

ANNUAL INTEGRATED
REPORT **2024**



**TOGETHER WE GROW
FOR A BETTER TOMORROW**



TOGETHER WE GROW FOR A BETTER TOMORROW

For more than five decades, Agrobank has played a pivotal role in Malaysia's agricultural development landscape. Guided by the theme "Together We Grow for a Better Tomorrow," we delivered impact through job creation within our customers' businesses, supported credit rating improvements via knowledge-building programmes, and extended the accessibility of our products and services to the unserved and underserved agricultural communities. By empowering entrepreneurs with capital, mentoring and upskilling a new generation, and providing financial support for companies to modernise, we helped strengthen sectoral resilience, improve livelihoods, and reinforce national food security. This direct impact embodies our commitment to "Together We Grow," showcasing the cascading effect of our efforts on the entire agricultural ecosystem.

"For a Better Tomorrow" encapsulates our drive to forge a more modern, resilient, and inclusive agricultural sector for the future. Through strategic financing, institutional collaboration, and targeted support, Agrobank is shaping the future of Malaysia's agricultural sector. We connected over 627,139 new customers to financial access, enhanced the efficiency of our financial services delivery, and integrated climate action in our operations through the implementation of our Net-Zero Roadmap.

This report is a reflection of our 2024 performance, sharing our progress for the year, the community we empowered and the partnerships we forged. It details how, together with our customers and communities, we are supporting national food security, advancing the UN Sustainable Development Goals, and building a robust ecosystem where every player, from micro-enterprise to large corporate, can thrive. By prioritising inclusivity, innovation, and collaboration, Agrobank continues to ensure that the growth of Malaysia's agricultural sector leaves no one behind, creating shared prosperity for generations to come.

ANNUAL INTEGRATED REPORT 2024

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Ministry of Agriculture and Food Security (MAFS) through Agrobank empowers the young agropreneurs under the Young Graduate Agropreneur Development Programme (Probest 2.0 2024), with a fund allocation of RM1.69 million, this venture supports the next generation of agricultural innovators.

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COVER RATIONALE

This striking full image cover beautifully encapsulates the essence of partnership. At its heart, the Bank's logo, featuring a clasped handshake, visually communicates a simple yet profound concept of collaboration and trust. The backdrop of a flourishing agricultural landscape grounds this partnership in a sense of growth, sustenance, and connection to the land. The sleek lines subtly woven throughout the design reinforce this message of advancement, suggesting a seamless and forward-moving journey in partnership.

ABOUT OUR REPORT

-  This Integrated Annual Report 2024 is established to provide readers with a comprehensive narrative of progress for the period of 1 January – 31 December 2024 for Bank Pertanian Malaysia Berhad, herein referred to as "Agrobank" or "the Bank".
-  The scope of this report covers the Agrobank Group and the Bank, including all its branches, subsidiary, and operating entities in Malaysia.
-  The Bank's AIR 2024 was prepared with reference to the Integrated Reporting Framework, <IR> Framework, which takes into account:

Organisational overview and external environment

Agrobank's purpose, principal activities and markets, and significant factors affecting the external environment that may affect the Bank's ability in value creation



Governance

How Agrobank's governance structure supports the Bank's ability to create value in the short, medium, and long term



Business model

Agrobank's system of transforming inputs via the Bank's business activities into outputs and outcomes that aims to fulfil the Bank's purpose and value creation



Risks and opportunities

Risks and opportunities that affect Agrobank's ability to create value over the short, medium and long term, and how the Bank manages them



Strategy and resource allocation


Agrobank's aspirations and objectives and how the Bank plans to achieve them



Performance and outlook

The extent that Agrobank has achieved its strategic objectives for the period and the related outcomes arising from it, as well as the challenges the Bank will likely encounter in the future



-  In addition, our integrated reporting disclosures are guided by the following:

- Development Financial Institutions Act 2002.
- BNM Policy Documents and Guidelines.
- BNM Value-Based Intermediation (VBI) for Islamic Banks.
- Joint-Committee on Climate Change ("JC3") Task Force on Climate-Related Financial Disclosures (TCFD) Application Guide for Malaysian Financial Institutions.
- International Sustainability Standards Board ("ISSB") International Financial Reporting Standards ("IFRS")
 - > S1: General Requirements for Disclosure of Sustainability-related Financial Information and
 - > S2: Climate-related Disclosures.



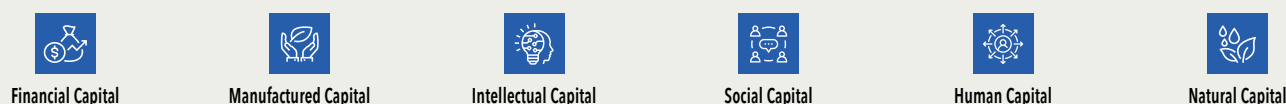
ICONS

In achieving better conciseness and connectivity of information, this report uses various representative icons:

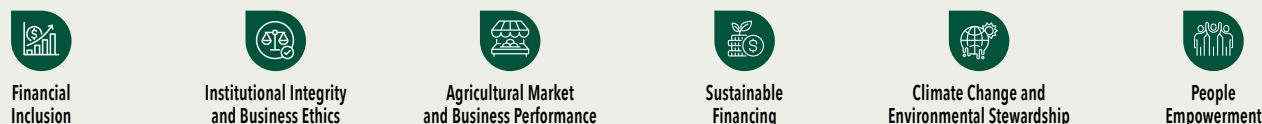
Stakeholders



Capital



Material Matters



Strategic Focus Areas (SFA)



Strategic Priorities



United Nations Sustainable Development Goals (UN SDGs)

The UN SDGs serve as a blueprint for a more sustainable and equitable future, and Agrobank's role as a DFI for Malaysia's agricultural sector provides a direct link to these global aspirations. The report details how Agrobank's work directly contributes to several key UN SDGs, as highlighted in this section.



FORWARD LOOKING STATEMENTS

Our Integrated Report provides disclosures on the Group's outlook and prospects including future priorities and strategic plans. Such information has been provided based on reasonably made assumptions and forecasts, as well as available data at the time of publication of this report. However, the applicability of future-based disclosures may be subject to changes in the external operating environment.

Actual results and outcomes may differ from those predicted due to factors beyond the control or purview of Agrobank. Readers are advised to exercise necessary discretion and to undertake their own due diligence prior to arriving at any conclusions or investment making decisions. Agrobank indemnifies itself from any responsibility for loss, injury or negative impact incurred by readers based on the disclosures provided in this integrated report.

GET IN TOUCH

We welcome feedback, questions and suggestions from our readers.

Reach out to us via:
customer@agrobank.com.my

OUR KEY MILESTONES FROM 1969 TO 2023

Since its establishment, the Bank's journey of catalysing sustainable agriculture and supporting food security has been marked by continuous innovation, strategic partnerships, and a steadfast commitment to financial inclusion. The following outlines key achievements that underscore the Bank's significant role in Malaysia's rural development, food resilience, and inclusive economic growth.

1969



1 AUGUST 1969 ESTABLISHED

Establishment of Bank Pertanian Malaysia (BPM)

2007



19 DECEMBER 2007 INCORPORATED

Dewan Negara approved bill to incorporate BPM

2008



24 JANUARY 2008 ENACTED

Bank Pertanian Malaysia Berhad (BPMB) Act was gazetted

1 APRIL 2008 CORPORATISED

Corporatised and wholly-owned by Ministry of Finance, commercially known as Agrobank

2023



- Launch of Mobile Bank Service (9 February 2023)**
 Agrobank introduced its pioneering mobile bank service, significantly expanding banking accessibility for rural communities.
- MOU with Kumpulan Petani Kelantan Berhad (16 February 2023)**
 A Memorandum of Understanding was signed with Kumpulan Petani Kelantan Berhad, strengthening support for local farmers.
- MOU with Farmbyte (12 March 2023)**
 Agrobank formalised a strategic partnership with Farmbyte, reinforcing its commitment to agricultural innovation and development.
- MOU with PKNS (13 July 2023 & 2 August 2023)**
 Two Memorandum of Understanding sessions were established with Perbadanan Kemajuan Negeri Selangor (PKNS), furthering collaboration in state development projects.
- Launch of Paddy Madani Financing Scheme (SPPM) by the Prime Minister (18 July 2023)**
 The significant Paddy Crop Financing Scheme was officially launched by the Prime Minister, demonstrating national support for paddy farmers.
- MOU with Sabah Land Development Berhad (SLDB) (21 July 2023)**
 Agrobank signed an MOU with SLDB, reinforcing its commitment to agricultural development in Sabah.
- MOU with Malaysia Digital Economy Corporation (MDEC) (3 August 2023)**
 Agrobank collaborated with MDEC to further digital transformation initiatives within the agricultural sector.
- Youth Climate Forum (19 August 2023)**
 Agrobank participated in the Youth Climate Forum, demonstrating its commitment to sustainability and youth engagement.
- MOU with Federal Agricultural Marketing Authority (FAMA) (26 September 2023)**
 Agrobank signed an MOU with FAMA, strengthening collaborative efforts in agricultural marketing and support.
- Malaysia Skills Diploma Award Ceremony (MOU Agrobank X UPM) (13 December 2023)**
 Agrobank participated in the Malaysia Skills Diploma Award Ceremony as part of its MOU with UPM.
- Launch of PROBEST at 3rd International Plantation Conference (21 December 2023)**
 PROBEST was launched under the 3rd International Plantation Conference, highlighting academic and industry collaboration.
- Launch of Agro-tourism & Agro-youth MAFS (3 February 2023)**
 Agrobank supported the launch of agro-tourism and agro-youth initiatives by the Ministry of Agriculture and Food Security (MAFS).
- 11th Agriculture Convocation Ceremony (16 March 2023)**
 Agrobank was involved in the 11th Agriculture Convocation Ceremony.
- 2023 Qurban Programme (29 June 2023)**
 Agrobank performed its annual Ibadah Qurban programme, distributing meat to communities nationwide.
- Launch of 'Hijrah Asnaf Tanaman' Programme (11 September 2023)**
 Agrobank launched the 'Hijrah Asnaf Tanaman' programme, supporting Asnaf in agricultural cultivation.
- Asia Smart Farming Exhibition (3-5 October 2023)**
 Agrobank participated in the Asia Smart Farming Exhibition, showcasing its involvement in modern agriculture.
- HPPNK Agrobank (10-12 November 2023)**
 Agrobank held the national HPPNK lucky draw programme, offering local farmers, ranchers, fishermen, and other campaign participants the chance to win lucrative prizes.
- Penang State Farmers, Breeders, and Fishermen's Day 2023 (8-10 December 2023)**
 Agrobank participated in the state-level event for farmers, breeders, and fishermen.



2015



1 JULY 2015 ISLAMIC BANK

Agrobank became a full-fledged Islamic Bank

PLANNING AHEAD

Agrobank conceptualised its Strategic Business Plan (SBP) for 2016-2020

2019



7 NOVEMBER 2019 A NEW DAWN

Agrobank refreshed its Vision and Mission to reflect its new direction and transformation agenda

2020



22 DECEMBER 2020 TRANSFORMATION

Agrobank's Board of Directors approved the Bank's New Strategic Business Plan 2021-2025 (SBP 2021-2025)

2022



- **Recognised as Best Islamic Retail Development Finance Institution in the World**
Agrobank received this prestigious global award, acknowledging its excellence in Islamic retail development finance.
- **Clinched Three Awards at the Malaysia Public Relations Awards 2022**
Agrobank was honoured with three awards at the national public relations ceremony, celebrating its effective communication strategies.
- **Strategic Agreement with MYDIN Kelantan for Wholesaler Financing**
An agreement was formalised with MYDIN Kelantan to offer financing of up to RM500,000 to MYDIN wholesalers, bolstering local supply chains.
- **Sukuk Wakalah Programme Wins Best Sukuk Award 2022**
Agrobank's Sukuk Wakalah Programme was recognised with the 'Best Sukuk Award', highlighting its innovative financial instruments.
- **Achieved Best Independent Compliance Assessment Report Award by PayNet for Three Consecutive Years**
For the third year in a row, Agrobank received this accolade from PayNet, demonstrating consistent excellence in compliance.
- **Launch of Aquaculture Entrepreneurship Incubator Programme with UPM**
In collaboration with Universiti Putra Malaysia (UPM), Agrobank launched an aquaculture entrepreneurship incubator programme, fostering growth in the fisheries sector.
- **MOU with LPP to Manage RM5 Million Takaful Contributions for Farmers**
A Memorandum of Understanding (MOU) was signed with the Farmers' Organisation Authority (LPP) to manage RM5 million in Takaful contributions for farmers, enhancing their social protection.
- **Strategic Partnership with Perak SADC for 'Ladang Untuk Rakyat' Programme**
Agrobank entered into a strategic agreement with Perak State Agricultural Development Corporation (SADC) under the 'Ladang Untuk Rakyat' (Farm for the People) Programme, promoting community farming initiatives.
- **Collaboration with IBM to Digitise Operations**
Agrobank partnered with IBM to digitise its operations, aiming to enhance efficiency and better serve agricultural communities through technology.
- **Received The Best Independent Compliance Assessment Report Award by PayNet for the third consecutive year.**

2021



- **Launch of 'Program Keusahawanan Asnaf'**
Agrobank initiated this programme to empower Asnaf entrepreneurs, fostering economic independence within underserved communities.
- **Partnership with FELDA for New Settler Development Programme**
A significant agreement was signed with FELDA, marking a new model for settler development programmes aimed at enhancing livelihoods in agricultural communities.
- **Collaboration with MTDC to Accelerate Industry 4.0 in Agriculture**
Agrobank partnered with Malaysian Technology Development Corporation (MTDC) to integrate advanced Industry 4.0 practices into Malaysia's agricultural sector.
- **Introduction of Malaysia's First Mobile ATM in Sarawak**
Agrobank launched its pioneering mobile ATM service in Sarawak, extending crucial financial access to remote rural communities.
- **Unveiling of RM1 Billion Sukuk Wakalah Programme**
The Bank launched a substantial RM1 billion Sukuk Wakalah Programme, signifying a major step in Islamic finance offerings.
- **Driving Socio-Economic Recovery through SBP 2021-2025**
Agrobank focused on facilitating the socio-economic recovery of the agriculture sector through its Strategic Business Plan (SBP) for 2021-2025.
- **RM2.02 Million Sarawak Micro Credit Scheme Benefitting Lawas Entrepreneurs**
A total of 85 micro-entrepreneurs in Lawas benefitted from the Sarawak Micro Credit Scheme, amounting to RM2.02 million, directly supporting local enterprise.

2024 EVENT HIGHLIGHTS

The Bank is nurturing an ecosystem where every stakeholder, can grow and thrive alongside its own journey. This is reflected in the year's dynamic array of key events and achievements.

JANUARY

Launch of First Community Development Centre (CDC)

Opened Malaysia's first Agrobank CDC at RTC Tunjong, Kelantan, serving as a hub for rural innovation, education, and agri-financing access.



Cakna Flood Relief Assistance

Agrobank provided essential assistance to customers affected by floods, demonstrating immediate support for communities in distress.



FEBRUARY

Launch of Heng Loong Huat Campaign

Introduced a festive campaign offering RM888 cash prizes to 50 lucky customers, encouraging cashless payments through Agro Debit-i and savings via AgroPrimaS.



Agrobank X Mydin: 'Wholesaler and Retailer Programme' Handover

A programme aimed at empowering wholesalers and retailers was successfully handed over in collaboration with Mydin, supporting the backbone of local commerce.



MARCH

Ramadan Bubur Lambuk & Zakat Contribution

Distributed 11,100 packs of bubur lambuk nationwide and contributed RM50,000 zakat to asnaf and orphans, reinforcing Agrobank's social responsibility during Ramadan.



Launch of 2024 Bazaar Ramadan Cashless Campaign at Sungai Koyan

Agrobank launched its 2024 Bazaar Ramadan Cashless Campaign at the Sungai Koyan Ramadan bazaar, marking the start of a wider initiative rolled out across 19 locations nationwide from 1 March to 9 April. The campaign was designed to encourage cashless payments among traders and patrons. At the Sungai Koyan launch site, the bank also actively promoted its PEMULIH NewBiz financing scheme, providing local micro-entrepreneurs and traders with accessible financing options.



Promoting Financial Literacy and Inclusivity in Kelantan

Agrobank engaged in initiatives to promote financial literacy and inclusivity within the Kelantan community, empowering individuals with essential financial knowledge.

APRIL

Launch of Janji Amir Web Film

Premiered an Aidilfitri short film, Janji Amir, highlighting family values and filial piety, strengthening Agrobank's community engagement through storytelling.



Majlis Iftar and Pengimarahhan Ramadhan

Agrobank held an Iftar (breaking of fast) event at Masjid Muhammadi Angkasapuri in collaboration with the Ministry of Agriculture and Food Security (MAFS) during Ramadan, strengthening community ties.

MAY

Agrobank Media Awards 2023/2024

Recognised 18 journalists with cash prizes and gifts worth nearly RM200,000, reinforcing Agrobank's appreciation for the media's role in advancing agricultural awareness.



Supporting the Development of Kelantan's Agrofood Sector with RM4 Million Microcredit Scheme

Agrobank committed RM4 million to a microcredit scheme aimed at boosting Kelantan's agrofood sector, providing vital financial access to local businesses.

Agrobank Asnaf Aquapreneur Sabah Programme

Agrobank supported B40 entrepreneurs in Sabah to generate income through crayfish farming, promoting sustainable livelihoods and economic diversification.

JUNE

Launch of Cashless Community initiatives in Kundasang and Tanjung Manis

Agrobank introduced digital financial services in Kundasang, Sabah and Tanjung Manis, Sarawak to drive digital adoption and financial inclusion through QR payments. These help accelerate the states' transformation into cashless societies and empower rural communities with accessible digital payments.



Strengthening Sabah's Agricultural Sector

Agrobank reaffirmed its commitment to strengthening the agricultural sector in Sabah, aligning with the state's economic development agenda, Sabah Maju Jaya.

2024 EVENT HIGHLIGHTS

JULY

RM200 Million FELDA Settler Housing Scheme

Allocated RM200 million to finance homeownership for FELDA settlers, improving rural living standards and contributing to socio-economic stability.

**Expansion of Cashless Services for SMEs in the East Coast**

Agrobank expanded its cashless services for Small and Medium-sized Enterprises (SMEs) in the East Coast, fostering digital transformation for businesses.

Launch of Young Agropreneur Development Programme (PROBEST) Sabah

A significant programme to develop young agropreneurs was launched in Sabah, investing in the next generation of agricultural leaders.



AUGUST

RM1.1 Million Skim Kredit Mikro Sarawak (Road to MAHA)

Disbursed RM1.1 million in microfinancing to Sarawak entrepreneurs, alongside RM6.23 million MAFS financing, strengthening rural agribusiness and food security.

**Agrobank Reopens Spaoh Branch to Boost Financial Inclusion in Rural Sarawak**

This strategic reopening demonstrates Agrobank's dedication to ensuring communities in Sarawak have direct access to modern banking, bridging the financial inclusion gap through enhanced local service.

SEPTEMBER

Launch of Skim Takaful Tanaman Padi (STTP)

Introduced Malaysia's first takaful protection scheme for paddy farmers with up to RM3,000 disaster coverage, providing essential Takaful protection for paddy farmers, safeguarding their livelihoods against unforeseen events and critical support to secure the national rice supply.

**FarmByte and Agrobank Forge Strategic Alliance to Strengthen Malaysia's Food Security**

A strategic partnership was announced to bolster the nation's agrofood sector, with Agrobank allocating close to RM12 million in funding for FarmByte's contract farming programmes, demonstrating a major commitment to food security.



Agrobank Signs RM15 Million Agreement to Empower Contract Farming Agricultural Financing Program

An agreement was signed to support contract farming with a significant RM15 million allocation, further strengthening the agricultural supply chain.



OCTOBER

Launch of Sustainability Month

Organised a month-long campaign on environmental sustainability, embedding ESG awareness among staff and aligning banking operations with sustainable practices.



World Food Day

Agrobank supported B40 and Asnaf nationwide through a food basket initiative in conjunction with World Food Day on 16 October 2024, addressing food security for vulnerable groups.



NOVEMBER

New Rural Branch in Sungai Koyan, Pahang

Opened a new branch to expand financial access in underserved rural areas, while contributing RM10,000 zakat to local beneficiaries.

Agrobank wins Anugerah Khas Keselamatan dan Kesihatan Pekerjaan 2024



Agrobank wins the Malaysia Public Relations Award, Public Affairs Award for the Program Rakan Tani Muda



DECEMBER

Six Wins at Malaysia Public Relations Awards (MPRA) 2024

Secured six national awards for excellence in communications, affirming Agrobank's leadership in PR while supporting its role as a Development Financial Institution.

Agrobank Implements Flood Relief Plan with 6-Month Moratorium

In response to widespread flooding, Agrobank initiated a comprehensive flood relief plan, including a crucial 6-month moratorium on financing repayments for affected customers. This demonstrates the bank's commitment to supporting the resilience and recovery of communities impacted by natural disasters.

Agrobank wins Anugerah Gangsa at Anugerah Integriti, Governans and Antirasuah (AIGA) awards

KEY ACHIEVEMENTS IN 2024

In 2024, amidst the modest pace of growth in Malaysia's agrofood and commodities landscape, Agrobank continued to move forward with conviction. The journey was not defined by numbers alone, but by the steady trust of customers and the resilience of the sectors it serves. Financing expanded meaningfully, reflecting the Bank's role in enabling growth where it matters most.

The year was marked by enduring strength across its segments. The Commercial portfolio continued to set new benchmarks, the Micro segment demonstrated the vitality of small enterprises through its strongest performance yet, and Ar-Rahnu remained a trusted financial avenue for many, recording another year of progress. Together, these milestones were not simply achievements, but reflections of how Agrobank's purpose resonates with the communities it supports.



Record-Breaking Disbursement

of RM10.44 billion in FY2024, a 25.46% growth over the previous year's RM8.32 billion. This significant increase more than doubled the Bank's five-year compound annual growth rate (CAGR) of 11.37%.



Achieved Strong Financial Growth

as total assets surged by 8.20% to RM22.46 billion, fueled by a RM1.13 billion increase in perennial financing dedicated to uplifting the agricultural community. Profitability was further enhanced by expanding investment assets to RM6.33 billion, an increase of RM745.90 million from FY2023.



Trade Finance hit a **historical high with RM6.01 billion in disbursements** and an outstanding balance of RM1.83 billion.

Agrobank achieved **1st Ranking Among DFIs as a DNQR POS Acquirer by PayNet**

Accelerated digital adoption also drove robust transaction growth in FY2024:

- QR Incoming transactions surged by 368.75%.
- Digital Channels transactions grew by 48.82%.

The Bank fostered this growth by implementing 35 cashless programmes and 18 digital campaigns nationwide, with strategic partners, to promote digital literacy.



Pioneered Financial Protection and Inclusion for paddy farmers

via the Skim Takaful Tanaman Padi (STTP), Malaysia's first crop takaful programme, and operationalisation of the Bank's first subsidiary, Agro Captive Takaful Limited (ACTL). The STTP will benefit approximately 200,000 individual farmers nationwide, with more than 130,000 already being Agrobank account holders.



Formed Strategic Partnerships

such as with Unit Peneraju Agenda Bumiputera (Teraju), of which funds of RM100 million will be allocated to about 20 high-growth Bumiputera companies for business expansion, investment in new technology and creation of new employment opportunities.



The Agrobank Centre of Excellence (ACE), the Bank's

in-house training arm, equipped 2,675 members of the agricultural community through 118 specialised programmes. This initiative successfully onboarded 528 participants as new Agrobank customers.

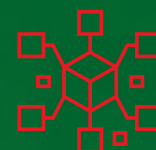
Notably, the Young Agropreneur programme disbursed a total of RM4.9 million in funds, creating significant opportunities for asnaf and B40 participants. Complementing this, ACE provided dedicated mentoring to another 120 entrepreneurs from low-income groups through its Hijrah Asnaf Programmes.



The Structured Entrepreneurship Community Development Programme

(Program Pembangunan Usahawan Komuniti Berstruktur) provided underserved communities with a pathway to sustainable income through agribusiness.

The programme successfully attracted 23 new strategic partners, generating a total project value of RM12.90 million in the form of biological assets, agricultural infrastructure, and corporate contributions.



Launched **New Branch Formats** like the Community Development Centre at RTC Tunjung, providing advisory services and benefitting 206 business communities in the area.



Awarded "Graduates' Choice of Employer To Work For in 2025"

in the Development Banking category of the Graduates' Choice Award. This prestigious accolade is a testament to the Bank's strong employer brand, having been voted for by university students nationwide as a most preferred workplace for attracting and retaining Malaysia's premier graduate talent.



Enhanced Last Mile Touchpoints

including 3 Bank Bergerak (BBI), 3 Mobile ATMs, 5 Off-Premise ATMs (OPA), and notably, introduced AgroTouch, a mobile interface to reduce the time taken for account opening and enable digital banking services outside of Agrobank branches.



Provided Home Financing

under the Programme Kediaman Mampu Milik-i, benefitting families primarily from the B40 income group.



Received the Malaysian Society of Occupational Safety & Health (MSOSH) President's Award 2024 for **Outstanding Leadership in OSH**



ABOUT AGROBANK



The subsequent chapter provides an in-depth look at Agrobank's core mandate and distribution network, which is powerfully exemplified by the success of Alihuddin B. Ricky. An agropreneur in seaweed cultivation and a beneficiary of the PROBEST programme, Alihuddin's story clearly demonstrates how strategic partnerships can significantly boost food security and local livelihoods. Through Agrobank's collaborative upskilling efforts with UniKL and the Ministry of Agriculture and Food Security (MAFS), Alihuddin implemented his innovative "raga making method" for seaweed farming in Kunak, Sabah. This has garnered significant interest for its effectiveness in protecting seaweed from marine predators, ensuring higher yields and sustainable practices.

Agrobank's deep, on-the-ground presence of 211 touchpoints, and its unwavering focus on agricultural development provided the essential foundation for Alihuddin's success. His story is not an isolated case, but a direct outcome of the Bank's strategy to empower rural communities from the ground up.

Capitals



Financial Capital



Manufactured Capital



Intellectual Capital



Social Capital



Human Capital



Natural Capital

Material Matters



Financial Inclusion



Institutional Integrity and Business Ethics



Agricultural Market and Business Performance



Sustainable Financing



Climate Change and Environmental Stewardship



People Empowerment



AGROBANK AT A GLANCE

Risk-Weighted Capital Ratio

26.32%

Total Gross Revenue

RM1.26
billion

Operating Profit (Excluding
Impairment & Recovery)

RM273.09
million

Profit Before Tax and Zakat

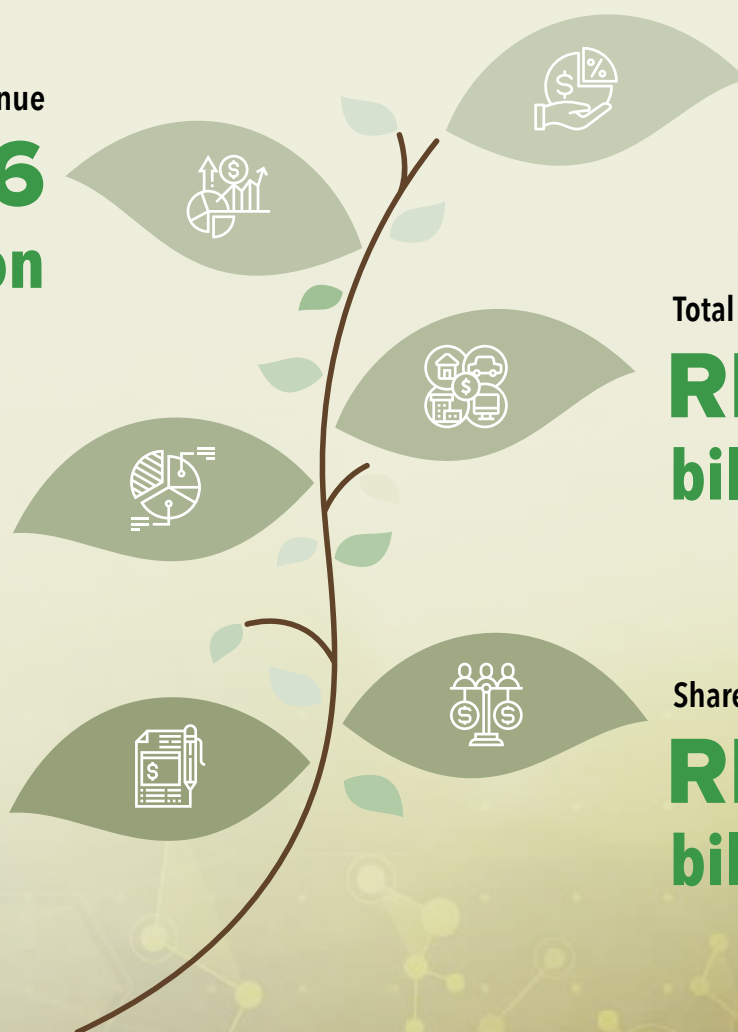
RM188.78
million

Total Assets

RM22.46
billion

Shareholders' Equity

RM3.45
billion





Financing approved
for Primary Agriculture

RM2
billion



Total financing approved for non-SMEs,
SMEs and micro enterprises

RM2.56
billion



Channelled subsidies to
chicken farmers and egg suppliers

RM325.70
million



Total Zakat contributions

RM6.88
million



Record Financing
Disbursement of

RM10.44
billion

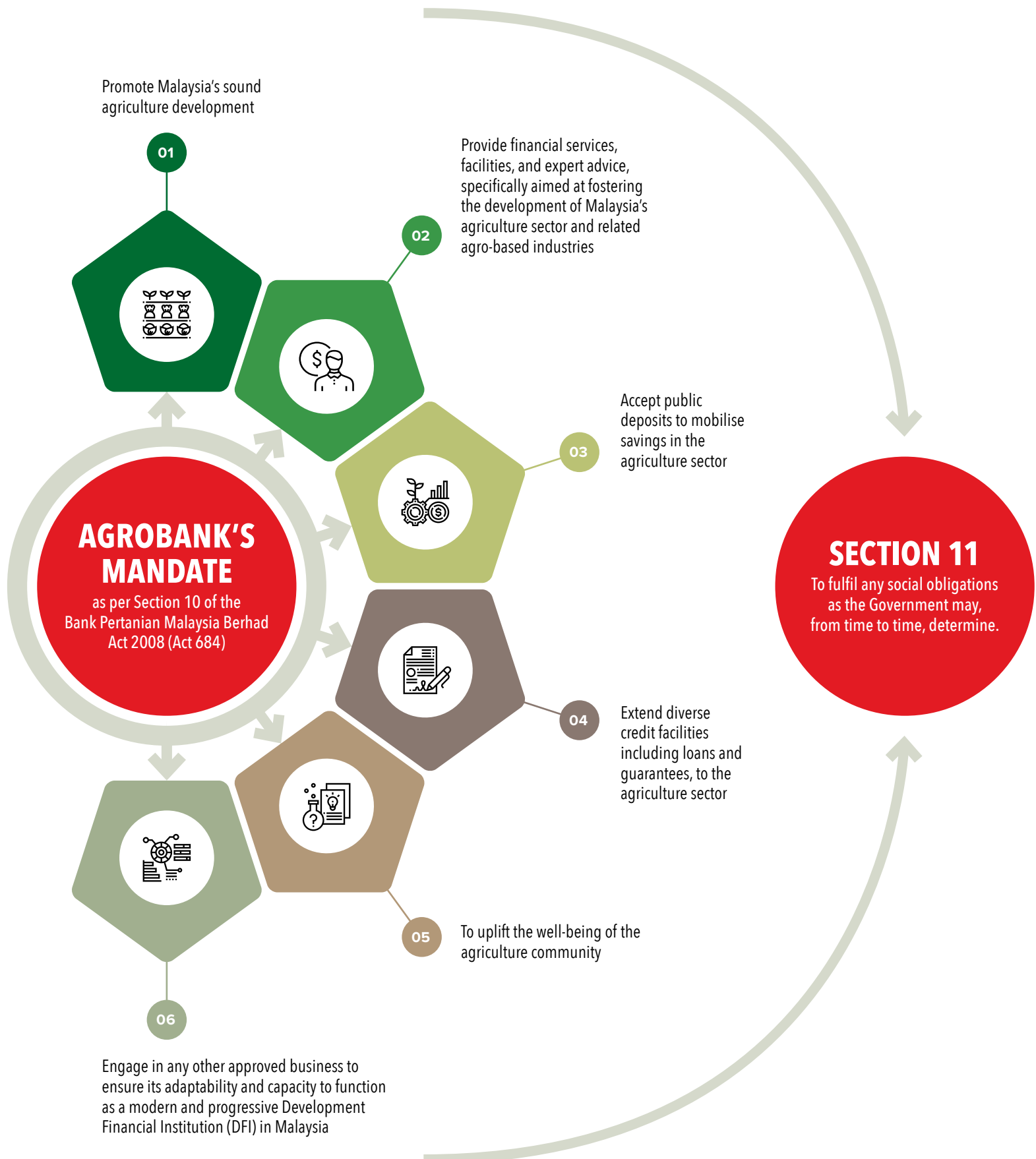


Over

130,000
paddy farmers

onboarded for deposit accounts via
Agro Captive Takaful Limited (ACTL)

OUR ASPIRATIONS AND COMMITMENTS



VISION



Advancing Agriculture Beyond Banking



Advancing Agriculture

- Catalyse and transform the agriculture sector
- Modernise agriculture through the adoption of mechanisation and automation of processes, as well as youth participation
- Maximise usage of information and communication technologies
- Drive economic growth through the creation of jobs and new markets



Beyond Banking

- Prioritise value-based banking to deliver sustainable economic, social and environmental development
- Innovate products and services beyond traditional banking, and introduce comprehensive financial solutions beyond financing (including investments, asset management, takaful protection and advisory)

MISSION



Elevating the standards of agriculture and providing sustained support that create value for the communities, economy, environment and stakeholders



Elevating the standards of agriculture

- Facilitate development of new technologies, new industries and new business formats
- Finance transformative agriculture and rural development projects
- Inject new vitality into the agriculture sector
- Encourage adoption of sustainable standards and best practices to agropreneurs and farmers



Providing sustained support that creates value to communities, economy, environment and stakeholders

- Innovate products, services and business models to benefit agricultural communities, the economy and the environment
- Provide customers with a full range of financial services, encompassing financing, investments, advisory, asset management and takaful protection across all business segments
- Serve customers across the entire agriculture value chain and business life cycle (from early stage, start-ups, growth businesses up to established companies)
- Nurture and equip entrepreneurs with sufficient financial knowledge and skills to be successful in agricultural businesses

OUR ASPIRATIONS AND COMMITMENTS

Supporting Malaysia's Agricultural Goals

"Agrobank's deep institutional expertise in agriculture, coupled with its extensive network of 211 touchpoints predominantly in rural areas, and strong relationships within the agricultural ecosystem, positions it as Malaysia's indispensable strategic asset in the development of the agriculture sector. This enables the effective execution of crucial developmental and social inclusion agendas benefiting Malaysia's agricultural industry and the vibrant rural communities that sustain it."

The agricultural sector is inherently challenging due to its high-risk nature. Unlike other industries, it grapples with a unique set of variables, from the long and uncertain gestation periods between planting and harvest to the unpredictable availability of key inputs like seeds and fertilisers. Farmers also face the constant threat of price volatility, crop diseases, and the devastating impacts of climate-related events such as floods and droughts. These factors can wreak havoc on desired yields and production targets, jeopardising repayment commitments to financial institutions.

As a Development Financial Institution (DFI) with a specialised mandate, Agrobank provides essential financial solutions and strategic support across the entire agricultural value chain, with a particular focus on the vital agrofood sector. The Bank's core business and developmental activities are strategically aligned with national priorities, as articulated in the National Agrofood Policy 2.0 (NAP 2.0), the Ministry of Agriculture and Food Security's (MAFS) Strategic Plan, and also Bank Negara Malaysia's Financial Sector Blueprint (FSB). This commitment extends across the entire agricultural value chain, from essential upstream inputs like seeds and fertilisers to downstream activities such as processing and distribution.

The Bank's strategic direction is intricately woven from its core mandate, mission, vision, and values, all aligning to strengthen Malaysia's agricultural landscape under its guiding vision of "Advancing Agriculture Beyond Banking". By channelling funds across the entire agricultural value chain, Agrobank directly supports national food security initiatives and stimulates

rural economic development. This is accomplished by boosting access to financing, fostering entrepreneurial growth through dedicated programmes, and offering business advisory services to the agricultural community, thereby supporting the sector's sustainability.

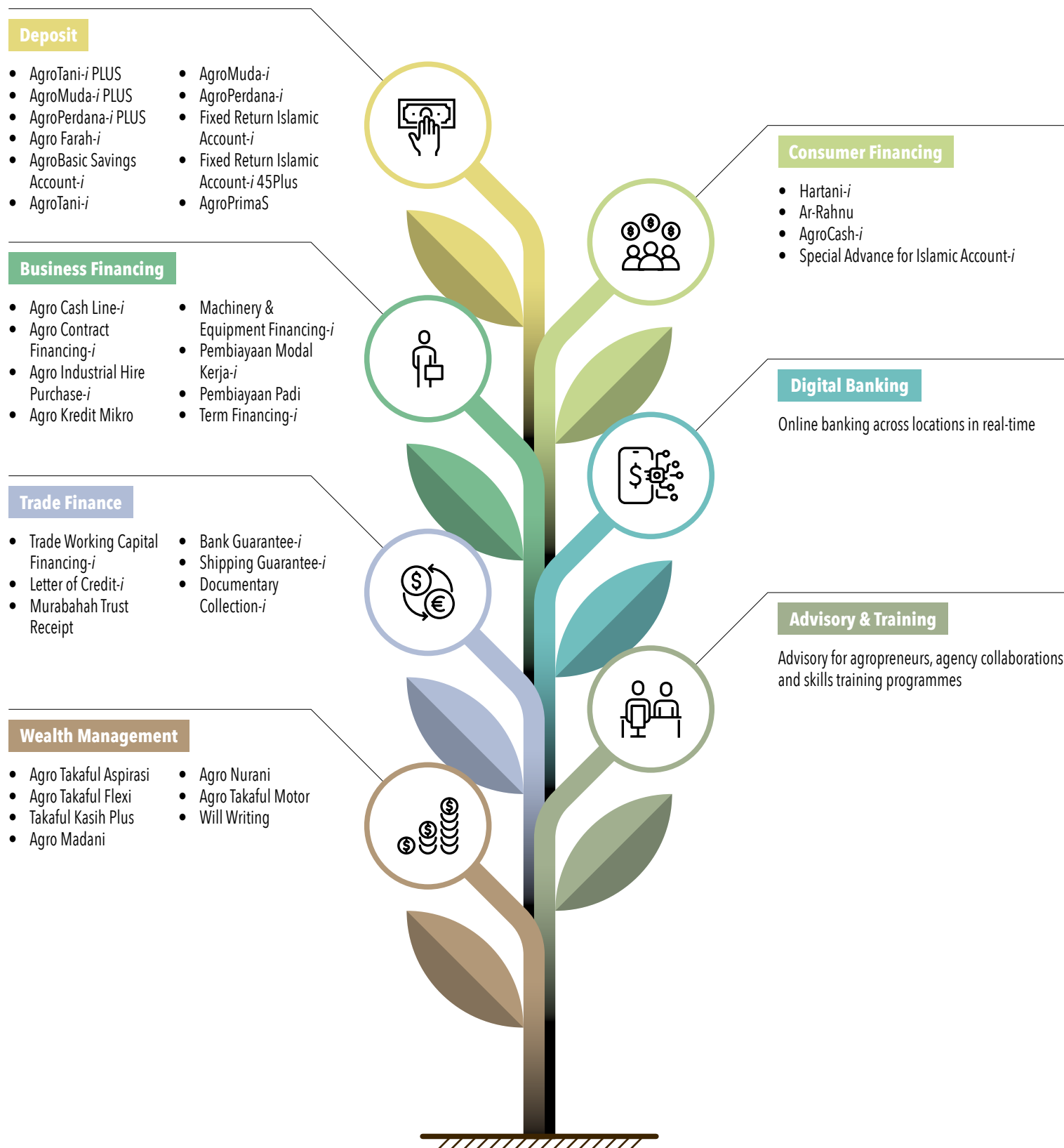
Beyond its role as a bank, Agrobank functions as a catalyst for growth and development, drawing external investment into the agricultural sector. It is actively exploring alternative investment models to stimulate sectoral growth through broader participation. A fundamental pillar of Agrobank's mission is to advance the socio-economic standing of Malaysia's agricultural communities. This involves proactively serving the unserved and underserved segments, including rural communities, smallholders, B40 income groups, and micro and small agropreneurs, thereby providing a pathway for their socio-economic advancement. To this end, the Bank provides tailored microfinancing, conducts vital financial literacy programmes, and develops specific products for smallholders and agropreneurs, all aimed at fostering prosperity within these vital communities.

Since its transformation into a full-fledged Islamic bank in 2015, all of Agrobank's products and services are Shariah-compliant. This not only meets the diverse needs of its customers but also plays a key role in supporting Malaysia's aspiration to become a global hub for Islamic finance.



OUR KEY PRODUCTS AND SERVICES

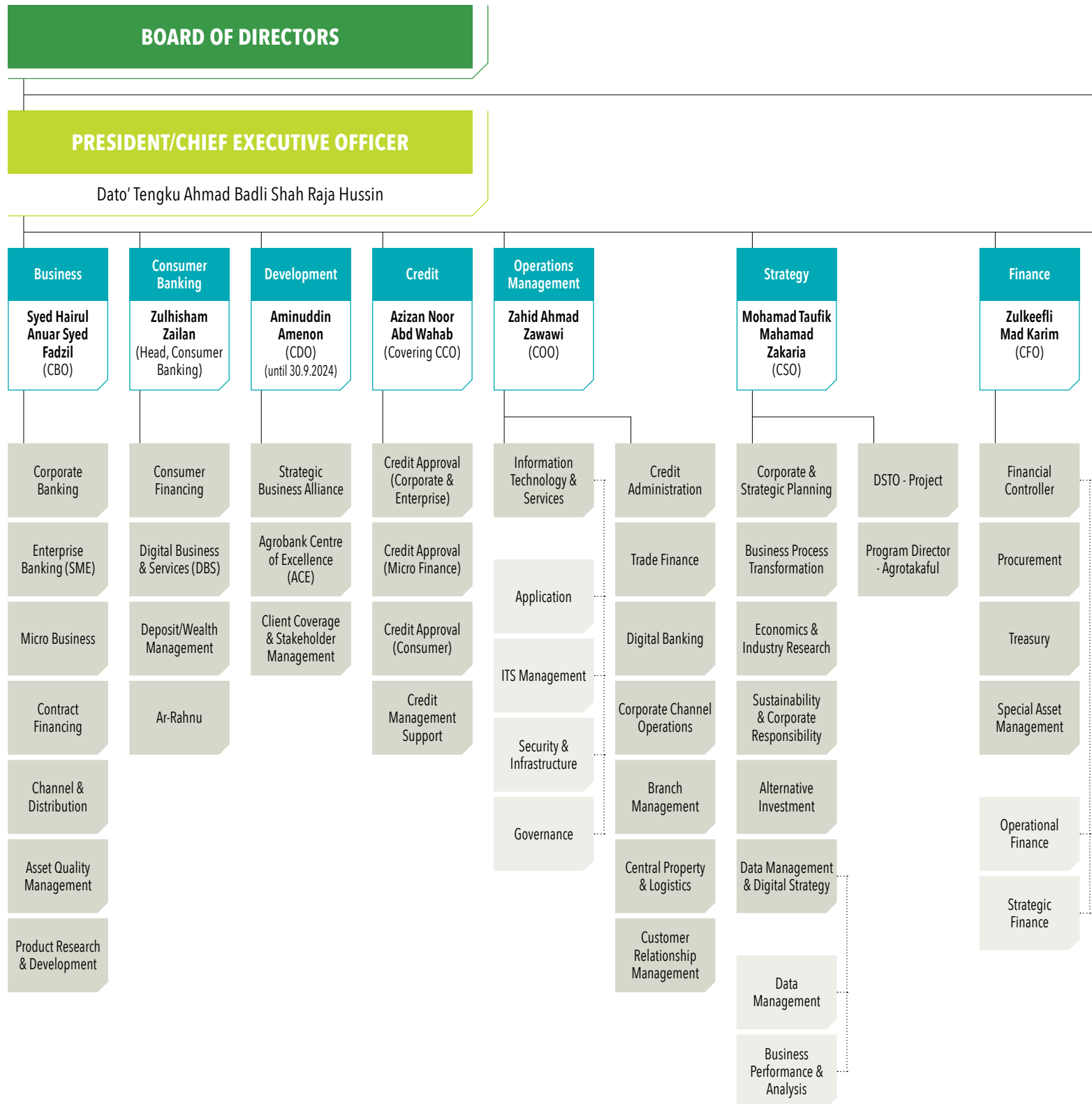
In alignment with its mandate, Agrobank has actively pursued balanced growth for financial and developmental outcomes. This commitment yielded significant results in 2024, with the Bank achieving key developmental milestones and recording the highest financing disbursement in its history.



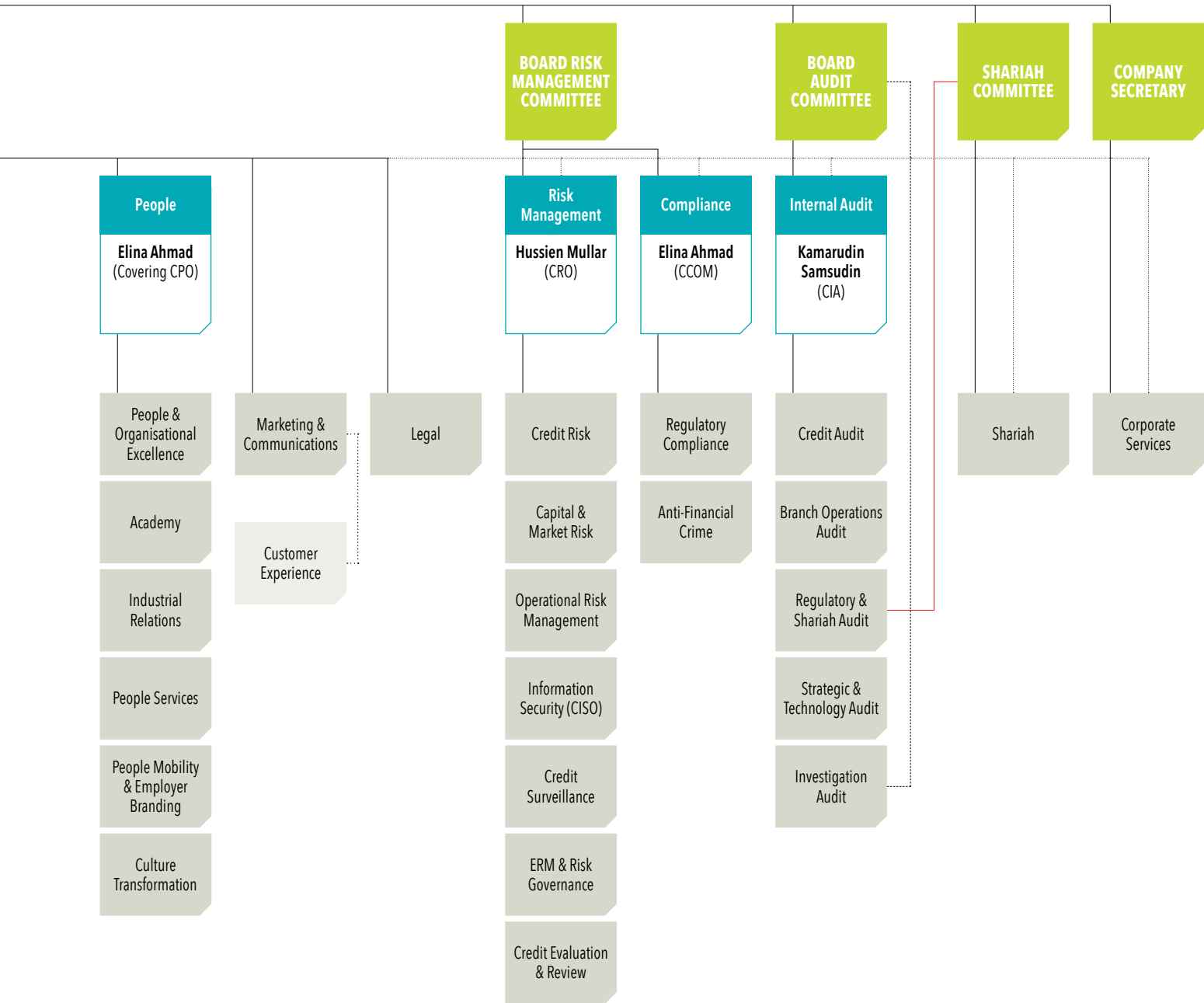
OUR ORGANISATION STRUCTURE

AS OF DECEMBER 2024

A robust and purpose-built organisational structure underpins Agrobank's core objectives of driving strategic growth within Malaysia's agricultural sector and upholding the highest standards of governance and risk management. The collective efforts of all divisions and departments are instrumental to Agrobank's overall success in fulfilling its pivotal role within the Malaysian economy.



In recent year's the Bank has prioritised more stringent compliance initiatives, reinforced by the implementation of a third line of defence and comprehensive credit risk reviews. This structural emphasis ensures the Bank pursues its developmental mandate prudently, safeguarding the interests of all stakeholders.



OUR CORPORATE STRUCTURE

Agrobank has embarked on a transformative strategic journey, evolving from a standalone development financial institution into a diversified financial group. This pivotal shift signifies a new era of growth, sophistication, and integrated service delivery.

The landmark creation of Agro Captive Takaful Limited (ACTL) in October 2023, following approval in principle from Bank Negara Malaysia (BNM), serves as the foundational pillar of this new group structure. Incorporated on 13 September 2024, this Labuan-licensed captive takaful operator is fully owned by Agrobank and was established to strengthen national agricultural resilience and food security.

ACTL's mandate is to manage the Skim Takaful Tanaman Padi (STTP), the first government-subsidised takaful scheme providing comprehensive risk protection to all paddy farmers in Malaysia. With contributions fully subsidised by the Malaysian Government, ACTL safeguards farmers against climate and production risks such as floods and natural disasters.

ACTL is also driving digital transformation in farmer onboarding, claims management, and inter-agency data integration towards enhancing efficiency, transparency, and accessibility for the agricultural community. Through this strategic initiative, Agrobank hopes to provide stability for the paddy farming community and by extension, encourage greater participation in the paddy sector.

Ministry of Finance
Incorporated (MOF Inc)



Bank Pertanian Malaysia
Berhad (Agrobank)



Agro Captive Takaful
Limited (ACTL)



Key Milestones

21 February 2023

Conditional approval by BNM for establishment

24 March 2023

Incorporated as Labuan Company

11 September 2024

Received the Federal Government Gazette: the Islamic Financial Services (Exemption) (Agro Captive Takaful Limited) Order 2024 from the Minister of Finance

13 September 2024

Granted operating license by Labuan Financial Services Authority

13 September 2024

Official launch of STTP nationwide

Shaping the Future of Paddy Farmers Protection

The STTP is a social initiative that provides comprehensive takaful protection for paddy farmers. The scheme is distributed via the respective Persatuan Peladang Kawasan and Agrobank's branches.

A major milestone was achieved in September 2024 with the operationalisation of ACTL, and the launch of the STTP. The STTP is set to benefit approximately 200,000 individual farmers nationwide, with more than 130,000 who were already Agrobank account holders. As at year-end, efforts were underway in collaboration with agencies under the Ministry to onboard all eligible farmers.

OUR PRESENCE IN MALAYSIA

Agrobank has built a strategic distribution network of 211 touchpoints. With a predominant presence in rural areas, the Bank ensures essential financial services, advisory support, and developmental programmes are directly accessible to the farmers and agropreneurs who drive national food security and rural economic growth.

DISTRIBUTION OF AGROBANK BRANCHES BY REGION

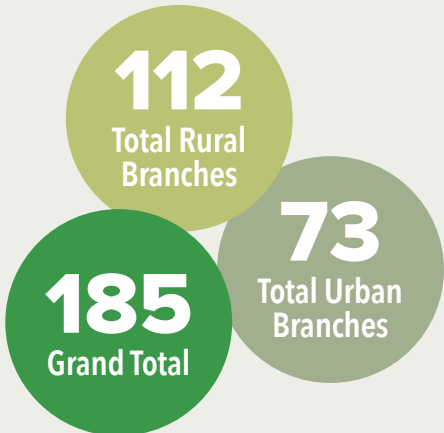
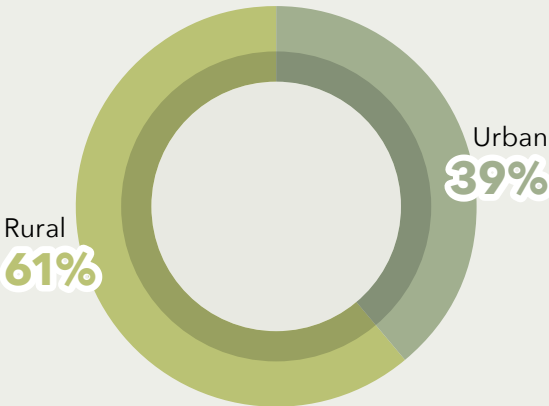
REGION	RURAL	URBAN	TOTAL
Melaka/Johor	10	11	21
Kuala Lumpur/ Negeri Sembilan/Selangor	9	21	30
Perak	17	5	22
Terengganu/Kelantan	19	5	24
Pahang	16	3	19
Pulau Pinang/ Kedah/Perlis	6	18	24
Sarawak	19	5	24
Sabah	16	5	21



Network

211

(Total includes Agrobank Branches, Virtual Banking Channel, Paddy Credit Centres, Commercial Centres, and Community Development Centre)



KEY MESSAGES TO STAKEHOLDERS

The success of Ahmad Zafar Bin Ahmad Khairul Nizam in chilli cultivation is one of the many stories of agropreneur upliftment that serve as a powerful testament to Agrobank's commitment to modernising the agricultural sector. As a beneficiary of the multi-partner PROBEST Chilli Cultivation programme, Ahmad Zafar represents the new wave of farmers who actively integrate technology into traditional farming. His cultivation of a tonne of large Kulai chillies yielded excellent returns, driven by leveraging digital marketing platforms like Facebook, Instagram, and WhatsApp. This achievement enabled Zafar to secure the Bank's Young Agropreneur Grant, facilitating the expansion phase of his project.

Agrobank's modern banking solutions, such as mobile and digital banking services, as well as cashless payment solutions for rural areas, continue to provide additional support for agropreneurs like Zafar to scale their operations. This outcome validates the Bank's forward-looking strategy to support agropreneurs committed to agricultural advancement. Ahmad Zafar's journey is evidence that reinforces the Bank's performance and strategic commitments as detailed within the featured Key Messages to Stakeholders.

Capitals



Financial Capital



Manufactured Capital



Intellectual Capital



Social Capital



Human Capital



Natural Capital

Material Matters



Financial Inclusion



Institutional Integrity and Business Ethics



Agricultural Market and Business Performance



Sustainable Financing



Climate Change and Environmental Stewardship



People Empowerment



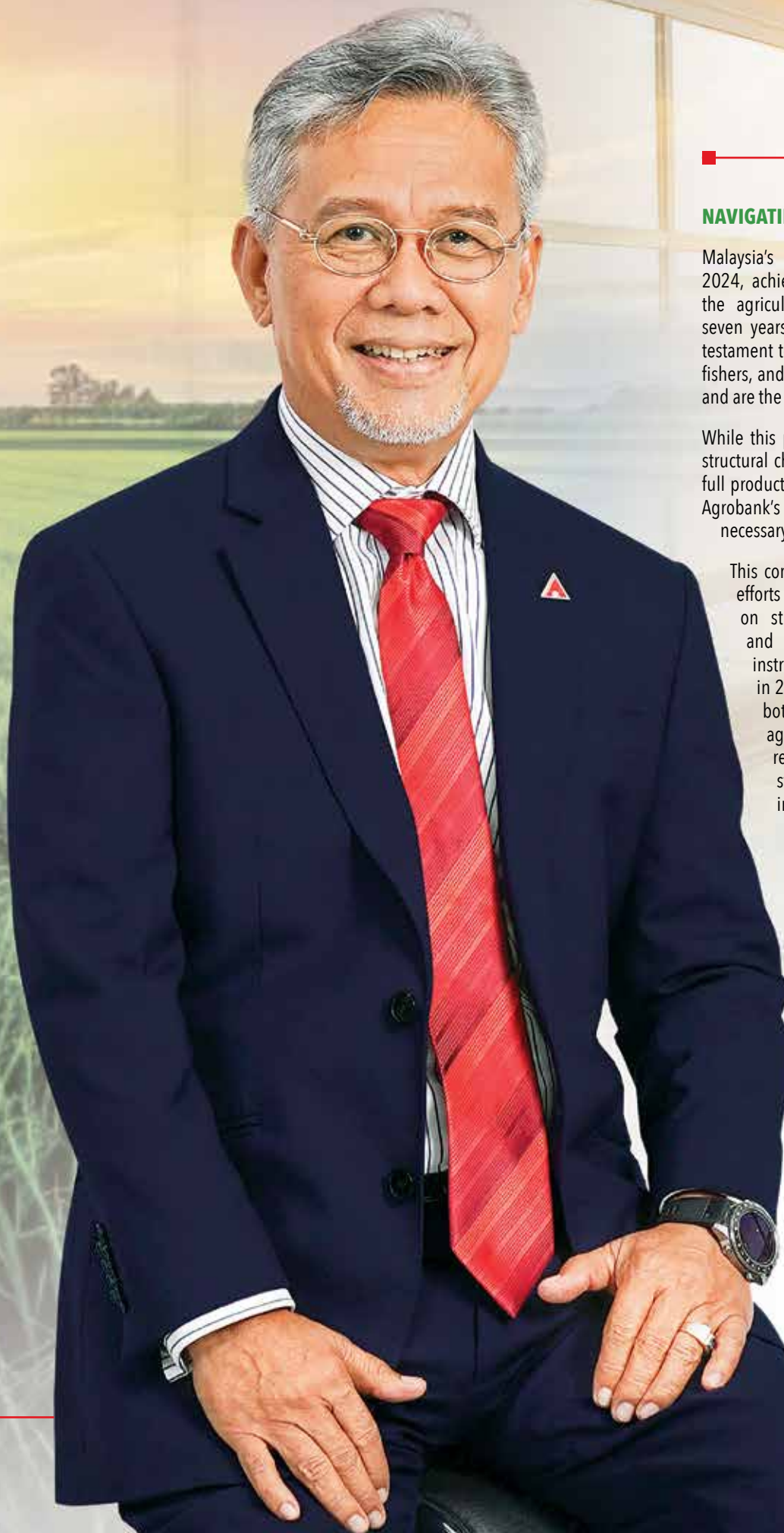
CHAIRMAN'S MESSAGE

BISMILLAHIRRAHMANIRRAHIM

In the Name of Allah, The Most Beneficent, The Most Merciful.

Dear Valued Stakeholders,

Reflecting on Agrobank's performance in 2024, I am pleased to share a year defined by strategic progress and a deepened commitment to our national mandate. Our journey was one of shared growth, firmly aligned with the upliftment of Malaysia's agricultural community and the aspirations of the nation's broader economic objectives.



NAVIGATING A DYNAMIC LANDSCAPE

Malaysia's economy demonstrated robust resilience in 2024, achieving a GDP growth of 5.1%. Within this context, the agriculture sector posted its strongest performance in seven years, with GDP expanding by 3.1%. This recovery is a testament to the determination and adaptability of the farmers, fishers, and agropreneurs who form the backbone of this sector and are the core of Agrobank's mission.

While this progress is encouraging, we recognise the ongoing structural challenges within the sector, particularly in achieving full production potential and enhancing domestic food security. Agrobank's role is to provide the strategic financing and support necessary to address these challenges head-on.

This commitment is operationalised through the dedicated efforts of every Agrobank department, which has focused on streamlining processes and enhancing the speed and quality of our services. This collective focus was instrumental in achieving a 7.92% financing growth rate in 2024, our highest in three years. This figure surpasses both the broader banking sector average and specific agriculture sector benchmarks. This growth is a direct result of the confidence displayed by thousands of stakeholders across the agricultural value chain to invest, expand, and modernise their operations.

ALIGNING WITH NATIONAL ASPIRATIONS

As Malaysia intensifies its focus on food security through policies like the National Agrofood Policy 2.0, our mandate as the nation's sole agriculture-focused Development Financial Institution (DFI) has never been more critical. Our strategic direction is precisely aligned with these national frameworks to enhance agricultural output, raise producers' incomes, and promote sustainability.

Guided by our Strategic Business Plan 2021-2025, which emphasises agricultural development, inclusivity, transformation, and ESG integration, our impact in 2024 was realised through three key pillars.

First, sectoral development. The RM2 billion in financing approved for primary agriculture represents a strategic investment in bolstering Malaysia's food security infrastructure and empowering local producers to compete effectively.

CHAIRMAN'S MESSAGE

Second, contributing to a green and sustainable future. A total of RM250 million was allocated under the MADANI Agrotechnology Financing Programme, supporting the adoption of solar power and AI in modernizing operations. Furthermore, we introduced Malaysia's first Shariah-compliant Paddy Crop Takaful Scheme (STTP), offering financial protection with the aim to benefit 200,000 farmers.

Third, technology and modernisation. We are channeling targeted funds into agrotechnology to transform traditional practices, increase yields, and build a more efficient and attractive sector for the next generation.

EMPOWERING OUR COMMUNITIES

Our strategic investments are ultimately designed to empower the people and businesses within Malaysia's agricultural ecosystem. Our performance is measured against our strategic commitment to Bumiputera development, directly supporting the national economic agenda. It's about providing the tools for businesses to transition and qualify for larger financing, enabling them to become pillars of their local economies.

To this end, we approved RM423.55 million in financing for Bumiputera enterprises in 2024. Beyond providing capital, we build bridges to connect promising agropreneurs with commercial institutions that are able to provide an ecosystem of support. In the same year we recorded a 43% growth in crowd-in funding amount, mobilising RM195 million from private sector sources to support targeted segments and enable customers to access financing from commercial institutions. This collaborative ecosystem is essential, for the journey toward a prosperous and sustainable future requires more than financial capital alone.

DRIVING SUSTAINABILITY AND CLIMATE RESILIENCE

The journey also requires us to be steadfast guardians of our values, our resources, and our planet. I am proud to report that in 2024, the Board reaffirmed its commitment to integrating sustainability into our strategy and operations. A significant step was the establishment of a dedicated ESG & Halal Business function to support customers seeking financing aligned with these principles.

We are scaling up financing for climate-resilient and resource-efficient agriculture, prioritising certifications like MyGAP, MSPO, and MyOrganic to promote inclusive sectoral growth. Sustainability is also being embedded into core operations and client offerings through targeted programmes while fostering a results-driven culture of environmental and social responsibility.

Leveraging on the Bank's sectoral expertise, we make ongoing efforts to strengthen industry sustainability. In collaboration with the Association of Islamic Banking and Financial Institutions Malaysia (AIBIM), we have contributed to the Value-based Intermediation Financing and Investment Impact Assessment Framework (VBIAF) Sectoral Guide for Agriculture, Forestry, and Fisheries, marking our leadership in the third cohort of the sectoral guidance. The guide serves as a reference for financial institutions, supporting impact-based risk management that integrates sustainability considerations in alignment with Bank Negara Malaysia's Climate Change and Principle-based Taxonomy (CCPT).

Looking ahead to 2025, we will intensify our climate action agenda by implementing our Net Zero Roadmap and establishing a comprehensive Agrobank Sustainability Framework, guided by defined climate scenarios and mitigation plans. This is our commitment to the next generation of farmers.

STRENGTHENING GOVERNANCE AND RISK MANAGEMENT

In a world of complexity, our stakeholders' trust is our most valued asset. As a DFI, operating with integrity and stability is paramount. The Board's fundamental duty is to steward this trust by ensuring robust policies are not only established and adhered to, but are deeply embedded in the culture and daily discipline of every Agrobanker.

This past year, we significantly strengthened our enterprise-wide risk management covering credit, market, Shariah, cyber, and climate risk. This was achieved through rigorous credit assessments, diversified portfolios, and enhanced internal controls, supported by regular policy reviews, staff training, and business continuity planning. These ensure that we can serve our customers with stability and integrity for the long term.

STRATEGIC PROGRESS AND CAPACITY BUILDING

As we approach the final phase of our Strategic Business Plan, our progress is clearly quantified. Our total disbursements reached a record RM10.44 billion, up from RM8.32 billion in FY2023, directly supporting national focus areas like livestock, fisheries, and crops. Crucially, it represents a direct investment in national food security, rural livelihoods, and the resilience of the communities we serve.

For our customers, we have expanded efforts to deliver a more inclusive and efficient service experience across all touchpoints. This includes the successful rollout of AgroTouch, our assisted account opening platform now available in 71 branches nationwide. Using satellite technology, it allows customers in areas without internet coverage to open an account in minutes, ranking Agrobank among the fastest in the industry.

Our developmental impact is further realised through initiatives like the Dana Pembiayaan Pertanian untuk Pelaburan (D3P) scheme, launched through targeted engagement with policymakers to address structural gaps faced by Micro Enterprises. Recognising that traditional financing often falls short for the smallest businesses, D3P provides not just capital, but supportive tailored financing designed to bridge the investment gap for essential assets and enabling these enterprises to modernise and increase capacity.

A key achievement was supporting 1,016 businesses through our structured upward migration programme, enabling them to graduate from micro to commercial levels. This reflects the success of our partnership model and the growing capacity of agropreneurs to scale their operations and contribute to rural economic development. It is about creating jobs, expanding businesses, and ensuring governance-led growth that uplifts entire communities. We are encouraged that these businesses transitioned to a larger scale, and we are committed to refining the programmes that support this journey. Notably, the Agrobank Centre of Excellence (ACE) also played a crucial role, delivering 118 training programmes nationwide for 2,675 participants, strengthening the fabric of our agricultural community.

This belief in capacity building extends to our own people, our greatest assets. I am immensely proud of the 178 Agrobankers pursuing their Chartered Banker qualifications during the year through the AICB and the 168 who have already succeeded. This investment in expertise directly benefits our stakeholders by ensuring they receive knowledgeable, professional, and forward-thinking service that meets the highest industry standards. Our second-year salary adjustment programme for certified Agrobankers reinforces our commitment to motivate our team to continually elevate their skills, and at the same time enhance the stability and quality of service our customers and partners can rely on for the long term.

ACKNOWLEDGEMENTS

A year is more than a measure of time. It is a collection of moments of challenges met, of resilience built, and of seeds planted for a future we can believe in. Looking back on this year, we are most grateful for the teamwork the Bank has displayed.

On behalf of the Board, I extend our deepest gratitude to our capable Senior Management team and every dedicated Agrobanker. Your commitment and hard work are the foundation of our achievements. Let us continue to enhance fast, robust and inclusive processes in serving our stakeholders.

I also thank my fellow Board members for their strategic guidance and wise stewardship. We are grateful to the esteemed members who concluded their service in 2024 for their contributions.

To our customers and partners, we thank you for your continued trust and collaboration. Your progress is a critical measure of our success.

Finally, we remain profoundly grateful for the continuous support and visionary policies from the Ministry of Finance (MOF), Bank Negara Malaysia (BNM), and the Ministry of Agriculture and Food Security (MAFS).

Together, we remain steadfast in our mission to support the development of a resilient, modern, and sustainable agricultural sector for Malaysia.

Thank you.

DATUK YUNOS ABD GHANI

Chairman
Agrobank Malaysia

In an era where Malaysia resolutely prioritises food security, I am pleased to report that the Board of Agrobank has ensured our strategies are closely aligned with the nation's agricultural development objectives, as outlined in the 12th Malaysia Plan, National Agrofood Policy, and the National Agro-Commodity Policy.





Financing Growth

RM1.21
billion

(▲ 8.10% YoY)



Total Disbursement

RM10.44
billion

(▲ 25.46% YoY)



Total financing balance

RM16.11
billion

(FY2023:
RM14.84 billion)

PRESIDENT/CHIEF EXECUTIVE OFFICER'S MESSAGE

BISMILLAHIRRAHMANIRRAHIM

**In the Name of Allah, The Most Beneficent,
The Most Merciful.**

Significant strides were made in the Bank's transformation journey in 2024. Amidst a global landscape marked by economic fluctuations and unabated geopolitical tensions, Agrobank delivered its strongest financing performance in five years, recording growth of 8.10% or RM1.21 billion, outpacing national GDP, the domestic banking sector average, and agriculture sector growth. Achieving a total financing balance of RM16.11 billion, we reaffirmed our role in enabling national progress and inclusive growth across Malaysia's agriculture value chain.

