636)
Net cash used in investing activities	(1,581,737)	-	-	-	(1,581,737)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

51. Prior Year Adjustments and Effect of Changes in Accounting Policies (cont'd.)

Statements of Cash Flows

	Group				
	As previously stated 31 December 2022 RM'000	**PYA 1 RM'000**	**PYA 2.1 RM'000**	**PYA 2.2 RM'000**	**Restated 31 December 2022 RM'000**
Cash flows from financing activities					
Net payment/repayment of Sukuk/ redeemable notes	(1,062,694)	-	-	-	(1,062,694)
Payment of borrowings - interest	(40)	-	-	-	(40)
Revolving credit-i from financial institution	10,034	-	-	-	10,034
Payment of principal portion of lease liabilities	(894)	-	-	-	(894)
Dividend paid	(75,000)	-	-	-	(75,000)
Net cash used in from financing activities	(1,128,594)	-	-	-	(1,128,594)
Net increase/(decrease) in cash and cash equivalents	1,362,651	94	2	(96)	1,362,651
Cash and cash equivalents at beginning of the year	966,678	-	-		966,678
Cash and cash equivalents at end of the year	2,329,329	94	2	(96)	2,329,329
Cash and cash equivalents comprise:					
Cash and short term deposits	2,329,329	-	-	-	2,329,329

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

51. Prior Year Adjustments and Effect of Changes in Accounting Policies (cont'd.)

Statements of Cash Flows

	Bank				
	As previously stated 31 December 2022 RM'000	PYA 1 RM'000	PYA 2.2 RM'000	PYA 3 RM'000	Restated 31 December 2022 RM'000
Cash flows from operating activities					
Profit before taxation and zakat	271,489	10,724	43,132	(81,900)	243,445
Adjustments for:					
Depreciation of property, plant and equipment	5,108	-	-	-	5,108
Depreciation of investment properties	8	-	-	-	8
Amortisation of intangible assets	2,550	-	-	-	2,550
Depreciation of right-of-use assets	95	-	-	-	95
Loss on disposal of property, plant and equipment	5	-	-	-	5
Net gain on disposal of financial investments at FVOCI	(1,173)	-	-	-	(1,173)
Dividend income:					
Subsidiaries	(6,200)	-	-	-	(6,200)
Accretion of discount less amortisation of premium of financial investments	28,281	-	-	-	28,281
Impairment allowance for:					
Financial investments at FVOCI	41,826	-	-	-	41,826
Investment in subsidiaries	(25,524)	-	-	81,900	56,376
Allowance for impairment losses on loans, financing and advances, net	453,385	(4,345)	(33,312)	-	415,728
Write back of impairment losses on financial guarantee	-	-	(11,621)	-	(11,621)
Impaired loans/financing and other assets written off	11,280	-	-	-	11,280
Allowance for ex-staff loan/financing	96	-	-	-	96
(Loss)/gain due to debt/financing modification	2,738	(3,014)	-	-	(276)
Unrealised gain on financial investments at FVTPL	(19,023)	-	-	-	(19,023)
Compensation from the Government	(113,227)	-	-	-	(113,227)
Finance cost/interest expense on lease liabilities	12	-	-	-	12
Operating cash flows before working capital changes	651,726	3,365	(1,801)	-	653,290

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

51. Prior Year Adjustments and Effect of Changes in Accounting Policies (cont'd.)

Statements of Cash Flows

	Bank				
	As previously stated 31 December 2022 RM'000	PYA 1 RM'000	PYA 2.2 RM'000	PYA 3 RM'000	Restated 31 December 2022 RM'000
Cash flows from operating activities (cont'd.)					
Decrease/(increase) in operating assets:					
Deposits and placements with financial institutions	126,502	-	-	-	126,502
Loans, financing and advances	863,615	(3,269)	-	-	860,346
Guarantee receivables	-	-	31,182	-	31,182
Other assets	50,135	-	(58,851)	-	(8,716)
	1,040,252	(3,269)	(27,669)	-	1,009,314
Increase in operating liabilities:					
Deposits from customers	1,181,371	-	-	-	1,181,371
Deposit and placements from financial institutions	821,056	-	-	-	821,056
Guarantee deferred income	-	-	(17,759)	-	(17,759)
Other liabilities	(72,955)	-	47,133	-	(25,822)
	1,929,472	-	29,374	-	1,958,846
Cash generated from operating activities	3,621,450	96	(96)	-	3,621,450
Proceeds from Government compensation	50,286	-	-	-	50,286
Finance cost/interest expense on lease liabilities	(12)	-	-	-	(12)
Income taxes paid	(196,208)	-	-	-	(196,208)
Zakat paid	(8,904)	-	-	-	(8,904)
Net cash generated from operating activities	3,466,612	96	(96)	-	3,466,612
Cash flows from investing activities					
Deferred consideration of a subsidiary	(1,847)	-	-	-	(1,847)
Capital reduction	1,600	-	-	-	1,600
Dividend income from:					
Subsidiaries	6,200	-	-	-	6,200
Purchase of financial investments at FVOCI	(1,608,327)	-	-	-	(1,608,327)
Purchase of property, plant and equipment	(6,662)	-	-	-	(6,662)
Purchase of intangible assets	(5,291)	-	-	-	(5,291)
Proceeds from disposal of financial investments at FVOCI	98,376	-	-	-	98,376
Proceeds from disposal of property, plant and equipment	14	-	-	-	14
Net cash used in investing activities	(1,515,937)	-	-	-	(1,515,937)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

51. Prior Year Adjustments and Effect of Changes in Accounting Policies (cont'd.)

Statements of Cash Flows

	Bank				
	As previously stated 31 December 2022 RM'000	PYA 1 RM'000	PYA 2.2 RM'000	PYA 3 RM'000	Restated 31 December 2022 RM'000
Cash flows from financing activities					
Net payment/repayment of Sukuk/ redeemable notes	(556,973)	-	-	-	(556,973)
Payment of borrowings - interest	(40)	-	-	-	(40)
Payment of principal portion of lease liabilities	(95)	-	-	-	(95)
Dividend paid	(75,000)	-	-	-	(75,000)
Net cash generated/(used in) from financing activities	(632,108)	-	-	-	(632,108)
Net increase/(decrease) in cash and cash equivalents	1,318,567	96	(96)	-	1,318,567
Cash and cash equivalents at beginning of the year	825,847	-	-	-	825,847
Cash and cash equivalents at end of the year	2,144,414	96	(96)	-	2,144,414
Cash and cash equivalents comprise:					
Cash and short term deposits	2,144,414	-	-	-	2,144,414

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business

The state of affairs as at 31 December 2023 and results for the financial year ended on this date under the Islamic financial business of the Group and the Bank included in the Group financial statements are summarised as follows:

Statements of Financial Position
As at 31 December 2023

	Note	Group 31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Assets				
Cash and short term deposits	(a)	1,000,522	1,946,529	788,780
Deposits and placements with financial institutions	(b)	-	131,652	238,130
Financial investments at FVTPL	(c)	7,495	33,886	14,863
Financial investments at FVOCI	(d)	8,642,293	5,746,960	4,344,354
Financial investments at AC	(e)	61,346	-	-
Financing and advances	(f)	15,693,394	13,505,125	13,493,405
Other assets	(g)	447,809	864,295	1,058,961
Guarantee receivables	(h)	335,557	226,092	245,653
Guarantee recoverable	(i)	103,792	-	-
Property, plant and equipment		112,346	82,765	83,807
Investment properties		307	314	322
Intangible asset		30,275	12,796	7,478
Right-of-use asset		65	141	236
Deferred tax asset		516,907	430,842	317,626
Total assets		26,952,108	22,981,397	20,593,615
Liabilities				
Deposits from customers	(j)	9,055,121	7,156,123	5,974,752
Deposits from financial institutions	(k)	787,492	1,622,106	731,346
Other liabilities	(l)	1,617,446	181,517	168,238
Sukuk	(m)	8,575,988	7,573,681	8,080,341
Guarantee deferred income	(n)	359,059	242,661	260,420
Infrastructure support fund		218,613	218,613	303,974
Revolving credit-i		-	10,034	-
Deferred income		170,113	179,423	190,262
Lease liabilities		70	150	245
Deferred tax liabilities		-	-	246
Total liabilities		20,783,902	17,184,308	15,709,824

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

Statements of Financial Position As at 31 December 2023 (cont'd.)

	Note	Group 31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Equity				
Capital funds		3,718,724	3,718,724	3,078,724
Reserves	(o)	2,449,482	2,078,365	1,805,067
Total equity		6,168,206	5,797,089	4,883,791
Total liabilities and equity		26,952,108	22,981,397	20,593,615
Commitments and contingencies	(x)	6,898,951	4,908,684	6,970,213

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

Statements of Financial Position
As at 31 December 2023 (cont'd.)

	Note	Bank 31 December 2023 RM'000	Bank 31 December 2022 RM'000 Restated	Bank 1 January 2022 RM'000 Restated
Assets				
Cash and short term deposits	(a)	899,313	1,793,449	706,342
Deposits and placements with financial institutions	(b)	-	131,652	238,130
Financial investments at FVTPL	(c)	7,495	33,886	14,863
Financial investments at FVOCI	(d)	8,642,293	5,746,960	4,344,354
Financial investments at AC	(e)	61,346	-	-
Financing and advances	(f)	15,461,021	13,366,492	13,355,514
Other assets	(g)	447,527	997,628	1,157,677
Guarantee receivable	(h)	335,557	226,092	245,653
Guarantee recoverable	(i)	103,792	-	-
Property, plant and equipment		112,346	82,765	83,807
Investment properties		307	314	322
Intangible asset		30,275	12,796	7,478
Right-of-use asset		65	141	236
Deferred tax asset		516,907	430,842	317,471
Total assets		26,618,244	22,823,017	20,471,847
Liabilities				
Deposits from customers	(j)	9,055,121	7,156,123	5,974,752
Deposits from financial institutions	(k)	787,492	1,622,106	731,346
Other liabilities	(l)	1,412,829	153,699	158,870
Sukuk	(m)	8,575,988	7,573,681	8,080,341
Guarantee deferred income	(n)	359,059	242,661	260,420
Infrastructure support fund		218,613	218,613	303,974
Deferred income		170,113	179,423	190,262
Lease liabilities		71	150	245
Total liabilities		20,579,286	17,146,456	15,700,210

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

Statements of Financial Position As at 31 December 2023 (cont'd.)

