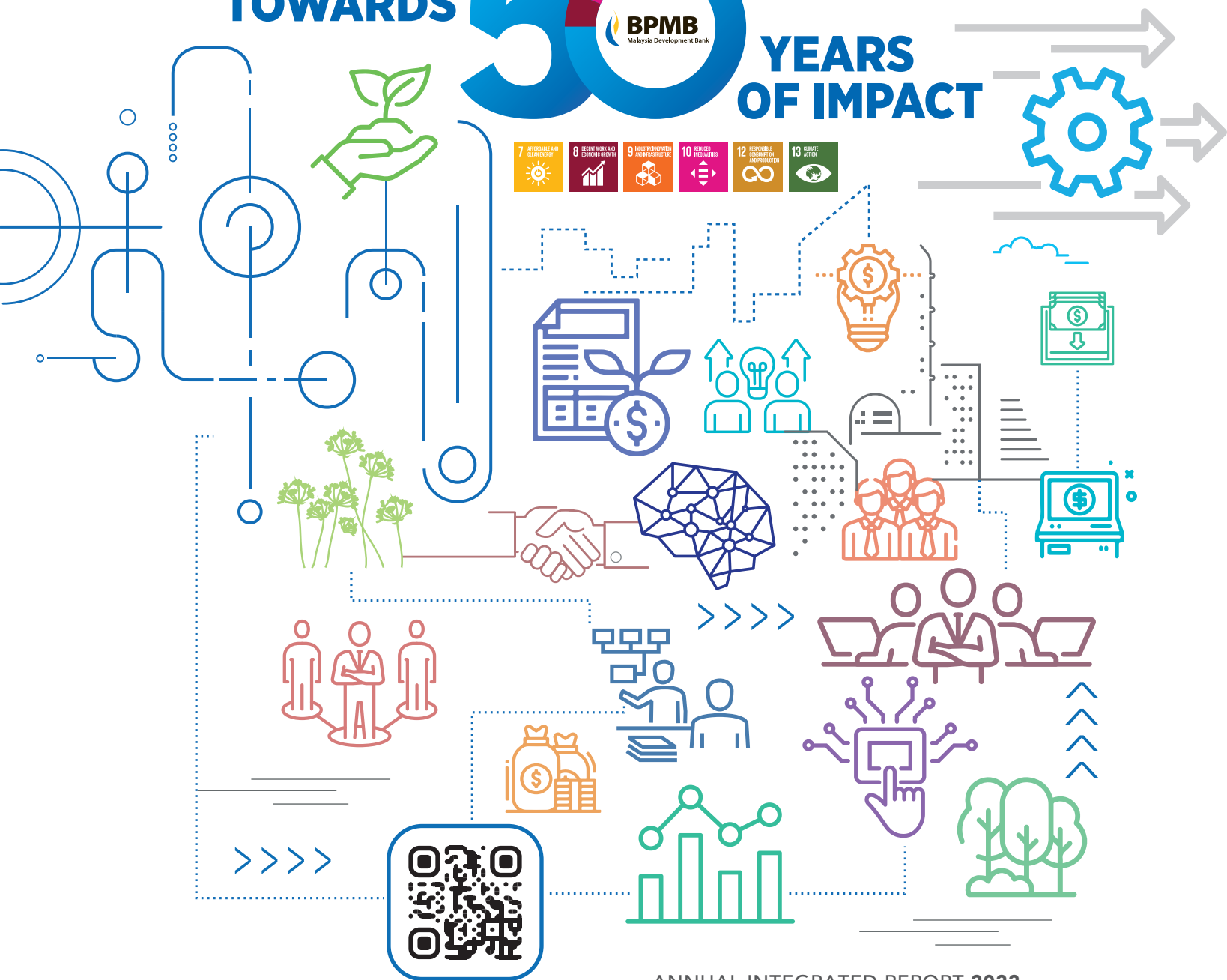


GEARING TOWARDS **50** YEARS OF IMPACT





GEARING TOWARDS **50** YEARS OF IMPACT

Throughout the past 50 years of operations, BPMB has made our mark as one of Malaysia's first and leading Development Financial Institutions (DFIs), steadfastly fulfilling our mandate to catalyse positive and progressive sustainable impacts across the nation and stakeholders that we serve.

This year's cover design encapsulates BPMB's sustainability-led impacts throughout all facets of our operations. This is reflected in the interlinking of ESG-related motifs as a vibrant tapestry of connected gears and parts, all working in tandem to realise a better Malaysia. The theme is underscored by the icons of six United Nations Sustainable Development Goals (UNSDGs) that guide the Bank's sustainable initiatives to date.



BPMB
Malaysia's development bank

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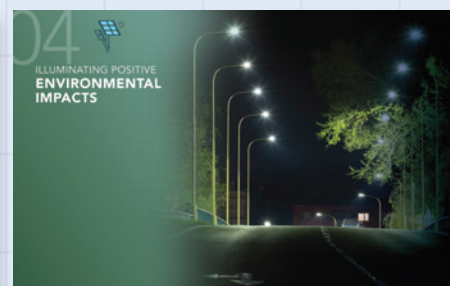
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ABOUT THIS REPORT

This report is prepared using the Integrated Reporting Framework to demonstrate how the Bank creates 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 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.



PURPOSE

Developing a sustainable and inclusive Malaysia



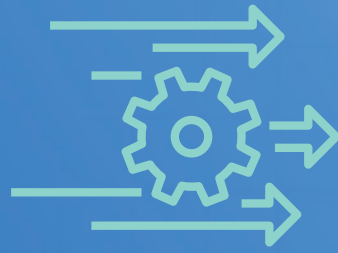
VISION

Malaysia's leading development partner



MISSION

Impactful delivery with strategic outcomes



MAXIMISING IMPACT THROUGH NATIONAL-LEVEL URBAN REGENERATION

IMPACTS ACHIEVED:

CASE STUDY: Spurring national-level development in 2019-2022, Bank Pembangunan financed infrastructural works to uplift Bukit Bintang City Centre as a transit and tourist hub under the Sustainable Development Financing Schemes (SDFS) and Tourism Infrastructure Schemes (TIS).



Responsible urban regeneration

- The development of Malaysia Grand Bazaar (MGB) at a historic prison site is an innovative regeneration of a brownfield site, which provides a dedicated space for artisans, micro-brands, start-ups and art entrepreneurs in the heart of the city.



Sustainable economic generation

- Spurs the economy and boosts tourism by providing a physical and online marketplace for the Malaysian tourism industry to reach out to their local and foreign customers.



Increasing public mobility

- The development of the BBCC dedicated transit hub benefits thousands of public commuters every day, increasing their mobility and access to the workplace.
- Inclusive design with disability-friendly amenities such as dedicated pathways.



Creating job opportunities

- The project is expected to create up to 300 direct jobs and more than 5,000 indirect job opportunities.



Environmental benefits

- The project has received LEED (Leadership in Energy and Environmental Design) certification as a green building that costs less to maintain and produces less waste.
- Design features that improve indoor air quality and natural lighting.



**Supporting
the following
UNSDGs:**



**Industry,
Innovation and
Infrastructure**



**Reduced
Inequalities**



**Climate
Action**

Project financed by BPMB:
Development of Malaysia Grand Bazaar (MGB) and
the BBCC dedicated transit hub at Bukit Bintang.

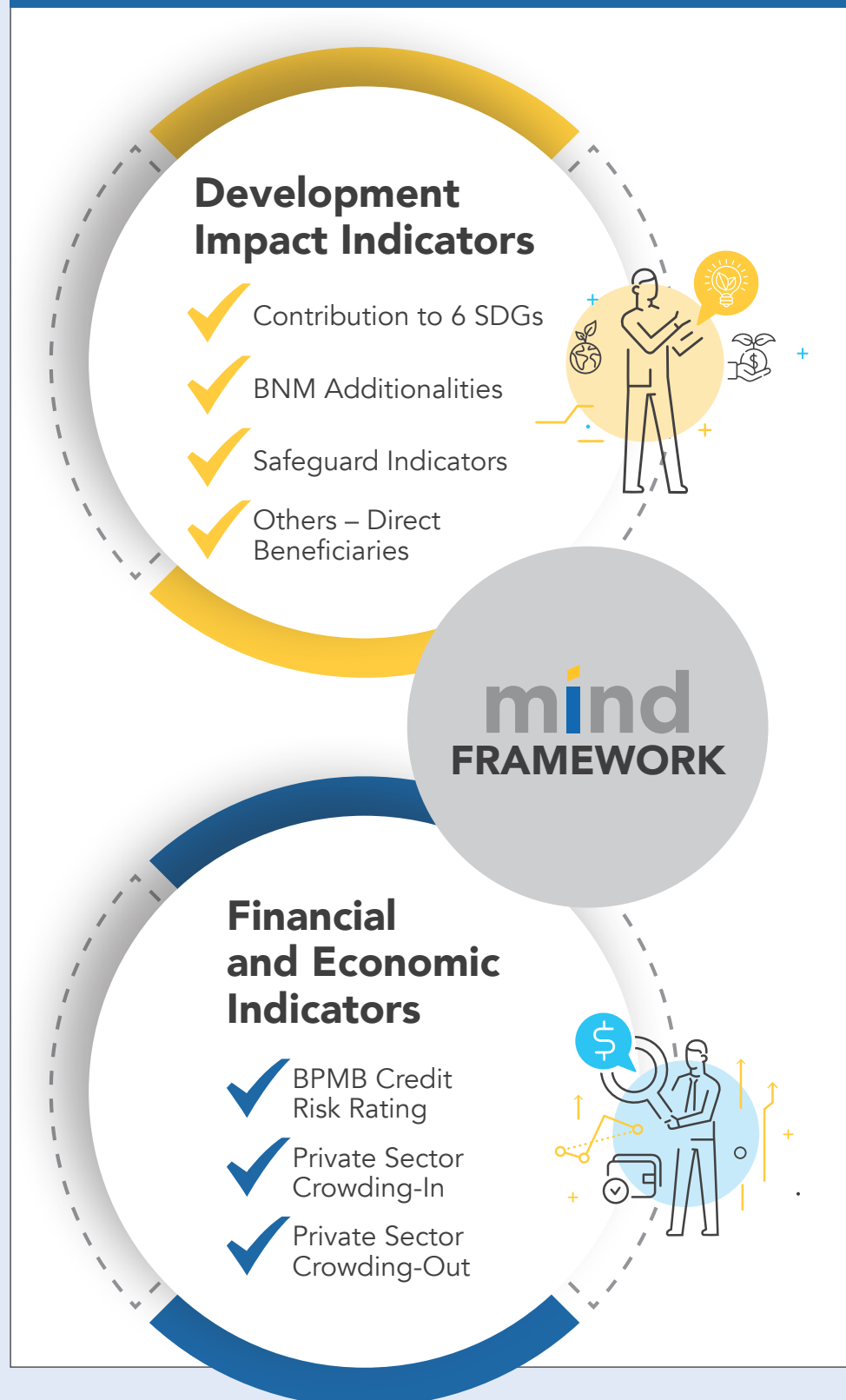
WITH THE NATION IN MIND

INTRODUCTION TO MIND

BPMB's Impact Assessment Framework, which was jointly developed with the World Bank Group, under Measuring Impact on National Development (MIND), aims to enhance project evaluation from a credit-centric assessment, to a holistic end-to-end assessment. The concept includes reviewing the environmental, economic and social (EES) impacts of each transaction to be aligned with the 12th Malaysia Plan (12MP) and Sustainable Development Goals (SDGs).

Since the last update on MIND in BPMB's 2021 Annual Integrated Report, MIND has continually evolved by enhancing internal processes to help our frontliners identify sustainable financing prospects. The enhanced process enables the Bank to embody the MIND Framework and harness these concepts to BPMB's internal operations.

MIND (Measuring Impact on National Development)



MIND: A PARADIGM SHIFT FOR BPMB

Cumulative impact of BPMB financing since MIND inception:



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...

The 100 projects assessed with the MIND Framework since January 2020, are targeted to create the positive impacts below, across businesses and communities:

208.4 MWh
of transition energy
generated



9,493 jobs
created



220 kilometres
of roads built and fixed



2,790 units
of affordable homes and
worker quarters built



19,000 students
served









19,632 patients
served



MIND MODEL

DEVELOPMENT IMPACT INDICATORS

United Nations Sustainable Development Goals (UNSDGs)

 7 AFFORDABLE AND CLEAN ENERGY	Reducing energy consumption and increasing renewable energy generation	 10 REDUCED INEQUALITIES	Supporting underprivileged communities
 8 DECENT WORK AND ECONOMIC GROWTH	Creating new employment opportunities	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Improving water treatment and consumption
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Promoting industrialisation and foster innovation	 13 CLIMATE ACTION	Reducing impact to climate change

Bank Negara Malaysia

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

Safeguards

Preventing risks and challenges that may deter social and environmental progress

Other Indicators

Number of beneficiaries and costs

WITH THE NATION IN MIND

FINANCIAL-ECONOMIC INDICATORS

BPMB Credit Risk Rating

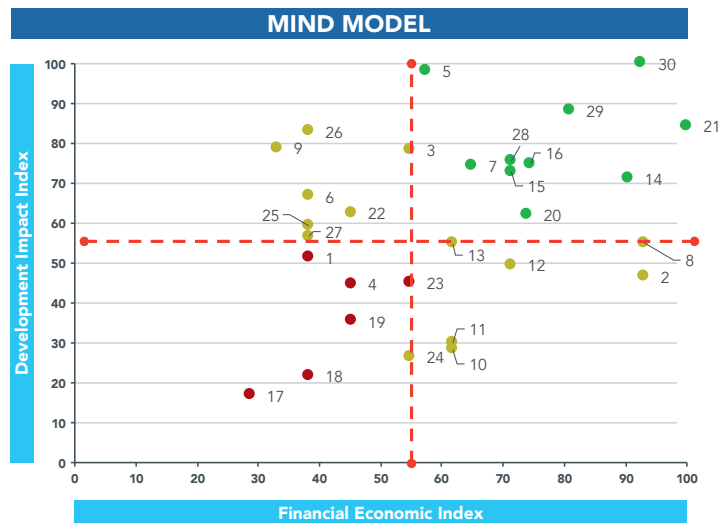
Credit risk assessment based on the probability of default and potential financial loss

Private Sector Crowding-In

Identifying transactions that are saturated by the private sector

Private Sector Crowding-Out

Identifying transactions that are not saturated by the private sector



1. Applicants will complete a development impact questionnaire
2. A Development Impact Index (DII) and Financial Economic Indicators (FEI) scores will be awarded based on the transaction's contribution to the indicators
3. The results are plotted on the MIND Model to produce a visual overview of the potential development impact of all transactions

A HOLISTIC IMPACT ASSESSMENT FRAMEWORK

Launched in 2021, MIND guided the Bank's financing in providing impact capital to the nation. It has since shown how the bank's financing creates substantive impact to the environment, economy and society. The figures below show the scale of impact through BPMB's financing in 2022 and cumulatively since the inception of MIND in 2019.

Projected Impact Through BPMB'S Financing in 2022

The Economy



**Approved
11 projects**

Using MIND Framework in 2022



**Supported
11 projects**

Identified as national priorities



**Covered
5 projects**

Located in underserved and unserved areas



The Environment



**Expected to Generate
133,913.6 MWh**

Total Renewable Energy per year upon completion



The Social



**Expected to create
3,359 jobs**

Pre- and post-project completion



**Expected to benefit
205,718**

Direct beneficiaries per day



**Expected to build
1,013 units**

Affordable homes and worker quarters



**Expected to provide
89 hospital
beds**



**Expected to provide
4,000 people**

With enhanced access to better road conditions



In BPMB, we believe that any positive impact delivered by our financing should be:

Measurable



In order to evaluate whether any project financing is sustainable, the impact it generates must be tangible and more importantly, quantifiable. This allows us to prioritise sustainable projects that BPMB can, and should, undertake.

Meaningful



A sustainable project must deliver impact that is useful, relevant and important to our beneficiaries. A facility is only meaningful when it truly addresses the needs of the intended users, and not only 'ticks the box'.

Continuous



The impact from a sustainable project should be long-lasting, which ensures that the benefits can be enjoyed for generations.

While the scale of impact shows the projects' measurability, through the MIND Framework, BPMB assesses the meaningfulness and continuity of project's impact. These elements are shown in the qualitative assessments of the MIND Framework, which includes:

1. **National Challenges and Objectives:** Outlines the national challenges each project application aims to address and the objectives of their proposed solutions.
2. **Potential Safeguard Issues:** Lists down all the Economic, Social and Governance (ESG) safeguard issues that may arise from each project financing. It gives a picture of the potential negative outcomes of all financing.
3. **The Project's Theory of Change:** Illustrates the change processes for every financing applied in BPMB. We imagine the journeys in which these projects would contribute to the national development and sustainability as a whole.

Leading the Bank's Sustainability Agenda through MIND

MIND is not just a tool to quantify BPMB's impact to national development, it is also the catalyst to the conversation and progress around the Bank's sustainability journey. Since the COVID-19 recovery, Group MIND & Research, together with Group Human Resources' Learning & Development team conducted physical MIND 101 sessions with the Bank's revenue drivers and operations team that reached out to over 200 BPMB staff members. The figure represents almost half of the Bank's current headcount.

From the sessions, a majority of the participants expressed interest in learning more about ESG, sustainability and how they can contribute to the Bank's sustainability journey. Among the ideas pitched during one of the sessions were proposals to obtain Green Building Index (GBI) certifications and for a balanced work-from-home policy. These are among initiatives that were considered to be in line with the Bank's sustainability journey.



WITH THE NATION IN MIND

Awards & Recognitions

In 2021, MIND was at the forefront of multiple awards and recognitions from peer institutions and credible institutions. Among the notable honours received by the Bank were:

1. Awarded the Best Development Bank in Southeast Asia 2022 by Capital Finance International



<https://cfi.co/awards/asia-pacific/2022/bank-pembangunan-malaysia-berhad-best-development-bank-south-east-asia-2022/>

Bank Pembangunan Malaysia Berhad: Best Development Bank South East Asia 2022

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BPMB
Malaysia Development Bank

Bank Pembangunan Malaysia Berhad (BPMB) has been fuelling socio-economic development in Malaysia since 1973. As one of the country's first development financial institutions, the government-owned bank was a preferred financing partner for the burgeoning infrastructure, maritime, oil and gas and technology sectors. BPMB has shifted focus to align operations with government initiatives centred around sustainability, digitalisation and technology. In 2019, it announced a three-year transformation plan to meet evolving development needs through impact finance. The bank adheres to Islamic finance principles and supports the national development agenda while embracing the paradigm shift. BPMB brought in experts from the

2. Awarded Power/Utilities Deal of The Year in The Asset Triple A Sustainable Infrastructure Awards

Bank Pembangunan was accorded an award for our participation in a RM2.7 billion syndicated term financing deal that won the Power/Utilities Deal of the Year for Malaysia in The Asset Triple A Sustainable Infrastructure Awards 2022. This was made possible with the implementation of the MIND Framework.

The Asset Triple A Sustainable Infrastructure Awards honour institutions and deals that have made a significant contribution to sustainable infrastructure development in Asia from January to December of each year.



<https://www.businesstoday.com.my/2022/08/17/bank-pembangunan-awarded-power-utilities-deal-of-the-year-for-their-rm-2-7-billion-syndicated-term-financing-deal/>

MIND'S PROGRESS AND PLANS

2021

- Developed Sustainable Development Sukuk Framework anchored by MIND SDGs
- Expansion of MIND application into Bank's activities
- Launched MIND impact assessment externally to the public

2022

- Enhanced MIND Impact Assessment Framework with the review by World Bank Group
- Aligned MIND Impact Assessment Framework with the 12th Malaysian Plan (12MP) to ensure that the objective of MIND meets the purpose of developing the nation
- Won the Power/Utilities Deal of the Year at The Asset Triple A Sustainable Infrastructure Awards 2022 (Pulau Indah Power Plant)

2023

- Imbuing MIND throughout the Bank by developing MIND Frameworks for the Bank's subsidiaries
- Adaptation of Climate Change and Principle-based Taxonomy (CCPT) into MIND Framework
- Establishment of the Bank's Environment, Social and Governance (ESG) strategy

GROUP AT A GLANCE

CLOSING STRATEGIC TRANSFORMATION PLAN (STP) ON A POSITIVE NOTE

BPMB successfully completed our Three-year Strategic Transformation Plan ensuring that the Group remains relevant and equipped to provide solutions for the nation's development needs.

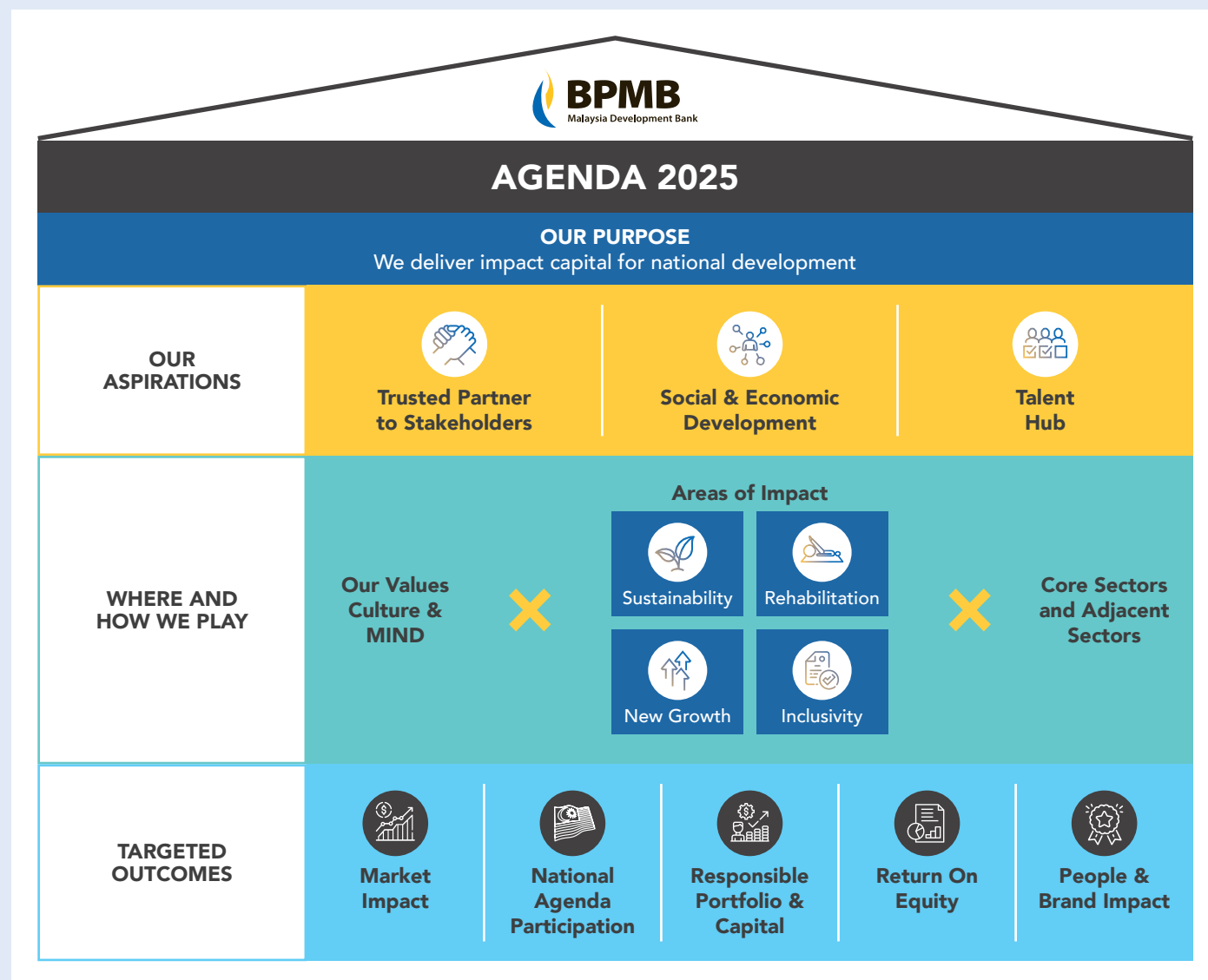
The STP consisted of five workstreams (Business, Asset-Liability Management, Information Technology, Organisation & Culture and Credit Value Chain) with 71 initiatives. An impressive 94% of these initiatives were implemented, demonstrating BPMB's commitment to continuous improvement and our ability to deliver on our promises.

This is a significant achievement and a testament to the hard work and dedication of BPMB's employees. The Group is now well-positioned to meet the challenges of the future and to continue to play a vital role in Malaysia's economic development.



OUR NEW THREE-YEAR STRATEGY – AGENDA 2025 “WE DELIVER IMPACT CAPITAL FOR NATIONAL DEVELOPMENT”

We are excited to announce the launch of Agenda 2025, our three-year strategic journey with our purpose, “We deliver impact capital for national development”. Through Agenda 2025, we aspire to become a trusted partner to our stakeholders, providing social and economic development and building a talent hub. We also believe that by working together, we can create a better Malaysia.

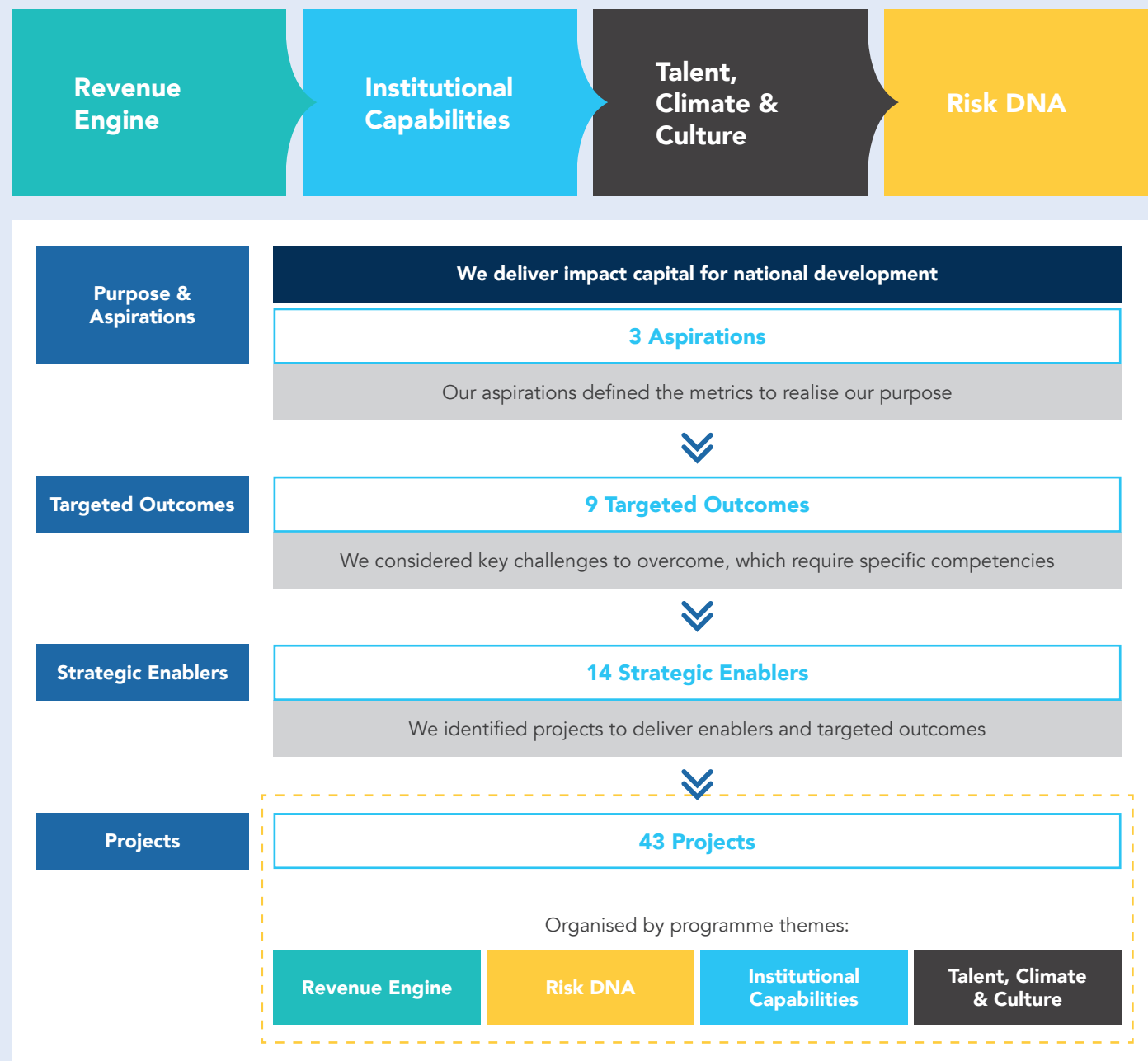


BPMB is committed to ensuring Agenda 2025's targeted outcomes are met. Among our goals for Agenda 2025 are:

- Increase market impact through further deployment of our impact capital
- Contribute and participate further in national agenda setting with the government
- Continue to be responsible in our portfolio and capital management
- Continue to obtain a reasonable return on equity
- Continue to achieve people and brand impact

GROUP AT A GLANCE

Agenda 2025 is driven by 43 projects across four themes:



43 PROJECTS WERE IDENTIFIED TO DELIVER THE TARGETED OUTCOMES AND STRATEGIC ENABLERS

Strategic enablers are competencies or capabilities needed to support the achievement of the targeted outcomes. An item is a strategic enabler if it is:

- a competency (e.g. competitive advantages, infrastructure) or a capability (i.e. skill, expertise)
- clear how the item supports the targeted outcome

STRATEGY	Purpose	We deliver impact capital for national development 9 targeted outcomes, 14 strategic enablers, 43 projects	
	Targeted Outcomes	<div> <div>1</div>Direct & indirect capital </div> <div> <div>2</div>Dedicated schemes </div> <div> <div>3</div>National agenda participation </div> <div> <div>4</div>Gross impaired financing ratio </div> <div> <div>5</div>Core capital ratio </div> <div> <div>6</div>Improvement in portfolio MIND Development Impact (DI) score </div> <div> <div>7</div>Return on equity </div> <div> <div>8</div>People impact </div> <div> <div>9</div>Brand strength </div>	
	Strategic Enablers	<div>Revenue engine (4)</div> <ul style="list-style-type: none"> Origination expertise bringing in debt and equity partners. Evolving from passive, to co-origination, to lead origination Strategy and expertise to serve the micro, small & medium-sized enterprises (MSME) market Ability to execute and achieve speed-to-market to drive portfolio growth Treasury as a revenue driver <div>Institutional capabilities (4)</div> <ul style="list-style-type: none"> 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 experiences Institutionalised knowledge to leverage business intelligence and industry data <div>Risk DNA (3)</div> <ul style="list-style-type: none"> Pragmatic credit practices to improve conversion of deals from origination to disbursement Sound risk assessment practiced to reduce Expected Credit Loss (ECL) volatility Optimised risk-weighted assets or efficient balance sheet <div>Talent, climate & culture (3)</div> <ul style="list-style-type: none"> Strong people identity and brand position to attract talent and grow the business A distinctive culture to give meaning and purpose to employees MIND ethos imbued organisation-wide 	
	Project/decisions	43 projects have been identified to deliver enablers and targeted outcomes	

CHAIRMAN'S STATEMENT



"50 years on and BPMB continues to grow and evolve. We achieved a new milestone with the integration of Danajamin and BPMB into a single entity. Merging two entities is always a challenge, but we have completed this process smoothly. We are now focused on delivering Agenda 2025, our 3-year strategic plan for the organisation."

On behalf of the Board of Directors (the Board), I am pleased to present to you our fourth Annual Integrated Report for the financial year ended 31 December 2022 (FY2022).

Dear Stakeholders,

It is with great pride that I reflect upon BPMB's accomplishments over the past 50 years. Looking back at our rich history, it is clear we had a crucial role in Malaysia's developmental journey, then and now.

Since 1973, BPMB has steadfastly contributed to driving economic growth, job creation, and innovation. We started by supporting Bumiputera entrepreneurship, and our role evolved in the 1990s when we were mandated to support nationally strategic infrastructure. Today, we play our mandated role in the infrastructure, maritime, high technology, and oil & gas sectors along with developing other strategic sectors identified by the government.

To date, we have provided impact capital to over 15,000 beneficiaries ranging from once small family businesses, such as Ramly Burger, to strategic mega projects like the Express Rail Link.

We have distributed more than RM9.2 billion in financing from our dedicated schemes, benefitting over 250 beneficiaries across sectors including tourism and maritime and across areas like sustainability and digitalisation. We have also contributed to the construction of critical infrastructure, having financed more than 800 km of highways and 500 km of railways in Malaysia. As a successful Development Financial Institution (DFI), we have paid over RM1.7 billion in dividends to our primary shareholder, namely the Minister of Finance (Incorporated).

Before I proceed, on behalf of the Board, I would like to acknowledge the exceptional leadership and invaluable contributions of Tan Sri Nazir Razak who served as Chairman until 22 April 2023. His commitment and vision have been instrumental in driving our transformation over the past two years and will continue to inspire us as we continue to the next chapter of our journey.

2022 ACTIONS & ACHIEVEMENTS

In 2022, BPMB successfully completed the merger with Danajamin - significantly strengthening our management team, improving operations, and enhancing governance. The merger has resulted in the stronger and more integrated entity we see today.

We also launched Agenda 2025 (our three-year strategic plan) and embedded an objective method for evaluating our products and investments with our MIND (Measuring Impact on National Development) framework.

► Effective and fruitful integration

Amidst recovery from the COVID-19 pandemic in 2022, we made good progress in integrating BPMB's and Danajamin's operations to form a cohesive organisation. The merger and subsequent integration presented many issues that needed to be handled swiftly, but also cautiously. Through mindful planning, we ensured that integration was performed thoroughly across the organisation without much disruption.

Our efforts have paid off as we anchored on a common purpose by leveraging on our combined strengths. We then implemented a unified governance structure for the organisation by appointing two Danajamin directors, namely Tan Sri Rashpal Singh Randhay and Puan Rosnah Kamarul Zaman, to BPMB's Board of Directors. To complement this governance structure, we put in place a functional-based operating structure, helmed by senior leaders from both BPMB and Danajamin. In embedding a shared culture across this expanded family, we designed new corporate values of Courage, Respect, Empathy, Agility and Shared Trust. Most importantly, we created a combined go-to-market strategy and started tracking organisational performance under one cohesive scorecard.

