BANK PERTANIAN MALAYSIA BERHAD

(Co. Reg. No.: 200801010522 (811810-U))
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2023

Registration No: 200801010522 (811810-U)

BANK PERTANIAN MALAYSIA BERHAD
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

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BANK PERTANIAN MALAYSIA BERHAD
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DIRECTORS' REPORT

The Board of Directors have pleasure in presenting their report together with the audited financial statements of Bank Pertanian Malaysia Berhad ("the Bank") including the consolidated financial statements of the Bank and its subsidiary ("the Group") for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in business of Islamic banking, financing, investment and related services as provided under the Bank Pertanian Malaysia Berhad Act, 2008.

The principal activity of the subsidiary is described in Note 20 to financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS	**Group RM'000**	**Bank RM'000**
Profit before tax and zakat	215,245	215,256
Tax	(49,794)	(49,794)
Zakat	(5,381)	(5,381)
Net profit for the year	**160,070**	**160,081**

There were no material transfers to or from reserves, allowances or provisions during the financial year other than as disclosed in Notes 7, 16, 17, 18, 19, 27(c) to the financial statements and 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 not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

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

	RM'000
In respect of the financial year ended 31 December 2022: A single tier final dividend of 1.60 sen on 1,000,000,000 ordinary shares, declared on 9 August 2023 and paid on 25 August 2023.	16,000

At the forthcoming Annual General Meeting, a single tier final dividend in respect of the current financial year ended 31 December 2023 of 2.00 sen on 1,000,000,000 ordinary shares, amounting to dividend payable of RM20,000,000 will be proposed for shareholder's approval.

The financial statements for the current financial year ended 31 December 2023 do not reflect this proposed dividend. Such dividend, if approved by the shareholder, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

BANK PERTANIAN MALAYSIA BERHAD
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ISSUANCE OF SHARE CAPITAL AND DEBENTURES

There were no new share or debenture issuance by the Bank during the financial year ended 31 December 2023.

SHARE OPTIONS

No options have been granted by the Bank to any party during the financial year ended 31 December 2023 to take up unissued shares of the Bank.

No new shares have been issued during the financial year ended 31 December 2023 by virtue of the exercise of any option to take up unissued shares of the Bank. As at the end of the financial year ended 31 December 2023, there were no unissued shares of the Bank under options.

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:

Y. Bhg Datuk Yunos bin Abd Ghani
Y. Bhg Datuk Dr. Ahmad Kushairi bin Din
Encik Mohd Hanif bin Mastuki
Puan Rizleen binti Mokhtar
Encik Mohamed Iqbal bin Mohamed Iqbal
Encik Wan Zamri bin Wan Zain
Y. Bhg Datin Arlina binti Ariff (Appointed on 30 August 2023)
Y. Bhg Datuk Lokman Hakim bin Ali (Appointed on 4 December 2023)

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

(i) Agro Captive Takaful Limited

Encik Wan Zamri bin Wan Zain (Appointed on 1 June 2023)
Dato’ Dr Mohamad Zabawi bin Abdul Ghani (Appointed on 17 August 2023)
Dato’ Tengku Ahmad Badli Shah bin Raja Hussin (Appointed on 1 June 2023)
Encik Mohd Zukki bin Ab Rahman (Appointed on 13 July 2023)

BANK PERTANIAN MALAYSIA BERHAD
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DIRECTORS' BENEFITS

Neither at end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Bank or its subsidiary was a party, whereby the directors might acquire benefits by means of 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 from the Bank and related corporations as disclosed in Note 38 to the financial statements) by reason of a contract made by the Bank or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

The directors' benefit are as follows:

	Group RM'000	Bank RM'000
Allowances	1,278	1,177
Other emoluments	179	179
	1,457	**1,356**

DIRECTORS' INTERESTS

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

COMPLIANCE WITH BANK NEGARA MALAYSIA'S EXPECTATIONS ON FINANCIAL REPORTING

In the preparation of the financial statements of the Group and of the Bank, the directors have taken reasonable steps to ensure that Bank Negara Malaysia's Guidelines on Financial Reporting for Development Financial Institutions have been complied with.

OTHER STATUTORY INFORMATION

(a) Before the statements of financial position and statements of comprehensive income 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 debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowances had been made for doubtful debts; 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 to so realise.

(b) 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:

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

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

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OTHER STATUTORY INFORMATION (CONT'D)

(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 and 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 and of the Bank which has arisen since the end of the financial year other than those arising from the normal course of business of the Group and of the Bank.

(f) In the opinion of the directors:

  (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Bank to meet their obligations as and when they fall due; and

  (ii) no item or 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 and of the Bank for the financial year in which this report is made.

INDEMNIFICATION OF DIRECTORS & OFFICERS

The Bank maintained a Directors' and Officers' Liability Takaful up to an aggregate limit of RM50,000,000 against any legal liability incurred by the directors and officers in the discharge of their duties while holding office for the Bank. The amount of takaful contribution paid for the directors and officers for the current financial year was RM105,000.

SUBSEQUENT EVENTS

There are no subsequent events after the statements of financial position date up to the date when the financial statements are authorised for issuance.

BANK PERTANIAN MALAYSIA BERHAD
(Incorporated in Malaysia)

BUSINESS PLAN AND STRATEGY

The Malaysia economy is projected to improve in 2024 with a growth of 4.5%-5.0% underpinned by resilient domestic demand, vibrant investment activities, anticipated recovery in exports, and further revival in the tourism sector. Consumer spending will be driven by continued employment growth and moderate wage growth.

The Group will remain cautious amid the uncertain backdrop of economy in discharging its mandated role while pursuing business expansion. Financing and deposit growth strategy will continue to be executed while credit and operational cost will be kept at optimal level. More effort will be in place to contain cost, improve processes and delinquency monitoring.

Uncertainties in monetary policy and changes to business environment will be addressed and strategy to be aligned to ensure profitability, liquidity and adequate capital.

HOLDING COMPANY

The Bank is wholly-owned by the Minister of Finance (Incorporated), held on behalf of the Government of Malaysia.

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.
Auditors' remuneration is as follows:

	Group RM'000	Bank RM'000
Statutory audit	1,195	1,187
Regulatory related services	13	13
	1,208	**1,200**

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 24 May 2024.

DATUK YUNOS BIN ABD GHANI

ENCIK MOHAMED IQBAL BIN MOHAMED IQBAL

Kuala Lumpur, Malaysia

Registration No: 200801010522 (811810-U)

BANK PERTANIAN MALAYSIA BERHAD
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STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

We, **DATUK YUNOS BIN ABD GHANI** and **ENCIK MOHAMED IQBAL BIN MOHAMED IQBAL,** being two of the directors of **BANK PERTANIAN MALAYSIA BERHAD**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 13 to 179 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International 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 the financial performance and the cash flows of the Group and of the Bank for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 24 May 2024.

DATUK YUNOS BIN ABD GHANI

ENCIK MOHAMED IQBAL BIN MOHAMED IQBAL

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, **DATUK YUNOS BIN ABD GHANI** and **DATO' TENGKU AHMAD BADLI SHAH BIN RAJA HUSSIN**, being the Director and President/Chief Executive Officer of the Bank, respectively, who are primarily responsible for the financial management of **BANK PERTANIAN MALAYSIA BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 13 to 179 are in our opinion, 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.

DATUK YUNOS BIN ABD GHANI

DATO' TENGKU AHMAD BADLI SHAH BIN RAJA HUSSIN

Subscribed and solemnly declared by the abovenamed
DATUK YUNOS BIN ABD GHANI and **DATO' TENGKU AHMAD BADLI SHAH BIN RAJA HUSSIN**
at KUALA LUMPUR in the Federal Territory on **24 May 2024.**

Before me,

PESURUHJAYA SUMPAH
No. W881
Nama: YM TENGKU NUR ATHIYA TENGKU FARIDDUDIN
1 MAC 2022 - 31 DEC 2024
MALAYSIA

COMMISSIONER FOR OATHS

205, Bangunan Loke Yew
4, Jln Mahkamah Persekutuan
50050 Kuala Lumpur (W.P.)

BANK PERTANIAN MALAYSIA BERHAD
(Incorporated in Malaysia)

SHARIAH COMMITTEE'S REPORT

In the Name of Allah, The Compassionate, The Most Merciful

Assalamualaikum Warahmatullahi Wabarakatuh

To the shareholder, depositors and customers of Bank Pertanian Malaysia Berhad ("the Bank"):

In compliance with the letter of appointment, we are required to submit the following report in relation to the operations of the Bank.

Firstly, the Shariah Committee was established to ensure that the Bank's business and operational affairs as well as activities are in compliance with Shariah rules and principles. The roles and responsibilities of the Shariah Committee are as prescribed in the Shariah Governance ("SG") policy document issued by Bank Negara Malaysia ("BNM"), which states that the Shariah Committee is responsible for all Bank decisions, views and opinions relating to Shariah matters. The Shariah Committee endorses Shariah policies and procedures, and reviews reports escalated by the dedicated Shariah functions. The Shariah Committee members rigorously deliberate on issues and recommendations to mitigate Shariah control weaknesses and potential Shariah non-compliances.

The management of the Bank is responsible for ensuring that the Bank and its subsidiary conducts its operations in accordance with Shariah principles and with Shariah rulings issued by the Shariah Advisory Council ("SAC") of BNM and the Shariah Committee of the Bank. It is our responsibility to form an independent opinion in respect of the operations of the Bank, based on our review of the operations of the Bank and to report to you.

To ensure smoothness and timely execution of our business operation, we had approved a Guideline on the Delegation of Authority empowering the Head of Shariah Department to approve non-substantial variation to Shariah-related matters, and the approvals are reported to us periodically for review and confirmation.

We have assessed the work carried out by Shariah review and Shariah audit which included examining, on a test basis, each type of transaction, the relevant documentations and procedures adopted by the Bank.

BANK PERTANIAN MALAYSIA BERHAD
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SHARIAH COMMITTEE'S REPORT (CONT'D)

We planned and performed our review so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Bank has not violated the Shariah principles.

In our opinion:
(a) The contracts, transactions and dealings entered by the Bank during the financial year ended 31 December 2023 that we have reviewed are in compliance with Shariah. For cases which have been identified as not fulfilling certain requirement under Shariah principles and rulings, remedial measures have been identified and ongoing rectification efforts on the affected accounts are currently being implemented. In the event the affected accounts cannot be rectified, the income will not be recognised as the Bank's income.
(b) The main sources and investments of the Bank disclosed to us conform to the basis that had been approved by us in accordance with Shariah rules and principles.
(c) The allocation of profit and charging of losses relating to the Bank's assets and liabilities conform to the basis that had been approved by us in accordance with Shariah principles.
(d) All earnings that have been realised from sources or by means prohibited under Shariah will be channelled for charitable purposes.
(e) The calculation of zakat is in compliance with Shariah principles.
(f) We hereby confirm that the overall operations, business, affairs and activities of the Bank are Shariah-compliant and do not involve any material Shariah non-compliance event, except for the matter as set out in Note 41 to the financial statements, in which such matter has been resolved by the Shariah Committee.

We, **TUAN HAJI AZIZI BIN CHE SEMAN** and **DR. SHAFAAI BIN MUSA**, being two of the members of the Shariah Committee of the Bank, to the best of our knowledge, do hereby confirm on behalf of the members of the Shariah Committee, that the operations of the Bank for the financial year ended 31 December 2023 have been conducted in conformity with Shariah.

TUAN HAJI AZIZI BIN CHE SEMAN
Chairman of the Committee

DR. SHAFAAI BIN MUSA
Member of the Committee

Kuala Lumpur, Malaysia
24 May 2024

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Ernst & Young PLT
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Independent auditors' report to the member of Bank Pertanian Malaysia Berhad (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bank Pertanian 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 comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 13 to 179.

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

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.

Registration No: 200801010522 (811810-U)

Independent auditors' report to the member of
Bank Pertanian Malaysia Berhad (cont'd)
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Information other than the financial statements and auditors' report thereon

The directors of the Bank are responsible for the other information. The other information comprises the directors' report, Shariah Committee's report and the annual report, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon. 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 and will not express any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard on the directors' report Shariah Committee's 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 the financial statements of the Group and of the Bank that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

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

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Independent auditors' report to the member of
Bank Pertanian Malaysia Berhad (cont'd)
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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 auditor's 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 skepticism 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 of 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 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 and 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 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.

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Independent auditors' report to the member of
Bank Pertanian Malaysia Berhad (cont'd)
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Auditors' responsibilities for the audit of the financial statements (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 member 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
Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
24 May 2024

Muhammad Syarizal Bin Abdul Rahim
No. 03157/01/2025 J
Chartered Accountant

BANK PERTANIAN MALAYSIA BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group		Bank	
			Restated		Restated
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	6(a)	851,313	747,960	851,313	747,960
Income derived from investment of shareholder's funds	6(b)	271,192	234,744	271,192	234,744
Allowance for impairment	7	(70,486)	(94,598)	(70,486)	(94,598)
Total distributable income		**1,052,019**	**888,106**	**1,052,019**	**888,106**
Income attributable to depositors	8	(224,055)	(134,380)	(224,153)	(134,380)
Total net income		**827,964**	**753,726**	**827,866**	**753,726**
Personnel expenses	9	(366,443)	(334,279)	(366,342)	(334,279)
Other overheads and expenditures	10	(210,816)	(202,523)	(210,808)	(202,523)
Finance costs	11	(35,460)	(34,583)	(35,460)	(34,583)
Profit before tax and zakat		**215,245**	**182,341**	**215,256**	**182,341**
Tax expense	12	(49,794)	(60,870)	(49,794)	(60,870)
Zakat	13	(5,381)	(4,269)	(5,381)	(4,269)
Net profit for the year		**160,070**	**117,202**	**160,081**	**117,202**
Other comprehensive income/(expenses):					
Items that may be reclassified to profit or loss					
Debt instruments at fair value through other comprehensive income ("FVOCI"):					
Net change in fair value during the financial year		56,665	(57,788)	56,665	(57,788)
Reclassification to profit or loss		(18,226)	(11,274)	(18,226)	(11,274)
Changes in expected credit loss		(80)	8,192	(80)	8,192
Income tax related to the above		(9,225)	16,575	(9,225)	16,575
Total items that may be reclassified to profit or loss		**29,134**	**(44,295)**	**29,134**	**(44,295)**
Items that will not be reclassified to profit or loss					
Equity instruments at FVOCI					
Net change in fair value during the financial year		20	(37)	20	(37)
Income tax related to the above		(5)	9	(5)	9
Total items that will not be reclassified to profit or loss		**15**	**(28)**	**15**	**(28)**
Other comprehensive income/(loss) for the year, net of tax		**29,149**	**(44,323)**	**29,149**	**(44,323)**
Total comprehensive income for the year		**189,219**	**72,879**	**189,230**	**72,879**

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

BANK PERTANIAN MALAYSIA BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

Group	Notes	31 December 2023 RM'000	Restated 31 December 2022 RM'000	Restated 1 January 2022 RM'000
ASSETS				
Cash and short term funds	**14**	3,113,749	2,053,211	1,839,501
Deposits with a financial institution	**15**	57,000	-	-
Financial assets at fair value through other comprehensive income ("FVOCI")	**16 (a)**	2,698,189	3,422,446	3,413,200
Financial assets at amortised cost ("AC")	**16 (b)**	264,559	49,977	-
Financing and advances	**17**	14,250,633	13,528,150	13,095,091
Other advances	**18**	498	1,511	1,599
Other assets	**19**	183,970	178,460	164,457
Property, plant and equipment	**22**	152,943	144,701	148,332
Intangible assets	**23**	29,881	23,593	25,404
Right-of-use assets	**24**	28,698	28,335	35,789
Deferred tax assets	**25**	24,261	27,513	1,570
TOTAL ASSETS		**20,804,381**	**19,457,897**	**18,724,943**
LIABILITIES AND EQUITY				
Liabilities				
Deposits from customers	**26 (a)**	8,507,547	8,518,883	8,292,500
Deposit and placement of banks and other financial institutions	**26 (b)**	3,259,648	2,616,137	2,415,527
Other liabilities:				
Other payables and accruals	**27 (a)**	232,777	223,261	122,608
Paddy credit gratuity scheme	**27 (b)**	1,667	1,773	1,884
Expected credit loss ("ECL") allowance for financial guarantees and financing commitments	**27 (c)**	10,091	7,436	5,853
Lease liabilities	**24**	22,283	22,053	28,745
Financing scheme funds	**28**	3,516,852	3,290,893	3,167,221
Government grants:				
Operating	**29**	17,489	17,765	18,041
Launching	**30**	1,436	1,464	1,668
Funds	**31**	1,325,681	1,022,541	993,084
Sukuk Wakalah	**32**	503,117	503,117	503,117
Total Liabilities		**17,398,588**	**16,225,323**	**15,550,248**
Equity				
Share capital	**33**	1,000,000	1,000,000	1,000,000
Reserves	**34**	2,405,793	2,232,574	2,174,695
Total Equity		**3,405,793**	**3,232,574**	**3,174,695**
TOTAL LIABILITIES AND EQUITY		**20,804,381**	**19,457,897**	**18,724,943**
Commitments and contingencies	**37**	**1,277,293**	**796,849**	**868,161**

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

BANK PERTANIAN MALAYSIA BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

Bank	Note	31 December 2023 RM'000	Restated 31 December 2022 RM'000	Restated 1 January 2022 RM'000
ASSETS				
Cash and short term funds	**14**	3,063,651	2,053,211	1,839,501
Deposits with a financial institution	**15**	57,000	-	-
Financial assets at fair value through other comprehensive income ("FVOCI")	**16 (a)**	2,698,189	3,422,446	3,413,200
Financial assets at amortised cost ("AC")	**16 (b)**	264,559	49,977	-
Financing and advances	**17**	14,250,633	13,528,150	13,095,091
Other advances	**18**	498	1,511	1,599
Other assets	**19**	183,970	178,460	164,457
Investment in subsidiary	**20**	50,000	-	-
Amount due from subsidiary	**21**	109	-	-
Property, plant and equipment	**22**	152,943	144,701	148,332
Intangible assets	**23**	29,881	23,593	25,404
Right-of-use assets	**24**	28,698	28,335	35,789
Deferred tax assets	**25**	24,261	27,513	1,570
TOTAL ASSETS		**20,804,392**	**19,457,897**	**18,724,943**
LIABILITIES AND EQUITY				
Liabilities				
Deposits from customers	**26 (a)**	8,507,547	8,518,883	8,292,500
Deposit and placement of banks and other financial institutions	**26 (b)**	3,259,648	2,616,137	2,415,527
Other liabilities:				
Other payables and accruals	**27 (a)**	232,777	223,261	122,608
Paddy credit gratuity scheme	**27 (b)**	1,667	1,773	1,884
Expected credit loss ("ECL") allowance for financial guarantees and financing commitments	**27 (c)**	10,091	7,436	5,853
Lease liabilities	**24**	22,283	22,053	28,745
Financing scheme funds	**28**	3,516,852	3,290,893	3,167,221
Government grants:				
Operating	**29**	17,489	17,765	18,041
Launching	**30**	1,436	1,464	1,668
Funds	**31**	1,325,681	1,022,541	993,084
Sukuk Wakalah	**32**	503,117	503,117	503,117
Total Liabilities		**17,398,588**	**16,225,323**	**15,550,248**
Equity				
Share capital	**33**	1,000,000	1,000,000	1,000,000
Reserves	**34**	2,405,804	2,232,574	2,174,695
Total Equity		**3,405,804**	**3,232,574**	**3,174,695**
TOTAL LIABILITIES AND EQUITY		**20,804,392**	**19,457,897**	**18,724,943**
Commitments and contingencies	37	**1,277,293**	**796,849**	**868,161**

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

Registration No: 200801010522 (811810-U)

BANK PERTANIAN MALAYSIA BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Non-distributable reserves			Distributable reserve	
Group	**Share capital RM'000**	**Statutory reserve RM'000**	**FVOCI reserve RM'000**	**Regulatory reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**
At 1 January 2023, as previously stated	**1,000,000**	**487,109**	**3,261**	**34,951**	**1,727,014**	**3,252,335**
Effect of adoption of MFRS (Note 36)	-	-	-	-	(19,761)	(19,761)
At 1 January 2023, as restated	**1,000,000**	**487,109**	**3,261**	**34,951**	**1,707,253**	**3,232,574**
Net profit for the year	-	-	-	-	160,070	160,070
Other comprehensive income for the year	-	-	29,149	-	-	29,149
Total comprehensive income for the year	-	-	29,149	-	160,070	189,219
Dividends paid (Note 35)	-	-	-	-	(16,000)	(16,000)
At 31 December 2023	**1,000,000**	**487,109**	**32,410**	**34,951**	**1,851,323**	**3,405,793**

BANK PERTANIAN MALAYSIA BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Non-distributable reserves			Distributable reserve	
Group	**Share capital RM'000**	**Statutory reserve RM'000**	**FVOCI reserve RM'000**	**Regulatory reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**
At 1 January 2022, as previously stated	**1,000,000**	**487,109**	**47,584**	**34,951**	**1,636,394**	**3,206,038**
Effect of adoption of MFRS (Note 36)	-	-	-	-	(31,343)	(31,343)
At 1 January 2022, as restated	**1,000,000**	**487,109**	**47,584**	**34,951**	**1,605,051**	**3,174,695**
Net profit for the year	-	-	-	-	117,202	117,202
Other comprehensive loss for the year	-	-	(44,323)	-	-	(44,323)
Total comprehensive (loss)/ income for the year	-	-	(44,323)	-	117,202	72,879
Dividends paid (Note 35)	-	-	-	-	(15,000)	(15,000)
At 31 December 2022	**1,000,000**	**487,109**	**3,261**	**34,951**	**1,707,253**	**3,232,574**

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

Registration No: 200801010522 (811810-U)

BANK PERTANIAN MALAYSIA BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Non-distributable reserves			Distributable reserve	
Bank	**Share capital RM'000**	**Statutory reserve RM'000**	**FVOCI reserve RM'000**	**Regulatory reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**
At 1 January 2023, as previously stated	**1,000,000**	**487,109**	**3,261**	**34,951**	**1,727,014**	**3,252,335**
Effect of adoption of MFRS (Note 36)	-	-	-	-	(19,761)	(19,761)
At 1 January 2023, as restated	**1,000,000**	**487,109**	**3,261**	**34,951**	**1,707,253**	**3,232,574**
Net profit for the year	-	-	-	-	160,081	160,081
Other comprehensive income for the year	-	-	29,149	-	-	29,149
Total comprehensive income for the year	-	-	29,149	-	160,081	189,230
Dividends paid (Note 35)	-	-	-	-	(16,000)	(16,000)
At 31 December 2023	**1,000,000**	**487,109**	**32,410**	**34,951**	**1,851,334**	**3,405,804**

BANK PERTANIAN MALAYSIA BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

		Non-distributable reserves			Distributable reserve	
	Share capital RM'000	Statutory reserve RM'000	FVOCI reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2022, as previously stated	**1,000,000**	**487,109**	**47,584**	**34,951**	**1,636,394**	**3,206,038**
Effect of adoption of MFRS (Note 36)	-	-	-	-	(31,343)	(31,343)
At 1 January 2022, as restated	**1,000,000**	**487,109**	**47,584**	**34,951**	**1,605,051**	**3,174,695**
Net profit for the year	-	-	-	-	117,202	117,202
Other comprehensive loss for the year	-	-	(44,323)	-	-	(44,323)
Total comprehensive (loss)/ income for the year	-	-	(44,323)	-	117,202	72,879
Dividends paid (Note 35)	-	-	-	-	(15,000)	(15,000)
At 31 December 2022	**1,000,000**	**487,109**	**3,261**	**34,951**	**1,707,253**	**3,232,574**

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

BANK PERTANIAN MALAYSIA BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Bank	
		Restated		Restated
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax and zakat	215,245	182,341	215,256	182,341
Adjustments for:				
Allowance for impairment on financing and advances	104,446	117,068	104,446	117,068
(Writeback of)/allowance for impairment on other advances	(34)	209	(34)	209
Allowance for impairment on financial guarantees and financing commitments	2,655	1,583	2,655	1,583
Allowance for impairment on other assets	75	684	75	684
(Writeback of)/allowance for impairment on financial assets at FVOCI	(80)	8,192	(80)	8,192
Allowance for impairment on financial assets at AC	28	23	28	23
Depreciation of property, plant and equipment	28,408	26,965	28,408	26,965
Depreciation of right-of-use assets	10,326	10,660	10,326	10,660
Amortisation of computer software	16,562	16,954	16,562	16,954
Write off of property, plant and equipment	23	102	23	102
Accretion of discount less amortisation of premium	1,222	(3,096)	1,222	(3,096)
Gain on disposal of financial assets at FVOCI	(18,226)	(11,274)	(18,226)	(11,274)
Gross dividend income from financial assets at FVOCI	(8)	(6)	(8)	(6)
Management fees on government grant - Funds	-	(200)	-	(200)
Amortisation and utilisation of government grants:				
Government grant - Operating	(276)	(276)	(276)	(276)
Government grant - Launching	(28)	(204)	(28)	(204)
Government grant - Funds	1,963	2,545	1,963	2,545
Finance costs	35,460	34,583	35,460	34,583
Finance cost for provision for re-instatement	254	253	254	253
Provision made for retirement benefits scheme	(228)	11	(228)	11
Utilisation of Non-Shariah Income ("NSI")	(77)	(539)	(77)	(539)
Operating profit before working capital changes	**397,710**	**386,578**	**397,721**	**386,578**
Change in financing and advances	(826,929)	(550,127)	(826,929)	(550,127)
Change in other advances	1,047	(121)	1,047	(121)
Change in other assets	(5,585)	(14,687)	(5,585)	(14,687)
Change in amount due from subsidiary	-	-	(109)	-
Change in deposits with financial institutions	(57,000)	-	(57,000)	-
Change in deposits from customers	(11,336)	226,383	(11,336)	226,383
Change in deposit and placement of banks and other financial institutions	643,511	200,610	643,511	200,610
Change in other payables and accruals	(2,744)	73,192	(2,744)	73,192
Change in paddy credit gratuity scheme	(106)	(111)	(106)	(111)
Cash generated from operating activities	**138,568**	**321,717**	**138,470**	**321,717**
Tax paid	(45,527)	(44,133)	(45,527)	(44,133)
Zakat paid	(4,318)	(3,058)	(4,318)	(3,058)
Net cash generated from operating activities	**88,723**	**274,526**	**88,625**	**274,526**

BANK PERTANIAN MALAYSIA BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

	Group		Bank	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of financial assets at FVOCI	(208,855)	(1,245,248)	(208,855)	(1,245,248)
Purchase of financial assets at amortised cost	(214,650)	(50,000)	(214,650)	(50,000)
Capital injection in subsidiary	-	-	(50,000)	-
Proceeds from disposal of financial assets at FVOCI	988,575	1,181,273	988,575	1,181,273
Proceeds from disposal of financial assets at AC	40	-	40	-
Dividends received from financial assets at FVOCI	8	6	8	6
Purchase of property, plant and equipment	(36,673)	(23,436)	(36,673)	(23,436)
Purchase of computer software	(22,850)	(15,143)	(22,850)	(15,143)
Net cash generated from/(used in) investing activities	**505,595**	**(152,548)**	**455,595**	**(152,548)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of lease liabilities	(10,384)	(10,530)	(10,384)	(10,530)
Additional funds received for financing scheme funds	551,446	495,465	551,446	495,465
Payments of financing scheme funds	(328,143)	(346,942)	(328,143)	(346,942)
Profits paid on financing scheme funds	(11,739)	(12,301)	(11,739)	(12,301)
Additional funds received for government grant - funds	300,000	-	300,000	-
Profit paid on issuance of Sukuk Wakalah	(18,960)	(18,960)	(18,960)	(18,960)
Dividends paid	(16,000)	(15,000)	(16,000)	(15,000)
Net cash generated from financing activities	**466,220**	**91,732**	**466,220**	**91,732**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,060,538**	**213,710**	**1,010,440**	**213,710**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**2,053,211**	**1,839,501**	**2,053,211**	**1,839,501**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**3,113,749**	**2,053,211**	**3,063,651**	**2,053,211**
CASH AND CASH EQUIVALENTS CONSIST OF:				
Cash and short term funds (Note 14)	**3,113,749**	**2,053,211**	**3,063,651**	**2,053,211**

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

1. CORPORATE INFORMATION

Bank Pertanian 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 3, Bangunan Agrobank, Leboh Pasar Besar, 50726 Kuala Lumpur, Malaysia. The principal place of business of the Bank is at Bangunan Agrobank, Leboh Pasar Besar, 50726 Kuala Lumpur, Malaysia.

The immediate and ultimate holding company of the Bank is the Minister of Finance (Incorporated), held on behalf of the Government of Malaysia.

The Bank is principally engaged in business of Islamic banking, financing, investment and related services as provided under the Bank Pertanian Malaysia Berhad Act, 2008.

The financial statements have been approved and authorised for issue by the Board of Directors in accordance with a resolution dated 24 May 2024.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Bank have been prepared under the historical cost convention, unless otherwise stated in the accounting policies. The Group and the Bank presents the statements of financial position in order of liquidity.

2.1 Statement of compliance

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

Reversion from BNM Modified Reporting Framework ("MRF") to MFRS 9

The Group and the Bank adopted the BNM MRF for Development Financial Institutions ("DFIs") in financial year 2020 which allows the Bank to defer the Day 1 modification 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 Bank is required to restate its comparatives figures to reflect:

(i) The treatment of modification loss in accordance with MFRS 9;
(ii) The adjustments to profit income in the period subsequent to the recognition of modification loss; and
(iii) The consequential writeback of Expected Credit Loss ("ECL") from the lower financing and advances balances carrying amount due to the modification loss.

2.2 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Bank's functional currency, and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2. BASIS OF PREPARATION (CONT'D)

2.3 Change in presentation

From 1 July 2015, the Bank became a full fledged Islamic bank. The presentation of the financial statements complies with the Guidelines on Financial Reporting for Development Financial Institutions issued by BNM.

The remaining conventional loans and non-shariah compliant assets are now shown as a separate line item on the face of the statement of financial position and are referred to as 'Other advances'.

3. MATERIAL ACCOUNTING POLICIES INFORMATION

3.1 Changes in accounting policies and disclosure

(a) New and amended standards and interpretations

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 Policies (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.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.1 Changes in accounting policies and disclosure (cont'd)

(b) 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 2024
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.

3.2 Summary of material accounting policies

(a) Basis of accounting

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

(b) 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

- 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.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(b) Subsidiaries (cont'd)

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. 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.

(c) Basis of consolidation

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

Subsidiary is 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.

(d) Revenue recognition

(i) Profit income

Profit income is recognised for all profit-bearing financial assets classified as debt investments at FVOCI, debt investments at amortised cost and financing and advances using the effective profit method.

The effective profit method is a method of calculating the amortised cost of a financial asset or liability (or group of assets and liabilities) and of allocating the profit income or profit expense over the relevant periods. The effective profit rate is the rate that is used to discount the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the gross carrying amount of the instrument. The application of the method has the effect of recognising income receivable or expense payable on the instrument evenly in proportion to the amount outstanding over the period to maturity or payment.

