BANK PERTANIAN MALAYSIA BERHAD
Registration No: 200801010522 (811810-U)
(Incorporated in Malaysia)

AUDITED FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2024
(In Ringgit Malaysia)

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 2024.

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 21 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	187,962	188,779
Tax	(47,187)	(47,187)
Zakat	(4,719)	(4,719)
Net profit for the year	**136,056**	**136,873**

There were no material transfers to or from reserves, allowances or provisions during the financial year other than as disclosed in Notes 8, 17, 18, 19, 20, and 28(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 2023 were as follows:

	RM'000
In respect of the financial year ended 31 December 2023: A single tier final dividend of 3.00 sen on 1,000,000,000 ordinary shares, declared on 28 June 2024 and paid on 7 August 2024 and 30 October 2024.	30,000

At the forthcoming Annual General Meeting, a single tier final dividend in respect of the current financial year ended 31 December 2024 of 2.04 sen on 1,000,000,000 ordinary shares, amounting to dividend payable of RM20,408,000 will be proposed for shareholder's approval.

The financial statements for the current financial year ended 31 December 2024 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 2025 .

BANK PERTANIAN MALAYSIA BERHAD
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ISSUANCE OF SHARE CAPITAL AND DEBENTURES

There were no new or debenture share issuance by the Bank during the financial year ended 31 December 2024 .

SHARE OPTIONS

No options have been granted by the Bank to any party during the financial year ended 31 December 2024 to take up unissued shares of the Bank.

No new shares have been issued during the financial year ended 31 December 2024 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 2024, 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
Puan Rizleen binti Mokhtar
Encik Mohamed Iqbal bin Mohamed Iqbal
Y. Bhg Datin Arlina binti Ariff
Encik Wan Zamri bin Wan Zain (Ceased on 2 February 2025)
Encik Mohd Hanif bin Mastuki (Resigned on 28 January 2025)
Y. Bhg Datuk Lokman Hakim bin Ali (Resigned on 23 September 2024)

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
Dato' Dr Mohamad Zabawi bin Abdul Ghani
Dato' Tengku Ahmad Badli Shah bin Raja Hussin
Encik Mohd Zukki bin Ab Rahman

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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 40 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	1,515	1,310
Other emoluments	86	86
	1,601	**1,396**

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 RM80,750.

SIGNIFICANT OR SUBSEQUENT EVENT

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

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BANK PERTANIAN MALAYSIA BERHAD
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BUSINESS PLAN AND STRATEGY

Agrobank will continue to play a leading role in the sound development of Malaysia's agriculture sector, focusing on intensifying financing to both national focus areas and expanding its customer base to ensure holistic coverage of the agriculture community.

From a business perspective, Agrobank will continue to intensify growth of financing assets for national focus areas that strengthen the nation's food security and food economy, support green and transitioning activities that are aligned to sustainability and good ESG practices, support modernisation efforts and adoption of technology within agriculture, and provide trade support to catalyse agriculture export activities.

From a development perspective, Agrobank will strengthen its ability to deliver greater financial inclusion to the unserved and underserved segments of the agriculture community through digitalisation, enhancement of our existing physical channels and introduction of new branch formats to deliver a greater customer experience, while remaining true to the delivery of value-based intermediation objectives.

Finally, Agrobank remains committed towards delivering structured upward migration of aspiring agropreneurs through entrepreneurial development programs that include business, financial and technical support.

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	1,107	1,092
Regulatory related services	13	13
	1,120	**1,105**

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 26 June 2025.

DATUK YUNOS BIN ABD GHANI

ENCIK MOHAMED IQBAL BIN MOHAMED IQBAL

Kuala Lumpur, Malaysia

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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 206 are properly drawn up in accordance with MFRS Accounting Standards, IFRS Accounting 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 2024 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 26 June 2025.

DATUK YUNOS BIN ABD GHANI

Kuala Lumpur, Malaysia

ENCIK MOHAMED IQBAL BIN MOHAMED IQBAL

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 206 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 **26 June 2025**.

Before me,

PESURUHJAYA SUMPAH
No. W881
Nama: YM TENGKU NUR ATHIYA TENGKU FARIDDUDIN
1 JAN 2025 - 31 DEC 2027
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 carrying out the roles and responsibilities as prescribed in the Shariah Governance Policy Documents issued by Bank Negara Malaysia ("BNM") and in compliance with our terms of appointment, we hereby submit the Group Shariah Committee Report for the financial year ended 31 December 2024.

We, the Group Shariah Committee (GSC) are responsible to provide an objective and sound advice to the Bank to ensure that its aims and operations, business, affairs and activities are in compliance with Shariah as well as the relevant resolutions and rulings made by the Shariah Advisory Councils of the regulatory bodies. In performing our roles and responsibilities, we had obtained all the information and explanations which we considered necessary in providing us with sufficient evidence to give a reasonable assurance that the Bank had complied with the applicable Shariah rules and principles.

The GSC endorses Shariah policies and procedures, and reviews reports escalated by the internal control functions under Shariah governance. The GSC rigorously deliberate on issues and recommendations to mitigate any Shariah issue and potential Shariah non-compliances. At the organisational level, Shariah Department functionally report to the GSC and has the responsibility to provide operational support for effective functioning of the GSC, while the internal control functions under Shariah governance which comprises of Shariah Risk, Shariah Review and Shariah Audit residing respectively in the Risk Management Division, Compliance Division, and Internal Audit Division, and oversight by the Chief Risk Officer, Chief Compliance Officer, and Chief Internal Auditor to ensure effective management of Shariah non-compliance risk of the Bank.

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 the review of conduct and businesses of the Bank and to report to you.

During the year, we had convened thirteen (13) meetings inclusive of two (2) special meetings during the financial year in which we reviewed and deliberated on, among others, products, transactions, services, processes and documents of the Bank which were presented to us. All committee members have satisfied the minimum attendance requirement required as per paragraph 11.4 of the BNM's Shariah Governance Policy Document which requires a Shariah committee member to attend personally at least 75% of the Shariah committee meetings held in each financial year.

To ensure smoothness and timely execution of our business operation, we delegate an authority to the Head of Shariah Department to approve non-substantial variation which does not affect Shariah-related matters, and the approvals are notified to us periodically for review and confirmation.

We have assessed the work carried out by Shariah review and Shariah audit where both internal control functions under Shariah governance had examined, on a test basis, each type of transaction, the relevant documentations and procedures adopted by the Bank. Their completed reports were presented and deliberated in our Shariah committee meetings to confirm that the Bank had complied with the applicable rulings issued by the Shariah Advisory Councils of the regulatory bodies and our decisions.

Throughout 2024, the confirmed SNC event(s) is set out in Note 43 of the financial statements. At the same time, there are SNC income(s) received by the Bank due to the existing conventional account prior to the Full-fledged Islamic Bank(FFIB) status in July 2015 which are unable to be converted. This stream of income is segregated from Bank’s income for the purpose of disposal by way as set out in Note 28 (a)(i).

SHARIAH COMMITTEE'S REPORT (CONT'D)

Based on the above, it is our opinion that:

(a) The contracts, transactions and dealings entered by the Bank during the financial year ended 31 December 2024 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 by Shariah will either be channelled for charitable purposes or refunded to the deserving parties.

(e) The calculation, payment and distribution of business zakat as set out in Note 14 comply with the applicable Shariah rules and 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 43 to the financial statements, in which such matter has been resolved by the Shariah Committee.

We, **WAN RUMAIZI BIN W.HUSIN @ ABDUL AZIZ** 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 2024 have been conducted in conformity with Shariah.

WAN RUMAIZI BIN W.HUSIN @ ABDUL AZIZ
Chairman of the Committee

DR. SHAFAAI BIN MUSA
Member of the Committee

Kuala Lumpur, Malaysia
26 June 2025

Shape the future
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Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
SST ID: W10-2002-32000062
Chartered Accountants
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia

Tel: +603 7495 8000
Fax: +603 2095 5332 (General line)
+603 2095 9076
+603 2095 9078
ey.com

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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 2024 of the Group and of the Bank, and 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 a summary of material accounting policy information, as set out on pages 13 to 206.

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 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with MFRS Accounting Standards, IFRS Accounting 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.

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Independent auditors' report to the member of
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Report on the audit of the financial statements (cont'd)

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.

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

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

If, based on the work we have performed, 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.

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

Responsibilities of the directors for the financial statements

The directors of the Bank are responsible for the preparation of financial statements of the Group and of the Bank that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting 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
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Report on the audit of the financial statements (cont'd)

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.

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Independent auditors' report to the member of
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Report on the audit of the financial statements (cont'd)

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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Muhammad Syarizal bin Abdul Rahim
No. 03157/01/2027/J
Chartered Accountant

Kuala Lumpur, Malaysia
26 June 2025

BANK PERTANIAN MALAYSIA BERHAD
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STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		Group		Bank	
		2024	**2023**	**2024**	**2023**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Income derived from investment of depositors' funds and others	**6(a)**	941,116	851,313	941,116	851,313
Income derived from investment of shareholder's funds	**6(b)**	284,701	271,192	284,701	271,192
Takaful service result	**7**	(380)	-	-	-
Allowance for impairment	**8**	(84,309)	(70,486)	(84,309)	(70,486)
Total distributable income		**1,141,128**	**1,052,019**	**1,141,508**	**1,052,019**
Income attributable to depositors	**9**	(272,084)	(224,055)	(272,993)	(224,153)
Total net income		**869,044**	**827,964**	**868,515**	**827,866**
Personnel expenses	**10**	(408,812)	(366,443)	(407,521)	(366,342)
Other overheads and expenditures	**11**	(228,619)	(210,816)	(228,564)	(210,808)
Finance costs	**12**	(43,651)	(35,460)	(43,651)	(35,460)
Profit before tax and zakat		**187,962**	**215,245**	**188,779**	**215,256**
Tax expense	**13**	(47,187)	(49,794)	(47,187)	(49,794)
Zakat	**14**	(4,719)	(5,381)	(4,719)	(5,381)
Net profit for the year		**136,056**	**160,070**	**136,873**	**160,081**
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		3,493	56,665	3,493	56,665
Reclassification to profit or loss	**8(e)**	(26,878)	(18,226)	(26,878)	(18,226)
Changes in expected credit loss		(6,263)	(80)	(6,263)	(80)
Income tax related to the above		5,613	(9,225)	5,613	(9,225)
Total items that may be reclassified to profit or loss		**(24,035)**	**29,134**	**(24,035)**	**29,134**
Items that will not be reclassified to profit or loss					
Equity instruments at FVOCI					
Net change in fair value during the financial year		166	20	166	20
Income tax related to the above		(40)	(5)	(40)	(5)
Total items that will not be reclassified to profit or loss		**126**	**15**	**126**	**15**
Other comprehensive (loss)/income for the year, net of tax		**(23,909)**	**29,149**	**(23,909)**	**29,149**
Total comprehensive income for the year		**112,147**	**189,219**	**112,964**	**189,230**

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 2024

Group	Notes	31 December 2024 RM'000	Restated 31 December 2023 RM'000	Restated 1 January 2023 RM'000
ASSETS				
Cash and short term funds	**15**	2,553,251	3,113,749	2,053,211
Deposits with a financial institution	**16**	-	57,000	-
Financial assets at fair value through other comprehensive income ("FVOCI")	**17 (a)**	3,831,613	2,698,189	3,422,446
Financial assets at amortised cost ("AC")	**17 (b)**	314,022	264,559	49,977
Financing and advances	**18**	15,379,785	14,250,633	13,528,150
Other advances	**19**	43	498	1,511
Other assets	**20**	136,902	141,703	136,193
Property, plant and equipment	**23**	157,177	152,943	144,701
Intangible assets	**24**	32,307	29,881	23,593
Right-of-use assets	**25**	30,155	28,698	28,335
Deferred tax assets	**26**	25,740	24,261	27,513
Retakaful certificate assets	**34**	3,444	-	-
TOTAL ASSETS		**22,464,439**	**20,762,114**	**19,415,630**
LIABILITIES AND EQUITY				
Liabilities				
Deposits from customers	**27 (a)**	8,655,660	8,507,547	8,518,883
Deposit and placement of banks and other financial institutions	**27 (b)**	4,544,202	3,259,648	2,616,137
Other liabilities:				
Other payables and accruals	**28 (a)**	186,326	232,777	223,261
Paddy credit gratuity scheme	**28 (b)**	1,517	1,667	1,773
Expected credit loss ("ECL") allowance for financial guarantees and financing commitments	**28 (c)**	6,480	10,091	7,436
Lease liabilities	**25**	23,648	22,283	22,053
Financing scheme funds	**29**	3,790,006	3,516,852	3,290,893
Government grants:				
Operating	**30**	17,213	17,489	17,765
Launching	**31**	1,424	1,436	1,464
Funds	**32**	1,257,521	1,325,681	1,022,541
Sukuk Wakalah	**33**	503,013	503,117	503,117
Takaful certificate liabilities	**34**	31,756	-	-
Total Liabilities		**19,018,766**	**17,398,588**	**16,225,323**
Equity				
Share capital	**35**	1,000,000	1,000,000	1,000,000
Reserves	**36 & 38**	2,445,673	2,363,526	2,190,307
Total Equity		**3,445,673**	**3,363,526**	**3,190,307**
TOTAL LIABILITIES AND EQUITY		**22,464,439**	**20,762,114**	**19,415,630**
Commitments and contingencies	**39**	**1,305,858**	**1,277,293**	**796,849**

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 2024

Bank	Note	31 December 2024 RM'000	Restated 31 December 2023 RM'000	Restated 1 January 2023 RM'000
Cash and short term funds	**15**	2,502,906	3,063,651	2,053,211
Deposits with a financial institution	**16**	-	57,000	-
Financial assets at fair value through other comprehensive income ("FVOCI")	**17 (a)**	3,831,613	2,698,189	3,422,446
Financial assets at amortised cost ("AC")	**17 (b)**	314,022	264,559	49,977
Financing and advances	**18**	15,379,785	14,250,633	13,528,150
Other advances	**19**	43	498	1,511
Other assets	**20**	136,902	141,703	136,193
Investment in subsidiary	**21**	50,000	50,000	-
Amount due from subsidiary	**22**	2,065	109	-
Property, plant and equipment	**23**	157,177	152,943	144,701
Intangible assets	**24**	31,435	29,881	23,593
Right-of-use assets	**25**	30,155	28,698	28,335
Deferred tax assets	**26**	25,740	24,261	27,513
TOTAL ASSETS		**22,461,843**	**20,762,125**	**19,415,630**
LIABILITIES AND EQUITY				
Liabilities				
Deposits from customers	**27 (a)**	8,706,121	8,507,547	8,518,883
Deposit and placement of banks and other financial institutions	**27 (b)**	4,544,202	3,259,648	2,616,137
Other liabilities:				
Other payables and accruals	**28 (a)**	183,394	232,777	223,261
Paddy credit gratuity scheme	**28 (b)**	1,517	1,667	1,773
Expected credit loss ("ECL") allowance for financial guarantees and financing commitments	**28 (c)**	6,480	10,091	7,436
Lease liabilities	**25**	23,648	22,283	22,053
Financing scheme funds	**29**	3,790,006	3,516,852	3,290,893
Government grants:				
Operating	**30**	17,213	17,489	17,765
Launching	**31**	1,424	1,436	1,464
Funds	**32**	1,238,324	1,325,681	1,022,541
Sukuk Wakalah	**33**	503,013	503,117	503,117
Total Liabilities		**19,015,342**	**17,398,588**	**16,225,323**
Equity				
Share capital	**35**	1,000,000	1,000,000	1,000,000
Reserves	**36 & 38**	2,446,501	2,363,537	2,190,307
Total Equity		**3,446,501**	**3,363,537**	**3,190,307**
TOTAL LIABILITIES AND EQUITY		**22,461,843**	**20,762,125**	**19,415,630**
Commitments and contingencies	**39**	**1,305,858**	**1,277,293**	**796,849**

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

BANK PERTANIAN MALAYSIA BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		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**
As 1 January 2024	**1,000,000**	**487,109**	**32,410**	**34,951**	**1,809,056**	**3,363,526**
Net profit for the year	-	-	-	-	136,056	136,056
Other comprehensive loss for the year	-	-	(23,909)	-	-	(23,909)
Total comprehensive (loss)/income for the year	-	-	(23,909)	-	136,056	112,147
Dividends paid (Note 37)	-	-	-	-	(30,000)	(30,000)
As 31 December 2024	**1,000,000**	**487,109**	**8,501**	**34,951**	**1,915,112**	**3,445,673**

BANK PERTANIAN MALAYSIA BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

		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**
As 1 January 2023, as previously stated	**1,000,000**	**487,109**	**3,261**	**34,951**	**1,707,253**	**3,232,574**
Prior year adjustment (Note 38)*	-	-	-	-	(42,267)	(42,267)
As 1 January 2023, as restated	**1,000,000**	**487,109**	**3,261**	**34,951**	**1,664,986**	**3,190,307**
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 37)	-	-	-	-	(16,000)	(16,000)
As 31 December 2023	**1,000,000**	**487,109**	**32,410**	**34,951**	**1,809,056**	**3,363,526**

* A safekeeping fee is recognised based on the Shariah concept of Ujrah, in relation to the Ar-Rahnu services rendered.

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

BANK PERTANIAN MALAYSIA BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		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 2024, as restated	**1,000,000**	**487,109**	**32,410**	**34,951**	**1,809,067**	**3,363,537**
Net profit for the year	-	-	-	-	136,873	136,873
Other comprehensive loss for the year	-	-	(23,909)	-	-	(23,909)
Total comprehensive (loss)/income for the year	-	-	(23,909)	-	136,873	112,964
Dividends paid (Note 37)	-	-	-	-	(30,000)	(30,000)
As 31 December 2024	**1,000,000**	**487,109**	**8,501**	**34,951**	**1,915,940**	**3,446,501**

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BANK PERTANIAN MALAYSIA BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

		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**	**1,707,253**	**3,232,574**
Prior year adjustment (Note 38)*	-	-	-	-	(42,267)	(42,267)
At 1 January 2023, as restated	**1,000,000**	**487,109**	**3,261**	**34,951**	**1,664,986**	**3,190,307**
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 37)	-	-	-	-	(16,000)	(16,000)
As 31 December 2023	**1,000,000**	**487,109**	**32,410**	**34,951**	**1,809,067**	**3,363,537**

* A safekeeping fee is recognised based on the Shariah concept of Ujrah, in relation to the Ar-Rahnu services rendered.