	Note	Bank 31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Equity				
Capital funds		3,718,724	3,718,724	3,078,724
Reserves	(o)	2,320,234	1,957,837	1,692,913
Total equity		6,038,958	5,676,561	4,771,637
Total liabilities and equity		26,618,244	22,823,017	20,471,847
Commitments and contingencies	(x)	6,898,951	4,908,684	6,970,213

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

Statements of Profit or Loss
For the Financial Year Ended 31 December 2023

	Note	Group 2023 RM'000	Group 2022 RM'000 Restated	Bank 2023 RM'000	Bank 2022 RM'000 Restated
Income derived from investment of depositors' funds	(p)	289,263	265,951	289,263	265,951
Income derived from investment of shareholders' funds	(q)	1,694,498	949,280	1,673,837	935,160
Allowance for impairment losses on financing and advances	(r)	(598,340)	(453,356)	(593,072)	(453,909)
Allowance for impairment losses on other assets	(s)	(85,373)	(30,309)	(85,373)	(30,309)
Total distributable income		1,300,048	731,566	1,284,655	716,893
Income attributable to the depositors	(t)	(349,550)	(196,160)	(349,550)	(196,160)
Total net income		950,498	535,406	935,105	520,733
Overhead expenses	(u)	(202,406)	(117,602)	(196,116)	(113,017)
Finance cost	(v)	(323,357)	(325,130)	(323,357)	(325,096)
Profit before taxation and zakat		424,735	92,674	415,632	82,620
Taxation		(118,664)	(55,929)	(118,664)	(55,929)
Zakat	(w)	(10,403)	(14,866)	(10,020)	(13,186)
Profit for the year		295,668	21,879	286,948	13,505

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

Statements of Comprehensive Income
For the Financial Year Ended 31 December 2023

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Profit for the year	295,668	21,879	286,948	13,505
Other comprehensive income/(loss)				
Items that will not be reclassified to profit or loss:				
Net change in revaluation of equity instruments at fair value through other comprehensive income	1,193	(979)	1,193	(979)
Items that may be reclassified to profit or loss:				
Debt instruments at fair value through other comprehensive income:				
- Net change in fair value during the year	159,426	(89,835)	159,426	(89,835)
- Changes in allowance for expected credit losses	38,092	41,826	38,092	41,826
	198,711	(48,988)	198,711	(48,988)
Income tax effect (Note 52(n)(ii))	(38,262)	21,560	(38,262)	21,560
	(38,262)	21,560	(38,262)	21,560
Other comprehensive income/ (loss) for the year, net of tax	160,449	(27,428)	160,449	(27,428)
Total comprehensive income/ (loss) for the year	456,117	(5,549)	447,397	(13,923)
Total comprehensive income/ (loss) attributable to:				
Shareholders of the Bank	456,117	(5,549)	447,397	(13,923)
	456,117	(5,549)	447,397	(13,923)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Net income from Islamic financial business:				
Income derived from investment of depositors' funds	289,263	265,951	289,263	265,951
Income derived from investment of shareholders' funds	1,694,498	949,280	1,673,837	935,160
Income attributable to the depositors	(349,550)	(196,160)	(349,550)	(196,160)
Finance cost	(323,357)	(325,130)	(323,357)	(325,096)
Net income from Islamic financial business reported in the statements of profit or loss	1,310,854	693,941	1,290,193	679,855

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

Consolidated Statement of Changes in Equity
For the Financial Year Ended 31 December 2023

	Capital funds RM'000	Statutory reserve RM'000	Unrealised FVOCI reserve RM'000	Retained profits RM'000	Total RM'000
Group					
At 1 January 2023	3,718,724	443,483	53,703	1,619,781	5,835,691
Effect of Modified Reporting Framework	-	-	-	(194,512)	(194,512)
Effect of harmonisation of MFRS 9	-	-	-	155,910	155,910
At 1 January 2023, as restated	3,718,724	443,483	53,703	1,581,179	5,797,089
Profit for the year	-	-	-	295,668	295,668
Other comprehensive income for the year	-	-	160,449	-	160,449
Total comprehensive income for the year	-	-	160,449	295,668	456,117
Transfer to retained profits on the disposal of equity instruments at FVOCI	-	-	(214)	214	-
Dividend paid	-	-	-	(85,000)	(85,000)
At 31 December 2023	3,718,724	443,483	213,938	1,792,061	6,168,206

52. Islamic Financial Business (cont'd.)

Consolidated Statement of Changes in Equity
For the Financial Year Ended 31 December 2023

	Capital funds RM'000	Statutory reserve RM'000	Unrealised FVOCI reserve RM'000	Retained profits RM'000	Total RM'000
Group					
At 1 January 2022	3,078,724	443,483	81,131	1,349,993	4,953,331
Effect of Modified Reporting Framework	-	-	-	(179,704)	(179,704)
Effect of harmonisation of MFRS 9	-	-	-	110,164	110,164
At 1 January 2022, as restated	3,078,724	443,483	81,131	1,280,453	4,883,791
Profit for the year	-	-	-	21,879	21,879
Other comprehensive loss for the year	-	-	(27,428)	-	(27,428)
Total comprehensive (loss)/income for the year	-	-	(27,428)	21,879	(5,549)
Capital re-allocation	640,000	-	-	353,847	993,847
Dividend paid	-	-	-	(75,000)	(75,000)
At 31 December 2022	3,718,724	443,483	53,703	1,581,179	5,797,089

52. Islamic Financial Business (cont'd.)

Statement of Changes in Equity
For the Financial Year Ended 31 December 2023

	Capital funds RM'000	Statutory reserve RM'000	Unrealised FVOCI reserve RM'000	Retained profits RM'000	Total RM'000
Bank					
At 1 January 2023	3,718,724	443,483	53,703	1,500,063	5,715,973
Effect of Modified Reporting Framework	-	-	-	(194,512)	(194,512)
Effect of harmonisation of MFRS 9	-	-	-	155,100	155,100
At 1 January 2023, as restated	3,718,724	443,483	53,703	1,460,651	5,676,561
Profit for the year	-	-	-	286,948	286,948
Other comprehensive income for the year	-	-	160,449	-	160,449
Total comprehensive income for the year	-	-	160,449	286,948	447,397
Transfer to retained profits on the disposal of equity instruments at FVOCI	-	-	(214)	214	-
Dividend paid	-	-	-	(85,000)	(85,000)
At 31 December 2023	3,718,724	443,483	213,938	1,662,813	6,038,958

52. Islamic Financial Business (cont'd.)

Statement of Changes in Equity
For the Financial Year Ended 31 December 2023

Bank	Capital funds RM'000	Statutory reserve RM'000	Unrealised FVOCI reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2022	3,078,724	443,483	81,131	1,237,839	4,841,177
Effect of Modified Reporting Framework	-	-	-	(179,704)	(179,704)
Effect of harmonisation of MFRS 9	-	-	-	110,164	110,164
At 1 January 2022, as restated	3,078,724	443,483	81,131	1,168,299	4,771,637
Profit for the year	-	-	-	13,505	13,505
Other comprehensive loss for the year	-	-	(27,428)	-	(27,428)
Total comprehensive (loss)/income for the year	-	-	(27,428)	13,505	(13,923)
Capital re-allocation	640,000	-	-	353,847	993,847
Dividend paid	-	-	-	(75,000)	(75,000)
At 31 December 2022	3,718,724	443,483	53,703	1,460,651	5,676,561

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

Statements of Cash Flows
For the Financial Year Ended 31 December 2023

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Cash flows from operating activities				
Profit before taxation and zakat	424,735	92,674	415,632	82,620
Adjustments for:				
Gain on redemption of financial investments at FVTPL (Note 52(q))	(600,177)	-	(600,177)	-
Allowance for impairment on financial guarantee (Note 52(s))	40,770	(11,613)	40,770	(11,613)
Allowance for impairment on financial guarantee recoverable (Note 52(s))	6,015	-	6,015	-
Net gain on sale of financial investments at FVOCI (Note 52(q))	(1,111)	(1,173)	(1,111)	(1,173)
Depreciation of property, plant and equipment (Note 52(u)(ii))	6,189	5,108	6,189	5,108
Depreciation of investment properties (Note 52(u)(ii))	7	8	7	8
Amortisation of intangible assets (Note 52(u)(ii))	4,349	2,550	4,349	2,550
Depreciation of right-of-use assets (Note 52(u)(ii))	76	95	76	95
Loss on disposal property, plant and equipment (Note 52(q))	8	5	8	5
Accretion of discount less amortisation of premium of financial investments (Note 52(q))	18,453	17,704	18,453	17,704
Allowance for impairment losses on financing and advances, net (Note 52(r))	570,815	442,534	565,475	442,828
Balance carried forward	470,129	547,892	455,686	538,132

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

Statements of Cash Flows
For the Financial Year Ended 31 December 2023 (cont'd.)

