

INTEGRATED ANNUAL REPORT 2024

BANK ISLAM

*Driving a  
Sustainable  
Future*

# About Our Report

We proudly present our Integrated Annual Report 2024 (IAR2024 or the Report), providing an in-depth review of our performance over the last financial year and our outlook for 2025.

Centred on the theme “Driving a Sustainable Future”, the Report illustrates Bank Islam Malaysia Berhad’s (Bank Islam or the Group) commitment to driving sustainable, purpose-led progress beyond profit through responsible Islamic banking and strategic stakeholder value creation.

## REPORTING SCOPE AND BOUNDARY

This Report employs an integrated approach, covering:

- Material aspects such as strategy, business model, risks, and opportunities, financial performance, key initiatives, and governance; and
- Non-financial factors, including non-financial performance, environmental, social, and governance (ESG) considerations, and the use of our capitals.

Our IARs are published annually, with this edition covering our performance from 1 January to 31 December 2024 (FY2024 or the year), unless otherwise stated.

## REPORTING FRAMEWORK

Our integrated reporting process, as well as the content of this Report, has been prepared in accordance with the International Integrated Reporting Framework (IIRF) 2021 by IFRS Foundation.

In addition, the following frameworks and standards were consulted:

- Value Reporting Foundation’s International Integrated Reporting Framework (January 2021)
- Bursa Malaysia Securities Berhad’s (Bursa Malaysia) Main Market Listing Requirements on Sustainability Reporting
- Securities Commission Malaysia’s Malaysian Code on Corporate Governance (MCCG) 2021
- Malaysia’s Companies Act 2016

- Malaysian Financial Reporting Standards (MFRS)
- Bank Negara Malaysia’s (BNM) Corporate Governance Policy
- Bursa Malaysia’s Sustainability Reporting Guide
- Global Reporting Initiative’s (GRI) Sustainability Reporting Standards
- Task Force on Climate-related Financial Disclosures (TCFD)
- United Nations Sustainable Development Goals (UNSDGs)
- International Financial Reporting Standards (IFRS) Foundation’s International Integrated Reporting Framework (IIRF) (2021)
- Bursa Malaysia’s Corporate Governance Guide (4th edition)
- BNM’s Policy Documents and Guidelines
- Malaysia’s Financial Services Act 2013
- Malaysia’s Islamic Financial Services Act 2013
- FTSE4Good Bursa Malaysia Index’s Environmental, Social and Governance (ESG) Indicators
- BNM’s Climate Risk Management and Scenario Analysis (CRMSA)
- Sustainability Accounting Standards Board’s (SASB) Sector Specific Disclosures
- World Business Council for Sustainable Development (WBCSD) and World Resources Institute’s (WRI) Greenhouse Gas (GHG) Protocol: Corporate Accounting and Reporting Standard
- Partnership for Carbon Accounting Financials’ (PCAF) Global GHG Accounting and Reporting Standard for the Financial Industry
- International Sustainability Standards Board’s (ISSB) S1 General Requirements for Disclosure of Sustainability-related Financial Information and S2 Climate-related Disclosures
- International Federations of Accounts for International Standard on Assurance Engagements (ISAE) 3000

## How to navigate our report

### CAPITALS

- |                        |                                   |
|------------------------|-----------------------------------|
| <b>FC</b> Financial    | <b>IN</b> Intellectual            |
| <b>HU</b> Human        | <b>SR</b> Social and Relationship |
| <b>MF</b> Manufactured | <b>NT</b> Natural                 |

### STRATEGIC FOCUS AREAS

- |                                  |                                 |
|----------------------------------|---------------------------------|
| <b>SP</b> Sustainable Prosperity | <b>VBC</b> Values-based Culture |
| <b>CE</b> Community Empowerment  | <b>RE</b> Real Economy          |
| <b>CC</b> Customer-centricity    | <b>D</b> Digitalisation         |

### KEY RISKS

- |  |  |
|--|--|
| <b>CR</b> Credit Risk                                    | <b>NFR</b> Non-Financial Risk          |
| <b>MR</b> Market Risk                                    | <b>TCR</b> Technology and Cyber Risk   |
| <b>RORBB</b> Rate of Return Risk in Banking Book (RORBB) | <b>SNC</b> Shariah Non-Compliance Risk |
| <b>LR</b> Liquidity Risk                                 | <b>RCR</b> Regulatory/Compliance Risk  |
| <b>SR</b> Strategic Risk                                 | <b>CRR</b> Climate-related Risk        |

### STAKEHOLDERS

- |                             |                                      |
|-----------------------------|--------------------------------------|
| <b>EM</b> Employees         | <b>GR</b> Governments and Regulators |
| <b>CU</b> Customers         | <b>IV</b> Investors                  |
| <b>LC</b> Local Communities |                                      |

**MATERIALITY**

We have adopted the materiality principle in our reporting to ensure that critical topics influencing the Group’s strategy for value creation – across the short, medium, and long-term – are transparently disclosed and effectively addressed. Identifying our material matters considers factors such as our value creation process, external influences, stakeholder interests, and key risks facing the Group.

Following our initial assessment of material issues in 2022 and refinements in 2023, a materiality validation process was conducted during the year, which confirmed that our list of material matters remains unchanged and in line with the evolving landscape.

*Read the section from pages 50 to 56 for more details.*

**COMBINED ASSURANCE**

This Report was produced following strict internal controls and governance protocols. Non-financial data was thoroughly reviewed and validated by the Group Internal Audit team, while PwC Malaysia provided external assurance on the financial statements and related financial information included in the Report.

**FORWARD-LOOKING STATEMENTS**

This Report contains forward-looking statements about our future performance and prospects. These projections are based on current assessments but may change due to evolving circumstances. Various factors, including emerging risks, could cause actual results to differ materially from those expressed or implied in these forward-looking statements. Therefore, these statements should not be regarded as guarantees of future performance.

**BOARD APPROVAL**

Our Board of Directors (Board) acknowledges its responsibility for the integrity of this Report. They are confident that it addresses the material issues impacting the Group’s ability to create value and provides an accurate representation of our performance for 2024.

The Board approved our IAR2024 on 26 March 2025, signed on its behalf by:



**Tan Sri Dr Ismail Haji Bakar**  
Chairman

**STATEMENT OF ASSURANCE**

**Assurance Undertaken**

In strengthening the credibility of the Sustainability Statement, selected aspects of the Statement have been subjected to an internal review by the Bank’s internal auditors and have been approved by the Bank’s Board Audit & Examination Committee.

**Subject Matter**

The subject matters covered by the internal review include the following indicators:

- a) Percentage of operations assessed for corruption-related risks.
- b) Confirmed incidents of corruption and action taken.
- c) Total amount invested in the community where the target beneficiaries are external to the listed issuer.
- d) Total number of beneficiaries of the investment in communities.
- e) Number of substantiated complaints concerning human rights violations.
- f) Proportion of spending on local suppliers.
- g) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data.

**Scope**

The boundary of the internal review on the selected sustainability information includes all companies within the Group.

**FEEDBACK**

We are committed to continuously improving the quality of our reporting and welcome feedback that can help us make our IARs more relevant to our stakeholders. Should you have any feedback on this report, please reach out to [iar@bankislam.com.my](mailto:iar@bankislam.com.my)

**CROSS-REFERENCES**

 indicates where additional details can be found elsewhere in this Report

An online version of this Report, as well as previous IARs, is available on our corporate website: <https://www.bankislam.com/investors/>

**MATERIAL MATTERS**

- SRF** Sustainable and Responsible Finance
- CESF** Community Empowerment and Social Finance
- CX** Customer Experience
- SSC** Sustainable Supply Chain
- E EI** Emissions and Environmental Impact
- G GC** Good Governance and Conduct
- E HS** Employee Well-Being, Health and Safety
- D PS** Data Privacy and Security
- T D** Talent and Development
- C RO** Climate Risks and Opportunities
- D EI** Diversity, Equity and Inclusion

**UNSDGs**

We have aligned our strategy with the following United Nations Sustainable Development Goals (UNSDGs), ensuring a meaningful contribution to global sustainability efforts while delivering lasting value to all stakeholders.





# Inside Our Report

Bank Islam is committed to fostering a sustainable future by integrating environmental, social, and ethical considerations into our operations. We go beyond compliance by shaping a world where responsible financing minimises risk and maximises positive impact.

As Menara Bank Islam stands prominently in Kuala Lumpur’s progressive skyline, it symbolises our vision for a greener, more inclusive future. Just as the skyline reflects growth and transformation, our commitment to sustainability drives positive change in every facet of our operations.

We champion ethical financing by thoroughly evaluating every investment and financial product’s environmental, social, and governance (ESG) factors to ensure our capital supports projects that contribute to a more equitable society and a healthier planet.

Our dedication to financial inclusion empowers underserved communities with access to essential financial services, enabling full economic participation and fostering real progress through equal opportunities that bridge financial gaps.

We focus on sustainable business practices by reducing our carbon footprint and maintaining ethical supply chains. We aim to minimise environmental impact and support a healthy planet for future generations. By embedding sustainability into our strategy, we reduce risk and create long-term value for our stakeholders.

At Bank Islam, we are building a more resilient, ethical, and inclusive global economy—benefiting people and the planet for years to come.

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**42<sup>nd</sup> ANNUAL GENERAL MEETING**

 Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1 50603 Kuala Lumpur.

 Thursday, 8 May 2025

 10.00 a.m.

# Overview of Bank Islam

## WHO WE ARE

Bank Islam, established on 1 July 1983 (20 Ramadan 1403H) holds the distinction of being Malaysia's inaugural Islamic bank and the first publicly listed Islamic bank in the Main Market of Bursa Malaysia on 8 October 2021. A full-fledged, pure-play Islamic bank with 135 branches and over 900 Cash Dispensing Machines nationwide, Bank Islam provides banking and financial solutions that strictly adhere to the Shariah rules and principles. Our commitment remains steadfast towards fostering sustainable prosperity and upholding ESG values. Bank Islam is an official UN Global Compact Malaysia and Brunei participant, reflecting our commitment to global sustainability goals. Our core subsidiaries, BIMB Investment Management Berhad and BIMB Securities Sdn Bhd, are pioneers in Islamic financial services, namely investment and stockbroking.

We strive to create opportunities and improve lives by offering end-to-end financial solutions for our diverse customers, stakeholders, and communities. As the leading Islamic bank in Malaysia, we nurture responsible growth and progress, using our expertise and experience to help our customers achieve success and build a sustainable future for all.

### VISION



The bank that advances **prosperity for all**

### MISSION



To provide solutions that **deliver value**

### OUR BRAND PROMISE



Assuring Trust. **Delivering Value.**

### TAAT VALUES

- T** Think Customer
- A** Act with Integrity
- A** Advance Beyond
- T** Take Charge

## HIGHLIGHTS

- ✓ **PROFIT BEFORE ZAKAT AND TAX**  
**RM773.1 million**
- ✓ **NET PROFIT (PROFIT AFTER ZAKAT AND TAX (PAZT))**  
**RM571.1 million**
- ✓ **TOTAL ASSETS**  
**RM96.8 billion**
- ✓ **RETURN ON EQUITY (AFTER PAZT)**  
**7.6%**
- ✓ **DIVIDEND PAID**  
**RM345.0 million**

## 2024 Key Highlights

### BUSINESS HIGHLIGHTS



**Launched Ihsan Sustainability Investment Account (ISIA) 2.0**, a Value-based Impact Investment, offering a unique avenue for purposeful investment in UNSDG-aligned financing assets with a social impact contribution through the *zakat* or Sadaqa House feature



Won the **Islamic Finance News (IFN) Most Innovative Islamic Bank 2024**



**335 million** transactions via online platforms



Launched **BIMB Mobile** and **BIMB Web** for an improved user experience, seamless navigation and enhanced security.

### SUSTAINABILITY HIGHLIGHTS

#### Environmental



**12** environment-friendly branches and contact centres nationwide

Achieved a **59%** reduction in carbon emissions at our first environment-friendly branch, and launched plans to introduce eight more branches by 2030 to achieve our carbon neutrality goal.

#### Social

#### EMPLOYEE ENGAGEMENT INDEX

**91%**

Disbursed **RM12.3 million** through the Blended Financing Programme to nurture **413** underbanked microentrepreneurs to become bankable

Disbursed **RM1.4 million** to assist **109** *asnaf* micro-entrepreneurs through BangKIT Business Grant

Disbursed **RM3.9 million** for Education Fund to ensure underserved children received quality education inclusive of **109** orphans

Paid **RM11.4 million** Zakat

#### Economic

**RM25.7**

**BILLION IN SUSTAINABLE FINANCE AND TREASURY ASSETS, COVERING AN EXPANDED SCOPE** (previously measured by approved green financing: FY2023 – RM4.5 billion).

The first bank in Malaysia to certify **86** Certified Green Finance Advisors developed in collaboration with the Asian Banking School (ABS).

Surpassed our previous Shariah-ESG asset target and shifted our focus to Sustainable Finance.

Established the Group Sustainability Policy, which incorporates our Sustainability and Climate Disclosure Policy.

# Our Presence

The **first Islamic Bank** established in **Malaysia** and **Southeast Asia**



Scan the QR code for the details of our BRANCH NETWORK or log on to <https://www.bankislam.com>



## Branches

→ Central Region  
**45 Branches**

- KUALA LUMPUR
- SELANGOR
- PUTRAJAYA



**Contact Centres**

- Menara Bank Islam, Kuala Lumpur
- Wangsa Maju, Kuala Lumpur



**Green Branches**

- Ampang, Selangor
- Banting, Selangor
- Kajang, Selangor
- Sri Gombak, Selangor

→ Eastern Region  
**27 Branches**

- KELANTAN
- PAHANG
- TERENGGANU



**Green Branches**

- Kubang Kerian, Kelantan
- Bandar Baru Tunjung, Kelantan
- Kota Bharu, Kelantan
- Temerloh, Pahang