On behalf of Agrobank, I am pleased to present our progress for the year ended 31 December 2024, delving deeper into the execution of our mandate and the tangible outcomes of our initiatives and performance.

A RESILIENT FOUNDATION FOR GROWTH

The Malaysian economy rebounded to 5.1% in 2024, from 3.6% in 2023, significantly outperforming initial projections and regional peers like Indonesia (5%) and Singapore (4.4%). Performance was buoyed by resilient domestic demand, which grew by 6.5%, a 9.2% rebound in external trade, and a 12.3% surge in private investment linked to high-impact infrastructure and policy-driven initiatives. The services sector continued to lead, fortified by the banking sector's steady 5.5% financing growth. Coupled with inflation easing to 1.8% and unemployment at 3.2%, the macroeconomic environment remained conducive to inclusive and sustained development.

Agriculture and agro-based industries emerged as key contributors to this momentum. The agriculture sector recorded its strongest growth in seven years (+3.1%), driven by improved labour supply, policy recalibrations, and more moderate El Niño conditions. Agrofood segments such as livestock (+3.3%) and fisheries (+2.9%) rebounded, while commodities like oil palm (+5.1%) and rubber (+10.5%) posted solid gains. Complementing this, agro-based manufacturing grew by 5.7%, led by vegetable oils & fats, food processing, beverages, and rubber products, reflecting the sector's rising value-add and export potential. These developments underscore the strategic importance of agriculture and its adjacent industries in driving national resilience, food security, and rural prosperity, areas where Agrobank continues to play a catalytic role.



More details in Market Landscape analysis on page 116.

DELIVERING ON OUR MANDATE

The favourable macro environment provided fertile ground for our targeted strategies in both business and consumer banking, leading to significant results. Financing growth was led by business banking's total of RM755.76 million (SME: RM547.36 million, Micro: RM181.53 million, Corporate and Contract Financing: RM26.87 million), followed by consumer financing with RM432.95 million. These outcomes reflect our continued focus on serving the real economy, particularly segments that remain underserved yet vital to national resilience.

As a whole, total income rose by 9.33% to RM1.26 billion, supported by a 22.80% increase in investment income and a 22% growth in non-fund based income. While operating profit moderated to RM273.09 million and Profit Before Tax and Zakat (PBTZ) to RM188.78 million, this reflected our willingness to absorb higher financing costs, operating expenses, and credit loss provisions in support of growth. Our balance sheet remained strong, with total assets expanding by 8.20% to RM22.46 billion, underpinned by a RM1.48 billion increase in deposits and RM273.16 billion boost in government funds.



More financial review details on page 120.

BUILDING ECOSYSTEMS FOR NATIONAL DEVELOPMENT

Our commitment to food security is deeply embedded in our mandate, driving solutions that support producers, safeguard supply chains, and uplift rural communities. In 2024, we mobilised RM2 billion in financing for primary agriculture, advancing food production, supply chain resilience, and rural enterprise development. This included targeted interventions such as RM325.70 million in subsidies for poultry producers, helping to stabilise prices and safeguard essential supply.

Our approach spans the full agricultural value chain, ensuring that agropreneurs have access to capital, inputs, and advisory support from farm to market. In this capacity, Agrobank serves as a catalyst, connecting agropreneurs to essential markets, technology, and capital. In 2024, we made significant strides in this area through a series of strategic partnerships.

During the year under review, our strategic collaboration with Unit Peneraju Agenda Bumiputera (Teraju) under the Bumiputera Expansion & Catalyst Fund (BECF) exemplifies this intent. With RM100 million allocated to high-growth Bumiputera companies, we are currently targeting 20 enterprises, each with an average financing limit of RM5 million, supporting business expansion, technology adoption, and job creation.

We also partnered with Dropee (Borong) to execute the Digital Niaga collaboration, a supply chain financing programme providing RM300 million financing allocation targeting 15,000 MSMEs and a potential RM8.6 billion economic impact. In addition, we collaborate extensively with various agencies such as the Malaysian Pineapple Industry Board (MIPB) and the Federal Agricultural Marketing Authority (FAMA) to deliver impactful entrepreneurship capacity-building programmes.



More details on pages 74 - 85.

SUPPORTING AGRICULTURAL COMMUNITIES BEYOND FINANCING

Augmenting these national-level partnerships, are our efforts in building foundational capabilities at the community level. The launch of our new Community Development Centre at RTC Tunjung exemplifies this. Designed to provide comprehensive advisory services beyond basic transactions, it disbursed RM3.97 million to approved applicants within its first six months, reflecting strong grassroots demand and the value of proximity-based support as a model for future rural engagement.

Another exciting new milestone was the launch of Malaysia's first-ever crop takaful programme, Skim Takaful Tanaman Padi (STTP), offered through the Bank's very first subsidiary, Agro Captive Takaful Limited (ACTL). This new financial solution is a game-changer, moving beyond traditional financing to offer vital financial protection for vulnerable paddy farmers in the face of climate volatility. It solidifies our role as a partner in their success, protecting both their livelihoods and our nation's food security by providing a critical safety net. By year-end, this initiative has benefitted approximately 200,000 individual farmers nationwide, with more than 130,000 already being Agrobank account holders.

In parallel to these new measures, our in-house training arm, the Agrobank Center of Excellence (ACE), continued to drive capacity-building through impactful programmes like the Young Agropreneur Development Programme For Graduates (PROBEST). This initiative disbursed RM4.9 million in total for the 157 participants trained from the asnaf and B40 segments, reinforcing our commitment to economic empowerment and social upliftment.

Last but not least, in ensuring our services remain inclusive and aligned with the outcomes of Bank Negara Malaysia's Performance Measurement Framework (PMF), we maintained our total access points and agroagents. We reinforced financial service accessibility through our new branch opening in Sungai Koyan, Kuala Lipis, Pahang as part of our extensive network of 211 touchpoints predominantly in rural areas, as well as implemented programmes supporting upward migration.



More details on pages 18, 23, and 68-71.

PROGRESSING OUR DIGITAL TRANSFORMATION JOURNEY

As our network of touchpoints grow, so too does the need for efficient and accessible services. Acknowledging the transformative potential of digital technology, Agrobank is leveraging innovation to better serve our customers and streamline internal processes on an ongoing basis. Significant process improvement were achieved through PRIME, the Bank's strategic programme to enhance turnaround time and service quality in credit and account processes. By focusing on Assisted and Online Account Opening, PRIME advances our service standards to be among the fastest in the industry while supporting the Bank's developmental mandate.

We are also bringing banking directly to our customers, no matter where they are. Our new AgroTouch platform, available in 71 branches, uses satellite technology to open accounts in just minutes, even in remote areas without internet. This breaks down barriers to financial inclusion for the agricultural community. Through our new Virtual Account capabilities, we are also streamlining our operations, making them faster and more secure. These innovations ensure that every farmer and entrepreneur, regardless of location or tech-savviness, can access our services with ease and convenience.

EMBEDDING SUSTAINABILITY PRINCIPLES

Moving forward, the success of our transformation roadmap is inextricably linked to our commitment to sustainability. We recognise that the long-term resilience of our customers and the community we serve is dependent on our commitment to embedding sustainability purposefully into our operations. As a development financial institution, our approach is guided by national priorities on climate resilience and inclusive growth. To this end, our sustainability journey is operationalised through the clear frameworks and actions of our GHG emissions baseline and Net Zero Roadmap.

In 2024, we have focused on operationalising these frameworks through structured planning for decarbonisation, integration of climate-related risks into our enterprise-wide risk management, and scenario analysis to guide long-term resilience. Flood risk profiling has also been initiated to better understand exposure across our operations and customer base.

Operationally, we are taking tangible steps to reduce our environmental footprint. These include the phased rollout of solar PV systems across branches, adoption of biodiesel blends in our vehicle fleet, and implementation of digital energy monitoring systems to improve efficiency and accountability.

A critical strategic milestone was the advanced development of our Sustainable Finance Framework (SFF). This framework, aligned with international standards, will pave the way for future issuances of Sustainability Sukuk and Green Loans, creating a dedicated funding pipeline for environmentally and socially responsible projects within the agricultural sector. We are also proud to have contributed to the Value-based Intermediation Financing and Investment Impact Assessment Framework (VBIAF) Sectoral Guide for Agriculture, Forestry, and Fisheries, cementing our thought leadership.




More details on pages 92 - 111 and page 133.

BUILDING HUMAN CAPITAL EXPERTISE

To support this transition, we made our investments in internal capacity building a priority, mindful that our people remain our greatest assets. We allocated RM9.72 million to talent development and retention programmes, in comparison with RM7.80 million in 2023, underscoring our commitment to nurturing a skilled, resilient, and purpose-driven workforce. This included expanded professional and spiritual development initiatives, designed to meet the diverse career and personal growth needs of our employees.

The Agrobank-Universiti Pertanian Malaysia Agriculture Certificate programme was steadily advanced, equipping staff with specialised knowledge to better serve our stakeholders. Across key functions such as Credit, Risk, Audit, and Compliance, we accelerated professionalisation efforts, with employees attaining recognised certifications and pursuing Chartered Banker qualifications.

As the financial landscape heads towards an era of greater digitalisation, we also focused on building internal capabilities to support transformation. Selected employees were certified in digital content and security, reinforcing our readiness to navigate technological shifts. In addition, we relaunched sustainability training modules and conducted targeted leadership sessions to embed climate considerations into strategic and financial decision-making. These efforts are guided by the Future Skills Framework for Malaysia's financial sector, ensuring our workforce remains agile, relevant, and future-ready.

 More details on pages 86 - 89.



OUTLOOK AND STRATEGIC BUSINESS PLAN 2026-2030

Building on the strong foundation of our 2024 achievements, we look ahead with a clear sense of purpose. While global uncertainties persist, Malaysia's economic outlook for 2025 is supported by resilient domestic demand and a well-positioned banking sector with strong capital buffers, sound asset quality, and continued demand for SME and household financing.



The agriculture sector, in particular, is poised to maintain its positive momentum, driven by stable food demand, favorable demographic trends, and government policies like the National Agrofood Policy 2.0 and the Budi Agri-Commodity diesel subsidy. With deep institutional expertise and longstanding relationships across the agricultural ecosystem, we are well-positioned to deliver high-impact interventions where they matter most.

In this evolving landscape, we are developing a strategic roadmap that will reinforce our commitment to inclusive growth, financial accessibility, and sectoral resilience. This plan is designed to build on the momentum of our digital transformation, sustainability, and human capital investments. It reflects our intent to strengthen support for priority agrofood segments, broaden outreach to underserved communities, and catalyse new market opportunities, while upholding a financially sustainable model anchored on our mandate.

As we navigate this next chapter, Agrobank remains committed to delivering meaningful impact. We will continue to advance food security, support livelihoods, and align our efforts with Malaysia's broader development priorities.

ACKNOWLEDGEMENTS

I extend my sincere appreciation to our key government stakeholders, especially the Ministry of Finance (MOF), Bank Negara Malaysia (BNM), and the Ministry of Agriculture and Food Security (MAFS)—for their unwavering support and policy stewardship in advancing Malaysia's financial and agrofood sectors., which directly enables our work.

To our shareholders, business partners, local communities, and most importantly, our customers, thank you for your trust and ongoing engagement with Agrobank's mission. Your resilience is our motivation.

To the Board of Directors, thank you for your strategic leadership and guidance throughout a demanding year. I would also like to acknowledge the resilience and commitment of our Management team and Agrobankers, whose collective efforts have enabled us to navigate FY2024 with focus and resolve.

With this collective effort, we are confident in our ability to meet future challenges and continue our vital role in building a prosperous, sustainable, and food-secure Malaysia.

Thank you.

YM DATO' TENGKU AHMAD BADLI SHAH RAJA HUSSIN
President/Chief Executive Officer

OUR STRATEGIC REVIEW



The entrepreneurial journey of Mohd Afiq Busrah, a fish hatchery agropreneur, is a clear testament to the strategic focus on value creation and bridging gaps detailed in the upcoming chapter. As a participant in the Freshwater Fish Hatchery Entrepreneurship Incubator Programme, Afiq benefited from the invaluable collaboration with experts and former lecturers from UPM. This strategic guidance enabled him to successfully establish a hatchery specialising in high-value local fish species, including Patin Buah, Lampam Krai, and Baung. By becoming a trusted source for local freshwater fish farmers, Afiq successfully developed a key position within the fishery supply chain.

His story validates Agrobank's business model, which is fundamentally designed to foster strategic collaboration and elevate high-value specialised sectors, towards supporting the national food security aspirations outlined in this Strategic Review.

Capitals



Financial Capital



Manufactured Capital



Intellectual Capital



Social Capital



Human Capital



Natural Capital

Material Matters



Financial Inclusion



Institutional Integrity and Business Ethics



Agricultural Market and Business Performance



Sustainable Financing



Climate Change and Environmental Stewardship



People Empowerment



OUR BUSINESS MODEL

Operating within the dynamic shifts of the nation's agricultural landscape and evolving market demands, the Bank's comprehensive product and service portfolio is under constant refinement. Ultimately, Agrobank aims to deliver significant value creation within the agricultural sector, benefiting both the industry and the communities it serves. To this end, the Bank's business model is designed to bridge crucial financial and non-financial gaps faced by the agricultural industry, thereby contributing directly to national aspirations such as ensuring food security and reducing reliance on food imports.



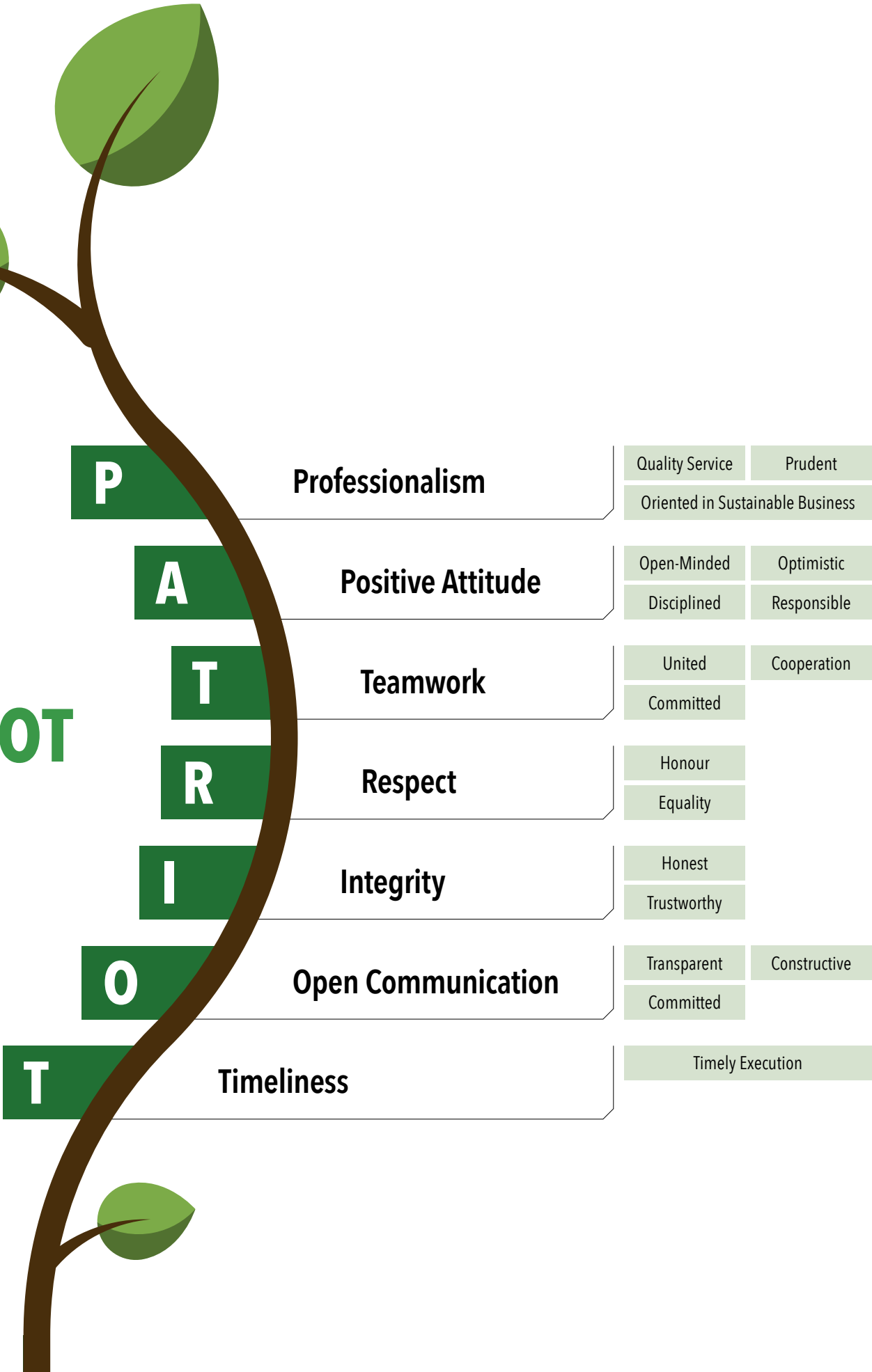
Business Segmental Focus	Sectoral Focus
<p>The business segmental focus is divided into the following two segments:</p> <ul style="list-style-type: none"> i. BUSINESS (non-individual customers such as Micro, SME, Corporate, and Contract) ii. CONSUMER (individual customers and retail) 	<p>The sectoral focus is divided as follows:</p> <ul style="list-style-type: none"> i. AGROFOOD (Crops, Fisheries, Livestock) ii. COMMODITIES iii. SUPPORT SECTORS iv. AGRO-BASED PROCESSING



A robust business model guides our operations and strategic decisions, enabling us to remain agile and responsive to the evolving needs of the agricultural sector. The successful execution of this model was significantly reinforced by our unwavering commitment to our core values, which served as the bedrock of our approach to creating sustainable value for all stakeholders. These values shaped every initiative, from fostering financial inclusion to championing agricultural innovation, and were integral to fulfilling our mandate. This approach continued to yield positive results in FY2024, as detailed from pages 120 - 122.

OUR CORE VALUES

PATRIOT



OUR STAKEHOLDERS

Engaging with our stakeholders is crucial for Agrobank, as it helps us achieve optimal outcomes, build trust, manage risks, and ensure accountability. Our diverse stakeholder groups are integral to the growth and development of our business and operations. In 2024, we employed a variety of engagement methods, utilising both virtual online platforms and in-person interactions. These consistent engagements have provided us with valuable insights and feedback, enabling us to refine our business strategies and effectively manage stakeholder expectations.



Government, Ministries and Agencies

- Ministry of Finance Incorporated (MoF Inc.)
- Ministry of Agriculture and Food Security (MAFS)
- Related government agencies such as Malaysian Anti-Corruption Commission (MACC), the Inland Revenue Board of Malaysia (LHDN), Jabatan Kastam Diraja Malaysia (JKDM), and Polis Diraja Malaysia (PDRM)

Why they are important to us



As a Development Financial Institution (DFI) established under the Bank Pertanian Malaysia Berhad Act 2008 (BPMB Act 2008), the government, ministries, and related agencies remain critical stakeholders. Their involvement ensures that Agrobank stays updated on policy changes related to sustainability and national development initiatives. The MAFS as Agrobank's parent ministry, oversees our role as a financial enabler for the agriculture sector. Close collaboration with these entities helps align our policies, requirements, and initiatives, fostering sector growth and contributing to socio-economic development.

How we engage with them

- Meetings
- Report updates
- Seminars, workshops, conferences and symposiums

Stakeholder concerns

- Alignment of business strategies with mandated objectives
- Effective use of funds channelled to target groups
- Operational excellence and resilience
- Enhancement of skills and knowledge of farmers and entrepreneurs
- Outreach programmes for the agricultural community
- Compliance with regulatory requirements
- Measurement of programme effectiveness
- Effective implementation of sustainability and climate-related strategies and initiatives
- Effective internal controls and transparent actions against corrupt practices, misconduct, money laundering and terrorist financing (ML/TF)

Our response

- Participate in the formulation of national-level guide documents and frameworks
- Provide training, grants, and soft financing to support the agricultural community
- Take part in community programmes organised by the ministry to enhance outreach and support
- Establish agriculture-related protection coverage such as AgroTakaful
- Develop sustainability-related indicators in common key performance indicators (CKPIs)
- Provide updates on progress and outcomes of executed programmes and Agrobank's sustainability strategy
- Comply with the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA) and implement a comprehensive risk-based approach to manage corruption and ML/TF risks

Outcomes/Collaborations in 2024

- Strengthened the Bank's reputation and provided additional value to stakeholders with the publication of the Coffee Table Book "Pemeriksaan Komuniti Melangkau Perbankan" launched on 17 November 2024 by the Governor of Bank Negara Malaysia (BNM)
- Participation in workshop with MAFS and IPSOS on draft National Food Security Blueprint
- Participation in working committee and executive committee meetings with MAFS
- Participation in Budget Request meeting for Budget 2025
- Monthly reports on Government Fund utilisation
- Engagement with MOF on Agrobank 2024 performance and 2025 Business Plan
- Engagement with MOF on exploration of Agrovest and its business model
- Engagement with BNM on enhancement to Performance Measurement Framework (PMF) scorecard
- Engagement with BNM on the launch and operationalisation of AgroCaptive Takaful Limited and the crop takaful product
- Participation in the development of Value-based Intermediation Financing and Investment Impact Assessment Framework (VBIAF) Sectoral Guide for Agriculture, Forestry and Fishing

Key indicators

- Sustainability-Related CKPIs
- Total amount of financing disbursed
- Corruption and ML/TF incidences
- No. of outreach and training programmes



Regulators

- Bank Negara Malaysia (BNM)

Why they are important to us



We engage closely with our regulators, particularly BNM, to ensure financial stability, professional business conduct, and fair dealings with customers. BNM plays a critical role in Agrobank's performance measurement framework, guiding us with regulatory requirements and principles of good corporate governance, ethics, accountability, transparency, and sustainability. This oversight ensures that Agrobank operates with integrity and professionalism, contributing to our long-term success and delivering sustainable value to our stakeholders.

How we engage with them

- Meetings and online communications
- Report updates and circulars
- Focus groups and policy drafting working committee
- Conferences and dialogues
- Surveys

Stakeholder concerns

- Compliance with regulatory policies, including Climate Risk Management & Scenario Analysis (CRMSA)
- Upholding transparency, integrity and fair market practices
- Risk mitigation for financial and cyber crimes
- Resilience and accessibility of payment systems
- Active participation in sectoral guide working groups
- Agrobank's DFI performance monitoring
- Ensuring liquidity, financial sustainability, and driving sustainable practices

Our response

- Continuously enhance compliance with rules, regulations, and CRMSA requirements
- Establish clear definitions for performance indicators and ensure consistent data collection
- Enhance regulatory risk management tools, systems, and processes
- Ensure business units meet all regulatory requirements while pursuing business objectives
- Strengthen collaboration with BNM through active participation in regulatory working groups and climate risk initiatives
- Maintain a strong, integrated compliance risk culture within Islamic financial institutions, supporting growth and innovation
- Conduct annual Independent Assessments to ensure compliance

Outcomes/Collaborations in 2024

- Led the formulation of the VBIAF Sectoral Guide for Agriculture, Forestry and Fishing document
- Improved internal compliance systems and tools, resulting in enhanced regulatory risk management and data consistency across business units
- Completed Independent Assessments to ensure operational resilience and payment system integrity
- Fostered a culture of compliance and sustainability within Islamic finance, supporting innovation while maintaining regulatory standards

Key indicators

- Number of regulatory non-compliances
- Participation rates in compliance-related training sessions

OUR STAKEHOLDERS



Customers

- Individuals and businesses across the entire agricultural ecosystem. These include value chain actors from upstream farmers and breeders to midstream processors and downstream retailers; as well as the vital support services that enable the sector, from input suppliers and agri-tech providers to financial and knowledge enablers

Why they are important to us



As a DFI, our primary mission is financial inclusion and agricultural development. We strive to support customers in the agriculture sector with tailored financial solutions that meet their needs and contribute to their long-term sustainability and well-being. Serving them supports Malaysia's strategic goals for food security and rural economic development, while our income is directly derived from these business relationships. Beyond this, we provide safe and reliable ways to save and invest, helping customers achieve both short-term and long-term financial goals.

How we engage with them

- Multiple touchpoints through an extensive network of branches, self-service terminals, digital channels, and service centres, particularly in underserved rural areas.
- Customer Satisfaction Surveys (CSS), emails, website, and social media.
- Tailored Islamic financial products and competitive promotional campaigns
- Attractive and competitive promotional campaigns (sign-up bonuses, higher profit rate, prize rewards)

Stakeholder concerns

- Eligibility of the agricultural community for government aid and financial support
- Accessibility to banking services and reliability of digital channels
- Efficiency and seamlessness of financing application processes
- Quality of customer service provided by Agrobank
- Accessibility to training and advisory programmes for enhancing entrepreneurial skills and knowledge
- Maintaining business resilience and sustainability

Our response

- Ensure accessibility to Agrobank services through our extensive network of 211 touchpoints and digital channels
- Channel government funds through various schemes to support agricultural development
- Enhance customer touchpoints with digitalisation initiatives to improve service efficiency and accessibility
- Promote sustainable agricultural practices through certifications like Malaysian Sustainable Palm Oil (MSPO) and Malaysian Good Agricultural Practice (myGAP)
- Offer green financing solutions
- Provide financial literacy workshops and targeted products with simplified documentation
- Partner with anchor companies for contract farming support

Outcomes/Collaborations in 2024

- Established 1 new micro branch, relocated/renovated 7 branches, and prepared infrastructure for the expansion of Ar Rahnu business segment at 10 branches and the roll-out of new Ar Rahnu segment at 12 additional branches
- Disbursed RM10.44 billion in financing in 2024, growing the portfolio by RM1.2 billion (72.08% increase over 2023)
- Significantly grew the SME portfolio by RM547.68 million, supporting upstream and downstream businesses
- Provided financing to the underserved community through micro-financing programmes such as Program Pembiayaan Usahawan Mikro MAINJ, and Program Kediaman Mampu Milik
- Secured management approvals for 6 new branches and further renovations in 2025

Key indicators

- Customer satisfaction score
- Customer service response times and complaint resolution rates
- Amount of financing approved and disbursed to customers



Employees

- Our workforce comprise a diverse team of skilled banking personnel serving customer-facing roles and core support functions (such as admin, human resource, information technology, strategy, marketing), as well as professionals with specialised expertise in agriculture, finance and economy

Why they are important to us



Our dedicated employees are vital to fulfilling the Bank's mission and driving our aspirations through their skills, experience, and commitment. We are responsible for nurturing their development, providing a safe workplace where they can thrive, and recognising their efforts to boost motivation. Employees are also essential in embedding sustainability and ensuring compliance within the Bank.

How we engage with them

- Staff townhalls (physical and virtual)
- Focus group discussions
- Email and desktop messaging system (pop-up)
- SharePoint, intranet, and Yammer
- Employee Engagement Survey (EES)
- Digital and physical training programmes, including online training
- Knowledge Sharing Sessions (KSS)
- Onboarding sessions with new hires

Stakeholder concerns

- Employment security and competitive remuneration
- Career and learning development, including capacity building on sustainability matters
- Health, safety, well-being, and benefits
- Alignment with the Bank's goals, resource allocation, and internal processes
- Effective management of compliance risks and meeting regulatory expectations
- Work From Home (WFH) and Work In Office (WIO) resources and arrangements

Our response

- Support staff learning needs through online and physical engagement sessions
- Heighten hygiene and sanitisation at office premises
- Prioritise employee well-being with flexible working hours and mental awareness support
- Conduct sessions on the amended Employment Act and raise awareness about sexual harassment
- Allocate resources effectively, matching workload with available manpower and monitor its impact on employee well-being
- Enhance internal processes and governance through improved frameworks, policies, and work manuals
- Provide advisory functions and adequate compliance training, and identify, assess, and monitor compliance risks

Outcomes/Collaborations in 2024

- On 22 February 2024, Agrobank successfully convened the Agrobank Townhall 2024, a hybrid event that connected members of the leadership with the wider #KeluargaAgrobankers community, both in-person and virtually. The session effectively fostered open communication, shared critical insights, and aligned collective efforts with the strategic direction set by the President/CEO, thereby strengthening unity and purpose across the organisation

Key indicators

- Employee Engagement Index and satisfaction scores
- No. of training programmes and employee participation rate

OUR STAKEHOLDERS



Collaborators and Strategic Partners

- Universities and Academia such as Majlis Amanah Rakyat (MARA) institutions, PICOMS International University College (PICOMS)
- Islamic and Religious organisations such as YAPEIM and Majlis Agama Islam Wilayah Persekutuan (MAIWP)
- Government and Development Agencies and organisations such as MARA, Pertubuhan Hasil Bumi Templer (PERHEBAT), Perak State Agricultural Development Corporation (Perak SADC), Perbadanan Kemajuan Negeri Selangor (PKNS), Sarawak Land Development Board (SLDB), Khazanah Nasional and Malaysia Digital Economy Corporation (MDEC)

Why they are important to us



We value our strategic partnerships as vital enablers for the Bank, facilitating collaborations and developmental programmes that empower and uplift the socio-economic well-being of underserved groups in the agriculture sector. Collaborations with entities like MARA enhance our support systems by combining financial expertise with rural development and entrepreneurship. Partnerships with institutions such as MAIWP are essential for advancing our wakaf projects that require the Mutawalli license for successful implementation. Collaborations with government and development agencies, such as PERHEBAT, Perak SADC, PKNS, SLDB, Khazanah Nasional, and MDEC, expand our reach and impact, driving socio-economic development and digital transformation in rural and agricultural communities.

How we engage with them

- Virtual and physical meetings
- Committees and briefing sessions
- Emails and report updates
- Developmental programmes at universities and institutions of higher learning
- Partnership agreements
- Monthly reports

Stakeholder concerns

- Measurable financial support and assistance
- Effective collaboration on community upliftment programmes
- Strengthening socio-economic status of communities
- Diversifying entrepreneurship programmes in high-demand agriculture sectors
- Reducing unemployment among graduates and asnaf with coaching and monitoring
- Promoting entrepreneurship as a career for graduates
- Managing dialysis machines and healthcare initiatives
- Crowdfunding and allocation of Wakaf funds

Our response

- Collaborate with agencies and universities to conduct entrepreneurship programmes
- Provide training and soft financing to support the development of community projects and entrepreneurial ventures
- Develop structured programmes for undergraduates and postgraduates in collaboration with academic institutions
- Utilise zakat funds in partnership with relevant organisations
- Collaborate on the development of the Wakaf Management module and Professional Wakaf Management Certificate curriculum with Universiti Kebangsaan Malaysia (UKM)
- Establish joint committees and formalise agreements through various internal committees

Outcomes/Collaborations in 2024

- ACE has established new strategic partnerships with 23 entities for a total project value of RM12.90 million
- Implemented entrepreneurship programmes, such as the Terengganu Sweet Melon Incubator Programme 2.0 with Universiti Sultan Zainal Abidin and Graduate Agricultural Youth Development Programme (PROBEST) with Universiti Pertanian Malaysia, Universiti Teknologi MARA, Universiti Kuala Lumpur, Universiti Malaysia Kelantan, and Universiti Malaysia Sabah
- Participation in development of VBIAF Sectoral Guide – Agriculture, Forestry and Fishing

Key indicators

- Impact and outcome of each collaboration
- No. of industry participants in training programmes



Industry Associations

- Association of Development Finance Institutions of Malaysia (ADFIM)
- Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)
- Association of National Development Finance Institutions in Member Countries of the Islamic Development Bank (ADFIMI)
- Asia Pacific Rural and Agricultural Credit Association (APRACA)
- Association of Islamic Banking and Financial Institutions Malaysia (AIBIM)

Why they are important to us



Our industry associations play a crucial role in fostering cooperation and collaboration within the financial sector. They create an ecosystem that promotes sound business practices, strengthens our mandated roles, and enhances the Bank's visibility among its peers. The Shariah Review Committee, a collaborative effort among AIBIM member banks, is particularly significant for streamlining Shariah review practices, sharing expertise, and addressing common issues. These associations are vital in supporting our commitment to Shariah compliance and contributing to the overall development of the industry.

How we engage with them

- Annual Reports and Annual General Meetings
- Emails and meetings
- Surveys and working groups
- Programmes, conferences, trainings and webinars

Stakeholder concerns

- Impact of changes in regulations and compliance with BNM requirements for new Shariah Governance Policy Document (SGPD)
- Addressing common Shariah issues and Shariah review matters
- Good corporate governance, business ethics, and integrity
- Adoption of sustainable business practices and organisational sustainability
- Completion of sectoral guide documents

Our response

- Attend industry association training sessions and contribute to the Annual VBI Report
- Discussions on key industry issues like sustainability and Shariah
- Disclose information through surveys and questionnaires for annual meetings and reports
- Participate in programmes, conferences, webinars, and working groups for BNM policy formulation

Outcomes/Collaborations in 2024

- Led the working group for the VBIAF Sectoral Guide on Agriculture, Forestry, and Fishing
- Participated in 2 projects by AIBIM: MyWakaf Initiative to install solar dome dryer in Kelantan and utilisation of superior Shariah solution in agriculture sector by contributing one unit of paddy machine worth RM150,000 to support Smart Sawah Berskala Besar Asnaf Project by Lembaga Zakat Negeri Kedah

Key indicators

- Contributions to industry guides and reports
- Reach and engagement metrics of published materials (i.e. downloads, citations)

OUR STAKEHOLDERS



Community

- Members of the public and the agri-community which encompasses all whose livelihoods depend on agriculture, as well as the organisations that partner with Agrobank to support this vital sector

Why they are important to us

The communities around us play a crucial role in contributing to the local economy. Uplifting these communities, including agriculture and food SMEs impacted by the pandemic, boosts the economy and helps them thrive in the post-pandemic era. Collaborating with organisations like Majlis Agama Islam Negeri (MAIN), Lembaga Zakat Negeri (LZN), and other agencies enables us to share resources and expertise to organise asnaf entrepreneurship programmes. These partnerships are essential for uplifting marginalised communities and providing opportunities for advancement.

How we engage with them

- Collaborations with non-profit organisations and community associations to organise empowerment and development programmes
- On-ground community engagement and training through structured community development programmes

Outcomes/Collaborations in 2024

- 118 programmes were organised with 2,675 entrepreneur participants. From the 2,675 entrepreneurs trained:
 - > 528 of them are existing Bank's customers
 - > 528 from 2,147 who are non-customers have been converted as Bank customers by way of new account opening, new financing, or subscription of takaful product

Stakeholder concerns

- Issues related to the welfare and socioeconomic status of marginalised, unserved and underserved communities
- Economic recovery in local communities and financial support for community needs
- Ensuring accessibility to financial literacy programmes

Key indicators

- Total amount of community contributions
- Number of community programmes and initiatives organised
- Financial literacy rates

Our response

- Organise structured development programmes in collaboration with Majlis Agama Islam Negeri (MAIN), Lembaga Zakat Negeri (LZN), and other agencies
- Implement targeted initiatives for underprivileged communities through our Corporate Social Responsibility (CSR) programme
- Develop and deliver financial education and literacy programmes
- Launch impactful programmes benefiting the unserved and underserved communities



Media

- Traditional broadcast and print media
- Digital news portals and platforms
- Freelance journalists, bloggers and influencers
- Public relations and communication firms

Why they are important to us



The media serves as a crucial intermediary in enhancing the awareness and visibility of Agrobank and its vision of 'Advancing Agriculture Beyond Banking'. It provides a vital platform to communicate the Bank's sustainability initiatives and progress to the public. Additionally, the media helps Agrobank stay informed about community concerns and public sentiment.

How we engage with them

- Online/webinar communications
- Press releases, media interviews, and press conferences
- Media visits to strengthen relationships
- Annual Integrated Report

Stakeholder concerns

- Agrobank's business strategies
- Corporate responsibility outreach programmes
- Support for the agri-community and efforts to strengthen their capabilities
- Long-term relationship building
- Strategy to address and publish the Bank's sustainability and climate-related matters
- Disclosure on sustainability

Our response

- Actively engage and respond to media queries to keep them and our target audience informed about Agrobank's support for the agri-community
- Strengthen communication channels through initiatives such as Our Agropreneur Stories (Agrobank social media platform), Vibin Agro, and Get to Know Our Agropreneurs to effectively showcase our efforts and achievements

Outcomes/Collaborations in 2024

- 132 strategic events and programmes delivered nationwide
- Generated PR value of RM66.53 million
- Led DFIs in Share of Voice throughout 2024
- Strengthened national visibility through flagship initiatives, including:
 - > Skim Takaful Tanaman Padi (STTP) launch
 - > RM200 million FELDA Settler Housing Scheme
 - > Cashless Community Programme in Kundasang
- Secured six awards at the Malaysia Public Relations Awards (MPRA) 2024, affirming excellence in communications

Key indicators

- Number of media mentions
- Total PR value







OUR MATERIAL MATTERS

Agrobank's process in determining material sustainability matters are based on:





















As the first step in our materiality assessment, we shortlisted a list of material matters based on industry benchmarking. In 2024, we then reviewed and reassessed the materiality outcomes from the stakeholder engagements for the past years, which included selection of material matters from internal stakeholder groups based on their operational roles, functions, and engagement with external stakeholders. The selected material matters were then reviewed to align with the latest industry standards and ranked in the order of prioritisation.

The following material matters have been identified for 2024 and are crucial to our operations and strategic direction, as they directly impact our ability to create value through our six capitals.

Material Matters	Importance to Agrobank
 Financial Inclusion	<p>This material matter is fundamental to Agrobank's developmental mandate to support Malaysia's agricultural sector by reducing financial disparities. Ensuring accessible and inclusive financial services to all stakeholders, notably rural agropreneurs, farmers, and SMEs, is crucial for fostering equitable economic growth and the long-term viability of agriculture across the nation. This approach reflects the Bank's commitment to bridging crucial financial and non-financial gaps.</p>
 Institutional Integrity and Business Ethics	<p>Upholding institutional integrity and business ethics is crucial for Agrobank's trustworthiness and operational reliability. By strictly maintaining Shariah compliance and adhering to robust governance frameworks, the Bank leverages its human and intellectual capital to ensure transparency, accountability, and trust among all stakeholders. This commitment to integrity is central to its reputation and long-term viability.</p>
 Agricultural Market and Business Performance	<p>Agrobank's main goal is to drive prosperity in the agricultural sector. The bank uses its financial strength to provide important funding. It also uses its physical and digital systems, as well as its deep industry knowledge, to support trade and improve performance. This helps the agricultural industry grow and remain economically strong.</p>
 Sustainable Financing	<p>This actively paves the way for stronger engagement in sustainability-linked financing solutions. By leveraging its financial capital and intellectual capital to integrate green finance and uphold climate-conscious lending practices, the Bank strengthens its long-term resilience and relevance in an evolving financial landscape.</p>
 Climate Change and Environmental Stewardship	<p>The resilience of the Bank's portfolio and operations is ensured by addressing climate-related risks, formulating robust strategies, and adopting best practices. Its support for sustainable agriculture through technological advancements and its commitment to Net Zero Roadmap initiatives are vital for mitigating environmental impacts, safeguarding future food production, and upholding its developmental responsibilities.</p>
 People Empowerment	<p>People empowerment directly supports the Bank's social mandate to foster community development and uplift agricultural communities. Capacity-building programmes and financial literacy initiatives empower people across the sector. Zakat distribution further enables underserved communities to advance economically. In addition, investments in human capital ensure a skilled and motivated workforce.</p>

OUR CAPITALS

Capitals	Description	Impacts
 Financial Capital	Financial resources mobilised through commercial deposits, sukuk issuance, government grants, and scheme fund utilisation to support agricultural financing and economic growth.	Stakeholders impacted:  Material matters impacted: 
 Manufactured Capital	Physical and digital infrastructure, including branches, kiosks, ATMs, mobile banking, and AGRONet platforms, ensure accessibility and efficiency in delivering financial services to agricultural communities.	Stakeholders impacted:  Material matters impacted: 
 Intellectual Capital	Industry expertise, market insights, and financial innovation that are leveraged to develop Shariah-compliant banking solutions, sustainable financing models, and agribusiness-focused financial products.	Stakeholders impacted:  Material matters impacted: 
 Social Capital	Stakeholder engagement, zakat distribution, and strategic partnerships that strengthen relationships with regulators, industry players, local communities, and SMEs to drive financial inclusion and social impact.	Stakeholders impacted:  Material matters impacted: 
 Human Capital	Investments in workforce development, leadership training, and capacity-building to enhance employee expertise, customer service, and financial literacy initiatives for agricultural entrepreneurs.	Stakeholders impacted:  Material matters impacted: 
 Natural Capital	Integration of climate-conscious financing, environmental stewardship, and ESG principles into the Bank's operations, supporting sustainable agriculture and green financing initiatives.	Stakeholders impacted:  Material matters impacted: 

OUR VALUE CREATION MODEL

Our Input



FINANCIAL CAPITAL

- Total commercial fund deposit: **RM13.22 billion**
- Total sukuk wakalah proceeds raised: **RM500 million**
- Government grants distributed: **RM214.24 million**
- Government scheme fund utilisation: **RM2 billion**



MANUFACTURED CAPITAL

Agrobank touchpoints:

- Physical branches: **185**
- Kiosks: **29**
- Agrocorners: **12**
- Agro banking centre: **1**
- Virtual banking channel: **1**
- Paddy credit centres: **5**
- Commercial centres: **19**
- ATMs: **272**
- CICOs: **161**
- Regional offices: **8**
- Agent Banks: **334**
- Community Development Centre: **1**



INTELLECTUAL CAPITAL

Long-standing industry knowledge and understanding of market requirements as a development bank focused on empowering the national agriculture sector.



SOCIAL CAPITAL

- Engagements with diverse stakeholder groups comprising regulators, industry players, local communities, customers, investors, media, civil society groups, NGOs and others. Total of **27 engagements** conceived in year 2024.
- **RM6.88 million** zakat distributed to **8,971** recipients (asnaf) and stakeholders.
- Develop mutually beneficial collaborations with strategic partners and enablers i.e. technology providers, learning and development institutions, community groups and others. Total **23 Strategic Partners**.



HUMAN CAPITAL

- **RM9.72 million** investment in talent development and retention programmes, notably professional and spiritual development activities.
- Provision of competitive, benchmark remuneration inclusive of staff welfare benefits and other incentives.
- Established succession planning strategies.



NATURAL CAPITAL

- Establishment of Solar PV infrastructure, EV Charging stations, and Agro Garden
- Electricity consumption: **15,261,694.74 kWh**
- Water consumption: **14,621 m³**
- Paper consumption: **52,113,681 pages printed**

How We Function: Transforming Inputs into Value

Market Trends & Developments

1. Resource Mobilisation & Allocation

- Mobilising funds for agribusiness growth.
- Allocating financing, advances, and credit facilities for agriculture.

2. Governance & Strategic Direction

- Ensuring ethical and transparent financial governance.
- Strengthening governance frameworks and compliance.

3. Stakeholder Engagement & Collaboration

- Strengthening relationships with agropreneurs, SMEs, and agribusinesses.
- Promoting financial literacy and inclusion.

4. Innovation & Capacity Building

- Innovating financial products tailored to agribusiness needs.
- Enhancing workforce skills and leadership development.

5. Sustainable Operations & Risk Management

- Implementing risk management strategies for long-term stability.
- Driving environmental stewardship through green finance.

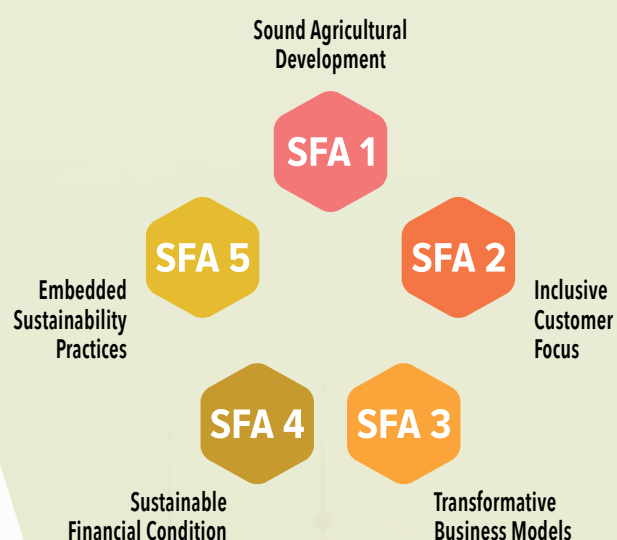
6. Impact Measurement & Continuous Improvement

- Measuring financial and social impact of agricultural financing.
- Refining strategies based on stakeholder feedback.

Risks and Opportunities

Our Output

STRATEGIC FOCUS AREAS (SFA)



FINANCIAL CAPITAL

- Total gross revenue: **RM1.26 billion**
- Profit before tax and zakat: **RM188.78 million**
- Return on equity before tax: **5.48%**
- Total corporate and commercial financing disbursed: **RM1.23 billion**
- Percentage increase of financing exposure for agrofood and agri-based processing in 2024: **2.70%**
- Total assets: **RM22.46 billion**

Refer to 'Financial Statements' section on page 191 of this report for the full disclosure.



MANUFACTURED CAPITAL

- AGRONet Total Registrations: **425,642**
- AGRONetBIZ Total Registrations: **50,274**
- Mobile banking app users: **238,064**
- Customer satisfaction score: **85%**
- 1st Ranking by PayNet as a DNQR POS Acquirer
- Digital Channel transactions: **13,635,118**
- QR Incoming transactions: **8,108,451**
- Total QR merchants onboarded: **8,879**

Refer to 'Agricultural Market and Business Performance' chapter on page 114 of this report for the full disclosure.



INTELLECTUAL CAPITAL

- ACE developmental programmes conducted for **2,675 participants**, of which **528 participants** surpassed conversion target rate.
- Leading market share in agrofood (**27.60%**), crops (**23.50%**), fisheries (**56.60%**) livestock (**23.40%**) and agro-based processing (**4.90%**).

Refer to 'People and Community Empowerment' chapter on page 74, and 'Agricultural Market and Business Performance' chapter on page 114 of this report for the full disclosure.



SOCIAL CAPITAL

- Successfully completed **36** financial literacy programmes and **46** other training/ advisory programmes in 2024.
- Launched **PROBEST 1.0** and **2.0**, with 2.0's initiatives generating around **RM350,000** in income and uplifting young talent in agriculture through collaborations with local universities and strategic partners.
- Agrobank has delivered and generated a wide range of positive social outputs and outcomes for stakeholders.
- Implemented **35 cashless programmes** and **18 nationwide campaigns** to promote digital literacy and cashless awareness.

Refer to 'People and Community Empowerment' chapter on page 74 of this report for the full disclosure.



HUMAN CAPITAL

- Employee Engagement Survey score: **Engagement rate: 85%, Participation Rate: 98%**
- Training programmes undertaken: **403 programmes**
- Employees: **59.60%** female workforce composition
- Average learning days per employee: **9.66 days**
- Total learning days: **37,910 days**
- Workforce composition data on pages 86-87 and employee engagement on page 41.

Refer to 'Empowering Our Human Capital' report on page 86 of this report for the full disclosure.



NATURAL CAPITAL

- Reduced Scope 1 GHG emissions to **465.17 tCO₂e**
- Reduced Overall Group Water Consumption to **14,621 m³**
- Facilitated a Strategic Alignment & Progressive Transition to Net Zero (SFA 5)
- Successfully established FY2023 operational and finance emissions baseline
- Enforced the use of B10 and B20 biodiesel blends across the Bank's vehicle fleet and implemented energy-efficient LED lighting in HQ and all branches

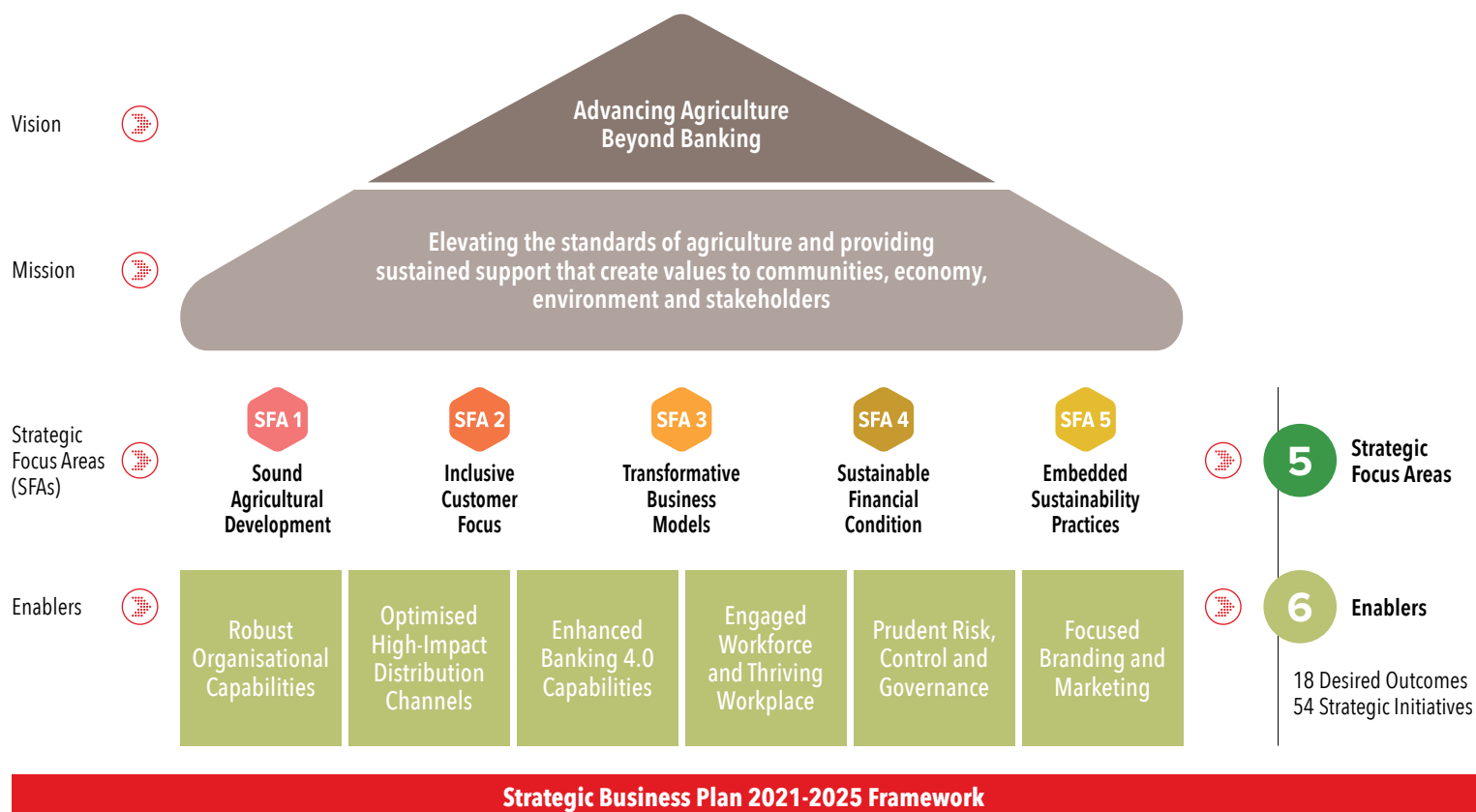
Refer to 'Climate Change and Environmental Stewardship' chapter on page 92 of this report for the full disclosure.

MATERIAL MATTERS



OUR BUSINESS AND OPERATIONAL STRATEGIES

In 2024, Agrobank demonstrated strong progress against its 2021-2025 Strategic Business Plan, translating its mandate into tangible value across Malaysia's agricultural sector. The Bank's performance was guided by its five Strategic Focus Areas (SFAs), and supported by six operational enablers.



STRATEGIC FOCUS AREAS (SFA)

SFA 1

Sound Agricultural Development

Realigning Agrobank's core developmental activities towards supporting national focus areas for agricultural development.

Strategic Initiatives (amongst others):

- Development of upstream activities for low Self-Sufficiency Level (SSL) agrofood sectors (cattle/beef, goats/sheep, dairy and vegetables)
- Development of midstream and downstream activities for high-SSL agrofood sectors (poultry, eggs, capture fisheries and fruits)
- Development of high-growth and high potential agriculture sectors – Sumber Kekayaan Baru

Capitals impacted:



Material matters impacted:



Stakeholders impacted:



UNSDG impacted:



SFA 2 Inclusive Customer Focus

Upwardly migrating our customers in key segments (particularly B40, entrepreneurs and young agri-SMEs), becoming partners in their overall financial wellbeing development and improving the overall Agrobank customer experience.

Strategic Initiatives (amongst others):

- Financial wellbeing development programmes for unserved and underserved segments
- Establishment of upward migration framework as holistic long-term plan to uplift the wellbeing of the unserved and underserved segments
- Strengthening the suite of advisory services by Agrobank Centre of Excellence
- Offering new products and programmes that are developmental in nature – Smart Card Keluarga Peladang (Agrobank and LPP co-brand)
- Strengthening the Customer Relationship Management (CRM) system to improve customer issue resolution

Capitals impacted:



Material matters impacted:



Stakeholders impacted:



UNSDG impacted:



SFA 3 Transformative Business Models

Introducing new ways for Agrobank to conduct business with the aim of supporting agricultural development, through modalities that go beyond conventional banking.

Strategic Initiatives (amongst others):

- Development of crop takaful for agriculture sector
- Development of new investment platform
- Development of e-marketplace for Business-to-Business (B2B)

Capitals impacted:



Material matters impacted:



Stakeholders impacted:



UNSDG impacted:



SFA 4 Sustainable Financial Condition

Maintaining a balance between strengthening our developmental impact and ensuring financial sustainability.

Strategic Initiatives (amongst others):

- Maintaining growth in retail and non-mandated portfolio to support growth in mandated activities
- Enhancement of agent banking by enhancing portfolio of services

Capitals impacted:



Material matters impacted:



Stakeholders impacted:



UNSDG impacted:



SFA 5 Embedded Sustainability Practices

Facilitating the transition of the Bank and its clients to a more climate-friendly business environment.

Strategic Initiatives:

- Establishment of approaches to achieve net zero

Capitals impacted:



Material matters impacted:



Stakeholders impacted:

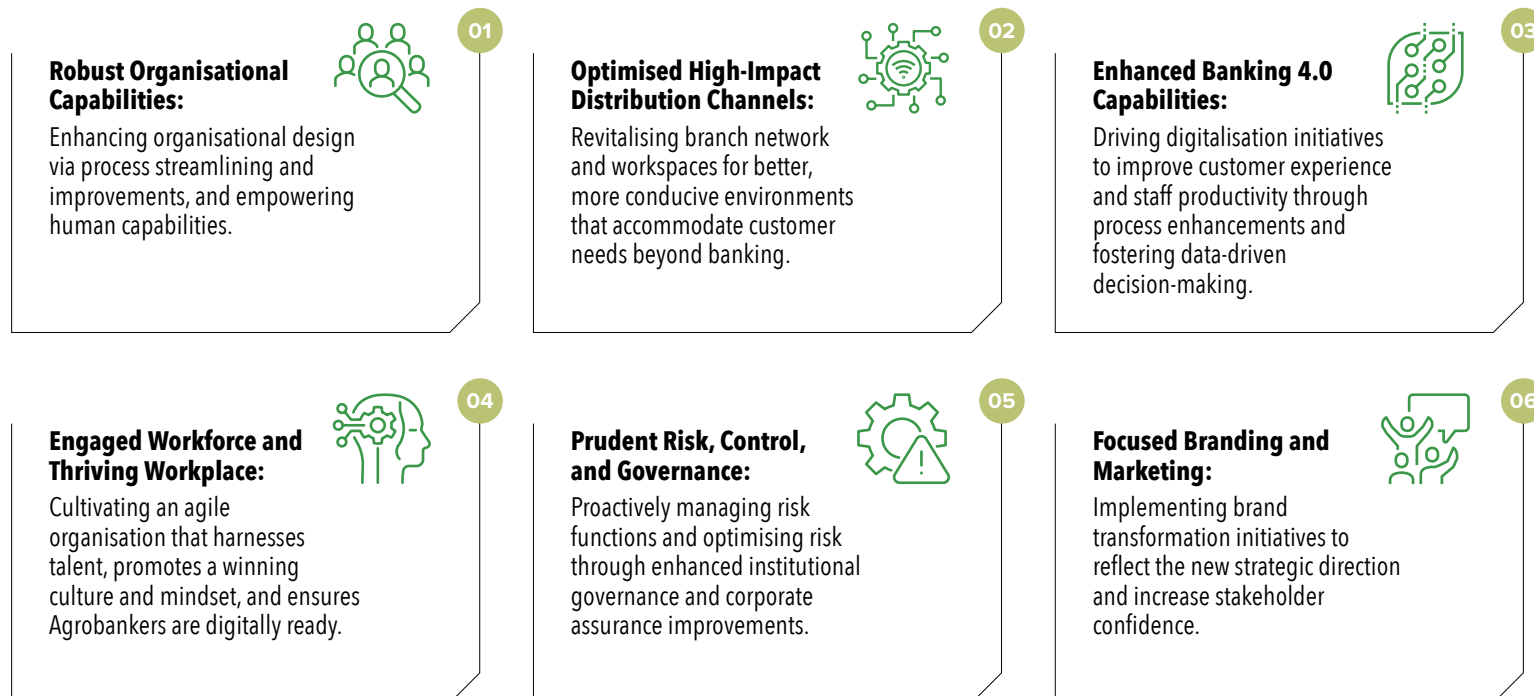


UNSDG impacted:



OUR BUSINESS AND OPERATIONAL STRATEGIES

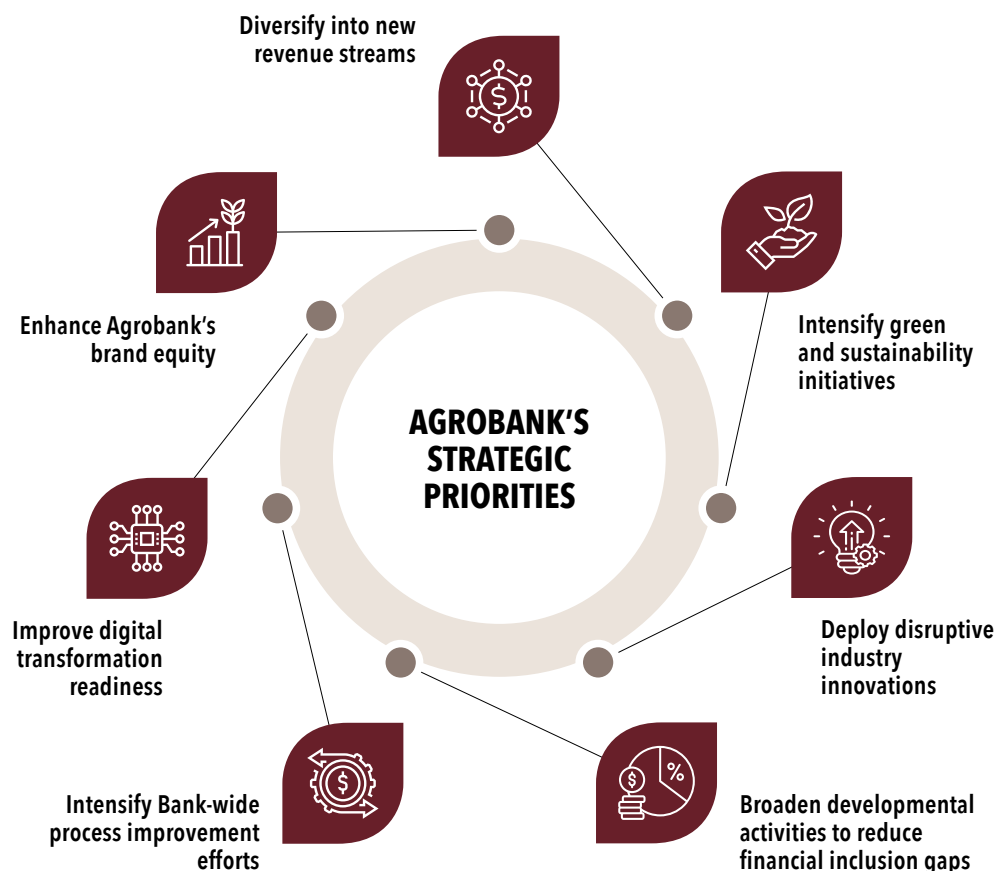
OPERATIONAL ENABLERS



STRATEGIC PRIORITIES

Agrobank's overarching strategy is anchored in a long-term vision to support inclusive growth, drive innovation, and strengthen resilience across the agri-sector. This vision is structured around clearly defined Strategic Focus Areas that provide thematic direction across the Bank's core functions - from advancing agricultural development to enabling digital transformation and climate transition.

These Focus Areas are translated into annual Strategic Priorities, which guide the Bank's operational planning and execution. Together, they ensure that Agrobank's strategy remains coherent, impact-driven, and responsive to the evolving needs of stakeholders, the national agenda, and the agricultural economy.



STRATEGIC INITIATIVES FOR FY2024

In 2024, the market developments and industry-wide shifts directly influenced Agrobank's strategic initiatives for the year, leading to intensified focus on the following key areas:

Sustainability as a Core Growth Pillar:

Recognising sustainability as a major growth area, Agrobank committed to significantly expanding its sustainability financing portfolio. This push is paired with our commitment towards carbon reduction, and aligns with national environmental objectives.

Embracing the Halal Ecosystem:

We intensified our focus on the halal ecosystem, acknowledging its immense potential and the increasing demand for Shariah-compliant financial products and services.







Advancing Digital Financial Services:

The rise of new digital offerings for financial services necessitated a strategic pivot. Agrobank prioritised enhancing its digital capabilities to provide seamless, efficient, and accessible financial solutions to our customers.










Fostering Strategic Collaborations:

We continued to emphasise strategic collaborations, leveraging the unique strengths of our partners to broaden our reach, enhance our offerings, and deliver greater value to our stakeholders. This collaborative approach remains crucial for navigating the evolving financial landscape.

The following are some of Agrobank's strategic initiatives implemented in 2024:

Strategic Priorities	Strategic Initiatives
	Obtained the licence to operationalise Agro-Captive Takaful Limited (ACTL) in Sept 2024 for nationwide crop takaful coverage for paddy, and Skim Takaful Tanaman Padi (STTP) was launched to the public.
	New businesses under development, such as Agro Ilham (Pocket-Based Savings), Gold Account, Hibah Hartanah.
	Established new ESG and Halal Business functions within the Enterprise banking team to explore new revenue channels.
	Development of sustainability-linked programmes, namely, Climate Smart Agriculture Programme and Sustainability Agro Financing Programme. These are expected to launch in 2025.
	Partnered with Dropee to execute supply chain financing programme and Digital Niaga collaboration to support MSMEs with an e-marketplace financing programme. This is expected to launch in 2025.
	Developed a new revolving credit financing programme, Agro eMarket Cash Line-i, targeted for B2B purchases in closed-loop e-marketplaces.

OUR BUSINESS AND OPERATIONAL STRATEGIES

Strategic Priorities	Strategic Initiatives
	Collaborated and developed the eCredit MPOB financing application tracking tool with Malaysian Palm Oil Board to reduce the turnaround time of Skim Tanam Semula Pokok Kelapa Sawit. This is targeted for the 2025 planting season.
	The launch of the first-ever Community Development Center, in Rural Transformation Centre (RTC) Tunjung.
	Upward Migration Programme – 7 Agrobank Upward Migration (AUM) programmes for 175 companies, 20 programmes for 168 participants and completion of PROBEST 1.0 with grant allocation of RM1.8 million to 7 universities, benefitting 96 young agropreneurs.
	Completed 36 financial literacy and 46 other training/advisory programmes benefiting 2,296 participants.
	Introduced more last-mile touchpoints, including three Bank Bergerak, three Mobile ATMs, and five Off-Premise ATMs.
	Launched AgroTouch, a new digital touchpoint, in November 2024.
	Established a Digital Transformation Plan and Data Management Roadmap (2025-2027).
	Successfully automated three key processes: payment, fixed asset reconciliation, and the financing migration report.
	Established a Greenhouse gas (GHG) inventory baseline, targets, and Net Zero Roadmap.







Our Partnerships and Collaborations in Implementing our Strategies

Agrobank ensured effective cross-functional collaboration in executing its strategic initiatives throughout 2024:











OUR RISK AND MITIGATION STRATEGIES

Agrobank effectively manages a comprehensive spectrum of risks through robust frameworks and proactive strategies. Our approach ensures resilience against potential disruptions while capitalising on opportunities to achieve sustainable growth and deliver value to our stakeholders.

Type of Risk		Impact of the Risk	
Operational Risk & Shariah Non-Compliance Risk	<p>Capitals impacted:</p>  <p>Material matter impacted:</p> 	<p>a) <u>Operational Risk</u> May result in direct and indirect financial losses resulting from inadequate or failed internal processes, people, systems or external events.</p> <p>b) <u>Shariah Non Compliance Risk</u> May result in direct or indirect financial losses arising from the Bank's failure to adhere to the rules and principles of Shariah.</p>	
Market & Liquidity Risk	<p>Capitals impacted:</p>  <p>Material matter impacted:</p> 	<p>Fluctuations in profit rates, investment securities prices, and foreign exchange rates could lead to significant financial losses, reduced asset value, and instability in both on and off-balance sheet positions, ultimately impacting profitability and long-term resilience.</p> <p>Failure to secure necessary funding may disrupt cash flow obligations, compelling the Bank to obtain funding at significantly higher profit rates, negatively impacting profitability, financial stability, and stakeholder confidence.</p>	
Credit Risk	<p>Capitals impacted:</p>  <p>Material matter impacted:</p> 	Increased exposure to insufficiently managed lending and investment risks may potentially lead to financial losses arising from customers' inability to meet their financing obligations	

How We Mitigate the Risk	2024 Key Developments	Future Action
<ul style="list-style-type: none"> • Adopting Risk Control & Self-Assessment (RCSA/SRCSA) tools. • Periodic review of frameworks and policies to cater for regulatory updates and business requirements. • Establishing Business Continuity Management plans to minimise material consequences from business disruptions. 	<ul style="list-style-type: none"> • Conducted two Scenario Analysis exercises (internal and BNM ORSA). • Completed the revision of RCSA/SRCSA for branches and HQ. • Conducted a successful Financial Sector Cyber Drill with Information Security Department (ISD). • Enhanced ability to manage and mitigate hardship-related risks under Hajah and Darurah. • Implemented various fraud management initiatives. 	<ul style="list-style-type: none"> • Enhancement of the Operational Risk Management System (ORMS) system for improved data collection and analysis. • Risk Culture and Awareness Programme with Risk Owners. • Enhancement of the Risk Control & Self-Assessment (RCSA) to ensure greater comprehensiveness, effectiveness, and standardisation across selected banking functions. • Successful execution of the Crisis Management Plan concurrently with the Disaster Recovery exercise, featuring enhanced and comprehensive scenario simulations. • Successful implementation of two actual business case assessments on Hajah and Darurah demonstrating the Bank's operational readiness and decision-making effectiveness under exceptional circumstances. • Enhancement of the Fraud Management System (FMS) to strengthen fraud prevention and detection capabilities.
<ul style="list-style-type: none"> • Implementing a Management Policy that enables the identification, measurement, and continuous monitoring of all relevant and material risks exposures. • Ensuring effective risk oversight and control functions are in place. 	<ul style="list-style-type: none"> • Established, enhanced and reviewed market and liquidity risk internal and Management Action Trigger (MAT). • Implemented monthly liquidity stress testing. • Evaluation and assessment of Contingency Funding Plan based on FY2024 scenario. • Harmonised related market and liquidity risk frameworks, policies, and guidelines. 	<ul style="list-style-type: none"> • Provide independent risk assessment to relevant stakeholders. • Enhancement of internal liquidity stress tests. • Continuous monitoring and reporting on daily early warning indicators.
<ul style="list-style-type: none"> • Establishing robust credit policies. • Conducting thorough due diligence. • Diversifying portfolios. • Integrating climate-related risk considerations. 	<ul style="list-style-type: none"> • Completed classification on financing based on CCPT. • Developed CCPT assessment checklist to classify financing level. • Enhanced system to embed climate change contribution level. • Conducted regular CCPT trainings and incorporated into Credit Risk trainings. 	<ul style="list-style-type: none"> • Update the latest assessment checklist according to regulatory requirements and ensure correct classification of Bank financings reported to BNM. • Enhance CCPT trainings to include questionnaires to assess participants' understanding.