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Cash flows from operating activities (cont'd.)				
Balance brought forward	470,129	547,892	455,686	538,132
Gain due to financing modification (Note 52(p) and Note 52(q))	(8,346)	1,168	(8,317)	1,168
Allowance for impairment on intangible asset	937	-	937	-
Impairment allowance for:				
Financial investments at FVOCI (Note 52(s))	36,143	41,826	36,143	41,826
Financial investments at AC (Note 52(s))	1,949	-	1,949	-
Impaired financing written off (Note 52(r))	50,829	13,021	50,823	13,302
Property, plant and equipment written off (Note 52(u)(iv))	5	-	5	-
(Write back of)/Allowance for made ex-staff financing (Note 52(s))	(441)	96	(441)	96
Unrealised loss/(gain) on FVTPL (Note 52(q))	26,391	(19,023)	26,391	(19,023)
Compensation from the Government (Note 52(q))	(110,661)	(113,227)	(110,661)	(113,227)
Finance cost on lease liabilities (Note 52(v))	7	12	7	12
Operating cash flows before working capital changes	466,942	471,765	452,522	462,286
(Increase)/decrease in operating assets:				
Deposits and placements with financial institutions	131,652	106,478	131,652	106,478
Guarantee receivables	(150,235)	31,173	(150,235)	31,173
Guarantee recoverable	(109,807)	-	(109,807)	-
Financing and advances	(2,801,561)	(468,443)	(2,702,510)	(468,272)
Other assets	795,250	(149,966)	928,871	44,947
	(2,134,701)	(480,758)	(1,902,029)	(285,674)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

Statements of Cash Flows
For the Financial Year Ended 31 December 2023 (cont'd.)

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Cash flows from operating activities (cont'd.)				
Increase/(decrease) in operating liabilities:				
Deposits from customers	1,898,998	1,181,370	1,898,998	1,181,370
Deposits and placements from financial institutions	(834,614)	890,760	(834,614)	890,760
Other liabilities	1,446,740	(74,343)	1,270,325	(245,590)
Guarantee deferred income	116,398	(17,759)	116,398	(17,759)
	2,627,522	1,980,028	2,451,107	1,808,781
Cash generated from operating activities	959,763	1,971,035	1,001,600	1,985,393
Finance cost on lease liabilities (Note 52(v))	(7)	(12)	(7)	(12)
Zakat paid	(13,318)	(8,904)	(13,318)	(8,904)
Net cash generated from operating activities	946,438	1,962,119	988,275	1,976,477
Cash flows from investing activities				
Purchase of property, plant and equipment (Note 16)	(35,786)	(6,662)	(35,786)	(6,662)
Purchase of intangible assets (Note 18)	(22,765)	(5,291)	(22,765)	(5,291)
Purchase of financial investments at FVOCI	(3,367,287)	(1,438,184)	(3,367,287)	(1,438,184)
Proceeds from disposal of financial investments at FVOCI	590,374	98,376	590,374	98,376
Proceeds from maturity of FVOCI	-	75,000	-	-
Proceeds from disposal of property, plant and equipments	3	14	3	14
Purchase of financial investments at amortised cost	(61,346)	-	(61,346)	-
Net cash used in investing activities	(2,896,807)	(1,276,747)	(2,896,807)	(1,351,747)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

Statements of Cash Flows
For the Financial Year Ended 31 December 2023 (cont'd.)

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Cash flows from financing activities				
Payment of Sukuk	-	(506,661)	-	(506,661)
Sukuk issuance	1,000,000	-	1,000,000	-
Proceeds from government compensation	99,261	50,286	99,261	50,286
Capital re-allocation	-	993,847	-	993,847
Revolving credit-i from financial institution	(10,034)	10,000	-	-
Payment of principal portion of lease	(79)	(95)	(79)	(95)
Transfer to retain earning on disposal FVOCI	214	-	214	-
Dividends paid	(85,000)	(75,000)	(85,000)	(75,000)
Net cash generated from financing activities	1,004,362	472,377	1,014,396	462,377
Net (decrease)/increase in cash and equivalents	(946,007)	1,157,749	(894,136)	1,087,107
Cash and cash equivalents at beginning of the year	1,946,529	788,780	1,793,449	706,342
Cash and cash equivalents at end of the year	1,000,522	1,946,529	899,313	1,793,449

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

Statements of Cash Flows
For the Financial Year Ended 31 December 2023 (cont'd.)

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and cash equivalents comprise:				
Cash and short term deposits (Note (a))	1,000,522	1,946,529	899,313	1,793,449

(a) Cash and Short Term Deposits

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances with financial institutions	6,989	17,785	1,861	1,255
Money at call and deposit placements maturing within one month	993,533	1,928,744	897,452	1,792,194
	1,000,522	1,946,529	899,313	1,793,449

(b) Deposits and placements with financial institutions

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Licensed banks	-	131,652	-	131,652

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(c) Financial Investments at FVTPL

	Group and Bank		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
At fair value			
Equity Securities:			
Unquoted shares	7,495	33,886	14,863
Total financial investments at FVTPL	7,495	33,886	14,863

(d) Financial Investments at FVOCI

	Group and Bank	
	2023 RM'000	2022 RM'000
At fair value		
Debt Instruments:		
Money market instruments:		
Government investment issues	3,881,460	2,046,829
Cagamas	-	4,963
	3,881,460	2,051,792
Unquoted securities:		
Sukuk	4,760,833	3,685,867
	4,760,833	3,685,867
Equity Securities:		
Quoted shares	-	9,301
	-	9,301
Total financial investmentsat FVOCI	8,642,293	5,746,960

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(d) Financial Investments at FVOCI (cont'd.)

Movements in allowances for impairment which reflect the ECL allowance are as follows:

2023	12-Month ECL Stage 1	Lifetime ECL Not Credit Impaired Stage 2	Lifetime ECL Credit Impaired Stage 3	Total
Group and Bank	RM'000	RM'000	RM'000	RM'000
At 1 January	365	158,708	-	159,073
Net allowance made	162	35,981	-	36,143
New financial investments purchased	211	40,335	-	40,546
Net write back	(49)	(4,354)	-	(4,403)
At 31 December	527	194,689	-	195,216

2022	12-Month ECL Stage 1	Lifetime ECL Not Credit Impaired Stage 2	Lifetime ECL Credit Impaired Stage 3	Total
Group and Bank	RM'000	RM'000	RM'000	RM'000
At 1 January	227	117,020	-	117,247
Net allowance made	138	41,688	-	41,826
New financial investments purchased	197	42,533	-	42,730
Net write back	(59)	(845)	-	(904)
At 31 December	365	158,708	-	159,073

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(e) Financial Investments at AC

	Group and Bank	
	31 December 2023 RM'000	31 December 2022 RM'000
At amortised cost		
Debt Instruments:		
Unquoted securities:		
Sukuk	61,346	-
Total financial investments at AC	61,346	-

Movements in allowances for impairment which reflect the ECL allowance are as follows:

Group and Bank		Lifetime ECL		
2023	**12-Month ECL Stage 1 RM'000**	**Not Credit Impaired Stage 2 RM'000**	**Credit Impaired Stage 3 RM'000**	**Total RM'000**
At 1 January	-	-	-	-
Net allowance made	1,949	-	-	1,949
New financial investments purchased	1,949	-	-	1,949
Net write back	-	-	-	-
At 31 December	1,949	-	-	1,949

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(f) Financing and Advances

	Group		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Bai' Bithaman Ajil	256	718	8,421
Istisna'	897,491	1,084,648	1,317,871
Ijarah Muntahiyah bi Tamlik	70,072	75,185	96,051
Tawarruq financing asset	17,183,220	14,320,758	13,598,982
Tawarruq financing working capital	384,927	380,976	392,646
Tawarruq revolving working capital	94,585	115,109	130,341
Factoring-i	54,461	30,650	36,359
Hire purchase-i	106,354	23,715	10,942
Staff financing	2,095	2,618	3,393
Gross financing and advances	18,793,461	16,034,377	15,595,006
Allowance for impairment on financing and advances:			
- Stage 1: 12-Month ECL	(1,579,236)	(854,088)	(1,113,110)
- Stage 2: Lifetime ECL not credit impaired	(1,034,617)	(1,173,912)	(481,601)
- Stage 3: Lifetime ECL credit impaired	(486,214)	(501,252)	(506,890)
	(3,100,067)	(2,529,252)	(2,101,601)
Net financing and advances	15,693,394	13,505,125	13,493,405

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(f) Financing and Advances (cont'd.)

	Bank		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Bai' Bithaman Ajil	-	449	7,291
Istisna'	897,491	1,084,648	1,317,871
Ijarah Muntahiyah bi Tamlik	1,313	1,226	1,226
Tawarruq financing asset	17,171,888	14,307,269	13,585,725
Tawarruq financing working capital	384,927	380,976	392,646
Tawarruq revolving working capital	94,585	115,109	130,341
Staff financing	2,095	2,618	3,393
Gross financing and advances	18,552,299	15,892,295	15,438,493
Allowance for impairment on financing and advances:			
- Stage 1: 12-Month ECL	(1,574,105)	(854,129)	(1,111,956)
- Stage 2: Lifetime ECL not credit impaired	(1,034,102)	(1,173,912)	(481,583)
- Stage 3: Lifetime ECL credit impaired	(483,071)	(497,762)	(489,440)
	(3,091,278)	(2,525,803)	(2,082,979)
Net financing and advances	15,461,021	13,366,492	13,355,514

52. Islamic Financial Business (cont'd.)

(f) Financing and advances (cont'd.)

(i) Financing and advances analysed by type and Shariah contract are as follows:

Group 2023	Bai' Bithaman Ajil RM'000	Istisna' RM'000	Ijarah Muntahiyah bi Tamlik RM'000	Tawarruq RM'000	Factoring-i RM'000	Hire purchase-i RM'000	Total RM'000
At amortised cost							
Term facility							
Sale-based financing	256	897,491	-	17,183,220	54,461	106,354	18,241,782
Lease-based financing	-	-	70,072	-	-	-	70,072
Working capital facility							
Sale-based financing	-	-	-	384,927	-	-	384,927
Revolving facility							
Sale-based financing	-	-	-	94,585	-	-	94,585
Staff financing	2,095	-	-	-	-	-	2,095
Gross financing and advances	2,351	897,491	70,072	17,662,732	54,461	106,354	18,793,461
Allowance for impairment on financing and advances:							
Stage 1: 12-Month ECL	(17)	(24,602)	(525)	(1,548,487)	(5,283)	(322)	(1,579,236)
Stage 2: Lifetime ECL not credit impaired	-	(27,430)	-	(1,006,948)	-	(239)	(1,034,617)
Stage 3: Lifetime ECL credit impaired	-	(38,593)	(1,313)	(437,871)	(8,124)	(313)	(486,214)
Net financing and advances	2,334	806,866	68,234	14,669,426	41,054	105,480	15,693,394

52. Islamic Financial Business (cont'd.)

(f) Financing and advances (cont'd.)