→ Northern Region  
**26 Branches**

- KEDAH
- PERAK
- PENANG
- PERLIS



**Green Contact Centre**

- Sungai Petani, Kedah



**Green Branches**

- Alor Setar, Kedah
- Butterworth, Pulau Pinang

→ Southern Region  
**24 Branches**

- JOHOR
- MELAKA
- NEGERI SEMBILAN



**Green Branch**

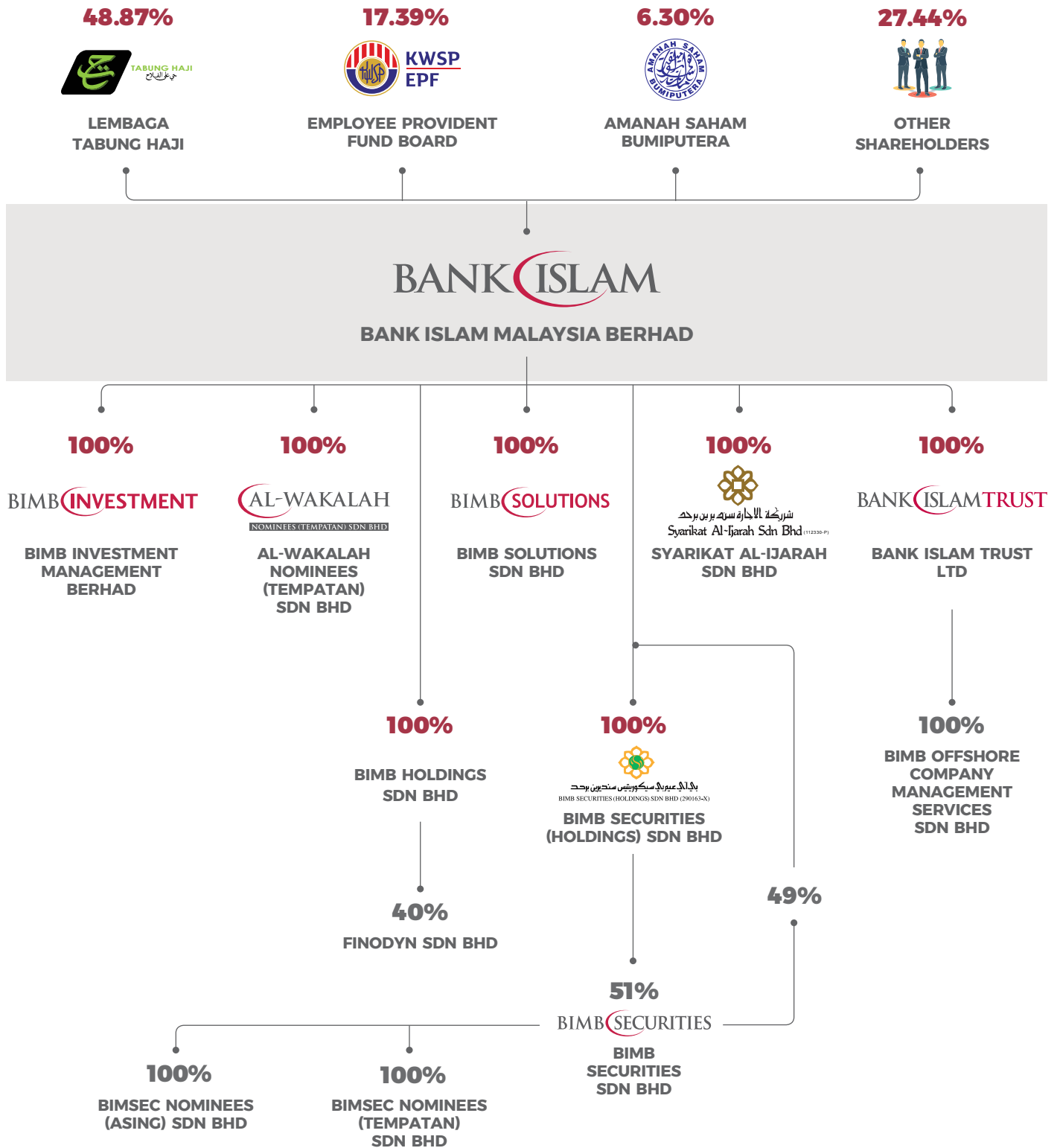
- Senawang, Negeri Sembilan

→ East Malaysia  
**13 Branches**

- SABAH
- SARAWAK
- LABUAN

# How We Are Structured: Group Corporate Structure

as of 14 March 2025



# Awards and Recognitions

## BEST SRI SUKUK - WATER

- Principal Adviser, Shariah Adviser, Lead Arranger and Lead Manager

## CLIENT EXCELLENCE AWARD

- Client Excellence Award from Deutsche Bank and Standard Chartered Bank

## ISLAMIC FINANCE NEWS (IFN)

- Most Innovative Islamic Bank 2024

## MALAYSIA'S 100 LEADING GRADUATE EMPLOYERS 2024 (M100) BY GTI MEDIA

- Ranked No. 2 in the Banking category (maintaining the same position as in 2023)
- Ranked No. 4 out of 240 companies (improved from No. 6 in 2023)

## MSWG'S NATIONAL CORPORATE GOVERNANCE AND SUSTAINABILITY AWARDS (NACGSA) 2024

- Excellence Award Top 50 (ranked 40th)

## THE EDGE ESG AWARDS 2024

- Best in E (Environment) - Gold
- Best in S (Social) - Gold
- Best in G (Governance) - Gold
- Best Fund-based on Asset Class (Allocation) - Silver

## GLOBAL ISLAMIC FINANCE AWARDS (GIFA) 2024

- Best Islamic Bank for Gen-Z - Be U by Bank Islam
- Best Technology Implementation - CI/CD and microservices for Go Beyond
- Best RPA Initiative - RPA BITIZEN Developer Programme
- Best Islamic Microfinance Product of the Year Award

## THE CAMBRIDGE ISLAMIC FUNDS FORUM AWARDS 2024

- The Best Trust Services Provider for Islamic Asset Management in Malaysia 2024

## INLAND REVENUE BOARD OF MALAYSIA (IRBM) BEST TAX PAYER AWARD 2024



# Our Products and Services

# Our Competitive Advantage

ooo

### OUR PRODUCTS

- ✓ Home Financing-i
- ✓ Vehicle Financing-i
- ✓ Credit Card-i
- ✓ ASB Financing-i
- ✓ Personal Financing-i
- ✓ Ar-Rahnu
- ✓ Gold Investment Account
- ✓ Takaful Protection
- ✓ Unit Trust Investment
- ✓ Will Writing
- ✓ Deposit and Investments
  - Al-Awfar
  - iGain
  - Wafiyah
  - Ihsan Sustainability Investment Account (ISIA)
  - Term Deposit Tawarruq-i (TDT)
  - Qard Saving-i
  - Basic Saving-i
  - Qard Current-i
  - Basic Current-i
  - Foreign Currency Account-i
- ✓ SME, Commercial and Corporate Financing Solutions
  - Term Financing
  - Trade Financing
  - Working Capital
  - Structured Financing or Programme-based Financing
- ✓ Investment Banking and Advisory
- ✓ Treasury and Markets
  - Money Market
  - Foreign Exchange (FX)
  - Fixed Income Markets
  - Structured Products
- ✓ Shariah-ESG Fund Management and Retail Asset Management Services
- ✓ Stockbroking services
- ✓ Shariah Advisory
- ✓ Share Margin Financing-i
- ✓ Research Reports

### OUR DIGITAL FACILITIES

- ✓ BIMB Mobile
- ✓ BIMB Web
- ✓ Be U by Bank Islam
- ✓ BIMB Biz
- ✓ Sadaqa House
- ✓ SMEXpert
- ✓ eBanker Pro
- ✓ eMasjid
- ✓ Halal Integrated Platform
- ✓ BEST Invest app
- ✓ BISONline
- ✓ Merchant Portal
- ✓ EZXcess
- ✓ Financing Chatbot (Adam)
- ✓ Virtual Account Opening (VAO)
- ✓ InfaqPay
- ✓ eJamin (Collaboration with Dapat Vista (M) Sdn Bhd)
- ✓ Wealth Tech (Collaboration with Arabesque Asset Management Ltd)
- ✓ eWallet services (Collaboration with SnapNPay, kiplePay, GHL, MP@y and ME12PAY)
- ✓ GO by Bank Islam













Refer to Sustainable Products and Services at page 111 in Sustainability Statement for more information on our products and services, please visit [www.bankislam.com](http://www.bankislam.com)

### Driving a Sustainable Future

To grow our sustainable finance portfolio to **RM28 billion** by FY2025.

Increased disbursements under our iTEKAD microfinancing programmes, benefitting **413 individuals** with **RM12.3 million** in funding.

### Robust Shariah Governance Framework

Values-based culture, with emphasis on **Shariah goals and VBI principles**.

Strong balance sheet and performance track record, with **AA3/Stable/P1 rating by RAM Ratings**.

### The Region's First Full-fledged Islamic Banking Institution

#### Ihsan Sustainability Investment Account

Empowering clients to build a nature-positive economy, fostering environmental resilience and inclusive growth.

**Malaysia's largest network** of dedicated Islamic banking channels.

# Significant Events 2024

11 January



## Forum Perdana Ehwal Islam DiRaja

The live telecast of the Forum Perdana Ehwal Islam, sponsored by Bank Islam, was held at Istana Negara. This historic episode discussed *"Institusi DiRaja Penyatuan Ummah."*

28 February



## Bank Islam and Sand Town Solar signed RM91.5 million Financing Agreement for Solar Photovoltaic Farm in Perak

Bank Islam signed a financing agreement worth RM91.5 million with Sand Town Solar Sdn Bhd (STS). STS, a subsidiary of Kumpulan Gading Kencana Sdn Bhd (GKSB), is a renewable energy service company specialising in designing and installing solar photovoltaic systems, and establishing and maintaining electrical and energy management systems.

18 January



## Bank Islam inked MOA with UUM and launched INASIS Bank Islam

Bank Islam signed a Memorandum of Agreement (MoA) on the Allocation and Branding of the Student Accommodation (Inasis) at Universiti Utara Malaysia (UUM). As part of this collaboration, the student residential hall will be changed its name and be recognised as Inasis Bank Islam.

3 March



## Siti Khadijah Market prayer hall upgrade handover ceremony

The Handover Ceremony for the upgraded Siti Khadijah Market prayer hall in Kota Bharu, Kelantan, was officiated by the Group CEO of Bank Islam. The project received funding from Bank Islam's zakat fund, which contributed a total of RM88,584 to benefit traders and visitors.

## Significant Events 2024

1 April



### Ihtimam Ramadan 2024/1445H

The Ihtimam Ramadan programme took place at Masjid Sheikh Haji Ahmad in Bandar Sri Sendayan, Negeri Sembilan. During the event, 100 *asnafs* were celebrated, each receiving RM400. Bank Islam staff prepared *bubur lambuk* and distributed 1,000 packs to frontline workers such as firefighters and police officers. The mosque also received a donation of RM10,000 from the bank.

16 May



### 41st Annual General Meeting

Bank Islam held its 41st AGM virtually, broadcasted live from Menara Bank Islam. With full Board Members in attendance, the resolutions tabled were unanimously approved by the shareholders.

13 May



### UNITAR and Bank Islam Upward Mobility Development Programme Graduation Ceremony

Bank Islam celebrated the graduation of the second group of participants from the Bank Islam-UNITAR Upward Mobility Certification Programme (UMCP). The ceremony was held at the Kuala Lumpur Metropolitan University College (KLMUC) Auditorium, where 40 BITIZEN from clerical roles across the country received certificates for completing the programme.

3 July



### Bank Islam Upgraded 21 Fishing Boats with solar panels

Bank Islam expanded its financial inclusion initiative by installing photovoltaic (PV) solar panels on 21 fishing boats belonging to B40 fishermen in Pengkalan Sungai Mersing, Johor, to promote social impact.

2-3 July



**Zakat contribution and courtesy visit in Johor**

Bank Islam's leadership team made a courtesy visit to Johor Menteri Besar Datuk Onn Hafiz Ghazi at his official residence. The Bank also handed a zakat contribution to Kolej University Islam Johor Sultan Ibrahim.

12 August



**Pay with Rewards™ loyalty programme launch**

Bank Islam and Mastercard launched a first-of-its-kind innovative rewards programme in Malaysia and the Asia Pacific region-The Bank Islam Mastercard Pay with Rewards. Designed to enhance the consumer loyalty experience, it features a user-friendly app that allows cardholders to track their rewards and manage their preferences. Cardholders can activate redemption either before or after a purchase by selecting from a list of eligible transactions.

4 August



**Mangrove tree planting**

Bank Islam continued its commitment to sustainability by planting 1,000 mangrove saplings at Pantai Merchang in Marang, Terengganu. This initiative was carried out in partnership with the Sultan Mizan Antarctic Research Foundation and Universiti Malaysia Terengganu.

24 August



**Go Beyond Run**

Bank Islam organised a 5.5 km run in the city centre, gathering both young talents and those young at heart, along with friends. The event aimed to promote physical and spiritual health, beginning with a communal Subuh prayer and a brief *tazkirah* at the Surau Wakaf Ahmad Dawjee Dadabhy located in Menara Bank Islam.

## Significant Events 2024

13 September



### Bank Islam Sports Carnival

A total of 1,158 BITIZEN from seven contingents nationwide competed to win 45 medals across 24 events at the 21st Bank Islam Sports Carnival, held at IIUM Gambang Campus, Kuantan, Pahang.

26 September



### MoU Signing Between Bank Islam and Nomura Asset Management Malaysia

Bank Islam onboards Nomura Asset Management Malaysia (Nomura) as its Asset Management partner, marking Bank Islam's inaugural direct partnership with a global asset management firm. The strategic partnership provides broader Shariah-compliant product offerings through six investment products.

7 October



### Restoran Sup Kawah Hitam BJCK launch

Buku Jalanan Chow Kit (BJCK) operates Restoran Sup Kawah Hitam to generate income that funds free and quality education for underprivileged children in the Chow Kit area. Supported by Bank Islam through Sadaqa House, this initiative has positively impacted over 100 children, along with staff and the local community. The aim is to establish the restaurant as a sustainable source of revenue for BJCK.

15 October



### The Edge ESG Award 2024

Bank Islam, through BIMB Investment Management Bhd, has won several awards at the Edge ESG Awards 2024 for its Makmur MyWakaf RM fund. It was recognised as the Best Fund Based on Asset Class and received accolades in Environmental, Social, and Governance (ESG) categories.

27 October



**Forest Tree Planting Initiative - Non-Dipterocarp Arboretum Project**

Bank Islam planted a total of 100 saplings from six species, including *merbau*, *kelumpang jari*, and *asam gelugur*, in a 0.16-hectare area as part of the Non-Dipterocarp Arboretum project conducted in collaboration with the Faculty of Forestry and Environment, Universiti Putra Malaysia (UPM) at the Sultan Idris Shah Forestry Education Centre in Ayer Hitam Forest Reserve, Puchong, Selangor.

16 November



**Bank Islam opened iTEKAD Entrepreneurs Hub with the cooperation of institutions of higher learning**

Bank Islam announced the launch of the latest *Hab Usahawan iTEKAD* in Universiti Teknologi MARA (UiTM) Sarawak Branch. The hub is a one-stop training and guidance centre for local microentrepreneurs, particularly the *asnaf* and B40. This is the third hub following similar openings in University College Bestari (UCB) in Setiu, Terengganu, and the Institute of Poverty Research and Management (InsPek), Universiti Malaysia Kelantan (UMK).

12 November



**Strategic Collaboration Between Bank Islam and PMB Investment Berhad**

The Bank inked a partnership with PMB Investment Bhd, an Islamic fund management company under Pelaburan MARA Bhd, to promote and distribute their unit trusts across Malaysia.

16 November

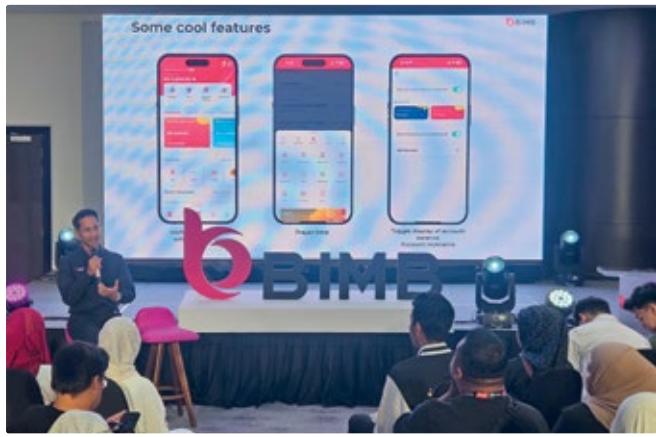


**Corporate Social Responsibility (CSR) Programme with the local community and strategic partners at Kg Muara Tebas, Kuching, Sarawak**

Bank Islam, Universiti Malaysia Sarawak (UNIMAS), and Malaysian Fisheries Development Authorities (LKIM) led a CSR event in Kampung Muara Tebas, Kuching, focusing on community well-being and environmental sustainability, with support from TV Sarawak and Borneo Medical Centre.

## Significant Events 2024

21 November



### Bank Islam launched Bimb Mobile and Bimb Web

Bank Islam unveiled its new cutting-edge digital banking platforms, Bimb Mobile and Bimb Web ([web.bimb.com](http://web.bimb.com)), marking a bold leap to offer an improved user experience, seamless navigation and enhanced security for over four million customers nationwide.

6 December



### Supporting Flood Relief Efforts

Bank Islam contributes to Skuad Ihsan Madani: Wira KESUMA for flood relief work. At the event, Bank Islam handover donation for post-flood repair donations to the Director-General of the Department of Human Resources, Ministry of Human Resources Malaysia.

22 November



### Certified Green Finance Advisor programme graduation

Bank Islam is the first financial institution in Malaysia to embark on a green financing certification program for its employees. This program, created by the Asian Banking School, aims to equip the bank's staff with important knowledge about green and sustainable finance.

10 December



### Integrity Day Forum at USIM

Co-hosted with Universiti Sains Islam Malaysia (USIM), the event reaffirmed Bank Islam's unwavering commitment to fostering integrity as a cornerstone of ethical leadership and sustainable growth. This impactful collaboration emphasises integrity's transformative power across generations.

# Chairman's Letter

## Integrating Sustainability for Enduring Value

**DEAR VALUED STAKEHOLDERS,**

Reflecting on 2024, I am reminded of the core values that define Bank Islam: our dedication to purpose-driven banking and our responsibility to the community we serve. In a time of rapid change, where technology is reshaping financial services and customer expectations are constantly evolving, we remain focused on our principle of responsible and ethical banking as we continue to advance prosperity for all.