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

Registration No: 200801010522 (811810-U)

BANK PERTANIAN MALAYSIA BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax and zakat	187,962	215,245	188,779	215,256
Adjustments for:				
Allowance for impairment on financing and advances	135,078	104,446	135,078	104,446
Writeback of impairment on other advances	(39)	(34)	(39)	(34)
(Writeback of) / allowance for impairment on financial guarantees and financing commitments	(3,611)	2,655	(3,611)	2,655
(Writeback of) / allowance for impairment on other assets	(582)	75	(582)	75
Writeback of impairment on financial assets at FVOCI	(6,263)	(80)	(6,263)	(80)
Allowance for impairment on financial assets at AC	8	28	8	28
Depreciation of property, plant and equipment	31,416	28,408	31,416	28,408
Depreciation of right-of-use assets	11,190	10,326	11,190	10,326
Amortisation of computer software	18,572	16,562	18,475	16,562
Write off of property, plant and equipment	29	23	29	23
Accretion of discount less amortisation of premium	5,570	1,222	5,570	1,222
Gain on disposal of financial assets at FVOCI	(26,878)	(18,226)	(26,878)	(18,226)
Gross dividend (loss)/income from financial assets at FVOCI	166	(8)	166	(8)
Amortisation and utilisation of government grants:				
Government grant - Operating	(276)	(276)	(276)	(276)
Government grant - Launching	(12)	(28)	(12)	(28)
Government grant - Funds	(10,792)	1,963	(10,792)	1,963
Finance costs	40,686	34,532	40,686	34,532
Finance cost for lease liabilities	1,186	928	1,186	928
Finance cost for provision for re-instatement	272	254	272	254
Securities sold under Repurchase Agreement	1,779	-	1,779	-
Gain on remeasurement of right-of-use assets	92	-	92	-
Provision made for retirement benefits scheme	(126)	(228)	(126)	(228)
Writeback / (utilisation) of Non-Shariah Income ("NSI")	101	(77)	101	(77)
Operating profit before working capital changes	**385,528**	**397,710**	**386,248**	**397,721**
Change in financing and advances	(1,264,230)	(826,929)	(1,264,230)	(826,929)
Change in other advances	494	1,047	494	1,047
Change in other assets	5,383	(5,585)	5,383	(5,585)
Change in amount due from subsidiary	-	-	(1,956)	(109)
Change in retakaful certificate assets	(3,444)	-	-	-
Change in deposits with financial institutions	57,000	(57,000)	57,000	(57,000)
Change in deposits from customers	148,113	(11,336)	198,574	(11,336)
Change in deposit and placement of banks and other financial institutions	1,284,554	643,511	1,284,554	643,511
Change in other payables and accruals	(36,653)	(2,744)	(39,585)	(2,744)
Change in paddy credit gratuity scheme	(150)	(106)	(150)	(106)
Change in takaful certificate liabilities	953	-	-	-
Cash generated from operating activities	**577,548**	**138,568**	**626,332**	**138,470**

BANK PERTANIAN MALAYSIA BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024 (CONT'D)

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Tax paid	(56,960)	(45,527)	(56,960)	(45,527)
Zakat paid	(2,027)	(4,318)	(2,027)	(4,318)
Net cash generated from operating activities	**518,561**	**88,723**	**567,345**	**88,625**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of financial assets at FVOCI	(4,673,475)	(208,855)	(4,673,475)	(208,855)
Purchase of financial assets at amortised cost	(110,189)	(214,650)	(110,189)	(214,650)
Capital injection in subsidiary	-	-	-	(50,000)
Proceeds from disposal of financial assets at FVOCI	3,538,140	988,575	3,538,140	988,575
Proceeds from disposal of financial assets at AC	60,718	40	60,718	40
Dividends received from financial assets at FVOCI	(166)	8	(166)	8
Purchase of property, plant and equipment	(35,679)	(36,673)	(35,679)	(36,673)
Purchase of computer software	(20,998)	(22,850)	(20,029)	(22,850)
Net cash (used in)/generated from investing activities	**(1,241,649)**	**505,595**	**(1,240,680)**	**455,595**
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of lease liabilities	(11,430)	(10,384)	(11,430)	(10,384)
Additional funds received for financing scheme funds	548,202	551,446	548,202	551,446
Payments of financing scheme funds	(359,836)	(328,143)	(359,836)	(328,143)
Profits paid on financing scheme funds	(13,451)	(11,739)	(13,451)	(11,739)
Additional funds received for government grant - funds	50,000	300,000	-	300,000
Profit paid on issuance of Sukuk Wakalah	(19,116)	(18,960)	(19,116)	(18,960)
Proceeds from repurchase agreements	911,639	-	911,639	-
Repayment of repurchase agreements	(913,418)	-	(913,418)	-
Dividends paid	(30,000)	(16,000)	(30,000)	(16,000)
Net cash generated from financing activities	**162,590**	**466,220**	**112,590**	**466,220**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	**(560,498)**	**1,060,538**	**(560,745)**	**1,010,440**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**3,113,749**	**2,053,211**	**3,063,651**	**2,053,211**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**2,553,251**	**3,113,749**	**2,502,906**	**3,063,651**
CASH AND CASH EQUIVALENTS CONSIST OF:				
Cash and short term funds (Note 15)	**2,553,251**	**3,113,749**	**2,502,906**	**3,063,651**

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

BANK PERTANIAN MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED

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 principal activity of the subsidiary is as stated in Note 21.

The consolidated financial statements have been approved and authorised for issue by the Board of Directors in accordance with a resolution dated 26 June 2025.

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 statement 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 MFRS Accounting Standards, IFRS Accounting Standards, and the requirements of the Companies Act, 2016 in Malaysia.

Takaful operation of subsidiary and its funds

The Takaful fund is consolidated and amalgamated from the date of control and continues to be consolidated until such control ceases, which will occur when the subsidiary's license to manage Takaful business is withdrawn or surrendered.

Under the concept of Takaful, individuals contribute to a pool managed by a third party, with the overall aim of using the funds to support fellow participants in times of need. Accordingly, as a Takaful Operator, the subsidiary manages the General Takaful fund in line with the principles of Wakalah (agency), which is the primary business model adopted by the subsidiary. Under the Wakalah model, the Takaful Operator is not a participant in the fund but manages the fund (including the relevant assets and liabilities) for the purpose outlined above.

In accordance with the Islamic Financial Services Act 2013, the assets and liabilities of the Takaful fund are segregated from those of the Takaful Operator, a concept known as the segregation of funds. However, in compliance with MFRS 10 Consolidated Financial Statements, the assets, liabilities, income, and expenses of the Takaful fund are consolidated with those of the Takaful Operator to reflect the control possessed by the operator over the respective funds.

2. BASIS OF PREPARATION (CONT'D)

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.

2.3 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 2024, the Group and the Bank adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2024.

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 and Non-current Liabilities with Covenants (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

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.

(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.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

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

(b) Standards issued but not yet effective (cont'd)

Description	Effective for annual period beginning on or after
Lack of Exchangeability (Amendments to MFRS 121)	1 January 2025
Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
Amendments to MFRS 7 Financial Instruments: Disclosures	1 January 2026
Amendments to MFRS 9 Financial Instruments	1 January 2026
Amendments to MFRS 10 Consolidated Financial Statements	1 January 2026
Amendments to MFRS 107 Statement of Cash Flows	1 January 2026
MFRS 18 Presentation and Disclosure in Financial Statements (Replacement to MFRS 101 Presentation of Financial Statements)	1 January 2027
Classification and Measurement of Financial Instruments (Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosure)	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures (Replacement to MFRS 101 Presentation of Financial Statements)	1 January 2027

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.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(b) Subsidiaries (cont'd)

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. In the Bank separate financial statements, investments in subsidiaries are stated at cost less any impairment losses. 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.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(d) Revenue recognition

(i) Profit income (cont'd)

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.

(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) Ujrah

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

(vi) 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.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(d) Revenue recognition (cont'd)

(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.

(viii) Revenue from contracts with customers

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to a customer. Generally, satisfaction of a performance obligation occurs when/as the Group's control of the goods or services is transferred to the customer. Control can be defined as the ability to direct the use of an asset and to obtain substantially all of the remaining benefits from the asset. Control also includes the ability to prevent another entity from directing the use of and obtaining the benefits from an asset.

For each separate performance obligation, the Group will need to determine whether the performance obligation is satisfied by transferring the control of goods or services over time. If the performance obligation is not satisfied over time, then it is satisfied at a point in time.

As a performance obligation is satisfied, the Group shall recognise as revenue the amount of the transaction price (which excludes estimates of variable consideration that are constrained, that is allocated to that performance obligation).

(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 30)

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 31)

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 32 (a) - (o))

Government grant funds received to provide financing to eligible customers and subsidy to eligible paddy farmers for the STTP program 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 32 (p) - (ai))

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 12) 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:

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)

(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.

(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.

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

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.

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, other assets, and Takaful receivables.

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.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(f) Financial assets (cont'd)

Significant increase in credit risk ("SICR") (cont'd)

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.

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.

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 (cont'd)

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.

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.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(f) Financial assets (cont'd)

Modification of financing (cont'd)

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.

<table>
<tr><th>Category</th><th>Definition</th><th>Basis for recognising</th></tr>
<tr><td>Performing account accounts</td><td>(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.</td><td>12 month ECL (Stage 1)</td></tr>
<tr><td>Under performing accounts</td><td>(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.</td><td>Lifetime ECL – non-credit impaired (Stage 2)</td></tr>
<tr><td>Impaired accounts</td><td>(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); or</td><td>Lifetime ECL – credit impaired (Stage 3)</td></tr>
</table>

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, Agro Cashline-i 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.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(l) Employees' benefits (cont'd)

(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.

(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.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(m) Impairment of non-financial assets

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.

(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.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(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.

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.

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)

ii) Lease liabilities (cont'd)

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 25.

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.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(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.

(u) Impact of climate risk on accounting judgments and estimates

Where appropriate, the Group and the Bank considers climate-related matters in its estimates and assumptions, which may increase their inherent level of uncertainty. This assessment includes a wide range of possible impacts on the Group and the Bank due to both physical and transition risks. The Group and the Bank and its customers are exposed to the physical risks from climate change and risks of transitioning to a net-zero economy. These risks may involve refinancing and liquidity risks for certain customers in high-risk sectors where financial institutions may seek to reduce their exposures in the future. However, the nature and location of the Group's and the Bank's counterparties and the underlying collateral limit the impact of this exposure. Even though climate-related risks might not currently have a significant impact on measurement, the Group and the Bank is closely monitoring relevant changes and developments.

The items and considerations that are most directly impacted by climate-related matters are:

i) Expected credit losses (ECL): Customers and portfolios with exposure to climate risk may have a resultant deterioration in creditworthiness and a consequential impact on ECL. For example the measurement of ECL may be affected by physical climate-related risks such as floods or outbreaks of fire which may negatively affect a borrower’s ability to repay the loan, or result in a deterioration in the value of underlying collateral pledged. Transition risks may result from government or institutional policy changes, with consequential credit quality deterioration in sectors or countries affected.

An analysis was performed of the exposure of counterparties to these climate risks, which determined that, on the whole, counterparties are not expected to be materially impacted by physical or transition risks associated with climate change. For example, the majority of the counterparties are not employed, or do not operate, in high-risk sectors, nor are they located in high-risk geographical areas. Furthermore, the underlying collaterals for the assets are not expected to be impacted by climate risk as the assets are not in high-risk geographical areas and also have EPC ratings largely in compliance with current regulations. Refer to Note 18 where the gross carrying amount, and allowance for ECL, per industry segment is disclosed.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(v) Qard

Qard represents benevolent loan from Takaful Operator to meet deficits in Participants Risk Fund ("PRF") and shall be repaid from future surpluses from the PRF in Takaful funds.

In preparing the separate financial statements of the Takaful Operator, qard receivable is stated at cost and at each date of the statement of financial position, the Group assesses whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

In preparing the separate financial statements of the General Takaful Fund, qard payable is stated at cost. Qard balances are eliminated in preparing the Group's statement of financial position.

The balance and reconciliations of fulfillment cash flows include obligations to repay Qard advanced by the Shareholder's Fund to the General Takaful Fund. Qard was advanced by the Shareholder's Fund in compliance with the requirements set out in paragraph 19 of the BNM Takaful Operational Framework ("TOF"). Consistent with those requirements, the amount does not bear interest. The amount is repayable, and if to the extent, the General Takaful Fund has available resources. In accordance with Paragraph 19.4 of the BNM TOF, the Shareholder's Fund has determined a time period during which the Qard shall be repaid and consequently the period beyond which any unpaid Qard will be deemed irrecoverable and the outstanding amount forgiven. The table below reconciles the nominal value of the Qard included in fulfillment cash flows:

	General Takaful Fund	
Nominal amount	**2024**	**2023**
	RM'000	**RM'000**
Opening balance	-	-
Qard advanced during the year	769	-
Closing balance	769	-

The current outstanding Qard balance is expected to be repaid within 3 years upon the availability of surplus in the General Takaful Fund.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(w) Takaful certificates and retakaful certificates classification

Takaful certificates

The Group issues certificates that contain Takaful risk or both Takaful risk and financial risk. Financial risk is the risk of a possible future change in one or more of a specified profit rate, financial instrument price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variables, provided in the case of a non-financial variable that the variable is not specific to a party to the certificates. Takaful risk is risk other than financial risk.

A Takaful certificate is a certificate under which an entity has accepted significant Takaful risk from another party (the participants) by agreeing to compensate the participant if a specified uncertain future event (the covered event) adversely affects the participant. As a general guideline, the Group determines whether significant Takaful risk has been accepted by comparing the benefits paid or payable upon the occurrence of a covered event against the benefits paid or payable if the covered event had not occurred.

The Group also cedes Takaful risk in the normal course of its business. Ceded retakaful arrangements do not relieve the Group of its obligations to participants. For both ceded and assumed retakaful, contributions, claims, and benefits paid or payable are presented on a gross basis.

Retakaful certificates

Retakaful arrangements entered into by the Group that meet the classification requirements of Takaful certificates, as described above, are accounted for as outlined below. Arrangements that do not meet these classification requirements are accounted for as financial assets.

Retakaful assets represent amounts recoverable from retakaful operators for Takaful certificate liabilities that remain unsettled as of the reporting date. These recoverable amounts are measured consistently with the amounts associated with the underlying Takaful certificates and the terms of the relevant retakaful arrangements.

At each reporting date, or more frequently if necessary, the Group assesses whether objective evidence exists that retakaful assets are impaired. Any impairment loss identified is recognized in profit or loss.

Retakaful assets are derecognized when the contractual rights are extinguished, expired, or when the certificate is transferred to another party.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(x) Takaful certificates and retakaful certificates classification (cont'd)

(i) Separating components from retakaful certificates

The Group assesses its General Takaful and outwards retakaful certificates to determine whether they contain distinct components that must be accounted for under a standard other than MFRS 17. After separating any distinct components, the entity must apply MFRS 17 to all remaining components of the (host) Takaful certificates. Currently, the Group's products do not include distinct components requiring separation.

(ii) Level of aggregation

The level of aggregation for the Group is determined by first dividing the business written into portfolios. Portfolios consist of groups of certificates with similar risks that are managed together. These portfolios are further subdivided based on their expected profitability at inception into three categories: onerous certificates, certificates with no significant risk of becoming onerous, and all other certificates. Consequently, for determining the level of aggregation, the Group identifies a certificate as the smallest 'unit,' (i.e., the lowest common denominator).

An evaluation is made to determine whether a series of certificates can be treated together in making the profitability assessment based on reasonable and supportable information, or whether a single certificate contains components that need to be separated and treated as if they were standalone certificates. As such, what is treated as a certificate for accounting purposes may differ from what is considered as a certificate for other purposes (i.e., legal or management). For retakaful certificates held, the basis depends on the type of retakaful arrangement. The minimum unit of account is at treaty level.

The retakaful certificates held portfolios are divided into:

- A group of certificates that are onerous at initial recognition.
- A group of certificates that at initial recognition have no significant possibility of becoming onerous subsequently.
- A group of the remaining certificates in the portfolio.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(x) Takaful certificates and retakaful certificates classification (cont'd)

(iii) Recognition

The Group recognises groups of takaful certificates that it issues from the earliest of the following:

- The beginning of the coverage period of the group of certificates.
- The date when the first payment from a participant is due, or when the first payment is received if there is no due date.
- For a group of onerous certificates, as soon as facts and circumstances indicate that the group of certificate is onerous.

The Group recognises a group of retakaful certificates held it has entered into from the earliest of the following:

- The beginning of the coverage period of the group of retakaful certificates held. However, the Group delays the recognition of a group of retakaful certificates held that provide proportionate coverage until the date when any underlying takaful certificate is initially recognised, if that date is later than beginning of the coverage period of the group of retakaful certificates held;
- The date the Group recognises an onerous group of underlying takaful certificates if the Group entered into the related retakaful certificates held in the group of retakaful certificates held at or before that date.

A group of retakaful certificates held are designed to cover the claims incurred under the underlying contracts written during a specified period. In some cases, the reinsurance contract covers the losses of individual contracts on a proportionate basis, and in others it covers the aggregated losses from a group of underlying contracts that exceed a specified amount.

If the group of retakaful certificates held covers the loss of a group of underlying contracts on a proportionate basis, then the treatment described above means that the entity does not recognise the group of retakaful certificates held until it has recognised at least one of the underlying contracts if the underlying contracts are profitable.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(x) Takaful certificates and retakaful certificates accounting treatment (cont'd)

(iii) Recognition (cont'd)

If the group of retakaful certificates held covers the aggregate losses from a group of underlying contracts that exceed a specified amount, then the entity benefits from coverage in cases when the underlying losses exceed the threshold from the beginning of the coverage period of the group of retakaful certificates held as these losses accumulate throughout the coverage period.

In both cases, a group of retakaful certificates held is recognised immediately when an onerous group of underlying contracts that it covers is recognised, if the retakaful certificates held has been entered into at or before that date. If a group of retakaful certificates held is entered into after the onerous group of underlying contracts is recognised, it will be recognised immediately when it is entered into.

(iv) Onerous groups of certificates

For General Takaful, the Group assumes no certificates in the portfolio are onerous at initial recognition, unless facts and circumstances indicate otherwise.

The Group's assessment of the facts and circumstances of onerousness leverages on:

- the historical combined ratios ("CoR"), being the sum of Ultimate Loss Ratio ("ULR") and the Wakalah Fee Ratio.
- information within the Group about certificates known or apparent to be onerous (e.g., based on the intention of the initial product approval process for market entry or marketing purposes).

As the Group has only recently been set up in 13 September 2024, it has based its analysis on the historical claims experience of Paddy Crop Disaster Fund or Tabung Bencana Tanaman Padi ("TBTP"). The Group also considered the pricing assumption used to price for the gross contribution of Skim Takaful Tanaman Padi ("STTP").

Based on the historical experience of TBTP and taking into account the pricing assumption for STTP, it is assumed the STTP contracts to be profitable to the Group.

If the facts and circumstances indicate that a group is expected to be onerous, a loss component should be recognised in the statement of financial position and the corresponding loss should be recognised in profit or loss accordingly.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(x) Takaful certificates and retakaful certificates accounting treatment (cont'd)

(v) Contract boundary

The Group includes in the measurement of a group of takaful certificates all the future cash flows within the boundary of each certificate in the Group. Cash flows are within the boundary of a takaful certificate if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the participant to pay the contribution, or in which the Group has a substantive obligation to provide the participant with services. A substantive obligation to provide services ends when:

- The Group has the practical ability to reassess the risks of the particular participant and, as a result, can set a price or level of benefits that fully reflects those risks; or
- The Group has the practical ability to reassess the risks of the portfolio that contains the certificate and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the contributions up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

(vi) Measurement

The Group's takaful certificates issued and retakaful certificates held are eligible for the measurement models as below:

Premium Allocation Approach ("PAA")

Initial measurement

The Group may apply the PAA to the Takaful certificates that it issues and retakaful certificates that it holds, provided that:

- The coverage period of each certificate in the group is one year or less, including coverage arising from all contributions within the certificate boundary; or
- For certificates longer than one year, the Group has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those certificates under the PAA does not differ materially from the measurement that would be produced by applying the general model. PAA eligibility is assessed at the inception of the group of certificates and does not need to be reassessed at subsequent measurement.

For certificates with certificate boundary of 12 months or less, the following simplifications apply:

- The Group shall assume that no certificates in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise; and
- While the Group can further subdivide groups of certificates if this is consistent with internal management and reporting purposes, this policy does not require any further subdivision.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(x) Takaful certificates and retakaful certificates accounting treatment (cont'd)

(vi) Measurement (cont'd)

Premium Allocation Approach ("PAA") (cont'd.)

Initial measurement (cont'd)

The Group have performed an eligibility assessment, and it was concluded that they qualify for PAA since there was no material difference in the measurement of the liability for remaining coverage between PAA and the general measurement model for certificates longer than 1 year.

Where facts and circumstances indicate that certificates are onerous at initial recognition, the Group performs additional analysis to determine if a net outflow is expected from the certificate. Such onerous certificates are separately grouped from other certificates and the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group of certificates being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

Subsequent measurement

For a group of certificates that apply the PAA, the Group measures the liability for remaining coverage as:

- The contributions, if any, received at initial recognition;
- Minus any Takaful acquisition cash flows at that date, unless if the payments are recognised as an expense; and
- Plus or minus any amount arising from the derecognition at that date of the asset or liability recognised for Takaful acquisition cash flows.

Where, during the coverage period, a group of Takaful certificates becomes onerous, the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

Takaful acquisition cash flows are allocated on a straight-line basis as a portion of contribution to profit or loss (through Takaful revenue).

The Group measures its retakaful assets for a group of retakaful certificates that it holds on the same basis as Takaful certificates that it issues. However, they are adapted to reflect the features of retakaful certificates held that differ from Takaful certificates issued, for example the generation of expenses or reduction in expenses rather than revenue.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(x) Takaful certificates and retakaful certificates accounting treatment (cont'd)

(vi) Measurement (cont'd)

Premium Allocation Approach ("PAA") (cont'd.)

Subsequent measurement (cont'd)

Where the Group recognises a loss on initial recognition of an onerous group of underlying Takaful certificates or when further onerous underlying Takaful certificates are added to a group, it establishes a loss-recovery component of the asset for remaining coverage for a group of retakaful certificates held depicting the recovery of losses.

The Group calculates the loss-recovery component by multiplying the loss recognised on the underlying Takaful certificates and the percentage of claims on the underlying Takaful certificates the Group expects to recover from the group of retakaful certificates held. Where only some certificates in the onerous underlying group are covered by the group of retakaful certificates held, the Group uses a systematic and rational method to determine the portion of losses recognised on the underlying group of Takaful certificates to Takaful certificates covered by the group of retakaful certificates held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

Where the Group enters into retakaful certificates held which provide coverage relating to events that occurred before the purchase of the retakaful, such cost of retakaful is recognised in profit or loss on initial recognition.

For General Takaful, the subsequent measurement of retakaful certificates held follows the same principles as those for Takaful certificates issued and has been adapted to reflect the specific features of retakaful held.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(x) Takaful certificates and retakaful certificates accounting treatment (cont'd)

(vi) Measurement (cont'd)

Premium Allocation Approach ("PAA") (cont'd.)

Subsequent measurement (cont'd)

Where the Group has established a loss-recovery component, the Group subsequently reduces the loss recovery component to zero in line with reductions in the onerous group of underlying takaful certificates in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying Takaful certificates that the entity expects to recover from the group of retakaful certificates held.