In calculating effective profit, the Group and the Bank estimates cash flows considering all contractual terms of the financial instrument but excluding future credit losses. Fees, including those for early redemption, are included in the calculation to the extent that they can be measured and are considered to be an integral part of the effective profit rate. Cash flows arising from the direct and incremental costs of issuing financial instruments are also taken into account in the calculation. Where it is not possible to otherwise estimate reliably the cash flows or the expected life of a financial instrument, effective profit is calculated by reference to the payments or receipts specified in the contract, and the full contractual term.

(ii) Murabahah and Tawarruq

Murabahah and Tawarruq income is recognised on an effective profit rate basis over the period of the contract based on the financing amounts disbursed.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(d) Revenue recognition (cont'd)

(iii) Bai-Al Inah and Bai-Bithaman Ajil

Bai-Al Inah and Bai-Bithaman Ajil income is recognised on an effective profit rate basis over the contract term of the financing amount.

(iv) Ijarah

Ijarah income is recognised on an effective profit rate based on residual value and contract term.

(v) Fees and commissions

Financing processing fee is recognised as income based on the contractual arrangement. Government-link corporation ("GLC") services fee is recognised on an accrual basis in accordance with the term of agreement.

Fees and commissions are generally recognised on an accrual basis when the service has been provided. These fees include banking service fees and Ar-Rahnu fees.

(vi) Dividend income

Dividends are recognised when the right to receive payment is established.

(vii) Rental income

Income from rental is recognised on an accrual basis in accordance with the terms of the agreement.

(e) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Grants from the Government of Malaysia consist of the following:

(i) Government grants - Operating (Note 29)

Operating grants received for capital expenditure are recognised as deferred capital grants in the statement of financial position. The grants are amortised to profit or loss on a systematic basis over the useful life of the assets. Operating grants for development expenditure is deducted from the operating grants upon utilisation.

(ii) Government grants - Launching (Note 30)

Launching grants received for capital expenditure are recognised as deferred capital grants in the statement of financial position. The grants are amortised to profit or loss on a systematic basis over the useful life of the assets. Launching grants for development expenditure is deducted from the launching grants upon utilisation.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(e) Government grants (cont'd)

(iii) Government grants - Funds (Note 31 (a) - (n))

Government grant funds received to provide financing to eligible customers are recognised as deferred capital grants in the statement of financial position. The government grants is also utilised against credit losses and charges arising from these financing.

(iv) Government grants - financing scheme funds (Note 31 (o) - (af))

The benefit of financing scheme funds at a below-market rate of profit is treated as a government grant. The financing scheme funds are recognised as a financial liability, and measured in accordance with MFRS 9 Financial Instruments ("MFRS 9"). The government grant for financing scheme funds are measured at inception as the difference between the initial carrying value of the government financing determined in accordance with MFRS 9 and the proceeds received. Government grant for financing scheme funds are recognised in profit or loss (Note 11) on a systematic basis over the periods in which the Group and the Bank recognised as expenses the related costs for which the grants are intended to compensate.

(f) Financial assets

(1) Classification

The Group and the Bank classifies its financial assets in the following measurement:

- Those to be measured subsequently at fair value (either through other comprehensive income ("FVOCI") or through profit or loss ("FVTPL"); and

- Those to be measured at amortised cost.

(2) Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on settlement date, the date on which the Group and the Bank settles the commitment to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Bank has transferred substantially all the risks and rewards of ownership.

(3) Measurement

At initial recognition, the Group and the Bank measures its financial assets at their fair value plus, in the case of a financial asset not at FVTPL, transactions costs that are directly attributable to the acquisition of the financial assets.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(f) Financial assets (cont'd)

(3) Measurement (cont'd)

Business model

The business model reflects how the Group and the Bank manages the assets in order to generate cash flows. That is, whether the Group's and the Bank's objectives are solely to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVTPL. Factors considered by the Group and the Bank in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the Group's and the Bank's business model for the mortgage financing book is to hold to collect contractual cash flows. Another example is the liquidity portfolio of assets, which is held by the Group and the Bank as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the "other" business model and measured at FVTPL.

Solely Payments of Principal and Profit Test ("SPPP")

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group and the Bank assesses whether the financial instruments' cash flows represent solely payments of principal and profit ("the SPPP test"). In making this assessment, the Group and the Bank considers whether the contractual cash flows are consistent with a basic financing arrangement i.e. profit includes only consideration for the time value of money, credit risk, other basic financing risks and a profit margin that is consistent with a basic financing arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic financing arrangement, the related financial asset is classified and measured at FVTPL.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Bank's business model for managing the asset and the cash flow characteristics of the asset. The Group and the Bank reclassifies debt investments when, and only when, its business model for managing those assets changes.

There are three measurement categories into which the Group and the Bank classifies its debt instruments:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPP are measured at amortised cost. Profit income from these financial assets is recognised using the effective profit rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in statement of comprehensive income.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(f) Financial assets (cont'd)

(3) Measurement (cont'd)

Debt instruments (cont'd)

(ii) Fair value through other comprehensive income (“FVOCI”)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent SPPP, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains or losses, profit income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Profit income from these financial assets is included in "profit income" using the effective profit rate method. Impairment losses are presented as separate line item in statement of comprehensive income.

(iii) Fair value through profit or loss (“FVTPL”)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and the Bank may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss in the period which it arises.

Equity instruments

The Group and the Bank measures all equity investments at fair value. Where the Group's and the Bank’s management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Bank’s right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in ‘net gains and losses on financial instruments’ in statement of comprehensive income.

(4) Subsequent measurement – Impairment

Impairment for debt instruments and financial guarantee contracts

The Group and the Bank assesses on a forward looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and at FVOCI and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Bank expects to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group and the Bank expects to receive from the holder, the customer or any other party.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(f) Financial assets (cont'd)

(4) Subsequent measurement – Impairment (cont'd)

Impairment for debt instruments and financial guarantee contracts (cont'd)

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- 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.

(i) General 3-stage approach

At each reporting date, the Group and the Bank measures ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. The Group and the Bank applies a 3-stage approach on debt instruments measured at amortised cost and FVOCI, except for those that are under simplified approach, as explained below.

(ii) Simplified approach

The Group and the Bank applies MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables and other assets.

Significant increase in credit risk ("SICR")

The Group and the Bank considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Bank compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- External credit rating (as far as applicable);
- Significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customer in the Group and the Bank, committed into fraudulent activities, abandonment of projects and changes in operating results of the customer;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer/issuer’s ability to meet its obligations;
- Actual or expected significant changes in the operating results of the customer;
- Significant increase in credit risks on other financial instruments of the same customer; and
- Significant changes in the value of the collateral supporting the obligations.

Regardless of the analysis above, a significant increase in credit risk is presumed if a customer/issuer is more than 30 days or 1 month past due in making a contractual payment.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(f) Financial assets (cont'd)

Definition of default and credit-impaired financial assets

The Group and the Bank defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of indicators, which include amongst others, the following criteria:

- the customer is unlikely to pay its credit obligations to the Group and the Bank in full, without recourse by the Group and the Bank to actions such as realising security (if any is held);
- the customer is past due more than 3 months on any material credit obligation to the Group and the Bank;
- the customer is past due more than 90 days after maturity date for trade finance and revolving credit facilities;
- Bankruptcy or winding up petition;
- Fraudulent accounts;
- Rescheduled and/or restructured (R&R) for impaired accounts; or
- Companies under PN17 – Listed companies identified by Bursa Malaysia that are in financial distress.

In assessing whether a customer is in default, the Group and the Bank considers indicators that are:

- qualitative - e.g. breaches of covenant;
- quantitative - e.g. overdue status and non-payment on another obligation of the same issuer to the Group and the Bank; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The Group and the Bank first assesses whether or not objective evidence of impairment exists for financial assets which are individually significant. If the Group and the Bank determines that objective evidence of impairment exists, i.e. credit impaired, for an individually-assessed financial asset, a lifetime ECL will be recognised.

Financial assets which are individually significant but not credit-impaired and not individually significant are grouped on the basis of similar credit risk characteristics (such as credit quality, instrument type, credit risk ratings, credit utilisation, customer types and other relevant factors) for collective assessment.

Write off policy

The Group and the Bank writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.

Indicators that there is no reasonable expectation of recovery include:

- ceasing enforcement activity; and
- where the Group's and the Bank's recoveries method are foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(f) Financial assets (cont'd)

Modification of financing

The Group and the Bank sometimes renegotiates or otherwise modifies the contractual cash flows of financings to customers. When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms. The Bank does this by considering, among others, the following factors:

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

If the terms are substantially different, the Group and the Bank derecognises the original financial asset and recognises a "new" asset at fair value and recalculates a new effective profit rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group and the Bank also assesses whether or not the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the customer being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

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

De-recognition other than a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group and the Bank transfers substantially all the risks and rewards of ownership, or (ii) the Group and the Bank neither transfer nor retain substantially all the risks and rewards of ownership and the Group and the Bank has not retained control.

Generating the term structure of probability of default

Month-in-arrears ("MIA") is a primary input into the determination of the term structure of Probability of Default (“PD”) for exposures. The Group and the Bank collects performance and default information on MIA for each segment.

The Group and the Bank employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(f) Financial assets (cont'd)

Generating the term structure of probability of default (cont'd)

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the financing. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio. This is supported by historical analysis.

The 12-month and lifetime Exposures at Default ("EAD") are determined based on the expected payment profile, which vary by segmentation.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. For most exposures, key macro-economic indicators include: gross domestic product ("GDP") growth, benchmark profit rates, unemployment rates and others.

The Group and the Bank formulates a ‘base case’ view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios (see below on "Incorporation of forward-looking information"). The Group and the Bank then uses these forecasts to adjust its estimates of PDs.

Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Group's and the Bank’s quantitative modelling, the remaining lifetime PD is determined to have increased by more than a predetermined percentage/range.

Using its expert credit judgement and, where possible, relevant historical experience, the Group and the Bank may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Group and the Bank considers that a significant increase in credit risk occurs no later than when an asset is more than one MIA. Due dates are determined without considering any grace period that might be available to the customer.

Modified financial assets

The contractual terms of a financing/advances may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing financing/advances whose terms have been modified may be derecognised and the renegotiated financing/advances recognised as a new financing/advances at fair value.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(f) Financial assets (cont'd)

Modified financial assets (cont'd)

The Group and the Bank renegotiates financing/advances to customers in financial difficulties to maximise collection opportunities and minimise the risk of default. Financing/advances forbearance is granted on a selective basis if the customer is currently in default on its financing or if there is a high risk of default, there is evidence that the customer or issuer made all reasonable efforts to pay under the original contractual terms and the customer or issuer is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of profit payments and amending the terms of financing/advances covenants.

For financial assets modified, the estimate of PD reflects whether the modification has improved or restored the Group's and the Bank’s ability to collect principal and profit and the Group's and the Bank’s previous experience of similar forbearance action. As part of this process, the Group and the Bank evaluates the customer’s payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired. A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

Incorporation of forward-looking information

The Group and the Bank incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Group and the Bank formulates a ‘base case’ view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios.

This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in Malaysia.

The base case represents a most-likely outcome and is aligned with information used by the Group and the Bank for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Bank carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group and the Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(f) Financial assets (cont'd)

Measurement of expected credit losses ("ECL")

The Group and the Bank uses three categories for financial instruments at amortised cost for recognising ECL.

Category	Definition	Basis for recognising
Performing accounts	(i) Accounts that do not have any significant increase in credit risk since initial recognition of the asset which is less likely to turn into delinquent/default; or (ii) Principal or profit or both is overdue for one (1) installment (including Cashline-i); or (ii) Other accounts not classified under Stage 2 and 3.	12 month ECL (Stage 1)
Under performing accounts	(i) Principal or profit or both is overdue for two (2) or three (3) installments; or (ii) Overdue payment within 90 days after maturity date for trade finance and revolving credit facilities (excluding Cashline-i); or (iii) Fulfill any one of the SICR criteria triggers.	Lifetime ECL – non-credit impaired (Stage 2)
Impaired accounts	(i) Principal or profit or both is overdue for more than three (3) installments; or (ii) Overdue payment more than 90 days after maturity date for trade finance and revolving credit facilities; or (iii) For Cashline-i facility, it shall be classified as impaired where the outstanding amount has remained in excess of the approved limit for a period more than 90 days or 3 months; or (iv) Where payments are scheduled on interval of 3 months or longer, the financing is classified as impaired as soon as default occurs (except under specific program stated in para ii above);	Lifetime ECL – credit impaired (Stage 3)

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(f) Financial assets (cont'd)

Measurement of expected credit losses ("ECL") (cont'd)

Category	Definition	Basis for recognising
Impaired accounts (cont'd)	(v) Fulfill any one of the qualitative triggers criteria; or (vi) Fulfill any three of the SICR triggers.	

The Group and the Bank has not used the low credit risk exemption for any financial instrument.

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

- PD;
- Loss Given Default ("LGD"); and
- EAD.

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

LGD is the magnitude of the likely loss if there is a default. The Group and the Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective profit rate as the discounting factor.

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

ECL is determined by projecting the PD, LGD and EAD at each future point on a yearly basis individual exposure, or collective segment, and discounting these monthly expected losses back to the reporting date. The discount rate used in the ECL calculation is the original profit rate or an approximation thereof.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(f) Financial assets (cont'd)

Measurement of expected credit losses ("ECL") (cont'd)

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group and the Bank measures ECL considering the risk of default over the maximum contractual period (including any customer's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a financing commitment or guarantee.

Forward looking economic information is also included in determining the 12 month and lifetime PD, EAD and LGD.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- product/instrument type;
- credit risk grading;
- collateral type;
- date of initial recognition;
- remaining term to maturity;
- industry; and
- geographic location of the customer.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

(g) Financial liabilities

Financial liabilities are initially recognised at the fair value of consideration received less directly attributable transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortised cost. Financial liabilities measured at amortised cost include deposits from customers and financial institutions, financing scheme funds and other payables.

Financial liabilities are derecognised when they are redeemed or extinguished.

(h) Determination of fair value

The Group and the Bank measures financial assets at FVOCI at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the assets or liabilities, or

(ii) In the absence of a principal market, in the most advantageous market for the assets or liabilities.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(h) Determination of fair value (cont'd)

The principal or the most advantageous market must be accessible to the Group and the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the assets or liabilities, assuming that market participants act in their economic best profit.

The Group and the Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(i) Financial guarantee contracts and financing commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified customer fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure financing, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The expected credit losses under MFRS 9; and
- The premium received on initial recognition less income recognised in accordance with the principles of MFRS 15.

Financing commitments provided by the Group and the Bank are measured as the amount of the loss allowance. The Bank has not provided any commitment to provide financing/advances at a below-market profit rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

(j) Foreign currency

In preparing the financial statements of the Group and the Bank, transactions in currencies other than the Bank’s functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(k) Income tax

(i) Current tax

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

Current taxes are recognised in 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 for, using the “liability” method, on temporary differences as of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arising from goodwill or from the initial recognition of an asset or a liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

The carrying amount of deferred tax assets, if any, is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted at the reporting period. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Bank intends to settle its current tax assets and liabilities on a net basis.

(l) Employees' benefits

(i) Short-term benefits

Wages, salaries, other fixed remuneration and bonuses are recognised as expenses in the year that services have been rendered by the employees. Medical leave is recognised when the absences occur.

(ii) Defined contribution plan

The Group and the Bank is required by law to make monthly contributions to the Employees Provident Fund (“EPF”) at certain prescribed rates based on the employees’ salaries. Such contributions are recognised as an expense in profit or loss as incurred.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(l) Employees' benefits (cont'd)

(iii) Retirement benefits

Eligible staff are entitled for a lump sum gratuity payment upon attainment of normal retirement age of 60 years or early retirement age of 45 years for female employees and 50 years for male employees. The gratuity payment is equivalent to 0.75 of their last drawn salary multiplied by the number of years of service and a leave replacement benefit payment equivalent to 4 times their last drawn salary.

The retirement benefit liability recognised in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period, together with adjustments for actuarial gains or losses and unrecognised past service cost reflecting only the number of years of service completed up to the reporting date.

The defined benefit obligation, calculated using the projected unit credit method, by discounting the estimated future cash outflows using market yields at the end of the reporting period on Government Investment Issues which have currency and terms to maturity approximating the terms of the related liability.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise. The actuarial gains or losses are not subsequently reclassified to profit or loss in subsequent periods.

(iv) Early retirement scheme ("ERS")

ERS was implemented in June 2021 for eligible employees to achieve optimal headcount. Payments relating to ERS are recognised as expenses in the year the employee's application is approved.

(m) Impairment of non-financial assets

The carrying amount of property, plant and equipment and intangible assets are reviewed to determine whether there is any indication of impairment. An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset for which the estimates of future cash flow have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

An impairment loss is only reversed to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of amortisation or depreciation, if no impairment loss had been recognised. A reversal of an impairment loss is recognised in profit or loss immediately.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(n) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land is not depreciated.

Property, plant and equipment are depreciated on a straight-line method at rates calculated to write off the cost less residual value of the assets over their estimated useful lives. The annual depreciation rates used are as follows:

Buildings	2%
Motor vehicles	20%
Furniture and fixtures	20%
Equipment and office machines	10%
Computer hardware	20%

Where parts of items of property, plant and equipment have different useful lives, the cost of the items is allocated on a reasonable basis and is depreciated separately.

At each reporting period, the residual values and useful lives of the property, plant and equipment are reviewed, and the effect of any changes is recognised prospectively. Gain or loss arising from the disposal of an asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss.

Costs of repair and maintenance are charged to profit or loss in the year in which the costs are incurred.

(o) Intangible assets

Intangible assets consist of computer software which are initially recorded at cost. Subsequent to the recognition, computer software are measured at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is calculated using the straight-line method to allocate the cost of computer software over their estimated useful lives of 3 years. Gain or loss arising from the disposal of the asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss.

Subsequent expenditure on an intangible asset after its purchase or completion is recognised as an expense when it is incurred, unless it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and the expenditure can be measured and attributed to the asset reliably.

(p) 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.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(p) Leases (cont'd)

Bank as a lessee

The Group and the Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group and the Bank recognises right-of-use 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:

Equipment and computer hardware	1 to 5 years
Real estate	2 to 10 years
Leasehold land	60 to 99 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.

The right-of-use assets are also subject to impairment assessment as described on Note 3.2 (m).

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 Bank and payments of penalties for terminating the lease, if the lease term reflects the Bank 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.

In calculating the present value of lease payments, the Group and the Bank uses its incremental financing rate at the lease commencement date because the profit 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 profit 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.

The Group's and the Bank's right-of-use assets and lease liabilities are disclosed in Note 24.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(p) Leases (cont'd)

Bank as a lessee (cont'd)

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 equipment and computer hardware (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.

(q) Foreclosed properties

Foreclosed properties are those acquired in order to settle the debts and are stated at the lower of cost and net realisable value.

(r) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation.

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

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 risk specific to the liability.

(s) Share capital

Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Costs directly attributable to the issuance of new equity shares are taken to equity as a deduction from the proceeds.

(t) Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise cash on hand, demand deposits and highly liquid investments with original maturities of 3 months or less that are convertible into cash with an insignificant risk of changes in value.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expense, assets and liabilities and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that could require material adjustment to the carrying amount of the asset or liability affected in the future.

Critical judgements made in the application of accounting policies

The following judgements are made by the management in the process of applying the Group's and the Bank's accounting policies that have the most significant impact on the financial statements.

(a) Measurement of the expected credit losses ("ECL")

The measurement of the ECL allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 37, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL; and
- Management overlay due to effect climate change related matters (physical risk).

(b) Determining the lease term of contracts with renewal and termination options - Bank as lessee

The Group and the Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Bank has several lease contracts that include extension and termination options. The Bank applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

(i) Real Estate Leases and Leasehold Land

The Bank leases office buildings and houses for the branches, office space and staff accommodation. The leases of office space typically run for a period of two (2) to five (5) years and leases of houses for one (1) to three (3) years, whereas the leasehold land is between 60 to 99 years. Most leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENT (CONT'D)

Critical judgements made in the application of accounting policies (cont'd)

(b) Determining the lease term of contracts with renewal and termination options - Bank as lessee (cont'd)

(i) Real Estate Leases and Leasehold Land (cont'd)

Some leases of office buildings contain extension options exercisable by the Bank up to one (1) year before the end of the non-cancellable contract period. Where practicable, the Bank seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Bank and not by the lessors. The Bank assesses at lease commencement whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

(ii) Other Assets

The Bank leases ATM machines and printer with lease term of one (1) to three (3) years. In some cases, the Bank has options to purchase the assets at the end of the contract term. The Bank also leases IT equipments and other office equipments such as water purifiers and printers with contract terms of three (3) to five (5) years. These leases are short term and/or low value items. The Bank has elected not to recognise right-of-use assets and lease liabilities for these leases.

(c) Income taxes (Note 12) and deferred tax (Note 25)

Significant judgement is required in estimating the provision for income taxes as there are interpretations of tax law for which the final outcome has not been established, such as the tax deductibility of expected credit loss on financial instruments. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimations process may involve seeking advice of experts, where appropriate.

Where the final liability for taxation assessed by the Inland Revenue Board is different from the amounts that were initially recorded, these differences will affect the income tax expense and deferred tax provisions in the period in which the estimate is revised or when the final tax liability is established.

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Bank based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENT (CONT'D)

Key sources of estimation uncertainty (cont'd)

(a) Leases - Estimating the incremental financing rate

The Group and the Bank cannot readily determine the profit rate implicit in the lease, therefore, it uses its incremental financing rate ("IFR") to measure lease liabilities. The IFR is the rate of profit that the Bank would have to pay to finance 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 IFR therefore reflects what the Bank 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Bank estimates the IFR using observable inputs (such as market profit rate) when available and is required to make certain specific estimates.

(b) Climate Risk Matters

The Group and the Bank makes use of reasonable and supportable information to make accounting estimates. This includes information about the observable effects of the physical and transition risks of climate change on the current creditworthiness of customers, asset values and market indicators. It also includes the effect on the Group's and the Bank's competitiveness and profitability. Many of the effects arising from climate change will be longer term in nature, with an inherent level of uncertainty and have limited effect on accounting estimates for the current year. Some physical and transition risks can manifest in the shorter term.

The following items represent the most significant effects:

(i) The classification of financial instruments linked to climate, or other sustainability indicators: consideration is given to whether the effect of climate related terms prevent the instrument cashflows being solely payments of principal and profit.

(ii) The measurement of expected credit loss considers the ability of customers to make payments as they fall due. Future cashflows are discounted, so long dated cashflows are less likely to affect current expectations on credit loss. The Group's and the Bank's assessment of sector specific risks and whether additional adjustments are required, include expectations on the ability of those sectors to meet their financing needs in the market. Changes in credit stewardship and credit risk appetite that stem from climate considerations will directly affect our positions.

The use of market indicators as inputs to fair value is assumed to include current information and knowledge regarding the effect of climate risk.

5. SIGNIFICANT CHANGES IN REGULATORY REQUIREMENTS

(a) Transitional arrangement for regulatory capital treatment of accounting provision for Development Financial Institution

On 9 December 2020, BNM issued the policy documents on Transitional Arrangements for Regulatory Capital Treatment of Accounting Provisions for Development Financial Institutions ("DFIs").

Prescribed DFIs which elect to apply the transitional arrangements are allowed to add back the Stage 1 and Stage 2 provisions for expected credit losses incurred during the year to Tier 1 capital over a four-year period from financial year beginning 2020 or a three-year period from financial year beginning 2021.

The transitional arrangements are consistent with the guidance issued by the Basel Committee on Banking Supervision on “Regulatory treatment of accounting provisions – interim approach and transitional arrangement” (March 2017) and “Measures to reflect the impact of COVID-19” (April 2020).

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5. SIGNIFICANT CHANGES IN REGULATORY REQUIREMENTS (CONT'D)

(a) Transitional arrangement for regulatory capital treatment of accounting provision for Development Financial Institution (cont'd)

Pursuant to Paragraph 7.1 of the policy, DFIs which elect to apply the transitional arrangements shall submit a one-time written notification to BNM.

In view of the above paragraph, the Bank has elected to apply the transitional arrangement from year 2020 i.e. effective 31 December 2020 as our first reporting period of the application. The impact of before and after transitional arrangement is as summarised below:

Group	Before Transitional Arrangement Ratio (%)	After Transitional Arrangement Ratio (%)
Core capital ratio		
2023	19.71	19.90
2022 (Restated)	20.02	20.46

Bank	Before Transitional Arrangement Ratio (%)	After Transitional Arrangement Ratio (%)
Core capital ratio		
2023	19.71	19.90
2022 (Restated)	20.02	20.46

6. INCOME DERIVED FROM INVESTMENT OF:

	Note	Group and Bank 2023 RM'000	Group and Bank Restated 2022 RM'000
(a) Depositors' funds and others			
Term deposits	(i)	445,623	358,968
Other deposits	(ii)	405,690	388,992
		851,313	**747,960**

(i) Income derived from investment of term deposits

	Group and Bank 2023 RM'000	Group and Bank Restated 2022 RM'000
Finance income and hibah		
Profit from financing and advances	333,567	273,180
Profit from financial assets:		
Deposits with banks and other financial institutions	29,391	10,404
at FVOCI	48,580	51,171
at amortised cost	2,017	37
Accretion of discount less amortisation of premium	(493)	1,147
Investment income		
Gain arising from disposal of financial assets at FVOCI	7,348	4,179
Gross dividend income from financial assets at FVOCI	3	2
Fee income		
Financing processing fees	1,220	1,503
Banking service fees	21,193	16,421
Ar-Rahnu fees	-	5
Ta'widh	2,797	919
Total income derived from investment of term deposits	**445,623**	**358,968**
Of which:		
Profit income earned on impaired financing and advances	**13,207**	**12,142**

6. INCOME DERIVED FROM INVESTMENT OF: (CONT'D)

(a) Depositors' funds and others (cont'd)

	Group and Bank 2023 RM'000	Group and Bank Restated 2022 RM'000
(ii) Income derived from investment of other deposits		
Finance income and hibah		
Profit from financing and advances	303,674	296,032
Profit from financial assets:		
Deposits with banks and other financial institutions	26,757	11,273
at FVOCI	44,227	55,448
at amortised cost	1,836	40
Accretion of discount less amortisation of premium	(448)	1,243
Investment income		
Gain arising from disposal of financial assets at FVOCI	6,690	4,528
Gross dividend income from financial assets at FVOCI	3	3
Fee income		
Financing processing fees	1,111	1,629
Banking service fees	19,294	17,794
Ar-Rahnu fees	-	6
Ta'widh	2,546	996
Total income derived from investment of other deposits	**405,690**	**388,992**
Of which:		
Profit income earned on impaired financing and advances	**12,024**	**13,157**

	Group and Bank 2023 RM'000	Group and Bank Restated 2022 RM'000
(b) Shareholder's funds		
Finance income and hibah		
Profit from financing and advances	190,107	167,808
Profit from financial assets:		
Deposits with banks and other financial institutions	16,751	6,390
at FVOCI	27,687	31,432
at amortised cost	1,149	23
Accretion of discount less amortisation of premium	(281)	706
Investment income		
Gain arising from disposal of financial assets at FVOCI	4,188	2,567
Gross dividend income from financial assets at FVOCI	2	1

6. INCOME DERIVED FROM INVESTMENT OF: (CONT'D)

	Group and Bank	
		Restated
	2023	**2022**
	RM'000	**RM'000**
(b) Shareholder's funds (cont'd)		
Fee income		
Financing processing fees	695	923
Government-Linked Corporation ("GLC") service fees	7,012	8,121
Banking service fees	12,079	10,087
Ar-Rahnu fees	-	3
Ta'widh	1,594	564
Other operating income		
Staff financing	4,020	3,870
Proceeds from sale of crops - Ladang Sg Tasan	397	748
Amortisation of operating grant (Note 29)	276	276
Amortisation and utilisation of launching grant (Note 30)	28	204
Writeback of government grant - funds:		
Entrepreneur Scheme for Graduates (Note 31 (a))	-	(14)
Development Programme for Hard-core Poor (Note 31 (c))	-	(1)
Fund for Minister of Youth and Sports (Note 31 (d))	(175)	(197)
Bumiputera Commercial and Industrial Community Scheme HUB (Note 31 (e))	(140)	(486)
National Key Economic Area (Note 31 (f))	(41)	(98)
Micro Economic Stimulation Package (Note 31 (g))	(1,607)	(1,749)
Utilisation of Non-Shariah Income ("NSI") (Note 27 (a) (i))	77	539
ACE Training Income	3,351	487
Other Income	4,023	2,540
	271,192	**234,744**
Of which:		
Profit income earned on impaired financing and advances	**7,527**	**7,458**

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7. ALLOWANCE FOR IMPAIRMENT

	Note	Group and Bank 2023 RM'000	Group and Bank Restated 2022 RM'000
(Allowance for)/writeback of impairment on:			
Financing and advances	(a)	(73,827)	(93,040)
Other advances	(b)	6,019	8,924
Financial guarantees and financing commitments	(c)	(2,655)	(1,583)
Other assets	(d)	(75)	(684)
Financial assets at fair value through other comprehensive income ("FVOCI")	(e)	80	(8,192)
Financial assets at amortised cost	(f)	(28)	(23)
		(70,486)	**(94,598)**

(a) Financing and advances

	Group and Bank 2023 RM'000	Group and Bank Restated 2022 RM'000
Stage 1 - 12-month ECL (Note 17 (ix))	(8,040)	17,035
Stage 2 - Lifetime ECL not credit-impaired (Note 17 (ix))	18,806	(32,369)
Stage 3 - Lifetime ECL credit-impaired (Note 17 (ix))	(115,212)	(101,734)
ECL for financing and advances	**(104,446)**	**(117,068)**
Bad debts and financing recovered	**30,619**	**24,028**
	(73,827)	**(93,040)**

(b) Other advances

	Group and Bank 2023 RM'000	Group and Bank Restated 2022 RM'000
Stage 1 - 12-month ECL (Note 18 (ii))	8	22
Stage 2 - Lifetime ECL not credit-impaired (Note 18 (ii))	-	(12)
Stage 3 - Lifetime ECL credit-impaired (Note 18 (ii))	26	(219)
ECL for other advances	**34**	**(209)**
Bad debts and financing recovered	**5,985**	**9,133**
	6,019	**8,924**

7. ALLOWANCE FOR IMPAIRMENT (CONT'D)

(c) Financial guarantees and financing commitments

	Group and Bank	
		Restated
	2023	2022
	RM'000	RM'000
Stage 1 - 12 month ECL (Note 27 (c))	(2,755)	(212)
Stage 2 - Lifetime ECL not credit-impaired (Note 27 (c))	100	(1,371)
	(2,655)	**(1,583)**

(d) Other assets

	Group and Bank	
	2023	2022
	RM'000	RM'000
Lifetime ECL credit-impaired (Note 19)	**(75)**	**(684)**