**TAN SRI DR ISMAIL HAJI BAKAR**

Chairman

ooo

"In the name of Allah, the Most Compassionate, the Most Merciful

All praise is due to Allah, the Lord of the Worlds, and peace and blessings be upon the Prophet Muhammad, whom Allah send as mercy to the universe, which Allah make him a guiding and a rightly guided man, and an illuminating lamp.

And peace and blessing on his family and companions, and those who followed them benevolently until the Day of Judgment and then after.

May Allah's peace, mercy and blessings be upon you."

As the Chairman, I had the privilege of overseeing a period of remarkable growth and transformation at Bank Islam. We have expanded beyond our traditional focus in retail finance to establish ourselves as a key player in institutional banking. We enhanced our digital capabilities with advanced online and mobile banking platforms, making us accessible and convenient for everyone. We have also made significant strides in ESG and Shariah-compliant financing, among other achievements.

## Chairman's Letter

Our business and commitment to being a responsible and ethical bank have evolved. Beyond our commitment to meeting the financial needs of underserved communities, ethical and responsible practices now fill every aspect of our operations and strategies, from strengthening data security and enhancing customer experience to driving climate action. These values are not just a part of our business; they serve as a compass for our growth, ensuring our success translates into lasting, inclusive, and sustainable value for our stakeholders, communities, and the country.

On this note, I would like to thank you for reading our Integrated Annual Report 2024. Within these pages, you will find an account of our value creation journey and achievements during the past year. I trust that the insights within these pages will offer a deeper understanding of how we continue to create sustainable value in an evolving banking landscape grounded in responsibility, ethics, and a sharp vision for the future.

### REFLECTING ON 2024

Looking back on 2024, the global economy proved resilient, recording growth of 3.2% despite persistent geopolitical and trade challenges. The recovery was mainly driven by declining inflation across major advanced economies and a shift in the US Federal Reserve's (Fed) monetary policy, which saw a reversal of profit rate hikes, contributing to improved investor sentiment.

Supported by the global recovery, Malaysia's GDP showed notable progress and grew by 4.9% in 2024, up from 3.6% in 2023. The economy has also been further strengthened by robust domestic demand, alongside significant growth in overall investment activities. Our economy remained resilient, supported by strong consumer spending and healthy government expenditures. Amidst the continuing US-China trade war, the country has positioned itself as a politically neutral hub for manufacturing, attracting investment and benefiting from supply chain diversification.

The Malaysian Ringgit (MYR) stood out in 2024 as the only regional currency to strengthen against the USD, closing the year with an impressive gain of 2.7%. The narrowing profit rate differential between the Fed and Bank Negara Malaysia (BNM) was a key driver behind this resilience. While the Fed adopted a more measured easing stance, BNM's keeping rates on hold gave the Ringgit a steady advantage. Meanwhile, Malaysia's strong economic fundamentals and sound policymaking further reinforced the currency's stability. Headline inflation averaged a manageable 1.8% in 2024, supporting a favourable growth inflation outlook. It allowed BNM to maintain its benchmark profit rate at 3.0%, reflecting confidence in Malaysia's robust economic performance.

Despite these positive macroeconomic indicators, the reality for businesses and individuals has been more complex. Rising costs of goods and services continue to squeeze margins and erode

spending power. While these conditions have contributed to financing growth within the Malaysian banking sector, competition for deposits has also intensified. This has led to compressed Net Income Margins (NIM) and a more challenging operating environment for banks, including ourselves.

In response, we focused on driving operational and cost efficiencies, reducing funding costs and expanding non-fund income streams through strategic growth areas such as wealth management. We continuously seek ways to expand access to financing to alleviate the cost pressures individuals and businesses across the country face.

### ADVANCING OUR SOCIAL MISSION

As Bank Islam continues to grow in the banking landscape, our core focus remains clear: driving inclusion for underserved people and communities who would otherwise struggle to access the financial services they need to thrive.

Sadaqa House, our dedicated social finance platform, remains a key part of this noble mission. We harness the philanthropic capitals of *sadaqa* and *zakat*. Through Sadaqa House's blended finance programmes, iTEKAD Maju and iTEKAD BangKIT, we continue to provide underbanked micro-entrepreneurs with access to funding. We also offer business training, financial literacy resources and other vital inputs necessary to build successful and sustainable businesses.

We expanded our support for micro-entrepreneurs in 2024 by introducing the



*Hab Usahawan*

*iTEKAD*. These hubs, established across six states in Malaysia, are designed to empower the *asnaf* and B40 communities.

We expanded our support for micro-entrepreneurs in 2024 by introducing the iTEKAD Entrepreneur Hub. These hubs, established across six states in Malaysia, are designed to empower the *asnaf* and B40 communities. It offers skills training, business coaching, and networking opportunities for aspiring entrepreneurs, fostering an ecosystem of growth and collaboration. This initiative is a testament to our commitment to local community development, leveraging partnerships with institutions such as universities to provide microentrepreneurs with accessible and practical resources within their immediate reach.

Aligned with the principles of *Maqasid Shariah*, proceeds from the philanthropic capitals of Sadaqa House are reinvested into development programmes across five key impact pillars: education, infrastructure, livelihood improvement, healthcare, and community support. In 2024, I am proud to share that the total contributions to these programmes have more than RM4.1 million. Additionally, our Sadaqa House Orphan Fund continued to expand in scale and impact, with RM1.38 million invested in educational initiatives, infrastructure improvements, and more.

These initiatives stand as a powerful testament to the transformative potential of social finance when strategically managed and effectively channelled. They embody the values we hold close and reflect our commitment to driving meaningful and lasting impact.

Sadaqa House social impact projects contributions exceeded

**RM4.1 million**

in 2024



### TAKING ACTION FOR THE PLANET

At Bank Islam, our longstanding commitment to social responsibility has always been the foundation of our values. We embrace our role as an industry leader in climate action, supporting climate-friendly transitions while advancing our decarbonisation journey.

I'm proud to announce that as part of our LEAP25 transformation plan, we set an ambitious target of RM4 billion in green financing by 2025. I am proud to share that not only did we achieve this goal ahead of schedule, but we surpassed it in 2023 - two years ahead of plan. This accomplishment highlights our unwavering commitment to sustainability and our ability to drive meaningful change. Through this initiative, we've enabled Malaysian businesses to adopt sustainable practices, from efficient waste and water management to solar energy adoption and the use of cutting-edge, energy-efficient technologies.

Guided by *Maqasid Shariah*, our enhanced sustainability governance framework drives us beyond compliance - proactively maximising positive impact and preventing harm, closely aligning with principles that prioritise the public good. As part of this commitment, we aim to achieve operational carbon neutrality (Scopes 1 and 2) by 2030 and net-zero emissions by 2050. Over the past few years, we introduced climate-focused committees, including the Climate Risk Committee, which oversees all climate risk management processes. We also established the Climate Risk Unit, which brings together subject matter experts to drive excellence in our climate-related practices.

Taking the next step in this journey, we established the Group Sustainability Division in 2024, led by our Group Chief Sustainability Officer (GCSO). This dedicated division brings specialised expertise, ensuring that our sustainability and climate-related initiatives are managed in a focused and data-driven manner, enabling continuous improvement across group-wide ESG efforts.

However, effective governance and management are only part of this equation. I am pleased to share that in 2024, the management has made considerable effort to upskill employees at all levels. Sustainability and climate-related training were made mandatory, and our climate-related risk management training was integrated into the operational risk e-learning programme. We established targeted training for employees in specific roles, such as operational risk controllers and business continuity coordinators. We also held specialised briefings for supply chain partners in an effort to ensure our sustainability principles extend across our ecosystem.

## Chairman's Letter

In 2024, we introduced the Bank Islam Sustainable Finance Transformation Programme at the leadership level. The programme which was developed by the Asian Banking School (ABS) in collaboration with the Institute of Green Finance (IIGF) at the Central University of Finance and Economics (CUFE) in Beijing, China provides our Senior Management with strategic expertise to advance our sustainability agenda and drive effective stewardship.

Further strengthening our commitment to global sustainability standards, we became members of the United Nations Global Compact (UNGC) Malaysia and Brunei. This platform allows us to collaborate with like-minded companies and gain insights and best practices on key sustainability topics, including climate action, resource efficiency, diversity, and SME empowerment.

These efforts strongly demonstrate our commitment to the planet, sustainability, and making a positive impact in the world. We are excited to continue this journey, understanding that every step we take shapes the future of our bank and contributes to the well-being of our environment and society.

### HARNESSING THE POTENTIAL OF OUR PEOPLE

As Bank Islam grows and adapts to the changing financial landscape, we recognise that our greatest asset is our talented and dedicated BITIZEN (Bank Islam Citizen). They are central to our success and the driving force behind our achievements.

Recognising the importance of being an employer of choice, we have invested considerable time and effort into providing positive and supportive work environments and supporting our employees' holistic wellness and well-being. This is where our Bank Islam Live Well programme, a comprehensive approach that supports BITIZEN's welfare, emotional, mental, physical, and spiritual needs, comes in. Through purpose-fit initiatives, from peer-to-peer support platforms to Islamic educational webinars, we ensure our employees are empowered to thrive personally and professionally.

Complementing this initiative and acknowledging the growing preference for flexible working arrangements, we introduced BITIZone@Cyberjaya, a hybrid workplace, as part of our Flexi Hours policy. Designed as an open format with collaborative space, it enables employees to "hot desk" in a dynamic and creative environment, fostering greater flexibility and a healthy work-life balance. Underscoring its impact, **89% of our BITI-Pulse employee survey respondents** cited flexibility and the work environment as key reasons for staying with Bank Islam.

To further strengthen our talent proposition and drive the long-term retention of our best employees, we launched the Bank Islam Talent Council in 2024. We strategically assessed and developed pathways for Senior Management successors and emerging leaders identified across the Group. A customised tiered development approach was formulated for each emerging leader, equipping them with the skills and competencies necessary to step into leadership roles in the future.

Ultimately, our efforts to nurture, develop, and support our employees align with our business goals and reflect our commitment to being a responsible and ethical bank. We believe sharing prosperity means investing in our people and ensuring they have the tools, opportunities, and support needed to realise their full potential. These efforts focus on achieving business success and ensuring that BITIZEN has the chance to develop, contribute, and benefit from our successes.

### OUTLOOK

The economic landscape presents a blend of optimism and caution. On a positive note, the International Monetary Fund (IMF) projects global growth to stabilise at 3.3% over the next two years, while global inflation is expected to decline to 4.2% in 2025 and further to 3.5% in 2026.

Malaysia's economic outlook remains positive. BNM will likely keep the Overnight Policy Rate (OPR) steady at 3.00% throughout 2025. The economy is projected to grow between 4.5% and 5.5% in 2025, supported by sustained domestic demand, business expansion, and the continuation of mega projects. Meanwhile, inflation is expected to rise, ranging from 2.0% to 3.5%, driven by potential inflationary pressures from subsidy rationalisation and external shocks that trade wars and geopolitical risks may cause.

The current US administration has brought a new approach to global trade and geopolitics that will likely impact the global economy, including Malaysia. Meanwhile, at the domestic level, planned subsidy cuts in 2025 may introduce upward inflationary pressures, further depressing the spending power of Malaysian individuals and businesses. We will be well-positioned to weather any negative impacts by remaining attuned to the evolving market environment and focusing on providing customer-centric, accessible, and inclusive products and solutions. Above all, our approach will remain firmly rooted in a commitment to responsible and ethical banking, geared towards outcomes that serve ourselves and our stakeholders, communities, and natural environments. We will continue safeguarding our sustainability and strength as an organisation, ensuring we meet whatever the future holds.

## ACKNOWLEDGEMENTS

On behalf of the Board, I would like to extend my deepest gratitude to Mohd Asri Awang, our outgoing Independent Non-Executive Director, and Associate Professor Dr Nurul Aini Muhamed, our outgoing Shariah Supervisory Council (SSC) Member, who concluded their tenures in 2024. Their contributions to governance, Shariah compliance, and ethical banking principles have been critical to our growth and evolution. I wish them continued success in their future endeavour.

At the same time, I am pleased to welcome Datuk Hamzah Bachee as Independent Non-Executive Director and Professor Dr Wan Abdul Fattah Wan Ismail as our SSC Member. Their expertise will enhance our ability to navigate a dynamic financial landscape and I look forward to working closely with them over the coming years and benefiting from their wisdom in the years to come.

I would also like to express my deepest gratitude to everyone who has contributed to our success in 2024. To our Board of Directors and SSC Members, your invaluable guidance, contributions, dedication, and tireless efforts in shaping our governance and Shariah-compliant practices have been essential to our growth.

To our customers, shareholders, and business partners, your trust and engagement inspire us to deliver financial solutions that align with ethical values and evolving customer needs. This dedication directly shapes the innovation of new platforms, such as the BIMB Mobile and BIMB Web banking platform, which have strengthened our position in the banking landscape.

We also recognise the vital role of regulatory bodies, like BNM, Bursa Malaysia and the Securities Commission, in fostering a stable and dynamic financial ecosystem. To our strategic partners, your capabilities, experience, and know-how have accelerated our continued value creation journey, and we are thankful for your continued support.

To Bank Islam's customers and communities, you remain at the centre of everything we do. Your aspirations drive our purpose. Our mission to expand financial accessibility, create lasting value, and lead with integrity to fulfil your greatest financial and personal potential remains our top priority.

Finally, to Bank Islam's customers and communities, you remain at the centre of everything we do. Your aspirations drive our purpose. Our mission to expand financial accessibility, create lasting value, and lead with integrity to fulfil your greatest financial and personal potential remains our top priority.

As we move into 2025, we remain committed to responsible and ethical banking, ensuring that every step we take benefits our stakeholders, communities, and the broader economy. Thank you for being an integral part of our journey.

**TAN SRI DR ISMAIL HAJI BAKAR**  
Chairman

# From the Desk of the GCEO



**DATO' MOHD  
MUZZAM MOHAMED**  
Group Chief Executive  
Officer

ooo

"In the name of Allah, the Most Compassionate,  
the Most Merciful

All praise is due to Allah, the Lord of the Worlds,  
and peace and blessings be upon the Prophet  
Muhammad, whom Allah send as mercy to the  
universe, which Allah make him a guiding and  
a rightly guided man, and an illuminating lamp.

And peace and blessing on his family and  
companions, and those who followed them  
benevolently until the Day of Judgment  
and then after.

May Allah's peace, mercy and blessings be  
upon you."

## DEAR STAKEHOLDERS,

2024 has been an exciting year at Bank Islam. We witnessed strong financial performance and made headway toward key operational advancements that enhance efficiency. We launched upgraded and modernised banking platforms and further deepened our commitment to sustainability within our business and through our financing and investment solutions. These advancements reflect our firm belief in responsible and ethical business practices, fostering trust among our partners and customers as we evolve into a future-ready financial institution.

## OPERATING ENVIRONMENT

Malaysia's economic landscape in 2024 demonstrated commendable resilience, supported by moderating global inflation and unexpectedly strong Gross Domestic Product (GDP) growth of 4.9%. However, despite these positive indicators, businesses and households struggled with cost pressures. We observed a growing debt service ratio among our retail customers due to decreased net take-home pay. In contrast, non-retail customers faced margin compression due to rising costs, with much of the financing demand channelled towards managing rising operating expenses rather than new investments. In the banking sector, intensifying competition for deposits and the need to sustain Net Income Margins (NIM) led to a more disciplined approach to managing funding costs.

Despite these challenges, we exercised financial discipline and strategic foresight to ensure stable asset quality and a prudent funding composition. We maintained a NIM of 2.13%, while achieving growth in retail and commercial banking at 6.3% and 6.7%, respectively. This was achieved by focusing on stable, low-cost deposits and prioritising on Current, Savings and Transactional Investment Account (CASATIA) deposits over term placements.

In 2024, we observed a shift in financing trends, with corporate clients increasingly opting for Sukuk issuances for capital raising. This has prompted us to recalibrate our approach to corporate financing. While this resulted in a controlled contraction in our corporate financing book, it was a strategic decision to grow our financial assets at amortised costs (AC) to sustain our financing income from the corporate segment.

Meanwhile, inflationary pressures and cost-of-living challenges impacted consumer behaviour. With shrinking take-home pay, household debt service ratios rise, creating an increased demand for financing solutions tailored to affordability and sustainability. In response, we prioritised it to ensure that our services continued supporting individuals, businesses and underserved communities while aligning with broader Environment, Social and Governance (ESG) and *Maqasid Shariah* objectives.