OUR RISK AND MITIGATION STRATEGIES

Type of Risk	Impact of the Risk	
<p>Internal Control & Credit Surveillance Risk</p> <p>Capitals impacted:</p>  <p>Material matter impacted:</p> 	<p>Deficiencies in employees' skills and knowledge due to inadequate training and limited exposure may result in inconsistent understanding and execution of roles.</p> <p>Grey areas in processes and procedures, and gaps in systems adequacy/user interface may affect effectiveness of compliance or operational efficiency.</p> <p>Gaps in monitoring and enforcement mechanisms and proper documentation may contribute to operational lapses and non-compliance risks.</p>	
<p>Credit Process & Evaluation Risk</p> <p>Capitals impacted:</p>  <p>Material matter impacted:</p> 	<p>To assess the potential risk of loss arising from the customer's failure to make payment for financing granted or fulfil contractual obligations.</p>	
<p>Technology & Cyber Risk</p> <p>Capitals impacted:</p>  <p>Material matter impacted:</p> 	<p>The impact of cyber risk can range from service outages and data compromise to significant regulatory penalties, loss of customer trust, and long-term brand damage.</p>	
<p>Enterprise & Climate Risk Management</p> <p>Capitals impacted:</p>  <p>Material matter impacted:</p> 	<p>The Bank's ability to maintain financial stability, achieve strategic objectives, and capitalise on growth opportunities depends on effectively identifying, assessing, prioritising, and managing risks that could otherwise disrupt operations and impact profitability.</p>	

How We Mitigate the Risk	2024 Key Developments	Future Action
<ul style="list-style-type: none"> Supporting Business Units (BUs) in enhancing asset quality by identifying root causes of credit issues early. Continuously analysing, evaluating, and monitoring overall credit quality for early warning signals. Providing structured and data-driven recommendations to address gaps in assessments, practices, and policies. Collaborating with stakeholders to enhance procedural compliance and reinforce governance. 	<ul style="list-style-type: none"> Continuous CCPT training is delivered and embedded within the broader Credit Risk training curriculum to ensure consistent knowledge and compliance. Conducted 8 Knowledge Sharing Sessions (KSS) on key credit risk issues in collaboration with ACADEMY (Learning teams) and regional teams. Published bulletins and advisories as refresher materials. Enhanced Connected Party Search (Phase 1) via intranet. Enhanced Credit Quality Risk Assessment (CQRA) and revised manuals. Initiated Panel Auditor Selection. 	<ul style="list-style-type: none"> Enhance the CQRA questionnaire and incorporate into PRIME. Enhance Connected Party Search (Phase 2) and Account Classification System tagging. Launch a Risk Culture Programme. Expand KSS frequency and reach. Incorporate assessment on Panel Auditor credibility into Credit Assessment Report (CAR). Post Approval Review focusing on Problem statements. Roll out targeted awareness campaigns.
<ul style="list-style-type: none"> Clearly understanding the business and associated risks at every stage. Continuous knowledge building and quality control in credit assessment. 	<ul style="list-style-type: none"> Conducted site visits to expand industry knowledge. KSS with Economics & Industry Research Department (EIRD) covering topics such as ruminant, poultry, and fishery. Learning from 'What Went Wrong' sessions of past impaired cases. Close monitoring of Turnaround Times (TAT) with weekly ageing at Credit Analyst (CA) level. Regular sharing of directives by Management Credit Committee (MCC) and Board Credit and Investment Committee (BCIVC) members to improve overall credit assessment quality. 	<ul style="list-style-type: none"> Enhance industry knowledge sharing sessions, potentially incorporating more 'lessons learned' from impaired cases. Continue close monitoring of TATs and reinforce quality of credit assessment through clear directives and regular reminders.
<ul style="list-style-type: none"> Implementing technical controls through a layered security approach. Applying non-technical controls through robust governance frameworks. Cybersecurity training for employees. Conducting risk assessment and incident response planning. Adhering to regulatory and compliance standards. 	<ul style="list-style-type: none"> Strengthened the Bank's risk assessment programme. Implemented an ongoing Cybersecurity Awareness programme for employees. Enhanced awareness and preparedness through phishing exercises and cyber drill exercises that simulate real-world cyberattacks. Successfully implemented a Data Steward workshop. 	<ul style="list-style-type: none"> Continue to strengthen cybersecurity posture, prioritising innovation and resilience to navigate the ever-evolving cybersecurity landscape.
<ul style="list-style-type: none"> Managing the Bank's Risk Appetite Statement (RAS). Integrating climate-related risk considerations into the overall risk management framework. Facilitating risk committee meetings and climate risk-related exercises as per BNM requirements. Managing the Bank's frameworks, policies, operational, and product manuals for standardisation. 	<ul style="list-style-type: none"> Continued monitoring of the Bank's RAS, including threshold for climate risk exposure. Established a Climate Risk Scenario Analysis methodology as per BNM's Policy Document on CRMSA. Established an Internal Policy Management Framework for standardisation. 	<ul style="list-style-type: none"> Complete climate risk scenario as per BNM Policy Documents on CRMSA. Enhance climate resilience initiative by conducting the inaugural Bank Negara Climate Risk Stress Testing Exercise. Progressively integrate climate-related considerations into the Bank's risk management framework. Progressively enhance RAS thresholds in relation to climate risk.

NAVIGATING OUR OPERATING LANDSCAPE

Since 2024, the dynamic economic landscape experienced significant transformations, driven by several key trends. Geopolitical tensions, particularly the escalation in the Middle East and the potential for renewed US-China trade friction, continue to pose risks of global supply chain disruptions, heightened inflation, and rising commodity prices. Furthermore, the lagged effects of climate change, such as El Niño and La Niña, pose potential challenges for agricultural yields.

Despite these headwinds, the Malaysian economy recorded resilient Gross Domestic Product (GDP) growth, supported by robust domestic demand, increased private sector consumption underpinned by various government initiatives, and sustained investment activities from ongoing infrastructure projects and foreign direct investment. The agriculture sector itself registered moderate growth, supported by stable food demand and strategic national initiatives, while the broader banking system has maintained its strength with healthy financing growth. Within the industry, there continues to be a rapid acceleration in sustainability financing, a heightened focus on the halal ecosystem, and the widespread rollout of innovative digital offerings.

Against this backdrop, Agrobank has refined its strategies to meet current challenges and leverage opportunities, focusing on the following key value creation pillars:

Mobilising Public-Private Investment for Sustainable Development:

Increasing focus on blending public and private resources to leverage more investment for sustainable development. Focus is given to introducing innovative financial instruments and engaging in strategic partnerships to address developmental challenges in sectors such as agriculture.



Advancing ESG and Sustainability Through Support and Collaboration:

The Bank continues to advance ESG and sustainability outcomes by supporting sectoral alignment and collaborating with industry stakeholders. Through targeted financing and participation in national-level initiatives, it contributes to more consistent approaches in risk management, sustainable production, and ESG integration across sectors.



Driving Inclusive and Sustainable Economic Growth:

Promote inclusive and sustainable economic growth, and investing in projects that create jobs, reduce poverty and promote environmental sustainability.



Digital Transformation as a Catalyst for Ecosystem Integration:

Digital transformation will need to embrace and catalyse digital innovations, from the perspective of introducing new digital solutions, but more importantly, how digitalisation would eventually lead to deeper integration with other ecosystem players.



CASE STUDY

Our Digital Banking Value Creation

In FY2024, Agrobank reinforced its position as a leading DFI through accelerated digital adoption, wider QR payment expansion, and impactful cashless initiatives in collaboration with strategic partners. These efforts resulted in outstanding performance and key industry recognition:

- The Bank achieved a major milestone by **ranking first among DFIs as a DNQR POS Acquirer**, recognised by Payments Network Malaysia (PayNet).
- The largest spike in this performance was recorded during the **MAHA Event in September 2024**, with a 2,818.28% growth compared to MAHA 2022.
- Merchant onboarding for the event also surged 886.21%, with **569 merchants** participating.
- The Bank's digital transaction volume escalated as:
 - QR Incoming transactions **surged 368.75% (from 1,729,817 to 8,108,451)**.
 - Digital Channel (Mobile Banking, Online Banking, FPX) transaction counts grew by **48.82% (from 9,161,880 to 13,635,118)**.
 - The total number of QR merchants onboarded grew by **17.92% in 2024 compared to 2023 (from 7,530 to 8,879)**.
- The transaction value for **Mobile Banking for FY2024 totalled RM2,613,633,639**.
- A total of **35 cashless programmes** and **18 nationwide campaigns** were implemented to promote digital literacy and cashless awareness. These were executed in partnership with key strategic collaborators (see page 55).

These achievements demonstrate Agrobank's continued dedication to driving digital innovation and strategic collaboration, fostering inclusive growth, and advancing the transition toward a more cashless, efficient, and customer-focused financial ecosystem.






The following table provides a comprehensive overview of identified market trends and Agrobank's responses.

Market Trends, Challenges, Opportunities, and Value Creation Response






Market Trend & Development	Key Description & Outlook	Potential Challenges	Mitigation	Potential Value Creation Opportunities	Value Creation Response
GLOBAL GEOPOLITICAL TENSIONS Strategy: SFA 1 Sound Agricultural Development Risks: Operational Risk Liquidity Risk	Current geopolitical tensions (Middle East, US-China trade friction) makes for a complex economic landscape.	Global Supply Chain Disruptions: Potential for increased costs and reduced availability of agricultural inputs (Operational risk). Heightened Inflation & Rising Commodity Prices: May lead to increased operational costs for Agrobank and higher financing costs for customers (Financial risk). Stakeholder Impact: Farmers face higher input costs; consumers face rising food prices.	<ul style="list-style-type: none"> Proactive monitoring of geopolitical developments and commodity markets. Diversification of supply chain exposure for own operations. Scenario planning for various economic outcomes. Leveraging domestic economic resilience to offset global headwinds. 	<ul style="list-style-type: none"> Robust domestic demand and government initiatives provide a stable foundation for financing growth. Increased private sector consumption and investment activities create new opportunities for financing across the agricultural value chain. 	Underpinning All Value Creation Pillars. Agrobank refines strategies to leverage strong domestic fundamentals against potential global volatility.
INTEREST/PROFIT RATE HIKES Strategy: SFA 2 Inclusive Customer Focus Risks: Liquidity Risk SNC Risk	Though Overnight Policy Rate (OPR) remained at 3% in 2024, there is potential for moderate increases in 2025, potentially impacting financing costs.	Increased financing costs for customers, potentially leading to higher Non-Performing Financing rates and reduced loan demand (Credit risk). Stakeholder Impact: Customers face higher repayment burdens, reduced access to affordable financing.	<ul style="list-style-type: none"> Proactive portfolio stress testing against various OPR scenarios. Enhanced credit monitoring for vulnerable segments. Offering flexible repayment options or restructuring facilities where appropriate. Diversification of funding sources to manage cost of funds. 	<ul style="list-style-type: none"> Opportunity to attract deposits with competitive rates. Restructure existing financing products to better suit customer needs (e.g., variable vs. fixed rates) and improve customer traction and loyalty. 	Driving Inclusive and Sustainable Economic Growth <ul style="list-style-type: none"> Offer specialised, affordable financing products to different segments, especially underserved populations.

NAVIGATING OUR OPERATING LANDSCAPE

Market Trend & Development	Key Description & Outlook	Potential Challenges	Mitigation	Potential Value Creation Opportunities	Value Creation Response
RIISING OPERATING COSTS Strategy: SFA 2 Inclusive Customer Focus Risks: Liquidity Risk	Malaysia's inflation rate recorded a slower rise of 1.83% in 2024 (vs. 2.49% in 2023). However, there is continued pressure from payroll, sales & marketing, and technology investments.	Erosion of profit margins (Financial Risk). Reduced investment capacity in strategic areas (e.g., technology, human capital). Potentially impacts employee welfare (salary reviews) or customer service (resource allocation).	<ul style="list-style-type: none"> Implement robust cost optimisation programmes (e.g., process automation, energy efficiency). Strategic vendor management for key inputs. Invest in technology for operational efficiency. 	<ul style="list-style-type: none"> Opportunities to offer more financial solutions to customers facing higher production costs, especially MSMEs in rural areas, to support their resilience and growth. 	Digital Transformation as a Catalyst for Ecosystem Integration <ul style="list-style-type: none"> Invested in digital tools to automate routine banking processes (e.g., loan application reviews, customer service); Embarked on revamping the loan process by enabling online applications, reducing time and costs.
HEIGHTENED MARKET COMPETITION Strategy: SFA 1 Sound Agricultural Development SFA 2 Inclusive Customer Focus SFA 3 Transformative Business Models Risks: Liquidity Risk Operational Risk SNC Risk	Commercial banks are increasingly recognising the commercial potential of agriculture, leading to intensified competition. Competition is expected to further intensify as the sector's commercial potential is recognised.	Pressure on interest margins and loss of market share. Increased customer acquisition costs. Reduced profitability for shareholders Potential for diluted focus on DFI mandate.	<ul style="list-style-type: none"> Strengthen unique value proposition as a DFI specialising in agriculture. Enhance customer experience and loyalty. Focus on niche segments underserved by commercial banks. Continuous innovation of products and services. 	<ul style="list-style-type: none"> Internal driver for organisational renewal, pushing transformation of policies, processes, and procedures to boost competitive edge. Opportunity to learn from and adopt successful models. Aim for cost and operational efficiencies to deliver greater stakeholder value. 	Driving Inclusive and Sustainable Economic Growth <ul style="list-style-type: none"> Offer specialised financing products tailored to different segments of the agrofood industry (e.g., agri-tech companies).

Market Trend & Development	Key Description & Outlook	Potential Challenges	Mitigation	Potential Value Creation Opportunities	Value Creation Response
POSSIBLE POLITICAL DEVELOPMENTS AND POLICY CHANGES Strategy:  Sound Agricultural Development  Inclusive Customer Focus  Transformative Business Models Risks: Liquidity Risk Operational Risk Food Policy Risk	Changes in government policies with regard to the agricultural sector (e.g., shifts in focus areas, tax incentives, assistance to farmers). Continued government emphasis on food security and reducing import bills.	Regulatory/policy uncertainty could disrupt operations or create unexpected costs (operational risk). Loss of strategic alignment if focus areas shift significantly. Farmers/fishermen may face uncertainty. Potential impact on Agrobank's role as a DFI.	<ul style="list-style-type: none"> Active engagement with policymakers and regulators. Dedicated team to monitor policy developments and assess implications. Maintain flexibility in strategic planning. 	<ul style="list-style-type: none"> Government's intensified focus on domestic food self-sufficiency validates and expands Agrobank's pivotal role in national food security. Opportunities to serve as an intermediary or delivery partner for government financing, subsidies, and grants to agricultural stakeholders. Mobilise Public-Private Investment for Sustainable Development 	Advancing ESG and Sustainability Through Collaboration. <ul style="list-style-type: none"> Continued to tap into government-funded financing programmes aimed at boosting the agricultural sector (often with preferential rates/subsidies).
INCREASING DIGITALISATION AND INNOVATION Strategy:  Transformative Business Models  Embedded Sustainability Practices Risks: Operational Risk Technology & Cyber Risk SNC Risk	The rapid evolution of AI, IoT, and digitalisation, continues to grow in prominence in financial services, necessitating increased financial resource allocation.	High investment costs for technology acquisition, upgrade, maintenance, employee training, cybersecurity) (operational/financial risk). Risk of technology obsolescence. Increased exposure to cyber threats impacting brand credibility and customer confidence (technology & cyber risk). Need to meet customers expectations for seamless digital services	<ul style="list-style-type: none"> Development of a strategic technology roadmap with phased investments. Robust cybersecurity framework and continuous monitoring Regular employee training and upskilling programmes. Partnerships with FinTechs or Agritech companies. 	<ul style="list-style-type: none"> Government's push for technological adoption in agriculture drives demand for tailored financial products (e.g., for IoT, smart farming). Leverage on new product development, faster market entry, improved customer service, and expanded reach. 	Digital Transformation as a Catalyst for Ecosystem Integration. <ul style="list-style-type: none"> Invested in digital tools to automate routine banking processes Embarked on revamping the loan process via online applications Enhanced mobile banking platform for ease of access and reduced transaction costs. Collaborated with fintech companies to integrate AI and big data analytics into improving efficiency in providing critical financial services.

NAVIGATING OUR OPERATING LANDSCAPE

Market Trend & Development	Key Description & Outlook	Potential Challenges	Mitigation	Potential Value Creation Opportunities	Value Creation Response
CHANGES IN NATIONAL FOOD IMPORT BILL Strategy:  Sound Agricultural Development  Transformative Business Models Risks: Liquidity Risk	<p>In 2024, Malaysia's food import bill was around RM78.80 billion, while the country's overall trade balance for agriculture showed a deficit. There is continued government drive to reduce dependency on food imports.</p>	<p>Economic vulnerability from reliance on imports (macroeconomic risk).</p> <p>Potential for food price volatility affecting consumers and producers.</p> <p>Impacts national food security, affecting all citizens.</p>	<ul style="list-style-type: none"> Advocate for policies supporting domestic food production. Focus financing on increasing local output. Diversify supply chains where possible. 	<ul style="list-style-type: none"> Agrobank can serve as the intermediary or delivery partner for government financing and assistance (soft financing, subsidies, grants) to raise domestic food production. Strengthen role in national food security agenda. 	Mobilising Public-Private Investment for Sustainable Development. <ul style="list-style-type: none"> Conducted collaborative financial literacy programmes for farmers, helping them understand and improve accessibility and engagement.
CLIMATE CHANGE AND GLOBAL WARMING Strategy:  Embedded Sustainability Practices  SFA 4 - Sustainable Financial Condition  Transformative Business Models Risks: Operational Risk Food Policy Risk	<p>Increasing physical risks such as rising temperatures, drought, greater rainfall, and flooding could impact crop and produce output, affecting supply chains. Specific impacts: Lagged effects of El Niño and La Niña. More frequent and severe extreme weather events are anticipated.</p>	<p>Revenue impacts for farmers and fishermen (credit risk for Agrobank).</p> <p>Temporary distortions in essential food pricing (market risk).</p> <p>Farmers/fishermen face livelihood threats while consumers face food price hikes.</p> <p>Impacts Agrobank's asset quality.</p>	<ul style="list-style-type: none"> Integrate climate risk assessment into credit policies. Develop climate-resilient financing products. Promote sustainable agricultural practices. Invest in climate data analytics. 	<ul style="list-style-type: none"> Growing stakeholder awareness of sustainability and the pressing reality of climate change are accelerating the adoption of sustainable agricultural practices. Drives demand for climate-resilient technologies for commercialisation. 	Advancing ESG and Sustainability Through Collaboration. <ul style="list-style-type: none"> By offering financing for green projects, Agrobank is attracting impact investors and government subsidies.

CHALLENGES AND OPPORTUNITIES AGROBANK ANTICIPATES IN 2025

In 2025, geopolitical tensions, particularly the rising risk of escalation in the Middle East and Russia-Ukraine, could severely disrupt global oil supplies, leading to a sharp rise in prices that would likely impact operational costs. Similarly, the US tariff policy that affects global trade and ongoing US-China trade war present considerable risks; its potential to disrupt global supply chains could fuel inflation, possibly triggering a renewed phase of monetary tightening. Furthermore, a general uptick in commodity prices would directly translate to higher input costs for the agricultural sector, and the lagged effects of climate phenomena like El Niño and La Niña continue to pose a threat to crop yields, which could affect the Bank's agricultural financing portfolio.

Despite these hurdles, the economic outlook offers reasonable opportunities. Malaysia's GDP is projected to grow moderately between 4.0%-4.8%, driven primarily by strong domestic demand and significant investments, even with modest export growth. Private sector consumption is expected to be a key anchor for this growth, projected at 5.1%, bolstered by civil service salary increases, the implementation of a progressive wage model in the private sector, the increase in minimum wage, and a steady wage growth, all supported by a healthy labour market.

Investment activities are set to gain considerable momentum from ongoing infrastructure projects valued at RM91.20 billion, substantial investments from Government-Linked Companies totalling RM120 billion over a 5-year period, and total approved Investments of RM384 billion stemming from the National Industrial Master Plan (NIMP) and National Energy Transition Roadmap (NETR).

Within the agricultural sector itself, the growth is projected to be moderately positive, at around 2%, propelled by increased output in oil palm, food crops, livestock, and fisheries. This growth is underpinned by stable food demand, population expansion, and strategic initiatives like DAN 2.0 aimed at boosting the agrofood sector. Crucially, the wider banking system is expected to maintain its resilience, with financing growth projected at 4.5% to 5.0%, buoyed by a more moderate macroeconomic performance, providing a fairly stable environment for Agrobank to expand its lending activities.



OUR CREATED VALUE

The year's value creation approach, mirrored by the theme "Together We Grow for a Better Tomorrow," was channelled through key pillars to navigate a complex operating landscape and deliver holistic impact. In its role as a vital development partner, Agrobank facilitated collaborations that brought about significant achievements, benefiting various stakeholders.

Mobilising Public-Private Investment for Sustainable Development

Key highlights:

- Conducted programmes in partnership with various agencies to provide entrepreneurship training, capacity building, and consultancy support for beneficiaries.
- Collaborated with digital marketplace service provider (e.g. Dropee now known as Borong) to enable access to digital ecosystem for agriculture business and offering financing and affordable options to underserved communities.



Empowering Agri-Entrepreneurs Through Strategic Training

Through our Agrobank Centre of Excellence (ACE), the Bank has delivered targeted entrepreneurship programmes in collaboration with key national agencies, enhancing the capabilities of agri-entrepreneurs across the agricultural value chain. This includes specialised training initiatives conducted with the Malaysian Pineapple Industry Board (MPIB), the Federal Agricultural Marketing Authority (FAMA), and Tabung Ekonomi Kumpulan Usaha Niaga (TEKUN), reinforcing practical knowledge and business readiness.

By providing essential non-financial support alongside its financing solutions, the Bank has contributed to the professional development of over 200 programme participants, improved entrepreneurial resilience, and aligned with national goals for sectoral development and inclusive growth—advancing social empowerment and sustainable business practices within Malaysia's agricultural ecosystem.

Advancing ESG and Sustainability through Support and Collaboration

Key highlights:

- Supported sectoral sustainability alignment through participation in the VBI sectoral guidance development, enabling more structured approaches to ESG risk assessment, measurement, and mitigation within priority sectors.
- Applied CCPT-based business classification to assess clients' alignment with climate transition categories, establishing a baseline for future integration into credit evaluation processes.



Supporting Sustainable Agriculture and Certification

Through its financing activities, the Bank has enabled certified producers in the palm oil sector to expand operations aligned with sustainability standards. This includes support for entities with RSPO and MSPO certifications, as well as ISO 9001:2015 accreditation for milling operations, reinforcing quality management and responsible production.

By facilitating access to capital, the Bank has contributed to the scaling of certified practices, improved operational resilience, and aligned with national sustainability benchmarks, advancing ESG outcomes in a sector with material environmental and social impact.

Driving Inclusive and Sustainable Economic Growth

Key highlights:

- Specialised financing products were tailored to different segments of the agrofood industry (e.g., smallholder farmers, agri-tech companies, women entrepreneurs in agriculture). By offering financing for green projects, Agrobank is attracting impact investors and government subsidies.
- Provide affordable financing to underserved populations in rural areas, including smallholders and young agropreneurs. By expanding financial access to these groups, the Bank fosters economic development while enhancing its profitability through the growth of its customer base.



Nurturing Next-Generation Agropreneurs

Through its PROBEST initiative, Agrobank has enabled youth from asnaf and B40 communities to access structured agropreneurship pathways, equipping them with the practical skills and capital required to establish sustainable agricultural enterprises. This includes comprehensive incubation support across diverse sectors such as melon farming, quail production, chili fertigation, and seaweed cultivation, delivered in collaboration with higher learning institutions and strategic partners.

By facilitating end-to-end development from training to financing and market expansion, the programme has nurtured a new generation of farmers and agri-entrepreneurs, resulting in measurable income growth and successful transitions into commercial scaling via the Geran Agropreneur Muda (GAM) scheme. These efforts directly contribute to inclusive sector development and community resilience, aligning with national food security and youth empowerment goals.

Digital Transformation as a Catalyst for Ecosystem Integration

Key highlights:

- Invested in digital tools to automate routine banking processes, such as loan application reviews, customer service interactions, and reporting.
- Embarked on revamping the loan process by enabling online applications, reducing the time and costs associated with face-to-face interactions and paperwork.
- Enhanced the Bank's mobile banking platform, which allows customers to access financial products and services with ease, reducing transaction costs and expanding the customer base.



Advancing Digital Banking and Agrobank's 2024 Innovations for Financial Inclusion

In 2024, Agrobank continued advancing its digital transformation efforts via the:

1. Development of the Mobile Online Account Opening (MOAO) platform. Targeted for public launch in Q3 2025, MOAO is designed to allow Malaysian citizens aged 18 and above to open savings accounts, term deposits, as well as enroll into the SahabatAgro programme entirely online without visiting a branch. The platform incorporates electronic Know-Your-Customer (eKYC) verification, seamless integration with AGRONet for online banking registration, and a mobile-optimised user experience. Once implemented, this initiative will enhance customer convenience, expand access to Agrobank's community banking programmes, and support the Bank's long-term digital banking and financial inclusion strategies.
2. AgroTouch went live in November 2024 and is currently used in 71 branches nationwide, with full rollout planned by Q2 2025. AgroTouch enables a seamless customer onboarding experience, with account opening until debit card issuance as fast as 5 minutes for some of the fastest turnaround times in the country, with an average turnaround time of 12 minutes. The end-to-end digitalisation and automation and streamlined tasks improved overall service efficiency.

OUR REPORTING ADDITIONALITIES

The Bank's efforts have also led to substantial socio-economic improvements. By focusing on creating and sustaining jobs, Agrobank's initiatives have supported 3,879 jobs across various segments of the industry. This has been a central pillar of the Bank's strategy to enhance livelihoods and promote stability within rural communities.

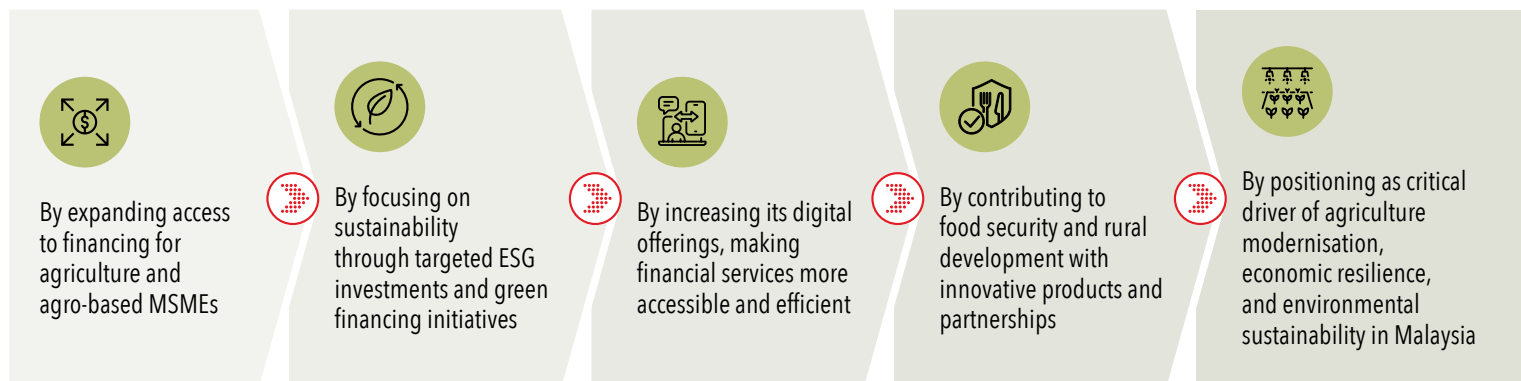
Furthermore, Agrobank's programmes have facilitated a notable upward migration of businesses. A total of 1,016 businesses transitioned, with 675 customers becoming eligible for larger financing packages. This illustrates a clear and successful pathway for businesses to grow and mature with the Bank's support. This is also supported by the fact that 881 businesses saw an improvement in their credit rating, a testament to the effectiveness of the Bank's guidance and support in strengthening their financial health.

The broader economic contribution is equally significant. Based on a survey sample of approximately 1,300 customers, the businesses supported by Agrobank generated a collective sales turnover of RM704.40 million. This substantial figure underscores the Bank's role in not just providing capital, but in enabling businesses to thrive and generate economic activity that benefits the wider community.

Beyond financing, Agrobank has been a vital policy partner. Through strategic initiatives and collaboration, the Bank has delivered a total of 36 policy advocacies to various agencies. This engagement in policy-making ensures that the Bank's on-the-ground experience informs and strengthens national-level plans aimed at enhancing food security, promoting technology adoption, and improving the overall agricultural ecosystem.

PERFORMANCE OF THE BANK'S MANDATED AND NON-MANDATED ACTIVITIES IN FY2024

Over the past year, Agrobank's financial position has evolved to better support business growth and long-term value-creation and sustainability;



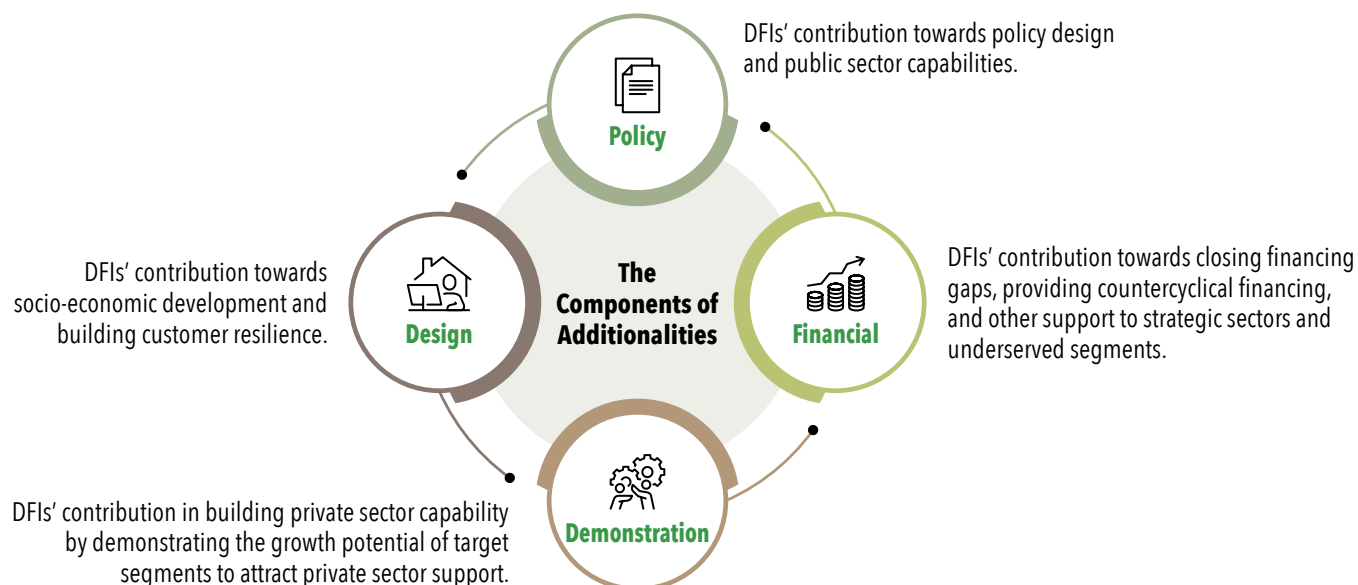
The past five years have seen a significant increase in the Bank's portfolio, with both mandated and non-mandated activities experiencing growth. While mandated activities are crucial, the expansion of non-mandated activities is also vital for bolstering the Bank's profitability, especially given the inherent challenges it faces. The agricultural sector, for instance, presents a high-risk environment due to uncertainties like long gestation periods, unreliable input availability, price fluctuations, disease outbreaks, and susceptibility to climate-related events such as floods and droughts. These factors can severely impact yields and production, subsequently jeopardising repayment commitments to the Bank. Furthermore, as a specialised institution, Agrobank incurs higher operating costs when serving rural and underserved communities. The income generated from non-mandated financing is therefore essential as it enables the Bank to offer more mandated financing options to its customers.

BEYOND VALUE: DELIVERING ADDITIONAL IMPACT THROUGH PERFORMANCE MEASUREMENT FRAMEWORK (PMF)

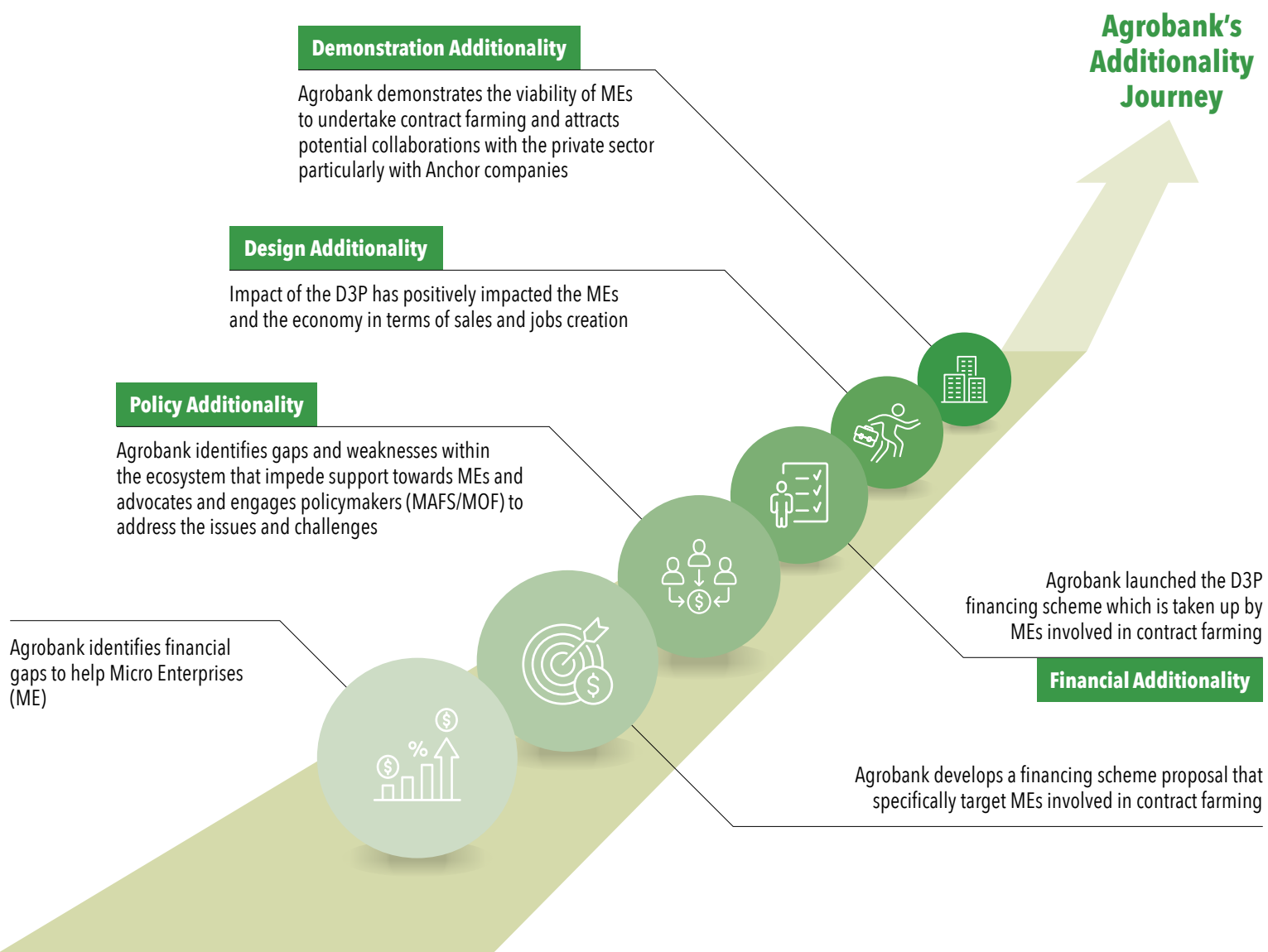
The PMF, which was mandated by BNM, the central bank of Malaysia, remains a critical factor for Agrobank's overall development and continued impact in its operations.

Through the benchmarks and requirements set by the PMF, Agrobank is able to catalyse beneficial 'additionalities' for its stakeholders and communities, which would have not occurred otherwise without the framework.

The four additionalities defined by the PMF are as follows:



With these four identified additionalities in mind, Agrobank seeks to further optimise its overall approach in capturing additionality creation and further value, embarking on its own additionality journey with the following outlined process:



OUR REPORTING ADDITIONALITIES

SUMMARY OF ADDITIONALITIES 2024

Financial Additionality

78%

Primary agriculture remains Agrobank's largest financing portfolio at **RM1.997 billion**, or **78%** of the total financing approved for businesses.



Takaful written for Businesses were spearheaded by microbusinesses at a **27%** increase between FY2023 and FY2024, whereas Takaful-i Kasih make up **72%** of total Takaful written for retail customers.



Helped Fishermen and Farmers through affordable home financing, disbursing a total of **RM71.1 million** through Program Kediaman Mampu Milik-i.



A 4.4-fold increase in microenterprises participated in Agrobank's training programme in 2024, compared to 2023.*



Youth make up **41%** of financial literacy programme participants for 2024, a significant increase than the previous year where only **16%** are youth.*



A total of **440** access points and **334** agroagents to ensure the Bank's services reach our key stakeholders, are inclusive and that everyone has access to banking and financing facilities.

Drove digitalisation for more efficient transactions



RM8.887 billion
Total Transaction Value (RM)
Internet Banking



RM2.614 billion
Total Transaction Value (RM)
Mobile Banking



475,916
Total Subscribers
Internet Banking



238,064
Total Subscribers
Mobile Banking

* Please refer to section 5 for more information.

Demonstration Additionality

Sourced its funding from the private sector towards serving targeted segments or sectors and empowering customers to obtained financing from commercial financing institutions, with the Bank being able to secure 12 crowd-in deals from the following agencies (not exhaustive):



Crowd-in Amount:
43% growth to
RM195 million in 2024

Design Additionality



Jobs created and sustained:
3,879 jobs across segments



Total sales turnover:
RM704.4 million generated



Upward migration:
1,016 businesses transitioned, with **675** customers eligible for larger financing quantum



Credit rating improvement:
881 businesses showed improvement in rating

Policy Additionality



The region of Sarawak, Sabah, Melaka/Johor, and Kelantan/Terengganu have collectively delivered **34** policy advocacies to various agencies



2 policy advisories were delivered by FICB, bringing the total number of policy advocacies given to various agencies to **36**



MIDA Biomass Roundtable Programme

Establishment of strategic plans and actions to drive economic development and value addition to the national agri-commodity sector



Malaysia Drone Technology Action Plan

Strengthening the enforcement of agricultural drone operations in agriculture sectors through empowerment of farmers through certification



Memacu Teknologi 4IR Initiative

Development of a 4IR Agriculture Technology Application Centre - ATAC in spearheading innovation within the agricultural sector



National Food Security Blueprint

Development of a roadmap to enhance the nation's agrofood systems, towards a more efficient, productive, resilient, sustainable and inclusive conditions

OUR MANDATE PERFORMANCE AND CULTIVATING COMMUNITIES

The inspiring story of Mohd Zul Helmi Bin Noh, an instructor at the Bumbong Lima Agricultural Institute, is a testament to the Bank's social mandate of expanding skills and capabilities. Originally an Information Technology graduate, Helmi successfully pivoted his career by obtaining the Malaysian Skills Certificate (SKM) Level 2 in crops. This qualification, combined with his active participation in a melon planting project, secured his appointment as an instructor for vegetable crops at the Bumbong Lima Agricultural Institute, Penang. His participation in the Hijrah Asnaf programme was a crucial factor in his transformation, providing him with the essential skills, knowledge, and capital needed to become an instructor for vegetable crops.

Helmi's determination to not only achieve personal success but also to leverage his expertise to create job opportunities for his local community demonstrates the positive outcomes of the capacity-building strategies detailed in the upcoming chapter.

Capitals



Manufactured Capital



Human Capital



Natural Capital

Material Matters



Sustainable
Financing



Climate Change
and Environmental
Stewardship



OUR MANDATE PERFORMANCE AND CULTIVATING COMMUNITIES

PEOPLE AND COMMUNITY EMPOWERMENT

Capitals



Material Matters



Agrobank's commitment to 'People Empowerment and Financial Inclusion' is fundamental to our role as a DFI. We believe that better tomorrows are built upon the economic resilience and prosperity of individuals and communities.

Our strategy extends beyond financing, focusing on creating lasting positive impacts across the entire agricultural ecosystem and the broader Malaysian society. This is a direct reflection of our core mandate: to elevate communities and drive meaningful value for the nation.

This external mission is mirrored internally by a strong organisational ethos dedicated to nurturing potential. We are committed to building the capabilities of our own workforce, ensuring our people are equipped to empower the agropreneurs and communities we serve.





EMPOWERING ENTREPRENEURS

Serving as a strategic partner in growth, Agrobank proactively engages with entrepreneurs to enhance their capabilities and ensure long-term viability. Agrobank Centre of Excellence (ACE), the Bank's in-house training arm, acts as a conduit for transferring specialised knowledge and expertise to farmers, entrepreneurs, and other stakeholders in the agricultural value chain. This ensures that businesses are not only funded but also equipped with the necessary skills and understanding to succeed.

Thus far, ACE played a crucial role in delivering 118 training programmes nationwide in 2024, reaching 2,675 participants across the agricultural community. These programmes also inherently involve Agrobank's employees in their delivery and development, contributing to their professional growth and expertise in agricultural finance and community engagement. This broad outreach also signifies an organisational culture that values knowledge sharing and capacity building. By actively closing pervasive knowledge gaps, the Bank contributes to building a more resilient and modern agricultural sector. Early outcomes from these programmes show participants leveraging their new skills to achieve measurable financial gains, with many participants reporting significant supplemental income (see case study on page 77).

SUPPORTING AGROPRENEURS END-TO-END

We conceptualise the complete 'agropreneur journey' as an end-to-end process and serve up key knowledge development programmes and strategies that provide holistic empowerment.

Agropreneur Journey: From Training to Thriving Business





STEP 1: KNOWLEDGE TRANSFER



STEP 2: FINANCIAL ENABLEMENT



STEP 3: SUSTAINED GROWTH

Capitals impacted:  

An agropreneur's journey with Agrobank begins with the development and execution of structured programmes – often in collaboration with universities, agencies, cooperatives, and communities. These are anchored by ACE, Agrobank's in-house training arm, providing advisory, financial, and business knowledge training, coaching, and business matchmaking.

This phase also builds intellectual capital by introducing digital tools and modern farming techniques, creating a knowledge base that drives future innovation.

Capitals impacted: 

The next step is to provide essential financing support, leading to the conversion of training participants into Bank customers, followed by sustained support through continuous advisory and training services.

Capitals impacted: 

As the Bank's customer, the agropreneur's progress is then meticulously monitored for both financial results and broader developmental outcomes. This serves as a crucial feedback loop, enabling continuous refinement of training to better meet the evolving needs of the underserved, and open new avenues for growth. The expansion of a new section for Halal development within the Bank's ACE programme is a testament to this adaptive and responsive approach (see page 84).



TARGETED ENTREPRENEURSHIP PROGRAMMES

Agrobank implements a range of targeted entrepreneurship programmes designed to enhance the financial well-being of various community segments.

Structured Entrepreneur Community Development Programme (Program Pembangunan Usahawan Komuniti Berstruktur)

This programme was designed to uplift the socio-economic status of the underserved and unserved groups such as youth, asnaf (eligible zakat recipients), and B40 community by providing them with entrepreneurship pathways to generate sustainable income from agribusiness. Among the transformative impacts charted through this programme are the revitalisation of abandoned agriculture infrastructure and underutilised waqaf land.

The programme managed to attract investment from 23 new strategic partners with a total project value of RM12.9 million in the form of biological assets, agriculture facilities, and contributions from corporate strategic partners. Agrobank also received RM2.8 million iTEKAD social finance matching fund from Bank Negara Malaysia (BNM) to empower low-income microentrepreneurs through 10 new high impact agricultural projects in 2024. One of the entrepreneur success stories from this project is described in the Case Study below.

CASE STUDY

From Mechanic to Aquapreneur

Muhammad Adib Suaidi's story is a testament to the effectiveness of Agrobank's structured, partnership-driven model.

A mechanic by trade, he joined the programme with a clear goal: to diversify his income and explore viable business opportunities beyond the automotive sector. Drawn to aquaculture by the natural advantages of his coastal residence, Adib saw potential but lacked the capital, experience, and industry knowledge to begin.

By providing integrated access to capital, knowledge, and market linkages, the programme successfully transformed him from a novice with high motivation into a skilled aquapreneur, contributing to both personal livelihood improvement and national aquaculture objectives.



The Agrobank Intervention:

The programme provided a comprehensive ecosystem of support, fully sponsoring Adib's participation. The initiative connected him with experienced trainers from Port Dickson Giant Freshwater Prawn Breeding Centre (PPUGPD), Negeri Sembilan Islamic Religious Council (MAINS), and the International Institute of Aquaculture and Aquatic Sciences (I-AQUAS), Universiti Putra Malaysia, who delivered essential hands-on training in:

- 1) The intricacies of the aquaculture industry, specifically giant freshwater prawn breeding.
- 2) Business fundamentals and financial management.
- 3) End-to-end project management for sustainable farming.

Transformational Impact & Outcomes:

- **Sustainable Income:** Despite having no prior experience in aquaculture, Adib now earns an average monthly income of RM3,000 from the venture, significantly supplementing his household income.
- **Market Demand:** The lobsters are procured by the Department of Fisheries (DOF) for its stock replenishment programme in public waters and supplied to other DOF-guided farmers.
- **Commercial Readiness:** With the incubator phase complete, Adib is now receiving further assistance to transition into a full-scale commercial business.



I feel incredibly fortunate to have been selected for this programme. Agrobank's sponsorship covered all initial costs, which removed the biggest barrier for someone like me. The guidance from expert trainers and the lead company was invaluable. They didn't just teach me how to farm giant freshwater prawns; they taught me how to run a business. This opportunity has truly changed my economic prospects.

EMPOWERING ENTREPRENEURS

Young Agropreneur Development Programme for Graduates (Program Pembangunan Belia Tani Di Kalangan Siswazah or PROBEST)

Agrobank's PROBEST initiative, in collaboration with the Ministry of Agriculture and Food Security, empowers youth from asnaf and B40 groups by creating a direct pathway into the agricultural sector through technical and entrepreneurial training.

The programme is specifically designed for students at higher learning institutions who have the ambition but lack the capital or resources to start. PROBEST moves beyond theory, focusing on hands-on, Technical and Vocational Education and Training (TVET) to equip participants with practical, high-demand skills in modern agriculture.

This skills-based approach is tailored to generate measurable economic impact. The programme nurtures participants to become successful agropreneurs, with a clear goal of achieving an additional monthly income of RM1,500 to RM2,000 by turning their acquired skills into a viable source of income.

Impactful stories of how PROBEST is transforming livelihoods are captured within the dividers of this year's annual report. The total disbursement for PROBEST in 2024 is RM4.9 million, and some of the year's major projects are presented in the list below.

For high-achievers, the journey continues. Successful participants can progress into a business expansion phase with further support from the Geran Agropreneur Muda (GAM) scheme, ensuring a sustainable future in agribusiness and contributing to the nation's food security.

PROBEST 1.0 - Takaful Malaysia Berhad - Melon, Chili, Quail Programme (2023)

25 participants

Funds disbursed RM978,250

All 3 projects completed incubation stage and plan to onboard new incubators by October 2025.

This programme engaged participants in Rock Melon, Quail, and Fertigation Chili farming with strategic partners like UPM and Takaful Malaysia. It has shown tangible results:


Chili

Completed harvest for the second season.


Melon

All participants completed the incubation phase.


Quail

All participants completed the incubation phase.

PROBEST 1.0 - UiTM Jasir - Sweet Corn Programme (2023)

15 participants

Funds disbursed RM175,500

Incubation phase completed with participants achieving substantial additional income. 8 participants were qualified and successfully progressed to expansion phase.

PROBEST 1.0 - UMS - Fresh Water Fish Programme (2023)

15 participants

Funds disbursed RM144,000

Incubation phase completed with RM25,318 income; 6 participants move to expansion.

PROBEST 1.0 - UMK - Ruminant & Chili Programme (2023)

20 participants

Funds disbursed RM728,583

Ruminant: RM513,305; Chili: RM215,278

Both projects completed incubation stage.

Already underway, involving several new partnerships:

PROBEST 1.0 - KV Pasir Puteh - Napier & Melon Programme (2023)

15 participants

Funds disbursed RM250,000

Completed the second season melon harvest of 3,337 melons and 90,814 kg of Napier.

PROBEST 1.0 - UniKL, Kunak, Sabah - Seaweed Programme (2023)

6 participants

Funds disbursed RM300,000

Completed Incubation Phase over three seasons, awaiting approval for GAM.







PROBEST 2.0 - KV Teluk Intan - Melon Programme (2024 - 2025)

15 participants

Funds disbursed RM675,000





Greenhouse setup by mid-December 2024, with first workshop end of January 2025. Takaful Malaysia Berhad jointly funded this project.

**PROBEST 2.0 – KV Pagoh
– Watermelon and Chili Padi
Programme (2024 – 2025)**


 Watermelon	 10 participants	 Funds disbursed RM223,000
 Chili Padi	 10 participants	 Funds disbursed RM215,000

Planting activities are expected to commence on 3 January 2025, with first harvests in the first week of March 2025. Takaful Malaysia Berhad jointly funded this project.

**PROBEST 2.0 – KV Lahad
Datu – Animal Feed and
Chili Padi Programme
(2024 – 2025)**


Programme 1	 6 participants	 Funds disbursed RM394,990
Programme 2	 10 participants	 Funds disbursed RM237,000

First harvests are expected in April 2025 for animal feed and February 2025 for Chili Padi.

**PROBEST 2.0 – UiTM
Samarahan – Chili Gronong
and Vegetable Programme
(2024 – 2025)**


 10 participants	 Funds disbursed RM281,200
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First harvests are expected in March 2025 for vegetables and May 2025 for chillies.

KV = Kolej Vokasional

Programmes in Partnership with Agencies
Malaysian Pineapple Industry Board (MPIB)/LPNM

ACE conducted 5 series of entrepreneurship training for MPIB entrepreneurs in Kedah, Johor, Terengganu, Sarawak and Selangor.

Total Number of participants: 148


Federal Agricultural Marketing Authority (FAMA)

ACE conducted 2 series of entrepreneurship training for FAMA entrepreneurs in Negeri Sembilan and Kuala Lumpur.

Total number of participants: 65



Agrobank also collaborates extensively with various agencies to deliver impactful entrepreneurship programmes aimed at improving financial well-being within the community:

Program Pembangunan Usahawan Tekun–Jururunding bagi Program Pensijilan (Tekun)

This initiative, valued at RM59,000, aims to provide consultancy for certification programmes (Home-based - 28 participants, MeSTI-5 – 5 participants). The offer letter from TEKUN was signed on 5 April 2024. Screening and profiling activities for candidates were conducted across various states from June to December 2024, with KKM Cert implementation for selected candidates expected to continue in January 2025 in Perak, Penang, Kedah, and Perlis.

Agrobank recognises that empowering communities requires equipping them with vital skills beyond just financing. In 2024, this commitment was realised through the successful delivery of 118 programmes, including 36 focused on financial literacy and 46 other training and advisory sessions covering diverse modules from the Business Model Canvas to digital marketing.


Designed to enhance economic resilience by providing practical knowledge, these initiatives specifically targeted 2,675 participants from key segments such as the B40, youth, Bumiputera, women, rural communities, and disabled persons. The sessions targetted to directly reduce the persistent knowledge gaps in financial inclusion and opportunity.

EMPOWERING ENTREPRENEURS


Upward Migration Programme

CASE STUDY



 Mr. Mittun Bharathi Jeyagobi

 Ipoh, Perak

 Ipoh, Perak



GREEN YARD SDN BHD

(Vegetable and Grocery Supplier)

Green Yard Ent, owned by Mr. Mittun Bharathi Jeyagobi, began as a vegetable and grocery supplier in 2017 from a small lot at Pasar Besar Ipoh. Despite having no initial savings, his determination led him to secure his first financing of RM50,000 from Agrobank, the first financing institution to trust in his vision.

Starting with annual sales of around RM360,000 and using only a Hilux for delivery, the business grew steadily. By 2020, he secured an additional RM100,000 in financing for working capital to strengthen daily operations.

Today, Green Yard Sdn Bhd operates three shops and uses three lorries for deliveries, which also serve as effective mobile branding. The company now supplies major brands like Marrybrown, The Chicken Rice Shop, and Pelita Nasi Kandar, as well as numerous local restaurants.

Participation in Agrobank's Entrepreneurial Mentoring Programme provided exposure to branding, marketing, and financial management. Following guidance to refine the company profile and implement vehicle branding, annual sales surged from RM1.4 million (2023) to RM5.51 million (2024) – an increase of RM4.11 million – demonstrating the tangible impact of the coaching received.



 Mr. Munidoraisingam A/L Muniandy

 Tambun and Sungai Siput

 Gerik




DSM SRI JAYA

(Fruit and Vegetable Supplier)

Mr. Munidoraisingam (Dorai) has been cultivating vegetables such as cucumbers, okra, eggplant, chilies and others, selling the crops to the Ipoh wholesale market through regular wholesalers. In addition, he also plants durian, banana, guava and passion fruit trees at two project sites in Tambun and Sungai Siput. Today, his business known as DSM Sri Jaya also sells durian tree seedlings and is in high demand.

Mr. Dorai was a participant in the Agrobank Upward Migration programme in 2023 and has received RM100,000 in additional financing in 2023 and 2024. As a result of the programme, he has recorded 17% increase in sales since.



 Mr. Zaidi B. Mohd Zainal

 Tasek Gelugor, Penang

 Kepala Batas



SKM AGRO VENTURE

Encik Zaidi began running his agribusiness venture in 2012. He initially focused on a 20-acre cassava and banana tree farming project, complemented by cattle and goat rearing. A pivotal strategic shift occurred in 2024 when he invested in a feed processing machine, allowing the business to integrate vertically by producing proprietary animal bran for ruminants and chickens. This innovation increased sales, significantly lowered operational costs, and supported a new venture of raising 3,000 chickens.

As a result of guidance throughout the Agrobank Upward Migration programme (2023 – 2024), the sales of this business have increased by 68%, driven by more structured management and diversified segments. It has also proved highly instrumental in helping Encik Zaidi's three children, headed by his daughter Cik Siti Nur Atikah Zaidi, learn critical skills regarding finance, marketing, and business management. Encik Zaidi has since largely handed over the tasks of managing the business and farm operations to his children, assisted by five employees. The next goal for this business is the commercialisation of palletized animal feed.



Mr. Leong Main Kong



Klang Valley.
Tilapia farm location
in Ulu Yam, Selangor



Kuala Lumpur



RESTOREN LAN JE SDN BHD

(Black Tilapia Restaurant
Business (9 branches) &
Black Tilapia Farming)

Restoren Lan Je Sdn Bhd is a restaurant business that specialises in Black Tilapia. To date, the chain has 13 restaurants around Kuala Lumpur, Selangor and Penang Island. Mr. Leong Main Kong was a participant in the Agrobank Upward Migration programme in 2024. Apart from the Restaurant business, he also has a tilapia farm of almost 3 acres in Ulu Yam. All the proceeds from this farm are to meet the needs of all the restaurants. With this, the business can reduce the cost of raw materials and increase profits.

As a result of this programme, his company has successfully added new restaurant branches and sales have increased by about RM4 million to RM11.1 million in 2024, from RM6.6 million in 2023.



Dr. Boey Jin Wern



Seri Kembangan



Salak Tinggi



VETFEED NUTRITION SDN BHD

(Animal feed production
and processing business)

Vetfeed Nutrition Sdn Bhd processes and produces its own proprietary animal feed formulations, supplying major livestock companies across Malaysia. However, the company recently faced declining sales due to intense market price wars and rising costs of imported raw materials, driven by currency appreciation.

Through Agrobank's Upward Migration programme, the company received strategic guidance to diversify its revenue streams by successfully venturing into Government tender projects. This intervention delivered significant results as sales increased by RM700,000 to reach RM3.3 million in 2024 from RM2.6 million in 2023. Since then the company has secured additional financing of RM1 million from Agrobank to support its new growth strategy.

Encik Mohd. Shamil
Zulkifli

Sungai Petani



Guar Chempedak



SBZ LEGACY ENTERPRISE

(Seafood Product Vendor)

En. Shamil operates a thriving seafood business at the Tikam Batu public market in Sungai Petani, offering a wide variety of products including fish, shrimp, squid, and crabs. To expand his reach within the business customer segment, he has actively and consistently promoted his company, on social media platforms like TikTok (Jom Ikan).

His participation in the Agrobank Upward Migration programme (2023-2024) was a catalyst for significant growth. Through strategic guidance, Mr. Shamil's sales skyrocketed from RM2.5 million in 2023 to an impressive RM9 million in 2024—an increase of RM6.4 million. This remarkable growth was driven by enhanced business strategies and persistent social media promotion. Key initiatives included extending his market operating hours till night, and diversifying his product lineup by adding chicken, meat, and other wet goods in the evening.

In addition, by purchasing an ice cube making machine to produce homemade ice, Mr. Shamil successfully reduced operating costs, which led to a substantial 20% increase in net profit.

INVESTING IN COMMUNITIES

Our fundamental goal is to create enduring positive impacts within the communities we serve. We actively engage with our stakeholders, implementing a variety of initiatives specifically designed to uplift asnaf and other marginalised communities, understanding that their prosperity contributes directly to national resilience. This commitment extends to strategic partnerships with like-minded organisations, all geared towards bolstering Malaysia's vital agricultural industry.

COLLABORATIVE PROGRAMMES FOR THE UNDERSERVED COMMUNITIES

Our interventions directly support highly developmental segments of underserved communities. In doing so, we are not just providing financial services; we are actively transforming lives by helping these communities build sustainable livelihoods and integrate into the broader economic landscape. Our strategic collaborations are underpinned by clear impact measurement metrics, ensuring our interventions are both meaningful and effective.

Program Hibah Profit ECER-Agrobank



This programme through the East Coast Economic Region Development Council (ECERDC) offers 50% profit rate rebate to eligible entrepreneurs operating within the East Coast, in an effort to empower micro-entrepreneurs and B40 communities by making financing more affordable. The programme is a clear manifestation of the Bank's developmental mandate to foster economic development and social empowerment for underserved communities. In total, it has provided RM1.77 million of profit rate rebates on a total of RM72 million financing to 2,655 beneficiaries.

Majlis Agama Islam Negeri Johor in Melaka & Johor



Through Agrobank's collaboration with MAINJ, extended takaful coverage was provided to 22,000 members of the asnaf and vulnerable B40 communities. By partnering with a key state religious institution, Agrobank ensured this critical safety net was delivered effectively to those who need it most, embodying the bank's commitment to inclusive development and community resilience.

Pendigitalan Rekod Ladang Usahawantani by Kapitani in Kelantan & Terengganu



As part of the Program Pembangunan Usahawan Komuniti Berstruktur, Agrobank launched the Pendigitalan Rekod Ladang Usahawantani in partnership with Kapitani. This programme introduces farmers to digital farm management and recordkeeping systems, covering essential skills such as farm scheduling and financial tracking. Through this initiative, Agrobank aims to build knowledge on digital tools and enhance financial literacy among underserved agricultural communities, empowering them with the skills needed to improve productivity and economic resilience.

Financial training provided to underserved segments



For the year under review, financial training benefitted the following categories:



Youth
308
participants

B40/asnaf
137
participants

School students
(7-12 years old):
1,907
participants

COMMUNITY-BASED FINANCIAL SERVICES

Beyond direct programmes, Agrobank is deeply committed to enhancing community-based financial services to offer comprehensive financial services tailored to support the unique needs of the agricultural community. Offerings on this front were stepped up in 2024 with the first ever Community Development Centre (CDC) established in Tunjung, Kelantan.

Community Development Centre (CDC) Launch

A landmark achievement in 2024 was the launch of Agrobank's first-ever Community Development Centre (CDC) in RTC Tunjung, Kelantan. This 'one-stop centre' goes beyond traditional banking, providing crucial support such as business clinics. Equipped with a dedicated Community Development Advisor (CDA), the CDC has proven successful, recording significant deposits (add exact value if possible), a clear testament to its value and accessibility for rural communities. This success underscores the power of localised, holistic support in fostering community economic resilience. **As of December 2024, the CDC received 81 applications and has disbursed a total of RM3,970,000 in financing.**



81

applications
received



RM3,970,000

disbursed in financing

Skim Takaful Tanaman Padi (STTP) and Agro Captive Takaful Limited (ACTL)

Publicly launched in September 2024, the STTP, coupled with the operationalisation of ACTL underscores Agrobank's inclusive approach to providing vital financial protection for underserved and vulnerable paddy farmers. It has demonstrated a significant leap in bringing financial services to this traditionally underserved group.

Recognising the inherent risks in paddy farming, the Shariah-compliant STTP offers a crucial safety net, providing financial protection of up to RM3,000 for natural disasters and RM1,500 for pests/diseases per hectare per season, thereby surpassing existing disaster relief funds. The scheme is easily accessible to all registered individual Malaysian paddy farmers over 18 years old who are Agrobank account holders, with simplified registration via Local *Pertubuhan Peladang Kawasan* (PPK) offices. The government's full subsidy of the RM120 annual premium per hectare for the first year further helps to encourage uptake. **The STTP will benefit approximately 200,000 individual farmers nationwide, with more than 130,000 already being Agrobank account holders.**



Set to benefit about
200,000
farmers nationwide



130,000
paddy farmers already
onboarded as Agrobank
account holders



Skim Mikro Kredit Sarawak

In Sarawak, Agrobank has spearheaded several funding programmes for micro entrepreneurs activities which includes RM71 million for Skim Mikro Kredit Sarawak, with additional **RM4 million fund**. A total of **3,077 micro customers were served between 2020-2024**, and an additional RM5 million has been allocated by the government for 2025.

Bawong, Perak

Agrobank's strong presence within Orang Asli communities, a highly developmental segment, is particularly noteworthy. In Bawong, for instance, the Bank's efforts contributed to **7 million transactions and secured RM2 million in deposits through the opening of 2,830 new accounts**, directly demonstrating financial inclusion and empowerment.



Bank Bergerak Initiatives in Sabah

Our Bank Bergerak (mobile bank) initiatives have made significant inroads in the Beaufort, Ranau, and Keningau districts, bringing essential banking services directly to remote communities. **This initiative recorded 203,307 account transactions in 2024.**



Agrobazaar, Selangor

Driving Inclusive Growth in Selangor, Agrobank has institutionalised its development mandate by embedding itself within the region's economic ecosystem. A key achievement is the successful mobilisation of low-cost deposits in the month-long Ramadhan Agrobazaar. This demonstrates a strategic synergy between our physical presence and digital offerings, effectively reaching and serving niche agricultural segments (from smallholder farmers to urban agropreneurs) and channeling capital towards driving sustainable regional business growth.

Expansion of Access Points

In Sarawak, Agrobank's strategy is twofold, focusing on both financial inclusion and agricultural modernisation. We are strategically expanding our physical reach through district offices funded by the State Government. This ensures essential banking services are accessible even in remote communities.

Concurrently, we are supporting the state's agricultural transformation by financing the adoption of high-yield, resilient crops like the MD2 SG1 pineapple variant. The success of this integrated approach is reflected in strong on-the-ground metrics. Through mobile ATM services, we have recorded robust deposit growth from rural customers and witnessed a three-fold increase in digital banking transactions. These signal deepening financial inclusion and technological adoption.



INVESTING IN COMMUNITIES

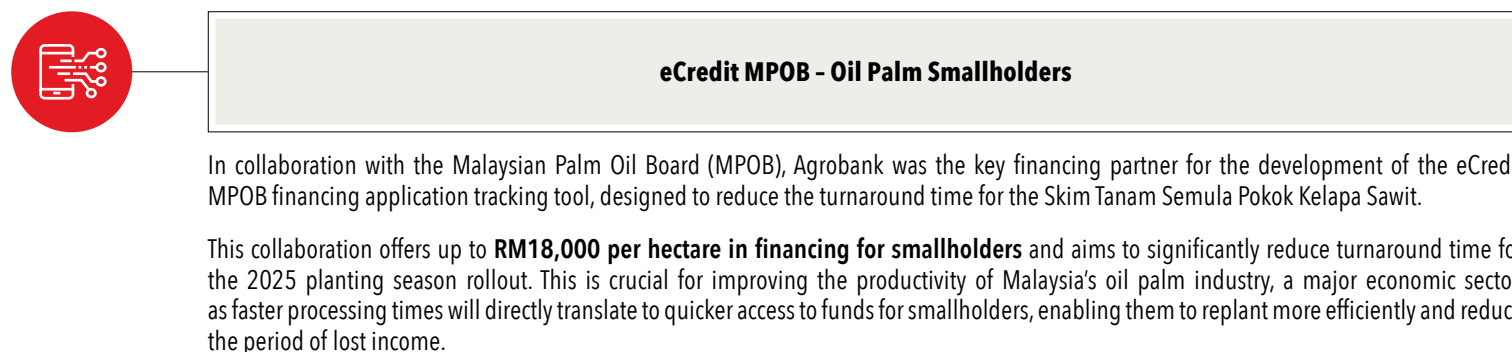
FINANCING PACKAGES SUPPORTING DEVELOPMENTAL SECTORS

As the nation's flagship bank for the agricultural industry, Agrobank continues to roll out attractive financing packages specifically designed to support highly developmental sectors and segments. This initiative reflects a foresight in driving modern and progressive agricultural practices across the nation. For 2024, a significant focus was placed on promoting agrotechnology adoption, empowering businesses to transition towards more sustainable practices, backed by a substantial fund of **RM460 million of which RM250 million is through the Madani Economic Initiatives**.

During the year, Agrobank launched several key funds to bolster the agricultural sector:

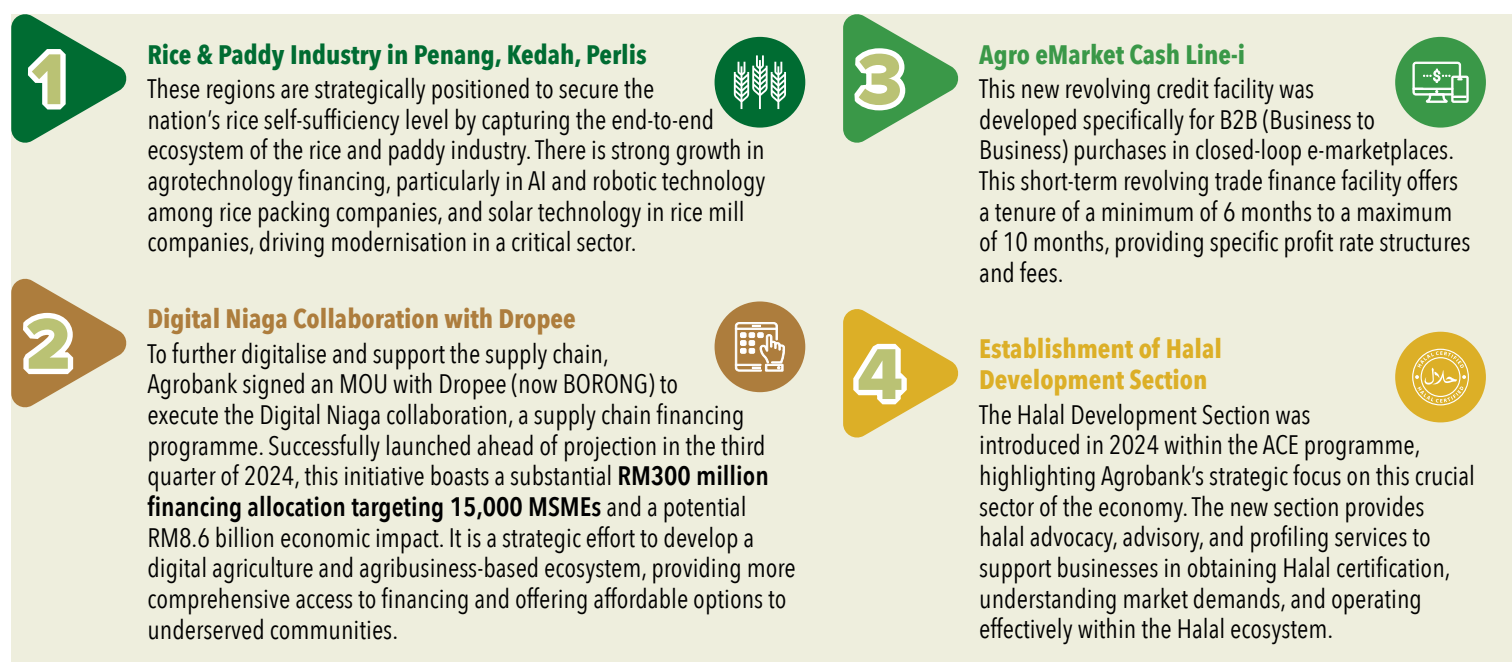


Agrobank's efforts extend to integrating technology to further empower our beneficiaries.