All these factors culminated in the successful completion of our merger in early-2023.

► MasterMINDing our priorities

Another key priority of the year has been our commitment to the implementation of the MIND Framework in executing our role as an impactful DFI.

MIND was jointly developed with the World Bank Group and aims to enhance project evaluation from a solely credit-centric assessment to a holistic end-to-end assessment, with a focus on sustainability. This entails evaluating the environmental, social, and economic impact of each project we undertake, aligning it with the 12th Malaysia Plan (12MP) and the United Nations Sustainable Development Goals (UN SDGs). Since its inception, MIND has enhanced internal processes to help our frontliners identify sustainable financing opportunities.

In alignment with BPMB's commitment to sustainability, we are expanding the application of the MIND Framework groupwide. Additionally, we are working to complement the framework with Bank Negara Malaysia's (BNM) Climate Change and Principle-based Taxonomy (CCPT) as well as Climate Risk Management and Scenario Analysis (CRMSA) framework in order to elevate our impact assessment process in addressing climate change.

► Embarking on Agenda 2025

Anchored on MIND, we have continued to work diligently to enhance our services, expand our reach, and foster an enabling environment for our clients to thrive.

In 2022, BPMB crafted a 3-year strategic journey (2023-2025), known as Agenda 2025, setting out a clear roadmap driven by our redefined purpose, **'We deliver impact capital for national development'**. Through Agenda 2025, we aspire to become a trusted partner to our stakeholders in providing social and economic development while building a talent hub.



WE LAUNCHED AGENDA 2025 AND EMBEDDED AN OBJECTIVE METHOD FOR EVALUATING OUR PRODUCTS AND INVESTMENTS WITH OUR MIND FRAMEWORK.

CHAIRMAN'S STATEMENT

This entails us providing continued support to the government's strategic projects in several areas such as sustainability, inclusivity, rehabilitation, and new growth sectors. As such, we have prioritised internal development projects that enable BPMB to better play our role in these areas, such as increasing our speed-to-market and improving our operational efficiency.

Within this roadmap, we have identified several key targeted outcomes to be achieved, which we also expect to bring value to our stakeholders.

I summarise these outcomes as follows.

Firstly, we will continue to increase our direct and indirect market impact by further deploying our capital and working closely with our partners in co-financing crucial projects. Our present and future customers as well as the local communities can expect to see us play a bigger role in their projects.

We are playing a more active role in the government's growth agenda, especially in policymaking. Here, we leverage on our rich history and expertise in development finance to provide meaningful insights and actionable policy suggestions to the government.

In doing this, we continue to ensure that our financing portfolio and capital are managed responsibly through pragmatic and sound risk management practices. This reflects our commitment to meeting the expectations of our regulators in ensuring that our business and operations remain sound.

We also commit to ensure BPMB remains financially sustainable in its operations by delivering a reasonable return on equity. To this end, we strike a balance between serving our mandated role as a DFI and ensuring financial sustainability, which reflects the expectations of our various stakeholders including our shareholders, regulators, and investors.

Finally, we strive to increase our people and brand impact, underpinned by a distinctive culture and identity. We provide our employees with performance-based rewards and frequent engagements with the management to nurture shared values and cultivate a high-performance culture. We have also increased our public engagements through many forums to share our knowledge and raise our brand position in the market.



THE NEED FOR CONTINUED RESILIENCE IN 2023

Looking ahead to the second half of 2023, we anticipate a general slowdown in domestic growth preceded by a weakening Ringgit. Real annual GDP growth is expected to moderate to 4.5% after a robust showing of 8.7% in 2022, alongside external headwinds and global market uncertainties. Global financial stability continues to be precarious, headlined by an ongoing risk of recession in advanced economies, the prolonged Russia-Ukraine war, and failures of several US banks.

Domestic growth will continue to be driven by consumer spending, albeit at a slower pace supported by modest manufacturing growth as well as the continuation of infrastructure projects. A mid-term review of the 12th Malaysia Plan is scheduled in 2023, which will see the government evaluating all ongoing projects and determining which should be modified or accelerated. We expect to see infrastructure, transport as well as education and training receive significant attention during the review, with a focus on projects that involve the construction or upgrading of roads, highways, airports, and seaports.

Working together with these aims, BPMB plans to deploy our impact capital to assist the government in these projects. This includes providing strategic financing as outlined under the National Budget 2023 which, amongst others, announced the continuation of RM4.8 billion in our dedicated schemes with interest subsidies, as well as RM1.1 billion in working capital financing and equity programmes, such as the Rehabilitation and Support through Equity (RESET) scheme.

MEETING MALAYSIA'S SUSTAINABLE GOALS

Malaysia has long been a strong advocate of combating climate change since ratifying the United Nations Framework Convention on Climate Change in the early-1990s. More recently, the Government has shared aspirations to achieve net-zero carbon emissions by 2050. Such an ambitious, but necessary feat requires all parties, including the public sector, corporations, and local authorities, to have coordinated and collaborative responses to ensure the ambition is realised. In line with an increasing focus on sustainability by the government, key policies have begun to integrate sustainability principles alongside economic development objectives. A notable example is our National Energy Policy 2022 – 2040, which seeks to more than double our renewable energy capacity to meet the nation's increasing energy needs while ensuring environmental sustainability.

We will continue to support the ongoing trend in sustainability by deploying our Sustainable Development Financing Scheme to projects that help Malaysia meet its commitments under the UN SDGs. A total allocation of RM1 billion has been made available under this scheme to support various sustainability projects including renewable energy, poverty eradication and climate change mitigation.

Additionally, as mentioned earlier, we are embedding environmental and social risk assessments into our financing and investment processes through MIND, BNM's CCPT, and the CRMSA framework. This ensures sustainable practices become integral in our operations and further support the government's sustainability commitments. From here, we continue to collaborate with our stakeholders to find and execute solutions that tackle sustainability issues in line with the national sustainability agenda.

STRENGTHENING OUR FOCUS ON DIGITALISATION AND AUTOMATION

Digitalisation and automation have received increasing focus from the Government with the potential to greatly boost the country's economy. Recognising this potential, significant allocations have been made in the National Budget 2023 which reflect the aspirations of the Malaysia Digital Economy Blueprint (2021 – 2030) to promote digitalisation within the economy.

We remain fully supportive of the Government's efforts in digitalisation and automation. On this front, we have allocated RM1 billion via our Industry Digitalisation Transformation Scheme to help accelerate the adoption of new and innovative technologies, especially in the manufacturing sector. This scheme is available to technology infrastructure providers and users to adopt digital solutions that improve operational efficiency and increase their contribution to the national economy.

We have allocated RM1 billion via our Industry Digitalisation Transformation Scheme to help accelerate the adoption of new and innovative technologies, especially in the manufacturing sector.

Within our own operations, we have also embraced digitalisation to improve the way we work. As a part of our efforts, we have undertaken several digitalisation projects, such as using cloud-based applications to improve employee productivity and our speed-to-market in addressing our customers' needs.

IN CONCLUSION

Looking ahead, we remain resolute in Malaysia's vision to create a vibrant and sustainable economy that drives inclusive growth and prosperity for Malaysians. We will continue to explore new avenues, forge strategic partnerships, and leverage emerging technologies to better serve our customers and ensure their long-term success.

The Board will continuously engage with the Management to provide guidance on strategic issues and ensure the effective implementation of Agenda 2025 projects. Key projects include developing an Environmental, Social and Governance (ESG) strategy and establishing a new risk-based pricing model to optimise pricing for our products.

Greater integration has defined the year's progress and will continue to do so going forward. I take this opportunity to thank the Ministry of Finance and Bank Negara Malaysia for supporting us in the merger between BPMB and Danajamin. The exercise has formed a DFI with a stronger focus and ability to generate greater impact for the nation. We are now ready to deliver on our agenda as a cohesive and united organisation.

On behalf of the Board, I wish to express our thanks to two other directors who retired this year, Encik Ariff Rozhan and Encik Thomas Meow Yoke Nuan. Their guidance and dedication have made a positive difference that we will continue to benefit from.

Similarly, the Board and I express our gratitude to our employees for their diligence in ensuring that strategic directions are implemented effectively. The dedication shown by them gives me optimism that we will continue to be a successful organisation for many years to come. With their efforts, we will further contribute to the government's national developmental agenda as its trusted developmental partner.

Finally, I would like to acknowledge the resilience, determination, and innovation demonstrated by our customers and partners. Thank you for your continuous support and trust throughout the years. Together, we can expect great things as BPMB evolves into a much stronger DFI, further supporting Malaysia as it transitions into a high-income economy in the coming years.

DATIN RASHIDAH MOHD SIES
Interim Chairman

GCEO'S STATEMENT

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

Since our merger with Danajamin, we have emerged as a stronger Development Finance Institution (DFI) that will continue to play a leading role in strengthening the national development finance ecosystem.

Moving forward, we continue to be guided by our purpose, defined in Agenda 2025 – we deliver impact capital for national development."



DIVIDEND PAYMENT

**RM85
mil**

+13.3%



FY2021: RM75 million

Dear Stakeholders,

The year 2022 was a year of recovery and rehabilitation. Globally, we see a return to normalcy following the COVID-19 pandemic - with strong economic recovery around the world.

In Malaysia, the economy performed better than expected, growing 8.7% in 2022 and exceeding the government's target of 7.0%. This achievement clearly shows the return in consumer, business, and investor confidence in the national economy.

Amid this positive backdrop, BPMB has continued to deliver sustainable financial performance while ensuring we continue to deliver responsible development impact. This is in line with our stakeholders' expectations of BPMB as Malaysia's premier DFI.

During the year, we have successfully integrated Danajamin and BPMB into a cohesive organisation. Consequently, we are better positioned to meet Malaysia's development needs.

We have also institutionalised our Measuring Impact on National Development (MIND) Framework into our financing operations. The MIND Framework provides us with the means to holistically evaluate the Environmental, Economic and Social (EES) impacts of our customers' business activities.

We have also completed our three-year Strategic Transformation Plan (STP) and launched a new three-year strategic plan known as Agenda 2025 to chart the journey ahead. Agenda 2025 will guide us to fulfil our aspirations and raise Malaysia to new economic heights.

NET PROFIT

RM211.7 mil

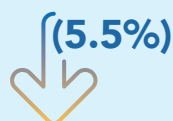
FY2021: RM176.4 million



GROSS FINANCING PORTFOLIO

RM18.5 bil

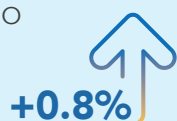
FY2021: RM19.6 billion



GROSS IMPAIRED FINANCING RATIO

11.3%

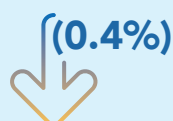
FY2021: 10.5%



COST TO INCOME RATIO

15.6%

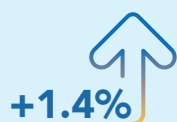
FY2021: 16.0%



RISK WEIGHTED CAPITAL RATIO

37.2%

FY2021: 35.8%



I am proud to say we accomplished all the above without neglecting our role as a responsible corporate citizen, playing our part to improve and uplift local communities through our Corporate Social Responsibility (CSR) activities.

FY2022 FINANCIAL PERFORMANCE

With the steadfast execution of our plans, BPMB achieved a remarkable financial performance for the FY2022. Our net profit rose 20% to RM211.7 million in FY2022 from RM176.4 million previously, driven by higher financing and investment income. The improvement in net profits is also attributable to BPMB recognising Danajamin's full 12-month net profits post-acquisition in FY2022, compared to only two months in FY2021.

As a result of our stronger financial performance in FY2022, I am pleased to report that we have increased dividend payments to our shareholder to RM85.0 million compared to RM75.0 million for FY2021.

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Our total Gross Financing Portfolio (GFP) decreased by 5.5% to RM18.5 billion compared to RM19.6 billion in FY2021. This was mainly due to a large financing redemption from one of our customers, who graduated to obtain financing from the capital markets. As a result of the smaller GFP, BPMB's Gross Impaired Financing Ratio (GIFR) was higher in FY2022 at 11.3% compared to 10.5% in FY2021.

Our Cost to Income Ratio (CIR) for FY2022 registered a slight decrease to 15.6% compared to 16.0% in FY2021. This is mainly linked to higher net income from our financings and investments. Our CIR remains low compared to our peers.

On another positive note, our capital remains robust as BPMB's Risk Weighted Capital Ratio (RWCR) improved to 37.2% in FY2022 compared to 35.8% in FY2021 due to a smaller financing portfolio for the year. This was also supported by a higher capital base due to higher financing provisions and accumulated profits.

For the year ahead, we will expand our financing portfolio in line with our targeted outcomes in Agenda 2025, while maintaining financial sustainability in cost and capital.

RESPONSIBLE DEVELOPMENT IMPACT

As a DFI, our non-financial performance captures the broader impact of our business activities on our society and the nation. Here, we have divided our non-financial performance measures into two categories – Developmental Impact, and Social Cost and Benefit.

Under Developmental Impact, we placed a high priority on financing underserved economic sectors and geographic areas. For FY2022, I am proud to announce that we exceeded our targets. Underserved geographic areas accounted for 67% of our approved financing projects, well ahead of our target of 24%. Similarly, 60% of our approved financing projects were in underserved economic sectors, which were also well above our target of 12%. Additionally, based on 16 projects that were completed in 2022, we created 9,493 jobs, which was more than three times our target of 2,824 jobs.

GCEO'S STATEMENT



We also played an important role to the government by participating in policymaking, based on our five decades of development finance experience. For 2022, we made four proposals to the Ministry of Finance and these were reflected in the National Budget 2023. Under this budget, BPMB will continue to provide subsidised strategic financing of RM4.8 billion through dedicated schemes as well as RM1.1 billion in working capital financing and equity schemes.

For Social Cost and Benefit, BPMB is mainly measured by the Net Subsidy Cost (NSC). This measures our effectiveness in using public resources to achieve our national development mandate. A lower NSC means a lower dependency on government assistance to deliver impact to our targeted sectors. For FY2022, we registered an NSC of RM18.5 million compared to RM76.2 million in FY2021, indicating we have effectively directed public resources to our targeted sectors.

We will continue to meet our stakeholders' expectations of BPMB as a DFI that delivers responsible development impact in line with the national development agenda.

A SUCCESSFUL INTEGRATION

In December 2021, BPMB acquired Danajamin as a part of the government's DFI restructuring exercise under the National Budget 2020. Throughout 2022, we made excellent progress in integrating the two entities into one cohesive organisation. Thanks to the strategic direction from our Board of Directors and the dedication of our staffs, we have combined people, processes and systems to integrate the best of both worlds.

In terms of people, we have implemented new macro- and micro-structures with a functional-based operating structure. We have also proactively engaged our employees through formal BPMB Townhalls and informal Teh Tarik sessions. Through these engagements, we introduced our new corporate values of Courage, Respect, Empathy, Agility and Shared Trust to promote a merit-based and performance-oriented culture.

During integration, we identified key opportunities to enhance operational efficiencies. By leveraging on the best practices of both entities, we streamlined all key policies and procedures, including risk management policies and credit review procedures.

In integrating systems, we identified and transferred all relevant IT assets from Danajamin to BPMB. Here, we took the opportunity to enhance BPMB's digital capabilities to ramp up our speed-to-market and to deliver superior user experience.

Our efforts have paid off as we completed the merger of both entities in early 2023. As a united and harmonised entity, we can leverage on BPMB and Danajamin's combined experience, expertise and diversity to serve our purpose better.

MAKING MINDFUL PROGRESS

In the area of sustainable financing, our MIND Framework helped us apply a broader impact-based versus purely credit-based assessments. The MIND Framework enabled us to holistically evaluate the environmental, economic, and social (EES) impacts of the projects we undertook on national development. MIND combines both quantitative measures and qualitative narratives that guide our decisions in prioritising projects for maximum impact.

We approved 11 projects identified as national priorities under the MIND Framework. These projects are expected to create more than 2,000 jobs and benefit more than 180,000 people.

With the MIND Framework, BPMB has delivered measurable EES impacts. For the year 2022, we approved 11 projects identified as national priorities, five of which were in underserved and unserved areas. These projects are expected to generate more than 2,000 jobs and benefit more than 180,000 people. Additionally, we went beyond evaluating our customers' businesses by encouraging them to align their business practices with the United Nations' Sustainable Development Goals (UNSDGs) and the 12th Malaysia Plan.

As with any framework, we are continuously improving and refining MIND to meet BPMB's commitment to sustainability. In 2022, we conducted a review of MIND to assess the development impact of our potential private equity investments as well as financing by our subsidiary, Pembangunan Leasing Corporation (PLC). On this front, we successfully established MIND indicators for PLC in mid-2023 and expect to do the same for our private equity investments by early-2024.

Additionally, we are enhancing the MIND Framework by incorporating two frameworks from Bank Negara Malaysia (BNM) that touch on climate change mitigation, namely the Climate Change and Principle-Based Taxonomy (CCPT) and the Climate Risk Management and Scenario Analysis (CRMSA) impact of our customers' business activities to the climate.

Our sustainability efforts have been recognised by the industry. Our Pulau Indah Power Plant financing project, which we evaluated with the MIND Framework, was recognised as the 'Power / Utilities Deal of the Year' in Malaysia at the 2022 Asset Triple A Awards. Our use of MIND in promoting sustainable energy financing was also recognised by the Ministry of Natural Resources, Environment and Climate Change. Consequently, BPMB was honoured with the 'Special Merit Award for Sustainable Energy Financing for DFI and Others' at the National Energy Awards 2022.



TOWARDS AGENDA 2025

We have developed and embarked on Agenda 2025, our three-year strategy aligned with our refreshed purpose of, **'We deliver impact capital for national development'**.

Agenda 2025 guides our management and staff as we continue to be a trusted partner to stakeholders in providing social and economic progress while building a talent hub.

Under Agenda 2025, BPMB has identified several targeted outcomes to be achieved by 2025, which I summarise as follows:



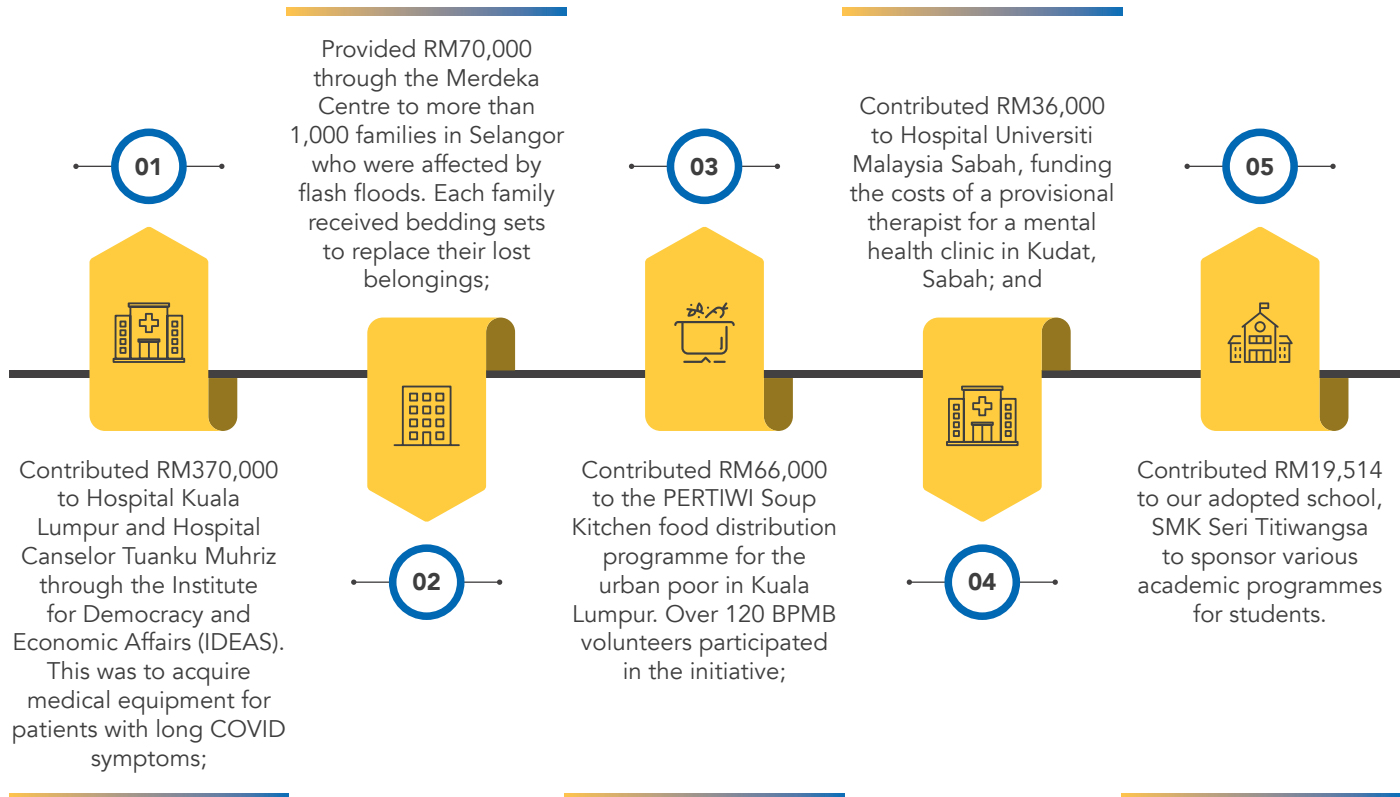
We have identified over 40 projects to undertake, which will help us create strategic enablers to generate revenue, manage risks, attract and retain talent and achieve speed-to-market. These strategic enablers will support us in achieving the aspirations and targeted outcomes of Agenda 2025. We will work closely with all our stakeholders to ensure the completion of all projects in the coming years.

GCEO'S STATEMENT

RESPONSIBLE CORPORATE CITIZENSHIP

As a development financial institution, we prioritise our role in improving the livelihoods of our local communities.

We have carried out various CSR activities to ensure inclusivity as we work to further develop the country. Throughout 2022, we:



We also place great importance on environmental sustainability awareness and advocacy. To achieve this, we established Amanah Lestari Alam (ALAM) in 2019 to raise awareness on environmental sustainability among youths while proactively advocating for actions to address climate change. In 2022, ALAM:

Partnered with two United Nations agencies (UNDP and UNICEF) to sponsor the Youth Environment Living Labs (YELL) initiative. YELL aims to empower youths to express their aspirations on climate change issues by providing seed funding and supporting green skills-building among youths;

Sponsored a documentary titled *Bukan Nelayan Gila* to raise awareness on mangrove forests in Malaysia in collaboration with Kelab Belia Prihatin; and

Partnered with Pertubuhan Pendidikan Pembangunan Lestari Selangor (PPPLS) to conduct nationwide research on schools to determine the status of environmental education in Malaysia. The results of the research will be used to propose education policies to the government to increase environmental awareness among Malaysian schoolchildren.

Moving forward, we will focus our corporate citizenship efforts into four key areas, which are financial literacy, women empowerment, community development and environmental sustainability. We will leverage the resources in both our CSR and ALAM units to generate positive impact through better coordination in executing our corporate citizenship programmes.

WHAT'S NEXT

For BPMB, 2022 was a year of consolidation and strengthening of people, processes and systems. Looking ahead, we see ourselves continuing to be the government's trusted partner in supporting the national development agenda, encouraging inclusive growth and addressing socio-economic challenges. I am confident that our strategic plan, Agenda 2025, will guide us in navigating the development finance ecosystem, as we deliver impact capital for national development.

I would like to extend my heartfelt gratitude to all warga BPMB, whose tireless efforts have enabled us to navigate challenges, seize opportunities, and ultimately drive sustainable progress. As a team, I am confident we will move BPMB, along with the nation itself, to greater heights.

I would also like to convey my deepest appreciation to our Board members, whose visionary leadership shaped our institution's trajectory, ensuring the delivery of sustainable and impactful outcomes.

Together, we will continue to build a nation that thrives on equitable growth, environmental stewardship, and social progress.

RONI L. ABDULWAHAB
Group Chief Executive Officer



02 CREATING IMPACT TO ACCELERATE SOCIO-ECONOMIC GROWTH

IMPACTS ACHIEVED:

CASE STUDY: Driving future growth and community empowerment, the Bank financed the Damansara – Shah Alam Highway (DASH) from 2016 – 2022. The project was monitored from design stage to current operations and maintenance.



Faster access and connectivity

- Reduces travel time by up to 60 minutes.
- Eases existing traffic congestions by providing an alternative route.
- Increases access to new markets for trade and existing volume of trade as it provides critical east-west connectivity in the Klang Valley.



Catalyses economic growth

- Brings greater connectivity, convenience and economic benefits as it will serve as a critical link between the eastern and western parts of the Klang Valley.
- Promotes and enhances the attractiveness of the townships in the eastern region of Selangor.



Environmental benefits

- By reducing travel time, DASH helps reduce carbon emissions.
- DASH is built with Green Building Index (GBI) featuring solar panels, green turf roof and rainwater harvesting system, an elevated solar walkway, uniquely-designed toll plazas ready for the gateless gantry toll system, and the first full enclosure highway noise barrier in Malaysia.



**Supporting
the following
UNSDGs:**



**Industry,
Innovation and
Infrastructure**



**Reduced
Inequalities**



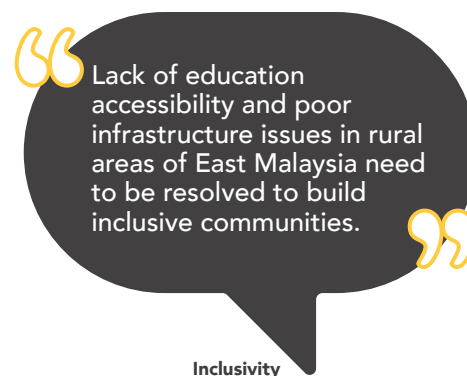
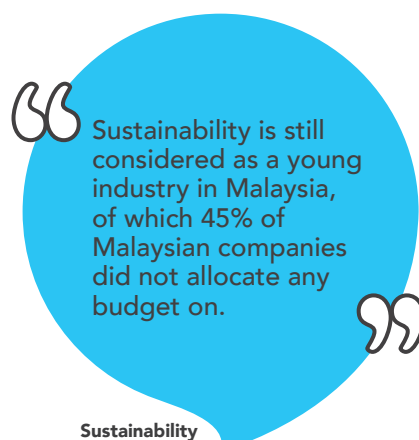
**Climate
Action**

*Project financed by BPMB:
The development of Damansara
– Shah Alam Highway (DASH).*

OUR OPERATING ENVIRONMENT AND OUTLOOK

As the economy transitioned into endemicity in 2022, BPMB continued to play an enhanced role in supporting government efforts to revive the economy and meet the targets under the 12th Malaysia Plan, particularly for high impact and strategic industries, regionally balanced growth as well as the sustainability agenda.

Sector	Impact
Economic  <ul style="list-style-type: none"> The global economic growth slowed to 3.4% in 2022 (2021: 6.0%) but the performance continued to be uneven across regions and countries given the different timing of transition to endemicity as well as the size of the stimulus measures introduced to counter the COVID-19-led slowdown. Malaysia managed to record the fastest economic growth since 2000 of 8.7% YoY in 2022 (2021: 3.1%) as the pent-up demand was fuelled further by the various measures to support private consumption when the economy fully transitioned to endemicity in April 2022. Services and manufacturing sector were the key catalysts of the significant growth in 2022 with their absolute GDP levels, outpacing the pre-pandemic levels. Having said that, many sub-sectors within these two sectors had remained below pre-pandemic levels despite the sharp YoY growth rebound for the year. The lagged effects of the surge in prices at the height of the pandemic compounded further by the impact of reopening of the economies and the Russia-Ukraine war pushed the global inflation to levels not seen for decades. That led to the aggressive tightening monetary stance by major central banks, notably, the US Federal Reserve. The upward pressure on domestic prices as well as the widening interest rate differentials led Bank Negara Malaysia (BNM) to hike the Overnight Policy Rate (OPR) in four moves beginning in May 2022, by a cumulative 100bps to 2.75% during the year. 	<ul style="list-style-type: none"> As we have big exposure in the services sector, the reopening of the economy had helped our related portfolio to recover further. Nonetheless, the overall performance was mixed. Not all sub-sectors recovered to pre-pandemic levels. The pent-up demand and huge stimulus for the <i>Rakyat</i> helped consumption especially on travel and holidays to rebound significantly. That benefitted sub-sectors such as roads, airports, hotels as well as the retail sector. That said, given the massive loss of output during the pandemic especially in infrastructure and workers, some businesses struggled to catch up with the burgeoning demand. This was mostly prominent for the hotel and F&B industries. Some of our customers that depended on supply of commodities-related inputs faced tough operating conditions as the prices surged sharply globally in line with the soaring commodity prices. The effect was compounded further by the weaker Ringgit. Further acceleration of digitalisation had also continued to fuel e-commerce, benefitting the transport and logistics industries but on the other hand was a bane for the commercial and retail space. The impact from the monetary tightening delivered by BNM since May 2022 had not restrained much of domestic demand as evident in the real GDP, which recorded strong QoQ growth in the 3Q 2022, followed by a soft landing in the 4Q 2022. Malaysia's inflation rate had also remained elevated at 3.9% in the 4Q 2022 (3Q 2022: 4.5%, 4Q 2021: 2.5%).
Digitalisation  <ul style="list-style-type: none"> Digitalisation has been pronounced in the aftermath of the pandemic as most businesses started to embrace digitalisation to increase productivity and efficiency, especially the small and medium-sized enterprises (SMEs) that are keen to take advantage of accessible funds to digitalise and automate their business operations. An enormous allocation was funded by the government in Budget 2022 to drive the digital economy, which is anticipated to contribute 25.5% of GDP by 2025. In particular, the allocation for the SME Digitalisation Grant Scheme initiative has been raised to RM200 million in Budget 2022, of which RM50 million is earmarked for Bumiputera micro-entrepreneurs in rural areas. As of last year, Digital Nasional Berhad (DNB) which was established to quicken the deployment of 5G infrastructure and network in Malaysia, had distributed a total of RM1.89 billion for the nationwide high-speed internet 5G rollout project. Out of 7,509 5G sites planned to be completed, 3,906 have been built since the government launched the project. 	<ul style="list-style-type: none"> The ICT sector's performance remained resilient in 2022, with its GDP's absolute value persistently displaying an uptrend even during the period of the pandemic. The high demand for technological advancement, along with encouragement from the government's several policies related to digitalisation and automation have continued to drive the sector. Official data from the Department of Statistics Malaysia (DOSM) unveiled that the e-commerce income was valued at RM1.2 trillion or an increase of 6.1% YoY in 2022, the second consecutive year it breached the RM1.0 trillion mark. The growth in e-commerce has been booming since the outbreak first struck in 2020. Despite the impressive revenue from e-commerce, the digital divide is still visible between rural and urban areas. Internet access has been limited in certain rural areas, especially in Sarawak and Sabah, because of the challenging topography. The lack of digital infrastructure in the areas has led to poor internet access.



Opportunity	Risk	Our Strategic Response
<ul style="list-style-type: none"> The year 2023 will mark the mid-term for the 12th Malaysia Plan, which typically will see the progress of projects and programmes to accelerate. As such, under the retabled Budget 2023 the allocation for development expenditure of RM97 billion remains at a record high (5.1% of GDP, 25.1% of total expenditure). Having said that, the amount allocated for productive spending i.e. capital or infrastructure is estimated to remain within the RM65 billion - RM70 billion range allocated in the last two years. Among all the sub-sectors, transport (RM17.6 billion or 18.1% share) and education and training (RM13.6 billion or 14.0% share) would receive the highest allocation. The higher amount allocated for the transport sub-sector will predominantly be used for roads and highways construction and upgrading the existing roads, airports and ports. 	<ul style="list-style-type: none"> The aggressive monetary tightening by the major economies led by the US threatens to push the advanced economies into recession in 2023. There is also rising risk of US regional banks turmoil evolving into bigger crisis and this poses a threat to global financial stability. At the same time, the ongoing geopolitical crises, particularly the Russia-Ukraine war, may see no end this year, threatening to cause renewed volatility on food and energy prices. 	<ul style="list-style-type: none"> BPMB leads the DFIs in providing strategic financing under Budget 2023 amounting to RM6 billion to promote sustainable development and automation. The facilities offered are: <ol style="list-style-type: none"> Financing with interest rate subsidy for sector dedicated schemes namely; Tourism Infrastructure, National Development, Maritime and Logistics, Sustainable Development and Industry Digitalisation Transformation. Loan or equity financing under these programmes, namely the Rehabilitation and Support through Equity (RESET), Modal Kerja Scheme and Matching Funding Platform.
<ul style="list-style-type: none"> Budget 2023 is concentrating on digitalisation and automation with a higher allocation, in line with the 12MP and Malaysia Digital Economy Blueprint (2021-2030), to transform Malaysia into a digitally-driven country as well as a regional leader in the digital economy. Besides focusing on the acceleration of digitalising the micro, small and medium-sized enterprises (MSME) across industries with an allocation of RM1.2 billion, the government has also emphasised automation in the commodity sector in Budget 2023 to raise farmer productivity and strengthen food security, issues that our country have been facing as a net food importer. A prominent effort has also been made by the government to improve the healthcare system by allocating a gigantic budget for ICT in the Ministry of Health (MOH) for 2023 with a tenfold increase to RM117.2 million. 	<ul style="list-style-type: none"> The high cost and limited knowledge of digitalisation might prevent MSMEs from embracing the technology. The difficulty of getting financing due to disqualification may also discourage those MSMEs from digitalising their business operations. On top of that, some of them are still struggling to restart their businesses following the blow of COVID-19. 	<ul style="list-style-type: none"> The Bank's Industry Digitalisation Transformation Scheme will continue to support the acceleration in IR 4.0 technological adoption especially in the manufacturing sector that would increase our contribution to the nation's economy. BPMB was mandated in Budget 2023 to provide financing up to RM6.0 billion for strategic development projects, promoting automation and sustainability.