The successful launch of BIMB Mobile and BIMB Web in November 2024 reinforces our position as a leader in Islamic digital banking.

## PERFORMANCE HIGHLIGHTS

Our financial performance in 2024 reflected our discipline and diligence in a competitive environment. Net income for the year stood at RM2.6 billion, an increase of 3.9% compared to RM2.5 billion in 2023. Total assets expanded to RM96.8 billion, driven by investment securities and financing growth, while CASATIA deposits accounted for 39.7% of total funding.

We recorded non-fund-based income of RM397.7 million, supported by strong contributions from investment banking, wealth management, and transaction services. Our leadership in Sukuk advisory was further strengthened, ranking among the top five in the MYR Islamic Sukuk League Table, with significant involvement in ESG-linked issuances. Meanwhile, our strategic shift toward advisory and capital markets solutions ensured continued income diversification.

Meanwhile, the successful launch of BIMB Mobile and BIMB Web in November 2024 reinforces our position as a leader in Islamic digital banking. These innovative platforms, built natively on the cloud, are designed for speed, scalability and a seamless user experience, allowing resources to be dynamically allocated based on demand. The system architecture supports greater flexibility for future enhancements, which we will continue to develop and refine to meet the evolving needs of our customers.

BIMB Mobile and BIMB Web's intuitive interface and advanced functionality now support fully online account opening, instant applications and seamless account management. Additional security features have been implemented, strengthening protection against cyber threats and malware to safeguard users' financial data. Upholding our Islamic banking values, the platforms also integrate *sadaqa* contributions, *zakat* payments, Tabung Haji transactions, and prayer time reminders. I am pleased to highlight that since its launch, BIMB Mobile has reached more than 1.3 million registered users and recorded more than 41 million transactions.

As digital banking continues to evolve, we remain committed to enhancing user experience, expanding functionality, and maintaining industry-leading security standards to ensure our products set new benchmarks in technical excellence.

Sustainability remained our key priority, with green energy financing exceeding our initial 2025 target of RM4 billion ahead of schedule. As a result, we have raised our sustainability financing goal to RM28 billion by 2025, encompassing a broader portfolio covering renewable energy, waste management, public infrastructure, and education financing. ESG-aligned transactions accounted for 80% of our investment banking activities, while the Treasury division also exceeded its 2024 target, attaining RM7.54 billion in UNSDG-linked Sukuk exposure.

## From the Desk of the GCEO

Our commitment to financial inclusion and sustainable socioeconomic development continued to expand, with ITEKAD disbursing RM30 million to over 1,200 microentrepreneurs. This initiative is vital in strengthening economic resilience and fostering financial accessibility for underserved communities. Meanwhile, our Employee Engagement Index (EEI) score reached 91%, driven by investments in digital upskilling, leadership development, and well-being initiatives. These achievements reinforce our position as a future-ready organisation that is agile, resilient, and primed for long-term success in an increasingly dynamic banking environment.

### STRATEGIC PROGRESS

We maintained strong operational momentum despite macroeconomic challenges, including global trade uncertainties and fluctuating profit rates. Our emphasis on fee-based income growth – particularly from investment banking, wealth management, and advisory services – has diversified our revenue streams, reducing reliance on net fund-based income.

The six pillars of LEAP25 continued to guide our strategic direction in 2024, aligning our objectives with stakeholder priorities, global sustainability goals, and long-term value creation. Our progress across these pillars is detailed below.

## 01 Sustainable Prosperity



2024 was a significant year for sustainability at Bank Islam. We actively integrated ESG principles into financial offerings and governance, and our efforts secured four awards at The Edge Malaysia ESG Awards, including recognition for the Makmur myWakaf Fund, highlighting our impact-driven approach to Islamic finance.

During the year, we launched our ESG Risk Management Framework to manage climate and sustainability risks and introduced the Ihsan Sustainable Investment Account 2.0 (ISIA 2.0), a value-based impact investment mechanism. Additionally, we introduced the NOMURA Global Shariah Sustainable Equity Fund, an SRI-aligned fund supporting responsible investing.

Our commitment to green financing also remained strong. Shariah-ESG financing exceeded our LEAP25 target, and institutional banking ESG transactions grew significantly, reinforcing our leadership in sustainable Sukuk and ethical finance. We also prioritised capacity building by implementing the Sustainability and Climate Risk Capability Development Framework, ensuring our employees are equipped to drive ESG goals. In addition, we conducted 23 sustainability training sessions for 1,263 staff, totalling 305 training hours.

The financial strength and resilience of our business underscores these achievements. During the year, our revenue and profit increased steadily, bolstered by higher net fund-based income and lower net expected credit losses on financing, while we maintained a robust capital position with high asset quality and ample liquidity. Meanwhile, to future-proof our revenue streams, we strengthened our position in Islamic capital markets, bancatakaful, wealth management and other fee-based income streams, enabling us to drive consistent growth even when net income margins are low.



We also prioritised capacity building by implementing the Sustainability and Climate Risk Capability Development Framework, ensuring our employees are equipped to drive ESG goals. In addition, we conducted 23 sustainability training sessions for 1,263 staff, totalling 305 training hours.

## 02 Values-based Culture



We actively and continuously cultivate a values-driven workplace, ensuring our employees have the skills and support they need to thrive. In 2024, we re-aligned our Future Skills pathway with the industry-wide Future Skills Framework for Financial Institutions, ensuring our talent remains future-ready. We also introduced a technical track for Group Digital, defining clear skill sets, competencies, and career paths, with a pilot cohort already underway.

To strengthen leadership development, we formed the Bank Islam Talent Council to oversee succession planning and emerging leader growth. Our commitment to continuous learning was further reinforced by launching a bank-wide Coursera digital upskilling platform, with 1,033 staff participating, completing 649 modules and 4,026 learning hours.

Employee engagement remained a priority as we continue to strengthen our cultural foundation rooted in our values by leveraging on insights derived from annual employee engagement surveys. Our EEI 2024 score at 91% indicated highly motivated BITIZEN, ready to strive for continuous excellence and high performance.

In promoting workplace safety and health, we provided essential facilities such as a Mother's Room and a Sick Bay at Menara Bank Islam to support employee well-being for returning mothers and temporary medical respite for employees.

We also spearheaded a smoking cessation programme that achieved a 67% retention rate over 12 weeks, with 75% of participants reducing smoking by at least 50%.

## 03 Customer-centricity



In 2024, we continued to embrace digital innovation to expand our portfolio of customer-centric financial solutions, enhancing banking accessibility, security, and efficiency to ensure an improved experience for individuals and businesses alike.

This year, we expanded our digital banking ecosystem, introducing enhanced Virtual Account Opening (VAO), Financing Assistance (FAST), a Financing Chatbot, and Wealth Integrated System Enabler (WiSE). For SME customers, we introduced tailored financing solutions for sustainable initiatives, capacity-building, and compliance support to promote long-term growth.

To further strengthen innovation, we enhanced the Centre of Digital Experience (CDX), future-proofing our digital capabilities and supporting the rapid development of customer-centric solutions. We introduced tailored SME financing for renewable energy, energy efficiency, and ESG-related initiatives for businesses, providing compliance support and capacity-building resources to empower sustainable growth.

Transactions on eBanker Pro surged, with RM22.4 billion in transaction volume, reflecting a 25.3% year-on-year increase, reinforcing its role as a key enabler of cash management services. Meanwhile, we launched BIMB Mobile and BIMB Web, replacing legacy platforms with enhanced security, intuitive navigation, and new features to improve the user experience. We also activated online access to strengthen transaction security, ensuring only authorised users can access banking services.

Customer onboarding for Be U by Bank Islam was streamlined with a 95% Straight-Through Onboarding Ratio (STOR), enabling efficient digital onboarding with an average process time of just eight minutes. Additionally, we established a retail-focused banking structure to drive financing growth, prioritising deposit mobilisation and fee-based income. Meanwhile, BIMB Securities and BIMB Investment have made significant strides, with BIMB Investment's BIMB Investment's BEST Invest app recording over 32,000 registered users and managing over RM7.9 million in investments. We also successfully upgraded BIMB Securities' front office management system to the Fidessa platform, enhancing middle office operations and elevating the Direct Strategy Access (DSA) platforms, driving improved efficiency and performance.

## From the Desk of the GCEO

### 04 Community Empowerment



We continued championing financial inclusion, entrepreneurship and social development in 2024, reinforcing our role as a leader in Islamic social finance and sustainable community empowerment. This year, we piloted an alternative credit assessment tailored for underbanked microentrepreneurs, enhancing access to financing for those traditionally excluded from banking services. Our participation in the multi-bank iTEKAD implementation model via AIBIM MyZakat ensured a broader impact on community development. We disbursed RM12.3 million through blended finance, benefiting 413 individuals and strengthening financial resilience at the grassroots level.

To further support entrepreneurial success, we conducted Microentrepreneur Development Training Programmes and launched six *Hab Usahawan iTEKAD* in collaboration with universities, leveraging the Local Community Development (LCD) model. Additionally, we expanded our ecosystem by partnering with funders, NGOs, and banking associations, providing access to working capital, business support, and coaching services under our “funding escalator” initiative.

Broadening our social impact, we raised RM2.4 million for the Sadaqa House Orphan Fund, with RM1.4 million disbursed to support education, infrastructure and welfare initiatives for orphans. Our investment in community enrichment increased to RM19.5 million, up from RM12.8 million in 2023.

Broadening our social impact, we raised RM2.4 million for the Sadaqa House Orphan Fund, with RM1.4 million disbursed to support education, infrastructure and welfare initiatives for orphans.

### 05 Real Economy



We remain dedicated to driving economic prosperity through fostering strategic partnerships, expanding financial access and supporting high-growth sectors. In 2024, we strengthened collaborations with SMEs, NGOs and government bodies to enhance awareness of our tailored financial solutions. Our active participation in key industry events, including the Malaysia External Trade Development Corporation (MATRADE), Malaysia International Halal Showcase (MIHAS) and the Federation of Malaysian Manufacturers (FMM), further reinforced this commitment to economic growth and resilience.

To expand financial inclusion, we grew our Ar-Rahnu retail asset presence, commencing operations in 46 branches to provide Shariah-compliant pawn broking services to underserved communities. The Gold Investment Account, launched in October 2024, surpassed its target by 86%, reflecting strong demand for alternative savings options.

We also introduced Hal-Cube, an initiative that supports cottage businesses in obtaining *Halal* certification while providing access to compliant premises and equipment. This programme strengthens microentrepreneurship in the *Halal* sector, reinforcing Malaysia's global Islamic finance and commerce leader position.

## 06

## Digitalisation



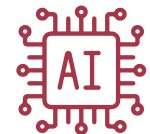
As a leading digital Islamic financial institution, we continue to pioneer digital transformation and cutting-edge technologies to enhance customer experiences, streamline operations and strengthen risk management. In 2024, we launched BIMB Mobile and BIMB Web, a fully cloud-native digital solution which provides enhanced speed, new features, and improved security.

We have adopted a Cloud-first strategy for applications, built on robust microservices architecture to respond quickly to evolving customer needs, accelerate time to market, and support business growth. This also allows the us to scale our infrastructure more readily, to avoid disruptions during any enhancements.

Our Data Lake solution helps us gain deeper insights into customer behaviour enabling hyper-personalisation through tailored propositions. It also forms the foundation for our advanced analytics and AI-based applications, such as enhancing risk management by identifying and predicting trends related to fraud and security breaches. Machine learning was integrated across multiple business units, enhancing lead generation and operational efficiency and allowing employees to focus on higher-value tasks. To reinforce data governance and cybersecurity, we have enhanced our frameworks for technology and cyber risk management including data governance.

We also introduced two AI-powered machine learning projects to drive business impact with exceptional results, facilitates cross-selling of new products, including personal financing-i, vehicle financing-i, home financing-i, Takaful, unit trusts, and credit cards, to existing customers. The Pre-Due Strategy Project proactively mitigates early delinquency risks by making reminder calls to customers at risk of missing payments, reducing early delinquency by 0.09% for personal financing, 0.23% for housing financing, and 0.21% for vehicle financing.

Our digital advancements were recognised with four prestigious Global Islamic Finance Awards in 2024, including Best Islamic Bank for Gen-Z (Be U), Best Technology Implementation (Go Beyond platform), Best RPA Initiative (RPA BITIZEN Developer Programme), and Best Islamic Microfinance Product of the Year.



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## OUTLOOK

As we move into 2025, Bank Islam remains well-positioned to navigate evolving financial conditions while advancing our strategic priorities in digital transformation, sustainable finance, and inclusive growth. The macroeconomic landscape presents challenges and opportunities, with global trade shifts, regulatory changes, and economic adjustments shaping the financial sector. Domestically, Malaysia's stable economic growth, rapid

digitalisation, and increasing focus on sustainability will continue influencing banking trends, requiring strategic agility and future-ready capabilities.

Our key focus will be on future-proofing our revenue streams through greater fee-based income diversification, strengthening our position in Islamic capital markets, and expanding structured solutions and advisory services. At the same time, we will refine our portfolio mix, balancing growth in retail and commercial financing while

ensuring long-term resilience through Value-based Intermediation and sustainable financial models.

Digital transformation will remain central, with enhancements to improve customer experience and efficiency on BIMB Mobile and BIMB Web, including AI-driven fraud prevention and automation. Expanding API-driven banking and ecosystem partnerships will reinforce our Shariah-compliant digital leadership, positioning us as an agile, tech-enabled financial institution.

## From the Desk of the GCEO

Meanwhile, sustainability remains a strategic priority, with initiatives focusing on expanding renewable energy financing, enhancing energy efficiency infrastructure, and supporting green technology adoption. Our social finance programs, such as iTEKAD, will continue to evolve to provide greater support and financial accessibility for microentrepreneurs and underserved communities through innovative financing models and capacity-building programs.

To sustain long-term competitiveness, developing future-ready talent will be essential. We will continue to expand our leadership development and digital upskilling programs, equipping our workforce with the capabilities needed for a dynamic, digital-first, and ESG-driven banking landscape. By integrating technology, sustainability, and financial inclusion, we will continue to lead with resilience, adaptability, and innovation, reinforcing our position as a future-proof Islamic financial institution.

### ACKNOWLEDGEMENTS

The achievements of 2024 would not have been possible without the dedication and commitment of BITIZEN, stakeholders, and partners. I extend my gratitude to our Board of Directors and the Shariah Supervisory Council for their guidance and governance, which have been instrumental in our sustainable growth.

By integrating technology, sustainability, and financial inclusion, we will continue to lead with resilience, adaptability, and innovation, reinforcing our position as a future-proof Islamic financial institution.

To BITIZEN, your dedication, adaptability and commitment to innovation remain the foundation of our success. Your ability to embrace change and uphold our values-driven culture ensures that Bank Islam continues to lead as a Shariah-compliant, customer-centric institution.

I also thank our valued customers, investors, and business partners for their trust and support. Your confidence drives us to continuously innovate and uphold the highest standards of ethical banking at every turn.

We also appreciate the leadership of regulators and policymakers in fostering a robust financial system. We remain committed to working with Bank Negara Malaysia (BNM) to uphold regulatory standards in risk management, digital security, and responsible financing. Our alignment with Value-based Intermediation (VBI) and sustainable finance reinforces Malaysia's national financial sector priorities.

We are also grateful for our collaboration with industry associations and key stakeholders, including our participation in the Joint Committee on Climate Change (JC3). We extend our thanks to BNM for their leadership on this initiative. Our partnerships with government-linked agencies such as Malaysian Green Technology and Climate Change Corporation (MGTC) further reinforce our commitment to sustainable finance and SME growth in the green and *halal* economies.

In looking ahead, I am confident that Bank Islam will continue to thrive as a purpose-driven institution, delivering sustainable value, pioneering digital transformation, and expanding financial accessibility in line with our LEAP25 aspirations. With the continued commitment of our people and stakeholders, we are well-positioned to embrace opportunities, navigate challenges and drive impactful growth.



**DATO' MOHD MUAZZAM MOHAMED**  
Group Chief Executive Officer

# Financial Review by the GCFO

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"In the name of Allah, the Most Compassionate, the Most Merciful

All praise is due to Allah, the Lord of the Worlds, and peace and blessings be upon the Prophet Muhammad, whom Allah send as mercy to the universe, which Allah make him a guiding and a rightly guided man, and an illuminating lamp.