Where a loss component has been set up subsequent to initial recognition of a group of underlying Takaful certificates, the portion of income that has been recognised from related retakaful certificates held is disclosed as a loss-recovery component.

Where the Group has established a loss-recovery component, the Group adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying Takaful certificates.

A loss-recovery component reverses consistent with reversal of the loss component of underlying groups of certificates issued, even when a reversal of the loss-recovery component is not a change in the fulfilment cash flows of the group of retakaful certificates held.

(vii) Takaful receivables and payables

The liability for remaining coverage disclosed under Takaful certificates liabilities includes Takaful receivables and payables.

Liability for remaining coverage - Takaful receivables

Takaful receivables are recognised when due and measured on initial recognition at the fair value of the consideration to be received. The carrying value of contributions due and uncollected is reviewed for impairment whenever events or circumstances indicate the carrying amount may not be recoverable, with the impairment loss recorded in profit or loss.

Takaful receivables are derecognised following the derecognition criteria for financial instruments.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(x) Takaful certificates and retakaful certificates accounting treatment (cont'd)

(vii) Takaful receivables and payables (cont'd)

Liability for remaining coverage - Takaful receivables (cont'd)

The impairment on Takaful receivables are measured at initial recognition and throughout its life at an amount equal to lifetime ECL. The ECL is calculated using a provision matrix based on historical data where the Takaful and retakaful receivables are grouped based on different sales channel and different retakaful contribution type's arrangement respectively. The impairment is calculated on the total outstanding balance including all aging buckets from current to 12 months and above. Roll rates are to be applied on the outstanding balance of the aging bucket which forms the base of the roll rate.

Liability for remaining coverage - Takaful payables

Takaful payables are recognised when due and measured on initial recognition at fair value of the consideration payable less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective yield method.

Takaful certificates – modification and derecognition

The Group derecognises Takaful certificates when:

- The rights and obligations relating to the certificates are extinguished (i.e., discharged, cancelled or expired); or
- The certificate is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the certificate. In such cases, the Group derecognises the initial certificate and recognises the modified certificate as a new certificate.

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the certificates as an adjustment to the relevant liability for remaining coverage.

(viii) Takaful acquisition cash flows

Takaful acquisition cash flows arise from the costs of distributing, underwriting and starting a group of takaful certificates (issued or expected to be issued) that are directly attributable to the portfolio of takaful certificates to which the group belongs.

Where takaful acquisition cash flows have been paid or incurred before the related group of takaful certificates is recognised in the statement of financial position, a separate asset for takaful acquisition cash flows is recognised for each related group.

The asset for takaful acquisition cash flow is derecognised from the statement of financial position when the takaful acquisition cash flows are included in the initial measurement of the related group of takaful certificates. The Group expects to derecognise all assets for takaful acquisition cash flows within the takaful covered period.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(x) Takaful certificates and retakaful certificates accounting treatment (cont'd)

(viii) Takaful acquisition cash flows (cont'd)

At the end of each reporting period, the Group revises amounts of takaful acquisition cash flows allocated to groups of takaful certificates not yet recognised, to reflect changes in assumptions related to the method of allocation used.

After any re-allocation, the Group assesses the recoverability of the asset for takaful acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Group applies:

- An impairment test at the level of an existing or future group of takaful certificates; and
- An additional impairment test specifically covering the takaful acquisition cash flows allocated to expected future contract renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss. the Group recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

(ix) Presentation and disclosure

The Group has separately presented in the statement of financial position the carrying amounts of groups of Takaful certificates issued that are assets, groups of Takaful certificates issued that are liabilities, retakaful certificates held that are assets, and groups of retakaful certificates held that are liabilities.

Any assets or liabilities for Takaful acquisition cash flows recognised before the corresponding Takaful certificates are issued are included in the carrying amount of the related groups of Takaful certificates.

The Group does not disaggregate the change in the risk adjustment for non-financial risk into financial and non-financial portions but includes the entire change as part of the Takaful service result.

The Group separately presents income or expenses from retakaful certificates held from the expenses or income from Takaful certificates issued.

<u>Takaful revenue</u>

The Takaful revenue for the period is the amount of expected contribution receipts (excluding any investment component) allocated to the period. The Group allocates the expected contribution receipts to each period of Takaful certificate services based on the passage of time. However, if the expected pattern of risk release during the coverage period differs significantly from the passage of time, the allocation is made based on the expected timing of incurred Takaful service expenses.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(x) Takaful certificates and retakaful certificates accounting treatment (cont'd)

(ix) Presentation and disclosure (cont'd)

Takaful revenue (cont'd)

The Group changes the basis of allocation between the two methods above, as necessary, if there is a change in facts and circumstances. Such changes are accounted for prospectively as a change in accounting estimate.

Loss components

The Group has grouped certificates that are onerous at initial recognition separately from certificates in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Group has established a loss component of the liability for remaining coverage for any onerous group depicting the future losses recognised.

A loss component represents a notional record of the losses attributable to each group of onerous Takaful certificates (or certificates profitable at inception that have become onerous). The loss component is released based on a systematic allocation of the subsequent changes in the fulfilment cash flows to:

- the loss component; and
- the liability for remaining coverage excluding the loss component.

The loss component is also updated for subsequent changes in estimates of the fulfilment cash flows related to future service. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of certificates (since the loss component will have been materialised in the form of incurred claims). The Group uses the proportion on initial recognition to determine the systematic allocation of subsequent changes in future cash flows between the loss component and the liability for remaining coverage excluding the loss component.

Loss-recovery components

When the Group recognises a loss on initial recognition of an onerous group of underlying Takaful certificates or when further onerous underlying Takaful certificates are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of retakaful certificates held depicting the recovery of losses.

Where a loss component has been set up subsequent to initial recognition of a group of underlying Takaful certificates, the portion of income that has been recognised from related retakaful certificates held is disclosed as a loss-recovery component.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(x) Takaful certificates and retakaful certificates accounting treatment (cont'd)

(ix) Presentation and disclosure (cont'd)

Loss-recovery components (cont'd)

Where a loss-recovery component has been set up at initial recognition or subsequently, the Group adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying Takaful certificates.

The carrying amount of the loss-recovery component must not exceed the portion of the carrying amount of the loss component of the onerous group of underlying Takaful contracts that the Group expects to recover from the group of retakaful certificates held. On this basis, the loss-recovery component recognised at initial recognition is reduced to zero in line with reductions in the onerous group of underlying Takaful certificates and is nil when loss component of the onerous group of underlying Takaful certificates is nil.

Net income or expense from retakaful certificates held

Takaful finance income or expenses comprise the change in the carrying amount of the group of Takaful certificates arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

the Group defines the General Takaful Fund as an underlying item. Hence, changes in measurement of a group of takaful certificates caused by changes in the value of the General Takaful Fund are reflected in takaful finance income or expenses.

For certificates measured under the PAA, the main amounts within Takaful finance income or expenses are:

- profit accreted on the LIC; and
- the effect of changes in profit rates and other financial assumptions.

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 42, 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

(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 13) and deferred tax (Note 26)

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 borrowers, asset values and market indicators. It also includes the effect arising from climate change will be longer term in nature, with an inherent level of uncertainty and have limited effect on accounting judgements and estimates for the current year.

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 instruments cashflows being solely payments of principal and interest.

(ii) The measurement of expected credit loss considers the ability of borrowers 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, such as oil and gas, 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.

Use of estimates and judgements

The preparation of financial statements in accordance with MFRS Accounting Standards and IFRS Accounting Standards requires management to make judgments, estimates, and assumptions that impact the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may vary from these estimates.

Estimates and underlying assumptions are reviewed continuously, with revisions to accounting estimates recognized in the period of the revision and any future periods impacted.

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

Use of estimates and judgements (cont'd)

There are no significant areas of estimation uncertainty or critical judgments in applying accounting policies that materially affect the amounts recognized in the financial statements, except as disclosed in the following notes:

(a) Estimates of future cash flows

In estimating future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experiences, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Group's view of current conditions at the reporting date and current expectations of future events that might affect those cash flows.

Cash flows within the boundary of a certificate are those that relate directly to the fulfillment of the certificate, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) participants, takaful acquisition cash flows and other costs that are incurred in fulfilling certificates. Takaful acquisition cash flows and other costs that are incurred in fulfilling certificates comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition and other fulfillment activities either directly or estimated based on the type of activities performed by the respective business function. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of certificates using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics, such as based on total contributions, number of certificates or number of claims.

(b) Discount rates

For General Takaful business, takaful certificate liabilities are calculated by using risk-free discount rates.

(c) Risk adjustments for non-financial risk

Risk adjustments for non-financial risks are determined to reflect the compensation that the Group would require for bearing non-financial risk and its degree of risk aversion. The Group applies a confidence level technique to determine the risk adjustments for non-financial risks of both its takaful and retakaful certificates.

Under a confidence level technique, the Group estimates the probability distribution of the expected value of the future cash flows at each reporting date and calculate the risk adjustment for non-financial risks as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associated risks over all future years. The target confidence level is 75th percentile, in line with the regulatory requirement of Labuan FSA under the Guidelines on Valuation Basis for Liabilities of Labuan General Takaful Business.

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

Use of estimates and judgements (cont'd)

(d) Takaful and Retakaful certificates

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 adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group 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 Group. Such changes are reflected in the assumptions when they occur. The Group disaggregates information to disclose General Takaful certificates issued and retakaful certificates held separately. This disaggregation has been determined based on how the group is managed.

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 ("DFI").

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).

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 (Restated)	19.51	19.69

Bank	**Before Transitional Arrangement Ratio (%)**	**After Transitional Arrangement Ratio (%)**
Core capital ratio		
2023 (Restated)	19.51	19.69

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6. INCOME DERIVED FROM INVESTMENT OF:

	Note	Group and Bank 2024 RM'000	Group and Bank 2023 RM'000
(a) Depositors' funds and others			
Term deposits	(i)	535,565	445,623
Other deposits	(ii)	405,551	405,690
		941,116	**851,313**

(i) Income derived from investment of term deposits

	Group and Bank 2024 RM'000	Group and Bank 2023 RM'000
Finance income and hibah		
Profit from financing and advances	386,184	333,567
Profit from financial assets:		
Deposits with banks and other financial institutions	32,986	29,391
at FVOCI	71,373	48,580
at amortised cost	4,913	2,017
Accretion of discount less amortisation of premium	(2,501)	(493)
Investment income		
Gain arising from disposal of financial assets at FVOCI	12,068	7,348
Gross dividend (loss)/income from financial assets at FVOCI	(75)	3
Fee income		
Financing processing fees	1,549	1,220
Banking service fees	25,116	21,193
Ta'widh	3,952	2,797
Total income derived from investment of term deposits	**535,565**	**445,623**
Of which:		
Profit income earned on impaired financing and advances	**20,859**	**13,207**

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

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

	Group and Bank 2024 RM'000	Group and Bank 2023 RM'000
(ii) Income derived from investment of other deposits		
Finance income and hibah		
Profit from financing and advances	292,433	303,674
Profit from financial assets:		
Deposits with banks and other financial institutions	24,978	26,757
at FVOCI	54,046	44,227
at amortised cost	3,720	1,836
Accretion of discount less amortisation of premium	(1,894)	(448)
Investment income		
Gain arising from disposal of financial assets at FVOCI	9,139	6,690
Gross dividend (loss)/income from financial assets at FVOCI	(56)	3
Fee income		
Financing processing fees	1,173	1,111
Banking service fees	19,019	19,294
Ta'widh	2,993	2,546
Total income derived from investment of other deposits	**405,551**	**405,690**
Of which:		
Profit income earned on impaired financing and advances	**15,795**	**12,024**

(b) Shareholder's funds

	Group and Bank 2024 RM'000	Group and Bank 2023 RM'000
Finance income and hibah		
Profit from financing and advances	181,481	190,107
Profit from financial assets:		
Deposits with banks and other financial institutions	15,501	16,751
at FVOCI	33,540	27,687
at amortised cost	2,309	1,149
Accretion of discount less amortisation of premium	(1,175)	(281)
Investment income		
Gain arising from disposal of financial assets at FVOCI	5,671	4,188
Gross dividend (loss)/income from financial assets at FVOCI	(35)	2

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

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
(b) Shareholder's funds (cont'd)		
Fee income		
Financing processing fees	728	695
Government-Linked Corporation ("GLC") service fees	9,415	7,012
Banking service fees	11,803	12,079
Ta'widh	1,857	1,594
Other operating income		
Staff financing	2,874	4,020
Proceeds from sale of crops - Ladang Sg Tasan	1,142	397
Amortisation of operating grant (Note 30)	276	276
Amortisation and utilisation of launching grant (Note 31)	12	28
(Writeback) / Utilisation of government grant - funds:		
Fund for Minister of Youth and Sports (Note 32 (d))	(162)	(175)
Bumiputera Commercial and Industrial Community Scheme HUB (Note 32 (e))	(238)	(140)
National Key Economic Area (Note 32 (f))	190	(41)
Micro Economic Stimulation Package (Note 32 (g))	(1,933)	(1,607)
Agro-YES (Note 32 (m))	1,613	-
Oil Palm Replanting for Small Holders (Note 32 (j))	251	-
Program Pemodenan Vesel dan Mekanisasi Tangkapan (Note 32 (l))	8,195	-
Program Modenisasi Rantaian Nilai Makanan (Note 32 (k))	2,529	-
Ekonomi Madani (Note 32 (n))	347	-
(Writeback) / Utilisation of Non-Shariah Income ("NSI") (Note 28 (a) (i))	(101)	77
ACE Training Income	6,302	3,351
Other Income	2,309	4,023
	284,701	**271,192**
Of which:		
Profit income earned on impaired financing and advances	**9,803**	**7,527**

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7. TAKAFUL SERVICE RESULT

	Note	Group 2024 RM'000	2023 RM'000
Takaful revenue		7,051	-
Takaful service expenses	(a)	(10,875)	-
Net income from retakaful certificate held	(b)	3,444	-
		(380)	**-**

(a) Takaful service expenses

	Group 2024 RM'000	2023 RM'000
Incurred claims and other takaful service expenses	(25,663)	-
Government grant	15,000	-
Takaful acquisition cash flows amortisation	(212)	-
Total takaful service expenses (Note 34(a))	**(10,875)**	**-**

(b) Net income from retakaful certificate held

	Group 2024 RM'000	2023 RM'000
Amounts relating to the changes in the assets for remaining coverage		
Allocation of retakaful contributions	(5,434)	-
Amounts recoverable from retakaful operators for incurred claims and other expenses		
Amounts recoverable for incurred claims	8,936	-
Changes to amounts recoverable from incurred claims	(58)	-
Allocation of retakaful contributions (Note 34 (b))	3,444	-
Net income from retakaful certificates held	**3,444**	**-**
Allocation of retakaful contributions represented by:		
Contracts measured under PAA	**3,444**	**-**

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8. ALLOWANCE FOR IMPAIRMENT

	Note	Group and Bank 2024 RM'000	Group and Bank 2023 RM'000
(Allowance for)/writeback of impairment on:			
Financing and advances	(a)	(101,947)	(73,827)
Other advances	(b)	7,190	6,019
Financial guarantees and financing commitments	(c)	3,611	(2,655)
Other assets	(d)	582	(75)
Financial assets at fair value through other comprehensive income ("FVOCI")	(e)	6,263	80
Financial assets at amortised cost	(f)	(8)	(28)
		(84,309)	**(70,486)**

(a) Financing and advances

	Group and Bank 2024 RM'000	Group and Bank 2023 RM'000
Stage 1 - 12-month ECL (Note 18 (ix))	(2,950)	(8,040)
Stage 2 - Lifetime ECL not credit-impaired (Note 18 (ix))	(11,549)	18,806
Stage 3 - Lifetime ECL credit-impaired (Note 18 (ix))	(120,579)	(115,212)
ECL for financing and advances	**(135,078)**	**(104,446)**
Bad debts and financing recovered	**33,131**	**30,619**
	(101,947)	**(73,827)**

8. ALLOWANCE FOR IMPAIRMENT (cont'd)

(b) Other advances

	Group and Bank 2024 RM'000	Group and Bank 2023 RM'000
Stage 1 - 12-month ECL (Note 19 (ii))	-	8
Stage 2 - Lifetime ECL not credit-impaired (Note 19 (ii))	(4)	-
Stage 3 - Lifetime ECL credit-impaired (Note 19 (ii))	43	26
ECL for other advances	**39**	**34**
Bad debts and financing recovered	**7,151**	**5,985**
	7,190	**6,019**

(c) Financial guarantees and financing commitments

	Group and Bank 2024 RM'000	Group and Bank 2023 RM'000
Stage 1 - 12 month ECL (Note 28 (c))	1,572	(2,755)
Stage 2 - Lifetime ECL not credit-impaired (Note 28 (c))	2,039	100
	3,611	**(2,655)**

(d) Other assets

	Group and Bank 2024 RM'000	Group and Bank 2023 RM'000
Lifetime ECL credit-impaired (Note 20)	**582**	**(75)**

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

	Group and Bank 2024 RM'000	Group and Bank 2023 RM'000
Stage 1 - 12-months ECL (Note 17 (a))	1	80
Stage 3 - Lifetime ECL impaired credit (Note 17 (a))	6,262	-
	6,263	**80**

(f) Financial assets at amortised cost

	Group and Bank 2024 RM'000	Group and Bank 2023 RM'000
Stage 1 - 12-months ECL (Note 17 (b))	(8)	(28)

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9. INCOME ATTRIBUTABLE TO DEPOSITORS

	Group		Bank	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits from customers:				
Fixed Return Islamic Account ("FRIA-I")	87,003	91,192	87,763	91,290
FRIA 45 Plus	6,183	5,304	6,183	5,304
Agro Perdana-i	10,337	8,575	10,337	8,575
Agro-i Deposits	5,038	5,121	5,038	5,121
Qard	1,369	1,443	1,369	1,443
Agro Muda-i	1,120	1,207	1,120	1,207
Agro Patriot Tetangga-i	86	92	86	92
Agro Prima	339	373	488	373
	111,475	113,307	112,384	113,405
Deposits and placement of banks and other financial institutions:				
Deposit Khas-i	144,212	99,652	144,212	99,652
Interbank Money Market Deposit	16,397	11,096	16,397	11,096
	160,609	110,748	160,609	110,748
	272,084	**224,055**	**272,993**	**224,153**

10. PERSONNEL EXPENSES

	Group		Bank	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Salaries, allowances and bonuses	330,010	290,311	329,040	290,311
EPF contributions	41,024	36,983	40,882	36,983
SOCSO contributions	3,465	3,090	3,461	3,090
Medical insurances	11,728	11,485	11,705	11,485
Staff welfare	14,799	12,569	14,785	12,569
Non-executive directors' allowances	1,463	1,271	1,333	1,177
Staff training	(238)	3,024	(238)	3,024
Recruitment fees	5,139	6,924	5,136	6,924
Retirement benefits scheme	(126)	(228)	(126)	(228)
Others	1,548	1,014	1,543	1,007
	408,812	**366,443**	**407,521**	**366,342**

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11. OTHER OVERHEADS AND EXPENDITURES

	Group		Bank	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Maintenance cost				
Depreciation of property, plant and equipment (Note 23)	31,416	28,408	31,416	28,408
Depreciation of right-of-use assets (Note 25)	11,190	10,326	11,190	10,326
Amortisation of computer software (Note 24)	18,572	16,562	18,475	16,562
Write off of property, plant and equipment	29	23	29	23
Computer maintenance	40,491	29,676	40,491	29,676
Expenses relating to short-term leases (Note 25)	1,106	1,340	1,092	1,340
Storage services	1,260	1,032	1,260	1,032
Water and electricity	9,367	9,344	9,365	9,344
Printing, stationery and office supplies	6,828	6,794	6,827	6,794
Office maintenance	4,512	3,746	4,512	3,746
Takaful on property, plant and equipment	2,684	2,558	2,684	2,558
Building maintenance	4,163	4,435	4,163	4,435
Finance cost on provision for re-instatement (Note 28(a))	272	254	272	254
Quit rent and assessment	1,117	1,124	1,117	1,124
Vehicle maintenance	219	252	219	252
Computer supply	145	80	145	80
Others	579	705	676	705
	133,950	**116,659**	**133,933**	**116,659**
Marketing expenses				
Advertising and promotions	4,356	8,069	4,356	8,069
Others	128	142	128	142
	4,484	**8,211**	**4,484**	**8,211**
General administrative expenses				
Communication expenses	19,743	19,897	19,733	19,897
Legal fees	4,183	3,072	4,183	3,072
Commissions and fees	44,796	39,937	44,783	39,937
Auditors' remuneration				
- Statutory audit	1,107	1,195	1,092	1,187
- Regulatory related services	13	13	13	13
Security charges	12,666	12,298	12,666	12,298
Agro Perdana ID card	587	1,370	587	1,370
CTOS net expenses	1,324	1,219	1,324	1,219
Retail Payment Platform expenses	890	853	890	853
Strategic business plan expenses	2,183	1,727	2,183	1,727
ACE training	2,696	3,560	2,696	3,560
Others	(3)	805	(3)	805
	90,185	**85,946**	**90,147**	**85,938**
	228,619	**210,816**	**228,564**	**210,808**

