BPMB
Malaysia Development Bank

PERBANKAN ISLAM

50 YEARS OF CREATING IMPACT

ANNUAL INTEGRATED REPORT
2023

50 YEARS OF CREATING IMPACT

BANK PEMBANGUNAN MALAYSIA BERHAD
CORPORATE INFORMATION

BOARD OF DIRECTORS

- **Dato' Sulaiman Mohd Tahir**
  Chairman/Independent Non-Executive Director
- **Norazilla Md Tahir**
  Independent Non-Executive Director
- **Datuk Rashidah Mohd Sies**
  Non-Independent Non-Executive Director
- **Ts. Othman Abdullah**
  Independent Non-Executive Director
- **Tan Sri Rashpal Singh Randhay**
  Independent Non-Executive Director
- **Rosnah Kamarul Zaman**
  Independent Non-Executive Director
- **Imri Dolhadi Ab Wahab**
  Non-Independent Non-Executive Director

SHARIAH COMMITTEE

- **Professor Dr. Aznan Hasan**
  Chairman
- **Ustaz Mohd Fadhly Md Yusoff**
  Member
- **Ustaz Lokmanulhakim Hussain**
  Member
- **Professor Dr. Zurina Shafii**
  Member
- **Professor Dr. Salina Kassim**
  Member
- **Associate Professor Dr. Yasmin Hanani Mohd Safian**
  Member

GROUP CHIEF EXECUTIVE OFFICER

- **Roni L. Abdulwahab**

COMPANY SECRETARY

- **Aidil Haznul Zulkifli**
  (MACS 01638)
  SSM Practising Certificate
  Registration No.: 202008002535

AUDITORS

- **Ernst & Young PLT (AF: 0039)**

REGISTERED OFFICE

Bank Pembangunan Malaysia Berhad
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50 YEARS OF CREATING IMPACT

> *“Buat bangsal di Pulau Daik*
> *Menahan taut sambil mengilau,*
> *Kalau asal benih yang baik*
> *Jatuh ke laut menjadi pulau”.*

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

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

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

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

ABOUT THIS REPORT

This report is prepared using the Integrated Reporting Framework to demonstrate how BPMB creates impact and sustains value over time.

The report illustrates the Bank's management of, and the interaction between our financial and non-financial capitals, against stakeholder and external environment considerations.

The report adheres to Bank Negara Malaysia's policies for Development Financial Institutions (DFIs), including but not limited to, Financial Reporting for DFIs, Corporate Strategic Plan, Shariah Governance and Corporate Governance. The financial reporting is aligned with the Malaysian and international guidelines and recommendations.

For enquiries, please contact us at:
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DELIVERING SUSTAINABILITY TO STAKEHOLDERS

OUR GOVERNANCE

Aerial view of Kuala Lumpur City Centre (KLCC) in 1994. The Petronas Twin Towers were built on the former Selangor Turf Club grounds seen at the top left of the picture.

WHO WE ARE

Established in 1973, Bank Pembangunan Malaysia Berhad (BPMB) is one of Malaysia's first and leading Development Financial Institutions (DFIs), owned by the Malaysian Government through the Minister of Finance (Incorporated).

We prioritise development projects that are closely aligned with the national growth agenda, by financing projects that generate sustainable outcomes, and positively impact the community and the environment.

"For the last five decades, we have helped build Malaysia - bringing highways, hospitals, power plants, digital connectivity, and affordable housing to all Malaysians.

PURPOSE
We Deliver Impact Capital for National Development

VISION
Malaysia's Leading Development Partner

MISSION
Impactful Delivery with Strategic Outcomes

OUR MANDATE

BPMB's mandate has evolved from supporting Malaysia's early developmental needs to one of creating meaningful and sustainable impact for Malaysia.

Our achievement over the last 50 years underscores our agility in aligning our mandate and financing activities with the various economic and social development policies of the country.

Today, our mandate is focused on delivering the future needs of the nation – economic, societal and environmental – to support Malaysia's current development needs

2023 IN REVIEW

2023 saw several key transactions that further highlight our role as a leading Development Financial Institution (DFI). These include corporate exercises and strategic initiatives to support national development objectives and tap into new growth areas and launch of catalytic projects.

11 JAN — Agenda 2025 Roadshows

8 MAR — Courtesy visit by delegates of Association of National Development Finance Institutions in Member Countries of the Islamic Development Bank from Türkiye

9-10 MAR — BPMB jointly organises International CEO Forum with ADFIM and AUCTUS ESG

9 MAR — BPMB wins NEA's Special Merit Award for Sustainable Energy Financing for DFI and Others

14 APR — BPMB guarantees up to RM76.8 mil Econas Resource to Energy Sdn Bhd's Sukuk issuance

22 APR — Tan Sri Nazir Razak steps down as BPMB Chairman

16 MAY — BPMB receives ADFIAP's Environmental Development Award

26 MAY — Agenda 2025 Project Showcase

14 JUNE — BPMB launches 50th Anniversary Gallery Walk

10 JULY — BPMB contributes RM510,040 in Corporate Zakat

20 JULY — BPMB, UOB and CCB signing to finance autonomous rapid transit for Kuching Urban Transportation System

Key BPMB-related transactions and events

National initiatives

Other initiatives


3 AUG — BPMB receives award from MDEC for continuous support of Digital AgTech programme

14 AUG — BPMB provides RM50 mil financing to Mygres

24 AUG — BPMB upholds ISO 37001:2016 ABMS certification

5 SEPT — BPMB becomes the main subscriber of QI Group's RM100 mil Sukuk issuance

5 OCT — BPMB, MGTC sign MOC to advance green tech financing

BPMB speaks at A To Zero ASEAN Summit

12 OCT — BPMB, SDB join force, funding development projects in Sabah with RM12 bil allocation

16 OCT — BPMB spearheads Sukuk Wakalah for SMJ Sdn Bhd in Sabah

31 OCT — BPMB grants LEKAS asset financing facilities totalling RM1 bil

20 NOV — BPMB Suara Alam Conference 2023

22 NOV — BPMB 50th Anniversary Forum

24 NOV — BPMB participates in the GO ESG 2023 - Sustainable Finance Symposium

28 NOV — Warga BPMB celebrates five decades of pioneering impact capital for national development at the Hilton Kuala Lumpur

Source: *BPMB compilation*

NATION BUILDING SINCE 1973

Over the past 50 years, BPMB has been instrumental in Malaysia's economic growth, delivering impact capital for national development.

In our early years, BPMB was mandated to bridge institutional gaps that were outlined in the Second Malaysia Plan and the New Economic Policy, supporting the development of Malay entrepreneurs. With an initial paid-up capital of RM1.5 million and 19 staff in the early years, we undertook the challenging task of accelerating entrepreneurial activity among traditionally non-entrepreneurial communities. Our role gradually expanded to catalysing investments in strategic infrastructure. By the 2000s, we focused on financing high-growth sectors and notable projects, including the PETRONAS Twin Towers, SPRINT Highway, and Express Rail Link. Other significant projects we financed included the SMART Tunnel and KL Sentral.

As a DFI, BPMB faces the challenge of balancing the country's long term development needs with short term cycle of crises, while navigating the complexities of an ever-evolving environment. To ensure financial sustainability, BPMB leverages tools like the Measuring Impact on National Development (MIND) Framework which is aligned with the Government's Sustainable Development Goals (SDG) and MADANI Economy Framework.

Our 50-year journey highlights our agility in aligning our mandate and financing activities with the country's various economic and social development needs. Moving forward, BPMB remains committed to being a steadfast partner in Malaysia's development for the next 50 years.

1973 – BPMB was established to develop Bumiputera entrepreneurs

1974 – BPMB received its first government loan, RM15 mil cheque presented by then Prime Minister Tun Abdul Razak

1977 – Pembangunan Leasing Corporation (PLC) Sdn Bhd was incorporated to provide leasing facilities

1979 – Bank Kemajuan Perusahaan Malaysia Berhad was incorporated in August 1979. It later changed its name to Bank Industri & Teknologi Malaysia Berhad

1980 – BPMB's loan approvals exceeded RM100 mil

1981 – Enterpreneur Development & Special Leasing Programme was launched to strengthen and expand assistance to Bumiputera enterpreneurs

1984 – BPMB's Islamic Development Unit was formed as one of the two banks to offer Islamic financing

Ramly Mokni Sdn Bhd was founded by a husband-and-wife duo who operated a roadside burger stall that evolved into Malaysia's market leader in halal food products

Small Scale Enterprises Programme was launched with a special fund allocation from the World Bank

1986 – BPMB began welcoming non-Bumiputera companies

1988 – Cumulative loan approvals surpassed RM1 bil, and the new headquarters on Jalan Sultan Ismail was established

1989 – BPMB emerged as the largest DFI in Malaysia with total assets of RM1.2 bil

1994 – BPMB-NIF Modal Teroka Sdn Bhd was incorporated as a venture capital company with external investors

1995 – EXIM Bank was established under Bank Industri

Funded PETRONAS Twin Towers

1997 – BPMB provided countercyclical lending during the Asian Financial Crisis

KEY IMPACT-DRIVEN INITIATIVES

- Follow-up Department
- Nursery Factory Scheme
- Tourism Fund
- Industry Digitalisation Transformation Scheme
- Sustainable Development Finance Scheme
- National Development Scheme
- Maritime & Logistics Scheme
- Tourism Infrastructure Scheme

1998

Received new mandate to finance infrastructure projects

1999

Paid-up capital increased to RM1 bil. Renamed to Bank Pembangunan dan Infrastruktur Malaysia Berhad

2000

The inaugural capital market notes programme was launched, which was a RM5 bil Infrastructure Note Programme

2002

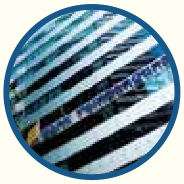
Listed as one of six prescribed DFIs under the DFIA 2002. Granted "Exempt Dealer Status" from MOF, to provide corporate advisory, corporate financing & underwriting services

2004

Part-financed SYABAS' 30-year concession to supply and distribute water to 7 million consumers

Funded the SMART Tunnel

2005



Reverted the name to Bank Pembangunan Malaysia Berhad, with the introduction of a new logo. Bank Industri, subsidiary of BPMB, renamed SME Bank

Merged with Bank Industri to realign DFI activities in Malaysia. Mandate revised to include Infrastructure, Maritime and High Technology

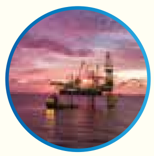
2007

Recognised under the CMSA 2007 by the Securities Commission to perform corporate financing services in the infrastructure sector

2008

SME Bank demerged from BPMB

2011



Received mandate to finance Oil & Gas sector

2019

Launched the Industry Digitalisation Transformation Fund, Sustainable Development Financing Fund and Public Transport Fund. Revamped and launched the Tourism Infrastructure Fund 2.0 and Maritime Fund 2.0

Incepted Amanah Lestari Alam to create awareness on environmental sustainability

2020

BPMB extended RM5.6 bil worth of funding schemes to support businesses during COVID-19 pandemic

2021

Merged with Danajamin to bolster Malaysia's development finance ecosystem

Launched the Measuring Impact on National Development (MIND) Framework

2022

Embarked on a 3-year strategic plan, Agenda 2025

GROUP AT A GLANCE

Our 3-Year Strategy – Agenda 2025: We Deliver Impact Capital for National Development

In 2022, BPMB embarked on an exciting journey of Agenda 2025, a three-year strategic roadmap to actively deliver impact capital for national development. This comprehensive plan outlines BPMB's purpose and aspirations, positioning the bank as a trusted partner to our stakeholders, fostering social and economic development, and building a talent hub for dynamic nation builders.

BPMB
Malaysia Development Bank

AGENDA 2025

Our Purpose
We Deliver Impact Capital for National Development

Our Aspirations

- **Trusted Partner to Stakeholders** – To be financially responsible and sustainable with the expertise to meaningfully address national priroties
- **Social and Economic Development** – To deliver high quality developmental impact and play a leading role in creating a sustainable economy
- **Talent Hub** – To attract and nurture diverse 'beyond bankers' and dynamic nation builders

Where and How We Play

Our Values Culture and MIND **X** Areas of Impact (Sustainability, New Growth, Rehabilitation, Inclusivity) **X** Core Sectors and Adjacent Sectors

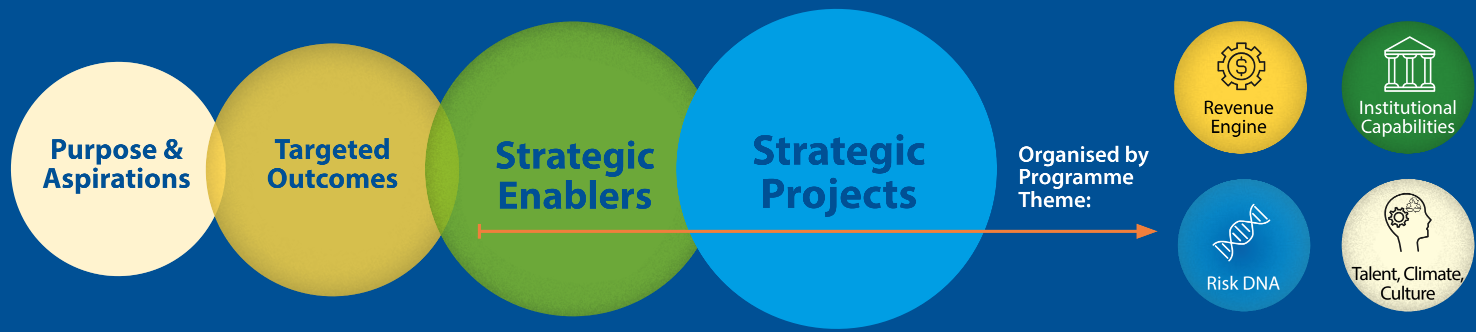
Targeted Outcomes

Market Impact	National Agenda Participation	Responsible Portfolio and Capital	Return on Equity	People and Brand Impact
RM12 b Direct and indirect funding enabled	**12** Participation in state and federal initiatives and policies at formulation/ implementation/ funding	**8-11%** Gross impaired financing ratio	**2-4%** Return on equity	**75%** Internal employee engagement score
100% utilisation Dedicated Schemes of RM4.8 bil by 2025		**25-30%** Core capital ratio		Brand strength
		>46 Improvement on FY2022 MIND Development Impact Index score		

Agenda 2025 reaffirms our commitment to:

- **Champion the development and growth of key sectors:** We continue to play a vital role in fostering the development of strategic sectors in line with the government's agenda for our nation's progress.
- **Offer a diverse portfolio of specialised financial products:** We remain committed to providing a comprehensive range of tailored financial solutions to cater to specific needs.
- **Deliver expert guidance through consultation and advisory services:** We are committed to offering our expertise and support through valuable consulting and advisory services.
- **Bridge the gap in financial services:** Our counter-cyclical role serve as a strategic bridge, complementing existing banking institutions and enhancing access to financial services for underserved and unserved segments, thereby fostering long-term economic development.

Agenda 2025 is Driven by a Purpose to Deliver Impact Capital for National Development



STRATEGY

Purpose

We Deliver Impact Capital for National Development

Targeted Outcomes

1. Direct and Indirect Capital
2. Dedicated Schemes
3. National Agenda Participation
4. Gross Impaired Financing Ratio
5. Core Capital Ratio
6. Average Portfolio Development Impact Index
7. Return on Equity
8. People Impact
9. Brand Strength

Strategic Enablers

Revenue Engine

- **Origination expertise** bringing in debt and equity partners. Evolving from passive, to co-origination, to lead origination
- **Strategy and expertise** to serve the MSME market
- **Ability to execute** and achieve speed to market to drive portfolio growth
- **Treasury** as a revenue driver

Institutional Capabilities

- **Strategic cost rationalisation capabilities** to realise return on investment
- **Credible knowledge-based hub** to be a thought partner to our stakeholders
- **Digital capabilities based on emerging technologies** to deliver business intelligence and great customer/employee experience
- **Institutional knowledge** to leverage business intelligence and industry data

Risk DNA

- **Pragmatic credit practices** to improve conversion of deals from origination to disbursement
- **Sound risk assessment practices** to reduce ECL volatility
- **Optimised risk-weighted assets** for efficient balance sheet

Talent, Climate, Culture

- Strong **people identity** and **brand position** to attract talent and grow the business
- **MIND ethos** imbued organisation-wide
- A **distinctive culture** to give meaning and purpose to employees

Projects/ Decisions

Projects have been identified to deliver enablers and targeted outcomes

CHAIRMAN'S STATEMENT

DATO' SULAIMAN MOHD TAHIR
Chairman

Dear Stakeholders,

I extend my deepest gratitude to the Board of Directors (the Board) of Bank Pembangunan Malaysia Berhad (BPMB) for my appointment as the Chairman of the Bank. It is an immense honour and privilege to undertake this role, following in the footsteps of Y.Bhg Datuk Rashidah Mohd Sies, who served as Interim Chairman.

I would like to recognise the exceptional contributions of the Board of Directors. Under their guidance, BPMB accomplished significant milestones, including the successful merger with Danajamin and the launch of the Agenda 2025 three-year transformation plan. The initiatives strengthened the management bench, improved operations, enhanced governance and set a clear strategic direction for BPMB, resulting in a stronger organisation today. On behalf of BPMB, I express our gratitude for their professionalism and commitment throughout their tenure.

Creating Impact for National Development

As BPMB commemorates "50 Years of Creating Impact", it is paramount to reflect on our journey as one of Malaysia's first Development Financial Institutions (DFIs) to now being a pivotal driver of infrastructure projects, key sectors and economic resilience. Over the past five decades, BPMB has evolved, transcending its early development role to become a catalyst for the new economy and a countercyclical lender in times of crisis. We constantly re-engineer operations and strategies to remain an impact-driven organisation aligned with the Government's policies and priorities.

Catalysing Change and Growth

During the year, BPMB continued to perform various roles in support of the Government. As part of the Budget 2024 announcement, BPMB has also been allocated up to RM7.3 billion towards high-impact development projects through eight strategic schemes that support Malaysia MADANI. These schemes will also provide Malaysian enterprises essential equity and working capital support. Of the RM7.3 billion, RM2.0 billion is earmarked for the MADANI Development Scheme to provide impact capital for targeted sectors highlighted in the 12th Malaysia Plan and the MADANI Economy Framework.

AS BPMB COMMEMORATES "50 YEARS OF CREATING IMPACT", IT IS PARAMOUNT TO REFLECT ON OUR JOURNEY AS ONE OF MALAYSIA'S FIRST DEVELOPMENT FINANCIAL INSTITUTIONS

With this budget, we renew our commitment to working closely with the Government to ensure the sustainable growth of Malaysia in delivering impact capital for national development and fully support the objectives of Malaysia MADANI. Furthermore, BPMB looks forward to contributing to and actively playing a role in the formulation of the13th Malaysia Plan policies by offering project financing and leveraging our deep industry expertise to achieve strategic outcomes and foster economic progress under the MADANI Government.

Sustainability Leadership

Sustainability remains a core pillar of our business strategy. In 2023, we intensified our focus on ESG integration, aligning financing activities with environmental and social responsibility criteria. By financing projects that promote renewable energy, climate resilience, and social inclusion, we are driving positive impact and contributing to a more sustainable future.

Through the Measuring Impact on National Development (MIND) impact assessment framework to align our financing activities and developmental mandate, BPMB is able to better govern lending decisions and deliver broader social-economic impact. At the same time, we improved the regulators and other stakeholders' overall perception of the Bank.

Additionally, BPMB's partnership with Malaysia Green Technology and Climate Change Corporation (MGTC) in advancing green technology financing in Malaysia, further underscores our commitment to sustainability. This collaboration strengthens our capacity and ability to identify and prioritise impactful projects, making BPMB a crucial partner in Malaysia's sustainable development journey.

We are also proud of the work that Amanah Lestari Alam (ALAM) has done. Mooted by the Ministry of Finance, this foundation we established, plays a crucial role in transforming the public's mindset towards environmental issues, cultivating a culture of environmental stewardship, and fostering partnerships between policymakers and stakeholders. ALAM dedicated over 12,000 hours to initiatives aimed at enhancing youth capacity and empowerment; funding environmental research, education, conservation, and rehabilitation efforts; and foster public engagement and awareness for environmental and social causes. We hope ALAM continues to drive these impactful initiatives, contributing to a sustainable future for Malaysia.

Moving Forward

Looking ahead into the next 50 years, BPMB's mission is to amplify the role of DFIs. As part of this vision, we are committed to supporting the Malaysian Government's priorities, including bolstering import and export activities, and nurturing small and medium enterprises (SMEs). Our goal is to play a pivotal role in these key sectors, facilitating sustainable economic growth and fostering resilience in Malaysia's economy.

BPMB must stand as a pillar of support to complement the Government's efforts in building Malaysia's economic future through sustainable development, innovation and global trends. Upholding the highest governance standards, we remain committed to driving further economic growth, promoting environmental stewardship, and addressing critical development challenges.

We have accomplished a lot in response to the new and disruptive global developments. I would like to take this opportunity to extend my gratitude to the Ministry of Finance, Bank Negara Malaysia, my fellow Board of Directors, and the Senior Leadership Team of BPMB. Lastly, I would like to recognise the organisation's most valuable asset: our valued employees, who are the backbone of our many successes.

Let us all focus on the momentum we have built for a stronger and more resilient BPMB. Together, we will progress towards being a DFI of the future and a long-term partner to Malaysia's development.

Dato' Sulaiman Mohd Tahir
Chairman

GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Stakeholders,

The year 2023 has been a remarkable and significant milestone year for BPMB. It is the year we celebrated BPMB's five-decade long journey as a Development Financial Institution (DFI) and set our sights on development financing for the next 50 years.

RONI L. ABDULWAHAB
Group Chief Executive Officer
Bank Pembangunan Malaysia Berhad

50 Years of Creating Impact

Since inception in 1973, BPMB has been a key driver of Malaysia's economic progress. Throughout the 50 years, we navigated the various economic and social development policies through numerous mandates assigned by the Government. Despite the ever-evolving mandate, one thing that remained constant - our purpose of delivering impact capital for national development.

Our commitment to development financing is deeply-rooted in Malaysia's nation-building efforts, from empowering businesses, to supporting critical infrastructure projects as well as catalysing growth across diverse range of economic sectors.

During our early years in the 1970s, we were established to address the country's economic disparities. In supporting Bumiputera entrepreneurs to ensure inclusive participation in Malaysia's economic development, our first loan was to Haji Darus Haji Ibrahim. A loan of RM247,000 was approved for his quarry project in Negeri Sembilan. We also pioneered funding for Ramly Food Industries and maintained a long-lasting partnership. We take pride in witnessing Ramly flourish into a formidable homegrown brand today.

In the 1990s, our mandate expanded to catalysing investments for strategic infrastructure like the PETRONAS Twin Towers, SPRINT Highway and Express Rail Link. Then in the 2000s, our mandate focused on high-growth sectors like technology, infrastructure, maritime, oil & gas and others. The SMART Tunnel and KL Sentral count as some notable projects we financed under that mandate. Our role as a counter-cyclical lender was also evident during the Asian Financial Crisis in 1998 and the recent COVID-19 pandemic, in which we supported businesses during times of crises.

Our achievement in the past 50 years underscores our agility in aligning our mandate with the various economic and social development policies. Anchored by the government's visionary initiatives, such as the MADANI Economy framework, National Industrial Master Plan (NIMP) 2030, and the National Energy Transition Roadmap (NETR), we continue to enhance our ability to fulfil our developmental mandate and drive national growth.

BPMB working committee at the BPMB 50th Anniversary Forum

A Ramly Food Industries Sdn Bhd – The first recipient of the Industry Digitalisation Transformation Fund, used to establish a new processing facility B Pulau Indah Power Plant (PIPP) – BPMB co-finances the development of a combined-cycle gas turbine power plant C LEKAS Highway – BPMB provides asset financing facilities totaling RM1 billion

Financial Performance

The external environment in 2023 was challenging as the global economy slowed down to 3.2% in 2023 (2022: 3.5%) on the back of heightened geopolitical tensions and significantly tighter global monetary policy tightening. That led Malaysia to slow down in tandem with real GDP growth of 3.7% for the year, against the robust post-pandemic growth of 8.7% in 2022. Nonetheless, domestic demand had remained firm, underpinned by resilient private consumption, and sustained recovery in fixed investments.

Amid this backdrop, BPMB delivered a commendable set of financial performance in FY2023. BPMB Group achieved a net profit of RM400.8 million, up by 115% from the previous year's RM186.7 million. This growth was primarily driven by a 14.2% increase in loans growth, coupled with a 33.7% rise in financial investments. Although higher allowance for impairment losses on loans slightly offset this growth, our cost-to-income ratio (CIR), which improved from 16.0% to 14.4%, remains favourable compared to our peers.

Net Profit
RM400.8 million
a **1.2** times increase

Total Assets
RM29.3 billion
a growth of **7.05%**

Capital Ratio
35.2%
Risk Weighted Capital Ratio

Total assets grew 7.05% to RM29.3 billion, fueled by increases in loans and investments. This asset growth required additional funding, leading to a 7.6% rise in total liabilities to RM20.2 billion. Thanks to effective bad debt recovery and credit risk management, our asset quality improved, with gross impaired financing ratio decreasing to 10.0% from 11.4% in FY2022.

Our capital ratio remains robust, with Risk Weighted Capital Ratio at 35.2%, supported by a solid capital base from higher loan provisions and accumulated profits. Looking ahead, we will continue to expand our financing portfolio while maintaining financial sustainability in cost and capital.

Agenda 2025 – Enhancing Future Impact

After achieving significant milestones, we are now looking ahead to what is next and how to approach the next phase. In 2022, BPMB embarked on the journey of Agenda 2025, a three-year strategic roadmap to continue our journey of delivering impact capital for national development.

2023 was the inaugural year for Agenda 2025, in which we laid a robust foundation for future success through strategic initiatives focused on process improvements, institutional capabilities and revenue growth. Agenda 2025 is driven by over 40 projects across themes of revenue engine; institutional capabilities; talent, climate & culture; and risk DNA.

Revenue engine

In 2023, one of our primary focuses was to strengthen revenue engine by improving origination capabilities and streamlining our Credit Value Chain (CVC) to drive faster deal conversions and better portfolio growth. In addition, implementing Fund Transfer Pricing (FTP) has further driven cost efficiency, reinforcing our commitment to optimising resources. As a result, we deployed RM7.5 billion in impact capital, more than doubling our initial target of RM3.0 billion. This substantial investment spanned across critical sectors, including infrastructure, renewable energy, and technology, which significantly advance social and economic progress.

Institutional capabilities

Significant strides were also made in improving our institutional capabilities to ramp up our ability to execute and achieve speed in our overall operations. We adopted a cloud-based IT framework, setting the foundation for digital transformation, and implemented a comprehensive HRMS system to streamline our human resources processes to be more data-driven and to help make more informed decisions.

To further enhance institutional capabilities, we have upgraded our Treasury Management System (TMS). This upgrade improves cost and operational efficiency for both treasury and investments, boosts productivity by streamlining workflows, and efficiency. Additionally, it enables us to expand our product offerings for corporate clients, thereby enhancing revenue and positioning Treasury as a key revenue driver. This upgrade is in line with best practices and seamlessly integrated with leading financial transaction and trading platforms like Bursa Malaysia's Commodity Trading Platform, BNM RENTAS and BNM ROMS, and data feeds from Bloomberg and Bond Pricing Agency Malaysia (BPAM).

A


B


C


A HH Tunku Ali Redhauddin ibni Tuanku Muhriz delivered his closing remarks at the inaugural Suara ALAM Conference 2023 B BPMB Board members at the BPMB Corporate Raya event in 2023 C BPMB is financing Southeast Asia's first hydrogen-powered autonomous rapid transit (ART) project in Kuching, Sarawak

As an industry pioneer, BPMB uses our Measuring Impact for National Development (MIND) framework to ensure each project's socioeconomic impact is aligned with the United Nation's SDGs. In 2023, we refined our MIND methodology to cover all 17 SDGs and include negative impact assessments for a more balanced and comprehensive evaluation. The integration of BNM's Climate Change Principles Taxonomy (CCPT) into our decision-making framework aligns our activities with sustainability goals, enhancing our reputation and leadership position in sustainable finance.

Talent, climate & culture

In terms of people and culture, BPMB significantly boosted our focus on employee engagement to strengthen organisation culture and improve job satisfaction. We saw a 10-point increase in our Employee Engagement Survey score, from 60% to 70% in 2023. We fostered open communication, and ramped up recognition programmes and team-building activities, which enhanced collaboration, productivity and retention. Our focus on professional certification grew, with 196 employees now certified, up from less than 100 in 2022. Meanwhile, our competitive rewards and commitment to attracting top talent further position us as an employee of choice.

Ultimately, BPMB aims to be a talent hub by nurturing internal talent holistically and attracting top professionals to foster future growth in the DFI sector and become contributors to society. This commitment is reflected in our recent recognition by GRADUAN, a leading talent platform, as one of Malaysia's top 50 "Most Preferred Employers", alongside other esteemed brands.

In the aspect of societal contribution and fostering volunteerism among our employees, our commitment is evident in the active participation of 208 BPMB employees in ALAM's projects and events throughout the year, showcasing our dedication to environmental sustainability and community involvement.

Risk DNA

Our focus on risk has led to a significant upgrade in our operational risk management. By strengthening our risk framework, we have enhanced our ability to manage and mitigate potential challenges effectively. This improvement not only safeguard our operations but also ensure that we are better prepared to navigate further uncertainties, reinforcing our overall strategic resilience and operational stability.

Trusted Partner to Our Stakeholders

In pursuit of being a trusted partner to our stakeholders, we actively contributed to the setting of national policy. By way of doing this, we established a systematic approach to form strategic partnerships that align with our organisation's goals. This framework has been pivotal in driving innovation, expanding market reach, and achieving long-term strategic objectives. This led to collaborations with REHDA on affordable housing research and Sabah Development Bank (SDB) to fund the state's development projects. Additionally, we signed a memorandum of cooperation with the Malaysian Green Technology and Climate Change Corporation (MGTC) to advance green technology and sustainability. Our ALAM foundation also played a key role in COP 28, serving as Secretariat for the Technology & Innovation cluster within the Malaysian chapter.

The achievements of 2023 have laid a strong foundation for a sustainable BPMB, well-positioning BPMB to achieve our long-term objectives. Our strategic focus on enhancing technological infrastructure, improving operational systems, and investing in our people will continue to drive our organisation forward, ensuring we remain competitive and poised for success in an ever-evolving industry.

Impact On People and Planet

2023 also marked a renewal of journey for BPMB's ALAM foundation, establishing a new operating model in alignment with BPMB's overall business objectives and to promote sustainability at a national level. ALAM continues to empower indigenous women and children through education initiatives, stepped up in youth capacity building and empowerment, rehabilitated mangrove forests and provided grant for research, education, conservation, and rehabilitation, among other efforts.

During our 50th anniversary, ALAM hosted the Suara ALAM Conference, providing a platform for stakeholders to discuss climate change and biodiversity. ALAM also partnered with Kelab Belia Prihatin Malaysia to produce documentaries on the importance of mangrove planting and preventing oceanic plastic pollution, earning a spot on Wiki Impact's list of "20 Must-See Documentaries on Malaysia's Biodiversity, Cultural Heritage, and Social Realities." In 2023, ALAM continued its advocacy for climate action awareness and community empowerment, marking its inaugural participation in COP 28 in Dubai.

On the corporate social responsibility (CSR) front, BPMB's focus on community development, financial literacy, women empowerment, and environmental sustainability, aligns with the United Nation's SDG goals. In celebration of our 50th anniversary, we awarded scholarships to 50 Malaysian students – nine through the BAGUS programme and 41 through Zakat Education. to support Malaysian students in local and international undergraduate studies.

In 2023, we expanded our CSR efforts with 24 initiatives, including collaborations and strategic partnerships. Highlights include our ongoing meal distributions with Pertiwi Soup Kitchen in Kuala Lumpur, the BPMB-Pintar Oratory Competition, and programmes like Bakul Runcit and the Little Legend Programme supported by Yayasan Food Bank Malaysia and Nicol David Organisation. We also emphasise diversity and inclusion, with our volunteers celebrating festive occasions with underprivileged communities.

BPMB wins ADFIAP Environmental Development Award 2023 for supporting an innovative project that revolutionized the pulp and paper industry and helped integrate non-wood green pulp production with renewable energy and zero waste technology.

The NDO's Little Legends program is a subsidised after-school programme, specially designed by Datuk Nicol David

BPMB's commitment to social responsibility also encompasses our zakat initiative, which we have executed through strategic partnerships with various organisations or direct community outreach. The Water2Surive project received RM291,200 to develop tube wells, providing clean water to over 10,000 residents in Rantau Panjang, Kelantan. The OrphanCare Foundation received RM325,591 to support 12 underprivileged single mothers.

Ultimately, our dedication to delivering substantial impact for people and the planet not only advances sustainable development goals but also nurtures a more equitable and resilient society.

The Next 50 Years – A Balancing Act

BPMB is grateful yet humbled to have come this far in our journey. As part of our 50th anniversary celebration, BPMB had the honour of hosting the BPMB 50th Anniversary Forum, launched by the Deputy Prime Minister Dato' Sri Fadillah Yusof. We extend our heartfelt thanks to Tan Sri Nazir Razak, Tan Sri Abdul Wahid Omar, Tan Sri Andrew Sheng, Tan Sri Azman Mokhtar, Dato' Charon Wardini Mokhzani, Dr. Nungsari Ahmad Radhi, Dr. Yasuhiko Matsuda and Chan Chee Kian and all distinguished panellists who shared their valuable insights and experiences.

Themed "Development Financing: The Next 50 Years", the forum aimed to explore ways to sharpen and amplify the role of DFIs to support and complement the Government's efforts in shaping Malaysia's economic future, sustainable development, innovation and global trends. The discussions at the forum provided us with critical insights and key takeaways that will guide us as we move forward to a new frontier.

Key learnings from the 50th Anniversary Forum

As a DFI, BPMB embraces the challenges of balancing the country's long-term development needs, against short term cycles of crises, while navigating the complexities of an ever-changing landscape with evolving mandates. As we tackle the increasingly complex development landscape, DFIs face a significant trilemma of achieving sustainability, accelerating growth and reducing inequality. Balancing these objectives is a formidable challenge, requiring DFIs to reconcile the need for environmental stewardship with socioeconomic progress.

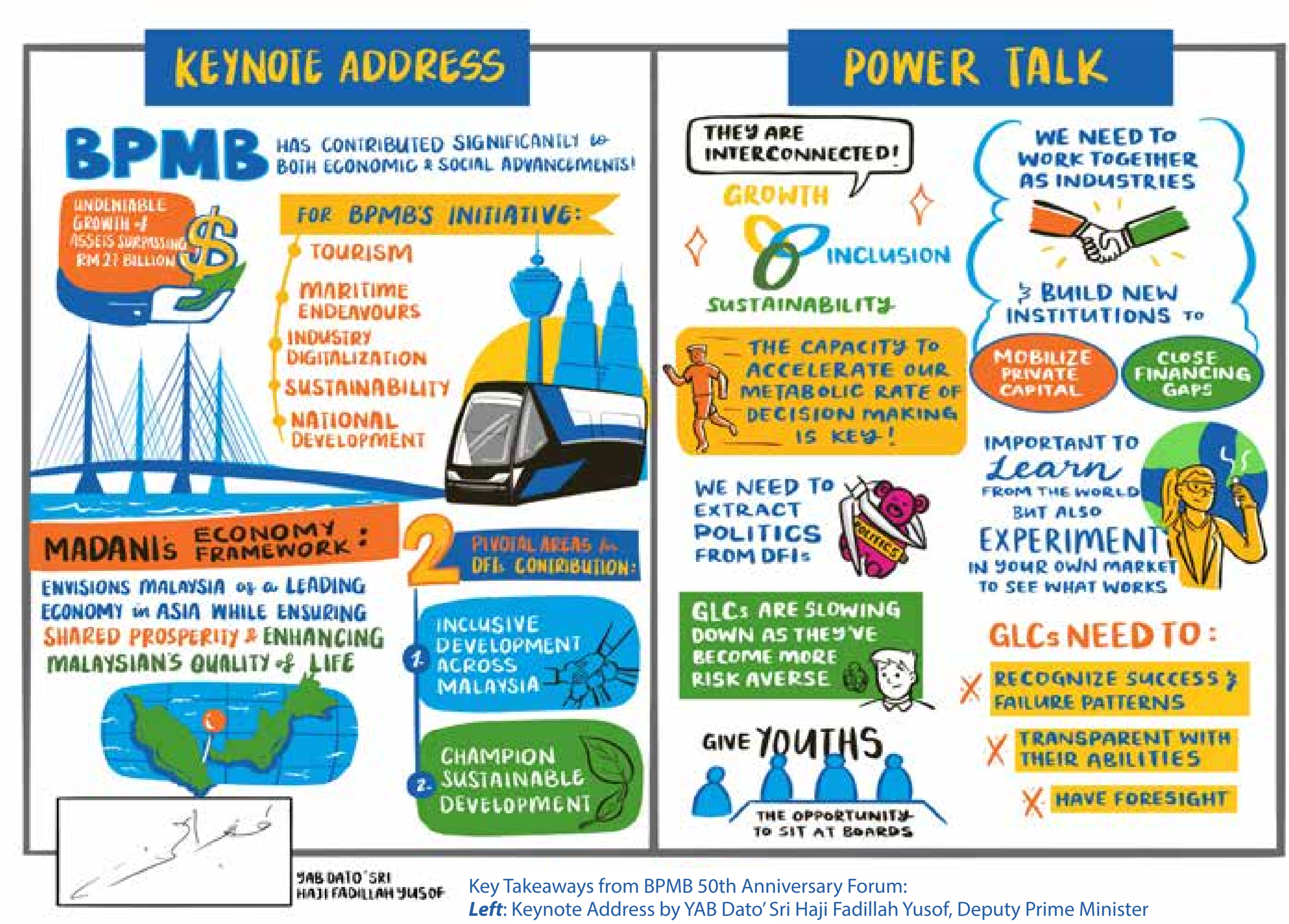
Another pressing issue is the empowerment gap. Many individuals globally still lack the means to fully participate in society in accessing adequate social safety nets like housing and savings. This gap represents an estimated USD37.0 trillion over the next decade required to fix it. Furthermore, the transition to a net zero economy represents the largest shift of capital in our lifetime. Achieving net zero requires an estimated USD3.7 trillion annually to fund the necessary investments and infrastructure.

As we address the evolving challenges facing DFIs, a clear strategic approach is essential. Some of the key takeaways from the forum's panel of thought leaders include the perspective of mandate, capital and capability.

A clear and unified mandate is crucial. As pointed out by our distinguished speakers, Malaysia has 6 DFIs as compared to most countries that have only two or three. Any form of collaboration or consolidation of DFIs is essential to achieving economies of scale, as these institutions are currently smaller than even the smallest listed commercial banks. Scaling up will enhance efficiency and align with a shared purpose and mandate, allowing to drive national development more effectively as well as to address the empowerment gap.

On the capital front, there is a need to foster collaborative capital and explore the different formats and perhaps enlarge the existing ecosystem. One consideration includes establishing new institutions to mobilise private investment to close the financing gaps. Additionally, public private partnership can be expanded, which can be a key development area for DFIs. Another approach for consideration is blended financing, which combines public, private and philanthropic capital to fund development projects.