DRIVING INNOVATION AND FUTURE-READINESS

Agrobank continuously drives innovation to safeguard the future of the agricultural sector. Strategic priorities are incorporated into the Annual and Strategic Business Plans, with close monitoring to ensure objectives are met.



SOCIAL OUTCOMES AND IMPACT

Agrobank's role as a DFI is to be the catalyst that transforms national strategy into grassroots reality. By aligning our mandate with national priorities and developmental objectives, our social outcomes contribute directly to a more food-secure, economically resilient, and inclusive Malaysia.




Development of the Agricultural Sector and Modernisation
This includes fostering sectoral and value chain growth, promoting a more efficient and improved food system, and driving the adoption and modernisation of technology within the agricultural community.

Key Interventions

- Financing Packages (DPA 3, DPPAM)
- eCredit MPOB Collaboration

Key Outcomes
Modernisation: Uptake of agrotech & high-yield crops financed.
Productivity: Faster replanting for oil palm smallholders via eCredit MPOB.




Bumiputera Development and MADANI Objectives
Dedicated programmes are designed to uplift the Bumiputera community and contribute to the broader MADANI agenda.

Key Interventions

- Structured Entrepreneur Community Development
- ECERDC Profit Rate Rebate
- PROBEST for B40/Asnaf Youth

Key Outcomes
Economic Upliftment: Significant income growth for B40/Asnaf participants.



Mandate Fulfilment and Financial Inclusion
The Bank rigorously fulfils its developmental mandate by expanding access to financial services for the unserved and underserved segments while ensuring long-term viability.

Key Interventions

- Upward Migration Programme 2024
- CDC in RTC Tunjung, Kelantan
- STTP
- Bank Bergerak Initiatives

Key Outcomes
Mandate-related development: 185 companies benefitted under the Upward Migration Programme 2024, with 594 coaching sessions and 34 training sessions implemented for the year; RM3.97 million disbursed via CDC.
Resilience: 50,000 paddy farmers enrolled in STTP.
Financial Inclusion: 203,307 banking transactions enabled by the Bank Bergerak Initiative.



Enabling Digital Business Channels
This initiative focuses on integrating MSMEs and farmers into the digital economy by providing accessible online platforms and digital business tools. This shift from traditional methods creates more efficient and sustainable channels for new financing opportunities, and data-driven decision-making.

Key Interventions

- Digital Niaga with Dropee
- Pendigitalan Rekod Ladang with Kapitani

Key Outcomes
Digitisation: MSMEs accessing RM300 million supply chain financing via Digital Niaga.
Capability: Farmers adopting digital record-keeping for better financial management.



Supporting National Economic Growth
Agrobank actively contributes to Malaysia's positive GDP growth projections for 2024 and the anticipated positive agricultural GDP growth in 2025, alongside a strengthening Ringgit.



Strengthening Malaysia's Islamic Banking and Halal Hub Status
As a full-fledged Islamic bank since 2015, Agrobank operates under Shariah principles, and the Halal industry is an inherent extension of this, encompassing not only food and beverages but also cosmetics, pharmaceuticals, logistics, and services, all guided by Islamic law.

Key Interventions

- Halal Development Section (ACE)
- Advisory & Financing for Halal Certification

Key Outcomes
Sector Growth: Comprehensive support for businesses to achieve and maintain Halal certification, contributing to the broader Halal ecosystem.



EMPOWERING OUR HUMAN CAPITAL

In 2024, Agrobank demonstrated a proactive and sustained effort to nurture talent and foster a skilled, engaged, and values-driven workforce, aligning with broader sustainability goals through both internal development and external community empowerment initiatives. A robust commitment to employee empowerment was driven through strategic appointments within the Bank's Human Resources leadership and active participation in various development and training programmes.

STRATEGIC FOCUS ON HUMAN CAPITAL

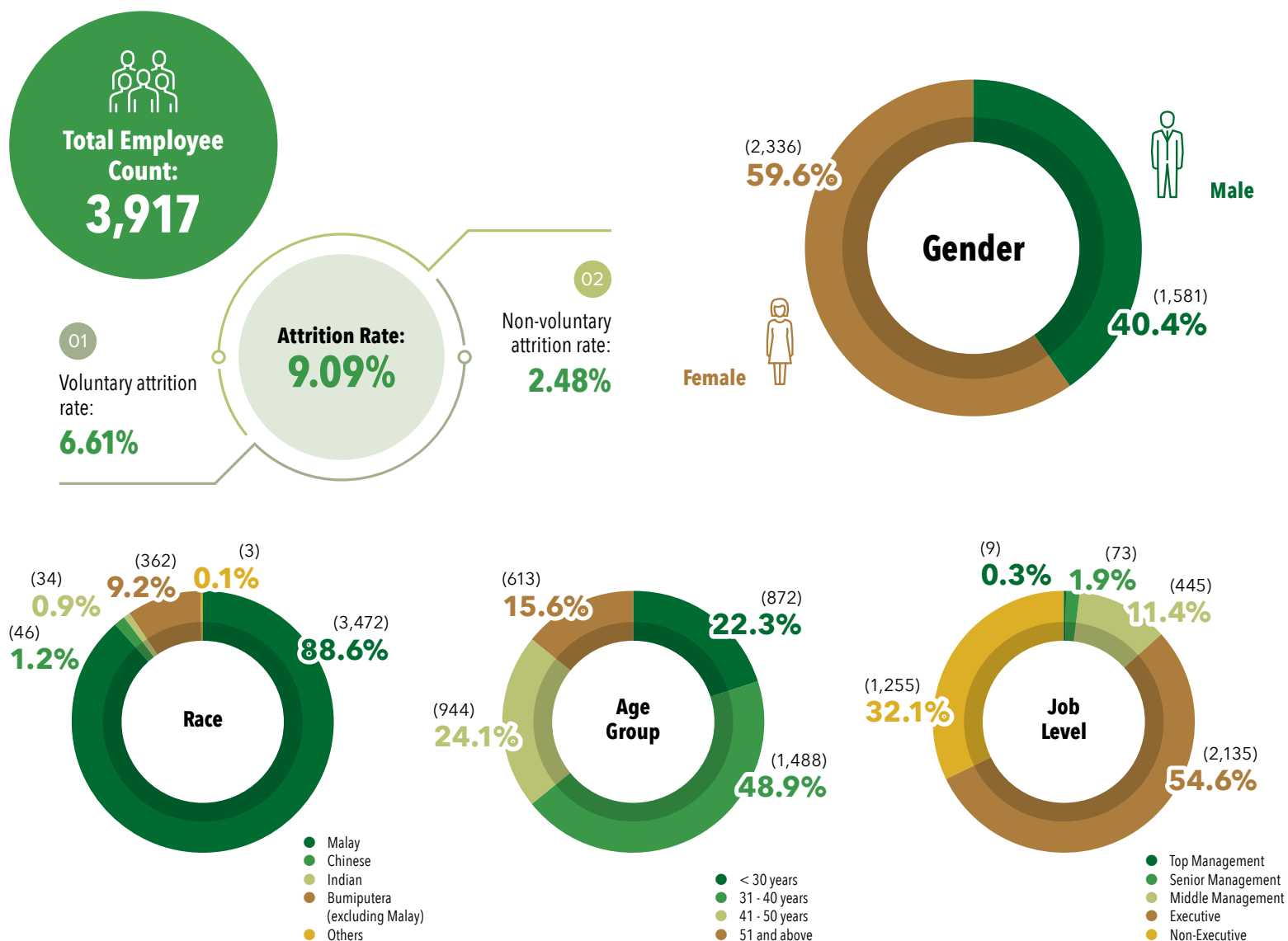
A clear strategic emphasis on human capital during the year was evidenced by the expansion of key leadership roles within the Human Resource function. A Head of People and Organisational Excellence was recruited in August 2024, with a mandate to lead strategic HR initiatives, foster talent, drive organisational development, and enhance employee engagement. Furthermore, the Chief People Officer was tasked with leading human capital strategy, talent development, and organisational transformation, with the aim of attracting and retaining top talent. These appointments underscore Agrobank's commitment to strengthening internal capabilities and focusing on our employees as a critical asset.

CULTIVATING A DIVERSE WORKFORCE

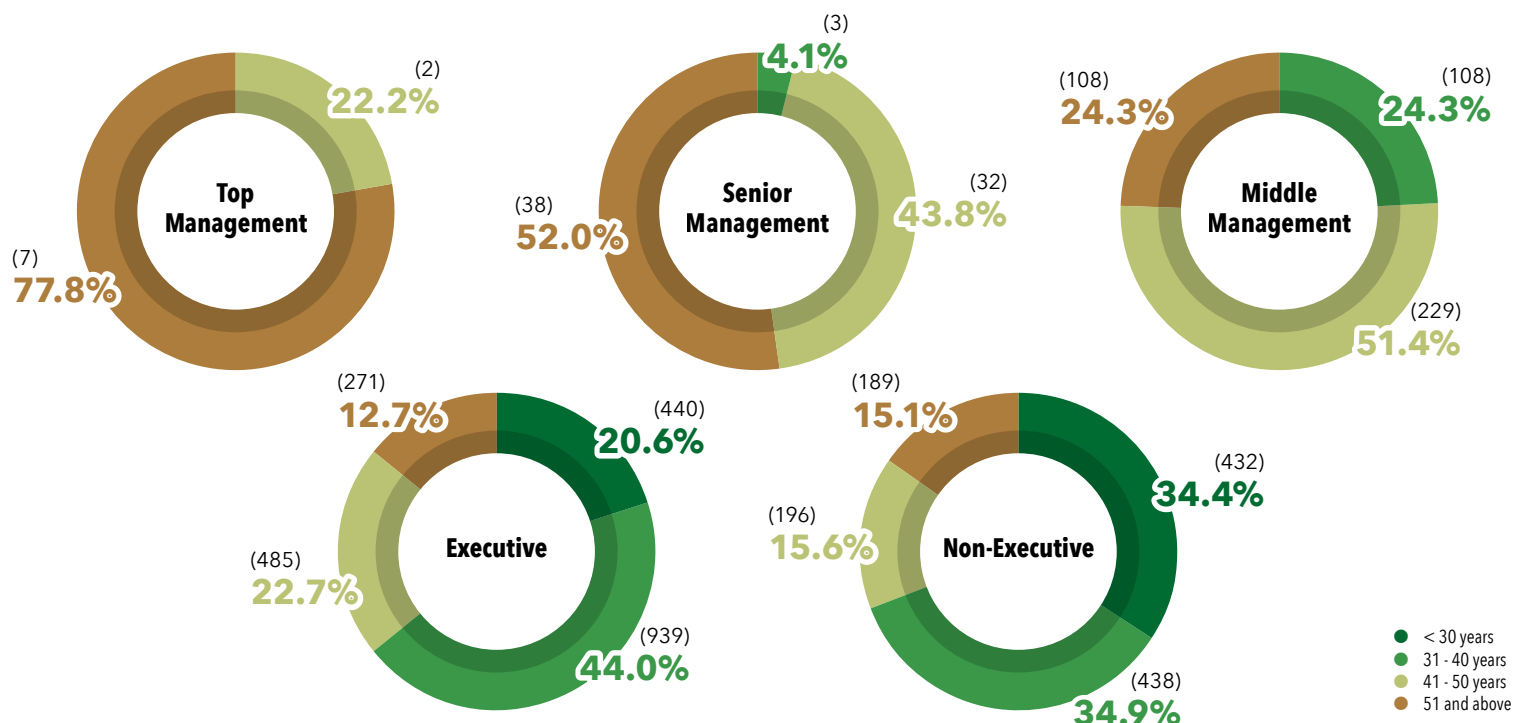
Agrobank employs a robust, well-rounded, and equitable workforce across all facets of its operations, entrusting various professionals of different genders, creeds, and backgrounds to empower the bank through their unique skills and experiences.

As of the end of 2024, Agrobank's workforce is composed of the following employees:

Employee Statistics (2024)



Job Level Distribution by Age



EMPLOYEE LEARNING AND DEVELOPMENT

Our human capital is unequivocally a critical driver for Agrobank's value creation. We are dedicated to ensuring that the skills and knowledge of our employees remain at the forefront, aligning seamlessly with the latest industry and sectoral requirements.

To this end, Agrobank has actively engaged in various programmes aimed at enhancing the skills and capabilities of our employees in 2024. A notable achievement was the successful certification of 32 Agrobank staff through the Agrobank-Universiti Pertanian Malaysia (UPM) Agriculture Certificate 2024 programme, signifying a direct investment in specialised agricultural knowledge among our workforce.

As part of the industry-wide commitment (IWC) to professionalise the Malaysian Development Financial Institutions (DFIs), Agrobank has been very committed in ensuring staff under critical functions namely Credit, Risk, Audit and Compliance acquired relevant specialised certifications and qualifications. As of 2024, a total of 168 employees have been certified and another 178 employees are currently pursuing the Chartered Banker Qualifications - Level 1, 2 and 3 organised by the Asian Institute of Chartered Banker (AICB).

In recent years, the rapid pace of digitalisation has profoundly reshaped the working environment and human resource management within Agrobank. Enhancement of digital capabilities is key in ensuring the availability of digital subject matters experts in driving the digital transformation not merely from the technological perspective but goes hand-in-hand with a profound cultural transformation within our workforce, ultimately enhancing productivity through technological advancement. With this goal, Agrobank has successfully developed a total of 77 subject matters experts certified in Digital Content and Security.

For a sustainable employee learning and development, Agrobank is leveraging on the Future Skills Framework (FSF) for Malaysian Financial Sector which serves as a guide to future-proof our capability building strategy. The FSF is an industry initiative led by the Asian Institute of Chartered Banker (AICB), Islamic Banking and Finance Institute Malaysia (IBFIM) and Malaysian Insurance Institute (MII).



Investment in staff learning and development activities
RM9.72 million



Total programmes executed
403 programmes



Average learning days per employee
9.66 days



Average investment on learning and development per employee
RM2,478

EMPOWERING OUR HUMAN CAPITAL

Talent Succession and Retention

Agrobank recognises the paramount importance of talent succession management to ensure seamless transitions and sustained organisational strength. A key challenge previously identified was the lack of competency or skill gaps at certain job levels. To address this proactively, Agrobank's People Division initiated the Bank's talent succession strategies in 2024, with ambitious plans for further programmes to be launched from 2025 onwards.

Agrobank has implemented strategic interventions which have demonstrably helped to increase our competitiveness and reduce talent departures. These include:



STRATEGIC ACHIEVEMENTS IN 2024

In 2024, significant strides were made in strengthening our talent pipeline:



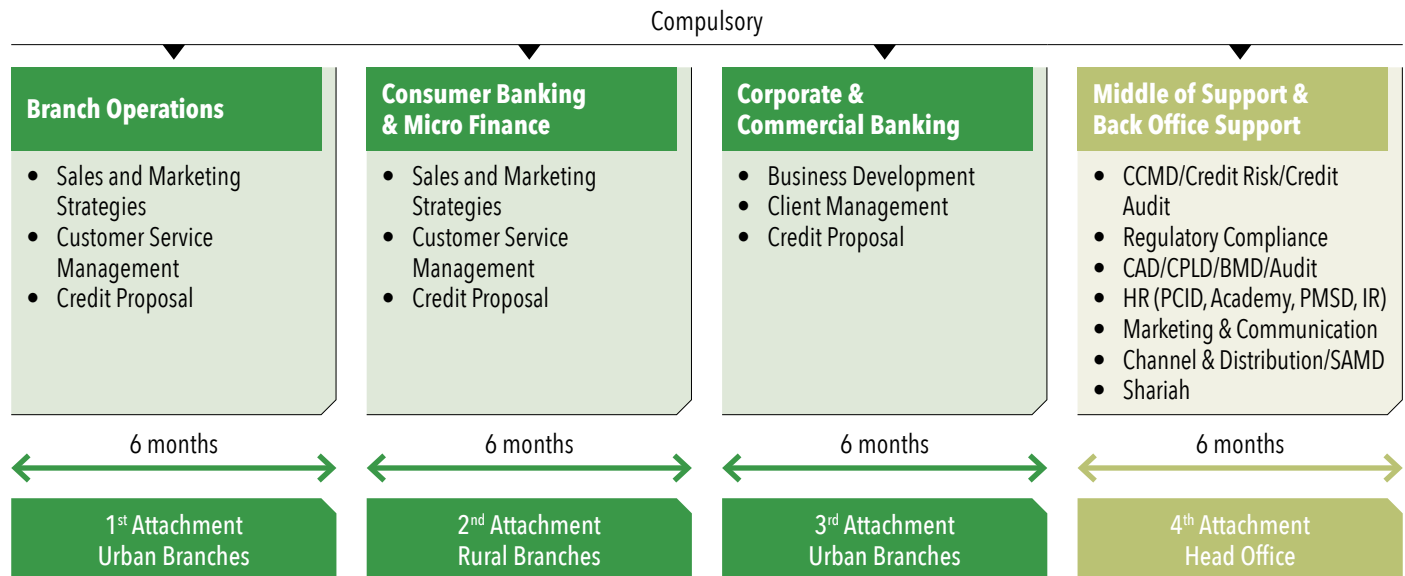
Succession Management

The Bank successfully identified critical positions at the Chiefs and Division Heads' levels, establishing a clear pipeline of potential successors as part of our strategic succession planning.



Young Talent Programme (YTP)

17 Agrobankers graduated from the YTP Batch of 2022, having successfully completed 4 carefully curated modules that strengthened their domain knowledge on Agrobank's business and operations. The graduating batch of YTPs joins a growing pool of internally-developed talent that serve as a pipeline for potential leadership roles within Agrobank.





Scholarship Award Programme (SAP)

Agrobank's Scholarship Award Programme (SAP) is a strategic investment in future talent, providing essential financial support to high-achieving undergraduates from challenging financial backgrounds. The ten scholars selected in 2024 represent the next generation of banking professionals, nurtured through the SAP to become high-performing individuals. This initiative secures a vital talent pipeline.



Women represent
59.6%
of all employees



A Workplace of Choice

In line with uplifting communities, Agrobank invests in the well-being and professional development of all employees by promoting a fair work environment that values and respects all employees. We recognise that a motivated and supported workforce is better equipped to serve the needs of our diverse customer base.

Furthermore, Agrobank operates with a strict non-discriminatory policy, and through our Cultural Development initiatives, we actively encourage and champion the participation of female employees across all levels.

Our commitment to fostering a positive and empowering workplace was externally validated in 2024 when Agrobank proudly received Graduan awards, recognising us as one of Malaysia's Top 50 Most Preferred Employers. This accolade is a testament to our ongoing efforts to create a supportive, inclusive, and rewarding environment for all our colleagues.



A comprehensive representation of our workforce in 2024, including demographics, job composition, and attrition rates, is presented on pages 86 - 87.

CASE STUDY

Cultivating Growth and Communities at MAHA 2024

The Malaysia Agriculture, Horticulture, and Agrotourism (MAHA) 2024 exhibition, organised by the Ministry of Agriculture and Food Security (MAFS) in collaboration with the Federal Agricultural Marketing Authority (FAMA), serves as Malaysia's premier platform to promote agricultural technology and drive trade within the sector. In line with its mission, Agrobank supported the event by providing practical financial solutions and fostering community engagement, directly enabling industry players and local agri-communities to participate and grow.

During the 12-day event, Agrobank functioned as a resource centre, providing farmers, agro-entrepreneurs, and agrotourism operators with information about specialised financing products. The Bank showcased its AgroBiz, AgroPreneur, and AgroTourism financing solutions, offering consultations to help visitors explore options for business expansion, technology adoption, and productivity improvement. These efforts generated potential leads valued at RM1.57 billion, exceeding Agrobank's target by 120.76%.

In addition, ongoing campaign efforts for incoming DuitNow QR merchants led to total transaction volume of 209,352, resulting in a total sales value of RM4,058,434. The Bank also introduced the #AgroMAHA campaign, featuring daily motorcycle giveaways for participating visitors and complimentary Takaful Kasih Plus protection for the first 500 new customers.

Beyond financial services, Agrobank's booth facilitated knowledge sharing and networking opportunities among different segments of the agricultural community. This initiative supported collaboration and information exchange, potentially inspiring a new generation of agricultural entrepreneurs. These efforts reflected Agrobank's integrated approach to agricultural development, combining financial accessibility with community support initiatives to benefit Malaysia's agricultural sector.



OUR SUSTAINABILITY REVIEW



Going further in ensuring financial inclusion, Agrobank actively empowers women in rural economies. The successful journey of Musleha Bt Zainuddin (Bahulu and Kerepek Masri entrepreneur) serves as a powerful example. Musleha, a recipient of the Aspirational Agropreneur Award for Women Agropreneur in 2019, strategically leveraged her management degree and participation in the Bank's Online Marketing Masterclass programme to build her family business. This strategic intervention helped restore her finances during challenging times and dramatically expanded her market reach, leading to her monthly revenue more than doubling.

Musleha's achievement directly reflects the social dimension of the Bank's environmental, social, and governance strategy which is detailed in Our Sustainability Review.

Capitals



Manufactured Capital



Human Capital



Natural Capital

Material Matters



Sustainable
Financing



Climate Change
and Environmental
Stewardship



OUR SUSTAINABILITY REVIEW

CLIMATE CHANGE AND ENVIRONMENTAL STEWARDSHIP

Capitals



Material Matters



As a pivotal financier to Malaysia's agricultural sector, Agrobank recognises that climate change presents a profound challenge. The increasing frequency of extreme weather events, shifting climate patterns, and the urgent global transition to a low-carbon economy directly impact the farmers and agribusinesses we serve. Our role is therefore critical in building a climate-resilient food system and supporting our clients on their journey towards sustainable practices. In resolute support of Malaysia's national ambition to achieve Net Zero greenhouse gas (GHG) emissions by 2050, we have charted our course forward. The establishment of our FY2023 emissions baseline marks a significant milestone, providing a clear foundation for our decarbonisation pathway and the expansion of green financing.

Concurrently, our broader environmental stewardship and unwavering prioritisation of our workforce's health, safety, and well-being further solidify our commitment to responsible corporate citizenship and institutional accountability.

The following section details the integration of this sustainability approach into our core business strategy and the robust governance structure that underpins these pivotal efforts, ensuring we continue growing together with our stakeholders for a more resilient and prosperous tomorrow.



OUR SUSTAINABILITY STRATEGY

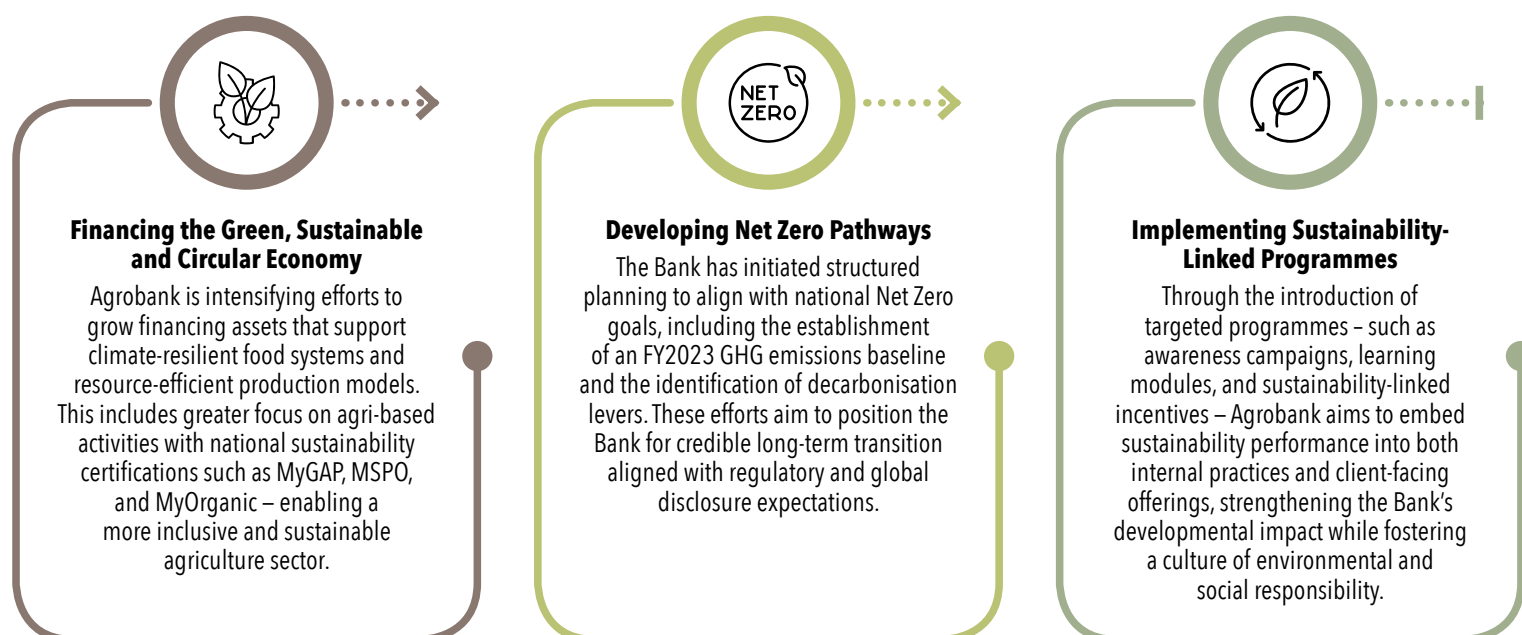
Malaysia's national ambition to achieve Net Zero greenhouse gas (GHG) emissions by 2050 represents a monumental step towards a low-carbon and climate-resilient economy. This aspiration is articulated in the Twelfth Malaysia Plan and bolstered by the National Energy Transition Roadmap (NETR).

Under Strategic Focus Area 5 (SFA 5) of our Strategic Business Plan 2021-2025, Agrobank has reaffirmed its commitment to embedding sustainability practices. This is intrinsically linked to Value-based Intermediation (VBI) principles and the evolving climate-related expectations set forth by the Joint Committee on Climate Change (JC3). Our overarching mission statement, "Elevating the standards of agriculture and providing sustained support that creates values to communities, economy, environment," serves as the guiding principle for integrating sustainability and climate change across all facets of our operations.

A key Desired Outcome within SFA 5 involves the establishment of a Sustainable Operating Model, anchored on three strategic priorities. These priorities are designed to translate our strategic intent into tangible sustainability outcomes, reflecting the Bank's broader commitment to aligning with national priorities, regulatory expectations, and the needs of our diverse stakeholders.



Building on the structured focus presented above, Agrobank's Sustainable Operating Model translates strategic intent into meaningful sustainability outcomes. It reflects the Bank's broader commitment to aligning with national priorities, regulatory expectations, and stakeholder needs – anchoring sustainability across our financing practices, operational planning, and developmental mandate.



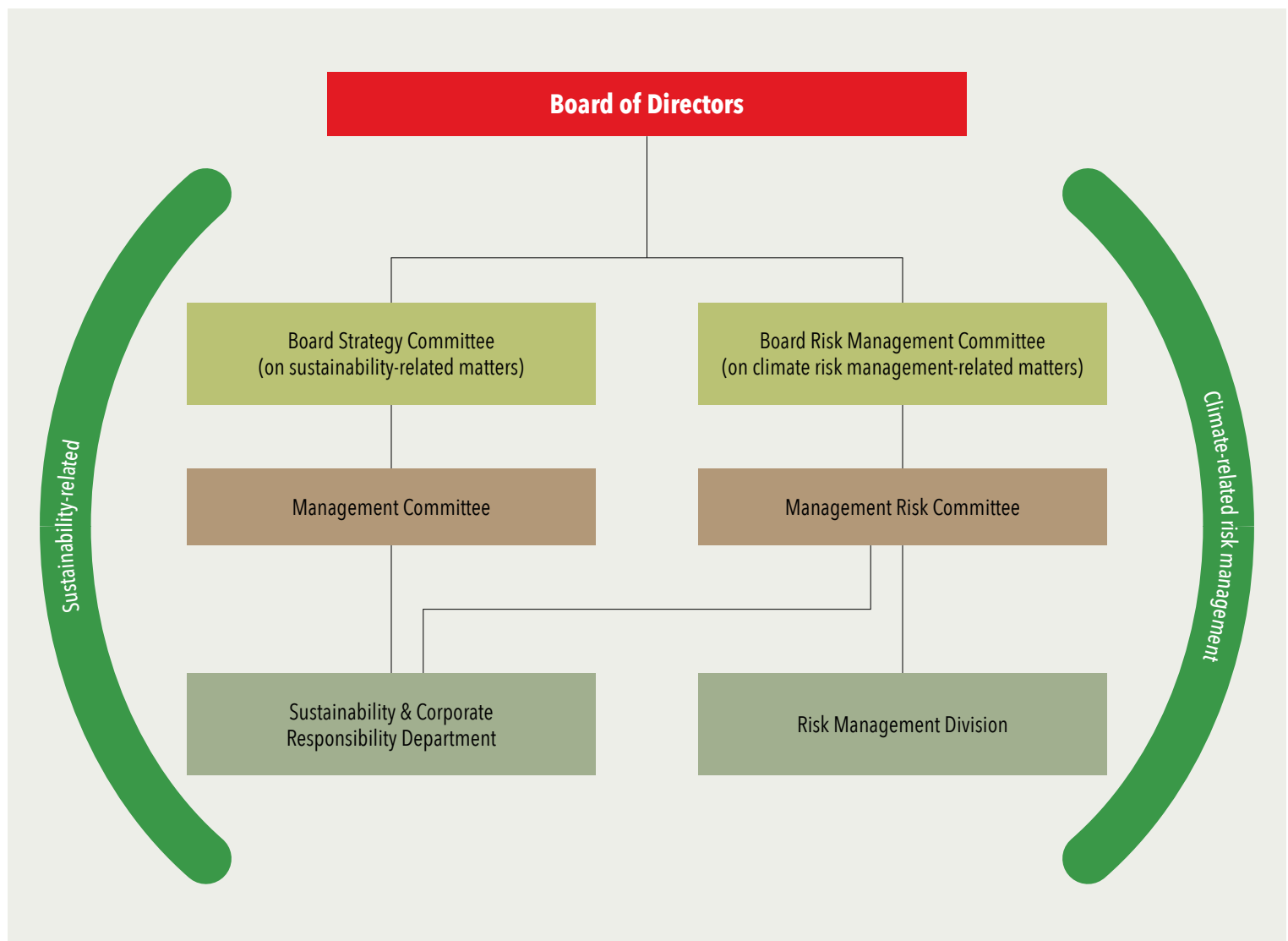
In 2024, Agrobank's business focus areas were not merely confined to developmental support across key agrofood sectors and diversification into new revenue streams; they also encompassed a significant intensification of green and sustainability initiatives, approaches to achieve Net Zero, and establishment of sustainability-linked programmes. These strategic priorities underscore the Bank's overarching ambition to embed sustainability within its core business practices, ensuring that impact, resilience, and long-term relevance remain central to our value creation and delivery.

OUR SUSTAINABILITY STRATEGY

OUR SUSTAINABILITY GOVERNANCE STRUCTURE

Sustainability governance at Agrobank is underpinned by a structured oversight framework that ensures both strategic direction and effective execution. Oversight at the Board level is maintained through the Board Strategy Committee and the Board Risk Management Committee, each responsible for sustainability matters and climate-related risk, respectively. These are operationalised through the Management Committee and Management Risk Committee, which in turn are supported by the Sustainability & Corporate Responsibility Department and the Risk Management Division.

This integrated structure ensures that due sustainability considerations are given in decision-making, risk management, and business planning, in alignment with Agrobank's developmental mandate and regulatory expectations.



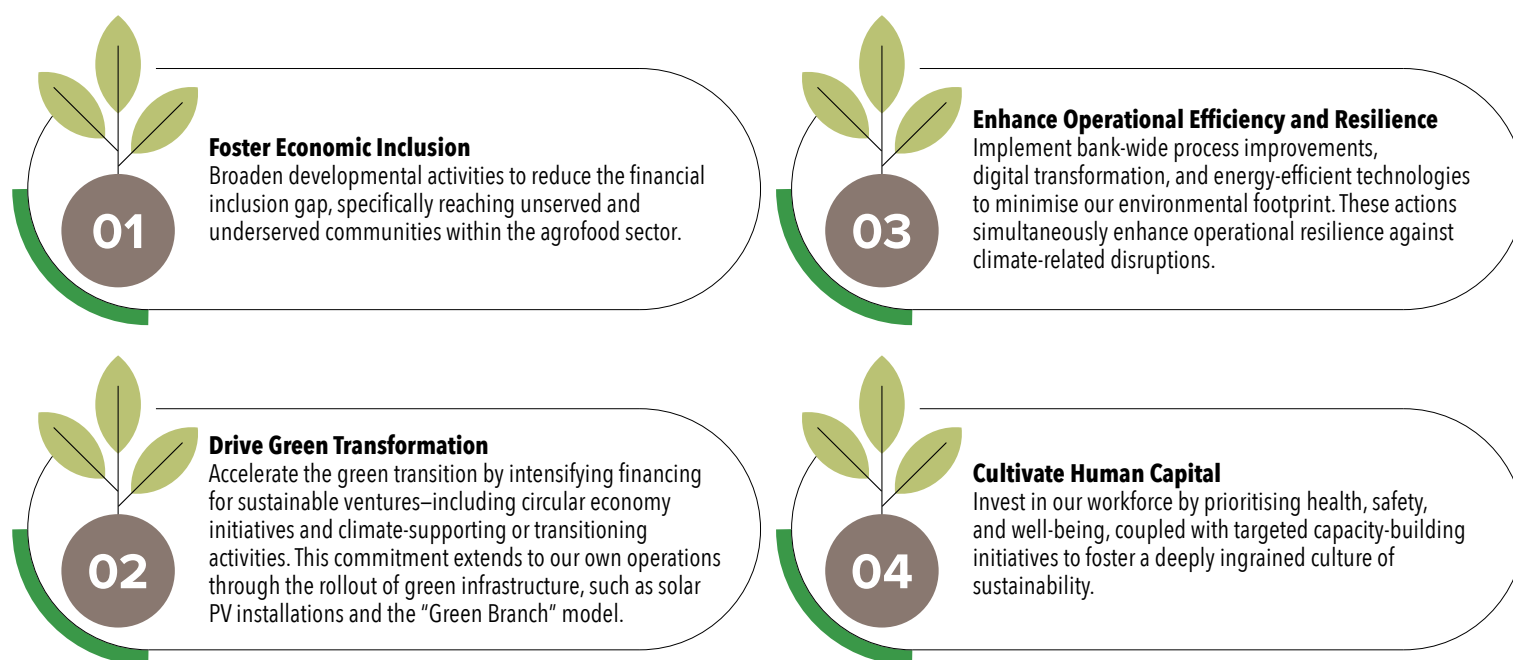
OUR APPROACH TO CLIMATE ACTION AND SUSTAINABILITY

Agrobank's sustainability approach is to contribute to national climate ambitions through actionable strategies within Malaysia's agricultural sector. Our methodology is dual-focused: we act as a strategic financier for our clients' transition and as a practitioner within our own operations.

Externally, we deploy financing to de-risk and incentivise the adoption of climate-resilient and resource-efficient practices. This includes growing our portfolio of assets aligned with the Climate Change and Principle-based Taxonomy (CCPT), supporting certifications like MyGAP and MSPO, and developing targeted products like the Paddy Crop Takaful Scheme.

Internally, we plan to reduce our carbon footprint through a defined Net Zero roadmap, which includes initiatives like equipping all branches with solar PV by 2030 and implementing energy-efficient models across our network. Recognising that sustainable growth in the agricultural sector is paramount to national food security and economic resilience, the Bank's approach is dynamic, evolving in response to emerging global challenges and opportunities.

The four key elements of our approach are as follows:



OUR CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)

The UN SDGs represent a universal call to action, aiming to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity by 2030. Agrobank's strategic initiatives and operations are inherently designed to foster sustainable growth, financial inclusion, and community empowerment, thereby directly contributing to the achievement of these global goals.

SDG 1: No Poverty



Agrobank's Contribution to the SDGs

- Provision of critical microfinancing to underserved groups through facilities such as Agro Teras and the Hijrah Asnaf programme.
- Providing financial access via Agrobank touchpoints to underserved communities in rural and urban areas, and mobile banking. The bank has also supported affordable housing financing for the underserved farmers' community.
- 'Young Agropreneur' and 'Hijrah Asnaf' programmes are specifically designed to mentor and support entrepreneurs from low-income and asnaf groups, helping them to create sustainable business opportunities and generate income.
- Collaborative programmes for the under-served communities by providing financial services and transforming lives by helping these communities build sustainable livelihoods and integrate into the broader economic landscape. Includes: ECER Integrated Project - Project focused on driving socio-economic development segments such as Orang Asli, B40 and Asnaf communities.

OUR APPROACH TO SUSTAINABILITY

SDG 2: Zero Hunger



Agrobank's Contribution to the SDGs

- Agrobank strengthens the national food production system by supporting smallholder farmers through targeted programmes, such as the Financing for Paddy Farming Programmes and the Chili Fertigation Hijrah Asnaf Programme, which have successfully increased agricultural production.
 - Contribution via the Program Pemodenan Vesel dan Mekanisasi Tangkapan Perikanan, and Program Modenisasi Rantaian Nilai Agromakanan.
 - The Bank's Program Modenisasi Rantaian Nilai Agromakanan (PMRNA) provides financing for mechanisation and automation that will improve crop productivity and ensure the efficiency of the agri-food value chain which ultimately supports national food security.
- The Bank also formed collaborations such as with the Ministry of Agriculture and Food Security (MAFS), Felda Global Ventures, FarmByte, etc. that integrates technical advisory for farm operations to enhance agricultural production.

SDG 5: Gender Equality



Agrobank's Contribution to the SDGs

- To ensure equal opportunities, Agrobank actively enables women's participation in all decision-making roles, with women making up 59.6% of the total workforce.
- Specialised product financing for women, e.g., 'Agro Nisaa-i', a microfinancing facility aimed at women agropreneurs in the B40 category. This tailored financial product helps reduce financial barriers that often limit women's participation in the agriculture sector and provides opportunities for women's economic empowerment.

SDG 8: Decent Work and Economic Growth



Agrobank's Contribution to the SDGs

- Agrobank introduced innovative solutions to support agri-based businesses through these programs;
 - > Development of e-marketplace for Business-to-Business (B2B),
 - > Development of new investment platform, and
 - > Development of crop takaful for the agriculture sector.

These programs collectively boost productivity, create job opportunities and support sustainable economic development in the agriculture sector.
- The Bank also contributes toward income and employment opportunities created from potential businesses which benefited from our programmes and services, such as the iTekad programme.
- Agrobank, in collaboration with MRANTI proposed the initiative, "Memacu Teknologi 4IR bagi Keterjaminan Makanan" that aligns with the Kluster Teknologi Baru Muncul (MED4IR) initiative to develop a 4IR Agriculture Technology Application Centre – ATAC in spearheading innovation within the agricultural sector by enhancing the productivity, efficiency and sustainability in agricultural practices. This transition of using technologies not only creates new types of decent jobs but also stimulates economic growth by enabling scalable and resilient agribusinesses.
- The bank is expanding access to banking for underserved groups and enhancing digital banking transformation, e.g., AgroNet, AgroNetBIZ and QR Pay.
- These initiatives enhance the efficiency of financial services, promote financial inclusion and reduce inequality for rural and low-income communities.
- Implement Policy on Occupational Safety and Health (OSH) with the objective to protect the safety and health of all employees of the Bank by preventing work-related injuries, disabilities, ill health, disease and near misses.
- Support youth training and capacity-building through structured community development programmes such as the Program Pembangunan Usahawan Belia Tanaman Golden Melon aimed at equipping young agropreneurs with the skills and knowledge to succeed in the agricultural business sector.

SDG 9: Industry, Innovation and Infrastructure



Agrobank's Contribution to the SDGs

- Over 70% of RM10.44 billion disbursed for micro and small agribusinesses in rural areas which included projects related to infrastructure investments supporting agricultural growth.
- To support the growth of Malaysia's agricultural sector, Agrobank offers inclusive financing, such as Agro Kredit Micro, which provides uncollateralised credit to micro-entrepreneurs. This enhances industry innovation and infrastructure development by empowering smallholders and individuals.
- Agrobank's financial services enable agriculture and agro-based businesses to adopt sustainable practices, upgrade to cleaner technologies, and improve resource efficiency through financing for agricultural machinery, manufacturing equipment, and utility vehicles.

SDG 10: Reduced Inequalities



Agrobank's Contribution to the SDGs

- Building grassroots capabilities via our new Community Development Centre at RTC Tunjung, which disbursed RM3.97 million in its first six months to support opportunities for inclusive economic growth in the community.
- Promote socio-economic inclusion by reinforcing financial service accessibility through 211 rural touchpoints, including our new branch in Sungai Koyan, and by implementing programmes that support upward migration.
- Promote socio-economic inclusion by connecting agropreneurs to broader support ecosystems, mobilising RM195 million in crowd-in funding (a 43% increase) to help targeted segments access commercial financing.

SDG 12: Responsible Consumption and Production



Agrobank's Contribution to the SDGs

- Agrobank's CCPT classification and risk identification indirectly encourages customer prioritisation of technologies and alternative business models, e.g. precision farming, etc. that could help improve efficient use of natural resources such as land, water, and energy.
- The Bank actively monitors and reports paper consumption and has introduced restrictions on colour printing to promote responsible consumption and production practices among its employees. Agrobank has also begun to track its recycling activity via monthly reporting of selected recycled items.

SDG 13: Climate Action



Agrobank's Contribution to the SDGs

- Agrobank integrates climate measures into its operations by conducting Climate Risk and Scenario Analysis to monitor climate-related risks and opportunities. This helps safeguard customers, support Malaysia's agricultural resilience, and strengthen national food security.
- Agrobank Academy provides training and learning opportunities for employees. This includes topics on climate change and sustainability, aimed at equipping employees with important knowledge and information, and raise awareness to lead a sustainable lifestyle, and mitigate and adapt to climate change.

SDG 16: Peace, Justice and Strong Institutions



Agrobank's Contribution to the SDGs

- Agrobank established the Organizational Anti-Corruption Plan (OACP) that is committed to harmonising stakeholders relationship and ensuring the responsible leadership at the core of the operation.

The Bank has also implemented an Anti-Bribery and Anti-Corruption Policy (ABAC), demonstrating its commitment to conducting business with professionalism, fairness and integrity. This initiative fosters a transparent culture and actively discourages unethical practices such as bribery.
- Agrobank's commitment to strengthening institution integrity, accountability and transparency by establishing of multiple board-level and management committees that collectively ensure effective oversight of risk, compliance, audit and ethical conduct across the Bank.

SDG 17: Partnerships for the Goals



Agrobank's Contribution to the SDGs

- Agrobank fosters effective multi-stakeholder partnerships to support community and economic development, including collaborations with local universities through business incubator programmes for young agropreneurs, and structured initiatives with Islamic religious councils (e.g., Majlis Agama Islam Negeri Johor (MAINJ) and Majlis Agama Islam Wilayah Persekutuan (MAIWP)) to provide business advisory services via Islamic social finance.

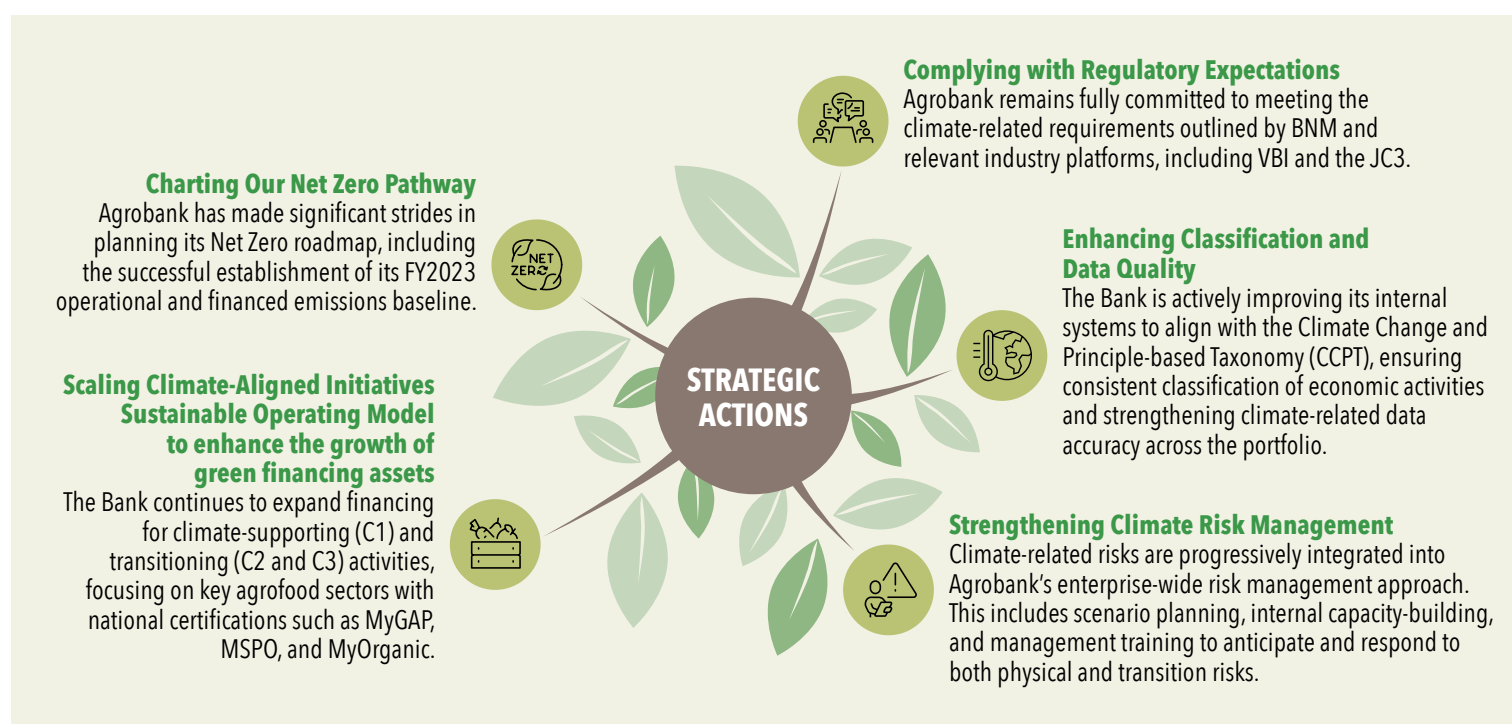
OUR APPROACH TO SUSTAINABILITY

OUR CLIMATE ACTION

Focused on the agri-sector, Agrobank acknowledges climate change as both a material risk and a strategic opportunity. In resolute support of Malaysia's Net Zero agenda and evolving regulatory expectations, the Bank continues to advance comprehensive climate-related initiatives designed to fortify portfolio resilience, facilitate client transitions, and reinforce our broader sustainability commitments.

Agrobank has made substantial progress in charting a Net Zero roadmap, a significant milestone being the successful establishment of our FY2023 operational and financed emissions baseline. This foundational work provides a clear trajectory for future decarbonisation targets and transition strategies, guiding our journey towards a low-carbon economy.

Building on this critical foundation, Agrobank is systematically operationalising its climate ambition through structured planning, robust risk management, and targeted initiatives aimed at mitigating climate impact. Strategic actions include:



Decarbonising Internal Operations

In line with our Net Zero targets, Agrobank is actively undertaking measures to decarbonise internal operations. Key initiatives include:

- **Solar Photovoltaic (PV) Systems:** Installation of Solar PV systems across all branches by 2030, commencing with 45 branch locations under Phase 1. This initiative will significantly reduce our reliance on grid electricity and lower Scope 2 emissions.
- **Biodiesel Adoption:** Enforcing the use of B10 and B20 biodiesel blends across our vehicle fleet, directly contributing to a reduction in Scope 1 emissions from our transportation activities.
- **Building Energy Efficiency:** Efforts are underway for the Agrobank headquarters in Leboh Pasar Besar to achieve a Building Energy Intensity (BEI) target of 100 kWh/m² by 2030.

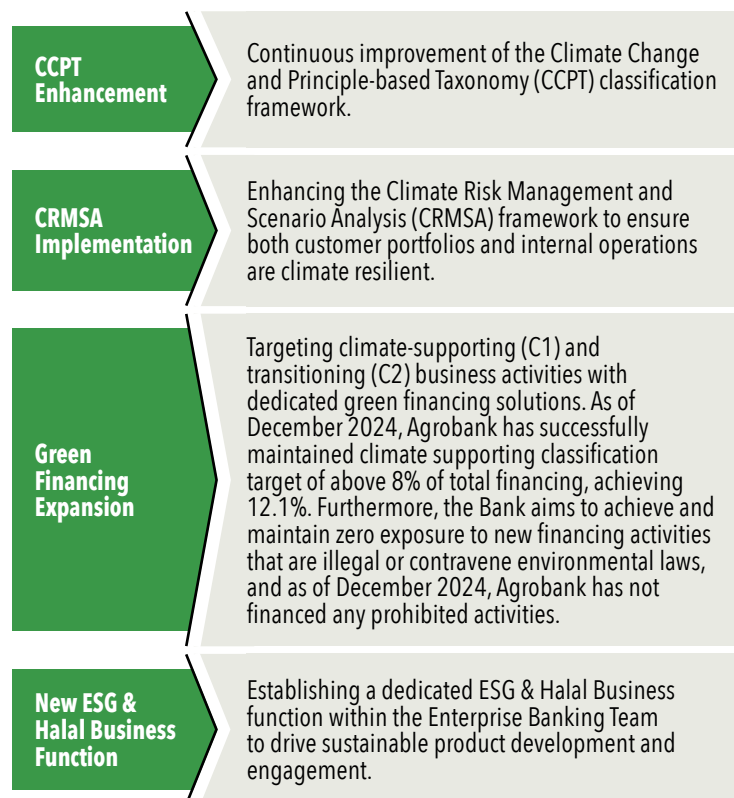
Embedding Environmental Stewardship in Daily Operations

To operationalise our broader environmental commitments, Agrobank is embedding sustainability practices across its day-to-day operations:

- **Paperless Environment:** Actively promoting a paperless working environment through the adoption of digital procurement systems, such as e-Perolehan, reducing paper consumption and waste.
- **Green Branch Model:** Rethinking our physical infrastructure with the introduction of the "Green Branch" model – a sustainable renovation concept integrating solar installations and energy-efficient retrofits. These initiatives reinforce the Bank's objective of driving sustainability from within, laying a robust foundation for long-term operational resilience.

Integrating Green Financing into Future Strategies:

Agrobank is committed to a stable transition towards green financing, addressing climate-related risk impacts and seizing opportunities. Plans include:



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Agrobank's approach to climate-related disclosure is meticulously guided by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), in alignment with expectations under the Joint Committee on Climate Change (JC3). These disclosures articulate how the Bank addresses climate-related risks and opportunities across four core pillars: Governance, Strategy, Risk Management, and Metrics and Targets.

Governance

Agrobank's climate governance framework is structured around clear oversight from both the Board and management levels, ensuring accountability for climate-related decisions. Roles and responsibilities are aligned to support compliance with national frameworks such as the Climate Change and Principle-Based Taxonomy (CCPT) and expectations under the JC3.

The Board of Directors holds overall oversight and responsibility for sustainability, including setting the strategic direction of ESG matters. The Board Risk Management Committee (BRMC) is responsible for reviewing and providing oversight on climate-related risks and safeguarding the Bank's resilience against the adverse impact of climate change. They are also responsible for identifying the relevant responsibilities for managing climate-related risks and assigning these responsibilities throughout the Bank's structure.

CCPT reports to Bank Negara Malaysia (BNM) are also deliberated and reviewed by BRMC on a semi-annual basis. Its classification is confirmed and approved by the Credit Review and Evaluation Department (CERD) and the relevant approving authority. Upon approval, the classification is updated in the Branch Delivery System (BDS) by the originator. Meanwhile, the Board Strategy Committee (BSC) is responsible for overseeing the implementation of sustainability and climate change initiatives. BSC has an oversight of the Bank's sustainability strategy and progress and of its supporting initiatives. BRMC has an oversight of the climate-related risk appetite and its supporting climate-related risk mitigation plans.

These Board Committees convene at least biannually, with BSC and BRMC meetings held quarterly to deliberate climate-related matters before final appraisal and approval by the full Board. The Management Committee is responsible for matters related to the incorporation of sustainability into business strategies and processes. They monitor the progress and status of implementation of initiatives through the Bank's Sustainability Strategy which forms a core component of the Bank's Strategic Business Plan (SBP) 2021 – 2025. The Management Risk Committee (MRC) is responsible for discussing all climate-related risk matters. This encompasses monitoring the implementation progress of climate-related initiatives and reviewing the impact of physical, transitional, and liability risks on the Bank's financial performance, earnings, and reputation.

Board of Directors' Training on Climate-Related Matters

Training Programmes:

- 1st Sharing Session: Introduction to Climate Change and GHG Emission
- Sustainability and Climate Risk (SCR) Certificate Programme
- Knowledge Sharing Sessions on Climate Change: Session 2 - Climate Strategy & Risk
- Knowledge Sharing Sessions on Climate Change: Session on Steering Capital for a Sustainable Change
- BNM DFI Green Finance Workshop - DFIs in Action: Strategies for Closing the Gap for Climate Resilience & Sustainability
- Introduction to Climate Scenario Analysis

No.	Board Member	Training Attended
1	YBhg. Datuk Yunus Abd Ghani	1, 3, 4
2	YBhg. Datuk Dr. Ahmad Kushairi Din	1, 3, 4
3	YBhg. Datin Arlina Arif	1, 2, 4, 5, 6
4	Encik Mohd Hanif Mastuki	1, 3, 4
5	Puan Rizleen Mokhtar	1, 4
6	Encik Wan Zamri Wan Zain	1, 3
7	Encik Mohamed Iqbal Mohamed Iqbal	1, 2, 3, 4, 5

Ongoing capacity-building programmes, arranged by Agrobank Academy and through external training, enhance the Board's and senior management's understanding of sustainability and climate-related matters.


OUR APPROACH TO SUSTAINABILITY

Strategy

Agrobank has embedded climate risk and opportunity considerations into its business strategy, in firm support of Malaysia's Net Zero ambition. This strategic integration includes aligning planned initiatives with the CCPT to guide transitions in key sectors of the economy. Agrobank has also incorporated these considerations into its long-term Strategic Business Plan (SBP) via Strategic Focus Area (SFA) 5: Embedded Sustainability Practices. As part of SFA 5, Agrobank in 2024 established its Net Zero Roadmap which elaborates on initiatives to reduce emissions from the Bank's operations and financing activities. The Net Zero Roadmap outlines a trajectory to achieve targeted GHG emission reductions by 2050, with a near-term target of 23-25% reduction in GHG emissions by 2030.

Agrobank assesses climate-related risks and opportunities across its value chain, determining their sources and assessing their potential impacts on operations, financial performance, and stakeholder relationships. The process for identifying climate-related risks and opportunities involves four key steps:

- 1. **Understanding the value chain:** Evaluating the entire value chain to identify how climate-related risks and opportunities could affect upstream and downstream activities, as well as internal operations.
- 2. **Determining the source of risks:** Understanding whether the risks stem from physical impacts (e.g., extreme weather events, long-term climate shifts) or transition-related factors (e.g., policy changes, market dynamics, technological advancements).
- 3. **Assessing climate-related impacts:** Clearly articulating how each risk could impact the organisations by analysing its effects on operations, financial performance, stakeholder relationships, etc.
- 4. **Identifying Process Owners:** Assigning responsibility for managing identified risks and opportunities to specific individuals or teams within the organisation to ensure accountability and effective implementation.

 Additional information on climate-related strategies is available on page 64.

Climate-Related Risks

Categories of Climate-related Risks	Risk Description
Physical Risk	
Acute and Chronic	<p>Extreme weather events (Acute) (R1): Extreme weather events such as extreme flooding, potentially causing both operational disruption and damage on assets to both Agrobank and its customers.</p> <p>Changes in climate patterns (Chronic) (R2): Long-term alterations in climate conditions, such as rising temperatures and sea levels impacting both Agrobank and its customers.</p>
Transition Risks	
Policy & Legal	<p>Regulatory requirements (R3): Encompass laws governing integration of sustainability practices within business operations and emissions reporting; failure in compliance might end up with public legal cases.</p> <p>Sustainable fiscal policy (R4): A policy mechanism that involves integrating sustainability consideration within fiscal policies, including tax, public spending and tariffs, increasing operational cost on both Agrobank and its customers.</p>
Technology	<p>Transition to green technology (R5): Adaptation of energy efficient and climate resilient technologies to stay competitive; failure to do so can result in obsolescence and operational vulnerabilities.</p>
Market	<p>Shift towards green products (R6): Shifts in consumer preferences, industry practices, and market dynamics, marked by reduced demand or the phasing out of traditional high-carbon-emitting products and are likely to affect the revenue of both Agrobank and its customers.</p> <p>Economic impact (R7): Effects on financial activity, employment, investment, and overall economic growth resulting from the transition towards environmentally sustainable and low-carbon practices.</p>
Reputation	<p>Social media management (R8): Strategic use of social media platforms to create and share content, engage with audiences, and build brand awareness on climate change and sustainable practices; failure to do so can result in serious damage on Agrobank's reputation within the industry.</p> <p>Talent retention and acquisition (R9): The enhancement of employment focus whereby younger generations include sustainability considerations when seeking employment opportunities. Misalignment of sustainability initiatives and workforce's expectation may cause operational disruption.</p>

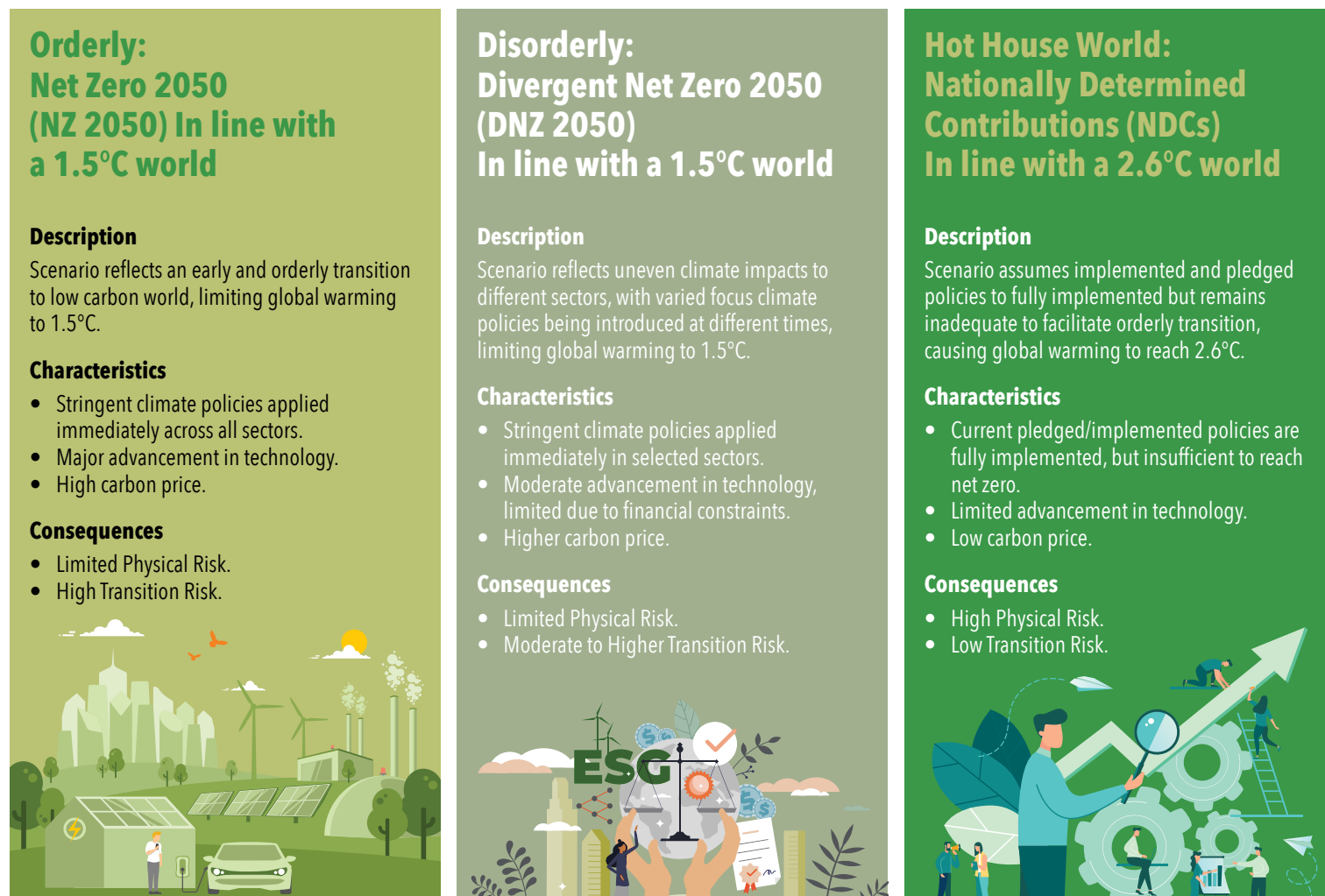
Climate-Related Opportunities

Type	Opportunities	
Resource Efficiency	<ul style="list-style-type: none"> Improvements in energy efficiency, reduced water use, waste management, and other resource conservation measures. Addressing climate technology compatibility issues. 	<ul style="list-style-type: none"> Adoption of resource efficient technology. Increase in market share. Decrease in operational costs.
Energy Source	<ul style="list-style-type: none"> Investing in renewable energy projects or transitioning to renewable sources. Adoption of renewable energy. Explore renewable energy scheme for customers. 	<ul style="list-style-type: none"> Decrease in operational cost (utility cost). Decrease in carbon pricing exposure. Increase in market share.
Products and Services	<ul style="list-style-type: none"> Innovate and develop new low-emission products and services that improve competitive position and capitalise on shifting of market preference. Development of investment scheme in green technology. Development of new climate mitigation schemes for customers. 	<ul style="list-style-type: none"> Promote application of sustainable schemes at social media. Trainings provided for customers on climate mitigation measures. Increase market share. Positive reputation.
Market	<ul style="list-style-type: none"> Access to new markets or types of assets to diversify their activities and better position for transition to low-carbon economy. Introduction of genetic plantation scheme for customers. 	<ul style="list-style-type: none"> Introduction of green financing and green technology scheme. Introduction of carbon reduction scheme. Increase in market share.
Resilience	<ul style="list-style-type: none"> Developing adaptive capacity to respond to climate change to better manage the associated risks and seize opportunities, including the ability to respond to transition risks and physical risks. Enhancement of sustainable working environment. Align practice/disclosure compliance with regulatory requirements. Adopt carbon reduction practices/internal carbon pricing. Cybersecurity enhancement. Sustainability-related trainings and capacity-buildings. 	<ul style="list-style-type: none"> Climate considerations on investment assessment process. Improve work efficiency. Increase in market share. Increase in investor and borrower confidence. Decrease in carbon cost and carbon emission. Increase data protection. Grow talent pool and staff capacity. Reduce investment exposure to climate risk.

Scenario analysis, particularly utilising the Network for Greening the Financial System (NGFS) climate scenarios, is integral to Agrobank's strategic planning. This helps evaluate the resilience of the strategy under different climate pathways, including a 1.5°C world (Net Zero 2050 and Divergent Net Zero 2050) and a 2.6°C world (Nationally Determined Contributions).

OUR APPROACH TO SUSTAINABILITY

NGFS Climate Scenarios Description



Following the Scenario Analysis Workshop conducted on October 25, 2024, Agrobank has engaged with multiple internal stakeholders to assess climate-related risks in a more detailed manner. Based on these discussions, the risk ratings have been updated as presented in the table below.

Scenario Analysis Table Results: Risk Level

Categorisation	Risk Level (Net Zero 2050 (NZ 2050) in Line with a 1.5°C World)	Risk Level (Divergent Net Zero 2050 (DNZ 2050) in Line with a 1.5°C World)	Risk Level (Nationally Determined Contributions (NDCs) in Line with a 2.6°C World)
Physical			
R1	Extreme weather events (Acute)	●●	●●
R2	Changes in climate patterns (Chronic)	●	●●
Policy & Legal			
R3	Regulatory requirements	●●●	●●●
R4	Sustainable fiscal policy	●●●	●●●

● Satisfactory ●● Alert ●●● Critical

Categorisation	Risk Level (Net Zero 2050 (NZ 2050) in Line with a 1.5°C World)	Risk Level (Divergent Net Zero 2050 (DNZ 2050) in Line with a 1.5°C World)	Risk Level (Nationally Determined Contributions (NDCS) in Line with a 2.6°C World)
Technology			
R5	Transition to green technology	●●●	●●
Market			
R6	Shift towards green products	●●	●
R7	Economic impact	●●●	●●●
Reputation			
R8	Social media management	●	●●
R9	Talent retention and acquisition	●●●	●●●

● Satisfactory ●● Alert ●●● Critical

Key risk indicators and measurements have been identified through an internal risk management framework, with appropriate responses and related policies established as determined by the risks registry. To achieve our intended emission reduction targets – particularly for operational emissions – Agrobank has allocated appropriate resources through the Net Zero Roadmap. A detailed budget allocation for this roadmap will be developed further as part of a comprehensive implementation plan.

In planning a stable transition to green financing to address risk impacts, the Bank aims to maintain a climate-supporting classification above 8% of total financing – a target that has already been exceeded by the achievement of 12.1% as of December 2024. Furthermore, we are committed to ensuring zero exposure to new financing for illegal activities or those that contravene environmental laws. As of that same date, the Bank had not financed any prohibited activities.

A further demonstration of this commitment is the launch of Malaysia's first Shariah-compliant protection for paddy farmers, the Agrofood Takaful Protection Scheme: Paddy Crop Takaful Scheme (STTP). This initiative underscores our role in assisting farmers to mitigate natural disasters and reinforce national food supply chains.

These efforts are guided by our mission statement: “Elevating the standards of agriculture and providing sustained support that creates values to communities, economy, environment”. To embed this ethos, a series of bank-wide awareness campaigns and learning modules have been launched to cascade the understanding of Value-based Intermediation (VBI), the Climate Change and Principle-based Taxonomy (CCPT), and the Bank's overall sustainability strategy to all employees.

Risk Management

Climate-related risks are being systematically integrated into the enterprise risk management framework. This integration involves the adoption of scenario-based assessments and planning, in line with the Climate Risk Management and Scenario Analysis (CRMSA) framework. These efforts bolster the CCPT-aligned classification of exposures and enhance overall organisational resilience.

To quantify potential threats, a comprehensive flood risk profiling exercise has been conducted to determine the vulnerability of both Agrobank's operations and business portfolio. For operational risks, this involved identifying key assets—including regional offices, commercial centres, the community development centre, branches, and Ar Rahnu outlets. On the business side, the analysis identified customers by their total count and Exposure at Default (EAD) per state, and further categorised them by sector description and collateral type.

Key risk indicators and measurements are identified through this internal framework, enabling the establishment of appropriate responses and policies within the risk registry. Furthermore, the necessary resources to achieve emission reduction targets are being allocated via the Net Zero Roadmap. For more detailed information, further specifics on material matters and climate-related matters within the Strategic and Operational Risk Management in Change (SORMIC) framework are available on pages 177-183.

Metrics and Targets

Agrobank monitors its progress towards climate-related goals through a comprehensive set of metrics and targets. These include tracking greenhouse gas (GHG) emissions from its operations and financing activities, aligning with its Net Zero ambition by 2050, and a near-term target of 23-25% reduction in GHG emissions by 2030. The graphs on page 106 provide a detailed breakdown of the Bank's GHG emissions for Scope 1, Scope 2, and relevant Scope 3 categories, along with a regional analysis for 2023 and 2024.

OUR APPROACH TO SUSTAINABILITY

OUR ENVIRONMENTAL STEWARDSHIP

Environmental stewardship at Agrobank spans climate-related matters and a broader set of sustainability priorities that are essential to responsible banking and sustained value creation. These are driven by an integrated approach under SFA 5 that embeds sustainability principles into our operations, infrastructure, and institutional culture; as part of a steadfast commitment to facilitate a climate transition for our own operations and our clients.

Key Initiatives Successfully Implemented in 2024

1

LED Lighting Conversion

Illuminating a greener path, we have successfully transitioned our entire network—from our headquarters to every branch—to high-efficiency LED lighting. This group-wide initiative significantly reduces our energy consumption and carbon footprint, demonstrating our commitment to leading by example.

2

Energy-Saving Air-Conditioning

Re-engineering for efficiency, we have embarked on a programme to install state-of-the-art, energy-saving air-conditioning systems across our branch network. This initiative enhances climate control for our staff and customers while consciously minimising energy waste, ensuring our comfort today does not come at the expense of tomorrow's resources.



Foundation for Low-Carbon Operations

3

Urban Farming Initiatives

At our headquarters, we have transformed available space into a thriving urban farm. This living initiative promotes green practices and reconnects our team to the agricultural value chain we support daily. By nurturing growth within our own premises, we foster a deeper understanding of sustainable food production, enhance biodiversity, and create a green oasis that inspires well-being and innovation amongst our employees.