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12. FINANCE COSTS

	Note	Group and Bank 2024 RM'000	Group and Bank 2023 RM'000
Profit expense on financing scheme funds	(i)	21,674	15,572
Profit expense on Sukuk Wakalah (Note 33)		19,012	18,960
Finance cost on lease liabilities (Note 25)		1,186	928
Securities sold under Repurchase Agreement		1,779	-
		43,651	**35,460**

(i) Profit expense on financing scheme funds

	Note	Group and Bank 2024 RM'000	Group and Bank 2023 RM'000
Fund For Food ("3F")	29 (a)	1,778	1,475
Micro Enterprise Fund	29 (c)	1,789	1,065
Commercial Agriculture Fund ("DPK-GLC")	29 (d)	11,325	10,833
Agriculture Entrepreneur Financing Scheme Fund 1 ("DPUP 1")	29 (e)	17,294	31,401
Agriculture Entrepreneur Financing Scheme Fund 2 ("DPUP 2")	29 (f)	3,589	4,030
Agriculture Entrepreneur Financing Scheme Fund 3 ("DPUP 3")	29 (g)	3,961	4,477
Agriculture Entrepreneur Financing Scheme Fund 4 ("DPUP 4")	29 (h)	1,193	1,147
Agriculture Entrepreneur Financing Scheme Fund 5 ("DPUP 5")	29 (i)	1,652	1,586
Agriculture Entrepreneur Financing Scheme Fund 6 ("DPUP 6")	29 (j)	1,635	1,839
Agriculture Entrepreneur Financing Scheme Fund 7 ("DPUP 7")	29 (k)	2,054	2,032
Special Relief Facility ("SRF")	29 (l)	8,675	8,416
Fund for Small and Medium Size Industries ("TIKS")	29 (m)	2,821	1,447
Disaster Relief Facility	29 (n)	-	4
Skim Pembiayaan Mikro Penjana	29 (o)	5,152	5,483
Targeted Relief and Recovery ("TRRF")	29 (p)	13,342	12,957
Dana Pembiayaan AgroMakanan 1 ("DPA 1")	29 (q)	3,180	3,018
Dana Pembiayaan AgroMakanan 2 ("DPA 2")	29 (r)	7,049	7,323
Dana Pembiayaan Agromakanan Keluarga Malaysia ("DPAKM")	29 (s)	12,594	-
Dana Input Pengeluaran Agromakanan ("IPA")	29 (t)	4,705	4,526
Dana Pembiayaan AgroMakanan 3 ("DPA 3")	29 (u)	5,047	271
Dana Pembiayaan Untuk Pelaburan ("D3P")	29 (v)	462	24
Dana Pembiayaan AgroMakanan 4 ("DPA 4")	29 (w)	179	-
Dana Pembiayaan Untuk Pelaburan 2 ("D3P 2")	29 (x)	36	-
		109,512	103,354

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12. FINANCE COSTS (CONT'D)

(i) Profit expense on financing scheme funds (cont'd)

Less : Income from fair value amortisation

		Group and Bank 2024 RM'000	Group and Bank 2023 RM'000
Amortisation of DPK-GLC Grant	32 (p)	(10,575)	(10,083)
Amortisation of DPUP 1 Grant	32 (q)	(13,567)	(27,246)
Amortisation of DPUP 2 Grant	32 (r)	(2,839)	(3,280)
Amortisation of DPUP 3 Grant	32 (s)	(3,455)	(3,896)
Amortisation of DPUP 4 Grant	32 (t)	(1,018)	(972)
Amortisation of DPUP 5 Grant	32 (u)	(1,402)	(1,336)
Amortisation of DPUP 6 Grant	32 (v)	(86)	(99)
Amortisation of DPUP 7 Grant	32 (w)	(554)	(532)
Amortisation of SRF Grant	32 (x)	(8,675)	(8,416)
Amortisation of Disaster Relief Facility Grant	32 (y)	-	(4)
Amortisation of TRRF Grant	32 (z)	(13,341)	(12,957)
Amortisation of DPA 1 Grant	32 (aa)	(2,580)	(2,418)
Amortisation of Skim Pembiayaan Mikro Penjana Grant	32 (ab)	(5,152)	(5,483)
Amortisation of DPA 2 Grant	32 (ac)	(6,102)	(6,239)
Amortisation of IPA Grant	32 (ad)	(4,705)	(4,526)
Amortisation of DPA 3 Grant	32 (ae)	(3,240)	(271)
Amortisation of D3P Grant	32 (af)	(292)	(24)
Amortisation of DPAKM Grant	32 (ag)	(10,040)	-
Amortisation of DPA 4 Grant	32 (ah)	(179)	-
Amortisation of D3P 2 Grant	32 (ai)	(36)	-
		(87,838)	(87,782)
		21,674	**15,572**

13. TAX EXPENSE

	Group and Bank 2024 RM'000	Group and Bank 2023 RM'000
Income tax:		
Malaysian income tax	44,841	56,004
Over provision in prior years	(1,748)	(232)
	43,093	**55,772**
Deferred tax: (Note 26)		
Relating to origination and reversal of temporary differences	4,418	(6,659)
(Over)/under provision in prior years	(324)	681
	4,094	**(5,978)**
Tax expense for the year	**47,187**	**49,794**

Domestic income tax calculated at the Malaysian statutory tax rate of 24% (2023: 24%) of the estimated assessable profit for the financial year.

13. TAX EXPENSE (CONT'D)

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	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before tax and zakat	**187,962**	**215,245**	**188,779**	**215,256**
Tax at the applicable statutory tax rate of 24% (2023: 24%)	45,111	51,659	45,307	51,661
Tax effects of:				
Income not subject to tax	(977)	(5,578)	(977)	(5,584)
Expenses not deductible for tax purposes	5,125	3,264	4,929	3,268
(Over)/under provision in prior years:				
Income tax	(1,748)	(232)	(1,748)	(232)
Deferred tax	(324)	681	(324)	681
Tax expense for the year	**47,187**	**49,794**	**47,187**	**49,794**

14. ZAKAT

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
Zakat for the year	**4,719**	**5,381**

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.

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.

15. CASH AND SHORT TERM FUNDS

	Group 2024 RM'000	Group 2023 RM'000
Cash in hand	206,106	195,200
Cash at banks	167,660	359,066
Short term deposits maturing within three months:		
Licensed banks	1,504,000	1,734,000
Other financial institutions	675,485	825,483
	2,553,251	**3,113,749**

The details on the short term deposits are as follows:

	2024	2023
Average maturities	24 days	19 days
Weighted average effective profit rates (per annum)	3.56%	3.34%

	Bank 2024 RM'000	Bank 2023 RM'000
Cash in hand	206,106	195,200
Cash at banks	117,315	308,968
Short term deposits maturing within three months:		
Licensed banks	1,504,000	1,734,000
Other financial institutions	675,485	825,483
	2,502,906	**3,063,651**

The details on the short term deposits are as follows:

	2024	2023
Average maturities	24 days	19 days
Weighted average effective profit rates (per annum)	3.56%	3.34%

16. DEPOSIT WITH A FINANCIAL INSTITUTION

	Group and Bank 2024 RM'000	Group and Bank 2023 RM'000
Deposit with a financial institution	-	57,000

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17. FINANCIAL ASSETS PORTFOLIO

	Note	Group and Bank 2024 RM'000	Group and Bank 2023 RM'000
Financial assets at fair value through other comprehensive income ("FVOCI")	(a)	3,831,613	2,698,189
Financial assets at amortised cost	(b)	314,022	264,559
		4,145,635	**2,962,748**

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

	Note	Group and Bank 2024 RM'000	Group and Bank 2023 RM'000
Equity investments	(i)	-	252
Debt investments	(ii)	3,831,613	2,697,937
		3,831,613	**2,698,189**

(i) <u>Equity investments</u>

	Group and Bank 2024 RM'000	Group and Bank 2023 RM'000
<u>Quoted securities</u>		
KUB Malaysia Berhad	**-**	**252**

(ii) <u>Debt investments</u>

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

	Group and Bank 2024 RM'000	Group and Bank 2023 RM'000
At fair value:		
Corporate sukuk	1,594,170	1,756,572
Government Investment Issues ("GII")	2,237,443	941,365
	3,831,613	**2,697,937**

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17. 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.

	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 2024	41	-	15,779	**15,820**
Written back during the year (Note 8 (e))	(1)	-	(6,262)	**(6,263)**
Net remeasurement due to changes in credit risk	(1)	-	(6,262)	**(6,263)**
At 31 December 2024	**40**	**-**	**9,517**	**9,557**
At 1 January 2023	121	-	15,779	**15,900**
Written back during the year (Note 8 (e))	(80)	-	-	**(80)**
Net remeasurement due to changes in credit risk	(80)	-	-	**(80)**
At 31 December 2023	**41**	**-**	**15,779**	**15,820**

17. 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	
	2024	**2023**
	RM'000	**RM'000**
At amortised cost:		
Corporate sukuk	264,701	264,610
Islamic Commercial Papers	49,380	-
	314,081	264,610
Less:		
Stage 1 - 12-month ECL	(59)	(51)
Net financial assets at amortised cost	**314,022**	**264,559**

Maturity structure for financial assets at amortised cost:

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
Within six months	49,381	-
Between six months to one year	50,000	-
Between one year to three years	99,737	95,000
Between three years to five years	114,963	149,573
More than five years	-	20,037
	314,081	**264,610**

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17. 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 2024	51	-	-	**51**
Allowance made during the year (Note 8 (f))	8	-	-	**8**
Net remeasurement due to changes in credit risk	8	-	-	**8**
At 31 December 2024	**59**	-	-	**59**
At 1 January 2023	23	-	-	**23**
Allowance made during the year (Note 8 (f))	28	-	-	**28**
Net remeasurement due to changes in credit risk	28	-	-	**28**
At 31 December 2023	**51**	-	-	**51**

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18. FINANCING AND ADVANCES

	Group and Bank	
	31 December 2024 RM'000	**31 December 2023 RM'000**
By Product (at amortised cost)		
Agrocash	8,940,015	8,613,730
Project Financing	4,730,756	4,609,620
Fund For Food ("3F")	1,339,012	1,164,414
Ar-Rahnu	1,032,444	783,304
Fishery Boat Financing Scheme ("SPBP")	56,600	71,034
MUST-i	314,283	301,357
Oil Palm Replanting Scheme ("TASKS")	992	1,303
Bumiputera Commercial and Industrial Community Scheme ("MPPB")	29,895	37,421
Financing for Small and Medium Size Industries ("PKS")	41,536	61,181
Non-Food Production Credit Scheme ("SKPBM")	21,940	8,034
Food Production Credit Scheme ("SKPM")	21,944	33,886
Belia Tani Scheme	4,349	4,464
Fund For Small and Medium Size Industries ("TIKS")	297,229	163,109
Working Capital-i	544,891	506,765
Paddy Credit Scheme	87,805	86,455
Micro Economic Stimulus Package ("Micro ESP-i")	80,631	72,286
National Key Economic Area ("NKEA")	13,472	10,720
Murabahah Working Capital Financing	1,655,342	1,367,110
Insani	71	98
Bai Al-Dayn Working Capital Financing	171,251	133,422
MPPB Hub	-	97
Agro Cash Line-i	433,702	374,141
Hartani-i	1,695,232	1,480,755
Special Relief Facility	699,923	857,109
Commercial Agriculture Fund ("DPK3")	75,389	80,332
Agro Industrial Hire Purchase-i	125,349	89,599
Program Agropreneur Muda	18,818	22,818
Program Pemodenan Vessel dan Mekanisasi Tangkapan ("PVMT")	141,878	134,048
Program Ladang Rakyat	11,255	11,324
Pembiayaan Agromakanan 2	174,451	177,568
Input Pengeluaran Agromakanan ("IPA")	116,044	110,254
PEMULIH	135,344	157,101
Agro Home Financing-i	119,417	38,209
Dana Pembiayaan Agromakanan Keluarga Malaysia ("DPAKM")	387,362	264,364
Dana Pembiayaan Agromakanan 3 ("DPA 3")	110,321	-
Program Pembiayaan Agroteknologi Madani ("PPAM")	49,528	-
Dana Pembiayaan Pertanian untuk Pelaburan (D3P)	5,034	-
Skim Pembiayaan Usahawan Bumiputera Agromakanan (AgroPutra)	38,945	-
Dana Pembiayaan Agromakanan 4 ("DPA 4")	5,702	-
Others	113,347	53,645
	23,841,499	**21,881,077**

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18. FINANCING AND ADVANCES (CONT'D)

	Group and Bank	
	31 December 2024 RM'000	**31 December 2023 RM'000**
Brought forward from previous page	**23,841,499**	**21,881,077**
Add : Staff financing and advances	190,703	156,592
	24,032,202	**22,037,669**
Less : Modification loss	(19,366)	(21,412)
Less : Unearned profit	(7,895,563)	(7,115,543)
Gross financing and advances	**16,117,273**	**14,900,714**
Less :		
Stage 1 - 12-month ECL	(88,575)	(82,090)
Stage 2 - Lifetime ECL not credit-impaired	(70,447)	(75,699)
Stage 3 - Lifetime ECL credit-impaired	(578,466)	(492,292)
Net financing and advances at amortised cost	**15,379,785**	**14,250,633**

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

	Group and Bank	
	31 December 2024 RM'000	**31 December 2023 RM'000**
Maturity within six months	2,521,514	2,154,359
Between six months to one year	345,620	188,357
Between one year to three years	1,662,810	505,137
Between three years to five years	2,205,438	1,819,018
More than five years	9,381,891	10,233,843
	16,117,273	**14,900,714**

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

	Group and Bank	
	31 December 2024 RM'000	**31 December 2023 RM'000**
Construction and Services	276,544	225,989
Fishery	772,786	756,913
Crops	4,532,647	4,463,688
Livestock	1,103,064	955,901
Manufacturing	1,875,735	1,798,152
Others-Primary Agriculture	93,079	74,182
Retail and Wholesale Trade	2,663,050	2,267,536
Household	4,546,481	4,125,599
Others	253,887	232,754
	16,117,273	**14,900,714**

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18. FINANCING AND ADVANCES (CONT'D)

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

	Group and Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Kuala Lumpur	1,712,857	1,656,257
Selangor	2,063,216	1,897,349
Pahang	1,253,096	1,084,170
Perak	1,955,256	1,788,440
Negeri Sembilan	404,510	379,034
Melaka	666,166	636,048
Johor	1,522,317	1,360,817
Kelantan	887,753	804,075
Kedah	1,258,100	1,142,014
Perlis	156,424	133,470
Sarawak	1,304,640	1,295,321
Sabah	1,462,315	1,407,611
Pulau Pinang	817,389	730,405
Terengganu	653,234	585,703
	16,117,273	**14,900,714**

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

	Group and Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Fixed rate :		
Fund For Food ("3F")	886,943	778,674
Project Financing	106,465	114,996
MUST-i	259,792	256,692
Agrocash	311	724
Special Relief Facility	468,280	602,193
Others	2,268,128	1,732,405
Variable rate :		
Agrocash	5,634,986	5,483,581
Project Financing	2,811,955	2,807,988
Murabahah Working Capital Financing	1,660,816	1,371,272
Hartani-i	862,472	766,652
Others	1,157,125	985,537
	16,117,273	**14,900,714**

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18. 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
2024			
Bai-Al Inah [1]	613,650	-	613,650
Tawarruq	9,412,653	2,662,309	12,074,962
Bai-Bithaman Ajil	3,157,263	-	3,157,263
Murabahah	170,863	-	170,863
Ijarah [2]	100,535	-	100,535
	13,454,964	**2,662,309**	**16,117,273**
2023			
Bai-Al Inah [1]	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 [2]	68,101	-	68,101
	12,640,065	**2,260,649**	**14,900,714**

[1] Products under Bai-Al Inah financing are no longer offered, and remain applicable to existing accounts with outstanding balances.

[2] 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 2024 RM'000	Group and Bank 31 December 2023 RM'000
At beginning of the year	1,096,472	1,035,312
Additions during the year	902,494	885,632
Reclassified as non impaired during the year	(408,257)	(428,512)
Recoveries during the year	(258,004)	(266,808)
Amount written off	(52,826)	(129,152)
At end of the year	**1,279,879**	**1,096,472**

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18. FINANCING AND ADVANCES (CONT'D)

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

	Group and Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Excluding Non-Shariah Assets		
Gross impaired	1,279,879	1,096,472
Gross impaired ratio	7.94%	7.36%
Including Non-Shariah Assets		
Gross impaired	1,280,174	1,097,071
Gross impaired ratio	7.94%	7.36%

(vii) Impaired financing by sector

	Group and Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
Sectors:		
Construction and Services	35,533	41,567
Fishery	105,170	72,217
Crops	410,077	387,727
Livestock	127,863	109,621
Manufacturing	109,053	72,735
Others-Primary Agriculture	15,097	12,348
Retail and Wholesale Trade	366,031	287,555
Others	111,055	112,702
	1,279,879	**1,096,472**

(viii) Impaired financing by state

	Group and Bank	
	31 December 2024 RM'000	31 December 2023 RM'000
States:		
Kuala Lumpur	365,922	325,643
Selangor	146,808	130,596
Pahang	33,460	25,773
Perak	78,663	75,050
Negeri Sembilan	22,154	19,765
Melaka	15,880	28,903
Johor	96,318	90,322
Kelantan	123,827	107,495
Kedah	92,701	72,347
Perlis	27,392	7,151
Sarawak	42,875	33,496
Sabah	94,469	53,877
Pulau Pinang	81,768	72,529
Terengganu	57,642	53,525
	1,279,879	**1,096,472**

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18. FINANCING AND ADVANCES (CONT'D)

(ix) ECL

Movements in impairment allowances 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 2024	82,090	75,699	492,292	**650,081**
Transfer to Stage 1	14,033	(10,077)	(3,956)	**-**
Transfer to Stage 2	(6,060)	17,350	(11,290)	**-**
Transfer to Stage 3	(4,438)	(24,074)	28,512	**-**
Allowance made during the year (Note 8 (a))	2,950	11,549	120,579	**135,078**
New financing and advances originated*	35,224	8,784	5,166	**49,174**
Net remeasurement due to changes in credit risk	(21,742)	20,538	120,666	**119,462**
Financial assets that have been derecognised	(10,532)	(17,773)	(5,253)	**(33,558)**
Write off	-	-	(47,671)	**(47,671)**
At 31 December 2024	**88,575**	**70,447**	**578,466**	**737,488**

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

18. FINANCING AND ADVANCES (CONT'D)

(ix) 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 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 8 (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.

18. 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 increased by RM87.41 million from RM650.08 million to RM737.49 million, due to the following:

(a) 12 month ECL (Stage 1) – increase of RM6.49 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 RM5.25 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 RM86.17 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.

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19. OTHER ADVANCES

	Group and Bank	
	31 December 2024 RM'000	**31 December 2023 RM'000**
(i) Non-Shariah Assets	222	837
Less :		
Stage 1 - 12-month ECL	-	(4)
Stage 2 - Lifetime ECL not credit-impaired	(9)	(2)
Stage 3 - Lifetime ECL credit-impaired	(170)	(333)
Non-Shariah Assets at amortised cost	**43**	**498**

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 RM51,524 (2023: RM181,167) will be channelled to approved charities.

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

	Group and Bank	
	31 December 2024 RM'000	**31 December 2023 RM'000**
At beginning of the year	599	662
Additions during the year	65	294
Reclassified as non credit-impaired during the year	(1)	(18)
Recoveries during the year	(247)	(166)
Amount written off	(121)	(173)
At end of the year	**295**	**599**
Gross impaired Non-Shariah Assets as a percentage of gross Non-Shariah Assets	**132.88%**	**71.57%**

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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19. OTHER ADVANCES (CONT'D)

(ii) ECL

Movements in impairment allowances are as follows:

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
	ECL Staging			
At 1 January 2024	4	2	333	**339**
Transfer to Stage 1	-	-	-	**-**
Transfer to Stage 2	(3)	3	-	**-**
Transfer to Stage 3	(1)	-	1	**-**
Allowance made/(written back) during the year (Note 8 (b))	-	4	(43)	**(39)**
Net remeasurement due to changes in credit risk	-	4	(27)	**(23)**
Financial assets that have been derecognised	-	-	(16)	**(16)**
Write off	-	-	(121)	**(121)**
At 31 December 2024	**-**	**9**	**170**	**179**

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

19. 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 2023, as previously stated	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 8 (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.

19. 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 RM0.16 million, mainly due to:

- Other advances that were fully repaid and written off.