And peace and blessing on his family and companions, and those who followed them benevolently until the Day of Judgment and then after.

May Allah's peace, mercy and blessings be upon you."

Bank Islam demonstrated its resilience, adaptability and commitment to financial discipline during 2024. In a highly competitive banking environment characterised by continued deposit pricing pressures and shifting corporate financing trends, we delivered stable earnings growth to maintain our standing as a leading Islamic financial institution in Malaysia.



**AZIZAN ABD  
AZIZ**  
Group Chief  
Financial Officer

Our net profit grew by 3.3% year-on-year (y-o-y) to RM571.1 million, while Profit Before Zakat and Tax (PBZT) increased by 3.5% to RM773.1 million. This growth was primarily supported by higher net fund-based income and lower net expected credit losses on financing, offset by lower non-fund-based income and higher overhead costs.

A key focus area in FY2024 was managing our Net Income Margin (NIM) amid rising funding costs and industry-wide competition for deposits. We maintained a NIM of 2.13%, through prudent balance sheet management and a strategic shift towards low-cost Current, Savings, and Transactional Investment Accounts (CASATIA), which accounted for 39.7% of total deposits.

Despite macroeconomic pressures of rising inflation and subsidy rationalisation, we strengthened our financial position. Our total assets grew by 6.4% to RM96.8 billion while we maintained a strong Total Capital Ratio of 20.0%, ensuring stability and continued shareholder value creation.

## STRATEGIC FINANCIAL MANAGEMENT AND COST DISCIPLINE

Recognising that maintaining profitability requires a balanced approach to revenue generation and cost containment, we remained steadfast in our commitment to cost efficiency throughout 2024. We recorded a cost-to-income ratio (CIR) of 64.5%, reflecting our focus on cost discipline and sustaining net income growth while investing in digitalisation and operational enhancements.

A key enabler of our cost-efficiency efforts is the CORE programme, through which we aim to reduce our operating costs by RM100 million by 2026. During the year, we have implemented several cost saving and optimisation initiatives, such as streamlining software subscription redundancies and upskilling teams to drive greater efficiency. In the first year of implementation, this has resulted in realised cost savings of more than RM20 million, a significant achievement for a mid-sized bank. Through the expansion of Artificial Intelligence-enabled (AI) operational efficiency measures such as automation, we are targeting further savings of RM35 million in 2025 and RM40 million in 2026.

## Financial Review by the GCFO

The activation of our Deposit Task Force in August 2023 has also played a crucial role in optimising deposit composition in 2024 by reducing exposure to high-cost corporate deposits and improving funding cost management. Additionally, we reinforced our efforts in social finance and financial inclusion by integrating innovative credit assessment models to support microentrepreneurs. This ensured continued financial access for underserved communities while mitigating risk.

These initiatives underscore our long-term commitment to sustainable cost efficiencies, ensuring profitability while continuing to invest in technology, customer experience and strategic growth.

### RETAIL AND INSTITUTIONAL BANKING PERFORMANCE

Group Retail Banking (GRB) delivered a remarkable performance, recording a net income of RM1,755.3 million, an increase of 20.5% compared to 2023. This was achieved through higher fund-based income and non-fund-based income.

Net fund-based income saw a 5.1% y-o-y increase to RM2.2 billion, supported by y-o-y investment securities and financing growth. Strong performances in Home Financing-i (HFA-i), Personal Financing-i (PF-i), and Vehicle Financing-i (VF-i) contributed significantly to GRB's growth. The Group also recorded a higher fee and commission growth of 11.2% y-o-y. However, non-fund-based income declined 2.2% y-o-y from 2023, mainly due to reduced net gains from foreign exchange transactions and lower investment income.

Group Institutional Banking (GIB) achieved 10.1% y-o-y growth to record a net income of RM839.5 million, underpinned by higher net fund-based income. This performance was driven by a 6.7% y-o-y expansion in commercial financing and the Treasury's investment in capital securities. However, corporate financing declined by 12.0% y-o-y as

corporate clients increasingly turned to the Sukuk market to benefit from more favourable profit rates for refinancing. Anticipating this shift, we recalibrated our strategies by growing our financial assets at amortised costs (AC) to sustain our financing income from the corporate segment.

### DIGITAL TRANSFORMATION AND OPERATIONAL EXCELLENCE

Digitalisation remains a core pillar of our business transformation strategy. Our investments in automation, cloud technology and AI-driven analytics have both improved the customer experience and delivered measurable financial efficiencies.

The launch of BIMB Mobile and BIMB Web in November 2024 was a significant milestone, providing customers with a fully digital, cloud-native banking experience.

By end-2024, we had recorded over 1.3 million registered users for BIMB Mobile and 249 million overall mobile transactions, up from 129 million in 2023. Integrating advanced cybersecurity measures reduced fraud-related losses by 24%, strengthening consumer trust in our digital platforms.

Strategic adoption of AI and Machine Learning (ML) has also resulted in significant cost savings and operational enhancements. By leveraging AI and ML in our Pre-Due Strategy, we successfully reduced early delinquency risks by

By end-2024, we had recorded over 1.3 million registered users for BIMB Mobile and 249 million overall mobile transactions, up from 129 million in 2023.

Gross Impaired Financing Ratio

**1.06%**

well below the industry average of 1.44%.



making reminder calls to customers at risk of missing payments. The initiative has reduced the early delinquency of accounts for the year by 0.09% for PF-i, 0.23% for HFA-i, and 0.21% for VF-i. This proactive approach to credit risk management ensured that our Gross Impaired Financing Ratio remained at a strong 1.06%, well below the industry average of 1.44%.

AI-driven processes have not only strengthened our asset quality but also improved operational efficiency, realising RM140,000 in annual cost savings through workforce optimisation. Looking ahead, our continued investments in automation and predictive analytics will further streamline operations, improve credit and risk management, and scale our digital offerings to meet evolving customer expectations.

### CREATING VALUE FOR OUR SHAREHOLDERS AND SOCIETY

We remain dedicated to delivering consistent value to our shareholders through disciplined capital management and financial planning. Total dividends paid in 2024 amounted to RM345.0 million, maintaining a consistent payout ratio of 60% of Profit After Zakat and Tax (PAZT) in line with our dividend policy. Supported by strategic capital optimisation measures, our Common Equity Tier I (CET I) ratio stood at 13.8% with a medium-term target of 14%. We intend to continue pursuing investment accounts as a capital-raising mechanism, providing flexibility while maintaining a robust capital position that balances growth with shareholder value creation.

Our commitment to social finance remains unwavering and steadfast. In 2024, Bank Islam Malaysia Berhad fulfilled its *zakat* obligation, with a total of RM11.4 million *zakat* paid to the State Islamic Religious Councils (SIRCs) across all states in Malaysia.

Additionally, last year, RM19.4 million was distributed to assist 1,433 beneficiaries among unbanked, underbanked and underserved segment. From the total amount distributed, RM12.3 million was allocated to blended social finance programs, benefitting 413 micro-entrepreneurs. In addition, the Sadaqa House Orphan Fund raised RM2.4 million to benefit education, welfare and infrastructure initiatives. These efforts reinforce our role in wealth distribution and social responsibility while complementing our broader ESG and sustainability financing goals as part of a holistic approach to value creation.

We exceeded our internal LEAP25 target for green financing, achieving RM4.9 billion in total approved financing in 2024. We continued to leverage Shariah-compliant mixed funds to drive ESG investments, with Shariah-SRI funds accounting for RM496.5 million, representing 49.2% of our total Assets Under Management (AUM). We diversified our green financing portfolio across multiple sectors, achieving RM763 million in total approved financing for renewable energy, waste management and water management, representing a 16% y-o-y increase. We also grew our Hybrid and Electric Vehicle (HEV) financing portfolio, disbursing RM131.2 million in 2024 compared to RM99 million in 2023 while refining our strategy to focus on clients with larger ticket sizes and lower risk profiles.

Additionally, last year, RM19.4 million was distributed to assist 1,433 beneficiaries among unbanked, underbanked and underserved segment.

Sukuk issuance with a positive ESG impact  
**RM13.1 billion**

Total Sukuk issuance  
**RM16.4 billion**

We further expanded responsible investment opportunities by launching the Ihsan Sustainability Investment Account (ISIA) 2.0. This account offers investors access to UNSDG-aligned financing assets with a fund size exceeding RM661 million. Additionally, we grew our ESG research capabilities by integrating thematic ESG reports into our stock research coverage. Collaborations with government bodies and *zakat* institutions allowed us to support public infrastructure projects. Approved financing of RM13.0 million in affordable housing and RM26.5 million in public infrastructure financing represented y-o-y increases of 3% and 6%, respectively.

Overall, in 2024, our Sukuk issuance with a positive ESG impact grew to RM13.1 billion in sustainability-linked transactions, accounting for 80% of our total issuance of RM16.4 billion.

### 2025 OUTLOOK: STRONG AND SUSTAINABLE GROWTH

Malaysia's GDP is expected to grow by 4.5%-5.5% in 2025, supported by economic recovery and policy-driven stimulus. However, global macroeconomic uncertainties and domestic subsidy rationalisation remain key challenges. Inflation is expected to range between 2.0%-3.5% as cost-of-living pressures persist. In response, we are taking proactive steps in financial inclusion initiatives, prudent cost management and ongoing digital transformation.

Bank Islam's 2025 strategic priorities include a target of 7-8% financing growth with an expanded focus on green and sustainability-linked financing reinforced by an ambitious target of RM28 billion. Our growing Wealth Management and Sukuk advisory services will drive an expansion of our fee-based income streams. Strengthening cost efficiency and resource allocation through automation and process optimisation will remain a core focus in stabilising our CIR. Meanwhile, we will continue to invest in our technology infrastructure and workforce upskilling to remain agile and responsive. Refining our BIMB Mobile and BIMB Web platforms will cater to the increasing demand for digital-first financial solutions.

By focusing on outcome-driven initiatives that deliver meaningful impact, we are well-positioned to navigate the dynamic financial landscape while creating long-term value for our shareholders, our customers and our communities.

**AZIZAN ABD AZIZ**  
 Group Chief Financial Officer

# Our Integrated Approach to Value Creation

We apply an integrated approach to value creation, considering every aspect of our operations to drive a sustainable future. Aligning emerging trends, stakeholder needs, potential risks, material issues, resource allocation, and sustainability efforts enhances our adaptability, resilience, and competitiveness. This enables us to consistently deliver long-term value as Malaysia’s leading Islamic bank.

## 01 SETTING THE CONTEXT

### Operating Environment

We closely analyse global and local trends, including economic conditions, regulatory changes, and shifting customer preferences, to identify potential risks and opportunities for growth, ensuring we remain competitive in the market.

 Read pages 42-49 for more details.

### Key Risks and Mitigation

To address identified risks and capitalise on opportunities, we employ robust risk management, adhere to ethical standards, and embrace digital transformation – key enablers of resilience and sustainable growth.

- |                       |  |                               |  |  |
|-----------------------|--|-------------------------------|--|--|
| <b>CR</b> Credit Risk | <b>RORBB</b> Rate of Return Risk in Banking Book | <b>SR</b> Strategic Risk      | <b>TCR</b> Technology and Cyber Risk   | <b>RCR</b> Regulatory/ Compliance Risk |
| <b>MR</b> Market Risk | <b>LR</b> Liquidity Risk                         | <b>NFR</b> Non-Financial Risk | <b>SNC</b> Shariah Non-Compliance Risk | <b>CRR</b> Climate-related Risk        |


 Read pages 57-62 for more details.

## 02 DEVELOPING OUR STRATEGIC DIRECTION

### Material Matters

Guided by these insights and the materiality principle, we prioritise critical issues influencing our ability to create sustainable value, shaping our strategies and business decisions accordingly.

- |   |  |  |
|---|--|--|
| <b>SRF</b> Sustainable and Responsible Finance    | <b>TD</b> Talent and Development                     | <b>GCC</b> Good Governance and Conduct     |
| <b>CX</b> Customer Experience                     | <b>DEI</b> Diversity, Equity and Inclusion           | <b>DPS</b> Data Privacy and Security       |
| <b>EEl</b> Emissions and Environmental Impact     | <b>CESF</b> Community Empowerment and Social Finance | <b>CRO</b> Climate Risks and Opportunities |
| <b>EHS</b> Employee Well-Being, Health and Safety | <b>SSC</b> Sustainable Supply Chain                  |  |

 Read pages 50-56 for more details.

## 02 DEVELOPING OUR STRATEGIC DIRECTION (CONTINUED)

### Sustainability

Sustainability is central to our ethos, with ESG best practices integrated into our processes to build trust, enhance our reputation, and create shared value for our stakeholders, communities, and planet.

Read our Sustainability Statement from pages 108-185 for more details.

### Our Strategic Roadmap: LEAP25

Our LEAP25 strategy underpins our commitment to ethical financial solutions and growth while reinforcing our position as a VBI leader.

- |                        |                      |                |
|------------------------|----------------------|----------------|
| Sustainable Prosperity | Customer-centricity  | Real Economy   |
| Community Empowerment  | Values-based Culture | Digitalisation |

Read pages 64-65 for more details.

## 03 PUTTING STRATEGY INTO ACTION

### Capitals

Recognising the importance of diverse forms of financial and non-financial capital, we effectively deploy these resources to drive value creation and seize growth opportunities.

- |              |                         |
|--------------|-------------------------|
| Financial    | Intellectual            |
| Human        | Social and Relationship |
| Manufactured | Natural                 |

Read pages 70-74 for more details.

## 04 DELIVERING SUSTAINABLE VALUE

### Value Creation

At our core, we are dedicated to creating sustainable value for our stakeholders by delivering strong financial returns, providing essential products and services, supporting employee development, fostering community prosperity, and contributing to a better future for all.

Read pages 35 to 41 for more details.

# Our Value Creation Business Model

Our value-creating business model drives sustainable growth by delivering benefits that go beyond financial returns. This entails aligning our capitals with our strategies and business activities to identify actions that strengthen stakeholder relationships, meet their needs, and maximise the value we create together.

Internally, this approach fosters innovation, improves operational efficiency, and supports ESG progress. In doing so, we align with environmental and social priorities, positioning ourselves as a responsible and forward-thinking organisation while ensuring our ability to generate long-term shared value for all our stakeholders.

## VISION

The bank that advances prosperity for all

## MISSION

To provide solutions that deliver value

## TAAT VALUES

T

Think Customer

A

Advance Beyond

A

Act with Integrity

T

Take Charge

## OUR CAPITALS...

### INPUTS

#### FC FINANCIAL CAPITAL

The funds available for achieving growth and fulfilling our financial commitments, and our ability to access and manage these funds, which play a critical role in long-term value creation.

- Total Assets: **RM96.8 billion**
- Total Equity Group: **RM7.7 billion**
- Total Customer Deposits: **RM80.9 billion**
- Market Capitalisation: **RM5.6 billion**

#### HU HUMAN CAPITAL

Our valued human assets, comprising employees, knowledge, experience, and skills, which hold substantial economic value and significantly contribute to our overall value.

- **5,668 employees** nationwide, comprising 2,830 males and 2,838 females
- **58 employee** engagement sessions held at the bank level
- Investment in Training and Development

#### MF MANUFACTURED CAPITAL

The physical assets and infrastructure essential for our operations, which require effective management to ensure smooth functioning and maintain our competitive edge.

- **135 branches** and **982 Self-service Terminals (SSTs)** across Malaysia
- **18 SME hubs, 46 Ar-Rahnu outlets, and 7 Bureau de Change outlets**
- Invested **RM102 million** in IT and technological advancements

#### IN INTELLECTUAL CAPITAL

Our intangible assets such as intellectual property, digital systems and proprietary solutions, crucial in the banking sector where innovation and technological advancements drive industry changes.

- A strong brand value built **over 40 years** as a pioneering, pure-play, full-fledged Islamic financial institution
- Participated in leadership initiatives such as **JC3** and the **CEO Action Network**

#### SR SOCIAL AND RELATIONSHIP CAPITAL


Our strong reputation and positive relationships with all stakeholders, including society at large, which build trust and garner support for driving our strategic initiatives forward.

- **4.7 million** customers
- **RM309.0 million** spent on local suppliers
- Proportion of Spending on Local Suppliers **89%**

#### NT NATURAL CAPITAL

The natural resources we consume, including water, land, and energy, and our active promotion of sustainable practices to mitigate environmental risks.