(e) Financial assets at fair value through other comprehensive income ("FVOCI")

	Group and Bank	
	2023	2022
	RM'000	RM'000
Stage 1 - 12-months ECL (Note 16 (a))	80	403
Stage 3 - Lifetime ECL impaired credit (Note 16 (a))	-	(8,595)
	80	**(8,192)**

(f) Financial assets at amortised cost

	Group and Bank	
	2023	2022
	RM'000	RM'000
Stage 1 - 12-months ECL (Note 16 (b))	(28)	(23)

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8. INCOME ATTRIBUTABLE TO DEPOSITORS

	Group		Bank	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits from customers:				
Fixed Return Islamic Account ("FRIA-I")	91,192	53,541	91,290	53,541
FRIA 45 Plus	5,304	5,910	5,304	5,910
Agro Perdana-i	8,575	9,401	8,575	9,401
Agro-i Deposits	5,121	6,086	5,121	6,086
Qard	1,443	1,735	1,443	1,735
Agro Muda-i	1,207	1,263	1,207	1,263
Agro Patriot Tetangga-i	92	107	92	107
Agro Prima	373	414	373	414
	113,307	78,457	113,405	78,457
Deposits and placement of banks and other financial institutions:				
Deposit Khas-i	99,652	55,816	99,652	55,816
Interbank Money Market Deposit	11,096	107	11,096	107
	110,748	55,923	110,748	55,923
	224,055	**134,380**	**224,153**	**134,380**

9. PERSONNEL EXPENSES

	Group		Bank	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Salaries, allowances and bonuses	290,311	270,526	290,311	270,526
EPF contributions	36,983	32,062	36,983	32,062
SOCSO contributions	3,090	2,662	3,090	2,662
Medical insurances	11,485	10,958	11,485	10,958
Staff welfare	12,569	9,534	12,569	9,534
Non-executive directors' allowances	1,271	1,307	1,177	1,307
Staff training	3,024	2,379	3,024	2,379
Recruitment fees	6,924	3,708	6,924	3,708
Retirement benefits scheme	(228)	11	(228)	11
Others	1,014	1,132	1,007	1,132
	366,443	**334,279**	**366,342**	**334,279**

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10. OTHER OVERHEADS AND EXPENDITURES

	Group		Bank	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Maintenance cost				
Depreciation of property, plant and equipment (Note 22)	28,408	26,965	28,408	26,965
Depreciation of right-of-use assets (Note 24)	10,326	10,660	10,326	10,660
Amortisation of computer software (Note 23)	16,562	16,954	16,562	16,954
Write off of property, plant and equipment	23	102	23	102
Computer maintenance	29,676	30,668	29,676	30,668
Expenses relating to short-term leases (Note 24)	1,340	647	1,340	647
Storage services	1,032	1,258	1,032	1,258
Water and electricity	9,344	8,527	9,344	8,527
Printing, stationery and office supplies	6,794	6,449	6,794	6,449
Office maintenance	3,746	3,910	3,746	3,910
Takaful on property, plant and equipment	2,558	3,374	2,558	3,374
Building maintenance	4,435	3,238	4,435	3,238
Finance cost on provision for re-instatement	254	253	254	253
Quit rent and assessment	1,124	1,037	1,124	1,037
Vehicle maintenance	252	216	252	216
Computer supply	80	100	80	100
Others	705	532	705	532
	116,659	**114,890**	**116,659**	**114,890**
Marketing expenses				
Advertising and promotions	8,069	3,146	8,069	3,146
Others	142	210	142	210
	8,211	**3,356**	**8,211**	**3,356**
General administrative expenses				
Communication expenses	19,897	17,457	19,897	17,457
Launching grants	-	2	-	2
Legal fees	3,072	7,199	3,072	7,199
Commissions and fees	39,937	34,604	39,937	34,604
Auditors' remuneration				
- Statutory audit	1,195	1,108	1,187	1,108
- Regulatory related services	13	13	13	13
Security charges	12,298	12,073	12,298	12,073
Agro Perdana ID card	1,370	3,294	1,370	3,294
CTOS net expenses	1,219	1,093	1,219	1,093
Retail Payment Platform expenses	853	900	853	900
Strategic business plan expenses	1,727	4,770	1,727	4,770
ACE training	3,560	167	3,560	167
Others	805	1,597	805	1,597
	85,946	**84,277**	**85,938**	**84,277**
	210,816	**202,523**	**210,808**	**202,523**

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11. FINANCE COSTS

	Note	Group and Bank 2023 RM'000	2022 RM'000
Profit expense on financing scheme funds	(i)	15,572	14,562
Profit expense on Sukuk Wakalah (Note 32)		18,960	18,960
Finance cost on lease liabilities (Note 24)		928	1,061
		35,460	**34,583**

(i) Profit expense on financing scheme funds

	Note	Group and Bank 2023 RM'000	2022 RM'000
Fund For Food ("3F")	28 (a)	1,475	1,220
Micro Enterprise Fund	28 (c)	1,065	1,157
Commercial Agriculture Fund ("DPK-GLC")	28 (d)	10,833	10,362
Agriculture Entrepreneur Financing Scheme Fund 1 ("DPUP 1")	28 (e)	31,401	35,709
Agriculture Entrepreneur Financing Scheme Fund 2 ("DPUP 2")	28 (f)	4,030	4,451
Agriculture Entrepreneur Financing Scheme Fund 3 ("DPUP 3")	28 (g)	4,477	4,964
Agriculture Entrepreneur Financing Scheme Fund 4 ("DPUP 4")	28 (h)	1,147	1,103
Agriculture Entrepreneur Financing Scheme Fund 5 ("DPUP 5")	28 (i)	1,586	1,526
Agriculture Entrepreneur Financing Scheme Fund 6 ("DPUP 6")	28 (j)	1,839	2,013
Agriculture Entrepreneur Financing Scheme Fund 7 ("DPUP 7")	28 (k)	2,032	2,012
Special Relief Facility ("SRF")	28 (l)	8,416	8,209
Fund for Small and Medium Size Industries ("TIKS")	28 (m)	1,447	624
Disaster Relief Facility	28 (n)	4	40
Skim Pembiayaan Mikro Penjana	28 (o)	5,483	8,801
Targeted Relief and Recovery ("TRRF")	28 (p)	12,957	12,583
Dana Pembiayaan AgroMakanan 1 ("DPA 1")	28 (q)	3,018	2,866
Dana Pembiayaan AgroMakanan 2 ("DPA 2")	28 (r)	7,323	2,622
Dana Input Pengeluaran Agromakanan ("IPA")	28 (t)	4,526	2,941
Dana Pembiayaan AgroMakanan 3 ("DPA 3")	28 (u)	271	-
Dana Pembiayaan Untuk Pelaburan ("D3P")	28 (v)	24	-
		103,354	103,203
Less : Income from fair value amortisation			
Amortisation of DPK-GLC Grant	31 (o)	(10,083)	(9,612)
Amortisation of DPUP 1 Grant	31 (p)	(27,246)	(31,032)
Amortisation of DPUP 2 Grant	31 (q)	(3,280)	(3,701)
Amortisation of DPUP 3 Grant	31 (r)	(3,896)	(4,310)
Amortisation of DPUP 4 Grant	31 (s)	(972)	(928)
Amortisation of DPUP 5 Grant	31 (t)	(1,336)	(1,276)
Amortisation of DPUP 6 Grant	31 (u)	(99)	(109)
Amortisation of DPUP 7 Grant	31 (v)	(532)	(512)
Amortisation of SRF Grant	31 (w)	(8,416)	(8,209)
Amortisation of Disaster Relief Facility Grant	31 (x)	(4)	(40)
Amortisation of TRRF Grant	31 (y)	(12,957)	(12,583)
Amortisation of DPA 1 Grant	31 (z)	(2,418)	(2,266)
Amortisation of Skim Pembiayaan Mikro Penjana Grant	31 (aa)	(5,483)	(8,801)
Amortisation of DPA 2 Grant	31 (ab)	(6,239)	(2,321)
Amortisation of IPA Grant	31 (ac)	(4,526)	(2,941)
Amortisation of DPA 3 Grant	31 (ad)	(271)	-
Amortisation of D3P Grant	31 (ae)	(24)	-
		(87,782)	(88,641)
		15,572	**14,562**

12. TAX EXPENSE

	Group and Bank	
	2023	**2022**
	RM'000	**RM'000**
Income tax:		
Malaysian income tax	56,004	68,748
(Over)/under provision in prior years	(232)	1,481
	55,772	**70,229**
Deferred tax: (Note 25)		
Relating to origination and reversal of temporary differences	(6,659)	(12,240)
Under provision in prior years	681	2,881
	(5,978)	**(9,359)**
Tax expense for the year	**49,794**	**60,870**

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

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%.

The reconciliation between tax expense and accounting profit of the Group and of the Bank multiplied by the applicable corporate tax rate are as follows:

	Group		Bank	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before tax and zakat	**215,245**	**182,341**	**215,256**	**182,341**
Tax at the applicable statutory tax rate of 24% (2022: 24%)	51,659	40,982	51,661	40,982
Tax effects of:				
Impact of Cukai Makmur	-	12,204	-	12,204
Income not subject to tax	(5,578)	(848)	(5,584)	(848)
Expenses not deductible for tax purposes	3,264	4,170	3,268	4,170
(Over)/under provision in prior years:				
Income tax	(232)	1,481	(232)	1,481
Deferred tax	681	2,881	681	2,881
Tax expense for the year	**49,794**	**60,870**	**49,794**	**60,870**

13. ZAKAT

	Group and Bank	
	2023	**2022**
	RM'000	**RM'000**
Zakat for the year	**5,381**	**4,269**

Zakat represents business zakat payable by the Bank to comply with the principles of Shariah and as approved by the Shariah Committee. The Bank only pays zakat on its business and does not pay zakat on behalf of depositors or shareholder. Zakat provision is initially calculated based on 2.5% of capital growth model method. However, it is compared against 2.5% of the Bank’s audited profit before tax (“PBT”) for the year, and the higher of the two is the final zakat payable by the Bank.

13. ZAKAT (CONT'D)

The Bank distributes the zakat to zakat state authorities and eligible beneficiaries (asnaf) among needy individuals mainly through a structured asnaf developmental and entrepreneurship program with the objective to enhance their wellbeing, mosque, non-governmental organisations and institutions as guided by the Bank's zakat policy.

14. CASH AND SHORT TERM FUNDS

	Group	
	2023	**2022**
	RM'000	**RM'000**
Cash in hand	195,200	197,993
Cash at banks	359,066	132,804
Short term deposits maturing within three months:		
Licensed banks	1,734,000	994,700
Other financial institutions	825,483	727,714
	3,113,749	**2,053,211**

The details on the short term deposits are as follows:

Average maturities	19 days	22 days
Weighted average effective profit rates (per annum)	3.34%	3.24%

	Bank	
	2023	**2022**
	RM'000	**RM'000**
Cash in hand	195,200	197,993
Cash at banks	308,968	132,804
Short term deposits maturing within three months:		
Licensed banks	1,734,000	994,700
Other financial institutions	825,483	727,714
	3,063,651	**2,053,211**

The details on the short term deposits are as follows:

Average maturities	19 days	22 days
Weighted average effective profit rates (per annum)	3.34%	3.24%

15. DEPOSIT WITH A FINANCIAL INSTITUTION

	Group and Bank	
	2023	**2022**
	RM'000	**RM'000**
Deposit with a financial institution	57,000	-

16. FINANCIAL ASSETS PORTFOLIO

	Note	Group and Bank 2023 RM'000	2022 RM'000
Financial assets at fair value through other comprehensive income ("FVOCI")	(a)	2,698,189	3,422,446
Financial assets at amortised cost	(b)	264,559	49,977
		2,962,748	**3,472,423**

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

	Note	Group and Bank 2023 RM'000	2022 RM'000
Equity investments	(i)	252	232
Debt investments	(ii)	2,697,937	3,422,214
		2,698,189	**3,422,446**

(i) Equity investments

	Group and Bank 2023 RM'000	2022 RM'000
Quoted securities		
KUB Malaysia Berhad	**252**	**232**

(ii) Debt investments

Debt investments at FVOCI comprise the following investments having solely payments of principal and profit income:

	Group and Bank 2023 RM'000	2022 RM'000
At fair value:		
Corporate sukuk	1,756,572	2,079,181
Government Investment Issues ("GII")	941,365	1,343,033
	2,697,937	**3,422,214**

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16. FINANCIAL ASSETS PORTFOLIO (CONT'D)

(a) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI") (CONT'D)

Movements in ECL in respect of debt instruments at FVOCI are as follows:

The carrying amount of debt instruments at fair value through other comprehensive income is equivalent to their fair value. The loss allowance is recognized in other comprehensive income and does not reduce the carrying amount in the statements of financial position.

Group and Bank	ECL Staging Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL Not Credit - Impaired RM'000	Stage 3 Lifetime ECL Credit - Impaired RM'000	Total RM'000
At 1 January 2023	121	-	15,779	**15,900**
Transfer to Stage 3	-	-	-	-
Written back during the year (Note 7 (e))	(80)	-	-	**(80)**
Net remeasurement due to changes in credit risk	(80)	-	-	**(80)**
At 31 December 2023	**41**	**-**	**15,779**	**15,820**
At 1 January 2022	524	7,184	-	**7,708**
Transfer to Stage 3	-	(7,184)	7,184	-
(Written back)/allowance made during the year (Note 7 (e))	(403)	-	8,595	**8,192**
Net remeasurement due to changes in credit risk	(403)	-	8,595	**8,192**
At 31 December 2022	**121**	**-**	**15,779**	**15,900**

16. FINANCIAL ASSETS PORTFOLIO (CONT'D)

(b) FINANCIAL ASSETS AT AMORTISED COST

Debt investments at amortised cost comprise the following investments having solely payments of principal and profit income:

	Group and Bank	
	2023	**2022**
	RM'000	**RM'000**
At amortised cost:		
Corporate sukuk	264,610	50,000
Less:		
Stage 1 - 12-month ECL	(51)	(23)
Net financial assets at amortised cost	**264,559**	**49,977**

Maturity structure for financial assets at amortised cost:

	Group and Bank	
	2023	**2022**
	RM'000	**RM'000**
Between one year to three years	95,000	50,000
Between three years to five years	149,573	-
More than five years	20,037	-
	264,610	**50,000**

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16. FINANCIAL ASSETS PORTFOLIO (CONT'D)

(b) FINANCIAL ASSETS AT AMORTISED COST (CONT'D)

Movements in ECL in respect of debt instruments at amortised cost are as follows:

	ECL Staging			
Group and Bank	**Stage 1 12-month ECL RM'000**	**Stage 2 Lifetime ECL Not Credit - Impaired RM'000**	**Stage 3 Lifetime ECL Credit - Impaired RM'000**	**Total RM'000**
At 1 January 2023	23	**-**	**-**	**23**
Allowance made during the year (Note 7 (f))	28	**-**	**-**	**28**
Net remeasurement due to changes in credit risk	28	-	-	**28**
At 31 December 2023	**51**	**-**	**-**	**51**
At 1 January 2022	-	**-**	**-**	**-**
Allowance made during the year (Note 7 (f))	23	**-**	**-**	**23**
Net remeasurement due to changes in credit risk	23	-	-	**23**
At 31 December 2022	**23**	**-**	**-**	**23**

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17. FINANCING AND ADVANCES

	Group and Bank		
		Restated	**Restated**
	31 December 2023 RM'000	**31 December 2022 RM'000**	**1 January 2022 RM'000**
By Product (at amortised cost)			
Agrocash	8,613,730	8,618,438	8,557,005
Project Financing	4,609,620	4,788,909	5,192,118
Fund For Food ("3F")	1,164,414	1,023,759	989,700
Ar-Rahnu	783,304	679,028	603,912
Fishery Boat Financing Scheme ("SPBP")	71,034	95,511	113,116
MUST-i	301,357	301,833	321,864
Oil Palm Replanting Scheme ("TASKS")	1,303	1,985	2,883
Bumiputera Commercial and Industrial Community Scheme ("MPPB")	37,421	44,626	57,497
Financing for Small and Medium Size Industries ("PKS")	61,181	75,506	90,534
Non-Food Production Credit Scheme ("SKPBM")	8,034	10,063	12,983
Food Production Credit Scheme ("SKPM")	33,886	49,926	67,858
Belia Tani Scheme	4,464	4,723	5,030
Fund For Small and Medium Size Industries ("TIKS")	163,109	58,948	20,033
Working Capital-i	506,765	225,731	218,907
Paddy Credit Scheme	86,455	83,500	80,688
Micro Economic Stimulus Package ("Micro ESP-i")	72,286	60,200	46,935
National Key Economic Area ("NKEA")	10,720	9,600	9,778
Murabahah Working Capital Financing	1,367,110	1,266,757	1,008,816
Insani	98	205	372
Bai Al-Dayn Working Capital Financing	133,422	113,907	86,429
MPPB Hub	97	151	149
Agro Cash Line-i	374,141	379,518	388,671
Hartani-i	1,480,755	1,414,780	1,364,767
Special Relief Facility	857,109	1,017,695	903,574
Commercial Agriculture Fund ("DPK3")	80,332	72,199	70,473
Agro Industrial Hire Purchase-i	89,599	68,182	47,548
Program Agropreneur Muda	22,818	26,136	29,380
Program Pemodenan Vessel dan Mekanisasi Tangkapan ("PVMT")	134,048	79,893	2,043
Program Ladang Rakyat	11,324	12,150	8,430
Pembiayaan Agromakanan 2	177,568	165,976	-
Input Pengeluaran Agromakanan ("IPA")	110,254	22,394	-
PEMULIH	157,101	123,330	-
Agro Home Financing-i	38,209	21,850	9,494
Dana Pembiayaan Agromakanan Keluarga Malaysia ("DPAKM")	264,364	23,387	-
Others	53,645	8,909	1,440
	21,881,077	**20,949,705**	**20,312,427**

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17. FINANCING AND ADVANCES (CONT'D)

	Group and Bank 31 December 2023 RM'000	Restated 31 December 2022 RM'000	Restated 1 January 2022 RM'000
Brought forward from previous page	**21,881,077**	**20,949,705**	**20,312,427**
Add : Staff financing and advances	156,592	159,886	170,012
	22,037,669	**21,109,591**	**20,482,439**
Less : Modification loss	(21,412)	(24,470)	(28,988)
Less : Unearned profit	(7,115,543)	(6,880,029)	(6,743,643)
Gross financing and advances	**14,900,714**	**14,205,092**	**13,709,808**
Less :			
Stage 1 - 12-month ECL	(82,090)	(65,929)	(73,856)
Stage 2 - Lifetime ECL not credit-impaired	(75,699)	(127,057)	(108,973)
Stage 3 - Lifetime ECL credit-impaired	(492,292)	(483,956)	(431,888)
Net financing and advances at amortised cost	**14,250,633**	**13,528,150**	**13,095,091**

(i) The gross financing and advances by maturity are as follows:

	Group and Bank 31 December 2023 RM'000	Restated 31 December 2022 RM'000	Restated 1 January 2022 RM'000
Maturity within six months	2,154,359	2,364,250	1,905,681
Between six months to one year	188,357	155,290	197,919
Between one year to three years	505,137	267,516	476,896
Between three years to five years	1,819,018	1,338,214	922,014
More than five years	10,233,843	10,079,822	10,207,298
	14,900,714	**14,205,092**	**13,709,808**

(ii) The gross financing and advances by sectors are as follows:

	Group and Bank 31 December 2023 RM'000	Restated 31 December 2022 RM'000	Restated 1 January 2022 RM'000
Construction and Services	225,989	181,322	164,346
Fishery	756,913	687,827	640,633
Crops	4,463,688	4,566,820	4,764,847
Livestock	955,901	876,636	924,254
Manufacturing	1,798,152	1,550,110	1,510,564
Others-Primary Agriculture	74,182	70,392	51,924
Retail and Wholesale Trade	2,267,536	2,099,075	1,836,245
Household	4,125,599	3,969,772	3,652,189
Others	232,754	203,138	164,806
	14,900,714	**14,205,092**	**13,709,808**

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17. FINANCING AND ADVANCES (CONT'D)

(iii) The gross financing and advances by state are as follows:

	Group and Bank		
		Restated	Restated
	31 December 2023 RM'000	31 December 2022 RM'000	1 January 2022 RM'000
Kuala Lumpur	1,656,257	1,702,795	1,801,702
Selangor	1,897,349	1,594,409	1,527,710
Pahang	1,084,170	1,022,403	910,069
Perak	1,788,440	1,656,965	1,530,378
Negeri Sembilan	379,034	351,520	333,054
Melaka	636,048	637,449	595,918
Johor	1,360,817	1,304,211	1,261,095
Kelantan	804,075	801,113	755,632
Kedah	1,142,014	1,086,738	1,085,605
Perlis	133,470	128,721	120,257
Sarawak	1,295,321	1,312,710	1,299,611
Sabah	1,407,611	1,335,294	1,274,427
Pulau Pinang	730,405	717,472	687,295
Terengganu	585,703	553,292	527,055
	14,900,714	**14,205,092**	**13,709,808**

(iv) The gross financing and advances by profit rate sensitivity are as follows:

	Group and Bank		
		Restated	Restated
	31 December 2023 RM'000	31 December 2022 RM'000	1 January 2022 RM'000
Fixed rate :			
Fund For Food ("3F")	778,674	691,507	668,412
Project Financing	114,996	140,656	125,611
MUST-i	256,692	254,901	261,581
Agrocash	724	2,060	3,976
Special Relief Facility	602,193	736,774	665,863
Others	1,732,405	731,073	464,196
Variable rate :			
Agrocash	5,483,581	5,514,912	5,453,920
Project Financing	2,807,988	2,893,552	3,222,029
Murabahah Working Capital Financing	1,371,272	1,271,622	1,010,578
Hartani-i	766,652	732,342	701,406
Others	985,537	1,235,693	1,132,236
	14,900,714	**14,205,092**	**13,709,808**

17. FINANCING AND ADVANCES (CONT'D)

(v) The gross financing and advances by financing type and Shariah contract are as follows:

Group and Bank	Term Financing RM'000	Revolving Financing RM'000	Total RM'000
2023			
Bai-Al Inah	767,136	-	767,136
Tawarruq	8,614,300	2,260,649	10,874,949
Bai-Bithaman Ajil	3,057,419	-	3,057,419
Murabahah	133,109	-	133,109
Ijarah	68,101	-	68,101
	12,640,065	**2,260,649**	**14,900,714**
2022, as restated			
Bai-Al Inah	930,796	-	930,796
Tawarruq	8,170,630	1,855,159	10,025,789
Bai-Bithaman Ajil	3,084,252	-	3,084,252
Murabahah	113,619	-	113,619
Ijarah	50,636	-	50,636
	12,349,933	**1,855,159**	**14,205,092**
2021, as restated			
Qard	1,062	-	1,062
Bai-Al Inah	1,095,483	-	1,095,483
Tawarruq	7,542,526	1,578,407	9,120,933
Bai-Bithaman Ajil	3,370,251	-	3,370,251
Murabahah	86,120	-	86,120
Ijarah*	35,959	-	35,959
	12,131,401	**1,578,407**	**13,709,808**

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

(vi) Movements in gross impaired financing and advances are as follows:

	Group and Bank		
	31 December 2023 RM'000	Restated 31 December 2022 RM'000	Restated 1 January 2022 RM'000
At beginning of the year	1,035,312	884,898	889,048
Additions during the year	885,632	769,576	771,325
Reclassified as non impaired during the year	(428,512)	(381,245)	(475,528)
Recoveries during the year	(266,808)	(182,770)	(225,905)
Amount written off	(129,152)	(55,147)	(74,042)
At end of the year	**1,096,472**	**1,035,312**	**884,898**

17. FINANCING AND ADVANCES (CONT'D)

(vi) Movements in gross impaired financing and advances are as follows (cont'd):

	Group and Bank		
	31 December 2023 RM'000	Restated 31 December 2022 RM'000	Restated 1 January 2022 RM'000
Excluding Non-Shariah Assets			
Gross impaired	1,096,472	1,035,312	884,898
Gross impaired ratio	7.36%	7.29%	6.45%
Including Non-Shariah Assets			
Gross impaired	1,097,071	1,035,974	887,282
Gross impaired ratio	7.36%	7.29%	6.47%

(vii) Impaired financing by sector

	Group and Bank		
	31 December 2023 RM'000	Restated 31 December 2022 RM'000	Restated 1 January 2022 RM'000
Sectors:			
Construction and Services	41,567	43,657	47,729
Fishery	72,217	73,837	49,747
Crops	387,727	361,306	349,868
Livestock	109,621	98,637	86,020
Manufacturing	72,735	81,581	97,223
Others-Primary Agriculture	12,348	9,601	4,682
Retail and Wholesale Trade	287,555	258,141	184,244
Others	112,702	108,552	65,385
	1,096,472	**1,035,312**	**884,898**

(viii) Impaired financing by state

	Group and Bank		
	31 December 2023 RM'000	Restated 31 December 2022 RM'000	Restated 1 January 2022 RM'000
States:			
Kuala Lumpur	325,643	344,628	300,860
Selangor	130,596	136,285	130,664
Pahang	25,773	18,685	16,670
Perak	75,050	67,677	63,278
Negeri Sembilan	19,765	31,871	14,839
Melaka	28,903	27,554	13,190
Johor	90,322	100,358	92,783
Kelantan	107,495	56,451	47,162
Kedah	72,347	58,444	38,583
Perlis	7,151	7,048	4,017
Sarawak	33,496	27,016	24,799
Sabah	53,877	57,221	49,385
Pulau Pinang	72,529	44,459	38,563
Terengganu	53,525	57,615	50,105
	1,096,472	**1,035,312**	**884,898**

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17. FINANCING AND ADVANCES (CONT'D)

(ix) ECL

Movements in impairment allowances are as follows:

	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
		Lifetime ECL Not	**Lifetime ECL**	
	12-month ECL	**Credit-Impaired**	**Credit-Impaired**	**Total**
Group and Bank	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2023, as previously stated	66,149	126,384	484,494	**677,027**
Effect of adoption of MFRS	(220)	673	(538)	**(85)**
At 1 January 2023, as restated	**65,929**	**127,057**	**483,956**	**676,942**
Transfer to Stage 1	17,258	(15,826)	(1,432)	**-**
Transfer to Stage 2	(5,353)	8,909	(3,556)	**-**
Transfer to Stage 3	(3,784)	(18,914)	22,698	**-**
Allowance made/(written back) during the year (Note 7 (a))	8,040	(18,806)	115,212	**104,446**
New financing and advances originated*	26,720	4,891	3,770	**35,381**
Net remeasurement due to changes in credit risk	(12,124)	(10,028)	116,408	**94,256**
Financial assets that have been derecognised	(6,556)	(13,669)	(4,966)	**(25,191)**
Write off	-	(6,721)	(124,586)	**(131,307)**
At 31 December 2023	**82,090**	**75,699**	**492,292**	**650,081**

* New financing and advances originated include those which were not credit-impaired at origination but the credit risk has deteriorated.

17. FINANCING AND ADVANCES (CONT'D)

(ix) ECL (cont'd)

Movements in impairment allowances are as follows (cont'd):

	ECL Staging			
Group and Bank	**Stage 1** **12-month ECL** **RM'000**	**Stage 2** **Lifetime ECL Not Credit-Impaired** **RM'000**	**Stage 3** **Lifetime ECL Credit-Impaired** **RM'000**	**Total** **RM'000**
At 1 January 2022, as previously stated	73,884	109,217	432,571	**615,672**
Effect of adoption of MFRS	(28)	(244)	(683)	**(955)**
At 1 January 2022, as restated	**73,856**	**108,973**	**431,888**	**614,717**
Transfer to Stage 1	17,627	(14,384)	(3,243)	**-**
Transfer to Stage 2	(5,861)	8,800	(2,939)	**-**
Transfer to Stage 3	(2,658)	(8,701)	11,359	**-**
(Written back)/allowance made during the year (Note 7 (a))	(17,035)	32,369	101,734	**117,068**
New financing and advances originated*	16,550	15,624	2,820	**34,994**
Net remeasurement due to changes in credit risk	(27,227)	39,594	109,596	**121,963**
Financial assets that have been derecognised	(6,358)	(22,849)	(10,682)	**(39,889)**
Write off	-	-	(54,843)	**(54,843)**
At 31 December 2022	**65,929**	**127,057**	**483,956**	**676,942**

* New financing and advances originated include those which were not credit-impaired at origination but the credit risk has deteriorated.

17. FINANCING AND ADVANCES (CONT'D)

(ix) ECL (cont'd)

Financial assets that are purchased or originated and credit-impaired

The Bank does not purchase or originate credit impaired financing and advances.

Impact on movements in gross carrying amount on allowance for financing and advances

The following explains how significant changes in the gross carrying amount of financing and advances during the financial year have contributed to the changes in the allowance for impairment on financing and advances for the Bank.

Overall, the total allowance for impairment on financing and advances for the Group and Bank decreased by RM26.86 million from RM676.94 million to RM650.08 million, due to the following:

(a) 12 month ECL (Stage 1) – increase of RM16.16 million, mainly due to:

- Financing and advances that were newly originated;
- Financing and advances which migrated from Stage 2 and Stage 3 to Stage 1 due to improvement in credit quality; and
- Partially offset by remeasurement of ECL due to improvement in credit quality and financing and advances that were repaid.

(b) Lifetime ECL Not Credit-Impaired (Stage 2) – decrease of RM51.36 million, mainly due to:

- Financing and advances which migrated from Stage 2 into Stage 3 due to deterioration in credit quality;
- Financing and advances which migrated from Stage 2 to Stage 1 due to improvement in credit quality; and
- Remeasurement of ECL due to improvement in credit quality and financing and advances that were repaid.

(c) Lifetime ECL Credit-Impaired (Stage 3) – increase of RM8.34 million, mainly due to:

- Financing and advances which migrated into Stage 3 due to deterioration in credit quality; and
- Remeasurement of ECL due to deterioration of credit quality partially offset by financing and advances that were fully repaid and written off.

18. OTHER ADVANCES

	Group and Bank 31 December 2023 RM'000	Restated 31 December 2022 RM'000	Restated 1 January 2022 RM'000
(i) Non-Shariah Assets	837	2,057	3,424
Less :			
Stage 1 - 12-month ECL	(4)	(13)	(19)
Stage 2 - Lifetime ECL not credit-impaired	(2)	(22)	(27)
Stage 3 - Lifetime ECL credit-impaired	(333)	(511)	(1,779)
Non-Shariah Assets at amortised cost	**498**	**1,511**	**1,599**

Other advances relate to customer loans which are not in compliance with Shariah principles. All income earned during the year from these loans amounting to RM181,167 (2022: RM985,584) will be channelled to approved charities.