(i) Financing and advances analysed by type and Shariah contract are as follows (cont'd.):

Group 2022	Bai' Bithaman Ajil RM'000	Istisna' RM'000	Ijarah Muntahiyah bi Tamlik RM'000	Tawarruq RM'000	Factoring-i RM'000	Hire purchase-i RM'000	Total RM'000
At amortised cost							
Term facility							
Sale-based financing	718	1,084,648	-	14,320,758	30,650	23,715	15,460,489
Lease-based financing	-	-	75,185	-	-	-	75,185
Working capital facility							
Sale-based financing	-	-	-	380,976	-	-	380,976
Revolving facility							
Sale-based financing	-	-	-	115,109	-	-	115,109
Staff financing	2,618	-	-	-	-	-	2,618
Gross financing and advances	3,336	1,084,648	75,185	14,816,843	30,650	23,715	16,034,377
Allowance for impairment on financing and advances:							
Stage 1: 12-Month ECL	(17)	(54,946)		(798,457)	(590)	(78)	(854,088)
Stage 2: Lifetime ECL not credit impaired	-	1,162	-	(1,175,074)	-	-	(1,173,912)
Stage 3: Lifetime ECL credit impaired	(449)	(45,557)	(1,226)	(445,454)	(7,960)	(606)	(501,252)
Net financing and advances	2,870	985,307	73,959	12,397,858	22,100	23,031	13,505,125

52. Islamic Financial Business (cont'd.)

(f) Financing and advances (cont'd.)

(i) Financing and advances analysed by type and Shariah contract are as follows (cont'd.):

Bank 2023	Bai' Bithaman Ajil RM'000	Istisna' RM'000	Ijarah Muntahiyah bi Tamlik RM'000	Tawarruq RM'000	Total RM'000
At amortised cost					
Term facility					
Sale-based financing	-	897,491	-	17,171,888	18,069,379
Lease-based financing	-	-	1,313	-	1,313
Working capital facility					
Sale-based financing	-	-	-	384,927	384,927
Revolving facility					
Sale-based financing	-	-	-	94,585	94,585
Staff financing	2,095	-	-	-	2,095
Gross financing and advances	2,095	897,491	1,313	17,651,400	18,552,299
Allowance for impairment on financing and advances:					
Stage 1: 12-Month ECL	(17)	(24,602)	-	(1,549,486)	(1,574,105)
Stage 2: Lifetime ECL not credit impaired	-	(27,430)	-	(1,006,672)	(1,034,102)
Stage 3: Lifetime ECL credit Impaired	-	(38,593)	(1,313)	(443,165)	(483,071)
Net financing and advances	2,078	806,866	-	14,652,077	15,461,021

52. Islamic Financial Business (cont'd.)

(f) Financing and advances (cont'd.)

(i) Financing and advances analysed by type and Shariah contract are as follows (cont'd.):

Bank 2022	Bai' Bithaman Ajil RM'000	Istisna' RM'000	Ijarah Muntahiyah bi Tamlik RM'000	Tawarruq RM'000	Total RM'000
At amortised cost					
Term facility					
Sale-based financing	449	1,084,648	-	14,307,269	15,392,366
Lease-based financing	-	-	1,226	-	1,226
Working capital facility					
Sale-based financing	-	-	-	380,976	380,976
Revolving facility					-
Sale-based financing	-	-	-	115,109	115,109
Staff financing	2,618	-	-	-	2,618
Gross financing and advances	3,067	1,084,648	1,226	14,803,354	15,892,295
Allowance for impairment on financing and advances:					
Stage 1: 12-Month ECL	(17)	(54,946)	-	(799,166)	(854,129)
Stage 2: Lifetime ECL not credit impaired	-	1,162	-	(1,175,074)	(1,173,912)
Stage 3: Lifetime ECL credit Impaired	(449)	(45,557)	(1,226)	(450,530)	(497,762)
Net financing and advances	2,601	985,307	-	12,378,584	13,366,492

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(f) Financing and Advances (cont'd.)

(ii) Financing and advances analysed by type of customers are as follows:

	Group		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Domestic business enterprises	18,791,366	16,031,759	15,591,613
Individual	2,095	2,618	3,393
	18,793,461	16,034,377	15,595,006

	Bank		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Domestic business enterprises	18,550,204	15,889,677	15,435,100
Individual	2,095	2,618	3,393
	18,552,299	15,892,295	15,438,493

(iii) Financing and advances analysed by profit rate sensitivity are as follows:

	Group		
	31 December 2023 RM'000	31 December 2022 RM'000	1 January 2022 RM'000
Fixed rate:			
Housing financing	2,095	2,618	3,393
Other fixed rate financing	6,929,731	7,502,903	7,563,246
Hire purchase receivable	106,354	23,715	144,487
Variable rate:			
Cost plus	2,424,334	2,243,385	2,459,836
Other variable rates	9,330,947	6,261,756	5,424,044
	18,793,461	16,034,377	15,595,006

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(f) Financing and Advances (cont'd.)

(iii) Financing and advances analysed by profit rate sensitivity are as follows:

	Bank		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Fixed rate:			
Housing financing	2,095	2,618	3,393
Other fixed rate financing	6,794,923	7,384,536	7,551,220
Variable rate:			
Cost plus	2,424,334	2,243,385	2,459,836
Other variable rates	9,330,947	6,261,756	5,424,044
	18,552,299	15,892,295	15,438,493

(iv) Financing and advances analysed by geographical distribution are as follows:

	Group		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Within Malaysia	18,793,461	16,034,377	15,595,006

	Bank		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Within Malaysia	18,552,299	15,892,295	15,438,493

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(f) Financing and Advances (cont'd.)

(v) Financing and advances analysed by industry are as follows:

	Group		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Construction	2,552,650	2,877,508	2,926,919
Electricity, gas and water supply	1,218,338	1,188,399	1,018,943
Finance, takaful and business	8,452	116,913	120,763
Infrastructure	8,629,754	5,573,355	5,376,157
Hotel and restaurants	946,346	909,585	821,737
Housing	2,095	2,618	3,393
Manufacturing	712,192	757,275	741,769
Other community, social and personal service activities	154,609	28,773	144,595
Real estate, renting and business activity	1,797,420	1,730,333	1,661,735
Transport, storage and communication	2,771,605	2,849,618	2,778,995
	18,793,461	16,034,377	15,595,006

	Bank		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Construction	2,527,949	2,877,508	2,926,919
Electricity, gas and water supply	1,217,877	1,185,482	1,018,052
Finance, takaful and business	-	46,064	49,000
Infrastructure	8,629,754	5,573,355	5,376,157
Hotel and restaurants	943,147	864,071	785,166
Housing	2,095	2,618	3,393
Manufacturing	690,196	757,275	741,769
Other community, social and personal service activities	11,528	21,474	116,325
Real estate, renting and business activity	1,786,784	1,730,333	1,661,735
Transport, storage and communication	2,742,969	2,834,115	2,759,977
	18,552,299	15,892,295	15,438,493

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(f) Financing and Advances (cont'd.)

(vi) The maturity structure of financing and advances are as follows:

	Group		
	31 December 2023 RM'000	**31 December 2022 RM'000 Restated**	**1 January 2022 RM'000 Restated**
Maturity within one year	960,243	1,100,582	786,828
One year to three years	2,842,974	1,892,103	1,903,270
Three years to five years	2,297,490	2,981,042	2,374,783
Over five years	12,692,754	10,060,650	10,530,125
	18,793,461	16,034,377	15,595,006

	Bank		
	31 December 2023 RM'000	**31 December 2022 RM'000 Restated**	**1 January 2022 RM'000 Restated**
Maturity within one year	897,902	1,057,687	739,798
One year to three years	2,816,722	1,863,345	1,859,592
Three years to five years	2,144,921	2,910,613	2,309,303
Over five years	12,692,754	10,060,650	10,529,800
	18,552,299	15,892,295	15,438,493

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(f) Financing and Advances (cont'd.)

(vii) Movements in gross financing and advances are as follows:

Group 2023	12-Month ECL Stage 1 RM'000	Lifetime ECL Not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At 1 January				
- as previously stated	10,441,467	4,796,661	1,070,134	16,308,262
- effect of modified reporting framework	(66,238)	(189,575)	(18,135)	(273,948)
At 1 January, as restated	10,375,229	4,607,086	1,051,999	16,034,314
- Transfer to 12-month ECL (Stage 1)	1,200,150	(1,200,099)	(51)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(195,691)	195,691	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	(134,785)	134,785	-
Remeasurement, net	422,184	68,793	(8,042)	482,935
New accounts	3,556,578	-	388	3,556,966
Matured accounts	(1,210,398)	-	(60,638)	(1,271,036)
Written-off	-	-	(9,718)	(9,718)
At 31 December	14,148,052	3,536,686	1,108,723	18,793,461

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(f) Financing and Advances (cont'd.)

(vii) Movements in gross financing and advances are as follows (cont'd.):

Group 2022	12-Month ECL Stage 1 RM'000	Lifetime ECL Not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At 1 January				
- as previously stated	13,126,052	1,921,283	825,997	15,873,332
- effect of modified reporting framework	24,888	(91,664)	(211,503)	(278,279)
At 1 January, as restated	13,150,940	1,829,619	614,494	15,595,053
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(2,901,190)	2,901,190	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(362,075)	(120,496)	482,571	-
Remeasurement, net	545,160	(18,310)	(44,420)	482,430
New accounts	99,254	15,084	-	114,338
Matured accounts	(156,860)	-	(303)	(157,163)
Written-off	-	-	(281)	(281)
At 31 December	10,375,229	4,607,087	1,052,061	16,034,377

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(f) Financing and Advances (cont'd.)