20. OTHER ASSETS

		Group and Bank	
		Restated	**Restated**
	31 December 2024 RM'000	**31 December 2023 RM'000**	**1 January 2023 RM'000**
Foreclosed properties	6,095	6,095	6,095
Profit and income receivable	47,551	38,281	39,752
Other receivables	89,521	104,174	97,118
	143,167	**148,550**	**142,965**
Less: Impairment allowance	(6,265)	(6,847)	(6,772)
Other assets, net of impairment allowance (Note 38)	**136,902**	**141,703**	**136,193**

Movements in impairment allowances are as follows:

		Group and Bank	
		Restated	**Restated**
Lifetime ECL Credit-Impaired	**2024 RM'000**	**31 December 2023 RM'000**	**1 January 2023 RM'000**
At 1 January	6,847	6,772	11,353
Allowance made during the year (Note 8 (d))	(582)	75	684
Write off	-	-	(5,265)
At 31 December	**6,265**	**6,847**	**6,772**

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21. INVESTMENT IN SUBSIDIARY

	Bank 2024 RM'000	Bank 2023 RM'000
Unquoted shares		
At cost	50,000	50,000

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

Name of Company	Principal activity	Proportion of ownership interest and voting power held by the Group 2024 %	2023 %
Directly owned			
Agro Captive Takaful Limited	Managing paddy crop takaful scheme of general takaful	100	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 engages in the business of managing the paddy crop takaful scheme of general takaful and has commenced its operation on 13 September 2024.

22. AMOUNT DUE FROM SUBSIDIARY

	Bank 2024 RM'000	Bank 2023 RM'000
Amount due from subsidiary	2,065	109

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23. 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 2024	3,487	11,381	87,033	13,319	203,056	76,402	164,012	558,690
Additions	1,000	-	-	-	13,524	4,047	17,108	35,679
Write off	-	-	-	(129)	(804)	(248)	(2,135)	(3,316)
At 31 December 2024	**4,487**	**11,381**	**87,033**	**13,190**	**215,776**	**80,201**	**178,985**	**591,053**
Accumulated depreciation								
At 1 January 2024	-	6,501	43,319	10,980	163,882	63,186	117,879	405,747
Charge for the year (Note 11)	-	295	2,449	566	8,265	2,620	17,221	31,416
Write off `	-	-	-	(129)	(787)	(237)	(2,134)	(3,287)
At 31 December 2024	**-**	**6,796**	**45,768**	**11,417**	**171,360**	**65,569**	**132,966**	**433,876**
Net book value								
At 31 December 2024	**4,487**	**4,585**	**41,265**	**1,773**	**44,416**	**14,632**	**46,019**	**157,177**

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23. 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 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 11)	-	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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23. 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 RM8,006,369 (2023: RM8,282,634) 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 2024					
Cost	12,517	1,132	4,000	13,492	31,141
Accumulated depreciation	(4,511)	(1,132)	(4,000)	(13,492)	(23,135)
Net book value	**8,006**	**-**	**-**	**-**	**8,006**
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**

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

(ii) The property, plant and equipment acquired from government grants - launching with net book value amounting to RM19,107 (2023: RM30,975) 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 2024					
Cost	877	15,091	1,848	1,548	19,364
Accumulated depreciation	(877)	(15,072)	(1,848)	(1,548)	(19,345)
Net book value	**-**	**19**	**-**	**-**	**19**
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**

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24. INTANGIBLE ASSETS

	Group		Bank	
Computer Software	**2024**	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cost				
At 1 January	243,664	220,823	243,664	220,823
Additions	20,998	22,850	20,029	22,850
Write off	(25)	(9)	(25)	(9)
At 31 December	**264,637**	**243,664**	**263,668**	**243,664**
Accumulated amortisation				
At 1 January	213,783	197,230	213,783	197,230
Charge for the year (Note 11)	18,572	16,562	18,475	16,562
Write off	(25)	(9)	(25)	(9)
At 31 December	**232,330**	**213,783**	**232,233**	**213,783**
Net book value				
At 31 December	**32,307**	**29,881**	**31,435**	**29,881**

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**
2024	6,304	(6,304)	-
2023	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**
2024	3,696	(3,696)	-
2023	3,696	(3,696)	-

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25. 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 2024	70,326	1,812	5,871	**78,009**
Additions	12,983	100	-	13,083
Remeasurement	(973)	-	-	(973)
At 31 December 2024	**82,336**	**1,912**	**5,871**	**90,119**
Accumulated depreciation				
At 1 January 2024	47,684	1,248	379	**49,311**
Charge for the year (Note 11)	10,733	380	77	11,190
Remeasurement	(537)	-	-	(537)
At 31 December 2024	**57,880**	**1,628**	**456**	**59,964**
Net book value				
At 31 December 2024	**24,456**	**284**	**5,415**	**30,155**

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25. 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 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 11)	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**

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

	Group and Bank	
	2024 RM'000	**2023 RM'000**
At 1 January	22,283	22,053
Additions	12,037	9,686
Finance cost (Note 12)	1,186	928
Remeasurement	(428)	-
Payments	(11,430)	(10,384)
At 31 December	**23,648**	**22,283**

25. LEASES (CONT'D)

Bank as a lessee (cont'd)

The following are the amounts recognised in profit or loss:

	Group		Bank	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Depreciation of right-of-use assets (Note 11)	11,190	10,326	11,190	10,326
Finance cost on lease liabilities (Note 12)	1,186	928	1,186	928
Expense relating to short-term leases (Note 11)	1,106	1,340	1,092	1,340
Expense relating to leases of low-value assets (included in maintenance cost)	7,031	7,022	7,031	7,022
Gain on remeasurement of ROU assets	92	-	92	-
Total amount recognised in profit or loss	**20,605**	**19,616**	**20,591**	**19,616**

26. DEFERRED TAX ASSETS/ (LIABILITIES)

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At 1 January	24,261	27,513
Recognised in profit or loss (Note 13)	(4,094)	5,978
Recognised in other comprehensive income	5,573	(9,230)
At 31 December	**25,740**	**24,261**
Presented after appropriate offsetting as follows:		
Deferred tax assets	25,740	24,261
	25,740	**24,261**

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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26. 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 2024	(15,796)	(7,670)	(23,466)
Recognised in:			
- Profit or loss	(3,767)	-	(3,767)
- Other comprehensive income	-	5,573	5,573
At 31 December 2024	**(19,563)**	**(2,097)**	**(21,660)**
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)**

Deferred tax assets:

Group and Bank	ECL allowance RM'000	Provisions RM'000	Other temporary differences RM'000	Total RM'000
At 1 January 2024	22,116	25,113	498	47,727
Recognised in:				
- Profit or loss	1,142	(1,739)	270	(327)
At 31 December 2024	**23,258**	**23,374**	**768**	**47,400**
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**

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27. (a) DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Tawarruq				
Fixed Return Islamic Account- i ("FRIA-I")	2,867,456	2,894,614	2,917,916	2,894,614
AgroPrima	232,856	172,571	232,857	172,571
	3,100,312	3,067,185	3,150,773	3,067,185
Wadiah Yad Dhamanah				
Qard Savings	2,299,896	2,297,540	2,299,896	2,297,540
Agro Perdana-i	3,047,673	2,899,532	3,047,673	2,899,532
Deposit Securities	194,246	229,918	194,246	229,918
Basic Savings Accounts	13,533	13,372	13,533	13,372
	5,555,348	5,440,362	5,555,348	5,440,362
	8,655,660	**8,507,547**	**8,706,121**	**8,507,547**

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

	Group		Bank	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Within six months	23,552	1,705,386	23,552	1,705,386
Between six months to one year	18,186	1,030,721	18,186	1,030,721
Between one year to three years	1,260,060	301,390	1,310,521	301,390
Between three years to five years	1,798,514	29,688	1,798,514	29,688
	3,100,312	**3,067,185**	**3,150,773**	**3,067,185**

The deposits are sourced from the following type of customers:

	Group		Bank	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Government	2,014,338	1,648,056	2,014,338	1,648,056
Individuals	3,735,180	3,477,998	3,735,180	3,477,998
Domestic business enterprises	1,097,306	1,486,200	1,097,306	1,486,200
Domestic other entities	1,760,520	1,850,103	1,760,520	1,850,103
Domestic non-banking institutions	48,316	45,190	98,777	45,190
	8,655,660	**8,507,547**	**8,706,121**	**8,507,547**

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

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
Tawarruq		
Deposit Khas-i	4,183,493	2,908,703
Interbank Deposit	360,709	350,945
	4,544,202	**3,259,648**

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

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
Within six months	4,312,486	3,141,286
Between six months to one year	231,716	118,362
	4,544,202	**3,259,648**

The deposits are sourced from the following types of customers:

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
Government	1,286,208	1,128,252
Domestic business enterprises	135,040	-
Domestic non-banking institutions	2,762,245	1,780,451
Domestic banking institutions	360,709	350,945
	4,544,202	**3,259,648**

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28. OTHER LIABILITIES

	Note	Group 2024 RM'000	Group 2023 RM'000	Bank 2024 RM'000	Bank 2023 RM'000
(a) Other payables and accruals					
Accrued expenses		24,414	34,778	21,482	34,778
Deferred revenue		24,604	30,365	24,604	30,365
Sundry creditors		47,837	65,113	47,837	65,113
Provision for staff related expenses		67,751	68,310	67,751	68,310
Donation/charity payable	(i)	222	156	222	156
Zakat payable		6,075	7,016	6,075	7,016
Provision for re-instatement cost	(ii)	9,715	8,495	9,715	8,495
Tax payable		4,628	18,418	4,628	18,418
Retirement benefits scheme	(iii)	-	126	-	126
Compensation claim		1,080	-	1,080	-
		186,326	**232,777**	**183,394**	**232,777**

(i) Donation/charity payable

	Note	Group and Bank 2024 RM'000	Group and Bank 2023 RM'000
At 1 January		**156**	**175**
Addition		52	181
Utilisation during the year:			
Provision for other advances (Note 6 (b))	(a)	101	(77)
Acquisition of motor vehicles and medical equipments	(b)	(87)	(123)
At 31 December		**222**	**156**

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.

28. OTHER LIABILITIES (CONT'D)

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

(ii) Provision for re-instatement cost

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At 1 January	**8,495**	**7,237**
Discount unwinding (Note 11)	272	254
Addition	948	1,004
At 31 December	**9,715**	**8,495**

(iii) Retirement benefits scheme

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

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At 1 January	**126**	**354**
Current service cost [1]	(126)	(228)
At 31 December [2]	**-**	**126**

[1] Current service cost in 2024 and 2023 represents an decrease in the retirement benefit resulting from an additional year of service rendered by the employees.

[2] During the financial year, the retirement benefits scheme has expired in Q1 of 2024.

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

	Group and Bank	
	2024	**2023**
Turnover and early retirement rate		
Age brackets:		
50 years and over	0.00%	2.11%
Salaries increase rate (per annum)	0.00%	3.23%
Average remaining years of service of employees	Nil	0.01 years
Discount rate	0.00%	3.60%

(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 Nil (2023: RM17) or decrease by Nil (2023: RM17) respectively.

(ii) Provision for a retirement benefit scheme to increase to Nil (2023: RM125,559) or decrease to Nil (2023: RM125,525) respectively.

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28. OTHER LIABILITIES (CONT'D)

(b) Paddy credit gratuity scheme

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At 1 January	**1,667**	**1,773**
Payments	(150)	(106)
At 31 December	**1,517**	**1,667**

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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28. 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 2024	6,164	3,927	**-**	**10,091**
Transfer to Stage 1	338	(338)	-	**-**
Transfer to Stage 2	(482)	482	-	**-**
Written back during the year (Note 8 (c))	**(1,572)**	**(2,039)**	**-**	**(3,611)**
New financing commitments and financial guarantees originated*	3,296	391	-	**3,687**
Net remeasurement due to changes in credit risk	(3,284)	(516)	-	**(3,800)**
Financing commitment and financial guarantees that have been derecognised	(1,584)	(1,914)	-	**(3,498)**
At 31 December 2024	**4,448**	**2,032**	**-**	**6,480**

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

28. 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 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 8 (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.

29. FINANCING SCHEME FUNDS

Summary of financing scheme funds are as follows:

		Group and Bank	
		2024	**2023**
	Note	**RM'000**	**RM'000**
Fund for Food ("3F")	(a)	797,072	656,845
Oil Palm Replanting Scheme ("TASKS")	(b)	2,000	3,000
Micro Enterprise Fund	(c)	160,902	90,854
Commercial Agriculture Fund ("DPK-GLC")	(d)	256,182	244,857
Agriculture Entrepreneur Financing Fund 1 ("DPUP 1")	(e)	368,832	439,070
Agriculture Entrepreneur Financing Fund 2 ("DPUP 2")	(f)	72,936	85,039
Agriculture Entrepreneur Financing Fund 3 ("DPUP 3")	(g)	84,519	95,932
Agriculture Entrepreneur Financing Fund 4 ("DPUP 4")	(h)	26,223	25,205
Agriculture Entrepreneur Financing Fund 5 ("DPUP 5")	(i)	36,184	34,782
Agriculture Entrepreneur Financing Fund 6 ("DPUP 6")	(j)	33,965	40,369
Agriculture Entrepreneur Financing Fund 7 ("DPUP 7")	(k)	52,991	52,503
Special Relief Facility ("SRF")	(l)	328,432	319,757
Fund for Small and Medium Size Industries (“TIKS")	(m)	245,204	142,543
Disaster Relief Facility	(n)	7,788	10,411
Skim Pembiayaan Mikro Penjana	(o)	130,385	165,233
Targeted Relief and Recovery Facility ("TRRF")	(p)	451,993	438,921
Dana Pembiayaan AgroMakanan 1 ("DPA 1")	(q)	48,235	47,726
Dana Pembiayaan AgroMakanan 2 ("DPA 2")	(r)	140,508	148,260
Dana Pembiayaan AgroMakanan Keluarga Malaysia ("DPAKM")	(s)	236,593	223,999
Dana Input Pengeluaran Agromakanan ("IPA")	(t)	129,327	124,622
Dana Pembiayaan AgroMakanan 3 ("DPA 3")	(u)	119,864	116,317
Dana Pembiayaan Untuk Pelaburan ("D3P")	(v)	10,929	10,607
Dana Pembiayaan AgroMakanan 4 ("DPA 4")	(w)	40,785	-
Dana Pembiayaan Untuk Pelaburan 2 ("D3P 2")	(x)	8,157	-
		3,790,006	**3,516,852**

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

Group and Bank	**Principal RM'000**	**Profit RM'000**	**Total RM'000**
At 1 January 2024	654,529	2,316	656,845
Additions	252,678	-	252,678
Charged to profit or loss (Note 12 (i))	-	1,778	1,778
Payments	(113,558)	(671)	(114,229)
At 31 December 2024	**793,649**	**3,423**	**797,072**

29. 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 2023	523,443	1,327	524,770
Additions	243,386	-	243,386
Charged to profit or loss (Note 12 (i))	-	1,475	1,475
Payments	(112,300)	(486)	(112,786)
At 31 December 2023	**654,529**	**2,316**	**656,845**

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 10,939 customers (2023: 10,286 customers) with accumulated disbursement amounting to RM2.32 billion (2023: RM2.07 billion).

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

Group and Bank	Principal RM'000
At 1 January 2024	3,000
Payments	(1,000)
At 31 December 2024	**2,000**
At 1 January 2023	4,000
Payments	(1,000)
At 31 December 2023	**3,000**

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 (2023: 199 customers) with accumulated disbursement amounting to RM14.90 million (2023: RM14.90 million). In 2024, 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 2024	88,894	1,960	90,854
Additions	89,615	-	89,615
Charged to profit or loss (Note 12 (i))	-	1,789	1,789
Payments	(21,242)	(114)	(21,356)
At 31 December 2024	**157,267**	**3,635**	**160,902**

29. 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 2023	70,788	1,188	71,976
Additions	44,631	-	44,631
Charged to profit or loss (Note 12 (i))	-	1,065	1,065
Payments	(26,525)	(293)	(26,818)
At 31 December 2023	**88,894**	**1,960**	**90,854**

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 8 years. This fund has benefited 14,185 customers (2023: 11,526 customers) with accumulated disbursement amounting to RM390.57 million (2023: RM300.66 million).

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

Group and Bank	Principal RM'000	Profit RM'000	Total RM'000
At 1 January 2024	235,226	9,631	244,857
Charged to profit or loss (Note 12 (i))	10,575	750	11,325
At 31 December 2024	**245,801**	**10,381**	**256,182**
At 1 January 2023	225,143	8,881	234,024
Charged to profit or loss (Note 12 (i))	10,083	750	10,833
At 31 December 2023	**235,226**	**9,631**	**244,857**

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 32 (p). The purpose of this fund is to finance the commercial agro-based industry. This fund has benefited 29 customers (2023: 27 customers) with accumulated disbursement amounting to RM164.56 million (2023: RM148.73 million).

29. 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 2024	422,493	16,577	439,070
Charged to profit or loss (Note 12 (i))	13,567	3,727	17,294
Payments	(83,805)	(3,727)	(87,532)
At 31 December 2024	**352,255**	**16,577**	**368,832**
At 1 January 2023	754,221	16,577	770,798
Charged to profit or loss (Note 12 (i))	27,246	4,155	31,401
Transfer to financing scheme funds (Note 29 (s))	(275,587)	-	(275,587)
Payments	(83,387)	(4,155)	(87,542)
At 31 December 2023	**422,493**	**16,577**	**439,070**

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 32 (q). This fund has benefited 84,888 customers (2023: 84,888 customers) with accumulated disbursement amounting to RM3.48 billion (2023: RM3.48 billion). In 2024, 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 2024	84,955	84	85,039
Charged to profit or loss (Note 12 (i))	2,839	750	3,589
Payments	(14,942)	(750)	(15,692)
At 31 December 2024	**72,852**	**84**	**72,936**
At 1 January 2023	96,543	84	96,627
Charged to profit or loss (Note 12 (i))	3,280	750	4,030
Payments	(14,868)	(750)	(15,618)
At 31 December 2023	**84,955**	**84**	**85,039**

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 32 (r). The purpose of this fund is to stimulate growth of farming activities involving upstream and downstream activities. This fund has benefited 4,953 customers (2023: 4,953 customers) with accumulated disbursement amounting to RM156.80 million (2023: RM156.80 million). In 2024, there are no further disbursement made from this fund.

29. 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 2024	95,932	-	95,932
Charged to profit or loss (Note 12 (i))	3,455	506	3,961
Payments	(14,868)	(506)	(15,374)
At 31 December 2024	**84,519**	**-**	**84,519**
At 1 January 2023	106,831	-	106,831
Charged to profit or loss (Note 12 (i))	3,896	581	4,477
Payments	(14,795)	(581)	(15,376)
At 31 December 2023	**95,932**	**-**	**95,932**

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 32 (s). The purpose of this fund is to stimulate growth of farming activities involving upstream and downstream activities. This fund has benefited 4,134 customers (2023: 4,134 customers) with accumulated disbursement amounting to RM158.84 million (2023: RM158.84 million). In 2024, 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 2024	25,205	-	25,205
Charged to profit or loss (Note 12 (i))	1,018	175	1,193
Payments	-	(175)	(175)
At 31 December 2024	**26,223**	**-**	**26,223**
At 1 January 2023	24,233	-	24,233
Charged to profit or loss (Note 12 (i))	972	175	1,147
Payments	-	(175)	(175)
At 31 December 2023	**25,205**	**-**	**25,205**

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 32 (t). The purpose of this fund is to stimulate growth of farming activities involving upstream and downstream activities. This fund has benefited 43 customers (2023: 43 customers) with accumulated disbursement amounting to RM29.36 million (2023: RM29.36 million). In 2024, there are no further disbursement made from this fund.

29. 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 2024	34,782	-	34,782
Charged to profit or loss (Note 12 (i))	1,402	250	1,652
Payments	-	(250)	(250)
At 31 December 2024	**36,184**	**-**	**36,184**
At 1 January 2023	33,446	-	33,446
Charged to profit or loss (Note 12 (i))	1,336	250	1,586
Payments	-	(250)	(250)
At 31 December 2023	**34,782**	**-**	**34,782**

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 32 (u). The purpose of this fund is to stimulate growth of farming activities involving upstream and downstream activities. This fund has benefited 76 customers (2023: 76 customers) with accumulated disbursement amounting to RM44.93 million (2023: RM44.93 million). In 2024, there are no further disbursement made from this fund.

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

Group and Bank	**Principal RM'000**	**Profit RM'000**	**Total RM'000**
At 1 January 2024	40,316	53	40,369
Charged to profit or loss (Note 12 (i))	86	1,549	1,635
Payments	(6,437)	(1,602)	(8,039)
At 31 December 2024	**33,965**	**-**	**33,965**
At 1 January 2023	46,464	-	46,464
Charged to profit or loss (Note 12 (i))	99	1,740	1,839
Payments	(6,247)	(1,687)	(7,934)
At 31 December 2023	**40,316**	**53**	**40,369**

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 32 (v). The purpose of this fund is to stimulate growth of farming activities involving upstream and downstream activities. This fund has benefited 2,728 customers (2023: 2,728 customers) with accumulated disbursement amounting to RM34.47 million (2023: RM34.47 million). In 2024, there are no further disbursement made from this fund.