Movements in gross impaired Non-Shariah Assets are as follows:

	Group and Bank 31 December 2023 RM'000	31 December 2022 RM'000	1 January 2022 RM'000
At beginning of the year	662	2,384	4,332
Additions during the year	294	237	545
Reclassified as non credit-impaired during the year	(18)	(83)	(64)
Recoveries during the year	(166)	(389)	(934)
Amount written off	(173)	(1,487)	(1,495)
At end of the year	**599**	**662**	**2,384**
Gross impaired Non-Shariah Assets as a percentage of gross Non-Shariah Assets	**71.57%**	**32.18%**	**69.63%**

Ongoing efforts are made by Special Asset Management Department ("SAMD") and Special Asset Management Centre ("SAMC") to reduce the impaired Non-Shariah Assets ("NSA") accounts through rescheduling or restructuring and conversion to Islamic accounts for qualified cases. Where rehabilitative efforts failed, SAMD and SAMC will pursue recovery actions, including litigation, until all efforts are exhausted.

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18. OTHER ADVANCES (CONT'D)

(ii) ECL

Movements in impairment allowances are as follows:

Group and Bank	ECL Staging Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL Not Credit-Impaired RM'000	Stage 3 Lifetime ECL Credit-Impaired RM'000	Total RM'000
At 1 January 2023, as previously stated	13	22	511	**546**
Effect of adoption of MFRS	-	-	-	**-**
At 1 January 2023, as restated	**13**	**22**	**511**	**546**
Transfer to Stage 1	5	(4)	(1)	**-**
Transfer to Stage 2	-	-	-	**-**
Transfer to Stage 3	(6)	(16)	22	**-**
Written back during the year (Note 7 (b))	(8)	-	(26)	**(34)**
Net remeasurement due to changes in credit risk	(7)	-	35	**28**
Financial assets that have been derecognised	(1)	-	(61)	**(62)**
Write off	-	-	(173)	**(173)**
At 31 December 2023	**4**	**2**	**333**	**339**

* There are no new other advances originated during the year.

18. OTHER ADVANCES (CONT'D)

(ii) ECL (cont'd)

Movements in impairment allowances are as follows (cont'd):

Group and Bank	ECL Staging Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL Not Credit-Impaired RM'000	Stage 3 Lifetime ECL Credit-Impaired RM'000	Total RM'000
At 1 January 2022, as previously stated	19	27	1,476	**1,522**
Effect of adoption of MFRS	-	-	303	**303**
At 1 January 2022, as restated	**19**	**27**	**1,779**	**1,825**
Transfer to Stage 1	20	(14)	(6)	**-**
Transfer to Stage 2	(1)	1	-	**-**
Transfer to Stage 3	(3)	(4)	7	**-**
(Written back)/allowance made during the year (Note 7 (b))	(22)	12	219	**209**
Net remeasurement due to changes in credit risk	(29)	20	383	**374**
Financial assets that have been derecognised	7	(8)	(164)	**(165)**
Write off	-	-	(1,488)	**(1,488)**
At 31 December 2022	**13**	**22**	**511**	**546**

* There are no new other advances originated during the year.

18. OTHER ADVANCES (CONT'D)

(ii) ECL (cont'd)

Financial assets that are purchased or originated and credit-impaired

The Bank does not purchase or originate credit impaired advances.

Impact on movements in gross carrying amount on allowance for other advances

The following explains how significant changes in the gross carrying amount of other advances during the financial year have contributed to the changes in the allowance for impairment on other advances.

Overall, the total allowance for impairment on other advances decreased by RM0.2 million, mainly due to the following:

(a) Lifetime ECL Credit-Impaired (Stage 3) – decrease of RM0.18 million, mainly due to:

- Other advances that were fully repaid and written off.

19. OTHER ASSETS

Group and Bank	**2023 RM'000**	**2022 RM'000**
Foreclosed properties	6,095	6,095
Profit and income receivable	80,548	82,019
Other receivables	104,174	97,118
	190,817	**185,232**
Less: Impairment allowance	(6,847)	(6,772)
Other assets, net of impairment allowance	**183,970**	**178,460**

Movements in impairment allowances are as follows:

Lifetime ECL Credit-Impaired	**Group and Bank 2023 RM'000**	**2022 RM'000**
At 1 January	6,772	11,353
Allowance made during the year (Note 7(d))	75	684
Write off	-	(5,265)
At 31 December	**6,847**	**6,772**

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20. INVESTMENT IN SUBSIDIARY

	Bank 2023 RM'000	2022 RM'000
Unquoted shares		
At cost	50,000	-

Details of the subsidiary, all incorporated in Malaysia, is as follows:

Name of Company	Principal activity	Proportion of ownership interest and voting power held by the Group 2023 %	2022 %
Directly owned			
Agro Captive Takaful Limited	Dormant	100	-

Agro Captive Takaful Limited (LL18454) incorporated under the Labuan Companies Act 1990 on 24 March 2023 with issuance of 11,110,000 ordinary shares. The entity is intended to engage in the business of managing the paddy crop takaful scheme of general takaful. As at 31 December 2023, the company is a dormant entity.

21. AMOUNT DUE FROM SUBSIDIARY

	Bank 2023 RM'000	2022 RM'000
Amount due from subsdiary	109	-

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22. PROPERTY, PLANT AND EQUIPMENT

Group and Bank	Freehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Motor vehicles RM'000	Furniture and fixtures RM'000	Equipment and office machines RM'000	Computer hardware RM'000	Total RM'000
Cost								
At 1 January 2023	3,487	11,381	87,033	11,978	193,714	73,519	142,906	524,018
Additions	-	-	-	1,602	10,177	3,128	21,766	36,673
Write off	-	-	-	(261)	(835)	(245)	(660)	(2,001)
At 31 December 2023	**3,487**	**11,381**	**87,033**	**13,319**	**203,056**	**76,402**	**164,012**	**558,690**
Accumulated depreciation								
At 1 January 2023	-	6,206	40,870	10,799	156,710	60,521	104,211	379,317
Charge for the year (Note 10)	-	295	2,449	442	8,005	2,894	14,323	28,408
Write off `	-	-	-	(261)	(833)	(229)	(655)	(1,978)
At 31 December 2023	**-**	**6,501**	**43,319**	**10,980**	**163,882**	**63,186**	**117,879**	**405,747**
Net book value								
At 31 December 2023	**3,487**	**4,880**	**43,714**	**2,339**	**39,174**	**13,216**	**46,133**	**152,943**

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22. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group and Bank	Freehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Motor vehicles RM'000	Furniture and fixtures RM'000	Equipment and office machines RM'000	Computer hardware RM'000	Total RM'000
Cost								
At 1 January 2022	3,487	11,381	87,033	10,977	191,397	71,608	127,853	503,736
Additions	-	-	-	1,001	3,456	2,407	16,572	23,436
Write off	-	-	-	-	(1,139)	(496)	(1,519)	(3,154)
At 31 December 2022	**3,487**	**11,381**	**87,033**	**11,978**	**193,714**	**73,519**	**142,906**	**524,018**
Accumulated depreciation								
At 1 January 2022	-	5,911	38,421	10,299	148,967	57,799	94,007	355,404
Charge for the year (Note 10)	-	295	2,449	500	8,829	3,172	11,720	26,965
Write off	-	-	-	-	(1,086)	(450)	(1,516)	(3,052)
At 31 December 2022	**-**	**6,206**	**40,870**	**10,799**	**156,710**	**60,521**	**104,211**	**379,317**
Net book value								
At 31 December 2022	**3,487**	**5,175**	**46,163**	**1,179**	**37,004**	**12,998**	**38,695**	**144,701**

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22. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(i) The property, plant and equipment acquired from government grants - operating under the 9th Malaysian Plan ("RMK 9") with net book value amounting to RM8,282,634 (2022: RM8,558,900) are as follows:

Group and Bank	Buildings RM'000	Furniture and fixtures RM'000	Equipment and office machines RM'000	Computer hardware RM'000	Total RM'000
At 31 December 2023					
Cost	12,517	1,132	4,000	13,492	31,141
Accumulated depreciation	(4,234)	(1,132)	(4,000)	(13,492)	(22,858)
Net book value	**8,283**	**-**	**-**	**-**	**8,283**
At 31 December 2022					
Cost	12,517	1,132	4,000	13,492	31,141
Accumulated depreciation	(3,958)	(1,132)	(4,000)	(13,492)	(22,582)
Net book value	**8,559**	**-**	**-**	**-**	**8,559**

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22. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(ii) The property, plant and equipment acquired from government grants - launching with net book value amounting to RM30,975 (2022: RM59,418) are as follows:

Group and Bank	Motor vehicles RM'000	Furniture and fixtures RM'000	Equipment and office machines RM'000	Computer hardware RM'000	Total RM'000
At 31 December 2023					
Cost	877	15,091	1,848	1,548	19,364
Accumulated depreciation	(877)	(15,060)	(1,848)	(1,548)	(19,333)
Net book value	**-**	**31**	**-**	**-**	**31**
At 31 December 2022					
Cost	877	15,091	1,848	1,548	19,364
Accumulated depreciation	(877)	(15,032)	(1,848)	(1,548)	(19,305)
Net book value	**-**	**59**	**-**	**-**	**59**

23. INTANGIBLE ASSETS

Group and Bank	**Computer Software 2023 RM'000**	**Computer Software 2022 RM'000**
Cost		
At 1 January	220,823	205,680
Additions	22,850	15,143
Write off	(9)	-
At 31 December 2023	**243,664**	**220,823**
Accumulated amortisation		
At 1 January	197,230	180,276
Charge for the year (Note 10)	16,562	16,954
Write off	(9)	-
At 31 December 2023	**213,783**	**197,230**
Net book value		
At 31 December 2023	**29,881**	**23,593**

Included in the above is computer software acquired from the following government grants:

(a) Government grant - Launching

	Cost RM'000	**Accumulated amortisation RM'000**	**Net book value RM'000**
2023	6,304	(6,304)	-
2022	6,304	(6,304)	-

(b) Government grant - Operating under the 9th Malaysian Plan ("RMK 9")

	Cost RM'000	**Accumulated amortisation RM'000**	**Net book value RM'000**
2023	3,696	(3,696)	-
2022	3,696	(3,696)	-

24. LEASES

Bank as a lessee

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Group and Bank	Real estate RM'000	Equipment RM'000	Leasehold land RM'000	Total RM'000
Cost				
At 1 January 2023	60,430	1,019	5,871	**67,320**
Additions	9,896	793	-	10,689
At 31 December 2023	**70,326**	**1,812**	**5,871**	**78,009**
Accumulated depreciation				
At 1 January 2023	37,804	879	302	**38,985**
Charge for the year (Note 10)	9,880	369	77	10,326
At 31 December 2023	**47,684**	**1,248**	**379**	**49,311**
Net book value				
At 31 December 2023	**22,642**	**564**	**5,492**	**28,698**

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24. LEASES (CONT'D)

Bank as a lessee (cont'd)

Group and Bank	**Real estate RM'000**	**Equipment RM'000**	**Leasehold land RM'000**	**Total RM'000**
Cost				
At 1 January 2022	57,347	906	5,871	**64,124**
Additions	3,101	113	-	3,214
Remeasurement	(18)	-	-	(18)
At 31 December 2022	**60,430**	**1,019**	**5,871**	**67,320**
Accumulated depreciation				
At 1 January 2022	27,515	595	225	**28,335**
Charge for the year (Note 10)	10,299	284	77	10,660
Remeasurement	(10)	-	-	(10)
At 31 December 2022	**37,804**	**879**	**302**	**38,985**
Net book value				
At 31 December 2022	**22,626**	**140**	**5,569**	**28,335**

Set out below are the carrying amounts of lease liabilities (included under other liabilities) and the movements during the year:

	Group and Bank	
	2023 RM'000	**2022 RM'000**
At 1 January	22,053	28,745
Additions	9,686	2,786
Finance cost (Note 11)	928	1,061
Remeasurement	-	(9)
Payments	(10,384)	(10,530)
At 31 December	**22,283**	**22,053**

24. LEASES (CONT'D)

Bank as a lessee (cont'd)

The following are the amounts recognised in profit or loss:

	Group and Bank 2023 RM'000	2022 RM'000
Depreciation of right-of-use assets (Note 10)	10,326	10,660
Finance cost on lease liabilities (Note 11)	928	1,061
Expense relating to short-term leases (Note 10)	1,340	647
Expense relating to leases of low-value assets (included in maintenance cost)	7,022	8,964
Total amount recognised in profit or loss	**19,616**	**21,332**

25. DEFERRED TAX ASSETS/ (LIABILITIES)

	Group and Bank 2023 RM'000	2022 RM'000
At 1 January	27,513	1,570
Recognised in profit or loss (Note 12)	5,978	9,359
Recognised in other comprehensive income	(9,230)	16,584
At 31 December	**24,261**	**27,513**
Presented after appropriate offsetting as follows:		
Deferred tax assets	24,261	27,513
	24,261	**27,513**

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 relates to the same fiscal authority.

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25. DEFERRED TAX ASSETS/ (LIABILITIES) (CONT'D)

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

Deferred tax liabilities:

Group and Bank	Property, plant, equipment and intangible assets RM'000	FVOCI reserve RM'000	Total RM'000
At 1 January 2023	(14,859)	1,560	(13,299)
Recognised in:			
- Profit or loss	(937)	-	(937)
- Other comprehensive income	-	(9,230)	(9,230)
At 31 December 2023	**(15,796)**	**(7,670)**	**(23,466)**
At 1 January 2022	(11,029)	(15,024)	(26,053)
Recognised in:			
- Profit or loss	(3,830)	-	(3,830)
- Other comprehensive income	-	16,584	16,584
At 31 December 2022	**(14,859)**	**1,560**	**(13,299)**

Deferred tax assets:

Group and Bank	ECL allowance RM'000	Provisions RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2023	17,614	22,969	229	40,812
Recognised in:				
- Profit or loss	4,502	2,144	269	6,915
At 31 December 2023	**22,116**	**25,113**	**498**	**47,727**
At 1 January 2022	15,348	10,630	1,645	27,623
Recognised in:				
- Profit or loss	2,266	12,339	(1,416)	13,189
At 31 December 2022	**17,614**	**22,969**	**229**	**40,812**

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26. (a) DEPOSITS FROM CUSTOMERS

	Group and Bank 2023 RM'000	2022 RM'000
Tawarruq		
Fixed Return Islamic Account- i ("FRIA-I")	2,894,614	2,646,091
AgroPrima	172,571	170,435
	3,067,185	2,816,526
Wadiah Yad Dhamanah		
Qard Savings	2,297,540	2,436,938
Agro Perdana-i	2,899,532	3,024,501
Deposit Securities	229,918	227,003
Basic Savings Accounts	13,372	13,915
	5,440,362	5,702,357
	8,507,547	**8,518,883**

Maturity structure for FRIA-I and AgroPrima are as follows:

	Group and Bank 2023 RM'000	2022 RM'000
Within six months	1,705,386	1,585,944
Between six months to one year	1,030,721	898,074
Between one year to three years	301,390	284,912
Between three years to five years	29,688	47,596
	3,067,185	**2,816,526**

The deposits are sourced from the following type of customers:

	Group and Bank 2023 RM'000	2022 RM'000
Government	1,648,056	2,070,863
Individuals	3,477,998	3,874,578
Domestic business enterprises	1,486,200	1,172,420
Domestic other entities	1,850,103	1,350,187
Domestic non-banking institutions	45,190	50,835
	8,507,547	**8,518,883**

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26. (b) DEPOSIT AND PLACEMENT OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank	
	2023	**2022**
	RM'000	**RM'000**
Tawarruq		
Deposit Khas-i	2,908,703	2,446,030
Interbank Deposit	350,945	170,107
	3,259,648	**2,616,137**

Maturity structure for deposit and placement of banks and other financial institutions is as follows:

	Group and Bank	
	2023	**2022**
	RM'000	**RM'000**
Within six months	3,141,286	2,616,137
Between six months to one year	118,362	-
	3,259,648	**2,616,137**

The deposits are sourced from the following types of customers:

	Group and Bank	
	2023	**2022**
	RM'000	**RM'000**
Government	1,128,252	1,328,312
Domestic business enterprises	-	233,390
Domestic non-banking institutions	1,780,451	884,328
Domestic banking institutions	350,945	170,107
	3,259,648	**2,616,137**

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27. OTHER LIABILITIES

	Note	Group and Bank 2023 RM'000	2022 RM'000
(a) Other payables and accruals			
Accrued expenses		34,778	36,354
Deferred revenue		30,365	35,486
Sundry creditors		65,113	55,162
Provision for staff related expenses		68,310	51,288
Donation/charity payable	(i)	156	175
Zakat payable		7,016	5,953
Provision for re-instatement cost	(ii)	8,495	7,237
Tax payable		18,418	31,129
Retirement benefits scheme	(iii)	126	354
Compensation claim		-	123
		232,777	**223,261**

(i) Donation/charity payable

	Note	Group and Bank 2023 RM'000	2022 RM'000
At 1 January		**175**	**497**
Addition		181	986
Utilisation during the year:			
Provision for other advances (Note 6 (b))	(a)	(77)	(539)
Acquisition of motor vehicles and medical equipments	(b)	(123)	(289)
Tax penalty	(c)	-	(480)
At 31 December		**156**	**175**

Donation/charity payable relate to income in respect of loans which are not in compliance with Shariah principle. Non-shariah income ("NSI") is utilised for the following:

(a) to utilise NSI as a provision for other advances ("NSA") Non-Shariah Assets;
(b) to distribute NSI to selected Majlis Agama Negeri and charitable organisation for the purpose of acquisition of building or office premises or motor vehicles; or
(c) to utilise NSI to pay tax on NSI inclusive of tax penalty arising from non declaration of NSI.

27. OTHER LIABILITIES (CONT'D)

(a) Other payables and accruals (cont'd)

(ii) Provision for re-instatement cost

	Group and Bank	
	2023	**2022**
	RM'000	**RM'000**
At 1 January	**7,237**	**6,555**
Discount unwinding (Note 10)	254	253
Addition	1,004	429
At 31 December	**8,495**	**7,237**

(iii) Retirement benefits scheme

(a) The provision for retirement benefits scheme is as follows:

	Group and Bank	
	2023	**2022**
	RM'000	**RM'000**
At 1 January	**354**	**343**
Current service cost [1]	(228)	11
At 31 December	**126**	**354**

[1] Current service cost in 2023 and 2022 represents a (decrease)/ increase in the retirement benefit resulting from an additional year of service rendered by the employees.

(b) The principal assumptions used to determine the estimated costs and obligations are as follows:

	Group and Bank	
	2023	**2022**
Turnover and early retirement rate		
Age brackets:		
50 years and over	2.11%	2.11%
Salaries increase rate (per annum)	3.23%	3.14%
Average remaining years of service of employees	0.01 years	0.62 years
Discount rate	3.60%	3.87%

(c) Sensitivity analysis for discount rate risk

A one percentage (1%) point decrease or increase in the assumed discount rate would have the following effects:

(i) Current service cost to increase by RM17 (2022: RM16,184) or decrease by RM17 (2022: RM15,327) respectively.

(ii) Provision for a retirement benefit scheme to increase to RM125,559 (2022: RM370,627) or decrease to RM125,525 (2022: RM339,116) respectively.

27. OTHER LIABILITIES (CONT'D)

(b) Paddy credit gratuity scheme

	Group and Bank	
	2023	**2022**
	RM'000	**RM'000**
At 1 January	**1,773**	**1,884**
Payments	(106)	(111)
At 31 December	**1,667**	**1,773**

The Bank has set up the scheme to manage gratuity to paddy credit scheme customers. The fund under this scheme is contributed through the withholding of an amount from the financing disbursed to the customers for payment of future benefits to the legal heir of the customers upon their demise.

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27. OTHER LIABILITIES (CONT'D)

(c) Expected credit loss allowance for financial guarantee and financing commitments

Group and Bank	ECL Staging Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL Not Credit-Impaired RM'000	Stage 3 Lifetime ECL Credit-Impaired RM'000	Total RM'000
At 1 January 2023, as previously stated	3,490	4,192	-	**7,682**
Effect of adoption of MFRS	(187)	(59)	-	**(246)**
At 1 January 2023, as restated	**3,303**	**4,133**	**-**	**7,436**
Transfer to Stage 1	197	(197)	-	**-**
Transfer to Stage 2	(91)	91	-	**-**
Allowance made/(written back) during the year (Note 7 (c))	**2,755**	**(100)**	**-**	**2,655**
New financing commitments and financial guarantees originated*	2,616	1,032	-	**3,648**
Net remeasurement due to changes in credit risk	1,378	608	-	**1,986**
Financing commitment and financial guarantees that have been derecognised	(1,239)	(1,740)	-	**(2,979)**
At 31 December 2023	**6,164**	**3,927**	**-**	**10,091**

* New financing commitments and financial guarantees originated include those which were not credit-impaired at origination but the credit risk has deteriorated.

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27. OTHER LIABILITIES (CONT'D)

(c) Expected credit loss allowance for financial guarantee and financing commitments (cont'd)

Group and Bank	ECL Staging Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL Not Credit-Impaired RM'000	Stage 3 Lifetime ECL Credit-Impaired RM'000	Total RM'000
At 1 January 2022, as previously stated	3,275	2,589	-	**5,864**
Effect of adoption of MFRS	(4)	(7)	-	**(11)**
At 1 January 2022, as restated	**3,271**	**2,582**	**-**	**5,853**
Transfer to Stage 1	50	(50)	-	**-**
Transfer to Stage 2	(230)	230	-	**-**
Allowance made during the year (Note 7 (c))	**212**	**1,371**	**-**	**1,583**
New financing commitments and financial guarantees originated*	1,136	1,439	-	**2,575**
Net remeasurement due to changes in credit risk	(368)	289	-	**(79)**
Financing commitment and financial guarantees that have been derecognised	(556)	(357)	-	**(913)**
At 31 December 2022	**3,303**	**4,133**	**-**	**7,436**

* New financing commitments and financial guarantees originated include those which were not credit-impaired at origination but the credit risk has deteriorated.

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28. FINANCING SCHEME FUNDS

Summary of financing scheme funds are as follows:

		Group and Bank	
		2023	**2022**
	Note	**RM'000**	**RM'000**
Fund for Food ("3F")	(a)	656,845	524,770
Oil Palm Replanting Scheme ("TASKS")	(b)	3,000	4,000
Micro Enterprise Fund	(c)	90,854	71,976
Commercial Agriculture Fund ("DPK-GLC")	(d)	244,857	234,024
Agriculture Entrepreneur Financing Fund 1 ("DPUP 1")	(e)	439,070	770,798
Agriculture Entrepreneur Financing Fund 2 ("DPUP 2")	(f)	85,039	96,627
Agriculture Entrepreneur Financing Fund 3 ("DPUP 3")	(g)	95,932	106,831
Agriculture Entrepreneur Financing Fund 4 ("DPUP 4")	(h)	25,205	24,233
Agriculture Entrepreneur Financing Fund 5 ("DPUP 5")	(i)	34,782	33,446
Agriculture Entrepreneur Financing Fund 6 ("DPUP 6")	(j)	40,369	46,464
Agriculture Entrepreneur Financing Fund 7 ("DPUP 7")	(k)	52,503	51,905
Special Relief Facility ("SRF")	(l)	319,757	311,341
Fund for Small and Medium Size Industries (“TIKS")	(m)	142,543	63,299
Disaster Relief Facility	(n)	10,411	13,639
Skim Pembiayaan Mikro Penjana	(o)	165,233	179,750
Targeted Relief and Recovery Facility ("TRRF")	(p)	438,921	446,999
Dana Pembiayaan AgroMakanan 1 ("DPA 1")	(q)	47,726	45,308
Dana Pembiayaan AgroMakanan 2 ("DPA 2")	(r)	148,260	145,387
Dana Pembiayaan AgroMakanan Keluarga Malaysia ("DPAKM")	(s)	223,999	-
Dana Input Pengeluaran Agromakanan ("IPA")	(t)	124,622	120,096
Dana Pembiayaan AgroMakanan 3 ("DPA 3")	(u)	116,317	-
Dana Pembiayaan Untuk Pelaburan ("D3P")	(v)	10,607	-
		3,516,852	**3,290,893**

(a) Fund For Food ("3F")

Group and Bank	**Principal RM'000**	**Profit RM'000**	**Total RM'000**
At 1 January 2023	523,443	1,327	524,770
Additions	243,386	-	243,386
Charged to profit or loss (Note 11 (i))	-	1,475	1,475
Payments	(112,300)	(486)	(112,786)
At 31 December 2023	**654,529**	**2,316**	**656,845**

28. FINANCING SCHEME FUNDS (CONT'D)

(a) Fund For Food ("3F") (cont'd)

Group and Bank	Principal RM'000	Profit RM'000	Total RM'000
At 1 January 2022	538,186	788	538,974
Additions	123,382	-	123,382
Charged to profit or loss (Note 11 (i))	-	1,220	1,220
Payments	(138,125)	(681)	(138,806)
At 31 December 2022	**523,443**	**1,327**	**524,770**

Under the 9th Malaysian Plan (“RMK 9”), the Government agreed to channel RM300 million every year for a tenure of 15 years (3 years grace period) at a profit rate of 0.25% per annum. The purpose of this fund is to enhance the food production industry and to reduce dependency on imports. Since 15 May 2014, new financing scheme funds channelled through the Ministry of Finance and Ministry of Agriculture was merged into DPUP 1. The balance of the above Fund for Food financing scheme is from BNM at a profit rate of 0.25% per annum. This fund has benefited 10,286 customers (2022: 9,800 customers) with accumulated disbursement amounting to RM2.07 billion (2022: RM1.85 billion).

(b) Oil Palm Replanting Scheme ("TASKS")

Group and Bank	Principal RM'000
At 1 January 2023	4,000
Payments	(1,000)
At 31 December 2023	**3,000**
At 1 January 2022	5,000
Payments	(1,000)
At 31 December 2022	**4,000**

This fund is channelled through the Ministry of Plantation Industries and Commodities to finance the replanting of oil palm plantations. The financing tenure is 20 years (5 years grace period) without profit. This fund has benefited 199 customers (2022: 199 customers) with accumulated disbursement amounting to RM14.90 million (2022: RM14.90 million). In 2023, there are no further disbursement made from this fund.

(c) Micro Enterprise Fund

Group and Bank	Principal RM'000	Profit RM'000	Total RM'000
At 1 January 2023	70,788	1,188	71,976
Additions	44,631	-	44,631
Charged to profit or loss (Note 11 (i))	-	1,065	1,065
Payments	(26,525)	(293)	(26,818)
At 31 December 2023	**88,894**	**1,960**	**90,854**

28. FINANCING SCHEME FUNDS (CONT'D)

(c) Micro Enterprise Fund (cont'd)

Group and Bank	Principal RM'000	Profit RM'000	Total RM'000
At 1 January 2022	84,991	558	85,549
Additions	26,403	-	26,403
Charged to profit or loss (Note 11 (i))	-	1,157	1,157
Payments	(40,606)	(527)	(41,133)
At 31 December 2022	**70,788**	**1,188**	**71,976**

The fund amounting to RM700.0 million was launched by BNM to increase the access for micro financing on selected eligible micro entrepreneurs. The profit rate of this fund is 0.25% per annum for a tenure of 5 years. This fund has benefited 11,526 customers (2022: 10,140 customers) with accumulated disbursement amounting to RM300.66 million (2022: RM256.07 million).

(d) Commercial Agriculture Fund ("DPK-GLC")

Group and Bank	Principal RM'000	Profit RM'000	Total RM'000
At 1 January 2023	225,143	8,881	234,024
Charged to profit or loss (Note 11 (i))	10,083	750	10,833
At 31 December 2023	**235,226**	**9,631**	**244,857**
At 1 January 2022	215,531	8,131	223,662
Charged to profit or loss (Note 11 (i))	9,612	750	10,362
At 31 December 2022	**225,143**	**8,881**	**234,024**

The fund amounting RM300.0 million was channelled by the Government on 27 May 2014 with a principal bullet payment tenure of 15 years at a profit rate of 0.25% per annum. The fund was fair valued at inception using market profit rate. The difference between the proceeds received and the fair value of the financing was recognised as a government grant as disclosed in Note 31 (o). The purpose of this fund is to finance the commercial agro-based industry. This fund has benefited 27 customers (2022: 24 customers) with accumulated disbursement amounting to RM148.73 million (2022: RM138.26 million).

28. FINANCING SCHEME FUNDS (CONT'D)

(e) Agriculture Entrepreneur Financing Fund 1 ("DPUP 1")

Group and Bank	Principal RM'000	Profit RM'000	Total RM'000
At 1 January 2023	754,221	16,577	770,798
Charged to profit or loss (Note 11 (i))	27,246	4,155	31,401
Transfer to financing scheme funds (Note 28 (s))	(275,587)	-	(275,587)
Payments	(83,387)	(4,155)	(87,542)
At 31 December 2023	**422,493**	**16,577**	**439,070**
At 1 January 2022	852,128	16,577	868,705
Charged to profit or loss (Note 11 (i))	31,032	4,677	35,709
Payments	(128,939)	(4,677)	(133,616)
At 31 December 2022	**754,221**	**16,577**	**770,798**

The financing scheme funds which were previously channelled by the Government through the Ministry of Finance and Ministry of Agriculture and Food Security was merged into this scheme from 15 May 2014 onwards. The purpose of this fund is to enhance the food production industry and agriculture related activities. The financing tenure is 15 years (including 5 years grace period) at a profit rate of 0.5% per annum. The fund was fair valued at inception using market profit rate. The difference between the proceeds received and the fair value of the financing was recognised as a government grant disclosed in Note 31 (p). This fund has benefited 84,888 customers (2022: 84,888 customers) with accumulated disbursement amounting to RM3.48 billion (2022: RM3.48 billion). In 2023, there are no further disbursement made from this fund.

(f) Agriculture Entrepreneur Financing Fund 2 ("DPUP 2")

Group and Bank	Principal RM'000	Profit RM'000	Total RM'000
At 1 January 2023	96,543	84	96,627
Charged to profit or loss (Note 11 (i))	3,280	750	4,030
Payments	(14,868)	(750)	(15,618)
At 31 December 2023	**84,955**	**84**	**85,039**
At 1 January 2022	107,636	84	107,720
Charged to profit or loss (Note 11 (i))	3,701	750	4,451
Payments	(14,794)	(750)	(15,544)
At 31 December 2022	**96,543**	**84**	**96,627**

The fund amounting RM150.0 million was received from the Government on 23 December 2014. The tenure of this financing is 15 years (including 5 years grace period) at a profit rate of 0.5% per annum. The fund was fair valued at inception using market profit rate. The difference between the proceeds received and the fair value of the financing was recognised as a government grant as disclosed in Note 31 (q). The purpose of this fund is to stimulate growth of farming activities involving upstream and downstream activities. This fund has benefited 4,953 customers (2022: 4,953 customers) with accumulated disbursement amounting to RM156.80 million (2022: RM156.80 million). In 2023, there are no further disbursement made from this fund.