- Electricity usage: **15.4 million kWh**
- Water consumed: **158.7 million l**
- Total energy consumption: **15.7 million kWh**
- Sheets of paper used: **49.1 million**

 Read pages 146-147 for more details.

## ...ENABLE VALUE-ADDING


### OUR STRATEGIC ROADMAP: LEAP25

<b>SP</b> Sustainable Prosperity	<b>VBC</b> Values-based Culture
<b>CE</b> Community Empowerment	<b>RE</b> Real Economy
<b>CC</b> Customer-centricity	<b>D</b> Digitalisation

 Read pages 64-74 for more details.


### KEY MARKET TRENDS

- Digital Acceleration and Cashless Growth
- Climate Change and Sustainability
- Expanding Markets for Islamic Financial Services
- The Evolving World of Work
- The Evolving Fintech Landscape
- Heightened Cybersecurity Concerns

 Read pages 44 to 49 for more details.


### KEY RISKS and MITIGATION

<b>CR</b> Credit Risk	<b>NFR</b> Non-Financial Risk
<b>MR</b> Market Risk	<b>TCR</b> Technology and Cyber Risk
<b>RORBB</b> Rate of Return Risk in Banking Book	<b>SNC</b> Shariah Non-Compliance Risk
<b>LR</b> Liquidity Risk	<b>RCR</b> Regulatory/Compliance Risk
<b>SR</b> Strategic Risk	<b>CRR</b> Climate-related Risk

 Read pages 57 to 62 for more details.


### MATERIAL MATTERS

<b>SRF</b> Sustainable and Responsible Finance	<b>CESF</b> Community Empowerment and Social Finance
<b>CX</b> Customer Experience	<b>SSC</b> Sustainable Supply Chain
<b>EEI</b> Emissions and Environmental Impact	<b>GCC</b> Good Governance and Conduct
<b>EHS</b> Employee Well-Being, Health and Safety	<b>DPS</b> Data Privacy and Security
<b>TD</b> Talent and Development	<b>CRO</b> Climate Risks and Opportunities
<b>DEI</b> Diversity, Equity and Inclusion	

 Read pages 50-56 for more details.

### UNDERPINNED BY OUR OVERARCHING GOVERNANCE

Our commitment to Shariah principles demonstrates our focus on good governance, integrity, and nation-building.

 Read pages 273-278 for more details.

**BUSINESS ACTIVITIES THAT CREATE...**

**...VALUE FOR OUR STAKEHOLDERS**

**VBI DRIVERS**

- Sustainable Prosperity
- Values-based Culture
- Customer-centricity
- Community Empowerment
- Real Economy
- Digitalisation

**BUSINESS ACTIVITIES**



**Output**

- Providing value-driven, innovative and sustainable banking solutions
- Enhancing access to financial services and improving the quality of life
- Serving SMEs and large corporations to contribute to economic growth
- Supporting national progress and ensuring stability of Malaysia's financial sector
- Improve financial literacy, promote inclusiveness, and contribute towards a sustainable future

**OUTCOMES**

**FC FINANCIAL CAPITAL**

- + **RM773.1 million** in PBZT (FY2023: RM746.8 million)
- + **RM571.1 million** in PAZT (FY2023: RM553.1 million)
- **7.6%** Net ROE (FY2023: 7.8%)
- + **25.20 sen** EPS (FY2023: 24.57 sen)
- **RM345 million** paid out in Dividend (FY2023: RM361.6 million)
- = **60%** Dividend Payout Ratio (FY2023: 60%)

**HU HUMAN CAPITAL**

- Employee Retention Rate of **96.5%** (FY2023: 96.6%)
- + Employee Engagement Index of **91%** (FY2023: 78%)
- + **401,024**, in total training hours, including mandatory eLearning (FY2023: 291,931 hours)
- **4,433** employees trained, with an average training hour of 71 (FY2023: 4,894 employees; 60 hours)
- + **576** employees promoted (FY2023: 495 employees)
- + **2,319** females in decision-making roles (FY2023: 1,960 females)
- **20** health and safety incidents (FY2023: 18 incidents)
- + **RM881.7 million** in staff salaries and benefits (FY2023: RM817.8 million)
- + **924 employee** upskilling programmes (FY2023: 38 programmes)

**MF MANUFACTURED CAPITAL**

- + **335 million** active enquiries and transactions via online platforms, valued at RM71.7 million (FY2023: 218.3 million active enquiries and transactions; RM62.7 million)
- + Over **3.5 million** active Internet and mobile banking customers (FY2023: Over 3.4 million customers)
- + **10.5 million** downloads of GO by Bank Islam app (FY2023: 2.1 million downloads)
- Over **1.3 million** registered users for BIMB Mobile

**IN INTELLECTUAL CAPITAL**

- + **29** awards won (FY2023: 23 awards)
- + **19** campaigns for various products and 7 new products launched (FY2023: 17 campaigns; 11 products)
- = **3 green** products launched (FY2023: 3 products)
- Admission to FTSE4GBursa Malaysia Index

**SR SOCIAL AND RELATIONSHIP CAPITAL**

- + **RM19.5 million** investment made in community enrichment
- + **RM12.3 million** in social finance disbursed through blended financing programmes (FY2023: RM8.3 million)
- + **RM1.4 million** in social finance disbursed for funding escalator programmes (FY2023: RM1.3 million)
- + **RM7.6 million** in total disbursements to charitable initiatives by Sadaqa House (FY2023: RM7.6 million)
- **RM11.4 million** paid in Zakat (FY2023: RM13.8 million)
- + **RM309 million** contributed to local suppliers (FY2023: RM206 million)
- + **RM2.8 billion** in total financing for SME customers (FY2023: RM2.7 billion)

**NT NATURAL CAPITAL**

- + **RM25.7 billion** in sustainable finance and treasury assets, covering an expanded scope (previously measured by approved green financing: FY2023 - RM4.5 billion).
- + **15,786 tonnes** of CO<sub>2</sub> emitted (FY2023: 12,279.5 tonnes of CO<sub>2</sub>)
- + **12 green** branches nationwide (FY2023: 4 green branches and 1 green contact centre)

+ Enhanced   - Eroded   = Preserved

## Our Value Creation Business Model

### ...VALUE FOR OUR STAKEHOLDERS

ALIGNED STAKEHOLDERS UNSDGs	ACTIONS TO ENHANCE OUTCOMES	CAPITAL TRADE-OFFS
<ul style="list-style-type: none"> <li style="text-align: center; margin-bottom: 10px;"><span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">GR</span></li> <li style="text-align: center;"><span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">IV</span></li> </ul>	<ul style="list-style-type: none"> <li>• Maintain regular engagement with our investors and shareholders to manage expectations around our financial decisions.</li> <li>• Concentrate on our business units to develop new business models and improve our product and service offerings.</li> </ul>	<ul style="list-style-type: none"> <li>• We invest our Financial Capital by offering quality financial products, enhancing our digital offerings, and acquiring the right talent, thereby creating long-term value for stakeholders.</li> <li>• As digital transformation initiatives may involve significant upfront costs, they can impact short-term profits and margins without delivering immediate returns.</li> </ul>
<ul style="list-style-type: none"> <li style="text-align: center;"><span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">EM</span></li> </ul>	<ul style="list-style-type: none"> <li>• Provide access to digital learning platforms, including Coursera and the United Nations Global Compact (UNGC) Learning Academy, to support self-driven learning.</li> <li>• Enhance and structure Bank Islam Live Well Programmes with a focus on emotional, mental and spiritual wellness to empower our staff in building resilience and managing their emotional and mental well-being.</li> <li>• Leverage a wide range of Human Resource Development Corporation (HRDC)-certified training providers to maximise levy contributions while enhancing training content and delivery through their expertise.</li> </ul>	<ul style="list-style-type: none"> <li>• Investing in talent development demands a substantial upfront financial commitment, redirecting resources from immediate operational needs.</li> <li>• This strategic choice sacrifices short-term financial flexibility in favour of long-term growth in our Human and Intellectual Capitals.</li> </ul>
<ul style="list-style-type: none"> <li style="text-align: center; margin-bottom: 5px;"><span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">CU</span></li> <li style="text-align: center;"><span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">GR</span></li> </ul>	<ul style="list-style-type: none"> <li>• Expand our digital banking platform and internal resources to deliver more inclusive and cost-effective financial solutions to our customers, including:                             <ul style="list-style-type: none"> <li>• Digital initiatives: Virtual Account Opening (VAO), Financing Assistance (FAST), Leads Management System (LMS), Financing Chatbot, and Wealth Integrated System Enabler (WiSE).</li> <li>• Internal resources: Telesales Sales Response Team (SRT) and Ar-Rahnu outlets embedded into branches.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Expanding our physical infrastructure improves accessibility and connectivity, which may affect short-term financial resources.</li> <li>• However, we believe this strategic investment strengthens our relationships with stakeholders and contributes to long-term financial sustainability.</li> </ul>
<ul style="list-style-type: none"> <li style="text-align: center; margin-bottom: 5px;"><span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">EM</span></li> <li style="text-align: center; margin-bottom: 5px;"><span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">CU</span></li> <li style="text-align: center;"><span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">LC</span></li> </ul>	<ul style="list-style-type: none"> <li>• Implement the agile methodology through an Agile Centre of Excellence (CoE) to enhance efficiency.</li> <li>• Establish Innovation Labs and CoEs to promote cost savings, cultivate an innovation culture and bridge the gaps between technology and business.</li> <li>• Prioritise technology resilience, platform development, and customised training programmes.</li> </ul>	<ul style="list-style-type: none"> <li>• Investing in training, Agile Centre of Excellence (CoE), Innovation Labs, and technology upgrades may initially strain our finances, but it offers long-term benefits in cost savings and revenue growth.</li> <li>• Even so, this investment may necessitate further infrastructure development and impact existing systems, affecting Manufactured Capital in the short-term.</li> </ul>
<ul style="list-style-type: none"> <li style="text-align: center; margin-bottom: 5px;"><span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">EM</span></li> <li style="text-align: center; margin-bottom: 5px;"><span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">CU</span></li> <li style="text-align: center;"><span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">LC</span></li> </ul>	<ul style="list-style-type: none"> <li>• Deploy social finance funds and philanthropic capital, through Sadaqa House, to include unbanked and underserved segments within an inclusive Islamic economic ecosystem.</li> <li>• Support cottage industry players through Hal-Cube by providing premises and equipment for <i>halal</i> production that meet relevant authority standards.</li> <li>• Collaborate with INCEIF University to promote the ESG-i Assessment Framework for iTEKAD MSMEs, which guides local businesses to align with <i>Maqasid Shariah</i> objectives and ethical investment standards.</li> </ul>	<ul style="list-style-type: none"> <li>• We prioritise social impact over short-term financial gains by investing both Human and Financial Capital to manage our programmes efficiently.</li> <li>• Our goal is to build trust and foster long-term relationships with the underbanked segment, which can enhance our reputation and contribute to the broader economy by facilitating financial inclusion for these individuals.</li> </ul>
<ul style="list-style-type: none"> <li style="text-align: center; margin-bottom: 5px;"><span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">EM</span> <span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">LC</span></li> <li style="text-align: center;"><span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">CU</span></li> </ul>	<ul style="list-style-type: none"> <li>• Implement energy efficiency solutions to reduce energy consumption in our offices and branches.</li> <li>• Encourage employees to take an active role in managing waste within the workplace.</li> </ul>	<ul style="list-style-type: none"> <li>• While investing in energy-efficient technologies requires initial expenditures, it can result in significant energy savings and lower operational costs over time.</li> </ul>

# Stakeholder Engagement and Value Creation

We prioritise meaningful and regular engagement with our stakeholders, recognising their integral role in supporting the sustainability of our business. By understanding their diverse priorities, we align our strategies with their expectations and broader societal goals. This collaborative approach fosters trust, enhances transparency, and reinforces our commitment to responsible corporate practices.



# Stakeholder Engagement and Value Creation

## Level of Engagement:

No relationship

Poor Relationship

Relationship Established – Room For Improvement

Good – Quality Relationship

Strong Relationship

Excellent Relationship

## EM Employees

Quality of Relationship:

Our 5,668 BITIZEN, spanning all levels from junior roles to senior management, embodies our internal culture and Shariah principles while driving our success through their expertise and work ethos.

### Why We Engage

To foster a positive work environment, enhance job satisfaction, and align employee efforts with our organisational goals, ultimately driving productivity and retaining talent.

### Channel and Frequency of Engagement

- Internal communication channels (one-way communication):
  - Intranet employee portal.
  - Our online human capital management system, the HUMANE portal.
  - Our employee communication and engagement portal, SAP Jam.
  - Internal email communication.
  - GCEO's blog, 'From the GCEO's Desk'.
  - GCOO's blog, 'Sejenak Bersama GCOO'.
  - Compliance Division's 'RCD Regulatory Board' newsletter.
- BITI-Pulse employee engagement surveys for all staff, including subsidiaries.
- Physical/in-person engagement sessions (two-way communication):
  - GCEO Insights Town Halls (twice a year) in hybrid mode (in-person for headquarters (HQ) staff and virtual for region/branch staff).
  - Regional Mini Town Halls and *Ramadan Iftar and Terawih Bersama* for region and branch staff with senior management in all regions.
  - GCOO's Town Halls in hybrid mode (in-person for HQ staff and virtual for region/branch staff).
- Engagement sessions with union representatives to communicate initiatives.
- Division-specific internal engagement activities:
  - Sales conference for the Sales team (Group Retail Banking).
  - Division team building activities.
  - Division-specific team synergy training.
- Training and development programmes:
  - In-house training programmes.
  - External programmes and conferences.
  - Young Leaders Programme (YLP).
  - E-learning programmes via digital platforms like Coursera and the UNGC Learning Academy.

### Value Creation Indicators

- Employee Retention Rate of 96.5%
- Employee Engagement Index of 91%
- 401,024 total training hours, including mandatory eLearning

### Employee Expectations




- A safe, supportive, and engaging work environment that fosters work-life balance.
- Fair and performance-based compensation.
- Physical and mental health addressed through robust well-being and wellness initiatives.
- Transparent and competitive opportunities for career advancement.
- Development of skills, competencies, and mindsets needed for sustained high performance, including next-generation capabilities.
- Flexible work arrangements and tools to support productivity in the evolving "new normal".
- Greater awareness of sustainability issues and opportunities to contribute meaningfully to organisational goals.



### Risks





- Talent retention challenges due to competition from organisations offering better compensation and career growth.
- Navigating employee relations through open dialogue to strengthen trust and engagement.
- Reputational risks due to the industry challenges, affecting brand image and talent recruitment.
- Resistance to change or low adoption of new learning and sustainability initiatives.
- Cross-divisional silos limiting talent as a shared resource, restricting growth opportunities for high-potential employees.
- Delays in implementing or integrating new learning technologies.
- Limited resources and knowledge for adopting new learning initiatives.

### Our Response and Business Initiatives

- Establishing a psychologically safe workplace where employees can share ideas and feedback without fear of rejection or retribution.
- Embedding holistic well-being into our policies and enhancing the Bank Islam Live Well Programme to promote physical, emotional, mental, spiritual, and financial wellness.
- Realigning our Future Skill Pathway with the new Future Skill Framework for Financial Institutions to develop focused learning plans and digital upskilling initiatives.
- Implementing development programmes like the Accelerated Talent Development Programme (ACCEND), YLP, and tiered development programmes for emerging leaders to prepare talent for future roles.
- Establishing a Talent Council to oversee the bank’s talent and succession planning agenda, ensuring alignment with workforce needs.
- Fostering a culture of sustainability by promoting eco-friendly practices, integrating sustainability into operations, and supporting employee well-being through flexible arrangements and green initiatives.
- Rolling out a sustainability learning framework, starting with in-house training for client-facing roles such as relationship managers and credit analysts.
- Strengthening engagement with unions by conducting quarterly group discussions, fostering open conversations about employee concerns and suggestions for improvements.