(vii) Movements in gross financing and advances are as follows (cont'd.):

Bank 2023	12-Month ECL Stage 1 RM'000	Lifetime ECL Not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At 1 January				
- as previously stated	10,316,475	4,796,580	1,053,188	16,166,243
- effect of modified reporting framework	(66,238)	(189,575)	(18,135)	(273,948)
At 1 January, as restated	10,250,237	4,607,005	1,035,053	15,892,295
- Transfer to 12-month ECL (Stage 1)	1,200,099	(1,200,099)	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(191,802)	191,802	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	(134,785)	134,785	-
Remeasurement, net	186,811	68,191	(7,963)	247,039
New accounts	3,382,496	-	-	3,382,496
Matured accounts	(899,781)	-	(60,032)	(959,813)
Written-off	-	-	(9,718)	(9,718)
At 31 December	13,928,060	3,532,114	1,092,125	18,552,299
2022				
At 1 January				
- as previously stated	12,988,073	1,920,155	808,545	15,716,773
- effect of modified reporting framework	24,888	(91,664)	(211,503)	(278,279)
At 1 January, as restated	13,012,961	1,828,491	597,042	15,438,494
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(2,901,190)	2,901,190	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(362,075)	(120,369)	482,444	-
Remeasurement, net	580,365	(17,391)	(44,433)	518,541
New accounts	75,649	15,084	-	90,733
Matured accounts	(155,473)	-	-	(155,473)
At 31 December	10,250,237	4,607,005	1,035,053	15,892,295

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(f) Financing and Advances (cont'd.)

(viii) Impaired financing and advances analysed by industry are as follows:

	Group		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Construction	387,213	351,911	-
Electricity, gas and water supply	309,320	410,462	331,451
Finance, takaful and business	7,960	-	-
Infrastructure	22,769	22,767	23,767
Hotel and restaurants	155,340	168,766	175,522
Manufacturing	164	-	-
Real estate, renting and business activity	134,785	10,164	-
Other community, social and personal service activities	17,343	87,837	83,691
Transport, storage and communication	73,829	154	63
	1,108,723	1,052,061	614,494
Gross impaired financing and advances as a % of gross financing and advances	5.90%	6.56%	3.94%

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(f) Financing and Advances (cont'd.)

(viii) Impaired financing and advances analysed by industry are as follows:

	Bank		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Construction	387,213	351,911	-
Electricity, gas and water supply	309,320	410,462	331,451
Infrastructure	22,769	22,767	23,767
Hotel and restaurants	155,340	160,186	159,737
Real estate, renting and business activity	134,785	10,164	-
Other community, social and personal service activities	9,218	79,563	82,087
Transport, storage and communication	73,480	-	-
	1,092,125	1,035,053	597,042
Gross impaired financing and advances as a % of gross financing and advances	5.89%	6.51%	3.87%

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(f) Financing and Advances (cont'd.)

(ix) Movements in the allowance for impairment of financing and advances are as

Group 2023	12-Month ECL Stage 1 RM'000	Lifetime ECL Not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At 1 January				
- as previously stated	972,560	1,364,104	534,185	2,870,849
- reclassification to other liabilities	(82,326)	(163,285)	-	(245,611)
- effect of Modified Reporting Framework	(36,146)	(26,907)	(32,933)	(95,986)
At 1 January, as restated	854,088	1,173,912	501,252	2,529,252
- Transfer to 12-Month ECL (Stage 1)	280,077	(280,077)	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(114,058)	114,058	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	(47,538)	47,538	-
Remeasurement, net	559,129	74,262	(62,576)	570,815
At 31 December	1,579,236	1,034,617	486,214	3,100,067

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(f) Financing and Advances (cont'd.)

(ix) Movements in the allowance for impairment of financing and advances are as follows:

Group 2022	12-Month ECL Stage 1 RM'000	Lifetime ECL Not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At 1 January				
- as previously stated	1,280,819	592,372	520,685	2,393,876
- reclassification to other liabilities	(82,326)	(44,397)	(27,882)	(154,605)
- effect of Modified Reporting Framework	(86,180)	(66,373)	-	(152,553)
At 1 January, as restated	1,112,313	481,602	492,803	2,086,718
- Transfer to 12-Month ECL (Stage 1)	459,266	(431,654)	(27,612)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(884,166)	921,875	(37,709)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(54,522)	(7,539)	62,061	-
Remeasurement, net	221,197	209,628	11,582	442,407
Written-off	-	-	127	127
At 31 December	854,088	1,173,912	501,252	2,529,252

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(f) Financing and Advances (cont'd.)

(ix) Movements in the allowance for impairment of financing and advances are as follows (cont'd.):

Bank 2023	12-Month ECL Stage 1 RM'000	Lifetime ECL Not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At 1 January				
- as previously stated	971,805	1,364,105	517,240	2,853,150
- reclassification to other liabilities	(82,326)	(163,285)	-	(245,611)
- effect of Modified Reporting Framework	(35,350)	(26,908)	(19,478)	(81,736)
At 1 January, as restated	854,129	1,173,912	497,762	2,525,803
- Transfer to 12-Month ECL (Stage 1)	280,077	(280,077)	-	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(114,058)	114,058	-	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	-	(47,538)	47,538	-
Remeasurement, net	553,957	73,747	(62,229)	565,475
At 31 December	1,574,105	1,034,102	483,071	3,091,278

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(f) Financing and Advances (cont'd.)

(ix) Movements in the allowance for impairment of financing and advances are as follows (cont'd.):

Bank 2022	12-Month ECL Stage 1 RM'000	Lifetime ECL Not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
At 1 January				
- as previously stated	1,279,667	592,354	503,232	2,375,253
- reclassification to other liabilities	(145,917)	(66,373)	-	(212,290)
- effect of Modified Reporting Framework	(21,794)	(44,397)	(13,792)	(79,983)
At 1 January, as restated	1,111,956	481,584	489,440	2,082,980
- Transfer to 12-Month ECL (Stage 1)	459,266	(431,654)	(27,612)	-
- Transfer to Lifetime ECL not credit impaired (Stage 2)	(884,166)	921,875	(37,709)	-
- Transfer to Lifetime ECL credit impaired (Stage 3)	(54,522)	(7,539)	62,061	-
Remeasurement, net	221,595	209,646	11,582	442,823
At 31 December	854,129	1,173,912	497,762	2,525,803

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(g) Other Assets

	Group		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Sundry receivables, deposits and prepayments	200,215	12,621	8,323
Amount receivable from Government in respect of compensation for:			
Infrastructure projects and Dedicated Schemes	247,748	244,395	196,207
Foreign exchange differences	-	-	85,361
Interfund receivables	-	607,874	769,569
	447,963	864,890	1,059,460
Allowance for impairment on ex-staff financing:			
- Stage 1: 12-Month ECL	-	-	(1)
- Stage 3: Lifetime ECL credit impaired	(154)	(595)	(498)
	447,809	864,295	1,058,961

	Bank		
	31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Sundry receivables, deposits and prepayments	199,933	12,472	8,144
Amount receivable from Government in respect of compensation for:			
Infrastructure projects and Dedicated Schemes	247,748	244,395	196,207
Foreign exchange differences	-	-	85,361
Interfund receivables	-	741,356	868,464
	447,681	998,223	1,158,176
Allowance for impairment on ex-staff financing:			
- Stage 1: 12-Month ECL	-	-	(1)
- Stage 3: Lifetime ECL credit impaired	(154)	(595)	(498)
	447,527	997,628	1,157,677

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(h) Guarantee receivables

	Group and Bank		
	31 December 2023 RM'000	31 December 2022 RM'000	1 January 2022 RM'000
Premium receivables	335,557	226,092	245,653
Receivable within 12 months	43,783	25,140	18,156
Receivable after 12 months	291,774	200,952	227,497
	335,557	226,092	245,653

(i) Guarantee recoverable

	Group and Bank		
	31 December 2023 RM'000	31 December 2022 RM'000	1 January 2022 RM'000
At 1 January	-	-	-
Financial guarantee exposure	164,274	-	-
Less: Allowance for impairment			
- Stage 3: Lifetime ECL credit impaired	(60,482)	-	-
	103,792	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(j) Deposits from Customers

	Group and Bank	
	2023	2022
	RM'000	RM'000
At amortised cost		
Fixed deposits and negotiable instruments of deposits	9,055,121	7,156,123
(a) The deposits are sourced from the following types of deposit:		
Tawarruq	9,055,121	5,974,752
(b) The deposits are sourced from the following types of customers:		
Business enterprises	5,263,035	3,760,974
Government and statutory bodies	3,792,086	3,395,149
	9,055,121	7,156,123
(c) The deposits maturity structure are as follows:		
Less than six months	8,220,643	6,201,706
Six months to one year	751,491	672,163
One year to three years	82,987	282,254
	9,055,121	7,156,123

(k) Deposits and Placements from Financial Institutions

	Group and Bank	
	2023	2022
	RM'000	RM'000
At amortised cost		
Licensed banks	787,492	1,622,106
(a) The deposits maturity structure are as follows:		
Less than six months	787,492	1,622,106

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(I) Other Liabilities

	Note	Group 31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Sundry creditors and accruals		180,464	74,806	48,892
Zakat payables		12,019	15,672	12,262
Allowances for impairment loses on financial guarantee	(i)	190,097	90,513	102,126
Bank guarantee/Kafalah fees received in advance		1,011	526	4,958
Interfund payables	(ii)	1,233,855	-	-
		1,617,446	181,517	168,238

		Bank 31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Sundry creditors and accruals		136,186	39,435	30,749
Zakat payables		11,636	13,992	10,991
Allowances for impairment loses on financial guarantee	(i)	190,097	90,513	102,126
Bank guarantee/Kafalah fees received in advance		10,244	9,759	15,004
Interfund payables	(ii)	1,064,666	-	-
		1,412,829	153,699	158,870

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(I) Other Liabilities (cont'd.)