OUR OPERATING ENVIRONMENT AND OUTLOOK

Sector	Impact
<p>Sustainability</p>  <ul style="list-style-type: none"> • Even at the endemic stage of COVID-19 economic (inflation), environmental (floods) and social (widening inequality) issues persisted. This serves as a wake-up call for corporations and businesses to prioritise a more sustainable approach. • The 12th Malaysia Plan (12MP) has emphasised ‘advancing sustainability’ as an important thrust in the country’s development trajectory, including in advancing a circular economy concept, going low carbon and increasing resilience against climate change and disasters. • Despite positive developments in the corporate sector, sustainability is still widely regarded as a nascent industry nationally. SMEs, contributing to 65.3% of total employment and 36.3% of GDP in Malaysia, are still trying to grasp the benefits – and significance – of adopting ESG standards. • Despite the growing trends of stakeholders’ sustainability demands, 45% of Malaysian companies still have not allocated a budget for sustainability initiatives. According to Malaysia Business Sustainability Pulse Report 2022, 33% of Malaysian companies claimed a lack of sustainable financing plans. • The National Energy Policy 2022 – 2040 was introduced in September 2022 setting a 17% target share for renewables in the total national energy supply by 2040. But, with renewables currently accounting only for about 9% of Malaysia’s electricity generation, the target is highly unrealistic unless more investments and incentives are offered to large-scale renewables. • In December 2022, the Securities Commission (SC) launched the Principles-Based Sustainable and Responsible Investment Taxonomy for the Malaysian Capital Market (SRI Taxonomy) providing universal guiding principles for the classification of economic activities that qualify for sustainable investment. It aims to give clarity towards enabling proper and consistent identification and classification of various types of economic activities, the definition of sustainable investments, and to address concerns on the need to mitigate and manage the risks of greenwashing. 	<ul style="list-style-type: none"> • Malaysians were shocked by the landslides in Batang Kali on 16 December 2022, which took the lives of 31 people and was the second deadliest disaster in Malaysia since 1993. This was the second disaster in the year following the one in Ampang on 10 March 2022, that killed four people. Such incidents are also an eye-opener to responsible development for investors, developers and local authorities as calls for accountability and transparency grow among the public in the ensuing months. • Massive floods due to heavy rainfall continued to be experienced by the country in 2022, racking up losses of RM622.4 million, which is equivalent to 0.03% of the nominal GDP, reported by the Department of Statistics Malaysia (DOSM). Terengganu and Kelantan were the most affected states, accounting for nearly 60% of the total losses. Nevertheless, this was markedly lower than 2021’s losses, which amounted to RM6.1 billion. Nevertheless, such incidents serve as a reminder for the catastrophic impacts brought upon by lack of climate adapting and resilient development. • In the recent years, Malaysian companies have faced allegations of exploitation across key export-oriented industries. From 2019 to 2022, eight Malaysian firms, have been banned by the US alone. As a nation highly dependent on the service of migrant workers, Malaysia has to step up in its protection and promotion of human rights for all to address its persistent labor rights issues.
<p>Inclusivity</p>  <ul style="list-style-type: none"> • The aim of the government to reduce the income disparity gap involved expanding targeted assistance to households and businesses during the Budget 2022. Bantuan Keluarga Malaysia (BKM) programme benefitted around 9.6 million recipients and created job opportunities. • Meanwhile, to ensure no one is left behind on technological enhancement, the government has also budgeted some amount to provide internet access to 40 low-cost housing schemes and safeguard digital connectivity in 47 industrial areas, as well as 630 schools in rural areas in the Budget 2022. • Other pivotal agenda items in Budget 2022 to ensure inclusivity include empowering and uplifting the women, in particular the single mothers, in supporting their families by introducing the MyKasih Kapital programme to coach them in setting up businesses from home. Besides that, the government childcare centres in government buildings to encourage the participation of women in the workforce, coupled with JaminKerja wage incentives to assist women returning to work. 	<ul style="list-style-type: none"> • According to the World Bank, Malaysia’s income inequality remains high as compared to other East Asian countries, yet it is slowly declining. The significant income disparities between different ethnic groups are also obvious in Malaysia. • The uneven distribution of access to digital technologies, especially the unreliable internet connectivity in rural areas continued to be the major challenge in achieving the inclusivity agenda. Despite the initiatives from the National Fiberisation and Connectivity Plan (NFCP), the significant gaps in internet access is still noticeable. • The poor access to education in East Malaysia, particularly in rural areas has become a prolonged issue that needs to be tackled to ensure inclusivity of all communities nationwide in receiving an equal right in gaining knowledge, specifically on transportation infrastructure and facilities. The health crisis has even worsened the scenario when most students in rural districts in Sabah and Sarawak cannot follow up on the learning lesson as a result of insufficient digital infrastructure and an inadequate number of electronic devices per household. Sabah and Sarawak have also not managed many economic benefits despite contributing billions in oil revenue to the federal government, where Peninsular Malaysia has been receiving the most development allocation.

Opportunity	Risk	Our Strategic Response
<ul style="list-style-type: none"> The National Energy Policy 2022 – 2040 outlined multiple strategies to ensure financial institutions facilitates the growth of renewables in the country. These include: <ol style="list-style-type: none"> Rationalise energy subsidies Ensure smart investments in energy infrastructure development Establish boundary conditions and implement safeguards to enhance national energy security <p>The publication of said policy allows the government to take stock and to continue incentivising the industry. Incentives, such as the Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE), which are extended only until 2023, and Green Technology Financing Scheme 2.0, are much needed to boost this sector.</p> <ul style="list-style-type: none"> Climate resilient and mitigation programmes should be a thing in the past. The institution should now focus on climate adapting projects. Nature-Based Climate Adaptation Programme for The Urban Area of Penang Island (PNBCAP) is a pilot initiative on a comprehensive and collaborative approach to address both environmental and social dimensions of climate change in Penang. This programme was implemented towards the tail-end of 2022 and it exemplifies how projects can be built taking climate adaptation elements into their designs instead of mitigating measures. The classification of economic activities that qualify as sustainable investments and definitions around sustainability Through. Sustainable and Responsible Investments (SRI) certainly strengthen the Bank's MIND Framework as an ever evolving and improving tool to ensure the Bank perpetually contributes towards the larger goal of national development. 	<ul style="list-style-type: none"> While sustainable and ESG-conscious efforts are highly encouraged for corporates and SMEs alike, greenwashing risks remain prevalent. Greenwashing can involve selective disclosure where companies embellish information related to positive environmental performance, or conceal data about its negative environmental impacts. Such practices, if not addressed, affect institutional credibility in the long term. The nation's ambition to achieve carbon neutrality by 2050 highlights a progressive position relative to other ASEAN countries. However, this ambition should be complemented with swift and concentrated mindset transforming interventions by the government, corporates and local authorities in order to transition to a low carbon economy using a whole of society approach. Otherwise, the national sustainability ambition will remain unattainable. 	<ul style="list-style-type: none"> Sustainable Financing: The Group focuses on providing financing solutions that support sustainable development projects and initiatives, including renewable energy, green buildings, and environmentally friendly technologies through the following dedicated schemes <ul style="list-style-type: none"> Sustainable Development and National Development. Environmental and Social Risk Management: BPMB incorporates environmental and social risk management practices into our lending and investment processes. This ensures that potential environmental and social risks associated with financed projects are identified, assessed, and managed effectively. Stakeholder Engagement: The Bank engages with various stakeholders, including customers, employees, regulators and the community, to raise awareness about sustainability issues and collaborate to continuously evolve ourselves in tandem with the requirements of sustainable development.
<ul style="list-style-type: none"> Achieving inclusivity remains the core element of the budget for 2023, entailing redistributing income as well as reducing inequality via the slashing of the income tax rate for taxpayer in the RM35,000 to RM100,000 tax bracket while offsetting this by raising tax rates for those in higher tax brackets. Among all states in Malaysia, specific development allocations for Sabah (RM6.5 billion) and Sarawak (RM5.6 billion) were revealed in Budget 2023 to develop both states that have been known as the less-developed states for so long. It includes developing cities bordering Kalimantan, Indonesia. The government continues to enhance development in East Malaysia, involving public infrastructure. 	<ul style="list-style-type: none"> Political instability remains one of the key challenges for the inclusivity agenda as the government has regularly changed, which would impact the plans involving several groups like the low-income and <i>Bumiputera</i> categories. Lack of continuity in policies and programmes aimed at promoting inclusivity will continue to be the main issue in achieving the agenda, as the government tends to shift focus to resolving political issues rather than social issues. 	<ul style="list-style-type: none"> As a DFI, BPMB promotes inclusivity via the MIND impact assessment framework in evaluating development projects, which not only focuses on financial and economic feasibility but also from a social inclusivity as well as an environmental perspective in ensuring balanced and sustainable national development. The Group is also keen on improving the lives of the <i>Rakyat</i> through development projects by creating more jobs, especially in unserved and underserved areas.

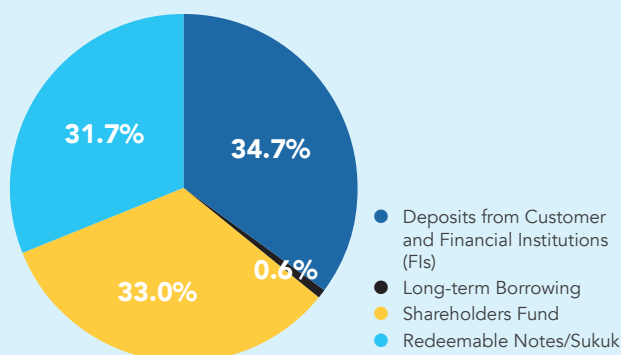
OUR VALUE-CREATING BUSINESS MODEL

In our transformation strategy, we designed a system with clear processes and performance metrics to generate and quantify the value we create.

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.



Shareholders Funds

RM8.6 bil

Redeemable Notes/Sukuk

RM8.2 bil

Long-Term Borrowing

RM0.2 bil

Deposits from Customers and FIs

RM9.0 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 1.5%.



INDUSTRY DIGITALISATION TRANSFORMATION SCHEME (IDTS)

RM1.0 bil



MARITIME AND LOGISTIC SCHEME (MLS)

RM0.8 bil



SUSTAINABLE DEVELOPMENT FINANCING SCHEME (SDFS)

RM1.0 bil



TOURISM INFRASTRUCTURE SCHEME (TIS)

RM1.0 bil



NATIONAL DEVELOPMENT SCHEME (NDS)

RM1.0 bil

TRANSFORMING FUNDS INTO VALUE CREATION



We rely on our unique blend of strengths and resources to transform our funds into impact and value creation for all stakeholders.



- 1 Specialised skillset and knowledge
- 2 Strong relationship with the government
- 3 Dedicated client management
- 4 Organisational excellence (sound IT system and talent management)
- 5 Sound financial standing

Our Strategic Thrusts

To fulfil our mission of impactful delivery with strategic outcomes, we rally the organisation through three strategic thrusts.

- 1 Embracing Paradigm Shift
- 2 Supporting Government's Strategic Priority Areas
- 3 Adhering to Islamic Principles

IMPACT WE CREATE

Development Impact

Economy

66.7%

Approved Financing to Geographically Underserved Areas

60.0%

Approved Financing to Underserved Sectors

0.5 times of total funding

Crowd-in Private Investment (Total funding from other institutions over total funding from BPMB)

Society

0.6

Output Index

3.0%

Subsidy Dependence Index

RM18.5 mil

Net Subsidy Cost

Environment

RM242.8 mil

Approved Green Financing

133,913.6 MWh

Estimated Total Renewable Energy Generated Annually from Projects Upon Completion

Operational

RM271.5 mil

Profit Before Tax

13.7%

Cost to Income Ratio

37.6%

Risk-Weighted Capital Ratio

1.7%/0.6%

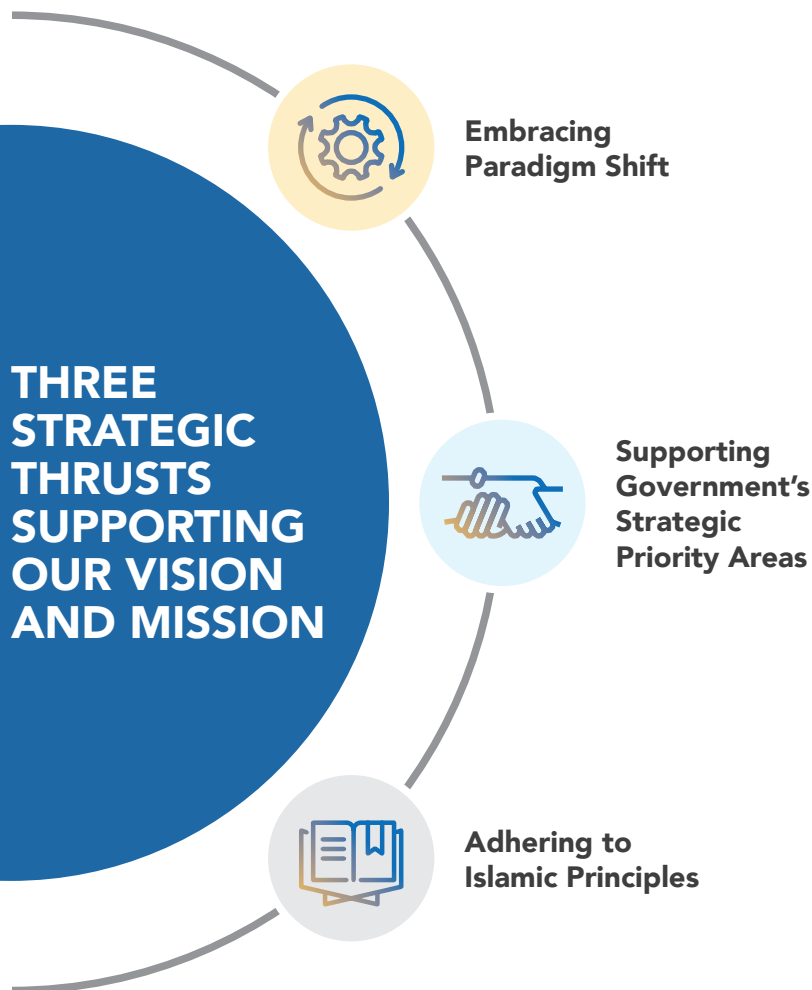
Return on Equity/
Return on Assets

11.3%

Gross Impaired
Financing Ratio

OUR STRATEGIC TRANSFORMATION PLAN

BPMB plays a key role both as thought partner and information provider to the government in formulating and implementing national development policies, and providing assessment and feedback for further improvement.



Embracing Paradigm Shift

- Holistic impact-focusing approach anchored on two main elements:
 - > Impact to Nation and SDGs; and
 - > Impact to Financial Sustainability
- Functioning as a "Policy Bank" to serve as government's thought partner
- Promoting a success maximisation mindset as opposed to solely focusing on risk mitigation
- Becoming a catalyst for national development and a solutions-driven organisation
- Partnering and learning with reputable and multilateral organisations
- Participated in the implementation of the Strategic DFI Roadmap
- Organised an ESG talk in conjunction with BPMB's 49th anniversary, aimed at creating awareness among our staff on the importance of biodiversity conservation and environmental protection through mangrove planting
- Incorporated MIND Framework in the credit evaluation process to ensure BPMB continues to finance sustainable and impactful projects
- Co-hosted with the World Bank a visit by the Government of Ethiopia to BPMB and shared the national development role played by BPMB, our governance structure and impact we had on the nation and people
- Became a member to United Nations Global Compact (UNGC) and collaborated on UNGC's various sustainability activities
- Supported a programme conducted by Association of Development Finance Institutions of Malaysia (ADFIM)/ UK Partnering for Accelerated Climate Transition (UK PACT) in accelerating low-carbon transition

This role extends beyond traditional lending to sectors, by aligning our strategies with government initiatives and global megatrends while promoting sustainable and inclusive growth, as advocated by the United Nations under the 2030 Agenda for Sustainable Development.

Thus, our Measuring Impact on National Development (MIND) Framework uses an end-to-end impact assessment approach that highlights key investment opportunities by identifying development impact that meet organisational and national objectives, and measures them through a comprehensive set of qualitative and quantitative assessments based on selected indicators.

STRATEGIC THRUSTS

Supporting Government's Strategic Priority Areas

- Supporting the development of Malaysia's policies including:
 - > Malaysia Plans;
 - > National Blueprints; and
 - > Shared Prosperity Vision
- Spearheading and advocating the government's strategic focus
- Serving the unserved and underserved with emphasis on development impact
- Promoting ethical banking practices through impact financing aligned with sustainability goals
- Participated as guest speaker in "Sesi Libat Urus Bersama Pengiat Industri Pelancongan" organised by Ministry of Tourism, Art & Culture in Terengganu, Johor Bahru and Perak
- Restructured accounts in accordance to the guidelines and approval by Ministry of Finance/Unit Kerjasama Awam Swasta
- Sponsored a Strategic Tourism Investment Zones (STIZ) lab organised by Ministry of Tourism, Creative Industry & Performing Arts Sarawak to facilitate discussion on the establishment of STIZ in Sarawak
- Promoted BPMB's subsidised financing schemes - Tourism Infrastructure Scheme (TIS), National Development Scheme (NDS), Sustainable Development Financing Scheme (SDFS), Industry Digitalisation Transformation Scheme (IDTS), Maritime & Logistic Scheme (MLS) and Public Transportation Scheme (PTS) as part of incentives to private investors

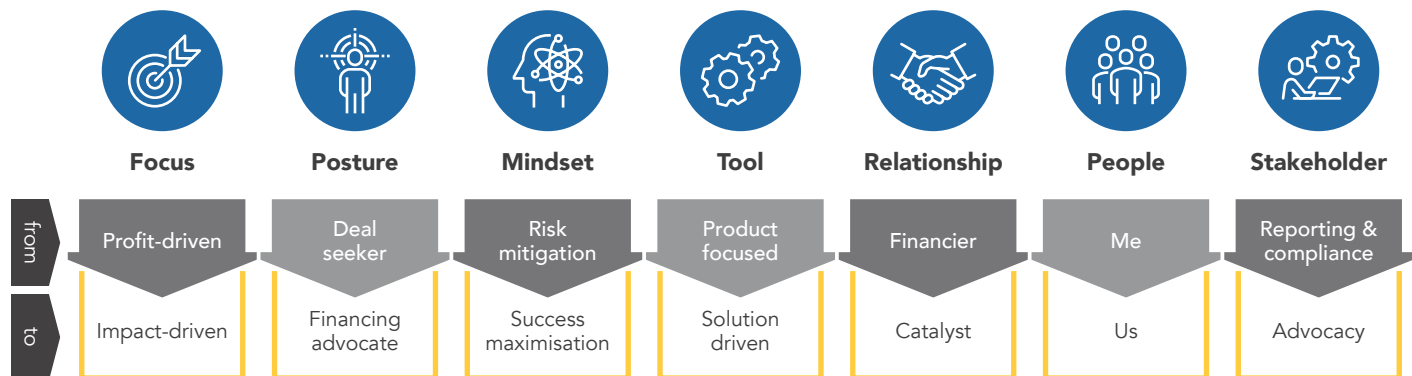
Adhering to Islamic Principles

- Creating greater socio-economic impact
 - Shariah-compliant financing and solutions in line with impact-focusing approach
 - Emphasising Islamic tenets (*Islam, Iman, Ihsan, and Adab*) in our banking practices
 - BPMB's Islamic portfolio stood at 88.4%
 - Collaborated with PERTIWI Soup Kitchen to provide lunch and dinner packs to beneficiaries at Pusat Khidmat Gelandangan Medan Tuanku, Kuala Lumpur over a six-month period
 - Contributed meals for health frontliners handling COVID-19 patients
 - Contributed vouchers worth RM2,000 each to 33 families impacted by floods in Kampung Baru, Kuala Lumpur
 - Contributed towards English literacy programmes held by BPMB's adopted school SMK Seri Titiwangsa
 - Contributed towards a public speaking workshop held by BPMB's adopted school SMK Padang Tembak
 - Organised a public speaking and storytelling competition held at SMK (P) Air Panas in Setapak, Kuala Lumpur
 - Distributed 200 school uniforms, shoes and bags to 70 students from the B40 group from SMK Sri Muda, Shah Alam, who were affected by the floods
 - Conducted a yearlong nationwide survey for Ministry of Education (MoE) in collaboration with PPPLS, supported by WWF Malaysia and senior researchers from Universiti Kebangsaan Malaysia, University of Malaya, Universiti Teknologi
- PETRONAS and University of Nottingham to 1,090 schools involving over 1,700 participants on the levels of infusion of environmental education and education for sustainable development in school syllabus at primary and secondary schools, and higher-level education
- Post-flood relief assistance in Selangor and Pahang in collaboration with Yayasan Ikhlas and Islamic Relief Malaysia involving zakat contribution worth RM180,000
 - Contributed basic school necessities worth RM139,600 to 648 needy students under Back to School Programme
 - Contributed RM498,990 to Hospital Universiti Sains Malaysia for the purchase of medical equipment including medical disposables
 - Provided assistance to Dentistry Faculty of Universiti Sains Islam Malaysia (USIM) to purchase four dental simulators worth RM232,000
 - Sponsored Sejahtera Youth & Single Mother Project (Sejahtera YSM) for beading technique workshop worth RM60,000
 - Provided stipend fund to 500 students in Universiti Malaysia Sabah worth RM250,000
 - Contributed RM291,200 for construction of tube wells at 14 identified locations in Rantau Panjang, Kelantan through collaboration with Muslim Care Malaysia Society
 - Contributed RM543,600 to Yayasan Pelajaran MARA (YPM) to sponsor the Mercu Anak Bangsa Programme

OPERATIONALISING STRATEGY THROUGH CULTURE

The MIND Framework requires an overarching paradigm shift of mindset and behaviour to be embraced by BPMB and our staff. A total of seven Paradigms have been identified from our own internal reflection and recognition of external challenges.

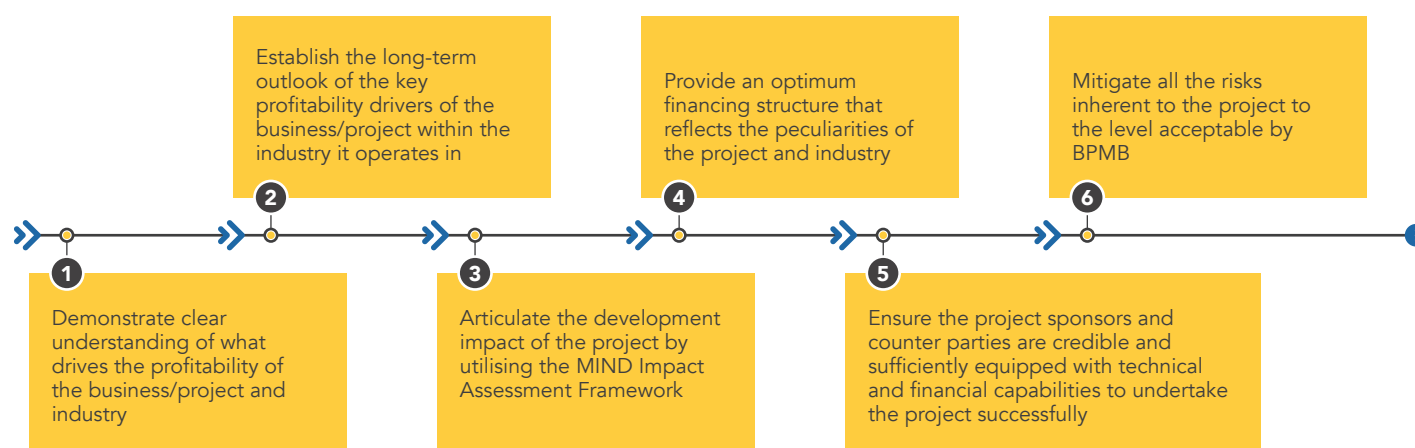
THE PARADIGM SHIFT







EMBRACING THE PARADIGM SHIFT

The Paradigm Shift will be articulated in the way transactions are assessed via the six filters where transactions will be:

- Impact-Driven
- Success Oriented
- Solutions-Driven
- Catalytic



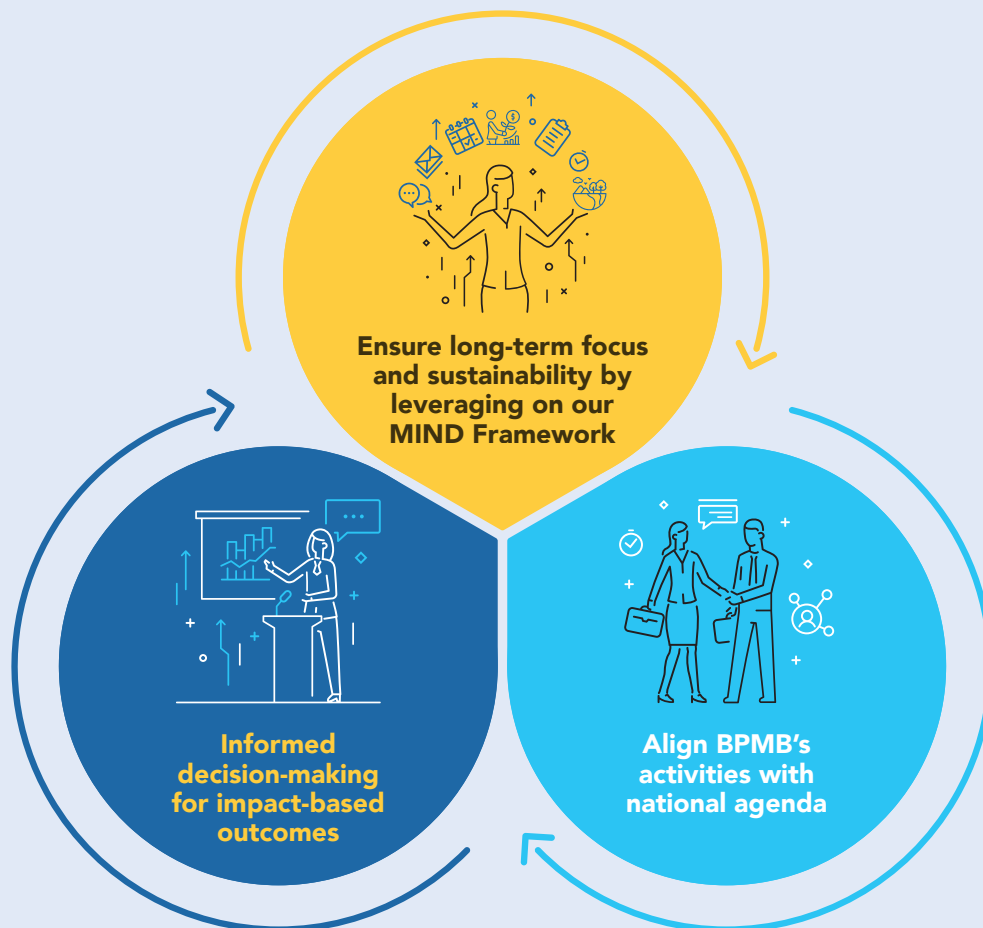
Sustainable Impact Oriented 	<ul style="list-style-type: none"> • The MIND Impact Assessment Framework has enabled the Bank to deliver positive impact for the economy, environment and society. The impact created dovetails effectively with the Bank's six focused SDGs, enabling BPMB to deliver on our commitment to the global sustainable development initiative as we focus on driving national development.
Strong Technical Expertise 	<ul style="list-style-type: none"> • MIND Impact Assessment Framework enhances the traditional method of project evaluation, from a solely credit perspective to a holistic and structured end-to-end assessment across selected Environmental, Social and Governance (ESG) aspects. • Using 35 indicators, which will quantify both the financial efficiency of a project as well as our environment, economic and social impacts, the MIND Impact Assessment Framework will then plot the project's metrics on a two-dimensional matrix of financial and development perspectives, to further categorise these projects. Projects that score highly across both perspectives will be prioritised by BPMB. • MIND's assessment metrics are anchored on six of the 17 Sustainable Development Goals, which are: <ul style="list-style-type: none"> > SDG7 – Affordable and clean energy; > SDG8 – Decent work and economic growth; > SDG9 – Industry, innovation and infrastructure; > SDG10 – Reduced inequalities; > SDG12 – Responsible consumption and production; and > SDG13 – Climate action 
Solutions-Driven Institution 	<ul style="list-style-type: none"> • As one of Malaysia's Development Financial Institutions (DFIs), BPMB will lead in implementing counter-cyclical initiatives and remain dedicated to providing our customers with the tools and resources they need to succeed financially, both now and in the future.

MEASUREMENT FRAMEWORK

It is important for BPMB to have a structured and comprehensive measurement framework to assess our crucial role in supporting the sustainable and developmental agenda of the nation.

As a Development Financial Institution (DFI), BPMB plays an important role in bridging financing gaps by participating in markets or sectors that are not adequately served by the private sector. BPMB measures and manages our performance from two perspectives – financial and non-financial. The twin perspectives ensure a holistic performance appraisal.

Twin Track to Sustainable Performance



Financial Performance

Impact on financial performance must be carefully managed and tracked to ensure positive financial return that remains sustainable towards meeting all our financial obligations.

Non-Financial Performance

Evaluating non-financial performance from an impact creation perspective, helps to ensure activities are aligned with the Bank's mandate to be a catalyst for the nation's sustainable and developmental agenda.

FIVE-YEAR GROUP FINANCIAL SUMMARY

	2022	2021	2020	2019	2018
PROFITABILITY (RM MILLION)					
Profit before tax and zakat	379	254	158	380	261
Net profit for the year	212	176	107	252	167
KEY STATEMENTS OF FINANCIAL POSITION DATA (RM MILLION)					
Total assets	27,018	26,128	23,476	24,663	24,734
Cash and total deposits and placements	3,908	3,092	1,221	3,574	2,350
Financial investment - FVOCI	7,378	5,950	6,132	5,024	3,720
Financial investment - FVTPL	34	15	46	-	-
Loans, financing and advances	14,680	16,075	15,584	15,702	18,285
Other assets	1,018	996	493	363	379
Total liabilities	18,158	17,358	15,514	16,768	17,183
Deposits from customers and financial institutions	9,009	7,006	6,148	6,525	6,513
Redeemable notes	8,235	9,298	8,249	7,293	7,344
Borrowings	163	153	508	2,176	2,682
Infrastructure support fund	219	304	305	439	304
Deferred income	179	190	202	212	220
Other liabilities	353	407	102	123	120
Total equity	8,860	8,771	7,962	7,895	7,551
Paid-up capital	4,019	4,019	3,079	3,079	3,079
Reserves	4,826	4,739	4,871	4,804	4,456
Non-controlling interest	15	13	12	12	16
Commitments and contingencies	8,196	10,068	7,347	7,532	6,257
SHARE INFORMATION (PER SHARE (SEN))					
Earnings per share	6.08	5.62	3.48	8.18	5.56
Gross dividends (sen)	2.46	2.17	2.44	4.94	3.25
Normal (sen)	2.46	2.17	2.44	3.25	3.25
Special (sen)	-	-	-	1.69	-
FINANCIAL RATIOS (%)					
Profitability ratios (%)					
Return on equity	2.40	2.10	1.35	3.26	2.19
Return on assets	0.80	0.71	0.44	1.02	0.65
Cost to income ratio	15.59	15.96*	9.44*	16.54	13.09
Asset quality ratio (%)					
Gross impaired loans, financing and advances ratio	11.33	10.53	11.29	12.15	10.95
Net impaired loans, financing and advances ratio	5.21	4.04	4.45	4.88	4.89

* Note: Excluding one-off cost of borrowing redemption

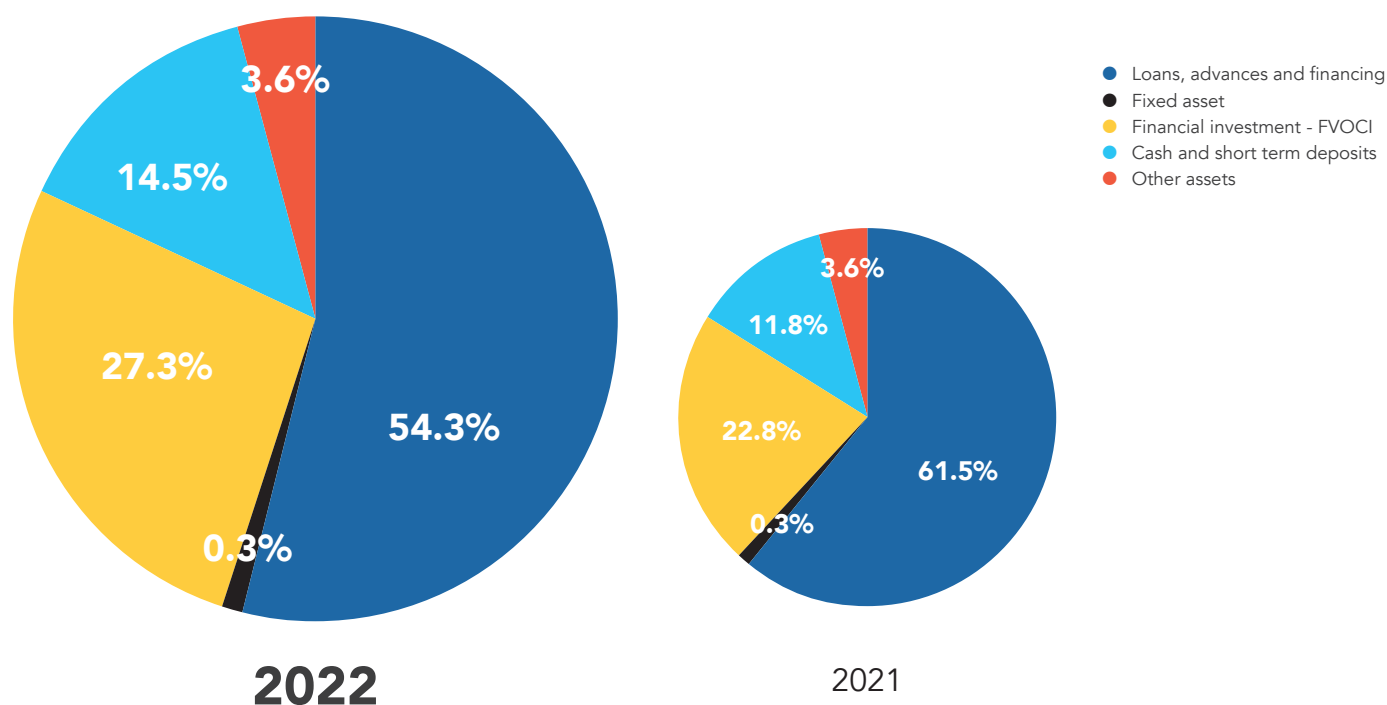
FINANCIAL HIGHLIGHTS

	Group		Bank	
	2022	2021	2022	2021
PROFITABILITY (RM MILLION)				
Profit before tax & zakat	379	254	271	211
Net profit for the year	212	176	146	146
KEY STATEMENTS OF FINANCIAL POSITION DATA (RM MILLION)				
Total assets	27,018	26,128	26,437	25,073
Total deposits and placements	3,908	3,092	2,276	1,084
Financial investment - FVOCI	7,378	5,950	6,595	5,216
Financial investment - FVTPL	34	15	34	15
Investment in subsidiaries	-	-	2,195	2,169
Loans, advances and financing	14,680	16,075	14,534	15,865
Other assets	1,018	996	803	724
Total liabilities	18,158	17,358	17,863	16,533
Deposits from customers and financial institutions	9,009	7,006	9,009	7,006
Redeemable notes	8,235	9,298	8,235	8,792
Borrowing	163	153	153	153
Infrastructure support funds	219	304	219	304
Deferred income	179	190	179	190
Other liabilities	353	407	68	88
Total equity	8,860	8,771	8,574	8,540
Paid-up capital	4,019	4,019	4,019	4,019
Reserves	4,826	4,739	4,555	4,521
Non-controlling interest	15	13	-	-
Commitments and contingencies	8,196	10,068	5,051	7,122
SHARE INFORMATION				
Earnings per share - basic (sen)	6.08	5.62	-	-
Gross dividends (sen)	2.46	2.17	2.46	2.17
Normal (sen)	2.46	2.17	2.46	2.17
Special (sen)	-	-	-	-
FINANCIAL RATIOS (%)				
Profitability ratios (%)				
Return on equity	2.40	2.10	1.71	1.79
Return on assets	0.80	0.71	0.57	0.60
Cost to income ratio	15.59	15.96*	13.74	15.04*
Capital adequacy (%)				
Risk weighted capital ratio (RWCR)	-	-	37.58	36.14
Core capital ratio	-	-	34.22	34.14
Asset quality ratio (%)				
Gross impaired loans, financing and advances ratio	11.33	10.53	11.26	10.49
Net impaired loans, financing and advances ratio	5.21	4.04	5.25	4.09