28. FINANCING SCHEME FUNDS (CONT'D)

(g) Agriculture Entrepreneur Financing Fund 3 ("DPUP 3")

Group and Bank	Principal RM'000	Profit RM'000	Total RM'000
At 1 January 2023	106,831	-	106,831
Charged to profit or loss (Note 11 (i))	3,896	581	4,477
Payments	(14,795)	(581)	(15,376)
At 31 December 2023	**95,932**	**-**	**95,932**
At 1 January 2022	117,241	-	117,241
Charged to profit or loss (Note 11 (i))	4,310	654	4,964
Payments	(14,720)	(654)	(15,374)
At 31 December 2022	**106,831**	**-**	**106,831**

The fund amounting RM150.0 million was received from the Government on 28 October 2015. The tenure of this financing is 15 years (including 5 years grace period) at a profit rate of 0.5% per annum. The fund was fair valued at inception using market profit rate. The difference between the proceeds received and the fair value of the financing was recognised as a government grant as disclosed in Note 31 (r). The purpose of this fund is to stimulate growth of farming activities involving upstream and downstream activities. This fund has benefited 4,134 customers (2022: 4,134 customers) with accumulated disbursement amounting to RM158.84 million (2022: RM158.84 million). In 2023, there are no further disbursement made from this fund.

(h) Agriculture Entrepreneur Financing Fund 4 ("DPUP 4")

Group and Bank	Principal RM'000	Profit RM'000	Total RM'000
At 1 January 2023	24,233	-	24,233
Charged to profit or loss (Note 11 (i))	972	175	1,147
Payments	-	(175)	(175)
At 31 December 2023	**25,205**	**-**	**25,205**
At 1 January 2022	23,305	-	23,305
Charged to profit or loss (Note 11 (i))	928	175	1,103
Payments	-	(175)	(175)
At 31 December 2022	**24,233**	**-**	**24,233**

The fund amounting RM35.0 million was received from the Government on 5 January 2017. The tenure of this financing is 20 years (including 10 years grace period) at a profit rate of 0.5% per annum. The fund was fair valued at inception using market profit rate. The difference between the proceeds received and the fair value of the financing was recognised as a government grant as disclosed in Note 31 (s). The purpose of this fund is to stimulate growth of farming activities involving upstream and downstream activities. This fund has benefited 43 customers (2022: 43 customers) with accumulated disbursement amounting to RM29.36 million (2022: RM29.36 million). In 2023, there are no further disbursement made from this fund.

28. FINANCING SCHEME FUNDS (CONT'D)

(i) Agriculture Entrepreneur Financing Fund 5 ("DPUP 5")

Group and Bank	Principal RM'000	Profit RM'000	Total RM'000
At 1 January 2023	33,446	-	33,446
Charged to profit or loss (Note 11 (i))	1,336	250	1,586
Payments	-	(250)	(250)
At 31 December 2023	**34,782**	**-**	**34,782**
At 1 January 2022	32,170	-	32,170
Charged to profit or loss (Note 11 (i))	1,276	250	1,526
Payments	-	(250)	(250)
At 31 December 2022	**33,446**	**-**	**33,446**

The fund amounting RM50.0 million was received from the Government on 14 November 2017. The tenure of this financing is 20 years (including 10 years grace period) at a profit rate of 0.5% per annum. The fund was fair valued at inception using market profit rate. The difference between the proceeds received and the fair value of the financing was recognised as a government grant as disclosed in Note 31 (t). The purpose of this fund is to stimulate growth of farming activities involving upstream and downstream activities. This fund has benefited 76 customers (2022: 76 customers) with accumulated disbursement amounting to RM44.93 million (2022: RM44.04 million).

(j) Agriculture Entrepreneur Financing Fund 6 ("DPUP 6")

Group and Bank	Principal RM'000	Profit RM'000	Total RM'000
At 1 January 2023	46,464	-	46,464
Charged to profit or loss (Note 11 (i))	99	1,740	1,839
Payments	(6,247)	(1,687)	(7,934)
At 31 December 2023	**40,316**	**53**	**40,369**
At 1 January 2022	47,448	-	47,448
Charged to profit or loss (Note 11 (i))	109	1,904	2,013
Payments	(1,093)	(1,904)	(2,997)
At 31 December 2022	**46,464**	**-**	**46,464**

The fund amounting RM50.0 million was received from the Government on 12 December 2018. The tenure of this financing is 10 years (including 1 year grace period) at a profit rate of 4.0% per annum. The fund was fair valued at inception using market profit rate. The difference between the proceeds received and the fair value of the financing was recognised as a government grant as disclosed in Note 31 (u). The purpose of this fund is to stimulate growth of farming activities involving upstream and downstream activities. This fund has benefited 2,728 customers (2022: 2,727 customers) with accumulated disbursement amounting to RM34.47 million (2022: RM34.29 million).

28. FINANCING SCHEME FUNDS (CONT'D)

(k) Agriculture Entrepreneur Financing Fund 7 ("DPUP 7")

Group and Bank	Principal RM'000	Profit RM'000	Total RM'000
At 1 January 2023	51,905	-	51,905
Charged to profit or loss (Note 11 (i))	532	1,500	2,032
Payments	-	(1,434)	(1,434)
At 31 December 2023	**52,437**	**66**	**52,503**
At 1 January 2022	51,393	-	51,393
Charged to profit or loss (Note 11 (i))	512	1,500	2,012
Payments	-	(1,500)	(1,500)
At 31 December 2022	**51,905**	**-**	**51,905**

The fund amounting RM60 million was received from the Government on 16 December 2019. The tenure of this financing is 20 years (including 10 years grace period) at a profit rate of 2.50% per annum. The fund was fair valued at inception using market profit rate. The difference between the proceeds received and the fair value of the financing was recognised as a government grant as disclosed in Note 31 (v). The purpose of this fund is to stimulate growth of farming activities involving upstream and downstream activities. This fund has benefited 1,779 customers (2022: 1,775 customers) with accumulated disbursement amounting to RM26.45 million (2022: RM24.24 million).

(l) Special Relief Facility ("SRF")

Group and Bank	Principal RM'000
At 1 January 2023	311,341
Charged to profit or loss (Note 11 (i))	8,416
At 31 December 2023	**319,757**
At 1 January 2022	303,132
Charged to profit or loss (Note 11 (i))	8,209
At 31 December 2022	**311,341**

The fund is channelled from BNM with 0% funding rate to the Bank to help alleviate the short-term cash flow problems faced by SMEs adversely affected by the COVID-19 outbreak in year 2020. Financing is offered to farmers up to 5.5 years with 6 months moratorium at a profit rate of 3.50% per annum and to SMEs up to 5.5 years with 6 months moratorium period at a profit rate of up to 3.50% per annum respectively. The fund was fair valued at inception using market profit rate. The difference between the proceeds received and the fair value of the financing was recognised as a government grant as disclosed in Note 31 (w). This fund has benefited 1,465 customers (2022: 1,465 customers) with accumulated disbursement amounting to RM352.60 million (2022: RM352.60 million). In 2023, there are no further disbursement made from this fund.

28. FINANCING SCHEME FUNDS (CONT'D)

(m) Fund for Small and Medium Size Industries ("TIKS")

Group and Bank	Principal RM'000	Profit RM'000	Total RM'000
At 1 January 2023	62,724	575	63,299
Fund received	99,429	-	99,429
Charged to profit or loss (Note 11 (i))	-	1,447	1,447
Payments	(21,304)	(328)	(21,632)
At 31 December 2023	**140,849**	**1,694**	**142,543**
At 1 January 2022	34,566	134	34,700
Fund received	33,280	-	33,280
Charged to profit or loss (Note 11 (i))	-	624	624
Payments	(5,122)	(183)	(5,305)
At 31 December 2022	**62,724**	**575**	**63,299**

The fund is channelled by BNM to increase access to micro financing for selected eligible small and medium agro-based entrepreneurs. The tenure of this financing is 5 years at a profit rate of 0.5% per annum. This fund has benefited 784 customers (2022: 255 customers) with accumulated disbursement amounting to RM142.00 million (2022: RM49.60 million).

(n) Disaster Relief Facility

Group and Bank	Principal RM'000
At 1 January 2023	13,639
Charged to profit or loss (Note 11 (i))	4
Payments	(3,232)
At 31 December 2023	**10,411**
At 1 January 2022	3,742
Fund received	12,400
Charged to profit or loss (Note 11 (i))	40
Payments	(2,543)
At 31 December 2022	**13,639**

The fund is channelled from BNM without profit to minimise loss borne by farmers affected by the flood catastrophe in 2017, 2021 and 2022. Financing is offered to farmers up to 7 years with 6 months moratorium at a profit rate of 3.50% per annum. The fund was fair valued at inception using market profit rate. The difference between the proceeds received and the fair value of the financing is recognised as a government grant as disclosed in Note 31 (x). This fund has benefited 99 customers (2022: 99 customers) with accumulated disbursement amounting to RM18.11 million (2022: RM18.11 million). In 2023, there are no further disbursement made from this fund.

28. FINANCING SCHEME FUNDS (CONT'D)

(o) Skim Pembiayaan Mikro Penjana

Group and Bank	**Principal RM'000**
At 1 January 2023	179,750
Charged to profit or loss (Note 11 (i))	5,483
Payments	(20,000)
At 31 December 2023	**165,233**
At 1 January 2022	317,497
Transfer to government grants - Funds (Note 31 (aa))	(13,348)
Transfer to financing scheme funds (Note 28 (t))	(133,200)
Charged to profit or loss (Note 11 (i))	8,801
At 31 December 2022	**179,750**

The fund amounting to RM350.0 million was received from the Government in 2021 to help jump-start the recovery phase of the Malaysian economy amid the COVID-19 outbreak. RM150.0 million from the fund received was transferred to Dana Input Pengeluaran Agromakanan ("IPA") as disclosed in Note 28 (t). The remaining RM200.0 million under this fund is to provide micro financing facilities for traders/entrepreneurs in the agro-food sector under Pelan Jana Semula Ekonomi Negara (PENJANA). The profit rate offered to customers is 3.50% per annum for a tenure up to 5 years. The fund was fair valued at inception using market profit rate. The difference between the proceeds received and the fair value of the financing was recognised as a government grant as disclosed in Note 31 (aa). This fund has benefited (revolving) 23,699 customers (2022: 22,417 customers) with accumulated disbursement amounting to RM349.17 million (2022: RM308.28 million). In 2023, there are no further disbursement made from this fund.

(p) Targeted Relief and Recovery Facility ("TRRF")

Group and Bank	**Principal RM'000**
At 1 January 2023	446,999
Charged to profit or loss (Note 11 (i))	12,957
Payments	(21,035)
At 31 December 2023	**438,921**
At 1 January 2022	363,791
Fund received	100,000
Transfer to government grants - funds (Note 31 (y))	(29,375)
Charged to profit or loss (Note 11 (i))	12,583
At 31 December 2022	**446,999**

The fund is channelled from BNM with 0% funding rate to the Bank to provide relief to and support the recovery of eligible SMEs in the services sector that are adversely affected by the reintroduction of containment measures since June 2020. Financing is offered up to 7 years with 6 months moratorium at a profit rate of 3.5% per annum. The fund was fair valued at inception using market profit rate. The difference between the proceeds received and the fair value of the financing is recognised as a government grant as disclosed in Note 31 (y). This fund has benefited 3,635 customers (2022: 3,635 customers) with accumulated disbursement amounting to RM544.81 million (2022: RM544.81 million). In 2023, there are no further disbursement made from this fund.

28. FINANCING SCHEME FUNDS (CONT'D)

(q) Dana Pembiayaan AgroMakanan 1 ("DPA 1")

Group and Bank	**Principal RM'000**	**Profit RM'000**	**Total RM'000**
At 1 January 2023	45,251	57	45,308
Charged to profit or loss (Note 11 (i))	2,418	600	3,018
Payments	-	(600)	(600)
At 31 December 2023	**47,669**	**57**	**47,726**
At 1 January 2022	42,985	207	43,192
Charged to profit or loss (Note 11 (i))	2,266	600	2,866
Payments	-	(750)	(750)
At 31 December 2022	**45,251**	**57**	**45,308**

The fund is channelled from the Government with 1.00% funding rate to the Bank to increase domestic food production and reduce dependence on food imports. Financing is offered to customers at a profit rate up to 3.50% per annum. The fund was fair valued at inception using market profit rate. The difference between the proceeds received and the fair value of the financing is recognised as a government grant as disclosed in Note 31 (z). This fund has benefited 31 customers (2022: 19 customer) with accumulated disbursement amounting to RM23.20 million (2022: RM14.83 million).

(r) Dana Pembiayaan AgroMakanan 2 ("DPA 2")

Group and Bank	**Principal RM'000**	**Profit RM'000**	**Total RM'000**
At 1 January 2023	145,336	51	145,387
Charged to profit or loss (Note 11 (i))	6,239	1,084	7,323
Payments	(3,450)	(1,000)	(4,450)
At 31 December 2023	**148,125**	**135**	**148,260**
At 1 January 2022	-	-	-
Fund received	200,000	-	200,000
Transfer to government grants-funds (Note 31 (ab))	(56,985)	-	(56,985)
Charged to profit or loss (Note 11 (i))	2,321	301	2,622
Payments	-	(250)	(250)
At 31 December 2022	**145,336**	**51**	**145,387**

The fund is channelled from the Government with 0.50% funding rate to the Bank to increase domestic food production and reduce dependence on food imports. Financing is offered to customers at a profit rate up to 3.00% per annum. The fund was fair valued at inception using market profit rate. The difference between the proceeds received and the fair value of the financing is recognised as a government grant as disclosed in Note 31 (ab). This fund has benefited 337 customers (2022: 313 customer) with accumulated disbursement amounting to RM134.31 million (2022: RM112.45 million).

28. FINANCING SCHEME FUNDS (CONT'D)

(s) Dana Pembiayaan AgroMakanan Keluarga Malaysia ("DPAKM")

Group and Bank	**Principal RM'000**
At 1 January 2023	-
Transfer from:	
Financing scheme funds (Note 28 (e))	275,587
Transfer to government grant	
due to remeasurement of fair value (Note 31 (af))	(51,588)
At 31 December 2023	**223,999**

The fund is channelled from the Government with 0.50% funding rate to the Bank to increase domestic food production and reduce dependence on food imports. Financing is offered to customers at a profit rate up to 3.00% per annum. This fund has benefited 896 customers with accumulated disbursement amounting to RM277.38 million.

(t) Dana Input Pengeluaran Agromakanan ("IPA")

Group and Bank	**Principal RM'000**
At 1 January 2023	120,096
Charged to profit or loss (Note 11 (i))	4,526
At 31 December 2023	**124,622**
At 1 January 2022	-
Transfer to financing scheme funds	
(Note 28 (o))	133,200
Transfer from government grant - funds	
(Note 31 (ac))	(16,045)
Charged to profit or loss (Note 11 (i))	2,941
At 31 December 2022	**120,096**

The fund amounting to RM150.0 million was received from the Government in 2021 to help jump-start the recovery phase of the Malaysian economy amid the COVID-19 outbreak and was transferred from Skim Pembiayaan Mikro Penjana as disclosed in Note 28 (o). This fund is to provide financing to entrepreneurs in the agricultural input sector. The profit rate offered to customers is 3.00% per annum for a tenure up to 10 years. The fund was fair valued at inception using market profit rate. The difference between the proceeds received and the fair value of the financing was recognised as a government grant as disclosed in Note 31 (ac). This fund has benefited 598 customers (2022: 75 customer) with accumulated disbursement amounting to RM73.11 million (2022: RM11.57 million).

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28. FINANCING SCHEME FUNDS (CONT'D)

(u) Dana Pembiayaan AgroMakanan 3 ("DPA 3")

Group and Bank	Principal RM'000	Profit RM'000	Total RM'000
At 1 January 2023	-	-	-
Fund received	150,000		150,000
Transfer to government grants - funds (Note 31 (ad))	(33,954)	-	(33,954)
Charged to profit or loss (Note 11 (i))	271	-	271
At 31 December 2023	**116,317**	**-**	**116,317**

The fund is channelled from the Government with 1.00% funding rate to the Bank to increase domestic food production and reduce dependence on food imports. Financing is offered to customers at a profit rate up to 4.00% per annum. The difference between the proceeds received and the fair value of the financing was recognised as a government grant as disclosed in Note 31 (ad). In 2023, there are no disbursement made from this fund.

(v) Dana Pembiayaan Untuk Pelaburan ("D3P")

Group and Bank	Principal RM'000	Profit RM'000	Total RM'000
At 1 January 2023	-	-	-
Fund received	14,000	-	14,000
Transfer to government grants - funds (Note 31 (ae))	(3,417)	-	(3,417)
Charged to profit or loss (Note 11 (i))	24	-	24
At 31 December 2023	**10,607**	**-**	**10,607**

The fund is channelled from the Government with 1.00% funding rate to the Bank to increase domestic food production and reduce dependence on food imports via anchor program. Financing is offered to customers at a profit rate up to 4.00% per annum. The difference between the proceeds received and the fair value of the financing was recognised as a government grant as disclosed in Note 31 (ae). In 2023, there are no disbursement made from this fund.

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29. GOVERNMENT GRANT - OPERATING

Group and Bank	Capital Expenditure RM'000	Development Expenditure RM'000	Total RM'000
At 1 January 2023	17,688	77	17,765
Amortisation during the year	(276)	-	(276)
At 31 December 2023	**17,412**	**77**	**17,489**
At 1 January 2022	17,964	77	18,041
Amortisation during the year	(276)	-	(276)
At 31 December 2022	**17,688**	**77**	**17,765**

Since 2006, the Bank has received operating grant amounting to RM82.0 million from the Minister of Finance (Incorporated). The purpose of the grant is for capital expenditure to finance the acquisition of property, plant and equipment as well as development expenditure to finance training courses provided to entrepreneurs. The property, plant and equipment acquired under this grant is disclosed in Note 22 (i).

30. GOVERNMENT GRANT - LAUNCHING

	Capital Expenditure RM'000	Development Expenditure RM'000	Total RM'000
At 1 January 2023	60	1,404	1,464
Amortisation during the year	(28)	-	(28)
At 31 December 2023	**32**	**1,404**	**1,436**
At 1 January 2022	261	1,407	1,668
Utilisation during the year	-	(3)	(3)
Amortisation during the year	(201)	-	(201)
At 31 December 2022	**60**	**1,404**	**1,464**

In 2007, the Minister of Finance (Incorporated) approved an allocation of RM100.0 million to the Bank for the purpose of the Bank's corporatisation. The grant is to be used for branding, product development and office expansion. The property, plant and equipment acquired under this grant is disclosed in Note 22 (ii).

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31. GOVERNMENT GRANTS - FUNDS

Summary of government grant funds is as follows:

	Note	Group and Bank 2023 RM'000	2022 RM'000
Government grants - funds			
Entrepreneur Scheme for Graduates	(a)	1,158	1,158
Special Fund For Terengganu Fishery	(b)	36	36
Development Programme for Hard-core Poor	(c)	2,485	2,485
Fund for Minister of Youth and Sports	(d)	9,570	9,395
Bumiputera Commercial and Industrial Community Scheme HUB	(e)	36,551	36,411
National Key Economic Area	(f)	54,876	54,835
Micro Economic Stimulation Package	(g)	66,932	165,325
Micro ESP Flood Relief	(h)	2,836	2,836
Agriculture Mechanism and Automation Scheme	(i)	11,674	11,674
Oil Palm Replanting for Small Holders	(j)	19,200	19,200
Program Modenisasi Rantaian Nilai AgroMakanan	(k)	60,000	60,000
Program Pemodenan Vesel Dan Mekanisasi Tangkapan	(l)	150,000	150,000
Agro-YES	(m)	21,000	21,000
Ekonomi Madani	(n)	200,000	-
		636,318	534,355
Government grants - financing scheme funds			
Commercial Agriculture Fund	(o)	61,593	71,676
Agriculture Entrepreneur Financing Fund 1	(p)	42,974	100,236
Agriculture Entrepreneur Financing Fund 2	(q)	9,586	12,866
Agriculture Entrepreneur Financing Fund 3	(r)	13,562	17,458
Agriculture Entrepreneur Financing Fund 4	(s)	9,796	10,768
Agriculture Entrepreneur Financing Fund 5	(t)	15,218	16,554
Agriculture Entrepreneur Financing Fund 6	(u)	284	383
Agriculture Entrepreneur Financing Fund 7	(v)	7,563	8,095
Special Relief Facility	(w)	19,161	27,577
Disaster Relief Facility	(x)	1	5
Targeted Relief and Recovery Facility	(y)	90,044	103,001
Dana Pembiayaan AgroMakanan 1	(z)	12,331	14,749
Skim Pembiayaan Mikro Penjana	(aa)	14,767	20,250
Dana Pembiayaan AgroMakanan 2	(ab)	48,425	54,664
Dana Input Pengeluaran Agromakanan	(ac)	25,378	29,904
Dana Pembiayaan AgroMakanan 3	(ad)	33,683	-
Dana Pembiayaan Untuk Pelaburan	(ae)	3,393	-
Dana Pembiayaan AgroMakanan Keluarga Malaysia	(af)	281,604	-
		689,363	488,186
		1,325,681	**1,022,541**

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31. GOVERNMENT GRANTS - FUNDS (CONT'D)

(a) Entrepreneur Scheme for Graduates ("SUTKS")

	2023 RM'000	2022 RM'000
At beginning of the year	1,158	1,144
Writeback (Note 6)	-	14
At end of the year	**1,158**	**1,158**

The objective of this programme is to reduce the unemployment rate among graduates by creating career opportunities in the agricultural sector. Financing is offered under *Al – Bai' Bithaman Ajil* which imposes a profit rate of 3% per annum. The grant has benefited 203 graduates (2022: 203 graduates) with accumulated disbursement amounting to RM8.35 million (2022: RM8.35 million). In 2023, there are no further disbursement made from this fund.

(b) Special Fund for Terengganu Fishery ("DKSP")

	2023 RM'000	2022 RM'000
At beginning/ at end of the year	**36**	**36**

The objective of this fund is to raise the socioeconomic status of fishermen, fish breeders and aquaculture entrepreneurs. The financing is offered under *Al – Bai' Bithaman Ajil* up to 100% of the total project cost at a profit free-rate. The financing terms would depend on the project with payment terms not exceeding 10 years. The grant has benefited 877 customers (2022: 877 customers) with accumulated disbursement amounting to RM29.90 million (2022: RM29.90 million). In 2023, there are no further disbursement made from this fund.

(c) Development Programme for Hard-core Poor ("PPRT")

	2023 RM'000	2022 RM'000
At beginning of the year	2,485	2,484
Writeback (Note 6)	-	1
At end of the year	**2,485**	**2,485**

This program represents profit-free financing from the Government to the hard-core poor. The grant has benefited 98 customers (2022: 98 customers) with accumulated disbursement amounting to RM0.66 million (2022: RM0.66 million). In 2023, there are no further disbursement made from this fund.

31. GOVERNMENT GRANTS - FUNDS (CONT'D)

(d) Fund for Minister of Youth and Sports ("DKBS")

	2023 RM'000	2022 RM'000
At beginning of the year	9,395	9,198
Writeback (Note 6)	175	197
At end of the year	**9,570**	**9,395**

The purpose of this fund is to encourage youth involvement in the agricultural industry under Skim Belia Tani. The financing is offered at a profit rate of 4.00% per annum. The grant has benefited 524 customers (2022: 524 customers) with accumulated disbursement amounting to RM15.73 million (2022: RM15.73 million). In 2023, there are no further disbursement made from this fund.

(e) Bumiputera Commercial and Industrial Community Scheme HUB ("MPPB HUB")

	2023 RM'000	2022 RM'000
At beginning of the year	36,411	35,925
Writeback (Note 6)	140	486
At end of the year	**36,551**	**36,411**

The objective of this fund is to finance Bumiputera agricultural ventures with maximum financing available up to RM200,000 per financing. Financing is offered at a profit rate of 3.75% per annum. The grant has benefited 512 customers (2022: 512 customers) with accumulated disbursement amounting to RM41.67 million (2022: RM41.67 million). In 2023, there are no further disbursement made from this fund.

(f) National Key Economic Area ("NKEA")

	2023 RM'000	2022 RM'000
At beginning of the year	54,835	54,737
Writeback (Note 6)	41	98
At end of the year	**54,876**	**54,835**

The purpose of this fund is to encourage entrepreneur participation in agro based industries by providing a maximum of RM300,000 per financing. Financing is offered at a profit rate of 4.00% per annum. The grant has benefited 997 customers (2022: 997 customers) with accumulated disbursement amounting to RM124.18 million (2022: RM124.18 million). In 2023, there are no further disbursement made from this fund.

31. GOVERNMENT GRANTS - FUNDS (CONT'D)

(g) Micro Economic Stimulation Package ("Micro ESP-i")

	2023 RM'000	**2022 RM'000**
At beginning of the year	165,325	163,576
Transfer to financing scheme funds (Note 31 (af))	(100,000)	-
Writeback (Note 6)	1,607	1,749
At end of the year	**66,932**	**165,325**

The purpose of this fund is to encourage entrepreneur participation in agricultural production activities by providing a maximum of RM20,000 per financing. The financing is offered at a profit rate of 4.00% (production) and 10% (non-production) per annum. The grant has benefited 17,286 customers (2022: 17,286 customers) with accumulated disbursement amounting to RM334.73 million (2022: RM334.73 million). In 2023, there are no further disbursement made from this fund.

(h) Micro ESP Flood Relief

	2023 RM'000	**2022 RM'000**
At beginning/ at end of the year	**2,836**	**2,836**

The objective of this program is to minimise loss of income borne of farmers affected by flood catastrophe in December 2014. The financing is offered up to 5 years with 6 months moratorium at a profit rate of 3.75% per annum. The grant has benefited 33 customers (2022: 33 customers) with accumulated disbursement amounting to RM1.18 million (2022: RM1.18 million). In 2023, there are no further disbursement made from this fund.

(i) Agriculture Mechanism and Automation Scheme ("MAP")

	2023 RM'000	**2022 RM'000**
At beginning/ at end of the year	**11,674**	**11,674**

The objective of this program is to encourage automation and usage of high technology in agriculture sector. The financing is offered up to 9 years at a profit rate of 3.75% per annum. As at 31 December 2023, no disbursement has yet been made from this grant.

31. GOVERNMENT GRANTS - FUNDS (CONT'D)

(j) Oil Palm Replanting for Small Holders ("TSPKS")

	2023 RM'000	2022 RM'000
At beginning of the year	19,200	19,400
Management fees	-	(200)
At end of the year	**19,200**	**19,200**

The fund amounting RM20.0 million was received from the Government on 14 November 2019. The purpose of this fund is to support oil palm replanting for small holders. The fund is channelled from the Government as a grant for 2019 and as a financing without profit for the subsequent years. In addition, the credit risk borne between Government and Bank is 50:50 (at uncollected portion). Financing is offered to farmers up to 12 years with 4 years moratorium at a profit rate of 2.0% per annum. The Government has agreed to contribute 1% per annum of the total fund provided as management fees to the Bank during the moratorium period (4 years). The grant has benefited 455 customers (2022: 353 customers) with accumulated disbursement amounting to RM15.41 million (2022: RM12.43 million).

(k) Program Modenisasi Rantaian Nilai AgroMakanan

	2023 RM'000	2022 RM'000
At beginning/ at end of the year	**60,000**	**60,000**

This programme aims to provide financing for agricultural sector entrepreneurs to obtain equipment and technology related to Industrial Revolution 4.0 (IR4.0) technology by providing a maximum of RM1.0 million per financing. The financing is offered up to 10 years at a profit rate of 3.5% per annum. The grant has benefited 86 customers (2022: 1 customers) with accumulated disbursement amounting to RM28.91 million (2022: RM0.52 million).

(l) Program Pemodenan Vesel Dan Mekanisasi Tangkapan

	2023 RM'000	2022 RM'000
At beginning/ at end of the year	**150,000**	**150,000**

This programme aims to develop the coastal fishing industry by providing opportunities for traditional fishermen to upgrade and modernise vessels, install efficient equipment and enhance safety aspects by providing a maximum of RM5.0 million per financing. The financing is offered up to 10 years at a profit rate of 3.5% per annum. The grant has benefited 396 customers (2022: 39 customers) with accumulated disbursement amounting to RM61.18 million (2022: RM1.27 million).

31. GOVERNMENT GRANTS - FUNDS (CONT'D)

(m) Agro-YES

	2023 RM'000	2022 RM'000
At beginning/ at end of the year	**21,000**	**21,000**

The objective of this programme is to provide an easy route financing facility for young agropreneurs to carry out agricultural and agro-based industry project activities by providing a maximum of RM500,000 per financing. The financing is offered up to 7 years at a profit rate of 2% per annum. The grant has benefited 104 customers (2022: 104 customers) with accumulated disbursement amounting to RM18.86 million (2022: RM18.86 million). In 2023, there are no further disbursement made from this fund.

(n) Ekonomi Madani

	2023 RM'000	2022 RM'000
At beginning of the year	-	-
Fund received	200,000	-
At end of the year	**200,000**	**-**

This programme aims to provide financing for agricultural sector entrepreneurs to obtain equipment and technology related to Industrial Revolution 4.0 (IR4.0) technology by providing a maximum of RM5.0 million per financing. The financing is offered up to 10 years at a profit rate of 2.0% per annum. As at 31 December 2023, no disbursement has yet been made from this grant.

(o) Commercial Agriculture Fund (''DPK-GLC'')

	2023 RM'000	2022 RM'000
At beginning of the year	71,676	81,288
Amortisation (Note 11 (i))	(10,083)	(9,612)
At end of the year	**61,593**	**71,676**

The benefit of this below market rate financing scheme fund amounting to RM300.0 million, channelled by the Government on 27 May 2014 at a profit rate of 0.25% per annum, is recognised as a government grant as disclosed in Note 28 (d).

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31. GOVERNMENT GRANTS - FUNDS (CONT'D)

(p) Agriculture Entrepreneur Financing Fund 1 ("DPUP 1")

	2023 RM'000	2022 RM'000
At beginning of the year	100,236	131,268
Transfer to government grant - funds (Note 31 (af))	(30,016)	-
Amortisation (Note 11 (i))	(27,246)	(31,032)
At end of the year	**42,974**	**100,236**

The financing scheme funds which were channelled by the Government through the Ministry of Finance and Ministry of Agriculture and Food Security was merged into this scheme. The benefit of this below market rate financing scheme fund at a profit rate of 0.5% per annum, is recognised as a government grant as disclosed in Note 28 (e).

(q) Agriculture Entrepreneur Financing Fund 2 ("DPUP 2")

	2023 RM'000	2022 RM'000
At beginning of the year	12,866	16,567
Amortisation (Note 11 (i))	(3,280)	(3,701)
At end of the year	**9,586**	**12,866**

The benefit of this below market rate financing scheme fund amounting to RM150.0 million, received from the Government on 23 December 2014 at a profit rate of 0.5% per annum, is recognised as a government grant as disclosed in Note 28 (f).

(r) Agriculture Entrepreneur Financing Fund 3 ("DPUP 3")

	2023 RM'000	2022 RM'000
At beginning of the year	17,458	21,768
Amortisation (Note 11 (i))	(3,896)	(4,310)
At end of the year	**13,562**	**17,458**

The benefit of this below market rate financing scheme fund amounting to RM150.0 million, received from the Government on 28 October 2015 at a profit rate of 0.5% per annum, is recognised as a government grant as disclosed in Note 28 (g).