(i) Movements in the allowance for impairment losses on financial guarantee are as follows:

	Group and Bank			
	12-Month ECL Stage 1 RM'000	Lifetime ECL Not Credit Impaired Stage 2 RM'000	Lifetime ECL Credit Impaired Stage 3 RM'000	Total RM'000
2023				
At 1 January				
- as previously stated	-	-	-	-
- reclassification from financing and advances	82,326	163,285	-	245,611
- effect of harmonisation of MFRS 9	(43,791)	(111,307)	-	(155,098)
At 1 January, as restated	38,535	51,978	-	90,513
Effect of Business Transfer Scheme	56,184	2,630	-	58,814
Remeasurement, net	7,241	33,529	-	40,770
At 31 December	101,960	88,137	-	190,097
2022				
At 1 January				
- as previously stated	-	-	-	-
- reclassification from financing and advances	145,917	(66,373)	-	79,544
- effect of harmonisation of MFRS 9	(43,791)	66,373	-	22,582
At 1 January, as restated	102,126	-	-	102,126
Remeasurement, net	(63,591)	51,978	-	(11,613)
At 31 December	38,535	51,978	-	90,513

(ii) Interfund payables are unsecured, profit free and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(m) Sukuk

	Note	Group and Bank 2023 RM'000	2022 RM'000
Non-guaranteed			
Sukuk Murabahah	(i)	2,526,661	2,527,508
Sukuk Wakalah	(ii)	2,259,738	2,259,654
Sustainable Development Sukuk Wakalah	(iii)	453,311	453,311
Sustainable Sukuk Wakalah	(iv)	1,003,343	-
		6,243,053	5,240,473
Guaranteed			
Sukuk Murabahah	(v)	2,332,935	2,333,208
		2,332,935	2,333,208
		8,575,988	7,573,681

(i) These sukuk carry profit rates ranging between 4.50% to 4.98% per annum and for tenures of 10 years to 19 years. These sukuk will mature in March 2027, 2032 and November 2026, 2031 and 2035 respectively.

(ii) These sukuk carry profit rates ranging between 2.80% to 4.05% per annum and for tenures of 5 years to 10 years. These sukuk will mature in June 2026, 2028, 2031 and October 2025, 2027 and 2030 respectively.

(iii) This sukuk carries a profit rate of 3.95% with a tenure of 7 years. This sukuk will mature in October 2028.

(iv) These sukuk carry profit rates ranging between 3.81% to 4.02% per annum and for tenures of 2 years to 5 years. These sukuk will mature in December 2025 and 2028 respectively.

(v) These sukuk carry profit rates ranging between 4.38% to 4.85% per annum and for tenures of 10 to 20 years. These sukuk will mature in September 2024, 2029 and 2034 respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(m) Sukuk (cont'd.)

The movements in the sukuk are as follows:

	Group and Bank	
	2023	2022
	RM'000	RM'000
Non-guaranteed		
Sukuk Murabahah		
Principal		
At 1 January	2,500,000	3,000,000
Payment during the year	-	(500,000)
At 31 December	2,500,000	2,500,000
Accrued profit payable		
At 1 January	27,507	34,467
Charge for the year	117,918	122,505
Payment during the year	(118,764)	(129,465)
At 31 December	26,661	27,507
	2,526,661	2,527,507
Sukuk Wakalah		
Principal		
At 1 January/31 December	2,250,000	2,250,000
Accrued profit payable		
At 1 January	9,654	9,654
Charge for the year	76,288	76,204
Payment during the year	(76,204)	(76,204)
At 31 December	9,738	9,654
	2,259,738	2,259,654
Sustainable Development Sukuk Wakalah		
Principal		
At 1 January/31 December	450,000	450,000
Accrued profit payable		
At 1 January	3,311	3,311
Charge for the year	17,775	17,775
Payment during the year	(17,775)	(17,775)
At 31 December	3,311	3,311
	453,311	453,311

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(m) Sukuk (cont'd.)

The movements in the sukuk are as follows (cont'd.):

	Group and Bank	
	2023	2022
	RM'000	RM'000
Sustainable Wakalah		
Principal		
At 1 January	-	-
Issued during the year	1,000,000	-
At 31 December	1,000,000	-
Accrued profit payable		
At 1 January	-	-
Charge for the year	3,342	-
At 31 December	3,342	-
	1,003,342	-
Guaranteed		
Sukuk Murabahah		
Principal		
At 1 January/31 December	2,300,000	2,300,000
Accrued profit payable		
At 1 January	33,208	32,909
Charge for the year	108,027	108,599
Payment during the year	(108,300)	(108,300)
At 31 December	32,935	33,208
	2,332,935	2,333,208

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(n) Guarantee deferred income

	Group and Bank		
	31 December 2023 RM'000	31 December 2022 RM'000	1 January 2022 RM'000
Deferred financial guarantee fee income	359,059	242,661	260,420
At 1 January	242,661	260,420	-
Guarantee fee written	13,505	-	275,187
Guarantee fee earned	(39,532)	(17,759)	(14,767)
Guarantee fee early redeemed	(2,253)	-	-
Guarantee fee for event of default	(9,629)	-	-
Business transfer scheme (Note 54)	154,307	-	-
As at 31 December	359,059	242,661	260,420

(o) Reserves

	Note	Group		
		31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Non-distributable:				
Statutory reserve	(i)	443,483	443,483	443,483
Unrealised FVOCI reserve	(ii)	213,938	53,703	81,131
		657,421	497,186	524,614
Distributable:				
Retained profits		1,792,061	1,581,179	1,280,453
		2,449,482	2,078,365	1,805,067

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(o) Reserves (cont'd.)

	Note	Bank 31 December 2023 RM'000	31 December 2022 RM'000 Restated	1 January 2022 RM'000 Restated
Non-distributable:				
Statutory reserve	(i)	443,483	443,483	443,483
Unrealised FVOCI reserve	(ii)	213,938	53,703	81,131
		657,421	497,186	524,614
Distributable:				
Retained profits		1,662,813	1,460,651	1,168,299
		2,320,234	1,957,837	1,692,913

(i) The statutory reserves are maintained in compliance with the requirements of Section 39 of Development Financial Institution Act 2002 ("the Act") and are not distributable as cash dividends. Under the Act, the Bank is required to transfer at least 25% of its profit after tax, as the statutory reserves is more than 50% but less than 100% of its paid up capital.

(ii) Unrealised FVOCI reserve represents the cumulative fair value changes and allowance for expected credit loss, net of tax, of FVOCI financial assets until they are disposed of.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(o) Reserves (cont'd.)

Movements of the FVOCI reserve are as follows:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	53,703	81,131	53,703	81,131
Unrealised gain/(loss) on fair value changes	160,619	(90,814)	160,619	(90,814)
Changes in allowance for expected credit loss	38,092	41,826	38,092	41,826
Income tax effect	(38,262)	21,560	(38,262)	21,560
At 31 December	214,152	53,703	214,152	53,703

(p) Income Derived from Investment of Depositors' Funds

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Finance Income				
Financing and advances	263,568	257,386	263,568	257,386
Gain/(loss) on financing modification	2,404	(352)	2,404	(352)
Other income:				
Fee income	22,113	8,848	22,113	8,848
Ta'widh	1,178	69	1,178	69
	289,263	265,951	289,263	265,951
Of which:				
Finance income earned on impaired financing and advances	12,488	10,146	12,488	10,146

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(q) Income Derived from Investment of Shareholders' Funds

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Finance Income				
Financing and advances	592,463	587,777	579,735	577,576
Gain/(loss) on financing modification	5,942	(816)	5,913	(816)
Compensation from the Government	110,661	113,227	110,661	113,227
Deposits and placements with financial institution	55,593	21,886	52,848	19,830
Financial investments at FVOCI	314,770	200,732	314,770	200,732
	1,079,429	922,806	1,063,927	910,549
Accretion of discount less amortisation of premium	(18,453)	(17,704)	(18,453)	(17,704)
	1,060,976	905,102	1,045,474	892,845
Other income:				
Net (loss)/gain arising on financial investment at FVTPL:				
- unrealised revaluation (loss)/gain	(26,391)	19,023	(26,391)	19,023
- gain on redemption	600,177	-	600,177	-
Net gain arising on financial investment at FVOCI :				
- net gain on disposal	1,111	1,173	1,111	1,173
Loss on disposal property, plant and equipment	(8)	(5)	(8)	(5)
Rental income				
- Subsidiaries	-	-	378	378
- Others	1,656	1,452	1,656	1,452
Fee income	54,262	22,280	48,867	20,078
Ta'widh	2,552	153	2,551	153
Others	163	102	22	63
	1,694,498	949,280	1,673,837	935,160

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(q) Income Derived from Investment of Shareholders' Funds (cont'd.)

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Of which:				
Finance income earned on impaired financing and advances	27,797	22,583	27,797	22,583

(r) Allowances for Impairment Losses of Financing and Advances

	Group		Bank	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Stage 1 - 12-month ECL, net	725,148	(258,220)	719,976	(257,822)
Stage 2 - Lifetime ECL not credit impaired, net	(139,295)	692,310	(139,810)	692,328
Stage 3 - Lifetime ECL credit impaired, net	(15,038)	8,449	(14,691)	8,322
Staff financing:				
Stage 1 - 12-month ECL, net	-	(5)	-	(5)
Impaired financing:				
Written-off	50,829	13,021	50,823	13,302
Recovered	(23,304)	(2,199)	(23,226)	(2,216)
	598,340	453,356	593,072	453,909

(s) Allowance for Impairment Losses on Other Assets

	Group and Bank	
	2023 RM'000	2022 RM'000
Financial investments at FVOCI	36,143	41,826
Financial investments at AC	1,949	-
Financial guarantee	40,770	(11,613)
Financial guarantee recoverable	6,015	-
Impairment on intagible asset	937	-
(Write back of)/allowance for made for ex-staff financing:		
Stage 1 - 12-month ECL, net	-	(1)
Stage 3 - Lifetime ECL credit impaired, net	(441)	97
	85,373	30,309

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(t) Income Attributable to the Depositors

	Group and Bank	
	2023 RM'000	2022 RM'000
Deposits from customers	296,809	168,800
Deposits and placements from financial institutions	52,741	27,360
	349,550	196,160

(u) Overhead Expenses

	Note	Group		Bank	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Personnel costs	(i)	134,891	82,382	130,174	78,659
Establishment related expenses	(ii)	22,921	17,349	22,621	16,931
Promotion and marketing expenses	(iii)	3,399	2,221	4,817	2,217
General administrative expenses	(iv)	41,195	15,650	39,542	16,701
		202,406	117,602	197,154	114,508
Overhead expenses charged to subsidiaries via SLA		-	-	(1,038)	(1,491)
		202,406	117,602	196,116	113,017

(i) Personnel costs

Salaries, allowances and bonuses	102,619	63,820	99,091	60,832
Non-executive Directors' fees and remuneration	1,032	1,227	1,032	1,227
Shariah Committees's fees and remuneration	406	387	406	387
Social security cost	609	431	567	396
Pension costs - Defined contribution plan	12,004	8,597	11,382	8,076
Other staff related expenses	18,221	7,920	17,696	7,741
	134,891	82,382	130,174	78,659

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(u) Overhead Expenses (cont'd.)