29. 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 2024	52,437	66	52,503
Charged to profit or loss (Note 12 (i))	554	1,500	2,054
Payments	-	(1,566)	(1,566)
At 31 December 2024	**52,991**	**-**	**52,991**
At 1 January 2023	51,905	-	51,905
Charged to profit or loss (Note 12 (i))	532	1,500	2,032
Payments	-	(1,434)	(1,434)
At 31 December 2023	**52,437**	**66**	**52,503**

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 32 (w). The purpose of this fund is to stimulate growth of farming activities involving upstream and downstream activities. This fund has benefited 1,781 customers (2023: 1,779 customers) with accumulated disbursement amounting to RM34.86 million (2023: RM26.45 million).

(l) Special Relief Facility ("SRF")

Group and Bank	Principal RM'000
At 1 January 2024	319,757
Charged to profit or loss (Note 12 (i))	8,675
At 31 December 2024	**328,432**
At 1 January 2023	311,341
Charged to profit or loss (Note 12 (i))	8,416
At 31 December 2023	**319,757**

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 customers up to 5.5 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 was recognised as a government grant as disclosed in Note 32 (x). This fund has benefited 1,465 customers (2023: 1,465 customers) with accumulated disbursement amounting to RM352.60 million (2023: RM352.60 million). In 2024, there are no further disbursement made from this fund.

29. 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 2024	140,849	1,694	142,543
Fund received	140,533	-	140,533
Charged to profit or loss (Note 12 (i))	-	2,821	2,821
Payments	(39,800)	(893)	(40,693)
At 31 December 2024	**241,582**	**3,622**	**245,204**
At 1 January 2023	62,724	575	63,299
Fund received	99,429	-	99,429
Charged to profit or loss (Note 12 (i))	-	1,447	1,447
Payments	(21,304)	(328)	(21,632)
At 31 December 2023	**140,849**	**1,694**	**142,543**

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 1.0% per annum. The fund was fair valued at inception using market profit rate. This fund has benefited 1,548 customers (2023: 784 customers) with accumulated disbursement amounting to RM282.53 million (2023: RM142.00 million).

(n) Disaster Relief Facility

Group and Bank	Principal RM'000
At 1 January 2024	10,411
Charged to profit or loss (Note 12 (i))	-
Payments	(2,623)
At 31 December 2024	**7,788**
At 1 January 2023	13,639
Charged to profit or loss (Note 12 (i))	4
Payments	(3,232)
At 31 December 2023	**10,411**

The fund is channelled from BNM without profit to minimise loss borne by farmers affected by the flood catastrophe. 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 32 (y). This fund has benefited 99 customers (2023: 99 customers) with accumulated disbursement amounting to RM18.11 million (2023: RM18.11 million). In 2024, there are no further disbursement made from this fund.

29. FINANCING SCHEME FUNDS (CONT'D)

(o) Skim Pembiayaan Mikro Penjana

Group and Bank	Principal RM'000
At 1 January 2024	165,233
Charged to profit or loss (Note 12 (i))	5,152
Payments	(40,000)
At 31 December 2024	**130,385**
At 1 January 2023	179,750
Charged to profit or loss (Note 12 (i))	5,483
Payments	(20,000)
At 31 December 2023	**165,233**

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"). 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 32 (ab). This fund has benefited (revolving) 23,699 customers (2023: 23,699 customers) with accumulated disbursement amounting to RM349.17 million (2023: RM349.17 million). In 2024, 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 2024	438,921
Fund received	1,926
Charged to profit or loss (Note 12 (i))	13,342
Payments	(2,196)
At 31 December 2024	**451,993**
At 1 January 2023	446,999
Charged to profit or loss (Note 12 (i))	12,957
Payments	(21,035)
At 31 December 2023	**438,921**

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 32 (z). This fund has benefited 3,635 customers (2023: 3,635 customers) with accumulated disbursement amounting to RM544.81 million (2023: RM544.81 million). In 2024, there are no further disbursement made from this fund.

29. 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 2024	47,669	57	47,726
Charged to profit or loss (Note 12 (i))	2,580	600	3,180
Payments	(2,071)	(600)	(2,671)
At 31 December 2024	**48,178**	**57**	**48,235**
At 1 January 2023	45,251	57	45,308
Charged to profit or loss (Note 12 (i))	2,418	600	3,018
Payments	-	(600)	(600)
At 31 December 2023	**47,669**	**57**	**47,726**

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 32 (aa). This fund has benefited 37 customers (2023: 31 customer) with accumulated disbursement amounting to RM39.34 million (2023: RM23.20 million).

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

Group and Bank	Principal RM'000	Profit RM'000	Total RM'000
At 1 January 2024	148,125	135	148,260
Fund received	3,450	-	3,450
Charged to profit or loss (Note 12 (i))	6,102	947	7,049
Payments	(17,294)	(957)	(18,251)
At 31 December 2024	**140,383**	**125**	**140,508**
At 1 January 2023	145,336	51	145,387
Charged to profit or loss (Note 12 (i))	6,239	1,084	7,323
Payments	(3,450)	(1,000)	(4,450)
At 31 December 2023	**148,125**	**135**	**148,260**

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 32 (ac). This fund has benefited 352 customers (2023: 337 customer) with accumulated disbursement amounting to RM151.22 million (2023: RM134.31 million).

29. FINANCING SCHEME FUNDS (CONT'D)

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

Group and Bank	**Principal RM'000**
At 1 January 2024	223,999
Charged to profit or loss (Note 12 (i))	12,594
At 31 December 2024	**236,593**
At 1 January 2023	-
Transfer from:	
Financing scheme funds (Note 29 (e))	275,587
Transfer to government grant due to remeasurement of fair value (Note 32 (ag))	(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. 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 32 (ag). This fund has benefited 946 customers (2023: 896 customer) with accumulated disbursement amounting to RM383.90 million (2023: RM277.38 million).

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

Group and Bank	**Principal RM'000**
At 1 January 2024	124,622
Charged to profit or loss (Note 12 (i))	4,705
At 31 December 2024	**129,327**
At 1 January 2023	120,096
Charged to profit or loss (Note 12 (i))	4,526
At 31 December 2023	**124,622**

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. 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 32 (ad). This fund has benefited 673 customers (2023: 598 customer) with accumulated disbursement amounting to RM83.68 million (2023: RM73.11 million).

29. 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 2024	116,317	-	116,317
Charged to profit or loss (Note 12 (i))	3,240	1,807	5,047
Payments	-	(1,500)	(1,500)
At 31 December 2024	**119,557**	**307**	**119,864**
At 1 January 2023	-	-	-
Fund received	150,000	-	150,000
Transfer to government grants - funds (Note 32 (ae))	(33,954)	-	(33,954)
Charged to profit or loss (Note 12 (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 32 (ae). This fund has benefited 127 customers with accumulated disbursement amounting to RM81.80 million.

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

Group and Bank	Principal RM'000	Profit RM'000	Total RM'000
At 1 January 2024	**10,607**	**-**	**10,607**
Charged to profit or loss (Note 12 (i))	292	170	462
Payments	-	(140)	(140)
At 31 December 2024	**10,899**	**30**	**10,929**
At 1 January 2023	-	-	-
Fund received	14,000	-	14,000
Transfer to government grants - funds (Note 32 (af))	(3,417)	-	(3,417)
Charged to profit or loss (Note 12 (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 32 (af). This fund has benefited 1 customer with accumulated disbursement amounting to RM2.81 million.

29. FINANCING SCHEME FUNDS (CONT'D)

(w) Dana Pembiayaan AgroMakanan 4 ("DPA 4")

Group and Bank	**Principal RM'000**	**Profit RM'000**	**Total RM'000**
At 1 January 2024	-	-	-
Fund received	50,000	-	50,000
Transfer to government grants - funds (Note 32 (ah))	(9,394)	-	(9,394)
Charged to profit or loss (Note 12 (i))	179	-	179
At 31 December 2024	**40,785**	**-**	**40,785**

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 32 (ah). This fund has benefited 1 customer with accumulated disbursement amounting to RM3.33 million .

(x) Dana Pembiayaan Untuk Pelaburan 2 ("D3P 2")

Group and Bank	**Principal RM'000**	**Profit RM'000**	**Total RM'000**
At 1 January 2024	-	-	-
Fund received	10,000	-	10,000
Transfer to government grants - funds (Note 32 (ai))	(1,879)	-	(1,879)
Charged to profit or loss (Note 12 (i))	36	-	36
At 31 December 2024	**8,157**	**-**	**8,157**

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 32 (ai). In 2024, there are no disbursement made from this fund.

30. GOVERNMENT GRANT - OPERATING

Group and Bank	Capital Expenditure RM'000	Development Expenditure RM'000	Total RM'000
At 1 January 2024	17,412	77	17,489
Amortisation during the year (Note 6 (b))	(276)	-	(276)
At 31 December 2024	**17,136**	**77**	**17,213**
At 1 January 2023	17,688	77	17,765
Amortisation during the year (Note 6 (b))	(276)	-	(276)
At 31 December 2023	**17,412**	**77**	**17,489**

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 23 (i).

31. GOVERNMENT GRANT - LAUNCHING

	Capital Expenditure RM'000	Development Expenditure RM'000	Total RM'000
At 1 January 2024	32	1,404	1,436
Amortisation during the year (Note 6 (b))	(12)	-	(12)
At 31 December 2024	**20**	**1,404**	**1,424**
At 1 January 2023	60	1,404	1,464
Amortisation during the year (Note 6 (b))	(28)	-	(28)
At 31 December 2023	**32**	**1,404**	**1,436**

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 23 (ii).

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32. GOVERNMENT GRANTS - FUNDS

Summary of government grant funds is as follows:

		Group		Bank	
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
Government grants - funds					
Entrepreneur Scheme for Graduates	(a)	1,158	1,158	1,158	1,158
Special Fund For Terengganu Fishery	(b)	36	36	36	36
Development Programme for Hard-core Poor	(c)	2,485	2,485	2,485	2,485
Fund for Minister of Youth and Sports	(d)	9,732	9,570	9,732	9,570
Bumiputera Commercial and Industrial Community Scheme HUB	(e)	36,789	36,551	36,789	36,551
National Key Economic Area	(f)	54,686	54,876	54,686	54,876
Micro Economic Stimulation Package	(g)	68,865	66,932	68,865	66,932
Micro ESP Flood Relief	(h)	2,836	2,836	2,836	2,836
Agriculture Mechanism and Automation Scheme	(i)	11,674	11,674	11,674	11,674
Oil Palm Replanting for Small Holders	(j)	18,949	19,200	18,949	19,200
Program Modenisasi Rantaian Nilai AgroMakanan	(k)	57,471	60,000	57,471	60,000
Program Pemodenan Vesel Dan Mekanisasi Tangkapan	(l)	141,805	150,000	141,805	150,000
Agro-YES	(m)	19,387	21,000	19,387	21,000
Ekonomi Madani	(n)	199,653	200,000	199,653	200,000
Skim Takaful Tanaman Padi	(o)	19,197	-	-	-
		644,723	636,318	625,526	636,318
Government grants - financing scheme funds					
Commercial Agriculture Fund	(p)	51,018	61,593	51,018	61,593
Agriculture Entrepreneur Financing Fund 1	(q)	29,407	42,974	29,407	42,974
Agriculture Entrepreneur Financing Fund 2	(r)	6,747	9,586	6,747	9,586
Agriculture Entrepreneur Financing Fund 3	(s)	10,107	13,562	10,107	13,562
Agriculture Entrepreneur Financing Fund 4	(t)	8,778	9,796	8,778	9,796
Agriculture Entrepreneur Financing Fund 5	(u)	13,816	15,218	13,816	15,218
Agriculture Entrepreneur Financing Fund 6	(v)	198	284	198	284
Agriculture Entrepreneur Financing Fund 7	(w)	7,009	7,563	7,009	7,563

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32. GOVERNMENT GRANTS - FUNDS (CONT'D)

Government grants - financing scheme funds (cont'd)

Summary of government grant funds is as follows:

		Group		Bank	
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
Government grants - financing scheme funds (Cont'd)					
Special Relief Facility	(x)	10,486	19,161	10,486	19,161
Disaster Relief Facility	(y)	1	1	1	1
Targeted Relief and Recovery Facility	(z)	76,703	90,044	76,703	90,044
Dana Pembiayaan AgroMakanan 1	(aa)	9,751	12,331	9,751	12,331
Skim Pembiayaan Mikro Penjana	(ab)	9,615	14,767	9,615	14,767
Dana Pembiayaan AgroMakanan 2	(ac)	42,323	48,425	42,323	48,425
Dana Input Pengeluaran Agromakanan	(ad)	20,673	25,378	20,673	25,378
Dana Pembiayaan AgroMakanan 3	(ae)	30,443	33,683	30,443	33,683
Dana Pembiayaan Untuk Pelaburan	(af)	3,101	3,393	3,101	3,393
Dana Pembiayaan AgroMakanan Keluarga Malaysia	(ag)	271,564	281,604	271,564	281,604
Dana Pembiayaan AgroMakanan 4	(ah)	9,215	-	9,215	-
Dana Pembiayaan Untuk Pelaburan 2	(ai)	1,843	-	1,843	-
		612,798	689,363	612,798	689,363
		1,257,521	**1,325,681**	**1,238,324**	**1,325,681**

32. GOVERNMENT GRANTS - FUNDS (CONT'D)

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

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At beginning / 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 (2023: 203 graduates) with accumulated disbursement amounting to RM8.35 million (2023: RM8.35 million). In 2024, there are no further disbursement made from this fund.

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

	Group and Bank	
	2024	**2023**
	RM'000	**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 (2023: 877 customers) with accumulated disbursement amounting to RM29.90 million (2023: RM29.90 million). In 2024, there are no further disbursement made from this fund.

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

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At beginning / 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 (2023: 98 customers) with accumulated disbursement amounting to RM0.66 million (2023: RM0.66 million). In 2024, there are no further disbursement made from this fund.

32. GOVERNMENT GRANTS - FUNDS (CONT'D)

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

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At beginning of the year	9,570	9,395
Writeback (Note 6 (b))	162	175
At end of the year	**9,732**	**9,570**

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 (2023: 524 customers) with accumulated disbursement amounting to RM15.73 million (2023: RM15.73 million). In 2024, there are no further disbursement made from this fund.

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

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At beginning of the year	36,551	36,411
Writeback (Note 6 (b))	238	140
At end of the year	**36,789**	**36,551**

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 (2023: 512 customers) with accumulated disbursement amounting to RM41.67 million (2023: RM41.67 million). In 2024, there are no further disbursement made from this fund.

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

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At beginning of the year	54,876	54,835
(Utilisation) / Writeback (Note 6 (b))	(190)	41
At end of the year	**54,686**	**54,876**

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 (2023: 997 customers) with accumulated disbursement amounting to RM124.18 million (2023: RM124.18 million). In 2024, there are no further disbursement made from this fund.

32. GOVERNMENT GRANTS - FUNDS (CONT'D)

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

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At beginning of the year	66,932	165,325
Transfer to financing scheme funds (Note 32 (ag))	-	(100,000)
Writeback (Note 6 (b))	1,933	1,607
At end of the year	**68,865**	**66,932**

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 (2023: 17,286 customers) with accumulated disbursement amounting to RM334.73 million (2023: RM334.73 million). In 2024, there are no further disbursement made from this fund.

(h) Micro ESP Flood Relief

	Group and Bank	
	2024	**2023**
	RM'000	**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 (2023: 33 customers) with accumulated disbursement amounting to RM1.18 million (2023: RM1.18 million). In 2024, there are no further disbursement made from this fund.

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

	Group and Bank	
	2024	**2023**
	RM'000	**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 2024, no disbursement has yet been made from this grant.

32. GOVERNMENT GRANTS - FUNDS (CONT'D)

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

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At beginning of the year	19,200	19,200
Utilisation (Note 6 (b))	(251)	-
At end of the year	**18,949**	**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 975 customers (2023: 455 customers) with accumulated disbursement amounting to RM27.41 million (2023: RM15.41 million).

(k) Program Modenisasi Rantaian Nilai AgroMakanan

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At beginning of the year	60,000	60,000
Utilisation (Note 6 (b))	(2,529)	-
At end of the year	**57,471**	**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 153 customers (2023: 86 customers) with accumulated disbursement amounting to RM52.48 million (2023: RM28.91 million).

32. GOVERNMENT GRANTS - FUNDS (CONT'D)

(l) Program Pemodenan Vesel Dan Mekanisasi Tangkapan

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At beginning of the year	150,000	150,000
Utilisation	(8,195)	-
At end of the year	**141,805**	**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 412 customers (2023: 396 customers) with accumulated disbursement amounting to RM74.23 million (2023: RM61.18 million).

(m) Agro-YES

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At beginning of the year	21,000	21,000
Utilisation (Note 6 (b))	(1,613)	-
At end of the year	**19,387**	**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 (2023: 104 customers) with accumulated disbursement amounting to RM18.86 million (2023: RM18.86 million). In 2024, there are no further disbursement made from this fund.

(n) Ekonomi Madani

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At beginning of the year	200,000	-
Fund received	-	200,000
Utilisation (Note 6 (b))	(347)	-
At end of the year	**199,653**	**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. This fund has benefited 15 customers with accumulated disbursement amounting to RM25.05 million.

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32. GOVERNMENT GRANTS - FUNDS (CONT'D)

(o) Skim Takaful Tanaman Padi ("STTP")

	Note	Group 2024 RM'000	Group 2023 RM'000
Fund received		50,000	-
Utilisation:			
Participants' Contributions	i.	(15,803)	-
First-Loss Layer for Claims Reserve	ii.	(15,000)	-
At end of the year		**19,197**	**-**

i. The amount received from the Malaysian government under the STTP programme that has been utilised to subsidise participants' contributions. The grant is offset against the contributions as and when they are recorded.

ii. The amount received from the Malaysian government that has been utilised as a subsidy for the first-loss layer of the claims reserve under the STTP programme. The grant is offset against outstanding claims, Incurred But Not Reported ("IBNR") claims, and Risk Adjustment ("RA") amounts when provisions are recognised for claims and when claims are incurred.

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

	Group and Bank 2024 RM'000	Group and Bank 2023 RM'000
At beginning of the year	61,593	71,676
Amortisation (Note 12 (i))	(10,575)	(10,083)
At end of the year	**51,018**	**61,593**

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 29 (d).

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

	Group and Bank 2024 RM'000	Group and Bank 2023 RM'000
At beginning of the year	42,974	100,236
Transfer to government grant - funds (Note 32 (ag))	-	(30,016)
Amortisation (Note 12 (i))	(13,567)	(27,246)
At end of the year	**29,407**	**42,974**

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 29 (e).

32. GOVERNMENT GRANTS - FUNDS (CONT'D)

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

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At beginning of the year	9,586	12,866
Amortisation (Note 12 (i))	(2,839)	(3,280)
At end of the year	**6,747**	**9,586**

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 29 (f).

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

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At beginning of the year	13,562	17,458
Amortisation (Note 12 (i))	(3,455)	(3,896)
At end of the year	**10,107**	**13,562**

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 29 (g).

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

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At beginning of the year	9,796	10,768
Amortisation (Note 12 (i))	(1,018)	(972)
At end of the year	**8,778**	**9,796**

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 29 (h).

32. GOVERNMENT GRANTS - FUNDS (CONT'D)

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

	Group and Bank	
	2024	**2024**
	RM'000	**RM'000**
At beginning of the year	15,218	16,554
Amortisation (Note 12 (i))	(1,402)	(1,336)
At end of the year	**13,816**	**15,218**

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 29 (i).

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

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At beginning of the year	284	383
Amortisation (Note 12 (i))	(86)	(99)
At end of the year	**198**	**284**

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 29 (j).

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

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At beginning of the year	7,563	8,095
Amortisation (Note 12 (i))	(554)	(532)
At end of the year	**7,009**	**7,563**

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 29 (k).

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32. GOVERNMENT GRANTS - FUNDS (CONT'D)

(x) Special Relief Facility ("SRF")

	Group and Bank	
	2024	2023
	RM'000	RM'000
At beginning of the year	19,161	27,577
Amortisation (Note 12 (i))	(8,675)	(8,416)
At end of the year	**10,486**	**19,161**

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 29 (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.

(y) Disaster Relief Facility

	Group and Bank	
	2024	2023
	RM'000	RM'000
At beginning of the year	1	5
Amortisation (Note 12 (i))	-	(4)
At end of the year	**1**	**1**

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 29 (n). Financing is offered to customers at a profit rate of 3.50% per annum.

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

	Group and Bank	
	2024	2023
	RM'000	RM'000
At beginning of the year	90,044	103,001
Amortisation (Note 12 (i))	(13,341)	(12,957)
At end of the year	**76,703**	**90,044**

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 29 (p). The financing is offered to customers at a profit rate of 3.5% per annum.