**Material Matters:**   

**Capitals:**  

**UNSDGs:**    

**Link to:**

### Opportunities

#### Value Created for Employees

#### Value Created for Us

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• A positive and engaging work environment that enhances motivation and overall satisfaction.</li> <li>• Opportunities for recognition and growth through targeted programmes that nurture talent and reward high performance.</li> <li>• Clear pathways for career development and upskilling, aligned with long-term professional goals.</li> <li>• Access to professional certifications that build expertise, credibility, and career advancement opportunities.</li> <li>• Empowerment through active involvement in decision-making, fostering ownership of career journeys and accountability in roles.</li> <li>• Meaningful work experiences that provide opportunities for impactful projects and collaboration across teams.</li> <li>• A supportive workplace culture with effective grievance mechanisms and transparent relationships between employees and management, ensuring trust and fairness.</li> <li>• Improved knowledge transfer and skill development by leveraging internal capabilities.</li> <li>• Enhanced well-being and engagement through wellness programmes and sustainability-driven leadership initiatives.</li> <li>• Development of sustainability proficiency through targeted education and training programmes.</li> </ul> | <ul style="list-style-type: none"> <li>• Improved workforce adaptability to meet evolving demands through increased digital upskilling initiatives.</li> <li>• Alignment of personal development plans with our business priorities by refining existing frameworks.</li> <li>• Creation of a robust talent pipeline through strategic programmes like ACCEND and YLP.</li> <li>• Preparation of emerging leaders for senior roles through Talent Council oversight and succession planning initiatives.</li> <li>• Strengthened collaboration across the bank by fostering a mindset that views talent as a shared resource.</li> <li>• Enhanced industrial relations through proactive union engagement and streamlined policies, maintaining harmony and trust.</li> <li>• Increased organisational sustainability by cultivating a workforce skilled in sustainability practices.</li> <li>• Boosted employee engagement and retention, ensuring stability and continuity in achieving our business objectives.</li> </ul> |
|---|--|

# Stakeholder Engagement and Value Creation

## CU Customers

Quality of Relationship: ○○○○○

Our diverse 4.7 million retail, non-retail, and corporate customers drive our success with their trust and loyalty, inspiring us to consistently meet and exceed their expectations.

### Why We Engage

To understand their needs and preferences, build lasting relationships, and enhance their satisfaction, ultimately ensuring we deliver relevant and value-adding products and services.

### Channel and Frequency of Engagement




- Digital touchpoints
  - Our mobile applications: BIMB Mobile, GO by Bank Islam, Be U by Bank Islam, SMEXpert, BEST, and BISONline.
  - Our internet banking platforms: BIMB Web and bankislam.biz
  - Our corporate website: www.bankislam.com
  - Our social media platforms: Facebook, Instagram, YouTube, TikTok and X (formerly Twitter).
- Contact Centres
- Our brick-and-mortar locations:
  - 135 branches.
  - 18 SME hubs.
  - 46 Ar-Rahnu outlets.
  - 7 Bureaus de Change.
  - 982 SSTs.
- Customer surveys and focus groups.
- Webinars and online discussion forums.

### Our Response and Business Initiatives

- Delivering personalised solutions to cater individual customer needs, enhancing the overall experience.
- Ensuring secure, swift, and reliable options across both physical and digital banking channels, prioritising customer trust and satisfaction.
- Addressing customer concerns efficiently through responsive service across multiple engagement platforms, including remote banking support (e.g. non-voice channels like the AI-powered ChatBot Adam and LiveChat).

**Material Matters:** SRF CX DPS Link to:

**Capitals:** MF IN SR

**UNSDGs:**   

### Value Creation Indicators

- Net Promoter Score (NPS) of 28
- Response time - Be U by Bank Islam achieved a Straight-Through Onboarding Ratio (STOR) of 95%, enabling efficient customer onboarding with an average process time of eight minutes and only 1.19 clicks per screen
- Downtime and recovery time
- 57,543 customer complaints
- 335 million active enquiries and transactions via online platforms, valued at RM71.7 million
- 249 million overall BIMB Mobile transactions

### Customer Expectations

- Personalised banking products and services designed to meet individual and corporate needs and goals.
- A seamless, integrated experience that ensures convenience, security, and responsiveness throughout all banking interactions.
- Expert financial advice tailored to individual needs for better financial planning.

### Risks

- Declining quality of mobile banking services, including slow response times and frequent outages, increasing dissatisfaction and the likelihood of customers switching banks.
- Heightened exposure to financial scams and fraud through digital platforms, further eroding customer confidence and trust.
- Reduced customer loyalty resulting from unpersonalised solutions or a lack of understanding of customer needs, leading to potential attrition.
- Competition from traditional and non-traditional financial services, challenging our ability to meet evolving customer expectations and retain market relevance.

### Opportunities

#### Value Created for Customers

- Personalised financial solutions tailored to Shariah-compliant banking products and services, meeting the unique needs of customers while adhering to Islamic principles.
- Innovative and sustainable offerings that integrate digitalisation and sustainability to meet our customers' evolving expectations and values.
- A secure, fast, and efficient end-to-end banking experience, enhancing convenience and satisfaction.
- Timely resolution of issues through dedicated customer support teams and engagement channels.

#### Value Created for Us

- Sustained growth and profitability across our operational footprints, ensuring financial stability and long-term success.
- Strong brand reputation built through trust and loyalty among customers, supported by the consistent delivery of ethical, Shariah-compliant banking solutions.
- Robust customer base that supports our relevance and drives innovation in Islamic financial products and services.
- Leadership in digitalisation and sustainability by offering digital-first, sustainable, and ethical banking solutions.

**LC Local Communities**

Quality of Relationship:

Our community stakeholders, including marginalised groups and microentrepreneurs whose trust, collaboration, and shared commitment to progress strengthens our legitimacy and decision-making.

**Why We Engage**

To deepen our understanding of community needs and challenges, while working collaboratively to drive meaningful change, foster sustainable growth, and support local economic development.

**Channel and Frequency of Engagement**

- Engagements with marginalised communities to gather insights and better understand their challenges.
- Partnerships with relevant institutions and Civil Society Organisations (CSOs) to address current issues and enhance sustainability efforts.
- Social impact initiatives.

**Our Response and Business Initiatives**

- Established and launched *Hab Usahawan iTEKAD* to support entrepreneurship programmes in selected states and collaborate with universities as part of LCD.
- Launched Hal-Cube, a solution empowering microentrepreneurs to obtain *Halal* certification by providing premises and equipment for production that meets relevant authority standards.
- Collaborated with KMI Healthcare Holdings Sdn Bhd to enable Sadaqa House Orphan Fund scholarship recipients (under PEYATIM) studying nursing at University College Bestari to undergo practical training and secure work placements at five KMI Healthcare-owned hospitals nationwide.
- Enhanced Buku Jalanan Chow Kit (BJCK)'s income sustainability through Sadaqa House funding amounting RM172,500, which covered the monthly rent of its building and an investment for the transformation of BJCK's restaurant.
- Approved 44 applications of Sakeena Home Ownership Programme helping salaried *asnaf* own houses.

Value Creation Indicators	
<ul style="list-style-type: none"> <li>• RM7.6 million in total disbursements to charitable initiatives by Sadaqa House.</li> </ul>	<ul style="list-style-type: none"> <li>• 949 social finance beneficiaries supported</li> <li>• Microfinancing benefiting 413</li> </ul>

**Local Community Expectations**

- Enhanced financial literacy and support for microentrepreneurs in maintaining financial records and essential documents, such as proof of income, to improve access to iTEKAD microfinance.
- Tailored support and suitable courses for students from underserved communities, including orphans, to boost their employability after graduation.
- Funding sustainability for CSOs to focus on creating meaningful social impacts rather than being overburdened by fundraising activities.
- Inclusive financial solutions for low-income salaried *asnaf*, enabling them to qualify for home financing and achieve homeownership.

**Risks**

- Failing to optimise funds provided to microentrepreneurs.
- Business risks faced by entrepreneurs due to economic factors.
- Low resilience in addressing educational challenges and employability after graduation.
- Uncertainty regarding the validity of projects and the sustainability of their impact.
- Challenges in measuring and managing the impact of social benefit projects.

**Opportunities**

Value Created for Local Communities	Value Created for Us
<ul style="list-style-type: none"> <li>• Unlocked financial opportunities for microentrepreneurs through social finance and credit-building programmes.</li> <li>• Raised awareness among microentrepreneurs about integrating sustainable practices into their business operations.</li> <li>• Promotion of social unity and inclusivity through community-driven initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced brand reputation and strengthened relationships with our customers.</li> <li>• Expansion of the reach of social finance initiatives through Sadaqa House, which bolsters our image as a conscientious organisation.</li> <li>• Facilitation of access to credit, specifically for financing UNSDG-aligned assets, supporting Malaysian goals and frameworks.</li> <li>• Attraction of a wider pool of customers and collaborators who value ethical practices and social responsibility.</li> </ul>

**Material Matters:**

**Capitals:**

**UNSDGs:**

**Link to:**

# Stakeholder Engagement and Value Creation

## CR Governments and Regulators

Quality of Relationship: ○○○○○○

The local authorities in our markets of operation, who play an instrumental role in supporting our vision of holistic wealth creation and advancing the growth of Malaysia's financial industry.

### Why We Engage

To ensure compliance with laws and regulations, influence policy development, and advocate for industry standards, besides aligning with national goals to drive sustainable growth and stability.

### Channel and Frequency of Engagement

- Industry meetings, discussions, and dialogues with relevant agencies.
- Involvement in government-led and global initiatives and programmes.
- Provision of thought leadership and insights within our industry.

### Our Response and Business Initiatives

- Enhancing our systems and processes to ensure robust compliance with evolving legal and regulatory frameworks.
- Strengthening Sadaqa House's governance to fulfil our fiduciary duties while creating meaningful societal impacts.
- Maintaining a close relationship with changemakers and collaborative partners to drive innovation and resilience, including the:
  - Malaysian Federal Land Development Authority (FELDA) (through iTEKAD)
  - State Islamic religious councils (MAINs)
  - Ministry of Education
- Supporting the Malaysian Government-linked Enterprise Activation and Reform Programme (GEAR-UP) through iTEKAD entrepreneurship development and Sakeena Home Ownership Programme.
- Embedding ESG principles and delivering financial solutions that support socio-economic growth.

Value Creation Indicators	
• RM202 million in taxation and zakat	• RM11.4 million in zakat paid
• RM188 million in Group tax expenses	

### Governments and Regulators Expectations

- Adherence to legal and regulatory frameworks to maintain financial stability and uphold ethical business practices.
- Mitigation of critical risks, including data breaches and cyber threats, to safeguard consumer trust and confidence.
- Proactive risk management to build resilience and uphold the integrity of the financial ecosystem.
- Improved governance within CSOs to enhance transparency and ensure accountability in managing social and welfare activities.
- Partnerships with industry participants and stakeholders to promote innovation and address systemic challenges effectively.
- Commitment to sustainable banking practices, strong governance, and regulatory compliance to drive socio-economic progress.

### Risks

- Financial penalties, regulatory enforcement actions, and reputational damage caused by non-compliance or irregularities.
- Unfavourable rules, higher compliance costs, and operational burdens resulting from a lack of engagement in regulatory development.
- Inefficiencies and legal risks arising from unclear regulatory expectations and priorities.
- Disrupted performance and escalating costs due to insufficient preparation for regulatory changes.

### Opportunities

#### Value Created for Governments and Regulators

- Regulatory alignment and a culture of compliance, alleviating their burdens.
- Implementation of industry standards and best practices that contribute to a robust and efficient financial system.

#### Value Created for Us

- Increased support from the Malaysian government, corporate entities, and State Islamic religious councils (MAINs) to enhance the development of microentrepreneurs.
- A healthier, more stable market environment through advocacy for a level playing field, reducing risks and ensuring sustainable business growth.
- Enhanced competitiveness, adaptability to industry advancements, and capacity to capture new growth opportunities.

**Material Matters:** SRF CESF GGC DPS

**Capitals:** FC SR

**UNSDGs:**

**Link to:**

IV Investors

Quality of Relationship: ●●●●●

Our diverse capital providers, from institutional to retail investors, whose trust, valuable insights, and critical investments enable us to achieve sustainable growth and success.

**Why We Engage**

To foster trust, build long-term relationships, and keep them informed about our strategies and performance as well as understanding their concerns, thereby securing sustainable access to capital.

**Channel and Frequency of Engagement**

- Quarterly analysts' briefings
- One-on-one and group investor meetings with management and investor relations team
- Conference and roadshow
- Bank Islam's corporate website: [www.bankislam.com](http://www.bankislam.com)
- Annual General Meeting
- Integrated Annual Report

**Our Response and Business Initiatives**

- Organising regular updates through analysts' briefings and meetings to share insights on our performance, strategies and future plans.
- Ensuring transparency by delivering timely and accurate disclosures, empowering investors with the information they need to make informed decisions.
- Expanding our investor reach and engagement through the innovative use of digital platforms and virtual communication channels.
- Demonstrating dedication to ESG priorities by integrating sustainability into our business operations and providing comprehensive, data-driven reports.

Link to:

**Material Matters:** SRF CESF GGC DPS

**Capitals:** FC IN SR NT

**UNSDGs:** 

**Value Creation Indicators**

- RM345 million in total dividends paid to shareholders in 2024
- Declared total annual cash dividend of 15.12 sen for FY2024, maintaining 60% Dividend Payout Ratio

**Investor Expectations**

- Steady returns and financial stability through diversified revenue streams, disciplined cost management, and effective capital allocation.
- Strengthened portfolio resilience through market trend monitoring and risk mitigation in vulnerable sectors.
- Technological advancements and innovative partnerships to enhance operational efficiency and drive growth.
- Advancement of sustainable finance initiatives by embedding ESG criteria into core business decisions and fostering long-term value creation.

**Risks**

- Insufficient transparency and accountability, leading to a breakdown of stakeholder trust.
- Ineffective risk management that may erode investor confidence and result in financial setbacks.
- Unethical behaviours, including corruption or labour abuses, that tarnish our reputation and impact returns.
- Inadequate corporate governance and conflicts of interest that jeopardise shareholder value.
- Adverse public perception and reputational issues that can cause significant financial losses for investors.

**Opportunities**

**Value Created for Investors**

- Gain a comprehensive understanding of our operations and financial performance to make an informed investment decisions.
- Receive return on investments as well as sustainable dividend payouts.

**Value Created for Us**

- Receive positive reports and feedback from business analysts that bolster our image and bring in more investments.
- Ensure fair valuation of our shares and securities.
- Gain sustainable access to capital when needed.

# Operating Environment

## ECONOMIC REVIEW AND OUTLOOK 2024

### THE GLOBAL ECONOMY

#### Overview of 2024

The global economy was shaped by profit rate adjustments from major central banks, geopolitical tensions, and shifts in investment strategies such as the China +1 approach. These factors influenced capital flows and trade patterns worldwide.

Monetary policy was pivotal as major economies lowered profit rates to stimulate growth despite lingering inflation concerns. This shift prompted investors to seek higher yields in emerging markets, with Southeast Asia, including Malaysia, benefiting from stable monetary policies that reinforced investor confidence.

Foreign exchange markets remained volatile, influenced by shifting profit rate differentials, trade realignments, and central bank interventions. Many economies responded with currency stabilisation measures, improved market engagement, and refined foreign exchange policies to manage capital flows effectively.

Despite ongoing geopolitical tensions, the global economy showed resilience, supported by technological advancements, supply chain diversification, and the transition to green energy. Financial institutions played a crucial role in facilitating cross-border investments and maintaining liquidity.

**Link to Risks:** CR MR LR CR RCR

#### Outlook for 2025

Several key factors will shape the global economy:

- **Trade Tensions:** The ongoing US-China trade war and rising protectionist policies could disrupt supply chains, slow economic growth, and create instability in global markets.
- **Geopolitical Risks:** The Russia-Ukraine conflict and Middle East tensions are likely to cause energy price volatility, impact trade routes, and increase inflationary pressures.
- **Monetary Policy Divergence:** While some central banks may maintain accommodative policies to support growth, others might tighten monetary policies if inflation resurfaces, leading to capital flow shifts and currency fluctuations.

### THE MALAYSIAN ECONOMY

#### Overview of 2024

Malaysia's economy remained resilient, underpinned by monetary stability, strong domestic demand, and an evolving financial sector. Bank Negara Malaysia (BNM) maintained its Overnight Policy Rate (OPR) at 3.0%, ensuring a conducive financial environment that sustained credit demand, improved Net Income Margins (NIMs), and bolstered investor confidence.

BNM implemented measures to stabilise the Ringgit and further support financial stability, including by engaging closely with market participants and enhancing oversight of export proceeds conversion. These steps reinforced trust in the financial system and ensured liquidity remained robust.