(s) Agriculture Entrepreneur Financing Fund 4 ("DPUP 4")

	2023 RM'000	2022 RM'000
At beginning of the year	10,768	11,696
Amortisation (Note 11 (i))	(972)	(928)
At end of the year	**9,796**	**10,768**

The benefit of this below market rate financing scheme fund amounting to RM35.0 million, received from the Government on 5 January 2017 at a profit rate of 0.5% per annum, is recognised as a government grant as disclosed in Note 28 (h).

31. GOVERNMENT GRANTS - FUNDS (CONT'D)

(t) Agriculture Entrepreneur Financing Fund 5 ("DPUP 5")

	2023 RM'000	2022 RM'000
At beginning of the year	16,554	17,830
Amortisation (Note 11 (i))	(1,336)	(1,276)
At end of the year	**15,218**	**16,554**

The benefit of this below market rate financing scheme fund amounting to RM50.0 million, received from the Government on 14 November 2017 at a profit rate of 0.5% per annum, is recognised as a government grant as disclosed in Note 28 (i).

(u) Agriculture Entrepreneur Financing Fund 6 ("DPUP 6")

	2023 RM'000	2022 RM'000
At beginning of the year	383	492
Amortisation (Note 11 (i))	(99)	(109)
At end of the year	**284**	**383**

The benefit of this below market rate financing scheme fund amounting to RM50.0 million, received from the Government on 12 December 2018 at a profit rate of 4.0% per annum, is recognised as a government grant as disclosed in Note 28 (j).

(v) Agriculture Entrepreneur Financing Fund 7 ("DPUP 7")

	2023 RM'000	2022 RM'000
At beginning of the year	8,095	8,607
Amortisation (Note 11 (i))	(532)	(512)
At end of the year	**7,563**	**8,095**

The benefit of this below market rate financing scheme fund amounting to RM60.0 million, received from the Government on 16 December 2019 at a profit rate of 2.50% per annum, is recognised as a government grant as disclosed in Note 28 (k).

31. GOVERNMENT GRANTS - FUNDS (CONT'D)

(w) Special Relief Facility

	2023 RM'000	2022 RM'000
At beginning of the year	27,577	35,786
Amortisation (Note 11 (i))	(8,416)	(8,209)
At end of the year	**19,161**	**27,577**

The benefit of this below market rate financing scheme fund amounting to RM12.87 million and RM32.53 million, received from the BNM in 2015 and 2020 respectively, is recognised as a government grant as disclosed in Note 28 (l). The financing is offered to farmers up to 5.5 years with 6 months moratorium at a profit rate of 3.50% per annum and to SMEs up to 5.5 years with 6 months moratorium period at a profit rate of up to 3.50% per annum respectively.

(x) Disaster Relief Facility

	2023 RM'000	2022 RM'000
At beginning of the year	5	45
Amortisation (Note 11 (i))	(4)	(40)
At end of the year	**1**	**5**

The benefit of this below market rate financing scheme fund amounting to RM5.13 million, received from the BNM in 2018, is recognised as a government grant as disclosed in Note 28 (n). Financing is offered to customers at a profit rate of 3.50% per annum.

(y) Targeted Relief and Recovery Facility ("TRRF")

	2023 RM'000	2022 RM'000
At beginning of the year	103,001	86,209
Transfer from financing scheme funds (Note 27 (p))	-	29,375
Amortisation (Note 11 (i))	(12,957)	(12,583)
At end of the year	**90,044**	**103,001**

The benefit of this below market rate financing scheme fund amounting to RM550 million, received from the BNM in 2020 and 2021, is recognised as a government grant as disclosed in Note 28 (p). The financing is offered to customers at a profit rate of 3.5% per annum.

31. GOVERNMENT GRANTS - FUNDS (CONT'D)

(z) Dana Pembiayaan AgroMakanan 1 ("DPA 1")

	2023 RM'000	2022 RM'000
At beginning of the year	14,749	17,015
Amortisation (Note 11 (i))	(2,418)	(2,266)
At end of the year	**12,331**	**14,749**

The benefit of this below market rate financing scheme fund amounting to RM60.0 million, received in 2021, is recognised as a government grant as disclosed in Note 28 (q) at a profit rate of 1.00% per annum. The financing is offered to customers at a profit rate up to 3.50% per annum.

(aa) Skim Pembiayaan Mikro Penjana

	2023 RM'000	2022 RM'000
At beginning of the year	20,250	32,503
Transfer to government grants - Funds (Note 31 (ac))	-	(16,800)
Transfer from financing scheme funds (Note 28 (o))	-	13,348
Amortisation (Note 11 (i))	(5,483)	(8,801)
At end of the year	**14,767**	**20,250**

The objective of this programme is to provide micro financing facilities for traders/entrepreneurs in the agro-food sector below Pelan Jana Semula Ekonomi Negara (PENJANA). The financing is offered to customers for up to 5 years at a profit rate of 3.50% per annum, is recognised as a government grant as disclosed in Note 28 (o).

(ab) Dana Pembiayaan AgroMakanan 2 ("DPA 2")

	2023 RM'000	2022 RM'000
At beginning of the year	54,664	-
Transfer from financing scheme funds (Note 28 (r))	-	56,985
Amortisation (Note 11 (i))	(6,239)	(2,321)
At end of the year	**48,425**	**54,664**

The objective of this programme is to increase domestic food production and reduce dependence on food imports. The financing is offered to customers at a profit rate of 3.00% per annum, is recognised as a government grant as disclosed in Note 28 (r) at a profit rate of 0.50% per annum.

31. GOVERNMENT GRANTS - FUNDS (CONT'D)

(ac) Dana Input Pengeluaran Agromakanan ("IPA")

	2023 RM'000	2022 RM'000
At beginning of the year	29,904	-
Transfer from government grants - Funds (Note 31 (aa))	-	16,800
Transfer from financing scheme funds (Note 28 (t))	-	16,045
Amortisation (Note 11 (i))	(4,526)	(2,941)
At end of the year	**25,378**	**29,904**

The objective of this programme is to provide financing to entrepreneurs in the agricultural input sector. The financing is offered up to 10 years at a profit rate of 3.00% per annum, is recognised as a government grant as disclosed in Note 28 (t).

(ad) Dana Pembiayaan AgroMakanan 3 ("DPA 3")

	2023 RM'000	2022 RM'000
At beginning of the year	-	-
Transfer from financing scheme funds (Note 28 (u))	33,954	-
Amortisation (Note 11 (i))	(271)	-
At end of the year	**33,683**	**-**

The objective of this programme is to increase domestic food production and reduce dependence on food imports. The financing is offered to customers at a profit rate of 4.00% per annum, is recognised as a government grant as disclosed in Note 28 (u) at a profit rate of 1.00% per annum.

(ae) Dana Pembiayaan Untuk Pelaburan ("D3P")

	2023 RM'000	2022 RM'000
At beginning of the year	-	-
Transfer from financing scheme funds (Note 28 (v))	3,417	-
Amortisation (Note 11 (i))	(24)	-
At end of the year	**3,393**	**-**

The objective of this programme is to encourage industry players to develop contract farms modules involving the participation of anchors and participant. The financing is offered to customers at a profit rate of 4.00% per annum, is recognised as a government grant as disclosed in Note 28 (v) at a profit rate of 1.00% per annum.

31. GOVERNMENT GRANTS - FUNDS (CONT'D)

(af) Dana Pembiayaan AgroMakanan Keluarga Malaysia ("DPAKM")

	2023 RM'000	2022 RM'000
At beginning of the year	-	-
Transfer from government grant - funds (Note 31 (g))	100,000	-
Transfer from government grant - funds (Note 31 (p))	30,016	-
Fund received	100,000	-
Transfer from financing scheme fund due to remeasurement of fair value (Note 28 (s))	51,588	-
At end of the year	**281,604**	**-**

The fund is channelled from the Government with 0.00% funding rate to the Bank to increase domestic food production and reduce dependence on food imports. Financing is offered to customers at a profit rate up to 3.00% per annum. This fund has benefited 6,132 customers with accumulated disbursement amounting to RM163.31 million.

32. SUKUK WAKALAH

	Group and Bank	
	2023 RM'000	**2022 RM'000**
Principal		
At 1 January/31 December	500,000	500,000
Accrued Profit Payable		
At 1 January	3,117	3,117
Charge for the year (Note 11)	18,960	18,960
Payment during the year	(18,960)	(18,960)
At 31 December	3,117	3,117
	503,117	**503,117**

The details of the Sukuk Wakalah issued are as follows:

	Issue date	Maturity date	Profit rate (% p.a.)
Up to RM1.0 billion Sukuk Wakalah Programme:			
(i) Tranche 1 - RM200.0 million	2-Nov-21	2-Nov-26	3.63%
(ii) Tranche 2 - RM300.0 million	2-Nov-21	2-Nov-28	3.90%

On 2 November 2021, the Bank issued RM200 million and RM300 million of Sukuk Wakalah in nominal value with a tenure of 5 and 7 years, respectively pursuant to Sukuk Wakalah Programme of up to RM1.0 billion nominal value established on 18 October 2021.

The proceeds from the issuance will be utilised to finance shariah-compliant general business and working capital purposes of the Bank.

33. SHARE CAPITAL

	Group and Bank 2023 RM'000	2022 RM'000
Issued and fully paid	**1,000,000**	**1,000,000**

34. RESERVES

Group	Note	31 December 2023 RM'000	Restated 31 December 2022 RM'000	Restated 1 January 2022 RM'000
Non-distributable reserves:				
Statutory reserve	(a)	487,109	487,109	487,109
FVOCI reserve	(b)	32,410	3,261	47,584
Regulatory reserve	(c)	34,951	34,951	34,951
Distributable reserve:				
Retained earnings		1,851,323	1,707,253	1,605,051
		2,405,793	**2,232,574**	**2,174,695**

Bank		31 December 2023 RM'000	Restated 31 December 2022 RM'000	Restated 1 January 2022 RM'000
Non-distributable reserves:				
Statutory reserve	(a)	487,109	487,109	487,109
FVOCI reserve	(b)	32,410	3,261	47,584
Regulatory reserve	(c)	34,951	34,951	34,951
Distributable reserve:				
Retained earnings		1,851,334	1,707,253	1,605,051
		2,405,804	**2,232,574**	**2,174,695**

(a) Statutory reserve

Transfer of profit to statutory reserve is only applicable when Risk Weighted Capital Ratio ("RWCR") of the Bank is below the threshold of 16% as approved by BNM via a letter to the Bank dated 22 February 2008.

(b) FVOCI reserve

The FVOCI reserves is in respect of unrealised fair value gain or loss on financial assets at FVOCI.

(c) Regulatory reserve

Regulatory reserves is maintained in addition to the expected credit loss allowance that has been assessed and recognised in accordance with MFRS, as required by BNM in 2018.

35. DIVIDENDS

	2023 RM'000	2022 RM'000
In respect of financial year ended 31 December 2022:		
Single-tier final dividend of 1.60 sen net of tax, on 1,000,000,000 ordinary shares in respect of the financial year ended 31 December 2022	16,000	-
In respect of financial year ended 31 December 2021:		
Single-tier final dividend of 1.50 sen net of tax, on 1,000,000,000 ordinary shares in respect of the financial year ended 31 December 2021	-	15,000
	16,000	**15,000**

At the forthcoming Annual General Meeting, a single-tier final dividend in respect of the current financial year ended 31 December 2023 of 2.00 sen on 1,000,000,000 ordinary shares of RM1.00 each, amounting to dividend payable of RM20,000,000 will be proposed for shareholder's approval.

The financial statements for the current financial year ended 31 December 2023 do not reflect this proposed dividend. Such dividend, if approved by the shareholder, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

36. 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:

Reversion from BNM Modified Reporting Framework ("MRF") to MFRS 9

The Group and the Bank adopted the BNM MRF for DFI's in financial year 2020 which allows the Bank to defer the Day 1 modification 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 Bank is required to restate its comparatives figures to reflect:

(i) The treatment of modification loss in accordance with MFRS 9;
(ii) The adjustments to profit income in the period subsequent to the recognition of modification loss; and
(iii) The consequential writeback of Expected Credit Loss ("ECL") from the lower financing and advances balances carrying amount due to the modification loss.

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36. PRIOR YEAR ADJUSTMENTS AND EFFECT OF CHANGES IN ACCOUNTING POLICIES (CONT'D)

Statement of Financial Position

Group and Bank	As previously stated 1 January 2022 RM'000	Expiry of BNM MRF RM'000	Restated 1 January 2022 RM'000
ASSETS			
Financing and advances	13,126,142	(31,051)	13,095,091
Other advances	1,902	(303)	1,599
LIABILITIES AND EQUITY			
Liabilities			
ECL allowance for financial guarantees and financing commitments	5,864	(11)	5,853
Equity			
Reserves	2,206,038	(31,343)	2,174,695

Statement of Financial Position

Group and Bank	As previously stated 31 December 2022 RM'000	Expiry of BNM MRF RM'000	Restated 31 December 2022 RM'000
ASSETS			
Financing and advances	13,548,157	(20,007)	13,528,150
Other advances	1,511	-	1,511
LIABILITIES AND EQUITY			
Liabilities			
ECL allowance for financial guarantees and financing commitments	7,682	(246)	7,436
Equity			
Reserves	2,252,335	(19,761)	2,232,574

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36. PRIOR YEAR ADJUSTMENTS AND EFFECT OF CHANGES IN ACCOUNTING POLICIES (CONT'D)

Statement of Profit or Loss
For the Financial Year Ended 31 December 2022

Group and Bank	As previously stated 31 December 2022 RM'000	Expiry of BNM MRF RM'000	Restated 31 December 2022 RM'000
Income derived from investment of depositors' funds and others	737,964	9,996	747,960
Income derived from investment of shareholder's funds	233,129	1,615	234,744
Allowance for impairment	(94,569)	(29)	(94,598)
Total distributable income	**876,524**	**11,582**	**888,106**
Income attributable to depositors	(134,380)	-	(134,380)
Total net income	**742,144**	**11,582**	**753,726**
Personnel expenses	(334,279)	-	(334,279)
Other overheads and expenditures	(202,523)	-	(202,523)
Finance costs	(34,583)	-	(34,583)
Profit before tax and zakat	**170,759**	**11,582**	**182,341**
Tax expense	(60,870)	-	(60,870)
Zakat	(4,269)	-	(4,269)
Net profit for the year	**105,620**	**11,582**	**117,202**

Statement of Cash Flow

Group and Bank	2022 RM'000	Expiry of BNM MRF RM'000	Restated 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax and zakat	170,759	11,582	182,341
Adjustments for:			
Allowance for impairment on financing and advances	116,502	566	117,068
Allowance for/(writeback of) impairment on other advances	511	(302)	209
Allowance for/(writeback of) impairment on financial guarantees and financing commitments	1,818	(235)	1,583
Change in financing and advances	(538,517)	(11,610)	(550,127)
Change in other advances	(120)	(1)	(121)

37. COMMITMENTS AND CONTINGENCIES

	Group and Bank	
	2023	**2022**
	RM'000	**RM'000**
Credit related exposures		
Transaction related contingencies	65,658	59,924
Trade related contingencies	11,236	4,955
Financing commitments	1,177,983	711,559
	1,254,877	**776,438**
Capital commitment		
Approved and contracted for:		
Capital expenditure	3,816	1,811
Contingent liabilities		
Certain legal actions taken against the Bank with compensation claims	18,600	18,600
Total commitments and contingencies	**1,277,293**	**796,849**

A summary of the status of material litigations against the Bank is as follows:

Case 1

The Bank filed a claim against the customer on 13 August 2015 to recover outstanding financing of approximately RM22.0 million. The customer then filed a counterclaim for approximately RM18.3 million alleging, amongst others, failure of the Bank to discharge its obligations in accordance with the financing documents. Trials ended. Parties filed written submission. The case is fixed for decision on 29 August 2024.

The Bank's solicitors are of the view that the Bank has a good chance of succeeding in its claim and has a fair chance of successfully defending the counter claim by the customer.

The banking facility granted in the above case, is treated as off balance sheet, was disbursed from a fund managed by the Bank for which the Bank earned management fees. All risks including credit risk on unpaid financing are not borne by the Bank.

38. RELATED PARTY DISCLOSURES

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.

Minister of Finance (Incorporated) on behalf of the Government of Malaysia ("GOM") is a sole shareholder with significant influence on the Bank, with direct shareholding of 100% (2022: 100%). 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 responsibilities for planning, directing and controlling the activities of the Group and of the Bank either directly or indirectly. The key management personnel includes all the directors, Shariah Committee members, President/Chief Executive Officers and certain members of senior management of the Group and of the Bank.

The Group has related party relationships with its substantial shareholder, subsidiary and key management personnel.

Related party transactions have been entered into the normal course of business under normal trade terms. The related party transactions and balances of the Group and of the Bank are as follows:

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38. RELATED PARTY DISCLOSURES (CONT'D)

(a) Key management personnel compensation

Remuneration of directors and other members of key management are as follows:

Group	Salaries and Bonuses RM'000	Allowances RM'000	Other Emoluments RM'000	Total RM'000
2023				
President/ Chief Executive Officer				
Dato' Tengku Ahmad Badli Shah bin Raja Hussin	769	-	160	929
Other senior management	3,747	-	1,237	4,984
	4,516	-	1,397	5,913
Shariah Committee members				
Assoc. Prof. Dr. Sharifah Faigah binti Syed Alwi	-	69	-	69
Dr. Shafaai bin Musa	-	64	-	64
Dr. Abdullaah bin Jalil	-	69	-	69
Y.M. Engku Ahmad Fadzil bin Y.M. Engku Ali	-	28	-	28
Encik Wan Rumaizi bin W.Husin @ Abdul Aziz	-	42	-	42
Tuan Haji Azizi bin Che Seman	-	86	-	86
Tuan Haji Jahaidi @ Jahoidi bin Harun	-	28	-	28
	-	386	-	386
Non Executive Directors				
Y. Bhg Datuk Yunos bin Abd Ghani	-	192	65	257
Y. Bhg Datuk Dr. Ahmad Kushairi bin Din	-	150	6	156
Y. Bhg Dato' Haslina binti Abdul Hamid	-	6	43	49
Y. Bhg Datin Arlina binti Ariff	-	64	5	69
Tuan Haji Ibrahim bin Hassan	-	36	7	43
Encik Mohd Hanif bin Mastuki	-	144	15	159
Encik Mohamed Iqbal bin Mohamed Iqbal	-	193	27	220
Encik Wan Zamri bin Wan Zain	-	216	5	221
Y. Bhg Datuk Lokman Hakim bin Ali	-	10	-	10
Puan Rizleen binti Mokhtar	-	216	6	222
Y. Bhg Dato Dr. Mohamad Zabawi Abdul Ghani	-	20	-	20
Encik Mohd Zukki Ab Rahman	-	24	-	24
	-	1,271	179	1,450
Executive Directors				
Dato' Tengku Ahmad Badli Shah bin Raja Hussin	-	7	-	7
	-	7	-	7
	4,516	**1,664**	**1,576**	**7,756**

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38. RELATED PARTY DISCLOSURES (CONT'D)

(a) Key management personnel compensation (cont'd)

Remuneration of directors and other members of key management are as follows:

Bank	Salaries and Bonuses RM'000	Allowances RM'000	Other Emoluments RM'000	Total RM'000
2023				
President/ Chief Executive Officer				
Dato' Tengku Ahmad Badli Shah bin Raja Hussin	769	-	160	929
Other senior management	3,747	-	1,237	4,984
	4,516	-	1,397	5,913
Shariah Committee members				
Assoc. Prof. Dr. Sharifah Faigah binti Syed Alwi	-	69	-	69
Dr. Shafaai bin Musa	-	64	-	64
Dr. Abdullaah bin Jalil	-	69	-	69
Y.M. Engku Ahmad Fadzil bin Y.M. Engku Ali	-	28	-	28
Encik Wan Rumaizi bin W.Husin @ Abdul Aziz	-	42	-	42
Tuan Haji Azizi bin Che Seman	-	86	-	86
Tuan Haji Jahaidi @ Jahoidi bin Harun	-	28	-	28
	-	386	-	386
Non Executive Directors				
Y. Bhg Datuk Yunos bin Abd Ghani	-	192	65	257
Y. Bhg Datuk Dr. Ahmad Kushairi bin Din	-	150	6	156
Y. Bhg Dato' Haslina binti Abdul Hamid	-	6	43	49
Y. Bhg Datin Arlina binti Ariff	-	64	5	69
Tuan Haji Ibrahim bin Hassan	-	36	7	43
Encik Mohd Hanif bin Mastuki	-	144	15	159
Encik Mohamed Iqbal bin Mohamed Iqbal	-	193	27	220
Encik Wan Zamri bin Wan Zain	-	166	5	171
Y. Bhg Datuk Lokman Hakim bin Ali	-	10	-	10
Puan Rizleen binti Mokhtar	-	216	6	222
	-	1,177	179	1,356
	4,516	**1,563**	**1,576**	**7,655**

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38. RELATED PARTY DISCLOSURES (CONT'D)

(a) Key management personnel compensation (cont'd)

Remuneration of directors and other members of key management are as follows: (cont'd)

Group and Bank	Salaries and Bonuses RM'000	Allowances RM'000	Other Emoluments RM'000	Total RM'000
2022				
President/ Chief Executive Officer				
Dato' Tengku Ahmad Badli Shah bin Raja Hussin	656	-	147	803
Other senior management	3,735	-	1,454	5,189
	4,391	-	1,601	5,992
Shariah Committee members				
Assoc. Prof. Dr. Sharifah Faigah binti Syed Alwi	-	63	-	63
Dr. Shafaai Bin Musa	-	67	-	67
Dr. Abdullaah Bin Jalil	-	67	-	67
Y.M. Engku Ahmad Fadzil bin Y.M. Engku Ali	-	66	-	66
Tuan Haji Azizi bin Che Seman	-	83	-	83
Tuan Haji Jahaidi @ Jahoidi bin Harun	-	66	-	66
	-	412	-	412
Non Executive Directors				
Y. Bhg Dato' Mustapha bin Buang	-	165	3	168
Y. Bhg Datuk Yunos bin Abd Ghani	-	200	13	213
Y. Bhg Datuk Dr. Ahmad Kushairi bin Din	-	201	2	203
Y. Bhg Dato' Haslina binti Abdul Hamid	-	92	-	92
Y. Bhg Datuk Md Afendi bin Datuk Hamdan	-	114	-	114
Puan Azizah binti Abdul Rahman	-	119	2	121
Tuan Haji Ibrahim bin Hassan	-	214	8	222
Puan Rizleen binti Mokhtar	-	71	-	71
Puan Faizah binti Abdullah	-	51	5	56
Encik Abdul Rahim bin Abd Hadi	-	1	4	5
Encik Mohd Hanif bin Mastuki	-	48	-	48
Puan Zarina binti Zakaria	-	31	2	33
	-	1,307	39	1,346
	4,391	**1,719**	**1,640**	**7,750**

38. RELATED PARTY DISCLOSURES (CONT'D)

(b) Transactions with key management personnel

The following table provides the total amount of transactions, which have been entered into with key management personnel ("KMP") for the relevant financial year.

	Group and Bank	
	2023	**2022**
	RM'000	**RM'000**
Financing and advances	34	41
Deposits from customers	1,108	1,414

No financing has been granted to the directors and Shariah Committee members of the Group and the Bank in the financial year ended 31 December 2022 and 31 December 2023.

(c) Transactions and balances with shareholder and government-related entities

(i) Transactions with shareholder and government-related entities

		Group and Bank	
		2023	**2022**
	Note	**RM'000**	**RM'000**
Income			
GLC service fees	(i)	7,012	8,121
Commission	(ii)	7,767	6,398
Profit income on deposits placed with Government-Linked Corporations		338	15,529
Profit income from FVOCI		101,716	117,726
Profit income from financing from key management personnel and related parties		10,789	2,819
Expense			
Profit expense on deposits placed by key management personnel and Government-Linked Corporations		91,315	52,626
Profit expense on financing scheme funds paid and payable to the Minister of Finance and BNM		15,572	14,562
Contributions to:			
Employee Provident Fund ("EPF")		36,983	32,062
Social Security Organisation ("SOCSO")		3,090	2,662

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38. RELATED PARTY DISCLOSURES (CONT'D)

(c) Transactions and balances with shareholder and government-related entities (cont'd)

(i) Transactions with shareholder and government-related entities (cont'd)

Description for income with related parties are as follows:

- Fees earned for managing the government funds for financing disbursement paid by Minister of Finance, at a fixed rate of 2.0% per annum (2022: 2.0% per annum) on the outstanding balance of the fund under management of RM360 million (2022: RM406.65 million).

- Commission earned as bills collection agent from Government of Malaysia's controlled entities.

(ii) Outstanding balances arising from transactions with shareholders and government-related entities

(a) Included in Assets

	Group and Bank	
	2023	**2022**
	RM'000	**RM'000**
Financing to related parties	355,977	2,493
Short term deposits/placements with related parties	825,483	727,714
GLC fees receivable	67,888	60,876
FVOCI	2,253,459	2,860,922

(b) Included in Liabilities

	Group and Bank	
	2023	**2022**
	RM'000	**RM'000**
Government grant - Operating	17,489	17,765
Government grant - Launching	1,436	1,464
Government grant - Funds	1,325,681	1,022,541
Financing scheme funds	3,516,852	3,290,893
Deposits from related entities	2,776,308	3,399,175

(d) Transaction and balances with subsidiary

(i) Transactions with subsidiary

	Bank	
	2023	**2022**
	RM'000	**RM'000**
Income attributable to depositors	98	-
Non-executive directors' allowance	109	-

(ii) Outstanding balance arising from transaction with a subsidiary

	Bank	
	2023	**2022**
	RM'000	**RM'000**
Included in Assets		
Non-executive directors' allowance	109	-

39. FINANCING FACILITIES WITH CONNECTED PARTIES

	Group and Bank 2023	2022
Outstanding exposures with connected parties (RM'000)	1,541,070	1,616,138
% of outstanding exposures to connected parties as a proportion of total exposure	8.16%	8.87%
% of outstanding financing exposures with connected parties which is non-performing or in default	0.00%	0.00%

The above disclosure on Financing Facilities with Connected Parties is presented in accordance with paragraph 14.1 as per BNM's policy on Financing Facilities with Connected Parties.

40. FINANCIAL INSTRUMENTS

A. FINANCIAL RISK MANAGEMENT

(a) General risk management

(i) Introduction and overview

The Group and the Bank embraces risk management as an integral component of its business, operations and decision making process to ensure that optimum returns are generated with high regard to uncertainties in the business and market environment. The Group's and the Bank's business activities and operations involve the use of financial instruments that expose the Group and the Bank to a variety of financial and business risks as follows:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk
- Shariah risk

(ii) Risk management framework

The Board of Directors ("The Board") is ultimately responsible for the establishment and oversight of the Group's and the Bank's risk management associated with the Group's and the Bank's operations and activities. The Board empowers and delegates its authority to various committees to ensure execution of business strategies and operations are adhered to the approved policies and limits set by the Board/Board Risk Management Committee ("BRMC"). At senior management level, the Board empowers the Management Risk Committee ("MRC") and Asset Liability Committee ("ALCO") to monitor, evaluate, strategise and deliberate risk management activities within the respective areas.

The Bank has the Broad Risk Management Framework ("BRMF") that encompasses credit, market, liquidity, operational and Shariah risks as part of its risk governance. The Bank's risk management policies are established to identify and analyse the risks exposed to the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Bank's current strategies, products and services.

40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) General risk management (cont'd)

(ii) Risk management framework (cont'd)

The Group's and the Bank's risk management policies are established to identify and mitigate all risks faced by the Group and the Bank, to set appropriate risk appetite and risk limits as well as to control and monitor risk exposures and adherence to the approved limits.

(iii) Risk governance framework

The Board may empower the following committees for the oversight function of risk management matters and activities:

- Board Risk Management Committee ("BRMC")
- Board Credit and Investment Committee ("BCIVC")
- Board Audit Committee ("BAC")

At senior management level the following committees had been established to oversight risk management activities and risk exposures:

- Management Risk Committee ("MRC")
- Asset Liability Committee ("ALCO")
- Management Audit Committee ("MAC")

(b) Credit risk

(i) Nature of credit risk

The Bank’s exposure to credit risk is primarily from lending/financing activities to retail consumers, micro, small and medium-sized enterprises ("SMEs") and corporate customers. Investment in bonds, other marketable securities and other financial/banking instruments, whether they are classified under banking book, may also expose the Bank to credit risk and counterparty credit risk.

40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

(ii) Definition of credit risk

Credit risk is the risk of potential loss due to failure or unwillingness of the customers or counterparties to fulfil their contractual financial obligations as and when they arise.

(iii) Objective of credit risk management

The goal of credit risk management is to keep credit risk exposure to an acceptable level and to ensure the returns are commensurate with risk.

(iv) Management of credit risk

The management of credit risk is governed by the credit risk management framework which sets out the risk management governance and infrastructure, risk management processes and control responsibilities.

Policies, procedures and guidelines for credit operations are properly documented and are made available through the Bank's intranet and Risk Management Division portal. These policies and procedures are subject to periodical review and enhancement to ensure its relevancy and in line with business directions and market environment.

The methodology applied in measuring the ECL allowance is explained in Note 40 (A)(b)(v).

(v) Measurement of credit risk

Collateral position in financing and advances

Credit facilities are granted on the basis of the customer's credit standing, project viability and payment capacity as per the Bank's credit policy. However, due to the nature of its financing, the Bank generally requires collateral against financing and advances to customers in the form of charges over property, other registered securities over assets and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of financing and is revalued/review once in two years or when a financing is impaired.

40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

(v) Measurement of credit risk (cont'd)

Collateral position in financing and advances (cont'd)

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

(i) Project financing – charges over land, buildings, plant and machinery, fishing vessels, ownership claim over vehicles, term deposits and pledges over shares and marketable securities.

(ii) Retail financing – charges over land and term deposits for certain types of financing.

Group and Bank	Secured RM'000	Unsecured RM'000	Total RM'000	Financial effect of collateral* %
2023				
Neither past due nor impaired	6,205,416	7,162,821	13,368,237	46.4
Past due but not impaired	353,296	82,709	436,005	81.0
Impaired	945,685	150,787	1,096,472	86.2
	7,504,397	**7,396,317**	**14,900,714**	**50.4**
31 December 2022, as restated				
Neither past due nor impaired	6,146,760	6,589,172	12,735,932	48.3
Past due but not impaired	364,977	68,871	433,848	84.1
Impaired	885,081	150,231	1,035,312	85.5
	7,396,818	**6,808,274**	**14,205,092**	**52.1**
1 January 2022, as restated				
Neither past due nor impaired	7,199,119	5,442,607	12,641,726	56.9
Past due but not impaired	143,463	39,721	183,184	78.3
Impaired	722,272	162,626	884,898	81.6
	8,064,854	**5,644,954**	**13,709,808**	**58.8**

* Based on quantification of the extent to which collateral and other credit enhancements mitigate credit risk in respect of the amount that best represents the maximum exposure to credit risk.