32. GOVERNMENT GRANTS - FUNDS (CONT'D)

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

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At beginning of the year	12,331	14,749
Amortisation (Note 12 (i))	(2,580)	(2,418)
At end of the year	**9,751**	**12,331**

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 29 (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.

(ab) Skim Pembiayaan Mikro Penjana

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At beginning of the year	14,767	20,250
Amortisation (Note 12 (i))	(5,152)	(5,483)
At end of the year	**9,615**	**14,767**

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 29 (o).

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

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At beginning of the year	48,425	54,664
Amortisation (Note 12 (i))	(6,102)	(6,239)
At end of the year	**42,323**	**48,425**

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 29 (r) at a profit rate of 0.50% per annum.

32. GOVERNMENT GRANTS - FUNDS (CONT'D)

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

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At beginning of the year	25,378	29,904
Amortisation (Note 12 (i))	(4,705)	(4,526)
At end of the year	**20,673**	**25,378**

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 29 (t).

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

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At beginning of the year	33,683	-
Transfer from financing scheme funds (Note 29 (u))	-	33,954
Amortisation (Note 12 (i))	(3,240)	(271)
At end of the year	**30,443**	**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 29 (u) at a profit rate of 1.00% per annum.

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

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At beginning of the year	3,393	-
Transfer from financing scheme funds (Note 29 (v))	-	3,417
Amortisation (Note 12 (i))	(292)	(24)
At end of the year	**3,101**	**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 29 (v) at a profit rate of 1.00% per annum.

32. GOVERNMENT GRANTS - FUNDS (CONT'D)

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

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At beginning of the year	281,604	-
Transfer from government grant - funds (Note 32 (g))	-	100,000
Transfer from government grant - funds (Note 32 (q))	-	30,016
Fund received	-	100,000
Transfer from financing scheme fund due to remeasurement of fair value (Note 29 (s))	-	51,588
Amortisation (Note 12 (i))	(10,040)	-
At end of the year	**271,564**	**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 6,754 customers (2023: 6,132 customers) with accumulated disbursement amounting to RM173.55 million (2023: RM163.31 million).

(ah) Dana Pembiayaan AgroMakanan 4 ("DPA 4")

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At beginning of the year	-	-
Transfer from financing scheme funds (Note 29 (w))	9,394	-
Amortisation (Note 12 (i))	(179)	-
At end of the year	**9,215**	**-**

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 29 (w) at a profit rate of 1.00% per annum.

(ai) Dana Pembiayaan Untuk Pelaburan 2 ("D3P 2")

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
At beginning of the year	-	-
Transfer from financing scheme funds (Note 29 (x))	1,879	-
Amortisation (Note 12 (i))	(36)	-
At end of the year	**1,843**	**-**

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 29 (x) at a profit rate of 1.00% per annum.

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33. SUKUK WAKALAH

	Group and Bank	
	2024	**2023**
	RM'000	**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 12)	19,012	18,960
Payment during the year	(19,116)	(18,960)
At 31 December	3,013	3,117
	503,013	**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.

34. TAKAFUL AND RETAKAFUL CERTIFICATE

		Group	
		2024	**2023**
		RM'000	**RM'000**
Takaful certificate liabilities			
Miscellaneous	(a)	**31,756**	**-**
Retakaful certificate assets			
Miscellaneous	(b)	**3,444**	**-**

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34. TAKAFUL AND RETAKAFUL CERTIFICATE (CONT'D)

(a) Takaful certificate liabilities

The roll-forward of net liability for takaful certificates issued showing the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") is presented in the table below:

	2024				2023			
	LRC	LIC			LRC	LIC		
	Excluding loss-recovery component	Present value of future cash	Risk adjustment	Total	Excluding loss-recovery component	Present value of future cash	Risk adjustment	Total
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Net balance as at 1 January	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Takaful revenue	7,051	-	-	7,051	-	-	-	-
Takaful service expenses								
Incurred claims and other directly attributable expenses	-	(22,510)	(3,153)	(25,663)	-	-	-	-
Government grant	-	15,000	-	15,000	-	-	-	-
Amortisation of takaful acquisition cash flows	(212)	-	-	(212)	-	-	-	-
Takaful service expenses (Note 7(a))	**(212)**	**(7,510)**	**(3,153)**	**(10,875)**	-	-	-	-
Total changes in the statement of comprehensive income	**6,839**	**(7,510)**	**(3,153)**	**(3,824)**	-	-	-	-
Cash flows								
Contribution received	(14,632)	-	-	(14,632)	-	-	-	-
Claims and other directly attributable expenses paid	-	1,488	-	1,488	-	-	-	-
Takaful acquisition cash flows	212	-	-	212	-	-	-	-
Total cash flows	**(14,420)**	**1,488**	**-**	**(12,932)**	**-**	**-**	**-**	**-**
Government grant	**-**	**(15,000)**	**-**	**(15,000)**	**-**	**-**	**-**	**-**
As at 31 December, net	**(7,581)**	**(21,022)**	**(3,153)**	**(31,756)**	**-**	**-**	**-**	**-**

34. TAKAFUL AND RETAKAFUL CERTIFICATE (CONT'D)

(b) Retakaful certificate assets

The roll-forward of retakaful certificate assets showing assets for remaining coverage ("ARC") and amounts recoverable on incurred claims ("AIC") arising from business ceded to retakaful operators is disclosed in the table below:

	2024				2023			
	ARC	AIC			ARC	AIC		
	Excluding loss-recovery component	Present value of future cash	Risk adjustment	Total	Excluding loss- recovery component	Present value of future cash	Risk adjustment	Total
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Net balance as at 1 January	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Allocation of retakaful contributions	(5,434)	-	-	(5,434)	-	-	-	-
Amounts recoverable from retakaful operators:								
Amounts recoverable for incurred claims and other expenses	-	5,814	3,122	8,936	-	-	-	-
Effect of changes in the risk of retakaful operators non-performance	-	(58)		(58)	-	-	-	-
Net expense from retakaful certificate held (Note 7(b))	**(5,434)**	**5,756**	**3,122**	**3,444**	**-**	**-**	**-**	**-**
Total changes in the statement of comprehensive income	**(5,434)**	**5,756**	**3,122**	**3,444**	**-**	**-**	**-**	**-**
Retakaful certificate assets as at 31 December	**(5,434)**	**5,756**	**3,122**	**3,444**	**-**	**-**	**-**	**-**

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35. SHARE CAPITAL

	Group and Bank 2024 RM'000	Group and Bank 2023 RM'000
Issued and fully paid	**1,000,000**	**1,000,000**

36. RESERVES

Group	Note	31 December 2024 RM'000	Restated 31 December 2023 RM'000	Restated 1 January 2023 RM'000
Non-distributable reserves:				
Statutory reserve	(a)	487,109	487,109	487,109
FVOCI reserve	(b)	8,501	32,410	3,261
Regulatory reserve	(c)	34,951	34,951	34,951
Distributable reserve:				
Retained earnings		1,915,112	1,809,056	1,664,986
		2,445,673	**2,363,526**	**2,190,307**

Bank	Note	31 December 2024 RM'000	Restated 31 December 2023 RM'000	Restated 1 January 2023 RM'000
Non-distributable reserves:				
Statutory reserve	(a)	487,109	487,109	487,109
FVOCI reserve	(b)	8,501	32,410	3,261
Regulatory reserve	(c)	34,951	34,951	34,951
Distributable reserve:				
Retained earnings		1,915,940	1,809,067	1,664,986
		2,446,501	**2,363,537**	**2,190,307**

(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.

37. DIVIDENDS

	2024 RM'000	2023 RM'000
In respect of financial year ended 31 December 2023:		
Single-tier final dividend of 3.00 sen net of tax, on 1,000,000,000 ordinary shares in respect of the financial year ended 31 December 2023	30,000	-
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
	30,000	**16,000**

At the forthcoming Annual General Meeting, a single tier final dividend in respect of the current financial year ended 31 December 2024 of 2.04 sen on 1,000,000,000 ordinary shares, amounting to dividend payable of RM20,408,000 will be proposed for shareholder's approval.

The financial statements for the current financial year ended 31 December 2024 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 2025.

38. PRIOR YEAR ADJUSTMENT

The Bank continued to recognise safekeeping fees on impaired and written off Ar-Rahnu accounts in prior years up to financial year ended 31 December 2020 totaling RM42.26 million. Despite the completion of the recovery process from these account in 2020, the outstanding unrecovered amount remains in the statement of financial position of the Group and the Bank under Other Assets.

The amount should have been written off during that financial year and the required adjustment is now reflected as a prior year adjustment in the current year financial statements.

The restatement affects the Statement of Financial Position as at 1 January 2023. There is no impact on the Statement of Comprehensive Income for the financial year ended 31 December 2023.

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38. PRIOR YEAR ADJUSTMENT (CONT'D)

Statement of Financial Position

Group and Bank	As previously stated 1 January 2023 RM'000	Prior year adjustment RM'000	Restated 1 January 2023 RM'000
ASSETS			
Other assets	178,460	(42,267)	136,193
EQUITY			
Reserves	2,232,574	(42,267)	2,190,307

Statement of Financial Position

Group	As previously stated 31 December 2023 RM'000	Prior year adjustment RM'000	Restated 31 December 2023 RM'000
ASSETS			
Other assets	183,970	(42,267)	141,703
EQUITY			
Reserves	2,405,793	(42,267)	2,363,526

Bank	As previously stated 31 December 2023 RM'000	Prior year adjustment RM'000	Restated 31 December 2023 RM'000
ASSETS			
Other assets	183,970	(42,267)	141,703
EQUITY			
Reserves	2,405,804	(42,267)	2,363,537

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39. COMMITMENTS AND CONTINGENCIES

	Group and Bank	
	2024	**2023**
	RM'000	**RM'000**
Credit related exposures		
Transaction related contingencies	64,669	65,658
Trade related contingencies	37,385	11,236
Financing commitments	1,173,661	1,177,983
	1,275,715	**1,254,877**
Capital commitment		
Approved and contracted for:		
Capital expenditure	11,843	3,816
Contingent liabilities		
Certain legal actions taken against the Bank with compensation claims	18,300	18,600
Total commitments and contingencies	**1,305,858**	**1,277,293**

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. The case was fixed for full trial on several dates. Both parties have completed their case. Court has delivered their decision on 28 October 2024 whereby the two Letters of Gift were not executed in proper sequence and as a result, there was no effective transfer of ownership for there to have been a sale and purchase of the apartment. Consequently, there was no underlying asset held by the customer to be sold to the Bank under the APA. There is nothing in the 2nd Letter of Gift to indicate that it was to take effect after the execution of the APA and ASA. As a result, the BBA Facility is non-Shariah compliant and void.

Given that the BBA Facility is void, all security documents are also rendered void. restitution under s 66 of the Contracts Act 1950 applies and the customer is obliged to return the RM18 million disbursed by the Bank.

In so far as customer's counterclaim for breach of the terms of the BBA Facility and negligence is concerned, the Court found that the customer has failed to prove that the Bank was negligent or breached its duty of care to the customer that resulted in the failure of the Project. The Bank has filed an appeal against the decision of the High Court and filed a Stay application pending the appeal.

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.

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40. 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% (2023: 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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40. 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
2024				
President/ Chief Executive Officer				
Dato' Tengku Ahmad Badli Shah bin Raja Hussin	876	32	161	1,069
Other senior management	4,501	539	822	5,862
	5,377	571	983	6,931
Shariah Committee members				
Assoc. Prof. Dr. Sharifah Faigah binti Syed Alwi	-	69	-	69
Dr. Shafaai bin Musa	-	69	-	69
Dr. Abdullaah bin Jalil	-	69	-	69
Encik Wan Rumaizi bin W.Husin @ Abdul Aziz	-	80	-	80
Tuan Haji Azizi bin Che Seman	-	35	-	35
Prof. Datin Dr. Rusni Binti Hasan	-	41	-	41
Puan Shabnam binti Mohamad Mokhtar	-	41	-	41
	-	404	-	404
Non Executive Directors				
Y. Bhg Datuk Yunos bin Abd Ghani	-	160	52	212
Y. Bhg Datuk Dr. Ahmad Kushairi bin Din	-	188	2	190
Y. Bhg Datin Arlina binti Ariff	-	167	-	167
Encik Mohd Hanif bin Mastuki	-	132	-	132
Encik Mohamed Iqbal bin Mohamed Iqbal	-	212	10	222
Encik Wan Zamri bin Wan Zain	-	270	14	284
Y. Bhg Datuk Lokman Hakim bin Ali	-	66	-	66
Puan Rizleen binti Mokhtar	-	202	8	210
Y. Bhg Dato Dr. Mohamad Zabawi Abdul Ghani	-	48	-	48
Encik Mohd Zukki Ab Rahman	-	56	-	56
	-	1,501	86	1,587
Executive Directors				
Dato' Tengku Ahmad Badli Shah bin Raja Hussin	-	14	-	14
	-	14	-	14
	5,377	**2,490**	**1,069**	**8,936**

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40. 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
2024				
President/ Chief Executive Officer				
Dato' Tengku Ahmad Badli Shah bin Raja Hussin	876	32	161	1,069
Other senior management	4,501	539	822	5,862
	5,377	571	983	6,931
Shariah Committee members				
Assoc. Prof. Dr. Sharifah Faigah binti Syed Alwi	-	69	-	69
Dr. Shafaai bin Musa	-	69	-	69
Dr. Abdullaah bin Jalil	-	69	-	69
Encik Wan Rumaizi bin W.Husin @ Abdul Aziz	-	80	-	80
Tuan Haji Azizi bin Che Seman	-	35		35
Prof. Datin Dr. Rusni Binti Hassan	-	41		41
Puan Shabnam binti Mohamad Mokhtar	-	41	-	41
	-	404	-	404
Non Executive Directors				
Y. Bhg Datuk Yunos bin Abd Ghani	-	160	52	212
Y. Bhg Datuk Dr. Ahmad Kushairi bin Din	-	188	2	190
Y. Bhg Datin Arlina binti Ariff	-	167	-	167
Encik Mohd Hanif bin Mastuki	-	132	-	132
Encik Mohamed Iqbal bin Mohamed Iqbal	-	212	10	222
Encik Wan Zamri bin Wan Zain	-	183	14	197
Y. Bhg Datuk Lokman Hakim bin Ali	-	66	-	66
Puan Rizleen binti Mokhtar	-	202	8	210
	-	1,310	86	1,396
	5,377	**2,285**	**1,069**	**8,731**

40. 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	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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40. 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**

40. 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	
	2024	**2023**
	RM'000	**RM'000**
Financing and advances	435	34
Deposits from customers	939	1,108

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 2023 and 31 December 2024.

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

(i) Transactions with shareholder and government-related entities

		Group and Bank	
		2024	**2023**
	Note	**RM'000**	**RM'000**
Income			
GLC service fees	(i)	9,415	7,012
Commission	(ii)	7,807	7,767
Profit income on deposits placed with Government-Linked Corporations		2,378	338
Profit income from FVOCI		168,893	101,716
Profit income from financing from key management personnel and related parties		13,837	10,789
Expense			
Profit expense on deposits placed by key management personnel and Government-Linked Corporations		19,242	91,315
Profit expense on financing scheme funds paid and payable to the Minister of Finance and BNM		21,674	15,572
Contributions to:			
Employee Provident Fund ("EPF")		40,882	36,983
Social Security Organisation ("SOCSO")		3,461	3,090

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40. 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 (2023: 2.0% per annum) on the outstanding balance of the fund under management of RM288 million (2023: RM360 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	
	2024	**2023**
	RM'000	**RM'000**
Financing to related parties	371,040	355,977
Short term deposits/placements with related parties	675,485	825,483
GLC fees receivable	45,222	67,888
FVOCI	3,016,241	2,253,459

(b) Included in Liabilities

	Group		Bank	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Government grant - Operating	17,213	17,489	17,213	17,489
Government grant - Launching	1,424	1,436	1,424	1,436
Government grant - Funds	1,257,521	1,325,681	1,238,324	1,325,681
Financing scheme funds	3,790,006	3,516,852	3,790,006	3,516,852
Deposits from related entities	3,300,546	2,776,308	3,300,546	2,776,308

40. RELATED PARTY DISCLOSURES (CONT'D)

(d) Transaction and balances with subsidiary

(i) Transactions with subsidiary

	Bank 2024 RM'000	2023 RM'000
Income attributable to depositors	909	98
Salaries, allowances and bonuses	1,418	-
EPF contributions	213	-
SOCSO contributions	7	-
Medical insurance	23	-
Staff welfare	21	-
Non-executive directors' allowances	178	109
Recruitment fees	13	-
Computer maintenance	1	-
Expenses relating to short-term leases	16	-
Water and electricity	6	-
Printing, stationery and office supplies	1	-
Office maintenance	4	-
Building maintenance	6	-
Vehicle maintenance	1	-
Advertising and promotions	3	-
Communication expenses	14	-
Commissions and fees	14	-
Auditors' remuneration	7	-
Others	10	-

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40. RELATED PARTY DISCLOSURES (CONT'D)

(d) Transaction and balances with subsidiary (cont'd)

(ii) Outstanding balance arising from transaction with a subsidiary

	Bank	
	2024	2023
	RM'000	RM'000
Included in Assets:		
Salaries, allowances and bonuses	1,418	-
EPF contributions	213	-
SOCSO contributions	7	-
Medical insurance	23	-
Staff welfare	21	-
Non-executive directors' allowances	287	109
Recruitment fees	13	-
Computer maintenance	1	-
Expenses relating to short-term leases	16	-
Water and electricity	6	-
Printing, stationery and office supplies	1	-
Office maintenance	4	-
Takaful on property, plant and equipment	-	-
Building maintenance	6	-
Vehicle maintenance	1	-
Advertising and promotions	3	-
Communication expenses	14	-
Commissions and fees	14	-
Auditors' remuneration	7	-
Others	10	-

41. FINANCING FACILITIES WITH CONNECTED PARTIES

	Group and Bank 2024	2023
Outstanding exposures with connected parties (RM'000)	1,690,725	1,541,070
% of outstanding exposures to connected parties as a proportion of total exposure	7.98%	8.16%
% 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.

42. 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.

42. 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.

42. 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 42 (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.

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42. 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* %
2024				
Neither past due nor impaired	7,113,399	7,330,137	14,443,536	49.2
Past due but not impaired	279,801	114,056	393,857	71.0
Impaired	1,095,415	184,465	1,279,880	85.6
	8,488,615	**7,628,658**	**16,117,273**	**52.7**
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**

* 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.

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42. 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
	2024	2023	2023
Group	**RM'000**	**RM'000**	**RM'000**
Credit exposure for on-balance sheet items			
Cash and short term funds	2,553,251	3,113,749	2,053,211
Financial assets at FVOCI	3,831,613	2,698,189	3,422,446
Financial assets at AC	314,022	264,559	49,977
Financing and advances	15,379,785	14,250,633	13,528,150
Other advances	43	498	1,511
Other financial assets	130,807	135,608	130,098
	22,209,521	**20,463,236**	**19,185,393**
Credit exposure for off-balance sheet items			
Transaction related contingencies	64,669	65,658	59,924
Trade related contingencies	37,385	11,236	4,955
Financing commitments	1,173,661	1,177,983	711,559
	1,275,715	**1,254,877**	**776,438**
Total maximum credit risk exposure	**23,485,236**	**21,718,113**	**19,961,831**

	Maximum Exposure		
		Restated	Restated
		31 December	1 January
	2024	2023	2023
Bank	**RM'000**	**RM'000**	**RM'000**
Credit exposure for on-balance sheet items			
Cash and short term funds	2,502,906	3,063,651	2,053,211
Financial assets at FVOCI	3,831,613	2,698,189	3,422,446
Financial assets at AC	314,022	264,559	49,977
Financing and advances	15,379,785	14,250,633	13,528,150
Other advances	43	498	1,511
Other financial assets	130,807	135,608	130,098
	22,159,176	**20,413,138**	**19,185,393**

42. 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
	2024	2023	2023
Bank	**RM'000**	**RM'000**	**RM'000**
Credit exposure for off-balance sheet items			
Transaction related contingencies	64,669	65,658	59,924
Trade related contingencies	37,385	11,236	4,955
Financing commitments	1,173,661	1,177,983	711,559
	1,275,715	**1,254,877**	**776,438**
Total maximum credit risk exposure	**23,434,891**	**21,668,015**	**19,961,831**

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

42. 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 limit by credit rating is prepared and reviewed by Capital & Market Risk Department ("CMRD"). The credit rating limit on investment exposures are reported on monthly basis to the Management Risk Committee (“MRC”) and Board Risk Management Committee ("BRMC") and Board.

The Bank’s Investment Policy stipulates the minimum investment grade for debt securities, types of permissible transactions, exposure limits for credit rating and interbank placements. In addition, the Group and the Bank has also set single customer/counterparty limit guided by Master Credit Policy which are reviewed on a regular basis to mitigate credit concentration limits in its investment portfolio.