Building capabilities is equally important, especially in governance and it is vital to ensure all projects are rigorously evaluated. But that should not stop DFIs from taking risk to innovate and explore new opportunities, as it is a process of growth and development.



Key Takeaways from BPMB 50th Anniversary Forum:
Left: Keynote Address by YAB Dato' Sri Haji Fadillah Yusof, Deputy Prime Minister
Right: Power Talk session with Tan Sri Nazir Razak and Jonathan Woetzel, moderated by Ibrahim Sani

Key Takeaways from BPMB 50th Anniversary Forum:
Left: Panel Discussion with Tan Sri Abdul Wahid Omar, Tan Sri Andrew Sheng and Tan Sri Azman Mokhtar, moderated by Ibrahim Sani
Right: Panel Discussion with Dato' Charon Wardini Mokhzani, Dr. Nungsari Ahmad Radhi and Dr. Yasuhiko Matsuda, moderated by Dr. Wan Khatina

DFIs may look to transition from traditional debt-based lending to capital-based approaches, to do more risk-sharing arrangements rather than risk transfers.

Furthermore, a right bench of Board of Directors, CEO and management team is vital for effective governance, in which leaders possess not just integrity but a balanced mix of technical, legal and accounting expertise to guide strategies. One of the panellists also brought up the need to re-examine the government's role in development finance. Should the Government just provide capital or help to absorb some of the credit risk? There is possibility of the Government doing both, but a rethink about development finance is necessary to decide on the best way to achieve that delicate balance moving forward.

While we take pride in our history and the milestones we have achieved, more importantly is we need to ask how the future will look like. By addressing these key areas and profoundly reflecting on the tough questions, only then we can enhance the effectiveness of DFIs and drive sustainable development for the nation in line with the aspirations of the MADANI economy.

Closing

All in all, 2023 has been an exciting year of reflection, growth and transformation for our institution. I would like to extend my sincere gratitude to our esteemed Board members and colleagues in BPMB. Your guidance, dedication and commitment enabled us to navigate through challenges and push towards progress. I am confident that together, as a team, we will continue to uphold and fulfil the mandate and *amanah* entrusted to us.

I would also like to extend a warm welcome to our new Chairman, Dato' Sulaiman Mohd Tahir as he joins our esteemed Board of Directors. We look forward to his leadership, wisdom and valuable contributions to our organisation's growth.

In conclusion, as we celebrate 50 years of impactful partnerships and national development, we renew our commitment to delivering impact capital and driving sustainable development for Malaysia. Together, let us embark on the next phase of our journey, guided by our core values of Courage, Respect, Agility, Shared Trust, and Empathy (CREATE).

Thank you for your continued trust and support.

RONI L. ABDULWAHAB
Group Chief Executive Officer
Bank Pembangunan Malaysia Berhad

01

AN OVERVIEW OF AN INSTITUTION

BOARD OF DIRECTORS

Rosnah Kamarul Zaman
Independent Non-Executive Director

Tan Sri Rashpal Singh Randhay
Independent Non-Executive Director

Datuk Rashidah Mohd Sies
Non-Independent Non-Executive Director

Dato' Sulaiman Mohd Tahir
Chairman, Independent Non-Executive Director

Norazilla Md Tahir
Independent Non-Executive Director

Ts. Othman Abdullah
Independent Non-Executive Director

Imri Dolhadi Ab Wahab
Non-Independent Non-Executive Director

- Board Audit Committee
- Board Credit Committee
- Board Information Technology Committee
- Board Nomination and Remuneration Committee
- Board Risk Management Committee

- Member
- Member
- Member

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MALAYSIAN
MALE

DATO' SULAIMAN MOHD TAHIR

Chairman / Independent Non-Executive Director

Date of Appointment: 20 March 2024

Qualifications
- Bachelor of Accounting, RMIT University, Australia
- Chartered Banker, Asian Institute of Chartered Bankers

Areas of Expertise
- Strategic Leadership, Accounting, Banking & Finance

Relevant Experience
Dato' Sulaiman Mohd Tahir is a highly accomplished and respected figure in Malaysia's banking fraternity, having served the industry with distinction for over 35 years of distinguished leadership in Malaysia's financial sector. He started his banking career in 1987 at Bank of Commerce Berhad. There he took on several front line roles, including in branch banking, corporate banking and as an area business manager covering SMEs and Corporates.

From 2000 to 2005, he made substantial contributions to Bank Bumiputra Commerce Berhad, overseeing the bank's retail sales and distribution channels. In 2006, Dato' Sulaiman began a new chapter in his career when Bank Bumiputra Commerce Group merged with CIMB creating CIMB Group, one of the largest universal banking Group in ASEAN. With a proven track record, Dato' Sulaiman advanced through the ranks at the Group, holding a series of senior roles, including Regional Head of Consumer Sales and Distribution responsible for the Group's retail and business clients in the region. His journey with CIMB Group concluded with his appointment as the Chief Executive Officer ("CEO")/ Executive Director of CIMB Bank. His strong business acumen and ability to drive organisational change have been pivotal to his success.

In 2015, Dato' Sulaiman joined Ambank Group as the Group CEO until his retirement in November 2023. During his tenure, he has been instrumental in driving growth and innovation at AmBank, leveraging a professional journey in the Malaysian banking industry. Under Dato' Sulaiman's strategic leadership, he has implemented strategic realignment initiatives that earned notable accolades. His contributions to the banking industry demonstrate excellence and are highly respected. Previously, Dato' Sulaiman sat on the boards of several other companies under AmBank Group. He was also a former Board Member of Payments Network Malaysia Sdn Bhd (PayNet).

Directorships in Public Companies/Subsidiaries of Public Companies
- Bank Pembangunan Malaysia Berhad

Previous Directorships in Public Companies
- AmGeneral Holdings Berhad
- Liberty General Insurance Berhad
- AmMetLife Insurance Berhad
- AmMetLife Takaful Berhad

Shareholdings in BPMB Group
- Nil

Declaration
Dato' Sulaiman has no
- Family relationship with any director and/or major shareholder of BPMB
- Conflict of interest with BPMB and its subsidiaries
- He has not been convicted for any offences within the past five (5) years, nor has he been imposed any public sanction or penalty by any relevant regulatory bodies

- Chairman
- Member
- Member
- Member

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MALAYSIAN
FEMALE

NORAZILLA MD TAHIR

Independent Non-Executive Director

Date of Appointment: 14 August 2020

Qualifications
- Bachelor of Arts (Hons) in Accounting, University of Stirling, Scotland
- Member of the Malaysian Institute of Accountants (MIA)
- Fellow Chartered Accountant of the Institute of Chartered Accountants in England and Wales (ICAEW)

Areas of Expertise
- Finance, Audit and Accounting

Relevant Experience
Norazilla has more than 25 years' experience in financial management, notably in Financial Institutions and Capital Markets. She also possesses experience in sales logistics chain management, having worked at L'Oreal Malaysia Sdn Bhd and Universal Music Sdn Bhd.

Prior to her appointment at BPMB, Norazilla was the Chief Financial Officer of Cagamas Berhad (Cagamas) for nine years, where she spearheaded the financial leadership of the Group and was responsible for upholding strong financial management and governance through the implementation of enhanced internal controls and processes to ensure timely, accurate and reliable financial reporting. Norazilla has also served as Chief Financial Officer/Head of Finance at RHB Islamic Bank Berhad, Asian Finance Bank Berhad and the Al Rajhi Banking and Investment Corporation (Malaysia) Berhad.

Directorships in Public Companies/Subsidiaries of Public Companies
- Bank Pembangunan Malaysia Berhad
- Global Maritime Ventures Berhad
- Pembangunan Leasing Corporation Sdn Bhd
- BI Credit & Leasing Berhad
- PLC Credit & Factoring Sdn Bhd
- Citibank Berhad
- Kenanga Investors Berhad
- Genting Malaysia Berhad

Previous Directorships in Public Companies
- Amanah Raya Berhad
- Amanahraya Trustees Berhad
- Etiqa Life Insurance Berhad

Shareholdings in BPMB Group
- Nil

Declaration
Norazilla has no
- Family relationship with any director and/or major shareholder of BPMB
- Conflict of interest with BPMB and its subsidiaries
- She has not been convicted for any offences within the past five (5) years, nor has she been imposed of any public sanction or penalty by any relevant regulatory bodies

- Member
- Member

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MALAYSIAN
FEMALE

DATUK RASHIDAH MOHD SIES

Non-Independent Non-Executive Director

Date of Appointment: 27 September 2021

Qualifications
- Advanced Management and Leadership Programme, University of Oxford
- Diploma in Public Administration, The National Institute of Public Administration (INTAN)
- Bachelor in Business Administration (Finance), Idaho State University
- Master in Business Administration, US International University California

Areas of Expertise
- Public Administration and Finance

Relevant Experience
Datuk Rashidah has served the Government of Malaysia for more than 30 years. She started her career in the Ministry of Finance ("MOF") in 1989 and served the Ministry ever since. Her first appointment was as an Assistant Secretary in the Finance Division (Investment), MOF. Rising through the rank, she was promoted to the post of Principal Assistant Secretary and later became the Head of Section (Commercial), Government Investment Companies Division, MOF. She then assumed the post of Deputy Undersecretary of the same division before being appointed as the Undersecretary of Government Investment Companies Division. She was later appointed as the Deputy Secretary General to the Treasury (Management), a post she held until her retirement on 12 January 2024.

Datuk Rashidah also has broad experiences as a member of Board of Directors of Government companies and agencies. She was previously a Board Member of Tenaga Nasional Berhad, Agrobank, Johor Port, Securities Commission Malaysia and Dewan Bandaraya Kuala Lumpur, to name a few. She currently sits on the Board of Bank Pembangunan Malaysia Berhad, UDA Holdings Berhad, KUB Malaysia Berhad and Malaysian Resources Corporation Berhad.

Directorships in Public Companies/Subsidiaries of Public Companies
- Bank Pembangunan Malaysia Berhad
- UDA Holdings Berhad
- KUB Malaysia Berhad
- Malaysian Resources Corporation Berhad

Previous Directorships in Public Companies
- Global Maritime Ventures Berhad
- Syarikat Jaminan Pembiayaan Perniagaan Berhad
- Syarikat Jaminan Kredit Perumahan Berhad
- Danainfra Nasional Berhad
- Tenaga Nasional Berhad

Shareholdings in BPMB Group
- Nil

Declaration
Datuk Rashidah has no
- Family relationship with any director and/or major shareholder of BPMB
- Conflict of interest with BPMB and its subsidiaries
- She has not been convicted for any offences within the past five (5) years, nor has she been imposed of any public sanction or penalty by any relevant regulatory bodies

- Chairman
- Chairman
- Member

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MALAYSIAN
MALE

TS. OTHMAN ABDULLAH

Independent Non-Executive Director

Date of Appointment: 22 October 2021

Qualifications
- Bachelor of Science in Computer Engineering, University of Michigan, Ann Arbor, USA
- Postgraduate Diploma and Master of Science in Islamic Banking and Finance, International Islamic University of Malaysia
- Certificate of Premier Business Management Programme, Harvard Business School
- Certificate of Islamic Finance Leadership Programme, Cambridge IF Analytica
- Currently, pursuing for PhD at University Sains Islam Malaysia

Areas of Expertise
- Information Technology, Digital Economy, Financial Technology, Banking and Finance, Islamic Banking and Finance

Relevant Experience
Ts. Othman has over 25 years of experience in the digital economy and financial technology sector with emphasis on IT solution implementation and transformation services and has engaged countless financial institutions in Asia, Middle East and Africa. He is a recognised professional technologist by Malaysia Board of Professional Technologist (MBOT). He is also a Chartered Professional in Islamic Finance (CPIF) registered with Chartered Institute of Islamic Finance Professionals (CIIF).

He started his career with Silverlake in May 1997. In January 2007, Ts. Othman joined Bank Islam as Senior Manager, Head of Information Technology Application Development. In July 2007, he re-joined Silverlake as Executive Vice President. In 2010, he was promoted to the rank of Managing Director heading Islamic Banking division. In July 2017, he was re-designated as the Chief Executive Officer in charge of Islamic Banking and Innovative Services.

Qualified in both IT and Islamic finance and equipped with more than two decades of hands on experience servicing the financial services industry, he has positioned himself as a financial technology thought leader in the space of Islamic banking and finance. He writes regularly and contributes his articles and thoughts for various publications and television programs. He also speaks on the subject at conferences and seminars.

Directorships in Public Companies/Subsidiaries of Public Companies
- Bank Pembangunan Malaysia Berhad
- Ecologitec Sdn Bhd

Previous Directorships in Public Companies
- Nil

Shareholdings in BPMB Group
- Nil

Declaration
Ts. Othman has no
- Family relationship with any director and/or major shareholder of BPMB
- Conflict of interest with BPMB and its subsidiaries
- He has not been convicted for any offences within the past five (5) years, nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies

- Chairman
- Chairman
- Member

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MALAYSIAN
MALE

TAN SRI RASHPAL SINGH RANDHAY

Independent Non-Executive Director

Date of Appointment: 28 April 2022

Qualifications
- Masters in Corporate Finance, University of Liverpool, United Kingdom

Areas of Expertise
- Finance, Taxation, Accounting and Fraud Investigation

Relevant Experience
Tan Sri Rashpal has more than 30 years' experience - spanning investment companies, stock brokerage firms and stock and commodity exchanges. He began his career with Citivest International as a corporate trader before moving on to being the Corporate Head of Citivest International, in which he was responsible for operations in Australia, New Zealand and the United States of America. Upon returning to Malaysia, Tan Sri Rashpal served as the Chief Representative to South East Asia for Saitama International Investment Bank.

He assumed the role of Advisor to KPMG from 2003 to 2008 and was part of a United Nations initiative under which he was assigned the task of restructuring the Central Bank of Iraq in November 2003 with emphasis on the valuation of the new Iraqi Dinar. Tan Sri Rashpal was also a Special Advisor to Tenaga Nasional Berhad as well as a Member of the Main Advisory Board of Malaysia Anti-Corruption Commission (MACC) from 2009 to 2015.

From 2015 to 2021, he served as a board member of the Inland Revenue, Malaysia (LHDNM). Tan Sri Rashpal was also appointed as an Independent Non-Executive Director of Danajamin Nasional Berhad on 16 June 2021. He is the founder of the Knight Group of Companies, which now operates in Kuala Lumpur, Penang, Sabah and Sarawak, with representative offices in India and the United Kingdom.

Directorships in Public Companies/Subsidiaries of Public Companies
- Bank Pembangunan Malaysia Berhad
- Danajamin Nasional Berhad
- Ecologitec Sdn Bhd

Previous Directorships in Public Companies
- Nil

Shareholdings in BPMB Group
- Nil

Declaration
Tan Sri Rashpal has no
- Family relationship with any director and/or major shareholder of BPMB
- Conflict of interest with BPMB and its subsidiaries
- He has not been convicted for any offences within the past five (5) years, nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies

- Chairman
- Chairman
- Member
- Member
- Member

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MALAYSIAN
FEMALE

ROSNAH KAMARUL ZAMAN

Independent Non-Executive Director

Date of Appointment: 17 May 2022

Date of Retirement: 16 May 2024

Qualifications
- Bachelor of Arts in Economics (Hons) University of Manchester, United Kingdom

Areas of Expertise
- Banking and Finance

Relevant Experience
Rosnah has more than 25 years' experience in banking and finance. During her career she has covered the full spectrum of banking which includes consumer, commercial and corporate banking as well as the non-banking functions of the various business and operational support divisions in the bank, including Human Resources and Finance.

She began her career with the former Bank of Commerce in 1979 and left in 2005. Her last appointment at the bank was as Senior Executive Vice President, heading the Banking Unit, responsible for the strategic businesses of Consumer Banking, Commercial Banking, Corporate Banking, Treasury, and International Banking.

She was a founding member of the Board of Trustees of CIMB Foundation in 2007 and was appointed as an Independent Director to the Board of CIMB Bank Berhad in 2012, and in 2014 as an Independent Director of CIMB Islamic Bank Berhad. She was a member of numerous Board committees and was also Chairperson of the Board Risk and Compliance Committee and also Chairperson of the Board Investment Committee. She retired on 18 January 2021 having served the full term of nine years.

In January 2021 she was appointed as Independent Director of Danajamin Nasional Berhad. She was a member of the Board Risk Committee and the Board Audit Committee, and is Chairperson of the Board Underwriting Committee and the Danajamin PRIHATIN Guarantee Scheme Board Underwriting Committee. In September 2021 she was appointed as Member of the Investment Panel of Lembaga Tabung Haji.

Directorships in Public Companies/Subsidiaries of Public Companies
- Bank Pembangunan Malaysia Berhad
- Danajamin Nasional Berhad
- Board of Trustees, Amanah Lestari Alam
- Board of Trustees, CIMB Foundation
- Investment Panel, Lembaga Tabung Haji

Previous Directorships in Public Companies
- CIMB Bank Berhad
- CIMB Islamic Bank Berhad
- Time Engineering Berhad

Shareholdings in BPMB Group
- Nil

Declaration
Rosnah has no
- Family relationship with any director and/or major shareholder of BPMB
- Conflict of interest with BPMB and its subsidiaries
- She has not been convicted for any offences within the past five (5) years, nor has she been imposed of any public sanction or penalty by any relevant regulatory bodies

- Board Audit Committee
- Board Credit Committee
- Board Information Technology Committee
- Board Nomination and Remuneration Committee
- Board Risk Management Committee

- Member
- Member

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MALAYSIAN
MALE

IMRI DOLHADI AB WAHAB

Non-Independent Non-Executive Director

Date of Appointment: 20 May 2024

Qualifications
- Masters in Islamic Finance, INCEIF University, Kuala Lumpur
- Bachelor of Arts in Accounting and Finance, Lancaster University, United Kingdom
- Diploma of International Baccalaureate, MARA College, Banting

Areas of Expertise
- Islamic Finance, Economics and Accounting

Relevant Experience
Encik Imri Dolhadi bin Ab Wahab was appointed to the Board of Bank Pembangunan Malaysia Berhad on 20 May 2024, bringing a wealth of experience in fiscal and debt policies. With over two decades of service in the Ministry of Finance, he has honed his expertise in navigating economic complexities and coordinating strategies for fiscal sustainability and economic growth.

Currently serving as Deputy Undersecretary in the Fiscal and Economics Division of the Ministry of Finance, which is mainly responsible in advising the formulation of fiscal policy, planning the debt strategy as well as monitoring the fiscal risk exposure. Previously, he served as the Director of the Economic Division of the Prime Minister's Office, where he advised on, planned, and coordinated initiatives related to economic affairs.

He has previously served on the boards of Danajamin Nasional Berhad, the Public Sector Home Financing Board, GOVCO Holdings, Urusharta Jamaah Sdn Bhd, and UJ Estates (Holdings) Sdn Bhd.

Directorships in Public Companies/Subsidiaries of Public Companies
- Bank Pembangunan Malaysia Berhad

Previous Directorships in Public Companies
- Danajamin Nasional Berhad

Shareholdings in BPMB Group
- Nil

Declaration
Imri Dolhadi has no
- Family relationship with any director and/or major shareholder of BPMB
- Conflict of interest with BPMB and its subsidiaries
- He has not been convicted for any offences within the past five (5) years, nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies

GROUP CHIEF EXECUTIVE OFFICER

RONI L. ABDULWAHAB

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MALAYSIAN
MALE

Date of Appointment: 8 April 2022

Qualifications
- Bachelor of Science in Economics (cum laude), The Wharton School, University of Pennsylvania, Philadelphia, United States of America

Areas of Expertise
- Business, Operations and Organisational Management, Strategic Planning, Business Development & Execution, Risk Management, Mergers & Acquisitions, Restructurings and Corporate Finance

Relevant Experience
Prior to his appointment as Group CEO of BPMB, Roni held senior leadership roles in banking, investment management and corporate sectors. He served as Executive Director, Investments at Khazanah Nasional Berhad, and as Managing Director and Country Head of Global Banking at HSBC Bank Berhad Malaysia. He was an independent board member at Maybank Asset Management Group Berhad, and Chairman of Maybank Islamic Asset Management Sdn Bhd.

Directorships in Public Companies/Subsidiaries of Public Companies
- Nil

Shareholdings in BPMB Group
- Nil

Declaration
Roni has no
- Family relationship with any director and/or major shareholder of BPMB
- Conflict of interest with BPMB and its subsidiaries
- He has not been convicted for any offences within the past five (5) years, nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies

SHARIAH COMMITTEE

Associate Professor Dr. Yasmin Hanani Mohd Safian
Member

Professor Dr. Salina Kassim
Member

Ustaz Mohd Fadhly Md Yusoff
Member

Professor Dr. Aznan Hasan
Chairman

Professor Dr. Zurina Shafii
Member

Ustaz Lokmanulhakim Hussain
Member

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MALAYSIAN
MALE

PROFESSOR DR. AZNAN HASAN

Chairman

Date of Appointment: 1 April 2017

Qualifications
- Bachelor Degree in Shariah, University of Al-Azhar, Egypt
- Master Degree in Shariah with Distinction (Mumtaz), Cairo University, Egypt
- PhD, University of Wales, Lampeter, United Kingdom

Areas of Expertise
- Shariah, Islamic Banking and Finance

Relevant Experience

Prof Dr. Aznan is a Professor at the Institute of Islamic Banking and Finance (IIiBF) and International Islamic University of Malaysia (IIUM). He serves as a Deputy Chairman of the Shari'a Supervisory Board of Bank Nizwa (Oman), a Board member of Higher Shari'ah Authority of UAE Central Bank, and a Shariah Board member of Accounting and Auditing Organization for Islamic Financial Institutions. Previously, he was a member of the Shariah Advisory Council of Bank Negara Malaysia (2006-2008 and 2010-2013).

Known for his extensive experience in Islamic finance and Shariah Advisory, he advises and consults, and sits on the Shariah Advisory Boards of various financial institutions, corporate entities, government agencies and regulatory authorities, local and abroad.

In addition, he is a registered Shariah Advisor for the Islamic Unit Trust Schemes and Islamic securities (Sukuk) of the Securities Commission of Malaysia.

Memberships and Other Appointments
- Chairman, Maybank Islamic Berhad, Etiqa Family Takaful Berhad, Etiqa General Takaful Berhad and Amanah Hartanah Bumiputera
- Chairman, Shariah Advisory Council of the Securities Commission Malaysia
- Member, Shariah Advisory Board / Shariah Committee of the Employee Provident Fund

Shareholdings in BPMB Group
- Nil

Declaration

Prof Dr. Aznan has no
- Family relationship with any director and/or major shareholder of BPMB
- Conflict of interest with BPMB and its subsidiaries
- He has not been convicted for any offences within the past five (5) years, nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies

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MALAYSIAN
MALE

USTAZ MOHD FADHLY MD YUSOFF

Member

Date of Appointment: 1 April 2017

Qualifications
- Bachelor Degree in Shariah (First Class Honours), Universiti Malaya
- Postgraduate Diploma in Administration of Judiciary and Islamic, Universiti Kebangsaan Malaysia

Areas of Expertise
- Shariah, Islamic Capital Market and Investment

Relevant Experience

Ustaz Mohd Fadhly currently runs his own business and is an independent Shariah advisor and consultant to multiple financial institutions. Previously, he was with the Islamic Capital Market Department of the Securities Commission Malaysia for 12 years, supervising and monitoring Shariah compliance requirements of securities, structured products and collective investments.

He is a registered Shariah Advisor for Sukuk and Unit Trust with the Securities Commission Malaysia, a registered Syarie lawyer and an accredited trainer for Islamic Finance Qualification (IFQ) by Chartered Institute for Securities and Investment.

Memberships and Other Appointments
- Member, Shariah Committee of AmBank Islamic Berhad
- Member, Shariah Committee of Sun Life Malaysia Takaful Berhad
- Member, Shariah Committee of Opus Asset Management Sdn Bhd
- Member, Shariah Committee of Apex Investment Services Berhad

Shareholdings in BPMB Group
- Nil

Declaration

Ustaz Mohd Fadhly has no
- Family relationship with any director and/or major shareholder of BPMB
- Conflict of interest with BPMB and its subsidiaries
- He has not been convicted for any offences within the past five (5) years, nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies

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MALAYSIAN
MALE

USTAZ LOKMANULHAKIM HUSSAIN

Member

Date of Appointment: 20 July 2022

Qualifications
- Bachelor Degree in Shariah, Islamic University of Medina, Saudi Arabia
- Master Degree in Fiqh, Islamic University of Medina, Saudi Arabia

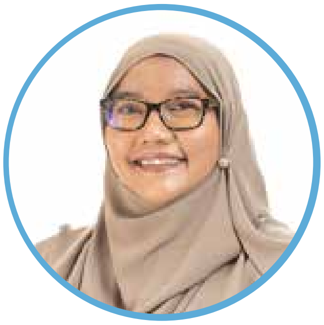
Areas of Expertise
- Shariah, Islamic Banking and Finance

Relevant Experience
Ustaz Lokmanulhakim was a former researcher at International Shariah Research Academy for Islamic Finance (ISRA). He has presented several research papers at local and international conferences. He has also individually and jointly authored many articles and research papers on Islamic finance.

Memberships and Other Appointments
- Chairman, Maybank Islamic Berhad, Etiqa Family Takaful Berhad, Etiqa General Takaful Berhad and Amanah Hartanah Bumiputera
- Chairman, Shariah Advisory Council of the Securities Commission Malaysia
- Member, Shariah Advisory Board / Shariah Committee of the Employee Provident Fund

Shareholdings in BPMB Group
- Nil

Declaration
Ustaz Lokmanulhakim has no
- Family relationship with any director and/or major shareholder of BPMB
- Conflict of interest with BPMB and its subsidiaries
- He has not been convicted for any offences within the past five (5) years, nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies



47
MALAYSIAN
FEMALE

PROFESSOR DR. ZURINA SHAFII

Member

Date of Appointment: 1 April 2021

Qualifications
- Bachelor Degree in Accounting, Universiti Teknologi Mara
- Master Degree in Islamic Finance, Durham University, United Kingdom
- PhD in Islamic Finance, Durham University, United Kingdom
- ACCA Professional Level Certificate
- Certified Islamic Financial Planner

Areas of Expertise
- Shariah Compliance Audit, Islamic Wealth Management, Islamic Accounting and Halal Management

Relevant Experience
Professor Dr. Zurina is a Professor of Islamic finance at the Faculty of Economics and Muamalat at Universiti Sains Islam Malaysia (USIM) and a research fellow at USIM's Islamic Finance and Wealth Management Institute (IFWMI). She is one of the founders of Muamalat Interactive Game (MIG), a game that incorporates the concepts and operations for retail products offered by Islamic banks. The board game is widely used in various trainings and has won various awards.

Her expertise has led to her appointment as one of the external expert panels for Finance Accreditation Agency (FAA) and a subject matter expert for Islamic Banking & Finance Institute Malaysia (IBFIM) on Shariah audit that headed the project of Professional Shariah Auditor Certification into the market in December 2019.

Memberships and Other Appointments
- President, Association of Islamic Financial and Wealth Management (AIFIWM)
- Member, Shariah Committee of Standard Chartered Saadiq Berhad
- Member, Shariah Committee Khadijah International Waqf Foundation Labuan

Shareholdings in BPMB Group
- Nil

Declaration
Prof Dr. Zurina has no
- Family relationship with any director and/or major shareholder of BPMB
- Conflict of interest with BPMB and its subsidiaries
- She has not been convicted for any offences within the past five (5) years, nor has she been imposed of any public sanction or penalty by any relevant regulatory bodies

53
MALAYSIAN
FEMALE

PROFESSOR DR. SALINA KASSIM

Member

Date of Appointment: 20 July 2022

Qualifications
- Bachelor Degree in Economics, University of Arizona, United States
- Master Degree in Economics, University of Missouri-St Louis, United States
- PhD in Economics, International Islamic University of Malaysia (IIUM)
- Postgraduate Diploma in Islamic Studies, International Islamic University of Malaysia (IIUM)
- Pursuing Master of Science in Marketing, Universiti Putra Malaysia

Areas of Expertise
- Economics and Islamic Studies

Relevant Experience

Prof Dr. Salina is currently a Professor at Institute of Islamic Banking and Finance (IIiBF), International Islamic University Malaysia (IIUM). Her areas of specialisation include Islamic banking and finance, economics, sustainable finance, and Islamic social finance (Waqf, Islamic microfinance, and socially responsible investment).

She is a trainer for the Association of Shariah Advisors in Islamic Finance (ASAS) programmes, editorial board member of several reputable international and local academic journals, national panel member for Ministry of Higher Education Fundamental Research Grant Scheme (FRGS). She is an invited speaker at several seminars and conferences, authored books and journal articles, and presented papers at various conferences and seminars. Her academic work has contributed significantly to the academia locally and internationally through her extensive publications in high indexed peer-reviewed academic journals.

Memberships and Other Appointments
- Member, Shariah Committee of AmBank Islamic Berhad

Shareholdings in BPMB Group
- Nil

Declaration

Prof Dr. Salina has no
- Family relationship with any director and/or major shareholder of BPMB
- Conflict of interest with BPMB and its subsidiaries
- She has not been convicted for any offences within the past five (5) years, nor has she been imposed of any public sanction or penalty by any relevant regulatory bodies

47
MALAYSIAN
FEMALE

ASSOCIATE PROFESSOR DR. YASMIN HANANI MOHD SAFIAN

Member

Date of Appointment: 20 July 2022

Qualifications
- Bachelor Degree in Shariah Islamiyyah, Al-Azhar University, Egypt
- Master Degree in Islamic Studies, Birmingham University, United Kingdom
- PhD in Islamic Studies, Exeter University, United Kingdom

Areas of Expertise
- Shariah and Law

Relevant Experience

Dr.Yasmin is currently an Associate Professor at the Faculty Shariah & Law, Universiti Sains Islam Malaysia.

She is involved in numerous research and presented papers at various seminars and conferences on topics related to Islamic banking and takaful, Islamic social finance, halal related studies and Shariah law.

Memberships and Other Appointments
- Member, Shariah Committee of Bank Islam Malaysia Berhad
- Member, Shariah Committee of Co-opbank Pertama
- Member, Majlis Agama Islam Selangor
- Member, Majlis Perundingan Syarak Wilayah Persekutuan (MAIWP)
- Member, Shariah Panel of Universiti Sains Islam Malaysia (USIM)
- Member, Jawatankuasa Penasihat Pensijilan Halal Malaysia (Jabatan Kemajuan Islam Malaysia (JAKIM))
- Member, Board of Teraju Ekonomi Asnaf (subsidiary of Majlis Agama Islam Selangor (MAIS))

Shareholdings in BPMB Group
- Nil

Declaration

Dr.Yasmin has no
- Family relationship with any director and/or major shareholder of BPMB
- Conflict of interest with BPMB and its subsidiaries
- She has not been convicted for any offences within the past five (5) years, nor has she been imposed of any public sanction or penalty by any relevant regulatory bodies

SENIOR LEADERSHIP TEAM

Jason Goay Ngee Chiew
Chief Risk and Compliance Officer

Mohamed Fadzil Sulaiman
Group Head, Treasury and Investments

Sainursalwa Sani
Chief Human Resource Officer

Roni L. Abdulwahab
Group Chief Executive Officer

Tan Ming Yew
Managing Director, Group Finance and Operations

Hee Wei Jean
Chief Financial Officer

Aidil Haznul Zulkifli
Group Chief Legal, Governance & Corporate Services

Muhamed Noh Kaderan
Chief Internal Auditor

Muhammad Azraini Abdul Hamid
Group Head, Private Equity and Strategic Investments

Noor Ain Mohd Amin
Group Head, Shariah Management

Wee Yee Tat
Group Head, Corporate Banking and Advisory

Mohamed Nazri Omar
Managing Director, Group Corporate and Investment Banking

Mohd Fuad Ahmad
Group Chief Corporate Development Officer

Muhammad Taufiq Abdul Latif
Chief Credit Officer

Gerald Goh Yong Hwa
Group Head, Coverage

GROUP ORGANISATION STRUCTURE

As of December 2023

Senior Leadership Team

- **BPMB Board**
  - BNRC
  - BCC
  - BITC
  - SC
  - BAC
  - BRMC
  - **Group Chief Executive Officer** – Roni L. Abdulwahab
    - **Group Corporate Development** – Mohd Fuad Ahmad
      - Economics & Research – Vacant
      - Mind & Sustainability – Joel Khaw Chuan Penn
      - Transformation Management Office – Marzikmal Omar
      - Corporate Strategy – Cynthia Chee Pei Sze
      - Development & Policy Advocacy – Khairil Anwar Abdul Manap
      - Corporate Communications – Eza Shafina Dzul Karnain
    - **Group Corporate & Investment Banking** – Mohamed Nazri Omar
      - Group Corporate Banking & Advisory – Wee Yee Tat
      - Group Treasury & Investments – Mohamed Fadzil Sulaiman
      - Group Coverage – Gerald Goh Yong Hwa
      - Pembangunan Leasing Corporation Sdn. Bhd. (PLC) – Harman Saringat
    - **Group Finance & Operations** – Tan Ming Yew
      - Group Finance – Hee Wei Jean
      - Information Technology – Eskandar Hardy Mohamad Zaini
      - Credit Admin – Sheela Nair
      - Property Management & Services – A.Sivarajan A/L Apasamy
      - Manual & Documentation – Mohd Nordin Che Omar
      - PLC's Credit Admin – Angeline Ng Siew Huan
    - **Group Legal, Governance & Corporate Services** – Aidil Haznul Zulkifli
      - Group Shariah Management – Noor Ain Mohd Amin
      - Group Corporate Secretarial – Norshydah Abu Talib (Acting)
      - Group Legal – Nor Aida Ismail/ Nasriq Ilyani
    - **Group Human Resource** – Sainursalwa Sani
    - **Group Private Equity & Strategic Investments** – Muhammad Azraini Abdul Hamid
      - Global Maritime Ventures Berhad (GMVB)
      - Ecologitec Sdn Bhd
    - **Group Internal Audit** – Muhamed Noh Kaderan
    - **Group Credit Risk** – Muhammad Taufiq Abdul Latif
    - **Group Risk & Compliance** – Jason Goay Ngee Chiew

"Realising the need to support domestic demand and drive the new MADANI development initiatives under the 12MP, BPMB had stepped up its role in providing financing for the critical sectors, social infrastructure, technology and sustainable development

02

50 YEARS OF CREATING IMPACT

THE BIRTH OF BANK PEMBANGUNAN

Over the past 50 years, BPMB has established itself as a pioneering Development Financial Institution (DFI), committed to fulfilling our mandate in delivering impact capital for national development.

Bridging the Gap

In 1970, the Malaysian Government introduced the New Economic Policy (NEP) outlined in the Second Malaysia Plan (2MP) 1971-1975 and the Outline Perspective Plan 1971-1990. Recognising the need to rectify economic imbalances and promote national unity, the NEP aimed for inclusive economic and social development. To operationalise these goals, the government identified the necessity for a development bank to complement existing institutions like Majlis Amanah Rakyat (MARA), Bank Bumiputra and Malaysia Industrial Development Finance Berhad (MIDF).

This bank would bridge gaps in economic support and facilitate broader participation in economic activities, aligning with the NEP's vision for equitable growth and shared prosperity among all Malaysians.

To Spur the Nation's Economic Growth

BPMB was formed by the Government to address gaps in the services provided by financial institutions and to support entrepreneurship. Established on 28 November 1973 as a public limited company, BPMB aimed to empower Bumiputera entrepreneurs. It commenced business on 8 June 1974 and officially launched by the late Prime Minister YAB Tun Haji Abdul Razak bin Dato' Haji Hussein on 3 August 1974.

With initial paid-up capital of RM1.5 million and 19 staff, BPMB catalysed activity among the traditionally non-entrepreneurial communities. The Bank approved its first loan application from Haji Darus bin Haji Ibrahim – a sole proprietor whose loan was RM247,000 for a project in the quarry industry in Negeri Sembilan.

Evolution of the Logo

In 2005, Bank Pembangunan dan Infrastruktur Malaysia Berhad (BPIMB) reverted to its original name, BPMB, reinforcing its focus on development financing and supporting nation's economy growth.

In 2008, BPMB and SME Bank underwent a separation exercise, allowing both to strengthen their respective capacities and deliver more efficient services to their target markets.

1972 · 1988 · 1996 · 1999 · 2005 · 2008

EVOLUTION OF MANDATE

In the early years, BPMB provided financing to key sectors, including infrastructure development, manufacturing and agriculture, along with funding support to projects that contributed to the nation's industrialisation and modernisation efforts. Our focus included long-term financing, fostering entrepreneurship and driving economic development. As the Malaysian economy progressed, our mandate evolved to encompass a broader range of initiatives.

1973
To promote the development in the industrial sector

1990s
To develop Small Medium Industry (SMI) and Infrastructure sector

2010s
To provide medium to long-term finance to the capital-intensive industries –technology, maritime and infrastructure

Fostering Bumiputera Entrepreneurs

Infrastructure Development

1980s
Expanded mandate to industrial and commercial sector

2000s
To provide medium to long-term finance to the capital-intensive industries – high technology, maritime and infrastructure

Present
To provide medium to long-term finance to the capital-intensive industries - technology, maritime, infrastructure, oil & gas and others

Today, our mandate encompasses a range of capital-intensive industries and high-growth sectors, including technology, maritime, infrastructure, and oil & gas, positioning BPMB at the forefront of Malaysia's high-growth sectors.

With a resolute commitment to deliver impact capital for national development national development, BPMB remains committed to empower businesses, foster innovation and drive national progress.

INFRASTRUCTURE FINANCING
1998

BPMB assumed the role to provide financing for Government-backed infrastructure projects. To reflect this expanded mandate, BPMB rebranded to Bank Pembangunan & Infrastruktur Malaysia Berhad (BPIMB) on 14 January 1999.

The restructuring split the organisation into four sectors – Development Banking, Infrastructure Banking and Corporate Management & Services.

CORPORATE ADVISORY & UNDERWRITING SERVICES
2002

BPIMB came under Bank Negara Malaysia's supervision as one of six DFIs listed under the Development Financial Institutions Act 2002 to ensure alignment with Government objectives and efficient implementation of mandated roles.

It also received authorisation from the Securities Commission to offer corporate advisory and underwriting services to infrastructure project companies, reinforcing its role in Malaysia's infrastructure development.

NEW HORIZON FOR DFIs
2005

BPIMB set another milestone through the rationalisation of four leading DFIs – BPMB, Bank Industri, EXIM Bank and Malaysia Credit Insurance Berhad. The merged entity was transferred to the Minister of Finance (Incorporated).

SME Bank was formed from the function rationalisation, while BPIMB was mandated to offer medium to long-term financing to capital intensive industries like infrastructure, maritime, and high technology. It also arranged syndicated loans and credit enhancement facilities.

BPMB
Malaysia Development Bank
2012

Today, BPMB continues to evolve and adapt to the changing landscape of Malaysia's economy. With a renewed purpose, it spearheads the growth of strategic sectors, including infrastructure, high technology, maritime, and oil & gas.