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(ii) Establishment related expenses				
Depreciation:				
Property, plant and equipment	6,189	5,108	6,189	5,108
Investment properties	7	8	7	8
Right-of-use assets	76	95	76	95
Intagible asset	4,349	2,550	4,349	2,550
Repairs and maintenance of property, plant and equipment	1,829	2,366	1,825	2,362
Information technology expenses	10,471	7,222	10,175	6,808
	22,921	17,349	22,621	16,931
(iii) Promotion and marketing expenses				
Advertisement and publicity	3,399	2,221	4,817	2,217
(iv) General administrative expenses				
General administrative expenses	40,284	14,849	38,631	15,900
Auditors' remuneration:				
- Statutory audit				
- Current year	880	775	880	775
- Non-audit services				
- regulatory related services	26	26	26	26
Property, plant and equipment written off	5	-	5	-
	41,195	15,650	39,542	16,701

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(u) Overhead Expenses (cont'd.)

The above overhead expenses have been determined after charging amongst other items the following:

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Shariah Committee's remuneration	406	387	406	387

(v) Finance Cost

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Sukuk	323,350	325,084	323,350	325,084
Lease	7	12	7	12
Profit on revolving credit-i BIMB	-	34	-	-
	323,357	325,130	323,357	325,096

(w) Zakat

	Group		Bank	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Zakat	10,403	14,866	10,020	13,186

Zakat represents business zakat payable by the Group and the Bank to comply with the principles of Shariah and as endorsed by the Shariah Committee. The Group and the Bank only pays zakat on its business and does not pay zakat on behalf of depositors or shareholders. The zakat on business for the financial year has been computed using the capital growth computation method at the rate of 2.5775% (2022: 2.5775%).

The zakat amount is paid to the states' zakat management agencies and eligible beneficiaries (asnaf) in Malaysia. The proposals of distribution of zakat fund by the Group and the Bank to eligible beneficiaries (asnaf) were approved by the Shariah Committee.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(x) Commitments and Contingencies

	Group and Bank	
	2023 RM'000	2022 RM'000
Contingencies as at the financial year end constitute the following:		
Disbursement of financing and advances to industries	3,485,612	2,988,028
Secured guarantees on behalf of customers given to third parties	3,413,339	1,920,656
	6,898,951	4,908,684

(y) Capital Adequacy

Capital management

Regulatory capital

The following table sets forth capital resources and capital adequacy for the Bank as at reporting date.

	Bank	
	2023 RM'000	2022 RM'000 Restated
Tier 1 capital		
Capital funds	3,718,724	3,718,724
Other reserves	2,320,234	1,957,837
Less: Deferred tax asset	(516,907)	(430,842)
Total Tier 1 capital	5,522,051	5,245,719
Tier 2 capital		
Government support funds	388,726	398,036
Stage 1 and Stage 2 expected credit loss allowances	2,798,304	2,118,554
Total Tier 2 capital	3,187,030	2,516,590
Total capital base	8,709,081	7,762,309

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

52. Islamic Financial Business (cont'd.)

(y) Capital Adequacy (cont'd.)

Breakdown of risk-weighted assets in the various categories of risk-weights:

	Bank	
	2023 RM'000	2022 RM'000 Restated
20%	272,599	446,268
50%	1,066,981	932,899
100%	24,227,673	18,817,565
	25,567,253	20,196,732

Without deducting proposed dividend:

	Bank	
	2023 %	2022 % Restated
Core capital ratio	21.598	25.973
RWCR	34.063	38.433

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

53. Government Funds and Schemes

As a development financial institutution, the Bank perform its mandated roles to promote strategic sectors identified by the Government of Malaysia as follows:

(a) Tourism Infrastructure Fund

The objective of the tourism infrastructure fund is to provide financial assistance to existing and new companies dealing with or involved in tourism related activities and services.

(b) Tourism Infrastructure Development Fund

The objective of the tourism infrastructure development fund is to provide financial assistance to existing and new companies dealing with or involved in tourism related activities and services.

(c) Maritime Fund

The objective of the maritime fund is to provide financial assistance to existing and new companies dealing with or involved in maritime related activities and services.

(d) Maritime Development Fund

The objective of the maritime development fund is to provide financial assistance to existing and new companies dealing with or involved in maritime related activities and services.

(e) Public Transport Fund

The objective of the public transport fund is to increase the utilisation of public transport by funding the improvements and growth of public transport coverage and services.

(f) Industry Digitalisation Transformation Scheme

The objective of the industry digitalisation transformation scheme is to support business activities in adopting digital and advanced technologies.

(g) Sustainable Development Financing Scheme

The objective of the sustainable development financing scheme is to support the development of relevant United Nation 17 Sustainable Development Goals ("SDGs") in the country.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

53. Government Funds and Schemes (cont'd.)

(h) Tourism Infrastructure Scheme

The objective of the tourism infrastructure scheme is to support the development of tourism sector.

(i) Maritime and Logistics Scheme

The objective of the maritime and logistics scheme is to support the development of maritime, aerospace and oil & gas industry.

(j) Public Transport Scheme

The objective of the public transport scheme is to increase the utilisation of public transport by funding the improvements and growth of public transport coverage and services.

(k) National Development Scheme

The objective of the national development scheme is to provide financing to entities which involve in activities as outlined in the 12th Malaysia Plan.

For all the above funds, the Group and the Bank act as a financier that bear the credit risk and recognise its credit losses in the financial statements. All these funds are internally sourced by the Bank and not from Government.

53. Government Funds and Schemes (cont'd.)

53.1 Performance of the schemes

Group	Tourism Infrastructure Scheme RM'000	Maritime and Logistics Scheme RM'000	Public Transport Scheme RM'000	2023 Industry Digitalisation Transformation Scheme RM'000	Sustainable Development Financing Scheme RM'000	National Development Scheme RM'000	Subtotal 1 RM'000
Allocated funds	1,706,500	1,143,990	100,000	1,309,133	1,768,524	1,018,000	7,046,147
Net approved	(669,800)	(343,990)	(9,954)	(612,633)	(1,215,319)	(391,540)	(3,243,236)
Fund available	1,036,700	800,000	90,046	696,500	553,205	626,460	3,802,911
Loans, financing and advances:							
Disbursement	360,372	294,256	9,954	287,320	366,409	4,500	1,322,811
Payment/repayment	(18,047)	(198,595)	(1,883)	(21,611)	(174,237)	-	(414,373)
Outstanding	342,325	95,661	8,071	265,709	192,172	4,500	908,438
Number of beneficiaries	12	9	4	8	12	2	47
Expiry	Dec 25	Dec 25	Dec 23	Dec 25	Dec 25	Dec 25	

Notes: All schemes were created on 1 January 2019 except for National Development Scheme which was created on 1 September 2021 and the expiry dates for all schemes (except for Public Transport Scheme) were extended to December 2025. The government revised the fund allocated in National Budget 2023 (except for Public Transport Scheme)

53. Government Funds and Schemes (cont'd.)

53.1 Performance of the funds

	2023					
Group	Tourism Infrastructure fund RM'000	Tourism Infrastructure Development fund RM'000	Maritime fund RM'000	Maritime Development fund RM'000	Public Transport fund RM'000	Subtotal 2 RM'000
Allocated funds	2,400,000	2,000,000	4,494,258	3,000,000	1,000,000	12,894,258
Net approved	(1,849,114)	(1,135,024)	(2,983,696)	(741,272)	(326,043)	(7,035,149)
Fund available	550,886	864,976	1,510,562	2,258,728	673,957	5,859,109
Loans, financing and advances:						
Disbursement	1,847,359	1,094,867	2,983,696	741,272	326,043	6,993,237
Payment/repayment	(1,200,080)	(235,104)	(2,443,330)	(262,273)	(320,772)	(4,461,559)
Outstanding	647,279	859,763	540,366	478,999	5,271	2,531,678
Number of beneficiaries	57	15	41	7	107	227
Expiry	Dec 18	Dec 18	Dec 18	Dec 18	Dec 18	

53. Government Funds and Schemes (cont'd.)

53.1 Performance of the schemes (cont'd.)

Group	Tourism Infrastructure Scheme RM'000	Maritime and Logistics Scheme RM'000	Public Transport Scheme RM'000	2022 Industry Digitalisation Transformation Scheme RM'000	Sustainable Development Financing Scheme RM'000	National Development Scheme RM'000	Subtotal 1 RM'000
Allocated funds	1,000,000	1,500,000	100,000	1,000,000	2,000,000	1,400,000	7,000,000
Net approved	(706,500)	(343,982)	(9,954)	(309,132)	(790,300)	(18,000)	(2,177,868)
Fund available	293,500	1,156,018	90,046	690,868	1,209,700	1,382,000	4,822,132
Loans, financing and advances:							
Disbursement	252,577	280,015	6,594	277,422	344,042	-	1,160,650
Payment/repayment	-	(119,389)	(995)	-	(7,346)	-	(127,730)
Outstanding	252,577	160,626	5,599	277,422	336,696	-	1,032,920
Number of beneficiaries	7	7	4	2	6	-	26
Expiry	Dec 25	Dec 25	Dec 23	Dec 25	Dec 25	Dec 25	

* All schemes were created on 1 January 2019 except for National Development Scheme which was created on 1 September 2021 and the expiry dates for all schemes (except for Public Transport Scheme) were extended to December 2025.