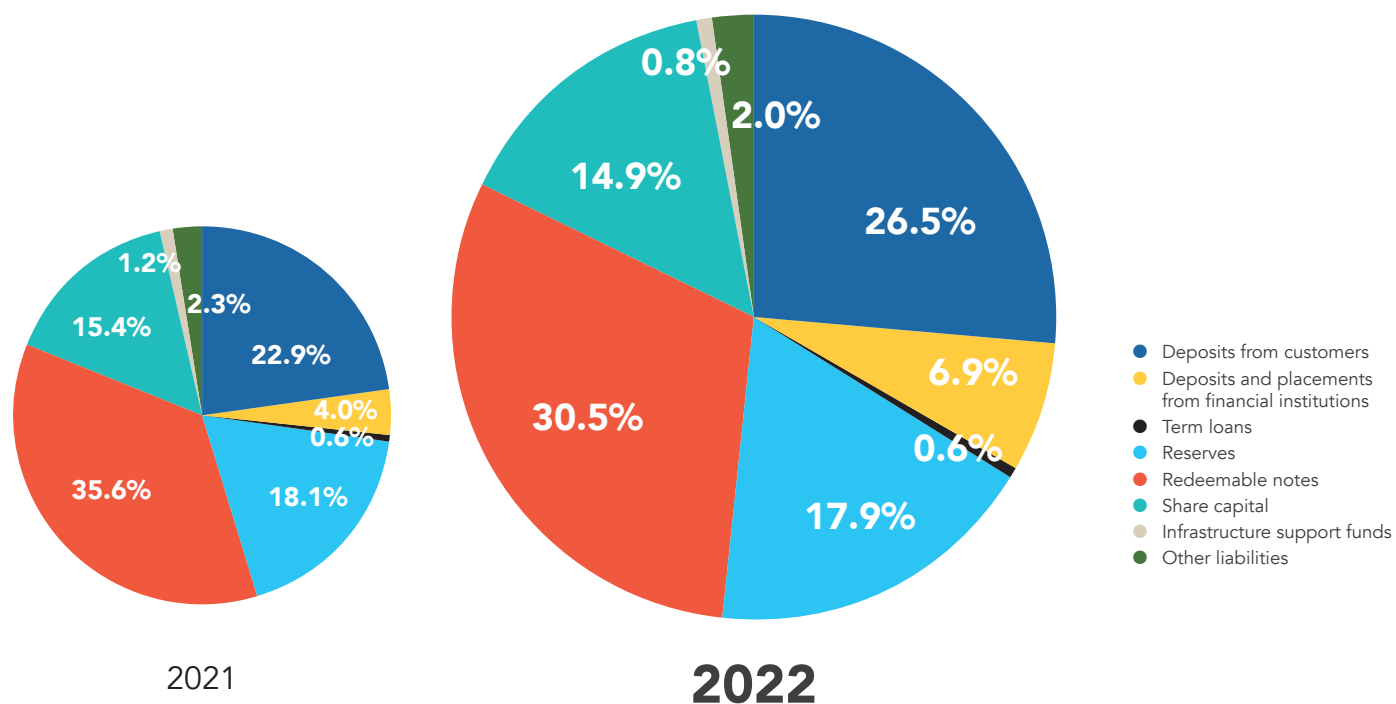
* Note: Excluding one-off cost of borrowing redemption

GROUP STATEMENT OF FINANCIAL POSITION

COMPOSITION OF ASSETS



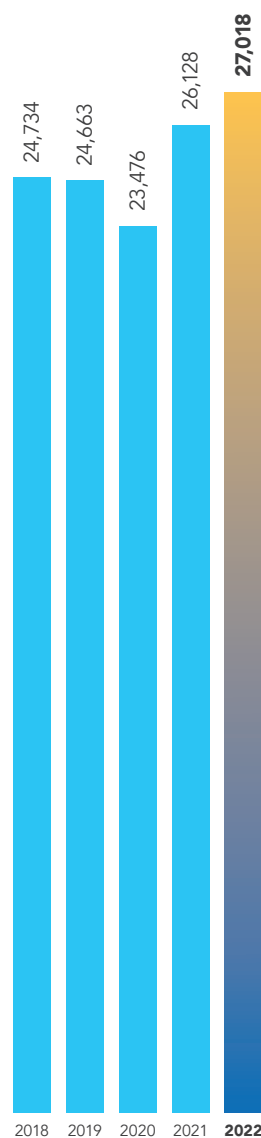
COMPOSITION OF LIABILITIES AND SHAREHOLDERS' FUNDS



FIVE-YEAR GROUP GROWTH TRAJECTORY

TOTAL ASSETS

(RM million)



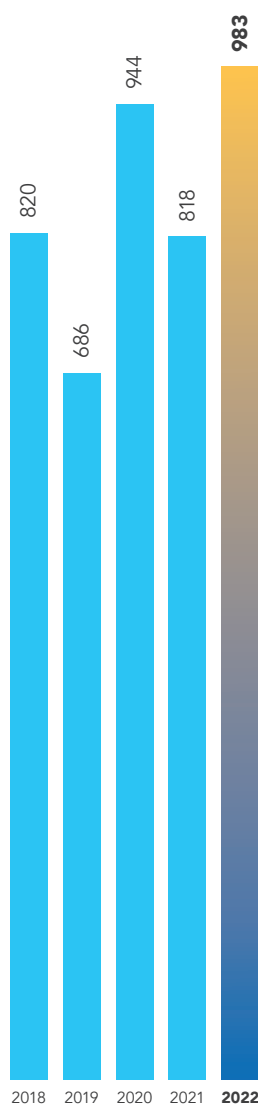
+3.4%

27,018

RM million

NET INCOME

(RM million)



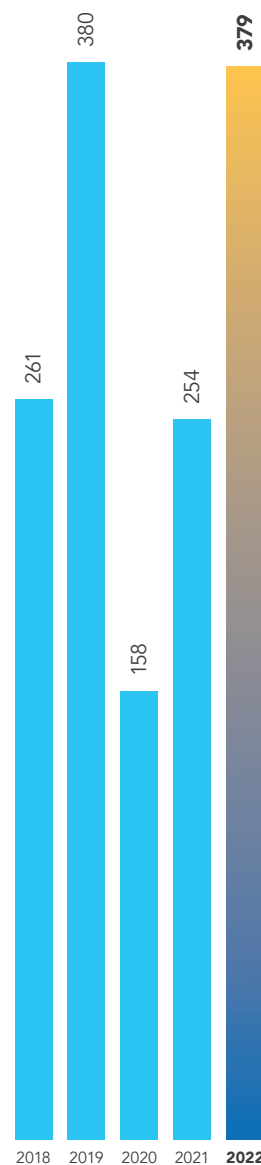
+20.2%

983

RM million

PROFIT BEFORE TAX & ZAKAT

(RM million)



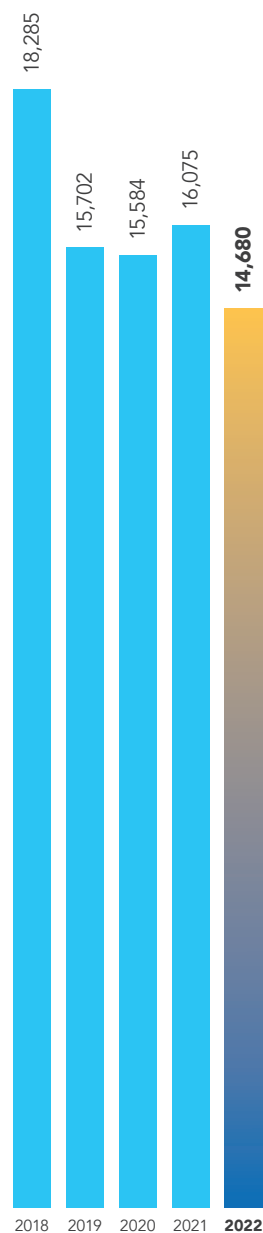
+49.2%

379

RM million

NET LOANS, FINANCING & ADVANCES

(RM million)



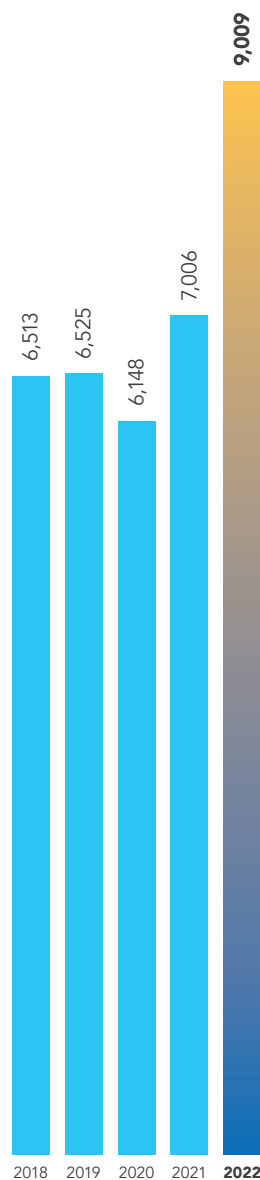
(8.7%)

14,680

RM million

DEPOSIT FROM CUSTOMERS & FINANCIAL INSTITUTIONS

(RM million)



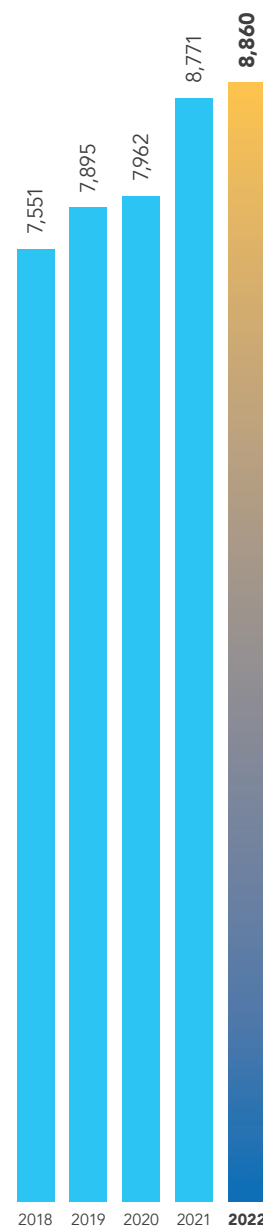
+28.6%

9,009

RM million

TOTAL EQUITY

(RM million)



+1.0%

8,860

RM million

NON-FINANCIAL PERFORMANCE

Our Group's Non-Financial Performance Framework is impact-based, designed to capture the broader contributions of BPMB beyond the narrow focus of financing growth indicators. In particular, it integrates developmental 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:

A. DEVELOPMENT IMPACT


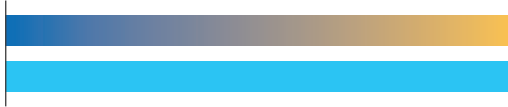

There are eight indicators that measure development impact, which are also included in BPMB's Corporate Scorecard 2022.

Indicator	FY2022 Target	FY2022 Performance
Approved Financing to Geographically Underserved Areas Total number of approved financing applications to Geographically Underserved Areas in 2022/Total number of approved financing applications in 2022. Note: Geographically Underserved Areas do not include KL (all districts within the boundary of KL), Putrajaya, Selangor (only within the local authorities of Petaling Jaya, Subang Jaya, Shah Alam and Klang), Pulau Pinang (only district of east coast Penang island) & Johor (only within the local authority of Johor Bahru).	$16.0\% \leq x \leq 24.0\%$	66.7% 10 of 15 approved financing projects are located in underserved areas
Approved Financing to Underserved Sectors Total number of approved financing applications to Underserved Sectors in 2022/Total number of approved financing applications in 2022. Note: Underserved Sectors include (i) Transport, Storage & Communication (ii) Electricity, Gas & Water Supply (iii) Education, Health & Others (iv) Mining & Quarrying (v) Primary Agriculture (vi) Advanced Manufacturing (vii) Environmental Conservation	$8.0\% \leq x \leq 12.0\%$	60.0% 9 of 15 approved financing projects are related to underserved sectors
Approved Green Financing Total number approved for Sustainable Development Financing Scheme (SDFS), Green Technology Financing Scheme (GTFS) 3.0 and National Development Scheme (NDS) specifically for Renewable Energy only.	$RM400.0 \text{ million} \leq x \leq RM600.0 \text{ million}$	RM242.8 million 3 approved green financing
Increase in Clients' Income (Preservation of Client Income) We track the Net Credit Rating Performance of 47 clients that received moratorium, by comparing those whose credit ratings that have improved against those whose credit ratings that have deteriorated. Number of clients by end of 2022 whose credit ratings have improved/deteriorated. Note: An improved client is defined as a client whose credit rating has improved as at 31 December 2022 vs 1 January 2022. A deteriorated client is defined as a client whose credit rating has deteriorated as at 31 December 2022 vs 1 January 2022.	Difference between improved and deteriorated client's Net Credit Rating Performance to be between 0 and 3	1 improved, 10 deteriorated Deteriorated clients outnumbered improved clients

Indicator	FY2022 Target	FY2022 Performance
Crowd-in Private Investment Total funding from other institutions/Total funding from BPMB	0.25 X ≤ x ≤ 4.00 times	0.45 X RM153.2 million funding from other institutions as compared to RM340.8 million funding from BPMB
Job Creation Total number of permanent jobs based on the number of projects expected to be completed in 2022	2,824 jobs	9,493 jobs Number of jobs created based on 16 completed projects in 2022
Policy Participation Policy or proposal proposed by BPMB accepted/adopted/announced by government and/or BNM	1 policy	4 policies A total of 4 policies proposed by BPMB were adopted by MOF and mentioned in the Budget 2023 announcement
Upward Migration of Clients Number of accounts of Unplanned Early Settlement	1 account	2 accounts A total of 2 clients made an early settlement

B. SOCIAL COST AND BENEFIT

We have adopted the following metrics as part of our plan for 2021 – 2022 to measure our effectiveness in using public resources to deliver on our mandate:

Indicator	FY2022/FY2021 Performance
Subsidy Dependence Index (SDI) Measures the DFI's level of self-sustainability in relation to government assistance. A higher SDI indicates higher dependence on the government's financial assistance.	<div> <div>2022</div> <div>2021</div> </div>  <p>The Bank recorded a higher PBTZ of RM271.5 million (2021: RM211.3 million) and lower average government compensation utilisation of RM0.3 million (2021: RM67.6 million), resulting in lower SDI.</p>
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.	<div> <div>2022</div> <div>2021</div> </div>  <p>The Bank continues to maintain an OI of less than 1 because the Bank primarily served targeted sectors.</p>
Net Subsidy Cost (NSC) Measures the effective weighted cost of the subsidy (government assistance) to the society against the OI. A lower NSC is better as the subsidy reaches more targeted sectors, indicating a more effective social gain.	<div> <div>2022</div> <div>2021</div> </div>  <p>The Bank continues to achieve NSC less than net subsidy received because the Bank primarily served targeted sectors.</p>

03



IMPACTING LIVES THROUGH INFRASTRUCTURAL INTEGRITY

IMPACTS ACHIEVED:

CASE STUDY: Under the Sustainable Development Financing Scheme (SDFS), the Bank financed a Centralised Accommodation Transit (CAT), comprising residences and facilities for 7,280 workers, to provide high quality of living for the workers of surrounding industrial parks.



Catalyses productivity and economic growth

- Centralised and systematic accommodation for foreign workers.
- Strategic location shortens travel time and enables easy transportation arrangements.
- Attracts foreign direct investment into the manufacturing sector.



Improves health, safety and sustainability

- Enhanced living environment reduces health and medical issues among foreign workers.
- The project has been awarded the Green Building Index (GBI) Certificate for sustainability.



Prioritises foreign workers' welfare

- Ensures the proper treatment of workers to meet international standards for labour rights.
- A proper and professionally-managed workers' accommodation positions Malaysia as a highly productive nation with sustainable labour practices.



**Supporting
the following
UNSDGs:**



***Industry,
Innovation and
Infrastructure***



***Climate
Action***

*Project financed by BPMB:
Centralised Accommodation Transit (CAT)
in Batu Kawan, encompassing residences
and facilities for 7,280 workers.*

BOARD OF DIRECT



ORS



From left:

DATIN RASHIDAH MOHD SIES

Interim Chairman/
Non-Independent Non-Executive Director

TAN SRI RASHPAL SINGH RANDHAY

Independent Non-Executive Director

NORAZILLA MD TAHIR

Independent Non-Executive Director

TS. OTHMAN ABDULLAH

Independent Non-Executive Director

ROSNAH KAMARUL ZAMAN

Independent Non-Executive Director

**TAN SRI MOHAMED NAZIR
ABDUL RAZAK**

Non-Executive Chairman/
Independent Non-Executive Director
(Retired on 22 April 2023)

ARIFF ROZHAN

Independent Non-Executive Director
(Retired on 10 May 2023)

THOMAS MEOW YOKE NEAN

Independent Non-Executive Director
(Retired on 2 June 2023)



- A** Board Audit Committee
- C** Board Credit Committee
- I** Board Information Technology Committee
- N** Board Nomination & Remuneration Committee
- R** Board Risk Management Committee

BOARD OF DIRECTORS

Date of Appointment: **27 September 2021**

Qualifications

- Diploma in Public Administration from The National Institute of Public Administration (INTAN)
- Bachelor in Business Administration (Finance) from Idaho State University in 1986
- Master's in Business Administration from US International University California in 1987

Areas of Expertise

- Public Administration & Finance

Relevant Experience

Her career at the Ministry of Finance began in 1989 at its Investment Section, Finance Division, where she was responsible for managing government loans from the capital market. In 1998, she was assigned to the Privatisation Section of the Finance Division, where she was responsible for coordinating privatisation projects including the Putrajaya Development Project, projects and privatisation of the Ministry of Transport (i.e. Express Rail Link and *Pelabuhan Tanjung Pelepas*) and the Ministry of Defence. Datin Rashidah was then assigned to the MKD Section, BSPN to handle matters related to corporate issues of government companies from various sectors.

She was also directly involved in the rationalisation and restructuring of the functions and roles of Bank Pembangunan dan Infrastruktur Malaysia Berhad including Bank Industri Malaysia Berhad. In 2009, she was assigned to the Economic Sector, BMKD to coordinate privatisation projects as well as handle matters related to corporate issues of government companies.

Among the positions that Datin Rashidah held was as a Deputy Division Secretary, Commercial Sector, Government Investment Companies Division in 2016 and as Secretary Division of Government Investment Companies in 2018. Datin Rashidah is currently the Deputy Secretary General (Management) at the Ministry of Finance.

She was previously a Board Member of Agrobank, Perbadanan Nasional Berhad and Global Maritime Ventures Sdn Bhd. She is currently on the boards of Securities Commission Malaysia, Tenaga Nasional Berhad, UDA Holdings Berhad, Syarikat Jaminan Pembiayaan Perniagaan Berhad and Syarikat Jaminan Kredit Perumahan Berhad.

Directorships in Public Companies/Subsidiaries of Public Companies

- Syarikat Jaminan Pembiayaan Perniagaan Berhad
- Syarikat Jaminan Kredit Perumahan Berhad
- UDA Holdings Berhad
- Danainfra Nasional Berhad
- Tenaga Nasional Berhad
- SRC International Sdn Bhd

Previous Directorships in Public Companies

- Global Maritime Ventures Berhad

Shareholdings in BPMB Group

- Nil

Declaration

Datin Rashidah has no

- Family relationship with any director and/or major shareholder of BPMB
- Conflict of interest with BPMB and has never been charged for any offence



DATIN RASHIDAH MOHD SIES

Interim Chairman/
Non-Independent Non-Executive Director

59, Malaysian, Female

N - Member

TAN SRI RASHPAL SINGH RANDHAY

Independent Non-Executive Director

62, Malaysian, Male

R - Chairman
C - Member
I - Member



Date of Appointment: **28 April 2022**

Qualifications

- Masters in Corporate Finance, University of Liverpool

Areas of Expertise

- Finance, Taxation, Accounting and Fraud

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 Southeast 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

- Danajamin Nasional Berhad

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 has never been charged for any offence

BOARD OF DIRECTORS

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 CFO/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

- Director of Citibank Berhad
- Director of Global Maritime Ventures Berhad
- Director of Pembangunan Leasing Corporation Sdn Bhd
- Director of PLC Credit & Factoring Sdn Bhd
- Director of BI Credit & Leasing 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 has never been charged for any offence



NORAZILLA MD TAHIR

Independent Non-Executive Director

57, Malaysian, Female

- A** - Chairman
- C** - Member
- R** - Member

TS. OTHMAN ABDULLAH

Independent Non-Executive Director

51, Malaysian, Male

- I** - Chairman
- A** - Member
- N** - Member
- R** - Member



Date of Appointment: **22 October 2021**

Qualifications

- Bachelor of Science in Computer Engineering from the University of Michigan, Ann Arbor, USA
- Post Graduate Diploma and Master of Science in Islamic Banking and Finance from the International Islamic University of Malaysia
- Recipient of the Certificate of Premier Business Management Programme from Harvard Business School as well Certificate of Islamic Finance Leadership Programme from 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 number of financial institutions in Asia, Middle East and Africa. He is a recognised professional technologist by Malaysia Board of Professional Technologist (MBOT).

He started his career with Silverlake in May 1997. In January 2007, Othman joined Bank Islam as Senior Manager, Head of Information Technology Application Development. In July 2007, he rejoined 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 redesignated 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 experiences servicing 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 programmes. He also speaks on the subject at conferences and seminars.

Directorships in Public Companies/Subsidiaries of Public Companies

- Nil

Previous Directorships in Public Companies

- Nil

Shareholdings in BPMB Group

- Nil

Declaration

Othman has no

- Family relationship with any director and/or major shareholder of BPMB
- Conflict of interest with BPMB and has never been charged for any offence

BOARD OF DIRECTORS

Date of Appointment: **17 May 2022**

Qualifications

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

Areas of Expertise

- Banking & Finance

Relevant Experience

Rosnah Kamarul Zaman 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.

Puan Rosnah commenced her career as a management trainee with the former Bank of Commerce in 1979, and left the bank 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

- Danajamin Nasional Berhad

Previous Directorships in Public Companies

- Nil

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 has never been charged for any offence

ROSTAH KAMARUL ZAMAN

Independent Non-Executive Director

67, Malaysian, Female

A - Member

I - Member

N - Member

R - Member



GROUP CHIEF EXECUTIVE OFFICER

RONI L. ABDULWAHAB

Group Chief Executive Officer

Date of Appointment: **8 April 2022**

Qualifications

- Bachelor of Science in Economics (cum laude) from 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 Chief Executive Officer of BPMB, Roni has held senior leadership roles in the banking, investment management and corporate sectors. Roni had served at Khazanah Nasional Berhad as Executive Director, Investments and was also Managing Director and Country Head of Global Banking, 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 has never been charged for any offence



SHARIAH COMMITTEE

PROFESSOR DR AZNAN HASAN

Chairman

Date of Appointment:
1 April 2017

Qualifications

- Bachelor Degree in Shariah from University of Al-Azhar, Egypt
- Master Degree with distinction, in Shariah from Cairo University, Egypt
- PhD from University of Wales, Lampeter, United Kingdom

Areas of Expertise

- Shariah, Islamic Banking and Finance

Relevant Experience

Prof Dr Aznan is currently a Professor at IIUM Institute of Islamic Banking and Finance, International Islamic University of Malaysia. He teaches post-graduate level students and specialises in Islamic Commercial Law, Islamic legal maxims and other related areas of Islamic banking and finance.

Renowned locally and internationally for his extensive experience and involvement in Islamic finance and Shariah advisory, Prof Dr Aznan has served as a Shariah advisor and consultant to various financial institutions, corporate entities, government agencies and regulatory authorities. He was involved in advising and approving various Islamic financial products in the banking, capital market and takaful industries, and was credited with numerous research papers and more than 100 presentations on Shariah and Islamic finance worldwide.

Memberships and Other Appointments

- Member of the Association of Shariah Advisors in Islamic Finance
- Deputy Chairman of the Shariah Advisory Council of the Securities Commission Malaysia
- Chairman of the Shariah Committee of Maybank Islamic Berhad
- Board of Director of Maybank Islamic Berhad

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 has never been charged for any offence



USTAZ MOHD FADHLY MD YUSOFF

Member

Date of Appointment:
1 April 2017

Qualifications

- Bachelor Degree in Shariah (First Class) from the University of Malaya, Malaysia

Areas of Expertise

- Shariah, Islamic Capital Market and Investment



Relevant Experience

Ustaz Mohd Fadhly currently runs his own business and is also an independent Shariah advisor and consultant. Prior to this, he was a manager with the Islamic Capital Market Department in Securities Commission Malaysia for 12 years, supervising and monitoring Shariah compliance requirements of Islamic product structures in relation to submissions for issuance of Sukuk, structured products, collective investments and Islamic real estate investment trusts. Ustaz Mohd Fadhly was also in charge of research and development activities relating to Islamic capital market products, as well as reviewing and providing consultative input and criteria for the preparation of Islamic securities and capital market guidelines.

Ustaz Mohd Fadhly is an appointed Shariah advisor and consultant for a number of educational, non-governmental organisations and financial institutions. An accredited trainer for Islamic Finance Qualification (IFQ) by the Chartered Institute for Securities and Investment, he is actively involved in reviewing Shariah and Islamic finance curriculums and syllabi for human capital development and training providers.

Memberships and Other Appointments

- Member of the Association of Shariah Advisors in Islamic Finance
- Shariah Committee member of AmBank Islamic Berhad
- Shariah Committee member of Sun Life Malaysia Takaful 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 has never been charged for any offence

SHARIAH COMMITTEE

USTAZ LOKMANULHAKIM HUSSAIN

Member

Date of Appointment:
20 July 2022

Qualifications

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

Areas of Expertise

- Shariah, Islamic Banking and Finance

Relevant Experience

Ustaz Lokmanulhakim Hussain previously served as a researcher at International Shari'ah Research Academy for Islamic Finance (ISRA). He also used to be a member of Shariah Board of Al Rajhi Bank Malaysia in 2014-2022. He is a prolific researcher and actively involves in researches related to Islamic finance and has presented numerous research papers at various seminars and conferences.

Memberships and Other Appointments

- Shariah Committee member of Affin Islamic Bank Berhad
- Shariah Committee member of Co-opbank Pertama
- Shariah Committee member of FWD Takaful
- Shariah Advisory Council Member of BIMB Securities Sdn Bhd

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 has never been charged for any offence



PROFESSOR DR ZURINA BINTI SHAFII

Member

Date of Appointment:
1 April 2021

Qualifications

- Bachelor in Accountancy, Universiti Teknologi Mara Malaysia
- MSC. Finance, Durham University, United Kingdom
- PhD in Islamic Finance, Durham University, United Kingdom
- Professional Accounting Qualification, ACCA
- Certified Islamic Financial Planner

Areas of Expertise

- Accounting and Auditing

Relevant Experience

Prof Dr Zurina Shafii is a Professor in the Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia (USIM). She is also a research fellow in Islamic Finance and Wealth Management Institute (IFWMI) at USIM. Her field of expertise are Shariah audit and assurance, Islamic accounting and reporting, Islamic financial planning and Halal Compliance Procedures. To date, she has authored four books on Islamic financial planning, Shariah audit and Islamic finance.

She is one of the founders of Muamalat Interactive Game (MIG); a game that has been innovated by incorporating the concepts and operations for retail products offered by Islamic banks. Such invention has won various awards conferred by Persidangan dan Ekspo Ciptaan Institusi Pengajian Tinggi Antarabangsa (PECIPTA), International Invention, Innovation and Technology Exhibition (ITEX) and International Trade Fair Ideas Inventions New Products (IENA) in Germany. The board games are used widely in various trainings conducted by numbers of Islamic banks, zakat institutions, universities, schools and Non-Governmental Organisations (NGOs).

Her expertise in Islamic finance has led to her appointment as one of the external expert panels for Finance Accreditation Agency (FAA) and a subject matter expert (SME) for IBFIM on Shariah audit that headed the project of Professional Shariah Auditor Certification into the market in December 2019. Her engagement with Shariah governance functions and personnel, such as Shariah risk managers, Shariah reviewers and Shariah auditors as the main trainer for Module 4 of Shariah Risk Management and Module 5 of Shariah Audit Planning and Programme, has provided her a good platform to further understand the issues and concerns in Islamic banking and takaful.

Memberships and Other Appointments

- President of Association of Islamic Financial and Wealth Management (AIFIWM)
- Shariah Committee member of Standard Chartered Saadiq Berhad
- Shariah Committee of 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 has never been charged for any offence



SHARIAH COMMITTEE

PROFESSOR DR SALINA KASSIM

Member

Date of Appointment:
20 July 2022

Qualifications

- Bachelor in Economics, University of Arizona, USA
- MSC. Economics, University of Missouri-St. Louis, USA
- PhD in Economics, International Islamic University Malaysia (IIUM)
- Postgraduate Diploma in Islamic Studies, IIUM

Areas of Expertise

- Economics and Islamic Studies

Relevant Experience

Prof Dr Salina is currently a Professor at the IIUM Institute of Islamic Banking and Finance (IIBF), International Islamic University Malaysia (IIUM). Her areas of expertise include Islamic banking and finance, economics, Islamic social finance and sustainable finance such as waqf, Islamic microfinance, and socially responsible investment. She serves as a trainer for the Association of Shariah Advisors in Islamic Finance (ASAS) trainings, editorial board member of several reputable international and local academic journals, national panel member for Ministry of Higher Education Fundamental Research Grant Scheme (FRGS), as well as invited speaker for seminars and conferences.

Prior to becoming an academician, she has several years of working experience as a Senior Executive at the Economics and Corporate Planning Division of a commercial bank in Malaysia. She has conducted researches, produced a number of books, chapters in books and publications in journal articles, and presented papers at various events.

Memberships and Other Appointments

- Shariah Committee member 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 has never been charged for any offence



ASSOCIATE PROFESSOR DR YASMIN HANANI MOHD SAFIAN

Member

Date of Appointment:
20 July 2022

Qualifications

- Bachelor Degree in Syariah Islamiyyah, Al-Azhar University, Egypt
- Master Degree in Islamic Law, University of Birmingham, U.K.
- PhD in Islamic Law, University of Exeter, U.K.

Areas of Expertise

- Shariah and Law



Relevant Experience

Associate Professor Dr Yasmin Hanani Mohd Safian is currently an Associate Professor at the Faculty Shariah & Law, Universiti Sains Islam Malaysia (USIM).