EMPOWERING GROWTH

Notable Impactful Projects

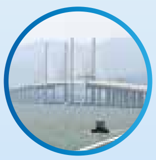
BPMB's diverse portfolio of clients and projects underscores our role and impact in the nation's development over the last 50 years. These projects, supported by the Bank's funding and expertise, have contributed to the growth of Malaysia's local businesses, infrastructure and economy.

Ramly Food Industries Sdn Bhd
Funding: RM30,000 (1982) and RM213 million (2015)

Kuala Lumpur Sentral Sdn Bhd (KL Sentral Station)
Funding: RM800 million (1999)

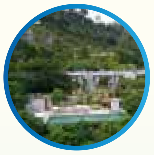
Express Rail Link Sdn Bhd (ERL Train)
Funding: RM704 million (1999) and RM1.5 billion (2003)

Syarikat Mengurus Air Banjir & Terowong Sdn Bhd (SMART Tunnel)
Funding: RM323 million (2004)



Jambatan Kedua Sdn Bhd (Penang Second Bridge)
Funding: RM500 million (2009)

MMC-Gamuda Joint Venture Sdn Bhd (KTM ETS Ipoh - Padang Besar)
Funding: RM6.7 billion (2009)



MKN Group Sdn Bhd (The Belum Rainforest Resort, Perak)
Funding: RM20 million (2014)

Pelabuhan Tanjung Pelepas Sdn Bhd (PTP)
Funding: RM400mil (2015)

Pulau Indah Power Plant Sdn Bhd
Funding: RM1.08 billion (2021)

EPR Mobilus GR JV Sdn Bhd - Kuching Urban Transportation System (KUTS)
Funding: RM74.62 million (2023)

APPRECIATING OUR PAST LEADERS

Over five decades, BPMB has thrived under exceptional leaders who have steered the Bank towards excellence and success. We pay tribute to their contributions and reflect on the Bank's rich history. These Chairpersons navigated diverse economic landscapes, overcame challenges and seized opportunities, positioning the Bank at the forefront to deliver impactful capital for national development in the decades ahead.

Tun Syed Nasir Ismail
1974 - 1980

Tan Sri Datuk Abdul Samad Idris
1981 - 1993

Tan Sri Dato' Dr. Hj. A. Hamid Hj. A. Rahman
1994 - 1996

Datuk Ahmad Zabri Ibrahim
1997 - 1998

Tan Sri Datuk Dr. Aris Othman
1999 - 2000

Datuk Mohamed Adnan Ali
2001 - 2003

Tan Sri Dato' Seri Dr. Hj. Zainul Ariff Hj. Hussain
2004 - 2007

Tan Sri Dr. Abdul Samad Hj. Alias
2008 - 2010

Dato' Mohammad Hj. Che Hussein
2011

Tan Sri Dato' Sri Dr. Wan Abdul Aziz Wan Abdullah
2012 - 2017

Datuk Zaiton Mohd Hassan
2018 - 2021

Tan Sri Nazir Razak
2021 - 2023

2023 GALLERY

A

B

C

A Dato' Sri Fadillah Yusof, Deputy Prime Minister of Malaysia giving the opening remarks at the BPMB 50th Anniversary Forum in 2023 B GCEO with Board members at the BPMB 50th Anniversary Gallery Walk Launch C Merubah Minda Talk by ALAM in collaboration with ADFIM

D

E F G

D Yee Sang tossing during BPMB CNY celebration E F G Sambutan Hari Raya 2023

H

I

J

K

H ALAM Be-Leaf volunteers planted 500 mangrove saplings in Nibong Tebal, Penang I BPMB volunteers for Program Qurban 2023 J Participants of Kelab Sukan & Rekreasi's Go Kart 2023 K BPMB contributed RM291,200 for Business Zakat in Kelantan under Water2Survive project

L

M

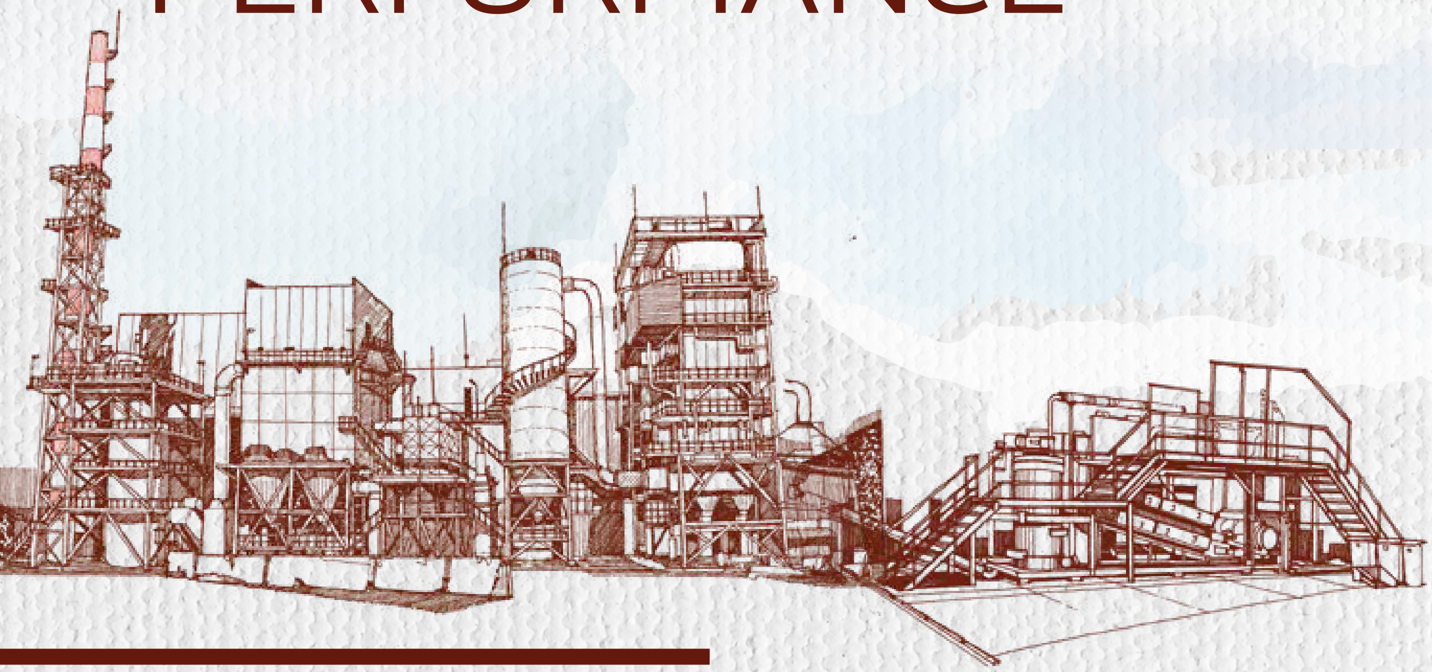
N

O

L M Family Day 2023 organised by Kelab Sukan & Rekreasi N BPMB Ambang Merdeka celebration O BPMB Durian Fiesta 2023

03

CREATING IMPACT THROUGH OUR PERFORMANCE



OUR OPERATING ENVIRONMENT AND OUTLOOK

The economy slowed down markedly in 2023 against tougher external operating environment. Realising the need to support domestic demand and drive the new MADANI development initiatives under the 12th Malaysia Plan (12MP), BPMB stepped up our role in providing financing for the critical sectors, social infrastructure, technology and sustainable development.

ECONOMIC

- The Malaysian economy posted slower growth of 3.7% YoY in 2023 (2022: 8.7%), dragged by sharp decline in net exports, against a challenging external economic and financial markets condition. During the year, global trade weakened but monetary policy across the globe tightened against persistently high inflation. The geopolitical conflict worsened with the Israeli-Hamas war in the 4Q 2023.
- Nonetheless, domestic demand held up well with growth close to long-term trend driven by resilient consumer spending, sustained recovery in private investment and notably higher public sector spending.
- With the ease of supply concerns on foods and commodities over the Russia-Ukraine war, the global food price adjusted downwards and that helped domestic prices to trend lower. Inflation as measured by the consumer price index was only 2.5% higher YoY against 3.4% in 2022 towards the end of the year.
- Against the slower economy and falling inflation, BNM hiked the Overnight Policy Rate (OPR) only once, i.e., in May 2023 by 25 bps to 3.0%. The move was mainly to normalise the monetary policy given the widening interest rate differentials with the US and other regional central banks, which had tightened more aggressively.
- The Ringgit weakened further against the USD by 4.5% in 2023 after having fallen by 5.6% against the USD in 2022. While that had a limited impact on domestic consumer inflation thus far, our external position worsened with continuous financial outflows, adding on to the downward pressure on the Ringgit.

IMPACT

- By sector, the services and manufacturing sectors continued to be the only sectors that fully recovered from the pandemic levels in 2023. Meanwhile, the other sectors remained below the pre-pandemic levels, with the construction sector having the biggest gap, i.e., at only 85% of its pre-pandemic level.
- The significant drop in external demand, particularly the electrical & electronics, led the manufacturing sector to record dismal growth of 0.7% (2022: 8.1%). On the other hand, the slowdown in the services sector to 5.3% YoY from 10.9% in 2022 reflected more of a normalisation in growth trend, on the back of resilient consumer spending.
- The performance of most services sectors covered under the BPMB financing scheme, namely *transport & storage, utilities, ICT, accommodation (for tourism activities), healthcare, and education, improved during the year. Most notably, the accommodation sub-sector finally recovered fully to its pre-pandemic level on the back of pick up in tourist arrivals.
- The higher public spending during the year reflected the government's commitment to push through the initiatives and projects outlined under the 12MP. This was an added catalyst to the performance of the services sector and helped revive the construction sector.

OPPORTUNITY

- The launch of the development frameworks under the MADANI Economic Narrative (MEN) announced in 2023, i.e., the 12th Malaysia Plan Mid-Term Review (12 MP MTR), the National Energy Transition Roadmap (NETR), and the New Industrial Master Plan (NIMP), provides opportunity for BPMB to play a bigger role in delivering impact capital for national development.
- Under the 12MP MTR, the government raised the allocation ceiling for development expenditure (DE) by RM15.0 billion to RM415.0 billion in the 12 MP MTR. The policies and strategies were enhanced to gear the economy towards achieving high-income nation status and provide the enablers for the NIMP and NETR.
- While 12MP will be driven by DE, NIMP and NETR are targeted to be driven by the private sector and to attract the much-needed foreign direct investments (FDIs).
- The 12 MP MTR initiatives cover sectors that match our schemes, among others are:
  1. the streamlining of public transport network,
  2. affordable housing
  3. the step-up in the provision of basic and social infrastructure to reduce the regional imbalances, particularly between the central region and Sabah,
  4. the plan to accelerate sustainable urban development or smart cities, and
  5. enhancing technology adoption and digitalisation
- The initiatives above are the key enablers to drive the NIMP, particularly for industrial parks and developments around key logistics hubs.
- Meanwhile, the decarbonisation path and targets as outlined under the NETR offers opportunities for BPMB to strengthen our position as key DFI in financing the identified projects.

ECONOMIC

RISK

- The downside risk to the operating environment in 2024 would continue to be the developments on the external front.
- The global economy is set to slow further in 2024, led by the performance of the advanced economies, as the impact of the tighter monetary policy gathers force. However, the ongoing Middle East conflict threatens to impede world trade via disruption to supply chain, which in turn will drag global economic growth lower.
- At the same time, the uncertainties surrounding the timing of the first rate cut by the US Federal Reserve since it tightened its monetary policy in Nov 2021, continue to exert downward pressure on the Ringgit against the USD.
- The depreciation in the Ringgit may have limited impact, be it negative or positive on the overall trade sector, given that most of our exports depend on imports of which are invoiced in US dollars.
- Nonetheless, potential weakening of the Ringgit threatens to cause imports of capital goods to soar at the time when Malaysia steps up its drive towards advanced industrialisation and lower carbon emission. This may cause delays for the projects, particularly for domestic investors and local businesses.

OUR STRATEGIC RESPONSE

BPMB leads the DFIs in providing strategic financing under Budget 2024 amounting to RM7.3 billion via two types of financing. i.e., subsidised loan, and loan or equity financing.

Under subsidised loan, the schemes offered are as follows:

1. MADANI Development Scheme (MDS), for companies involved in sectors contributing to the 12MP and other MADANI economic plans not covered under other schemes by BPMB,
2. Sustainable Development Financing Scheme (SDFS),
3. Maritime, Logistics and Transportation Scheme (MLTS),
4. Tourism Infrastructure Scheme (TIS), and
5. Industry Digitalisation Transformation Scheme (IDTS).

For loan or equity financing, BPMB offers these programmes, namely

1. Rehabilitation and Support through Equity (RESET),
2. Working Capital Scheme (WCS), and
3. Matching Fund Investment Platform.

DIGITALISATION

- Malaysia has made noticeable progress in digitalisation throughout the year, with a strong focus on improving internet connectivity, expanding digital infrastructure, and promoting digital literacy. By end of 2023, Digital Nasional Berhad (DNB) managed to achieve 80% 5G population coverage, as previously targeted.
- The government concentrated on upgrading and improving internet coverage nationwide in Budget 2023 with an allocation of RM725 million, particularly in 47 industrial areas and almost 3,700 schools.
- Various initiatives were also crafted by the government to drive digital transformation, including Geran Digital PMKS MADANI (GDPM), which was introduced during Budget 2023 to expedite a digital revolution among Micro, Small, and Medium Enterprises (MSMEs).
- The impact of digitalisation on the economy in 2023 has been substantial, leading to increased productivity, efficiency, and competitiveness. It has also created new opportunities for businesses to reach a wider market and adopt digital technologies to improve their operations.

IMPACT

- The International Telecommunication Union (ITU) revealed that Malaysia ascended quickly to the 15th position worldwide for the 2023 ICT Development Index, which was previously ranked 64th in 2015, reflecting a continuous progress of changes in technology innovation and digital transformation, particularly in high-speed internet connectivity.
- Furthermore, digital healthcare has been gaining traction as the government and private sector work to leverage technology to improve healthcare delivery. Among the key developments in digital healthcare are the introduction of telehealth services, which have become popular since the outbreak of COVID-19. This allowed patients to access medical advice and prescriptions without needing to visit a physical healthcare facility.
- High-impact projects such as a data centre have also been successfully built with the country's digital opportunities. Particularly, Johor has become the new destination for investment in data centres besides Kuala Lumpur and Cyberjaya. The Sedenak Tech Park (STeP), which is in Kulai, is an area designated to attract investment in the development of data centres.

OPPORTUNITY

- The government continues to support digitalisation by allocating a total of RM100.0 million in budget 2024 for digitalisation grants that will benefit more than 20,000 Small and Medium Enterprises (SMEs). The facility is foreseen to support SMEs in embracing digital technologies as well as improve their businesses' efficiency and productivity.
- In the 12 MP MTR, the government emphasised the adoption of digitalisation across industries such as healthcare, oil & gas, and tourism to lead Malaysia towards high-income nation status.
- The highest ever recorded amount of RM41.2 billion was allocated for the Ministry of Health (MOH) in Budget 2024, which RM150.0 million will be used to maintain and expand the information technology (IT) system under MOH. The allocation will also expand the use of digital health records to ensure quick access to patient data, and improve effectiveness and efficiency.

RISK

- Nevertheless, there are also a few risks associated with digitalisation, such as cybersecurity threats, which are the main concerns of people, as well as the potential displacement of traditional jobs.
- On top of this, the fast-evolving digital landscape often leads to a high cost of implementation of new technology over time. Thus, this issue would discourage firms from shifting from their traditional way of doing business, especially MSMEs.

OUR STRATEGIC RESPONSE

- The Bank's Industry Digitalisation Transformation Scheme (IDTS) will continue to support the acceleration of IR 4.0 technological adoption, especially in the manufacturing sector, which would increase its contribution to the nation's economy and become a chosen high technology manufacturing location.
- The BPMB was mandated in Budget 2024 to provide financing in a broad number of industries, not only focusing on artificial intelligence, robotics, and automation.

> ***"The impact of digitalisation on the economy in 2023 has been substantial***

SUSTAINABILITY

- The role of finance was front and center at this year's COP28, as well as in other policy and banking circles. At issue: How to finance the trillions of dollars needed to transition to a sustainable economy and ensure such finance ensures the well-being of traditionally underrepresented and underserved communities.
- In a significant announcement during COP28, Malaysia has made an unwavering commitment to combat climate change by pledging to reduce carbon emissions by 45% by 2030, compared to 2005 levels. The commitment aligns with international climate goals and positions Malaysia as a responsible and proactive participant in the global fight against environmental degradation.

IMPACT

- The National Energy Transition Roadmap (NETR) Phase was launched in August 2023 to accelerate Malaysia's energy transition.
- Malaysia unveiled the New Industrial Master Plan (NIMP 2030) on 1 September. The plan aspires to chart Malaysia's industrial transformation from 2023 till 2030.
- In October 2023, Capital Markets Malaysia (CMM), an affiliate of the Securities Commission Malaysia (SC), launched a Simplified ESG Disclosure Guide (SEDG), making Malaysia the first country globally to provide small-to-medium enterprises (SMEs) within global supply chains with a streamlined and standardised set of guidelines in relation to environment, social and governance (ESG) disclosures.
- Malaysia's 2024 budget has allocated substantial funds for renewable energy, sustainable agriculture, and green transportation, signaling the government's commitment to reducing the country's carbon footprint and promoting sustainable practices. For example, a tax deduction up to RM50,000 for each year of assessment (YA) effective from YA 2024 to YA 2027 will be given for Environmental, Social and Governance (ESG) related expenditure applicable to public listed companies (PLCs) on Bursa Malaysia, MSMEs, and Financial Institutions.

OPPORTUNITY

- The convergence of initiatives such as NETR Phase, NIMP 2030, SEDG by the CMM and the substantial budget allocation for renewable energy and sustainable practices in Malaysia's 2024 budget collectively presents a myriad of opportunities for the market to proactively embrace sustainability. These initiatives signal a fundamental shift towards a more sustainable and ESG-centric business landscape, urging sector players to adopt environmentally responsible practices and integrate sustainability into their operations.

RISK

- Policy Gaps: There is a need to enhance the existing policy framework to better support sustainability initiatives in Malaysia.
- Limited Financial Support: While the Government of Malaysia has made strides in promoting sustainability, additional financing support is necessary to fully realise these initiatives. For example, to achieve its energy transition goals, Malaysia requires up to RM1.3 trillion in investment by 2050.
- Financing Challenges for Marginally Bankable Projects: Identifying and implementing viable financing solutions for projects that are only marginally bankable remains a key challenge.
- Capacity Constraints: There is a need to build greater capacity to effectively implement and manage sustainability projects, ensuring long-term success and impact.

OUR STRATEGIC RESPONSE

- Participate in national agenda for example National Energy Transition Facility (NETF), Greening the Industrial Park, National Industrial Master Plan (NIMP)
- Co-financing sustainable projects with other state and national development partners. e.g. BPMB signed an MoU with Sabah Development Bank to co-finance RM11.0 billion worth of targeted sustainability projects.
- Increase capacity through partnerships with subject matter experts such as Malaysian Green Technology and Climate Change Corporation (MGTC) on the Low Carbon Operating System (LCOS) and Asian Banking School (ABS) to train relationship managers on the fundamentals of sustainable finance.

INCLUSIVITY

- The Malaysian Government has implemented several solutions to address the income and development disparities among states, including the establishment of various economic development corridors in less developed states to attract investment and create job opportunities.
- An allocation of RM1.1 billion is granted by the government for the period of 2023 to 2025 to develop basic infrastructure, security facilities, and the implementation of economic activities in border areas in Perak, Perlis, Kelantan, Kedah, Sabah, and Sarawak.
- The government is also determined to narrow the income gap ratio between rural and urban residents to 0.67 in 2025 from 0.57 in 2022 by extending the provision of infrastructure and services to rural areas. This is believed to gradually benefit the rural economy.

IMPACT

- Despite the tremendous efforts by the government to reduce the development gap between region and state as well as urban and rural areas, the 12 MP MTR revealed that the issue remains and is not quickly solved. The challenges include the low adoption of national strategic planning policies in developing identified growth areas.
- The digital gap between Peninsular Malaysia and Sabah and Sarawak is still present, although efforts have been made to bridge the divide. In general, infrastructure and connectivity in Peninsular Malaysia are more advanced compared to Sabah and Sarawak, leading to discrepancies in access to digital technologies and services.

OPPORTUNITY

- The Government continues its effort to narrow the income disparity and build an equitable society by proposing a targeted fuel subsidy initiative in Budget 2024. The newly set-up Government's Central Database Hub (PADU) will be used to help the Government identify eligible recipients.
- Apart from this, the MADANI Inclusive Housing project will also be provided for the target groups in Kuala Lumpur as well as major cities in Selangor and Penang. This initiative was emphasised during the 12 MP MTR.
- The disparity between Peninsular and East Malaysia has also led to a higher allocation provided to Sabah (RM1.53 billion) and Sarawak (RM1.63 billion) during budget 2024 to ensure equitable development. The issue involved basic needs such as water supply, electricity, roads, dilapidated schools, and the completion of the Pan Borneo Highway.

RISK

- The delay in solving gaps of inequality, access to resources and opportunity among different groups within the country can lead to social, economic, and political tension in the long term. Even worse, it may impede the overall development and stability of the nation, which potentially makes investment in the country look unattractive to the buyers.

OUR STRATEGIC RESPONSE

- BPMB continues to promote inclusivity through our MIND impact assessment framework in evaluating development projects. It is not only concentrated on financial and economic feasibility but also on a social inclusivity and an environmental perspective to ensure balance and sustainable national development. The Bank is also keen on improving the lives of the *Rakyat* via development projects by creating more jobs, particularly in unserved and underserved areas.

"BPMB continues to promote inclusivity through our MIND impact assessment framework in evaluating development projects"

OUR VALUE-CREATING BUSINESS MODEL

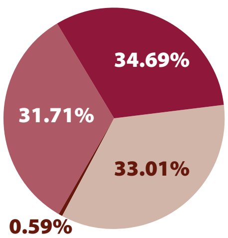
In line with our developmental mandate, our financing ecosystem are designed towards providing access to capital for the underserved segment by pooling internal funds and crowding in external funds.

BPMB
Malaysia Development Bank

OUR ECOSYSTEM OF SOUND FINANCIAL RESOURCES

Our Sources of Funding—Pooling Internal and External Funds

Over the years, through capital management excellence, we have nurtured and created an ecosystem of sound financial resources needed to support specialised schemes for development.



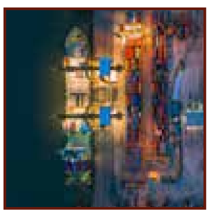
- Deposits from Customers and FIs: **RM9.8 bil**
- Long-term Borrowing: **RM0.2 bil**
- Shareholders Funds: **RM9.1 bil**
- Redeemable Notes/Sukuk: **RM8.9 bil**

DEDICATED SCHEMES WE CREATE

Government Dedicated Schemes—Interest/Finance Income and Cost Differential Subsidies

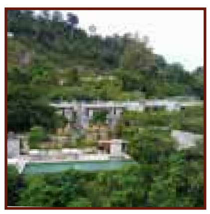
We channel our financial resources to create dedicated schemes for development. The Government provides compensation through subsidies for financing rate of up to 2% and differential in funding cost on the approved financing.

Industry Digitalisation Transformation Scheme (IDTS)
RM1.0 bil



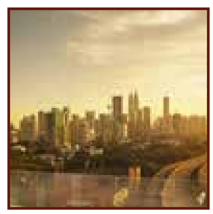
Maritime and Logistic Scheme (MLS)
RM1.5 bil

Sustainable Development Financing Scheme (SDFS)
RM2.0 bil



Tourism Infrastructure Scheme (TIS)
RM1.0 bil

Public Transport Scheme (PTS)
RM0.1 bil

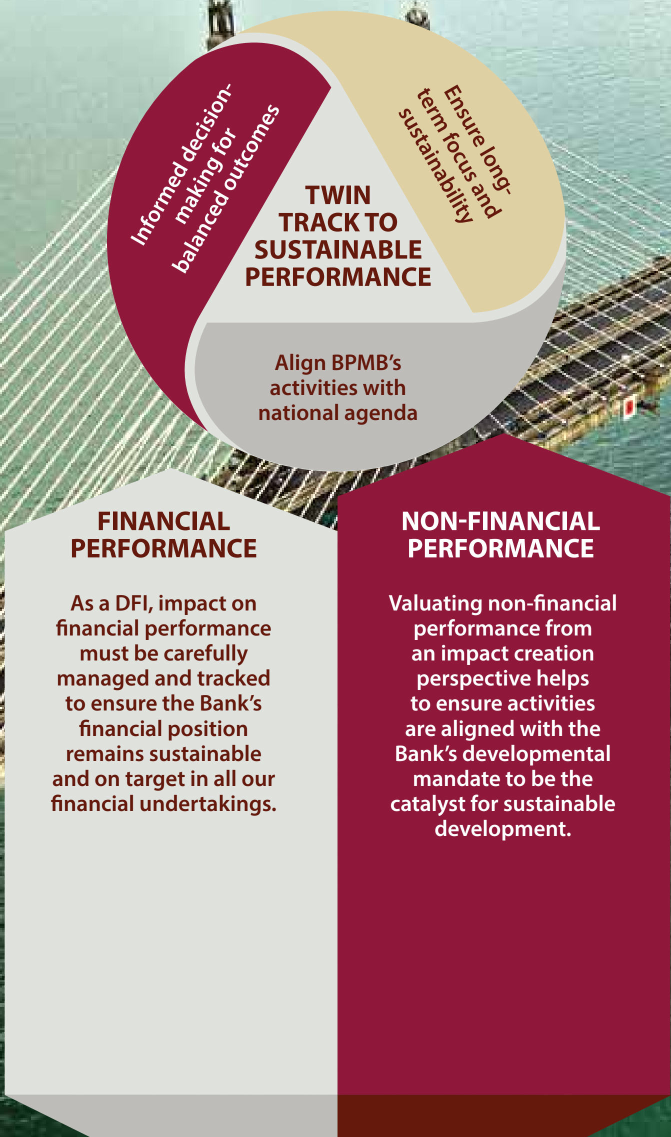


National Development Scheme (NDS)
RM1.4 bil

OUR MEASUREMENT FRAMEWORK

It is important for BPMB to have a robust measurement framework to evaluate its pivotal role in supporting the sustainable development agenda of the nation.

As a Development Financial Institution (DFI), BPMB bridges financial gaps in areas underserved by the private sector that are marked by high risks and uncertainties. BPMB measures and manages our performance from the financial and non-financial perspectives to ensure a holistic performance appraisal.



Jambatan Kedua Sdn Bhd (Penang Second Bridge)
Funding: RM500 million (2009)

The 24km Penang Second Bridge was built to ease congestion on the old Penang Bridge built in 1986. Unveiled under the Ninth Malaysia Plan in 2006, the bridge's construction started in 2008 and opened to traffic in 2014. BPMB part-financed the construction via a RM500 million bridging loan to support the project's funding needs. Currently, it is the second longest bridge in Southeast Asia.

mind TRANSFORMATION

BPMB's impact assessment framework, known as Measuring Impact on National Development (MIND), was jointly developed with the World Bank Group. MIND enhances project evaluation by shifting from a credit-centric assessment, to a holistic end-to-end assessment.

The MIND methodology is refined to ensure its alignment with the evolving needs of sustainable development practices. The current MIND model has been enhanced to provide a more precise assessment of the net impact of development projects by meticulously evaluating their environmental, social, and economic implications on top of incorporating the Climate Change Principle-Based Taxonomy classifications as one of the indicators.

This update reflects our commitment to aligning with the 12th Malaysia Plan (12MP) and United Nations' Sustainable Development Goals (UN SDGs).

It Is About Changing Mindset

With the changing national developmental agenda in recent years, there needs to be a shift in how we do things - a **Paradigm Shift**.

	Traditional method Moving from...	MIND assessment framework To...
FOCUS	Financial-driven: How much money made	Impact-driven: What impact being created
POSTURE	Looking for project to finance	Advocating for project to finance
MINDSET	Risk mitigation	Success maximisation
TOOLS	Product focused	Encourage research-based decision making
RELATIONSHIP	Financier	Catalyst
STAKEHOLDER	Reporting and compliance	Advocacy
GOAL	Meet the bank's monetary target	Meet the country's overall socio-economic and environmental development objectives

MIND Evolution: To Cater for the Needs of Tomorrow

MIND 1.0

Uses **quantitative indicators** and qualitative narratives to assess impact. Assessed by **32 indicators** to cover six (6) SDGs and several components of BNM additionality

Development Impact Indicators

BANK NEGARA MALAYSIA

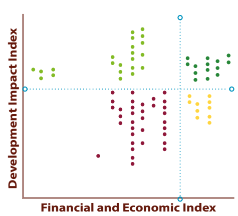
Ensuring transactions lead to economic growth through new businesses, SMEs and strategic sectors

Safeguards

Preventing risks and challenges that may deter social and environmental progress

Number of Beneficiaries

MIND Model



MIND 2.0

- Built on the foundations of MIND 1.0 and further aligns with BPMB's purpose of **Delivering Impact Capital for National Development**
- Covers all **17 SDGs**, **12th Malaysia Plan** and included considerations from the **VBIAF Sectoral Guides**
- Incorporates **BNM's CCPT** in the impact assessment
- Included **sector-specific indicators** which are adaptable to different projects assessed
- Refined the model to deduct score on **negative impact** of projects

MIND Scoring Methodology

Positive Impact (+) + Negative Impact (-) = Development Impact Score (DIS) before MA + Management Adjustment (MA)* = Final DIS

**MA allows for the addition or deduction of DIS by up to ±10, subject to approval by the Board Risk Committee. This adjustment can only be applied in limited situations where the positive or negative impacts could not be assessed within the model.*

CCPT- Climate Change and Principle-based Taxonomy
VBIAF- Value-based Intermediation Financing and Investment Impact Assessment Framework

MIND: A Holistic Impact Assessment Framework

MIND has guided BPMB's financing in delivering substantial impact capital for national development. The figures below show the scale of economic, environmental and social (EES) impact cumulatively since the inception of MIND in 2019.

MIND: A Paradigm Shift

What is MIND?

MIND is a framework that we use to assess our transactions and measure how funding these transactions impacts national development

Our MIND Journey So Far

Since the inception of MIND, the projects assessed using the MIND Framework are targeted to create the expected positive impact below, across business and communities:

- **1,230** MWh renewable and transition energy projects financed
- **22,090** jobs created
- **780km** of roads constructed/ rehabilitated
- **1,488 units** of affordable residential built
- **299,788** students served
- **114,680** patients served

Expected Impact from the Projects Approved in 2023

(Compared to Approved Projects in 2022)

ECONOMY

Approved **10 Projects** Using MIND Framework in 2023 *(11 projects approved in 2022)*

Cover **6 Projects** Located in underserved and unserved areas *(5 projects approved in 2022)*

Support **10 Projects** Identified as national priorities *(11 projects approved in 2022)*

ENVIRONMENT

Expected to recycle **15.6 MT** of waste tyre annually

SOCIAL

Expected to benefit **699,696** beneficiaries per day *(205,718 beneficiaries in 2022)*

Expected to create **6,662** pre and post completion project *(3,359 jobs in 2022)*

Expected to build **2 milion TEU*** capacity of inland port **(twenty-foot equivalent unit)*

Expected to provide **585** hospital beds *(89 hospital beds in 2022)*

Expected to provide sustainable transportation of **155.2 km** powered by hydrogen fuel

Expected to provide enhanced access to better road condition for **488,098 people** *(4,000 people in 2022)*

Awards & Accolades

In recognition of our commitment to sustainability and innovation, we are honoured to received the following accolades for our pioneering initiatives in the MIND Framework. These awards validate our unwavering dedication to aligning with global sustainability objectives and underscore our relentless pursuit of excellence in sustainable finance.

Excellence recognised at the Asia Pacific level as the impact capital provider:

At the Asia Pacific level, our excellence in sustainable finance has garnered recognition, marking BPMB as a prominent provider of impact capital committed to fostering positive social and environmental change. This commitment was underscored by our receipt of the Association of Development Financial Institute in the Asia Pacific (ADFIAP) Outstanding Development Project Awards 2023 in the Environmental Development Category, affirming our proactive stance in championing projects geared towards environmental stewardship and sustainable development.

Additionally, our innovative financial solutions were honoured with the prestigious First Payor Award at the ADFIAP Awards 2023, further cementing our reputation as a leader in responsible banking practices that prioritises social impact and sustainability.

National Energy Awards:

In our pursuit of sustainable development and strategic investment, BPMB achieved significant recognition, clinching the prestigious 'Special Merit Award for Sustainable Energy Financing for DFI and Others' at the esteemed National Energy Awards 2022. Organised by the Ministry of Natural Resources, Environment and Climate Change, this award serves as a testament to BPMB's steadfast commitment to promoting sustainable energy financing.

Acknowledged in advancing Sustainable Development through UN Global Compact Network Malaysia & Brunei Darussalam (UNGCMYB) Forward Faster Sustainability Awards:

In 2023, BPMB was also nominated for two esteemed accolades at the UNGCMYB Forward Faster Sustainability Awards 2023. Shortlisted in the categories of the Forward Faster Sustainability Award for Finance and Investment, as well as the Forward Faster Sustainability Manager Award, these nominations underscore BPMB's unwavering commitment to sustainability and responsible banking practices. Being recognised in such a prestigious award reflects the Group's dedication to driving positive environmental, social, and economic impacts through our sustainable finance initiatives.

MIND's Progress and Plans

2021

Developed Sustainable Development Sukuk Framework anchored by MIND SDGs

Expansion of MIND application into Bank's activities

Launch MIND impact assessment externally to the public

2022

Enhancing MIND Framework with review by the World Bank Group

Aligning MIND Framework with the 12th Malaysian Plan (12MP) to ensure the objective of MIND meets the purpose of nation development

Won the Power/Utilities Deal of the Year by The Asset Triple A Awards 2022 (Pulau Indah Power Plant)

2023

Integrating MIND throughout the Bank by developing MIND frameworks for our subsidiairies

Established MIND 2.0, which incorporates CCPT into the MIND Framework

Established the Bank's Materiality Assessment and Sustainability Goals, Targets and Roadmaps

Supported national agenda through participation as a Bronze Sponsor of Malaysia Pavilion at COP28 in Dubai, UAE

2024

Continuation of MIND integration through digitalising MIND, building the market's capability, and enhancing internal capacity

Enhance role in delivering impact capital through participation in national agendas such as the National Energy Transition Roadmap (NETR), National Industrial Masterplan (NIMP) and other roadmaps

Strengthen participation in important international forums as the national development partner, such as the World Water Forum, COP28 and other relevant forums

FIVE-YEAR GROUP FINANCIAL SUMMARY

PROFITABILITY (RM million)

	2023	2022	2021	2020	2019
		Restated	Restated	Restated	
Profit before taxation and zakat	**558**	359	174	123	380
Net profit for the year	**401**	187	115	81	252

KEY STATEMENTS OF FINANCIAL POSITION DATA (RM MILLION)

	2023	2022	2021	2020	2019
Total assets	**29,256**	27,330	26,394	23,449	24,663
Cash and total deposits and placements	**1,215**	3,908	3,091	1,221	3,574
Financial investment - FVOCI	**9,843**	7,378	5,950	6,132	5,024
Financial investment - FVTPL	**7**	34	15	46	-
Financial investment - AC	**61**	-	-	-	-
Loans, financing and advances	**16,677**	14,741	16,090	15,549	15,702
Other assets	**1,453**	1,269	1,248	502	363
Total liabilities	**20,182**	18,755	17,884	15,514	16,768
Deposits from customers and financial institution	**9,843**	9,009	7,006	6,148	6,525
Redeemable notes	**8,932**	8,235	9,298	8,249	7,293
Borrowings	**152**	163	153	508	2,176
Infrastructure support funds	**219**	219	304	305	439
Deferred income	**564**	626	660	202	212
Other liabilities	**472**	503	463	102	123
Total equity	**9,074**	8,575	8,510	7,935	7,895
Paid-up capital	**4,019**	4,019	4,019	3,079	3,079
Reserves	**5,043**	4,541	4,478	4,844	4,804
Non-controlling interest	**12**	15	13	12	12
Commitments and contingencies	**8,062**	8,196	10,068	7,347	7,532

SHARE INFORMATION (PER SHARE *(SEN)*)

	2023	2022	2021	2020	2019
Earnings per share	**11.66**	5.35	3.32	2.62	8.18
Gross dividends (sen)	**3.56**	2.46	2.17	2.44	4.94
Normal (sen)	**3.56**	2.46	2.17	2.44	3.25
Special (sen)	**-**	-	-	-	1.69

FINANCIAL RATIOS (%)

	2023	2022	2021	2020	2019
Profitability Ratios (%)					
Return on equity	**4.54**	2.19	1.40	1.02	3.26
Return on assets	**1.42**	0.69	0.46	0.33	1.02
Cost to income ratio	**14.37**	15.86	20.59*	10.37*	16.54
Asset Quality Ratios (%)					
Gross impaired loans, financing and advances ratio	**9.95**	11.40	9.59	11.32	12.15
Net impaired loans, financing and advances ratio	**4.74**	5.29	3.00	4.45	4.88

**Note: Excluding one-off cost of borrowing redemption*

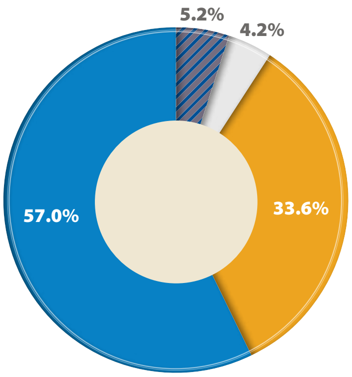
FINANCIAL HIGHLIGHTS

PROFITABILITY (RM million)	Group		Bank	
	2023	2022 Restated	**2023**	2022 Restated
Profit before taxation and zakat	**558**	359	**526**	243
Net profit for the year	**401**	187	**384**	103
KEY STATEMENTS OF FINANCIAL POSITION DATA (RM MILLION)				
Total assets	**29,256**	27,330	**30,817**	26,631
Total deposits and placements	**1,215**	3,908	**907**	2,276
Financial investment - FVOCI	**9,843**	7,378	**9,843**	6,595
Financial investment - FVTPL	**7**	34	**7**	34
Financial investment - AC	**61**	-	**61**	-
Investment in subsidiaries	**-**	-	**2,096**	2,113
Loans, financing and advances	**16,677**	14,741	**16,449**	14,594
Other assets	**1,453**	1,269	**1,454**	1,020
Total liabilities	**20,182**	18,755	**21,966**	18,270
Deposits from customers and financial institution	**9,843**	9,009	**9,843**	9,009
Redeemable Notes	**8,932**	8,235	**8,932**	8,235
Borrowings	**152**	163	**152**	153
Infrastructure support funds	**219**	219	**219**	219
Deferred income	**564**	626	**564**	422
Other liabilities	**472**	503	**2,256**	232
Total equity	**9,074**	8,575	**8,851**	8,362
Paid-up capital	**4,019**	4,019	**4,019**	4,019
Reserves	**5,043**	4,541	**4,832**	4,343
Non-controlling interest	**12**	15	**-**	-
Commitments and contingencies	**8,062**	8,196	**7,779**	5,051
SHARE INFORMATION (PER SHARE *(SEN)*)				
Earnings per share - basic (sen)	**11.66**	5.35	**-**	-
Gross dividends (sen)	**3.56**	2.46	**3.56**	2.46
Normal (sen)	**3.56**	2.46	**3.56**	2.46
Special (sen)	**-**	-	-	-
FINANCIAL RATIOS (%)				
Profitability Ratios (%)				
Return on equity	**4.54**	2.19	**4.46**	1.23
Return on assets	**1.42**	0.69	**1.34**	0.40
Cost to income ratio	**14.37**	15.86	**13.68**	13.67
Capital Adequacy (%)				
Risk weighted capital ratio (RWCR)	-	-	**35.22**	39.44
Core capital ratio	-	-	**29.91**	36.43
Asset Quality Ratios (%)				
Gross impaired loans, financing and advances ratio	**9.95**	11.40	**9.94**	11.33
Net impaired loans, financing and advances ratio	**4.74**	5.29	**4.80**	5.34

GROUP STATEMENT OF FINANCIAL POSITION

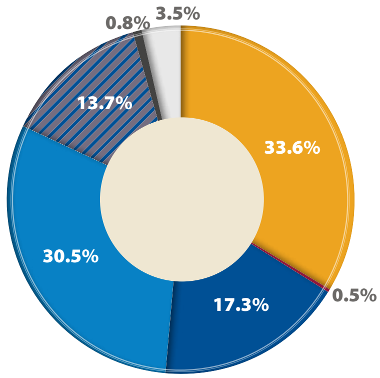
BPMB 2023 Financial Statement

Click or scan here to read more



2023 Composition of Assets
(RM million)

Other assets	1,521
Loans, advances and financing	16,677
Financial Investment -FVOCI	9,843
Cash and short term deposits	1,215
Total Assets	**29,256**

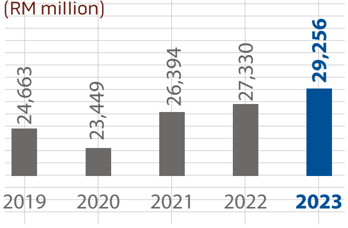


2023 Composition of Liabilities & Shareholders' Funds (RM million)

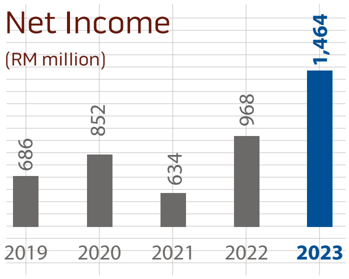
Deposits acceptances	9,843
Borrowings	152
Reserves & NCI	5,055
Redeemable notes	8,932
Share capital	4,019
Infrastructure support funds	219
Other liabilities	1,036
Total Liabilities & Shareholders' Funds	**29,256**

FIVE-YEAR GROUP GROWTH TRAJECTORY

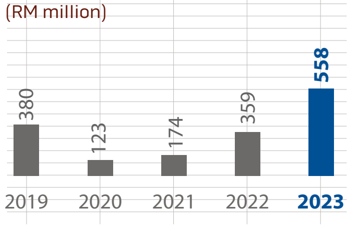
Total Assets
(RM million)



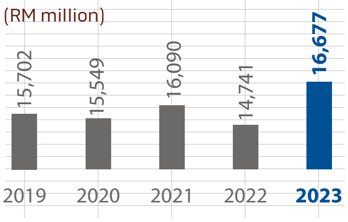
Net Income
(RM million)



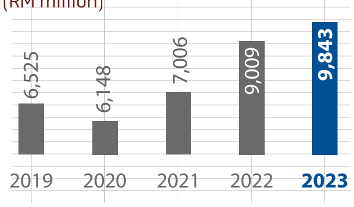
Profit before Tax & Zakat
(RM million)



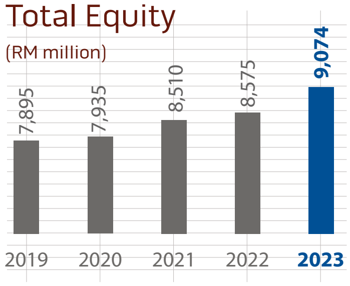
Net Loans, Financing & Advances
(RM million)



Deposits from Customers & Financial Institutions
(RM million)



Total Equity
(RM million)



NON-FINANCIAL PERFORMANCE

The Bank's Non-Financial Performance Framework is outcome-based, designed to capture the broader contributions of BPMB beyond the narrow focus of financing growth indicators. It integrates development key result indicators to measure the socio-economic impact of BPMB's operations on our key stakeholders. These non-financial indicators also act as leading indicators of future financial performance and will create strong incentives for strategic alignment to achieve greater development impact.