4

Solar PV Light Installation

The installation of solar photovoltaic (PV) lighting at our ABADI facility marks a significant first step in our renewable energy roadmap. This project moves us beyond grid dependency, powering our operations with clean energy and directly reducing our Scope 2 emissions. It is part of a wider commitment to equip all branches with solar capabilities, paving the way for a low-carbon future.

NET ZERO

A critical step in our climate action journey was the successful establishment of the GHG baseline for FY2023, covering both operational and financed emissions. This comprehensive baseline, approved by the Board in November 2024, provides the necessary foundation for setting ambitious reduction targets and tracking our progress towards Net Zero.



Baseline Setting for Net Zero



Championing Industry-Wide Best Practices

Demonstrating our sectoral leadership, Agrobank oversaw the release of the Value-based Intermediation Financing and Investment Impact Assessment Framework (VBIAF) Sectoral Guide for Agriculture. By coordinating inputs from industry players, regulators, and experts, we helped create a practical guide that aligns the entire agricultural sector with Malaysia's national sustainability ambitions.





Agrobank views its workforce as vital partners in our sustainability journey, and we are dedicated to fostering a culture of knowledge, awareness, and proactive engagement. Our human capital development initiatives are designed to foster a sustainability-literate and proactive workforce. This is in alignment with the SBP 2021-2025 strategic enabler: Engaged Workforce and Thriving Workplace (see page 52).

1 Building Sustainability Literacy

To ensure every team member is equipped to contribute, we relaunched five comprehensive sustainability modules for group-wide training. These modules cover:

- > Introduction to Sustainability
- > Incorporating VBI
- > Climate Change and Net Zero
- > The CCPT
- > Agrobank's Sustainability Strategy



Comprehensive Employee Engagement & Capacity-Building

2 Management Training on Climate and Sustainability

As part of leadership capacity-building efforts, a focused series of training sessions equipped management with the skills to integrate environmental considerations into strategic and financial decision-making. Sessions in 2024 included:

- > Introduction to Climate Change
- > Climate Strategy & Risk
- > Managing Financial Impacts of Climate Change
- > Integrating Climate Considerations in Lending
- > Steering Capital for a Sustainable Future



1 Awareness Talk Segment

We hosted an insightful awareness talk by experts from Alam Flora Environmental Solution Sdn Bhd (AFES), moving beyond basic recycling concepts to explore the profound impact of responsible waste management. This session empowered our employees with the knowledge to transform everyday habits, framing individual actions as a powerful collective force for environmental protection and a cleaner tomorrow.

2 Recycling and Upcycling Programme

In partnership with Kloth Malaysia, we launched a comprehensive textile recycling initiative, placing dedicated collection boxes on every floor to give used clothes a new life. The programme was brought to life through captivating live upcycling demonstrations, showcasing how discarded materials can be transformed into valuable products. This initiative provided practical tools and inspiration, turning the concept of a circular economy into an engaging reality for our employees.



Launch of Sustainability Day

3 Interactive Booths

A series of dynamic, interactive booths by AFES, Kloth Malaysia, and Hara Maker Initiatives transformed theoretical knowledge into experiential learning. Employees actively engaged with experts, participating in activities that made sustainability accessible and personally relevant. This hands-on approach fostered a deeper, more memorable connection to environmental stewardship, empowering our team to become ambassadors for change both at work and at home.

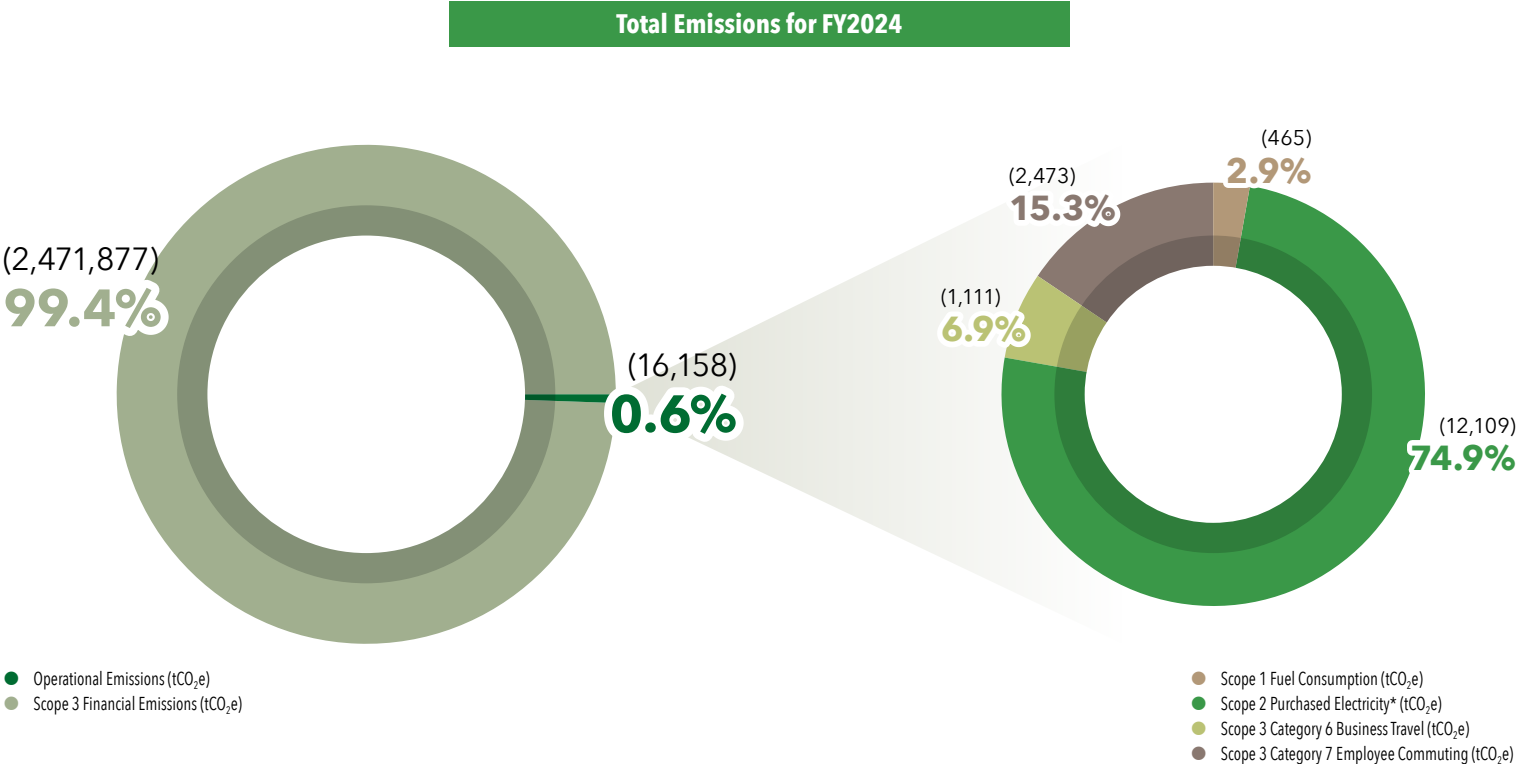
4 Knowledge Sharing Session

In a knowledge-sharing session with the Malaysian Green Technology and Climate Change Corporation (MGTC), we explored the critical role of sustainable energy in Malaysia's transition. The session provided strategic insights into how organisations and individuals can contribute meaningfully to a lower-carbon economy, aligning our daily operations and personal choices with the broader national agenda for a sustainable environment.

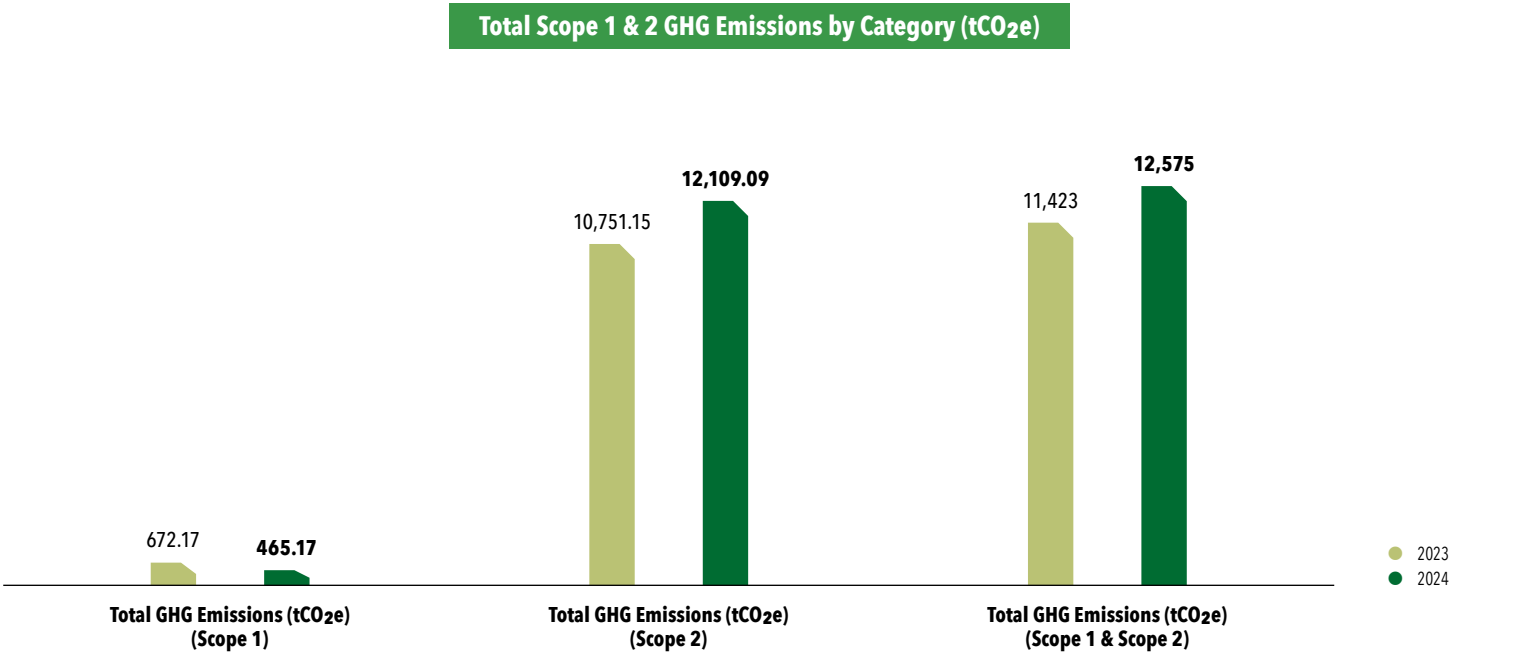
OUR SUSTAINABILITY PERFORMANCE

Agrobank's sustainability performance reflects our commitment to translating strategic objectives into measurable outcomes. By meticulously tracking key ESG indicators, we reinforce our accountability and ensure transparency in how we manage sustainability risks and opportunities. These metrics also serve as critical inputs for guiding continuous improvements, aligning our efforts with our Net Zero ambition and broader sustainability objectives.

CLIMATE METRICS



* The emission factor for purchased electricity was adjusted to the latest emission factor released by the Energy Commission in 2024.



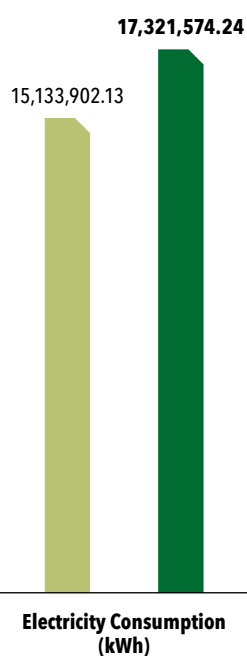
Financed GHG Emissions by Asset Class (tCO₂e)

Asset Class	2023			2024		
	Outstanding Amount (RM Million)	Total Financed GHG Emissions (tCO ₂ e)	Emissions Intensity (tCO ₂ e/RM Million Financed)	Outstanding Amount (RM Million)	Total Financed GHG Emissions (tCO ₂ e)	Emissions Intensity (tCO ₂ e/RM Million Financed)
Project Finance	7,861	1,631,795	208	8,104	1,660,242	205
Business Loan & Unlisted Equity	1,878	518,579	276	2,226	621,740	279
Mortgages	38	6,211	164	55	9,021	164
Commercial Real Estate	7	2,037	273	17	4,596	273
Sovereign Debt	1,310	82,880	63	2,170	140,940	65
Corporate Bond	1,281	49,612	39	1,359	35,338	26
Total	12,375	2,291,114	185	13,391	2,471,877	171

Note: Motor Vehicle Loans Asset Class was excluded due to insufficient data points to calculate emissions.

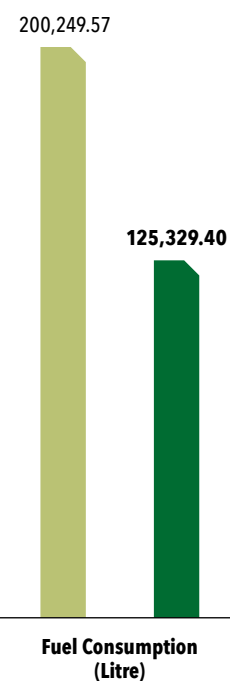
ENERGY CONSUMPTION

Total Purchased Electricity Consumption (kWh)



● 2023 ● 2024

Total Fuel Consumption (Litre)



● 2023 ● 2024

OUR SUSTAINABILITY PERFORMANCE

WATER CONSUMPTION

Overall Group Water Consumption (m³)

Region	2023 Water Consumption (m³)	2024 Water Consumption (m³)
Overall Group	32,096	14,621

WASTE MANAGEMENT

Overall Group Recycled Waste (Kilogram)

Types of Waste	2024 Waste Disposed (kg)
Shredded Paper	182
Black and White Paper	204
Multicolour White Paper	99
Carton Box	473
Metal	99

PAPER CONSUMPTION

Overall Group Paper Consumption (Pages)

Region	2023 Paper Consumption (Pages)	2024 Paper Consumption (Pages)
Paper*	41,127,237	52,113,681

* Monitored per number of pages printed

OCCUPATIONAL SAFETY AND HEALTH (OSH) PERFORMANCE

Agrobank’s dedication to sustainability extends holistically across our operations, encompassing not only our broader environmental goals such as decarbonisation and green financing but also the immediate well-being of our workforce. We believe that a safe and conducive workplace is fundamental to our sustained success and is constantly prioritised.

Steadfast in our commitment to providing a safe and healthy working environment for all our employees and contractors, our Occupational Safety and Health (OSH) performance for the past three years reflects our proactive approach to incident prevention, continuous training, and adherence to regulatory standards. We diligently monitor key metrics to ensure the well-being of our workforce and drive continuous improvement in OSH practices across all our operations.

Occupational Safety and Health (OSH) Performance

Year	2022	2023	2024
No. of Occupational Incidents reported to DOSH	0	1*	0
Lost Time Incident (LTI) Rate	0	0	0
Number of work-related fatalities	0	0	0
Fatality rate for occupational incidents	0	0	0
No. of employees trained on health and safety standards	84	331	585
No. of Notices of Prohibition (NOP) during DOSH Audit	0	0	0

* Contractor

Occupational Safety and Health Activities in 2024

In 2024, Agrobank implemented a comprehensive series of Occupational Safety and Health (OSH) activities, strategically aligned with our commitment to fostering a thriving workplace and nurturing a productive workforce – a key enabler identified in our strategic review. These initiatives underscore our investment in human capital development, aiming to embed a strong safety culture and ensure the holistic well-being of our staff and external partners.

Our efforts commenced with the **Agrobank Wellness Day 2024** on 25 June, engaging 230 participants in a diverse range of activities. This event, featuring collaborations with various healthcare providers such as Hospital Pakar Al-Islam, Columbia Asia Hospital, and Ben Physio, underscored our commitment to the holistic health and wellness of our employees. Complementing this, two sessions of the **Agrobank Blood Drive (Blood Donation)** were successfully held in July and November, with 160 participants, fostering community engagement and health awareness among staff.

A significant focus was placed on emergency preparedness through Fire Awareness & Simulation Exercises (FASE) across three regions (Sabah, Pahang, and Perak). Exercises for the first 5 regions were completed in 2023. These exercises, involving 89 participants, were crucial in raising awareness of emergency evacuation procedures and fostering a safe working culture. Furthermore, a practical **Fire Drill Exercise at ABADI** on 25 December, co-organised with CPLD and involving 27 participants, ensured that staff were well-versed in simulating and responding to real fire emergencies for safe and quick evacuation.

In a move to strengthen internal OSH capabilities and meet new regulatory requirements (OSH Act Amendment 2022), Agrobank oversaw the **introduction of 195 Occupational Safety & Health Coordinators (OSH-C)** nationwide between April and September. This involved providing specialised training across eight sessions to 192 appointed staff, equipping them with comprehensive OSH knowledge. This investment in workforce development directly contributes to enhancing employee expertise, a core aspect of our human capital strategy. To reinforce fundamental first response skills, **BOFA, CPR & AED Training** was delivered in two sessions at ABADI from 25-26 November and 2-3 December, prioritising 43 appointed Floor Wardens.

Our commitment to proactive hazard identification and continuous compliance was evident through ongoing **Workplace Inspections** carried out across 4 HQs and 10 branches throughout 2024. These inspections ensured full compliance with OSH standards and facilitated the timely identification and addressing of potential hazards and risks. Audits are also conducted by the Department of Occupational Safety & Health (DOSH). These involve comprehensive documentation and physical audits by DOSH officers across various branches to ensure sustained OSH compliance. In 2024, 11 audits were completed.

To cultivate a pervasive OSH culture, Agrobank implemented various awareness and information initiatives. Throughout 2024, a total of 10 OSH Alerts were issued, promoting and instilling OSH principles among staff. This was complemented by an **OSH Online Quiz** on 26 September, engaging 350 participants as part of a broader initiative to raise awareness on heart health.

Extending our safety commitment beyond internal operations, 4 OSH Safety Briefings were conducted for appointed contractors, vendors, and suppliers during the year. This served as a standard requirement to inculcate an OSH culture within their operations, ensuring a consistent safety approach across our value chain.



OUR SUSTAINABILITY PERFORMANCE

Health & Wellness Engagement Initiatives

Agrobank Annual Integrated Report 2024 - Social Pillar

As part of Agrobank's continued commitment to holistic employee well-being, a comprehensive health and wellness talk series was conducted throughout 2024. These initiatives were aimed at equipping employees with relevant medical knowledge and empowering them to lead healthier, more informed lives.

Organised in collaboration with PMCare, ETIQA, and SOCSO, the program featured 11 educational sessions covering a wide spectrum of health-related topics. Renowned specialists—including dietitians, paediatricians, dermatologists, orthopaedic consultants, and psychologists—offered expert insights tailored to promote physical, mental, and social wellness.



Impact and Alignment

These initiatives demonstrate Agrobank's proactive approach in cultivating a healthier workplace culture. By promoting health education and preventive care, Agrobank aligns itself with the Environmental, Social, and Governance (ESG) framework—particularly under the Social Pillar, emphasizing employee well-being, inclusivity, and long-term sustainability.

The talks fostered meaningful engagement and increased awareness across departments, reinforcing Agrobank's role as an employer that values both professional productivity and personal development.



Series Overview

The 2024 health talk lineup included the following topics:

- **Healthy Gut, Healthy You** (29 February)
– Nutrition tips for digestive and immune health
- **Respiratory Diseases in Children** (15 March)
– Paediatric respiratory awareness
- **SOCSCO Benefits & Return to Work Programme** (25 April)
– Social security and employee protection
- **Pengurusan Stress Dengan Gaya Hidup Sihat** (28 May)
– Stress management through healthy living
- **Side Effects of Mercury in Skincare & Cosmetics** (27 June)
– Safe cosmetic practices
- **What Is Intervertebral Disc Disease** (31 July)
– Musculoskeletal health education
- **Skim Keselamatan Sosial Suri Rumah (SKSSR) PERKESO** (23 August)
– Domestic safety social protection
- **What is Mental Health** (30 September)
– Emotional resilience and psychological literacy
- **Good Posture** (22 October)
– Workplace ergonomics and physical therapy
- **Reducing Sugar Consumption for a Healthy Life** (27 November)
– Nutrition literacy and disease prevention
- **What is Psoriasis** (19 December)
– Chronic skin condition awareness



OSH Activities in 2024

No.	Programme Name	No. of Participants	Date and Programme Description (Objectives, Partners, Impact, etc)
1	Agrobank Wellness Day 2024	230	25 June 2024: A range of diverse activities was organised, encompassing not only health but also safety and overall wellness. Among the exhibitors were Hospital Pakar Al-Islam, Columbia Asia Hospital, Ben Physio, UiTM Private Specialist Centre, PMCare and LPPKN.
2	Fire Awareness & Simulation Exercise (FASE)	89	29 June, 19 October & 16 November 2024: To raise awareness of emergency evacuation at the workplace as well as to encourage a safe working culture among staff – conducted at 3 regions such as Sabah (29/06/2024), Pahang (19/10/2024) and Perak (16/11/2024).
3	Agrobank Blood Drive (Blood Donation) 1 & 2	160	10 July & 13 November 2024: In collaboration with CTD, this was one of the activities arranged for staff as part of continuous awareness efforts.
4	Introduction of Occupational Safety & Health Coordinator (OSH-C)	195	April - September 2024: To meet the new requirement in new OSH Regulations (OSH Act Amendment 2022), a total of 192 staff were appointed as OSH-C nationwide and attended specialised training with DOSH registered trainers (8 sessions) to equip them with comprehensive OSH knowledge.
5	BOFA, CPR & AED Training	43	25 - 26 November & 2 - 3 December 2024: Arrangement of 2 sessions of Basic Occ First Aider (BOFA) Training held at ABADI, prioritised for all appointed Floor Wardens. The objective was to equip staff with necessary knowledge to be the first responder in emergency situations.
6	OSH Online Quiz	350	26 September 2024: Part of an initiative to raise awareness on heart care among staff.
7	Workplace Inspection		January - December 2024: 10 branches (Kulai, HQ (4), Semenyih, PD, Tanah Merah, Machang & K Krai) were inspected to ensure full compliance on the OSH spectrum, as well as to identify and address potential hazards and risks.
8	Department of Occupational Safety & Health (DOSH) Audit		January, February, March & September 2025: Documentation/physical audit by DOSH officers to ensure OSH compliance – Kuala Berang, Dungun, Kemaman and Cheneh Bharu (28 & 29/1/2024), Raub (13/2/2024), Bukit Payong (18/2/2024), Johor Bahru (21/2/2024), Shah Alam (6/3/2024), Jerteh & Bandar Permaisuri (27/3/2024) and Labuan (29/8/2024).
9	OSH Alert		February - December 2024: Various awareness and information initiatives to promote and instil an OSH culture among staff.
10	OSH Safety Briefing to Appointed Contractor/ Vendor/Supplier		January - September 2024: A standard requirement to inculcate OSH culture among appointed vendors, contractors, and suppliers.

RECEIVED THE MSOSH AWARD 2024

On 11 November 2024, Agrobank proudly received the prestigious Malaysian Society of Occupational Safety & Health (MSOSH) President's Award 2024 for Outstanding Leadership in OSH.

Assessment for the award was carried out during a courtesy visit by the MSOSH delegation on 15 October 2024.

This recognition affirms the Bank's world-class safety culture, highlighted by a strong incident record, the nationwide implementation of OSH Coordinators, and extensive staff training and awareness programmes.



OUR BUSINESS AND FINANCIAL PERFORMANCE REVIEW

Leveraging his background in agriculture, Wan Zamri Bin Wan Ya, an organic fertiliser entrepreneur, successfully modernised traditional farming practices through his participation in Agrobank's Young Entrepreneur Programme (AUM). He innovated and secured the Department of Agriculture approval for an organic fertiliser, which fuels his core business, Wannik Garden, specialising in high-value saplings. His business success is further defined by the development of durable charcoal made from rice husks, a value-added product created during the AUM Programme. Zamri's ability to create innovative, approved products and successfully expand his market is a direct outcome of the Bank's strategic support.

Such high-growth entrepreneurial ventures, which prioritise innovation, diversification, and market expansion, collectively underpin the economic resilience and growth that drives Agrobank's overall performance. The upcoming chapter details how the success and expansion of innovative customers like Wan Zamri contribute to the Bank's financial strength and robust growth in the agro-sector.

Capitals



Financial Capital



Manufactured Capital

Material Matters



Agricultural Market
and Business
Performance



OUR BUSINESS AND FINANCIAL PERFORMANCE REVIEW

AGRICULTURAL MARKET AND BUSINESS PERFORMANCE

Capitals



Material Matters



Agrobank's enduring purpose and vision to champion Malaysia's agricultural advancement are intrinsically linked to the dynamic performance of the agricultural market and the execution of its own business operations. A comprehensive review of the prevailing economy establishes the backdrop for the year's performance, while detailed business and financial reviews highlight Agrobank's strategic responses and operational achievements in navigating market shifts and fulfilling its mandate.

Central to this mandate is developing the sector's economic resilience and growth through active support of market trade, strategic investments, and long-term capacity building. These core efforts are further amplified by two critical priorities. Firstly, the expansion of financial inclusion to ensure vital services reach underserved communities across the value chain, and secondly, a dedicated commitment to sustainable finance. Through products and initiatives that support environmentally sound and socially responsible practices, Agrobank ensures that this growth is inclusive and sustainable. Together, these interconnected elements illustrate the Bank's impactful contribution to a more robust and prosperous agricultural future for Malaysia.





MARKET LANDSCAPE ANALYSIS

To better understand the environment in which Agrobank operates and the factors influencing its strategic decisions, this analysis provides an overview of key economic developments in 2024 and outlook for 2025, highlighting market elements that influence the Bank's performance.

OVERVIEW OF THE DOMESTIC ECONOMY IN 2024

Malaysia's economic landscape strengthened notably in 2024, as growth momentum exceeded expectations across key sectors. With GDP expanding by a robust 5.1%, up from 3.5% in 2023, the economy benefitted from resilient domestic demand, which accelerated to 6.5%, complemented by a firm recovery in external trade. The solid momentum was further supported by healthy fundamentals, including a low unemployment rate of 3.3% and low inflation at 1.8%. Malaysia's GDP growth in 2024 outpaced regional neighbours such as Indonesia (5.0%), Singapore (4.4%) and Thailand (2.5%).

Both private and public sector expenditures were pivotal in driving domestic demand. Private consumption, accounting for the largest share of GDP at 60.7%, grew by 5.1%, underpinned by healthy job and wage growth. Private investment surged by 12.3%, driven by the materialisation of new and ongoing high-impact projects, the execution of policy blueprints and infrastructure initiatives, and significant inflows of high-value Foreign Direct Investments (FDIs).

Net exports also staged a rebound, rising by 9.2%, supported by stronger demand from key trading partners and positive spillover effects from the global technology upcycle. On the supply side, the services sector, contributing 59.4% to GDP, delivered solid growth at 5.3% in 2024, fuelled by robust expansion in sub-sectors such as wholesale & retail trade, transportation & storage, and finance & insurance.

Headline and core inflation both averaged lower at 1.8% in 2024, compared with 2.5% and 3.0% respectively in 2023. Price pressures from policy changes remained manageable despite higher water tariffs, the increase in Sales and Service Tax (SST) from 6% to 8%, and the implementation of targeted subsidies for diesel in June 2024. Malaysia attracted RM384.4 billion in approved investments across services (RM255.8 billion), manufacturing (RM120.5 billion), and primary (RM8.1 billion) sectors, marking a 16.7% increase from 2023. With steady GDP growth and low inflation, the Overnight Policy Rate (OPR) was maintained at 3% in 2024, remaining supportive of economic growth and price stability.

PERFORMANCE OF THE AGRICULTURE AND AGRO-BASED SECTORS IN 2024

Malaysia's agriculture sector posted its strongest performance in seven years, with GDP expanding by 3.1% year-on-year in 2024 (2023: 0.2%). The sector's recovery was supported by improved labour supply, the removal of subsidies and chicken price controls in November 2023 and more moderate El-Nino conditions in 2024. The agrofood segment remained resilient, growing by 2.2% year-on-year in 2024 (2023: 1.3%). This was driven by stronger output in the livestock sub-sector, which expanded by 3.3% (2023: 1.5%), and a recovery in the fisheries sub-sector to 2.9% (2023: -0.6%). Meanwhile, the commodities segment rebounded with a 4.2% growth (2023: -1.1%), lifted by improved performance in the oil palm (5.1%; 2023: 0.2%) and rubber sectors (10.5%; 2023: -6.6%). Together, these developments reflect a broad-based recovery across both agrofood and commodity segments, reinforcing the sector's renewed momentum in 2024.

The agro-based industries recorded a moderate growth of 5.7% year-on-year in 2024 (2023: 1.5%), reflecting steady expansion in the manufacturing sector supported by resilient domestic demand and export recovery. Key segments within the agro-based industries that recorded notable growth included vegetable oils & fats, food processing, beverages, and rubber products.



OVERVIEW OF THE BANKING SYSTEM PERFORMANCE IN 2024

Malaysia's banking sector recorded steady financing growth of 5.5% year-on-year in 2024 (2023: 5.3%), driven by resilient consumer spending, sustained economic momentum, vibrant investment activity, and a stable interest rate environment.

Banks continued to maintain strong liquidity buffers to safeguard against potential shocks, with the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) standing at 161% and 116%, respectively.

Asset quality remained sound, with the overall business impairment ratio declining to 3.1% as at December 2024 (June 2024: 3.5%), while the household impairment ratio remained stable at 1.1% (June 2024: 1.2%).

Meanwhile, Development Financial Institutions (DFIs) reported steady financing growth, reaching 5.6% in December 2024 (June 2024: 5.3%). The impaired financing ratio among DFIs improved to 5.6% (June 2024: 6.0%), reflecting stronger credit risk management and portfolio quality.



AGROBANK'S PERFORMANCE IN 2024

This overall economic momentum, coupled with a healthy labour market and a thriving agricultural sector, underpinned Agrobank's financing expansion, which maintained its impressive trajectory by growing 7.9% year-on-year to reach RM15.4 billion by December 2024. This growth significantly outpaced the domestic banking sector's average of 5.50%.

This robust performance was broad-based across Agrobank's diverse portfolios. The SME Banking segment was a standout performer, achieving a remarkable financing growth of RM547.36 million, far exceeding its target by 161% and culminating in an outstanding portfolio of RM4.68 billion. This was driven by stable market conditions that spurred demand for working capital and higher trade utilisation, alongside successful government collaborations such as the Dana Program Pembiayaan Agroteknologi Madani (DPPAM).

Similarly, the Micro Business segment significantly surpassed its 2024 targets, increasing net financing assets by 105.25% while effectively maintaining asset quality and reducing delinquencies. The Contract Financing segment, though newer, began to gain traction by providing essential working capital for secured supply contracts, approving RM14.21 million to bridge financial gaps for small contractors and entrepreneurs.

Furthermore, the surge in gold prices during the year was particularly favourable for Agrobank's Ar-Rahnu programme, which saw robust growth of RM186.92 million, achieving 155.76% of its target. This led to increased demand for gold-backed financing products as customers leveraged their assets for higher financing amounts. The Consumer Banking division also demonstrated strong recovery, with products like Agrocash-i and Hartani-i recording significant turnarounds and growth, contributing to a solid year-end closing balance.

Supported by a 8.20% growth in total assets to RM22.46 billion and strategic investments in digital infrastructure, Agrobank's performance demonstrates a successful balance between pursuing aggressive growth and managing the legacy impairments from the COVID-19 period. This comprehensive strength across its business lines positions Agrobank not just as a financier, but as a fundamental pillar supporting the entire agricultural value chain, from large-scale cooperatives to rural micro-entrepreneurs.

MARKET LANDSCAPE ANALYSIS

OUTLOOK FOR DOMESTIC ECONOMY IN 2025

The Malaysian economy is projected to moderate in 2025, owing to uncertainty surrounding US tariff measures and ongoing geopolitical tensions. These persistent external headwinds cast a shadow on the outlook, with a prolonged global trade war potentially requiring a revision of the government's GDP growth target. Nonetheless, resilient domestic demand, underpinned by steady private sector expenditure, is expected to remain the primary growth driver, helping to cushion the impact of external pressures. Household spending is projected to increase, supported by sustained employment growth, higher wages, and ongoing government cash assistance programmes for lower-income groups.

OUTLOOK FOR THE BANKING SECTOR

The domestic banking sector is expected to maintain resilient financing growth, supported by firm domestic demand, continued business investments, and a strong labour market, with household consumption and SME financing remaining key drivers. While external risks could dampen sentiment, banks are expected to remain robust underpinned by strong capital buffers and sound asset quality. Stable liquidity and prudent risk management will continue to support banking sector stability.

OUTLOOK FOR THE AGRICULTURAL SECTOR

Looking ahead in 2025, the agriculture sector is poised to maintain its positive momentum, driven by stable demand for food underpinned by a low unemployment rate, continued wage growth and a growing population amidst expansion in the F&B services industry and tourism sector recovery. The consistent expansion of the agrofood industry is expected to foster steady demand for agriculture financing, contributing towards efforts to strengthen the nation's food security.

AGROBANK'S RESPONSE TO NEW DEVELOPMENTS AND POLICIES IN THE AGRICULTURAL SECTOR

New Developments and Policy in Malaysia's Agriculture Sector

- The Ministry of Agriculture and Food Security issued a clear call to action in 2024, urging the industry to drive the modernisation of agricultural practices and accelerate the adoption of digital technologies. This initiative aims to enhance the sector's productivity and long-term resilience, ensure national food security, and elevate the competitiveness of local agropreneurs in the global market.
- In January 2024, the government established a special fund for the Smallholder Palm Oil Replanting Financing Incentive Scheme (TSPKS 2.0), which involves an allocation of RM100 million, to be fully distributed for the replanting of oil palm.
- Malaysia began exporting fresh durians to China on 24 August 2024, two months after signing the Protocol on Phytosanitary Requirements for the Export of Fresh Durian from Malaysia to China. This is paving the way for more export of fresh durians to China, which could lead to greater financing demand for related activities.
- The Budi Agri-Commodity subsidy programme, part of the Budi Madani initiative, was launched on 28 May 2024. This programme aims to support agriculture smallholders by providing targeted diesel subsidies of RM200 per month to cover the higher cost of diesel.

How Agrobank Responds to the New Developments

- In direct support of this ministerial call to action, Agrobank's support for the "modernisation of agriculture practices" includes targeted funding for farmers to adopt these very technologies. For example, a farmer might access financing to purchase a drone for crop monitoring or soil sensors for precise irrigation, thereby directly contributing to the national agenda.
- Agrobank is a distribution channel for the TSPKS 2.0 allocation. The Bank also provides complementary financing solutions to cover additional replanting costs or bridge working capital gaps for smallholders to support financially viable transitions to higher-yielding plantations.
- Recognising the significant financing demand this agreement generates, Agrobank supports customers in this sector with tailored financing packages for the entire business value chain.
- The Bank is concurrently enhancing the resilience of agriculture smallholders through micro-financing and working capital products. This holistic approach ensures farmers can cover other critical costs, invest in productivity improvements, and maintain financial stability, thereby reducing their risk profile and strengthening their eligibility for larger financing facilities.

UNCERTAINTIES IMPACTING AGROBANK'S BUSINESS VALUE CREATION IN THE FUTURE

Fluctuations in the global economy can affect the demand and prices of agriculture products, leading to lower commodity prices if demand declines.

Volatile Ringgit exchange rate could impact the costs of imported agriculture inputs, such as fertiliser and corn, and raise production costs while reducing margins.

A sharp domestic economic slowdown can lead to BNM cutting the OPR to support domestic economic activity. Reduction in OPR could impact the bank's profit margin.

Extreme weather and changing climate patterns can disrupt agricultural production, impacting the bank's clients and increasing the risk of defaults.

AGROBANK'S APPROACH IN ENSURING SUSTAINABLE BUSINESS PERFORMANCE

Innovation in Financial Products

Continuously develop innovative financial products that cater to the evolving needs of the agriculture community. Agrobank remains competitive by keeping up with the latest developments in the industry and introducing innovative financial products and services.



Digital Transformation

Adopt digitalisation to enhance customer experience and operational efficiency. This includes developing mobile banking apps, online platforms, and leveraging fintech solutions to provide online banking products and services.



Sustainability Initiatives

Develop sustainable financing options and increase focus on supporting eco-friendly agricultural practices to attract environmentally conscious customers and enhance Agrobank's reputation.

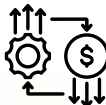
Financial Inclusion

Expand financial services to underserved communities, particularly in rural areas. This includes advisory and educational programmes to improve financial literacy and promotion of suitable banking products and services.



Cost Management

Implement effective cost management strategies to help maintain profitability while introducing innovative products and services to benefit the agricultural community.



Strategic Alliances

Engage and expand strategic partnerships with agricultural organisations and technology companies to provide wide-ranging support to all customers.

Enhance Financial Knowledge of Customers

Nurture and equip agropreneurs with sufficient financial knowledge and skills to be successful in agricultural businesses.



FINANCIAL REVIEW

Agrobank navigated a challenging operating environment in FY2024, marked by heightened competition in the banking sector and persistent economic uncertainty stemming from ongoing geopolitical tensions. Despite these headwinds, Agrobank achieved a financing growth rate of 7.92%, the highest in the past three years. This performance surpassed both the banking sector benchmark of 5.50% and the agriculture sector's contraction of -6.20%. As a result, income from financing increased by 4.24% or RM35.27 million, rising from RM831.59 million in FY2023 to RM866.85 million in FY2024. Additionally, investment income grew by 22.79% or RM49.11 million, driven by stronger returns from a higher investment asset base.

The Bank recorded a **disbursement growth of 25.46%**, significantly exceeding the five-year compound annual growth rate (CAGR) of **11.37%**. This robust growth accelerated financing expansion, laying the foundation for enhanced future income and profitability. Total disbursements reached a record **RM10.44 billion**, up from **RM8.32 billion** in FY2023. Notably, Agrobank also achieved historical highs in its **Trade Finance portfolio**, with total disbursements of **RM6.01 billion** and an outstanding balance of **RM1.83 billion**.

Operating profit declined slightly by **5.06%** or **RM14.54 million**, from **RM287.63 million** in FY2023 to **RM273.09 million** in FY2024. This decrease was primarily due to increased strategic investments in talent retention and digital infrastructure, aimed at strengthening long-term capabilities.

Profit before tax and zakat (PBTZ) stood at **RM188.78 million**, reflecting a **12.30% decline** or **RM26.48 million** compared to the previous year. This decrease was primarily due to challenges in managing legacy impairments originating from the COVID-19 period. As a result, **Return on Equity (ROE)** declined to **5.48%**, down from **6.40%** in FY2023.

In FY2024, **total assets** grew by **8.20%**, reaching **RM22.46 billion** (restated), up from **RM20.76 billion** (restated) in FY2023. This growth was driven by Agrobank's continued commitment to its mandate of uplifting the agricultural community, which contributed to a **RM1.13 billion** increase in perennial financing. To further enhance profitability, investment assets expanded to **RM6.33 billion**, an increase of **RM745.90 million** from the previous year.

To support financing growth, **total deposits** rose by **RM198.57 million**, reaching **RM8.71 billion**, compared to **RM8.51 billion** in FY2023.

FY2024 ended with **total impairments** of **RM1.28 billion**, an increase of **RM183.41 million**. During the year, **RM666.26 million** was successfully recovered, while **RM52.83 million** was written off. The **Gross Impaired Ratio (GIR)** increased slightly to **7.94%**, up from **7.35%** in FY2023.

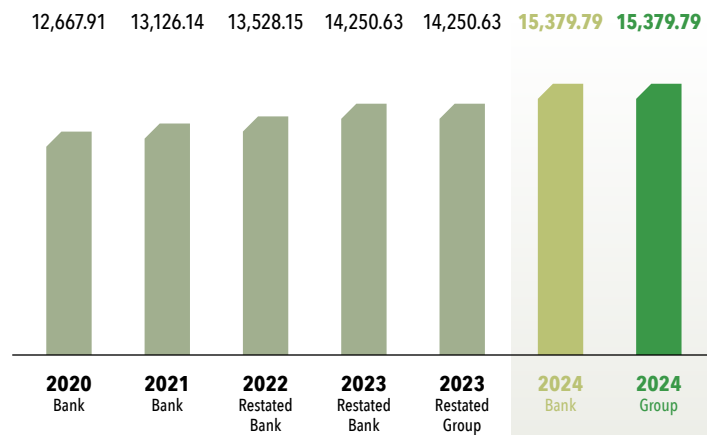


FIVE-YEAR FINANCIAL SUMMARY

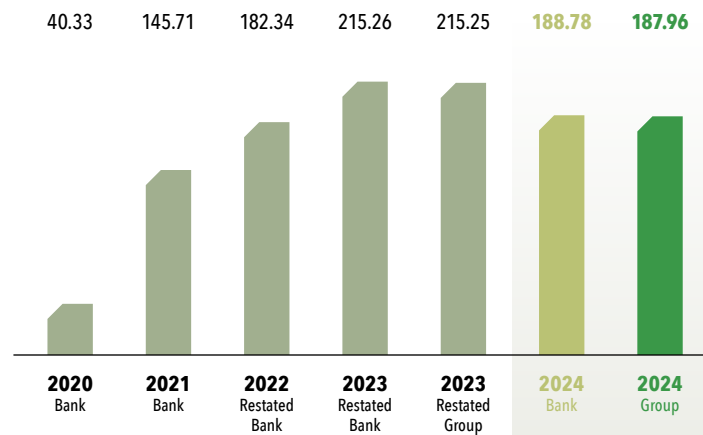
Year ended 31 December	2024 (Group)	2024 (Bank)	2023 (Restated Group)	2023 (Restated Bank)	2022 (Restated Bank)	2021 (Bank)	2020 (Bank)
PROFITABILITY (RM million)							
Operating profit	272.65	273.09	287.62	287.63	278.95	253.87	250.63
Profit before tax and zakat	187.96	188.78	215.25	215.26	182.34	145.71	40.33
KEY FINANCIAL POSITION DATA (RM million)							
Total assets	22,464.44	22,461.84	20,762.11	20,762.13	19,415.63	18,756.30	18,187.59
Financing and advances (net)	15,379.79	15,379.79	14,250.63	14,250.63	13,528.15	13,126.14	12,667.91
Total liabilities	19,018.77	19,015.34	17,398.59	17,398.59	16,225.32	15,550.26	14,996.42
Deposits from customers	8,655.66	8,706.12	8,507.55	8,507.55	8,518.88	8,292.50	9,091.80
Deposits and placement in banks and other financial institutions	4,544.20	4,544.20	3,259.65	3,259.65	2,616.14	2,415.53	2,603.56
Paid-up capital	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Equity	3,445.67	3,446.50	3,363.53	3,363.54	3,190.31	3,206.04	3,191.18
Commitments and contingencies	1,305.86	1,305.86	1,277.29	1,277.29	796.85	868.16	1,032.63
FINANCIAL RATIOS (%)							
Profitability Ratios							
Return on equity (before tax)	5.45	5.48	6.4	6.4	5.7	4.5	1.3
Return on average assets (before tax)	0.87	0.87	1.1	1.1	1.0	0.8	0.2
Cost to income (ratio)	67.28	67.17	64.2	64.2	63.4	63.7	59.8
Asset Quality Ratios							
Financing to deposit ratio	88.33	87.76	90.2	89.7	92.0	92.4	89.3
Gross impaired financing ratio	7.94	7.94	7.4	7.4	7.3	6.4	6.7
Financing loss coverage	60.30	60.30	62.5	62.5	68.8	73.5	66.7
Capital Adequacy Ratios							
Before deducting proposed dividends							
Core capital ratio	21.30	21.31	19.7	19.7	20.3	21.2	21.2
Risk-weighted capital ratio	26.75	26.32	24.6	24.3	24.8	25.8	24.5
Capital base (RM million)							
Tier 1 capital (RM million)	3,376.48	3,377.31	3,302.46	3,302.47	3,194.85	3,204.17	3,077.75
Tier 2 capital (RM million)	863.82	844.62	827.52	827.52	718.73	693.44	464.71
PRODUCTIVITY RATIOS							
No. of employees	3,922	3,915	3,673	3,673	3,493	3,554	3,599
Gross financing per employee (RM million)	4.11	4.12	4.06	4.06	4.07	3.87	3.67
Deposits per employee (RM million)	3.37	3.38	3.20	3.20	3.19	3.01	3.25
Profit before tax per employee (RM thousand)	47.92	48.22	58.60	58.61	52.20	41.00	11.20

FINANCIAL PERFORMANCE

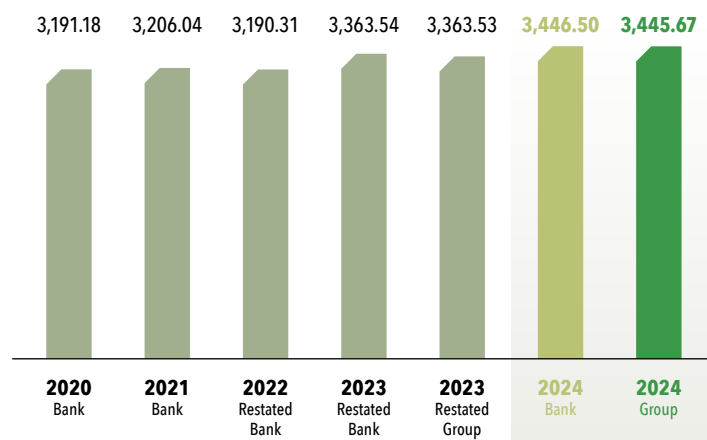
Financing and Advances (Net) (RM million)



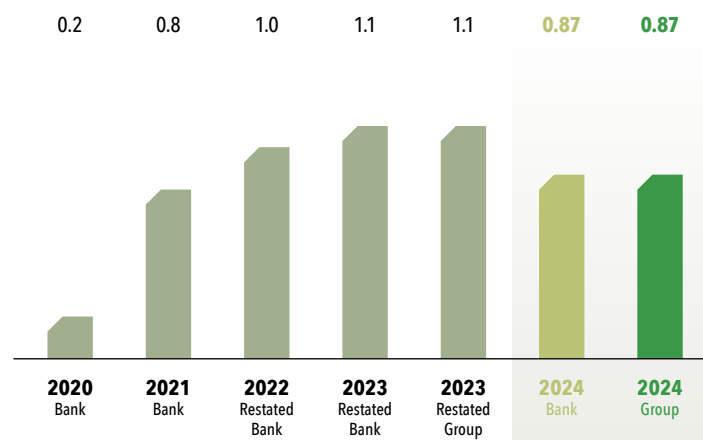
Profit before Tax and Zakat (RM million)



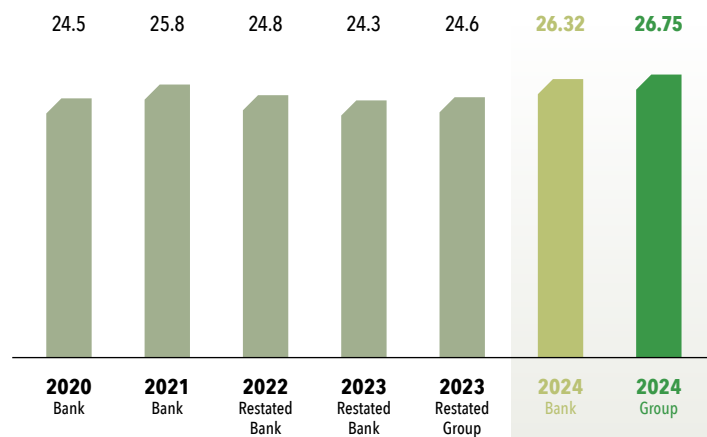
Equity (RM million)



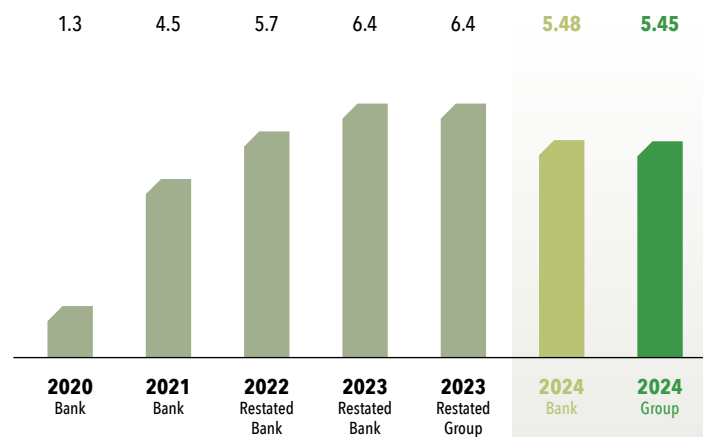
Return on Average Assets (before tax) (%)



Risk-Weighted Capital Ratio (%)



Return on Equity (before tax) (%)



GROUP BUSINESS REVIEW

CORPORATE BANKING SEGMENT

CATALYSING LARGE-SCALE GROWTH AND STRATEGIC TRANSFORMATION

Agrobank's corporate banking segment serves as a pivotal driver in supporting large-scale agricultural enterprises and strategic partners within the national food production ecosystem. Through comprehensive financing solutions and structured facilities, this segment enables the mobilisation of capital for high-impact projects that are intrinsically aligned with the Bank's developmental objectives. In doing so, it reinforces Agrobank's commitment to advancing Malaysia's agricultural resilience, sustainability agenda, and overall economic transformation.

While 2024 saw a measured growth in disbursements for the Corporate Banking segment, this was strategically balanced with concerted efforts to clear legacy overdue accounts from 2022, which were successfully resolved by 31 December 2024. New and additional accounts are anticipated to be secured in early 2025, reflecting a positive outlook.



CORPORATE BANKING SEGMENT'S CONTRIBUTION TO THE UNDERSERVED

The Corporate Banking segment makes a significant contribution to underserved communities through strategic collaborations with corporate clients and the SME/Micro teams, particularly via contract financing proposals for projects such as poultry and pineapples.

Through such efforts, the segment demonstrates that large-scale agricultural development and inclusive growth are not mutually exclusive, but rather complementary forces that, when strategically aligned, can transform entire sectors and uplift communities nationwide.



CHALLENGES

Current Challenges

The segment operates in a competitive landscape where other financial institutions increasingly vie for viable agricultural project financing. Additional challenges include the capital-intensive nature of modern agricultural projects, the need for specialized expertise in assessing innovative agri-technologies, and the imperative to balance aggressive growth targets with maintaining portfolio quality. Furthermore, the segment must navigate the complexities of developing projects that deliver both commercial returns and measurable developmental impact in line with Agrobank's mandate.

Agrobank's Response

In addressing these challenges, Agrobank has adopted a strategic approach that combines financial innovation with targeted developmental focus.

Essential funding is provided to rural areas through targeted project financing programmes. The successful Aqina B40 Farmers Programme supports MD2 pineapple cultivation with guaranteed off-take arrangements, creating sustainable income opportunities while ensuring project viability.

Strategic collaborations have also been established with technology providers such as FarmByte Sdn Bhd to bolster the agro-food sector through integrated financial support and technology adoption packages for commercial operations and their smallholder supply chains.

These programmes aim to drive the modernisation of agricultural practices and accelerate the adoption of digital technologies in agriculture.

GROUP BUSINESS REVIEW

SME BANKING SEGMENT

DRIVING COMPETITIVENESS AND RESILIENCE

The SME banking segment serves as a vital catalyst for the growth and modernisation of Malaysia's mid-sized agri-SMEs. These enterprises are a critical link between smallholders and large-scale producers. By equipping Malaysia's agri-SMEs with capital, technology, and sustainable practices, Agrobank's SME banking segment helps shape a resilient, competitive, and future-ready agricultural economy for the nation.

The segment's strategy is precision-targeted to maximise impact across the most critical domains of the agro-food system. This focused approach ensures our financing drives tangible growth in sectors essential to national food security and export earnings.

In 2024, stable market conditions stimulated increased market demand for additional working capital and higher trade utilisation. Close cross-collaboration with the government to create various financing programmes for SMEs added an impetus for the segment's growth.

This led to an exceptional year marked by outstanding performance that considerably surpassed targets and demonstrated robust growth. The segment achieved a remarkable 161% of its annual growth target, with financing growth surging by RM547.36 million against a target of RM340 million.

Agrobank has identified and aligned efforts towards six strategic SME Focus Outlook areas to ensure comprehensive national coverage and depth:



SME BANKING SEGMENT'S CONTRIBUTION TO THE UNDERSERVED AND UNSERVED COMMUNITY

In 2024, Agrobank's SME banking segment made significant contributions to the underserved segments by focusing on SMEs within agro-value chains that traditionally face limited access to structured financing.



CHALLENGES

Current Challenges

The segment navigates a complex operating environment marked by external pressures. Key challenges include the pervasive impact of climate change and environmental risks on agricultural production, persistent labour shortages coupled with rising operational costs, and exposure to fluctuating commodity prices and global market volatility. Furthermore, SMEs face increasing pressure to comply with evolving Sustainability (ESG) and Halal standards, while also managing trade risks and supply chain disruptions in an uncertain global economic landscape.

Agrobank's Response

In response to these multifaceted challenges, Agrobank adopted the following proactive response:

1. The development of bespoke financial products and active collaboration with government bodies to create targeted programmes. Initiatives like the Dana Program Pembiayaan Agroteknologi Madani (DPPAM) provide the necessary capital for SMEs to adopt new technologies, enhance productivity, and sustain operations amidst cost pressures.
2. Integration of ESG and Halal compliance directly into the financing approach to encourage businesses to upgrade their operations. For instance, financing the transition of poultry farms to more sustainable, efficient, and environmentally controlled closed-house systems helps future-proof their businesses and open up doors to premium markets.
3. Focus is placed on strengthening entire supply chains by financing businesses that act as anchors or important intermediaries, thereby creating stable demand and structured market access for smaller suppliers and farmers.

MICRO BUSINESS SEGMENT

NURTURING GRASSROOTS GROWTH FOR INCLUSIVE PROSPERITY

The success of micro entrepreneurs is a key measure of a nation's shared prosperity. Agrobank's microfinancing initiatives empower vulnerable agropreneurs and rural communities by providing accessible, small-scale capital that fuels grassroots economic activity and social upliftment. By offering this essential financing, the Bank enables business potential to grow. These concerted efforts build capabilities, foster resilience, and nurture the agricultural sector from the ground up. The segment's impact is best measured by its direct contributions to community well-being and economic inclusion.

In 2024, the Micro Business segment demonstrated exceptional performance, exceeding the year's growth targets, and increasing net financing assets by RM181.50 million. This growth was achieved while effectively maintaining asset quality, reducing the amount of delinquent financing to RM71.26 million, well below the tolerance threshold of RM75 million. This performance represented 105.25% achievement of the Bank's 2024 financing target.

The Bank's micro-financing programmes encompass:

Program Pembiayaan Berkelompok dan Ladang Kontrak-i



To finance production costs for participants who are involved in supplying agricultural products to project managers/anchors.

Program Pembangunan Peneroka FELDA



To promote the diversification of food crop cultivation among FELDA community with the aim of increasing their income while improving food security.

Program Tanam Semula Pekebun Kecil Sawit (TSPKS) 2.0



To offer financial support to smallholders in the oil palm replanting programme and ensure the management of palm oil plantations meets the requirements and standards for Fresh Fruit Bunch (FFB).

Scheme Credit for Smallholder Paddy



To enhance the paddy financing programme by developing comprehensive financial solutions for paddy farmers as well as improving operational efficiency in line with the government's goal to increase local rice production.



MICRO BUSINESS SEGMENT'S CONTRIBUTION TO THE UNDERSERVED AND UNSERVED COMMUNITY

Agrobank's Micro Business segment contributes significantly to the underserved community through initiatives such as:

- **Program Pembiayaan Usahawan Mikro Majlis Agama Islam Negeri Johor (MAINJ):** MBD successfully launched a new initiative in collaboration with MAINJ, offering zero-profit rate financial assistance to entrepreneurs under the asnaf category to help them start or grow their businesses.
- **Skim Pembiayaan Usahawan Bumiputera Agromakanan:** This programme encourages entrepreneurship within the Bumiputera segment, providing financing to micro-entrepreneurs, including recent graduates, to venture into food-related businesses.
- **Program Kediaman Mampu Milik-i:** Beyond agriculture, this initiative provides affordable housing financing through government agencies, addressing the holistic need for dignity and stability that underpins true economic progress.



CHALLENGES

Current Challenges

The Micro Business segment operates in a uniquely challenging environment defined by several inherent barriers. Key challenges include widespread limited financial literacy among customers, a prevalent lack of formal credit history which complicates risk assessment, and significant logistical difficulties in reaching and serving remote rural communities. Furthermore, these customers are disproportionately vulnerable to climate change, where exposure to floods, droughts, and shifting weather patterns can instantly devastate agricultural productivity and compromise repayment capacity.

Agrobank's Response

In building resilience against these structural challenges, the Bank is deploying a multi-faceted strategy. Initiatives are specifically engineered to mitigate these risks through comprehensive financial education programmes, flexible and Shariah-compliant product structures, and dedicated advisory services. Furthermore, Agrobank is investing in digital outreach and mobile banking solutions to bridge the physical distance to remote communities, ensuring financial support is accessible to all. This proactive approach strengthens the entire agricultural ecosystem by building financial literacy and operational resilience within its most vulnerable segments.

GROUP BUSINESS REVIEW

CONTRACT FINANCING SEGMENT

**POWERING VALUE CHAINS,
EMPOWERING ENTREPRENEURS**

For Agrobank, contract financing is a strategic engine that strengthens Malaysia's agricultural value chains. It advances traditional financing by providing secured working capital to clients who have been awarded supply or procurement contracts. This enables seamless delivery of goods and services, ensuring that small businesses and entrepreneurs can reliably fulfil their role as critical links in the national food production ecosystem. By doing so, the Bank helps fortify supply chains, enhance financial sustainability for anchored businesses, and catalyse rural economic development.



In 2024, the segment approved RM14.21 million in financing across 17 contracts, serving vital sectors from aquaculture and oil palm to support services and processing.

By ensuring these small-scale players can participate reliably in value chains, Agrobank's Contract Financing segment is a powerful catalyst for shared prosperity, ensuring that growth is inclusive, sustainable, and built on a foundation of mutual success.

**CONTRACT FINANCING SEGMENT'S CONTRIBUTION
TO THE UNDERSERVED AND UNSERVED COMMUNITY**

The segment's most profound impact lies in its ability to bridge the critical financial gap for those often excluded from traditional credit. The capital provided represents opportunity and stability for the underserved community.

- **Introduction of the CAKNA programme:** Forged from a strategic collaboration with BNM, this programme is pivotal in assisting G1 to G4 contractors and sole proprietors in gaining essential access to financing. These represent the small and vulnerable businesses groups in need of financial support.
- **Contract Financing Assistance:** Through this initiative, the Bank provides much needed upfront working capital to mobilise resources, purchase inputs, and manage cash flow. This enables small contractors and micro-entrepreneurs to execute contracts awarded by government agencies and government-linked corporations (GLCs) successfully. Thus transforming the potential burden of a contract award into an opportunity for growth and stability.

**CHALLENGES**

In its second year as a dedicated segment, the Contract Financing segment within Agrobank has matured its operational model to better align with Agrobank's developmental goals and the unique dynamics of contract-based work.

A comprehensive policy review was undertaken with cross-functional input, focusing on enhancing accessibility for sole proprietors, refining definitions of contract values, and streamlining approval authorities. These enhancements are designed to make the Bank's offerings more responsive and agile, directly addressing the needs of the market we serve.










Current Challenges

Contract financing is a relatively new offering, with a unique structure that differs from conventional term loans. Challenges include limitations in existing documentation and the need to align internal processes to better suit the short-term, cash-flow-based nature of contract work.

Agrobank's Response

In growing the potential of the contract financing segment, the Bank is proactively integrating new technologies, such as AI-driven credit assessment, to accelerate approval times. The Bank has also initiated a regional engagement tour to strengthen internal expertise and foster cross-functional alignment to fast track knowledge-building and manpower capabilities of the contract financing team.

2024 Banking Performance by Segment

2024 Performance (Aspect and Unit)	Corporate Banking	Commercial Banking	Micro Business Segment	Contract Financing
 Total financing approved (RM value)	396.78 million	1.76 billion	398.91 million	14.21 million
 Number of corporate clients served	128	9,302	34,436	6
 Portfolio share (% of total financing or assets)	19%	28%	5.97%	0.07%
 Sectoral breakdown (e.g. agribusiness, processing, logistics, halal industries) (RM value)	Crops 1.38 billion Fishery 118.38 million Livestock 582.91 million Services 408.95 million Supplementary 15.12 million Value added 533.96 million	Crops 1.41 billion Fishery 611.24 million Forestry 18.51 million Livestock 662.36 million Services 1.12 billion Supplementary 115.35 million Value added 555.66 million	Crops 546.96 million Fishery 79.46 million Forestry 1.25 million Livestock 90.23 million Value added 93.63 million Supplementary 15.70 million Services 685.17 million	Aquaculture (Marine) 0.50 million Ind Crop - Oil Palm 3.30 million Supplementary 1.67 million Support Services 2.27 million Value added 2.87 million
 Net financing assets growth (RM value)	24.41 million	547.36 million	181.52 million	2.46 million
 Net deposit growth increase (RM value)	December 2023 153.35 million December 2024 164.31 million	December 2023 607.81 million December 2024 607.20 million	December 2023 139.50 million December 2024 118.56 million	December 2023 1.39 million December 2024 1.09 million
 Percentage of deposit growth (%)	7.15%	-0.10%	-15.01%	-21.91%
 Reduction of delinquent (RM value)	December 2023 134.03 million December 2024 29.26 million	December 2023 155.14 million December 2024 187.20 million	December 2023 58.49 million December 2024 71.26 million	December 2023 5.40 million December 2024 1.00 million
 Percentage of delinquent reduction (%)	78.17%	-20.67%	-21.84%	81.35%

GROUP BUSINESS REVIEW

DELIVERING VALUE THAT MAKES A DIFFERENCE

Agrobank's mandate is brought to life through targeted financing programmes designed to create tangible, lasting impact. These programmes have benefitted various underserved segments of the agricultural sector to access capital, improve productivity, and participate in structured supply chains. They are about financial empowerment and the fostering of financially resilient and bankable agropreneurs.

Our efforts have contributed to enhancing their income levels, promoting rural development, and supporting the nation's broader goals of food security and inclusive economic growth.

The following pivotal programmes exemplify this commitment:



Program Pembiayaan Berkelompok dan Ladang Kontrak-i

A collaborative effort with the government and private agencies such as Petronas and FELDA, this programme is designed to help B40 communities increase their income by encouraging participation in contract farming for agricultural projects (e.g., pineapple, golden melon, poultry, aquaculture). By guaranteeing off-take arrangements, it de-risks entrepreneurship for individuals and creates a predictable income stream.

Impact to Date:

The programme's success is reflected in its adoption, having attracted 1,302 active accounts with an outstanding balance of RM22.20 million, reflecting a positive impact in helping participants to grow their scale of farming.



Program Kediaman Mampu Milik-i

Recognising that economic empowerment extends beyond business, this initiative supports the government's agenda to uplift the living standards of the B40 group. It provides accessible Shariah-compliant financing for affordable housing, delivered through strategic collaborations with government agencies. This programme addresses a fundamental need for dignity and stability, which is the foundation of a prosperous community.

Impact to Date:

Agrobank has helped individuals and families achieve homeownership through its financing initiatives, contributing to the development of stronger and more stable communities.



Program Tanam Semula Pekebun Kecil Sawit (TSPKS)

This programme is critical for ensuring the long-term sustainability and competitiveness of Malaysia's vital oil palm sector. TSPKS provides essential financial support for smallholders to replant with higher-yielding, more resilient oil palm varieties. This directly addresses the national challenge of an aging palm stock, improving Fresh Fruit Bunch (FFB) yields, ensuring compliance with sustainability standards, and securing the future viability of smallholder livelihoods.

Impact to Date:

Agrobank has empowered 660 smallholders to undertake replanting efforts, with supported financing amounting to RM16.49 million, securing the future productivity of their land.

Notably, 525 Agrobank customers have successfully enhanced their internal credit ratings through their engagement with these programmes. These comprise 137 corporate clients and 386 commercial clients.

CONSUMER BANKING DIVISION

Agrobank's Consumer Banking Division is dedicated to serving the personal financial needs of individuals, leveraging on the Bank's extensive rural branch network and Shariah-compliant principles. Through its offerings, the Consumer Banking Division ensures that individuals and families have the tools they need to achieve their personal financial goals and build a more secure future.

The Division plays a complementary role in Agrobank's broader mandate. By supporting the individual and family units that form the backbone of rural and agricultural communities, it contributes to the sector's overall stability and growth.

AGROCASH-i

From a negative decline in 2023, Agrocash-i experienced a significant positive turnaround in 2024 with year-to-date growth reaching RM152,286,687. This notable recovery represented 95.18% of the 2024 growth target.



AGROCASH'S CONTRIBUTION TO THE UNDERSERVED COMMUNITY

- **Urban Reach:** Accounts for 25.9% of the total outstanding balance and 25.3% of total accounts. Urban areas have a smaller number of accounts, but the average outstanding balance per account is slightly higher, contributing to a lower total outstanding balance percentage.
- **Rural Focus:** Accounts for 74.1% of the total outstanding balance and 74.7% of the total accounts. Rural areas hold a much higher percentage of the total outstanding balance, despite having more accounts, suggesting that each rural account may have a smaller average balance, but there are more accounts in these areas contributing to the total balance.

AR-RAHNU

Ar-Rahnu demonstrated robust growth, achieving RM186.92 million, which represents a 155.76% accomplishment against its target, while the customer base expanded by 28.79% in 2024. It also recorded a significant reduction of the impairment ratio to below 1% through strengthened asset quality management. The strong performance was bolstered by an expansion of branches, the introduction of gold valuation innovation to increase market share, and improved human capital capabilities. For 2025, the strategy focuses on increasing Agrobank Ar-Rahnu's market share by 50%, introducing 65 new Ar-Rahnu branch models, and developing Ar-Rahnu Gold Accounts.



AR-RAHNU'S CONTRIBUTION TO THE UNDERSERVED COMMUNITY

- Branches located in rural areas provide essential working capital for agriculture-related businesses.
- 47.24% of the total Ar-Rahnu portfolio in 2024 served the underserved segment.
- New products and product features were introduced to cater to the underserved.



GROUP CONSUMER DEPARTMENT

HARTANI-i

Hartani-i provides opportunities for agricultural land ownership to a wide range of individuals, including government servants, private employees, and business income earners. It demonstrated strong growth, recording RM93.75 million against a budgeted RM80 million, which resulted in a positive variance of RM13.75 million. This robust performance contributed to a solid year-end closing balance of RM867.58 million, an increase from RM773.83 million in 2023, indicating considerable financial momentum. To enhance competitiveness, the Consumer Financing Department has revised product features, improved the onboarding process, and introduced new promotional campaigns. The product is now extended to include individuals under contract employment for specific professions.



HARTANI-i's CONTRIBUTION TO THE UNDERSERVED COMMUNITY

- To date, more than 90% of the portfolio comprises sole proprietors and micro-enterprises. This segment is often underserved by conventional financial institutions due to the variable nature of their cash flow and a frequent lack of formal financial documentation, which makes traditional credit scoring challenging.
- Customers acquire land primarily for ownership purposes and for development initiatives, reflecting strong intentions in land utilisation and securing long-term economic stability.
- Additionally, a proposal to enhance refinancing terms has been submitted to BNM. Pending regulatory approval, this upgrade is designed to attract a wider range of potential customers and will primarily benefit these traditionally underserved segments by offering more accessible and flexible financial solutions.

DEPOSIT

The overall positive growth in consumer deposits was substantially driven by the success of both the Mega Million and Mega Combo campaigns, particularly benefitting mandated customers which comprised consumers with occupation related to agriculture and food industry, and the underserved community.

The Mega Million Campaign, running from October 2023 to September 2024, successfully garnered RM290.36 million in growth against a target of RM200 million; while the Mega Combo Campaign yielded a total of RM158 million in deposits.