Investment portfolio concentration

The portfolio profile is as follows:

Group and Bank	**RM'000**	**Composition (%)**
Corporate sukuk	1,858,871	45
Government Investment Issues ("GII")	2,237,443	55
Carrying amount at 31 December 2024	**4,096,314**	**100**
Corporate sukuk	2,021,182	68
Government Investment Issues ("GII")	941,365	32
Carrying amount at 31 December 2023	**2,962,547**	**100**

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42. 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	
	2024	**2023**
	RM'000	**RM'000**
Corporate sukuk		
Financial assets at FVOCI		
Government-Guaranteed ("GG")	548,550	743,252
AAA	906,254	851,591
AA	135,933	156,037
Unrated	3,433	5,692
Financial assets at amortised cost		
AAA	85,000	85,000
AA	179,701	179,610
	1,858,871	**2,021,182**

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42. 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
2024				
Cash and short term funds	2,553,251	-	-	2,553,251
Financial assets at FVOCI	3,831,613	-	-	3,831,613
Financial assets at amortised cost	314,081	-	-	314,081
Financing and advances	14,443,536	393,857	1,279,880	16,117,273
Other advances	-	-	295	295
	21,142,481	**393,857**	**1,280,175**	**22,816,513**
As a percentage of gross balance	**92.66%**	**1.73%**	**5.61%**	**100%**
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%**

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42. 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**
2024				
Cash and short term funds	2,502,906	-	-	2,502,906
Financial assets at FVOCI	3,831,613	-	-	3,831,613
Financial assets at amortised cost	314,081	-	-	314,081
Financing and advances	14,443,536	393,857	1,279,880	16,117,273
Other advances	-	-	295	295
	21,092,136	**393,857**	**1,280,175**	**22,766,168**
As a percentage of gross balance	**92.65%**	**1.73%**	**5.62%**	**100%**
2023				
Cash and short term funds	3,063,651	-	-	3,063,651
Deposits and placements with financial institutions	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
	19,451,673	**436,005**	**1,097,071**	**20,984,749**
As a percentage of gross balance	**92.69%**	**2.08%**	**5.23%**	**100%**

42. 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
2024				
Financing and advances	195,184	121,877	76,796	393,857
2023				
Financing and advances	188,669	194,013	53,323	436,005

(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.

42. 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 Operational Finance Department ("OFD"), under Risk Management Division ("RMD") and Finance Division ("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.

42. 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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42. 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	6 - 12 months	1 - 3 years	3 - 5 years	>5 years	Non-specific maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2024							
Assets							
Cash and short term funds	2,553,251	-	-	-	-	-	2,553,251
Deposit with a financial institution	-	-	-	-	-	-	-
Financial assets at FVOCI	70,244	80,435	1,227,465	512,359	1,941,110	-	3,831,613
Financial assets at AC*	49,381	50,000	99,737	114,963	-	-	314,081
Financing and advances*	2,521,514	345,620	1,662,810	2,205,438	9,381,891	-	16,117,273
Other advances*	118	22	53	24	5	-	222
Other assets	20,770	11,073	81,377	5,874	17,808	-	136,902
Retakaful certificate assets	-	3,444	-	-	-	-	3,444
Total assets	**5,215,278**	**490,594**	**3,071,442**	**2,838,658**	**11,340,814**	**-**	**22,956,786**

* Gross before allowance for impairment

42. 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
2024 (cont'd)							
Liabilities							
Deposit from customers	5,578,900	18,186	1,260,060	1,798,514	-	-	8,655,660
Deposit and placement of banks and other financial institutions	4,312,486	231,716	-	-	-	-	4,544,202
Other liabilities	128,601	31,857	24,245	398	455	8,767	194,323
Financing scheme funds	146,731	154,287	693,799	636,992	2,158,197	-	3,790,006
Government grants	-	-	-	-	-	1,276,158	1,276,158
Sukuk Wakalah	-	-	201,154	301,859	-	-	503,013
Takaful certificate liabilities	-	31,756	-	-	-	-	31,756
Total liabilities	**10,166,718**	**467,802**	**2,179,258**	**2,737,763**	**2,158,652**	**1,284,925**	**18,995,118**
Net maturity mismatch	**(4,951,440)**	**22,792**	**892,184**	**100,895**	**9,182,162**	**(1,284,925)**	**3,961,668**

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42. 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:

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
2024							
Assets							
Cash and short term funds	2,502,906	-	-	-	-	-	2,502,906
Deposit with a financial institution	-	-	-	-	-	-	-
Financial assets at FVOCI	70,244	80,435	1,227,465	512,359	1,941,110	-	3,831,613
Financial assets at AC*	49,381	50,000	99,737	114,963	-	-	314,081
Financing and advances*	2,521,514	345,620	1,662,810	2,205,438	9,381,891	-	16,117,273
Other advances*	118	22	53	24	5	-	222
Other assets	20,770	11,073	81,377	5,874	17,808	-	136,902
Total assets	**5,164,933**	**487,150**	**3,071,442**	**2,838,658**	**11,340,814**	**-**	**22,902,997**

* Gross before allowance for impairment

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42. 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
2024 (cont'd)							
Liabilities							
Deposit from customers	5,578,900	18,186	1,310,521	1,798,514	-	-	8,706,121
Deposit and placement of banks and other financial institutions	4,312,486	231,716	-	-	-	-	4,544,202
Other liabilities	125,669	31,857	24,245	398	455	8,767	191,391
Financing scheme funds	146,731	154,287	693,799	636,992	2,158,197	-	3,790,006
Government grants	-	-	-	-	-	1,256,961	1,256,961
Sukuk Wakalah	-	-	201,154	301,859	-	-	503,013
Total liabilities	**10,163,786**	**436,046**	**2,229,719**	**2,737,763**	**2,158,652**	**1,265,728**	**18,991,694**
Net maturity mismatch	**(4,998,853)**	**51,104**	**841,723**	**100,895**	**9,182,162**	**(1,265,728)**	**3,911,303**

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42. 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
31 December 2023, as restated							
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	43,273	47,563	28,711	6,082	16,074	-	141,703
Total assets	**5,373,907**	**452,062**	**1,247,865**	**2,361,267**	**11,741,449**	**252**	**21,176,802**

* Gross before allowance for impairment

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42. 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**
31 December 2023, as restated							
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	**(5,196,936)**	**(886,301)**	**148,992**	**1,433,955**	**9,657,518**	**(1,356,731)**	**3,800,497**

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42. 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**
31 December 2023, as restated							
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	43,273	47,563	28,711	6,082	16,074	-	141,703
Total assets	**5,323,809**	**452,062**	**1,247,865**	**2,361,267**	**11,741,449**	**252**	**21,126,704**

* Gross before allowance for impairment

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42. 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	6 - 12 months	1 - 3 years	3 - 5 years	>5 years	Non-specific maturity	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2023, as restated							
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	**(5,247,034)**	**(886,301)**	**148,992**	**1,433,955**	**9,657,518**	**(1,356,731)**	**3,750,399**

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42. 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 2023, 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	42,118	11,408	47,101	9,915	22,275	3,376	136,193
Total assets	**4,581,276**	**422,866**	**808,298**	**1,868,915**	**12,184,036**	**3,608**	**19,868,999**

* Gross before allowance for impairment

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42. 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 2023, 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	**(5,622,409)**	**(728,225)**	**(493,681)**	**1,222,758**	**10,337,192**	**(1,049,906)**	**3,665,729**

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42. 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
2024						
Liabilities						
Deposit from customers	5,657,562	18,442	1,366,741	1,928,936	-	8,971,681
Deposit and placement of banks and other financial institutior	4,094,041	613,752	-	-	-	4,707,793
Other financial liabilities	54,169	7,058	16	-	-	61,243
Financing scheme funds	147,223	154,258	707,372	685,622	2,296,340	3,990,815
Sukuk Wakalah	-	-	224,984	363,782	-	588,766
Total liabilities	**9,952,995**	**793,510**	**2,299,113**	**2,978,340**	**2,296,340**	**18,320,298**
Transaction related contingencies	30,353	22,435	10,877	981	23	64,669
Trade related contingencies	37,385	-	-	-	-	37,385
Financing commitments	126,547	94,053	447,140	288,121	492,969	1,448,830
Commitment and Contingencies	**194,285**	**116,488**	**458,017**	**289,102**	**492,992**	**1,550,884**

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42. 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 2023, as restated						
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 institution	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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42. 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 2023, 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 institution	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**

42. 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

(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 the Board, as endorsed by BRMC.

For Bank-wide market risk management, Operational Finance Department ("OFD") 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 OFD 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.

42. 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 liabilities in the event the profit rate moves upwards or backwards. 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.

- **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 profit rate moves upwards or backwards. 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).

- **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).

- **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 performed 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.

42. 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
2024								
Assets								
Cash and short term funds	2,179,485	-	-	-	-	373,766	2,553,251	3.56%
Financial assets at FVOCI	70,244	80,435	1,227,465	512,359	1,941,110	-	3,831,613	5.87%
Financial assets at AC*	49,381	50,000	99,737	114,963	-	-	314,081	4.09%
Financing and advances*	11,592,803	43,656	910,343	965,609	1,323,828	1,281,034	16,117,273	5.84%
Other advances*	-	-	-	-	-	222	222	
Other assets	-	-	-	-	-	136,902	136,902	
Total assets	**13,891,913**	**174,091**	**2,237,545**	**1,592,931**	**3,264,938**	**1,791,924**	**22,953,342**	

* Gross before allowance for impairment

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42. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk (cont'd)

(v) Profit Rate Risk (cont'd)

	<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
2024 (cont'd)								
Liabilities								
Deposits from customers	5,578,900	18,186	1,260,060	1,798,514	-	-	8,655,660	1.41%
Deposit and placement of banks and other financial institutions	4,312,486	231,716	-	-	-	-	4,544,202	3.60%
Other liabilities	-	-	-	-	-	194,323	194,323	
Financing scheme funds	146,731	154,287	693,799	636,992	2,158,197	-	3,790,006	0.44%
Government grants	-	-	-	-	-	1,276,158	1,276,158	
Sukuk Wakalah	-	-	201,154	301,859	-	-	503,013	3.80%
Total liabilities	**10,038,117**	**404,189**	**2,155,013**	**2,737,365**	**2,158,197**	**1,470,481**	**18,963,362**	

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42. 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.

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
2024								
Assets								
Cash and short term funds	2,179,485	-	-	-	-	323,421	2,502,906	3.56%
Financial assets at FVOCI	70,244	80,435	1,227,465	512,359	1,941,110	-	3,831,613	5.87%
Financial assets at AC*	49,381	50,000	99,737	114,963	-	-	314,081	4.09%
Financing and advances*	11,592,803	43,656	910,343	965,609	1,323,828	1,281,034	16,117,273	5.84%
Other advances*	-	-	-	-	-	222	222	
Other assets	-	-	-	-	-	136,902	136,902	
Total assets	**13,891,913**	**174,091**	**2,237,545**	**1,592,931**	**3,264,938**	**1,741,579**	**22,902,997**	

* Gross before allowance for impairment

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42. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk (cont'd)

(v) Profit Rate Risk (cont'd)

	<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
2024 (cont'd)								
Liabilities								
Deposits from customers	5,578,900	18,186	1,310,521	1,798,514	-	-	8,706,121	1.41%
Deposit and placement of banks and other financial institutions	4,312,486	231,716	-	-	-	-	4,544,202	3.60%
Other liabilities	-	-	-	-	-	191,391	191,391	
Financing scheme funds	146,731	154,287	693,799	636,992	2,158,197	-	3,790,006	0.44%
Government grants	-	-	-	-	-	1,256,961	1,256,961	
Sukuk Wakalah	-	-	201,154	301,859	-	-	503,013	3.80%
Total liabilities	**10,038,117**	**404,189**	**2,205,474**	**2,737,365**	**2,158,197**	**1,448,352**	**18,991,694**	

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42. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk (cont'd)

(v) Profit Rate Risk (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
31 December 2023, as restated								
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	-	-	-	-	-	141,703	141,703	
Total assets	**13,547,835**	**257,829**	**1,562,780**	**1,240,372**	**2,774,456**	**1,793,530**	**21,176,802**	

* Gross before allowance for impairment

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42. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk (cont'd)

(v) Profit Rate Risk (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
31 December 2023, as restated								
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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42. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk (cont'd)

(v) Profit Rate Risk (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
31 December 2023, as restated								
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	-	-	-	-	-	141,703	141,703	
Total assets	**13,547,835**	**257,829**	**1,562,780**	**1,240,372**	**2,774,456**	**1,743,432**	**21,126,704**	

* Gross before allowance for impairment

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42. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk (cont'd)

(v) Profit Rate Risk (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**
31 December 2023, as restated								
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	3.74%
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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42. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk (cont'd)

(v) Profit Rate Risk (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 2023, as restated								
Assets								
Cash and short term funds	1,722,414	-	-	-	-	330,797	2,053,211	3.24%
Deposit with a financial institution	-	-	-	-	-	-	-	
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	-	-	-	-	-	136,193	136,193	
Total assets	**12,980,921**	**284,281**	**650,983**	**1,158,801**	**3,288,796**	**1,505,217**	**19,868,999**	

* Gross before allowance for impairment

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42. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk (cont'd)

(v) Profit Rate Risk (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 2023, as restated								
Liabilities								
Deposits from customers	7,288,301	898,074	284,912	47,596	-	-	8,518,883	0.59%
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**	

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42. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market Risk (cont'd)

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:

	2024		2023	
	+100bp	-100bp	+100bp	-100bp
Group and Bank	RM'000	RM'000	RM'000	RM'000
Impact on profit before tax and zakat	121,274	(121,274)	114,150	(114,150)
Impact on equity	(205,326)	174,441	(73,085)	72,027

42. 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 Group Risk Management Framework ("GRMF") and Operational Risk Management Policy ("ORMP") 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.

42. 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 and respective branches as well as regional offices. 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 communication.

- **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 being conducted either physical classroom training, e-learning and engagement session to the staff and their roles and responsibilities clearly defined in managing risk related to banking operations. In addition, the performance management process encourages staff to perform and behave in a manner consistent with the Bank's operational risk management objectives. Continuous trainings and awareness programs 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.

42. 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.

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.

42. 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	2024 %	Restated 31 December 2023 %	Restated 1 January 2023 %
Before deducting proposed dividend:			
Core capital ratio	**21.30**	**19.69**	**20.25**
Risk-weighted capital ratio	**26.75**	**24.63**	**24.81**
After deducting proposed dividend:			
Core capital ratio	**21.17**	**19.58**	**20.15**
Risk-weighted capital ratio	**26.62**	**24.51**	**24.70**

Bank	2024 %	Restated 31 December 2023 %	Restated 1 January 2023 %
Before deducting proposed dividend:			
Core capital ratio	**21.31**	**19.69**	**20.25**
Risk-weighted capital ratio	**26.32**	**24.33**	**24.81**
After deducting proposed dividend:			
Core capital ratio	**21.18**	**19.58**	**20.15**
Risk-weighted capital ratio	**26.19**	**24.21**	**24.70**

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42. 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
	2024	2023	2023	2024	2023	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	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	1,915,112	1,809,056	1,664,994	1,915,940	1,809,067	1,664,994
ECL allowance [1]	-	30,557	70,263	-	30,557	70,263
Less: Deferred tax assets	(25,740)	(24,261)	(27,513)	(25,740)	(24,261)	(27,513)
Total Tier I capital	**3,376,481**	**3,302,461**	**3,194,853**	**3,377,309**	**3,302,472**	**3,194,853**

[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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42. 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
	2024	2023	2023	2024	2023	2023
	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]	165,511	137,329	130,194	165,511	137,329	130,194
Regulatory reserve	34,951	34,951	34,951	34,951	34,951	34,951
Government grants:						
Operating	17,213	17,489	17,765	17,213	17,489	17,765
Launching	1,424	1,436	1,464	1,424	1,436	1,464
Funds [2]	644,723	636,318	534,355	625,526	636,318	534,355
Total Tier II capital	**863,822**	**827,523**	**718,729**	**844,625**	**827,523**	**718,729**
Total capital	**4,240,303**	**4,129,984**	**3,913,582**	**4,221,934**	**4,129,995**	**3,913,582**
Less: Investment in subsidiary	-	-	-	(50,000)	(50,000)	-
Total capital base	**4,240,303**	**4,129,984**	**3,913,582**	**4,171,934**	**4,079,995**	**3,913,582**

[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 RM612.80 million (2023: RM689.4 million).

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42. 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%	5,318,602	-	5,318,257	-
20%	2,251,968	450,394	2,251,968	450,394
50%	26,078	13,039	26,078	13,039
100%	14,867,791.00	14,867,791	14,865,540	14,865,540
Off balance sheet risk-weighted assets	-	522,429	-	522,429
Total risk-weighted assets at 31 December 2024	**22,464,439**	**15,853,653**	**22,461,843**	**15,851,402**
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%	15,807,030	15,807,030	15,807,140	15,807,140
Off balance sheet risk-weighted assets	-	409,931	-	409,931
Total risk-weighted assets at 31 December 2023 (Restated)	**20,762,114**	**16,768,364**	**20,762,125**	**16,768,474**
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%	15,062,401	15,062,401	15,062,401	15,062,401
Off balance sheet risk-weighted assets	-	346,473	-	346,473
Total risk-weighted assets at 1 January 2023 (Restated)	**19,415,630**	**15,776,646**	**19,415,630**	**15,776,646**

42. 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
2024				
Financial assets				
FVOCI	-	3,831,613	-	3,831,613
2023				
Financial assets				
FVOCI	252	2,697,937	-	2,698,189

42. FINANCIAL INSTRUMENTS (CONT'D)

B. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

(ii) Financial assets and financial liabilities at carrying amount

	2024		2023	
	Carrying amount RM'000	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Financial assets				
Financial assets at amortised cost	314,022	315,436	264,559	266,191
Financing and advances	15,379,785	15,928,235	14,250,633	14,708,480
	15,693,807	**16,243,671**	**14,515,192**	**14,974,671**
Financial liabilities				
Deposits from customers	8,655,660	8,446,346	8,507,547	8,511,111
Deposit and placement of banks and other financial institutions	4,544,202	4,364,926	3,259,648	3,239,156
	13,199,862	**12,811,272**	**11,767,195**	**11,750,267**

The fair value of financing and advances, deposits from customers and deposit and placement of banks and other financial institutions are at Level 2 (2023: 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.

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42. 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.

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
2024			
Financial assets			
Cash and short term funds	-	2,553,251	2,553,251
Deposits with financial institutions	-	-	-
Financial assets at FVOCI	3,831,613	-	3,831,613
Financial assets at amortised cost	-	314,022	314,022
Financing and advances	-	15,379,785	15,379,785
Other financial assets	-	130,807	130,807
	3,831,613	**18,377,865**	**22,209,478**
Financial liabilities			
Deposits from customers	-	8,655,660	8,655,660
Deposit and placement of banks and other financial institutions	-	4,544,202	4,544,202
Financing scheme funds	-	3,790,006	3,790,006
Other financial liabilities	-	47,837	47,837
Sukuk Wakalah	-	503,013	503,013
	-	**17,540,718**	**17,540,718**

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42. 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
2024			
Financial assets			
Cash and short term funds	-	2,502,906	2,502,906
Deposits with financial institutions	-	-	-
Financial assets at FVOCI	3,831,613	-	3,831,613
Financial assets at amortised cost	-	314,022	314,022
Financing and advances	-	15,379,785	15,379,785
Other financial assets	-	130,807	130,807
	3,831,613	**18,327,520**	**22,159,133**
Financial liabilities			
Deposits from customers	-	8,706,121	8,706,121
Deposit and placement of banks and other financial institutions	-	4,544,202	4,544,202
Financing scheme funds	-	3,790,006	3,790,006
Other financial liabilities	-	47,837	47,837
Sukuk Wakalah	-	503,013	503,013
	-	**17,591,179**	**17,591,179**

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42. 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
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	-	135,608	135,608
	2,697,937	**17,821,549**	**20,519,486**
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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42. 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	-	135,608	135,608
	2,697,937	**17,771,451**	**20,469,388**
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**

43. 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 Group Shariah Committee ("GSC") 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) (2023: 1) SNC event that has been resolved and reported to BNM. The financial impact related to non-shariah compliant income amounted to RM Nil (2023: RM96,912.20).

Deposit product

The nature of the transaction deliberated to SC for SNC event was as follows:

- Advance profit (Hamish Jiddiyah) has been treated as part of the Bank’s Purchase Price prior to the execution of Tawarruq transaction.

- In principle, the advance profit amount based on Hamish Jiddiyah shall not be treated as part of the selling price and it shall be distinguished from Bank’s Purchase Price.

- This incident involved no financial impact as customer utilized the advance profit payment portion for the purpose of akad renewal.

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	Preventive Measures	Status
Advanced profit has been treated as part of the Bank’s Purchase Price prior to the execution of Tawarruq.	1. To develop and implement daily aqad (including during weekend) with Tawarruq Aqad Provider via batch file on T+1 in the Banking system. 2. Interim measurement, for renewal akad for year end 2024 are to be executed in sequence manner since the akad file of Incremental, New Deposits and Renewal are generated individually (not combined).	Completed