The framework adopted to measure BPMB's non-financial performance comprises two components:

DEVELOPMENTAL IMPACT

There are four indicators on development impact, which are included in BPMB's Corporate Scorecard 2023.

INDICATOR	FY2023 PERFORMANCE
MARKET IMPACT (DIRECT / INDIRECT FUNDING + CROWD-IN) BASED ON GROSS APPROVALS • Direct exposure (financing, guarantees or equity) and crowded-in capital	**RM5.99 BILLION** Among the impactful deals that BPMB has completed in 2023 are as follows: • Highway Projects **(RM3.7 billion)** • Ports **(RM374 million)**
NATIONAL AGENDA PARTICIPATION • Policy participation measures our involvement in the Government and BNM's policies e.g., National Budget, Malaysia Plan and New Industrial Master Plan • Policy or Proposal proposed by BPMB accepted / adopted / announced by the Government and / or BNM	**7 COUNTS** Among the policy or proposal by BPMB are as follows: • BPMB's first ever involvement in COP28 and the appointment of ALAM as Secretariat for Cluster 6: Technology & Innovation of COP (Malaysia Chapter) • BPMB and Sabah Development Bank entered into a strategic collaboration agreement to jointly fund development projects in Sabah • BPMB was entrusted with RM7.3 billion of funds to support impactful projects under the MADANI Economy Framework
AVERAGE PORTFOLIO DEVELOPMENT IMPACT INDEX (DII) • Measures the aggregated portfolio that received assistance from BPMB	**55.2** The Average Portfolio DII is based on all 104 approved projects. The DII measures the anticipated impact resulting from project financing (minimum score of 42). It considers various factors, encompassing contributions to selected Sustainable Development Goals (SDGs), evaluations of social and environmental risks, indicators outlined by BNM, and the number of beneficiaries involved.
SHARING THOUGHT LEADERSHIP CONTENT • In alignment with Agenda 2025 aspiration to become a 'Trusted Partner to Stakeholders' 	**10 ACTIVITIES** Among the topics/events of Sharing Thought Leadership are as follows: • "A New Paradigm for Leaders" at the ADFIM International CEO Forum • "Strategic Financing for the Maritime Sector" at the Shipbuilding and Ship Repairing Industry Seminar • "How will BNM's announcement affect our economy and BPMB's role to deliver impact capital for national development" aired by RTM • Panellist for the Greening the Economy-Transition Financing at AICB conference • "Mobilising SRI-Social Sustainability in Focus" at the Securities Industry Development Corporation's conference • BPMB's 50th Anniversary Forum • Panellists at various platforms in sharing BPMB's MIND Framework

SOCIAL COST AND BENEFIT

We have adopted the following metrics as part of our plan for 2022 – 2023 to measure our effectiveness in using public resources to deliver on our mandate.

INDICATOR	FY2023/FY2022 PERFORMANCE	ANALYSIS
SUBSIDY DEPENDENCE INDEX (SDI) Measure the DFI's level of self-sustainability in relation to Government assistance. A higher SDI indicates higher dependence on the Government's financial assistance	2023: **-23.6%** 2022: **6.1%**	The SDI for 2023 is -23.6% lower than the figure in 2022, indicating BPMB was less dependent on the Government's financial assistance. The driving force behind this trend is attributed to higher PBTZ achieved in 2023 of RM526.3 million (2022: RM243.4 million).
OUTPUT INDEX (OI) Measures the DFI in fulfilling social objectives i.e. financing targeted sectors. An OI below 1 indicates that more funds have been channelled towards the targeted segments rather than non-targeted segments.	2023: **0.56** 2022: **0.56**	BPMB continues to maintain an OI of less than 1 because the Bank primarily served targeted sectors.
NET SUBSIDY COST (NSC) Measures the effective weighted cost of the subsidy (Government assistance) to the society against the OI. NSC lower than net subsidy received is better, indicating effective social gain as the subsidy reaches more targeted sectors.	2023: **-RM123.1 mil** 2022: **RM34.0 mil**	The NSC for 2023 was lower as compared to 2022, attributable to the higher PBTZ achieved in 2023. BPMB consistently meets our mandate by serving our targeted sectors.

BPMB AWARDS 2023

ADFIAP's Environmental Development Award

Special Merit Award for Sustainable Energy Financing for DFI and Others

Appreciation Award from Malaysia Digital Economy Corporation (MDEC) for the continuous support of the Digital AgTech programme since 2018

04

DELIVERING SUSTAINABILITY TO STAKEHOLDERS

STAKEHOLDER ENGAGEMENT

To ensure that our business operations are in line with stakeholders' interests and expectations, we focus on understanding stakeholder needs and building their trust. We strive to proactively communicate with our key stakeholders via multiple channels to identify and understand their priorities.

We Listen

Throughout the year, we reached out to, listened to and addressed the concerns of the individuals and organisations impacted by our activities.

We Engage

We engaged with our stakeholders, working together to create long-lasting and meaningful partnerships that are mutually beneficial.

We Report

We prepared sustainability disclosures based on material issues identified by stakeholders in relation to broader sustainability contexts.

REGULATOR

- Bank Negara Malaysia (BNM)

Engagement Platforms Meetings, forums, dialogue session, presentations and reporting

2023 Key Areas Covered

- BPMB's Developmental Agenda Initiatives
- Merger exercise among BPMB, SME Bank & EXIM Bank
- Showcase BPMB's rich history, achievements and impactful contributions to the development of Malaysia over the past five decades
- Support Green Finance Forum, co-hosted by BNM together with the World Bank and ADFIM, which aims to achieve carbon neutrality by 2050
- Alternative investment with high yield base interest rate and FOREX
- BNM Climate Risk Management & Scenario Analysis (CRMSA)
- BNM Climate Change & Principle-based Taxonomy

Our Actions

- Frequent engagement with BNM on developmental agenda initiatives
- Sought further guidance on the merger exercise
- Launched BPMB's 50th Anniversary Gallery Walk exhibition
- BPMB participated and co-sponsored the Green Finance Forum
- Obtained approval from BNM on expansion of investment and FOREX products
- PwC was appointed to assist BPMB in BPMB's CRMSA implementation
- Shared BPMB's experience in implementing BNM's taxonomies, specifically the Climate Change & Principle-based Taxonomy, during the Regional INFF Knowledge Exchange in Bangkok

RELATED KEY MINISTRIES

- Ministry of Finance (MOF)
  - » Government Investment Company (GIC)
  - » Strategic Investment Division (SID)
- Ministry of Tourism, Art & Culture (MOTAC)
- Ministry of Defence Malaysia (MinDef)
- Ministry of High Education (MOHE)
- Ministry of Housing and Local Government (MHLG)
- Prime Minister's Department
  - » Unit Kerjasama Awam Swasta, (UKAS)
  - » Unit Perumahan Penjawat Awam Malaysia (UPPAM)

Engagement Platforms Meetings, forums, dialogue sessions, presentations, government programmes and reporting

2023 Key Areas Covered

- Continuous support for Government projects
- Promote awareness of incentives and access to financing facilities at BPMB for tourism industry players
- Establishment of Strategic Tourism Investment Zones (STIZs) to drive the development of high-value and innovative tourism products and services in line with evolving market needs (one of the six transformation strategies under National Tourism Policy 2020 - 2030)
- Establish a good relationship with Government ministries and agencies
- Encourage private investment in Sabah and Sarawak via Public-Private Partnership (PPP)
- Obtain affordable housing data as input for a research collaboration report with REHDA Institute

Our Actions

- Restructured accounts per MOF/UKAS guidelines and approvals
- Presented funding success stories to the tourism industry in MOTAC meetings in Melaka and Sarawak
- Promoted BPMB's subsidised financing schemes (TIS, MDS, SDFS, IDTS, and MLTS) to private investors as incentives
- Incorporated MIND Framework in the credit evaluation process to ensure BPMB continues to finance sustainable and impactful projects
- Operated as Dana Ehsan Fund Administrator for the Perumahan Awam Rakyat Malaysia (PPAM) MADANI project
- Engaged with MHLG to obtain affordable housing data and discuss related topics

GOVERNMENT AGENCIES

- Sabah State Government
- Malaysia Digital Economy Corporation (MDEC)
- Securities Industry Development Corporation (SIDC)
- Perbadanan Ekonomi Negeri Sabah (SEDCO)
- Melaka Tourism EXCO
- MB Incorporated, Selangor
- MB Incorporated, Perlis
- Perbadanan Ekonomi Negeri Selangor (PKNS)
- Radio Televisyen Malaysia (RTM)
- Unit Kerjasama Awam Swasta (UKAS)
- Perumahan Penjawat Awam Malaysia (PPAM)

Engagement Platforms Meetings, forums, dialogue sessions, programmes and knowledge sharing sessions

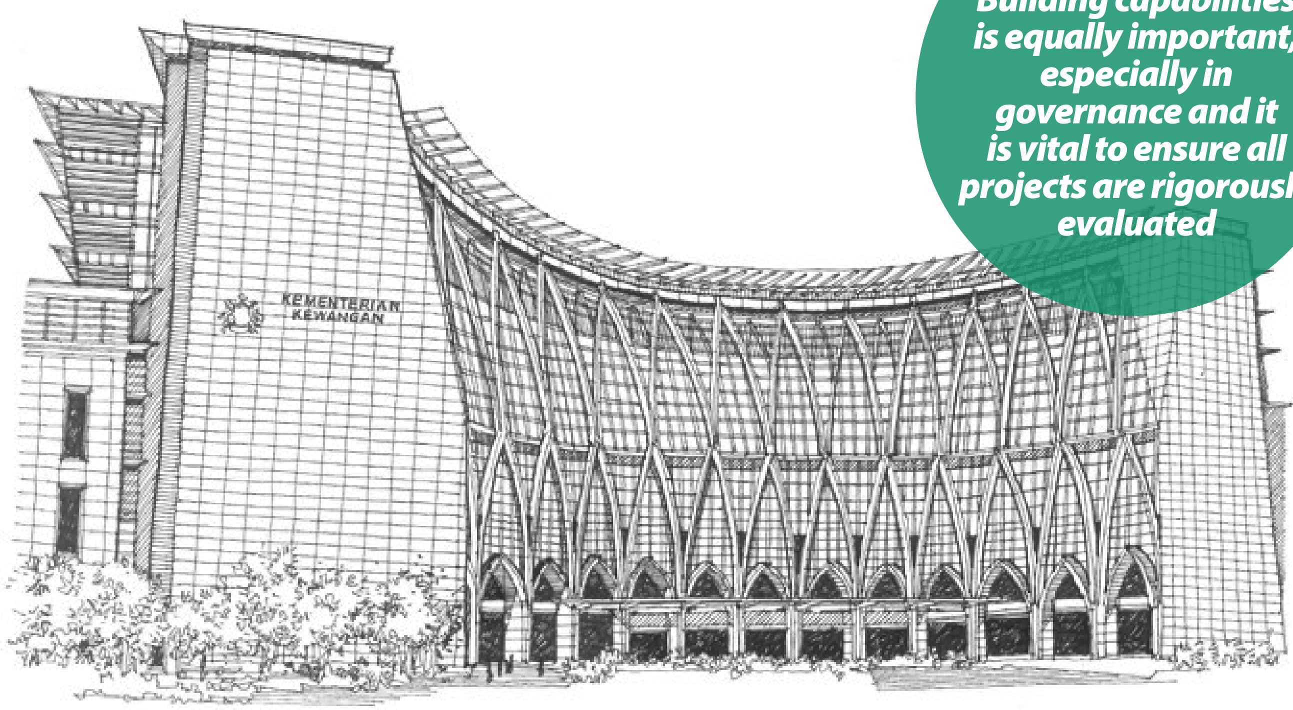
2023 Key Areas Covered

- Collaborate with the Sabah State Government for economic development in Sabah
- Received recognition and appreciation award from MDEC
- Supporting SDG
- Acknowledged the future impact of Energy Transition and Sustainability on the Oil, Gas, Services & Equipment (OGSE) sector
- Encourage OGSE players to understand and embrace sustainability practices for future viability
- Sustainability Initiatives
- Affordable housing
- Fund Management
- Use of MIND assessment in decision-making

Our Actions

- Courtesy visit to Sabah Minister of Finance
- Engaged in discussions with the Chief Minister of Sabah for potential strategic partnership
- Continuous support for MDEC's Digital Agtech Programme, initiated to infuse digital technology in empowering the national agricultural sector
- Moderated the "Mobilising SRI - Social Sustainability in Focus" session at SIDC
- BPMB's strategic role has evolved from serving Malaysia's early developmental needs to championing a sustainable and inclusive economy
- Promoted BPMB's subsidised financing schemes (TIS, MDS, SDFS, IDTS, and MLTS) to private investors as incentives
- Promoted MIND Framework to demonstrate how BPMB measure impactful projects
- Sharing knowledge on sustainability initiatives by BPMB
- Operated as Dana Ehsan Fund Administrator for the Perumahan Awam Rakyat Malaysia (PPAM) MADANI project
- Monitoring and managing the utilisation of funds for UKAS & PPAM
- Engaged closely with the financial sector to introduce the impact assessment framework
- Share insights on ESG impact and industry best practices

"Building capabilities is equally important, especially in governance and it is vital to ensure all projects are rigorously evaluated



STRATEGIC PARTNERS

- Sumitomo Corporation
- SME Bank/EXIM Bank/Bank Rakyat
- Malaysian Green Technology & Climate Change Corporation (MGTC)
- Kelab Belia Prihatin Malaysia (KBPM)
- Sabah Development Bank (SDB)
- China Construction Bank (M) Bhd (CCB M'sia)
- Qazanah Sabah Berhad
- Youth Environment Living Labs (YELL)
- Universiti Malaya
- Sabah State Government
- REHDA Institute
- Pertubuhan Tindakan Wanita Islam (PERTIWI)
- PINTAR Foundation
- Yayasan LTAT
- Yayasan Food Bank Malaysia

Engagement Platforms Meetings, forums, courtesy visit, programmes and knowledge sharing sessions

2023 Key Areas Covered

- Exchange thoughts on best practices in Green Funding and establish a resilient renewable energy eco-system for the nation
- Share ideas and risk management solutions for DFIs
- BPMB to be able to calculate and monitor our customers' greenhouse gas emission
- Deliver socioeconomic and environmental impact by developing Southeast Asia's first hydrogen-powered, autonomous rapid transit (ART) in Kuching, Sarawak
- Raise environmental awareness and protection of natural resources, and preservation efforts among the general public
- Supporting SDG 13 - Climate action
- Act as a catalyst to drive development and economic growth in various sectors in Sabah
- Business products and services offering
- Opportunities for people and industry players
  - Strengthen property industry knowledge through research collaboration
  - Stakeholder engagement in the property sector
  - Marketing strategy for BPMB
  - Impact assessment framework
  - Product visibility
  - Branding
  - Aid the urban poor community
  - Provide education assistance to underprivileged students
  - Raise awareness of the United Nations 17 Sustainable Development Goals (SDGs) among students
  - Provide input for Malaysian delegations led by the Prime Minister YAB Dato' Sri Anwar Ibrahim during Climate Change Forum: Road to COP28 in Dubai

Our Actions

- Hosted Japan's Sumitomo Corporation's visit to BPMB
- Participated in SME Bank's Risk Forum Programme
- Implemented Low Carbon Operating System (LCOS), i.e. a carbon calculator platform at BPMB, supervised by MGTC
- articipated as speaker in Bridging Finance, SDG & Growth talk
- Collaborated with UOB and China Construction Bank Malaysia in extending financing facilities for the Kuching Autonomous Rapid Transit (ART) project
- Collaborated with Kelab Belia Prihatin Malaysia (KBPM) to profile the documentaries *Bukan Nelayan Gila* and *Sampah Melata Alam Merana*
- ALAM partnered with Youth Environment Living Labs (YELL) for a youth dialogue with the Minister of NRECC at BPMB, emphasising youths' role in climate change and environmental issues
- ALAM partnered with Universiti Malaya and Rhythm in Bronze to present "Harmonising and Integrating Science Diplomacy with Performing Arts: A Presentation on Seruan Setu", at COP 28 Malaysian Pavilion
- Closed engagement with SDB
- Raise awareness of available incentives and financing facilities at BPMB
- Participated in a research report on affordable housing with REHDA Institute
- Enrolled in several Housing Conferences organised by REHDA Institute
- Introduced Impact Assessment Framework – Measuring Impact on National Development (MIND) to various partners
- Collaborated with PERTIWI to provide meals for 400 beneficiaries at Pusat Khidmat Gelandangan Medan Tuanku for a year
- Collaborated with PINTAR on financial literacy, oratory competition and Back-to-School programmes
- Collaborated with Yayasan LTAT on an SPM workshop for students at SMK Kem Terendak in Melaka
- Collaborated with Yayasan Food Bank Malaysia to provide food baskets for the urban poor community
- ALAM sponsored NRECC through MGTC for the Climate Change Forum - Road to COP28, providing a platform for 210 stakeholders to position Malaysia at COP28
- ALAM served as the secretariate for one of the six clusters formed for the Malaysia chapter at COP28

ASSOCIATIONS/MEMBERSHIP

- Association of Development Financing Institutions Malaysia (ADFIM)
- Association of Development Financing Institutions in Asia & the Pacific (ADFIAP)
- The Asian Institute of Chartered Bankers (AICB)
- Malaysian Industry Group High Technology (MIGHT)
- United Nation Global Compact Network Malaysia & Brunei (UNGCMYB)

Engagement Platforms Forums, dialogue sessions, programmes and knowledge sharing sessions

2023 Key Areas Covered

- Shared BPMB's advocacy for responsible banking for a sustainable future
- Explore the transformative role of DFIs in funding energy transition in developing Asia
- Explore financing sustainable development in the Asia-Pacific region amid times of volatility and uncertainty
- Become an active member and participate in various association/ membership activities
- Limited reliable data and resources for accessing climate data
- Collaboration opportunities

Our Actions

- Received ADFIAP's Environmental Development Award and recognition in Kazakhstan
- Presented BPMB's successful MIND Framework, setting an industry benchmark for a proprietary sustainability framework
- During the Regional INFF Knowledge Exchange Event in Bangkok, BPMB shared best practices, discussed challenges and opportunities that support SDG while respecting national & regional contexts
- Supported programme conducted by ADFIM/ADFIAP/MIGHT
- To collaborate with relevant stakeholders to bridge data gaps, serving as a source of reference on climate and environmental data for the financial sector
- Collaborated with affiliate associations to learn from their sustainability subject matter experts

CUSTOMERS

Engagement Platforms Site visit, networking, forums, advisory and engagements

2023 Key Areas Covered

- Showcase BPMB's comprehensive Maritime & Logistics Scheme
- Discuss BPMB's role in delivering impact capital for national development

Our Actions

- Presented "Strategic Financing for the Maritime Sector" at Malaysian Investment Development Authority's (MIDA) Shipbuilding and Repairing Industry seminar
- Participated in RTM live broadcast on the economic impact of BNM's OPR hike and BPMB's role in national development
- Participated in REHDA's "Mortgage, Financing & Valuation" seminar and discussed BPMB's mandate and our role in national development.
- Elaborated BPMB's strategies alignment with national policies such as Water Sector Transformation 2040 and the National Energy Policy 2022-2040
- Highlighted the significance of BPMB's MIND Framework in measuring the developmental impact, enabling informed decision-making process within the Bank
- Participated as a speaker at the A to Zero ASEAN Summit in conjunction with the International Greentech & Eco Products Exhibition and Conference

EMPLOYEES

Engagement Platforms Sports carnival, family day, sports club activities, townhall, core value engagment and employee engagement survey

2023 Key Areas Covered

- Latest sustainability trends in the financial industry
- Employee's engagement
- BPMB financial assistance
- Pay and benefits
- Celebration and recognition
- BPMB Corporate Culture Immersion Programme
- Frequent engagement between management and staff

Our Actions

- MIND & Sustainability created and implemented training courses and workshop modules aimed at enhancing staff knowledge in ESG, sustainability and climate issues
- Conducted two employee engagement surveys to assess and measure achievement of employee expectations
- Provided assistance to 56 employees through Zakat Wakalah (i.e. RM126,086 for education and medical support)
- Implemented two categories of the Short-Term Retention Plan (STRP) aimed at recognising exceptional employee performance and motivating individuals to exceed their roles

  STRP Category 1
  - Provided meaningful rewards to 47 deserving employees who demonstrate outstanding achievements

  STRP Category 2 Cycle 1
  - Rewarded six employees who met the pre-requisite selection criteria and made significant contributions to BPMB's success
- Supported BPMB's 50th Anniversary celebration by awarding eligible employees with gold coins and corporate commemorative stamps featuring the anniversary emblem
- Conducted six "Kopi Tarik" session with GCEO
- Conducted 24 activities in conjunction with BPMB 50th Anniversary, i.e. BPMB Qurban Perdana, 50th Anniversary Celebration, 50th Anniversary Party Pack, etc.
- Festival celebrations showcasing our inclusivity and diversity, such as Chinese New Year, Hari Raya, Deepavali and Christmas
- Various staff activities:
  - » Fiesta Durian
  - » Merdeka Celebration
  - » Birthday Bash
  - » Road To Ramadhan
- Conducted six staff activities for Core Value awareness

COMMUNITIES

Engagement Platforms Community events, zakat/donation, programmes and corporate social responsibilities

2023 Key Areas Covered

- Supporting SDG #1 - No Poverty
- Supporting SDG #2 - Zero Hunger
- Supporting SDG #3 - Good Health and Well-Being
- Supporting SDG #4 - Quality Education
- Supporting SDG #5 - Gender Equality
- Supporting SDG #11 - Sustainable Cities & Communities
- Supporting SDG #12 - Responsible consumption & production
- Supporting SDG #13 - Climate Action
- Supporting SDG #14 - Life below Water
- Supporting SDG #15 - Life on Land
- Supporting SDG #17 - Partnership for Goals
- Zakat Contribution
- ESG / Sustainability awareness amongst SMEs
- Youth mobilisation on climate change

Our Actions

- Contributed basic school necessities worth RM175,500 to needy students from six schools under the Back to School Programme 2023
- Sponsored RM277,466 for two years of operational costs for Madrasah Terapung, supporting education for the Bajau Laut community.
- Sponsored an initiative under OrphanCare Foundation, namely Birth Mothers' Support Programme, worth RM325,591 that supports 11 birth mothers
- Provided duit raya to orphans of Rumah Bakti Dato' Harun through collaboration with BPMB's CSR programme
- Supported ADFIM's initiative by sponsoring the daily operational cost of Pusat Jagaan Mahmudah Malaysia
- Contributed food pack to members of Malaysia Chinese Muslim Association KL (MACMA) in conjunction with Ramadhan
- Awarded Zakat Scholarship to 41 students from four universities, i.e. UKM, UPSI, UMT and USIM, worth RM1,972,903 under BPMB Award of Group's Undergraduate Scholarship (BAGUS) 2023 in collaboration with GHR
- Sponsored 20 new desktop computers for Kolej Teknologi Yayasan Sabah's computer lab
- Contributed basic school necessities worth RM251,370 to 798 needy students under the Back to School Programme 2024
- Contributed Iftar meals for 240 staff of Radio Televisyen Malaysia
- Organised a Raya shopping treat and Iftar event for 62 children from Rumah Bakti Dato' Harun, Ampang
- Organised a Raya Celebration for 70 residents of Pusat Jagaan Titian Kasih, Titiwangsa
- Provision of lunch and dinner meals from October 2023 - October 2024 for 400 urban poor beneficiaries via the BPMB x Pertiwi Soup Kitchen initiative
- Provision of food baskets for 300 urban poor beneficiaries via collaboration with Yayasan Food Bank Malaysia
- Organised the 2023 BPMB-PINTAR Oratory Competition at Menara Bank Pembangunan involving students from 12 top-performing schools in Kuala Lumpur, Negeri Sembilan and Putrajaya
- Organised the BPMB-PINTAR Youth Financial Literacy Empowerment Programme for 64 students Form Four students from SMK Taman Maluri
- Organised the Program Sentuhan Elit SPM via collaboration with Yayasan LTAT for 149 Form Four students from SMK Kem Terendak, Melaka
- Organised Deepavali celebration for 50 girls from Pusat Jagaan Kanak-kanak Sri Saradha Devi Illam Malaysia, Rawang
- Organised Christmas celebration for 56 senior citizen residents from Pusat Kebajikan Rumah Victory Malaysia, Puchong
- Contributed towards Road to Excellence SPM English Workshop for 58 SPM students of SMK Seri Titiwangsa (SEEDS Programme)
- Contributed towards an English Carnival involving 306 students from SMK Seri Titiwangsa (SEEDS Programme)
- Organised Sustainability and Environmental Awareness Talk for 255 students from SMK Padang Tembak and 191 students from SMK Seri Titiwangsa (SEED Programme)
- Organised River Excursion Programme for 14 students from SMK Seri Titiwangsa (SEEDS Programme)
- Organised performance by Yayasan Warisan Johor for the Suara Alam Conference
- Contributed 20 new computers to Kolej Teknologi Yayasan Sabah via a collaboration with Group Shariah Management
- Collaborated with Muslim Care Malaysia Society to support the development of 14 tube wells to provide clean water, which benefits approximately 10 villages in Rantau Panjang, Kelantan
- ALAM joined local communities to rehabilitate Terengganu mangrove forest
- ALAM continued its partnership with UNDP Malaysia and UNICEF Malaysia for Youth Environment Living Labs (YELL) to localise climate change narratives and nurture youth leaders for climate action
- ALAM partnered with Perak State Parks Corporation (PSPC) and other partners to empower indigenous women in Royal Belum State Park, including constructing the Rumah Baca facility in Kampung Tanhain
- ALAM partnered with Persatuan Pelindung Harimau Malaysia (RIMAU) to conduct a baseline study on literacy, numeracy and conservation awareness for 51 indigenous children in two villages at the Royal Belum State Park

Our Actions *(cont'd)*

- ALAM hosted an online public photography contest (15 May to 15 July 2023) in conjunction with World Environment Day 2023 with the theme "Beat Plastic Pollution" as part of ALAM's Communication, Education, Public Awareness (CEPA) tool to raise awareness on environmental and nature protection. 123 submissions were received from the public and social media followers
- ALAM partnered with Green Growth Asia Foundation (GGAF), as one of the Gold Sponsors to organise the National Young Reporters for the Environment 2023 programme, empowering youths to address environmental issues through media and writing
- ALAM partnered with Kelab Belia Prihatin Malaysia (KBP) to raise environmental awareness among youths and to create youth champions by kickstarting KBP's one-year plan to encourage youths to be involved in climate action with a target of planting 7,000 mangrove trees nationwide
- ALAM collaborated with the Association of Development Financial Institution Malaysia (ADFIM), Malaysia Technology Development Corporation (MTDC), Bursa Malaysia and BPMB to conduct four Merubah Minda educational talks on sustainability and environmental awareness topics
- ALAM partnered with the United Nations Institute of Training and Research to organise the Global Indigenous Youth Summit for Climate Change (GIYSCC) in conjunction with the International Indigenous Youth Day
- ALAM supported the musical performance Seruan Setu - The Secret Gardens of the Sea by Rhythm in Bronze to raise awareness on the importance of seagrass ecosystem using Science and performing arts as a platform
- ALAM partnered with Green Growth Asia Foundation (GGAF) to host a week-long Capacity Building Workshop for STEM teachers, empowering them with tools and guidance to implement Inquiry-Based Science Education (IBSE) in eco-school programmes
- ALAM supported a panel session on"Empowering Indigenous Peoples and Local Communities" with the Tropical Rainforest Conservation and Research Centre and various indigenous NGOs
- Led thought leadership in CEO Action Network (CAN) Work Stream 2 on Capacity Building for their members and supply chain. Topics contributed are "Net Zero Actionable Steps" and Sustainability Disclosure and TCFD"
- Provide talks and workshop sessions to expand youth's understanding of climate change further and empower them to contribute towards addressing this global challenge

BOARD

- Board of Directors (BOD), BPMB
- Shariah Committee (SC), BPMB
- Board of Trustee (BOT), ALAM

Engagement Platforms Meetings, forums, dialogue sessions, programmes and knowledge sharing sessions

2023 Key Areas Covered

- Articulate the importance of having consistent Shariah compliance for the issuance of Islamic finance services and products
- Mandatory training for the BOD and SC members
- Distribution of business zakat BPMB
- Supporting Government and BNM mandate on the advance value-based finance through Islamic finance leadership, particularly on the Environmental, Social and Corporate Governance (ESG), Sustainable, Responsible, Impact Investing (SRI) and ethical finance
- Supporting various SDG targets

Our Actions

- A policy document titled "White Paper on Shariah Audit" was published and co-authored by Professor Dr. Zurina Shafii, an SC member
- SC members participated in the Certified Shariah Advisory (CSA) or Certified Shariah Practitioner (CSP) programme
- SC members participated in the Nadwah of Shariah Advisers in Islamic Capital Market 2023
- SC members participated in the 10th Islamic Finance and Investment School (IFIS 2023)
- SC closely monitored financial merger impacts during meetings, assessing Islamic finance performance post-integration, conventional loan health, and Shariah compliance adherence to address any income deviations
- SC members participated in World Zakat & Waqf Forum 2023
- BOD and SC participated in Climate Risk Management & Scenario Analysis Knowledge sharing session
- BOD member participated in Environmental, Social & Governance (ESG) and Islamic Finance Implications forum
- BOD members participated in Understanding the Cybersecurity Landscape training
- BOD member participated in the 46th ADFIAP Annual Meetings in Almaty, Kazakhstan
- BOD member participated in FIDE Core Bank programme
- BOD and SC members participated in BPMB 50th Anniversary Forum
- BOD member participated in the Raya Celebration at Pusat Jagaan Titian Kasih
- BOD members participated in BPMB Pertiwi Soup Kitchen 2.0 event launch
- ALAM's BOT joined the 2023 National Roundtable Workshop with WWF, MIGHT, and UCSI University to address improved biodiversity management solutions in Malaysia
- ALAM's BOT was actively involved in the COP28 panel sessions in Dubai, UAE

VALUE FOR PEOPLE

ENSURING UNDERSTANDING AND PRACTICE OF WELLBEING

We prioritise our employees' work-life balance and wellbeing, understanding that their personal lives are crucial for their overall satisfaction and success. We promote employee wellness through talks, sessions, and activities, focusing on their physical, mental and emotional health.

Webinar on physical, mental health and productivity at workplace-related topics:
22 webinar sessions
(174 total attendees)

To address rising concerns about depression, anxiety, and stress affecting our employees' well-being, the Bank held a mental health awareness campaign from 1 February 2023 to 31 January 2024 that culminated in a Depression, Anxiety, and Stress Scale - 21 Items (DASS-21) Assessment for employees. The DASS-21 is a commonly used test to measure the severity of depression, anxiety, and stress symptoms. With 21 questions, the assessment delves into specific symptoms, offering insight into individual experiences.

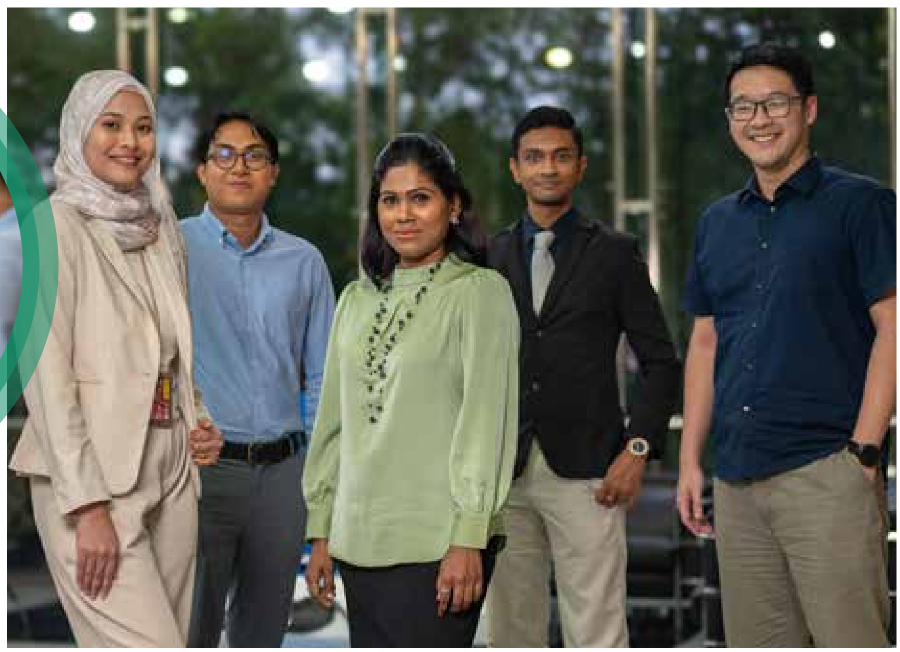
8 DASS-21
Assessments completed in 2023

We continued the Naluri Wellness programme for all employees, providing support and counselling via remote therapy sessions and access to a psychologist hotline. These sessions aided in stress management both at work and home, helping individuals deal with personal crises and anxiety.

Remote Therapy Sessions:
3 sessions (3.5 hours)
Main topics discussed:
Self-confidence • Family Issue • Quality of Relationship • Interpersonal Conflict • Grieve & Bereavement

Physiologist Hotline/Careline:
1 call (2 hours)
Main topics discussed:
Interpersonal Conflict • Balancing Work • Mental Illness

Beyond these, for the year under review, a BPMB Health Day, a full-day event focusing on the importance of maintaining physical and mental wellbeing, was held on 1 June 2023 in collaboration with hospitals and other healthcare providers.