She involves in numerous researches 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

- Shariah Committee member of Bank Islam
- Shariah Committee member of Co-op Bank Pertama
- Member of Majlis Agama Islam Selangor
- Member of Majlis Perundangan Syarak Wilayah Persekutuan (MAIWP)
- Shariah Panel of USIM
- Member of Jawatankuasa Penasihat Pensijilan Halal Malaysia (Jabatan Kemajuan Islam Malaysia (JAKIM))
- Board Member of Teraju Ekonomi Asnaf (subsidiary of Majlis Agama Islam Selangor (MAIS))

Shareholdings in BPMB Group

- Nil

Declaration

Dr Yasmin Hanani has no

- Family relationship with any director and/or major shareholder of BPMB
- Conflict of interest with BPMB and has never been charged for any offence

SENIOR LEADERSHIP TEAM

**RONI L.
ABDULWAHAB**

Group Chief
Executive Officer



**MOHAMED
NAZRI OMAR**

Managing Director,
Group Corporate Banking
& Investments



TAN MING YEW

Managing Director,
Group Finance &
Operations



MOHD FUAD AHMAD

Group Chief Corporate
Development Officer



SAINURSALWA SANI

Chief Human Resource Officer



**MUHAMMAD
AZRAINI
ABDUL HAMID**

Group Head,
Private Equity and
Strategic Investments



**AIDIL HAZNUL
ZULKIFLI**

Group Chief Legal,
Governance & Corporate
Services



**MUHAMMAD
TAUFIQ
ABDUL LATIF**

Chief Credit Officer



**JASON GOAY
NGEE CHIEW**
Chief Risk and
Compliance Officer



HEE WEI JEAN
Chief Financial Officer



**MUHAMED NOH
KADERAN**
Chief Internal Auditor



WEE YEE TAT
Group Head,
Corporate Banking & Advisory



**GERALD GOH
YONG HWA**
Group Head, Coverage



**MOHAMED
FADZIL SULAIMAN**
Group Head,
Group Treasury
& Investments



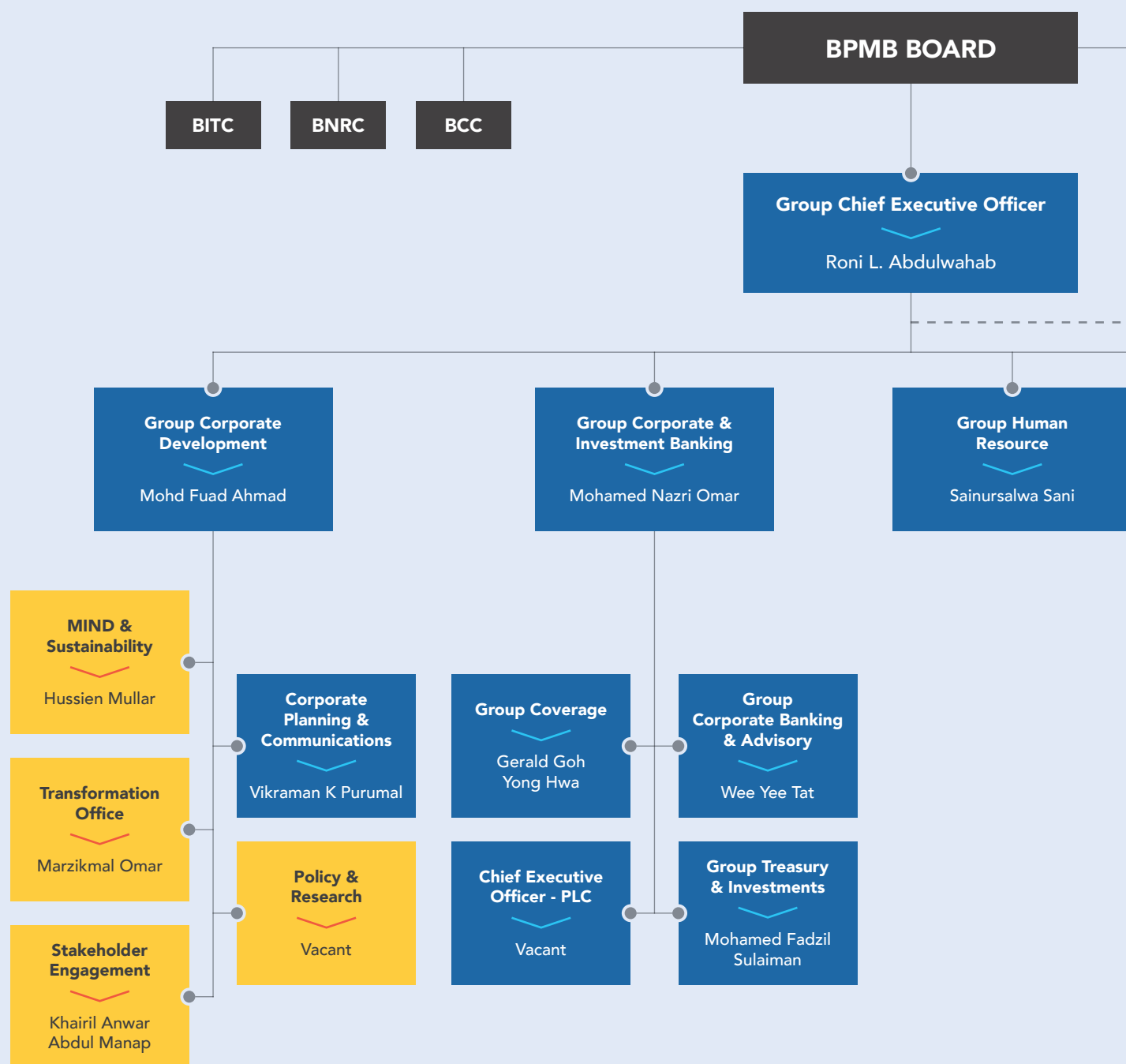
**NOOR AIN
MOHD AMIN**
Group Head,
Shariah Management



**VIKRAMAN KALIA
PURUMAL**
Head, Corporate Planning
and Communications



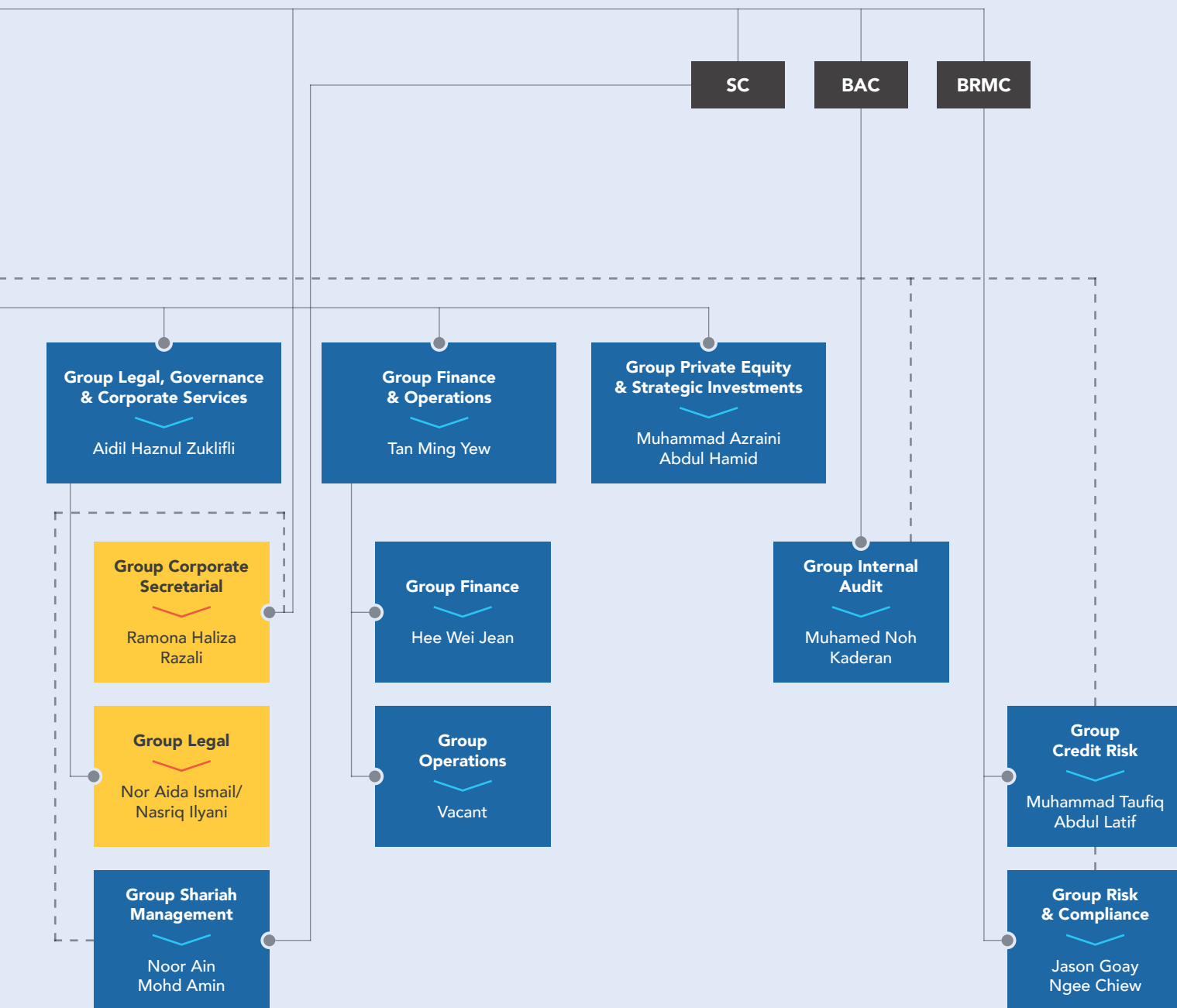
GROUP ORGANISATION STRUCTURE

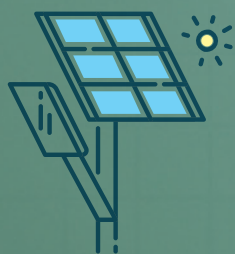


BITC Board Information Technology Committee
BCC Board Credit Committee
BNRC Board Nomination & Remuneration Committee

BRMC Board Risk Management Committee
SC Shariah Committee
BAC Board Audit Committee

Senior Leadership Team
Non Senior Leadership Team





ILLUMINATING POSITIVE ENVIRONMENTAL IMPACTS

IMPACTS ACHIEVED:

CASE STUDY: In 2018, BPMB partly financed and continues to monitor the impact of replacing 11,600 high pressure sodium streetlights with LED streetlights by the Shah Alam City Council.



Enhance Public Safety

- While consuming half the energy (75 watts vs HPS 150 watts) the LED streetlights are brighter, enhancing the safety of up to 100,000 road users and pedestrians daily.
- LED lighting eliminates the risk of environmental harm during disposal as it does not contain mercury, a harmful metal.



Reduction of Electricity and CO₂ Emissions

- Itramas' S150 LED streetlights use 50% less energy, resulting in an anticipated monthly reduction of 435,051 kWh in electricity consumption.
- Indirectly, this will see a yearly reduction of 308,313 kg of CO₂ emissions leading to reduced dependency on fossil fuels, and resulting in a decrease in climate-related problems.



Reducing Costs

- Cost savings of an estimated RM15 million in the long run for the Shah Alam City Council.



Creating Jobs

- By sourcing 85% of its supplies locally, this project potentially creates up to 150 job opportunities, enhancing the standard of living for workers.



Supporting the following UNSDGs:



**Affordable and
Clean Energy**



**Decent Work
and Economic
Growth**



**Industry,
Innovation and
Infrastructure**



**Responsible
Consumption
and Production**

Project financed by BPMB:
Upgrading to LED Streetlights, involving the replacement
of 11,600 high-pressure sodium streetlights in Shah Alam.

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors (the 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)* and primary legislative and regulatory provisions, i.e. Development Financial Institutions Act 2002.

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 effectively perform its functions. A brief profile of each Director is presented on pages 48 to 52 of the Annual Report.

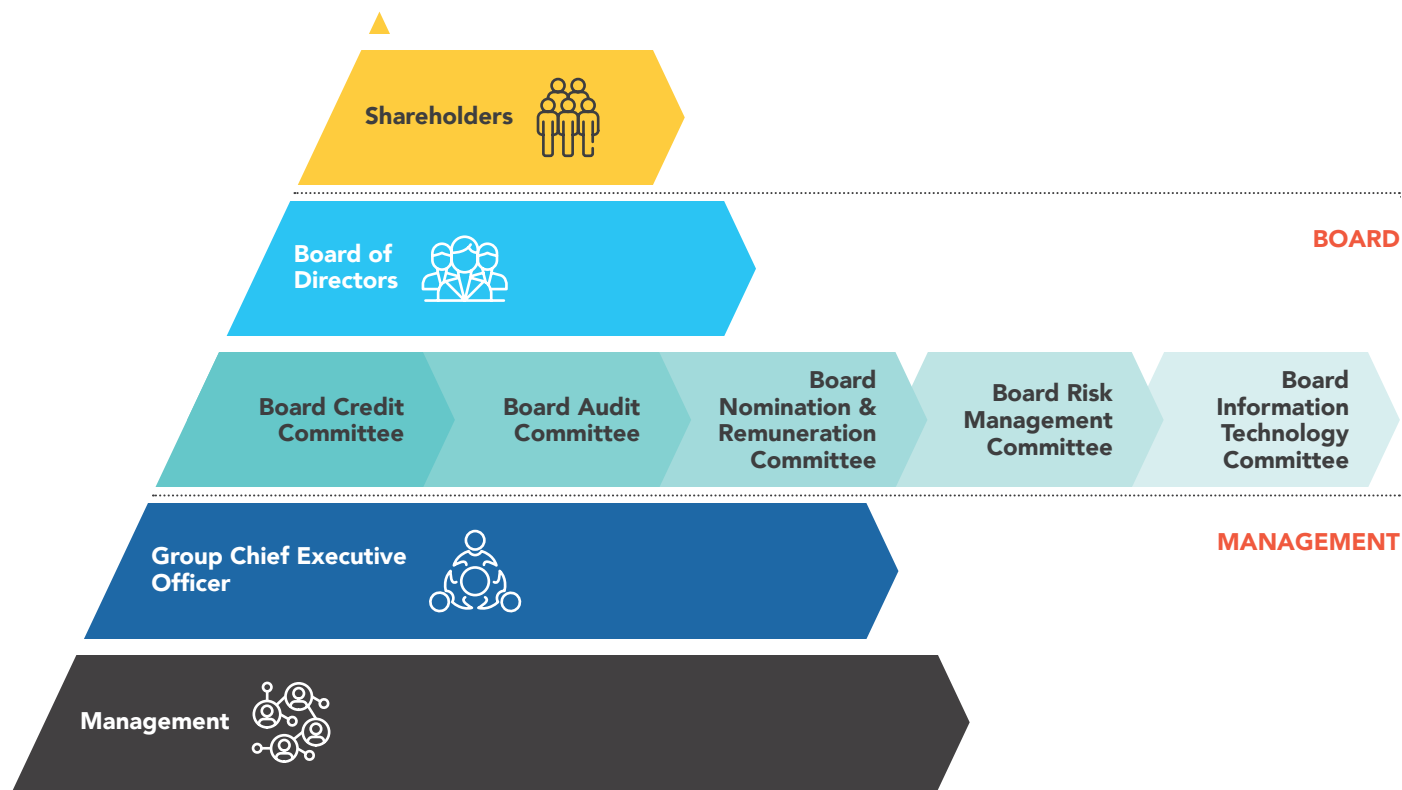
The Board is also committed to maintaining diversity and inclusion in its composition and decision-making process. In this regard, the Board considers diversity across different aspects, including gender, age, educational background, professional experience, skills, knowledge and length of service.

As at 21 April 2023, the Board comprises eight (8) members with one (1) Non-Executive Chairman/Independent Non-Executive Director, six (6) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. All Independent and Non-Executive Directors are persons of high calibre and integrity with the ability to exercise independent judgement, and act in the best interests of the Bank. The high proportion of Independent Non-Executive Directors (INEDs) also provides the necessary checks and balances on executive decisions made by the 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.

BPMB is in the process of appointing an Independent Director with finance-related or accounting experience in order to comply with the requirement, prescribed in the BNM Policy Document on Corporate Governance for DFIs, i.e. at least three (3) directors must have finance-related or accounting experience. The 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 DFIs, *Garis Panduan Ahli Lembaga Pengarah Lantikan Menteri Kewangan (Diperbadankan)* and primary legislative and regulatory provisions, i.e. Development Financial Institutions Act 2002.

The appointment/reappointment of Directors is governed by the BNM Policy Document on Corporate Governance for DFIs, BNM Policy on Fit and Proper Criteria, 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 his or her 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 Ministry of Finance (MOF) for final approval.

CORPORATE GOVERNANCE FRAMEWORK



KEY BOARD FEATURES



STATEMENT OF CORPORATE GOVERNANCE

BOARD EVALUATION

The Board has also implemented an annual evaluation of the overall effectiveness of the Board, and Board Committees. The Board Effectiveness Evaluation (BEE) for year 2022 is conducted internally, whereby a detailed questionnaire was given to each Director. The questionnaire covers questions on the experience, qualification and skills of the Directors, comprehension of role and responsibilities as members of the Board Oversight Committees, Directors' 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, taking into account interests of stakeholders.

There is clear separation of the roles and responsibilities of the Chairman and GCEO, in line with best practices, to ensure appropriate supervision of the Management. The Board delegates daily operations of the Bank to the GCEO who, with the Management, is accountable to the Board.

The Board is guided by the Board Charter with respect to the Board's duties, functions and powers. The Board Charter is reviewed periodically to incorporate changes to applicable legislations 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.

There are Board Reserved Matters in the Board Charter, specifically for the Board's decision, including approval of business plans and the annual budget, dividend recommendation, acquisition and disposal of undertakings and properties of substantial values, major investment and financial decisions, as well as changes to the management and control structure within the Group, including policies and delegated authority limits. The Board also approves the Group's plans in relation to managing its climate, sustainability and developmental impact through its purview of the Group's strategy.

Where there is a potential conflict of interest, the Director concerned is required to declare his/her interest, and abstain from the deliberation and decision-making process.



Read more about BPMB's Board Charter
at 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. 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 that 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, as well as keeping Directors' abreast of developments that may impact Islamic financial business, in order to fulfil their responsibilities to BPMB.

The GCEO holds overall executive responsibility in ensuring the day-to-day operations of BPMB Group are effectively and appropriately managed. 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 that 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 the 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 day-to-day business affairs of the Group are effectively and appropriately managed.

The GCEO promotes a sound corporate culture within BPMB Group, through the relevant Management Committees, which reinforces ethical, prudent and professional behaviour, and 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 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 dealings in the conduct of business and are expected to conduct the business of BPMB Group in a professional manner.

► Whistleblowing Policy

The Group is dedicated to uphold Malaysia's Anti-Corruption Principles, promoting integrity, transparency and good governance in all aspects of our business, when we signed the Corporate Integrity Pledge on 26 September 2016. Hence, our Whistleblowing Policy is designed to allow individuals to whistleblow on issues of 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, there is an external independent party that administers a platform, known as 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. All of these serve to complement the Group's governance framework and ensure legitimate concerns can be objectively evaluated and addressed.

STATEMENT OF CORPORATE GOVERNANCE

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, among 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.

Meetings of the Board, and Board Oversight Committees, are scheduled in advance prior to the commencement of a new financial year. The meeting calendar is circulated to all Directors to enable them to plan ahead. The agenda for each Board/Board Oversight Committee meeting, and papers relating to the matters to be deliberated at the meetings, are forwarded to all Directors, prior to the date of the Board/Board Oversight Committee meetings.

The Board also peruses the deliberations and decisions made by the Board Oversight Committees, through the meeting minutes of the Board Oversight Committees, which will be tabled at the Board meetings. The Chairman of each Board Oversight Committee is responsible for informing the Directors during the Board meetings of any salient matters noted by the Board Oversight Committees requiring the Board's attention or direction. All proceedings of Board meetings are minuted and signed by the Chairman in accordance with the provisions of the Companies Act, 2016.

All Directors have direct access to the services of the Company Secretary's Office and Senior Management. Independent professional advice is also made available to the Directors in discharging their duties, in the event such services are required.

During the financial year ended 31 December 2022, the Board met 13 times. The attendance record of the Directors at Board Meetings for 2022 is as follows:

Name of Director	No. of Meetings and Attendance
Tan Sri Mohamed Nazir Abdul Razak Non-Executive Chairman/ Independent Non-Executive Director	13/13
Encik Ariff Rozhan Independent Non-Executive Director	13/13
Puan Norazilla Md Tahir Independent Non-Executive Director	13/13
Encik Thomas Meow Yoke Nean Independent Non-Executive Director	13/13
Datin Rashidah Mohd Sies Non-Independent Non-Executive Director	13/13
Ts. Othman Abdullah Independent Non-Executive Director	13/13
Tan Sri Rashpal Singh Randhay Independent Non-Executive Director (appointed with effect from 28 April 2022)	8/8*
Puan Rosnah Kamarul Zaman Independent Non-Executive Director (appointed with effect from 17 May 2022)	8/8*

* Reflects the number of meetings attended during the time the Director held office.

BOARD'S DELIBERATIONS

► Key Matters Discussed by The Board

Key areas/matters reviewed, deliberated and approved by the Board during FY2022 include the following:

STRATEGY

- Private Equity Strategy
- Achievement of Corporate Scorecards for 2021
- Proposed Composition of Management Committee for BPMB Group
- Proposed Scorecard 2022
- Outsourcing Plan FY2022
- Issuance of IMTN Under Sukuk Wakalah or SDG Sukuk up to RM800 mil (Tranche 4)
- Strategic review of Pembangunan Leasing Corporation Sdn Bhd
- Approval on Business Transfer Scheme Application
- Portfolio Allocation Supported vs. Stable
- BPMB Group Agenda 2025 – Three-Year Transformation Plan 2023-2025
- MIND Current State, Future Plan and Roadmap Towards Agenda 2025
- ALAM Proposed Structure
- Re-alignment of BPMB Industrial Sector
- Group Private Equity & Strategic Investments - Revised Business Plan

GOVERNANCE

- Annual 'Fit and Proper' Assessment
- Proposed revision to the Code of Ethics and Business Conduct
- Revision to the Board Charter

FINANCIAL PERFORMANCE

- Regularly reviewed BPMB and subsidiaries Financial Results (Monthly, quarterly, half-yearly and yearly Management Report)
- Appointment of External Auditor and Audit Engagement for Danajamin
- BNMs Financial Sector Blueprint 2022-2026 - Implementation Roadmap
- MFRS 9 Harmonisation Project (Financial Guarantee)
- Revision of Policy on Capital Management
- INR and GSSB Term Loan Facilities
- Proposed Methodology for Computation of Effective Cost of Fund

RESPONSE TO CSR PROJECT

- Flood Assistance for Kampung Baru Residents
- Flood Assistance for victims in Selangor

INFORMATION TECHNOLOGY

- The Development of the New Sub-System (External Portal) - Variation Order
- RFP Evaluation Result and Recommendation for Microsoft Enterprise Agreement (EA) Subscription Renewal
- Integration Blueprint - IT Amalgamation
- Revision of BPMB ICT Policy
- Enterprise Architecture Framework (EAP)
- BPMB - Danajamin Data Migration Plan (DMP)
- Review of Group Treasury and Investments Operations Policy (GTIOP)
- Request for Expansion of FD Tawarruq Product to Non-BPMB Clients

RISK MANAGEMENT & COMPLIANCE

- Received Quarterly updates on BNM CRR FY2019 & FY2020
- Received Status Update on Risk Appetite Statement and Tolerance Level
- Received Quarterly Group Stress Test Results
- Review of Group GRM Framework
- Review of BPMB's Authority Matrix
- Consolidation of Credit Risk Management Policy
- Revision of BPMB Group BCM Policy
- Revision of Cyber Resilience Policy
- Update on the Surveillance Audit by SIRIM for MS ISO 37001 2016 ABMS Recertification
- Update on the BNM Thematic Review on the Adequacy of Identification and Verification of Beneficial Ownership for GLCs
- Risk-Based Pricing Project Approval
- Sector Compass and Sector Limit Methodology
- Revision of the Group Compliance Policy

SUSTAINABILITY

- Embracing Green Initiatives and Sustainability Agenda – Green Building Business Case
- Case Study – Development Bank of the Philippines

CULTURE & VALUES

- BPMB Collaboration with PERTIWI Soup Kitchen
- 2022 Sarawak Tourism Lab Sponsorship

STATEMENT OF CORPORATE GOVERNANCE

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 first-hand understanding of the Bank's operations. At the induction programme, Head of Functions and CEOs 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 the Directors to attend talks, training programmes and seminars, to update themselves on new developments in the business environment.

Seminars, conferences and training programmes attended by the Directors in the financial year ended 31 December 2022 included the following:

- FIDE Core Programme Module A
- FIDE Core Programme Module B
- Islamic Finance for Board of Directors Programme
- Market Risk Management – Banking Sector Climate Change Risk Programme facilitated by PricewaterhouseCoopers (PwC)
- Board Training on Business Continuity FY2022
- Board Risk Intelligence Executive Masterclass Asia 2022

DIRECTORS' REMUNERATION

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

The remuneration package for Non-Executive Directors (NEDs), generally commensurate with the expertise, skills, responsibilities and the risks undertaken by the NEDs concerned. All NEDs are paid a fixed monthly Director's fee and allowance for each Board, and Board Oversight Committee meeting attended. In addition, NEDs also receive other benefits-in-kind including Directors & Officers Liability Insurance and medical benefits. 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 48th AGM held on 30 June 2022. The remuneration framework for the NEDs are as follows:

Description	Non-Executive Directors' Fees and Benefits	
	Chairman	Member
Directors' Monthly Fee	RM12,000.00 per month	RM4,000.00 per month
Directors' Meeting Allowance:	RM4,000.00 per meeting	RM2,400.00 per meeting
<ul style="list-style-type: none"> • BOD • BAC • BCC • BRMC 		
<ul style="list-style-type: none"> • BNRC • BITC 	RM3,200.00 per meeting	RM2,000.00 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 2022 is set out on pages 238-239 of this Annual Report.

COMMITTEES

There are five (5) Board Oversight Committees established to assist the Board in discharging its duties and responsibilities. These comprise the:

BOARD CREDIT COMMITTEE (BCC)

BOARD AUDIT COMMITTEE (BAC)

BOARD NOMINATION AND REMUNERATION COMMITTEE (BNRC)

BOARD RISK MANAGEMENT COMMITTEE (BRMC)

BOARD INFORMATION TECHNOLOGY COMMITTEE (BITC)

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 investment, as per the limit set in BPMB's Approving Authority Matrix, and Authority for Credit Approval for Pembangunan Leasing Corporation Sdn Bhd (PLC) as well as to ensure adequate risk management processes, related to credit, are in place and functioning effectively.

► Functions and Responsibilities

- To deliberate, review and, if necessary, exercise the rights to veto, challenge, reject Group Credit Committee's (GCC) approvals/decisions on all loans/financing/credit related proposals and investment, including the proposed terms and conditions, or any variations, thereof, as per the limit and authority set in BPMB Approving Authority Matrix and Authority for Credit Approval for PLC.
- To endorse or veto 'policy loans/financing' and loans/financing, which are required by statute to be approved by BPMB Board, provided that the initial filter of approval is conducted by GCC.
- To approve the Terms of Reference (TOR) of GCC. However, the appointment and/or termination of GCC members, shall be at the absolute discretion of the Chairman of GCC.
- To perform the credit risk oversight role in a manner that is not compromised, and without undue influence from any party.
- To endorse or veto any other matters as prescribed in BPMB Authority Matrix and Authority for Credit Approval for PLC.
- To consider any other matters as referred by 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 13 times during FY2022. The Committee members and their records of attendance are as follows:

Members	No. of Meetings and Attendance
Encik Thomas Meow Yoke Nean Chairman	12/13
Encik Ariff Rozhan (Ceased as a Member on 28 April 2022 and reappointed as Member with effect from 30 May 2022)	12/12*
Puan Norazilla Md Tahir	13/13
YBhg Tan Sri Rashpal Singh Randhay (Appointed as Member with effect from 28 April 2022)	10/10*

* Reflects the number of meetings attended during the time the Member held office.

BOARD AUDIT COMMITTEE

► Objective

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

► 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 or termination or change of External Auditors.

STATEMENT OF CORPORATE GOVERNANCE

- Review, with the External Auditors:
 - a. To recommend to the Board, the appointment, removal and remuneration of the External Auditor;
 - b. To monitor and assess the independence of the External Auditors including approving the provision of non-audit services by the External Auditors;
 - c. To 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. To 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. To maintain regular, timely, open and honest communication with the External Auditors, and requiring the External Auditors to report to the BAC on significant matters.
- With regard to the Internal Audit function:
 - a. To 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. To review and approve the internal audit plan, programme, processes, scope, procedures and frequency;
 - c. To 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. To recommend to BNRC and/or Board on the appointment, remuneration package, performance evaluation and termination of the Chief Internal Auditor;
 - e. To 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;
 - f. To review the assessment, or findings, arising from the Shariah audit and report the non-compliance events to the Shariah Committee and the Board;
 - g. To 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. To establish a mechanism to assess the performance and effectiveness of the Group Internal Audit function.
- To receive and consider reports relating to the perpetration and prevention of fraud.
- Review the Bank's compliance with the related Government regulations, including Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) measures annually.
- To 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.
- To ensure that the accounts are prepared in a timely and accurate manner and ensure prompt publication of the Audited Financial Statements.
- To discuss any problem or reservations that may arise from the interim and final audits, as well as any matter, which the External Auditors may wish to discuss, in the absence of Management, where necessary.
- To review and update the Board on all related party transactions, and conflict-of-interest situation that may arise in the Bank or BPMB Group, including any transaction, procedure or conduct that raises questions of management integrity.

- To 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 the 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.
- To 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.
- To 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.
- To deliberate on investigation reports in relation to whistleblowing cases, and decide on actions to be taken in accordance with the Group Human Resource (HR) policy.
- To approve the TOR and appointment and/or termination of Members of Management Audit Committee.
- To consider any other matters as referred by BPMB Board to BAC.
- To monitor compliance with the Board's conflicts-of-interest policy.
- To 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 eight (8) times during FY2022. The Committee members and their records of attendance are as follows:

Members	No. of Meetings and Attendance
Puan Norazilla Md Tahir Chairperson	8/8
Encik Ariff Rozhan (ceased as member with effect from 30 May 2022)	3/3*
Encik Thomas Meow Yoke Nean	8/8
Ts. Othman Abdullah (appointed as member with effect from 27 January 2022)	7/7*
Puan Rosnah Kamarul Zaman (appointed as member with effect from 30 May 2022)	5/5*

* Reflects the number of meetings attended during the time the Member held office.

► BAC's Deliberations

Areas/matters reviewed, deliberated, endorsed and approved by BAC during FY2022 include the following:

- Approval of the Internal Audit Plan
- Senior Leadership Team's Scorecard for Year 2022 - Chief Internal Audit
- Status Resolution of Quality Assessment Review (QAR) Recommendation by PwC on GIA as at 17 January 2022
- Endorsement of the interim unaudited financial statements for year 2022 and the financial statements for the financial year ended 31 December 2021
- FY2021 Year-End Performance Evaluation – Chief Internal Audit, Group Internal Audit
- Updates on New Audit issues and Outstanding Audit Issues from previous Internal Audit Reports

STATEMENT OF CORPORATE GOVERNANCE

- Status update on BPMB and its Subsidiaries – Memorandum of Recommendation (MOR).
- Update on Whistleblowing Report.
- Update on GIA Validation of Management Action Plan on BNM CRR 2019 and 2020.
- Endorsement BPMB Group – Audited Financial Statement for the Financial Year Ended 31 December 2020, Dividend and Reappointment of External Auditor.
- New Audit Reports Issued.
- Endorsement of Proposal for Partial Write-Off Exercise for Accounts Under Recovery for Year 2022.
- Facilitation Fund – Audited Financial Statement for the financial year ended 31 December 2021.
- Audit Committee Report (ACR):
 - Global Maritime Ventures Berhad for the financial year ended 31 December 2021
 - PLC for the financial year ended 31 December 2021
 - BPMB for the financial year ended 31 December 2021
- MFRS 9 Harmonisation Project (Financial Guarantee).
- Audit Findings by Royal Malaysia Customs Department (RMCD) on Goods and Services Tax (GST) for the Financial Year Ended 31 December 2018 – 2020.
- Report on Co-Sourcing Audit of Enterprise Risk Management.
- BPMB and Danajamin Data Migration Plan of Systems Affecting Financials.

BOARD NOMINATION AND REMUNERATION COMMITTEE

► Objective

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

- 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
- 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' refer to persons who are accountable or responsible for the management or oversight of BPMB Group. These comprise:

- the Board of BPMB and its subsidiaries (the Group),
- members of the SC,
- the GCEO and CEOs of major subsidiaries; and
- Senior Officers.

► Functions and Responsibilities

The functions and responsibilities of the BNRC, among 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), Board Oversight Committees 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 (BPMB and its major subsidiaries), GCEO, Board Oversight Committees and SC Members for the Board's approval. The proposed appointment or reappointment of BPMB Board, GCEO and SC Members will require BNM's verification on meeting the necessary 'fit and proper' criteria, and the MOF's final approval, as the case may be. Assess and determine annually whether a Director fulfils the criteria of being an Independent Director.
- Establish a mechanism for the formal assessment on the effectiveness of the Board as a whole, the contribution of each Director to the effectiveness of the Board, the contribution of the Board Oversight Committees, 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, as 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 if he/she 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 in order to keep abreast of the latest developments in the industry.
- 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, negotiate and determine the salary, benefits and terms and conditions of service, for the positions of Senior Officers and the Company Secretary. Thereafter, it would be tabled to BNRC for recommendation, and the Board for approval.

The appointment/recruitment, reappointment, performance evaluation of CEOs of major subsidiaries, and management succession planning of the subsidiaries, shall be tabled to the Board of the respective subsidiaries 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 the respective subsidiaries first, prior to BNRC for endorsement and the Board of BPMB for approval.

- Recommend the appointment and removal of Directors, external Directors or Management Staff as Directors in the subsidiaries/associated companies (excluding JV-SOCs of Global Maritime Ventures Berhad).
- Conduct 'fit and proper' assessment on 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 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.

STATEMENT OF CORPORATE GOVERNANCE

- Recommend the remuneration policy of BPMB and conduct periodic review, 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, Board Oversight Committee 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 Minister of Finance Incorporated (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 recommendations by BNRC, 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 the final approval by MOF Inc.
- 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 terms of the Collective Agreement 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 for annual bonus/annual incentive/annual ex-gratia and the payment of the annual bonus/annual incentive/annual ex-gratia payment 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 the final approval by MOF Inc.
- Recommend the separation schemes for the Board's approval, and thereafter, for MOF Inc.'s final approval.

Others

- Job Rotation Guideline for employees in high-risk positions
- Competency framework and assessments
- Consequence management

► Committee Meetings 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 ten (10) times during FY2022. The Committee members and their records of attendance are as follows:

Members	No. of Meetings and Attendance
Encik Ariff Rozhan Chairman	10/10
Puan Norazilla Md Tahir (ceased as Member with effect from 30 May 2022)	5/5*
Tan Sri Mohamed Nazir Abdul Razak	9/10*
Datin Rashidah Mohd Sies (appointed as Member with effect from 28 April 2022)	5/5*
Puan Rosnah Kamarul Zaman (appointed as Member with effect from 30 May 2022)	5/5*

* Reflects the number of meetings attended during the time the Member held office.