40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

(v) Measurement of credit risk (cont'd)

Maximum exposure to credit risk

The following analysis represents the Group's and the Bank's maximum exposure to credit risk of on-balance sheet financial assets and off-balance sheet exposure, excluding any collateral held or other credit enhancements. For on-balance sheet financial assets, the exposure to credit risk equals their carrying amount. For off-balance sheet exposure, the maximum exposure to credit risk is the maximum amount that the Group and the Bank would have to pay if the obligations of the instruments issued are called upon and/or the full amount of the undrawn credit facilities granted to customers.

	Maximum Exposure		
		Restated	Restated
		31 December	1 January
	2023	2022	2022
Group	**RM'000**	**RM'000**	**RM'000**
Credit exposure for on-balance sheet items			
Cash and short term funds	3,113,749	2,053,211	1,839,501
Financial assets at FVOCI	2,697,937	3,422,214	3,413,200
Financial assets at AC	264,559	49,977	-
Financing and advances	14,250,633	13,528,150	13,095,091
Other advances	498	1,511	1,599
Other financial assets	177,875	172,365	158,362
	20,505,251	**19,227,428**	**18,507,753**
Credit exposure for off-balance sheet items			
Transaction related contingencies	65,658	59,924	67,235
Trade related contingencies	11,236	4,955	4,944
Financing commitments	1,177,983	711,559	760,637
	1,254,877	**776,438**	**832,816**
Total maximum credit risk exposure	**21,760,128**	**20,003,866**	**19,340,569**

	Maximum Exposure		
		Restated	Restated
		31 December	1 January
	2023	2022	2022
Bank	**RM'000**	**RM'000**	**RM'000**
Credit exposure for on-balance sheet items			
Cash and short term funds	3,063,651	2,053,211	1,839,501
Financial assets at FVOCI	2,697,937	3,422,214	3,413,200
Financial assets at AC	264,559	49,977	-
Financing and advances	14,250,633	13,528,150	13,095,091
Other advances	498	1,511	1,599
Other financial assets	177,875	172,365	158,362
	20,455,153	**19,227,428**	**18,507,753**

40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

(v) Measurement of credit risk (cont'd)

	Maximum Exposure		
		Restated	Restated
		31 December	1 January
	2023	2022	2022
Bank	**RM'000**	**RM'000**	**RM'000**
Credit exposure for off-balance sheet items			
Transaction related contingencies	65,658	59,924	67,235
Trade related contingencies	11,236	4,955	4,944
Financing commitments	1,177,983	711,559	760,637
	1,254,877	**776,438**	**832,816**
Total maximum credit risk exposure	**21,710,030**	**20,003,866**	**19,340,569**

Credit quality of gross financing and advances

All financing, advances and other financing are categorised into 'neither past due nor impaired', 'past due but not impaired' and 'impaired'.

Past due financing refers to financing, advances and other financing that are overdue by one day or more.

Financing, advances and other financing are classified impaired when they fulfill any of the criteria as per disclosed in Note 3.2 (f) Measurement of expected credit losses ("ECL").

Quality classification definitions

Where ECL model is applied, the credit quality of financial instruments subject to credit risk are assessed by reference to the internal rating system adopted by the Bank, as summarised below:

Financing and advances and financing commitments and financial guarantee

Rating classification	Credit grades
Performing/ Special Mention (SM)	Stage 1
Significant Increase in Credit Risk (SICR)	Stage 2
Impaired	Stage 3

Other financial instruments

Rating classification	External rating	
	RAM	MARC
Investment grade		
Long Term Rating	A, AA, AAA, BBB	A, AA, AAA, BBB
Short Term Rating	P1, P2, P3	MARC-1, MARC-2, MARC-3
Non investment grade		
Long Term Rating	BB, B	BB, B
Short Term Rating	NP	MARC-4
Impaired	C, D	C, D

40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

(v) Measurement of credit risk (cont'd)

Credit quality of gross financing and advances (cont'd)

Other financial instruments includes cash and short term funds, deposits and placement with bank and other FIs and debt instruments at FVOCI.

Credit quality description can be summarised as follows:
(i) Performing/ Special Mention (SM)
(ii) Significant Increase in Credit Risk (SICR)
(iii) Investment Grade
(iv) Non-investment grade
(v) No rating
(vi) Impaired

Credit risk in investment activities

The credit risk management approach for investment activities is primarily deliberated at the Board Credit and Investment Committee (“BCIVC”). In the case of investment portfolio, the setting of credit limits is done and regularly reviewed by Capital & Market Risk Department ("CMRD"), as the middle office for treasury operations. Various credit limits on investment exposures are proposed to the Management Risk Committee (“MRC”) for endorsement and escalated to BRMC or the Board for approval. Report on compliance of various investment exposure limits are done by CMRD which is presented and deliberated at the Asset Liability Committee ("ALCO") on a monthly basis.

The Bank’s investment policy stipulates the minimum investment grade for debt securities, types of permissible transactions, exposure limits for single customer/counterparty, credit rating, industry/sector and risk level (high, medium, low). In addition, the Group and the Bank has also set interbank limits for placements of money in various financial institutions which are reviewed on a regular basis to mitigate concentration limits in its investment portfolio.

Investment portfolio concentration

The portfolio profile is as follows:

Group and Bank	**RM'000**	**Composition (%)**
Corporate sukuk	2,021,182	68
Government Investment Issues ("GII")	941,365	32
Carrying amount at 31 December 2023	**2,962,547**	**100**
Corporate sukuk	2,129,181	61
Government Investment Issues ("GII")	1,343,033	39
Carrying amount at 31 December 2022	**3,472,214**	**100**

40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

(v) Measurement of credit risk (cont'd)

Credit risk in investment activities (cont'd)

Credit quality of investment securities

The following table presents the Group's and the Bank's exposure to credit risk of financial instruments analysed by ratings from external credit rating agencies:

Ratings

	Group and Bank	
	2023	**2022**
	RM'000	**RM'000**
Corporate sukuk		
Financial assets at FVOCI		
Government-Guaranteed ("GG")	743,252	884,730
AAA	851,591	950,993
AA	156,037	237,766
Unrated	5,692	5,692
Financial assets at amortised cost		
AAA	85,000	-
AA	179,610	50,000
	2,021,182	**2,129,181**

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40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

(v) Measurement of credit risk (cont'd)

Credit quality of financial assets - financial investments portfolio and other financial assets.

Group	Neither past due nor impaired RM'000	Past due but not impaired RM'000	Impaired RM'000	Total RM'000
2023				
Cash and short term funds	3,113,749	-	-	3,113,749
Deposits with a financial institution	57,000	-	-	57,000
Financial assets at FVOCI	2,697,937	-	-	2,697,937
Financial assets at amortised cost	264,610	-	-	264,610
Financing and advances	13,368,237	436,005	1,096,472	14,900,714
Other advances	238	-	599	837
	19,501,771	**436,005**	**1,097,071**	**21,034,847**
As a percentage of gross balance	**92.71%**	**2.07%**	**5.22%**	**100%**
31 December 2022, as restated				
Cash and short term funds	2,053,211	-	-	2,053,211
Financial assets at FVOCI	3,422,214	-	-	3,422,214
Financial assets at amortised cost	50,000	-	-	50,000
Financing and advances	12,735,932	433,848	1,035,312	14,205,092
Other advances	1,300	95	662	2,057
	18,262,657	**433,943**	**1,035,974**	**19,732,574**
As a percentage of gross balance	**92.55%**	**2.20%**	**5.25%**	**100%**
1 January 2022, as restated				
Cash and short term funds	1,839,501	-	-	1,839,501
Financial assets at FVOCI	3,412,931	-	-	3,412,931
Financial assets at amortised cost	-	-	-	-
Financing and advances	12,641,726	183,184	884,898	13,709,808
Other advances	889	151	2,384	3,424
	17,895,047	**183,335**	**887,282**	**18,965,664**
As a percentage of gross balance	**94.35%**	**0.97%**	**4.68%**	**100%**

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40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

(v) Measurement of credit risk (cont'd)

Credit quality of financial assets - financial investments portfolio and other financial assets.

Bank	**Neither past due nor impaired RM'000**	**Past due but not impaired RM'000**	**Impaired RM'000**	**Total RM'000**
2023				
Cash and short term funds	3,063,651	-	-	3,063,651
Financial assets at FVOCI	2,697,937	-	-	2,697,937
Financial assets at amortised cost	264,610	-	-	264,610
Financing and advances	13,368,237	436,005	1,096,472	14,900,714
Other advances	238	-	599	837
	19,394,673	**436,005**	**1,097,071**	**20,927,749**
As a percentage of gross balance	**92.67%**	**2.08%**	**5.24%**	**100%**
31 December 2022, as restated				
Cash and short term funds	2,053,211	-	-	2,053,211
Financial assets at FVOCI	3,422,214	-	-	3,422,214
Financial assets at amortised cost	50,000	-	-	50,000
Financing and advances	12,735,932	433,848	1,035,312	14,205,092
Other advances	1,300	95	662	2,057
	18,262,657	**433,943**	**1,035,974**	**19,732,574**
As a percentage of gross balance	**92.55%**	**2.20%**	**5.25%**	**100%**
1 January 2022, as restated				
Cash and short term funds	1,839,501	-	-	1,839,501
Financial assets at FVOCI	3,412,931	-	-	3,412,931
Financial assets at amortised cost	-	-	-	-
Financing and advances	12,641,726	183,184	884,898	13,709,808
Other advances	889	151	2,384	3,424
	17,895,047	**183,335**	**887,282**	**18,965,664**
As a percentage of gross balance	**94.35%**	**0.97%**	**4.68%**	**100%**

40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

(v) Measurement of credit risk (cont'd)

Analysis of ageing of financing and advances for past due but not impaired.

Group and Bank	**Past due but not impaired**			
	Past due within 30 days RM'000	**Past due within 31 to 60 days RM'000**	**Past due within 61 to 90 days RM'000**	**Total RM'000**
2023				
Financing and advances	188,669	194,013	53,323	436,005
Other advances	-	-	-	-
31 December 2022, as restated				
Financing and advances	228,770	158,191	46,887	433,848
Other advances	25	49	21	95
1 January 2022, as restated				
Financing and advances	90,276	59,144	33,764	183,184
Other advances	81	6	64	151

(vi) Macro-economic factors in credit risk

The macro-economic factor and their impacts are regularly monitored as part of the normal process of the Bank in tracking credit risk and measuring ECL.

(c) Liquidity risk

(i) Nature of liquidity risk

Liquidity risk relates to the ability of the Bank to maintain sufficient liquid assets to meet current and future financial commitments and obligations (anticipated or unanticipated) when they fall due without incurring unacceptable losses. Liquidity risk may arise when there is a mismatch between funding against lending/financing within predetermined time buckets. The mismatches may lead to the inability for the Bank to fulfil its contractual obligations when they fall due. As such, the Bank has to maintain a portion of liquid assets in terms of cash, cash equivalents and marketable securities to match respective maturity buckets.

(ii) Definition of liquidity risk

Liquidity risk is defined as the inability of the Bank to meet timely payment on any of its financial obligations to customers or counterparties when they fall due or the Bank is unable or cannot easily unwind or offset a particular position at/or near the previous market price because of inadequate market depth or because of disruptions in the market place caused by the change in market sentiment or due to a specific event or series of events.

40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

(iii) Management of liquidity risk

The management of liquidity risk is governed by the Policy on Liquidity Risk Management (PL-173/5) which sets out the risk management governance and infrastructure, risk management processes and control responsibilities.

The Board, as endorsed by BRMC, approves all policies in relation to liquidity risk management which are regularly reviewed by CMRD ("Capital & Market Risk Department"). BRMC also oversees the effectiveness and compliance of those policies on a regular basis.

Senior management is responsible to monitor and oversee liquidity risk exposures through the MRC and ALCO using primary tools such as maturity mismatch analysis, funding gaps, maximum cumulative outflows and funding concentration ratios using internal as well as market wide information to address possible liquidity issues. MRC and ALCO oversees the Bank's financial position structure with regard to liquidity risk exposures and executes controls, within prudent limits and bucketing to manage risks arising from mismatches of maturities across the financial position structure, as well as from undrawn commitments and other contingent obligations. The day-to-day liquidity requirements and position is managed by Treasury Department ("TD") while CMRD and Asset Liability Management Department ("ALMD"), under Risk Management Division ("RMD") and Finance Divison ("FD") respectively, monitor and report the liquidity risks to MRC and ALCO.

(iv) Measurement of liquidity risk

The liquidity risk management of the Bank is aligned with the Liquidity Coverage Ratio ("LCR"), Net Stable Funding Ratio (NSFR") and New Liquidity Framework ("NLF") issued by BNM. The LCR is a quantitative requirement to ensure the Bank holds sufficient High Quality Liquid Assets (HQLA) to withstand an acute liquidity stress scenario over a 30 days horizon. Assets are considered as HQLA if they can be easily and immediately converted into cash at little or no loss of value.

NSFR complements the objectives of LCR as it encourages the short-term resilience (30 days) of a banking institution’s liquidity risk profile whilst NSFR reduces funding risk over a longer time horizon (1 year).

Although it is not mandatory for DFIs to comply with the LCR & NSFR at this point in time, the Bank had adopted the best practices and benchmarked with commercial banks and Islamic banks by complying with the LCR & NSFR (100% minimum limit).

NLF is measured and managed based on projected cash flows. In addition to ensuring compliance with the NLF, the Bank maintains a liquidity compliance buffer to meet any unexpected cash outflows. The measurement of liquidity risk is done through financial position profiling using predetermined time buckets. The exposure limits for each bucket, in particular within a one year bond is closely monitored and analysed to ensure that the Bank has sufficient cash and liquefiable assets to meet contractual and behavioural maturities/commitments, and to determine the causes and ways to improve the gaps. The Bank maintains sufficient liquid assets (minimum 5% of total deposits) to meet contractual and behavioural maturities and commitments up to one week tenure. For up to one month bucket, the Bank maintains liquid assets of at least 7% of total deposits to meet contractual and behavioural maturities and commitments when they fall due.

40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

(v) Contingency funding plan ("CFP")

The Bank has a Contingency Funding Plan ("CFP") in place to deal with liquidity crisis situations. The CFP enables the management to make timely and well-informed decisions in managing any liquidity crisis caused by the Bank’s specific risk adverse positions as well as unfavourable market developments. The Bank sets out early warning indicators through various triggers, crisis escalation processes, a crisis management team and funding strategies to mitigate liquidity crisis situations. The CFP is tested and reviewed regularly to update the latest position and matters in relation to the liquidity risk profile of the Bank.

(vi) Stress testing on liquidity risk

As part of liquidity risk management, liquidity risk exposures are also measured through funding concentration, financing deposit ratios, cash and liquid asset ratios. Stress testing is conducted to quantify the worst case scenario of the liquidity position of the Bank based on deposit run-off, market crisis shock, capital erosion and negative publicity. The Bank emphasises the importance of low cost stable and retail deposits as the primary source of funds to finance its lending activities in addition to corporate and other high cost deposits.

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40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity Risk (cont'd)

Maturity analysis of assets and liabilities based on discounted contractual cash flows:

Group	**<6 months RM'000**	**6 - 12 months RM'000**	**1 - 3 years RM'000**	**3 - 5 years RM'000**	**>5 years RM'000**	**Non-specific maturity RM'000**	**Total RM'000**
2023							
Assets							
Cash and short term funds	3,113,749	-	-	-	-	-	3,113,749
Deposit with a financial institution	57,000	-	-	-	-	-	57,000
Financial assets at FVOCI	5,014	216,074	619,009	386,424	1,471,416	252	2,698,189
Financial assets at AC*	-	-	95,000	149,573	20,037	-	264,610
Financing and advances*	2,154,359	188,357	505,137	1,819,018	10,233,843	-	14,900,714
Other advances*	512	68	8	170	79	-	837
Other assets	55,953	77,150	28,711	6,082	16,074	-	183,970
Total assets	**5,386,587**	**481,649**	**1,247,865**	**2,361,267**	**11,741,449**	**252**	**21,219,069**

* Gross before allowance for impairment

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40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity Risk (cont'd)

Maturity analysis of assets and liabilities based on discounted contractual cash flows: (cont'd)

Group	**<6 months RM'000**	**6 - 12 months RM'000**	**1 - 3 years RM'000**	**3 - 5 years RM'000**	**>5 years RM'000**	**Non-specific maturity RM'000**	**Total RM'000**
2023 (cont'd)							
Liabilities							
Deposit from customers	7,145,748	1,030,721	301,390	29,688	-	-	8,507,547
Deposit and placement of banks and other financial institutions	3,141,286	118,362	-	-	-	-	3,259,648
Other liabilities	138,167	46,108	33,287	14,316	280	12,377	244,535
Financing scheme funds	145,642	143,172	764,196	682,114	1,781,728	-	3,516,852
Government grants	-	-	-	-	-	1,344,606	1,344,606
Sukuk Wakalah	-	-	-	201,194	301,923	-	503,117
Total liabilities	**10,570,843**	**1,338,363**	**1,098,873**	**927,312**	**2,083,931**	**1,356,983**	**17,376,305**
Net maturity mismatch	**(5,184,256)**	**(856,714)**	**148,992**	**1,433,955**	**9,657,518**	**(1,356,731)**	**3,842,764**

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40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity Risk (cont'd)

Maturity analysis of assets and liabilities based on discounted contractual cash flows: (cont'd)

Bank	**<6 months RM'000**	**6 - 12 months RM'000**	**1 - 3 years RM'000**	**3 - 5 years RM'000**	**>5 years RM'000**	**Non-specific maturity RM'000**	**Total RM'000**
2023							
Assets							
Cash and short term funds	3,063,651	-	-	-	-	-	3,063,651
Deposit with a financial institution	57,000	-	-		-	-	57,000
Financial assets at FVOCI	5,014	216,074	619,009	386,424	1,471,416	252	2,698,189
Financial assets at AC*	-	-	95,000	149,573	20,037	-	264,610
Financing and advances*	2,154,359	188,357	505,137	1,819,018	10,233,843	-	14,900,714
Other advances*	512	68	8	170	79	-	837
Other assets	55,953	77,150	28,711	6,082	16,074	-	183,970
Total assets	**5,336,489**	**481,649**	**1,247,865**	**2,361,267**	**11,741,449**	**252**	**21,168,971**

* Gross before allowance for impairment

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40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity Risk (cont'd)

Maturity analysis of assets and liabilities based on discounted contractual cash flows: (cont'd)

Bank	<6 months RM'000	6 - 12 months RM'000	1 - 3 years RM'000	3 - 5 years RM'000	>5 years RM'000	Non-specific maturity RM'000	Total RM'000
2023 (cont'd)							
Liabilities							
Deposit from customers	7,145,748	1,030,721	301,390	29,688	-	-	8,507,547
Deposit and placement of banks and other financial institutions	3,141,286	118,362	-	-	-	-	3,259,648
Other liabilities	138,167	46,108	33,287	14,316	280	12,377	244,535
Financing scheme funds	145,642	143,172	764,196	682,114	1,781,728	-	3,516,852
Government grants	-	-	-	-	-	1,344,606	1,344,606
Sukuk Wakalah	-	-	-	201,194	301,923	-	503,117
Total liabilities	**10,570,843**	**1,338,363**	**1,098,873**	**927,312**	**2,083,931**	**1,356,983**	**17,376,305**
Net maturity mismatch	**(5,234,354)**	**(856,714)**	**148,992**	**1,433,955**	**9,657,518**	**(1,356,731)**	**3,792,666**

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40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity Risk (cont'd)

Maturity analysis of assets and liabilities based on discounted contractual cash flows: (cont'd)

Group and Bank	**<6 months RM'000**	**6 - 12 months RM'000**	**1 - 3 years RM'000**	**3 - 5 years RM'000**	**>5 years RM'000**	**Non-specific maturity RM'000**	**Total RM'000**
31 December 2022, as restated							
Assets							
Cash and short term funds	2,053,211	-	-	-	-	-	2,053,211
Financial assets at FVOCI	120,250	255,918	443,630	520,644	2,081,772	232	3,422,446
Financial assets at AC*	-	-	50,000	-	-	-	50,000
Financing and advances*	2,364,250	155,290	267,516	1,338,214	10,079,822	-	14,205,092
Other advances*	1,447	250	51	142	167	-	2,057
Other assets	54,804	40,989	47,101	9,915	22,275	3,376	178,460
Total assets	**4,593,962**	**452,447**	**808,298**	**1,868,915**	**12,184,036**	**3,608**	**19,911,266**

* Gross before allowance for impairment

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40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity Risk (cont'd)

Maturity analysis of assets and liabilities based on discounted contractual cash flows: (cont'd)

Group and Bank	<6 months RM'000	6 - 12 months RM'000	1 - 3 years RM'000	3 - 5 years RM'000	>5 years RM'000	Non-specific maturity RM'000	Total RM'000
31 December 2022, as restated							
Liabilities							
Deposit from customers	7,288,301	898,074	284,912	47,596	-	-	8,518,883
Deposit and placement of banks and other financial institutions	2,616,137	-	-	-	-	-	2,616,137
Other liabilities	117,648	68,112	19,214	15,472	280	11,744	232,470
Financing scheme funds	181,599	184,905	997,853	381,895	1,544,641	-	3,290,893
Government grants	-	-	-	-	-	1,041,770	1,041,770
Sukuk Wakalah	-	-	-	201,194	301,923	-	503,117
Total liabilities	**10,203,685**	**1,151,091**	**1,301,979**	**646,157**	**1,846,844**	**1,053,514**	**16,203,270**
Net maturity mismatch	**(5,609,723)**	**(698,644)**	**(493,681)**	**1,222,758**	**10,337,192**	**(1,049,906)**	**3,707,996**

40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity Risk (cont'd)

Maturity analysis of assets and liabilities based on discounted contractual cash flows: (cont'd)

Group and Bank	**<6 months RM'000**	**6 - 12 months RM'000**	**1 - 3 years RM'000**	**3 - 5 years RM'000**	**>5 years RM'000**	**Non-specific maturity RM'000**	**Total RM'000**
1 January 2022, as restated							
Assets							
Cash and short term funds	1,839,501	-	-	-	-	-	1,839,501
Financial assets at FVOCI	282,128	543,114	610,087	781,951	1,195,651	269	3,413,200
Financing and advances*	1,905,681	197,919	476,896	922,014	10,207,298	-	13,709,808
Other advances*	2,418	151	260	102	493	-	3,424
Other assets	90,050	6,934	62,167	-	-	5,306	164,457
Total assets	**4,119,778**	**748,118**	**1,149,410**	**1,704,067**	**11,403,442**	**5,575**	**19,130,390**

* Gross before allowance for impairment

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40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity Risk (cont'd)

Maturity analysis of assets and liabilities based on discounted contractual cash flows: (cont'd)

Group and Bank	**<6 months RM'000**	**6 - 12 months RM'000**	**1 - 3 years RM'000**	**3 - 5 years RM'000**	**>5 years RM'000**	**Non-specific maturity RM'000**	**Total RM'000**
1 January 2022, as restated							
Liabilities							
Deposit from customers	7,150,704	927,761	154,143	59,892	-	-	8,292,500
Deposit and placement of banks and other financial institutions	2,415,527	-	-	-	-	-	2,415,527
Other liabilities	98,657	10,944	10,327	233	147	10,037	130,345
Financing scheme funds	159,697	174,441	546,235	617,865	1,668,983	-	3,167,221
Government grants	-	-	-	-	-	1,012,793	1,012,793
Sukuk Wakalah	-	-	-	-	503,117	-	503,117
Total liabilities	**9,824,585**	**1,113,146**	**710,705**	**677,990**	**2,172,247**	**1,022,830**	**15,521,503**
Net maturity mismatch	**(5,704,807)**	**(365,028)**	**438,705**	**1,026,077**	**9,231,195**	**(1,017,255)**	**3,608,887**

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40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity Risk (cont'd)

Maturity analysis of financial liabilities based on undiscounted contractual cash flows:

Group and Bank	<6 months RM'000	6 - 12 months RM'000	1 - 3 years RM'000	3 - 5 years RM'000	>5 years RM'000	Total RM'000
2023						
Liabilities						
Deposit from customers	7,245,074	1,045,048	314,133	31,809	-	8,636,064
Deposit and placement of banks and other financial institutions	3,250,289	122,469	-	-	-	3,372,758
Other financial liabilities	79,726	8,732	545	-	-	89,003
Financing scheme funds	146,004	142,829	773,393	733,678	2,115,825	3,911,729
Sukuk Wakalah	-	-	-	242,345	363,677	606,022
Total liabilities	**10,721,093**	**1,319,078**	**1,088,071**	**1,007,832**	**2,479,502**	**16,615,576**
Transaction related contingencies	28,490	25,342	10,079	1,723	24	65,658
Trade related contingencies	11,236	-	-	-	-	11,236
Financing commitments	136,163	241,689	317,514	245,725	493,919	1,435,010
Commitment and Contingencies	**175,889**	**267,031**	**327,593**	**247,448**	**493,943**	**1,511,904**

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40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity Risk (cont'd)

Maturity analysis of financial liabilities based on undiscounted contractual cash flows: (cont'd)

Group and Bank	<6 months RM'000	6 - 12 months RM'000	1 - 3 years RM'000	3 - 5 years RM'000	>5 years RM'000	Total RM'000
31 December 2022, as restated						
Liabilities						
Deposit from customers	7,357,540	906,606	293,109	49,900	-	8,607,155
Deposit and placement of banks and other financial institutions	2,679,709	-	-	-	-	2,679,709
Other financial liabilities	54,426	7,151	212	-	-	61,789
Financing scheme funds	181,930	184,675	1,007,690	400,953	1,635,555	3,410,803
Sukuk Wakalah	-	-	-	242,345	363,677	606,022
Total liabilities	**10,273,605**	**1,098,432**	**1,301,011**	**693,198**	**1,999,232**	**15,365,478**
Transaction related contingencies	19,956	22,567	15,926	1,287	188	59,924
Trade related contingencies	4,955	-	-	-	-	4,955
Financing commitments	18,928	65,858	198,630	149,964	446,750	880,130
Commitment and Contingencies	**43,839**	**88,425**	**214,556**	**151,251**	**446,938**	**945,009**

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40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity Risk (cont'd)

Maturity analysis of financial liabilities based on undiscounted contractual cash flows: (cont'd)

Group and Bank	**<6 months RM'000**	**6 - 12 months RM'000**	**1 - 3 years RM'000**	**3 - 5 years RM'000**	**>5 years RM'000**	**Total RM'000**
1 January 2022, as restated						
Liabilities						
Deposit from customers	7,245,808	940,100	160,376	63,982	-	8,410,266
Deposit and placement of banks and other financial institutions	2,459,973	-	-	-	-	2,459,973
Other financial liabilities	59,908	282	710	-	-	60,900
Financing scheme funds	159,977	175,017	554,962	638,700	1,805,036	3,333,692
Sukuk Wakalah	-	-	-	-	600,762	600,762
Total liabilities	**9,925,666**	**1,115,399**	**716,048**	**702,682**	**2,405,798**	**14,865,593**
Transaction related contingencies	32,139	22,172	11,124	1,718	82	67,235
Trade related contingencies	4,944	-	-	-	-	4,944
Financing commitments	24,361	150,136	197,355	155,367	391,537	918,756
Commitment and Contingencies	**61,444**	**172,308**	**208,479**	**157,085**	**391,619**	**990,935**

40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market risk

(i) Nature of market risk

Market risks arises from volatilities in profit rates, equity prices, commodity prices, credit spreads and foreign exchange rates which are inherent in the investment portfolio. The market risk exposure for the Bank relates to all financial assets and liabilities held for investment in the banking book as well as for trading purposes. As the Bank's investment portfolio focuses on profit rate bearing assets and liabilities, movements/changes in profit rates in the market may pose major and significant risk to the fair value of the investment portfolio of the Bank.

(ii) Definition of market risk

Market risk is defined as the risk of losses in respect of on and off balance sheet positions arising from unexpected movements in market prices due to volatility in profit rates, equity prices, commodity prices, foreign exchange rates and etc.

(iii) Management of market risk

The management of market risks, in particular the profit rate risk is governed by the MLRF which sets out the risk management governance and infrastructure, risk management processes and control responsibilities.

The Board, as endorsed by BRMC, approves all policies in relation to market rate risks, in particular the profit rate risk management which are reviewed on a regular basis. BRMC also oversees the effectiveness and compliance of those policies.

At senior management level, MRC deliberates market risk management by executing decisions, business strategies and action plans within the policies and guidelines approved by the Board, as endorsed by BRMC.

The daily management of the investment portfolio is executed by the Treasury Department ("TD"). CMRD acts as the middle office for investment and treasury related activities by executing risk governance and risk assessments on a regular basis. CMRD also provides independent assessment on market risk in relation to investment activities, including recommendation for new acquisitions and evaluation on mark-to-market prices and yield curves on investment returns, in particular for the FVOCI and Amortised Cost portfolio. CMRD provides monthly report to MRC and BRMC for investment portfolio governance including the compliance of limits approved by BRMC/Board.

For Bank-wide market risk management, ALMD monitors the profit rate risk sensitivity through the Earnings at Risk ("EaR") and Economics Value of Equity ("EVE") regularly and presents reports to ALCO every month. CMRD and ALMD also sign off new product proposal papers and documents (together with other risk management units) for new products by incorporating relevant assessments and advice on market (and liquidity risks) prior to escalation to higher levels for BNM's approval.

40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market risk (cont'd)

(iv) Measurement of profit rate risk

The measurement of the Bank's exposures to profit rate risk is done through the following:

- **Sensitivity analysis**

  Sensitivity analysis is used to determine how different values of an independent variable will impact a particular dependent variable under a given set of assumptions. This technique is used within specific boundaries that will depend on one or more input variables, such as the effect of changes in profit rates on bonds prices.

- **Earnings at Risk ("EaR") analysis**

  EaR analysis measures the Bank's potential loss in annual earning based on its current exposures on sensitive and repricing of its assets and liabilites in the event the Overnight Policy Rate ("OPR") moves upwards or backwards as determined by BNM's MPC. For the measurement of EaR, the Bank takes the position of all buckets within one year Asset Sensitive and Liability Sensitive positions and matches it against the predetermined limit to reflect sensitivity to the movement in the Net Profit Income ("NPI") and capital. The Bank establishes a limit of +/-12% on the EaR to effectively mitigate profit rate risk.

- **Economics Value of Equity ("EVE") analysis**

  EVE analysis measure the Bank's potential impact on its capital based on current exposures on sensitive and repricing of its asset and liabilities in the event the OPR moves upwards or backwards as determined by BNM's MPC. EVE is computed by dividing total weighted position (calculated based on pre-determined time buckets and multiplied with the pre-determined scaling weights determined by BNM) over the capital base. The limit for EVE shall be at 10%.