We promote employee wellness through talks, sessions, and activities

BPMB Health Day 2023

PMCare Advisory Booth

- BPMB Health & Wellbeing at Work 2023 Event Management and Coordination
- Wellness Programme Survey Forms
- Meet & Greet with PMCare representatives and advisors:
  - » FAQ on Vibrant Living mobile apps
  - » FAQ on eFarma mobile apps
  - » FAQ on ePC – personal claim online submission
  - » FAQ on how to obtain treatment from PMCare
- Free onsite tutorial and guidance to assist employees in navigating the PMCare apps

IJN Health Screening Booth

- Screening for chronic illnesses such as hypertension, high cholesterol and diabetes, as follows:
  - » Free blood pressure checks
  - » Free finger prick blood sugar test with instant results (100 pax)
  - » Free finger prick cholesterol blood test with instant results (100 pax)
  - » Free nursing consultations
- Free medical consultations by doctors

Cardiac Vascular Sentral Kuala Lumpur Health Screening Booth

- Screening for chronic illnesses such as hypertension, high cholesterol and diabetes, as follows:
  - » Free blood pressure checks
  - » Free finger prick blood sugar test with instant results (100 pax)
  - » Free finger prick cholesterol blood test with instant results (100x)
  - » Free nursing consultations
- Free medical consultations by doctors

ALTY Orthopaedic Hospital Health Screening Booth

- Free physiotherapy consultation
- Free postural analysis
- Free musculoskeletal health check
- Treatment demonstration
- Physiotherapy equipment exhibition
- Rehab item sales

Naluri Sihat Booth

- Registration for BPMB Resilience Programme at Naluri Sihat booth and completion of DASS-21 assessment
- Onsite mental health consultation

Al-Islam Specialist Hospital Dental Screening Booth

- Free dental screening by dental surgeon
- Dentist prescription report for follow-up
- Portable oral dental camera with computer screen
- Free oral hygiene instruction
- Promotional sale of dental care products at discounted prices

D Lens Optometry Eye Check-Up Booth Screening

- Vision acuity screening
- Eye health consultation

Jogohealth Stroke & Physiotherapy Centre Sdn Bhd Health Screening Booth

- Joint screening and balance assessment with physiotherapist consultation
- Focus on teaching patients how to get active
- Exercise demo for individuals over 40 years old

Rasumi Medipharma Health Screening Booth

- Over-the-counter medicines and supplements

Foot Soul Solutions Joint Screening Booth

- Free joint screening and balance assessment
- Free foot scanning (3D)

Pusat Darah Negara Blood Donation Centre

- Blood donation

EMBARKING ON A NEW EMPLOYEE LIFECYCLE JOURNEY

On 28 November 2023, coinciding with our 50th annual celebration, we unveiled Phase 1 of our Workday HRMS platform, which introduced a user-friendly website and mobile application offering self-service features such as e-Profile, e-Absence, e-Expense, e-Time Tracking and e-Overtime.

WORKDAY HRMS PHASE 1 MODULES

e-Profile

- Staff have the flexibility to manage their profile updates online and ensure the information is current.
  - » Contact information
  - » Family information
  - » Statutory information
  - » Emergency contact, etc.

e-Absence

- Staff can easily view balances and upcoming schedules, and submit time-off requests. In addition, staff can also view their teammates' time off on a shared calendar
- Create and correct absence or time-off requests through self-service on a desktop or mobile device (including iPhone, iPad, Android, and additional web-enabled devices – MS Team)
- Upload attachments when requesting time off on a mobile device

e-Expense

- Enable staff to submit and approve expenses according to their preferences while maintaining continuous controls and analysing expenditures. Key features are:
  - » Mobile expense entry and approval
  - » Global receipt scanning
  - » Full audit and control
  - » Embedded reporting and analytics

e-Time Tracking

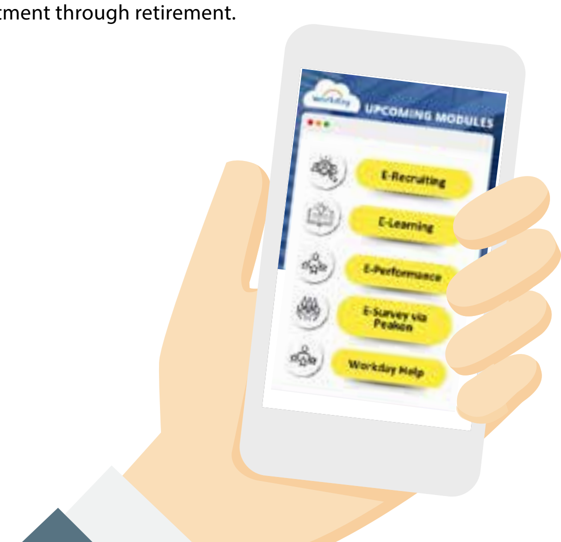
- Time Tracking module ensures accurate logging and management of work hours. It includes:
  - » **Time Entry:** Staff can log their daily work hours, overtime, and breaks
  - » **Approval Workflows:** Automated workflows where managers can review and approve logged hours
  - » **Integration with Payroll:** Ensures logged hours are accurately reflected in payroll calculations
  - » **Reporting Tools:** Tools to generate detailed reports on workforce productivity, overtime trends, and more

e-Overtime

- Workday Time Tracking boasts organisational productivity, reduces labour costs, and minimise compliance risks. Key features are:
  - » **Self-service time entry:** Via web browsers or mobile devices and even against projects using an easy-to-access calendar view
  - » **Mobile and web time clocks:** Check-in and checkout with automatic date and time stamps and location-based detection with activity history
  - » **Streamline approvals:** Facilitates mass approval to alleviate manager workloads

WORKDAY HRMS PHASE 2 (UPCOMING JUNE 2024)

We have further advanced our journey by fully integrating the Workday HRMS platform. Phase 2 of the project began on December 7, 2023, and is targeted to go live in June 2024. This phase will cover modules for the complete employee life cycle. These include Recruiting, Learning, Talent (Performance Management and Career Succession), Advanced Compensation, Survey (Peakon), Analytics, and Dashboards. This comprehensive suite efficiently manages all employee needs, from recruitment through retirement.



INTRODUCTION OF SHORT-TERM RETENTION PLAN (STRP)

As part of our dedication to recognising exceptional employees and fostering motivation, in 2023, we implemented the Short-term Retention Plan (STRP) to celebrate the outstanding achievements of top employees with meaningful rewards and acknowledge their valuable contributions to the organisation.

In addition, employees who made significant contributions to the Group's success were also rewarded based on stringent selection criteria.

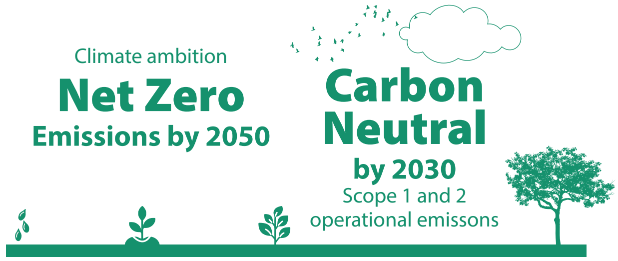
Additionally, Group Human Resources proudly supported the Bank's 50th Anniversary celebrations by providing eligible staff with commemorative gold coins featuring the 50th Anniversary logo, Touch and Go cards and corporate stamps. These stamps showcases BPMB's key strategic projects in the last 50 years emphasising our commitment to honouring this milestone.

OUR COMMITMENT TO CLIMATE ACTION

At BPMB, we acknowledge the importance of climate action in addressing climate change challenges and ensuring a sustainable future for all. We actively manage climate risks and opportunities, promote low-carbon development and facilitate our customers' transition to a green economy.

CLIMATE-RELATED DISCLOSURES

To demonstrate our commitment to transparency and accountability in addressing climate-related risks and opportunities, this section is prepared with reference to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Following TCFD's disbandment in December 2023, we plan to adopt the latest standards, such as those from the International Sustainability Standards Board (ISSB), for future reporting. In 2023, BPMB adhered to Bank Negara Malaysia's (BNM) climate change guidance and policies.



OVERVIEW OF CLIMATE CHANGE IMPACTS ON BPMB

Climate change impacts BPMB's financial stability, operational efficiency and market positioning. Therefore, we have integrated climate risk considerations into our risk management framework and financing decisions.

Climate-related Risks
- Physical risks (acute and chronic)
- Transition risks (policy and legal, technology, market and reputation)
- Liability risks (litigation)

Climate change Impacts
- Drop in productivity
- Fall in asset value
- Damages to asset
- Distruptions to business operations
- Income loss
- Change in customer or investor behaviours

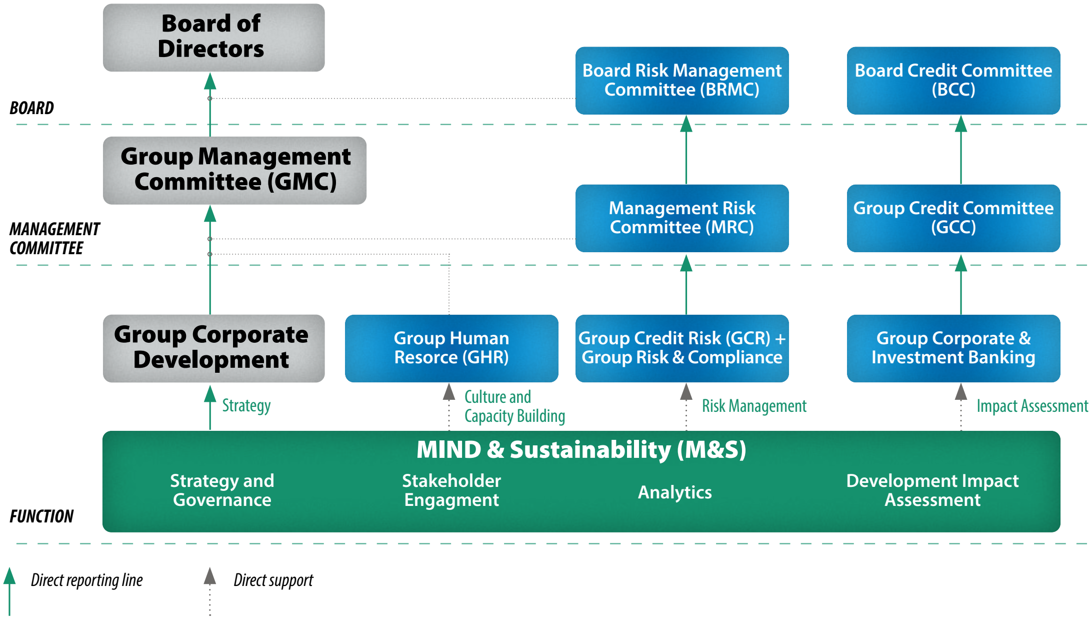
Risks to BPMB
- Credit risk (potential increase in impairements)
- Operational risk (business distruption)
- Reputational risk (risk of being associated with emission intensive and environmental risk)

Climate Opportunities
- Supporting customers to transition to low-carbon economy
- Delivering impact capital to support Government's climate agenda and energy transition
- Knowledge sharing to build capacity in the market
- Demonstrate leadership in impact assessment through MIND framework

Managing Director of Group Corporate & Investment Banking, Mohamed Nazri Omar speaking at GO ESG 2023

GOVERNANCE

Sustainability Governance Structure



The Board is responsible for BPMB's long-term sustainable growth and integrating sustainability and climate considerations into our strategies. The MIND & Sustainability (M&S) team, reporting to the Group Chief Corporate Development Officer, develops, implements, and coordinates our sustainability and climate strategies. The M&S team also collaborates with Group Credit Risk (GCR) and Group Risk & Compliance (GRC) to assess and manage sustainability and climate risks and opportunities.

The table below outlines the roles and responsibilities of relevant governance bodies:

	Roles and Responsibilities
Board of Directors (Board)	• Ensures sustainability and climate considerations are integrated into the Group's strategy • Approves and oversees the overall sustainability and climate change strategies and direction • Overseeing Board Risk Management Committee's oversight of climate risks
Board Risk Management Committee (BRMC)	• Integrating climate risk management into the Group Governance and Risk Management Framework • Deliberate matters relating to climate risks • Deliberate and endorse the Climate Change Risk Framework (CCRF) for the Board's approval • Overseeing the implementation of the CCRF
Management Risk Committee (MRC)	• Reviewing and recommending the Framework to the BRMC • Promoting active discussion on climate change risk management at the Management level • Establish targets and KPIs to manage climate risks • Recommending actions and strategies to manage climate risks
MIND & Sustainability, Group Risks and Compliance departments	• Establish and periodically review the CCRF • Ensure sufficient resources, skills and expertise for managing financial risks from climate change • Establish processes to identify, measure, monitor and manage climate risk exposures • Embed climate-related risks into the Group Governance and Risk Management Framework and Risk Appetite Statement • Ensure effective execution and management of climate change risk initiatives

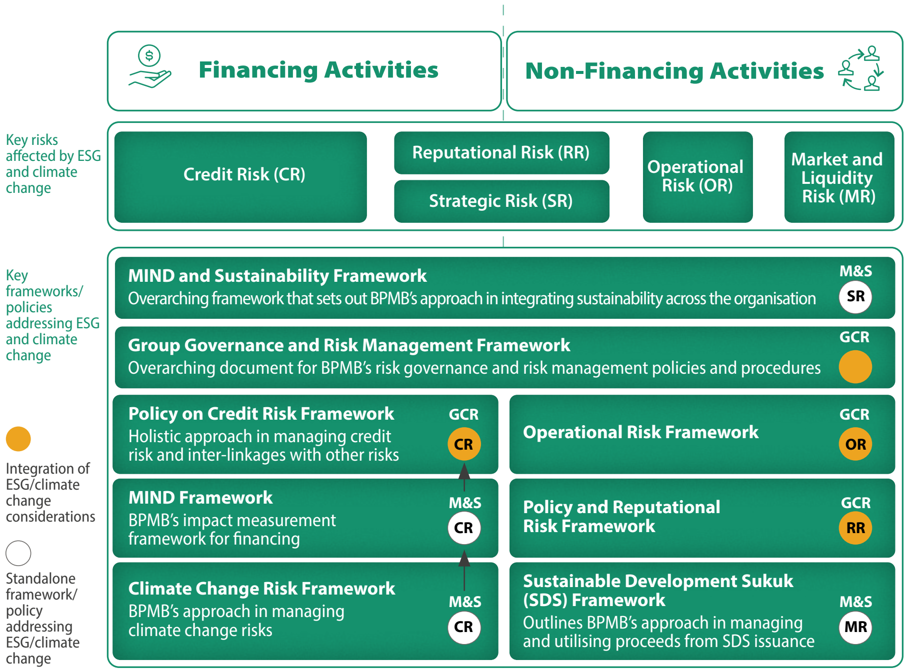
For more information on our overall governance approach, kindly refer to the Statement of Corporate Governance section of this annual integrated report on page 79.

MANAGING CLIMATE RISKS

CLIMATE RISK MANAGEMENT

We have integrated climate considerations into our Group Governance and Risk Management Framework, which guides our overall risk management approach. Recognising climate change impacts traditional risk categories, we have embedded climate risks into the relevant frameworks and policies. In 2021, we established the Climate Change Risk Framework to guide the identification, assessment, and measurement of climate risks, supported by our Climate Change Risk Assessment (CCRA) tool at the counter-party transaction level. The CCRA, based on BNM's taxonomy, was integrated into our enhanced impact assessment tool, MIND 2.0, in 2023 for a comprehensive view of financing impacts. We continuously improve our risk management approach, tools and data to align with best practices and enhance decision-making.

For more information on our overall risk management approach, kindly refer to the Risk Management section of this annual integrated report on page 97.



OUR PROCESSES FOR IDENTIFYING AND ASSESSING CLIMATE-RELATED RISKS

As a financial institution, we are exposed to climate-related risks and opportunities through our lending and other financial intermediary activities. Consequently, climate-related risks were identified as having a relatively material impact on credit, market and operational risks.

RISKS AFFECTED	OUR APPROACH TO IDENTIFYING, ASSESSING, MEASURING AND MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES
Credit Risk *Climate change risks, including transition and physical risks, can lower asset valuations, cause income fluctuations and increase costs, significantly impairing customers' future creditworthiness*	• Implemented impact assessment via our MIND Framework on the environmental and social impacts at the origination of all financing and annual review cycles. A Developmental Impact Score (DIS) is assessed for every transaction and has been incorporated into our financing decisions alongside the credit score. • Conducted climate change risk assessment (CCRA) at origination and annual review cycle, categorising each account based on BNM's Climate Change and Principle-based Taxonomy (CCPT). We have utilised a Geographic Information System (GIS) to identify high physical risks (e.g., urban flood, river flood and coastal flood risks). • Integrated climate considerations in our Risk Appetite Statement and Tolerance Level (RASTL) • Assessed and monitored climate-related risks at a portfolio level by sector, including performing qualitative scenario analysis **ACTION PLAN MOVING FORWARD** • Assess the Scope 3 Financed Emissions (tCO2e) baseline • Consider financed emission intensity (tCO2e/RM'mil financing) in our RASTL • Conduct quantitative analysis on the potential impacts on the probability of default, loss given default (LGD) and/or exposure at default (EAD) • Conduct climate risk stress testing in line with BNM's 2024 climate risk stress testing (CRST) exercise • Develop a transition plan/framework to support our customers' transition to a low-carbon economy
Market Risk *Significant interest/profit rate fluctuations due to physical climate events or a disorderly transition to a low-carbon economy*	• Conducted impact assessment using the MIND Framework • Conducted CCRA and categorised the assets based on BNM CCPT • Assessed and monitored climate-related risks at a portfolio level • Incorporated climate risks in the Market Risk Management Framework
Operational Risk *Heightened likelihood and significant impact of business disruption events, as well as those stemming from new and evolving policy standards*	• Conducted qualitative analysis using the Network for Greening the Financial System (NGFS) Current Policies scenario and Net Zero 2050 scenario • Conducted analysis on Scope 1 and 2 GHG emissions for our operations and assessed the potential impacts of policy changes (such as the implementation of carbon pricing, electricity tariff increase, etc.) in each climate scenario • BPMB has only one physical operation location, our headquarters in Kuala Lumpur, which was identified as having a moderate physical risk under both scenarios assessed. In 2024, we will move to a certified green building to realise further energy savings and efficiencies.

MANAGING CLIMATE RISKS

In 2023, we conducted a top-down qualitative analysis of our financing portfolio by sector and location. Using internal and external climate data and scenarios, we identified key sectors and created impact pathways to assess physical and transition risks.

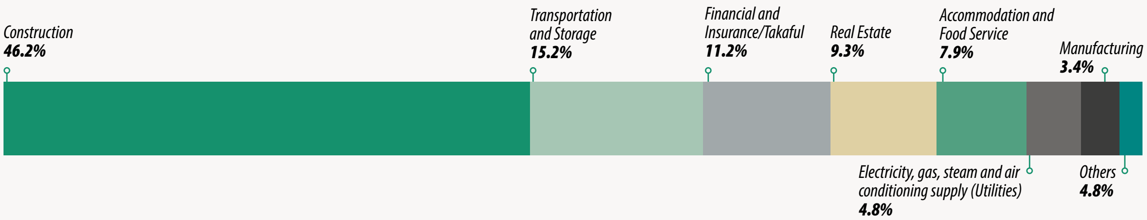
Two scenarios were selected to evaluate BPMB's performance under extreme transition and physical risks.

CLIMATE SCENARIOS	DESCRIPTION
Current Policies Warming of 3.0-4.0ºC (aligned with IPCC RCP 8.5, IEA Stated Policies Scenario (STEPS))	A scenario with severe physical impacts and a lack of policy direction
Net Zero 2050 Limited warming of 1.6-2.0ºC (aligned with IPCC RCP 4.5, IEA Sustainable Development Scenarios (SDS))	A scenario with moderate transition impacts but low physical impacts

Sector Analysis

The following outlines the material climate risks that BPMB is prone to based on the Group's corporate lending portfolio

% of total financing activity as at 31 December 2023



Selected High Climate-risk Sectors

The tables below summarise the key risks faced across the four selected high climate-risk sectors in the respective scenarios:

TRANSITION RISKS

POTENTIAL IMPACTS	NET ZERO 2050 SCENARIO			
	Construction	**Transportation**	**Real Estate**	**Utilities**
Carbon pricing resulting in increased operating costs	Increased operating costs due to higher electricity tariffs, fuel costs and construction material prices	Increased cost of vehicle ownership due to rising fuel prices	Increased operating costs due to higher electricity tariffs and fuel costs	Increased operating costs due to higher carbon taxes from GHG emissions associated with combustion of fossil fuels for electricity generation
Enhanced reporting requirements and compliance costs	Increased operating costs due to enhanced climate reporting obligations and environmental compliance requirements on emissions, waste, etc., across the value chain			
Cost of upgrading/ adapting to a low-carbon economy	Investment needed to adapt to lower emissions materials, methods, and technologies	Higher cost of owning hybrid/electric vehicle as compared to older ICE vehicles	Investment needed to retrofit and upgrade properties to meet green building standards	Investment needed to adapt to clean energy technologies, e.g. wind turbines, solar panels
Reduced demand and asset values due to changing market sentiment and consumer preferences	Reduced construction demand from high-carbon sectors	Reduced resale value and higher financing rates for older, fuel-inefficient ICE vehicles; falling vehicle ownership due to changing consumer preferences	Reduced demand and values for carbon- and energy-intensive properties; reduced residential and commercial real estate demand from high-carbon sectors	Reduced demand for carbon-intensive energy sources due to evolving customer preferences

PHYSICAL RISKS

POTENTIAL IMPACTS	CURRENT POLICIES SCENARIO			
	Construction	**Transportation**	**Real Estate**	**Utilities**
Higher spending on maintenance and repair of assets	Higher corporate spending on maintenance and repair of construction sites, equipment	Higher corporate spending on maintenance and repair of vehicles	Higher corporate spending on maintenance and repair of properties	Higher corporate spending on maintenance and repair of equipment, materials
Higher takaful premiums	Higher takaful premiums for constructions in risk-prone locations	Higher takaful premiums for vehicles in risk-prone locations	Higher takaful premiums for properties in risk-prone locations	Higher takaful premiums for power stations in risk-prone locations
Operational disruptions and delays	Project disruptions, delays and increase in associated costs	Supply chain disruptions leading to delays and associated cost increases	Revenue loss from business interruption to tenants	Hydropower disruptions from dam breaches, turbine and generator damage lead to increased costs and reduced output
Worker injuries and associated damages	Worker injuries and associated litigation and reputational damages	–	–	–
Devaluation of assets in risk-prone locations	–	Devaluation or destruction of vehicles in risk-prone locations	Devaluation of real estate properties and collaterals in risk-prone or water-scarce locations	–
Higher capital spending to increase climate resilience	Higher capital spending requirement on climate resilience infrastructure at construction sites	Higher capital spending requirement on climate resilience infrastructure at public transport station	Higher capital spending requirement on climate resilience infrastructure at real estate properties	Higher capital spending requirement on climate resilience infrastructure at power station
Increase in operating costs due to water shortage	Increased operating costs due to increase in the price of water (as a construction input)	Water shortage impact hydroelectric generation resulting in higher operating costs caused by an increase in electricity prices	Higher capital spending requirement on climate resilience infrastructure at real estate properties	Increased investment by adopting more expensive cooling methods for coal-fired power plants. Increased costs due to reduction in power output to comply with regulations

Own Operations

We started measuring our Scope 1 and 2 emissions from our operations in 2023. As we do not operate branches, our emissions arose from our operations at Menara Bank Pembangunan. We will continue to track and report on the comparative in future reporting.

Scope 1 GHG emissions (tCO_2e)*

47.49

Scope 2 GHG emissions (tCO_2e)**

2,669

**Direct emissions, namely petrol and diesel consumption from company-owned vehicles*
***Indirect emissions from purchased electricity*

SUSTAINABILITY AND CLIMATE STRATEGY

We have incorporated climate change and sustainability considerations into our business strategy as part of our mission to deliver impact capital for national development. Our sustainability strategy focuses on [1] supporting impactful national development, [2] developing an inclusive and diverse talent pool, and [3] driving responsible business practices. In view of this, we have set a goal to achieve carbon neutrality by 2030 for Scope 1 and 2 emissions, with a longer-term ambition to achieve net zero by 2050.

Based on the qualitative scenario analysis, we identified the following climate opportunities as potential drivers for business growth.

SCENARIO	OPPORTUNITIES	IMPACTS
Net Zero 2050 scenario	**Products and services** Introduction of green finance products catering to BPMB's key corporate sectors: **Construction** • Green loans and bonds for the construction of renewable energy plants, clean transportation, and climate resilience infrastructure **Real Estate** • Green loans and bonds for the development of new green buildings • Green or sustainability-linked loans for upgrading existing buildings to meet updated green building standards and codes, installing rooftop solar **Transportation** • Green loans for businesses transitioning to electric vehicle fleets • Green loans for companies operating electric scooter or e-bike services **Utilities** • Green financing for energy storage projects that facilitate quick integration into existing power grids • Green financing for the development of local renewable microgrids in communities and industrial areas	Increased revenues through demand for: • green finance products and services • Reputational benefits resulting in increased demand for services • Access to fiscal incentives and tax breaks for investing or contributing to the low-carbon transition

SUPPORTING THE TRANSITION TO A LOW-CARBON ECONOMY

Incorporating MIND in the End-to-End Transaction Process

We incorporated impact and climate assessments (via MIND and CCRA/CCPT) in our financing process to enable us to identify, manage and monitor broader ESG risks and opportunities, including climate change considerations.

	Origination	*Development*	*Post-Completion*
Activities	• Customer engagement • Data collection • MIND and CCPT assessment	• Customer engagement • Monitor impact • MIND and CCPT review	• Monitor impact • Report success stories
Key Objectives	• Better targeting and design of transactions to meet national priorities • Assessing the potential development impact and financial viability of transactions • Planning and agreeing on the measuremnt of development impact	• Monitoring progress towards expected development objectives • Taking remedial measures, when and if necessary	• Monitoring progress towards expected development objectives • Communication strategy to showcase success stories

Collaboration and Knowledge Sharing

To advance climate action, we will actively collaborate with stakeholders, including governments, international organisations, civil society, and the private sector. We will apply and implement policies and regulatory frameworks that support sustainable development and create an enabling environment for climate. To that end, we are actively involved in the following platforms:

BPMB is an official signatory to the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking (PRB). The PRB aligns the banking sector with the objectives of the UN SDGs and the 2015 Paris Climate Agreement, helping banks to identify where they have the potential to make the most impact for a better economy and world.

BPMB is a member of the JC3, a committee co-chaired by BNM and the Securities Commission Malaysia (SC) intended to pursue collaborative actions for building climate resilience within the Malaysian financial sector.

During the year, BPMB actively participated in several JC3 sub-committee group discussions, particularly sub-committee 1, 2 and 5.

Moving forward, BPMB will continue to actively contribute to JC3 sub-committee group discussions and engage other financial institutions through this channel to build climate resilience in the sector.

BPMB is a member of UNGC Malaysia and Brunei (UNGCMYB), which is the Malaysia and Brunei Chapter of the UNGC, the largest corporate sustainability initiative globally. We actively participate in the engagement sessions and events to share knowledge and build capacity.

"At BPMB, we acknowledge the importance of climate action in addressing climate change challenges and ensuring a sustainable future for all

Incentivising Sustainable Development

We channel our financial resources to create dedicated schemes for development. BPMB focuses on providing financing solutions that support sustainable development projects and initiatives, including renewable energy, green buildings, and environmentally friendly technologies through our dedicated schemes, namely the Sustainable Development Financing Scheme (SDFS) and the National Development Scheme. Under these schemes, the government provides subsidies for financing rates up to 1.5% per annum. For more information on the schemes, kindly refer to our website at www.bpmb.com.my.

Capacity Building

As part of BPMB's capacity building on climate change, awareness sessions on Climate Change were organised internally and extended to Senior Management. 19 in-house training sessions were conducted throughout 2023 for the Business and Support Functions. In order to better assess our customers, Business Functions are introduced tools that adhere to BNM requirements on CCPT as well as recommendations as per the SDGs. The training will continue in 2024 as part of an employee refresher programme.

In addition, the Board, SC, and SLT received training on climate change risk. This was jointly organised with an external consultant, and covered climate change risk and the banking industry, the sustainability framework and key disclosure requirements. We also encourage our staff to take climate-related certifications as part of BPMB's journey towards sustainable practices.

The list of sustainability-related trainings conducted and facilitated by MIND & Sustainability in 2023 were as follows.

Training	Sessions	Audience	Participants
MIND & Sustainability 101 for non-executives	1	Non-executive staff members (e.g. clerical, drivers, support team)	70
Sustainable Development 101 for operations and control functions	8	Operations, finance, risk, shariah, human resources, etc.	263
Sustainable Finance for relationship managers	4	Business relationship managers	75
MIND awareness session for new joiners	1	New staff members FY2023	63
MIND & CCPT refresher sessions with relationship managers	4	Business relationship managers	75
CRMSA & Climate Risk for management	1	The Board, Shariah Committee and Senior Leadership Team members	26
Total Sessions	**19**		

MOVING FORWARD INITIATIVES

Moving forward, BPMB will embark on a journey to mitigate climate risks and explore opportunities by leveraging the five key MIND enablers, which will promote transitioning among our clients and encourage responsible business practices:

MIND Digital
Digital platform for impact assessment on financing transactions

MIND Intelligence
AI-driven impact assessment tool to identify ESG risks and opportunities that will enable us to provide advice to customers in improving impact

MIND Impact Lab
Engagement platform for existing and prospective customers to spur collaboration and build capacity on sustainability and impact initiatives

MIND Advocacy (MINDa)
Thought leadership series to demonstrate and share our industry knowledge

MIND Learning
Online learning platform for BPMB employees to increase awareness and build capabilities on sustainability and climate topics

As a DFI, we take a nurturing approach to supporting our customers and the industry in their transition to a low-carbon economy. We leverage our MIND Framework to engage and promote greater project impacts with our customers and industry players, considering the climate risks and opportunities to their business. We intend to take this further through our MIND Impact Lab, which intends to build capacity with industry players and identify viable solutions to support their transition.

As sustainability and climate change topics are dynamic, complex and evolving rapidly, we continuously enhance our approach to better manage sustainability and climate risks and opportunities. We are committed to rigorously tracking and monitoring our newly established metrics and targets. Moving forward, we aim to disclose our Scope 3 emissions data, including our financed emissions, adhering to industry standards and regulatory requirements. We are confident these steps will significantly enhance our environmental performance and transparency.

ALAM: TRANSFORMING MINDS, NURTURING HEARTS

Click the logo or scan here to read more about us

In light of the pressing climate crisis and mounting environmental issues, it has become imperative to prioritise sustainability as an essential requirement across societies. The escalating threats to our planet's health necessitate immediate and coordinated efforts to mitigate damage and promote sustainable practices.

This is where ALAM (Amanah Lestari Alam) steps in, playing the crucial role of changing the people's attitudes towards environmental issues, instilling a culture of environmental stewardship and accountability while bridging the gap between policymakers and stakeholders.

Since inception, various activities have been organised, enabling ALAM to address current environmental challenges.

WHO IS ALAM

ALAM is a national initiative mooted by the Ministry of Finance Malaysia and spearheaded by BPMB, with a vision to transform the mindset and behaviour of Malaysians towards environmental issues.

Under the 12th Malaysia Plan (12MP), ALAM aims to create awareness, educate and instill a whistleblowing culture through collaborations with communities as well as the public and private sectors. Furthermore, ALAM advocates policies for improved governance, connecting policymakers with stakeholders.

WHAT WE DO

At ALAM, we aspire to build a sustainable Malaysia and are committed to fostering an environment where sustainability becomes an integral part of our national identity, ensuring that our actions today do not compromise the resources and wellbeing of future generations.

Our strategy is built on four core pillars that shape our approach and guide our actions:

Education - Understanding mother earth requires individuals to have knowledge and motivation. As a body that nurtures the importance of environmental and sustainability impact, ALAM aims to educate Malaysians to respond to the related issues they encounter in their daily and working lives, and at the same time explore how to achieve change.

Governance - Working in Malaysia with support from governmental bodies, policy makers and other stakeholders, ALAM promotes effective solutions to address environmental and sustainability issues. ALAM advocates policymaking in pursuit of promoting accountability, supporting environmental whistleblowing and preserving the interest of humanity.

Collaboration - Building upon various partnerships, ALAM supports Malaysians in implementing innovative and scalable strategies, to steer impactful environmental and sustainability programmes. For us at ALAM, collaboration is fundamental to being able to provide effective solutions.

Bridging - Tackling environmental and sustainability issues over the next decade is a daunting task and it takes a nation-driven approach. ALAM links partners, communities, funders, governments and businesses and facilitates collaborative partnerships for greater impact together.

2023 PROJECTS AND ACTIVITIES

In 2023, ALAM embarked on a dynamic array of initiatives to foster environmental stewardship, promote initiatives in research, education, conservation & rehabilitation, and empower youth through capacity building efforts. These multifaceted projects reflect our commitment to driving positive change across Malaysia, engaging diverse stakeholders and catalysing impactful solutions to address pressing environmental and sustainability challenges.

Public Engagement and Awareness

- Hosted the inaugural **Suara ALAM Conference 2023,** which serves as a platform for diverse stakeholders and advocates in the environment, climate change, and biodiversity conservation to amplify their voices and catalyse positive change. The event was attended by over 150 participants coming from ministries, corporates, academia, as well as NGOs and CSO.

- Organised an online photography contest in conjunction with World Environment Day 2023, themed **"Beat Plastic Pollution"**. Over 120 submissions were received from the public and social media followers.

- Organised four **Merubah Minda** talk series on various topics related to environmental awaress and conservations efforts with the intent to spark mindset transformation and behavioural change among the participants. The sessions were conducted with various organisations and achieved over 500 participants.

- Collaborated with the Ministry of Natural Resources and Sustainability (NRES) and Malaysia Green Technology and Climate Change Corporation (MGTC) as a sponsor in organising the **Climate Change Forum – Road to COP 28** in September 2023, serving as an important platform and milestone with various stakeholders to present Malaysia's narrative and positioning at UNFCCC COP 28. Subsequently, ALAM also contributed significantly in the content curation for Malaysia Pavilion at COP28 in Dubai, United Arab Emirates in November - December 2023.

- **Co-organised high-level dialogues** among:
  - » BPMB, Youth Environment Living Labs (YELL) and NRES Minister
  - » International Institute of Science Diplomacy, top international scientists and Former Deputy Prime Minister of Thailand
  - » YELL and European Union
  - » National Biodiversity Roundtable 2023

- ALAM partnered with Kelab Belia Prihatin Malaysia (KBPM) to showcase two eco documentaries ***"Bukan Nelayan Gila"*** and ***"Sampah Melata Alam Merana".*** These eco documentaries were highlighted in Wiki Impact's 2023 list of the "20 Must-see Documentaries on Malaysia's Biodiversity, Cultural Heritage and Social Realities".

- **Two articles were published** in Business Today on plastic pollution and Springer Nature journal entitled "Indigenous youth must be at the forefront of climate diplomacy"

- Interviews with radio stations and astro AWANI

- Public speaking engagements and booth exhibitions at various conferences

Grants – Research, Education, Conservation & Rehabilitation

- ALAM collaborated with the Perak State Parks Corporation (PSPC) to empower indigenous women as community teachers in the Royal Belum State Park. Together, we constructed the **Rumah Baca facility in Kampung Tanhain**, creating a dedicated education and community engagement space. The Rumah Baca programme is also a part of the multicollaborator efforts for Royal Belum Forest's Biodiversity Protection and Education project.
- **ALAM completed the year-long nationwide survey for Environmental Education/ Education for Sustainable Development (EE/ESD)** to evaluate and improve environmental education initiatives in Malaysia, with the Ministry of Education's (MOE) approval. This survey was carried out in partnership with Pertubuhan Pendidikan Pembangunan Lestari Selangor (PPPLS), WWF Malaysia and senior researchers from Universiti Malaya, Universiti Kebangsaan Malaysia, University Technology Petronas and University of Nottingham Malaysia.

- Supported the gamelan performance entitled **"Seruan Setu – The Secret Gardens of the Sea"** by Rhythm in Bronze, which integrated sience and arts as the alternative platorm to raise awareness about the significance of the seagrass ecosystem

Youth Capacity Building and Empowerment

- In partnership with UNDP Malaysia and UNICEF Malaysia, ALAM piloted and co funded the YELL initiative to localise climate change narratives and empower youth leaders to take action. Up to December 2023, YELL has reached out to around 850,000 youths nation wide through multiple programmes, social media coverage, and communication materials. YELL aims to reach out to 5 million youth within 3 years of implementation.

- In collaboration with KBPM and various corporations, ALAM launched a mangrove tree planting initiative called the **We Be-Leaf programme**. The initiative was organised across the country with an achievement of over 8,000 trees planted with over 3,000 volunteer involved.
- ALAM was appointed as one of the Asia region Co-Leads and played a significant role in organising the inaugural **Global Indigenous Youth Summit for Climate Change (GIYSCC)**, a 24 hours online summit organised by, for and amongst indigenous youth, on International Day of the World's Indigenous Peoples in collaboration with the United Nations Institute of Training and Research. 1,300 attendees from 112 countries and 40 speakers from all over the world participated in the summit which was conducted consecutively across 3 different time zones.
- ALAM collaborated with the Green Growth Asia Foundation (GGAF) to organise the **National Young Reports for the Environment (NYRE) 2023** competition, providing young individuals with a platform to express their concerns about environmental issues through various forms of media and writing. In addition, we also collaborated with GGAF in support of the Eco Schools Malaysia initiative through the **Capacity Building Workshop for science, technology, engineering and mathematics (STEM)** teachers, and the launch of **Greening Education Programme (GEP) Roadmap**. The programme is organised for over 900 schools across 10 states, and expected to benefit over 100,000 school students nationwide.

THE PATH AHEAD

As ALAM advances our mission to promote environmental and behavioural change in Malaysia, we remains dedicated to educating and transforming mindsets across all generations. Through a comprehensive framework and collaborative efforts, ALAM aspires to foster a sustainable future for Malaysia while making a significant contribution to global environmental goals.

05

OUR GOVERNANCE

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors ("Board") of BPMB is committed to uphold high standards of corporate governance by continuously advocating transparency, accountability, responsibility and integrity, in line with the principles and best practices of Corporate Governance, Bank Negara Malaysia's ("BNM") Policy Document on Corporate Governance for Development Financial Institutions ("DFIs"), *Garis Panduan Ahli Lembaga Pengarah Lantikan Menteri Kewangan (Diperbadankan)* ("MKD Guideline") and primary legislative and regulatory provisions, i.e. Development Financial Institutions Act 2002 and the Companies Act 2016.

BOARD COMPOSITION AND BALANCE

The Directors' professional backgrounds, skills, extensive experience, and knowledge in various fields, accumulated while serving the private and government sectors, bring to the Board the essential range of capabilities, expertise, and experience required to perform its functions effectively. A brief profile of each Director is presented on pages 22 to 25 of the Annual Report.

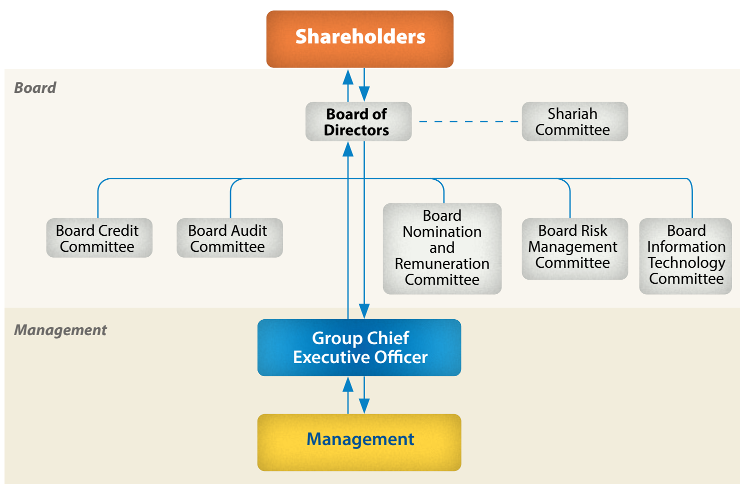
The Board is committed to maintaining diversity and inclusion in its composition and decision-making process. In this regard, the Board considers diversity across different aspects, including gender, age, educational background, professional experience, skills, knowledge and length of service. Additionally, the Board and the Board Oversight Committees ("BOC") must be of a size that promotes effective deliberation, encourages the active participation of all Directors and allows the work of the various BOCs to be discharged effectively.