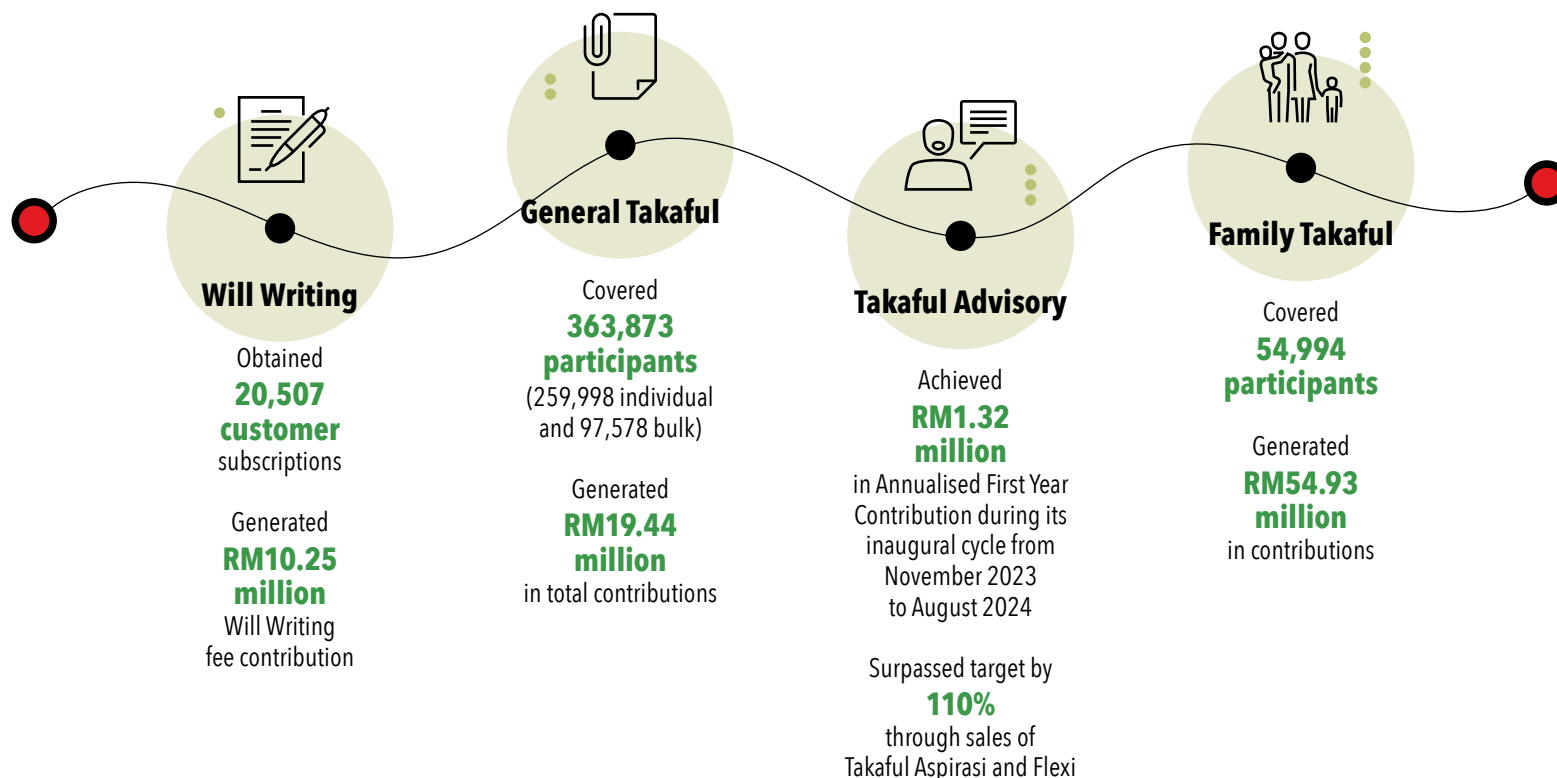
DEPOSIT'S CONTRIBUTION TO THE UNDERSERVED COMMUNITY

Mobilising deposits, particularly through targeted campaigns, is essential in fostering financial inclusion and driving socio-economic progress within underserved communities. Such initiatives serve as vital entry points for unbanked populations, offering them a secure and accessible means to manage their money. By engaging with formal financial services, individuals begin to build a crucial transaction history and establish creditworthiness, which are fundamental for future access to loans, investments, and other essential financial tools. This process is instrumental in bridging inequality gaps across diverse groups, empowering those who have historically been excluded from mainstream finance. Furthermore, increased deposit mobilisation stimulates local economic activity and community development by channelling funds within the financial system, thereby enhancing the availability of financing for businesses and individuals, and ultimately contributing to a more robust and equitable economy.

- **Mega Million 1.0 Campaign Impact:** The highest number of participants (4,118) in the Mega Million 1.0 campaign, who opened or deposited into AgroPrima accounts, comprised low-income individuals with household income levels below 40% of populace (B40). Top occupations included businesses/hawkers (2,042 participants), farmers (1,891 participants), and homemakers (1,405 participants).
- **Segment & Locality Reach:** Out of 14,055 customers, 3,785 (27%) were from the mandated segment, and 10,206 (73%) were non-mandated. In terms of locality, 7,354 customers (52%) were from rural areas, and 6,700 (48%) were from urban areas.

FEE-BASED SERVICES

Agrobank's fee-based services demonstrated strong performance in 2024. It generated substantial revenue of RM24.66 million against a RM22.07 million target achieving 117% achievement. Fee based services are particularly driven by the following:



The will writing service has earned Agrobank the 2nd Runner-up for Highest Will Sales Award 2024 and Runner-Up for Highest Estate Administration in the "Financial Institutions (Government Bank)" category award from MyAngkasa Amanah Berhad.

FEE-BASED SERVICES' CONTRIBUTION TO THE UNDERSERVED COMMUNITY

Agrobank's fee-based services, particularly its Takaful offerings, play a crucial role in enhancing the financial resilience and well-being of underserved communities.

Agrobank has collaborated with the Majlis Agama Islam Negeri Johor (MAINJ) to provide personal accident takaful to 22,061 Asnaf in Johor, with a total protection benefit of RM242.7 million. The takaful contribution costs are fully borne by MAINJ.

The welfare for persons with disabilities (OKU) is also prioritized, where 1,881 participants are covered with a total protection amount of RM29.1 million. Through this takaful, the participants are covered in the event of death due to natural causes or accidents. Additionally, participants are also eligible to claim medical treatment costs due to accidents and hospital cash allowances.

Agrobank has also engaged with the underserved communities in the MAHA 2024 event at MAEPS Serdang. During the event, a total of 12,370 visitors enrolled in the Takaful Kasih Plus protection, with a total protection benefit amounting to RM677.7 million.

Takaful Advisory has also reached out. For instance, the Cashless Penjaja community recorded the highest contribution at 41%, showcasing the successful engagement with micro-entrepreneurs. This was closely followed by Micro MBK (micro-financing customers) at 33%, and the rest would be from other segmentation. In addition, Takaful Advisory also expanded to Sabah Sarawak with a dedicated focus on indigenous communities, underscoring Agrobank's commitment to ensuring that even the most remote and traditionally underserved populations have access to vital financial protection.

FINANCIAL INCLUSION

Agrobank is deeply committed to driving financial inclusion, leveraging its mandated roles, extensive rural network, and diverse platforms to expand market penetration and customer reach. This bank-wide effort fosters a more inclusive financial ecosystem that empowers all segments of society, particularly underserved and rural communities. Our strategic goal is to provide access to quality, affordable financial tools and services, aligning with BNM's Financial Sector Blueprint 2022-2026.

Key efforts to execute this mandate include the Ejen Bank (EB) services and the Bank Bergerak Inisiatif (BBI) (see box story below). These platforms are crucial in enabling access to traditional banking services, especially for communities with limited physical banking infrastructure, facilitating transactions such as deposits, withdrawals, and financing payments. The mobile infrastructure solutions they provide eliminate the need for physical branches, making banking services more accessible for rural populations.

2024 Financial Inclusion Performance	
Aspect and Unit	Performance
Total Ejen Bank (EB) quality active agents	334
Total accumulated transactions contributed via EB (RM)	4.3 million

In 2024, Agrobank's Ejen Bank network recorded 334 quality active agents nationwide. Despite operating within a limited scope and adhering strictly to guidelines for structured agents, Agrobank maintained its relevance as the second-largest service provider among participating banks, outperforming four others.

Since its establishment, the Ejen Bank network has facilitated a total of 4.3 million accumulated transactions, amounting to an overall sum of RM270 million. This accomplishment underscores the significant contributions of high-quality agents, who continue to demonstrate their value and impact despite a reduction in the overall number of agents compared to the previous year.

Agrobank also supports financial inclusion by expanding financial services to underserved communities, particularly in rural areas. This involves advisory and educational programmes to improve financial literacy and microfinance products for small business.

Financial Inclusion Initiatives for the Underserved Community

Agrobank has successfully reduced operational costs and expanded its reach by appointing Ejen Bank agents and joining the Bank Bergerak (BBI) service. This strategy enables the Bank to deliver essential services to rural areas without the need for physical branches, enhancing accessibility for underserved communities while minimising costs. Simultaneously, it opens new business opportunities and avenues for customer engagement.

Through these initiatives, Agrobank directly serves the financial needs of local communities by offering suitable banking products, promoting its services, and supporting small businesses and entrepreneurs—ultimately helping to boost local socio-economic growth. The Bank has made significant strides in enhancing the socioeconomic conditions of underserved communities through strategic partnerships with government agencies like the Rubber Industry Smallholders Development Authority (RISDA), Jabatan Kemajuan Orang Asli (JAKOA), and Majlis Amanah Rakyat (MARA).

The Ejen Bank and BBI initiatives have been instrumental in bringing essential banking services to underserved communities, boosting public trust and financial literacy. These efforts also support local economic activity and increase agents' income through greater community engagement at events such as MAHA and the Hari Peladang, Penternak dan Nelayan, Negeri Terengganu (HPPNT), which indirectly enhance financial literacy among community members and visitors.



SUSTAINABLE FINANCE

As Agrobank continues to align its financial solutions with national priorities and global sustainability goals, sustainable finance has emerged as a strategic lever in advancing climate resilience, inclusive growth, and long-term value creation. Through innovative offerings and targeted financing, the Bank supports clients transitioning towards environmentally and socially responsible practices, underscoring its commitment to mobilising capital for a more sustainable and equitable agricultural sector.

To further solidify this commitment and enhance its capacity to support clients in their sustainability transition, Agrobank is actively **developing its own Sustainable Finance Framework (SFF)**. This framework will align with leading market standards and is designed to guide future issuances, including Sukuk/Bonds, Loans, and other financial instruments across various formats and currencies. The SFF will enable Agrobank to tailor its funding to specific sustainability objectives and projects it intends to support, thereby reinforcing its leadership in socio-economic development and promoting the long-term growth of sustainable solutions through its financing activities. This strategic move will also empower Agrobank's customers in their journey towards more sustainable business models and contribute to the diversification of the Bank's funding sources.

Under **Strategic Focus Area (SFA) 5: Embedded Sustainability Practices**, Agrobank's desired Sustainable Operating Model is specifically directed towards efforts to optimise the **Greenhouse Gas (GHG) emissions footprint** from both the Bank's internal operations and the business activities it finances. The Bank is currently making significant progress in enhancing data quality for quantifying our financed emissions and refining our classification of activities based on the **Climate Change and Principle-based Taxonomy (CCPT) framework**. Looking ahead, Agrobank aims to intensify the growth of our financing assets directed towards a sustainable economy, while also establishing more **sustainability-linked programmes** to support our valued customers.



OUR LEADERSHIP AND GOVERNANCE

The extraordinary journey of Hanismariza Bt Mohamed, a disabled ketupat entrepreneur, provides a human perspective on Agrobank's focus on delivering financial inclusion. Thanks to the support and digital skills provided by the Agrobank Centre of Excellence (ACE) programme, her business sales have soared from three figures to an impressive four to five figures. The ability to fund and sustain initiatives that transform lives, like Hanismariza's, relies entirely on the strength and stability of the Bank, anchored on an unwavering commitment to institutional integrity and business ethics.

This commitment, which ensures strategic oversight and ethical conduct, is detailed in the upcoming chapter, Our Leadership and Governance. It is through this robust governance framework—comprising the Board, its Committees, Shariah disclosures, and comprehensive risk management—that Agrobank ensures the long-term viability of its mandate. This rigorous oversight is vital for securing the long-term funding and strategic direction needed to keep social impact programmes running, ultimately allowing more agropreneurs to achieve their dreams.

Capitals



Human Capital



Intellectual Capital

Material Matters



Institutional Integrity
and Business Ethics



OUR LEADERSHIP AND GOVERNANCE

INSTITUTIONAL INTEGRITY AND BUSINESS ETHICS

Capitals



Material Matters



The bedrock of Agrobank's distinctive role as a DFI, mandated to foster Malaysia's sound agriculture development, lies in an unwavering commitment to institutional integrity and robust business ethics. This commitment ensures the Bank's operations are conducted with the highest standards of transparency, accountability, and ethical conduct.

Through a structured governance framework comprising of the Board, its Board Committees and the key Management Committees, the Bank ensures strategic oversight, regulatory compliance, and the safeguarding of stakeholder trust. These structures are complemented by robust compliance mechanisms and governance disclosures, reinforcing a culture of responsibility and principled decision-making across all levels of our organisation.

Furthermore, the significance of shariah disclosure underscores Agrobank's dedication to Islamic finance principles, which is integral to its identity and ethical framework, reinforcing its unique value proposition. Finally, the Bank is proactive in embedding comprehensive risk management within its core operations, ensuring long-term business viability and impactful contribution to the agricultural sector.

These form the essential foundation from which preserves trust while delivering enduring value to our stakeholders.



BOARD OF DIRECTORS PROFILE

DATUK YUNOS ABD GHANI

Independent Non-Executive Chairman

NO. OF BOARD MEETINGS ATTENDED IN FINANCIAL YEAR (FY):

BOD*

15/15

Initial Appointment Date as a Director:
17 December 2021

Initial Appointment Date as a Chairman:
12 November 2022



67

M



* Attendance in bold indicate Chairmanship

QUALIFICATIONS:

- Bachelor of Business Administration (Finance) from Eastern Michigan University
- Diploma of Business Studies & Management from Mara Institute of Technology

PREVIOUS POSITIONS HELD:

- Chairman of Board of Directors, BSNC Corporation
- Board of Directors member, Prudential BSN Takaful
- Board of Directors member, Permodalan BSN
- Chief Executive Officer/Deputy Chief Executive Officer, Bank Simpanan Nasional
- Chief Executive Officer, National Higher Education Fund Corporation
- Director of Banking Operations/Retail Loans, Bank Simpanan Nasional
- Head of Consumer Banking, Bank Muamalat Malaysia Berhad
- General Manager of Labuan Offshore, Bank Muamalat Malaysia Berhad
- Branch Manager/Credit Officer, Bank Bumiputra Malaysia Berhad

DIRECTORSHIP OF OTHER PUBLIC COMPANIES:

- Asian Pac Holdings Berhad

MEMBERSHIP OF BOARD COMMITTEES:

- Board of Director (Chairman)

MAIN SKILLSETS:

- Credit
- Banking
- Risk
- Finance

DECLARATION OF FAMILY RELATIONS AND CONVICTED OFFENSES WITHIN THE PAST 5 YEARS:

He does not have any conflict of interest or any family relationship with any other director and/or major shareholders.

He has not been convicted of offences within the past 5 years nor has he been imposed of any public sanction by any relevant regulatory bodies in 2024.

BOARD OF DIRECTORS PROFILE

**DATUK LOKMAN HAKIM ALI**

Non-Independent Non-Executive Director

NO. OF BOARD MEETINGS ATTENDED IN FINANCIAL YEAR (FY):

BOD

9/12

BITC

1/3

BSC

5/7

BPC

2/3



54

M

Initial Appointment Date as a Director:
4 December 2023
(Ceased w.e.f.: 23 September 2024)

QUALIFICATIONS:

- Master of Arts (Economics) from Claremont Graduate University
- Bachelor of Arts (Economics) from University of Southern California
- American Associate Degree from State University of New York

PREVIOUS POSITIONS HELD:

- Secretary General, Ministry of International Trade and Industry
- Secretary General, Ministry of Youth and Sports
- Deputy Secretary General (International & Management), Ministry of Youth and Sports
- Special Functions Officer to Deputy Prime Minister of 2011-2015 Malaysia
- Vice President, Government Liaison, CEO's Office Malaysian Biotechnology Corporation Sdn Bhd
- Administrative and Diplomatic Service, Ministry of International Trade and Industry
- Administrative Officer, Economics Department, Bank Negara Malaysia

DIRECTORSHIP OF OTHER PUBLIC COMPANIES:

- N/A

MEMBERSHIP OF BOARD COMMITTEES:

- Board Strategy Committee (Member)
- Board Information Technology Committee (Member)
- Board Procurement Committee (Member)

MAIN SKILLSETS:

- Public policy
- Government-stakeholder relations
- Economic planning
- Leadership & governance
- Trade diplomacy

DECLARATION OF FAMILY RELATIONS AND CONVICTED OFFENSES WITHIN THE PAST 5 YEARS:

He does not have any conflict of interest or any family relationship with any other director and/or major shareholders.

He has not been convicted of offences within the past 5 years nor has he been imposed of any public sanction by any relevant regulatory bodies in 2024.

DATUK DR. AHMAD KUSHAIRI DIN

Independent Non-Executive Director

NO. OF BOARD MEETINGS ATTENDED IN FINANCIAL YEAR (FY):

BOD	BRMC	BCIVC	BITC*	BSC	BPC*
17/17	11/11	17/17	4/4	10/10	5/5

Initial Appointment Date as a Director:
17 November 2020

66

M



* Attendance in bold indicate Chairmanship

QUALIFICATIONS:

- PhD (Genetics), Universiti Kebangsaan Malaysia ("UKM")
- Master of Science (Agronomy), Louisiana State University
- Master of Science (Genetics), UKM
- Bachelor of Science (Agriculture), Universiti Pertanian Malaysia ("UPM")
- Diploma in Agriculture, UPM

PREVIOUS POSITIONS HELD:

- Director-General (Contract) (VU4/Turus iii), Malaysian Palm Oil Board ("MPOB")
- Director-General (VU4/Turus iii), MPOB
- Deputy Director-General (R&D), MPOB
- Director, Biology Division, MPOB
- Group Leader - Breeding and Genetics, MPOB
- Head of Station, Research Station Kluang, Johor, MPOB
- Research Coordinator, Research Station Hulu, Paka Terengganu, MPOB
- Research Officer, Serdang, Bangi, Hulu Paka, Kluang, MPOB
- Assistant Research Officer, Serdang Selangor, MPOB

DIRECTORSHIP OF OTHER PUBLIC COMPANIES:

- TH Plantations Berhad
- THP Sabaco Sdn. Bhd

MEMBERSHIP OF BOARD COMMITTEES:

- Board Information Technology Committee (Chairman)
- Board Procurement Committee (Chairman)
- Board Credit & Investment Committee (Member)
- Board Strategy Committee (Member)
- Board Risk Management Committee (Member)

MAIN SKILLSETS:

- Agriculture & Plantation Knowledge
- Leadership & Corporate Governance
- Business Knowledge
- Strategy & Development
- Risk & Management

DECLARATION OF FAMILY RELATIONS AND CONVICTED OFFENSES WITHIN THE PAST 5 YEARS:

He does not have any conflict of interest or any family relationship with any other director and/or major shareholders.

He has not been convicted of offences within the past 5 years nor has he been imposed of any public sanction by any relevant regulatory bodies in 2024.

BOARD OF DIRECTORS PROFILE

**MOHD HANIF MASTUKI**

Non-Independent Non-Executive Director

NO. OF BOARD MEETINGS ATTENDED IN FINANCIAL YEAR (FY):

BOD	BAC	NRC	BITC	BPC
14/17	14/14	15/16	4/4	5/5



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M

Initial Appointment Date as a Director:
13 July 2022**QUALIFICATIONS:**

- Master of Economics (Public Economy), Universiti Kebangsaan Malaysia
- Diploma in Public Administration, National Institute of Public Administration
- Bachelor of Accountancy (Hons.), Universiti Teknologi MARA
- Diploma in Accounting, Institut Teknologi MARA

PREVIOUS POSITIONS HELD:

- Unit Head, Technology/Government Investment Companies Division, Ministry of Finance Malaysia ("MOF")
- Principal Assistant Secretary (Government Strategy), Fiscal and Economics Division, MOF
- Principal Assistant Director, National Entrepreneurship Development Office, MOF
- Training Post/Public Service Department, Public Service Department
- Assistance Secretary (Human Resource)/ Human Resource Department, Ministry of Energy and Natural Resources
- Budget Principal Assistant Director (Human Resource, Youth & Sports)/Budget Management Division, MOF
- Budget Principal Assistant Director (Health)/ Budget Management Division, MOF
- Budget Assistant Director (Health)/Budget Management Division, MOF
- Former Budget Assistant Director (Policy)/ Bahagian Pengurusan Belanjawan
- Former Internal Audit Executive/Corporate Planning Executive, Pelabuhan Tanjung Pelepas Sdn Bhd

DIRECTORSHIP OF OTHER PUBLIC COMPANIES:

- N/A

MEMBERSHIP OF BOARD COMMITTEES:

- Nomination & Remuneration Committee (Member)
- Board Information Technology Committee (Member)
- Board Audit Committee (Member)
- Board Procurement Committee (Member)

MAIN SKILLSETS:

- Investment
- Economy
- Budget
- Accounting

DECLARATION OF FAMILY RELATIONS AND CONVICTED OFFENSES WITHIN THE PAST 5 YEARS:

He does not have any conflict of interest or any family relationship with any other director and/or major shareholders.

He has not been convicted of offences within the past 5 years nor has he been imposed of any public sanction by any relevant regulatory bodies in 2024.

RIZLEEN MOKHTAR

Independent Non-Executive Director

NO. OF BOARD MEETINGS ATTENDED IN FINANCIAL YEAR (FY):

BOD	BAC	BCIVC*	NRC	BPC	BOSC
16/17	14/14	17/17	14/15	5/5	1/1

Initial Appointment Date as a Director:
1 August 2022



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F

* Attendance in bold indicate Chairmanship

QUALIFICATIONS:

- Chartered Banker awarded by Chartered Banker Institute, Edinburgh/Asian Institute of Chartered Bankers
- Bachelor of Arts (B.A) with High Honors in Economics, Carleton University

PREVIOUS POSITIONS HELD:

- Executive Vice President, Head of Wholesale Credit Risk, Risk Management Unit, AmBank Group
- Head, Credit Risk Unit, Risk Management Unit, AmBank Group
- Director, Credit Risk Management Unit, AmInvestment Bank Berhad
- Associate Director, Credit Risk Management Unit, AmInvestment Bank Berhad
- Senior Manager, Banking Department, Arab-Malaysian Merchant Bank Berhad
- Manager, Banking Department, Arab-Malaysian Merchant Bank Berhad
- Assistant Manager, Banking Department, Arab-Malaysian Merchant Bank Berhad
- Banking/Credit Officer, Banking Department, Arab-Malaysian Merchant Bank Berhad
- Executive Trainee, Arab-Malaysian Merchant Bank Berhad

DIRECTORSHIP OF OTHER PUBLIC COMPANIES:

- N/A

MEMBERSHIP OF BOARD COMMITTEES:

- Board Credit & Investment Committee (Chairman)
- Board Audit Committee (Member)
- Nomination & Remuneration Committee (Member)
- Board Procurement Committee (Member)
- Board Oversight Committee (Member)

MAIN SKILLSETS:

- Credit
- Banking
- Risk
- Finance

DECLARATION OF FAMILY RELATIONS AND CONVICTED OFFENSES WITHIN THE PAST 5 YEARS:

She does not have any conflict of interest or any family relationship with any other director and/or major shareholders.

She has not been convicted of offences within the past 5 years nor has she been imposed of any public sanction by any relevant regulatory bodies in 2024.



BOARD OF DIRECTORS PROFILE

**WAN ZAMRI WAN ZAIN**

Independent Non-Executive Director

NO. OF BOARD MEETINGS ATTENDED IN FINANCIAL YEAR (FY):

BOD	BRMC*	NRC*	BITC	BSC	BOSC*
17/17	11/11	16/16	4/4	10/10	1/1



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M

Initial Appointment Date as a Director:
2 February 2023

* Attendance in bold indicate Chairmanship

QUALIFICATIONS:

- Associate Financial Planner, Institute of Financial Planners, Hong Kong
- Institute of Direct Marketing Diploma in Direct Marketing (DipIDM), Malaysian Unit Trust Examination – licensed salesperson
- Malaysian Pre-Contract Examination (General & Life Insurance) – licensed salesperson
- Master of Business Administration (Financial Management and Management Information System), West Coast University
- Bachelor of Science in Finance and Business Economics, Southern Illinois University

PREVIOUS POSITIONS HELD:

- Chief Executive Officer, AmMetLife Takaful Bhd
- Chief Executive Officer, AIA Takaful International Bhd
- Head of Group Business, HSBC Amanah Takaful Malaysia Sdn Bhd
- Head of Channel Management, HSBC Malaysia
- Senior Regional Sales & Distribution Manager, HSBC, Hong Kong, Asia Pacific, Personal Financial Services
- Regional Investment and Insurance Manager, HSBC Malaysia
- Regional Manager, Ipoh and Cameron Highland Branches, HSBC Malaysia
- Manager Personal Banking Ipoh Branch, HSBC Malaysia
- Manager Investment & Insurance Services, Head Office, HSBC Malaysia
- Assistant Manager Corporate Credit, Kota Kinabalu Branch, HSBC Malaysia
- Trade Services Executive, Kota Kinabalu Branch, HSBC Malaysia

DIRECTORSHIP OF OTHER PUBLIC COMPANIES:

- Corporate Credit Executive Johor Bahru Branch, HSBC Malaysia
- Operations Officer Sungai Petani Branch, HSBC Malaysia
- Internal Audit Trainee, Colgate Palmolive (M) Sdn Bhd
- Malaysia Reinsurance Berhad

MEMBERSHIP OF BOARD COMMITTEES:

- Board Risk Management Committee (Chairman)
- Nomination & Remuneration Committee (Chairman)
- Board Oversight Committee (Chairman)
- Board Information Technology Committee (Member)
- Board Strategy Committee (Member)

MAIN SKILLSETS:

- Islamic and conventional finance professional
- Banking
- Insurance and Takaful Sector

DECLARATION OF FAMILY RELATIONS AND CONVICTED OFFENSES WITHIN THE PAST 5 YEARS:

He does not have any conflict of interest or any family relationship with any other director and/or major shareholders.

He has not been convicted of offences within the past 5 years nor has he been imposed of any public sanction by any relevant regulatory bodies in 2024.

MOHAMED IQBAL MOHAMED IQBAL

Independent Non-Executive Director

NO. OF BOARD MEETINGS ATTENDED IN FINANCIAL YEAR (FY):

BOD	BAC*	BRMC	BCIVC	BITC	BSC	BOSC
17/17	14/14	11/11	17/17	4/4	9/9	1/1

Initial Appointment Date as a Director:
2 February 2023



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M



* Attendance in bold indicate Chairmanship

QUALIFICATIONS:

- Qualified Risk Director from Institute of Enterprise Risk Practitioners ("IERP")
- Sustainability and Climate Risk Certification, Global Association of Risk Professionals
- Executive Leadership Development Programme from the University of Chicago Booth School of Business
- Certificate in Developmental Coaching from Interdevelopmental Institute
- B.Sc. Management Science and Computer Systems from Oklahoma State University

PREVIOUS POSITIONS HELD:

- Chief Treasury Officer, Warba Bank K.S.C.P.
- Chief Officer, Kuwait Finance House (Malaysia) Berhad
- General Manager, Treasury Division, Investment Operations Department, Employees Provident Fund
- Assistant General Manager, Head of Consumer Banking Division, Ambank
- Assistant General Manager, Treasury, Ambank
- Manager/Senior Manager, Treasury, Ambank

DIRECTORSHIP OF OTHER PUBLIC COMPANIES:

- N/A

MEMBERSHIP OF BOARD COMMITTEES:

- Board Audit Committee (Chairman)
- Board Credit & Investment Committee (Member)
- Board Risk Management Committee (Member)
- Board Information Technology Committee (Member)
- Board Strategy Committee (Member)
- Board Oversight Committee (Member)

MAIN SKILLSETS:

- Risk
- Treasury
- Strategy Formulation
- Business Transformation

DECLARATION OF FAMILY RELATIONS AND CONVICTED OFFENSES WITHIN THE PAST 5 YEARS:

He does not have any conflict of interest or any family relationship with any other director and/or major shareholders.

He has not been convicted of offences within the past 5 years nor has he been imposed of any public sanction by any relevant regulatory bodies in 2024.

BOARD OF DIRECTORS PROFILE

**DATIN ARLINA ARIFF**

Independent Non-Executive Director

NO. OF BOARD MEETINGS ATTENDED IN FINANCIAL YEAR (FY):

BOD	BCIVC	NRC	BSC*	BPC	BOSC
16/17	16/17	15/16	10/10	4/5	1/1



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F

Initial Appointment Date as a Director:
30 August 2023

* Attendance in bold indicate Chairmanship

QUALIFICATIONS:

- Masters in Islamic Finance Practice from the International Centre for Education in Islamic Finance ("INCEIF")
- Master of Science in Quantitative Development Economics (1995) and Postgraduate Diploma in Quantitative Development Economics (1994) from the University of Warwick
- Bachelor of Arts (Honours) in Economics from Carleton University

PREVIOUS POSITIONS HELD:

- Director, Financial Inclusion, Bank Negara Malaysia
- Committee Member of Small Debt Restructuring Committee, Bank Negara Malaysia
- Director/Laman Informasi, Nasihat & Khidmat & Bank Negara Malaysia Office Department, Bank Negara Malaysia
- Director, Human Capital Development Centre, Bank Negara Malaysia
- Deputy Director, Economics Department, Bank Negara Malaysia
- Deputy Director, Monetary Analysis & Strategy Department, Bank Negara Malaysia
- Chief Analyst, SJ Securities Sdn Bhd
- Senior Economist, SJ Securities Sdn Bhd
- Senior Assistant Manager, Economics Department, Bank Negara Malaysia
- Assistant Manager, Economics Department, Bank Negara Malaysia
- Senior Economist, Economics Department, Bank Negara Malaysia
- Economist, Economics Department, Bank Negara Malaysia

DIRECTORSHIP OF OTHER PUBLIC COMPANIES:

- PRG Holdings Berhad
- Great Eastern Takaful Berhad

MEMBERSHIP OF BOARD COMMITTEES:

- Board Strategy Committee (Chairman)
- Nomination & Remuneration Committee (Member)
- Board Credit & Investment Committee (Member)
- Board Procurement Committee (Member)
- Board Oversight Committee (Member)

MAIN SKILLSETS:

- Banking
- Finance
- Financial Inclusivity
- Economics
- Strategy
- Policy Development

DECLARATION OF FAMILY RELATIONS AND CONVICTED OFFENSES WITHIN THE PAST 5 YEARS:

She does not have any conflict of interest or any family relationship with any other director and/or major shareholders.

She has not been convicted of offences within the past 5 years nor has she been imposed of any public sanction by any relevant regulatory bodies in 2024.

GROUP SHARIAH COMMITTEE PROFILE



TN. HAJI AZIZI CHE SEMAN

Chairman

Date Appointed: 1 June 2021-31 May 2024

Group SC Meeting Attendance: 5/5

TN. HAJI AZIZI holds the position of Chairman of Agrobank's Group Shariah Committee starting 1 June 2021 until 31 May 2024 and served as a member of the Shariah Committee of Agrobank since June 2015. He is a senior lecturer at the Department of Shariah and Economics, Academy of Islamic Studies, Universiti Malaya, a position he has held since 2002. He received his first degree in Shariah (Hons.) from Universiti Malaya in 1996 and completed his master's degree in Economics from International Islamic University Malaysia (IIUM) in 2001. He has involved in the field of academic writing in addition to paper presentations at national and international seminars and conferences related to muamalat, Islamic banking and Islamic finance. Tn. Haji Azizi's specialisation areas are Islamic capital market, Islamic economics, and fiqh muamalat.

At the beginning of his career in Islamic Financial Institutions (IFI), he was appointed as a Shariah Committee member of Bank Muamalat Malaysia Berhad (BMMB) in 2005 and became Chairman of the Shariah Committee members for the same institution. Currently, he has been entrusted as the Chairman of Shariah Committee for RHB Islamic, Chairman of Shariah Committee for Agrobank, Chairman of Shariah Advisory Committee of Association of Islamic Banking and Financial Institutions Malaysia (AIBIM) and Shariah Committee members for Sun Life Takaful Malaysia. Besides, he previously was appointed as a Shariah Committee at IBFIM.



USTAZ WAN RUMAIZI W. HUSIN

@ ABDUL AZIZ

Chairman

Date Appointed: 1 June 2024 - Present

Group SC Meeting Attendance: 11/11

USTAZ WAN RUMAIZI currently holds the position of Chairman of Agrobank's Group Shariah Committee (Group SC) starting 1st June 2024, with initial appointment as a member on 1st June 2023. He is a former lecturer at the Department of Fiqh and Usul al-Fiqh at the Kuliyah of Islamic Revealed Knowledge and Human Sciences of International Islamic University Malaysia (IIUM). He obtained his first degree and master's degree in Fiqh and Usul al-Fiqh respectively from Al al-Bayt University and IIUM.

He has extensive experience within the Shariah Committees of multiple companies, previously being the Chairman of the Shariah Committee for Al Rajhi Bank Malaysia, while also being a former member of the Shariah Committee for Prudential BSN Takaful Berhad and Bank Kerjasama Rakyat Malaysia (BKRM). Additionally, he served as a representative to BKRM's BOD Meeting and within JAKIM's Muamalat Panel of Experts.

He currently serves in multiple different capacities, being the Chairman of Shariah Committee and Independent Non-Executive Director of AEON Bank (M) Berhad, a member of ASAS Exco, and a Shariah Committee Member of Lembaga Tabung Haji and MNRB Group Holding Berhad. He is also a member of the Majlis Baitul-Mal Committee of Majlis Agama Islam dan Adat Istiadat Melayu Kelantan, the International Union for Muslim Scholars (Ittihad al-'Alami li 'Ulama' al-Muslimin), and ASAS Exco. Additionally, he is a Panel Consultant Member for International Research Centre in Islamic Economy and Finance (IRCIEF), KUIS, Consultant for Sadaqah House, IRCEIF-IDB, KUIS, and Member of International Union for Muslim Scholars (Ittihad al-'Alami li 'Ulama' al-Muslimin), Qatar.

GROUP SHARIAH COMMITTEE PROFILE

**DR. SHAFAAI MUSA**

Member

Date Appointed: 1 June 2023 - Present

Group SC Meeting Attendance: 11/11

DR. SHAFAAI received his first degree in Shariah from Al-Azhar University as the best student in the faculty of Shariah in 1991. He then successfully completed his master's degree in Comparative Law from International Islamic University Malaysia (IIUM) and subsequently obtained a Ph.D. in Commercial Law from Glasgow Caledonian University, both under the IIUM sponsorship scheme.

Dr. Shafaa served at IIUM in various capacities for the past 33 years of his career, starting in 1992 as an assistant lecturer at Ahmad Ibrahim Kuliyah of Laws. He then served as Head of the Department of Islamic Law from 2002 for a period of three years, being seconded to IIUM Centre for Continuing Education as Executive Director later. In 2010, he was seconded to the International Islamic College as Chief Executive Officer until December 2012, followed by a secondment to the office of the Chief Minister of Johor as CEO of the Johor Institute of Integrity, Leadership and Training for two years.

Besides his long tenure at IIUM, he was formerly the Chairman of multiple Shariah committees in the Islamic Banking and Takaful industries, serving in this capacity at Southern Bank Berhad in 2004, CIMB Islamic Bank both as a Member in 2006 and Chairman in 2019, at Sun Life Malaysia Takaful, and at CIMB Aviva Takaful. He was also the former Shariah Advisor of Celcom Axiata.

At present, he is the Chairman of the Shariah Committee and Independent Non-Executive Director of Public Islamic Bank Berhad. Additionally, he is a Member of the Shariah Advisory Body of Syarikat Takaful Malaysia Keluarga Berhad and is the Chairman of the Shariah Advisory Council of Reinsurance Group of America Retakaful.

**DR. ABDULLAAH JALIL**

Member

Date Appointed: 1 June 2023 - Present

Group SC Meeting Attendance: 11/11

DR. ABDULLAAH received his Degree in Shariah (Fiqh and Islamic Studies) with first-class honours from Yarmouk University, before completing his Master of Business Administration (Islamic Banking and Finance) at IIUM and Ph.D. in Islamic Finance at INCEIF. He is currently a Senior Lecturer at the Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia (USIM), with more than 16 years of teaching, writing, research and advisory experience in the fields of muamalat, Islamic banking and finance. He was formerly a Shariah Committee (Group SC) Member of both PruBSN Takaful and Bank Kerjasama Rakyat Malaysia.

Besides his ongoing stint at Agrobank, he currently serves as a member of the USIM Shariah Panel Committee since its inception and the State Fatwa Committee (Jawatankuasa Perundangan Hukum Syarak) at the Pahang Mufti Department. He is also the Chairman of the Shariah Committee of Mizuho Bank (Malaysia) and one of the Fatwa Research Panelists in the Negeri Sembilan Mufti Department.



PROF. DR. SHARIFAH FAIGAH SYED ALWI

Member

Date Appointed: 1 June 2023 - Present

Group SC Meeting Attendance: 11/11

PROF. DR. SHARIFAH FAIGAH completed her Bachelor Degree in Shariah (Economics) and her Master Degree in Shariah (Islamic Banking) at Universiti Malaya in 1995 and 2004 respectively. This was later followed by a Ph.D. in Islamic Banking and Finance from the International Islamic University Malaysia (IIUM) in 2012. With her area of expertise focused on the application of Shariah in Islamic banking and finance products, especially in Islamic trade finance facilities, she shares her knowledge on the subject as a Professor at Arshad Ayub Graduate Business School, Faculty of Business and Management, Universiti Teknologi MARA (UiTM), while also being an examiner/assessor of Islamic banking and finance programmes offered in a few universities in Malaysia, Saudi Arabia and Brunei.

Besides that, she had served as a Shariah Committee Member in various key banks across Malaysia, formerly being involved with Export-Import Bank of Malaysia Berhad, and United Overseas Bank (Malaysia) Berhad. She also has expertise in Shariah Committees within the Takaful industry, being a past member of AmMetLife Takaful Berhad. At present, she is a Group Shariah Committee member at Agrobank, Maybank Islamic Berhad, Etiqa Family Takaful Berhad, and Etiqa General Takaful Berhad.



PROF. DATIN DR. RUSNI HASSAN

Member

Date Appointed: 1 June 2024 - Present

Group SC Meeting Attendance: 8/8

PROF. DATIN DR. RUSNI completed multiple qualifications at IIUM, initially getting an LLB (Honours) and LLB (Shariah) before getting a Master of Comparative Laws and a Ph.D. in Law. Following her time there, she is now serving as a Professor and Dean at the IIUM Institute of Islamic Banking and Finance (IIBF), IIUM.

Previously, she has experience as a Shariah Committee Member of HSBC Amanah (M) Berhad, HSBC Amanah (Takaful) Berhad, Etiqa General Takaful Berhad, and Etiqa Family Takaful Berhad. She also served as the Former Chairman of Shariah Committee of Export-Import Bank of Malaysia Berhad (EXIM Bank), and a former Member of the Shariah Advisory Council Bank Negara Malaysia.

As of now, she is the appointed Shariah Committee Chairman of Hong Leong Islamic Bank Berhad and BIMB Securities Sdn Bhd, as well as a Board Member for Majlis Agama Islam Wilayah Persekutuan (MAIWP). She is also a Shariah Committee Member of many other organisations besides Agrobank, working with key groups such as Association of Islamic Banking Institutions Malaysia (AIBIM), Lembaga Tabung Haji, Housing Corporation Maldives, Housing Development Financing Corporation, Waqf Al-Nur, Koperasi J-Corp, and Terengganu Incorporation.

GROUP SHARIAH COMMITTEE PROFILE

**PUAN SHABNAM MOHAMAD MOKHTAR**

Member

Date Appointed: 1 June 2024 - Present

Group SC Meeting Attendance: 8/8

PUAN SHABNAM received a Degree in Accountancy at Universiti Putra Malaysia before moving over to the University of Illinois to complete her Master's degree in Science in Accounting. She is also a Certified Shariah Advisor & Auditor (CSAA) under The Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI).

Formerly, she was a lecturer at Universiti Putra Malaysia and a Visiting Fellow in Islamic Finance under the Securities Commission at the Oxford Centre. She was also heavily involved in Shariah matters across various industries, formerly being a part of the Shariah Advisory Panel of the Malaysian Rating Corporation Berhad and a member of RHB Islamic Bank Berhad's Shariah Committee. Additionally, she was the Head of Islamic Capital Market Research Unit at the International Shariah Research Academy for Islamic Finance.

Today, she is a Group Shariah Committee Member of both Agrobank and AIA Public Takaful Berhad. Her other ongoing roles include being the Managing Director of SHAPE® Knowledge Services and a Member of the Values and Ethics Committee of Algbra, located in the United Kingdom.

MANAGEMENT COMMITTEE PROFILE

DATO' TENGKU AHMAD BADLI SHAH RAJA HUSSIN

President/Chief Executive Officer (P/CEO)

Date Appointed: 3 January 2022



QUALIFICATIONS:

- Global Banking Leader Programme, Bayes Business School, London, UK
- Bachelor of Law, LLB (Hons) at the University of East Anglia, Norwich, England
- Fellow Member of the Institute of Corporate Directors of Malaysia (ICDM)
- Islamic Finance Leadership Programme at Clare College, Cambridge University, United Kingdom
- Executive Leadership Programme at Cornell University, United States of America

OTHER POSITIONS HELD:

- Board of Directors, Kemubu Agricultural Development Authority (KADA) (June 2022 - present)
- Association of National Development Institution in Member Countries of Islamic Development Bank (ADFIMI) Vice Chairman (June 2022 - present)

PREVIOUS POSITIONS HELD:

- Pelaburan Mara Berhad (September 2013 - August 2021)
 - > Acting Group Chief Executive Officer, Pelaburan MARA Berhad
 - > Group Chief Operating Officer, Pelaburan MARA Berhad
 - > Executive Director, PMB Investment Berhad
 - > Chief Executive Officer, PMB Tijari Berhad
- Kuwait Finance House (October 2008 - September 2013)
 - > Head, Branch Banking/Senior Manager Commercial Banking
- HSBC Bank Malaysia Berhad (1993 - 2008)
 - > Various leadership positions including Corporate, Commercial, Retail Banking, Operations and Branch Management

RESPONSIBILITIES:

Positioning of the Bank:

- Spearheading the Bank as the only Islamic Bank focusing on agriculture by providing a full range of financial services in the market.
- Responsible for re-aligning the Bank's operational and financial goals via improvements to the processes, people and market strategies.
- Ensuring that the Bank is providing efficient service to its customers.

Strategic business planning for establishing high growth agenda:

- Develop continuous business and marketing strategies with support from respective business divisions in achieving the Bank's performance for targeted segments, products and clients.
- Identify alliances and strategies for syndicated marketing, image-building, risk management and continued technology upgrades.
- Ensure the Bank's good reputation, profitability, satisfaction of customers, employees and shareholders are maintained.
- Formulate goals and set deadlines for all direct reports to the President/Chief Executive Officer.
- Formulate rules and regulations in the Bank regarding financial transactions and other pertinent functions.

Effectively implement the Bank's growth strategy and achieve market leadership:

- Provide a complete range of efficient, high-quality banking and other financial products/services to the targeted market.
- Shape the Bank's objectives and realise its ambitions.
- Ensure successful integration and offering of all business products and services under one delivery platform and ensure these are aligned to the Bank's philosophy and value system.
- Ensure that goals and targets are achieved on time.

Provide dynamic leadership and develop a highly motivated performance-oriented team:

- Establish high ethical standards within the Bank's culture.
- Lead change by promoting common culture, ideology and values within the Bank.
- Develop and retain a high-growth team while fostering a performance oriented culture.
- Conduct periodical reviews to evaluate performance and ensure corrective action is taken to achieve strategic plans and milestones.
- Monitor the functions of various departments/divisions of the Bank and ensure all of them are on the right track.

Manage the external environment:

- Establish and maintain effective relationships with regulators, institutions and leaders in financial services to strengthen the brand name of the Bank.
- Participate actively in all financial services sector forums, debates and discussions to build the Bank's image and strengthen the Bank's position.
- Interact with shareholders and issuing the Bank's reports to the required parties.
- Ensure that the Bank's returns go hand-in-hand with Corporate Social Responsibility (CSR) initiatives in order to uphold the Bank's image to the public as a value-based corporate organisation.

MANAGEMENT COMMITTEE PROFILE

**ZULKEEFLI MAD KARIM**

Chief Finance Officer

Date Appointed: 1 June 2023

QUALIFICATIONS:

- Chartered Professional in Islamic Finance (CPIF)
- Chartered Accountant (Malaysian Institute of Accountant) (MIA)
- Fellow of Chartered Certified Accountants (ACCA), United Kingdom
- Postgraduate Diploma in Business Administration (Universiti Teknologi Malaysia)
- Postgraduate Diploma in Accounting (De Monfort University, United Kingdom)
- Chartered Certified Accountant under the Association of Chartered Certified Accountants (ACCA), United Kingdom

PREVIOUS POSITIONS HELD:

- Chief Operations Officer, Bank Pembangunan Malaysia Berhad
- Chief Financial Officer, Bank Pembangunan Malaysia Berhad
- Senior Vice President I/Head, Group Finance, Bank Pembangunan Malaysia Berhad
- Vice President I/Head, Financial Management, Group Finance, Bank Pembangunan Malaysia Berhad
- Chief Financial Officer, Co-op Bank Persatuan Malaysia Berhad
- Vice President/Head, Finance & Accounts SME, Bank
- Vice President II/Head of Management Reporting, Group Accounts & Treasury Department, Sime Darby Berhad
- Financial Controller, Universiti Tenaga Nasional
- Senior Manager, Support Services, Negara Properties Berhad
- Management Accountant, Sime UEP Properties Berhad
- Board member of Pembangunan Leasing Corporation Sdn Bhd

RESPONSIBILITIES:

- Responsible for overseeing all financial matters, accounting operations & strategies, treasury, asset liability management, special asset management, procurement and data management of the Bank; and providing advisory services to the management to support a proper and accurate decision-making process.
- Adhere to all related, generally accepted accounting principles, tax and regulatory laws, rules and regulations, as well as areas beyond traditional local accounting functions such as International Finance Reporting Standards and Bank Negara Malaysia Guidelines to adequately and accurately reflect the financial position of the Bank at all times.
- Develop financial strategies and execute effective plans to ensure maximum competitive advantage and cost effectiveness; to improvise division processes and establish functional objectives in line with the Bank's objectives.
- Communicate important, accurate financial information and accommodate different reporting requirements to management, Board of Directors and stakeholders.

ZAHID AHMAD ZAWAWI

Chief Operations Officer

Date Appointed: 23 July 2015

**QUALIFICATIONS:**

- Chartered Professional in Islamic Finance (CPIF)
- Leadership Certificate in Islamic Banking and Finance by Cambridge IF Analytica
- Chartered Accountant (Malaysian Institute of Accounts (MIA)
- Bachelor Degree in Accountancy, Universiti Kebangsaan Malaysia

POSITIONS IN AGROBANK:

- Deputy Chief Operations Officer
- Deputy Chief Operations Officer cum Acting Regional Manager Pulau Pinang, Kedah dan Perlis (PPKP)
- Chief Internal Auditor

POSITIONS HELD:

- Chief Internal Auditor, Malaysia Debt Venture Berhad
- Head of Department, Internal Audit Division, Bank Islam Malaysia Berhad
- Senior Operations Officer, Finance Division, Public Bank Berhad
- External Auditor

RESPONSIBILITIES:

- Responsible for planning, organising, and controlling all day-to-day operational activities of the Bank under the direction of the President/ Chief Executive Officer.
- To ensure that all operational aspects of the Bank's activities operate in a safe and sound manner in the best interest of shareholders, the Board of Directors, customers, employees, and the public.
- Create the necessary structure and processes through a structured rationalisation programme of the Bank's channels to manage and improve the effectiveness of the organisation's current activities and its projected growth.
- Develop effective strategies to improve banking operations, business processes or services and conduct assessments of the existing situation and anticipated changes in the external environment with the main objective of improving the customers' experience, driving business growth for improved balance sheet position, increase productivity and human capital development.
- Assess, formulate and strengthen the current controls and risk environment of the Bank's operations and to continuously improve the governance structure as well as risk, controls and compliance culture within the Bank.
- Drive the Bank's IT initiatives, emphasise IT operations, banking efficiency and innovation as well as implementation of the digital banking journey to establish customer-centric business models, optimise distribution, grow beyond the core into more comprehensive ecosystem, extend value across the customers' journey and monetise the Bank's data.
- Assess, analyse, and develop structured and comprehensive plans to continuously improve the Bank's customer satisfaction index.
- Assume management responsibility as a Recovery Director of the Bank for Business Contingency Planning efforts with a major focus in assuring the adequacy of business unit contingency plans for critical business areas, functions, and applications.
- Maintain continued operations, asset protection, and loss mitigation in the event of a disruption, coordinating activities of technology resources with the company's business units and development groups, as required.
- Expand the e-channel business and maximising e-payments for the Bank by creating and implementing cashless payment platforms, such as DuitNow QR, across the country and within all communities.
- Oversee and manage the credit administration and trade finance portfolios, ensuring the efficient processing and management of credit facilities and trade finance operations by implementing initiatives and optimising processes in driving the Bank's business growth and supporting its financial objectives.

MANAGEMENT COMMITTEE PROFILE

**AMINUDDIN AMENON**

Chief Development Officer

Ceased w.e.f. 30 September 2024

QUALIFICATIONS:

- Master of Business Administration (Finance), Universiti Islam Antarabangsa
- Bachelor of Accountancy (Hons), Universiti Pertanian Malaysia
- Chartered Accountant, Malaysian Institute of Accountant (MIA)

PREVIOUS POSITIONS HELD:

- Chief Executive Officer, Koperasi Polis Diraja Malaysia Berhad, Kuala Lumpur
- Deputy General Manager, Perbadanan Usahawan Nasional Berhad (PUNB), Kuala Lumpur
- Senior Manager, Investment Division, Perbadanan Usahawan Nasional Berhad (PUNB), Kuala Lumpur
- Patron, Persatuan Automotif PROSPER
- Advisory Member for Franchising, Ministry of Domestic Trade and Consumer Affairs (MTDC)

OTHER POSITIONS HELD:

- Board Member, Lembaga Kemajuan Pertanian Muda (MADA)

RESPONSIBILITIES:

- Develop, lead and manage development strategies and tactical business plans which enable the transformation of the agriculture sector and agrobanking industry.
- Develop, maintain, grow and enhance customer experience and relationships through business networking with government agencies, government-linked companies, the private sector and other banking institutions.
- Develop customised products, programmes and financial solutions suitable for customers focusing on agriculture and agrofood.
- Drive and enhance Agrobank Centre of Excellence (ACE) as a centre for improving resilience and socio-economic well-being by providing value-added services to customers.
- Develop programmes and activities to increase accessibility to financial services, especially to underserved and unserved communities.
- Actively engage and collaborate with NGOs, societies and industry players to promote the Bank's products and services to communities involved in agricultural activities.

SYED HAIRUL ANUAR SYED FADZIL

Chief Business Officer

Date Appointed: 16 October 2023

**QUALIFICATIONS:**

- Bachelor of Business Administration (Management), Multimedia University (2002)
- Diploma in Public Administration, Mara Institute of Technology (1983)

PREVIOUS POSITIONS WITH AGROBANK:

- Covering Chief Business Officer, Business Division, Agrobank
- Department Head, Channel and Distribution Department, Agrobank
- Department Head, Credit Approval (Consumer & Micro Finance) Department, Agrobank
- Department Head, Credit Approval (SME/Retail) Department, Agrobank
- Department Head, Branch Management Department, Agrobank
- Regional Director, Region 2 (Selangor, KL & Negeri Sembilan), Agrobank
- Regional Manager, Regional Office Perak, Agrobank
- Department Head, Business Process Re-Engineering Department, Agrobank

- Department Head, Supervision & Workforce Planning Department, Agrobank
- Department Head, Business Planning & Performance Monitoring Department, Agrobank
- Department Head, Branch Network Department, Agrobank
- Senior Officer, Corporate Strategic Planning, Bank Pertanian Malaysia
- Senior Officer, Internal Audit Department, Bank Pertanian Malaysia
- Branch Manager for Labuan, Labis and Muar, Bank Pertanian Malaysia
- Business Officer, Business Division Agrobank

RESPONSIBILITIES:

- Achieve the Bank's financial targets as per approved Business Plan.
- Oversee and manage the portfolio of Business Division assets and liabilities, including prioritisation of asset reviews and wallet sizing.
- Develop, maintain, grow, and enhance customer experience and relationships.
- Maintain business networking with government agencies, private sector, and other banking institutions.
- Active engagement and collaboration with NGOs, societies, and industry players to promote the Bank's products and services to communities involved in agricultural activities.

- Ensure emphasis of Environmental, Social and Governance (ESG) by large corporates is aligned with applicable government agencies and are focused on revitalising the agricultural sector.
- Develop, lead, and manage business strategies and tactical business plans, enabling the transformation of the agricultural sector and agrobanking industry.
- Oversee and lead key sub functions under Business Division: Corporate Banking, Enterprise Banking (SME), Micro Business, Contract Financing, Channel & Distribution, and Asset Quality Management.
- Oversee the effectiveness of business operations and ensure the rules and regulations are complied with.
- Ensure all units under Business Division are provided with continuous development opportunities to enhance their knowledge and capabilities.

MANAGEMENT COMMITTEE PROFILE

**MOHAMAD TAUFIK MAHAMAD ZAKARIA**

Chief Strategy Officer

Date Appointed: 6 April 2018

QUALIFICATIONS:

- Chartered Professional in Islamic Finance (CPIF)
- Fellow of Association of Chartered Certified Accountants (ACCA)
- Chartered Accountant (Malaysian Institute of Accountant [MIA])
- Bachelor of Accountancy (Hons), University Tenaga Nasional (UNITEN)

PREVIOUS POSITION IN AGROBANK:

- Chief Transformation Officer
- Head, Corporate & Strategic Planning Department

PREVIOUS POSITIONS HELD:

- Senior Supervisor, Bank Negara Malaysia (BNM)

RESPONSIBILITIES:

- Advise the Management and Board in setting strategic direction to improve the Bank's positioning and organisational capabilities towards delivering its mandate and business objectives.
- Develop the Bank's strategic plans and oversee the implementation of projects and initiatives to ensure the achievements of strategic outcomes.
- Manage the development of new business capabilities through delivery of high impact strategic projects to strengthen Agrobank's positioning in the industry.
- Ensure all initiatives and projects are implemented effectively and aligned to the Bank's desired outcome under its Strategic Business Plan.
- Manage the preparation and delivery of information and analysis on the latest developments in the economic and agriculture subsectors through the Economic and Industry Research Department (EIRD) as guidance to the Bank's Management in decision-making.
- Develop the Bank's strategic direction and supporting strategies for implementing sustainability projects and initiatives across the Bank to integrate sustainability consideration in its decision-making process.
- Manage the development of transformative new business models and capabilities that deliver new competitive advantages through strategic high-impact projects.
- Manage the development of economic and industry insights that are used to facilitate better strategic decision-making by the management and Board.
- Drive the development and operationalisation of the Bank's sustainability agenda through strategic projects and initiatives.
- Ensure all strategic projects and initiatives are aligned with the Bank's Strategic Business Plan 2021-2025 (SBP 2021-2025) which guides the 5-year strategic direction and developmental priorities of the Bank.
- Oversee the development and execution of the Bank's overall SBP 2021-2025.
- Drive the development and execution of the Bank's digital strategy.
- Lead key improvements in how the Bank operates through business process re-engineering.
- Advise the Management and Board on the competitive environment, and recommend and execute suitable strategies to improve the Bank's unique value proposition.

ELINA AHMAD

Chief Compliance Officer

Date Appointed: 1 May 2020

**QUALIFICATIONS:**

- Chartered Professional in Islamic Finance (CPIF)
- Certified Integrity Officer (CeIO)
- Bachelor of Accountancy (Hons), Universiti Tenaga Nasional (UNITEN)

PREVIOUS POSITION IN AGROBANK:

- Acting Chief Compliance Officer
- Head, Corporate & Strategic Planning Department
- Head, Branch Management Department

PREVIOUS POSITIONS HELD:

- Covering Deputy Director, Banking Supervision Department, Bank Negara Malaysia (BNM)
- Relationship Manager, Banking Supervision Department, BNM
- Manager, Financial Intelligence Department, BNM
- Audit Associate, PricewaterhouseCoopers (PwC)

RESPONSIBILITIES:

Positioning of the Bank:

- Lead the development of strategic compliance planning in line with the Bank's vision, mission and values.
- Identify and assess key compliance risks associated with the Bank's business activities and systematically monitor the level of compliance risk.
- Evaluate the adequacy and effectiveness of internal controls that are in place in adhering to regulatory requirements and ensure appropriate remediation plans address any deficiencies identified.
- Provide advice to the Board of Directors, senior management and officers on regulatory requirements and their implications on the Bank's business operations.
- Lead and manage the governance and compliance functions including providing supervision to the respective Embedded Compliance Officer (ECO) and Functional Compliance Officer (FCO) of business lines.
- Drive and promote the compliance and governance culture initiatives, including ethics and business conducts' best practices.
- Drive the development of compliance-related training strategies enabled through strategic collaborations between business lines and subject matter experts in governance/compliance.
- As the highest level of authority in governance/compliance, assume the role of key participant in senior-level meetings on business strategies or operational matters.
- Establish and maintain constructive relationships with regulatory authorities and other relevant institutions.

- Lead the design and implementation of anti-bribery and anti-corruption (ABAC) programme.
- Provide advice to the Board of Directors and senior management on compliance and obligations to anti-bribery and anti-corruption requirements for the Bank's best practice.
- Lead the formulation of anti-bribery and anti-corruption policy and other appropriate controls to address risks and issues on bribery and corruption.
- Drive and promote high integrity culture through anti-bribery and anti-corruption initiative.
- Provision of antibribery and anti-corruption communication and training to keep abreast of any changes in laws and regulations governing anti-bribery and anti-corruption.

ADDITIONAL INFORMATION:

- Implement an efficient complaint management system to address integrity and misbehaviour amongst the Bank's staff.
- Acts as an intermediary for regulatory agencies and the Bank's management in fostering good practices related to anti-corruption.

MANAGEMENT COMMITTEE PROFILE

**HUSSIEN MULLAR**

Chief Risk Officer

Date Appointed: 15 November 2023

QUALIFICATIONS:

- Chartered Professional in Islamic Finance (CPIF)
- Bachelor Degree in Economics (Hons), University Malaya, Malaysia
- Institute of Enterprise Risk Practitioners Professional Certificate in Enterprise Risk Management (ERM) | Malaysia Certified Enterprise Risk Manager (ERM®) (2017)
- Certified Credit Professionals (CCP), IBBM (partial) (2012)

PREVIOUS POSITIONS HELD:

- Director/Head, MIND & Sustainability, Group CEO's Office, Bank Pembangunan Malaysia Berhad
- Vice President/Head, Risk Strategy & Analytics, Group Risk Management, Bank Pembangunan Malaysia Berhad
- Chief Risk Officer, Export Import Bank of Malaysia Berhad
- Chief Representative – Regional Office South (Johor) Malaysia Export Credit Insurance Berhad (MECIB)

RESPONSIBILITIES:

- Maximise returns based on effective risk management (measured by acceptable asset quality, loss caused by operational, market and liquidity risk and capital adequacy).
- Monitor market conditions and make recommendations for strategic changes in business operations based on emerging risks.
- Creating comprehensive risk assessments of the company's activities, identifying potential risks and mitigation strategies, and monitoring risk levels over time.
- Provide independent assessment, advisory and consultation services to business units, support units, senior management, and Board of Directors.
- Develop/review/update risk strategy, framework, policy, initiatives, and processes.
- Develop and coach department heads to continuously improve their competencies and be specialists through combination of inhouse and external learning programmes.
- Evaluate business units, support units, management, and Board of Directors of the Bank's risk profile.
- Recognise the potential threats to operational efficiency and financial stability of the organisation.
- Analyse data and present recommendations regarding new products or services that may pose risks to the company or its consumers.

KAMARUDIN SAMSUDIN

Chief Internal Auditor

Date Appointed: 1 March 2023

**QUALIFICATIONS:**

- Master in Business Administration (Finance), University Putra Malaysia
- Bachelor of Science in Accounting, Purdue University, USA
- Certified Credit Professional (CCP), IBBM
- Certified Anti-Money Laundering & Counter Financing of Terrorism Compliance Officer (CAMCO), Asian Banking School (ABS)
- Certified Risk Professional (CRP), USA
- Associate Qualification in Islamic Finance (IBFIM)

PREVIOUS POSITIONS HELD:

- Chief Compliance Officer, Export-Import Bank of Malaysia Berhad (EXIM Bank)
- Chief Internal Auditor, Malaysia Building Society Berhad (MBSB)
- Head of Credit Audit Department, RHB Bank
- Head of Network Operations Audit Department, RHB Bank

RESPONSIBILITIES:

- Responsible for the provision of internal audit services to Agrobank which are in line with the Guidelines on Minimum Audit Standards for Internal Auditor of Financial Institutions (BNM/RH/GL013-4) and The International Professional Practices Framework (IIA).
- Strategise, lead, organise and control the overall internal audit functions and realign audit strategies in accordance to the Bank's Strategic Business Plan.
- Continuously assess the adequacy and integrity of the Bank's internal control systems covering financial, operational and credit risk management, governance and compliance with applicable laws, regulations, rules, directives and guidelines.
- Provide reasonable assurance and insight to stakeholders on effectiveness and efficiency of governance, risk management and internal control processes.
- Formulate and enhance audit approaches/ methodologies to suit the dynamic environment and risks faced by the Bank.
- Become the catalyst/change agent in inculcating a Bank-wide risk and compliance culture with a more definitive role.

STATEMENT OF CORPORATE GOVERNANCE

Agrobank prioritises corporate governance to maintain business prosperity, integrity, sustainable value, and corporate identity. As a Development Financial Institution (DFI), the Board of Directors of Agrobank adheres to the principles in the Policy Document on Corporate Governance for DFI by Bank Negara Malaysia (BNM CG Policy), the Malaysian Code on Corporate Governance 2021 (MCCG 2021), the Development Financial Institution Act 2002 (DFIA 2002), and the Companies Act 2016 (CA 2016) (Collectively referred as Guidelines).

The Board is committed to the highest standards of corporate governance to ensure Agrobank and its subsidiaries operate safely and soundly. This includes balancing business prudence with risk considerations, protecting against fraudulent activities, and meeting socioeconomic objectives while ensuring financial sustainability.

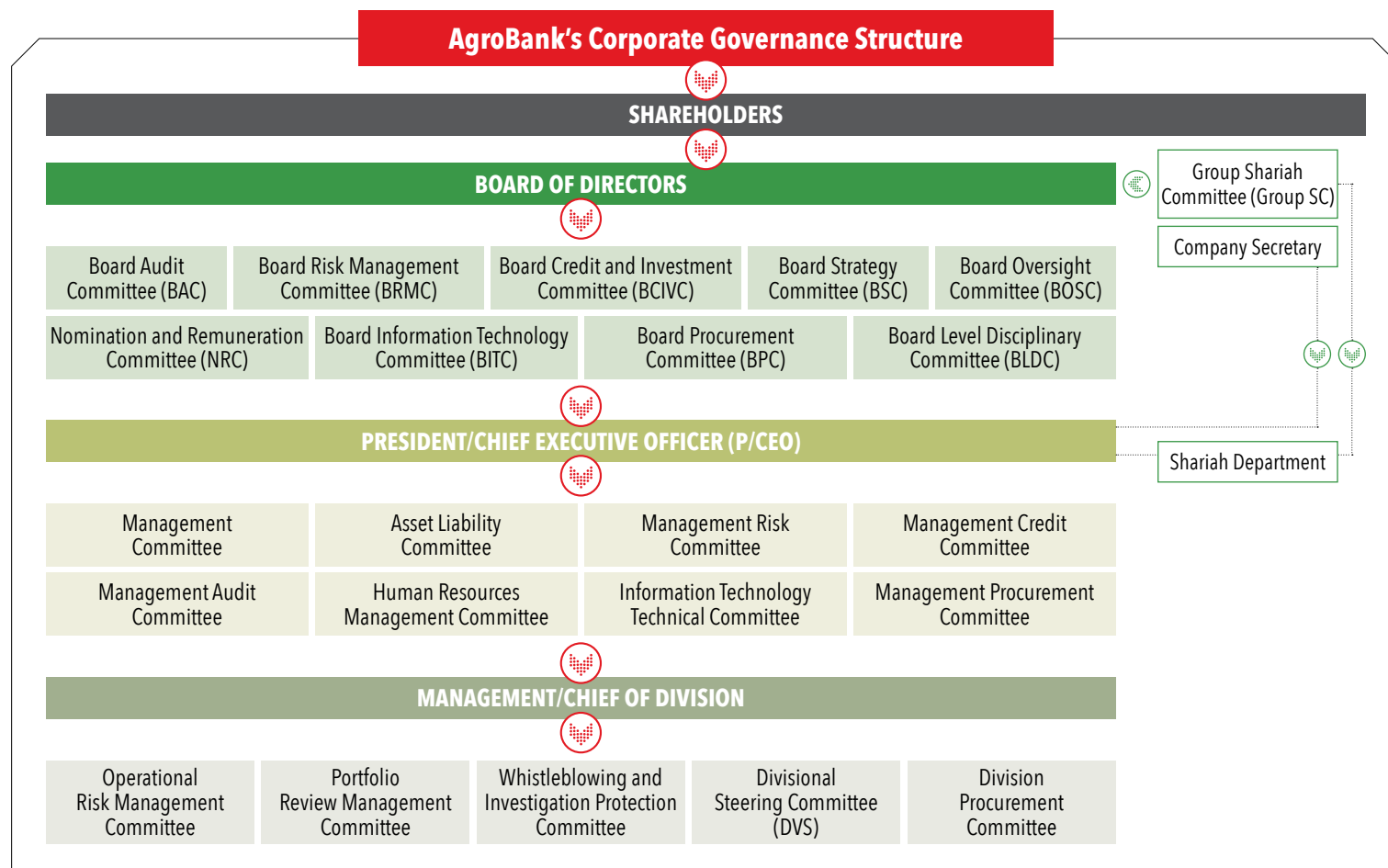
Robust corporate governance practices are essential for the Group to execute its fiduciary duties through values, structures, policies, and procedures. The objectives are to achieve long-term shareholder value while operating transparently, ethically, fairly, and responsibly, in compliance with all relevant laws and regulations.

CORPORATE GOVERNANCE STRUCTURE

The Group emphasises a robust corporate governance framework embedded in its culture, operations, and adherence to regulations. This framework aims to create positive and sustainable impacts on customers, suppliers, employees, communities, and the environment, aligning with the value-based intermediation (VBI) approach.

To protect shareholders' and stakeholders' interests, the Group regularly evaluates and enhances its governance structure. The Board adopts policies and practices that align the interests of the Board, Management, shareholders, and stakeholders, ensuring ethical conduct and risk management across the organisation.

Agrobank's governance structure includes the Board and Management Committees, with the flexibility to establish other committees as needed to fulfil specific roles and responsibilities.



Agrobank has a strong corporate governance structure supported by internal rules and procedures, ensuring efficient processes and clear delegation of responsibilities. The Board oversees overall and risk strategies, supported by various committees such as the Board Credit and Investment Committee, Board Risk Management Committee, Board Audit Committee, Board Information Technology Committee, Nomination and Remuneration Committee, Board Strategy Committee, Board Procurement Committee, Board Level Disciplinary Committee, and Board Oversight Committee. These committees enhance the Board's effectiveness and promote open discussions.

The governance structure clearly defines the roles and responsibilities of the Board and Management, promoting transparency and mutual trust. The senior management team, including the President/Chief Executive Officer (P/CEO), Chief Finance Officer, Chief Business Officer, Chief Development Officer, Chief Strategy Officer, Chief Credit Officer, Chief Operations Officer, Chief People Officer, Chief Risk Officer, Chief Compliance Officer, and Chief Internal Auditor, are responsible for implementing the Board's decisions and carrying out their roles.

Agrobank's corporate governance structure is designed to match the organisation's nature, size, and complexity. The Board acknowledges the evolving global environment, regulatory changes, and increasing focus on stakeholder engagement and accountability, committing to continuously improving its corporate governance framework to align with best practices and external factors.