- **Earnings at Risk ("EaR") analysis**

  EaR analysis aims to quantify the impact on the projection of NPI in the event of an adverse change in prevailing profit rates for a period of 1 year, depending on profit rate sensitivity of the Bank (Asset Sensitive or Liability Sensitive). The Bank assumes a maximum 100 basis point rate movement as the worst case scenario.

- **Value at Risk ("VaR") analysis**

  The Bank has in place the VaR model in measuring profit rate risk on its investment portfolio, despite not having a trading book portfolio. VaR is a statistical measure of the potential losses that could occur as a result of movements in market rates and prices over a specified time horizon within a given confidence level. The Bank adopted the Historical Simulation Approach for 250 days with 99% confidence level and predetermined VaR limit.

- **Stress test analysis/ simulation analysis**

  Stress testing/ simulation analysis are done based on macro economic variables, particularly "yield rates on sukuk values ("Duration") and "beta ratio on equity" as well as possibility of sukuk downgrading impact. The stress testing/simulation analysis employs a range of simulated scenarios on the Bank’s investment portfolio to assess the impact on investment values, profitability and capital of the Bank.

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40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk (cont'd)

(v) Profit Rate Risk

The following tables below indicate the effective profit rate at the reporting date and the Bank's sensitivity to profit rate by time band based on the earlier of contractual repricing date and maturity date.

Group	<6 months RM'000	6 - 12 months RM'000	1 - 3 years RM'000	3 - 5 years RM'000	>5 years RM'000	Non-profit sensitive RM'000	Total RM'000	Effective Profit Rate
2023								
Assets								
Cash and short term funds	2,559,483	-	-	-	-	554,266	3,113,749	3.34%
Deposit with a financial institution	57,000	-	-	-	-	-	57,000	3.95%
Financial assets at FVOCI	5,014	216,074	619,009	386,424	1,471,416	252	2,698,189	5.71%
Financial assets at AC*	-	-	95,000	149,573	20,037	-	264,610	4.11%
Financing and advances*	10,926,338	41,755	848,771	704,375	1,283,003	1,096,472	14,900,714	5.94%
Other advances*	-	-	-	-	-	837	837	
Other assets	-	-	-	-	-	183,970	183,970	
Total assets	**13,547,835**	**257,829**	**1,562,780**	**1,240,372**	**2,774,456**	**1,835,797**	**21,219,069**	

* Gross before allowance for impairment

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40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk (cont'd)

(v) Profit Rate Risk (cont'd)

The following tables below indicate the effective profit rate at the reporting date and the Bank's sensitivity to profit rate by time band based on the earlier of contractual repricing date and maturity date. (cont'd)

Group	<6 months RM'000	6 - 12 months RM'000	1 - 3 years RM'000	3 - 5 years RM'000	>5 years RM'000	Non-profit sensitive RM'000	Total RM'000	Effective Profit Rate
2023 (cont'd)								
Liabilities								
Deposits from customers	7,145,748	1,030,721	301,390	29,688	-	-	8,507,547	1.39%
Deposit and placement of banks and other financial institutions	3,141,286	118,362	-	-	-	-	3,259,648	3.47%
Other liabilities	-	-	-	-	-	244,535	244,535	
Financing scheme funds	145,642	143,172	764,196	682,114	1,781,728	-	3,516,852	0.38%
Government grants	-	-	-	-	-	1,344,606	1,344,606	
Sukuk Wakalah	-	-	-	201,194	301,923	-	503,117	3.79%
Total liabilities	**10,432,676**	**1,292,255**	**1,065,586**	**912,996**	**2,083,651**	**1,589,141**	**17,376,305**	

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40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk (cont'd)

(v) Profit Rate Risk (cont'd)

The following tables below indicate the effective profit rate at the reporting date and the Bank's sensitivity to profit rate by time band based on the earlier of contractual repricing date and maturity date.

Bank	<6 months RM'000	6 - 12 months RM'000	1 - 3 years RM'000	3 - 5 years RM'000	>5 years RM'000	Non-profit sensitive RM'000	Total RM'000	Effective Profit Rate
2023								
Assets								
Cash and short term funds	2,559,483	-	-	-	-	504,168	3,063,651	3.34%
Deposit with a financial institution	57,000	-	-	-	-	-	57,000	3.95%
Financial assets at FVOCI	5,014	216,074	619,009	386,424	1,471,416	252	2,698,189	5.71%
Financial assets at AC*	-	-	95,000	149,573	20,037	-	264,610	4.11%
Financing and advances*	10,926,338	41,755	848,771	704,375	1,283,003	1,096,472	14,900,714	5.94%
Other advances*	-	-	-	-	-	837	837	
Other assets	-	-	-	-	-	183,970	183,970	
Total assets	**13,547,835**	**257,829**	**1,562,780**	**1,240,372**	**2,774,456**	**1,785,699**	**21,168,971**	

* Gross before allowance for impairment

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40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk (cont'd)

(v) Profit Rate Risk (cont'd)

The following tables below indicate the effective profit rate at the reporting date and the Bank's sensitivity to profit rate by time band based on the earlier of contractual repricing date and maturity date. (cont'd)

Bank	<6 months RM'000	6 - 12 months RM'000	1 - 3 years RM'000	3 - 5 years RM'000	>5 years RM'000	Non-profit sensitive RM'000	Total RM'000	Effective Profit Rate
2023 (cont'd)								
Liabilities								
Deposits from customers	7,145,748	1,030,721	301,390	29,688	-	-	8,507,547	1.39%
Deposit and placement of banks and other financial institutions	3,141,286	118,362	-	-	-	-	3,259,648	3.47%
Other liabilities	-	-	-	-	-	244,535	244,535	
Financing scheme funds	145,642	143,172	764,196	682,114	1,781,728	-	3,516,852	0.38%
Government grants	-	-	-	-	-	1,344,606	1,344,606	
Sukuk Wakalah	-	-	-	201,194	301,923	-	503,117	3.79%
Total liabilities	**10,432,676**	**1,292,255**	**1,065,586**	**912,996**	**2,083,651**	**1,589,141**	**17,376,305**	

40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk (cont'd)

(v) Profit Rate Risk (cont'd)

The following tables below indicate the effective profit rate at the reporting date and the Bank's sensitivity to profit rate by time band based on the earlier of contractual repricing date and maturity date. (cont'd)

Group and Bank	<6 months RM'000	6 - 12 months RM'000	1 - 3 years RM'000	3 - 5 years RM'000	>5 years RM'000	Non-profit sensitive RM'000	Total RM'000	Effective Profit Rate
31 December 2022, as restated								
Assets								
Cash and short term funds	1,722,414	-	-	-	-	330,797	2,053,211	3.24%
Financial assets at FVOCI	120,250	255,918	443,630	520,644	2,081,772	232	3,422,446	3.48%
Financial assets at AC*	-	-	50,000	-	-	-	50,000	4.55%
Financing and advances*	11,138,257	28,363	157,353	638,157	1,207,024	1,035,938	14,205,092	5.30%
Other advances*	-	-	-	-	-	2,057	2,057	
Other assets	-	-	-	-	-	178,460	178,460	
Total assets	**12,980,921**	**284,281**	**650,983**	**1,158,801**	**3,288,796**	**1,547,484**	**19,911,266**	

* Gross before allowance for impairment

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40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk (cont'd)

(v) Profit Rate Risk (cont'd)

The following tables below indicate the effective profit rate at the reporting date and the Bank's sensitivity to profit rate by time band based on the earlier of contractual repricing date and maturity date. (cont'd)

Group and Bank	<6 months RM'000	6 - 12 months RM'000	1 - 3 years RM'000	3 - 5 years RM'000	>5 years RM'000	Non-profit sensitive RM'000	Total RM'000	Effective Profit Rate
31 December 2022, as restated (cont'd)								
Liabilities								
Deposits from customers	7,288,301	898,074	284,912	47,596	-	-	8,518,883	0.95%
Deposit and placement of banks and other financial institutions	2,616,137	-	-	-	-	-	2,616,137	2.43%
Other liabilities	-	-	-	-	-	232,470	232,470	
Deferred tax liabilities	-	-	-	-	-	-	-	
Financing scheme funds	181,599	184,905	997,853	381,895	1,544,641	-	3,290,893	0.34%
Government grants	-	-	-	-	-	1,041,770	1,041,770	
Sukuk Wakalah	-	-	-	201,194	301,923	-	503,117	3.79%
Total liabilities	**10,086,037**	**1,082,979**	**1,282,765**	**630,685**	**1,846,564**	**1,274,240**	**16,203,270**	

40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk (cont'd)

(v) Profit Rate Risk (cont'd)

The following tables below indicate the effective profit rate at the reporting date and the Bank's sensitivity to profit rate by time band based on the earlier of contractual repricing date and maturity date. (cont'd)

Group and Bank	<6 months RM'000	6 - 12 months RM'000	1 - 3 years RM'000	3 - 5 years RM'000	>5 years RM'000	Non-profit sensitive RM'000	Total RM'000	Effective Profit Rate
1 January 2022, as restated								
Assets								
Cash and short term funds	1,546,289	-	-	-	-	293,212	1,839,501	1.80%
Financial assets at FVOCI	282,128	543,114	610,087	781,951	1,195,651	269	3,413,200	3.03%
Financing and advances*	10,866,311	20,670	236,289	725,543	975,653	885,342	13,709,808	5.17%
Other advances*	-	-	-	-	-	3,424	3,424	
Other assets	-	-	-	-	-	164,457	164,457	
Total assets	**12,694,728**	**563,784**	**846,376**	**1,507,494**	**2,171,304**	**1,346,704**	**19,130,390**	

* Gross before allowance for impairment

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40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk (cont'd)

(v) Profit Rate Risk (cont'd)

The following tables below indicate the effective profit rate at the reporting date and the Bank's sensitivity to profit rate by time band based on the earlier of contractual repricing date and maturity date. (cont'd)

Group and Bank	<6 months RM'000	6 - 12 months RM'000	1 - 3 years RM'000	3 - 5 years RM'000	>5 years RM'000	Non-profit sensitive RM'000	Total RM'000	Effective Profit Rate
1 January 2022, as restated (cont'd)								
Liabilities								
Deposits from customers	7,150,704	927,761	154,143	59,892	-	-	8,292,500	1.33%
Deposit and placement of banks and other financial institutions	2,415,527	-	-	-	-	-	2,415,527	1.84%
Other liabilities	-	-	-	-	-	130,345	130,345	
Financing scheme funds	159,697	174,441	546,235	617,865	1,668,983	-	3,167,221	0.42%
Government grants	-	-	-	-	-	1,012,793	1,012,793	
Sukuk Wakalah	-	-	-	-	503,117	-	503,117	3.74%
Total liabilities	**9,725,928**	**1,102,202**	**700,378**	**677,757**	**2,172,100**	**1,143,138**	**15,521,503**	

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40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk (cont'd)

(vi) Profit rate sensitivity

The table below shows the impact of the Group's and the Bank’s profit before tax and zakat and equity to an up and down 100 basis point parallel rate shock:

			Restated	
	2023		2022	
	+100bp	-100bp	+100bp	-100bp
Group and Bank	RM'000	RM'000	RM'000	RM'000
Impact on profit before tax and zakat	114,150	(114,150)	116,481	(116,481)
Impact on equity	(73,085)	72,027	(159,689)	187,040

40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Operational risk

(i) Nature of operational risk

Operational risk is inherent in the Bank’s business operations and associated with the Bank’s involvement with financial instruments, other than credit, market and liquidity risks.

(ii) Definition of operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems and from external events. This definition includes legal risk but excludes strategic and reputational risk.

(iii) Management of operational risk

The management of operational risk is governed by the Operational Risk Management Framework ("ORMF") which sets out the risk management governance and infrastructure, risk management processes and control responsibilities which is in line with the regulatory guidelines set by the Bank of International Settlements ("BIS"), Basel Accords and BNM.

The Board approves all policies in relation to operational risk management which are reviewed on a regular basis. The BRMC oversees bank-wide and material risk issues and be responsible to put forward for the Board's approval as well as ensure the effectiveness and compliance of those policies.

Senior management takes the responsibility of managing the business risks, the ultimate responsibility for establishing and maintaining appropriate risk management processes, making risk management an integral part of the Bank’s operations, aligning risk management to internal policies and procedures as well as ensuring that all risk based-limits are adhered to by the business divisions, departments and units.

(iv) Measurement of operational risk

- **Oversight structure and lines of defence**

The interplay between the risk owners at the business level, Risk Management Division ("RMD") and Internal Audit Department ("IAD") forms the framework for the Bank’s “three lines of defence” in the managing of operational risks.

The first line of defence is the Business risk owners, who are responsible for the day-to-day operational risk management where Key Performance Indicators ("KPIs"), Key Risk Indicators ("KRIs") and Key Control Indicators ("KCIs"), Risk Maps, Key Risk Control Self-Assessment ("RCSA") and Incident Management and Data Collection ("IMDC") are in place and aligned to the business objectives.

RMD as the second line of defence is responsible for operational risk management oversight while IAD as the third line of defence is entrusted to perform independent assurance over the effectiveness of the operational risk management initiatives by RMD and the Business Units.

40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Operational risk (cont'd)

(iv) Measurement of operational risk (cont'd)

- **Risk management process**

Operational Risk Management ("ORM") refers to the end-to-end process that ensures operational risks are effectively managed from the time they are identified to the time the risks are mitigated within the risk appetite of the Bank. It is the responsibility of everyone at the Bank. This generic process is used to manage operational risks at all levels from units to Head office. The operational risk management process comprises 4 steps namely:

(i) Risk identification
(ii) Risk assessment
(iii) Managing and controlling risk
(iv) Monitoring and reporting risk

- **Reporting and communication guidelines**

In establishing a sound ORM at the Bank, the reporting and communication lines are extremely important. As operational risk is pervasive across the organisation and the range and type of incidents is broad, from fraud to product and system failures and from errors in the front office to the back office, it is important to share information at all levels. Information sharing should be through both formal reporting lines and face-to-face

- **Culture**

Operational risk culture encompasses general awareness, attitude, behaviour of employees to the key operational risk causes such as people, process, systems and external events.

Adequate awareness and training in operational risk is to be given to the staff and their roles and responsibilities clearly defined. In addition, the performance management process encourages staff to perform and behave in a manner consistent with the Bank's operational risk management objectives. Adequate training is to be provided to the staff to ensure that they have acquired adequate level of knowledge and skill sets to perform their roles and responsibilities in operational risk management.

40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Capital management

Regulatory capital

BNM sets and monitors capital requirements for the Bank as a whole.

The Bank's regulatory capital is analysed into two tiers:

- Tier 1 capital, which includes ordinary share capital, share premium, perpetual sukuk (which are classified as innovative tier 1 securities), retained earnings, translation reserve and non-controlling interests after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

- Tier 2 capital, which includes qualifying subordinated liabilities, government grants and collective impairment allowances for non-impaired financing.

Various limits are applied to elements of the capital base. The amount of innovative tier 1 securities cannot exceed 15 percent of total tier 1 capital; qualifying tier 2 capital cannot exceed tier 1 capital; and qualifying term subordinated financing capital may not exceed 50 percent of tier 1 capital. There also are restrictions on the amount of collective impairment allowances that may be included as part of tier 2 capital.

The Bank’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and sustain future development of the business. The impact of the level of capital on shareholders’ return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and advantages and security afforded by a sound capital position.

The Bank and its individually regulated operations have complied with all externally imposed capital requirements throughout the period. Management uses regulatory capital ratios in order to monitor its capital base, and these capital ratios remain the international standards for measuring capital adequacy. The Bank has developed a Capital Management Plan ("CMP") to facilitate effective management of capital and address potential impact from financing deterioration as well as to provide an adequate buffer to support business expansion.

40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Capital management

Regulatory capital (cont'd)

The Bank has elected to apply the Transitional Arrangements for Regulatory Capital Treatment of Accounting Provisions for Development Financial Institutions ("DFI") as stated in Note 5(a) with the financial year ended 31 December 2020 as the Bank's first reporting period of the application.

Capital allocation

Capital allocation between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in some cases the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital requirements may be varied to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is subject to review by the ALCO as appropriate.

40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Capital management (cont'd)

Capital Adequacy

The capital adequacy ratio of the Bank as at the end of the reporting period is as follows:

Group	2023 %	Restated 31 December 2022 %	Restated 1 January 2022 %
Before deducting proposed dividend:			
Core capital ratio	**19.90**	**20.46**	**21.02**
Risk-weighted capital ratio	**24.82**	**25.01**	**25.62**
After deducting proposed dividend:			
Core capital ratio	**19.78**	**20.36**	**20.93**
Risk-weighted capital ratio	**24.70**	**24.91**	**25.52**

Bank	2023 %	Restated 31 December 2022 %	Restated 1 January 2022 %
Before deducting proposed dividend:			
Core capital ratio	**19.90**	**20.46**	**21.02**
Risk-weighted capital ratio	**24.52**	**25.01**	**25.62**
After deducting proposed dividend:			
Core capital ratio	**19.78**	**20.36**	**20.93**
Risk-weighted capital ratio	**24.40**	**24.91**	**25.52**

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40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Capital management (cont'd)

	Group			Bank		
	2023 RM'000	**Restated 31 December 2022 RM'000**	**Restated 1 January 2022 RM'000**	**2023 RM'000**	**Restated 31 December 2022 RM'000**	**Restated 1 January 2022 RM'000**
Components of Tier I and Tier II capital						
Tier I capital						
Share capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Statutory reserves	487,109	487,109	487,109	487,109	487,109	487,109
Retained earnings	1,851,323	1,707,253	1,605,051	1,851,334	1,707,253	1,605,051
ECL allowance [1]	30,557	70,263	81,955	30,557	70,263	81,955
Less: Deferred tax assets	(24,261)	(27,513)	(1,570)	(24,261)	(27,513)	(1,570)
Total Tier I capital	**3,344,728**	**3,237,112**	**3,172,545**	**3,344,739**	**3,237,112**	**3,172,545**

[1] The eligible amount for Tier I and II capital is limited to only ECL on non-impaired financing and advances. In accordance to the Transitional Arrangements application, the Stage 1 and Stage 2 provisions of ECL incurred during the year are allowed to be added back to Tier 1 capital over a four year period from the financial year ended 31 December 2021.

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40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Capital management (cont'd)

	Group			Bank		
		Restated	Restated		Restated	Restated
		31 December	1 January		31 December	1 January
	2023	2022	2022	2023	2022	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Components of Tier I and Tier II capital (cont'd)						
Tier II capital						
ECL allowance [1]	137,329	130,194	106,773	137,329	130,194	106,773
Regulatory reserve	34,951	34,951	34,951	34,951	34,951	34,951
Government grants:						
Operating	17,489	17,765	18,041	17,489	17,765	18,041
Launching	1,436	1,464	1,668	1,436	1,464	1,668
Funds [2]	636,318	534,355	532,010	636,318	534,355	532,010
Total Tier II capital	**827,523**	**718,729**	**693,443**	**827,523**	**718,729**	**693,443**
Total capital	**4,172,251**	**3,955,841**	**3,865,988**	**4,172,262**	**3,955,841**	**3,865,988**
Less: Investment in subsidiary	-	-	-	(50,000)	-	-
Total capital base	**4,172,251**	**3,955,841**	**3,865,988**	**4,122,262**	**3,955,841**	**3,865,988**

[1] The eligible amount for Tier I and II capital is limited to only ECL on non-impaired financing and advances. In accordance to the Transitional Arrangements application, the Stage 1 and Stage 2 provisions of ECL incurred during the year are allowed to be added back to Tier 1 capital over a four year period from the financial year ended 31 December 2021.

[2] The Government Grants - Funds exclude those grants relating to the fair valuation of financing scheme funds at below market rate amounting to RM689.40 million (2022: RM488.2 million).

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40. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Capital management (cont'd)

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

	Group		Bank	
	Notional RM'000	Risk-weighted RM'000	Notional RM'000	Risk-weighted RM'000
0%	2,238,884	-	2,238,785	-
20%	2,688,991	537,798	2,688,991	537,798
50%	27,209	13,605	27,209	13,605
100%	15,849,297	15,849,297	15,849,407	15,849,407
Off balance sheet risk-weighted assets	-	409,931	-	409,931
Total risk-weighted assets at 31 December 2023	**20,804,381**	**16,810,631**	**20,804,392**	**16,810,741**
0%	2,558,559	-	2,558,559	-
20%	1,765,210	353,042	1,765,210	353,042
50%	29,460	14,730	29,460	14,730
100%	15,104,668	15,104,668	15,104,668	15,104,668
Off balance sheet risk-weighted assets	-	346,473	-	346,473
Total risk-weighted assets at 31 December 2022 (Restated)	**19,457,897**	**15,818,913**	**19,457,897**	**15,818,913**
0%	2,662,333	-	2,662,333	-
20%	1,610,675	322,135	1,610,675	322,135
50%	32,685	16,343	32,685	16,343
100%	14,419,250	14,419,250	14,419,250	14,419,250
Off balance sheet risk-weighted assets	-	331,965	-	331,965
Total risk-weighted assets at 1 January 2022 (Restated)	**18,724,943**	**15,089,693**	**18,724,943**	**15,089,693**

40. FINANCIAL INSTRUMENTS (CONT'D)

B. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the amount at which the financial assets could be exchanged or financial liabilities could be settled, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the best estimates of fair values as of the reporting period.

Fair value hierarchy

Determination of fair value and fair value hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets of identical assets or liabilities;

Level 2: Other techniques for which all inputs which have significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: Techniques which use inputs which have significant effect on the fair value that are not based on observable market data.

(i) Financial assets and financial liabilities carried at fair value

Set out below, is a comparison by the class of the fair value of the Group's and the Bank's financial instruments:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2023				
Financial assets				
FVOCI	252	2,697,937	-	2,698,189
31 December 2022, as restated				
Financial assets				
FVOCI	232	3,422,214	-	3,422,446

40. FINANCIAL INSTRUMENTS (CONT'D)

B. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

(ii) Financial assets and financial liabilities at carrying amount

	2023		Restated 31 December 2022		Restated 1 January 2022	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets						
Financial assets at amortised cost	264,559	266,191	49,977	50,280	-	-
Financing and advances	14,250,633	14,708,480	13,528,150	14,065,151	13,095,091	13,650,445
	14,515,192	**14,974,671**	**13,578,127**	**14,115,431**	**13,095,091**	**13,650,445**
Financial liabilities						
Deposits from customers	8,507,547	8,511,111	8,518,883	8,477,895	8,292,500	8,312,535
Deposit and placement of banks and other financial institutions	3,259,648	3,239,156	2,616,137	2,573,262	2,415,527	2,408,196
	11,767,195	**11,750,267**	**11,135,020**	**11,051,157**	**10,708,027**	**10,720,731**

The fair value of financing and advances, deposits from customers and deposit and placement of banks and other financial institutions are at Level 2 (2022: Level 2).

The methods and assumptions used in estimating the fair values of financial instruments are as follows:

(i) Financial assets at amortised cost

The fair values of instrument of investments are estimated based on the market value at the end of the reporting period by reference to the market value of these instruments published by Bond Pricing Agency Malaysia ("BPAM").

(ii) Financial assets at FVOCI

The fair values of private debt securities and Malaysian government investment issues are determined by reference to the market value of these instruments published by Bond Pricing Agency Malaysia ("BPAM").

The fair value of equities securities are determined based on quoted price from Bursa Malaysia Securities Berhad.

40. FINANCIAL INSTRUMENTS (CONT'D)

B. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

(ii) Financial assets and financial liabilities at carrying amount (cont'd)

(iii) Financing and advances

For fixed-rate financing with maturities within a year, financing and advances at variable rates, the estimated fair values approximate their respective carrying values.

For fixed-rate financing with maturities more than a year, the fair values are estimated based on expected future cash flows of contractual instalments and discounted at prevailing rate at the end of the reporting period offered for similar financing to new customers with similar credit profiles, where applicable.

(iv) Deposits from customers

The fair values of deposits from customers with remaining maturity of less than one year are estimated to approximate their carrying amounts. The fair values of deposits with remaining maturities of more than one year are estimated using discounted cash flows based on market rates for similar deposits from customers.

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40. FINANCIAL INSTRUMENTS (CONT'D)

C. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

Group	Financial assets at FVOCI RM'000	Financial assets and liabilities at amortised cost RM'000	Total RM'000
2023			
Financial assets			
Cash and short term funds	-	3,113,749	3,113,749
Deposits with financial institutions	-	57,000	57,000
Financial assets at FVOCI	2,697,937	-	2,697,937
Financial assets at amortised cost	-	264,559	264,559
Financing and advances	-	14,250,633	14,250,633
Other financial assets	-	177,875	177,875
	2,697,937	**17,863,816**	**20,561,753**
Financial liabilities			
Deposits from customers	-	8,507,547	8,507,547
Deposit and placement of banks and other financial institutions	-	3,259,648	3,259,648
Financing scheme funds	-	3,516,852	3,516,852
Other financial liabilities	-	65,113	65,113
Sukuk Wakalah	-	503,117	503,117
	-	**15,852,277**	**15,852,277**

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40. FINANCIAL INSTRUMENTS (CONT'D)

C. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS (CONT'D)

Bank	**Financial assets at FVOCI RM'000**	**Financial assets and liabilities at amortised cost RM'000**	**Total RM'000**
2023			
Financial assets			
Cash and short term funds	-	3,063,651	3,063,651
Deposits with financial institutions	-	57,000	57,000
Financial assets at FVOCI	2,697,937	-	2,697,937
Financial assets at amortised cost	-	264,559	264,559
Financing and advances	-	14,250,633	14,250,633
Other financial assets	-	177,875	177,875
	2,697,937	**17,813,718**	**20,511,655**
Financial liabilities			
Deposits from customers	-	8,507,547	8,507,547
Deposit and placement of banks and other financial institutions	-	3,259,648	3,259,648
Financing scheme funds	-	3,516,852	3,516,852
Other financial liabilities	-	65,113	65,113
Sukuk Wakalah	-	503,117	503,117
	-	**15,852,277**	**15,852,277**

40. FINANCIAL INSTRUMENTS (CONT'D)

C. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS (CONT'D)

Group	Financial assets at FVOCI RM'000	Financial assets and liabilities at amortised cost RM'000	Total RM'000
31 December 2022, as restated			
Financial assets			
Cash and short term funds	-	2,053,211	2,053,211
Financial assets at FVOCI	3,422,214	-	3,422,214
Financial assets at amortised cost	-	49,977	49,977
Financing and advances	-	13,528,150	13,528,150
Other financial assets	-	172,365	172,365
	3,422,214	**15,803,703**	**19,225,917**
Financial liabilities			
Deposits from customers	-	8,518,883	8,518,883
Deposit and placement of banks and other financial institutions	-	2,616,137	2,616,137
Financing scheme funds	-	3,290,893	3,290,893
Other financial liabilities	-	55,162	55,162
Sukuk Wakalah	-	503,117	503,117
	-	**14,984,192**	**14,984,192**

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40. FINANCIAL INSTRUMENTS (CONT'D)

C. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS (CONT'D)

Bank	**Financial assets at FVOCI RM'000**	**Financial assets and liabilities at amortised cost RM'000**	**Total RM'000**
31 December 2022, as restated			
Financial assets			
Cash and short term funds	-	2,053,211	2,053,211
Financial assets at FVOCI	3,422,214	-	3,422,214
Financial assets at amortised cost	-	49,977	49,977
Financing and advances	-	13,528,150	13,528,150
Other financial assets	-	172,365	172,365
	3,422,214	**15,803,703**	**19,225,917**
Financial liabilities			
Deposits from customers	-	8,518,883	8,518,883
Deposit and placement of banks and other financial institutions	-	2,616,137	2,616,137
Financing scheme funds	-	3,290,893	3,290,893
Other financial liabilities	-	55,162	55,162
Sukuk Wakalah	-	503,117	503,117
	-	**14,984,192**	**14,984,192**

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40. FINANCIAL INSTRUMENTS (CONT'D)

C. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS (CONT'D)

Group	Financial assets at FVOCI RM'000	Financial assets and liabilities at amortised cost RM'000	Total RM'000
1 January 2022, as restated			
Financial assets			
Cash and short term funds	-	1,839,501	1,839,501
Financial assets at FVOCI	3,412,931	-	3,412,931
Financing and advances	-	13,095,091	13,095,091
Other financial assets	-	158,362	158,362
	3,412,931	**15,092,954**	**18,505,885**
Financial liabilities			
Deposits from customers	-	8,292,500	8,292,500
Deposit and placement of banks and other financial institutions	-	2,415,527	2,415,527
Financing scheme funds	-	3,167,221	3,167,221
Other financial liabilities	-	43,481	43,481
Sukuk Wakalah	-	503,117	503,117
	-	**14,421,846**	**14,421,846**

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40. FINANCIAL INSTRUMENTS (CONT'D)

C. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS (CONT'D)

Bank	Financial assets at FVOCI RM'000	Financial assets and liabilities at amortised cost RM'000	Total RM'000
1 January 2022, as restated			
Financial assets			
Cash and short term funds	-	1,839,501	1,839,501
Financial assets at FVOCI	3,412,931	-	3,412,931
Financing and advances	-	13,095,091	13,095,091
Other financial assets	-	158,362	158,362
	3,412,931	**15,092,954**	**18,505,885**
Financial liabilities			
Deposits from customers	-	8,292,500	8,292,500
Deposit and placement of banks and other financial institutions	-	2,415,527	2,415,527
Financing scheme funds	-	3,167,221	3,167,221
Other financial liabilities	-	43,481	43,481
Sukuk Wakalah	-	503,117	503,117
	-	**14,421,846**	**14,421,846**

41. SHARIAH NON COMPLIANT EVENT

(1) Nature of Non-Compliant ("SNC") Events

The Group and the Bank have put in place a sound Shariah governance framework to ensure strict adherence to Shariah requirements in its processes. A dedicated Shariah Committee ("SC") provides Shariah oversight on all material Shariah non-compliant risks across the Group.

SNC event is a result of the Group and the Bank's failure to comply with the Shariah rules and principles determined by the relevant Shariah regulatory councils and the Shariah Committee. Any transactions that are suspected to be Shariah non-compliant are reported to the Shariah Committee for their deliberation and conclusion as to whether any Shariah requirements have been breached.

During the financial year, there was one (1) (2022: Nil) SNC event that has been resolved and reported to BNM. The financial impact related to non-shariah compliant income amounted to RM96,912.20 (2022:Nil).

The nature of the transaction deliberated to SC for SNC event was as follows:

- Overcharging of Ta'widh due to discrepancies in Ta'widh rate used for matured financing accounts and compounding of Ta'widh charge.

Apart from the purification of income from Shariah non-compliant event, the Bank has instituted several rectification measures relating to systems, processes and procedures to enhance control mechanism and minimise recurrence of Shariah non-compliant incidents.

The rectification action plans are as follows:

Nature of Event	Measures undertaken	Status
Overcharging of Ta'widh due to discrepancies in Ta'widh rate used for matured financing accounts and compounding of Ta'widh charge.	- Refunded of the overcharged Ta'widh amount to the impacted customers. - Fixed the system parameter for Ta'widh computation.	Completed