As of 30 June 2024, there are four (4) Independent Non-Executive Directors ("INED") and two (2) Non-Independent Non-Executive Directors ("NINED"). They play a significant role in bringing objectivity and scrutiny to the Board's deliberations and decision-making. The Board's composition is a testament to the view that a Board's make-up should support objective and independent deliberation, review and decision-making. The composition brings together relevant business and industry experience required to oversee the range of operations of the Group. They contribute a vast spectrum of skills, knowledge and experience that provide effective governance and oversight of the Group.

All Independent and Non-Executive Directors are persons of high calibre and integrity who can exercise independent judgment and act in the best interests of the Bank. The high proportion of INEDs also provides the necessary checks and balances on executive decisions made by Management. The Board is satisfied that no individual or group of Directors has unfettered decision-making powers that will create a potential conflict of interest.

The appointment and/or reappointment of Directors is governed by the BNM Policy Document on Corporate Governance for DFIs, MKD Guideline, BPMB Policy on Fit and Proper Criteria for the Board of Directors, Shariah Committee ("SC") and Group Chief Executive Officer ("GCEO") and the Bank's Constitution. The Board Nomination and Remuneration Committee ("BNRC") reviews and assesses the potential and current Directors' mix of skills, core competencies, experience, integrity and time to effectively discharge their role for the purpose of appointments/reappointments before a recommendation is made to the Board for approval. BNRC will also refer to the results of the individual assessments conducted via Directors' Self and Peer Assessment for reappointment of Directors. The application for the appointment/ reappointment of Directors will be submitted to BNM for verification on fit and proper and to the Ministry of Finance ("MOF") for final approval.

Corporate Governance Framework



KEY BOARD FEATURES

Skills and Experience

- Banking
- Accounting
- Finance
- Audit
- Taxation
- Fraud Investigation
- Public Administration
- Information & Financial Technology
- Information Technology
- Islamic Finance
- Risk Management
- Economics
- Takaful/ Insurance

Nationality

6 Malaysian

Board Composition

INED 4

NINED 2

Gender

Male 4

Female 2

Age

45 – 50 years old 1

51 – 55 years old 1

56 – 60 years old 2

61 – 65 years old 2

BOARD EVALUATION

The Board must carry out annual evaluations to objectively assess the performance and effectiveness of the Board, BOCs, and individual directors. This is important to enable the Board to identify areas for professional development and process improvements, considering the changing needs of the financial institution.

The Board Effectiveness Evaluation ("BEE") for the year 2023 is conducted internally. Each director was given a detailed questionnaire. The questionnaire covers questions on the directors' experience, qualifications, skills, comprehension of roles and responsibilities as members of the BOCs, preparedness, contribution, and quality of discussions.

This exercise is undertaken upon the completion of every financial year and forms part of the supporting documents for the 'fit and proper' assessment for reappointment of Directors. Feedback and suggestions from the Board will be gathered for deliberation and information of the BNRC and, thereafter, presented to the Board for consideration and approval on further professional development plans for the Directors.

DUTIES AND RESPONSIBILITIES

The Board is responsible for setting the policy framework and business strategies to align sustainable business strategies driven by the Management with BPMB's objectives and aspirations, considering stakeholders' interests.

In line with best practices, the Chairman and GCEO are separated to ensure appropriate supervision of the Management. The Board delegates the Bank's daily operations to the GCEO, who, with the Management, is accountable to the Board. The Board is entrusted with the responsibility of promoting the success of the Group by directing and supervising the Group's affairs in a responsible manner. All Directors must act in good faith and for the best interest of the Company.

The Board Charter guides the Board with respect to the Board's duties, functions and powers. The Board Charter is reviewed periodically to incorporate changes to applicable legislation and guidelines. The Board Charter includes, amongst others, the Board's roles and responsibilities on the following matters:

i. **Corporate Governance, Policy and Strategic Matters for the Group;**
ii. **Shariah Governance and Compliance;**
iii. **Risk Governance and Internal Control;**
iv. **Succession Planning; and**
v. **Conduct of the Group's business.**

The Board Charter also prescribes that to ensure the direction and control of the Group are in the hands of the Board, the Board adopts a formal schedule of matters reserved for the Board's deliberation and decision as follows:

i. **Strategy and Management;**
ii. **Financial, Reporting and Approving Authority;**
iii. **Share and Debt Capital;**
iv. **Appointment, Re-Appointment or Removal of Directors, SC member, GCEO, CEO of subsidiaries, Senior Officer and Company Secretary;**
v. **Remuneration matters concerning Directors, SC members, GCEO, CEO of subsidiaries, Senior Officer and Company Secretary; and**
vi. **Corporate Governance matters.**

For further details on BPMB's Board Charter, please visit www.bpmb.com.my

SHARIAH GOVERNANCE AND COMPLIANCE

The Board's oversight accountability over Shariah governance and compliance must reflect the integration of Shariah governance considerations within the business and risk strategies of BPMB. On 10 November 2023, the Board approved the appointment of Ts. Othman Abdullah, an INED of BPMB, as the permanent invitee to the SC meetings. In this role, Ts. Othman will serve as the representative of the Board and act as a bridge between the Board and the SC. In fulfilling this role, the Board must:

i. Promote Shariah compliance in accordance with expectations set out in the BNM Policy Document on Shariah Governance and ensure its effective integration with the Bank's business and risk strategies;
ii. Institutionalise a robust Shariah governance framework commensurate with the size, complexity and nature of BPMB;
iii. Approve all policies relating to Shariah governance structure and reporting arrangements, Shariah risk management, and other areas that are material to the effective implementation of governance within the Bank, and ensure that such policies are implemented effectively;
iv. Oversee the implementation of BNM Shariah Advisory Council (SAC) rulings and decisions or advice of the SC within all business and functional lines, including any business or risk implications arising from such implementation;

v. Oversee the implementation of the internal control framework to prevent Shariah non-compliance and approve any rectification measures to resolve incidences or circumstances that may result, or have resulted, in Shariah non-compliance;

vi. Oversee the performance of Senior Management and other officers entrusted to implement Shariah governance framework, such that the Board is satisfied that the measures of their performance are aligned with Shariah governance objectives;

vii. Promote a sound corporate culture, which reflects the importance of adhering to Shariah requirements in product development and marketing, strategy formulation, business operations, risk management practices and other aspects that promote end-to-end compliance with Shariah; and

viii. Continuously develop and strengthen Directors' knowledge and understanding on Islamic finance business and keep them abreast of developments that may impact Islamic financial business to fulfil their responsibilities to BPMB.

ROLES OF THE GROUP CHIEF EXECUTIVE OFFICER (GCEO)

The GCEO holds overall executive responsibility in ensuring the day-to-day operations of BPMB Group are effectively and appropriately managed. GCEO serves as the conduit between the Board and Management in ensuring the success of BPMB Group's governance and management functions. The role of the GCEO includes the following:

i. Implementing business and risk strategies, remuneration and other policies in accordance with the approved business strategies and funding plan as endorsed by the Board;

ii. Promoting, together with the Board, a sound corporate culture within BPMB, which reinforces ethical, prudent and professional behaviour;

iii. Addressing actual or suspected breaches of regulatory requirements or internal policies in a timely and appropriate manner;

iv. Regularly updating the Board with material information the Board needs to carry out its oversight responsibilities;

v. Ensuring that, in leading Senior Management, the Group's Islamic finance operations, business, affairs and activities comply, at all times, with Shariah requirements;

vi. Serving as the conduit between the Board and Management in ensuring the success of the Group's governance and management functions;

vii. Ensuring the Board's decisions are implemented and the Board's directions are responded to;

viii. Providing direction in the implementation of both short-term and long-term business plans;

ix. Providing strong leadership that effectively communicates sound and viable vision, management philosophy and business strategy to the employees; and

x. Ensuring the Group's day-to-day business affairs are effectively and appropriately managed.

The GCEO promotes a sound corporate culture within BPMB Group through the relevant Management Committees, reinforcing ethical, prudent, and professional behaviour. It also addresses any potential breaches of prudential regulation and steps to be taken to ensure that the underlying root causes of any regulatory/internal control failures are identified and addressed.

CODE OF ETHICS AND BUSINESS CONDUCT FOR BOARD OF DIRECTORS AND SHARIAH COMMITTEE

BPMB has adopted a Code of Ethics and Business Conduct for the Board of Directors and Shariah Committee that sets out sound principles and standards of good practice in the banking industry. Directors are expected to maintain a good reputation for ethical behaviour and fair business dealings and to conduct the business of BPMB Group in a professional manner.

Whistleblowing Policy

The Group is dedicated to upholding Malaysia's Anti-Corruption Principles, promoting integrity, transparency and good governance in all aspects of its business when we signed the Corporate Integrity Pledge on 26 September 2016. Hence, our whistleblowing policy is designed to allow individuals to whistle about serious concerns that they encounter. These include bribery, corruption, conflict of interest, fraud, abuse of power or other issues that have a reputational risk to the Group. The policy also extends the necessary protections to the whistleblower, in line with the Whistleblower Protection Act 2010. Besides the internal channels, an external independent party administers a platform, Deloitte Halo, which provides a channel to all BPMB staff as the alternative channel. Deloitte Halo provides five (5) modes of communication for staff to disclose any concerns via a toll-free telephone number, website, email, facsimile and postal mail. These complement the Group's governance framework and ensure legitimate concerns can be objectively evaluated and addressed.

BOARD MEETING AND SUPPLY OF INFORMATION

As per the BNM Policy on Corporate Governance for DFIs, the Board is required to meet at least once every two (2) months to discuss and monitor, amongst others, the overall conduct and performance of the Bank, including matters relating to financials, policies, strategies, performance and resources. Approvals on urgent or important business issues requiring the sanction of the Board are sought by convening Special Board meetings or by way of Circular Resolutions, enclosing all relevant information to enable the Board to make informed decisions. All Circular Resolutions, approved by the Board, will then be tabled at the next Board meeting for notation.

The calendar meetings of the Board and BOCs for the following year are drawn up in the last quarter of the financial year to enable members to meet the meeting time commitment. The meeting calendar is circulated to all Directors to enable them to plan ahead. The agenda for the Board and BOCs meetings and papers relating to the matters to be deliberated at the meetings are forwarded to all Directors prior to the date of the Board and BOCs meetings.

The Directors access the board papers through a collaborative software platform that enables them to review and read them electronically, discuss them with each other, and ask stakeholders, Management, and the Company Secretary for clarification.

The Board also peruses the deliberations and decisions made by the BOCs through their meeting minutes, which will be tabled at the Board meetings. The Chairman of each BOC is responsible for informing the Directors during the Board meetings of any salient matters noted by the BOCs requiring the Board's attention or direction.

All proceedings of Board and BOC meetings are minuted and signed by the respective Chairman in accordance with the provisions of the Companies Act 2016, Board Charter and its relevant Terms of Reference. The minutes of the Board and BOC accurately reflect the board's deliberations and decisions, including any dissenting views and whether any Director abstained from voting or deliberating on a particular matter. The Company Secretary properly keeps the signed minutes of each Board and BOC.

All Directors have direct access to the services of the Company Secretary's Office and Senior Management. They may also seek Independent professional advice at the Group's expense to assist them in carrying out their duties. They have unrestricted access to any information relating to the BPMB and its Group to discharge their duties.

Directors are expected to attend at least 75% of the total Board meetings in any applicable financial year. They must not appoint another person to attend/participate in a Board meeting on their behalf. The Directors' commitment to carrying out their duties and responsibilities is reflected by their attendance at the Board and BOC meetings. The Board is satisfied that each Director has devoted sufficient time to discharge their responsibilities effectively.

During the financial year ended 31 December 2023, the Board met 17 times. The attendance record of the Directors at Board Meetings for 2023 is as follows:

Name of Director	No. of Meetings and Attendance
Puan Norazilla Md Tahir Independent Non-Executive Director	17/17
Datuk Rashidah Mohd Sies Non-Independent Non-Executive Director	16/17
Ts. Othman Abdullah Independent Non-Executive Director	17/17
Tan Sri Rashpal Singh Randhay Independent Non-Executive Director	15/17
Puan Rosnah Kamarul Zaman Independent Non-Executive Director	16/17
Tan Sri Mohamed Nazir Abdul Razak Non-Executive Chairman/ Independent Non-Executive Director *(Resigned as Director with effect from 21 April 2023)*	5/5
Encik Ariff Rozhan Independent Non-Executive Director *(Resigned as Director with effect from 10 May 2023)*	6/6
Encik Thomas Meow Yoke Nean Independent Non-Executive Director *(Resigned as Director with effect from 2 June 2023)*	6/6

BOARD'S DELIBERATIONS

KEY MATTERS DISCUSSED BY THE BOARD

Key areas/matters reviewed, deliberated and approved by the Board during FY2023 include the following:

STRATEGY

- 2023 MOF and Management Scorecard
- Proposed 2024 Scorecards
- BPMB Group Corporate Plan & Budget 2024
- Working Capital Scheme
- Green Office Building Assessment and Recommendation
- Foreign Exchange (FX) Hedging Products
- Digital Partnership (SME) Concept
- Corporate and Management Scorecard Performance for 2022
- Media Relations Policy 2022
- Statement of Corporate Intent (SCI) and Annual Funding Requirement (AFR)
- ALAM Proposed Activities 2023
- Proposed Functionalisation of Pembangunan Leasing Corporation Sdn Bhd and Appointment of Head of Business

RISK MANAGEMENT & COMPLIANCE

- Review of Internal Capital Adequacy Assessment Process Framework
- Review of Group Stress Test Framework
- Internal Capital Adequacy Assessment Process Enhancement Plan
- BPMB Fund Transfer Pricing (FTP) Framework
- Quarterly reviewed BPMB BNM Composite Risk Rating FY2020 & FY2021
- Revision to the Group Personal Data Protection (PDP) Policy
- Revision of Financing Facilities with Connected Parties Policy
- Review of the Guideline on Best Practices of Single Counterparty Exposure Limit (SCEL) and Single Customer Limit (SCL)
- Revision to Business Zakat Policy
- Review of Risk Appetite Statement & Tolerance Limit (RASTL) for the Year 2023

SUSTAINABILITY

- MIND 2.0
- Agenda 2025: Develop a Balanced ESG /Sustainability Strategy

INFORMATION TECHNOLOGY

- Cyber Security Three-Year Strategic Plan
- Business Case & Procurement Strategy for New Core Banking System

FINANCIAL PERFORMANCE

- Regular Review of BPMB and Its subsidiaries' Financial Results (Monthly Management Report, Quarterly, Half Yearly & Yearly)
- Appointment of External Auditor and Audit Engagement for Danajamin Nasional Berhad
- BPMB – BNM approval of the Dividend Payment application
- Revision of the Audit Timeline for the Financial Year Ended 31 December 2022

GOVERNANCE

- Annual Fit and Proper Assessment Exercise for the Key Responsible Persons (KRP) of BPMB Group
- Private Equity Governance Structure
- Annual Board Evaluation for the financial year ended 31 December 2022
- Appointment and re-appointment of Director
- Appointment and re-appointment of Shariah Committee's member
- Proposed Annual General Meeting of BPMB and its Group of Companies
- Formalisation of Interim Chairman, Terms of Reference and Membership of sub-committee during the interim terms
- Proposed appointment of Director and Company Secretary of BPMB's subsidiaries
- Proposed re-designation of Director

RESPONSE TO CSR PROJECT

- Sponsorship of University Malaysia Sabah's Community-Based Rehabilitation in Beaufort
- 2024 Chinese New Year Celebration at Beautiful Gate Foundation for the Disabled, Petaling Jaya
- Program Kembara Tengkujuh Yayasan Food Bank Malaysia (YFBM) 2023
- Sponsorship of SMK Seri Titiwangsa's Participation at the 24th Thailand Sports School Games 2023
- BPMB x Pertiwi Soup Kitchen 2
- Community Engagement: Christmas Celebration at Rumah Kebajikan Victory Malaysia, Puchong, Selangor
- Sponsorship of Nicol David Organisation's Little Legends Programme
- Back-to-School Programme

CULTURE, VALUE

- BPMB New Corporate Core Values

HUMAN RESOURCE

- BPMB New Job Architecture and Salary Structure
- Revision to the Group Human Resource Policy
- Confirmation of Senior Leadership Team
- BPMB New Corporate Core Values
- Appointment of Senior Leadership Team
- FY2023 Performance Bonus and Annual Increment based on FY2022 Corporate Results

TRAINING AND DEVELOPMENT OF DIRECTORS

All newly appointed Directors are required to attend FIDE Core Programme Modules A and B, the Islamic Finance for Board of Directors Programme, and an induction programme organised by the Management. Directors will be introduced to the Management team and briefed on the Bank's history, operations and financial performance to provide them with a first-hand understanding of the Bank's operations. At the induction programme, Heads of Functions and Chief Executive Officers (CEO) of the main subsidiaries will brief newly-appointed Directors on their areas of responsibility to offer some background knowledge of the Bank and establish personalised interaction with key individuals in Senior Management.

The Board keeps abreast of the latest developments in the banking industry by attending relevant conferences and seminars held in Malaysia and abroad to continue their professional education. The Bank also encourages its Directors to attend talks, training programmes and workshops to update themselves on new developments in the business environment.

Seminars/conferences/training programmes attended by the Directors in the financial year ended 31 December 2023 included the following:

- **FIDE Core Programme Module A**
- **FIDE Core Programme Module B**
- **ESG and Islamic Finance: Implications for Boards and Corporate Governance**
- **Understanding the Cybersecurity Landscape**
- **Managing Cyber Risk Insights for Boards and Senior Management**
- **Beyond Box-Ticking: Essentials for Effective Remuneration Committees**
- **Programme on Provision of Business Continuity, Disaster Recovery and Integrity Awareness**
- **46th Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) Annual Meetings in Almaty, Kazakhstan**
- **Conference of Parties 28 (COP28) in Dubai, United Arab Emirates (UAE)**

DIRECTORS' REMUNERATION

BPMB acknowledges the importance of attracting and retaining qualified Directors of high calibre who possess the necessary qualifications, skills, expertise, and experience for the effective functioning of the Board.

The remuneration package for Non- Executive Directors ("NEDs") is generally commensurate with the expertise, skills, responsibilities and risks undertaken by the NEDs concerned. All NEDs are paid a fixed monthly Director's fee and allowance for each Board and BOC meeting attended. In addition, NEDs also receive other benefits-in-kind, including Directors & Officers Liability Insurance and medical benefits. The remuneration of NEDs is decided by shareholders.

During the financial year under review, there was no revision to the remuneration framework approved by the shareholders at the 49th AGM held on 27 June 2023. The remuneration framework for the NEDs is as follows:

Description	Non-Executive Directors' Fees and Benefits	
	Chairman	Member
Directors' Montly Fee	RM12,000 *per month*	RM4,000 *per month*
Directors' Meeting Allowance • **Board Audit Committee** • **Board Credit Committee** • **Board Risk Management Committee**	RM4,000 *per meeting*	RM2,400 *per meeting*
Directors' Meeting Allowance • **Board Nomination and Remuneration Committee** • **Board Information Technology Committee**	RM3,200 *per meeting*	RM2,000 *per meeting*
Other benefits	Club Membership, mileage and business accommodation, medical and other claimable benefits	

A summary of the total remuneration of the Directors for the financial year ended 31 December 2023 is set out on page 151 of the BPMB 2023 Financial Statement.

BOARD OVERSIGHT COMMITTEES

Five (5) BOCs are established to assist the Board in discharging its duties and responsibilities. These BOCs comprise of:

- Board Credit Committee;
- Board Audit Committee;
- Board Nomination and Remuneration Committee;
- Board Risk Management Committee; and
- Board Information Technology Committee.

BOARD CREDIT COMMITTEE

Objective

The primary objective of the Board Credit Committee ("BCC") is to provide a supervisory and oversight role on all loans/financings/credit-related proposals and investments, as per the limit set in BPMB's Approving Authority Matrix (AA) and Authority for Credit Approval for Pembangunan Leasing Corporation Sdn Bhd ("PLC"), and to ensure adequate risk management processes related to credit are in place and functioning effectively.

Functions and Responsibilities

The duties and responsibilities of BCC shall include the following:

- Deliberate, review, and, if necessary, exercise the rights to veto, challenge, and reject the Group Credit Committee's ("GCC") approvals/decisions on all loans/financing/credit-related proposals and investments, including the proposed terms and conditions, or any variations thereof, as per the limit and authority set in the BPMB Authority Matrix and Authority for Credit Approval for PLC
- Endorse or veto "policy loans/financing" and loans/financing, which are required by statute to be approved by the BPMB Board, provided that GCC conducts the initial approval filter
- Approve the GCC Terms of Reference ("TOR"). However, the Chairman of GCC shall have the absolute discretion to appoint and/or terminate GCC members
- Perform the credit risk oversight role in a manner that is not compromised, and without undue influence from any party
- Endorse or veto any other matters as prescribed in the BPMB Authority Matrix and Authority for Credit Approval for PLC
- Consider any other matters as referred by the BPMB Board to BCC

Committee Meeting and Attendance

Based on the TOR of the BCC, BCC shall meet at least twelve (12) times a year and any ad-hoc meetings, as and when required. BCC met 16 times during FY2023. The Committee members and their records of attendance are as follows:

Members	No. of Meetings and Attendance
Puan Rosnah Kamarul Zaman Chairperson *(Redesignated from member to Chairman with effect from 2 June 2023)*	11/11
Puan Norazilla Md Tahir	16/16
Tan Sri Rashpal Singh Randhay	16/16
Encik Thomas Meow Yoke Nean *(Resigned as Chairman with effect from 2 June 2023)*	7/7
Encik Ariff Rozhan *(Resigned as members with effect from 10 May 2023)*	5/5

BOARD AUDIT COMMITTEE

Objective

The objective of the Board Audit Committee ("BAC") is to provide independent oversight to review BPMB's financial conditions and the Group's financial reporting processes and internal control, ensure checks and balances within BPMB Group, and review the performance and findings of the internal auditors. The committee also regularly recommends appropriate remedial action.

Functions and Responsibilities

The duties and responsibilities of BAC shall include the following:

- Recommend to the Board, each financial year, the appointment/ reappointment of External Auditors, the fee and other matters pertaining to the resignation, termination or change of External Auditors;
- Review with the External Auditors:
  a. Recommend to the Board the appointment, removal and remuneration of the External Auditor;
  b. Monitor and assess the independence of the External Auditors, including approving the provision of non-audit services by the External Auditors;
  c. Review the audit plan and audit report, monitor and assess the effectiveness of the external audit, including meeting External Auditors without the presence of Senior Management, at least annually;
  d. Ensure that Senior Management is taking necessary corrective actions in a timely manner to address external audit findings and making recommendations in their Management Letter and Management Response; and
  e. Maintain regular, timely, open, and honest communication with the External Auditors and require them to report to the BAC on significant matters.
- With regard to the Internal Audit function:
  a. Review the adequacy of the scope, functions and resources of the Group Internal Audit function and Audit Charter and that it has the necessary authority to carry out its responsibilities;
  b. Review and approve the internal audit plan, programme, processes, scope, procedures and frequency;
  c. Review key audit reports (including reports on internal controls, risk management processes, compliance with statutory requirements and governance practices) and ensure that Senior Management is taking necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by Group Internal Audit, and other control functions;
  d. Recommend to BNRC and/or Board on the appointment, remuneration package, performance evaluation and termination of the Chief Internal Auditor;
  e. Review the effectiveness of the Internal Audit function, including compliance with The Institute of Internal Auditors' International Professional Practices Framework for Internal Auditing consisting of the Definition of Internal Auditing, Code of Ethics and the Standards;

BOARD AUDIT COMMITTEE (CONT'D)

f. Review the assessment, or findings, arising from the Shariah audit and report the non-compliance events to the Shariah Committee and the Board;

g. Note significant disagreements between the Chief Internal Auditor and the rest of the Senior Management team, irrespective of whether these have been resolved, in order to identify any impact the disagreements may have on the audit process or findings; and

h. Establish a mechanism to assess the performance and effectiveness of the Group's Internal Audit function.

- Receive and consider reports relating to the perpetration and prevention of fraud.
- Review the Bank's compliance with related Government regulations, including Anti-Money Laundering and Counterfinancing of Terrorism (AML/CFT) measures, annually.
- Review the quarterly result, half-yearly result and the year-end Audited Financial Statements prior to submission to the Board for approval. The review of the year-end Audited Financial Statements by the External Auditor shall focus particularly on:

  a. Any major changes in the accounting policy or its implementation;

  b. Adequacy of allowance against contingencies, bad and doubtful debts;

  c. Significant and unusual events; and

  d. Compliance with accounting standards and other legal requirements.

- Ensure that the accounts are prepared in a timely and accurate manner and that the Audited Financial Statements are published promptly.
- Discuss any problem or reservations arising from the interim and final audits, as well as any matter that the External Auditors may wish to discuss in the absence of Management, where necessary.
- Review and update the Board on all related party transactions and conflict-of-interest situations that may arise in the Bank or BPMB Group, including any transaction, procedure or conduct that raises questions of management integrity.
- Review the accuracy and adequacy of the following documents:

  a. Chairman's Statement in the directors' report, corporate governance disclosures, interim financial reports, and preliminary announcements in relation to the preparation of financial statements and other BAC reports that contain the following information, which shall be published in the Bank's Annual Report:

     i. A summary of the activities of the BAC in discharge of its functions and duties for the financial year; and

     ii. A summary of the activities of the Group Internal Audit function.

  b. Interim financial reports and preliminary announcements in relation to the preparation of Audited Financial Statements.

- Review and endorse the status and progress of Management's responses and corrective measures on issues raised in the Bank Negara Malaysia Examination Report prior to submission to the Board for approval.
- Inform the Board on the issues and concerns discussed during its meetings, including those raised by the External Auditors, and, where appropriate, make the necessary recommendations to the Board.
- Deliberate investigation reports related to whistleblowing cases and decide on actions to be taken in accordance with the Group Human Resource policy.
- Approve the TOR and appointment and/or termination of Members of the Management Audit Committee.
- Consider any other matters as referred by the BPMB Board to BAC.
- Monitor compliance with the Board's conflicts-of-interest policy.
- Review third-party opinions on the design and effectiveness of the Group's internal control framework.

Committee Meeting and Attendance

Based on the TOR of the BAC, BAC shall meet at least four (4) times a year and at any ad-hoc meetings, as and when required. BAC met ten (10) times during FY2023. The Committee members and their records of attendance are as follows:

Members	No. of Meetings and Attendance
Puan Norazilla Md Tahir Chairperson	10/10
Ts. Othman Abdullah	10/10
Puan Rosnah Kamarul Zaman	8/10
Encik Thomas Meow Yoke Nean *(Resigned as a member with effect from 2 June 2023)*	6/6

BAC's Deliberations

Areas/matters reviewed, deliberated, endorsed and approved by BAC during FY2023 include the following:

- **Audit Committee Report (ACR) for the Financial Year Ended 31 December 2022:**
  - **i. Global Maritime Ventures Berhad**
  - **ii. Pembangunan Leasing Corporation Sdn Bhd**
  - **iii. Bank Pembangunan Malaysia Berhad**
- **Audited Financial Statement for the Financial Year Ended 31 December 2022**
  - **i. Global Maritime Ventures Berhad Group**
  - **ii. Pembangunan Leasing Corporation Group**
  - **iii. Bank Pembangunan Malaysia Berhad**
- **Reappointment of External Auditor for Bank Pembangunan Malaysia Berhad Group for the Financial Year Ending 31 December 2023**
- **Facilitation Fund - Audited Financial Statement for the Financial Year Ended 31 December 2022**
- **Internal Audit Plan 2023**
- **Proposed Revision of the Audit Timeline for the Financial Year Ended 31 December 2022**
- **Whistleblowing Report**
- **Expected Credit Loss Position for Financial Year 2022**
- **Internal Audit Report on Independent Review on Liquidity Coverage Ratio (LCR)**
- **Audit of Compliance to BNM Rules for RENTAS**
- **Senior Leadership Team's Scorecard for Year 2023**
- **Memorandum of Recommendations for the Financial Year Ended 31 December 2022 - Bank Pembangunan Malaysia Berhad and its Subsidiaries**
- **Interim Unaudited Financial Statements of BPMB Group**

BOARD NOMINATION AND REMUNERATION COMMITTEE

Objective

The objectives of the Board Nomination and Remuneration Committee ("BNRC") are to provide:

i. A formal and transparent procedure for the appointment and/or reappointment, as well as to assess the effectiveness of Key Responsible Persons and the Company Secretary; and

ii. A formal and transparent procedure for developing a remuneration policy for Key Responsible Persons and the Company Secretary and ensuring that compensation is competitive and consistent with BPMB Group's culture, objectives and strategies. 'Key Responsible Persons' refers to persons who are accountable or responsible for the management or oversight of BPMB Group. These comprise:

   a) the Board of BPMB and its subsidiaries (the Group);

   b) members of the SC;

   c) the GCEO and CEOs of major subsidiaries; and

   d) Senior Officers.

Functions and Responsibilities

The functions and responsibilities of the BNRC, amongst others, are as follows:

Nomination Function

- Establish and recommend to the Board for approval the minimum required skills, experience, qualification and core competencies of a Director on the Board and the GCEO in order for them to perform their responsibilities effectively.
- Oversee the overall composition of the Board (BPMB and major subsidiaries), BOCs and SC, in terms of the appropriate size and skills, and the balance between Executive Directors, Non-Executive and Independent Directors through annual reviews.
- Recommend and/or assess nominees for the appointment, reappointment or resignation of the Board of Directors (BPMB and its major subsidiaries), GCEO, BOCs and SC Members for the Board's approval. The proposed appointment or reappointment of the BPMB Board, GCEO, and SC Members will require BNM's verification of meeting the necessary 'fit and proper' criteria and the Minister of Finance's final approval, as the case may be. Assess and determine annually whether a Director fulfils the Independent Director criteria.
- Establish a mechanism for the formal assessment of the effectiveness of the Board as a whole, the contribution of each Director to the effectiveness of the Board, the contribution of the BOCs, including SC Members, and the performance of the GCEO, CEOs of major subsidiaries, Senior Officers, and the Company Secretary. The annual assessment should be conducted based on objective performance criteria approved by the Board.
- Assess annually whether the Directors and GCEO are not disqualified under Section 7 of the Development Financial Institutions Act 2002 and recommend to the Board the removal of a Director or the GCEO who is ineffective, errant, or negligent in discharging his/her responsibilities.
- Ensure that all Directors and SC Members undergo the appropriate induction programme and receive continuous training to keep abreast of the industry's latest developments.
- Assess the performance of the GCEO before submission to the Board of BPMB for approval.
- Oversee/recommend the following matters in relation to Senior Officers and the Company Secretary for the Board's approval:
  - New appointment/recruitment
  - Reappointment
  - Renewal/non-renewal of contract
  - Conversion of employment status
  - Secondment to subsidiaries
  - Management succession planning
  - Performance evaluation
- For new appointments, the GCEO is given the authority to assess and evaluate candidates and negotiate and determine the salary, benefits, and terms and conditions of service for the positions of Senior Officers and the Company Secretary. Thereafter, the matter would be tabled to BNRC for recommendation and the Board for approval.
- The appointment/recruitment, reappointment, performance evaluation, and management succession planning of CEOs of major subsidiaries shall be tabled to the respective subsidiaries' Boards first, prior to BNRC for endorsement and Board approval.
- Recommend to the Board the removal of Senior Officers and the Company Secretary if they are ineffective, errant or negligent in discharging their responsibilities. The removal of CEOs of major subsidiaries shall be tabled to the Board of Directors of the respective subsidiaries first, prior to BNRC for endorsement and the Board of BPMB for approval.
- Recommend the appointment and removal Board of Directors, external Directors or Management Staff as Directors in the subsidiaries/associated companies (excluding JV-SOCs of Global Maritime Ventures Berhad).
- Conduct a 'fit and proper' assessment of Key Responsible Persons and the Company Secretary on a yearly basis to determine if the 'fit and proper' criteria continue to be met to ensure the effectiveness of the Key Responsible Persons and the Company Secretary in carrying out his/her responsibilities. A 'fit and proper' assessment is to be conducted should BNRC become aware of information on any Key Responsible Persons and the Company Secretary, which may materially compromise his/her fitness or propriety.

Remuneration Function

- Ensure that the overall remuneration system must:
  a. be subject to the Board's active oversight to ensure that the system operates as intended;
  b. reflect the mandate of BPMB and align with the business, risk strategies and development priorities, corporate values and long-term interests of BPMB Group;
  c. promote prudent risk-taking behaviour, and encourage individuals to act in the interests of BPMB Group, as a whole, taking into account the interests of its customers, and the long-term financial sustainability of BPMB Group without recourse to the Government;
  d. accord appropriate emphasis to BPMB Group's developmental outcomes, taking into account demonstration, design and policy additionalities, in addition to financing outcomes; and
  e. be designed and implemented with input from the control functions and the Board Risk Management Committee to ensure that risk exposures and risk outcomes are adequately considered.
- Recommend the remuneration policy of BPMB and conduct periodic reviews, especially when material changes are made to the policy for the Board's approval. The overall remuneration policy should be sufficiently competitive to attract, nurture and retain high-quality talents to deliver BPMB Group's mandate successfully. The policy should consider the different skill sets, knowledge and experience required to support the business and risk strategies of BPMB Group.

- Assess and recommend the emoluments and benefits of Board members, BOC members, SC members, GCEO, CEOs of major subsidiaries, Senior Officers and the Company Secretary for the Board's approval, subject to BPMB's Constitution and MOF Inc.'s approval, where applicable.
- Endorse the remuneration for each Director, member of Senior Management, and other material risk takers annually for the Board's approval. BPMB shall maintain and regularly review a list of officers who fall within the definition of "other material risk takers".
- Endorse the remuneration and benefits for the Directors of BPMB subsidiaries, based on BNRC's recommendations, for the Board's approval. The same shall be forwarded to MOF Inc. for notification.
- Assess and endorse the salary structure framework for employees in executive grades and above for the Board's approval. The salary structure is subject to MOF Inc.'s final approval.
- Assess and recommend the Terms of Services and new Terms for Executives and staff of BPMB Group, including the Collective Agreement between the Bank and the Union, for the Board's approval. The Collective Agreement terms are subject to the final approval by MOF Inc.
- Assess and recommend the proposed annual bonus payment for the GCEO. The payment is subject to the final approval of MOF Inc.
- Assess and recommend the pool and the payment of the annual bonus/ annual incentive/annual ex-gratia for employees and other material risk takers or other group-wide performance-related rewards and annual increment of the Group. The pool for annual bonus/annual incentive payment/annual ex-gratia payment is subject to final approval by MOF Inc.
- Recommend the separation schemes for the Board's approval and, thereafter, for MOF Inc.'s final approval.

Human Resource Oversight Function

- Review and assess the effectiveness of the Group Human Resource ("HR") and Development Division in supporting the Group to achieve its objectives, including ensuring the appropriate HR strategies, policies and frameworks for quality and effective HR management for the Group (e.g. succession planning, talent and leadership development, training, recruitment and retention programmes, compensation and benefits plan, etc) are developed, implemented and periodically reviewed.
- Review and recommend for the Board approval changes to Group HR policies and strategies and the Organisation Structure of the Group
- To consider any other matters as referred by the BPMB Board to BNRC.

Committee Meeting and Attendance

Based on the TOR of the BNRC, the BNRC shall meet at least four (4) times a year and any ad-hoc meetings as and when required. BNRC met nine (9) times during FY2023. The Committee members and their records of attendance are as follows:

Members	No. of Meetings and Attendance
Puan Rosnah Kamarul Zaman Chairperson	9/9
Datuk Rashidah Mohd Sies	8/9
Ts. Othman Abdullah	4/4
Puan Norazilla Md Tahir *(Appointed as a member with effect from 27 September 2023)*	2/2
Tan Sri Mohamed Nazir Abdul Razak *(Resigned as a member with effect from 21 April 2023)*	4/4

BNRC's Deliberations

Areas/matters reviewed, deliberated, endorsed and approved by BNRC during FY2023 included the following:

Policy and Governance

- Revision to the Group Human Resource Policy
- Proposed Review of Contract Management Process for Employment Purposes
- Proposed Establishment and Nomination of the Investment Committee Member for Private Equity and Strategic Investments Company of BPMB
- Annual Fit and Proper Assessment Exercise for the Key Responsible Persons (KRP) of BPMB Group

Appointment/Re-appointment of Board, Shariah Committee and Chief Executive Officer

- Proposed Appointment of Board of Directors
- Proposed Appointment of Board member as new Shariah Committee of BPMB
- Proposed Appointment of Chief Executive Officer of Pembangunan Leasing Corporation Sdn Bhd
- Proposed Re-appointment of Board of Directors upon expiry of their tenure
- Proposed Re-appointment of Chairman and Member of Shariah Committee of BPMB
- Proposed Nomination of Chairman, Independent Non-Executive Director and Meeting Allowance for Private Equity and Strategic Investments Company of BPMB

Succession Planning and Board Evaluation

- Proposed Succession Plan for the Board of Directors
- Annual Board Evaluation FY2022 Assessment Result

Appointment and Contract Renewal and Extension of Senior Management

- Proposed Appointment of Senior Management
- Proposed Contract Renewal of Identified Senior Management
- Proposed Contract Extension and Confirmation of Identified Senior Management
- Updates on the Applicability of Minimum Retirement Age Act Provision on Contractual Employment of Senior Management

Remuneration

- Performance Bonus and Annual Increment FY2023
- BPMB New Job Architecture and Salary Structure
- Proposed Revision of BPMB New Salary Scale

BOARD RISK MANAGEMENT COMMITTEE

Objective

The primary objective of the Board Risk Management Committee ("BRMC") is to oversee the activities of Senior Management in managing the key risk areas of BPMB and the Group, and ensure that risk management processes are in place and functioning effectively.