► BNRC's Deliberations

Areas/matters reviewed, deliberated, endorsed and approved by BNRC during FY2022 included the following:

- Annual Fit and Proper Assessment of the Board & SC Members
- Proposed New Appointment of SC Members
- FY2021 Year End Performance Assessment of Head of Functions
- Proposed New Collective Agreement Between BPMB and The NUCW 2021 – 2024

- Proposed benefits harmonisation exercise for Group BPMB
- BPMB Total Rewards Strategy and Initiatives
- Microstructure 2.0 and Functionalisation Exercise
- Proposed Revisions to the Remuneration Policy
- Board Evaluation FY2021 Assessment Result

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 to ensure that risk management processes are in place and functioning effectively.

► Functions and Responsibilities

The duties and responsibilities of BRMC include the following:

- To provide oversight and strategic direction for the management of all risks in BPMB;
- To 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;
- To review and assess 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;
- To 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;
- To review management's periodic reports on risk exposure, risk portfolio composition and risk management activities;
- To 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;
- To meet with BAC periodically, to ensure 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;
- To seek independent third-party views, or information on risk implications, as appropriate, before coming to any conclusion, or making any significant policy recommendation;
- To 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:

- 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;
- recommend to BNRC and/or the Board, the appointment, performance evaluation and termination of the CRO;
- 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;
- in relation to item (c) above, BRMC may consider engaging CRO without the presence of other Senior Management individuals from time to time; and
- ensure that 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:

- recommend to BNRC and/or the Board, the appointment, remuneration package, performance evaluation and termination of the CCO;
- ensure that CCO has sufficient stature to allow for effective engagement with the GCEO and other members of Senior Management;
- engage CCO on a regular basis and provide the opportunity for CCO to meet with BRMC and to discuss issues faced by the Group Compliance function;

STATEMENT OF CORPORATE GOVERNANCE

- d) in relation to item (c) above, BRMC may consider engaging CCO without the presence of other Senior Management individuals;
- e) provide CCO with direct and unimpeded access to BRMC;
- f) ensure that 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.
- To 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.
- To approve the appointment and/or termination of members and TOR of Management Risk Committee and Asset & Liability Committee.
- To consider any other matters as referred by the BPMB Board to BRMC.

► Committee Meetings and Attendance

Based on the TOR of the BRMC, the BRMC shall meet once in every two (2) months and any ad-hoc meetings, as and when required. BRMC met 13 times during FY2022. The Committee members, and their records of attendance are as follows:

Members	No. of Meetings and Attendance
Tan Sri Rashpal Singh Randhay (appointed as Member with effect from 28 April 2022) (redesignated from Member to Chairperson with effect from 30 May 2022)	7/7*
Puan Norazilla Md Tahir (redesignated from Chairperson to Member with effect from 30 May 2022)	13/13
Encik Ariff Rozhan	10/13
Encik Thomas Meow Yoke Nean	13/13
Ts. Othman Abdullah (appointed as Member with effect from 27 January 2022)	12/12*
Puan Rosnah Kamarul Zaman (appointed as Member with effect from 30 May 2022)	6/6*

* Reflects the number of meetings attended during the time the Member held office.

► BRMC's Deliberations

Areas/matters reviewed, deliberated, endorsed and approved by BRMC during FY2022 included the following:

Report

- Risk Dashboard (Credit Portfolio Report, Asset/Liability & Liquidity Management Report and Operational Risk Management Report)
- Monthly Economic Report
- Report on Legal Action
- Management Review Report on the Anti-Bribery Management System
- Periodic Reporting to Malaysia Anti-Corruption Commissioner
- Group Compliance Report and Compliance Review Report
- Annual Compliance Review Assessment Report (ACRAR)
- Report on Financing Facilities with Connected Parties

- Quarterly Updates on BNM Composite Risk Rating; Review of Risk Appetite Statement and Tolerance Level
- Operational & Shariah Risk: 12 Months Horizon Report FY2021
- Review Report on the Anti-Bribery Management System (ABMS)
- Climate Change & Principle-Based Taxonomy: Semi-Annual Reporting

Governance, Framework

- Revision of Policy on Appointment of External Auditor
- Review of Group Treasury & Investments Operations Policy
- Revised and Enhanced Terms of BPMB's Existing Dedicated Schemes
- Review of Group Governance and Risk Management Framework
- Review of BPMB's Authority Matrix
- Review of Management Risk Committee TOR
- Revision of TOR for Business Continuity Management Committee and Crisis Management Team
- BNM's Exposure Draft on Climate Risk Management and Scenario Analysis
- Review of the Internal Capital Adequacy Assessment Process (ICAAP) Framework
- Proposal for Enhancement of PLC Credit Operations Guideline
- Consolidation of Credit Risk Management Policy
- Revision of Property Management & Services Policy
- Revision of Policy on Capital Management
- Enhancement of Anti-Bribery Management System Manual for PLC Group
- Revision of BPMB Group Business Continuity Management Policy
- Revision of BPMB Group Resilience Policy
- Review of Asset and Liability Committee TOR
- Enterprise Architecture Framework
- Review of Credit Portfolio Risk Policy
- Revision to Business Zakat Policy
- Revision to the Remuneration Policy
- Revision of BPMB Group Outsourcing Policy
- Revision of Policy on Shariah Governance and Shariah TOR

Proposal, Plan, Compliance, etc

- Group Compliance Plan
- BNM Composite Risk Rating

- Outsourcing Plan
- Status Update on Risk Appetite Statement and Tolerance Level
- Group Stress Test results
- Year-end performance evaluation – CRO, Group Risk Management
- Risk Appetite Statement and Tolerance Level
- Annual Attestation of BPMB's Compliance with BNM's Policy
- Feasibility Assessment and Recommendation on Access to Public Storage, Email and Social Media Website to deter and monitor data leakage
- Business Continuity Management Preparedness Plan FY2022
- Proposals to MOF on Budget 2022
- Portfolio Allocation: "Supported" vs "Stable"
- Establishment of Customer Selection and Risk Acceptance Criteria for Non-Investment Grade Commercial Financing Application
- Implementation and Action Plan for the Climate Change Risk Assessment Template
- MFRS 9 Harmonisation Project
- Review of Concentration Risk Limit
- Establishment of Organisation Anti-Corruption Plan for BPMB Group
- Outsourcing Arrangements Performance Assessment;
- Risk Management in Technology (RMiT) and Paynet Cyber Resilience Timeline Extension
- Revised Cost of Fund and Base Lending Rate/Base Financing Rate
- Credit Value Chain 2022 – Overview & Progress Update;
- BNM Thematic Review
- Discovery Exercise – ELMS
- Danajamin Data Migration Plan
- Realignment of BPMB Industrial Sector
- Technology & Cyber Risk Learning Programme 2022/23
- Risk-Based Pricing Project
- Sector Compass and Sector Limit Methodology
- Remediation Plan and Exception for Technology Obsolescence
- Proposed Methodology for Computation of Effective Cost of Fund – BPMB

Certification

- Update on the Surveillance Audit by SIRIM for MS ISO 37001:2016 Anti-Bribery Management System (ABMS) Recertification

STATEMENT OF CORPORATE GOVERNANCE

BOARD INFORMATION TECHNOLOGY COMMITTEE

► Objective

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

► Functions and Responsibilities

The duties and responsibilities of BITC include the following:

- To establish and recommend to the Board for approval, the technology risk appetite that 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;
- To 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 (3) 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;
- To 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;
- To 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;
- To review and monitor implementation of IT projects/ initiatives undertaken by the Bank to ensure alignment with the Bank's policies and strategies;

- To 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;
- To continuously engage in cyber security preparedness, education and training; and
- To consider any other matters referred by the Board to BITC.

► Committee Meetings and Attendance

Based on the TOR of the BITC, BITC shall meet at least four (4) times a year, and for any ad-hoc meetings, as and when required. BITC met six (6) times during FY2022. The Committee members and their records of attendance are as follows:

Name of Director	No. of Meetings and Attendance
Ts. Othman Abdullah Chairman (redesignated from Member to Chairman with effect from 27 January 2022)	6/6
Encik Ariff Rozhan (redesignated from Chairman to Member with effect from 27 January 2022)	5/6
Puan Norazilla Md Tahir (ceased as Member with effect from 30 May 2022)	2/3*
Encik Thomas Meow Yoke Nean (ceased as Member with effect from 30 May 2022)	2/2*
Tan Sri Rashpal Singh Randhay (appointed with effect from 28 April 2022)	4/4*
Puan Rosnah Kamarul Zaman (appointed with effect from 30 May 2022)	3/3*

* Reflects the number of meetings attended during the time the Member held office.

► BITC Deliberations

Areas/matters reviewed, deliberated, endorsed and approved by BITC during FY2022 included the following:

- Review of the TOR of BITC and Management Information Technology Committee (MITC)
- Establishment and Creation of BPMB Digital Function and Chief Digital Technology Officer (CDTO) Role
- Review of revisions to the IT Security Policy
- Review of the Vulnerability Assessment and Penetration Test (VAPT) Report For Year 2021 and 2022
- Review of the 2021 – 2023 IT Plan and IT Capacity Planning Report
- Monthly IT Dashboard Report
- Management Information System (MIS) Roadmap
- Review RMIT and Cyber Security
- Update on the PLC New Core Banking System
- Review the Development of the New Sub-System (External Portal) – Variation Order
- Technology Obsolescence RMIT Assessment
- Network Resilience Assessment for Year 2021 – Result and Recommendation
- Progress update of Treasury Management System (TMS)
- Integration Blueprint – IT Amalgamation Update
- Revision of BPMB ICT Policy
- Discovery Exercise (DEX) - ELMS to Enhance or Replace
- Enterprise Architecture Framework
- IT Audit Findings and Opportunity for Improvement (OFI) Timeline Extension
- BPMB – Danajamin Data Migration Plan

STATEMENT OF SHARIAH GOVERNANCE

The conduct of Islamic financial business by BPMB is governed mainly by the relevant provisions in the Development Financial Institutions Act (DFIA) 2002 and other rules and regulations as issued by Bank Negara Malaysia (BNM) from time to time.

With regard to the Shariah governance requirements, BPMB is primarily governed by the Shariah Governance Policy Document (SGPD) issued by BNM, with aims to further strengthen the effectiveness of Shariah governance implementation and enforce a closer integration of Shariah considerations in the business and risk strategies of Islamic financial institutions. It provides a framework comprising the Shariah governance structure, processes and controls, which BPMB is expected to adhere to, in order to ensure that all its operations and business activities are performed in compliance with Shariah.

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. Amongst 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 by seven members where majority of them i.e. five members are Shariah qualified, meanwhile, two members are non-Shariah qualified, who possess the relevant skills, knowledge and experience relevant 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 related to the Islamic financial business of BPMB to ensure its compliance with Shariah. The functions and responsibilities of the Shariah Committee are, among others, as follows:

1. To ensure any delegation of oversight to 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 are in compliance 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 that are not in line with Shariah.
4. To provide a decision or advice on the operations, business, affairs and activities of BPMB Group that 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 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's on the state of BPMB Group's compliance with Shariah based on Shariah non-compliance reports provided by Shariah review and Shariah audit.
8. To endorse the disclosed information in 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) that are declared as Shariah non-compliant is to be derecognised and channelled to charity;
 - d) The computation and distribution of zakat is in compliance with Shariah.
 - e) Any other relevant information as 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 Securities Commission.
10. To provide a decision or advice to BPMB Group on the application of any rulings of the Shariah Advisory Council (SAC) or standards on Shariah matters that are applicable to the operations, business, affairs and activities of BPMB Group.
11. To update the Board immediately on Shariah issues or matter 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.
12. To constantly develop reasonable understanding of the business and operations of BPMB Group as well as knowledge on finance in general and Islamic finance in particular. In addition, Shariah Committee shall keep abreast with the relevant market and regulatory developments.

MEETINGS AND ATTENDANCE

The Shariah Committee meeting is conducted on monthly basis. Prior to the meetings, the notice, agenda and papers/ proposals to be deliberated for each Shariah Committee meeting will be distributed to all members by the Group Shariah Management, which acts as the secretariat to the Shariah Committee.

During the financial year ended 31 December 2022, 14 Shariah Committee meetings have been conducted including special meeting. The meeting attendance of SC members are as follows:

Name of Shariah Committee Members	No. of Meetings and Attendance
Professor Dr Aznan Hasan (Chairman)	14/14
Dr Ahmad Basri Ibrahim	14/14
Ustaz Mohd Fadhly Md Yusoff	14/14
Professor Dr Zurina Shafii	14/14
Ustaz Lokmanulhakim Hussain*	6/6
Professor Dr Salina Kassim*	6/6
Associate Professor Dr Yasmin Hanani Mohd Safian*	6/6
Dr Syahnaz Sulaiman**	5/5

* Newly appointed w.e.f. 20 July 2022

** Term ended w.e.f. 31 March 2022

SECRETARIAT FUNCTION

- a) Group Shariah Management is designated as the secretariat to the Shariah Committee and bears the responsibility of providing operational support for effective functioning of the Shariah Committee.

STATEMENT OF SHARIAH GOVERNANCE

- b) Group Shariah Management is structured to carry two main roles and responsibilities:

Advisory & Zakat Management	Research & Secretariat
1. Responsible for providing Shariah advisory service to relevant stakeholders and entities within BPMB Group.	1. Responsible for performing in-depth Shariah research and studies on Shariah issues.
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.	2. Responsible for serving as the secretariat to the Shariah Committee in undertaking related administrative matters such as coordinating meetings, compiling proposal papers and disseminating Shariah committee decisions to relevant stakeholders within the BPMB Group.
3. Responsible for providing advisory service on Shariah-related matters or products by conducting review process on relevant legal documentation and proposed transaction agreements, and the proposed policies, guidelines and procedures from internal stakeholders in order to ensure compliance with the approved Shariah principles and decisions.	3. Responsible for matters regarding the appointment/reappointment/cessation/disqualification of the Shariah Committee and their trainings.
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.	

INTERNAL CONTROL FUNCTIONS

► Group Risk Management

Guided by the Shariah Risk Management Guideline, the Bank has been continuously implementing measures in managing Shariah Non-Compliance Risk through execution of the relevant tools namely the Risk and Control Self-Assessment (RCSA), and Shariah Non-Compliance Event Reporting and Key Risk Indicators (KRI).

Group Risk Management continued to monitor the Bank's Key Risk Indicators (KRI), which includes the Shariah KRI comprising of 13 indicators; with five leading and eight lagging Shariah KRI.

There were no Shariah Non-Compliance events reported for financial year 2022. There was an internal Shariah Non-Compliance KRI triggered for six months during the financial year i.e. Number of Shariah related compliance and audit findings. The triggers were derived from the Compliance Review and Shariah Audit on their respective scopes. Tracking on the proper closure of the issues highlighted have been on-going and most issues had been completed within the agreed timeline. Notwithstanding, Group Risk Management via Operational and Shariah Risk Function will continue to enforce adequate and competent resources and controls to ensure that the Bank is compliant with Shariah requirements.

With regards to the initiatives undertaken on Shariah Risk awareness to all staff, specific e-learning had been initiated throughout the year, which include the following:

- Published module under Shariah Risk Learning Programme via infographic email.
- E-Learning module on Operational Risk that also covers Shariah Risk Management.

Group Risk Management continues to develop e-learning programmes in enhancing the Shariah-compliant culture of the Bank.

► Group Compliance

In line with the fundamental responsibilities of Compliance as outlined in BNM's Policy Documents on Shariah Governance and Compliance, the dedicated Compliance Review Unit within Group Compliance was established to undertake the function of compliance review including Shariah reviews. Comprising certified compliance officers and qualified Shariah officers, the unit aims to provide assurance to the Senior Management, Shariah Committee and Board of Directors on the state of Shariah compliance in BPMB Group.

The Shariah review function is performed systematically based on the Guideline and Procedure on Compliance Review Programme established by Group Compliance. These documents encompass, among others, the Compliance Review functions, governance structure and end-to-end processes of performing regular assessments on the compliance of the operations, business, affairs and activities of BPMB Group with Shariah requirements.

This structured process includes the planning of Shariah review activities, which is based on an annual plan approved by the relevant approving authority including the Shariah Committee. In developing the plan, Compliance Review Unit annually performs Compliance Review Risk-Based Assessment (CR-RBA) to ascertain the Shariah review subjects to be reviewed in the succeeding year. Subsequently, the outcome of Shariah review activities shall be reported periodically to the relevant internal committees including the Shariah Committee.

► Group Internal Audit

The Group Internal Audit Function is responsible to ensure that a sound and effective internal control system for Shariah compliance is in place within the Bank. The Shariah Audit Section under Group Internal Audit is primarily responsible for providing independent assessment and objective assurance on the quality 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.

Reporting independently to both the Board Audit Committee and the Shariah Committee, Group Internal Audit through Shariah Audit provides independent assurance on the effectiveness of internal control systems and related policies and procedures, implemented by the BPMB Group to govern the conduct of its Islamic financial business operations and activities. The scope of Shariah Audit is established in line with relevant Shariah-based policy documents issued by BNM, while conforming to the accepted auditing standards.

Evaluation on 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), Shariah Committee (SC) and Board Audit Committee (BAC).

All Shariah audit reports had been presented to the Shariah Committee 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 2022:

1. Shariah Audit on Group Human Resource (GHR);
2. Shariah Audit on Disbursement and Account Management Functions;
3. Shariah Audit on Treasury Back Office Activities; and
4. Shariah Audit on Treasury Front Office Activities.



Please refer to Shariah Committee's Report of Audited Financial Statement (AFS) FYE 31 December 2022 on pages 146 to 151

STATEMENT OF INTERNAL CONTROL

The Statement of Internal Control establishes the key constructs, underpinning the Board's work, to apply the highest standards for the Group's financial management and reporting; and comply with all the applicable laws and regulations.

Such high standards of operational efficiency are achieved by delegating appropriate authority to distinct committees at the Management level, who collectively report back to the Board to ensure tangible and intangible risks are effectively and proactively managed throughout the organisation.

RESPONSIBILITY

The Board affirms its commitment to overall responsibility, and oversight of the BPMB Group's internal control system. The Board keeps abreast with the developments in the areas of risk and governance to ensure its effectiveness in safeguarding the stakeholders' interests and the Group's assets.

The Board recognises that internal controls and risk management systems need to be put in place and updated, from time to time, to align with the changes in business environment, and process improvement initiatives undertaken. The Board has established appropriate control structures, and processes in identifying, evaluating, monitoring, managing and responding to significant risks, faced by the Group, in order to achieve its business goals and objectives.

The Management is accountable to the Board, and is responsible for the effective implementation of the policies and procedures on risks and controls. Regular testing of the adequacy, effectiveness, efficiency and integrity of the internal control system, and its processes, are conducted to ensure its 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)

The GIA undertakes periodic reviews of the Group's business and operations to provide independent reasonable assurance to the Board that the risk management, internal control systems and governance processes are adequate and effective. The GIA processes and activities are guided by the Audit Charter and governed by the relevant regulatory guidelines, Group's Code of Ethics and relevant guidance established under the International Professional Practices Framework by The Institute of Internal Auditors (IIA).

The audit engagements are carried out based on the annual audit plan as approved by the Board Audit Committee (BAC). In formulating the plan, GIA adopts a risk-based approach, which takes into account the regulatory requirements, the top emerging risks affecting the Group's business and operations, as well as consideration on feedback from the Management and Shariah Committee. The GIA assesses the selected auditable functions and areas, within the identified scope of audit related to the risk exposure, compliance with the approved policies, procedures, relevant laws and regulations; and benchmarks them against available best practices.

In evaluating the internal controls, the GIA adopts the five components set out in the Internal Control Integrated Framework issued 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
Control Environment
Risk Assessment
Control Activities
Information & Communication
Monitoring Activities

The result of the audits conducted, including the risks and recommendations, are reported and presented to the BAC on regular basis. Resolutions of the audit findings are monitored and deliberated at the Audit Issue Resolution Committee (AIRC) and BAC meetings. The Shariah audit findings are presented to the Shariah Committee (SC) where any potential Shariah non-compliance (SNC) issues are deliberated and confirmed by the SC.

The GIA continues to enhance its capabilities through continuous improvement of its internal audit processes, benchmarking against the industry's standards, upskilling of the internal auditors through various internal and external trainings, certification of auditors and co-engagements with reputable third-party service providers when undertaking specific audit assignments.

► Independent Role

To maintain the independence and objectivity of the audit role, the Chief Internal Auditor (CIA) reports directly to the Board Audit Committee and administratively to the Group Chief Executive Officer. The Group has established the AIRC, which comprise senior management representatives, chaired by the CIA.

► Audit Issue Resolution Committee (AIRC)

The AIRC facilitates the BAC to discuss the findings and recommendations highlighted in audit reports and monitor the implementation of action plans to resolve the audit issues. Minutes of AIRC meetings together with the relevant audit reports are subsequently tabled to BAC.

► Board Audit Committee (BAC)

The BAC is a board committee established to support the Board to ensure reliable and transparent financial reporting process within the Group as well as to oversee the effectiveness of the internal audit function. The BAC has active oversight on the GIA's independence, scope of work and resources. It also reviews and approves the annual audit plan and the frequency of internal audit activities. The BAC is chaired by an Independent Non-Executive Director of the Board.

OTHER INTERNAL CONTROL PROCESSES AND STRUCTURES

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

► Group Organisational Structure

Management with Board oversight has established an organisational structure with clear reporting line, which enables the delegation of authority and responsibility within the Group. Implementation of the three line of defence model also strengthen the business and operational requirements to support the maintenance of a strong control environment.

► Board Committees

Board is also supported by 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). These committees have the authority (Terms of Reference) to examine all matters, within their scope, and report their recommendations to the Board.

► Management Committees

Various Management Committees (Executive-level) are also established, by the Management, to assist and support the various Board Committees in overseeing core areas of business operations. These Committees include 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 Group Budget Working Committee (GBWC).

► Business Plan and Performance Review

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

STATEMENT OF INTERNAL CONTROL

► Policies, Standard Operating Procedures (SOPs) and Authority Limits

Policies and SOPs, governing the Group's businesses and operations, are documented and made available to all employees across the Group. These policies and SOPs, are reviewed and updated by the respective business and functional units, through a structured process of review to cater for the changes in laws and regulations, as well as to 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) sets out the standards of good and ethical banking practices, and aims to maintain confidence in the security and integrity of the Group's business practices. The Code applies to all employees working in the Bank, complies with the laws of Malaysia, as well as all internal policies and procedures of the Bank. All employees of the Bank are expected to carry out business activities 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 2022, 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 Malaysia gradually emerged from the COVID-19 pandemic in 2022, BPMB continued to play an enhanced role in supporting the government's efforts to revive the economy and meeting the targets under the 12th Malaysia Plan. The focus mainly on high impact and strategic industries, regionally balanced growth as well as the sustainability agenda.

The shift to endemicity was effective 1 April 2022, and the massive policy support measures helped the economy to rebound strongly in 2022. As the bulk of support measures was put directly into the hand of consumers, economic growth was mainly driven by private consumption, which has rebounded to above pre-pandemic levels with other components of domestic demand remaining weak. Fixed investment was below pre-pandemic levels and although exports grew by double digits, the contribution to economic growth via net exports was also still below pre-pandemic levels.

The demand trend was clearly reflected on the performance of sectors. In general, all sectors recorded positive growth with the service sector experiencing a sharp rebound driven by the pick-up in consumer spending further supported by the manufacturing sector that had fully recovered from pandemic lows.

For 2023, economic recovery is expected to continue, albeit at a much slower pace, in line with the long term economic trend and potential growth, roughly 4% to 5%, as pent-up demand normalises. While the economy started the year 2023 with a stronger-than-expected growth (5.6%), we expect growth to decelerate thereafter in the absence of big stimulus to encourage consumer spending and the expected slowdown in external demand in view of China's relapse, as well as the onset of recession in developed countries.

a. Downside Risks

Given the structure and likely trend for the Malaysian economy in 2023, it would be more susceptible to external factors as policy support may have reached its limits. The global economic performance is increasingly subjected to downside risks mainly on rising uncertainties on inflation and policy response along with its effectiveness. As such, the risks to economic performance are mainly tilted to the downside, namely;

- Inflation trajectory and policy response in major developed countries. The US Federal Reserve and other key central banks have reaffirmed their stance on fighting inflation that remains at multi-decade highs even if that will push their economies into recession. That said, it was also clear that the central banks are also wary over the likely huge economic loss as a result of policy errors. That uncertainty caused much volatility in the financial markets and negative implications on emerging markets exchange rates including the Malaysian Ringgit.
- China's recovery is still not materialising despite stimulus. Latest data showed that the economy continues to lose steam after it moved towards endemicity in December 2022. The government had hinted of economic stimulus to jumpstart the economy, however, it has yet to be announced. The slow policy response and the likely insufficient stimulus might not be able to arrest the slide in the economy, which is being dragged down by rising debt levels. China's economic slump poses major risk to the Malaysian economy.
- Geopolitical risks remains with the continuing Russia-Ukraine war and escalating US-China tensions that persists into 2023, which casts greater uncertainty. The conflicts coincide with the impending sharp downturn in global economy led by the US and China tensions that have threatened to cause greater risk exposure in capital flows, trade and commodity markets.
- Given these uncertainties, businesses may continue to hold back on making new investments.

RISK MANAGEMENT

b. Other risks

- While sustainable and ESG-conscient efforts are highly encouraged for corporates and Small Medium Enterprises (SMEs) alike, greenwashing risks, which involve selective disclosure where companies embellish information related to positive environmental performance, or conceal data about its negative environmental impact, remains prevalent. Such practices, if not addressed, affects institutional credibility in the long term.
- Malaysia's ambition to achieve carbon neutrality by 2050 highlights a progressive position relative to other ASEAN countries. However, this ambition 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.

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.

INITIATIVES UNDERTAKEN TO REDUCE RISKS CREATED BY THE PANDEMIC

Functions/Unit	Initiatives
Credit Risk	<ul style="list-style-type: none"> • The Bank had provided 45 customers with moratorium assistance packages while continuously assessing and monitoring them for additional assistance to help ride out the storm. As these relief measures came to their respective ends from December 2021 to June 2022, a surge in Restructuring and Rescheduling (R&R) requests had been observed. The Bank had taken up steps to vigilantly monitor and scrutinise watch accounts and, where appropriate, further assistance had been provided to viable customers that included extending payment moratoriums, providing additional grace period and/or R&R of facilities. This was in view that the downside risk linked to the pandemic remains, and economic activities are only expected to fully recover beyond 2022. Recovery across sectors continue to be uneven with sectors characterised by personal interaction requiring longer period for full scale recovery (i.e. hospitality, retail real estate assets, tourism, automotive and property sectors).
Operational & Shariah Risk	<ul style="list-style-type: none"> • The BPMB Group had performed capability and capacity upgrades for IT-related infrastructure and its subscribed services to cater for flexible working needs. • Strengthened guidelines and procedures to support operational activities if the need to activate the Business Continuity Plan (BCP) arises. • Rationalisation of BPMB Group's recovery strategy to ensure smooth business operations and effective business continuity capabilities post BPMB's and Danajamin Nasional Berhad's merger. • BPMB had proactively addressed emerging threats and enhanced the cybersecurity control through the establishment of a Security Operation Center (SOC). This dedicated service allows BPMB to monitor, detect, and respond to potential cyber risks effectively, particularly post pandemic, since technology has become more pervasive and integral to daily business life.
Credit Policy & Portfolio Management	<ul style="list-style-type: none"> • Strict monitoring on selected portfolio (i.e., pre-watchlist, adversely affected sectors, major customer groups etc.). • Scrutinise the portfolio for any warning signals and triggers from internal data and external news affecting BPMB Group's customers. • Managing the portfolio exposure. Particularly customers with high undrawn amounts as well as High-Risk Accounts (HRA) to prevent potential new impairments and/or credit downgrades.
Market Risk	<ul style="list-style-type: none"> • Close monitoring on Early Warning Indicator (EWI) and Mark to Market (MTM) metrics. • Inclusion of Liquidity Coverage Ratio (LCR) stress tests along with forecast simulations in the monthly Asset and Liability report.

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 stimulates the cost-effective accomplishment of the organisation's objectives, and the purpose of risk management is the creation and protection of value. BPMB risk management principles are guided by the following eight principles.

01

Integrated

The organisation integrates risk management in all of its activities.

05

Dynamic

Cognisant that both internal and external changes happen, risk management is able to detect and dynamically respond to those changes appropriately.

02

Structured and Comprehensive

Risk management is anchored on a structured and comprehensive approach.

06

Best Available Information

Risk management accounts for any limitations and uncertainties regarding the historical and current information as well as future expectations.

03

Customised

Risk management is linked to the organisational objectives and is tailored to fit the organisation's context.

07

Human and Cultural Factors

Both human behaviour and culture heavily influence risk management, therefore, these two characteristics are taken into account in all aspects of risk management.

04

Inclusive

Risk management includes the necessary stakeholders and takes into account their knowledge, views and perceptions.

08

Continuous Improvement

The organisation's risk management is constantly reviewed and improved.

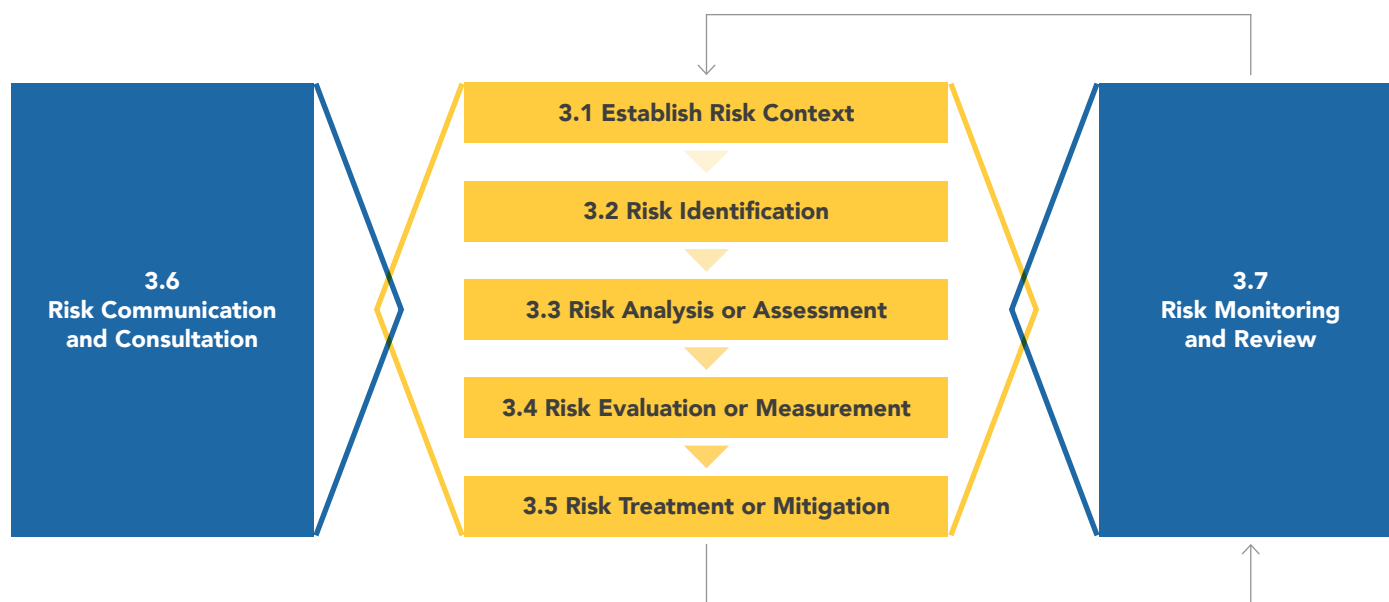
RISK MANAGEMENT

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; and 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 all Heads 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.

RISK MANAGEMENT

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 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:

- 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
- 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 limit

Assist Senior Management and 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 which includes a comprehensive view of all material risks to the Group as follows:

Risk Appetite Categories	Risk Areas
Capital Adequacy	<ul style="list-style-type: none"> • Risk-Weighted Capital Ratio (RWCR)
Credit	<ul style="list-style-type: none"> • 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

Risk Appetite Categories	Risk Areas
Liquidity	<ul style="list-style-type: none"> • Bank Negara Malaysia (BNM) New Liquidity Framework (NLF) • BNM Liquidity Coverage Ratio (LCR) • BNM Net Stable Funding Ratio (NSFR)
Market Risk	<ul style="list-style-type: none"> • Earnings-at-Risk (EaR) • Economic Value of Equity (EVE) • Investment Securities Credit Ratings • Mark to Market (MTM)
Operational Risk	<ul style="list-style-type: none"> • Operational Loss • Shariah Non-Compliance (SNC) • Fraud
Strategic	<ul style="list-style-type: none"> • Debt Rating • Climate Change - (CCPT)




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	Technology and Cyber Risk
Reputational Risk	Strategic Risk
Regulatory Risk	Disease Outbreak Risk
Shariah Non-Compliance Risk	Subsidiary Risk
Climate Change Risk	

RISK MANAGEMENT

The respective principal risks are briefly described as follows:

Risk	Description
Credit Risk 	<p>Risks arising from the following:</p> <ol style="list-style-type: none"> Default risk – risk arising from the inability or unwillingness of a counterparty to discharge its repayment/payment contractual obligations; 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 Settlement risk – risk arising from the lag between the value and settlement dates of securities or financial instruments transactions.
Concentration Risk 	<p>Risks arising from the following:</p> <ol style="list-style-type: none"> Concentration on assets portfolios – risk of losses associated with inadequate diversification of assets portfolios. 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).
Operational Risk 	<p>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.</p>
Market Risk 	<p>Risk of losses in on-and-off balance sheet positions arising from the movements in market prices caused by the changes in market risk factors, such as interest rates/profit rate, investment securities prices, foreign exchange rates etc.</p> <p>Market Risk exposures:</p> <ol style="list-style-type: none"> Interest Rate Risk/Profit Rate Risk – exposure of a bank's financial condition to adverse movements in interest rate/profit rate. Foreign Exchange Risk – the risk of loss of earnings arising from adverse changes in foreign exchange rates. Equity Risk – the risk of loss due to adverse changes in the value of equity index and/or individual equity investments. Commodity Risk – risk of financial losses due to the fluctuation in prices of commodities e.g. gas, metal, grains etc.
Technology Risk 	<p>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.</p> <p>The sub-categories of technology risk can be defined as follows:</p> <ol style="list-style-type: none"> 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; 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 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.