53. Government Funds and Schemes (cont'd.)

53.1 Performance of the funds (cont'd.)

	2022					
Group	Tourism Infrastructure fund RM'000	Tourism Infrastructure Development fund RM'000	Maritime fund RM'000	Maritime Development fund RM'000	Public Transport fund RM'000	Subtotal 2 RM'000
Allocated funds	2,400,000	2,000,000	4,494,258	3,000,000	1,000,000	12,894,258
Net approved	(1,849,114)	(1,135,024)	(2,983,696)	(741,272)	(326,043)	(7,035,149)
Fund available	550,886	864,976	1,510,562	2,258,728	673,957	5,859,109
Loans, financing and advances:						
Disbursement	1,847,359	1,073,820	2,983,696	739,402	325,962	6,970,239
Payment/repayment	(1,147,813)	(204,982)	(2,345,809)	(202,471)	(314,877)	(4,215,952)
Outstanding	699,546	868,838	637,887	536,931	11,085	2,754,287
Number of beneficiaries	57	15	41	7	107	227
Expiry	Dec 18	Dec 18	Dec 18	Dec 18	Dec 18	

53. Government Funds and Schemes (cont'd.)

53.1 Performance of the funds and schemes

	2023			2022		
Group	Subtotal 1 RM'000	Subtotal 2 RM'000	Total RM'000	Subtotal 1 RM'000	Subtotal 2 RM'000	Total RM'000
Allocated funds	7,046,147	12,894,258	19,940,405	7,000,000	12,894,258	19,894,258
Net approved	(3,243,236)	(7,035,149)	(10,278,385)	(2,177,868)	(7,035,149)	(9,213,017)
Fund available	3,802,911	5,859,109	9,662,020	4,822,132	5,859,109	10,681,241
Loans, financing and advances:						
Disbursement	1,322,811	6,993,237	8,316,048	1,160,650	6,970,239	8,130,889
Payment/repayment	(414,373)	(4,461,559)	(4,875,932)	(127,730)	(4,215,952)	(4,343,682)
Outstanding	908,438	2,531,678	3,440,116	1,032,920	2,754,287	3,787,207
Number of beneficiaries	47	227	274	26	227	253

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

53. Government Funds and Schemes (cont'd.)

53.1 Performance of the schemes (cont'd.)

Bank	Tourism Infrastructure Scheme RM'000	Maritime and Logistics Scheme RM'000	Public Transport Scheme RM'000	2023 Industry Digitalisation Transformation Scheme RM'000	Sustainable Development Financing Scheme RM'000	National Development Scheme RM'000	Subtotal 1 RM'000
Allocated funds	1,706,500	1,143,990	100,000	1,309,133	1,768,524	1,018,000	7,046,147
Net approved	(669,800)	(343,990)	-	(612,633)	(1,215,319)	(391,540)	(3,233,282)
Fund available	1,036,700	800,000	100,000	696,500	553,205	626,460	3,812,865
Loans, financing and advances:							
Disbursement	360,372	294,256	-	287,320	366,409	4,500	1,312,857
Payment/repayment	(18,047)	(198,595)	-	(21,611)	(174,237)	-	(412,490)
Outstanding	342,325	95,661	-	265,709	192,172	4,500	900,367
Number of beneficiaries	12	9	-	8	12	2	43
Expiry	Dec 25	Dec 25	Dec 23	Dec 25	Dec 25	Dec 25	

Notes: All schemes were created on 1 January 2019 except for National Development Scheme which was created on 1 September 2021 and the expiry dates for all schemes (except for Public Transport Scheme) were extended to December 2025. The Government has revised the fund allocated in National Budget 2023 (except for Public Transport Scheme).

53. Government Funds and Schemes (cont'd.)

53.1 Performance of the funds (cont'd.)

	2023					
Bank	**Tourism Infrastructure fund RM'000**	**Tourism Infrastructure Development fund RM'000**	**Maritime fund RM'000**	**Maritime Development fund RM'000**	**Public Transport fund RM'000**	**Subtotal 2 RM'000**
Allocated funds	2,400,000	2,000,000	4,494,258	3,000,000	5,742	11,900,000
Net approved	(1,849,114)	(1,135,024)	(2,983,696)	(741,272)	-	(6,709,106)
Fund available	550,886	864,976	1,510,562	2,258,728	5,742	5,190,894
Loans, financing and advances:						
Disbursement	1,847,359	1,094,867	2,983,696	741,272	5,661	6,672,855
Payment/repayment	(1,200,080)	(235,104)	(2,443,330)	(262,273)	(5,661)	(4,146,448)
Outstanding	647,279	859,763	540,366	478,999	-	2,526,407
Number of beneficiaries	57	15	41	7	1	121
Expiry	Dec 18	Dec 18	Dec 18	Dec 18	Dec 18	

53. Government Funds and Schemes (cont'd.)

53.1 Performance of the schemes (cont'd.)

Bank	Tourism Infrastructure Scheme RM'000	Maritime and Logistics Scheme RM'000	Public Transport Scheme RM'000	2022 Industry Digitalisation Transformation Scheme RM'000	Sustainable Development Financing Scheme RM'000	National Development Scheme RM'000	Subtotal 1 RM'000
Allocated funds	1,000,000	1,500,000	100,000	1,000,000	2,000,000	1,400,000	7,000,000
Net approved	(706,500)	(343,982)	-	(309,132)	(790,300)	(18,000)	(2,167,914)
Fund available	293,500	1,156,018	100,000	690,868	1,209,700	1,382,000	4,832,086
Loans, financing and advances:							
Disbursement	252,577	280,015	-	277,422	344,042	-	1,154,056
Payment/repayment	-	(119,389)	-	-	(7,346)	-	(126,735)
Outstanding	252,577	160,626	-	277,422	336,696	-	1,027,321
Number of beneficiaries	7	7	-	2	6	-	22
Expiry	Dec 25	Dec 25	Dec 23	Dec 25	Dec 25	Dec 25	

* All schemes were created on 1 January 2019 except for National Development Scheme which was created on 1 September 2021 and the expiry dates for all schemes (except for Public Transport Scheme) were extended to December 2025. The Government has revised the fund allocated in National Budget 2023 (except for Public Transport Scheme).

53. Government Funds and Schemes (cont'd.)

53.1 Performance of the funds (cont'd.)

	2022					
Bank	Tourism Infrastructure fund RM'000	Tourism Infrastructure Development fund RM'000	Maritime fund RM'000	Maritime Development fund RM'000	Public Transport fund RM'000	Subtotal 2 RM'000
Allocated funds	2,400,000	2,000,000	4,494,258	3,000,000	5,742	11,900,000
Net approved	(1,849,114)	(1,135,024)	(2,983,696)	(741,272)	-	(6,709,106)
Fund available	550,886	864,976	1,510,562	2,258,728	5,742	5,190,894
Loans, financing and advances:						
Disbursement	1,847,359	1,073,820	2,983,696	739,402	5,661	6,649,938
Payment/repayment	(1,147,813)	(204,982)	(2,345,809)	(202,471)	(5,661)	(3,906,736)
Outstanding	699,546	868,838	637,887	536,931	-	2,743,202
Number of beneficiaries	57	15	41	7	1	121
Expiry	Dec 18	Dec 18	Dec 18	Dec 18	Dec 18	

53. Government Funds and Schemes (cont'd.)

53.1 Performance of the funds and schemes (cont'd.)

	2023			2022		
Bank	Subtotal 1 RM'000	Subtotal 2 RM'000	Total RM'000	Subtotal 1 RM'000	Subtotal 2 RM'000	Total RM'000
Allocated funds	7,046,147	11,900,000	18,946,147	7,000,000	11,900,000	18,900,000
Net approved	(3,233,282)	(6,709,106)	(9,942,388)	(2,167,914)	(6,709,106)	(8,877,020)
Fund available	3,812,865	5,190,894	9,003,759	4,832,086	5,190,894	10,022,980
Loans, financing and advances:						
Disbursement	1,312,857	6,672,855	7,985,712	1,154,056	6,649,938	7,803,994
Payment/repayment	(412,490)	(4,146,448)	(4,558,938)	(126,735)	(3,906,736)	(4,033,471)
Outstanding	900,367	2,526,407	3,426,774	1,027,321	2,743,202	3,770,523
Number of beneficiaries	43	121	164	22	121	143

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

54. Significant Events

1. Business Transfer Scheme ("BTS") between Bank Pembangunan Malaysia Berhad ("BPMB") and Danajamin Nasional Berhad ("Danajamin")

BPMB and Danajamin on 9 February 2023 obtained a vesting order from Kuala Lumpur High Court to effect the transfer of the Danajamin businesses and undertaking to BPMB.

The BTS has taken effect on 1 March 2023.

2. During the 2024 Budget Speech on 13 October 2023, the Prime Minister announced a restructuring exercise of Development Financial Institutions ("DFI's"). The objective of this exercise is to strengthen the development finance ecosystem. The DFI's involved are BPMB, SME Bank and Exim Bank.

55. Subsequent Events

The Board of Director of BPMB on 30 January 2024 approved for Danajamin to proceed with the liquidation exercise.





BANK PEMBANGUNAN MALAYSIA BERHAD
(16562-K)
Level 30, Menara Bank Pembangunan,
Plaza Conlay, Jalan Conlay,
50450 Kuala Lumpur.
Tel: +603 2611 3888
Fax: +603 2698 5701

www.bpmb.com.my