Functions and Responsibilities

The duties and responsibilities of BRMC include the following:

- Provide oversight and strategic direction for the management of all risks in BPMB;
- Review and recommend risk management strategies (e.g. development of new products, ventures into new market or business activities, product pricing strategies, planning of technology, skills and resources required), policies and risk tolerance appropriate to the nature, scale and complexity of BPMB Group's activities for the Board's approval;
- Review and assess the adequacy of BPMB Group's risk management policies and framework in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively;
- Ensure infrastructure, resources, and systems are in place for risk management that is, ensuring that staff responsible for implementing risk management systems perform those duties independently of BPMB Group's risk-taking activities;
- Review management's periodic reports on risk exposure, risk portfolio composition and risk management activities;
- Provide effective oversight of Senior Management's actions to ensure consistency with the risk strategy and policies approved by the Board, including the risk appetite framework and implementation;
- Meet with BAC periodically to ensure an effective exchange of information to enable effective coverage of all risks, including emerging risk issues that could have an impact on BPMB's risk appetite and business plans;
- Seek independent third-party views, or information on risk implications, as appropriate, before coming to any conclusion or making any significant policy recommendation;
- Consider how risks associated with BPMB's operational and organisational structures affect its ability to manage risks on an enterprise-wide and group-wide basis; and the implications for capital and funding strategies;
- In relation to the position of Chief Risk Officer ("CRO"), BRMC is required to:
  a. Establish an independent senior risk executive role (CRO or its equivalent), who has direct and unimpeded access to the Board and BRMC, and to allow for effective engagement with the GCEO and other members of Senior Management with sufficient stature, authority, seniority and distinct responsibility for the Group Risk Management function and framework across the entire organisation;
  b. Recommend to BNRC and/or the Board the appointment, performance evaluation and termination of the CRO;
  c. Engage CRO on a regular basis, and provide the opportunity for CRO to meet with BRMC and discuss issues faced by the Group Risk & Compliance function;
  d. In relation to item (c) above, BRMC may consider engaging CRO without the presence of other Senior Management from time to time; and
  e. Ensure that the CRO is supported with sufficient resources, including competent officers, to perform his/her duties effectively.
- In relation to the position of Chief Compliance Officer ("CCO"), BRMC is required to:
  a. Recommend to BNRC and/or the Board the appointment, remuneration package, performance evaluation and termination of the CCO;
  b. Ensure that the CCO has sufficient stature to allow for effective engagement with the GCEO and other members of Senior Management;
  c. Engage CCO on a regular basis and provide the opportunity for the CCO to meet with BRMC and to discuss issues faced by the Group Compliance function;
  d. In relation to item above, BRMC may consider engaging CCO without the presence of other Senior Management from time to time;
  e. Provide CCO with direct and unimpeded access to BRMC;
  f. Ensure that the CCO is supported with sufficient resources, including competent officers, to perform his/her duties effectively; and
  g. Where CCO also carries out responsibilities with respect to other control functions (if any), be satisfied that a sound overall control environment will not be compromised by the combination of responsibilities performed by CCO.
- To oversee the management of BPMB Group's compliance risk. In order to fulfil this duty, BRMC is required to:
  a. Approve BPMB Group's compliance policy and oversee its implementation;
  b. Approve the establishment of the Compliance function and the position of the CCO, and ensure that the Compliance function and the CCO are provided with appropriate standing, authority and independence;
  c. Discuss compliance issues regularly, ensuring that adequate time and priority is provided in BRMC's agenda to deliberate on compliance issues and that such issues are resolved effectively and expeditiously; and
  d. Evaluate the effectiveness of BPMB Group's overall management of compliance risk, with regard to the assessments of Senior Management and Group Internal Audit, as well as interactions with CCO, at least on an annual basis.
- Deliberate on investigation reports in relation to whistleblowing cases, and decide on actions to be taken on the alleged individuals in accordance with Group HR policy.
- Approve the appointment and/or termination of members and the TOR of the Management Risk Committee and Asset & Liability Committee.
- Consider any other matters as referred by the BPMB Board to BRMC.

Committee Meeting and Attendance

Based on the TOR of the BRMC, the BRMC shall meet once every two (2) months and any ad-hoc meetings, as and when required. BRMC met 11 times during FY2023. The Committee members and their records of attendance are as follows:

Members	No. of Meetings and Attendance
Tan Sri Rashpal Singh Randhay Chairman	11/11
Puan Norazilla Md Tahir	11/11
Ts. Othman Abdullah	10/11
Puan Rosnah Kamarul Zaman	10/11
Encik Thomas Meow Yoke Nean *(Resigned as a member with effect from 2 June 2023)*	5/5
Encik Ariff Rozhan *(Resigned as a member with effect from 10 May 2023)*	4/4

BRMC's Deliberations

Areas/matters reviewed, deliberated, endorsed and approved by BRMC during FY2023 included the following:

Report

- Risk Dashboard as at December & November 2022
- Quarterly Updates on BPMB's BNM Composite Risk Rating FY2020
- Compliance Review Report
- Risk Assessment & Business Impact Analysis FY2022
- Risk And Control Self-Assessment (RCSA) Report 2022
- Quarterly Sector Report
- Outsourcing Arrangements Performance Assessment FY2022
- Residual Risk Acceptance for Systems Facing Internet without VPN
- Operational & Shariah Risk: 12 Months Horizon Report FY2022
- Semi-Annual reporting on Financing Facilities with Connected Parties for position as at 30 June 2023
- Management Review Report on the Anti-Bribery Management System for BPMB Group
- Periodic Reporting to MACC on the Operations of the Integrity and Governance
- Data Centre Resilience and Risk Assessment
- Compliance Review Report on Regulatory Review on Fair Treatment of Financial Consumers (FTFC)
- Compliance Review Report on Regulatory Review on Code of Conduct (COC) Requirements of Authorized Dealers in Treasury Operations and Activities
- Money Laundering and Terrorism Financing (ML/TF) Institutional Risk Assessment (IRA) 2023
- Revision of Compliance Review Rating Matrix and Governance Reporting for Compliance Review Report

Governance, Framework

- Group Private Equity & Strategic Investments – Equity Investment Policy
- BPMB Fund Transfer Pricing (FTP) Framework
- Foreign Exchange (FX) Hedging Products (FX Spot/-i, FX Forward/-i and FX Swap/-i)
- Media Relations Policy 2022
- Setting up of Capital Book Management and its Terms of Reference
- Annual Review of Panel Solicitors for 2022
- Review of the Policy on Financing Facilities with Connected Parties
- Review Risk Appetite Statement and Tolerance Limit (RASTL) for the year 2023
- Review of Key Risk Indicator (KRI) 2023
- Review of Concentration Risk Limit
- Review of Guideline on Best Practices for Single Counterparty Exposure Limit (SCEL) & Single Customer Limit (SCL)
- Review of Property Management & Services Policy
- Review of Internal Capital Adequacy Assessment Process Framework
- Review of Group Stress Test Framework.
- Revision to the Group HR Policy
- Revision to Business Zakat Policy
- Revision of Financing Facilities with Connected Parties Policy
- Revision to the Group Personal Data Protection (PDP) Policy
- Revision of Terms of Reference for Business Continuity Management Committee and Crisis Management Team
- Harmonisation on the Whistleblowing Policy of BPMB Group
- Harmonisation of Policy on Anti-Money Laundering, Countering Financing of Terrorism (AML/CFT) and Targeted Financial Sanctions (TFS)
- Harmonisation on Anti-Bribery and Corruption Policy
- Harmonisation of Policy on Management of Customer Information and Permitted Disclosures

Proposal, Plan, Compliance

- Proposed Action Plans on BPMB's BNM Composite Risk Rating FY2021
- Business Continuity Management Preparedness Plan 2023
- Gap Analysis and Implementation Plan on Climate Risk Management & Scenario Analysis (CRMSA)
- Group Compliance Plan 2023
- Sector Limit Re-allocation
- Internal Capital Adequacy Assessment Process Enhancement Plan
- Cyber Risk Assessment (CRA) Action Plan
- BPMB Cloud Framework
- Establishment of Bare Custody Islamic Trust Structure (BCITS)

BOARD INFORMATION TECHNOLOGY COMMITTEE

Objective

The primary objective of the Board Information Technology Committee ("BITC") is to provide oversight functions for the implementation of technology-related strategies and initiatives for the Group.

Functions and Responsibilities

The duties and responsibilities of BITC include the following:

- Establish and recommend to the Board for approval the technology risk appetite, which is aligned with the Bank's risk appetite statement, as well as the Board's approval on corresponding risk tolerances for technology-related events; and ensure key performance indicators are in place to monitor the Bank's technology risk;
- Recommend to the Board for approval the Bank's cybersecurity strategy, which is aligned with the overall Bank's business and IT strategy, and oversee the adequacy of the Bank's IT and cybersecurity strategic plans, covering a period of no less than three years. These plans should address the Bank's requirements on infrastructure, control measures to mitigate IT and cyber risks, and financial and non-financial resources commensurate with the complexity of the Bank's operations and changes in the risk profile and business environment;
- Oversee the effective implementation of a sound and robust Technology Risk Management Framework (TRMF) and Cyber Resilience Framework (CRF), as required by BNM, under the Risk Management in Technology policy;
- Review and monitor the implementation of technology-related frameworks and ensure risk assessments undertaken in relation to material technology applications submitted to BNM are robust and comprehensive;
- Review and monitor the implementation of IT projects/initiatives undertaken by the Bank to ensure alignment with the Bank's policies and strategies;
- Review and recommend to the Board appointment of such persons, consultants or advisors to undertake any specific projects or assignments in relation to the Bank's IT or digitalisation initiatives/projects;
- Continuously engage in cybersecurity preparedness, education and training; and
- Consider any other matters as referred by the Board to BITC.

Committee Meeting and Attendance

Based on the TOR of the BITC, BITC shall meet at least four (4) times a year and any ad-hoc meetings, as and when required. BITC met six (6) times during FY2023. The Committee members and their records of attendance are as follows:

Members	No. of Meetings and Attendance
Ts. Othman Abdullah Chairman	6/6
Tan Sri Rashpal Singh Randhay	5/6
Puan Rosnah Kamarul Zaman	6/6
Encik Ariff Rozhan *(Resigned as a member with effect from 10 May 2023)*	2/2

BITC's Deliberations

Areas/matters reviewed, deliberated, endorsed and approved by BITC during FY2023 included the following:

- **IT Performance Dashboard Report as at 31 December 2022**
- **Proposed Revision of Management Information Technology Committee (MITC) Terms of Reference to include approval of New and Change of IT Asset Ownership**
- **Management Information System (MIS) Project**
- **PLC Core Banking System Implementation**
- **PWC Engagement for The IT, Digital and Core Banking Blueprints**
- **Project Evaluation Tender Committee Result and Vendor Selection Proposal for Treasury Management System (TMS)**
- **Human Resource Management System (HRMS) Replacement – RFP Evaluation Result and Recommendation for BPMB Group**
- **BPMB Cloud Strategy**
- **IT Competency Assessment**
- **Identity Maturity Assessment (IMA)**
- **Residual Risk Acceptance for Systems Facing Internet without VPN**
- **BPMB Cloud Framework**
- **New BPMB Core Banking System:**
  - **Core Banking Blueprint**
  - **Core Banking Business Case & Procurement Strategy**
- **Data Centre Resilience and Risk Assessment**
- **New HRMS Project Implementation Overview**
- **Implementation of New Treasury Management System Project**
- **IT and Digital Blueprints**
- **Cyber Security Three (3) Year Strategic Plan**
- **Tender Evaluation Result for Solution Implementer and updates on the New Core Banking Project**
- **Operational Risk & Compliance Management System**

STATEMENT OF SHARIAH GOVERNANCE

The conduct of Islamic financial business by BPMB is primarily regulated by the Development Financial Institutions Act (DFIA) 2002 and other rules and regulations issued by Bank Negara Malaysia (BNM) as applicable. In terms of Shariah governance requirements, BPMB adheres to the Shariah Governance Policy Document (SGPD) issued by BNM.

This document aims to enhance the implementation of Shariah governance and integrate Shariah considerations more closely into Islamic financial institutions' business and risk strategies. It establishes a framework comprising Shariah governance structure, processes and controls that BPMB must adhere to, ensuring compliance with Shariah principles in all its operations and business activities.

SHARIAH COMMITTEE

While the Board is ultimately responsible and accountable for the overall Shariah governance implementation and Shariah compliance of BPMB, the Board is advised and guided by the Shariah Committee on Shariah matters in relation to the Islamic financial business of BPMB. The Shariah Committee is regarded as a committee of the Board and, therefore, functionally reports to the Board. Among other matters, the Shariah Committee ensures that the Shariah rulings and decisions relating to the Islamic financial business of BPMB comply with the fundamental Shariah principles and resolutions of the relevant regulatory authorities on Shariah matters.

Composition and Background

The Shariah Committee is composed of six (6) members, where the majority of them, that is, four (4) members are Shariah qualified, while two (2) members are non-Shariah qualified but possess the relevant skills, knowledge and experience to support the roles and responsibilities of the Shariah Committee.

Duties and Responsibilities

The Shariah Committee is expected to provide advice and decisions on Shariah matters pertaining to BPMB's Islamic financial business, ensuring adherence to Shariah principles. The functions and responsibilities of the Shariah Committee are, among others, as follows:

1. To perform an oversight role on Shariah matters related to the BPMB's business operations and activities, including oversight requirements. In fulfilling this duty, the Shariah Committee is to ensure any delegation of oversight to the Shariah Committee by the Board on Shariah matters is exercised in conformity to any prescribed regulations that may, from time to time, be imposed by the regulator.
2. To advise the Senior Management and the Board on Shariah matters in order to ensure that its Islamic financial business and operations comply with Shariah principles at all times.
3. To validate and endorse the following:
    a. The Islamic products and services of BPMB comply with Shariah, including:
        - The terms and conditions contained in the forms, contracts and agreements used in executing the transactions;
        - The guidelines, manuals and procedures in relation to the products and services, schemes and funds offered by BPMB; and
        - The product manual(s), disclosure sheets, sales illustrations and brochures used to describe the products.

    b. Shariah-related policies and procedures prepared by BPMB Group and the contents therein do not have any elements in line with Shariah.
4. To provide a decision or advice on the operations, business, affairs and activities of BPMB Group, which may trigger a Shariah non-compliance event.
5. To deliberate and affirm a Shariah non-compliance finding reported by Shariah review and Shariah audit.
6. To endorse a rectification measure to address a Shariah non-compliance event.
7. To provide disclosure in the BPMB Group annual report on the following information:
    a. Shariah Committee's roles, responsibilities and accountabilities relating to Shariah governance and compliance in BPMB Group; and
    b. Shariah Committee on BPMB Group's compliance with Shariah is based on Shariah non-compliance reports provided by Shariah's review and audit.
8. To endorse the disclosed information in the BPMB Group annual report that:
    a. All transactions for the reporting year are Shariah compliant;
    b. The allocation of profit and charging of losses relating to investment accounts, if any, are Shariah compliant;
    c. All earning(s) declared as Shariah non-compliant are to be derecognised and channelled to charity; and
    d. The computation and distribution of zakat is in compliance with Shariah.
    e. Any other relevant information that may be required and necessary from time to time.

9. To uphold and observe corporate governance and compliance with the relevant legislation, rulings, regulations, and guidelines issued by BNM and the Securities Commission.
10. To provide a decision or advice to BPMB Group on matters that require a reference to be made to the Shariah Advisory Council ("SAC"), which includes but is not limited to the following circumstances:
    a. where the SAC has not made any rulings on a particular matter; or
    b. where the Shariah Committee is not able to arrive at a decision or advice; or
    c. where BPMB Group submits a new product approval application.
11. To provide a decision or advice to BPMB Group on the application of any rulings of the SAC or standards on Shariah matters that are applicable to the operations, business, affairs, and activities of BPMB Group.
12. To update the Board immediately on Shariah issues or matters that the Shariah Committee has reason to believe may affect the safety and soundness of BPMB Group and to recommend suitable measures to rectify such situation.
13. To constantly develop a reasonable understanding of the business and operations of BPMB Group as well as knowledge of finance in general and Islamic finance. In addition, the Shariah Committee needs to keep abreast with the relevant market and regulatory developments.
14. To disclose the nature and extent of his/her interest that constitutes or gives rise to a conflict or potential conflict of interest upon the appointment, reappointment or as soon as any changes in his/her circumstances that may affect his/her status. The Shariah Committee Member is required to disclose if he/she or any person linked to him/her or immediate family member, where relevant, has any significant business or other contractual relationship, irrespective of the value with BPMB or any of its affiliates.

Meetings and Attendance

The Shariah Committee meeting is conducted on a monthly basis. Prior to each meeting, the information that is required and relevant to matters to be deliberated by the Shariah Committee shall be made accessible to all members by the Group Shariah Management, which is designated as the secretariat to serve the Shariah Committee.

Name of Shariah Committee	Meeting Attendance
Professor Dr. Aznan Hasan Chairman	13/13
Ustaz Mohd Fadhly Md Yusoff Member	13/13
Professor Dr. Zurina Shafii Member	13/13
Ustaz Lokmanulhakim Hussain Member	13/13
Professor Dr. Salina Kassim Member	12/13
Associate Professor Dr. Yasmin Hanani Mohd Safian Member	13/13

SECRETARIAT TO SHARIAH COMMITTEE

a. Group Shariah Management is designated as the secretariat to serve the Shariah Committee and is responsible for providing operational support for the effective functioning of the Shariah Committee.
b. Group Shariah Management is structured to carry two (2) main roles and responsibilities:

ADVISORY & ZAKAT MANAGEMENT

1. Responsible for providing Shariah advisory service to relevant stakeholders, and entites within BPMB Group.
2. Responsible for supporting stakeholders on the Shariah aspects of Islamic finance business, based on the rulings and resolutions issued by BNM's SAC and Securities Commission's SAC and advice, precedents, and decisions of BPMB's Shariah Committee.
3. Responsible for providing advisory service on Shariah-related matters or products by conducting reveiw process on relevant legal documentation and proposed transaction agreements, and the proposed policies, guidelines, and procedures from internal stakeholders to ensure compliance with the approved Shariah principles and decisions.
4. Responsible for the management, payment, and distribution of business zakat in compliance with the established rulings to ensure efficiency and effectiveness of business zakat management and distribution.

RESEARCH & SECRETARIAT

1. Responsible for performing in-depth Shariah research and studies on Shariah issues that may be identified from time to time while advising BPMB Group.
2. Responsible for coordinating communications and disseminating information among the Shariah Committee, the Board and Senior Management.
3. Responsible in ensuring proper dissemination of decisions or advice of the Shariah Committee to the relevant functions within BPMB Group.
4. Responsible in providing operational support for effective functioning of the Shariah Committee Meeting and undertaking related administrative matters and Shariah Committee's affairs:
    a. Appointment, re-appointment, cessation, and disqualification;
    b. Succession planning; and
    c. Training development plan.

INTERNAL CONTROL FUNCTIONS

GROUP RISK MANAGEMENT

Considering Shariah Non-Compliance ("SNC") risk is a subset of operational risk, Shariah Risk Management ("SRM") forms part of the Group's Operational Risk Management Framework. The SRM function, as outlined by BNM's SGPD, is undertaken by Operational & Shariah Risk ("OSR") of Group Risk & Compliance to enable a systematic approach to managing the SNC risks.

Designated Operational Risk Liaison Officers ("ORLOs") at each business and support level are appointed to facilitate the implementation of operational risk management, including SNC risks within their respective functions. ORLOs are provided with relevant ORM tools to manage the SNC risks, namely, Risk & Control Self-Assessment (RCSA), Key Risk Indicator (KRI) and Shariah Non-Compliance Event Reporting.

Further integration of ORM tools in the management of Shariah risk, a Scenario Analysis exercise related to Shariah issue has been implemented in FY2023. The exercise supported identifying and measuring the potential occurrence of operational risk events, including Shariah's non-compliance risk.

Continuous efforts to raise awareness about Shariah risk management were integrated into learning activities, including Shariah and Shariah risk-related classroom training sessions, direct engagement with relevant functions, and digital platforms such as infographic emails and BPMB's e-learning platform. These initiatives were periodically initiated to enhance understanding and awareness of SNC risks.

GROUP COMPLIANCE

In line with the fundamental responsibilities of compliance as outlined in BNM's Policy Documents on Shariah Governance and Compliance, a dedicated Compliance Review unit within Group Compliance was established with a mandate to perform an independent compliance review for BPMB Group, which encompasses management of compliance risk at critical business areas and implication of regulatory requirements, including Shariah requirements.

The unit comprises certified compliance officers and qualified Shariah officers who aim to provide reasonable assurance to the Senior Management, Shariah Committee (SC), and Board Risk Management Committee (BRMC)/Board of Directors of BPMB Group on compliance status with appropriate legal and regulatory requirements.

The Shariah review is performed based on the Guidelines and Procedures on Compliance Review, encompassing Compliance Review reporting and governance and handling end-to-end Compliance Review process, covering the Compliance risk-based assessment, planning, execution, reporting and monitoring.

The Annual Compliance Review Plan, including the Shariah Review plan, is crafted annually, considering findings from the Compliance risk-based assessment and overarching factors like regulatory priorities.

The Shariah review entails assessing BPMB Group's adherence to Shariah requirements across its operations, business endeavours and activities, evaluating compliance levels, proposing remedial actions for non-compliance, and implementing control measures to prevent reoccurrences. Following the Shariah review, periodic reports on its outcomes are submitted to pertinent internal committees, including the Shariah Committee.

GROUP INTERNAL AUDIT

The Group Internal Audit Function, through the Shariah Audit Section, is responsible for ensuring a sound and effective internal control system for Shariah compliance within the Bank. The Shariah Audit Section is responsible for providing independent assessment and objective assurance on the adequacy and effectiveness of the internal controls, risk management systems, governance processes as well as the overall compliance in the operations, business, affairs, and activities with Shariah requirements.

Shariah Audit operates independently, reporting to both the Shariah Committee and the Board Audit Committee. It ensures the effectiveness of internal control systems and associated policies governing the Islamic financial operations of the BPMB Group. The audit scope aligns with Shariah-based BNM policies while adhering to recognised auditing standards. All Shariah auditors are qualified with Certified Bank Auditors (CBA) and Certified Professional Shariah Auditors (CPSA) certification.

Evaluation of the Shariah governance, risk management, internal controls and compliance with the Shariah rules and principles is carried out by adopting the Group Internal Audit's risk-based assessment methodology, which is aligned with the Institute of Internal Auditors' (IIA) Standards and relevant BNM regulations. Where appropriate, Shariah Audit provides recommendations for improvements and enhancements, and all papers are reported and presented to the Audit Issue Resolution Committee (AIRC), SC and Board Audit Committee (BAC).

All Shariah audit reports had been presented to the SC for deliberation. Group Internal Audit through Shariah Audit Section had conducted the following Shariah Audits as part of the approved Shariah Audit Plan for the year 2023:

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

STATEMENT OF INTERNAL CONTROL

The Statement of Internal Control establishes the Board's commitment to uphold the highest standards for the Group's financial management and reporting and compliance with laws and regulations. Operational efficiency is upheld through delegating authority to specific management committees, who collectively report to the Board, ensuring tangible and intangible risks are effectively and proactively managed across the Group.

RESPONSIBILITY

The Board affirms its commitment to overall responsibility and oversight of the BPMB Group's internal control system, ensuring its safeguards of stakeholders' interests and Group's assets. It remains informed about developments in risk and governance to maintain effectiveness. Recognising the need for adaptable controls, the Board updates internal control and risk management systems to align with evolving business environments and process improvements.

Appropriate control structures are in place for identifying, evaluating, monitoring, and responding to significant risks, aligning with business objectives.

The Management is accountable to the Board and is responsible for implementing risk and control, with regular assessments ensuring the system's adequacy, effectiveness, efficiency, integrity, viability and robustness.

KEY INTERNAL CONTROL PROCESSES AND STRUCTURES

The key processes that the Board has established in reviewing the adequacy and effectiveness of the internal control system include the following:

Establish the Management's role with regard to internal controls

The roles of the Management include, but are not limited to:

- Identifying and evaluating the risks faced towards the achievement of business objectives and strategies;
- Formulating relevant policies and procedures to manage these risks;
- Monitoring the effectiveness of the implementation of the internal control system;
- Implementing remedial actions to address compliance deficiencies; and
- Reporting to the Board on any changes to the risks and the corrective actions taken in a timely manner.

Internal Audit Function — Group Internal Audit (GIA)

GIA conducts periodic reviews of the Group's business and operations to provide independent assurance to the Board on the adequacy and effectiveness of risk management, internal control systems, and governance processes as well as providing advisory services and insight to stakeholders for enhancing the operational value and improvement. The processes and activities are guided by the Audit Charter, relevant regulatory guidelines, Group's Code of Ethics and the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors (IIA).

The audit engagements are carried out based on the Annual Audit Plan (AAP) as approved by the Board Audit Committee (BAC), formulated using a risk-based approach that considers regulatory requirements, emerging risks (such as asset quality and cybersecurity), previous audit ratings and feedback from Management and the Shariah Committee (SC).

GIA assesses selected auditable functions and areas within the identified audit scope, focusing on risk exposure, compliance with approved policies, procedures, laws, and regulations and benchmarking against best practices. The GIA also conducts investigations and special reviews on any alleged negligence, fraud and misconduct as reported or requested by the Board or its subcommittees.

In evaluating internal control measures, GIA adheres to the five (5) components of the Internal Control Integrated Framework by the Committee of Sponsoring Organisations of the Treadway Commission (COSO), namely control environment, risk assessment, control activities, information and communication, and monitoring activities.

COSO Internal Control Framework

The audit results, including identified risks and recommendations, are regularly reported to the Board Audit Committee (BAC). Audit findings resolutions are monitored and discussed at both the Audit Issue Resolution Committee (AIRC) and BAC meetings. Shariah audit findings are presented to the SC, where potential Shariah non-compliance (SNC) issues are deliberated and confirmed.

GIA continually enhances its capabilities by improving internal audit processes, benchmarking against industry standards and upskilling internal auditors through various training programmes, certifications, and co-engagement with reputable external consultants for specific audit engagements. Quality Assurance and Improvement Programme (QAIP) reviews are conducted yearly through self-assessment and at least once every five years by the qualified external independent reviewer to assess GIA's service quality and conformance with the International Professional Practices Framework (IPPF) standards by the Institute of Internal Auditors (IIA).

Independent Role

To uphold the independence and objectivity of the audit role, the Chief Internal Auditor (CIA) reports functionally to the BAC and administratively to the Group Chief Executive Officer (GCEO). The Group has established the AIRC, chaired by the CIA, comprising senior management representatives, to ensure adequate deliberation of the highlighted issues and findings.

Audit Issue Resolution Committee (AIRC)

The AIRC facilitates the BAC in ensuring comprehensive deliberation of the findings and recommendations highlighted in the audit reports. The AIRC also oversees the implementation of action plans to resolve the audit issues. Minutes from AIRC meetings together with the relevant audit reports are subsequently tabled to the BAC.

Board Audit Committee (BAC)

Chaired by an Independent Non-Executive Director, the BAC serves as a Board committee dedicated to facilitating dependable and transparent financial reporting processes across the Group, while also supervising the effectiveness of the internal audit function. The BAC actively monitors GIA's independence, scope of work, and resource allocation, approving the Annual Audit Plan and determining the frequency of internal audit activities. All decisions and recommendations made by the BAC are communicated to relevant stakeholders for corrective actions, ensuring follow-through until issues are resolved.

OTHER INTERNAL CONTROL PROCESSES AND STRUCTURES

The other key elements of the internal control system established by the Board that provides effective governance and oversight of internal controls include:

Group Organisational Structure

Under the Board's supervision, Management has established a clear organisational structure with defined reporting lines that enable the delegation of authority and responsibility across the Group. Implementation of the three lines of defence model further enhances business and operational requirements, reinforcing the maintenance of a robust control environment.

Board Committees

The Board is supported by various other Board committees (other than the BAC), which include the Board Credit Committee (BCC), Board Nomination & Remuneration Committee (BNRC), Board Risk Management Committee (BRMC), Board Information Technology Committee (BITC) and Shariah Committee (SC). As outlined in the Terms of Reference (TOR), these committees have the authority to examine all relevant matters within their respective scopes and report their recommendations to the Board.

Management Committees

The Management has established several Executive-level Committees to aid and bolster the oversight responsibilities of the various Board Committees across key areas of business operations. These Committees comprise the Group Management Committee (GMC), Group Credit Committee (GCC), Management Risk Committee (MRC), Asset and Liability Committee (ALCO), Management Tender Committee (MTC), Management Information Technology Committee (MITC), Group Human Resource Committee (GHRC), Crisis Management Team (CMT), and Whistleblowing Committee (WBC).

Business Plan and Performance Review

The Board deliberates and approves the annual business plan as well as the budget for the financial year. Performance achievements are reviewed on a monthly basis against the targeted results, allowing time for the appropriate responses and required remedial actions to be taken. The Board consistently reviews reports from the Management on the key operating statistics as well as other pertinent matters, including legal and regulatory issues.

Policies, Standard Operating Procedures (SOPs) and Authority Limits

The Group's business and operational policies and standard operating procedures (SOPs) are documented and accessible to all employees across the Group. These policies and SOPs undergo regular review and updates by the respective business and functional units through a structured review process to accommodate changes in laws and regulations, as well as the changes in the business and operational environment.

Delegation of authority, including authorised limits at various levels of Management in the Group, are documented and designed to ensure accountability and responsibility.

Code of Ethics and Conduct

The Code of Ethics and Conduct (the Code) outlines the standards of ethical banking practices to uphold confidence in the security and integrity of the Group's business operations. Applicable to all Bank employees, the Code complies with the Malaysian laws and internal Bank policies. All employees are expected to conduct business and represent the Group with the highest ethical, legal and professional standards.

RISK MANAGEMENT

BPMB's Risk Management is represented by Group Risk and Compliance (GRC) led by the Chief Risk & Compliance Officer (CRCO) and Group Credit Risk (GCR) led by the Chief Credit Officer (CCO). Together, these functions provide oversight and support of risk management on an enterprise-wide level, through the establishment of the Group's risk strategies, frameworks and policies, with independent assessment and monitoring of all risk challenges.

In 2023, Risk Management continued to support the Group in meeting its strategic and business objectives, as governed by the Board and Management oversight roles and responsibilities.

As the tougher external operating environment slowed down the Malaysian economy markedly in 2023, BPMB stepped up its role in continuing to provide financing for the critical sectors, social infrastructure, technology and sustainable development to support domestic demand and drive the new MADANI development initiatives under the 12th Malaysia Plan.

The Malaysian economy experienced a sharp decline in net exports as global trade weakened, monetary policies tightened to combat high inflation and global geopolitical conflicts worsened. These effects were countered by domestic demand driven by resilient consumer spending, sustained recovery in private investments and notably higher public sector spending.

Throughout 2023, Malaysia also made noticeable progress in digitalisation, with a strong focus on improving internet connectivity, expanding digital infrastructure, and promoting digital literacy. Its impact on the economy has been substantial, leading to increased productivity, efficiency, and competitiveness while creating new opportunities for businesses to reach a wider market and adopt digital technologies to improve operations.

In it s commitment to the environment, during COP28, Malaysia made an unwavering commitment to combat climate change by pledging to reduce carbon emissions that aligns with international climate goals and positions Malaysia as a responsible and proactive participant. Locally the government has implemented several solutions to address the income and development disparities among states, including the establishment of various economic development corridors in less developed states to attract investment and create job opportunities.

In 2024, the Malaysian economy is expected to rebound with GDP growth moving from 3.7% in 2023 to 4.5% buoyed by sustained strength in private consumption, stronger fixed investments and firmer trade recovery led by the technology upcycle. Early indications could be observed in Q1 2024, with the real GDP growth accelerating to 4.2% from 3.0% in Q4 2023. We anticipate this trend to be sustained in the upcoming quarters with private consumption getting a boost from the withdrawals allowed under the newly introduced EPF flexible account and the civil servant wage adjustments that are expected to come into effect at the end of 2024.

DOWNSIDE RISKS

In 2024, the downside risk to the operating environment is mainly dependent on external developments.

- The global economy is set to slow further in 2024, led by the performance of the advanced economies, as the impact of tighter monetary policies gathers force.
- Ongoing geopolitical conflicts threatens to further impede world trade disrupting the supply chain leading to lower global economic growth.
- Uncertainties surrounding the timing of the first rate cut by the US Federal Reserve continues to exert downward pressure on the Ringgit against the USD. Potential weakening of the Ringgit threatens to cause imports of capital goods to soar at a time when Malaysia steps up its drive towards advanced industrialisation and lower carbon emissions. This may cause project delays, particularly for domestic investors and local businesses.

a. OTHER RISKS

- With rapid digitalisation, there are concerns surrounding cybersecurity threats, the potential displacement of traditional jobs and high implementation costs that might discourage some companies (especially MSME's) from adapting that could put them at a competitive disadvantage.
- Malaysia's COP28 commitment is a progressive position relative to other ASEAN countries that should be complemented with a swift and concentrated mindset, transforming interventions by the government, corporates and local authorities in order to transition to a low carbon economy that is embraced by society as a whole for it to succeed.
- The delay in solving gaps of inequality, access to resources and opportunity among different groups within the country can lead to long term social, economic, and political tension, which could impede the overall development and stability of the nation, potentially making investment in the country unattractive.

Risk Management ensures that the portfolios are aligned with the risk appetite and business strategies of the Bank, where risk management frameworks are constantly reviewed to be forward-looking in order to remain risk resilient.

1. GROUP GOVERNANCE & RISK MANAGEMENT FRAMEWORK (GROUP GRM FRAMEWORK)

An effective risk management framework and process assists to reinforce a strong risk culture, which in turn is critical to ensuring sound risk management for the Group. The overall structure of the Risk Management Framework is shown below:

BUILDING BLOCKS

Risk Principles	Risk Appetite and Strategy
Governance and Risk Oversight	Risk and Compliance Culture
Risk Management Processes and Practices	Resources and System Infrastructure

2. RISK MANAGEMENT PRINCIPLES

Risk management is a management process that enhances the cost-effective accomplishment of an organisation's objectives with its purpose being the creation and protection of value. BPMB's risk management principles are guided by the following eight principles.

01. INTEGRATED

The organisation integrates risk management in all of its activities.

02. STRUCTURED AND COMPREHENSIVE

A structured and comprehensive approach to risk management contributes to consistent and comparable results.

03. CUSTOMISED

The risk management framework and process are customised and proportionate to the organisation's external and internal context related to its objectives.

04. INCLUSIVE

Appropriate and timely involvement of stakeholders enables their knowledge, views, and perceptions to be considered. This results in improved awareness and informed risk management.

05. DYNAMIC

Risks can emerge, change, or disappear as an organisation's external and internal context changes. Risk management anticipates, detects, acknowledges, and responds to those changes and events in an appropriate and timely manner.

06. BEST AVAILABLE INFORMATION

The inputs to risk management are based on historical and current information, as well as on future expectations. Risk management explicitly takes into account any limitations and uncertainties associated with such information.

07. HUMAN AND CULTURAL FACTORS

Human behaviour and culture significantly influence all aspects of risk management at each level and stage.

08. CONTINUOUS IMPROVEMENT

Risk management is continually improved through learning and experience.

3. RISK MANAGEMENT PROCESSES AND PRACTICES

Risk Management has put in place a structured and coherent approach in identifying, assessing and strategically managing the identified risks through its annual Risk Plan. These include:

i. Driving sustainable and quality asset growth – through effective risk management, managing asset growth and reducing impairments;

ii. Delivering client convenience and reliability – by intensifying client focus through engagement with the Board, Senior Management and business pillars, and through internal customer service excellence, including the timely delivery of credit risk rating reports produced for new proposals and credit review proposals as well as credit portfolio and market risk assessments for Treasury/Finance initiatives;

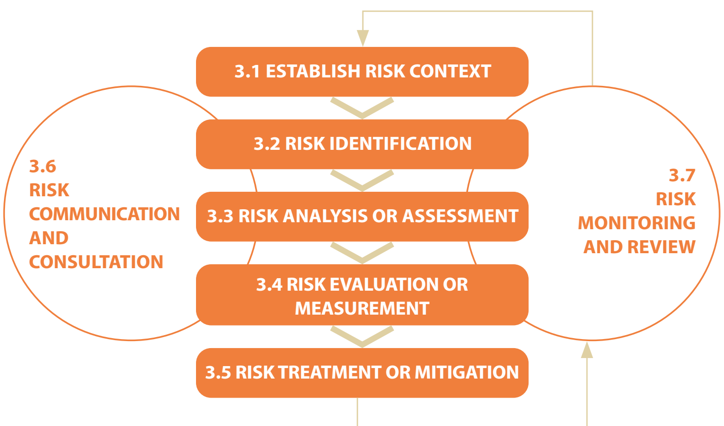
iii. Ensuring effective and efficient risk governance as well as oversight – by promoting a risk awareness culture and strengthening the lines of defence through the Group GRM Framework along with group wide implementation of the risk governance process, monitoring and reporting;

iv. Improving business and support processes – by having strong infrastructure in place to support operations;

v. Strengthening execution infrastructure – by either strengthening and/or streamlining capacity and capabilities of existing risk units; and

vi. Building organisational capabilities by:
- creating a group-wide performance culture;
- strengthening execution capabilities;
- establishing highly effective performance and talent management processes;
- assembling/building a leadership pool and pipeline to realise the Bank's aspirations;
- increasing external recruitment to increase the talent pool;
- training employees to increase risk awareness and understanding of risk management; and
- adopting a 'risk aware' and 'compliance culture' as part of the organisational work culture.

An overview of the Risk Management Process is depicted below:



3.1 Establish Risk Context

All Risk Management function heads (Heads) must first establish a clear and well-defined risk context by taking into consideration the following factors:

a. **External Context** – Define the relationship between their own functions and BPMB's business and operational environment, by identifying or determining the crucial elements that may support or impair their ability to manage their own risks, such as regulatory and market conditions; as well as economic, environmental and social elements.

b. **Internal Context** – Understand their functions, capacities and capabilities (i.e. the strengths/weaknesses/threats/opportunities of staff, processes and systems), as well as their own business objectives, risk strategies and risk culture.

c. **Risk Management Context** – Establish their risk management approach; i.e. define their own scope of risk assessment and evaluation criteria, define or set their own respective risk appetite and risk tolerance limits, including their risk acceptability, risk avoidance and risk mitigation.

3.2 Risk Identification

All Heads must put in place demonstrable processes and procedures to ensure that risks are promptly identified, and to also incorporate Key Risk Indicators (KRIs) to trigger possible future risks (i.e. emerging risks) and/or to anticipate unpredictable risks, to ensure no significant risks are being overlooked.

3.3 Risk Analysis or Assessment

All Heads are to provide data to assist in the evaluation and treatment of their risks. This involves the identification of the sources of risk, the consequences (or impact) and the likelihood that these consequences may occur. Each Head is also to document the qualitative and/or quantitative measures of their likelihood and/or expected impact. Risk is analysed by combining estimates of consequences (impact) and likelihood of occurrence in the context of existing control measures in place.

3.4 Risk Evaluation or Measurement

a. The level of risk found during the analysis or assessment needs to be compared with the previously established risk criteria of the department or unit. This will result in a prioritised list of risks for further action by each Head.

b. Identified risks should be monitored, and regularly reviewed, to ensure they remain adequately controlled or mitigated.

c. It is also advisable for each Head to document their own business continuity management plan(s) and embed the plan(s) within their teams to ensure any severe disruptions in their operating infrastructure, can be properly managed and addressed.

3.5 Risk Treatment or Mitigation

Each Head is to identify the appropriate options for treating or mitigating their risks and document these options within their own risk procedure.

Each option is to be assessed and properly documented. Each Head must ensure any residual risks are within their acceptable threshold.

3.6 Risk Communication and Consultation

Each Head is to clearly, and continuously, communicate their risk management process to all who have roles and responsibilities within it to ensure staff understand why certain actions are required. This communication process must be clearly documented.

3.7 Risk Monitoring and Review

Each Head is to document the required proactive monitoring process, of their risk treatment or action plans, to ensure they remain relevant. Any resultant loss (actual or expected/near-miss or potential) is to be computed and documented accordingly. Each Head is to also ensure that their risk management process is reviewed on a regular basis (at least annually) to determine its effectiveness, including identification of new risks and/or opportunities, as they emerge.

4. RISK APPETITE AND STRATEGY

Risk appetite is a critical component that forms part of the robust Group GRM Framework, and is driven by both top-down Board leadership and bottom-up involvement of management and staff at all levels. It enables the Board and Senior Management to communicate, understand and assess the types and levels of risk that the Group is willing to accept, in pursuit of its business goals. The risk appetite is integrated into the strategic planning process and remains dynamic and responsive to changing business and market conditions.