Risk		Description
Liquidity Risk		Risk that the BPMB Group will be unable to secure necessary funding, due to deteriorating financial conditions or a similar reason, and will, therefore be unable to meet cash flow requirements, or that it will suffer a loss because it is compelled to pay interest rates/profit rates significantly higher than normal rates to secure funding.
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		Risk that BPMB Group's business strategy is derailed, or that it is unable to implement or execute its strategy that shall adversely impact the production and profitability of the business going forward.
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.
Climate Change Risk		<p>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:</p> <ol style="list-style-type: none"> 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. 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. 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 MANAGEMENT

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. Cyber Security and Data Confidentiality

The increasing frequency and severity of cyber incidents including data breaches in recent years point to growing cyber security risks. As technologies evolve and become increasingly pivotal in our operations, managing and maintaining a combination of IT as well as information systems have become the main concern of the Board and Senior Management towards ensuring resiliency of the Bank's operations against cyber threats.

As part of our approach in addressing data security risks and vulnerabilities, continuous assessment and heightening of cyber security controls have improved our cyber perimeter defence capabilities in protecting the Bank's IT infrastructure and systems from intruders while preserving the confidentiality, integrity and availability of the Bank's information. In line with the new cyber security requirements enforced by the regulators, the Bank has continuously enhanced our cyber security control measures (e.g. secured network access, endpoint security protection, advanced persistent threat, security incident and event management capability and data loss prevention solutions) to ensure a robust technology infrastructure along with the necessary detective and preventive measures.

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.

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. Commercial banks intensify competition by supplying access to cheaper financing. Their competitive advantages are often enhanced by greater operating efficiency and better technology.

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

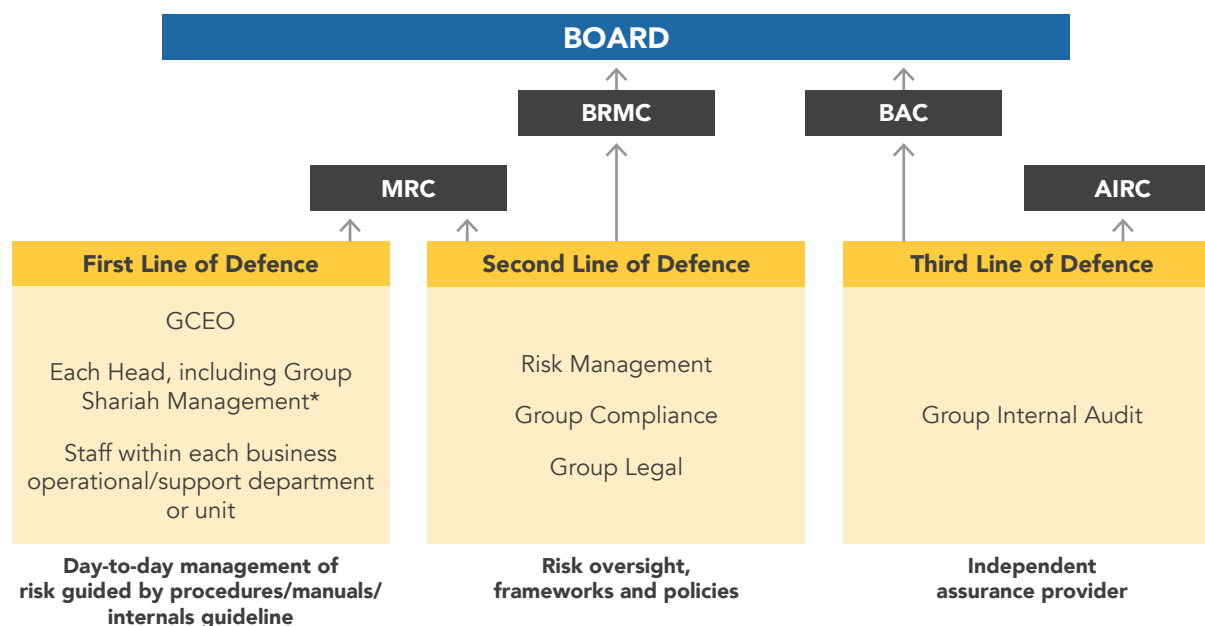
Upholding the Bank's good reputation is of paramount importance, particularly as we are undergoing a strategic transformation process. Embracing a strong risk and compliance culture is pertinent for all Bank employees as this will help to guide and encourage all staff to discharge their duties with integrity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

As part of the Bank's Measuring Impact on National Development (MIND) framework, management continues to identify climate change risk as part of the impact assessment under SDG13 – Climate Change. Climate change risk refers to risk resulting from the effects of global warming.

7. GOVERNANCE AND RISK OVERSIGHT

The Group 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.



* Group Shariah Management, and all Shariah related matters, are further guided by BPMB Policy on Shariah Governance

RISK MANAGEMENT

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.

Line of Defence	Description
1st (broadly referred to as 'risk owners/manager')	<p>Functions that own and manage risks</p> <ul style="list-style-type: none"> These functions are responsible for risk management processes including identifying, assessing, mitigating, treating and monitoring risks to ensure BPMB's corporate objectives are met. These functions, being risk owners, should have the relevant skillset, knowledge, experience and authority to operate relevant policies and risk mitigation procedures.
2nd (broadly referred to as 'risk control functions')	<p>Functions, involved in compliance and overseeing management and compliance of risks, are as follows:</p> <ol style="list-style-type: none"> Ensure the risk management framework is in place and adequately supported with tools for effectiveness. Provide and develop enterprise risk policies and frameworks, tools and 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. <p>These functions, though independent from risk owners/operations, support the 1st line and conduct oversight to ensure compliance to the relevant regulatory requirements, policies and procedures, as well as to ascertain effectiveness of risk management by the 1st line.</p> <p>These functions have independent reporting lines from the 1st line.</p>
3rd (broadly referred to as 'risk assurance')	<p>Functions that provide independent assurance</p> <ul style="list-style-type: none"> Responsible for an independent review of the risk management framework and its operationalisation. Conduct activities to provide risk assurance enabling 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 a Board-level committee, 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.
Board Credit Committee (BCC)	The BCC is tasked by the Board to review financing approvals and the credit risk portfolio.
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-Level Committees	
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 Committees

The Shariah Committee reports directly to the Board and undertakes a fundamental role in ensuring the Group's compliance with Shariah requirements. The Shariah Committee is responsible for deliberating and providing decisions, views and advice on Shariah matters/issues, as well as Shariah compliance oversight on the Group's Islamic business operations/activities.

Management-Level Committees

Management Risk Committee (MRC)	The MRC is a Management-level committee responsible for the management of all material risks within the Group.
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 risk.
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)	<p>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:</p> <ol style="list-style-type: none"> Implementation and enforcement of business strategies, directives, action plans and budgeting in line with the mandated roles; General management issues related to operational policies, guidelines, procedures, controls and systems; Direct Corporate Investment in subsidiaries and associate companies; Other operational issues (including, but not limited to, IT, Human Resources, Public Relations, Marketing, Advertisements, etc.); 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, 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.

RISK MANAGEMENT

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 instil 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

Bank Pembangunan Malaysia Berhad 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).

10. ACHIEVEMENTS/IMPROVEMENT FOR 2022

In 2022, 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. Establishment of Portfolio Credit Review Committee to identify emerging risks of existing accounts and implement appropriate strategies to maintain asset quality
- h. Incorporation of additional credit risk controls in product policy and guideline

► Market Risk

- a. Review of Asset and Liability Committee (ALCO) Terms of Reference
- b. Inclusion of MTM Impact Assessment to Capital and Liquidity Risk Management
- c. Enhancement of Contingency Funding Plan (CFP)
- d. Evaluation of the Application of Contingency Funding Plan (CFP) Countermeasures

- e. Inclusion of internal monthly Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) stress tests
- f. Review of Market Risk Management Framework
- g. Review of Guideline on Market Risk Management
- h. Review of Guideline on Liquidity Risk Management

► 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 while accommodating post-BPMB/Danajamin merger harmonisation efforts. The initiatives were as follows:
 - Procedure on Managing Security Monitoring Centre
 - Pandemic Preparedness Plan (PPP)
 - Emergency Response Plan (ERP)
 - Framework and Policy for Technology Risk Management and Cyber Resilience
- b. Performed preparedness exercises that included functional and non-functional testing (i.e. Business Continuity Planning (BCP), Disaster Recovery Planning (DRP), Notification Call Tree (NCT) and revised Cyber Incident Response Plan (CIRP))
- c. Rationalisation of BPMB Group's recovery strategy to ensure smooth business operations and effective business continuity capabilities post-merger exercise
- d. Embarked on process automation for operational risk management
- e. Strengthened the control and review activities for policy, guideline and procedure via a sign-off review process
- f. Acquisition of talent and technology propelling the bank to a new level in managing technology risks
- g. Multiple risk assessments in various projects, such as data migration, and policy procedure integration
- h. Continuous engagement and awareness with internal stakeholders to instil operational risk management culture
- i. Frequent learning module through series of infographic materials and e-learning to enhance knowledge and understanding of Operational, Shariah and Technology risks in business operations

RISK MANAGEMENT

► Risk Strategy & Analytics

- a. Review of Group Stress Test Methodology
- b. Review of Group Stress Test Framework
- c. Review of Sector Compass and Sector Limit Methodology
- d. Review of Risk Appetite Statement
- e. Adoption of Climate Change Risk Taxonomy
- f. Establishment of Climate Change Risk Framework
- g. Establishment of Climate Change Risk Assessment Template to facilitate the identification and classification of the Bank's exposure, in accordance with BNM policy document

► Credit Policy & Portfolio Management

- a. Review of the Financing Facilities with Connected Parties policy to complement governance requirement
- b. Review of the Credit Portfolio Risk (CPR) Policy to include parameters/measures for managing the credit risk portfolio
- c. Enhancement of CPR Report following review to more effectively complete a comprehensive analysis across the Bank's portfolio
- d. Review of the Guidelines on Best Practices for Single Counterparty Exposure Limit (SCEL) and Single Customer Limit (SCL)
- e. Review of the Related Party Transaction Guideline as part of best practices to monitor concentration and potential risk
- f. Enhancement of quarterly Group Stress Test with in-depth and focused analysis
- g. Initiated realignment of sectors in September 2022 that will be monitored over a six month period prior to full implementation in 2023

► Compliance

- a. A key issue during the year was the integration of Danajamin and BPMB. Therefore, efforts were focused on creating a unified entity with a collaborative and cohesive governance structure, as follows:
 - Established a unified leadership with a functional-based organisational structure at BPMB Group, including senior leadership from both BPMB and Danajamin.

- Implemented a unified governance structure by appointing Danajamin's Board of Directors members to BPMB's Board of Directors as part of the integration between BPMB and Danajamin.
 - Harmonised internal documents, such as policies and procedures, to internalise and amalgamate the business operations of both BPMB and Danajamin.
- b. Additionally, key initiatives aimed at improving transparency and integrity in the bank include:
 - Organised a Compliance Awareness Week in 2022 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 1 August 2022 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. For example, the DCO Engagement Session on Self-Testing Matrix (STM) held on 28 January 2022 and the DCO Engagement Session on the launching of DCO Portal held on 8 March 2022.
 - Provided trainings on integrity every quarter of 2022 to cater to all staff and initiated awareness via email on topics such as the No Gift Policy and Whistleblowing.
 - Established and launched e-Learning courseware on the Personal Data Protection Act 2010 and BNM's Policy Document on the Management of Customer Information and Permitted Disclosures.
 - Recertified on ISO 37001:2016 (ABMS) as part of adequate procedure measures to curb potential bribery and corruption activities.
 - 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 Business Associates on 30 November 2022 as a part of the initiative to promote integrity culture to BPMB Group's BA.
 - c. Streamlined processes, policies and procedures between BPMB and Danajamin as part of integration efforts.

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.

11. THE INTEGRATION OF DANAJAMIN

Bank Pembangunan Malaysia Berhad (BPMB) has successfully completed its merger with Danajamin Nasional Berhad (Danajamin) with effect from 1 March 2023. This significant milestone marks the transfer of Danajamin's business and undertakings to BPMB.

The merger journey commenced in September 2021 with the signing of agreements between BPMB and Danajamin's then-shareholders, Credit Guarantee Corporation Malaysia Berhad (CGC) and Minister of Finance (Incorporated) (MoF Inc.), for the complete acquisition of the financial guarantee insurer.

Since then, the integration process has been diligently undertaken, resulting in a seamless consolidation of the merged entities. Key aspects of integration included establishing a unified leadership team, redefining BPMB Group's purpose, aspirations, and core values, and harmonising processes, systems, and employee benefits.

With the recent completion of the Business Transfer Scheme (BTS) exercise, the merger was officially concluded upon the surrendering of Danajamin's license to Bank Negara Malaysia (BNM) on 6 March 2023.

This merger aligns with the government's medium-term plan to strengthen and enhance the mandates of Development Financial Institutions (DFIs) to foster a more robust national development finance ecosystem.

With the merger now finalised, BPMB is well-equipped to embark on a new chapter of growth and development. The combined strength of BPMB and Danajamin will enable the institution to navigate the ever-changing financial landscape, respond to emerging challenges and continue driving sustainable economic development for the nation.



CULTIVATING IMPACT

BY FINANCING GREEN INNOVATIONS

IMPACTS ACHIEVED:

CASE STUDY: A national development project financed by BPMB is revolutionising the pulp and paper industry. As part of its environmental development initiative, the company managing the project aims to integrate the production of non-wood green pulp and paper with renewable energy and zero waste technology.



Waste-to-Value and Waste-to-Energy concept

- The Pulp and Paper Mill expects to use 16,667 metric tonnes of empty fruit bunches (EFB) yearly. This removes the need to burn and dispose of EFB from palm oil plantations, and creates a new revenue stream from waste.



Reduces Deforestation and Carbon Footprint

- Approximately 170,000 trees will be saved, taking into consideration that every mature tree is able to absorb 22 kg of CO₂ from the atmosphere. This effectively means the plant is able to contribute towards the absorption of 3.7 million kg CO₂ yearly from the atmosphere.



Reduction of Water Consumption

- Expected to reduce clean water consumption by 1 million m³ annually as only 200,000 m³ recycled water is used annually to produce their EFB paper and pulp.



Pioneering technology

- The world's first technological breakthrough in pulp and paper production with renewable energy and waste recovery technology.



Creating Jobs

- Will provide up to 119 job opportunities for locals to improve their standard of living.



Supporting the following UNSDGs:



**Affordable and
Clean Energy**



**Decent Work
and Economic
Growth**



**Industry,
Innovation and
Infrastructure**



**Responsible
Consumption
and Production**

Project financed by BPMB:
The development of a non-wood green pulp and paper mill
with renewable energy and zero waste technology.

STAKEHOLDER ENGAGEMENT



Regulator

- Bank Negara Malaysia (BNM)

Engagement Platforms



Meetings



Forums



Dialogue Sessions



Presentations



Reporting

2022

Key Focus Areas

- Close engagement with BNM
- BPMB's Developmental Agenda Initiatives
- BNM's Overnight Policy Rate (OPR) decision
- Collateralised Commodity Murabaha Agreement (CCM)

Our Actions

- Participated in the Implementation of the Strategic DFI Roadmap
- Frequent engagement with BNM on developmental agenda initiatives
- Managing daily funding and liquidity risk in line with OPR movements
- Execution of CCM for short-term funding



Related Key Ministries

- Ministry of Tourism, Art & Culture (MOTAC)
- Ministry of Finance (MOF); Government Investment Company (GIC); Strategic Investment Division
- Ministry of Defence Malaysia (MinDef)
- Prime Minister Department; Unit Kerjasama Awam Swasta, (UKAS)
- Ministry of Tourism, Creative Industry and Performing Arts Sarawak (MTCIP)

Engagement Platforms



Meetings



Forums



Dialogue Sessions



Presentations



Government Programmes



Reporting

2022

Key Focus Areas

- Awareness of the incentives and access to financing facilities available at BPMB for tourism industry players
- Continued support for Government's projects
- Establishment of the Strategic Tourism Investment Zones (STIZs) to drive the development of high value and innovative tourism products and services in response to growing market sophistication (one of the six transformation strategies under National Tourism Policy 2020 - 2030)
- Encourage private investment in Sarawak via Public-Private Partnership

Our Actions

- Participated as guest speaker in *Sesi Libat Urus Bersama Pengiat Industri Pelancongan* organised by MOTAC in Terengganu, Johor Bahru and Perak
- Highlighted to tourism industry players issues affecting the success of financing application during *Sesi Libat Urus* organised by MOTAC
- Extended Moratorium facility to affected customers
- Restructured accounts in accordance to the guidelines and approval by MOF/UKAS
- Sponsored a Strategic Tourism Investment Zones (STIZ)'s lab organised by MTCIP to facilitate discussion on the establishment of STIZ in Sarawak
- Promoted BPMB's subsidised financing schemes (TIS, NDS, SDFS, IDTS, MLS and PTS) as part of incentives to private investors
- Incorporate MIND Framework in the credit evaluation process to ensure BPMB continues to finance sustainable and impactful projects



Government Agencies

- Government-linked Corporations
- Local authorities
- Foundations
- Cooperatives
- Ministry of Finance Incorporated
- Statutory bodies
- Malaysia Petroleum Resources Corporation
- Iskandar Regional Development Authority
- Alam Flora
- TNB Research

Engagement Platforms



Meetings



Forums



Dialogue Sessions



Programmes



Knowledge Sharing Sessions

2022

Key Focus Areas

- Corporate deposits
- Appreciation on how Energy Transition and Sustainability will influence the Oil & Gas, Services & Equipment (OGSE) sector in the future
- The need for OGSE players to understand and adapt to the sustainability to survive in the future
- OGSE players to be motivated to pursue the next steps, to adopt sustainability practices
- Sustainability Initiatives

Our Actions

- Sourced funding for Money Market Tawarruq and Fixed Deposit Tawarruq
- BPMB's strategic role has evolved from serving Malaysia's early development needs to being a proponent for a sustainable and inclusive economy
- Promoted BPMB's Special Schemes (SDFS, IDTS, PTS, MLS, TIS & NDS)
- Promoted MIND Framework to demonstrate how BPMB measure impactful projects
- Sharing knowledge on sustainability initiatives by BPMB



Strategic Partners

- Ministry of Finance of the Government of Ethiopia
- China Construction Bank (CCB)
- Islamic Corporation for the Development of the Private Sector (ICD)
- United Nations Global Compact (UNGC)
- Pertubuhan Tindakan Wanita Islam (PERTIWI)

Engagement Platforms



Meetings



Forums



Programmes



Knowledge Sharing Sessions

2022

Key Focus Areas

- Study visit and learn about Malaysia's experience with state-owned enterprises
- Create foreign currency deposit
- Have direct guidance and support from an established and experienced sustainability organisation to achieve the Bank's sustainability goals
- To assist the urban poor community

Our Actions

- Co-host with the World Bank to facilitate a visit by the government of Ethiopia to BPMB and shared the nation development role played by BPMB, the Bank's governance structure and impact on the nation and people
- Establishment of Interbank Limits
- Become a member of United Nations Global Compact (UNGC) and collaborate on UNGC's various sustainability activities
- Collaborated with PERTIWI to provide lunch and dinner packs to 140 beneficiaries at Pusat Khidmat Gelandangan Medan Tuanku, Kuala Lumpur over a six-month period

STAKEHOLDER ENGAGEMENT



Associations/ Membership

- Persatuan Pasaran Kewangan Malaysia (PPKM)
- Association of Development Financial Institution Malaysia (ADFIM)
- The Asian Institute of Chartered Bankers (AICB)
- United Nations Global Compact (UNGC)

Engagement Platforms



Forums

Dialogue
Sessions

Programmes

Knowledge
Sharing Sessions

2022

Key Focus Areas

- Become an active member and participate in various association/membership activities
- Have a direct guidance and support from an established and experienced sustainability organisation to achieve the Bank's sustainability goals
- Participate in structured training, seminars and courses on financial markets

Our Actions

- Supported programmes conducted by ADFIM/UK PACT in accelerating low-carbon transition
- Participated in a survey conducted by Association of Development Finance Institutions in Asia and the Pacific (ADFIAP)/ Clean Energy Finance Activities for ASEAN (CEFA) on Financial Institutions (FI) contribution to Climate Mitigation
- Become a member of United Nations Global Compact (UNGC) and collaborate on UNGC's various sustainability activities
- Annual Continuing Professional Development (CPD) and Continuing Professional Education (CPE) training as part of membership requirement



Customers

Engagement Platforms



Site Visit



Networking



Forums



Advisory



Engagements

2022

Key Focus Areas

- Promote investment for sustainable, resilient and inclusive recovery and growth via the capital market
- Business products/services offering
- Awareness of the incentives and access to financing facilities available at BPMB for tourism industry players
- Encourage private investment in Sarawak via Public-Private Partnership

Our Actions

- Increased investment in SDG-related Sukuk
- Expand customer deposit base
- Promoted BPMB's dedicated schemes (TIS, NDS, SDFS, IDTS, MLS and PTS) as part of incentives to private investors
- Highlighted peculiar issues affecting tourism industry players' success of financing application during *Sesi Libat Urus Bersama Penganjur Industri Pelancongan*



Employees

Engagement Platforms



Meetings



Feet Apps



Sports Club
Activities



Townhall



Core Value
Engagement



Employee
Engagement
Survey

2022

Key Focus Areas

- Frequent engagement between Management and staff
- Harmonisation of all staff after completion of integration between BPMB and Danajamin
- Promote better collaboration and interaction among all staff after a long period of work from home arrangement

Our Actions

- Conducted 15 *Teh Tarik* session with GCEO
- Completed Culture Survey to gauge employees' expectation of the organisational culture
- Various sports related activities by Sports Club
- Festival celebrations to demonstrate our inclusivity
- Various employee engagement activities:
 - Mini Townhall
 - Merdeka Celebration
 - Family Day
 - Annual Dinner
- Divisional Teambuilding for all functions as part of integration and building teamwork
- Relocation of Danajamin office into Menara Bank Pembangunan
- Developed a three-year strategy known as Agenda 2025 to reflect the new synergies formed post merger with Danajamin



Communities

Engagement Platforms



Community
Events



Zakat/
Donation



Programmes



Corporate
Social
Responsibilities

2022

Key Focus Areas

- Supporting SDG #1
- No Poverty
- Supporting SDG #2
- Zero Hunger
- Supporting SDG #3
- Good Health and Well-Being
- Supporting SDG #4
- Quality Education

Our Actions

- Contributed meals for health frontliners handling COVID-19 patients
- Contributed vouchers worth RM2,000 each to 33 families impacted by floods in Kampung Baru, Kuala Lumpur
- Contributed towards English literacy programmes held by BPMB's adopted school SMK Seri Titiwangsa
- Contributed towards Public Speaking Workshop held by BPMB's adopted school SMK Padang Tembak

STAKEHOLDER ENGAGEMENT

2022

- Supporting SDG #6
- Clean Water and Sanitation
- Supporting SDG #8
- Decent Work and Economic Growth
- Supporting SDG #17
- Partnership for Goals
- Zakat Contribution
- Organised Public Speaking & Storytelling Competition held at SMK (P) Air Panas in Setapak, Kuala Lumpur
- Collaborated with Arti Advisory in a nationwide survey with regards to conserving our nature
- Partnered with Kelab Belia Prihatin, Kuala Lumpur Performing & Art Centre (KLPAC) to showcase the artists' works on biodiversity/endangered species
- Conducted two online public contests (photography and videography) during Earth Day and World Nature Conservation Day to create awareness on environmental and nature protection
- Distributed 200 school uniforms, shoes and bags to 70 students from the B40 group from SMK Sri Muda, Shah Alam, who were affected by the floods
- Conducted a year long nationwide survey for Ministry of Education (MoE) in collaboration with Pertubuhan Pendidikan Pembangunan Lestari Selangor (PPPLS) and supported by WWF Malaysia and senior researchers from Universiti Kebangsaan Malaysia (UKM), Universiti Malaya (UM), Universiti Teknologi PETRONAS (UTP) and University Nottingham to 1,090 schools involving over 1,700 participants on the levels of infusion of environmental education and education for sustainable development in school syllabus at primary, secondary and high schools
- Collaborated with Kelab Belia Prihatin Malaysia to produce a short video documentary entitled *Bukan Nelayan Gila* to stir awareness on the protection of environmental and natural resources through mangrove planting
- Organised an ESG talk in conjunction with BPMB's 49th anniversary, aimed at creating awareness among BPMB staff on the importance of biodiversity conservation and environmental protection through mangrove planting
- Post-flood relief assistance in Selangor and Pahang in collaboration with Yayasan Ikhlas and Islamic Relief Malaysia, involving zakat contribution worth RM180,000
- Contributed basic school necessities worth RM139,600 to 648 needy students under the Back to School Programme
- Contributed RM498,990 to Hospital Universiti Sains Malaysia for the purchase of medical equipment including medical disposable
- Provided assistance to the Dentistry Faculty of Universiti Sains Islam Malaysia (USIM) to purchase four dental simulators worth RM232,000
- Sponsored Sejahtera Youth & Single Mother Project (Sejahtera YSM) for the beading technique workshop worth RM60,000
- Provided stipend fund to 500 students in Universiti Malaysia Sabah worth RM250,000
- Contributed RM291,200 for construction of tube wells at 14 identified locations in Rantau Panjang, Kelantan through collaboration with Muslim Care Malaysia Society

2022

- Collaborated with Institut Penyelidikan dan Pengurusan Kemiskinan, Universiti Malaysia Kelantan (InsPeK) to sponsor two entrepreneur development programmes worth RM116,600
- Collaborated with Yayasan Ikhlas for development and operation of Sekolah Agama Rakyat (SAR) in Kuala Penyu, Sabah with contributions amounting to RM1,120,868
- Contributed RM543,600 to Yayasan Pelajaran MARA (YPM) to sponsor Mercu Anak Bangsa Programme
- Collaborated with Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM) for the development of 10 new houses for 10 asnaf in Terengganu under My H.A.U.S project worth RM700,000



Board

- Board of Directors (BOD)
- Shariah Committee (SC)

Engagement Platforms



Community
Events



Zakat/
Donation



Programmes



Corporate
Social
Responsibilities

2022

Key Focus Areas

- Mandatory training for the Board and SC members
- Zakat Contribution and visit prospect for distribution of BPMB business zakat
- Effective communication between SC, representative Senior Leadership Team (SLT) and GSM's staff on Key Performance Indicator (KPI) and plan for 2023
- Engagement between the Board and SC

Our Actions

- Board members participated in the Emerging Cyber Risks and Resilience Measures programme
- SC members participated in the Certified Shariah Advisory (CSA) or Certified Shariah Practitioner (CSP) programme
- SC members participated in the Muzakarah Cendekiawan Nusantara 2022 - *Ke arah Pembangunan Inovasi dan Rangkuman Kewangan Islam*
- SC members participated in the Muzakarah Ahli Majlis Penasihat Syariah Institusi Kewangan
- SC members participated in the Kuala Lumpur Islamic Finance Forum
- SC members participated in Zakat distribution programmes
- Board members and SC members participated in Corporate Raya Event by BPMB
- Board members Offsite Retreat; SC members Offsite Retreat
- Board members and SC members participated in the awareness of the Climate Change Risk Programme

OUR COMMITMENT TO CLIMATE ACTION

At BPMB we recognise the urgent need for global climate action to address the challenges of climate change and ensure a sustainable future for all. We are committed to playing a proactive role in fostering climate resilience, promoting low-carbon development and supporting the transition to a green economy.

As a responsible Development Financial Institution (DFI), BPMB adheres to Bank Negara Malaysia's (BNM) guidance and policy on climate action. In 2022, these included the following Discussion Paper (DP) and Policy Document (PD), that are applicable to Malaysian DFIs:



In alignment with these, BPMB has adopted a risk-based approach towards climate change, an iterative process that involves both adaptation and mitigation. Through Climate Risk Management, we can enhance our capacity to identify, assess, and manage climate-related risks in our investments, which allows us to make more effective policy decisions that can contribute towards sustainable development. We are developing robust climate risk management frameworks and tools to ensure that climate risks are adequately considered and addressed in our decision-making processes.

We are committed to continually improving our climate performance, aligning with emerging best practices and contributing to the global efforts to address climate change. By integrating climate considerations into our core operations, we aim to facilitate the transition to a low-carbon, climate-resilient future, ensuring a sustainable and prosperous world for future generations. For our onward journey, we are actively progressing:

CLIMATE INTEGRATION

We will integrate climate considerations in line with Task Force on Climate-Related Financial Disclosures (TCFD) recommendations into our decision making processes, policies, and strategies. We will take steps to assess and disclose the climate risks and opportunities associated with our investments and operations.

GREEN FINANCING

We will strive to increase our financing for projects and initiatives that contribute to climate mitigation and adaptation. While adhering to our mandate, we will also prioritise investments in renewable energy, energy efficiency, sustainable infrastructure and other climate-friendly sectors. We will take steps to work towards a portfolio that aligns with international best practices on climate finance.

EMISSION REDUCTION

We will set targets to reduce greenhouse gas emissions and implement measures to achieve them. We will invest in energy-efficient technologies, promote sustainable transportation and adopt renewable energy sources wherever feasible.

COLLABORATION AND ADVOCACY

We will actively collaborate with stakeholders, including governments, international organisations, civil society, and the private sector, to advance climate action. We will apply and implement policies and regulatory frameworks that support sustainable development and create an enabling environment for climate investment to ensure compliance.

KNOWLEDGE SHARING AND CAPACITY BUILDING

We will promote knowledge sharing and capacity building on climate change and sustainable development. We will support research, innovation, and the dissemination of best practices to enhance climate resilience and foster sustainable development.

TRANSPARENCY AND ACCOUNTABILITY

We will promote transparency and accountability in our climate-related activities. We will regularly report on our progress in implementing climate commitments and disclose relevant climate-related information in a comprehensive and accessible manner.

EMBEDDING OUR COMMITMENT

1. Member of BNM Joint Committee 3 (JC3)




BPMB is a member of the BNM Joint Committee on Climate Change (JC3), a committee co-chaired by BNM and the Securities Commission (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, mainly on bridging data gaps of which the Data Catalogue and Accompanying Report (DC) was approved by the committee member for publication. The DC covers on data availability, gaps and recommendations to bridge data gaps where it will serve as a source of reference on the availability and accessibility of climate and environmental data based on a priority list of use cases.

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.

2. Climate Assessment as part of MIND Framework

BPMB has incorporated the climate assessment as part of the MIND Framework whereby three out of six Sustainable Development Goals (SDGs) embedded in the MIND assessment are related to climate assessment goals.

i	 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>Focused on total renewable energy generated on average or annual energy savings, which could increase the share of renewable energy in the global energy mix.</p> <p>Upgrading the infrastructure and/or technology to provide clean and more efficient energy will encourage transition to renewable energy and help the environment.</p>
ii	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Focused on how much water is being recycled/ treated/ reduced. Businesses are encouraged to recycle and reduce wastewater to move towards more sustainable patterns of consumption.</p> <p>Sound waste management is vital in helping to reduce waste and curb pollution in air, water and soil to minimise the adverse impacts on health and the environment.</p>
iii	 <p>13 CLIMATE ACTION</p>	<p>Encompasses sustainability certification, rating, and labelling schemes. The Bank also focused on customers that adopt climate change measures on businesses that are located in a climate-disaster prone area to help limit the increase in global mean temperature.</p>

3. Climate and Sustainability Assessments in the financing process

Climate and sustainability assessment are now part of the overall financing process and the result of the assessment is used in the decision making process.

Climate assessments are guided by BNM's policy document on Climate Change and Principle-based Taxonomy (CCPT) where the customers are classified as either Climate Supporting (C1), Transitioning (C2 or C3) or Watchlist (C4 or C5).

Based on BNM CCPT, we have developed and implemented the Climate Change Risk Assessment template wherein the assessment adheres to BNM's requirement to classify, and categorise the economic activities of the Bank's customers, according to the extent to which activities meet climate objectives, and promotes transition to a low-carbon economy.

The exercise was completed in June 2022. To date, BPMB has successfully classified all Financing and Investments based on the CCPT classification. A half-yearly CCPT report to BNM was submitted within the timeline i.e. by July 2022 (based on June 2022 reporting period) and January 2023 (based on December 2022 reporting period).

Sustainability assessments are done through the MIND Impact Assessment Framework, which was jointly developed with the World Bank Group. This covers the social, environment, financial and economic factors in order to produce both Development Impact Indicators (DII) score and Financial-Economic Indicators (FEI) score.

OUR COMMITMENT TO CLIMATE ACTION

4. 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. 10 in-house trainings were conducted throughout 2022 to 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 be further continued as part of a refresher programme to the Bank's staff in 2023.

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

PLANS FOR 2023

BPMB continuously puts the building blocks in place in terms of managing climate change risk. Various initiatives has been planned by BPMB for 2023 to strengthen this area internally. The initiatives include:

1. Establishment of the Bank's ESG strategy

The plan to establish a holistic and well-organised ESG strategy that is aligned to meet the requirement under the Paris Agreement 2015, includes the following key components:

I. Establishment of BPMB Sustainability Governance

Having a sound governing structure is integral to our sustainability journey and essential to embedding sustainability across the Group. Clear direction and leadership from the top enables us to effectively execute our sustainability initiatives and better integrate sustainability into our organisational DNA.

II. Development of BPMB Sustainability Framework

The Sustainability Framework defines our overarching sustainability strategy and material issues, and is the most important document for the Bank to achieve our sustainability agenda. The framework consists of:

- a. Sustainability Pillars;
- b. Sustainability Commitment;
- c. Sustainability Governance; and
- d. SDG targets

III. Establishment of BPMB Sustainability Pillars

BPMB sustainability approach will be guided by three overarching pillars, and these pillars cover our commitments across three broad areas of Environment, Social and Governance.

IV. BPMB Sustainability Commitment

We intend to create tangible impact with our sustainability initiatives with a clear commitment aligned to the Sustainability Pillars. Integrating Environmental, Economic, Social and Governance (EES&G) impacts ensure that our business activities make a positive impact while minimising negative impacts on our existing and future stakeholders over the long term.

V. Sustainability Roadmap

The roadmap is designed to operationalise and deliver sustainability philosophy and aspirations that include both short-term and long-term goals.