The banking sector expanded lending activities, aided by a stable macroeconomic environment that helped mitigate impairment risks. Simultaneously, the financial industry accelerated digital transformation, with banks investing in fintech partnerships, AI-driven services, and mobile banking to enhance operational efficiency and customer experience.

The demand for sustainable financing also gained momentum, with banks integrating ESG principles into their strategies. The expansion of green bonds, Sukuk, and SRI products supported Malaysia's transition towards a greener economy, aligning with global sustainability trends.

#### Outlook for 2025

Malaysia's economic outlook will be shaped by a combination of domestic demand, foreign investment inflows, and external challenges. Several key trends will influence the banking sector's ability to adapt and sustain growth:

##### 1. Steady Economic Growth and Monetary Stability

- Economic expansion is expected to be driven by robust domestic demand and resilient external trade.
- BNM is likely to maintain a balanced approach to monetary policy, ensuring continued credit expansion while managing inflationary pressures.

##### 2. Foreign Investment and Corporate Lending Growth

- Malaysia is positioned to benefit from diversified investment strategies, such as the China +1 approach, attracting Foreign Direct Investment (FDI) into key sectors like manufacturing, infrastructure, and renewable energy.
- FDI inflows will drive corporate lending growth, particularly in industries aligned with Malaysia's long-term economic priorities.

**Link to Risks:** CR MR LR CR RCR

### 3. Digital Banking and Fintech Advancements

- The rise of digital banks and increased adoption of digital financial services will intensify competition in the banking sector.
- Banks will need to strengthen fintech partnerships, enhance cybersecurity, and leverage data analytics to maintain their competitive edge.

### 4. Expansion of Sustainable and Green Finance

- Malaysia's commitment to ESG principles will drive growth in sustainable financial products, including green bonds, climate-linked financing, and impact investment funds.
- The financial sector is expected to play a key role in financing sustainable infrastructure projects and supporting Malaysia's transition to a low-carbon economy.

### 5. Challenges and Potential Risks

While the economic outlook remains positive, several downside risks may introduce volatility:

- Inflationary pressures, particularly due to uncertainty over domestic fuel subsidy policies.
- Geopolitical uncertainties that could impact investor confidence and economic policymaking.
- Trade tensions and global economic slowdown risks, which may affect Malaysia's export-driven industries.
- Capital market volatility and geopolitical risks, including fluctuating commodity prices and external market disruptions.

### Key Economic Drivers in 2025

Several factors will support Malaysia's economic resilience:

- Strong domestic demand, business expansion, and government infrastructure projects will drive sustained growth.
- A robust labour market and lower unemployment rates will boost consumer spending.
- The construction sector will be strengthened by the Public-Private Partnership Master Plan 2030 (PIKAS 2030), promoting further economic activity.
- The tourism sector is expected to see a full recovery, supported by increased tourist arrivals, including business travellers attending Malaysia's 2025 ASEAN chairmanship events.

While Malaysia's economic fundamentals remain strong, sustaining stability will require prudent risk management, strategic capital allocation, and effective liquidity planning. Financial institutions, businesses, and policymakers must remain agile, capitalising on opportunities in a dynamic global landscape while mitigating potential disruptions.

## BANKING SECTOR REVIEW AND OUTLOOK

### Overview of 2024

Malaysia's banking sector had a strong year, driven by solid economic performance, business expansion, and robust consumer spending. These factors sustained high credit demand from both households and businesses, bolstering banks' revenue growth.

A stable profit rate environment prompted banks to offer competitive financing products, further stimulating demand for consumer and business financing. At the same time, banks strategically leveraged NIMs to strengthen profitability.

Despite some pressure on lending margins, most banks effectively mitigated these challenges by capitalising on market volatility, particularly in capital and foreign exchange markets, securing larger trading gains.

### Outlook for 2025

Looking ahead, Malaysia's banking sector is set to benefit from sustained economic resilience, driven by strong domestic demand, business expansion, and large-scale infrastructure projects. Financing demand is expected to remain robust, with business financing serving as the primary catalyst for domestic financing growth.

The stable economic momentum should support steady bank margins and manageable credit costs, while deposit competition is anticipated to remain rational. Additionally, with no OPR cuts expected, banks' NIMs are likely to remain stable.

However, several downside risks must be considered:

- Slower-than-expected GDP growth, which could dampen financing expansion.
- Persistent inflationary pressures, potentially curbing consumer spending and financing demand.
- Heightened deposit competition, which may compress interest margins.
- Global economic volatility, including geopolitical uncertainties and external shocks, which could impact business confidence and financial market stability.

# Operating Environment

## KEY MARKET TRENDS SHAPING OUR BUSINESS

### DIGITAL ACCELERATION AND CASHLESS GROWTH

#### Description

The accelerating shift towards digitalisation is transforming the financial landscape, with mobile and digital payments becoming a key driver of change. Customers increasingly favour contactless transactions, digital wallets, and app-based banking, prompting banks to innovate with secure, seamless, and efficient payment solutions. As fintech advancements and regulatory support fuel the move towards a cashless economy, banks play a critical role in enabling fast, secure, and convenient financial transactions for individuals and businesses alike.

#### Risks and Opportunities

##### Risks

- Alienating customers who depend on traditional banking services due to the streamlining of physical branches and channels.
- Heightened cybersecurity and data privacy risks from increased reliance on digital platforms.

##### Opportunities

- Enhancing customer convenience and operational efficiency through the expansion of our digital offerings.
- Driving automation, personalisation, and data-driven decision-making by leveraging AI and machine learning.
- Accelerating our adaptability to evolving customer needs through digital transformation.

#### Our Response

- Adopted a cloud-first strategy for applications built on a robust microservices architecture to respond quickly to evolving customer needs, accelerate time to market, and support business growth.
- Established a dedicated data practice to transform data insights into business impact and developed a unified cloud-based data lake that provides a foundation for advanced analytics and AI.
- Implemented Open API to drive cross-industry collaboration, enabling expansion of our reach, improvement of the customer experience, and development of innovative solutions that meet the evolving needs of the market.

#### Future Priorities

- Delivering hyper-personalisation for our customer including tailored products, services and recommendations that meet our customer's unique needs, preferences and life stages through the utilisation of AI, real-time data and behavioural analytics.
- Improving our digital banking services to make transactions smoother, safer, more accessible, and user-friendly across all platforms.
- Expanding our Shariah-compliant digital products by leveraging fintech innovations to offer secure and inclusive financial solutions.
- Strengthening our security measures to protect customer data, prevent fraud, and ensure compliance with regulations.

#### Key Alignments

##### Capitals



##### Stakeholders



##### Material Matters



##### Strategies



## CLIMATE CHANGE AND SUSTAINABILITY

### Description

As the economy transitions to a low-carbon and sustainable model, the need for ESG integration and climate risk management among banks has become more pressing. The growing demand for green financing options and the mandate for Malaysian financial institutions to adopt TCFD recommendations by 2024 is accelerating this shift.

This commitment extends beyond prevailing trends or regulatory pressures; it is rooted in our core values as an Islamic financial institution and upholds the principle of doing what is fundamentally right. Banks that prioritise transparency, compliance, and long-term sustainability will strengthen their resilience and competitiveness in an evolving regulatory landscape.

### Risks and Opportunities

#### Risks

- Regulatory and compliance challenges due to evolving sustainability requirements, including TCFD recommendations and stricter disclosure expectations.
- Financial and market risks from redirecting our capital away from carbon-intensive industries, potentially affecting our short-term returns.

#### Opportunities

- Expanding our green financing offerings through sustainable investments, ESG-linked financing, and capital reallocation.
- Strengthening our market position and long-term resilience by embedding climate risk management and sustainability-driven financial strategies.
- Building stakeholder trust and regulatory alignment through enhanced transparency and disclosure on our environmental impact, financial sustainability, and climate resiliency.

### Our Response

- Completed remaining deliverables to comply with BNM's CRMSA Policy Document by 31 December 2024, including:
  - Developing a climate strategy for the construction sector as a pilot, focusing on business opportunities with identified customers.
  - Establishing a Group Sustainability Policy that incorporates our Board-approved policy on climate-related disclosures.
  - Aligning our annual climate-related disclosures with the TCFD recommendations.

For more details on our sustainable finance initiatives, please refer to our Sustainability Statement on pages 137-141.

### Future Priorities

- Building our internal capacity to manage climate change and sustainability risks and opportunities effectively.
- Enhancing our reporting and transparency to meet stricter regulatory and stakeholder requirements.
- Integrating sustainable practices into our financial operations and decision-making.
- Leveraging advanced financial technologies for improved ESG data management and analytics.

### Key Alignments

#### Capitals



#### Stakeholders



#### Material Matters



#### Strategies



# Operating Environment

## EXPANDING MARKETS FOR ISLAMIC FINANCIAL SERVICES

### Description

Islamic financial services are expanding as banks diversify their Shariah-compliant offerings, including Sukuk, takaful, and social finance solutions, to foster financial inclusion for underserved segments like microentrepreneurs and SMEs. This expansion is closely linked to the rise of VBI, which integrates sustainability and ethical investment principles and reinforces the role of Islamic finance in driving inclusive economic growth. Digital transformation and evolving regulations further support this shift, enabling banks to scale their offerings, enhance accessibility, and compete more effectively in the growing Islamic finance market.

### Risks and Opportunities

#### Risks

- Increased pressure on profit margins and differentiation challenges due to intensifying competition with conventional and Islamic banks.
- Slower adoption rates and limited customer base due to low awareness and understanding of Islamic finance.

#### Opportunities

- Providing our customers with more ethical and responsible banking options by diversifying our Shariah-compliant financial products.
- Strengthening financial inclusion and ensuring long-term sustainability by expanding our expertise in social finance and VBI.

### Our Response

- Identified and explored untapped markets for communities seeking financially inclusive solutions.
- Introduced Hal-Cube in collaboration with strategic partners as a social finance initiative, supporting *Halal* certification for cottage industries, with a focus on Malaysia's underbanked microentrepreneurs.
- Established *Hab Usahawan iTEKAD* through partnerships with universities, creating a central hub to engage local collaborators and deliver ongoing development and support programmes for customers nationwide.

### Future Priorities

- Enhancing our Shariah-compliant offerings by incorporating sustainability and climate-aligned financial solutions while strengthening integration with traditional financial ecosystems.
- Broadening the Islamic capital market to support government funding projects, infrastructure development, and expand our reach into non-Muslim markets.

### Key Alignments

#### Capitals



#### Stakeholders



#### Material Matters



#### Strategies



## THE EVOLVING WORLD OF WORK

### Description

The banking industry is transforming with digital advancements, evolving workforce dynamics, and shifting employee expectations. By leveraging AI and the Internet of Things (IoT), banks are enhancing their digital workforce, redefining roles, and upskilling employees while adopting hybrid work models to boost productivity and retention. Balancing flexibility with in-person collaboration and managing generational diversity are key priorities as banks strive to stay competitive by investing in both innovation and their people.

### Risks and Opportunities

#### Risks

- Skill gaps and workforce transition challenges due to rapid technological advancements.
- Increased competition for top talent in an evolving job market.
- Potential operational and security risks with remote and hybrid work environments.

#### Opportunities

- Enhancing workforce adaptability by implementing talent mobility initiatives to break down silos, improve cross-functional collaboration, and create a more agile workforce capable of adapting to changing dynamics and business needs in the post-pandemic work environment.
- Strengthening talent attraction and retention by aligning with shifting employee expectations through flexible work models and upskilling initiatives.
- Investing in digital, sustainability, and other critical skills to equip employees to navigate evolving industry demands, thereby enhancing our competitive advantage.

### Our Response

- Implemented a revised HR policy incorporating Diversity, Equity and Inclusion (DEI) elements, following its presentation at Group Management Executive Committee (GMEC) meeting on Q4 2023.

### Future Priorities

- Striking a balance between flexibility and in-person interactions to shape the future of work.
- Emphasising digital skills development as banks increasingly prioritise technology-driven expertise.

### Key Alignments

#### Capitals



#### Stakeholders



#### Material Matters



#### Strategies



# Operating Environment

## THE EVOLVING FINTECH LANDSCAPE

### Description

The rapid growth of fintech is reshaping the banking industry, introducing digital solutions that enhance efficiency, accessibility, and customer experience. Banks are integrating technologies like open banking and AI to streamline operations, improve financial services, and remain competitive. As the landscape evolves, growing competition and regulatory changes require banks to balance innovation with security, compliance, and customer trust.

### Risks and Opportunities

#### Risks

- Operational disruptions due to rapid technological advancements and integration challenges.
- Dependence on third-party providers increasing risks related to service reliability and vendor management.
- Shifts in customer expectations require continuous adaptation to evolving digital trends.

#### Opportunities

- Unlocking new revenue streams through fintech-driven product innovation and embedded finance solutions.
- Strengthening collaboration with fintech firms to accelerate digital transformation and agility.

### Our Response

- Transformed project workflows and increased efficiency by piloting platform engineering within CDX, setting a new standard for digital delivery across the bank.
- Reduced deployment time from one full day to 30 minutes by implementing an automated build pipeline for the Go Beyond project, enabling faster iteration and time-to-market.
- Integrated automated security validation into the build process, ensuring compliance with stringent security checks and reducing vulnerabilities.
- Minimised issues at the Vulnerability Assessment and Penetration Testing (VAPT) level by embedding security validation within the deployment pipeline, strengthening our overall security posture.

### Future Priorities

- Integrating embedded finance solutions to enhance seamless banking experiences across digital ecosystems.
- Adapting to evolving fintech regulations to ensure compliance while fostering innovation.

### Key Alignments

#### Capitals



#### Stakeholders



#### Material Matters



#### Strategies



## HEIGHTENED CYBERSECURITY CONCERNS

### Description

The growing adoption of disruptive technologies is transforming financial ecosystems, driving greater efficiency and innovation. However, this also expands the threat landscape, equipping attackers with increasingly sophisticated tools and new ways to exploit vulnerabilities. As digital banking accelerates, risks such as data breaches, fraud, and system disruptions are placing financial institutions under increasing regulatory scrutiny. To stay ahead, these institutions must take a proactive stance by securing their digital ecosystems, adapting to emerging risks, and strengthening resilience in the face of evolving cyber threats to preserve customer trust.

### Risks and Opportunities

#### Risks

- Disruptions from cyber incidents that could impact our banking services, reputation, and customer trust.
- Greater liability risks with stricter regulations holding banks more accountable for data breaches and security lapses.

#### Opportunities

- Enhancing our banking services through integrated security innovations that enable a smooth, uninterrupted, and secure banking experience.
- Building customer confidence by demonstrating a strong commitment to data privacy and security.

### Our Response

- Adopted the Zero Trust Framework as a key component of our Cybersecurity Roadmap and Blueprint to enhance our overall cyber resilience and strengthen protection against evolving threats.
- Reinforced our security posture by investing in new technologies and upgrading our solutions to strengthen our defence ecosystem against emerging cyber threats.
- Conducted extensive assessments, including vulnerability assessments, penetration testing, and security baseline reviews, to proactively detect threats, address vulnerabilities, and enhance our cyber resilience.
- Enhanced our frameworks, policies, and guidelines in alignment with the latest regulatory requirements and best practices, including the Group Cyber Resilience Framework, Group Technology and Cyber Risk Policy, Group Cybersecurity Testing Guideline, and Group Digital Security Key Management Guideline.
- Enhanced and tested the Group Cyber Incident Response Plan to ensure it effectively addresses evolving threats and enables a rapid, coordinated response to cyber incidents.
- Strengthened the Group's detection and response capabilities through exercises such as red teaming, cyber drills, and compromise assessments, rigorously testing incident response processes against emerging threats.
- Implemented targeted security awareness initiatives, including infographics, e-learning modules, phishing simulations, and training sessions, to promote vigilance against evolving cyber threats.

### Future Priorities

- Strengthening our security posture with a Zero Trust approach and adaptive security controls to enhance resilience against evolving threats.
- Investing in cutting-edge technologies to fortify our defences, enhance threat detection and response, and proactively mitigate emerging cyber risks.
- Driving a security-first culture through sustained awareness efforts that enhance vigilance, reinforce proactive risk management, and embed security best practices into our processes.

### Key Alignments

#### Capitals



#### Stakeholders



#### Material Matters



#### Strategies