BOARD COMPOSITION, BALANCE AND BOARD INDEPENDENCE

The Board consists of eight members: one Independent Non-Executive Chairman, five Independent Non-Executive Directors (INEDs) and two Non-Independent Non-Executive Directors (NINEDs). In 2024, there were no new appointments, one re-appointment and one resignation. The profiles of each director are detailed in this Annual Report. The current Board members are:

DATUK YUNOS ABD GHANI

Independent Non-Executive Chairman
(Appointed w.e.f 12 November 2022)

DATUK LOKMAN HAKIM ALI

Non-Independent Non-Executive Director
(Appointed w.e.f 4 December 2023)
(Resigned w.e.f 23 September 2024)

DATUK DR. AHMAD KUSHAIRI DIN

Independent Non-Executive Director
(Appointed w.e.f 17 November 2020)

MOHD HANIF MASTUKI

Non-Independent Non-Executive Director
(Appointed w.e.f 13 July 2022)

RIZLEEN MOKHTAR

Independent Non-Executive Director
(Appointed w.e.f 1 August 2022)

WAN ZAMRI WAN ZAIN

Independent Non-Executive Director
(Appointed w.e.f 2 February 2023)

MOHAMED IQBAL MOHAMED IQBAL

Independent Non-Executive Director
(Appointed w.e.f 2 February 2023)

DATIN ARLINA ARIFF

Independent Non-Executive Director
(Appointed w.e.f 30 August 2023)

INEDs play a crucial role in ensuring a balanced decision-making process at Agrobank. Their primary responsibility is to prevent potential conflicts of interest between the policy-making function and the day-to-day management of the Bank. INEDs are also expected to provide impartial and independent viewpoints, advice, and judgments on Management's proposals to ensure that Agrobank operates safely and soundly and to bring fresh perspectives to improve the effectiveness of the Board.

The NINEDs represent the interests of Ministry stakeholders on the Agrobank Board, including MoF Inc. and the Ministry of Agriculture and Food Security ("MAFS"). They have the same duties and responsibilities as other Board members, focusing on the best interests of Agrobank while also considering the interests of customers and depositors in line with Agrobank's approved mandate. In the event of a conflict between their duty to Agrobank and their duty to the stakeholder Ministry they represent, their duty to Agrobank takes precedence.

The current Board composition complies with the requirements of the BNM CG Policy, which mandates that a majority of Board members be INEDs and that at least three (3) directors have finance-related or accounting experience. As a result, the Board as a whole possesses a well-balanced mix of core competencies in finance, accounting, business management, information technology, investment management, and agriculture, as well as knowledge of Agrobank's target markets and sectors.

BOARD DIVERSITY

Agrobank values diversity in its board composition, considering gender, age, cultural and educational background, ethnicity, professional experience, skills, and knowledge. This diversity brings varying perspectives to the Board's deliberations. The Nomination and Remuneration Committee will continue to consider candidates of different genders, ethnicities, and ages with the appropriate skills, experience, and characteristics during the selection process.

STATEMENT OF CORPORATE GOVERNANCE

ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

Roles and Responsibilities of the Board

The Board of Agrobank is responsible for guiding the Bank in relation to corporate governance, strategic directions and objectives, key personnel decisions, major capital expenditures, risk management, annual budgets, meeting agreed key performance indicators (KPIs), and compliance obligations. Since its transformation into an Islamic bank in July 2015, the Board also oversees Shariah governance and compliance.

The Board is chaired by DATUK YUNOS ABD GHANI, an Independent Non-Executive Chairman. The Board maintains confidence in his suitability for the position, considering his extensive industry experience. The Nomination and Remuneration Committee will consistently assess the Board's composition and seek appropriate independent directors to align with the MCCG 2021.

The Board Charter outlines the roles and responsibilities of the Board, outlining Agrobank's mandate, responsibilities, and procedures for the Board and its Committees, including:

- Supervising Agrobank's operations to ensure sound management and protect depositors' and stakeholders' interests.
- Overseeing the development and implementation of Agrobank's business objectives and strategies.
- Implementing Agrobank's governance framework considering changes in the financial landscape and regulations materially impacting Agrobank's business strategies and operations.
- Establishing Agrobank's risk appetite based on recommendations by senior management.
- Ensuring Agrobank is governed by robust policies, including the capital adequacy, liquidity plans, compliance policies and internal control system.

The Board's main responsibilities include corporate governance, management oversight, risk governance, Shariah governance, business operations and financial performance.

The Board's role is also to establish ethical values and ensure Agrobank's successful operation and long-term growth.

Roles and Responsibilities of the Chairman and P/CEO

The responsibilities of the Chairman and P/CEO of Agrobank are distinctly segregated to maintain a balance of power and authority. The Chairman, nominated by shareholders, serves in an independent, non-executive capacity, while the P/CEO, who holds the highest executive position, is not a Board member.

The Chairman leads the Board, ensuring decisions are made through consensus or majority will, based on sound information. He facilitates open discussions, allowing for dissenting views, and ensures senior management's activities align with Agrobank's objectives.

The P/CEO oversees day-to-day operations, develops strategic direction, implements business plans and corporate policies and responds to Board decisions and direction. He provides strong leadership, communicates the vision and strategies to employees, and keeps the Board informed about important operational aspects. The P/CEO must demonstrate integrity and transparency in financial management, ensure ethical business activities and develop a succession plan for critical positions.

BOARD COMMITTEES

The Board is supported by nine Board Committees to ensure thorough oversight and in-depth discussion of internal controls, risk management, performance, and the nomination of key positions. While the Board delegates certain functions to these Committees, it retains ultimate responsibility for their decisions.

The nine Board Committees are as follows:

- Board Credit and Investment Committee (BCIVC);
- Board Risk Management Committee (BRMC);
- Board Audit Committee (BAC);
- Nomination and Remuneration Committee (NRC);
- Board Information Technology Committee (BITC);
- Board Strategy Committee (BSC);
- Board Procurement Committee (BPC);
- Board Level Disciplinary Committee (BLDC); and
- Board Oversight Committee (BOSC).

(Establishment Date: 30 March 2023, Dissolution Date: 26 January 2024)

Each Board Committee operates within clearly defined parameters as set out in the Terms of Reference (TOR) to assist the Board in carrying out its duties. After each meeting, the respective Committee Chairman reports on the Committee's activities and escalates pertinent discussions, decisions, and recommendations to the Board during monthly Board meetings. The minutes of each Board Committee meeting are also tabled to the Board to keep all directors informed of the deliberations and resolutions made. Committees communicate their decisions to the Board and submit their recommendations for approval when applicable.

During Board Committee meetings, both Committee members and Management representatives attend. The Committee may seek independent professional advice from experts on technical matters as needed.

BOARD CREDIT AND INVESTMENT COMMITTEE (BCIVC)

The BCIVC makes decisions on transactions exceeding the Management Credit Committee's (MCC) authority and ensures quality control in Agrobank's financing, reporting and compliance process. Its roles include:

- Reviewing and evaluating financing proposals beyond the MCC's authority and recommending them to the Board.
- Discussing financial matters and investments needing Board approval.
- Reviewing and revising strategic financing and lending proposals for sustained profitability and seeking Board endorsement.
- Evaluating and proposing equity investments requiring Board approval.
- Monitoring Agrobank's investment portfolio performance and recommending actions.
- Assessing and managing the performance of Agrobank's fund managers, brokers, and other representatives.

BCIVC consists of four Non-Executive Directors and is chaired by an INED appointed by the Board. The members of the BCIVC are as follows:

Name of Director	Designation	No. of Meetings Attended
Rizleen Mokhtar	Chairman	17/17
Datuk Dr. Ahmad Kushairi Din	Member	17/17
Mohamed Iqbal Mohamed Iqbal	Member	17/17
Datin Arlina Ariff	Member	16/17

* Reflects the number of meetings attended during the Director's tenure

BOARD RISK MANAGEMENT COMMITTEE (BRMC)

The BRMC approves Agrobank's risk strategy, including risk appetite, and oversees its execution. It is responsible for establishing a robust enterprise-wide risk management framework and providing guidance for risk-taking activities. The BRMC reviews and monitors compliance with Agrobank's risk appetite and makes recommendations to the Board.

The BRMC's responsibilities include reviewing the effectiveness of enterprise risk management, covering strategic, credit, market, compliance, and operational risks. It also oversees risk policies and all risk-related issues.

The BRMC's scope includes:

- Recommending risk management vision, objectives, strategies, and risk tolerance to the Board, and reviewing risk frameworks and management policies and procedures.
- Approving risk management strategies recommended by the Management Risk Committee (MRC).
- Reviewing periodic risk reports from Management on portfolio positions, risk management activities and the actions taken to identify, measure, monitor, and control risks.

- Assessing Agrobank's internal and regulatory capital levels and the key risk factors affecting its capital adequacy.
- Approving the appointment of external consultants and advisors for risk management system infrastructure and technical matters as and when required.
- Approving the appointments and assessing the performance of the Chief Risk Officer and Chief Compliance Officer.
- Ensuring compliance with requirements set by BNM and other regulatory bodies.
- Approving Shariah risk-related matters and the action plans to correct Shariah non-compliance.

The BRMC comprises three Non-Executive Directors and is chaired by an INED appointed by the Board.

Members of the BRMC are as follows:

Name of Director	Designation	No. of Meetings Attended
Wan Zamri Wan Zain	Chairman	11/11
Mohamed Iqbal Mohamed Iqbal	Member	11/11
Datuk Dr. Ahmad Kushairi Din	Member	11/11

* Reflects the number of meetings attended during the Director's tenure

BOARD AUDIT COMMITTEE (BAC)

The BAC oversees the Group's accounting policies, internal controls, risk management, and financial reporting processes, ensuring the accuracy and timeliness of financial statements before reporting to the Board. It ensures the effectiveness of whistleblowing policies for reporting financial misconduct.

The BAC evaluates the internal audit function, approves the appointment and assesses the performance of the Chief Internal Auditor and ensures sufficient resources and access to information for effective audits. It reviews internal audit activities, findings, and recommendations, ensuring appropriate actions are taken.

The BAC's responsibilities include:

- Reviewing all third/related party transactions and informing the Board of such transactions.
- Reviewing procedures for employees to confidentially report potential wrongdoings in financial reporting or other matters and ensuring fair investigations.
- Recommending the appointment, re-appointment and removal of the Group's external auditor.
- Overseeing the relationship with external auditors, including approving their remuneration and terms of engagement.
- Approving the provision of any non-audit service by external auditors.
- Approving the annual audit plan and reviewing the findings of external auditors.

The BAC consists of three Non-Executive Directors and is chaired by an INED appointed by the Board. At least one Committee member should have accounting experience in finance.

STATEMENT OF CORPORATE GOVERNANCE

The BAC's composition is listed below:

Name of Director	Designation	No. of Meetings Attended
Mohamed Iqbal Mohamed Iqbal	Chairman	14/14
Mohd Hanif Mastuki	Member	14/14
Rizleen Mokhtar	Member	14/14

* Reflects the number of meetings attended during the Director's tenure

NOMINATION AND REMUNERATION COMMITTEE (NRC)

The NRC identifies and recommends candidates for the Board, Board Committees, and Management positions. It assesses the effectiveness and performance of individual directors, the Board, the Group Shariah Committee (Group SC), P/CEO, Company Secretary, and senior management. The NRC ensures Board members have the necessary skills and experience, establishes minimum skill set requirements, and confirms the 'Fit and Proper' criteria for each director. It also reviews the Board's size and composition to ensure an effective mix of talents.

The NRC aims for diverse representation in its composition by appointing INEDs from various industries. It assists the Board in creating fair and transparent policies for human resources and compensation for directors, P/CEO, and senior management, ensuring packages are based on merit, qualifications, and performance.

The NRC's key responsibilities include:

- Oversee the Board's composition, ensuring an appropriate size and a mix of skills, experience, and core competencies.
- Recommend the removal of directors, Group Shariah Committee, P/CEO, or senior management if they are no longer Fit and Proper or found to be ineffective, errant, or negligent.
- Establish and recommend a formal mechanism for assessing the performance of the Board, each director's contribution to the effectiveness of the Board, the contribution of the Board's committees, and the performance of the P/CEO and senior management.
- Ensure all directors receive continuous training to stay updated on industry developments.
- Oversee and delegate Fit and Proper assessments to the P/CEO or designated committee, appointment decisions, management succession planning, and performance evaluation of senior management.
- Assess the fitness and suitability of the Company Secretary and recommend his/her appointment and dismissal.
- Recommend the remuneration framework and specific compensation packages for directors, the Group Shariah Committee, P/CEO, and senior management for the Board's approval.

Key activities undertaken by the NRC during FY2024 included:

- Reviewing the size, composition and effectiveness of the Board.
- Recommending P/CEO's KPIs;
- Recommending remuneration review, annual increment and performance bonus for employees.

The NRC consists of four Non-Executive Directors and is chaired by an INED appointed by the Board. The members are as follows:

Name of Director	Designation	No. of Meetings Attended
Wan Zamri Wan Zain	Chairman	16/16
Mohd Hanif Mastuki	Member	15/16
Datin Arlina Ariff	Member	15/16
Rizleen Mokhtar	Member	14/15* (Appointed as Member w.e.f 18 December 2023)

* Reflects the number of meetings attended during the Director's tenure

BOARD INFORMATION TECHNOLOGY COMMITTEE (BITC)

The BITC provides oversight and direction for the Group's Information Technology (IT) strategy, advising on priorities, making strategic decisions, and ensuring compliance.

The BITC's roles and responsibilities are as follows:

- Providing strategic direction for IT management and aligning the IT plan with the Group's business plan.
- Reviewing and approving IT strategic investments and policies to ensure effective internal controls and reliable management information systems.
- Ensuring the adoption of effective policies to identify, measure, monitor, and control IT risks.
- Undertaking duties as directed by the Board.
- Approving the appointment of external consultants and advisors for risk management and technical matters.

The BITC consists of five Non-Executive Directors and is chaired by an INED appointed by the Board. Details of the BITC members are as follows:

Name of Director	Designation	No. of Meetings Attended
Datuk Dr. Ahmad Kushairi Din	Chairman	4/4
Wan Zamri Wan Zain	Member	4/4
Mohd Hanif Mastuki	Member	4/4
Mohamed Iqbal Mohamed Iqbal	Member	4/4
Datuk Lokman Hakim Ali	Member	1/3* (Appointed as a Member w.e.f 18 December 2023) (Resigned as a Director w.e.f 23 September 2024)

* Reflects the number of meetings attended during the Director's tenure

BOARD STRATEGY COMMITTEE (BSC)

The BSC reviews, recommends, and aligns the Group's strategic plans, business plans, and budgets for Board approval.

The BSC's roles and responsibilities of BSC are:

- Ensuring decisions, strategic matters, business plans, and budgets are effectively implemented and monitored by Management, adhering to good corporate governance practices.
- Overseeing the implementation and monitoring of the Board's decisions, providing strategic guidance as delegated by the Board.
- Exercising authority in the best interest of the Group to achieve its strategies and objectives.
- Developing, reviewing, and discussing strategic matters with Management.

The BSC recommends or makes decisions on matters consistent with Board decisions, including:

- Reviewing and guiding the implementation and monitoring of strategies.
- Reviewing strategic plans, budgets, capital strategy, and the Group's resources in pursuit of the strategies.
- Evaluating medium- and long-term strategic outcomes proposed by the Management.
- Assessing potential investments, mergers, acquisitions, sustainability, mandate demonstration, and divestment of business/assets.
- Evaluating management reports on significant initiatives.
- Monitoring and evaluating political, economic and business conditions and developments in the financial markets, discussing potential impacts with Management.

The BSC consists of five Non-Executive Directors and is chaired by an INED appointed by the Board. Details of the BSC members are as follows:

Name of Director	Designation	No. of Meetings Attended
Datin Arlina Ariff	Chairman	10/10
Mohamed Iqbal Mohamed Iqbal	Member	9/9* <i>(Appointed as Member w.e.f 31 July 2024)</i>
Wan Zamri Wan Zain	Member	10/10
Datuk Lokman Hakim Ali	Member	5/7* <i>(Appointed as a Member w.e.f 18 December 2023) (Resigned as a Director w.e.f 23 September 2024)</i>
Datuk Dr. Ahmad Kushairi Din	Member	10/10

* Reflects the number of meetings attended during the Director's tenure

BOARD PROCUREMENT COMMITTEE (BPC)

Established in December 2022, the BPC's role and responsibilities include:

- Reviewing and strengthening the Group's procurement policy, including the BPC's authority and approval limit (AAL Matrix) approved by the Board.
- Approving the tendering process and selection of successful tenderers for both closed and open tenders within the BPC's AAL Matrix.
- Performing other duties as assigned by the Board.

The BPC consists of five Non-Executive Directors, and is chaired by an INED appointed by the Board. The BPC members are as follows:

Name of Director	Designation	No. of Meetings Attended
Datuk Dr. Ahmad Kushairi Din	Chairman	5/5
Rizleen Mokhtar	Member	5/5
Mohd Hanif Mastuki	Member	5/5
Datin Arlina Arif	Member	4/5
Datuk Lokman Hakim Ali	Member	2/3* <i>(Appointed as a Member w.e.f 18 December 2023) (Resigned as a Director w.e.f 23 September 2024)</i>

* Reflects the number of meetings attended during the Director's tenure

BOARD OVERSIGHT COMMITTEE (BOSC)

Established on 30 March 2023, the BOSC supported the Board in ensuring the efficient implementation and monitoring of the Internal Governance and Control Environment Plan by Agrobank's Management, as reported by PwC Consulting Associates (M) Sdn Bhd on 11 November 2022 (IGCE Plan). Having completed its objective, the BOSC was dissolved on 26 January 2024.

The roles and responsibilities of BOSC were as follows:

- Providing strategic direction for the Bank, overseeing the IGCE Plan's implementation and monitoring, and making decisions as needed.
- Evaluating the Management's progress on action plans and providing recommendations to the Board.
- Supervising Management decisions requiring P/CEO approval.
- Making recommendations to the Board on relevant matters.

STATEMENT OF CORPORATE GOVERNANCE

The BOSC consisted of four Non-Executive Directors and was chaired by an INED appointed by the Board. Details of the BOSC members were as follows:

Name of Director	Designation	No. of Meetings Attended
Wan Zamri Wan Zain	Chairman	1/1
Mohamed Iqbal Mohamed Iqbal	Member	1/1
Rizleen Mokhtar	Member	1/1
Datin Arlina Ariff	Member	1/1

* Reflects the number of meetings attended during the Director's tenure

BOARD LEVEL DISCIPLINARY COMMITTEE (BLDC)

The BLDC supports the Board in governance focusing on disciplinary matters for Chief Level positions (C-Suite) at the Bank, and its duties include:

- Recommend actions on conduct and disciplinary matters involving C-Suite positions.
- Suggest appropriate punishment based on employee responses to show cause letters and Domestic Inquiry findings.
- Conduct disciplinary hearings and address alleged misconduct.
- Recommend punishment considering the offence's seriousness, legal provisions, employee's past record, and other mitigating factors.
- Suggest actions guided by the Disciplinary Matrix as per PL-98/12 Policy on IR Good Practice, within the range of current policies and procedures.
- Present recommendations to the Board for approval.
- Maintain confidentiality of all information, except as required by law or internal policies.
- Perform necessary actions in compliance with applicable laws and internal policies.

The BLDC consists of four Directors. The details of BLDC members are as follows:

Name of Director	Designation	No. of Meetings Attended
Datin Arlina Ariff	Chairman	0/0
Mohamed Iqbal Mohamed Iqbal	Member	0/0
Mohd Hanif Mastuki	Member	0/0
Rizleen Mokhtar	Member	0/0

Note:

BLDC meeting will be held as and when necessary. No meeting was conducted for year 2024.

MEETINGS FREQUENCY AND ATTENDANCE

The Board and Board Committees meet regularly as per the Board Charter and respective TORs, with members expected to actively participate in each meeting. Additional meetings can be requested as needed. During FYE 2024, the following meetings were conducted:

Meeting	Minimum Frequency	Number of Meetings Held
BOD	10 times/year	17 meetings, including 6 special meetings
BAC	Once every 2 months	14 meetings, including 7 special meetings
BRMC	Monthly	11 meetings
BCIVC	Monthly	17 meetings, including 6 special meetings
NRC	Quarterly	14 meetings, including 9 special meetings
BITC	Quarterly	4 meetings
BSC	Quarterly	10 meetings, including 6 special meetings
BPC	As and when	1 meeting



The Board members' attendance of the Board meetings of Agrobank during the FYE 2024 are provided below. Attendance in bold indicates Chairmanship:

Board Members	BOD	BAC	BRMC	BCIVC	NRC	BITC	BSC	BPC	BOSC
Datuk Yunos Abd Ghani ¹	15/15	-	-	-	-	-	-	-	-
Datuk Lokman Hakim Ali ²	9/12	-	-	-	-	1/3	5/7	2/3	-
Datuk Dr. Ahmad Kushairi Din ³	17/17	-	11/11	17/17	-	4/4	10/10	5/5	-
Datin Arlina Ariff ⁴	16/17	-	-	16/17	15/16	-	10/10	4/5	1/1
Rizleen Mokhtar ⁵	16/17	14/14	-	17/17	14/15	-	-	5/5	1/1
Mohd Hanif Mastuki ⁶	14/17	14/14	-	-	15/16	4/4	-	5/5	-
Wan Zamri Wan Zain ⁷	17/17	-	11/11	-	16/16	4/4	10/10	-	1/1
Mohamed Iqbal Mohamed Iqbal ⁸	17/17	14/14	11/11	17/17	-	4/4	9/9	-	1/1
Total Meeting Held in FY2024	17	14	11	17	16	4	10	5	1

1. Appointed as Director on 17 December 2021. Appointed as Chairman on 12 November 2022.
2. Appointed as Director on 4 December 2023. Ceased to be a Director on 23 September 2024.
3. Appointed as Director on 17 November 2020.
4. Appointed as Director on 30 August 2023.
5. Appointed as Director on 1 August 2022.
6. Appointed as Director on 13 July 2022.
7. Appointed as Director on 2 February 2023.
8. Appointed as Director on 2 February 2023.

BOARD OVERSIGHT ON SHARIAH MATTERS

In line with efforts to support the Board's oversight function and foster effective communication between the Shariah Committee and the Board, the confirmed Minutes of Meetings of the Shariah Committee outlining significant decisions and discussions have been escalated to the Board for notification and attention.

As part of the initiative to strengthen interaction between the Shariah Committee and the Board, two (2) engagement sessions were organised, bringing together the Board and Shariah Committee members to discuss identified and selected matters for the year 2024.

BOARD'S REMUNERATION

The Board's remuneration package for Non-Executive Directors and Non-Executive Chairman aligns with their roles and responsibilities at both the Board and Board Committees. It follows the *Garis Panduan Tadbir Urus dan Ahli Lembaga Pengarah Syarikat Menteri Kewangan (Diperbadankan) [MKD]* 2024 and directives issued by MoF Inc. The total remuneration for directors in FYE 2024 is detailed on pages 305-308.

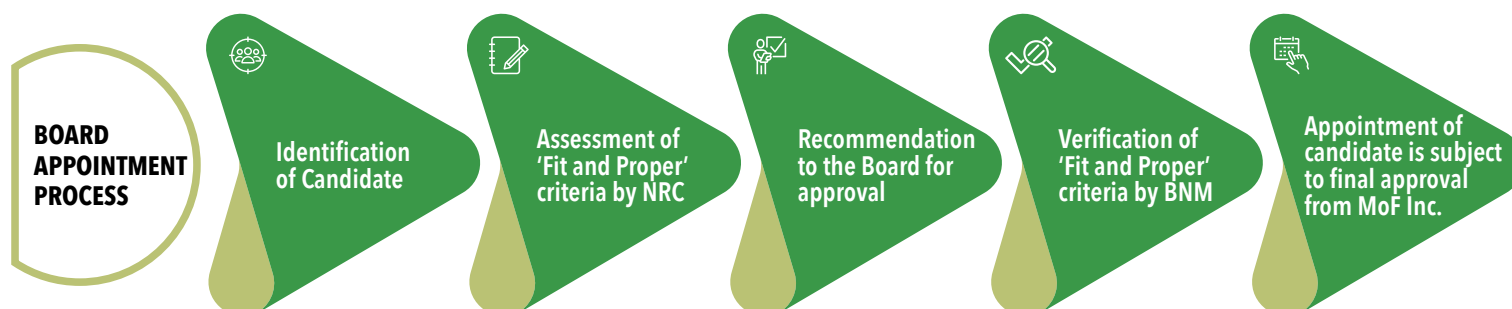
The NRC annually reviews the executive director's performance to determine their remuneration, bonus, and other benefits, linking it to performance objectives set by the Board. The Board as a whole reviews the remuneration of Non-Executive Directors to ensure it aligns with market standards and their duties.

STATEMENT OF CORPORATE GOVERNANCE

BOARD APPOINTMENT AND BOARD SUCCESSION PLAN

The appointment process for Agrobank directors is transparent and follows local laws and regulations. Each appointment is subject to the Bank's Constitution, verification by BNM, and approval by MoF Inc. as per Section 6(1) DFIA 2002.

The NRC oversees the appointment process. The diagram below illustrates the process for nominating the Chairman and directors:



FIT AND PROPER CRITERIA

The 'Fit and Proper' criteria require directors, P/CEO and senior management to be of high calibre, as they are entrusted by Agrobank's shareholders and stakeholders to manage the Bank effectively. The Board follows BNM's Guidelines on Corporate Governance for DFIs on its 'Fit and Proper' standards for the Board.

To determine if an individual is 'Fit and Proper' for these roles, the following factors are considered:

- Probity, diligence, competence and soundness of judgement.
- Reputation, character, integrity (including financial integrity) and honesty.
- History of offences involving fraud, dishonesty and violence.
- Engagement in deceitful, oppressive or improper practices.
- Behaviour that may cast doubt on their competence and judgement.
- Contraventions of laws protecting the public against financial loss due to dishonesty, incompetence or malpractice.
- Bankruptcy status.

BOARD EVALUATION

Continuous improvement of the Board and its Committees' processes ensures Agrobank's governance aligns with best practices. This is achieved through annual Board evaluations, which provide valuable feedback to enhance effectiveness, maximise strengths, and identify areas for development. Effective evaluations help the Board, Board Committees, and individual directors perform optimally.

The NRC ensures directors meet BNM's 'Fit and Proper' criteria through annual evaluations or biennial evaluations by an Independent Consultant. For FYE 2024, the evaluation was conducted internally using questionnaires for self and peer assessments in the first quarter of 2025. Based on the results, the Company Secretary recommends actions to address any gaps and strengthen the Board's capabilities.

PROFESSIONAL DEVELOPMENT AND CONTINUOUS EDUCATION FOR DIRECTORS

The Board emphasises the importance of continuous professional development and education for its directors to stay updated with the latest business environment developments and to perform their roles effectively. Each new Board member participates in an induction briefing coordinated by the Company Secretary and P/CEO, which includes a presentation by senior management to provide an overview of Agrobank.

New directors must attend the Financial Institutions Directors' Education (FIDE) programme and the Islamic Finance for Board of Directors Programme as required by BNM. Directors are also encouraged to attend relevant training programmes and workshops based on annual evaluations. The Board continuously assesses and determines the training needs of directors, encouraging them to attend continuous education programmes and seminars.

During FYE 2024, directors participated in various training programmes, conferences, and forums, as listed on pages 168 - 174 of this Annual Integrated Report.

COMPANY SECRETARY

The Company Secretary advises the Board to ensure compliance with procedures, regulations, and governance codes. The Company Secretary also provide guidance on governance, compliance, and fiduciary responsibilities, and all directors have unrestricted access to the Company Secretary's advice and services.

The Company Secretary's key functions and roles are as follows:

• Support the Chairman and the Board

By promoting high standards of corporate governance, facilitating the effective functioning of the Board and Board Committees, providing advice on directors' duties and responsibilities, ensuring effective meeting flow, recording Board decisions, and providing full access and services.

• Appointment of new directors

Ensure smooth administration of new director appointments, brief new directors on Agrobank's structure and procedures, and ensure they receive appropriate induction and relevant information.

• Compliance with statutory filing and administrative requirements

Ensure Agrobank complies with statutory filing requirements under relevant statutes, rules and regulations. The Company Secretary plays a crucial role in guiding and advising the Board on legal compliance, ensuring compliance with meeting procedures and safekeeping of corporate documentation, interpreting legal and regulatory acts, notifying the Chairman of any violations of legal and regulatory acts, and advising on disclosure requirements.

• Implementation of Corporate Governance

Maintaining high standards of governance by staying updated with the latest developments in corporate governance, legal and regulatory changes and international best practices.

MANAGEMENT COMMITTEES

The Board and the Board Committees are supported by management committees, each with senior management knowledgeable in the committee's focus area. The P/CEO can appoint a member to be the chairman of the meeting in his/her absence.

SUPPLY OF INFORMATION

The Management and Company Secretary must ensure that the Board receives complete, accurate, and timely information to effectively discharge its duties. Meeting packs with relevant information are provided at least five days before each Board or Board Committee Meeting, and additional important information is supplied as needed.

All issues, discussions, decisions, dissenting views and actions to be taken from Board in Board Committee meetings are recorded. Directors have unrestricted access to all Agrobank information and the Company Secretary's advice. They may also seek independent professional advice if required.

STAKEHOLDER ENGAGEMENT

Agrobank understands that sustainable business relies on stakeholder interaction and environmental impact awareness. Engaging in proactive dialogues with key stakeholders helps Agrobank gain insights, identify opportunities and stay competitive. Partnerships are crucial for delivering its vision.

Although there is no formal policy, Agrobank regularly engages with its shareholder, MoF Inc., and other key stakeholders like MAFS, Ministry of Plantation Industries and Commodities, Ministry of Rural and Regional Development, as well as BNM.

Annual high-level meetings with relevant ministers and deputies discuss the agriculture industry's performance, Agrobank's contributions, and ways Agrobank can further support industry development. Regular senior management-level meetings between Agrobank and representatives of the ministries and regulatory bodies support this.

Agrobank provides feedback on the management and distribution of concessionary funds, ensuring alignment with government objectives and promoting targeted segment development. Such engagement is part of the Development Financial Institutions Act 2002 (DFIA).

Agrobank has dedicated departments for government, industry, and employee relations, each with its own engagement framework with its respective stakeholders.

REMUNERATION

1. Rewards and Compensation

Agrobank's remuneration structure is market-competitive, balancing fixed and variable, and short and long-term remuneration and incentives. It includes basic salary, benefits, additional Employees Provident Fund (EPF) contributions, takaful coverage (Group Term Life (GTL) and Group Personal Accident (GPA), staff financing, and wellness programmes. High performance is rewarded to promote a pay-for-performance culture.

2. Career Progression

Agrobank uses the 70:20:10 Learning Model combining on-the-job training (70% - experiential), learning through others (20% - exposure) and formal learning (10% - education). The Young Talent Programme (YTP) offers a structured development for young bankers, while the Scholarship Award Programme (SAP) provides scholarships to deserving students. These initiatives support long-term manpower development to meet the Bank's future talent needs.

ACCOUNTABILITY AND AUDIT

Directors' Responsibility Statement

The directors ensure Agrobank's financial statements provide a true and fair view of its state of affairs, performance, and cash flow for FYE 2024. These statements compute with the Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS), the Companies Act 2016 (CA 2016) and BNM guidelines.

The financial statements are circulated to the shareholders as prescribed by CA 2016 and published in Agrobank's annual report, which is available online on Agrobank's website at www.agrobank.com.my.

INTERNAL CONTROLS

Agrobank maintains and develops its internal control system to improve business performance and comply with laws and regulations. Internal controls cover policies, processes, procedures and organisational structures to ensure Agrobank achieves its objectives and complies with all applicable laws.

The Board is responsible for maintaining and reviewing the effectiveness of risk management and internal control to safeguard shareholders' investments, customers' interests, and Agrobank's assets. The Board continuously reviews the risk management framework to ensure adequate and effective procedures and controls are in place and updated as needed.

The BAC evaluates the adequacy and effectiveness of internal control systems by reviewing remedial actions on lapses/deficiencies identified in internal and external audit reports. The BAC also reviews auditors' recommendations and management's responses to ensure deficiencies are addressed promptly.

STATEMENT OF CORPORATE GOVERNANCE

WHISTLEBLOWING POLICY

Agrobank is committed to the highest possible standards of integrity, openness and accountability in the conduct of its businesses and operation. Agrobank aspires to conduct its affairs in an ethical, responsible and transparent manner in line with the adopted VBI principles. Agrobank takes every effort to avoid any improprieties that may result in serious consequences for Agrobank or its employees. It also takes an important view of any malpractice or improper conduct on the part of any employee, member of management or the Board, in particular with respect to their obligations to Agrobank's interest.

In order to curb any malpractices or improper conduct, Agrobank has whistleblowing channels in place for employees to raise concerns in confidence about possible malpractice or improper conduct of which they become aware. Agrobank's Whistleblowing Policy provides access to well-defined channels for any individual to report in good faith, without fear of reprisal, concerns about possible improprieties in financial reporting or any suspected malpractice either on-going or past action that could be detrimental to Agrobank. These included but are not limited to unethical incidences such as corruption, criminal activities or contravention of laws/regulations committed by the Bank's employee or member of the management or the Board.

In accordance with Agrobank's Whistleblowing Policy, a whistleblower will be accorded with protection on confidentiality of identity and shall be protected against any detrimental actions for disclosing any improper conduct committed or about to be committed within Agrobank, provided that the disclosure is made in good faith.

AGROBANK'S ORGANISATIONAL ANTI-CORRUPTION PLAN

Agrobank established its Organisational Anti-Corruption Plan (OACP) in 2022. The establishment of the OACP is in line with the government aspiration in National Anti-Corruption Plan 2019-2023 initiative whereby private sector regulated by regulatory bodies shall develop their own anti-corruption plan. Agrobank's OACP outlines a two-year vision for anti-corruption strategies and efforts in strengthening the integrity culture within the Bank. The OACP acts as a fundamental anti-corruption document at the Bank level to mitigate weaknesses and issues in governance, integrity, and anti-corruption area. The OACP is also designed to combat corruption, abuse of power and malpractices within the Bank's operations.

LIST OF TRAINING FOR YEAR 2024 BY BOARD MEMBERS

No.	BOD	Training	Organiser/Host	Date	Venue
1	YBhg. Datuk Yunus Abd Ghani	1. 1 st Sharing Session: Introduction to Climate Change and GHG Emission	Environmental Resources Management (M) Sdn Bhd	13 March 2024	Conference Call (Microsoft Teams)
		2. Crisis Management Overview Workshop	DRI Malaysia Sdn Bhd	17 July 2024	Board Room, Agrobank
		3. Board of Directors with Shariah Committee Engagement - Discussions on Hajah and Darurah	Agrobank Board & Shariah Committee	17 July 2024	Board Room, Agrobank
		4. Knowledge Sharing Sessions on Climate Change: Session 2 - Climate Strategy & Risk	Academy Department, Agrobank & Environmental Resources Management (M) Sdn Bhd	11 October 2024	Virtual - Microsoft Teams
		5. Knowledge Sharing Sessions on Climate Change: Session on Steering Capital for a Sustainable Change	Academy Department, Agrobank & EY Malaysia	6 November 2024	Virtual - Microsoft Teams

No.	BOD	Training	Organiser/Host	Date	Venue
2	YBhg. Datuk Dr. Ahmad Kushairi Din	1. 6 th International Plant Breeding Conference 2024	Genetics Society of Malaysia	5-7 March 2024	Bangi Resort Hotel, Bandar Baru Bangi, Selangor
		2. 1 st Sharing Session: Introduction to Climate Change and GHG Emission	Environmental Resources Management (M) Sdn Bhd	13 March 2024	Conference Call (Microsoft Teams)
		3. TH Group Summit 2024	Lembaga Tabung Haji	7-8 May 2024	Impiana Hotel, Kuala Lumpur
		4. Director's Liabilities within Their Respective Institution's AML Frameworks	Asia School of Business	3 July 2024	ASB Academic Building, Jalan Dato' Onn KL
		5. Transfer of Technology (TOT) Seminar 2024	Malaysian Palm Oil Board (MPOB)	4 July 2024	Tenera Hotel, Bandar Baru Bangi, Selangor
		6. Directors Masterclass Series on Latest Developments in Climate-Aligned Executive Compensation	Asia School of Business	17 July 2024	Asia School of Business, CR-E2-03 (Level 2, East Wing)
		7. Crisis Management Overview Workshop	DRI Malaysia Sdn Bhd	17 July 2024	Board Room, Agrobank
		8. Board of Directors with Shariah Committee Engagement - Discussions on Hajah and Darurah	Agrobank Board & Shariah Committee	17 July 2024	Board Room, Agrobank
		9. Corporate Liability	TH Plantations Bhd (THPB)	24 July 2024	Boardroom, THPB, Level 23, Menara TH Selborn, 153, Jalan Tun Razak, KL
		10. Distinguished Board Leadership Series 2024: Digital Transformation in the World's Best Bank	Fide Forum	3 September 2024	Khazanah Auditorium, Level 1 Asia School of Business
		11. Knowledge Sharing Sessions on Climate Change: Session 2 - Climate Strategy & Risk	Academy Department, Agrobank & Environmental Resources Management (M) Sdn Bhd	11 October 2024	Virtual - Microsoft Teams
		12. Knowledge Sharing Sessions on Climate Change: Session on Steering Capital for a Sustainable Change	Academy Department, Agrobank & EY Malaysia	6 November 2024	Virtual - Microsoft Teams
		13. MAP Part II: Leading for Impact	Institute of Corporate Directors Malaysia (ICDM)	18-19 November 2024	ICDM, Level 9, Mercu 2 KL Eco City Bangsar, KL
		14. Board of Directors with Shariah Committee Engagement - Introduction to the Syart Jaza'i	Agrobank Board & Shariah Committee	28 November 2024	Board Room, Agrobank

STATEMENT OF CORPORATE GOVERNANCE

No.	BOD	Training	Organiser/Host	Date	Venue
3	YBhg. Datin Arlina Ariff	1. 1 st Sharing Session: Introduction to Climate Change and GHG Emission	Environmental Resources Management (M) Sdn Bhd	13 March 2024	Conference Call (Microsoft Teams)
		2. Sustainability and Climate Risk (SCR) Certificate Program	Asia School of Business	15 July 2024 12 August 2024 9 September 2024	ASB Academic Building, Jalan Dato' Onn KL
		3. Crisis Management Overview Workshop	DRI Malaysia Sdn Bhd	17 July 2024	Board Room, Agrobank
		4. Board of Directors with Shariah Committee Engagement - Discussions on Hajah and Darurah	Agrobank Board & Shariah Committee	17 July 2024	Board Room, Agrobank
		5. Preventing Fraud: The Board's Roles and Responsibilities	Fide Forum	8 August 2024	Asia School of Business, CR-E2-03 (Level 2)
		6. Introduction to Climate Scenario Analysis	GE Takaful Bhd	20 August 2024	Menara Grest Eastern
		7. Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	ICDM	21-22 August 2024	ICDM Virtual Classroom
		8. Aligning Risk Management to Strategy and Purpose	ICDM	7 October 2024	ICDM Virtual Classroom
		9. Knowledge Sharing Sessions on Climate Change: Session on Steering Capital for a Sustainable Change	Academy Department, Agrobank & EY Malaysia	6 November 2024	Virtual - Microsoft Teams
		10. BNM DFI Green Finance Workshop - DFIs in Action: Strategies for Closing the Gap for Climate Resilience & Sustainability	BNM & World Bank	26 November 2024	Conference Room 1, Sasana Kijang
		11. Board of Directors with Shariah Committee Engagement - Introduction to the Syart Jaza'i	Agrobank Board & Shariah Committee	28 November 2024	Board Room, Agrobank

No.	BOD	Training	Organiser/Host	Date	Venue
4	Encik Mohd Hanif Mastuki	1. Introduction to Bonds and Sukuk & Identifying Red Flags in The Financial Statements	Prokhas Sdn Bhd	18 January 2024	Sama-Sama Hotel, Sepang
		2. Masterclass: Bank Audit Conference 2024: Future of Internal Audit - Embracing Change, Staying Relevant	Asian Institute of Chartered Bankers	6 March 2024	Four Seasons Hotel, KL
		3. Conference: Bank Audit Conference 2024: Future of Internal Audit - Embracing Change, Staying Relevant	Asian Institute of Chartered Bankers	7 March 2024	Four Seasons Hotel, KL
		4. 1 st Sharing Session: Introduction to Climate Change and GHG Emission	Environmental Resources Management (M) Sdn Bhd	13 March 2024	Conference Call (Microsoft Teams)
		5. Leadership Course: Negotiation Essentials	Razak School of Government	15-17 May 2024	Perdana Hotel, KL
		6. Crisis Management Overview Workshop	DRI Malaysia Sdn Bhd	17 July 2024	Board Room, Agrobank
		7. Board of Directors with Shariah Committee Engagement - Discussions on Hajah and Darurah	Agrobank Board & Shariah Committee	17 July 2024	Board Room, Agrobank
		8. British Companies Attachment Programme for Senior Government Officer	Public Service Department & British Malaysian Chamber of Commerce	20 August - 25 October 2024	KL & UK
		9. Knowledge Sharing Sessions on Climate Change: Session 2 - Climate Strategy & Risk	Academy Department, Agrobank & Environmental Resources Management (M) Sdn Bhd	11 October 2024	Virtual - Microsoft Teams
		10. Knowledge Sharing Sessions on Climate Change: Session on Steering Capital for a Sustainable Change	Academy Department, Agrobank & EY Malaysia	6 November 2024	Virtual - Microsoft Teams
		14. Board of Directors with Shariah Committee Engagement - Introduction to the Syart Jaza'i	Agrobank Board & Shariah Committee	28 November 2024	Board Room, Agrobank

STATEMENT OF CORPORATE GOVERNANCE

No.	BOD	Training	Organiser/Host	Date	Venue
5	Puan Rizleen Mokhtar	1. Managing Culture to Prevent Misconduct	Ilclif Executive Education Center Asia School of Business	28 February 2024	ASB Academic Building, Jalan Dato' Onn KL
		2. Masterclass: Bank Audit Conference 2024: Future of Internal Audit - Embracing Change, Staying Relevant	Asian Institute of Chartered Bankers	6 March 2024	Four Seasons Hotel, KL
		3. Conference: Bank Audit Conference 2024: Future of Internal Audit - Embracing Change, Staying Relevant	Asian Institute of Chartered Bankers	7 March 2024	Four Seasons Hotel, KL
		4. 1 st Sharing Session: Introduction to Climate Change and GHG Emission	Environmental Resources Management (M) Sdn Bhd	13 March 2024	Conference Call (Microsoft Teams)
		5. ICDM Power Talk Series: Being Sued as an INED - A Personal Journey	Institute of Corporate Directors Malaysia	10 May 2024	Virtual
		6. Director's Liabilities within Their Respective Institution's AML Frameworks	Asia School of Business	3 July 2024	ASB Academic Building, Jalan Dato' Onn KL
		7. Crisis Management Overview Workshop	DRI Malaysia Sdn Bhd	17 July 2024	Board Room, Agrobank
		8. Board of Directors with Shariah Committee Engagement - Discussions on Hajah and Darurah	Agrobank Board & Shariah Committee	17 July 2024	Board Room, Agrobank
		9. Future Proofing Your Business: What You Need to Know about the "S" in "ESG"	Asia School of Business	7 September 2024	ASB Academic Building, Jalan Dato' Onn KL
		10. FIDE FORUM Masterclass Boardroom Climate Essentials	Fide Forum	11 September 2024	Sasana Kijang
		11. Knowledge Sharing Sessions on Climate Change: Session on Steering Capital for a Sustainable Change	Academy Department, Agrobank & EY Malaysia	6 November 2024	Virtual - Microsoft Teams
		12. Future Proofing Your Business: What You Need to Know about the "S" in "ESG"	Asia School of Business	7 November 2024	ASB Academic Building, Jalan Dato' Onn KL
		13. Board of Directors with Shariah Committee Engagement - Introduction to the Syart Jaza'i	Agrobank Board & Shariah Committee	28 November 2024	Board Room, Agrobank

No.	BOD	Training	Organiser/Host	Date	Venue
6	Encik Wan Zamri Wan Zain	1. BNM – FIDE FORUM Engagement Session with Board of Directors of Islamic Financial Institutions: Hajah and Darurah Policy Document	Fide Forum	7 March 2024	Forum, Level 1, Sasana Kijang, BNM
		2. 1st Sharing Session: Introduction to Climate Change and GHG Emission	Environmental Resources Management (M) Sdn Bhd	13 March 2024	Conference Call (Microsoft Teams)
		3. BNM – FIDE FORUM Engagement: Responsibility Mapping with Directors of Financial Institutions	Fide Forum	24 April 2024	Conference Hall 1, Sasana Kijang, BNM
		4. Data Innovation to Drive Financial Inclusion - Pushing New Frontiers	Fide Forum	21 June 2024	Conference Hall 1, Sasana Kijang, BNM
		5. Tax Corporate Governance Framework (TCGF) Roundtable Event	PwC Consulting Associates (M) Sdn Bhd	9 July 2024	PwC Office Level 10, Room BC1000
		6. Crisis Management Overview Workshop	DRI Malaysia Sdn Bhd	17 July 2024	Board Room, Agrobank
		7. Board of Directors with Shariah Committee Engagement - Discussions on Hajah and Darurah	Agrobank Board & Shariah Committee	17 July 2024	Board Room, Agrobank
		8. Distinguished Board Leadership Series 2024: Digital Transformation in the World's Best Bank	Fide Forum	3 September 2024	Khazanah Auditorium, Level 1 Asia School of Business
		9. Knowledge Sharing Sessions on Climate Change: Session 2 - Climate Strategy & Risk	Academy Department, Agrobank & Environmental Resources Management (M) Sdn Bhd	11 October 2024	Virtual - Microsoft Teams
		10. Board of Directors with Shariah Committee Engagement - Introduction to the Syart Jaza'i	Agrobank Board & Shariah Committee	28 November 2024	Board Room, Agrobank
7	Encik Mohamed Iqbal Mohamed Iqbal	1. Qualified Risk Director Program - Series 13: Directors Guide to COSO 2013 and Empowered Audit Committees	Institute of Enterprise Risk Practitioners (IERP)	11 January 2024	Virtually
		2. Masterclass: Bank Audit Conference 2024: Future of Internal Audit - Embracing Change, Staying Relevant	Asian Institute of Chartered Bankers	6 March 2024	Four Seasons Hotel, KL
		3. Conference: Bank Audit Conference 2024: Future of Internal Audit - Embracing Change, Staying Relevant	Asian Institute of Chartered Bankers	7 March 2024	Four Seasons Hotel, KL
		4. 1st Sharing Session: Introduction to Climate Change and GHG Emission	Environmental Resources Management (M) Sdn Bhd	13 March 2024	Conference Call (Microsoft Teams)

STATEMENT OF CORPORATE GOVERNANCE

No.	BOD	Training	Organiser/Host	Date	Venue
		5. Invitation to the Global Forum on Islamic Economics and Finance (GFIEF) 2024	Fide Forum	28-29 May 2024	Kuala Lumpur Convention Centre
		6. BNM Sasana Symposium 2024	BNM	12 June 2024	BNM, Jalan Dato' Onn, 50480 KL
		7. Sustainability and Climate Risk (SCR) Certificate Program	Asia School of Business	15 July 2024 12 August 2024 9 September 2024	ASB Academic Building, Jalan Dato' Onn KL
		8. Crisis Management Overview Workshop	DRI Malaysia Sdn Bhd	17 July 2024	Board Room, Agrobank
		9. Board of Directors with Shariah Committee Engagement - Discussions on Hajjah and Darurah	Agrobank Board & Shariah Committee	17 July 2024	Board Room, Agrobank
		10. Knowledge Sharing Sessions on Climate Change: Session 2 - Climate Strategy & Risk	Academy Department, Agrobank & Environmental Resources Management (M) Sdn Bhd	11 October 2024	Virtual - Microsoft Teams
		11. Knowledge Sharing Sessions on Climate Change: Session on Steering Capital for a Sustainable Change	Academy Department, Agrobank & EY Malaysia	6 November 2024	Virtual - Microsoft Teams
		12. Qualified Risk Director Program - Series 15: Directors Guide to ESG and ESG Risk Management	Institute of Enterprise Risk Practitioners (IERP)	11 November 2024	Virtual - Zoom
		13. Qualified Risk Director Program - Series 16: Directors Guide to RMIIT	Institute of Enterprise Risk Practitioners (IERP)	11 November 2024	Virtual - Zoom
		14. BNM DFI Green Finance Workshop - DFI in Action: Strategies for Closing the Gap for Climate Resilience & Sustainability	BNM & World Bank	26 November 2024	Conference Room 1, Sasana Kijang
		15. Board of Directors with Shariah Committee Engagement - Introduction to the Syart Jaza'i	Agrobank Board & Shariah Committee	28 November 2024	Board Room, Agrobank

STATEMENT OF COMPLIANCE

At Agrobank, we are deeply committed to upholding exemplary corporate governance and integrity. This commitment is paramount to safeguarding and enhancing the financial well-being of our clients, communities, and stakeholders, while also striving to create enduring positive impacts across the economy, society, and the environment. Our unwavering belief is that compliance is a shared responsibility, integral to fostering prudent banking practices and maintaining the trust vested in us.

The Compliance Division (CD) plays a critical role in supporting Agrobank's overarching objectives. It achieves this by implementing rigorous and structured standards and methodologies to continually assess and enhance the integrity and effectiveness of the Bank's compliance risk management and control systems across all facets of governance, management, and operations. The Compliance Division comprises four interdisciplinary functions, ensuring a comprehensive approach to compliance.

ANTI-FINANCIAL CRIME DEPARTMENT

The Anti-Financial Crime Department (AFCD) plays an important role in Agrobank's efforts to combat money laundering, terrorism financing, and proliferation financing. Through diligent monitoring, it detects signs of unusual financial transactions and responds promptly to protect the Bank from being used for illicit activities and ensure adherence to regulations.

The Bank's unwavering dedication in safeguarding and enhancing the stability of the financial system aims to prevent potential misuse that could facilitate illegal activities or lead to financial losses or harm to our valued customers, the government, society as well as the whole community. The AFCD assures that the Bank has implemented effective control mechanisms to prevent the occurrence of money laundering, terrorism financing and proliferation financing.

REGULATORY COMPLIANCE DEPARTMENT

Agrobank's Regulatory Compliance Department (RCD) ensures that the Bank complies with relevant standards in our business practices, thereby minimising regulatory risks and protecting the interests of the Bank, shareholders and customers. Inadequate management of compliance risks could lead to negative implications for the stakeholders, as well as potential repercussions that include reprimands or penalties from regulators and law enforcement agencies.

Therefore, RCD has established systematic strategies for the implementation of robust controls within the Bank which involve assessing the effectiveness of internal controls in managing compliance risk. RCD conducts regular monitoring and testing as well as providing suitable guidance, recommendations and awareness to stakeholders to ensure compliance with the necessary standards.

INTEGRITY AND GOVERNANCE SECTION

The establishment of the Integrity and Governance Section (IGS) is an essential component of the Government Interest Companies (GIC) initiative with the purpose of combating corruption and malpractices. Its primary objective is to enhance the Bank's governance and ethical practices.

The IGS has the responsibility of supervising four essential functions, namely Complaints Management, Detection and Verification, Integrity Strengthening, and Governance.

The IGS is fully devoted to upholding the highest levels of ethical behaviour. Consequently, it actively engages in training initiatives and awareness campaigns to foster and enhance a culture of integrity within the organisation.

SHARIAH REVIEW SECTION

The independent Shariah Review Section has been assigned the role of objectively appraising and ensuring the Bank's commitment to Shariah requirements, while effectively managing risks associated with any deviation from Shariah principles. This comprehensive review process not only involves the examination of financial statements but also scrutinises contracts, agreements, transactions, activities, and product development processes as a whole, to ensure Shariah compliance and enhance the reliability of the Bank's various activities.

In accordance with Section 126 of the Development Financial Institution Act (DFIA) 2002, the role ensures that the Bank's goal, operations, business affairs, and activities are in complete harmony with Shariah principles. Therefore, all observations from Shariah Review activities, including cases of Shariah non-compliance are documented and highlighted to Management, Group Shariah Committee (Group SC), and subsequently to the Board of Directors for consideration and acknowledgement.

The Shariah Disclosure Report can be read on page 184.

STATEMENT OF COMPLIANCE

COMPLIANCE CULTURE: A YEAR IN REVIEW

Agrobank launched the Compliance Awareness Programme (CAP) in 2020 as a strategic initiative to foster a strong, sustainable culture of compliance across the organisation. Since then, the Bank has continuously developed annual programmes to reinforce the principle that compliance is a shared responsibility.

By 2024, our commitment to strengthening this culture remained steadfast. To reinforce our message and enhance awareness, the Compliance Division (CD) introduced its flagship campaign, “Buat Betul-Betul” (3B), with the primary objective of promoting compliance awareness among all staff of Agrobank and its subsidiaries. Under this campaign, a range of dynamic and engaging activities were conducted throughout the year. These included physical walkabouts in HQ, regional engagement sessions, compliance morning briefings at branches, structured compliance training programmes to Business Units and Branches, and the integration of animated and gamified learning modules to diversify learning experiences. Further initiatives encompassed knowledge-sharing sessions at branches and kiosks, the Assistance Branch Manager (ABM) Development Programmes, and the continued implementation of the Shariah Learning Awareness Roadshows (SLAR), which were conducted across key regions such as Kuala Lumpur-Negeri Sembilan-Selangor, Pulau Pinang-Kedah-Perlis, Perak, and Sabah.

Additionally, our outreach touchpoints were expanded with Embedded Compliance Officers (ECOs) and Functional Compliance Officers (FCOs), and reinforced leadership accountability through the Branch Managers Certification Programme (BMCP), specifically Module 2 focusing on branch management and operations. These combined efforts reflect our holistic approach to embedding compliance as a foundational value throughout the organisation.

Serving as the pinnacle of our compliance awareness initiatives in 2024, CD together with other departments and divisions, successfully hosted the Integrity Week, an event designed to further promote ethics, transparency, and accountability across all levels. The event featured a range of impactful activities, starting with an opening ceremony that included a sharing session by the Malaysian Anti-Corruption Commission (SPRM), a Compliance and Ethics talk by Agrobank’s Chief Compliance Officer (CCOM), and the Ikrar Bebas Rasuah (IBR) pledge, led by members of the Senior Management. Staff engagement was further enhanced through interactive segments such as fun activities and game booths, talks on compliance and risk awareness by the Operational Risk Management Department, Royal Malaysia Police (PDRM), as well as a Shariah Awareness Session led by the Shariah Department. Adding to the vibrant atmosphere, food trucks stationed at Agrobank’s parking lot created a casual engagement touchpoint for staff to connect and engage in informal settings. The success of the event reaffirmed our commitment to embedding integrity into our workplace culture, not just through policies, but through shared experiences in a welcoming environment.

To assess the effectiveness of these efforts and measure the maturity of our compliance culture, a Compliance Culture Survey (CCS) was conducted in 2024. The survey evaluated seven critical attributes: leadership tone, self-accountability, control and infrastructure, support from the Compliance Department, the roles of ECOs and FCOs, reporting mechanisms, and communication and training. The CCS 2024 achieved an impressive participation rate of 89.5%, with 3,507 out of 3,923 employees responding, marking a 7.5% increase from the previous year. The results were highly encouraging, with the average score across the seven key attributes rising to 98.4%, an improvement from 97.2% in 2023. This upward trend reflects a positive shift in appreciation, awareness, and understanding, and of compliance practices among staff.

While we take pride in the progress achieved, we recognise that cultivating a culture of compliance is an ongoing journey. Moving forward, the CD will continue to enhance its advisory role across business units, further empower the ECO and FCO functions, and develop targeted initiatives to close identified compliance gaps. Particular focus will be placed on areas such as Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT), Regulatory Compliance, Shariah Compliance, Ethics, and Integrity. Through these efforts, Agrobank aims to solidify compliance as a core organisational value and ensure that all staff are aligned in doing the right thing consistently and confidently.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of Agrobank is committed to maintaining a robust and effective system of risk management and internal control throughout the Group. This Statement outlines the responsibilities of the Board and Management in overseeing the Bank's risk profile and ensuring the integrity of its internal control environment for the financial year ended 31 December 2024.



BOARD RESPONSIBILITY

The Board of Directors of Agrobank recognises its ultimate responsibility for establishing and maintaining a sound system of risk management and internal control, encompassing financial, operational, compliance, and Shariah aspects. This system is designed to safeguard shareholders' investments and the Group's assets, ensuring that risks are identified, assessed, and managed effectively within acceptable parameters. The Board, through its committees, provides leadership and oversight, fostering a robust risk-aware culture throughout the organisation.



MANAGEMENT'S RESPONSIBILITY

Management is responsible for the day-to-day implementation and operation of the Bank's risk management and internal control systems. This includes identifying, evaluating, managing, and monitoring significant risks faced by the Bank. Management is tasked with executing the Board's risk decisions, and developing comprehensive risk policies and procedures.



RISK MANAGEMENT PHILOSOPHY AND OBJECTIVES

Agrobank's risk management philosophy is integral to its strategic objectives, supporting its mandate to catalyse sustainable agriculture and ensure food security. We are committed to proactive and comprehensive risk management that enables informed decision-making, protects capital, and enhances stakeholder value. Our objectives are to:

- Integrate risk management into all business processes and strategic planning.
- Ensure compliance with all relevant laws, regulations, and Shariah principles.
- Optimise risk-adjusted returns and maintain financial stability.
- Protect the Group's reputation and operational resilience.
- Foster a strong risk culture where all employees understand their roles and responsibilities in risk management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



RISK GOVERNANCE STRUCTURE

Agrobank's risk governance structure ensures clear lines of responsibility and accountability, starting from the Board and cascading down to various management levels. The Board maintains overall responsibility for risk oversight, supported by key Board-level committees. This structure aligns with the Bank's commitment to sound governance and effective risk management.

Board of Directors

Provides overall strategic direction and ultimate oversight of the Bank's risk management and internal control systems, ensuring the establishment of effective and comprehensive policies, processes, and infrastructure to manage all types of risks undertaken by the Bank.

Board Risk Management Committee (BRMC)

Oversees the Group's overall risk management framework, policies, and strategies. It reviews the adequacy and effectiveness of risk management systems, monitors key risk exposures, and approves the Group's risk appetite.

Board Audit Committee (BAC)

Oversees the integrity of the Bank's financial reporting, the effectiveness of internal controls, and the internal audit function.

Group Shariah Committee (Group SC)

Plays a crucial role in driving value creation by ensuring all products and services are recognised and aligned with Shariah principles. The SC convenes regularly to discuss new product approvals, Shariah-related operational issues, annual financial reports, and the approval of Shariah-related policies and manuals.

Management Level Committees

Various management committees, such as the Management Risk Committee, Asset Liabilities Committee, and Operational Risk Committee, are established to manage specific risk portfolios and operationalise the Board's directives.

The risk governance framework is built upon the "Three Lines of Defence" model, ensuring clear segregation of duties and accountability:



Business and support units are primarily responsible for identifying, assessing, managing, and monitoring risks inherent in their day-to-day operations. They implement internal controls and adhere to established policies and procedures.

These independent functions establish the risk management framework, policies, methodologies, and limits. They provide oversight, challenge, and guidance to the first line, ensuring effective risk identification, measurement, monitoring, and reporting across all risk types. The Compliance Division, for instance, focuses on fostering a robust culture of compliance and adherence to professional standards.

The Internal Audit Division provides independent assurance to the Board and Audit Committee on the effectiveness of the Group's governance, risk management, and internal control processes.



BOARD AND MANAGEMENT OVERSIGHT

In the context of Agrobank, Board and Management Oversight is a crucial element of its corporate governance framework, ensuring the bank effectively balances its commercial and developmental mandates while managing risks and pursuing its strategic objectives.

The oversight function is structured through the Board of Directors and its various committees, which provide strategic guidance and supervision, and a robust senior management team that is responsible for the day-to-day execution.

Key Aspects of Board Oversight

- **Strategic Direction:** The Board is responsible for setting the bank's long-term strategic direction, which includes its business plans, budget, and capital strategy. It ensures that the bank's strategy aligns with its mandate as a Development Financial Institution (DFI) to support the agricultural sector and national food security.
- **Risk Management:** The Board has a key role in overseeing the bank's overall risk management framework. This includes monitoring financial risks (like credit and market risks) as well as non-financial risks, such as climate-related risks, and reputational and legal risks. Specialized committees, such as the Board Risk Management Committee, assist in this function.
- **Sustainability and Climate Change:** The Board is specifically tasked with overseeing the implementation of the bank's sustainability and climate change initiatives. This is directly linked to its mandate to support a resilient and sustainable agricultural community.
- **Corporate Governance:** The Board ensures that the bank adheres to good corporate governance practices, as set out by regulations from BNM. This includes appointing and evaluating the performance of senior management and the Shariah Committee, and ensuring compliance with regulatory requirements.
- **Performance Monitoring:** The Board monitors the bank's performance, ensuring that management effectively implements the Board's decisions and achieves the approved strategic outcomes and financial targets.

Key Aspects of Management Oversight

- **Implementation of Strategy:** Senior management, led by the President/Chief Executive Officer (P/CEO), is responsible for executing the strategies and policies approved by the Board.
- **Operational Management:** The management team oversees the daily operations of the bank, ensuring that business units and support functions are running efficiently and effectively.
- **Risk Control and Compliance:** Management is responsible for establishing and maintaining a robust system of internal controls and compliance to manage all types of risks. The Chief Risk Officer and Chief Compliance Officer are key figures in this area, ensuring the bank adheres to both internal policies and external regulations.
- **Reporting and Communication:** Management provides regular reports to the Board and its committees on the bank's financial performance, operational status, risk exposure, and progress on strategic initiatives. This ensures the Board is well-informed and can perform its oversight role effectively.



RISK MANAGEMENT FRAMEWORK AND PROCESS

Agrobank's risk management framework is dynamic and continuously evolving to address emerging risks and changes in the operating environment. The key components include:

- **Risk Identification:** A systematic process to identify potential risks across all business activities, including strategic, financial (credit, market, liquidity), operational, Shariah, IT, and sustainability risks (e.g., climate change).
- **Risk Measurement and Assessment:** Utilising both qualitative and quantitative methodologies to assess the likelihood and impact of identified risks. This includes stress testing, scenario analysis, and the use of key risk indicators (KRIs).
- **Risk Appetite Framework (RAF)*:** The Board-approved RAF articulates the level of risk Agrobank is willing to undertake to achieve its strategic objectives. It is cascaded down to business units through risk limits and thresholds, ensuring alignment across the Group.
- **Risk Mitigation and Control:** Implementing appropriate strategies and controls to manage risks within the defined risk appetite. This includes policies, procedures, internal controls, insurance, and contingency planning.

* Key Components of a RAF:

Risk Appetite Statement (RAS): A formal document that articulates the bank's overall risk tolerance. It includes qualitative and quantitative metrics across various risk types (e.g., credit, market, operational, liquidity).

Risk Limits and Thresholds: Specific boundaries set for different risk categories to ensure the bank operates within its defined appetite. These are monitored through Key Risk Indicators (KRIs).

Governance and Oversight: The board of directors and senior management play a central role in setting, reviewing, and updating the RAF. It acts as a covenant between the board and management.

Integration with Strategy and Decision-Making: The RAF is embedded into the bank's strategic planning, capital allocation, and performance management. It guides risk-taking behaviour across the organisation.

Monitoring and Reporting: Continuous tracking of risk exposures against the appetite. Breaches are reported and addressed promptly.

Dynamic and Adaptive Nature: Modern RAFs are not static; they evolve with changes in the bank's environment, such as economic shifts, regulatory updates, or internal strategy changes.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



KEY RISK AREAS AND MITIGATION STRATEGIES

Agrobank manages a diverse range of risks inherent in its operations as a Development Financial Institution (DFI) focused on agriculture.

○ **Credit Risk:** The risk of financial loss arising from a counterparty's failure to meet its obligations.

- > *Mitigation:* Robust credit assessment processes, diversified financing portfolio, collateral management, regular portfolio reviews, and proactive recovery strategies.
- > The Credit Surveillance Department also assists business units in improving asset quality by detecting root causes of emerging problems and proposing recommendations for credit appraisal and policy enhancements. The Credit Risk Management Department has also revised and enhanced the Climate Change and Principle-based Taxonomy (CCPT) assessment checklist as guidance in classifying each financing level, incorporating Guiding Principles (GP) in its assessment. As at end-FY2024, Agrobank's Non-Performing Financing (NPF) ratio stood at 7.98% (excluding staff financing and non-shariah).

○ **Operational Risk:** The risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events.

- > *Mitigation:* Strong internal controls, clear policies and procedures, business continuity planning, IT security measures, staff training, and incident management frameworks.
- > For identifying potentially significant operational risk events and assessing controls, periodic reviews of frameworks and policies are conducted to align with regulatory updates and business requirements. Business Continuity Management (BCM) tools, including Business Continuity Plans (BCP) and Business Impact Assessments (BIA), are established to minimise material consequences arising from business disruptions, including implementing business continuity and call tree exercises.

○ **Market Risk:** The risk of losses in on-balance sheet and off-balance sheet positions arising from movements in market prices (e.g., profit rates, foreign exchange rates).

- > *Mitigation:* Asset and Liability Management (ALM) framework, profit rate risk management, foreign exchange risk management, and hedging strategies.

○ **Liquidity Risk:** The risk that the Group will be unable to meet its financial obligations as they fall due without incurring unacceptable losses.

- > *Mitigation:* Maintaining adequate liquidity buffers, diversified funding sources, robust liquidity stress testing, and a comprehensive Contingency Funding Plan.
- > Liquidity risks are monitored and assessed using the following metrics:

New Liquidity Framework (NLF) - NLF provides the assessment of the sufficiency of the Bank's liquidity in the normal course of its business over the next one (1) week and one (1) month.

Liquidity Coverage Ratio (LCR) - An internal monitoring adopted at best practice from LCR regulatory guideline that promotes requirement of a banking institution to hold sufficient High-Quality Liquid Asset (HQLA) to withstand an acute liquidity stress test scenario over a 30-day horizon at both the entity and consolidated level.

Net Stable Funding Ratio (NSFR) - An internal monitoring adopted at best practice from NSFR regulatory guideline that promotes medium to long term funding of assets and liabilities to ensure that long term assets are funded with at least a minimum amount of stable liabilities in relation to their liquidity risk profiles.

○ **Shariah Risk:** The risk that the Group's operations or products do not comply with Shariah principles.

- > *Mitigation:* Comprehensive Shariah governance framework, Shariah review and audit, Shariah training for staff, and robust Shariah compliance processes.
- > Shariah Risk Control & Self-Assessment (SRCSA) is collated, monitored, and reviewed. Significant progress was made in enhancing BCM practices through the completion of a Crisis Management Plan Exercise with BNM. The Shariah Department also conducts regular Shariah reinforcement programmes, including "halaqah sessions" for Shariah officers and the Shariah Learning and Awareness Roadshow (SLAR) for branch staff nationwide to enhance Shariah knowledge and awareness.

○ **Cyber and Information Technology (IT) Risk:** The risk of disruption or loss from IT system failures, cyber-attacks, or data breaches.

- > *Mitigation:* Robust cybersecurity framework, regular vulnerability assessments, penetration testing, employee awareness programmes, and incident response plans.
- > In 2024, Agrobank improved its cyber resilience through cyber drill exercises involving various stakeholders, and the culture of technology risk awareness has improved through online learning and cybersecurity programmes. The Bank continues to strengthen cyber resilience by integrating cyber risk management into its overall business strategy.

- **Climate Change Risk:** The risk arising from physical risks (e.g., extreme weather events impacting agricultural assets) and transition risks (e.g., policy changes, market shifts towards low-carbon economy).
 - > *Mitigation:* Integrating climate-related risk considerations into frameworks and policies, ongoing evaluation of potential impacts, identifying vulnerabilities, and developing climate-related scenario analyses. Agrobank aims to achieve significant milestones by 2025, targeting 20% of new financing and 10% of financing balance for green and transition activities classified under BNM's CCPT.
 - > In FY2024, 12.1% of the overall financing balance comprised green financing, and targets are set for 2025 (20% of new financing, 10% of financing balance) to be dedicated to green and transitioning activities (C1 and C2 activities according to BNM's CCPT). The Bank has also begun calculating its GHG emissions baseline for 2023 and is developing reduction targets as part of its Net Zero Roadmap.
- **Emerging Risks:** Continuous monitoring of the external environment to identify and assess new and evolving risks, such as geopolitical instability, pandemics, and rapid technological advancements. An emerging risk is a type of risk that is new, evolving, or not yet fully understood. These risks often arise from changes in technology, society, the environment, or geopolitics—and they tend to be difficult to quantify due to limited historical data or unpredictable behavior.

Organisations that identify and prepare for emerging risks are better equipped to adapt, innovate, and remain resilient in volatile environments. Ignoring them can lead to strategic blind spots and operational disruptions.

Emerging Risks Key Metrics are measured by Key Risk Indicators being a forward-looking metrics that serve as early warning signals. These help anticipate potential threats before they escalate.

Here are the most relevant metrics and how they're used:

Core KRIs for Emerging Risk:

Trend Analysis: Tracks changes over time (e.g., rising customer complaints or employee turnover) to spot patterns that may signal new risks.

Threshold Breaches: Monitors when metrics exceed predefined limits, triggering alerts for potential risk exposure.

Benchmarking: Compares internal performance against industry standards to detect anomalies.