Risk Management (RM)

- to ensure enterprise-wide risks are within acceptable and manageable levels
- a best-practice approach to addressing these requirements

Risk Appetite Statement (RAS)

To address fundamental questions with respect to strategy, risk management, and operations. Implemented through a risk appetite framework, which includes the common language, policies, processes, systems, and tools used to establish, communicate and monitor risk appetite.

A well-developed RAS has the following attributes:	
1.	A key element of the overall RM framework
2.	Aligned with the business strategy and expressed using quantitative risk tolerances
3.	Reinforces the organisation's desired risk culture
4.	Produces better risk-adjusted business performance

Risk Appetite Statement and Tolerance Level (RASTL)

The Bank's RASTL can be defined as below:

i. The Bank's willingness and ability to take risks (Risk Capacity) to achieve its strategic objectives, while considering, a longer-term view on the Bank's continuing ability to meet its obligations towards stakeholders and shareholders; and

ii. The Bank's acceptable tolerance limits, around specific risks, in executing its business strategies, risk preferences for any significant activities of the Bank, and is consistent with the available skills and resources in managing and monitoring the risks exposure within the Bank.

The extent of these exposures has taken into consideration the various quantitative financial metrics and non-financial parameters. Proper governance and reporting of these risks shall be adhered to and escalated to further support an informed decision-making process. It draws the line between acceptable and unacceptable risks within the Bank's capacity. Therefore, the Risk Appetite Statements is reflective of the Bank's operating environment, strategy, business plans and shareholder expectations. It should be dynamic and set within a specific timeframe.

The RASTL primary objectives are:

i. Protecting and creating value for the business

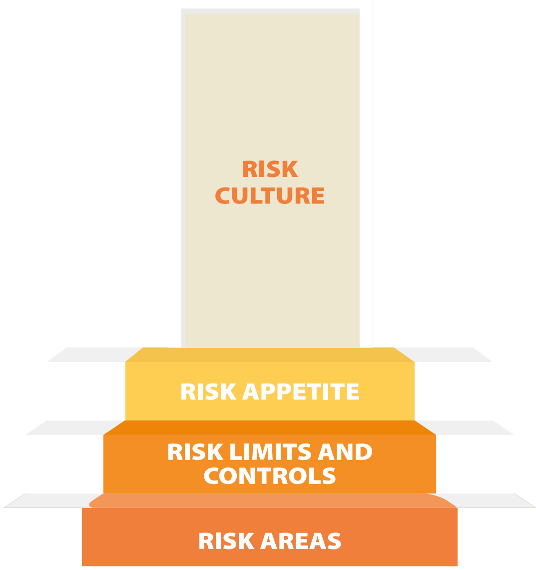
Assist Senior Management and Board of Directors (the Board) in making informed decisions to maximise the risk-adjusted return for the shareholder and to provide guidance in the strategy development and business plans of the Bank (such as new funds development, pricing strategies, credit risk mitigation for selective strategic lending relationships, availability of relevant technology or support systems, relevant skills requirements and resource planning).

ii. Integrating into business strategies and risk culture

Assist Senior Management and Heads of Division/Department with their respective risk monitoring/tracking activities, implementing appropriate risk mitigation plans, facilitate timely action plans once the Management Action Trigger (MAT) is breached and, if needed, expedite further remedial actions once the Tolerance Limit is breached. All while adhering to appropriate escalation (or reporting) to the Board and Senior Management.

iii. Ensuring consistency between risk appetite statements and risk tolerance or limits

Assist Senior Management and the Board to properly align the risk appetite with the risk tolerance or limits for respective risk areas, within the Bank's business activities and operations.



The Statements shall be reviewed regularly, at least annually, to ensure it continues to be relevant and responsive to changes in the Bank's business directions and activities, operating environment and overall risk profile.

The risk appetite serves as a foundation for the Group's risk culture and sets out the principles and policies to guide business activities and decision-making processes towards achieving an optimal balance between risk and return.

The articulation of the risk appetite is done through a set of risk appetite statements that includes a comprehensive view of all material risks to the Group as follows:

RISK APPETITE CATEGORIES	RISK AREAS
Capital Adequacy	• Risk-Weighted Capital Ratio (RWCR)
Credit	• Loan/Financing Asset Quality – Weighted Average Probability of Default (WAPOD) • Loan/Financing Asset Quality – Economic Capital Allocation (ECA) • Loan/Financing Asset Quality – Threshold for the Supported portfolio • Gross Impaired Loan Ratio (GIL) • Interbank Placement – Counterparty Limit
Liquidity	• Bank Negara Malaysia (BNM) New Liquidity Framework (NLF) • BNM Liquidity Coverage Ratio (LCR) • BNM Net Stable Funding Ratio (NSFR)
Market Risk	• Earnings-at-Risk (EaR) • Economic Value of Equity (EVE) • Investment Securities Credit Ratings • Mark to Market (MTM)
Operational Risk	• Operational Loss • Critical Business Disruption • Shariah Non-Compliance (SNC) • Fraud
Strategic	• Debt Rating • Climate Change - (CCPT)
Cyber Risk	• Cybersecurity Risk

5. PRINCIPAL RISKS

BPMB is exposed to, but not limited to, the following principal risks:

PRINCIPAL RISKS	
Credit Risk	Concentration Risk
Operational Risk	Market Risk
Liquidity Risk	Information Technology and Cyber Risk
Reputational Risk	Strategic Risk
Regulatory Risk	Disease Outbreak Risk
Shariah Non-Compliance Risk	Subsidiary Risk
Climate Change Risk	Fraud Risk
Taxation Risk	Asset or Property Risk
Human Resources Risk	Business Continuity/Going Concern Risk
Legal Risk	Compliance Risk
Process Risk	Project Risk
Outsourcing Provider Risk	Technical Risk

The respective principal risks are briefly described as follows:

RISK	DESCRIPTION
Credit Risk	Risks arising from the following: **a. Default Risk** – risk arising from the inability or unwillingness of a counterparty to discharge its repayment/payment contractual obligations; **b. Downgrade Risk** – risk that changes in the possibility of a future default by a counterparty will adversely affect the present value of the contract with the counterparty today; and **c. Settlement Risk** – risk arising from the lag between the value and settlement dates of securities or financial instruments transactions.
Concentration Risk	Risks arising from the following: **a. Concentration on Assets Portfolios** – risk of losses associated with inadequate diversification of assets portfolios. **b. Concentration on Business Portfolio** – risk of financial loss due to having written large proportions of business in the same or similar risk profile (e.g. sector, customer groups, geographical area).
Operational Risk	Risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes a wide spectrum of heterogeneous risks such as fraud, physical damage, business disruption, transaction failures, legal and regulatory breaches as well as employee health and safety hazards.
Market Risk	Risk of losses in on and off-balance sheet positions arising from movements in market prices. The movements in market prices include foreign exchange rates, interest/profit rates, commodities and equity markets. Market Risk exposures: **a. Interest Rate Risk/Profit Rate Risk** – risk exposure to the Bank's earnings and capital base, as a result of changes in the levels of interest/profit rates, including the shifts in the composition of assets and liabilities. **b. Asset Liability Mismatching Risk** – risk of a change in value as a result of a deviation between asset and liability cash-flows, prices or carrying amounts that originates from changes in market risk factors. **c. Credit Spread Risk** – the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or volatility of credit spreads over the risk-free interest rate/profit rate term structure. **d. Foreign Exchange (Forex) Risk** – the risk of loss of earnings arising from adverse changes in the exchange rates between currencies. **e. Funding Risk** – the inability of the entity to meet its financial obligations that arise from withdrawals of deposits, repayment/payment of purchased/subscribed funds at maturity, extension of credit and working capital needs. **f. Equity Risk** – potential for financial loss resulting from changes in the market prices of equity. **g. Commodity Risk** – risk of financial losses due to the fluctuation in prices of commodities e.g. gas, metal, grains etc.
Information and Technology (IT) Risk	Risk emanating from the use of information and communication technology. These risks arise from failures or breaches of technology systems, applications, platforms, infrastructure, and services, which could result in financial loss, disruption in financial services or operations, or reputational harm to the BPMB Group. The sub-categories of technology risk can be defined as follows: **a. IT Risk** – risk associated with the use, ownership, operation, involvement, influence, and adoption of IT within BPMB Group. It consists of IT-related events and conditions that could potentially affect business operations. IT risks are commonly related to IT infrastructure, operations, and management; **b. Information Security (IS) Risk** – risk associated with an application system when it is unable to preserve the integrity, confidentiality and availability of the information stored, as well as risk related to the relevance of an application system to BPMB Group; and **c. Cyber Risk** – risk associated with exposure or losses, resulting from digital incidents caused by internal, external or third parties including theft, compromised integrity and/or damage to information and/or technology assets, internal or external fraud and business disruption. Cyber risk includes cyber-crime, cyber-terrorism, accidental loss of confidential data, as well as liability for BPMB Group's online activities.
Liquidity Risk	Liquidity risk is defined as the potential for losses due to the inability to meet cash flow obligations promptly and cost-effectively. It manifests in two distinct forms as detailed below: **a. Funding Liquidity Risk:** The risk the Bank will not be able to efficiently handle both expected and unexpected cash needs now and in the future. This could impact the Bank's daily operations or financial health. **b. Market Liquidity Risk:** The Bank cannot easily offset or close a position without significantly impacting the market price due to insufficient market depth or market disruptions.
Climate Change Risk	Climate change can be described as significant long-term change in the expected patterns of average weather of a region (or the entire planet) over a significant period of time. Climate Change Risk is generally categorised as: **a. Physical risk** – Arises from climate-related events that damage property, reduces productivity, and disrupts trade. Physical risks directly impact the continuity of business operations and economic activities, which in turn increases credit risk to financial institutions when revenue generating capacity and creditworthiness of borrowers are materially impacted. Physical risk also impacts collateral value, where assets, pledged as collateral to the Bank, could be destroyed or significantly damaged by climate events, impacting the recovery value. These risks are rarely well accounted for by banks, resulting in under-pricing risks of such climate-related occurrences. **b. Transition risk** – Arises from transitioning to a lower-carbon economy, which may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. The changes in the legal/regulatory frameworks (e.g. disclosure requirement, implementation of carbon pricing), technological advancements (e.g. reducing cost of renewable energy) or consumer sentiments (e.g. certification scheme, fossil fuel divestment campaign) may translate into financial and/or reputational risk to financial institutions. **c. Liability Risk** – Refers to a client seeking compensation for losses they may have suffered as a result of physical or transitional risks related to climate change. Liability risk is generally more applicable to Insurers and Takaful operators.

RISK	DESCRIPTION
Reputational Risk	The potential loss to financial capital, social capital and/or market share resulting from damages to the BPMB Group's brand or reputation.
Strategic Risk	Risks arising from the following: **a. Governance Risk (Internal)** – risk of failures to ensure the effectiveness and integrity of the function's management, decision-making processes and achieve strategic goals due to weak corporate governance, lack of oversight, non-compliance with regulations and unethical behaviors of the key personnel. **b. Project Risk (Internal)** – risk of uncertain events that may occur and cause a project or initiative to be delayed, altered in outcomes or failed. **c. Change Risk (Internal/ External)** – risk arising due to changes or transformations introduced and implemented in the function such as automation, digital transformation, process enhancement and others. **d. Economic Risk (External)** – risk arising from the potential adverse changes in economic conditions that can negatively impact on the credit and investment portfolio.
Regulatory Risk	Risk that unanticipated new or change of acts, and/or regulations, will require changing business practices that may lead to financial loss to BPMB Group.
Disease Outbreak Risk	Refers to the threat of epidemics of infectious diseases that have spread through the human population across a large region (or over several countries or continents), e.g. COVID-19, MERS-CoV, SARS, Influenza.
Shariah Non-Compliance Risk	Risk of legal or regulatory sanctions, financial loss or non-financial implications, including reputational damage, which BPMB may suffer arising from failure to comply with the rulings of the Shariah Advisory Council of Bank Negara Malaysia (SAC), standards on Shariah matters issued by BNM pursuant to Section 29(1) of the IFSA and Section 33E(1) of the DFIA, or decisions or advice of the Shariah Committee.
Subsidiary Risk	The risk assumed by BPMB Group's subsidiaries, which may have a direct or indirect, financial or non-financial impact to the BPMB Group. It may be peculiar/pertinent and exclusive to each subsidiary. The risks may include credit risk, operational risk, market risk, capital risk, investment risk, reputational risk etc. However, the list is non-exhaustive.
Fraud Risk	Risk of financial crime and unlawful conduct, both internal and external fraud, impacting BPMB.
Taxation Risk	Risk of financial loss due to changes in tax legislation that could result in the actual tax on earnings being higher than expected.
Asset or Property Risk	Risk that the value of purchased assets or investment properties will fluctuate as a result of other than depreciation impact; i.e. changes in the economic drivers or environment.
Human Resources Risk	Risk that BPMB Group does not have access to appropriate skills and resources to complement its operation and effectively managing other associated operational risk.
Business Continuity/ Going Concern Risk	Risk that inadequate processes, people, financial controls and resources exist to continue business in the foreseeable future.

RISK	DESCRIPTION
Legal Risk	Risk that BPMB Group's operations or its condition are disrupted or adversely affected by legal proceedings against it, adverse judgements from courts, contracts that turn out to be unenforceable or contractual obligations, which have not been provided for as well as failure to comply with relevant laws and regulations.
Compliance Risk	Risk of failure to comply with laws, regulations, rules, related self- regulatory organisation standards, Shariah and codes of conduct, investment management mandates, as well as the failure to uphold the BPMB Group's core values and code of ethics and conduct.
Process Risk	Risk of losses as a result of failed or inadequate internal processes.
Project Risk	Risks that are inherent in any major projects undertaken by BPMB Group.
Outsourcing Provider Risk	Risk arising from the inability or unwillingness of an outsourced service provider to discharge its contractual obligations; or from concentration with individual outsourcing service provider (which exacerbates the former).
Technical Risk	Risk arising from the following; **a. Project Completion Risk** – risk arising from potential delay due to non-performance of contractors, insufficient fundings, changes in design and specification requirements. **b. Project Scheduling/Planning Risk** – risk arising from poor modeling/planning of all activities required to complete the project in terms of its work breakdown structure, realistic duration assignment and relationship networking into a schedule. **c. Project Cost Risk** – risks arising from under or over provided to the Project Cost for contingencies and provisional sum, as well as variation orders due to change of designs, specifications and end-used requirements.

6. IMMEDIATE RISKS

Identifying and monitoring top, and immediate risks, are integral to the Group's approach to risk management. The identification and prioritisation of key risks, facing the Group, is critical in proactively planning for a holistic management of these risks. Some of the key concerns for the Group are:

a. Regulatory Changes and Requirements

An evolving landscape of regulatory requirements means that governments and regulators in numerous jurisdictions are expected to continue to develop and introduce regulations which may impose new requirements, including but not limited to, the areas of capital and liquidity management, corporate structures, conduct of business, corporate governance, and operational risks.

b. Concentration Risk and Connected Lending

Concentration risk continues to be one of the Bank's major concerns due to our local market approach and the limitation in providing financing/credits towards our mandated role and the business sector. The Bank is monitoring concentration risk via Single Customer Limit/Single Counterparty Exposure Limit and Sector Limits, which encompasses both Mandated Sectors as well as BPMB Industrial Sectors.

In addition, the adoption of Connected Parties Limit is also carried out to ensure that connected parties, by virtue of their position that could potentially exert influence over the Bank, do not inappropriately benefit from such transactions to the detriment of the Bank.

c. Risks with Cloud Adoption and Cybersecurity

As we transition to a Cloud First strategy, two immediate risks stand out: cloud security risks and cyber threats.

Cloud Security Risks: Migrating to the cloud presents significant challenges related to data privacy, access control, and the overall security of cloud environments. BPMB implemented robust encryption protocols to protect data both at rest and in transit. Continuous monitoring tools are in place to detect and respond to security incidents in real-time. Stringent access controls have been established to ensure that only authorized personnel can access sensitive data. Additionally, BPMB rigorously vets our cloud service providers to ensure they meet our high security standards and comply with regulatory guidelines.

Cyber Threats: The growing sophistication of cyber-attacks, including phishing, ransomware, and advanced persistent threats (APTs), requires enhanced cybersecurity measures. To mitigate these risks, BPMB has deployed advanced threat detection and response solutions to swiftly identify and neutralise threats. Continuous security awareness training programmes have been implemented to educate employees about the latest cyber threats and best practices for avoiding them. Furthermore, our incident response plans have been updated and are regularly tested to ensure rapid and effective action in the event of a cyber incident.

d. Movement in Interest/Profit Rates

Any interest rate movement will have an impact on the margins of the Bank's asset and liability portfolio. However, the interest/profit rate risk is managed within the Bank's risk appetite with well-established controls.

e. Data

Modern techniques of risk management involve the estimation of probabilities of default and loss-given-default on customers' financing portfolio. The Bank will continuously ensure that, in line with this philosophy, accurate data is maintained for Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) estimation for a required period.

f. Changes in Market Structure and Growing Competition

Changes in the financial market structure such as privatisation, increased entry by commercial banks and financial innovations have significantly altered the competitive landscape faced by BPMB.

This competition leads to an erosion in pricing power (i.e. less ability to lower deposit rates and raise financing rates) that reduces earnings and increases the incentives for risk-taking on the part of the banks with competitive pressures possibly leading to mispricing. That said, the competition can also enhance financial stability, by raising the acceptable risk management standards amongst banks.

Improvements in measuring expected and unexpected losses, are also needed in order to increase the use of risk-based pricing.

g. Shariah Non-Compliance

Shariah non-compliance risk, as defined by BNM in its Policy Document of Shariah Governance (2019), is the risk of legal or regulatory sanctions, financial loss or non-financial implications, including reputational damage, which the Bank may suffer, arising from failure to comply with the rulings of the Shariah Advisory Council of BNM, standards on Shariah matters issued by BNM or decisions or advice by the Shariah Committee.

The Bank has established relevant policies for a sound Shariah governance framework to facilitate strict adherence to regulatory and Shariah requirements. More training and awareness sessions in Shariah risk-related matters, were organised for BPMB staff, to ensure staff were equipped with adequate knowledge to be applied in business operations.

h. Reputation

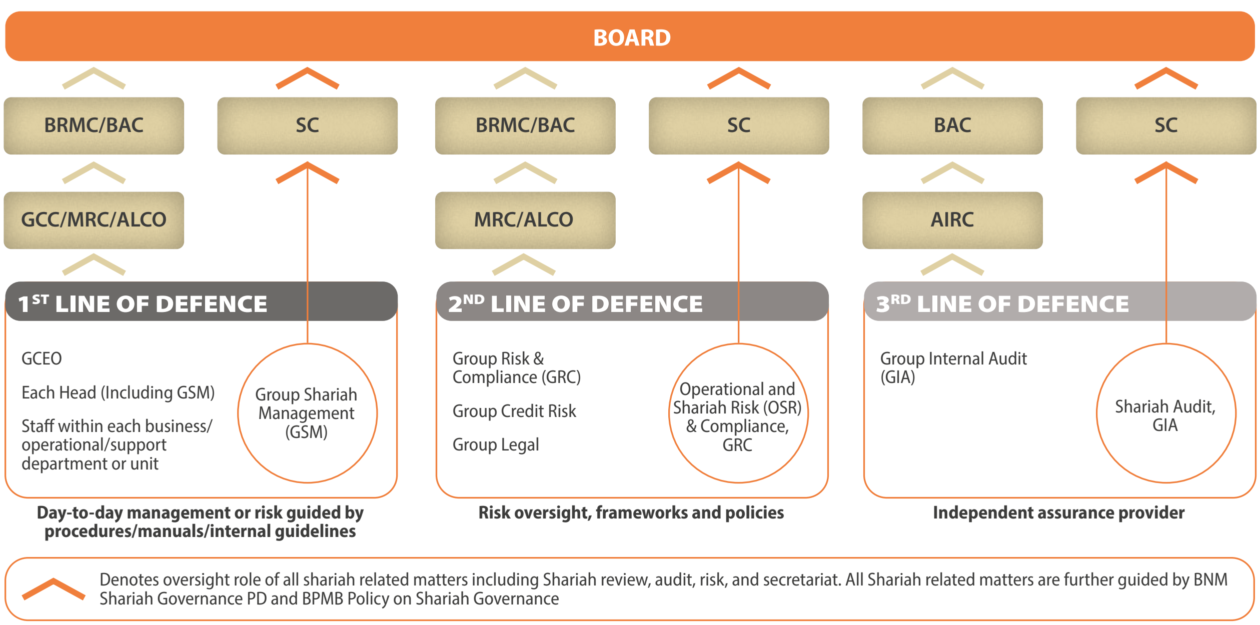
Upholding the Bank's good reputation is of paramount importance, particularly as we are undergoing a strategic transformation process. Embracing a strong awareness culture of risk and compliance is pertinent for all Bank employees as this will help to guide and encourage all staff to discharge their duties with integrity and, in doing so, help protect the Bank's reputation. The Bank ensures that awareness programmes for all staff are conducted periodically.

i. Climate Change

We actively manage climate change risk by integrating environmental considerations into our business strategies and operations. Using robust Measuring Impact on National Development (MIND) assessments, we ensure all projects and investments align with sustainable development goals and a balanced development mandate vis-a-vis sustainability criteria to reduce carbon footprints and enhance climate resilience.

7. GOVERNANCE AND RISK OVERSIGHT

BPMB adopts the "Three Lines of Defence" model in managing risk, placing accountability and ownership of the business process across distinct functions and ensuring an appropriate level of independence and segregation of duties. The management of risk broadly takes place at different hierarchical levels and is emphasised through various levels of committees, business lines, control and reporting functions.



BPMB'S LINE OF DEFENCES

The governance structure and its roles/responsibilities follow the 'Three Lines of Defence Model' concept, which is structured to help explain the relationship of various functions in an organisation and how responsibilities differ.

1st Line of Defence (broadly referred to as 'risk owners/manager')

Management oversees risk management within BPMB Group.
Functional stakeholders own and manage risks:

- These functions are responsible for risk management processes including identifying, assessing, mitigating, treating, and monitoring risks to ensure BPMB's corporate objectives are met.
- As risk owners/managers, these functions are expected to assess and monitor the relevant risks involved in their daily operations (e.g. operational risk) possess and apply the relevant risk mitigation procedures.

2nd Line of Defence (broadly referred to as 'risk control functions')

Functions involved in overseeing compliance and risk management.
Collectively, these functions share the following responsibilities:

  - Ensures the risk management framework is in place and adequately supported with tools for effectiveness.
  - Review enterprise risk policies, frameworks and, where applicable, tools while providing support to enable risk and compliance to be managed by the 1st line.
  - Provide independent challenge to risk management conducted by the 1st line and risk monitoring;
- These functions, though independent from risk owners/operations, supports the 1st line and conducts oversight to ensure compliance to the relevant regulatory requirements, policies and procedures as well as ascertaining effectiveness of risk management by the 1st line.

These functions have independent reporting lines from the 1st line.

3rd Line of Defence (broadly referred to as 'risk assurance')

Functions that provide independent assurance

- This function is responsible to provide an independent review of the risk management framework and its operationalisation.
- This function conducts activities to provide risk assurance as to the operating effectiveness between the 1st and 2nd lines of defence.

The following illustrates the Risk Management Governance structure adopted by the Bank, which is guided by BNM's Risk Governance Policy, Guidelines on Corporate Governance for Development Financial Institutions and the Shariah Governance Policy Document.

BOARD OF DIRECTORS

The Board of Directors has the ultimate responsibility for the sound and prudent management of the Group. This includes responsibility for risk oversight and ensuring appropriate risk management frameworks and policies are established and implemented accordingly for the various categories of risk exposures within the Group.

BOARD-LEVEL COMMITTEES

Board Risk Management Committee (BRMC)	The BRMC is responsible for overseeing the Group's risks. It is, primarily, responsible for the oversight of Senior Management's activities in managing the key risk areas of the Group, and to ensure the appropriate risk management infrastructure, resources and processes are in place and functioning effectively. BRMC also support the board in meeting the expectations on risk management as set out in the policy document on Risk Governance.
Board Credit Committee (BCC)	The BCC is to provide supervisory and oversight role on all loans/financings/credit related proposals and investment and to ensure adequate risk management processes related to credit are in place and functioning effectively.
Board Nomination & Remuneration Committee (BNRC)	The BNRC is appointed to oversee the establishment and implementation of remuneration policies and structures. This includes ensuring such policies and structures do not induce excessive risk-taking yet are able to reinforce prudent risk-taking.
Board Audit Committee (BAC)	The BAC provides independent oversight by reviewing the financial conditions of the Bank and its financial reporting processes as well as internal controls while ensuring checks and balances within BPMB Group are adequate. This includes reviewing performance and internal auditor findings and to recommend appropriate remedial action, regularly.
Board Information Technology Committee (BITC)	The BITC has oversight function on the implementation of technology-related strategies and initiatives of the Bank and ensuring that the management of technology risk is embedded within the overall risk management framework.

SHARIAH COMMITTEE

The Shariah Committee (SC) is mandated by the Board of Directors to perform its oversight responsibilities in the implementation of Shariah governance within BPMB Group. This mandate held the SC responsible for providing objective and sound advice to BPMB Group to ensure that its aims and operations, business, affairs and activities are in compliance with Shariah.

MANAGEMENT-LEVEL COMMITTEES

Management Risk Committee (MRC)	The MRC is to oversee, and where applicable, recommend to Board Risk Management Committee (BRMC) appropriate structures and systems for managing financial risks, non-financial risks, and compliance activities that BPMB Group (the Group and its subsidiaries) is exposed to and to ensure the activities are consistent with the risk strategy, including the risk appetite and policies approved by the Board.
Asset and Liability Committee (ALCO)	The primary objective of the ALCO is to perform primary oversight function and deliberate key issues related to asset and liability management, market, liquidity and capital risks.
Group Credit Committee (GCC)	The GCC forms part of the risk governance for managing credit/ investment risks within the Group. The committee is empowered to approve credit/investment related proposals which fall within their authority.
Group Management Committee (GMC)	The responsibilities of GMC include, but not limited to, approving, reviewing, advising, guiding and making recommendations (where applicable) to the Board of Directors (the Board) of each company for consent, concurrence or approval on: a. Implementation and enforcement of business strategies, directives, action plans and budgeting in line with the mandated roles; b. General management issues related to operational policies, guidelines, procedures, controls and systems; c. Direct Corporate Investment in subsidiaries and associate companies; d. Other operational issues (including, but not limited to, IT, Human Resources, Public Relations, Marketing, Advertisements, etc.); e. Any other areas, as determined by the Group Chief Executive Officer, from time to time.
Audit Issue Resolution Committee (AIRC)	The objective of the AIRC shall be to facilitate Board Audit Committee (BAC) to discuss the findings and recommendations of the internal auditors and where necessary. It is also to monitor the execution and implementation of all the necessary action plans including the recommendations made by BAC, are undertaken by Management.

To ensure that risk governance remains strong and relevant, Risk Management continues to embed robust risk governance and accountability within the Group. It also ensures adherence to dynamic global and local regulatory requirements as well as risk management practices across the Group.

8. RISK AND COMPLIANCE CULTURE

The risk and compliance culture of the Group, permeates all levels of business and activities within the Bank, as it is driven from the top, and complemented with the tone from the middle. As an essential building block for effective risk governance, this culture is continuously promoted to ensure that it is embraced and exhibited in the behaviour of each individual within the organisation.

The Group strives to instill a compliance culture where the Board, Senior Management and all employees of the Group are committed to adhere to relevant laws, rules, regulations and regulatory guidelines. The Group's commitment is clearly demonstrated through the establishment of strong compliance policies and guidelines (as further detailed in this section) to ensure that the Group's non-compliance risks are effectively managed. Part of these efforts include the implementation of an Anti-Bribery and Corruption (ABC) Policy, which encompasses procedures, risk assessments, due diligence on clients, customers, business associates and third parties, as well as an employee training programme. Such measures help lower potential costs arising from regulatory penalties, as well as protect the Group's integrity and reputation.

COMPLIANCE POLICY STATEMENT

The BPMB Group is committed to complying with all applicable laws, regulations, and internal requirements, as well as professional and industry standards. The Compliance Policy provides key principles and guidelines for managing compliance risk within the BPMB Group. It serves as a guide for the Compliance function, the Board of Directors, Senior Management, and all employees across all business lines and functions to understand and manage compliance risk. The Compliance Policy is adopted and implemented by operating entities throughout the BPMB Group. In general, it outlines:

- **The overarching principles for managing compliance risk across the BPMB Group.**
- **The overall strategy for managing compliance risk to ensure consistency in practices across the BPMB Group in meeting regulatory and legal obligations.**
- **The minimum expected standards for compliance risk management.**
- **The roles and responsibilities of compliance risk management across the BPMB Group.**

ANTI-BRIBERY AND CORRUPTION POLICY STATEMENT

BPMB and its subsidiaries, collectively known as the BPMB Group, are committed to conducting our business dealings with integrity. The BPMB Group is dedicated to fight all forms of bribery and corruption by adopting a zero-tolerance approach. Furthermore, the BPMB Group complies with the Malaysian Anti-Corruption Commission Act 2009, as well as other relevant laws and regulations, to promote integrity, transparency, and good governance.

ANTI-MONEY LAUNDERING, COUNTER FINANCING OF TERRORISM AND TARGETED FINANCIAL SANCTIONS (AML/CFT/TFS) POLICY STATEMENT

The BPMB Group is committed to economic sanction compliance and combating money laundering, the financing of terrorism, as well as corruption, while ensuring compliance with applicable laws and regulations. AML/CFT/TFS risks are managed to protect the BPMB Group's integrity and reputation. The BPMB Group has established written policies and procedures, internal controls, independent testing and auditing, an ongoing training programme, and reporting and record-keeping as part of its control measures to anticipate, prevent, detect, and respond to money laundering, terrorist financing, sanctions, as well as corruption risk.

The Group sees good risk culture as consistently supporting appropriate risk awareness, behaviours and judgements about risk taking within a strong risk governance framework. It further bolsters effective risk management, promotes appropriate risk taking, and ensures that emerging risks or risk-taking activities beyond risk appetite are recognised, assessed, escalated, and addressed. In all, the Group believes good risk culture should emphasise the importance of ensuring that:

- An appropriate risk reward balance consistent with risk appetite is achieved when taking on risks;
- An effective system of controls, commensurate with the scale and complexity of the organisation, is in place;
- The quality of risk models, data accuracy, capability of available tools to measure risks, and justifications for risk taking can be challenged;
- All limit breaches, deviations from established policies, and operational incidents are investigated with proportionate consequence management when necessary.

9. STRESS TEST

The Group's Stress Test is conducted on a periodic basis as part of the risk management process. It serves as a forward-looking tool to facilitate the understanding of risk, based on current portfolios, that may arise due to various economic, political and/or environmental factors commensurate with the nature, size and complexity of the Group's business operations and risk profile. The Group's stress test scope and coverage includes on-and-off-balance sheet exposures (i.e. commitments, guarantees and contingent liabilities) and covers a minimum of two-years period.

10. ACHIEVEMENTS/IMPROVEMENT FOR 2023

In 2023, Risk Management succeeded in completing the following initiatives:

Credit Risk

a. Implementation of customer selection criteria and risk acceptance criteria for non-investment grade commercial financing

b. Consolidation and enhancement of Credit Risk Management Policy

c. Enhancement of credit risk assessment process for origination and credit reviews

d. Embarked on Risk-Based Pricing project

e. Establishment of additional risk controls as embedded in Credit Operation Guide

f. Enhancement of governance as embedded in Delegated Authority for credit administrative matters

g. Incorporation of additional credit risk controls in product policy and guideline

Market Risk

a. Inclusion of MTM Impact Assessment to Capital and Liquidity Risk Management

b. Evaluation of the Application of Contingency Funding Plan (CFP) Countermeasures

c. Enhancement of Market Risk Management Framework

d. Enhancement of Guideline on Market Risk Management

e. Enhancement of Guideline on Liquidity Risk Management

f. Enhancement of investment securities valuation, monitoring and reporting process.

g. Incorporation of additional Market Risk controls as embedded in Market Risk Guideline.

h. Establishment of monitoring process as embedded in BNM Wholesale Market Code of Conduct.

Operational & Shariah Risk

a. Strengthened operational risk through enforcement of the governing framework/policy along with supporting guidelines, based on new regulatory requirements as well as industry best practices. Among initiatives were as follows:
    - Procedure on Managing Security Monitoring Centre
    - Guidelines on Business Continuity Management
    - Initiated revision for respective Functional Business Continuity Plan (Functional BCP)

b. Coordinated continuity preparedness exercises comprising functional and non-functional testing through Business Continuity Plan (BCP), Disaster Recovery Plan (DRP) and Emergency Response Plan (ERP).

c. Development of automation process for operational risk management to be streamlined via Operational Risk & Compliance Management System (ORCMS).

d. Strengthened controls by reviewing frameworks, policies, guidelines and procedures via a sign-off review process including Key Control Testing (KCT) implementation.

e. Continuous awareness and engagement with internal and external stakeholders with regards to outsourcing risk, and to instill proper operational risk management culture in general.

f. Development of digital forensic capabilities as part of the Security Monitoring Centre enhancements, which supports initiatives in conducting preliminary digital forensic investigations.

g. Learning programmes through a series of infographic materials and e-learning modules to enhance knowledge and understanding of Operational and Shariah risks in business operations.

h. Continuous engagement with Operational Risk Liaison Officer (ORLO) to reinforce and strengthen the effectiveness of their roles and responsibilities.

Risk Strategy & Analytics

a. Review of Group Stress Test Framework

b. Quarterly monitoring and reporting of the Sector Compass and Sector Limits to management and BRMC

c. Review of Risk Appetite Statement

d. Monthly monitoring and reporting of Key Risk Indicators to management and BRMC

e. Review of Internal Capital Adequacy Assessment Process (ICAAP) Framework

f. Completed an independent ICAAP review that resulted in the implementation of a phased Enhancement Plan approved by the Board.

Credit Policy & Portfolio Management

a. Review of the Financing Facilities with Connected Parties policy to complement governance requirement

b. Enhancement of CPR Report following review to more effectively complete a comprehensive analysis across the Bank's portfolio.

c. Review of the Guidelines on Best Practices for Single Counterparty Exposure Limit (SCEL) and Single Customer Limit (SCL)

d. Enhancement of quarterly Group Stress Test with in-depth and focused analysis

e. Implementation of SCL Sublimit in March 2023 i.e. capping the credit limit of customer group based on their ratings to mitigate higher credit risk.

f. Implementation of BPMB Industrial Sector in April 2023 that enables sector-agnostic and comparability with the industry. The new sector allows for evaluating capacity growth, considering the risk quality of the sector, major sectors of connected groups and other factors

g. Conducted two knowledge sharing sessions with other functions in the Bank covering the introduction to credit risk portfolio and its limit, customer group limits and connected parties transactions.

h. Conducted a dialogue session with business functions to address the ongoing concerns, knowledge gaps and impending issues related to credit.

Credit Risk Analytics & Strategy

a. Development of Early Warning System (EWS) Initiative related to credit risk for the Bank, with the purpose of reviewing and enhancing the current early warning signal processes with a holistic view for a more comprehensive, effective and timely submission and circulation of early warning signal alerts and its reporting. The initiatives were as follows:

- Development of EWS Concept Paper to propose the objectives, benefits, milestone and automation of EWS for approval and endorsement by MRC and BRMC respectively
- Automation of bank-wide early warning signal alert submission, circulation, reporting and databasing
- Performed gap analysis and consolidation of all the Bank's policies, guidelines and procedures (PGPs) relating to EWS to necessitate the development of EWS Framework
- Establishments of Credit Monitoring Task Force (CMTF) and CMTF Scope of Work to facilitate EWS and deliberate loans/ financing portfolios, technical reports and credit reviews

b. Establishment and operationalisation of Knowledge Management (KM) initiative with the main purpose of disseminating and increasing credit risk and credit-related awareness across the Bank. The initiatives were as follows:

- Rejuvenation of GCR e-Portal
- Establishment of KM Repository/ Platforms in GCR e-Portal
- Facilitated and conducted bank-wide knowledge sharing sessions and dialogue program
- Issuances and publications of bank-wide GCR e-Newsletters

c. Formulations of Annual GCR Budget and Forecasted Budget for the purpose of identifying the current and forecasted operating expenditures and capital expenditures allocated for GCR's reporting, governance, initiatives and projects

d. Formulations of Annual GCR Business Plan and Forecasted Plan for the following purposes:

- Execute risk initiatives to support Agenda 2025 and BPMB's Budget and Business Plan 2023 - 2025;
- Improve efficiency and speed to market;
- Stay true to the developmental role;
- Be the driver and cornerstone to navigate the current post-pandemic recovery phase in undertaking a counter-cyclical role and ensuring sustainable national development;
- Cater for the changing landscape of credit risk that is specific to BPMB Group in addressing market gaps.

Compliance

a. Key initiatives aimed at improving compliance culture, transparency and integrity in the bank include:

- Organised a 2023 Compliance Awareness Day for all staff to promote an ethics-based culture, integrity, and transparency in all aspects of BPMB Group's operations.
- Arranged a study visit to MACC by BPMB's Designated Compliance Officers (DCOs) on 25 October 2023 to reinforce the importance of ethics and integrity in BPMB's operations.
- Initiated a periodic Compliance Broadcast (Bulletin) to educate and raise awareness among all staff regarding key compliance issues in BPMB, such as managing customer information.
- Conducted regular engagement sessions with DCOs to reinforce and improve the effectiveness of their roles and responsibilities, including but not limited to DCO Engagement Sessions on Refresher on Corruption Risk Assessment (CRA), ABMS Audit, Structuring Islamic Products & Legal Documentation.
- Provided trainings on integrity every quarter of 2023 to cater to all staff and initiated awareness via email on topics such as No Gift Policy and Whistleblowing.
- Recertified on ISO 37001:2016 (ABMS) as part of adequate procedure measures to curb potential bribery and corruption activities.
- Publication of Organisational Anti-Corruption Plan (OACP) booklet for the period of 2022 – 2026.
- Monitoring BPMB Group's Anti-Corruption Plan 2022 – 2026 in order to mitigate any potential bribery and corruption activities under the five-year approved plan.
- Conducted 'Coffee Talk' session with BA on 1 November 2022 as a part of the initiative to promote integrity culture to BPMB Group's BA.
- Acknowledgement from Malaysian Anti-Corruption Commission (MACC) Corruption Risk Rating from "High Risk" rating in 2022 to "Low Risk" rating in 2023.

The Group has taken the initiative to adopt a more forward-looking approach to capital management and develop more rigorous risk management techniques.

The Group's state of implementation of these initiatives is reported to the MRC, BRMC and the Board on a regular basis, thus ensuring that Management and Board are kept informed to facilitate their continued oversight of the risks undertaken by the Group.



As we celebrate 50 years of impactful partnerships and national development, we renew our commitment to delivering impact capital and driving sustainable development for Malaysia. Together, let us embark on the next phase of our journey, guided by our core values of Courage, Respect, Agility, Shared Trust, and Empathy (CREATE)

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