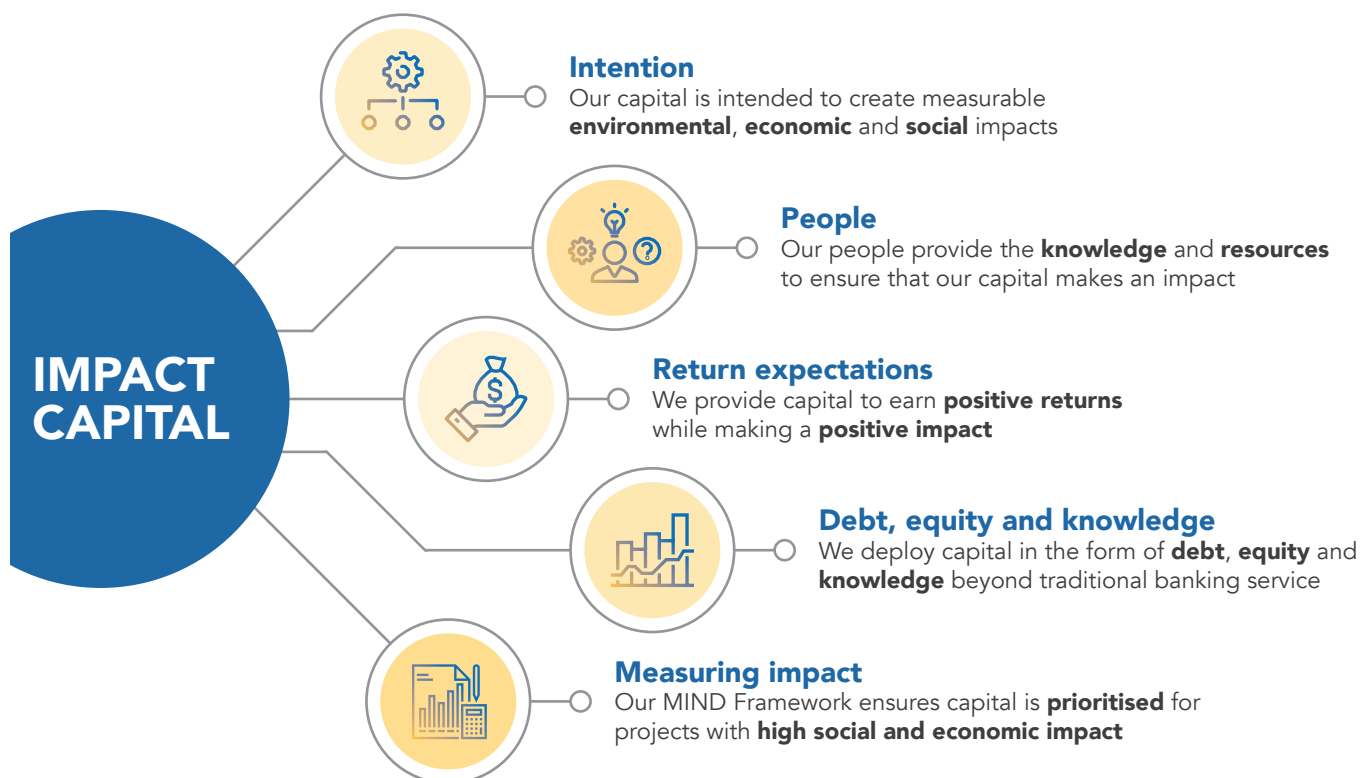
VI. Sustainability Report/Disclosure

Sustainability reporting is the disclosure and communication of Environmental, Social, and Governance (ESG) goals as well as the Bank's progress towards them. The benefits of sustainability reporting include improved corporate reputation, building consumer confidence, increased innovation, and even improvement of risk management.



2. Embarking towards AGENDA 2025

Agenda 2025 is a strategic plan which defines how BPMB Group will deliver impact capital for national development over the next three years (2023-2025), with specific targeted outcomes to be achieved by 2025.



3. Process Improvement Initiative

Under the Agenda 2025, we also looked into process improvement on the assessment of both CCPT and MIND with the objective to align the assessment into one single process. Enhancement to the assessment will also be conducted to ensure the Bank complies with both BNM guidelines as well as SGDs recommendations.

4. Gap Analysis and Implementation plan on Climate Risk Management and Scenario Analysis (CRMSA)







Based on the CRMSA policy document, every financial institution is required to perform and submit to BNM a Board-approved gap analysis and implementation plan that covers:

- Highlights of all key implementation gaps between existing practices in managing climate-related risks and the requirements in this CRMSA document; and
- Develop a board-approved implementation plan with a clear timeline, as well as, interim targets and milestones to address the gaps identified.

The Bank shall comply with BNM requirements for the submission of the gap analysis and implementation plan.

OUR COMMITMENT TO CLIMATE ACTION

The table below outlines the Bank's progress towards full compliance with the CRMSA policy document.

Area	Key action points and priorities FY2023 to FY2024
Governance 	<ul style="list-style-type: none"> Continuously improve climate risk governance and discussions on climate-related matters by the Management and the Board to reflect climate risk responsibilities and oversight Formulate a structured training plan to support capacity building in the area of climate risk in the Group Continuously review the policies and procedures in the Bank to incorporate climate risk considerations and other key areas
Strategy 	<ul style="list-style-type: none"> Formulate an overarching climate transition plan toward a low-carbon economy Incorporate assessment of climate-related risks and opportunities as part of the business strategy and plans Formulate climate-related internal targets and metrics
Risk Appetite 	<ul style="list-style-type: none"> Continuously review and enhance risk appetite statement in line with the Bank's climate risk assessment process and strategy Embed climate-related risk assessment as part of the Internal Capital Adequacy Assessment Process (ICAAP) Develop risk metrics, limits and thresholds
Risk Management 	<ul style="list-style-type: none"> Integrate the results of CCPT assessment as part of the climate risk management process Develop data capabilities by assessing the relevant data, tools and methodology Conduct a comprehensive climate risk assessment Identify the transmission of climate-related risks on the Group's credit, market, liquidity and operational risks
Scenario Analysis 	<ul style="list-style-type: none"> Conduct scenario analysis to determine the resilience of the business strategies to material climate-related risks based on the industry good practices
Disclosure 	<ul style="list-style-type: none"> Establish a disclosure policy on the area of climate risk management Disclose climate-related disclosures in line with TCFD recommendations and guidance

5. Issuance of Climate Risk Stress Test (CRST) methodology paper

BNM is expected to issue the CRST methodology paper by end-2023 based on the proposed CRST timeline. BPMB is scheduled to conduct the CRST exercise in accordance with the guidance outlined in the methodology paper for CRST submission to BNM in 2024.

VALUE FOR PEOPLE

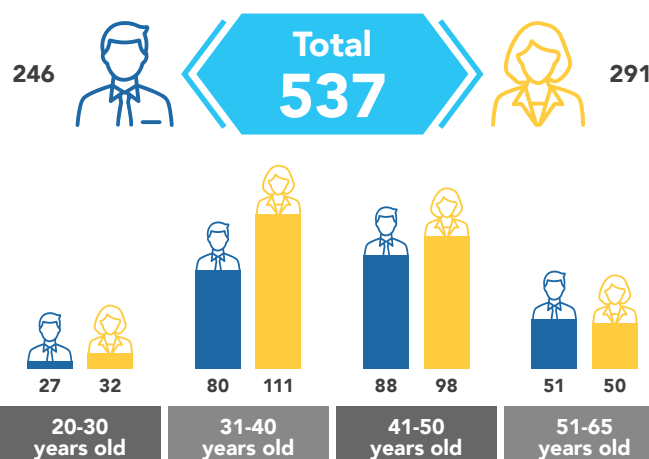
BPMB's greatest asset lies in our exceptional team of dedicated individuals. Our success is built upon the collective efforts and talents of our staff. As an organisation, we value our employees not only for their skills and expertise but also for their unique perspectives, creativity and dedication to our shared goals. We recognise that by nurturing a conducive working environment and investing in our staff, we foster a culture of growth, innovation and long-term success.

FAIR EMPLOYMENT PRACTICES AND A DIVERSE WORKPLACE

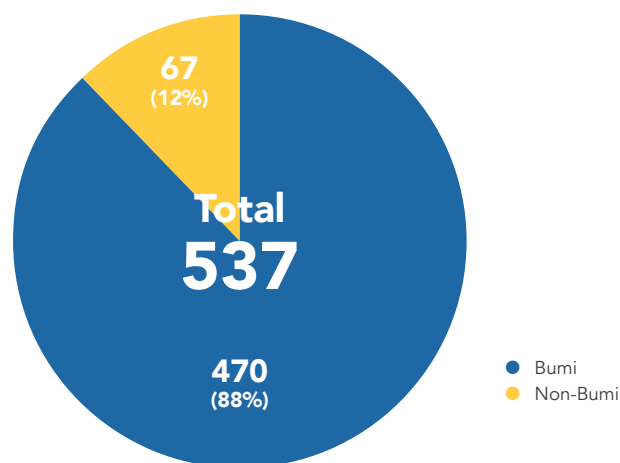
At the heart of the Bank's values is a deep appreciation for the contributions made by each member of our team. We strive to create an inclusive and supportive work environment where every employee feels valued, respected and empowered to reach their full potential, regardless of ethnicity or gender. We understand that by fostering a positive workplace culture, we can attract and retain top talent, ensuring a cohesive and motivated team.

The Bank values open and transparent communication, encouraging active collaboration and teamwork across all levels. We foster an environment where ideas are freely shared, and feedback is welcomed and appreciated. By promoting a culture of open dialogue, we empower our employees to contribute their unique perspectives and play an active role in shaping the Bank's future.

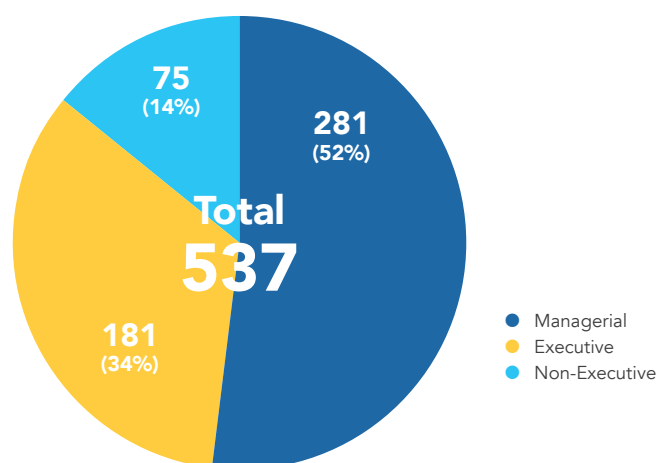
Total Manpower by Gender (As at 30 April 2023)



Total Manpower by Ethnicity (As at 30 April 2023)



Total Manpower Headcount by Grade (As at 30 April 2023)



VALUE FOR PEOPLE

IMPLEMENTING THE BPMB TOTAL REWARDS STRATEGY

We firmly believe that by investing in our employees, we create a vibrant, fulfilling, and collaborative work environment that drives our collective success. Together, we strive to build a corporate culture where everyone can thrive and achieve their professional aspirations, ensuring a bright future for both our employees and the Bank as a whole.

As per the Agenda 2025's aspiration of becoming a Talent Hub and with the current talent war and heightened incidences of resignation across the world, including Malaysia, the Bank has put in place a Total Rewards Strategy. This is essential for attracting and retaining top talent, driving employee engagement and motivation, and improving overall performance.

The strategy maps out a comprehensive approach to compensation, benefits, work-life balance and career development, we aim to create a workplace culture that values and supports employee wellbeing and success. Above all, we are committed to recognising and celebrating the achievements of our staff. We believe in acknowledging their hard work, dedication and exceptional contributions to the Bank's success.

► Total Rewards Strategy Key Activities



1. Pay Positioning	We have adopted progressive pay positioning that is competitive with market expectations in order to attract and retain talents.	4. Salary Structure Review	We developed and integrated BPMB and Danajamin's corporate titling structure with a new grading structure that can support the overall different career tracks.
2. Harmonisation of Benefits	We have reviewed all 40 benefits and allowances, and realigned several to ensure these are competitive and attractive.	5. Salary Review for Employees	This exercise is to ensure no employee's salary falls below the minimum salary scale.
3. Job Sizing and Evaluation	Due to complexity of the business and the active amalgamation of two corporate entities, all senior positions were evaluated in 2022.	6. Introduction of Special Early Retirement Scheme	We are giving long serving staff the opportunity to explore or pursue their aspirations through this scheme.

UPSKILLING THROUGH PROFESSIONAL QUALIFICATIONS & SPECIALISED CERTIFICATIONS

One of the ways we demonstrate our commitment to our staff is by providing ample opportunities for professional development and growth. We believe in investing in our employees' continuous learning, encouraging them to expand their skills, acquire new knowledge and pursue qualifications to support their career aspirations.

► 1. Specialised Certification Programme

BPMB continues to support BNM's initiative to elevate the quality of professionals within the Bank through enrolments to professional qualification and specialised certification programmes offered by the Asian Institute of Chartered Bankers (AICB). 2022 marks the final year of the implementation of our Five-Year Capability Building Roadmap (2018 – 2022). The enrolment status as at 31 December 2022, is shown below:

Core Banking Area		Certification Required	Pursuing	Completed
Credit		a. Credit Certification Executive (CCE) b. Business Credit Professional (BCP) c. Certificate in Credit (CCR) d. Certified Credit Professional (BC)	Total – 16 Total – 4 Total – 2 Total – 0	Total – 20 Total – 10 Total – 0 Total – 10
Audit		a. Certification For Bank Auditors (CBA) b. Certificate in Internal Auditing for Financial Institutions (CIAFIN)	Total – 5 Total – 0	Total – 12 Total – 7

Core Banking Area		Certification Required	Pursuing	Completed
Compliance		a. Certification in Regulatory Compliance (CRC) b. Advance Certification in Regulatory Compliance (ACRC)	Total – 0 Total – 0	Total – 5 Total – 2
Risk		Bank Risk Management (BRM)	Total – 1	Total – 3
Anti-Money Laundering & Counter-Financing Terrorism (AML/CFT)		a. Certification in AML/CFT (CAML) b. Advanced Certification in AML/CFT (ACAML) c. Certified Anti-Money Laundering & Counter Financing of Terrorism Compliance Officer (CAMCO)	Total – 4 Total – 2 Total – 1	Total – 4 Total – 2 Total – 0
Treasury		Pasaran Kewangan Malaysia Certificate (PKMC)	Total – 0	Total – 7

► 2. Chartered Banker Programme

BPMB encourages our employees to pursue career development by enrolling in the world-class Chartered Banker (CB) Qualification jointly awarded by AICB and the Chartered Banker Institute, UK. This internationally recognised professional qualification in the banking industry worldwide offers the highest standard of excellence and professionalism.

Certification Required	Pursuing	Completed
Executive Banker	Total – 0	Total – 0
Professional Banker	Total – 0	Total – 11
Chartered Banker	Total – 6	Total – 4

► 3. Shariah and Islamic Finance Certification Programme

As part of our continuous effort to develop and strengthen our people knowledge and understanding on Islamic finance, targeted employees of BPMB together with identified Shariah Committee Members were equipped with relevant Shariah and Islamic Finance professional certifications offered by established Islamic Finance learning providers.

Provider	Certification Required	Pursuing	Completed
Association of Shariah Advisors (ASAS)	Certified Shariah Advisor (CSA)	Total – 1	Total – 5
	Certified Shariah Practitioner (CSP)	Total – 1	Total – 2
Islamic Banking and Finance Institute Malaysia (IBFIM)	Associate Qualification In Islamic Finance (AQIF)	Total – 0	Total – 15
	Certified Professional Shariah Auditor (CPSA)	Total – 0	Total – 3

ZAKAT DISTRIBUTION TO ELIGIBLE STAFF

To help uplift our employees, we provide financial assistance in helping our employees' children to pursue tertiary education.

Financial assistance of RM14,400 to eight staff for their children higher education (each RM1,800)

VALUE FOR PEOPLE

ENSURING UNDERSTANDING AND PRACTICE OF WELLNESS

We prioritise work-life balance and wellbeing, recognising that our employees' personal lives are essential to their overall satisfaction and success. We organise talks, sessions and activities that promote employee wellness to support the physical, mental and emotional wellbeing of our staff.

Webinar on physical, mental health and productivity at workplace related topics: 28 webinar sessions (229 total attendees)

To combat the growing impact of depression, anxiety and stress on our employees' wellbeing, the Bank conducted a campaign on mental health awareness from 29 November to 5 December 2022. This culminated in a Depression, Anxiety and Stress Scale - 21 Items (DASS-21) Assessment for employees. DASS-21 is a widely used psychometric test to check for the severity of symptoms of depression, anxiety and stress. Through 21 questions, the assessment expands each of these three into their individual symptoms, helping to explore your particular experience.

219 DASS-21 Assessments completed in 2022

We also continued the Naluri Wellness programme for all employees, providing support and counselling through remote therapy sessions and a psychologist hotline. The sessions helped employees manage existing stress levels at work and at home, as well as supports those grappling with fear and anxiety from personal crisis issues.

**Remote Therapy Sessions:
22 sessions (37.5 hours)
Main topics discussed:
Self-confidence • Family Issue
Quality of Relationship**

**Physiologist Hotline/Careline:
35 calls (15 hours)
Main topics discussed:
Interpersonal Conflict • Balancing Work
Mental Illness**

Beyond these, for the year under review, a BPMB Wellness Day was held on 30 August 2022 for all staff at the Bank's auditorium to provide a full day focus on the importance of maintaining physical and mental wellbeing. The event was held in collaboration with hospitals and other healthcare providers.

► BPMB Wellness Day 2022

Total attendees: 225 staff

1. Mind Set Change Speech

Provider Name: **Naluri**

SPEAKER

Azran Osman Rani,
CEO Naluri

TOPIC

Turning Stress and
Anxiety Into Positive
Energy

TOTAL

ATTENDEES
42 staff



2. Easy Zumba Dance Routine

Provider Name: **Naluri**

SYNOPSIS

10 minutes Easy Weight Loss Zumba Dance Workout for Beginners at Home & Work

3. Naluri Hidup Booth

Provider Name: **Naluri**

- Meet & Greet On-site Interview Session with Clinical Psychologist (2 Psychologists)
- Onsite consultation with dietitian and fitness coach
- Naluri Resilience Programme Launching

4. PMCare Advisory Booth

Provider Name: **PMCare**

- BPMB Health & Wellbeing at Work 2022 Event Management and Coordination
- Meet & Greet with PMCare representatives and advisory:
 - ~ FAQ on How to use PMCare Vibrant Living mobile apps?
 - ~ FAQ on How to use personal claim online submission – ePC
 - ~ FAQ on How to use eFarma mobile apps?
 - ~ FAQ on How to obtain treatment from PMCare?
- Free onsite tutorial and guidance to assist employees to navigate PMCare apps

5. PMCare Health Screening Booth

Provider Name: **PMCare**

- Free obesity screening: InBody machine 570 full body composition analysis
- Free doctor consultation

6. Sunway Medical Centre Health Booth Screening

Provider Name: **Sunway Medical Centre**

- Screening for chronic illnesses such as hypertension, high cholesterol and diabetes, as follows:
 - ~ Free obesity screening: body mass index and body fat assessments
 - ~ Free blood pressure checks
 - ~ Free finger prick blood sugar test with instant results (150 pax)
 - ~ Free finger prick cholesterol blood test with instant results (50 pax)
 - ~ Free nursing consultations
 - ~ Free onsite medical consultations with Medical Officer (MO)



7. Gleneagles Hospital Kuala Lumpur Health Screening Booth

Provider Name: **Gleneagles Hospital Kuala Lumpur**

- 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 (50 pax)
 - ~ Free nursing consultations
 - ~ Free medical consultations by doctors



8. KPJ Ambulatory Care Centre Kinrara Health Screening Booth

Provider Name: **KPJ Ambulatory Care Centre Kinrara**

- Dental screening by Dental Surgeon
- Dentist prescription report for follow up
- Portable oral dental camera with a computer screen
- Free oral hygiene instruction
- Promotional sale of dental care products at discounted prices
- Free finger prick blood sugar test with instant results (100 pax)
- Free finger prick cholesterol blood test with instant results (50 pax)
- Free nursing consultations



VALUE FOR PEOPLE

9. ACC Evesuite Medical Centre Eye Check-Up Clinic

Provider Name: **ACC Evesuite Medical Centre**

- Cataract screening
- Diabetic Retinopathy screening
- Glaucoma screening
- Dry Eyes assessment
- Pterygium detection
- Retinal examination



10. Physio Care Therapy & Rehabilitation Booth

Provider Name: **Physio Care**

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



11. Physio & Ergonomics Wellbeing Check-Up Booth

Provider Name: **JOGOHealth**

- Joint screening and balance assessment with physiotherapist consultation



12. Fruits.Garage Healthy Micro-Market

Provider Name: **Fruits.Garage**

- Promotion and sales of imported fruits from Australia, Egypt, and South Africa
- Promotion and sales of local fruits and juices



HIGHLIGHTS OF THE YEAR

1

**8 APRIL 2022**

The appointment of Roni L. Abdulwahab as the new Group Chief Executive Officer, succeeding Arshad Mohamed Ismail who has served as the Bank's GCEO for three years. Roni had served at Khazanah Nasional Bhd as Executive Director, Investment and was also the Managing Director and Country Head of Global Banking, HSBC Bank Berhad Malaysia.

2

28 APRIL 2022

The appointment of YBhg Tan Sri Datuk Seri Rashpal Singh Randhay as an Independent Non-Executive Director. Tan Sri Rashpal has more than 30 years of experience – spanning investment companies, stock brokerage firms and stock and commodity exchanges.



3

**17 MAY 2022**

The appointment of Puan Rosnah Dato' Kamarul Zaman as an Independent Non-Executive Director. Puan Rosnah has more than 25 years of experience in banking and finance, with full spectrum in banking which includes consumer, commercial and corporate banking.

HIGHLIGHTS OF THE YEAR

31 MAY 2022

BPMB concluded Aidilfitri with Hari Raya Open House held at The St. Regis Hotel, Kuala Lumpur. The day started with a celebration for the BPMB Group work force and continued with the Open House for our external stakeholders. The event was hosted by our Chairman, YBhg Tan Sri Nazir Razak, Board Members, our Group Chief Executive Officer, Encik Roni L. Abdulwahab and the Group Management Committee members. BPMB Group Open House was graced with the presence of the former Minister of Finance, YB Senator Datuk Seri Utama Tengku Zafrul bin Tengku Abdul Aziz, and the then Minister of Tourism, Arts and Culture, YB Dato' Sri Hajah Nancy Shukri. The Open House was also attended by a number of dignitaries and industry leaders.



4



22 JULY 2022

BPMB signed a technical study agreement with Islamic Development Bank (IsDB) and Yayasan Waqaf Malaysia (YMM) for the establishment of Awqaf Properties Investment Fund (APIF). This study will ensure for BPMB to assess the feasibility of waqaf development in Malaysia based on IsDB's experience as well as insights in waqaf asset development.

5

1 AUGUST 2022

Group Compliance (GC) organised a study visit to Malaysian Anti-Corruption Commission (MACC) for BPMB's Designated Compliance Officers (DCO). The visit is part of the continuous effort by Group Compliance to, inter-alia, reinforce, and improve effectiveness of the DCO's roles and responsibilities.



6

7

**17 AUGUST 2022**

BPMB won an award at The Asset Triple A Sustainable Infrastructure Awards 2022, for our participation in the Pulau Indah Power Plant syndicated term financing agreement worth RM2.7 billion which won the Annual Power/Utility Agreement for Malaysia. The Asset Triple A Sustainable Infrastructure Awards honors institutions and offerings that have made significant contributions to sustainable infrastructure development in Asia from January to December each year.

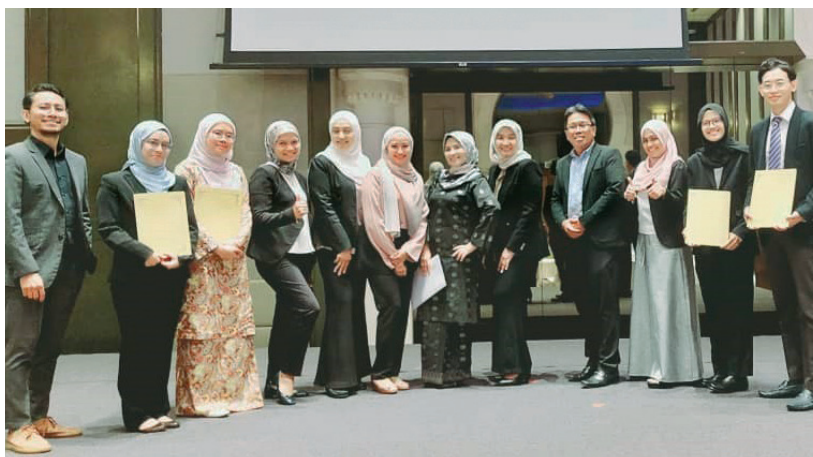
8

6 SEPTEMBER 2022

BPMB signed collective agreements with the National Union of Commercial Workers (NUCW). 70 support staff will benefit 70 by this agreement for the term of 2021 – 2023.



9

**6 SEPTEMBER 2022**

BPMB accorded scholarships to four top Malaysian students to pursue their undergraduate studies abroad under the Bank's 2022 Undergraduate Scholarship Award. The scholarship programme was established in 2013 as part of the Bank's Corporate Social Responsibility (CSR) initiative to provide deserving Malaysian students with access to quality education abroad.

HIGHLIGHTS OF THE YEAR

4 OCTOBER 2022

BPMB participated in the National OGSE Roadshow 2022 held at Sime Darby Convention Center. Mohamed Nazri Omar, Managing Director of BPMB together with Bursa Malaysia, MIDF, and SME Corp participated in the panel session to discuss on the "Financing in the World Sustainability".



10



17 AND 18 OCTOBER 2022

BPMB sponsored a Special Tourism Investment Zone (STIZ) lab that was focused on encouraging public-private sector partnership with the goal of increasing private investment in Sarawak. The lab was organised by Ministry of Tourism, Creative Industry and Performing Arts Sarawak (MTCP) at the Pullman, Kuching, Sarawak.

11

19 OCTOBER 2022

BPMB inaugurated our food aid programme with a contribution of RM66,000 to the non-governmental organisation (NGO), Pertubuhan Tindakan Wanita Islam (PERTIWI). The programme (branded as BPMB X PERTIWI Soup Kitchen), which runs until April 2023, involved the provision of lunch and dinner to the urban poor community in Kuala Lumpur. The six-month initiative is aimed at lessening the burden of marginalised and vulnerable communities hit hard by the COVID-19 pandemic.



12

13

**4 NOVEMBER 2022**

BPMB celebrated the historical beginning of the Bank, which will turn 50 in 2023, with an Awesome 70s-themed Annual Dinner. Over 600 staff members attended the event at The Majestic Hotel Kuala Lumpur, dressed in their most colourful and outrageous costumes influenced by disco, flower power and hippie culture. Board members and Senior Leadership Team (SLTs) were also in attendance.

14

15 NOVEMBER 2022

BPMB participated in Ministry of Tourism and Culture's (MOTAC) Program *Semarak Pelancongan Bersama Penggiat Industri Pelancongan Negeri Perak*. The engagement programme, attended by 80 local tourism players (hoteliers, home stay providers, travel agents, etc.), aims to update the local industry players on the latest incentives and financing schemes by BPMB and SME Bank, as well as programmes offered by MOTAC and other relevant tourism agencies.



15

**24 NOVEMBER 2022**

BPMB, together with the World Bank office in Malaysia, facilitated a study visit by an Ethiopian government delegation to learn about Malaysia's experience with State Owned Enterprises (SOEs). The delegation was led by senior ministerial advisers from the Ministry of Finance, accompanied by officials overseeing their SOEs, and representatives of Ethiopian SOEs, as well as World Bank staff covering Ethiopia.

HIGHLIGHTS OF THE YEAR

30 NOVEMBER 2022

BPMB, through Group Compliance, organised a coffee talk session to discuss methods of embedding integrity into corporate culture at Sheraton Imperial, Kuala Lumpur. The talk was attended by business associates, staff from relevant departments of Corporate Banking, Group Treasury and Investment, Recovery, Group Legal, Property Management and Services, and Pembangunan Leasing Corporation.



16



7 DECEMBER 2022

BPMB and SMK (P) Air Panas, Kuala Lumpur, jointly organised a story telling and public speaking competition. The competition provided an excellent avenue for the students to develop persuasion strategies. The competition was also aimed at improving the students' confidence level in using English as a second language.

17

HIGHLIGHTS OF AMANAH LESTARI ALAM (ALAM)

1



Amanah Lestari Alam (ALAM) collaborated with Arti Advisory to carry out a nationwide survey, which garnered more than 1,000 youth respondents. Results showed that 96% of youth respondents agreed that the country would need to do more in conserving nature.

2

ALAM partnered with Kelab Belia Prihatin Malaysia and supported by Kuala Lumpur Performing & Art Centre (KLPAAC) to showcase works of local artists' on biodiversity/endangered species at an art exhibition entitled 'Tapirama'. The event garnered an audience of about 60,000 through footfall at the exhibition and through ALAM's social media channels.



3



ALAM conducted two online public contests - photography and videography - on Earth Day and World Nature Conservation Day as part of its Communication, Education and Public Awareness tool (CEPA) to create awareness on environmental and nature protection. Over 200 submissions were received including several from the ASEAN region.

HIGHLIGHTS OF AMANAH LESTARI ALAM (ALAM)

Through crowdfunding raised, ALAM distributed 200 school uniforms, shoes and bags to 70 SMK Sri Muda students from the B40 category. The school, located in Shah Alam, was affected by the December 2021 floods.



4

Amanah Lestari Partners With Pembangunan Lestari Selangor To Foster Sustainable Ecosystem

By BusinessToday - February 11, 2022

In partnership with Pertubuhan Pendidikan Pembangunan Lestari Selangor (PPPLS), Amanah Lestari Alam (ALAM) is working together to facilitate and foster a more sustainable environment and ecosystem in the country.

This strategic collaboration will entail a nationwide study to determine the status of Environmental Education/Education for Sustainable Development (EE/ESD) infusion and integration into the formal education system (curriculum and co-curriculum) in Malaysian schools, to be fully funded by ALAM.

Aimed at engaging approximately 1,022 schools nationwide – including Sabah and Sarawak, the year-long research will involve students and teachers at all levels from primary up until form six students from various backgrounds, along with the school management comprising headmasters and state education department officers.

ALAM conducted a year-long nationwide survey under the auspices of the Ministry of Education in collaboration with Pertubuhan Pendidikan Pembangunan Lestari Selangor (PPPLS) and supported by WWF Malaysia and senior researchers from Universiti Kebangsaan Malaysia (UKM), Universiti Malaya (UM), Universiti Teknologi PETRONAS (UTP) and University of Nottingham Malaysia. The survey was on the levels of infusion of environmental education and education for sustainable development in school syllabus at primary and secondary schools.

5

A short video documentary entitled *Bukan Nelayan Gila* was produced by ALAM in collaboration with Kelab Belia Prihatin Malaysia. The documentary was produced to stir awareness on the protection of environmental and natural resources through mangrove planting supported by WWF Malaysia and Impact Malaysia under the Ministry of Youth and Sports.



6

7



ALAM Chairman, Datuk Ali Abdul Kadir, participated in various events on Environmental Education/Education for Sustainable Development (EE/EESD) and Youth Environment Living Labs (YELL) as well as at dialogue with UNDP and Development financial institutions (DFIs).

8

ALAM Board of Trustee Tan Sri Zakri Abdul Hamid was the Prime Minister's special representative at COP27 in December 2022. He delivered a speech showcasing YELL during Youth Day at COP27. The *Bukan Nelayan Gila* video documentary was also screened at the Malaysian Pavilion during COP27.



9



ALAM organised an Environmental, Social and Governance (ESG) talk in conjunction with BPMB's 49th anniversary celebration, aimed at creating awareness among BPMB staff on the importance of biodiversity conservation and environmental protection through mangrove planting. The talk featured multiple speakers. The insightful session was attended by over 100 staff members. There were also booths showcasing organisations from YELL, Sunway Planetary Health Centre, Kelab Belia Prihatin Malaysia and Global Environment Centre.

HIGHLIGHTS OF AMANAH LESTARI ALAM (ALAM)

Tan Sri Jemilah Mahmood delivered a presentation focusing on Planetary Health during BPMB's 49th anniversary celebration with BPMB leadership and staff.



10



ALAM partnered with UNDP Malaysia and UNICEF Malaysia on Youth Environment Living Lab (YELL) to localise climate change narratives and develop youth leaders to champion climate action within their community. The target is to reach five million youths nationwide in three years.

11

Honda Malaysia, in collaboration with ALAM, organised a seminar aimed at educating its supply chain to demonstrate Honda's commitment towards its sustainability and ESG journey. The seminar featured speakers from UNDP, Kementerian Alam Sekitar & Air (KASA), the Ministry of International Trade and Industry (MITI) and Ernst & Young. Over 100 Honda vendors at CEO levels attended the seminar, representing over 90% of its supply chain.



12

13



ALAM, partnered with UNDP and supported by ADFIM, organised a dialogue session between DFIs and the Associate Administrator of the UNDP, Usha Rao-Monari, during her visit to Malaysia.

14

A webinar themed 'Malaysian Environmental Education (EE)/ Education for Sustainable Development (ESD), Where is the Nation Now and Where is it Going?' was jointly organised by ALAM and WWF Malaysia. The webinar, supported by PPPLS and Sunway Centre for Planetary Health was attended by over 200 participants.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Mohamed Nazir Abdul Razak

Non-Executive Chairman/
Independent Non-Executive Director

(Retired on 22 April 2023)

Ariff Rozhan

Independent Non-Executive Director

(Retired on 10 May 2023)

Norazilla Md Tahir

Independent Non-Executive Director

Thomas Meow Yoke Nean

Independent Non-Executive Director

(Retired on 2 June 2023)

Datin 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

SHARIAH COMMITTEE

Professor Dr Aznan Hasan

Chairman

Dr Ahmad Basri Ibrahim

(Resigned wef 1 January 2023)

Ustaz Mohd Fadhly Md Yusoff

Professor Dr Zurina Shafii

Dr Syahnaz Binti Sulaiman

(Retired wef 31 March 2022)

Ustaz Lokmanulhakim Hussain

Professor Dr Salina Kassim

Associate Professor Dr Yasmin Hanani Mohd Safian

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)

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