Incident Frequency: Measures how often specific risk events occur (e.g., cybersecurity breaches, regulatory violations).

Control Effectiveness: Assesses how well internal controls are mitigating known and emerging risks.

Update on Climate Risk Management 2024

In 2024, Agrobank made significant progress in its Climate Risk Management and Scenario Analysis (CRMSA) journey. The Bank implemented initiatives to assist in complying with Bank Negara Malaysia's (BNM) requirements for Climate Risk Management by 31 December 2024. This project, which commenced in July 2024, successfully completed the Scenario Analysis Outcome by December 2024 as a one-off exercise. There are 14 Pertinent Principles in the assessment of CRMSA in compliance to the BNM requirements comprise of aspects such as Governance, Strategy, Risk Appetite, Risk Management, Scenario Analysis and Disclosure. The Bank has conducted several workshops and discussion within the working group and various divisions within the Bank throughout the journey of identifying the physical risks and transition risk.

Below is the Summary of the Climate Risk Management & Scenario Analysis (CRMSA) Principals. Since the inception of the BNM Policy on CRMSA in 2022, the Bank has initiated complying to the principals and gradually implemented the climate risk mitigations. This exercise covered from the Board and Senior Management levels laid down to the working levels. Nevertheless, this journey will continue to persist as part of the banking risk perspective moving forward.

PRINCIPLE 12

FIs must **employ scenario analysis to determine the resilience of their business strategies to material climate-related risks**. Given the complexity and evolving nature of these risks, insights from the scenario analyses shall inform the risk profile, risk appetite and risk management framework.

PRINCIPLE 13

FIs must **ensure scenario analysis exercises are relevant**, follow certain prescribed and well-known standards, are conducted at appropriate time horizons and contain sufficient level of granularity. This is proportionate to the materiality of climate-related risks associated with the financial institutions' business and operations.

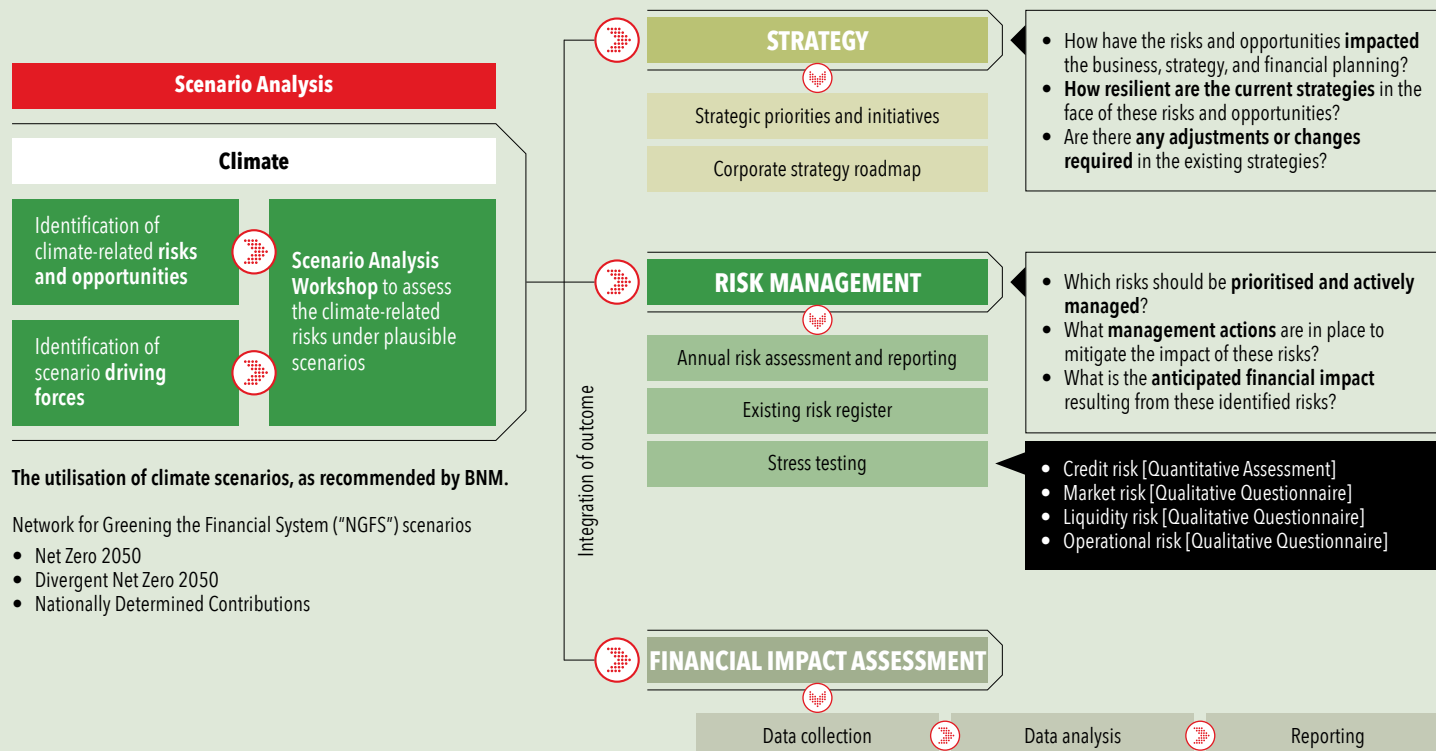
PRINCIPLE 14

FIs shall **produce reliable, meaningful and comparable climate-related disclosures**, to support informed decisions by stakeholders and reinforce the effective management of material climate-related risks in the financial sector.

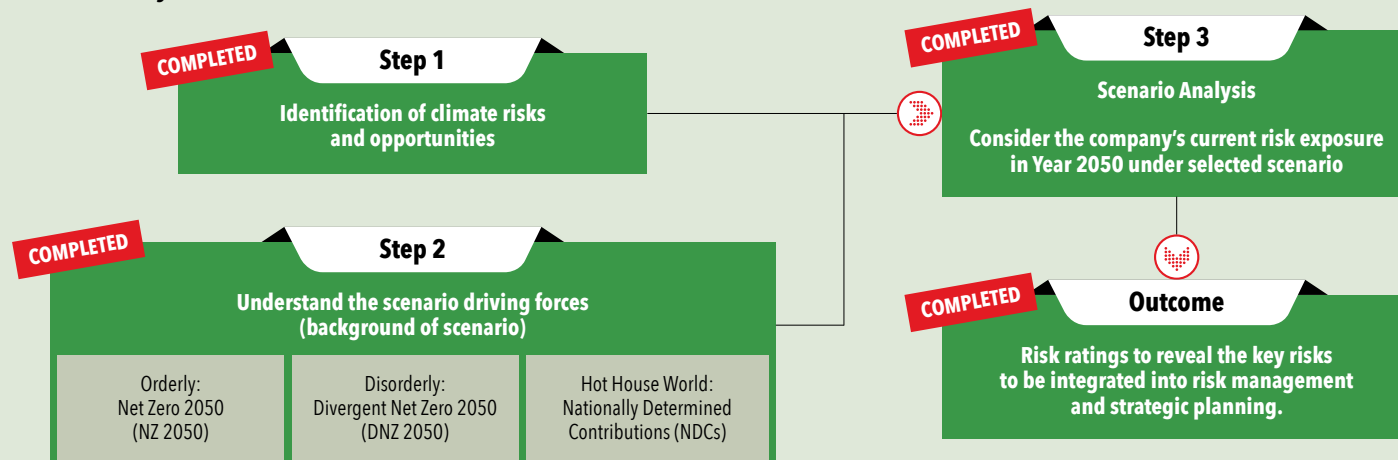
Among all aspects of Climate Risk Management, the most technical part of assessment was measuring the Scenario Analysis and forecasting the potential impact of the Bank's assets and indirectly create business opportunities for the Bank. The identified physical risk such as flood has been the most vital hazard throughout the history of Malaysia and as such it was chosen as the most vulnerable climate hazard. With the availability of national data provided by the Department of Irrigation and Drainage (DID), the identified risk via locations assisted the Bank to measure the climate risk exposure on the Bank's assets as whole.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Integration of Scenario Analysis Outcome



Scenario Analysis Process - current status



* For application of the recommended scenarios, please refer to the TCFD under the Climate Action section in chapter 7.

The application of Climate Risk Stress Testing (CRST) has enabled the Bank to assess the impact of physical and transition risks following long-term adverse climate scenarios. The Bank has identified flood risk as a significant physical risk, acknowledging its potential for losses if not managed tactfully. Agrobank being a mandated Development of Financial Institution (DFI) specialising in Agriculture Sector, placed a priority on climate risk impact to internal banking but most importantly to our customers in mitigating the risk towards transitioning activities. The impacts of not committing to these activities would result to, not only to credit deterioration but most severely at national level as backbone to Food Security. In addition to managing direct financial impacts on its portfolio, the bank also proactively assesses potential reputational and legal risks that could emerge from a failure to align with evolving climate-related regulations and stakeholder expectations.

Agrobank's overall stance on sustainability and climate change is encapsulated in its Sustainability Strategy, incorporated into the revised SBP 2021-2025. Agrobank was also the lead developer and project manager for BNM's VBIAF 3rd Cohort Sectoral Guide for Agriculture, Forestry, and Fishing.

INTERNAL CONTROL SYSTEM

Agrobank maintains a strong level of vigilance as part of its overall culture to achieve risk mitigation and compliance control. This is conducted through an internal control system that encompasses a range of key processes and oversight mechanisms established by the Board to address management issues. This includes the organisational structure, business plans, and the roles of key committees such as the Board Audit Committee, Board Risk Management Committee, and Board Compliance Committee. The Internal Audit Division provides independent assurance.

The Board affirms its responsibility for the Group's system of internal control, which is designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The system includes:

- Clearly defined organisational structure with documented lines of authority and responsibility.
- Comprehensive policies and procedures for all key operations, including fraud management, Anti-Bribery and Anti-Corruption (ABAC).
- Regular reviews of financial and operational performance.
- Segregation of duties to prevent conflicts of interest and reduce errors.
- Robust information systems and data integrity controls.
- An effective whistleblowing mechanism.

REVIEW OF EFFECTIVENESS

The Board, through the Audit Committee, periodically reviews the effectiveness and adequacy of the risk management and internal control systems. This review is informed by:

- Reports from the Internal Audit Division.
- Reports from the Risk Management and Compliance Divisions.
- Findings from external auditors.
- Regulatory pronouncements and industry best practices.



For more information regarding key risks, please refer to Our Risk and Mitigation Strategies in Chapter 4.

OUTLOOK AND FUTURE INITIATIVES

Agrobank remains committed to continuously strengthening its risk management capabilities to navigate an increasingly complex and dynamic environment. Key initiatives for 2024 and beyond include:

- Further embedding the Risk Appetite Framework into daily decision-making.
- Enhancing data analytics and predictive capabilities for risk management.
- Strengthening the climate risk management framework, including advanced scenario analysis and target setting for GHG emissions.
- Continuing to foster a strong risk culture through ongoing training and communication across all levels of the organisation.
- Leveraging digital transformation initiatives to enhance risk monitoring and control processes.

CONCLUSION

The Board is satisfied that, for the financial year ended 31 December 2024, the Group's system of risk management and internal controls is sound and adequate to safeguard the Group's assets and achieve its business objectives. The Board will continue to enhance and refine these systems to ensure their ongoing effectiveness and relevance.

SHARIAH DISCLOSURE REPORT

COMMITMENT TO STRONG AND INTEGRATED SHARIAH GOVERNANCE

Agrobank places great emphasis on the importance of comprehensive and sustainable Shariah governance to ensure that every aspect of its business operations complies with the pillars, principles, and conditions required by Shariah. Accordingly, the internal Shariah Compliance Policy has been reviewed and aligned with the requirements of the Shariah Governance Policy Document (SGPD) issued by Bank Negara Malaysia (BNM) for Islamic Financial Institutions (IFIs).

This policy outlines a comprehensive Shariah compliance control framework, including effective oversight by the Board of Directors and Management, implementation of operational procedures of the Group Shariah Committee (Group SC), as well as the code of ethics and conduct for its members.

The Group SC is supported by four key Shariah functions that serve as the Bank's internal Shariah organs, namely:

1. Shariah Department
2. Shariah Review Section
3. Shariah Risk Management Section
4. Shariah Audit Section

Each function operates with clearly defined roles and authority in line with the SGPD requirements as well as Agrobank's internal Shariah policies and guidelines. At the institutional level, the Shariah Department acts as the primary liaison between the Group SC and Management, including business and support units.

The Shariah Review, Shariah Risk Management, and Shariah Audit functions are respectively undertaken by the Compliance Division, Risk Management Division, and Internal Audit Division. To enhance operational efficiency, a delegation of authority parameter has been developed, allowing the Head of Shariah Department to review and grant preliminary approval on routine and clear-cut proposals such as operational manuals and day-to-day banking activities, provided they meet the established criteria. Such approvals will subsequently be reported to the Group SC formally for notification and further action.

ROLES AND RESPONSIBILITIES OF THE GROUP SHARIAH COMMITTEE (GROUP SC)

The Group SC is established as the main body responsible for ensuring that all business dealings, operations, and activities of Agrobank are in accordance with Shariah principles and requirements. In line with the guidelines of the Shariah Governance Policy Document (SGPD) issued by BNM, the primary role of the Group SC is to provide objective, high-quality, and authoritative Shariah advice and guidance to the Bank. This ensures that every decision and activity undertaken by the Bank remains grounded in sound and credible Shariah principles.

The key responsibilities of the Group SC include:

- Advising on decisions or standards issued by the Shariah Advisory Council (SAC) of BNM or any other relevant Shariah authority;
- Approving the Bank's internal Shariah policies, manuals, and guidelines;
- Reviewing and considering reports from the Bank's Shariah control functions such as Shariah Review, Shariah Audit, and Shariah Risk Management;
- Approving corrective actions on any identified Shariah non-compliance issues;
- Deliberating thoroughly on any issues or proposals related to Shariah controls to mitigate the risk of Shariah non-compliance;
- Issuing resolutions in relation to Shariah non-compliance events to ensure that appropriate remedial actions are taken by the Bank and to prevent recurrence of similar issues in the future.

The Bank's Group SC comprises six (6) members, of whom five (5) are experts in various Shariah disciplines, while the remaining one (1) is an expert in accounting who provides practical insights on banking implementation and operations. This diversity of expertise enables the Group SC to make holistic and well-balanced assessments and decisions, taking into account both Shariah requirements and operational needs.

To ensure the effectiveness of the Group SC function, the Bank has implemented an individual performance evaluation mechanism for each member. The evaluation covers aspects such as competence, knowledge, commitment, and the member's contribution to the overall performance of the committee.

According to the Group SC Charter, meetings must be held at least once every two months, with a minimum quorum of four (4) members with Shariah backgrounds. Throughout the year 2024, the Group SC has convened 13 meetings, which covered discussions including:

- Approval of new products;
- Assessment of Shariah issues in daily operations;
- Review of annual financial reports from a Shariah perspective; and
- Approval of Shariah-related policies and manuals.

The Group SC also reviews findings from the Shariah Review and Shariah Audit functions before recommending suitable corrective actions. The Committee will assess whether the findings constitute genuine Shariah non-compliance issues and determine whether further action is required by the relevant parties.

The Group SC members and their attendance records are as follows:

No.	Name	Designation	Meeting													%
			1	2	3	4	5	K1	6	7	K2	8	9	10	11	
1	Tn. Hj. Azizi Che Seman	Chairman	/	/	/	/	/									100
2	Ustaz Wan Rumaizi W.Husin @ Abdul Aziz	Chairman	/	/	/	/	/	/	/	/	/	/	/	/	/	100
3	Dr. Shafaai Musa	Member	/	/	/	/	/	/	/	/	/	/	/	/	/	100
4	Dr. Abdullaah Jalil	Member	/	/	/	/	/	/	/	/	/	/	/	/	/	100
5	Prof. Dr. Sharifah Faigah Syed Alwi	Member	/	/	/	/	/	/	/	/	/	/	/	/	/	100
6	Prof. Datin Dr. Rusni Hassan	Member						/	/	/	/	/	/	/	/	100
7	Puan Shabnam Mohamad Mokhtar	Member						/	/	/	/	/	/	/	/	100

Frequency: At least once every 2 months

Quorum : Minimum 4 board members (including chairman)

Decision : Based on majority decision

Minimum Attendance: 75%

SHARIAH DEPARTMENT: DRIVING HOLISTIC SHARIAH GOVERNANCE

The Shariah Department plays a strategic role in strengthening Agrobank's comprehensive and sustainable Shariah governance mechanisms. It serves as the central pillar in ensuring that all Bank products and services are consistently aligned with and adhere to Shariah principles and requirements.

As the main supporting unit for the Bank's overall operations, the Shariah Department is responsible for implementing various key initiatives to ensure the holistic implementation of the Shariah Governance Policy Document (SGPD), including the establishment and management of the Group SC as well as coordination of Shariah approvals for the Bank's products and services. The department also acts as an active liaison between the Group SC and various internal departments and committees in addressing Shariah-related matters.

Among the core responsibilities of the Shariah Department are:

- Reviewing and examining products prior to presentation to the Group SC, including assessing emerging Shariah issues and managing administrative and secretarial matters related to the Group SC;
- Conducting in-depth Shariah research and providing advisory services and daily consultations to parties involved in product development and banking operations;
- Coordinating Group SC meetings, preparing Shariah proposal papers, communicating Shariah decisions to relevant stakeholders, and engaging with the Group SC on issues that require further deliberation;
- Cultivating a culture of comprehensive and continuous Shariah governance across the organisation.

The Bank recognises that evolving approaches and mindsets toward Shariah compliance are crucial to enhancing awareness, motivation, and accountability among staff. Hence, the Shariah Department continues to intensify efforts to strengthen Shariah understanding through various development and educational programmes.

Key initiatives for 2024 include:

- Special halaqah sessions for Shariah officers aimed at deepening their understanding of fatwas and standards set by AAOIFI (Accounting and Auditing Organisation for Islamic Financial Institutions). This initiative is intended to promote the adoption of international best practices in Shariah governance and compliance;

- The Shariah Learning and Awareness Roadshow (SLAR), conducted nationwide to expose branch staff to Shariah concepts applied in the Bank's products, thereby reinforcing their role as the frontline in ensuring Shariah compliance;
- Participation as speakers in the Induction Course for new staff, to share the fundamentals of Islamic banking and introduce the role of the Shariah Department within the Bank's governance ecosystem;
- Contribution to the publication of a book titled "*Islam dan Pertanian*" (Islam and Agriculture) in collaboration with the Institute of Islamic Understanding Malaysia (IKIM). Members of the Group Shariah Committee (Group SC) also contributed writings for the book. The book was officially launched by the Honourable Minister of Agriculture and Food Security;
- Active involvement in the "*One Hadith, One Day*" programme as content developers and speakers during the month of Ramadan to foster spiritual reflection among staff;
- Speaker of daily hadith recitations through the "*Hadis Apa Hari Ini?*" programme held after Asar prayer in collaboration with the Agrobank Islamic Affairs Body (BADIA);
- Organisation of the *Tadarus al-Quran* programme during Ramadan in collaboration with BADIA, aimed at strengthening spiritual development and fostering a communal spirit of worship;

SHARIAH DISCLOSURE REPORT

- Implementation of weekly *tazkirah* delivered across all branches. These notes are shared with Branch Managers and Assistant Managers to be presented during weekly briefings, aligning with the Bank's efforts to instill PATRIOT values among staff within the context of Shariah compliance.

Overall, the role of the Shariah Department extends beyond the traditional scope of compliance. It acts as a strategic partner in ensuring integrated Shariah compliance in operations, while also serving as a key contributor in Agrobank's mission to become a trusted Islamic financial institution.

ZAKAT MANAGEMENT AND ASNAF DEVELOPMENT

In addition to managing the above activities, the Shariah Department, through the Shariah Awareness & Zakat Section, serves as the Secretariat to the Bank's Zakat Distribution Committee, which is responsible for ensuring that all zakat processes, evaluations, and distributions are carried out transparently, systematically, and in full compliance with the established Zakat Guidelines.

The allocation of zakat funds to each State Islamic Religious Council (MAIN) varies, depending on internal criteria and considerations that have been set. To ensure the integrity and effectiveness of this process, the Section also implements a check-and-balance mechanism, whereby zakat distribution reports are presented to the Group SC for their feedback, improvements, and relevant recommendations.

In addition, the Bank has introduced a high-impact initiative known as the Asnaf Development Programme, aimed at helping the asnaf community break out of the poverty cycle and eventually transition from zakat recipients to zakat payers. This programme focuses on the economic empowerment of asnaf through guidance in the field of entrepreneurship.

Among the additional tasks carried out by the Shariah Department through this Section are:

- Holding meetings and establishing collaborations with MAIN to discuss strategic partnerships, improvements to distribution processes, and the effectiveness of asnaf development programmes;
- Conducting formal zakat handovers to MAIN, ensuring full compliance with all distribution procedures and legal requirements;
- Organising training sessions and workshops for asnaf participants to equip them with the knowledge to best utilise the zakat funds they receive;
- Conducting interview sessions to assess the eligibility of asnaf applicants for participation in the Asnaf Development Programme, to ensure that selected candidates are deserving and have the potential to benefit from the development initiative.

Through this comprehensive approach, the Shariah Department not only ensures that zakat distribution is carried out fairly and transparently but also plays a significant role in driving the socio-economic development of the asnaf community – in line with Agrobank's aspiration to be a compassionate and responsible Islamic financial institution.

NON-HALAL INCOME MANAGEMENT

The Shariah Department, as the secretariat to the Distribution Committee, also plays a vital role in managing the disposal of non-halal income received by the Bank. This management is carried out in accordance with the provisions outlined in the Non-Halal Income Purification Policy, as well as any additional guidance or instructions issued by the Group SC from time to time.

To ensure transparency and the effectiveness of the purification process, the Shariah Department undertakes several key tasks, which include:

- Analysing the applications received based on category, purpose, and suitability of recipients;
- Managing the approval process through the Distribution Committee, which is responsible for evaluating and approving the utilisation of non-halal funds;
- Executing the distribution to approved recipients to ensure that contributions are channelled to eligible parties and in accordance with the disposal criteria outlined in the Bank's internal policy and guidelines.

This structured approach not only ensures compliance with purification principles in accordance with Shariah rulings but also reflects Agrobank's commitment to ethical and transparent social responsibility and governance.

SHARIAH RISK

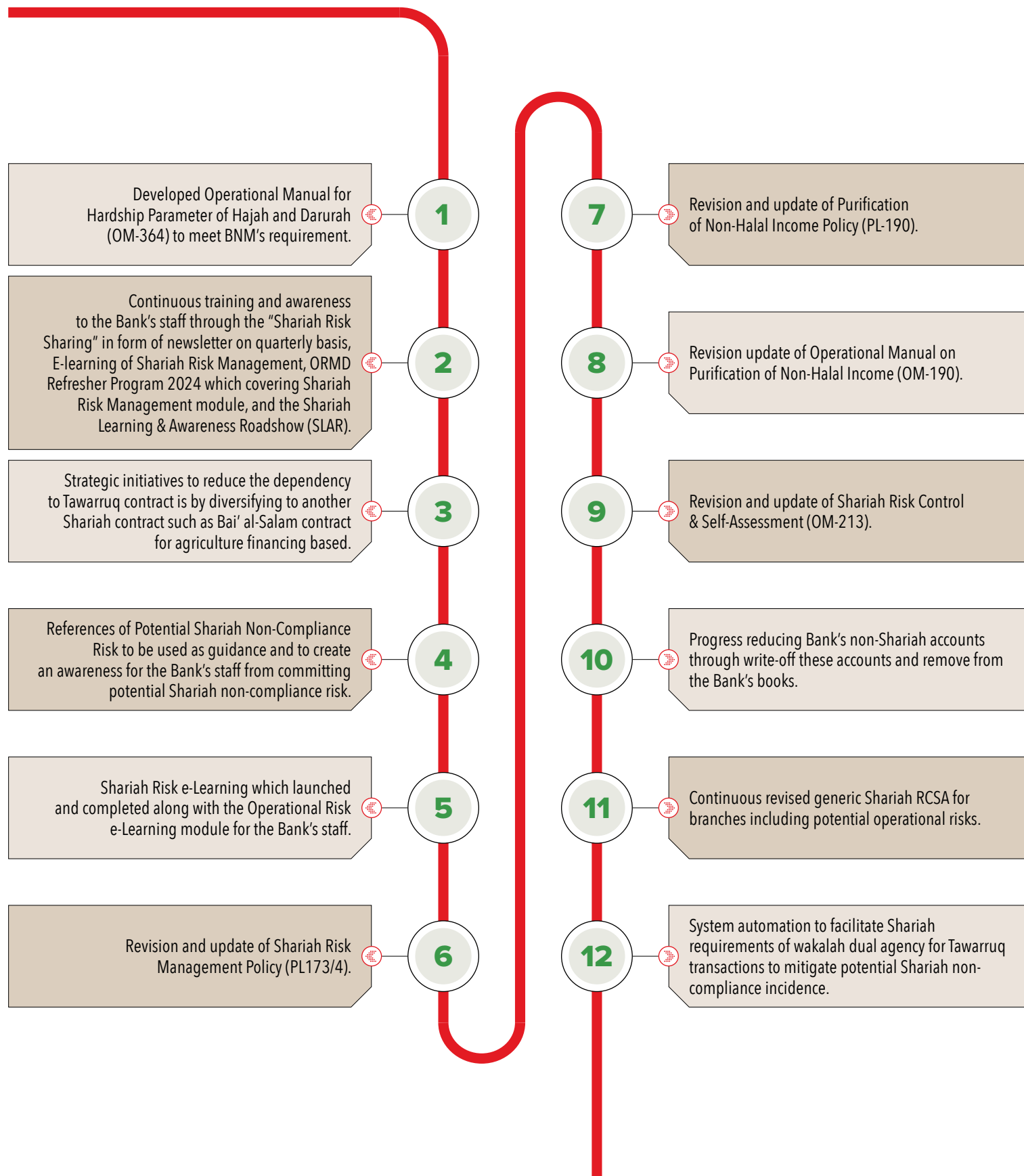
Sound and comprehensive Shariah governance is further reinforced with the adoption of a risk management framework for Shariah non-compliance where Shariah risk management forms part of the Bank's integrated risk management framework. The main function of Shariah risk management is systematically identifies, measures, monitors and reports Shariah non-compliance risks associated with the Bank's business, operations, affairs and activities as per the requirement under the Shariah Governance Policy Document issued by BNM. Through the continuous monitoring of Bank's Shariah risk profiles and the effectiveness of existing controls, Shariah risk facilitates the efficient and effective management of Shariah non-compliance risks and works towards further institutionalising a zero major Shariah Non-Compliance culture across the Bank.

Hence, Shariah risk is responsible for the development, maintenance and enhancement of the Shariah Risk Management's policies and operational manuals and its implementation, including reporting Shariah non-compliance risk exposures to the Group Shariah Committee (Group SC), Operational Risk Management Committee (ORMC), Management Risk Committee (MRC), Board Risk Management Committee (BRMC), and the Board of Directors. Other mandates include the development and implementation of measures to elevate Shariah risk awareness within the Bank, ensure the purification of non-halal income due to non-compliance with Shariah requirements as guided by the Bank's SC and provide mitigating measures as well as action plans to avoid the recurrence of event(s) that could potentially result in non-halal income.

The Shariah risk function also ensures that any incident of Shariah non-compliance is immediately reported to BNM via ORR (Operational Risk Reporting) system, addressed and rectified. This will not only ensure the purity of the income earned but more importantly to ascertain that adequate systems and controls are in place in assuring that non-compliance with Shariah rules and principles can be averted. Shariah risk will track all Shariah non-compliance incidences, its rectification status and ensure timely reporting to the SC, Board and BNM.

During 2024, the Agrobank's Shariah Risk Profile was conducted and reported on 1st half and 2nd half, which consist of status of Shariah non-compliance (SNC) events based on Incident Management Data Collection (IMDC), Key Risk Indicator (KRI), Shariah Risk Control & Self-Assessment (SRCSA) from Risk Liaison Officers (RLO) at branches/Head office, overview of the Bank's product portfolio based on Shariah contracts, Bank's non-Shariah accounts, and Strategic initiatives. Notwithstanding, the Shariah risk dashboard of the Bank was presented monthly to ORMC, MRC, SC, and BRMC. It continued with the staff awareness and knowledge where Shariah Risk had participated in developing the modules and conducting the training and awareness. Shariah Risk also involved in the sign-off, process of the new issuance of internal policy and operation manuals.

Shariah Risk initiatives in 2024 covered:



SHARIAH DISCLOSURE REPORT

SHARIAH REVIEW

This report summarises the Shariah review activities conducted by Agrobank's Shariah Review Section (SRS) under the Compliance Division for the year 2024.

Shariah review refers to a control function that conducts regular assessments on the operations, business, affairs, and activities of the Bank to be complied with Shariah requirements. This comprehensive process not only involves the review of financial statements but also scrutinises contracts, agreements, transactions, activities, and end-to-end product development process to guarantee Shariah compliance and enhance the credibility of the Bank's activities.

Throughout 2024, all observations from Shariah review exercises, including instances of Shariah non-compliance, were documented, and highlighted in the Shariah Review Report. These reports were subsequently presented to the Management, Group Shariah Committee (Group SC), and subsequently the Board for deliberation and notification. The report also contains recommendations on rectification measures and action that are required to resolve any Shariah non-compliances, as well as control mechanism to avoid any recurrence.

Acting as the second line of defence, SRS played a vital role in ensuring strict adherence to Shariah principles throughout 2024. SRS conducted comprehensive oversight through 45 on-site branch reviews and 40 desktop branch review exercises, providing thorough monitoring of Shariah compliance across operations.

At the Headquarters level, SRS performed 6 review exercises covering various business segments. These were supplemented by 2 ad-hoc reviews focusing on a Preliminary Assessment of Hajah and Darurah under BNM's Policy Document including 1 special exercise was dedicated to addressing a Potential Shariah Non-Compliance (PSNC) matter.

Overall, in 2024, the Bank identified and addressed two potential Shariah Non-Compliance event and confirmed one actual incident of Shariah Non-Compliance (SNC) as verified by the Group Shariah Committee.



Shariah Review Awareness and Training

To further enhance Shariah compliance awareness, SRS organised and was involved in several awareness programmes to enhance Shariah compliance, including:

- Morning briefings/tazkirah for each branch/kiosk
- 'Buat Betul Betul' 3B Campaign
- Assistance Branch Manager (ABM) Development Programme
- Shariah Learning Awareness Roadshows (SLAR): Four sessions were conducted, involving 1,213 staff across three regions: Kuala Lumpur, Selangor & Negeri Sembilan; Sabah; and Pulau Pinang, Kedah & Perlis
- ECO & FCO Engagements
- Branch Managers Certification Programme (BMCP) Module 2 on Branch Management and Operations, focused on Shariah compliance
- Customer Service Representative (CSR) Development Programme

Looking ahead, the Bank is committed to reinforcing Shariah awareness and review activities to uphold its mission of 100% Shariah compliance. This will involve continuing the Shariah Learning and Roadshows (SLAR) to other regions (Kelantan & Terengganu and Sarawak) and introduce Shariah Governance campaign or E-Learning. Additionally, Shariah Review will contribute and support 3B Campaign (Buat Betul Betul) under Compliance Division and also sharing lessons learned from Shariah compliance observations and promoting a robust Shariah compliance culture through employee engagement and continuous education of SRS personnel will be key strategic priorities for 2025.

SHARIAH AUDIT

The Shariah Audit Section, under the Internal Audit Division (IAD), continues to play a dedicated role in providing independent assessments on the quality and effectiveness of the Bank's governance, risk management, internal controls, and overall compliance of the Bank's operation with Shariah requirements and principles.

For 2024, a comprehensive audit programme and plan was developed, covering clear objectives, scope, auditor assignments, sampling methods, timelines, as well as robust audit processes and procedures. The objectives and scope were determined based on Shariah principles and requirements, Shariah-related policy documents issued by BNM, as well as resolutions from BNM's Shariah Advisory Council and the Bank's Group Shariah Committee (Group SC).

During the year, the Shariah Audit covered, among others, treasury deposit products, trade products, Zakat management, and Shariah governance. The audit reports, which included audit findings, recommendations for improvement, and action plans, were presented to the Management Audit Committee (MAC) and subsequently tabled to the Board Audit Committee (BAC) and the Group Shariah Committee.



TCFD INDEX

TCFD Recommended Pillars & Disclosures	Agrobank's Supporting Disclosure & Corresponding Codes	Page No.
Governance		
a) Describe the board's oversight of climate-related risks and opportunities.	The Board, through the Board Risk Management Committee (BRMC), oversees the Bank's risk management framework, which includes climate-related risks. The Board's role in overseeing sustainability and climate change initiatives is explicitly stated.	99, 176, 177, 178
b) Describe management's role in assessing and managing climate-related risks and opportunities.	Management is responsible for implementing the Board's strategies, including establishing and maintaining controls for all risk types, such as climate risk. The Chief Risk Officer and relevant management committees are key figures in this process.	99, 176, 178
Strategy		
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	The Bank identifies physical and transition climate risks. Key initiatives and targets for green financing are outlined, along with the integration of climate risk into its Risk Appetite Framework and strategic planning.	100, 101, 179, 180
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	The Bank's strategy includes supporting a resilient agricultural sector. Climate scenario analysis is used to assess the resilience of its business strategy and inform its risk profile and financial planning.	100, 101, 180, 181
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	The Bank has conducted a Climate Risk Management and Scenario Analysis (CRMSA) using NGFS scenarios (e.g., Net Zero 2050) to test strategic resilience.	103, 180, 181
Risk Management		
a) Describe the organization's processes for identifying and assessing climate-related risks.	The Bank has a systematic process for risk identification, including climate risks. This involves workshops, data analysis, and integrating climate risk into the overall risk management framework.	103, 178, 180, 181
b) Describe the organization's processes for managing climate-related risks.	Climate risks are managed through integration into policies, risk mitigation strategies, and specific targets (e.g., for green financing). The Climate Risk Stress Testing (CRST) is a key tool.	103, 179, 180, 181
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Climate risk management is an integral part of the Bank's enterprise-wide risk management framework and is overseen by the BRMC and management committees.	103, 177, 178
Metrics and Targets		
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	The Bank uses metrics such as the percentage of green financing, GHG emissions, and Key Risk Indicators (KRIs) for emerging risks, including climate.	99, 103, 180, 181
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	The Bank has begun calculating its GHG emissions baseline for 2023 and is developing reduction targets.	181
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	The Bank has set targets for 2025 (20% of new financing, 10% of financing balance for green/transition activities) and is developing a Net Zero Roadmap.	102, 181

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DIRECTORS' REPORT

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.

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 Abd Ghani
 Y. Bhg Datuk Dr. Ahmad Kushairi Din
 Puan Rizleen Mokhtar
 Encik Mohamed Iqbal Mohamed Iqbal
 Y. Bhg Datin Arlina Ariff
 Encik Wan Zamri Wan Zain (Ceased on 2 February 2025)
 Encik Mohd Hanif Mastuki (Resigned on 28 January 2025)
 Y. Bhg Datuk Lokman Hakim 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 Wan Zain
 Dato' Dr Mohamad Zabawi Abdul Ghani
 Dato' Tengku Ahmad Badli Shah Raja Hussin
 Encik Mohd Zukki Ab Rahman

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.

Directors' Report

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.
- (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.

DIRECTORS' REPORT

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 expo11 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 fo1mats to deliver a greater customer experience, while remaining true to the delivery of value-based inte1mediation 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 YUNUS ABD GHANI

Kuala Lumpur, Malaysia


ENCIK MOHAMED IQBAL MOHAMED IQBAL

STATEMENT BY DIRECTORS

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

We, **DATUK YUNOS ABD GHANI** and **ENCIK MOHAMED IQBAL 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 201 to 344 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 ABD GHANI

Kuala Lumpur, Malaysia



ENCIK MOHAMED IQBAL MOHAMED IQBAL

STATUTORY DECLARATION

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

We, **DATUK YUNOS ABD GHANI** and **DATO' TENGKU AHMAD BADLI SHAH 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 201 to 344 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.

Subscribed and solemnly declared by the abovenamed



DATUK YUNOS ABD GHANI



DATO' TENGKU AHMAD BADLI SHAH RAJA HUSSIN

Subscribed and solemnly declared by the abovenamed
DATUK YUNOS ABD GHANI and **DATO' TENGKU AHMAD BADLI SHAH RAJA HUSSIN**
at KUALA LUMPUR in the Federal Territory on **26 June 2025**.

Before me.

COMMISSIONER FOR OATHS



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 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 (Group SC) 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 Group SC endorses Shariah policies and procedures, and reviews reports escalated by the internal control functions under Shariah governance. The Group SC 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 Group SC and has the responsibility to provide operational support for effective functioning of the Group SC, 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).

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.
- (t) 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.

SHARIAH COMMITTEE'S REPORT

We, **WAN RUMAIZI W.HUSIN @ABDUL AZIZ** and **DR. SHAFAAI 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 W.HUSIN @ ABDUL AZIZ
Chairman of the Committee

Kuala Lumpur, Malaysia
26 June 2025



DR. SHAFAAI MUSA
Member of the Committee

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 201 to 344.

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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF BANK PERTANIAN MALAYSIA BERHAD (INCORPORATED IN MALAYSIA)

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.
- 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 PT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
26 June 2025



MUHAMMAD SYARIZAL ABDUL RAHIM
No. 03157/01/2027/J
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2024

		Group		Bank	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 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					
<u>Debt instruments at fair value through other comprehensive income ("FVOCI"):</u>					
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					
<u>Equity instruments at FVOCI</u>					
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.

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.

STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

Bank	Notes	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.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2024

Group	Non-distributable reserves				Distributable reserves	Total RM'000
	Share capital RM'000	Statutory reserve RM'000	FVOCI Retained RM'000	Regulatory earnings RM'000	Retained earnings 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
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.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2024

Bank	Non-distributable reserves				Distributable reserves	Total RM'000
	Share capital RM'000	Statutory reserve RM'000	FVOCI Retained RM'000	Regulatory earnings RM'000	Retained earnings 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
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.

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
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

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2024

	Group 2024 RM'000	2023 RM'000	Bank 2024 RM'000	2023 RM'000
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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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.

2.2 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'.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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.

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	
Amendments to FRS 7 Financial Instruments: Disclosures	1 January 2026
Amendments to MFRS 9 Financial Instruments	1 January 2026
Amendments to MFRS 10 Consolidated Financial Statements	
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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies

(a) Basis of accounting

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

(b) Subsidiaries

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

- Power over the investee i.e. existing rights that give the current ability to direct the relevant activities of the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its return.

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

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

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

(c) Basis of consolidation

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

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

(d) Revenue recognition

(i) Profit income

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (CONT'D)

(d) Revenue recognition

(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.

(vii) Dividend income

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

(viii) Rental income

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

(ix) 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).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(f) Financial assets (cont'd)

(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.

Business model

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

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

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

Debt instruments

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

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

(i) Amortised cost

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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)

Equity instruments

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

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

(4) Subsequent measurement – Impairment

Impairment for debt instruments and financial guarantee contracts

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2024

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")

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

The following indicators are incorporated:

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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.

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).

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(f) Financial assets (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(f) Financial assets (cont'd)

Measurement of expected credit losses ("ECL")

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(k) Income tax

(i) Current tax

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

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

(ii) Deferred tax

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

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

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

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

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

(l) Employees' benefits

(i) Short-term benefits

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

(ii) Defined contribution plan

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

(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.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(m) Impairment of non-financial assets

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

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

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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.

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.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(q) Foreclosed properties

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

(r) Provisions

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

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

Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability.

(s) Share capital

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

(t) Cash and cash equivalents

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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:

Nominal amount	General Takaful Fund	
	2024 RM'000	2023 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

(w) 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.

(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 contracts if the underlying contracts are profitable.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

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

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

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

(vi) Measurement (cont'd)

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

Initial measurement (cont'd)

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

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

(vi) Measurement (cont'd)

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

Subsequent measurement (cont'd)

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

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

(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.

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.

Takaful revenue

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONT'D)

3.2 Summary of material accounting policies (cont'd)

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

(ix) Presentation and disclosure

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.

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.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2024

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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

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

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2024

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

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.

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 fulfillment 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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		
Core capital ratio		
2023 (Restated)	19.51	19.69

6. INCOME DERIVED FROM INVESTMENT OF:

	Note	Group and Bank	
		2024 RM'000	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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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

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

(i) Income derived from investment of term deposits

	Group and Bank	
	2024	2023
	RM'000	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

(ii) Income derived from investment of other deposits

	Group and Bank	
	2024	2023
	RM'000	RM'000
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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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

(b) Shareholder's funds

	Group and Bank	
	2024 RM'000	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
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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

7. TAKAFUL SERVICE RESULT

	Note	2024 RM'000	Group 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

	2024 RM'000	Group 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

	2024 RM'000	Group 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	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

8. ALLOWANCE FOR IMPAIRMENT

	Note	Group and Bank 2024 RM'000	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	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)

(b) Other advances

	Group and Bank 2024 RM'000	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	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)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

8. ALLOWANCE FOR IMPAIRMENT (CONT'D)

(d) Other assets

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

9. INCOME ATTRIBUTABLE TO DEPOSITORS

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

10. PERSONNEL EXPENSES

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Salaries, allowances and bonuses	330,010	290,311	329,040	290,311
EPF contributions	41,024	36,983	40,882	36,983
SOCSSO contributions	3,465	3,090	3,461	3,090
Medical insurance	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

11. OTHER OVERHEADS AND EXPENDITURES

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

11. OTHER OVERHEADS AND EXPENDITURES

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
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 Auditors' remuneration	44,796	39,937	44,783	39,937
- 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

12. FINANCE COSTS

	Note	Group and Bank	
		2024 RM'000	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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

12. FINANCE COSTS (CONT'D)

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

	Note	Group and Bank	
		2024 RM'000	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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

12. FINANCE COSTS (CONT'D)

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

Less : Income from fair value amortisation (cont'd)

	Note	Group and Bank	
		2024 RM'000	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	2023 RM'000
Malaysian income tax	44,841	56,004
Over provision in prior years	(1,748)	(232)
Deferred tax: (Note 26)	43,093	55,772
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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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 RM'000	2023 RM'000	2024 RM'000	2023 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 RM'000	2023 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

15. CASH AND SHORT TERM FUNDS

	Group and Bank	
	2024 RM'000	2023 RM'000
Cash in hand	206,106	195,200
Cash at banks		
Short term deposits maturing within three months:	167,660	359,066
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:		
Average maturities	24 days	19 days
Weighted average effective profit rates (per annum)	3.56%	3.34%
	Bank	
	2024 RM'000	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:		
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	2023 RM'000
Deposit with a financial institution	-	57,000

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

17. FINANCIAL ASSETS PORTFOLIO

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

(i) Equity investments

	Group and Bank 2024 RM'000	2023 RM'000
Quoted securities		
KUB Malaysia Berhad	-	252

(ii) Debt investments

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

	Group and Bank 2024 RM'000	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

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2024

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.

Group and Bank	ECL Staging			Total RM'000
	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL Not Credit - Impaired RM'000	Stage 3 Lifetime ECL Credit - Impaired 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

(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 RM'000	2023 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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

17. FINANCIAL ASSETS PORTFOLIO (CONT'D)

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

Maturity structure for financial assets at amortised cost:

	Group and Bank	
	2024 RM'000	2023 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
Net financial assets at amortised cost	314,081	264,610

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

Group and Bank	ECL Staging			Total RM'000
	Stage 1	Stage 2	Stage 3	
	12-month ECL RM'000	Lifetime ECL Not Credit - Impaired RM'000	Lifetime ECL Credit - Impaired 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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

18. FINANCING AND ADVANCES (CONT'D)

	Group and Bank	
	31 December 2024	31 December 2023
	RM'000	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	31 December 2023
	RM'000	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	31 December 2023
	RM'000	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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

18. FINANCING AND ADVANCES (CONT'D)

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

	Group and Bank	
	31 December 2024	31 December 2023
	RM'000	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	31 December 2023
	RM'000	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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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	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)
	1,279,879	1,096,472
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%

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

18. FINANCING AND ADVANCES (CONT'D)

(vii) Impaired financing by sector

	Group and Bank	
	31 December 2024	31 December 2023
	RM'000	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	31 December 2023
	RM'000	RM'000
Sectors:		
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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

18. FINANCING AND ADVANCES (CONT'D)

(ix) ECL

Movements in impairment allowances are as follows:

Group and Bank	ECL Staging			Total RM'000
	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL Not Credit - Impaired RM'000	Stage 3 Lifetime ECL Credit - Impaired 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.

Group and Bank	ECL Staging			Total RM'000
	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL Not Credit - Impaired RM'000	Stage 3 Lifetime ECL Credit - Impaired 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.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2024

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

19. OTHER ADVANCES (CONT'D)

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.

(ii) ECL

Movements in impairment allowances are as follows:

Group and Bank	ECL Staging			Total RM'000
	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL Not Credit - Impaired RM'000	Stage 3 Lifetime ECL Credit - Impaired RM'000	
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.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2024

19. OTHER ADVANCES (CONT'D)

(ii) ECL (cont'd)

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

Group and Bank	ECL Staging			Total RM'000
	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL Not Credit - Impaired RM'000	Stage 3 Lifetime ECL Credit - Impaired 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.

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

	31 December 2024 RM'000	Group and Bank Restated 31 December 2023 RM'000	Restated 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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

20. OTHER ASSETS (CONT'D)

Movements in impairment allowances are as follows:

Lifetime ECL Credit-Impaired	2024 RM'000	Group and Bank Restated 31 December 2023 RM'000	Restated 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

21. INVESTMENT IN SUBSIDIARY

	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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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
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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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

- (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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

24. INTANGIBLE ASSETS

Computer Software	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 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)	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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
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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

25. LEASES (CONT'D)

Bank as a lessee (cont'd)

The following are the amounts recognised in profit or loss:

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 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 RM'000	2023 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

27. (a) DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 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 RM'000	2023 RM'000	2024 RM'000	2023 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 RM'000	2023 RM'000	2024 RM'000	2023 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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for the financial year ended 31 December 2024

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

28. OTHER LIABILITIES

		Group		Bank	
	Note	2024	2023	2024	2023
		RM'000	RM'000	RM'000	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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

28. OTHER LIABILITIES (CONT'D)

(a) Other payables and accruals (CONT'D)

(i) Donation/charity payable

	Note	Group and Bank 2024 RM'000	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.

(ii) Provision for re-instatement cost

	Group and Bank 2024 RM'000	2023 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 RM'000	2023 RM'000
At 1 January	126	354
DCurrent service cost ¹	(126)	(228)
At 31 December	-	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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

28. OTHER LIABILITIES (CONT'D)

(a) Other payables and accruals (CONT'D)

(iii) Retirement benefits scheme

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

28. OTHER LIABILITIES (CONT'D)

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

Group and Bank	ECL Staging			Total RM'000
	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL Not Credit - Impaired RM'000	Stage 3 Lifetime ECL Credit - Impaired 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.

Group and Bank	ECL Staging			Total RM'000
	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL Not Credit - Impaired RM'000	Stage 3 Lifetime ECL Credit - Impaired 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

29. FINANCING SCHEME FUNDS

Summary of financing scheme funds are as follows:

	Note	Group and Bank	
		2024 RM'000	2023 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
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).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

29. FINANCING SCHEME FUNDS (CONT'D)

(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
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).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

29. FINANCING SCHEME FUNDS (CONT'D)

(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).

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

29. FINANCING SCHEME FUNDS (CONT'D)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

29. FINANCING SCHEME FUNDS (CONT'D)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

29. FINANCING SCHEME FUNDS (CONT'D)

(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.

(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).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

29. FINANCING SCHEME FUNDS (CONT'D)

(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.

(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).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

29. FINANCING SCHEME FUNDS (CONT'D)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

29. FINANCING SCHEME FUNDS (CONT'D)

(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.

(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).

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for the financial year ended 31 December 2024

29. FINANCING SCHEME FUNDS (CONT'D)

(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).

(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).

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for the financial year ended 31 December 2024

29. FINANCING SCHEME FUNDS (CONT'D)

(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).

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

29. FINANCING SCHEME FUNDS (CONT'D)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

29. FINANCING SCHEME FUNDS (CONT'D)

(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).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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).

32. GOVERNMENT GRANTS - FUNDS

SUMMARY OF GOVERNMENT GRANT FUNDS IS AS FOLLOWS:

	Note	Group 2024 RM'000	Group 2023 RM'000	Bank 2024 RM'000	Bank 2023 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 Rangkaian 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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

32. GOVERNMENT GRANTS - FUNDS (CONT'D)

SUMMARY OF GOVERNMENT GRANT FUNDS IS AS FOLLOWS: (CONT'D)

		Group		Bank	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
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
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

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

	Group and Bank	
	2024 RM'000	2023 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

32. GOVERNMENT GRANTS - FUNDS (CONT'D)

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

	Group and Bank	
	2024 RM'000	2023 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 RM'000	2023 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.

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

	Group and Bank	
	2024 RM'000	2023 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 RM'000	2023 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

32. GOVERNMENT GRANTS - FUNDS (CONT'D)

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

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

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

	Group and Bank	
	2024 RM'000	2023 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 RM'000	2023 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 RM'000	2023 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

32. GOVERNMENT GRANTS - FUNDS (CONT'D)

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

	Group and Bank	
	2024 RM'000	2023 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 Modernisasi Rantai Nilai AgroMakanan

	Group and Bank	
	2024 RM'000	2023 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).

(l) Program Pemodenan Vesel Dan Mekanisasi Tangkapan

	Group and Bank	
	2024 RM'000	2023 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).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

32. GOVERNMENT GRANTS - FUNDS (CONT'D)

(m) Agro-YES

	Group and Bank	
	2024 RM'000	2023 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 RM'000	2023 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.

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

	Note	Group and Bank	
		2024 RM'000	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	-

- 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.
- 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

32. GOVERNMENT GRANTS - FUNDS (CONT'D)

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

	Group and Bank	
	2024 RM'000	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).

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

	Group and Bank	
	2024 RM'000	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).

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

	Group and Bank	
	2024 RM'000	2023 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).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

32. GOVERNMENT GRANTS - FUNDS (CONT'D)

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

	Group and Bank	
	2024 RM'000	2023 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 RM'000	2023 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).

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

	Group and Bank	
	2024 RM'000	2023 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).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

32. GOVERNMENT GRANTS - FUNDS (CONT'D)

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

	Group and Bank	
	2024 RM'000	2023 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 RM'000	2023 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).

(x) Special Relief Facility ("SRF")

	Group and Bank	
	2024 RM'000	2023 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

32. GOVERNMENT GRANTS - FUNDS (CONT'D)

(y) Disaster Relief Facility

	Group and Bank	
	2024 RM'000	2023 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 RM'000	2023 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.

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

	Group and Bank	
	2024 RM'000	2023 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

32. GOVERNMENT GRANTS - FUNDS (CONT'D)

(ab) Skim Pembiayaan Mikro Penjana

	Group and Bank	
	2024 RM'000	2023 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 RM'000	2023 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.

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

	Group and Bank	
	2024 RM'000	2023 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).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

32. GOVERNMENT GRANTS - FUNDS (CONT'D)

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

	Group and Bank	
	2024 RM'000	2023 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 RM'000	2023 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.

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

	Group and Bank	
	2024 RM'000	2023 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).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

32. GOVERNMENT GRANTS - FUNDS (CONT'D)

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

	Group and Bank	
	2024 RM'000	2023 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 RM'000	2023 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.

33. SUKUK WAKALAH

	Group and Bank	
	2024 RM'000	2023 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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

33. SUKUK WAKALAH (CONT'D)

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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:

Group	2024				2023			
	LRC		LIC		LRC		LIC	
	Excluding loss-recovery component RM'000	Present value of future cash RM'000	Risk adjustment RM'000	Total RM'000	Excluding loss-recovery component RM'000	Present value of future cash RM'000	Risk adjustment RM'000	Total 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)	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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:

Group	2024				2023			
	LRC		LIC		LRC		LIC	
	Excluding loss-recovery component RM'000	Present value of future cash RM'000	Risk adjustment RM'000	Total RM'000	Excluding loss-recovery component RM'000	Present value of future cash RM'000	Risk adjustment RM'000	Total 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	-	-	-	-

35. SHARE CAPITAL

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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.

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

38. PRIOR YEAR ADJUSTMENT (CONT'D)

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			
ASSETS			
Other assets	183,970	(42,267)	141,703
EQUITY			
Reserves	2,405,804	(42,267)	2,363,537

39. COMMITMENTS AND CONTINGENCIES

	Group and Bank	
	2024 RM'000	2023 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

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2024

39. COMMITMENTS AND CONTINGENCIES (CONT'D)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

40. RELATED PARTY DISCLOSURES (CONT'D)

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:

(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 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 Syed Alwi	-	69	-	69
Dr. Shafaai Musa	-	69	-	69
Dr. Abdullaah Jalil	-	69	-	69
Encik Wan Rumaizi W.Husin @ Abdul Aziz	-	80	-	80
Tuan Haji Azizi Che Seman	-	35	-	35
Prof. Datin Dr. Rusni Hasan	-	41	-	41
Puan Shabnam Mohamad Mokhtar	-	41	-	41
	-	404	-	404
Non Executive Directors				
Y. Bhg Datuk Yunos Abd Ghani	-	160	52	212
Y. Bhg Datuk Dr. Ahmad Kushairi Din	-	188	2	190
Y. Bhg Datin Arlina Ariff	-	167	-	167
Encik Mohd Hanif Mastuki	-	132	-	132
Encik Mohamed Iqbal Mohamed Iqbal	-	212	10	222
Encik Wan Zamri Wan Zain	-	270	14	284
Y. Bhg Datuk Lokman Hakim Ali	-	66	-	66
Puan Rizleen 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 Raja Hussin	-	14	-	14
	-	14	-	14
	5,377	2,490	1,069	8,936

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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)

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 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 Syed Alwi	-	69	-	69
Dr. Shafaai Musa	-	69	-	69
Dr. Abdullaah Jalil	-	69	-	69
Encik Wan Rumaizi W.Husin @ Abdul Aziz	-	80	-	80
Tuan Haji Azizi Che Seman	-	35	-	35
Prof. Datin Dr. Rusni Hassan	-	41	-	-
Puan Shabnam Mohamad Mokhtar	-	41	-	-
	-	404	-	404
Non Executive Directors				
Y. Bhg Datuk Yunos Abd Ghani	-	160	52	212
Y. Bhg Datuk Dr. Ahmad Kushairi Din	-	188	2	190
Y. Bhg Datin Arlina Ariff	-	167	-	167
Encik Mohd Hanif Mastuki	-	132	-	132
Encik Mohamed Iqbal Mohamed Iqbal	-	212	10	222
Encik Wan Zamri Wan Zain	-	183	14	197
Y. Bhg Datuk Lokman Hakim Ali	-	66	-	66
Puan Rizleen Mokhtar	-	202	8	210
	-	1,310	86	1,396
	5,377	2,285	1,069	8,731

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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 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 Syed Alwi	-	69	-	69
Dr. Shafaai Musa	-	64	-	64
Dr. Abdullaah Jalil	-	69	-	69
Y.M. Engku Ahmad Fadzil Y.M. Engku Ali	-	28	-	28
Encik Wan Rumaizi W.Husin @ Abdul Aziz	-	42	-	42
Tuan Haji Azizi Che Seman	-	86	-	86
Tuan Haji Jahaidi @ Jahoidi Harun	-	28	-	28
	-	386	-	386
Non Executive Directors				
Y. Bhg Datuk Yunos Abd Ghani	-	192	65	257
Y. Bhg Datuk Dr. Ahmad Kushairi Din	-	150	6	156
Y. Bhg Dato' Haslina Abdul Hamid	-	6	43	49
Y. Bhg Datin Arlina Ariff	-	64	5	69
Tuan Haji Ibrahim Hassan	-	36	7	43
Encik Mohd Hanif Mastuki	-	144	15	159
Encik Mohamed Iqbal Mohamed Iqbal	-	193	27	220
Encik Wan Zamri Wan Zain	-	216	5	221
Y. Bhg Datuk Lokman Hakim Ali	-	10	-	10
Puan Rizleen 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 Raja Hussin	-	7	-	7
	-	7	-	7
	4,516	1,664	1,576	7,756

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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)

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 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 Syed Alwi	-	69	-	69
Dr. Shafaai Musa	-	64	-	64
Dr. Abdullaah Jalil	-	69	-	69
Y.M. Engku Ahmad Fadzil Y.M. Engku Ali	-	28	-	28
Encik Wan Rumaizi W.Husin @ Abdul Aziz	-	42	-	42
Tuan Haji Azizi Che Seman	-	86	-	86
Tuan Haji Jahaidi @ Jahoidi Harun	-	28	-	28
	-	386	-	386
Non Executive Directors				
Y. Bhg Datuk Yunos Abd Ghani	-	192	65	257
Y. Bhg Datuk Dr. Ahmad Kushairi Din	-	150	6	156
Y. Bhg Dato' Haslina Abdul Hamid	-	6	43	49
Y. Bhg Datin Arlina Ariff	-	64	5	69
Tuan Haji Ibrahim Hassan	-	36	7	43
Encik Mohd Hanif Mastuki	-	144	15	159
Encik Mohamed Iqbal Mohamed Iqbal	-	193	27	220
Encik Wan Zamri Wan Zain	-	166	5	171
Y. Bhg Datuk Lokman Hakim Ali	-	10	-	10
Puan Rizleen Mokhtar	-	216	6	222
	-	1,177	179	1,356
	4,516	1,563	1,576	7,655

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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

	Note	Group and Bank	
		2024	2023
		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

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

40. RELATED PARTY DISCLOSURES (CONT'D)

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

(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

(d) Transaction and balances with subsidiary

(i) Transactions with subsidiary

	Bank	
	2024	2023
	RM'000	RM'000
Income attributable to depositors	909	98
Salaries, allowances and bonuses	1,418	-
EPF contributions	213	-
SOCSSO 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	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

40. RELATED PARTY DISCLOSURES (CONT'D)

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

(ii) Outstanding balance arising from transaction with a subsidiary

	2024 RM'000	Bank 2023 RM'000
Included in Assets:		
Salaries, allowances and bonuses	1,418	-
EPF contributions	213	-
SOCSSO 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2024

42. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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.

Group	Maximum Exposure		
	2024 RM'000	Restated 31 December 2023 RM'000	Restated 1 January 2023 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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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 (cont'd)

Bank	2024 RM'000	Maximum Exposure Restated 31 December 2023 RM'000	Restated 1 January 2023 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
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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

42. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

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

Quality classification definitions (cont'd)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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 RM'000	2023 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

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%

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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. (cont'd)

Group	Neither past due nor impaired RM'000	Past due but not impaired RM'000	Impaired RM'000	Total RM'000
2023				
Cash and short term funds	3,113,749	-	-	3,113,749
Deposits with a financial institution	57,000	-	-	57,000
Financial assets at FVOCI	2,697,937	-	-	2,697,937
Financial assets at amortised cost	264,610	-	-	264,610
Financing and advances	13,368,237	436,005	1,096,472	14,900,714
Other advances	238	-	599	837
	19,501,771	436,005	1,097,071	21,034,847
As a percentage of gross balance	92.71%	2.07%	5.22%	100%

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%

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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. (cont'd)

Bank	Neither past due nor impaired RM'000	Past due but not impaired RM'000	Impaired RM'000	Total RM'000
2023				
Cash and short term funds	3,063,651	-	-	3,063,651
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%

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

Group and Bank	Past due but not impaired			Total RM'000
	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	
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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

42. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2024

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.

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

Group	<6 months RM'000	6 - 12 months RM'000	1 - 3 years RM'000	3 - 5 years RM'000	>5 years RM'000	Non- specific maturity RM'000	Total RM'000
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
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

* Gross before allowance for impairment

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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							
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
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

* Gross before allowance for impairment

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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
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

* Gross before allowance for impairment

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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
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

* Gross before allowance for impairment

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2024

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
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

* Gross before allowance for impairment

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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	<6months RM'000	6 - 12 months RM'000	1 - 3 years RM'000	3 - 5 years RM'000	>5years 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 institution	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
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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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	<6months RM'000	6 - 12 months RM'000	1 - 3 years RM'000	3 - 5 years RM'000	>5years 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

(d) Market risk

(i) Nature of market risk

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

(ii) Definition of market risk

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

(iii) Management of market risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

42. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market risk (cont'd)

(iii) Management of market risk (cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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	
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	

* Gross before allowance for impairment

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

42. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Market risk (cont'd)

(v) Profit Rate Risk (cont'd)

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

Bank	<6 months RM'000	6 - 12 months RM'000	1 - 3 years RM'000	3 - 5 years RM'000	>5 years RM'000	Non- profit sensitive RM'000	Total RM'000	Effective Profit Rate
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	
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	

* Gross before allowance for impairment

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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	
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	

* Gross before allowance for impairment

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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	
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	

* Gross before allowance for impairment

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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	
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	
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	

* Gross before allowance for impairment

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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:

Group and Bank	Group		Bank	
	+100bp RM'000	-100bp RM'000	+100bp RM'000	-100bp 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

(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 Division ("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 ("KCI"), 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

42. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Operational risk (cont'd)

(iv) Measurement of operational risk

• 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.

(f) Capital management

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

42. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Capital management (cont'd)

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.

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

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2024

42. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Capital management (cont'd)

Capital Adequacy (cont'd)

The capital adequacy ratio of the Bank as at the end of the reporting period is as follows: (cont'd)

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

	2024 RM'000	Group Restated 31 December 2023 RM'000	Restated 1 January 2023 RM'000	2024 RM'000	Bank Restated 31 December 2023 RM'000	Restated 1 January 2023 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

42. FINANCIAL INSTRUMENTS (CONT'D)

A. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Capital management (cont'd)

	2024 RM'000	Group Restated 31 December 2023 RM'000	Restated 1 January 2023 RM'000	2024 RM'000	Bank Restated 31 December 2023 RM'000	Restated 1 January 2023 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).

NOTES TO THE FINANCIAL STATEMENTS for the financial year ended 31 December 2024

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

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

42. FINANCIAL INSTRUMENTS (CONT'D)

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

(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

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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
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
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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2024

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 (Group SC) provides Shariah oversight on all material Shariah non-compliant risks across the Group.

SNC event is a result of the Group and the Bank's failure to comply with the Shariah rules and principles determined by the relevant Shariah regulatory councils and the Shariah Committee. Any transactions that are suspected to be Shariah non-compliant are reported to the Shariah Committee for their deliberation and conclusion as to whether any Shariah requirements have been breached.

During the financial year, there was one (1) (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.	<ol style="list-style-type: none"> To develop and implement daily aqad (including during weekend) with Tawarruq Aqad Provider via batch file on T+1 in the Banking system. 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 individual (not combined). 	Completed

CORPORATE STATUS

Bank Pertanian Malaysia Berhad (BPMB) was registered and incorporated on 31 March 2008 under the Companies Act 1965. BPMB which is also commercially known as Agrobank, is a Government-Linked Company (GLC) under the Minister of Finance Incorporated (MoF Inc.). However, funding for the agriculture sector is guided by policies set by the Ministry of Agriculture and Food Security (MAFS).

REGISTERED OFFICE

Aras 3, Bangunan Agrobank
Leboh Pasar Besar
50726 Kuala Lumpur

AUDITORS

Tetuan (Messrs) Ernst & Young PLT
Aras 23A, Menara Milenium
Jalan Damanlela Pusat Bandar Damansara
50490 Kuala Lumpur

Tel : (603)-7495 8000
Fax : (603)-2095 5332

HEADQUARTERS

Bank Pertanian Malaysia Berhad
Bangunan Agrobank
Leboh Pasar Besar
50726 Kuala Lumpur

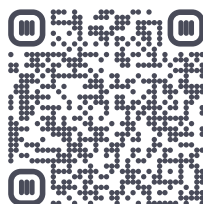
Tel : (603)-2731 1600
Website : www.agrobank.com.my

DATE OF INCORPORATION

31 March 2008 under the Companies Act 1965

For more information, please contact:

Contact Centre : 1300 88 2476
E-mail : customer@agrobank.com.my



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CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK YUNOS ABD GHANI

Independent Non-Executive Chairman

(Appointed as Chairman: 12 November 2022)

DATUK LOKMAN HAKIM ALI

Non-Independent Non-Executive Director

(Appointed as Director: 4 December 2023)

DATUK DR. AHMAD KUSHAIRI DIN

Independent Non-Executive Director

(Appointed: 17 November 2020)

MOHD HANIF MASTUKI

Non-Independent Non-Executive Director

(Appointed as Director: 13 July 2022)

RIZLEEN MOKHTAR

Independent Non-Executive Director

(Appointed: 1 August 2022)

WAN ZAMRI WAN ZAIN

Independent Non-Executive Director

(Appointed as Director: 2 February 2023)

MOHAMED IQBAL MOHAMED IQBAL

Independent Non-Executive Director

(Appointed: 2 February 2023)

DATIN ARLINA ARIFF

Independent Non-Executive Director

(Appointed: 30 August 2023)

BOARD CREDIT AND INVESTMENT COMMITTEE

Chairman: **RIZLEEN MOKHTAR**

Members: **DATUK DR. AHMAD KUSHAIRI DIN**
MOHAMED IQBAL MOHAMED IQBAL
DATIN ARLINA ARIFF

BOARD RISK MANAGEMENT COMMITTEE

Chairman: **WAN ZAMRI WAN ZAIN**

Members: **DATUK DR. AHMAD KUSHAIRI DIN**
MOHAMED IQBAL MOHAMED IQBAL

BOARD AUDIT COMMITTEE

Chairman: **MOHAMED IQBAL MOHAMED IQBAL**

Members: **MOHD HANIF MASTUKI**
RIZLEEN MOKHTAR

NOMINATION AND REMUNERATION COMMITTEE

Chairman: **WAN ZAMRI WAN ZAIN**

Members: **MOHD HANIF MASTUKI**
DATIN ARLINA ARIFF
RIZLEEN MOKHTAR

BOARD INFORMATION TECHNOLOGY COMMITTEE

Chairman: **DATUK DR. AHMAD KUSHAIRI DIN**

Members: **DATUK LOKMAN HAKIM ALI**
WAN ZAMRI WAN ZAIN
MOHAMED IQBAL MOHAMED IQBAL
MOHD HANIF MASTUKI

BOARD STRATEGY COMMITTEE

Chairman: **DATIN ARLINA ARIFF**

Members: **DATUK LOKMAN HAKIM ALI**
DATUK DR. AHMAD KUSHAIRI DIN
WAN ZAMRI WAN ZAIN
MOHAMED IQBAL MOHAMED IQBAL

BOARD PROCUREMENT COMMITTEEChairman: **DATUK DR. AHMAD KUSHAIRI DIN**

Members: **DATIN ARLINA ARIFF**
MOHD HANIF MASTUKI
RIZLEEN MOKHTAR
DATUK LOKMAN HAKIM ALI

BOARD OVERSIGHT COMMITTEEChairman: **WAN ZAMRI WAN ZAIN**

Members: **DATIN ARLINA ARIFF**
MOHAMED IQBAL MOHAMED IQBAL
RIZLEEN MOKHTAR

SHARIAH COMMITTEEChairman: **USTAZ WAN RUMAIZI W. HUSIN @ ABDUL AZIZ**
(Appointed: 1 June 2024)

Members: **DR. SHAFAAI MUSA**
(Appointed: 1 June 2023)
DR. ABDULLAAH JALIL
(Appointed: 1 June 2023)
PROF. DR. SHARIFAH FAIGAH SYED ALWI
(Appointed: 1 June 2023)
PROF. DATIN DR. RUSNI HASSAN
(Appointed: 1 June 2024)
PUAN SHABNAM MOHAMAD MOKHTAR
(Appointed: 1 June 2024)

SENIOR MANAGEMENT TEAM**YM DATO' TENGKU AHMAD BADLI
SHAH RAJA HUSSIN**

President/Chief Executive Officer

(Appointed: 3 January 2022)

ZAHD AHMAD ZAWAWI

Chief Operations Officer

(Appointed: 23 July 2015)

MOHAMAD TAUFIK MAHAMAD ZAKARIA

Chief Strategy Officer

(Appointed: 6 April 2018)

ZULKEFLI MAD KARIM

Chief Finance Officer

(Appointed: 1 June 2023)

HUSSIEN MULLAR

Chief Risk Officer

(Appointed: 15 November 2023)

ELINA AHMAD

Chief Compliance Officer

(Appointed: 1 May 2020)

SYED HAIRUL ANUAR SYED FADZIL

Chief Business Officer

(Appointed: 16 October 2023)

KAMARUDIN SAMSUDIN

Chief Internal Auditor

(Appointed: 1 March 2023)

AMINUDDIN AMENON

Chief Development Officer

(Appointed: 18 October 2021)

AZIZAN NOOR ABD WAHAB

Covering, Chief Credit Officer

(Appointed: 29 November 2023)

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